

Press Release

July 16, 2024, Mumbai

L&T Finance Ltd. (LTF) records all-time high Q1FY25 Profit After Tax (PAT) at Rs. 686 Crore (Consol.) up 29% Year-on-Year (YoY)
Strong Retail Franchise with a Retail Book of Rs. 84,444 Crore, up 31% YoY
Q1FY25 Retail Disbursements at Rs. 14,839 Crore, up 33% YoY
PLANET App crosses over 1 Crore downloads till date
Q1FY25 saw the launch of 'The Complete Home Loan' Campaign and deployment of the beta version of LTF's AI powered underwriting engine 'Project Cyclops'

- **Key highlights for Q1FY25**
 - Retailisation at 95%
 - Retail Book at Rs. 84,444 Crore vs. Rs. 64,274 Crore, implying a growth of 31% YoY
 - Sustained improvement in Consol. Asset Quality – Gross Stage 3 (GS3) at 3.14% (reduction of 90 bps YoY) and Net Stage 3 (NS3) at 0.79% (reduction of 40 bps YoY)
 - Credit cost at 2.37% remained stable across both QoQ and YoY
 - Return on Assets (RoA) stood at 2.68% vs. 2.13%, up 55 bps YoY
- **Robust Business model coupled with strong growth across diversified retail segments led to:**
 - Healthy all-round growth in quarterly retail disbursements at Rs. 14,839 Crore vs. Rs. 11,193 Crore, up 33% YoY
- **Proactive asset liability management led to:**
 - **Weighted Average Cost of Borrowing (WACB) at 7.85% QoQ**
- **Robust Consolidated Asset Quality:**
 - GS3 stood at 3.14% in Q1FY25 vs 4.04% in Q1FY24 (reduction of 90 bps YoY)
 - NS3 stood at 0.79% in Q1FY25 vs 1.19% in Q1FY24 (reduction of 40 bps YoY)

Performance for Q1FY25 - Consolidated:

- PAT at Rs. 686 Crore vs. Rs. 531 Crore, up 29% YoY
- Net Interest Income (NII) at Rs. 2,020 Crore vs. Rs. 1,644 Crore, up 23% YoY
- Net Interest Margin + Fees & Other Income at 11.08% vs. 9.64%, up 144 bps YoY
- Consol. Book size at Rs. 88,717 Crore vs. Rs. 78,566 Crore, up 13% YoY
- Return on Equity (RoE) stood at 11.58% vs. 9.72%, up 186 bps YoY

Performance for Q1FY25 – Consolidated:

The Board of LTF, one of the leading Non-Banking Financial Companies (NBFCs) in India today announced the financial results for the first quarter ended on June 30, 2024. Under Lakshya 2026, the Company is sustainably accelerating its journey towards becoming a top-class, digitally enabled and customer-focused retail financier.

LTF provides customer-centric digitally driven products and services, including Farmer Finance, Rural Business Finance, Two-wheeler Finance, Personal Loans, Home Loans, Loan Against Property, and SME Loans. With a robust business model, advanced data analytics for efficient collection and

disbursement processes, LTF is dedicated towards building a stable and sustainable organization that benefits all its stakeholders.

Commenting on the financial results, **Mr. Sudipta Roy, Managing Director & CEO, LTF** said, “It is with great pleasure that I announce our Q1FY25 results. The results you see for the quarter reflect the success of our 5-pillar strategy. The focus is on enhancing customer acquisition through the creation of a robust funnel and contiguous products, sharpening credit underwriting through the deployment of our proprietary digital credit engine ‘Project Cyclops’, building a futuristic digital architecture to drive innovation, increasing brand visibility through amplified share of voice, and capability building through the recruitment and upskilling of tech talent, which is resulting in robust performance.

In our ongoing efforts to revolutionize the lending space, LTF has been prioritizing customer-centricity and harnessing cutting-edge technology. A significant milestone in this journey was the deployment of ‘Project Cyclops’ during Q1FY25, which enables an in-depth assessment of a customer's ability to service the loan availed by them. The innovative digital solution has been successfully rolled out in beta across 25 locations through a network of 200 selected dealers, offering Two-wheeler Loans.

Furthermore, from establishing a distinctive Sonic Brand Identity to launching our ‘The Complete Home Loan’ campaign, LTF is steadfast in its business growth journey. I am confident that the focus on customer-centricity, innovation, and technology will continue to propel us forward as we strive for excellence in the lending space.”

Key Highlights:

Robust Retail Franchise:

The Company's granular and deep pan-India Retail franchise is led by its strong distribution capabilities namely, its geographic presence in around 2 Lakh villages from around 1,900 rural meeting centers/branches and over 150 branches across urban centers. This extensive geographic presence is also supported by over 13,000 channel relationships built over a decade. The Company also leverages its around 2.4 Crore customer database to drive a credible cross-sell and up-sell franchise contributing 36% of the Company's disbursements in value and 46% in count during Q1FY25.

Healthy retail disbursements & book:

- **Rural Business Finance:**
 - Q1FY25 disbursements at Rs. 5,773 Crore vs. Rs. 4,511 Crore, up 28% YoY
 - Book size at Rs. 25,887 Crore vs. Rs. 19,743 Crore, up 31% YoY
 - Growth aided by the deepening of the customer acquisition funnel, both horizontally through expansion into newer locations and vertically through increasing the number of customers across existing locations
- **Farmer Finance:**
 - Q1FY25 disbursements at Rs. 1,903 Crore vs. Rs. 1,757 Crore, up 8% YoY
 - Book size at Rs. 14,204 Crore vs. Rs. 13,125 Crore, up 8% YoY
 - Growth aided by steady disbursement while the industry growth remained flat
- **Two-wheeler Finance:**
 - Q1FY25 disbursements at Rs. 2,621 Crore vs. Rs. 1,726 Crore, up 52% YoY
 - Book size at Rs. 12,025 Crore vs. Rs. 9,190 Crore, up 31% YoY
 - Growth aided by the activation of new dealership points during the quarter, as well as continued focus on Prime disbursements. Additionally, LTF achieved 100% YoY growth in EV financing and received a strong reception for its offering under the Superbike segment

- **Personal Loans:**
 - Q1FY25 disbursements at Rs. 1,178 Crore vs. Rs. 1,162 Crore, up 1% YoY
 - Book size at Rs. 6,667 Crore vs. Rs. 5,995 Crore, up 11% YoY
 - Growth aided by associations with newer DSA channels across various locations
- **Housing Loans and Loans Against Property:**
 - Q1FY25 disbursements at Rs. 2,245 Crore vs. Rs. 1,299 Crore, up 73% YoY
 - Book size at Rs. 19,961 Crore vs. Rs. 14,075 Crore, up 42% YoY
 - Growth aided by collaborative launches with prime developers across top locations. Additionally, the launch of LTF's 'The Complete Home Loan' offering across 11 locations drove higher lead generation, thus contributing to improved performance
- **SME Finance:**
 - Q1FY25 disbursements at Rs. 978 Crore vs. Rs. 607 Crore, up 61% YoY
 - Book size at Rs. 4,471 Crore vs. Rs. 1,779 Crore, up 151% YoY
 - Growth aided by focus on building additional channels to diversifying existing sourcing funnel

Developing digital finance delivery as a customer value proposition

LTF remains committed to becoming one of the pre-eminent technology-driven financiers in the country, with efforts being divided across 4 quadrants, namely designing superior customer experience digital process engineering, augmenting IT infrastructure and strengthening information security. LTF offers 100% paperless journeys across Rural Group Loans, Two-wheeler Finance, Farmer Finance, and Personal Loans and has disbursed 100% loans across urban and rural areas digitally. Furthermore, the Company's customer-facing PLANET app, which has emerged as a powerful digital channel for customers, crossed more than 1 Crore downloads as on date, comprising more than 12 lakh downloads on the rural side. As of date, this channel has done collections of over Rs. 1,700 Crore while servicing around 3 Crore requests and has sourced loans of over Rs. 7,000 Crore. The Company has started working on a revamped customer portal and the next generation of Planet App.

ESG and CSR initiatives

The Company has been at the forefront of its ESG & CSR initiatives. LTF continued its progress and commitment towards sustainable growth.

- Achieved CDP 'A-' leadership category
- ISO 14064-2:2019 quantification of the net GHG removals
- On track for the Carbon Neutrality and Water Positivity targets

Under its CSR initiatives, LTF has undertaken the following initiatives:

- ISO 26000:2010 Certificate of Conformance for complying with National & International Standards of Social Responsibility
- Over 40 Lakh community outreach through 1,700 plus 'Digital Sakhi(s)'
- Relief to 2.16 Lakh beneficiaries during natural calamities under LTF's 'Disaster Management'
- Over 60,000 farmers benefited from LTF's water conservation and management activities
- 1.68 Lakh plantations providing avenue for income generation of farmers under 'Project Prakruti' initiative

LTF recognized as a Great Place to Work®

LTF has been recognized as a Great Place to Work® in India, a prestigious certification awarded by the Great Place to Work Institute. The certification is based on feedback from over 21,000 employees and highlights LTF's strengths in several areas, including credibility, respect, fairness, pride, and camaraderie. The Company's commitment to transparency, integrity, and empowerment has led to a workplace culture that fosters growth, development, and well-being for all employees. This recognition reflects LTF's dedication to creating a welcoming, supportive, and empowering environment where everyone feels valued and respected.

About L&T Finance Ltd (LTF):

L&T Finance Ltd. (LTF) (<https://www.ltf.com>), formerly known as L&T Finance Holdings Ltd., (LTFH) is a leading Non-Banking Financial Company (NBFC), offering a range of financial products and services. Headquartered in Mumbai, the Company has been rated 'AAA' — the highest credit rating for NBFCs — by four leading rating agencies. It has also received leadership scores and ratings by global and national Environmental, Social, and Governance (ESG) rating providers for its sustainability performance. The Company has been certified as a Great Place To Work® and has also won many prestigious awards for its flagship CSR project – “Digital Sakhi”- which focuses on women's empowerment and digital and financial inclusion. Under Right to Win, being in the 'right businesses' has helped the Company become one of the leading financiers in key Retail products. The Company is focused on creating a top-class, digitally enabled, Retail finance company as part of the Lakshya 2026 plan. The goal is to move the emphasis from product focus to customer focus and establish a robust Retail portfolio with quality assets, thus creating a Fintech@Scale while keeping ESG at the core. Fintech@Scale is one of the pillars of the Company's strategic roadmap - Lakshya 2026. The Company has around 2.4 Crore customer database, which is being leveraged to cross-sell, up-sell, and identify new customers.

