

Press Release

October 18, 2024, Mumbai

L&T Finance Ltd. (LTF) records Profit After Tax (PAT) at Rs. 696 Crore (Consol.), up 17% Year-on-Year (YoY)

Robust retail franchise with a retail portfolio of Rs. 88,975 Crore, reflecting a 28% growth YoY

Consolidated loan book grew by 18% YoY, reaching its highest since the first quarter of the fiscal ended March 31, 2020

Retail disbursements for the second quarter ended September 30, 2024 stood at Rs. 15,092 Crore, reflecting a 12% YoY increase

Key highlights for Q2FY25:

- Retailisation at 96% of overall book
- Return on Assets (RoA) improved to 2.60%, up from 2.42%, representing an increase of 18 basis points (bps) YoY
- Retail book stood at Rs. 88,975 Crore, up from Rs. 69,417 Crore, reflecting a YoY growth of 28%
- Robust consolidated asset quality:
 - Gross Stage 3 (GS3) stood at 3.19% in Q2FY25 vs 3.27% in Q2FY24
 - Net Stage 3 (NS3) stood at 0.96% in Q2FY25 vs 0.82% in Q2FY24
- Credit cost remains stable at 2.59% YoY even in a volatile and challenging macro environment
- Proactive asset-liability management resulted in a Weighted Average Cost of Borrowing (WACB) reducing by 5 bps to 7.80% Quarter-on-Quarter (QoQ)
- The robust business model coupled with strong growth across diversified retail segments led to an increase in quarterly retail disbursements reaching Rs.15,092 crore, thereby reflecting a 12% YoY growth
- Maintained best-in-class collection efficiency of 99.45% for Q2FY25 in Rural Business Finance on the back of concerted collection efforts along with efficient sourcing and portfolio monitoring guardrails

Performance for Q2FY25 - Consolidated:

The Board of LTF, a prominent Non-Banking Financial Company (NBFC) in India, announced its financial results for the second quarter ending September 30, 2024. Under the Lakshya 2026 initiative, LTF is poised to accelerate its transformation into a top-tier, digitally-enabled, and customer-centric retail financier.

- PAT at Rs. 696 Crore vs. Rs. 595 Crore, up 17% YoY
- Maintained Net Interest Margins (NIMs) + Fees stable at 10.86%
- Consol. book size at Rs. 93,015 Crore vs. Rs. 78,734 Crore, up 18% YoY
- Return on Assets (RoA) improved to 2.60%, up from 2.42%, representing an increase of 18 basis points (bps) YoY
- Return on Equity (RoE) stood at 11.65% vs. 10.81%, up 84 bps YoY

Commenting on the financial results, **Mr. Sudipta Roy, Managing Director & CEO, LTF** said, “Our Company has been able to demonstrate sustainable growth and profits through proactive portfolio management and persistent collection strategies. The second quarter of the current financial year has been challenging on account of multiple sectoral headwinds and a volatile macro environment.

Looking ahead, we expect that the sectoral challenges may persist for the next two quarters and apropos to the same, we may dynamically recalibrate our business objectives in the coming quarters, prioritizing positive credit outcome over assets under management growth.

Our next gen credit underwriting engine, 'Project Cyclops', which was operationalized in the quarter ended September 30, 2024 in our two-wheeler finance product is expected to be leveraged for our other major products through the course of second half of the current fiscal. We expect this to be a strategic differentiator in the financial services ecosystem. Digitally-enabled acquisition engines would be scaled up through big-tech partnerships to ensure low-cost acquisition while maintaining superior credit quality.

We remain optimistic about our go-forward strategy and despite ongoing sectoral challenges, we remain focused on our overall transformation agenda and granular execution towards the same continues unabated."

Key Highlights:

Dominant Retail Digital Franchise:

The Company has established a strong pan-India retail franchise, with a distribution network reaching around 2 lakh villages through more than 1,900 rural meeting centers and over 160 urban branches, supported by over 13,200 distribution points developed over the last decade. It serves a substantial customer base of approximately 2.5 crore individuals, employing effective cross-selling and up-selling strategies to enhance customer engagement and deliver tailored financial solutions. As of Q2FY25, its customer portfolio is evenly split, with 47% in rural areas and 53% in urban settings.

Healthy retail disbursements and book for the second quarter ended September 30, 2024:

- **Rural Business Finance:**
 - Despite sectoral headwinds with risk calibrated approach, disbursements stood at Rs. 5,435 Crore vs. Rs. 5,741 Crore, down by 5% YoY
 - Book size at Rs. 26,539 Crore vs. Rs. 21,672 Crore, up 22% YoY
 - Maintained best-in-class collection efficiency of 99.45% for the quarter on the back of concerted collection efforts along with efficient sourcing and portfolio monitoring guardrails
- **Farmer Finance:**
 - Disbursements at Rs. 1,782 Crore vs. Rs. 1,534 Crore, up 16% YoY
 - Book size at Rs. 14,488 Crore vs. Rs. 13,351 Crore, up 9% YoY
 - Growth was aided by good monsoon, Kharif crop, and steady reservoir levels
- **Two-wheeler Finance:**
 - Disbursements at Rs. 2,393 Crore vs. Rs. 1,817 Crore, up 32% YoY
 - Book size at Rs. 12,669 Crore vs. Rs. 9,518 Crore, up 33% YoY
 - Growth was sustained with emphasis on prime customer disbursements, which has increased to 60%
- **Personal Loans:**
 - Disbursements at Rs. 1,361 Crore vs. Rs. 1,308 Crore, up 4% YoY
 - Book size at to Rs. 7,178 Crore vs. Rs. 6,481 Crore, up 11% YoY
- **Housing Loans and Loans Against Property:**
 - Disbursements at Rs. 2,531 Crore vs. Rs. 1,734 Crore, up 46% YoY
 - Book size at Rs. 21,731 Crore vs. Rs. 15,254 Crore, up 42% YoY
 - Growth was due to collaborative tie-up with prime developers across top locations
- **SME Finance:**
 - Disbursements at Rs. 1,244 Crore vs. Rs. 872 Crore, up 43% YoY
 - Book size at Rs. 5,190 Crore vs. Rs. 2,413 Crore, up 115% YoY
 - Focus on building additional channels for diversifying existing sourcing funnel helped the growth

Developing digital finance delivery as a customer value proposition

LTF is dedicated to establishing itself as an upper layer technology-driven NBFC in India. The Company's strategic initiatives are organized across four key quadrants: designing superior customer experiences, engineering digital processes, enhancing IT infrastructure, and fortifying information security.

- 100% Paperless Journey in Rural Group Loans, Two-wheeler Finance, Farm Equipment Finance, and Personal Loans
- 100% digital loan disbursement across both urban and rural landscapes
- Digital collections of 29% from rural and a remarkable 95% from urban

Customer-facing Planet App

- Collections exceeding Rs. 2,400 Crore and sourcing of Rs. 8,600 Crore (including web)
- Servicing around 411 lakh customer requests

ESG and CSR initiatives

With a strong focus on Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR), the Company has made significant strides in its commitment to sustainable development.

- Wastewater discharge reduced by repurposing it for vertical garden at Head Office
- Social schemes worth Rs. 100 Crore leveraged for 1 lakh+ community members
- Disaster relief support provided to 80,000+ flood affected community members (Bihar, UP, and Telangana)
- Recognized 'Fintech for Good - Champions of ESG' at Global Fintech Fest 2024
- First ever ESG awareness building workshop for 'Value Chain Partners'

LTF has undertaken the following CSR initiatives:

- 300 Digital Sakhis onboarded in three states with an objective to reach more than 15 lakh community members on Digital & Financial Literacy - Kushinagar (Uttar Pradesh), Saharsa (Bihar), Chittorgarh (Rajasthan), Rajsamand (Rajasthan), and Udaipur (Rajasthan)
- 6,50,000+ community members outreached under ongoing Digital Sakhi projects in Karnataka, Kerala, West Bengal, Tamil Nadu, Uttar Pradesh, and Bihar
- Over 1,00,000 community members availed benefits of social entitlement and other government schemes worth Rs. 100 Crore+
- Completion of horticulture plantation of 1,00,000 saplings under Project Prakruti benefitting over 100 farmers in Tumkur district, Karnataka
- Jalvaibhav 2.0 launched in Kolar, Karnataka for undertaking water conservation & management measures benefitting 5,000+ farmers
- Under Road Safety campaign, 20,000+ youth, school children were outreached in Delhi NCR and Mumbai

About L&T Finance Ltd (LTF):

L&T Finance Ltd. (LTF) (<https://www.lfcs.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 2.5 Crore customer database, which is being leveraged to cross-sell, up-sell, and identify new customers.



[LnTFS](#)



[LnTFinance](#)



[ltfinance](#)



[L&TFinance](#)



[Intfinance](#)