

Press Release

Saturday, April 27, 2024, Mumbai

L&T Finance Ltd. records an all-time high annual Profit After Tax (PAT) of Rs. 2,320 Crore in FY24, up 43% Year-on-Year (YoY) and Rs. 554 Crore quarterly PAT in Q4FY24, up 11% YoY

*Strong Retail Franchise with a Retail Book Size of Rs. 80,037 Crore
All-time high Q4FY24 disbursements which exceeded disbursements in festive Q3FY24 quarter
Board recommends the highest ever final dividend till date of Rs. 2.50 per equity share for FY24
PLANET App crosses 90 lakh downloads till date*

- **Having achieved Lakshya 2026 goals at Retail level in Q3FY24, the Company now has reoriented to convergence at Consolidated level by FY26:**
 - Retailisation at 94% vs original target of >80%
 - Retail Book growth at 31% YoY vs targeted Compound Annual Growth Rate (CAGR) growth rate of 25%
 - Q4FY24 Consolidated Asset Quality with Gross Stage 3 (GS3) at 3.15% and Net Stage 3 (NS3) at 0.79% as against the targeted GS3 of <3% and NS3 of <1%, respectively
- **Robust business model coupled with strong growth across all retail segments led to:**
 - Highest quarterly retail disbursements in Q4FY24 at Rs. 15,044 Crore, up 33% YoY and up 4% sequentially (QoQ)
 - Highest annual retail disbursements at Rs. 54,267 Crore, up 29% YoY
- **Proactive asset liability management led to:**
 - **Weighted Average Cost (WAC) of borrowing going up by just 1 basis point to 7.82% QoQ, and by 34 basis points to 7.80% in FY24 compared with 7.46% in FY23, despite an environment of rising interest rates.**
- **Robust Retail Asset Quality:**
 - GS3 stood at 2.84% vs 2.95% (QoQ) and 3.41% (YoY)
 - NS3 stood at 0.62% vs 0.64% (QoQ) and 0.71% (YoY)

Performance for Q4FY24 - Consolidated:

- PAT at Rs. 554 Crore vs Rs. 501 Crore, up 11% YoY
- Net Interest Income (NII) at Rs. 1,909 Crore vs Rs. 1,679 Crore, up 14% YoY
- Net Interest Margin + Fees & Other Income at 11.25% vs 9.21%, up 204 bps YoY
- Retail Disbursements at Rs. 15,044 Crore vs Rs. 11,282 Crore, up 33% YoY
- **Return on Assets (RoA)** stood at 2.19% vs 1.90%, up 29 bps YoY
- **Return on Equity (RoE)** stood at 9.53% vs 9.37%, up 16 bps YoY

Performance for FY24 – Consolidated:

- PAT at Rs. 2,320 Crore vs Rs. 1,623 Crore, up 43% YoY
- Net Interest Income (NII) at Rs. 7,115 Crore vs Rs. 6,368 Crore, up 12% YoY
- Net Interest Margin + Fees & Other Income at 10.67% vs 8.67%, up 200 bps YoY
- Retail Disbursements at Rs. 54,267 Crore vs Rs. 42,065 Crore, up 29% YoY

- Retail Book at Rs. 80,037 Crore vs Rs. 61,053 Crore, up 31% YoY
- Return on Assets (RoA) stood at 2.32% vs 1.53%, up 79 bps YoY
- Return on Equity (RoE) stood at 10.35% vs 7.79%, up 256 bps YoY

The Board of **L&T Finance Ltd. (LTF)**, one of the leading Non-Banking Financial Companies (NBFCs) in India today announced the financial results for the fourth quarter and the financial year ended March 31, 2024. Under Lakshya 2026, the Company is sustainably accelerating its journey towards becoming a top-class, digitally enabled and customer-focused retail financier.

The Board has recommended a final dividend of Rs. 2.50 per equity share (face value Rs. 10 per share) for the financial year 2023-24 at the board meeting held on April 27, 2024. This is the highest declared dividend by the Company till date. The dividend once approved by the members at the ensuing Annual General Meeting (AGM) will be paid within 30 days from the date of the AGM.

LTF is amongst the leading financial institutions offering Farmer Finance, Rural Business Finance, Two-wheeler Finance, Personal Loans, Home Loans & Loan Against Property (LAP), and SME Loans. With a sustainable business model, data analytics-led collection and disbursements, a customer-centric approach and a sharp focus on asset quality, the Company remains committed to building a stable and sustainable organisation for all its stakeholders.

Commenting on the financial results, **Mr. Sudipta Roy, Managing Director & CEO, L&T Finance Ltd.** said, "In the second year of our Lakshya 2026 strategic plan, we are happy to report a retailisation of 94% surpassing our goals well ahead of schedule. Our Net Profit for FY24 saw a healthy 43% YoY growth to Rs. 2,320 Crore, driven by a 31% YoY increase in our retail book and a 29% YoY rise in disbursements. This is the highest ever yearly PAT the Company has delivered during its lifetime. Despite the challenging interest rate environment, our borrowing cost remained stable and our portfolio credit metrics continued its improvement journey. Looking ahead, our focus remains on exceeding the 95% retailisation target while maintaining a robust book growth of more than 25%. Our commitment to operational excellence, customer centricity, strong governance and risk management, coupled with a digital first approach, will sustain our growth momentum towards building a value creating, customer-focused technology first financial services powerhouse."

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 2,00,000 villages from 1,800 plus 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 2.3 Crore plus customer database to drive a credible cross-sell and up-sell franchise contributing 34% of the Company's disbursements in value and 46% in count during the fourth quarter ended March 31, 2024.

Healthy retail disbursements & book:

LTF achieved all its Lakshya 2026 goals, ahead of time in Q3FY24 itself. In FY24, the retail book witnessed a strong growth of 31% YoY and crossed the Rs. 80,000 Crore milestone. While disbursements grew by 29% YoY to Rs. 54,267 Crore, both these factors led to improved retailisation of the total lending book to 94%.

• **Rural Business Finance:**

- Highest ever quarterly disbursements with Q4FY24 disbursements at Rs. 5,768 Crore vs Rs. 4,401 Crore, up 31% YoY
- Highest ever annual disbursements with FY24 disbursements at Rs. 21,495 Crore vs. Rs. 16,910 Crore, up 27% YoY
- Book size up 32% to Rs. 24,716 Crore vs Rs. 18,693 Crore (YoY)
- Growth aided by a strong focus on strengthening customer retention coupled with a renewed focus on new customer acquisition

• **Farmer Finance:**

- Q4FY24 disbursements down by 2% to Rs. 1,530 Crore vs Rs. 1,556 Crore (YoY)
- FY24 disbursements up by 6% to Rs. 6,848 Crore vs Rs. 6,450 Crore (YoY)
- Book size up 8% to Rs. 13,892 Crore vs Rs. 12,819 Crore (YoY)
- Strong business momentum maintained during the year despite a de-growth witnessed in the industry

• **Two-wheeler Finance:**

- Q4FY24 disbursements up 45% to Rs. 2,502 Crore vs Rs. 1,727 Crore (YoY)
- FY24 disbursements up 21% to Rs. 8,586 Crore vs Rs. 7,110 Crore (YoY)
- Book size up 25% to Rs. 11,205 Crore vs Rs. 8,960 Crore
- Growth in the business driven by geographic penetration, maintaining a strong focus on customer value proposition and building preferred dealer / Original Equipment Manufacturer relationships to grow market share. Additionally, focus remains on continuously increasing the Prime & Electric Vehicle segment owing to deepening and new tie-ups with leading industry players

• **Personal Loans:**

- Q4FY24 disbursements down 27% to Rs. 968 Crore vs Rs. 1,322 Crore (YoY)
- FY24 disbursements down 12% to Rs. 4,285 Crore vs Rs. 4,886 Crore (YoY)
- Book size up 18% to Rs. 6,440 Crore vs Rs. 5,471 Crore (YoY)
- Calibrated growth driven by a well thought out strategy of revamping policies and risk guardrails

• **Housing Loans and Loans Against Property:**

- Highest ever quarterly disbursements with Q4FY24 disbursements at Rs. 2,513 Crore vs Rs. 1,478 Crore, up 70% YoY
- FY24 disbursements up 59% to Rs. 7,544 Crore vs Rs. 4,730 Crore (YoY)
- Book size up 38% to Rs. 18,443 Crore vs Rs. 13,410 Crore (YoY)

- Sustained business momentum in the business through strategic measures like deepening geographic presence, solid Direct Selling Agent and channel partnerships & increasing customer retention
- **SME Finance:**
 - Q4FY24 disbursements up 82% to Rs. 1,213 Crore vs Rs. 667 Crore (YoY)
 - FY24 disbursements up 148% to Rs. 3,657 Crore vs Rs. 1,473 Crore (YoY)
 - Book size up 183% to Rs. 3,905 Crore vs Rs. 1,378 Crore (YoY)
 - Strong growth in business volumes aided by geo-expansion, deepening channel partnerships and focus on providing superior value to our customers
- Maintained strong collection efficiency across Retail businesses through enhanced on-ground efforts and data analytics-based resource allocation.

Developing digital finance delivery as a customer value proposition

LTF remains committed to becoming one of the pre-eminent technology driven lenders 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 90 lakh downloads as on date, comprising more than 11 lakh downloads on the rural side. As of date, this channel has done collections of over Rs. 1,300 Crore while servicing more than 216 Lakh requests and has sourced loans of over Rs. 5,700 Crore (including web). 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.

- CDP rating upgraded from 'B' to 'A-'
- MSCI ESG Rating improved from 'BBB' to 'A'
- CDP supplier engagement rating improved 2 levels from 'D' to 'C'

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

- Over 9 Lakh community members outreached under 'Digital Sakhi' project in Karnataka, Kerala, West Bengal, Odisha, Tamil Nadu, Uttar Pradesh, and Bihar
- Relief kits distributed to over 10,000 flood affected people in Chennai and Thoothukudi district of Tamil Nadu
- Undertaken capacity building trainings of water user groups in over 85 villages in Maharashtra
- Created Road Safety awareness amongst over 5,500 school children in over 10 municipal schools of Mumbai

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 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 over 2.3 Crore customer database, which is being leveraged to cross-sell, up-sell, and identify new customers.

