

L&T FINANCE LTD.

Buy at CMP: Rs 163 | Target: Rs 199 (22%) | SL: Rs 155

Sector

April 28, 2025

Finance

L&T Finance Limited is one of India's most valued and fastest-growing NBFCs. The company offers a diverse range of financial products and services in rural, housing and infrastructure finance sectors. It also offers Investment management services.

Investment Rationale

- ◆ **Posted A Healthy Q4 FY2025 Financials Result:** LTF posted healthy Q4 FY2025 financial results with PAT increasing to Rs. 636 crore compared to Rs. 554 crore in the previous year's quarter. The company's ROA and ROE improved by 3 bps and 60 bps on a YoY basis to 2.22%/10.13%. At the end of FY2025, the retail book grew by 19% YoY to Rs. 95,180 crore due to improved retailisation of the total lending book to 97%. The farmer finance disbursements in the quarter increased by 15%YOY at Rs.1,755 crores aided by a better than average monsoon and improving rural liquidity.
- ◆ **Strengthening Asset Quality Through Secured Lending:** LTF is rebalancing its portfolio toward secured lending, aiming for a 65:35 secured-to-unsecured mix. In two-wheeler finance, the share of prime customers rose from ~35% in Dec '23 to ~49% in Dec'24, while MFI exposure dropped ~150bps to ~28%. The new credit engine in two-wheeler and farm finance has reduced bounce rates, signalling better asset quality. A growing focus on prime customers in 2W and consumer segments should also help lower credit costs over time. While a shift to secured lending may slightly moderate NIMs (projected at ~9.8%/9.7% for FY26/FY27 vs. ~10% in FY25E), LTF is well-positioned to absorb this through better operating efficiency, lower collection costs, and reduced credit costs.
- ◆ **Leveraging AI and Analytics to Drive Transformation:** LTF is leveraging AI and data analytics to transform its credit and risk processes. Its key flagship initiatives—Project Cyclops (AI-based underwriting) and Nostradamus (predictive risk management)—are driving this shift. Cyclops has improved credit decisions in two-wheeler financing, reducing Net 0+ delinquencies by 120bps in four months. Now expanding to Farm Equipment Finance, Cyclops will soon tap satellite and weather data for agri-risk profiling, with broader rollout across personal and SME loans. The benefits from these initiatives should start reflecting from the second half of FY2026.
- ◆ **Valuations:** We model a Revenue/PAT CAGR of 10%/22% and estimate LTF to clock PAT of Rs 4,875 Cr by FY28E. LTF is trading at forward PE (x) of 8.9 and we value at 10.8 (x) FY28E and Recommend BUY on LTF with target Price of Rs. 199 (22%).

Financial Snapshot

| Year | Revenue | EBITDA | PAT | PE Ratio (x) |
|-------|---------|--------|-------|--------------|
| FY25 | 15,924 | 9,610 | 2,644 | 16.4 |
| FY26E | 17,517 | 10,510 | 4,029 | 10.7 |
| FY27E | 19,268 | 11,561 | 4,432 | 9.8 |
| FY28E | 21,195 | 12,717 | 4,875 | 8.9 |

Source: Company Data, Ace Equity, GEPL Research

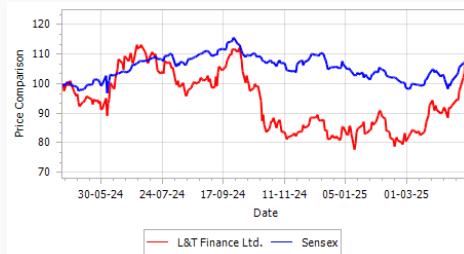
Script Details

| | |
|--------------------------------|---------|
| BSE Group | A |
| BSE Code | 533519 |
| NSE Code | LTF |
| Bloomberg Code | LTF IN |
| Market Cap (INR Cr.) | 43,229 |
| Free Float (%) | 33.8% |
| 52wk Low/High | 194/129 |
| Beta (1yr Nifty 50) | 1.46 |
| Face Value (INR)/ D. Yield (%) | 10/1.6 |
| Total paid Up Shares (Mn.) | 2497.4 |

Share Holding Pattern (%)

| Promoters | Public | Others |
|-----------|--------|--------|
| 66.2% | 33.8% | - |

Share Price Relative Performance

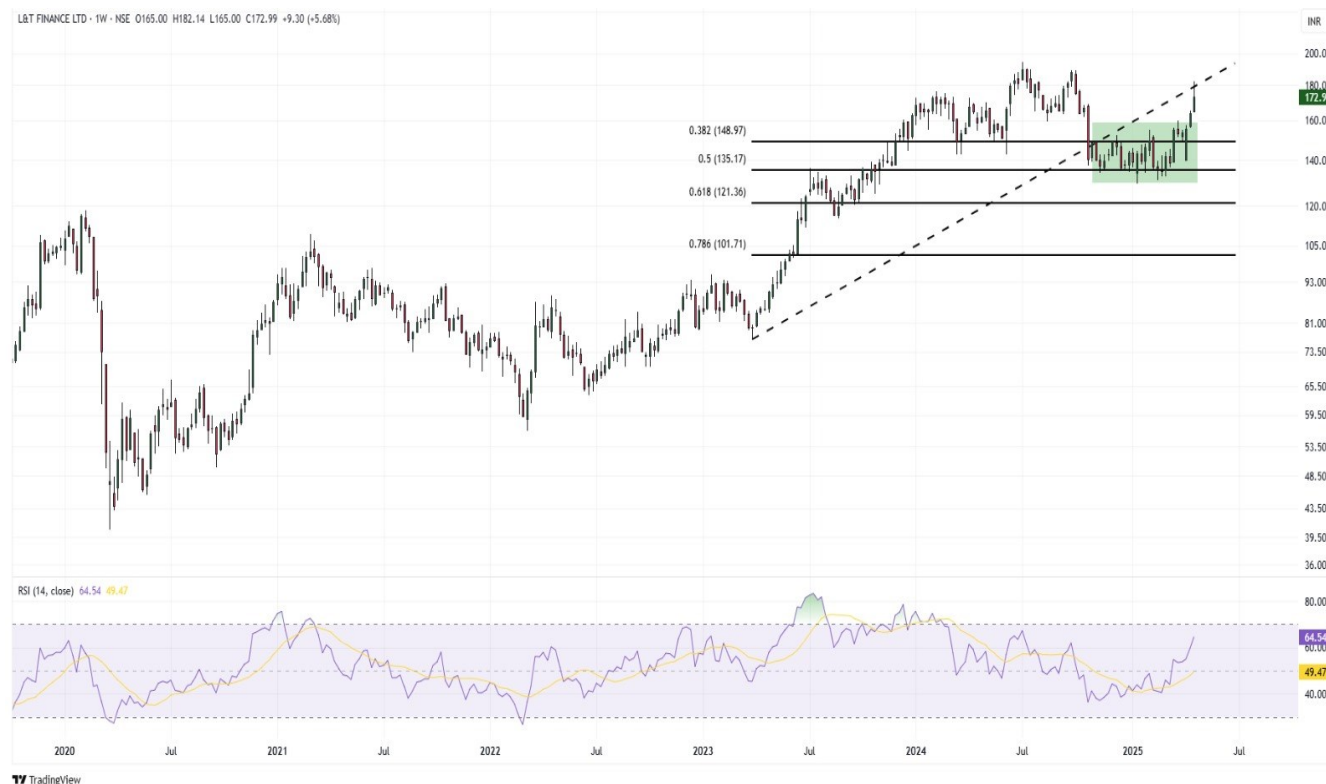


Invest Now →

TECHNICAL VIEW

Observation

- LTF has exhibited robust price structure development after finding support at the 50% Fibonacci retracement level of 135.
- The stock spent 24 weeks in a congestion zone before breaking out last week. In the current week, LTF attracted follow-through buying and formed a strong bullish candlestick with its open equal to its low.
- Volume surged above the 12-week average, reinforcing the bullish outlook, while the RSI momentum indicator stands at 64, denoting accelerating momentum.



Source: Tradingview.in, GEPL Research

- **Inference & Expectations**
- Considering these factors, it can be inferred that LTF stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 199 level.
- The stop loss must be at 155 level, strictly on the closing basis.

| Name | Designation | Email | Contact |
|--------------------|--------------------------|-------------------------|-------------------|
| Mr. Vidnyan Sawant | AVP – Technical Research | Vidnyan@geplcapital.com | +91 (22) 48934000 |

Terms & Conditions – For Investors

We, Research Analyst of GEPL Capital, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We, also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Disclosure: –

This document has been prepared by Research Department of GEPL Capital Pvt. Ltd. (hereinafter referred to as GEPL Capital) and this report is for personal information of the selected recipient/s and does not construe to be any investment, recommendation, prospectus, offering circular or legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and GEPL Capital is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. GEPL Capital makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability or obligation with respect to, the fairness, accuracy, completeness or correctness of any information or update information or opinions contained herein. All investments including Future and Options are involving risks and investor should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or GEPL Capital as a result of using different assumptions and criteria. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. The information contained in this report has been obtained from sources that are considered to be reliable. However, GEPL Capital has not independently verified the accuracy or completeness of the same. Neither GEPL Capital nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein. GEPL Capital and its affiliates and/or their officers, directors and employees may have similar position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment. GEPL Capital specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL Capital and GEPL Capital accepts no liability whatsoever for the actions of third parties in this regard. GEPL Capital or its director or its research analysts or its associates or his relatives and/or its affiliates and/or employees do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report. Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Disclaimers in respect of jurisdiction:

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such Distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject GEPL Capital its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently send or has reached any individual the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of GEPL Capital.

Analyst Certification:

The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

GEPL Capital Private Limited is a SEBI registered Research Analyst entity bearing SEBI Reg. No. "INH000000081" under SEBI (Research Analysts) Regulations, 2014.

Reg./Corp. Office: D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

SEBI Reg. No. NSE/NSEF&O/CD – INB230993934, INF230993934 & INE230993934. BSE/BSE F&O– INB010993934 & INF010993934,

For more information visit us at: www.geplcapital.com

Disclaimer: Investments in securities market are subject to market risks, read all the related documents carefully before investing. Investors must make their own investment decisions based on their specific goals, financial position & risk appetite. The content provided herewith is purely for investor awareness only.