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## **L&T Finance targets 20% growth in FY26, eyes MFI recovery by Q2: CEO Roy**

<https://www.moneycontrol.com/banking/l-t-finance-targets-20-growth-in-fy26-eyes-mfi-recovery-by-q2-ceo-roy-article-13006104.html>

Roy, during an interaction with *Moneycontrol*, said the challenges in the microfinance (MFI) sector are coming to an end, with normalcy expected by Q2 FY26.

Despite industry trends seeing peers diversify into wealth management, Roy stated that L&T Finance will not re-enter this space, focusing instead on strengthening its existing portfolio.

### **Edited Excerpts:**

#### **Before diving into specifics, what is your overall perspective on the quarter and the fiscal year? How has it been for L&T Finance?**

Overall, it has been a challenging year primarily because of various reasons. There have been macro headwinds, there have been liquidity challenges, there has been in the microfinance side, in the industry there has been asset quality challenges though we would like to believe that we are the least impacted out of those. But even then, when you are operating through a difficult environment, you have to temper your growth because if there is an asset quality issue in the industry, you cannot go and disburse.

#### **How has the microfinance (MFI) business performed in terms of disbursement and book growth compared to the industry, considering the challenges the sector as a whole has been facing and when do you see this normalise?**

In our microfinance business, disbursement growth has remained nearly flat compared to last year, with a modest 3 percent decrease. We believe we are likely the only lender in the microfinance sector to achieve year-on-year book growth, recording a 6 percent rise, while most other lenders saw significant book expansion due to a lending pause. Despite the microfinance industry facing asset quality challenges, we've managed these issues effectively. Looking ahead, we are optimistic about a significantly improved performance in FY26. We believe the microfinance industry's challenges are nearing resolution, with normalcy expected to return by Q2 FY26.

#### **Can you provide any growth guidance for FY26 in terms of overall growth?**

We are targeting an overall year-on-year growth of 20 percent, and we are committed to achieving that goal.

#### **Your 2026 plan targets a 25 percent retail loan book CAGR and a 14-16 percent ROE. Are you still confident in those numbers?**

Barring the potential geopolitical risks that may come our way, we are currently confident in achieving a 25 percent overall growth rate for the year. However, the 14-16 percent Return on Equity (ROE) target is a longer-term goal, as it depends on reaching a specific leverage level.

**Many of your peers are expanding into wealth management and insurance brokering to diversify revenue, and foreign players are eyeing the Indian wealth management space. L&T Finance exited wealth management in 2020. Do you see a possibility of re-entering this space in the future?**

No, we don't see ourselves re-entering that space. Our focus will remain on strengthening our existing portfolio.

## L&T Finance targets 20% growth in FY26, eyes MFI recovery by Q2: CEO Roy

*CEO Roy says, the challenges in the microfinance (MFI) sector are coming to an end, with normalcy expected by Q2 FY26*

MALVIKA SUNDARESAN | APRIL 28, 2025 / 12:55 IST

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