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The MD & CEO of L&T Finance, Sudipta Roy, in an exclusive interaction told that looking ahead, the company is targeting a minimum 20% CAGR, with the aspiration to reach 25% AUM growth. “The management is optimistic about recovery in market conditions, aiming for robust performance in FY26.”

“We are first a risk-focused organization and then a growth-focused one,” said Sudipta Roy, MD & CEO, L&T Finance, in a candid reflection on the year gone by.

“If you mismanage risk, your growth really falters. It is probably a better strategy to slow down growth a little to manage risk better,” he said.

A consistent theme in Roy’s address was L&T Finance’s “risk-first” philosophy. He emphasized that while growth is essential, risk management takes precedence.

This philosophy underpins the company’s cautious yet forward-looking approach as it prepares to capitalize on opportunities in FY26.

FY25 presented significant challenges:

He said the financial year 2025 presented significant challenges for the BFSI sector, with asset quality issues emerging across multiple business segments. “For L&T Finance, it was a year of cautious navigation—balancing growth with prudent risk management.”

Talking about the performance in the last Financial Year, the MD & CEO told despite headwinds, the company delivered its highest-ever Profit After Tax (PAT) of ₹2,644 crore, reflecting a 14% year-on-year growth.

“Disbursements stood at approximately ₹60,000 crore, marking a reasonable increase over the previous year, though marginally below internal targets,” he told.

Highlighted microfinance sector headwinds :

Further, he said a key drag on growth was asset quality stress, particularly in the microfinance segment, where L&T Finance holds a sizable ₹26,000 crore Joint Liability Group (JLG) portfolio.

“The company chose a conservative approach during this period, deliberately slowing disbursements to avoid long-term detriment.”

Dominant rural presence:

In terms of its strategic positioning, the MD & CEO said, "L&T Finance maintains a dominant rural presence, with strong exposure in priority sector lending such as tractors, some parts of MFI, and some parts of SME loans —sectors less served by urban-focused NBFC peers."

The company also focuses on optimizing its cost of funds to support business lines more effectively.

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