

# AAVAS Financiers

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	AAVAS IN
Equity Shares (m)	79
M.Cap.(INRb)/(USD\$)	134.8 / 1.6
52-Week Range (INR)	1979 / 1307
1, 6, 12 Rel. Per (%)	4/6/6
12M Avg Val (INR M)	556

## Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	10.0	11.8	14.2
PPP	7.6	9.3	11.4
PAT	5.8	7.0	8.6
EPS (INR)	73	89	109
EPS Gr. (%)	18	21	22
BV/Sh. (INR)	550	639	748
<b>Ratios (%)</b>			
NIM	5.3	5.2	5.2
C/I ratio	42.9	41.3	39.6
Credit cost	0.15	0.19	0.19
RoA	3.3	3.3	3.4
RoE	14.3	14.9	15.7
<b>Valuation</b>			
P/E (x)	23.2	19.2	15.7
P/BV (x)	3.1	2.7	2.3

## Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	26.5	26.5	39.1
DII	25.7	25.6	15.3
FII	34.0	35.5	32.3
Others	13.9	12.5	13.3

FII includes depository receipts

**CMP: INR1,704 TP: INR1,800 (+6%) Neutral**

## Reasonably good quarter but slightly weak business volumes

### Earnings in line even as spreads rose ~5bp QoQ; minor uptick in GS3/NS3

- AAVAS Financiers (AAVAS)'s 3QFY25 PAT grew 26% YoY to ~INR1.46b (in line). NII in 3QFY25 grew 15% YoY to ~INR2.5b (in line). Other income grew 19% YoY, aided by a higher assignment income of ~INR532m (PY: INR448m) and fee income of ~INR262m (PY: ~INR206m).
- 3QFY25 core NIM (calc.) expanded ~12bp QoQ to ~6.7%. Reported spreads rose ~5bp QoQ to 4.95% (v/s ~4.9% as of Sep'24).
- AAVAS will continue to focus on <INR1m ticket size loans, where it can command better risk-adjusted yields. It aims to increase the share of such loans in the disbursement mix to ~45% (up from 30-35%, currently).
- The company continued to exhibit operational efficiency with opex rising only ~7% YoY to INR1.4b (in line). Opex to avg. AUM stood at ~3.1% (PY: 3.4% and PQ: ~3%). We estimate opex-to-avg. AUM to decline to ~2.7% by FY27 (v/s ~3% in FY25E).
- We estimate ~20%/21% CAGR in AUM and PAT over FY24-27, with an RoA/RoE of 3.4%/16% by FY27E. AAVAS trades at 2.3x FY27E P/BV. Throughput over the next two quarters (4QFY25 and 1QFY26) will reveal if AAVAS can effectively leverage its new technology stack to accelerate disbursements and deliver strong AUM growth. Valuations factor in the company's readiness to demonstrate operating efficiencies, now that all major technology transformations have been completed. **Maintain Neutral with a TP of INR1,800 (based on 2.6x Sep'26E BVPS).**

### AUM rises ~20% YoY; share of HL in disbursements stands at ~64%

- AUM grew 20% YOY to ~INR192b. Disbursements rose ~17% YoY and ~23% QoQ to ~INR15.9b. Share of Home Loans (HL) in 9MFY25 disbursements stood at ~65%. The Annualized run-off in the loan book stood at ~16.4% (PY: ~15.7% and PQ: ~16.6%).
- Management shared that disbursements grew ~15-20% YoY in Jan'25. The sustained disbursement momentum in 3QFY25 and Jan'25 has strengthened the company's confidence to achieve its guided AUM growth of ~20%-25% in FY25 and beyond.
- Securitization during the quarter amounted to ~INR4b (PY: ~INR3.2b) and securitization margins contracted ~30bp QoQ to 13.2%.

## Highlights from the management commentary

- Management shared that it has seen an improvement in demand in T3 to T5 cities. The self-construction segment continues to see healthy demand.
- AAVAS has implemented its Loan Origination System (LoS), providing clear visibility into risk metrics and enabling the company to command better risk-adjusted yields.

**Valuation and view**

- AAVAS reported RoA/RoE of ~3.4%/~14.2% in 3QFY25. The company's continuous efforts to improve its technological edge and relentless focus on asset quality have positioned it as a standout player among its peers. Notably, its 1+DPD remains well below the guided levels, driven by its prudent underwriting process and efficient collection efforts.
- Now that the company has completed all major tech transformations, we expect no disruptions to business activities in the future. Moreover, the improvement in TAT (down to 7 days from 11 days earlier) should translate into a stronger disbursement growth trajectory in the subsequent quarters.
- The stock trades at 2.3x FY27E P/BV and any re-rating in valuation multiples will depend on stronger AUM growth and delivery of operating efficiencies to further improve the RoA profile. **Maintain Neutral with a TP of INR1,800 (based on 2.6x Sep'26E BVPS).**

Quarterly												INR m	
Y/E March	FY24				FY25E				FY24	FY25E	3Q FY25E	v/s Est.	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
Interest Income	4,128	4,259	4,373	4,586	4,797	4,906	5,121	5,397	17,347	20,221	5,107	0	
Interest Expenses	1,866	2,036	2,166	2,216	2,352	2,489	2,587	2,764	8,284	10,192	2,556	1	
<b>Net Income</b>	<b>2,262</b>	<b>2,223</b>	<b>2,208</b>	<b>2,371</b>	<b>2,446</b>	<b>2,418</b>	<b>2,533</b>	<b>2,633</b>	<b>9,063</b>	<b>10,029</b>	<b>2,552</b>	<b>-1</b>	
YoY Growth (%)	26	18	6	7	8	9	15	11	14	11	16		
Other income	540	716	719	882	628	898	859	952	2,856	3,337	848	1	
<b>Total Income</b>	<b>2,802</b>	<b>2,938</b>	<b>2,926</b>	<b>3,252</b>	<b>3,074</b>	<b>3,316</b>	<b>3,392</b>	<b>3,584</b>	<b>11,919</b>	<b>13,366</b>	<b>3,399</b>	<b>0</b>	
YoY Growth (%)	28	16	12	14	10	13	16	10	17	12	16		
Operating Expenses	1,339	1,308	1,349	1,434	1,379	1,368	1,447	1,537	5,430	5,731	1,507	-4	
YoY Growth (%)	30	14	12	19	3	5	7	7	19	6	12		
<b>Operating Profits</b>	<b>1,464</b>	<b>1,631</b>	<b>1,577</b>	<b>1,818</b>	<b>1,695</b>	<b>1,948</b>	<b>1,945</b>	<b>2,047</b>	<b>6,489</b>	<b>7,635</b>	<b>1,893</b>	<b>3</b>	
YoY Growth (%)	27	17	11	10	16	19	23	13	15.6	17.7	20.0		
Provisions	57	65	80	43	86	48	61	41	245	236	58	5	
<b>Profit before Tax</b>	<b>1,407</b>	<b>1,565</b>	<b>1,497</b>	<b>1,775</b>	<b>1,609</b>	<b>1,900</b>	<b>1,884</b>	<b>2,006</b>	<b>6,244</b>	<b>7,400</b>	<b>1,835</b>	<b>3</b>	
Tax Provisions	310	348	331	349	348	421	420	396	1,338	1,585	407	3	
<b>Profit after tax</b>	<b>1,097</b>	<b>1,217</b>	<b>1,166</b>	<b>1,426</b>	<b>1,261</b>	<b>1,479</b>	<b>1,464</b>	<b>1,610</b>	<b>4,907</b>	<b>5,815</b>	<b>1,428</b>	<b>3</b>	
YoY Growth (%)	23	14	9	13	15	22	26	13	14.1		22.4		
<b>Key Parameters (%)</b>	2,314				2,740								
Yield on loans	13.3	13.2	13.1	13.1	13.1	13.0	13.2	0.0	13.6	13.2			
Cost of funds	7.7	7.9	8.0	8.1	8.1	8.2	8.2	0.0	7.5	7.6			
Spread	5.6	5.3	5.1	5.1	5.0	4.89	4.94	0.0	6.1	5.6			
NIM - YTD	8.0	8.0	7.9	7.9	7.3	7.6	7.5	0.0	5.8	5.3			
Credit cost	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.2	0.2			
Cost to Income Ratio	47.8	44.5	46.1	44.1	44.8	41.2	42.7	42.9	45.6	42.9			
Tax Rate (%)	22.0	22.2	22.1	19.7	21.7	22.2	22.3	19.7	21.4	21.4			
<b>Balance Sheet</b>													
<b>AUM (INR B)</b>	<b>146.5</b>	<b>153.2</b>	<b>160.8</b>	<b>173.1</b>	<b>178.4</b>	<b>184.0</b>	<b>192.4</b>	<b>206.6</b>	<b>173.1</b>	<b>206.6</b>			
Change YoY (%)	23.2	22.1	22.9	22.2	21.8	20.1	19.6	19.3	22.2	19			
<b>AUM mix (%)</b>													
Home loans	69.8	69.7	69.3	69.3	69.0	69.0	69.0	0.0	69.3	68.4			
Mortgage loans	30.2	30.3	30.7	30.7	14.0	13.0	13.0	0.0	30.7	31.6			
<b>Loans (INR B)</b>	<b>119.1</b>	<b>124.0</b>	<b>129.9</b>	<b>140.0</b>	<b>144.4</b>	<b>147.1</b>	<b>153.2</b>	<b>165.3</b>	<b>140.0</b>	<b>165.3</b>			
% of AUM	81.3	81.0	80.8	80.9	81.0	80.0	79.6	80.0	22.0	18.0			
<b>Disbursements (INR B)</b>	<b>10.7</b>	<b>12.6</b>	<b>13.6</b>	<b>18.9</b>	<b>12.1</b>	<b>12.9</b>	<b>15.9</b>	<b>22.1</b>	<b>55.8</b>	<b>63.1</b>			
Change YoY (%)	-2.3	9.7	13.3	19.7	13.4	2.8	17.0	16.7	11.1	13			
<b>Borrowings (INR B)</b>	<b>106.8</b>	<b>111.4</b>	<b>114.7</b>	<b>124.0</b>	<b>126.0</b>	<b>124.8</b>	<b>133.8</b>	<b>144.0</b>	<b>123.4</b>	<b>144.0</b>			
Change YoY (%)		30.0	25.2	25.4		12.0	16.6	16.1	25.4	17			
Borrowings/Loans (%)	89.6	89.9	88.3	88.5	87.2	84.8	87.4	87.1	88.1	87.1			
Debt/Equity (x)	3.2	3.2	3.2	3.3	3.2	3.1	3.2	3.3	3.3	3.3			
<b>Asset Quality (%)</b>													
<b>GS 3 (INR M)</b>	<b>1,193.4</b>	<b>1,294.7</b>	<b>1,425.0</b>	<b>1,319</b>	<b>1,466.1</b>	<b>1,601.0</b>	<b>1,757.0</b>	<b>0.0</b>	<b>1,193</b>	<b>1,295</b>			
G3 %	1.0	1.0	1.1	0.94	1.0	1.1	1.1	0.0	1.00	1.04			
<b>NS 3 (INR M)</b>	<b>871.8</b>	<b>938.7</b>	<b>1,032.8</b>	<b>939</b>	<b>1,043.4</b>	<b>1,142.0</b>	<b>1,233.0</b>	<b>0.0</b>	<b>872</b>	<b>939</b>			
NS3 %	0.73	0.76	0.79	0.67	0.72	0.78	0.80	0.00	0.73	0.76			
<b>PCR (%)</b>	<b>26.9</b>	<b>27.5</b>	<b>27.5</b>	<b>28.8</b>	<b>28.8</b>	<b>28.7</b>	<b>29.8</b>	<b>0.0</b>	<b>26.9</b>	<b>27.5</b>			
ECL (%)	0.6	0.6	0.6	0.60	0.6	0.6	0.7	0.0	0.64	0.64			
<b>Return Ratios - YTD</b>													
ROA (Rep)	3.2	3.3	3.2	3.3	3.0	3.3	3.3	0.0	3.3	3.3			
ROE (Rep)	13.2	13.6	13.5	13.9	13.1	14.0	14.1	0.0	13.9	14.3			
E: MOFSL Estimates													

**Minor deterioration in asset quality; 1+dpd stands at ~3.85%**

- Asset quality exhibited minor deterioration with GS3/NS3, rising ~6bp/3bp each QoQ to 1.14%/0.8%. 1+dpd declined ~10bp QoQ to 3.85%.
- Credit costs stood at INR61m (inline) and translated into annualized credit cost of ~10bp (PY: ~20bp and PQ: ~10bp). AAVAS guided for credit costs of less than ~25bp on a sustainable basis in the near-to-medium term.
- 1+dpd and GNPA in the vintage states remained below 4% and 1%, respectively. AAVAS is strongly positioned to continue delivering industry-leading asset quality. We model credit costs of ~20bp each in FY26-27.

**Spreads rise ~5bp QoQ; sequential expansion of ~10bp in NIM**

- Reported spreads rose ~5bp QoQ to 4.95% (v/s ~4.9% as of Sep'24), while CoF rose ~10bp QoQ to ~8.24%.
- Reported 9MFY25 NIM contracted ~5bp to ~7.54% (v/s 7.6% in 1HFY25), while 3QFY25 core NIM (calc.) expanded ~10bp QoQ to ~6.7%. We model NIM contraction of ~7-8bp in FY26.



## Highlights from the management commentary

### Guidance

- Management has guided for credit costs below ~25bp on a sustainable basis.
- The deterioration in asset quality is seasonal and is expected to revert in 4QFY25.
- Jan'25 disbursements are up 15-20% YoY. The traction seen in 3Q and Jan'25 gives the company confidence that it can achieve AUM growth of 20-25%.
- Management continues to guide for AUM growth of 20-25%.
- There will be focused efforts to improve yields. Spread improvement will depend on the cost of borrowings and interest rate cuts. By next year, all its liabilities will have been re-priced, and the company expects a stabilization in its CoB (except for any minor movement). Any repo rate cut will further benefit its CoB.
- The company aims to achieve an AUM of ~INR500b in 4-5 years.

### Business Update

- AUM grew 20% YoY to INR192b.
- Disbursements grew 23% QoQ and 17% YoY to INR16b.
- 3QFY25 PAT grew ~26% YoY to ~INR1.46b.
- Spreads expanded ~4bp QoQ and NIM expanded >10bp QoQ.
- Incremental business yields rose ~25bp across products.
- Opex stood at 3.1%.
- 1+ dpd stood at 3.85%, while GNPA was at 1.14%, with a minor uptick due to seasonality. Credit costs improved to ~15bp in 9MFY25 (v/s 19bp in 9MFY24).
- The company plans to open 20+ branches in 4Q, predominantly in Karnataka and UP.
- It expects increased budgetary allocation to PMAY and CLSS in the upcoming budget.
- 3QFY25 RoA rose ~30bp YoY 3.37% and RoE improved ~115bp YoY to 14.2%.
- Net worth of ~INR42b; total employee count stood at 6,284.

### Macro Environment and Affordable Housing Demand

- In Tier 3 to 5 cities, the company has seen an improvement in demand; it is cautiously monitoring upcoming trends and continues to have a cautious approach to underwriting.
- Home loan demand in Tier 3 to 5 cities in self-construction remains healthy.
- AAVAS has received 4,000+ applications under the PMAY CLSS 2.0 scheme.
- AAVAS has a strong presence in government housing in Karnataka and is seeing some easing in the issuance of e-Khata. Over time, Karnataka is expected to become stable.

### Asset Quality

- GS3 and NS3 stood at 1.14% and 0.81%, respectively.
- The average 1+dpd and GNPA in its vintage states remain well below 4% and 1%, respectively. In its emerging states, 1+dpd and GNPA remained well below 3% and 1%, respectively.

- AAVAS has consistently been innovative in raising newer sources of borrowings. It raised NCDs of INR6.3b from IFC in 3QFY25.
- Total ECL provisions (incl. for COVID-19 and OTR) stood at ~INR1b as of Dec'24.
- Only 6.7% of customers overlap with MFI customers, and of these, only ~2.2% are into 90+dpd.
- The aging of NPA assets has resulted in a sustained increase in PCR on Stage 3 loans.
- AAVAS has moved its entire ECL provisioning model to a universally accepted Deloitte model. Previously, the model tracked point-to-point movements of NPA (quarter-end and year-end). Now, the company uses real-time modeling to track flows between buckets. This updated ECL model incorporates macroeconomic factors, leading to a one-time recalibration of PCR in Stages 1 and 2.

### Yields

- The company has implemented an LoS, providing clear visibility into risk metrics, which helps it achieve better risk-adjusted yields. The focus is on loans with a ticket size of <INR1m, where the company obtains attractive yields. By effectively pricing the risk, this approach has contributed to the improvement in disbursement yields.
- The company continues to focus on <INR1m ticket size loans, where it can achieve attractive risk-adjusted yields. These loans currently contribute ~30-35% to the disbursement mix. The company targets to increase this to 45% over time.
- There is a yield differential of ~200bp between Home Loans and LAP, with MSME loan yields being ~75bp higher than LAP. The Home Loan Portfolio yields stand at 11.5%-12%, while disbursement yields are ~30-35bp lower than the portfolio yields.

### Liabilities

- Borrowing Mix: ~50% from Term Loans, 25% from assignments and co-lending, ~16% from NHB, and ~9% from debt capital markets
- Maintained strong relationships with DFIs
- Average CoB stood at 8.24%; Spreads rose ~5bp QoQ to 4.95%
- AAVAS expects its CoB to stabilize at current levels
- ~32% of its bank borrowings is linked to EBLR and 19% is linked to 3M MCLR.

### AUM Split and Yield Differential Based on Ticket Sizes

- In terms of AUM, ~80% of the book has a ticket size of <INR2.5m and ~45% has a ticket size of <INR1.5m. In terms of count, ~85% of the book has an average ticket size of <INR1.5m.
- There is a yield differential of ~200bp between loans in <INR1.5m ticket size and >INR1.5m ticket size.

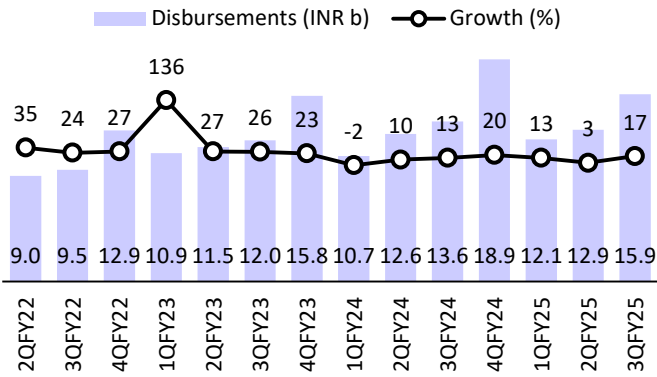
### Others

- MSME loans are backed by the company's understanding of risk and are primarily focused towards Self-occupied Residential Property (SoRP).
- The company continues to increase its disbursement yields across products.

- BT-OUT stood at 5.4%, supported by predictive models that predict the likelihood of a BT-OUT, enabling the company to focus on improving retention.
- Channels like e-Mitra, CSC tie-ups, and acquisitions from web and Whatsapp chatbot continue to be a significant part (80-85%) of direct sourcing franchises.
- ATS has increased 6% due to inflation, the rising cost of construction, higher property sizes, and rising incomes.
- The company has achieved ~36% reduction in the Login to Sanction TAT, which has declined from 10 days to 7 days over the last two years.

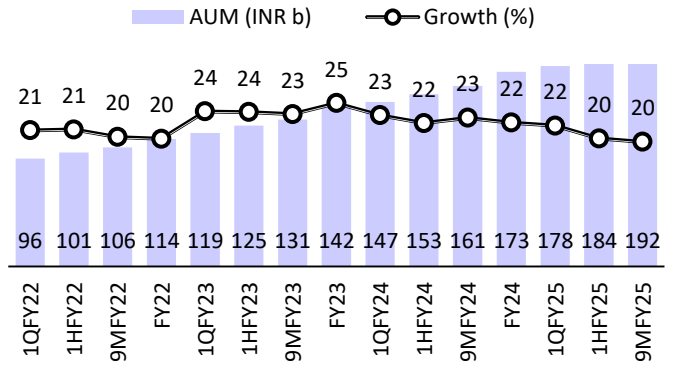
Key exhibits

Exhibit 1: Disbursements rose ~17% YoY



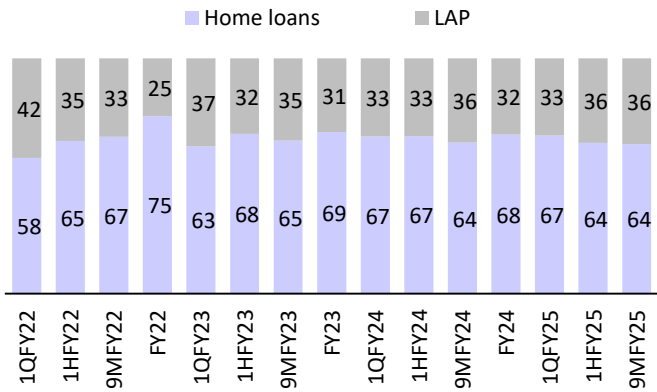
Source: MOFSL, Company

Exhibit 2: AUM grew 20% YoY



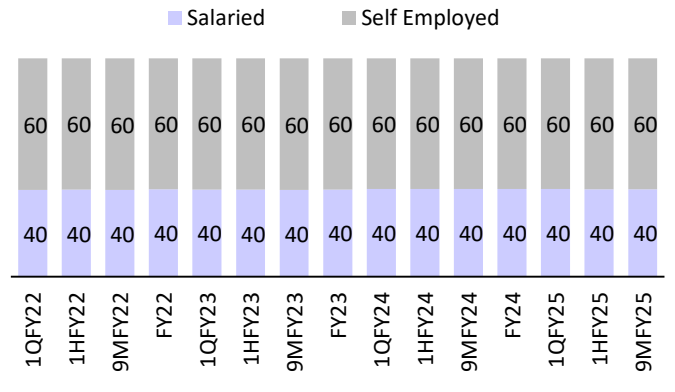
Source: MOFSL, Company

Exhibit 3: Share of home loans stable QoQ (%)



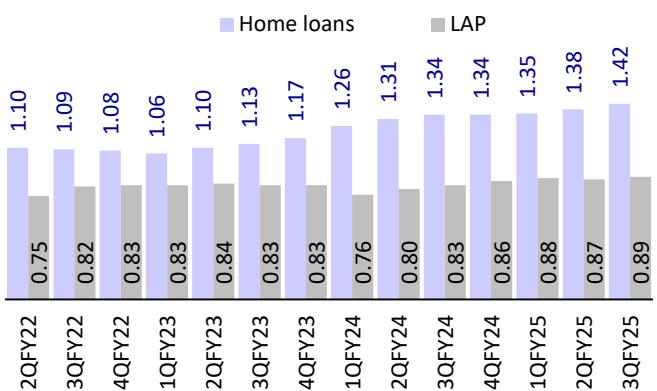
Source: MOFSL, Company

Exhibit 4: Stable customer mix (%)



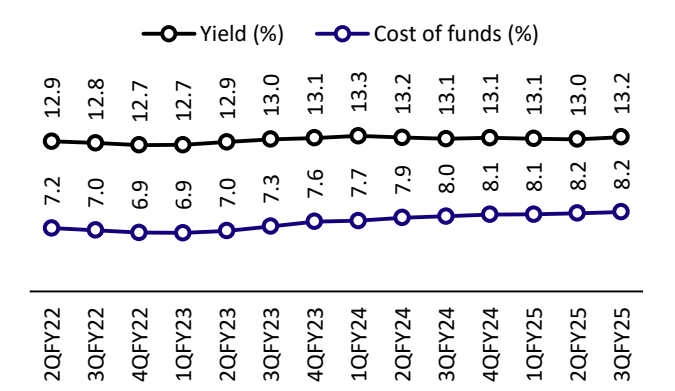
Source: MOFSL, Company

Exhibit 5: ATS in home loans increased QoQ (INR m)



Source: MOFSL, Company

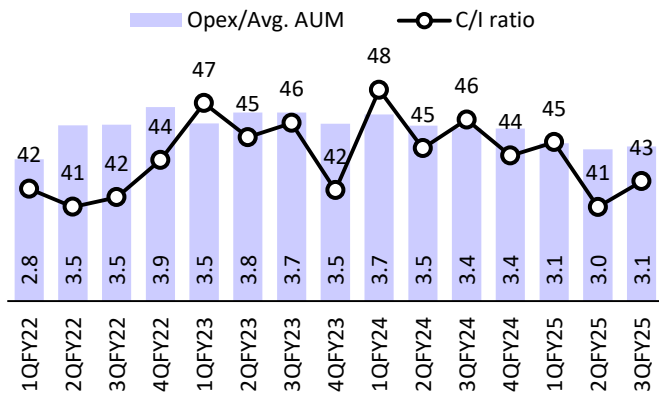
Exhibit 6: Reported spreads rose ~5bp QoQ



Source: MOFSL, Company

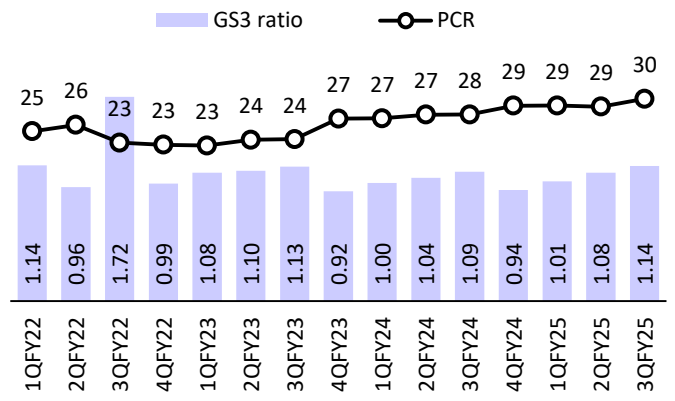


**Exhibit 7: Opex/AUM increased to ~3.1% (%)**



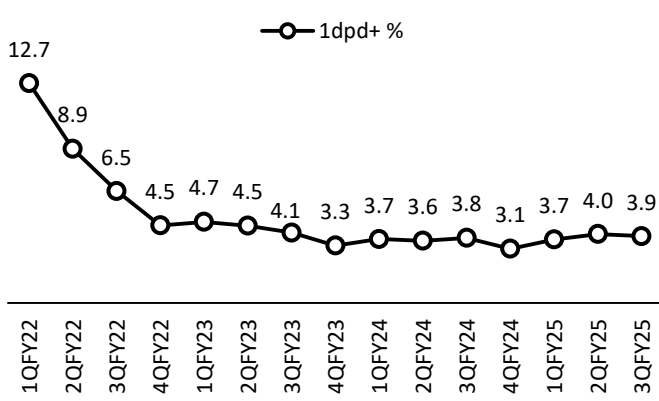
Source: MOFSL, Company

**Exhibit 8: GS3 rose ~6bp QoQ (%)**



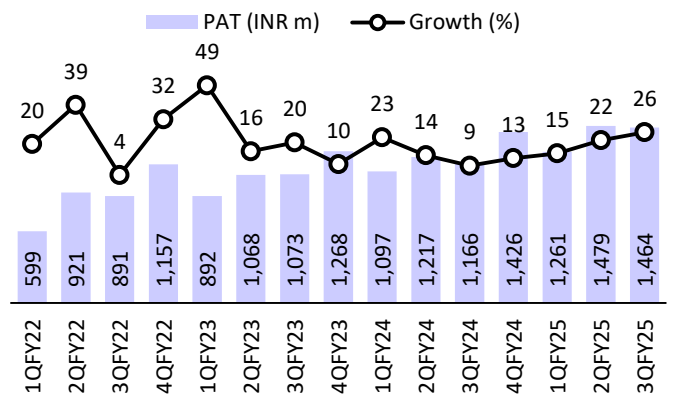
Source: MOFSL, Company, PCR in %

**Exhibit 9: 1+dpd declined ~10bp QoQ to ~3.9%**



Source: MOFSL, Company

**Exhibit 10: 3QFY25 PAT grew 26% YoY**



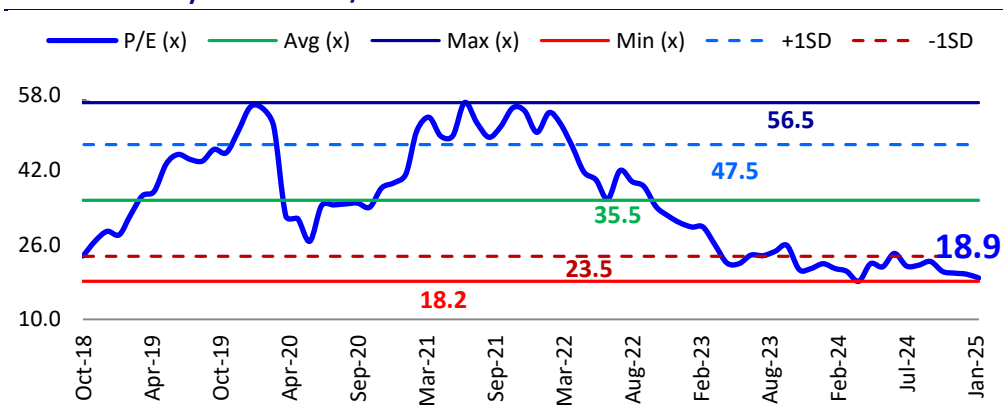
Source: MOFSL, Company

**Exhibit 11: We keep our FY26/FY27 EPS estimates broadly unchanged**

INR b	Old Est.			New Est.			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
NII	10.1	12.0	14.3	10.0	11.8	14.2	-0.5	-1.6	-1.2
Other Income	3.3	4.0	4.7	3.3	4.0	4.7	0.3	0.0	0.0
<b>Total Income</b>	<b>13.4</b>	<b>16.0</b>	<b>19.0</b>	<b>13.4</b>	<b>15.8</b>	<b>18.8</b>	<b>-0.3</b>	<b>-1.2</b>	<b>-0.9</b>
Operating Expenses	5.9	6.7	7.5	5.7	6.5	7.5	-2.5	-1.7	-0.9
<b>Operating Profits</b>	<b>7.5</b>	<b>9.4</b>	<b>11.5</b>	<b>7.6</b>	<b>9.3</b>	<b>11.4</b>	<b>1.5</b>	<b>-0.8</b>	<b>-0.8</b>
Provisions	0.2	0.4	0.4	0.2	0.4	0.4	3.7	-1.8	-1.1
<b>PBT</b>	<b>7.3</b>	<b>9.0</b>	<b>11.0</b>	<b>7.4</b>	<b>9.0</b>	<b>11.0</b>	<b>1.4</b>	<b>-0.8</b>	<b>-0.8</b>
Tax	1.6	1.9	2.4	1.6	1.9	2.3	1.4	-0.8	-0.8
<b>PAT</b>	<b>5.7</b>	<b>7.1</b>	<b>8.7</b>	<b>5.8</b>	<b>7.0</b>	<b>8.6</b>	<b>1.4</b>	<b>-0.8</b>	<b>-0.8</b>
AUM	207	250	302	207	248	299	-0.3	-0.7	-1.0
Borrowings	145	177	216	144	175	214	-0.7	-0.9	-1.1
NIM (%)	5.3	5.3	5.2	5.3	5.2	5.2			
ROA (%)	3.2	3.3	3.4	3.3	3.3	3.4			
RoE (%)	14.1	15.1	15.8	14.3	14.9	15.7			

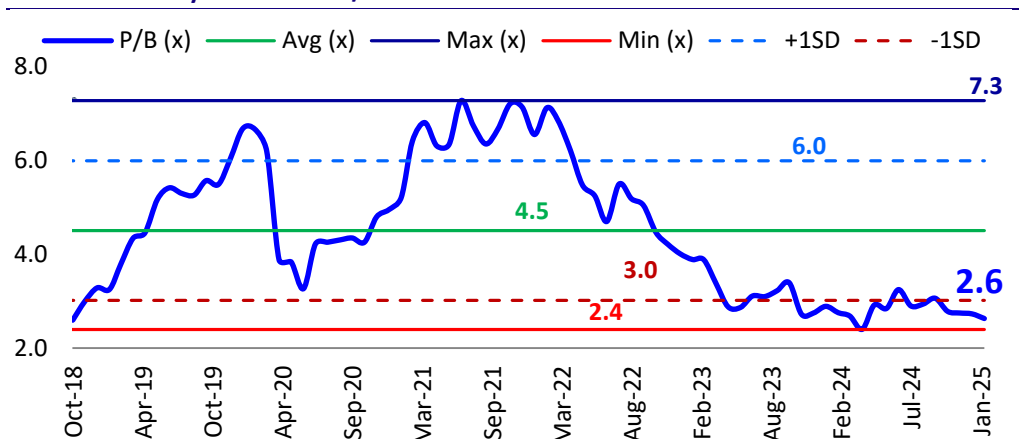
Source: MOFSL, Company

**Exhibit 12: One-year forward P/E**



Source: MOFSL, Company

**Exhibit 13: One-year forward P/B**



Source: MOFSL, Company

## Financials and valuations

Income statement										INR m
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	3,926	5,935	7,864	9,764	11,288	13,882	17,347	20,221	23,755	28,426
Interest Expended	1,931	2,554	3,561	4,582	4,775	5,910	8,284	10,192	11,911	14,273
<b>Net Interest Income</b>	<b>1,995</b>	<b>3,382</b>	<b>4,304</b>	<b>5,182</b>	<b>6,513</b>	<b>7,971</b>	<b>9,063</b>	<b>10,029</b>	<b>11,844</b>	<b>14,153</b>
Change (%)	56.0	69.5	27.3	20.4	25.7	22.4	13.7	10.7	18.1	19.5
Gain on Securitisation	602	783	766	864	1,240	1,518	1,795	1,993	2,392	2,750
Other Operating Income	417	391	401	426	539	701	1,061	1,344	1,613	1,921
<b>Total Income</b>	<b>3,014</b>	<b>4,556</b>	<b>5,470</b>	<b>6,471</b>	<b>8,293</b>	<b>10,191</b>	<b>11,919</b>	<b>13,366</b>	<b>15,849</b>	<b>18,825</b>
Change (%)	85.3	51.2	20.1	18.3	28.2	22.9	17.0	12.1	18.6	18.8
Operating Expenses	1,645	1,890	2,296	2,566	3,506	4,577	5,430	5,731	6,543	7,451
<b>Operating Income</b>	<b>1,369</b>	<b>2,666</b>	<b>3,174</b>	<b>3,905</b>	<b>4,787</b>	<b>5,614</b>	<b>6,489</b>	<b>7,635</b>	<b>9,306</b>	<b>11,373</b>
Change (%)	43.6	94.7	19.1	23.0	22.6	17.3	15.6	17.7	21.9	22.2
Provisions	26	89	153	371	226	124	245	236	352	419
<b>PBT</b>	<b>1,343</b>	<b>2,577</b>	<b>3,020</b>	<b>3,533</b>	<b>4,561</b>	<b>5,490</b>	<b>6,244</b>	<b>7,400</b>	<b>8,954</b>	<b>10,954</b>
Tax	412	818	529	638	981	1,189	1,338	1,585	1,918	2,346
Tax Rate (%)	30.7	31.7	17.5	18.1	21.5	21.7	21.4	21.4	21.4	21.4
<b>PAT</b>	<b>931</b>	<b>1,759</b>	<b>2,491</b>	<b>2,895</b>	<b>3,580</b>	<b>4,301</b>	<b>4,907</b>	<b>5,815</b>	<b>7,036</b>	<b>8,608</b>
Change (%)	60.9	89.0	41.6	16.2	23.7	20.1	14.1	18.5	21.0	22.3
Proposed Dividend	0	0	0	0	0	0	0	0	0	0

### Balance sheet

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Capital	692	781	783	785	789	791	791	791	791	791
Reserves & Surplus	11,207	17,589	20,196	23,229	27,297	31,906	36,942	42,756	49,792	58,400
<b>Net Worth</b>	<b>11,899</b>	<b>18,370</b>	<b>20,979</b>	<b>24,014</b>	<b>28,086</b>	<b>32,697</b>	<b>37,733</b>	<b>43,548</b>	<b>50,584</b>	<b>59,191</b>
<b>Borrowings</b>	<b>27,376</b>	<b>36,533</b>	<b>53,520</b>	<b>63,454</b>	<b>79,725</b>	<b>98,407</b>	<b>1,23,365</b>	<b>1,43,954</b>	<b>1,75,375</b>	<b>2,13,531</b>
Change (%)	52.6	33.4	46.5	18.6	25.6	23.4	25.4	16.7	21.8	21.8
Other liabilities	1,126	1,366	2,081	2,132	2,392	3,002	4,096	4,711	5,653	6,784
<b>Total Liabilities</b>	<b>40,401</b>	<b>56,268</b>	<b>76,580</b>	<b>89,600</b>	<b>1,10,204</b>	<b>1,34,105</b>	<b>1,65,195</b>	<b>1,92,212</b>	<b>2,31,611</b>	<b>2,79,506</b>
<b>Loans</b>	<b>33,334</b>	<b>47,245</b>	<b>61,808</b>	<b>75,233</b>	<b>90,534</b>	<b>1,14,763</b>	<b>1,40,044</b>	<b>1,65,274</b>	<b>1,98,387</b>	<b>2,38,849</b>
Change (%)	54.1	41.7	30.8	21.7	20.3	26.8	22.0	18.0	20.0	20.4
<b>Investments</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>675</b>	<b>1,231</b>	<b>1,822</b>	<b>2,459</b>	<b>3,197</b>	<b>4,156</b>
Change (%)	NM	0.0	0.0	0.0	1,400.4	82.3	48.0	35.0	30.0	30.0
Other assets	7,022	8,978	14,727	14,323	18,994	18,112	23,329	24,479	30,027	36,501
<b>Total Assets</b>	<b>40,401</b>	<b>56,268</b>	<b>76,580</b>	<b>89,600</b>	<b>1,10,204</b>	<b>1,34,105</b>	<b>1,65,195</b>	<b>1,92,212</b>	<b>2,31,611</b>	<b>2,79,506</b>

E: MOFSL Estimates

## Financials and valuations

Ratios	(%)									
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Spreads Analysis (%)</b>										
Avg Yield on Loan portfolio	14.2	13.9	13.5	14.1	13.8	13.7	13.6	13.2	13.0	12.9
Avg. Cost of borrowings	8.5	8.0	7.9	7.8	6.7	6.6	7.5	7.6	7.5	7.3
Interest Spread	5.7	5.9	5.6	6.3	7.1	7.1	6.1	5.6	5.5	5.6
Net Interest Margin (AUM)	5.9	6.8	6.3	6.0	6.3	6.2	5.8	5.3	5.2	5.2
<b>Profitability Ratios (%)</b>										
RoE	10.6	11.6	12.7	12.9	13.7	14.2	13.9	14.3	14.9	15.7
RoA	2.9	3.6	3.8	3.5	3.6	3.5	3.3	3.3	3.3	3.4
Loans/Equity (x)	2.8	2.6	2.9	3.1	3.2	3.5	3.7	3.8	3.9	4.0
Cost/Income	54.6	41.5	42.0	39.7	42.3	44.9	45.6	42.9	41.3	39.6
<b>Asset Quality (%)</b>										
Gross NPAs	107	158	210	739	904	1,067	1,319	1,707	2,119	2,596
Gross NPAs to Adv.	0.3	0.3	0.3	1.0	1.0	0.9	0.9	1.0	1.1	1.1
Net NPAs	83	112	171	538	695	780	939	1,195	1,484	1,817
Net NPAs to Adv.	0.2	0.2	0.3	0.7	0.8	0.7	0.7	0.7	0.7	0.8
<b>VALUATION</b>										
Book Value (INR)	172	235	268	306	356	414	477	550	639	748
<b>Price-BV (x)</b>	<b>9.9</b>	<b>7.3</b>	<b>6.4</b>	<b>5.6</b>	<b>4.8</b>	<b>4.1</b>	<b>3.6</b>	<b>3.1</b>	<b>2.7</b>	<b>2.3</b>
EPS (INR)	13.5	22.5	31.8	36.9	45.4	54.4	62.0	73.5	88.9	108.8
EPS Growth YoY	35	67	41	16	23	20	14	18.5	21.0	22.3
<b>Price-Earnings (x)</b>	<b>126.8</b>	<b>75.8</b>	<b>53.7</b>	<b>46.3</b>	<b>37.6</b>	<b>31.4</b>	<b>27.5</b>	<b>23.2</b>	<b>19.2</b>	<b>15.7</b>
Dividend per share (INR)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Dividend yield (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.