

We downgrade CREDAG to ADD from BUY with revised downwards TP of Rs1,100 (from Rs1,600). Company reported ~51% earning miss with PAT at Rs1.9bn/RoA at 2.7%, primarily due to sharp growth slowdown and stress flow in MFI portfolio with GNPA ratio (60DPD+) up by 98bps QoQ to 2.4% in 2Q. As per the management, bulk of the stress has come from lower vintage customers with 4+ lenders due to new MFIN guardrails, localized disruptions, and seasonal floods. We believe some stress relief should ideally be seen in 4Q as it is a heavy season for MFI loan disbursements and is also coinciding with the rate-cut cycle, which should be beneficial for MFI players including CREDAG. We cut our earnings by 44%-26% in FY25-27E factoring in slower growth/LLP and thus cut TP to Rs1,100 from Rs1,600, valuing it at 1.8x its Sep-26E ABV (earlier 2.2x Jun-26E ABV) and rating to 'ADD' from 'Buy'. We believe any further sharp correction in the stock could be seen as an opportunity to accumulate, as CREDAG will be early to benefit from any relief in the MFI stress from 4Q, given its better quality portfolio (as also seen post-Covid). We also take comfort from its strong capital buffers, and management pedigree vs peers.

### CreditAccess Grameen: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net profit	8,260	14,459	9,081	11,884	15,878
Loan growth (%)	26.7	27.0	8.0	14.0	20.0
NII growth (%)	33.5	49.8	17.3	8.1	15.1
NIM (%)	11.4	13.0	12.8	12.4	12.1
PPOP growth (%)	39.8	58.7	11.6	4.2	13.9
Adj. EPS (Rs)	52.5	90.9	57.0	74.6	99.6
Adj. EPS growth (%)	131.5	73.1	(37.3)	30.9	33.6
Adj. BV (Rs)	320.2	407.3	464.3	550.8	663.2
Adj. BVPS growth (%)	25.6	27.2	14.0	18.6	20.4
RoA (%)	4.2	5.7	3.0	3.5	4.0
RoE (%)	17.8	24.8	12.8	14.2	15.9
P/E (x)	18.7	10.8	17.2	13.2	9.9
P/ABV (x)	3.1	2.4	2.1	1.8	1.5

Source: Company, Emkay Research

### MFINs new guardrails and asset quality hit hurts growth

CREDAG posted a lackluster GLP growth at 12% YoY/(4.5%) QoQ, largely on account of muted MFI growth, which was due to a seasonally-weaker Q2 caused by heavy rainfall across southern states, introduction of additional MFIN guardrails, and a focus on collections over fresh disbursements/growth. However, stable interest spreads on account of unchanged CoFs (~9.8%) coupled with improvement in capital position/low-base effect, led to a 50bps uptick in NIMs to 13.5%. However, factoring in rising delinquencies in the MFI space, the company has cut down its GLP guidance aggressively to ~8-12% for FY25 (vs ~23-24% earlier). Moreover, FY25 RoA guidance has also been revised downwards to ~3-3.5 levels (vs 5.4-5.5% earlier) factoring in a rise in provisioning across PAR buckets.

### NPAs surge but hopes abound for some relief from 4Q

CREDAG's GNPA's shot up by 98bps QoQ to 2.4% and PAR 0+ by 240bps QoQ to 4.9%, mainly due to transitory increase in delinquencies driven by local repayment issues from third-party interventions, agri-income challenges due to adverse rainfall, and stricter MFIN guardrails. Management expects some stabilization in Q3 based on early trends and meaningful improvement only by Q4. As per CRIF data, PAR 1-180 is relatively better for CREDAG vs industry, especially in the top 5 states (~85% of the overall GLP) with slightly higher stress seen in the new state of Bihar (5.5% PAR 1-180 vs 5.2% for industry as of Aug-24). With PAR 30-90 DPD at 3.2% (IIB at 4%) and thus expected higher NPAs, CREDAG has increased LLP guidance to ~4.5-5% (vs 2.2-2.4% earlier). However, we factor in higher LLP at 5.5% amid some disruption likely to be seen in the state of Maharashtra, given the upcoming elections.

### We cut our TP to Rs1,100 and rating to ADD from Buy

We cut our earnings by 44%-26% in FY25-27E factoring in slower growth/LLP and thus cut TP to Rs1,100 from Rs1,600, valuing the company at 1.8x its Sep-26E ABV (earlier 2.2x Jun-26E ABV) and rating to 'ADD' from 'Buy' given the limited upside to our CMP. However, we believe any sharp correction in the stock could be seen as an opportunity to accumulate, as CREDAG will be early to benefit from any relief in MFI stress given its better quality portfolio (as also seen post-Covid). We also take comfort from its strong capital buffers, and management pedigree vs peers.

Target Price - 12M	Sep-25
Change in TP (%)	(31.3)
Current Reco.	ADD
Previous Reco.	BUY
Upside/(Downside) (%)	12.1
CMP (25-Oct-24) (Rs)	981.5

Stock Data	Ticker
52-week High (Rs)	1,796
52-week Low (Rs)	960
Shares outstanding (mn)	159.5
Market-cap (Rs bn)	157
Market-cap (US\$ mn)	1,861
Net-debt, FY25E (Rs mn)	NA
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	344.5
ADTV-3M (US\$ mn)	4.1
Free float (%)	33.0
Nifty-50	24,181
INR/US\$	84.1
<b>Shareholding, Sep-24</b>	
Promoters (%)	66.5
FPIs/MFs (%)	10.8/14.9

Price Performance			
(%)	1M	3M	12M
Absolute	(19.5)	(22.8)	(34.3)
Rel. to Nifty	(13.4)	(22.1)	(48.0)

### 1-Year share price trend (Rs)



### Anand Dama

anand.dama@emkayglobal.com  
+91 22 6624 2480

### Nikhil Vaishnav

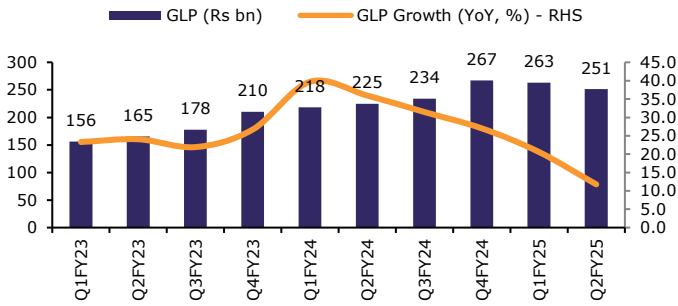
nikhil.vaishnav@emkayglobal.com  
+91 22 6624 2485

### Kunaal N

kunaal.n@emkayglobal.com  
+91 22 6612 1275

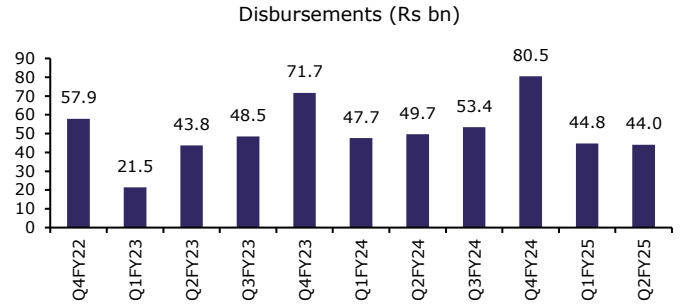
# Story in charts

**Exhibit 1: GLP growth collapses as MFIN guardrails and asset quality salvo hits...**



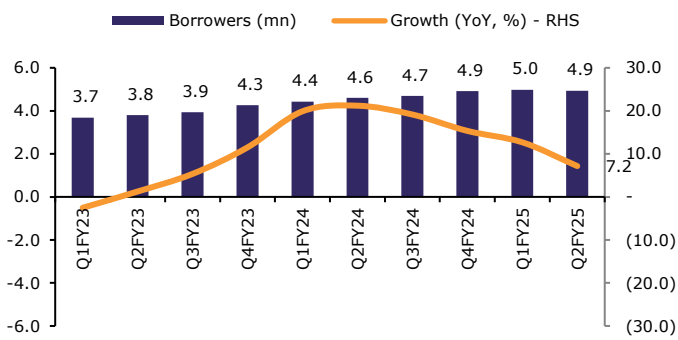
Source: Company, Emkay Research

**Exhibit 2: ...and so do disbursements, remaining soft due to the seasonal factor**



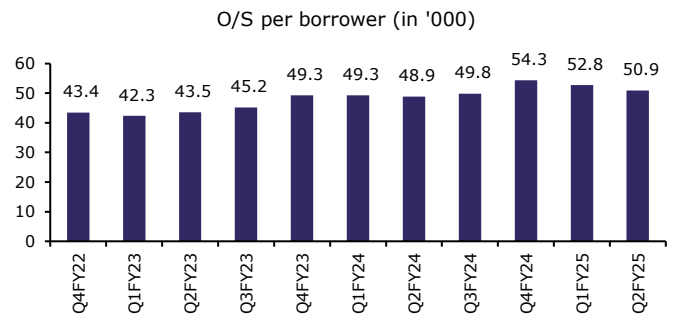
Source: Company, Emkay Research

**Exhibit 3: Borrower growth remains soft and could see some further correction as customer with multiple lenders will be avoided**



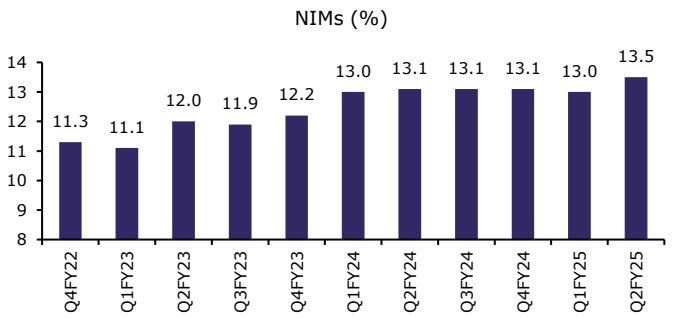
Source: Company, Emkay Research

**Exhibit 4: Loans o/s per borrower have been declining over the past 2 quarters due to slower borrower growth and CREDAG cutting exposures for borrowers with multiple lenders**



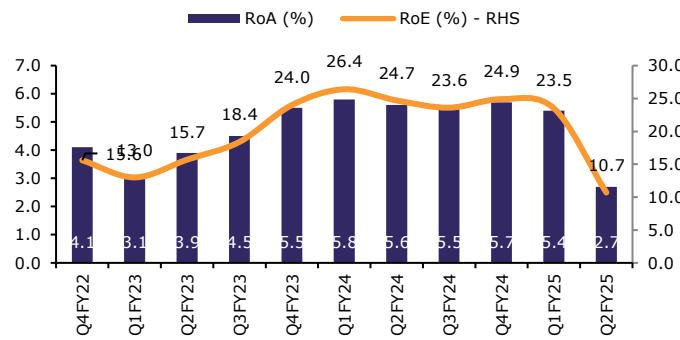
Source: Company, Emkay Research

**Exhibit 5: Lower base-effect, coupled with slight increase in CoF, led to a 50bps QoQ improvement in NIMs**



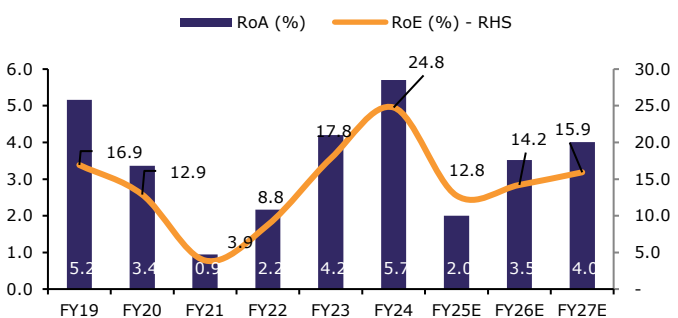
Source: Company, Emkay Research

**Exhibit 6: Higher LLP drags down CREDAG's RoA**



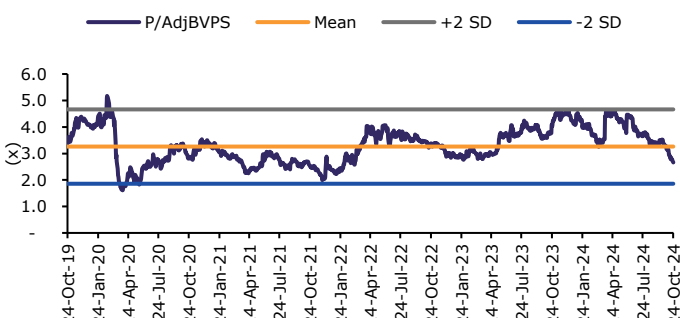
Source: Company, Emkay Research

**Exhibit 7: RoAs to take a hit in FY25E, before normalizing a bit over FY26-27E**



Source: Company, Emkay Research

**Exhibit 8: The stock trades at 1.4x its one-year forward P/ABV**



Source: Bloomberg, Emkay Research

## Exhibit 9: PAR-15+ on account of CREDAG + 4 and above stands at 1.5% of the overall loan portfolio...

## Understanding Group Lending PAR: Vintage vs. Lender Overlap Analysis

Portfolio % - Aug-24	Borrower Vintage with CA Grameen				
Lender Overlap	0-2 years	2-4 years	4-6 years	>6 years	Total %
Unique	8.6%	4.4%	5.3%	8.3%	26.6%
CA Grameen + 1	8.0%	4.6%	6.0%	8.6%	27.2%
CA Grameen + 2	7.0%	3.8%	4.4%	5.7%	20.9%
CA Grameen + 3	5.0%	2.4%	2.4%	3.0%	12.7%
CA Grameen + 4 & above	6.0%	2.1%	1.9%	2.6%	12.6%
<b>Total %</b>	<b>34.6%</b>	<b>17.3%</b>	<b>20.0%</b>	<b>28.1%</b>	<b>100.0%</b>

## [CA Grameen + 4 &amp; above]:

- 12.6% of GL loan portfolio
- 15.3% of GL borrowers
- PAR 15+ of 12.2%

**PAR 15+ on account of [CA Grameen + 4 & above] is 1.5% of the overall loan portfolio**

Borrowers % - Aug-24	Borrower Vintage with CA Grameen				
Lender Overlap	0-2 years	2-4 years	4-6 years	>6 years	Total %
Unique	11.9%	4.2%	4.1%	6.1%	26.3%
CA Grameen + 1	10.8%	4.2%	4.4%	5.8%	25.2%
CA Grameen + 2	9.3%	3.6%	3.3%	3.8%	19.9%
CA Grameen + 3	6.9%	2.4%	1.9%	2.1%	13.2%
CA Grameen + 4 & above	9.1%	2.6%	1.7%	2.0%	15.3%
<b>Total %</b>	<b>47.9%</b>	<b>16.9%</b>	<b>15.3%</b>	<b>19.8%</b>	<b>100.0%</b>

PAR 15+ - Sep-24	Borrower Vintage with CA Grameen				
Lender Overlap	0-2 years	2-4 years	4-6 years	>6 years	Total %
Unique	2.7%	1.8%	1.8%	1.2%	1.9%
CA Grameen + 1	3.6%	2.5%	2.5%	1.9%	2.7%
CA Grameen + 2	5.0%	3.9%	3.9%	2.5%	3.9%
CA Grameen + 3	7.7%	6.9%	5.0%	3.6%	6.1%
CA Grameen + 4 & above	15.4%	13.3%	9.9%	5.6%	12.2%
<b>Total %</b>	<b>6.3%</b>	<b>4.5%</b>	<b>3.6%</b>	<b>2.3%</b>	<b>4.3%</b>

Source: CRIF Highmark, The above analysis is based on the credit bureau scrub (latest available for Aug-24) for a 10% sample from the active borrower base

Source: Company

## Exhibit 10: ...while higher vintage (&gt;4 years) borrowers have relatively lower PAR-15+ share across different MFI indebtedness buckets

## Understanding Group Lending PAR: Leverage vs. Vintage Analysis

Total Borrowers					
Borrowers % - Aug-24	Borrower Vintage with CA Grameen				
Total MFI Indebtedness (INR)	0-2 Years	2-4 years	4-6 years	>6 years	Total %
<= 50,000	12.8%	3.2%	2.3%	3.1%	21.5%
50,000 to <= 1,00,000	14.1%	4.9%	4.3%	5.3%	28.5%
1,00,000 to <= 1,50,000	11.3%	4.6%	4.4%	5.4%	25.7%
1,50,000 to <= 2,00,000	6.1%	2.7%	2.7%	3.5%	14.9%
>= 2,00,000	3.7%	1.6%	1.7%	2.5%	9.4%
<b>Total %</b>	<b>47.9%</b>	<b>16.9%</b>	<b>15.3%</b>	<b>19.8%</b>	<b>100.0%</b>

[CA Grameen + 4 & above] Borrowers					
[CA Grameen + 4 & above] Borrowers % - Aug-24	Borrower Vintage with CA Grameen				
Total MFI Indebtedness (INR)	0-2 years	2-4 years	4-6 years	>6 years	Total %
<= 50,000	0.022%	0.008%	0.003%	0.002%	0.035%
50,000 to <= 1,00,000	0.5%	0.2%	0.1%	0.1%	0.8%
1,00,000 to <= 1,50,000	2.3%	0.6%	0.3%	0.3%	3.5%
1,50,000 to <= 2,00,000	3.1%	0.8%	0.5%	0.5%	5.0%
>= 2,00,000	3.1%	1.0%	0.8%	1.2%	6.1%
<b>Total %</b>	<b>9.1%</b>	<b>2.6%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>15.3%</b>

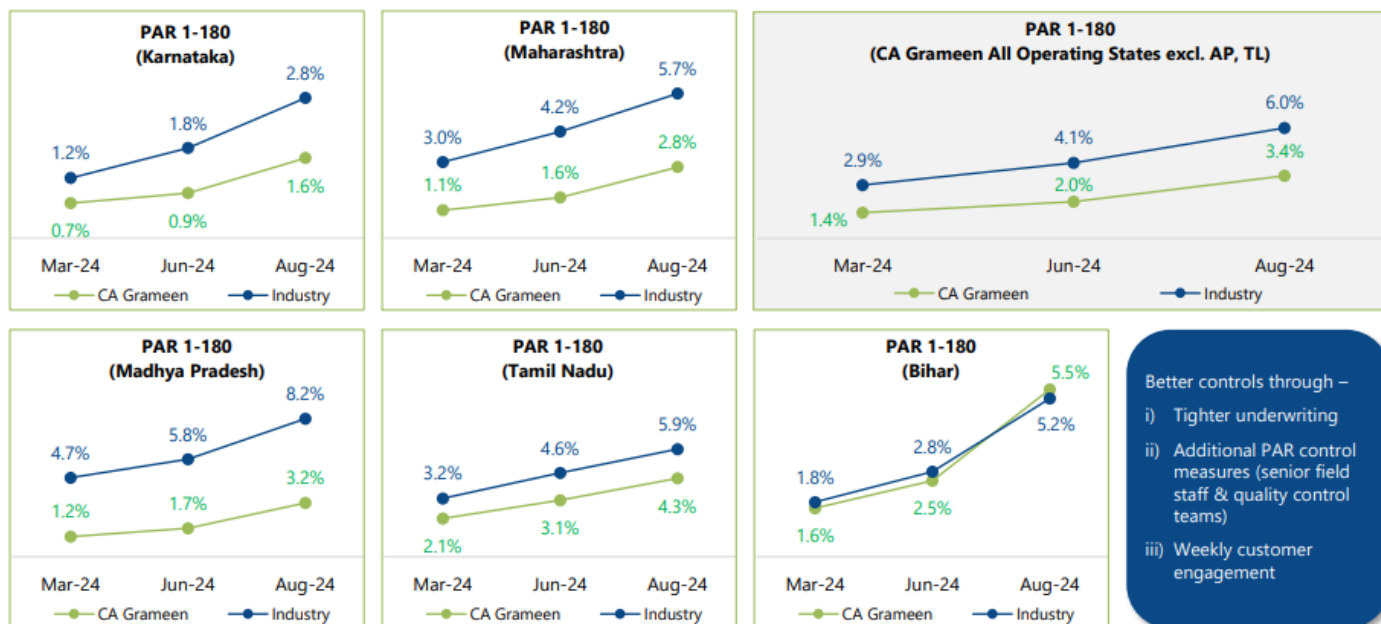
PAR 15+ - Sep-24					
Total MFI Indebtedness (INR)	Borrower Vintage with CA Grameen				
	0-2 Years	2-4 years	4-6 years	>6 years	Total %
<= 50,000	3.1%	2.9%	2.1%	1.4%	2.7%
50,000 to <= 1,00,000	4.8%	3.5%	3.2%	2.3%	3.7%
1,00,000 to <= 1,50,000	6.9%	4.2%	3.4%	2.3%	4.3%
1,50,000 to <= 2,00,000	9.0%	5.3%	4.0%	2.5%	5.1%
>= 2,00,000	12.5%	7.8%	4.8%	2.8%	6.3%
<b>Total %</b>	<b>6.3%</b>	<b>4.5%</b>	<b>3.6%</b>	<b>2.3%</b>	<b>4.3%</b>

[CA Grameen + 4 & above] PAR 15+ - Sep-24					
Total MFI Indebtedness (INR)	Borrower Vintage with CA Grameen				
	0-2 years	2-4 years	4-6 years	>6 years	Total %
<= 50,000	14.7%	9.2%	2.8%	2.2%	9.9%
50,000 to <= 1,00,000	15.8%	19.1%	17.9%	6.9%	15.6%
1,00,000 to <= 1,50,000	17.3%	16.4%	13.8%	10.7%	16.1%
1,50,000 to <= 2,00,000	14.9%	13.6%	12.1%	6.8%	13.3%
>= 2,00,000	14.9%	12.2%	8.3%	4.8%	10.5%
<b>Total %</b>	<b>15.4%</b>	<b>13.3%</b>	<b>9.9%</b>	<b>5.6%</b>	<b>12.2%</b>

Source: CRIF Highmark, The above analysis is based on the credit bureau scrub (latest available for Aug-24) for a 10% sample from the active borrower base

Source: Company

Exhibit 11: CA Grameen's PAR 1-180 is relatively better vs industry, especially in the top 5 markets (~85% of the overall loan portfolio)



Source: Company

Exhibit 12: Actuals vs Estimates (Q2FY25)

(Rs mn)	Actuals	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net income	9,693	10,003	9,836	-3%	-1%	Lower other income led to a miss
PPOP	6,721	6,928	6,795	-3%	-1%	Lower Net income partially offset by lower opex led to a miss
PAT	1,861	3,761	3,270	-51%	-43%	Higher LLP led to a major miss

Source: Company, Emkay Research

Exhibit 13: Quarterly Summary

(Rs mn)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	YoY (%)	QoQ (%)	FY24A	FY25E	YoY (%)
Interest Earned	11,961	12,444	14,041	14,628	14,170	18	-3	49,931	57,156	17
Interest Exp	4,239	4,415	4,822	5,103	4,846	14	-5	17,324	20,008	15
Net Interest Income	7,722	8,029	9,219	9,525	9,324	21	-2	32,606	37,148	17
Global NIMs (reported)	13.10	13.10	13.10	13.00	13.50	40bps	50bps	13.41	12.85	-18bps
Non-interest Income	515	509	550	498	369	-28	-26	1,796	2,084	-24
Operating Expenses	2,589	2,519	2,943	2,929	2,972	15	1	10,493	12,556	20
Pre Provisioning Profit	5,648	6,019	6,827	7,093	6,721	19	-5	23,909	26,677	12
Provision & Contingencies	959	1,262	1,533	1,746	4,202	338	141	4,518	14,504	221
PBT	4,689	4,757	5,294	5,347	2,520	-46	-53	19,392	12,173	-37
Income Tax Expense (Gain)	1,197	1,222	1,324	1,371	659	-45	-52	4,933	3,092	-37
Net Profit/(Loss)	3,492	3,535	3,970	3,976	1,861	-47	-53	14,459	9,081	-37
Gross NPA (%)	0.77	0.97	1.18	1.46	2.44	167bps	98bps	1.24	3.50	231bps
Net NPA (%)	0.24	0.29	0.35	0.45	0.76	52bps	31bps	0.35	1.01	66bps
Net Advances (Rs bn)	209	221	251	246	235	13	-5	251	267	6

Source: Company, Emkay Research

## Exhibit 14: Revision in estimates

Y/E Mar (Rs mn)	FY25E			FY26E			FY27E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Net income	42,105	39,233	-6.8%	50,395	42,724	-15.2%	60,714	49,457	-18.5%
PPOP	29,541	26,677	-9.7%	35,210	27,784	-21.1%	42,332	31,648	-25.2%
PAT	16,283	9,081	-44.2%	18,548	11,884	-35.9%	21,459	15,878	-26.0%
EPS (Rs)	102.2	57.0	-44.2%	116.4	74.6	-35.9%	134.6	99.6	-26.0%
BV (Rs)	526.4	481.2	-8.6%	655.8	568.8	-13.3%	804.4	682.4	-15.2%

Source: Emkay Research

## Exhibit 15: Key Assumptions

(%)	FY24A	FY25E	FY26E	FY27E
Loan Growth	31.8	6.4	15.4	20.3
Borrowing Growth	49.2	14.0	15.0	20.0
NIM	13.4	12.8	12.4	12.1
GNPA	1.2	3.5	3.2	2.9
Credit Cost	2.0	5.5	4.0	3.0

Source: Emkay Research

## Exhibit 16: Key Ratios and Trends

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
<b>Balance Sheet</b>									
Loans (Rs bn)	152	164	190	198	209	221	251	246	235
- growth (YoY)	29.0	22.6	29.0	40.2	37.4	34.7	31.8	24.4	12.7
- growth (QoQ)	7.5	7.9	16.1	4.1	5.3	5.8	13.7	-1.8	-4.5
<b>Loan composition (%)</b>									
- IGL	95.5	95.9	95.5	94.8	93.8	93.2	92.6	91.5	90.4
- Family Welfare	1.1	0.7	0.3	0.7	0.7	0.4	0.3	0.8	0.8
- Home Improvement	2.6	2.7	3.3	3.6	3.9	4.2	4.4	4.7	5.0
- Emergency	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
- Retail Finance	0.7	0.6	0.8	1.0	1.6	2.1	2.7	2.9	3.8
<b>Asset Quality</b>									
GNPA (%)	2.2	1.7	1.2	0.9	0.8	1.0	1.2	1.5	2.4
NNPA (%)	0.8	0.6	0.4	0.3	0.2	0.3	0.4	0.5	0.8
PCR (%)	65.1	65.9	65.7	72.4	71.1	71.8	72.1	71.1	70.8
<b>ROE Decomposition (%)</b>									
NII	12.2	12.7	13.6	13.7	13.2	13.0	13.6	13.5	13.7
Other Income	0.6	0.6	0.6	0.4	0.9	0.8	0.8	0.7	0.5
Treasury	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Opex	4.9	4.8	4.3	4.4	4.4	4.1	4.3	4.1	4.4
PPOP	7.9	8.5	9.9	9.7	9.7	9.7	10.0	10.0	9.9
Provisioning Cost	2.5	2.0	2.1	1.4	1.6	2.0	2.3	2.5	6.2
PBT	5.4	6.5	7.8	8.3	8.0	7.7	7.8	7.6	3.7
Tax	1.3	1.7	2.0	2.1	2.0	2.0	1.9	1.9	1.0
<b>ROA</b>	<b>4.2</b>	<b>4.8</b>	<b>5.9</b>	<b>6.2</b>	<b>6.0</b>	<b>5.7</b>	<b>5.8</b>	<b>5.6</b>	<b>2.7</b>
Leverage (x)	3.7	3.8	4.0	4.1	4.0	4.0	4.1	4.1	3.9
<b>ROE</b>	<b>15.7</b>	<b>18.3</b>	<b>23.2</b>	<b>25.4</b>	<b>24.1</b>	<b>22.9</b>	<b>24.2</b>	<b>22.8</b>	<b>10.6</b>

Source: Company, Emkay Research



## CreditAccess Grameen: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	33,271	49,001	57,156	62,058	71,421
Interest Expense	12,129	17,324	20,008	21,883	25,184
<b>Net interest income</b>	<b>21,142</b>	<b>31,677</b>	<b>37,148</b>	<b>40,175</b>	<b>46,238</b>
NII growth (%)	33.5	49.8	17.3	8.1	15.1
Other income	2,236	2,725	2,084	2,550	3,219
<b>Total Income</b>	<b>23,379</b>	<b>34,402</b>	<b>39,233</b>	<b>42,724</b>	<b>49,457</b>
Operating expenses	8,315	10,493	12,556	14,940	17,809
<b>PPOP</b>	<b>15,064</b>	<b>23,910</b>	<b>26,677</b>	<b>27,784</b>	<b>31,648</b>
PPOP growth (%)	39.8	58.7	11.6	4.2	13.9
<b>Core PPOP</b>	<b>15,064</b>	<b>23,910</b>	<b>26,677</b>	<b>27,784</b>	<b>31,648</b>
Provisions & contingencies	4,010	4,518	14,504	11,860	10,364
<b>PBT</b>	<b>11,054</b>	<b>19,392</b>	<b>12,173</b>	<b>15,924</b>	<b>21,284</b>
Extraordinary items	0	0	0	0	0
Tax expense	2,794	4,933	3,092	4,040	5,406
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>8,260</b>	<b>14,459</b>	<b>9,081</b>	<b>11,884</b>	<b>15,878</b>
PAT growth (%)	134.0	75.0	(37.2)	30.9	33.6
<b>Adjusted PAT</b>	<b>8,260</b>	<b>14,459</b>	<b>9,081</b>	<b>11,884</b>	<b>15,878</b>
<b>Diluted EPS (Rs)</b>	<b>52.3</b>	<b>90.5</b>	<b>56.8</b>	<b>74.3</b>	<b>99.2</b>
Diluted EPS growth (%)	125.1	73.1	(37.3)	30.9	33.6
<b>DPS (Rs)</b>	<b>0.0</b>	<b>10.0</b>	<b>12.0</b>	<b>13.0</b>	<b>14.0</b>
<b>Dividend payout (%)</b>	<b>0.0</b>	<b>11.1</b>	<b>21.2</b>	<b>17.5</b>	<b>14.1</b>
Effective tax rate (%)	25.3	25.4	25.4	25.4	25.4
Net interest margins (%)	11.4	13.0	12.8	12.4	12.1
Cost-income ratio (%)	35.6	30.5	32.0	35.0	36.0
Shares outstanding (mn)	158.9	159.4	159.4	159.4	159.4

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Asset quality</b>					
Gross NPLs	2,363.4	3,026.0	9,600.8	10,232.0	10,894.7
Net NPLs	668.0	877.3	2,688.2	2,865.0	3,050.5
GNPA ratio (%)	1.2	1.2	3.5	3.2	2.9
NNPA ratio (%)	0.4	0.3	1.0	0.9	0.8
Provision coverage (%)	71.7	71.0	72.0	72.0	72.0
Gross slippages	3,962.9	4,072.8	16,437.0	12,623.6	13,254.8
Gross slippage ratio (%)	2.1	1.6	6.0	4.0	3.5
LLP ratio (%)	2.3	2.0	5.5	4.0	3.0
NNPA to networth (%)	1.3	1.3	3.4	3.1	2.7
<b>Capital adequacy</b>					
Total CAR (%)	23.6	23.1	24.6	26.0	26.7
Tier-1 (%)	22.7	22.2	23.8	25.3	26.0
CET-1 (%)	22.7	22.2	23.8	25.3	26.0
RWA-to-Total Assets (%)	82.0	82.0	85.0	85.0	85.0
<b>Miscellaneous</b>					
Total income growth (%)	29.1	45.7	14.5	9.1	15.5
Opex growth (%)	20.8	26.2	19.7	19.0	19.2
Core PPOP growth (%)	39.8	58.7	11.6	4.2	13.9
PPOP margin (%)	7.7	9.4	8.9	8.2	8.0
PAT/PPOP (%)	54.8	60.5	34.0	42.8	50.2
LLP-to-Core PPOP (%)	26.6	18.9	54.4	42.7	32.7
Yield on advances (%)	19.5	21.8	21.6	21.2	20.7
Cost of funds (%)	9.3	10.1	9.4	9.0	8.8

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	1,589	1,594	1,594	1,594	1,594
Reserves & surplus	49,480	64,105	75,098	89,055	107,164
<b>Net worth</b>	<b>51,069</b>	<b>65,699</b>	<b>76,692</b>	<b>90,648</b>	<b>108,758</b>
Deposits	0	0	0	0	0
Borrowings	146,399	197,989	225,710	259,566	311,463
<b>Interest bearing liab.</b>	<b>146,399</b>	<b>197,989</b>	<b>225,710</b>	<b>259,566</b>	<b>311,463</b>
<b>Other liabilities &amp; prov.</b>	<b>21,112</b>	<b>24,772</b>	<b>11,628</b>	<b>10,307</b>	<b>11,397</b>
<b>Total liabilities &amp; equity</b>	<b>218,581</b>	<b>288,460</b>	<b>314,030</b>	<b>360,522</b>	<b>431,617</b>
Net advances	190,433	251,050	267,038	308,224	370,865
Investments	4,545	14,389	19,268	21,585	24,999
Cash, other balances	14,364	13,138	16,928	18,819	22,581
<b>Interest earning assets</b>	<b>209,343</b>	<b>278,577</b>	<b>303,234</b>	<b>348,628</b>	<b>418,446</b>
Fixed assets	6,030	6,136	6,401	6,718	7,051
Other assets	3,208	3,747	4,395	5,176	6,121
<b>Total assets</b>	<b>218,581</b>	<b>288,460</b>	<b>314,030</b>	<b>360,522</b>	<b>431,617</b>
BVPS (Rs)	324.5	412.8	481.2	568.8	682.4
Adj. BVPS (INR)	320.2	407.3	464.3	550.8	663.2
Gross advances	210,310	267,140	288,511	328,903	394,683
Credit to deposit (%)	na	na	na	na	na
CASA ratio (%)	na	na	na	na	na
Cost of borrowings (%)	9.3	10.1	9.4	9.0	8.8
Loans-to-Assets (%)	87.1	87.0	85.0	85.5	85.9
Net advances growth (%)	26.7	27.0	8.0	14.0	20.0
Borrowings growth (%)	27.3	35.2	14.0	15.0	20.0
Book value growth (%)	21.3	27.2	16.6	18.2	20.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	18.7	10.8	17.2	13.2	9.9
P/B (x)	3.0	2.4	2.0	1.7	1.4
P/ABV (x)	3.1	2.4	2.1	1.8	1.5
P/PPOP (x)	10.4	6.5	5.9	5.6	4.9
Dividend yield (%)	0.0	1.0	1.2	1.3	1.4
<b>DuPont-RoE split (%)</b>					
NII/avg assets	10.7	12.5	12.3	11.9	11.7
Other income	1.1	1.1	0.7	0.8	0.8
Fee income	0.8	0.9	0.5	0.5	0.6
Opex	4.2	4.1	4.2	4.4	4.5
<b>PPOP</b>	<b>7.7</b>	<b>9.4</b>	<b>8.9</b>	<b>8.2</b>	<b>8.0</b>
Core PPOP	7.7	9.4	8.9	8.2	8.0
Provisions	2.0	1.8	4.8	3.5	2.6
Tax expense	1.4	1.9	1.0	1.2	1.4
<b>RoA (%)</b>	<b>4.2</b>	<b>5.7</b>	<b>3.0</b>	<b>3.5</b>	<b>4.0</b>
Leverage ratio (x)	4.2	4.3	4.2	4.0	4.0
<b>RoE (%)</b>	<b>17.8</b>	<b>24.8</b>	<b>12.8</b>	<b>14.2</b>	<b>15.9</b>
<b>Quarterly data</b>					
Rs mn, Y/E Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
NII	7,722	8,024	9,219	9,525	9,324
NIM(%)	13.1	13.1	13.1	13.0	13.5
PPOP	5,648	6,018	6,827	7,093	6,721
PAT	3,492	3,534	3,970	3,976	1,861
EPS (Rs)	22.40	22.67	25.47	25.51	11.94

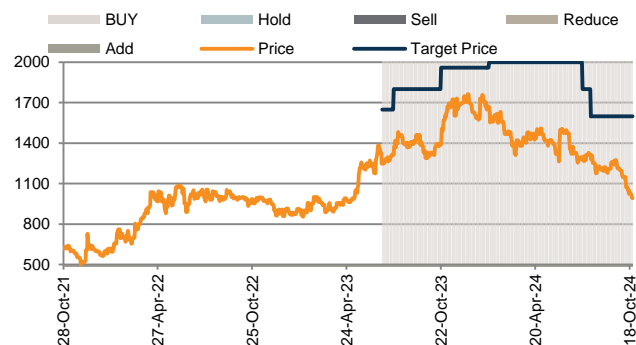
Source: Company, Emkay Research

**RECOMMENDATION HISTORY - DETAILS**

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
04-Aug-24	1,312	1,600	Buy	Anand Dama
19-Jul-24	1,285	1,800	Buy	Anand Dama
08-May-24	1,429	2,000	Buy	Anand Dama
22-Jan-24	1,667	2,000	Buy	Anand Dama
30-Nov-23	1,697	1,960	Buy	Anand Dama
27-Oct-23	1,571	1,960	Buy	Anand Dama
22-Oct-23	1,390	1,960	Buy	Anand Dama
23-Jul-23	1,314	1,800	Buy	Anand Dama
01-Jul-23	1,248	1,650	Buy	Anand Dama

Source: Company, Emkay Research

**RECOMMENDATION HISTORY - TREND**



Source: Company, Bloomberg, Emkay Research

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<b>SELL</b>	<15% downside

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CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India  
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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