

Home First Finance

Estimate changes

TP change

Rating change



Bloomberg	HOMEFIRS IN
Equity Shares (m)	89
M.Cap.(INRb)/(USD\$b)	75.1 / 0.9
52-Week Range (INR)	1061 / 686
1, 6, 12 Rel. Per (%)	-6/-21/-1
12M Avg Val (INR M)	244

Financials Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
NII	5.3	6.3	7.8
PPOP	4.3	5.1	6.4
NP	3.1	3.7	4.6
EPS (INR)	34.5	41.4	51.6
EPS Gr. (%)	33.2	19.8	24.8
BV/Share	240	277	323

Ratios

NIM (%)	6.2	5.6	5.4
C/I ratio (%)	35.2	37.2	36.8
RoAA (%)	3.8	3.4	3.4
RoAE (%)	15.5	16.0	17.2

Valuations

P/E (x)	24.6	20.5	16.5
P/BV (x)	3.5	3.1	2.6

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	23.6	23.6	33.5
DII	11.9	11.7	8.4
FII	25.1	24.8	15.7
Others	39.5	39.8	42.4

FII Includes depository receipts

CMP: INR850

TP: INR1070 (+26%)

Buy

Earnings in line despite NIM compression; BT-outs elevated

NIM contracted ~40bp QoQ but offset by lower credit costs

- Home First Finance's 4QFY24 PAT grew 30% YoY to INR835m (in line), while its FY24 PAT grew 34% YoY to INR3.1b.
- NII grew 22% YoY to INR1.37b (in line). Other income grew 32% YoY to INR351m (in line). Home First obtained its corporate agency license in Feb'24 and expects to sign a partnership with one insurer in 1QFY25. The management guided for a quarterly run rate of ~INR50-60m in commission income from 3QFY25 onward.
- Opex grew 23% YoY but declined 4% QoQ to INR584m due to the reversal of some excess provisions, which were built up earlier. PPOP grew ~25% YoY to INR1.14b (in line). Credit costs at INR27m (annualized: ~10bp) were lower because of recoveries of ~INR25m from written-off accounts.
- Home First continued to build its distribution network by taking steps to strengthen its presence in UP, MP and Rajasthan. It has also been investing in technology and analytics to improve its underwriting and credit assessment capabilities. Steady execution has positioned Home First well to capture the significant opportunity in the affordable housing segment.
- We model a CAGR of ~30%/~23% in AUM/PAT over FY24-26E. Asset quality should strengthen, and credit costs are likely to remain benign over FY25-26E. **Reiterate BUY with a TP of INR1,070 (based on 3.3x FY26E BV).**

Business momentum healthy; BT-outs remained elevated

- Disbursements grew 27% YoY to ~INR11b, leading to AUM growth of 35% YoY to ~INR97b.
- In 4QFY24, the company undertook direct assignments of ~INR1b (up ~28% YoY) and co-lending transactions of ~INR675m (up 94% YoY). It expects the share of co-lending in the total AUM to rise to ~10% (FY24: ~3%) over the next 12-24 months.
- BT-out rate (annualized) increased sequentially to ~8.3% (~7.5% in 3QFY24 and ~6.1% in 4QFY23). The management attributed the increase in BT-Outs to interest rate repricing of home loans over the past two years. Home First's higher pricing of home loans compared to peers makes it susceptible to BT-OUTs, even as the total (annualized) run-off of its AUM is comparable to that of its peers.

Spreads and NIM contract due to rise in CoF

- Reported portfolio yield remained stable at 13.5%, while CoB rose ~10bp QoQ to 8.3%. Reported spreads contracted ~10bp QoQ to 5.2%.
- Reported NIM declined ~40bp QoQ to 5.3% due to higher CoB, liquidity and financial leverage. Origination yield and incremental CoF in 4QFY24 stood at ~13.4% and ~8.7%, respectively.

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- Reported FY24 NIM declined ~60bp YoY to 5.8%. Higher CoB, higher financial leverage and higher liquidity led to NIM compression of ~20bp.
- The management expects CoB to rise by 15-20bp to 8.5%. The company shared that it does not plan to increase its lending rates and will instead look to absorb any such increase in its CoB in the near term. We model NIM of 5.6%/5.4% in FY25E/FY26E.

Asset quality remains stable; bounce rates improve

- GS3 and NS3 remained stable QoQ at 1.7% and 1.2%, respectively. PCR declined ~20bp QoQ to ~29.7%.
- 1+dpd declined ~30bp QoQ to 4.2%. Bounce rates declined to ~14.7% in 4QFY24 (vs. ~15% in 3QFY24) but increased to 15.3% for Apr'24.
- Collections remained strong and the company had recoveries of INR25m from written-off loans, which resulted in lower credit costs in 4Q. We model credit costs of ~30bp each in FY25E/FY26E.

Highlights from the management commentary

- The company guided for spreads of 5.0-5.25%, NIM of 5.5%, other income of 2.0-2.5%, opex of ~3% and credit costs of ~30bp. This will result in RoA of 3.5% and RoE of 16%+ with a significant contribution from the core business.
- Over the next three years (by FY27), the company expects to take the proportion of LAP to ~20% from ~13% now.

Valuation and view

- Home First has invested in building a franchise, which positions the company well to capitalize on the strong growth opportunity in affordable housing finance. The company continues to expand its distribution network in a contiguous manner, covering Tier I and II cities within its existing states.
- We estimate Home First to deliver a ~30% AUM CAGR over FY24-26, along with NIM (as a % of average AUM) of 5.6%/5.4% in FY25/FY26 (vs. FY24: ~6.2%).
- Home First's asset quality is likely to strengthen and credit costs are expected to remain benign over FY25-26, as the company prioritizes early bucket collections, thus driving improvement in asset quality. **We reiterate our BUY rating on the stock with a TP of INR1,070 (premised on 3.3x Mar'26E BVPS).**
- **Key downside risks:** a) a sharp contraction in spreads and margins in order to sustain the business momentum, and b) higher BT-outs leading to lower AUM growth.

Quarterly Performance												(INR m)
Y/E March	FY23				FY24				FY23	FY24	4QFY24	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,547	1,727	1,902	2,047	2,313	2,491	2,646	2,827	7,222	10,277	2,813	0
Interest expenses	607	712	796	929	1,068	1,170	1,302	1,459	3,043	4,999	1,403	4
Net Interest Income	940	1,016	1,106	1,118	1,246	1,321	1,344	1,368	4,179	5,278	1,410	-3
YoY Growth (%)	50.8	58.2	54.2	31.4	32.6	30.1	21.4	22.4	41.2	26.3	26.1	
Other Income	147	167	152	266	285	289	364	351	734	1,289	341	3
Net Income	1,086	1,182	1,258	1,384	1,530	1,610	1,708	1,719	4,913	6,567	1,751	-2
YoY Growth (%)	22.3	31.8	30.5	35.4	40.9	36.1	35.7	24.2	29.3	33.7	26.5	
Operating Expenses	387	441	443	475	553	565	611	584	1,746	2,313	636	-8
Operating Profit	699	741	816	910	977	1,044	1,097	1,135	3,167	4,254	1,115	2
YoY Growth (%)	15.3	24.3	25.3	38.1	39.8	40.9	34.5	24.8	24.8	34.3	22.6	
Provisions and Cont.	36	50	60	70	77	80	70	27	215	254	61	-55
Profit before Tax	663	692	756	840	900	964	1,027	1,107	2,952	4,000	1,054	5
Tax Provisions	151	149	170	200	209	221	239	273	669	942	226	21
Net Profit	512	543	586	640	691	743	788	835	2,283	3,057	828	1
YoY Growth (%)	46.0	20.9	27.6	6.4	34.9	36.9	34.5	30.4	21.1	33.9	29.4	
Key Operating Parameters (%)												
Other income to Net Income Ratio	13.5	14.1	12.1	19.2	18.6	17.9	21.3	20.4	14.9	19.6		
Credit Cost	0.26	0.33	0.37	0.40	0.41	0.40	0.32	0.12	1.67	1.4		
Cost to Income Ratio	35.7	37.3	35.2	34.3	36.1	35.1	35.7	34.0	35.5	35.2		
Tax Rate	22.7	21.5	22.5	23.8	23.2	23.0	23.3	24.6	22.7	23.6		
Balance Sheet Parameters												
AUM (INR m)	58,319	62,750	67,512	71,980	77,760	83,654	90,137	96,978	71,980	96,978		
Change YoY (%)	35.8	35.9	35.2	33.8	33.3	33.3	33.5	34.7	33.8	34.7		
Loans (INR m)	47,222	51,454	55,955	59,957	65,194	70,253	75,479	81,434	59,957	81,434		
Change YoY (%)	39.1	41.5	41.5	39.3	38.1	36.5	34.9	35.8	39.3	35.8		
Borrowings (INR m)	48,387	52,282	58,045	59,556	68,215	72,792	82,514	82,514	48,135	73,021		
Change YoY (%)	22.9	30.5	44.5	32.5	41.0	39.2	42.2	38.5	38.8	51.7		
Loans/Borrowings (%)	97.6	98.4	96.4	100.7	95.6	96.5	91.5	98.7	125	112		
Asset Quality Parameters (%)												
GS 3 (INR m)	1,020	1,001	1,008	974	1,077	1,233	1,295	1,393	974	1,393		
Gross Stage 3 (% on Assets)	2.1	1.9	1.8	1.6	1.6	1.7	1.7	1.7	1.6	1.70		
NS 3 (INR m)	791	737	715	643	743	859	908	979	643	979		
Net Stage 3 (% on Assets)	1.66	1.42	1.27	1.06	1.13	1.21	1.19	1.19	1.1	1.19		
PCR (%)	22.4	26.4	29.1	34.0	31.0	30.3	29.9	29.7	34.0	29.7		
ECL (%)	0.98	0.98	0.96	0.96	0.94	0.91	0.89	0.86	0.96	0.94		
Return Ratios (%)												
ROAA (Rep)	3.9	3.8	3.8	3.9	3.9	3.8	3.7	3.6	3.9	3.8		
ROAE (Rep)	12.8	13.1	13.7	14.4	15.0	15.6	15.8	16.1	13.5	15.5		

E: MOFSL Estimates



Highlights from the management commentary

Performance Update

- FY24 disbursements stood at INR39.6m, up 32% YoY. AUM grew ~35% YoY.
- UP and MP are emerging as good affordable housing pockets and HFFC is expanding in these states.
- In 4QFY24, ~47% of the loan sanctions were done, with data coming from account aggregators.
- Direct assignment of ~INR1.03b. Continued to see robust demand for direct assignments from banks.

Guidance

- The company got the agency license in Feb'24. Expects to sign one agreement in 1QFY25. Guided that it will add INR50-60m (quarterly) of insurance commission income from 3QFY25 onward.
- CoB stood at ~8.25% (up ~3bp QoQ) and can go up to ~8.5% (up 15-20bp) within the next two quarters.
- Expects to scale up co-lending AUM to ~10% in the near term (vs. 3-4% now).
- Over the next three years (by FY27E), it expects to take the proportion of LAP to ~20% (vs. ~13% now).
- The company will look to absorb 10-20bp increase in CoB and does not plan to increase the pricing.
- Guided for credit costs of ~30bp.
- Guided for RoA to decline because of financial leverage.
- Guided for spreads of 5.0-5.25%, NIM of 5.5%, other income of 2.0-2.5%, opex of ~3% and credit costs of ~30bp. This will result in RoA of 3.5% and RoE of 16%+ with a significant contribution from the core business.

Yields, CoB and spreads

- Overall spreads stood at ~5.2%; Last PLR hike was taken in Apr'23
- NIM compression was due to high CoB, higher liquidity and higher financial leverage. Higher CoB, higher financial leverage and higher liquidity resulted in NIM compression of ~20bp.
- Origination yields (excluding co-lending) declined by ~30bp QoQ. Targets origination yields of 13.5% and there could be quarterly fluctuations. The spread is lower when it does not take the NHB funding.
- MCLR of banks is trending up. Marginal CoB has remained range-bound with continued diversification.

Operating Expenses

- As it was Mar'24, the company cleaned up some excess provisions, which were built up. This led to lower operating expenses in the quarter.

Asset quality

- 1+ dpd is at 4.2% and declined ~30bp QoQ.
- Collections remained strong and had considerable recoveries from previous written-off accounts, resulting in low credit costs in 4Q.
- Delinquencies have improved and stabilized across buckets. The company had recoveries of INR25m from loans which were written-off.
- Outstanding pool of written-off loans is ~INR200m (usually recoveries are ~INR6m-7m every quarter; in 4QFY24 recoveries were INR250m).

BT-OUTs

- BT-OUTs are elevated because of the repricing that has happened in the last two years. The company is putting in place teams to stem BTs; It does not see BT-OUTs as a major concern; Erosions (Repayments) are still at the same levels.
- Home First is operating at much higher pricing compared to peers, which makes it prone to BT-OUTs. Total run-off for Home First is identical to that of its other peers.

Liabilities

- NHB borrowings come under different schemes and range Around 5.5%-8.5%. NHB Re-finance will be ~20% of the liability mix; NHB borrowings come at ~50bp lower rate compared to other borrowing instruments
- INR2.5b sanctions from NHB, which it had drawn down in Apr'24.
- ~75% of bank loans are linked to MCLR and ~25% linked to external benchmarks

Branch Expansions

- Will be looking for expansion in UP, MP and Rajasthan. Seven out of 22 branches, which were added during the quarter, were in these states.
- Guided that it will be adding 20-25 branches every year.

Equity Raise

- The company might have to look at an equity capital raise after two years.

Promoter Stake Sale

- Promoters True-North and GIC aim to reduce their shareholding by ~10% every year and only once in a year.

Others

- Active connectors of ~3,000 and RM strength of ~700.
- Market share of 4-5% in Gujarat and there is headroom to grow. It will look to grow between 20-30% in Gujarat as well.
- There will be a secular increase in ticket sizes as it moves forward.
- Outlook upgrade from India Rating; could be a pre-cursor to a credit rating upgrade.
- Recovery from written-off pool is adjusted in the credit costs line. Co-lending spreads are reflected in the Interest income under Interest on Loans.

Key Exhibits

Exhibit 1: Disbursements grew ~27% YoY

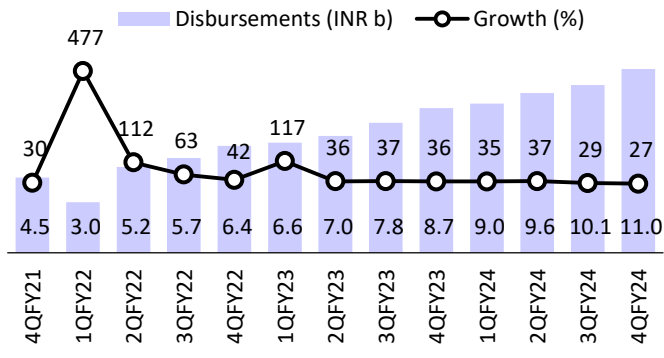


Exhibit 2: AUM grew ~35% YoY

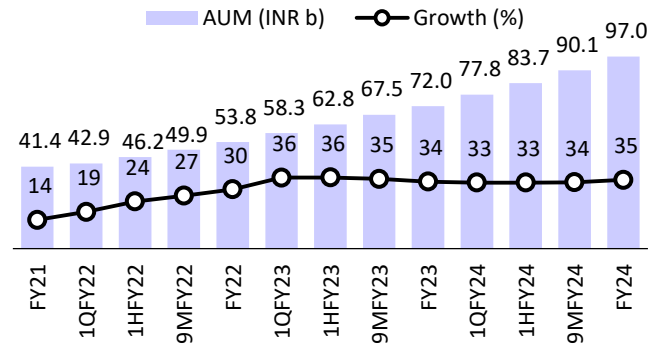


Exhibit 3: Segment-wise loan mix (%)

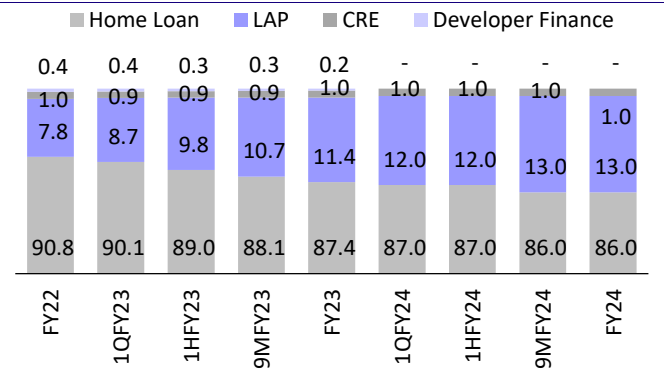


Exhibit 4: Top 6 states contributed 80% to loan mix (%)

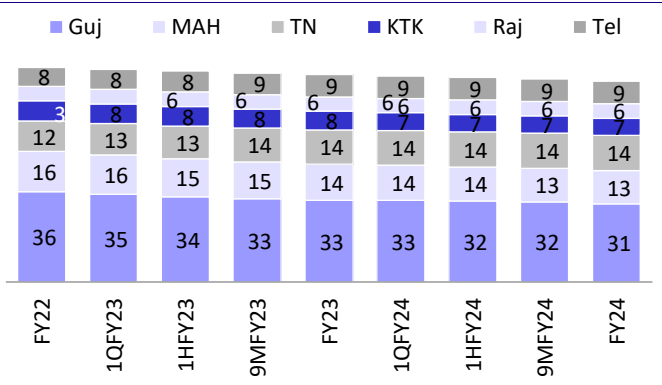


Exhibit 5: Spreads (calc.) contracted ~30bp QoQ (%)

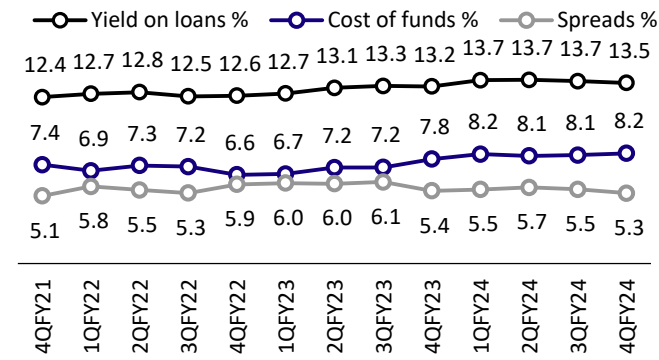
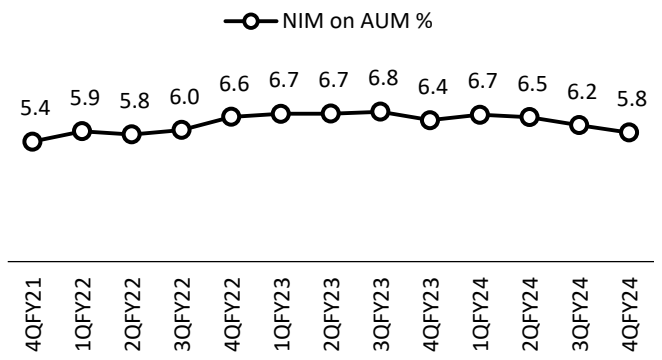


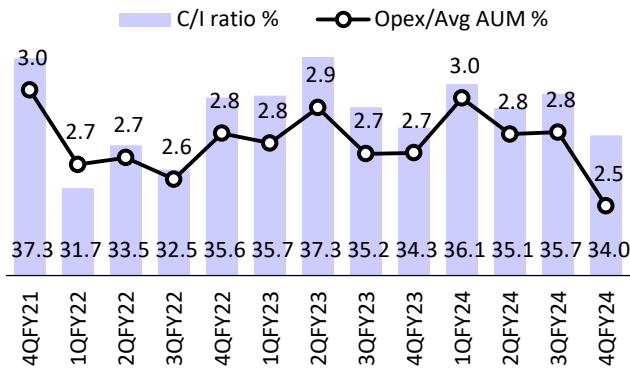
Exhibit 6: NIM compression (calc.) of ~40bp QoQ (%)



Sources: Company; MOFSL

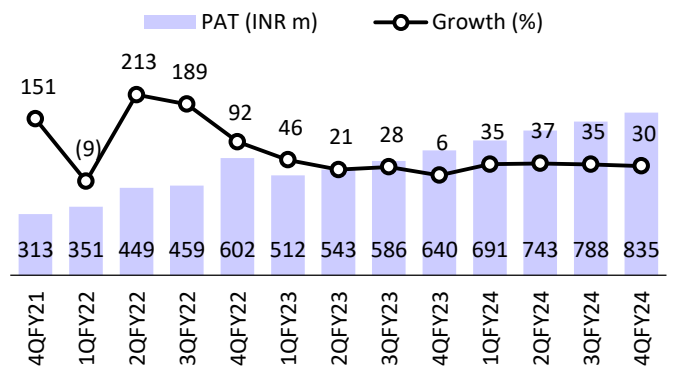
Sources: Company; MOFSL

Exhibit 7: Opex/AUM declined ~30bp QoQ (%)



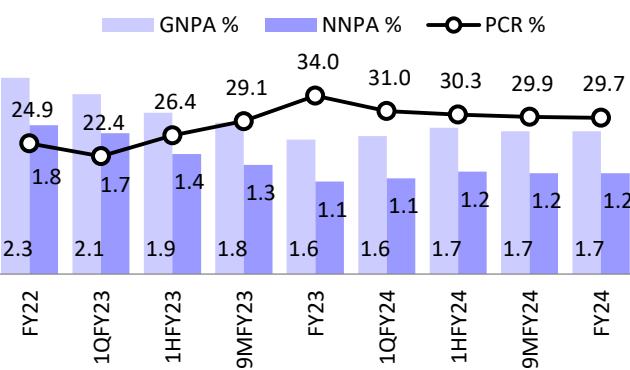
Sources: Company; MOFSL

Exhibit 8: PAT rose ~30% YoY



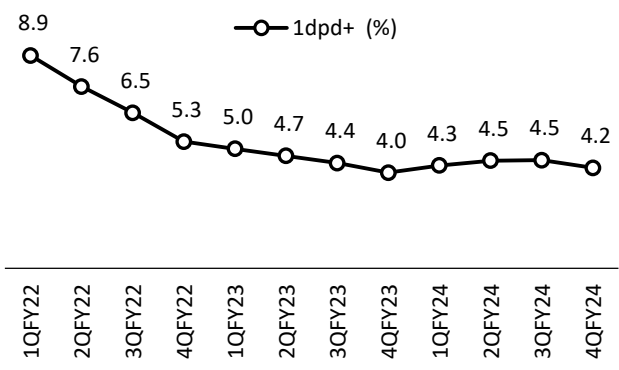
Sources: Company; MOFSL

Exhibit 9: GS3 remained stable QoQ (%)



Sources: Company; MOFSL

Exhibit 10: 1+dpd declined ~30bp QoQ to 4.2%



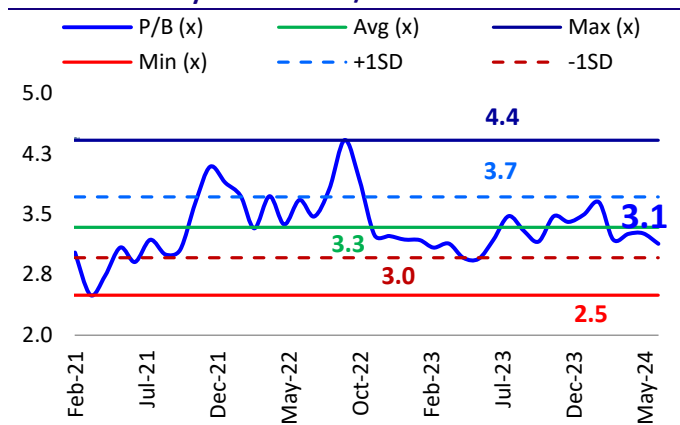
Sources: Company; MOFSL

Exhibit 11: Cut our FY25/FY26 EPS estimates by ~2%/4% to factor in NIM compression and higher opex

INR B	Old Est.			New Est.			% Change		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
NII	5.3	6.7	8.4	5.3	6.3	7.8	-0.8	-5.6	-6.8
Other operating Income	0.8	0.9	0.9	0.7	0.8	0.9	-3.5	-2.6	-1.4
Other Income	0.5	0.6	0.7	0.6	1.0	1.3	6.8	68.7	102.6
Total Income	6.6	8.1	10.0	6.6	8.1	10.1	-0.5	-0.1	0.8
Operating Expenses	2.4	2.9	3.4	2.3	3.0	3.7	-2.2	3.4	9.2
Operating Profits	4.2	5.2	6.6	4.3	5.1	6.4	0.5	-2.0	-3.5
Provisions	0.3	0.4	0.4	0.3	0.4	0.4	-11.6	-3.8	-2.4
PBT	3.9	4.8	6.2	4.0	4.8	5.9	1.3	-1.9	-3.6
Tax	0.9	1.1	1.4	0.9	1.1	1.3	5.2	-1.9	-3.6
PAT	3.1	3.7	4.8	3.1	3.7	4.6	0.2	-1.9	-3.6
Loans	97	127	162	97	127	163	0.3	0.4	0.8
Borrowings	69	91	116	73	94	122	6.5	2.8	4.9
RoA	3.9	3.6	3.6	3.8	3.4	3.4	-0.1	-0.2	-0.2
RoE	15.6	16.4	17.8	15.5	16.0	17.2	0.0	-0.4	-0.6

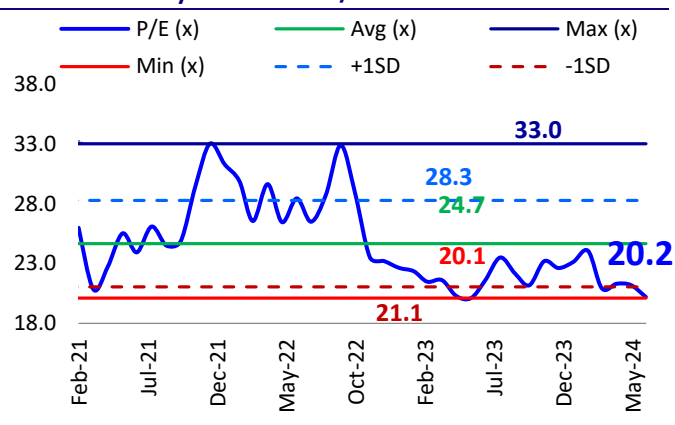
Sources: MOFSL, Company

Exhibit 12: One-year forward P/B



Source: MOFSL, Company

Exhibit 13: One-year forward P/E



Source: MOFSL, Company

DuPont Analysis

%	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	12.1	11.9	10.6	10.6	12.2	12.6	12.4	12.5
Interest Expenses	6.6	6.5	5.5	4.5	5.1	6.1	6.5	6.7
Net Interest Income	5.5	5.4	5.1	6.1	7.1	6.5	5.9	5.8
Gain on DA	1.1	1.2	1.1	1.4	0.6	0.8	0.7	0.6
Other Income incl fees	0.9	0.9	0.5	0.3	0.6	0.8	1.0	1.1
Total Income (net of int exp)	7.5	7.6	6.7	7.9	8.3	8.1	7.6	7.4
Operating Expenses	3.7	3.4	2.6	2.6	2.9	2.8	2.8	2.7
<i>Cost to Income Ratio (%)</i>	49.8	45.2	38.2	33.2	35.5	35.2	37.2	36.8
Employee Expenses	2.2	2.0	1.7	1.7	1.8	1.8	1.8	1.7
Other Expenses	1.5	1.4	0.9	0.9	1.1	1.0	1.0	1.0
PPoP	3.8	4.2	4.2	5.3	5.3	5.2	4.7	4.7
Provisions/write offs	0.4	0.6	0.8	0.5	0.4	0.3	0.3	0.3
PBT	3.4	3.6	3.4	4.8	5.0	4.9	4.4	4.4
Tax provisions	1.0	0.9	0.8	0.8	1.1	1.2	1.0	1.0
<i>Tax Rate (%)</i>	30.0	25.9	25.3	17.6	22.7	23.6	22.7	22.7
RoAA	2.4	2.7	2.5	3.9	3.9	3.8	3.4	3.4
Leverage (x)	4.5	4.1	3.5	3.3	3.5	4.1	4.7	5.1
RoAE	10.6	10.9	8.7	12.8	13.5	15.5	16.0	17.2

Financials and Valuation

Income statement								(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	2,320	3,548	4,237	5,117	7,222	10,277	13,335	16,985
Interest Expenses	1,265	1,938	2,202	2,157	3,043	4,999	7,013	9,151
Net Interest Income	1,055	1,610	2,035	2,960	4,179	5,278	6,321	7,834
Change (%)	77.9	52.6	26.4	45.4	41.2	26.3	19.8	23.9
Gain on Direct assignment	215	371	439	678	380	631	714	767
Fee and Commissions	33	38	35	13	104	99	128	149
Other Income	142	239	180	148	249	558	958	1,318
Total Income (net of interest expenses)	1,445	2,258	2,690	3,800	4,913	6,567	8,121	10,067
Change (%)	81.2	56.3	19.1	41.3	29.3	33.7	23.7	24.0
Employee Expenses	432	611	661	808	1,070	1,483	1,945	2,365
Depreciation	46	72	76	75	91	117	147	170
Other Operating Expenses	241	337	291	379	585	712	927	1,170
Operating Expenses	719	1,020	1,028	1,262	1,746	2,313	3,018	3,705
PPoP	726	1,238	1,662	2,538	3,167	4,254	5,103	6,362
Change (%)	79.9	70.6	34.2	52.7	24.8	34.3	20.0	24.7
Provisions/write offs	73	165	322	250	215	254	351	417
PBT	653	1,073	1,340	2,288	2,952	4,000	4,752	5,945
Tax	196	278	339	402	669	942	1,079	1,349
Tax Rate (%)	30.0	25.9	25.3	17.6	22.7	23.6	22.7	22.7
PAT	457	796	1,001	1,886	2,283	3,057	3,673	4,595
Change (%)	81.4	74.0	25.8	88.4	21.1	33.9	20.2	25.1
Balance sheet								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Capital	127	157	175	175	176	177	178	178
Reserves & Surplus	5,135	9,178	13,631	15,562	17,997	21,038	24,395	28,621
Net Worth	5,262	9,334	13,805	15,737	18,173	21,215	24,572	28,799
Borrowings	19,256	24,938	30,537	34,668	48,135	73,021	93,959	1,22,127
Change (%)	88.8	29.5	22.5	13.5	38.8	51.7	28.7	30.0
Other liabilities	297	530	759	764	1,062	1,104	1,214	1,396
Total Liabilities	24,815	34,802	45,102	51,169	67,370	95,340	1,19,745	1,52,322
E: MOFSL Estimates								
Loans	21,347	30,139	33,265	43,049	59,957	81,434	1,06,168	1,35,696
Change (%)	63.1	41.2	10.4	29.4	39.3	35.8	30.4	27.8
Investments	1,029	1,456	3,750	0	2,808	3,788	4,167	4,584
Change (%)		41.4	157.6	-100.0		34.9	10.0	10.0
Fixed Assets	174	210	167	202	257	302	347	400
Cash and cash equivalents	1,920	2,221	6,799	6,678	2,984	8,215	7,275	9,679
Other assets	345	777	1,121	1,239	1,364	1,600	1,788	1,964
Total Assets	24,815	34,802	45,102	51,169	67,370	95,340	1,19,745	1,52,322
E: MOFSL Estimates								

Financials and Valuation

Ratios

Growth %	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
AUM	80.2	48.1	14.4	29.9	33.8	34.7	31.3	27.8
Disbursements	111.0	2.9	-32.2	85.2	48.4	31.6	24.4	20.9
Loan book (on balance sheet)	63.3	41.6	10.9	29.1	39.1	35.7	30.3	27.8
Total Assets	81.9	40.2	29.6	13.5	31.7	41.5	25.6	27.2
NII	77.9	52.6	26.4	45.4	41.2	26.3	19.8	23.9
PPOP	79.9	70.6	34.2	52.7	24.8	34.3	20.0	24.7
PAT	81.4	74.0	25.8	88.4	21.1	33.9	20.2	25.1
EPS	47.8	40.7	12.7	87.9	20.5	33.2	19.8	24.8

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Spreads and margin (%)								
Avg yield on loans	13.3	13.3	12.7	12.5	13.3	13.7	13.7	13.6
Avg. cost of funds	8.6	8.8	7.9	6.6	7.3	8.3	8.4	8.5
Interest Spread	4.7	4.5	4.8	5.9	5.9	5.5	5.3	5.1
NIM on AUM	5.6	5.3	5.2	6.2	6.6	6.2	5.6	5.4

Capital Structure & Profitability Ratios (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Debt-Equity ratio	3.7	2.7	2.2	2.2	2.6	3.4	3.8	4.2
CAR	38.0	49.0	56.2	58.6	49.4	39.5	34.6	31.9
Tier-I	37.4	47.7	55.2	58.1	48.9	39.1	34.2	31.5
Leverage	4.7	3.7	3.3	3.3	3.7	4.5	4.9	5.3
RoAA	2.4	2.7	2.5	3.9	3.9	3.8	3.4	3.4
RoAE	10.6	10.9	8.7	12.8	13.5	15.5	16.0	17.2
ROAAUM	2.4	2.6	2.6	4.0	3.6	3.6	3.3	3.2
Int. Expended/Int.Earned	54.5	54.6	52.0	42.1	42.1	48.6	52.6	53.9
Other Inc./Net Income	9.8	10.6	6.7	3.9	5.1	8.5	11.8	13.1

Cost/Productivity Ratios (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Cost/Income	49.8	45.2	38.2	33.2	35.5	35.2	37.2	36.8
Op. Exps./Avg Assets	3.7	3.4	2.6	2.6	2.9	2.8	2.8	2.7
Op. Exps./Avg AUM	3.8	3.4	2.6	2.7	2.8	2.7	2.7	2.6
Non interest income as % of Total income	9.8	10.6	6.7	3.9	5.1	8.5	11.8	13.1
AUM/employee (INR m)	36	52	60	63	72	78	91	106
AUM/ branch (INR m)	407	532	575	673	648	729	861	998
Empl. Cost/Op. Exps. (%)	60	60	64	64	61	64	64	64

Asset Quality (INR m)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Gross NPA	170	315	622	1,015	974	1,393	1,607	1,867
GNPA %	0.8	1.0	1.8	2.3	1.6	1.7	1.5	1.4
Net NPA	128	234	398	763	643	979	1,109	1,270
NNPA %	0.6	0.8	1.2	1.8	1.1	1.2	1.0	0.9
PCR %	24.9	25.8	36.0	24.9	34.0	29.7	31.0	32.0
Credit cost % of avg AUM (bps)	38	54	83	53	34	30	31	29

Valuation	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
No. of Shares (m)	63.3	78.3	87.4	87.6	88.0	88.5	88.8	89.0
EPS	7.2	10.2	11.5	21.5	25.9	34.5	41.4	51.6
P/E (x)	117.7	83.7	74.2	39.5	32.8	24.6	20.5	16.5
BV (INR)	83	119	158	180	206	240	277	323
Price-BV (x)	10.2 (x)	7.1	5.4	4.7	4.1	3.5	3.1	2.6
Adjusted BV (INR)	82	117	155	173	201	231	267	313
Price-ABV (x)	10.4	7.3	5.5	4.9	4.2	3.7	3.2	2.7
DPS (INR)	0.0	0.0	0.0	0.0	2.6	3.4	4.0	4.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.3	0.4	0.5	0.5

E: MOFSL Estimates

Dupont %	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	12.1	11.9	10.6	10.6	12.2	12.9	12.8	12.9
Interest Expenses	6.6	6.5	5.5	4.5	5.1	6.2	6.4	6.5
Net Interest Income	5.5	5.4	5.1	6.1	7.1	6.7	6.4	6.4
Gain on DA	1.1	1.2	1.1	1.4	0.6	0.9	0.7	0.6
Other Income (incl fees)	0.9	0.9	0.5	0.3	0.6	0.8	0.7	0.6
Total Income (net of int exp)	7.5	7.6	6.7	7.9	8.3	8.3	7.8	7.6
Operating Expenses	3.7	3.4	2.6	2.6	2.9	3.0	2.8	2.6
<i>Cost to Income Ratio (%)</i>	49.8	45.2	38.2	33.2	35.5	35.8	36.0	33.6
Employee Expenses	2.2	2.0	1.7	1.7	1.8	1.9	1.8	1.6
Other Expenses	1.5	1.4	0.9	0.9	1.1	1.1	1.0	1.0
PPoP	3.8	4.2	4.2	5.3	5.3	5.4	5.0	5.1
Provisions/write offs	0.4	0.6	0.8	0.5	0.4	0.4	0.4	0.3
PBT	3.4	3.6	3.4	4.8	5.0	5.0	4.6	4.7
Tax provisions	1.0	0.9	0.8	0.8	1.1	1.1	1.0	1.1
RoAA	2.4	2.7	2.5	3.9	3.9	3.8	3.6	3.7
Leverage (x)	4.5	4.1	3.5	3.3	3.5	4.1	4.6	4.9
RoAE	10.6	10.9	8.7	12.8	13.5	15.6	16.4	18.1

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