

# Repc Home Finance

Estimate change	↔
TP change	↓
Rating change	↔

**CMP: INR359**      **TP: INR400 (+12%)**      **Neutral**

## Loan growth and disbursements remain weak; asset quality improves

Bloomberg	REPCO IN
Equity Shares (m)	63
M.Cap.(INRb)/(USDb)	22.4 / 0.3
52-Week Range (INR)	595 / 348
1, 6, 12 Rel. Per (%)	-10/-20/-27
12M Avg Val (INR M)	115
Free float (%)	62.9

### Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	6.9	7.4	8.2
PPP	5.7	6.1	6.8
PAT	4.4	4.4	4.8
EPS (INR)	70.3	70.1	76.9
EPS Gr. (%)	11	0	10
BV/Sh. (INR)	530	596	669
<b>Ratios</b>			
NIM (%)	5.1	5.0	5.0
C/I ratio (%)	26.7	26.6	25.7
RoAA (%)	3.1	2.8	2.8
RoE (%)	14.2	12.4	12.1
Payout (%)	4.7	5.0	4.9
<b>Valuation</b>			
P/E (x)	5.1	5.1	4.6
P/BV (x)	0.7	0.6	0.5
P/ABV (x)	0.7	0.6	0.6
Div. Yield (%)	0.9	1.0	1.1

### Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	37.1	37.1	37.1
DII	20.6	19.9	19.1
FII	12.5	12.9	13.8
Others	29.8	30.1	30.0

FII Includes depository receipts

### Earnings in line; reported NIMs rose ~40bp QoQ

- Repco's 3QFY25 PAT grew 7% YoY to INR1.1b (in line). NII grew ~9% YoY to ~INR1.8b (~5% beat). Other income grew 35% YoY to INR196m. Opex rose ~31% YoY to INR535m (~12% higher than MOFSLe).
- Provisions for the quarter stood at ~INR3m, translating into annualized credit costs of ~1bp (PY: 9bp and PQ: -45bp). GNPA declined ~10bp QoQ to ~3.85%, while NNPA declined ~10bp QoQ to ~1.5%. The company increased the PCR on S3 loans by ~110bp QoQ to ~62%.
- Home loans grew ~4% YoY, while other mortgage loans (including top-ups, CRE, and LAP) rose ~17% YoY. Management guided for disbursements of ~INR9.5b-10b in 4QFY25, and its loan book is expected to grow to ~INR146b by Mar'25.
- Valuations at ~0.5x FY27E P/BV are indeed attractive, but we believe that the company will continue to under-deliver on its loan growth guidance because of: 1) its inability to scale up loan growth in core home loans, and 2) too much focus on improving asset quality and profitability, which is detrimental to loan growth.
- We keep our FY26/FY27 EPS estimates largely unchanged. We model a loan/PAT CAGR of ~9%/7% over FY24-FY27E. For RoA/RoE of 2.8%/12.1% in FY27E, **we maintain our Neutral rating** on the stock with our revised TP of INR400 (based on 0.6x Sep'26E BVPS).

### Loan growth remains subdued; repayment rates higher

- Disbursements in 3QFY25 were flat YoY at INR7.6b. Loan book grew ~7% YoY to ~INR142b. Run-offs were higher, with repayment rates increasing ~100bp YoY to ~16.3%. Disbursements were subdued during the quarter, impacted by disruptions in Karnataka and some changes in the underwriting standards.
- The proportion of non-salaried customers remained broadly stable at ~52%. The proportion of non-mortgage loans was largely stable at ~26%.
- The company is prioritizing housing loans and aims to expand this segment more aggressively than non-housing loans. We estimate a loan growth of 9%/10% in FY26/FY27.

### Reported NIMs rose ~40bp QoQ; yields rose ~50bp sequentially

- Reported yields rose ~50bp QoQ to ~12.6%, and reported CoF also increased ~10bp QoQ to ~8.9%, leading to spreads increasing ~30bp QoQ to ~3.7%. Reported NIM rose ~40bp QoQ to 5.5%.
- The company implemented an MLR increase in Nov'24 and Dec'24, leading to an improvement in NIMs and spreads in the current quarter.
- The cost-to-income ratio (CIR) declined ~40bp QoQ to ~27%. (PY: ~23% and PQ: ~27.4%).

- The company will prioritize portfolio quality, with a greater focus on housing loans, which may exert some pressure on yields. We model NIMs of 5.0% each for FY26/FY27 (vs. 5.1% in FY25E), primarily due to a moderation in its yields because of higher competitive intensity.

#### Key highlights from the management commentary

- Repco is planning to do two mega auctions in the quarter, where the company will auction around 300 properties.
- The company has secured a sanction of INR1.5b from NHB after a three-year gap and plans to utilize those funds over the next three-six months.
- The company does not anticipate any additional credit costs in FY25. Based on the current trend, it expects no major impact on credit costs in FY26 either.

#### Valuation and view

- Repco's performance for the quarter was impacted by subdued loan growth and disbursements. However, asset quality continued to improve as the company remained committed to building a high-quality portfolio. Further, reported NIMs and spreads rose sequentially, supported by the PLR hike during the quarter.
- We will continue to focus on the management's ability to deliver on the guided metrics of asset quality and loan growth. Like last fiscal year, we expect credit costs to remain benign and model net provision write-backs in FY25.
- We believe that REPCO should utilize the levers on its NIM for stronger loan growth in FY26-FY27. Although the risk-reward appears favorable at the current valuation of ~0.5x FY27E P/BV, we believe that the company will have to start delivering stronger loan growth in its core home loan product to command higher valuations. We reiterate our **Neutral rating with a TP of INR400 (based on 0.6x Sep'26E BVPS)**.

## Quarterly performance

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	Act v/s est(%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	3,572	3,770	3,787	3,831	4,007	4,051	4,258	4,306	14,960	16,622	4,140	3
Interest Expenses	2,026	2,075	2,153	2,203	2,330	2,396	2,475	2,481	8,456	9,682	2,448	1
<b>Net Income</b>	<b>1,546</b>	<b>1,695</b>	<b>1,635</b>	<b>1,628</b>	<b>1,677</b>	<b>1,656</b>	<b>1,783</b>	<b>1,824</b>	<b>6,504</b>	<b>6,940</b>	<b>1,692</b>	<b>5</b>
YoY Growth (%)	16.5	23.6	17.8	10.5	8.5	-2.3	9.0	12.1	17.0	6.7	3.5	
Other income	93	69	145	141	155	229	196	218	448	798	170	15
<b>Total Income</b>	<b>1,639</b>	<b>1,765</b>	<b>1,779</b>	<b>1,769</b>	<b>1,833</b>	<b>1,884</b>	<b>1,978</b>	<b>2,043</b>	<b>6,952</b>	<b>7,738</b>	<b>1,862</b>	<b>6</b>
YoY Growth (%)	15.7	18.9	18.7	11.9	11.8	6.8	11.2	15.5	16.2	11.3	4.6	
Operating Expenses	392	426	410	483	452	517	535	559	1,710	2,063	475	12
YoY Growth (%)	15.7	24.4	2.9	27.6	15.4	21.2	30.55	15.9	17.3	20.6	16.1	
<b>Operating Profits</b>	<b>1,247</b>	<b>1,338</b>	<b>1,370</b>	<b>1,287</b>	<b>1,380</b>	<b>1,367</b>	<b>1,443</b>	<b>1,483</b>	<b>5,242</b>	<b>5,675</b>	<b>1,386</b>	<b>4</b>
YoY Growth (%)	15.7	17.3	24.5	6.9	10.7	2.2	5.4	15.3	15.9	8.3	1.2	
Provisions	50	16	29	-100	14	-160	3	-48	-5	-190	-88	-
<b>Profit before Tax</b>	<b>1,198</b>	<b>1,322</b>	<b>1,341</b>	<b>1,387</b>	<b>1,366</b>	<b>1,528</b>	<b>1,440</b>	<b>1,531</b>	<b>5,247</b>	<b>5,865</b>	<b>1,475</b>	<b>-2</b>
Tax Provisions	307	341	346	306	312	403	375	377	1,300	1,466	383	-2
<b>Profit after tax</b>	<b>891</b>	<b>981</b>	<b>994</b>	<b>1,081</b>	<b>1,054</b>	<b>1,125</b>	<b>1,066</b>	<b>1,154</b>	<b>3,947</b>	<b>4,399</b>	<b>1,091</b>	<b>-2</b>
YoY Growth (%)	43.5	37.9	23.1	31.6	18.4	14.7	7.2	6.7	33.3	11.4	9.7	
Loan growth (%)	6.7	7.1	8.1	8.5	8.3	8.1	7.4	7.3	9.0	8.7	7.9	
Cost to Income Ratio (%)	23.9	24.2	23.0	27.3	24.7	27.4	27.0	27.4	24.6	26.7	25.5	
Tax Rate (%)	25.6	25.8	25.8	22.1	22.8	26.3	26.0	24.7	24.8	25.0	26.0	
<b>Key Parameters (%)</b>												
Yield on loans (Cal)	11.4	11.8	11.6	11.5	11.8	11.7	12.1		12.0	12.2		
Cost of funds (Cal)	8.2	8.3	8.4	8.4	8.6	8.6	8.8		8.2	8.7		
Spreads (Cal)	3.2	3.5	3.2	3.1	3.2	3.1	3.3		3.8	3.5		
NIMs (Reported)	5.1	5.4	5.3	5.1	5.1	5.1	5.5		5.2	5.1		
Credit Cost	0.16	0.05	0.09	-0.30	0.04	-0.46	0.01		0.0	-0.1		
Cost to Income Ratio	23.9	24.2	23.0	27.3	24.7	27.4	27.0		24.6	26.7		
Tax Rate	25.6	25.8	25.8	22.1	22.8	26.3	26.0		24.8	25.0		
<b>Balance Sheet</b>												
AUM (INR B)	126.6	129.2	131.9	135.1	137.0	139.6	141.6		135.1	145.0		
Change YoY (%)	6.7	7.1	8.1	8.5	8.3	8.1	7.4		8.5	7.3		
AUM Mix (%)												
Non-Salaried	51.8	51.0	51.3	51.4	51.6	51.8	52.1		51.8	51.0		
Salaried	48.2	49.0	48.7	48.6	48.4	48.2	47.9		48.2	49.0		
AUM Mix (%)												
Home loans	76.9	76.2	75.6	74.7	74.3	73.8	74.0		74.7	73.0		
LAP	23.1	23.8	24.4	25.3	25.7	26.2	26.0		25.3	27.0		
Disbursements (INR B)	6.8	8.0	7.6	8.9	6.8	8.7	7.6		31.3	32.7		
Change YoY (%)	6.6	6.9	9.0	7.1	-0.6	8.8	0.3		7.4	4.3		
Borrowings (INR B)	99.1	100.5	103.6	107.0	109.1	114.6	110.8		107.0	115.2		
Change YoY (%)	6.4	4.3	7.9	7.9	10.2	14.1	6.9		7.9	7.6		
Loans/Borrowings (%)	127.8	128.6	127.3	126.3	125.5	121.8	127.8		126.3	125.9		
Borrowings Mix (%)												
Banks	74.1	75.6	77.7	79.2	79.8	81.4	82.2		74.1	75.6		
NHB	14.9	13.1	12.0	10.8	10.6	9.5	8.5		14.9	13.1		
Repro Bank	11.0	11.4	10.3	10.0	9.6	9.1	9.3		11.0	11.4		
NCD	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0		
CP	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0		
<b>Asset Quality</b>												
GS 3 (INR B)	6.9	6.4	6.2	5.5	5.8	5.5	5.5		5.5	5.3		
Gross Stage 3 (% on Assets)	5.5	4.9	4.7	4.1	4.3	3.96	3.86		4.1	3.7		
NS 3 (INR B)	3.4	2.72	2.47	1.9	2.23	2.17	2.09		1.9	2.0		
Net Stage 3 (% on Assets)	2.8	2.2	1.9	1.5	1.7	1.61	1.53		1.5	1.4		
PCR (%)	51.4	57.4	60.1	65.2	61.8	60.7	61.8		65.2	63.0		
<b>Return Ratios (%)</b>												
ROA (Rep)	2.8	3.1	3.1	3.2	3.1	3.3	3.1		3.0	3.1		
ROE (Rep)	15.8	16.1	15.8	16.5	16.3	16.0	14.6		14.6	14.2		

E: MOFSL Estimates



## Highlights from the management commentary

### Opening Remarks

- The structural changes that have been done in the quarter across the organization like implementation of new software are yielding results.
- The mix between salaried and non-salaried customers stands at 48:52. The share of non-housing loans stood at ~26.5% of the loan book.
- GNPA reduced to ~3.9% in 3QFY25 vs ~4% in 2QFY25. The company has total provision cover of ~61.8% as of Dec'24.
- CoB stood at ~8.7%. The company has got sanction from NHB after a gap of 3 years, which the company will utilize in the next quarter.
- NIMs stood at ~5.5% with spreads of ~3.7%. The cost-to-income ratio reduced marginally to ~26%.
- In the next quarter, the company will focus on improving the growth numbers and reducing its GNPA numbers.

### Guidance

- The stage 2 is at ~11%, which will be brought down below ~10% by Mar'25.
- The company has not finalized disbursements and loan growth targets for FY26; however, the company will be targeting far better growth than the current year.
- REPCO will surpass disbursements of INR30b organically and AUM of INR146b by Mar'25.
- There will not be any additional credit costs for FY25. Going by the current trend, there will not be any hit on credit costs in FY26 as well.
- REPCO will grow more on the home loan front and less on non-housing loans.
- The company is targeting ~INR9.5b-10b of disbursements in 4QFY25.
- There can be a net reduction of ~INR300-400m in 4QFY25 in GNPA numbers.

### Borrowings

- NHB has sanctioned ~INR1.5b during the quarter.
- The recent rate cuts will help the company reduce the cost of borrowing. But the rate at which the company is borrowing currently is quite competitive for AA- rated NBFC.
- The company has ~90% of the borrowings as floating rate borrowings and balance as fixed. Out of floating rate borrowings, ~90% of the borrowings are MCLR linked and only ~10% of the borrowings are external loans/repo rate linked. On the asset front, entire book is floating book and the company will decide when to pass on the benefit to customers.

### Loan growth

- Disbursements stood at INR7.61b. Sanctions stood at INR8.6b.
- AUM stood at INR141.5b, which grew 7% YoY.
- Disbursements could have been better YoY. The company will continue to have preference on growing housing loans than non-housing loans.
- Developments in Karnataka led to slowdown in business AUM. The company has also done some changes in the underwriting standards during the quarter.
- Disbursements were impacted to the tune of INR500m due to the Karnataka issue.

**Asset quality**

- The new book, which was started from Apr'22, is performing satisfactorily.
- GNPA numbers will keep coming down as the new book is holding well. Once the pre Covid book settles, GNPA will drastically come down.
- The company is planning to do two mega auctions in the next quarter, where it will auction around 300 properties.
- The company has not written-off loans more than INR100m-150m till now.

**Software and branch expansion**

- Phase 1 of the project comprising LLMS is stabilized. Phase of the projects is at the various stages of implementation. Around INR588m has been spent so far on the software.
- The company has 230 touch-points as of Dec'24, including ~186 branches and 44 satellite centers. It is expanding its branch presence in Karnataka, Andhra Pradesh, Telangana, Maharashtra and few regions of Tamil Nadu.

**Yields and NIMs**

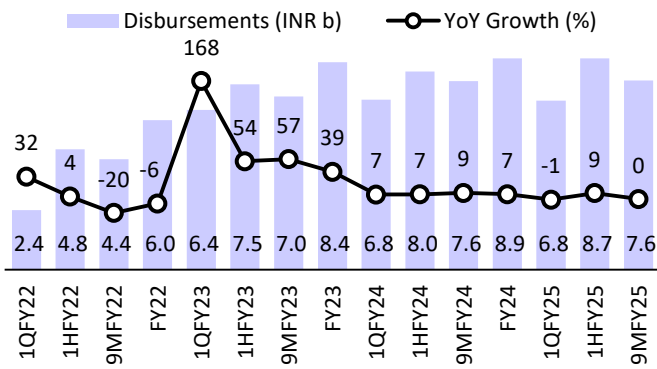
- The company has taken MLR increase in Nov and Dec, which resulted in an increase in NIMs and spreads in the current quarter.
- There might be a slight contraction in spreads. The company will focus on the quality of the book and will be doing more housing loans, which will put pressure on yields.
- Most of the BT-outs are to the banks as they are able to offer a better rate than what the company offers.

**Others**

- Around ~42% of the sourcing is through DSA, ~2% through DSC, ~25% through sales force of the company and ~31% direct disbursements.
- The company is recruiting people in sales and collection and employees who have experience in housing finance.
- The company has cautiously brought down the growth in Kerala and there should not be any problem in Gujarat.
- Unless the company does not open more branches, it cannot achieve growth; hence, the company will continue to increase the touchpoints.

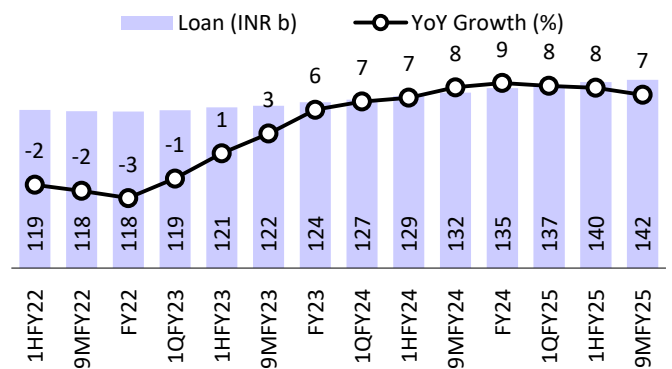
## Key exhibits

**Exhibit 1: Disbursements flat YoY**



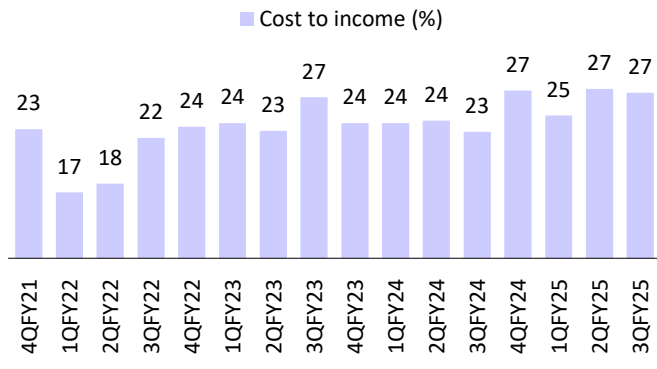
Source: MOFSL, Company

**Exhibit 2: Loans grew 7% YoY**



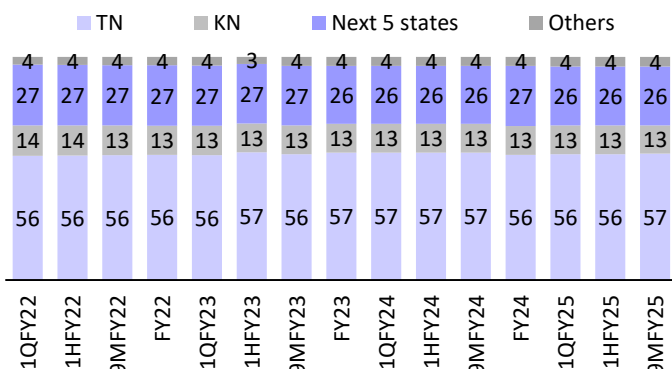
Source: MOFSL, Company;

**Exhibit 3: C/I ratio declined ~40bp QoQ**



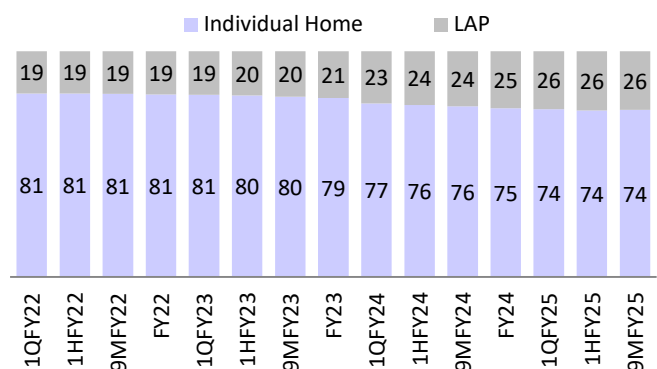
Source: MOFSL, Company

**Exhibit 4: Geographical loan mix (%)**



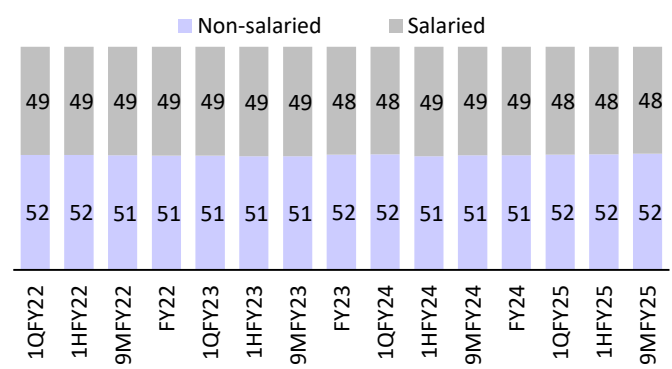
Source: MOFSL, Company

**Exhibit 5: Share of home loans remained largely stable QoQ**



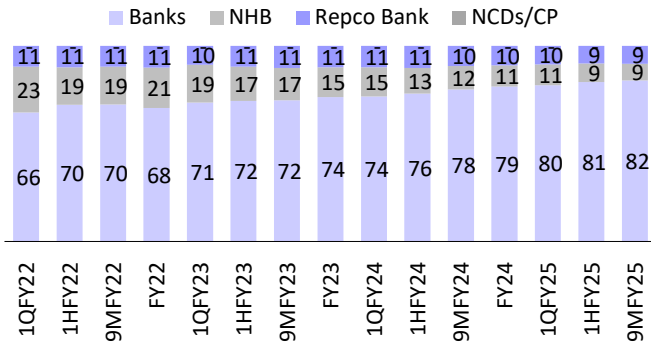
Source: MOFSL, Company

**Exhibit 6: Share of salaried customers stable QoQ (%)**



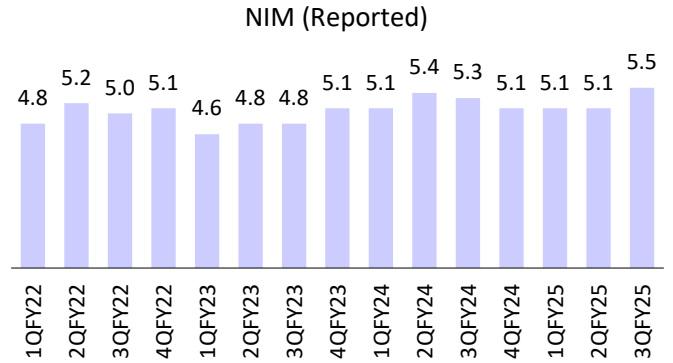
Source: MOFSL, Company

**Exhibit 7: Bank borrowings in the mix rose ~80bp QoQ (%)**



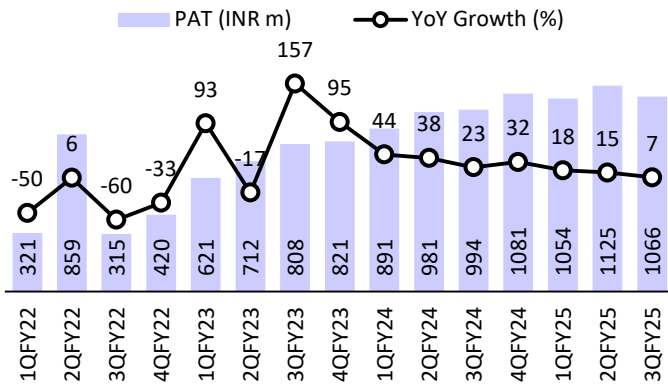
Source: MOFSL, Company

**Exhibit 8: NIM (reported) rose ~40bp QoQ to 5.5%**



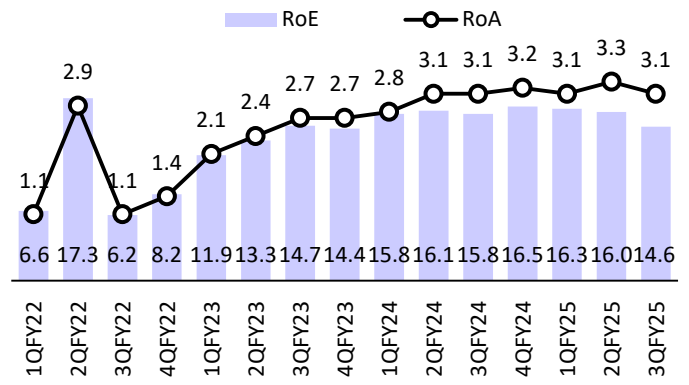
Source: MOFSL, Company, Reported

**Exhibit 9: PAT grew 7% YoY to INR1.1b**



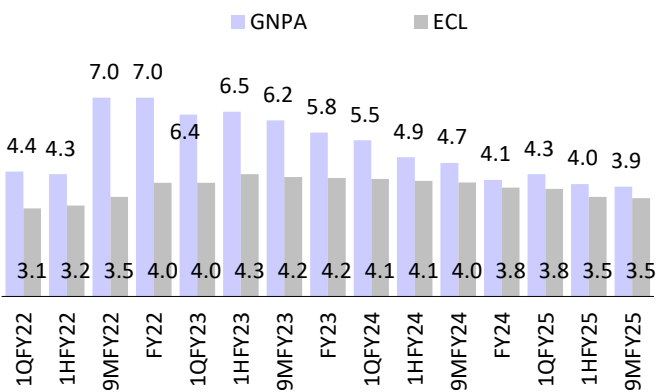
Source: MOFSL, Company

**Exhibit 10: RoE/RoA trends (%)**



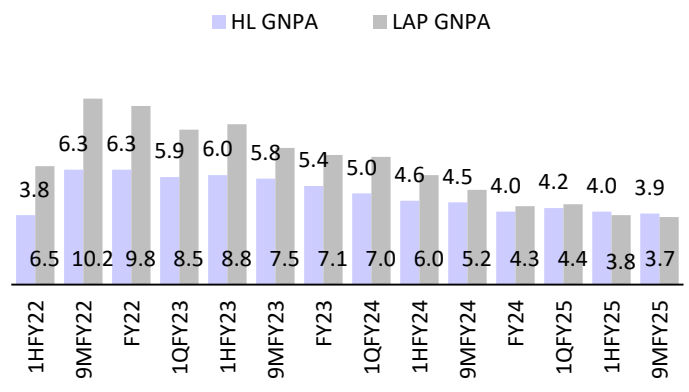
Source: MOFSL, Company

**Exhibit 11: GNPA improved sequentially to 3.9%, while ECL/EAD was stable at ~3.5%**



Source: MOFSL, Company;

**Exhibit 12: GNPA in LAP segment improved ~10bp QoQ (%)**



Source: MOFSL, Company;

### Valuation and view

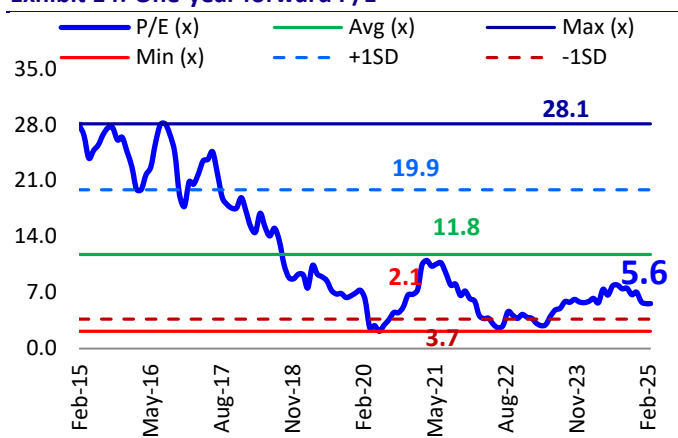
- Repco's performance for the quarter was impacted by subdued loan growth and disbursements. However, asset quality continued to improve as the company remained committed to building a high-quality portfolio. Further, reported NIMs and spreads rose sequentially, supported by the PLR hike during the quarter.
- We will continue to focus on the management's ability to deliver on the guided metrics of asset quality and loan growth. Like last fiscal year, we expect credit costs to remain benign, and we model net provision write-backs in FY25.
- We believe that REPCO should utilize the levers on its NIM for stronger loan growth in FY26-FY27. Although the risk-reward balance appears favorable at the current valuation of ~0.5x FY27E P/BV, we believe that the company will have to start delivering stronger loan growth in its core home loan product to command higher valuations. We reiterate our **Neutral rating with a TP of INR400 (based on 0.6x Sep'26E BVPS)**.

Exhibit 13: 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	6.8	7.4	8.2	6.9	7.4	8.2	1.8	0.6	0.2
Other Income	0.6	0.7	0.8	0.8	0.9	1.0	27.1	27.1	27.1
<b>Total Income</b>	<b>7.4</b>	<b>8.1</b>	<b>8.9</b>	<b>7.7</b>	<b>8.3</b>	<b>9.2</b>	<b>4.0</b>	<b>2.9</b>	<b>2.5</b>
Operating Expenses	2.0	2.1	2.3	2.1	2.2	2.4	4.2	4.1	4.0
<b>Operating Profits</b>	<b>5.5</b>	<b>5.9</b>	<b>6.7</b>	<b>5.7</b>	<b>6.1</b>	<b>6.8</b>	<b>3.9</b>	<b>2.4</b>	<b>2.0</b>
Provisions	-0.4	0.1	0.2	-0.2	0.3	0.4	-	-	-
<b>PBT</b>	<b>5.8</b>	<b>5.8</b>	<b>6.5</b>	<b>5.9</b>	<b>5.8</b>	<b>6.4</b>	<b>0.3</b>	<b>0.5</b>	<b>-1.1</b>
Tax	1.5	1.4	1.6	1.5	1.5	1.6	1.1	1.3	-0.3
<b>PAT</b>	<b>4.4</b>	<b>4.4</b>	<b>4.9</b>	<b>4.4</b>	<b>4.4</b>	<b>4.8</b>	<b>0.0</b>	<b>0.2</b>	<b>-1.4</b>
Loan book	143	157	173	142	154	169	-0.8	-1.7	-2.3
NIM (%)	5.0	4.9	4.9	5.1	5.0	5.0			
Spreads (%)	3.4	3.3	3.3	3.5	3.4	3.4			
<b>ROAA (%)</b>	<b>3.1</b>	<b>2.8</b>	<b>2.8</b>	<b>3.1</b>	<b>2.8</b>	<b>2.8</b>			
<b>RoAE (%)</b>	<b>14.2</b>	<b>12.4</b>	<b>12.3</b>	<b>14.2</b>	<b>12.4</b>	<b>12.1</b>			

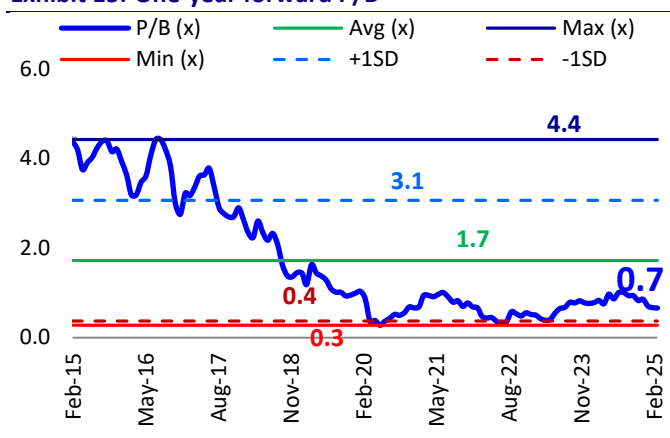
Source: MOFSL, Company

Exhibit 14: One-year forward P/E



Source: MOFSL, Company

Exhibit 15: One-year forward P/B



Source: MOFSL, Company



## Financials and valuations

Income statement								(INR M)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	11,634	13,174	13,518	12,804	12,570	14,960	16,622	17,669	19,144
Interest Expended	7,200	8,250	8,072	6,899	7,011	8,456	9,682	10,261	10,972
<b>Net Interest Income</b>	<b>4,434</b>	<b>4,924</b>	<b>5,446</b>	<b>5,905</b>	<b>5,560</b>	<b>6,504</b>	<b>6,940</b>	<b>7,408</b>	<b>8,172</b>
Change (%)	1.7	11.0	10.6	8.4	-5.8	17.0	6.7	6.7	10.3
Other Operating Income	318	337	404	262	421	448	798	894	1,001
<b>Net Income</b>	<b>4,752</b>	<b>5,261</b>	<b>5,850</b>	<b>6,166</b>	<b>5,981</b>	<b>6,952</b>	<b>7,738</b>	<b>8,301</b>	<b>9,173</b>
Change (%)	3.1	10.7	11.2	5.4	-3.0	16.2	11.3	7.3	10.5
Operating Expenses	984	1,065	1,144	1,241	1,458	1,710	2,063	2,207	2,356
<b>Operating Income</b>	<b>3,768</b>	<b>4,196</b>	<b>4,706</b>	<b>4,926</b>	<b>4,523</b>	<b>5,242</b>	<b>5,675</b>	<b>6,094</b>	<b>6,817</b>
Change (%)	-1.4	11.4	12.1	4.7	-8.2	15.9	8.3	7.4	11.9
Provisions/write offs	170	594	808	2,331	516	-5	-190	251	406
<b>PBT</b>	<b>3,598</b>	<b>3,602</b>	<b>3,898</b>	<b>2,595</b>	<b>4,008</b>	<b>5,247</b>	<b>5,865</b>	<b>5,843</b>	<b>6,411</b>
Extraordinary Items	0	0	0	0	0	0	0	0	0
<b>PBT after EO</b>	<b>3,598</b>	<b>3,602</b>	<b>3,898</b>	<b>2,595</b>	<b>4,008</b>	<b>5,247</b>	<b>5,865</b>	<b>5,843</b>	<b>6,411</b>
Tax	1,252	798	1,022	680	1,047	1,300	1,466	1,461	1,603
Tax Rate (%)	34.8	22.2	26.2	26.2	26.1	24.8	25.0	25.0	25.0
DTL on Special Reserve									
<b>PAT</b>	<b>2,346</b>	<b>2,804</b>	<b>2,876</b>	<b>1,915</b>	<b>2,961</b>	<b>3,947</b>	<b>4,399</b>	<b>4,382</b>	<b>4,808</b>
Change (%)	16.7	19.5	2.6	-33.4	54.6	33.3	11.4	-0.4	9.7
<b>PAT adjusted for EO</b>	<b>2,346</b>	<b>2,804</b>	<b>2,876</b>	<b>1,915</b>	<b>2,961</b>	<b>3,947</b>	<b>4,399</b>	<b>4,382</b>	<b>4,808</b>
Change (%)	16.7	19.5	2.6	-33.4	54.6	33.3	11.4	-0.4	9.7
Proposed Dividend	181	181	156	157	169	188	207	219	238

### Balance sheet

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Capital	626	626	626	626	626	626	626	626	626
Reserves & Surplus	14,648	17,243	19,967	21,730	24,536	28,314	32,506	36,669	41,240
<b>Net Worth</b>	<b>15,274</b>	<b>17,869</b>	<b>20,593</b>	<b>22,356</b>	<b>25,162</b>	<b>28,940</b>	<b>33,131</b>	<b>37,295</b>	<b>41,865</b>
Loans from Banks	0	0	0	0	0	0	0	0	0
Bonds/Debentures	0	0	0	0	0	0	0	0	0
Borrowings	92,774	1,01,090	1,01,974	96,920	99,241	1,07,010	1,15,176	1,24,007	1,35,084
<b>Borrowings</b>	<b>92,774</b>	<b>1,01,090</b>	<b>1,01,974</b>	<b>96,920</b>	<b>99,241</b>	<b>1,07,010</b>	<b>1,15,176</b>	<b>1,24,007</b>	<b>1,35,084</b>
Change (%)	14.1	9.0	0.9	-5.0	2.4	7.8	7.6	7.7	8.9
Other liabilities	1,522	987	1,093	698	832	1,103	1,378	1,585	1,823
<b>Total Liabilities</b>	<b>1,09,570</b>	<b>1,19,946</b>	<b>1,23,659</b>	<b>1,19,974</b>	<b>1,25,234</b>	<b>1,37,053</b>	<b>1,49,685</b>	<b>1,62,887</b>	<b>1,78,772</b>
<b>Loans</b>	<b>1,08,379</b>	<b>1,15,884</b>	<b>1,18,356</b>	<b>1,12,918</b>	<b>1,19,622</b>	<b>1,30,371</b>	<b>1,41,667</b>	<b>1,54,046</b>	<b>1,69,066</b>
Change (%)	12.3	6.9	2.1	-4.6	5.9	9.0	8.7	8.7	9.8
<b>Investments</b>	<b>363</b>	<b>321</b>	<b>345</b>	<b>440</b>	<b>477</b>	<b>494</b>	<b>568</b>	<b>653</b>	<b>751</b>
Change (%)	51.5	-11.6	7.4	27.7	8.4	3.4	15.0	15.0	15.0
Net Fixed Assets	155	372	314	353	396	576	691	774	867
Other assets	673	3,369	4,645	6,263	4,740	5,612	6,759	7,414	8,089
<b>Total Assets</b>	<b>1,09,570</b>	<b>1,19,946</b>	<b>1,23,659</b>	<b>1,19,974</b>	<b>1,25,234</b>	<b>1,37,053</b>	<b>1,49,685</b>	<b>1,62,887</b>	<b>1,78,772</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<b>Spreads Analysis (%)</b>									
Avg Yield on Loans	11.4	11.7	11.5	11.1	10.8	12.0	12.2	12.0	11.9
Avg. Cost of Borrowings	8.3	8.5	8.0	6.9	7.1	8.2	8.7	8.6	8.5
Interest Spread	3.1	3.2	3.6	4.1	3.6	3.7	3.5	3.3	3.3
Net Interest Margin	4.3	4.4	4.6	5.1	4.8	5.2	5.1	5.0	5.0
<b>Profitability Ratios (%)</b>									
RoE	16.5	16.9	15.0	8.9	12.5	14.6	14.2	12.4	12.1
RoA	2.3	2.4	2.4	1.6	2.4	3.0	3.1	2.8	2.8
Int. Expended/Int.Earned	61.9	62.6	59.7	53.9	55.8	56.5	58.2	58.1	57.3
Other Inc./Net Income	6.7	6.4	6.9	4.2	7.0	6.4	10.3	10.8	10.9
<b>Efficiency Ratios (%)</b>									
Op. Exps./Net Income	20.7	20.2	19.6	20.1	24.4	24.6	26.7	26.6	25.7
Empl. Cost/Op. Exps.	59.5	62.4	62.3	63.4	60.3	59.7	57.0	57.5	58.2
<b>Asset Quality (%)</b>									
Gross NPAs	3,258	5,117	4,485	8,198	7,187	5,516	5,294	5,153	5,307
Gross NPAs to Adv.	3.0	4.3	3.7	7.0	5.8	4.1	3.7	3.3	3.1
Net NPAs	1,507	3,287	2,714	5,587	3,621	1,919	1,959	1,752	1,698
Net NPAs to Adv.	1.4	2.8	2.3	4.9	3.0	1.5	1.4	1.1	1.0
<b>VALUATION</b>									
Book Value (INR)	244.1	285.6	329.2	357.1	402.2	462.6	529.6	596.1	669.2
<b>Price-BV (x)</b>		<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>
EPS (INR)	37.5	44.8	46.0	30.6	47.3	63.1	70.3	70.1	76.9
EPS Growth YoY	16.7	19.5	2.6	-33.4	54.7	33.3	11.4	-0.4	9.7
<b>Price-Earnings (x)</b>		<b>8.0</b>	<b>7.8</b>	<b>11.7</b>	<b>7.5</b>	<b>5.7</b>	<b>5.1</b>	<b>5.1</b>	<b>4.6</b>
Dividend per share (INR)	2.5	2.5	2.5	2.5	2.7	3.0	3.3	3.5	3.8
<b>Dividend yield (%)</b>		<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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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.