

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR7,760 TP: INR8,300 (+7%) Neutral

Exuding confidence to drive growth; credit costs peak

Management transition and the current CEO's future role to remain in focus

Bloomberg	BAF IN
Equity Shares (m)	619
M.Cap.(INRb)/(USDb)	4803.2 / 55.5
52-Week Range (INR)	7824 / 6188
1, 6, 12 Rel. Per (%)	15/21/1
12M Avg Val (INR M)	8583

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Net Income	454	562	697
PPP	303	377	472
PAT	168	213	270
EPS (INR)	271	344	436
EPS Gr. (%)	16	27	27
BV/Sh. (INR)	1,585	1,884	2,266

Ratios

NIM (%)	9.8	9.8	9.8
C/I ratio (%)	33.2	32.8	32.4
RoA (%)	4.0	4.0	4.1
RoE (%)	19.2	19.8	21.0
Payout (%)	15.0	13.1	12.4

Valuations

P/E (x)	28.6	22.6	17.8
P/BV (x)	4.9	4.1	3.4
Div. Yield (%)	0.5	0.6	0.7

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	54.7	54.7	54.8
DII	15.2	15.1	14.1
FII	20.8	20.9	21.0
Others	9.3	9.4	10.2

FII includes depository receipts

- Bajaj Finance (BAF)'s reported PAT grew 18% YoY to ~INR43.1b (~5% beat) in 3QFY25. NII grew 23% YoY to INR93.8b (in line). Other operating income at INR22.9b rose 39% YoY (6% beat), driven by improvement in fee income and income from the sale of services.

- BAF's 3QFY25 NIM was steady QoQ at ~9.7%. The company sees a limited (~4-5bp) room for improvement in its CoF, irrespective of potential rate cuts in the current year. BAF aims to maintain stable margins as it enters the next fiscal year. However, any NIM compression can be mitigated by orchestrating its levers on fee income. We estimate NIM to remain largely range-bound at ~9.8-9.85% over FY26/FY27.

- BAF continued to take proactive risk actions by cutting segments and pruning exposures. Management shared that GS3 at ~1.1% as of Dec'24 remains well below the long-term guidance of GS3 of ~1.2-1.4%. Additionally, the company highlighted a notable improvement in collection efficiency in Dec'24 and Jan'25. BAF guided for credit costs of ~2.0%-2.05% in 4QFY25.

- **Management exuded confidence that, given that its credit costs have peaked, it would look to accelerate AUM growth in the (Rural) B2C segment in the foreseeable future. In addition, BAF's partnership with Bharti Airtel has the potential to become huge over the medium term, given there are ~200m non-overlapping Airtel customers that can be targeted by BAF.**

- BAF had announced a comprehensive 15-month transition plan for the senior leadership, and it expects the Board to take a view on the management transition by 4QFY25. **The MD, Mr. Rajeev Jain's, current tenure ends in Mar'25. He shared that he intends to remain with BAF and will be actively involved in developing the strategic vision for the company and driving its subsidiaries, subject to the direction of the Board and the NRC.**

- For FY26, management guided an AUM growth of ~25%, credit costs of <2%, and PAT growth of ~22-23%, contingent on a stable external environment. We broadly maintain our FY26/FY27 PAT estimates as credit costs have now peaked and will remain below the guided outer range. We estimate a CAGR of ~27%/23% in AUM/PAT over FY24-FY27 and expect BAF to deliver an RoA/RoE of ~4.1%/21% in FY27.

- Valuations at 3.4x P/BV and 18x FY27E P/E are not inexpensive, and the focus now will shift to the management transition and the role that Mr. Rajeev Jain will play in the company from Apr'25 onwards. We expect asset quality to stabilize from 4QFY25 onwards, allowing BAF to navigate this mini-credit cycle effectively. However, we do not see any significant upside catalysts in the near term given that the management transition will be very keenly watched until more clarity emerges. **Reiterate Neutral with a TP of INR8,300 (premised on 4x Sep'26E P/BV).**

AUM up ~28% YoY; healthy new customer acquisitions

- BAF's total customer franchise increased to 97.1m, up 21% YoY and ~5.5% QoQ. New customer acquisitions stood at ~5.03m (vs. ~3.85m YoY and ~3.98m QoQ). The company is well on course to cross ~100m customer franchises by Mar'25. New loans booked rose ~22% YoY to ~12.1m (vs. ~9.9m in 3QFY24).
- Total AUM grew 28% YoY and ~6% QoQ to INR3.98t. The sequential AUM growth was driven by Urban B2C (+8%), Rural B2C (+7%), Rural B2B Sales Finance (+9%), SME (+6%), and Commercial (incl. LAS) (+9%). However, the Auto finance business was flat QoQ, given that the company has stopped doing Bajaj 2W/3W financing.

Minor deterioration in asset quality; GNPA rises ~5bp QoQ

- BAF's GS3/NS3 witnessed minor deterioration in asset quality with GNPA/NNPA rising ~5bp/2bp to ~1.1%/0.5%, respectively, and the Stage 3 PCR remaining stable QoQ at ~57%.
- Net credit costs in 3QFY25 stood at ~2.12% (PQ: ~2.1% and PY: ~1.7%). During the quarter, stage 2 assets increased by ~INR1b, while stage 3 assets rose by ~INR6b. The net increase in Stage 2 & 3 assets was ~INR6.1b. However, management shared that the net growth in Stages 2 & 3 has now stabilized. We model net credit costs of 1.9%/1.8% in FY26/FY27E.

Highlights from the management commentary

- The company's leverage analysis based on Jun'24 bureau data suggests that customers having three or more live unsecured loans are showing a higher propensity to default and lower collection efficiencies. BAF has reduced the share of such customers significantly in new disbursements in line with pre-Covid levels.
- Delinquencies are relatively higher, and BAF continues to remain cautious in the used cars segment. Within used cars, elevated losses are in refinance and that's where BAF has taken sharp cuts in new volumes. Like all consumption loans, the refinance of used car loans is under pressure. The bounce rate in the used car portfolio was 10-11%, and the same in the new car portfolio was ~3.0-3.5%.

Valuation and view

- BAF reported a robust performance during the quarter driven by healthy AUM growth, while higher non-interest income and well-contained credit costs led to an earnings beat. BAF's key product segments (until now) have been the secular growth segments. However, its foray into multiple new areas, such as cars, tractors, CVs, and MFI, could (in the future) make its growth and credit costs vulnerable to cyclicalities, despite having a well-diversified product mix.
- Despite a healthy PAT CAGR of ~23% over FY24-FY27E and RoA/RoE of 4.1%/21% in FY27E, we see limited upside catalysts. Consequently, we **reiterate our Neutral rating with a TP of INR8,300 (premised on 4x Sep'26E BVPS).**

Quarterly performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	Act vs. Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,08,211	1,17,340	1,25,233	1,32,301	1,40,492	1,49,870	1,57,682	1,67,432	4,83,066	6,15,476	1,58,862	-1
Interest expenses	41,025	45,371	48,680	52,171	56,839	61,493	63,856	68,204	1,87,247	2,50,393	65,552	-3
Net Interest Income	67,186	71,970	76,553	80,130	83,653	88,377	93,826	99,228	2,95,819	3,65,084	93,311	1
YoY Growth (%)	27.4	30.0	29.3	28.1	24.5	22.8	22.6	23.8	28.7	23.4	21.9	
Other Operating Income	16,795	16,477	16,436	17,019	20,531	21,084	22,901	23,944	66,759	88,460	21,610	6
Net Income	83,980	88,447	92,989	97,149	1,04,185	1,09,461	1,16,727	1,23,172	3,62,578	4,53,544	1,14,921	2
YoY Growth (%)	33.3	26.3	25.1	25.0	24.1	23.8	25.5	26.8	25.7	25.1	23.6	
Operating Expenses	28,544	30,100	31,567	33,028	34,709	36,390	38,670	40,744	1,23,252	1,50,513	38,391	1
Operating Profit	55,437	58,347	61,422	64,121	69,475	73,071	78,057	82,427	2,39,326	3,03,031	76,530	2
YoY Growth (%)	37.0	30.0	26.6	25.3	25.3	25.2	27.1	28.6	27.9	26.6	24.6	
Provisions and Cont.	9,953	10,771	12,484	13,100	16,847	19,091	20,433	21,067	46,307	77,438	21,255	-4
Profit before Tax	45,512	47,578	48,955	51,051	52,654	54,015	57,624	61,361	1,93,096	2,25,683	55,275	4
Tax Provisions	11,143	12,070	12,566	12,806	13,534	13,877	14,572	15,787	48,584	57,771	14,206	3
Net Profit	34,369	35,508	36,390	38,245	39,120	40,137	43,052	45,573	1,44,512	1,67,913	41,069	5
YoY Growth (%)	36.8	27.7	22.4	21.1	13.8	13.0	18.3	19.2	25.5	16.2	12.9	
Key Operating Parameters (%)												
Fees to Net Income Ratio	20.0	18.6	17.7	17.5	19.7	19.3	19.6		18.4	19.5		
Credit Cost	1.57	1.56	1.69	1.66	1.99	2.12	2.14		1.6	2.1		
Cost to Income Ratio	34.0	34.0	33.9	34.0	33.3	33.2	33.1		34.0	33.2		
Tax Rate	24.5	25.4	25.7	25.1	25.7	25.7	25.3		25.2	25.6		
Balance Sheet Parameters												
AUM (INR B)	2,701	2,903	3,110	3,306	3,542	3,739	3,980		3,306	3,542		
Change YoY (%)	42.3	32.9	34.7	33.6	38.4	28.8	28.0		33.6	38.4		
Loans (INR B)	2,653	2,857	3,064	3,263	3,497	3,692	3,930		3,263	3,497		
Change YoY (%)	44.1	34.3	35.9	34.7	39.2	29.2	28.3		34.7	39.2		
Borrowings (INR B)	2,352	2,544	2,639	2,895	3,048	3,192	3,349		2,895	3,048		
Change YoY (%)	47.8	38.8	31.1	34.4	35.7	25.5	26.9		34.4	35.7		
Loans/Borrowings (%)	112.8	112.3	116.1	112.7	114.7	115.7	117.3		112.7	114.7		
Asset Quality Parameters (%)												
GS 3 (INR B)	23.5	26.5	29.6	28.2	30.5	39.5	44.6		27.4	45.7		
Gross Stage 3 (% on Assets)	0.87	0.91	0.95	0.85	0.86	1.06	1.12		0.83	1.07		
NS 3 (INR B)	8.3	9.0	11.4	12.1	13.4	17.0	19.1		11.8	19.5		
Net Stage 3 (% on Assets)	0.31	0.31	0.37	0.37	0.38	0.46	0.48		0.36	0.46		
PCR (%)	77.4	66.0	61.7	57.0	85.5	57.1	57.2		56.8	57.2		
Return Ratios (%)												
ROAA (Rep)	5.42	5.16	4.92	4.84	4.63	4.48	4.5		4.4	4.0		
ROAE (Rep)	24.47	24.1	21.95	20.48	19.86	19.08	19.08		22.0	19.2		

E: MOFSL Estimates



Highlights from the management commentary

Business Update

- Loan losses have stabilized and the credit costs were stable QoQ. Loan loss to average AUF was 2.16% in 3Q (vs. 2.13% in 2QFY25).
- Added 5m new customers in 3QFY25. Customer franchise stood at 97.12m and is well on course to surpass 100m customer franchise by Mar'25.
- AUM stood at INR3.98t and was up 28% YoY
- Opex to NTI stood at 33.1% (vs. 33.9% YoY). The company continues to optimize its operating expenses and rapidly implement AI capabilities to improve productivity.
- The company added 2,824 employees in 3QFY25. Annualized attrition as of 31st Dec'24 was 16.2%. Employee headcount addition will continue to be lower as it moves into FY26.
- Liquidity buffer stood at INR136.6b as of Dec'24. In 3Q, the cost of funds was 7.96%, a decrease of 1 bps over 2QFY25.
- 3QFY25 RoA/RoE of 4.5%/19%

Management Succession

- Had announced a comprehensive 15-month transition plan for the senior management and it expects the board to take a view on the management transition by 4QFY25.
- Subject to the approval of the Board and NRC, Rajeev Jain intends to remain with BAF and will be actively involved in strategy and driving its subsidiaries.

Guidance

- BAF guided for credit costs of 2.0-2.05% in 4QFY25.
- 2W/3W composition is going down as a result of the company not doing 2W/3W financing and it will stabilize next year at ~3.5%-4% by Mar'26.
- Rural B2C business is back in growth mode and this business should grow between ~20-23%
- At a design level, the credit costs in FY26 should be <2%
- Remains focused on delivering its medium-term guidance
- On a consolidated basis, it will target to deliver AUM growth of 25%, credit costs of <2%, and PAT growth of 22-23%, provided the external environment does not deteriorate significantly. It will orchestrate the levers on fee income to deliver the guided outcomes.
- Foresees stable mix, and stable pricing at this point but it will depend on the external environment. If the NIM were to compress, it would make up for it from fee income.

Asset Quality

- GNPA/NNPA stood at 1.12%/0.48% respectively. Marginal increase in GNPA/NNPA - Remains reasonably well under the long-term GNPA guidance of 1.2%-1.4%.
- In 3Q, the net increase in Stage 2 & 3 assets was INR6.1b. Net growth in Stages 2 & 3 has stabilized. Stage 2 assets increased by INR1b and stage 3 assets

increased by INR6b. The company continues to take proactive risk actions by cutting segments and pruning exposures.

- December'24 and January'25 have been much better in terms of collection efficiency. This gives the company a greater degree of confidence that if the 4Q comes out better. Early MoB delinquencies are looking better.
- Urban B2B continues to remain very strong.
- 2W/3W: Default rate and the efficiency are both impacted, even as this book is de-growing
- Urban B2C: Default rates are lower and collection efficiencies are still lower. It may take the longest to get back to normalcy. Customers with three personal loans (3PL) had gone up to ~14% and have now declined to ~8%.
- Rural B2B: It will get closer to Urban B2B. Earlier the smaller markets gave deeper penetration and the advantage in the rural markets does not exist anymore.
- SME Lending: From Apr to Oct - Efficiencies had dropped significantly - Nov/Dec has gone up back to the ever-good that it has seen in the last two years
- Car Loans: Used Cars have seen pressure and it has cut volumes by 30-35% and New Car continues to remain very strong.
- Within MSME, the slowest growing is professional loans and LAP.
- Used Cars: Delinquencies are relatively higher and BAF continues to remain cautious. New Cars are accelerating. Within Used Cars, elevated losses are in re-finance and that's where it has taken sharp cuts. It has made some cuts in sales finance as well. Like all consumption loans, the refinance of used car loans is under pressure. The used car portfolio was ~INR55b and the new car portfolio was ~INR55b. The bounce rate in the used car portfolio was 10-11% and the same in the new car portfolio was ~3.0-3.5%

NIM

- It does not see a play of more than 4-5bp on its CoF, with or without rate cuts in the current year.
- Pass-through expected from banks is not high; NCD money has already come at ~20bp lower costs in the last 2 quarters.
- Triangulation of growth, margin, and risk. Risk remains the fundamental priority and it will prioritize risk, margins, and growth in that order.
- BAF will not significantly compromise on NIM as it goes into the next year.

Consumer B2C segment

- The Company's leverage analysis basis June 2024 bureau data suggests that customers having 3 or more live unsecured loans are showing a higher propensity to default and lower collection efficiencies.
- The Company has reduced the share of such customers significantly in new disbursements in line with pre-COVID levels. As it exits 4Q, it will be at pre-COVID levels.

Partnership with Bharti Airtel

- Two products have gone live and there will be nine products by Mar'25
- Five-year vision for this partnership.

- BAF will target around 200m Airtel customers which do not overlap with BFL. Initially start with MSME, Gold Loans, 2W, Insta EMI Cards, and LAP.

Discontinuation of co-branded credit card business

- The company earned distribution fees and a revenue share under the co-brand arrangement.
- The discontinuation will not impact the Company's future revenue share from this arrangement.

Gold Loans

- Gold loans originated digitally and were dispensed by the physical gold loan branches.
- It will cross 1000 gold loan branches by the end of Mar'25.
- It is playing in Tier 3 and 4 cities and not in Tier 1 cities - Choosing wisely in where it wants to compete.

Aspires to continue as a non-bank

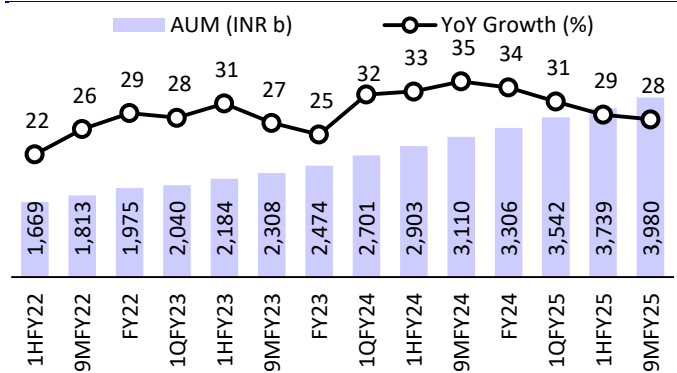
- BAF would like to remain a non-bank; the RBI does not have a roadmap for NBFCs to convert into a Bank. Expect business as usual as an NBFC in the short-to-medium term.
- Ambition will be to have a 200m customer franchise and a 4-5% retail credit market share.

Others

- 48% of the collections are still physical (through collection agencies). 57-58K employees in BFL out of which ~20K employees in debt management who manage agencies that collect from customers.
- Pricing pressure across the board has further intensified in personal loans as the credit growth in PL has slowed down.
- Geographic presence has peaked and it added 14 new locations. It is adding more branches but not more locations.
- Fee income should remain stable.
- Operating leverage has resulted in stronger PAT growth relative to the AUM growth. This is a mini credit cycle at work. Given that it's a mini credit cycle and given that it deals with all classes of customers, BFL has done a decent job.
- NII growth is at 25-27%, credit costs are out of symphony and BAF is committed to fixing it. Portfolio has to churn through and the company will have a lot more confidence once it delivers on the guided credit costs in 4QFY25.

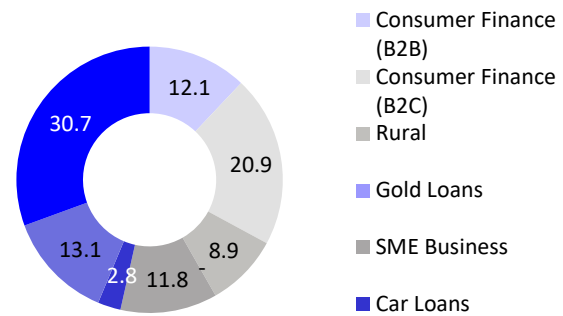
Story in charts

Exhibit 1: AUM growth healthy at 28% YoY



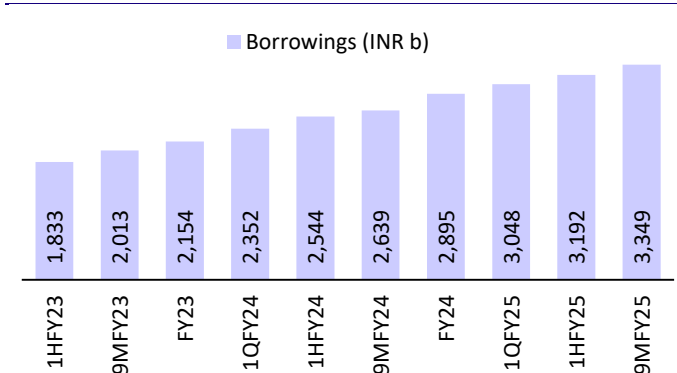
Source: MOFSL, Company

Exhibit 2: AUM mix (%)



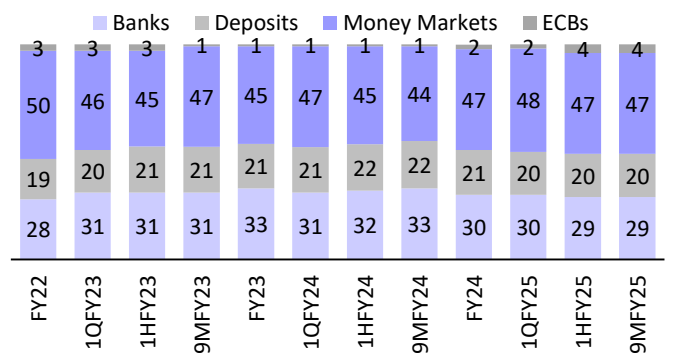
Source: MOFSL, Company; Note: Data as of 3QFY25

Exhibit 3: Borrowings grew 27% YoY



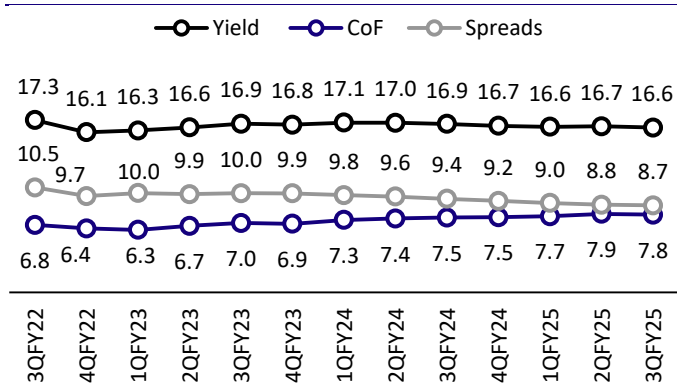
Source: MOFSL, Company

Exhibit 4: Borrowing mix stable QoQ (%)



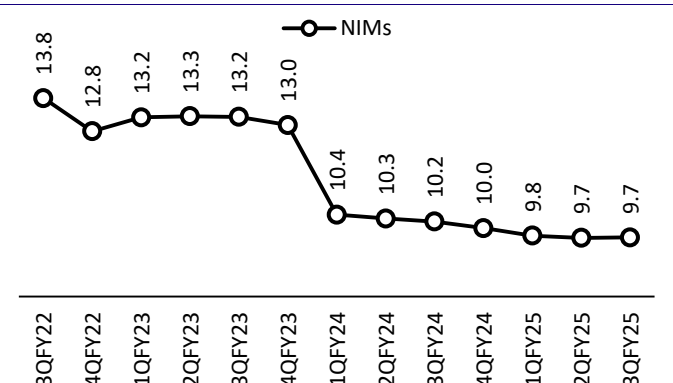
Source: MOFSL, Company

Exhibit 5: Calculated spreads declined ~10bp QoQ (%)



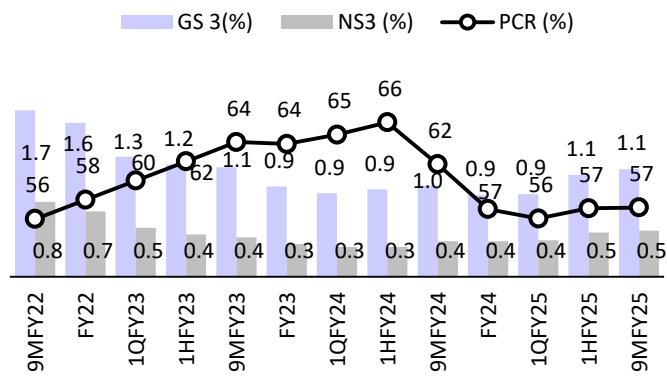
Source: MOFSL, Company

Exhibit 6: NIM stable QoQ (%)



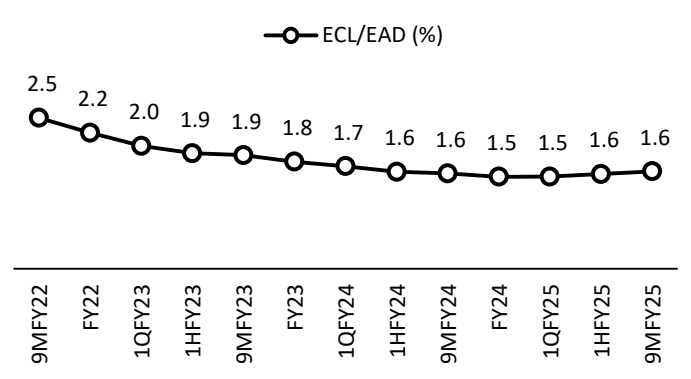
Source: MOFSL, Company

Exhibit 7: GS3 rose ~5bp QoQ (%)



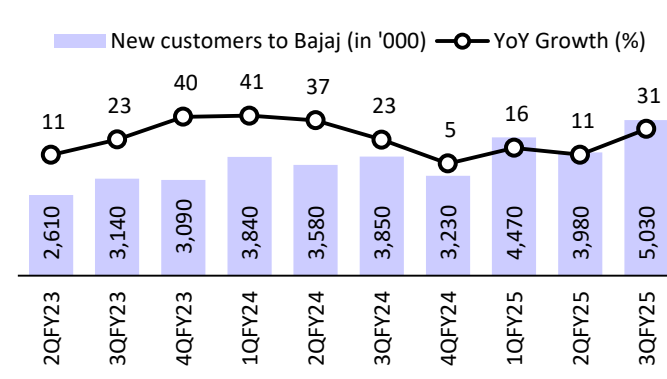
Source: MOFSL, Company

Exhibit 8: Total ECL provisions stood at ~160bp of EAD



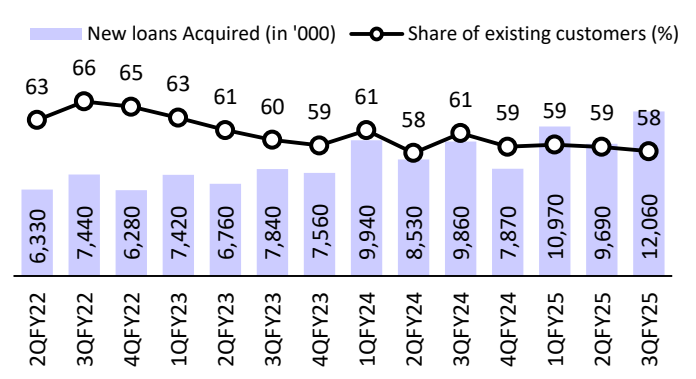
Source: MOFSL, Company

Exhibit 9: New customer additions grew ~31% YoY



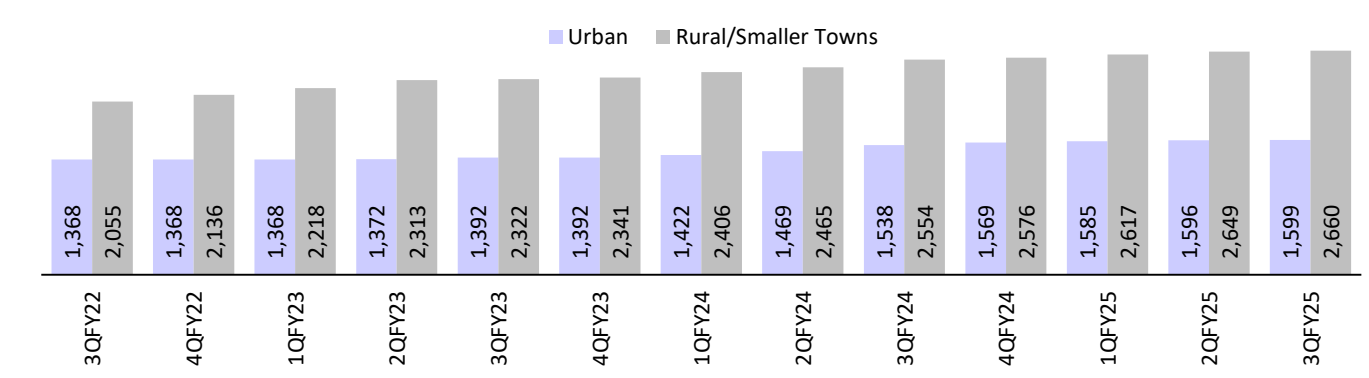
Source: MOFSL, Company

Exhibit 10: New loans booked rose ~22% YoY at 12.1m



Source: MOFSL, Company

Exhibit 11: The trend in branch expansion



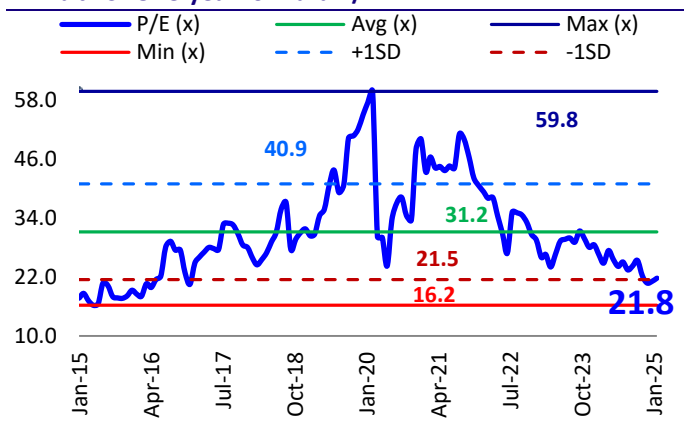
Source: MOFSL, Company

Exhibit 12: We broadly maintain our FY26E/FY27E EPS estimates

INR B	Old Est.			New Est.			% Change		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
NII	364.2	472.6	599.1	365.1	469.8	595.1	0.2	-0.6	-0.7
Other Operating Income	85.7	91.0	103.3	88.1	91.9	101.4	2.8	1.0	-1.9
Other Income	0.2	0.2	0.3	0.4	0.5	0.6	126.9	126.9	126.9
Total Income	450.1	563.8	702.7	453.5	562.2	697.1	0.8	-0.3	-0.8
Operating Expenses	150.2	185.4	227.7	150.5	184.7	225.6	0.2	-0.4	-0.9
Operating Profits	299.9	378.5	475.0	303.0	377.5	471.5	1.0	-0.3	-0.7
Provisions	79.7	94.5	110.6	77.4	91.7	109.3	-2.8	-3.0	-1.2
PBT	220.2	284.0	364.4	225.6	285.8	362.2	2.4	0.6	-0.6
Tax	56.4	71.6	91.8	57.8	72.9	92.4	2.4	1.8	0.6
PAT	163.8	212.4	272.6	167.8	212.9	269.8	2.4	0.2	-1.0
Loans	4,193	5,346	6,763	4,193	5,346	6,763	0.0	0.0	0.0
Borrowings	3,669	4,667	5,883	3,681	4,683	5,904	0.3	0.3	0.3
RoA	3.9	4.0	4.1	4.0	4.0	4.1			
RoE	18.8	19.8	21.2	19.2	19.8	21.0			

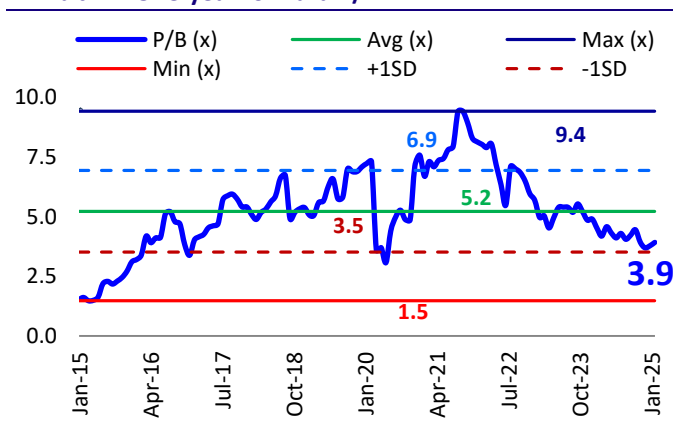
Source: MOFSL, Company

Exhibit 13: One-year forward P/E



Source: MOFSL, Company

Exhibit 14: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement								INR m
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	2,29,704	2,33,034	2,72,698	3,55,502	4,83,066	6,15,476	7,82,180	9,86,841
Interest Expended	94,732	94,140	97,482	1,25,599	1,87,247	2,50,393	3,12,409	3,91,709
Net Interest Income	1,34,972	1,38,894	1,75,215	2,29,903	2,95,819	3,65,084	4,69,771	5,95,132
Change (%)	38.8	2.9	26.2	31.2	28.7	23.4	28.7	26.7
Other Operating Income	34,034	33,647	43,627	58,472	66,629	88,076	91,900	1,01,388
Other Income	118	150	80	83	130	384	480	600
Net Income	1,69,124	1,72,691	2,18,922	2,88,458	3,62,578	4,53,544	5,62,151	6,97,120
Change (%)	42.4	2.1	26.8	31.8	25.7	25.1	23.9	24.0
Operating Expenses	56,608	53,082	75,850	1,01,300	1,23,252	1,50,513	1,84,665	2,25,611
Operating Profits	1,12,516	1,19,608	1,43,072	1,87,158	2,39,326	3,03,031	3,77,486	4,71,509
Change (%)	46.5	6.3	19.6	30.8	27.9	26.6	24.6	24.9
Provisions and W/Offs	39,295	59,686	48,034	31,897	46,307	77,438	91,658	1,09,294
PBT	73,221	59,923	95,038	1,55,279	1,93,019	2,25,593	2,85,829	3,62,215
Tax	20,584	15,724	24,756	40,202	48,584	57,771	72,886	92,365
Tax Rate (%)	28.1	26.2	26.0	25.9	25.2	25.6	25.5	25.5
PAT	52,638	44,198	70,282	1,15,077	1,44,435	1,67,823	2,12,942	2,69,850
Change (%)	31.8	-16.0	59.0	63.7	25.5	16.2	26.9	26.7
Proposed Dividend	7,254	6,026	6,036	18,570	22,284	25,103	27,789	33,542

Balance Sheet								INR m
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Capital	1,200	1,203	1,207	1,209	1,236	1,239	1,239	1,239
Reserves & Surplus (Ex OCI)	3,22,951	3,69,179	4,36,643	5,43,349	7,65,198	9,80,935	11,66,088	14,02,395
Net Worth	3,24,150	3,70,382	4,37,850	5,44,558	7,66,434	9,82,174	11,67,327	14,03,635
OCI	-874	-1,198	-723	-839	519	519	519	519
Net Worth (Including OCI)	3,23,276	3,69,184	4,37,127	5,43,720	7,66,954	9,82,693	11,67,846	14,04,154
Change (%)	64.1	14.2	18.4	24.4	41.1	28.1	18.8	20.2
Borrowings	12,98,064	13,16,335	16,52,549	21,67,399	29,34,052	36,81,339	46,83,016	59,03,727
Change (%)	27.8	1.4	25.5	31.2	35.4	25.5	27.2	26.1
Other liabilities	22,573	29,185	35,378	41,168	56,411	64,872	74,603	85,793
Total Liabilities	16,43,914	17,14,704	21,25,054	27,52,287	37,57,416	47,28,904	59,25,465	73,93,674
Investments	1,75,439	1,83,969	1,22,455	2,27,518	3,08,807	3,24,247	3,40,459	3,57,482
Change (%)	104.0	4.9	-33.4	85.8	35.7	5.0	5.0	5.0
Loans	14,27,989	14,66,869	19,14,233	24,22,689	32,62,933	41,92,869	53,45,908	67,62,574
Change (%)	25.6	2.7	30.5	26.6	34.7	28.5	27.5	26.5
Other assets	40,485	63,866	88,366	1,02,079	1,85,677	2,11,788	2,39,097	2,73,618
Total Assets	16,43,914	17,14,704	21,25,054	27,52,287	37,57,416	47,28,904	59,25,465	73,93,674

E: MOFSL Estimates

Financials and valuations

Ratios	(%)							
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Spreads Analysis (%)								
Yield on Advances	17.9	16.1	16.1	16.4	17.0	16.5	16.4	16.3
Cost of borrowings	8.2	7.2	6.6	6.6	7.3	7.6	7.5	7.4
Interest Spread	9.7	8.9	9.6	9.8	9.7	8.9	8.9	8.9
Net Interest Margin	10.5	9.6	10.4	10.6	10.4	9.8	9.8	9.8
Profitability Ratios (%)								
Cost/Income	33.5	30.7	34.6	35.1	34.0	33.2	32.8	32.4
Empl. Cost/Op. Exps.	45.0	47.0	47.3	49.9	51.9	50.4	50.1	50.0
RoE	20.2	12.7	17.4	23.4	22.0	19.2	19.8	21.0
RoA	3.6	2.6	3.7	4.7	4.4	4.0	4.0	4.1
Asset Quality (%)								
GNPA (INR m)	23,626	27,304	31,331	23,125	27,373	45,675	67,071	90,174
NNPA (INR m)	9,373	11,354	13,144	8,361	11,816	19,549	28,170	36,070
GNPA %	1.6	1.8	1.6	0.9	0.8	1.1	1.2	1.3
NNPA %	0.7	0.8	0.7	0.3	0.4	0.5	0.5	0.5
PCR %	60.3	58.4	58.0	63.8	56.8	57.2	58.0	60.0
Total Provisions/loans %	2.9	3.0	2.6	2.0	1.8	1.8	2.019	2.2
Capitalization (%)								
CAR	25.0	28.3	27.2	25.0	22.8	21.8	21.2	0.0
Tier I	21.3	25.1	24.8	23.2	21.6	20.9	20.5	0.0
Tier II	3.7	3.2	2.5	1.8	1.2	0.9	0.7	0.0
Average Leverage on Assets (x)	5.5	4.8	4.8	5.0	5.0	4.9	5.0	5.2
Valuation								
Book Value (INR)	540	616	726	901	1,240	1,585	1,884	2,266
Price-BV (x)	14.4	12.6	10.7	8.6	6.3	4.9	4.1	3.4
Adjusted BV (INR)	529	602	711	891	1,227	1,563	1,852	2,225
Price-ABV (x)	14.7	12.9	10.9	8.7	6.3	5.0	4.2	3.5
EPS (INR)	88	73	116	190	234	271	344	436
EPS Growth (%)	26.7	-16.3	58.6	63.4	22.8	15.9	26.9	26.7
Price-Earnings (x)	88.4	105.6	66.6	40.7	33.2	28.6	22.6	17.8
Dividend per Share (INR)	10.0	10.0	20.0	30.0	36.0	40.6	44.9	54.2
Dividend Yield (%)	0.1	0.1	0.3	0.4	0.5	0.5	0.6	0.7

E: MOFSL Estimates

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