

# Power Finance Corporation

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR446**

**TP: INR525 (+18%)**

**Buy**

## Muted loan growth; pressure on yields weighs on NIM

### Earnings beat driven by provision write-backs from stressed asset resolutions

- PFC's 4QFY26 PAT grew ~24% YoY to INR63.2b (~9% beat). FY26 PAT grew 16% YoY to INR201b (PQ: INR174b). NII declined ~7% YoY to ~INR55.2b (in line). Other operating income grew ~23% YoY to ~INR13.9b, including dividend income of ~INR11.8b.
- PFC reported exchange losses of INR3.1b (PQ: exchange loss of INR1.3b). Opex declined ~5% YoY to ~INR2.2b (~5% lower than est.). PPOP declined ~3% YoY to INR63.8b (in line). FY26 PPOP grew ~6% YoY to INR230b.
- Provisions write-backs stood at INR13.8b in 4Q (PQ: INR52m; PY: INR4.4b). This translated into credit costs of -25bp in 4QFY26 (PY: 8bp).
- Reported yields stood at ~9.96%, while CoB rose ~8bp QoQ to ~7.5%, resulting in spreads of ~2.45% for FY26. Reported NIM for FY26 declined ~10bp to ~3.55% (9MFY26: 3.65%).
- Management guided for loan growth of ~10% in FY27. PFC indicated that FY26 loan growth remained below earlier guidance of 10-11% primarily due to high prepayments and refinancing activity. However, PFC expects prepayments to moderate going forward as the interest rate cut cycle is now behind. We also model loan CAGR of ~10% over FY26-FY28E.
- Management highlighted that while lower domestic interest rates supported funding costs, heightened volatility in forex markets led to an increase in overseas borrowing costs. Given the continued uncertainty in forex markets and high competition weighing on yields, the company guided for spreads of 2.4-2.5% in FY27 (FY26: 2.45%).
- **We estimate a CAGR of 9%/10%/5% in disbursement/advances/PAT over FY26-28, with RoA/RoE of 3.2%/18% and a dividend yield of ~4.5% in FY28. We maintain our BUY rating with an SoTP (Mar'28E)-based TP of INR525.**

### PFC-REC merger expected to be effective in Apr'27, subject to approvals

- The proposed merger of PFC and REC is being positioned as a transformational step aimed at creating a larger and strategically stronger institution for India's power and infrastructure financing ecosystem, with enhanced scale, financing capabilities, and operational efficiency.
- The boards of both entities have already granted in-principle approval for the merger and appointed legal, transaction, valuation, and merchant banking advisors. The merger is expected to be effective from 1<sup>st</sup> Apr'27, subject to regulatory and government approvals. The endeavor is retain its government company status despite the likelihood of govt. shareholding falling below 50% (with a simple share swap).

### Disbursements decline ~40% YoY; muted loan growth of 7% in FY26

- The loan book stood at INR5.8t, up 7% YoY/1.8% QoQ. Repayments during the quarter stood at ~20.7% (PQ: 22.1% and PY: ~22.8%).

Bloomberg	POWF IN
Equity Shares (m)	3300
M.Cap.(INRb)/(USD\$)	1471.8 / 15.4
52-Week Range (INR)	487 / 330
1, 6, 12 Rel. Per (%)	5/29/13
12M Avg Val (INR M)	2963

### Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	219	235	260
PPP	230	254	283
PAT	201	200	220
EPS (INR)	60.8	60.8	66.7
EPS Gr. (%)	16	0	10
BV/Sh. (INR)	311	353	400
ABV/Sh. (INR)	267	309	356
RoAA (%)	3.4	3.1	3.2
RoAE (%)	20.7	18.3	17.7
Div Payout (%)	30.5	30.5	30.0

### Valuations

P/E (x)	7.3	7.3	6.7
P/BV (x)	1.4	1.3	1.1
Core P/E (x)	5.6	5.6	5.1
Core P/BV (x)	1.2	1.1	0.9
Div. Yld (%)	4.2	4.2	4.5

### Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	56.0	56.0	56.0
DII	15.1	15.5	16.2
FII	19.6	18.3	18.8
Others	9.3	10.2	9.0

FII includes depository receipts

- Disbursements declined ~41% YoY to INR400b. Disbursements to infrastructure sector formed ~6% of the total disbursements in 4QFY26. Renewables segment in the loan mix was broadly stable at 15.5%.

### Asset quality improves; PCR on standard assets declines QoQ

- GS3 declined ~55bp QoQ to ~1.1%, while NS3 declined ~10bp QoQ at 0.15%. Asset quality improvement was attributable to the resolution of Sinnar thermal, with an outstanding exposure of INR30b.
- PCR on Stage 3 improved ~2pp QoQ to 86.2%. Standard assets (Stage 1 + 2) PCR declined ~17bp QoQ to 86bp (PQ: 104bp and PY: 113bp).
- PFC has ~19 projects classified as NPAs. Resolutions in ~10 NPAs are being pursued under NCLT, and the remaining nine are being pursued outside NCLT.

### Key highlights from the management commentary

- Competitive intensity remains elevated, particularly from banks refinancing operational renewable projects due to lower risk, shorter gestation and predictable cash flows.
- The company expects future growth to be driven by a diversified lending mix across renewable energy, conventional power, distribution reforms, storage projects, nuclear energy, infrastructure, EV ecosystem financing, and energy transition opportunities.

### Valuation and view

- PFC delivered an operationally weak quarter. While the earnings beat was driven by provision write-backs, loan growth remained muted at <2% QoQ. Asset quality continued to improve, aided by the resolution of Sinnar thermal and TRN Energy, which resulted in provision write-backs. NIMs declined due to yield compression driven by competitive pressure from banks and higher incremental borrowing costs from volatility in forex markets.
- While the company has indicated that the proposed merger could become effective from 1st Apr'27, we are not factoring the same into our estimates at this stage given the limited clarity on the overall structure, execution roadmap, and potential financial implications. Further, the merger remains subject to multiple regulatory, governmental, and shareholder approvals, and hence we believe it is premature to build in any merger-related synergies, balance sheet benefits, or operational changes into our projections at this point.
- PFC (standalone) trades at 1.1x FY27E P/BV and ~6x FY27 P/E, which we view as attractive, and we therefore **maintain our BUY rating** with an SoTP (Mar'28E)-based TP of INR525 (premised on a 1.1x target multiple for the PFC standalone business and INR148/sh for PFC's stake in REC after a holdco discount of 20%).
- **Key risks:** 1) weaker loan growth driven by higher prepayments; 2) an increase in exposure to power projects without PPAs; 3) compression in spreads and margins due to an aggressive competitive landscape; and 4) any slowdown in the offtake of renewable energy projects.

**PFC: SOTP - March 2028**

	Stake	Target Multiple	Value (INR B)	INR per share	% To Total	Rationale
PFC Standalone	100	1.1	1,244	377	72	1.1x Mar'28 PBV
REC Stake (Pre-holdCo)	53	1.1	610	185		1.1x Mar'28 PBV
Hold Co Discount (20%)			122			
<b>REC Stake (Post Hold-CO)</b>			<b>488</b>	<b>148</b>	28	
<b>Target Value</b>			<b>1,732</b>	<b>525</b>	<b>100</b>	

**Quarterly Performance**

(INR m)

Y/E March	FY25				FY26				FY25	FY26	4QFY26E	v/s Est.
Particulars	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,18,270	1,19,090	1,24,172	1,37,215	1,37,389	1,34,728	1,39,359	1,39,253	4,98,747	5,50,728	1,41,239	-1
Interest Expenses	74,990	75,007	77,231	78,109	82,697	81,835	83,294	84,028	3,05,380	3,31,769	84,880	-1
<b>Net Interest Income</b>	<b>43,280</b>	<b>44,083</b>	<b>46,942</b>	<b>59,106</b>	<b>54,692</b>	<b>52,893</b>	<b>56,065</b>	<b>55,225</b>	<b>1,93,367</b>	<b>2,18,959</b>	<b>56,360</b>	<b>-2</b>
YoY Gr %	23.5	18.2	12.9	39.5	26.4	20.0	19.4	-6.6	23.7	13.2	-4.6	
Other Income	3,160	14,655	5,971	11,309	2,016	11,829	6,827	13,910	35,096	34,494	12,896	8
<b>Net Operational Income</b>	<b>46,440</b>	<b>58,738</b>	<b>52,913</b>	<b>70,415</b>	<b>56,708</b>	<b>64,722</b>	<b>62,892</b>	<b>69,135</b>	<b>2,28,463</b>	<b>2,53,452</b>	<b>69,256</b>	<b>0</b>
YoY Gr %	41.1	19.4	11.5	42.1	22.1	10.2	18.9	-1.8	27.6	10.9	-1.6	
Exchange gain/(loss)	589	-3,100	457	-2,614	-6,546	-4,972	-1,276	-3,089	-4,668	-15,883	-1,406	120
<b>Total Net Income</b>	<b>47,029</b>	<b>55,639</b>	<b>53,370</b>	<b>67,801</b>	<b>50,162</b>	<b>59,750</b>	<b>61,616</b>	<b>66,046</b>	<b>2,23,795</b>	<b>2,37,569</b>	<b>67,850</b>	<b>-3</b>
YoY Gr %	24.6	15.9	18.0	34.9	6.7	7.4	15.4	-2.6	23.5	6.2	0.1	
Operating Expenses	1,016	2,355	1,832	2,341	1,848	1,932	1,991	2,222	7,500	7,989	2,349	-5
<b>Operating Profit</b>	<b>46,013</b>	<b>53,284</b>	<b>51,538</b>	<b>65,460</b>	<b>48,313</b>	<b>57,819</b>	<b>59,625</b>	<b>63,824</b>	<b>2,16,295</b>	<b>2,29,581</b>	<b>65,501</b>	<b>-3</b>
YoY Gr %	25.3	13.7	16.8	39.8	5.0	8.5	15.7	-2.5	23.9	6.1	0.1	
Provisions	620	-1,241	745	4,447	-6,818	2,420	52	-13,817	4,571	-18,164	-3,069	350
<b>PBT</b>	<b>45,393</b>	<b>54,525</b>	<b>50,793</b>	<b>61,013</b>	<b>55,132</b>	<b>55,399</b>	<b>59,573</b>	<b>77,640</b>	<b>2,11,724</b>	<b>2,47,744</b>	<b>68,570</b>	<b>13</b>
Tax	8,214	10,821	9,244	9,924	10,117	10,780	11,940	14,395	38,202	47,231	10,602	36
Tax Rate %	18.1	19.8	18.2	16.3	18.3	19.5	20.0	18.5	18.0	19.1	15.5	
<b>PAT</b>	<b>37,179</b>	<b>43,704</b>	<b>41,549</b>	<b>51,090</b>	<b>45,015</b>	<b>44,619</b>	<b>47,633</b>	<b>63,246</b>	<b>1,73,522</b>	<b>2,00,513</b>	<b>57,967</b>	<b>9</b>
YoY Gr %	23.6	13.6	23.0	23.5	21.1	2.1	14.6	23.8	20.6	15.9	13.5	

**Key Parameters (Calc., %)**

Yield on loans	9.9	9.8	10.0	10.7	10.3	9.9	10.0	9.8				
Cost of funds	7.4	7.3	7.4	7.0	7.1	7.0	7.0	7.0				
Spread	2.5	2.5	2.6	3.7	3.1	2.9	3.0	2.9				
NIM	3.56	3.57	3.76	4.51	3.93	3.73	3.89	3.76				
C/I ratio	2.3	5.34	3.90	3.96	3.38	3.65	3.55	4.02				
Credit cost	0.01	(0.03)	0.01	0.08	(0.12)	0.04	0.00	(0.24)				

**Balance Sheet Parameters**

<b>Disbursements (INR b)</b>	195	467	342	680	362	498	394	400				
Growth YoY (%)	(15)	42	45	40	86	7	15	(41)				
<b>AUM (INR b)</b>	4,750	4,934	5,038	5,431	5,498	5,612	5,696	5,801				
Growth YoY (%)	10	10	10	13	16	14	13	7				

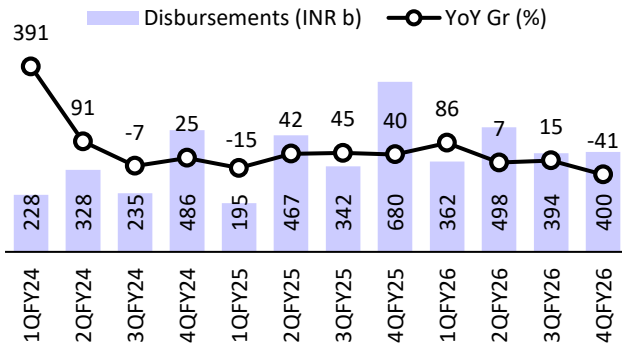
**Asset Quality Parameters**

GS 3 (INR B)	161	134	135	105	105	105	93	63				
GS 3 (%)	3.4	2.71	2.68	1.94	1.92	1.87	1.64	1.09				
NS 3 (INR B)	41.1	35.3	35.9	20.9	20.8	20.8	14.7	8.7				
NS 3 (%)	0.9	0.7	0.7	0.4	0.4	0.4	0.26	0.15				
PCR (%)	74.4	73.6	73.4	80.1	80.3	80.2	84.2	86.2				

E: MOFSL Estimates

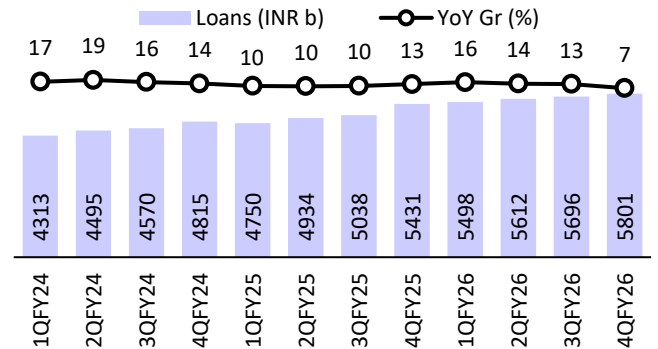
## Key exhibits

**Exhibit 1: Disbursements declined ~41% YoY**



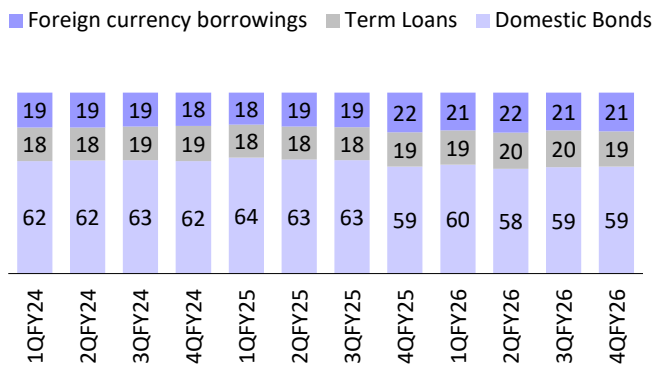
Source: MOFSL, Company

**Exhibit 2: Loan book grew 7% YoY and 1.8% QoQ**



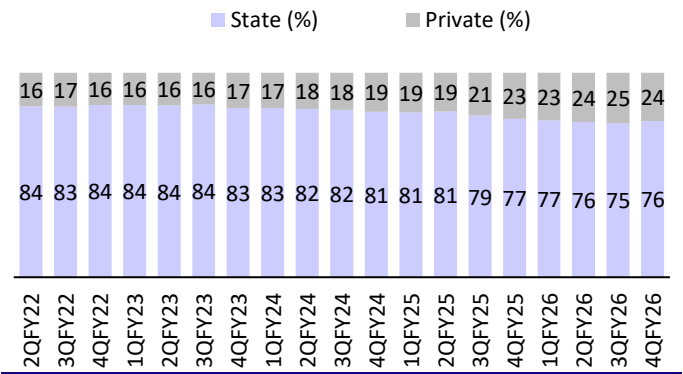
Source: MOFSL, Company

**Exhibit 3: Borrowing mix (%)**



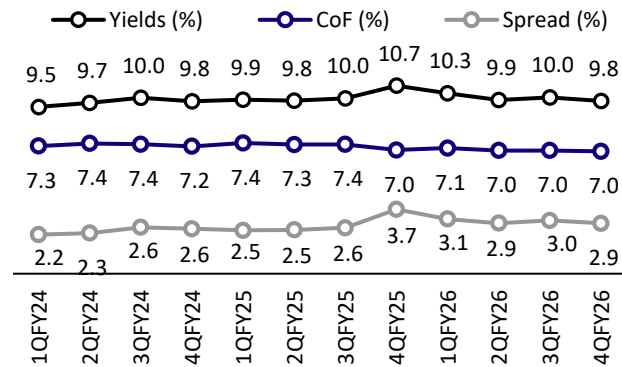
Source: MOFSL, Company

**Exhibit 4: ~24% of loans disbursed to private players (%)**



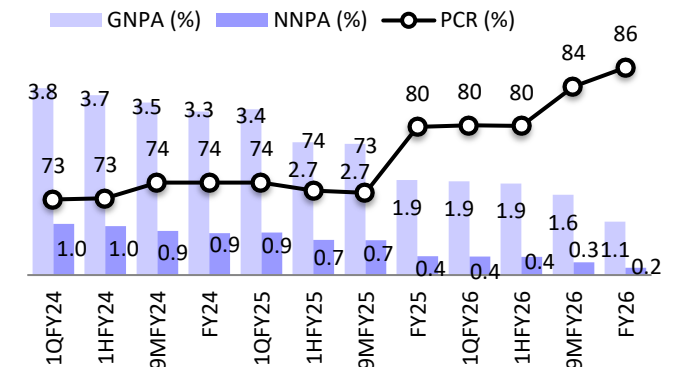
Source: MOFSL, Company

**Exhibit 5: Calc. Yields declined ~20bp QoQ**



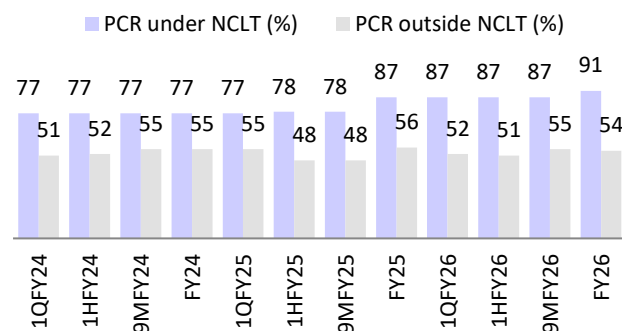
Source: MOFSL, Company,

**Exhibit 6: Asset quality improved QoQ**



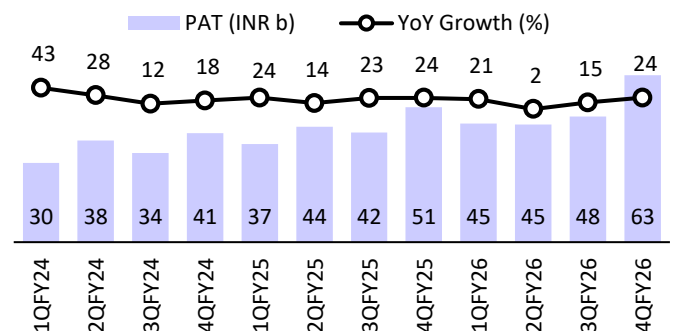
Source: MOFSL, Company

**Exhibit 7: PCR for stressed assets under NCLT/outside NCLT**



Source: MOFSL, Company,

**Exhibit 8: PAT grew ~24% YoY in 4QFY26**



Source: MOFSL, Company

**Exhibit 9: We keep our FY27/FY28 EPS estimates broadly unchanged**

INR B	Old Est.		New Est.		% Change	
	FY27	FY28	FY27	FY28	FY27	FY28
NII	235.4	256.9	234.6	260.3	-0.3	1.3
Other Income	29.5	34.0	28.3	31.9	-4.1	-6.2
<b>Net Income</b>	<b>264.9</b>	<b>290.9</b>	<b>262.9</b>	<b>292.3</b>	<b>-0.8</b>	<b>0.5</b>
Operating Expenses	9.0	9.9	8.8	9.6	-2.2	-2.4
<b>Operating Profits</b>	<b>255.9</b>	<b>281.1</b>	<b>254.1</b>	<b>282.7</b>	<b>-0.7</b>	<b>0.6</b>
Provisions	13.8	10.4	9.1	11.2	-34	8
<b>PBT</b>	<b>242.2</b>	<b>270.7</b>	<b>245.1</b>	<b>271.4</b>	<b>1.2</b>	<b>0.3</b>
Tax	43.8	49.0	44.6	51.3	1.8	4.7
<b>PAT</b>	<b>198.3</b>	<b>221.7</b>	<b>200.5</b>	<b>220.1</b>	<b>1.1</b>	<b>-0.7</b>
Loans	6,619	7,382	6,344	6,964		
<b>RoAA (%)</b>	<b>3.0</b>	<b>3.1</b>	<b>3.1</b>	<b>3.2</b>		

Source: MOFSL, Company

**Exhibit 10: Du Pont Analysis**

Du Pont Analysis %	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest income	9.6	9.3	9.0	9.2	9.2	9.2	9.1	9.1
Interest expenses	6.2	5.8	5.5	5.9	5.6	5.5	5.4	5.3
<b>Net Interest Income</b>	<b>3.4</b>	<b>3.6</b>	<b>3.4</b>	<b>3.3</b>	<b>3.6</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>
Other Operating Income	0.3	0.5	0.5	0.5	0.6	0.6	0.6	0.6
Other Income	0.0	-0.2	-0.5	0.0	-0.1	-0.3	-0.1	-0.1
<b>Total Income</b>	<b>3.8</b>	<b>3.8</b>	<b>3.5</b>	<b>3.8</b>	<b>4.1</b>	<b>4.0</b>	<b>4.1</b>	<b>4.2</b>
Operating expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Operating profits</b>	<b>3.6</b>	<b>3.7</b>	<b>3.3</b>	<b>3.7</b>	<b>4.0</b>	<b>3.8</b>	<b>4.0</b>	<b>4.1</b>
Provisions	0.9	0.6	-0.1	0.0	0.1	-0.3	0.1	0.2
<b>PBT</b>	<b>2.7</b>	<b>3.1</b>	<b>3.4</b>	<b>3.7</b>	<b>3.9</b>	<b>4.1</b>	<b>3.8</b>	<b>3.9</b>
Taxation	0.5	0.6	0.6	0.7	0.7	0.8	0.7	0.7
<b>RoA</b>	<b>2.2</b>	<b>2.5</b>	<b>2.8</b>	<b>3.0</b>	<b>3.2</b>	<b>3.4</b>	<b>3.1</b>	<b>3.2</b>
Leverage (x)	7.7	7.0	6.6	6.4	6.4	6.2	5.8	5.6
<b>RoE</b>	<b>17.3</b>	<b>17.9</b>	<b>18.2</b>	<b>19.5</b>	<b>20.4</b>	<b>20.7</b>	<b>18.3</b>	<b>17.7</b>

E: MOFSL Estimates

## Financials and valuations

Income Statement							(INR b)	
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest on loans	361	367	376	436	499	551	579	627
Interest exp & other charges	232	227	233	280	305	332	345	367
<b>Net Interest Income</b>	<b>130</b>	<b>140</b>	<b>144</b>	<b>156</b>	<b>193</b>	<b>219</b>	<b>235</b>	<b>260</b>
Change (%)	28.3	8.3	2.4	8.8	23.7	13.2	7.2	11.0
Other operating income	11	19	21	23	35	34	37	39
Exchg Gain/(loss) on Forex loans	2	-9	-20	2	-5	-16	-9	-8
Other Income	0	0	0	0	0	0	0	1
<b>Net Income</b>	<b>142</b>	<b>150</b>	<b>145</b>	<b>181</b>	<b>224</b>	<b>238</b>	<b>263</b>	<b>292</b>
Change (%)	48.4	5.7	-3.6	25.2	23.5	6.2	10.7	11.2
Employee Cost	2	2	2	2	3	3	3	3
Administrative Exp	3	3	4	4	5	5	5	6
Depreciation	0	0	0	0	0	0	0	0
<b>Operating Income</b>	<b>137</b>	<b>144</b>	<b>139</b>	<b>175</b>	<b>216</b>	<b>230</b>	<b>254</b>	<b>283</b>
Change (%)	49.2	5.4	-4.0	25.8	23.9	6.1	10.7	11.2
<b>Total Provisions</b>	<b>35</b>	<b>22</b>	<b>-3</b>	<b>-2</b>	<b>5</b>	<b>-18</b>	<b>9</b>	<b>11</b>
% to operating income	25.5	15.4	-2.1	-1.0	2.1	-7.9	3.6	4.0
<b>PBT</b>	<b>102</b>	<b>122</b>	<b>142</b>	<b>176</b>	<b>212</b>	<b>248</b>	<b>245</b>	<b>271</b>
Prior period Adjustments	0	0	0	0	0	0	0	0
<b>PBT (post prior period adj)</b>	<b>102</b>	<b>122</b>	<b>142</b>	<b>176.3</b>	<b>211.7</b>	<b>247.7</b>	<b>245</b>	<b>271</b>
Tax (Incl Deferred tax)	18	22	26	33	38	47	45	51
Tax Rate (%)	17.3	18.0	18.1	18.5	18.0	19.1	18.2	18.9
<b>PAT</b>	<b>84</b>	<b>100</b>	<b>116</b>	<b>144</b>	<b>174</b>	<b>201</b>	<b>200</b>	<b>220</b>
Change (%)	49.3	18.7	15.8	23.8	20.8	15.6	0.0	9.8
Extra ordinary item	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>84</b>	<b>100</b>	<b>116</b>	<b>144</b>	<b>174</b>	<b>201</b>	<b>200</b>	<b>220</b>
<b>Adjusted PAT (Excluding REC Dividend)</b>	<b>82</b>	<b>98</b>	<b>113</b>	<b>139</b>	<b>168</b>	<b>195</b>	<b>194</b>	<b>214</b>
Change (%)	56.7	18.7	15.4	23.5	20.6	15.9	-0.3	10.0
Proposed Dividend (Incl Tax)	26	32	35	45	52	61	61	66

Balance Sheet							(INR b)	
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Capital	26	26	26	33	33	33	33	33
Reserves & Surplus	498	567	656	759	876	992	1,132	1,286
<b>Net Worth</b>	<b>524</b>	<b>594</b>	<b>682</b>	<b>792</b>	<b>909</b>	<b>1,025</b>	<b>1,165</b>	<b>1,319</b>
Deferred Tax Liability	0	0	0	0	0	0	0	0
<b>Networth (incl DTL)</b>	<b>524</b>	<b>594</b>	<b>682</b>	<b>792</b>	<b>909</b>	<b>1,025</b>	<b>1,165</b>	<b>1,319</b>
Interest subsidy from Gov	0	0	0	0	0	0	0	0
<b>Borrowings</b>	<b>3,330</b>	<b>3,274</b>	<b>3,704</b>	<b>4,164</b>	<b>4,755</b>	<b>4,978</b>	<b>5,237</b>	<b>5,703</b>
Change (%)	7.3	-1.7	13.1	12.4	14.2	4.7	5.2	8.9
<b>Total Liabilities</b>	<b>3,921</b>	<b>3,944</b>	<b>4,448</b>	<b>5,056</b>	<b>5,782</b>	<b>6,185</b>	<b>6,603</b>	<b>7,244</b>
Investments	160	161	173	202	207	207	218	228
Change (%)	-3.0	0.7	7.6	16.9	2.5	0.0	5.0	5.0
<b>Loans</b>	<b>3,601</b>	<b>3,609</b>	<b>4,108</b>	<b>4,699</b>	<b>5,328</b>	<b>5,740</b>	<b>6,243</b>	<b>6,857</b>
Change (%)	7.8	0.2	13.8	14.4	13.4	7.7	8.8	9.8
Forex monetary reserves	0	0	0	0	0	0	0	0
Net Fixed Assets	1	1	1	1	1	1	1	1
Net Current Assets	48	40	16	2	68	23	29	40
<b>Total Assets</b>	<b>3,921</b>	<b>3,944</b>	<b>4,448</b>	<b>5,056</b>	<b>5,782</b>	<b>6,185</b>	<b>6,603</b>	<b>7,244</b>

E: MOFSL Estimates

## Financials and valuations

Loans and Disbursements	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Gross Loans (INR b)	3,708	3,731	4,225	4,815	5,431	5,801	6,344	6,964
YoY Growth (%)	7	1	13	14	13	7	9	10
Disbursements (INR b)	883	512	858	1,277	1,683	1,654	1,820	1,983
YoY Growth (%)	30	-42	67	49	32	-2	10	9

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Spreads Analysis (%)</b>								
Avg. Yields	10.4	10.2	9.8	9.9	9.9	10.0	9.7	9.6
Avg Cost of funds	7.2	6.9	6.7	7.1	6.8	6.8	6.8	6.7
Interest Spread	3.2	3.3	3.1	2.79	3.10	3.13	2.9	2.9
NIM	3.8	3.6	3.2	3.6	3.8	3.7	3.8	3.9

### Profitability Ratios (%)

RoE	17.3	17.9	18.2	19.5	20.4	20.7	18.31	17.73
RoA	2.2	2.5	2.8	3.0	3.2	3.4	3.1	3.2

### Efficiency Ratios (%)

Int. Expended/Int.Earned	64.2	61.8	61.8	64.2	61.2	60.2	59.5	58.5
Other operating Inc./Net Inc.	7.6	12.3	14.3	12.5	15.6	14.4	14.0	13.5
Other Income/Net Income	0.2	0.3	0.1	0.1	0.1	0.2	0.2	0.2
Op. Exps./Net Income	3.6	3.8	4.2	3.7	3.4	3.4	3.3	3.3
Empl. Cost/Op. Exps.	37.9	37.1	36.3	36.3	35.8	35.1	34.8	34.3

### Asset-Liability Profile (%)

Loans/Borrowings Ratio (x)	108	110	111	113	112	115	119	120
Assets/Networth (x)	7.5	6.6	6.5	6.4	6.4	6.0	5.7	5.5
Debt/Equity (x)	6.4	5.5	5.4	5.3	5.2	4.9	4.5	4.3

### Asset Quality (%)

Gross Stage 3	5.7	5.6	3.9	3.3	1.9	1.1	0.7	0.6
Net Stage 3	2.1	1.8	1.1	0.9	0.4	0.2	0.1	0.1
PCR	63.4	68.6	72.7	74.4	80.1	86.2	90.0	90.0
Credit costs	1.01	0.62	-0.08	-0.04	0.09	-0.33	0.15	0.17

### Valuations

Book Value (INR)	198	225	258	240	276	311	353	400
BV Growth (%)	16.0	13.3	14.9	-7.1	14.8	12.8	13.6	13.2
Price-BV (x)	<b>2.2</b>	<b>2.0</b>	<b>1.7</b>	<b>1.9</b>	<b>1.6</b>	<b>1.4</b>	<b>1.3</b>	<b>1.1</b>
Adjusted Book Value (INR)	144	170	203	196	232	267	309	356
ABV Growth (%)	23.6	18.4	19.7	-3.6	18.1	15.2	15.8	15.1
Price-ABV (x)	<b>2.3</b>	<b>1.9</b>	<b>1.6</b>	<b>1.7</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>	<b>0.9</b>
EPS (INR)	32.0	38.0	44.0	43.5	52.6	60.8	60.8	66.7
EPS Growth (%)	49.3	18.7	15.8	-1.0	20.8	15.6	0.0	9.8
Price-Earnings (x)	<b>13.9</b>	<b>11.7</b>	<b>10.1</b>	<b>10.2</b>	<b>8.5</b>	<b>7.3</b>	<b>7.3</b>	<b>6.7</b>
Core EPS (INR)	31.2	37.0	42.8	42.3	50.9	59.1	58.9	64.8
Adj Core EPS Growth (%)	56.7	18.7	15.4	-1.2	20.6	15.9	-0.3	10.0
Adj. Price-Core EPS (x)	<b>10.6</b>	<b>8.9</b>	<b>7.7</b>	<b>7.8</b>	<b>6.5</b>	<b>5.6</b>	<b>5.6</b>	<b>5.1</b>
DPS	10.0	12.0	13.3	13.5	15.8	18.6	18.5	20.0
Dividend Yield (%)	<b>2.2</b>	<b>2.7</b>	<b>3.0</b>	<b>3.0</b>	<b>3.5</b>	<b>4.2</b>	<b>4.2</b>	<b>4.5</b>

E: MOFSL Estimates

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UNDER REVIEW	Rating may undergo a change
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