

Bajaj Finance

Estimate change



TP change



Rating change



CMP: INR8,093

TP: INR9,600 (+19%)

Buy

Earnings in line; reported NIM contracts 15bp QoQ

NIM compression will continue in 2HFY24 as well

Bloomberg	BAF IN
Equity Shares (m)	604
M.Cap.(INRb)/(USDb)	4903.7 / 58.9
52-Week Range (INR)	8192 / 5486
1, 6, 12 Rel. Per (%)	10/24/-4
12M Avg Val (INR M)	6965

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Net Income	364	455	573
PPP	242	310	393
PAT	148	191	243
EPS (INR)	240	310	393
EPS Gr. (%)	26	29	27
BV/Sh. (INR)	1,231	1,515	1,854

Ratios

NIM (%)	10.5	10.3	10.4
C/I ratio (%)	33.5	31.9	31.4
RoA (%)	4.6	4.7	4.7
RoE (%)	22.7	22.6	23.4
Payout (%)	15.2	13.8	13.8

Valuations

P/E (x)	33.7	26.1	20.6
P/BV (x)	6.6	5.3	4.4
Div. Yield (%)	0.5	0.5	0.7

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	55.9	55.9	55.9
DII	12.9	13.0	12.0
FII/FIIFII	20.2	19.3	20.3
Others	11.0	11.8	11.8

FII Includes depository receipts

- Bajaj Finance (BAF)'s 2QFY24 reported PAT grew 28% YoY to ~INR35.5b (in line).
- NII rose 30% YoY to ~INR72b. Other operating income grew 13% YoY, and net total income (NTI) jumped 26% YoY to ~INR88.4b in 2QFY24.
- BAF's 2QFY24 NIM (calc.) contracted ~35bp QoQ to ~12.6% even as the reported NIM declined ~15bp QoQ. We model NIM compression of ~20bp in FY24 due to the expected rise in cost of borrowings and challenges in passing on any further interest rate hikes.
- We have incorporated the announced equity capital raise of ~INR100b in our estimates and model an AUM/PAT CAGR of ~29%/28% over FY23-FY26. We expect BAF to deliver an RoA/RoE of 4.8%/23% in FY26.
- Key monitorables for FY24 are: a) the evolution of its payments landscape and adoption of its payment offerings, and b) the degree to which the NIM compression can be offset with operating leverage, resulting in a contraction in cost ratios.
- Reiterate **BUY** with a TP of INR9,600 (premised on 5.7x Sep'25E BVPS).

AUM growth at ~33% YoY; new customer acquisitions strong

- Total customer franchise rose 22% YoY to ~77m. New loans booked grew 26% YoY to 8.5m (PY: 6.8m). The company is confident of adding 13-14m new customers in FY24E.
- Reported total AUM grew 33% YoY and ~7.5% QoQ to INR2.9t. Sequential AUM growth was driven by 2W/3W Finance (+12%), Urban B2C (+6%), SME finance (+11%), Commercial (incl. LAS) (+8%) and Mortgages (+9%). However, both Rural Sales Finance (-1% QoQ) and Rural B2C business (+3% QoQ) exhibited muted AUM growth because of various corrective measures initiated by the company.

Cost ratios broadly stable aided by operating leverage

- Operating expenses grew 20% YoY to INR30b, and the opex-to-NII ratio was stable QoQ at ~34%.
- The company added 106 new locations and ~14K distribution points in 2QFY24. BAF will continue to invest in digital initiatives and technology and expects to see operating leverage come through every quarter from hereon.
- Operating leverage from economies of scale and lower technological investments would cause the opex-to-NII ratio to moderate to 34%/ 32% in FY24/FY25.

Credit costs broadly stable QoQ

- Credit costs in 2QFY24 stood at ~155bp (PY: ~140bp). This included an amount of ~INR1b released from the management overlay.
- Total credit costs in 2QFY24 stood at INR10.8b. BAF held a management & macroeconomic overlay of INR7.4b as of Sep'23.

Minor deterioration in asset quality; corrective actions taken in rural B2C

- BAF's reported GS3 increased ~5bp QoQ to ~0.9%, while NS3 was largely stable at ~0.3%. Stage 3 PCR rose ~120bp QoQ to ~66%.
- Rural B2C exhibited minor stress, and the management has cut incremental business volumes in this segment to mitigate risk. It expects Rural B2C to remain muted until Feb'24 and recover subsequently.

Highlights from the management commentary

- Management guided for additional 25-30bp NIM compression in 2HFY24. Replacement of legacy borrowings at higher interest rates will happen predominantly in 3Q and a relatively smaller portion in 4Q. Operating leverage will play a bigger role in mitigating the NIM compression.
- New car financing is ahead of plan and is now present in 85 locations. The microfinance pilot was launched in Sep'23 with presence in 12 locations (across UP and Karnataka), and 100 locations are on track to go live by Mar'24.

Valuation and view

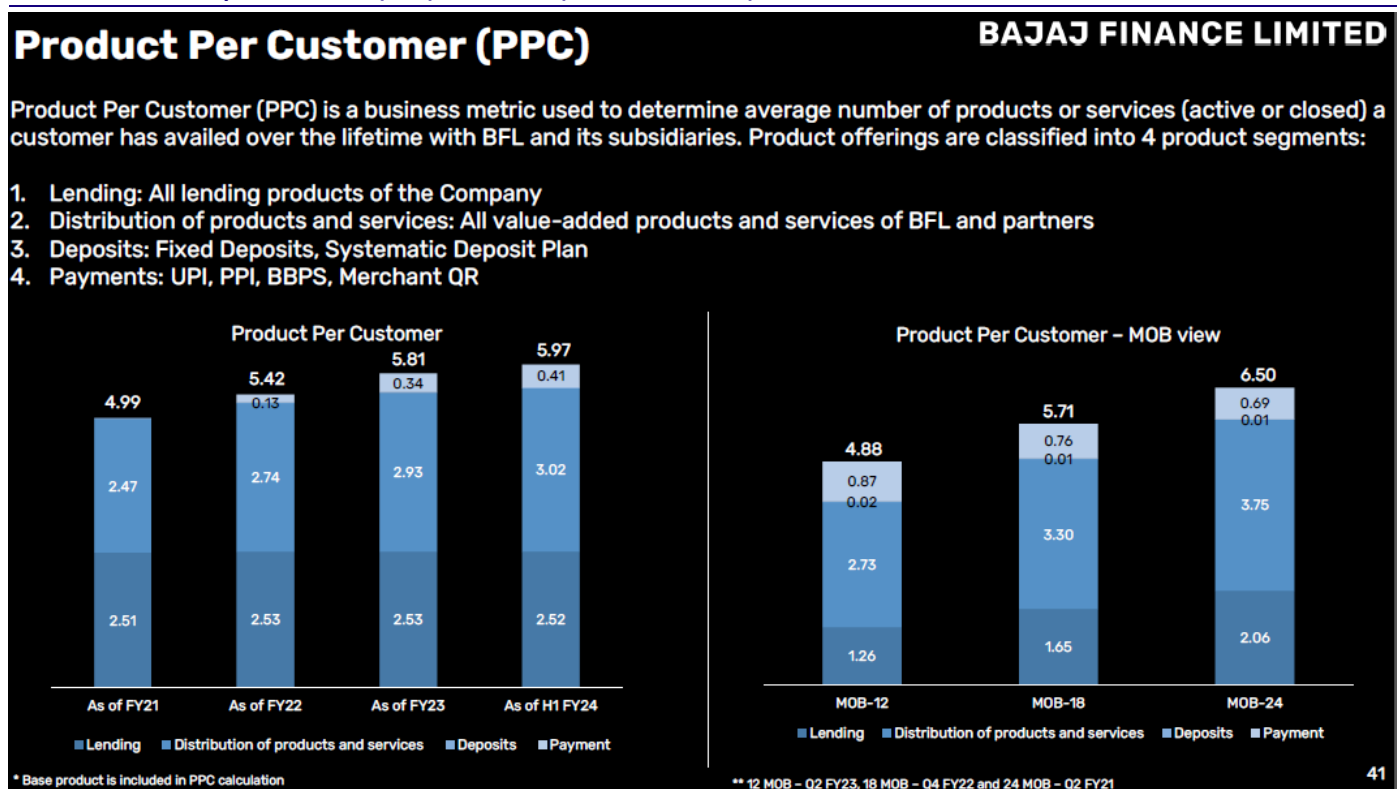
- Customer acquisitions and the new loan trajectory have been strong. The momentum will only get stronger with the digital ecosystem (app, web platform and full-stack payment offerings) in place.
- BAF should be able to offset the NIM compression in FY24 with lower operating cost ratios. Our EPS estimates are largely unchanged, and we now introduce our FY26 estimates. We expect BAF to deliver a PAT CAGR of 28% over FY23-FY26 and an RoA/RoE of 4.8%/23.0% in FY26. **Maintain BUY with a TP of INR9,600 (premised on 5.7x Sep'25E BVPS).**

Quarterly Performance

Y/E March	FY23				FY24E				FY23	FY24E	2QFY24E	(INR m) Act V/s Est
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24				
Interest Income	79,197	85,090	92,734	98,469	1,08,211	1,17,340	1,26,141	1,34,149	3,55,502	4,85,841	1,17,084	0
Interest expenses	26,451	29,714	33,512	35,920	41,025	45,371	49,908	52,021	1,25,599	1,88,324	45,128	1
Net Interest Income	52,745	55,376	59,222	62,549	67,186	71,970	76,233	82,129	2,29,903	2,97,517	71,956	0
YoY Growth (%)	42.5	29.1	25.3	30.2	27.4	30.0	28.7	31.3	31.2	29.4	29.9	
Other Operating Income	13,630	14,637	15,126	15,162	16,795	16,477	16,585	16,741	58,555	66,599	16,573	-1
Net Income	66,376	70,013	74,347	77,712	83,980	88,447	92,818	98,870	2,88,458	3,64,116	88,530	0
YoY Growth (%)	47.8	31.2	23.9	28.1	33.3	26.3	24.8	27.2	31.8	26.2	26.4	
Operating Expenses	23,801	25,148	25,818	26,522	28,544	30,100	31,304	32,180	1,01,300	1,22,128	29,628	2
Operating Profit	42,575	44,865	48,529	51,190	55,437	58,347	61,514	66,690	1,87,158	2,41,988	58,901	-1
YoY Growth (%)	36.6	35.8	23.8	29.0	37.0	30.0	26.8	30.3	30.8	29.3	31.3	
Provisions and Cont.	7,547	7,342	8,413	8,594	9,953	10,771	10,490	12,275	31,897	43,489	9,660	11
Profit before Tax	35,028	37,523	40,117	42,611	45,512	47,576	51,025	54,431	1,55,279	1,98,515	49,241	-3
Tax Provisions	9,065	9,716	10,387	11,033	11,143	12,070	13,215	14,288	40,202	50,716	12,753	-5
Net Profit	25,963	27,807	29,730	31,578	34,369	35,507	37,809	40,142	1,15,077	1,47,799	36,488	-3
YoY Growth (%)	159.0	87.8	39.9	30.5	36.8	27.7	27.2	27.1	63.7	28.4	31.2	

Y/E March	FY23				FY24E				FY23	FY24E	2QFY24E	Act V/s Est
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24				
Key Operating Parameters (%)												
Fees to Net Income Ratio	20.5	20.9	20.3	19.5	20.0	18.6			20.3	18.3		
Credit Cost	1.55	1.43	1.54	1.47	1.57	1.56			1.47	1.5		
Cost to Income Ratio	35.9	35.9	34.7	34.1	34.0	34.0			35.1	33.5		
Tax Rate	25.9	25.9	25.9	25.9	24.5	25.4			25.9	25.5		
Balance Sheet Parameters												
AUM (INR B)	2,040	2,184	2,308	2,474	2,701	2,903			2,474	2,701		
Change YoY (%)	28.3	30.8	27.4	25.3	42.3	32.9			25.3	42		
Loans (INR B)	1,984	2,127	2,254	2,423	2,653	2,857			2,423	2,653		
Change YoY (%)	29.5	32.3	29.0	26.6	44.1	34.3			26.6	44		
Borrowings (INR B)	1,721	1,833	2,013	2,154	2,352	2,544			2,154	2,352		
Change YoY (%)	29.1	26.4	30.7	30.4	47.8	38.8			30.4	48		
Loans/Borrowings (%)	115.3	116.1	112.0	112.5	112.8	112.3			112.5	113		
Asset Quality Parameters (%)												
GS 3 (INR B)	25.4	25.3	26.1	23.1	23.5	26.5			23.1	29.5		
Gross Stage 3 (% on Assets)	1.25	1.17	1.14	0.94	0.87	0.91			0.94	0.90		
NS 3 (INR B)	10.2	9.5	9.3	8.4	8.3	9.0			8.4	9.7		
Net Stage 3 (% on Assets)	0.51	0.44	0.41	0.34	0.31	0.31			0.35	0.30		
PCR (%)	59.9	62.3	64.2	63.8	77.4	66.0			63.8	67.0		
Return Ratios (%)												
ROAA (Rep)	5.3	5.4	5.4	5.4	5.4	5.16			4.7	4.6		
ROAE (Rep)	23.1	23.57	24.0	23.9	24.5	24.1			23.4	22.7		

Source: Company, MOFSL

Exhibit 1: Products per customer (PPC) rose to ~6 (vs. ~5 as of FY21)

Source: Company, MOFSL

Exhibit 2: Omni-channel strategy – key metrics

BAJAJ FINANCE LIMITED					
Omnipresence metrics - Strong growth momentum across Geography and Digital metrics					
Particulars	Unit	Q2 FY23	Q1 FY24	Q2 FY24	YoY
Geography					
New locations added – in the Qtr	#	99	95	106	7%
Locations – Cumulative	#	3,685	3,828	3,934	7%
Standalone Gold loan branches – Cumulative	#	175	424	514	194%
App Metrics					
Downloads – In the Qtr	# in MM	12.59	15.10	16.74	33%
Net Installs – Cumulative	# in MM	26.6	40.2	44.7	68%
In-App programs – Cumulative	#	87	118	134	54%
Ranking in financial domain in Playstore	#	5	5	5	↑
Service requests initiated on app – In the Qtr	% of total SR	19.1%	34.0%	34.7%	↑
App Payments metrics					
UPI handles – Cumulative	# in MM	7.23	15.48	18.60	157%
Bill pay transactions – In the Qtr	# in MM	3.59	5.44	6.43	79%
QRs at merchant PoS – Cumulative	# in MM	0.08	1.14	2.16	NA
Rewards issued – In the Qtr	# in MM	9.1	18.1	22.1	143%

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Source: Company, MOFSL

Exhibit 3: Omni-channel strategy – key metrics

BAJAJ FINANCE LIMITED					
Omnipresence metrics - Strong growth momentum across Geography and Digital metrics					
Particulars	Unit	Q2 FY23	Q1 FY24	Q2 FY24	YoY
App business metrics					
EMI cards acquired on App – In the Qtr	# in '000	100	123	130	30%
Personal loan disbursed on App – In the Qtr	In ₹ Cr	2,391	2,760	2,910	22%
Credit card acquisition on App – In the Qtr	# in '000	47.8	77.0	69.9	46%
Flexi loan transactions on App – In the Qtr	# in MM	1.03	1.70	1.99	93%
DMS receipts on App – In the Qtr	# in 'MM	0.77	0.98	1.10	43%
Marketplace metrics					
Bajaj Mall visits – In the Qtr	# in MM	33.6	49.0	52.0	55%
Bajaj Mall loans – In the Qtr	# in '000	562	826	589	5%
Insurance Bazaar policies – In the Qtr	# in '000	23.5	112.0	106.0	351%
Investments Bazaar MF A/C – In the Qtr	# in '000	20.8	25.4	38.5	85%
Digital EMI card metrics					
EMI cards acquired digitally – In the Qtr	# in '000	664	665	678	2%
EMI cards acquired digitally – CIF	# in MM	2.6	3.8	4.2	62%
B2B loans from digital EMI cards – in the Qtr	# in '000	269	416	346	29%

Source: Company, MOFSL

Exhibit 4: Customer franchise – key metrics

Customer franchise - Key financial metrics									BAJAJ FINANCE LIMITED		
Particulars	Unit	FY17	FY18	FY19	FY20	FY21	FY22	FY23	H1 FY23	H1 FY24	YoY
New loans booked	In MM	10.1	15.3	23.5	27.4	16.9	24.7	29.6	14.2	18.5	30%
New customer addition	In MM	4.1	6.1	8.3	8.1	6.0	9.0	11.6	5.3	7.4	39%
Existing customer mix	%	59.8%	60.3%	64.8%	70.4%	64.6%	63.5%	60.9%	62.3%	59.8%	-
Total franchise	in MM	20.1	26.2	34.5	42.6	48.6	57.6	69.1	62.9	76.6	22%
Cross sell franchise	in MM	11.0	15.4	20.7	24.1	26.9	32.8	40.6	36.4	46.7	28%
Co-branded credit cards sold	in MM	0.03	0.39	0.81	1.12	0.70	1.36	1.92	0.87	1.04	20%
Other financial products sold to existing customers	in MM	0.06	0.08	0.19	0.27	0.67	2.23	2.36	0.99	1.26	27%
AUM per cross sell franchise	₹	54,722	53,417	56,066	60,983	56,879	58,617	60,991	60,007	62,195	4%
PAT per cross sell franchise*	₹	1,670	1,618	1,933	2,182	1,644	2,145	2,837	1,478*	1,497*	1%

Source: MOFSL, Company



Highlights from the management commentary

Business update

- AUM grew INR202b and rose 33% YoY.
- Opex-to-NII ratio stood at 34% (broadly stable QoQ).
- NII grew 26% to INR88.5b. NIM compression in 2Q was 14bp (vs. 1Q).
- B2B disbursements grew 31% YoY to INR186b.
- Annualized RoA/RoE at 5.2%/24.1%. Capital adequacy remained strong at ~23.2% (Tier 1: 21.9%).

Guidance

- Guidance to add 13-14m new customers to the franchise in FY24
- Guided for additional 25-30bp NIM compression in 2HFY24. Replacement of legacy borrowings at higher interest rates will happen predominantly in 3Q and a relatively smaller portion in 4Q. Operating leverage will play a bigger role in mitigating the NIM compression.

NIM

- NIM compression in 2Q over 1Q was 14bp.

Asset Quality

- ~INR1b of management overlay was released in 2QFY24. Risk metrics across all the businesses were stable except rural B2C business. The company has taken risk actions in rural B2C business resulting in muted AUM growth in 1HFY24.

Product Per Customer (PPC)

- Product Per Customer improved to ~6 (vs. ~5 as on FY21). This included Lending, Distribution of products and services, Deposits and Payments.

Newer Business Lines

- New car financing is ahead of plan and is now present in 85 locations. The microfinance pilot was launched in Sep'23 with presence in 12 locations (across UP and Karnataka), and 100 locations are on track to go live by Mar'24.

Rural B2C

- For this exercise, it has taken into consideration customers with no delinquency and upto 179dpd. Customers who were more than 180dpd were not considered for this exercise because of different write-off policies across lending institutions.
- Principally, those who have more number of <INR50K personal loans - they are not necessarily more leveraged but rather more imprudent.
- BAF is looking at the bureau data closely and taking decisions to ensure that it continues to protect the credit/portfolio risk in the company.
- Rural B2C also includes gold loans. Management expects the asset quality to improve in rural B2C by Feb'24 based on corrective actions taken by BAF.

Personal Loans

- BAF has a ~7.2% market share in personal loans (v/s ~7.5% as on FY20) because of tightening of credit policies in personal loans.
- Based on bureau data, AUM and disbursements in Personal Loans have moderated but the number of loans disbursed has not declined.

BHFL

- Within the LRD portfolio, BHFL does not do retail malls and typically does only retail commercial. All properties are Grade A commercial except one non-Grade A commercial corporate in the LRD portfolio. Total vacancy in the LRD portfolio is ~2% (v/s ~15-16% at the industry level).
- Regulatorily, it is required to maintain ~60% of its assets in individual housing loans (excluding top-ups) and CRE-RH as of Mar'24. It stood at ~59% as of Sep'23.
- The listing is at least eight quarters away, and BHFL has requested an extension from the RBI.
- Leverage threshold of 7x in Bajaj Housing; BHFL is already at leverage of 6.5x and will require capital infusion within the next 12-18 months.

Equity Capital Raise

- BAF will prudently allocate capital and all those business lines that generate healthy returns on RoE will be allocated capital

Mobile App

- Monthly Active Users (MAU): 21-22m
- Daily Active Users (DAU): 2.0-2.5m

Pennant Technologies

- Strategic investment in Pennant Technologies - Relationship began in 2016.
- BAF is migrating the full core backend operations to Pennant Technologies. Core Lending Platform has to be resilient. BAF moved product by product to the Pennant platform.
- Scale at which BAF operates required a robust platform. At the Group level, it made sense to do an investment in Pennant Technologies.

Strategic Investments:

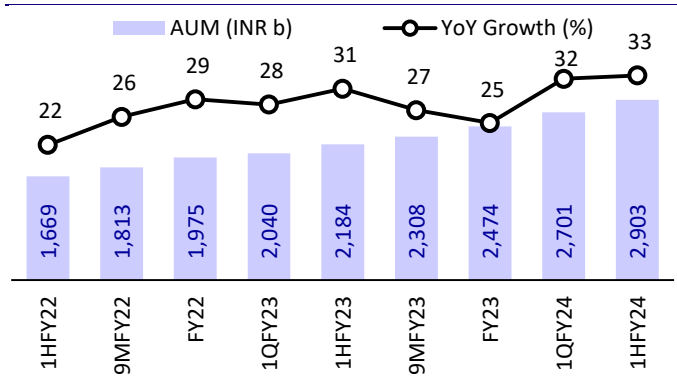
- BAF will remain prudent in the way it makes strategic investments.
- Mobikwik | RBL Bank: Strategic partner with 4.8m RBL cards (over the lifetime) and 3.5m active cards | Snapwork | Pennant Technologies.

Others

- ~46% of the balance sheet has variable interest rates even as BAF acknowledged that competitive intensity will not allow it take further interest rates hikes or increase yields.
- Contribution of Non-Bajaj Auto has been improving; new car financing has gone live; tractors will go live in Jan'24; emerging corporates will go live in Dec'23.

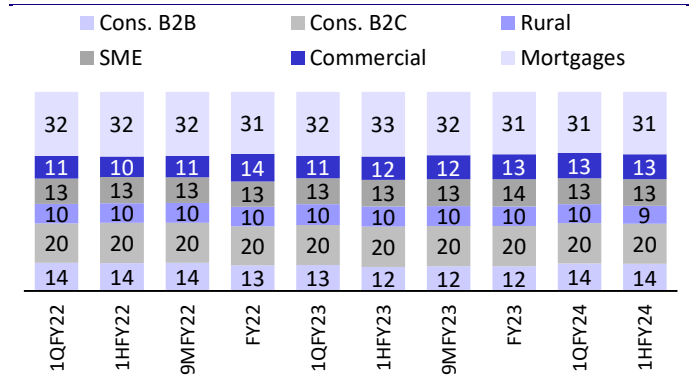
Story in charts

Exhibit 5: AUM growth healthy at 33% YoY



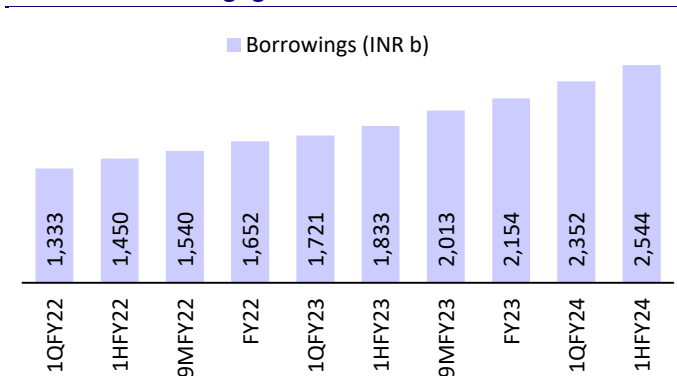
Source: MOFSL, Company

Exhibit 6: AUM mix was largely stable (%)



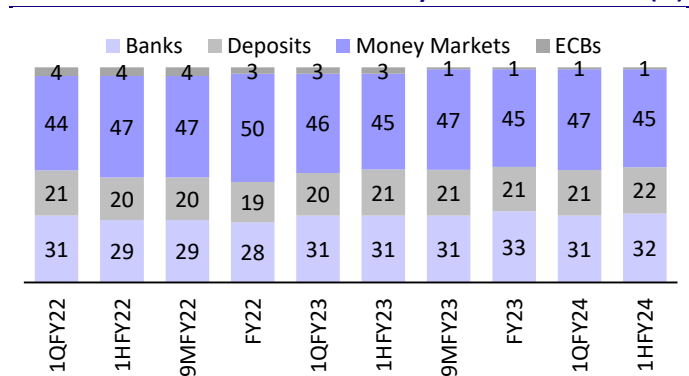
Source: MOFSL, Company

Exhibit 7: Borrowings grew 39% YoY



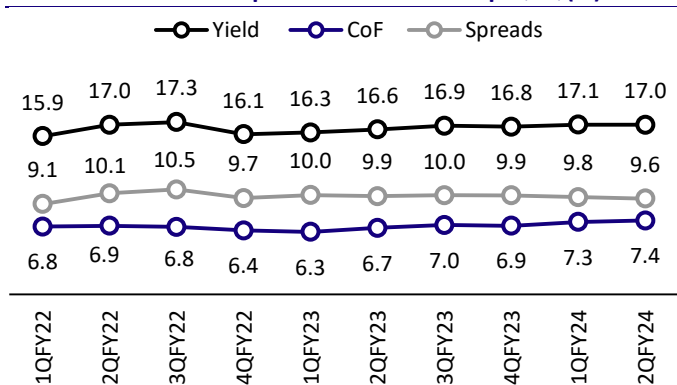
Source: MOFSL, Company

Exhibit 8: Moderate decline in money markets in the mix (%)



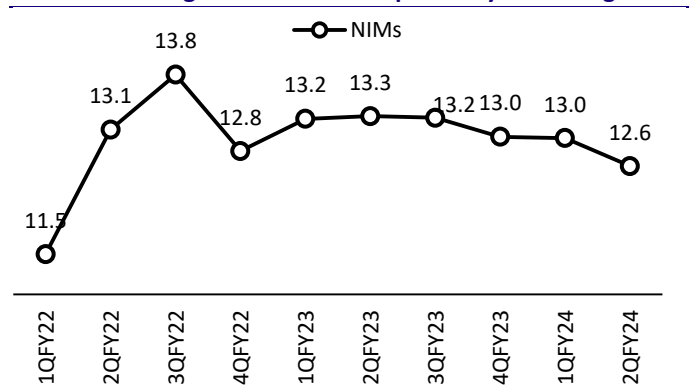
Source: MOFSL, Company

Exhibit 9: Calculated spreads declined ~15bp QoQ (%)



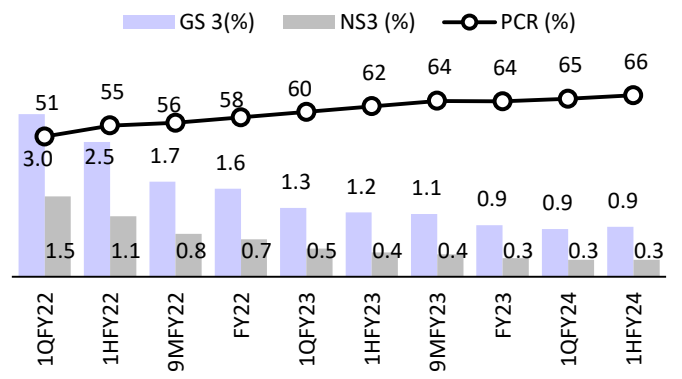
Source: MOFSL, Company

Exhibit 10: Margins moderated sequentially due to high CoF



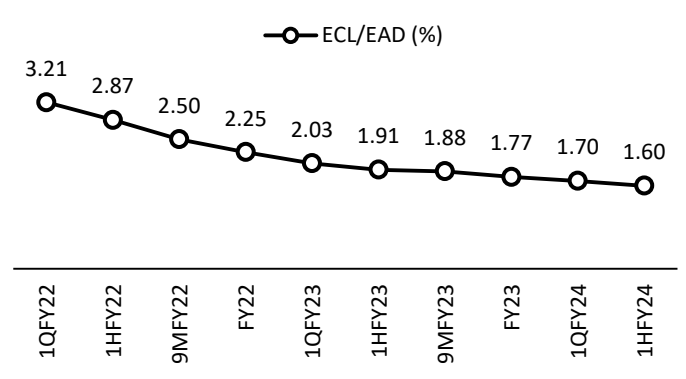
Source: MOFSL, Company

Exhibit 11: GS3 deteriorated ~5bp QoQ (%)



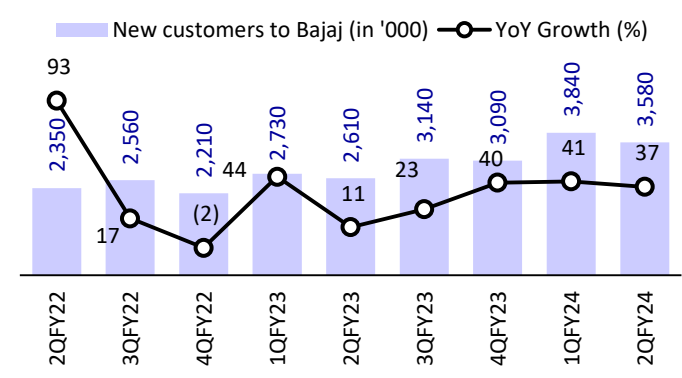
Source: MOFSL, Company;

Exhibit 12: Total ECL provisions stood at ~160bp of EAD



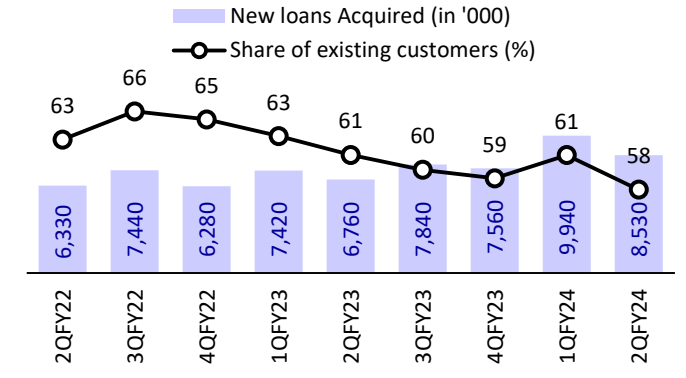
Source: MOFSL, Company

Exhibit 13: New customer additions grew ~37% YoY



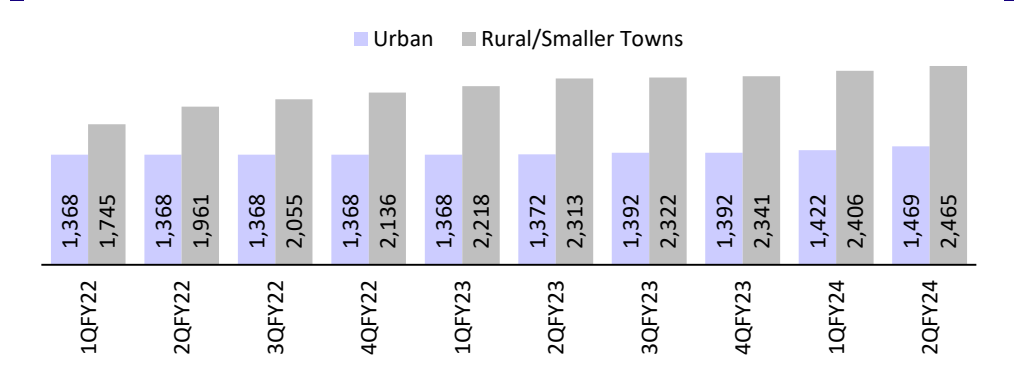
Source: MOFSL, Company

Exhibit 14: Share of existing customers in new loans booked stood at ~58%



Source: MOFSL, Company

Exhibit 15: Trend in branch expansion – additions primarily in rural/smaller towns



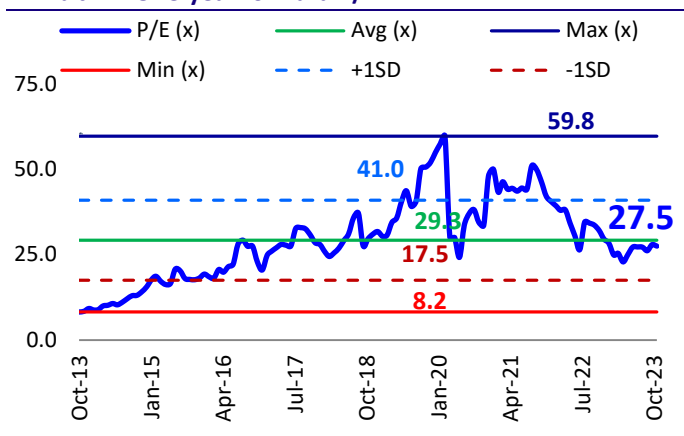
Source: MOFSL, Company

Exhibit 16: Our FY24/FY25 EPS estimates are largely unchanged

INR B	Old Est.		New Est.		% Change	
	FY24	FY25	FY24	FY25	FY24	FY25
NII	295.2	377.0	297.5	384.1	0.8	1.9
Other operating Income	66.2	71.9	66.5	71.1	0.5	-1.1
Other Income	0.1	0.1	0.1	0.1		
Total Income	361.4	449.0	364.1	455.4	0.7	1.4
Operating Expenses	120.6	143.4	122.1	145.2	1.3	1.3
Operating Profits	240.8	305.6	242.0	310.1	0.5	1.5
Provisions	41.5	49.7	43.5	52.2	4.7	4.9
PBT	199.3	255.9	198.5	258.0	-0.4	0.8
Tax	50.9	66.3	50.7	66.8	-0.4	0.8
PAT	148.4	189.6	147.8	191.2	-0.4	0.8
Loans	3,222	4,124	3,246	4,188	0.8	1.5
Borrowings	2,852	3,629	2,808	3,599	-1.5	-0.8
RoA	4.7	4.7	4.6	4.7		
RoE	24.4	25.2	22.7	22.6		

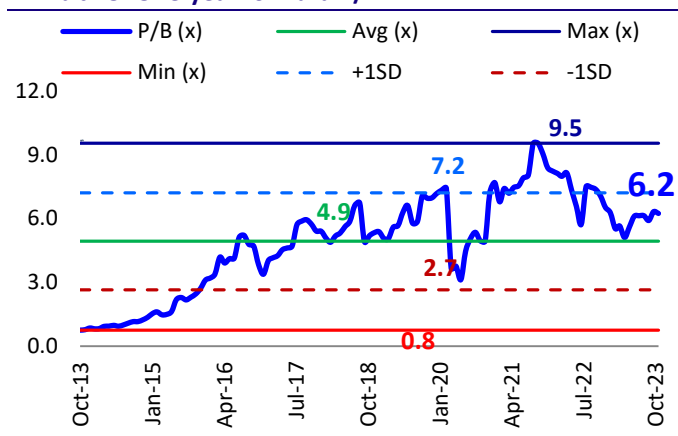
Source: MOFSL, Company

Exhibit 17: One-year forward P/E



Source: MOFSL, Company

Exhibit 18: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement										INR b
Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	87.1	115.9	163.5	229.7	233.0	272.7	355.5	485.8	635.6	805.6
Interest Expended	38.0	46.1	66.2	94.7	94.1	97.5	125.6	188.3	251.5	317.5
Net Interest Income	49.0	69.7	97.3	135.0	138.9	175.2	229.9	297.5	384.1	488.1
Change (%)	35.4	42.2	39.5	38.8	2.9	26.2	31.2	29.4	29.1	27.1
Other Operating Income	12.7	11.6	21.4	34.0	33.6	43.6	58.5	66.5	71.1	85.2
Other Income	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net Income	62.0	81.4	118.8	169.1	172.7	218.9	288.5	364.1	455.4	573.5
Change (%)	40.7	31.3	45.9	42.4	2.1	26.8	31.8	26.2	25.1	25.9
Operating Expenses	25.6	32.7	42.0	56.6	53.1	75.8	101.3	122.1	145.2	180.1
Operating Profits	36.4	48.7	76.8	112.5	119.6	143.1	187.2	242.0	310.1	393.3
Change (%)	45.0	34.1	57.6	46.5	6.3	19.6	30.8	29.3	28.2	26.8
Provisions and W/Offs	8.2	10.3	15.0	39.3	59.7	48.0	31.9	43.5	52.2	65.7
PBT	28.2	38.4	61.8	73.2	59.9	95.0	155.3	198.5	258.0	327.6
Tax	9.8	13.5	21.8	20.6	15.7	24.8	40.2	50.7	66.8	84.8
Tax Rate (%)	34.8	35.0	35.3	28.1	26.2	26.0	25.9	25.6	25.9	25.9
PAT	18.4	25.0	39.9	52.6	44.2	70.3	115.1	147.8	191.2	242.7
Change (%)	43.6	35.9	60.0	31.8	-16.0	59.0	63.7	28.4	29.3	27.0
Proposed Dividend	2.5	2.8	4.3	7.3	6.0	6.0	18.1	22.5	26.3	33.4

Balance Sheet										INR b
Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Capital	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Reserves & Surplus (Ex OCI)	89.4	157.4	195.8	323.0	369.2	436.6	543.3	756.6	933.5	1,142.9
Net Worth	91	159	197	324	370	438	545	758	935	1,144
OCI	0.0	-0.1	0.0	-0.9	-1.2	-0.7	-0.8	-0.8	-0.8	-0.8
Net Worth (Including OCI)	91	158	197	323	369	437	544	757	934	1,143
Change (%)	21.9	75.1	24.3	64.1	14.2	18.4	24.4	39.2	23.4	22.4
Borrowings	509	666	1,016	1,298	1,316	1,653	2,167	2,808	3,599	4,460
Change (%)	37.5	30.8	52.6	27.8	1.4	25.5	31.2	29.6	28.2	23.9
Other liabilities	19.9	23.9	29.5	22.6	29.2	35.4	41.2	47.3	54.4	62.6
Total Liabilities	619	848	1,242	1,644	1,715	2,125	2,752	3,613	4,588	5,666
Investments	41.3	31.4	86.0	175.4	184.0	122.5	227.5	238.9	250.8	263.4
Change (%)	299.5	-24.0	173.9	104.0	4.9	-33.4	85.8	5.0	5.0	5.0
Loans	564	800	1,137	1,428	1,467	1,914	2,423	3,246	4,188	5,235
Change (%)	28.7	41.8	42.1	25.6	2.7	30.5	26.6	34.0	29.0	25.0
Other assets	14.1	16.6	19.2	40.5	63.9	88.4	102.1	127.2	149.1	167.8
Total Assets	619	848	1,242	1,644	1,715	2,125	2,752	3,613	4,588	5,666

E: MOFSL Estimates

Financials and valuations

Ratios	(%)									
Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Spreads Analysis (%)										
Yield on Advances	17.4	17.0	16.9	17.9	16.1	16.1	16.4	17.1	17.1	17.1
Cost of borrowings	8.7	7.9	7.9	8.2	7.2	6.6	6.6	7.6	7.9	7.9
Interest Spread	8.7	9.1	9.0	9.7	8.9	9.6	9.8	9.6	9.3	9.2
Net Interest Margin	9.8	10.2	10.0	10.5	9.6	10.4	10.6	10.5	10.3	10.4
Profitability Ratios (%)										
Cost/Income	41.4	40.1	35.3	33.5	30.7	34.6	35.1	33.5	31.9	31.4
Empl. Cost/Op. Exps.	36.3	43.9	46.2	45.0	47.0	47.3	49.9	52.2	54.4	57.0
RoE	22.3	20.0	22.5	20.2	12.7	17.4	23.4	22.7	22.6	23.4
RoA	3.4	3.4	3.8	3.6	2.6	3.7	4.7	4.6	4.7	4.7
Asset Quality (%)										
GNPA	9.8	11.6	18.0	23.6	27.3	31.3	23.1	29.5	40.4	53.7
NNPA	2.6	3.5	7.3	9.4	11.4	13.1	8.4	9.7	11.3	12.4
GNPA %	1.7	1.4	1.6	1.6	1.8	1.6	0.9	0.9	0.9	1.0
NNPA %	0.5	0.4	0.6	0.7	0.8	0.7	0.3	0.3	0.3	0.2
PCR %	74.0	69.6	59.7	60.3	58.4	58.0	63.8	67.0	72.0	77.0
Capitalisation (%)										
CAR	19.5	24.0	20.7	25.0	28.3	27.2	25.0	23.0	22.5	22.8
Tier I	13.3	18.4	16.3	21.3	25.1	24.8	23.2	21.8	21.6	22.1
Tier II	6.2	5.5	4.4	3.7	3.2	2.5	1.8	1.2	0.9	0.7
Average Leverage on Assets (x)	6.6	5.9	5.9	5.5	4.8	4.8	5.0	4.9	4.8	4.9
Valuation										
Book Value (INR)	165	276	341	540	616	726	901	1,231	1,515	1,854
Price-BV (x)				15.0	13.2	11.2	9.0	6.6	5.3	4.4
EPS (INR)	33.6	43.4	69.3	87.7	73.5	116.5	190.4	240.1	309.8	393.5
EPS Growth (%)	40.7	29.2	59.6	26.7	-16.3	58.6	63.4	26.1	29.0	27.0
Price-Earnings (x)				92.3	110.2	69.5	42.5	33.7	26.1	20.6
Dividend per Share (INR)	3.6	4.0	6.0	10.0	10.0	20.0	30.0	37.2	43.5	55.2
Dividend Yield (%)				0.1	0.1	0.2	0.4	0.5	0.5	0.7

E: MOFSL Estimates

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