

### Guidance deferred due to macro stress

UGRO Capital reported decent numbers with total income and earnings coming in 2.1% and 9.7% above our estimates. The rise was mainly led by the highest ever disbursement in a quarter, resulting in higher interest income for the quarter. Other operating income declined by 5% QoQ due to lower Co-lending/DA volume. AUM as on Q3FY25 stood at Rs110.7bn, up 32% YoY and 9% QoQ. Total income at Rs2.2bn was up 34% YoY (9% QoQ), in line with AUM growth as the portfolio yields (reported) increased by 40bps YoY to 16.7%. However, opex came in higher (C/I ratio at 56.7% in Q3FY25 vs 52.7%/53.2% in Q2FY25/Q3FY24) due to branch expansion and will continue to be higher in the coming quarters as the expansion continues, as per the management. Resultantly, operating profit came in flat at Rs942mn (up 24% YoY and flat QoQ). Credit cost (on AUM) inched up by 7bps YoY (fell by 27bps QoQ) to 1.56%. Higher interest income translated into strong net profit of Rs375mn (up 15% YoY and 6% QoQ). RoA stood at 1.9%, down 10bps QoQ. GNPA was flattish while NNPA saw an uptick of 20bps QoQ to 2.1% and 1.5%, respectively. Further, at the current price, the stock is trading at an undemanding valuation of 0.8x P/B on 1-year forward basis, making it an attractive investment opportunity. However, we remain mindful of the challenging macroeconomic environment – the management eluded to stress in the unsecured segment, the broader de-rating in valuation multiples across the lending space and higher expansion plans, which would delay its guided 4% ROA target by three more quarters. Considering these factors, we have reduced our P/ABV multiple from 2.0x to 1.25x and we roll over to FY27E valuation to arrive at our revised target price of Rs320. Maintain BUY.

#### Highest ever disbursement clocked in a quarter

Ugro reported disbursements of Rs20.9bn, up 35.2% YoY and 6.4% QoQ with high growth registered in Emerging Market (EM) loans (+202%/+19% YoY/QoQ). Other segments of SCF witnessed foreclosures. A diversified product mix and strong growth over the last few quarters supported AUM growth of 32% YoY and 9% QoQ. The management remains committed to maintaining higher share of secured book (including quasi secured) and to bring it to 70% of AUM with increasing mix of high-yields products. The share of off book AUM is likely to move up to 50%. It plans to reach 400 branches by FY26, which would ensure continued growth.

#### Mixed performance on operational front

Operating profit increased by 24% YoY (flattish QoQ), led by (1) Higher AUM growth and (2) Lower Co-lending volume and (3) Higher opex. Further, CoF (calc.) was up slightly by ~4bps. Resultantly, NIM (calc, incl. gain on de-recognition of FI) on AUM was flat at 7.2%. Portfolio yields (reported) remained flat QoQ at 16.7%. The management has guided for 70bps-100bps improvement in yields over the next one year and in total 150bps by FY26 as the share of high-yield book increases.

#### Asset quality stable

Ugro witnessed a sequential rise in Stage 2 assets by 10bps to 4.4%. However, GNPA came in flattish at 2.1% vs. 2.1% in Q2FY25. As per management, asset quality is stable currently but regulatory tightening on unsecured loans is impacting the perception towards NBFCs. It expects credit cost to increase over the next few quarters and settle ~2% (of AUM) on a steady-state basis as the book seasons.

#### Financial and valuation summary

YE Mar (Rs mn)	3QFY25A	3QFY24A	YoY (%)	2QFY25A	QoQ (%)	FY25E	FY26E	FY27E
NII	871	661	31.8	649	34.3	3,435	4,840	6,327
PPoP	942	761	23.8	944	(0.2)	3,753	5,085	6,735
Provisions	413	297	38.8	443	(6.9)	1,769	2,306	2,984
PAT	375	325	15.3	355	5.7	1,407	1,973	2,663
AUM growth (%)	32.3	64.1		33.8		31.4	31.5	23.9
NIM (%)	0.0	13.0		0.0		4.9	5.1	5.3
C / I (%)	56.7	53.2		52.7		54.9	55.7	54.3
GNPA (%)	2.1	2.0		2.1		3.7	3.8	3.8
RoA (%)	1.9	2.3		2.0		2.0	2.1	2.2
RoE (%)	8.4	8.5		8.5		8.1	7.1	7.2
P/BV (x)						0.9	0.8	0.7

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

#### Result Update

India I NBFC

27 January, 2025

#### BUY

Price: Rs199

Target Price: Rs320

Forecast return: 60%

Institutional Research

#### Market Data

Bloomberg:	UGRO IN
52 week H/L:	317/197
Market cap:	Rs18.6bn
Shares Outstanding:	93.0mn
Free float:	54.4%
Avg. daily vol. 3mth:	2,05,290

Source: Bloomberg

#### Changes in the report

Rating:	Unchanged
Target price:	Changed from Rs500 to Rs320
ABV:	FY25E;208 FY26E;240

Source: Centrum Broking

#### Shareholding pattern

	Dec-24	Sep-24	Jun-24	Mar-24
Promoter	2.2	2.2	2.2	2.2
FIIs	24.7	20.4	20.3	19.8
DIIIs	2.4	2.8	2.6	3.8
Public/other	70.7	74.6	74.9	74.2

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q3FY25	Actual Q3FY25	Variance (%)
Total Income	2,132	2,177	2.1%
PPOP	1,004	942	-6.1%
PAT	342	375	9.7%

Source: Bloomberg, Centrum Broking



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## Thesis Snapshot

### Estimate revision

YE Mar (Rs mn)	FY25E New	FY25E Old	% chg	FY26E New	FY26E Old	% chg
Total Income	8,324	8,357	(0.4%)	11,484	11,525	(0.4%)
PPOP	3,753	3,786	(0.9%)	5,085	5,272	(3.5%)
PAT	1,407	1,422	(1.1%)	1,973	2,085	(5.4%)

Source: Centrum Broking

### UGRO versus Nifty Midcap 100

	1m	6m	1 year
UGRO IN	(18.6)	(24.0)	(27.7)
NIFTY Midcap 100	(9.1)	(10.3)	9.7

Source: Bloomberg, NSE

### Key assumptions

Y/E Mar	FY25E	FY26E
AUM growth	31.4	31.5
NIMs (on assets)	4.9	5.1
C/I ratio	54.9	55.7
Credit costs(on AUM)	1.7	1.7

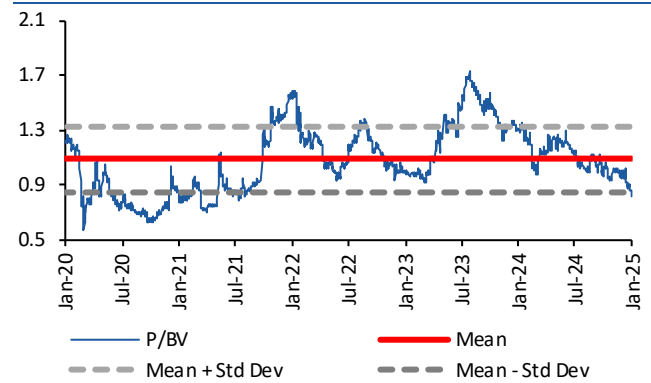
Source: Centrum Broking

### Valuations

We remain mindful of the challenging macroeconomic environment – management eluded to stress in unsecured segment, the broader de-rating in valuation multiples across the lending space and higher expansion plans of the company which would delay its guided 4% ROA targets by 3 more quarters. Considering these factors, we have reduced our P/ABV multiple from 2.0x to 1.25x and we roll over to FY27E valuation to arrive at our revised Target Price of Rs320. Maintain Buy.

Valuations	Rs/share
FY27 P/ABV	256
Target multiple	1.25
Target Price	320
CMP	200
Upside to CMP	60%

#### P/BV mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	Market cap		P/B (x)				P/E(x)				RoE (%)			
	Rs bn	US \$bn	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
Five Star	207	2.4	4.0	3.3	2.8	2.4	24.9	19.9	16.8	14.5	17.5	18.3	18.2	17.5
MAS	43	0.5	2.2	1.7	1.5	1.3	15.9	13.6	11.2	9.1	15.1	14.5	14.2	17.4
<b>UGRO Capital</b>	<b>19</b>	<b>0.2</b>	<b>1.3</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>	<b>15.4</b>	<b>13.0</b>	<b>14.4</b>	<b>10.7</b>	<b>9.9</b>	<b>8.1</b>	<b>7.1</b>	<b>7.2</b>

Source: Company, Centrum Broking

**Exhibit 1: Key conference call takeaways and metrics**

Centrum Quarterly Monitor	Q2FY25	Q3FY25	Our Comments
<b>Margins and Profitability</b>	<ul style="list-style-type: none"> <li>Interest income was little subdued due to RBI regulations.</li> <li>DA/Co-lending income to be in line with AUM growth</li> <li>Co-lending with banks has seen traction and the trend is expected to continue.</li> </ul>	<ul style="list-style-type: none"> <li>Co-lending volumes have seen a downturn as banks exercise caution in business lending; optimism exists for volume recovery with banks resuming business loans</li> </ul>	<ul style="list-style-type: none"> <li>We have slightly decreased our margin estimates on the back of macro level stress.</li> </ul>
<b>Asset quality</b>	<ul style="list-style-type: none"> <li>Gradually, co. expects to move towards 2.0% CC (on AUM).</li> <li>As per management, in long run Micro enterprises business would have GNPA of 3.5% with credit cost of 1%. Similarly, Unsecured loan business would have GNPA of 4.5% with credit cost of 2.5%.</li> </ul>	<ul style="list-style-type: none"> <li>From early portfolio indicator nothing specific seen. From acquisition, there is a decline in machinery led loans due to lower turnovers in acquired company.</li> </ul>	<ul style="list-style-type: none"> <li>We believe 4Q would see asset quality to be maintained as the credit cost is expected to remain stable.</li> </ul>
<b>Outlook and guidance</b>	<ul style="list-style-type: none"> <li>Company has guided for AUM growth of 30-35%, ROA of ~ 4%; Credit cost at ~2% and leverage at 4x.</li> <li>Secured portfolio will be at 70% of AUM. Co. will focus to take off-book AUM up to 50%.</li> </ul>	<ul style="list-style-type: none"> <li>Aiming for a 4% ROA and sustainable ROE of 16-18%, with a delay of 2-3 quarters expected for the 4% ROA goal.</li> <li>Plans to increase focus on high-yield emerging market loans, especially in semi-urban and rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>We believe Company can face difficulties to reach the 4% ROA target for the year FY26 and have accordingly baked in the same.</li> </ul>

Source: Centrum Broking

## Earnings concall KTAs

### Opening remarks

- Significant regulatory changes and market challenges are being faced in the NBFC and MFI sector.
- AUM has crossed Rs110bn and recorded its highest ever disbursement in a quarter.
- EM is the standout performer out of all the products and will be the key focus area for the company.
- ROA target has been delayed due to lower volume primarily due to slower liquidity environment. Difficult to give a clear guidance but 2-3 quarters delay is expected.
- Co-lending volume has seen a downturn as banks exercise caution in business lending; optimism exists for volume recovery with banks resuming business loans.

### Guidance

- Aiming for 4% ROA and sustainable ROE of 16-18%, with a delay of 2-3 quarters expected for the 4% ROA goal.
- Plans to increase focus on high-yield EM loans, especially in semi-urban and rural areas.
- Intends to optimise funding costs paralleling improvements in credit ratings and financial robustness.
- Efforts directed towards leveraging economies of scale with scalable infrastructure to maintain cost efficiency amid AUM growth.
- Anticipates accelerated growth through systematic portfolio recalibration towards high-yield segments.
- Plans to expand into the Machinery Loan sector.

## Asset quality and margins

- Cost to income: Ugro has been accelerating branch expansion. Newer branches are achieving break-even faster at eight months compared to the older branches, which took 18 months. Higher CTI trend may continue for a few more quarters as more expansion plan is in the works. FY25 CTI is expected at 55%.
- Higher other expenses have five components: Increase in disbursements, GST expenses incurred (as only 50% input credit is received) and other 50% is charged to P&L, CGTMSE cost, other costs inflation and branch expansion expense.
- Yield: Yield remains flattish at 16.7%; Gross yield at 18.2%; partnered for embedded finance where gross yield is higher. EM portfolio is expanding. With this expansion, the yields will grow.
- Asset quality stress: From an early portfolio indicator, nothing specific has been seen. From acquisition, there is a decline in machinery-led loans due to lower turnover in the acquired company.

## Others

- Secured and unsecured mix 70:30. Unsecured portfolio makes up 30% of the loan book, with 41% covered under the CGTMSE scheme.
- MyShubhLife AUM reached Rs3.02bn, serving over 28,000 customers since the acquisition.
- Machinery loan: Average Rs750mn per month currently and target is to reach Rs1.5bn per month next year.
- Branch set up: 210 active branches and 250 people dedicated to these branches. Set of five branches in a cluster and 3-4 clusters in a state. Each set of 5-10 branches Ugro has dedicated a litigation expert. It has 11 members in each branch.

**Exhibit 2: Quarterly snapshot**

UGRO Capital (Rs mn)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	Q1FY25	Q2FY25	Q3FY25	YoY	QoQ
Interest Income	1,411	1,615	1,719	1,828	1,918	2,320	2,080	2,545	39.2%	22.3%
Interest Expenses	904	927	1,054	1,167	1,281	1,361	1,431	1,673	43.4%	16.9%
Net Interest Income	<b>507</b>	<b>688</b>	<b>665</b>	<b>661</b>	<b>636</b>	<b>958</b>	<b>649</b>	<b>871</b>	<b>31.8%</b>	<b>34.3%</b>
Net gain/(loss) on derecognition of FI	624	438	648	764	1,224	504	1,095	1,037	35.6%	-5.4%
NIM (incl gain on derecog of FI) on AUM	8.10%	7.00%	7.30%	7.1%	8.5%	6.4%	7.2%	7.2%	0.6%	-0.1%
Other Income	137	130	170	201	162	192	253	269	33.9%	6.0%
Total other income	761	568	818	965	1,386	696	1,349	1,305	35.3%	-3.2%
<b>Total Income</b>	<b>1,268</b>	<b>1,256</b>	<b>1,482</b>	<b>1,626</b>	<b>2,022</b>	<b>1,654</b>	<b>1,998</b>	<b>2,177</b>	<b>33.8%</b>	<b>9.0%</b>
Employee costs	401	369	460	485	514	545	616	646	33.3%	4.9%
Other expenses	355	322	368	380	538	349	437	588	54.6%	34.5%
<b>Total Expenses</b>	<b>756</b>	<b>691</b>	<b>829</b>	<b>865</b>	<b>1,052</b>	<b>894</b>	<b>1,053</b>	<b>1,234</b>	<b>42.7%</b>	<b>17.2%</b>
C/I ratio	59.60%	55.00%	55.90%	53.2%	52.0%	54.1%	52.7%	56.7%	350bps	397bps
<b>PPOP</b>	<b>512</b>	<b>565</b>	<b>654</b>	<b>761</b>	<b>970</b>	<b>760</b>	<b>944</b>	<b>942</b>	<b>23.8%</b>	<b>-0.2%</b>
Loan loss provisions	175	209	246	297	411	332	443	413	38.8%	-6.9%
Credit costs (on AUM)	1.25%	1.30%	1.37%	1.49%	1.89%	1.45%	1.83%	1.56%	4.4%	-15.0%
<b>PBT</b>	<b>337</b>	<b>356</b>	<b>408</b>	<b>464</b>	<b>559</b>	<b>428</b>	<b>501</b>	<b>530</b>	<b>14.2%</b>	<b>5.7%</b>
Taxes	196	104	119	138	233	125	146	155	11.6%	5.9%
Tax rate	58.20%	29.20%	29.20%	29.9%	41.6%	29.1%	29.1%	29.2%	-67bps	5bps
PAT	141	252	289	325	327	304	355	375	15.3%	5.7%
<b>Adjusted PAT*</b>	<b>232</b>	<b>252</b>	<b>289</b>	<b>325</b>	<b>396</b>	<b>304</b>	<b>355</b>	<b>375</b>	<b>15.3%</b>	<b>5.7%</b>
Portfolio yield (reported)	17.30%	17.30%	16.20%	16.3%	16.6%	16.6%	16.7%	16.2%	-11bps	-55bps
CoB (reported)	10.60%	10.70%	10.60%	10.7%	10.7%	10.7%	10.8%	10.7%	3bps	-7bps
AUM	60,810	67,760	75,920	83,640	90,470	92,190	1,01,580	1,10,670	32.3%	8.9%
Disbursements / Net Originations	14,590	12,840	14,760	15,520	15,540	11,460	19,710	20,980	35.2%	6.4%
Capital Adequacy Ratio	20.20%	27.90%	24.80%	22.3%	20.8%	27.9%	24.5%	21.5%	-30bps	-344bps
GNPA	1.60%	1.80%	1.90%	2.0%	2.0%	2.0%	2.1%	2.1%	10bps	0bps
NNPA	0.90%	1.00%	1.10%	1.1%	1.1%	1.2%	1.3%	1.5%	40bps	20bps

Source: Centrum Broking Ltd; Note: \*Adjusted PAT is PAT without considering impact of deferred tax reversal for 3Q & 4QFY23

**Exhibit 3: AUM Mix**

AUM Mix (Rs mn)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	Q1FY25	Q2FY25	Q3FY25
<b>Prime - Secured</b>	<b>17,270</b>	<b>19,860</b>	<b>21,640</b>	<b>22,520</b>	<b>23,850</b>	<b>24,510</b>	<b>27,920</b>	<b>30,420</b>
YoY	69.0%	72.7%	67.2%	54.0%	38.1%	23.4%	29.0%	35.1%
QoQ	18.1%	15.0%	9.0%	4.1%	5.9%	2.8%	13.9%	9.0%
<b>Prime - Unsecured</b>	<b>18,990</b>	<b>21,090</b>	<b>23,800</b>	<b>26,640</b>	<b>29,360</b>	<b>30,730</b>	<b>33,310</b>	<b>33,530</b>
YoY	147.9%	110.9%	88.7%	74.3%	54.6%	45.7%	40.0%	25.9%
QoQ	24.3%	11.1%	12.8%	11.9%	10.2%	4.7%	8.4%	0.7%
<b>Micro Enterprise Loan</b>	<b>4,720</b>	<b>5,480</b>	<b>6,360</b>	<b>7,210</b>	<b>8,130</b>	<b>8,950</b>	<b>11,050</b>	<b>13,620</b>
YoY	345.3%	222.4%	165.0%	113.3%	72.2%	63.3%	73.7%	88.9%
QoQ	39.6%	16.1%	16.1%	13.4%	12.8%	10.1%	23.5%	23.3%
<b>Supply Chain Financing</b>	<b>5,670</b>	<b>5,850</b>	<b>6,700</b>	<b>7,220</b>	<b>6,320</b>	<b>4,390</b>	<b>3,550</b>	<b>3,090</b>
YoY	97.6%	64.3%	68.8%	57.6%	11.5%	(25.0%)	-47.0%	-57.2%
QoQ	23.8%	3.2%	14.5%	7.8%	(12.5%)	(30.5%)	-19.1%	-13.0%
<b>Machinery Loan</b>	<b>7,010</b>	<b>7,980</b>	<b>8,930</b>	<b>10,370</b>	<b>11,680</b>	<b>12,530</b>	<b>13,910</b>	<b>15,000</b>
YoY	177.1%	121.1%	92.0%	83.9%	66.6%	57.0%	55.8%	44.6%
QoQ	24.3%	13.8%	11.9%	16.1%	12.6%	7.3%	11.0%	7.8%
<b>Partnerships &amp; Alliances</b>	<b>7,150</b>	<b>7,500</b>	<b>8,490</b>	<b>9,670</b>	<b>11,120</b>	<b>11,080</b>	<b>11,840</b>	<b>11,990</b>
YoY	33.6%	21.0%	18.2%	29.6%	55.5%	47.7%	39.5%	24.0%
QoQ	-4.2%	4.9%	13.2%	13.9%	15.0%	(0.4%)	6.9%	1.3%
<b>Embedded Finance</b>								3,020
<b>Total</b>	<b>60,810</b>	<b>67,760</b>	<b>75,920</b>	<b>83,640</b>	<b>90,470</b>	<b>92,190</b>	<b>1,01,580</b>	<b>1,10,670</b>
YoY	104.8%	85.3%	73.5%	64.1%	48.8%	36.1%	33.8%	32.3%
QoQ	19.3%	11.4%	12.0%	10.2%	8.2%	1.9%	10.2%	8.9%

Source: Company Data, Centrum Broking

**Exhibit 4: AUM Mix (%)**

AUM Mix (%)	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	Q1FY25	Q2FY25	Q3FY25
Prime - Secured	28.4%	29.3%	28.5%	26.9%	26.4%	26.6%	27.5%	27.5%
Prime - Unsecured	31.2%	31.1%	31.3%	31.9%	32.5%	33.3%	32.8%	30.3%
Micro Enterprise Loan	7.8%	8.1%	8.4%	8.6%	9.0%	9.7%	10.9%	12.3%
Supply Chain Financing	9.3%	8.6%	8.8%	8.6%	7.0%	4.8%	3.5%	2.8%
Machinery Loan	11.5%	11.8%	11.8%	12.4%	12.9%	13.6%	13.7%	13.6%
Partnerships & Alliances	11.8%	11.1%	11.2%	11.6%	12.3%	12.0%	11.7%	10.8%
Embedded finance								2.7%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>on-book</b>	60%	57%	55%	55%	55%	55%	55%	56%
<b>off-book</b>	40%	43%	45%	45%	45%	45%	45%	44%

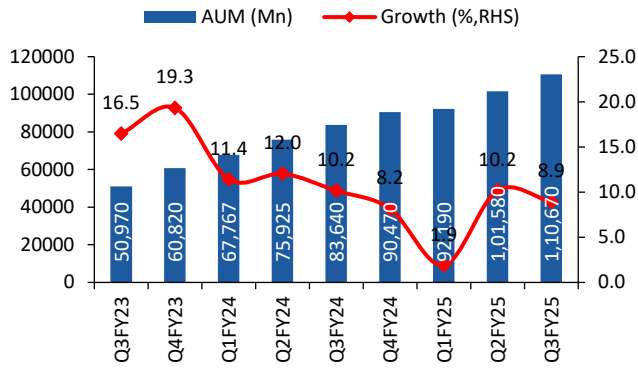
Source: Company Data, Centrum Broking

**Exhibit 5: Product wise GNPA**

GNPA	Q1FY24	Q2FY24	Q3FY24	Q4FY24	1QFY25	Q2FY25	Q3FY25
Prime - Secured	0.8%	1.2%	1.2%	0.6%	1.0%	0.5%	0.4%
Prime - Unsecured	2.9%	3.0%	3.5%	3.6%	2.7%	3.4%	3.8%
Micro Enterprise Loan	0.7%	1.1%	1.7%	2.3%	3.3%	3.6%	3.8%
Supply Chain Financing	2.8%	2.6%	2.6%	3.9%	7.2%	10.1%	10.7%
Machinery Loan	0.2%	0.6%	0.5%	0.8%	0.9%	0.7%	0.8%
Partnerships & Alliances	0.0%	0.0%	0.0%	0.0%	0.6%	0.3%	0.1%
Embedded Finance							0.5%
<b>Total</b>	<b>1.6%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.1%</b>	<b>2.1%</b>

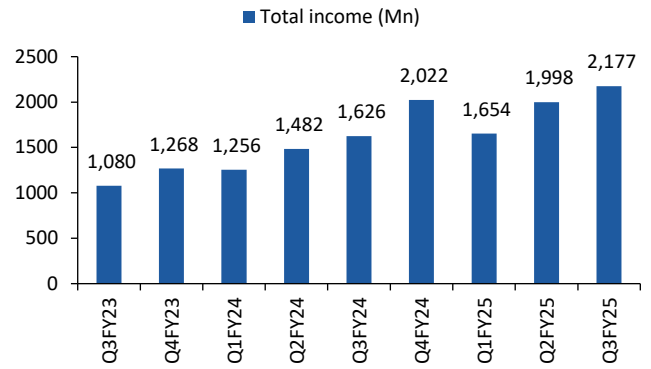
Source: Company Data, Centrum Broking

**Exhibit 6: AUM and growth QoQ**



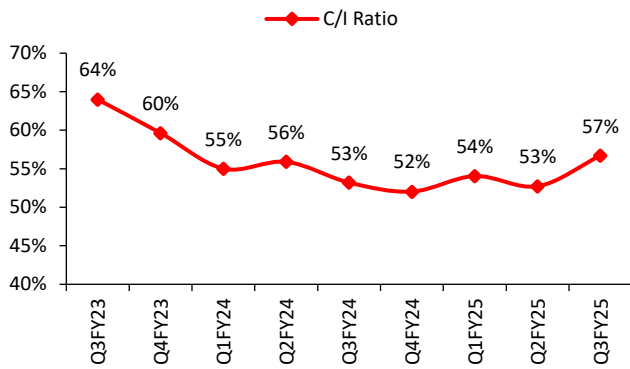
Source: Centrum Broking

**Exhibit 7: Total income rises with highest disbursement**



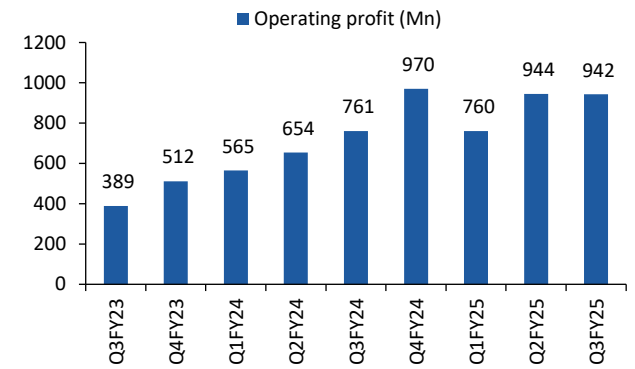
Source: Centrum Broking

**Exhibit 8: C/I trend increasing as branch expansion is on**



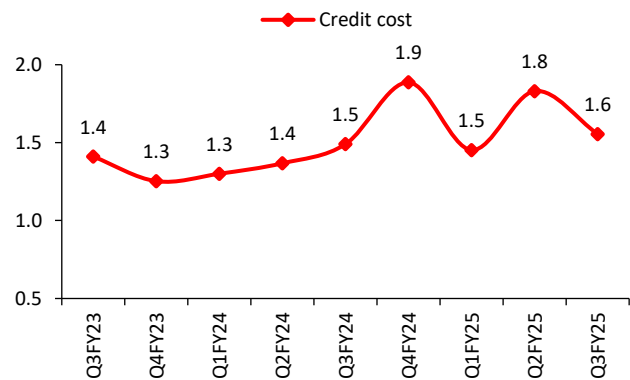
Source: Centrum Broking

**Exhibit 9: Operating profit**



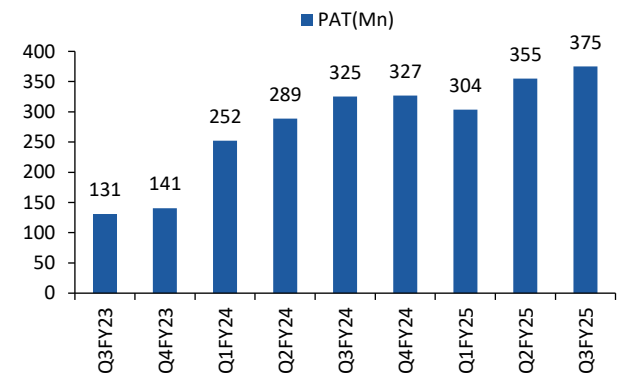
Source: Centrum Broking

**Exhibit 10: Credit cost**



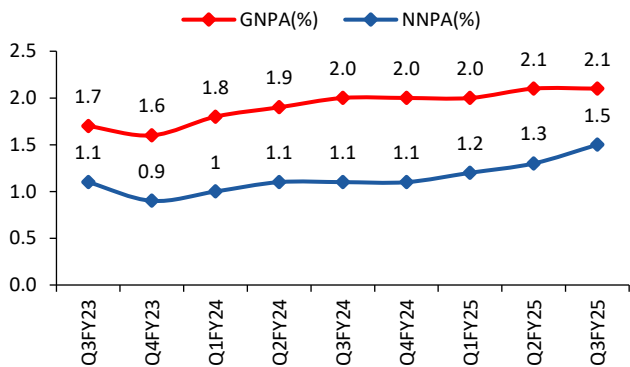
Source: Centrum Broking

**Exhibit 11: PAT has been increasing steadily**



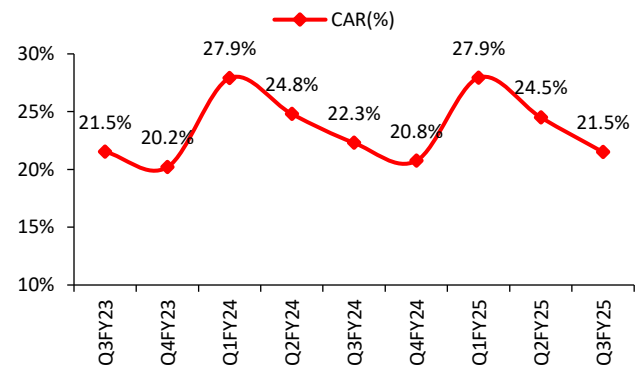
Source: Centrum Broking

**Exhibit 12: GNPA and NNPA**



Source: Centrum Broking

**Exhibit 13: Capital Adequacy Ratio**



Source: Centrum Broking

P&L					
YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Interest income	4,829	7,079	9,600	12,558	16,069
Interest expense	2,933	4,429	6,164	7,718	9,743
NII	1,896	2,650	3,435	4,840	6,327
Other income	2,008	3,737	4,889	6,644	8,394
Total income	3,905	6,387	8,324	11,484	14,721
Operating expenses	2,499	3,437	4,571	6,399	7,986
Employee	1,407	1,828	2,481	3,506	4,540
Others	1,091	1,609	2,090	2,893	3,446
PPOP	1,406	2,950	3,753	5,085	6,735
Provisions	568	1,163	1,769	2,306	2,984
PBT	838	1,787	1,984	2,778	3,751
Tax	441	594	577	806	1,088
PAT	398	1,193	1,407	1,973	2,663

Ratios					
YE Mar	FY23A	FY24A	FY25E	FY26E	FY27E
Growth (%)					
AUM	104.8	48.8	31.4	31.5	23.9
Borrowings	74.7	46.7	20.5	29.2	22.6
NII	40.7	39.7	29.6	40.9	30.7
Other income	401.7	86.1	30.8	35.9	26.3
Opex	99.5	37.5	33.0	40.0	24.8
PPoP	183.6	109.8	27.2	35.5	32.4
Provisions	93.1	104.7	52.1	30.4	29.4
PAT	173.4	200.0	17.9	40.2	35.0
Profitability (%)					
Yield on advances	13.5	13.4	13.6	13.3	13.4
Cost of funds	11.8	11.4	12.1	12.1	12.2
NIM (on AuM)	5.3	5.0	4.9	5.1	5.3
Other Income/ Total Income	51.4	58.5	58.7	57.9	57.0
Other Income / Total Assets	7.0	6.5	6.5	6.8	6.7
Cost/Income	64.0	53.8	54.9	55.7	54.3
Employee	36.0	28.6	29.8	30.5	30.8
Others	28.0	25.2	25.1	25.2	23.4
Opex/ Avg AuM	5.5	4.5	4.4	4.6	4.6
Provisions	1.3	1.5	1.7	1.7	1.7
Tax Rate	52.6	33.2	29.1	29.0	29.0
RoA	1.1	2.3	2.0	2.1	2.2
RoE	4.1	9.9	8.1	7.1	7.2

DuPont (% avg assets)					
YE Mar	FY23A	FY24A	FY25E	FY26E	FY27E
Interest income	13.5	13.4	13.6	13.3	13.4
Interest expense	8.2	8.4	8.7	8.2	8.1
NII	5.3	5.0	4.9	5.1	5.3
Other income	5.6	7.1	6.9	7.1	7.0
Total income	10.9	12.1	11.8	12.2	12.3
Operating expenses	7.0	6.5	6.5	6.8	6.7
Employee	3.9	3.5	3.5	3.7	3.8
Others	3.0	3.0	3.0	3.1	2.9
PPOP	3.9	5.6	5.3	5.4	5.6
Provisions	1.6	2.2	2.5	2.4	2.5
PBT	2.3	3.4	2.8	2.9	3.1
Tax	1.2	1.1	0.8	0.9	0.9
PAT	1.1	2.3	2.0	2.1	2.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<b>Financial assets</b>	<b>40,783</b>	<b>59,463</b>	<b>71,804</b>	<b>93,956</b>	<b>1,19,332</b>
Cash	2,118	4,549	5,294	9,063	10,668
Loans	38,064	54,322	65,764	83,088	1,05,686
Investment	601	592	746	1,805	2,978
<b>Non-financial assets</b>	<b>2,273</b>	<b>3,337</b>	<b>6,451</b>	<b>16,240</b>	<b>10,334</b>
Deferred tax assets	275	57	22	22	22
Fixed Assets	656	821	120	120	120
Other Non-fin. assets	1,342	2,459	6,309	16,098	10,193
<b>Total Assets</b>	<b>43,056</b>	<b>62,799</b>	<b>78,255</b>	<b>1,10,196</b>	<b>1,29,666</b>
<b>Financial liabilities</b>	<b>31,489</b>	<b>46,181</b>	<b>55,648</b>	<b>71,911</b>	<b>88,139</b>
Borrowings	31,489	46,181	55,648	71,911	88,139
<b>Non-financial liabilities</b>	<b>1,725</b>	<b>2,229</b>	<b>2,281</b>	<b>2,760</b>	<b>3,339</b>
Other Non-fin liabilities	1,725	2,229	2,281	2,760	3,339
<b>Total equity</b>	<b>9,840</b>	<b>14,384</b>	<b>20,326</b>	<b>35,525</b>	<b>38,188</b>
Share capital	693	916	918	1,419	1,419
Other equity	9,147	13,468	19,408	34,106	36,769
<b>Total Liabilities</b>	<b>43,055</b>	<b>62,793</b>	<b>78,255</b>	<b>1,10,196</b>	<b>1,29,666</b>
<b>Balance Sheet ratios (%)</b>					
Debt / Equity	3.2	3.2	2.7	2.0	2.3
Assets / Equity	51.2	65.8	76.9	80.7	84.5
Cash / Borrowings	6.7	9.8	9.5	12.6	12.1
<b>Details on loans</b>					
AUM	60,810	90,470	1,18,906	1,56,329	1,93,713
Disbursements	46,400	58,660	73,507	90,028	1,09,859
<b>Capital Adequacy (%)</b>					
CRAR	20.2	20.7	30.6	28.9	26.4
Tier-1	19.6	19.9	26.7	28.3	25.8
Tier-2	0.6	0.8	4.0	0.6	0.6
<b>Asset quality (%)</b>					
GNPA (Rs mn)	957	1,715	2,492	3,234	4,172
Growth (%)	69.6	79.2	45.3	29.8	29.0
NNPA (Rs mn)	499	892	1,246	1,681	2,295
Growth (%)	20.1	78.8	39.7	35.0	36.5
GNPA	2.5	3.1	3.7	3.8	3.8
NNPA	1.3	1.8	2.0	1.9	1.9
PCR	47.9	48.0	50.0	52.0	55.0
NNPA / Equity	5.1	6.2	6.1	4.7	6.0
<b>Per share (Rs)</b>					
EPS	5.7	13.0	15.3	13.9	18.8
BVPS	142.0	157.0	221.5	250.4	269.2
ABVPS	135.3	148.1	207.9	239.5	256.0
DPS	0.0	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>					
P/E	34.9	15.4	13.0	14.4	10.7
P/BV	1.4	1.3	0.9	0.8	0.7
P/ABV	1.5	1.4	1.0	0.8	0.8
Dividend yield	0.0	0.0	0.0	0.0	0.0

Source: Company, Centrum Broking



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