

Rural Electrification Corp

Estimate change

TP change

Rating change



Bloomberg	RECL IN
Equity Shares (m)	2633
M.Cap.(INRb)/(USD\$)	779.8 / 8.2
52-Week Range (INR)	388 / 284
1, 6, 12 Rel. Per (%)	0/-13/-11
12M Avg Val (INR M)	2642

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	216	209	223
PPP	209	187	216
PAT	163	152	159
EPS (INR)	61.8	57.6	60.2
EPS Gr. (%)	4	-7	5
BV/Shr (INR)	320	359	398
ABV/Shr (INR)	319	359	397
RoAA (%)	2.6	2.3	2.2
RoE (%)	20.1	17.0	15.9
Div. Payout (%)	30.0	37.3	39.0
Valuation			
P/E (x)	4.8	5.2	4.9
P/BV (x)	0.9	0.8	0.7
Div. Yield (%)	6.2	7.2	7.9

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	52.6	52.6	52.6
DII	16.6	17.0	15.9
FII	16.8	15.8	18.0
Others	14.0	14.6	13.5

FII Includes depository receipts

CMP: INR296

TP: INR350 (+18%)

Buy

Strong sequential loan growth but NIM under pressure

Earnings miss; management guides for ~10-12% loan growth in FY27

- Rural Electrification Corp's (REC) 2QFY27 PAT declined ~23% YoY to INR33.9b (~14% miss). NII declined ~6% YoY to ~INR51.3b (~7% miss). Other income stood at -INR1.8b, which included fee and commission income of INR597m (PQ: INR1.1b and PY: INR4.7b) and exchange loss of INR2.6b (PQ: INR9.1b and PY: INR795m).
- Opex grew 120% YoY to ~INR3b (est. INR1.6b). Cost-income ratio increased to ~5.9% (PQ: 2.3% and PY: 2.5%). PPOp declined ~18% YoY to INR46.5b (~8% miss). Provisions for the quarter stood at INR3.7b (est. INR1.2b). This translated into annualized credit costs of 6bp (PY: 2bp and PQ: -16bp).
- Reported NIM for 1HFY27 declined ~12bp to ~3.22% (1QFY27: 3.34%). Yields (calc.) rose ~25bp QoQ to ~9.8%, while CoB (calc.) rose ~45bp QoQ to ~7.35%, resulting in spreads (calc.) declining ~20bp QoQ to ~2.45%.
- Management does not expect significant pressure on profitability from rising borrowing costs, given the floating-rate asset-liability mix and efforts to optimize funding costs. REC's predominantly fixed-rate borrowings and largely floating-rate loan book provide a natural hedge, with asset yields resetting annually or in line with benchmarks. We model NIMs of ~3.4%/3.3% in FY27E/FY28E (FY26: 3.8%).
- REC guided for disbursements of INR2t in FY27 (implying steady disbursement momentum in 2HFY27), and loan book growth of ~10-12%. Management highlighted that elevated prepayments had limited loan book growth despite healthy disbursements in FY26. The sharp decline in prepayments to ~INR190-200b in 1HFY27 (vs. ~INR1t in FY26) is expected to improve the conversion of disbursements into stronger loan growth in FY27. We model loan growth of ~11% in FY27E.
- We reduce our FY27/FY28 EPS estimates by ~8%/10% to factor in lower NIMs due to a moderation in yields and higher funding costs. We model a CAGR of 10%/-1% in loans/PAT over FY26-28E. We expect REC to deliver RoA/RoE of 2.2%/16% in FY28E. **Maintain BUY with a TP of INR350 (premised on 0.8x Sep'28E BVPS).**

Sequential pickup in disbursements; loan book grew ~6% YoY

- Loan book stood at INR6.2t, up ~6% YoY and ~4.5% QoQ. Repayments rose sequentially to ~20.3% (PQ: 18.8% and PY: 39.9%). Renewable loan book grew 27% YoY to INR867b, representing ~14% of the overall loan mix.
- 2Q disbursements grew 1% YoY and 67% QoQ to INR565b.
- Beyond power financing, REC is exploring biogas, aided by the government's recently announced INR230b biogas plan, as well as shipping and broader infrastructure financing. Management believes its strong financial credentials, lending capacity and ability to provide long-term funding will help REC sustain its position as a preferred lender.

Asset quality remains stable, with steady PCR

- GS3 and NS3 remained broadly stable QoQ at ~0.22% and 0.11%, respectively. PCR on Stage 3 was stable QoQ at ~51.2%. Standard asset (Stage 1 and 2) provision was also stable QoQ at 0.87% (PQ: 0.86%).
- REC expects to continue providing around 1% ECL on incremental loan book additions. Credit costs may normalize as major NPA resolutions are completed now. We model credit costs of -7bp/23bp in FY27/FY28E.

Key highlights from the management commentary

- Based on NITI Aayog's projection of power-sector investments of ~USD5t over the next 15-20 years, REC estimates funding opportunities of over INR100t, assuming it maintains its ~25% market share.
- The PFC-REC merged entity will have a ~INR12t loan book and will be a leading power-sector financier. Management believes borrowers will value its funding capacity, continuity and policy-advocacy expertise.

Valuation and view

- REC delivered a mixed quarter, with strong loan growth and lower-than-expected earnings. The earnings miss is driven by higher funding costs and NIM compression, while strong sequential loan growth is supported by healthy disbursements. Asset quality is at a comfortable level, with credit costs remaining benign. While the stock trades at an attractive valuation of 0.7x FY28E P/BV, a stable improvement in loan growth and margin trajectory is key to driving earnings growth, warranting a cautious near-term outlook.
- We model a CAGR of 10%/-1% in loans/PAT over FY26-28E. We expect REC to deliver RoA/RoE of 2.2%/16% in FY28E. **Maintain BUY with a TP of INR350 (premised on 0.9x Sep'28E BVPS). Key risks:** 1) persistently weak loan growth; 2) compression in spreads/margins amid high competition.

Quarterly Performance

INR m

Y/E March	FY26				FY27E				FY26	FY27E 2QFY27E v/s Est.		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,45,022	1,45,771	1,45,184	1,41,016	1,41,867	1,46,574	1,51,258	1,55,758	5,78,118	5,95,458	1,43,961	2
Interest Expenses	89,351	91,316	92,429	89,317	87,484	95,230	99,991	1,03,814	3,62,413	3,86,519	88,796	7
Net Interest Income	55,671	54,455	52,755	51,699	54,383	51,344	51,267	51,944	2,15,705	2,08,938	55,164	-7
YoY Gr (%)	19.2	9.6	2.8	-16.1	-2.3	-5.7	-2.8	0.5	3	(3)	1.3	
Other Operational Income	1,442	4,738	3,925	2,545	1,091	597	1,075	1,031	3,657	3,795	1,200	
Net Operational Income	57,113	59,192	56,680	54,244	55,474	51,942	52,342	52,975	2,16,636	2,12,733	56,365	-8
YoY Gr (%)	21.1	18.0	8.8	-15.1	-2.9	-12.2	-7.7	-2.3	0	(2)	-4.8	
Other Income	-5,406	-943	-2,698	-1,074	-11,753	-2,438	-1,400	-1,416	473	(17,008)	-4,150	-
Total Net Income	51,707	58,249	53,982	53,171	43,721	49,503	50,942	51,559	2,17,109	1,95,726	52,215	-5
YoY Gr (%)	3.1	14.5	1.2	-17.0	-15.4	-15.0	-5.6	-3.0	0	(10)	-10.4	
Operating Expenses	1,404	1,374	1,708	3,479	1,253	3,019	1,793	2,612	7,965	8,676	1,580	91
YoY Gr (%)	-35.4	-29.0	-45.7	45.2	-10.8	119.7	5.0	-24.9	7	9	15.0	
% to Income	2.7	2.4	3.2	6.5	2.9	6.1	3.5	5.1	4	4	3.0	
Operating Profit	50,303	56,875	52,274	49,692	42,468	46,485	49,149	48,947	2,09,144	1,87,049	50,635	-8
YoY Gr %	4.8	16.2	4.1	-19.4	-15.6	-18.3	-6.0	-1.5	0	(11)	-11.0	
Provisions	-6,166	1,347	1,110	5,721	-9,625	3,745	3,000	-1,543	2,012	(4,423)	1,200	-
PBT	56,469	55,528	51,164	43,971	52,093	42,740	46,149	50,490	2,07,132	1,91,472	49,435	-14
YoY Gr (%)	30.5	10.2	0.1	-18.3	-7.7	-23.0	-9.8	14.8	4	(8)	-11.0	
Tax	11,959	11,269	10,733	10,348	10,599	8,828	9,922	10,478	44,309	39,826	10,134	-13
Tax Rate (%)	21.2	20.3	21.0	23.5	20.3	20.7	21.5	20.8	21	21	20.5	
PAT	44,510	44,259	40,431	33,623	41,495	33,912	36,227	40,013	1,62,823	1,51,646	39,300	-14
YoY Gr (%)	29.3	10.5	0.3	-20.6	-6.8	-23.4	-10.4	19.0	3.5	(6.9)	-11.2	
Key Parameters (Calc., %)												
Yield on loans	9.99	9.95	9.91	9.59	9.54	9.58	9.52	9.60				
Cost of funds	7.17	7.19	7.35	7.11	6.91	7.36	7.42	7.47				
Spread	2.8	2.76	2.6	2.5	2.6	2.22	2.1	2.1				
NIM	3.83	3.68	3.6	3.48	3.09	3.23	3.15	3.10				
C/I ratio	2.5	2.5	3.2	6.7	2.3	5.9	3.5	5.0				
Credit cost	-0.11	0.02	0.02	0.10	-0.16	0.06	0.05	-0.02				
Balance Sheet Parameters												
Disbursements (INR b)	595	560	500	457	337	565	526	473				
Growth (%)	36.3	18.3	-8.6	0.4	-43.3	0.9	5.2	3.4				
AUM (INR b)	5,846	5,822	5,818	5,837	5,900	6,165	6,352	6,453				
Growth (%)	10.4	6.6	2.9	3.0	0.9	5.9	9.2	10.6				
Asset Quality Parameters												
GS 3 (INR B)	61.5	61.5	51.2	13.9	13.8	13.8						
GS 3 (%)	1.05	1.06	0.88	0.24	0.23	0.22						
NS 3 (INR B)	14.1	14.10	11.8	6.8	6.8	6.74						
NS 3 (%)	0.24	0.24	0.20	0.12	0.11	0.11						
PCR (%)	77.1	77.05	77.0	51.0	51.2	51.16						

E: MOFSL Estimates



Highlights from the management commentary

Guidance

- REC is targeting FY27 disbursements of ~INR2.1t. After disbursements of ~INR900b in 1HFY27, the company expects an additional INR1.2-1.3t in 2HFY27, supported by renewables, distribution and transmission. Management expects 3QFY27 and 4QFY27 disbursements to be no lower than those in 1Q/2QFY27.
- The company guided for loan book growth of 10-12% for FY27E.
- REC sanctioned INR4.09t of loans in FY26 and INR1.12t in 1HFY27, with additional FY27 sanctions targeted at INR1.7-2.0t. The committed loan pipeline stands at INR2.56t, of which ~INR650b is pending documentation.
- Management expects NIM to remain broadly stable at 3-3.2% or above, with limited further downside. Sustaining the current 3.22% NIM would be a positive outcome.
- REC expects to continue providing around 1% ECL on incremental loan book additions. Credit costs may normalize as major NPA resolutions are completed now.
- Management expects thermal financing, rising renewable energy investments, transmission and distribution capex, and opportunities in emerging infrastructure segments to support growth through FY27 and beyond.
- For the merged entity, management expects funding and lending synergies and a larger capital base to support growth.

Financial performance

- REC's loan book reached an all-time high of INR6.17t as of Sep'26, up 6% YoY, while net worth increased 14% YoY to INR943b.
- Capital adequacy remained comfortable at 24.04%, well above the RBI's minimum requirement of 15%. Outstanding borrowings increased 4% from Mar'26 to INR5.27t.
- Management indicated that most anticipated forex losses on foreign currency liabilities due for redemption in FY27 have already been recognized. It does not expect further major losses barring unforeseen currency volatility.
- REC has enhanced forex hedging to levels exceeding INR96/USD. Management expects forex-related pressures to ease, citing measures by the Government of India and the RBI to stabilize INR while acknowledging geopolitical developments as a key uncertainty.

Growth and disbursements

- REC achieved record disbursements of ~INR900b in 1HFY27, including ~INR800b toward the power sector, the highest among peers. 2QFY27 disbursements stood at INR565b, up 67% QoQ, with conventional generation, renewables and distribution accounting for 11%, 17% and 22%, respectively.
- Loan assets grew 6% over Mar'26, led by renewables (+15%) and conventional generation (+4%). Infrastructure and logistics (INL) constituted ~10% of the portfolio, with growth of ~6% over Mar'26.
- The renewable energy loan book has grown more than 3x over five years to INR867b as of Sep'26, with solar, pumped storage, hybrid and hydro projects

accounting for 35%, 14%, 18% and 13%, respectively. The portfolio grew 27% YoY to ~INR860b, while the infrastructure loan book reached ~INR620b.

- Moderation in prepayments is improving the conversion of disbursements into loan book growth. Despite record FY26 disbursements of INR2.11t, up ~10% from the previous peak of INR1.9t, loan book growth was limited to ~2% as prepayments reached nearly INR1t. In 1HFY27, prepayments declined to ~INR19b against disbursements of ~INR900b. Management believes the prepayment cycle has peaked and expects higher interest rates to further moderate repayments.
- Competitive intensity from banks is expected to remain manageable despite surplus liquidity, given sectoral lending limits. Rising funding requirements across generation, renewables, transmission and distribution should support REC's growth opportunities.
- Distribution, which accounts for ~40% of the loan book, is expected to support H2 disbursements. While improved DISCOM financial health has moderated some capex requirements under RDSS, REC expects to offset the shortfall through its committed project pipeline.
- REC has extended ~INR450b of the ~INR1t in debt financing raised by state power utilities over the past three years, implying a market share of ~45%.
- Beyond power financing, REC is exploring biogas, supported by the government's recently announced INR230b biogas plan, as well as shipping and broader infrastructure financing. Management believes its strong financial credentials, lending capacity and ability to provide long-term funding will sustain its position as a preferred lender.

Asset quality and provisioning

- GNPA and NNPA declined to 0.22% and 0.11%, respectively, following the resolution of one project during the quarter. REC has reported no fresh NPAs over the past 19 quarters, with existing NPAs confined to the state sector.
- Provision coverage on NPAs stood at ~51%, while Stage 1 assets accounted for 99.26% of the loan book, with provisions of 0.85%.
- Stage 2 assets declined sharply from INR123.5b in Jun'26 to INR32.4b in Sep'26, nearly a 4x reduction, with provisions of 4.5%.
- REC maintained additional statutory reserves of INR187b under Section 45-IC of the RBI Act and INR12b under the Income Tax Act, over and above loan-loss provisions.
- REC expects to maintain ECL provisions of around 1% on incremental loan book additions. During the quarter, loan book growth of ~INR260b resulted in additional ECL provisions of ~INR3b.
- Management highlighted that a substantial portion of the loan book is exposed to state-sector borrowers, for which historical credit losses have been negligible. It views a large part of the ECL provision on government exposures as a reserve buffer. With no major NPA resolutions expected to drive further provision reversals, credit costs may normalize from the negative levels reported in recent years.

Margins and profitability

- Yield on loan assets remained stable at 9.57%, while cost of funds stood at 7.19%, translating into a spread of 2.38%. NIM remained stable at 3.22%, with RoE at 16.89%.
- Around 24% of borrowings are floating-rate, primarily term loans and select ECBs, while the remaining borrowings are largely fixed-rate.
- Management does not expect significant pressure on profitability from rising borrowing costs, given the floating-rate asset-liability mix and efforts to optimize funding costs. REC's predominantly fixed-rate borrowings and largely floating-rate loan book provide a natural hedge, with asset yields resetting annually or against benchmarks.
- Lending yields are not expected to face meaningful downside, as most previously offered rebates and concessions to state-sector borrowers have been settled. The upward movement in the yield curve could support marginal yield improvement.
- REC issued zero-coupon bonds last year at a ~100bp cost concession, contributing an estimated 10bp benefit to the overall cost of bond borrowings. It is exploring ECB withholding-tax exemptions and a green-bond mandate to further optimize funding costs.
- Thermal lending yields are higher than renewable energy yields, while INL yields are higher than renewables but lower than thermal. Pricing depends on project-specific risks, PPAs and EPC arrangements.
- Management expects limited profitability pressure from rising borrowing costs, supported by its funding mix and efforts to optimize borrowing costs, although margin expansion remains uncertain.
- REC launched India's first pilot issuance of tokenized corporate bonds under SEBI's regulatory sandbox framework.
- REC highlighted its AAA domestic rating and international ratings of Baa3 by Moody's, BBB- by Fitch and A- by Japan Credit Rating Agency, all with stable outlooks.

Power sector opportunity and strategic initiatives

- Citing NITI Aayog projections of ~USD5t in power-sector investments over the next 15–20 years, REC estimates potential funding opportunities exceeding INR100t, assuming it sustains its ~25% market share.
- Government priorities around transmission infrastructure, distribution reforms and rooftop solar are expected to support lending opportunities. Under the rooftop solar scheme, applications have reached ~9.5m, with ~5.5m installations completed against a target of 10m.
- Under RDSS, REC continues to work with state governments, with supported states reporting improvements in AT&C losses and profitability.
- REC is expanding financing capabilities in battery storage, pumped storage, green hydrogen and nuclear energy, alongside its support for rooftop solar and RDSS.
- Smart meter adoption continues to face consumer resistance amid perceptions of higher electricity bills. REC is encouraging DISCOMs to install check meters to validate readings and address these concerns.

- Smart meter analytics are helping DISCOMs improve consumption monitoring, reduce AT&C losses and curb electricity theft. Management believes these benefits should support wider adoption, although significant implementation work remains.

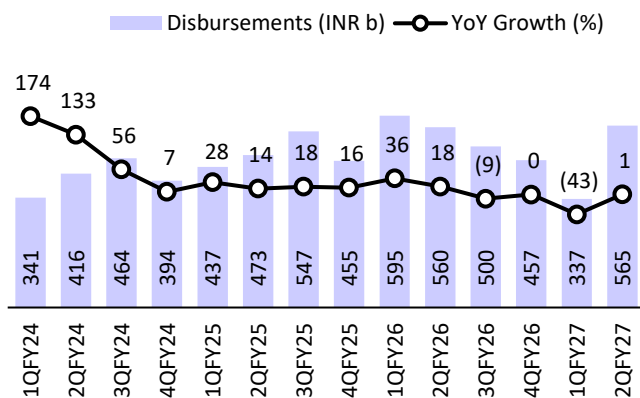
Thermal power financing

- Under the National Electricity Plan, thermal capacity is expected to increase by at least 80GW. Around 22–24GW of additional capacity is currently under construction.
- REC estimates thermal financing opportunities of INR180-220b by FY32, based on estimated capex of INR6.67t and an assumed ~30% share of the thermal project debt component.
- REC plans to increase its generation loan book from ~INR1.52t currently, or 24.7% of total loans, to ~INR2.5t by FY32.
- Thermal projects typically have a 5-7-year gestation period, a moratorium exceeding five years and repayment tenures of up to 25 years. State utilities and private players with committed fuel supply agreements are expected to be key borrowers.
- REC recently secured the NTPC Meja project, involving disbursements of ~INR27b, potentially split equally with PFC.

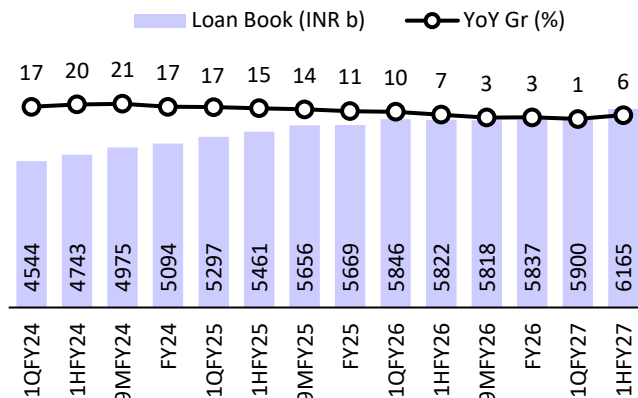
PFC-REC merger

- The merged entity's ~INR12t balance sheet and position as a leading power-sector financier are expected to strengthen its competitive positioning. Management believes borrowers will value its funding capacity, continuity and policy-advocacy expertise, limiting concerns around smaller lenders offering lower rates.
- The merger has received board approvals, RBI's NOC and stock-exchange clearances, while the draft merger scheme awaits Cabinet approval.
- Retaining government-company status remains a key precondition, including government control over management and voting rights. Further details on the ownership structure will be clarified after Cabinet approval.

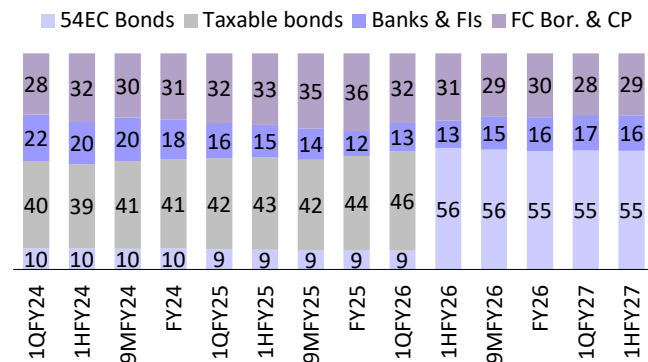
Key exhibits

Exhibit 1: Disbursements grew ~1% YoY


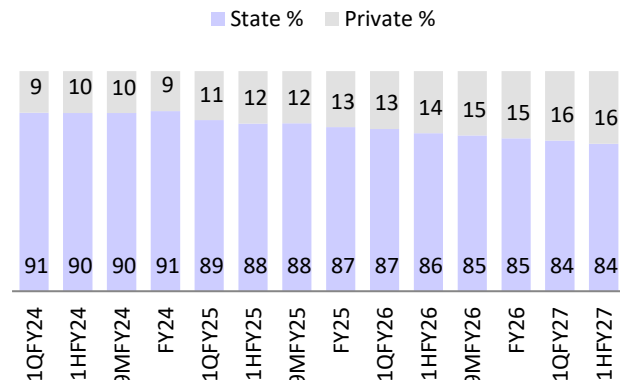
Source: MOFSL, Company

Exhibit 2: Loan book grew ~6% YoY


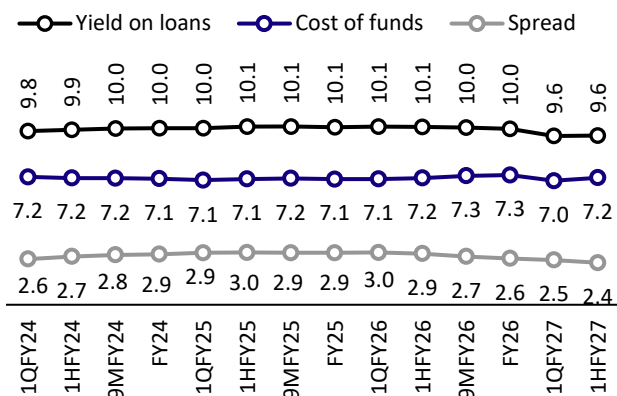
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)


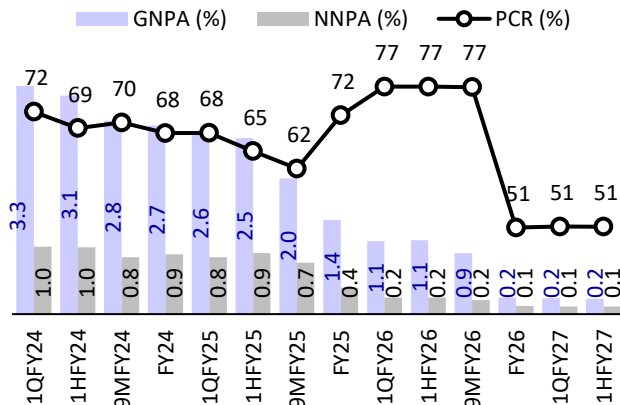
Source: MOFSL, Company

Exhibit 4: ~16% of loans are given to private players


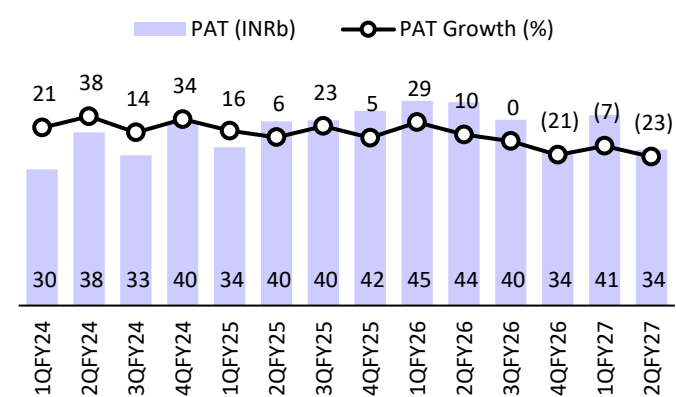
Source: MOFSL, Company

Exhibit 5: Spreads declined ~10bp QoQ (%)


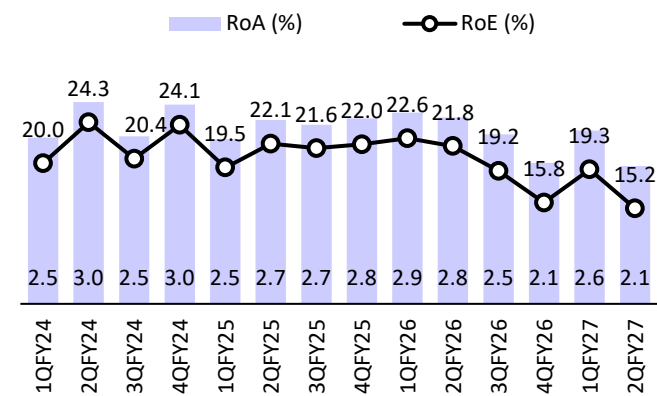
Source: MOFSL, Company

Exhibit 6: GS3 and NS3 were stable QoQ


Source: MOFSL, Company

Exhibit 7: PAT declined ~23% YoY


Source: MOFSL, Company

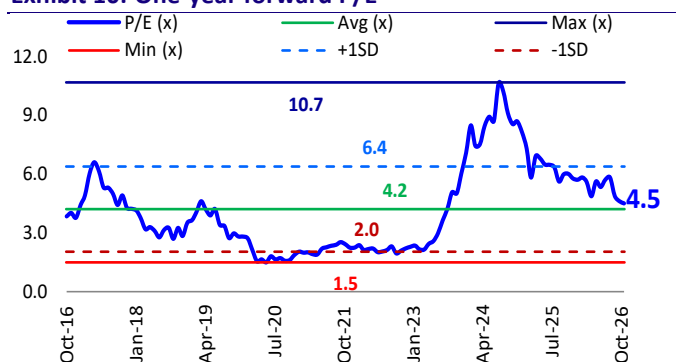
Exhibit 8: RoA/RoE trends (%)


Source: MOFSL, Company

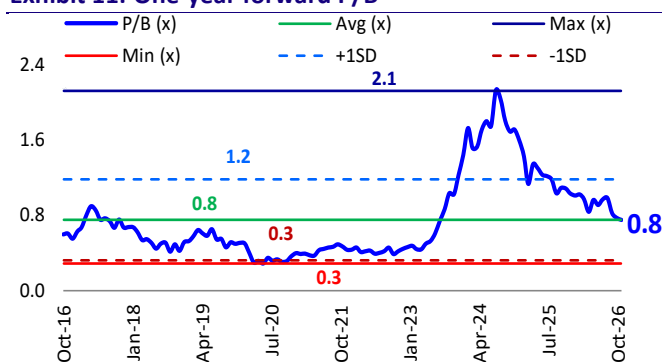
Exhibit 9: We reduce our FY27/FY28 EPS estimates by ~8%/10% respectively to factor in lower NIM

INR B	Old Est.		New Est.		% Change	
	FY27	FY28	FY27	FY28	FY27	FY28
NII	223.2	243.7	208.9	222.7	-6.4	-8.6
Other Income	-11.9	2.9	-13.2	2.5	10.8	-13.1
Net Income	211.2	246.6	195.7	225.2	-7.3	-8.7
Operating Expenses	8.7	9.6	8.7	9.5	0.0	-1.1
Operating Profits	202.6	236.9	187.0	215.7	-7.7	-9.0
Provisions	-4.9	15.2	-4.4	15.4	-9	1
PBT	207.4	221.7	191.5	200.3	-7.7	-9.7
Tax	43.1	46.1	39.8	41.7	-7.7	-9.7
PAT	164.3	175.6	151.6	158.6	-7.7	-9.7
Loans	6,403	7,062	6,453	7,124		
Spreads (%)	2.67	2.58	2.39	2.18		
RoAA (%)	2.5	2.4	2.3	2.2		
RoAE (%)	18.2	17.3	17.0	15.9		

Source: MOFSL, Company

Exhibit 10: One-year forward P/E


Source: MOFSL, Company

Exhibit 11: One-year forward P/B


Source: MOFSL, Company

Financials and valuations

Income Statement							(INR b)		
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Interest on Loans	346.8	381.9	388.4	464.1	550.7	578.1	595.5	665.4	741.2
Interest Exp and Other Charges	214.9	220.5	237.4	299.5	341.3	362.4	386.5	442.7	493.5
Net Interest Income	131.9	161.3	151.0	164.6	209.4	215.7	208.9	222.7	247.7
Change (%)	23.7	22.3	-6.4	9.0	27.2	3.0	-3.1	6.6	11.2
Forex Gains/(Losses)	-3.3	-8.0	-11.1	-1.7	-2.1	-2.7	-16.0	-1.0	-1.0
Net Interest Income (including forex gains/losses)	128.6	153.3	139.8	162.9	207.3	213.0	192.9	221.7	246.7
Other Operating Income	7.0	9.5	3.7	7.2	8.4	3.7	2.3	2.9	3.8
Other Income	0.2	1.0	0.4	0.7	0.7	0.5	0.5	0.6	0.6
Net Total Income	135.9	163.8	144.0	170.8	216.4	217.1	195.7	225.2	251.1
Change (%)	60.4	20.5	-12.1	18.6	26.7	0.3	-9.8	15.1	11.5
Employee Cost	1.4	1.6	1.8	2.1	2.4	2.4	2.6	2.8	3.0
Administrative Exp	2.6	3.0	3.4	4.2	4.7	5.3	5.8	6.4	7.1
Depreciation	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Total Operating Expenses	4.2	4.8	5.5	6.6	7.4	8.0	8.7	9.5	10.5
PPoP	131.8	159.0	138.5	164.2	208.9	209.1	187.0	215.7	240.6
Change (%)	67.4	20.7	-12.9	18.5	27.2	0.1	-10.6	15.3	11.6
Total Provisions	24.2	34.7	1.1	-13.6	10.2	2.0	-4.4	15.4	15.3
% to Operating Income	18.4	21.8	0.8	-8.3	4.9	1.0	-2.4	7.1	6.4
PBT	107.6	124.2	137.4	177.8	198.7	207.1	191.5	200.3	225.3
Tax (Incl Deferred tax)	23.9	23.8	26.8	37.6	41.5	44.3	39.8	41.7	46.9
Tax Rate (%)	22.3	19.1	19.5	21.2	20.9	21.4	20.8	20.8	20.8
PAT	83.6	100.5	110.5	140.2	157.3	162.8	151.6	158.6	178.5
Change (%)	71.1	20.1	10.0	26.8	12.2	3.5	-6.9	4.6	12.5

Balance Sheet							(INR b)		
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Capital	20	20	26	26	26	26	26	26	26
Reserves & Surplus	418	493	550	661	750	817	919	1,021	1,138
Net Worth	438	513	577	688	776	843	946	1,048	1,164
Borrowings	3,228	3,263	3,808	4,456	4,963	5,148	5,619	6,186	6,801
Change (%)	14.7	1.1	16.7	17.0	11.4	3.7	9.2	10.1	9.9
Total Liabilities	3,666	3,776	4,385	5,144	5,739	5,991	6,565	7,234	7,965
Investments	19	22	31	53	66	98	113	130	149
Change (%)	-17.4	13.0	45.4	69.5	24.8	47.5	15.0	15.0	15.0
Loans	3,653	3,719	4,221	4,992	5,591	5,792	6,393	7,056	7,780
Change (%)	17.0	1.8	13.5	18.3	12.0	3.6	10.4	10.4	10.3
Net Fixed Assets	6	6	6	7	7	7	7	8	8
Net current assets	0	0	0	0	0	0	0	0	0
Total Assets	3,678	3,747	4,259	5,052	5,664	5,897	6,513	7,193	7,937

E: MOFSL Estimates

Financials and valuations

Loans and Disbursements	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY28E
Gross Loans (INR b)	3,774	3,854	4,350	5,094	5,669	5,837	6,453	7,124	7,857
YoY Growth (%)	17	2	13	17	11	3	11	10	10
Disbursements (INR b)	930	642	968	1,615	1,912	2,112	1,901	2,091	2,300
YoY Growth (%)	23	-31	51	67	18	10	-10	10	10

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Spreads Analysis (%)									
Avg. Yield - on Financing Portfolio	10.1	10.3	9.7	9.9	10.2	10.0	9.6	9.7	9.8
Avg Cost of Funds	7.1	6.8	6.7	7.2	7.2	7.2	7.2	7.5	7.6
Interest Spread	3.0	3.5	2.9	2.7	3.0	2.8	2.4	2.2	2.2
Net Interest Margin	3.9	4.4	3.8	3.6	4.0	3.8	3.4	3.3	3.3

Profitability Ratios (%)

RoE	21.2	21.1	20.3	22.2	21.5	20.1	17.0	15.9	16.1
RoA	2.2	2.5	2.5	2.8	2.7	2.6	2.3	2.2	2.2

Efficiency Ratios (%)

Int. Expended/Int.Earned	62.0	57.8	61.1	64.5	62.0	62.7	64.9	66.5	66.6
Other operating Inc./Net Income	5.2	5.8	2.6	4.2	3.9	1.7	1.2	1.3	1.5
Other Income/Net Income	0.2	0.6	0.3	0.4	0.3	0.2	0.3	0.3	0.3
Op. Exps./Net Income	3.1	2.9	3.8	3.9	3.4	3.7	4.4	4.2	4.2
Empl. Cost/Op. Exps.	34.9	33.1	33.2	32.4	32.9	30.5	30.0	29.5	29.0

Asset-Liability Profile (%)

Loans/Borrowings Ratio	113.1	114.0	110.8	112.0	112.7	112.5	113.8	114.1	114.4
Assets/Networth	8.4	7.3	7.4	7.3	7.3	7.0	6.9	6.9	6.8
Debt/Equity Ratio	7.4	6.4	6.6	6.5	6.4	6.1	5.9	5.9	5.8

Asset Quality (%)

Gross Stage 3	4.8	4.5	3.4	2.7	1.3	0.2	0.1	0.2	0.2
Net Stage 3	1.7	1.5	1.0	0.9	0.4	0.1	0.1	0.1	0.1
PCR	64.6	67.4	70.6	68.5	71.7	51.1	48.0	50.0	50.0
Credit costs	0.7	0.9	0.0	-0.3	0.2	0.0	-0.07	0.23	0.21

Valuations

Book Value (INR)	222	260	219	261	295	320	359	398	442
BV Growth (%)	24.8	17.3	-15.7	19.3	12.9	8.6	12.2	10.8	11.1
Price-BV (x)	1.3	1.1	1.4	1.1	1.0	0.9	0.8	0.7	0.7
Adjusted Book Value (INR)	213	253	215	257	293	319	359	397	441
ABV Growth (%)	30.1	18.4	-15.0	19.6	13.9	9.1	12.3	10.8	11.1
Price-ABV (x)	1.4	1.2	1.4	1.2	1.0	0.9	0.8	0.7	0.7
EPS (INR)	42.3	50.9	42.0	53.2	59.7	61.8	57.6	60.2	67.8
EPS Growth (%)	71.1	20.1	-17.5	26.8	12.2	3.5	-6.9	4.6	12.5
Price-Earnings (x)	7.0	5.8	7.1	5.6	5.0	4.8	5.2	4.9	4.4
Dividend	12.7	15.3	12.6	16.0	18.0	18.6	21.5	23.5	23.5
Dividend Yield (%)	4.3	5.2	4.2	5.4	6.1	6.2	7.2	7.9	7.9

E: MOFSL Estimates

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