

Ugro reported a satisfactory performance in Q2FY25, where it delivered a strong performance in terms of highest-ever net disbursement of Rs19.7bn (+34% YoY; +71% QoQ) and AUM reaching Rs101.6bn (+34% YoY; +10% QoQ). The momentum on fund mobilization and co-lending/direct assignment was strong in the quarter, leading to strong growth in Assignment income. Additional write-off in the rundown supply chain finance book led to a surge in credit cost for the quarter, affecting profitability. Overall, the company is on the right track to deliver sustained strong growth with better profitability driven by operating leverage and improvement in funding cost. To reflect Q2FY25 developments, we have adjusted our FY25-27 estimates leading to ~6-10% cut in FY25-27 EPS. We reiterate our BUY rating on the stock with revised Sep-25E TP of Rs360 (earlier Rs390), implying FY26E P/BV of 1.6x.

**UGRO Capital: Financial Snapshot (Standalone)**

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net profits	398	1,193	1,506	2,607	4,087
AUM growths (%)	104.8	48.8	33.8	31.5	28.2
NII growths (%)	40.7	39.7	51.0	53.4	35.0
NIMs (%)	12.5	14.8	14.4	15.2	16.3
PPOP growth (%)	183.6	109.8	24.6	49.1	48.7
Adj. EPS (Rs)	5.7	13.4	16.4	22.4	28.8
Adj. EPS growth (%)	176.2	135.3	22.8	36.0	29.0
Adj. BV (Rs)	142.0	157.0	173.5	222.6	251.4
Adj. BVPS growth (%)	3.6	10.6	10.5	28.3	13.0
RoA (%)	1.1	2.3	2.2	3.0	3.7
RoE (%)	4.1	9.9	8.6	11.0	12.2
P/E (x)	42.3	18.0	14.6	10.8	8.3
P/ABV (x)	1.7	1.5	1.4	1.1	1.0

Source: Company, Emkay Research

**Bounce back in AUM growth; accelerated write-off hurt profitability**

Ugro delivered a strong bounce back in disbursements and AUM growth in Q2FY25 after a muted show in Q1. The company saw its disbursements in Q2FY25 growing 71% QoQ and 34% YoY to Rs19.7bn, supported by a strong addition of 46 micro branches in the quarter, taking the total count to 210. The strong disbursements resulted in a robust 34% YoY and 10% QoQ growth in AUM to Rs101.7bn. Driven by excellent co-lending/DA performance, the NIM+Fee yield was strong in the quarter; however, led by additional write-off of Rs160mn and the increased credit cost at Rs443mn (1.83% of AUM annualized), the PAT growth at 23% YoY was slightly muted. On the liability side, the company mobilized Rs11bn in the quarter.

**Progressing well on its long-term ambition**

After the issuance of Compulsorily Convertible Debentures (CCD) and Warrants during the previous quarter, the company has well-addressed the need of equity capital for its growth ambition over the next few years. With its AuM crossing Rs100bn and the off-book loans reaching Rs45bn (co-lending: Rs22bn), the company is already among the leading MSME focused lenders and a key originator in the Co-lending/Co-origination area. Notwithstanding some short-term issues, the company has made good progress toward its long-term ambition to deliver sustainable growth and ~4% RoA. The progress is also endorsed by credit rating upgrades in FY24/25 by multiple rating agencies, funding by development financial institutions, and the diversified borrowing and partnership with a large number of lenders. With its sharpened focus on the Micro Enterprise segment, the company is adding branches at an accelerated pace, and with seasoning of its loan book the co-lending partnerships are expanding and scope of products with existing co-lending partners is also increasing. Going ahead, the improving operating expense ratio and reducing cost of borrowing should help the company in improving its RoA gradually. The credit cost continues to broadly track as per the management's expectations and is likely to stay stable.

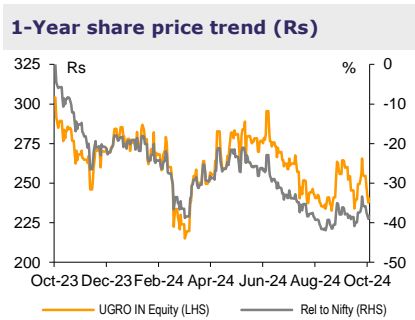
**Adjust estimates to reflect Q2 developments; reiterate BUY**

To reflect Q2 developments and external developments, we have adjusted our estimates leading to ~6-10% cut in FY25-27 EPS. The cut in earnings are on account of our reduced assumption of Co-lending/Co-origination spreads and slight increase in credit cost. We maintain our BUY rating on the stock with revised Sep-25E TP of Rs360 (vs Rs390 earlier), implying FY26E P/B of 1.6x. As the growth momentum continues, Ugro is on the right track to gradually deliver ~4% RoA in the next 2-3 years as the operating leverage and improving cost of funds boost profitability. After the recent underperformance, Ugro shares are valued attractively at FY26E P/B of 1.1x.

Target Price – 12M	Sep-25
<b>Change in TP (%)</b>	<b>(7.7)</b>
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	49.7
CMP (24-Oct-24) (Rs)	240.5

Stock Data	Ticker
52-week High (Rs)	317
52-week Low (Rs)	213
Shares outstanding (mn)	93.0
Market-cap (Rs bn)	22
Market-cap (USD mn)	266
Net-debt, FY25E (Rs mn)	1,139
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	68.3
ADTV-3M (USD mn)	0.8
Free float (%)	-
Nifty-50	24,399
INR/USD	84.1
<b>Shareholding, Sep-24</b>	
Promoters (%)	2.2
FPIs/MFs (%)	20.4/2.8

Price Performance			
(%)	1M	3M	12M
Absolute	(9.1)	(9.5)	(14.6)
Rel. to Nifty	(3.4)	(9.4)	(32.5)



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## Exhibit 1: Actual vs Estimates

Result snapshot - Q2FY25 (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	QoQ chg	YoY Chg	Emkay Estimate	
									Q2FY25	Variation
AUM	67,770	75,920	83,640	90,470	92,180	101,570	2%	36%	100,033	2%
Disbursement (net)	12,790	14,770	15,520	15,540	11,450	19,710	-26%	-10%	16,603	19%
NII	688	665	661	622	958	649	54%	39%	855	-24%
NIMs % (on book)	7.4	6.6	6.0	5.2	7.6	4.8	241bps	26bps	6.4	-163bps
Total Income	1,257	1,482	1,626	2,008	1,654	1,998	-18%	32%	1,898	5%
NIMs + Fees % (on Book)	13.4	14.8	14.8	16.8	13.1	14.8	-365bps	-29bps	14	52bps
PPoP	566	654	761	956	760	945	-20%	34%	945	0%
PBT	356	408	464	545	428	501	-21%	20%	681	-26%
PAT	252	289	325	313	304	355	-3%	20%	493	-28%
Credit Cost on total AUM % (calc)	1.30	1.37	1.49	1.89	1.45	1.83	-43bps	15bps	1.55	28bps
GNPA % (GS3 on Total AUM)	1.8	1.9	2.0	2.0	2.0	2.1	1bps	23bps	2.00	10bps
NNPA % (NS3 on Total AUM)	1.0	1.0	1.1	1.1	1.2	1.2	13bps	20bps	1.07	13bps
PCR (%)	48.0	49.0	49.0	48.0	47.0	47.0	-100bps	-100bps	47.0	0bps

Source: Company, Emkay Research

## Exhibit 2: Quarterly results snapshot

(Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	QoQ Chg	YoY Chg
NII	665	661	622	958	649	54%	39%
NIMs (%)	6.6	6.0	5.2	7.6	4.8	241bps	26bps
NII + Fees	1,482	1,626	2,008	1,654	1,998	-18%	32%
NIMs + Fees (%)	14.8	14.8	16.8	13.1	14.8	-365bps	-29bps
Cost of Borrowing (%)	11.81	11.71	11.62	11.86	11.60	25bps	44bps
Opex-to-AUM (%)	4.61	4.34	4.84	3.92	4.35	-92bps	-38bps
PPoP	654	761	956	760	945	-20%	34%
Credit cost on AUM (%)	1.37	1.49	1.89	1.45	1.83	-43bps	15bps
Credit cost on on-book AUM (%)	2.45	2.71	3.43	2.63	3.29	-80bps	40bps
PAT	289	325	313	304	355	-3%	20%
Networth	13,710	14,049	14,384	19,172	19,578	33%	43%
AUM	75,920	83,640	90,470	92,180	101,570	2%	36%
Disbursement	14,770	15,520	15,540	11,450	19,710	-26%	-10%
GS3 (%) - Reported	2.85	3.15	3.09	2.90	2.67	-19bps	23bps
NS3 (%) - Reported	1.5	1.7	1.6	1.6	1.5	-5bps	14bps
GNPA % (GS3 on Total AUM)	1.92	2.04	2.02	2.03	2.10	1bps	23bps
NNPA % (NS3 on Total AUM)	1.0	1.1	1.1	1.1	1.1	2bps	9bps
ROA % - Reported	2.30	2.40	2.20	1.90	2.00	-30bps	-30bps
ROE % - Reported	8.50	9.40	9.20	7.70	8.50	-150bps	-100bps
PCR (%)	49.0	49.0	48.0	47.0	47.0	-100bps	-100bps

Source: Company, Emkay Research

## Exhibit 3: Changes in estimate

Y/E Mar (Rs mn)	FY25E			FY26E			FY27E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Disbursement	73,674	73,674	0.0%	92,896	92,896	0.0%	116,605	116,605	0.0%
AUM	121,065	121,065	0.0%	159,173	159,173	0.0%	204,006	204,006	0.0%
Net Interest Income	4,001	4,001	0.0%	6,138	6,138	0.0%	8,284	8,284	0.0%
Other operating Income	4,470	4,170	-6.7%	6,120	5,025	-17.9%	8,139	6,977	-14.3%
Total Income	8,471	8,171	-3.5%	12,258	11,163	-8.9%	16,424	15,261	-7.1%
Operating expenses	4,705	4,494	-4.5%	6,581	5,679	-13.7%	7,746	7,108	-8.2%
PPOP	3,766	3,677	-2.4%	5,677	5,484	-3.4%	8,678	8,153	-6.1%
Provisions	1,616	1,651	2.1%	1,952	1,975	1.2%	2,532	2,653	4.8%
PAT	1,598	1,506	-5.8%	2,768	2,607	-5.8%	4,567	4,087	-10.5%
EPS (Rs)	17	16	-5.8%	24	22	-5.8%	32	29	-10.5%
BV	174	173	-0.6%	224	223	-0.8%	257	251	-2.0%
Networth	18,609	18,517	-0.5%	31,787	31,534	-0.8%	36,353	35,621	-2.0%
Disbursement growth	25.6%	25.6%	-	26.1%	26.1%	-	25.5%	25.5%	-
AUM growth	33.8%	33.8%	-	31.5%	31.5%	-	28.2%	28.2%	-
Total PCR as a % of AUM	50%	50.00%	-	50%	52.00%	200	50%	55.00%	500
NIM	7.0%	7.0%	0bps	8.4%	8.4%	0bps	8.9%	8.9%	0bps
NIMs + Fees	14.9%	14.4%	-53bps	16.7%	15.2%	-149bps	17.6%	16.3%	-124bps
Opex-to-AUM ratio	4.4%	4.2%	-20bps	4.7%	4.1%	-64bps	4.3%	3.9%	-35bps
Cost-to-Income ratio	55.5%	55.0%	-54bps	53.7%	50.9%	-281bps	47.2%	46.6%	-59bps
Credit Cost	2.8%	2.9%	6bps	2.7%	2.7%	3bps	2.7%	2.8%	13bps
ROA	2.3%	2.2%	-13bps	3.1%	3.0%	-18bps	4.1%	3.7%	-41bps
ROE	9.1%	8.6%	-50bps	11.6%	11.0%	-59bps	13.4%	12.2%	-123bps

Source: Company, Emkay Research

## Exhibit 4: Valuation matrix

	CMP/TP (Rs)	Upside	Mkt Cap (Rs bn)	P/BV (x)			P/E (x)			RoA (%)			RoE (%)			Book Value (Rs)			EPS (Rs)		
				FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
At current market price	241	50%	22.8	1.39	1.08	0.96	14.63	10.76	8.34	2.3	2.2	3.0	8.6	11.0	12.2	173	223	251	16	22	29
AT target price	360		22.8	2.08	1.62	1.43	21.90	16.11	12.48	2.3	2.2	3.0	8.6	11.0	12.2	173.5	222.6	251.4	16.4	22.4	28.8

Source: Company, Emkay Research

## Exhibit 5: AUM trend

	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
AUM (Rs bn)	25.89	29.69	36.57	43.75	50.96	60.81	67.77	75.92	83.64	90.47	92.18	101.57
QoQ growth	34%	15%	23%	20%	16%	19%	11%	12%	10%	8%	2%	10%

Source: Company, Emkay Research

## Exhibit 6: AUM mix – On-balance sheet: Off-balance sheet

AUM Mix (Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
On Book	24,078	24,910	28,750	31,030	33,210	36,390	38,480	41,756	46,002	49,690	51,040	56,640
Off Book	1,812	4,780	7,820	12,720	17,750	24,420	29,290	34,164	37,638	40,780	41,140	44,930
<b>Total AUM</b>	<b>25,890</b>	<b>29,690</b>	<b>36,570</b>	<b>43,750</b>	<b>50,960</b>	<b>60,810</b>	<b>67,770</b>	<b>75,920</b>	<b>83,640</b>	<b>90,470</b>	<b>92,180</b>	<b>101,570</b>
On Book	93%	84%	79%	71%	65%	60%	57%	55%	55%	55%	55%	56%
Off Book	7%	16%	21%	29%	35%	40%	43%	45%	45%	45%	45%	44%

Source: Company, Emkay Research

**Exhibit 7: Product Mix**

AUM Mix (product wise)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Prime - Secured Loans	31.4%	29.6%	28.7%	28.4%	29.3%	28.5%	26.9%	26.4%	26.6%	27.5%
Prime - Unsecured Loans	27.3%	28.8%	30.0%	31.2%	31.1%	31.3%	31.9%	32.5%	33.3%	32.8%
Micro Enterprise Loan	4.6%	5.5%	6.6%	7.8%	8.1%	8.4%	8.6%	9.0%	9.7%	10.9%
Supply Chain Financing	9.7%	9.1%	9.0%	9.3%	8.6%	8.8%	8.6%	7.0%	4.8%	3.5%
Machinery Loan	9.9%	10.6%	11.1%	11.5%	11.8%	11.8%	12.4%	12.9%	13.6%	13.7%
Partnerships & Alliances	17.0%	16.4%	14.6%	11.8%	11.1%	11.2%	11.6%	12.3%	12.0%	11.7%

Source: Company, Emkay Research

**Exhibit 8: Disbursement Trend**

	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Disbursement (Rs bn)	8.17	6.12	9.16	11.01	11.64	14.59	12.79	14.77	15.52	15.54	11.45	19.71
QoQ growth	27%	-25%	50%	20%	6%	25%	-12%	15%	5%	0%	-26%	72%

Source: Company, Emkay Research

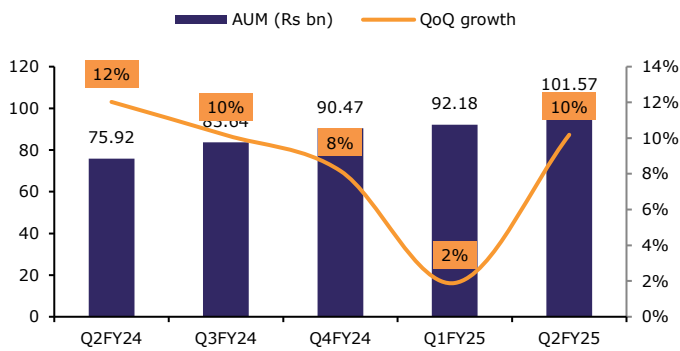
**Exhibit 9: Product-wise disbursement mix**

Disbursement Mix	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Prime - Secured Loans	21.0%	22.8%	25.3%	24.7%	28.4%	20.6%	15.7%	17.0%	21.3%	21.4%
Prime - Unsecured Loans	33.3%	32.1%	33.2%	28.6%	33.5%	35.5%	38.0%	40.3%	45.8%	31.6%
Micro Enterprise Loan	9.9%	10.9%	11.7%	14.1%	11.8%	12.7%	11.6%	13.1%	18.3%	23.1%
Supply Chain Financing (Net)	7.2%	5.3%	5.6%	7.5%	0.9%	5.8%	3.4%	-5.7%	-16.1%	-5.0%
Machinery Loan	13.0%	11.4%	11.5%	11.9%	12.0%	11.3%	14.5%	14.6%	17.1%	14.8%
Partnerships & Alliances	15.6%	17.5%	12.7%	13.2%	13.4%	14.2%	16.8%	20.7%	13.6%	14.1%

Source: Company, Emkay Research

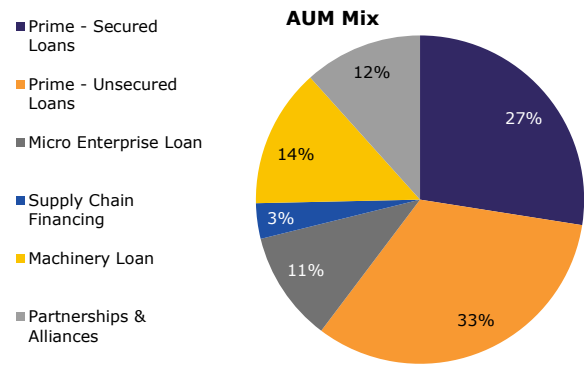
# Results in Charts

**Exhibit 10: AUM saw good 10% growth on a QoQ basis**



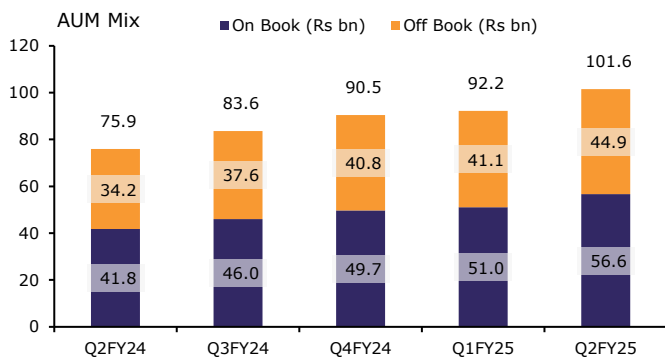
Source: Company, Emkay Research

**Exhibit 11: AUM Mix**



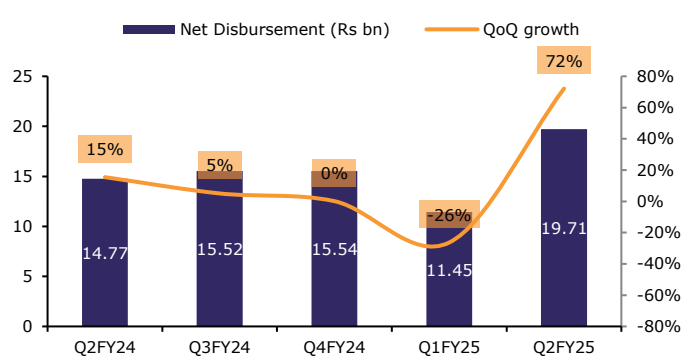
Source: Company, Emkay Research

**Exhibit 12: Off-book portfolio to reach 50% in the medium term**



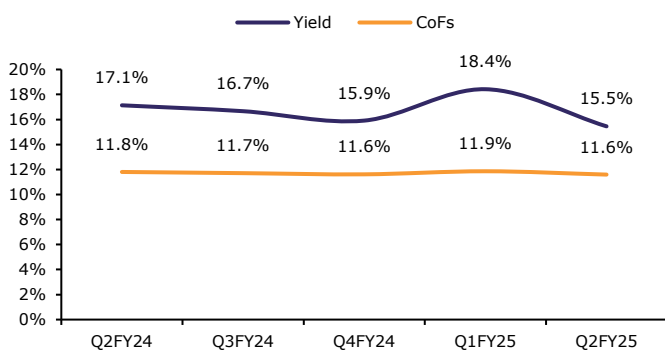
Source: Company, Emkay Research

**Exhibit 13: Net disbursement saw strong growth during Q2FY25**



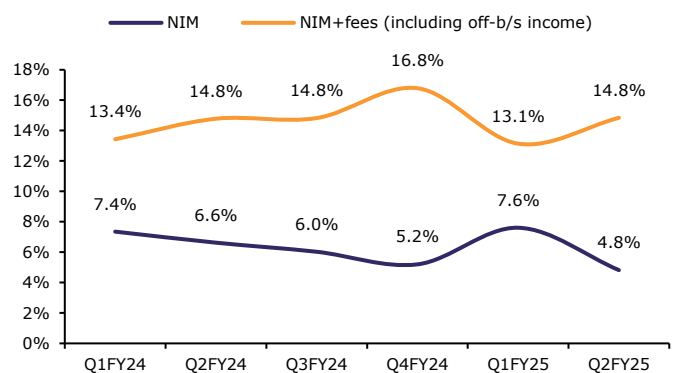
Source: Company, Emkay Research

**Exhibit 14: CoFs to marginally improve on account of rating upgrade and optimizing of funding mix**



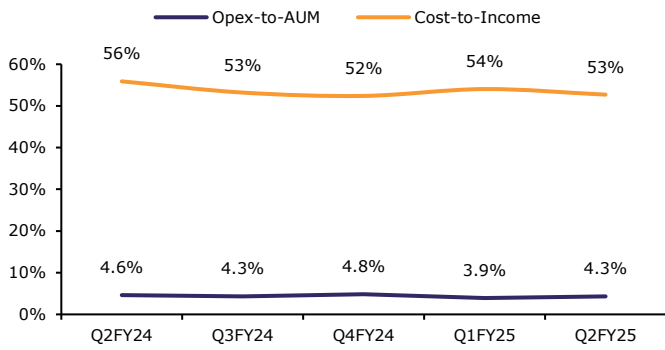
Source: Company, Emkay Research

**Exhibit 15: NIM+ Fees saw sequential improvement**



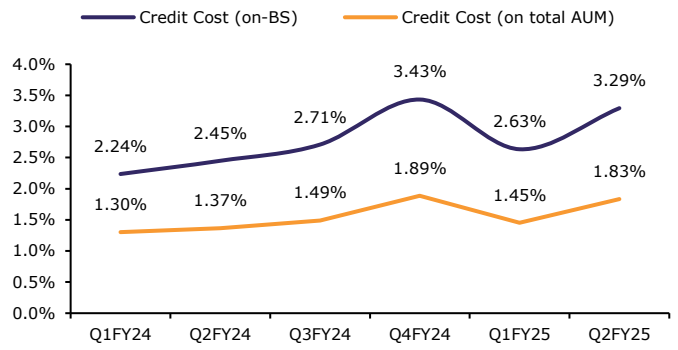
Source: Company, Emkay Research

**Exhibit 16: Opex-to-AUM remains broadly stable YoY**



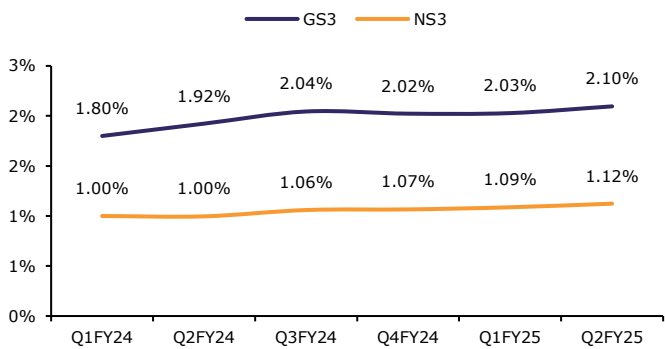
Source: Company, Emkay Research

**Exhibit 17: Credit cost increased sequentially during the quarter**



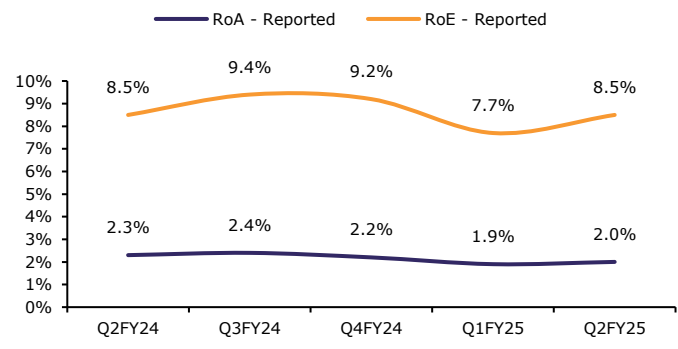
Source: Company, Emkay Research

**Exhibit 18: Asset quality increases sequentially**



Source: Company, Emkay Research

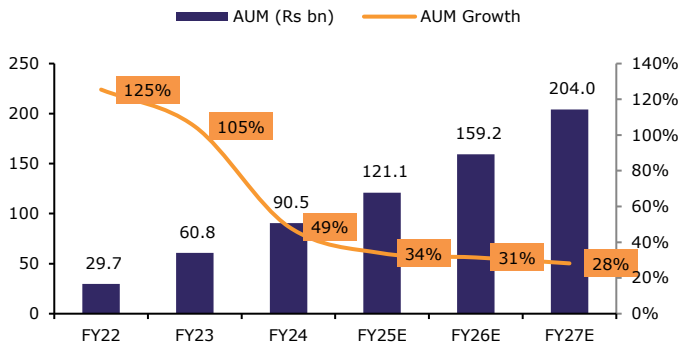
**Exhibit 19: RoA remains broadly stable**



Source: Company, Emkay Research

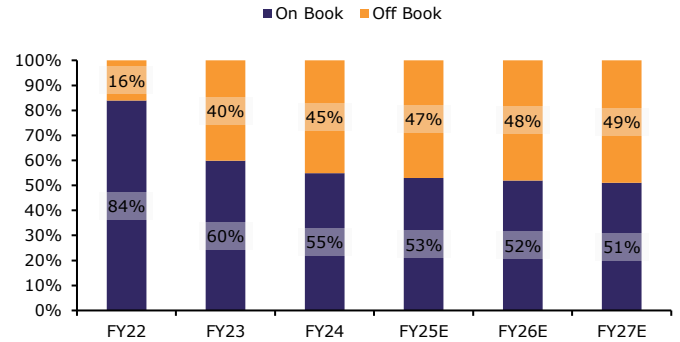
# Story in Charts

**Exhibit 20: We expect AUM CAGR of 31% over our forecast period**



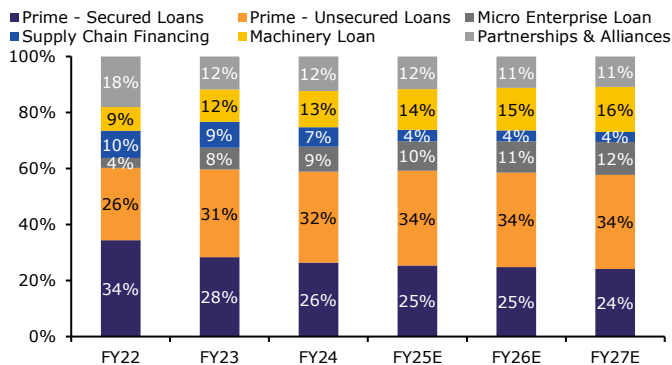
Source: Company, Emkay Research

**Exhibit 21: The management guided for an On book: Off book of 50% each**



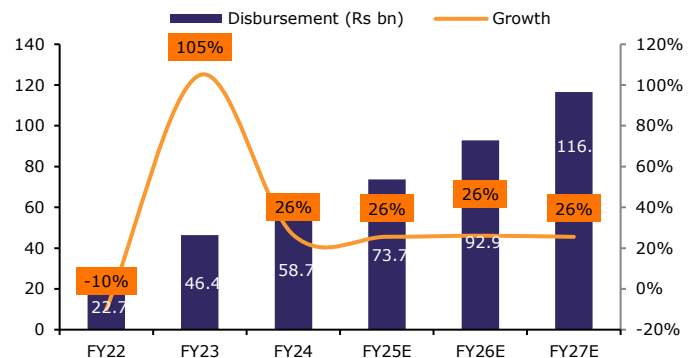
Source: Company, Emkay Research

**Exhibit 22: Portfolio mix**



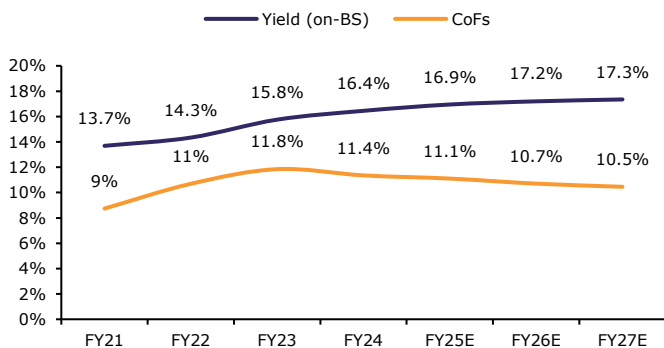
Source: Company, Emkay Research

**Exhibit 23: Robust disbursement to drive overall growth**



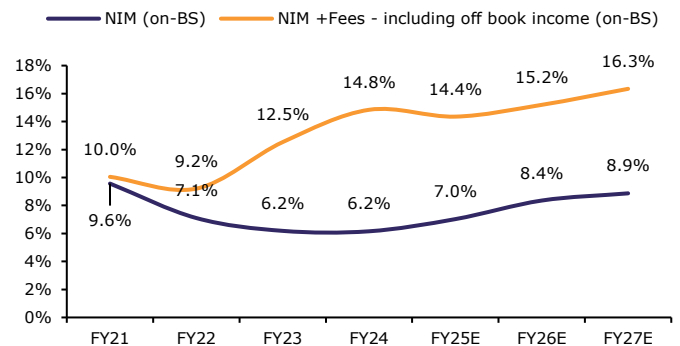
Source: Company, Emkay Research

**Exhibit 24: Yield improvement is led by improving asset mix**



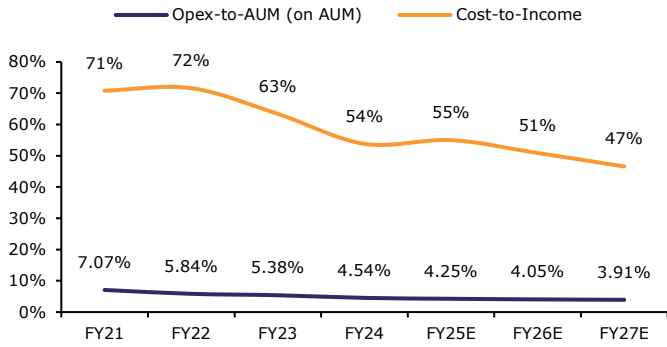
Source: Company, Emkay Research

**Exhibit 25: Overall margin to improve on account of better yield and stable CoFs**



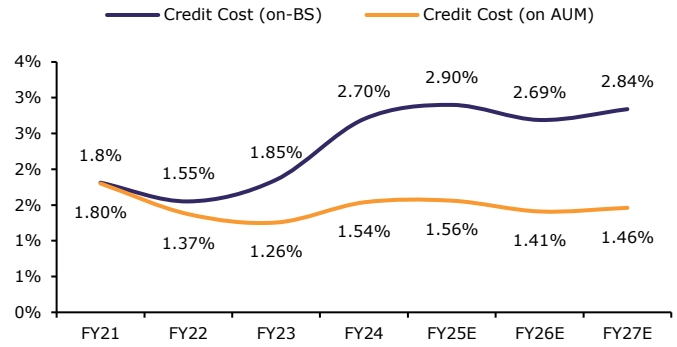
Source: Company, Emkay Research

**Exhibit 26: Opex moderation on account of improvement in branch productivity and efficiency**



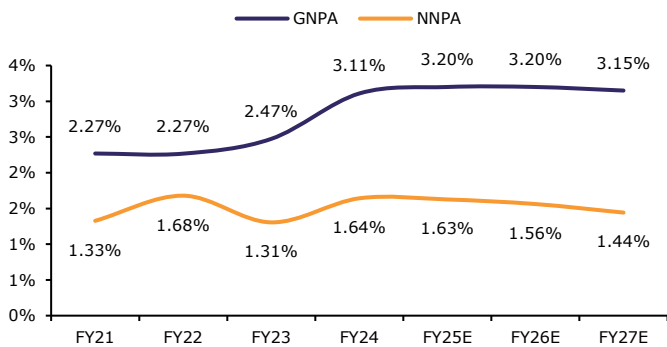
Source: Company, Emkay Research

**Exhibit 27: Credit cost remains range-bound**



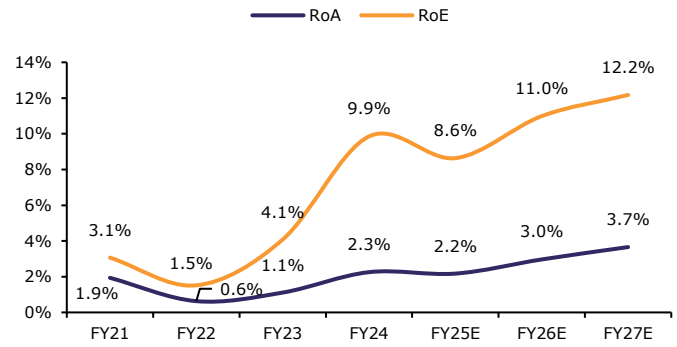
Source: Company, Emkay Research

**Exhibit 28: Asset quality to remain robust**



Source: Company, Emkay Research

**Exhibit 29: ROA/ROE expansion on account of improved productivity and margins**



Source: Company, Emkay Research



## UGRO Capital: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	4,829	7,079	9,648	12,635	16,205
Interest Expense	2,933	4,429	5,647	6,497	7,920
<b>Net interest income</b>	<b>1,896</b>	<b>2,650</b>	<b>4,001</b>	<b>6,138</b>	<b>8,284</b>
NII growth (%)	40.7	39.7	51.0	53.4	35.0
Non interest income	1,944	3,737	4,170	5,025	6,977
<b>Total income</b>	<b>3,841</b>	<b>6,387</b>	<b>8,171</b>	<b>11,163</b>	<b>15,261</b>
Operating expenses	2,435	3,437	4,494	5,679	7,108
<b>PPOP</b>	<b>1,406</b>	<b>2,950</b>	<b>3,677</b>	<b>5,484</b>	<b>8,153</b>
PPOP growth (%)	183.6	109.8	24.6	49.1	48.7
Provisions & contingencies	568	1,163	1,651	1,975	2,653
<b>PBT</b>	<b>838</b>	<b>1,788</b>	<b>2,027</b>	<b>3,509</b>	<b>5,500</b>
Extraordinary items	0	0	0	0	0
Tax expense	441	594	521	902	1,414
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>398</b>	<b>1,193</b>	<b>1,506</b>	<b>2,607</b>	<b>4,087</b>
PAT growth (%)	173.4	200.0	26.2	73.1	56.8
<b>Adjusted PAT</b>	<b>398</b>	<b>1,193</b>	<b>1,506</b>	<b>2,607</b>	<b>4,087</b>
<b>Diluted EPS (Rs)</b>	<b>5.7</b>	<b>13.4</b>	<b>16.4</b>	<b>22.4</b>	<b>28.8</b>
Diluted EPS growth (%)	176.2	135.3	22.8	36.0	29.0
<b>DPS (Rs)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Dividend payout (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Effective tax rate (%)	52.6	33.2	25.7	25.7	25.7
Net interest margins (%)	12.5	14.8	14.4	15.2	16.3
Cost-income ratio (%)	63.4	53.8	55.0	50.9	46.6
PAT/PPOP (%)	28.3	40.5	40.9	47.5	50.1
Shares outstanding (mn)	69.3	91.6	91.6	141.7	141.7

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
<b>Asset quality</b>					
GNPL - Stage 3	957	1,715	2,279	2,940	3,637
NNPL - Stage 3	499	892	1,139	1,411	1,637
GNPL ratio - Stage 3 (%)	2.5	3.1	3.2	3.2	3.2
NNPL ratio - Stage 3 (%)	1.3	1.7	1.7	1.6	1.5
ECL coverage - Stage 3 (%)	49.0	48.0	50.0	52.0	55.0
ECL coverage - 1 & 2 (%)	1.1	0.7	1.1	1.2	1.4
Gross slippage - Stage 3	0	0	0	0	0
Gross slippage ratio (%)	0.0	0.0	0.0	0.0	0.0
Write-off ratio (%)	0.1	1.2	1.5	1.6	1.7
Total credit costs (%)	1.9	2.7	2.9	2.7	2.8
NNPA to networth (%)	5.1	6.2	6.2	4.5	4.6
<b>Capital adequacy</b>					
Total CAR (%)	20.2	20.8	25.9	29.6	25.5
Tier-1 (%)	19.6	19.5	24.9	28.9	25.0
<b>Miscellaneous</b>					
Total income growth (%)	119.9	66.3	27.9	36.6	36.7
Opex growth (%)	94.6	41.2	30.7	26.4	25.2
PPOP margin (%)	4.6	6.9	6.5	7.5	8.7
Credit costs-to-PPOP (%)	40.4	39.4	44.9	36.0	32.5
Loan-to-Assets (%)	88.4	86.5	90.3	88.0	89.3
Yield on loans (%)	15.8	16.4	16.9	17.2	17.3
Cost of funds (%)	11.8	11.4	11.1	10.7	10.5
Spread (%)	3.9	5.1	5.8	6.5	6.9

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	693	916	916	1,417	1,417
Reserves & surplus	9,147	13,468	17,601	30,117	34,204
<b>Net worth</b>	<b>9,840</b>	<b>14,384</b>	<b>18,517</b>	<b>31,534</b>	<b>35,621</b>
<b>Borrowings</b>	<b>31,489</b>	<b>46,532</b>	<b>55,182</b>	<b>66,216</b>	<b>85,315</b>
<b>Other liabilities &amp; prov.</b>	<b>1,726</b>	<b>1,884</b>	<b>2,065</b>	<b>2,271</b>	<b>2,499</b>
<b>Total liabilities &amp; equity</b>	<b>43,056</b>	<b>62,800</b>	<b>75,764</b>	<b>100,022</b>	<b>123,435</b>
Net loans	38,064	54,322	68,387	87,975	110,183
Investments	601	592	568	2,000	2,469
Cash, other balances	2,118	4,549	4,057	6,951	7,297
<b>Interest earning assets</b>	<b>40,783</b>	<b>59,463</b>	<b>73,013</b>	<b>96,926</b>	<b>119,949</b>
Fixed assets	38	45	54	65	78
Other assets	2,235	3,292	2,697	3,031	3,408
<b>Total assets</b>	<b>43,056</b>	<b>62,800</b>	<b>75,764</b>	<b>100,022</b>	<b>123,435</b>
BVPS (Rs)	142.0	157.0	173.5	222.6	251.4
Adj. BVPS (INR)	142.0	157.0	173.5	222.6	251.4
Gross loans	38,677	55,148	71,213	91,862	115,472
<b>Total AUM</b>	<b>60,810</b>	<b>90,470</b>	<b>121,065</b>	<b>159,173</b>	<b>204,006</b>
On balance sheet	36,390	49,690	64,165	82,770	104,043
Off balance sheet	24,420	40,780	56,901	76,403	99,963
Disbursements	46,410	58,670	73,674	92,896	116,605
Disbursements growth (%)	104.9	26.4	25.6	26.1	25.5
Loan growth (%)	55.3	42.7	25.9	28.6	25.2
AUM growth (%)	104.8	48.8	33.8	31.5	28.2
Borrowings growth (%)	74.7	47.8	18.6	20.0	28.8
Book value growth (%)	3.6	10.6	10.5	28.3	13.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	42.3	18.0	14.6	10.8	8.3
P/B (x)	1.7	1.5	1.4	1.1	1.0
P/ABV (x)	1.7	1.5	1.4	1.1	1.0
P/PPOP (x)	12.0	7.3	6.0	5.1	4.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
<b>DuPont-RoE split (%)</b>					
NII/avg AUM	6.2	6.2	7.0	8.4	8.9
Other income	6.3	8.7	7.3	6.8	7.5
Securitization income	0.0	0.0	0.0	0.0	0.0
Opex	3.4	3.7	3.6	3.5	3.4
Employee expense	4.6	4.2	4.3	4.2	4.3
<b>PPOP</b>	<b>4.6</b>	<b>6.9</b>	<b>6.5</b>	<b>7.5</b>	<b>8.7</b>
Provisions	1.9	2.7	2.9	2.7	2.8
Tax expense	1.4	1.4	0.9	1.2	1.5
<b>RoAUM (%)</b>	<b>1.3</b>	<b>2.8</b>	<b>2.6</b>	<b>3.5</b>	<b>4.4</b>
Leverage ratio (x)	3.1	3.6	3.3	3.1	2.8
<b>RoE (%)</b>	<b>4.1</b>	<b>9.9</b>	<b>8.6</b>	<b>11.0</b>	<b>12.2</b>
<b>Quarterly data</b>					
Rs mn, Y/E Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
NII	665	661	622	958	649
NIM (%)	14.8	14.8	16.8	13.1	14.8
PPOP	654	761	956	760	945
PAT	289	325	313	304	355
EPS (Rs)	3.17	3.56	3.57	3.31	3.87

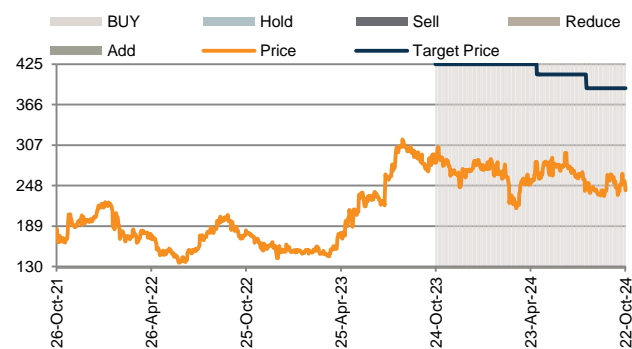
Source: Company, Emkay Research

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
04-Oct-24	245	390	Buy	Avinash Singh
02-Sep-24	235	390	Buy	Avinash Singh
20-Aug-24	246	390	Buy	Avinash Singh
08-Aug-24	243	390	Buy	Avinash Singh
05-Jun-24	278	410	Buy	Avinash Singh
05-May-24	283	410	Buy	Avinash Singh
03-May-24	283	425	Buy	Avinash Singh
30-Nov-23	266	425	Buy	Avinash Singh
28-Oct-23	304	425	Buy	Avinash Singh
23-Oct-23	282	425	Buy	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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<b>REDUCE</b>	5% upside to 15% downside
<b>SELL</b>	<15% downside

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