

# Bajaj Finance

Estimate change

TP change

Rating change

Bloomberg	BAF IN
Equity Shares (m)	615
M.Cap.(INRb)/(USD\$)	4515.5 / 54.2
52-Week Range (INR)	8192 / 5929
1, 6, 12 Rel. Per (%)	6/-23/-7
12M Avg Val (INR M)	8035

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
Net Income	363	445	555
PPP	239	296	373
PAT	144	175	226
EPS (INR)	234	283	365
EPS Gr. (%)	23	21	29
BV/Sh. (INR)	1,241	1,499	1,815

## Ratios

NIM (%)	10.4	10.0	10.0
C/I ratio (%)	34.0	33.5	32.7
RoA (%)	4.4	4.2	4.3
RoE (%)	22.0	20.7	22.0
Payout (%)	15.4	14.8	13.1

## Valuations

P/E (x)	31.2	25.8	20.0
P/BV (x)	5.9	4.9	4.0
Div. Yield (%)	0.5	0.6	0.7

## Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	54.7	54.8	55.9
DII	14.4	14.1	13.0
FII	20.7	21.0	19.3
Others	10.2	10.2	11.8

FII Includes depository receipts

**CMP: INR7,294 TP: INR7,800 (+7%) Downgrade to Neutral**
**Staring at a weaker year ahead; downgrade to Neutral**
**Earnings in line; NIM contracts ~20bp QoQ**

- Bajaj Finance (BAF)'s 4QFY24 reported PAT grew ~21% YoY to ~INR38.2b (in line), while FY24 PAT rose ~26% YoY to INR144.5b.
- NII grew 28% YoY to ~INR80.1b (in line). Non-interest income was up 12% YoY, and net total income rose 25% YoY to ~INR97.1b (in line).
- BAF's 4QFY24 NIM (calc.) contracted ~20bp QoQ to ~10%.
- While the change in the AUM mix will be gradual, the AUM growth in FY25 will be supported by mortgages, commercial, SME, and newer product segments such as cars, LAP, and tractors. Higher growth in the secured product segments will keep yields under pressure. Further, we expect its CoB to increase for a large part of FY25.
- We have cut our FY25/FY26 PAT estimates by 7%/6% to factor in a higher NIM compression, a decline in fee income, and elevated credit costs. We model an AUM/PAT CAGR of ~27%/25% over FY24-FY26 and expect BAF to deliver an RoA/RoE of ~4.3%/22% in FY26.
- **Downgrade the stock to Neutral with a TP of INR7,800 (premised on 4.3x FY26E P/BV).** While we admire BAF for being the strongest NBFC franchise with astute execution, our downgrade to Neutral rating on the stock is predicated on: 1) the near-term headwinds on AUM growth as the company is cutting down business in Rural B2C, and slower AUM growth in the B2B business due to the RBI ban on e-commerce and Insta EMI card; 2) NIM compression of ~35bp (vs. ~20bp earlier) in FY25E due to the expected rise in the cost of borrowings, difficulty in passing on the interest rate hikes to customers, and change in product mix; and 3) elevated credit costs from the B2C portfolio in almost all of FY25E.
- In the very near term, the RBI revoking its ban on 'E-com' and 'Insta EMI Card' could be a trigger for the stock. Beyond that, we do not see any catalysts for this stock, which is trading at 4.0x FY26E P/BV and 20x P/E.
- Upside risks: 1) BAF delivering a much stronger AUM growth relative to its guidance of ~26-28%; and 2) the situation improving in the B2C business, resulting in lower-than-guided credit costs for FY25.

**AUM growth at ~34% YoY; new customer acquisition hit by the ban**

- BAF's total customer franchise stood at ~83.6m, up ~21% YoY/4% QoQ. New customer acquisitions remained healthy at ~3.2m (vs. ~3.1m YoY/3.85m QoQ). New loans booked rose ~4% YoY to ~7.9m (vs. ~7.6m in 4QFY23). The new loans booked during the quarter were lower by ~0.8m on account of restrictions placed by the RBI.
- Total AUM grew 34% YoY and ~6% QoQ to INR3.3t. The rural B2C business exhibited muted AUM growth given that BAF has cut business volumes in this segment in the face of higher delinquencies. The urban sales finance business was hit by the RBI embargo on e-commerce and digital Insta EMI Cards.

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**Minor improvement in operating cost ratio**

- Opex grew 25% YoY to ~INR33b (in line), and the opex-to-NII was stable QoQ at ~34% in 4QFY24.
- BAF will continue to invest in digital and technology and it is planning to implement its key long-range strategy (LRS) megatrends – Account aggregator (8.1m consents), ONDC (Jun'24), Social commerce (Jul'24), and the Rewards platform (Jun'24) – to strengthen its competitive moat and cost optimization.
- Investments in the above and in building out the newer business lines will mean that the operating leverage benefits will be visible earliest only in FY26. We build a minor decline of ~50bp in the opex-to-NII ratio to ~33.5% in FY25.

**Credit costs to remain elevated in FY25 due to the stressed pool of B2C business**

- BAF's GS3 improved ~10bp QoQ to ~0.85%. However, the Stage 3 PCR further declined ~5pp QoQ to ~57%, resulting in an NS3 of 0.37%.
- Net credit costs in 4QFY24 stood at ~180bp (PY: ~145bp). BAF also utilized ~INR2.9b from the management overlay and held a management and macroeconomic overlay of INR3b as of Mar'24. Credit costs were higher due to the elevated Rural B2C delinquencies.
- Management guided for gross credit costs of 1.75-1.85% in FY25. We model net credit costs of 170bp/150bp in FY25E/FY26E.

**Update on the RBI ban**

- BAF has made the required changes in response to the regulatory restriction imposed by the RBI, on sanction and disbursal of loans under 'eCOM' and 'Insta EMI Card'. The company has formally requested the RBI for a review and removal of these restrictions.
- BAF, in addition to digital lending products, has implemented Key Fact Statements (KFS) for all its lending products effective 31<sup>st</sup> Mar'24, and made it available in 20 vernacular languages.

**Highlights from the management commentary**

- The Board of Directors of BHFL evaluated various options for meeting the mandatory listing conditions (including through a potential IPO). In this regard, the Board of BHFL has constituted a committee to undertake various actions and steps.

**Valuation and view**

- Management's guidance for FY25 is below its long-term guidance on multiple metrics such as AUM growth, credit costs, RoA, and RoE. BAF's key product segments (until now) have been the secular growth segments. However, its foray into multiple newer products such as cars, tractors, CVs, and potentially MFI, could (in future) make its growth vulnerable to cyclicity despite having a well-diversified product mix.
- Despite a healthy PAT CAGR of ~25% over FY24-FY26E, and an RoA/RoE of 4.3%/22% in FY26E, we see limited upside catalysts. Consequently, we **downgrade the stock to Neutral with a TP of INR7,800 (premised on 4.3x FY26E BVPS).**

## Quarterly Performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24	4QFY24E	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	1,25,233	1,32,301	3,55,502	4,83,066	1,33,148	-1
Interest expenses	26,451	29,714	33,512	35,920	41,025	45,371	48,680	52,171	1,25,599	1,87,247	52,168	0
<b>Net Interest Income</b>	<b>52,745</b>	<b>55,376</b>	<b>59,222</b>	<b>62,549</b>	<b>67,186</b>	<b>71,970</b>	<b>76,553</b>	<b>80,130</b>	<b>2,29,903</b>	<b>2,95,819</b>	<b>80,980</b>	-1
YoY Growth (%)	42.5	29.1	25.3	30.2	27.4	30.0	29.3	28.1	31.2	28.7	29.5	
Other Operating Income	13,630	14,637	15,126	15,162	16,795	16,477	16,436	17,019	58,555	66,759	17,253	-1
<b>Net Income</b>	<b>66,376</b>	<b>70,013</b>	<b>74,347</b>	<b>77,712</b>	<b>83,980</b>	<b>88,447</b>	<b>92,989</b>	<b>97,149</b>	<b>2,88,458</b>	<b>3,62,578</b>	<b>98,233</b>	-1
YoY Growth (%)	47.8	31.2	23.9	28.1	33.3	26.3	25.1	25.0	31.8	25.7	26.4	
Operating Expenses	23,801	25,148	25,818	26,522	28,544	30,100	31,567	33,028	1,01,300	1,23,252	33,039	0
<b>Operating Profit</b>	<b>42,575</b>	<b>44,865</b>	<b>48,529</b>	<b>51,190</b>	<b>55,437</b>	<b>58,347</b>	<b>61,422</b>	<b>64,121</b>	<b>1,87,158</b>	<b>2,39,326</b>	<b>65,194</b>	-2
YoY Growth (%)	36.6	35.8	23.8	29.0	37.0	30.0	26.6	25.3	30.8	27.9	27.4	
Provisions and Cont.	7,547	7,342	8,413	8,594	9,953	10,771	12,484	13,100	31,897	46,307	13,069	0
<b>Profit before Tax</b>	<b>35,028</b>	<b>37,523</b>	<b>40,117</b>	<b>42,611</b>	<b>45,484</b>	<b>47,576</b>	<b>48,939</b>	<b>51,037</b>	<b>1,55,279</b>	<b>1,93,036</b>	<b>52,142</b>	-2
Tax Provisions	9,065	9,716	10,387	11,033	11,143	12,070	12,566	12,806	40,202	48,584	13,529	-5
<b>Net Profit</b>	<b>25,963</b>	<b>27,807</b>	<b>29,730</b>	<b>31,578</b>	<b>34,341</b>	<b>35,507</b>	<b>36,373</b>	<b>38,232</b>	<b>1,15,077</b>	<b>1,44,452</b>	<b>38,613</b>	-1
YoY Growth (%)	159.0	87.8	39.9	30.5	36.8	27.7	22.3	21.1	63.7	25.5	22.3	
<b>Key Operating Parameters (%)</b>												
Fees to Net Income Ratio	20.5	20.9	20.3	19.5	20.0	18.6	17.7	17.5	20.3	18.4		
Credit Cost	1.55	1.43	1.54	1.47	1.57	1.56	1.69	1.66	1.47	1.6		
Cost to Income Ratio	35.9	35.9	34.7	34.1	34.0	34.0	33.9	34.0	35.1	34.0		
Tax Rate	25.9	25.9	25.9	25.9	24.5	25.4	25.7	25.1	25.9	25.2		
<b>Balance Sheet Parameters</b>												
AUM (INR B)	2,040	2,184	2,308	2,474	2,701	2,903	3,110	3,306	2,474	3,306		
Change YoY (%)	28.3	30.8	27.4	25.3	42.3	32.9	34.7	33.6	25.3	33.6		
Loans (INR B)	1,984	2,127	2,254	2,423	2,653	2,857	3,064	3,263	2,423	3,263		
Change YoY (%)	29.5	32.3	29.0	26.6	44.1	34.3	35.9	34.7	26.6	34.7		
Borrowings (INR b)	1,721	1,833	2,013	2,154	2,352	2,544	2,639	2,895	2,154	2,895		
Change YoY (%)	29.1	26.4	30.7	30.4	47.8	38.8	31.1	34.4	30.4	34.4		
Loans/Borrowings (%)	115.3	116.1	112.0	112.5	112.8	112.3	116.1	112.7	112.5	112.7		
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR B)	25.4	25.3	26.1	23.1	23.5	26.5	29.6	28.2	23.1	28.2		
Gross Stage 3 (% on Assets)	1.25	1.17	1.14	0.94	0.87	0.91	0.95	0.85	0.94	0.85		
NS 3 (INR B)	10.2	9.5	9.3	8.4	8.3	9.0	11.4	12.1	8.4	12.1		
Net Stage 3 (% on Assets)	0.51	0.44	0.41	0.34	0.31	0.31	0.37	0.37	0.35	0.37		
PCR (%)	59.9	62.3	64.2	63.8	77.4	66.0	61.7	57.0	63.8	57.0		
<b>Return Ratios (%)</b>												
ROAA (Rep)	5.3	5.4	5.4	5.4	5.4	5.16	4.92	4.84	4.7	4.4		
ROAE (Rep)	23.1	23.57	24	23.94	24.5	24.1	21.95	20.48	23.4	22.0		

E: MOFSL Estimates



## Highlights from the management commentary

### Business update

- FY24 PAT grew 26% YoY with an RoE of ~22%.
- New loans booked were lower by approximately 0.8m in 4QFY24 and 1.2m in FY24 on account of the restrictions placed by the RBI on sanctions and disbursements of loans under eCOM and Insta EMI Card.
- In 4QFY24, the cost of funds rose ~10bp QoQ and NIM contracted ~20bp QoQ
- Opex-to-net total income improved to 34.0% (PQ: 34.2%)
- BAF deployed various GenAI initiatives across operations, service and contact centers to enhance operating efficiencies. Benefits will be visible by exit-FY25 and more particularly in FY26.
- Attrition for FY24 was 14.9% as against 18.7% for FY23.

### Asset Quality

- Rural B2C business continued to witness elevated loan losses in 4Q as well. AUM growth of Rural B2C (excl. gold loan) has been brought down from 25% in FY23 to ~6% in FY24.
- Risk metrics across all businesses were stable except Rural B2C business. BAF continues to be watchful on risk actions in Rural B2C business.
- Loan loss to average AUF, excluding management overlay, was 1.86% in 4QFY24
- Management and macroeconomic overlay stood at INR3b (PQ: ~INR5.9b) as of Mar'24. During the quarter, BAF utilized INR1.3b towards strengthening its ECL model and released INR1.6b towards loan losses and provisions.

### BHFL - IPO

- The Board of Directors of BHFL evaluated various options for meeting the mandatory listing conditions (including through a potential IPO). In this regard, the Board of BHFL has constituted a committee to undertake various actions and steps.

### Update on Regulatory developments

- The Company has made required changes in response to the regulatory restriction imposed by the RBI, on sanctions and disbursements of loans under 'eCOM' and 'Insta EMI Card'. It has formally requested the RBI for review and removal of these restrictions.
- To ensure compliance in form and spirit, the company, in addition to digital lending products, has implemented KFS for all lending products effective 31<sup>st</sup> Mar'24 and made it available in 20 vernacular languages.
- With regards to the embargo, BAF completed the compliance and it is awaiting next steps from the RBI. In its AUM growth guidance for FY25, it has assumed that the embargo will be lifted sometime in the near future.

### Liabilities

- BAF raised USD725m (equivalent to ~INR60b) under its ECB program. ~2% of the overall borrowings are now in ECB, and based on market conditions, it expects to take it to ~4% in this year itself.

**BHFL**

- AUM grew ~32% YoY to INR914b.
- Home loan AUM grew 24%, LAP rose 23%, LRD was up 57%, and developer finance grew 69% YoY
- GNPA and NNPA stood at 0.27% and 0.1%, respectively
- 4QFY24 PAT grew 26% YoY to INR3.8b. Annualized RoA/RoE stood at 2.0%/12.7%
- BHFL raised additional INR20b through the rights issue from BAF on 3<sup>rd</sup> Apr'24
- Mortgage space is very competitive - NCDs come at 8.3% and Home Loans are being distributed at 8.4-8.5%
- Management guided for range-bound RoE of ~13-15%. Among the largest and the lowest risk businesses - it is building an annuity business which will be compounding at 23-25% - its cost-to-income ratio should keep going down as it becomes larger in size.
- It is encouraging that both the companies should be more AtmaNirbhar - BHFL should focus on RoE and BAF should focus on the mix between secured and unsecured.
- BAF originates for BHFL and gets paid commission income on an arm's length - ~35% of BHFL's customers are from the BFL franchise.

**Developer Finance**

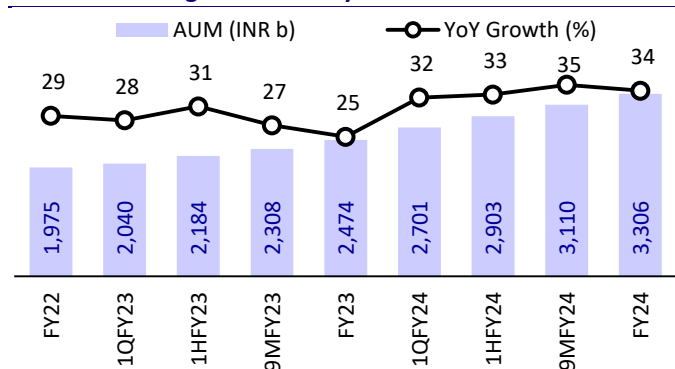
- Has built a granular book - 440 relationships and active 600 projects - Return enhancer for the mortgage business and to build its heft in the Home Loan business.
- In pure home loans, the margins are razor thin because of high competitive activity
- In the medium term, it has guided that developer finance would not exceed 12-15% of the balance sheet.
- It will continue to remain aggressive in LRD

**Management assessment for FY25**

- **Customer franchise:** Added 14.5m customers to its franchise in FY24. Confident of adding 12-14m customers in FY25 as well.
- **AUM:** The company achieved a strong consolidated AUM growth of 34% in FY24. For FY25, management guided for AUM growth of 26-28%. It will be supported by newly launched secured businesses in FY24 such as LAP, New car financing and Tractor finance.
- **Net Interest Margin (NIM):** Expect COF to peak by July-Aug'24 and AUM composition pivot towards secured assets to stabilize by Sep'24. Guided for a 30-40 bps moderation in NIM over the next two quarters.
- **Opex to Net total income (NTI):** Opex to NTI is expected to improve by 20-40bp from the current levels.
- **Credit cost:** Guided for credit costs of 1.75%-1.85%
- **RoA:** Guidance of 4.6%-4.8%.
- **RoE:** Marginally lower than our long-term guidance.
- **Profit:** Profit growth will be back-ended due to moderation in NIM in the first half of FY25.

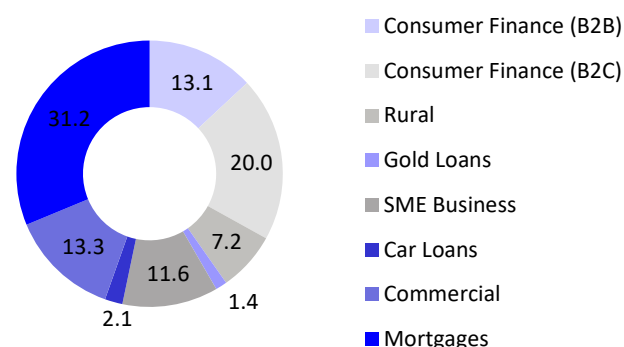
## Story in charts

**Exhibit 1: AUM growth healthy at 34% YoY**



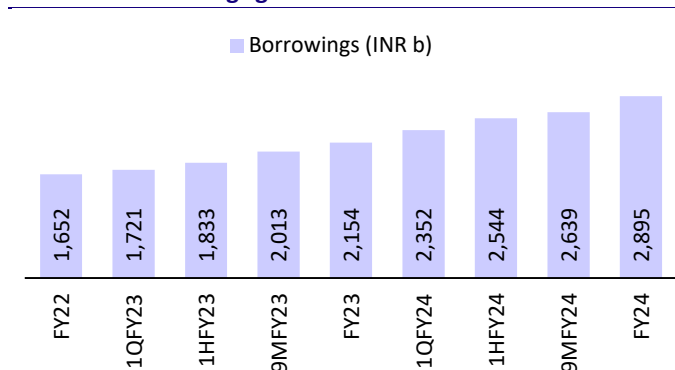
Source: MOFSL, Company

**Exhibit 2: AUM mix (%)**



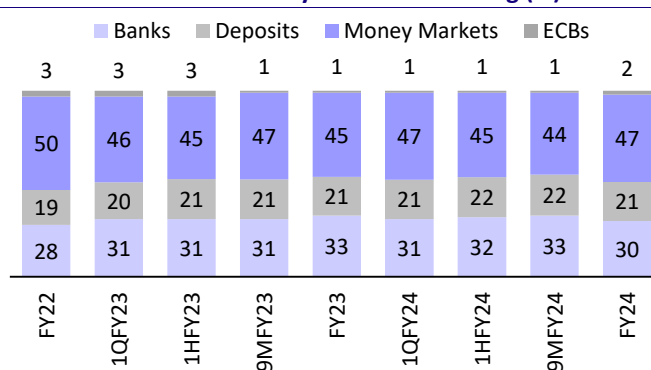
Source: MOFSL, Company; Note: Data as on FY24

**Exhibit 3: Borrowings grew 34% YoY**



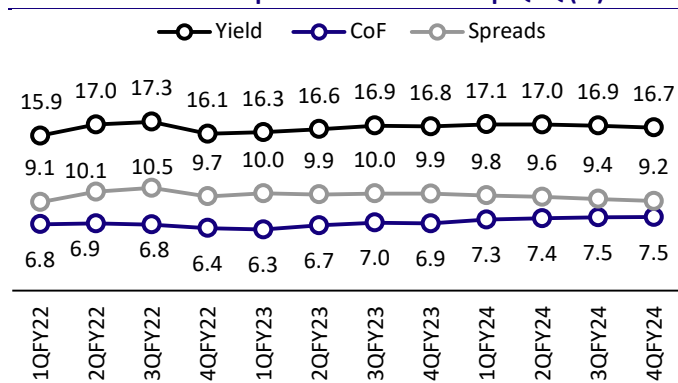
Source: MOFSL, Company

**Exhibit 4: Increase in money market borrowing (%)**



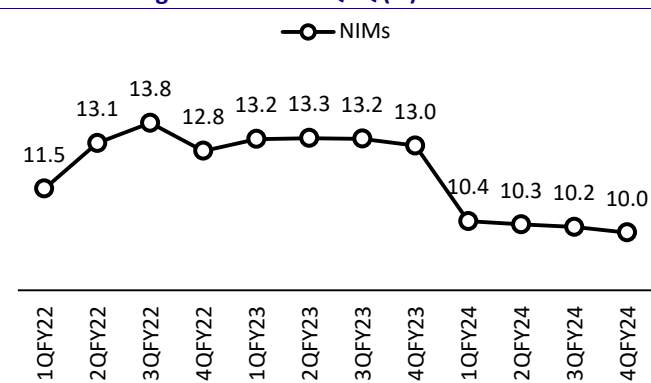
Source: MOFSL, Company

**Exhibit 5: Calculated spreads declined ~20bp QoQ (%)**

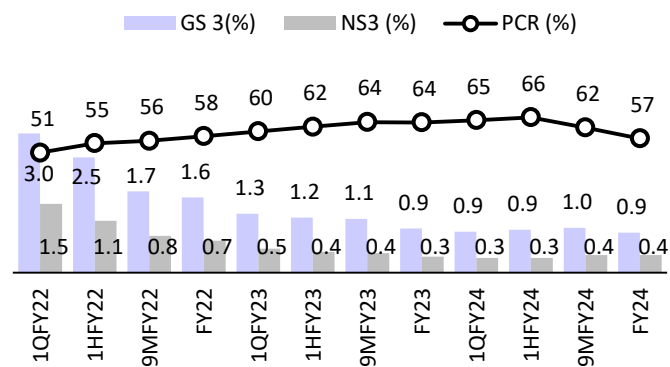


Source: MOFSL, Company

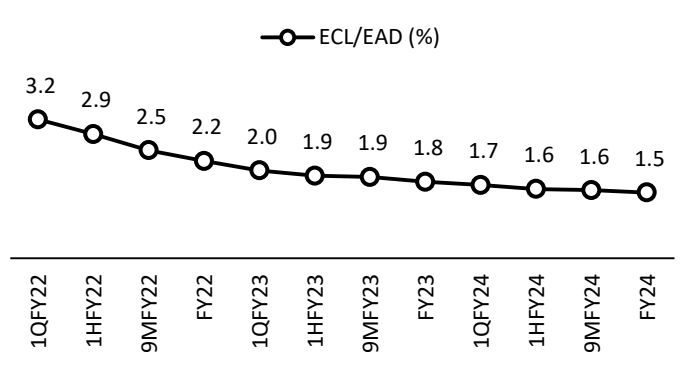
**Exhibit 6: Margin moderated QoQ (%)**



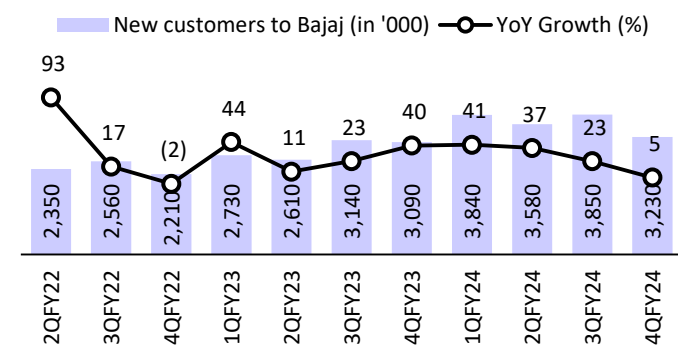
Source: MOFSL, Company

**Exhibit 7: GS3 improved ~10bp QoQ (%)**

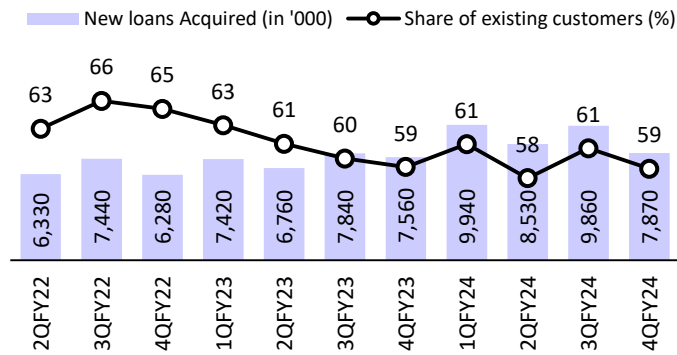
Source: MOFSL, Company;

**Exhibit 8: Total ECL provisions stood at ~150bp of EAD**

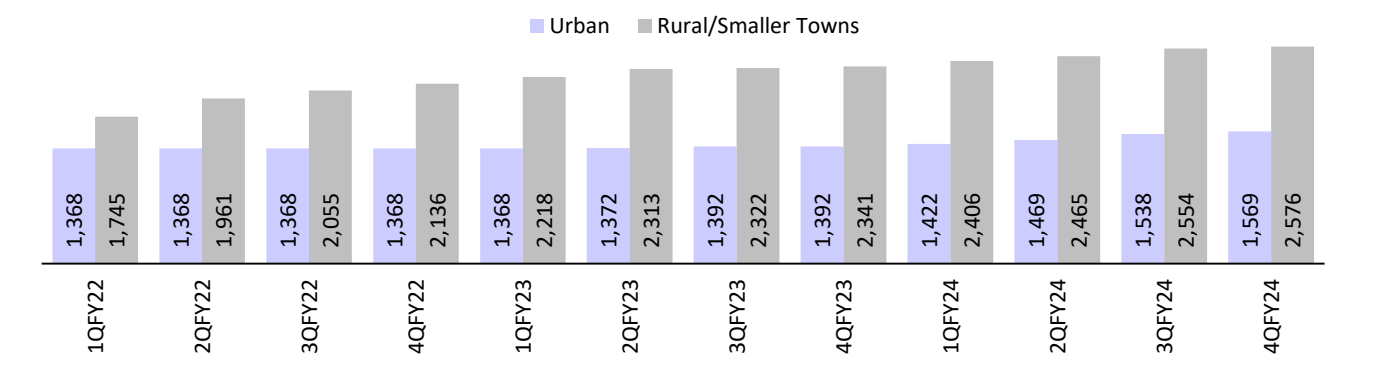
Source: MOFSL, Company

**Exhibit 9: New customer additions grew ~5% YoY**

Source: MOFSL, Company

**Exhibit 10: Share of existing customers in new loans booked declined to ~59%**

Source: MOFSL, Company

**Exhibit 11: Trend in branch expansion**

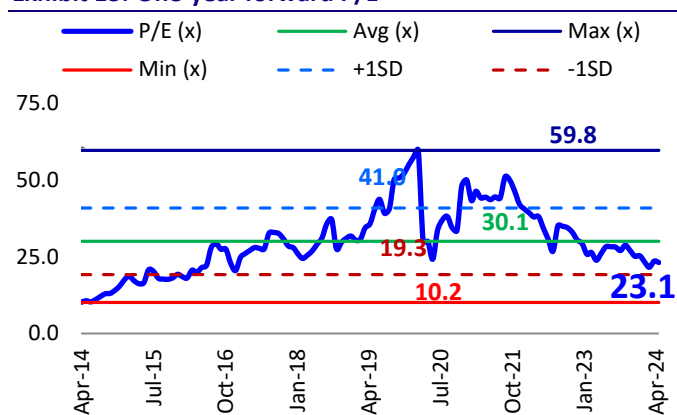
Source: MOFSL, Company



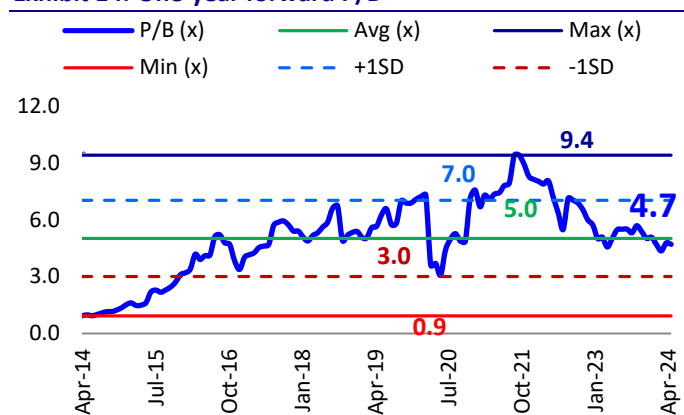
**Exhibit 12: We cut our FY25E/FY26E EPS by 7%/6% to factor in lower loan growth, NIM compression, and higher credit costs**

INR B	Old Est.			New Est.			% Change		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
NII	296.7	387.5	492.0	295.8	373.4	473.3	-0.3	-3.6	-3.8
Other operating Income	66.8	70.4	84.4	66.6	71.8	81.3	-0.3	2.0	-3.7
Other Income	0.1	0.2	0.2	0.1	0.2	0.2	-13.0	-5.7	2.5
<b>Total Income</b>	<b>363.6</b>	<b>458.1</b>	<b>576.6</b>	<b>362.6</b>	<b>445.5</b>	<b>554.8</b>	<b>-0.3</b>	<b>-2.8</b>	<b>-3.8</b>
Operating Expenses	123.2	146.7	182.1	123.3	149.1	181.5	0.0	1.6	-0.3
<b>Operating Profits</b>	<b>240.4</b>	<b>311.4</b>	<b>394.5</b>	<b>239.3</b>	<b>296.4</b>	<b>373.3</b>	<b>-0.4</b>	<b>-4.8</b>	<b>-5.4</b>
Provisions	46.3	57.6	73.4	46.3	62.0	71.4	0.1	7.7	-2.8
<b>PBT</b>	<b>194.1</b>	<b>253.9</b>	<b>321.0</b>	<b>193.0</b>	<b>234.4</b>	<b>301.9</b>	<b>-0.6</b>	<b>-7.7</b>	<b>-6.0</b>
Tax	49.3	64.5	81.5	48.6	59.1	76.1	-1.5	-8.4	-6.7
<b>PAT</b>	<b>144.8</b>	<b>189.4</b>	<b>239.5</b>	<b>144.4</b>	<b>175.3</b>	<b>225.8</b>	<b>-0.3</b>	<b>-7.4</b>	<b>-5.7</b>
Loans	3,271	4,252	5,315	3,263	4,177	5,262	-0.2	-1.8	-1.0
Borrowings	2,829	3,654	4,528	2,933	3,659	4,578	3.7	0.1	1.1
<b>RoA</b>	<b>4.5</b>	<b>4.6</b>	<b>4.6</b>	<b>4.4</b>	<b>4.2</b>	<b>4.3</b>			
<b>RoE</b>	<b>22.3</b>	<b>22.4</b>	<b>23.1</b>	<b>22.0</b>	<b>20.7</b>	<b>22.0</b>			

Source: MOFSL, Company

**Exhibit 13: One-year forward P/E**

Source: MOFSL, Company

**Exhibit 14: One-year forward P/B**

Source: MOFSL, Company



## Financials and valuations

Income Statement									INR m
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	1,15,855	1,63,488	2,29,704	2,33,034	2,72,698	3,55,502	4,83,066	6,27,893	7,92,877
Interest Expended	46,139	66,236	94,732	94,140	97,482	1,25,599	1,87,247	2,54,456	3,19,596
<b>Net Interest Income</b>	<b>69,716</b>	<b>97,252</b>	<b>1,34,972</b>	<b>1,38,894</b>	<b>1,75,215</b>	<b>2,29,903</b>	<b>2,95,819</b>	<b>3,73,437</b>	<b>4,73,281</b>
Change (%)	42.2	39.5	38.8	2.9	26.2	31.2	28.7	26.2	26.7
Other Operating Income	11,589	21,384	34,034	33,647	43,627	58,472	66,629	71,848	81,312
Other Income	124	130	118	150	80	83	130	169	212
<b>Net Income</b>	<b>81,429</b>	<b>1,18,766</b>	<b>1,69,124</b>	<b>1,72,691</b>	<b>2,18,922</b>	<b>2,88,458</b>	<b>3,62,578</b>	<b>4,45,455</b>	<b>5,54,805</b>
Change (%)	31.3	45.9	42.4	2.1	26.8	31.8	25.7	22.9	24.5
Operating Expenses	32,690	41,961	56,608	53,082	75,850	1,01,300	1,23,252	1,49,069	1,81,499
<b>Operating Profits</b>	<b>48,739</b>	<b>76,805</b>	<b>1,12,516</b>	<b>1,19,608</b>	<b>1,43,072</b>	<b>1,87,158</b>	<b>2,39,326</b>	<b>2,96,385</b>	<b>3,73,306</b>
Change (%)	34.1	57.6	46.5	6.3	19.6	30.8	27.9	23.8	26.0
Provisions and W/Offs	10,305	15,014	39,295	59,686	48,034	31,897	46,307	61,998	71,388
<b>PBT</b>	<b>38,434</b>	<b>61,792</b>	<b>73,221</b>	<b>59,923</b>	<b>95,038</b>	<b>1,55,279</b>	<b>1,93,019</b>	<b>2,34,387</b>	<b>3,01,918</b>
Tax	13,471	21,842	20,584	15,724	24,756	40,202	48,584	59,065	76,083
Tax Rate (%)	35.0	35.3	28.1	26.2	26.0	25.9	25.2	25.2	25.2
<b>PAT</b>	<b>24,964</b>	<b>39,950</b>	<b>52,638</b>	<b>44,198</b>	<b>70,282</b>	<b>1,15,077</b>	<b>1,44,435</b>	<b>1,75,321</b>	<b>2,25,835</b>
Change (%)	35.9	60.0	31.8	-16.0	59.0	63.7	25.5	21.4	28.8
Proposed Dividend	2,769	4,320	7,254	6,026	6,036	18,540	22,248	25,948	29,630

Balance Sheet									INR m
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Capital	1,150	1,154	1,200	1,203	1,207	1,209	1,236	1,239	1,239
Reserves & Surplus (Ex OCI)	1,57,427	1,95,809	3,22,951	3,69,179	4,36,643	5,43,349	7,65,718	9,27,088	11,23,293
<b>Net Worth</b>	<b>1,58,577</b>	<b>1,96,963</b>	<b>3,24,150</b>	<b>3,70,382</b>	<b>4,37,850</b>	<b>5,44,558</b>	<b>7,66,954</b>	<b>9,28,327</b>	<b>11,24,532</b>
OCI	-98	7	-874	-1,198	-723	-839	0	0	0
<b>Net Worth (Including OCI)</b>	<b>1,58,478</b>	<b>1,96,970</b>	<b>3,23,276</b>	<b>3,69,184</b>	<b>4,37,127</b>	<b>5,43,720</b>	<b>7,66,954</b>	<b>9,28,327</b>	<b>11,24,532</b>
Change (%)	75.1	24.3	64.1	14.2	18.4	24.4	41.1	21.0	21.1
<b>Borrowings</b>	<b>6,65,573</b>	<b>10,15,879</b>	<b>12,98,064</b>	<b>13,16,335</b>	<b>16,52,549</b>	<b>21,67,399</b>	<b>29,33,458</b>	<b>36,58,662</b>	<b>45,78,339</b>
Change (%)	30.8	52.6	27.8	1.4	25.5	31.2	35.3	24.7	25.1
Other liabilities	23,932	29,476	22,573	29,185	35,378	41,168	57,004	65,555	75,388
<b>Total Liabilities</b>	<b>8,47,983</b>	<b>12,42,325</b>	<b>16,43,914</b>	<b>17,14,704</b>	<b>21,25,054</b>	<b>27,52,287</b>	<b>37,57,416</b>	<b>46,52,544</b>	<b>57,78,260</b>
<b>Investments</b>	<b>31,394</b>	<b>85,990</b>	<b>1,75,439</b>	<b>1,83,969</b>	<b>1,22,455</b>	<b>2,27,518</b>	<b>3,08,807</b>	<b>3,24,247</b>	<b>3,40,459</b>
Change (%)	-24.0	173.9	104.0	4.9	-33.4	85.8	35.7	5.0	5.0
<b>Loans</b>	<b>8,00,001</b>	<b>11,37,115</b>	<b>14,27,989</b>	<b>14,66,869</b>	<b>19,14,233</b>	<b>24,22,689</b>	<b>32,62,933</b>	<b>41,76,554</b>	<b>52,62,459</b>
Change (%)	41.8	42.1	25.6	2.7	30.5	26.6	34.7	28.0	26.0
Other assets	16,587	19,220	40,485	63,866	88,366	1,02,079	1,85,677	1,51,743	1,75,342
<b>Total Assets</b>	<b>8,47,983</b>	<b>12,42,325</b>	<b>16,43,914</b>	<b>17,14,704</b>	<b>21,25,054</b>	<b>27,52,287</b>	<b>37,57,416</b>	<b>46,52,544</b>	<b>57,78,260</b>

E: MOFSL Estimates

## Financials and valuations

Ratios	(%)								
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Spreads Analysis (%)</b>									
Yield on Advances	17.0	16.9	17.9	16.1	16.1	16.4	17.0	16.9	16.8
Cost of borrowings	7.9	7.9	8.2	7.2	6.6	6.6	7.3	7.7	7.8
Interest Spread	9.1	9.0	9.7	8.9	9.6	9.8	9.7	9.2	9.0
Net Interest Margin	10.2	10.0	10.5	9.6	10.4	10.6	10.4	10.0	10.0
<b>Profitability Ratios (%)</b>									
Cost/Income	40.1	35.3	33.5	30.7	34.6	35.1	34.0	33.5	32.7
Empl. Cost/Op. Exps.	43.9	46.2	45.0	47.0	47.3	49.9	51.9	53.6	55.1
RoE	20.0	22.5	20.2	12.7	17.4	23.4	22.0	20.7	22.0
RoA	3.4	3.8	3.6	2.6	3.7	4.7	4.4	4.2	4.3
<b>Asset Quality (%)</b>									
GNPA (INR m)	11,638	18,035	23,626	27,304	31,331	23,125	28,160	41,072	61,458
NNPA (INR m)	3,535	7,271	9,373	11,354	13,144	8,361	12,100	15,197	20,896
GNPA %	1.4	1.6	1.6	1.8	1.6	0.9	0.8	1.0	1.1
NNPA %	0.4	0.6	0.7	0.8	0.7	0.3	0.4	0.4	0.4
PCR %	69.6	59.7	60.3	58.4	58.0	63.8	57.0	63.0	66.0
Total Provisions/loans %	2.2	2.1	2.9	3.0	2.6	2.0	1.8	1.8	1.9
<b>Capitalisation (%)</b>									
CAR	24.0	20.7	25.0	28.3	27.2	25.0	22.8	22.1	22.0
Tier I	18.4	16.3	21.3	25.1	24.8	23.2	21.6	21.1	21.3
Tier II	5.5	4.4	3.7	3.2	2.5	1.8	1.2	0.9	0.7
Average Leverage on Assets (x)	5.9	5.9	5.5	4.8	4.8	5.0	5.0	5.0	5.1
<b>Valuation</b>									
Book Value (INR)	276	341	540	616	726	901	1,241	1,499	1,815
Price-BV (x)	26.5	21.4	13.5	11.8	10.1	8.1	5.9	4.9	4.0
Adjusted BV (INR)	271	333	529	602	711	891	1,227	1,481	1,792
Price-ABV (x)	26.9	21.9	13.8	12.1	10.3	8.2	5.9	4.9	4.1
EPS (INR)	43	69	88	73	116	190	234	283	365
EPS Growth (%)	29.2	59.6	26.7	-16.3	58.6	63.4	22.8	21.1	28.8
Price-Earnings (x)	168.0	105.3	83.1	99.3	62.6	38.3	31.2	25.8	20.0
OPS (INR)	85	133	188	199	237	310	387	478	603
OPS Growth (%)	27.5	57.1	40.9	6.0	19.3	30.6	25.1	23.5	26.0
Price-OP (x)	86.1	54.8	38.9	36.7	30.8	23.6	18.8	15.2	12.1
Dividend per Share (INR)	4.0	6.0	10.0	10.0	20.0	30.0	36.0	42.0	47.9
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.3	0.4	0.5	0.6	0.7
E: MOFSL Estimates									

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Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.