

# Poonawalla Fincorp

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	POONAWAL IN
Equity Shares (m)	765
M.Cap.(INRb)/(USDb)	236.4 / 2.9
52-Week Range (INR)	338 / 209
1, 6, 12 Rel. Per (%)	5/-3/-9
12M Avg Val (INR M)	1078

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Net Total Income	14.1	21.0	29.2
PPOP	6.0	13.1	20.5
PAT	5.8	9.2	13.2
EPS (INR)	7.6	12.0	17.2
EPS Gr. (%)	98.7	57.9	42.8
Standalone BV (INR)	84	135	149

## Valuations

NIM (%)	9.4	10.0	10.1
C/I ratio (%)	57.5	37.6	29.8
RoAA (%)	3.8	4.4	4.7
RoE (%)	9.6	11.0	12.1
Payout (%)	26.2	24.9	23.3

## Valuations

P/E (x)	40.4	25.6	17.9
P/BV (x)	3.7	2.3	2.1
Div. Yield (%)	0.6	1.0	1.3

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	62.1	62.1	61.5
DII	6.1	4.5	6.2
FIIFII	7.1	7.3	6.6
Others	24.6	26.2	25.7

FII Includes depository receipts

**CMP: INR308**      **TP: INR360 (+17%)**      **Buy**

## Margin expansion aided profitability; asset quality healthy

### Operating efficiencies beginning to play out

- Poonawalla Fincorp (PFL)'s 4QFY23 standalone PAT grew 102% YoY to ~INR1.8b. Its strong operational performance was driven by: a) ~60bp QoQ margin expansion and b) provision write-backs of ~INR347m. PFL's PAT grew ~100% YoY to ~INR5.85b in FY23.
- Its 4QFY23 NII grew 52% YoY to INR3.8b, while PPOP jumped 75% YoY to INR2b. PFL is focused on improving productivity supported by digitization and is reasonably confident of scaling up its businesses without investing in additional manpower or branches.
- The company has strong moats on the liability front, supported by its strong parentage. At its current size (one-fifth to one-tenth of peers in similar segments), PFL has a huge opportunity in its target product segments. With a healthy capital position, we believe the company has a long runway of strong loan growth ahead.
- PFL has laid down a robust foundation for sustainable profitability through initiatives that will lead to lower operating costs (as a % of AUM), higher business volumes and robust asset quality. We model a standalone AUM/PAT CAGR of ~38%/50% over FY23-FY25E and expect PFL to deliver an RoA/RoE of 4.7%/12.0% in FY25. **Reiterate BUY with a TP of INR360 (premised on 2.4x FY25E BVPS).**

### Business momentum strong; rise in DDP will lower acquisition cost

- PFL's standalone AUM rose 37% YoY/16% QoQ to ~INR161b in 4QFY23. Focused AUM grew 73% YoY and contributed ~94% to the AUM mix (PY: 75%). Unsecured loans contributed ~51% to the AUM mix.
- Standalone disbursements grew 150% YoY to INR63.7b. FY23 disbursements jumped 109% YoY to ~INR158b.
- The company continued to focus on accelerated customer acquisitions with improving proportion of Direct, Digital and Partnerships (DDP) in the sourcing mix to ~81% (PQ: 66%). This has been driving down the customer acquisition costs (CAC).

### Asset quality healthy in the newly originated loan book

- Asset quality remained pristine with GS3/NS3 at 1.44%/0.78% and the PCR on S3 loans declining ~160bp QoQ to ~46.2%. Restructured book declined to 0.8% of AUM in 4QFY23 (PQ: 1.2%) and ~50% of the restructured book was in the 0 dpd bucket.
- Legacy discontinued book (GS3:15.7%) contributed a large part of non-performing loans while the newly originated book had a GS3 of 0.4%. This we believe can help sustain healthy asset quality and benign credit costs going forward as well.
- Recoveries from the written-off book should translate into continued write-backs over the next two quarters. We model credit costs of 0.5% and 1.2% in FY24 and FY25, respectively.

**Highlights from the management commentary**

- The company does not foresee any significant impact on margins in FY24 and expects ~30-35bp optimization in borrowing costs from 2QFY24 onwards.
- The management expects to largely run-down its legacy/ discontinued book by Sep'23 that would lead to significant improvement in asset quality.
- Digital partnerships contributed ~15% of the total AUM and it guided that this should decline to 10% in FY24E.

**Valuation and view**

- Consumer and small business finance – the segments targeted by PFL – have a huge market opportunity. We believe that the company has levers to maintain NIMs of ~10% over FY24-FY25E. We expect recoveries from the legacy written-off portfolio to continue in early-FY24 and model credit costs of 0.5% in FY24.
- Strong leadership teams across functions, realignment of customer and product segments, and focus on leveraging technology/analytics position PFL well to build scale and deliver superior risk-adjusted returns. **Reiterate BUY with a TP of INR360 (premised on 2.4x FY25E BVPS).**
- **Key downside risks:** a) Inability to execute its articulated strategy despite a new management team and investments in technology and processes and b) aggressive competitive landscape leading to pressure on spreads/margins and/or deterioration in asset quality.

## Quarterly Performance (Standalone)

(INR m)

Y/E March	FY22				FY23				FY22	FY23	4QFY23E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	3,581	3,727	3,675	3,602	3,857	4,179	4,605	5,529	14,586	18,169	5,237	6
Interest Expenses	1,468	1,282	1,239	1,104	1,187	1,441	1,593	1,732	5,093	5,953	1,853	-7
<b>Net Interest Income</b>	<b>2,113</b>	<b>2,445</b>	<b>2,437</b>	<b>2,498</b>	<b>2,670</b>	<b>2,738</b>	<b>3,012</b>	<b>3,798</b>	<b>9,493</b>	<b>12,217</b>	<b>3,384</b>	<b>12</b>
YoY Growth (%)	-1.6	4.1	12.1	15.9	26.3	12.0	23.6	52.0	7.6	28.7	35.5	
Other Income	193	244	267	381	434	627	588	282	1,085	1,931	767	
<b>Total Income</b>	<b>2,306</b>	<b>2,690</b>	<b>2,704</b>	<b>2,879</b>	<b>3,103</b>	<b>3,365</b>	<b>3,600</b>	<b>4,080</b>	<b>10,578</b>	<b>14,148</b>	<b>4,151</b>	<b>-2</b>
YoY Growth (%)	-1.2	0.4	9.0	12.6	34.6	25.1	33.2	41.7	5.5	33.7	44.2	
Operating Expenses	1,298	1,466	1,555	1,727	1,926	2,107	2,043	2,064	6,046	8,139	2,127	-3
<b>Operating Profit</b>	<b>1,008</b>	<b>1,223</b>	<b>1,149</b>	<b>1,152</b>	<b>1,178</b>	<b>1,257</b>	<b>1,558</b>	<b>2,016</b>	<b>4,532</b>	<b>6,008</b>	<b>2,024</b>	<b>0</b>
YoY Growth (%)	-13.7	-19.1	-19.0	-15.5	16.8	2.8	35.6	75.0	-17.0	32.6	75.8	
Provisions & Loan Losses	379	240	81	-14	-164	-482	-452	-347	686	-1,445	-406	-15
<b>Profit before Tax</b>	<b>629</b>	<b>984</b>	<b>1,068</b>	<b>1,165</b>	<b>1,550</b>	<b>1,740</b>	<b>2,010</b>	<b>2,367</b>	<b>3,846</b>	<b>7,666</b>	<b>2,221</b>	<b>7</b>
Tax Provisions	130	243	266	274	313	438	506	560	914	1,816	533	5
<b>Net Profit</b>	<b>498</b>	<b>740</b>	<b>802</b>	<b>891</b>	<b>1,237</b>	<b>1,302</b>	<b>1,504</b>	<b>1,807</b>	<b>2,932</b>	<b>5,849</b>	<b>1,688</b>	<b>7</b>
YoY Growth (%)	84.6				148.2	75.8	87.5	102.7	-150.7	99.5	89.4	
<b>Key Parameters (Calc., %)</b>												
Yield on loans		16.0	15.0	14.1	13.9	14.1	14.6	15.7	14.9	14.0		
Cost of funds		9.1	8.0	7.5	7.0	7.2	7.5	7.9	6.9	6.6		
Spread		6.9	7.0	6.6	6.9	6.9	7.1	7.8	8.0	7.4		
NIM on loans		10.5	9.9	9.8	9.7	9.2	9.6	10.8	9.9	9.4		
C/I ratio		54.5	57.5	60.0	62.1	62.6	56.7	50.6	57.2	57.5		
Credit cost		0.2	0.1	0.0	-0.1	-0.4	-0.3	-0.2	0.7	-1.1		
Tax rate		24.7	24.9	23.5	20.2	25.2	25.2	23.6	23.8	23.7		
<b>Balance Sheet Parameters</b>												
<b>Disbursements (INR b)</b>	<b>14.8</b>	<b>21.9</b>	<b>13.1</b>	<b>25.4</b>	<b>29.0</b>	<b>31.1</b>	<b>33.7</b>	<b>63.7</b>	<b>75</b>	<b>158</b>		
Growth (%)	1,688.0	289.0	56.7	169.5	95.5	42.0	157.2	150.9	210.4	109.4		
<b>AUM (INR b)</b>	<b>104</b>	<b>113</b>	<b>109</b>	<b>118</b>	<b>126</b>	<b>132</b>	<b>139</b>	<b>161</b>	<b>118</b>	<b>161</b>		
Growth (%)	-17.1	-6.2	-3.4	14.8	21.5	16.8	27.6	37.2	14.8	37.2		
<b>AUM mix (%)</b>												
Focused		61.2	66.8	74.7	81.9	88.3	91.4	94.1	74.7	94.1		
Discontinued		38.8	33.2	25.3	18.1	11.7	8.6	5.9	25.3	5.9		
<b>Asset Quality Parameters</b>												
GS 3 (INR m)	6,380	5,090	4,200	3,720	3,270	2,240	2,230	2,250	3,720	2,250		
GS 3 (%)	6.4	4.8	4.0	3.3	2.7	1.8	1.7	1.4	3.3	1.4		
NS 3 (INR m)	3,040	2,340	2,000	1,440	1,340	1,180	1,170	1,210	1,440	1,210		
NS 3 (%)	3.2	2.3	2.0	1.3	1.1	0.9	0.9	0.8	1.3	0.8		
PCR (%)	52.4	54.0	52.4	61.3	59.0	47.3	47.5	46.2	61.3	46.2		

E: MOFSL estimates



## Highlights from the management commentary

## Performance update

- PFL recently received the long-term credit rating upgrade to AAA from CRISIL
- Expects the HFC sale to get approvals with the next 1-2 months
- PFL is not disbursing to NTC customers and disbursing to customers with CIBIL above 700
- RoA grew ~50bp QoQ to 5%. Low-risk customers (lower credit costs) and low-opex (lean/digital business model) support higher RoA.
- Short-tenor loans are also driving customer acquisition for the future.
- Productivity improvement and rationalization of branches/employees have led to reduction in operating expenses.

**AUM**

- Focused AUM stood at INR152b and grew 73% YoY
- Achieved 151% YoY increase in 4QFY23 disbursements despite employee headcount declining 53% YoY.

**Operating expenses**

- ESOP cost for 4QFY23 stood at INR290m and for FY23 it stood at INR1.5b.

**Asset quality**

- Extra provisioning/management overlay of INR460m
- New book continued to perform well and it had one of the best performing portfolios in the industry (as per bureau data). It has GS3 of 0.4% on the new book
- About 50% of the restructured book is in the 0 bucket

**Guidance**

- Sustainable credit costs of 0.8%-1.2% and <1% in FY24
- It does not see any impact on margins. Guided for 15-20bp increase in CoB in 1QFY24 and it should subsequently decline ~30-35bp from 2QFY24 onwards.

**Sourcing and origination**

- DDP's contribution in disbursements increased to 81% in 4QFY23 (v/s 66% in 3QFY23, 54% in 2QFY23, 39% in 1QFY23 and 24% in 4QFY22)
- Digital partnerships contributed ~15% of the total AUM and it guided that this should decline to 10% in FY24
- PFL entered into 2-3 small and mid-sized partnerships during the quarter.
- Direct and Digital: 50%, Partnerships: 30% and DSA: 20%
- Partnerships: No concentration in any of the partnerships. Received FLDG from all the Fintech partnerships. 90+dpd across all partnerships have never crossed 2%. Achieved FLDG of 15-20% from the digital partners.

**Liabilities**

- Passed on the higher borrowing costs selectively to customers in certain product segments;
- CoB increased ~40bp QoQ to 7.9% and NIM increased to 11.3%, up ~60bp QoQ
- Started raising CP in the last two quarters.
- Over the next two-three quarters, PFL will look to prepay its legacy high-cost Magma borrowings (@ 10.5%) of ~INR10b.

**Others**

- It has 2m live customers and added INR600K customers in 4QFY23
- The company expects to receive ~INR900m from sale of insurance business and ~INR31b from sale of the housing subsidiary in 1QFY24
- Focus is on cashflows and industry trends and PFL is taking a complete call on the customers
- Management guided that the legacy/discontinued book will become insignificant by Sep'23. It does not expect any impact on the P&L if and when the residual legacy book is sold

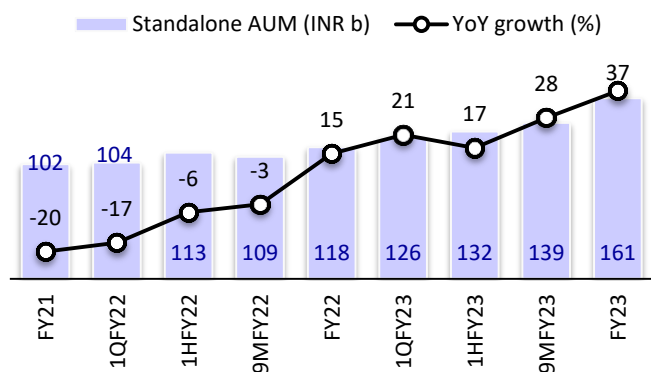
- Strong opportunity is available in unsecured loans – small business loans and small personal loans.
- The company offered zero pre-payment penalty to customers right from its inception
- There are co-lending partnerships with Fintechs/Consumer-techs. All the ecosystem partners are also giving the choice of rejection to PFL; reduced all the partnerships to the short-tenor loans expect for secured products
- Consolidated distribution to 100 branches. Employees have declined to 2,452 (as on Mar'23) from 5,184 (as on Mar'22).

### Segmental split of GS3

Business Loans	0.5%
Loans to professionals	0.3%
Unsecured Loans	0.5%
Pre-owned Cars	0.8%
LAP	0.0%
Partnerships	0.5%
Supply Chain	0.0%
DA Book	2.4%
Discontinued legacy book [CV, CE, Tractor]	15.7%
Legacy Book - Continued Products	5.7%

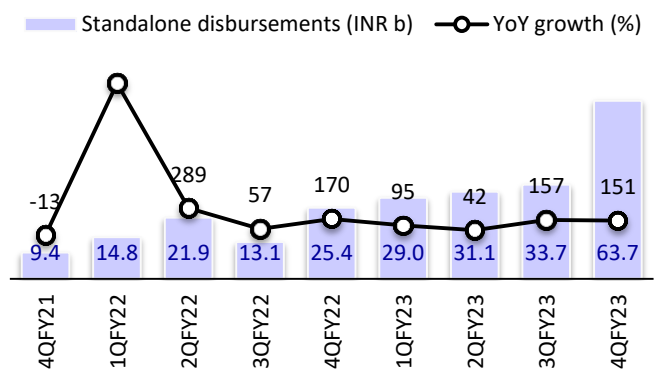
## Story in charts

**Exhibit 1: AUM growth healthy at 37% YoY (%)**



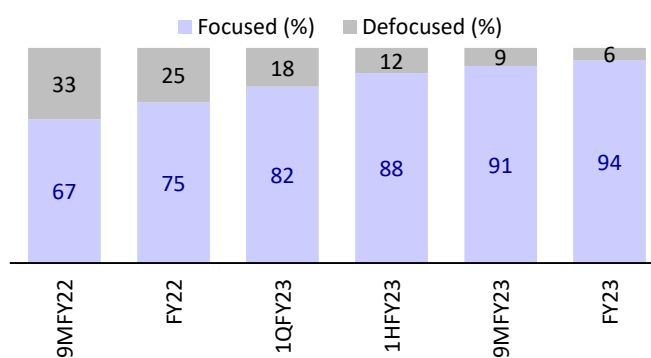
Source: MOFSL, Company

**Exhibit 2: PFL recorded the highest ever quarterly disbursements**



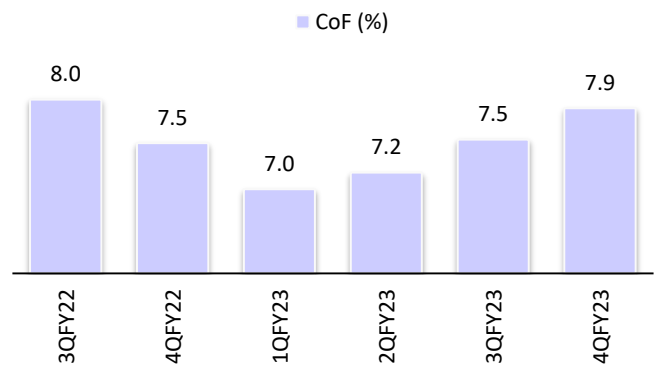
Source: MOFSL, Company

**Exhibit 3: Contribution of focused book improving gradually**



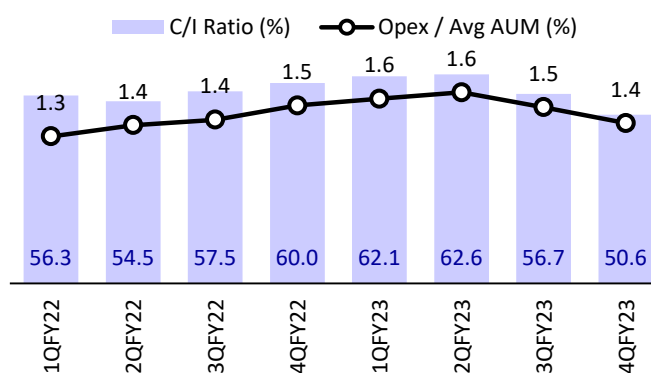
Source: MOFSL, Company

**Exhibit 4: CoF increased ~40bp sequentially (%)**



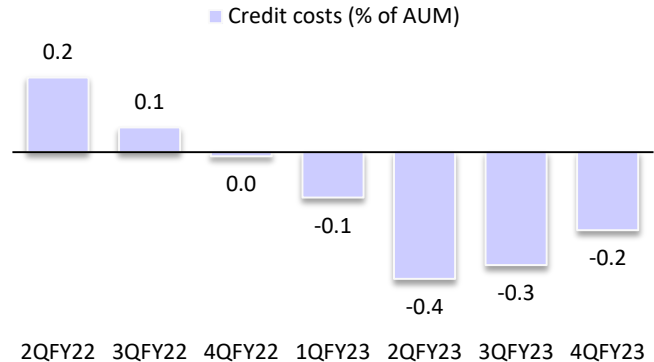
Source: MOFSL, Company

**Exhibit 5: Improvement in cost ratios driven by operating leverage (%)**



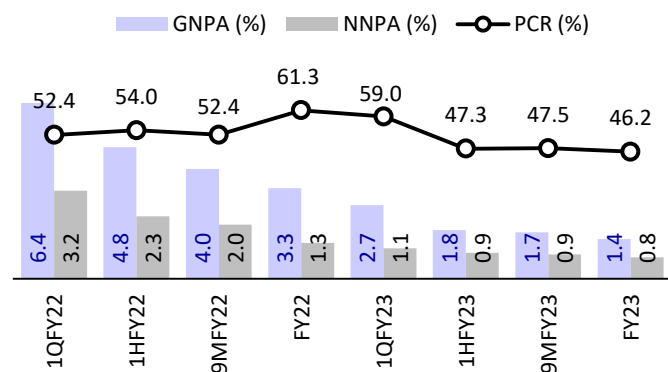
Source: MOFSL, Company

**Exhibit 6: Provision write-backs continued**



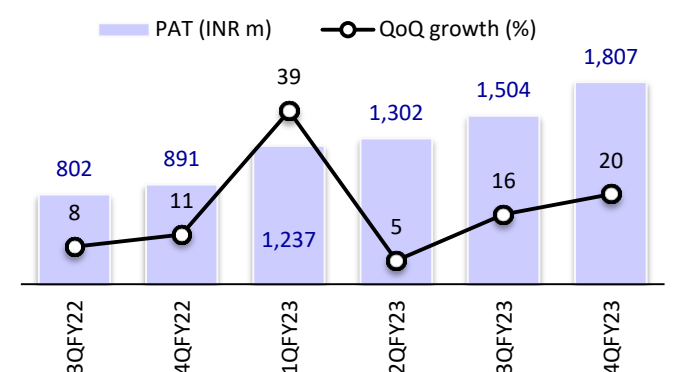
Source: MOFSL, Company

Exhibit 7: Asset quality improved sequentially (%)



Source: MOFSL, Company

Exhibit 8: FY23 PAT grew ~100% YoY (%)



Source: MOFSL, Company

Exhibit 9: Our FY24E/FY25E EPS remain largely unchanged

INR B	Old Est.			New Est.			% change		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
NII (incl. assignments)	11.8	18.1	25.6	12.2	18.8	26.5	3.5	3.9	3.5
Other Income	2.4	2.6	3.2	1.9	2.2	2.8	-20.1	-15.8	-13.2
<b>Total Income</b>	<b>14.2</b>	<b>20.7</b>	<b>28.7</b>	<b>14.1</b>	<b>21.0</b>	<b>29.2</b>	<b>-0.5</b>	<b>1.4</b>	<b>1.7</b>
Operating Expenses	8.2	7.8	8.6	8.1	7.9	8.7	-0.8	1.7	1.7
<b>Operating Profits</b>	<b>6.0</b>	<b>12.9</b>	<b>20.2</b>	<b>6.0</b>	<b>13.1</b>	<b>20.5</b>	<b>-0.1</b>	<b>1.3</b>	<b>1.7</b>
Provisions	-1.5	0.8	3.0	-1.4	1.0	3.2	-3.9	32.0	7.2
<b>PBT</b>	<b>7.5</b>	<b>12.2</b>	<b>17.2</b>	<b>7.7</b>	<b>12.1</b>	<b>17.3</b>	<b>1.9</b>	<b>-0.6</b>	<b>0.7</b>
Tax	1.8	2.9	4.1	1.8	2.9	4.1	1.5	-1.0	0.3
<b>PAT</b>	<b>5.7</b>	<b>9.3</b>	<b>13.1</b>	<b>5.8</b>	<b>9.2</b>	<b>13.2</b>	<b>2.1</b>	<b>-0.5</b>	<b>0.8</b>
AUM	153	214	297	161	226	306	5.7	5.2	2.9
Loans	144	210	292	152	222	301	6.1	5.6	3.2
Borrowings	104	124	196	112	135	202	7.9	8.8	2.9
NIM	9.4	10.2	10.2	9.4	10.0	10.1			
Credit Cost	-1.2	0.4	1.2	-1.1	0.5	1.2			
RoA	3.8	4.6	4.8	3.8	4.4	4.7			
<b>RoE</b>	<b>9.6</b>	<b>11.2</b>	<b>12.0</b>	<b>9.6</b>	<b>11.0</b>	<b>12.1</b>			

Source: MOFSL, Company

## Financials and valuations

Income Statement							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	19,319	20,365	20,228	17,570	14,586	18,169	28,193	39,469
Interest Expenses	10,126	10,176	11,240	8,746	5,093	5,953	9,402	12,989
<b>Net Interest Income</b>	<b>9,193</b>	<b>10,189</b>	<b>8,988</b>	<b>8,824</b>	<b>9,493</b>	<b>12,217</b>	<b>18,791</b>	<b>26,480</b>
Change (%)		10.8	-11.8	-1.8	7.6	28.7	53.8	40.9
Non-interest income and Other Income	1,666	2,308	1,962	1,199	1,085	1,931	2,195	2,754
<b>Net Total Income</b>	<b>10,859</b>	<b>12,497</b>	<b>10,951</b>	<b>10,023</b>	<b>10,578</b>	<b>14,148</b>	<b>20,986</b>	<b>29,234</b>
Change (%)		15.1	-12.4	-8.5	5.5	33.7	48.3	39.3
<b>Total Operating Expenses</b>	<b>5,522</b>	<b>6,018</b>	<b>5,968</b>	<b>4,563</b>	<b>6,046</b>	<b>8,139</b>	<b>7,882</b>	<b>8,714</b>
Change (%)		9.0	-0.8	-23.5	32.5	34.6	-3.2	10.5
Employee Expenses	3,306	3,804	3,741	3,060	4,099	5,148	4,530	4,893
Depreciation	490	502	716	522	495	614	676	743
Other Operating Expenses	1,726	1,712	1,487	981	1,453	2,268	2,677	3,078
<b>PPoP</b>	<b>5,337</b>	<b>6,479</b>	<b>4,982</b>	<b>5,460</b>	<b>4,532</b>	<b>6,008</b>	<b>13,104</b>	<b>20,520</b>
Change (%)		21.4	-23.1	9.6	-17.0	32.6	118.1	56.6
<b>Total Provisions</b>	<b>2,966</b>	<b>2,450</b>	<b>4,640</b>	<b>13,186</b>	<b>686</b>	<b>-1,445</b>	<b>997</b>	<b>3,232</b>
<b>PBT</b>	<b>2,371</b>	<b>4,029</b>	<b>342</b>	<b>-7,727</b>	<b>3,846</b>	<b>7,666</b>	<b>12,106</b>	<b>17,289</b>
Tax Provisions	359	1,278	442	-1,943	914	1,816	2,869	4,097
Tax Rate (%)	15.1	31.7	129.3	25.1	23.8	23.7	23.7	23.7
<b>PAT</b>	<b>2,012</b>	<b>2,751</b>	<b>-100</b>	<b>-5,784</b>	<b>2,932</b>	<b>5,849</b>	<b>9,237</b>	<b>13,191</b>
Change (%)						99.5	57.9	42.8
Balance Sheet							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	474	539	539	539	1,530	1,536	1,536	1,536
Reserves & Surplus	17,634	25,019	24,614	18,881	55,615	62,711	1,02,013	1,12,900
<b>Net Worth</b>	<b>18,108</b>	<b>25,558</b>	<b>25,153</b>	<b>19,421</b>	<b>57,145</b>	<b>64,247</b>	<b>1,03,549</b>	<b>1,14,436</b>
<b>Borrowings</b>	<b>1,10,980</b>	<b>1,17,497</b>	<b>1,00,595</b>	<b>79,487</b>	<b>67,734</b>	<b>1,12,092</b>	<b>1,35,332</b>	<b>2,02,052</b>
Change (%)								
Other liabilities	6,593	6,820	3,803	4,512	3,217	3,880	5,043	6,304
<b>Total Liabilities</b>	<b>1,35,681</b>	<b>1,49,876</b>	<b>1,29,552</b>	<b>1,03,420</b>	<b>1,28,097</b>	<b>1,80,218</b>	<b>2,43,924</b>	<b>3,22,792</b>
<b>Loans</b>	<b>1,21,544</b>	<b>1,31,379</b>	<b>1,11,749</b>	<b>85,653</b>	<b>1,06,784</b>	<b>1,52,295</b>	<b>2,22,057</b>	<b>3,00,991</b>
Change (%)	0.03	8.1	-14.9	-23.4	24.7	42.6	45.8	35.5
Cash and Bank Balances	3,978	9,327	6,484	6,124	5,372	6,574	2,490	1,170
Fixed Assets	1,921	1,871	2,267	1,715	1,748	2,117	2,286	2,515
Investments	3,056	3,024	4,024	4,289	8,197	3,109	0	0
Other assets	5,182	4,275	5,028	5,638	5,996	16,123	17,091	18,116
<b>Total Assets</b>	<b>1,35,681</b>	<b>1,49,876</b>	<b>1,29,552</b>	<b>1,03,420</b>	<b>1,28,097</b>	<b>1,80,218</b>	<b>2,43,924</b>	<b>3,22,792</b>

E: MOFSL Estimates

## Financials and valuations

<b>AUM</b>								
<b>Y/E March</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
<b>AUM (INR b)</b>	139.9	138.7	128.5	102.5	117.7	161.4	225.6	306.1
YoY growth (%)	-5	-1	-7	-20	15	37	40	36
<b>Disbursements (INR b)</b>	67.5	76.7	50.5	24.2	75.2	157.5	212.6	270.1
YoY growth (%)		14	-34	-52	210	109	35	27

E: MOFSL Estimates

<b>Ratios</b>								
<b>Y/E March</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
<b>Spreads Analysis (%)</b>								
Avg. Yield on Loans	15.7	15.8	16.3	17.5	14.9	14.0	15.0	15.1
Avg Cost of Funds	9.5	8.9	10.3	9.7	6.9	6.6	7.6	7.7
Spread on loans	6.1	6.9	6.0	7.8	8.0	7.4	7.4	7.4
NIM (on loans)	7.6	8.1	7.4	8.9	9.9	9.4	10.0	10.1

<b>Profitability Ratios (%)</b>								
RoE	11.7	12.6	-0.4	-26.0	7.7	9.6	11.0	12.1
RoA	1.5	1.9	-0.1	-5.0	2.5	3.8	4.4	4.7
Int. Expended / Int. Earned	52.4	50.0	55.6	49.8	34.9	32.8	33.3	32.9
Other Inc. / Net Income	15.3	18.5	17.9	12.0	10.3	13.6	10.5	9.4

<b>Efficiency Ratios (%)</b>								
Op. Exps. / Net Income	50.9	48.2	54.5	45.5	57.2	57.5	37.6	29.8
Opex/ Avg AUM	3.9	4.3	4.5	4.0	5.5	5.8	4.1	3.3
Empl. Cost/Op. Exps.	59.9	63.2	62.7	67.1	67.8	63.2	57.5	56.1

<b>Asset-Liability Profile (%)</b>								
Loans/Borrowings Ratio	1.1	1.1	1.1	1.1	1.6	1.4	1.6	1.5
Debt/Equity (x)	6.1	4.6	4.0	4.1	1.2	1.7	1.3	1.8
Assets/Equity (x)	7.5	5.9	5.2	5.3	2.2	2.8	2.4	2.8

<b>Asset quality</b>								
GNPA (INR m)				4,190	3,720	2,250	2,481	3,368
GNPA (%)				4.3	3.3	1.4	1.1	1.1
NNPA (INR m)				1,240	1,440	1,210	1,439	1,852
NNPA (%)				1.3	1.3	0.8	0.6	0.6
PCR (%)				70.4	61.3	46.2	42.0	45.0
Credit costs (%)	2.4	1.9	3.8	13.4	0.7	-1.1	0.5	1.2

<b>Valuations</b>								
<b>Y/E March</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
Book Value (INR)	76	95	93	72	75	84	135	149
BV Growth (%)	11.0	24.2	-1.7	-22.8	3.7	12.0	61.2	10.5
<b>Price-BV (x)</b>	<b>4.0</b>	<b>3.2</b>	<b>3.3</b>	<b>4.3</b>	<b>4.1</b>	<b>3.7</b>	<b>2.3</b>	<b>2.1</b>
EPS (INR)	8.5	10.2	-0.4	-21.5	3.8	7.6	12.0	17.2
EPS Growth (%)		20.3	-103.6	5,675.2	-117.9	98.7	57.9	42.8
<b>Price-Earnings (x)</b>	<b>36.3</b>	<b>30.2</b>	<b>-829.2</b>	<b>-14.4</b>	<b>80.4</b>	<b>40.4</b>	<b>25.6</b>	<b>17.9</b>
Dividend per share	0.0	0.0	0.0	0.0	0.4	2.0	3.0	4.0
<b>Dividend Yield (%)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.6</b>	<b>1.0</b>	<b>1.3</b>

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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