

Cholamandalam Inv. & Finance

Estimate change

TP change

Rating change



Bloomberg	CIFC IN
Equity Shares (m)	820
M.Cap.(INRb)/(USD\$)	781 / 9.5
52-Week Range (INR)	970 / 594
1, 6, 12 Rel. Per (%)	17/24/24
12M Avg Val (INR M)	1212

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Total Income	72.3	93.0	112.8
PPP	44.5	58.9	72.4
PAT	26.7	35.3	42.2
EPS (INR)	32.4	42.9	51.3
EPS Gr. (%)	24	32	19
BV (INR)	174	214	262

Valuations

NIM (%)	7.1	7.0	7.0
C/I ratio (%)	38.5	36.7	35.9
RoAA (%)	2.7	2.8	2.7
RoE (%)	20.5	22.1	21.5
Payout (%)	6.2	5.8	5.9

Ratios

P/E (x)	29.3	22.1	18.5
P/BV (x)	5.5	4.4	3.6
Div. Yield (%)	0.2	0.3	0.3

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	51.5	51.5	51.6
DII	21.5	21.2	23.0
FII	19.6	19.4	17.6
Others	7.4	7.9	7.8

FII Includes depository receipts

CMP: INR950

TP: INR1,130 (+19%)

Buy

Picture-perfect quarter! Stable NIM a big positive

Healthy execution with strong AUM growth and moderation in cost ratios

- CIFIC's PAT grew 24% YoY to INR8.5b, while NII grew 29% YoY to INR17.6b in 4QFY23. FY23 PAT rose 24% YoY to ~INR26.7b.
- Opex increased 21% YoY to INR7.9b (5% lower than estimates) and the cost-to-income ratio declined 340bp YoY to ~38%. PPOp grew 40% YoY to INR12.7b (14% beat).
- NIM/core spreads were sequentially stable at 7.0%/6.7%, with an increase in borrowing costs offset by an expansion in yields.
- GS3/NS3 improved ~50bp/45bp QoQ to 3.0%/1.7%. PCR on S3 rose ~5pp to ~46%. Credit costs stood at 0.5% (annualized) v/s 0.7% QoQ and -0.1% YoY.
- New businesses contributed ~21% to the disbursement mix in FY23. New businesses spawned by CIFIC will continue to see an improvement in the disbursement run rate and contribute ~12% to the AUM mix by end-FY24. While CIFIC will continue to invest in expanding the team and the distribution in new businesses, we expect these businesses to be RoA accretive and help CIFIC sustainably deliver the guided pre-tax RoTA of 3.5%.
- We believe that CIFIC will be able to offset any significant NIM compression in FY24, driven by its ability to change the product mix in Vehicle Finance toward high-yielding used vehicles and transmit the interest rate increases to customers in non-vehicle segments like Home Loans, LAP and SME.
- We model a disbursement/AUM/PAT CAGR of 18%/23%/26% over FY23-FY25. We increase our FY24E/FY25E EPS by ~13%/10% to factor in high loan growth, low NIM compression and credit costs. Management has guided for an equity capital raise in FY24 but we have not yet built this in our estimates.
- **While we estimate a margin compression of ~10bp in FY24, we reiterate that CIFIC has levers on cost ratios and business AUM growth to deliver a healthy RoA/RoE profile of 2.7%/22% in FY25. We have strong conviction in sustained delivery of profitable growth in this franchise. Maintain BUY with a TP of INR1,130 (based on 4.3x FY25 BVPS).**
- Key Risks: 1) Deep cyclicity in the Vehicle Finance business even though the management is making efforts to reduce this cyclicity; and 2) Any adverse asset quality outcome in Home Loans or new businesses

Strong disbursements lead to 39% YoY AUM growth

- CIFIC's business AUM grew 39% YoY to INR1.07t. Within vehicle finance, MUV/Cars/LCV/CE posted sequential growth of 12%/ 10%/ 10%/ 13%.
- 4QFY23 disbursements surged 65% YoY to ~INR210b. Vehicle Finance contributed ~63% to the disbursement mix in 4QFY23. FY23 disbursements grew ~88% YoY to INR665b.
- CIFIC sounded confident about sustaining the strong loan growth trajectory, supported by the expansion into Tier III/IV cities. With more secular growth across non-vehicle product segments, the company is now better equipped to weather any cyclical downturns in the vehicle finance industry.

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Has levers to deliver broadly stable margins in FY24

- The effect of rising CoF was offset by a similar sequential improvement in yields, leading to stable margins and spreads in 4QFY23. Vehicle Finance reported NIM expansion of ~20bp in the quarter.
- The company expects the new vehicle sales to return to a normal growth trajectory of 13-15% in FY24, providing an impetus for the company to grow in the higher-yielding segment of pre-owned vehicles. The company expects the margins to improve further, driven by an improving proportion of higher-yielding new and pre-owned vehicles in the product mix and its ability to pass on rate hikes in non-vehicle product segments. CIFC has hiked interest rates by ~200bp in LAP and ~150bp in Home Loans (HL) in FY23.
- Operating efficiencies led to moderation in opex ratios, with the cost-to-income ratio improving to 38% (PY: 42%).

Sequential improvement in asset quality

- GS3 improved sequentially across Vehicle Finance, LAP and Home loans. ECL/EAD also declined ~30bp QoQ to ~2.2%. Stage 2 + Stage 3 [30+dpd] declined ~170bp QoQ to 6.7%.
- GNPA/NNPA (RBI IRAC) ratios declined ~75bp/65bp QoQ to 4.6%/ 3.1%. It carries higher provisions of ~INR6.6b under IND-AS over IRAC.
- CIFC has completely utilized the management overlay of ~INR5b in 4QFY23 and absorbed it in the usual ECL provisions on S1/S2/S3 loans.
- Write-offs in 4QFY23 stood at ~INR1b and in FY23 at ~INR5.5b.

Key highlights from the management commentary

- It has guided for product mix of Vehicle Finance at 50%, Home Loans and LAP at 30-35%, and New Businesses at 15% by FY26.
- Management shared that it will be reviewing the equity capital requirement in FY24 and will consider raising both equity capital and Tier 2 capital.
- In the consumer and small enterprise (CSEL) business, underwriting in both Personal and Business loans is based on the scorecard and 96% of customers have a CIBIL score of >700 and 85% have a CIBIL score above 725.

Valuation and view

- The vulnerable asset pool (Stage 2 + 3) declined ~170bp QoQ to 6.7%. The improvement in the 30+dpd pool suggests that organic collections without any extraordinary write-offs contributed to the improvement. CIFC has exhibited conservatism in provisioning and it now carries ECL/EAD of ~2.2% (v/s 1.75% prior to Covid-19).
- CIFC has demonstrated its capabilities to successfully scale up new businesses, with their contribution to the disbursement mix inching up to ~21% in FY23. While the new businesses will drive higher credit costs, higher yields and moderation in opex should lead to RoTA accretion. CIFC is a franchise equipped to deliver strong AUM growth with benign credit costs (relative to peers), translating into a sustainable RoE of ~21% across economic cycles.
- The stock trades at 4.4x FY24E P/BV. We believe there will be a further expansion in multiples once investors gain more confidence in its execution capability in new product lines without any adverse selection. **Maintain BUY.**

Quarterly Performance

(INR M)

Y/E March	FY22				FY23				FY22	FY23	4QFY23E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	23,712	23,468	24,095	24,390	26,123	28,293	31,416	34,991	95,668	1,20,822	34,829	0
Interest Expenses	11,038	10,778	10,460	10,712	11,309	13,404	15,433	17,342	42,988	57,488	17,966	-3
Net Interest Income	12,674	12,690	13,634	13,679	14,814	14,888	15,983	17,649	52,680	63,334	16,862	5
YoY Growth (%)	34.8	8.2	6.0	9.5	16.9	17.3	17.2	29.0	13.3	20.2	23.3	
Other Income	958	1,239	1,208	1,927	1,587	2,085	2,334	2,952	5,720	8,958	2,545	
Total Income	13,632	13,929	14,842	15,606	16,401	16,974	18,317	20,601	58,400	72,292	19,407	6
YoY Growth (%)	38.7	11.0	8.8	16.3	20.3	21.9	23.4	32.0	16.8	23.8	24.4	
Operating Expenses	3,705	5,179	5,317	6,486	5,797	6,611	7,520	7,870	20,687	27,799	8,270	-5
Operating Profit	9,927	8,750	9,525	9,120	10,604	10,363	10,797	12,731	37,712	44,494	11,137	14
YoY Growth (%)	55.8	-2.7	-4.3	10.2	6.8	18.4	13.4	39.6	10.4	18.0	22.1	
Provisions & Loan Losses	5,519	584	2,483	-174	2,986	2,782	1,589	1,140	8,803	8,497	1,040	10
Profit before Tax	4,407	8,165	7,043	9,294	7,617	7,581	9,208	11,591	28,909	35,997	10,097	15
Tax Provisions	1,139	2,100	1,805	2,398	1,961	1,947	2,365	3,063	7,442	9,335	2,595	18
Net Profit	3,268	6,065	5,238	6,896	5,657	5,634	6,843	8,528	21,467	26,662	7,502	14
YoY Growth (%)	-24.2	40.4	28.1	183.5	73.1	-7.1	30.6	23.7	41.7	24.2	8.8	
Key Parameters (Calc., %)												
Yield on loans	14.6	14.4	14.2	13.6	13.6	13.7	14.1	14.1	13.3	13.5		
Cost of funds	7.0	6.9	6.5	6.3	6.3	7.0	7.3	7.4	6.5	6.9		
Spread	7.7	7.5	7.6	7.2	7.3	6.7	6.7	6.7	6.9	6.6		
NIM	7.4	7.4	7.6	7.3	7.5	7.0	7.0	7.0	7.5	7.1		
C/I ratio	27.2	37.2	35.8	41.6	35.3	38.9	41.1	38.2	35.4	38.5		
Credit cost	3.3	0.3	1.4	-0.1	1.5	1.3	0.7	0.5	1.2	0.9		
Tax rate	25.9	25.7	25.6	25.8	25.7	25.7	25.7	26.4	25.7	25.9		
Balance Sheet Parameters												
Disbursements (INR b)	36	87	104	127	133	146	176	210	355	665		
Growth (%)	1.3	34.8	31.6	57.6	266.7	68.0	68.4	65.3	36.3	87.5		
AUM (INR b)	678	700	727	769	819	877	955	1,065	769	1,065		
Growth (%)	6.8	4.2	5.8	9.9	20.8	25.2	31.3	38.5	9.9	38.5		
AUM mix (%)												
Vehicle finance	71.4	70.4	69.7	68.8	67.6	65.7	64.2	62.9	68.8	62.9		
Home Equity	21.4	22.0	22.3	22.3	22.1	21.5	20.9	20.3	22.3	20.3		
Home loans & Others	7.2	7.6	8.0	9.0	10.3	12.8	14.9	16.9	9.0	8.9		
Borrowings (INR b)	632	623	658	692	739	793	893	974	692	974		
Growth (%)	8.0	2.9	6.1	8.5	17.0	27.3	35.7	40.7	8.5	40.7		
Asset Quality Parameters												
GS 3 (INR B)	45.5	42.7	42.4	33.4	34.1	33.8	33.7	32.2	33.4	32.2		
GS 3 (%)	6.8	6.2	5.9	4.4	4.2	3.8	3.5	3.0	4.4	3.0		
NS 3 (INR B)	29.3	27.1	26.0	20.2	20.2	19.8	19.9	17.4	29.3	27.1		
NS 3 (%)	4.6	4.1	3.7	2.7	2.5	2.3	2.1	1.7	2.4	2.2		
PCR (%)	35.5	36.5	38.8	39.7	40.7	41.5	41.0	46.0	47.3	46.0		
Vehicle finance AUM mix (%)												
LCV	20.8	21.0	20.9	20.8	21.0	21.4	20.9	21.0	20.8	21.0		
Cars & MUV	17.4	17.7	18.1	18.2	18.9	19.4	19.9	20.2	18.2	18.9		
3W & SCV	5.5	5.3	5.1	4.8	4.6	4.5	4.4	4.2	4.8	4.6		
Used CV	26.1	26.5	27.1	27.9	27.4	27.1	26.9	26.6	27.9	27.4		
Tractor	10.4	10.2	10.3	9.8	9.6	9.2	9.0	8.4	9.8	9.6		
HCV	9.4	8.8	7.8	7.4	7.2	7.0	6.7	7.1	7.4	7.2		
CE	6.2	6.3	6.3	6.4	6.4	6.4	6.5	6.7	6.4	6.4		
Two wheeler	4.2	4.2	4.5	4.6	4.9	5.2	5.7	5.8	4.6	4.9		

E: MOFSL estimates



Highlights from the management commentary

Business Update

- Strong growth in the non-vehicle product segments should help reduce the cyclicity in Vehicle Finance over time.
- GS3 declined ~50bp QoQ to 3.5%. GNPA under IRACP declined to 4.63 (PQ: 5.37%).
- FY23 RoE stood at 20.6% (PY: 20.4%).
- The board has recommended a final dividend of INR0.7/share and earlier it had declared an interim dividend of INR1.3/share.
- Initiated its maiden public NCD issue amounting to INR10b and it was subscribed by 2.3x within three days of the issue.

Capital Raise

- CAR stood at 17.1% (Tier 1: 14.8%).
- CIFC will review equity capital requirement in the current financial year (FY24).
- In FY24, it will be looking to raise both equity capital and Tier 2. It intends to keep the CRAR at 18% and but one of the reasons why it declined below 18% is because the company has not optimally leveraged Tier 2 capital.
- Securitization was effectively leveraged during the quarter, which led to lower capital burn of Tier 1.

Guidance

- It has guided that by FY26, the product mix will be VF at 50%, Home Loans and LAP at 30-35% and New Businesses at 15%.
- Even if the rates were to go up by another 25bp, it does not expect any significant increase in its CoB. There is some NIM compression possible but it will work toward sustaining NIMs at current levels.
- Opex is in the range of 3.0% of average assets. It will keep it in the range of 3.0-3.1% (as % of average assets).
- Credit costs will range between 0.75%-1.2% over a cycle but the average credit costs should be at ~1% across cycles.
- Opex reduction will be higher than the increase in credit costs.

Strategic Insights from Mr. Vellayan Subbiah

- Mr. Vellayan does the broad direction setting and gives strategic insights. Implications of technology will be significant and Chola will continue to invest in technology.
- Diversification in new lines of business and future steps will be technology-led, along with growth in traditional businesses as well. It has a significant opportunity to maintain high level of profitable growth.
- Growth will be a function of the industry growth and expansion of geographies and roll-out of HL/LAP/New Businesses to more branches of VF.

Sustainability of Growth

- Most of the growth and expansion is coming from T3/T4 cities since all the businesses are going deeper into T3/T4 cities.
- Dependence is not just on vehicle finance (VF) anymore and there is secular growth across all the six businesses.

Liabilities and Margins

- It has guided for NIM of 7.0-7.5%. Levers include 1) business mix (proportion of new and pre-owned vehicles and moving towards higher yielding product segments), and 2) ability to pass on rate hikes in non-vehicle product segments include Home Loans, LAP and the three new businesses.
- CIFC has renegotiated with banks and capitalized on the PSL demand through securitization.
- Last year, new vehicle sales were high and a larger proportion of the Disbursement Mix in Vehicle Finance was skewed in favor of new vehicles.
- CIFC has taken interest rate hikes of 200bp in LAP and 150bp in Home Loans.
- New vehicle sales will come back to normal levels of 13-15% in FY24, which will give the company an opportunity to grow strongly in the higher-yielding product segments like pre-owned vehicles.

Newer Businesses

- T3/T4 centers are geographies where the company has always been present in Vehicle Finance. Even in new businesses, the first thing that they did was to build out the collection processes and infrastructure.
- There are significant opportunities in new businesses and it will roll out them to more branches of VF in FY24.
- Net Credit Costs (NCL) will increase from new businesses but will be offset with lower opex and higher margins.
- Within CSEL, the provisioning is very aggressive in unsecured loans. It is maintaining 100% PCR on 180dpd+.
- RoA from new businesses will start going up and will be accretive to the RoA at the company level.
- SBPL - There could be new to credit customers but ticket sizes are between INR200K-500K.
- Delinquency in new businesses is lower than the rest of the industry.
- Sourcing Mix: CSEL - 1/3rd through partnerships | SBPL - 100% in-house sourcing | SME: 60:40 mix between in-house and DSA

CSEL

- FLDG - Wherever it is permitted by regulations, they get FLDG arrangements. But wherever it is not permitted, it is compensated through higher service fees and yields.
- Business Loans ATS is INR700-800K. Stringent credit policy at the sourcing and underwriting stage. Business Loans are given to self-employed, while Personal loans are given to the salaried class.
- Without credit history, it does not give loans in the CSEL segment.
- Within Personal Loans, 96% customers have a CIBIL of >700 and 85% have a CIBIL score above 725. Only 4% have a CIBIL score of about 675-700 and it does not lend to customer below a CIBIL score of 675.
- The rejection rate is ~70% in the CSEL Business.

Home Loans

- CIFC is in the affordable segment. During FY23, it has expanded across geographies and to all VF branches.
- Going forward, it is going to see numbers doubling every financial year.
- It selected good markets, which did well in terms of portfolio quality. With good experience on asset quality, it will be expanding to more branches of VF. Growth will be driven by expansion to new geographies.
- ATS of INR1.5m and self-construction/plot will be the segment where it is going to scale its disbursements.
- Last year it expanded Affordable Housing to North, East and West. Within the next few years, HL will be expanded to all the branches of VF. LAP is currently being done from ~55% of VF branches.
- CIFC does not plan to do any inorganic acquisitions in Housing Finance.

Asset Quality

- Write-offs in 4QFY23 stood at ~INR1b and in FY23 at ~INR5.5b.

Collections

- Vehicle Finance has a very robust collection infrastructure. New businesses are headed by individuals who were earlier Zonal Heads of Vehicle Finance at Chola.
- In affordable Housing, they have a dedicated collections vertical, which works closely with the sales team.
- Without the collections infrastructure, Chola does not expand into new businesses.

Key exhibits

Exhibit 1: Disbursements rose ~65% YoY

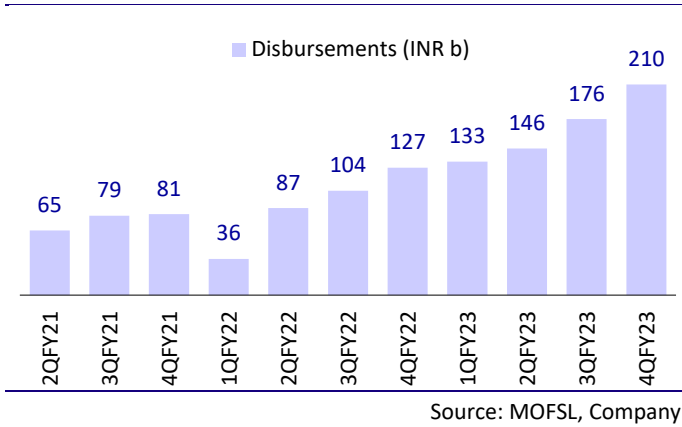


Exhibit 2: AUM grew ~12% QoQ and 39% YoY

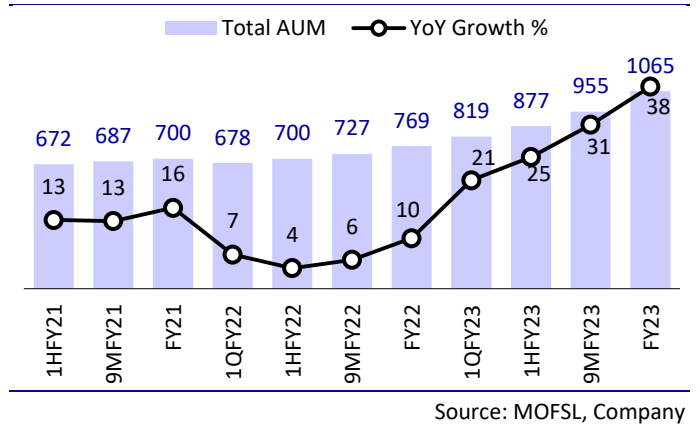


Exhibit 3: Vehicle Finance in the AUM mix has been gradually declining that implies a more diversified mix (%)

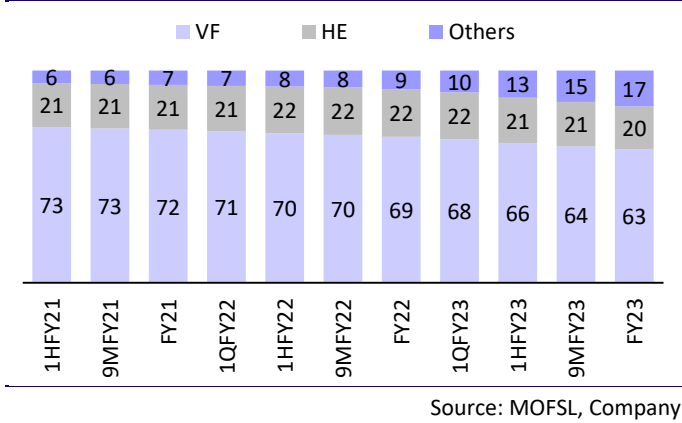


Exhibit 4: C/I ratio moderated to 38%

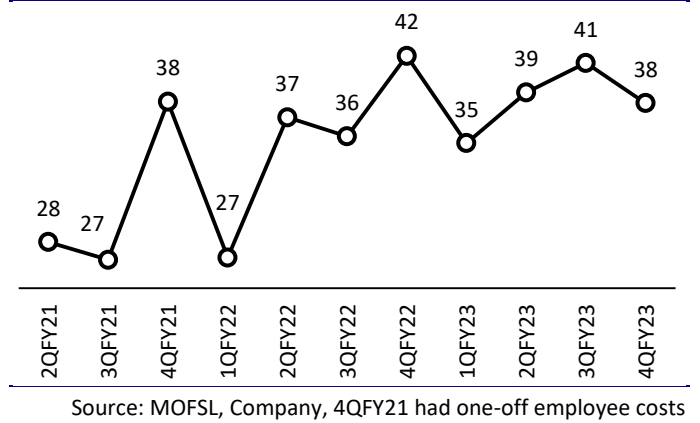


Exhibit 5: GS3 improved ~50bp QoQ to 3.5%

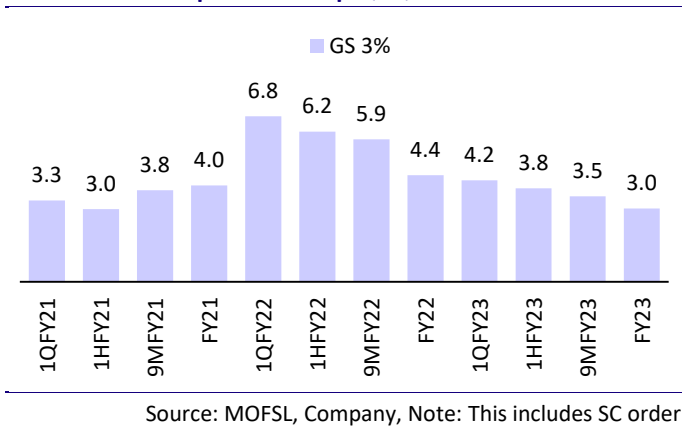
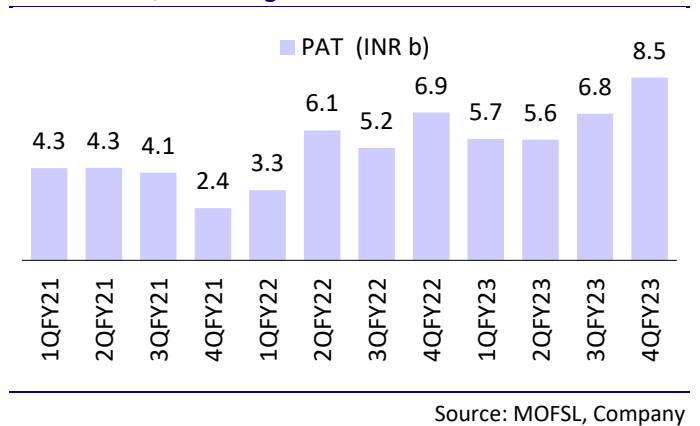


Exhibit 6: 4QFY23 PAT grew 24% YoY to INR8.5b



Valuation and view

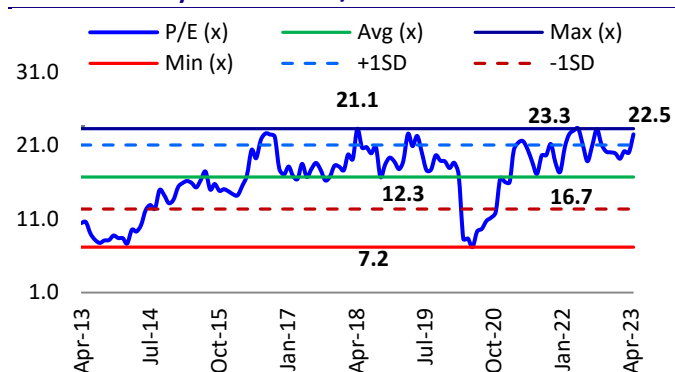
- The vulnerable asset pool (Stage 2 + 3) declined ~170bp QoQ to 6.7%. The improvement in the 30+dpd pool suggests that organic collections without any extraordinary write-offs contributed to the improvement. CIFC has exhibited conservatism in provisioning and it now carries ECL/EAD of ~2.2% (v/s 1.75% prior to Covid-19).
- CIFC has demonstrated its capabilities to successfully scale up new businesses, with their contribution to the disbursement mix inching up to ~21% in FY23. While the new businesses will drive higher credit costs, higher yields and moderation in opex should lead to RoTA accretion. CIFC is a franchise equipped to deliver strong AUM growth with benign credit costs (relative to peers), translating into a sustainable RoE of ~21% across economic cycles.
- The stock trades at 4.4x FY24E P/BV. We believe there will be a further expansion in multiples once investors gain more confidence in its execution capability in new product lines without any adverse selection. **Maintain BUY.**

Exhibit 7: Increase our FY24E/FY25E EPS estimate by ~13%/10% to factor in higher loan growth and lower NIM compression

INR B	Old Est.		New Est.		% change	
	FY24	FY25	FY24	FY25	FY24	FY25
NII (incl. assignments)	75.1	91.0	82.6	101.0	10.0	11.0
Other Income	10.7	11.5	10.5	11.8	-2.1	2.9
Total Income	85.8	102.5	93.0	112.8	8.5	10.1
Operating Expenses	32.5	37.0	34.2	40.5	5.2	9.4
Operating Profits	53.3	65.5	58.9	72.4	10.5	10.4
Provisions	11.1	13.9	11.2	15.4	0.9	10.6
PBT	42.2	51.6	47.6	56.9	13.0	10.4
Tax	10.8	13.3	12.4	14.8	14.0	11.4
PAT	31.3	38.3	35.3	42.2	12.7	10.0
AUM	1,276	1,511	1,349	1,615	5.7	6.9
Loans	1,244	1,473	1,322	1,583	6.2	7.4
Borrowings	1,187	1,390	1,230	1,463	3.6	5.2
NIM	6.8	6.8	7.0	7.0		
Credit Cost	1.0	1.0	0.9	1.0		
RoA on AUM	2.5	2.6	2.8	2.7		
RoE	20.2	20.5	22.1	21.5		

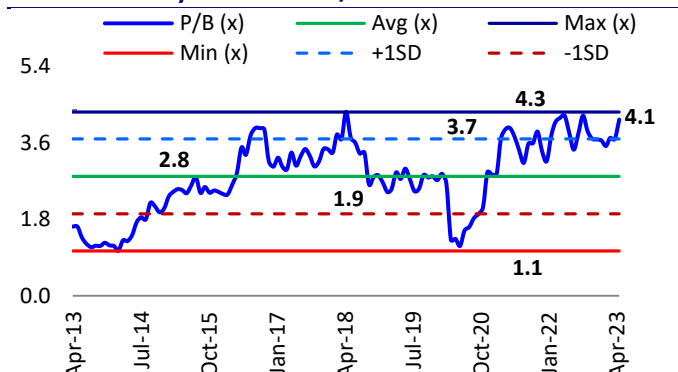
Source: MOFSL, Company

Exhibit 8: One-year forward P/E



Source: Company, MOSL

Exhibit 9: One-year forward P/B



Source: Company, MOSL

Financials and valuations

Income Statement									(INR M)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	43,717	51,862	64,962	78,417	88,772	93,251	1,20,822	1,64,651	2,04,023
Interest Expenses	22,308	26,593	35,887	45,922	45,759	42,988	57,488	82,079	1,03,009
Net Interest Income	21,409	25,268	29,075	32,495	43,013	50,263	63,334	82,573	1,01,015
Change (%)	14.8	18.0	15.1	11.8	32.4	16.9	26.0	30.4	22.3
Income from assignments	2,103	0	867	2,473	0	0	0	0	0
Other Operating Income	776	2,931	4,090	5,637	6,388	7,232	6,749	8,043	9,131
Other Income	8	4	7	3	596	905	2,209	2,430	2,673
Total Income	24,295	28,203	34,039	40,607	49,997	58,400	72,292	93,046	1,12,819
Change (%)	13.4	16.1	20.7	19.3	23.1	16.8	23.8	28.7	21.3
Total Operating Expenses	10,133	11,153	12,696	15,776	15,834	20,687	27,799	34,162	40,468
Change (%)	19.9	10.1	13.8	24.3	0.4	30.6	34.4	22.9	18.5
Employee Expenses	4,027	5,368	5,906	6,550	7,485	8,945	12,657	14,935	17,175
Business Origination Expenses	1,784	775	1,525	2,398	2,242	2,259	0	0	0
Other Operating Expenses	4,323	5,010	5,265	6,828	6,107	9,483	15,142	19,227	23,293
Operating Profit	14,162	17,051	21,344	24,831	34,162	37,712	44,494	58,884	72,351
Change (%)	9.1	20.4	25.2	16.3	37.6	10.4	18.0	32.3	22.9
Total Provisions	3,106	3,037	3,112	8,973	13,778	8,803	8,497	11,249	15,432
% of Operating Profit	21.9	17.8	14.6	36.1	40.3	23.3	19.1	19.1	21.3
PBT	11,056	14,014	18,232	15,857	20,384	28,909	35,997	47,634	56,919
Tax Provisions	3,868	4,831	6,370	5,334	5,235	7,442	9,335	12,353	14,760
Tax Rate (%)	35.0	34.5	34.9	33.6	25.7	25.7	25.9	25.9	25.9
PAT	7,187	9,183	11,862	10,524	15,149	21,467	26,662	35,282	42,158
Change (%)	26.4	27.8	29.2	-11.3	44.0	41.7	24.2	32.3	19.5
Proposed Dividend	547	1,016	1,016	1,662	1,640	1,641	1,645	2,056	2,467

Balance Sheet									(INR M)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	1,564	1,564	1,564	1,640	1,640	1,643	1,645	1,645	1,645
Equity Share Capital	1,564	1,564	1,564	1,640	1,640	1,643	1,645	1,645	1,645
Preference Share Capital	0	0	0	0	0	0	0	0	0
Reserves & Surplus	40,971	49,105	59,880	80,079	93,962	1,15,434	1,41,316	1,74,541	2,14,232
Net Worth for Equity Shareholders	42,535	50,669	61,445	81,718	95,602	1,17,077	1,42,961	1,76,186	2,15,877
Borrowings	3,02,001	3,83,303	5,05,667	5,50,054	6,37,300	6,91,735	9,73,561	12,29,900	14,63,137
Change (%)	33.8	26.9	31.9	8.8	15.9	8.5	40.7	26.3	19.0
Total Liabilities	3,50,372	4,40,897	5,74,263	6,39,930	7,45,484	8,23,655	11,35,155	14,27,515	17,03,014
Investments	697	729	729	729	16,188	20,762	36,280	49,196	58,525
Change (%)	4.6	4.7	0.0	0.0	2,120.0	28.3	74.7	35.6	19.0
Loans	3,32,244	4,22,532	5,26,223	5,54,027	6,58,393	7,41,492	10,47,483	13,21,603	15,82,642
Change (%)	27.9	27.2	24.5	5.3	18.8	12.6	41.3	26.2	19.8
Net Fixed Assets	1,417	1,646	1,759	2,839	2,294	2,685	3,968	4,960	5,952
Total Assets	3,50,372	4,40,897	5,74,263	6,39,930	7,45,484	8,23,634	11,35,155	14,27,515	17,03,014

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Spreads Analysis (%)									
Avg. Yield on Loans	14.8	13.7	13.7	14.5	14.6	13.3	13.5	13.9	14.1
Avg Cost of Funds	8.5	7.8	8.1	8.7	7.7	6.5	6.9	7.5	7.7
Spread of loans	6.3	6.0	5.6	5.8	6.9	6.9	6.6	6.5	6.4
NIM (on loans)	7.4	6.8	6.3	6.5	7.7	7.5	7.1	7.0	7.0
Profitability Ratios (%)									
RoE	18.2	19.7	21.2	14.7	17.1	20.2	20.5	22.1	21.5
RoA	2.3	2.3	2.3	1.7	2.2	2.7	2.7	2.8	2.7
Int. Expended / Int.Earned	51.0	51.3	55.2	58.6	51.5	46.1	47.6	49.9	50.5
Other Inc. / Net Income	3.2	10.4	12.0	13.9	14.0	13.9	12.4	11.3	10.5
Efficiency Ratios (%)									
Op. Exps. / Net Income	41.7	39.5	37.3	38.9	31.7	35.4	38.5	36.7	35.9
Empl. Cost/Op. Exps.	39.7	48.1	46.5	41.5	47.3	43.2	45.5	43.7	42.4
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	110	110	104	101	103	107	108	107	108
Net NPAs to Net Adv.	3.2	2.3	1.6	2.3	2.3	2.4	2.2	1.2	1.0
Assets/Equity	8.2	8.7	9.3	7.8	7.8	7.0	7.9	8.1	7.9
Average leverage	8.0	8.5	9.1	8.5	7.8	7.4	7.5	8.0	8.0
Valuations									
Book Value (INR)	54	65	79	100	117	143	174	214	262
BV Growth (%)	16.2	19.1	21.2	26.9	17.0	22.2	22.0	23.2	22.5
Price-BV (x)					8.1	6.7	5.5	4.4	3.6
EPS (INR)	9	12	15	13	18	26	32	43	51
EPS Growth (%)	26.3	27.7	29.1	-15.4	44.0	41.4	24.0	32.3	19.5
Price-Earnings (x)					51.4	36.4	29.3	22.1	18.5
Dividend per share	1.1	1.3	1.3	1.7	2.0	2.0	2.0	2.5	3.0
Dividend Yield (%)					0.2	0.2	0.2	0.3	0.3
E: MOFSL Estimates									

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NEUTRAL	< - 10 % to 15%
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