

# Repco Home Finance

Estimate change



TP change



Rating change



Bloomberg	REPCO IN
Equity Shares (m)	63
M.Cap.(INRb)/(USDb)	21.6 / 0.3
52-Week Range (INR)	368 / 152
1, 6, 12 Rel. Per (%)	8/37/109
12M Avg Val (INR M)	100
Free float (%)	62.9

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
NII	5.6	6.2	6.7
PPP	4.5	5.1	5.5
PAT	3.0	3.6	3.8
EPS (INR)	47.3	57.6	61.2
EPS Gr. (%)	55	22	6
BV/Sh. (INR)	402	456	514

## Ratios

NIM (%)	4.8	4.9	4.7
C/I ratio (%)	24.4	23.9	24.2
RoAA (%)	2.4	2.7	2.6
RoE (%)	12.5	13.4	12.6
Payout (%)	5.7	5.7	5.5

## Valuation

P/E (x)	7.3	6.0	5.7
P/BV (x)	0.9	0.8	0.7
P/ABV (x)	1.0	0.8	0.7
Div. Yield (%)	0.8	0.9	1.0

## Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	37.1	37.1	37.1
DII	19.5	18.0	16.6
FII	13.4	14.6	16.3
Others	29.9	30.3	29.9

FII Includes depository receipts

**CMP: INR345**

**TP: INR375 (+9%)**

**Neutral**

## Earnings beat; asset quality continues to improve

- Repco Home Finance (REPCO)'s 1QFY24 PAT jumped 44% YoY to INR891m, driven by a sharp decline in credit costs to ~15bp (PY: ~80bp). NII grew 17% YoY to INR1.55b. PPOP grew 16% YoY to INR1.25b during the quarter.
- GNPA/NNPA improved ~30bp/25bp QoQ to 5.5%/2.8% and the company increased its PCR on S3 loans by ~180bp QoQ to ~51%. ECL/EAD was flat sequentially at 4.1% in 1QFY24.
- We would wait for: a) the asset quality outcome of the restructured pool that has resumed repayments but still remains vulnerable; b) further scale-up in disbursements; c) moderation in credit costs and d) a further decline in BT-OUT run-rate, before turning constructive on the stock again.
- We raise our FY24E EPS by 9% to factor in higher margins. We model a loan growth of 9%/11% in FY24/FY25 and a PAT CAGR of 14% over FY23-FY25E. With RoA/RoE of 2.6%/13% in FY25E, we reiterate our **Neutral rating** on the stock with a TP of INR375 (premised on 0.7x FY25E BVPS). While several process improvements are underway with the new management, they are yet to instill confidence in achieving healthier home loan growth. This would serve as the primary catalyst for a subsequent re-rating of the stock.

## Disbursements muted; moderation in repayment rates is a positive

- REPCO's 1QFY24 performance was characterized by ~7% YoY growth in disbursements to ~INR6.8b. Loan book grew ~7% YoY to ~INR126.5b. However, what was alarming is that while Home Loans grew 2% YoY, the Home Equity book grew 28% YoY.
- Run-offs moderated significantly to an annualized run-rate of ~15%, down ~3pp YoY and at multi-quarter lows (except Covid-disrupted quarters).
- Contributions of self-employed customers were stable sequentially at ~52%, while LAP loans in the loan mix increased sequentially by ~240bp to ~23%.

## Spreads expand sequentially, driven by higher yields

- REPCO's reported spreads rose ~40bp QoQ to 3.4%, while reported margin was stable sequentially at 5.1%. The management guided for steady state margins of ~4.7%-4.8% in FY24.
- The sequential ~50bp rise in yields to 11.6% was offset by a ~10bp QoQ increase in CoF to 8.2%.
- Cost-to-income ratio (CIR) was stable YoY and QoQ at ~24%. The company effected salary increments (effective Jan'23), which were paid out (along with arrears) during the quarter and led to higher 'employee expenses'.

## Key highlights from the management commentary

- Guided for disbursements of INR36b in FY24 (FY23: ~INR29b).
- Guided for AUM to reach ~INR140b by Mar'24. The first quarter is a seasonally weak quarter and the management guided for both loan and disbursement growth to gain momentum in subsequent quarters.

**Valuation and view**

- While the asset quality continues to improve, we would continue to focus on the management's ability to deliver on the guided metrics of asset quality and loan growth in FY24. We expect credit costs to moderate and estimate credit costs of ~20bp each in FY24/FY25.
- We expect REPCO to be able to maintain a NIM of 4.9% and 4.7% in FY24/FY25, even with its significant emphasis on customer retention. Although the risk-reward balance seems favorable at the current valuation of ~0.7x FY25E P/BV, we would wait for additional evidence of successful implementation in the realm of home loan expansion before adopting a positive stance on the stock again. We reiterate our **Neutral stance with a TP of INR375 (based on 0.7x FY25E BVPS)**.

## Quarterly performance

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E	1Q FY24E	Act v/s est(%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	2,980	3,064	3,197	3,330	3,572	3,648	3,706	3,699	12,570	14,625	3,408	5
Interest Expenses	1,653	1,692	1,810	1,856	2,026	2,087	2,128	2,144	7,011	8,385	1,949	4
<b>Net Income</b>	<b>1,327</b>	<b>1,372</b>	<b>1,387</b>	<b>1,474</b>	<b>1,546</b>	<b>1,562</b>	<b>1,577</b>	<b>1,555</b>	<b>5,560</b>	<b>6,240</b>	<b>1,459</b>	<b>6</b>
YoY Growth (%)	-8.4	-12.1	-7.0	4.9	16.5	13.8	13.7	5.5	-5.8	12.2	10.0	
Other income	90	112	111	108	93	111	123	157	421	484	114	-19
<b>Total Income</b>	<b>1,417</b>	<b>1,484</b>	<b>1,499</b>	<b>1,581</b>	<b>1,639</b>	<b>1,673</b>	<b>1,700</b>	<b>1,713</b>	<b>5,981</b>	<b>6,725</b>	<b>1,573</b>	<b>4</b>
YoY Growth (%)	-3.4	-7.3	-2.4	1.2	15.7	12.7	13.4	8.3	-3.0	12.4	11.0	
Operating Expenses	339	343	398	378	392	400	404	410	1,458	1,605	391	0
YoY Growth (%)	37.8	21.1	15.8	2.8	15.7	16.6	1.4	8.4	17.5	10.1	15.5	
<b>Operating Profits</b>	<b>1,078</b>	<b>1,141</b>	<b>1,101</b>	<b>1,203</b>	<b>1,247</b>	<b>1,273</b>	<b>1,296</b>	<b>1,303</b>	<b>4,523</b>	<b>5,120</b>	<b>1,182</b>	<b>6</b>
YoY Growth (%)	-11.7	-13.4	-7.7	0.7	15.7	11.6	17.8	8.3	-8.2	13.2	9.6	
Provisions	237	188	12	79	50	58	69	70	516	246	66	-24
<b>Profit before Tax</b>	<b>841</b>	<b>954</b>	<b>1,089</b>	<b>1,124</b>	<b>1,198</b>	<b>1,216</b>	<b>1,227</b>	<b>1,233</b>	<b>4,008</b>	<b>4,873</b>	<b>1,116</b>	<b>7</b>
Tax Provisions	220	242	282	303	307	316	319	331	1,047	1,273	301	2
<b>Profit after tax</b>	<b>621</b>	<b>712</b>	<b>808</b>	<b>821</b>	<b>891</b>	<b>900</b>	<b>908</b>	<b>902</b>	<b>2,961</b>	<b>3,601</b>	<b>815</b>	<b>9</b>
YoY Growth (%)	93.2	-17.2	156.6	95.3	43.5	26.4	12.5	9.8	54.6	21.6	31.2	
Loan growth (%)	-1.0	1.5	3.5	5.9	6.7	7.4	8.5	9.3	5.9	10.8	6.2	
Cost to Income Ratio (%)	23.9	23.1	26.6	23.9	23.9	23.9	23.8	23.9	24.4	23.9	24.9	
Tax Rate (%)	26.2	25.4	25.8	27.0	25.6	26.0	26.0	26.9	26.1	26.1	27.0	
<b>Key Parameters (%)</b>												
Yield on loans (Cal)	10.1	10.2	10.5	10.8	11.4	11.4	11.3	11.0	10.8	11.6		
Cost of funds (Cal)	7.0	7.1	7.5	7.6	8.2	8.3	8.2	8.0	7.1	8.1		
Spreads (Cal)	3.1	3.1	3.0	3.2	3.2	3.1	3.1	3.0	3.7	3.6		
NIMs (Reported)	4.6	4.8	4.8	5.1	5.1	0.0	0.0	0.0	4.8	4.9		
Credit Cost	0.80	0.63	0.04	0.26	0.16	0.2	0.2	0.2	0.4	0.2		
Cost to Income Ratio	23.9	23.1	26.6	23.9	23.9	23.9	23.8	23.9	24.4	23.9		
Tax Rate	26.2	25.4	25.8	27.0	25.6	26.0	26.0	26.9	26.1	26.1		
<b>Balance Sheet</b>												
AUM (INR B)	118.6	120.7	122.0	124.5	126.6				124.5	136.0		
Change YoY (%)	-1.0	1.5	3.5	5.9	6.7				5.9	9.3		
AUM Mix (%)												
Non-Salaried	51.2	51.0	50.9	51.6	51.8				51.6			
Salaried	48.8	49.0	49.1	48.4	48.2				48.4			
AUM Mix (%)												
Home loans	80.7	80.4	79.9	79.3	76.9				79.3	76.0		
LAP	19.3	19.6	20.1	20.7	23.1				20.7	24.0		
Disbursements (INR B)	6.4	7.5	7.0	8.4	6.8				29.2	32.7		
Change YoY (%)	167.9	54.0	56.8	38.9	6.6				65.0	12.0		
Borrowings (INR B)	93.1	96.4	96.0	99.1	99.1				99	109.1		
Change YoY (%)	-6.9	-2.6	-0.2	2.3	6.4				2.3	10.0		
Loans/Borrowings (%)	127.4	125.2	127.1	125.6	127.8				125.6	124.7		
Borrowings Mix (%)												
Banks	71.0	71.8	72.1	73.8	74.1				73.8			
NHB	19.3	17.4	16.5	15.1	14.9				15.1			
Repco Bank	9.8	10.8	11.4	11.1	11.0				11.1			
NCD	0.0	0.0	0.0	0.0	0.0				0.0			
CP	0.0	0.0	0.0	0.0	0.0				0.0			
<b>Asset Quality</b>												
GS 3 (INR B)	7.6	7.9	7.5	7.2	6.9				7.2	6.2		
Gross Stage 3 (% on Assets)	6.4	6.5	6.2	5.8	5.5				5.8	4.6		
NS 3 (INR B)	4.8	4.5	4.0	3.6	3.4				3.6	2.7		
Net Stage 3 (% on Assets)	4.2	3.9	3.5	3.0	2.8				3.0	2.1		
PCR (%)	36.8	43.1	46.2	49.6	51.4				49.6	56.0		
<b>Return Ratios (%)</b>												
ROA (Rep)	2.1	2.4	2.7	2.7	2.8				2.4	2.7		
ROE (Rep)	11.9	13.3	14.7	14.4	15.8				11.8	13.4		

E: MOFSL Estimates



## Highlights from the management commentary

### Business Update

- The AUM grew ~7% YoY and ~2% QoQ, while disbursements grew ~7% YoY to ~INR6.4b (PY: ~INR6.4b).
- In the current quarter, there were no DA transactions. When we exclude the INR700m DA transaction from 1QFY23 disbursements, the disbursements in the current quarter exhibited a YoY growth of 20%.
- The company effectively transferred the rise in borrowing costs to customers, leading to improved spreads.
- Incremental yields stood at ~11.6% (vs. ~11.1% in 4QFY23).
- Disbursement mix

INR b	1QFY24	4QFY23	1QFY23
Home loans	4.10	5.55	4.80
Home equity	2.75	2.80	1.62
<b>Total</b>	<b>6.85</b>	<b>8.35</b>	<b>6.42</b>
%	1QFY24	4QFY23	1QFY23
Home loans	60	66	75
Home equity	40	34	25
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Guidance

- Guided for disbursements of INR36b in FY24 as against disbursements of INR30b in FY23.
- Guided for AUM (net of BT-OUTs) to reach INR140b by FY24. Although the first quarter is traditionally a seasonally slow period, loan and disbursement growth is predicted to gain momentum in subsequent quarters.
- GNPA reduced by INR240m QoQ in 1QFY24, and the company guided for a reduction of INR1b for FY24.
- The margins for 1QFY24 stood at 5.1% and the management guided for steady state margins of ~4.7%-4.8% in FY24.
- Notably, Tamil Nadu accounts for 50% of the AUM mix, and the company intends to maintain this contribution. Repco plans to open 6-7 satellite centers in TN and 9-10 branches in other regions over the year with the target of reaching 200 outlets by the end of the year.
- Guided for maximum credit costs of INR250m in FY24.
- Expects to start witnessing growth in the Gujarat and Maharashtra regions in FY24.

### AUM mix (%)

- The rise in the share is primarily attributed to the home equity book, which constitutes ~23% (PQ: 21%). This increase is a result of re-classification prompted by adjustments in guidelines.
- The guidelines required reclassification of reimbursement home loans as home equity portfolio.
- Home equity consists of LAP, Commercial construction, and commercial real estate loans.

**BT-OUTs**

- In 1QFY24, the company experienced BT-Outs of ~INR440-500m. However, during the same period, the company also recorded BT-Ins of ~INR780m.
- The company has established a dedicated team to monitor BT-OUTs and is making conscious efforts to effectively manage BT-OUTs.
- The BT-Ins were driven by the company's improved customer servicing and competitive pricing, which have proven to be attractive to customers seeking balance transfers.

**Asset Quality**

- Out of the outstanding restructured book, ~INR1.5-2b forms part of Stage 2 loans.
- The company is witnessing accelerated repayments from the restructured book and anticipates that it will not have a significant impact on asset quality in the FY24.
- INR250-300m slipped in Stage 3 from the restructured book in the current quarter.
- Slippages for the quarter amounted to INR560m, while the company saw recoveries of INR240m, leading to a net reduction of INR240m in the quarter. Out of the INR560m slippages, ~50% were from the restructured book.
- Slippages are expected to reduce in the coming quarters, leading to a release of provisions.

**Opex**

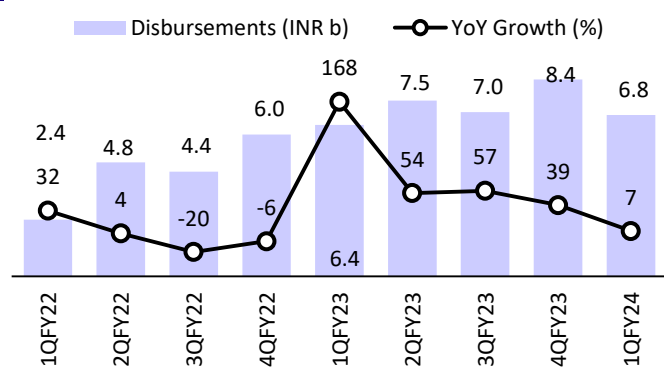
- The new software launched in Feb'23 is expected to be an enabler in scaling up disbursements and has been rolled out across all branches. The Mobile app will be rolled out after security checks.
- The C/I ratio was stable QoQ at ~24% in 1QFY24 (PY: 26%).
- During the quarter, the company revised staff salaries across the organization in Jan'23, which could have resulted in slightly higher employee expenses.
- The company anticipates a decrease in attrition rates moving forward.

**Verticalization and collection infrastructure**

- The company is undergoing organizational structural adjustments, with the outcomes expected to become apparent in the upcoming quarters.
- Previously, Repco lacked verticalization; however, the collection vertical has now stabilized. The sales vertical is currently in progress, and plans are also underway to establish a credit vertical.
- There is potential for further improvement in branch productivity. Previously, Repco did not follow a "feet on the street" model. However, all branches now have dedicated sales staff exclusively for sales activities.
- The collection vertical, consisting of 85 employees dedicated solely to collections, has now achieved stabilization.

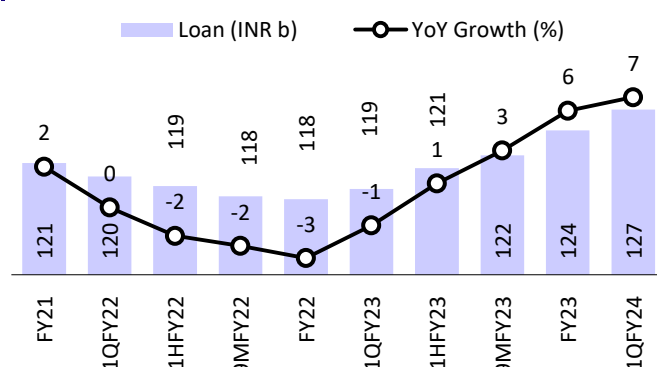
## Key exhibits

**Exhibit 1: Disbursements growth tepid at ~7% YoY**



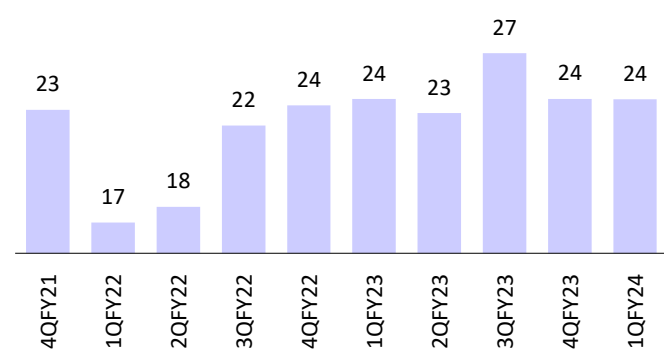
Source: MOFSL, Company

**Exhibit 2: Loan growth momentum improving**



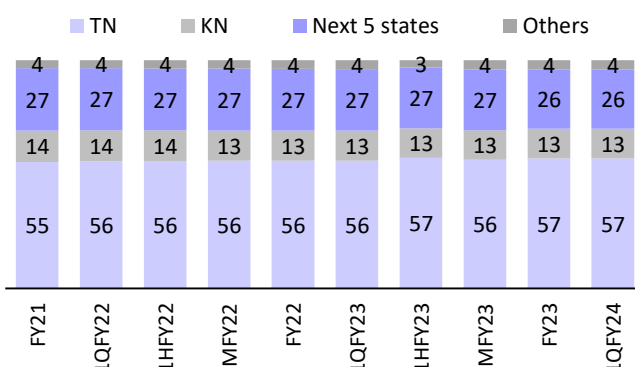
Source: MOFSL, Company;

**Exhibit 3: C/I ratio stable QoQ**



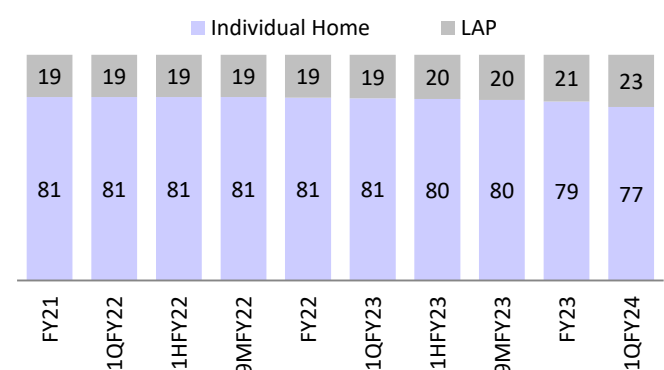
Source: MOFSL, Company

**Exhibit 4: Geographical loan mix (%)**



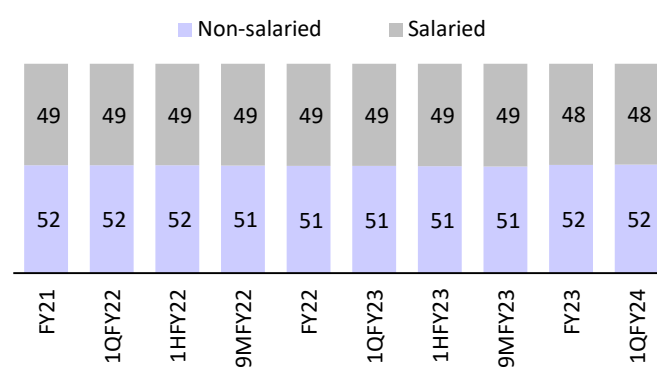
Source: MOFSL, Company

**Exhibit 5: Share of home loan book declined ~2pp QoQ (primarily because of change in classification guidelines)**

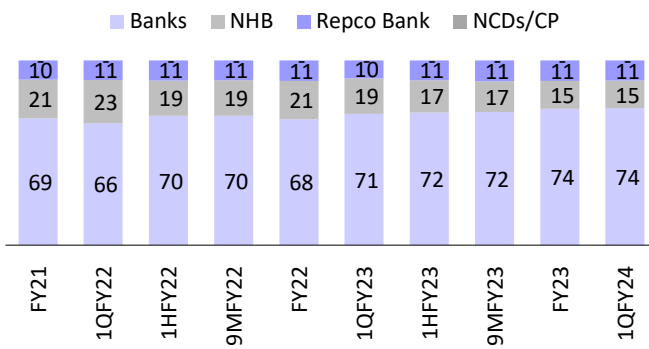


Source: MOFSL, Company

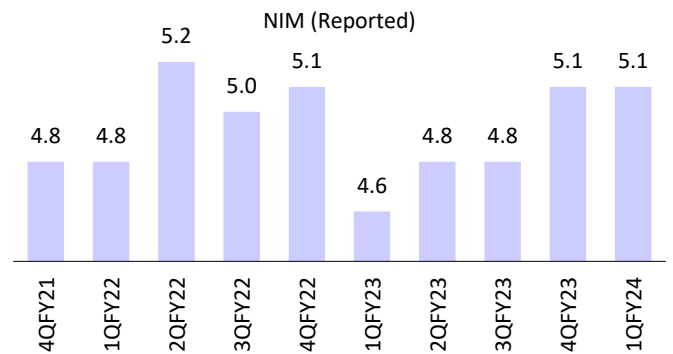
**Exhibit 6: Share of salaried customers stable QoQ (%)**



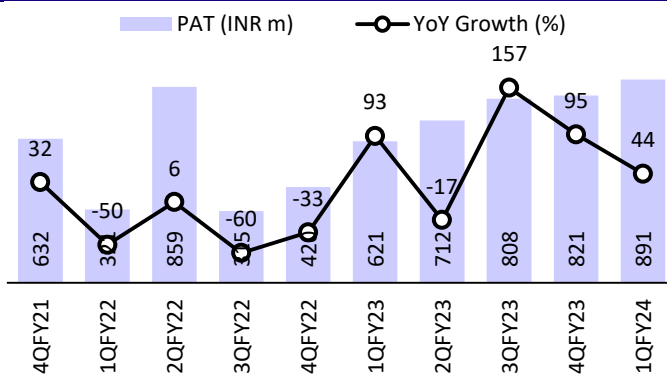
Source: MOFSL, Company

**Exhibit 7: Borrowing mix stable sequentially (%)**

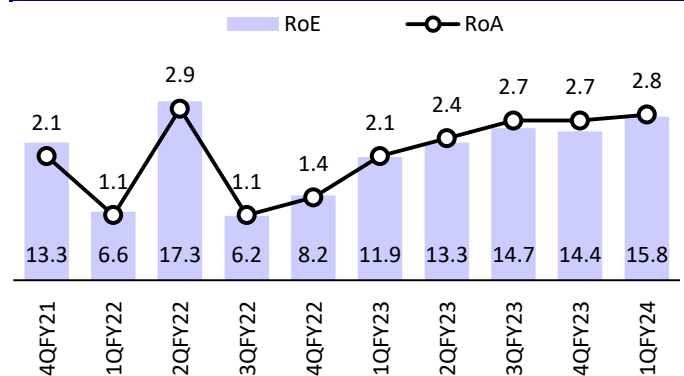
Source: MOFSL, Company

**Exhibit 8: NIM (reported) stable QoQ at 5.1%**

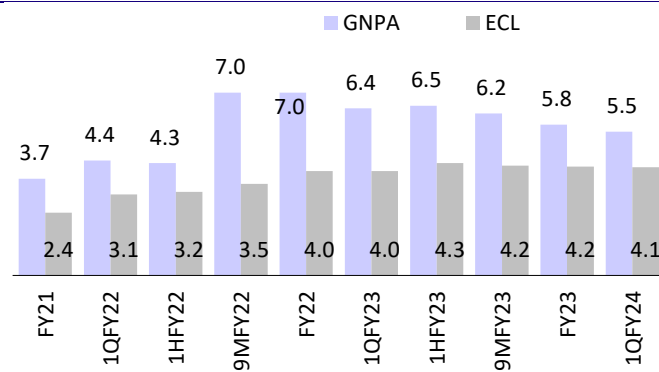
Source: MOFSL, Company, Reported

**Exhibit 9: PAT increased ~8% QoQ**

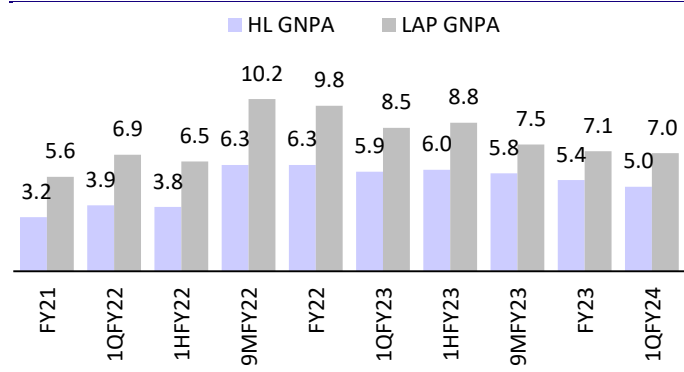
Source: MOFSL, Company

**Exhibit 10: RoE/RoA trends (%)**

Source: MOFSL, Company

**Exhibit 11: GS3 improved sequentially to 5.5%, while ECL/EAD decreased to 4.1%**

Source: MOFSL, Company;

**Exhibit 12: Home Equity continued to exhibit more stress than home loans (%)**

Source: MOFSL, Company;

### Valuation and view

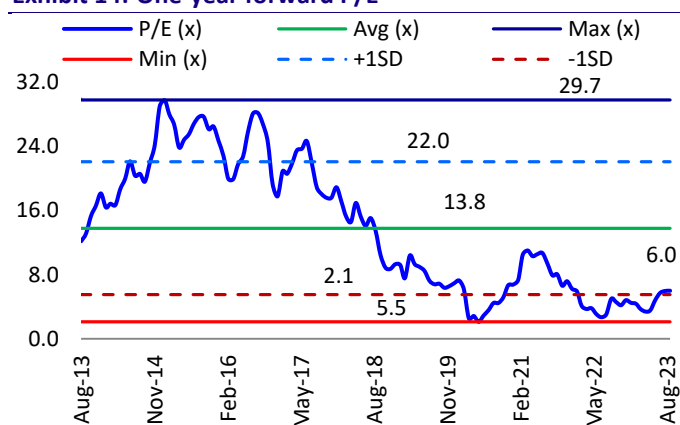
- While the asset quality continues to improve, we would continue to focus on the management's ability to deliver on the guided metrics of asset quality and loan growth in FY24. We expect credit costs to moderate and estimate credit costs of ~20bp each in FY24/FY25.
- We expect REPCO to be able to maintain a NIM of 4.9% and 4.7% in FY24/FY25, even with its significant emphasis on customer retention. Although the risk-reward balance seems favorable at the current valuation of ~0.7x FY25E P/BV, we would wait for additional evidence of successful implementation in the realm of home loan expansion before adopting a positive stance on the stock again. We reiterate our **Neutral stance with a TP of INR375 (based on 0.7x FY25E BVPS)**.

**Exhibit 13: We raise our FY24 EPS estimates by ~9% to factor in higher margins**

INR b	Old Est.		New Est.		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
NII	5.8	6.5	6.2	6.7	7.4	2.5
Other Income	0.5	0.6	0.5	0.5	-2.5	-7.5
<b>Total Income</b>	<b>6.3</b>	<b>7.1</b>	<b>6.7</b>	<b>7.2</b>	<b>6.6</b>	<b>1.7</b>
Operating Expenses	1.6	1.7	1.6	1.7	0.0	0.0
<b>Operating Profits</b>	<b>4.7</b>	<b>5.3</b>	<b>5.1</b>	<b>5.5</b>	<b>8.9</b>	<b>2.3</b>
Provisions	0.2	0.3	0.2	0.3	2.0	-0.2
<b>PBT</b>	<b>4.5</b>	<b>5.1</b>	<b>4.9</b>	<b>5.2</b>	<b>9.2</b>	<b>2.4</b>
Tax	1.2	1.3	1.3	1.4	9.2	2.4
<b>PAT</b>	<b>3.3</b>	<b>3.7</b>	<b>3.6</b>	<b>3.8</b>	<b>9.2</b>	<b>2.4</b>
Loan book	132	147	133	148	0.2	0.2
NIM (%)	4.6	4.6	4.9	4.7		
Spreads (%)	3.3	3.3	3.6	3.3		
<b>ROAA (%)</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>	<b>2.6</b>		
<b>RoAE (%)</b>	<b>12.3</b>	<b>12.4</b>	<b>13.4</b>	<b>12.6</b>		

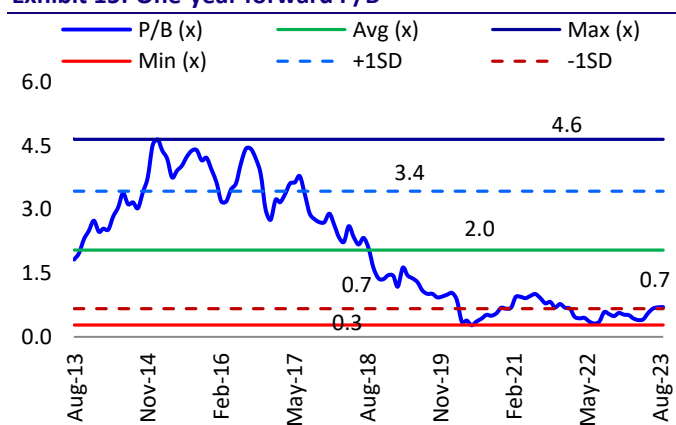
Source: MOFSL, Company

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



Source: MOFSL, Company

**Exhibit 15: One-year forward P/B**



Source: MOFSL, Company



## Financials and valuations

Income statement								(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	10,141	10,851	11,634	13,174	13,518	12,804	12,570	14,625	15,700
Interest Expended	6,463	6,489	7,200	8,250	8,072	6,899	7,011	8,385	9,160
<b>Net Interest Income</b>	<b>3,678</b>	<b>4,362</b>	<b>4,434</b>	<b>4,924</b>	<b>5,446</b>	<b>5,905</b>	<b>5,560</b>	<b>6,240</b>	<b>6,540</b>
Change (%)	21.0	18.6	1.7	11.0	10.6	8.4	-5.8	12.2	4.8
Other Operating Income	318	250	318	337	404	262	421	484	543
<b>Net Income</b>	<b>3,996</b>	<b>4,612</b>	<b>4,752</b>	<b>5,261</b>	<b>5,850</b>	<b>6,166</b>	<b>5,981</b>	<b>6,725</b>	<b>7,083</b>
Change (%)	19.8	15.4	3.1	10.7	11.2	5.4	-3.0	12.4	5.3
Operating Expenses	676	790	984	1,065	1,144	1,241	1,458	1,605	1,749
<b>Operating Income</b>	<b>3,320</b>	<b>3,822</b>	<b>3,768</b>	<b>4,196</b>	<b>4,706</b>	<b>4,926</b>	<b>4,523</b>	<b>5,120</b>	<b>5,334</b>
Change (%)	23.3	15.1	-1.4	11.4	12.1	4.7	-8.2	13.2	4.2
Provisions/write offs	518	748	170	594	808	2,331	516	246	288
<b>PBT</b>	<b>2,802</b>	<b>3,074</b>	<b>3,598</b>	<b>3,602</b>	<b>3,898</b>	<b>2,595</b>	<b>4,008</b>	<b>4,873</b>	<b>5,046</b>
Extraordinary Items	0	0	0	0	0	0	0	0	0
<b>PBT after EO</b>	<b>2,802</b>	<b>3,074</b>	<b>3,598</b>	<b>3,602</b>	<b>3,898</b>	<b>2,595</b>	<b>4,008</b>	<b>4,873</b>	<b>5,046</b>
Tax	979	1,063	1,252	798	1,022	680	1,047	1,273	1,318
Tax Rate (%)	34.9	34.6	34.8	22.2	26.2	26.2	26.1	26.1	26.1
DTL on Special Reserve									
<b>PAT</b>	<b>1,823</b>	<b>2,010</b>	<b>2,346</b>	<b>2,804</b>	<b>2,876</b>	<b>1,915</b>	<b>2,961</b>	<b>3,601</b>	<b>3,728</b>
Change (%)	21.4	10.3	16.7	19.5	2.6	-33.4	54.6	21.6	3.5
<b>PAT adjusted for EO</b>	<b>1,823</b>	<b>2,010</b>	<b>2,346</b>	<b>2,804</b>	<b>2,876</b>	<b>1,915</b>	<b>2,961</b>	<b>3,601</b>	<b>3,728</b>
Change (%)	21.4	10.3	16.7	19.5	2.6	-33.4	54.6	21.6	3.5
Proposed Dividend	151	165	181	181	156	157	169	205	203

Balance sheet								(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Capital	626	626	626	626	626	626	626	626	626
Reserves & Surplus	10,747	12,459	14,648	17,243	19,967	21,730	24,536	27,932	31,457
<b>Net Worth</b>	<b>11,372</b>	<b>13,085</b>	<b>15,274</b>	<b>17,869</b>	<b>20,593</b>	<b>22,356</b>	<b>25,162</b>	<b>28,558</b>	<b>32,083</b>
Loans from Banks	11,701	9,423	0	0	0	0	0	0	0
Bonds/Debentures	47,572	44,350	0	0	0	0	0	0	0
Borrowings	16,331	27,570	92,774	1,01,090	1,01,974	96,920	99,241	1,09,080	1,21,356
<b>Borrowings</b>	<b>75,604</b>	<b>81,343</b>	<b>92,774</b>	<b>1,01,090</b>	<b>1,01,974</b>	<b>96,920</b>	<b>99,241</b>	<b>1,09,080</b>	<b>1,21,356</b>
Change (%)	15.6	7.6	14.1	9.0	0.9	-5.0	2.4	9.9	11.3
Other liabilities	3,457	2,882	1,522	987	1,093	698	832	915	1,006
<b>Total Liabilities</b>	<b>90,433</b>	<b>97,310</b>	<b>1,09,570</b>	<b>1,19,946</b>	<b>1,23,659</b>	<b>1,19,974</b>	<b>1,25,234</b>	<b>1,38,552</b>	<b>1,54,445</b>
<b>Loans</b>	<b>89,578</b>	<b>96,492</b>	<b>1,08,379</b>	<b>1,15,884</b>	<b>1,18,356</b>	<b>1,12,918</b>	<b>1,19,622</b>	<b>1,32,539</b>	<b>1,47,815</b>
Change (%)	16.3	7.7	12.3	6.9	2.1	-4.6	5.9	10.8	11.5
<b>Investments</b>	<b>156</b>	<b>239</b>	<b>363</b>	<b>321</b>	<b>345</b>	<b>440</b>	<b>477</b>	<b>549</b>	<b>631</b>
Change (%)	25.8	53.5	51.5	-11.6	7.4	27.7	8.4	15.0	15.0
Net Fixed Assets	91	135	155	372	314	353	396	416	437
Other assets	609	443	673	3,369	4,645	6,263	4,740	5,049	5,562
<b>Total Assets</b>	<b>90,433</b>	<b>97,310</b>	<b>1,09,570</b>	<b>1,19,946</b>	<b>1,23,659</b>	<b>1,19,974</b>	<b>1,25,234</b>	<b>1,38,552</b>	<b>1,54,445</b>

E: MOFSL Estimates

## Financials and valuations

Ratios	(%)								
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Spreads Analysis (%)</b>									
Avg Yield on Loans	12.2	11.6	11.4	11.7	11.5	11.1	10.8	11.6	11.2
Avg. Cost of Borrowings	9.2	8.3	8.3	8.5	8.0	6.9	7.1	8.1	8.0
Interest Spread	3.0	3.4	3.1	3.2	3.6	4.1	3.6	3.5	3.2
Net Interest Margin	4.4	4.7	4.3	4.4	4.6	5.1	4.8	4.9	4.6
<b>Profitability Ratios (%)</b>									
RoE	17.4	16.4	16.5	16.9	15.0	8.9	12.5	13.4	12.3
RoA	2.2	2.1	2.3	2.4	2.4	1.6	2.4	2.7	2.5
Int. Expended/Int. Earned	63.7	59.8	61.9	62.6	59.7	53.9	55.8	57.3	58.3
Other Inc./Net Income	8.0	5.4	6.7	6.4	6.9	4.2	7.0	7.2	7.7
<b>Efficiency Ratios (%)</b>									
Op. Exps./Net Income	16.9	17.1	20.7	20.2	19.6	20.1	24.4	23.9	24.7
Empl. Cost/Op. Exps.	63.8	62.6	59.5	62.4	62.3	63.4	60.3	61.3	61.9
<b>Asset Quality (%)</b>									
Gross NPAs	2,328	2,827	3,258	5,117	4,485	8,198	7,187	6,218	5,555
Gross NPAs to Adv.	2.6	2.9	3.0	4.3	3.7	7.0	5.8	4.6	3.7
Net NPAs	1,227	1,255	1,507	3,287	2,714	5,587	3,621	2,736	2,222
Net NPAs to Adv.	1.4	1.3	1.4	2.8	2.3	4.9	3.0	2.1	1.5
<b>VALUATION</b>									
Book Value (INR)	181.8	209.2	244.1	285.6	329.2	357.1	402.2	456.5	512.8
<b>Price-BV (x)</b>				<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>0.8</b>	<b>0.7</b>
EPS (INR)	29.1	32.1	37.5	44.8	46.0	30.6	47.3	57.6	59.6
EPS Growth YoY	21.4	10.3	16.7	19.5	2.6	-33.4	54.7	21.6	3.5
<b>Price-Earnings (x)</b>				<b>7.7</b>	<b>7.5</b>	<b>11.3</b>	<b>7.3</b>	<b>6.0</b>	<b>5.8</b>
Dividend per share (INR)	2.0	2.2	2.5	2.5	2.5	2.5	2.7	3.3	3.2
<b>Dividend yield (%)</b>				<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>
E: MOFSL Estimates									

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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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