

L&T Finance Holdings

Estimate change



TP change



Rating change



Bloomberg	LTFH IN
Equity Shares (m)	2469
M.Cap.(INRb)/(USD\$)	329.4 / 4
52-Week Range (INR)	141 / 79
1, 6, 12 Rel. Per (%)	8/42/57
12M Avg Val (INR M)	1035

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Total Income	74.5	85.0	106.5
PPP	51.6	62.0	81.9
Adj. PAT	23.7	29.0	38.4
EPS (INR)	9.6	11.7	15.5
EPS Gr. (%)	46.4	22.3	32.2
BV/Sh. (INR)	94	101	111

Ratios

NIM (%)	9.7	9.6	9.5
C/I ratio (%)	40.2	38.1	34.2
RoAA (%)	2.2	2.5	2.7
RoE (%)	10.6	12.0	14.6
Payout (%)	50.0	50.0	30.0

Valuation

P/E (x)	13.8	11.3	8.5
P/BV (x)	1.4	1.3	1.2
Div. Yield (%)	3.6	4.4	3.5

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	66.0	66.1	66.2
DII	7.0	5.3	5.4
FII	12.1	13.9	6.8
Others	14.9	14.7	21.7

FII Includes depository receipts

CMP: INR132

TP: INR170 (+29%)

Buy

Strong execution in Retail with RoA expansion

Wholesale rundown executed well without undue impact on P&L

- L&T Finance Holdings (LTFH) reported 2QFY24 PAT of INR5.9b (7% beat). PPOP grew ~9% YoY to INR12.9b (in line), while credit costs of ~INR5.2b translated into annualized credit costs of 2.5% (2.6% in 1QFY24/2QFY23).
- Retail PAT at ~INR6b grew 86% YoY in 2QFY24. Reported Retail RoA/RoE stood at ~3.3%/~16.3% in 2QFY24.
- Mr. Sudipta Roy (ex-ICICI) will succeed the current MD/CEO Mr. Dinanath Dubhashi in Jan'24 and will look to leverage his vast experience to further strengthen the franchise.
- We expect that the retail mix will improve to ~95% by Mar'24 from 88% as of Sep'23. Considering the accelerated rundown in the wholesale book, we model consolidated loan growth of 19% and PAT CAGR of 33% over FY23-FY26, with consolidated RoA/RoE of 2.7%/~15% in FY26E.
- A strong liability franchise, a well-capitalized balance sheet and a keen intent to further accelerate the sell-down of the wholesale book will help LTFH achieve its Lakshya 2026 targets much in advance. We have raised our FY24E/FY25E PAT by 5%/12% to factor in higher loan growth, broadly stable NIM and a lower effective tax rate.
- **LTFH is set to transform itself into a retail franchise, which would lead to profitability improvement and RoA expansion. Reiterate BUY with a revised TP of INR170 (premised on 1.6x Sep'25E consolidated BVPS).**

Asset quality improved sequentially

- Consol. GS3 declined ~80bp QoQ to ~3.3%, while NS3 declined ~40bp QoQ to 0.8%, driven by an increase in PCR to ~76% during the quarter.
- Retail GNPA/Wholesale GNPA declined 15bp/~310bp QoQ to ~3.1%/4.5% as on Sep'23.

Key highlights from the management commentary

- The management expects Retail RoA to improve to ~3.5% over the next two quarters. Consol. RoA was below 2.4%, and the convergence of consol. RoA to Retail RoA will happen soon.
- It has guided that moderation in credit costs will continue, aided by strengthening underwriting practices, strong collection teams which will aid recoveries and rollback of accounts which slip into forward buckets.

Valuation and view

- LTFH has been effectively utilizing the Cloud technology for scalability. It has invested in process automation, security and customer journeys through both assisted and direct-to-consumer (D2C) Planet app. This, along with partnerships with e-aggregators, should lead to stronger and sustainable retail loan growth.

- MFI, Home loans and Consumer businesses witnessed sequential improvements in disbursements. Over the past few quarters, the company has consistently delivered strong growth in its Retail loan book, even as it has accelerated the sell-down in the wholesale book.
- We estimate a PAT CAGR of 33% over FY23-FY26, with consolidated RoA/RoE of 2.7%/~14.6% in FY26. **Maintain BUY with a revised TP of INR170 (based on 1.6x Sep'25E consolidated BVPS).**

Quarterly performance

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E	2QFY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	29,466	30,862	33,216	32,107	31,165	31,685	32,478	33,414	1,25,651	1,28,742	30,542	4
Interest Expenses	14,132	14,385	15,007	14,449	13,638	13,249	13,567	13,758	57,972	54,212	13,501	-2
Net Interest Income	15,334	16,477	18,209	17,658	17,527	18,436	18,910	19,656	67,679	74,530	17,040	8
Change YoY (%)	2.3	12.8	24.1	15.7	14.3	11.9	3.8	11.3	13.7	10.1	3.4	
Other Operating Income	1,318	1,090	1,109	53	1,068	453	450	811	3,569	2,782	1,853	-76
Net Operating Income	16,652	17,567	19,318	17,711	18,596	18,889	19,360	20,468	71,248	77,312	18,893	0
Change YoY (%)	2.1	9.1	16.1	7.0	11.7	7.5	0.2	15.6	8.6	8.5	7.5	
Other income	1,474	1,193	585	2,016	1,535	2,682	2,521	2,216	5,268	8,955	1,611	66
Total Income	18,126	18,760	19,903	19,726	20,130	21,572	21,882	22,684	76,515	86,267	20,504	5
Change YoY (%)	7.1	10.8	11.0	11.1	11.1	15.0	9.9	15.0	10.0	12.7	9.3	
Operating Expenses	6,577	6,868	7,417	7,870	7,782	8,598	8,901	9,359	28,732	34,639	7,830	10
Change YoY (%)	19.9	16.3	20.3	23.2	18.3	25.2	20.0	18.9	20.0	20.6	14.0	
Operating Profits	11,549	11,891	12,486	12,698	12,348	12,974	12,981	13,325	48,624	51,628	12,675	2
Change YoY (%)	0.9	7.9	6.2	11.8	6.9	9.1	4.0	4.9	6.7	6.2	6.6	
Provisions	7,989	5,765	6,417	5,232	5,212	5,000	4,792	4,767	25,404	19,771	4,913	2
Profit before Tax	3,560	6,126	6,069	7,466	7,136	7,974	8,189	8,559	23,220	31,857	7,762	3
Tax Provisions	948	2,070	990	2,455	1,831	2,032	2,088	2,173	6,464	8,124	2,212	-8
Profit after tax	2,612	4,056	4,538	5,011	5,305	5,942	6,101	6,386	16,216	23,733	5,550	7
Change YoY (%)	46.8	81.0	39.2	46.4	103.1	46.5	34.4	27.4	51.5	46.4	36.8	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	8.23	2.54	2.67	9.21	9.64	10.84						
Rep. Cost of funds (%)	7.27	7.33	7.54	7.71	7.77							
Cost to Income Ratio	36.3	36.6	37.3	39.9	38.7	39.9						
Rep Credit Cost	3.63	2.54	2.67	2.24	2.33	2.58						
Tax Rate	26.6	33.8	16.3	32.9	25.7	25.5						
Balance Sheet Parameters												
Gross Customer Assets (INR B)	881	901	884	809	786	787						
Change YoY (%)	-0.4	3.6	3.4	-8.4	-10.8	-12.6						
Borrowings (INR B)	818	853	862	830	754	766						
Change YoY (%)	-3.0	1.0	3.9	-2.5	-7.8	-10.3						
Customer Assets /Borrowings (%)	108	106	103	97	104	103						
Asset Quality Parameters (%)												
GS 3 (INR B)	35.6	35.9	37.2	38.3	31.7	25.8						
Gross Stage 3 (%)	4.1	4.0	4.2	4.7	4.0	3.3						
NS 3 (INR B)	15.9	16.2	14.9	11.8	9.1	6.3						
Net Stage 3 (%)	1.9	1.9	1.7	1.6	1.6	0.8						
PCR (%)	55.3	55.0	60.1	69.3	71.4	75.7						
Return Ratios (%)												
ROAA	1.0	1.6	1.7	1.9	2.1	2.3						
ROAE	5.2	8.0	8.4	9.4	9.4	10.7						

E: MOFSL Estimates

Strong momentum in retail disbursements with ~32% YoY growth

- Total disbursements grew 24% YoY to ~INR136b, driven by 32% YoY growth in retail disbursements to ~INR135b. In line with its stated strategy, the wholesale disbursements declined ~76% YoY to ~INR1.9b.
- Total lending book remained flat QoQ and declined 13% YoY to INR787b, due to continued run-down in wholesale portfolio that fell 34% QoQ/75% YoY to INR93b (~INR140b in 1QFY24). Wholesale Real Estate book dipped ~70% YoY to ~INR28b.
- Retail assets contributed 88% to the loan mix (82% as on Jun'23). Retail book grew ~8% QoQ/33% YoY, propelled by strong growth in MFI, Home Loans, SME and Consumer Finance.
- LTFH aims to utilize digital technology for personalized cross-selling and upselling, leveraging data analytics, targeted marketing, and seamless omni-channel experiences to enhance customer engagement and drive successful conversions.

Margin expansion driven by improvement in retail mix

- NII grew 12% YoY to INR18.4b. Retail NIMs + Fees improved ~45bp QoQ to ~12.2%, while Consol. NIMs + Fees improved ~120bp QoQ to 10.8% in 2QFY24. These improvements were led by changing portfolio mix toward retail. The management sounded reasonably confident of sustaining margins ~11.8%-12% going ahead.
- Spreads (calculated) expanded ~40bp QoQ to ~9.1%, led by a ~50bp QoQ increase in yields to ~16.1%. This was aided by both an improvement in retail mix and rundown in the wholesale book.



Performance against Lakshya 2026 Goals

Vision: To be a top-class digitally enabled retail finance company by moving from a product-focused to a customer-focused approach

Lakshya 2026 Goals: The four-year journey started from Apr'22 and the company has made good progress toward the articulated targets.

- Retail Loans grew 33% YoY. Retail GS3/NS3 at ~3.1/0.67%
- Management guides that it will deliver ~95% retailization by Mar'24 without any negative surprises in the P&L.
- Reported Retail RoA of ~3.3% and will improve from hereon.

Highlights from the management commentary

Business Update

- All the planned measures have been executed without any negative surprises, which should help LTFH achieve its Lakshya 2026 goals well ahead of time.
- LTFH has reimagined and redrawn various customer journeys and customer processes to widen its customer funnel further.

Financial Performance

- LTFH recorded the highest-ever quarterly disbursements (up 32% YoY) despite 2Q being the seasonally weakest quarter of the fiscal year.
- Retail book at INR694b and Retail RoE at 16.3%
- PAT was up 46% YoY at INR5.95b. Credit costs declined ~10bp YoY.
- Accelerated reduction of 76% YoY (INR93.2b). Expects retail to be >90% by Dec'23 and ~95% by Mar'24.
- Overall RoA crossed 2.4%, and the convergence of consol. RoA to Retail RoA will happen soon.

NIM

- CoB can go up by ~20bp in 2HFY24. Treasury has locked some real long-term rates over the last 12 months. Guides for NIM of 11.8-12.0%.
- Farm Portfolio, 2W and MFI allowed for PSL borrowings and PTC transactions.
- Impending merger is now in its last phase and will provide tremendous synergies in ALM and liquidity management.

Opex

- Investment in physical infrastructure and manpower to accelerate growth; Investments in Ads/Promotions and cutting-edge technology will continue.

Credit costs

- Guides that the moderation in credit costs will continue, aided by the strengthening of underwriting practices, strong collections team (which will aid recoveries), and rollback of accounts which slip into forward buckets.

ROA

- Guides that the Retail RoA will improve to ~3.5% over the next two quarters.

Expectations of 3QFY24

- Inflation has remained above target in most countries and there are geo-political headwinds from ongoing wars.
- Uneven rainfall raises risks for Kharif yields - Inflation is likely to remain elevated in 2H - some slowdown might be observed in rural demand in 2HFY24. However, it has already seen healthy festive demand in 3Q and remains geared up for the rest of the festive season.

Rural Business Finance

- 14+ years of doing rural business finance and highest-ever quarterly disbursements
- Better income mapping and has a good idea of various categories of customers. Crossed loan book of ~INR210b
- Repeat disbursements are 70% of the total and 31% of the disbursements were to exclusive LTFH customers.
- Top-up product: Kishan Suvidha has seen penetration improve from 24% to 30%

Urban Finance

- Urban Finance grew 31% YoY
- 2W: Entered into agreements with EV vehicle providers like Ola, Aether. Higher counter share of ~54% of the total 2W disbursements from the top dealers. Big move is happening towards prime customers and prime 2Ws. Prime 2W disbursements increased to ~52% in 2QFY24.

Personal Loans

- Launched an income assessment journey program and increased the average PL ticket size to INR175K.
- Stress largely exists in the low-ticket PL (<INR50K). Total industry PL book of INR10.5t and o/w INR250b has a ticket size of <INR50K
- Risk from small-ticket personal loans (which are predominantly done by FinTech players) is not the same as higher-ticket PL. It does not see the risk of a contagion of small-ticket PL spilling over to the higher-ticket PL (where delinquencies are very stable). In higher-ticket sizes, more caution is exercised while underwriting and loss-ratios are much lower.
- No exposure in the <INR50K ticket size segment and has consciously stayed away from the BNPL segment.
- Seasoning of the PL book has led to the decline in the collection efficiencies in the PL book.
- 40% of the Personal Loans are sourced from e-aggregator platforms.
- Does not lend to customers who do not have a footprint on the credit bureau - does not lend to new-to-credit customers.

SME Finance

- Launched new products - overdraft and hybrid overdraft loans.

Channels

- In 3QFY24, it will be adding new DSA channels and launching partnership journey as well.

Wholesale

- Wholesale NS3: INR1.75b and Wholesale NS2: INR5b
- Guides that there will be no negative surprises from this segment to P&L.
- Total SRs stood at INR80b and total POS of INR160b. Because of deep discounts on SRs, there is big margin of safety.
- Guides for an annual loss of INR1.5-2b from the Wholesale book until FY26
- 83% completion of RE projects in RE wholesale book

Rural Finance

- ~90% of customers have annual household income of >INR300k and ~15% of customers have >INR1m annual household income.
- Rural Finance: 25-30% Direct Agri and will keep declining
- Overall exposure cap per customer (across all lenders) is still INR200k in Rural Finance.

Farmer Finance

- Does not see any worrying trends from the decline in the CE of Farmer Finance.

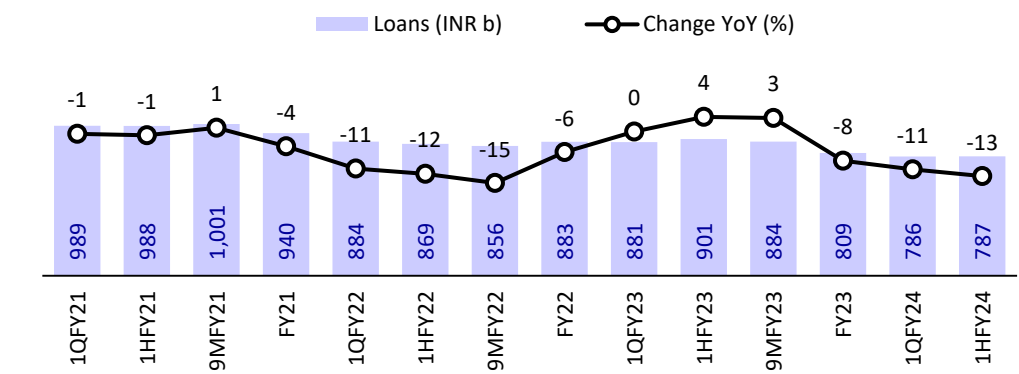
Others

- Received fees of ~INR250-300m from its insurance partners, which were due for the last one-two quarters.
- Focus on higher customer acquisitions - moving from single-axis underwriting to multiple-axis underwriting. Optimizing the digital journeys to minimize choke points to provide a superlative experience to customers.
- Farm market share is ~15% | 2W market share is ~10% | Rural Business Finance market share is ~6%
- Repeat lending has 1/3rd credit costs as that of fresh lending.

Key exhibits

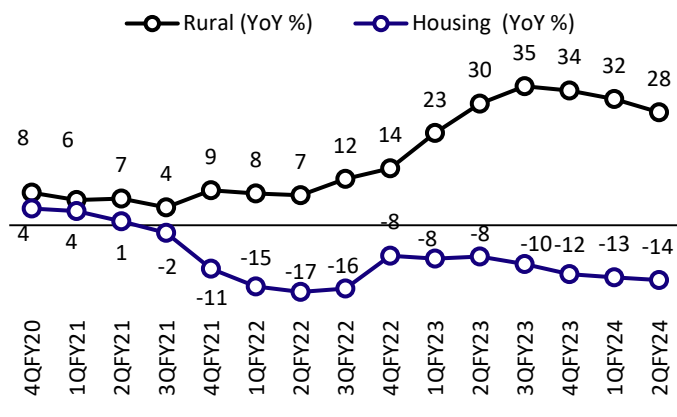
Loan book declined 13%
YoY to ~INR7.9b

Exhibit 1: Loan book was flat QoQ due to rundown of wholesale book (%)



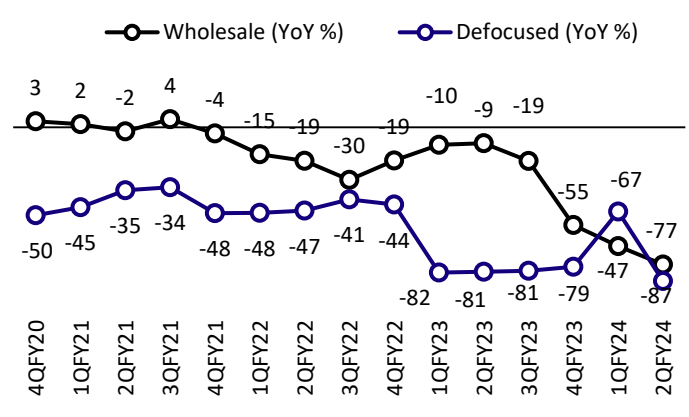
Source: MOFSL, Company

Exhibit 2: Housing Finance book (including wholesale RE) declined 14% YoY



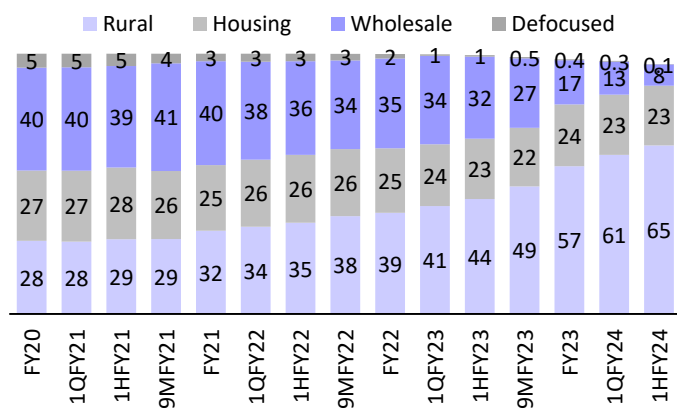
Source: MOFSL, Company

Exhibit 3: Wholesale book declined 77% YoY



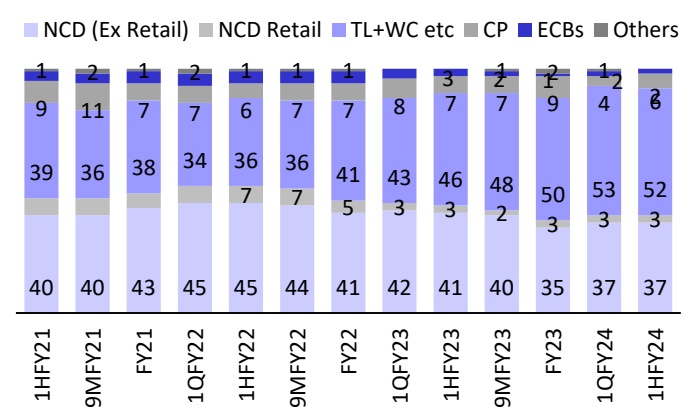
Source: MOFSL, Company

Exhibit 4: Rural Finance in loan mix continued to improve (up ~400bp sequentially)

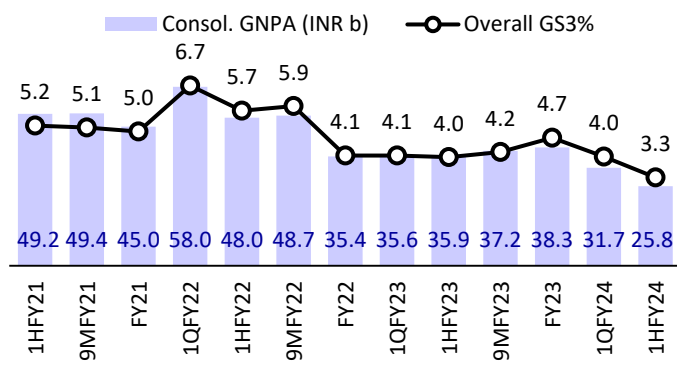


Source: MOFSL, Company

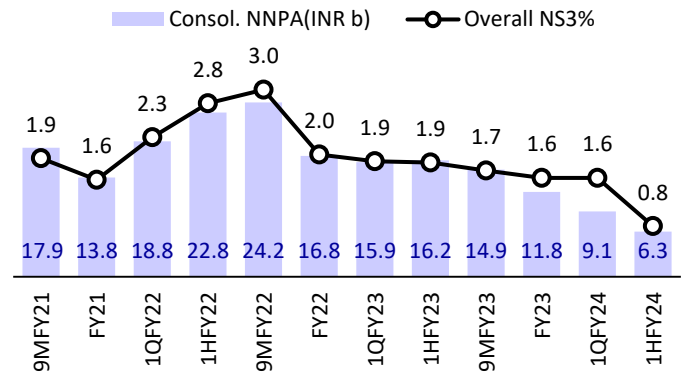
Exhibit 5: Borrowing mix (%)



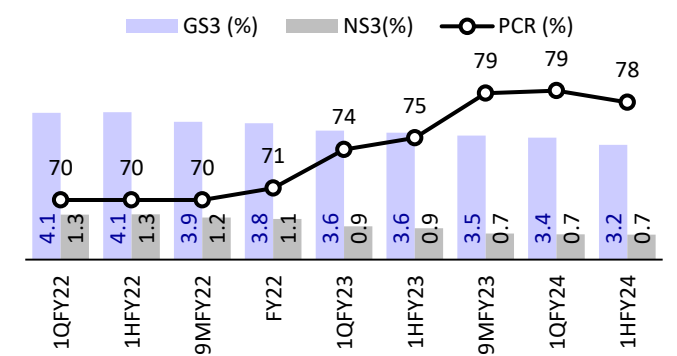
Source: MOFSL, Company

Exhibit 6: GS3 declined ~80bp sequentially (%)

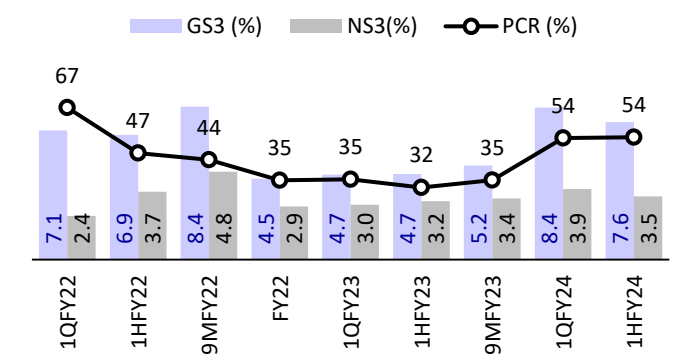
Source: MOFSL, Company

Exhibit 7: NS3 improved QoQ (%)

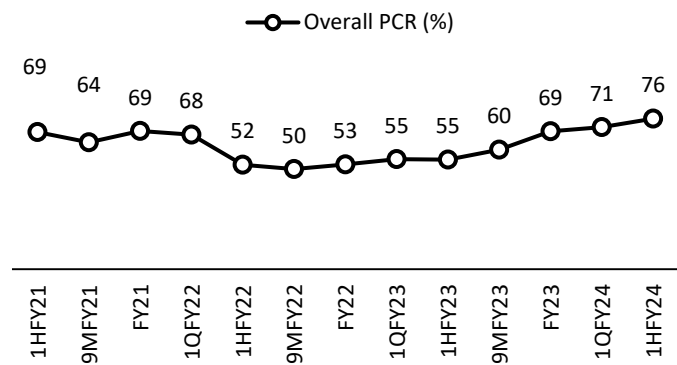
Source: MOFSL, Company

Exhibit 8: Retail loan book asset quality

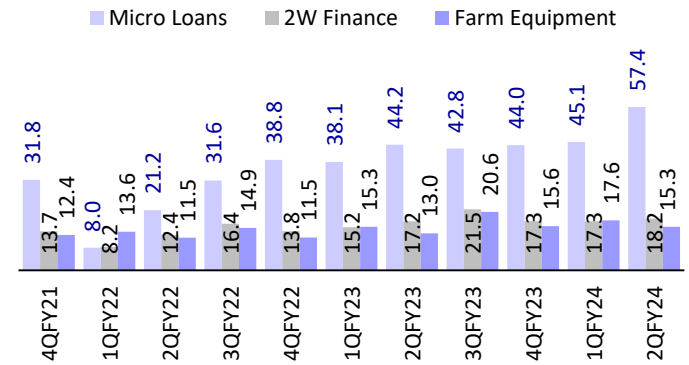
Source: MOFSL, Company

Exhibit 9: Wholesale loan book asset quality

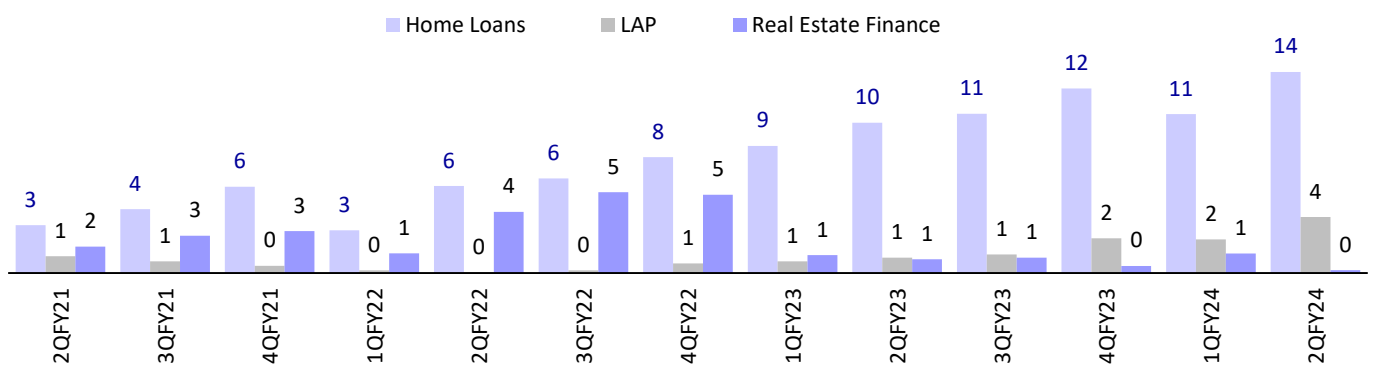
Source: MOFSL, Company

Exhibit 10: Overall PCR increased ~4pp sequentially

Source: MOFSL, Company

Exhibit 11: Micro-loan disbursements remained healthy

Source: MOFSL, Company

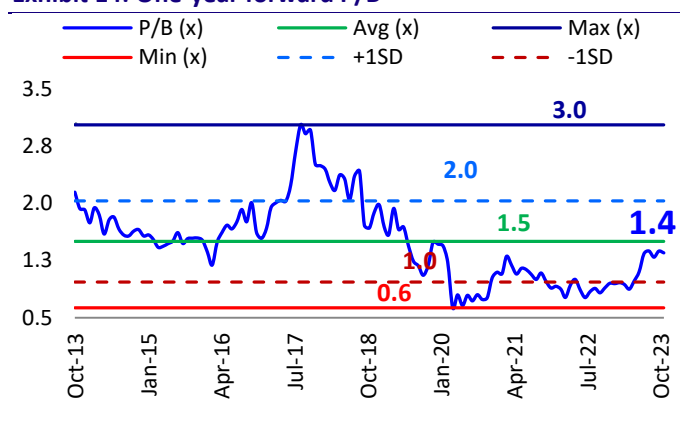
Exhibit 12: LAP disbursements have also started picking up now (INR b)

Source: MOFSL, Company

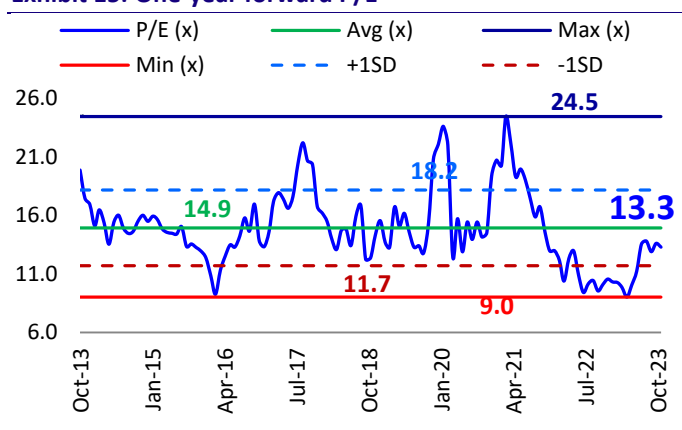
Exhibit 13: Increase our EPS for FY24E/FY25E by 5%/12% to factor in higher loan growth and lower tax rate

INR b	Old estimates		New estimates		% change	
	FY24	FY25	FY24	FY25	FY24	FY25
Total Income	81.7	93.8	86.3	100.1	5.6	6.7
Operating Expenses	31.4	34.2	34.6	38.1	10.2	11.3
Operating Profits	50.2	59.6	51.6	62.0	2.8	4.0
Provisions	18.5	23.1	19.8	23.0	6.8	-0.2
PBT	31.7	36.5	31.9	39.0	0.4	6.7
Tax	9.2	10.6	8.1	9.9	-11.4	-5.8
PAT	22.5	26.0	23.7	29.0	5.2	11.8
Loan book	772	938	781	991	1.2	5.6
Borrowings	810	966	812	1,011	0.2	4.6

Source: MOFSL, Company

Exhibit 14: One-year forward P/B

Source: MOFSL, Company

Exhibit 15: One-year forward P/E

Source: MOFSL, Company

Financials and valuations

Income statement							(INR M)		
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	88,692	1,16,403	1,32,447	1,31,049	1,17,042	1,25,651	1,28,742	1,49,731	1,90,362
Interest Expended	54,492	68,600	75,136	71,999	57,494	57,972	54,212	64,718	83,872
Net Interest Income	34,200	47,803	57,311	59,049	59,548	67,679	74,530	85,014	1,06,490
Change (%)	12.7	39.8	19.89	3.0	0.8	13.7	10.1	14.1	25.3
Other Operating Income	13,435	13,494	8,594	5,732	6,053	3,569	2,782	3,436	4,032
Net Operating Income	47,635	61,297	65,905	64,782	65,601	71,248	77,312	88,450	1,10,522
Change (%)	28.3	28.7	7.5	-1.7	1.3	8.6	8.5	14.4	25.0
Other Income	535	3,118	3,726	6,276	3,928	5,268	8,955	11,641	13,969
Net Income	48,170	64,415	69,632	71,058	69,529	76,515	86,267	1,00,091	1,24,491
Change (%)	22.1	33.7	8.1	2.0	-2.2	10.0	12.7	16.0	24.4
Operating Expenses	13,867	19,215	19,785	19,749	23,946	28,732	34,639	38,097	42,582
Operating Profits	34,303	45,200	49,846	51,309	45,582	47,783	51,628	61,995	81,910
Change (%)	28.5	31.8	10.3	2.9	-11.2	4.8	8.0	20.1	32.1
Provisions/write offs	19,845	14,681	23,046	36,357	30,833	25,404	19,771	23,036	30,413
PBT	14,458	30,520	26,801	14,952	14,750	22,379	31,857	38,959	51,497
Tax	1,682	8,200	9,798	5,463	4,256	6,464	8,124	9,935	13,132
Tax Rate (%)	11.6	26.9	36.6	36.5	28.9	28.9	25.5	25.5	25.5
PAT before pref dividend	12,775	22,320	17,003	9,489	10,494	15,915	23,733	29,025	38,365
Change (%)	22.6	74.7	-23.8	-44.2	10.6	51.7	49.1	22.3	32.2
Preference Dividend	0	0	0	0	0	0	0	0	0
PAT to equity shareholders (incl. extraordinary items)	12,775	22,320	17,003	9,489	10,704	16,216	23,733	29,025	38,365
Change (%)	39.2	74.7	-23.8	-44.2	12.8	51.5	46.4	22.3	32.2
Proposed Dividend	2,315	2,319	2,093	0	1,237	4,959	11,867	14,512	11,510

Balance sheet							(INR M)		
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	19,957	19,988	20,048	24,695	24,740	24,797	24,797	24,797	24,797
Reserves & Surplus	94,111	1,14,498	1,26,876	1,63,038	1,74,737	1,90,487	2,09,261	2,26,419	2,50,272
Borrowings	7,52,483	9,15,070	9,38,945	8,85,558	8,52,012	8,30,435	8,12,342	10,10,687	12,87,180
Change (%)	19.3	21.6	2.6	-5.7	-3.8	-2.5	-2.2	24.4	27.4
Other liabilities	11,220	10,995	9,577	16,427	17,533	17,903	18,477	19,378	20,325
Total Liabilities	8,77,770	10,60,551	10,95,447	10,89,717	10,69,022	10,63,621	10,64,876	12,81,280	15,82,573
Loans	7,70,883	9,13,246	9,14,625	8,70,303	8,24,694	7,51,546	7,81,098	9,90,869	12,61,941
Change (%)	27.8	18.5	0.2	-4.8	-5.2	-8.9	3.9	26.9	27.4
Investments	53,015	86,408	59,793	88,721	1,19,169	1,43,662	1,55,155	1,62,913	1,71,058
Change (%)	-19.3	63.0	-30.8	48.4	34.3	20.6	8.0	5.0	5.0
Net Fixed Assets	11,701	11,660	11,621	11,621	5,306	5,573	5,852	6,145	6,452
Other assets	42,171	49,237	1,09,408	1,19,071	1,19,852	1,62,841	1,22,771	1,21,354	1,43,122
Total Assets	8,77,770	10,60,551	10,95,447	10,89,717	10,69,022	10,63,621	10,64,876	12,81,280	15,82,573

E: MOSL Estimates

Financials and valuations

AUM Mix									(%)
AUM Details	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Asset Under Management	8,53,540	9,91,220	9,83,850	9,40,140	8,83,400	8,05,710	8,39,890	10,65,451	13,56,926
Change (%)	28.1	16.1	-0.7	-4.4	-6.0	-8.8	4.2	26.9	27.4
Rural	20.0	25.8	28.1	32.0	39.0	58.7	74.5	76.6	77.1
Housing	22.4	25.7	27.0	25.2	24.8	23.8	22.2	22.1	22.3
Focused - Wholesale	39.8	38.0	39.5	39.9	34.5	17.0	3.3	1.3	0.5
Defocused - Wholesale	17.9	10.5	5.3	2.9	1.7	0.4	0.0	0.0	0.0
Ratios									(%)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Spreads Analysis (%)									
Avg. Yield on Loans	12.9	13.8	14.5	14.7	13.8	15.9	16.8	16.9	16.9
Avg. Cost-Int. Bear. Liab.	7.9	8.2	8.1	7.9	6.6	6.9	6.6	7.1	7.3
Loan Spreads	5.0	5.6	6.4	6.8	7.2	9.1	10.2	9.8	9.6
NIM on loans	5.0	5.7	6.3	6.6	7.0	8.6	9.7	9.6	9.5
Profitability Ratios (%)									
Int. Expended/Int.Earned	61.4	58.9	56.7	54.9	49.1	46.1	42.1	43.2	44.1
Other Inc./Net Income	29.0	25.8	17.7	16.9	14.4	11.5	13.6	15.1	14.5
Op. Exps./Net Income	28.8	29.8	28.4	27.8	34.4	37.6	40.2	38.1	34.2
Empl. Cost/Op. Exps.	29.5	42.9	53.7	51.0	47.5	49.1	52.1	53.0	53.1
Provisions/PPoP (%)	57.9	32.5	46.2	70.9	67.6	53.2	38.3	37.2	37.1
Asset Quality (%)									
Gross NPAs	70,430	55,490	50,370	45,040	35,430	38,320	29,017	34,775	42,806
Gross NPAs to Adv.	8.6	5.9	5.3	5.0	4.2	4.9	3.6	3.4	3.3
Net NPAs	25,540	21,740	20,780	13,770	16,780	11,780	9,307	11,221	13,920
Net NPAs to Adv.	3.3	2.4	2.3	1.6	2.0	1.6	1.2	1.1	1.1
PCR (%)	63.7	60.8	58.7	69.4	52.6	69.3	67.9	67.7	67.5
ECL/EAD (%)									
Return ratios & Capitalisation (%)									
RoE	13.9	18.0	12.1	5.7	5.5	7.8	10.6	12.0	14.6
RoA	1.6	2.3	1.6	0.9	1.0	1.5	2.2	2.5	2.7
Debt to Equity (x)	6.6	6.8	6.4	4.7	4.3	3.9	3.5	4.0	4.7
Average Assets/Equity (x)	8.6	7.8	7.7	6.5	5.6	5.1	4.7	4.8	5.4
VALUATION									
Book Value (INR)	57.2	67.3	73.3	76.0	80.6	86.8	94.4	101.3	110.9
Price-BV (x)	2.3	2.0	1.8	1.7	1.6	1.5	1.4	1.3	1.2
Adjusted Book Value (INR)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Price-BV (x)	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2
OPS (INR)	6.4	11.2	8.5	3.8	4.2	6.4	9.6	11.7	15.5
EPS Growth YoY	7.8	74.4	-24.1	-54.7	10.4	51.3	49.1	22.3	32.2
Price-Earnings (x)	20.6	11.8	15.6	34.4	31.1	20.6	13.8	11.3	8.5
EPS (INR)	6.4	11.2	8.5	3.8	4.3	6.5	9.6	11.7	15.5
EPS Growth YoY	22.5	74.4	-24.1	-54.7	12.6	51.2	46.4	22.3	32.2
Price-Earnings (x)	20.6	11.8	15.6	34.4	30.5	20.2	13.8	11.3	8.5
Dividend per share (INR)	1.0	1.0	0.9	0.0	0.5	2.0	4.8	5.9	4.6
Dividend yield (%)	0.8	0.8	0.7	0.0	0.4	1.5	3.6	4.4	3.5
E: MOSL Estimates									

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
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.