

Bajaj Finance

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	BAF IN
Equity Shares (m)	604
M.Cap.(INRb)/(USD\$b)	4444.6 / 53.5
52-Week Range (INR)	8192 / 5486
1, 6, 12 Rel. Per (%)	-2/-13/1
12M Avg Val (INR M)	7442

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Net Income	364	455	573
PPP	241	309	391
PAT	145	187	237
EPS (INR)	236	304	384
EPS Gr. (%)	24	29	26
BV/Sh. (INR)	1,229	1,510	1,846

Ratios

NIM (%)	10.5	10.3	10.3
C/I ratio (%)	33.9	32.2	31.8
RoA (%)	4.6	4.6	4.6
RoE (%)	22.3	22.2	22.9
Payout (%)	14.6	12.9	12.7

Valuations

P/E (x)	30.5	23.7	18.7
P/BV (x)	5.8	4.8	3.9
Div. Yield (%)	0.5	0.5	0.7

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	54.8	55.9	55.9
DII	14.1	13.1	12.4
FII/FI/FII	21.0	20.5	20.0
Others	10.2	11.0	11.6

FII Includes depository receipts

CMP: INR7,188 TP: INR8,500 (+18%) Buy

Elevated credit costs from B2C businesses; NIM contracts QoQ

Changes in senior management portfolios

- Bajaj Finance (BAF)'s 3QFY24 reported PAT grew 22% YoY to ~INR36.4b (in line), while 9MFY24 PAT grew ~27% YoY to INR106.3b.
- NII grew 29% YOY to ~INR76.5b (in line). Non-interest income grew 9% YoY, and Net Total Income (NTI) grew 25% YoY to ~INR93b (in line).
- 3QFY24 NIM (calc.) declined ~25bp QoQ to ~12.4% while the reported NIM contracted ~10bp QoQ. We model a NIM compression of ~20bp in FY25 due to the expected rise in the cost of borrowings and difficulty in passing on any further interest rate hikes to customers.
- We model an AUM/PAT CAGR of ~30%/27% over FY23-FY26 and expect BAF to deliver an RoA/RoE of ~4.6%/23% in FY26.
- Key monitorables for FY25: 1) the degree to which the NIM compression can be offset with operating leverage, resulting in a decline in cost ratios; and 2) the impact on B2C businesses, both from a growth and credit costs perspective.
- **Reiterate BUY with a TP of INR8,500 (premised on 4.6x FY26E BVPS).**

AUM growth at ~35% YoY; new customer acquisitions strong

- Total customer franchise rose 22% YoY to ~80.4m. New loans booked grew 26% YoY to 9.9m (PY: 7.8m).
- Total AUM grew 35% YoY and ~7% QoQ to INR3.1t. Sequential AUM growth was driven by Auto Finance (+17%), B2B Sales Finance (+11%), SME finance (+7%), Commercial (incl. LAS) (+9%) and Mortgages (+6%). The rural B2C business (+3%) continued to exhibit muted AUM growth given that BAF has cut business volumes in this segment in the face of higher delinquencies.

Cost ratios broadly stable aided by operating leverage

- Opex grew 22% YoY to ~INR31.6b (in line) and the opex-to-NII was stable QoQ at ~34% during the quarter.
- BAF added 158 new locations and ~9.5K distribution points in 3QFY24. The company will continue to make investments in digital and technology and expects the digital platforms to be fully refreshed by Jun'24. It aims to dominate all digital platforms and deliver ~25% of business volumes from these platforms.
- Operating leverage driven by economies of scale and relatively lower investments on the technology side will drive a moderation in the opex-to-NII ratio to ~32% in each of FY25 and FY26 (vs. FY24E: ~34%).

Minor deterioration in asset quality; credit costs elevated

- BAF's GS3/NS3 rose ~5bp QoQ each to ~0.95%/0.4%. Stage 3 PCR declined ~4pp QoQ to ~61%.

- Net credit costs in 3QFY24 stood at ~165bp (PY: ~150bp). BAF also utilized ~INR1.5b from the management overlay during the quarter. BAF held a management and macro-economic overlay of INR5.9b as of Dec'23. Credit costs were higher due to elevated Rural B2C delinquencies and lower collection efficiencies in Urban B2C segment.
- Management guided for gross credit costs of 1.75%-1.85%. We model net credit costs of 165bp/155bp/155bp in FY24E/FY25E/FY26E.

Update on the RBI ban and changes in senior management portfolios

- The RBI banned two products, viz. Insta EMI Cards and e-Comm transactions of BAF, in Nov'23. BAF shared that it has made an initial submission (with changes in KFS) to the RBI and that it expects to make the final submission (along with digital signatures and vernacular support) to the RBI within a few weeks.
- Anup Saha (ED) has been re-designated as Deputy MD. In his new role, he will oversee all the businesses of the company (excluding LAS and commercial lending). Anup will report to Rajeev Jain, MD.
- Rakesh Bhatt (ED) has resigned to pursue opportunities outside the company. He will continue to work as an advisor to the MD.
- Deepak Bagati (President, Debt Management Services), Sandeep Jain (CFO), and Anurag Chottani (Chief Information Officer) have been given additional responsibilities and promoted to Chief Operating Officer (COO). All three COOs will report to the Deputy MD.

Highlights from the management commentary

- The RBI has granted a one-year extension to BAF's co-branded credit card with RBL Bank. The RBI had observed some deficiencies in its co-branded credit cards. BAF management shared that it will work closely with RBL Bank to get these deficiencies ironed out.
- The RBI increased risk weights on consumer credit exposure to ~125% from ~100%. **This had an impact of ~290bp on the company's CRAR.**

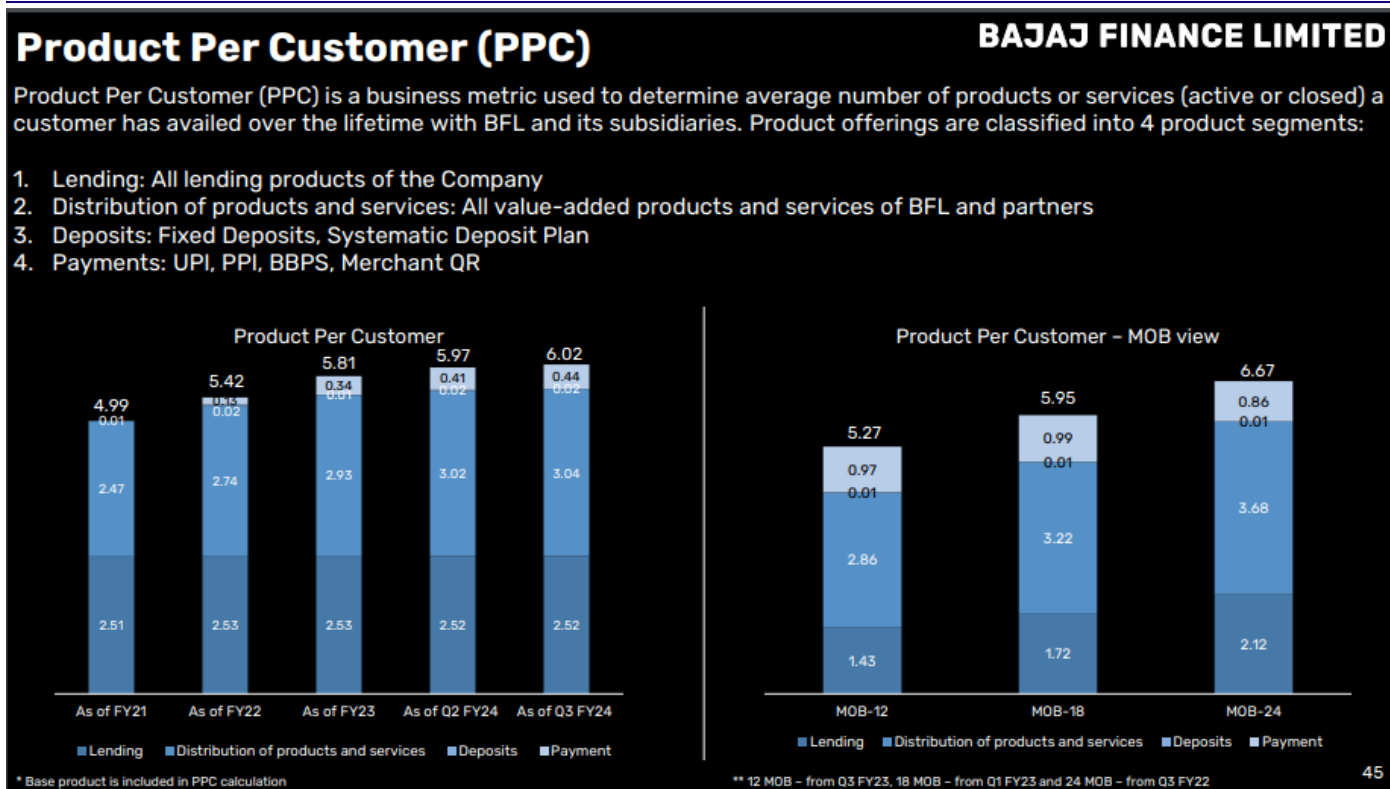
Valuation and view

- Customer acquisitions and the new loan trajectory have been strong. The momentum will only get stronger going ahead, with the digital ecosystem – app, web platform, and full-stack payment offerings – in place.
- BAF should be able to offset the NIM compression in FY25 with lower operating cost ratios. Our EPS estimates are largely unchanged. We expect BAF to deliver a PAT CAGR of 27% over FY23-FY26, and an RoA/RoE of 4.6%/23% in FY26.
Maintain BUY with a TP of INR8,500 (premised on 4.6x FY26E BVPS).

Quarterly Performance												(INR m)
Y/E March	FY23				FY24E				FY23	FY24E	3Q FY24E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	79,197	85,090	92,734	98,469	108,211	117,340	125,233	133,073	355,502	483,857	125,789	0
Interest expenses	26,451	29,714	33,512	35,920	41,025	45,371	48,680	51,755	125,599	186,831	49,318	-1
Net Interest Income	52,745	55,376	59,222	62,549	67,186	71,970	76,553	81,317	229,903	297,026	76,471	0
YoY Growth (%)	42.5	29.1	25.3	30.2	27.4	30.0	29.3	30.0	31.2	29.2	29.1	
Other Operating Income	13,630	14,637	15,126	15,162	16,795	16,477	16,427	17,253	58,555	66,951	16,585	-1
Net Income	66,376	70,013	74,347	77,712	83,980	88,447	92,980	98,570	288,458	363,977	93,056	0
YoY Growth (%)	47.8	31.2	23.9	28.1	33.3	26.3	25.1	26.8	31.8	26.2	25.2	
Operating Expenses	23,801	25,148	25,818	26,522	28,544	30,100	31,557	33,039	101,300	123,240	31,244	1
Operating Profit	42,575	44,865	48,529	51,190	55,437	58,347	61,422	65,531	187,158	240,737	61,812	-1
YoY Growth (%)	36.6	35.8	23.8	29.0	37.0	30.0	26.6	28.0	30.8	28.6	27.4	
Provisions and Cont.	7,547	7,342	8,413	8,594	9,953	10,771	12,484	13,069	31,897	46,276	11,627	7
Profit before Tax	35,028	37,523	40,117	42,611	45,512	47,576	48,939	52,479	155,279	194,478	50,185	-2
Tax Provisions	9,065	9,716	10,387	11,033	11,143	12,070	12,566	13,615	40,202	49,393	12,948	-3
Net Profit	25,963	27,807	29,730	31,578	34,369	35,507	36,374	38,864	115,077	145,085	37,238	-2
YoY Growth (%)	159.0	87.8	39.9	30.5	36.8	27.7	22.3	23.1	63.7	26.1	25.3	
Key Operating Parameters (%)												
Fees to Net Income Ratio	20.5	20.9	20.3	19.5	20.0	18.6	17.7	17.5	20.3	18.4		
Credit Cost	1.55	1.43	1.54	1.47	1.57	1.56	1.69	1.66	1.47	1.6		
Cost to Income Ratio	35.9	35.9	34.7	34.1	34.0	34.0	33.9	33.5	35.1	33.9		
Tax Rate	25.9	25.9	25.9	25.9	24.5	25.4	25.7	25.9	25.9	25.4		
Balance Sheet Parameters												
AUM (INR B)	2,040	2,184	2,308	2,474	2,701	2,903	3,110	3,315	2,474	2,701		
Change YoY (%)	28.3	30.8	27.4	25.3	42.3	32.9	34.7	34.0	25.3	42		
Loans (INR B)	1,984	2,127	2,254	2,423	2,653	2,857	3,064	3,246	2,423	2,653		
Change YoY (%)	29.5	32.3	29.0	26.6	44.1	34.3	35.9	34.0	26.6	44		
Borrowings (INR B)	1,721	1,833	2,013	2,154	2,352	2,544	2,639	2,808	2,154	2,352		
Change YoY (%)	29.1	26.4	30.7	30.4	47.8	38.8	31.1	30.4	30.4	48		
Loans/Borrowings (%)	115.3	116.1	112.0	112.5	112.8	112.3	116.1	115.6	112.5	113		
Asset Quality Parameters (%)												
GS 3 (INR B)	25.4	25.3	26.1	23.1	23.5	26.5	29.6		23.1	32.5		
Gross Stage 3 (% on Assets)	1.25	1.17	1.14	0.94	0.87	0.91	0.95		0.94	0.99		
NS 3 (INR B)	10.2	9.5	9.3	8.4	8.3	9.0	11.4		8.4	12.0		
Net Stage 3 (% on Assets)	0.51	0.44	0.41	0.34	0.31	0.31	0.37		0.35	0.37		
PCR (%)	59.9	62.3	64.2	63.8	77.4	66.0	61.7		63.8	63.0		
Return Ratios (%)												
ROAA (Rep)	5.3	5.4	5.4	5.4	5.4	5.16	4.92		4.7	4.6		
ROAE (Rep)	23.1	23.57	24	23.9	24.5	24.1	21.95		23.4	22.3		

E: MOSL Estimates

Exhibit 1: Products per Customer (PPC) rose to ~6 (vs. ~5 as of FY21)



Source: Company, MOFSL

Exhibit 2: Omni-channel strategy – key metrics

Omnipresence metrics - Strong growth momentum across Geography and Digital metrics BAJAJ FINANCE LIMITED

Particulars	Unit	Q3 FY23	Q2 FY24	Q3 FY24	YoY
Geography					
New locations added - in the Qtr	#	29	106	158	445%
Locations - Cumulative	#	3,714	3,934	4,092	10%
Standalone Gold loan branches - Cumulative	#	179	514	537	200%
App Metrics					
Downloads - In the Qtr	# in MM	14.84	16.74	15.78	6%
Net Installs - Cumulative	# in MM	31.5	44.7	49.2	56%
In-App programs - Cumulative	#	101	134	129	28%
Service requests initiated on app - In the Qtr	% of total SR	22%	34.7%	34.6%	
App Payments metrics					
UPI handles - Cumulative	# in MM	10.39	18.60	21.48	107%
Bill pay transactions - In the Qtr	# in MM	5.00	6.43	7.49	50%
QRs at merchant PoS - Cumulative	# in MM	0.21	2.16	2.71	NA
Rewards issued - In the Qtr	# in MM	17.3	22.1	25.4	47%

Source: Company, MOFSL

Exhibit 3: Omni-channel strategy – key metrics

Omnipresence metrics - Strong growth momentum across Geography and Digital metrics						BAJAJ FINANCE LIMITED
Particulars	Unit	Q3 FY23	Q2 FY24	Q3 FY24	YoY	
App business metrics						
EMI cards acquired on App - In the Qtr *	# in '000	100	130	89	(11%)	
Personal loan disbursed on App - In the Qtr *	In ₹ Cr	2,301	2,910	2,861	24%	
Credit card acquisition on App - In the Qtr	# in '000	59.2	69.9	59.7	1%	
Flexi loan transactions on App - In the Qtr	# in MM	1.48	1.99	2.19	48%	
DMS receipts on App - In the Qtr	# in 'MM	0.90	1.10	1.24	38%	
Marketplace metrics						
Bajaj Mall visits - In the Qtr *	# in MM	44.2	52.0	46.0	4%	
Bajaj Mall loans - In the Qtr *	# in '000	619	589	491	(21%)	
Insurance Bazaar policies - In the Qtr	# in '000	153.7	106.0	149.1	(3%)	
Investments Bazaar MF A/C - In the Qtr	# in '000	19.5	38.5	55.0	182%	
Digital EMI card metrics						
EMI cards acquired digitally - In the Qtr *	# in '000	637	678	439	(31%)	
EMI cards acquired digitally - CIF *	# in MM	3.1	4.2	4.5	45%	
B2B loans from digital EMI cards - in the Qtr *	# in '000	284	346	281	(1%)	

* Impacted due to embargo on Insta EMI card transactions

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Source: Company, MOFSL

Exhibit 4: Customer franchise – Key metrics

Customer franchise - Key financial metrics										BAJAJ FINANCE LIMITED		
Particulars [@]	Unit	FY17	FY18	FY19	FY20	FY21	FY22	FY23	9M FY23	9M FY24	YoY	
New loans booked	In MM	10.1	15.3	23.5	27.4	16.9	24.7	29.6	22.0	28.3	29%	
New customer addition	In MM	4.1	6.1	8.3	8.1	6.0	9.0	11.6	8.5	11.3	33%	
Existing customer mix	%	59.8%	60.3%	64.8%	70.4%	64.6%	63.5%	60.9%	61.4%	60.1%	-	
Total franchise	in MM	20.1	26.2	34.5	42.6	48.6	57.6	69.1	66.1	80.4	22%	
Cross sell franchise	in MM	11.0	15.4	20.7	24.1	26.9	32.8	40.6	38.6	49.3	28%	
Co-branded credit cards sold	in MM	0.03	0.39	0.81	1.12	0.70	1.36	1.92	1.42	1.50	6%	
Other financial products sold to existing customers	in MM	0.06	0.08	0.19	0.27	0.67	2.23	2.36	1.64	1.92	17%	
AUM per cross sell franchise	₹	54,722	53,417	56,066	60,983	56,879	58,617	60,991	59,835	63,102	5%	
PAT per cross sell franchise*	₹	1,670	1,618	1,933	2,182	1,644	2,145	2,837	2,164*	2,156*	(0.4%)	

* Not annualized

@ All figures till FY18 are as per previous GAAP and figures from FY19 onwards are as per Ind AS

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Source: MOFSL, Company



Highlights from the management commentary

Business Update

- Credit costs were elevated because of: a) elevated Rural B2C delinquencies, and 2) lower collection efficiencies of Urban B2C.
- GNPA/NNPA stood at 0.81/0.37%
- RoA/RoE in 3QFY24 stood at 4.9%/~22%
- Capital adequacy stood at ~23.9%. Tier-1 capital was ~22.8%. On 16th Nov'23 the RBI increased risk weights on consumer credit exposure from ~100% to ~125% which had an impact of ~290bp on the CRAR.

Guidance

- Guided for gross credit costs of ~175-185bp (which is the pre-COVID levels of credit costs). BAF has ~INR5.9b of management/macro overlay and will give a final guidance on management overlay in 4Q results.

Update on the Regulatory matter

- BAF does ~250-280K loans per month between market-place and e-comm loans.
- BAF temporarily suspended the sanction and disbursal of new 'eCOM' loans and loans on 'Insta EMI Card' effective 16th Nov'23. It has also temporarily suspended sourcing and issuance of EMI cards to new customers and levy of annual renewal fees on existing EMI cards.
- The digital signature on every KFS account and vernacular description is still pending. BAF expects to complete it within the next few weeks and will be filing with the RBI for compliance purpose.
- BAF has already made initial submissions to the RBI (except for digital signatures and vernaculars), and expects the final submission (including digital signatures and vernaculars) to happen within the next few weeks.

Key Senior management portfolio changes

- **Anup Saha has been re-designated as the Deputy MD.** He will continue to oversee all businesses of the company (excluding LAS and Commercial lending). He will also have expanded functional responsibilities and will be assisted by three new COOs. Anup will report to the MD.
- **Appointment of three COOs with all of them reporting in the Deputy MD**
- **Deepak Bagati:** President Debt Management Services is being promoted to Chief Operating Officer. In his new role, he will continue to oversee Debt Management Services. He will also have expanded leadership responsibility for Operations, Service and Public Relations.
- **Sandeep Jain:** CFO promoted to COO and CFO. He will oversee Finance, FP&A, Treasury and Investor Relations. Henceforth, he will also have expanded leadership responsibility for Human Resources, Administration and Legal.
- **Anurag Chottani:** Chief Information Officer promoted to COO. He will continue to oversee Technology and Corporate Strategy and will also have expanded leadership responsibility for Marketing and Digital Platforms.
- Three COO positions are new positions, which have been created to build a mature organization.

Personal loans (B2C businesses)

- BAF has taken preventive actions in Urban B2C, which is reflective of ~3% lower growth.
- BAF has the latitude to calibrate between these three dimensions - Growth (Tailwind), Margin (Headwind) and Risk (Headwind). Continues to pivot and re-pivot between growth, margin and risk. Out of the monthly industry PL disbursements of ~INR700b, BAF just does ~INR40-50b.
- Absolute size of the PL market has grown 89% (from pre-COVID to now)
- Sweets spot in Urban B2C PL is INR200K-400K and in Rural B2C is INR125-350K. It does not disburse PL of <INR50K ticket sizes. Rural B2C delinquencies is inside-out; BAF will not shy away from cutting business/risk in this segment
- In the B2C businesses, the ability to pick and choose is what has changed, given significant competitive activity and strong supply predominantly from public sector banks.

Asset quality

- Except Rural B2C which is amber, all other products segments are in green
- Bounce-rate in Urban B2C and Rural B2C are materially lower than pre-Covid but flow rates are higher than pre-Covid.
- Urban B2B and Rural B2B are not showing any signs of stress

Newer products scaling up well

- LAP monthly disbursements at ~INR2.5b
- New auto loans across 85-90 locations and auto monthly disbursements at ~INR2.0-2.5b
- 2W open architecture: ~25-27K accounts a month; 250 locations; 50-55% are existing customers;
- MFI is clearly an LRS view; BAF will take its time to build out the MFI vertical and it will be longer-haul
- Gold loans in Rural B2C is growing at >100% YoY.

Co-branded credit cards

- The RBI has granted one-year renewal; the RBI has communicated that it has observed some deficiencies in the co-branded credit cards; BAF will work with RBL Bank to get these deficiencies ironed out

LRS 2024-28

Additions to business construct

- **Customer Share:** To grow its share of customer's wallet by offering all products and services in a frictionless manner and deliver highest Customer Satisfaction (CSAT) Score and Products Per Customer (PPC).
- **Technology & Data-first:** Technology and data-first as an organization culture to solve all problems. Be an early adopter and invest in emerging technologies and data practices.

Update on LRS 2023-27

- Products: The company has launched five new product initiatives so far in FY24.
- Geography: added 139 locations in UP, Bihar and North-East.

- Platforms: From experience and new platform launch standpoint. Progressed well in providing similar experience across all its platforms. The company also launched an Auto mall in FY24.
- Other than Agri, BAF will be able to offer all products that are required by Retail and SME customers by FY25.

Strategic Construct

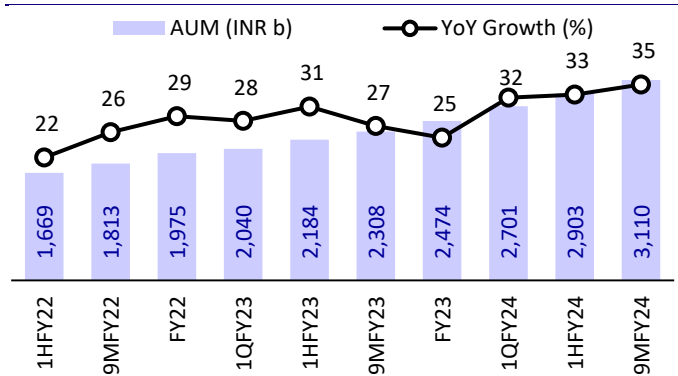
- On products, ambition is to be amongst top 5 players in each product line in LRS period. BAF has planned nine new product initiatives in the LRS period.
- On geography, the company will continue to strive to get all products in all locations in a sustained manner
- On platforms, its ambition is to dominate all digital platforms and deliver ~25% of business volumes. The strategy is to grow from 5m to 10m monthly downloads on App, originate 1b organic traffic on Web and deeply invest in marketplaces, social and rewards platforms.

Others

- Continues to invest deeply and expects the digital platforms to be fully refreshed by Jun'24. Expects to grow from 5m a month to 10m monthly downloads on the App. Ambition is to dominate all digital platforms and deliver ~25% of business volumes
- BAF has taken a decision that by Mar'24 it will do a KFS and vernacular for all its products;
- Increased yields by ~25bp across all products (both secured and unsecured).
- SME is instead MSME for BAF. Up to ~INR500m of turnover, present in 2,000 cities in India where it serves businesses, traders and professionals.
- Commercial business with customers having >INR2.5b turnover. Prime pricing and compete head-on with leading banks.
- In the LAS business, average client exposures will be ~INR50m and this product is very low on Retail and predominantly HNI.

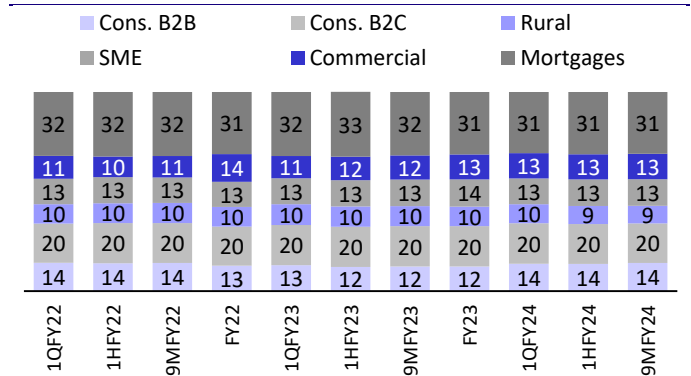
Story in charts

Exhibit 5: AUM growth healthy at 35% YoY



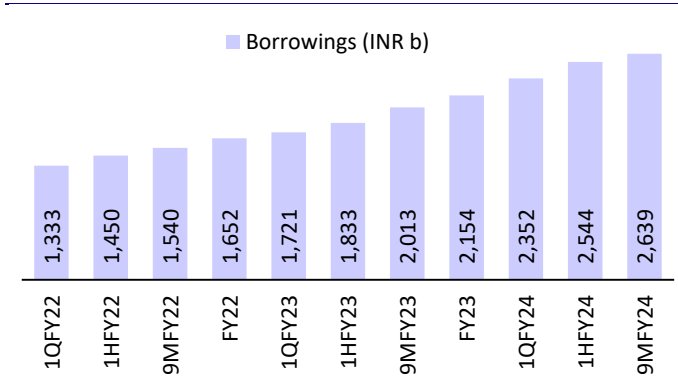
Source: MOFSL, Company

Exhibit 6: AUM mix was largely stable (%)



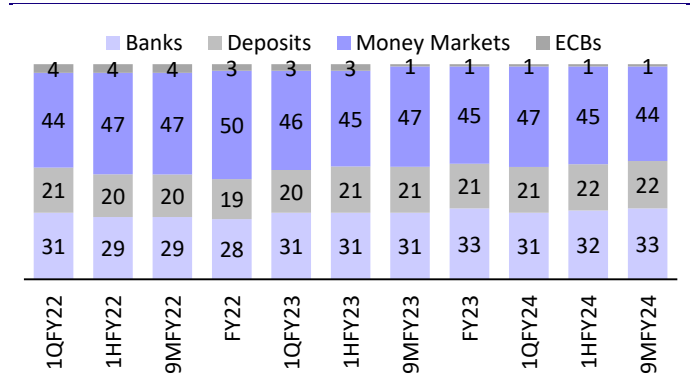
Source: MOFSL, Company

Exhibit 7: Borrowings grew 31% YoY



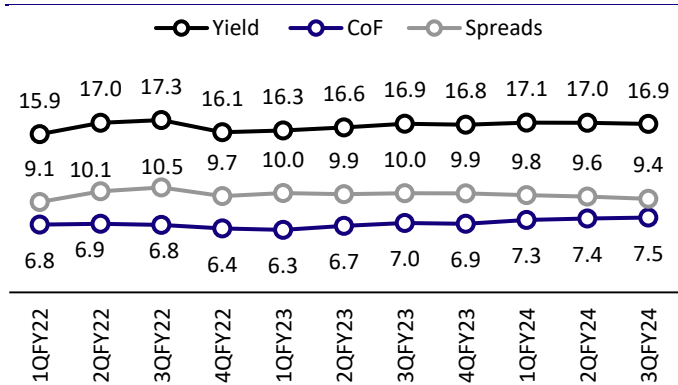
Source: MOFSL, Company

Exhibit 8: Moderate decline in money markets in the mix (%)



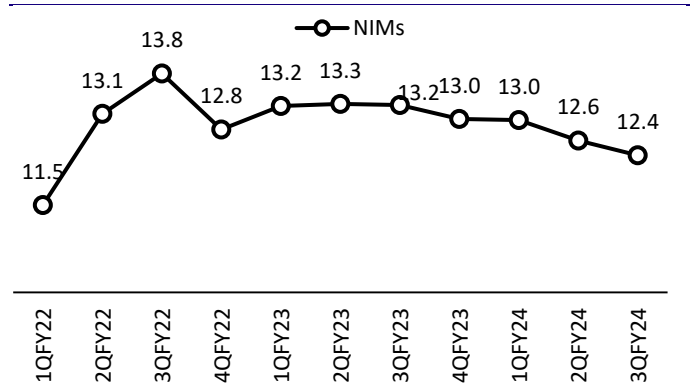
Source: MOFSL, Company

Exhibit 9: Calculated spreads declined ~20bp QoQ (%)



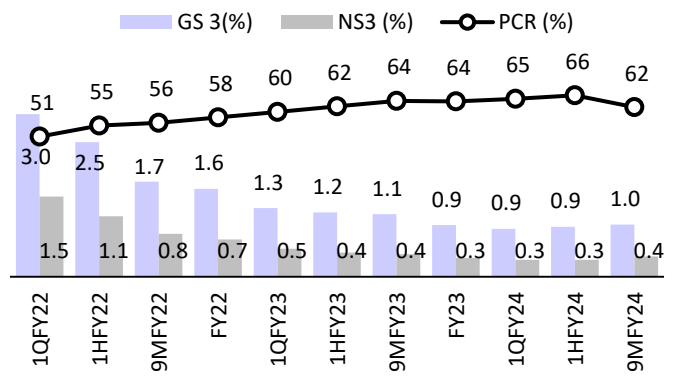
Source: MOFSL, Company

Exhibit 10: Margins moderated sequentially due to high CoF



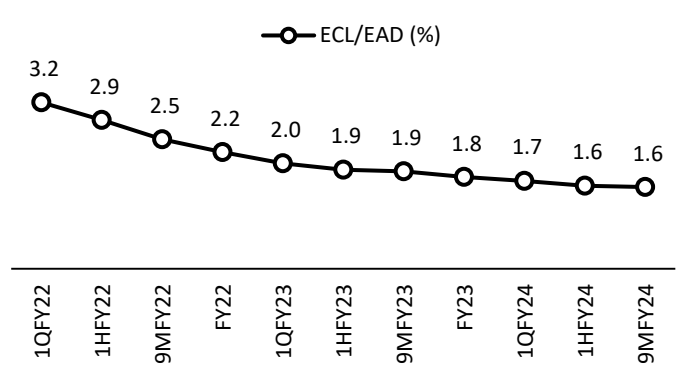
Source: MOFSL, Company

Exhibit 11: GS3 deteriorated ~5bp QoQ (%)



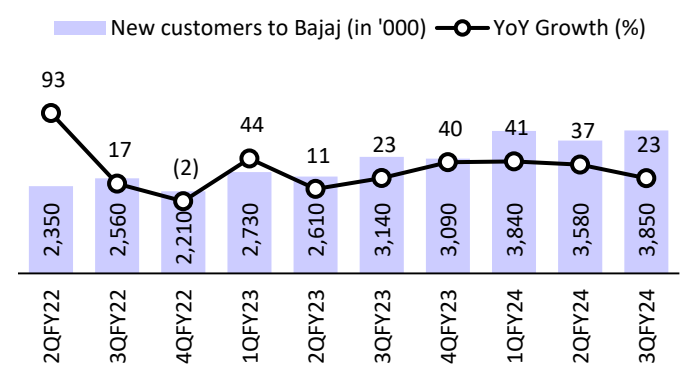
Source: MOFSL, Company;

Exhibit 12: Total ECL provisions stood at ~160bp of EAD



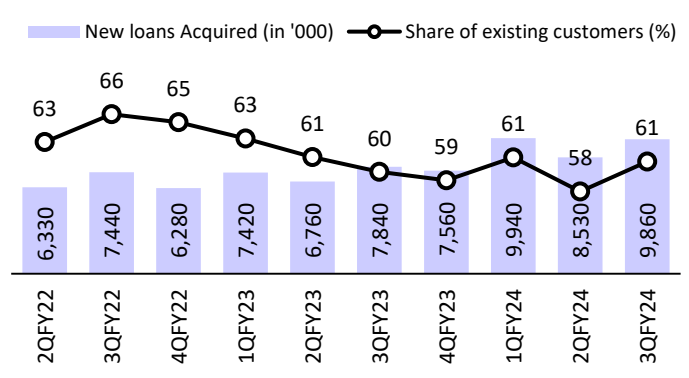
Source: MOFSL, Company

Exhibit 13: New customer additions grew ~23% YoY



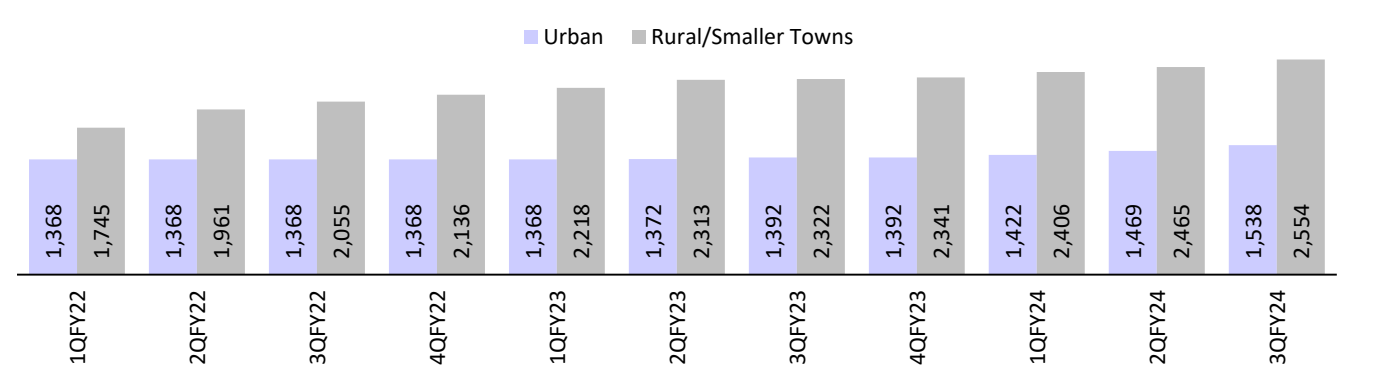
Source: MOFSL, Company

Exhibit 14: Share of existing customers in new loans booked increased to ~61%



Source: MOFSL, Company

Exhibit 15: Trend in branch expansion – Additions primarily in rural/smaller towns



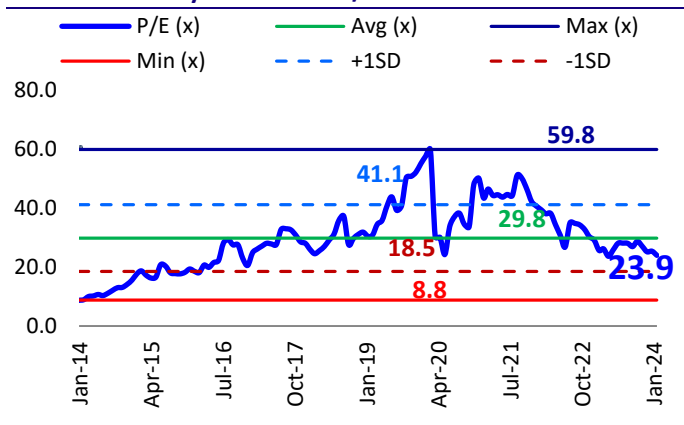
Source: MOFSL, Company

Exhibit 16: Cut our FY24/FY25E/FY26E EPS to factor in higher credit costs

INR B	Old Est.			New Est.			% Change		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
NII	296.0	380.6	484.5	297.0	384.7	488.3	0.4	1.1	0.8
Other operating Income	66.5	71.1	85.2	66.8	70.4	84.4	0.5	-0.9	-1.0
Other Income	0.1	0.1	0.1	0.1	0.2	0.2			
Total Income	362.6	451.9	569.8	364.0	455.3	573.0	0.4	0.8	0.5
Operating Expenses	122.1	145.2	180.1	123.2	146.7	182.1	0.9	1.0	1.1
Operating Profits	240.4	306.6	389.7	240.7	308.6	390.8	0.1	0.6	0.3
Provisions	44.1	51.6	65.5	46.3	57.3	73.1	5.0	11.0	11.6
PBT	196.4	255.0	324.2	194.5	251.3	317.8	-1.0	-1.5	-2.0
Tax	49.9	66.0	84.0	49.4	63.8	80.7	-1.0	-3.4	-3.9
PAT	146.5	189.0	240.2	145.1	187.5	237.0	-1.0	-0.8	-1.3
Loans	3,222	4,157	5,196	3,246	4,220	5,275	0.8	1.5	1.5
Borrowings	2,803	3,573	4,427	2,808	3,627	4,495	0.2	1.5	1.5
RoA	4.6	4.6	4.7	4.6	4.6	4.6			
RoE	22.5	22.4	23.2	22.3	22.2	22.9			

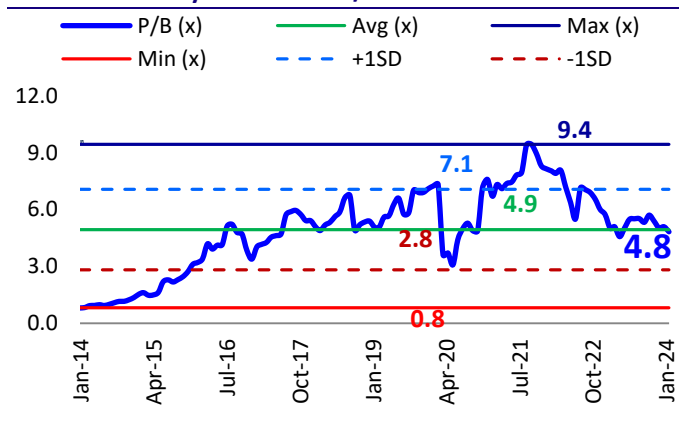
Source: MOFSL, Company

Exhibit 17: One-year forward P/E



Source: MOFSL, Company

Exhibit 18: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement									INR m
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	115,855	163,488	229,704	233,034	272,698	355,502	483,857	634,672	807,137
Interest Expended	46,139	66,236	94,732	94,140	97,482	125,599	186,831	250,019	318,789
Net Interest Income	69,716	97,252	134,972	138,894	175,215	229,903	297,026	384,652	488,348
Change (%)	42.2	39.5	38.8	2.9	26.2	31.2	29.2	29.5	27.0
Other Operating Income	11,589	21,384	34,034	33,647	43,627	58,472	66,802	70,447	84,397
Other Income	124	130	118	150	80	83	150	179	206
Net Income	81,429	118,766	169,124	172,691	218,922	288,458	363,977	455,279	572,951
Change (%)	31.3	45.9	42.4	2.1	26.8	31.8	26.2	25.1	25.8
Operating Expenses	32,690	41,961	56,608	53,082	75,850	101,300	123,240	146,707	182,117
Operating Profits	48,739	76,805	112,516	119,608	143,072	187,158	240,737	308,572	390,834
Change (%)	34.1	57.6	46.5	6.3	19.6	30.8	28.6	28.2	26.7
Provisions and W/Offs	10,305	15,014	39,295	59,686	48,034	31,897	46,276	57,258	73,077
PBT	38,434	61,792	73,221	59,923	95,038	155,279	194,461	251,314	317,757
Tax	13,471	21,842	20,584	15,724	24,756	40,202	49,393	63,834	80,710
Tax Rate (%)	35.0	35.3	28.1	26.2	26.0	25.9	25.4	25.4	25.4
PAT	24,964	39,950	52,638	44,198	70,282	115,077	145,068	187,480	237,047
Change (%)	35.9	60.0	31.8	-16.0	59.0	63.7	26.1	29.2	26.4
Proposed Dividend	2,769	4,320	7,254	6,026	6,036	18,464	21,180	24,185	30,034

Balance Sheet									INR m
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Capital	1,150	1,154	1,200	1,203	1,207	1,209	1,231	1,234	1,234
Reserves & Surplus (Ex OCI)	157,427	195,809	322,951	369,179	436,643	543,349	755,215	930,508	1,137,520
Net Worth	158,577	196,963	324,150	370,382	437,850	544,558	756,446	931,742	1,138,754
OCI	-98	7	-874	-1,198	-723	-839	-839	-839	-839
Net Worth (Including OCI)	158,478	196,970	323,276	369,184	437,127	543,720	755,608	930,903	1,137,916
Change (%)	75.1	24.3	64.1	14.2	18.4	24.4	39.0	23.2	22.2
Borrowings	665,573	1,015,879	1,298,064	1,316,335	1,652,549	2,167,399	2,808,139	3,627,369	4,494,646
Change (%)	30.8	52.6	27.8	1.4	25.5	31.2	29.6	29.2	23.9
Other liabilities	23,932	29,476	22,573	29,185	35,378	41,168	47,343	54,444	62,611
Total Liabilities	847,983	1,242,325	1,643,914	1,714,704	2,125,054	2,752,287	3,611,090	4,612,716	5,695,173
Investments	31,394	85,990	175,439	183,969	122,455	227,518	238,894	250,839	263,381
Change (%)	-24.0	173.9	104.0	4.9	-33.4	85.8	5.0	5.0	5.0
Loans	800,001	1,137,115	1,427,989	1,466,869	1,914,233	2,422,689	3,246,404	4,220,325	5,275,406
Change (%)	41.8	42.1	25.6	2.7	30.5	26.6	34.0	30.0	25.0
Other assets	16,587	19,220	40,485	63,866	88,366	102,079	125,792	141,553	156,386
Total Assets	847,983	1,242,325	1,643,914	1,714,704	2,125,054	2,752,287	3,611,090	4,612,716	5,695,173

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E MARCH	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Spreads Analysis (%)									
Yield on Advances	17.0	16.9	17.9	16.1	16.1	16.4	17.1	17.0	17.0
Cost of borrowings	7.9	7.9	8.2	7.2	6.6	6.6	7.5	7.8	7.9
Interest Spread	9.1	9.0	9.7	8.9	9.6	9.8	9.6	9.2	9.2
Net Interest Margin	10.2	10.0	10.5	9.6	10.4	10.6	10.5	10.3	10.3
Profitability Ratios (%)									
Cost/Income	40.1	35.3	33.5	30.7	34.6	35.1	33.9	32.2	31.8
Empl. Cost/Op. Exps.	43.9	46.2	45.0	47.0	47.3	49.9	52.4	54.6	57.1
RoE	20.0	22.5	20.2	12.7	17.4	23.4	22.3	22.2	22.9
RoA	3.4	3.8	3.6	2.6	3.7	4.7	4.6	4.6	4.6
Asset Quality (%)									
GNPA (INR m)	11,638	18,035	23,626	27,304	31,331	23,125	32,510	49,766	71,400
NNPA (INR m)	3,535	7,271	9,373	11,354	13,144	8,361	12,029	15,925	19,992
GNPA %	1.4	1.6	1.6	1.8	1.6	0.9	1.0	1.2	1.3
NNPA %	0.4	0.6	0.7	0.8	0.7	0.3	0.4	0.4	0.4
PCR %	69.6	59.7	60.3	58.4	58.0	63.8	63.0	68.0	72.0
Total Provisions/loans %	2.2	2.1	2.9	3.0	2.6	2.0	1.9	1.9	2.0
Capitalization (%)									
CAR	24.0	20.7	25.0	28.3	27.2	25.0	23.0	22.3	22.5
Tier I	18.4	16.3	21.3	25.1	24.8	23.2	21.7	21.4	21.8
Tier II	5.5	4.4	3.7	3.2	2.5	1.8	1.2	0.9	0.7
Average Leverage on Assets (x)	5.9	5.9	5.5	4.8	4.8	5.0	4.9	4.9	5.0
Valuation									
Book Value (INR)	276	341	540	616	726	901	1,229	1,510	1,846
Price-BV (x)	26.1	21.1	13.3	11.7	9.9	8.0	5.8	4.8	3.9
Adjusted BV (INR)	271	333	529	602	711	891	1,215	1,492	1,823
Price-ABV (x)	26.5	21.6	13.6	11.9	10.1	8.1	5.9	4.8	3.9
EPS (INR)	43	69	88	73	116	190	236	304	384
EPS Growth (%)	29.2	59.6	26.7	-16.3	58.6	63.4	23.8	28.9	26.4
Price-Earnings (x)	165.6	103.8	81.9	97.8	61.7	37.8	30.5	23.7	18.7
OPS (INR)	85	133	188	199	237	310	391	500	633
OPS Growth (%)	27.5	57.1	40.9	6.0	19.3	30.6	26.3	27.9	26.7
Price-OP (x)	84.8	54.0	38.3	36.2	30.3	23.2	18.4	14.4	11.3
Dividend per Share (INR)	4.0	6.0	10.0	10.0	20.0	30.0	34.4	39.3	48.8
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.3	0.4	0.5	0.5	0.7

E: MOFSL Estimates

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