

Bloomberg	PIEL IN
Equity Shares (m)	239
M.Cap.(INRb)/(USD\$b)	198.6 / 2.4
52-Week Range (INR)	1140 / 630
1, 6, 12 Rel. Per (%)	-5/-28/-14
12M Avg Val (INR M)	1679

## Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
PPOP	27.0	35.4	49.1
PAT	-15.7	17.5	24.5
PAT (ex-exceptional)	11.6	17.5	24.5
EPS	-70	78	109
EPS Gr. (%)	-	-	41
BV/Sh. (INR)	1,202	1,318	1,395
RoA (%)	-1.9	1.9	2.1
RoE (%)	-5.4	6.2	8.1

## Valuation

P/E (x)	-	11.4	8.1
P/BV (x)	0.7	0.7	0.6
Dividend yield (%)	3.4	3.6	4.1

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	46.2	46.2	43.5
DII	13.0	12.1	8.1
FII	17.7	20.2	31.7
Others	23.1	18.1	16.7
FII Includes depository receipts			

**CMP: INR884**

**TP: INR1,100 (+25%)**

**Buy**

## Strong retail momentum; legacy book continues to run down

### Retail AUM grew 54% YoY with retail mix improving to ~64%

- PIEL reported 3QFY24 net loss of ~INR23.8b (vs. ~INR482m profit in 2Q). Reported PAT included provisions of ~INR35.4b on AIFs. The management exuded confidence in the full recovery of its AIF investments.
- Normalized PAT (excluding exceptional and one-off items) was flat QoQ at ~INR1.2b. PPOP (excl. dividend income and one-offs) grew ~30% QoQ to ~INR2.6b. Opex/AUM remained broadly stable at ~3.8%.
- NII declined ~20% YoY (but grew ~11% QoQ) to INR8.3b. Other income included interest income of ~INR640m from income tax refunds in 3QFY24, but the core fee income trajectory continued to improve.
- Annualized net credit cost stood at ~1.6% in 3QFY24 (vs. 1.2% in 2Q). Total ECL provisions improved by ~30bp QoQ to 4.3% of total AUM.
- Total AUM grew 6% QoQ and 9% YoY, excluding the impact of AIF provisions. Wholesale 2.0 AUM grew 24% QoQ to INR55.6b, while Wholesale 1.0 AUM declined 47% YoY to INR187b.
- Total SRs declined ~6% since 1QFY24, led by cash realization of ~INR9.1b. As resolution processes continue, SR portfolio will continue to decline in the near term.
- PIEL announced sale of Shriram Investments Holdings for ~INR14.4b to Shriram Ownership Trust. The transaction is expected to close in 4QFY24. PIEL still has stake in general insurance (beneficial interest basis, ~13.3% stake) and life insurance (beneficial interest basis, 14.9% stake) businesses of Shriram Group. We believe that PIEL will continue to monetize its non-core assets and utilize the proceeds for acquisition opportunities in the lending business.
- We estimate a ~25% AUM CAGR over FY23-26, including a ~43% CAGR in Retail AUM over the same period. Its core business (excluding one-offs and exceptional) is showing signs of improvement. **Reiterate our BUY rating on the stock with a revised TP of INR1,100 (based on Mar'26E SOTP).**

## Highlights from the management commentary

- Guided for credit costs of 1.7%-2.0% and opex to AUM to moderate to ~3%
- Fintech business is being done at 14.0-14.5% IRR and ~90% of fintech business is largely protected by FLDG. Business done through partnerships has better economics, but PIEL will continue to invest in further scaling up its own distribution/origination channels.

## Valuation and view

- Over the past two years, PIEL has strengthened its balance sheet by running down its wholesale loan book; has improved texture of its borrowings (driving lower cost of borrowings); and has fortified itself against contingencies with ECL provisions at 4.3% of AUM.

- PIEL is cognizant of sectoral stress in personal loans and has only ~10% of its unsecured consumer loans book in the <INR50k ticket size segment. Product diversification within Retail will help PIEL deliver strong growth and reduce concentration risks. We expect PIEL to deliver ~2.1% RoA and 8% RoE in FY26. We acknowledge that PIEL possesses pockets of value: a) deferred tax assets relating to the time of DHFL acquisition, b) recoveries from written-off exposures, and c) recoveries from the completely provided for AIF exposures.
- We value the lending business at 0.7x FY26E P/BV. **We reiterate our BUY rating on the stock with a revised TP of INR1,100 (premised on Mar'26 SOTP).**

## Quarterly Performance

(INR m)

Y/E March	FY23				FY24			FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Interest Income	20,392	18,437	20,062	19,206	17,251	17,783	19,307	78,097	74,955
Interest Expenses	10,514	10,129	9,733	10,035	10,439	10,500	11,178	40,412	45,626
<b>Net Interest Income</b>	<b>9,878</b>	<b>8,307</b>	<b>10,329</b>	<b>9,171</b>	<b>6,812</b>	<b>7,283</b>	<b>8,129</b>	<b>37,685</b>	<b>29,329</b>
YoY Growth (%)	65.6	34.2	13.7	-17.9	-31.0	-12.3	-21.3		
Other operating income	585	500	12,254	-582	11,739	4,150	5,450	12,757	23,911
Other Income	231	625	555	113	208	119	706	1,524	1,501
<b>Total Income</b>	<b>10,694</b>	<b>9,433</b>	<b>23,138</b>	<b>8,702</b>	<b>18,759</b>	<b>11,552</b>	<b>14,284</b>	<b>51,966</b>	<b>54,742</b>
YoY Growth (%)	58.6	37.4	130.2	-31.1	75.4	22.5	-38.3		
Operating Expenses	4,415	5,411	5,587	6,735	9,061	6,641	6,970	22,148	30,074
<b>Operating Profit</b>	<b>6,278</b>	<b>4,022</b>	<b>17,551</b>	<b>1,967</b>	<b>9,698</b>	<b>4,911</b>	<b>7,314</b>	<b>29,818</b>	<b>24,668</b>
YoY Growth (%)	35.1	-15.7	152.4	-76.0	54.5	22.1	-58.3		
Provisions & Loan Losses	902	32,567	16,958	4,035	3,090	4,385	5,995	54,461	56,649
<b>Profit before Tax</b>	<b>5,376</b>	<b>-28,545</b>	<b>594</b>	<b>-2,068</b>	<b>6,609</b>	<b>526</b>	<b>1,319</b>	<b>-24,643</b>	<b>-31,981</b>
Tax Provisions	1,454	-6,938	-34,319	22	1,732	107	-9,575	-39,781	455
<b>PAT (before associate income)</b>	<b>3,922</b>	<b>-21,608</b>	<b>34,913</b>	<b>-2,090</b>	<b>4,877</b>	<b>419</b>	<b>10,894</b>	<b>15,137</b>	<b>-32,435</b>
Associate Income	1,493	1,721	541	131	211	707	728	3,886	2,400
<b>PAT (before exceptional)</b>	<b>5,415</b>	<b>-19,887</b>	<b>35,454</b>	<b>-1,959</b>	<b>5,088</b>	<b>1,125</b>	<b>11,622</b>	<b>19,023</b>	<b>-30,035</b>
Exceptional items	76,140	4,523	0	0	0	-643	-35,398	80,663	-27,320
Profit from Discontinued operations								-	-
<b>PAT (after exceptional)</b>	<b>81,555</b>	<b>-15,364</b>	<b>35,454</b>	<b>-1,959</b>	<b>5,088</b>	<b>482</b>	<b>-23,776</b>	<b>99,686</b>	<b>-57,355</b>
<b>Key Parameters (Calc., %)</b>									
Yield on loans	11.7	10.9	12.4	11.9	10.6	11.0	11.4	13	12
Cost of funds	8.8	8.8	8.4	8.7	8.6	8.6	8.7	7.7	8.7
Spread	2.9	2.1	4.0	3.2	2.0	2.4	2.7	5.3	2.9
NIM	4.6	4.6	6.5	5.8	4.3	4.7	4.9	6.3	4.6
C/I ratio	41	57	24	77	48	57	49	43	55
Tax rate	27	24			26	20	-726	161	-1
<b>Balance Sheet Parameters</b>									
<b>Retail Disbursements (INR m)</b>	24,590	39,730	51,110	68,280	57,070	62,460	76,920	1,83,710	2,82,814
<b>Total AUM (INR b)</b>	646	638	649	640	639	669	708	640	639
Growth (%)	39	-3	7	0	8	11	4	0	8
<b>AUM mix (%)</b>									
Wholesale	66	61	57	57	66	66	66	50	50
Retail	34	39	43	43	34	34	34	50	50
<b>Asset Quality Parameters</b>									
GS 3 (INR m)	23,620	22,100	42,640	20,550	14,840	15,290	14,240	20,550	14,840
GS 3 (%)	3.7	3.7	4.0	3.8	2.8	2.7	2.4	3.8	2.8
NS 3 (INR m)	10,800	7,350	13,970	10,380	7,720	8,170	6,450	10,380	7,720
NS 3 (%)	1.8	1.3	1.7	1.9	1.5	1.5	1.1	1.9	1.5
PCR (%)	54.3	66.7	67.2	49.5	48.0	46.6	54.7	49.5	48.0
Total ECL (%)	6.2	8.6	10.0	6.2	4.4	4.0	4.3	6.2	4.4

E: MOFSL estimates

**Strong growth in retail; retail mix improved to ~64%**

- Retail AUM grew 54% YoY to ~INR430b with its share in the loan book increasing to 64% (vs. 58% in 2Q). The retail engine (across Home Loans, LAP, Pre-owned Cars) is scaling up well, with a strong focus on risk management and 90+ DPD delinquency remaining stable or declining across retail products.
- Retail disbursements grew 50% YoY to INR77b and yields improved ~30bp YoY to 14.2%.
- Disbursement yields for retail loans with > 1-year duration remained stable at ~14.2% in 3QFY24. Unsecured loans (including microfinance) contributed 41% to the total retail disbursements in 3QFY24 and ~24% to retail AUM mix.

**Minor improvement in asset quality**

- GS3/NS3 improved by ~30bp/40bp QoQ to 2.4%/1.1%. PCR improved by ~8pp QoQ to 55%.
- Wholesale Stage 2 and Stage 3 increased to ~20%, due to one account slipping into Stage 2. The management shared that it anticipates no upgrades for this account over the next couple of quarters but also reassured that it does not expect the account to further slip into Stage 3 either. With a focus on recoveries and monetization, Wholesale 1.0 will continue to moderate.
- In Wholesale 2.0, the company is building a granular lending book across real estate and corporate mid-market (CMML). This portfolio is performing well, in line with or ahead of expectations. In Wholesale 2.0, the company received pre-payments worth INR11.8b over the last three quarters. It disbursed ~INR18b in 3QFY24, of which INR10b was disbursed in Dec'23.

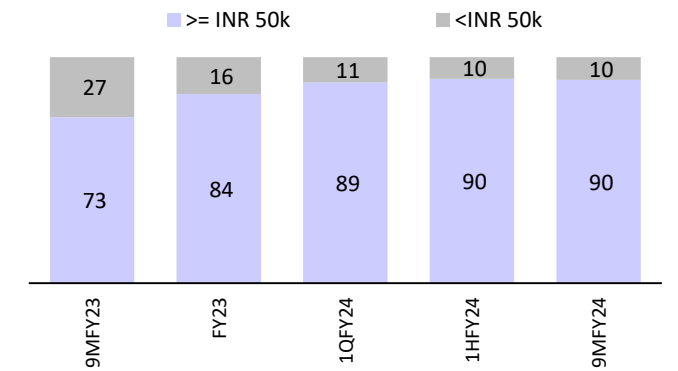
**Impact of RBI circular on AIF Investments**

- PIEL is confident about the full recovery of its AIF investments. It has already received ~INR11.4b in interest and principal payments cumulatively, with ~INR7b recovered over the last three quarters. An accounting provision of ~INR35b was made in 3QFY24 but the company has guided that there will be extraordinary recoveries from the AIFs, which will be routed through the P&L in the subsequent quarters.
- Both AIFs were established in 2020 with total loan exposure of ~INR80b. The AIF's current exposure is ~INR35b. Out of the initial 35 loans, ~22 have been exited. Currently, there are ~13 loans having exposure from both AIF and Piramal and all are toward residential real estate projects. None of these loans are unsecured or backed only by land parcels.

## Texture on unsecured book

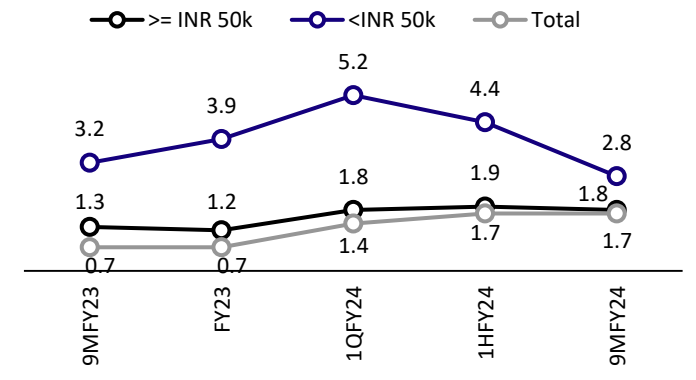
The company has shared valuable insights on its unsecured book.

**Exhibit 1: Contribution of small-ticket consumer loans declined (%)**



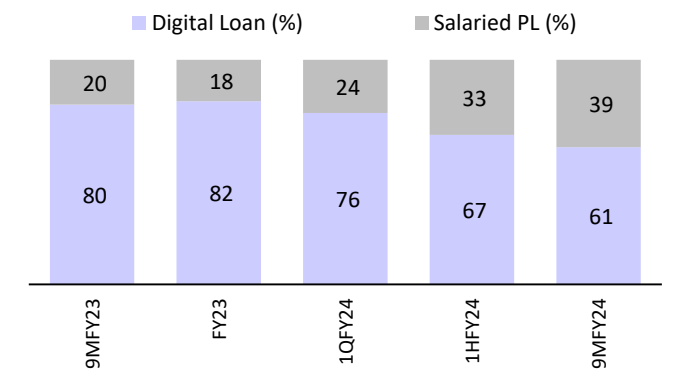
Source: MOFSL, Company

**Exhibit 2: 90+dpd delinquency improved for unsecured consumer loans (%)**



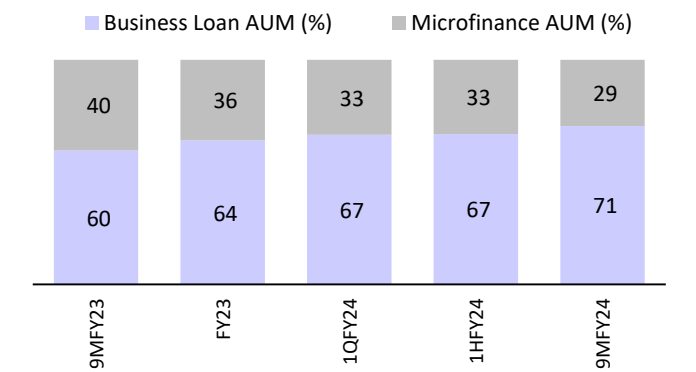
Source: MOFSL, Company; Note: For Real Estate Book only

**Exhibit 3: Share of digital loan inching up in unsecured consumer loans (%)**



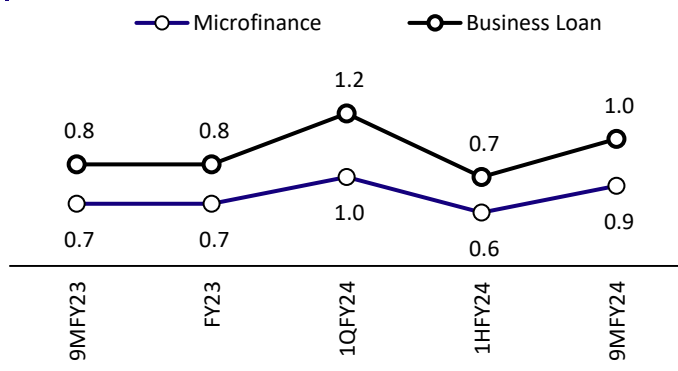
Source: MOFSL, Company;

**Exhibit 4: Share of business loan AUM inching up to ~71% in total unsecured business loans (%)**



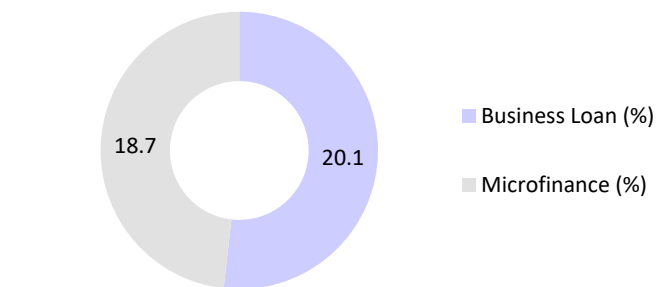
Source: MOFSL, Company;

**Exhibit 5: 90+dpd delinquency deteriorated in unsecured business loans (%)**



Source: MOFSL, Company





**Exhibit 6: Disbursement yield for unsecured business loans (%)**



Source: MOFSL, Company

## Exhibit 7: Key products with average ticket size and disbursement yields

## Multi-product retail lending platform across the risk-reward spectrum – Q3 FY24

Product Segments	Products	Average disbursement ticket size (INR lakh)	Disbursement yield (%)	Share in disbursements (%)	AUM yield <sup>1</sup> (%)	Share in AUM (%)
 Housing	Affordable housing	19	11.2%	30.1%	11.4%	49.1%
	Mass affluent housing					
	Budget housing					
 Secured MSME (LAP)	Secured business loan	23	12.6%	20.9%	12.7%	22.5
	Loan against property (LAP)					
	LAP plus					
 Other secured	Pre-owned car loans	6	15.1%	7.9%	15.0%	4.1%
 Unsecured	Salaried personal loans	2.9	18.3%	11.6%	17.7%	5.7%
	Microfinance loans	0.4	18.7%	3.7%	18.8%	2.7%
	Unsecured business loans	7.8	20.1%	7.7%	20.0%	6.6%
	Merchant BNPL					
	Digital purchase finance	0.5	16.7%	18.2%	17.4%	9.2%
	Digital personal loans					
Total / weighted average		12.3	14.2%	100%	13.2%	100%

Source: Company, MOFSL



## Highlights from the management commentary

### Guidance on asset quality and opex

- Guided for credit costs of 1.7%-2.0% and opex to AUM to moderate to ~3%
- Gross credit costs were flat QoQ in 3Q. Smaller recoveries from Wholesale 1.0 in 3Q led to higher net credit costs. PIEL should continue to expect strong recoveries in profitability over the next few quarters.

### Retail Lending

- Retail AUM grew 54% YoY; Quarterly disbursements rose ~50% YoY
- AUM of its flagship mortgage business (home loans and LAP) stood at ~INR300b.
- The yield in housing loan disbursements stood at 11.2%.
- LAP disbursements almost doubled YoY with ATS of INR2.5. Yields in LAP are ~50bp higher than those in mortgage loans.
- AUM of other secured loans (used car loans) surged 3x YoY.
- Unsecured book stood at ~INR100b. Disbursement volumes have been under control. 90+ delinquency has been between 1.4-1.6% for the last three quarters.
- Personal Loans below INR50k have 2-3x higher delinquency rate than those with ATS higher than INR50k. These loans are ~10% of the consumer unsecured.
- Unsecured consumer AUM with ATS <INR50k stood at ~INR6.2b and the remaining consumer AUM stood at ~INR55b.
- Added 28 new disbursement active branches. ~95 branches added over 12 months and the company now has 470 conventional branches
- Branches with 1-2-year vintage have 2x higher productivity than branches with vintage of 6-12 months.
- Fintech business is being done at 14.0-14.5% IRR and ~90% of the Fintech business is largely protected through FLDG. Business done through partnerships has better economics and PIEL will continue to invest in its own channel.

### Wholesale Lending

- Wholesale 2.0 is focused on building a granular book; Prepayments stood at ~INR9.8b since inception of Wholesale 2.0
- ATS is ~INR1.57b for Real Estate and ~INR0.57b for Corporate Mid-Market Lending
- Confident of full recoveries from AIF investments; Piramal has recovered ~INR11.4b as interest and principal payment on these AIF units cumulatively and ~INR7b over the last 3 quarters; ~INR35b of adjustments are an accounting provision; Because they have written-down AIF to zero, there will be extraordinary recoveries from these AIFs through P&L.
- AIFs came into being in 2020 and at inception, AIF investment stood at ~INR80b (now down at ~INR35b) and the portfolio comprised of ~35 loans, in which Piramal had exposure. Since then, 22 such loans have been exited and there are ~13 loans in which both AIF and Piramal have exposure. All 13 loans are residential real estate project finance loans and none of these loans are unsecured or backed by land parcels. PIEL continues to work on underlying loans and with underlying partners.
- One wholesale account slipped into Stage 2 and that is why it has taken higher provisions. It does not expect this account to be upgraded over the next 1-2 quarters and likewise, it does not expect this exposure to slip into Stage 3.

### Business Updates

- Granular Wholesale 2.0 has grown to ~INR55b.
- Legacy portfolio - Wholesale 1.0, SRs and Erstwhile AIF investments - is being run down by the company. Legacy portfolio was ~28% of AUM.
- Wholesale 1.0 has declined 57% since FY22 to <INR190b.
- ~72% AUM share from the growth businesses of ~INR490b.
- Announced the sale of ~20% stake in Shriram Investment Holdings to SOT at ~INR14.4b. Transaction is in line with its focus on monetizing non-core assets.
- Had earlier shared that it targets to build AUM of INR1.2-1.3t by FY28. RoA of 3.0-3.3% and Retail-Wholesale Mix of 70%:30%. Excluding the impact of AIF provisions, total AUM grew 6% QoQ and 9% YoY to over INR700b.
- Retail: Wholesale Mix of 64%:36% as of Dec'23.
- In 3QFY24, NIM improved and the opex-to-average AUM ratio moderated to ~3.8% (vs. 3.9% in 2Q)
- PPOP to AUM stood at 2.0% (vs. 1.1% in 2Q).
- GNPA/NNPA ratios declined ~35bp QoQ to 2.4%/1.1%. Retail 90+dpd was stable or declined across all products.
- Credit costs stood at 1.6% (still running below long-range guidance of 1.7-1.8%).
- Consolidated CRAR of ~24.3% (after the impact of the AIF provisions).

### Financial Performance

- NIM expanded ~28bp QoQ.
- Fee income was up 23% QoQ and included one-off ~INR640m of interest income from IT refunds.
- PPOP rose ~55% QoQ to INR3.89b. However, PPOP, excluding dividend income and interest income from IT refunds, grew ~33% QoQ to INR3.15b.
- PIEL has taken full provisions for its two AIF investments;
- Fixed and Floating mix improved to 51%:49%. CoB rose ~10bp QoQ; Marginal CoB stays between 9.0-9.5% but has gone up by 20-25bp because of the RBI RWA circular.

### Shriram Investments

- PIEL still has stake in general insurance (beneficial interest basis, ~13.3% stake) and life insurance (beneficial interest basis, 14.9% stake) businesses, with a total book value of ~INR17.1b.

### Deferred tax assets

- It is in active conversations with the tax authorities and expects some benefits from the DTA pool.

### Land parcel

- Land monetization negotiations are in process and there is nothing material to report at this point in time.

**Valuation and view**

- Over the past two years, PIEL has strengthened its balance sheet by running down its Wholesale loan book; improved texture of its borrowings (driving lower cost of borrowings); and fortified itself against contingencies with ECL provisions at 4.3% of AUM.
- PIEL is cognizant of the sectoral stress in personal loans and has only ~10% of its unsecured consumer loans book in the <INR50K ticket size segment. Product diversification within Retail will help PIEL deliver strong growth and reduce concentration risks. We expect PIEL to deliver ~2.1% RoA and 8% RoE in FY26. We acknowledge that PIEL possesses pockets of value: a) deferred tax assets relating to the time of DHFL acquisition, b) recoveries from written-off exposures, and c) recoveries from the completely provided for AIF exposures.
- We value the lending business at 0.7x FY26E P/BV. **We reiterate our BUY rating on the stock with a revised TP of INR1,100 (premised on Mar'26E SOTP).**

**Exhibit 8: SOTP valuation – Mar'26**

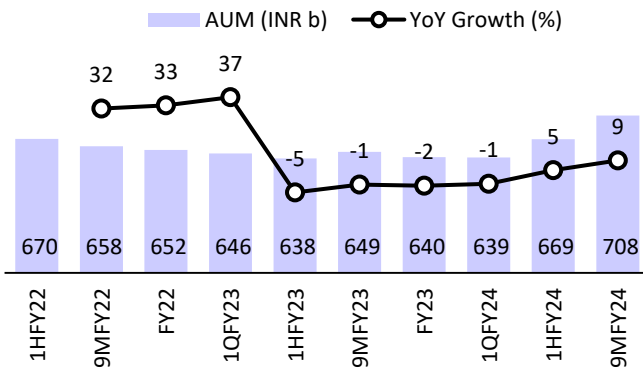
	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	209	2.5	929	84	❖ 0.7x Mar'26E PBV
Shriram Group	30	0.4	134	12	❖ Based on its stake in Shriram Life/General Insurance Businesses
Life Insurance	4	0.0	17	2	❖ 0.4x FY23 EV
Alternatives	5	0.1	20	2	❖ 0.4x FY23 Equity
<b>Target Value</b>	<b>247</b>	<b>3.0</b>	<b>1,100</b>	<b>100</b>	

Source: MOFSL, Company



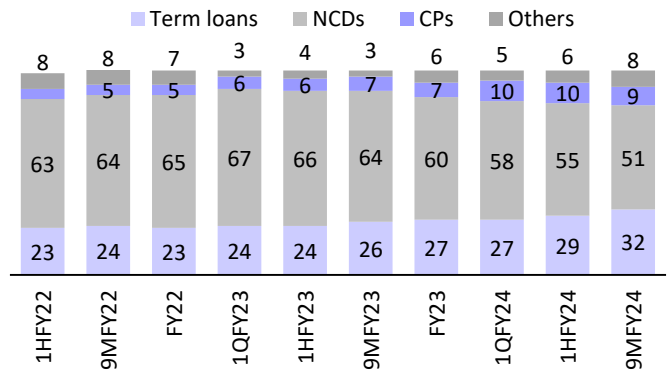
## Key exhibits

**Exhibit 9: AUM grew 9% YoY (%)**



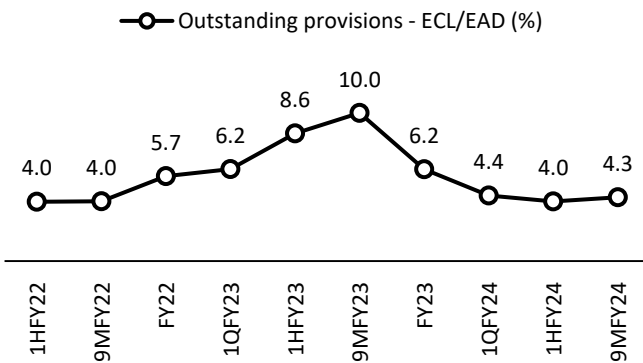
Source: MOFSL, Company

**Exhibit 10: Borrowing mix (%)**



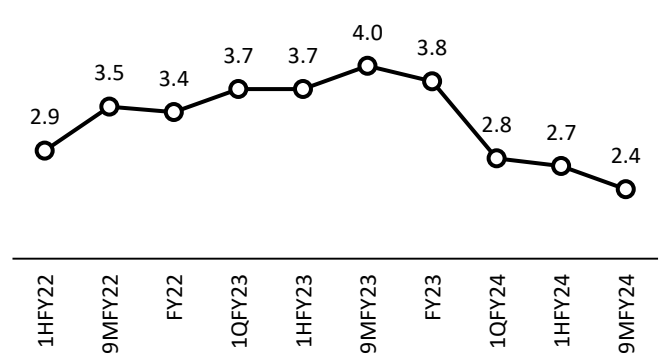
Source: MOFSL, Company

**Exhibit 11: ECL/EAD increased ~30bp QoQ (%)**



Source: MOSL, Company

**Exhibit 12: GNPA ratio improved ~30bp QoQ (%)**



Source: MOSL, Company

## Financials and valuations

Income statement					INR m
Y/E March	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	75,228	77,986	75,389	1,05,955	1,39,989
Interest Expended	42,251	40,412	45,626	55,185	71,973
<b>Net Interest Income</b>	<b>32,977</b>	<b>37,574</b>	<b>29,763</b>	<b>50,770</b>	<b>68,017</b>
Change (%)	19.1	13.9	-20.8	70.6	34.0
Other Income	3,881	12,881	27,327	15,615	15,698
<b>Net Income</b>	<b>36,858</b>	<b>50,456</b>	<b>57,090</b>	<b>66,385</b>	<b>83,715</b>
Change (%)	27.8	36.9	13.1	16.3	26.1
Operating Expenses	12,284	22,148	30,074	31,006	34,634
<b>PPoP</b>	<b>24,574</b>	<b>28,307</b>	<b>27,015</b>	<b>35,378</b>	<b>49,081</b>
Change (%)	9.4	15.2	-4.6	31.0	38.7
Provisions/write offs	8,299	54,101	17,379	15,776	20,407
<b>PBT</b>	<b>16,275</b>	<b>-25,793</b>	<b>9,636</b>	<b>19,602</b>	<b>28,674</b>
Tax	4,062	-39,781	455	4,901	7,169
Tax Rate (%)	19.0	-	40.0	25.0	25.0
<b>PAT (before associate income)</b>	<b>12,213</b>	<b>13,987</b>	<b>9,182</b>	<b>14,702</b>	<b>21,506</b>
Associate Income	5,939	3,886	2,400	2,760	3,036
<b>PAT (before exceptional)</b>	<b>18,152</b>	<b>17,873</b>	<b>11,582</b>	<b>17,462</b>	<b>24,542</b>
Exceptional items	-1,529	80,663	-27,320	0	0
<b>PAT (after exceptional)</b>	<b>16,622</b>	<b>98,536</b>	<b>-15,738</b>	<b>17,462</b>	<b>24,542</b>
Profit from discontinued Operations	3,365	0	0	0	0
<b>Reported net profit/loss</b>	<b>19,988</b>	<b>98,536</b>	<b>-15,738</b>	<b>17,462</b>	<b>24,542</b>

### Balance sheet

Y/E March	FY22	FY23	FY24E	FY25E	FY26E
Capital	477	477	449	449	449
Reserves & Surplus	3,54,414	3,10,114	2,69,503	2,95,542	3,12,925
<b>Net Worth</b>	<b>3,68,369</b>	<b>3,10,591</b>	<b>2,69,953</b>	<b>2,95,992</b>	<b>3,13,374</b>
Borrowings	5,54,510	4,95,828	5,53,044	7,22,914	9,50,872
Change (%)	48	-11	12	31	32
Other liabilities	39,549	23,891	14,335	17,202	20,642
<b>Total Liabilities</b>	<b>9,98,729</b>	<b>8,37,522</b>	<b>8,37,332</b>	<b>10,36,107</b>	<b>12,84,888</b>
<b>Loans and advances</b>	<b>4,93,180</b>	<b>4,63,946</b>	<b>6,70,273</b>	<b>9,03,123</b>	<b>11,90,722</b>
Change (%)	7	-6	44	35	32
<b>Investments</b>	<b>2,48,565</b>	<b>2,23,318</b>	<b>17,195</b>	<b>3,439</b>	<b>2,751</b>
Net Fixed Assets	86,715	7,385	7,016	7,717	8,489
Cash and Cash equivalents	71,872	46,491	65,000	70,000	40,000
Deferred tax assets	13,679	18,472	9,236	4,618	2,309
Other assets	71,366	77,910	68,612	47,209	40,617
<b>Total Assets</b>	<b>9,98,729</b>	<b>8,37,522</b>	<b>8,37,332</b>	<b>10,36,107</b>	<b>12,84,888</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY22	FY23	FY24E	FY25E	FY26E
<b>Spreads Analysis (%)</b>					
Yield on loans	14.4	13.0	11.6	12.9	12.9
Cost of funds	9.1	7.7	8.7	8.7	8.6
Spread	5.3	5.3	2.9	4.3	4.3
Net Interest Margin	6.3	6.3	4.6	6.2	6.3
<b>Profitability Ratios (%)</b>					
RoE	6.6	5.3	-5.4	6.2	8.1
RoA	2.3	1.9	-1.9	1.9	2.1
C/I ratio	33.3	43.9	52.7	46.7	41.4
<b>Asset Quality (%)</b>					
Gross NPA	22,270	20,550	16,791	20,241	25,198
Gross NPA (% of AUM)	3.6	3.3	2.3	2.1	2.0
Net NPA	9,980	10,380	7,556	10,120	13,859
Net NPA (% of AUM)	1.7	1.8	1.1	1.1	1.1
PCR (%)	55.2	49.5	55.0	50.0	45.0

Y/E March	FY22	FY23	FY24E	FY25E	FY26E
<b>AUM (INR m)</b>	<b>6,51,850</b>	<b>6,39,890</b>	<b>7,30,056</b>	<b>9,63,849</b>	<b>12,59,899</b>
YoY growth (%)		-2	14	32	31
<b>AUM Mix (%)</b>					
Wholesale	69.6	49.8	34.2	28.8	25.1
Retail	33.1	50.2	65.8	71.2	74.9
<b>Total</b>	<b>102.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Wholesale Loans (INR m)</b>					
	<b>3,84,620</b>	<b>2,74,960</b>	<b>2,19,968</b>	<b>2,52,963</b>	<b>2,90,908</b>
YoY growth (%)	-2.3	-28.5	-20.0	15.0	15.0
<b>Retail Loans (INR m)</b>					
	<b>2,15,520</b>	<b>3,21,440</b>	<b>4,80,088</b>	<b>6,85,886</b>	<b>9,43,991</b>
YoY growth (%)	306.4	49.1	49.4	42.9	37.6
<b>Total Loan Book</b>					
	<b>6,00,140</b>	<b>5,96,400</b>	<b>7,00,056</b>	<b>9,38,849</b>	<b>12,34,899</b>
YoY growth (%)	34.4	-0.6	17.4	34.1	31.5
<b>VALUATION</b>					
Book Value (INR)	1,544	1,301	1,202	1,318	1,395
<b>Price-BV (x)</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>
EPS (INR)	69.7	74.9	-70.1	77.7	109.2
EPS Growth YoY	-6	8	-	-211	41
<b>Price-Earnings (x)</b>	<b>12.7</b>	<b>11.8</b>	<b>-</b>	<b>11.4</b>	<b>8.1</b>
Dividend per share (INR)		31.0	30.0	31.9	35.9
<b>Dividend yield (%)</b>		<b>3.5</b>	<b>3.4</b>	<b>3.6</b>	<b>4.1</b>

E: MOFSL 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](http://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://onlinereports.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](http://www.nseindia.com), [www.bseindia.com](http://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 Advisers 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, not 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.