

# PNB Housing

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	PNBHOUSI IN
Equity Shares (m)	260
M.Cap.(INRb)/(USDb)	256.4 / 3
52-Week Range (INR)	1202 / 616
1, 6, 12 Rel. Per (%)	8/9/17
12M Avg Val (INR M)	2002

## Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	27.2	32.7	40.6
PPP	23.3	28.8	36.9
PAT	19.4	23.1	27.2
EPS (INR)	74	89	105
EPS Gr. (%)	28	19	18
BV/Sh. (INR)	649	733	822

## Ratios

NIM (%)	3.9	4.0	4.1
C/I ratio (%)	25.9	24.6	22.6
RoAA (%)	2.5	2.5	2.5
RoE (%)	12.2	12.9	13.5

## Valuations

P/E (x)	13.2	11.1	9.4
P/BV (x)	1.5	1.3	1.2
Div. Yield (%)	0.5	1.5	1.8

## Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	28.1	28.1	28.1
DII	29.9	26.9	6.9
FII	21.4	24.3	25.0
Others	20.6	20.7	40.0

FII Includes depository receipts

**CMP: INR986 TP: INR1,230 (+25%) Buy**

## Strong quarter on the back of robust execution

### Retail loan growth of ~18% YoY; NIM expanded ~5bp QoQ

- PNB Housing (PNBHF) delivered an all-round healthy performance, marked by: 1) a healthy retail loan growth of ~18% YoY, 2) an expansion of 5bp QoQ in NIMs, 3) a sustained improvement in asset quality, and 4) recoveries from its retail written-off pool, which resulted in provision write-backs for the entire year. PNBHF's 4QFY25 PAT grew 25% YoY/14% QoQ to ~INR5.5b (~9% beat). FY25 PAT grew 28% YoY to INR19.4b.
- NII in 4QFY25 rose ~17% YoY to ~INR7.3b (in line). Opex rose ~19% YoY to ~INR2.12b (in line). PPOP grew ~14% YoY to INR6.5b (6% beat). Credit costs, net of recoveries, resulted in a write-back of ~INR648m, which led to net credit costs of -35bp (PQ: -20bp and PY: 4bp).
- PNBHF expects FY26 to be a stronger year for the mortgage industry, anticipating a pick-up in demand as interest rates decline. The company guided for Retail loan growth of 18% YoY in FY26, with the affordable housing loan book projected to reach ~INR95b by Mar'26 and ~INR150b by Mar'27. Additionally, it guided for corporate disbursements of INR15-20b in FY26.
- PNBHF secured its last credit rating upgrade to AA+ in 4QFY24 and 1QFY25. Backed by its sustained strong performance, the company expects another credit rating upgrade by end-FY26, which should further help reduce its cost of borrowings.
- GNPA/NNPA stood at ~1.08%/0.69% (% of Loan Assets) and improved ~11bp each QoQ. Retail GNPA improved ~12bp QoQ to 1.1%, while Corporate GNPA was NIL (similar to last quarter).
- We continue to believe in our thesis of a transformation at PNBHF and in the management's ability to drive RoA improvement, supported by: 1) healthy retail loan CAGR of ~18%; 2) NIM expansion from FY27 onwards; and 3) benign credit costs on the back of sustained recoveries from the written-off pool.
- We expect PNBHF to deliver a CAGR of 19% each in loans/PAT over FY25-27E and ~2.5%/14% RoA/RoE in FY27. **Reiterate BUY with a TP of INR1,230 (based on 1.5x Mar'27E BVPS).**

## Highlights from the management commentary

- PNBHF plans to expand its affordable housing branch network to 300 branches by FY27, up from 200 branches as of FY25. Management guided that emerging and affordable housing in the Loan mix will reach ~32-34% by FY26 and ~40% by FY27.
- In the affordable housing segment, the industry-level bounce rate stands at ~15-16%, whereas for PNBHF, it is significantly lower at ~10.5-11%.
- Management guided for NIM to remain stable at 3.6-3.65%, driven by a change in the product mix, decline in the CoB, and better yields from growth in the Corporate segment.

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com)

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | Raghav Khemani (Raghav.Khemani@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

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### Valuation and view

- PNBHF delivered an all-round healthy performance in 4Q and FY25, driven by robust execution leading to healthy loan growth, asset quality improvement, margin expansion, and strong profitability. We believe the company is well-positioned to maintain this earnings momentum and deliver on its articulated guidance in the coming years.
- The stock trades at 1.2x FY27E P/BV, with a favorable risk-reward profile that could support a re-rating in the valuation multiple as investor confidence grows in the company's consistent execution in retail (across prime, emerging, and affordable segments). **Reiterate BUY with a TP of INR1,230 (based on 1.5x Mar'27E BVPS).** Key risks: a) the inability to drive NIM expansion amid aggressive competition in mortgages and b) subsequent seasoning in the affordable/emerging loan book leading to asset quality deterioration and elevated credit costs.

### Quarterly performance

(INR M)

	FY24				FY25				FY24	FY25	4QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	16,669	17,029	16,795	16,929	17,391	17,803	18,484	19,059	67,422	72,737	19,313	-1
Interest Expenses	10,475	10,573	10,866	10,697	10,969	11,185	11,579	11,781	42,611	45,514	12,304	-4
<b>Net Interest Income</b>	<b>6,194</b>	<b>6,456</b>	<b>5,929</b>	<b>6,232</b>	<b>6,421</b>	<b>6,618</b>	<b>6,905</b>	<b>7,279</b>	<b>24,811</b>	<b>27,223</b>	<b>7,009</b>	<b>4</b>
YoY Growth (%)	68.1	1.9	-17.3	7.23	3.7	2.5	16.5	16.80	7.8	9.7	12.5	
Other income	408	765	765	1,211	930	994	947	1,309	3,149	4,179	1,234	6
<b>Total Income</b>	<b>6,602</b>	<b>7,221</b>	<b>6,694</b>	<b>7,443</b>	<b>7,352</b>	<b>7,612</b>	<b>7,852</b>	<b>8,587</b>	<b>27,960</b>	<b>31,402</b>	<b>8,242</b>	<b>4</b>
YoY Growth (%)	37.3	0.2	-16.3	18.2	11.3	5.4	17.3	15.4	6.3	12.3	10.7	
Operating Expenses	1,530	1,702	1,700	1,778	1,929	2,020	2,057	2,124	6,710	8,130	2,157	-2
YoY Growth (%)	26.0	24.4	34.7	21.1	26.1	18.7	21.0	19.4	26.3	21.2	21.3	
<b>Operating Profits</b>	<b>5,072</b>	<b>5,519</b>	<b>4,994</b>	<b>5,665</b>	<b>5,422</b>	<b>5,591</b>	<b>5,795</b>	<b>6,464</b>	<b>21,250</b>	<b>23,272</b>	<b>6,085</b>	<b>6</b>
YoY Growth (%)	41.1	-5.4	-25.9	17.3	6.9	1.3	16.0	14.1	1.2	9.5	7.4	
Provisions	606	448	591	66	-120	-456	-361	-648	1,711	-1,585	-388	67
<b>Profit before Tax</b>	<b>4,467</b>	<b>5,071</b>	<b>4,403</b>	<b>5,598</b>	<b>5,542</b>	<b>6,047</b>	<b>6,157</b>	<b>7,112</b>	<b>19,539</b>	<b>24,858</b>	<b>6,473</b>	<b>10</b>
Tax Provisions	994	1,241	1,019	1,206	1,214	1,351	1,324	1,608	4,459	5,496	1,440	12
<b>Profit after tax</b>	<b>3,473</b>	<b>3,830</b>	<b>3,384</b>	<b>4,393</b>	<b>4,328</b>	<b>4,697</b>	<b>4,833</b>	<b>5,504</b>	<b>15,080</b>	<b>19,361</b>	<b>5,033</b>	<b>9</b>
YoY Growth (%)	47.8	45.8	25.8	57.3	24.6	22.6	42.8	25.3	44.2	28.4	14.6	
<b>Key Operating Parameters (%)</b>												
Rep. Yield on loans	10.59	10.58	10.19	10.08	10.03	10.05	10.12	10.03				
Rep. Cost of funds	7.97	7.99	8.07	7.98	7.92	7.84	7.83	7.84				
Spreads	2.62	2.59	2.12	2.10	2.11	2.21	2.29	2.19				
Net Interest Margins	3.86	3.95	3.49	3.65	3.65	3.68	3.70	3.75				
Cost to Income Ratio	23.2	23.6	25.4	23.9	26.2	26.5	26.2	24.7				
Credit Cost	0.40	0.30	0.38	0.04	-0.07	-0.27	-0.20	-0.35				
Tax Rate	22.2	24.5	23.1	21.5	21.9	22.3	21.5	22.6				
<b>Balance Sheet Parameters</b>												
Loans (INR B)	604	609	623	654	670	695	719	758				
Change YoY (%)	6.2	5.2	7.4	10.3	15.1	14.2	15.4	15.9				
AUM (INR B)	673	674	685	712	725	747	768	804				
Change YoY (%)	4.0	2.6	4.3	6.9	11.0	10.8	12.1	12.8				
Borrowings (Ex Assgn.) (INR B)	527	536	531	551	557	570	599	623				
Change YoY (%)	3.3	2.3	1.2	2.6	8.2	6.5	12.8	13.2				
Loans/Borrowings (%)	114.6	113.6	117.4	118.7	120.2	121.9	120.1	121.6				
Off BS loans/AUM (%)	10.4	9.7	9.1	8.3	10.7	7.0	6.4	5.8				
Debt/Equity (x)	3.8	3.8	3.7	3.7	3.6	3.6	3.7	3.7				
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR Mn)	22,700	10,860	10,790	9,840	9,060	8,650	8,570	8,160				
Gross Stage 3 (% on loans)	3.76	1.78	1.73	1.51	1.35	1.24	1.19	1.08				
NS 3 (INR Mn)	15,430	7,170	7,080	6,160	6,120	5,820	5,720	5,220				
Net Stage 3 (% on loans)	2.59	1.19	1.14	0.95	0.92	0.84	0.80	0.69				
PCR (%)	32.0	34.0	34.4	37.40	32.5	32.7	33.3	36.03				

E: MOFSL Estimates

### **Disbursements remain healthy; affordable loan book rises 32% QoQ**

- Retail disbursements in 4QFY25 grew 24% YoY and 27% QoQ to ~INR68.5b. Corporate disbursements were NIL during the quarter. The affordable and emerging segments contributed ~40% to 4QFY25 retail disbursements.
- The total loan book grew ~16% YoY/5.4% QoQ to ~INR758b. Retail loans grew ~18% YoY to INR748b. Affordable and Emerging Loans accounted for ~26% (PQ: 24%) of the Retail Loan Assets. As of Mar'25, the affordable book grew to ~INR50.7b (PQ: ~INR38.4b).
- Management was confident of achieving ~INR1t of the retail book by FY27, including an affordable and emerging market mix of 40%. We expect a total loan CAGR of ~19% over FY25-27.

### **NIM expands ~5bp QoQ; CoB largely stable sequentially**

- Reported NIM in 4QFY25 expanded ~5bp QoQ to 3.75%. Portfolio CoB was largely stable QoQ at 7.84% and incremental CoF was also stable QoQ at 7.83%.
- Management shared that NIMs are expected to remain stable at ~3.6-3.65%, supported by a favorable shift in the product mix, a reduction in the cost of borrowings, and improved yields driven by growth in the Corporate segment. We model NIMs of 4.0%/4.1% for FY26/FY27.

### **Asset quality continues to improve; retail GNPA improves ~12bp sequentially**

- Total GNPA/NNPA stood at ~1.08%/0.69% (% of Loan Assets) and improved ~11bp each QoQ. Retail GNPA improved ~12bp QoQ to 1.1% while Corporate GNPA was NIL (similar to last quarter).
- The company has a written-off pool of ~INR10b in the corporate segment and ~INR4b in the retail segment. Management has guided for provision write-backs and negative credit costs throughout FY26, driven by recoveries from the written-off pool. We model credit costs of -10bp/20bp for FY26/FY27.

### **Well-positioned to win in Affordable and Emerging Housing segments**

- As of Mar'25, PNBHF's affordable housing book grew ~32% QoQ and 180% YoY to ~INR50.7b, driven by a ~100% YoY surge in disbursements to ~INR12.9b. The company expects to grow its affordable loan book to ~INR95b by Mar'26.
- PNBHF's emerging markets loan book stood at ~INR141b, accounting for ~19% of its retail assets as of Mar'25.
- Incremental yields in the affordable segment stood at ~11.7% (vs. ~12.1% in 3QFY25). The company indicated that the decline in yields during 4QFY25 was seasonal, driven by a strategic focus on higher volumes. Yields are expected to recover starting from 1QFY26, with management targeting yields of around 12.65% in the affordable segment.



## Highlights from the management commentary

### Guidance

- **FY26 Guidance:** Retail loan growth stood at 18% YoY; affordable loan book is expected to grow to ~INR95b by Mar'26 and ~INR150b by Mar'27; corporate disbursements stood in the range of 15-20b; credit costs are likely to remain benign, driven by recoveries from the written-off pool and RoA of 2.5-2.6% in FY26.
- NIM is likely to remain stable at 3.6-3.65%, driven by a change in the product mix, a decline in the CoB, and better yields from growth in the Corporate segment.
- The company has guided for opex of 1.0-1.1% in FY26.
- It projects Emerging and Affordable Housing in the loan mix to reach 32-34% by FY26 and ~40% by FY27.
- Additionally, the company has guided for NIM to increase to 4.0-4.1% by FY27; it targets to achieve a sustainable RoA of 2.5-2.6% by FY27 (without the benefit of provision write-backs).

### Industry outlook

- FY26 is expected to be far better for the mortgage industry, with declining interest rates likely to drive higher demand and boost volumes.

### Liabilities and CoB trajectory

- Within bank term loans, ~40% is linked to repo and the remaining to MCLR (primarily 1M and 3M MCLR).
- Banks have yet to reduce MCLR rates, but a 10-15bp reduction in CoB is expected over the next 2-3 quarters.

### NIM

- As interest rates decline, the company aims to fine-tune yields to ensure that NIM is protected.

### Asset quality and credit costs

- The company has guided for provision write-backs and negative credit costs throughout FY26, driven by recoveries from the written-off pool.
- Credit costs would have been ~25bp (excluding recoveries).
- There is no haircut when properties are sold in Retail. In Corporate, a potential haircut of 20-25% could apply.
- Retail recoveries stood at INR490m, with 174 properties sold through auctions in 4QFY25.

### Possibility of a credit rating upgrade by the end of the year

- PNBHF received its last credit rating upgrade in 4QFY24 and 1QFY25. Given its strong performance, which is expected to continue, the company expects another credit rating upgrade by the end of the financial year.

- PNBHF is a professionally managed organization, with PNB holding a ~28% stake as the promoter. Even after private equity Carlyle exits, there will be no change in the way PNBHF is currently being run.

### Branch expansions

- PNBHF had 356 branches as of Mar'25. It plans to bring this to 500 branches by Mar'27.
- The company plans to expand affordable branches to 300 by end-FY27 (vs 200 branches as of end-FY25).

### Business update

- Retail loan book grew 18.2% YoY to INR748b.
- The Affordable and Emerging Market segments continue to increase their share, accounting for 26% (PY: 21%) of the Retail Loan Book.
- Despite being a late entrant in the Affordable segment, this performance highlights the significant opportunity within the segment and underscores the strength of its pan-India presence.
- GNPA stood at 1.08%.
- NIM was stable at 3.7% in FY25.
- The Board of Directors recommended a dividend of INR5/share.
- Disbursements grew 25% YoY to INR219b in FY25. The Affordable and Emerging segments contributed ~40% of retail disbursements in 4QFY25.
- The total pan-India branch network stands at 356 branches, including 200 affordable housing branches.
- GNPA improved to 1.08% (PY: 1.5%). One Corporate account, which slipped (in 3QFY25) into Stage 2, has now been rolled back to Stage 1.
- Total recoveries (Retail + Corporate) stood at ~INR3.36b in FY25. The company has a total written-off pool of ~INR10b in Corporate and ~INR4b in Retail.
- Diversified liability profile and improved credit rating enabled the company to reduce its CoB by ~15bp in FY25. PAT in FY25 grew 28% YoY to INR19.4b.
- FY25 RoA stood at 2.55%.
- CRAR stood at ~29.4% (Tier 1: ~28.4%).

### Financial performance

- Retail loans grew 18% YoY.
- CoB declined ~15bp YoY to 7.86% in FY25. CoB in 4QFY25 was 1bp higher due to the higher cost of deposits. The company received ~INR50b from NHB and raised USD350m via ECB during FY25.
- It expects borrowing costs to reduce from 1QFY26 onwards.
- The expansion in NIM was driven by increased growth in the loan book without a corresponding rise in borrowings. This is expected to normalize in 1QFY26.
- The increase in opex is largely due to branch additions. It has also added affordable branches in 4QFY25, which will result in higher opex in the coming year.
- Reported 4QFY25 PAT stood at INR5.5b, up 25% YoY and 14% QoQ.
- FY25 RoA improved to 2.55% (vs FY24 RoA at 2.2%).
- Net worth stood at INR169b; BV stood at INR649/share.

### Prime and emerging segment

- Prime and Emerging segment disbursements grew 17% YoY.
- The company has opened 35 new branches across Prime and Emerging markets, in line with its focus on profitable growth.

### Emerging segment

- Disbursements grew 33% YoY in FY25. 4QFY25 disbursements grew 40% YoY.
- This business is currently generating yields that are ~41bp higher than the Prime business.
- It has opened a few new branches in the Emerging segment. The total distribution size is 79 branches (vs 50 branches as of Mar'24).

### Prime segment

- Disbursements grew 13% YoY in FY25; prime book grew 11% YoY
- Run-off stood at 17% (down ~80bp YoY).
- NHL in the mix grew from 26% to 30%.

### Affordable segment

- Affordable loan book stood at ~INR50.7b, growing 32% QoQ and 180% YoY.
- The company is confident of closing the affordable loan book at ~INR95b by Mar'26.
- In the affordable segment, the bounce rate was at ~15-16% at the industry level, and for PNBHF, it was at 10.5-11%.

### Incremental yields

- The company prioritized volumes and growth in 4Q. The decline in yields is seasonal and is expected to improve again in 1QFY26.
- The target is to improve yields to 12.65% in the affordable segment.
- PNBHF has not taken any PLR rate cuts due to the ~50bp repo Rate cut.
- In FY26, on incremental disbursements, it expects Prime yields of 9.25-9.5%, emerging yields of 10.25%, and affordable yields of up to 12.65%.
- The company launched the LAP vertical, which will offer higher yields.

### Balance transfers

- Within Prime, BT-IN and BT-OUT are almost at similar levels.
- At the Retail level, BT-OUT is 5.5-6.0% and BT-IN is 8%. With the affordable book, BT-IN is 21-22%

### Salaried: Self-employed mix in disbursements

- Prime: 65:35
- Emerging: 60:40
- Affordable: 50:50

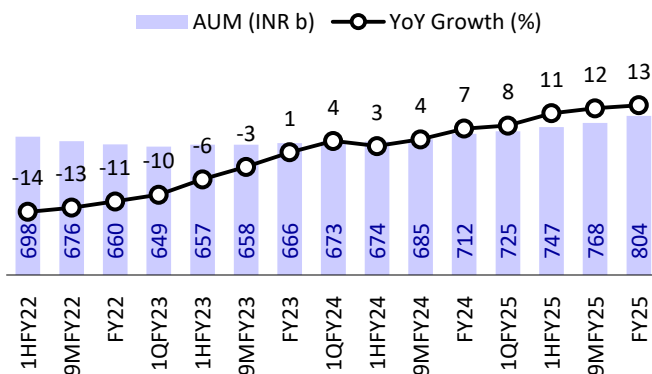
### Others

- The disbursement-to-sanction ratio stood at 66%-67% in 4QFY25.



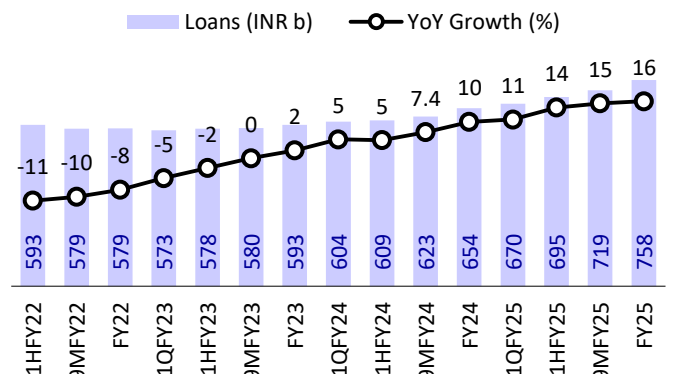
## Key exhibits

**Exhibit 1: AUM grew 13% YoY...**



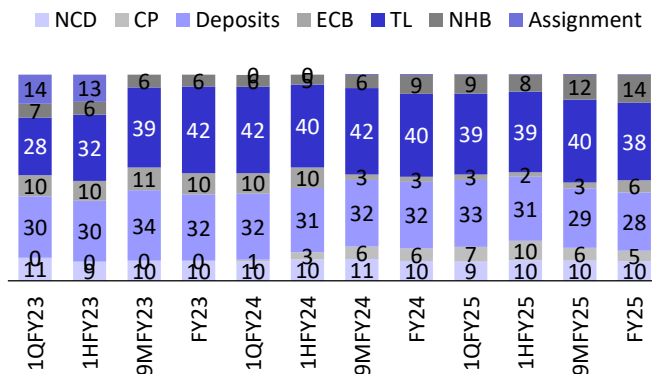
Source: MOFSL, Company

**Exhibit 2: ...while on-book loans grew 16% YoY**



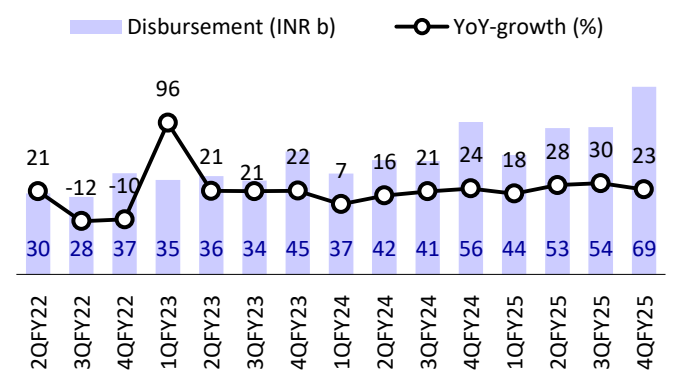
Source: MOFSL, Company

**Exhibit 3: Borrowing mix (%)**



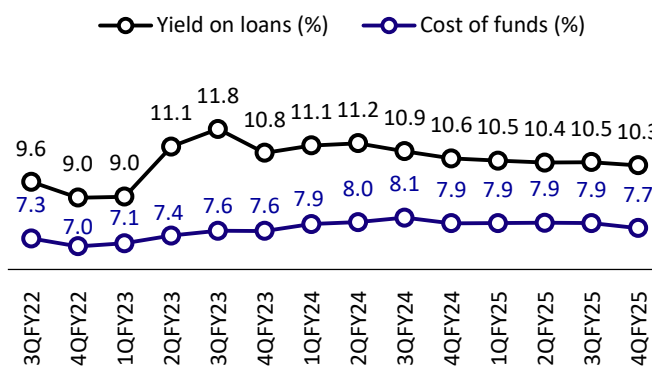
Source: MOFSL, Company

**Exhibit 4: Disbursements in 4QFY25 grew ~23% YoY**



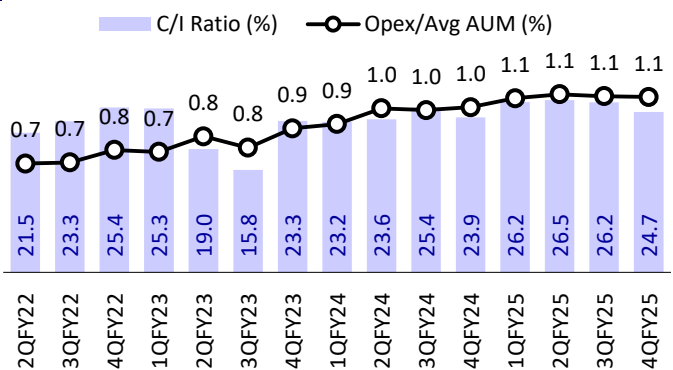
Source: MOFSL, Company

**Exhibit 5: Reported spreads declined ~10bp QoQ (%)**



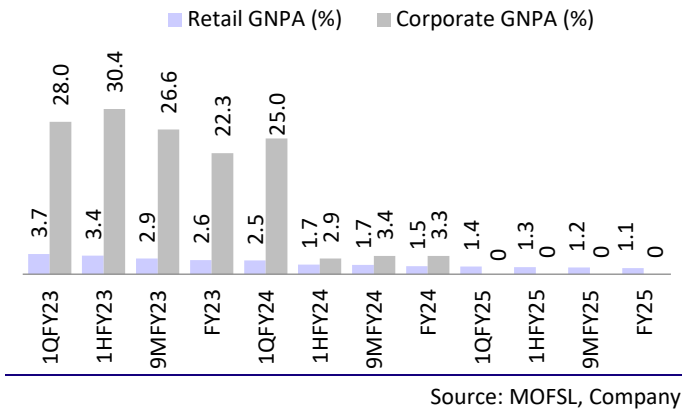
Source: MOFSL, Company, Calculated

**Exhibit 6: C/I ratio improved ~150bp QoQ (%)**

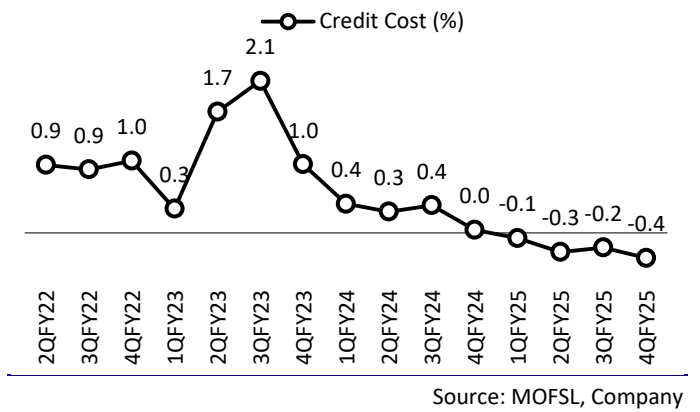


Source: MOFSL, Company, Calculated

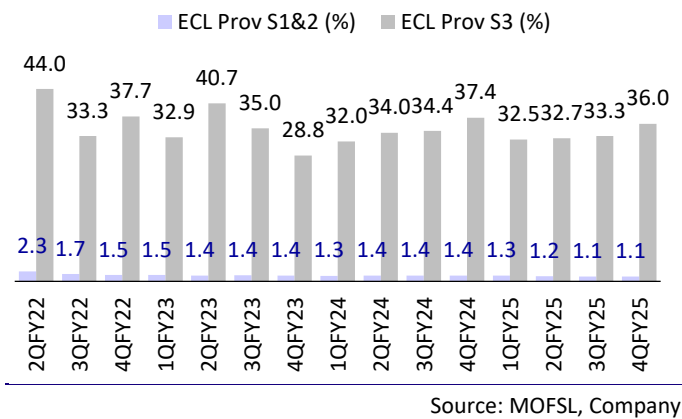
**Exhibit 7: Retail GNPA improved ~12bp QoQ**



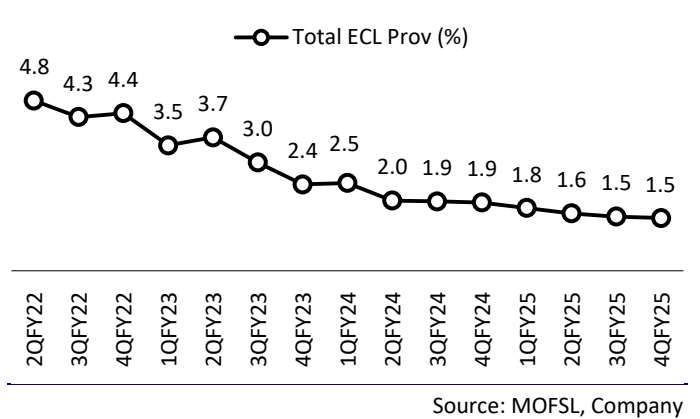
**Exhibit 8: PNBHF took P&L write-backs of ~INR650m (%)**



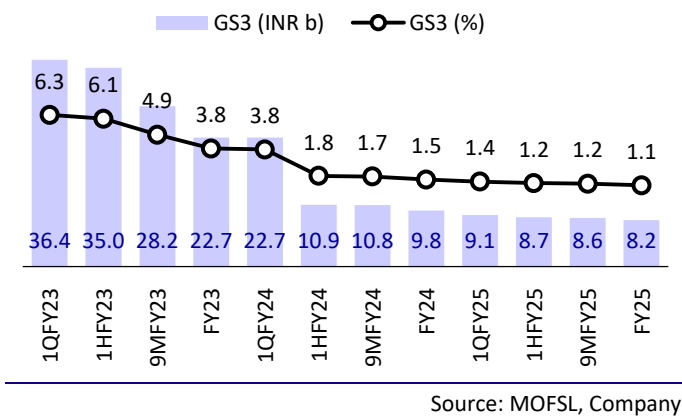
**Exhibit 9: Stage 3 PCR rose ~280bp QoQ...**



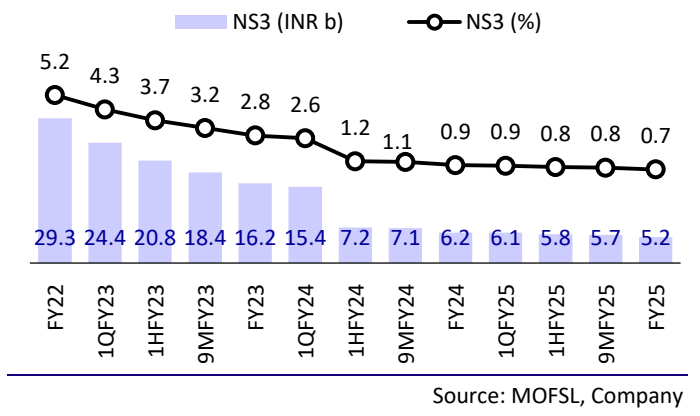
**Exhibit 10: ...while ECL/EAD was stable at ~1.5% of loans**



**Exhibit 11: GS3 improved sequentially by 10bp QoQ**



**Exhibit 12: NS3 also improved ~10bp QoQ**



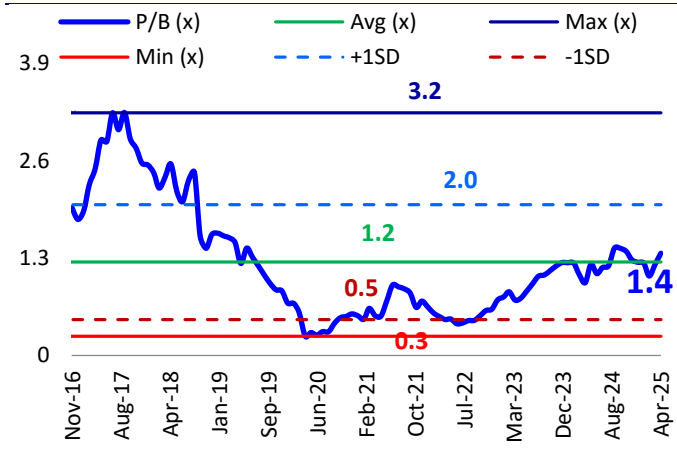


**Exhibit 13: We keep our EPS estimates broadly unchanged**

INR b	Old Est.		New Est.		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
NII	34.1	41.8	32.7	40.6	-4.2	-3.0
Other Income	5.5	7.0	5.5	7.0	-0.5	0.2
<b>Total Income</b>	<b>39.7</b>	<b>48.8</b>	<b>38.2</b>	<b>47.6</b>	<b>-3.7</b>	<b>-2.6</b>
Operating Expenses	9.4	10.7	9.4	10.7	-0.4	0.0
<b>Operating Profits</b>	<b>30.2</b>	<b>38.1</b>	<b>28.8</b>	<b>36.9</b>	<b>-4.7</b>	<b>-3.3</b>
Provisions	0.8	2.4	-0.8	2.0	-200.1	-17.7
<b>PBT</b>	<b>29.4</b>	<b>35.7</b>	<b>29.6</b>	<b>34.9</b>	<b>0.7</b>	<b>-2.3</b>
Tax	6.5	7.9	6.5	7.7	0.7	-2.3
<b>PAT</b>	<b>22.9</b>	<b>27.8</b>	<b>23.1</b>	<b>27.2</b>	<b>0.7</b>	<b>-2.3</b>
Loan book	896	1,073	905	1,080	1.0	0.7
NIM (%)	4.1	4.2	4.0	4.1		
Spreads (%)	2.9	3.1	2.7	3.0		
ROAA (%)	2.5	2.6	2.5	2.5		
RoAE (%)	12.9	13.9	12.9	13.5		

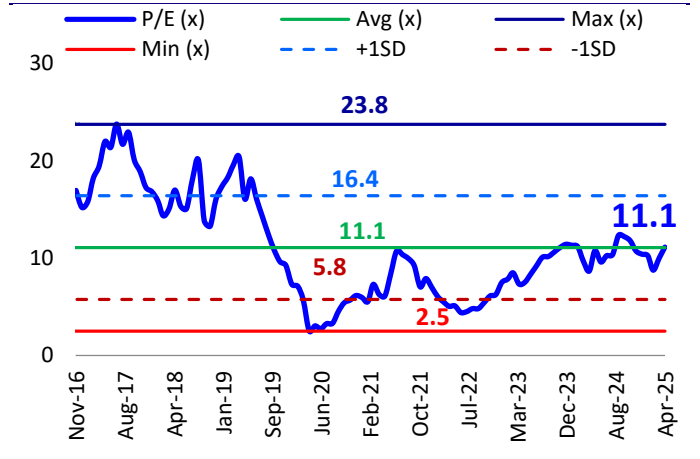
Source: MOFSL estimates

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



Source: MOFSL, Company

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



Source: MOFSL, Company

## Financials and Valuation

Income statement								(INR M)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	67,929	76,882	71,898	58,220	61,991	67,422	72,737	84,879	1,02,349
Interest Expended	51,664	58,750	50,998	40,645	38,985	42,611	45,514	52,182	61,799
<b>Net Interest Income</b>	<b>16,265</b>	<b>18,133</b>	<b>20,901</b>	<b>17,575</b>	<b>23,006</b>	<b>24,811</b>	<b>27,223</b>	<b>32,696</b>	<b>40,550</b>
Change (%)	7.7	11.5	15.3	-15.9	30.9	7.8	9.7	20.1	24.0
Other Operating Income	8,904	8,013	4,343	3,787	3,306	3,149	4,179	5,489	7,040
<b>Net Income</b>	<b>25,169</b>	<b>26,146</b>	<b>25,243</b>	<b>21,363</b>	<b>26,311</b>	<b>27,960</b>	<b>31,402</b>	<b>38,186</b>	<b>47,590</b>
Change (%)	28.9	3.9	-3.5	-15.4	23.2	6.3	12.3	21.6	24.6
Operating Expenses	5,935	5,522	4,554	4,760	5,313	6,710	8,130	9,378	10,736
<b>Operating Income</b>	<b>19,234</b>	<b>20,624</b>	<b>20,689</b>	<b>16,603</b>	<b>20,998</b>	<b>21,250</b>	<b>23,272</b>	<b>28,808</b>	<b>36,854</b>
Change (%)	27.3	7.2	0.3	-19.7	26.5	1.2	9.5	23.8	27.9
Provisions/write offs	1,890	12,514	8,619	5,764	7,389	1,711	-1,585	-826	1,985
<b>PBT</b>	<b>17,344</b>	<b>8,110</b>	<b>12,070</b>	<b>10,840</b>	<b>13,609</b>	<b>19,539</b>	<b>24,858</b>	<b>29,633</b>	<b>34,868</b>
Extraordinary Items	0	0	0	0	0	0	0	0	0
<b>Reported PBT</b>	<b>17,344</b>	<b>8,110</b>	<b>12,070</b>	<b>10,840</b>	<b>13,609</b>	<b>19,539</b>	<b>24,858</b>	<b>29,633</b>	<b>34,868</b>
Tax	5,429	2,201	2,978	2,475	3,149	4,459	5,496	6,519	7,671
Tax Rate (%)	31.3	27.1	24.7	22.8	23.1	22.8	22.1	22.0	22.0
DTL on Special Reserve									
<b>Reported PAT</b>	<b>11,915</b>	<b>5,909</b>	<b>9,092</b>	<b>8,365</b>	<b>10,460</b>	<b>15,080</b>	<b>19,361</b>	<b>23,114</b>	<b>27,197</b>
Change (%)	41.7	-50.4	53.9	-8.0	25.0	44.2	28.4	19.4	17.7
<b>PAT adjusted for EO</b>	<b>11,915</b>	<b>5,909</b>	<b>9,092</b>	<b>8,365</b>	<b>10,460</b>	<b>15,080</b>	<b>19,361</b>	<b>23,114</b>	<b>27,197</b>
Change (%)	41.7	-50.4	53.9	-8.0	25.0	44.2	28.4	19.4	17.7
Proposed Dividend	1,809	0	0	0	0	0	1,300	3,953	4,651

Balance sheet								(INR M)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Capital	1,675	1,682	1,683	1,686	1,689	2,597	2,599	2,599	2,599
Reserves & Surplus	73,764	78,296	87,548	97,030	1,08,448	1,47,147	1,66,032	1,87,846	2,11,091
<b>Net Worth</b>	<b>75,439</b>	<b>79,978</b>	<b>89,230</b>	<b>98,716</b>	<b>1,10,137</b>	<b>1,49,744</b>	<b>1,68,631</b>	<b>1,90,446</b>	<b>2,13,691</b>
<b>Borrowings</b>	<b>7,18,589</b>	<b>6,77,351</b>	<b>5,93,925</b>	<b>5,30,050</b>	<b>5,36,211</b>	<b>5,50,166</b>	<b>6,23,096</b>	<b>7,64,734</b>	<b>9,23,759</b>
Change (%)	33.6	-5.7	-12.3	-10.8	1.2	2.6	13.3	22.7	20.8
Other liabilities	44,662	31,969	30,767	28,530	15,795	24,138	33,476	35,150	36,908
<b>Total Liabilities</b>	<b>8,38,690</b>	<b>7,89,297</b>	<b>7,13,922</b>	<b>6,57,296</b>	<b>6,62,143</b>	<b>7,24,049</b>	<b>8,25,204</b>	<b>9,90,330</b>	<b>11,74,357</b>
<b>Loans</b>	<b>7,42,879</b>	<b>6,66,280</b>	<b>6,06,447</b>	<b>5,53,359</b>	<b>5,78,398</b>	<b>6,41,082</b>	<b>7,46,453</b>	<b>9,05,011</b>	<b>10,80,420</b>
Change (%)	30.0	-10.3	-9.0	-8.8	4.5	10.8	16.4	21.2	19.4
<b>Investments</b>	<b>45,607</b>	<b>20,757</b>	<b>20,448</b>	<b>34,827</b>	<b>31,963</b>	<b>43,460</b>	<b>33,809</b>	<b>37,190</b>	<b>40,909</b>
Change (%)	89.0	-54.5	-1.5	70.3	-8.2	36.0	-22.2	10.0	10.0
Net Fixed Assets	1,083	1,353	1,056	935	839	989	1,222	1,283	1,347
Other assets	49,122	1,00,906	85,971	68,175	50,943	38,517	43,719	46,846	51,681
<b>Total Assets</b>	<b>8,38,690</b>	<b>7,89,297</b>	<b>7,13,922</b>	<b>6,57,296</b>	<b>6,62,143</b>	<b>7,24,049</b>	<b>8,25,204</b>	<b>9,90,330</b>	<b>11,74,357</b>

E: MOFSL Estimates

## Financials and Valuation

Ratios	(%)								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Spreads Analysis (%)</b>									
Avg yield on loans	10.1	10.6	10.9	9.7	10.6	10.7	10.5	10.2	10.3
Avg. cost of funds	8.2	8.4	8.0	7.2	7.3	7.8	7.8	7.5	7.3
Interest Spread	1.9	2.1	2.9	2.4	3.3	2.9	2.7	2.7	3.0
NIM on loans	2.5	2.6	3.3	3.0	4.1	4.1	3.9	4.0	4.1
<b>Profitability Ratios (%)</b>									
RoE	16.9	7.6	10.7	8.9	10.0	11.6	12.2	12.9	13.5
RoA	1.6	0.7	1.2	1.2	1.6	2.2	2.5	2.5	2.5
Int. Expended/Int.Earned	76.1	76.4	70.9	69.8	62.9	63.2	62.6	61.5	60.4
Other Inc./Net Income	35.4	30.6	17.2	17.7	12.6	11.3	13.3	14.4	14.8
<b>Efficiency Ratios (%)</b>									
Op. Exps./Net Income	23.6	21.1	18.0	22.3	20.2	24.0	25.9	24.6	22.6
Empl. Cost/Op. Exps.	51.2	42.2	46.4	45.5	50.1	50.3	51.8	52.6	53.3
<b>Asset Quality (INR m)</b>									
Gross NPA	3,549	18,562	29,990	47,062	22,714	9,840	8,160	9,653	11,463
GNPA ratio	0.5	2.8	4.8	8.2	3.9	1.5	1.1	1.1	1.1
Net NPA	2,784	11,838	17,500	29,312	16,184	6,160	5,220	5,985	7,107
NNPA ratio	0.4	1.8	2.9	5.3	2.8	1.0	0.7	0.7	0.7
CAR	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
<b>VALUATION</b>									
Book Value (INR)	450	476	530	586	652	577	649	733	822
BVPS Growth YoY	14.3	5.6	11.5	10.4	11.4	-11.6	12.5	12.9	12.2
<b>Price-BV (x)</b>			<b>1.9</b>	<b>1.7</b>	<b>1.5</b>	<b>1.7</b>	<b>1.5</b>	<b>1.3</b>	<b>1.2</b>
EPS (INR)	71.1	35.1	54.0	49.6	61.9	58.1	74.5	88.9	104.6
EPS Growth YoY	40.9	-50.6	53.8	-8.2	24.9	-6.3	28.3	19.4	17.7
<b>Price-Earnings (x)</b>		<b>28.0</b>	<b>18.2</b>	<b>19.8</b>	<b>15.9</b>	<b>16.9</b>	<b>13.2</b>	<b>11.1</b>	<b>9.4</b>
Dividend per share (INR)	9.0	0.0	0.0	0.0	0.0	0.0	5.0	15.2	17.9
<b>Dividend yield (%)</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>1.5</b>	<b>1.8</b>

E: MOFSL Estimates

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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

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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

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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

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