

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.Agarwal@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.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

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
Net Interest Income	6,194	6,456	5,929	6,232	6,421	6,618	6,905	7,279	24,811	27,223	7,009	4
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
Total Income	6,602	7,221	6,694	7,443	7,352	7,612	7,852	8,587	27,960	31,402	8,242	4
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	
Operating Profits	5,072	5,519	4,994	5,665	5,422	5,591	5,795	6,464	21,250	23,272	6,085	6
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
Profit before Tax	4,467	5,071	4,403	5,598	5,542	6,047	6,157	7,112	19,539	24,858	6,473	10
Tax Provisions	994	1,241	1,019	1,206	1,214	1,351	1,324	1,608	4,459	5,496	1,440	12
Profit after tax	3,473	3,830	3,384	4,393	4,328	4,697	4,833	5,504	15,080	19,361	5,033	9
YoY Growth (%)	47.8	45.8	25.8	57.3	24.6	22.6	42.8	25.3	44.2	28.4	14.6	
Key Operating Parameters (%)												
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				
Balance Sheet Parameters												
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				
Asset Quality Parameters (%)												
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

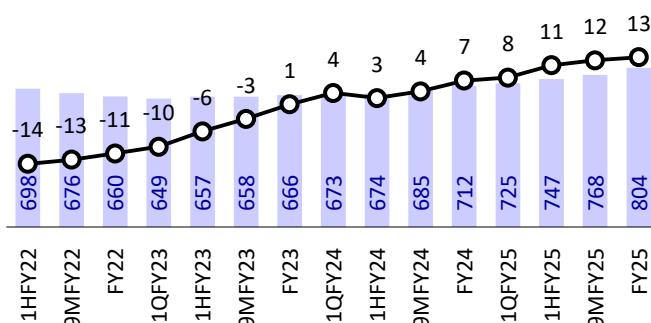
Others

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

Key exhibits

Exhibit 1: AUM grew 13% YoY...

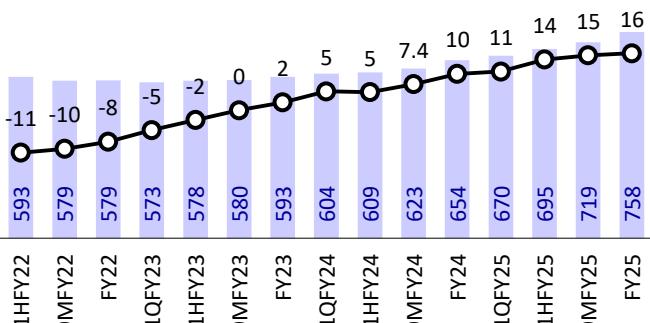
■ AUM (INR b) —○— YoY Growth (%)



Source: MOFSL, Company

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

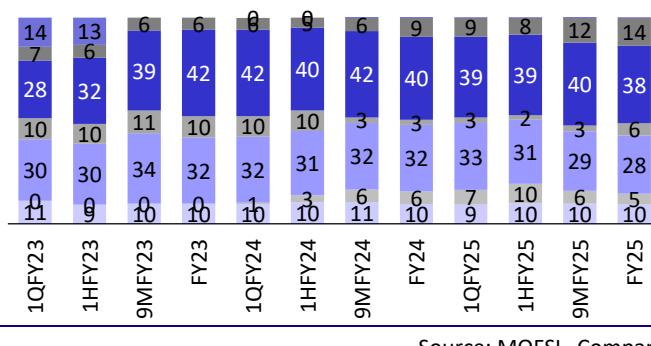
■ Loans (INR b) —○— YoY Growth (%)



Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)

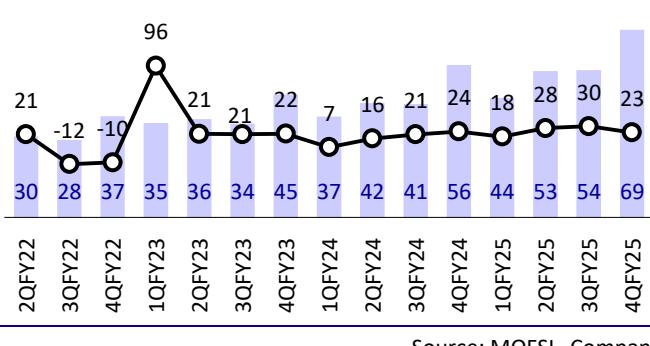
■ NCD ■ CP ■ Deposits ■ ECB ■ TL ■ NHB ■ Assignment



Source: MOFSL, Company

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

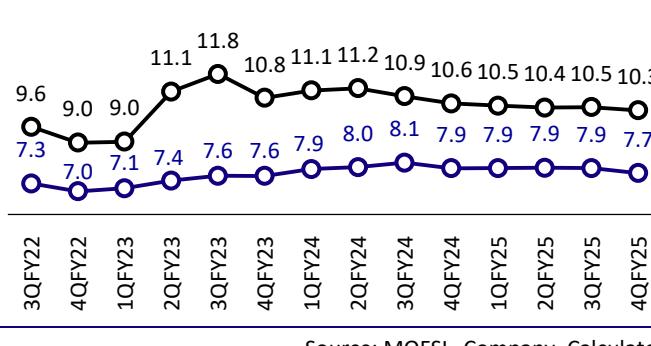
■ Disbursement (INR b) —○— YoY-growth (%)



Source: MOFSL, Company

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

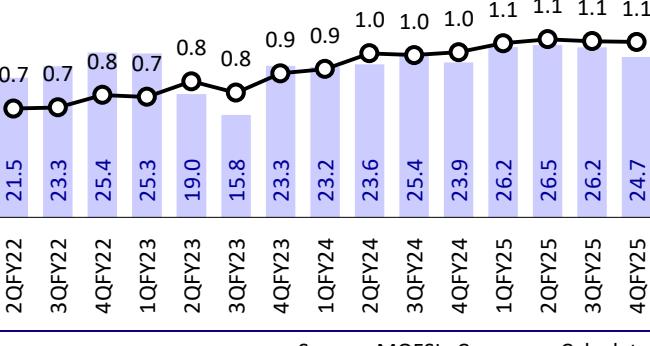
—○— Yield on loans (%) ■ Cost of funds (%)



Source: MOFSL, Company, Calculated

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

■ C/I Ratio (%) —○— Opex/Avg AUM (%)



Source: MOFSL, Company, Calculated

Exhibit 7: Retail GNPA improved ~12bp QoQ

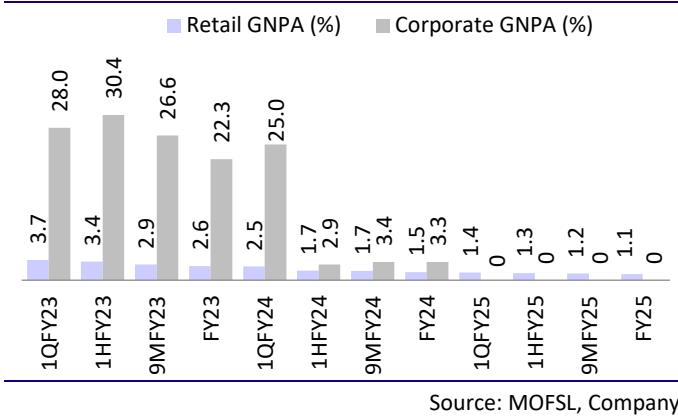


Exhibit 8: PNBHF took P&L write-backs of ~INR650m (%)

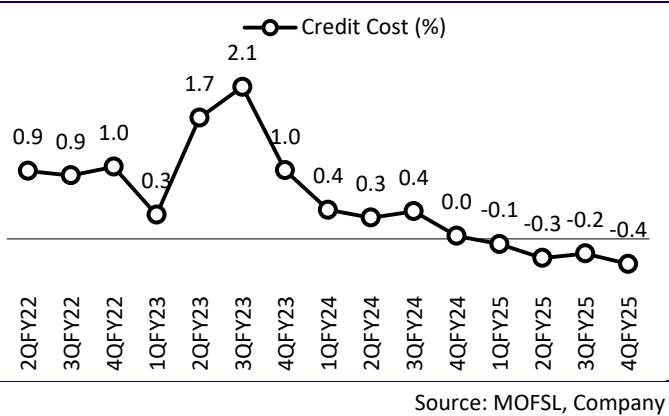


Exhibit 9: Stage 3 PCR rose ~280bp QoQ...

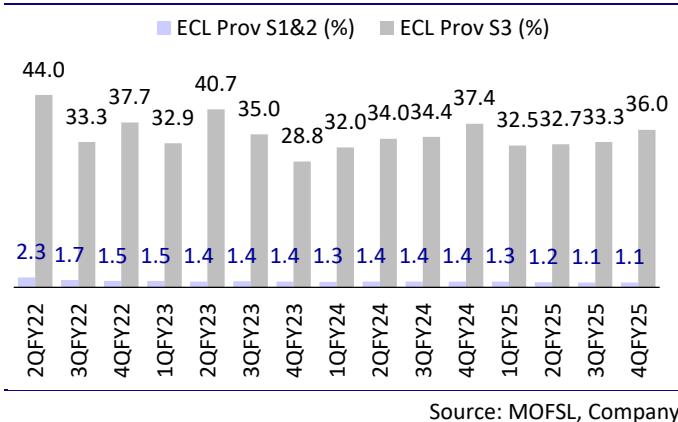


Exhibit 10: ...while ECL/EAD was stable at ~1.5% of loans

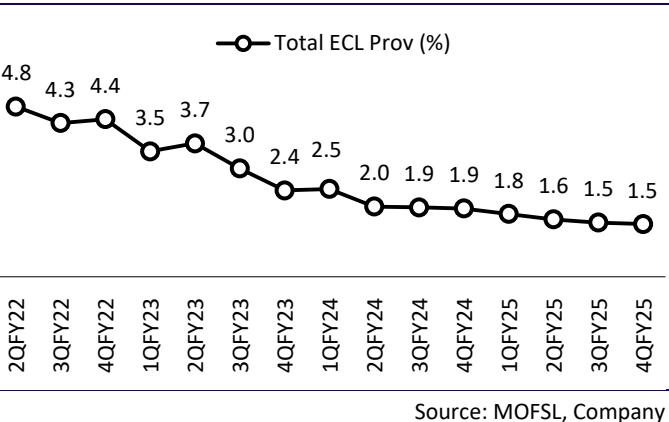


Exhibit 11: GS3 improved sequentially by 10bp QoQ

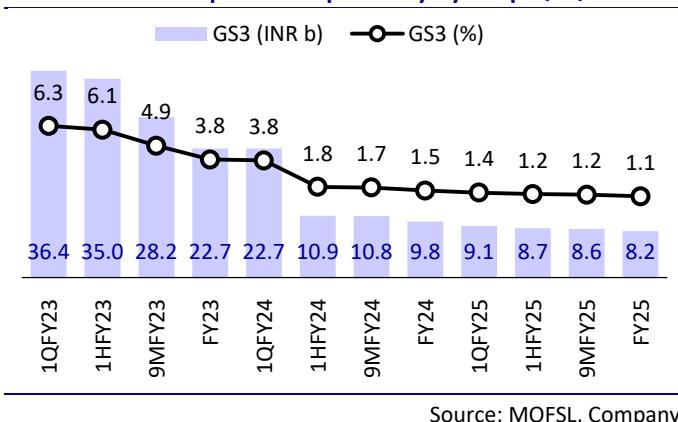


Exhibit 12: NS3 also improved ~10bp QoQ

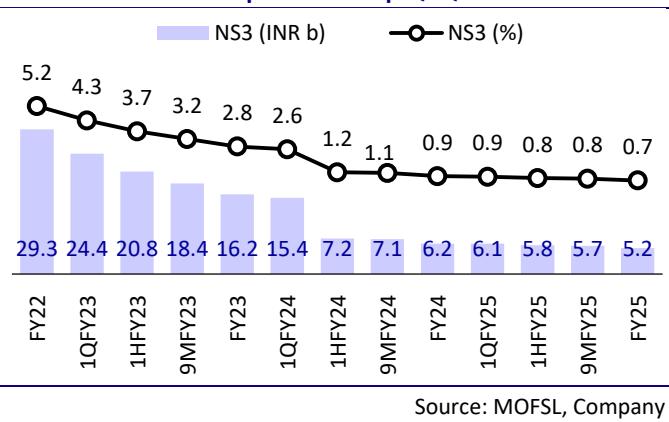


Exhibit 13: We keep our EPS estimates broadly unchanged

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
Total Income	39.7	48.8	38.2	47.6	-3.7	-2.6
Operating Expenses	9.4	10.7	9.4	10.7	-0.4	0.0
Operating Profits	30.2	38.1	28.8	36.9	-4.7	-3.3
Provisions	0.8	2.4	-0.8	2.0	-200.1	-17.7
PBT	29.4	35.7	29.6	34.9	0.7	-2.3
Tax	6.5	7.9	6.5	7.7	0.7	-2.3
PAT	22.9	27.8	23.1	27.2	0.7	-2.3
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

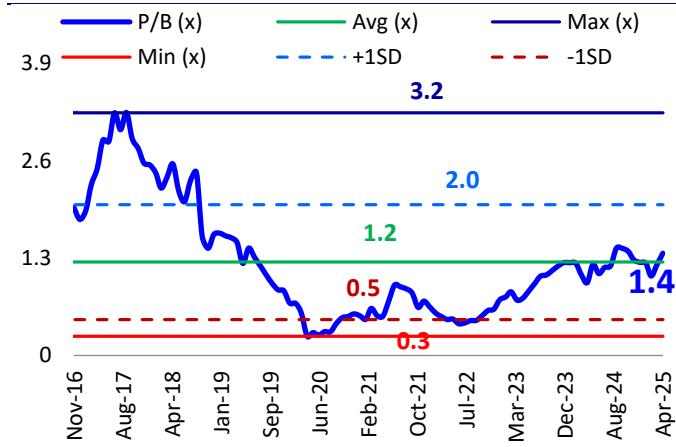
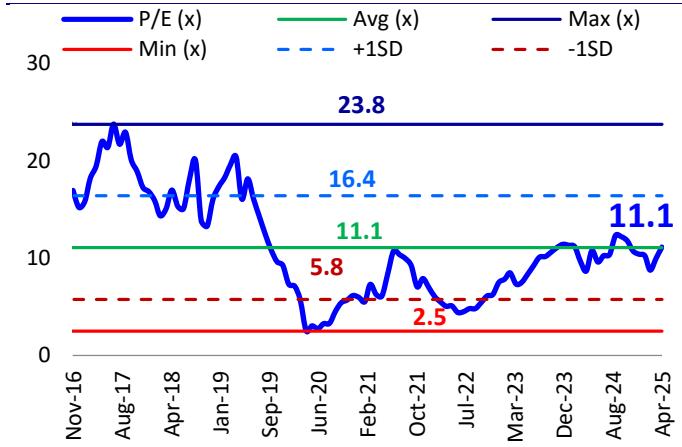


Exhibit 15: One-year forward P/E



Financials and Valuation

Income statement									
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
Net Interest Income	16,265	18,133	20,901	17,575	23,006	24,811	27,223	32,696	40,550
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
Net Income	25,169	26,146	25,243	21,363	26,311	27,960	31,402	38,186	47,590
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
Operating Income	19,234	20,624	20,689	16,603	20,998	21,250	23,272	28,808	36,854
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
PBT	17,344	8,110	12,070	10,840	13,609	19,539	24,858	29,633	34,868
Extraordinary Items	0	0	0	0	0	0	0	0	0
Reported PBT	17,344	8,110	12,070	10,840	13,609	19,539	24,858	29,633	34,868
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									
Reported PAT	11,915	5,909	9,092	8,365	10,460	15,080	19,361	23,114	27,197
Change (%)	41.7	-50.4	53.9	-8.0	25.0	44.2	28.4	19.4	17.7
PAT adjusted for EO	11,915	5,909	9,092	8,365	10,460	15,080	19,361	23,114	27,197
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									
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
Net Worth	75,439	79,978	89,230	98,716	1,10,137	1,49,744	1,68,631	1,90,446	2,13,691
Borrowings	7,18,589	6,77,351	5,93,925	5,30,050	5,36,211	5,50,166	6,23,096	7,64,734	9,23,759
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
Total Liabilities	8,38,690	7,89,297	7,13,922	6,57,296	6,62,143	7,24,049	8,25,204	9,90,330	11,74,357
Loans	7,42,879	6,66,280	6,06,447	5,53,359	5,78,398	6,41,082	7,46,453	9,05,011	10,80,420
Change (%)	30.0	-10.3	-9.0	-8.8	4.5	10.8	16.4	21.2	19.4
Investments	45,607	20,757	20,448	34,827	31,963	43,460	33,809	37,190	40,909
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
Total Assets	8,38,690	7,89,297	7,13,922	6,57,296	6,62,143	7,24,049	8,25,204	9,90,330	11,74,357

E: MOFSL Estimates

Financials and Valuation

Ratios		(%)							
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Spreads Analysis (%)									
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
Profitability Ratios (%)									
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
Efficiency Ratios (%)									
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
Asset Quality (INR m)									
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
VALUATION									
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
Price-BV (x)			1.9	1.7	1.5	1.7	1.5	1.3	1.2
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
Price-Earnings (x)		28.0	18.2	19.8	15.9	16.9	13.2	11.1	9.4
Dividend per share (INR)	9.0	0.0	0.0	0.0	0.0	0.0	5.0	15.2	17.9
Dividend yield (%)			0.0	0.0	0.0	0.0	0.5	1.5	1.8

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. 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, 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") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does 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 an officer, director or employee of subject company(ies).

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(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or 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 alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

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

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

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

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

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrivances@motilaloswal.com.