

## PNB Housing

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	PNBHOUSI IN
Equity Shares (m)	260
M.Cap.(INRb)/(USDb)	282.7 / 3.3
52-Week Range (INR)	1202 / 741
1, 6, 12 Rel. Per (%)	4/11/35
12M Avg Val (INR M)	2020

### Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
NII	27.2	31.5	39.5
PPP	23.3	27.5	35.9
PAT	19.4	23.0	26.5
EPS (INR)	74	89	102
EPS Gr. (%)	28	19	15
BV/Sh. (INR)	649	732	819
<b>Ratios</b>			
NIM (%)	3.9	3.8	4.0
C/I ratio (%)	25.9	25.1	22.7
RoAA (%)	2.5	2.5	2.5
RoE (%)	12.2	12.8	13.2
<b>Valuations</b>			
P/E (x)	14.6	12.3	10.6
P/BV (x)	1.7	1.5	1.3
Div. Yield (%)	0.5	1.4	1.6

### Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	28.1	28.1	28.1
DII	38.0	29.9	10.9
FII	24.2	21.4	17.9
Others	9.7	20.6	43.0

FII Includes depository receipts

**CMP: INR1,087** **TP: INR1,300 (+20%)** **Buy**

### Tracking well on guidance; stable NIM a positive

Retail loan growth of ~18% YoY; NIM guidance revised upward to ~3.7%

- PNB Housing (PNBHF) kicked off FY26 on a strong note with a well-rounded performance, marked by: 1) a healthy retail loan growth of ~18% YoY, 2) stable NIM of ~3.74% in a declining rate environment, 3) minor improvement in asset quality despite a weak seasonality in 1Q, and 4) sustained recoveries from its retail and corporate written-off pool, which resulted in continued provision write-backs. PNBHF's 1QFY26 PAT grew 23% YoY to ~INR5.3b (~5% beat).
- NII in 1QFY26 rose ~16% YoY to ~INR7.5b (in line). Other income grew 9% YoY to INR1b. Opex rose ~12% YoY/2% QoQ to ~INR2.2b (in line). PPOP grew ~17% YoY to INR6.3b (in line). Credit costs, net of recoveries, resulted in a write-back of ~INR562m (vs. estimated write-backs of INR162m), which led to net credit costs of -30bp (PQ: -35bp and PY: -7bp).
- PNBHF is steadily shifting towards higher-yielding products by moderating growth in the prime segment and intensifying focus on affordable and emerging segments. The company also revised its NIM guidance upward to ~3.7% (from 3.6-3.65% earlier). It remains focused on keeping NIM steady (in the near term), with subsequent expansion to 4.0-4.1% in FY27. Management also anticipates a credit rating upgrade to AAA over the next 4-5 quarters.
- Total GNPA/NNPA stood at ~1.06%/0.7% (% of loan assets) and exhibited a minor improvement despite a weak seasonality in the first quarter of the fiscal year. Retail GNPA also exhibited a minor improvement to 1.07%, while corporate GNPA has been NIL for the past five quarters.
- We continue to believe in our thesis of a transformation at PNBHF and in the management's ability to drive profitability 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 resume corporate disbursements later this year, which will also provide some support to yields and NIM.
- We expect PNBHF to post a CAGR of 19%/17% in loans/PAT over FY25-27 and ~2.5%/13.2% RoA/RoE in FY27. **Reiterate BUY with an unchanged TP of INR1,300 (based on 1.6x Mar'27E BVPS).**

### Highlights from the management commentary

- The affordable portfolio is maturing well and outperforming industry benchmarks. In steady state, management has guided for credit costs in the affordable segment at around ~25bp, with minimal variation between credit costs in the prime (19-20bps) and emerging (20-23bps) segments.
- Management highlighted that a dedicated NHL team has been established across 10 key markets to drive growth in NHL, with management guiding for quarterly disbursements of INR1.0-1.5b going forward.
- The company implemented a 10bp reduction in its PLR, effective Jul'25.
- PNBHF targets to reach ~14% RoE in the next three years, supported by a rising share of high-margin products.

**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.

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### Valuation and view

- PNBHF reported a strong all-round performance in 1QFY26, supported by solid execution that translated into healthy loan growth, minor improvement in asset quality, stable margin, and robust profitability. PNBHF is strategically focused on maintaining profitability through disciplined margin management, driven by a strategic shift toward higher-yielding affordable and emerging housing segments, coupled with a cautious resumption of corporate disbursements. Its commitment to controlled growth and prudent asset quality management has positioned it favorably for sustained execution.
- The stock trades at 1.3x 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 the Retail segment (across emerging and affordable segments). **Reiterate BUY with a TP of INR1,300 (based on 1.6x Mar'27E BVPS).**
- **Key risks:** a) the inability to drive NIM expansion in FY27 amid aggressive competition in mortgages, b) subsequent seasoning in the affordable/emerging loan book leading to asset quality deterioration and elevated credit costs, and c) while not imminent, RBI's October 4 draft circular on bank ownership in group NBFCs could potentially lead to a further reduction in PNB's stake in PNBHF.

## Quarterly performance

(INR M)

	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Interest Income	17,391	17,803	18,484	19,059	19,804	20,279	20,948	21,902	72,737	82,932	19,479	2
Interest Expenses	10,969	11,185	11,579	11,781	12,344	12,628	12,981	13,503	45,514	51,456	12,063	2
<b>Net Interest Income</b>	<b>6,421</b>	<b>6,618</b>	<b>6,905</b>	<b>7,279</b>	<b>7,460</b>	<b>7,651</b>	<b>7,967</b>	<b>8,398</b>	<b>27,223</b>	<b>31,476</b>	<b>7,415</b>	<b>1</b>
YoY Growth (%)	3.66	2.5	16.5	16.8	16.17	15.6	15.4	15.4	9.7	15.6	15.5	
Other income	930	994	947	1,309	1,015	1,137	1,296	1,840	4,179	5,288	1,178	-14
<b>Total Income</b>	<b>7,352</b>	<b>7,612</b>	<b>7,852</b>	<b>8,587</b>	<b>8,475</b>	<b>8,788</b>	<b>9,263</b>	<b>10,238</b>	<b>31,402</b>	<b>36,764</b>	<b>8,593</b>	<b>-1</b>
YoY Growth (%)	11.3	5.4	17.3	15.4	15.3	15.5	18.0	19.2	12.3	17.1	16.9	
Operating Expenses	1,929	2,020	2,057	2,124	2,158	2,266	2,334	2,469	8,130	9,226	2,187	-1
YoY Growth (%)	26.1	18.7	21.0	19.4	11.9	12.2	13.5	16.3	21.2	13.5	13.4	
<b>Operating Profits</b>	<b>5,422</b>	<b>5,591</b>	<b>5,795</b>	<b>6,464</b>	<b>6,317</b>	<b>6,522</b>	<b>6,929</b>	<b>7,769</b>	<b>23,272</b>	<b>27,538</b>	<b>6,406</b>	<b>-1</b>
YoY Growth (%)	6.9	1.3	16.0	14.1	16.5	16.7	19.6	20.2	9.5	18.3	18.1	
Provisions	-120	-456	-361	-648	-562	-573	-516	-327	-1,585	-1,979	-162	247
<b>Profit before Tax</b>	<b>5,542</b>	<b>6,047</b>	<b>6,157</b>	<b>7,112</b>	<b>6,879</b>	<b>7,096</b>	<b>7,445</b>	<b>8,097</b>	<b>24,858</b>	<b>29,517</b>	<b>6,568</b>	<b>5</b>
Tax Provisions	1,214	1,351	1,324	1,608	1,544	1,582	1,638	1,729	5,496	6,494	1,511	2
<b>Profit after tax</b>	<b>4,328</b>	<b>4,697</b>	<b>4,833</b>	<b>5,504</b>	<b>5,335</b>	<b>5,513</b>	<b>5,807</b>	<b>6,367</b>	<b>19,361</b>	<b>23,023</b>	<b>5,057</b>	<b>5</b>
YoY Growth (%)	24.6	22.6	42.8	25.3	23.3	17.4	20.2	15.7	28.4	18.9	16.8	

## Key Operating Parameters (%)

Rep. Yield on loans	10.03	10.05	10.12	10.03	9.99							
Rep. Cost of funds	7.92	7.84	7.83	7.84	7.76							
Spreads	2.11	2.21	2.29	2.19	2.23							
Net Interest Margins	3.65	3.68	3.70	3.75	3.74							
Cost to Income Ratio	26.2	26.5	26.2	24.7	25.5							
Credit Cost	-0.07	-0.27	-0.20	-0.35	-0.29							
Tax Rate	21.9	22.3	21.5	22.6	22.4							

## Balance Sheet Parameters

Loans (INR B)	670	695	719	758	777							
Change YoY (%)	15.1	14.2	15.4	15.9	16.04							
AUM (INR B)	725	747	768	804	821							
Change YoY (%)	11.0	10.8	12.1	12.8	13.2							
Borrowings (Ex Assgn.) (INR B)	557	570	599	623	648							
Change YoY (%)	8.2	6.5	12.8	13.2	16.3							
Loans / Borrowings (%)	120.2	121.9	120.1	121.6	119.9							
Off BS loans/AUM (%)	10.7	7.0	6.4	5.8	5.3							
Debt/Equity (x)	3.6	3.6	3.7	3.7	3.7							

## Asset Quality Parameters (%)

GS 3 (INR Mn)	9,060	8,650	8,570	8,160	8,250							
Gross Stage 3 (% on loans)	1.35	1.24	1.19	1.08	1.06							
NS 3 (INR Mn)	6,120	5,820	5,720	5,220	5,330							
Net Stage 3 (% on loans)	0.92	0.84	0.80	0.69	0.69							
PCR (%)	32.45	32.7	33.3	36.0	35.39							

E: MOFSL Estimates

### Healthy retail loan growth of 18% YoY; disbursements up ~14% YoY

- Retail disbursements in 1QFY26 grew 14% YoY to ~INR49.8b. Corporate disbursements were NIL during the quarter. The affordable and emerging segments contributed ~50% to 1QFY26 retail disbursements.
- Total loan book grew ~16% YoY/3% QoQ to ~INR777b. Retail loans grew ~18% YoY to INR769b as of Jun'25. Affordable and emerging loans form ~37% of the retail loan assets. As of Jun'25, the affordable book grew to ~INR57.4b (PQ: ~INR50.7b), up 143% YoY. We expect a total loan CAGR of ~19% over FY25-27.
- In 1QFY26, 20 branches were reclassified from the prime segment to the emerging markets segment. Accordingly, past data has also been recasted for like-to-like comparison.

### Reported NIMs stable sequentially; spreads up ~5bp QoQ

- Reported NIM in 1QFY26 was stable QoQ at 3.74% (PQ: 3.75%). Yields declined ~4bp QoQ to 10%. Portfolio CoB declined ~8bp QoQ to 7.75% and incremental CoF declined ~40bp QoQ to 7.4% (PQ: 7.8%).
- Management revised its NIM guidance upwards to ~3.7% (from 3.6-3.65% previously), supported by a favorable shift in the product mix and a reduction in the cost of borrowings. We model NIM (calc.) of 3.8%/4% for FY26/FY27.

### Minor improvement in asset quality; benign credit costs driven by recoveries

- Total GNPA/NNPA ratios stood at ~1.06%/0.69% (% of loan assets) and exhibited a minor improvement despite the seasonality in the first quarter of the fiscal year. Retail GNPA was also stable at 1.07%, while Corporate GNPA was NIL (like last quarter).
- PNBHF shared that recoveries from the retail book stood at ~INR400m and recoveries from the corporate book stood at ~INR170m in 1QFY26.
- The company has a written-off pool of ~INR7b in the corporate segment and ~INR4b in the retail segment. Management guided for provision write-backs and negative credit costs for the next 5-6 quarters, driven by recoveries from the written-off pool. We model credit costs of -25bp/20bp for FY26/FY27.

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

- As of Mar'25, PNBHF's affordable housing book grew ~13% QoQ and 143% YoY to ~INR57.4b, driven by a ~31% YoY surge in disbursements to ~INR7.65b. The company expects to grow its affordable loan book to ~INR95b by Mar'26.
- PNBHF's emerging markets loan book stood at ~INR227b, accounting for ~30% of its retail assets as of Jun'25.
- Incremental yields in the affordable segment stood at ~12.1% (vs. ~11.7% in 4QFY25). The company indicated that it will continue to focus on high-yielding emerging and affordable segments and will moderate its loan growth in the prime segment.



## Highlights from the management commentary

### Guidance

- PNBHF increased the NIM guidance to 3.7% (from 3.6-3.65% previously).
- It guided for opex/assets in the range of ~1%-1.1%.
- The company plans to add 50 branches in FY26, with a focus on emerging and affordable segments.
- It guided for GNPA at ~1%.
- It targets to reach 14% RoE in the next three years, supported by the rising share of high-margin products.
- It guided for retail loan growth of 18% YoY (guidance maintained).
- RoA is expected to be maintained at ~2.5% despite the declining interest rate environment, with cost of borrowing expected to trend lower.

### Opening remarks

- RBI's 50bp policy rate cut is seen as a positive for the housing sector and should support real estate demand.
- PNBHF reported a 16% YoY growth in its total loan book to INR777b, with retail book growing ~18%.
- Affordable and emerging segments now contribute 37% to the total retail portfolio.
- Collection efficiency remains strong. Further, recoveries remained healthy during the quarter, with total recoveries of INR570m (including retail and Corporate).
- GNPA improved to 1.06% with a target of reaching GNPA of 1%.
- RoA in 1QFY26 stood at 2.57%, while NIMs remained broadly stable QoQ at 3.74%.

### Yields, CoB, and NIM

- Incremental yield in the affordable segment rose to 12.1% (vs. 11.6% last year), aided by the portfolio mix shift and deeper presence in high-yield regions.
- Management expects NIMs to improve from 3.6-3.65% to 3.7% in FY26. The company aims to take this to ~4.0-4.1% by FY27, supported by lower cost of funds and improvement in affordable/emerging in the mix.
- The launch of the LAP vertical this year is also expected to aid margin expansion.
- CoB reduced ~8bp to 7.76%. Further, incremental borrowing rate dropped ~39bp QoQ to 7.44%.
- PNBHF has reduced its PLR rate by 10bp effective 1st Jul'25.

### Disbursement strategy and branch expansion

- The company continues to pivot towards high-yielding products, with slower growth in the prime segment and increased focus on the affordable and emerging segments.
- Out of 356 branches, 200 are focused on affordable lending and 20 have been reclassified from the prime to emerging segment based on the potential for higher yield generation. Total emerging branches now stand at 80.

- The company plans to add 50 branches in FY26, primarily focused on the emerging and affordable segments.

### Prime and emerging segment update

- The company continues to prioritize margins by moderating growth in the prime segment while accelerating growth in the affordable/emerging segment.
- The emerging market loan book grew 32% YoY.
- The emerging segment delivers ~35bp higher yield compared to the prime segment.
- NHL now contributes ~29-30% to the total mix, with a focus on scaling the business profitably.
- A dedicated NHL team has been set up across 10 markets to support this strategy. Management expects NHL disbursements of INR1b-INR1.5b per quarter going forward.
- The prime segment's disbursements grew just 1% YoY in 1QFY26 due to seasonal softness and the impact of repo rate cuts.
- Disbursement growth in the prime segment was guided at 12-13%, with loan book growth of 8-9%.
- The prime segment will remain balanced, while the company aims to increase its focus on affordable and emerging segments, which already contribute 50% to disbursements.

### Financial performance

- Overall loan book grew 16% YoY; retail loan book rose 18% YoY.
- 1QFY26 yield stood at 9.99%, marginally down from 10.03%.
- NIMs stable at 3.74%, supported by a declining cost of funds.
- Operating expenses grew 12% YoY but remained lower than the loan growth, resulting in operating leverage.
- The company maintained opex guidance at 1.0-1.1% of average loan assets.
- Credit costs remained negative at 27bp, supported by recoveries of INR570m.
- RoA improved to 2.57% and RoE stood at 12.4%.
- CRAR remains strong at 29.9% and BVPS at INR673.

### Affordable housing

- The affordable housing loan book stood at INR57b as of 1QFY26, registering a sharp 143% YoY growth.
- Disbursements grew 35% YoY to INR7.5b, driven by rising contribution from Tier-3 and Tier-4 markets and a sharper focus on high-yielding customers.
- All new branches opened last year are now contributing meaningfully, with new markets like Punjab, Chhattisgarh, and the Northeast seeing traction.
- The self-employed borrower mix rose to 41%, indicating a conscious effort to improve yield profile.
- Bounce rates in affordable housing were well below peers and the industry.
- BT-IN stood at 12% and BT-OUT at 1% in 1QFY26.

### Asset quality and credit costs

- The affordable portfolio is maturing well, performing better than industry averages.

- GNPA stood at 0.33%, with peak GNPA expected at ~1-1.1%.
- Within the affordable segment, risk segmentation stands at 20% high risk, 60% medium risk, and 20% low risk.
- In steady state, credit costs for the affordable segment are guided at 25bp. There is minimal difference in credit costs between prime (19-20 bp) and emerging (20-23 bp).
- Total recoveries stood at INR570m during the quarter - INR400m in retail and INR170m in corporate.
- The company had an outstanding written-off pool of INR7b in the corporate segment and INR4b in the retail segment, as of Jun'25

#### **Shift toward emerging and affordable segments**

- Management plans to shift the business mix entirely to the affordable and emerging segments over the next 4-5 years.
- LAP and NHL are expected to be the key focus areas, with selective expansion in markets yielding higher returns.

#### **Credit rating**

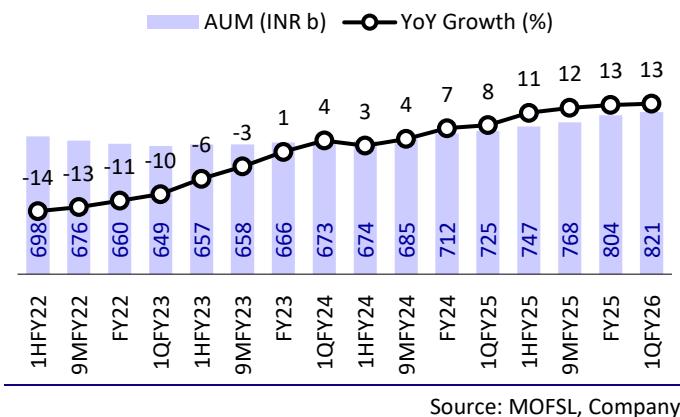
- Management expects a credit rating upgrade to AAA in the next 4-5 quarters, with discussions already underway.

#### **Others**

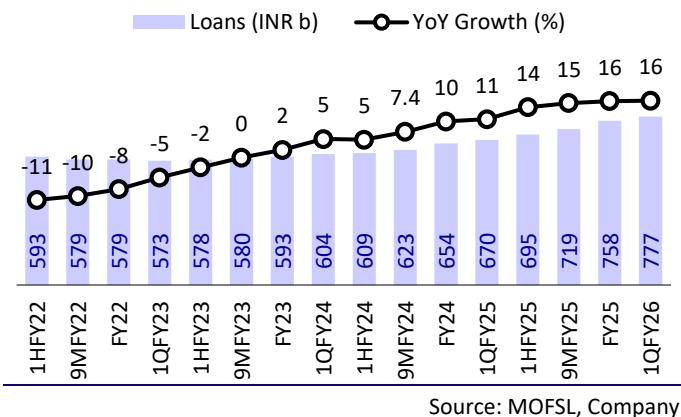
- Yield difference between segments is expected to widen further as the affordable and emerging segments scale up.
- The company does not have an overlap with MFI customers, minimizing asset quality risks.
- Overall yield in the affordable segment stood at 12.6-12.65% and is expected to move closer to 13% in FY27.
- Overall LTV stands at 66-67%, while in affordable, it is lower at ~53-54%.
- The sanction-to-disbursement ratio is healthy at 64%.

## Key exhibits

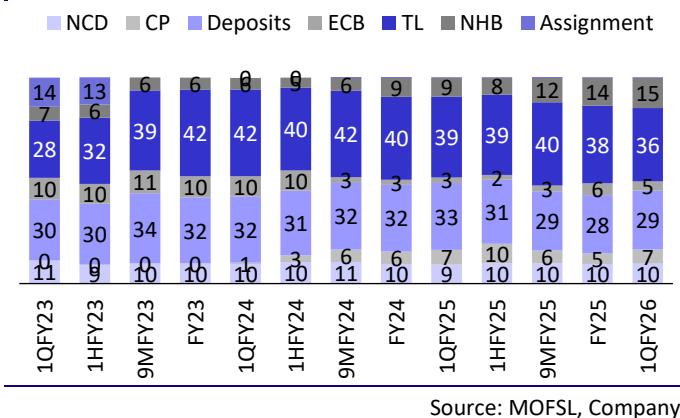
### Exhibit 1: AUM grew 13% YoY



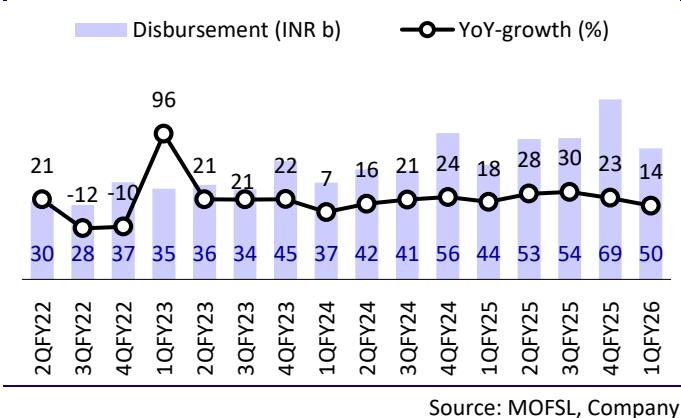
### Exhibit 2: ...while on-book loans grew 16% YoY



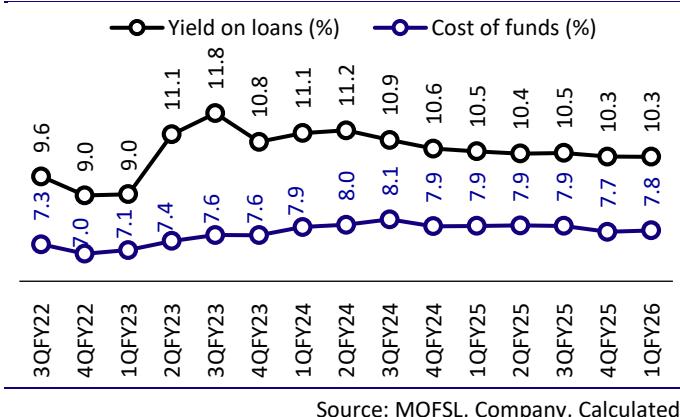
### Exhibit 3: Borrowing mix (%)



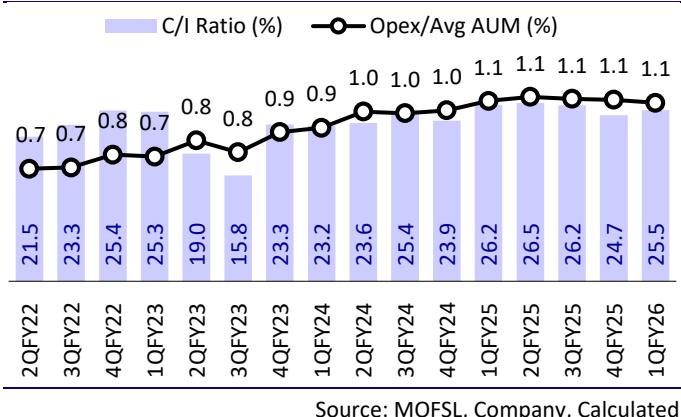
### Exhibit 4: Disbursements in 1QFY26 grew ~14% YoY



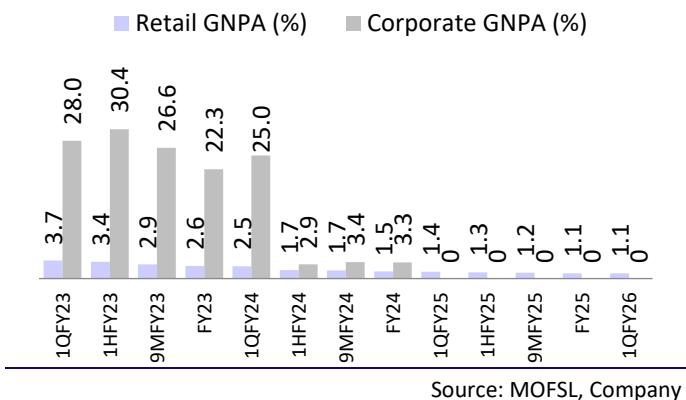
### Exhibit 5: Reported spreads rose ~5bp QoQ (%)



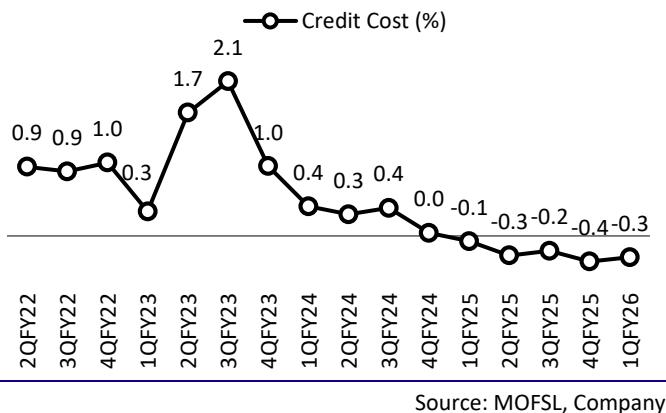
### Exhibit 6: C/I ratio rose ~80bp QoQ (%)



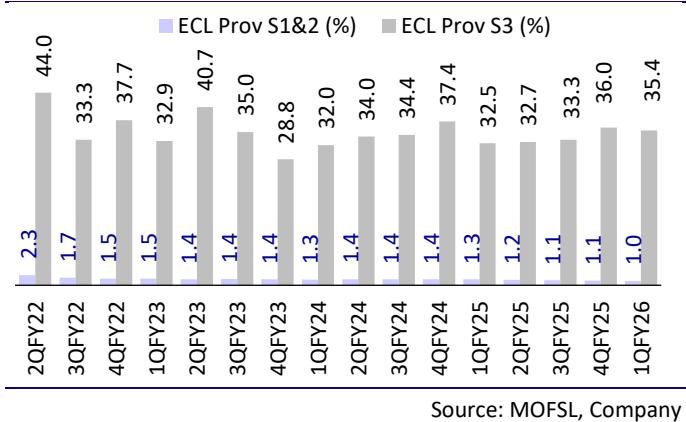
**Exhibit 7: Retail GNPA remained stable QoQ**



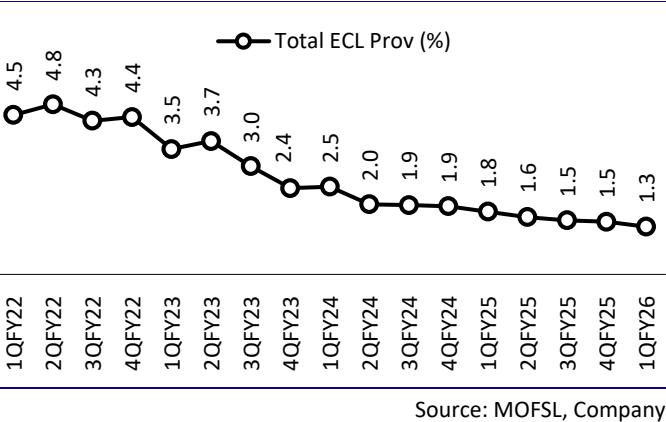
**Exhibit 8: PNBHF took P&L write-backs of ~INR560m (%)**



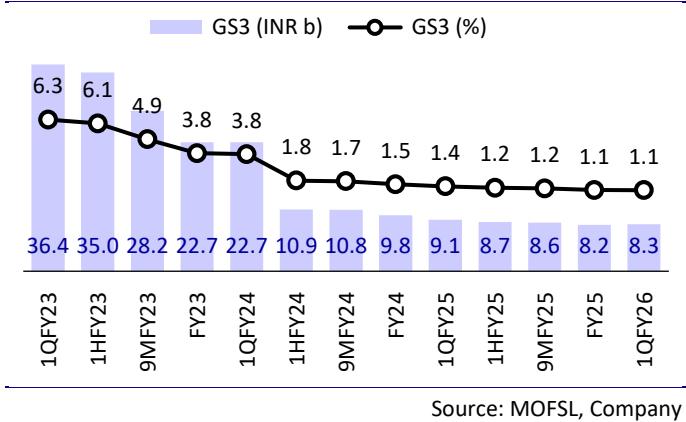
**Exhibit 9: Stage 3 PCR declined ~60bp QoQ...**



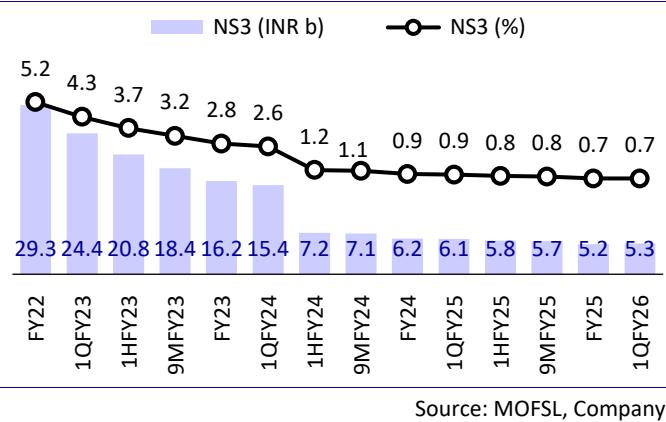
**Exhibit 10: ...while ECL/EAD declined to ~1.3%**



**Exhibit 11: GS3 remained broadly stable QoQ**



**Exhibit 12: NS3 also remained stable QoQ**

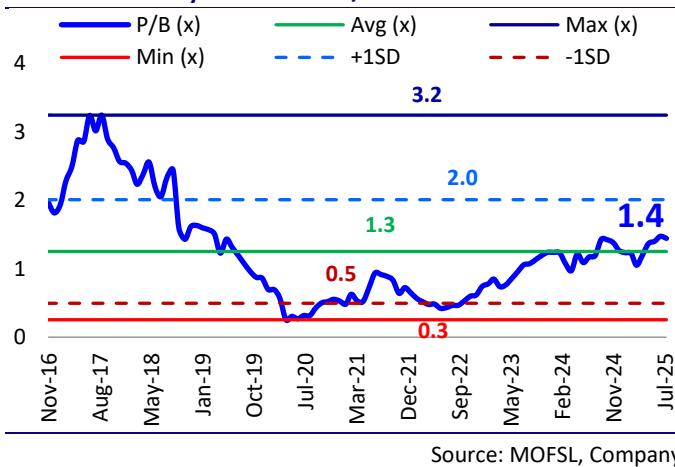


**Exhibit 13: We keep our EPS estimates broadly unchanged**

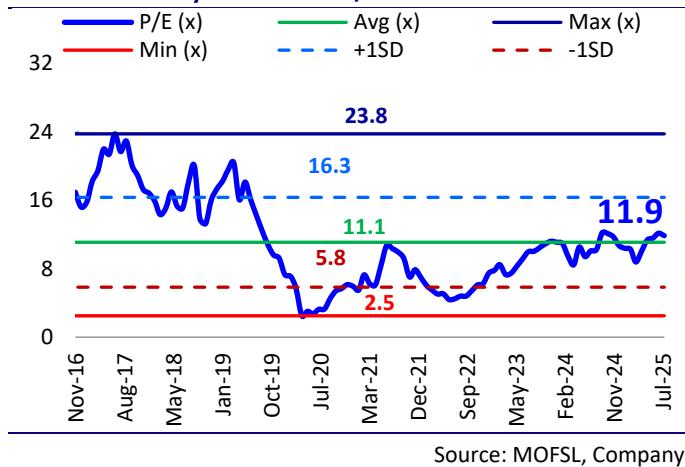
INR b	Old Est.		New Est.		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
NII	31.8	39.6	31.5	39.5	-1.1	-0.3
Other Income	5.5	7.0	5.3	6.9	-3.7	-1.5
<b>Total Income</b>	<b>37.3</b>	<b>46.7</b>	<b>36.8</b>	<b>46.4</b>	<b>-1.5</b>	<b>-0.5</b>
Operating Expenses	9.3	10.6	9.2	10.6	-0.8	-0.8
<b>Operating Profits</b>	<b>28.0</b>	<b>36.0</b>	<b>27.5</b>	<b>35.9</b>	<b>-1.7</b>	<b>-0.4</b>
Provisions	-1.2	2.0	-2.0	1.8	60.0	-7.0
<b>PBT</b>	<b>29.3</b>	<b>34.0</b>	<b>29.5</b>	<b>34.0</b>	<b>0.9</b>	<b>0.0</b>
Tax	6.4	7.5	6.5	7.5	0.9	0.0
<b>PAT</b>	<b>22.8</b>	<b>26.5</b>	<b>23.0</b>	<b>26.5</b>	<b>0.9</b>	<b>0.0</b>
Loan book	903	1,079	903	1,078	0.0	-0.1
NIM (%)	3.9	4.0	3.8	4.0		
Spreads (%)	2.6	2.9	2.5	2.9		
ROAA (%)	2.5	2.5	2.5	2.5		
RoAE (%)	12.7	13.2	12.8	13.2		

Source: MOFSL estimates

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



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



## 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	82,932	98,139
Interest Expended	51,664	58,750	50,998	40,645	38,985	42,611	45,514	51,456	58,635
<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>31,476</b>	<b>39,503</b>
Change (%)	7.7	11.5	15.3	-15.9	30.9	7.8	9.7	15.6	25.5
Other Operating Income	8,904	8,013	4,343	3,787	3,306	3,149	4,179	5,288	6,937
<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>36,764</b>	<b>46,441</b>
Change (%)	28.9	3.9	-3.5	-15.4	23.2	6.3	12.3	17.1	26.3
Operating Expenses	5,935	5,522	4,554	4,760	5,313	6,710	8,130	9,226	10,562
<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>27,538</b>	<b>35,879</b>
Change (%)	27.3	7.2	0.3	-19.7	26.5	1.2	9.5	18.3	30.3
Provisions/write offs	1,890	12,514	8,619	5,764	7,389	1,711	-1,585	-1,979	1,842
<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>29,517</b>	<b>34,037</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>29,517</b>	<b>34,037</b>
Tax	5,429	2,201	2,978	2,475	3,149	4,459	5,496	6,494	7,488
Tax Rate (%)	31.3	27.1	24.7	22.8	23.1	22.8	22.1	22.0	22.0
<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>23,023</b>	<b>26,549</b>
Change (%)	41.7	-50.4	53.9	-8.0	25.0	44.2	28.4	18.9	15.3
<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>23,023</b>	<b>26,549</b>
Change (%)	41.7	-50.4	53.9	-8.0	25.0	44.2	28.4	18.9	15.3
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	1,87,755	2,10,413
<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>1,90,355</b>	<b>2,13,012</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>7,56,421</b>	<b>9,14,101</b>
Change (%)	33.6	-5.7	-12.3	-10.8	1.2	2.6	13.3	21.4	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>9,81,925</b>	<b>11,64,021</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>9,02,650</b>	<b>10,77,950</b>
Change (%)	30.0	-10.3	-9.0	-8.8	4.5	10.8	16.4	20.9	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>35,500</b>	<b>37,275</b>
Change (%)	89.0	-54.5	-1.5	70.3	-8.2	36.0	-22.2	5.0	5.0
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	42,493	47,450
<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>9,81,925</b>	<b>11,64,021</b>

E: MOFSL Estimates

## Financials and Valuation

Ratios	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(%)
<b>Y/E March</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	
<b>Spreads Analysis (%)</b>										
Avg yield on loans	10.1	10.6	10.9	9.7	10.6	10.7	10.5	10.0	9.9	
Avg. cost of funds	8.2	8.4	8.0	7.2	7.3	7.8	7.8	7.5	7.0	
Interest Spread	1.9	2.1	2.9	2.4	3.3	2.9	2.7	2.5	2.9	
NIM on loans	2.5	2.6	3.3	3.0	4.1	4.1	3.9	3.8	4.0	
<b>Profitability Ratios (%)</b>										
RoE	16.9	7.6	10.7	8.9	10.0	11.6	12.2	12.8	13.2	
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	62.0	59.7	
Other Inc./Net Income	35.4	30.6	17.2	17.7	12.6	11.3	13.3	14.4	14.9	
<b>Efficiency Ratios (%)</b>										
Op. Exps./Net Income	23.6	21.1	18.0	22.3	20.2	24.0	25.9	25.1	22.7	
Empl. Cost/Op. Exps.	51.2	42.2	46.4	45.5	50.1	50.3	51.8	52.5	53.2	
<b>Asset Quality (INR m)</b>										
Gross NPA	3,549	18,562	29,990	47,062	22,714	9,840	8,160	9,653	11,458	
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	7,104	
NNPA ratio	0.4	1.8	2.9	5.3	2.8	1.0	0.7	0.7	0.7	
<b>VALUATION</b>										
Book Value (INR)	450	476	530	586	652	577	649	732	819	
BVPS Growth YoY	14.3	5.6	11.5	10.4	11.4	-11.6	12.5	12.9	11.9	
<b>Price-BV (x)</b>										
EPS (INR)	71.1	35.1	54.0	49.6	61.9	58.1	74.5	88.6	102.1	
EPS Growth YoY	40.9	-50.6	53.8	-8.2	24.9	-6.3	28.3	18.9	15.3	
<b>Price-Earnings (x)</b>										
Dividend per share (INR)	9.0	0.0	0.0	0.0	0.0	0.0	5.0	15.0	17.1	
<b>Dividend yield (%)</b>										

E: MOFSL Estimates

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#### Nainesh Rajani

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

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Contact Person	Contact No.	Email ID
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