

Power Finance Corporation

Estimate change



TP change



Rating change



Bloomberg	POWF IN
Equity Shares (m)	3300
M.Cap.(INRb)/(USD\$)	1372 / 15.6
52-Week Range (INR)	567 / 357
1, 6, 12 Rel. Per (%)	4/-2/-15
12M Avg Val (INR M)	4075

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	193	214	234
PPP	216	234	263
PAT	174	196	202
EPS (INR)	52.6	59.4	61.1
EPS Gr. (%)	21	13	3
BV/Sh. (INR)	276	317	360
ABV/Sh. (INR)	232	273	316
RoAA (%)	3.2	3.3	3.0
RoAE (%)	20.4	20.0	18.1
Div Payout (%)	30.0	30.1	30.0

Valuations

P/E (x)	7.9	7.0	6.8
P/BV (x)	1.5	1.3	1.2
Core P/E (x)	5.6	5.0	4.8
Core P/BV (x)	1.2	1.0	0.9
Div. Yld (%)	3.8	4.3	4.4

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	56.0	56.0	56.0
DII	16.1	16.2	17.1
FII	18.7	18.8	17.9
Others	9.2	9.0	9.0

FII includes depository receipts

CMP: INR416

TP: INR490 (+18%)

Buy

Earnings in line due to provision write-backs; asset quality stable

NII beat offset by higher foreign exchange losses; loan book inches up ~1% QoQ

- Power Finance Corporation (PFC)'s 1QFY26 PAT grew ~21% YoY to INR45b (in line). NII grew ~26% YoY to ~INR54.7b in 1QFY26 (~13% beat). In our opinion, the higher interest income in the quarter also included some residual recoveries from the resolution of KSK Mahanadi. Other operating income declined ~36% YoY to ~INR2b (PY: INR3.2b), which included an investment income of INR1.6b (PY: INR2.3b).
- Opex rose ~82% YoY to ~INR1.85b (~7% higher than MOFSLe), and the cost-income ratio stood at ~3.4% (PY: ~2.3%). The increase in opex was primarily due to higher CSR expenses of INR758m (PY: INR15m).
- PPoP grew ~5% YoY to INR48.3b (~11% miss), which was primarily driven by exchange losses of INR6.5b (PQ: Loss of INR2.6b). PFC has been actively managing its exchange risk from foreign currency borrowing. ~95% of PFC's total foreign currency borrowing portfolio is hedged for exchange risk, while 100% of USD exposure is hedged. Though USD/INR movement remained range-bound, EUR/INR saw a 9% depreciation in 1QFY26. The EUR/INR movement was one of the key reasons for the elevated foreign exchange translation loss in the quarter.
- Reported yield was broadly stable at ~10%, while reported CoB declined ~5bp QoQ to ~7.4%, resulting in spreads rising by ~3bp QoQ to ~2.6%. Reported NIM for 1QFY26 improved ~5bp QoQ to ~3.68% (PQ: 3.64%).
- GS3/NS3 was broadly range-bound at ~1.9%/0.4%. PCR on Stage 3 was also broadly stable QoQ at ~80.3%. Provisions write-backs stood at INR6.8b. This translated into annualized credit costs of -12bp (PY: -1bp and PQ: 8bp). The decline in standard asset provisioning was largely driven by improvements in DISCOM credit ratings, with a significant reversal of ~INR6b on exposure to Tamil Nadu DISCOM, whose rating was upgraded from C- to C.
- PFC also shared that out of its 22 stressed projects, TRN Energy (with an outstanding amount of INR11.4b) and Shiga Energy (outstanding amount of ~INR5.2b) are in advanced stages of resolution, and both these projects are being resolved outside NCLT. The company shared that restructuring plans for both have been finalized, with the documentation and implementation process currently in progress.
- Management maintained its loan growth guidance at ~10-11% for FY26. We estimate a disbursement/advances/PAT CAGR of 10%/12%/8% over FY25-FY27, an RoA/RoE of 3%/18%, and a dividend yield of ~4.4% in FY27E.

RDSS scheme extended until Mar'28

- The government launched the RDSS scheme with an outlay of INR3.03t and a gross budgetary support of INR976b, aiming to reduce pan-India AT&C losses to 12-15% and eliminate the ACS-ARR gap to zero. The scheme, which was initially set to conclude by Mar'26, has now been extended by two years until 31st Mar'28 to ensure the completion of the scheme objectives.

- With respect to the RDSS scheme, the action plan for all 13 states with PFC has been approved. Further, PFC has so far sanctioned loans of INR366b and disbursed ~INR50b under the RDSS scheme.

Valuation and view

- PFC reported a mixed performance for the quarter as earnings were in line, largely supported by provision write-backs following rating upgrades of certain DISCOMs. Disbursements were healthy during the quarter, but sequential loan growth remained muted. Asset quality remained stable, and credit costs continued to remain benign. Notably, the company saw a ~5bp sequential improvement in NIM, which was a positive.
- PFC (standalone) trades at 0.9x FY27E P/BV and ~5x FY27 P/E, and we believe that the risk-reward is attractive considering decent visibility on loan growth, further stressed asset resolutions, and healthy RoE of 18-20% in FY26-27E. **We reiterate our BUY rating** with an SoTP (Mar'27E)-based TP of INR490 (premised on 1.1x target multiple for the PFC standalone business and INR155/ share for PFC's stake in REC after a hold-co discount of 20%).
- **Key risks:** 1) weaker loan growth driven by higher prepayments; 2) increase in exposure to power projects without PPAs; 3) compression in spreads and margins due to an aggressive competitive landscape; and 4) a slowdown in the offtake of renewable energy projects, driven by weak power demand.

PFC: SoTP – Mar'27

	Stake	Target Multiple	Value (INR B)	INR per share	% To Total	Rationale
PFC Standalone	100	1.1	1,110	335	68	1.1x Mar'27 PBV
REC Stake (Pre-HoldCo)	53	1.2	637	193		1.2x Mar'27 PBV
Hold Co Discount (20%)			127			
REC Stake (Post-HoldCo)			510	155	32	
Target Value			1,620	490	100	

Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1QFY26E	v/s Est.
Particulars	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,18,270	1,19,090	1,24,172	1,37,215	1,37,389	1,35,465	1,36,956	1,41,439	4,98,747	5,51,249	1,32,463	4
Interest Expenses	74,990	75,007	77,231	78,109	82,697	83,276	84,692	86,633	3,05,380	3,37,298	83,989	-2
Net Interest Income	43,280	44,083	46,942	59,106	54,692	52,189	52,264	54,806	1,93,367	2,13,951	48,474	13
YoY Gr %	23.5	18.2	12.9	39.5	26.4	18.4	11.3	-7.3	23.7	10.6	12.0	
Other Income	3,160	14,655	5,971	11,309	2,016	15,241	6,586	13,754	35,096	37,597	7,812	-74
Net Operational Income	46,440	58,738	52,913	70,415	56,708	67,430	58,850	68,560	2,28,463	2,51,548	56,286	1
YoY Gr %	41.1	19.4	11.5	42.1	22.1	14.8	11.2	-2.6	27.6	10.1	21.2	
Exchange gain/(loss)	589	-3,100	457	-2,614	-6,546	-2,000	-500	46	-4,668	-9,000	-300	2,082
Total Net Income	47,029	55,639	53,370	67,801	50,162	65,430	58,350	68,607	2,23,795	2,42,548	55,986	-10
YoY Gr %	24.6	15.9	18.0	34.9	6.7	17.6	9.3	1.2	23.5	8.4	19.0	
Operating Expenses	1,016	2,355	1,832	2,341	1,848	2,025	2,162	2,280	7,500	8,316	1,728	7
Operating Profit	46,013	53,284	51,538	65,460	48,313	63,405	56,188	66,327	2,16,295	2,34,232	54,258	-11
YoY Gr %	25.3	13.7	16.8	39.8	5.0	19.0	9.0	1.3	23.9	8.3	17.9	
Provisions	620	-1,241	745	4,447	-6,818	-2,000	1,000	2,558	4,571	-5,261	791	-962
PBT	45,393	54,525	50,793	61,013	55,132	65,405	55,188	63,769	2,11,724	2,39,493	53,468	3
Tax	8,214	10,821	9,244	9,924	10,117	11,773	9,934	11,765	38,202	43,588	9,624	5
Tax Rate %	18.1	19.8	18.2	16.3	18.3	18.0	18.0	18.4	18.0	18.2	18.0	
PAT	37,179	43,704	41,549	51,090	45,015	53,632	45,254	52,005	1,73,522	1,95,905	43,843	3
YoY Gr %	23.6	13.6	23.0	23.5	21.1	22.7	8.9	1.8	20.6	13.1	17.9	
Key Parameters (Calc., %)												
Yield on loans	9.9	9.8	10.0	10.7	10.3							
Cost of funds	7.4	7.3	7.4	7.0	7.1							
Spread	2.5	2.5	2.6	3.7	3.1							
NIM	3.56	3.6	3.76	4.61	4.08							
C/I ratio	2.3	5.3	3.9	4.0	3.4							
Credit cost	0.01	(0.03)	0.01	0.08	(0.12)							
Balance Sheet Parameters												
Disbursements (INR b)	195	467	342	680	362							
Growth YoY (%)	(15)	42	45	40	86							
AUM (INR b)	4,750	4,934	5,038	5,431	5,498							
Growth YoY (%)	10	10	10	13	16							
Asset Quality Parameters												
GS 3 (INR B)	161	134	135	105	105							
GS 3 (%)	3.4	2.7	2.7	1.9	1.9							
NS 3 (INR B)	41.1	35.3	35.9	20.9	20.8							
NS 3 (%)	0.9	0.7	0.7	0.4	0.4							
PCR (%)	74.4	73.6	73.4	80.1	80.3							

E: MOFSL Estimates

Healthy disbursements; loan book rises ~1% QoQ

- Loan book stood at INR5.5t and grew 16% YoY/1% QoQ. Disbursements during the quarter rose ~86% YoY to ~INR362b. Repayments during the quarter stood at ~22% (PQ: 23% and PY: ~22%).
- The renewables segment in the loan mix was stable at 15% (PQ: 15%). Disbursements to the infrastructure sector formed ~1% of the total disbursements in 1QFY26.
- PFC maintained its loan growth guidance to ~10-11% in FY26. We model a loan book CAGR of ~12% over FY25-FY27E.

Asset quality stable; standard asset provisioning declines QoQ

- GS3 and NS3 were broadly stable QoQ at ~1.9% and 0.4%, respectively. PCR on Stage 3 was also broadly stable QoQ at ~80.3%. Standard asset (Stage 1 and 2) provisions declined ~15bp QoQ to 0.98%.
- PFC has ~22 projects (PQ: 21 projects) that are classified as NPA. Resolutions in ~11 NPA projects (PQ: 10) are being pursued under NCLT, and the remaining ~11 NPA projects are being pursued outside NCLT.

Progress on stressed asset resolutions

- PFC shared that both Shiga Energy and TRN Energy, with an exposure of ~INR5.2b and ~INR11.4b, respectively, are in advanced stages of resolution.
- Given that REC has already restructured TRN Energy and subsequently written off a part of the outstanding exposure with a corresponding reversal in ECL provisions, we expect PFC to adopt a similar approach in the next quarter. This will result in further provision write-backs for the company.



Highlights from the business update/press release

Standalone Financial Highlights

- PFC registered PAT of INR45.02b, up 21% YoY.
- Within a stable range, yields for 1QFY26 stood at 10.01%, CoF at 7.40%, resulting in spreads of 2.61% (within the guided range).
- FY25 NIM stood at 3.68%.
- PFC's Board has declared an interim dividend of INR3.7/share.
- CRAR stood at 22.37%, well above the minimum regulatory requirements

Asset Quality

- NNPA stood at 0.38% (at its lowest level), and GNPA stood at 1.92%. PFC continues to have zero NPA on the government loan book.
- Two projects with exposure of ~INR16.6b are in advanced stages of resolution, both being resolved outside NCLT.
- TRN Energy with exposure of INR11.39b - 600MW Thermal Plant. The company has a PCR of 50%.
- Shiga Energy with exposure of INR5.22b - 97MW commissioned hydro energy plant. The company has a PCR of 31%
- For both these projects, the restructuring plan has been finalized, and the documentation and implementation process are currently underway.
- Overall PCR of ~80% on Total Stage 3. The provision reversal in 1QFY26 is mainly on account of the revision in the rating of certain DISCOMs. Improvement in the rating of Tamil Nadu DISCOM from "C minus" to "C" led to the provision reversal of INR6b.

Loan Growth

- Loan Asset book stood at INR5.5t, up 16% YoY. Management expects the loan book to grow by 10-11% in FY26, which is in line with guidance shared earlier.
- Renewable book stood at INR815b, up 36% YoY, and PFC is the Largest renewable financing agency in the country.
- Disbursements in 1Q stood at INR362b, up 86% YoY. This is the highest ever disbursement in 1Q.

Borrowings

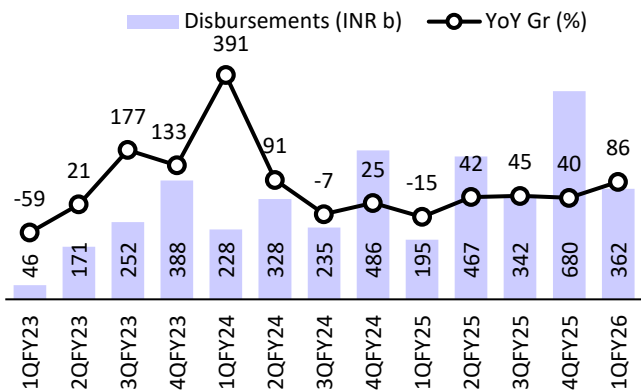
- PFC's outstanding borrowings amounted to INR4.6tb out of which ~80% were domestic borrowings and the remaining ~20% were through foreign sources. Approximately 65% of the liabilities are at fixed rates, while the remaining 35% are at floating rates.
- Within its foreign currency borrowings, ~68% of the exposure is in USD. Further, the foreign currency borrowings portfolio is majorly long-term in nature, with short-term borrowing accounting for only 6.5% of the total borrowings.
- Nearly 100% exchange-rate risk is hedged for the US Dollar-denominated portfolio, and nearly 95% of the total foreign currency portfolio has been hedged for exchange rate risk.
- Though USD/INR movement remained range-bound, EUR/INR saw a 9% depreciation as compared to Mar'25. The EUR/INR movement is one of the key reasons for the foreign exchange translation loss in 1QFY26.

Others

- As per the new guidelines, lenders are required to maintain standard asset provisioning of 1% during the construction phase and 0.4% during the operational phase. PFC already maintains a provision of 0.98% for Stage 1 and 2 assets; therefore, the potential impact of the change in guidelines is expected to be minimal.
- RDSS Scheme has an outlay of INR3.03t with Gross Budgetary Support (GBS) of INR976b and has the objective of reducing the pan-India AT&C losses to 12-15% and ACS-ARR gap to zero. The scheme has been extended by the GOI by another two years, now ending on 31st Mar'28.
- PFC's action plan has been approved for all 13 states. Further, PFC has so far sanctioned loans of INR366b and disbursed INR51b under RDSS.

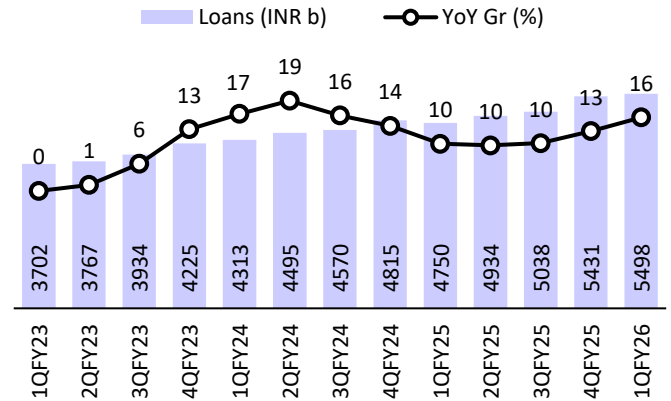
Key exhibits

Exhibit 1: Disbursements grew ~86% YoY



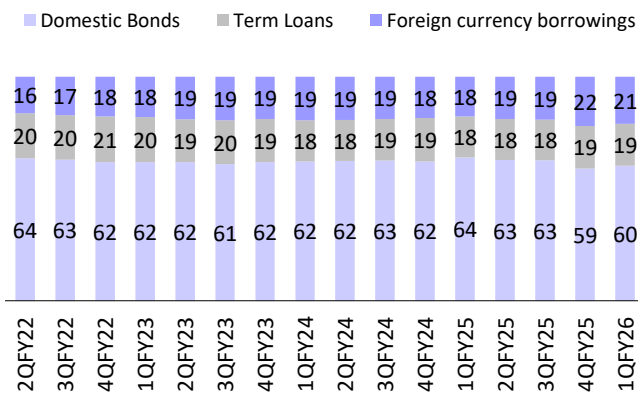
Source: MOFSL, Company

Exhibit 2: Loan book grew 16% YoY



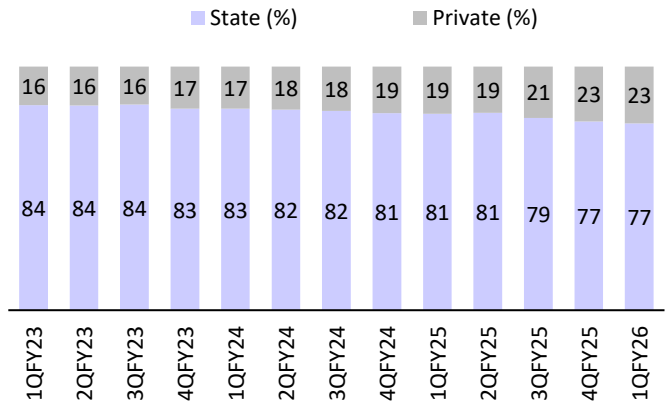
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)



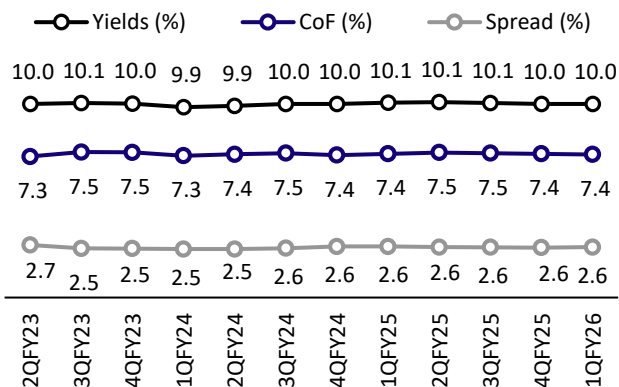
Source: MOFSL, Company

Exhibit 4: ~23% of loans given to private players (%)



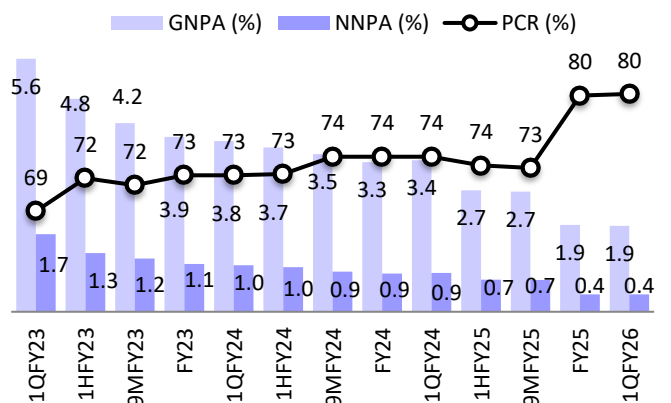
Source: MOFSL, Company

Exhibit 5: Reported yields stable QoQ



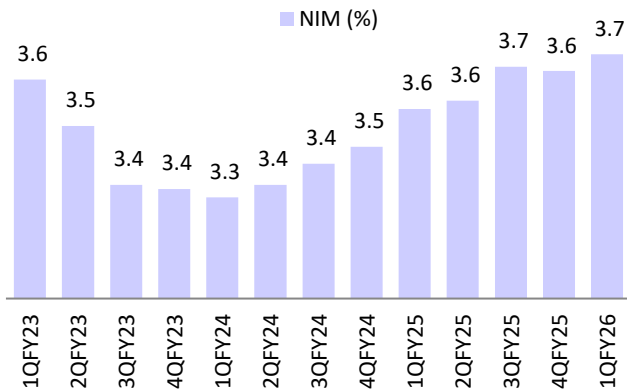
Source: MOFSL, Company,

Exhibit 6: Asset quality stable QoQ



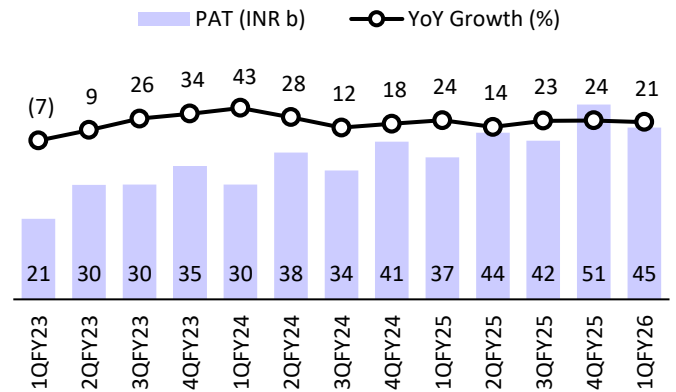
Source: MOFSL, Company

Exhibit 7: Reported NIM improved ~5bp QoQ (%)



Source: MOFSL, Company,

Exhibit 8: PAT grew ~21% YoY



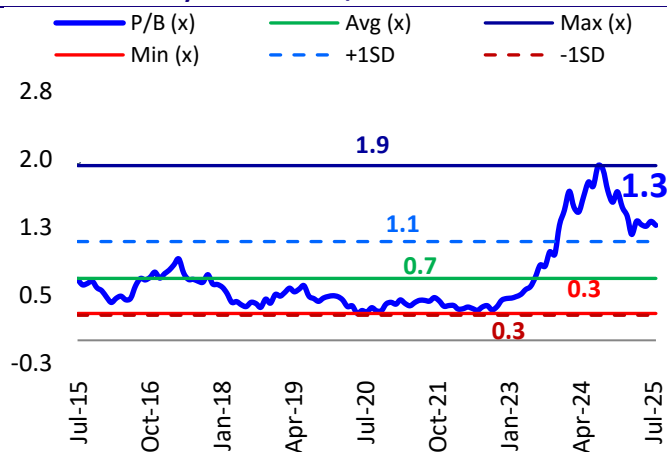
Source: MOFSL, Company

Exhibit 9: We raise our FY26/FY27 EPS estimates by ~4%/2%, primarily to factor in lower credit costs

INR B	Old Est.		New Est.		% Change	
	FY26	FY27	FY26	FY27	FY26	FY27
NII	203.8	233.0	214.0	234.4	5.0	0.6
Other Income	36.0	39.1	28.6	37.6	-20.6	-3.8
Net Income	239.8	272.1	242.5	272.0	1.2	0.0
Operating Expenses	8.3	9.2	8.3	9.2	0.0	0.0
Operating Profits	231.4	262.9	234.2	262.8	1.2	0.0
Provisions	1.8	20.5	(5.3)	16.5	-	-20
PBT	229.7	242.3	239.5	246.3	4.3	1.6
Tax	41.8	43.9	43.6	44.6	4.3	1.6
PAT	187.9	198.5	195.9	201.7	4.3	1.6
Loans	6,033	6,760	6,044	6,769		
RoAA (%)	3.1	3.0	3.3	3.0		

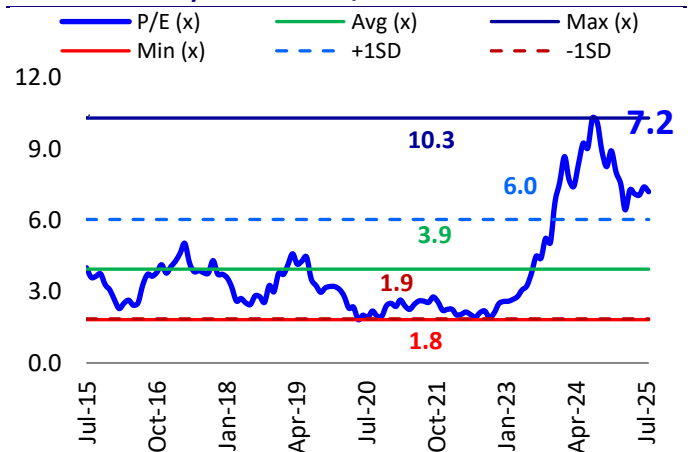
Source: MOFSL, Company

Exhibit 10: One-year forward P/B



Source: MOFSL, Company,

Exhibit 11: One-year forward P/E



Source: MOFSL, Company

Du Pont Analysis %	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest income	9.1	9.0	9.6	9.3	9.0	9.2	9.2	9.2	8.8
Interest expenses	6.1	6.2	6.2	5.8	5.5	5.9	5.6	5.6	5.3
Net Interest Income	3.0	2.9	3.4	3.6	3.4	3.3	3.6	3.6	3.5
Other Operating Income	0.1	0.6	0.3	0.5	0.5	0.5	0.6	0.6	0.6
Other Income	-0.2	-0.7	0.0	-0.2	-0.5	0.0	-0.1	-0.1	0.0
Total Income	3.0	2.7	3.8	3.8	3.5	3.8	4.1	4.0	4.1
Operating expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Operating profits	2.9	2.6	3.6	3.7	3.3	3.7	4.0	3.9	4.0
Provisions	-0.3	0.3	0.9	0.6	-0.1	0.0	0.1	-0.1	0.2
PBT	3.1	2.3	2.7	3.1	3.4	3.7	3.9	4.0	3.7
Taxation	0.9	0.7	0.5	0.6	0.6	0.7	0.7	0.7	0.7
RoA	2.2	1.6	2.2	2.5	2.8	3.0	3.2	3.3	3.0
Leverage (x)	7.8	8.0	7.7	7.0	6.6	6.4	6.4	6.2	5.9
RoE	17.3	12.8	17.3	17.9	18.2	19.5	20.4	20.0	18.1

E: MOFSL Estimates

Financials and valuations

Income Statement									(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest on loans	284	320	361	367	376	436	499	551	583
Interest exp & other charges	190	219	232	227	233	280	305	337	349
Net Interest Income	94	101	130	140	144	156	193	214	234
Change (%)	7.8	6.9	28.3	8.3	2.4	8.8	23.7	10.6	9.5
Other operating income	4	21	11	19	21	23	35	37	40
Exchg Gain/(loss) on Forex loans	-5	-26	2	-9	-20	2	-5	-9	-3
Other Income	0	0	0	0	0	0	0	0	0
Net Income	93	96	142	150	145	181	224	243	272
Change (%)	-9.5	2.6	48.4	5.7	-3.6	25.2	23.5	8.4	12.1
Employee Cost	2	2	2	2	2	2	3	3	3
Administrative Exp	2	2	3	3	4	4	5	5	6
Depreciation	0	0	0	0	0	0	0	0	0
Operating Income	89	92	137	144	139	175	216	234	263
Change (%)	-10.2	2.7	49.2	5.4	-4.0	25.8	23.9	8.3	12.2
Total Provisions	-9	10	35	22	-3	-2	5	-5	16
% to operating income	-9.7	10.8	25.5	15.4	-2.1	-1.0	2.1	-2.2	6.3
PBT	98	82	102	122	142	176	212	239	246
Prior period Adjustments	0	0	0	0	0	0	0	0	0
PBT (post prior period adj)	98	82	102	122	142	176.3	211.7	239	246
Tax (Incl Deferred tax)	29	25	18	22	26	33	38	44	45
Tax Rate (%)	29.2	31.0	17.3	18.0	18.1	18.5	18.0	18.2	18.1
PAT	70	57	84	100	116	144	174	196	202
Change (%)	4.2	-18.7	49.3	18.7	15.8	23.8	20.8	12.9	3.0
Extra-ordinary item	0	0	0	0	0	0	0	0	0
Reported PAT	70	57	84	100	116	144	174	196	202
Adjusted PAT (Excluding REC Dividend)	73	53	82	98	113	139	168	190	196
Change (%)	12.4	-28.2	56.7	18.7	15.4	23.5	20.6	13.1	2.9
Proposed Dividend (Incl Tax)	0	25	26	32	35	45	52	59	61

Balance Sheet									(INR b)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Capital	26	26	26	26	26	33	33	33	33
Reserves & Surplus	406	425	498	567	656	759	876	1,013	1,155
Net Worth	433	452	524	594	682	792	909	1,046	1,188
Deferred Tax Liability	0	0	0	0	0	0	0	0	0
Networth (incl DTL)	433	452	524	594	682	792	909	1,046	1,188
Interest subsidy from Govt	0	0	0	0	0	0	0	0	0
Borrowings	2,952	3,103	3,330	3,274	3,704	4,164	4,755	5,079	5,653
Change (%)	24.7	5.1	7.3	-1.7	13.1	12.4	14.2	6.8	11.3
Total Liabilities	3,447	3,618	3,921	3,944	4,448	5,056	5,782	6,255	6,985
Investments	166	165	160	161	173	202	207	218	228
Change (%)	558.2	-0.7	-3.0	0.7	7.6	16.9	2.5	5.0	5.0
Loans	3,032	3,341	3,601	3,609	4,108	4,699	5,328	5,910	6,631
Change (%)	14.0	10.2	7.8	0.2	13.8	14.4	13.4	10.9	12.2
Forex monetary reserves	0	0	0	0	0	0	0	0	0
Net Fixed Assets	0	1	1	1	1	1	1	1	1
Net Current Assets	142	2	48	40	16	2	68	10	3
Total Assets	3,447	3,618	3,921	3,944	4,448	5,056	5,782	6,255	6,985

E: MOFSL Estimates

Financials and valuations

Loans and Disbursements	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Gross Loans (INR b)	3,147	3,449	3,708	3,731	4,225	4,815	5,431	6,044	6,769
YoY Growth (%)	13	10	7	1	13	14	13	11	12
Disbursements (INR b)	677	680	883	512	858	1,277	1,683	1,851	2,055
YoY Growth (%)	5	0	30	-42	67	49	32	10	11

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Spreads Analysis (%)									
Avg. Yields	10.0	10.0	10.4	10.2	9.8	9.9	9.9	9.8	9.3
Avg Cost of funds	7.1	7.2	7.2	6.9	6.7	7.1	6.8	6.9	6.5
Interest Spread	2.9	2.8	3.2	3.3	3.1	2.79	3.10	2.95	2.80
NIM	3.1	2.3	3.8	3.6	3.2	3.6	3.8	3.6	3.7

Profitability Ratios (%)

RoE	17.3	12.8	17.3	17.9	18.2	19.5	20.4	20.0	18.06
RoA	2.2	1.6	2.2	2.5	2.8	3.0	3.2	3.3	3.0

Efficiency Ratios (%)

Int. Expended/Int.Earned	66.8	68.4	64.2	61.8	61.8	64.2	61.2	61.2	59.8
Other operating Inc./Net Inc.	4.3	22.0	7.6	12.3	14.3	12.5	15.6	15.4	14.8
Other Income/Net Income	0.2	0.1	0.2	0.3	0.1	0.1	0.1	0.1	0.1
Op. Exps./Net Income	4.3	4.2	3.6	3.8	4.2	3.7	3.4	3.4	3.4
Empl. Cost/Op. Exps.	43.5	48.5	37.9	37.1	36.3	36.3	35.8	35.2	34.4

Asset-Liability Profile (%)

Loans/Borrowings Ratio (x)	103	108	108	110	111	113	112	116	117
Assets/Networth (x)	8.0	8.0	7.5	6.6	6.5	6.4	6.4	6.0	5.9
Debt/Equity (x)	6.8	6.9	6.4	5.5	5.4	5.3	5.2	4.9	4.8

Asset Quality (%)

Gross Stage 3	9.4	8.1	5.7	5.6	3.9	3.3	1.9	1.5	1.2
Net Stage 3	4.6	3.8	2.1	1.8	1.1	0.9	0.4	0.3	0.2
PCR	51.5	47.1	63.4	68.6	72.7	74.4	80.1	82.0	85.0
Credit costs	-0.31	0.31	1.01	0.62	-0.08	-0.04	0.09	-0.09	0.26

Valuations

Book Value (INR)	164	171	198	225	258	240	276	317	360
BV Growth (%)	17.1	4.3	16.0	13.3	14.9	-7.1	14.8	15.1	13.5
Price-BV (x)	2.5	2.4	2.1	1.9	1.6	1.7	1.5	1.3	1.2
Adjusted Book Value (INR)	150	116	144	170	203	196	232	273	316
ABV Growth (%)	24.8	-22.8	23.6	18.4	19.7	-3.6	18.1	17.9	15.7
Price-ABV (x)	1.9	2.5	2.0	1.7	1.4	1.5	1.2	1.0	0.9
EPS (INR)	26.3	21.4	32.0	38.0	44.0	43.5	52.6	59.4	61.1
EPS Growth (%)	4.2	-18.7	49.3	18.7	15.8	-1.0	20.8	12.9	3.0
Price-Earnings (x)	15.8	19.4	13.0	11.0	9.5	9.6	7.9	7.0	6.8
Core EPS (INR)	27.7	19.9	31.2	37.0	42.8	42.3	50.9	57.6	59.3
Adj Core EPS Growth (%)	12.4	-28.2	56.7	18.7	15.4	-1.2	20.6	13.1	2.9
Adj. Price-Core EPS (x)	10.3	14.3	9.1	7.7	6.7	6.7	5.6	5.0	4.8
DPS	0.0	9.5	10.0	12.0	13.3	13.5	15.8	17.9	18.3
Dividend Yield (%)	0.0	2.3	2.4	2.9	3.2	3.2	3.8	4.3	4.4

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

Email: nainesh.raiani@motilaloswal.com

Contact: (+65) 8328 0276

Rajani

Specific Disclosures

- 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: No.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- 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
- 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.
- 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.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- 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.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company

- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, 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/NCDX); 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 dp@motilaloswal.com.