L&T Finance Holdings

Estimate change	
TP change	
Rating change	

Bloomberg	LTFH IN
Equity Shares (m)	2,469
M.Cap.(INRb)/(USDb)	209.6 / 2.7
52-Week Range (INR)	101 / 59
1, 6, 12 Rel. Per (%)	6/4/-20
12M Avg Val (INR M)	1020

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
Total Income	59.5	60.3	66.9
PPP	45.6	42.9	45.8
Adj. PAT	10.5	15.0	17.5
EPS (INR)	4.2	6.1	7.1
EPS Gr. (%)	10	43	17
BV/Sh. (INR)	81	86	92
Ratios			
NIM (%)	7.0	7.0	7.1
C/I ratio (%)	34.4	37.9	38.6
RoAA (%)	1.0	1.4	1.5
RoE (%)	5.4	7.3	8.0
Payout (%)	11.8	15.0	15.0
Valuation			
P/E (x)	20.0	14.0	12.0
P/BV (x)	1.1	1.0	0.9
Div. Yield (%)	0.6	1.1	1.3

Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	66.3	63.5	63.6
DII	4.6	6.1	5.9
FII	6.9	7.9	10.6
Others	22.3	22.5	19.9

FII Includes depository receipts

CMP: INR85 TP: INR100 (+18%) Buy

Marked improvement in infra asset quality; progress on *Lakshya 2026* to be keenly monitored

- L&T Finance Holdings (LTFH) posted a 4QFY22 consolidated PAT of INR3.4b (16% miss). FY22 PAT rose 11% YoY even as the credit costs remained elevated at ~3.6% since LTFH decided to further increase the pandemic management overlay against expectations of utilizing the same in 4QFY22.
- Loan book started exhibiting growth and stood at INR883b (up 3% QoQ), driven primarily by infrastructure loans and home loans (up 5% QoQ each) as well as MFI loans (up 11% QoQ). The Rural Finance business (particularly Micro and Consumer loans) displayed strength, with monthly disbursement run-rate exceeding pre-COVID levels in 4QFY22.

Healthy disbursements in Micro/Home/Consumer and even Infra segments

- Disbursements rose 49% QoQ to INR147b, driven by Infra Finance that constituted 40% of total disbursements. The MFI segment saw a sharp recovery in disbursements, propelled by normalized collections.
- Under Lakshya 2026, one of the key targets for the management would be to build and strengthen its Mortgages and Urban Consumer Finance segments further.

Sharp improvement in infra asset quality propelled by sale to ARCs

- Consolidated GS3 declined ~210bp QoQ to 3.8% in 4QFY22. Asset quality in both rural and housing was largely stable sequentially, while the improvement in the infra segment was driven by a sale of ~INR19b worth of loans to ARC. Write-offs were again elevated at ~INR15.3b.
- Additional provisions (including OTR) stood at INR17.3b (2.1% of standard loans) that would gradually be released in the coming quarters. The aggregate restructured book stood at INR30.4b (3.4% of loan book) in 4QFY22.

Retailization would gain further momentum under *Lakshya 2026*

- Management suggested that it would look at inorganic structures to further run-down the wholesale real estate book and would like to continue with the 'book-to-sell' model in Infra Finance. Within Infra Finance, the idea will be to grow but limit capital allocation to this business.
- LTFH will leverage multiple vectors to deliver a sustained profit and growth engine that will be complemented by strong risk management; LTFH's management is making subtle changes in its DNA to become a *'Fintech @ Scale'*.
- Lakshya 2026 goals include: a) growing retail to >90% of the balance sheet, b) higher than 25% retail loan CAGR, c) superior asset quality with GS3 <3% and NS3 <1% and d) an RoA between 2.0% and 2.8%.

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com)
Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) / **Parth Desai** (Parth.Desai@MotilalOswal.com)

Key highlights from the management commentary

- LTFH assured that unlike the last five-year plan, this time it will be different; the company does not have any hidden skeletons in its wholesale real estate book.
- Capital gains from the MF sale will be partly used for shoring up the provisions/ management overlay but whether there will be a special dividend, to be decided by the Board.

Disbursements to pick-up; remain watchful of potential slippages in RE/Infra

MFI, home loans and consumer businesses witnessed an improving trend in operational metrics, with a sequential improvement in disbursements and asset quality. LTFH will start exhibiting strong growth in its Retail loan book even as its wholesale and unfocused segments will continue to moderate. This will be driven by an expected pick-up in disbursements from some of its existing segments such as Home loans/MFI and newer product segments like Consumer. We remain watchful of any potential slippages in Real Estate Finance and/or Infra as these segments would always remain vulnerable. We have cut our FY23E-24E EPS meaningfully to factor in higher estimated credit costs. **We maintain our BUY rating on the stock with a TP of INR100 (premised on 1.1x FY24E consolidated BVPS).**

LTFH: Quarterly performance (INR m)

Y/E March	FY21				FY22				FY21	FY22	4QFY22E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	32,952	32,816	33,044	32,236	30,083	29,028	28,744	29,188	1,31,049	1,17,042	28,037	4
Interest Expenses	19,782	18,888	17,238	16,091	15,089	14,417	14,066	13,923	71,999	57,494	13,574	3
Net Interest Income	13,170	13,928	15,806	16,145	14,994	14,611	14,678	15,265	59,049	59,548	14,463	6
Change YoY (%)	-5.2	-0.3	7.7	9.3	13.8	4.9	-7.1	-5.5	3.0	0.8	-10.4	
Other Operating Income	918	1,265	1,633	1,916	1,318	1,490	1,964	1,281	5,732	6,053	2,033	-37
Net Operating Income	14,089	15,193	17,439	18,060	16,313	16,101	16,642	16,546	64,782	65,601	16,496	0
Change YoY (%)	-15.7	-6.6	0.2	16.5	15.8	6.0	-4.6	-8.4	-1.7	1.3	-8.7	
Other income	2,361	1,008	1,187	1,720	614	826	1,284	1,204	6,276	3,928	1,303	-8
Total Income	16,449	16,201	18,627	19,781	16,926	16,928	17,925	17,749	71,058	69,529	17,799	0
Change YoY (%)	-6.9	-6.2	0.9	21.9	2.9	4.5	-3.8	-10.3	2.0	-2.2	-10.0	
Operating Expenses	4,175	4,583	4,913	6,078	5,485	5,905	6,167	6,389	19,749	23,946	6,526	-2
Change YoY (%)	-5.9	-4.3	-7.3	15.5	31.4	28.8	25.5	5.1	-0.2	21.3	7.4	
Operating Profits	12,275	11,618	13,713	13,703	11,441	11,023	11,759	11,360	51,309	45,582	11,273	1
Change YoY (%)	-7.2	-7.0	4.2	25.0	-6.8	-5.1	-14.3	-17.1	2.9	-11.2	-17.7	
Provisions	11,282	8,328	10,227	6,520	9,062	7,830	7,418	6,524	36,357	30,833	5,814	12
Profit before Tax	993	3,290	3,487	7,182	2,379	3,193	4,341	4,837	14,952	14,750	5,459	-11
Tax Provisions	-481.8	813.1	609	4,523	609	963	1,261	1,423	5,463	4,256	1,395	2
Profit after tax	1,474	2,477	2,878	2,660	1,770	2,230	3,080	3,414	9,489	10,494	4,064	-16
Change YoY (%)	-73	42	-51.4	-30.9	20.1	-10.0	7.0	28.3	-44.2	10.6	52.8	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	6	6	7.39	8.17	7.51	3.51	3.24	8.17				
Rep. Cost of funds (%)	8	8	7.82	7.65	7.64	7.53	7.47	7.34				
Cost to Income Ratio	25.4	28.3	26.4	30.7	32.4	34.9	34.4	36.0				
Rep Credit Cost	4	3	4.06	2.70	4.01	3.51	3.24	3.00				
Tax Rate	-49	25	17.5	63.0	25.6	30.2	29.0	29.4				
Balance Sheet Parameters												
Gross Customer Assets (INR B)	989	988	1,001	940	884	869	856	883				
Change YoY (%)	-1.0	-1.4	0.6	-4.4	-10.6	-12.0	-14.5	-6.0				
Borrowings (INR B)	941	929	937	886	843	845	830	852				
Change YoY (%)	1.3	3.2	0.8	-5.7	-10.5	-9.0	-11.5	-3.8				
Customer Assets /Borrowings (%)	105	106	107	106	105	103	103	104				
Asset Quality Parameters (%)												
GS 3 (INR B)	49.4	49.2	49.4	45.0	48.8	48.0	48.7	32.5				
Gross Stage 3 (%)	5.2	5.2	5.1	5.0	5.8	5.7	5.9	3.8				
NS 3 (INR B)	15.5	15.3	17.9	13.8	16.9	22.8	24.2	16.8				
Net Stage 3 (%)	1.7	1.7	1.9	1.6	2.1	2.8	3.0	2.0				
PCR (%)	68.6	68.9	63.7	69.4	65.4	52.4	50.3	48.3				
Return Ratios (%)												
ROAA	0.5	1.0	1.0	1.0	0.7	0.9	1.3	1.3				
ROAE	3.9	7.6	7.5	6.3	3.8	4.7	6.7	6.9				

E: MOFSL Estimates

Lakshya 2026 (FY23-FY26)

Vision: To be a top class 'digitally enabled' retail finance company moving from a product-focus to a customer-focus approach

- Sustained profit and growth engine
- Demonstrable strength in risk management
- Fintech at Scale
- Sustainable future growth through ESG

Sustained profit and growth engine

- Continued product excellence
- Unleashing cross-sell and up-sell to existing customers

Growth vectors

- Deeper penetration in geographies and tapping urban centers
- Newer channels
- Newer products

Businesses/Products

Launch the following businesses and many more products are being launched in these eco-systems

- Rural business ecosystem
- Farmer ecosystem
- Urban consumption ecosystem
- SME ecosystem

A few of the newer products planned in FY23E

- **Rural Business Finance**: Rural Individual Loans, Rural LAP and Rural SME
- **Farmer Finance**: Warehouse Receipt Loans

MFI

- Newer RBI guideline on MFI is a big positive

Risk management

- Risk detection with enhanced and real time analytics

Creating Fintech @ Scale

- **Ability to identify need**: Understand the propensity to buy, life-stage based need identification and pre-approved personalized next best offer
- **Ability to identify customer**: Digilocker, Fuzzy Logic and Penny Credit
- **Ability to underwrite**: Application scorecards, pre-approved models, income estimation through product propensity and affinity models as well as re-imagined credit algorithm using alternate date.
- **Ability to collect**: Segmentation, willingness to pay model for collections strategy, bounce model for pre-delinquency management;

Others

- **Established a dedicated vertical in Urban Finance**: Not looking to get into BNPL. In Urban, it will be present in lending for income generating assets or for responsible lifestyle consumption-based loans.
- Four CEOs will be heading Rural Business Finance, Farmer Finance, Urban Finance and SME each.

CONFERENCE CALL

Highlights from the management commentary

Business updates

- LTFH assured that unlike the last five-year plan, this time it will be different
- The company does not have any hidden skeletons in its real estate book. LTFH shared details on Supertech around 18 months back before it became an NPA. It does not envisage taking any big hair-cut in the wholesale real estate book. The management believes that given the security cover it has on Supertech, the current provision is adequate.
- LTFH was great at hunting but not good at farming. Now the focus is on cross-sell and up-sell.
- The company is looking for a partner in the Infra segment. Rather than lending from its balance sheet it will perhaps like to offer infra lending under a fund/ platform structure.
- Management will take a call on what to do with the capital gains from the MF sale, closer to the completion of the transaction. The capital gain will be partly used for shoring up the provisions/management overlay but whether there will be a special dividend, to be decided by the Board.
- LTFH has been at the forefront of predicting the slowdown in the rural markets. The company has already lived through the rural slowdown for the last one year but believes that if the monsoons are indeed good this year (as it has been predicted), then it is reasonable to believe that the rural economy will improve by the festive season in CY22.

Infra Finance

- LTFH is following the book-to-sell model. It disbursed more than INR800b on a cumulative basis in the last six years; the disbursements rose ~INR100b in FY22.
- Management's idea is not to exit completely from the Infrastructure Finance business, but to get capital from outside for the infra business in platform structures. Idea is to grow but limit the capital allocation to the infra business.

Real Estate

- LTFH has not done any new underwriting in wholesale real estate in the last two years.
- Management is confident of doing collections and exploring various inorganic structures to further run-down the wholesale real estate book.
- Completed and exited 10 Real Estate projects in FY22.

FY22 Recap

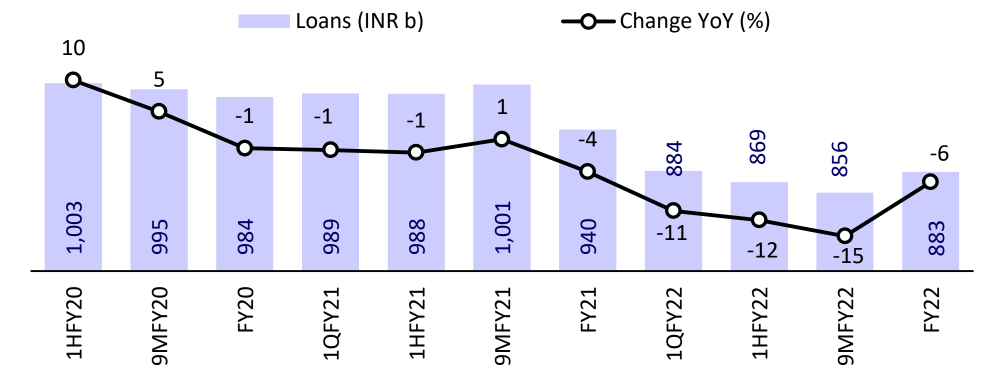
- Retail book share increased to 51% from 43%.
- All-time high retail disbursements of ~INR250b in FY22

- Maintained the market share in 2Ws and tractors.
- Gathering speed in home loans and it has found the mojo to grow in this segment.
- Consumer loans have scaled up to INR8b in 4QFY22 and are almost entirely cross-sell based.
- Proven ability of fighting cycles in 2Ws and Tractors: designed specific methods to maintain its disbursements when the market is majorly down.
- Ability of digital native: Identification of customers for disbursements is all digital – there is no manual intervention.
- Asset quality: Overall asset quality has been maintained well. LTFH has ~INR17b of management overlay and it actually created some more macro provisions.

Key exhibits

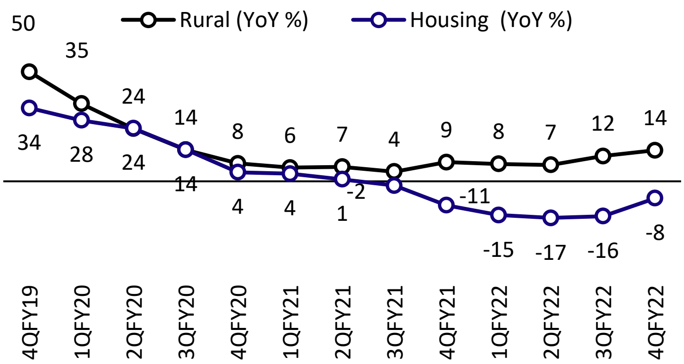
Loan book declined 6% YoY and 3% QoQ

Exhibit 1: Loan book growth (%)



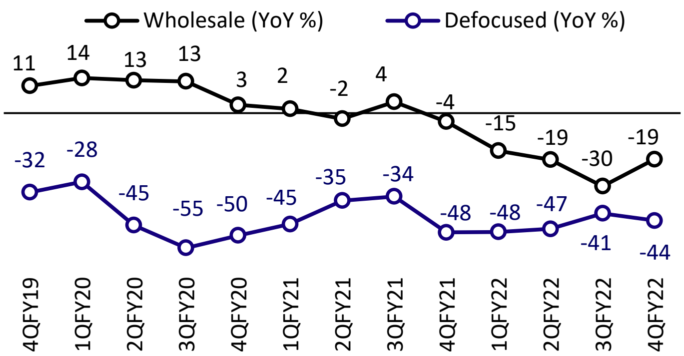
Source: MOFSL, Company

Exhibit 2: Housing Finance book dropped 8% YoY



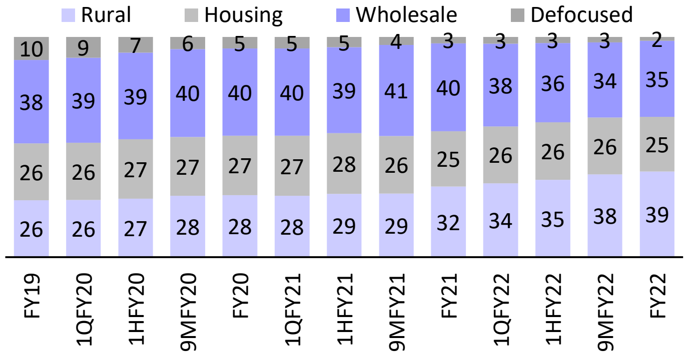
Source: MOFSL, Company

Exhibit 3: Wholesale book dipped 19% YoY (%)



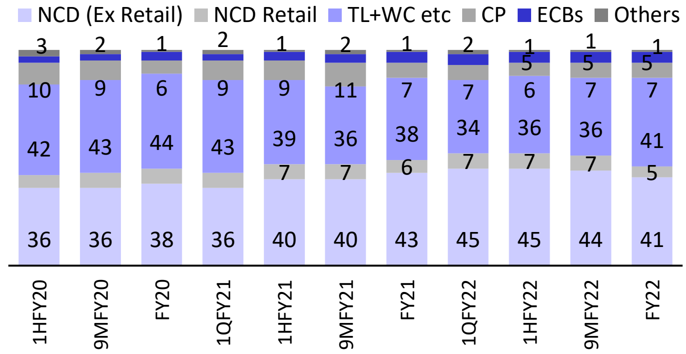
Source: MOFSL, Company

Exhibit 4: Rural Finance proportion in loan mix continued to increase (up ~100bp sequentially)



Source: MOFSL, Company

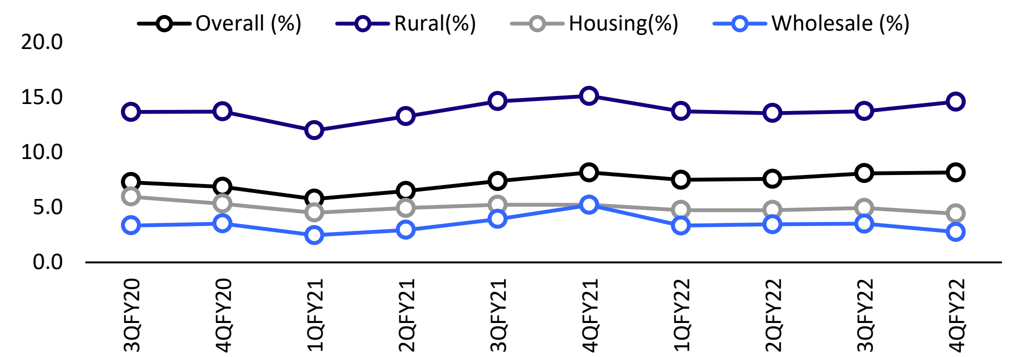
Exhibit 5: Borrowing mix (%)



Source: MOFSL, Company

Exhibit 6: Net income (NIM + fee margin, %)

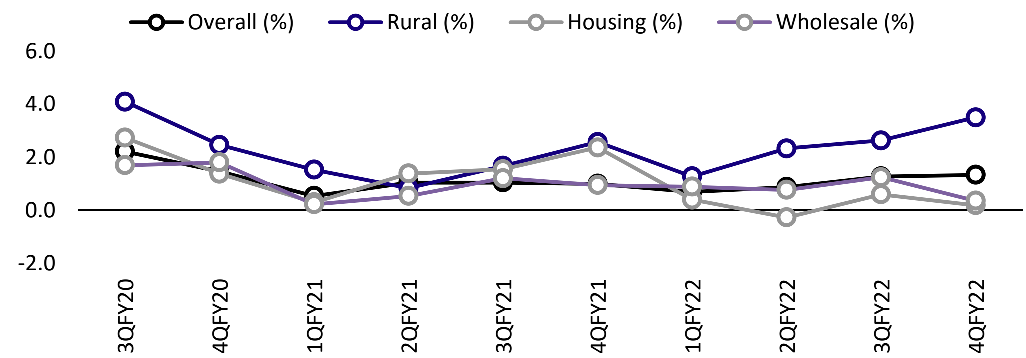
Rural net income up ~90bp sequentially



Source: MOFSL, Company; *From 4QFY20 onwards, the Wholesale business represents Infrastructure Finance (ex-IDF); 1QFY22 Wholesale Finance represents Infrastructure Finance

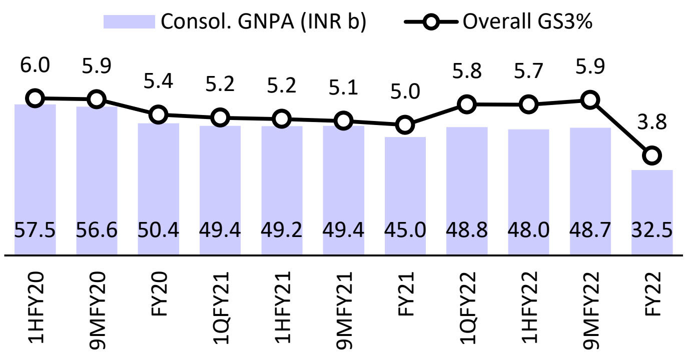
Exhibit 7: RoA across segments (%)

Profitability in Housing Finance declined



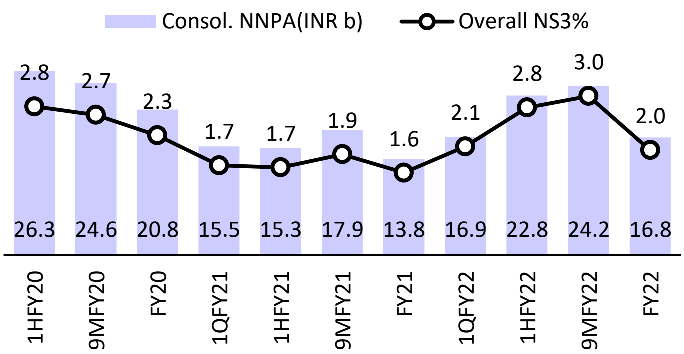
Source: MOFSL, Company; *Wholesale business excludes IDF from 4QFY20 onwards. Wholesale finance represents Infrastructure finance in 1QFY22

Exhibit 8: GS3 declined ~210bp sequentially (%)



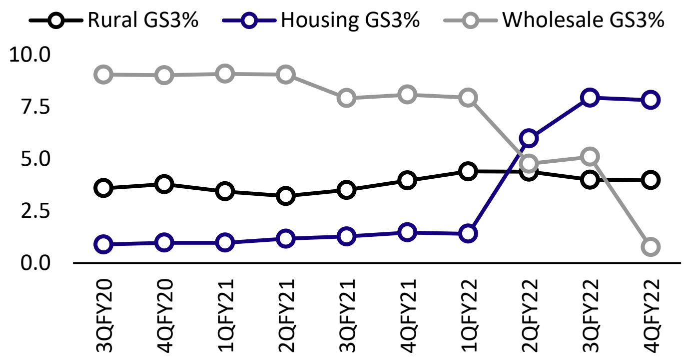
Source: MOFSL, Company

Exhibit 9: NS3 down 100bp QoQ (%)



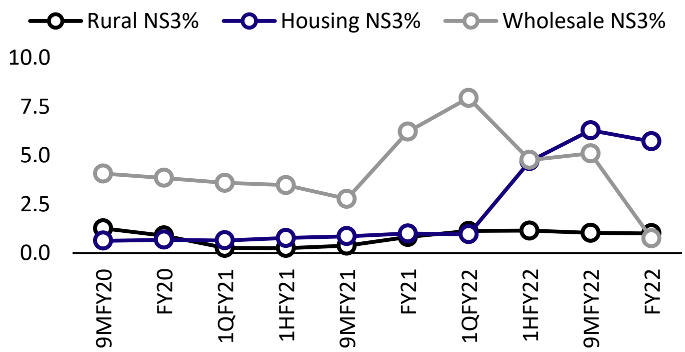
Source: MOFSL, Company

Exhibit 10: Housing GS3 declined 10bp…



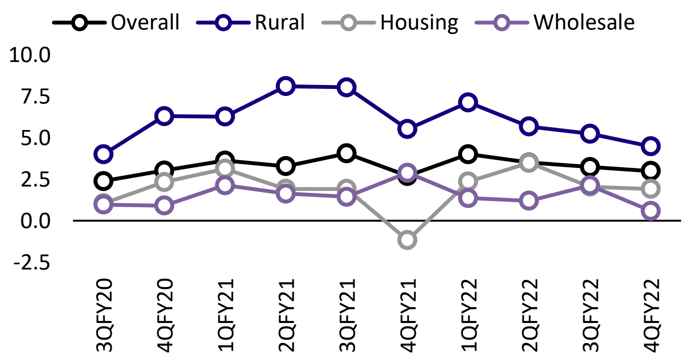
Source: MOFSL, Company; *Wholesale business excludes IDF from 4QFY20 onwards. Wholesale Finance represents Infrastructure Finance

Exhibit 11: …while Housing NS3 declined 60bp QoQ (%)



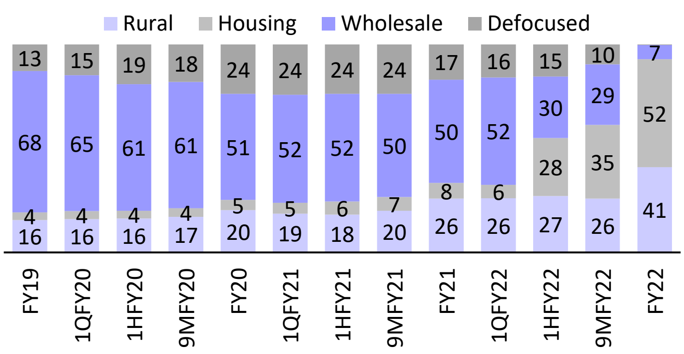
Source: MOFSL, Company; Note: Infrastructure Finance excludes IDF numbers in 4QFY20. Wholesale business represents Infrastructure Finance

Exhibit 12: Overall credit cost down ~20bp sequentially (%)



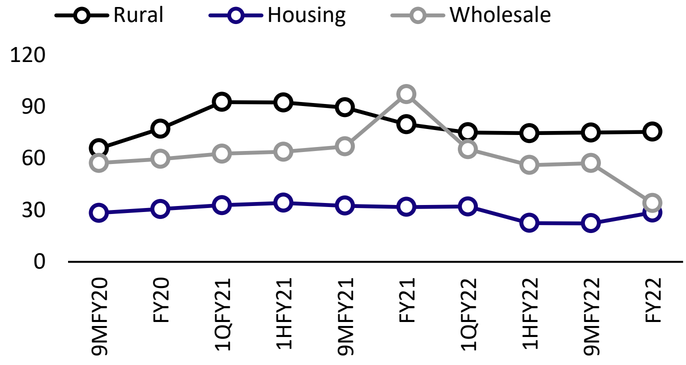
Source: MOFSL, Company, *Wholesale business excludes IDF from 4QFY20 onwards. Wholesale finance represents Infrastructure finance

Exhibit 13: Around 59% of GNPA are from the Wholesale and Housing books (%)



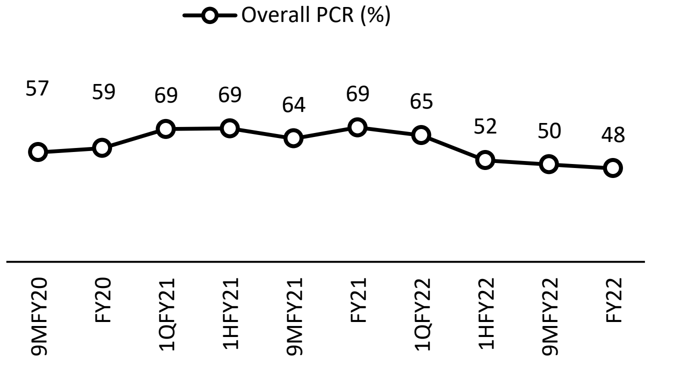
Source: MOFSL, Company

Exhibit 14: Housing PCR increased to 29% (%)...



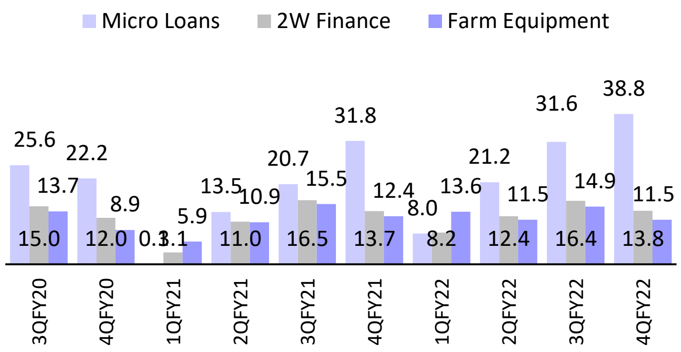
Source: MOFSL, Company

Exhibit 15: ...while overall PCR declined ~2% QoQ (%)



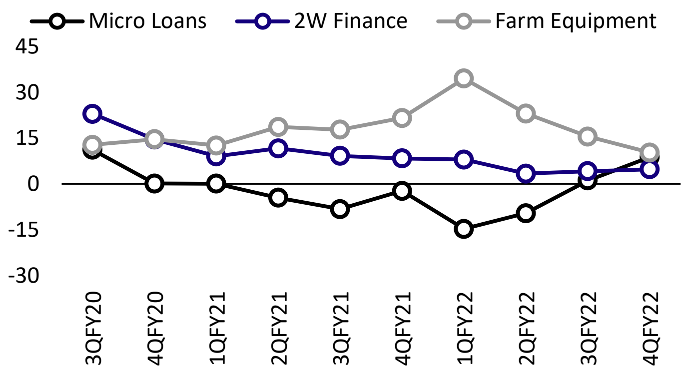
Source: MOFSL, Company

Exhibit 16: Micro loan disbursements back to run-rate levels



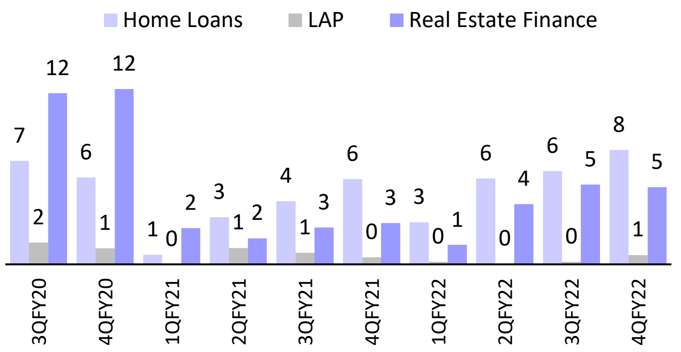
Source: MOFSL, Company, INR b

Exhibit 17: Segmental loan growth in Rural Finance (YoY %)



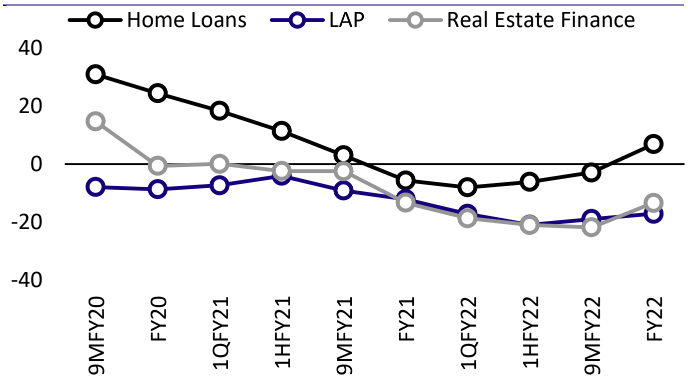
Source: MOFSL, Company

Exhibit 18: LAP disbursements continued to remain muted (INR b)



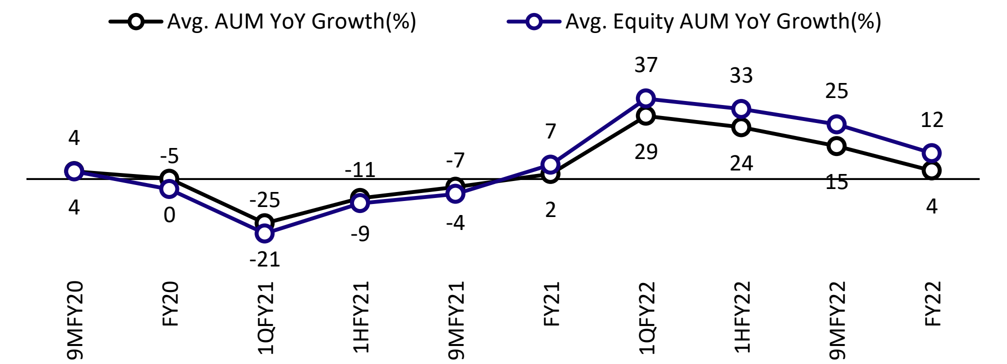
Source: MOFSL, Company

Exhibit 19: Segmental loan growth in Housing segment (YoY %)



Source: MOFSL, Company

Exhibit 20: AUM growth (%) in the AMC segment



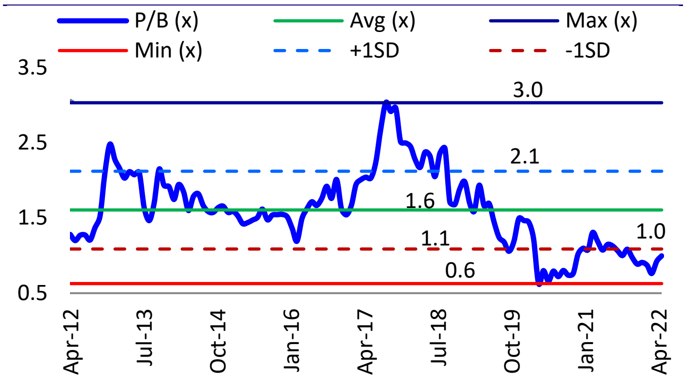
Source: MOSL, Company

Exhibit 21: We cut our FY23E/FY24E EPS by >20% each to factor in higher credit costs

INR b	Old estimates			New estimates			% change		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Total Income	**69.6**	**73.6**	**82.6**	**69.5**	**69.1**	**74.5**	**-0.1**	**-6.1**	**-9.8**
Operating Expenses	24.1	27.0	30.4	23.9	26.2	28.7	-0.6	-3.2	-5.4
Operating Profits	**45.5**	**46.5**	**52.2**	**45.6**	**42.9**	**45.8**	**0.2**	**-7.8**	**-12.3**
Provisions	30.1	20.8	20.3	30.8	22.3	21.7	2.4	7.2	7.2
PBT	**15.4**	**25.7**	**31.9**	**14.7**	**20.6**	**24.0**	**-4.0**	**-20.0**	**-24.7**
Tax	4.2	6.7	8.3	4.3	5.6	6.5	0.7	-16.9	-21.9
PAT	**11.1**	**19.0**	**23.6**	**10.5**	**15.0**	**17.5**	**-5.8**	**-21.1**	**-25.8**
Loan book	803	864	981	825	893	998	2.7	3.4	1.8
Borrowings	795	855	971	852	884	988	7.1	3.4	1.8

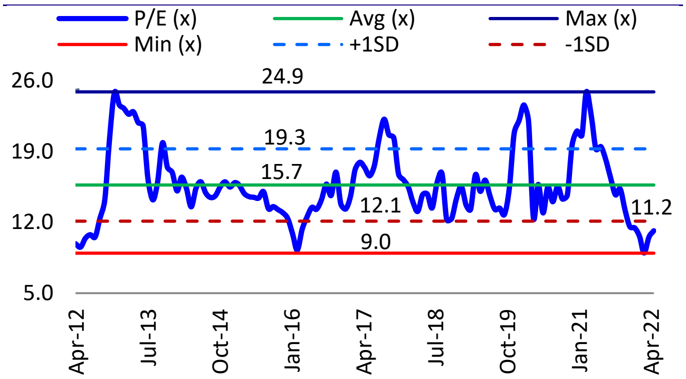
Source: MOFSL, Company

Exhibit 22: One-year forward P/B



Source: MOFSL, Company

Exhibit 23: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Income statement								(INR M)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Interest Income	76,614	88,692	1,16,403	1,32,447	1,31,049	1,17,042	1,20,237	1,33,327
Interest Expended	46,270	54,492	68,600	75,136	71,999	57,494	59,894	66,465
Net Interest Income	**30,343**	**34,200**	**47,803**	**57,311**	**59,049**	**59,548**	**60,343**	**66,862**
Change (%)	12.7	12.7	39.8	19.89	3.0	0.8	1.3	10.8
Other Operating Income	6,792	13,435	13,494	8,594	5,732	6,053	4,389	2,888
Net Operating Income	**37,136**	**47,635**	**61,297**	**65,905**	**64,782**	**65,601**	**64,732**	**69,750**
Change (%)	17.3	28.3	28.7	7.5	-1.7	1.3	-1.3	7.8
Other Income	2,314	535	3,118	3,726	6,276	3,928	4,320	4,752
Total Income	**39,450**	**48,170**	**64,415**	**69,632**	**71,058**	**69,529**	**69,053**	**74,503**
Change (%)	17.8	22.1	33.7	8.1	2.0	-2.2	-0.7	7.9
Operating Expenses	12,765	13,867	19,215	19,785	19,749	23,946	26,161	28,723
Profit before provisions	**26,685**	**34,303**	**45,200**	**49,846**	**51,309**	**45,582**	**42,892**	**45,779**
Change (%)	31.0	28.5	31.8	10.3	2.9	-11.2	-5.9	6.7
Provisions/write offs	15,899	19,845	14,681	23,046	36,357	30,833	22,330	21,748
PBT	**10,786**	**14,458**	**30,520**	**26,801**	**14,952**	**14,750**	**20,562**	**24,031**
Tax	364	1,682	8,200	9,798	5,463	4,256	5,552	6,488
Tax Rate (%)	3.4	11.6	26.9	36.6	36.5	28.9	27.0	27.0
PAT before pref dividend	**10,422**	**12,775**	**22,320**	**17,003**	**9,489**	**10,494**	**15,010**	**17,543**
Change (%)	21.7	22.6	74.7	-23.8	-44.2	10.6	43.0	16.9
Preference Dividend	1,244	0	0	0	0	0	0	0
PAT to equity shareholders	**9,177**	**12,775**	**22,320**	**17,003**	**9,489**	**10,494**	**15,010**	**17,543**
Change (%)	33.1	39.2	74.7	-23.8	-44.2	10.6	43.0	16.9
Proposed Dividend	**1,629**	**2,315**	**2,319**	**2,093**	**0**	**1,237**	**2,252**	**2,631**

Balance sheet								(INR M)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Equity Share Capital	17,557	19,957	19,988	20,048	24,695	24,740	24,740	24,740
Reserves & Surplus	52,178	94,111	1,14,498	1,26,876	1,63,038	1,74,737	1,87,495	2,02,406
Net Worth	**69,735**	**1,14,067**	**1,34,486**	**1,46,924**	**1,87,732**	**1,99,477**	**2,12,236**	**2,27,147**
Borrowings	**6,30,852**	**7,52,483**	**9,15,070**	**9,38,945**	**8,85,558**	**8,52,012**	**8,84,048**	**9,88,200**
Change (%)	19.4	19.3	21.6	2.6	-5.7	-3.8	3.8	11.8
Other liabilities	10,870	11,220	10,995	9,577	16,427	17,532	20,679	24,455
Total Liabilities	**7,11,457**	**8,77,770**	**10,60,551**	**10,95,447**	**10,89,717**	**10,69,022**	**11,16,963**	**12,39,802**
Loans	**6,03,087**	**7,70,883**	**9,13,246**	**9,14,625**	**8,70,303**	**8,24,694**	**8,92,978**	**9,98,182**
Change (%)	6.8	27.8	18.5	0.2	-4.8	-5.2	8.3	11.8
Investments	**65,659**	**53,015**	**86,408**	**59,793**	**88,721**	**1,19,169**	**1,31,086**	**1,44,195**
Change (%)	84.3	-19.3	63.0	-30.8	48.4	34.3	10.0	10.0
Net Fixed Assets	12,369	11,701	11,660	11,621	11,621	5,306	5,572	5,850
Other assets	30,342	42,171	49,237	1,09,408	1,19,071	1,19,852	87,327	91,575
Total Assets	**7,11,457**	**8,77,770**	**10,60,551**	**10,95,447**	**10,89,717**	**10,69,022**	**11,16,963**	**12,39,802**

E: MOFSL Estimates

Financials and valuations

AUM Mix								(%)
AUM Details	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Asset Under Management	**6,66,500**	**8,53,540**	**9,91,220**	**9,83,850**	**9,40,140**	**8,82,790**	**9,65,382**	**10,79,115**
Change (%)		28.1	16.1	-0.7	-4.4	-6.1	9.4	11.8
Rural	15.1	20.0	25.8	28.1	32.0	38.9	43.4	47.7
Housing	18.8	22.4	25.7	27.0	25.2	24.8	22.5	20.7
Focused - Wholesale	45.5	39.8	38.0	39.5	39.9	34.6	33.2	31.2
Defocused - Wholesale	20.6	17.9	10.5	5.3	2.9	1.7	0.9	0.5

Ratios								(%)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Spreads Analysis (%)								
Avg. Yield on Loans	13.1	12.9	13.8	14.5	14.7	13.8	14.0	14.1
Avg. Cost-Int. Bear. Liab.	8.1	7.9	8.2	8.1	7.9	6.6	6.9	7.1
Loan Spreads	5.1	5.0	5.6	6.4	6.8	7.2	7.1	7.0
NIM on loans	5.2	5.0	5.7	6.3	6.6	7.0	7.0	7.1
Profitability Ratios (%)								
Int. Expended/Int.Earned	60.4	61.4	58.9	56.7	54.9	49.1	49.8	49.9
Other Inc./Net Income	23.1	29.0	25.8	17.7	16.9	14.4	12.6	10.3
Op. Exps./Net Income	32.4	28.8	29.8	28.4	27.8	34.4	37.9	38.6
Empl. Cost/Op. Exps.	38.7	29.5	42.9	53.7	51.0	47.5	49.2	49.3
Provisions/PPoP (%)	59.6	57.9	32.5	46.2	70.9	67.6	52.1	47.5
Asset Quality (%)								
Gross NPAs	46,140	70,430	55,490	50,370	45,040	32,490	45,591	45,692
Gross NPAs to Adv.	7.5	8.6	5.9	5.3	5.0	3.9	4.9	4.4
Net NPAs	33,160	25,540	21,740	20,780	13,770	16,810	15,615	16,053
Net NPAs to Adv.	5.5	3.3	2.4	2.3	1.6	2.0	1.7	1.6
PCR (%)	28.1	63.7	60.8	58.7	69.4	48.3	65.7	64.9
Return ratios and Capitalisation (%)								
RoE	13.0	13.9	18.0	12.1	5.7	5.4	7.3	8.0
RoA	1.4	1.6	2.3	1.6	0.9	1.0	1.4	1.5
Debt to Equity (x)	9.0	6.6	6.8	6.4	4.7	4.3	4.2	4.4
Average Assets/Equity (x)	9.5	8.6	7.8	7.7	6.5	5.6	5.3	5.4

VALUATION	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Book Value (INR)	39.7	57.2	67.3	73.3	76.0	80.6	85.8	91.8
Price-BV (x)					**1.1**	**1.1**	**1.0**	**0.9**
EPS (INR)	5.2	6.4	11.2	8.5	3.8	4.2	6.1	7.1
EPS Growth YoY	32.9	22.5	74.4	-24.1	-54.7	10.4	43.0	16.9
Price-Earnings (x)					**22.1**	**20.0**	**14.0**	**12.0**
Dividend per share (INR)	0.8	1.0	1.0	0.9	0.0	0.5	0.9	1.1
Dividend yield (%)					**0.0**	**0.6**	**1.1**	**1.3**

E: MOFSL Estimates

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

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