

October 25, 2022

## Q2FY23 Result Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
<b>Rating</b>	BUY		BUY	
<b>Target Price</b>	88		88	
NII (Rs.)	75,119	86,640	75,119	81,483
% Chng.	-	6.3		
PPoP (Rs.)	38,327	46,737	38,327	41,581
% Chng.	-	12.4		
EPS (Rs.)	8.1	10.1	8.1	8.8
% Chng.	-	15.1		

### Key Financials - Standalone

Y/e Mar	FY22	FY23E	FY24E	FY25E
Net Int.Inc. (Rs m)	61,759	65,896	75,119	86,640
Growth (%)	2.2	6.7	14.0	15.3
Op. Profit (Rs m)	29,320	31,977	38,327	46,737
PAT (Rs m)	8,492	14,114	19,967	25,012
EPS (Rs.)	3.4	5.7	8.1	10.1
Gr. (%)	(10.7)	66.2	41.5	25.3
DPS (Rs.)	1.7	1.7	1.7	1.7
Yield (%)	2.1	2.1	2.1	2.1
Margin (%)	7.3	7.6	7.7	7.8
RoAE (%)	4.6	6.9	8.0	8.2
RoAA (%)	0.8	1.2	1.5	1.8
PE (x)	23.2	13.9	9.9	7.9
P/BV (x)	1.0	0.9	0.9	0.8
P/ABV (x)	1.1	1.0	0.9	0.8

### Key Data

LTFH.BO | LTFH IN

52-W High / Low	Rs.92 / Rs.59
Sensex / Nifty	59,832 / 17,731
Market Cap	Rs.197bn/ \$ (2,14,68,26,273)m
Shares Outstanding	2,476m
3M Avg. Daily Value	Rs.577.61m

### Shareholding Pattern (%)

Promoter's	66.20
Foreign	6.75
Domestic Institution	5.35
Public & Others	21.70
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	4.7	(8.0)	(2.0)
Relative	1.6	(13.0)	(0.2)

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## Strong Business Momentum Maintained in Retail Book

### Quick Pointers:

- Highest ever quarterly retail disbursement of Rs 102.38bn in Q2FY23 vs Rs 89.3bn in Q1FY23.

**We maintain our 'BUY' rating in anticipation of company continuing to increase retail portion in their overall book to at least 60% by end of FY23 which is currently at 58%. On the OTR front Rs4.22bn of retail finance loans that had moved to 90+dpd have been fully provided for and the management believes the impact of OTR in unsecured loan business is over. LTFH's Q2FY23 earnings (PAT at Rs4.0bn) stood above our estimates (PL: Rs2.8bn) on account of lower provisions and better than expected AUM growth. Overall loans at Rs 900.9bn grew 2.3% QoQ and 3.66% YoY, higher than our estimates of Rs 898bn. Rural loans saw strong growth of 9% QoQ/30% YoY, whereas wholesale business saw a 5% QoQ sequential de-growth in line with management strategy to shift focus to retail. Housing Loans (Home Loans+LAP) witnessed strong growth of 6%/13% on QoQ/YoY basis bettering the 4%/6% growth shown in Q1FY23, thanks to a strong 8.7% QoQ growth in home loans.**

**We believe that LTFH has walked the talk in terms of retail loan growth, but will have to sustain this growth momentum in second half of FY23 and also continue to grow its overall AUM as it has managed to do in Q2'23. We reckon that LTFH valuations will improve when proportion of retail loans continue to go up over the course of FY23 and asset quality continues to be stable. Against this backdrop, we maintain our 'BUY' rating and maintain our TP at Rs88 valuing the core business at 1x Sep'24E PABV.**

**Sequential growth in retail loans with consumer loans seeing a 31% QoQ growth; home loans growth excluding LAP shows a strong 9% QoQ growth: Loan book at Rs 900bn grew 2.3%QoQ and 3.6%YoY, on account of strong 9% QoQ growth in retail book. Rural book saw a strong growth of 9% QoQ, supported by 10% QoQ growth in micro loans. Strong 31% QoQ growth was seen in consumer loans. Company achieved highest ever quarterly retail disbursement (Rs 102 bn) up 15% QoQ, retail business now forms 58% of portfolio. 6% QoQ growth achieved in home loans including LAP is a strong positive .LAP portion saw a 2% QoQ de-growth. Calculated NIM improved to 7.63% vs 7.14% in Q1'23 due to higher retailization of loan book ROA improved to 1.55% in Q2FY23 from 1.02% in Q1FY23.**

**Asset Quality shows marginal improvement: Q2FY23 Gross Stage 3 assets came in at 4.02% (lower than our estimates of 4.05%) as compared to 4.08% in Q1FY23 and 6.48% of Q2FY22.NS3 also reduced to 1.85% from 1.87% in Q1FY23.LTFH is carrying additional provisions (including OTR provisions) of Rs11bn (1.3% of standard assets) over and above the ECL provisions**

PAT increased by 55.0% QoQ and increased by 81.9% YoY to Rs4.0bn and above our estimates [ vs. PLe of Rs2.8bn] on account of lower provisions and beat in loan growth.

NII at Rs 16.9bn stood above our estimates [ vs. PLe of Rs16.2bn] growing 7.9%QoQ and 12.3%YoY due to strong loan growth in retail segment and better yields as it rose to 13.25% in Q2'23 vs 12.99% in Q1'23. NIM's improved to 7.63% vs 7.14% in Q1'23

Overall loans at Rs 900.9bn grew 2.3% QoQ and 3.6% YoY and stood above our estimates of Rs 898 bn. Rural loans saw strong growth and grew 9% QoQ / 30% YoY and is a big positive in the result, and wholesale business saw a 5% QoQ sequential de-growth. Housing Loans was strong this quarter and grew by 6% on a QoQ basis. Consumer Loans showed a 31% QoQ growth which is a strong positive. Retail book saw a strong 9% QoQ growth to Rs 520.40bn.

Operating expenses at Rs 8.5bn stood above than our expectations (vs PLe of Rs 7.8bn) and increased by 14.5% QoQ with cost-income ratio climbing to 47% vs 44% (Q1FY23).

PPoP at Rs 9.6bn de-grew by 1.3% on a QoQ but rose by 221% on a YoY basis [ vs. PLe of Rs9.9bn] on account of higher opex.

Provisions at Rs 4.0bn saw a sharp fall ,falling 39.2% on a QoQ basis standing lower than our estimates [vs PLe: Rs6.8n].

GNPA improved on a QoQ basis at 4.02% vs 4.08% in the previous quarter.

### Exhibit 1: Lower provisions cause PAT beat, strong QoQ Loan growth led by retail book

Consolidated (in Rs. mn)	Q2FY23	Q2FY22	YoY gr.	Q1FY23	QoQ gr.
<b>Income Statement</b>					
Interest income	31,381	29,584	6.1%	29,884	5.0%
Interest expense	14,385	14,454	-0.5%	14,132	1.8%
<b>NII</b>	<b>16,996</b>	<b>15,130</b>	<b>12.3%</b>	<b>15,752</b>	<b>7.9%</b>
Other Income	1,193	832	43.4%	1,474	-19.1%
<b>Total Income</b>	<b>18,189</b>	<b>15,962</b>	<b>14.0%</b>	<b>17,226</b>	<b>5.6%</b>
Staff expenses	3,421	2,617	30.7%	2,969	15.2%
Other expenses	5,160	10,351	-50.2%	4,526	14.0%
Total Operating Expenses	8,581	12,968	-33.8%	7,495	14.5%
<b>Operating profit</b>	<b>9,608</b>	<b>2,993</b>	<b>221.0%</b>	<b>9,731</b>	<b>-1.3%</b>
Provisions	4,053	435	832.5%	6,663	-39.2%
<b>PBT</b>	<b>5,555</b>	<b>2,559</b>	<b>117.1%</b>	<b>3,068</b>	<b>81.1%</b>
Tax	1,952	832	134.6%	851	129.3%
<b>PAT</b>	<b>3,603</b>	<b>1,726</b>	<b>108.7%</b>	<b>2,217</b>	<b>62.6%</b>
Exceptional Items	453	504	NA	395	NA
<b>PAT post associates/minority and exceptional item</b>	<b>4,056</b>	<b>2,230</b>	<b>81.9%</b>	<b>2,612</b>	<b>55.3%</b>
Tax rate (%)	35.1	32.5		27.7	
CI ratio	47%	81%		44%	
<b>Asset Quality</b>					
GNPA (Rs m)	35,910	55,340	-35.1%	35,590	0.9%
NNPA (Rs m)	16,150	23,980	-32.7%	15,910	1.5%
<b>GNPA (%)</b>	<b>4.02</b>	<b>6.5</b>	<b>(246)</b>	<b>4.1</b>	<b>(6)</b>
<b>NNPA (%)</b>	<b>1.9</b>	<b>2.9</b>	<b>(107)</b>	<b>1.9</b>	<b>(2)</b>
Coverage ratio (%)	55%	57%	(2)	55%	(3)
<b>Balance Sheet</b>					
Network (excl. Preference Cap)	2,04,310	1,92,142	6.3%	2,01,930	1.2%
<b>Loans &amp; Advances</b>	<b>9,00,980</b>	<b>8,69,360</b>	<b>3.6%</b>	<b>8,80,780</b>	<b>2.3%</b>
Disbursements	1,10,490	73,390	50.6%	1,04,610	5.6%
<b>Profitability Ratios</b>					
NIM (%) Calculated	7.63	6.90	73	7.14	49
RoAE (%)	8.02	4.69	333	5.18	284

Source: Company Data, PL

## Key Highlights of the Earnings Call

### Retail Business:

- Retail portion of the book up to 58% from 54% last quarter moving towards goal of 80%. Retail loan book crossed Rs.500bn for the first time this quarter.
- Retail collection has been best in class in Q2FY23 with overall collection efficiency back to pre-pandemic levels.

### Rural Demand:

- Rural demand is quite buoyant, Rural cashflow is expected to rise due to increased crop prices and export demand. Rural wages have grown across most of the region.
- Demand is expected to be robust for Rabi season with government already increasing MSP prices for Rabi crops.

### Other Business Updates:

- 2 Wheeler finance recorded highest ever quarterly disbursements. Focus is on 2 products viz. 'sabse khaas loan' which converts cash customers into loan customers and 'VIP loan' that caters customers with better credit quality.
- Consumer loans business has continued to grow with 50% disbursement from existing customers and balance from partnership channels/ e-aggregators.
- Overall opex is higher as company is investing in new branches and IT infrastructure. As regards customer acquisition cost, it is within the ranges of processing fees charged to customers.
- Sales of MF business is expected to be closed in Q3. Capital gains from the transaction will primarily be used in strengthening the Balance sheet.

### Wholesale Finance Strategy:

- To continue with asset-light model.
- No new underwriting in real estate finance

**Exhibit 2: Home loans sees 9% QoQ growth, retail book sees 9% QoQ growth**

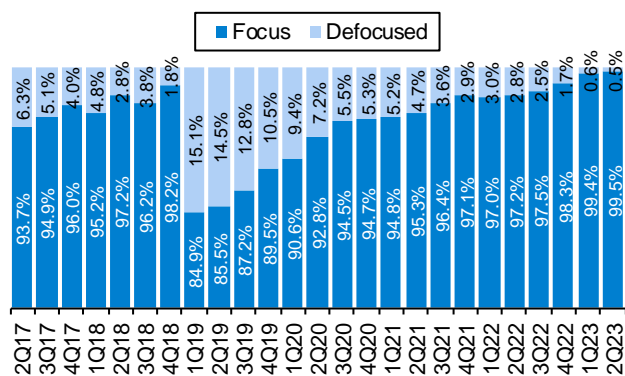
Loans portfolio (Rs mn)	Q2FY23	Q2FY22	YoY gr.	Q1FY23	QoQ gr.
Micro Loans	1,58,400	1,13,090	40%	1,43,970	10%
2W Finance	80,930	69,350	17%	74,880	8%
Farm Equipment	1,18,650	1,10,810	7%	1,15,970	2%
Consumer Loans	39,790	11,730	239%	30,270	31%
<b>Rural Business</b>	<b>3,97,770</b>	<b>3,04,980</b>	<b>30%</b>	<b>3,65,090</b>	<b>9%</b>
Housing Loans/LAP	1,17,700	1,04,370	13%	1,10,920	6%
Real Estate Finance	91,360	1,22,480	-25%	98,090	-7%
<b>Housing Business</b>	<b>2,09,060</b>	<b>2,26,850</b>	<b>-8%</b>	<b>2,09,010</b>	<b>0%</b>
Infrastructure Finance	<b>2,84,610</b>	<b>3,12,840</b>	<b>-9%</b>	<b>2,99,860</b>	<b>-5%</b>
Renewable power	2,02,420	1,87,470	8%	2,03,040	0%
Power Corp	5,900	9,490	-38%	6,470	-9%
Roads	62,470	81,370	-23%	70,600	-12%
Others	13,820	34,510	-60%	19,750	-30%
<b>Wholesale Business</b>	<b>2,84,610</b>	<b>3,12,840</b>	<b>-9%</b>	<b>2,99,860</b>	<b>-5%</b>
<b>Total Lending Business</b>	<b>9,00,980</b>	<b>8,69,360</b>	<b>4%</b>	<b>8,80,780</b>	<b>2%</b>
<b>Loans portfolio mix</b>					
Micro Finance	17.6	13.0	457	16.3	124
2W Finance	9.0	8.0	101	8.5	48
Farm Equipment	13.2	12.7	42	13.2	0
<b>Rural Business</b>	<b>44.1</b>	<b>35.1</b>	<b>907</b>	<b>41.5</b>	<b>270</b>
Housing Loans/LAP	13.1	12.0	106	12.6	47
Real Estate Finance	10.1	14.1	-395	11.1	-100
<b>Housing Business</b>	<b>23.2</b>	<b>26.1</b>	<b>-289</b>	<b>23.7</b>	<b>-53</b>
Infrastructure Finance	31.6	36.0	-440	34.0	-246
Renewable power	22.5	21.6	90	23.1	-59
Power Corp	0.7	1.1	-44	0.7	-8
Roads	6.9	9.4	-243	8.0	-108
Others	1.5	4.0	-244	2.2	-71
<b>Wholesale Business</b>	<b>31.6</b>	<b>36.0</b>	<b>-440</b>	<b>34.0</b>	<b>-246</b>
<b>Defocused Business</b>	<b>1.1</b>	<b>2.8</b>	<b>-178</b>	<b>0.8</b>	<b>28</b>

Source: Company, PL

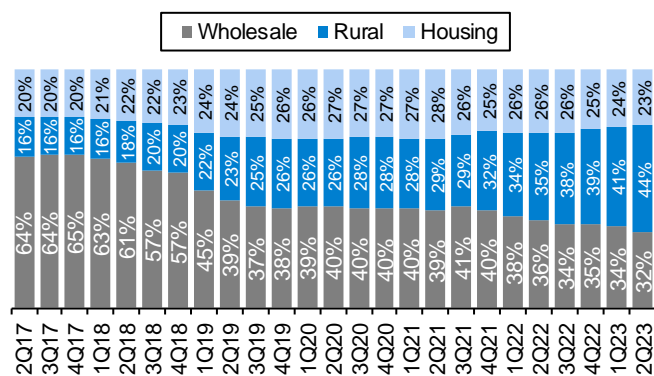
**Exhibit 3: Increasing share of retail portfolio QoQ(now standing at 58% up from 54% in Q1FY23)**

Particulars	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
<b>Retail Business (key portfolios)</b>											
<b>AUM (Rs mn)</b>											
2-WHEELER	65,750	63,860	67,080	70,140	71,220	68,940	69,350	73,060	74,620	74,880	80,930
YoY gr.	15%	9%	12%	9%	8%	8%	3%	4%	5%	9%	17%
QoQ gr.	2%	-3%	5%	5%	2%	-3%	1%	5%	2%	0%	8%
TRACTOR	84,380	84,030	91,910	97,040	1,02,610	1,06,820	1,10,810	112,100	1,13,170	1,15,970	1,18,650
YoY gr.	15%	13%	19%	18%	22%	27%	21%	16%	10%	9%	7%
QoQ gr.	2%	0%	9%	6%	6%	4%	4%	1%	1%	2%	2%
MICRO FINANCE	1,24,950	1,25,310	1,22,620	1,18,240	1,22,070	1,13,030	1,13,090	119,550	1,32,780	1,43,970	1,58,400
YoY gr.	0%	0%	-5%	-8%	-2%	-10%	-8%	1%	9%	27%	40%
QoQ gr.	-3%	0%	-2%	-4%	3%	-7%	0%	6%	11%	8%	10%
<b>Overall AUM (Rs mn)</b>	<b>9,83,840</b>	<b>9,88,790</b>	<b>9,88,230</b>	<b>10,00,990</b>	<b>9,40,140</b>	<b>8,84,400</b>	<b>8,69,360</b>	<b>855,520</b>	<b>8,65,838</b>	<b>8,80,780</b>	<b>9,00,980</b>
YoY gr.	-1%	-1%	-1%	1%	-4%	-11%	-12%	-15%	-8%	0%	4%
QoQ gr.	-1.1%	0.5%	-0.1%	1.3%	-6.1%	-5.9%	-1.7%	-1.6%	1.2%	-0.3%	2.3%
<b>AUM mix (%)</b>											
2-WHEELER	7%	6%	7%	7%	8%	8%	8%	9%	9%	9%	9%
TRACTOR	9%	8%	9%	10%	11%	12%	13%	13%	13%	13%	13%
MICRO FINANCE	13%	13%	12%	12%	13%	13%	13%	14%	15%	16%	18%
Retail as % of AUM	<b>28.0%</b>	<b>27.8%</b>	<b>28.7%</b>	<b>28.8%</b>	<b>32.0%</b>	<b>33.5%</b>	<b>33.7%</b>	<b>35.6%</b>	<b>38.4%</b>	<b>38.0%</b>	<b>39.7%</b>

Source: Company, PL

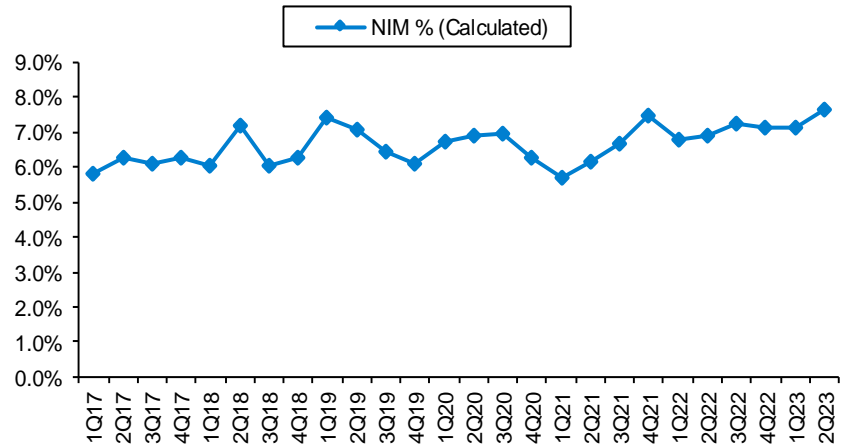
**Exhibit 4: De-focused book share on declining trend**


Source: Company, PL

**Exhibit 5: Wholesale book saw QoQ decline.**


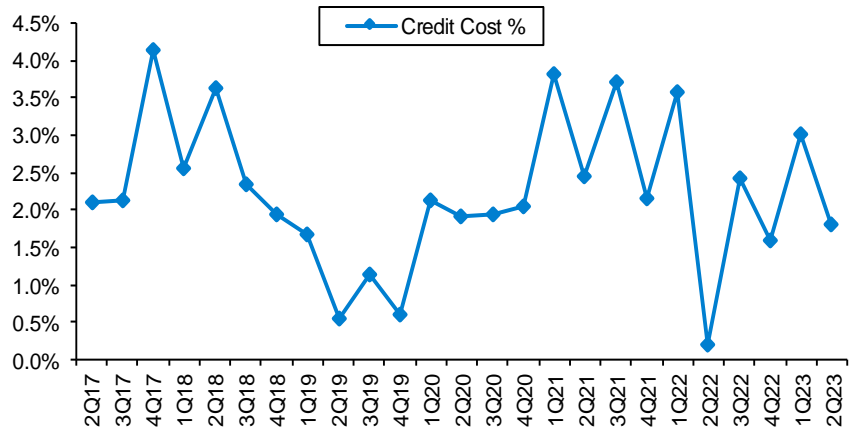
Source: Company, PL

**Exhibit 6: NIM improves on a QoQ basis on reutilization of book**



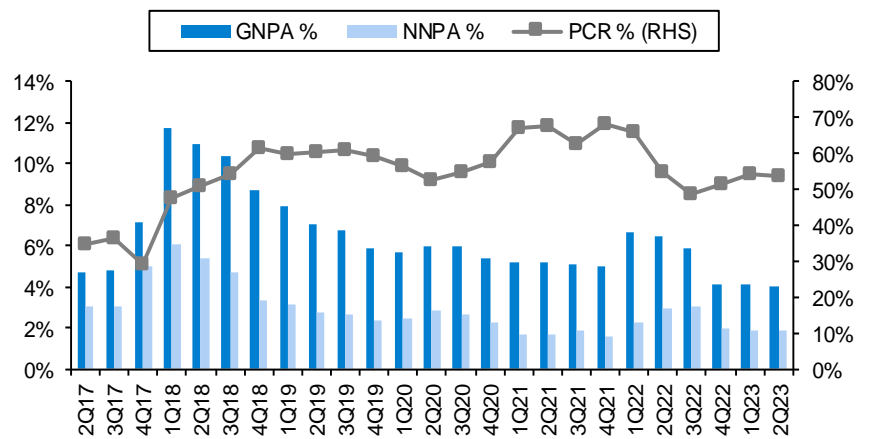
Source: Company Data, PL

**Exhibit 7: Credit cost decline on better collections**



Source: Company Data, PL

**Exhibit 8: NPAs reduce marginally on a QoQ basis**



Source: Company Data, PL

## Earnings Change Underlying Assumptions

### Exhibit 9: Change in Estimates: No change in estimates

Rs mn	Old Estimates			Revised Estimates			% Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Net Interest Income	65,896	75,119	81,483	65,896	75,119	86,640	0.0%	0.0%	6.3%
Operating Profit	31,977	38,327	41,581	31,977	38,327	46,737	0.0%	0.0%	12.4%
Net Profit	14,114	19,967	21,734	14,114	19,967	25,012	0.0%	0.0%	15.1%
EPS (Rs)	5.7	8.1	8.8	5.7	8.1	10.1	0.0%	0.0%	15.1%
<b>Price Target (Rs)</b>	<b>88</b>			<b>88</b>			<b>-</b>		
<b>Reco</b>	<b>HOLD</b>			<b>BUY</b>					

Source: PL

### Exhibit 10: TP maintained at 88, Maintain “BUY” rating

PT calculation and upside	
Fair value of Consol Biz - P/ABV	86
Fair value of AMC	1
Fair value of PE/wealth management	-
<b>Total - Fair value of LTFH</b>	<b>88</b>
<b>Target P/ABV - lending business on FY20 basis</b>	<b>1.0</b>
<b>Target P/E</b>	<b>10.2</b>
Current price, Rs	80
<b>Upside (%)</b>	<b>11%</b>
Dividend yield (%)	2%
<b>Total return (%)</b>	<b>12%</b>

Source: Company Data, PL

Income Statement (Rs. m)				
Y/e Mar	FY22	FY23E	FY24E	FY25E
Int. Inc. / Opt. Inc.	1,19,297	1,30,535	1,48,524	1,66,614
Interest Expenses	57,538	64,639	73,405	79,974
<b>Net interest income</b>	<b>61,759</b>	<b>65,896</b>	<b>75,119</b>	<b>86,640</b>
Growth(%)	2.2	6.7	14.0	15.3
Non-interest income	3,939	5,317	5,530	5,751
Growth(%)	(53.0)	35.0	4.0	4.0
Net operating income	65,698	71,213	80,649	92,391
<b>Expenditures</b>				
Employees	10,948	11,824	12,770	13,792
Other Expenses	24,403	26,355	28,463	30,740
Depreciation	1,026	1,057	1,089	1,122
Operating Expenses	35,351	38,179	41,233	44,532
<b>PPP</b>	<b>29,320</b>	<b>31,977</b>	<b>38,327</b>	<b>46,737</b>
Growth(%)	(31.0)	9.1	19.9	21.9
Provisions	17,092	16,096	14,624	16,292
<b>Profit Before Tax</b>	<b>12,229</b>	<b>15,881</b>	<b>23,703</b>	<b>30,445</b>
Tax	3,736	1,767	3,736	5,433
Effective Tax rate(%)	30.6	11.1	15.8	17.8
<b>PAT</b>	<b>10,492</b>	<b>14,114</b>	<b>19,967</b>	<b>25,012</b>
Growth(%)	10.6	34.5	41.5	25.3

Balance Sheet (Rs. m)				
Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Source of funds</b>				
Equity	24,740	24,740	24,740	24,740
Reserves and Surplus	1,74,737	1,85,643	2,05,610	2,30,622
Networth	2,01,276	2,12,183	2,32,150	2,57,162
Growth (%)	6.2	5.4	9.4	10.8
Loan funds	8,52,368	9,94,473	11,02,811	11,82,160
Growth (%)	(3.7)	16.7	10.9	7.2
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	-	-	-	-
Other Liabilities	15,378	24,676	51,154	76,598
<b>Total Liabilities</b>	<b>10,69,022</b>	<b>12,31,331</b>	<b>13,86,115</b>	<b>15,15,921</b>
<b>Application of funds</b>				
Net fixed assets	5,066	7,215	7,762	7,670
Advances	8,24,694	9,15,411	10,34,414	11,37,856
Growth (%)	(5.2)	11.0	13.0	10.0
Investments	1,19,169	1,48,962	1,86,202	2,04,822
Current Assets	1,10,176	1,08,508	1,17,285	1,23,149
<b>Net current assets</b>	<b>1,10,176</b>	<b>1,08,508</b>	<b>1,17,285</b>	<b>1,23,149</b>
Other Assets	9,916	51,236	33,623	42,424
<b>Total Assets</b>	<b>10,69,022</b>	<b>12,31,332</b>	<b>13,86,115</b>	<b>15,15,921</b>
Growth (%)	(1.9)	15.2	12.6	9.4
<b>Business Mix</b>				
AUM	8,24,694	9,15,411	10,34,414	11,37,856
Growth (%)	(12.3)	11.0	13.0	10.0
On Balance Sheet	-	-	-	-
% of AUM	-	-	-	-
Off Balance Sheet	-	-	-	-
% of AUM	-	-	-	-

Profitability & Capital (%)				
Y/e Mar	FY22	FY23E	FY24E	FY25E
NIM	7.3	7.6	7.7	7.8
ROAA	0.8	1.2	1.5	1.8
ROAE	4.6	6.9	8.0	8.2

Source: Company Data, PL Research

Quarterly Financials (Rs. m)				
Y/e Mar	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Int. Inc. / Operating Inc.	29,708	29,468	29,884	31,381
Income from securitization	-	-	-	-
Interest Expenses	14,066	13,923	14,132	14,385
<b>Net Interest Income</b>	<b>15,642</b>	<b>15,545</b>	<b>15,752</b>	<b>16,996</b>
Growth (%)	(5.9)	(13.9)	2.0	12.3
Non-Interest Income	1,284	1,204	1,474	1,193
<b>Net Operating Income</b>	<b>16,925</b>	<b>16,749</b>	<b>17,226</b>	<b>18,189</b>
Growth (%)	(5.0)	(15.3)	7.2	14.0
Operating expenditure	8,035	9,015	7,495	8,581
<b>PPP</b>	<b>8,891</b>	<b>7,734</b>	<b>9,731</b>	<b>9,608</b>
Growth (%)	-	-	-	-
Provision	5,200	3,543	6,663	4,053
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	3,691	4,191	3,068	5,555
Tax	1,126	1,289	851	1,952
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	30.5	30.8	27.7	35.1
<b>PAT</b>	<b>2,565</b>	<b>2,902</b>	<b>2,217</b>	<b>3,603</b>
Growth	8	9	71	109
AUM	8,55,520	8,83,410	8,80,780	9,00,980
YoY growth (%)	(14.5)	(6.0)	(0.4)	3.6
Borrowing	8,52,499	8,52,368	-	-
YoY growth (%)	(9.0)	(3.7)	-	-

Key Ratios				
Y/e Mar	FY22	FY23E	FY24E	FY25E
CMP (Rs)	80	80	80	80
EPS (Rs)	3.4	5.7	8.1	10.1
Book value (Rs)	80.6	85.0	93.1	104.5
Adj. BV(Rs)	74.5	79.2	87.0	96.8
P/E(x)	23.2	13.9	9.9	7.9
P/BV(x)	1.0	0.9	0.9	0.8
P/ABV(x)	1.1	1.0	0.9	0.8
DPS (Rs)	1.7	1.7	1.7	1.7
Dividend Payout Ratio(%)	59.7	35.9	25.4	16.8
Dividend Yield(%)	2.1	2.1	2.1	2.1

Asset Quality				
Y/e Mar	FY22	FY23E	FY24E	FY25E
Gross NPAs(Rs m)	57,201	60,061	64,866	70,055
Net NPA(Rs m)	21,658	20,494	21,643	22,759
Gross NPAs to Gross Adv.(%)	3.8	3.6	3.5	-
Net NPAs to net Adv.(%)	2.0	1.7	1.7	1.7
NPA coverage(%)	62.1	65.9	66.6	67.5

Du-Pont as a % of AUM				
Y/e Mar	FY22	FY23E	FY24E	FY25E
NII	5.6	5.7	5.8	6.3
NII INCL. Securitization	5.6	5.7	5.8	6.3
Total income	6.0	6.1	6.2	6.7
Operating Expenses	3.3	3.4	3.3	3.3
PPOP	2.7	2.8	2.9	3.4
Total Provisions	1.6	1.4	1.1	1.2
RoAA	0.8	1.2	1.5	1.8
Avg. Assets/Avg. net worth	5.9	5.7	5.2	4.5
RoAE	4.6	6.9	8.0	8.2

Source: Company Data, PL Research



**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Oct-22	BUY	88	77
2	21-Jul-22	BUY	88	71
3	07-Jul-22	Hold	88	70
4	04-May-22	Hold	88	85
5	12-Apr-22	Hold	88	84
6	24-Jan-22	Reduce	71	73
7	11-Jan-22	Reduce	81	80

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	BUY	8,953	7,432
2	Cholamandalam Investment and Finance Company	BUY	792	736
3	L&T Finance Holdings	BUY	88	77
4	Mahindra & Mahindra Financial Services	Hold	200	201
5	Manappuram Finance	BUY	126	99
6	Muthoot Finance	BUY	1,431	1,042
7	SBI Cards and Payment Services	Accumulate	1,087	892
8	Shriram Transport Finance	BUY	1,521	1,196

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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