




Estimate change	
TP change	
Rating change	

CMP: INR5,756 TP: INR6,880 (+20%) Buy

On track for better earnings momentum

Aiming to strengthen and diversify its customer acquisition funnel

Bloomberg	BAF IN
Equity Shares (m)	602
M.Cap.(INRb)/(USDb)	3484.9 / 42.7
52-Week Range (INR)	7777 / 5236
1, 6, 12 Rel. Per (%)	-9/-16/-19
12M Avg Val (INR M)	8360

Financials & Valuations (INR b)

Y/E March	FY23E	FY24E	FY25E
Net Income	288	340	417
PPP	187	224	282
PAT	115	138	175
EPS (INR)	191	229	290
EPS Gr. (%)	64	20	27
BV/Sh. (INR)	882	1,080	1,335

Ratios

NIM (%)	10.6	10.2	10.1
C/I ratio (%)	35.1	34.3	32.4
RoA (%)	4.8	4.5	4.6
RoE (%)	23.9	23.3	24.0
Payout (%)	13.1	13.1	12.1

Valuations

P/E (x)	30.2	25.2	19.9
P/BV (x)	6.5	5.3	4.3
Div. Yield (%)	0.4	0.5	0.6

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	55.9	55.9	56.0
DII	12.4	12.2	10.1
FII/FI/FII	20.0	20.7	23.0
Others	11.6	11.3	10.9

FII Includes depository receipts

- BAF's 3QFY23 PAT grew 40% YoY to ~INR29.7b (in line). This healthy performance was driven by a) strong velocity in customer additions/new loan acquisitions, b) the ability to maintain stable margins, and c) a slight moderation in opex ratios, aided by operating leverage. In 9MFY23, PAT grew ~82% YoY to ~INR83.5b (INR46b in 9MFY22).
- NII grew 25% YoY to INR59.2b. Other operating income grew 19% YoY, driven by a healthy improvement in fee income. Adjusted net total income (NTI) grew 28% YoY (after adjusting NII of ~INR2b earned on IPO financing in 3QFY22).
- 3QFY23 NIM (calc.) was stable QoQ at ~13.2%. We expect NIM to compress by ~35bp in FY24, driven by BAF's higher cost of borrowing and pressure on yields in a highly competitive landscape.
- We estimate an AUM/PAT CAGR of ~26%/23% over FY23-FY25 and expect BAF to deliver a RoA/RoE of 4.6%/24% in FY25. Management categorically stated that it has no plans/aspirations **now** to convert into a bank and that there are no discussions about any management change. However, we remain watchful of developments in BAF's payment offerings and its foray into new product lines like MFI, Auto, CV and Tractors. **Maintain Buy with a TP of INR6,880 (premised on 5.7x Sep'24E BVPS).**

Strong customer acquisition run rate; AUM growth of ~27%

- Total customer franchise rose 19% YoY to ~66m. New loans booked grew 5% YoY to 7.8m. BAF raised its new customer acquisition guidance to 11m+ in FY23 (v/s its guidance of 10-11m announced after its 2QFY23 earnings).
- Total AUM grew 27% YoY and ~6% QoQ to INR2.31t. Sequential AUM growth was driven by Auto Finance (+16%), Urban B2C (+6%), Rural B2B Sales Finance (+8%), SME (+7%) and Commercial (incl. LAS) (+10%).
- Urban B2B Sales Finance, Rural B2C and Mortgages exhibited relatively moderate sequential growth of 3%.

Opex ratio beginning to moderate driven by operating leverage

- Operating expenses grew 24% YoY to INR25.8b and the opex-to-NII ratio declined 120bp QoQ to 34.7%.
- Its entry into new product segments will keep opex high in the near term. However, given that operating leverage will start to kick in with balance sheet growth, we expect the opex-to-NII ratio to moderate to 34%/32% in FY24/FY25.

Long Range Strategy: Widening the acquisition funnel

- In the past, BAF used to originate customers through the B2B business the proportion of which is now down to ~9%. Management suggested that the contribution of B2B to the balance sheet will continue to decline. The seasonality effect (seen historically) on the balance sheet will largely go away now.
- **The aim** is to a) dominate with 100m customer franchise, b) a market share of 3% of payments GMV, and c) 3-4% of total credit and 4-5% of retail credit. **The philosophy** is to build businesses with a 10-year view anchored on prudence and risk management to deliver through-cycle RoE of 19-21%.
- BAF aspires for every business to be among the Top 5 in terms of **market share** in their respective products. It aims to be one of the Top 20 profit making companies in India and Top 5 in financial services.
- BAF plans to launch new auto loans, MFI, tractor, CV and emerging corporate loans. It will leverage BFL platforms and customer franchise to originate mortgages and broking accounts for subsidiaries. This will contribute 12-15% of retail mortgages and 20-25% of broking accounts.

Strong risk management underpins its healthy asset quality

- Asset quality was largely stable in 3QFY23 with a 3bp QoQ decline in both GNPA/NNPA ratios to 1.14%/0.41% respectively with Stage 3 PCR increasing 2pp QoQ to ~64%. The OTR book, classified under Stage 2, stood at INR3.9b (~17bp of AUM), with BAF carrying provisions of ~INR630m (~16%) on this book. GS3/NS3 are at their lowest levels historically.
- Credit costs in 3QFY23 stood at INR8.4b (~150bp annualized). The company continues to hold a management overlay of INR10b (~45bp of advances).

Highlights from the management commentary

- Management suggested that it will run businesses like Payments, MFI, Gold Loans as separate business units within Bajaj Finance.
- BAF accounts for 9-10% of the loans booked in India but only 3-4% of the assets. So it now needs broader product coverage and platforms. Even at this scale and size, BAF expects a 26-27% CAGR in AUM.

Valuation and view

- Customer acquisitions and the new loan trajectory have been strong. The momentum will only get stronger ahead, with the digital ecosystem – app, web platform and full-stack payment offerings – in place.
- We see NIM compression in FY24 as levers on borrowing costs have largely played out and the competitive landscape will limit any significant yield expansion.
- We raise our FY23 estimates by ~2% to factor in better margins. We estimate BAF to deliver a RoA/RoE of 4.6%/24% over the medium term. **Maintain Buy with a TP of INR6,880 (premised on 5.7x Sep'24E BVPS).**
- Key factors to watch out for in FY24: a) evolution of its payments landscape and traction therein; b) velocity of the consumer app and the adoption of the web platform; c) build-out of new product segments like CV, Tractor, MFI that BAF plans to launch in the next fiscal.

Quarterly Performance

(INR b)

Y/E March	FY22				FY23E				FY22	FY23E	3QFY23E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest Income	60	67	73	74	79	85	93	101	273	358	93	0
Interest expenses	23	24	25	26	26	30	34	38	97	128	34	0
Net Interest Income	37	43	47	48	53	55	59	63	175	230	59	0
YoY Growth (%)	12.3	26.0	40.7	25.1	42.5	29.1	25.3	31.2	26.2	31.5	25.2	
Other Operating Income	8	10	13	13	14	15	15	14	44	58	15	4
Net Income	45	53	60	61	66	70	74	78	219	288	74	1
YoY Growth (%)	8.1	28.2	39.7	30.2	47.8	31.2	23.9	27.8	26.8	31.7	22.9	
Operating Expenses	14	20	21	21	24	25	26	26	76	101	26	-2
Operating Profit	31	33	39	40	43	45	49	51	143	187	47	2
YoY Growth (%)	4.0	9.9	34.9	29.9	36.6	35.8	23.8	29.0	19.6	30.8	20.9	
Provisions and Cont.	18	13	11	7	8	7	8	8	48	32	7	17
Profit before Tax	14	20	29	33	35	38	40	43	95	155	40	0
Tax Provisions	4	5	7	8	9	10	10	11	25	40	10	0
Net Profit	10	15	21	24	26	28	30	32	70	115	30	0
YoY Growth (%)	4.2	53.5	85.5	79.7	159.0	87.8	39.9	30.4	59.0	63.7	40.1	
Key Operating Parameters (%)												
Fees to Net Income Ratio	17.6	19.6	21.2	20.8	20.5	20.9	20.3	18.7	20.0	20.1		
Credit Cost	4.67	3.31	2.51	1.53	1.55	1.43	1.54	1.43	2.84	1.5		
Cost to Income Ratio	30.6	38.0	34.7	34.6	35.9	35.9	34.7	34.0	34.6	35.1		
Tax Rate	26.6	26.1	25.9	25.9	25.9	25.9	25.9	26.3	26.0	26.0		
Balance Sheet Parameters												
AUM (INR B)	1,591	1,669	1,813	1,975	2,040	2,184	2,308	2,504	1,975	2,040		
Change YoY (%)	15.2	21.8	26.3	29.1	28.3	30.8	27.4	26.8	29.1	28.3		
Loans (INR B)	1,531	1,608	1,748	1,914	1,984	2,127	2,254	2,446	1,914	1,984		
Change YoY (%)	15.7	22.0	26.7	30.5	29.5	32.3	29.0	27.8	30.5	29.5		
Borrowings (INR B)	1,333	1,450	1,540	1,652	1,721	1,833	2,013	2,123	1,652	1,721		
Change YoY (%)	10.1	16.1	24.1	25.5	29.1	26.4	30.7	28.5	25.5	29.1		
Loans/Borrowings (%)	114.9	110.9	113.5	115.9	115.3	116.1	112.0	115.2	115.9	115		
Asset Quality Parameters (%)												
GS 3 (INR B)	47.4	41.0	31.1	31.3	25.4	25.3	26.1		31.3	28.8		
Gross Stage 3 (% on Assets)	2.96	2.45	1.73	1.60	1.25	1.17	1.14		1.57	1.14		
NS 3 (INR B)	23.1	18.3	13.8	13.2	10.2	9.5	9.3		13.1	10.1		
Net Stage 3 (% on Assets)	1.46	1.10	0.78	0.68	0.51	0.44	0.41		0.69	0.40		
PCR (%)	51.3	55.5	55.6	58.0	59.9	62.3	64.2		58.0	65.0		
Return Ratios (%)												
ROAA (Rep)	2.8	3.6	5.2	5.2	5.3	5.4	5.4		3.7	4.8		
ROAE (Rep)	10.8	15.2	21.2	22.8	23.1	23.6	24		17.7	23.9		

E: MOFSL Estimates

Exhibit 1: Strategy drivers

Strategic construct – 5 blocks of strategy

1 Products (12)
Be amongst the top 5 players in each product line

Megatrends – Pre-owned, UPI as Open architecture
New Product Lines– Auto, MFI, Tractor, CV, Emerging corporate
New Product Innovations – B2B on QR, B2B on EDC, Bajaj+, Flexi on QR, Insta PL card

2 Geography (3)
जहाँ BAJAJ वहाँ BAJAJ के सारे products

Megatrends – Win U.P, Bihar and North East
Domestic – Geography 2.0, All products in all locations

3 Platforms (10)
Dominate all platforms of consumer presence & generate 50% of business from digital platforms

Megatrends – Social & Reward platforms
Consumer App – Hyper personalization, AR, CX
Consumer Web – Discoverability, CX, Video, Vernacular
Marketplace – Bajaj Mall 2.0

4 Horizontal functions (9)
Pursue operational excellence and deliver robust controls and compliance

Megatrends – Account Aggregator, data privacy
Risk – Know everyone
DMS – readiness for 6 MM receipts per month
Operations – STP across all products
Service – FPC, self-service
Technology – Consumerization of technology stack
Treasury – Diversified liability profile

5 Subsidiaries
Grow and dominate in their respective industries

Leverage BFL platforms and customer franchise to originate Mortgages and broking accounts for subsidiaries.


Contribute 12-15% of retail mortgages and 20-25% of broking accounts

BAJAJ FINANCE LIMITED


Source: Company, MOFSL

Exhibit 2: Long-term targets of the company


BFL Consolidated long-term guidance on financial metrics




AUM growth
in corridor of
25%-27%




Profit growth
in corridor of
23%-24%




GNPA
in corridor of
1.4%-1.7%



NNPA
in corridor of
0.4%-0.7%



Return on assets
in corridor of
4%-4.5%



Return on equity
in corridor of
19%-21%

BAJAJ FINANCE LIMITED

Source: Company, MOFSL

Exhibit 3: Omni-channel strategy key metrics and FY23 estimates

Omnipresence strategy – disciplined execution, rapid adoption in all processes of the Company and continued progress on all metrics

Particulars	Unit	Q1 FY23	Q2 FY23	Q3 FY23	FY23 estimates
Geography					
New locations added – in the Qtr	#	82	99	29	400-450
Locations - Cumulative	#	3,586	3,685	3714	3,900-3,950
Gold loan branches – Cumulative	#	155	175	179	375
App Metrics					
Downloads – In the Qtr	# in MM	11.01	12.59	14.84	53-55
Net Installs – Cumulative	# in MM	23.0	26.6	31.5	35-38
In-App programs – Cumulative	#	62	87	101	100+
Ranking in financial domain in Playstore	#	6	5	5	Top 5
Service requests initiated on app – In the Qtr	% of total SR	15%	19%	22%	23-25%
App Payments metrics					
Wallet accounts – Cumulative	# in MM	8.91	11.80	14.40	18.50
UPI handles – Cumulative	# in MM	3.61	7.23	10.39	12
Bill pay transactions – In the Qtr	# in MM	2.06	3.59	5.00	12
QRs at merchant PoS – Cumulative	# in '000	18	78	214	600-700
Rewards issued – In the Qtr	# in MM	4.8	9.1	17.3	37-40

Source: Company, MOFSL

Exhibit 4: Omni-channel strategy key metrics and FY23 estimates

Omnipresence strategy – disciplined execution, rapid adoption in all processes of the Company and continued progress on all metrics

Particulars	Unit	Q1 FY23	Q2 FY23	Q3 FY23	FY23 estimates
App business metrics					
EMI cards acquired on App – In the Qtr	# in '000	69	100	100	300-325
Personal loan disbursed on App – In the Qtr	In ₹ cr	2,109	2,391	2,301	9,000-10,000
Credit card acquisition on App – In the Qtr	# in '000	30	47.8	59.2	175-200
Flexi loan transactions on App – In the Qtr	# in '000	866	1,030	1,481	3.6-3.8 MM
DMS receipts on App – In the Qtr	# in '000	644	770	900	3.0-3.2 MM
Marketplace metrics					
Bajaj Mall visits – In the Qtr	# in MM	31.8	33.6	44.2	140-150
Bajaj Mall loans – In the Qtr	# in '000	645	562	619	2.6-2.8 MM
Insurance Bazaar policies – In the Qtr	# in '000	9.5	23.5	153.7	250-275
Investments Bazaar MF A/C – In the Qtr	# in '000	10	20.8	19.5	100-110
Digital EMI card metrics					
EMI cards acquired digitally – In the Qtr	# in '000	522	664	637	2.0-2.2 MM
EMI cards acquired digitally – CIF	# in MM	2.3	2.6	3.1	3.8-4.0
B2B loans from digital EMI cards – in the Qtr	# in '000	227	269	284	1.0-1.2 MM

Source: Company, MOFSL

Exhibit 5: Customer franchise: Key metrics

Customer franchise - Key financial metrics								BAJAJ FINANCE LIMITED	
Particulars	Unit	FY17	FY18	FY19	FY20	FY21	FY22	9M FY22	9M FY23
New loans booked	In MM	10.1	15.3	23.5	27.4	16.9	24.7	18.4	22.0
New customer addition	In MM	4.1	6.1	8.3	8.1	6.0	9.0	6.8	8.5
Existing customer mix	%	59.8%	60.3%	64.8%	70.4%	64.6%	63.5%	63.0%	61.4%
Total franchise	in MM	20.1	26.2	34.5	42.6	48.6	57.6	55.4	66.1
Cross sell franchise	in MM	11.0	15.4	20.7	24.1	26.9	32.8	31.3	38.6
Co-branded credit cards sold	in MM	0.03	0.39	0.81	1.12	0.70	1.36	0.99	1.42
Other financial products sold to existing customers	in MM	0.06	0.08	0.19	0.27	0.67	2.23	1.61	1.64
AUM per cross sell franchise	₹	54,722	53,417	56,066	60,983	56,879	58,617	57,981	59,835
PAT per cross sell franchise	₹	1,670	1,618	1,933	2,182	1,644	2,145	1,474	2,164

Source: MOFSL, Company



Highlights from the management commentary

AUM growth

- On track to deliver INR52-53b of core AUM growth in FY23.
- AUM growth of INR124.8b in 3QFY23. AUM growth was slower in mortgages due to intense pricing pressures.
- In Q3, B2B disbursements grew 6% YoY at INR160b. Oct'22 was good for consumer discretionary, but the B2B business witnessed muted post-festive demand in Nov-Dec'22. Demand is better in Jan'23.
- BAF accounts for 9-10% of the loans booked in India but only 3-4% of the assets. So it now needs broader product coverage and platforms. Even at this scale and size, BAF expects a 26-27% CAGR in AUM.

Customer franchise

- Given strong momentum in the first three quarters, BAF now estimates new customer additions of 11m+ in FY23.
- Customer franchise stood at 66.05m as of Dec'22. BAF is confident of ending the fiscal with 68.5-69.0m customers.

Distribution

- BAF will only add 250-300 locations (v/s guidance of 350-400) in the current fiscal year.
- Urban/Rural businesses will have eventual net addition in the next 4.5 years in 445 locations. Out of this, 400 will come in UP, Bihar and North-East. The next step on geographic infrastructure is to get all its products in all its branches.

Margins

- CoF increased by 23b QoQ. Despite this, NIM (as % of AUM) was largely stable QoQ at 13.24%. Because the liability duration is longer than the asset duration, it will see benefits of repricing on incremental loans.
- Competitive intensity has remained elevated and BAF is gradually passing on the impact of higher interest rates to customers across businesses. So far it has managed to neutralize the increasing cost of funds. It has passed on 50-70bp to customers across business and product lines. Variable line businesses would have already been repriced and fixed-line businesses are being repriced on incremental lending.

Opex

- The Opex-to-NII ratio declined 120bp QoQ to ~35%. BAF continues to invest in teams and technology for business transformation. It expects to sustain operating efficiencies in 4Q as well.
- The company has peaked on building out the investment frame and as AUM builds up, it will exhibit improvements in CIR and Opex-to-AUM.
- A large part of the opex increase was attributed to salary hikes and new hiring. It is now seeing operating leverage emerge.

Asset Quality

- All portfolios are in green, including the Auto Finance portfolio.
- Guides for credit costs of 1.4-1.5% (as % of average assets) in FY23. It holds a management and macro-economic overlay of INR10b (~40-45bp of AUM).

BHFL

- BHFL has the lowest risk balance sheet in India in terms of mortgages.
- Except for AUM and disbursements, all other financial metrics were strong. It expects to revert to a stronger growth trajectory between 4QFY23 and 1QFY24.

Omnipresence

- Sprint 2 will fully go live by Mar'23.
- Of all service requests raised, 22% are coming through the app, and this could increase to 40-45% within the next few quarters.
- Adding 7000-8000 merchant QRs on a daily basis. Expects to start becoming visible at the points of sale universally in the next fiscal.
- Bajaj Finserv App has become Top 5 in terms of net downloads.

Long Range Strategy (LRS)

- The company will be sharing its LRS with 3Q results every year – the annual five-year rolling strategy planning process with an execution plan of 12-24 months.
- BAF analyzes macro, industry outlook, technology megatrends and business megatrends and selects a benchmark company to learn from.
- **Ambition:** 1) Dominate with 100m customer franchise; 2) Market share of 3% of Payments GMV; and 3) 3-4% of total credit and 4-5% of retail credit
- **Philosophy:** Build businesses with a 10-year view anchored on prudence and risk management to deliver through-cycle RoE of 19-21%.

- **Market Share:** Every business of the company to be among the Top 5 in their respective products.
- **Profit Share:** To be among the Top 20 profit making companies in India and Top 5 among financial services.
- BFL is currently not present in 28% (% of total credit) of the retail credit categories, namely Auto, CV and Agri. It plans to launch new auto loans, MFI, tractor, CV and emerging corporate loans.
- Leverage BFL platforms and customer franchise to originate Mortgages and broking accounts for subsidiaries. This will contribute 12-15 % of retail mortgages and 20-25% of broking accounts.
- Horizontal: More straight-through processing (STP)

LRS 2023-27 Execution Plan

- Already launched LAP business in BFL for MSME customers in Jan'23.
- Launch new auto loans in 2QFY24, Micro-Finance in 4QFY24, and tractor financing in 1QFY25
- Launch emerging corporate business in 3QFY24
- Launch B2B on QR and EDC in 4QFY24, Flexi on QR in FY24 and Insta PL card in 4QFY24
- Under LRS, all businesses will be built organically.

Mortgages

- In Primary housing demand, it is not seeing any significant downturn after interest rates are catching up. But there is some demand compression in the secondary sales.
- BAF only does salaried home loans and does not operate in the self-employed home loan customer segment.

Conversion into a bank?

- Management shared that there is no plan to convert into a bank.
- 14%-16% of the loan mix could be PSL-compliant.

MFI business

- It will be a staggered growth frame. The business will find its feet first and then it will look to exhibit growth.
- It will be launching MFI in two states first - UP and Tamil Nadu.
- USP - Existing customers and deep knowledge of the geography from an MFI standpoint.

Credit Cards

- BAF has applied and is hopeful of receiving a credit card license, but the regulator will do it for the NBFC sector and based on the credibility of the franchise.

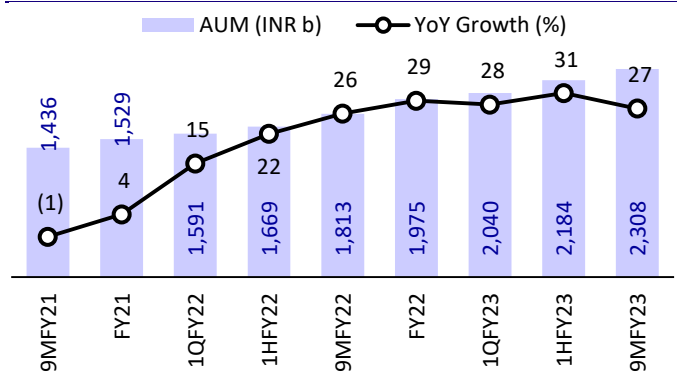
Others

- In the past, BAF used to originate customers through the B2B business, which is now down at 9%. The contribution of B2B to the balance sheet will keep going down. The seasonality effect (seen in the past) on the balance sheet will largely go away now.

- No discussions (at the Board level yet) around management transition in Bajaj Finance.
- Suggested that it will be running businesses like Payments, MFI and Gold Loans as separate business units within Bajaj Finance. This suggests that there is a chance that it might spin off these businesses in due course.
- Guided that it will have 650 standalone gold loan branches (v/s ~180 now) by Mar'24. Within gold loans, the average ticket size is 3x that of gold NBFCs.
- Acquired a ~41.5% stake in Snapwork Technologies for ~INR930m with the intent to strengthen its technology roadmap.
- BAF has open architecture and is already working with nine insurance companies and it is open to working with another 18 insurance companies.
- As the portfolio quality continues to improve, the recovery commission has come down, which has led to a decline in the fee and commission expenses.

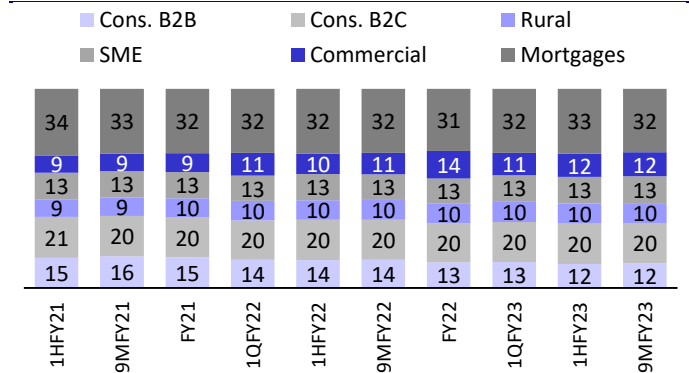
Story in charts

Exhibit 6: AUM growth healthy at 27% YoY (%)



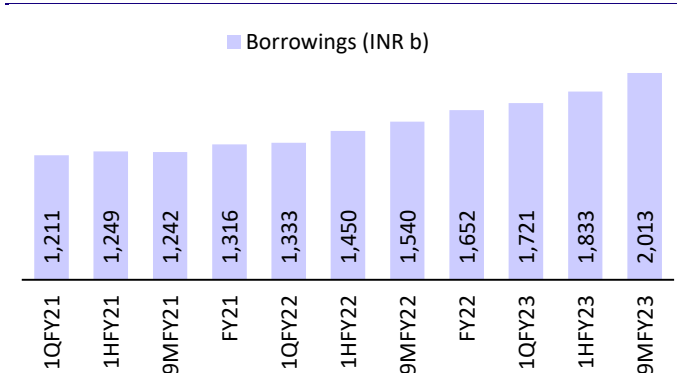
Source: MOFSL, Company

Exhibit 7: AUM mix was largely stable (%)



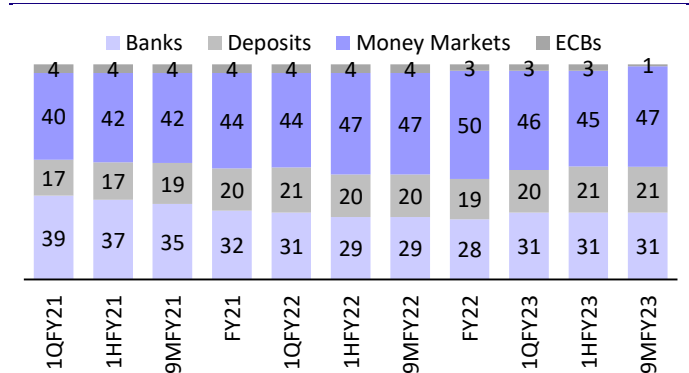
Source: MOFSL, Company

Exhibit 8: Borrowings grew by 31% YoY



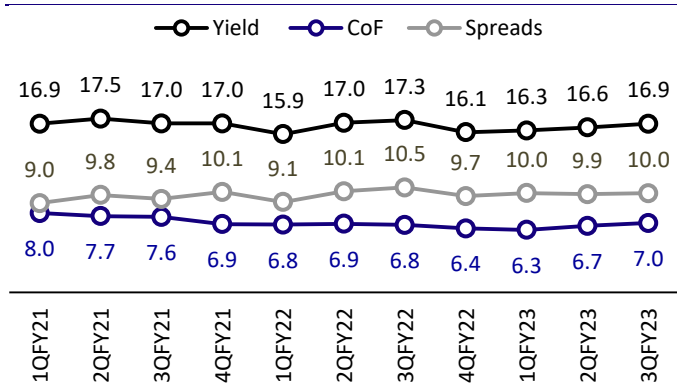
Source: MOFSL, Company

Exhibit 9: Borrowing mix (%)



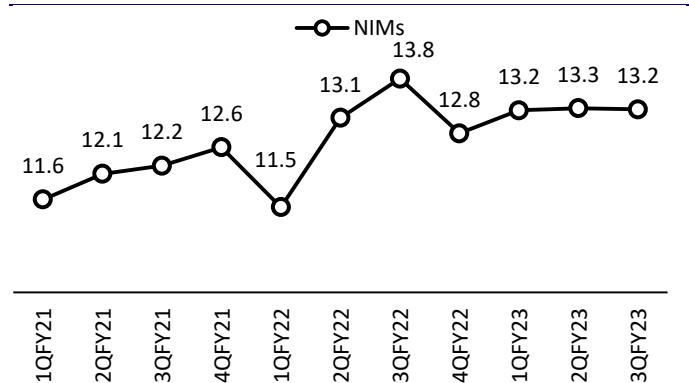
Source: MOFSL, Company

Exhibit 10: Calculated Spreads improved ~30bp QoQ (%)



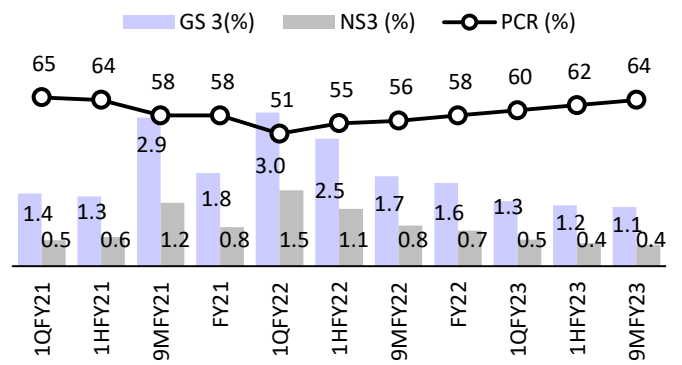
Source: MOFSL, Company

Exhibit 11: Margin (calculated) was largely stable QoQ (%)



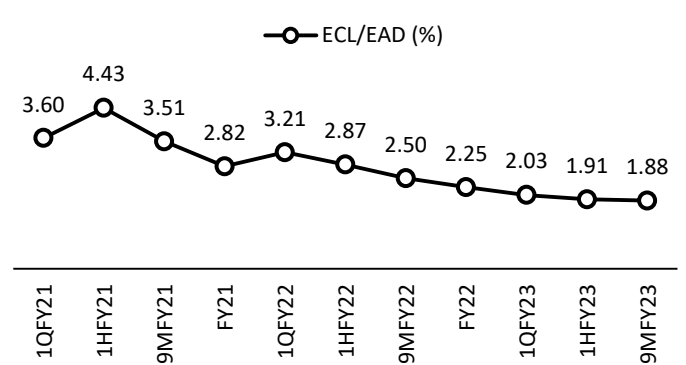
Source: MOFSL, Company

Exhibit 12: PCR on S3 increased ~2pp QoQ to 64%



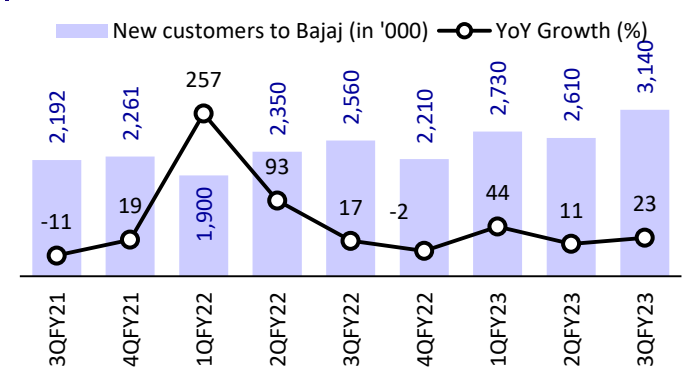
Source: MOFSL, Company; Note: Without SC dispensation, GNPA ratio would be 1.8%

Exhibit 13: Total ECL provisions stood ~190bp of EAD



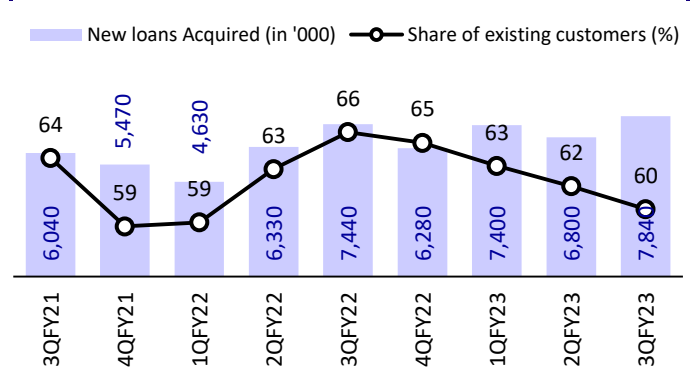
Source: MOFSL, Company

Exhibit 14: Quarterly new customer addition run-rate grew ~23% YoY



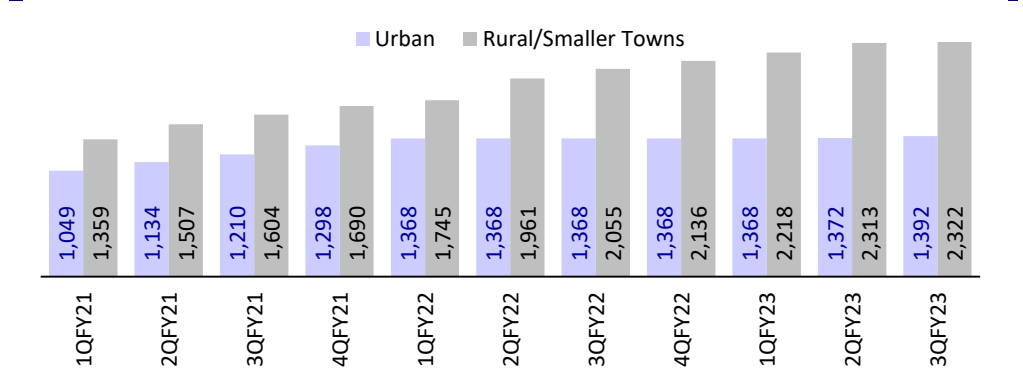
Source: MOFSL, Company

Exhibit 15: Share of existing customers in new loans booked declined to ~60%



Source: MOFSL, Company

Exhibit 16: Trend in branch expansion: Additions primarily in rural/smaller towns



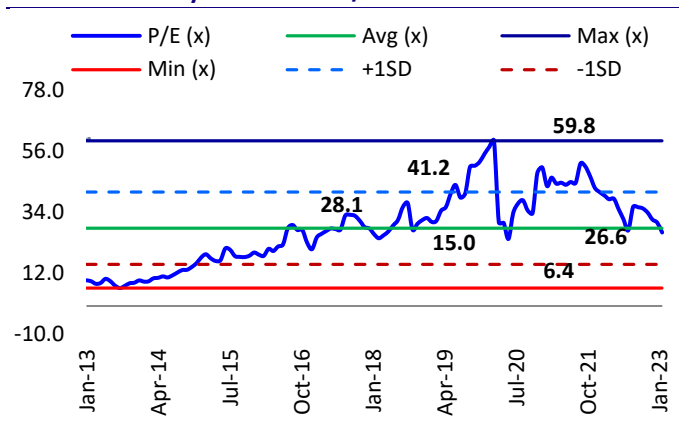
Source: MOFSL, Company

Exhibit 17: We increase our FY23 EPS estimates by ~2% to factor in lower opex and higher fee income

INR B	Old Est.			New Est.			% Change		
	FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
NII	229.3	283.8	351.2	230.4	282.8	348.9	0.5	-0.4	-0.7
Other operating Income	56.4	59.8	70.7	57.8	57.5	67.9	2.5	-3.8	-3.9
Other Income	0.1	0.1	0.1	0.1	0.1	0.1			
Total Income	285.8	343.7	422.0	288.3	340.4	416.9	0.9	-1.0	-1.2
Operating Expenses	102.3	120.2	141.3	101.1	116.7	135.3	-1.1	-2.9	-4.3
Operating Profits	183.5	223.5	280.7	187.2	223.7	281.7	2.0	0.1	0.3
Provisions	30.7	36.9	45.4	31.7	37.4	45.3	3.1	1.3	0.0
PBT	152.8	186.6	235.3	155.5	186.4	236.3	1.8	-0.1	0.4
Tax	39.7	48.5	61.2	40.4	48.5	61.4	1.8	-0.1	0.4
PAT	113.0	138.1	174.1	115.1	137.9	174.9	1.8	-0.1	0.4
Loans	2,479	3,123	3,873	2,446	3,082	3,853	-1.3	-1.3	-0.5
Borrowings	2,102	2,624	3,253	2,123	2,679	3,352	1.0	2.1	3.0
RoA	4.7	4.6	4.7	4.8	4.5	4.6			
RoE	23.5	23.4	24.0	23.9	23.3	24.0			

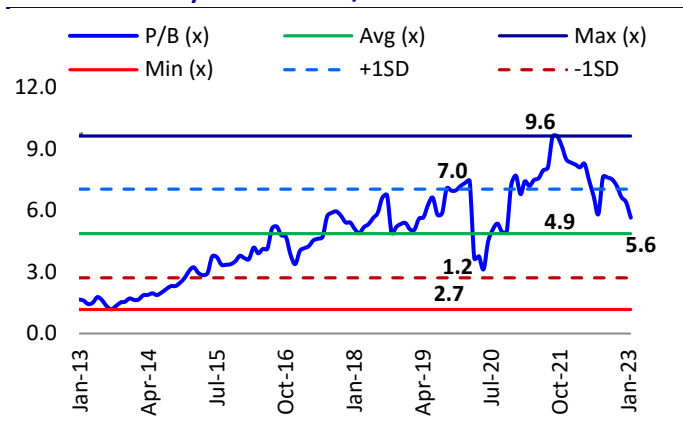
Source: MOFSL, Company

Exhibit 18: One-year forward P/E



Source: MOFSL, Company

Exhibit 19: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement										INR b
Y/E MARCH	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Interest Income	65.5	87.1	115.9	163.5	229.7	233.0	272.7	358.0	461.7	582.6
Interest Expended	29.3	38.0	46.1	66.2	94.7	94.1	97.5	127.6	178.9	233.7
Net Interest Income	36.2	49.0	69.7	97.3	135.0	138.9	175.2	230.4	282.8	348.9
Change (%)	37.0	35.4	42.2	39.5	38.8	2.9	26.2	31.5	22.7	23.4
Other Operating Income	7.5	12.7	11.6	21.4	34.0	33.6	43.6	57.8	57.5	67.9
Other Income	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net Income	44.1	62.0	81.4	118.8	169.1	172.7	218.9	288.3	340.4	416.9
Change (%)	39.0	40.7	31.3	45.9	42.4	2.1	26.8	31.7	18.1	22.5
Operating Expenses	19.0	25.6	32.7	42.0	56.6	53.1	75.8	101.1	116.7	135.3
Operating Profits	25.1	36.4	48.7	76.8	112.5	119.6	143.1	187.2	223.7	281.7
Change (%)	44.0	45.0	34.1	57.6	46.5	6.3	19.6	30.8	19.5	25.9
Provisions and W/Offs	5.4	8.2	10.3	15.0	39.3	59.7	48.0	31.7	37.4	45.3
PBT	19.6	28.2	38.4	61.8	73.2	59.9	95.0	155.5	186.4	236.3
Tax	6.9	9.8	13.5	21.8	20.6	15.7	24.8	40.4	48.5	61.4
Tax Rate (%)	34.9	34.8	35.0	35.3	28.1	26.2	26.0	26.0	26.0	26.0
PAT	12.8	18.4	25.0	39.9	52.6	44.2	70.3	115.1	137.9	174.9
Change (%)	42.4	43.6	35.9	60.0	31.8	-16.0	59.0	63.7	19.9	26.8
Proposed Dividend	1.6	2.5	2.8	4.3	7.3	6.0	6.0	15.0	18.1	21.1

Balance Sheet										INR b
Y/E MARCH	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Capital	0.5	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Reserves & Surplus (Ex OCI)	73.7	89.4	157.4	195.8	323.0	363.2	430.6	530.7	650.5	804.3
Net Worth	74.3	90.5	158.6	197.0	324.2	364.4	431.8	531.9	651.7	805.5
OCI	0.0	0.0	-0.1	0.0	-0.9	-1.2	-0.7	-0.7	-0.7	-0.7
Net Worth (Including OCI)	74.3	90.5	158.5	197.0	323.3	363.2	431.1	531.2	651.0	804.8
Change (%)	54.7	21.9	75.1	24.3	64.1	12.3	18.7	23.2	22.6	23.6
Borrowings	370.2	508.9	665.6	1,015.9	1,298.1	1,316.3	1,652.5	2,123.5	2,678.6	3,352.2
Change (%)	38.7	37.5	30.8	52.6	27.8	1.4	25.5	28.5	26.1	25.1
Other liabilities	25.2	19.9	23.9	29.5	22.6	35.2	41.4	47.6	54.7	63.0
Total Liabilities	469.7	619.4	848.0	1,242.3	1,643.9	1,714.7	2,125.1	2,702.2	3,384.4	4,219.9
Investments	10.3	41.3	31.4	86.0	175.4	184.0	122.5	122.5	122.5	122.5
Change (%)	211.2	299.5	-24.0	173.9	104.0	4.9	-33.4	0.0	0.0	0.0
Loans	438.3	564.0	800.0	1,137.1	1,428.0	1,466.9	1,914.2	2,446.4	3,082.5	3,853.1
Change (%)	40.5	28.7	41.8	42.1	25.6	2.7	30.5	27.8	26.0	25.0
Other assets	21.1	14.1	16.6	19.2	40.5	63.9	88.4	133.4	179.5	244.4
Total Assets	469.7	619.4	848.0	1,242.3	1,643.9	1,714.7	2,125.1	2,702.2	3,384.4	4,219.9

E: MOFSL Estimates

Financials and valuations

Ratios	(%)									
Y/E MARCH	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Spreads Analysis (%)										
Yield on Advances	17.5	17.4	17.0	16.9	17.9	16.1	16.1	16.4	16.7	16.8
Cost of borrowings	9.2	8.7	7.9	7.9	8.2	7.2	6.6	6.8	7.5	7.8
Interest Spread	8.3	8.7	9.1	9.0	9.7	8.9	9.6	9.7	9.3	9.1
Net Interest Margin	9.7	9.8	10.2	10.0	10.5	9.6	10.4	10.57	10.23	10.06
Profitability Ratios (%)										
Cost/Income	43.1	41.4	40.1	35.3	33.5	30.7	34.6	35.1	34.3	32.4
Empl. Cost/Op. Exps.	33.2	36.3	43.9	46.2	45.0	47.0	47.3	49.7	50.8	52.6
RoE	20.9	22.3	20.0	22.5	20.2	12.8	17.7	23.9	23.3	24.0
RoA	3.2	3.4	3.4	3.8	3.6	2.6	3.7	4.8	4.5	4.6
Asset Quality (%)										
GNPA (INR m)	5,386	9,824	11,638	18,035	23,626	27,304	31,331	28,792	34,291	49,369
NNPA (INR m)	1,229	2,554	3,535	7,271	9,373	11,354	13,144	10,077	10,973	14,811
GNPA %	1.2	1.7	1.4	1.6	1.6	1.8	1.6	1.1	1.1	1.2
NNPA %	0.3	0.5	0.4	0.6	0.7	0.8	0.7	0.4	0.3	0.4
PCR %	77.2	74.0	69.6	59.7	60.3	58.4	58.0	65.0	68.0	70.0
Total Provisions/loans %	1.1	2.9	2.2	2.1	2.9	3.0	4.7	3.4	3.0	2.8
Capitalisation (%)										
CAR	19.5	19.5	24.0	20.7	25.0	28.3	27.2	25.7	25.0	24.8
Tier I	16.1	13.3	18.4	16.3	21.3	25.1	24.8	23.9	23.7	23.7
Tier II	3.4	6.2	5.5	4.4	3.7	3.2	2.5	1.8	1.4	1.0
Average Leverage on Assets (x)	6.5	6.6	5.9	5.9	5.5	4.9	4.8	5.0	5.1	5.2
Valuation										
Book Value (INR)	139	165	276	341	540	606	716	882	1,080	1,335
Price-BV (x)				16.9	10.7	9.5	8.0	6.5	5.3	4.3
Adjusted BV (INR)	274	162	271	333	529	592	701	870	1,068	1,318
Price-ABV (x)				17.3	10.9	9.7	8.2	6.6	5.4	4.4
EPS (INR)	24	34	43	69	88	73	116	191	229	290
EPS Growth (%)	33.0	40.7	29.2	59.6	26.7	-16.3	58.6	63.7	19.9	26.8
Price-Earnings (x)				83.1	65.6	78.3	49.4	30.2	25.2	19.9
OPS (INR)	94	66	85	133	188	199	237	310	371	467
OPS Growth (%)	34.4	-29.0	27.5	57.1	40.9	6.0	19.3	30.8	19.5	25.9
Price-OP (x)				43.2	30.7	29.0	24.3	18.6	15.5	12.3
Dividend per Share (INR)	2.5	3.6	4.0	6.0	10.0	10.0	20.0	25.0	30.0	35.0
Dividend Yield (%)				0.1	0.2	0.2	0.3	0.4	0.5	0.6

E: MOSL Estimates

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SELL	< - 10%
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4263; 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.:022-71881085.

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