

# Piramal Enterprises

Bloomberg	PIEL IN
Equity Shares (m)	239
M.Cap.(INRb)/(USD\$)	201.4 / 2.4
52-Week Range (INR)	1378 / 785
1, 6, 12 Rel. Per (%)	6/-16/-40
12M Avg Val (INR M)	1540

## Financials & Valuations (INR b)

Y/E March	FY23E	FY24E	FY25E
PPOP	34.3	27.8	34.4
PAT	106.6	20.5	23.3
EPS	446.5	86.0	97.8
EPS Gr. (%)	541	-	13.7
BV/Sh. (INR)	1,328	1,396	1,474
RoA (%)	11.6	2.3	2.3
RoE (%)	31.1	6.3	6.8

## Valuation

P/E (x)	1.9	9.8	8.6
P/BV (x)	0.6	0.6	0.6
Dividend yield (%)	2.1	2.4	2.8

## Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	43.5	43.5	43.5
DII	8.1	7.9	8.2
FII	31.7	32.6	35.8
Others	16.7	16.1	12.5
FII Includes depository receipts			

**CMP: INR844**
**TP: INR1,150 (+36%)**
**Buy**

## One-off gains lead to strong earnings despite elevated credit costs

### Built provision buffers on wholesale to utilize the benefits of one-time gains

- Piramal Enterprises (PIEL) posted a 3QFY23 consolidated PAT of ~INR35.4b (PY: INR7.5b from financial services). This was aided by reversal of income tax provision of ~INR33.3b and gains of ~INR11.1b due to fair valuation of shares held in Shriram Group coupled with buyback of bonds.
- NII grew ~12% YoY/24% QoQ to INR10.5b. Opex-to-average assets ratio at ~3% was elevated because of investments in scaling up retail in terms of both manpower and branches. Management guided for an opex-to-average assets of 2.5-3.0%, after it has sufficiently scaled up the retail business.
- Total AUM grew 1% YoY to ~INR649b, while total wholesale AUM declined 16% YoY to ~INR370b. Retail AUM rose 29% YoY to ~INR279b with its share in the loan book increasing to 43% (PQ: 39%) during the quarter.
- ECL provisions increased to 10% of the AUM (PQ: 8.6%) as the company built an additional provision buffer of ~INR10.7b on S1 and S2 assets.
- We estimate ~13% AUM CAGR over FY23-25, including consolidation in the Wholesale book over the next two years. **Retain BUY with a TP of INR1,150 (premised on Sep'24E SoTP).**

### Credit costs elevated due to credit provision buffer

- GNPA/NNPA increased ~30bp/40bp QoQ, respectively, to 4.0%/1.7% of AUM. The company raised the PCR on S3 loans by ~50bp to ~67%.
- Stage 3 increased to 6.9% (PQ: 3.6%) because of movement of a non-RE impaired account of INR19.1b to Stage 3 from Stage 2. While this account has been classified under Stage 3, it has not been categorized as an NPA because of a High Court Order. This could potentially be one of the stressed exposures that the company had already reported earlier.
- Credit costs stood at ~INR17b (PQ: INR32.5b), which included an additional provision buffer of ~INR10.7b on S1 & S2 assets and write-offs of ~INR7.7b.
- **Management guided that the stressed asset recognition and the corresponding provisioning are now complete.** With higher focus on recoveries/monetization, it expects the Wholesale 1.0 AUM to decline.

### Disbursement yields increase driven by improving product mix

- PIEL's 3QFY23 retail disbursements stood at ~INR51b and rose 29% QoQ driven by growth across both digital and phygital products.
- Excluding embedded finance, the disbursement yields improved to 13.9% in 3QFY23 (v/s 12.1% in 3QFY22), driven by a better product mix. Digital embedded finance disbursements of INR12.3b contributed 24% to overall retail disbursements in 3QFY23 and 6% to the retail AUM.
- Average CoB declined ~40bp QoQ to 8.4% despite a rising interest rate environment while yields improved ~150bp QoQ, driving margin expansion of 190bp (as a % of AUM) to 6.5% during the quarter.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and

**Highlights from the management commentary**

- Management stated that it will indeed exit its investments in Shriram Finance but did not want to put a timeline on the stake sale since it will depend on market conditions.
- The company is focused on building a high-quality Wholesale 2.0 book, which would be granular in nature and cash-flow/asset backed.
- Digital embedded finance is a higher risk business and it has budgeted 4% credit costs, but is currently experiencing credit costs of 1% in this business. RoA was at >4% in digital unsecured lending.
- **Management guided that it does not plan to build anymore contingency provision buffers and its focus will be on bringing down Wholesale 1.0 through accelerated prepayments and settlements.**

**Valuation and view**

- Over the past two years, PIEL has: a) strengthened its Balance Sheet by running down its Wholesale loan book; b) improved texture of its borrowings, driving lower cost of borrowings; and d) fortified itself against contingencies, with ECL provisions at 10% of AUM.
- Over the next two years, we expect the company to make meaningful inroads into Retail, led by mortgages and complemented by shorter tenure loans originated through digital partnerships. Product diversification within Retail will help PIEL deliver strong growth and reduce concentration risks. We expect the business to deliver ~2.3% RoA and 7% RoE in the near term.
- We have a target multiple at 0.8x P/BV for the lending business. **Retain BUY with a TP of INR1,150 (premised on Sep'24E SoTP).**

## Quarterly Performance

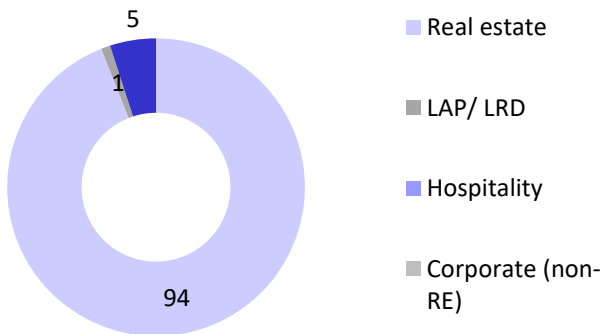
(INR m)

Y/E March	FY22			FY23E			FY22
	1QFY22	2QFY22	3QFY22	1QFY23	2QFY23	3QFY23	
Interest Income	15,397	15,330	21,578	20,392	18,437	20,062	75,228
Interest Expenses	9,373	9,110	12,200	10,436	10,005	9,593	42,251
<b>Net Interest Income</b>	<b>6,024</b>	<b>6,220</b>	<b>9,378</b>	<b>9,955</b>	<b>8,432</b>	<b>10,469</b>	<b>32,977</b>
<i>YoY Growth (%)</i>				65.3	35.6	11.6	
Other operating income	548	407	528	585	500	12,254	2,027
Other Income	227	271	440	231	625	555	1,854
<b>Total Income</b>	<b>6,799</b>	<b>6,898</b>	<b>10,346</b>	<b>10,771</b>	<b>9,558</b>	<b>23,278</b>	<b>36,858</b>
<i>YoY Growth (%)</i>				58.4	38.6	125.0	
Operating Expenses	2,153	2,124	3,393	4,493	5,536	5,727	13,843
<b>Operating Profit</b>	<b>4,646</b>	<b>4,773</b>	<b>6,953</b>	<b>6,278</b>	<b>4,022</b>	<b>17,551</b>	<b>23,015</b>
<i>YoY Growth (%)</i>				35.1	-15.7	152.4	
Provisions & Loan Losses	-760	-683	-970	902	32,567	16,958	6,740
<b>Profit before Tax</b>	<b>5,407</b>	<b>5,456</b>	<b>7,923</b>	<b>5,376</b>	<b>-28,545</b>	<b>594</b>	<b>16,275</b>
Tax Provisions	1,341	984	2,108	1,454	-6,938	-34,319	4,062
<b>PAT (before associate income)</b>	<b>4,066</b>	<b>4,473</b>	<b>5,815</b>	<b>3,922</b>	<b>-21,608</b>	<b>34,913</b>	<b>12,213</b>
Associate Income	1,509	1,002	1,739	1,493	1,721	541	5,939
<b>PAT (before exceptional)</b>	<b>5,574</b>	<b>5,474</b>	<b>7,554</b>	<b>5,415</b>	<b>-19,887</b>	<b>35,454</b>	<b>18,152</b>
Exceptional items	0	-1,529	0	76,140	4,523	0	-1,529
<b>PAT (after exceptional)</b>	<b>5,574</b>	<b>3,945</b>	<b>7,554</b>	<b>81,555</b>	<b>-15,364</b>	<b>35,454</b>	<b>16,622</b>
<b>Key Parameters (Calc., %)</b>							
Yield on loans	13.4	13.6	11.4	11.7	10.9	12.4	14
Cost of funds	10.1	9.5	9.1	8.8	8.8	8.4	10
Spread	3.3	4.1	2.3	2.9	2.1	4.0	4.8
NIM	4.5	3.8	3.5	4.6	4.6	6.5	6.3
C/I ratio	32	31	33	42	58	25	38
Tax rate	25	18	27	27	24		25
<b>Balance Sheet Parameters</b>							
<b>Retail Disbursements (INR m)</b>	1,950	5,130	7,390	24,590	39,730	51,110	29,270
<b>Total AUM (INR b)</b>	472	670	658	646	638	649	652
<i>Growth (%)</i>	-17	21	31	39	-3	7	34
<b>AUM mix (%)</b>							
Wholesale	89	67	67	66	61	57	67
Retail	11	33	33	34	39	43	33
<b>Asset Quality Parameters</b>							
GS 3 (INR m)	20,280	19,500	21,580	23,620	22,100	42,640	22,270
GS 3 (%)	4.3	2.9	3.5	3.7	3.7	4.0	3.4
NS 3 (INR m)	9,900	9,490	11,220	10,800	7,350	13,970	9,980
NS 3 (%)	2.2	1.5	1.9	1.8	1.3	1.7	1.6
PCR (%)	51.2	51.3	48.0	54.3	66.7	67.2	55.2
Total ECL (%)	5.8	4.0	4.0	6.2	8.6	10.0	5.7

## Texture on Wholesale Book

The company has shared different cuts of its wholesale book to provide some texture and address some of the skepticism that has always surrounded PIEL's wholesale advances.

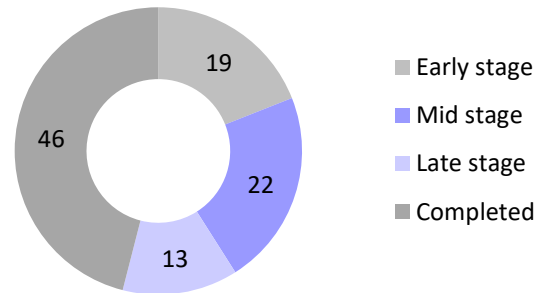
**Exhibit 1: Real estate lending forms a majority of wholesale book (%)**



Source: MOFSL, Company

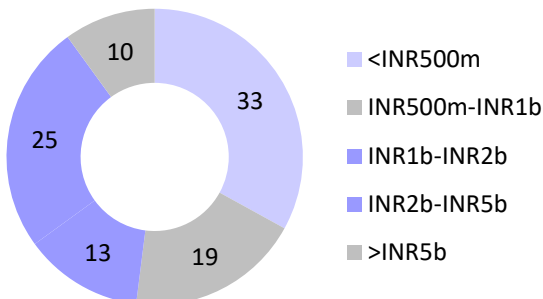
Note: Excludes development right of INR13.4b and DHFL's wholesale loans of ~INR7.85b

**Exhibit 2: Basis stage of construction (%)**



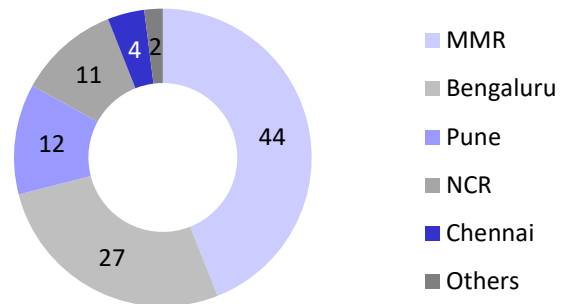
Source: MOFSL, Company;

**Exhibit 3: 10% of loans have ticket size greater than INR5b (%)**



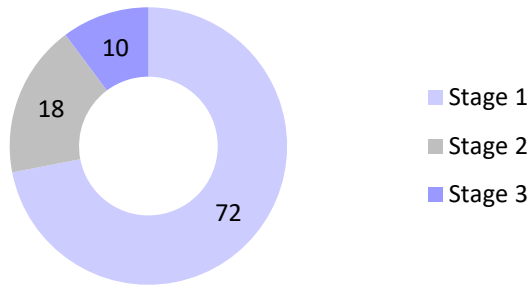
Source: MOFSL, Company;

**Exhibit 4: City-wise loan mix (%)**



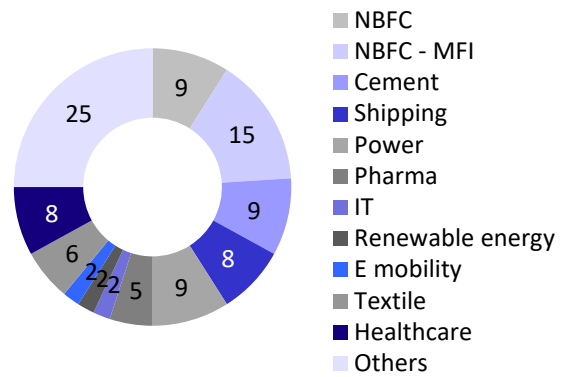
Source: MOFSL, Company;

Exhibit 5: Wholesale - Stage wise loan mix (%)



Source: MOFSL, Company

Exhibit 6: Industry wise loan mix

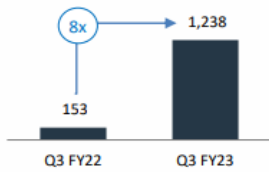


Source: MOFSL, Company

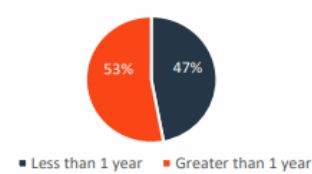
Exhibit 7: Scaling up partnerships with Fintech and Consumer Tech companies

Digital Embedded Finance: Scaling-up partnerships with Fintech and Consumer Tech firms

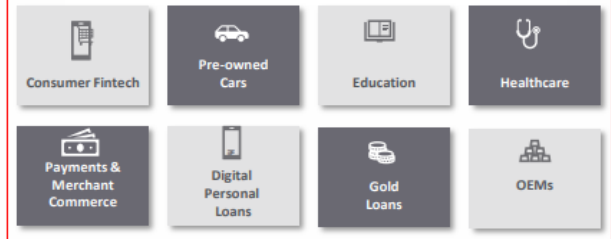
Quarterly disbursements  
In INR Cr.



Digital Loans Duration  
% book.



Categories in focus for Digital Embedded Finance solutions



Key Highlights:

<b>26</b> Programs launched	<b>INR 1,700 Cr</b> In Asset Under Management
<b>850,000+</b> Customers served	<b>24%</b> contribution to disbursements (Q3 FY23)
<b>36 seconds</b> least time taken for disbursed loan	<b>98%</b> loans with zero-manual intervention

Key Capabilities

- ✓ **Highly modular, in-house developed** loan origination & rule engine
- ✓ **Generic API stack** for easy integration
- ✓ **Agile squads** for rapid go-to-market and scale up
- ✓ **Proprietary fraud and underwriting models**
- ✓ **Deep in-house collections capabilities**

Source: Company, MOFSL

Exhibit 8: Key products with average ticket size and disbursement yields

**Product: A multi-product retail lending platform across the risk-reward spectrum**

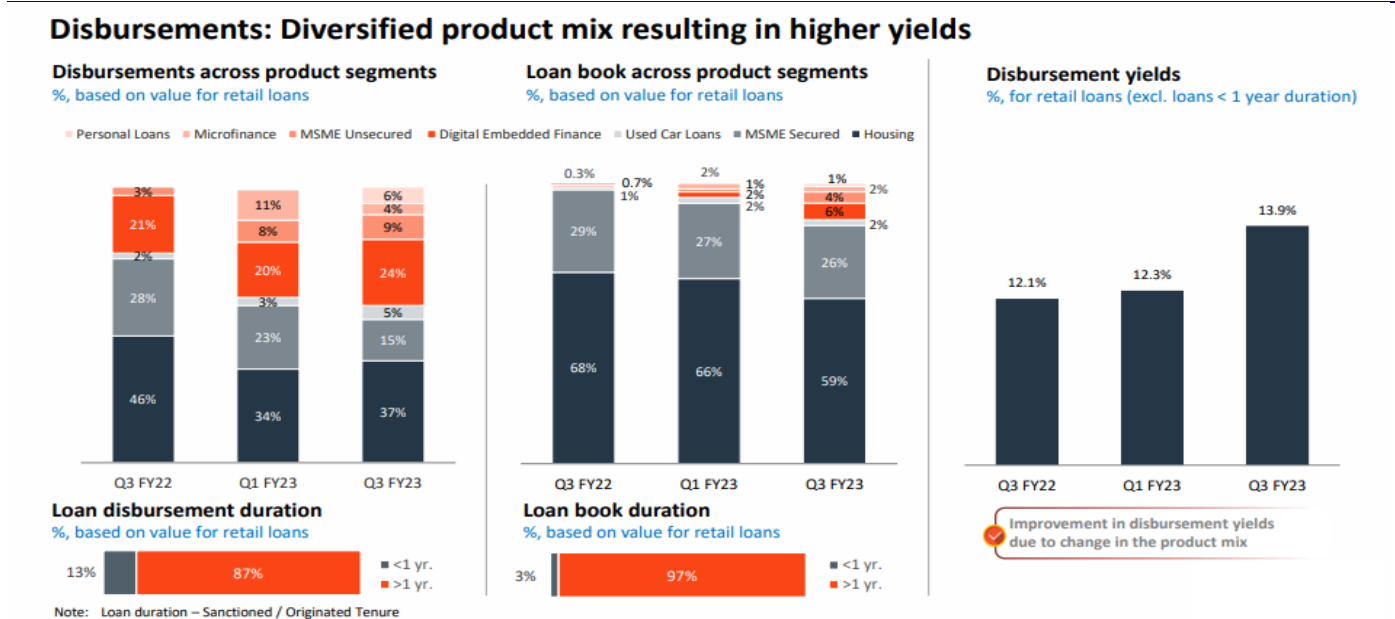
Expanded our product offering in Q3 FY23 with the addition of Budget Housing & LAP Plus

Product Segments (Retail Lending)	Products	Avg. disbursement ticket size (INR Lakh)	Disbursement yield (%)	Share in disbursements (%)	Loan Book % (Q3FY23)
Housing <sup>1</sup>	Affordable Housing	17.1	10.7%	37%	59%
	Mass Affluent Housing				
	Budget Housing <sup>NEW</sup>				
MSME Secured <sup>1</sup>	Secured Business Loan	19.1	12.4%	15%	26%
	Loan Against Property (LAP)				
	LAP Plus <sup>NEW</sup>				
Microfinance <sup>1</sup>	Microfinance Loans	0.3	18.8%	4%	2%
Personal Loans	Salaried Personal Loans	4.3	17.5%	6%	1%
Used Car Loans <sup>1</sup>	Pre-owned Car Loans	6.1	16.1%	5%	2%
MSME Unsecured	Unsecured Business Loans	6	19.4%	9%	4%
	Merchant BNPL				
Digital Embedded Finance	Digital Purchase Finance	0.54	18.6%	24%	6%
	Digital Personal Loans				
<b>Weighted Avg. / Total</b>		<b>11.6</b>	<b>14.4%</b>	<b>100%</b>	<b>100%</b>

Note: (1) Includes direct assigned portfolios

Source: Company, MOFSL

Exhibit 9: Disbursement yields improving with a change in the mix



Source: Company, MOFSL



## Highlights from the management commentary

### Performance update

- Historical asset quality issues have been fully accounted for.
- Retail AUM is now 43% of the overall AUM (PY: 33%). Very close to achieving the near-term target of 50% of retail AUM and will then work towards achieving the medium-term target of 66-67% of the retail AUM in the mix.
- Registered a 3QFY23 PAT of INR35.45b. This included one-time gains/provisions.
- INR33.28b on account of reversals of income tax provisions
- INR11.1b on account of fair valuation on restructuring of Shriram group and bond buyback
- One-time additional provisioning buffer of INR10.73b on Stage 1 and Stage 2 assets of Wholesale 1.0 AUM
- Total provisions stood at INR64.85b (PQ: INR54.91b). Net-worth increased to INR312.4b (PQ: INR274.7b).
- Net debt-to equity of 1.3x and consolidated CRAR of 31%

### Shriram investments

- Management stated that it will indeed exit its investments in Shriram Finance but does not want to put a timeline on the stake sale in Shriram Finance since it will depend on market conditions.

### Guidance

- **Management guided that it does not plan to build any more contingency provisions.**
- It also guided for credit costs between 1.0% and 2.0% over the medium term. But since it is so heavily provisioned on the wholesale now, in the short-term, the credit cost metric might look suppressed.
- PIEL's 3QFY23 opex-to-assets stood at 3% (annualized). As it continues to expand its staff and branches, the opex-to-assets will go up in the medium term. Once it has reached a retail AUM of 66% of the mix, it expects opex-to-assets to stabilize between 2.5% and 3.0% with opex of 1.25% in Wholesale and 3.0% in Retail.

### Retail loans

- Retail disbursements grew 29% QoQ to INR51.1b with growth across digital and phygital products. Disbursements yields stood at 13.9% for the quarter.
- In-house originated loan-book was at 53% of the retail AUM and was larger than the acquired DHFL loan book.
- There were additions of 74 new disbursement active branches, 375 conventional branches (PQ: 343) and 116 active MFI branches (PQ: 74)
- Targets to cross 1,000 locations through 500-600 branches over the next five years and constantly working to achieve it
- Branch activation: Nearly 67% of branches are selling products beyond just home loans.
- Product expansion: Consistent in launching new products – 13 retail products catering to different customer segments. Launched Budget Housing in Home Loans category and LAP Plus in MSME
- Digital embedded finance contributed 6% to the retail AUM.

- Cross-sell disbursements were at INR18.6b in the last one year.
- Launched a new innovation hub in Bengaluru.

### Digital embedded finance

- This business is not AUM building and it will always be <10% of the AUM. This product segment talks about acquiring customers to whom one can cross-sell over a period of time. This business has 22 partners and 26 programs.
- Largest partners are fintechs such as NAVI, Early Salary, Zest Money, Money View and KreditBee.
- Biggest partnerships like PayTm are relatively new and smaller now but they are being scaled up well. ~60% of this business is >INR100K ticket size and >1 year. The rest of the business is smaller ticket shorter-tenor loans.
- RoA of >4% in Embedded Finance.
- In digital finance, the opex ratios are very low and limited to its internal staff. Revenue share is in the form of origination fee and/or a portion of the interest fee, which is linked to the Asset quality of the book. Digital embedded finance is a higher risk business and it has budgeted 4% credit costs, but is currently experiencing credit costs of 1% in this business.

### Wholesale loans

- Management is working towards bringing down the Wholesale 1.0 AUM. Reduced 20% YoY. Continue to focus on resolution of Stage 2 and 3 assets. Dedicated team is involved in monitoring the resolution strategy. It is well-provided on Stage 2 and 3 assets.
- PIEL is focused on building a high-quality of Wholesale 2.0 book. Granular book which will be cash-flow/asset backed. It will book this book in a calibrated manner. Wholesale 2.0 AUM stood at INR18.7b (addition of INR10.41b) in 3QFY23.
- Wholesale Stage 2 and Stage 3 are now fully provided for with PCR at 45%.
- Reached a point where it feels very confident of adequate provisioning coverage on the Wholesale 1.0 AUM.
- Decline in wholesale AUM will be driven by resolutions, settlements and monetization of those exposures.

### Asset Quality

- One specific non-RE exposure has moved to Stage 3 and it has been provided to the extent of 75%. As far as the resolution of that asset is concerned, it is in the final stages of resolution.
- Created a war chest (provisioning buffer) because of the otherwise high profitability during the quarter.
- Stage 2 and Stage 3 wholesale loans are lower than what they were in the previous quarter. Provisioning which has been created in 3QFY23 was done on Stage 1 and Stage 2 wholesale loans.

### Liabilities

- CoB declined 40bp QoQ to 8.4%, despite a rising interest rate environment.



### Others

- Inherited a bunch of DHFL wholesale loans and the exposure to Sahana Group was also a part of DHFL wholesale loans. This asset is no longer on its book since it was sold some time ago.
- Interest income reversals were at INR510m in 3QFY23.
- Manpower is new and has been hired post the merger. Post-DHFL merger, the employee count has increased to 10,000 from 4,000. New hires are a mix of 90% laterals and 10% freshers.
- Retail business is continuing to focus on its growth path. Focus will be on bringing down Wholesale 1.0 through accelerated prepayments and settlements.

### Valuation and view

- Over the past two years, PIEL has: a) strengthened its Balance Sheet by running down its Wholesale loan book; b) improved texture of its borrowings, driving lower cost of borrowings; and d) fortified itself against contingencies, with ECL provisions at 10% of AUM.
- Over the next two years, we expect the company to make meaningful inroads into Retail, led by mortgages and complemented by shorter tenure loans originated through digital partnerships. Product diversification within Retail will help PIEL deliver strong growth and reduce concentration risks. We expect the business to deliver ~2.3% RoA and 7% RoE in the near term.
- We have a target multiple at 0.8x P/BV for the lending business. **Retain BUY with a TP of INR1,150 (premised on Sep'24E SoTP).**

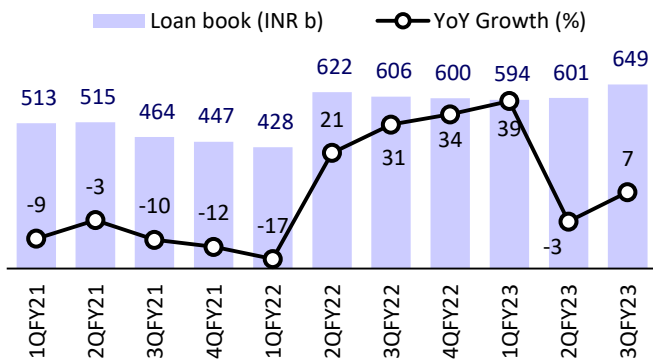
#### Exhibit 10: SOTP valuation (Sep'24E-based)

	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	194	2.4	815	71	0.8x 1HFY25E PBV
Shriram Group	68	0.8	286	25	Based on its stake in Shriram Finance and Life/General Insurance Businesses
Life Insurance	5	0.1	20	2	0.5x FY22 EV
Alternatives	7	0.1	29	3	0.5x FY22 Equity
<b>Target Value</b>	<b>274</b>	<b>3.3</b>	<b>1,150</b>	<b>100</b>	

Source: MOFSL, Company

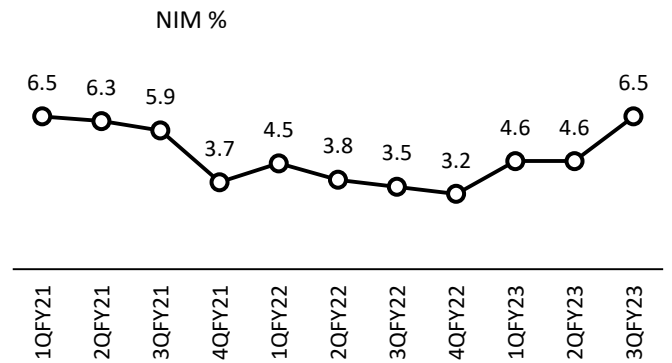
Key exhibits

Exhibit 11: Loan book growth was muted (%)



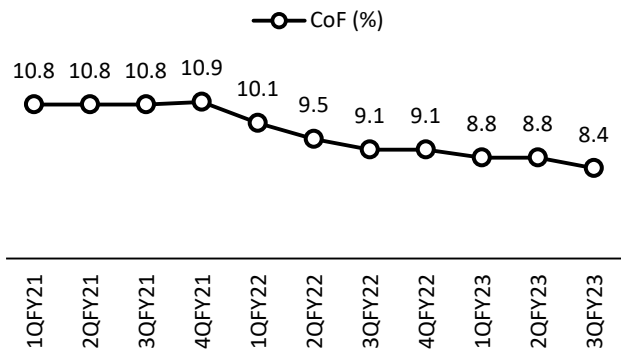
Source: MOFSL, Company

Exhibit 12: NIMs improved ~190bp sequentially (%)



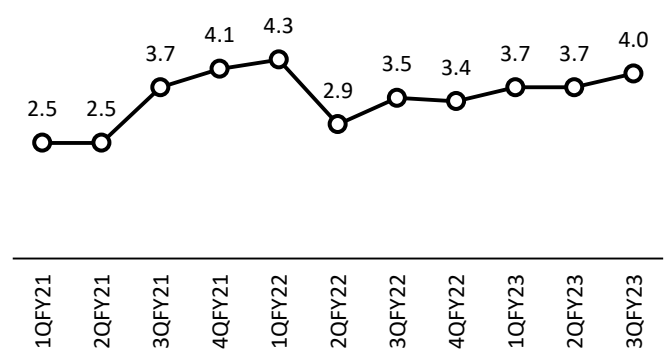
Source: MOFSL, Company

Exhibit 13: CoF declined ~40bp QoQ (%)



Source: MOSL, Company

Exhibit 14: GNPA ratio deteriorated QoQ (%)



Source: MOSL, Company

## Financials and valuations

<b>Income statement</b>				<b>INR m</b>
<b>Y/E March</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Interest Income	75,228	79,673	90,160	105,611
Interest Expended	42,251	39,897	42,932	50,690
<b>Net Interest Income</b>	<b>32,977</b>	<b>39,776</b>	<b>47,228</b>	<b>54,921</b>
Change (%)	19.1	20.6	18.7	16.3
Other Income	3,881	16,423	5,227	5,909
<b>Net Income</b>	<b>36,858</b>	<b>56,199</b>	<b>52,455</b>	<b>60,830</b>
Change (%)	27.8	52.5	-6.7	16.0
Operating Expenses	12,284	21,917	24,654	26,461
<b>PPoP</b>	<b>24,574</b>	<b>34,281</b>	<b>27,801</b>	<b>34,369</b>
Change (%)	9.4	39.5	-18.9	23.6
Provisions/write offs	8,299	51,338	6,761	10,208
<b>PBT</b>	<b>16,275</b>	<b>-17,057</b>	<b>21,040</b>	<b>24,162</b>
Tax	4,062	-38,608	5,302	6,089
Tax Rate (%)	25.0	22.8	25.2	25.2
<b>PAT (before associate income)</b>	<b>12,213</b>	<b>21,551</b>	<b>15,738</b>	<b>18,073</b>
Associate Income	5,939	4,355	4,791	5,270
<b>PAT (before exceptional)</b>	<b>18,152</b>	<b>25,906</b>	<b>20,529</b>	<b>23,343</b>
Exceptional items	-1,529	80,663	0	0
<b>PAT (after exceptional)</b>	<b>16,622</b>	<b>106,569</b>	<b>20,529</b>	<b>23,343</b>

<b>Balance sheet</b>				<b>INR m</b>
<b>Y/E March</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Capital	477	477	477	477
Reserves & Surplus	367,892	316,532	332,756	351,335
<b>Net Worth</b>	<b>368,369</b>	<b>317,010</b>	<b>333,233</b>	<b>351,813</b>
Borrowings	554,510	460,893	526,045	625,993
Change (%)	48	-17	14	19
Other liabilities	75,850	68,265	75,092	82,601
<b>Total Liabilities</b>	<b>998,729</b>	<b>846,168</b>	<b>934,370</b>	<b>1,060,406</b>
<b>Net Loans + investments</b>	<b>741,745</b>	<b>562,148</b>	<b>635,652</b>	<b>754,311</b>
Change (%)	61	-24	13	19
Investment in AIF	51,710	23,690	24,875	26,118
Investments in Shriram Group	0	65,860	65,860	65,860
Net Fixed Assets	4,440	4,884	5,128	5,385
Cash and Cash equivalents	71,872	60,000	65,000	65,000
Other assets	3	129,586	137,855	143,732
<b>Total Assets</b>	<b>998,729</b>	<b>846,168</b>	<b>934,370</b>	<b>1,060,406</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY22	FY23E	FY24E	FY25E
<b>Spreads Analysis (%)</b>				
Yield on loans	14.4	13.0	13.6	13.9
Cost of funds	9.5	8.2	8.7	8.8
Spread	4.8	4.8	4.9	5.1
Net Interest Margin	6.3	6.3	7.1	7.2
<b>Profitability Ratios (%)</b>				
RoE	6.1	31.1	6.3	6.8
RoA	2.1	11.6	2.3	2.3
C/I ratio	33.3	39.0	47.0	43.5
<b>Asset Quality (%)</b>				
Gross NPA	22,270	45,858	37,820	34,747
Gross NPA (% of AUM)	3.6	6.8	5.0	4.0
Net NPA	9,980	15,133	12,102	10,424
Net NPA (% of AUM)	1.7	2.5	1.8	1.3
PCR (%)	55.2	67.0	68.0	70.0
<b>INR m</b>				
Y/E March	FY22	FY23E	FY24E	FY25E
<b>AUM (INR m)</b>	651,850	674,377	756,394	868,675
<b>AUM Mix (%)</b>				
Wholesale	69.6	54.0	43.1	34.9
Retail	33.1	46.0	56.9	65.1
<b>Total</b>	<b>102.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Wholesale Loans (INR m)	384,620	319,235	271,349	257,782
YoY growth (%)	-2.3	-17.0	-15.0	-5.0
Retail Loans (INR m)	215,520	310,143	430,045	565,893
YoY growth (%)	306.4	43.9	38.7	31.6
<b>Total Loan Book</b>	<b>600,140</b>	<b>629,377</b>	<b>701,394</b>	<b>823,675</b>
YoY growth (%)	34.4	4.9	11.4	17.4
<b>VALUATION</b>				
Book Value (INR)	1,544	1,328	1,396	1,474
<b>Price-BV (x)</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
EPS (INR)	69.7	446.5	86.0	97.8
EPS Growth YoY	-6	541	-81	14
<b>Price-Earnings (x)</b>	<b>12.1</b>	<b>1.9</b>	<b>9.8</b>	<b>8.6</b>
Dividend per share (INR)		18.0	20.0	24.0
<b>Dividend yield (%)</b>		<b>2.1</b>	<b>2.4</b>	<b>2.8</b>
<b>Du-pont</b>				
Interest income	9.6	8.6	10.1	10.6
Interest expense	5.4	4.3	4.8	5.1
<b>NII</b>	<b>4.2</b>	<b>4.3</b>	<b>5.3</b>	<b>5.5</b>
Fee and other income	0.5	1.8	0.6	0.6
<b>Total income</b>	<b>4.7</b>	<b>6.1</b>	<b>5.9</b>	<b>6.1</b>
Operating expense	1.6	2.4	2.8	2.7
<b>PPOP</b>	<b>3.2</b>	<b>3.7</b>	<b>3.1</b>	<b>3.4</b>
Provisions (annualized)	1.1	5.6	0.8	1.0
<i>Provisions during the period</i>	1.6	5.9	1.0	1.1
<i>Recoveries from POCI book</i>	-0.4	-0.4	-0.2	-0.1
<b>PBT</b>	<b>2.1</b>	<b>-1.8</b>	<b>2.4</b>	<b>2.4</b>
<b>ROA (before associate and exceptional)</b>	<b>1.6</b>	<b>2.3</b>	<b>1.8</b>	<b>1.8</b>
<b>Consol RoA (including associate and exceptional)</b>		<b>11.6</b>	<b>2.3</b>	<b>2.3</b>
Assets-to-equity	2.8	2.7	2.7	2.9
<b>Consol ROE (PAT)</b>	<b>6.1</b>	<b>31.1</b>	<b>6.3</b>	<b>6.8</b>

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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