

May 3, 2023

## Q4FY23 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>	109		109	
NII (Rs.)	77,686	89,621	77,686	89,621
% Chng.	-	-	-	-
PPoP (Rs.)	40,893	49,718	40,893	49,718
% Chng.	-	-	-	-
EPS (Rs.)	8.8	11.0	8.8	11.0
% Chng.	-	-	-	-

### Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
Net Int.Inc. (Rs m)	61,759	69,777	77,686	89,621
Growth (%)	2.2	13.0	11.3	15.4
Op. Profit (Rs m)	29,320	36,908	40,893	49,718
PAT (Rs m)	8,492	19,583	21,888	27,243
EPS (Rs.)	3.4	5.8	8.8	11.0
Gr. (%)	(10.7)	67.6	53.8	24.5
DPS (Rs.)	1.7	1.7	1.7	1.7
Yield (%)	1.8	1.8	1.8	1.8
Margin (%)	7.3	7.6	7.6	7.8
RoAE (%)	4.6	7.7	8.4	9.9
RoAA (%)	0.8	1.2	1.7	1.8
PE (x)	27.0	16.1	10.5	8.4
P/BV (x)	1.1	1.1	1.0	0.9
P/ABV (x)	1.2	1.2	1.1	0.9

### Key Data

LTFH.BO | LTFH IN

52-W High / Low	Rs.98 / Rs.66
Sensex / Nifty	61,193 / 18,090
Market Cap	Rs.230bn/ \$ 2,808m
Shares Outstanding	2,480m
3M Avg. Daily Value	Rs.385.83m

### Shareholding Pattern (%)

Promoter's	66.11
Foreign	11.35
Domestic Institution	6.58
Public & Others	15.96
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	10.6	12.5	9.4
Relative	6.9	11.9	1.8

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## Decent quarter, retail book sees strong growth

### Quick Pointers:

- Crossed Rs15bn monthly disbursement milestone in rural business finance.
- GNPA deteriorated on QoQ basis at 4.74% vs 4.21% in previous quarter.

**In Q4, L&T Finance Holdings (LTFH) has walked the talk by showing strong growth in retail book (7.1% QoQ) and run-down in wholesale book at a good pace (37% QoQ). At right valuations, remaining wholesale book should also run down as quickly as possible, in our view. Management targets to improve the retail mix to 90% by Mar'24 and are in-line to do so. Total disbursements in Q4FY23 declined by 6% QoQ/16% YoY to Rs123bn, because of 83% YoY drop in wholesale disbursements. Total disbursements for FY23 grew 26% YoY to Rs470bn. We believe that if management can achieve Lakshya goals and continue to show strong growth in retail book while selling the wholesale portion at reasonable valuation, there can be re-rating in the stock. We maintain 'BUY' rating and our TP at Rs109 (1.25x on Sep'24E PABV)**

**Earnings miss by Rs1.2bn due to lower NII and higher opex:** LTFH's Q4FY23 earnings (PAT at Rs4.1bn) stood below our estimates (PLe: Rs5.3bn), on account of lower than expected NII and higher opex. NII at Rs 17.7bn stood below our estimates [ vs. PLe of Rs21.2bn] de-grew 8.3%QoQ and grew 13.9%YoY due to 8.5% QoQ fall in loans book. PPoP at Rs 7bn de-grew by 32.6% QoQ and 8.5% YoY [ vs. PLe of Rs11.7bn], on account of lower than expected NII and higher operating expenses (+34.4% QoQ). Provisions at Rs 0.4bn fell sharply 90% QoQ, standing lower than our estimates [vs PLe: Rs4.6bn]. GNPA deteriorated on QoQ basis at 4.74% vs 4.21% in the previous quarter.

**7.1% QoQ growth in retail loans with 16% QoQ growth in consumer loans:** Loan book at Rs 809bn de-grew 9%QoQ and 8%YoY respectively, stood below our expectation of Rs 893bn, on account of quicker run down of wholesale book. Rural book saw strong growth of 5%QoQ/ 26% YoY, supported by 7% QoQ growth in micro loans and 3% QoQ growth in 2 wheeler loans. Strong growth of 16% QoQ was seen in consumer loans. Company continued its healthy retail disbursement trend at Rs113bn up 39% YoY; Retail business at Rs 610bn now forms 75% of portfolio up from 64% in Q2FY23. Housing Loans continued its momentum from last quarter and grew by 7% on a QoQ basis. LAP portion saw a 3.3% QoQ growth vs marginal de-growth of 0.75% in last quarter. Calculated NIM moderated to 8.37% vs 8.66% in Q3'23 due to higher CoF, even as yields improved to 14.2% vs 13.98% in Q3'23. ROA improved to 2.95% in Q4FY23 from 2.61% in Q3FY23.

**Asset quality sees deterioration:** Q4FY23 Gross Stage 3 assets came in at 4.74% (higher than our estimates of 4.00% due to faster decline in wholesale book) as compared to 4.21% in Q3FY23 and 4.1% of Q4FY22. NS3 reduced to 1.51% from 1.72% in Q3FY23 as PCR increased to 69%. LTFH is carrying additional provisions (including OTR provisions) of Rs11.7bn (1.9% of standard assets) over and above the ECL provisions.

**Exhibit 1: Good set of numbers, Strong rundown of wholesale book**

PAT down by 56.5% QoQ and increased by 43.7% YoY to Rs4.1bn and below our estimates [ vs. PLe of Rs5.3bn] on account of lower than expected NII and higher opex

NII at Rs 17.7bn stood below our estimates [ vs. PLe of Rs21.2bn] de-growing 8.3%QoQ and grew 13.9%YoY due to 8.5% QoQ fall in loans book. Yields rose to 14.20% in Q4'23 vs 13.98% in Q3'23. NIM's moderated to 8.37% vs 8.66% in Q3'23.

Overall loans at Rs 808.9bn de-grew 8.5% QoQ and de-grew 8.4% YoY and stood below our estimates of Rs 893 bn on account of quicker run-down of wholesale book. Rural loans saw strong growth and grew 5% QoQ / 26% YoY , and wholesale business saw a 17% QoQ sequential de-growth. Housing Loans continued its momentum from last quarter and grew by 7% on a QoQ basis. Consumer Loans showed a strong 16% QoQ growth. Retail book saw a strong 7.1% QoQ growth to Rs 610bn.

Operating expenses at Rs 12.6bn stood above than our expectations (vs PLe of Rs 10.1bn) and increased by 34.4% QoQ.

PPoP at Rs 7.0bn de-grew by 32.6% on a QoQ and by 8.5% on a YoY basis [ vs. PLe of Rs11.7bn] on

Provisions at Rs .4bn saw 89.8% de-growth on a QoQ basis standing lower than our estimates [vs PLe: Rs4.6n].

GNPA deteriorated on a QoQ basis at 4.74% vs 4.21% in the previous quarter.

Consolidated (in Rs. mn)	Q4FY23	Q4FY22	YoY gr.	Q3FY23	QoQ gr.
<b>Income Statement</b>					
Interest income	32,160	29,468	9.1%	34,325	-6.3%
Interest expense	14,449	13,923	3.8%	15,007	-3.7%
<b>NII</b>	<b>17,711</b>	<b>15,545</b>	<b>13.9%</b>	<b>19,318</b>	<b>-8.3%</b>
Other Income	2,016	1,204	67.4%	585	244.4%
<b>Total Income</b>	<b>19,726</b>	<b>16,749</b>	<b>17.8%</b>	<b>19,903</b>	<b>-0.9%</b>
Staff expenses	3,952	3,024	30.7%	3,718	6.3%
Other expenses	8,698	5,992	45.2%	5,693	52.8%
Total Operating Expenses	12,650	9,015	40.3%	9,411	34.4%
<b>Operating profit</b>	<b>7,076</b>	<b>7,734</b>	<b>-8.5%</b>	<b>10,493</b>	<b>-32.6%</b>
Provisions	452	3,543	-87.2%	4,434	-89.8%
<b>PBT</b>	<b>6,624</b>	<b>4,191</b>	<b>58.1%</b>	<b>6,059</b>	<b>9.3%</b>
Tax	2,455	1,289	90.4%	(3,535)	-169.4%
<b>PAT</b>	<b>4,169</b>	<b>2,902</b>	<b>43.7%</b>	<b>9,594</b>	<b>-56.5%</b>
Exceptional Items	-	512	NA	(5,066)	NA
<b>PAT post associates/minority and exceptional item</b>	<b>4,169</b>	<b>3,414</b>	<b>22.1%</b>	<b>4,528</b>	<b>-7.9%</b>
Tax rate (%)	37.1	30.8		(58.3)	
CI ratio	64%	54%		47%	
<b>Asset Quality</b>					
GNPA (Rs m)	38,320	35,430	8.2%	37,230	2.9%
NNPA (Rs m)	11,780	16,780	-29.8%	14,870	-20.8%
<b>GNPA (%)</b>	<b>4.74</b>	<b>4.1</b>	<b>66</b>	<b>4.2</b>	<b>53</b>
<b>NNPA (%)</b>	<b>1.51</b>	<b>2.0</b>	<b>(47)</b>	<b>1.72</b>	<b>(21)</b>
Coverage ratio (%)	69%	53%	17	60%	92
<b>Balance Sheet</b>					
Networth (excl. Preference Cap)	2,15,280	1,99,480	7.9%	2,10,190	2.4%
<b>Loans &amp; Advances</b>	<b>8,08,930</b>	<b>8,83,410</b>	<b>-8.4%</b>	<b>8,84,260</b>	<b>-8.5%</b>
Disbursements	1,23,100	1,47,310	-16.4%	1,31,550	-6.4%
<b>Profitability Ratios</b>					
NIM (%) Calculated	8.37	7.15	122	8.66	(29)
RoAE (%)	9.37	6.90	247	8.44	93

Source: Company Data, PL

## Key Highlights of the Earnings Call

### Retail Business:

- **Retail portion of the book up to 75% from 64% last quarter** and moving towards goal of 90% retailisation by FY24 (earlier target was >80% by FY26). Looking forward for 25% CAGR in retail book.
- **Retail Mix in PAT increased to 85% in FY23 against 69% in FY22** as company is well on track to become a retail focused NBFC and fulfilling its Lakshya 2026 goals.
- **Retail NIMs + fees stood at 11.87% for Q4FY23.** However, on a steady state basis management expects NIMs + fees ratio at 11% as share of urban financing increases over time.

### Rural Demand:

- Rural demand is quite buoyant. As regards to El Nino, management believes reservoir levels are quite strong and farm prices are rising resulting in good cash flow.

### Other Business Updates:

- **Achieved milestone of 1lakh plus new tractors financed in FY23** deepening dealer penetration through differential offerings. Also acquired 30lakh+ customers in FY23 as new business segments like consumer loans, SME finance and Home loans are doing well.
- **Repeat customer ratio sharply improved 33% in FY23 vs 16.67% in FY22,** providing opportunities for cross-sell and up-sell activities. Company currently has 15 products for cross-sell whereas product penetration stands at an average of 4 products per customer.
- **'Planet App'- A flagship application crossed 3mn downloads** and more than 74% of client servicing was done through digital channels in FY23 vs 21% in FY22. More than 2.8lac rural customers are live on the app.
- **Company expects Cost to Funds to rise by 30-40bps** over next couple of quarters due to lag effect of interest rate hikes. With regards to passing on of interest costs, it does not intend to increase its yields in the MFI book which currently stands at 24%.
- **Operating expenses & Credit costs are targeted to be at 7% cumulatively** in order to achieve its targeted RoA of 3% on long term basis.
- **Company is in the process of obtaining corporate agency license** in order to sell insurance products to non-customers which will increase fee income share.
- **Carrying management overlay of Rs11.71bn** corresponding to 1.99% of standard book along with 80% PCR in the retail book. Retail GNPA's declined to 3.41% in Q4 even though overall GNPA's increased by 53bps to 4.74% due to faster rundown of wholesale book.

### Wholesale Finance Strategy:

- Wholesale book was rundown sharply by 54% in one year and stood at 198.4bn in Q4FY23 vs Rs432.6bn in Q4FY22. Keeping aside Rs49bn of disbursement in FY23 due to corporate commitments, the company has rundown almost Rs.290bn of wholesale book in FY23. Reduction achieved through repayments and refinancing.

### Exhibit 2: Home loans sees 7% QoQ growth, retail book sees 7% QoQ growth

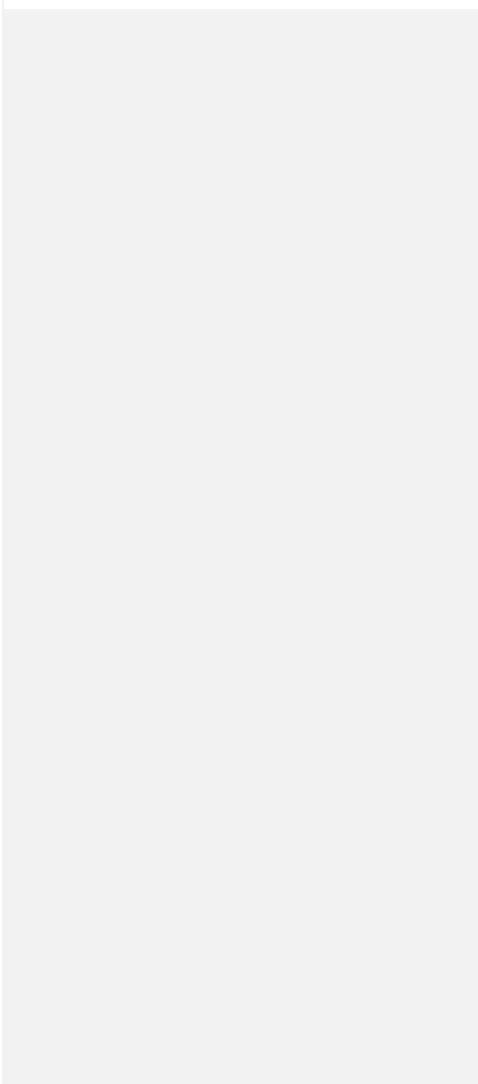
Loans portfolio (Rs mn)	Q4FY23	Q4FY22	YoY gr.	Q3FY23	QoQ gr.
Micro Loans	1,86,930	1,32,780	41%	1,74,850	7%
2W Finance	89,600	74,620	20%	87,160	3%
Farm Equipment	1,28,190	1,13,170	13%	1,24,470	3%
Consumer Loans	54,710	23,010	138%	47,190	16%
<b>Rural Business</b>	<b>4,04,720</b>	<b>3,20,570</b>	<b>26%</b>	<b>3,86,480</b>	<b>5%</b>
Housing Loans/LAP	1,34,100	1,06,640	26%	1,25,130	7%
Real Estate Finance	57,790	1,12,100	-48%	73,620	-22%
<b>Housing Business</b>	<b>1,91,890</b>	<b>2,18,740</b>	<b>-12%</b>	<b>1,98,750</b>	<b>-3%</b>
<b>Wholesale Business</b>	<b>2,36,480</b>	<b>2,91,850</b>	<b>-19%</b>	<b>2,84,610</b>	<b>-17%</b>
<b>Total Lending Business</b>	<b>8,08,930</b>	<b>8,83,410</b>	<b>-8%</b>	<b>8,84,260</b>	<b>-9%</b>
<b>Loans portfolio mix</b>					
Micro Finance					
2W Finance	23.1	15.0	808	19.8	333
Farm Equipment	11.1	8.4	263	9.9	122
<b>Rural Business</b>	<b>15.8</b>	<b>12.8</b>	<b>304</b>	<b>14.1</b>	<b>177</b>
Housing Loans/LAP	<b>50.0</b>	<b>36.3</b>	<b>1374</b>	<b>43.7</b>	<b>632</b>
Real Estate Finance	16.6	12.1	451	14.2	243
<b>Housing Business</b>	<b>7.1</b>	<b>12.7</b>	<b>-555</b>	<b>8.3</b>	<b>-118</b>
<b>Wholesale Business</b>	<b>23.7</b>	<b>24.8</b>	<b>-104</b>	<b>22.5</b>	<b>125</b>
<b>Defocused Business</b>	<b>29.2</b>	<b>33.0</b>	<b>-380</b>	<b>32.2</b>	<b>-295</b>

Source: Company, PL

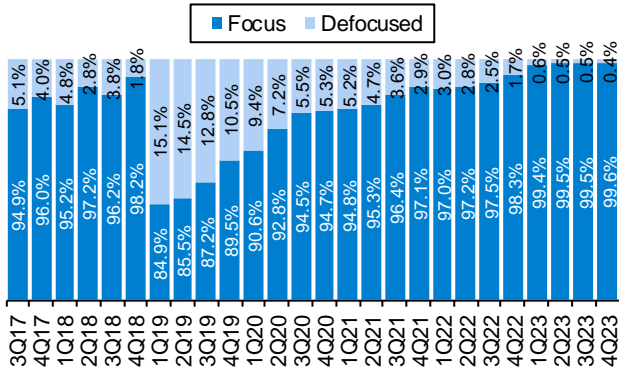
**Exhibit 3: All round growth seen in rural segment with Rural share at 50%**

Particulars	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Rural Business (key portfolios)</b>											
<b>AUM (Rs mn)</b>											
2-WHEELER	67,080	70,140	71,220	68,940	69,350	73,060	74,620	74,880	80,930	87,160	89,600
YoY gr.	12%	9%	8%	8%	3%	4%	5%	9%	17%	19%	20%
QoQ gr.	5%	5%	2%	-3%	1%	5%	2%	0%	8%	8%	3%
TRACTOR	91,910	97,040	1,02,610	1,06,820	1,10,810	112,100	1,13,170	1,15,970	1,18,650	1,24,470	1,28,190
YoY gr.	19%	18%	22%	27%	21%	16%	10%	9%	7%	11%	13%
QoQ gr.	9%	6%	6%	4%	4%	1%	1%	2%	2%	5%	3%
MICRO FINANCE	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	1,74,850	1,86,930
YoY gr.	-5%	-8%	-2%	-10%	-8%	1%	9%	27%	40%	46%	41%
QoQ gr.	-2%	-4%	3%	-7%	0%	6%	11%	8%	10%	10%	7%
<b>Overall AUM (Rs mn)</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>	<b>8,84,260</b>	<b>8,08,930</b>
YoY gr.	-1%	1%	-4%	-11%	-12%	-15%	-8%	0%	4%	3%	-8%
QoQ gr.	-0.1%	1.3%	-6.1%	-5.9%	-1.7%	-1.6%	1.2%	-0.3%	2.3%	-1.9%	-8.5%
<b>AUM mix (%)</b>											
2-WHEELER	7%	7%	8%	8%	8%	9%	9%	9%	9%	10%	11%
TRACTOR	9%	10%	11%	12%	13%	13%	13%	13%	13%	14%	16%
MICRO FINANCE	12%	12%	13%	13%	13%	14%	15%	16%	18%	20%	23%
Rural as % of AUM	<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>	<b>45.6%</b>	<b>50.0%</b>

Source: Company, PL

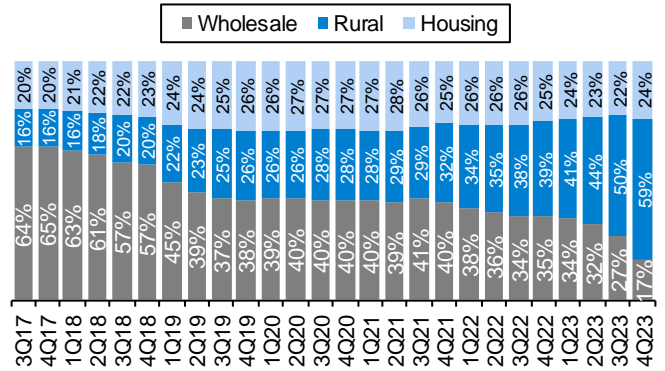


**Exhibit 4: De-focused book share on declining trend**



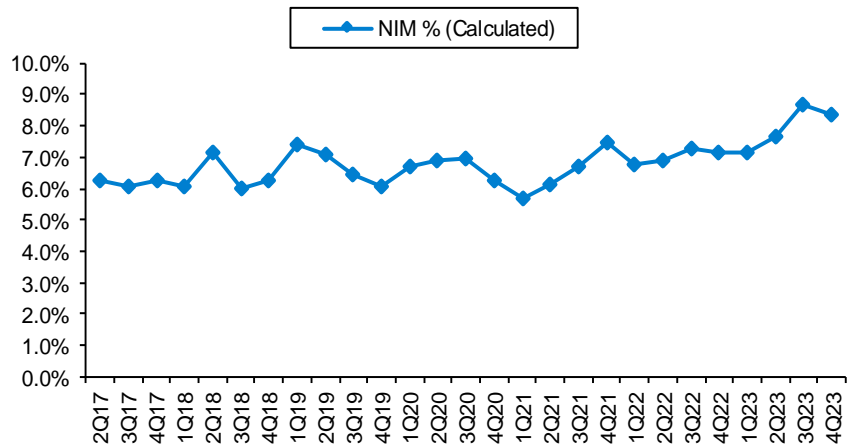
Source: Company, PL

**Exhibit 5: Wholesale book saw sharp 10%QoQ decline**



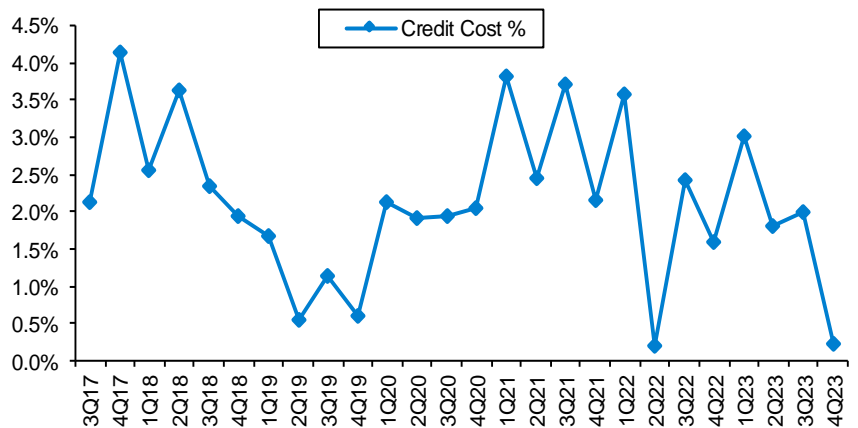
Source: Company, PL

**Exhibit 6: NIM marginally declined by 29bps at 8.37%**

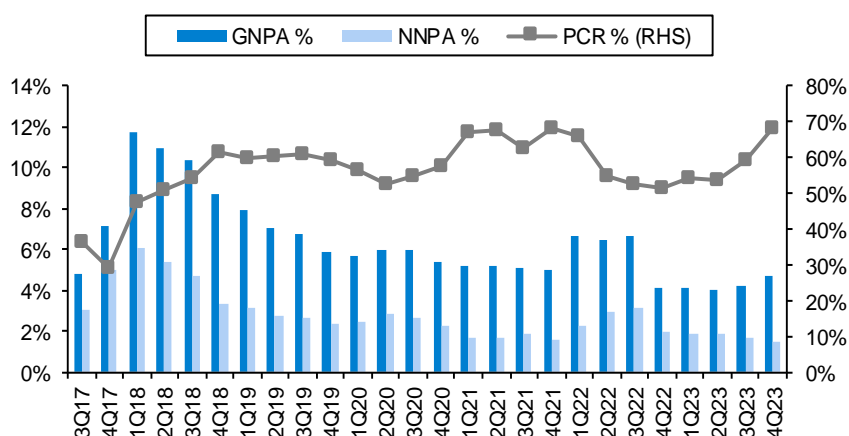


Source: Company Data, PL

**Exhibit 7: Credit costs fell at 0.4% due to lower provisions**



Source: Company Data, PL

**Exhibit 8: NPAs increased to 4.74 on QoQ basis with PCR at 69%**


Source: Company Data, PL

## Earnings Change Underlying Assumptions

**Exhibit 9: No Change in Estimates**

Rs mn	Old Estimates		Revised Estimates		% Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Net Interest Income	77,686	89,621	77,686	89,621	0.0%	0.0%
Operating Profit	40,893	49,718	40,893	49,718	0.0%	0.0%
Net Profit	21,888	27,243	21,888	27,243	0.0%	0.0%
EPS (Rs)	8.8	11.0	8.8	11.0	0.0%	0.0%
<b>Price Target (Rs)</b>	<b>109</b>		<b>109</b>		<b>-</b>	
<b>Reco</b>	<b>BUY</b>		<b>BUY</b>			

Source: PL

**Exhibit 10: TP maintained at Rs 109, Maintain “BUY” rating**

PT calculation and upside	
Fair value of Consol Biz - P/ABV	109
Fair value of AMC	-
Fair value of PE/wealth management	-
<b>Total - Fair value of LTFH</b>	<b>109</b>
<b>Target P/ABV - lending business on FY24 basis</b>	<b>1.3</b>
<b>Target P/E</b>	<b>12.8</b>
Current price, Rs	93
<b>Upside (%)</b>	<b>17%</b>
Dividend yield (%)	1%
<b>Total return (%)</b>	<b>19%</b>

Source: Company Data, PL

**Income Statement (Rs. m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
Int. Inc. / Opt. Inc.	1,19,297	1,27,750	1,54,237	1,73,022
Interest Expenses	57,538	57,972	76,551	83,401
<b>Net interest income</b>	<b>61,759</b>	<b>69,777</b>	<b>77,686</b>	<b>89,621</b>
Growth(%)	2.2	13.0	11.3	15.4
Non-interest income	3,939	5,268	5,530	5,751
Growth(%)	(53.0)	33.7	5.0	4.0
Net operating income	65,698	75,045	83,216	95,372
<b>Expenditures</b>				
Employees	10,948	14,059	12,770	13,792
Other Expenses	24,403	22,965	28,463	30,740
Depreciation	1,026	1,112	1,089	1,122
Operating Expenses	35,351	37,024	41,233	44,532
<b>PPP</b>	<b>29,320</b>	<b>36,908</b>	<b>40,893</b>	<b>49,718</b>
Growth(%)	(31.0)	25.9	10.8	21.6
Provisions	17,092	15,602	14,624	16,292
<b>Profit Before Tax</b>	<b>12,229</b>	<b>21,307</b>	<b>26,270</b>	<b>33,426</b>
Tax	3,736	1,724	4,382	6,183
Effective Tax rate(%)	30.6	8.1	16.7	18.5
<b>PAT</b>	<b>10,492</b>	<b>19,583</b>	<b>21,888</b>	<b>27,243</b>
Growth(%)	10.6	86.6	11.8	24.5

**Balance Sheet (Rs. m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Source of funds</b>				
Equity	24,740	24,740	24,740	24,740
Reserves and Surplus	1,74,737	1,85,764	2,07,652	2,34,894
Networth	2,01,276	2,12,304	2,34,191	2,61,434
Growth (%)	6.2	5.5	10.3	11.6
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>12,31,452</b>	<b>13,88,156</b>	<b>15,20,192</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	51,356	35,664	46,696
<b>Total Assets</b>	<b>10,69,022</b>	<b>12,31,452</b>	<b>13,88,156</b>	<b>15,20,193</b>
Growth (%)	(1.9)	15.2	12.7	9.5
<b>Business Mix</b>				
AUM	8,83,400	8,08,930	8,89,823	10,23,296
Growth (%)	(6.0)	(8.4)	10.0	15.0
On Balance Sheet	-	-	-	-
% of AUM	-	-	-	-
Off Balance Sheet	-	-	-	-
% of AUM	-	-	-	-

**Profitability & Capital (%)**

Y/e Mar	FY22	FY23	FY24E	FY25E
NIM	7.3	7.6	7.6	7.8
ROAA	0.8	1.2	1.7	1.8
ROAE	4.6	7.7	8.4	9.9

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Int. Inc. / Operating Inc.	29,884	31,381	34,325	32,160
Income from securitization	-	-	-	-
Interest Expenses	14,132	14,385	15,007	14,449
<b>Net Interest Income</b>	<b>15,752</b>	<b>16,996</b>	<b>19,318</b>	<b>17,711</b>
Growth (%)	2.0	12.3	23.5	13.9
Non-Interest Income	1,474	1,193	585	2,016
<b>Net Operating Income</b>	<b>17,226</b>	<b>18,189</b>	<b>19,903</b>	<b>19,726</b>
Growth (%)	7.2	14.0	17.6	17.8
Operating expenditure	7,495	8,581	9,411	12,650
<b>PPP</b>	<b>9,731</b>	<b>9,608</b>	<b>10,493</b>	<b>7,076</b>
Growth (%)	-	-	-	-
Provision	6,663	4,053	4,434	452
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	3,068	5,555	6,059	6,624
Tax	851	1,952	(3,535)	2,455
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	27.7	35.1	(58.3)	37.1
<b>PAT</b>	<b>2,217</b>	<b>4,056</b>	<b>4,528</b>	<b>4,169</b>
Growth	71	135	47	44
AUM	8,80,780	9,00,980	8,84,260	8,08,930
YoY growth (%)	(0.4)	3.6	3.4	(8.4)
Borrowing	-	-	-	-
YoY growth (%)	-	-	-	-

**Key Ratios**

Y/e Mar	FY22	FY23	FY24E	FY25E
CMP (Rs)	93	93	93	93
EPS (Rs)	3.4	5.8	8.8	11.0
Book value (Rs)	80.6	85.1	93.9	104.5
Adj. BV(Rs)	74.5	79.3	87.8	98.5
P/E(x)	27.0	16.1	10.5	8.4
P/BV(x)	1.1	1.1	1.0	0.9
P/ABV(x)	1.2	1.2	1.1	0.9
DPS (Rs)	1.7	1.7	1.7	1.7
Dividend Payout Ratio(%)	59.7	25.9	23.2	15.4
Dividend Yield(%)	1.8	1.8	1.8	1.8

**Asset Quality**

Y/e Mar	FY22	FY23	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	4.7	3.5	-
Net NPAs to net Adv.(%)	2.0	1.5	1.7	1.7
NPA coverage(%)	62.1	65.9	66.6	67.5

**Du-Pont as a % of AUM**

Y/e Mar	FY22	FY23	FY24E	FY25E
NII	5.6	5.7	6.0	6.5
NII INCI. Securitization	5.6	5.7	6.0	6.5
Total income	6.0	6.2	6.4	6.9
Operating Expenses	3.3	3.4	3.3	3.3
PPOP	2.7	2.8	3.1	3.6
Total Provisions	1.6	1.4	1.1	1.2
RoAA	0.8	1.5	1.7	2.0
Avg. Assets/Avg. net worth	5.9	5.1	5.0	5.0
RoAE	4.6	7.7	8.4	9.9

Source: Company Data, PL Research



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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	12-Apr-23	BUY	109	87
2	17-Jan-23	BUY	109	95
3	06-Jan-23	BUY	88	87
4	25-Oct-22	BUY	88	80
5	06-Oct-22	BUY	88	77
6	21-Jul-22	BUY	88	71
7	07-Jul-22	Hold	88	70
8	04-May-22	Hold	88	85

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	BUY	7,835	6,056
2	Cholamandalam Investment and Finance Company	Hold	820	841
3	L&T Finance Holdings	BUY	109	87
4	Mahindra & Mahindra Financial Services	Hold	280	259
5	Manappuram Finance	BUY	144	129
6	Muthoot Finance	BUY	1,315	1,028
7	SBI Cards and Payment Services	Accumulate	935	772
8	Shriram Finance	Hold	1,486	1,405

**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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