

Estimate change



TP change



Rating change



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Bloomberg	BAF IN
Equity Shares (m)	604
M.Cap.(INRb)/(USDb)	4502.6 / 54.9
52-Week Range (INR)	8000 / 5487
1, 6, 12 Rel. Per (%)	0/18/-1
12M Avg Val (INR M)	7548

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Net Income	288	357	439
PPP	187	236	296
PAT	115	145	183
EPS (INR)	190	240	302
EPS Gr. (%)	63	26	26
BV/Sh. (INR)	891	1,094	1,355

Ratios

NIM (%)	10.6	10.3	10.2
C/I ratio (%)	35.1	33.8	32.6
RoA (%)	4.7	4.6	4.6
RoE (%)	23.7	24.1	24.7
Payout (%)	15.8	15.2	13.8

Valuations

P/E (x)	39.0	31.0	24.6
P/BV (x)	8.3	6.8	5.5
Div. Yield (%)	0.4	0.5	0.6

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	55.9	55.9	55.9
DII	12.9	13.0	12.0
FII/FI/FII	20.2	19.3	20.3
Others	11.0	11.8	11.8

FII Includes depository receipts

CMP: INR7,431

TP: INR8,800 (+18%)

Buy

Healthy quarter despite elevated credit costs

NIM compression likely to continue for two more quarters

- Bajaj Finance (BAF)'s 1QFY24 reported PAT jumped 32% YoY to ~INR34.4b (in line). The good operational performance was driven by: a) healthy run-rate in customer additions/new loans disbursed, b) further asset quality improvement, and c) YoY moderation in cost-income ratios during the quarter.
- NII grew 27% YoY to ~INR67.2b. Other operating income rose 23% YoY and Net Total Income (NTI) jumped 27% YoY to ~INR84b.
- NIM (calc.) was stable QoQ at ~13% in 1QFY24 even as reported NII declined ~10bp QoQ. We model a NIM compression of ~25bp in FY24E due to the expected rise in cost of borrowings and difficulty in passing on interest rate hikes to customers.
- We estimate an AUM/PAT CAGR of ~29%/26% over FY23-FY25 and expect BAF to deliver an RoA/RoE of 4.6%/25% in FY25.
- Key monitorables in FY24: a) evolution of its payments landscape and adoption of its payment offerings, and b) degree to which the NIM compression can be offset with operating leverage that can result in a decline in cost ratios.
- **Reiterate BUY** with a TP of INR8,800 (premised on 6.5x FY25E BVPS).

AUM growth at ~32% YoY; new customer acquisitions strong

- Total customer franchise rose 21% YoY to ~73m. New loans booked grew 34% YoY to 9.9m (PY: 7.4m). The company delivered the highest ever quarterly customer acquisitions in 1QFY24 at ~3.8m and is confident of adding 12-13m new customers in FY24E.
- BAF's reported total AUM grew 32% YoY and ~9% QoQ to INR2.7t. Sequential AUM growth was driven by Auto Finance (+14%), Urban B2B (+27%), and Commercial (excl. LAS) (+14%) in 1QFY24.

Cost ratios to moderate driven by operating leverage

- BAF's operating expenses grew 20% YoY to INR28.5b and the opex-to-NII was stable QoQ at ~34% in 1QFY24.
- The company added 95 new locations and ~12K distribution points in 1QFY24. BAF will continue to invest in digital/technology and expects to see operating leverage come through every quarter from hereon.
- Operating leverage driven by economies of scale and relatively lower investments on the technology side will drive a moderation in the opex-to-NII ratio to ~34%/33% in FY24/FY25.

Credit costs elevated because of one-offs; full-year guidance raised

- Credit costs in 1QFY24 stood at ~170bp (PQ: ~155bp). This included ~INR1.2b released from the management overlay.
- Total credit costs for the quarter amounted to ~INR11.15b, which included three components: a) ~INR350m of standard ECL provisioning on ~INR60b of additional assets created in 1QFY24; b) one-time provisions of ~INR150m on the Manipur portfolio and c) an overlay of ~INR500m towards redevelopment of the ECL model. Management guided for FY24 credit costs at 155-165bp.

Asset quality continues to improve; rural B2C exhibited some deterioration

- BAF continued to deliver asset quality improvement with GS3 improving ~10bp QoQ to ~0.87%, while NS3 was largely stable at ~0.3%. Stage 3 PCR rose ~1pp to ~65% during the quarter.
- Rural B2C has exhibited minor stress and the management has cut incremental business volumes in this segment for risk mitigation. It expects Rural B2C to remain muted until Nov/Dec'23 and recover subsequently.

Highlights from the management commentary

- Management guided for ~10-15bp NIM compression for each of the next two quarters and stabilize thereon.
- It guided for an **AUM growth of 29-31% in FY24**, RoA of 4.6-4.8% and RoE of 22-23%.
- Gold loans stood at INR32b and could grow to INR50-55b by Mar'24. If the first half goes well, the company might even accelerate gold loan branch expansions.

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.
- BAF should be able to offset the NIM compression in FY24 with lower operating costs ratios and credit costs. We cut our FY25E EPS by ~2% to factor in higher credit costs. We expect BAF to deliver a PAT CAGR of 26% over FY23-FY25 and a RoA/RoE of 4.6%/25% in FY25. **Maintain BUY with a TP of INR8,800 (premised on 6.5x FY25E BVPS).**

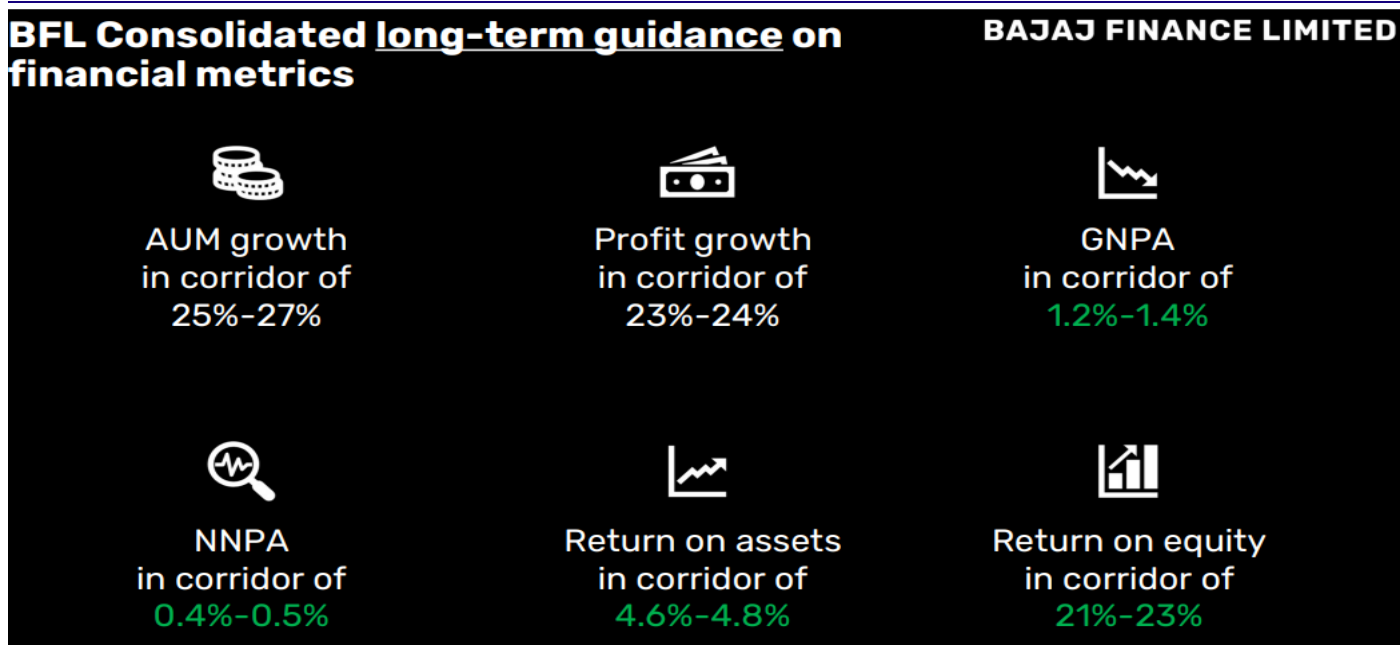
Quarterly Performance

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	1QFY24E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	79.2	85.1	92.7	98.5	108.2	116.9	125.0	127.6	355.5	477.8	106.5	2
Interest expenses	26.5	29.7	33.5	35.9	41.0	45.1	49.0	52.3	125.6	187.4	39.5	4
Net Interest Income	52.7	55.4	59.2	62.5	67.2	71.7	76.1	75.3	229.9	290.3	67	0
YoY Growth (%)	43	29	25	30	27	30	28	20	31	26	27	
Other Operating Income	13.6	14.6	15.1	15.2	16.8	16.6	16.5	16.4	58.6	66.3	15.5	9
Net Income	66.4	70.0	74.3	77.7	84.0	88.3	92.6	91.7	288.5	356.6	82.5	2
YoY Growth (%)	48	31	24	28	27	26	24	18	32	24	24	
Operating Expenses	23.8	25.1	25.8	26.5	28.5	29.7	30.9	31.5	101.3	120.6	27.6	3
Operating Profit	42.6	44.9	48.5	51.2	55.4	58.6	61.7	60.3	187.2	236.0	54.9	1
YoY Growth (%)	37	36	24	29	30	31	27	18	31	26	29	
Provisions and Cont.	7.5	7.3	8.4	8.6	10.0	9.8	10.4	11.4	31.9	41.5	8.8	13
Profit before Tax	35.0	37.5	40.1	42.6	45.5	48.8	51.3	48.9	155.3	194.5	46.1	-1
Tax Provisions	9.1	9.7	10.4	11.0	11.1	12.7	13.3	12.6	40.2	49.7	11.9	-7
Net Profit	26.0	27.8	29.7	31.6	34.3	36.2	38.0	36.3	115.1	144.8	34.2	0
YoY Growth (%)	159	88	40	30	32	30	28	15	64	26	32	
Key Operating Parameters (%)												
Fees to Net Income Ratio	20.5	20.9	20.3	19.5	20.0	18.8	17.8	17.9	20.3	18.6		
Credit Cost	1.55	1.43	1.54	1.47	1.57	1.43	1.43	1.47	1.47	1.5		
Cost to Income Ratio	35.9	35.9	34.7	34.1	34.0	33.6	33.4	34.3	35.1	33.8		
Tax Rate	25.9	25.9	25.9	25.9	24.5	25.9	25.9	25.8	25.9	25.6		
Balance Sheet Parameters												
AUM (INR B)	2,040	2,184	2,308	2,474	2,701	2,863	3,078	3,265	2,474	2,701		
Change YoY (%)	28.3	30.8	27.4	25.3	32.4	31.1	33.3	32.0	25.3	32		
Loans (INR B)	1,984	2,127	2,254	2,423	2,653	2,803	3,016	3,198	2,423	2,653		
Change YoY (%)	29.5	32.3	29.0	26.6	33.8	31.8	33.8	32.0	26.6	34		
Borrowings (INR B)	1,721	1,833	2,013	2,154	2,352	2,485	2,668	2,830	2,154	2,352		
Change YoY (%)	29.1	26.4	30.7	30.4	36.6	35.6	32.5	31.4	30.4	37		
Loans/Borrowings (%)	115.3	116.1	112.0	112.5	112.8	112.8	113.0	113.0	112.5	113		
Asset Quality Parameters (%)												
GS 3 (INR B)	25.4	25.3	26.1	23.1	23.5				23.1	26.1		
Gross Stage 3 (% on Assets)	1.25	1.17	1.14	0.94	0.87				0.94	0.80		
NS 3 (INR B)	10.2	9.5	9.3	8.4	8.3				8.4	9.1		
Net Stage 3 (% on Assets)	0.51	0.44	0.41	0.34	0.31				0.35	0.28		
PCR (%)	59.9	62.3	64.2	63.8	64.8				63.8	65.0		
Return Ratios (%)												
ROAA (Rep)	5.33	5.4	5.4	5.4	5.42				4.7	4.6		
ROAE (Rep)	23.07	23.6	24.0	23.9	24.47				23.7	24.1		

E: MOFSL Estimates

Exhibit 1: Long-term targets of the company



Source: Company, MOFSL

Exhibit 2: Omni-channel strategy – key metrics

Omnipresence metrics – Strong growth momentum across Geography and Digital metrics **BAJAJ FINANCE LIMITED**

Particulars	Unit	Q1 FY23	Q4 FY23	Q1 FY24	YoY
Geography					
New locations added – in the Qtr	#	82	19	95	
Locations – Cumulative	#	3,586	3,733	3,828	242
Gold loan branches – Cumulative	#	155	181	424	269
App Metrics					
Downloads – In the Qtr	# in MM	11.01	13.43	15.10	37%
Net Installs – Cumulative	# in MM	23.0	35.5	40.2	75%
In-App programs – Cumulative	#	62	104	118	90%
Ranking in financial domain in Playstore	#	6	5	5	↑
Service requests initiated on app – In the Qtr	% of total SR	15%	26%	34%	↑
App Payments metrics					
UPI handles – Cumulative	# in MM	3.61	12.98	15.48	329%
Bill pay transactions – In the Qtr	# in MM	2.06	5.27	5.44	164%
QRs at merchant PoS – Cumulative	# in MM	0.018	0.63	1.14	NA
Rewards issued – In the Qtr	# in MM	4.8	13.5	18.1	277%

Source: Company, MOFSL

Exhibit 3: Omni-channel strategy – key metrics

Omnipresence metrics - Strong growth momentum across Geography and Digital metrics						BAJAJ FINANCE LIMITED	
Particulars	Unit	Q1 FY23	Q4 FY23	Q1 FY24	YoY		
App business metrics							
EMI cards acquired on App - In the Qtr	# in '000	69	99	123	78%		
Personal loan disbursed on App - In the Qtr	In ₹ cr	2,109	2,607	2,760	31%		
Credit card acquisition on App - In the Qtr	# in '000	30	72	77	157%		
Flexi loan transactions on App - In the Qtr	# in MM	0.87	1.55	1.70	95%		
DMS receipts on App - In the Qtr	# in '000	644	972	982	52%		
Marketplace metrics							
Bajaj Mall visits - In the Qtr	# in MM	31.8	47.1	49.0	54%		
Bajaj Mall loans - In the Qtr	# in '000	645	607	826	28%		
Insurance Bazaar policies - In the Qtr	# in '000	9.5	107.6	112.0	1079%		
Investments Bazaar MF A/C - In the Qtr	# in '000	10	23.6	25.4	154%		
Digital EMI card metrics							
EMI cards acquired digitally - In the Qtr	# in '000	522	598	665	27%		
EMI cards acquired digitally - CIF	# in MM	2.3	3.6	3.8	65%		
B2B loans from digital EMI cards - in the Qtr	# in '000	227	291	416	83%		

Source: Company, MOFSL

Exhibit 4: Customer franchise – key metrics

Customer franchise - Key financial metrics										BAJAJ FINANCE LIMITED		
Particulars	Unit	FY17	FY18	FY19	FY20	FY21	FY22	FY23	Q1 FY23	Q1 FY24	YoY	
New loans booked	In MM	10.1	15.3	23.5	27.4	16.9	24.7	29.6	7.42	9.94	34%	
New customer addition	In MM	4.1	6.1	8.3	8.1	6.0	9.0	11.6	2.73	3.84	40%	
Existing customer mix	%	59.8%	60.3%	64.8%	70.4%	64.6%	63.5%	60.9%	63.2%	61.4%	-	
Total franchise	in MM	20.1	26.2	34.5	42.6	48.6	57.6	69.1	60.3	73.0	21%	
Cross sell franchise	in MM	11.0	15.4	20.7	24.1	26.9	32.8	40.6	34.7	44.3	28%	
Co-branded credit cards sold	in MM	0.03	0.39	0.81	1.12	0.70	1.36	1.92	0.38	0.55	20%	
Other financial products sold to existing customers	in MM	0.06	0.08	0.19	0.27	0.67	2.23	2.36	0.50	0.65	30%	
AUM per cross sell franchise	₹	54,722	53,417	56,066	60,983	56,879	58,617	60,991	58,863	61,011	4%	
PAT per cross sell franchise	₹	1,670	1,618	1,933	2,182	1,644	2,145	2,837	749	776	4%	

Source: MOFSL, Company



Highlights from the management commentary

Business update

- Excellent quarter across all portfolio and financial metrics. Added 9.94m new loans and the Finserv app now has 40.2m net users.
- The highest-ever AUM growth in 1QFY24 and guidance of 29-31% AUM growth in FY24.
- The highest-ever customer franchise additions and it is confident of adding 12-13m new customers in FY24
- Overall franchise stood at 73m customers and cross-sell franchise stood at ~44m

NIM

- CoF stood at 7.6%, up 22bp in 1QFY24. Net impact on NIM sequentially was 11bp; it continues to expect gradual moderation in NII through FY24 and expects a reversal from FY25 onwards
- It is re-pricing old borrowings at higher rates and is unable to pass on the higher CoF since the lending rates are already at pre-Covid levels; BAF expects 10-15bp NIM compression each for the next two quarters and it could settle thereon.

Asset quality

- Risk metrics across all businesses, except Rural B2C business, were Green.
- Rural B2C has exhibited a minor stress and the management has cut the business for risk mitigation. The management has taken actions in Rural B2C, which has resulted in muted growth. It will remain this way until Nov/Dec'23. Post that, even Rural B2C should start growing strongly.

Credit costs

- Management overlay release of ~INR1.2b in 1QFY24. Total credit costs of ~INR11.15b (INR9.95b + INR1.20b) were translated into annualized credit costs of ~1.7%
- Credit costs for the quarter included, a) ~INR60b of additional assets (relative to 4QFY23) created in 1QFY24 that required ~INR350m of standard ECL provisioning, b) one-time provisions of ~INR150m on the Manipur portfolio and c) overlay to further strengthen the ECL model: additional provision of ~INR500m towards redevelopment of the ECL model. Because of the redevelopment, ECL provisions for the full-year could be ~6-8bp higher than the normal run-rate.
- Guidance for FY24 credit costs at ~155-165bp.

Personal loans

- Quantum of personal loan growth is troubling the management. It is monitoring the same closely and acting on it in a nuanced manner. It is taking preemptive measures by looking at both secured leverage and unsecured leverage of customers. Credit models should be optimized going forward.
- The market pie has expanded in personal loans; across all the top 1,000 cities there is competitive activity across all ticket sizes and this competitive intensity is across public banks, private banks and NBFCs.
- Supply is all pervasive in a reasonable manner across all asset classes.

- Approval rates are now closer to FY19-20 levels in Urban Personal Loans. They are even tighter than the FY19-20 levels for Rural B2C.

Gold loans

- Gold loans stood at INR32b and could grow to INR50-55b by Mar'24. If the first half goes well, it can even accelerate gold loan branch expansions.
- BAF will expand to 640 standalone gold loan branches by Jul'23
- Gold loans are currently classified under Rural B2C. Rural B2C Personal Loans grew 19% YoY.

BHFL

- AUM was up 29% at INR741b. Home loans AUM grew 19% YoY, LAP grew 5% YoY, LRD rose 83% YoY, developer finance grew 76% YoY and rural mortgages rose 16% YoY in 1QFY24.
- PAT grew 46% YoY to INR4.6b in 1QFY24 (PY: INR3.2b). Adjusted for reversal of deferred tax liability (DTL) of INR730m, PAT growth was 23% YoY.
- INR730m released into the P&L from the deferred tax liability. Now that the Covid period is over, BHFL has decided that it will not dip into the DTA for provisions. As a result, INR730m of DTA has been reversed into the P&L. Blended tax in Housing business can be ~2% lower than the national tax rate.
- ~INR100b of liabilities are linked to external benchmark and they are largely linked to the Repo rates.
- There is a change in the product-mix of the cross-sell products in BHFL. Also, there were large assignments in 1QFY23, which were not present in 1QFY24.
- LAP + LRD would remain between 22-25%; LAP is not fully priced for risk in the market today. That is the reason LAP growth is lower than LRD.

Omnipresence metrics

- Management expects to be scale up to 3.0-3.5m QRs at the Merchant PoS by the end of the fiscal year.

Liabilities

- 25% of the bank borrowings are Repo-linked; 30% MCLR-linked and 55% are linked to T-Bill and external benchmark.
- At the consolidated level, BAF has ~INR740b of bank borrowings (of this, ~INR230b is Repo-linked).

Rewards

- Building a rewards ecosystem for closed-group architecture. Scratch a card and voucher infrastructure was built at BAF. Membership program will allow for a set of discounts. Rewards will be another funnel that the company is investing in.
- Social - Photos/Videos - will redirect to the App/Web ecosystem. A separate business unit (separate from marketing team) is working on Social marketing.

Employee attrition

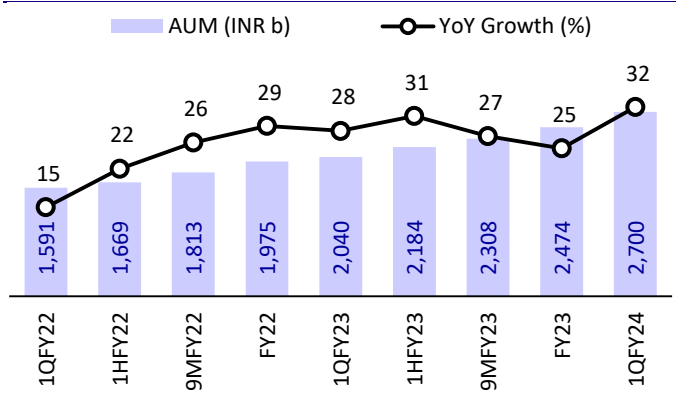
- Employee headcount stood at 46,567 (BFL, BHFL & BFSL) as of Jun'23. The company added 3,420 employees in 1QFY24. Annualized attrition in the quarter was 13.8% (PY: 14.5%). Annualized attrition at ~19% in FY23.

Others

- While BAF continues to invest in digital and technology, it expects to see operating leverage come through every quarter from hereon.
- BAF's business model is now organized for an RoE of 22-23% and RoA of 4.6%-4.8%.
- New car business has already been launched in 80 cities across India. There could be INR2.0-2.5b of monthly disbursements by Mar'24.
- Across the nine lines of business, there has been no change in the product mix and it does not foresee any significant change in future.
- Recoveries will be very low from the IL&S Building in the GIFT city.
- Any customer that moves into 30+ dpd will never get categorized in the Cross-sell franchise.

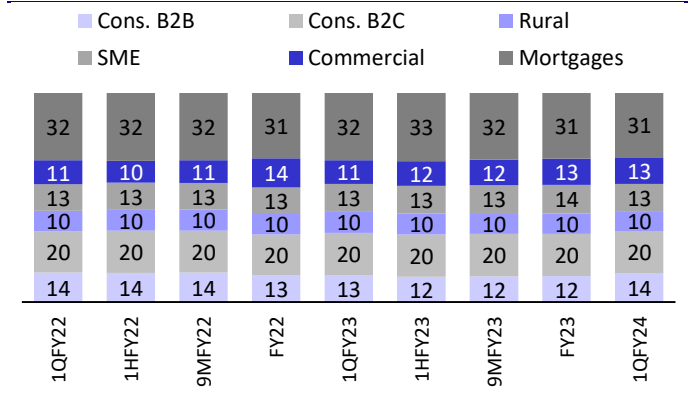
Story in charts

Exhibit 5: AUM growth healthy at 32% YoY (%)



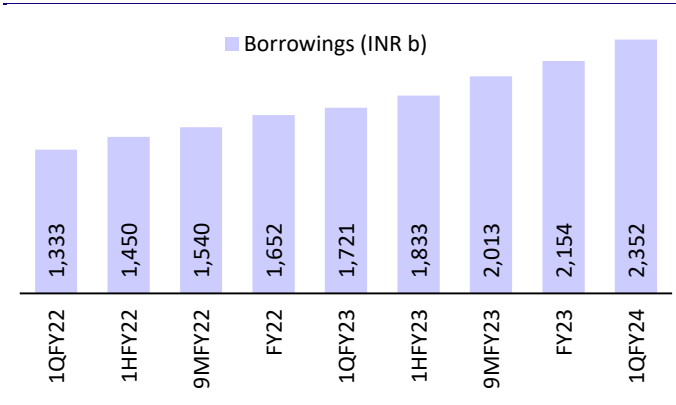
Source: MOFSL, Company

Exhibit 6: AUM mix was largely stable (%)



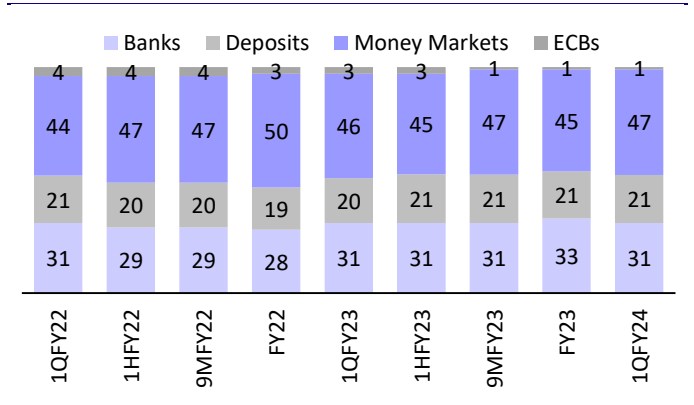
Source: MOFSL, Company

Exhibit 7: Borrowings grew 37% YoY



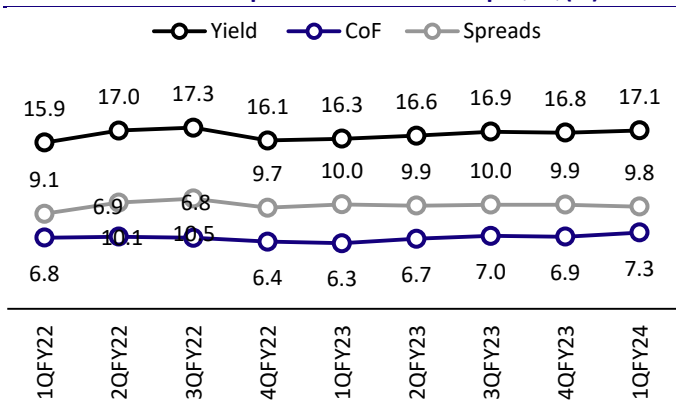
Source: MOFSL, Company

Exhibit 8: Borrowing mix (%)



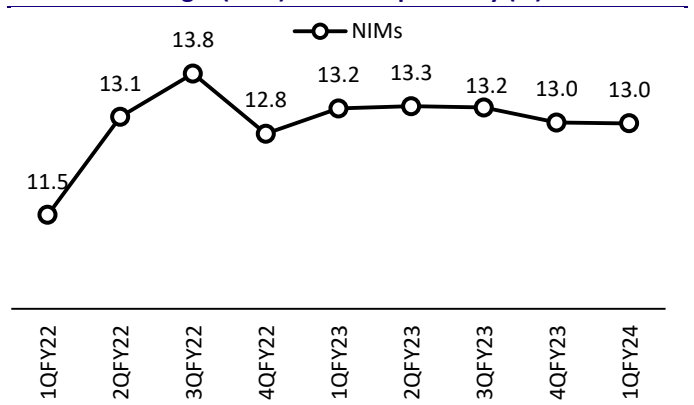
Source: MOFSL, Company

Exhibit 9: Calculated spreads declined ~20bp QoQ (%)



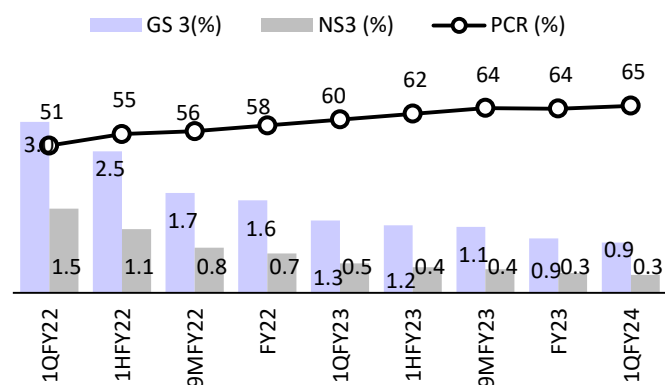
Source: MOFSL, Company

Exhibit 10: Margin (calc.) stable sequentially (%)



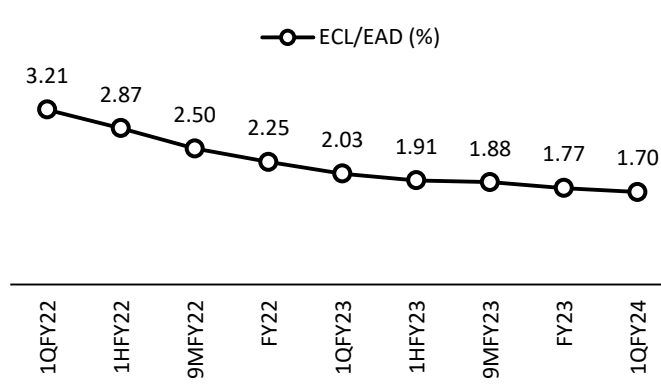
Source: MOFSL, Company

Exhibit 11: GS3 improved ~10bp QoQ (%)



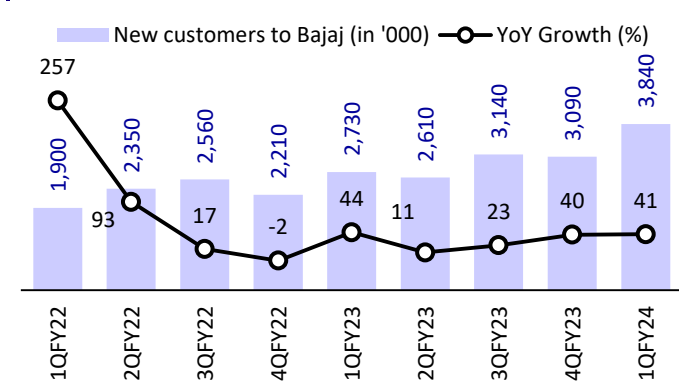
Source: MOFSL, Company; Note: Without SC dispensation, GNPA ratio would be 1.8%

Exhibit 12: Total ECL provisions stood at ~170bp of EAD



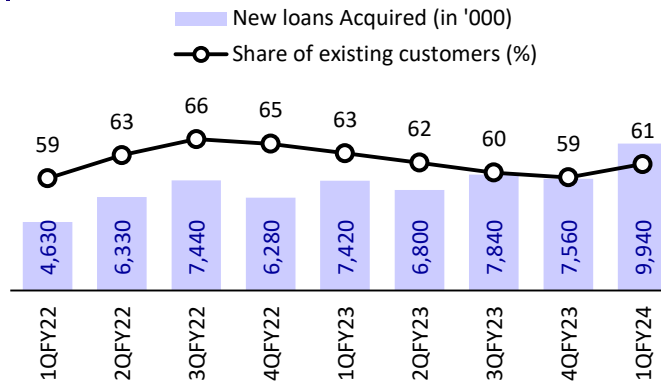
Source: MOFSL, Company

Exhibit 13: New customer additions grew ~41% YoY



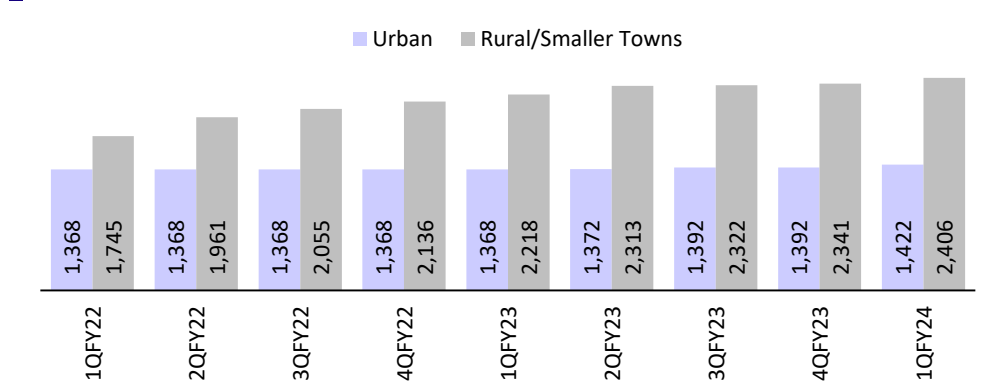
Source: MOFSL, Company

Exhibit 14: Share of existing customers in new loans booked improved to ~61%



Source: MOFSL, Company

Exhibit 15: Trend in branch expansion – Additions primarily in rural/smaller towns



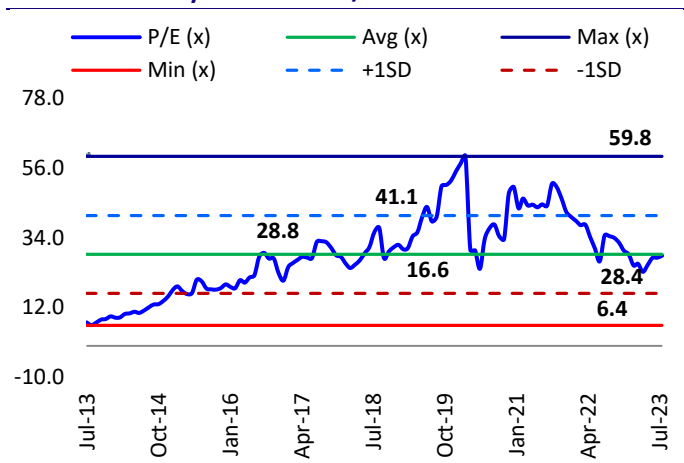
Source: MOFSL, Company

Exhibit 16: We cut our FY25 EPS estimates by ~2% to factor in higher credit costs

INR B	Old Est.		New Est.		% Change	
	FY24	FY25	FY24	FY25	FY24	FY25
NII	290.1	364.7	290.3	367.3	0.1	0.7
Other operating Income	59.4	70.0	66.2	71.9	11.4	2.8
Other Income	0.1	0.1	0.1	0.1		
Total Income	349.6	434.7	356.6	439.3	2.0	1.0
Operating Expenses	116.1	137.9	120.6	143.4	3.9	3.9
Operating Profits	233.5	296.8	236.0	295.9	1.1	-0.3
Provisions	36.6	45.0	41.5	49.4	13.4	9.8
PBT	196.9	251.8	194.5	246.5	-1.2	-2.1
Tax	51.0	65.2	49.7	63.8	-2.6	-2.1
PAT	145.9	186.6	144.8	182.6	-0.8	-2.1
Loans	3,198	4,029	3,198	4,029	0.0	0.0
Borrowings	2,779	3,506	2,830	3,546	1.8	1.1
RoA	4.7	4.7	4.6	4.6		
RoE	24.3	25.1	24.1	24.7		

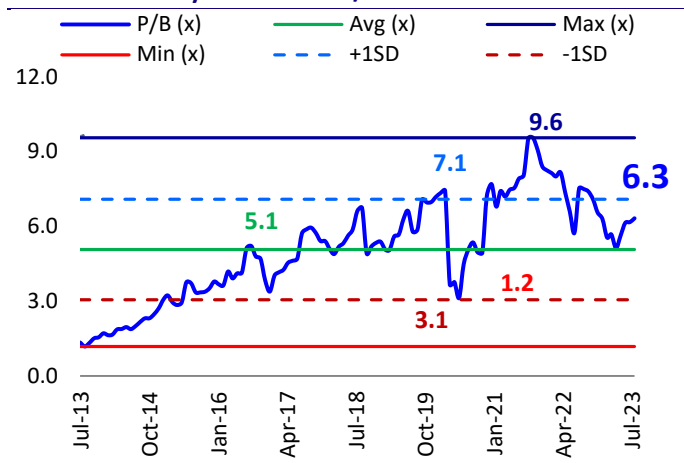
Source: MOFSL, Company

Exhibit 17: One-year forward P/E



Source: MOFSL, Company

Exhibit 18: 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	FY23	FY24E	FY25E
Interest Income	65.5	87.1	115.9	163.5	229.7	233.0	272.7	355.5	477.8	614.3
Interest Expended	29.3	38.0	46.1	66.2	94.7	94.1	97.5	125.6	187.4	247.1
Net Interest Income	36.2	49.0	69.7	97.3	135.0	138.9	175.2	229.9	290.3	367.3
Change (%)	37.0	35.4	42.2	39.5	38.8	2.9	26.2	31.2	26.3	26.5
Other Operating Income	7.5	12.7	11.6	21.4	34.0	33.6	43.6	58.5	66.2	71.9
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	288.5	356.6	439.3
Change (%)	39.0	40.7	31.3	45.9	42.4	2.1	26.8	31.8	23.6	23.2
Operating Expenses	19.0	25.6	32.7	42.0	56.6	53.1	75.8	101.3	120.6	143.4
Operating Profits	25.1	36.4	48.7	76.8	112.5	119.6	143.1	187.2	236.0	295.9
Change (%)	44.0	45.0	34.1	57.6	46.5	6.3	19.6	30.8	26.1	25.4
Provisions and W/Offs	5.4	8.2	10.3	15.0	39.3	59.7	48.0	31.9	41.5	49.4
PBT	19.6	28.2	38.4	61.8	73.2	59.9	95.0	155.3	194.5	246.5
Tax	6.9	9.8	13.5	21.8	20.6	15.7	24.8	40.2	49.7	63.8
Tax Rate (%)	34.9	34.8	35.0	35.3	28.1	26.2	26.0	25.9	25.6	25.9
PAT	12.8	18.4	25.0	39.9	52.6	44.2	70.3	115.1	144.8	182.6
Change (%)	42.4	43.6	35.9	60.0	31.8	-16.0	59.0	63.7	25.8	26.1
Proposed Dividend	1.6	2.5	2.8	4.3	7.3	6.0	6.0	18.1	22.0	25.1

Balance Sheet										INR b
Y/E MARCH	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	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	537.3	660.1	817.6
Net Worth	74	91	159	197	324	364	432	539	661	819
OCI	0.0	0.0	-0.1	0.0	-0.9	-1.2	-0.7	-0.8	-0.8	-0.8
Net Worth (Including OCI)	74	91	158	197	323	363	431	538	660	818
Change (%)	54.7	21.9	75.1	24.3	64.1	12.3	18.7	24.7	22.8	23.8
Borrowings	370	509	666	1,016	1,298	1,316	1,653	2,167	2,830	3,546
Change (%)	38.7	37.5	30.8	52.6	27.8	1.4	25.5	31.2	30.6	25.3
Other liabilities	25.2	19.9	23.9	29.5	22.6	35.2	41.4	47.2	54.3	62.4
Total Liabilities	470	619	848	1,242	1,644	1,715	2,125	2,752	3,545	4,426
Investments	10.3	41.3	31.4	86.0	175.4	184.0	122.5	227.5	227.5	227.5
Change (%)	211.2	299.5	-24.0	173.9	104.0	4.9	-33.4	85.8	0.0	0.0
Loans	438	564	800	1,137	1,428	1,467	1,914	2,423	3,198	4,029
Change (%)	40.5	28.7	41.8	42.1	25.6	2.7	30.5	26.6	32.0	26.0
Other assets	21.1	14.1	16.6	19.2	40.5	63.9	88.4	102.1	119.5	169.4
Total Assets	470	619	848	1,242	1,644	1,715	2,125	2,752	3,545	4,426

E: MOFSL Estimates

Financials and valuations

Ratios	(%)									
Y/E MARCH	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Spreads Analysis (%)										
Yield on Advances	17.5	17.4	17.0	16.9	17.9	16.1	16.1	16.4	17.0	17.0
Cost of borrowings	9.2	8.7	7.9	7.9	8.2	7.2	6.6	6.6	7.5	7.8
Interest Spread	8.3	8.7	9.1	9.0	9.7	8.9	9.6	9.8	9.5	9.3
Net Interest Margin	9.7	9.8	10.2	10.0	10.5	9.6	10.4	10.6	10.3	10.2
Profitability Ratios (%)										
Cost/Income	43.1	41.4	40.1	35.3	33.5	30.7	34.6	35.1	33.8	32.6
Empl. Cost/Op. Exps.	33.2	36.3	43.9	46.2	45.0	47.0	47.3	49.9	52.0	54.3
RoE	20.9	22.3	20.0	22.5	20.2	12.8	17.7	23.7	24.1	24.7
RoA	3.2	3.4	3.4	3.8	3.6	2.6	3.7	4.7	4.6	4.6
Asset Quality (%)										
GNPA	5.4	9.8	11.6	18.0	23.6	27.3	31.3	23.1	26.1	40.1
NNPA	1.2	2.6	3.5	7.3	9.4	11.4	13.1	8.4	9.1	12.0
GNPA %	1.2	1.7	1.4	1.6	1.6	1.8	1.6	0.9	0.8	1.0
NNPA %	0.3	0.5	0.4	0.6	0.7	0.8	0.7	0.3	0.3	0.3
PCR %	77.2	74.0	69.6	59.7	60.3	58.4	58.0	63.8	65.0	70.0
Capitalisation (%)										
CAR	19.5	19.5	24.0	20.7	25.0	28.3	27.2	25.0	24.1	23.8
Tier I	16.1	13.3	18.4	16.3	21.3	25.1	24.8	23.2	22.8	22.8
Tier II	3.4	6.2	5.5	4.4	3.7	3.2	2.5	1.8	1.3	1.0
Average Leverage on Assets (x)	6.5	6.6	5.9	5.9	5.5	4.9	4.8	5.0	5.2	5.4
Valuation										
Book Value (INR)	139	165	276	341	540	606	716	891	1,094	1,355
Price-BV (x)					13.8	12.3	10.4	8.3	6.8	5.5
EPS (INR)	23.9	33.6	43.4	69.3	87.7	73.5	116.5	190.4	239.6	302.2
EPS Growth (%)	33.0	40.7	29.2	59.6	26.7	-16.3	58.6	63.4	25.8	26.1
Price-Earnings (x)					84.7	101.1	63.8	39.0	31.0	24.6
Dividend per Share (INR)	2.5	3.6	4.0	6.0	10.0	10.0	20.0	30.0	36.4	41.5
Dividend Yield (%)					0.1	0.1	0.3	0.4	0.5	0.6

E: MOFSL Estimates

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NOTES

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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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