

L&T Finance Holdings

Estimate change



TP change



Rating change



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Bloomberg	LTFH IN
Equity Shares (m)	2469
M.Cap.(INRb)/(USD\$b)	325.7 / 4
52-Week Range (INR)	140 / 71
1, 6, 12 Rel. Per (%)	2/28/64
12M Avg Val (INR M)	834

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Total Income	67.7	68.9	78.8
PPP	47.8	50.2	59.6
Adj. PAT	16.2	22.5	26.0
EPS (INR)	6.5	9.1	10.5
EPS Gr. (%)	51	39	15
BV/Sh. (INR)	87	94	100

Ratios

NIM (%)	8.6	9.0	9.2
C/I ratio (%)	37.6	38.5	36.5
RoAA (%)	1.5	2.1	2.3
RoE (%)	7.8	10.1	10.8
Payout (%)	30.6	50.0	30.0

Valuation

P/E (x)	20.0	14.4	12.5
P/BV (x)	1.5	1.4	1.3
Div. Yield (%)	1.5	3.5	2.4

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	66.1	66.1	66.2
DII	9.3	10.6	5.3
FII	9.9	7.3	6.6
Others	14.7	16.0	21.8

FII Includes depository receipts

CMP: INR131

TP: INR160 (+22%)

Buy

Accelerated transformation into a retail franchise

Earnings in line; Retail RoA/RoE at 3.1%/15.7% in 1QFY24

- L&T Finance Holdings (LTFH) reported 1QFY24 PAT of INR5.3b (in line). PPOP grew ~7% YoY to INR12.4b (in line), while credit costs of ~INR5.2b translated into annualized credit costs of 2.6% (PQ: 2.5% and PY: 3.6%).
- Retail PAT at ~INR5.3b surged 176% YoY in 1QFY24. Reported Retail RoA/RoE stood at ~3.1%/~15.7% during the quarter.
- Mr. Sudipta Roy (COO) would assume the role of MD & CEO effective Jan'24, while the current MD & CEO – Mr. Dinanath Dubhashi – has opted for superannuation. He will remain with the company until Apr'24 to ensure a seamless leadership transition.
- We expect that the retail mix will improve to ~95% by Mar'24 (from 82% as of Jun'23). Considering the accelerated rundown in the wholesale book, we model consolidated loan growth of 3%/22% in FY24/FY25E. We estimate a PAT CAGR of 27% over FY23-FY25, with consolidated RoA/RoE of 2.3%/~11.0% in FY25.
- A strong liability franchise, a well-capitalized balance sheet and a keen intent to further accelerate the sell-down of the wholesale book will enable LTFH to achieve its targets articulated under Lakshya 2026 much in advance. We have raised our FY24E/FY25E PAT by 7%/5% to factor in higher fee income and margin expansion and now model a 50% dividend payout in FY24E.
- **LTFH is set to transform itself into a retail franchise, which would lead to profitability improvement and RoA expansion. Reiterate BUY with a TP of INR160 (premised on 1.6x FY25E consolidated BVPS).**

Retail and Wholesale asset quality improves sequentially

- Consol. GS3 declined ~70bp QoQ to ~4.0% while NS3 declined ~30bp QoQ to 1.2% driven by ~2pp increase in PCR to ~71% during the quarter.
- Retail GNPA/Wholesale GNPA declined 20bp/ ~80bp QoQ to 3.2%/7.6% in 1QFY24, while PCR was largely stable at 79% (PQ: 80%).

Key highlights from the management commentary

- LTFH guided for a gradual improvement in credit costs and operating expenses and will endeavor to maintain retail ROA at 3%.
- Management further guided for credit costs plus operating expenses at ~7% across different economic cycles.
- Following the Telangana High Court order, LTFH is planning to cautiously start the microfinance/rural finance business in AP and Telangana.

Valuation and view

- LTFH has been effectively utilizing the Cloud technology for scalability. It has invested in process automation, security and customer journeys through both assisted and direct-to-consumer (D2C) Planet app. This, along with partnerships with e-aggregators, should lead to stronger and sustainable retail loan growth.

- MFI, Home loans and Consumer businesses witnessed sequential improvements in disbursements. Over the past few quarters, the company has consistently delivered strong growth in its Retail loan book, even as it has accelerated the sell-down in the wholesale book.
- We estimate a PAT CAGR of 27% over FY23-FY25, with consolidated RoA/RoE of 2.3%/~11% in FY25. **Maintain Buy with a TP of INR160 (based on 1.6x FY25E consolidated BVPS).**

Quarterly performance

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E	1QFY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	29,466	30,862	33,216	32,107	31,165	30,542	31,794	34,466	1,25,651	1,27,966	30,181	3
Interest Expenses	14,132	14,385	15,007	14,449	13,638	13,501	13,825	18,108	57,972	59,072	14,738	-7
Net Interest Income	15,334	16,477	18,209	17,658	17,527	17,040	17,969	16,358	67,679	68,894	15,443	13
Change YoY (%)	2.3	12.8	24.1	15.7	14.3	3.4	-1.3	-7.4	13.7	1.8	0.7	
Other Operating Income	1,318	1,090	1,109	53	1,068	1,853	763	656	3,569	4,340	2,268	-53
Net Operating Income	16,652	17,567	19,318	17,711	18,596	18,893	18,731	17,014	71,248	73,234	17,711	5
Change YoY (%)	2.1	9.1	16.1	7.0	11.7	7.5	-3.0	-3.9	8.6	2.8	6.4	
Other income	1,474	1,193	585	2,016	1,535	1,611	1,692	3,590	5,268	8,428	1,713	-10
Total Income	18,126	18,760	19,903	19,726	20,130	20,504	20,423	20,604	76,515	81,662	19,425	4
Change YoY (%)	7.1	10.8	11.0	11.1	11.1	9.3	2.6	4.5	10.0	6.7	7.2	
Operating Expenses	6,577	6,868	7,417	7,870	7,782	7,830	7,936	7,889	28,732	31,437	7,564	3
Change YoY (%)	19.9	16.3	20.3	23.2	18.3	14.0	7.0	0.2	20.0	9.4	15.0	
Operating Profits	11,549	11,891	12,486	12,698	12,348	12,675	12,487	12,715	48,624	50,225	11,861	4
Change YoY (%)	0.9	7.9	6.2	11.8	6.9	6.6	0.0	0.1	6.7	3.3	2.7	
Provisions	7,989	5,765	6,417	5,232	5,212	4,982	4,533	3,782	25,404	18,509	4,578	14
Profit before Tax	3,560	6,126	6,069	7,466	7,136	7,693	7,954	8,933	23,220	31,715	7,283	-2
Tax Provisions	948	2,070	990	2,455	1,831	2,192	2,267	2,876	6,464	9,166	2,076	-12
Profit after tax	2,612	4,056	4,538	5,011	5,305	5,500	5,687	6,057	16,216	22,550	5,207	2
Change YoY (%)	46.8	81.0	39.2	46.4	103.1	35.6	25.3	20.9	51.5	39.1	99.4	
Key Operating Parameters (%)												
Rep. Net Income (% of Avg Assets)	8.23	2.54	2.67	9.21	9.64							
Rep. Cost of funds (%)	7.27	7.33	7.54	7.71	7.77							
Cost to Income Ratio	36.3	36.6	37.3	39.9	38.7							
Rep Credit Cost	3.63	2.54	2.67	2.24	2.33							
Tax Rate	26.6	33.8	16.3	32.9	25.7							
Balance Sheet Parameters												
Gross Customer Assets (INR B)	881	901	884	809	786							
Change YoY (%)	-0.4	3.6	3.4	-8.4	-10.8							
Borrowings (INR B)	818	853	862	830	830							
Change YoY (%)	-3.0	1.0	3.9	-2.5	1.5							
Customer Assets /Borrowings (%)	108	106	103	97	95							
Asset Quality Parameters (%)												
GS 3 (INR B)	35.6	35.9	37.2	38.3	31.7							
Gross Stage 3 (%)	4.1	4.0	4.2	4.7	4.0							
NS 3 (INR B)	15.9	16.2	14.9	11.8	9.1							
Net Stage 3 (%)	1.9	1.9	1.7	1.6	1.6							
PCR (%)	55.3	55.0	60.1	69.3	71.4							
Return Ratios (%)												
ROAA	1.0	1.6	1.7	1.9	2.1							
ROAE	5.2	8.0	8.4	9.4	9.4							

E: MOFSL Estimates

Strong momentum in retail disbursements with ~25% YoY growth

- Total disbursements grew 18% YoY to ~INR124b, driven by 25% YoY growth in retail to ~INR112b in 1QFY24. However, wholesale disbursements declined 23% YoY to INR11.7b with muted disbursements in both wholesale real estate and infrastructure segments.
- Total lending book declined ~11% YoY/3% QoQ to INR786b, due to continued run-down in wholesale portfolio that fell 27% QoQ/65% YoY to INR140b (PY: ~INR398b). Wholesale Real Estate book dipped ~58% YoY to ~INR41b.
- Retail assets contributed 82% to the loan mix (PQ: 75%). Retail book grew ~5% QoQ/34% YoY propelled by strong growth in MFI, Home Loans and Consumer Finance.
- LTFH aims to utilize digital technology for personalized cross-selling and upselling, leveraging data analytics, targeted marketing, and seamless omni-channel experiences to enhance customer engagement and drive successful conversions.

Margin expansion driven by improvement in retail mix

- NII grew 12% YoY to INR18.6b. Retail NIMs + Fees improved ~15bp YoY to ~11.7%, while Consol. NIMs + Fees improved ~180bp YoY to 9.65% in 1QFY24. These improvements were led by changing portfolio mix towards retail. The management sounded reasonably confident of sustaining margins above 11.5% going ahead.
- Spreads (calculated) expanded ~70bp QoQ to ~9.1%, led by a ~50bp sequential increase in yields to ~15.6% and ~20bp decline in CoF. This reduction was driven by lower incremental borrowings and run-down in wholesale book.

Performance against the Lakshya 2026 Goals

Vision: To be a top-class 'digitally enabled' retail finance company moving from a product-focus to a customer-focus approach

Lakshya 2026 Goals: The four-year journey started from Apr'22 and the company has made good progress towards the articulated targets.

- Retail mix was at 82% and the Retail loan book grew 34% YoY.
- Within Retail, Farmer Finance grew 13% YoY, Rural Business Finance rose 37% YoY and Urban Finance increased 35% YoY.
- Retail GNPA declined 20bp QoQ to 3.2% and the PCR was largely stable at 79% (PQ: 80%).



Highlights from the management commentary

Change in management

- Mr. Dinanath Dubhashi, the current MD & CEO, is retiring on 30 Apr'24. Following his superannuation, Mr. Sudipta Roy has been appointed as the Chief Operating Officer (COO) of the company.
- Effective 24 Jan'24, Mr. Sudipta Roy will take on the role of MD & CEO of LTFH.
- However, Mr. Dubhashi will continue to be a Director on the Company's Board until his superannuation, where he will oversee and provide assistance in ensuring a seamless leadership transition. During this period, he will also act as a special advisor to the Chairman of the Board.
- Mr. Sudipta Roy brings with him extensive experience in the consumer banking and payments sector, having accumulated over 24 years of service in the financial services industry. Before joining LTFH, he held the position of Group Head at ICICI Bank, where he successfully managed various business divisions, including Unsecured Assets, Cards, Payment Solutions, Student Ecosystem, E-commerce and Merchant Ecosystem, Millennial Banking, and API Banking.
- His career path also includes work with Citibank and Deutsche Bank. Throughout his professional journey, Mr. Roy has developed a profound understanding of consumer finance, retail loans, cards, lending, and payments technology systems.

Guidance

- The management expressed confidence of sustaining margin at a minimum of 11.5% and does not anticipate margin to fall below this threshold level.
- The company foresees a gradual improvement in credit costs and operating expenses, and is aiming to maintain an ROA of 3%.
- LTFH has set a target of maintaining credit costs and operating costs at 7% levels across different economic cycles.
- LTFH closely monitors the 0 DPD levels across its product portfolio, demonstrating diligent efforts to manage collections and control credit costs.

Strategies to enhance customer retention and grow Retail book

- LTFH has introduced the Kisan Suvidha top-up and refinance options, aiming to improve customer retention by offering enhanced benefits and financial support to farmers.

- The company has launched an end-to-end digital journey for Warehouse Receipt Finance, initially as a pilot in four states. This move aims to streamline and digitize the financing process for select commodities, catering to 14 different agricultural products.
- LTFH has initiated a pilot program for Rural LAP in the Madurai district of Tamil Nadu, aiming to explore opportunities and cater to the financial needs of customers in the region.
- The company has successfully reached a penetration rate of 30% for SKL (Salaried, Self-employed, and Business Category) and VIP (Very Important Person) customers. This has resulted in a higher share of creditworthy customers, contributing to improved loan quality and risk management.
- LTFH is placing emphasis on increasing the contribution from LAP and SENP segments, as these areas present potential growth opportunities.
- The company has expanded its geographical footprint to 28 locations from the previous 16 locations in 4QFY23, indicating a strategic move to reach a broader customer base and tap into new markets.
- It has embraced digital initiatives to enhance its channel ecosystem, facilitating smoother customer interactions, and improving overall service efficiency.

Leveraging state-of-the-art technology to build a Fintech @ Scale

- LTFH is harnessing the power of cloud technology to ensure scalability and has made significant investments in automating its processes, enhancing security measures, and optimizing customer experiences through both assisted and direct-to-consumer (D2C) applications like the Planet app.
- The company is effectively utilizing fintech partnerships to deliver a compelling and competitive customer value proposition, providing innovative financial solutions and services.
- Further, LTFH is leveraging advanced analytics to optimize various aspects of its operations, including sourcing, underwriting, and collections processes. By harnessing the insights from data analytics, the company can make informed decisions, improve risk assessment, and enhance overall efficiency in these critical areas.
- Bounce Prediction plays a crucial role as it determines the selection of customers who will receive pre-presentation reminder calls based on their behavior.
- The Normative Grid, which is asset-based, guides the recovery process by suggesting the appropriate value of the repossessed asset. If the recovery amount surpasses this suggested value, the company proceeds with the recovery proceedings.

Geographical expansion plans

- Business expansion decisions for different geographies are made based on data analytics, which involves a comprehensive analysis of borrower credit quality, literacy levels, credit availability, and various other parameters. These insights are crucial in determining the feasibility of opening new branches or centers in specific locations.
- Following the Telangana High Court order, LTFH is planning to cautiously start the microfinance/rural finance business in AP and Telangana.

Wholesale book

- Apart from the sale of INR5b in wholesale assets to an ARC, all other wholesale assets sold are classified as Stage 1 loans.
- The wholesale GS3 amounted to INR10.65b as of Jun'23. LTFH had a total exposure of ~INR15b to Supertech, out of which, ~INR5b was sold to an ARC. The company has made provisions of 57% on this exposure.
- The rest of the standard book is fair valued and does not necessitate provisioning on the same. At the end of each quarter, the exercise of calculating Fair Value is undertaken and the value of closing book is the Fair Value as of Jun'23.
- Total SR book from inception is ~INR65b out of which the company expects significant recoveries in FY24. The recoveries in SRs of Real Estate are faster than Infra assets.

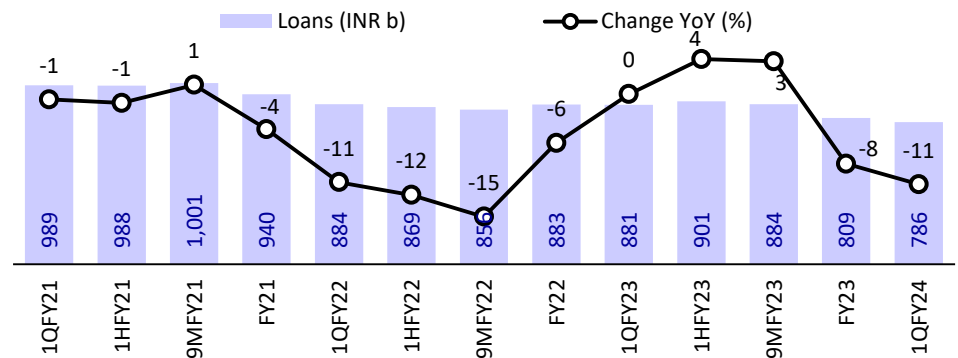
Cross sell and up-sell

- The company has an active customer franchise of ~8.9m and it acquired ~0.7m new customers in the quarter.
- About 41% of the total customers were identified as potential cross-sell customers. The company only cross-sells to customers in 0 dpd.

Key exhibits

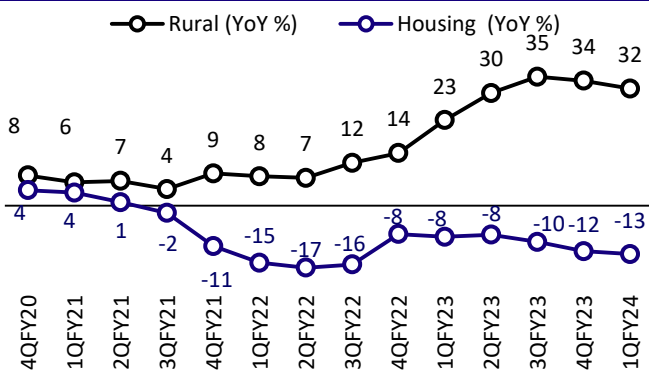
Loan book declined 11% YoY / 3% QoQ to ~INR7.9b

Exhibit 1: Loan book declined due to rundown of wholesale book (%)



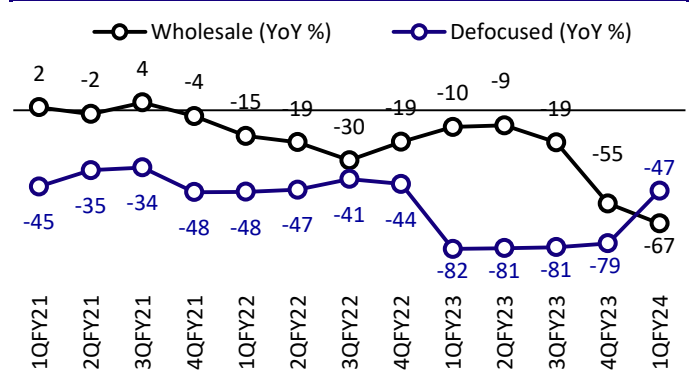
Source: MOFSL, Company

Exhibit 2: Housing Finance book (including wholesale RE) declined 13% YoY



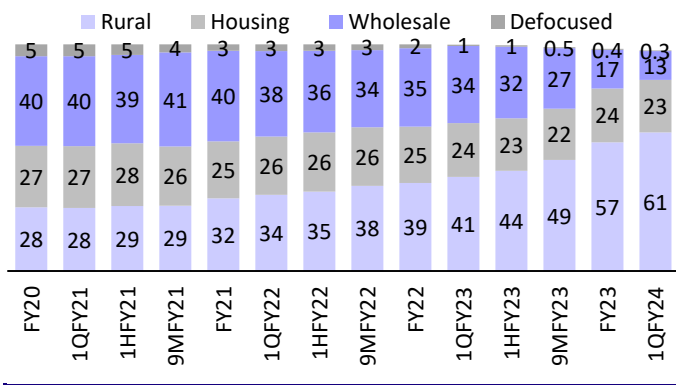
Source: MOFSL, Company

Exhibit 3: Wholesale book declined 67% YoY



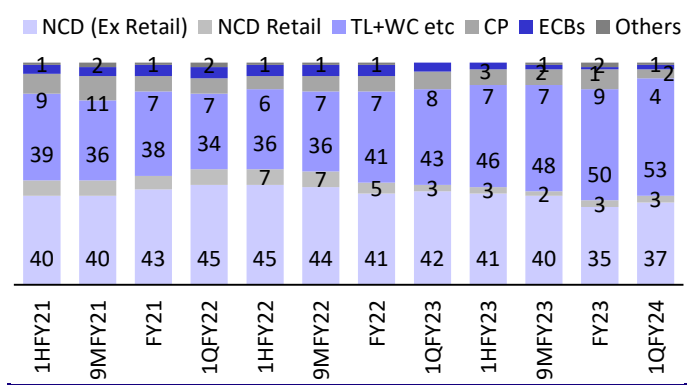
Source: MOFSL, Company

Exhibit 4: Rural Finance in loan mix continued to improve (up ~400bp sequentially)



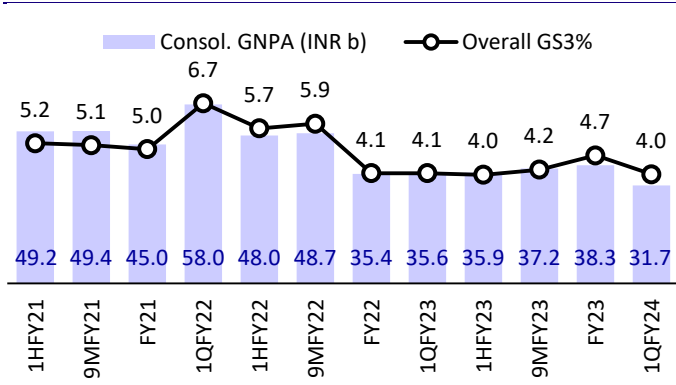
Source: MOFSL, Company

Exhibit 5: Borrowing mix (%)



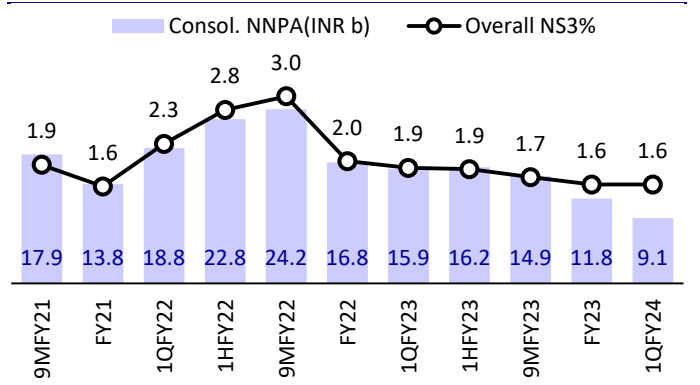
Source: MOFSL, Company

Exhibit 6: GS3 decreased ~70bp sequentially (%)



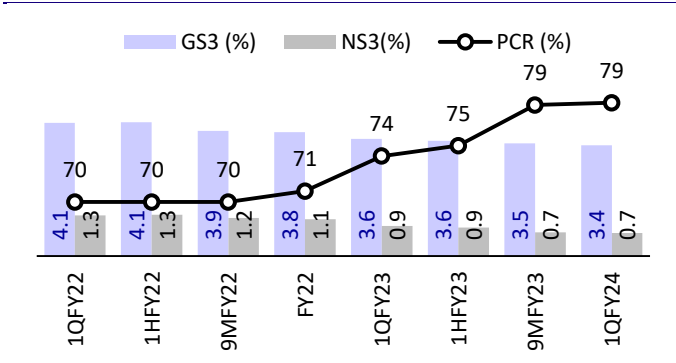
Source: MOFSL, Company

Exhibit 7: NS3 stable QoQ (%)



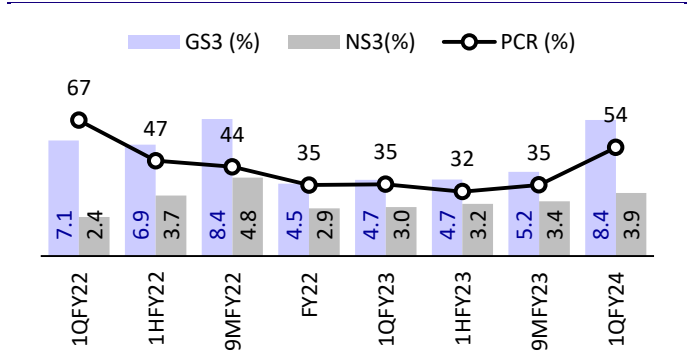
Source: MOFSL, Company

Exhibit 8: Retail loan book asset quality



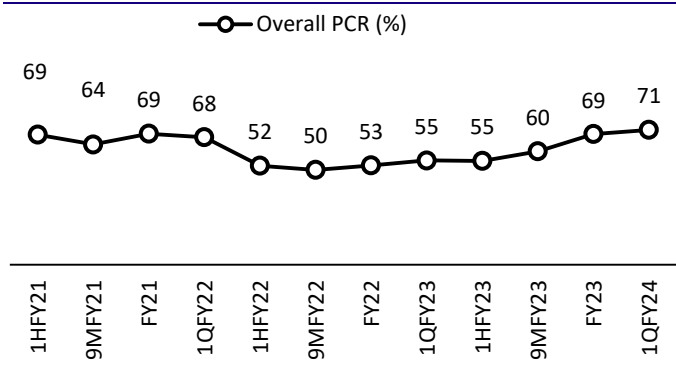
Source: MOFSL, Company, GS3 as on 1QFY23 is 3.5%

Exhibit 9: Wholesale loan book asset quality



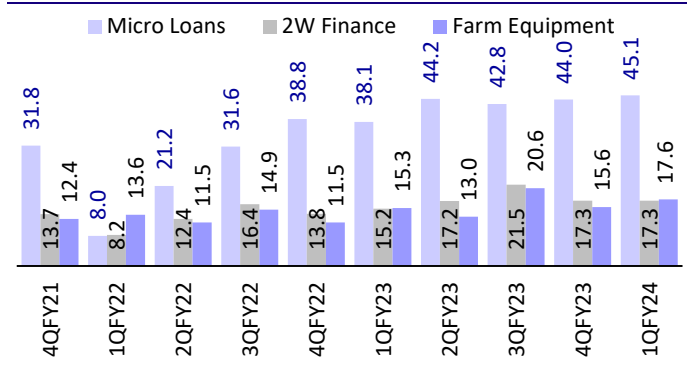
Source: MOFSL, Company, GS3 as on 1QFY23 is 4.5%

Exhibit 10: Overall PCR increased ~2pp sequentially



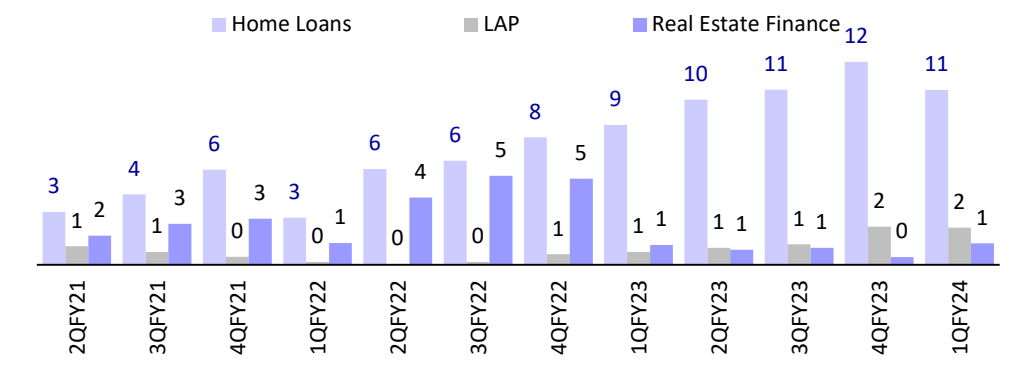
Source: MOFSL, Company

Exhibit 11: Micro-loan disbursements back to run-rate levels



Source: MOFSL, Company

Exhibit 12: LAP disbursements have also started picking up now (INR b)



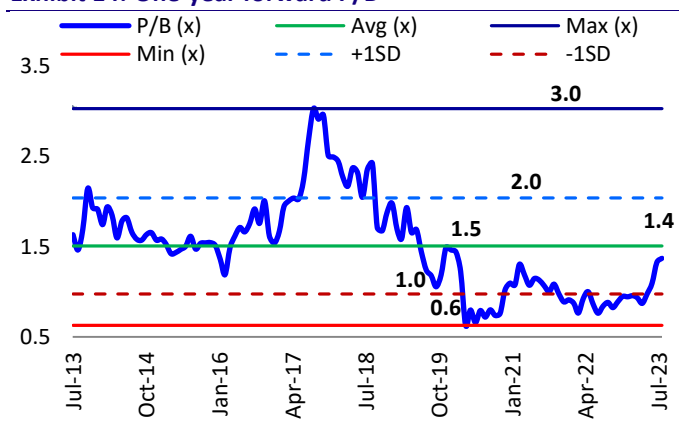
Source: MOFSL, Company

Exhibit 13: We increase our EPS estimates for FY24E/FY25E by 7%/ 4% respectively to factor in higher fee income and margin expansion

INR b	Old estimates		New estimates		% change	
	FY24	FY25	FY24	FY25	FY24	FY25
Total Income	79.5	93.5	81.7	93.8	2.8	0.3
Operating Expenses	31.2	33.9	31.4	34.2	0.9	0.9
Operating Profits	48.3	59.6	50.2	59.6	4.0	0.0
Provisions	18.8	24.6	18.5	23.1	-1.5	-6.3
PBT	29.5	34.9	31.7	36.5	7.4	4.5
Tax	8.5	10.1	9.2	10.6	7.4	4.5
PAT	21.0	24.8	22.5	26.0	7.4	4.5
Loan book	814	1,012	772	938	-5.2	-7.2
Borrowings	871	1,052	810	966	-7.0	-8.1

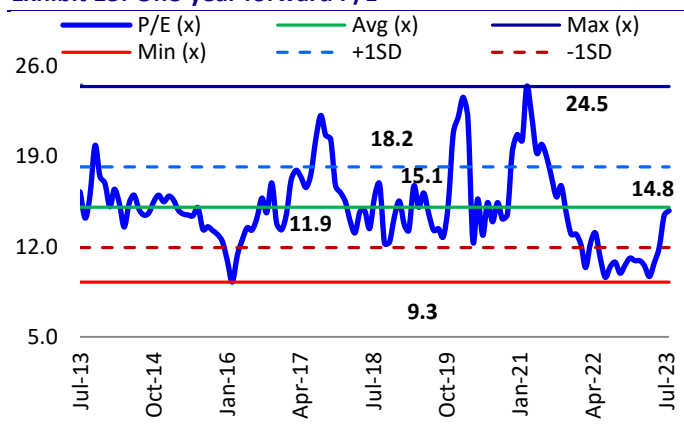
Source: MOFSL, Company

Exhibit 14: One-year forward P/B



Source: MOFSL, Company

Exhibit 15: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Income statement								(INR m)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	88,692	1,16,403	1,32,447	1,31,049	1,17,042	1,25,651	1,27,966	1,44,510
Interest Expended	54,492	68,600	75,136	71,999	57,494	57,972	59,072	65,746
Net Interest Income	34,200	47,803	57,311	59,049	59,548	67,679	68,894	78,764
Change (%)	12.7	39.8	19.89	3.0	0.8	13.7	1.8	14.3
Other Operating Income	13,435	13,494	8,594	5,732	6,053	3,569	4,340	4,532
Net Operating Income	47,635	61,297	65,905	64,782	65,601	71,248	73,234	83,296
Change (%)	28.3	28.7	7.5	-1.7	1.3	8.6	2.8	13.7
Other Income	535	3,118	3,726	6,276	3,928	5,268	8,428	10,535
Net Income	48,170	64,415	69,632	71,058	69,529	76,515	81,662	93,831
Change (%)	22.1	33.7	8.1	2.0	-2.2	10.0	6.7	14.9
Operating Expenses	13,867	19,215	19,785	19,749	23,946	28,732	31,437	34,233
Operating Profits	34,303	45,200	49,846	51,309	45,582	47,783	50,225	59,598
Change (%)	28.5	31.8	10.3	2.9	-11.2	4.8	5.1	18.7
Provisions/write offs	19,845	14,681	23,046	36,357	30,833	25,404	18,509	23,087
PBT	14,458	30,520	26,801	14,952	14,750	22,379	31,715	36,511
Tax	1,682	8,200	9,798	5,463	4,256	6,464	9,166	10,552
Tax Rate (%)	11.6	26.9	36.6	36.5	28.9	28.9	28.9	28.9
PAT before pref dividend	12,775	22,320	17,003	9,489	10,494	15,915	22,550	25,959
Change (%)	22.6	74.7	-23.8	-44.2	10.6	51.7	41.7	15.1
Preference Dividend	0	0	0	0	0	0	0	0
PAT to equity shareholders (incl. extraordinary items)	12,775	22,320	17,003	9,489	10,704	16,216	22,550	25,959
Change (%)	39.2	74.7	-23.8	-44.2	12.8	51.5	39.1	15.1
Proposed Dividend	2,315	2,319	2,093	0	1,237	4,959	11,275	7,788

Balance sheet								(INR m)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	19,957	19,988	20,048	24,695	24,740	24,797	24,797	24,797
Reserves & Surplus	94,111	1,14,498	1,26,876	1,63,038	1,74,737	1,90,487	2,08,077	2,22,762
Borrowings	7,52,483	9,15,070	9,38,945	8,85,558	8,52,012	8,30,435	8,10,451	9,66,472
Change (%)	19.3	21.6	2.6	-5.7	-3.8	-2.5	-2.4	19.3
Other liabilities	11,220	10,995	9,577	16,427	17,533	17,903	18,477	19,378
Total Liabilities	8,77,770	10,60,551	10,95,447	10,89,717	10,69,022	10,63,621	10,61,802	12,33,408
Loans	7,70,883	9,13,246	9,14,625	8,70,303	8,24,694	7,51,546	7,71,858	9,38,322
Change (%)	27.8	18.5	0.2	-4.8	-5.2	-8.9	2.7	21.6
Investments	53,015	86,408	59,793	88,721	1,19,169	1,43,662	1,55,155	1,62,913
Change (%)	-19.3	63.0	-30.8	48.4	34.3	20.6	8.0	5.0
Net Fixed Assets	11,701	11,660	11,621	11,621	5,306	5,573	5,852	6,145
Other assets	42,171	49,237	1,09,408	1,19,071	1,19,852	1,62,841	1,28,936	1,26,029
Total Assets	8,77,770	10,60,551	10,95,447	10,89,717	10,69,022	10,63,621	10,61,802	12,33,408

E: MOFSL Estimates

Financials and valuations

AUM Mix								(%)	
AUM Details	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	
Asset Under Management	8,53,540	9,91,220	9,83,850	9,40,140	8,83,400	8,05,710	8,29,955	10,08,948	
Change (%)	28.1	16.1	-0.7	-4.4	-6.0	-8.8	3.0	21.6	
Rural	20.0	25.8	28.1	32.0	39.0	58.7	73.0	75.8	
Housing	22.4	25.7	27.0	25.2	24.8	23.8	22.6	22.5	
Focused - Wholesale	39.8	38.0	39.5	39.9	34.5	17.0	4.1	1.7	
Defocused - Wholesale	17.9	10.5	5.3	2.9	1.7	0.4	0.2	0.0	
Ratios								(%)	(%)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	
Spreads Analysis (%)									
Avg. Yield on Loans	12.9	13.8	14.5	14.7	13.8	15.9	16.8	16.9	
Avg. Cost-Int. Bear. Liab.	7.9	8.2	8.1	7.9	6.6	6.9	7.2	7.4	
Loan Spreads	5.0	5.6	6.4	6.8	7.2	9.1	9.6	9.5	
NIM on loans	5.0	5.7	6.3	6.6	7.0	8.6	9.0	9.2	
Profitability Ratios (%)									
Int. Expended/Int. Earned	61.4	58.9	56.7	54.9	49.1	46.1	46.2	45.5	
Other Inc./Net Income	29.0	25.8	17.7	16.9	14.4	11.5	15.6	16.1	
Op. Exps./Net Income	28.8	29.8	28.4	27.8	34.4	37.6	38.5	36.5	
Empl. Cost/Op. Exps.	29.5	42.9	53.7	51.0	47.5	49.1	50.2	50.7	
Provisions/PPoP (%)	57.9	32.5	46.2	70.9	67.6	53.2	36.9	38.7	
Asset Quality (%)									
Gross NPAs	70,430	55,490	50,370	45,040	35,430	38,320	28,832	32,986	
Gross NPAs to Adv.	8.6	5.9	5.3	5.0	4.2	4.9	3.6	3.4	
Net NPAs	25,540	21,740	20,780	13,770	16,780	11,780	9,300	10,686	
Net NPAs to Adv.	3.3	2.4	2.3	1.6	2.0	1.6	1.2	1.1	
PCR (%)	63.7	60.8	58.7	69.4	52.6	69.3	67.7	67.6	
ECL/EAD (%)									
Return ratios and Capitalisation (%)									
RoE	13.9	18.0	12.1	5.7	5.5	7.8	10.1	10.8	
RoA	1.6	2.3	1.6	0.9	1.0	1.5	2.1	2.3	
CAR									
Tier I									
Debt to Equity (x)	6.6	6.8	6.4	4.7	4.3	3.9	3.5	3.9	
Average Assets/Equity (x)	8.6	7.8	7.7	6.5	5.6	5.1	4.7	4.8	
VALUATION									
	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	
Book Value (INR)	57.2	67.3	73.3	76.0	80.6	86.8	93.9	99.8	
Price-BV (x)				1.7	1.6	1.5	1.4	1.3	
Adjusted Book Value (INR)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	
Price-BV (x)				13.1	13.1	13.1	13.1	13.1	
OPS (INR)	6.4	11.2	8.5	3.8	4.2	6.4	9.1	10.5	
EPS Growth YoY	7.8	74.4	-24.1	-54.7	10.4	51.3	41.7	15.1	
Price-Earnings (x)				34.1	30.9	20.4	14.4	12.5	
EPS (INR)	6.4	11.2	8.5	3.8	4.3	6.5	9.1	10.5	
EPS Growth YoY	22.5	74.4	-24.1	-54.7	12.6	51.2	39.1	15.1	
Price-Earnings (x)				34.1	30.3	20.0	14.4	12.5	
Dividend per share (INR)	1.0	1.0	0.9	0.0	0.5	2.0	4.5	3.1	
Dividend yield (%)				0.0	0.4	1.5	3.5	2.4	

E: MOFSL Estimates

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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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