

Cholamandalam Inv. & Finance

Estimate change 

TP change 

Rating change 

CMP: INR1,100

TP: INR1,350 (+23%)

Buy

Low NIM, high credit costs lead to earnings miss

Strong AUM growth of 40% YoY; announces ~INR40b equity raise

- CIFIC's PAT grew 28% YoY to INR7.3b (18% miss), while NII rose 24% YoY to INR18.4b (5% miss) in 1QFY24. NIM contracted by ~30bp QoQ to 6.7% on account of a ~40bp QoQ increase in borrowing costs.
- Opex remained elevated, with the cost-income ratio increasing ~160bp YoY to ~37%. PPOp grew 26% YoY to INR13.4b (10% miss) in 1QFY24.
- GS3/NS3 increased ~5bp QoQ to 3.1%/1.7%. Annualized credit costs stood at 1.3% (PY: 1.5%). Optically, annualized (gross) credit costs in new businesses stood at ~5%. However, there were also ~INR350m in recoveries under various FLDG arrangements, which were reported under other income.
- New businesses contributed ~23% to the disbursement mix in 1QFY24. Despite relatively higher credit costs in new businesses, higher yields will allow CIFIC to be RoA accretive from FY25 onward.
- CIFIC will be able to offset any significant NIM compression in FY24, driven by its ability to change the product mix in vehicle finance toward high-yielding used vehicles. We expect NIM to bottom out in 1HFY24 and start expanding in 2HFY24. We model NIM to decline ~25bp YoY to 6.8% in FY24.
- We model a disbursement/AUM/PAT CAGR of 26%/30%/34% over FY23-FY25. We cut our FY24E EPS by ~3% to factor in NIM compression. The company has announced an equity capital raise of ~INR40b via QIP in FY24, but we have not yet built this in our estimates.
- CIFIC has levers on cost ratios and business AUM growth to deliver healthy RoA/RoE of 2.8%/24% in FY25. We have strong conviction in sustained delivery of profitable growth in this franchise. Maintain BUY with a TP of INR1,350 (based on 5x FY25 BVPS).
- **Key Risks:** 1) Higher delinquencies and credit costs in new businesses, particularly CSEL; and 2) Deep cyclicity in the Vehicle Finance business even though the management is making efforts to reduce this cyclicity.

Key highlights from the management commentary

- The company has guided for <1% credit costs in the Vehicle Finance business in FY24. Both Stage 3 and Stage 2 in VF should exhibit further improvement.
- The management shared that it does not anticipate any further increase in the borrowing costs, subject to a status quo in the policy repo rates. VF yields should also improve gradually, leading to an improvement in NIM.

Valuation and view

- The vulnerable asset pool (Stage 2 + 3) declined ~10bp QoQ to 6.6% despite 1Q being a seasonally weak quarter. The improvement in the 30+dpd pool suggests that organic collections without any extraordinary write-offs contributed to the improvement. CIFIC carries ECL/EAD of ~2.2% (vs. 1.75% prior to Covid-19).



Bloomberg	CIFIC IN
Equity Shares (m)	820
M.Cap.(INRb)/(USD\$)	904.2 / 10.9
52-Week Range (INR)	1215 / 658
1, 6, 12 Rel. Per (%)	-5/31/35
12M Avg Val (INR M)	1355

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Total Income	72.3	95.8	125.4
PPP	44.5	60.6	82.8
PAT	26.7	35.6	48.0
EPS (INR)	32.4	43.3	58.4
EPS Gr. (%)	24	34	35
BV (INR)	174	215	270

Valuations

NIM (%)	7.1	6.8	7.0
C/I ratio (%)	38.5	36.7	34.0
RoAA (%)	2.7	2.7	2.8
RoE (%)	20.5	22.3	24.1
Payout (%)	6.2	5.8	5.1

Ratios

P/E (x)	33.9	25.4	18.8
P/BV (x)	6.3	5.1	4.1
Div. Yield (%)	0.2	0.2	0.3

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	51.5	51.5	51.5
DII	20.4	21.5	22.4
FII	20.9	19.6	18.0
Others	7.3	7.4	8.1

FII Includes depository receipts

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

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- CIFIC has demonstrated its capabilities to successfully scale up new businesses, with their contribution to the disbursement mix inching up to ~23% in 1QFY24. CIFIC is a franchise equipped to deliver strong AUM growth with benign credit costs (relative to peers), translating into sustainable RoE of ~22-24% across economic cycles.
- The stock trades at 4.1x FY25E P/BV. We believe that these premium valuation multiples will sustain (and perhaps even expand) as investors keep gaining more confidence in its execution capability in new product lines without any adverse selection. **Maintain BUY.**

Quarterly Performance

(INR M)

Y/E March	FY23				FY24E				FY23	FY24E	1QFY24E	v/s Est.
	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24				
Interest Income	26,123	28,293	31,416	34,991	38,492	41,571	45,188	49,253	1,20,822	1,74,503	38,560	0
Interest Expenses	11,309	13,404	15,433	17,342	20,071	22,078	23,623	25,147	57,488	90,919	19,076	5
Net Interest Income	14,814	14,888	15,983	17,649	18,421	19,493	21,564	24,106	63,334	83,584	19,484	-5
YoY Growth (%)	16.9	17.3	17.2	29.0	24.3	30.9	34.9	36.6	20.2	32.0	31.5	
Other Income	1,587	2,085	2,334	2,952	2,845	2,783	3,140	3,440	8,958	12,207	2,750	
Total Income	16,401	16,974	18,317	20,601	21,265	22,276	24,704	27,545	72,292	95,791	22,234	-4
YoY Growth (%)	20.3	21.9	23.4	32.0	29.7	31.2	34.9	33.7	23.8	32.5	35.6	
Operating Expenses	5,797	6,611	7,520	7,870	7,867	8,555	9,181	9,584	27,799	35,187	7,362	7
Operating Profit	10,604	10,363	10,797	12,731	13,399	13,720	15,523	17,961	44,494	60,603	14,872	-10
YoY Growth (%)	6.8	18.4	13.4	39.6	26.4	32.4	43.8	41.1	18.0	36.2	40.3	
Provisions & Loan Losses	2,986	2,782	1,589	1,140	3,723	3,500	3,000	2,288	8,497	12,511	2,900	28
Profit before Tax	7,617	7,581	9,208	11,591	9,675	10,220	12,523	15,674	35,997	48,092	11,972	-19
Tax Provisions	1,961	1,947	2,365	3,063	2,415	2,657	3,256	4,143	9,335	12,472	3,113	-22
Net Profit	5,657	5,634	6,843	8,528	7,260	7,563	9,267	11,531	26,662	35,621	8,859	-18
YoY Growth (%)	73.1	-7.1	30.6	23.7	28.3	34.2	35.4	35.2	24.2	33.6	56.6	
Key Parameters (Calc., %)												
Yield on loans	13.6	13.7	14.1	14.1	14.1	14.2	14.3	14.5	13.5	14.2		
Cost of funds	6.3	7.0	7.3	7.4	7.8	7.8	7.8	7.7	6.9	7.8		
Spread	7.3	6.7	6.7	6.7	6.3	6.3	6.6	6.8	6.6	6.4		
NIM	7.5	7.0	7.0	7.0	6.7	6.6	6.7	7.0	7.1	6.8		
C/I ratio	35.3	38.9	41.1	38.2	37.0	38.4	37.2	34.8	38.5	36.7		
Credit cost	1.5	1.3	0.7	0.5	1.3	1.2	0.9	0.7	0.9	1.0		
Tax rate	25.7	25.7	25.7	26.4	26.0	26.0	26.0	26.4	25.9	25.9		
Balance Sheet Parameters												
Disbursements (INR b)	133	146	176	210	200	210	232	253	665	895		
Growth (%)	266.7	68.0	68.4	65.3	50.2	43.6	31.8	20.3	87.5	34.4		
AUM (INR b)	819	877	955	1,065	1,148	1,232	1,326	1,423	1,065	1,423		
Growth (%)	20.8	25.2	31.3	38.5	40.1	40.5	38.9	33.6	38.5	33.6		
AUM mix (%)												
Vehicle finance	67.6	65.7	64.2	62.9	61.9				62.9	59.6		
Home Equity	21.6	21.5	20.9	20.3	19.9				20.3	19.4		
Home loans & Others	10.8	12.8	14.9	16.9	18.2				8.9	11.4		
Borrowings (INR b)	739	793	893	974	1,081				974	1,352		
Growth (%)	17.0	27.3	35.7	40.7	46.3				40.7	38.8		
Asset Quality Parameters												
GS 3 (INR B)	34.1	33.8	33.7	32.2	35.5				32.2	34.3		
GS 3 (%)	4.2	3.8	3.5	3.0	3.1				3.0	2.4		
NS 3 (INR B)	20.2	19.8	19.9	17.4	19.4				17.4	17.8		
NS 3 (%)	2.5	2.3	2.1	1.7	1.7				1.7	1.3		
PCR (%)	40.7	41.5	41.0	46.0	45.4				46.0	48.0		
Vehicle finance AUM mix (%)												
LCV	21.0	21.4	20.9	21.0	20.8				21.0			
Cars & MUV	18.9	19.4	19.9	20.2	20.7				18.9			
3W & SCV	4.6	4.5	4.4	4.2	4.0				4.6			
Used CV	27.4	27.1	26.9	26.6	26.7				27.4			
Tractor	9.6	9.2	9.0	8.4	8.1				9.6			
HCV	7.2	7.0	6.7	7.1	6.9				7.2			
CE	6.4	6.4	6.5	6.7	6.6				6.4			
Two wheeler	4.9	5.2	5.7	5.8	6.1				4.9			

E: MOFSL estimates

Strong AUM growth of 40% YoY; Momentum likely to sustain

- CIFIC's business AUM grew 40% YoY to INR1.14t. Within vehicle finance, MUV/Cars/3W/2W reported sequential growth of 10%/ 8%/ 9%/ 11%.
- 1QFY24 disbursements rose ~50% YoY to ~INR200b. Vehicle Finance contributed ~57% to the disbursement mix in 1QFY24.
- CIFIC sounded confident about sustaining the strong loan growth trajectory, supported by the expansion into Tier III/IV cities. With more secular growth across non-vehicle product segments, the company is now better equipped to weather any cyclical downturns in the vehicle finance industry.

Margins should bottom out and start expansion from thereon

- The sharp rise in CoF led to sequential contraction in margins and spreads in 1QFY24. The company shared that it does not anticipate any further increase in CoF unless there are further increase in the repo rates.
- About 10% of the company's bank borrowings are fixed-rate, while the remaining are linked to MCLR, Repo, and T-Bill rates. It is negotiating for lower spreads on repo-linked loans to further reduce its CoF.
- We expect NIM to bottom out by 2QFY24 and start expanding from 3QFY24 onward. We model NIM of 6.8%/7.0% in FY24/FY25.

New businesses exhibit deterioration in asset quality

- GS3 deteriorated sequentially in Vehicle Finance, Home loans and New Businesses. However, this deterioration was far from being pronounced despite the historically weaker trends in 1Q of the fiscal year. ECL/EAD were stable sequentially at ~2.2%.
- GNPA/NNPA (RBI IRAC) declined ~30bp QoQ each to 4.3%/ 2.8%. The company carried higher provisions of ~INR8.2b under IND-AS over IRAC.
- In new businesses, GS3 deteriorated to 1.0% (PQ: 0.7%) and the company increased S3 PCR on new businesses to 59% (PQ: 49%).
- Total write-offs (calculated) stood at ~INR2b (at similar levels as the last four quarters).

**Highlights from the management commentary****Business Update**

- 1QFY24 disbursements grew 50% YoY to ~INR200b. Business assets grew 40% YoY.
- NBFC Retail industry growth is expected at 18-20%. Secured NBFC Retail is forecast to grow at 14-16%. CIFIC's growth momentum in 1QFY24 continued across its diversified business segments.
- PBT RoA of 3.3% and RoE of ~20%
- Strong liquidity position with ~INR71b of cash balance (including ~INR31b invested in G-Sec and T-Bills)
- GS3 rose only ~5bp QoQ to 3.06%.
- CRAR was at 17.44% (Tier 1: 15.14%). The board has approved a proposal for an equity capital raise of ~INR40b via QIP.

Credit Growth

- CIFC is demonstrating such strong growth in the new businesses because of the low base. The Home Loan segment continues to see very strong potential for growth because it was underserved and has good demand.
- Like Vehicle Finance, in new businesses also, the company will take a micro market and cautious view in areas where there is some stress (or over supply in some pockets).

Guidance

- Guides for >20% disbursement growth with potential upside to this guidance
- Vehicle Finance has started exhibiting lower NCLs; guides for <1% credit costs in Vehicle Finance in FY24. Stage 3 in VF is not going up and Stage 2 is exhibiting better performance.
- Jul'23 is panning out well and it has maintained its strong disbursement momentum.

Liabilities and Margins

- Does not anticipate any further increase in the cost of borrowings unless there are Repo rate hikes.
- About 10% of bank borrowings are fixed-rate. The rest are MCLR, Repo and T-Bill linked rates. In Repo rate linked loans, it is negotiating for lower spreads over the Repo rates. Shifted its focus on doing more securitization and did ~INR88b of securitization during the quarter.
- Consciously increased Tier 2 capital by adding more sub-debt and perpetual debt. Securitization is not treated as debt and it is adjusted against the risk weighted assets. Under Ind-AS, securitization is shown as borrowings and it does not move the needle on the debt-equity ratio.
- At any point in time, the cumulative mismatches in the various ALM buckets are never negative (even though regulations allow for it).

New Businesses

- Personal Loans and Business Loans in CSEL are behaving in the same manner as they were in the past. Bounce rate at 5.6% is still lower than the industry's rate and collection efficiency is 99.5%. Gross credit costs in new businesses were higher because of higher standard asset provisions and contra entry of the FLDG arrangement recoveries.
- New businesses are still in early stages of growth. Such low levels of NPAs are not sustainable levels and will increase over a period of time with credit costs between 1.2-1.5%. NCLs in new businesses will be higher but will be more than compensated by the higher yields.
- FLDG recovery of INR350 is shown under the Income line. Standard asset provisioning also resulted in slightly higher provisioning. No significant increase in the credit costs in new businesses.
- As a matter of prudence, there can always be some micro markets where it will strategically slow down.
- Standard provisioning requirement will marginally increase because of increasing proportion of new businesses. In the case of CSEL, it is trying to put a provisioning model which is more stringent than the secured product segments.

CSEL

- Partnership Business: Small ticket Size and Small Tenor book. Disbursements to customers with 720+ CIBIL scores.
- Personal Loans: It has not done much of personal loans. CAT A/B/C customers are served by banks. CAT D/E are served by NBFCs. Only going to be doing personal loans with the Direct Sales team and the existing customers and much lower through partnerships.

Home Loans

- Focus is 60% on Southern part of the country and 40% in Non-South.
- Affordable Home Loans will continue to grow at a strong rate for the next 3-4 years.

LAP

- Launched smaller-ticket LAP because SARFAESI is now available up to ticket sizes of INR200m.
- LAP is now being done across 600 branches (vs. 150 branches in the past). It will be expanded to another 600 branches over a course of time.

Asset Quality

- CIFC has been pursuing FLDG recoveries with Fintech partners. Because of the change in the RBI guidelines on Fintechs/FLDG, cumulative FLDG has been accounted for in this quarter. The write-offs and recoveries (from FLDG arrangements) were separately accounted for in this quarter.
- Restructured pool of INR3bn in Stage 1, INR15b in Stage 2 and INR5bn in Stage 3

Operating Expenses

- Employee expenses declined QoQ. This is because any additional incentives are also paid out in 4Q. In 2Q, certain amount of increments/incentives/promotions are factored in, which is an annual phenomenon effective Jul'23.

Others**Gadi Bazaar App**

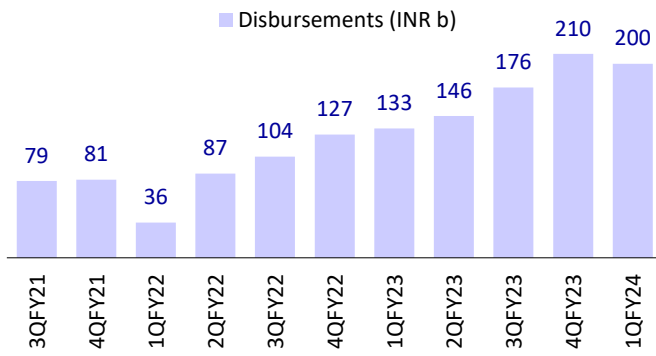
- Realize the best value for the vehicles for the repossessed vehicles. More than 5,000 VF dealers and ~INR16b of trade advances are disbursed every month. Replenishment of trade advances are being done online now.
- Used Vehicle Market place where it is helping ~10K dealers sell vehicles
- Repo agents get details of vehicles which need to be repossessed.

Chola One app

- This is primarily for the CSEL business. INR40-50m of monthly disbursement run-rate and primarily for Murugappa group employees.

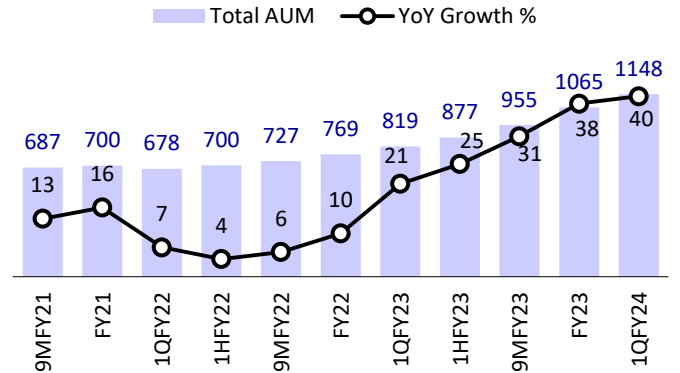
Key exhibits

Exhibit 1: Disbursements rose ~50% YoY



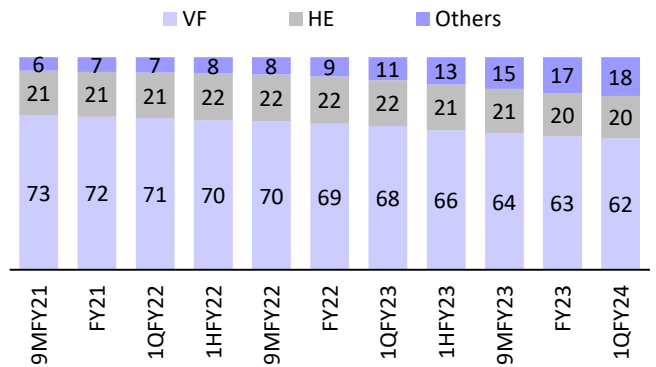
Source: MOFSL, Company

Exhibit 2: AUM grew ~8% QoQ and 40% YoY



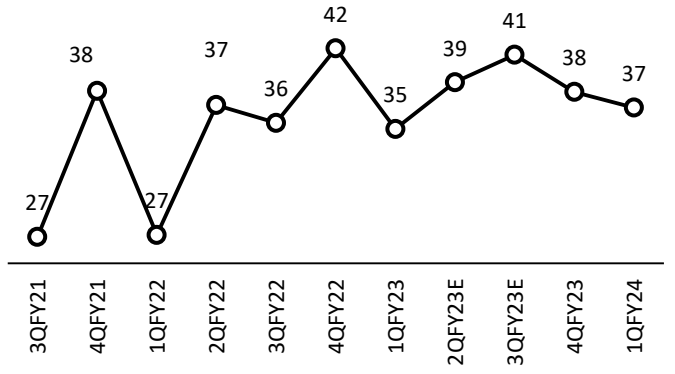
Source: MOFSL, Company

Exhibit 3: Vehicle Finance in the AUM mix has been gradually declining that implies a more diversified mix (%)



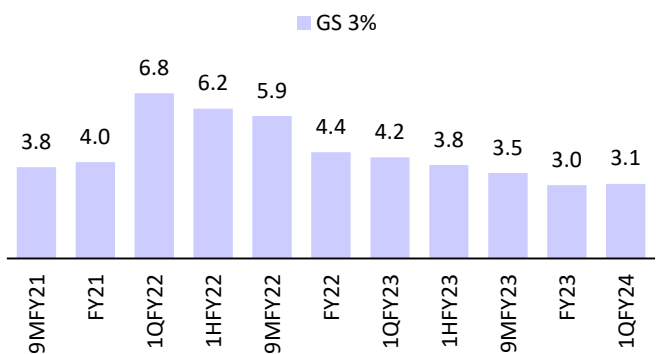
Source: MOFSL, Company

Exhibit 4: C/I ratio moderated to 37%



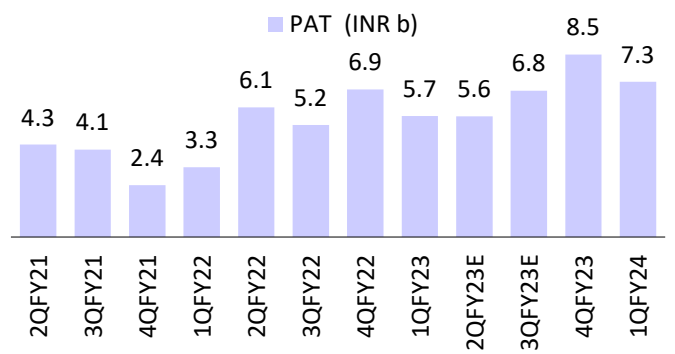
Source: MOFSL, Company, 4QFY21 had one-off employee costs

Exhibit 5: GS3 increased by ~5bp QoQ to 3.1%



Source: MOFSL, Company, Note: This includes SC order

Exhibit 6: 1QFY24 PAT grew 28% YoY to INR7.3b



Source: MOFSL, Company

Valuation and view

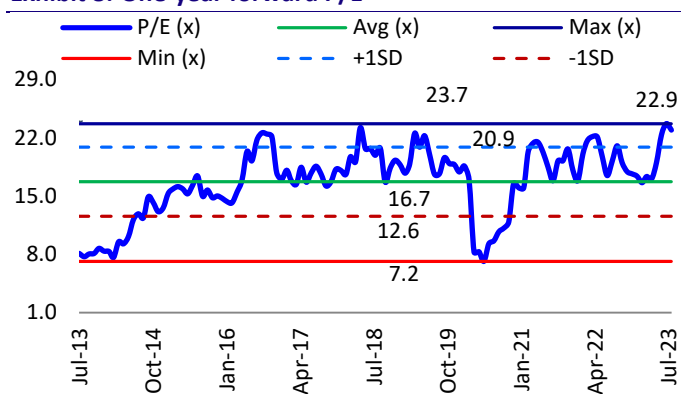
- The vulnerable asset pool (Stage 2 + 3) declined ~10bp QoQ to 6.6% despite 1Q being a seasonally weak quarter. The improvement in the 30+dpd pool suggests that organic collections without any extraordinary write-offs contributed to the improvement. CIFC carries ECL/EAD of ~2.2% (v/s 1.75% prior to Covid-19).
- CIFC has demonstrated its capabilities to successfully scale up new businesses, with their contribution to the disbursement mix inching up to ~23% in 1QFY24. CIFC is a franchise equipped to deliver strong AUM growth with benign credit costs (relative to peers), translating into a sustainable RoE of ~22-24% across economic cycles.
- The stock trades at 4.1x FY25E P/BV. We believe that these premium valuation multiples will sustain (and perhaps even expand) as investors keep gaining more confidence in its execution capability in new product lines without any adverse selection. **Maintain BUY.**

Exhibit 7: Cut our FY24E EPS estimate by ~3% to factor in NIM compression

INR B	Old Est.		New Est.		% change	
	FY24	FY25	FY24	FY25	FY24	FY25
NII (incl. assignments)	86.8	110.4	83.1	110.8	-4.3	0.4
Other Income	11.6	13.4	12.7	14.6	9.7	9.3
Total Income	98.4	123.8	95.8	125.4	-2.6	1.3
Operating Expenses	35.0	42.0	35.2	42.6	0.6	1.5
Operating Profits	63.4	81.8	60.6	82.8	-4.4	1.3
Provisions	13.9	16.5	12.5	18.0	-9.8	8.8
PBT	49.5	65.3	48.1	64.8	-2.9	-0.6
Tax	12.8	16.9	12.5	16.8	-2.9	-0.6
PAT	36.7	48.3	35.6	48.0	-2.9	-0.6
AUM	1,383	1,702	1,423	1,785	2.9	4.9
Loans	1,362	1,676	1,402	1,758	2.9	4.9
Borrowings	1,261	1,542	1,352	1,695	7.2	10.0
NIM	7.2	7.3	6.8	7.0		
Credit Cost	1.1	1.1	1.0	1.1		
RoA on AUM	2.8	3.0	2.7	2.8		
RoE	22.9	24.1	22.3	24.1		

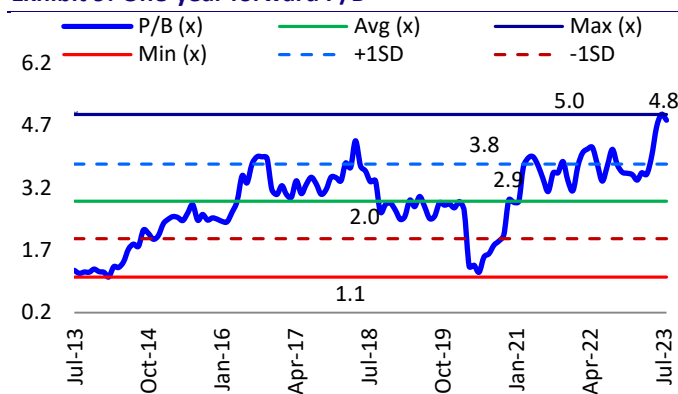
Source: MOFSL, Company

Exhibit 8: One-year forward P/E



Source: Company, MOSL

Exhibit 9: One-year forward P/B



Source: Company, MOSL

Financials and valuations

Income Statement									(INR M)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	43,717	51,862	64,962	78,417	88,772	93,251	1,20,822	1,74,003	2,28,428
Interest Expenses	22,308	26,593	35,887	45,922	45,759	42,988	57,488	90,919	1,17,621
Net Interest Income	21,409	25,268	29,075	32,495	43,013	50,263	63,334	83,084	1,10,807
Change (%)	14.8	18.0	15.1	11.8	32.4	16.9	26.0	31.2	33.4
Income from assignments	2,103	0	867	2,473	0	0	0	0	0
Other Operating Income	776	2,931	4,090	5,637	6,388	7,232	6,749	8,840	10,161
Other Income	8	4	7	3	596	905	2,209	3,866	4,446
Total Income	24,295	28,203	34,039	40,607	49,997	58,400	72,292	95,791	1,25,414
Change (%)	13.4	16.1	20.7	19.3	23.1	16.8	23.8	32.5	30.9
Total Operating Expenses	10,133	11,153	12,696	15,776	15,834	20,687	27,799	35,187	42,579
Change (%)	19.9	10.1	13.8	24.3	0.4	30.6	34.4	26.6	21.0
Employee Expenses	4,027	5,368	5,906	6,550	7,485	8,945	12,657	15,188	17,922
Business Origination Expenses	1,784	775	1,525	2,398	2,242	2,259	0	0	0
Other Operating Expenses	4,323	5,010	5,265	6,828	6,107	9,483	15,142	19,999	24,657
Operating Profit	14,162	17,051	21,344	24,831	34,162	37,712	44,494	60,603	82,835
Change (%)	9.1	20.4	25.2	16.3	37.6	10.4	18.0	36.2	36.7
Total Provisions	3,106	3,037	3,112	8,973	13,778	8,803	8,497	12,511	17,997
% of Operating Profit	21.9	17.8	14.6	36.1	40.3	23.3	19.1	20.6	21.7
PBT	11,056	14,014	18,232	15,857	20,384	28,909	35,997	48,092	64,838
Tax Provisions	3,868	4,831	6,370	5,334	5,235	7,442	9,335	12,472	16,814
Tax Rate (%)	35.0	34.5	34.9	33.6	25.7	25.7	25.9	25.9	25.9
PAT	7,187	9,183	11,862	10,524	15,149	21,467	26,662	35,621	48,024
Change (%)	26.4	27.8	29.2	-11.3	44.0	41.7	24.2	33.6	34.8
Proposed Dividend	547	1,016	1,016	1,662	1,640	1,641	1,645	2,056	2,467

Balance Sheet									(INR M)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	1,564	1,564	1,564	1,640	1,640	1,643	1,645	1,645	1,645
Equity Share Capital	1,564	1,564	1,564	1,640	1,640	1,643	1,645	1,645	1,645
Preference Share Capital	0	0	0	0	0	0	0	0	0
Reserves & Surplus	40,971	49,105	59,880	80,079	93,962	1,15,434	1,41,316	1,74,880	2,20,437
Net Worth for Equity Shareholders	42,535	50,669	61,445	81,718	95,602	1,17,077	1,42,961	1,76,525	2,22,082
Borrowings	3,02,001	3,83,303	5,05,667	5,50,054	6,37,300	6,91,735	9,73,561	13,51,737	16,95,448
Change (%)	33.8	26.9	31.9	8.8	15.9	8.5	40.7	38.8	25.4
Total Liabilities	3,50,372	4,40,897	5,74,263	6,39,930	7,45,484	8,23,655	11,35,155	15,49,692	19,41,531
Investments	697	729	729	729	16,188	20,762	36,280	54,069	67,818
Change (%)	4.6	4.7	0.0	0.0	2,120.0	28.3	74.7	49.0	25.4
Loans	3,32,244	4,22,532	5,26,223	5,54,027	6,58,393	7,41,492	10,47,483	14,01,538	17,57,912
Change (%)	27.9	27.2	24.5	5.3	18.8	12.6	41.3	33.8	25.4
Net Fixed Assets	1,417	1,646	1,759	2,839	2,294	2,685	3,968	4,960	5,952
Total Assets	3,50,372	4,40,897	5,74,263	6,39,930	7,45,484	8,23,634	11,35,155	15,49,692	19,41,531

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Spreads Analysis (%)									
Avg. Yield on Loans	14.8	13.7	13.7	14.5	14.6	13.3	13.5	14.2	14.5
Avg Cost of Funds	8.5	7.8	8.1	8.7	7.7	6.5	6.9	7.8	7.7
Spread of loans	6.3	6.0	5.6	5.8	6.9	6.9	6.6	6.4	6.7
NIM (on loans)	7.4	6.8	6.3	6.5	7.7	7.5	7.1	6.8	7.0
Profitability Ratios (%)									
RoE	18.2	19.7	21.2	14.7	17.1	20.2	20.5	22.3	24.1
RoA	2.3	2.3	2.3	1.7	2.2	2.7	2.7	2.7	2.8
Int. Expended / Int.Earned	51.0	51.3	55.2	58.6	51.5	46.1	47.6	52.3	51.5
Other Inc. / Net Income	3.2	10.4	12.0	13.9	14.0	13.9	12.4	13.3	11.6
Efficiency Ratios (%)									
Op. Exps. / Net Income	41.7	39.5	37.3	38.9	31.7	35.4	38.5	36.7	34.0
Empl. Cost/Op. Exps.	39.7	48.1	46.5	41.5	47.3	43.2	45.5	43.2	42.1
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	110	110	104	101	103	107	108	104	104
Net NPAs to Net Adv.	3.2	2.3	1.6	2.3	2.3	2.4	2.2	1.3	1.0
Assets/Equity	8.2	8.7	9.3	7.8	7.8	7.0	7.9	8.8	8.7
Average Leverage	8.0	8.5	9.1	8.5	7.8	7.4	7.5	8.4	8.8
Valuations									
Book Value (INR)	54	65	79	100	117	143	174	215	270
BV Growth (%)	16.2	19.1	21.2	26.9	17.0	22.2	22.0	23.5	25.8
Price-BV (x)					9.4	7.7	6.3	5.1	4.1
EPS (INR)	9	12	15	13	18	26	32	43	58
EPS Growth (%)	26.3	27.7	29.1	-15.4	44.0	41.4	24.0	33.6	34.8
Price-Earnings (x)					59.5	42.1	33.9	25.4	18.8
Dividend per share	1.1	1.3	1.3	1.7	2.0	2.0	2.0	2.5	3.0
Dividend Yield (%)					0.2	0.2	0.2	0.2	0.3
E: MOFSL Estimates									

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NOTES

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BUY	>=15%
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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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