

# Spandana Sphoorty

Estimate change	↔
TP change	↓
Rating change	↔

**CMP: INR879**

**TP: INR1,075 (+22%)**

**Buy**

## Earnings in line; NIM sees strong expansion

### Headline asset quality improved but forward flows continued

- Spandana's 4QFY24 PAT grew 22% YoY to ~INR1.29b (in line), driven by NIM expansion despite higher credit costs. In 4Q, NII grew 43% YoY to ~INR3.85b (9% beat). FY24 PAT stood at ~INR5b (vs. INR124m in FY23).
- PPop in 4Q grew ~2% YoY to INR2.7b. Spandana continued to pursue customer acquisition-led growth with the addition of ~440K customers (up 30% QoQ). The total borrower count rose ~47% YoY to 3.32m.
- Spandana has refined its processes by adopting the right tools and technologies. The new management team has fortified governance and risk controls and scaled up multiple technology-related initiatives.
- Spandana trades at 1.2x Mar'26E P/BV, with RoA/RoE of 4.4%/17% in FY26E. Given the strong opportunity in the microfinance sector, we think Spandana is poised for a further rerating if it navigates Project Parivatan well and demonstrates stability in forwards flows and credit costs. **Maintain BUY with a TP of INR1,075 (premised on 1.5x FY26E BV).**

### Strategic shifts and new products to propel growth

- AUM grew ~41% YoY to ~INR119.7b. Disbursements grew ~30% YoY to INR39.7b. Disbursements to new customers grew 62% YoY and disbursements to existing customer grew 9% YoY.
- The management shared that Spandana has 429 branches on the weekly repayment model. ~21% of 4Q disbursements were contributed by these weekly branches.
- Spandana has rolled out two new products namely, LAP and Nano enterprise loans, in selected geographies. Total AUM of INR520m across 3k customers. The management targets to grow this non-MFI loan book to INR4-5b by FY25.
- It has guided for a total customer base of 4m by FY25, which would aid AUM growth of 20-25% in FY25. We model AUM CAGR of 27% over FY24-26.

### Reported NIM rose ~130bp on sequential basis

- Reported yields rose ~10bp QoQ to ~24.2%, while CoF declined ~50bp QoQ to ~11.7%, resulting in a ~70bp QoQ improvement in spreads to 12.5%.
- NIM rose ~130bp QoQ to ~14.6%, largely driven by a decline in borrowings costs and a decline in average cash balance (as % of average AUM) to ~11% in 4QFY24 (vs. 17% in 3QFY24).
- We estimate NIM to decline to 13.8%/13.7% in FY25/FY26 (vs. FY24: 14%) primarily driven by improvement in leverage.

### Highlights from the management commentary

- Banks' proportion in the borrowing mix improved to 52% of total borrowings. It is expected to increase to ~65% by FY25.

Bloomberg	SPANDANA IN
Equity Shares (m)	71
M.Cap.(INRb)/(USD\$)	62.7 / 0.8
52-Week Range (INR)	1243 / 594
1, 6, 12 Rel. Per (%)	3/-19/22
12M Avg Val (INR M)	199

#### Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	13.1	17.3	21.6
Total Income	16.1	20.7	25.1
PPoP	9.5	12.1	14.6
PAT	5.0	6.6	8.0
EPS (INR)	70	93	113
EPS Gr. (%)	-	32	22
BV (INR)	511	604	716

#### Ratios (%)

NIM	14.0	13.8	13.7
C/I ratio	40.7	41.7	41.9
Credit cost	3.0	2.5	2.4
RoA	4.4	4.4	4.4
RoE	14.8	16.6	17.1

#### Valuations

P/E (x)	12.5	9.5	7.8
P/BV (x)	1.7	1.5	1.2

#### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	59.8	59.9	63.0
DII	10.5	13.4	8.5
FIIFII	21.8	19.1	20.2
Others	7.9	7.6	8.3

FII Includes depository receipts

- 1+ dpd bucket increased QoQ. Flows have predominantly been from branches under Project Parivartan. The company has no exposure in Punjab or Haryana.

#### Asset quality improved but forward flows continued

- GNPA/NNPA improved by ~10bp/20bp QoQ to ~1.5%/0.3%. PCR rose ~10pp QoQ to ~80%. 1-90 dpd stood at ~2.85% and ~45% of this was in 1-30dpd. Gross collection efficiency (including arrears) declined to 99.9% (vs. 100.3% in 3Q) and net collection efficiency stood at 97.2% (vs. 97.7% in 3Q).
- ~62% of flows in 4Q were contributed by branches under Project Parivartan. However, overall credit cost on BAU (normalized) basis was ~1.9% vs. guidance of 2%.
- Provisions stood at ~INR940m, resulting in annualized credit costs of 3.7% (PQ: 3.1% and PY: 6.9%). We model credit costs of 2.5%/2.4% in FY25/FY26.

#### Valuation and view

- With strengthened processes, Spandana is now ready to capitalize on the strong opportunity in the MFI sector and deliver an AUM CAGR of ~27% over FY24-FY26E. We estimate Spandana to deliver FY26 RoA/RoE of 4.4%/17%, aided by: a) operating leverage resulting in decline in operating cost ratios, and b) decline in credit costs from FY25 onward.
- **Key downside risks:** 1) Poor execution on asset quality could increase the credit cost; and 2) Inability to retain talent in the senior/middle management teams.

## Quarterly performance

(INR M)

Y/E March	FY23				FY24				FY23	FY24	4QFY24E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	2,440	2,765	3,377	4,193	4,929	5,436	5,663	6,352	12,775	22,381	6,153	3
Interest Expenses	968	914	1,207	1,490	1,995	2,277	2,502	2,493	4,579	9,268	2,627	-5
<b>Net Interest Income</b>	<b>1,472</b>	<b>1,851</b>	<b>2,170</b>	<b>2,703</b>	<b>2,934</b>	<b>3,159</b>	<b>3,161</b>	<b>3,859</b>	<b>8,196</b>	<b>13,113</b>	<b>3,526</b>	<b>9</b>
YoY Growth (%)	-41.9	-7.7	14.5	76.8	99.3	70.6	45.7	42.8	2.9	60.0	30.4	
Other Income	149	337	373	1,137	344	966	905	744	1,995	2,959	845	-12
<b>Total Income</b>	<b>1,621</b>	<b>2,188</b>	<b>2,543</b>	<b>3,840</b>	<b>3,277</b>	<b>4,125</b>	<b>4,067</b>	<b>4,603</b>	<b>10,192</b>	<b>16,072</b>	<b>4,371</b>	<b>5</b>
YoY Growth (%)	-44.4	-11.2	20.6	100.9	102.2	88.5	59.9	19.9	8.4	57.7	13.8	
Operating Expenses	1,114	1,088	1,136	1,232	1,386	1,549	1,662	1,943	4,570	6,540	1,765	10
<b>Operating Profit</b>	<b>506</b>	<b>1,100</b>	<b>1,406</b>	<b>2,608</b>	<b>1,891</b>	<b>2,576</b>	<b>2,405</b>	<b>2,660</b>	<b>5,621</b>	<b>9,532</b>	<b>2,606</b>	<b>2</b>
YoY Growth (%)	-77.6	-35.2	13.6	351.3	273.5	134.1	71.0	2.0	-2.6	69.6	-0.1	
Provisions & Loan Losses	3,517	258	446	1,222	286	901	701	938	5,443	2,826	783	20
<b>Profit before Tax</b>	<b>-3,011</b>	<b>843</b>	<b>960</b>	<b>1,386</b>	<b>1,605</b>	<b>1,675</b>	<b>1,703</b>	<b>1,722</b>	<b>178</b>	<b>6,706</b>	<b>1,823</b>	<b>-6</b>
Tax Provisions	-814	291	247	330	411	423	429	435	54	1,699	466	-7
<b>Net Profit</b>	<b>-2,197</b>	<b>552</b>	<b>714</b>	<b>1,055</b>	<b>1,195</b>	<b>1,252</b>	<b>1,274</b>	<b>1,287</b>	<b>124</b>	<b>5,007</b>	<b>1,357</b>	<b>-5</b>
YoY Growth (%)	-501.0	-194.1	58.3	269.0	-154.4	126.9	78.5	21.9	-82.3	3,940.0	28.6	
<b>Key Parameters (%)</b>												
Yield on loans	18.3	21.0	22.7	23.5	24.7	25.5	24.8	24.9				
Cost of funds	11.1	10.5	10.9	10.6	12.8	12.9	12.7	11.5				
Spread	7.2	10.5	11.8	12.9	11.9	12.6	12.0	13.4				
NIM	11.0	14.0	14.6	15.2	14.7	14.8	13.8	15.1				
Credit cost	26.4	2.0	3.0	6.9	1.4	4.2	3.1	3.7				
Cost to Income Ratio (%)	68.8	49.7	44.7	32.1	42.3	37.6	40.9	42.2				
Tax Rate (%)	27.0	34.5	25.7	23.8	25.6	25.3	25.2	25.3				
<b>Performance ratios (%)</b>												
AUM/Branch (INR m)	53	55	61	69	68	70	66	73				
AUM/Loan Officer (INR m)	9.0	9.1	10.2	10.9	10.8	11.5	12.4	12.4				
Borrowers/Branch	1,907	1,946	2,009	1,842	1,850	1,798	1,906	2,022				
Borrowers/Loan Officer	257	258	257	226	226	213	231	233				
<b>Balance Sheet Parameters</b>												
<b>AUM (INR B)</b>	<b>55.1</b>	<b>57.8</b>	<b>68.5</b>	<b>85.1</b>	<b>88.5</b>	<b>97.8</b>	<b>104.0</b>	<b>119.7</b>				
Change YoY (%)	-25.4	-23.4	2.3	29.3	60.5	69.2	51.8	40.7				
<b>Disbursements (INR B)</b>	<b>13.3</b>	<b>13.9</b>	<b>23.6</b>	<b>30.5</b>	<b>16.6</b>	<b>25.1</b>	<b>25.4</b>	<b>39.7</b>				
Change YoY (%)	513.9	5.3	422.3	120.5	25.5	80.7	7.7	30.0				
<b>Borrowings (INR B)</b>	<b>32.4</b>	<b>37.6</b>	<b>52.0</b>	<b>66.1</b>	<b>68.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>				
Change YoY (%)	-37.3	-26.6	7.5	59.8	112.3	-100.0	-100.0	-100.0				
Borrowings/Loans (%)	58.7	65.0	75.9	77.6	77.6	0.0	0.0	0.0				
Debt/Equity (x)	1.1	1.3	1.7	2.0	2.0	2.3	2.3	2.6				
<b>Asset Quality (%)</b>												
<b>GS 3 (INR M)</b>	<b>3,670</b>	<b>4,260</b>	<b>3,640</b>	<b>1,660</b>	<b>1,370</b>	<b>1,270</b>	<b>1,550</b>	<b>1,690</b>				
G3 %	6.7	7.4	5.3	2.1	1.6	1.4	1.6	1.5				
<b>NS 3 (INR M)</b>	<b>1,770</b>	<b>2,220</b>	<b>1,730</b>	<b>510</b>	<b>410</b>	<b>380</b>	<b>460</b>	<b>340</b>				
NS3 %	3.4	4.0	2.6	0.7	0.5	0.4	0.5	0.3				
<b>PCR (%)</b>	<b>51.8</b>	<b>47.9</b>	<b>52.5</b>	<b>69.3</b>	<b>70.1</b>	<b>70.1</b>	<b>70.3</b>	<b>79.9</b>				
ECL (%)	5.0	4.8	4.0	2.9	2.5	2.4	2.6	2.8				
<b>Return Ratios - YTD (%)</b>												
ROA (Rep)	-13.2	3.4	3.8	4.8	5.0	4.8	4.5	4.1				
ROE (Rep)	-29.7	7.8	9.8	13.9	15.1	15.2	14.9	14.4				
E: MOFSL Estimates												



## Highlights from the management commentary

### Performance against Vision 2025 targets

- Target of 1,500 branches by FY25 vs. 1,642 total branches opened by Mar'24.
- Customer acquisition-led growth continues. Growth to come through new customer acquisition. Targets to achieve 4m customer base by FY25 vs. 3.32m in FY24.
- Mitigated concentration risk by increasing distribution in new areas. Top 2 states contributed 18% of total AUM 2 years ago vs. under 14% today. On course to maintain target of no single state to have contribution of more than 13% by the end of FY25.
- Opened 429 branches having a weekly payment model. ~21% of 4Q disbursements were contributed by weekly branches. CE for these branches stood at 99%.
- Aims to have muted ticket sizes and shorter-tenure loans. Ticket sizes are 8-16% lower than what is being offered by peers. Maximum ticket size offered is INR80k.
- Average customer indebtedness of ~INR36k, lower than that of industry.
- Continues to invest in technology and digitize process. Ensure minimum breaks in customer journey and digitize the process for loan officers.

### Financial Update

- Credit Rating of A+ (Stable) received from CARE
- Disbursed INR39.7b in 4QFY24, up ~30% YoY
- AUM stood at ~INR119.7b, up 41% YoY
- Customer acquisition led growth remained in focus. Added 1.4m customers during FY24.
- New customer acquisition was 440k during the quarter, taking total customer base to 3.32m.
- Disbursement to new customers grew by 62% YoY and disbursement to existing customer grew by 9% YoY.
- Gearing is 2.6x.
- Healthy capital adequacy with CRAR of 31.3%.

### Borrowings

- Banks proportion in the borrowing mix has improved with 52% of total borrowings. The same is expected to increase to ~65% by FY25.
- Incremental borrowings of ~INR34.3b in 4QFY24 and marginal cost of borrowings stood at ~11.8%, ~35bp lower QoQ.

### Yield & NIMS

- Yield improved ~10bp QoQ to 24.2%, while NIM improved ~130bp QoQ to 14.6% in 4QFY24.

### Asset Quality

- Increased PCR on Stage 3 loans to 80%.
- GNPA stood at 1.5%, down 11bp QoQ, and NNPA stood at 0.3%, 17bp down QoQ.

- 1+ dpd bucket increased QoQ. Flows have been higher due to adoption of the weekly payment model. Moreover, few challenges are faced in Rajasthan and MP.
- Company has no exposure in Punjab or Haryana
- ~62% of flows during the quarter were contributed by branches under Project Parivartan. However, overall credit cost on BAU basis is around 1.9% vs. guidance of 2%.
- Confident that over next two quarters, the 1+dpd bucket flows due to Project Parivartan will improve.
- Expects credit costs to inch up by ~50bp to ~2.5% in the short term but the same will decline to 2% in the long term.
- ECL model methodology is improved. Earlier single data points for 8 years were covered in the model as input across various states. Now, data point for every month in the year (96 data points) is included in the model for every year. This has led to overall increase in provisioning by INR40m.
- Carry expected loss based on PD. In stage 2 carry 47.8%, and in stage 1 carry 0.87%.

### **New Business**

- Rolled out two products, LAP and Nano enterprise loans, in selected geographies.
- Have a separate set of branches and employees.
- Completely separate verticals with separate heads, branches and employees.
- Established footprints in five states, including Rajasthan, MP, Maharashtra, and TN.
- Ended FY24 with over 3k customers with AUM of INR520m.
- 700 staff added for this vertical
- ATS for micro-LAP is INR400k
- During FY25, it plans to increase the branch count to 100 and to grow the book to INR4-5b.

### **AUM Growth**

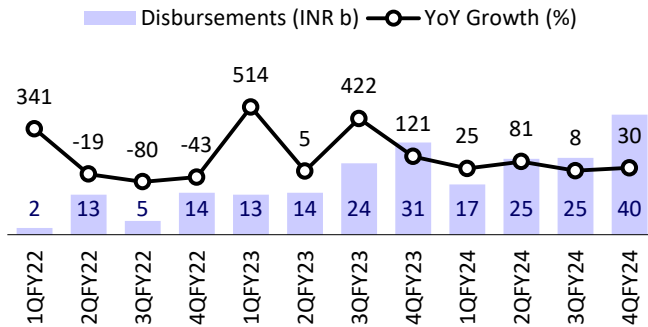
- Growth to be looked in context of organization. AUM in FY23 was ~INR85b.
- Remains spread across the country. Average indebtedness is to be tracked.
- Guidance to grow 20-25% in FY25 to achieve AUM of INR14.5-15b.
- Aims to achieve AUM of INR280b by FY28.

### **Opex**

- Guided for a cost-income ratio of 35-40% and Opex/AUM in range of 6%-6.25% (after 12-24 months)

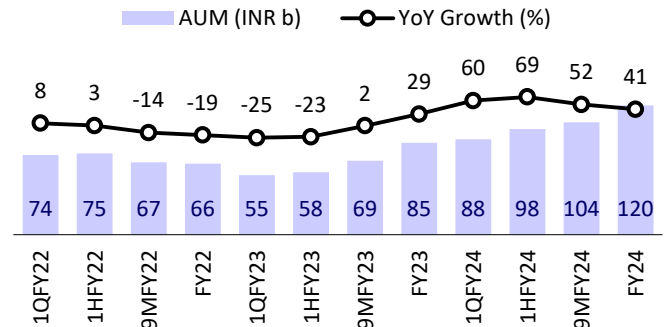
## Story in charts

**Exhibit 1: Disbursements grew 30% YoY...**



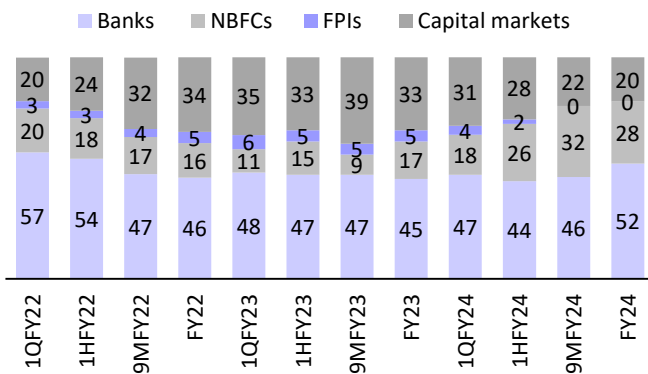
Source: MOFSL, Company

**Exhibit 2: ...driving 41% YoY growth in AUM**



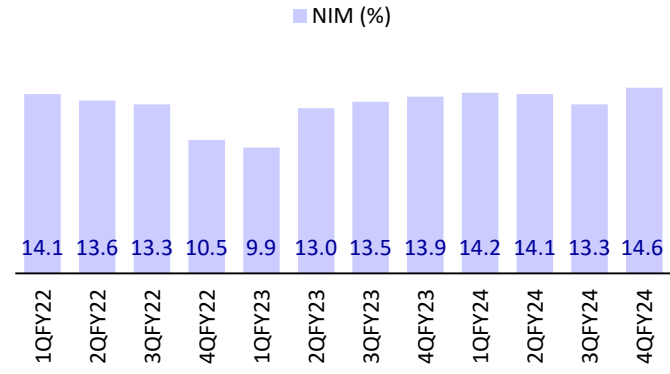
Source: MOFSL, Company

**Exhibit 3: Share of banks increased in the borrowing mix (%)**



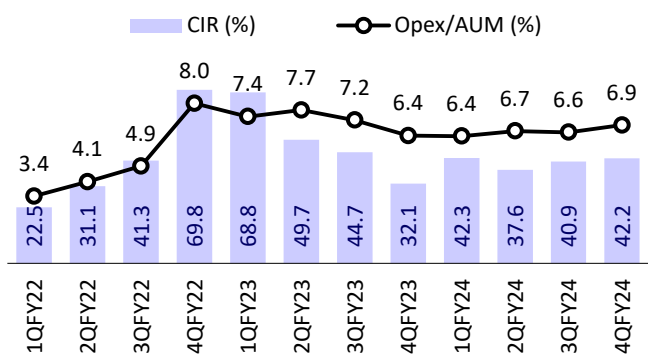
Source: MOFSL, Company

**Exhibit 4: Reported NIM expanded ~130bp QoQ (%)**



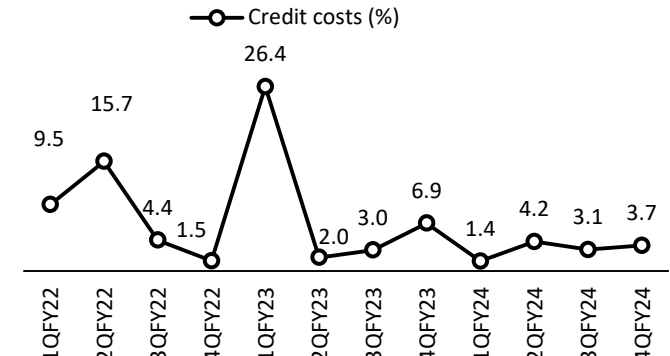
Source: MOFSL, Company

**Exhibit 5: Opex/AUM increased ~35bp QoQ (%)**



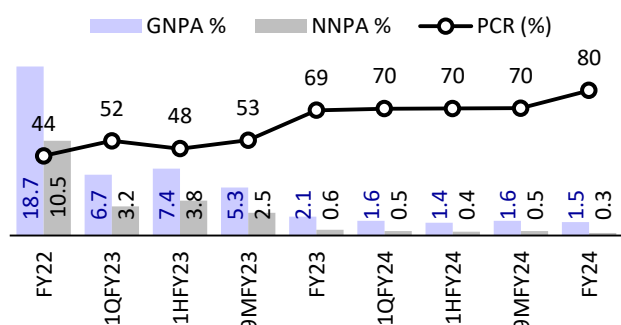
Source: MOFSL, Company

**Exhibit 6: Annualized credit costs stood at ~3.7% (%)**



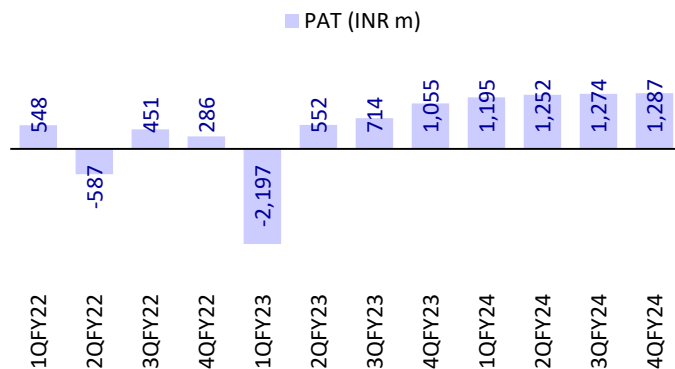
Source: MOFSL, Company

Exhibit 7: GS3 improved ~10bp QoQ to 1.5% (%)



Source: MOFSL, Company

Exhibit 8: 4QFY24 PAT grew ~22% YoY to ~INR1.29b



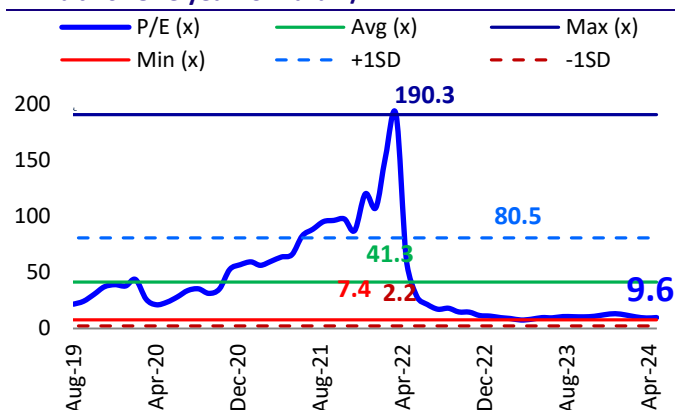
Source: MOFSL, Company

Exhibit 9: Raise our FY25 EPS estimate by ~2% to factor in higher revenue, offset by higher opex and credit costs

INR B	Old Est.			New Est.			% change		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
NII	12.8	16.3	20.3	13.1	17.3	21.6	2.6	6.2	6.2
Other Income	3.1	3.2	3.3	3.0	3.4	3.5	-3.3	5.9	5.8
<b>Total Income</b>	<b>15.8</b>	<b>19.5</b>	<b>23.6</b>	<b>16.1</b>	<b>20.7</b>	<b>25.1</b>	<b>1.5</b>	<b>6.2</b>	<b>6.2</b>
Operating Expenses	6.4	8.0	9.7	6.5	8.6	10.5	2.8	7.7	7.9
<b>Operating Profits</b>	<b>9.5</b>	<b>11.5</b>	<b>13.9</b>	<b>9.5</b>	<b>12.1</b>	<b>14.6</b>	<b>0.6</b>	<b>5.1</b>	<b>5.0</b>
Provisions	2.7	2.8	3.0	2.8	3.2	3.7	5.8	15.2	25.8
<b>PBT</b>	<b>6.8</b>	<b>8.7</b>	<b>10.9</b>	<b>6.7</b>	<b>8.9</b>	<b>10.8</b>	<b>-1.5</b>	<b>1.9</b>	<b>-0.7</b>
Tax	1.7	2.2	2.8	1.7	2.3	2.8	-1.8	1.9	-0.7
<b>PAT</b>	<b>5.1</b>	<b>6.5</b>	<b>8.1</b>	<b>5.0</b>	<b>6.6</b>	<b>8.0</b>	<b>-1.4</b>	<b>1.9</b>	<b>-0.7</b>
AUM	119	153	191	120	154	192	1.0	1.0	0.5
Borrowings	85	111	139	94	117	146	10.8	5.2	4.7
RoA	4.7	4.6	4.6	4.4	4.4	4.4	-5.9	-4.2	-4.9
RoE	15.1	16.5	17.4	14.8	16.6	17.1	-1.9	0.8	-1.7

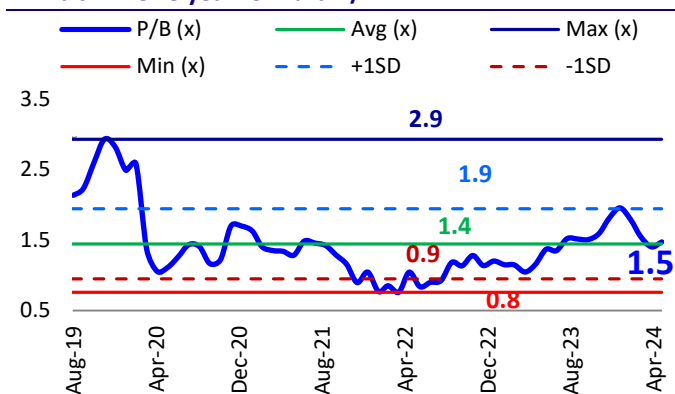
Source: MOFSL, Company

Exhibit 10: One year forward P/E



Source: MOFSL, Company

Exhibit 11: One year forward P/B



Source: MOFSL, Company

## Financials and valuations

Income Statement (INR M)							
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E FY26E
Interest Income	9,979	11,692	13,627	13,365	12,775	22,381	29,959 37,462
Interest Expenses	3,579	3,563	4,232	5,401	4,579	9,268	12,655 15,875
<b>Net Interest Income</b>	<b>6,400</b>	<b>8,129</b>	<b>9,395</b>	<b>7,964</b>	<b>8,196</b>	<b>13,113</b>	<b>17,305 21,587</b>
Change (%)	87.5	27.0	15.6	-15.2	2.9	60.0	32.0 24.7
Other Operating Income	452	2,661	1,199	1,263	1,233	1,856	2,048 2,011
Other Income	54	342	230	172	763	1,102	1,323 1,455
<b>Total Income</b>	<b>6,907</b>	<b>11,132</b>	<b>10,824</b>	<b>9,399</b>	<b>10,192</b>	<b>16,072</b>	<b>20,675 25,053</b>
Change (%)	94.1	61.2	-2.8	-13.2	8.4	57.7	28.6 21.2
<b>Total Operating Expenses</b>	<b>1,719</b>	<b>2,211</b>	<b>2,369</b>	<b>3,625</b>	<b>4,570</b>	<b>6,540</b>	<b>8,614 10,488</b>
Change (%)	58.5	28.7	7.1	53.0	26.1	43.1	31.7 21.8
Employee Expenses	1,310	1,707	1,715	2,284	3,057	4,732	6,531 8,098
Depreciation	70	88	76	92	109	204	255 306
Other Operating Expenses	339	416	577	1,249	1,404	1,604	1,828 2,084
<b>Operating Profit</b>	<b>5,188</b>	<b>8,920</b>	<b>8,456</b>	<b>5,774</b>	<b>5,621</b>	<b>9,532</b>	<b>12,061 14,565</b>
Change (%)	109.8	71.9	-5.2	-31.7	-2.6	69.6	26.5 20.8
<b>Total Provisions</b>	<b>453</b>	<b>2,736</b>	<b>6,451</b>	<b>4,806</b>	<b>5,443</b>	<b>2,826</b>	<b>3,182 3,741</b>
% Loan loss provisions to Avg loans ratio	1.2	5.9	10.8	7.7	8.2	3.0	2.5 2.4
<b>PBT</b>	<b>4,735</b>	<b>6,185</b>	<b>2,004</b>	<b>969</b>	<b>178</b>	<b>6,706</b>	<b>8,879 10,824</b>
Tax Provisions	1,616	2,666	550	270	54	1,699	2,282 2,782
Tax Rate (%)	34.1	43.1	27.4	27.9	30.5	25.3	25.7 25.7
<b>PAT</b>	<b>3,119</b>	<b>3,518</b>	<b>1,455</b>	<b>698</b>	<b>124</b>	<b>5,007</b>	<b>6,597 8,042</b>
Change (%)	66.0	12.8	-58.7	-52.0	-82.3	-	31.8 21.9

Balance Sheet (INR M)							
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E FY26E
Equity Share Capital	596	643	643	691	710	713	713 713
Reserves & Surplus	18,298	25,616	26,848	30,185	30,280	35,733	42,330 50,373
Non-controlling interest	9	13	20	24	2	3	3 3
<b>Net Worth</b>	<b>18,904</b>	<b>26,272</b>	<b>27,511</b>	<b>30,899</b>	<b>30,992</b>	<b>36,449</b>	<b>43,046 51,089</b>
<b>Borrowings</b>	<b>29,677</b>	<b>30,253</b>	<b>53,733</b>	<b>37,721</b>	<b>60,743</b>	<b>94,246</b>	<b>1,16,667 1,45,727</b>
Change (%)	27.3	1.9	77.6	-29.8	61.0	55.2	23.8 24.9
Other Liabilities	736	3,248	4,526	2,143	2,091	3,130	3,438 3,776
<b>Total Liabilities</b>	<b>49,317</b>	<b>59,774</b>	<b>85,769</b>	<b>70,763</b>	<b>93,826</b>	<b>1,33,825</b>	<b>1,63,151 2,00,591</b>
Cash and Bank	3,518	2,571	13,810	12,022	10,045	18,941	16,985 18,726
Investments	1	4,875	23	24	1,894	1,118	1,750 2,186
<b>Loans</b>	<b>42,678</b>	<b>49,767</b>	<b>69,330</b>	<b>55,184</b>	<b>77,598</b>	<b>1,10,143</b>	<b>1,40,563 1,75,574</b>
Change (%)	38.1	16.6	39.3	-20.4	40.6	41.9	27.6 24.9
Fixed Assets	268	339	380	313	249	300	330 363
Other Assets	2,853	2,221	2,225	3,220	4,040	3,323	3,523 3,742
<b>Total Assets</b>	<b>49,317</b>	<b>59,774</b>	<b>85,769</b>	<b>70,763</b>	<b>93,826</b>	<b>1,33,825</b>	<b>1,63,151 2,00,591</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Spreads Analysis (%)</b>								
Avg. Yield on Loans	27.1	25.3	22.9	21.5	19.2	23.8	23.9	23.7
Avg Cost of Funds	13.5	11.9	10.1	11.8	9.3	12.0	12.0	12.1
Spread of loans	13.6	13.4	12.8	9.7	9.9	11.9	11.9	11.6
NIM (on loans)	17.4	17.6	15.8	12.8	12.3	14.0	13.8	13.7

### Profitability Ratios (%)

RoE	19.0	15.6	5.4	2.4	0.4	14.8	16.6	17.1
RoA	7.2	6.5	2.0	0.9	0.2	4.4	4.4	4.4
Int. Expended / Int.Earned	35.9	30.5	31.1	40.4	35.8	41.4	42.2	42.4
Other Inc. / Net Income	7.3	27.0	13.2	15.3	19.6	18.4	16.3	13.8

### Efficiency Ratios (%)

Op. Exps. / Net Income	24.9	19.9	21.9	38.6	44.8	40.7	41.7	41.9
Empl. Cost/Op. Exps.	76.2	77.2	72.4	63.0	66.9	72.4	75.8	77.2

### Asset-Liability Profile (%)

Loans/Borrowings Ratio	1.4	1.6	1.3	1.5	1.3	1.2	1.2	1.2
Assets/Equity	2.6	2.3	3.1	2.3	3.0	3.7	3.8	3.9

### Asset Quality (%)

GNPA (INR m)	3,628	180	4,095	11,489	1,775	1,690	2,232	2,776
GNPA (%)	7.8	0.4	5.6	18.7	2.2	1.5	1.5	1.5
NNPA (INR m)	5.5	34.6	2,193.8	6,442.7	549.1	340.0	334.8	277.6
NNPA (%)	0.0	0.1	3.1	11.4	0.7	0.3	0.2	0.2
PCR (%)	99.8	80.8	46.4	43.9	69.1	79.9	85.0	90.0
Credit costs	1.2	5.9	10.8	7.7	8.2	3.0	2.5	2.4

### Valuations

	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Book Value (INR)	317	408	427	447	437	511	604	716
BV Growth (%)	-32	29	5	5	-2	17	18	19
P/BV	<b>2.8</b>	<b>2.1</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>1.7</b>	<b>1.5</b>	<b>1.2</b>
EPS (INR)	52.3	54.7	22.6	10.1	1.7	70.2	92.5	112.8
EPS Growth (%)	-17	5	-59	-55	-83	3,922	32	22
P/E	<b>16.8</b>	<b>16.0</b>	<b>38.8</b>	<b>86.8</b>	<b>502.3</b>	<b>12.5</b>	<b>9.5</b>	<b>7.8</b>
Dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

E: MOFSL Estimates

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