BUY

Bajaj Finance

On right track to achieve Long Range Strategy goals

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BFSI - NBFCs ▸ Result Update ▸ **April 26, 2024**

TARGET PRICE (Rs): 9,000

BAF reported a good set of numbers in Q4FY24, against the backdrop of RBI's embargo on EMI and Ecom cards which affected PBT by ~4%, largely meeting Consensus estimates. Management gave guidance for FY25 AUM growth of ~26-28% and RoA of ~4.6-4.8% of AAUM, with profitability improving in the second half as the first half will see some moderation in NIM on account of elevated borrowing cost. Company has addressed the deficiencies in the process that led to the RBI embargo and has formally requested the Regulator to remove the ban. Overall, we see BAF progressing well on its Long Range Strategy (LRS) targets. To reflect the Q4 developments and Management guidance, we slightly tweak our estimates, leading to around (3%)-1% PAT change in FY25E-27E; we reiterate our BUY rating on BAF with unchanged Mar-25E TP of Rs9,000/sh, as our thesis remains intact. (Refer to our coverage initiation: *Link*)

Bajaj Finance: Financial Snapshot (Consolidated)					
Y/E Mar (Rs mn)	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Net profits	114,571	144,435	178,523	219,598	265,113
AUM growths (%)	25.3	33.6	27.0	25.0	24.0
NII growths (%)	31.2	28.7	28.0	24.7	21.9
NIMs (%)	10.3	10.2	10.1	10.0	9.8
PPOP growth (%)	30.7	28.2	28.5	23.7	21.5
Adj. EPS (Rs)	190.5	207.3	288.9	355.3	429.0
Adj. EPS growth (%)	63.3	8.8	39.4	23.0	20.7
Adj. BV (INR)	899.7	1,254.8	1,484.2	1,783.3	2,144.4
Adj. BVPS growth (%)	24.1	39.5	18.3	20.2	20.2
RoA (%)	4.7	4.4	4.2	4.2	4.1
RoE (%)	23.4	22.0	21.2	21.8	21.8
P/E (x)	38.3	35.2	25.3	20.5	17.0
P/ABV (x)	8.1	5.8	4.9	4.1	3.4

Source: Company, Emkay Research

Good performance despite regulatory actions and rising borrowing costs

BAF reported a decent performance in Q4FY24, wherein consolidate PAT growth slightly moderated to 21% YoY at Rs38.2bn, affected by the embargo on EMI and Ecom cards (a ~4% PBT hit) and minor increase in cost of borrowings. On the asset quality front, GS3 and NS3 were at 0.85% and 0.37%, respectively, with improvement in GS3 and stability in NS3. In terms of asset quality trends, Rural B2C (ex-gold) remained an irritant, leading to the company seeing further slowdown in Rural B2C growth to 6% YoY. The new businesses of LAP, Gold loan and new PV continue to scale up well. **(Exhibits 5,7)**

Guides for ~4.6-4.8% consolidated RoAAUM in FY25

The company has addressed the deficiencies in the process that led to the RBI embargo, and has formally requested the Regulator to lift the ban. Management has guided to ~26-28% consolidated. AUM growth, slight compression in NIM in H1FY25 on account of higher borrowing cost, ~40bps improvement in cost-to-income ratio, and ~1.8% credit cost leading to ~4.6-4.8% RoAAUM. The Company is rapidly implementing key identified LRS megatrends – Account aggregator (8.1MM consents), ONDC (Jun-24), Social commerce (Jul-24), Rewards platform (Jun-24) and Offline to Online (Jun-24) – to strengthen its competitive moat and cost optimization. Overall, Management actions and commentary reaffirm Company confidence on achieving its LRS goals.

We reiterate BUY with a minor tweak to estimates

To reflect the Q4 developments and Management commentary on future outlook, we adjust our estimates leading to a 3% cut in FY25E PAT, albeit a 1% increase in FY27E PAT. We reiterate our BUY rating on the stock, with unchanged Mar-25E TP of Rs9,000/share, implying FY26E consolidated P/BV of 5.1x. **(Exhibits 2-4)**

Target Price – 12M	Mar-25
Change in TP (%)	**-**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	23,4
CMP (25-Apr-24) (Rs)	7,296

Stock Data	**Ticker**
52-week High (Rs)	8,192
52-week Low (Rs)	5,877
Shares outstanding (mn)	619.0
Market-cap (Rs bn)	4,516
Market-cap (USD mn)	54,235
Net-debt, FY25E (Rs mn)	16,025
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	9,483.4
ADTV-3M (USD mn)	113.8
Free float (%)	-
Nifty-50	22,402
INR/USD	83.3
Shareholding, Mar-24	
Promoters (%)	54.7
FPIs/MFs (%)	17.2/17.8

Price Performance			
(%)	**1M**	**3M**	**12M**
Absolute	8.4	3.9	23.5
Rel. to Nifty	6.9	(0.5)	(2.2)

1-Year share price trend (Rs)

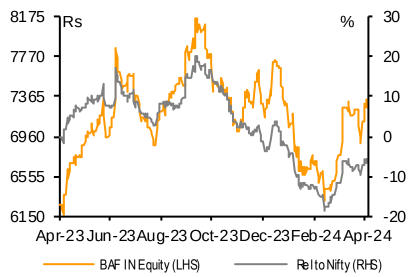

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Exhibit 1: Actual vs Estimates

BAF - Q4FY24 (Rs mn)						Change			
Result Snapshot	**4QFY23**	**1QFY24**	**2QFY24**	**3QFY24**	**4QFY24E**	**QoQ**	**YoY**	**Estimates**	**variation**
AUM	2,473,790	2,700,970	2,902,640	3,109,680	3,306,150	6%	33.6%	3,304,000	0%
PPoP	51,190	55,437	58,347	61,422	64,121	4%	25%	67,379	-4.8%
Provision	8,594	9,953	10,771	12,484	13,100	5%	52%	12,609	3.9%
PBT	42,611	45,512	47,578	48,955	51,051	4%	20%	54,723	-6.7%
PAT	31,578	34,369	35,509	36,390	38,245	5.1%	21.1%	39,932	-4.2%
Credit Cost	1.44%	1.54%	1.54%	1.66%	1.63%	-3bps	20bps	1.57%	6bps
GS3	0.94%	0.87%	0.91%	0.95%	0.85%	-10bps	-9bps	0.91%	-6bps
NS3	0.35%	0.31%	0.31%	0.37%	0.37%	0bps	3bps	0.4%	2bps

Source: Company, Emkay Research

Exhibit 2: Revision in estimates

Y/e Mar (Rs mn)	FY25E			FY26E			FY27E		
	Earlier	**Revised**	**change**	**Earlier**	**Revised**	**change**	**Earlier**	**Revised**	**change**
AUM	4,196,080	4,198,811	0.1%	5,245,100	5,248,513	0.1%	6,503,924	6,508,156	0.1%
Networth	912,557	917,221	0.5%	1,098,394	1,102,063	0.3%	1,318,757	1,325,216	0.5%
AUM growth	27.0%	27.0%	0bps	25.0%	25.0%	0bps	24.0%	24.0%	0bps
Net interest income	387,685	378,768	-2.3%	474,776	472,450	-0.5%	578,496	576,048	-0.4%
Total Income	472,600	466,989	-1.2%	578,465	577,167	-0.2%	702,653	701,450	-0.2%
Opex	163,493	159,365	-2.5%	205,718	196,591	-4.4%	258,567	239,041	-7.6%
PPOP	309,107	307,625	-0.5%	372,747	380,575	2.1%	444,086	462,410	4.1%
PBT	247,529	240,274	-2.9%	297,148	295,556	-0.5%	352,353	356,815	1.3%
PAT	183,914	178,523	-2.9%	220,781	219,598	-0.5%	261,798	265,113	1.3%
EPS (Rs)	298	289	-2.9%	357	355	-0.5%	424	429	1.3%
BV (Rs)	1,476	1,484	0.5%	1,777	1,783	0.4%	2,134	2,144	0.5%
NIM+Fees	12.6%	12.4%	-16bps	12.3%	12.2%	-4bps	12.0%	11.9%	-3bps
Cost-to-income ratio	34.6%	34.1%	-47bps	35.6%	34.1%	-150bps	36.8%	34.1%	-272bps
Opex-to-AUM	4.4%	4.2%	-11bps	4.4%	4.2%	-20bps	4.4%	4.1%	-34bps
Credit costs	1.64%	1.79%	15bps	1.60%	1.80%	20bps	1.56%	1.80%	23bps
GS3	0.94%	0.85%	-9bps	0.93%	0.86%	-7bps	0.92%	0.85%	-7bps
NS3	0.38%	0.38%	0bps	0.37%	0.38%	1bps	0.38%	0.38%	1bps
ROA	4.6%	4.2%	-39bps	4.4%	4.2%	-26bps	4.2%	4.1%	-18bps
ROE	22.0%	21.2%	-82bps	22.0%	21.8%	-21bps	21.7%	21.8%	18bps

Source: Company, Emkay Research

Exhibit 3: Valuation matrix

	CMP/TP (Rs/sh)	Upside	Mkt Cap (Rs bn)	P/BV (x)			P/E (x)			RoA (%)			RoE (%)			Book Value (Rs/sh)			Adj. EPS (Rs)		
				FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
At current market price	7,296	22.8%	4,537	5.81	4.92	4.10	35.2	25.3	20.5	4.44	4.22	4.17	22.0	21.2	21.8	1,255	1,484	1,783	207	289	355
At target price	9,000			7.17	6.06	5.05	43.4	31.2	25.3	4.44	4.22	4.17	22.0	21.2	21.8						

Source: Company, Emkay Research

Exhibit 4: SOTP-based valuation

	FY26E						
	Adj. Networth (Rs mn)	ROA	ROE	PAT CAGR (FY24-26E)	P/B (x)	M-Cap est. (Rs mn)	Price per share (Rs)
Bajaj Finance (SA)	1,008,558	4.7%	20.8%	23.6%			
Bajaj Finance (SA)	913,278	4.8%	23.2%	23.6%	5.5	5,040,382	8,156
Bajaj Housing	186,300	2.1%	14.6%	20.9%	2.8	521,639	844
No of Shares (mn)	618						
Total						5,562,021	9,000

Source: Company, Emkay Research; Note: BAF's Standalone net-worth has been adjusted for the book value of investments in BHFL

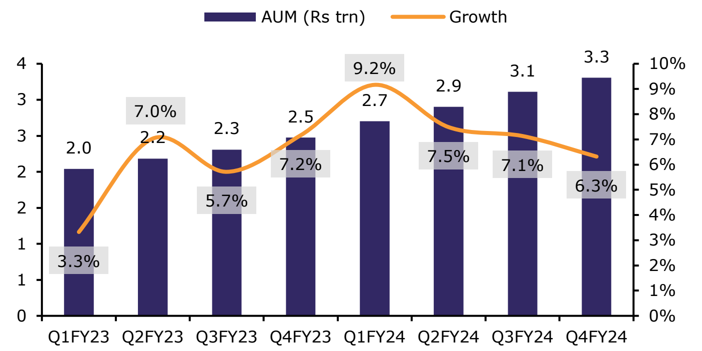
Exhibit 5: Quarterly Result snapshot

(Rs mn)	4Q FY23	1QFY24	2QFY24	3QFY24	4QFY24E	YoY chg	QoQ chg
Net interest income	62,549	67,186	71,970	76,553	82,349	31.7%	7.6%
Non-interest income	15,162	16,795	16,478	16,427	18,046	19.0%	9.9%
Total Income	77,712	83,980	88,448	92,980	100,396	29.2%	8.0%
Operating expenses	26,522	28,544	30,100	31,557	33,017	24.5%	4.6%
PPoP	51,190	55,437	58,347	61,422	67,379	31.6%	9.7%
Provisions & Loan loss	8,594	9,953	10,771	12,484	12,609	46.7%	1.0%
Others/Exceptional	16	28	2	17	0		
PBT	42,611	45,512	47,578	48,955	54,723	28.4%	11.8%
Taxes	11,033	11,143	12,070	12,566	14,791	34.1%	17.7%
Tax Rate	25.9%	24.5%	25.4%	25.7%	27.0%		
PAT	31,578	34,369	35,509	36,390	39,932	26.5%	9.7%
Networth	543,720	579,941	598,745	684,639	766,954	41.1%	12.0%
BV	900	959	989	1,118	1,226	36.3%	9.7%
EPS - Reported basic	52	57	59	59	65	23.6%	8.7%
Total AUM	2,473,790	2,700,500	2,902,640	3,109,680	3,306,150	33.6%	6.3%
Consolidated Borrowings	2,166,905	2,364,225	2,556,755	2,638,780	2,895,080	33.6%	9.7%
NIM (as % of AUM) - calculated	10.5%	10.4%	10.3%	10.2%	10.3%	-19bps	9bps
Cost to income ratio	34.1%	34.0%	34.0%	33.9%	34.0%	-13bps	6bps
Credit Cost	1.4%	1.5%	1.5%	1.7%	1.6%	14bps	-9bps
RoAAum (AUM)	5.3%	5.3%	5.1%	4.8%	5.0%	-30bps	14bps
RoAE	23.9%	24.5%	24.1%	22.7%	21.6%	-237bps	-111bps
Gross NPA	0.9%	0.9%	0.9%	1.0%	0.9%	-3bps	-4bps
Net NPA	0.3%	0.3%	0.3%	0.4%	0.4%	1bps	-2bps
Provision coverage ratio - Stage 3	63.8%	64.8%	66.0%	61.7%	61.9%	-193bps	19bps

Source: Company, Emkay Research

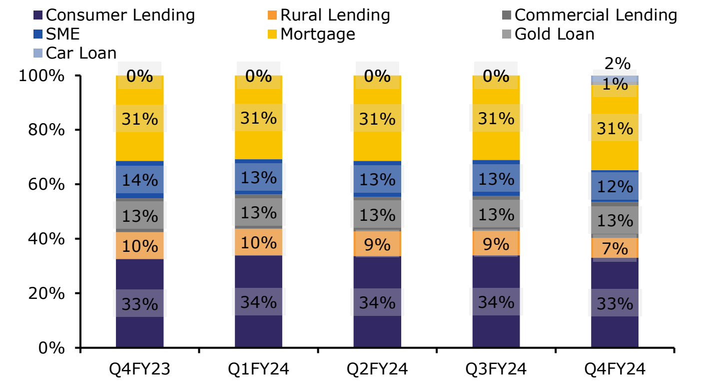
Result in charts

Exhibit 6: Strong AuM growth across all product segments



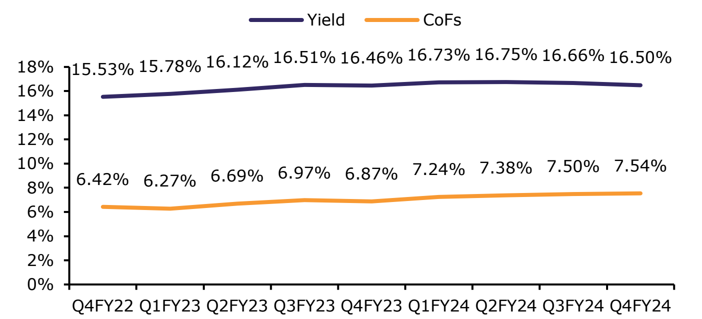
Source: Company, Emkay Research

Exhibit 7: AuM mix remains broadly stable



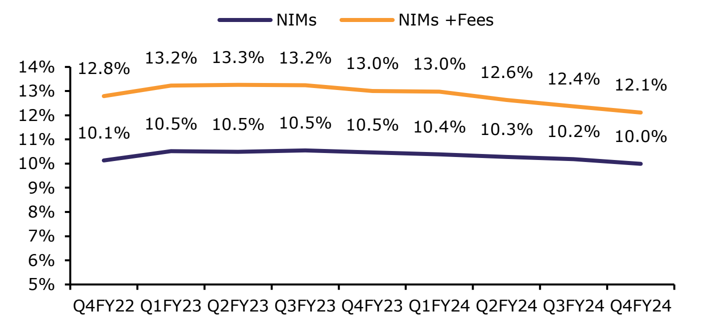
Source: Company, Emkay Research

Exhibit 8: Balancing the mix of secured and unsecured loans leading to some yield moderation



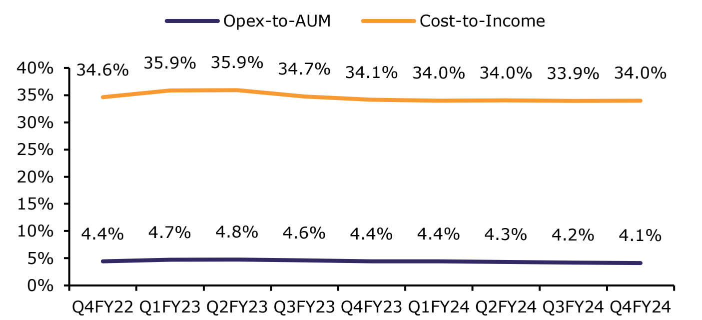
Source: Company, Emkay Research

Exhibit 9: NIM compression of 21bps on account of changing product mix and increasing CoFs



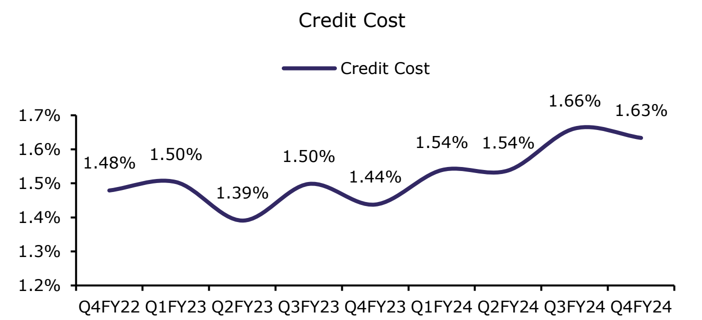
Source: Company, Emkay Research

Exhibit 10: Opex to moderate further led by increasing use of tech and AI



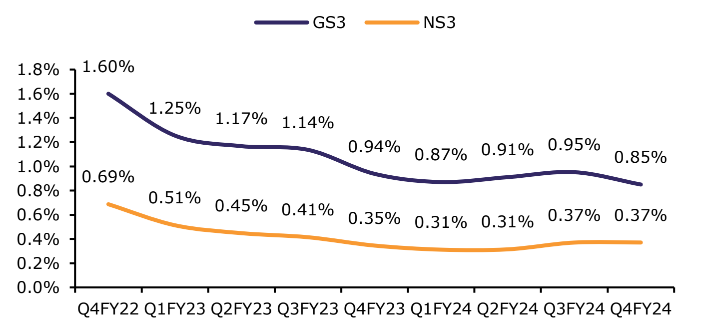
Source: Company, Emkay Research

Exhibit 11: Loan loss for FY24 was ~1.82%, excluding Management overlay



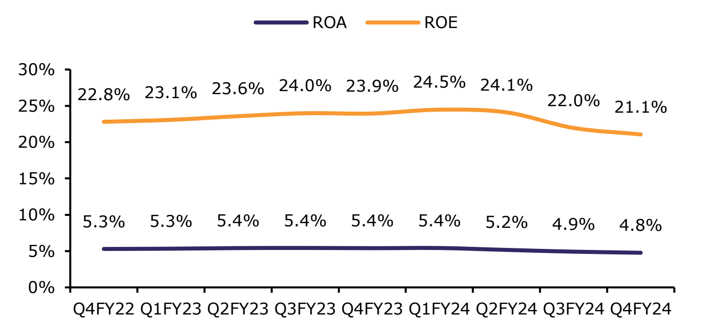
Source: Company, Emkay Research

Exhibit 12: Asset quality continues to improve



Source: Company, Emkay Research

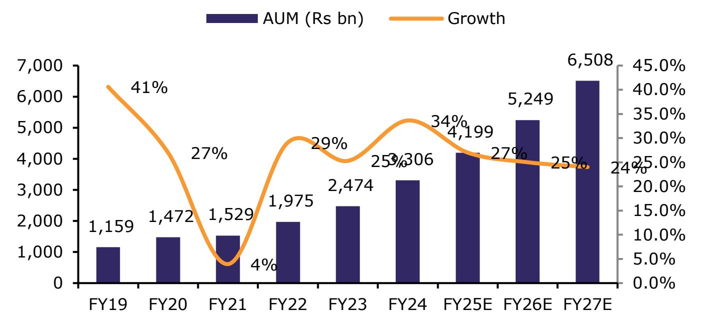
Exhibit 13: Overall profitability impacted by regulatory action and fund-raise in Q3FY24



Source: Company, Emkay Research

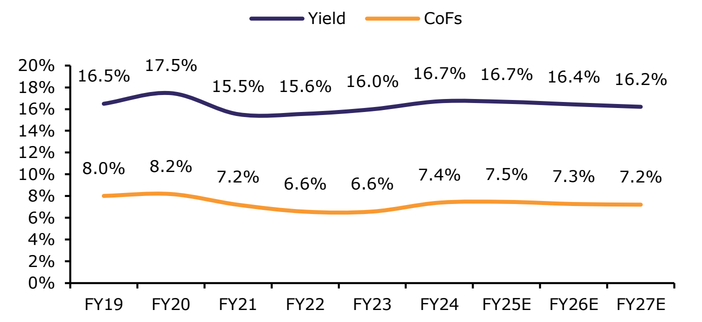
Story in charts

Exhibit 14: We expected AUM to double in the next 3 years



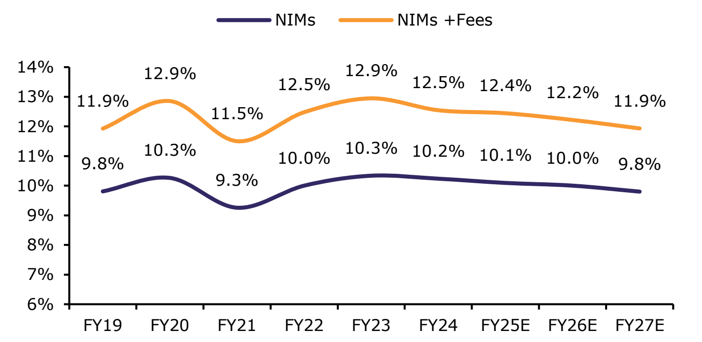
Source: Company, Emkay Research

Exhibit 15: Management expects CoFs to peak in Aug-24



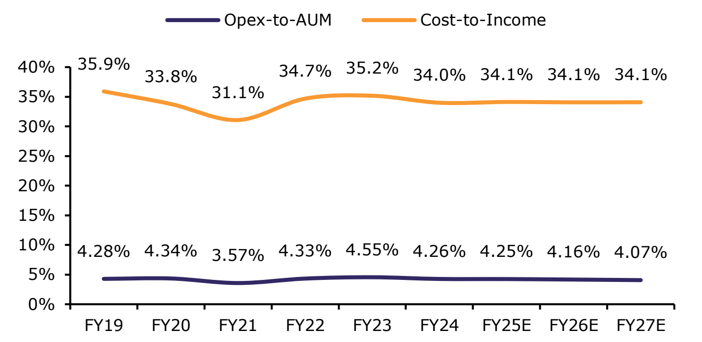
Source: Company, Emkay Research

Exhibit 16: Pressure on NIMS to continue on account of change in asset mix



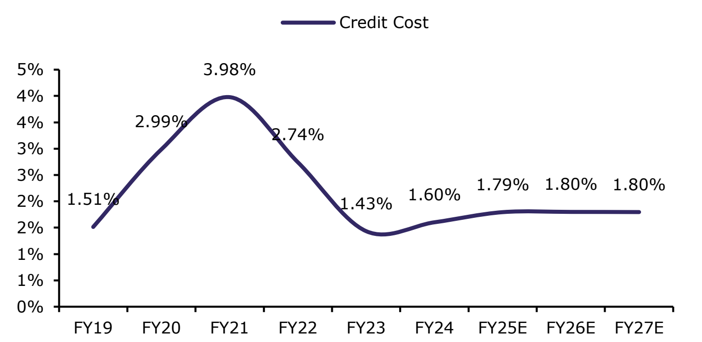
Source: Company, Emkay Research

Exhibit 17: Cost to moderate further



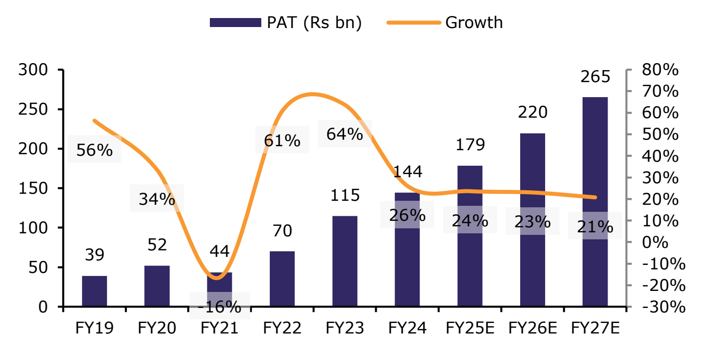
Source: Company, Emkay Research

Exhibit 18: Credit cost hivers within the 1.75-1.85% range



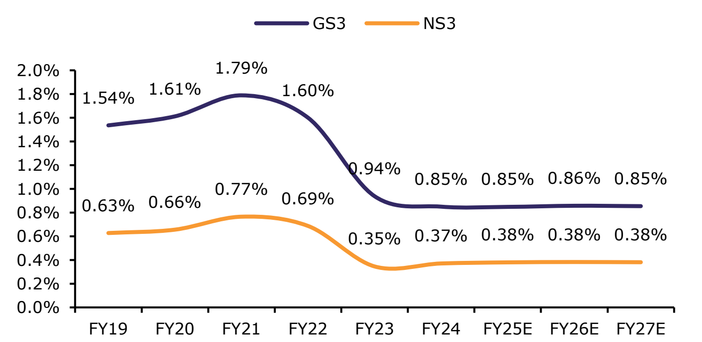
Source: Company, Emkay Research

Exhibit 19: We expect PAT to grow above 20%



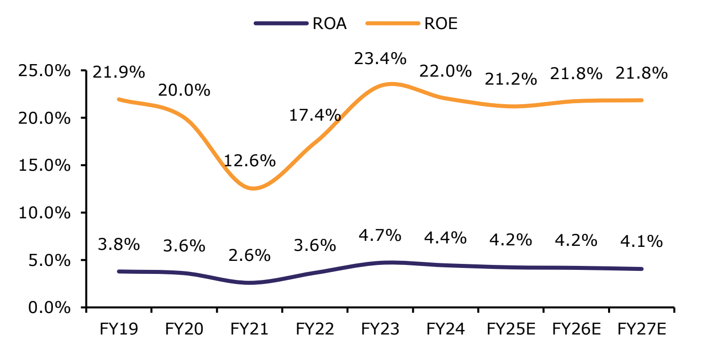
Source: Company, Emkay Research

Exhibit 20: Asset quality to remain stable



Source: Company, Emkay Research

Exhibit 21: Some pressure on margins in the near term on account of changing mix and increasing CoFs



Source: Company, Emkay Research

Management Call Highlights

- BAF witnessed a positive quarter, with notable achievements in customer acquisition, portfolio metrics, and operating efficiencies. However, the quarter was tempered by heightened load losses in rural B2C sectors and ongoing effects of regulatory restrictions.
- Management has consciously trimmed its Rural B2C growth 25% on an AUM growth basis to 6% in Mar-24. Rural B2C is ~5-6% of the balance sheet, and Management informed that this does not materially impact the company.
- Impact of the RBI embargo on 'eCOM' and 'Inta EMI card' resulted in Q4 PBT getting hit by 4%, while the New loan book lowered by ~0.8mn in Q4FY24 and by 1.2mn in FY24. Management informed that the company has formally requested the RBI for a review and removal of the restriction, which the management expects in coming quarters.
- NIM in Q4 compressed by 21bps sequentially, primarily on account of CoFs increasing by 10bps and strategically pivoting towards the secured asset mix in the balance sheet. Management expects CoFs to peak by August this year.
- In terms of borrowing, Management highlighted that in 4QFY24, the company has raised ~USD725mn (~Rs60.16bn), though ECB and ECB borrowing now account for 2% of the total borrowing; the company intends to take this to 4% levels in the current year.
- Cost-to-income came in at ~34%. The company is rapidly deploying various Gen-AI initiatives across operations, service and contact centers, to enhance operating efficiencies and for better visibility on significant benefits in FY26.
- BAF accounts for 22% of the Account aggregator on a monthly basis, and has received ~8.1mn customers' consent; it also expects ONDC, which is on track to go live by Jun-24 along with the Social commercial platform and Rewards as platform.
- Loan loss came in at 1.82% of the AUM (excluding Management overlay). Company holds a management and macro-economic overlay provision of Rs3bn as of Mar-24, and has utilized Rs1.27bn towards strengthening of its ECL model; also, it has released Rs5.33bn towards loan losses and provisions.
- FY25 guidance:
  - Confident of adding 12-14mn customers in FY25; AUM to grow 26-28%, supported by the newly-launched business, while PAT is expected to grow 23-24%
  - NIM to see some moderation due to increase in cost of funds (COFs) and gradual shift in AUM composition towards secured assets
  - Opex-to-Income to further moderate by 20-40bps from current levels, while credit cost to remain range-bound at 1.75-1.85%
  - RoA (on AUM) to clock at around 4.6-4.8%, while RoE to see some softening due to the Rs90.97bn additional capital raised in Q3FY24
  - Assets quality could see further improvement, with GNPA and NNPA expected to remain below the long-term guidance
- The number of gold loan branches has increased, from 180 to 650, and if the business maintains its current state, it could register profitability of Rs10bn in the next 3 years; however, for other products, it will be gradual process, i.e. 18-24 months – business breakeven; 36-48 months – to start meeting the hurdle rate (14-15% ROE), and 40-60 months to start contributing meaningfully to profitability.
- BAF holds around 7% market share in PL and ~51-52% in the Consumer Durables segment.
- The only product that will overlap Bajaj Finance (SA) and BHFL will be MSME LAP, and Management is very clear that Bajaj Finance (SA) will not enter the CRE segment.
- Management assured the Asset mix will shift gradually and there is a huge scope for growth across the product segments that it operates in. Company uses Gross Flow Rate (GFR) as an early indicator of the health of the business, and would not accelerate a business if the GFR is not in the control matrix. For Rural B2C, Company expects growth to start from Q2FY25.
- The Developer finance business will be restricted to 12-15% of the balance-sheet mix in the medium term; it also acts as a return enhancer. The LRD segment entails a lower opex and returns are similar to those of other mortgage products; also, in this segment, BHFL is in competition with banks.

Bajaj Finance: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	355,502	483,066	625,405	776,114	952,771
Interest Expense	125,599	187,247	246,637	303,664	376,722
Net interest income	**229,903**	**295,819**	**378,768**	**472,450**	**576,048**
NII growth (%)	31.2	28.7	28.0	24.7	21.9
Non interest income	58,066	66,759	88,221	104,716	125,402
Total income	**287,969**	**362,578**	**466,989**	**577,167**	**701,450**
Operating expenses	101,300	123,252	159,365	196,591	239,041
PPOP	**186,669**	**239,326**	**307,625**	**380,575**	**462,410**
PPOP growth (%)	30.7	28.2	28.5	23.7	21.5
Provisions & contingencies	31,897	46,307	67,351	85,019	105,595
PBT	**154,773**	**193,019**	**240,274**	**295,556**	**356,815**
Extraordinary items	0	0	0	0	0
Tax expense	40,202	48,584	61,750	75,958	91,701
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	**114,571**	**144,435**	**178,523**	**219,598**	**265,113**
PAT growth (%)	63.7	26.1	23.6	23.0	20.7
Adjusted PAT	**114,571**	**144,435**	**178,523**	**219,598**	**265,113**
Diluted EPS (Rs)	**189.6**	**206.5**	**288.9**	**355.3**	**429.0**
Diluted EPS growth (%)	63.7	8.9	39.9	23.0	20.7
DPS (Rs)	**30.0**	**37.0**	**45.7**	**56.2**	**67.9**
Dividend payout (%)	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Effective tax rate (%)	26.0	25.2	25.7	25.7	25.7
Net interest margins (%)	10.3	10.2	10.1	10.0	9.8
Cost-income ratio (%)	35.2	34.0	34.1	34.1	34.1
PAT/PPOP (%)	61.4	60.4	58.0	57.7	57.3
Shares outstanding (mn)	604.5	618.0	618.0	618.0	618.0

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	1,209	1,236	1,236	1,236	1,236
Reserves & surplus	542,511	765,718	915,985	1,100,827	1,323,980
Net worth	**543,720**	**766,954**	**917,221**	**1,102,063**	**1,325,216**
Borrowings	**2,166,905**	**2,933,458**	**3,710,128**	**4,641,760**	**5,805,252**
Other liabilities & prov.	**41,662**	**57,004**	**71,255**	**89,069**	**111,337**
Total liabilities & equity	**2,752,287**	**3,757,416**	**4,698,605**	**5,832,892**	**7,241,805**
Net loans	2,422,689	3,262,933	4,170,664	5,207,286	6,450,101
Investments	227,518	308,807	386,159	479,381	595,174
Cash, other balances	43,045	106,240	50,000	62,070	77,063
Interest earning assets	**2,693,253**	**3,677,980**	**4,606,823**	**5,748,737**	**7,122,339**
Fixed assets	16,766	23,837	25,300	27,830	30,612
Other assets	42,268	55,600	66,483	56,325	88,854
Total assets	**2,752,287**	**3,757,416**	**4,698,605**	**5,832,892**	**7,241,805**
BVPS (Rs)	899.7	1,254.8	1,484.2	1,783.3	2,144.4
Adj. BVPS (INR)	899.7	1,254.8	1,484.2	1,783.3	2,144.4
Gross loans	2,466,357	3,313,340	4,236,214	5,291,298	6,556,287
Total AUM	**2,473,790**	**3,306,150**	**4,198,811**	**5,248,513**	**6,508,156**
On balance sheet	2,466,357	3,313,340	4,236,214	5,291,298	6,556,287
Off balance sheet	7,433	(7,190)	(37,403)	(42,785)	(48,131)
Disbursements	0	0	0	0	0
Disbursements growth (%)	0.0	0.0	0.0	0.0	0.0
Loan growth (%)	26.6	34.7	27.8	24.9	23.9
AUM growth (%)	25.3	33.6	27.0	25.0	24.0
Borrowings growth (%)	31.1	35.4	26.5	25.1	25.1
Book value growth (%)	24.1	39.5	18.3	20.2	20.2

Source: Company, Emkay Research

Asset quality and other metrics

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Asset quality					
GNPL - Stage 3	23,130	28,160	35,929	45,368	56,002
NNPL - Stage 3	8,370	12,100	16,025	20,161	24,873
GNPL ratio - Stage 3 (%)	0.9	0.8	0.8	0.9	0.9
NNPL ratio - Stage 3 (%)	0.3	0.4	0.4	0.4	0.4
ECL coverage - Stage 3 (%)	63.8	57.0	55.4	55.6	55.6
ECL coverage - 1 & 2 (%)	1.2	1.0	1.1	1.1	1.2
Gross slippage - Stage 3	0	0	0	0	0
Gross slippage ratio (%)	0.0	0.0	0.0	0.0	0.0
Write-off ratio (%)	1.7	1.5	1.6	1.6	1.6
Total credit costs (%)	1.4	1.6	1.8	1.8	1.8
NNPA to networth (%)	1.5	1.6	1.7	1.8	1.9
Capital adequacy					
Total CAR (%)	25.0	22.5	21.6	20.9	20.3
Tier-1 (%)	23.2	21.5	20.6	19.9	19.3
Miscellaneous					
Total income growth (%)	31.7	25.9	28.8	23.6	21.5
Opex growth (%)	33.6	21.7	29.3	23.4	21.6
PPOP margin (%)	8.4	8.3	8.2	8.1	7.9
Credit costs-to-PPOP (%)	17.1	19.3	21.9	22.3	22.8
Loan-to-Assets (%)	88.0	86.8	88.8	89.3	89.1
Yield on loans (%)	16.0	16.7	16.7	16.4	16.2
Cost of funds (%)	6.6	7.4	7.5	7.3	7.2
Spread (%)	9.4	9.3	9.2	9.2	9.0

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	38.5	35.4	25.4	20.6	17.1
P/B (x)	8.1	5.8	4.9	4.1	3.4
P/ABV (x)	8.1	5.8	4.9	4.1	3.4
P/PPOP (x)	23.7	18.9	14.7	11.9	9.8
Dividend yield (%)	0.4	0.5	0.6	0.8	0.9
DuPont-RoE split (%)					
NII/avg AUM	10.3	10.2	10.1	10.0	9.8
Other income	2.6	2.3	2.4	2.2	2.1
Securitization income	0.0	0.0	0.0	0.0	0.0
Opex	2.3	2.1	2.1	2.0	2.0
Employee expense	2.3	2.2	2.2	2.1	2.1
PPOP	**8.4**	**8.3**	**8.2**	**8.1**	**7.9**
Provisions	1.4	1.6	1.8	1.8	1.8
Tax expense	1.8	1.7	1.6	1.6	1.6
RoAUM (%)	**5.2**	**5.0**	**4.8**	**4.6**	**4.5**
Leverage ratio (x)	4.5	4.4	4.5	4.7	4.8
RoE (%)	**23.4**	**22.0**	**21.2**	**21.8**	**21.8**

Quarterly data

Rs mn, Y/E Mar	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
NII	62,549	67,186	71,970	76,553	80,130
NIM(%)	10.5	10.4	10.3	10.2	10.0
PPOP	51,190	55,437	58,347	61,422	64,121
PAT	31,578	34,369	35,509	36,390	38,245
EPS (Rs)	52.25	56.83	58.67	59.42	61.89

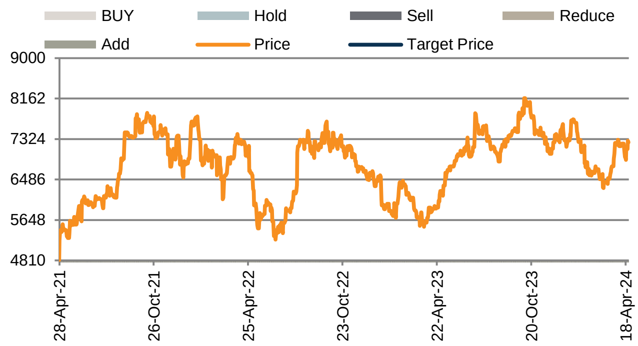
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
23-Apr-24	7,260	9,000	Buy	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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