

# CreditAccess Grameen

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	CREDAG IN
Equity Shares (m)	159
M.Cap.(INRb)/(USD\$)	156.5 / 1.9
52-Week Range (INR)	1796 / 960
1, 6, 12 Rel. Per (%)	-12/-41/-61
12M Avg Val (INR M)	423

## Financials & Valuations (INR b)

Y/E March	FY24	FY25E	FY26E
NII	31.7	37.7	42.1
Total Income	34.4	39.9	44.6
PPoP	23.9	27.3	30.0
PAT	14.5	10.5	16.3
EPS (INR)	91	66	102
EPS Gr. (%)	75	-27	56
BV (INR)	412	468	571
<b>Ratios (%)</b>			
NIM	14.4	14.7	14.5
C/I ratio	30.5	31.7	32.9
Credit cost	2.0	5.0	2.7
RoA	5.7	3.6	4.9
RoE	24.8	15.0	19.7
<b>Valuations</b>			
P/E (x)	10.8	14.9	9.6
P/BV (x)	2.4	2.1	1.7

## Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	66.5	66.6	66.7
DII	14.9	16.3	15.8
FII	10.8	10.9	11.5
Others	7.8	6.3	6.1

FII Includes depository receipts

**CMP: INR982 TP: INR1,155 (+18%) Buy**

## Earnings miss; guided for 'improvement' from 4QFY25

### Credit costs elevated; FY25 guidance revised downward

- CreditAccess Grameen (CREDAG)'s 2QFY25 PAT declined ~46% YoY to ~INR1.86b (~29% miss). 1HFY25 PAT declined ~16% YoY to ~INR5.8b, and we expect 2HFY25 PAT to decline ~38% YoY.
- NII in 2QFY25 grew ~22% YoY to ~INR9.3b and PPOp rose 19% YoY to ~INR6.7b. Cost-to-income ratio stood at ~31% (PY: ~32% and PQ: ~29%).
- Reported yields improved ~10bp QoQ to ~21.1%, and CoF was stable QoQ at 9.8%. Reported NIM rose ~50bps QoQ to ~13.5%. Average disbursement yields remained stable QoQ at ~21.3% in 2QFY25. We model NIMs of 14.7%/14.5% for FY25/FY26.
- CREDAG's 2QFY25 disbursements declined ~11% YoY and ~2% QoQ to ~INR44b. AUM grew ~12% YoY but declined ~4% QoQ to ~INR251b (PY: ~INR225b). Borrower base grew ~7% YoY to ~4.93m (PY: ~4.6m).
- GNPA/NNPA deteriorated ~100bp/30bp QoQ to ~2.5%/~0.8%. CREDAG observed that delinquency was the highest in customers with the lowest vintage and having a higher velocity of loans. Annualized credit costs rose to ~6.5% (PY: ~1.7% and PQ: ~2.6%). Management raised its credit cost guidance to ~4.5%-5.0% (vs. ~2.2-2.4% earlier) for FY25 in anticipation of provisions for slippages into higher buckets.
- We cut our FY25E PAT by ~19% to factor in higher credit costs. We estimate an 18%/12% CAGR in AUM/PAT over FY24-27, leading to an RoA/ RoE of ~4.9%/20% in FY26. CREDAG will likely have a slightly bumpy ride in the near term because of its calibration in loan growth and continuing forward flows resulting in elevated credit costs. However, like the past credit cycles in MFI, we expect CREDAG to be more resilient than its NBFC-MFI peers, even as there will be continuing sectoral headwinds ahead. **Reiterate BUY with a revised TP of INR1,155 (based on 1.8x Sep'26E P/BV).**

### Highlights from the management commentary

- Bihar, MP, Maharashtra, and WB were hit by floods, which impacted delinquencies. However, things have improved, and the company expressed no concerns about the unseasonal rainfall in Oct'24.
- Defaults are higher among new customers acquired from other peer MFIs over the past two years. Delinquencies are elevated as these customers were added over the last two years, and the company does not anticipate any significant recoveries from this pool of defaulting customers.

### Valuation and view

- CREDAG's robust execution has been vindicated by its resilience during various credit cycles and external disturbances. Despite the sector staring at near-term headwinds because of the buildup of customer leverage, we expect CREDAG to exhibit much higher resilience compared to its peers.
- With a strong capital position (Tier-1 of ~25%), it is well equipped to navigate any potential disruptions in the sector. **Reiterate BUY with a revised TP of INR1,155 (based on 1.8x Sep'26E P/BV).**

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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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## Quarterly Performance

(INR M)

Y/E March	FY24				FY25E				FY24	FY25E	2QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Interest Income	11,052	11,874	12,444	13,632	14,372	14,177	14,170	15,047	49,001	57,766	14,018	1
Interest Expenses	3,849	4,239	4,415	4,822	5,103	4,846	4,880	5,263	17,324	20,092	4,950	-2
<b>Net Interest Income</b>	<b>7,203</b>	<b>7,635</b>	<b>8,029</b>	<b>8,810</b>	<b>9,268</b>	<b>9,331</b>	<b>9,290</b>	<b>9,785</b>	<b>31,677</b>	<b>37,675</b>	<b>9,068</b>	<b>3</b>
YoY Growth (%)	57.8	53.3	48.5	42.3	28.7	22.2	15.7	11.1	49.8	18.9	18.8	
Other Income	656	602	509	959	754	362	560	595	2,725	2,271	689	-48
<b>Total Income</b>	<b>7,858</b>	<b>8,237</b>	<b>8,537</b>	<b>9,770</b>	<b>10,023</b>	<b>9,693</b>	<b>9,851</b>	<b>10,379</b>	<b>34,402</b>	<b>39,946</b>	<b>9,757</b>	<b>-1</b>
YoY Growth (%)	63.8	52.1	43.6	35.6	27.5	17.7	15.4	6.2	47.1	16.1	18.5	
Operating Expenses	2,420	2,611	2,520	2,942	2,929	2,972	3,131	3,622	10,493	12,651	2,994	-1
<b>Operating Profit</b>	<b>5,438</b>	<b>5,626</b>	<b>6,018</b>	<b>6,828</b>	<b>7,093</b>	<b>6,721</b>	<b>6,720</b>	<b>6,757</b>	<b>23,910</b>	<b>27,295</b>	<b>6,763</b>	<b>-1</b>
YoY Growth (%)	88	68	59	36	30	19	12	-1	59	14	20	
Provisions & Loan Losses	764	959	1,262	1,533	1,746	4,202	3,991	3,215	4,518	13,154	3,230	30
<b>Profit before Tax</b>	<b>4,674</b>	<b>4,668</b>	<b>4,756</b>	<b>5,295</b>	<b>5,347</b>	<b>2,520</b>	<b>2,729</b>	<b>3,542</b>	<b>19,392</b>	<b>14,141</b>	<b>3,533</b>	<b>-29</b>
Tax Provisions	1,189	1,197	1,222	1,324	1,371	659	704	914	4,933	3,648	897	-27
<b>Net Profit</b>	<b>3,485</b>	<b>3,470</b>	<b>3,533</b>	<b>3,971</b>	<b>3,977</b>	<b>1,861</b>	<b>2,025</b>	<b>2,627</b>	<b>14,459</b>	<b>10,493</b>	<b>2,636</b>	<b>-29</b>
YoY Growth (%)	151.3	96.6	63.7	33.9	14.1	-46.4	-42.7	-33.8	75.0	-27.4	-24.0	
AUM Growth (%)	39.7	36.0	31.5	27.0	20.6	11.8	12.4	7.0	31.8	3.8	11.8	
NIM (%)	13.4	13.8	14.0	14.1	14.0	14.5	14.5	14.3	14.4	14.7	14.1	
Cost to Income Ratio (%)	30.8	31.7	29.5	30.1	29.2	30.7	31.8	34.9	30.5	31.7	30.7	
Tax Rate (%)	25.4	25.7	25.7	25.0	25.6	26.2	25.8	25.8	25.4	25.8	25.4	
<b>Key Parameters (%)</b>												
Yield on loans	20.7	21.1	21.0	21.0	21.0	21.1	0.0	0.0				
Cost of funds	9.6	9.8	9.8	9.8	9.8	9.8	0.0	0.0				
Spread	11.1	11.3	11.2	11.2	11.2	11.3	0.0	0.0				
NIM	13.0	13.1	13.1	13.1	13.0	13.5	0.0	0.0				
Credit cost	1.4	1.7	2.2	2.4	2.6	6.5	6.2	4.7				
Cost to Income Ratio (%)	30.8	31.7	29.5	30.1	29.2	30.7	31.8	34.9				
Tax Rate (%)	25.4	25.7	25.7	25.0	25.6	26.2	25.8	25.8				
<b>Performance ratios (%)</b>												
GLP/Branch (INR m)	119	120	123	136	133	124	0	0				
GLP/Loan Officer (INR m)	18.1	16.9	17.9	20.3	19.6	18.8	0.0	0.0				
Borrowers/Branch	2,422	2,452	2,478	2,500	2,522	2,429	0	0				
Borrowers/Loan Officer	367	345	360	373	372	369	0	0				
<b>Balance Sheet Parameters</b>						-4.45						
<b>Gross loan portfolio (INR B)</b>	<b>218.1</b>	<b>224.9</b>	<b>233.8</b>	<b>267.1</b>	<b>263.0</b>	<b>251.3</b>	<b>262.7</b>	<b>285.8</b>				
Change YoY (%)	39.7	36.0	31.5	27.0	20.6	11.8	12.4	7.0				
<b>Disbursements (INR B)</b>	<b>47.7</b>	<b>49.7</b>	<b>53.4</b>	<b>80.5</b>	<b>44.8</b>	<b>44.0</b>	<b>60.4</b>	<b>75.2</b>				
Change YoY (%)	97.5	13.5	10.3	12.3	-6.2	-11.3	13.0	-6.6				
<b>Borrowings (INR B)</b>	<b>168.2</b>	<b>177.6</b>	<b>190.7</b>	<b>219.5</b>	<b>203.9</b>	<b>192.7</b>	<b>203.8</b>	<b>221.2</b>				
Change YoY (%)	41.6	44.3	40.5	33.7	21.2	8.6	6.8	0.8				
Borrowings/Loans (%)	84.9	85.0	86.3	87.4	82.7	81.9	82.5	83.0				
Debt/Equity (x)	3.1	3.1	3.1	3.3	2.9	2.8	2.8	3.0				
<b>Asset Quality (%)</b>												
<b>GS3 (INR m)</b>	<b>1,817</b>	<b>1,657</b>	<b>2,197</b>	<b>3,037</b>	<b>3,710</b>	<b>6,002</b>	<b>0</b>	<b>0</b>				
G3 %	0.9	0.8	1.0	1.2	1.5	2.4	0.0	0.0				
NS3 (INR m)	552	509	650	888	1,144	1,832	0	0				
NS3 %	0.3	0.2	0.3	0.4	0.5	0.8	0.0	0.0				
<b>PCR (%)</b>	<b>69.6</b>	<b>69.3</b>	<b>70.4</b>	<b>70.8</b>	<b>69.2</b>	<b>69.5</b>		<b>0.0</b>				
ECL (%)	1.6	1.6	1.8	2.0	2.3	3.5	0.0	0.0				
<b>Return Ratios - YTD (%)</b>												
ROA (Rep)	5.8	5.6	5.5	5.7	5.4	2.7	0.0	0.0				
ROE (Rep)	26.4	24.7	23.6	24.9	23.5	10.7	0.0	0.0				

E: MOFSL Estimates



### Asset quality deteriorates; credit costs to remain elevated in FY25

- GNPA/NNPA deteriorated ~100bp/30bp QoQ to ~2.45%/~0.75%. PCR increased ~30bp QoQ to ~69.5%. The increase in delinquency was on account of various reasons, such as disruption in repayments caused by third-party interventions, repayment challenges faced by customers due to cash flow constraints, and the transient impact of heavy rainfall during the quarter.
- Management believes that fresh PAR creation will not stop but will reduce from hereon, and the estimation is that fresh PAR formation will start reducing from Nov'24 onwards.
- The company performed relatively better than the industry in its Top 5 states; but is exhibiting similar stress as the Industry in states such as Bihar, UP, and its other newer states.
- The underwriting standards in the industry were tightened after MFIN introduced guardrails in the month of Jul'24. In this credit cycle, there will be accelerated recognition of stress in this fiscal year itself. We model credit costs of ~5%/2.7% (as % of loan assets) in FY25/FY26.

### Highlights from the management commentary

#### Guidance

- Revised guidance for FY25: Anticipates GLP growth of 8-10% and credit costs of 4.5%-5.0%. Revised guidance is based on stabilization of delinquencies in 3Q and improvement in 4Q.
- Reiterated its medium term growth outlook to reach GLP of INR500b by FY28

#### Outlook on AUM growth

- CREDAG expects that it will get four months of good business momentum in the current financial year and that it why it has guided for GLP growth of 8-12%.
- Growth will originate from renewals and from new customer acquisitions. A large number of CREDAG customers will come for renewals in 2H. It is acquiring 50-60K new customers per month under the revised MFIN guardrails.

#### Reasons for deterioration in asset quality

- Localized disruptions in repayments caused by third-party Interventions
- Repayment challenges due to tight liquidity & cash flows/income variations faced by customers

#### Asset quality

- MFIN guardrails introduced in the month of Jul'24 have significantly tightened the underwriting standards in the industry. In this credit cycle, there will be accelerated recognition of stress in this fiscal year.
- Bihar, MP, Maharashtra, WB - there were floods everywhere, which led to a transitory impact on delinquencies. Things have already improved and the company shared that it was not worried about unseasonal rainfall in Oct'24.
- Access to the delinquent customers has improved but recoveries are not coming through. There are third-party interventions in many states and so these customers are not repaying.
- In KAR, MAH, TN, MP - it is seeing PAR stabilization in Oct'24.

- States of TN, Bihar, Jharkhand, RAJASTHAN and Kerala, have centers which are showing higher delinquencies.
- Credit costs should peak in 3Q and bulk of the pain should be crystallized in FY25 itself. PAR 15+ has a PCR of 60%; crystallizing majority of the cost in FY25 itself.
- Flood-related impact was INR700-800m in Sep'24 and it has already come down to INR200-300m in Oct'24

#### **Delinquencies and PAR**

- Temporary increase in delinquencies across various geographies also driven by variation in cash flows (especially in agri-labor customer segments). The company has been deploying senior field staff and has tightened its underwriting controls.
- Delinquency is the highest among customers with lowest vintage and having a higher velocity of loans
- Vintage customers with higher leverage are still showing much lower delinquencies.
- Current delinquencies will be largely taken care of in this year itself and spill over to the next year will be limited.
- PAR rose by ~75bp from Aug'24 to Sep'24
- PAR increase could have peaked and trend of reversal will start from 3Q. October it will stabilize and November.
- Fresh PAR creation will not stop but it will reduce from hereon; estimation is that fresh PAR formation will start coming down from November onwards.
- Defaults are higher from new customers which it acquired for other peer MFIs in the last two years. Flows are higher since these are the kind of customers who were acquired in the last 1-2 years and it does not expect too much of recoveries from that pool.
- Last part of the deterioration seen in PAR has only happened over the last 3-4 months.
- Collection efficiencies (0dpd) in 2QFY25 stood at ~96% and 1Q it stood at ~97%. On-time collections are ~95% (PQ: ~96%).
- ~73% of the customer centers have 0dpd.

#### **Observations in the Portfolio of CREDAG**

- PAR 0 has gone up by 2.4%, PAR 90 increased by 1%, PAR 60 has gone up by 1.5% (pre-write-off basis)
- PAR 0+ in TN and Bihar stood at 6.3% and 8.9%
- [CREDAG + 4 and above] customers: ~12.6% of GL portfolio, ~15.3% of the GL borrowers, and PAR 15+ of 12.2%
- CREDAG + 4 customers were 15.3% as on Aug'24 (v/s ~8% about a year back)
- PAR 15+ on account of [CREDAG + 4 & above] is 1.5% of the overall loan portfolio
- PAR is lower in the unique and CREDAG + 1 customers and it inches as there are more lender associations for a customer.
- Defaulting customers (especially in its newer geographies) are those who it recently on boarded in the last couple of years since all their requirements could not be met by CREDAG and they could have taken loans from other borrowers

- If higher leverage is aligned with vintage, then the PAR is lower. Only when there has been higher leverage for low vintage borrowers, there is higher PAR.
- PAR 1-180: In Bihar and UP it is in line with the Industry (based on CRIF Highmark data for the month of Aug'24)

**Centre meeting discipline**

- Centre meeting attendance is lower in the northern markets at ~50-55%. Door-to-door collections stood at 3-4%

**Others**

- CREDAG added 140K new customers during the quarter
- Average and Marginal CoB stood at 9.8% and 9.4%
- Retail Finance will grow (as per its earlier guidance) to ~12-15% of the GLP mix, in the medium term.
- Employees have declined by ~200 because of higher attrition.
- MFIN will review the impact of the guardrails after 3Q and might come out with stringent/relaxed guardrails.
- Overlap with any of the MFI players which were banned by RBI is very low. Biggest overlap is with IndusInd Bank.
- Given the short-term nature of MFI lending, CREDAG believes that the stress/delinquencies will last a short time.
- CREDAG has ~149bp higher provisioning on PAR90+ and ~256bp higher provisioning compared to IRAC prudential norms. It holds additional INR1b provisions on account of early recognition.

## Key exhibits

Exhibit 1: Disbursements declined 11% YoY...

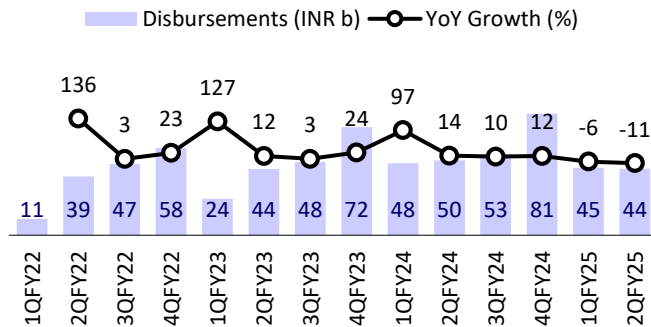


Exhibit 2: ...driving GLP growth of 12% YoY

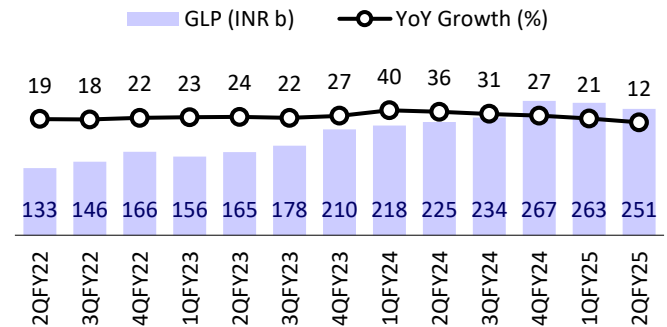


Exhibit 3: Concentration of the top 3 states in AUM remained stable QoQ (%)

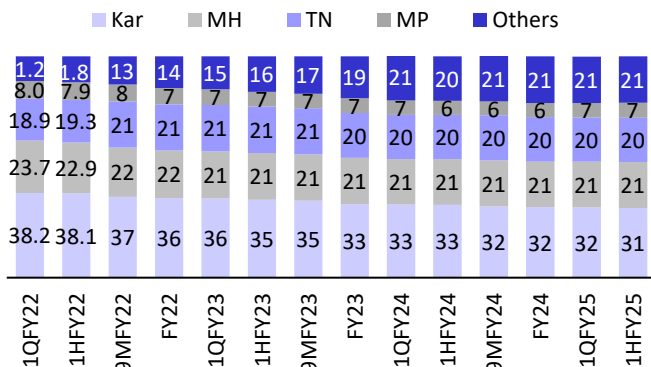


Exhibit 4: Proportion of bank borrowings increased QoQ (%)

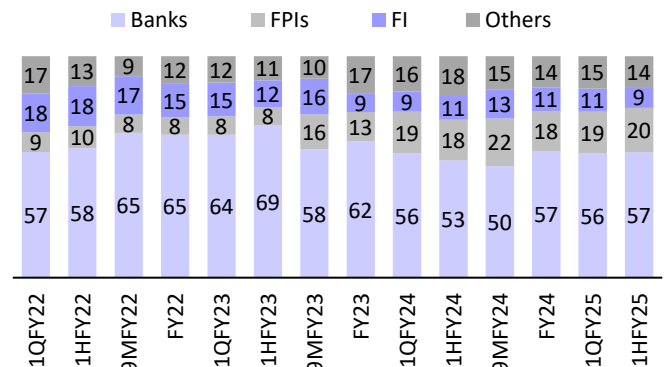


Exhibit 5: Reported NIM expanded 50bp QoQ (%)

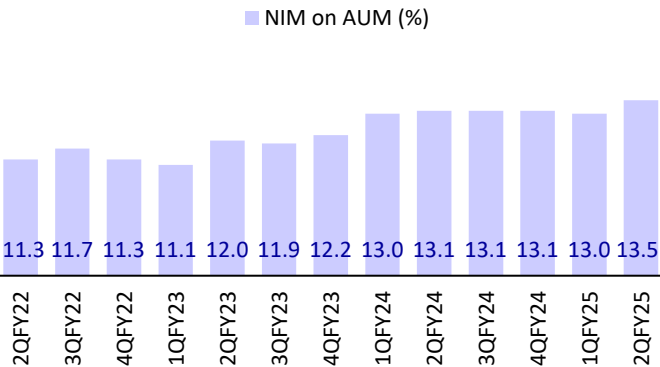


Exhibit 6: C/I ratio increased QoQ to ~31%

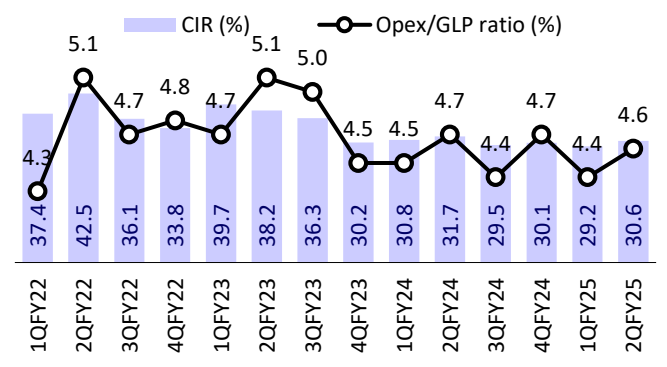


Exhibit 7: GNPA stood at ~2.4% as of Sep'24 (%)

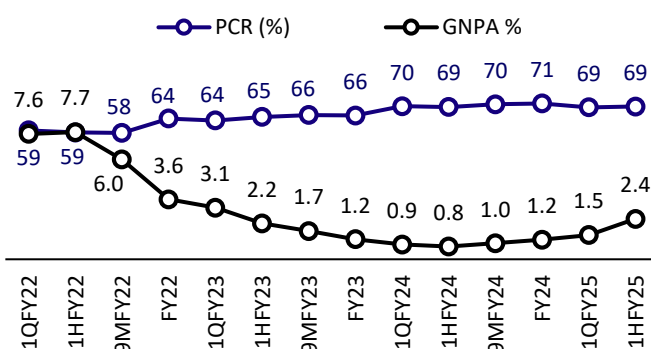
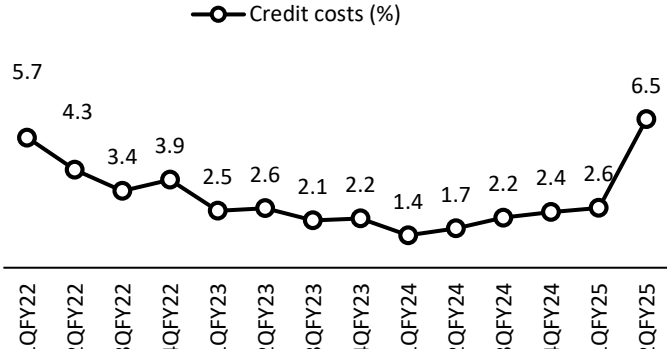


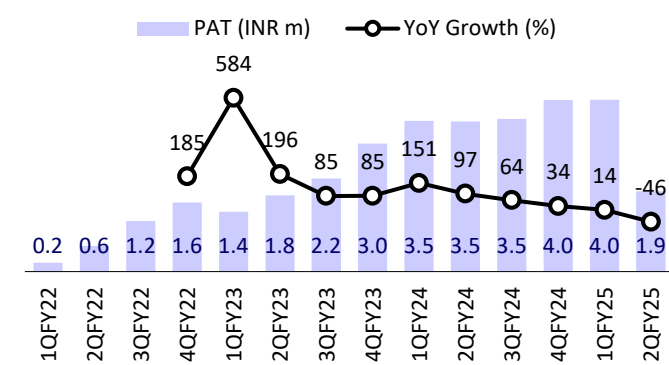
Exhibit 8: Credit costs rose ~390bp QoQ to 6.5%



Sources: MOFSL, Company

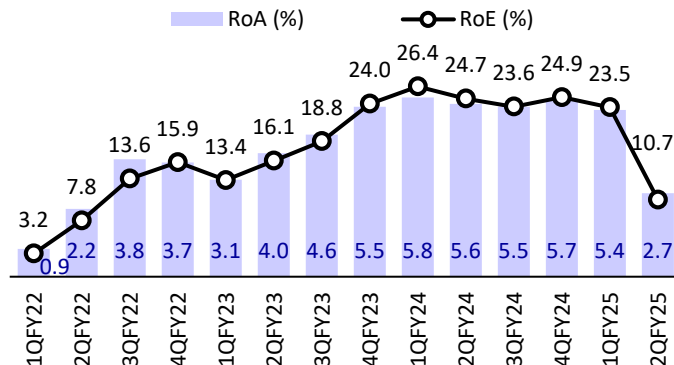
Sources: MOFSL, Company

Exhibit 9: PAT declined ~46% YoY in 2QFY25



Sources: MOFSL, Company

Exhibit 10: RoA/RoE stood at 2.7%/10.7% in 2QFY25



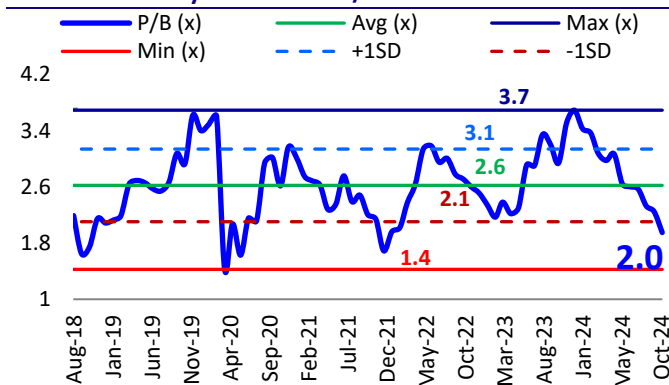
Sources: MOFSL, Company

Exhibit 11: We cut our FY25 EPS estimates by ~19% to factor in higher credit costs and lower non-interest income

INR B	Old Est.			New Est.			% change		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
NII	37.2	41.4	49.2	37.7	42.1	50.8	1.3	1.7	3.1
Other Income	3.0	3.3	3.6	2.3	2.6	3.0	-23.8	-21.6	-17.8
<b>Total Income</b>	<b>40.2</b>	<b>44.7</b>	<b>52.9</b>	<b>39.9</b>	<b>44.6</b>	<b>53.7</b>	<b>-0.5</b>	<b>0.0</b>	<b>1.7</b>
Operating Expenses	12.5	14.5	17.0	12.7	14.7	17.2	1.4	1.4	1.4
<b>Operating Profits</b>	<b>27.7</b>	<b>30.2</b>	<b>35.9</b>	<b>27.3</b>	<b>30.0</b>	<b>36.6</b>	<b>-1.4</b>	<b>-0.7</b>	<b>1.8</b>
Provisions	10.3	9.2	8.6	13.2	8.1	9.0	27.5	-12.8	4.7
<b>PBT</b>	<b>17.4</b>	<b>20.9</b>	<b>27.3</b>	<b>14.1</b>	<b>21.9</b>	<b>27.5</b>	<b>-18.6</b>	<b>4.7</b>	<b>0.9</b>
Tax	4.4	5.3	7.0	3.6	5.6	7.0	-17.6	4.7	0.9
<b>PAT</b>	<b>12.9</b>	<b>15.6</b>	<b>20.3</b>	<b>10.5</b>	<b>16.3</b>	<b>20.5</b>	<b>-18.9</b>	<b>4.7</b>	<b>0.9</b>
AUM	282	343	418	286	351	436			
Borrowings	219	255	302	221	263	320			
RoA	4.4	4.8	5.2	3.6	4.9	5.1			
RoE	18.1	18.4	19.8	15.0	19.7	20.3			

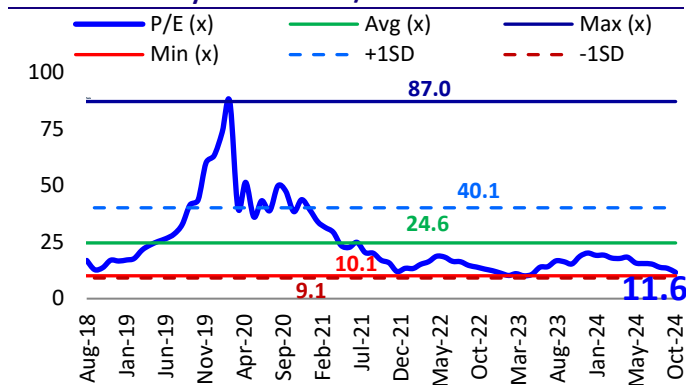
Sources: MOFSL, Company

Exhibit 12: One-year forward P/B



Source: MOFSL, Company

Exhibit 13: One-year forward P/E



Source: MOFSL, Company



## Financials and valuations

Income Statement									(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	12,183	16,334	22,900	25,673	33,271	49,001	57,766	63,888	77,008
Interest Expended	4,168	5,783	9,287	9,841	12,129	17,324	20,092	21,809	26,245
<b>Net Interest Income</b>	<b>8,016</b>	<b>10,551</b>	<b>13,613</b>	<b>15,832</b>	<b>21,143</b>	<b>31,677</b>	<b>37,675</b>	<b>42,079</b>	<b>50,763</b>
Change (%)	58.4	31.6	29.0	16.3	33.5	49.8	18.9	11.7	20.6
Other Income	650	721	1,760	1,825	2,237	2,725	2,271	2,566	2,983
<b>Net Income</b>	<b>8,666</b>	<b>11,271</b>	<b>15,373</b>	<b>17,657</b>	<b>23,379</b>	<b>34,402</b>	<b>39,946</b>	<b>44,645</b>	<b>53,747</b>
Change (%)	67.3	30.1	36.4	14.9	32.4	47.1	16.1	11.8	20.4
Operating Expenses	2,940	4,283	5,856	6,885	8,315	10,493	12,651	14,668	17,190
<b>Operating Income</b>	<b>5,726</b>	<b>6,989</b>	<b>9,517</b>	<b>10,772</b>	<b>15,064</b>	<b>23,910</b>	<b>27,295</b>	<b>29,976</b>	<b>36,557</b>
Change (%)	81.9	22.1	36.2	13.2	39.8	58.7	14.2	9.8	22.0
Provisions and W/Offs	749	2,373	7,714	5,968	4,010	4,518	13,154	8,058	9,015
<b>PBT</b>	<b>4,977</b>	<b>4,616</b>	<b>1,803</b>	<b>4,805</b>	<b>11,054</b>	<b>19,392</b>	<b>14,141</b>	<b>21,919</b>	<b>27,543</b>
Tax	1,760	1,261	490	1,237	2,794	4,933	3,648	5,589	7,023
Tax Rate (%)	35.4	27.3	27.2	25.7	25.3	25.4	25.8	25.5	25.5
<b>PAT</b>	<b>3,218</b>	<b>3,355</b>	<b>1,313</b>	<b>3,568</b>	<b>8,261</b>	<b>14,459</b>	<b>10,493</b>	<b>16,330</b>	<b>20,519</b>
Change (%)	51.4	4.3	-60.9	171.7	131.5	75.0	-27.4	55.6	25.7
Proposed Dividend (Incl Tax)	0	0	0	0	0	1,594	0	0	0

Balance Sheet									(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	1,436	1,440	1,556	1,559	1,589	1,594	1,594	1,594	1,594
Reserves & Surplus	22,215	25,902	35,360	38,218	49,481	64,106	73,005	89,334	1,09,853
<b>Net Worth</b>	<b>23,651</b>	<b>27,342</b>	<b>36,916</b>	<b>39,777</b>	<b>51,070</b>	<b>65,700</b>	<b>74,599</b>	<b>90,928</b>	<b>1,11,447</b>
<b>Borrowings</b>	<b>48,666</b>	<b>95,397</b>	<b>1,09,413</b>	<b>1,29,207</b>	<b>1,63,123</b>	<b>2,18,410</b>	<b>2,21,232</b>	<b>2,63,418</b>	<b>3,19,796</b>
Change (%)	34.3	96.0	14.7	18.1	26.2	33.9	1.3	19.1	21.4
Other liabilities	1,257	3,163	4,264	4,964	4,389	4,352	5,175	6,157	7,331
<b>Total Liabilities</b>	<b>73,574</b>	<b>1,25,902</b>	<b>1,50,592</b>	<b>1,73,948</b>	<b>2,18,581</b>	<b>2,88,462</b>	<b>3,01,005</b>	<b>3,60,503</b>	<b>4,38,575</b>
Cash and bank balances	6,156	7,176	24,844	17,614	14,364	13,139	15,891	12,794	14,971
<b>Loans and Advances</b>	<b>66,028</b>	<b>1,10,989</b>	<b>1,17,205</b>	<b>1,47,653</b>	<b>1,90,433</b>	<b>2,51,050</b>	<b>2,60,580</b>	<b>3,21,242</b>	<b>3,94,810</b>
Change (%)	34.9	68.1	5.6	26.0	29.0	31.8	3.8	23.3	22.9
Fixed Assets	187	5,793	5,734	5,739	968	1,214	1,456	1,747	2,097
Investments	2	456	5	5	4,545	14,389	13,670	14,353	15,071
Intangible Assets		0	0	4,673	5,061	4,923	4,923	4,923	4,923
Other Assets	1,200	1,488	2,804	2,937	3,208	3,747	4,486	5,445	6,703
<b>Total Assets</b>	<b>73,572</b>	<b>1,25,447</b>	<b>1,50,587</b>	<b>1,73,942</b>	<b>2,18,581</b>	<b>2,88,462</b>	<b>3,01,005</b>	<b>3,60,503</b>	<b>4,38,575</b>

E: MOFSL Estimates



## Financials and valuations

Ratios	(%)								
AUM and Disbursements (INR m)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
AUM	71,590	1,19,960	1,35,870	1,65,990	2,10,320	2,67,140	2,85,842	3,51,346	4,35,611
YoY growth (%)	43.9	67.6	13.3	22.2	26.7	27.0	7.0	22.9	24.0
Disbursements	82,212	1,08,040	1,10,104	1,54,670	1,88,090	2,31,340	2,24,400	2,82,744	3,47,775
YoY growth (%)	35.2	31.4	1.9	40.5	21.6	23.0	-3.0	26.0	23.0

Ratios	(%)								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Spreads Analysis (%)									
Yield on Portfolio	20.1	18.1	19.8	19.2	19.4	21.8	22.1	21.5	21.1
Cost of Borrowings	9.8	8.0	9.1	8.2	8.3	9.1	9.1	9.0	9.0
Interest Spread	10.3	10.1	10.7	11.0	11.1	12.7	13.0	12.5	12.1
Net Interest Margin	13.9	11.9	11.9	12.0	12.5	14.4	14.7	14.5	14.2
Profitability Ratios (%)									
RoE	16.9	13.2	4.1	9.3	18.2	24.8	15.0	19.7	20.3
RoA (on balance sheet)	5.2	3.4	0.9	2.2	4.2	5.7	3.6	4.9	5.1
Debt: Equity (x)	2.1	3.5	3.0	3.2	3.2	3.3	3.0	2.9	2.9
Leverage (x)	3.3	3.9	4.3	4.2	4.3	4.4	4.0	4.0	3.9
Efficiency Ratios (%)									
Int. Expended/Int.Earned	34.2	35.4	40.6	38.3	36.5	35.4	34.8	34.1	34.1
Op. Exps./Net Income	33.9	38.0	38.1	39.0	35.6	30.5	31.7	32.9	32.0
Empl. Cost/Op. Exps.	63.3	61.2	64.9	63.6	62.0	63.8	64.0	64.1	63.4
Other Income/Net Income	7.5	6.4	11.5	10.3	9.6	7.9	5.7	5.7	5.6
Asset quality									
GNPA	385	1,738	5,487	5,587	2,364	3,037	7,913	5,837	6,661
NNPA	109	458	1,686	1,974	808	888	2,216	1,518	1,732
GNPA %	0.6	1.5	4.5	3.7	1.2	1.2	2.9	1.8	1.6
NNPA %	0.2	0.4	1.4	1.3	0.4	0.3	0.8	0.5	0.4
PCR %	71.7	73.6	69.3	64.7	65.8	70.8	72.0	74.0	74.0

Valuation	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Book Value (INR)	165	190	237	255	321	412	468	571	699
BV Growth (%)	47.2	15.3	25.0	7.5	25.9	28.3	13.5	21.9	22.6
Price-BV (x)		5.2	4.1	3.8	3.1	2.4	2.1	1.7	1.4
EPS (INR)	22.4	23.3	8.4	22.9	52.0	90.7	65.8	102.5	128.7
EPS Growth (%)	35.5	3.9	-63.8	171.2	127.1	74.5	-27.4	55.6	25.7
Price-Earnings (x)		42.1	116.3	42.9	18.9	10.8	14.9	9.6	7.6
Dividend per share		0.0	0.0	0.0	0.0	10.0	0.0	0.0	0.0
Dividend Yield (%)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

E: MOFSL Estimates

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NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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