21 January 2025

3QFY25 Result Update| Sector: NBFCs

PNB Housing

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	PNBHOUSI IN
Equity Shares (m)	260
M.Cap.(INRb)/(USDb)	233.5 / 2.7
52-Week Range (INR)	1202 / 600
1, 6, 12 Rel. Per (%)	6/21/-4
12M Avg Val (INR M)	2005

Financials Snapshot (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	26.9	34.2	42.1
PPP	22.9	30.4	38.4
PAT	18.9	23.1	27.9
EPS (INR)	73	89	108
EPS Gr. (%)	25	22	21
BV/Sh. (INR)	649	726	818
Ratios			
NIM (%)	3.9	4.1	4.3
C/I ratio (%)	26.3	23.6	22.0
RoAA (%)	2.4	2.5	2.6
RoE (%)	11.9	12.9	13.9
Valuations			
P/E (x)	12.3	10.1	8.3
P/BV (x)	1.4	1.2	1.1
Div. Yield (%)	1.4	1.7	2.0

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	28.1	28.1	28.1
DII	26.9	22.2	7.9
FII	24.3	20.4	24.7
Others	20.7	29.3	39.3

FII Includes depository receipts

CMP: INR898 TP: INR1,160 (+29%) Buy

Sustains all-round healthy performance!

Earnings in line; NIM expands marginally, while asset quality improves

- PNB Housing (PNBHF) delivered an all-round healthy performance wherein it exhibited 1) a healthy retail loan growth of ~17.5% YoY, 2) a minor expansion (~2bp) in NIM, 3) a continued improvement in asset quality, and 4) recoveries from its retail written-off pool, which have kept credit costs benign and resulted in provision write-backs for the third consecutive quarter. PNBHF's 3QFY25 PAT grew 23% YoY to ~INR4.7b (6% beat).
- NII rose ~16% YoY to ~INR6.9b (in line). Opex rose ~21% YoY to ~INR2.1b. PPOP grew ~16% YoY to INR5.8b (in line). Credit costs net of recoveries from the written-off pool resulted in a write-back of INR360m. This translated into net credit costs of -19bp (PQ: -27bp).
- PNBHF is confident of scaling its retail loan book to ~INR1t by FY27, with affordable and emerging forming ~15% and ~25% of the loan mix, respectively. The company expects robust mortgage demand to sustain over the next few years, and the revival of the PMAY scheme is expected to further support growth in its affordable and emerging market segments.
- Management indicated that repo rate cuts are unlikely to impact NIMs. However, temporary NIM compression may arise from competitive pressures, which can be effectively managed. The company guided NIM improvement driven by a better product mix. Management expects NIM to reach ~4% by FY27. We model NIMs of 4.1%/4.3% for FY26/FY27.
- GNPA/NNPA stood at ~1.2%/0.8% and improved ~5bp each QoQ. Retail GNPA also improved ~5bp QoQ while Corporate GNPA continued to be NIL.
- We continue to believe in our thesis of a transformation at PNBHF and the management's ability to deliver RoA improvement predicated on: 1) healthy retail loan CAGR of ~18%; 2) NIM improvement from FY26; and 3) benign credit costs from sustained recoveries from the written-off pool.
- We expect PNBHF to deliver a CAGR of 18%/23% in AUM/PAT over FY24-FY27 and ~2.6%/14% RoA/RoE in FY27. **Reiterate BUY with a TP of INR1,160 (based on 1.5x Sep'26E BVPS).**

Highlights from the management commentary

- The company guided credit costs of ~18bp in Prime, ~22-23bp in Emerging, and ~30bp in Affordable, resulting in blended credit costs of ~25bp. Management expects provision write-backs to continue over the next few quarters, which will keep credit costs benign in FY26 as well.
- The company shared that it expects to resume sanctions/disbursements in its Corporate segment from 4QFY25 itself.
- PNBHF plans to open ~50 branches in 4QFY25. This includes an addition to ~40 branches in affordable housing, which will take the total affordable branch count to 200. Management guided that the company's affordable loan book will scale up to ~INR50b by Mar'25.

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Valuation and view

- PNBHF's execution in 9MFY25 has been in line with its guided playbook, and we believe that it will continue to move forward with the strength to deliver on its articulated guidance on loan growth, asset quality, credit costs, and improvement in NIM.
- The stock trades at 1.1x FY27E P/BV, and the risk-reward is favorable for a re-rating in the valuation multiple as investors gain higher confidence in the company's sustained execution in retail (across prime, emerging, and affordable segments). **Reiterate BUY with a TP of INR1,160 (based on 1.5x Sep'26E BVPS).** Key risks: a) inability to drive NIM expansion amid aggressive competition in mortgages, and b) subsequent seasoning in the affordable loan book leading to asset quality deterioration.

Quarterly performance (INR m)

	FY24				FY25E				FY24	FY25E	3Q FY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	16,669	17,029	16,795	16,929	17,391	17,803	18,484	19,334	67,422	73,012	18,497	0
Interest Expenses	10,475	10,573	10,866	10,697	10,969	11,185	11,579	12,342	42,611	46,076	11,688	-1
Net Interest Income	**6,194**	**6,456**	**5,929**	**6,232**	**6,421**	**6,618**	**6,905**	**6,992**	**24,811**	**26,937**	**6,809**	**1**
YoY Growth (%)	68.1	1.9	-17.3	7.2	3.7	2.5	16.47	12.2	7.8	8.6	14.8	
Other income	408	765	765	1,211	930	994	947	1,283	3,149	4,153	1,058	-11
Total Income	**6,602**	**7,221**	**6,694**	**7,443**	**7,352**	**7,612**	**7,852**	**8,275**	**27,960**	**31,090**	**7,867**	**0**
YoY Growth (%)	37.3	0.2	-16.3	18.2	11.3	5.4	17.3	11.2	6.3	11.2	17.5	
Operating Expenses	1,530	1,702	1,700	1,778	1,929	2,020	2,057	2,157	6,710	8,164	2,071	-1
YoY Growth (%)	26.0	24.4	34.7	21.1	26.1	18.7	21.0	21.3	26.3	21.7	21.8	
Operating Profits	**5,072**	**5,519**	**4,994**	**5,665**	**5,422**	**5,591**	**5,795**	**6,117**	**21,250**	**22,926**	**5,796**	**0**
YoY Growth (%)	41.1	-5.4	-25.9	17.3	6.9	1.3	16.0	8.0	1.2	7.9	16.1	
Provisions	606	448	591	66	-120	-456	-361	-391	1,711	-1,328	-410	-12
Profit before Tax	**4,467**	**5,071**	**4,403**	**5,598**	**5,542**	**6,047**	**6,157**	**6,508**	**19,539**	**24,254**	**6,206**	**-1**
Tax Provisions	994	1,241	1,019	1,206	1,214	1,351	1,324	1,472	4,459	5,360	1,396	-5
Profit after tax	**3,473**	**3,830**	**3,384**	**4,393**	**4,328**	**4,697**	**4,833**	**5,036**	**15,080**	**18,894**	**4,810**	**0**
YoY Growth (%)	47.8	45.8	25.8	57.3	24.6	22.6	42.8	14.7	44.2	25.3	42.1	
Key Operating Parameters (%)												
Rep. Yield on loans	10.59	10.58	10.19	10.08	10.03	10.05	10.12	0.00				
Rep. Cost of funds	7.97	7.99	8.07	7.98	7.92	7.84	7.83	0.00				
Spreads	2.62	2.59	2.12	2.10	2.11	2.21	2.29	0.00				
Net Interest Margins	3.86	3.95	3.49	3.65	3.65	3.68	3.70	0.00				
Cost to Income Ratio	23.2	23.6	25.4	23.9	26.2	26.5	26.2	26.1				
Credit Cost	0.40	0.30	0.38	0.04	-0.07	-0.27	-0.20	-0.21				
Tax Rate	22.2	24.5	23.1	21.5	21.9	22.3	21.5	22.6				
Balance Sheet Parameters												
Loans (INR B)	604	609	623	654	670	695	719	756				
Change YoY (%)	6.2	5.2	7.4	10.3	15.1	14.2	15.4	15.7				
AUM (INR B)	673	674	685	712	725	747	768	801				
Change YoY (%)	4.0	2.6	4.3	6.9	11.0	10.8	12.1	12.4				
Borrowings (Ex Assgn.INR B)	527	536	531	551	557	570	599	653				
Change YoY (%)	3.3	2.3	1.2	2.6	8.2	6.5	12.8	18.6				
Loans /Borrowings (%)	114.6	113.6	117.4	118.7	120.2	121.9	120.1	115.9				
Off BS loans/AUM (%)	10.4	9.7	9.1	8.3	10.7	7.0	6.4	5.5				
Debt/Equity (x)	3.8	3.8	3.7	3.7	3.6	3.6	3.7	0.0				
Asset Quality Parameters (%)												
GS 3 (INR m)	22,700	10,860	10,790	9,840	9,060	8,650	8,570					
Gross Stage 3 (% on loans)	3.76	1.78	1.73	1.51	1.35	1.24	1.19					
NS 3 (INR m)	15,430	7,170	7,080	6,160	6,120	5,820	5,720					
Net Stage 3 (% on loans)	2.59	1.19	1.14	0.95	0.92	0.84	0.80					
PCR (%)	32.0	34.0	34.38	37.4	32.5	32.7	33.26					

E: MOFSL Estimates

Disbursements remain healthy; affordable loan book rises 30% QoQ

- Retail disbursements in 3QFY25 grew 30% YoY but were flat QoQ at ~INR53.8b. Corporate disbursements were NIL during the quarter. The affordable and emerging market segments contributed ~38% to retail disbursements.
- The total loan book grew ~15% YoY/3% QoQ to ~INR719b. Retail loans grew ~18% YoY to INR707b. The affordable and emerging segments form ~24% of the retail loan assets. As of Dec'24, the affordable book grew to ~INR38.4b (PQ: ~INR30b).
- Management was confident of achieving ~INR1t of the retail book by FY27, including an affordable mix of 15% and an emerging market mix of 25%. We expect a loan CAGR of ~18% over FY24-27.

NIM expands ~2bp QoQ; CoB stable sequentially

- Reported NIM in 3QFY25 expanded ~2bp QoQ to 3.7%. The portfolio CoB was largely stable QoQ at ~7.83%, and incremental CoF was also stable at ~7.82%.
- Management indicated that rate cuts are unlikely to impact NIMs. However, temporary NIM compression may arise from competitive pressures, which the company believes can be effectively managed. Management anticipates NIM improvement driven by a better product mix and expects NIM to reach ~4% by FY27. We model NIMs of 4.1%/4.3% for FY26/FY27.

Asset quality continues to improve; retail GNPA improves ~5bp sequentially

- Total GNPA/NNPA stood at ~1.2%/0.8% (% of loan assets) and improved ~5bp/ 4bp QoQ. Retail GNPA improved ~5bp QoQ to 1.2%, while Corporate GNPA was NIL (like last quarter).
- The company has a written-off pool of ~INR12.5b in the corporate segment (where it expects recovery of ~67% over the next three years) and ~INR2.5b in the retail segment (where it expects recoveries of INR450-500m over the next 3-4 quarters).

Strong advantage in affordable and emerging housing segments

- PNBHF's affordable housing book grew ~30% QoQ, to ~INR38.4b as of Dec'24, driven by a ~127% YoY surge in disbursements to ~INR9.2b. The company expects to grow its affordable loan book to ~INR50b by Mar'25.
- PNBHF's emerging markets loan book stood at ~INR132b, accounting for ~19% of its retail assets as of Dec'24.
- Incremental yields in the affordable segment stood at ~12.1% (vs. ~11.95% in 2QFY25 and ~11.6% in 3QFY24), driven by continued focus on higher-yielding segments. Management shared that yields will continue to improve going forward given that it is opening newer branches in the Tier 3 cities.

CONFERENCE CALL

Highlights from the management commentary

Guidance

- Confident of achieving ~INR1t of Retail book by FY27, including an affordable mix of 15% and Emerging mix of 25%
- Guided for credit costs of ~18bp in Prime, ~22-23bp in Emerging, and ~30bp in Affordable, resulting in blended credit costs of ~25bp.
- Provision write-backs should continue for the next few quarters. For FY26 as well, there will be provision write-backs.
- On a steady state basis, it has guided for opex to ATA of 1.0-1.1%
- Affordable book has doubled in the last nine months and the company aims to take this book to ~INR50b by Mar'25.

Demand outlook

- Management expects demand to be robust for the next few years. PMAY scheme has started and it will be positive for its Emerging and affordable segments.

Liabilities and Impact on NIM

- 20% of its liabilities are fixed-rate
- For every ~25bp cut in the repo rates, its CoB will decline by ~10bp, which will be passed on to the customers. It does not expect an impact on NIM from Repo rate cuts. However, depending on the competitive intensity, there could be a transitory NIM compression, which can be managed.
- NIM will improve from an improvement in the product mix and it expects NIM to improve to ~4% by FY27.

Corporate Book - Resumption of growth from 4QFY25 onwards

- There might be some sanctions and one disbursement in the Corporate book in the current quarter. Corporate business will resume from 4QFY25 onwards.
- It will be sanctioning only.

Asset Quality

- Written-off pool of ~INR12.5b in Corporate (expects recovery of ~67% over next three years) and ~INR2.5b in Retail (expects recoveries of INR450-500m over the next 3-4 quarters).
- PNBHF is constantly checking its portfolio for stress tests. It has good pre-delinquency management. So far it has not seen any stress which will worry the company on its mortgage book across Prime, Emerging, and Roshini.
- The increase in Stage 2 was driven by a stage movement in the Corporate account. It expects this account to move back to Stage 1 in the current quarter. PNBHF's principal outstanding has come down by ~INR2b in this Corporate account.
- Excluding the recoveries from retail, the annualized credit costs stood at ~20bp

Corporate Account which slipped into Stage 2

- This account has been in the SMA bucket and hence it was monitored very closely. The principal outstanding has declined by ~INR2b over the last 2 years.

Business Updates

- The company has surpassed its retail loan growth guidance of 17% and registered a retail loan growth of 17.5%
- Retail loan book has now surpassed INR700b - This is the highest-ever retail book in the history of the company.
- Disbursements were stable QoQ (+31% YoY) despite disruptions in Karnataka, Elections in Maharashtra, and Hydra in Telangana.
- Affordable and Emerging contributed ~38% to the total retail disbursements in 3QFY25.
- PAT stood at INR4.83b, which grew 43% YoY. NIM stood at 3.7% (v/s 3.68% QoQ).
- Corporate Loan-book stood at ~INR12.4b
- Total AUM stood at INR768b
- It has 305 branches across 20 states and plans to open 50 branches in 4QFY25. It will take affordable branches to 200 (from 160 branches currently).
- As per ICRA estimates, the GNPA of the sector is expected to remain stable at 2.1-2.3% as of Mar'25.
- PNBHF raised ECB of USD250m in 9MFY25
- Affordable and Emerging contribute 23% to the Loan Mix.
- Credit costs stood at -19bp (PQ: -24bp and PY: 34bp) and the written-off pool stood at ~INR12.5b in Corporate and ~INR2.5b in Retail.
- PMAY Scheme has become effective from Sep'24. The company has sourced 5000 applications amounting to INR6.75b of disbursements, under the PMAY scheme.
- CRAR stood at ~28.8% as of Dec'24

Financial Performance

- Retail loan book grew 17.5% YoY and disbursements grew 31% YoY
- NII grew 17% YoY to INR6.96b
- CoB has now stabilized and most of the benefit from the Rating upgrade has now been realized.
- Received NHB sanctions of INR50b - which it has drawn down partially and the remaining drawdown will be done in 4Q.
- Cost to ATA remains stable between 1.0-1.1% (in line with guidance)
- Operating profit for the retail segment has also grown 17% YoY
- Recoveries of INR530m from the retail written-off pool
- 9MFY25 RoA stood at 2.53% and RoE at 11.9%
- SLR requirement has been changed to 14% from 1 Jan 2025

Prime and Emerging Markets Business

- Disbursals grew 31% YoY.
- Disbursements were good despite disruptions in Karnataka, Hyderabad, AP on account of rains and Maharashtra Elections.

- Asset quality in the Emerging markets segment is on par with the Prime markets.
- Emerging and Affordable segments contribute 24% to the loan mix and 38% to the disbursement mix.
- The company will be adding 10 more branches in the Emerging Markets business in 4QFY25

Prime

- Disbursals grew 15% YoY and loan books grew 11% YoY
- Run-offs across Prime and Emerging are below 17% (on an annualized basis)
- Working on increasing its yields on incremental disbursements.

Affordable Business

- Affordable book stood at INR38.4b, which grew ~234% YoY
- Disbursals stood at INR9.2b in 3QFY25, which grew 127% YoY and 46% QoQ
- Affordable has 161 branches and it is targeting 130+ high-potential districts
- It will be entering two new States - Punjab and Haryana - for affordable business
- In the last few quarters, it has strengthened its distribution
- Impaneled 500 channel partners for DSA partnership and has more than 1,000 impaneled vendors across the country for legal and technical due diligence.
- The company will be adding 40 affordable branches in 4QFY25
- Incremental yields stood at 12.1% (11.95% in 2QFY25 and 11.6% in 3QFY24). Continuous focus on higher-yielding segments. Yields will continue to increase going forward given that it is opening its newer branches in the Tier 3 cities.
- Guided for affordable housing book to grow to ~INR50b by Mar'25.

Underwriting and Resolutions

- 95% of its fresh sanction volumes had a ticket size of <INR100m
- As of Dec'24, for business originated in the last 12 months, the 30+ dpd stood at 0.11% and NPA stood at 0.03%, and for business originated in the last 24 months, the 30+ dpd stood at 0.53% and NPA stood at 0.13%
- Recovery from the written-off pool stood at INR530m (which is far higher than the recovery in the previous two quarters)
- 152 successful auctions were done in 3QFY25 (v/s 134 in 2QFY25)

Technology initiatives

- The technology transformation agenda (initiated in 4QFY24) is now in the final stages of completion
- Cloud-based LoS is currently operating in pilot mode across select branches.

Run-down (including Balance Transfers)

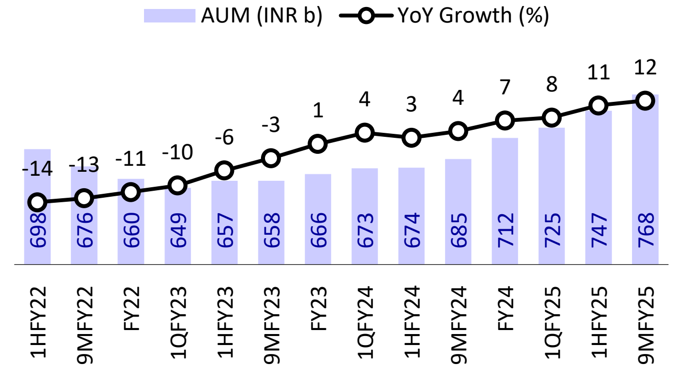
- BT-OUT is in the range of 5.5-6.0%
- Whenever the customer approaches PNBHF for re-pricing, it tries to retain the customers.
- Overall run-down in the book stood at 16.5-17.0%, including BT-OUT, foreclosures, part prepayments, and normal amortization.
- BT-In is 17-18% in Prime and Emerging and 25-27% in the Affordable segment.

Others

- PNBHF shared that it lost business of INR5-6b because of disruptions in States such as Karnataka and Telangana.
- Other opex is seasonal in nature and some marketing expenses were incurred during the festive quarter. This will normalize in the coming quarters.
- The plan is to grow the retail loan book by 17% YoY, which can be managed through a combination of disbursements and managing run-downs.
- Fee income growth of 21% and within that the insurance commissions have grown at ~31% (in line with the disbursement growth)
- Affordable business is already profitable and it can move towards steady-state RoA within the next year
- 84% of the customer onboarding is above the Bureau Score of 700. Only customers with a good repayment track record are on-boarded.
- The non-housing book has LAP, LRD, and funding for commercial properties.

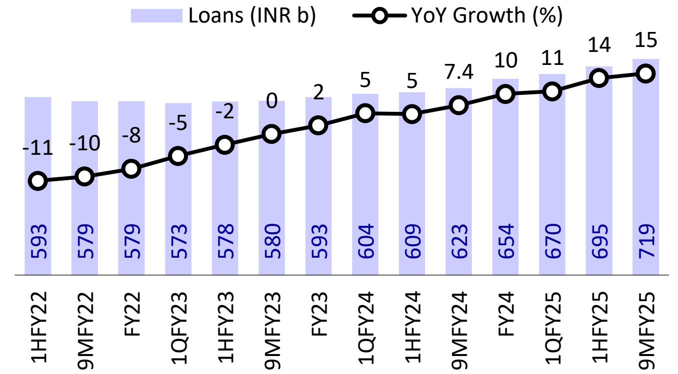
Key exhibits

Exhibit 1: AUM grew 12% YoY…



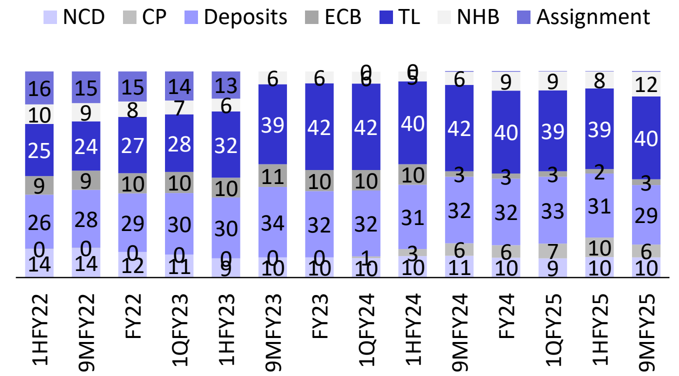
Source: MOFSL, Company

Exhibit 2: …while on-book loans grew 15% YoY



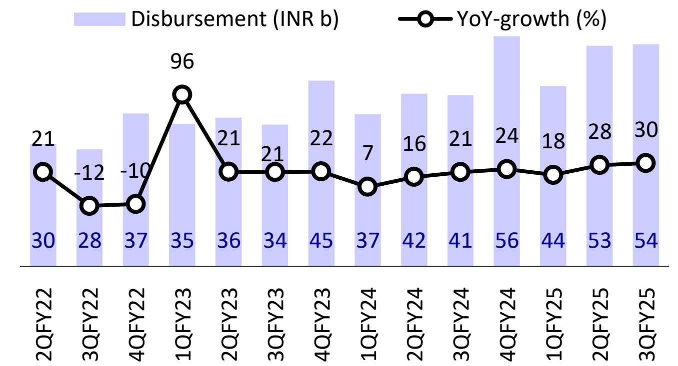
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)



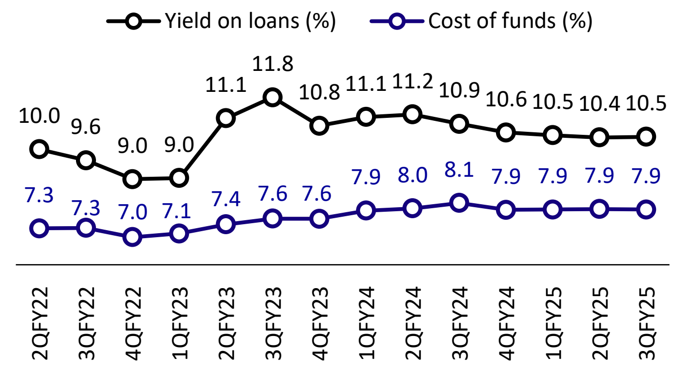
Source: MOFSL, Company

Exhibit 4: Disbursements grew ~30% YoY



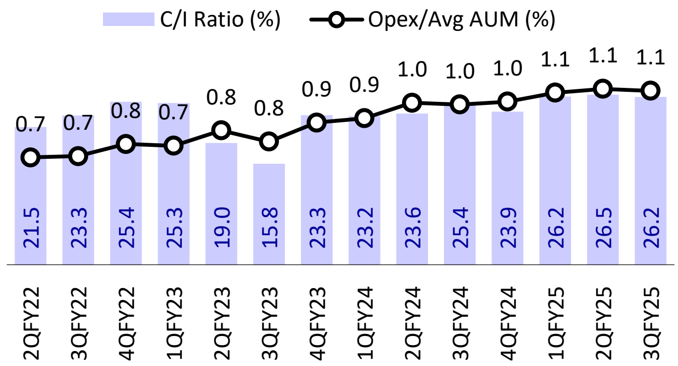
Source: MOFSL, Company

Exhibit 5: Reported spreads improved ~10bp QoQ (%)



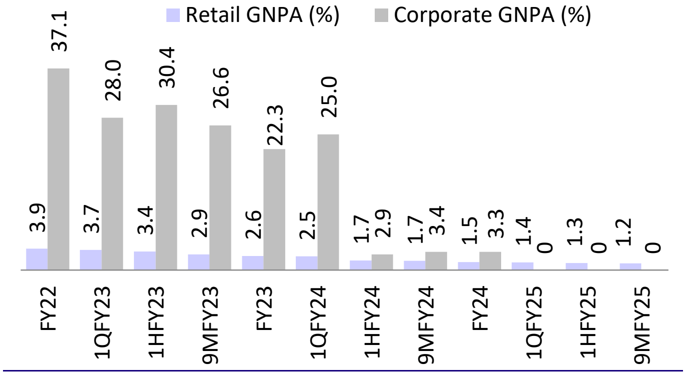
Source: MOFSL, Company, Calculated

Exhibit 6: C/I ratio remained largely stable QoQ (%)



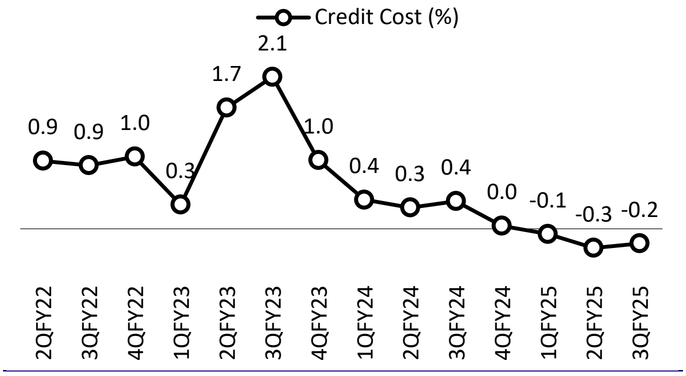
Source: MOFSL, Company, Calculated

Exhibit 7: Retail GNPA improved ~5bp QoQ



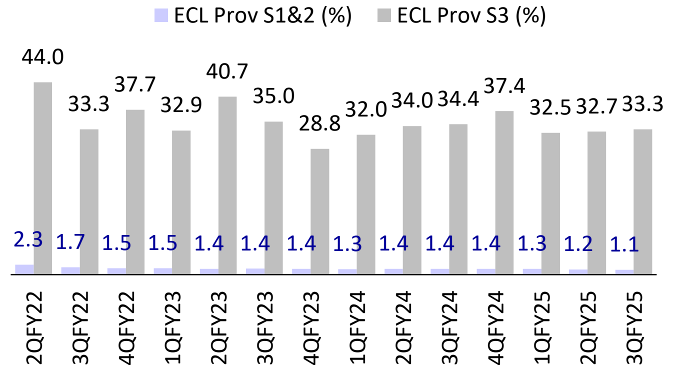
Source: MOFSL, Company

Exhibit 8: PNBHF took P&L write-back of ~INR360m (%)



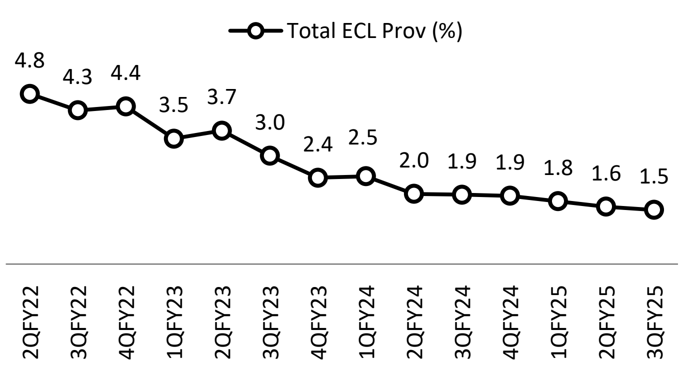
Source: MOFSL, Company

Exhibit 9: Stage 3 PCR rose ~55bp QoQ …



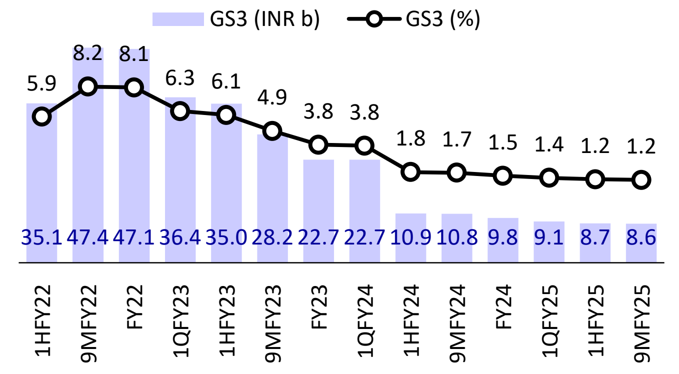
Source: MOFSL, Company

Exhibit 10: …while ECL/EAD declined to 1.5% of loans



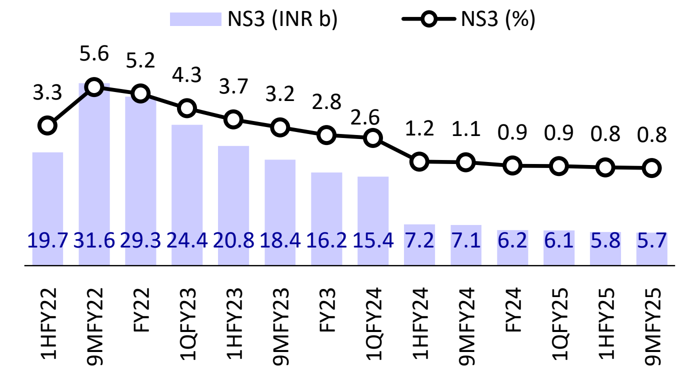
Source: MOFSL, Company

Exhibit 11: GS3 improved sequentially by 5bp



Source: MOFSL, Company

Exhibit 12: NS3 also improved ~5bp QoQ



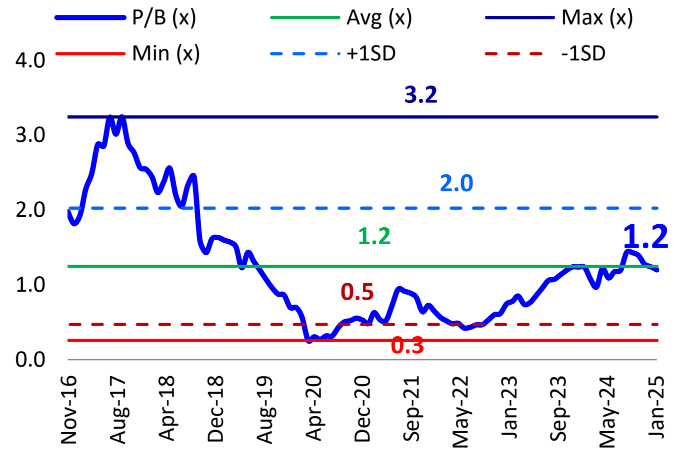
Source: MOFSL, Company

Exhibit 13: We keep our EPS estimates broadly unchanged

INR b	Old Est.			New Est.			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
NII	26.7	35.4	42.7	26.9	34.2	42.1	1.0	-3.3	-1.5
Other Income	4.4	5.8	7.0	4.2	5.6	7.2	-6.2	-2.7	2.0
Total Income	**31.1**	**41.2**	**49.7**	**31.1**	**39.8**	**49.2**	**0.0**	**-3.2**	**-1.0**
Operating Expenses	8.2	9.4	10.9	8.2	9.4	10.8	-0.6	-0.2	-0.6
Operating Profits	**22.9**	**31.7**	**38.8**	**22.9**	**30.4**	**38.4**	**0.2**	**-4.1**	**-1.1**
Provisions	-1.4	2.0	2.7	-1.3	0.8	2.6	-	-57.9	-4.2
PBT	**24.3**	**29.8**	**36.1**	**24.3**	**29.6**	**35.8**	**-0.1**	**-0.6**	**-0.8**
Tax	5.4	6.6	7.9	5.4	6.5	7.9	-1.0	-0.6	-0.8
PAT	**18.9**	**23.2**	**28.2**	**18.9**	**23.1**	**27.9**	**0.1**	**-0.6**	**-0.8**
Loan book	765	907	1,075	756	898	1,075	-1.1	-1.1	0.0
NIM (%)	3.8	4.2	4.3	3.9	4.1	4.3			
Spreads (%)	2.3	3.0	3.2	2.4	2.9	3.1			
ROAA (%)	2.4	2.5	2.6	2.4	2.5	2.6			
RoAE (%)	11.9	13.0	14.0	11.9	12.9	13.9			

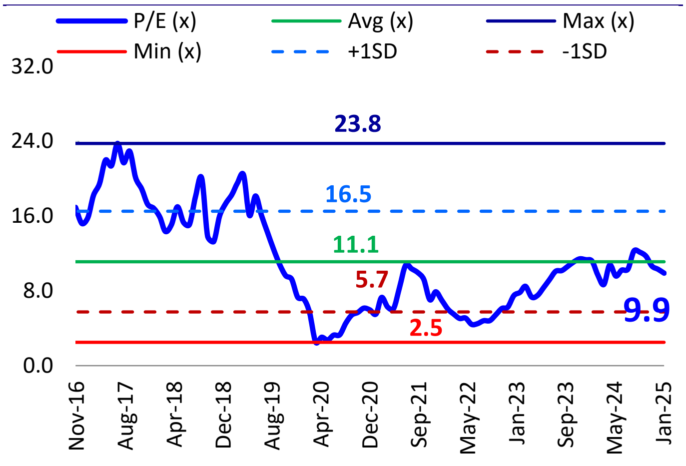
Source: MOFSL estimates

Exhibit 14: One-year forward P/B



Source: MOFSL, Company

Exhibit 15: One-year forward P/E



Source: MOFSL, Company

Financials and Valuation

Income statement									(INR m)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Interest Income	67,929	76,882	71,898	58,220	61,991	67,422	73,012	86,837	1,04,086
Interest Expended	51,664	58,750	50,998	40,645	38,985	42,611	46,076	52,617	62,020
Net Interest Income	**16,265**	**18,133**	**20,901**	**17,575**	**23,006**	**24,811**	**26,937**	**34,220**	**42,066**
Change (%)	7.7	11.5	15.3	-15.9	30.9	7.8	8.6	27.0	22.9
Other Operating Income	8,904	8,013	4,343	3,787	3,306	3,149	4,153	5,627	7,152
Net Income	**25,169**	**26,146**	**25,243**	**21,363**	**26,311**	**27,960**	**31,090**	**39,847**	**49,218**
Change (%)	28.9	3.9	-3.5	-15.4	23.2	6.3	11.2	28.2	23.5
Operating Expenses	5,935	5,522	4,554	4,760	5,313	6,710	8,164	9,417	10,820
Operating Income	**19,234**	**20,624**	**20,689**	**16,603**	**20,998**	**21,250**	**22,926**	**30,430**	**38,398**
Change (%)	27.3	7.2	0.3	-19.7	26.5	1.2	7.9	32.7	26.2
Provisions/write offs	1,890	12,514	8,619	5,764	7,389	1,711	-1,328	827	2,565
PBT	**17,344**	**8,110**	**12,070**	**10,840**	**13,609**	**19,539**	**24,254**	**29,603**	**35,833**
Extraordinary Items	0	0	0	0	0	0	0	0	0
Reported PBT	**17,344**	**8,110**	**12,070**	**10,840**	**13,609**	**19,539**	**24,254**	**29,603**	**35,833**
Tax	5,429	2,201	2,978	2,475	3,149	4,459	5,360	6,513	7,883
Tax Rate (%)	31.3	27.1	24.7	22.8	23.1	22.8	22.1	22.0	22.0
DTL on Special Reserve									
Reported PAT	**11,915**	**5,909**	**9,092**	**8,365**	**10,460**	**15,080**	**18,894**	**23,090**	**27,950**
Change (%)	41.7	-50.4	53.9	-8.0	25.0	44.2	25.3	22.2	21.0
PAT adjusted for EO	**11,915**	**5,909**	**9,092**	**8,365**	**10,460**	**15,080**	**18,894**	**23,090**	**27,950**
Change (%)	41.7	-50.4	53.9	-8.0	25.0	44.2	25.3	22.2	21.0
Proposed Dividend	1,809	0	0	0	0	0	3,174	3,948	4,779

Balance sheet									(INR m)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Capital	1,675	1,682	1,683	1,686	1,689	2,597	2,597	2,597	2,597
Reserves & Surplus	73,764	78,296	87,548	97,030	1,08,448	1,47,147	1,66,041	1,85,957	2,09,959
Net Worth	**75,439**	**79,978**	**89,230**	**98,716**	**1,10,137**	**1,49,744**	**1,68,638**	**1,88,554**	**2,12,556**
Borrowings	**7,18,589**	**6,77,351**	**5,93,925**	**5,30,050**	**5,36,211**	**5,50,166**	**6,52,852**	**7,82,818**	**9,47,173**
Change (%)	33.6	-5.7	-12.3	-10.8	1.2	2.6	18.7	19.9	21.0
Other liabilities	44,662	31,969	30,767	28,530	15,795	24,138	25,345	26,612	27,943
Total Liabilities	**8,38,690**	**7,89,297**	**7,13,922**	**6,57,296**	**6,62,143**	**7,24,049**	**8,46,835**	**9,97,984**	**11,87,672**
Loans	**7,42,879**	**6,66,280**	**6,06,447**	**5,53,359**	**5,78,398**	**6,41,082**	**7,56,491**	**8,97,727**	**10,75,111**
Change (%)	30.0	-10.3	-9.0	-8.8	4.5	10.8	18.0	18.7	19.8
Investments	**45,607**	**20,757**	**20,448**	**34,827**	**31,963**	**43,460**	**47,806**	**52,587**	**57,845**
Change (%)	89.0	-54.5	-1.5	70.3	-8.2	36.0	10.0	10.0	10.0
Net Fixed Assets	1,083	1,353	1,056	935	839	989	1,038	1,090	1,145
Other assets	49,122	1,00,906	85,971	68,175	50,943	38,517	41,500	46,581	53,570
Total Assets	**8,38,690**	**7,89,297**	**7,13,922**	**6,57,296**	**6,62,143**	**7,24,049**	**8,46,835**	**9,97,984**	**11,87,672**

E: MOFSL Estimates

Financials and Valuation

Ratios									(%)
Y/E March	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Spreads Analysis (%)									
Avg yield on loans	10.1	10.6	10.9	9.7	10.6	10.7	10.0	10.2	10.3
Avg. cost of funds	8.2	8.4	8.0	7.2	7.3	7.8	7.7	7.3	7.2
Interest Spread	1.9	2.1	2.9	2.4	3.3	2.9	2.4	2.9	3.1
NIM on loans	2.5	2.6	3.3	3.0	4.1	4.1	3.9	4.1	4.3
Profitability Ratios (%)									
RoE	16.9	7.6	10.7	8.9	10.0	11.6	11.9	12.9	13.9
RoA	1.6	0.7	1.2	1.2	1.6	2.2	2.4	2.5	2.6
Int. Expended/Int. Earned	76.1	76.4	70.9	69.8	62.9	63.2	63.1	60.6	59.6
Other Inc./Net Income	35.4	30.6	17.2	17.7	12.6	11.3	13.4	14.1	14.5
Efficiency Ratios (%)									
Op. Exps./Net Income	23.6	21.1	18.0	22.3	20.2	24.0	26.3	23.6	22.0
Empl. Cost/Op. Exps.	51.2	42.2	46.4	45.5	50.1	50.3	51.7	52.4	52.9
Asset Quality (INR m)									
Gross NPA	3,549	18,562	29,990	47,062	22,714	9,840	10,802	12,315	14,110
GNPA ratio	0.5	2.8	4.8	8.2	3.9	1.5	1.4	1.4	1.3
Net NPA	2,784	11,838	17,500	29,312	16,184	6,160	6,805	7,635	8,748
NNPA ratio	0.4	1.8	2.9	5.3	2.8	1.0	0.9	0.9	0.8
CAR	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0

VALUATION	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Book Value (INR)	450	476	530	586	652	577	649	726	818
BVPS Growth YoY	14.3	5.6	11.5	10.4	11.4	-11.6	12.6	11.8	12.7
Price-BV (x)			**1.7**	**1.5**	**1.4**	**1.6**	**1.4**	**1.2**	**1.1**
EPS (INR)	71.1	35.1	54.0	49.6	61.9	58.1	72.7	88.9	107.6
EPS Growth YoY	40.9	-50.6	53.8	-8.2	24.9	-6.3	25.3	22.2	21.0
Price-Earnings (x)		**25.6**	**16.6**	**18.1**	**14.5**	**15.5**	**12.3**	**10.1**	**8.3**
Dividend per share (INR)	9.0	0.0	0.0	0.0	0.0	0.0	12.2	15.2	18.4
Dividend yield (%)			**0.0**	**0.0**	**0.0**	**0.0**	**1.4**	**1.7**	**2.0**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
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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