

REC reported a satisfactory quarter in terms of margins, credit cost, and asset quality, while growth in Q3 was a tad below expectations on account of higher repayment and resolution of NPAs; however, disbursement remained strong. Asset quality continues to improve on account of resolution in NPA assets which resulted in a negligible credit cost (approx -0.6%). The management expects total recovery and write-back of ~Rs22bn next year (from 4 projects resolved through the NCLT), including recovery of Rs3.5bn from the KSK Mahanadi project in Q3. The management has marginally moderated growth guidance to 15-17%, and expects this growth to be driven by strong disbursement led by RDSS and demand for loan in the RE (incl Hydro – targeting large-ticket projects), thermal, and non-power segments; it stated that it will maintain a healthy margin of ~3.7% despite the strong competition in some segments. Factoring in the Q3 performance and management commentary, we adjust our growth estimates downward which results in an EPS cut of ~1-6%. We maintain BUY on the stock with revised down (by ~7.7%) TP of Rs600 (earlier Rs650)

REC Ltd: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Net profits	110,540	140,180	157,622	173,818	191,266
AUM growths (%)	12.9	17.1	15.0	15.5	16.0
NII growths (%)	(7.1)	6.2	22.3	15.8	16.7
NIMs (%)	2.4	3.6	3.6	3.5	3.6
PPOP growth (%)	(8.7)	8.0	22.3	12.1	14.3
Adj. EPS (Rs)	42.3	53.2	59.9	66.0	72.6
Adj. EPS growth (%)	0.4	25.7	12.4	10.3	10.0
Adj. BV (INR)	219.1	261.2	303.1	349.3	400.2
Adj. BVPS growth (%)	8.8	19.2	16.0	15.2	14.6
RoA (%)	2.5	2.8	2.7	2.6	2.5
RoE (%)	20.4	22.2	21.2	20.2	19.4
P/E (x)	10.0	8.0	7.1	6.4	5.8
P/ABV (x)	1.9	1.6	1.4	1.2	1.1

Source: Company, Emkay Research

Satisfactory performance, higher repayment drive cause growth moderation

REC reported strong disbursement of ~Rs547bn in Q3, registering 18% YoY growth; this resulted in AUM growing ~14%. AUM growth in Q3 was impacted by higher prepayment in some accounts in the RE segment (eg Acme Solar Holdings repaid ~Rs20bn in Q3, as mandated in the IPO). Margins were stable sequentially, with reported NIM of ~3.66% on the back of stable Yields and CoFs. In terms of credit cost, the company continues to see write-backs, as the resolution in its NPA pool continues (with 7 of the 13 projects heading toward liquidation), while overall credit cost in Q3 remains negligible. The management also informed about a reversal of Rs 3.51bn in Q3 on account of the KSK Mahanadi project resolution through the NCLT. Overall asset quality remains healthy, with GS3 and NS3 at 1.95% and 0.74% (vs 2.53% and 0.88% in Q2FY25), respectively.

Minor temperance in growth guidance; margin and profitability stable

The management slightly moderated its growth guidance to 15-17% (from ~17% earlier) over the medium term, owing to strong disbursements in power generation (both, conventional and renewable energy), the RDSS, and infrastructure & logistics. The management also indicated that Q3 growth was impacted by higher repayments in certain renewable energy (RE) accounts, as promoters typically monetize their stake (through sales or listings) after 2-3 years of commencement of operations—an industry-wide trend. Additionally, the management highlighted its strategic focus on large-ticket hydro projects. On the margin front, it remains confident on maintaining NIM at ~3.65-3.7%. Further, it expects recovery/write-back of ~Rs22bn in provisions from four projects under resolution (with the bidding process now complete), which should keep credit costs negligible in the near term."

Growth concerns exaggerated; attractively valued; reiterate BUY

Amid equity market volatilities, RECL shares have materially underperformed versus the broader market (down 24% in H2FY25 vs NIFTY down ~10%), largely owing to concerns on growth, especially due to slower RE disbursements and delay in RE PPAs. Against this backdrop, notably, such RE challenges are temporary in nature and REC has multiple growth engines, RE being one. To reflect the Q3 developments, we tweak our estimates for FY25-27 which leads to a cut in our loan estimates by ~2-7% and in our EPS by ~1-6%, over FY25-27. We reiterate BUY on the stock, while revising down the Dec-25E TP to Rs600 (from Rs650), implying FY26E P/B of 1.7x. Following the recent correction, RECL is trading at FY26E P/B of 1.2x; also, given ~19% RoE and 15% growth with ~4% dividend yield, the risk-reward is favorable.

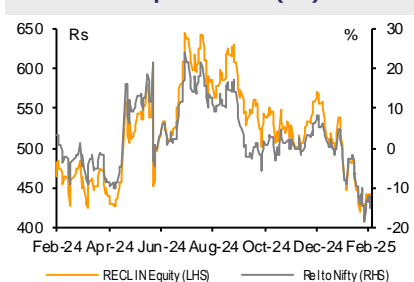
Target Price – 12M	Dec-25
Change in TP (%)	(7.7)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	41.7
CMP (10-Feb-25) (Rs)	423.5

Stock Data	Ticker
52-week High (Rs)	654
52-week Low (Rs)	402
Shares outstanding (mn)	2,633.2
Market-cap (Rs bn)	1,115
Market-cap (USD mn)	13
Net-debt, FY25E (Rs mn)	42,186
ADTV-3M (mn shares)	8
ADTV-3M (Rs mn)	4,158.2
ADTV-3M (USD mn)	47.5
Free float (%)	-
Nifty-50	23,382
INR/USD	87.5
Shareholding, Dec-24	
Promoters (%)	52.6
FPIs/MFs (%)	21.7/13.9

Price Performance

(%)	1M	3M	12M
Absolute	(7.8)	(17.7)	(12.2)
Rel. to Nifty	(7.6)	(15.0)	(18.2)

1-Year share price trend (Rs)



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Exhibit 1: Actual vs estimates

(Rs mn)	Q3FY24A	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	QoQ	YoY	Q3FY25E	Variation
NII	41,530	42,630	44,740	46,800	49,300	5.3%	18.7%	49,724.2	-1%
Total Income	43,560	46,020	47,250	50,920	52,490	3.1%	20.5%	52,727.6	0%
Opex	1,860	1,670	(730)	1,960	2,280	16.3%	22.6%	3,046.4	-25%
PPoP	41,700	44,350	47,980	48,960	50,210	2.6%	20.4%	49,681.2	1%
Provisions	560	(7,120)	4,730	(1,440)	(890)	-38.2%	-258.9%	(1,377.4)	-35%
PBT	41,140	51,470	43,250	50,400	51,100	1.4%	24.2%	51,058.7	0%
PAT	32,690	40,160	34,420	40,050	40,290	0.6%	23.2%	40,647.8	-1%
AUM	4,974,660	5,093,710	5,297,390	5,461,170	5,656,210	3.6%	13.7%	5,763,018	-2%
NIMs	3.34%	3.39%	3.44%	3.48%	3.55%	7bps	21bps	3.55%	-1bps
Credit cost	0.05%	-0.58%	0.37%	-0.11%	-0.07%	4bps	-11bps	-0.10%	3bps
GS3	2.78%	2.71%	2.61%	2.54%	1.96%	-58bps	-82bps	2.41%	-45bps
NS3	0.82%	0.86%	0.82%	0.88%	0.75%	-14bps	-8bps	0.84%	-10bps

Source: Company, Emkay Research

Exhibit 2: Change in estimates

Y/e Mar (Rs mn)	FY25E			FY26E			FY27E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
AUM	5,983,256	5,855,651	-2.1%	7,060,242	6,763,277	-4.2%	8,401,688	7,845,401	-6.6%
Net interest income	191,860	191,882	0.0%	223,791	222,139	-0.7%	265,627	259,275	-2.4%
Total Income	204,750	205,157	0.2%	235,009	233,067	-0.8%	274,887	268,113	-2.5%
Opex	7,420	7,242	-2.4%	14,971	14,453	-3.5%	16,089	15,041	-6.5%
PPOP	197,330	197,915	0.3%	220,037	218,614	-0.6%	258,798	253,072	-2.2%
Provisions	-1,691	-1,197	-29.2%	-6,386	-1,409	-77.9%	1,174	10,964	833.6%
PBT	199,021	199,112	0.0%	226,424	220,022	-2.8%	257,623	242,108	-6.0%
PAT	158,429	157,622	-0.5%	178,875	173,818	-2.8%	203,523	191,266	-6.0%
EPS (Rs)	60.2	59.9	-0.5%	67.9	66.0	-2.8%	77.3	72.6	-6.0%
BV (Rs)	303	303	-0.1%	351	349	-0.4%	405	400	-1.2%
Networth	798,730	798,166	-0.1%	923,943	919,838	-0.4%	1,066,408	1,053,724	-1.2%
NIMs	3.47%	3.5%	4bps	3.50%	3.5%	3bps	3.50%	3.5%	5bps
Cost-to-income ratio	3.8%	4.0%	22bps	5.3%	5.2%	-9bps	6.0%	5.8%	-13bps
Opex-to-AUM	0.1%	0.1%	2bps	0.2%	0.2%	0bps	0.2%	0.2%	0bps
AUM growth	17.5%	15.0%	-251bps	18.0%	15.5%	-250bps	19.0%	16.0%	-300bps
Credit costs	-0.03%	0.0%	1bps	-0.10%	-0.02%	8bps	0.02%	0.15%	14bps
ROA	2.7%	2.7%	1bps	2.6%	2.6%	0bps	2.5%	2.5%	-3bps
ROE	21.3%	21.2%	-10bps	20.8%	20.2%	-53bps	20.5%	19.4%	-107bps

Source: Company, Emkay Research

Exhibit 3: Valuation matrix

REC	CMP/TP (Rs)	Upside	Mkt Cap (Rs bn)	P/BV (x)			P/E (x)			RoA			RoE			Book Value (Rs/sh)			Adj EPS (Rs)		
				FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
At current market price	423	41.7%	1,115	1.4	1.2	1.1	7.1	6.4	5.8	2.7%	2.6%	2.5%	21.2%	20.2%	19.4%	303	349	400	60	66	73
At target price	600			2.0	1.7	1.5	10.0	9.1	8.3							303	349	400	60	66	73

Source: Company, Emkay Research

Exhibit 4: Quarterly result snapshot

Result update	Q3FY24A	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	QoQ chg	YoY chg
Net Interest Income	41,530	42,630	44,740	46,800	49,300	5%	19%
Other Income	2,030	3,390	2,510	4,120	3,190	-23%	57%
Total Income	43,560	46,020	47,250	50,920	52,490	3%	21%
Operating Expenses (total)	1,860.00	1,670.00	-730.00	1,960.00	2,280.00	16%	23%
Operating Profit	41,700.00	44,350.00	47,980.00	48,960.00	50,210.00	3%	20%
Provisions	560.00	-7,120.00	4,730.00	-1,440.00	-890.00	-38%	-259%
Credit costs	0.05%	-0.58%	0.37%	-0.11%	-0.07%	4bps	-11bps
PBT	41,140.00	51,470.00	43,250.00	50,400.00	51,100.00	1%	24%
Tax	8,450.00	11,310.00	8,830.00	10,350.00	10,810.00	4%	28%
Tax rate	21%	22%	20%	21%	21%	62bps	61bps
PAT	40160	140180	34420	40050	40290	1%	0%
Disbursements	463,580	393,740	436,520	473,030	546,920	16%	18%
Total AUM	4,974,660	5,093,710	5,297,390	5,461,170	5,656,210	4%	14%
Net Worth	647,870	687,830	723,510	728,920	765,020	5%	18%
ROA	2.50%	2.97%	2.46%	2.74%	2.67%	-7bps	17bps
ROE	20.45%	24.05%	19.51%	22.06%	21.58%	-48bps	113bps
GS3	2.78%	2.71%	2.61%	2.54%	1.96%	-58bps	-82bps
NS3	0.82%	0.86%	0.82%	0.88%	0.75%	-14bps	-8bps
PCR	70.40%	68.46%	68.48%	65.13%	61.88%	-325bps	-852bps

Source: Company, Emkay Research

Exhibit 5: AUM trend

(Rs bn)	Q3FY24A	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A
Generation	1,442.8	1,452.7	1,479.1	1,509.4	1,538.3
Renewable energy	332.5	389.7	429.4	478.2	523.9
Transmission	481.3	480.5	476.5	485.9	475.1
Distribution	2,136.6	2,146.7	2,183.1	2,199.9	2282.2
Infra & Logistics (core)	68.5	76.8	134.3	165.0	183.4
Infra & Logistics (E&M)	437.3	458.8	475.4	493.1	503.4
Short Term Loans	75.7	88.6	119.6	129.7	149.9
Total	4,974.7	5,093.7	5,297.4	5,461.2	5,656.2

Source: Company, Emkay Research

Exhibit 6: AUM Mix

AUM Mix	Q3FY24A	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A
Generation	29%	29%	28%	28%	27%
Renewable energy	7%	8%	8%	9%	9%
Transmission	10%	9%	9%	9%	8%
Distribution	43%	42%	41%	40%	40%
Infra & Logistics (core)	1%	2%	3%	3%	3%
Infra & Logistics (E&M)	9%	9%	9%	9%	9%
Short Term Loans	2%	2%	2%	2%	3%
Total	100%	100%	100%	100%	100%

Source: Company, Emkay Research

Exhibit 7: Disbursement Trend

(Rs bn)	Q3FY24A	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A
Generation	106.75	41.79	46.67	64.93	88.34
Renewable energy	40.14	61.67	53.51	59.46	63.14
Transmission	16.81	19.16	14.43	24.74	5.1
Distribution	193.55	209.89	207.14	253.03	326.62
Infra & Logistics (core)	21.55	8.31	57.53	30.75	18.35
Infra & Logistics (E&M)	24.4	30.28	22.29	24.78	16.87
Short Term Loans	60.39	22.64	34.95	15.34	28.5
Total	463.58	393.74	436.52	473.03	546.92

Source: Company, Emkay Research

Exhibit 8: Disbursement Mix

Disbursement Mix	Q3FY24A	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A
Generation	23%	11%	11%	14%	16%
Renewable energy	9%	16%	12%	13%	12%
Transmission	4%	5%	3%	5%	1%
Distribution	42%	53%	47%	53%	60%
Infra & Logistics (core)	5%	2%	13%	7%	3%
Infra & Logistics (E&M)	5%	8%	5%	5%	3%
Short Term Loans	13%	6%	8%	3%	5%

Source: Company, Emkay Research

Exhibit 9: Sanction trend

(Rs bn)	Q3FY24A	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A
Generation	267.97	37.1	355.52	183.26	217.94
Renewable energy	751.25	114.62	396.55	207.37	207.28
Transmission	52.61	6.57	71.69	62.82	13.35
Distribution	200.4	135.98	76	288.55	132.11
Infra & Logistics (core)	8.26	5	198.15	0	204.65
Infra & Logistics (E&M)	0	0	0	0	20
Short Term Loans	40	29.48	30	20	52.75
Total	1,320.49	328.75	1,127.91	762.00	848.08

Source: Company, Emkay Research

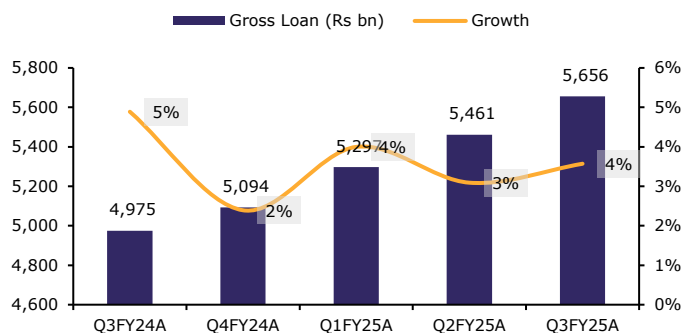
Exhibit 10: Sanction mix

Sanction mix	Q3FY24A	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A
Generation	20%	11%	32%	24%	26%
Renewable energy	57%	35%	35%	27%	24%
Transmission	4%	2%	6%	8%	2%
Distribution	15%	41%	7%	38%	16%
Infra & Logistics (core)	1%	2%	18%	0%	24%
Infra & Logistics (E&M)	0%	0%	0%	0%	2%
Short Term Loans	3%	9%	3%	3%	6%

Source: Company, Emkay Research

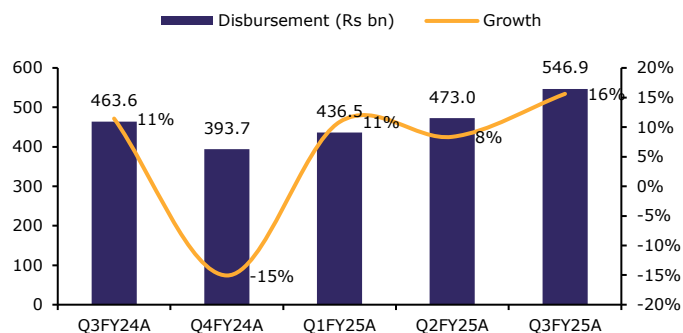
Result in charts

Exhibit 11: Growth impacted by higher repayments



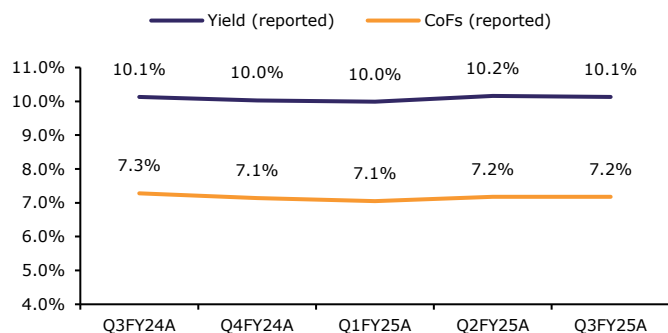
Source: Company, Emkay Research

Exhibit 12: Strong disbursement growth



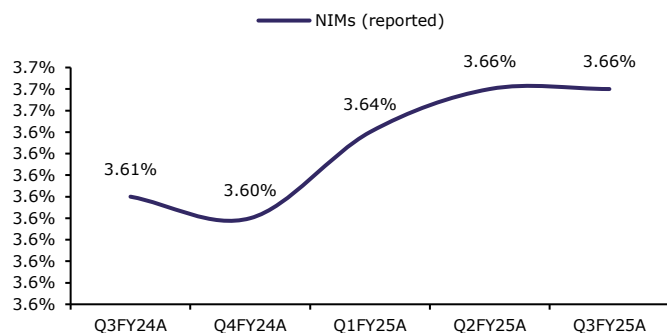
Source: Company, Emkay Research

Exhibit 13: Yield and CoFs stable



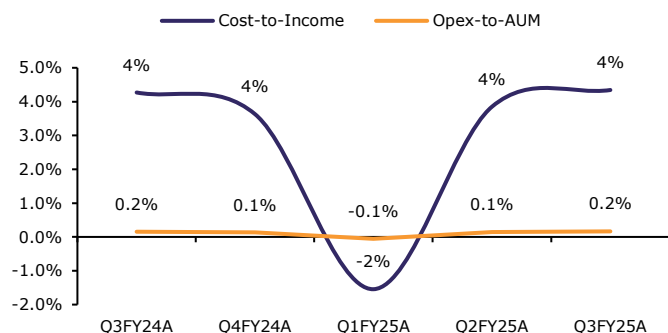
Source: Company, Emkay Research

Exhibit 14: NIMs remained above 3.6%



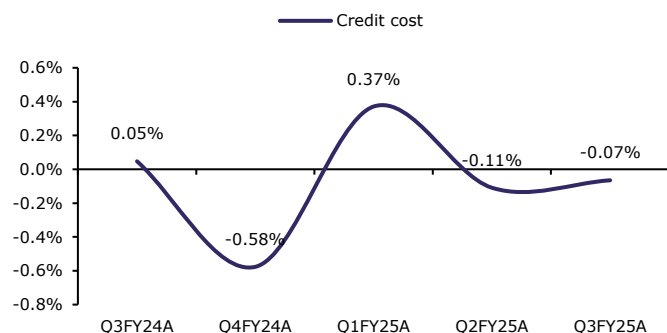
Source: Company, Emkay Research

Exhibit 15: Cost-to-income still range-bound



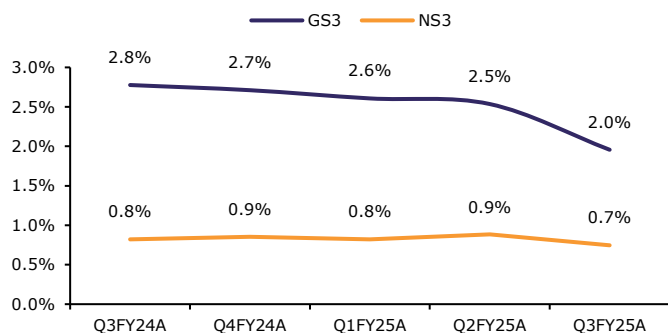
Source: Company, Emkay Research

Exhibit 16: Credit cost continues to be negligible on account of write-backs



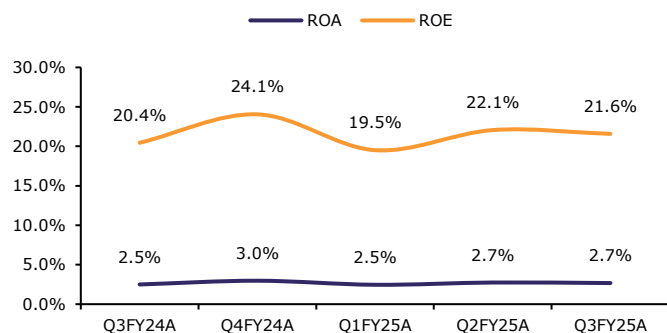
Source: Company, Emkay Research

Exhibit 17: Asset quality remains robust



Source: Company, Emkay Research

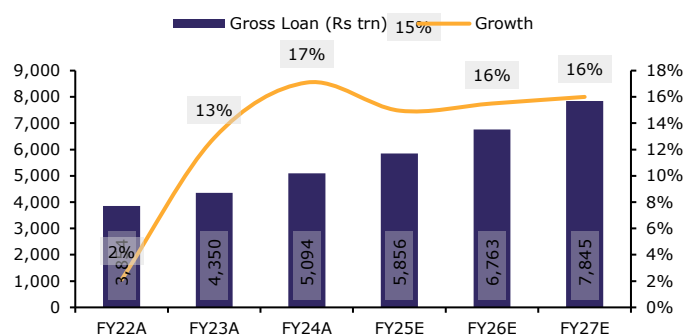
Exhibit 18: Strong ROA/ROE



Source: Company, Emkay Research

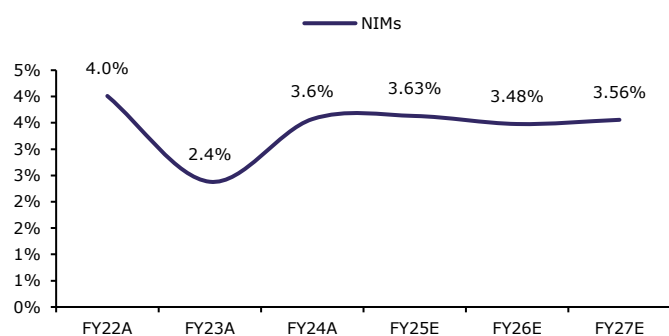
Story in charts

Exhibit 19: AUM to grow above 15% over FY24-27E



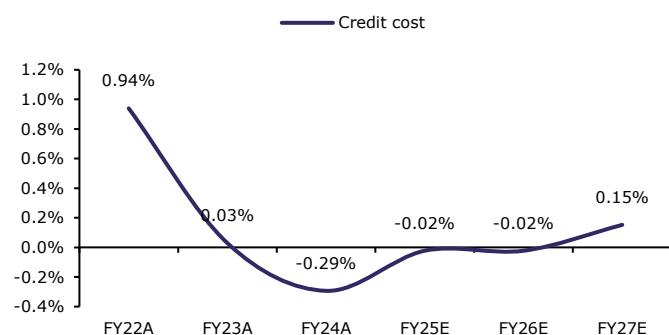
Source: Company, Emkay Research

Exhibit 21: Margin profile remained healthy



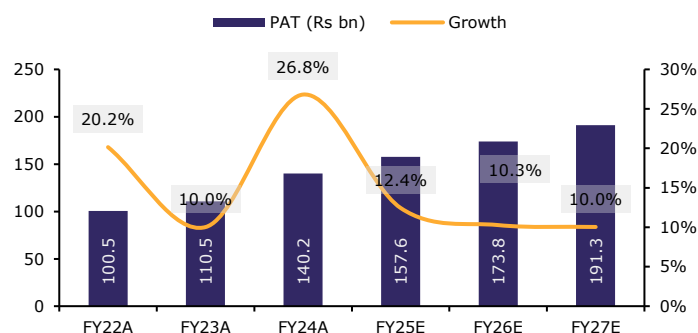
Source: Company, Emkay Research

Exhibit 23: Normalized credit cost to clock at around 20-25bps



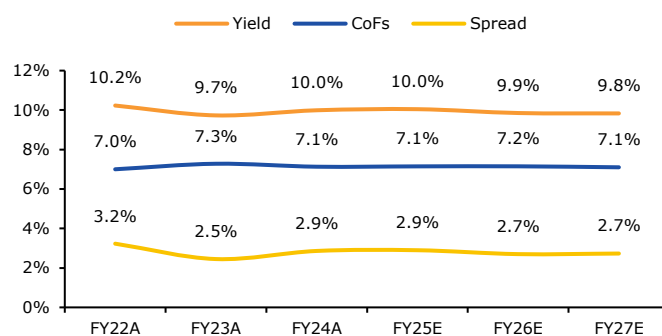
Source: Company, Emkay Research

Exhibit 25: PAT to grow above 10% over FY25-27E



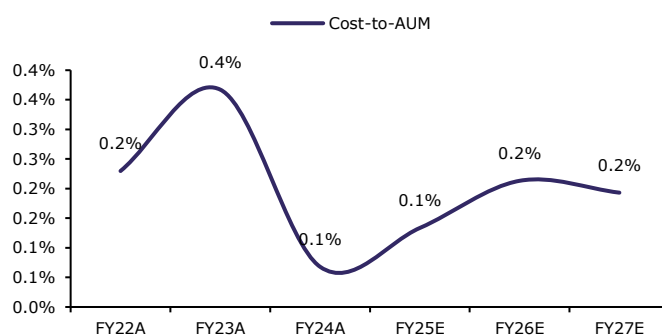
Source: Company, Emkay Research

Exhibit 20: Some compression in yields on account of increased competition



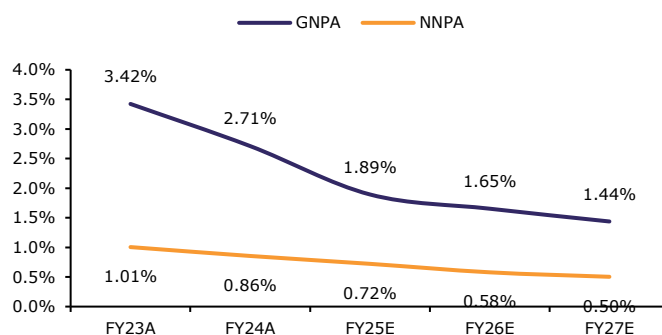
Source: Company, Emkay Research

Exhibit 22: Cost to see a marginal uptick



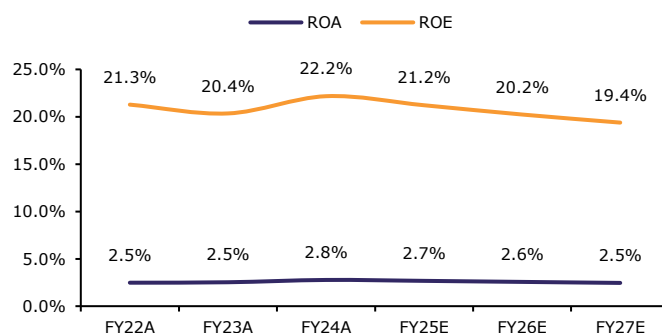
Source: Company, Emkay Research

Exhibit 24: Healthy asset quality



Source: Company, Emkay Research

Exhibit 26: Healthy ROA and ROE profiles



Source: Company, Emkay Research

Earnings Conference Call Highlights

- In Q3, REC registered its highest-ever disbursement, of Rs546bn, and the management indicated that its 9MFY25 disbursement is close to the FY24 disbursement and expects disbursement in Q4FY25 to remain strong.
- AUM is expected to grow 15-17% in the medium term – in Q3, growth was impacted by higher repayment/prepayment by some RE players (like ACME Solar Holdings, which got listed). The management also informed that the general trend in the RE segment is that post commissions and 2-3 years of operations, promoters generally monetize their ownership and target newer projects.
- General monthly repayment is ~Rs90bn (~Rs270bn on quarterly basis). Q3 saw an additional advance payment of ~Rs20bn by ACME (due to its listing).
- The overall NPA has come down and the company expects recoveries from the 4 NPA projects:
 - KSK Mahanadi: Principal recovery of ~154% and reversal of ~Rs9.1bn in provision.
 - Sinnar Thermal: Principal recovery of ~52.6% and reversal in provision of ~Rs7.61bn.
 - Hiranmaye Energy: Principal recovery of ~82.75% and reversal in provision of ~Rs4.4bn.
 - Bhadreshwar: Reversal in provision of ~Rs426mn.
- Of the total 13 projects under the NCLT, six are heading toward liquidation, and REC has completely provided for these projects.
- REC has not seen any NPA in its top-10 borrower accounts.
- The management maintains its margin guidance (NIM) of 3.65-3.7% in the near-to-medium term.
- With regard to exposure to the Adani power plant, the management informed that the GoI has allowed the plant to sell in the open market, in case there is no offtake from Bangladesh. However, the repayment has been regular, and the management does not have any concerns about this project.
- RDDS work is picking up and the management expects disbursement toward loss reduction work. In terms of smart meter work, private players are availing loans from the company. REC has sanctioned around Rs70bn toward smart metering work under RDSS.
- The exposure to the state sector has reduced to 88% vs 89% earlier, on account of increasing share of RE (which mainly comprises of the private sector). The management indicated that going forward, the share of the private sector would inch up, to 30% by 2030, as more disbursement happens toward RE.
- The management also informed that it lends to customers after the signing of the PPA; currently, there is some delay in signing PPAs and hence disbursements are also being delayed.
- With regard to rise in yields, the management informed that it has not taken any rate hike. The improvement in yields has been on account of the changing asset mix and increasing disbursement toward high-yielding segments.
- In terms of foreign currency risk, the management informed that 99% of its foreign borrowing (FCNR Bond and ECBs) is hedged.
- Minimum PCR on standard asset is ~40bps.
- DISCOM health has been improving due to implementation of RDSS, and the new rating is likely to be issued this month (Feb-25); company expects some more DICOMs' rating to see an upgrade. DISCOMs have been making consistent efforts to bring down their AT&C losses and taking proactive steps; tariff orders are being issued on time. 99% of the petitions are being filed on time.
- 54EC bond will continue going forward, and it is the cheapest mode for REC to avail funds (bonds are issued at ~5.25%).
- Debt-to-equity of the solar project is generally 75:25.
- Loan tenure under the LPS scheme is 7-14 years, depending on the total outstanding pending to GENCOs (moratorium of 3-4 years), and repayment has not yet commenced. The management expects repayment to start in coming years, and further disbursement of ~Rs20bn under this scheme. Repayment generally happens in 10-12 years broadly.

REC Ltd: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	385,140	456,580	535,054	612,293	708,463
Interest Expense	237,480	299,740	343,172	390,154	449,189
Net interest income	147,660	156,840	191,882	222,139	259,275
NII growth (%)	(7.1)	6.2	22.3	15.8	16.7
Non interest income	6,940	10,810	13,275	10,927	8,839
Total income	154,600	167,650	205,157	233,067	268,113
Operating expenses	5,360	6,510	8,159	12,212	15,623
PPOP	149,240	161,140	196,998	220,855	252,490
PPOP growth (%)	(8.7)	8.0	22.3	12.1	14.3
Provisions & contingencies	1,140	(13,580)	(1,197)	(1,409)	10,964
PBT	148,100	174,720	198,196	222,264	241,527
Extraordinary items	10,710	(3,070)	(917)	2,241	(582)
Tax expense	26,850	37,610	41,490	46,205	50,843
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	121,250	137,110	156,706	176,059	190,684
PAT growth (%)	15.5	13.1	14.3	12.4	8.3
Adjusted PAT	110,540	140,180	157,622	173,818	191,266
Diluted EPS (Rs)	42.3	53.2	59.9	66.0	72.6
Diluted EPS growth (%)	0.4	25.7	12.4	10.3	10.0
DPS (Rs)	12.6	16.0	18.0	19.8	21.8
Dividend payout (%)	29.8	30.1	30.0	30.0	30.0
Effective tax rate (%)	18.1	21.5	20.9	20.8	21.1
Net interest margins (%)	2.4	3.6	3.6	3.5	3.6
Cost-income ratio (%)	3.5	3.9	4.0	5.2	5.8
PAT/PPOP (%)	74.1	87.0	80.0	78.7	75.8
Shares outstanding (mn)	2,633.0	2,633.0	2,633.0	2,633.0	2,633.0

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Asset quality					
GNPL - Stage 3	171,600	148,920	138,100	110,660	111,460
NNPL - Stage 3	43,720	43,560	42,186	39,011	39,291
GNPL ratio - Stage 3 (%)	3.4	2.7	1.9	1.7	1.4
NNPL ratio - Stage 3 (%)	1.0	0.9	0.7	0.6	0.5
ECL coverage - Stage 3 (%)	74.5	70.7	69.5	64.7	64.7
ECL coverage - 1 & 2 (%)	0.0	0.0	0.0	0.0	0.0
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 (%)	0.0	0.0	0.0	0.0	0.0
Total credit costs (%)	0.0	(0.3)	0.0	0.0	0.2
NNPA to networth (%)	7.6	6.3	5.3	4.2	3.7
Capital adequacy					
Total CAR (%)	25.8	25.7	25.1	23.9	22.7
Tier-1 (%)	22.8	23.2	22.7	21.5	20.3
Miscellaneous					
Total income growth (%)	(8.1)	8.4	22.4	13.6	15.0
Opex growth (%)	11.9	21.5	25.3	49.7	27.9
PPOP margin (%)	3.6	3.4	3.6	3.5	3.5
Credit costs-to-PPOP (%)	0.8	(8.4)	(0.6)	(0.6)	4.3
Loan-to-Assets (%)	91.3	91.3	91.3	92.2	92.7
Yield on loans (%)	9.7	10.0	10.0	9.9	9.8
Cost of funds (%)	7.3	7.1	7.1	7.2	7.1
Spread (%)	2.5	2.9	2.9	2.7	2.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	26,330	26,330	26,330	26,330	26,330
Reserves & surplus	550,470	661,500	771,836	893,508	1,027,394
Net worth	576,800	687,830	798,166	919,838	1,053,724
Borrowings	3,746,160	4,379,440	5,068,584	5,854,214	6,790,889
Other liabilities & prov.	325,810	407,130	455,937	462,756	498,036
Total liabilities & equity	4,648,770	5,474,400	6,322,687	7,236,808	8,342,649
Net loans	4,244,920	4,999,170	5,774,041	6,669,018	7,736,061
Investments	31,380	53,200	67,993	73,598	79,665
Cash, other balances	19,870	24,990	44,259	36,184	41,713
Interest earning assets	4,296,170	5,077,360	5,886,293	6,778,800	7,857,439
Fixed assets	6,430	6,550	6,854	6,992	7,133
Other assets	346,170	390,490	429,539	451,016	478,077
Total assets	4,648,770	5,474,400	6,322,687	7,236,808	8,342,649
BVPS (Rs)	219.1	261.2	303.1	349.3	400.2
Adj. BVPS (INR)	219.1	261.2	303.1	349.3	400.2
Gross loans	4,350,120	5,093,710	5,855,651	6,763,277	7,845,401
Total AUM	4,350,120	5,093,710	5,855,651	6,763,277	7,845,401
On balance sheet	4,350,120	5,093,710	5,855,651	6,763,277	7,845,401
Off balance sheet	0	0	0	0	0
Disbursements	0	0	0	0	0
Disbursements growth (%)	0.0	0.0	0.0	0.0	0.0
Loan growth (%)	13.6	17.8	15.5	15.5	16.0
AUM growth (%)	12.9	17.1	15.0	15.5	16.0
Borrowings growth (%)	14.6	16.9	15.7	15.5	16.0
Book value growth (%)	8.8	19.2	16.0	15.2	14.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	10.0	8.0	7.1	6.4	5.8
P/B (x)	1.9	1.6	1.4	1.2	1.1
P/ABV (x)	1.9	1.6	1.4	1.2	1.1
P/PPOP (x)	7.5	6.9	5.7	5.0	4.4
Dividend yield (%)	3.0	3.8	4.2	4.7	5.1
Dupont-RoE split (%)					
NII/avg AUM	3.6	3.3	3.5	3.5	3.5
Other income	0.2	0.2	0.2	0.2	0.1
Securitization income	0.0	0.0	0.0	0.0	0.0
Opex	0.1	0.1	0.1	0.2	0.2
Employee expense	0.0	0.0	0.0	0.0	0.0
PPOP	3.6	3.4	3.6	3.5	3.5
Provisions	0.0	(0.3)	0.0	0.0	0.2
Tax expense	3.6	3.7	3.6	3.5	3.3
RoAUM (%)	3.0	2.9	2.9	2.8	2.6
Leverage ratio (x)	7.5	7.5	7.4	7.3	7.4
RoE (%)	20.4	22.2	21.2	20.2	19.4
Quarterly data					
Rs mn, Y/E Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
NII	38,560	41,530	42,630	44,740	46,800
NIM(%)	3.5	3.6	3.6	3.6	3.7
PPOP	40,240	41,620	43,590	45,730	49,400
PAT	37,730	32,690	40,160	34,420	40,050
EPS (Rs)	14.33	12.42	15.25	13.07	15.21

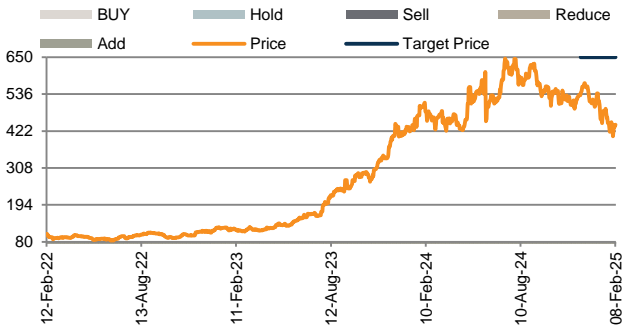
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
06-Jan-25	513	650	Buy	Avinash Singh
03-Dec-24	540	650	Buy	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

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