

## Growth outlook moderates; stable profitability, asset quality

BFSI - NBFCs ▶ Result Update ▶ May 15, 2025

CMP (Rs): 390 | TP (Rs): 525

**REC reported a soft quarter, with moderating growth and disbursement led by higher repayments (including prepayments) and NPA resolutions, while margin and asset quality were stable. The higher standard assets provisioning offset the gains resulting from the KSK Mahanadi resolution. Ahead, while the management is confident of a stable NIM and RoA profile, the near-term loan growth outlook at ~12% is lower than the earlier guidance of ~15%. To account for the Q4 performance and management commentary, we revise down our growth estimates which leads to a 7-9% cut in AUM and a 4-7% cut in EPS for FY26-27E. We maintain BUY on the stock, while cutting (by ~13%) Mar-26E target price to Rs525, implying FY27E P/B of 1.3x. Our TP and multiple cut is largely driven by growth moderation, while we continue to see value in the stock which is currently trading at ~1x FY27E P/B, delivering ~18% RoE and ~5% dividend yield.**

### Higher repayment drives growth moderation

REC reported a soft quarter in terms of disbursement and AUM growth. Disbursement for the quarter stood at Rs455bn, marking a 15% YoY growth, resulting in AUM growing ~11% to Rs5.7trn. Softer AUM growth was on account of prepayment of Rs150bn in Q4 and recovery of NPA. Margin was stable sequentially, with reported NIM of ~3.63%, supported by steady yields and moderating cost of funds. Credit cost was elevated on account of higher provision in one private project (Alaknanda Hydro Power), which saw a rating downgrade; additionally, REC has reversed provision of Rs5.48bn for KSK Mahanadi and Rs0.6bn for Corporate Power projects. Overall asset quality remained robust, with gross and net Stage 3 assets improving to 1.35% and 0.38% from 1.95% and 0.74% in Q3FY25.

### Maintains guidance to doubling AUM over FY24-30

The management moderated its medium-term growth guidance further to 11-13% (from ~15% earlier), in line with its earlier stated target of doubling FY24 AUM of Rs5trn to over Rs10trn by FY30. AUM growth will be driven by strong disbursements across power generation (both, conventional and renewable), RDSS, and infrastructure and logistics sectors. On the margin front, it remains confident of maintaining NIM in the ~3.5-3.75% range and a spread of 2.7-3%. Additionally, the management expects strong recovery in FY26 – with recovery of ~8-10bn from the resolution of 6 NPA accounts in the current FY – and to report net-zero NPA by the end of FY26.

### Growth softens, drives our estimates cut; retain BUY on undemanding valuation

To reflect the Q4 developments, we tweak our estimates for FY26-27 which leads to a cut in our loan estimates by ~6-9% and in our EPS by ~4-7%, over FY26-27. We reiterate BUY on the stock, while revising down Mar-26E TP to Rs525 (from Rs600), implying FY27E P/B of 1.3x. Following the recent correction, REC shares are currently trading at FY26E P/B of 1.0x; given the ~18% RoE with ~5% dividend yield, the risk-reward is favourable.

Target Price – 12M	Mar-26
<b>Change in TP (%)</b>	<b>(12.5)</b>
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	34.6

Stock Data	RECL IN
52-week High (Rs)	654
52-week Low (Rs)	357
Shares outstanding (mn)	2,633.2
Market-cap (Rs bn)	1,026
Market-cap (USD mn)	12,027
Net-debt, FY25E (Rs mn)	NA
ADTV-3M (mn shares)	9
ADTV-3M (Rs mn)	3,517.8
ADTV-3M (USD mn)	41.3
Free float (%)	47.2
Nifty-50	24,666.9
INR/USD	85.3

### Shareholding, Mar-25

Promoters (%)	52.6
FPIs/MFs (%)	20.5/14.8

### Price Performance

(%)	1M	3M	12M
Absolute	(3.2)	(0.5)	(25.4)
Rel. to Nifty	(10.4)	(7.6)	(32.8)

### 1-Year share price trend (Rs)



### REC: Financial Snapshot (Standalone)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net profits	137,110	155,730	169,742	180,108	199,132
AUM growth (%)	17.1	11.3	11.5	12.5	12.5
NII growth (%)	6.2	26.7	11.4	11.5	12.3
NIMs (%)	3.6	3.6	3.5	3.6	3.6
PPOP growth (%)	8.0	28.7	5.4	9.9	12.3
Adj. EPS (Rs)	53.2	59.7	63.4	67.6	75.6
Adj. EPS growth (%)	25.7	12.1	6.3	6.5	11.9
Adj. BV (INR)	261.2	302.9	347.3	394.6	447.5
Adj. BVPS growth (%)	19.2	15.9	14.7	13.6	13.4
RoA (%)	2.8	2.7	2.6	2.4	2.4
RoE (%)	22.2	21.2	19.5	18.2	18.0
P/E (x)	7.3	6.5	6.1	5.8	5.2
P/ABV (x)	1.5	1.3	1.1	1.0	0.9

Source: Company, Emkay Research

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## Exhibit 1: Actual vs Estimate

REC (Rs mn)	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	Q4FY25A	QoQ	YoY	Q4FY25E	Variation
NII	42,630	44,740	46,800	49,300	58,760	19.2%	37.8%	52,461.1	12%
Total Income	46,020	47,250	50,920	52,490	64,210	22.3%	39.5%	55,916.3	15%
Opex	1,670	(730)	1,960	2,280	2,560	12.3%	53.3%	4,243.0	-40%
PPoP	44,350	47,980	48,960	50,210	61,650	22.8%	39.0%	51,673.3	19%
Provisions	(7,120)	4,730	(1,440)	(890)	7,800	-976.4%	-209.6%	(3,597.5)	-317%
PBT	51,470	43,250	50,400	51,100	53,850	5.4%	4.6%	55,270.7	-3%
PAT	40,160	34,420	40,050	40,290	42,365	5.2%	5.5%	43,578.4	-3%
AUM	5,093,710	5,297,390	5,461,170	5,656,210	5,668,830	0.2%	11.3%	5,855,651	-3%
NIMs	3.39%	3.44%	3.48%	3.55%	4.15%	60bps	76bps	3.65%	51bps
Credit cost	-0.58%	0.37%	-0.11%	-0.07%	0.56%	62bps	114bps	-0.25%	81bps
GS3	2.71%	2.61%	2.54%	1.96%	1.36%	-60bps	-136bps	1.72%	-37bps
NS3	0.86%	0.82%	0.88%	0.75%	0.38%	-36bps	-47bps	0.66%	-27bps

Source: Company, Emkay Research

## Exhibit 2: Change in estimates

Y/e Mar (Rs mn)	FY26E			FY27E			FY28E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
AUM	6,763,277	6,321,939	-6.5%	7,845,401	7,112,182	-9.3%	NA	8,001,205	NA
Net interest income	222,139	221,433	-0.3%	259,275	246,789	-4.8%	NA	277,148	NA
Total Income	233,067	231,810	-0.5%	268,113	254,941	-4.9%	NA	286,217	NA
Opex	14,453	15,852	9.7%	15,041	16,966	12.8%	NA	16,611	NA
PPOP	218,614	215,958	-1.2%	253,072	237,975	-6.0%	NA	269,606	NA
Provisions	-1,409	4,499	-419.4%	10,964	12,816	16.9%	NA	17,684	NA
PBT	220,022	211,459	-3.9%	242,108	225,158	-7.0%	NA	251,922	NA
PAT	173,818	167,052	-3.9%	191,266	177,875	-7.0%	NA	199,019	NA
EPS (Rs)	66.0	63.4	-3.9%	72.6	67.6	-7.0%	NA	75.6	NA
BV (Rs)	350	347	-0.6%	400	395	-1.5%	NA	447	NA
Networth	920,339	914,503	-0.6%	1,054,225	1,039,016	-1.4%	NA	1,178,329	NA
NIMs	3.49%	3.52%	3bps	3.58%	3.58%	1bps	NA	3.57%	NA
Cost-to-income ratio	5.2%	5.7%	44bps	5.8%	5.8%	-5bps	NA	5.8%	NA
Opex-to-AUM	0.2%	0.2%	2bps	0.2%	0.2%	0bps	NA	0.2%	NA
AUM growth	15.5%	11.5%	-398bps	16.0%	12.5%	-350bps	NA	12.5%	NA
Credit costs	-0.02%	0.08%	10bps	0.15%	0.19%	4bps	NA	0.24%	NA
ROA	2.56%	2.57%	1bps	2.46%	2.45%	-1bps	NA	2.44%	NA
ROE	20.2%	19.5%	-71bps	19.4%	18.2%	-116bps	NA	18.0%	NA

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)		
				FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
At current market price	390	34.8%	1,026	1.1	1.0	0.9	6.1	5.8	5.2	2.6%	2.4%	2.4%	19.5%	18.2%	18.0%	347	395	447	63	68	76
At target price	525			1.5	1.3	1.2	8.3	7.8	6.9							347	395	447	63	68	76

Source: Company, Emkay Research

## Exhibit 4: Quarterly result snapshot

Result update	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	Q4FY25A	QoQ chg	YoY chg
<b>Net Interest Income</b>	42,630	44,740	46,800	49,300	58,760	19%	38%
Other Income	3,390	2,510	4,120	3,190	5,450	71%	61%
<b>Total Income</b>	46,020	47,250	50,920	52,490	64,210	22%	40%
Operating Expenses (total)	1,670	(730)	1,960	2,280	2,560	12%	53%
<b>Operating Profit</b>	44,350	47,980	48,960	50,210	61,650	23%	39%
Provisions	(7,120)	4,730	(1,440)	(890)	7,800	-976%	-210%
Credit costs	-0.6%	0.4%	-0.1%	-0.1%	0.6%	62bps	114bps
<b>PBT</b>	51,470	43,250	50,400	51,100	53,850	5%	5%
Tax	11,310	8,830	10,350	10,810	11,485	6%	2%
Tax rate	22.0%	20.4%	20.5%	21.2%	21.3%	17bps	-65bps
<b>PAT</b>	140,180	34,420	40,050	40,290	42,365	5%	-70%
Disbursements	393,740	436,520	473,030	546,920	455,380	-17%	16%
Total AUM	5,093,710	5,297,390	5,461,170	5,656,210	5,668,830	0%	11%
Net Worth	687,830	723,510	728,920	765,020	776,380	1%	13%
ROA	2.97%	2.46%	2.74%	2.67%	2.77%	9bps	-20bps
ROE	24.05%	19.51%	22.06%	21.58%	21.99%	41bps	-207bps
<b>GS3</b>	2.71%	2.61%	2.54%	1.96%	1.36%	-60bps	-136bps
<b>NS3</b>	0.86%	0.82%	0.88%	0.75%	0.38%	-36bps	-47bps
<b>PCR</b>	68.46%	68.48%	65.13%	61.88%	71.74%	986bps	328bps

Source: Company, Emkay Research

## Exhibit 5: AUM trend

(Rs bn)	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	Q4FY25A
Generation	1,453	1,479	1,509	1,538	1,551
Renewable energy	390	429	478	524	580
Transmission	480	476	486	475	467
Distribution	2,147	2,183	2,200	2,282	2,206
Infra and Logistics (core)	77	134	165	183	184
Infra and Logistics (E&M)	459	475	493	503	510
Short-term Loans	89	120	130	150	170
Total	5,094	5,297	5,461	5,656	5,669

Source: Company, Emkay Research

## Exhibit 6: AUM Mix

	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	Q4FY25A
Generation	29%	28%	28%	27%	27%
Renewable energy	8%	8%	9%	9%	10%
Transmission	9%	9%	9%	8%	8%
Distribution	42%	41%	40%	40%	39%
Infra and Logistics (core)	2%	3%	3%	3%	3%
Infra and Logistics (E&M)	9%	9%	9%	9%	9%
Short-term Loans	2%	2%	2%	3%	3%

Source: Company, Emkay Research

**Exhibit 7: Disbursement Trend**

(Rs bn)	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	Q4FY25A
Generation	41.79	46.67	64.93	88.34	74.84
Renewable energy	61.67	53.51	59.46	63.14	85.75
Transmission	19.16	14.43	24.74	5.1	16.37
Distribution	209.89	207.14	253.03	326.62	230.99
Infra and Logistics (core)	8.31	57.53	30.75	18.35	1.09
Infra and Logistics (E&M)	30.28	22.29	24.78	16.87	14.54
Short-term Loans	22.64	34.95	15.34	28.5	31.8
Total	393.74	436.52	473.03	546.92	455.38

Source: Company, Emkay Research

**Exhibit 8: Disbursement Mix**

	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	Q4FY25A
Generation	11%	11%	14%	16%	16%
Renewable energy	16%	12%	13%	12%	19%
Transmission	5%	3%	5%	1%	4%
Distribution	53%	47%	53%	60%	51%
Infra and Logistics (core)	2%	13%	7%	3%	0%
Infra and Logistics (E&M)	8%	5%	5%	3%	3%
Short-term Loans	6%	8%	3%	5%	7%

Source: Company, Emkay Research

**Exhibit 9: Sanction Trend**

(Rs bn)	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	Q4FY25A
Generation	37.1	355.5	183.3	217.9	139.6
Renewable energy	114.6	396.6	207.4	207.3	261.2
Transmission	6.6	71.7	62.8	13.4	27.7
Distribution	136.0	76.0	288.6	132.1	178.2
Infra and Logistics (core)	5.0	198.2	0.0	204.7	9.6
Infra and Logistics (E&M)	0.0	0.0	0.0	20.0	0.0
Short-term Loans	29.5	30.0	20.0	52.8	37.3
Total	328.8	1127.9	762.0	848.1	653.7

Source: Company, Emkay Research

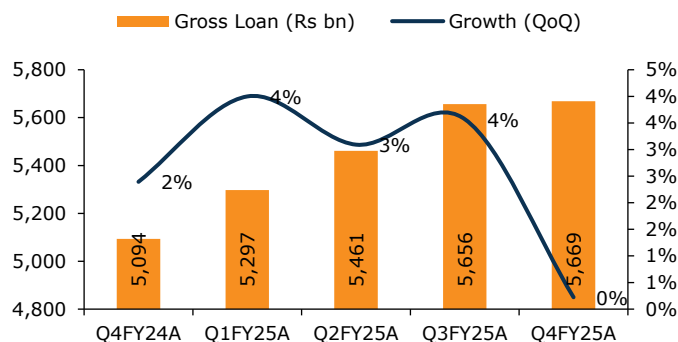
**Exhibit 10: Sanction Mix**

Sanction mix	Q4FY24A	Q1FY25A	Q2FY25A	Q3FY25A	Q4FY25A
Generation	11%	32%	24%	26%	21%
Renewable energy	35%	35%	27%	24%	40%
Transmission	2%	6%	8%	2%	4%
Distribution	41%	7%	38%	16%	27%
Infra and Logistics (core)	2%	18%	0%	24%	1%
Infra and Logistics (E&M)	0%	0%	0%	2%	0%
Short-term Loans	9%	3%	3%	6%	6%

Source: Company, Emkay Research

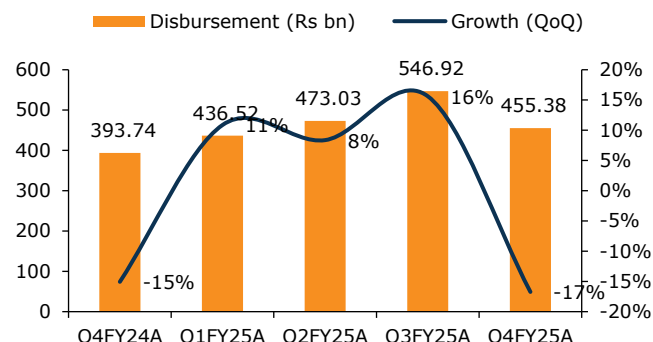
## Result in charts

**Exhibit 11: Growth impacted by higher prepayments**



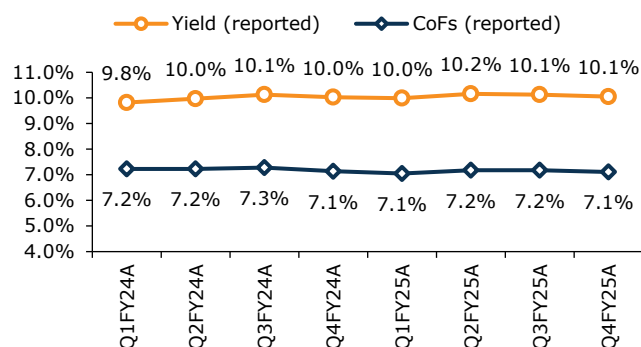
Source: Company, Emkay Research

**Exhibit 12: Strong disbursement in the RE segment**



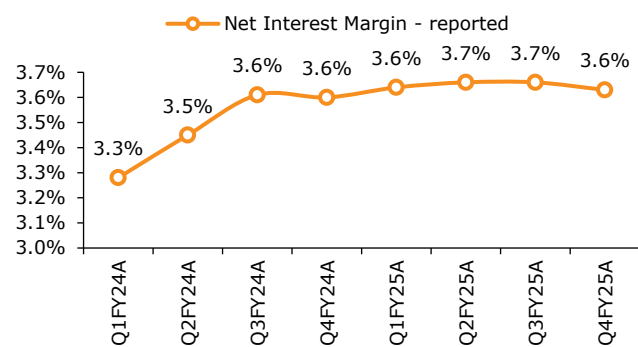
Source: Company, Emkay Research

**Exhibit 13: Marginal moderation in CoFs**



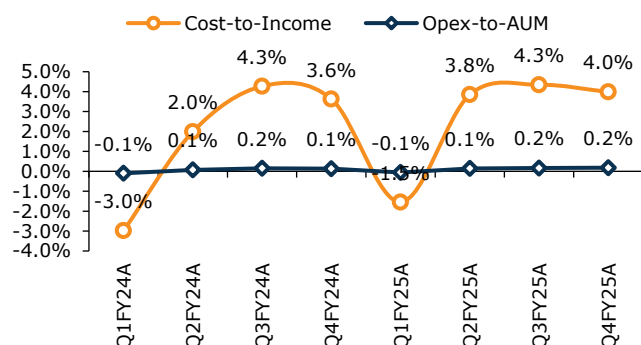
Source: Company, Emkay Research

**Exhibit 14: NIMs remained in the guided range**



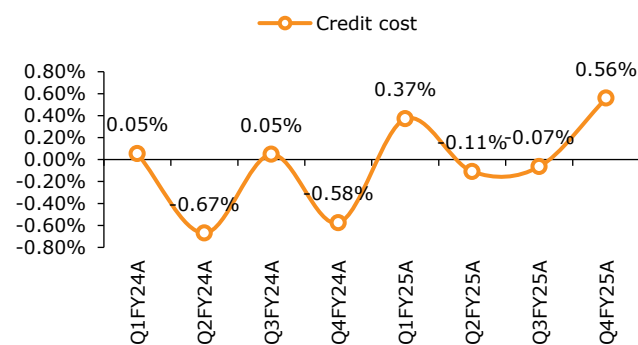
Source: Company, Emkay Research

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

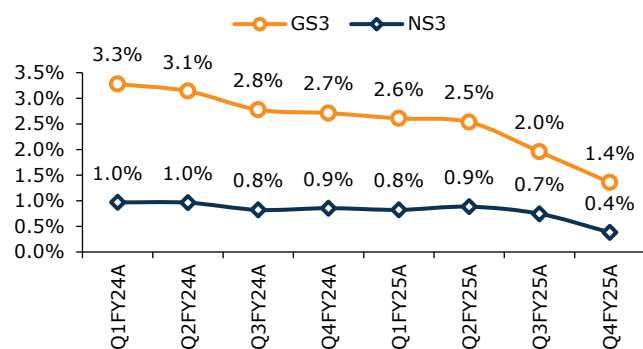


Source: Company, Emkay Research

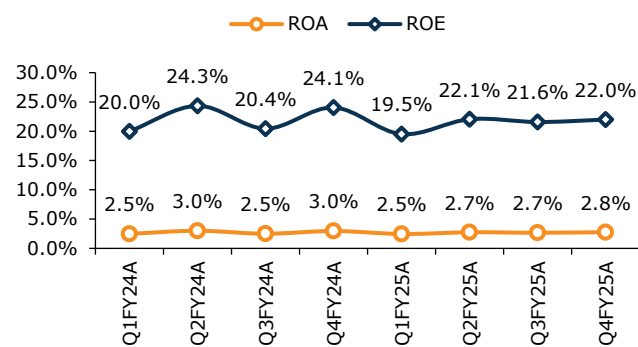
**Exhibit 16: Credit cost increase on account of some assets moving to stage 2 which is expected to reverse going forward**



Source: Company, Emkay Research

**Exhibit 17: Asset quality remains robust**

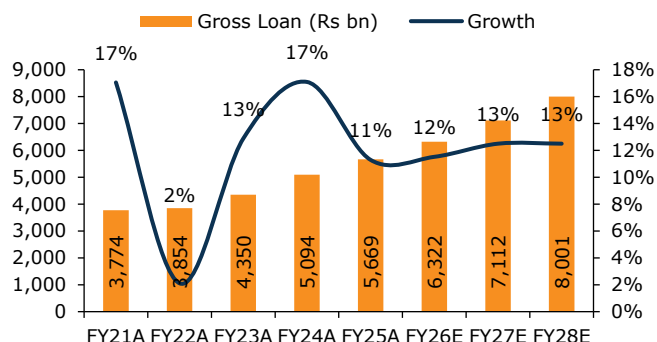
Source: Company, Emkay Research

**Exhibit 18: Strong ROA/ROE**

Source: Company, Emkay Research

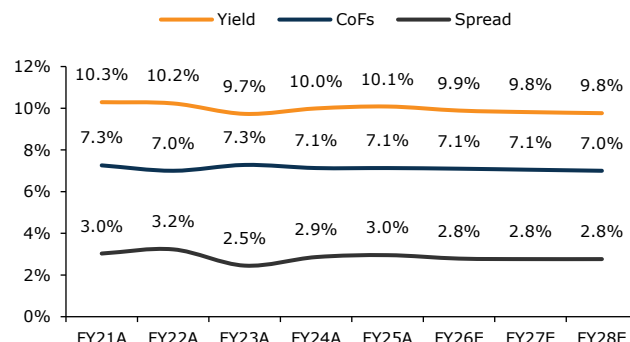
## Story in charts

**Exhibit 19: AUM CAGR expected at 11-13% over FY26-28E**



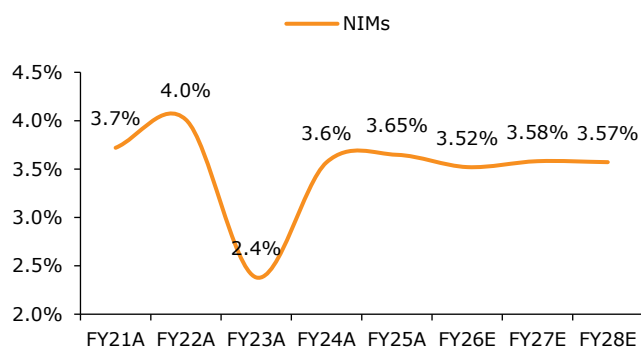
Source: Company, Emkay Research

**Exhibit 20: Some compression in yield, as share of RE increases**



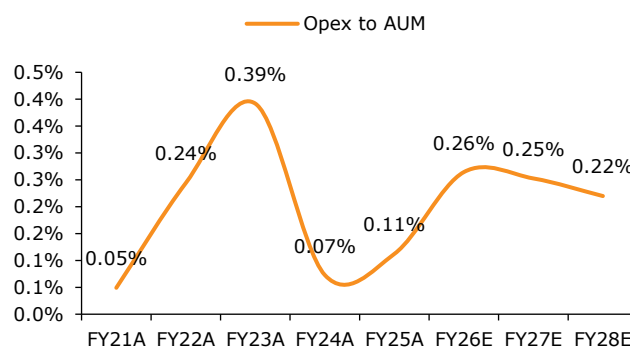
Source: Company, Emkay Research

**Exhibit 21: Margin profile remained healthy**



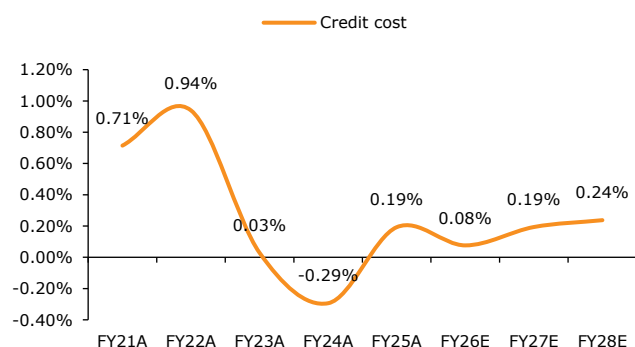
Source: Company, Emkay Research

**Exhibit 22: Opex-to-AUM to remain range bound ahead**



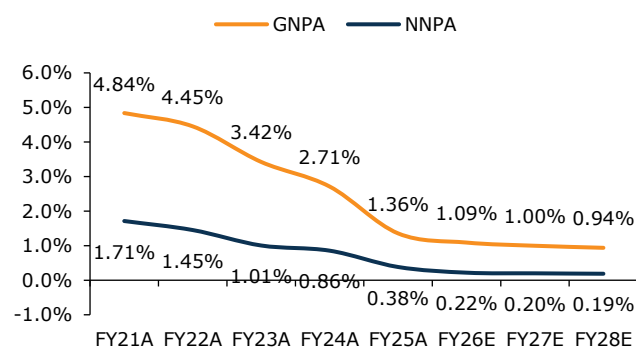
Source: Company, Emkay Research

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



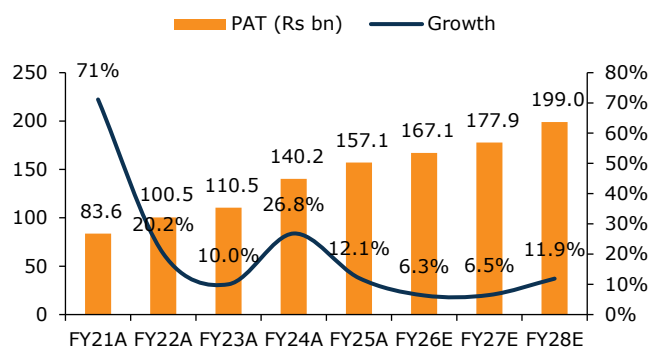
Source: Company, Emkay Research

**Exhibit 24: Healthy asset quality**



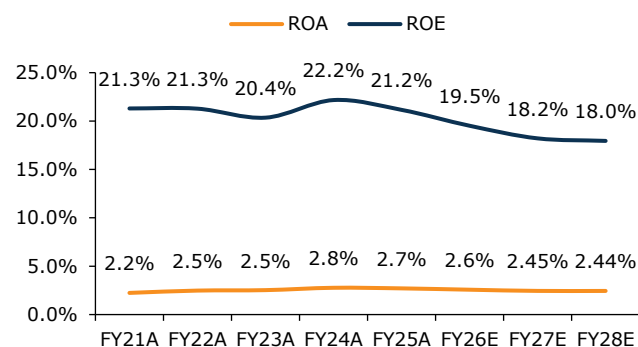
Source: Company, Emkay Research

Exhibit 25: PAT CAGR of ~8% over FY26-28E



Source: Company, Emkay Research

Exhibit 26: Healthy ROA and ROE profiles



Source: Company, Emkay Research



## Earnings Conference Call Highlights

- In FY25, REC sanctioned loans of ~Rs3.37trn, while disbursement for the year was ~Rs1.9trn, registering 18% annual growth; the RE segment saw 63% disbursement growth.
- Renewables contributed 31% of total sanctions, while the infrastructure and logistics sector projects accounted for 13%.
- In term of softer growth, the management stated that it received prepayments of Rs150bn in Q4 and an additional Rs200bn in 9MFY25; without such prepayments, loan book growth would have been at around 18% (prepayment details: Adani: Rs18bn, MSEDCL: Rs30bn; and some from Acme Solar)
- The management shared that it resolved two stressed assets in Q4FY25 – KSK Mahanadi and Corporate Power, amounting to Rs34bn. Over the entire fiscal year, a total of five projects worth nearly Rs60bn were resolved, with average recovery rate of ~71%. Currently, 12 projects remain under NPA classification: 11 projects totalling Rs60bn are being pursued through the NCLT process with 77% provisioning, while one project worth Rs15bn is being handled outside the NCLT with 50% provisioning. Provision coverage ratio on the remaining NPAs stands at a healthy 72%.
- The management informed that there are no NPAs in the state sector, which maintains ECL provisioning of 0.93% per IndAS.
- The management also informed that Legacy dues of generation and transmission companies have significantly declined, from Rs1.35trn three years ago to around Rs250bn now. Meanwhile, the ACS-ARR gap has narrowed to Rs0.39 per kwh. Additionally, tariff orders are now in place for nearly all discoms, with most regulators issuing these on time, barring delay in only 2-3 states.
- As part of its strategy, REC plans adopting a three-pronged approach to maintain its competitive edge: incentivizing early project completion, offering refinancing options after COD, and streamlining guidelines to enhance the overall ease of doing business.
- The management indicated that growth will be supported by strong demand in Thermal, RE, and Other schemes like RDSS and Smart metering.
- The management highlighted that the loan portfolio is predominantly state-sector driven, with 87% exposure to state entities and the remaining 13% to the private sector. About 50% of the state-sector loans are backed by state government guarantees, while the rest are secured through asset hypothecation. Additionally, over 90% of non-Capex loans carry state government guarantees, further strengthening the credit profile of the portfolio.
- The management also informed that while lending toward an RE project, only a project with a signed PPA is funded.
- Project Kaleshwaram and TSW are under Stage 2 assets, while Telangana Discoms remain standard, whereas some discoms in AP are classified under Stage 2.
- Guidance
  - AUM is expected to grow ~12% over FY26, reaching ~Rs10trn by end-FY30 with RE AUM of ~Rs3trn.
  - Margins and spread to remain range bound, with spread at 2.75-3% and NIM ranging at 3.5-3.75%.
  - Net zero NPA expected by FY26; it expects recovery of ~Rs8-10bn from the NPA resolution in FY26.
  - The management expects disbursement of Rs2-2.1trn in FY2 and RBPF disbursement of Rs800-900bn in current financial year; RBPF sanctions remain valid for five years.
  - The management expects incremental borrowings of Rs1.7trn in FY26, with funding source decisions based on comparative costs of ECB versus institutional funding.

REC: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	456,580	540,260	590,941	659,129	737,741
Interest Expense	299,740	341,480	369,508	412,340	460,593
Net interest income	156,840	198,780	221,433	246,789	277,148
NII growth (%)	6.2	26.7	11.4	11.5	12.3
Non interest income	10,810	16,050	10,377	8,152	9,069
Total income	167,650	214,830	231,810	254,941	286,217
Operating expenses	6,510	7,440	13,162	14,733	16,498
PPOP	161,140	207,390	218,648	240,207	269,719
PPOP growth (%)	8.0	28.7	5.4	9.9	12.3
Provisions & contingencies	(13,580)	10,190	4,499	12,816	17,684
PBT	174,720	197,200	214,149	227,391	252,036
Extraordinary items	3,070	1,400	(2,690)	(2,233)	(113)
Tax expense	37,610	41,470	44,406	47,283	52,904
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	140,180	157,130	167,052	177,875	199,019
PAT growth (%)	26.8	12.1	6.3	6.5	11.9
Adjusted PAT	137,110	155,730	169,742	180,108	199,132
Diluted EPS (Rs)	53.2	59.7	63.4	67.6	75.6
Diluted EPS growth (%)	25.7	12.1	6.3	6.5	11.9
DPS (Rs)	16.0	18.0	19.0	20.3	22.7
Dividend payout (%)	30.1	30.2	30.0	30.0	30.0
Effective tax rate (%)	0.2	0.2	0.2	0.2	0.2
Net interest margins (%)	3.6	3.6	3.5	3.6	3.6
Cost-income ratio (%)	3.9	3.5	5.7	5.8	5.8
PAT/PPOP (%)	87.0	75.8	76.4	74.1	73.8
Shares outstanding (mn)	2,633.0	2,633.2	2,633.2	2,633.2	2,633.2

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Asset quality					
GNPL - Stage 3	148,920	138,100	76,527	68,527	70,527
NNPL - Stage 3	43,560	21,627	13,705	14,105	14,905
GNPL ratio - Stage 3 (%)	2.7	1.4	1.1	1.0	0.9
NNPL ratio - Stage 3 (%)	0.9	0.4	0.2	0.2	0.2
ECL coverage - Stage 3 (%)	70.7	84.3	82.1	79.4	78.9
ECL coverage - 1 & 2 (%)	-	-	-	-	-
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	-	-	-	-	-
Total credit costs (%)	(0.3)	0.2	0.1	0.2	0.2
NNPA to networth (%)	6.3	2.7	1.5	1.4	1.3
Capital adequacy					
Total CAR (%)	25.7	26.0	25.4	24.6	23.9
Tier-1 (%)	23.2	23.8	23.2	22.4	21.7
Miscellaneous					
Total income growth (%)	8.4	28.1	7.9	10.0	12.3
Opex growth (%)	21.5	14.3	76.9	11.9	12.0
PPOP margin (%)	3.4	3.9	3.6	3.6	3.6
Credit costs-to-PPOP (%)	(8.4)	4.9	2.1	5.3	6.6
Loan-to-Assets (%)	91.3	91.1	90.8	91.3	91.7
Yield on loans (%)	10.0	10.1	9.9	9.8	9.8
Cost of funds (%)	7.1	7.1	7.1	7.1	7.0
Spread (%)	2.9	3.0	2.8	2.8	2.8

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	26,330	26,332	26,332	26,332	26,332
Reserves & surplus	661,500	771,235	888,171	1,012,684	1,151,997
Net worth	687,830	797,567	914,503	1,039,016	1,178,329
Borrowings	4,379,440	4,867,751	5,427,542	6,105,985	6,869,233
Other liabilities & prov.	407,130	470,232	522,415	539,895	558,028
Total liabilities & equity	5,474,400	6,135,550	6,864,461	7,684,896	8,605,591
Net loans	4,999,170	5,590,880	6,233,831	7,013,060	7,889,693
Investments	53,200	66,410	71,884	77,810	84,224
Cash, other balances	24,990	17,500	34,322	38,424	43,028
Interest earning assets	5,077,360	5,674,790	6,340,038	7,129,294	8,016,945
Fixed assets	6,550	7,040	7,182	7,327	7,474
Other assets	390,490	453,720	517,241	548,275	581,172
Total assets	5,474,400	6,135,550	6,864,461	7,684,896	8,605,591
BVPS (Rs)	261.2	302.9	347.3	394.6	447.5
Adj. BVPS (INR)	261.2	302.9	347.3	394.6	447.5
Gross loans	5,093,710	5,645,780	6,288,652	7,069,481	7,949,314
Total AUM	5,093,710	5,668,830	6,321,939	7,112,182	8,001,205
On balance sheet	5,093,710	5,668,830	6,321,939	7,112,182	8,001,205
Off balance sheet	0	0	0	0	0
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	17.8	11.8	11.5	12.5	12.5
AUM growth (%)	17.1	11.3	11.5	12.5	12.5
Borrowings growth (%)	16.9	11.2	11.5	12.5	12.5
Book value growth (%)	19.2	15.9	14.7	13.6	13.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	7.3	6.5	6.1	5.8	5.2
P/B (x)	1.5	1.3	1.1	1.0	0.9
P/ABV (x)	1.5	1.3	1.1	1.0	0.9
P/PPOP (x)	6.4	4.9	4.7	4.3	3.8
Dividend yield (%)	0.0	0.0	0.0	0.1	0.1
Dupont-RoE split (%)					
NII/avg AUM	3.3	3.7	3.7	3.7	3.7
Other income	0.2	0.3	0.2	0.1	0.1
Securitization income	-	-	-	-	-
Opex	0.1	0.1	0.2	0.2	0.2
Employee expense	-	-	-	-	-
PPOP	3.4	3.9	3.6	3.6	3.6
Provisions	(0.3)	0.2	0.1	0.2	0.2
Tax expense	3.7	3.7	3.6	3.4	3.3
RoAUM (%)	2.9	2.9	2.8	2.7	2.6
Leverage ratio (x)	7.5	7.2	7.0	6.9	6.8
RoE (%)	22.2	21.2	19.5	18.2	18.0

Quarterly data					
Rs mn, Y/E Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25	
NII	44,740	46,800	49,300	58,760	
NIM (%)	3.6	3.7	3.7	3.6	
PPOP	45,730	49,400	49,970	62,300	
PAT	34,420	40,050	40,290	42,365	
EPS (Rs)	13.07	15.21	15.30	16.09	

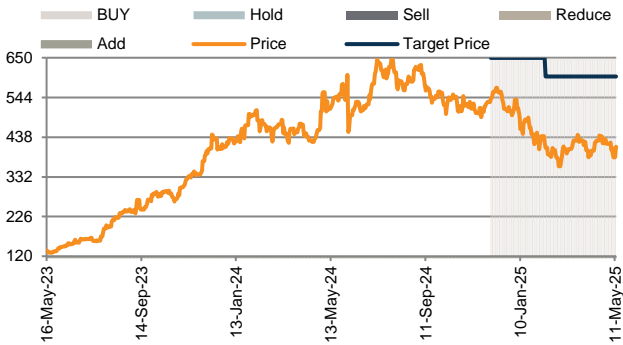
Source: Company, Emkay Research

RECOMMENDATION HISTORY – DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Apr-25	389	600	Buy	Avinash Singh
03-Apr-25	425	600	Buy	Avinash Singh
27-Feb-25	379	600	Buy	Avinash Singh
11-Feb-25	410	600	Buy	Avinash Singh
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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