21 May 2025

4QFY25 Results Update | Sector: Financials

Power Finance Corporation

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	POWF IN
Equity Shares (m)	3300
M.Cap.(INRb)/(USDb)	1362 / 15.9
52-Week Range (INR)	580 / 357
1, 6, 12 Rel. Per (%)	-8/-13/-19
12M Avg Val (INR M)	5726

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	193	206	232
PPP	216	233	262
PAT	174	181	201
EPS (INR)	52.6	54.7	60.9
EPS Gr. (%)	21	4	11
BV/Sh. (INR)	276	314	356
ABV/Sh. (INR)	232	270	313
RoAA (%)	3.2	3.0	3.0
RoAE (%)	20.4	18.6	18.2
Div Payout (%)	30.0	30.1	30.0
Valuations			
P/E (x)	7.6	7.3	6.6
P/BV (x)	1.5	1.3	1.1
Core P/E (x)	5.2	5.0	4.5
Core P/BV (x)	1.1	1.0	0.9
Div. Yld (%)	4.0	4.1	4.6

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	56.0	56.0	56.0
DII	16.2	17.2	18.3
FII	18.8	18.0	17.2
Others	9.0	8.8	8.6

FII includes depository receipts

CMP: INR413 TP: INR485 (+18%) Buy

Healthy quarter but weak outlook on loan growth

Asset quality improves, driven by resolutions; reported NIM stable QoQ

- Power Finance Corporation (PFC)'s 4QFY25 PAT grew ~24% YoY to INR51.1b (~17% beat). FY25 PAT jumped ~20% YoY to INR173.5b. The earnings beat was primarily driven by the write-back of ~INR12b in interest income from the resolution of KSK Mahanadi.
- NII in 4QFY25 grew ~39% YoY to ~INR59.1b (~28% beat). Other income grew ~58% YoY to ~INR11.3b, which included dividend income of INR11.5b.
- Opex declined ~32% YoY to ~INR2.3b (~8% higher than MOFSLe). The cost-to-income ratio stood at ~4% (PQ: 3.9% and PY: ~8.1%).
- Reported yields and CoB in FY25 stood at ~10.02% (9MFY25: 10.07%) and ~7.44% (9MFY25: 7.47%), respectively, resulting in spreads remaining broadly stable QoQ. Reported NIM in FY25 stood at ~3.64% (9MFY25: 3.65%).
- GS3 improved ~75bp QoQ to ~1.95%, and NS3 improved ~30bp QoQ to ~0.4%. PCR on Stage 3 rose ~7pp QoQ to ~80%. Provision stood at INR4.4b. This translated into annualized credit costs of 8bp (PY: -7bp and PQ: 1bp). PFC has created a 100% provision (INR3.1b) against its exposure to Gensol Engineering, which is under investigation for suspected fraud.
- PFC successfully resolved KSK Mahanadi in 4QFY25, in which its total exposure was INR33b. The company recovered 100% of the principal amount and received ~INR12b toward interest income, with the total recovery in KSK exceeding the admitted claim. Provision of ~INR18.1b on this account was reversed and partly utilized (~INR9b) for higher standard asset provisions on discoms, which saw a rating downgrade during the quarter.
- The company highlighted that two projects with total exposure of ~INR16.6b (Shiga Energy with an outstanding of INR5.2b and TRN Energy with an outstanding of INR11.4b) are in advanced stages of resolution. Restructuring plans for both have been finalized, with the documentation and implementation processes currently in progress.
- Management moderated its loan growth guidance to ~10-11% for FY26, citing muted growth expectations in the distribution segments (now that both LIS and LPS schemes are largely over).
- We estimate a disbursement/advances/PAT CAGR of 11%/12%/8% over FY25-FY27, an RoA/RoE of 3%/18%, and a dividend yield of ~5% in FY27E.

Key highlights from the management commentary

- Management guided spreads of ~2.5% in FY26 and is confident that it should be able to maintain its spreads guidance even in the near term.
- The company increased the PCR on Stage 2 from 0.58% to 1.85%. Part of it was driven by guidance from the RBI, and the rest of it was because of a prudent approach adopted by PFC.

Valuation and view

- PFC delivered a healthy quarter, supported by robust operational performance across key metrics. Disbursements remained healthy, fueling steady loan growth. Asset quality improved further, aided by the resolution of stressed assets, while NIMs remained largely stable on a sequential basis.
- PFC (standalone) trades at 0.9x FY27E P/BV and ~5x FY27 P/E, and we believe that the risk-reward is attractive considering decent visibility on loan growth, further stressed asset resolutions, and healthy RoE of 18-19% in FY26-27E.

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- We reiterate our **BUY** rating with an SoTP (Mar'27E)-based TP of INR485 (based on 1.1x target multiple for the PFC standalone business and INR193/ share for PFC's stake in REC after a hold-co discount of 20%).
- **Key risks:** 1) weaker loan growth driven by higher prepayments; 2) increase in exposure to power projects without PPAs; 3) compression in spreads and margins due to an aggressive competitive landscape; and 4) a slowdown in the offtake of renewable energy projects, driven by weak power demand.

Quarterly Performance (INR m)

Y/E March	FY24				FY25				FY24	FY25	4Q	v/s Est.
Particulars	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4Q**			**FY25E**	
Interest Income	1,01,241	1,06,921	1,13,313	1,14,937	1,18,270	1,19,090	1,24,172	1,37,215	4,36,411	4,98,747	1,26,322	9
Interest Expenses	66,207	69,631	71,735	72,564	74,990	75,007	77,231	78,109	2,80,138	3,05,380	79,972	-2
Net Interest Income	**35,034**	**37,289**	**41,578**	**42,373**	**43,280**	**44,083**	**46,942**	**59,106**	**1,56,274**	**1,93,367**	**46,350**	**28**
YoY Gr %	1.0	-3.1	16.4	21.9	23.5	18.2	12.9	39.5	8.8	23.7	9.4	
Other Income	**-2,111**	**11,904**	**5,875**	**7,165**	**3,160**	**14,655**	**5,971**	**11,309**	22,832	**35,096**	**10,814**	**5**
Net Operational Income	**32,923**	**49,193**	**47,452**	**49,538**	**46,440**	**58,738**	**52,913**	**70,415**	**1,79,106**	**2,28,463**	**57,164**	**23**
YoY Gr %	-8.9	7.6	20.6	14.3	41.1	19.4	11.5	42.1	8.9	27.6	15.4	
Exchange gain/(loss)	4,827	-1,188	-2,231	723	589	-3,100	457	-2,614	2,131	-4,668	-346	655
Total Net Income	**37,750**	**48,005**	**45,221**	**50,261**	**47,029**	**55,639**	**53,370**	**67,801**	**1,81,237**	**2,23,795**	**56,818**	**19**
YoY Gr %	32.6	22.5	23.2	24.3	24.6	15.9	18.0	34.9	25.2	23.5	13.0	
Operating Expenses	1,018	1,143	1,100	3,431	1,016	2,355	1,832	2,341	6,691	7,500	**2,166**	**8**
Operating Profit	**36,732**	**46,863**	**44,121**	**46,830**	**46,013**	**53,284**	**51,538**	**65,460**	**1,74,545**	**2,16,295**	**54,652**	**20**
YoY Gr %	35.5	22.6	24.1	23.7	25.3	13.7	16.8	39.8	25.8	23.9	16.7	
Provisions	22	-989	2,626	-3,370	620	-1,241	745	4,447	-1,712	4,571	955	366
PBT	**36,710**	**47,852**	**41,495**	**50,200**	**45,393**	**54,525**	**50,793**	**61,013**	**1,76,257**	**2,11,724**	**53,697**	**14**
Tax	6,641	9,377	7,723	8,845	8,214	10,821	9,244	9,924	32,587	38,202	9,946	0
Tax Rate %	18.1	19.6	18.6	17.6	18.1	19.8	18.2	16.3	18.5	18.0	18.5	
PAT	**30,069**	**38,474**	**33,772**	**41,355**	**37,179**	**43,704**	**41,549**	**51,090**	**1,43,670**	**1,73,522**	**43,751**	**17**
YoY Gr %	42.5	28.3	12.4	18.4	23.6	13.6	23.0	23.5	23.5	20.6	5.8	
Key Parameters (Calc., %)												
Yield on loans	9.5	9.7	10.0	9.8	9.9	9.8	10.0	10.7				
Cost of funds	7.3	7.4	7.4	7.2	7.4	7.3	7.4	7.0				
Spread	2.2	2.3	2.6	2.6	2.5	2.5	2.6	3.7				
NIM	3.4	3.5	3.8	3.7	3.6	3.6	3.76	4.61				
C/I ratio	2.9	3.1	2.6	8.1	2.3	5.3	3.9	4.0				
Credit cost	0.0	(0.02)	0.06	(0.07)	0.01	(0.03)	0.01	0.08				
Balance Sheet Parameters												
Disbursements (INR b)	228	328	235	486	195	467	342	680				
Growth YoY (%)	391	91	(7)	25	(15)	42	45	40				
AUM (INR b)	4,313	4,495	4,570	4,815	4,750	4,934	5,038	5,431				
Growth YoY (%)	17	19	16	14	10	10	10	13				
Asset Quality Parameters												
GS 3 (INR B)	165.0	165	161	161	161	134	135	105				
GS 3 (%)	3.8	3.7	3.5	3.3	3.4	2.7	2.7	1.9				
NS 3 (INR B)	45.0	44.8	41.1	41.1	41.1	35.3	35.9	20.9				
NS 3 (%)	1.0	1.0	0.9	0.9	0.9	0.7	0.7	0.4				
PCR (%)	72.7	72.8	74.4	74.4	74.4	73.6	73.4	80.1				

E: MOFSL Estimates

PFC: SoTP - Mar'27

	Stake	Target Multiple	Value (INR B)	INR per share	% To Total	Rationale
PFC Standalone	100	1.1	1,093	330	68	1.1x Mar'27 PBV
REC Stake (Pre-holdCo)	53	1.2	637	193		1.2x Mar'27 PBV
Hold Co Discount (20%)			127			
REC Stake (Post Hold-CO)				**510**	**155**	**32**
Target Value			**1,603**	**485**	**100**	

Healthy disbursements; loan book grew ~13% YoY

- The loan book stood at INR5.43t and grew 13% YoY/8% QoQ. Disbursements during the quarter rose ~40% YoY to ~INR680b. FY25 disbursements were up ~32% YoY to INR1.68t.
- Disbursements to distribution and renewable sectors formed ~55% and ~17% of the total disbursements in FY25.
- Renewables segment in the loan mix increased to 15% (PQ: 14%).
- PFC cut its loan growth guidance to ~10-11% as disbursements under government schemes like LIS have concluded and under LPS are nearing completion. We model a loan book CAGR of ~12% over FY25-FY27E.

Improvement in asset quality; standard asset provisioning rose QoQ

- GS3 improved ~75bp QoQ to ~1.95%, and NS3 improved ~30bp QoQ to ~0.4%. PCR on Stage 3 rose ~7pp QoQ to ~80%. Management highlighted that PFC increased PCR on stage 2 from 0.58% to 1.85% following guidance from the RBI and in line with a more prudent provisioning approach adopted by PFC.
- Management shared that during the quarter, ratings of 18 DISCOMs were upgraded, while 13 were downgraded. To account for the impact of these rating changes, PFC partly utilized the provision reversal from the KSK Mahanadi resolution to create additional provisions of ~INR9b.
- PFC has ~21 projects (PQ: 20 projects) that are classified as NPA. Resolutions in ~10 NPA projects (PQ: 11) are being pursued under NCLT, and the remaining ~11 NPA projects (PQ: 9) are being pursued outside NCLT.

Progress in stressed asset resolutions

- **Shiga Energy and TRN Energy:** PFC shared that both these projects, with an exposure of ~INR5.2b and ~INR11.4b, respectively, are in advanced stages of resolution. Restructuring plans for both have been finalized, with the documentation and implementation processes currently in progress.
- **Sinnar Thermal (1,350MG coal-based plant):** Sinnar Thermal plant, with an exposure of ~INR30b, is currently undergoing resolution under the NCLT process. Resolution offers have been received, and discussions on the way forward are ongoing. The company has maintained a PCR of ~80% on this account.
- **IndiaPower Haldia (450 MW coal-based plant)**: India Power Haldia, with an exposure of ~INR9.59b, is currently under resolution under NCLT. The resolution plan has been submitted for approval, and the company has maintained a PCR of ~50% on this account.
- **KSK Mahanadi:** The company has successfully resolved this project during the quarter.

Highlights from the management commentary

Guidance

- Guided for loan growth of ~10-11% and spreads of ~2.5% in FY26.
- The company is confident that it should be able to maintain its spreads guidance even in the near-term.

Standalone

- PFC registered its all-time high PAT of INR173.5b, up 21% YoY. PAT increase is driven by a healthy NII growth and provision reversals on account of resolutions.
- PFC's Board has declared a final dividend of INR2.05/share. Total dividend for FY25 stood at INR15.8/share.
- Within a stable range, yields for FY25 stood at 10.02%, CoF at 7.44%, resulting in spreads of 2.58% (within the guided range).
- FY25 NIM stood at 3.64%. With steady rising profits, PFC's NW stood at INR909.4b, up 15% YoY
- CRAR stood at 22.1%, well above the minimum regulatory requirements

Asset Quality

- Resolved KSK Mahanadi in 4QFY25 with exposure of INR33b. Received INR44.48b under the resolution, and PFC made ~100% Principal recovery and ~INR11.92b recovered against interest income.
- Provisions of INR18.15b against KSK Mahanadi have been reversed in 4QFY25
- NNPA stood at 0.39%, GNPA stood at 1.94%
- Post resolution of Stage 3 stood at INR105.2b across 21 NPA Projects. Out of these projects, 10 projects with exposures of INR82.1b are being resolved through NCLT. Within this, projects with exposure of ~INR26.05b are under liquidation.
- Two projects with exposure of ~INR16.61b are in advanced stages of resolution, both being resolved outside NCLT.
- TRN Energy with exposure of INR11.39b - 600MW Thermal Plant. The company has a PCR of 50%.
- Shiga Energy with exposure of INR5.22b - 97MW commissioned hydro energy plant. The company has a PCR of 31%
- The restructuring plan has been finalized, and the documentation and implementation process are currently underway.
- Sinnar Thermal with exposure of ~INR30b is a 1350MW coal-based plant. It is being Resolved under NCLT. Resolution offers have been received, and the way forward is under discussion. The company has a PCR of ~80%.
- IndiaPower Haldia with an exposure of ~INR9.59b is a 450MW coal-based plant. It is being Resolved under NCLT. The application for approval of the resolution plan has been filed before the NCLT. The company has a PCR of ~50%.
- Overall PCR of ~80% on Total Stage 3
- Increased PCR on Stage 2 from 0.58% to 1.85%. Guidance from RBI, and there has been a prudent approach that PFC has adopted.

Provisioning on Discoms in 4QFY25

- During the quarter, 15 discoms saw a credit rating upgrade and 13 discoms experienced a downgrade. Provision reversals from KSK Mahanadi have been utilized, ~INR9b, to account for these rating changes.
- 75% weightage attached to the financial performance - subsidy support from the government, efficiency improvement, and ATC improvement.
- There are some States that have slipped or some that are only maintaining at same levels as last year

Gensol Engineering

- PFC had disbursed INR3.52b, and 2741 vehicles have been delivered and hypothecated to PFC.
- Outstanding loan amount of INR3.07b (Post security encashment of FDs, it has made 100% provisioning on Gensol Engineering)
- Promoter-specific event, and it does reflect sectoral risk.
- There are no overdues against Gensol, but because of the fraud, it has already been declared as an NPA.

Loan Growth

- The main reason for guidance of a lower loan growth of 10-11% is expected weaker growth in the distribution segment, given that the LPS requirement will reduce as the health of discoms improves.
- Renewable book stood at INR810.32b, up 35% YoY, and PFC is the Largest renewable financing agency in the country.
- Distribution and Renewable, which contributed 55% and 17% of the total disbursements in FY25.
- India is steadily moving towards its 2030 energy transition - 30GW of renewable capacity was added in FY25, and Solar contributed 80% to the total renewable capacity addition in FY25.
- Currently, India has over 17GW of Rooftop solar installed capacity.
- New renewable power auctions are emphasizing solar-wind hybrid. More than 50% of the total auctioned capacity was for integrated renewables. The battery energy storage electricity cost has declined from INR8-10/unit in FY22 has come down to INR6-7/unit now. A decreasing tariff trend will help in achieving a significant scale going forward.
- The government had announced 80GW of Thermal general capacity. Envisage financing opportunity in this segment will be material over the medium term.

View on Discom disbursements and loan growth

- The company cut its loan growth guidance as disbursements under a few of the government schemes, such as LIS (Liquidity Infusion Scheme), are over, and LPS (late payment surcharge) is almost over now.
- In Discoms, the major funding requirement comes from government schemes like LPS and RBPF.
- Under RDSS, PFC has undisbursed sanctions of INR390b in hand. There was some delay in tenders, and now that has been addressed. First, the government grant will be released. Disbursements under RDSS will be higher in FY25.
- Funding through RBPF will continue in FY26 as well

- For distribution sector, the progress in the RDSS and any new government measures will be crucial to watch out for.
- Distribution segment disbursements will be lower going forward.

Liabilities

- Within its foreign currency borrowings, ~70% Exposure is in USD
- Near 100% exchange-rate risk is hedged for the US Dollar-denominated portfolio
- If PFC can raise at a lower rate, it can pass it on to its borrowers to remain competitive.
- Average liability period of 4-5 years. ~25% of the borrowings will mature in FY26.
- A declining interest rate cycle will not pose a very big challenge, even as it acknowledges that pre-payments are a part and parcel of the lending business.

Private Sector Loans

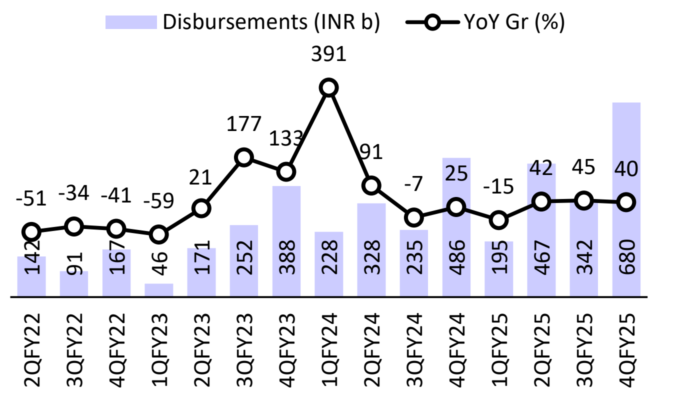
- Growth is coming from the distribution sector or renewable. Renewable loan growth has primarily been in the private sector.
- It is looking to fund clean energy in a big way - With government push for private participation in the renewable sector, private sector loans will continue to grow.

Others

- At that point in time (when sanctions were ballooning), a large number of thermal projects were being sanctioned, which had a huge outlay. Most of the sanctions currently are coming from renewables refinancing, where the gestation period is very low. Capacities and project costs are also lower in Renewable.
- The Power Sector remains its primary focus. On the infrastructure front, it will gradually continue to grow.
- Issues like land acquisitions, Right of Way, and PPAs not getting signed - They are being resolved at the highest levels in the Ministry of Power.
- Prepayments happen in the normal course of business. Prepayments can be volatile, but growth expectations were 12-13%, and PFC delivered that in FY25. Guided for loan growth of ~10-11%.
- The government has taken sufficient steps under RDSS, but there are still ACS-ARR gaps that have to be addressed. Because of LPS, the generator dues have declined significantly.

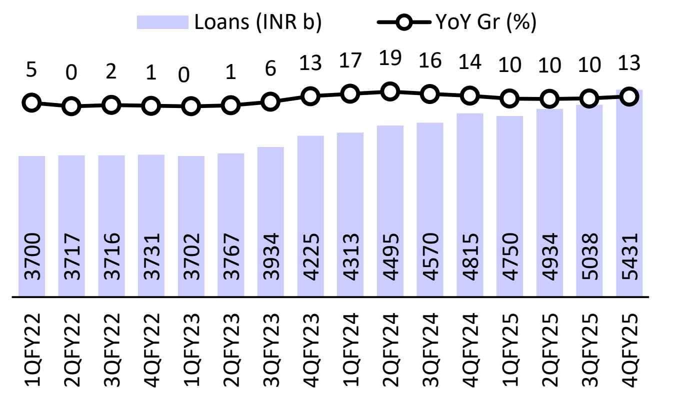
Key exhibits

Exhibit 1: Disbursements grew ~40% YoY



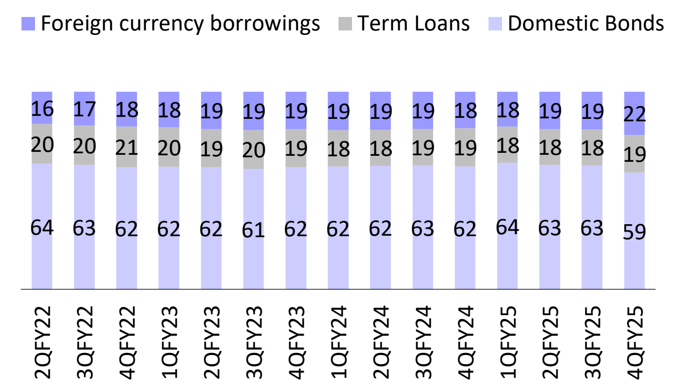
Source: MOFSL, Company

Exhibit 2: Loan book grew 13% YoY



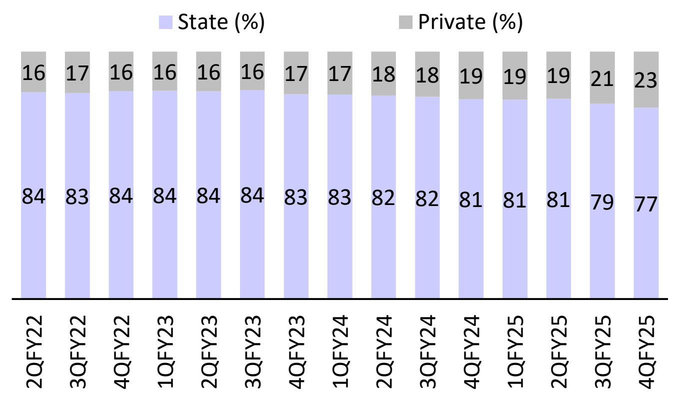
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)



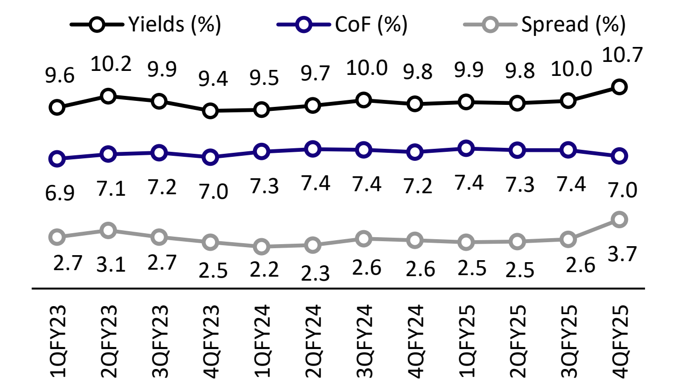
Source: MOFSL, Company

Exhibit 4: ~23% of loans are given to private players (%)



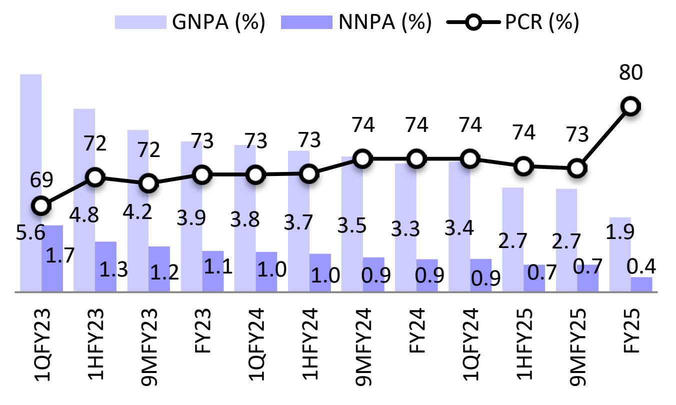
Source: MOFSL, Company

Exhibit 5: Spreads (Calc.) rose ~105bp QoQ



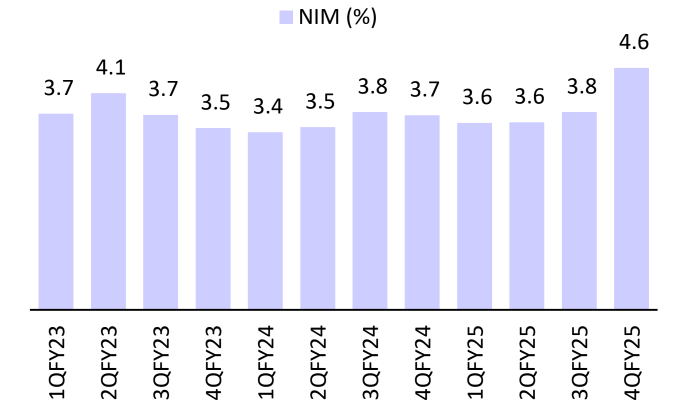
Source: MOFSL, Company,

Exhibit 6: Improvement in asset quality



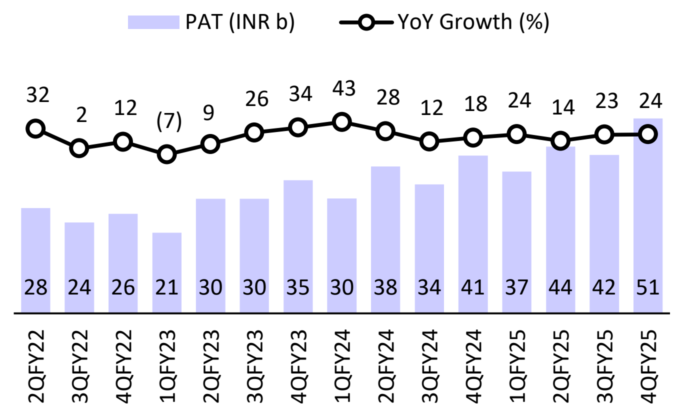
Source: MOFSL, Company

Exhibit 7: NIM (Calc.) rose ~85bp QoQ (%)



Source: MOFSL, Company,

Exhibit 8: PAT grew ~24% YoY



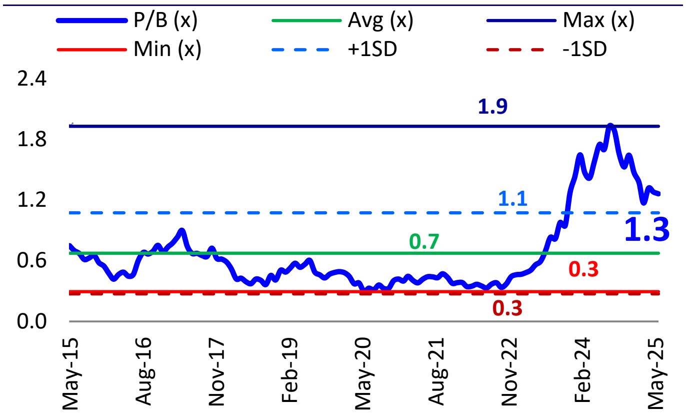
Source: MOFSL, Company

Exhibit 9: We cut our FY26 EPS estimates by ~3% to factor in lower loan growth, lower other income, and higher credit costs

INR B	Old Est.		New Est.		% Change	
	FY26	FY27	FY26	FY27	FY26	FY27
NII	198.4	223.6	205.5	232.2	3.6	3.8
Other Income	37.1	42.2	36.0	39.1	-3.1	-7.4
Net Income	**235.5**	**265.9**	**241.5**	**271.3**	**2.5**	**2.0**
Operating Expenses	8.1	9.0	8.3	9.2	2.4	2.4
Operating Profits	**227.4**	**256.9**	**233.2**	**262.1**	**2.5**	**2.0**
Provisions	-1.3	8.7	12.5	16.5	-	91
PBT	**228.7**	**248.2**	**220.7**	**245.6**	**-3.5**	**-1.1**
Tax	42.3	45.9	40.2	44.4	-5.0	-3.2
PAT	**186.4**	**202.3**	**180.6**	**201.1**	**-3.1**	**-0.6**
Loans	6,038	6,854	6,033	6,760		
RoAA (%)	**3.2**	**3.0**	**3.0**	**3.0**		

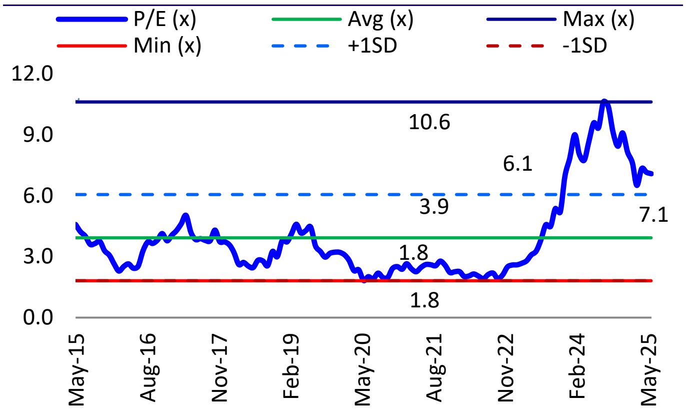
Source: MOFSL, Company

Exhibit 10: One year forward P/B



Source: MOFSL, Company,

Exhibit 11: One year forward P/E



Source: MOFSL, Company

Du Pont Analysis %	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest income	9.1	9.0	9.6	9.3	9.0	9.2	9.2	8.8	8.8
Interest expenses	6.1	6.2	6.2	5.8	5.5	5.9	5.6	5.4	5.3
Net Interest Income	**3.0**	**2.9**	**3.4**	**3.6**	**3.4**	**3.3**	**3.6**	**3.4**	**3.5**
Other Operating Income	0.1	0.6	0.3	0.5	0.5	0.5	0.6	0.6	0.6
Other Income	-0.2	-0.7	0.0	-0.2	-0.5	0.0	-0.1	0.0	0.0
Total Income	**3.0**	**2.7**	**3.8**	**3.8**	**3.5**	**3.8**	**4.1**	**4.0**	**4.1**
Operating expenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Operating profits	**2.9**	**2.6**	**3.6**	**3.7**	**3.3**	**3.7**	**4.0**	**3.9**	**4.0**
Provisions	-0.3	0.3	0.9	0.6	-0.1	0.0	0.1	0.2	0.3
PBT	**3.1**	**2.3**	**2.7**	**3.1**	**3.4**	**3.7**	**3.9**	**3.7**	**3.7**
Taxation	0.9	0.7	0.5	0.6	0.6	0.7	0.7	0.7	0.7
RoA	**2.2**	**1.6**	**2.2**	**2.5**	**2.8**	**3.0**	**3.2**	**3.0**	**3.0**
Leverage (x)	7.8	8.0	7.7	7.0	6.6	6.4	6.4	6.2	6.0
RoE	**17.3**	**12.8**	**17.3**	**17.9**	**18.2**	**19.5**	**20.4**	**18.6**	**18.2**

E: MOFSL Estimates

Financials and valuations

Income Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
(INR b)									
Interest on loans	284	320	361	367	376	436	499	530	580
Interest exp & other charges	190	219	232	227	233	280	305	324	348
Net Interest Income	**94**	**101**	**130**	**140**	**144**	**156**	**193**	**206**	**232**
Change (%)	7.8	6.9	28.3	8.3	2.4	8.8	23.7	6.3	13.0
Other operating income	4	21	11	19	21	23	35	38	41
Exchg Gain/(loss) on Forex loans	-5	-26	2	-9	-20	2	-5	-2	-2
Other Income	0	0	0	0	0	0	0	0	1
Net Income	**93**	**96**	**142**	**150**	**145**	**181**	**224**	**242**	**271**
Change (%)	-9.5	2.6	48.4	5.7	-3.6	25.2	23.5	7.9	12.3
Employee Cost	2	2	2	2	2	2	3	3	3
Administrative Exp	2	2	3	3	4	4	5	5	6
Depreciation	0	0	0	0	0	0	0	0	0
Operating Income	**89**	**92**	**137**	**144**	**139**	**175**	**216**	**233**	**262**
Change (%)	-10.2	2.7	49.2	5.4	-4.0	25.8	23.9	7.8	12.4
Total Provisions	**-9**	**10**	**35**	**22**	**-3**	**-2**	**5**	**12**	**17**
% to operating income	-9.7	10.8	25.5	15.4	-2.1	-1.0	2.1	5.3	6.3
PBT	**98**	**82**	**102**	**122**	**142**	**176**	**212**	**221**	**246**
Prior period Adjustments	0	0	0	0	0	0	0	0	0
PBT (post prior period adj)	**98**	**82**	**102**	**122**	**142**	**176.3**	**211.7**	**221**	**246**
Tax (Incl Deferred tax)	29	25	18	22	26	33	38	40	44
Tax Rate (%)	29.2	31.0	17.3	18.0	18.1	18.5	18.0	18.2	18.1
PAT	**70**	**57**	**84**	**100**	**116**	**144**	**174**	**181**	**201**
Change (%)	4.2	-18.7	49.3	18.7	15.8	23.8	20.8	4.1	11.4
Extra-ordinary item	0	0	0	0	0	0	0	0	0
Reported PAT	**70**	**57**	**84**	**100**	**116**	**144**	**174**	**181**	**201**
Adjusted PAT (Excluding REC Dividend)	**73**	**53**	**82**	**98**	**113**	**139**	**168**	**175**	**195**
Change (%)	12.4	-28.2	56.7	18.7	15.4	23.5	20.6	3.9	11.6
Proposed Dividend (Incl Tax)	0	25	26	32	35	45	52	54	60

Balance Sheet

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
(INR b)									
Capital	26	26	26	26	26	33	33	33	33
Reserves & Surplus	406	425	498	567	656	759	876	1,003	1,143
Net Worth	**433**	**452**	**524**	**594**	**682**	**792**	**909**	**1,036**	**1,176**
Deferred Tax Liability	0	0	0	0	0	0	0	0	0
Networth (incl DTL)	**433**	**452**	**524**	**594**	**682**	**792**	**909**	**1,036**	**1,176**
Interest subsidy from GoI	0	0	0	0	0	0	0	0	0
Borrowings	**2,952**	**3,103**	**3,330**	**3,274**	**3,704**	**4,164**	**4,755**	**5,068**	**5,645**
Change (%)	24.7	5.1	7.3	-1.7	13.1	12.4	14.2	6.6	11.4
Total Liabilities	**3,447**	**3,618**	**3,921**	**3,944**	**4,448**	**5,056**	**5,782**	**6,234**	**6,965**
Investments	166	165	160	161	173	202	207	218	228
Change (%)	558.2	-0.7	-3.0	0.7	7.6	16.9	2.5	5.0	5.0
Loans	**3,032**	**3,341**	**3,601**	**3,609**	**4,108**	**4,699**	**5,328**	**5,882**	**6,599**
Change (%)	14.0	10.2	7.8	0.2	13.8	14.4	13.4	10.4	12.2
Forex monetary reserves	0	0	0	0	0	0	0	0	0
Net Fixed Assets	0	1	1	1	1	1	1	1	1
Net Current Assets	142	2	48	40	16	2	68	17	16
Total Assets	**3,447**	**3,618**	**3,921**	**3,944**	**4,448**	**5,056**	**5,782**	**6,234**	**6,965**

E: MOFSL Estimates

Financials and valuations

Loans and Disbursements	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Gross Loans (INR b)	3,147	3,449	3,708	3,731	4,225	4,815	5,431	6,033	6,760
YoY Growth (%)	13	10	7	1	13	14	13	11	12
Disbursements (INR b)	677	680	883	512	858	1,277	1,683	1,851	2,055
YoY Growth (%)	5	0	30	-42	67	49	32	10	11

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Spreads Analysis (%)									
Avg. Yields	10.0	10.0	10.4	10.2	9.8	9.9	9.9	9.5	9.3
Avg Cost of funds	7.1	7.2	7.2	6.9	6.7	7.1	6.8	6.6	6.5
Interest Spread	2.9	2.8	3.2	3.3	3.1	2.79	3.10	2.85	2.80
NIM	3.1	2.3	3.8	3.6	3.2	3.6	3.8	3.6	3.7
Profitability Ratios (%)									
RoE	17.3	12.8	17.3	17.9	18.2	19.5	20.4	18.6	18.18
RoA	2.2	1.6	2.2	2.5	2.8	3.0	3.2	3.0	3.0
Efficiency Ratios (%)									
Int. Expended/Int.Earned	66.8	68.4	64.2	61.8	61.8	64.2	61.2	61.2	60.0
Other operating Inc./Net Inc.	4.3	22.0	7.6	12.3	14.3	12.5	15.6	15.6	15.0
Other Income/Net Income	0.2	0.1	0.2	0.3	0.1	0.1	0.1	0.2	0.2
Op. Exps./Net Income	4.3	4.2	3.6	3.8	4.2	3.7	3.4	3.4	3.4
Empl. Cost/Op. Exps.	43.5	48.5	37.9	37.1	36.3	36.3	35.8	35.2	34.4
Asset-Liability Profile (%)									
Loans/Borrowings Ratio (x)	103	108	108	110	111	113	112	116	117
Assets/Networth (x)	8.0	8.0	7.5	6.6	6.5	6.4	6.4	6.0	5.9
Debt/Equity (x)	6.8	6.9	6.4	5.5	5.4	5.3	5.2	4.9	4.8
Asset Quality (%)									
Gross Stage 3	9.4	8.1	5.7	5.6	3.9	3.3	1.9	1.5	1.2
Net Stage 3	4.6	3.8	2.1	1.8	1.1	0.9	0.4	0.3	0.2
PCR	51.5	47.1	63.4	68.6	72.7	74.4	80.1	82.0	84.0
Credit costs	-0.31	0.31	1.01	0.62	-0.08	-0.04	0.09	0.22	0.26

Valuations

Valuations	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Book Value (INR)	164	171	198	225	258	240	276	314	356
BV Growth (%)	17.1	4.3	16.0	13.3	14.9	-7.1	14.8	13.9	13.6
Price-BV (x)	**2.4**	**2.3**	**2.0**	**1.8**	**1.5**	**1.7**	**1.5**	**1.3**	**1.1**
Adjusted Book Value (INR)	150	116	144	170	203	196	232	270	313
ABV Growth (%)	24.8	-22.8	23.6	18.4	19.7	-3.6	18.1	16.5	15.8
Price-ABV (x)	**1.8**	**2.3**	**1.9**	**1.6**	**1.3**	**1.4**	**1.1**	**1.0**	**0.9**
EPS (INR)	26.3	21.4	32.0	38.0	44.0	43.5	52.6	54.7	60.9
EPS Growth (%)	4.2	-18.7	49.3	18.7	15.8	-1.0	20.8	4.1	11.4
Price-Earnings (x)	**15.2**	**18.7**	**12.5**	**10.5**	**9.1**	**9.2**	**7.6**	**7.3**	**6.6**
Core EPS (INR)	27.7	19.9	31.2	37.0	42.8	42.3	50.9	53.0	59.1
Adj Core EPS Growth (%)	12.4	-28.2	56.7	18.7	15.4	-1.2	20.6	3.9	11.6
Adj. Price-Core EPS (x)	**9.6**	**13.3**	**8.5**	**7.2**	**6.2**	**6.3**	**5.2**	**5.0**	**4.5**
DPS	0.0	9.5	10.0	12.0	13.3	13.5	15.8	16.5	18.3
Dividend Yield (%)	**0.0**	**2.4**	**2.5**	**3.0**	**3.3**	**3.4**	**4.0**	**4.1**	**4.6**

E: MOFSL Estimates

N O T E S

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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.
Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.