

Shriram Finance

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR524 TP: INR700 (+33%) Buy

Healthy quarter despite minor asset quality deterioration

Earnings in line; NIM contracts due to negative carry from excess liquidity

- Shriram Finance (SHFL)'s PAT in 3QFY25 rose ~14% YoY to ~INR20.8b. Post-tax gain on the sale of Shriram Housing was ~INR14.9b. Reported PAT (including exceptional gain) stood at INR35.7b.
- PPOP grew 11% YoY to ~INR40.8b (in line). NII in 3QFY25 grew ~14% YoY to INR55.9b (in line). Credit costs of ~INR13.3b translated into annualized credit costs of ~2.1% (PQ: 2.1% and PY: 2.4%).
- Yields (calc.) rose ~15bp QoQ while CoB rose ~10bp QoQ to 8.8%, resulting in spreads rising ~5bp QoQ to ~7.8%. Reported NIM declined ~25bp QoQ to ~8.5%, primarily because of negative carry from excess liquidity on the balance sheet. NIM will exhibit improvement once the excess liquidity normalizes within two quarters.
- Management continued to guide for mid-teen AUM growth and a cost-to-income ratio of ~28% in FY26.
- SHFL has positioned itself to capitalize on its diversified AUM mix, improved access to liabilities, and enhanced cross-selling opportunities. The company has yet to fully utilize its distribution network for non-vehicle products. SHFL is our [Top Idea \(refer to the report\)](#) in the NBFC Sector for CY25, given that we find its valuations of 1.3x FY27E P/BV attractive for a strong franchise that can deliver a ~18%/~19% AUM/ PAT CAGR over FY24-27 and a RoA/RoE of ~3.2%/~16% in FY26. **Reiterate BUY with a TP of INR700 (premised on 1.7x FY27E BVPS).**

Bloomberg	SHFL IN
Equity Shares (m)	376
M.Cap.(INRb)/(USDb)	991.8 / 11.5
52-Week Range (INR)	730 / 439
1, 6, 12 Rel. Per (%)	-6/2/7
12M Avg Val (INR M)	4159

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Total Income	234	278	331
PPOP	163	195	235
PAT	83.0	98.8	119.6
EPS (INR)	44	53	64
EPS Gr. (%)	15	19	21
Standalone BV (INR)	307	357	418

Valuations

NIM on AUM (%)	9.0	9.1	9.3
C/I ratio (%)	30.6	30.1	29.0
RoAA (%)	3.2	3.2	3.3
RoE (%)	15.6	15.8	16.4
Div. Payout (%)	23.3	23.0	23.0

Valuations

P/E (x)	11.9	10.0	8.2
P/BV (x)	1.7	1.5	1.3
Div. Yield (%)	2.0	2.3	2.8

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	25.4	25.4	25.4
DII	16.0	16.2	15.8
FII	53.1	53.3	54.0
Others	5.6	5.1	4.8

FII Includes depository receipts

Minor deterioration in asset quality; higher PCR on standard loans

- GS3/NS3 deteriorated ~5bp each QoQ to ~5.4%/2.7%. PCR on Stage 3 was largely stable QoQ at ~52%. Asset quality exhibited minor deterioration in CE, CV, and MSME while it improved in PV and tractors.
- SHFL again increased the PCR on S1/S2 loans by ~5bp each QoQ. Write-offs stood at INR4.4b, translating into ~0.8% of write-offs as % of TTM AUM (PQ: ~1% and PY: ~1.2%).
- Management guided credit costs of less than ~2%, while our credit cost estimates are marginally higher at ~2.3%/2.4% for FY26/FY27.

AUM rises 19% YoY; disbursement growth healthy at ~16% YoY

- Disbursements in 3QFY25 grew ~16% YoY to ~INR438b, and AUM rose ~19% YoY to INR2.54t. AUM growth of ~5% QoQ was driven by healthy growth across 2W (+18% QoQ), farm equipment (+7% QoQ), MSME (+7% QoQ), and PV (+6% QoQ).
- Gold Loan AUM has declined for two consecutive quarters. However, the company expects Gold AUM to grow in 4QFY25, followed by double-digit growth in gold loans going ahead.
- Management shared that CV utilization levels are good and the freight rates are also stable. We model an AUM CAGR of ~18% over FY24-27E.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

NIM to benefit from product mix improvement and expected cut in repo rates

- A shift in the product mix to high-yielding non-CV products will be marginally accretive to the blended yields. A large proportion of this improvement in yields is expected to be driven by a higher proportion of gold loans and MSME loans in the AUM mix.
- With repo rate cuts expected in 1H CY25, SHFL is well-equipped to reap the benefits of a declining interest rate environment. We model NIMs of 9.1%/9.3% in FY26/FY27 (FY25E: ~9%).

Highlights from the management commentary

- The growth in used vehicle financing has primarily been driven by an increase in average ticket size, as the market supply of used vehicles remains constrained. However, over the next 3-5 years, SHFL is well-positioned to capitalize on this segment, as the supply of used vehicles in the market is expected to improve, creating new opportunities for financing.
- Liquidity on the balance sheet increased to ~INR270b from ~INR170b; which is equal to the next six months of liability repayments. This liquidity will moderate over the next two quarters, and it will go back to keeping liquidity equivalent to three months of liability repayments.

Valuation and View

- SHFL reported an operationally healthy quarter with strong AUM and disbursement growth. Minor deterioration in asset quality was likely because of a slowdown in economic activity, but the management was confident of seeing some positive momentum in asset quality in the seasonally stronger 4Q of this fiscal year.
- SHFL is effectively leveraging cross-selling opportunities to reach new customers and introduce new products, leading to improved operating metrics and a solid foundation for sustainable growth. The current valuation of ~1.3x FY27E BVPS is attractive for a ~19% PAT CAGR over FY24-27E and RoA/RoE of ~3.3%/16% in FY27E. **Reiterate BUY with a TP of INR700 (based on 1.7x FY27E BVPS).**

Quarterly Performance

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest Income	76,880	82,166	86,179	90,773	93,628	98,145	1,03,408	1,07,962	3,35,997	4,03,143	1,02,365	1
Interest Expenses	34,875	36,219	37,069	39,898	41,289	43,504	47,513	49,580	1,48,061	1,81,886	45,810	4
Net Interest Income	42,004	45,947	49,110	50,874	52,339	54,641	55,896	58,382	1,87,935	2,21,258	56,555	-1
YoY Growth (%)	20.0	21.6	17.1	21.7	24.6	18.9	13.8	14.8	17.0	17.7	15.2	
Other Income	3,167	3,479	3,094	4,206	2,343	2,805	3,646	4,264	13,980	13,058	3,046	20
Total Income	45,171	49,426	52,204	55,080	54,682	57,446	59,542	62,646	2,01,915	2,34,316	59,601	0
YoY Growth (%)	22.0	17.9	16.2	21.7	21.1	16.2	14.1	13.7	17.0	16.0	14.2	
Operating Expenses	13,908	14,618	15,311	16,024	16,140	17,597	18,692	19,309	59,895	71,739	18,373	2
Operating Profit	31,262	34,808	36,893	39,056	38,541	39,848	40,850	43,337	1,42,020	1,62,577	41,228	-1
YoY Growth (%)	17.3	16.3	11.7	26.8	23.3	14.5	10.7	11.0	15.1	14.5	11.7	
Provisions & Loan Losses	8,786	11,286	12,497	12,615	11,876	12,350	13,258	13,619	45,183	51,103	13,156	1
Profit before Tax	22,476	23,523	24,396	26,441	26,666	27,498	27,592	29,718	96,836	1,11,474	28,072	-2
Tax Provisions	5,722	6,014	6,213	6,983	6,860	6,803	6,788	7,975	24,932	28,426	7,018	-3
Net Profit	16,754	17,508	18,183	19,459	19,806	20,696	20,804	21,743	71,905	83,048	21,054	-1
YoY Growth (%)	30.8	12.6	2.3	48.7	18.2	18.2	14.4	11.7	20.3	15.5	15.8	
Exceptional gain (Post tax)							14,894				13,100	14
PAT (incl. excep. gains/loss)							35,698				34,154	5
Key Parameters (Calc., %)												
Yield on loans	16.2	16.6	16.5	16.5	16.3	16.5	16.6	16.6				
Cost of funds	8.7	8.9	8.7	8.8	8.7	8.7	8.8	8.8				
Spread	7.5	7.8	7.9	7.8	7.6	7.8	7.8	7.8				
NIM	8.9	9.3	9.4	9.3	9.1	9.2	9.0	9.0				
C/I ratio	30.8	29.6	29.3	29.1	29.5	30.6	31.4	30.8				
Credit cost	1.9	2.3	2.4	2.3	2.1	2.1	2.1	2.1				
Tax rate	25.5	25.6	25.5	26.4	25.7	24.7	24.6	26.8				
Balance Sheet Parameters												
Disbursements (INR b)	305	346	378	393	377	400	438	455				
Growth (%)	23.8	34.2	29.2	26.6	23.8	15.5	15.8	15.7				
AUM (INR b)	1,932	2,026	2,142	2,249	2,334	2,430	2,545	2,662				
Growth (%)	18.6	19.7	20.7	21.1	20.8	19.9	18.8	18.4				
Borrowings (INR b)	1,619	1,653	1,775	1,858	1,917	2,078	2,235	2,292				
Growth (%)	6.4	4.5	15.7	17.7	18.4	25.7	25.9	23.3				
Asset Quality Parameters							4.70					
GS 3 (INR B)	115.1	115.6	119.5	120.8	124.1	127.6	135.2	0.0				
GS 3 (%)	6.0	5.8	5.7	5.5	5.4	5.3	5.4	0.0				
NS 3 (INR B)	54.6	54.2	55.7	58.2	60.6	61.7	65.4	0.0				
PCR (%)	52.5	53.1	53.4	51.8	51.1	51.7	51.6	0.0				

E: MOFSL estimates



Highlights from the management commentary

Opening remarks

- The third quarter was a good quarter for the company under the current circumstances.
- As far as M&HCV is concerned, overall market growth has been flat. The other segments such as PV, 2W, and tractors reported healthy growth, while 3W also grew decently. Demand trends in CE also showed a positive momentum.
- Board has declared an interim dividend of 125% i.e. INR2.5/share.

Operational and Financial highlights

- Disbursements grew ~15.2% YoY to INR438b. AUM grew ~18.8% YoY to INR2.54t. NII grew 14% to INR58.2b.
- PAT grew 96% YoY including a one-time gain of ~INR14.9b (net of tax) for the sale of a stake in its subsidiary Shriram Housing Finance. PAT grew ~14% YoY adjusted for this exceptional gain.
- NIMs stood at 8.48% (vs. 8.74% in 2QFY25). The sequential decline in NIM was because of higher liquidity on the balance sheet.
- GNPA/NNPA stood at ~5.4%/2.7% as of 3QFY25 and there was a very minor deterioration in the asset quality.
- Credit costs were stable QoQ at 1.85% (as % of assets)

Liabilities and NIMs

- Liability Mix: Retail deposit at 24%, bank borrowing at ~21%, Offshore and Bond borrowing at ~19%, Securitization at ~17% and Capital market borrowings at 17%.
- NIMs declined QoQ due to the negative carry from excess liquidity on the balance sheet. Once the excess liquidity normalizes, NIMs will come back to previous levels.
- of excess liquidity on the NIM was ~20bp.
- Cost of funds stood at ~8.95% (vs 8.97% in 2QFY25) and marginally declined from the previous quarter.
- LCR stood at ~265% up from 234% in the previous quarter.
- The liquidity has shot up from INR170b to INR270b which is equal to next six months of liability repayments. Liquidity will be moderated over the next two quarter and it will go back to ~3 months of liability repayments. The company will moderate the borrowings in this quarter and next quarter.
- ALM buckets have been positive. Fund mobilization continues to be strong and because of this, the company has been able to slightly reduce its cost of borrowing.

AUM growth

- During the quarter, used vehicle transactions in CV were flattish. However, PV continues to improve in volumes.
- It does not plan to introduce any new products. However, it has announced green financing. The company will focus on building a separate vertical and intends to gradually grow in this segment. The company is doing EV financing in the normal course of business.

- Used vehicle volumes have not gone up as the supply of used vehicles is less. There are not enough vehicles in the market. The growth is because of higher ticket size in used vehicles. However, in the next 3-5 years, SHFL will benefit in terms of used vehicle financing as used vehicles will start coming to the market.
- Growth in 2W will be double the industry 2W growth.

Fleet utilization

- Utilization levels are very good and the freight rates are also stable
- When a large number of new entrants come into the market and the economy slows down, that's the time there is less demand for vehicle utilization. This time around the new entrants with vehicle ownership are much slower and therefore there is a sufficient load for existing truck owners.

Asset quality

- Small blips as far as asset quality is concerned are not much of a concern.
- The company is into small ticket in MSME lending where there are few cash flow mismatches which will get corrected in 4Q and there is no structural decline in asset quality and the same is temporary.
- In MSME, Stage 1 and Stage 2 are higher but when it comes to Stage 3, it gets corrected.
- Stage 1 PD: 9.05%, Stage 2 PD: 20.74% and LGD was 38.75%.
- Asset quality deterioration in personal loans is not concerning as it is just the usual minor movement between buckets.

Opex

- The increase in opex was led by the addition of new employees and there were other staff and overhead costs which have increased during the quarter.
- Disbursements were also higher in the current quarter as compared to the previous quarter so the variable incentives have gone up and hence employee expenses have grown faster than growth in employee strength.
- Going ahead, the opex growth will be slightly lower than the asset growth which will reduce the opex to AUM.
- The company is confident of bringing down the cost to income to ~28% and expects this to moderate this year and going forward it should moderate further.
- SHGFL will now put a freeze on hiring new employees and will be reworking towards the productivity front.

Guidance:

- Guided for mid-teen AUM growth for the next year and a cost-to-income ratio of 28%.
- Credit costs to be maintained at current levels

Gold loans

- There have been two sequential-quarter declines in the gold loan AUM. However, the company is likely to witness an uptick in the next quarter and subsequently in the next financial year too.

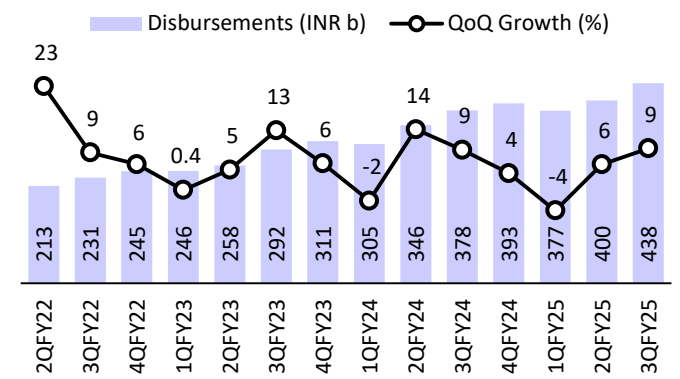
- As far as the asset quality is concerned, Stage 3 was flat in absolute numbers and also credit costs are almost zero there.
- The company would like to grow gold loans in double digits going forward.

Others

- SHFL has maintained its LTV at ~70% on new vehicles
- The business exposure in the Karnataka mines is very negligible and the company has reduced lending to customers who are into mining activity.
- Incremental disbursement yield has been in the same range as in the previous quarter.
- ~95% of its Personal book is towards SHFL's existing customers.
- MHCV growth is flattish as the infra spend by the government has slowed led by central elections, state elections, and heavy rainfall. It expects demand to improve in 4QFY25 led by a revival in government expenditure.
- Repeat customers are ~5% in 2W and the rest are new to SHFL customers.

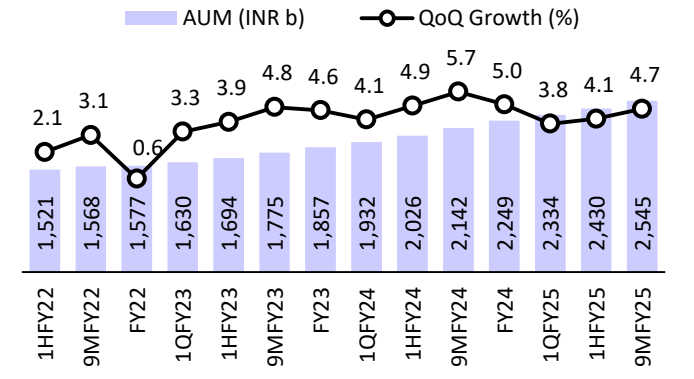
Key exhibits

Exhibit 1: Disbursements grew 16% YoY...



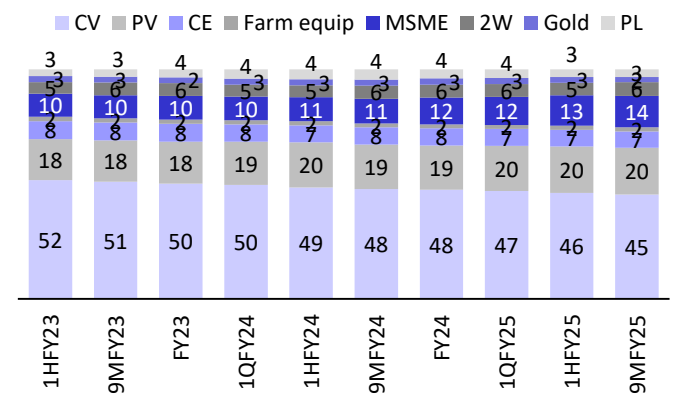
Source: MOFSL, Company

Exhibit 2: ...leading to an AUM growth of 19% YoY



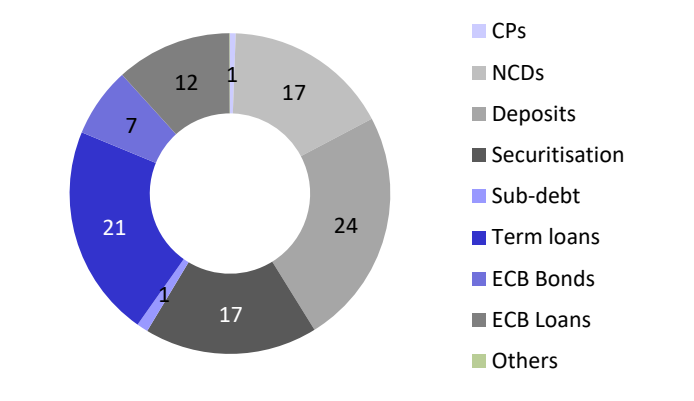
Source: MOFSL, Company

Exhibit 3: Non-auto contributed ~19% to the AUM mix (%)



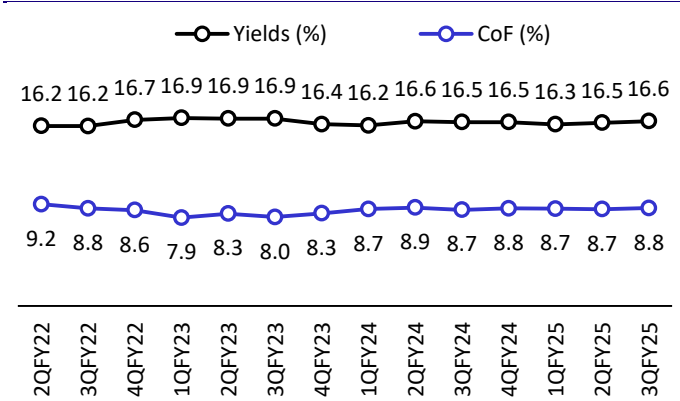
Source: MOFSL, Company

Exhibit 4: Borrowing mix (%)



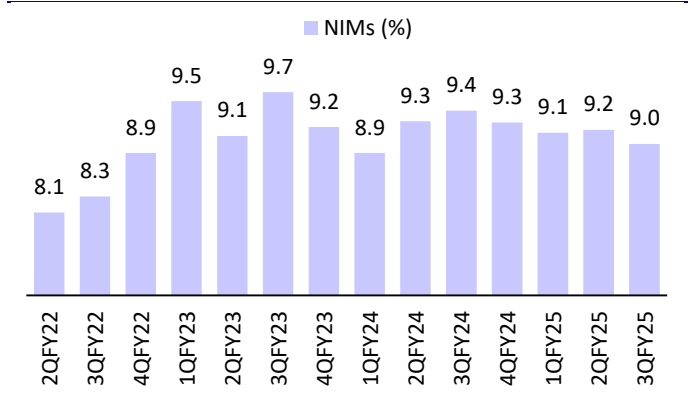
Source: MOFSL, Company

Exhibit 5: Yields (calc.) rose ~15bp QoQ (%)



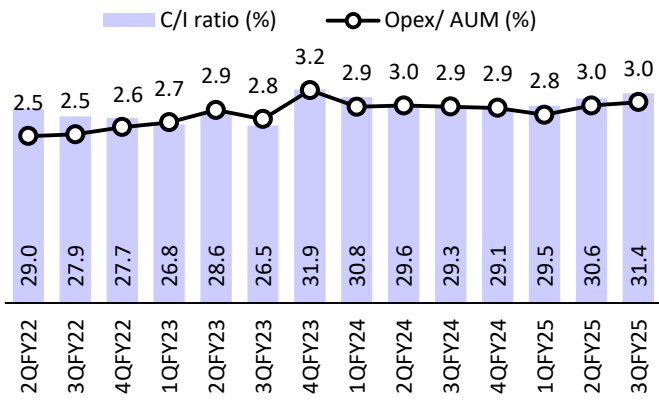
Source: MOFSL, Company

Exhibit 6: NIM (calc.) contracted ~20bp QoQ (%)



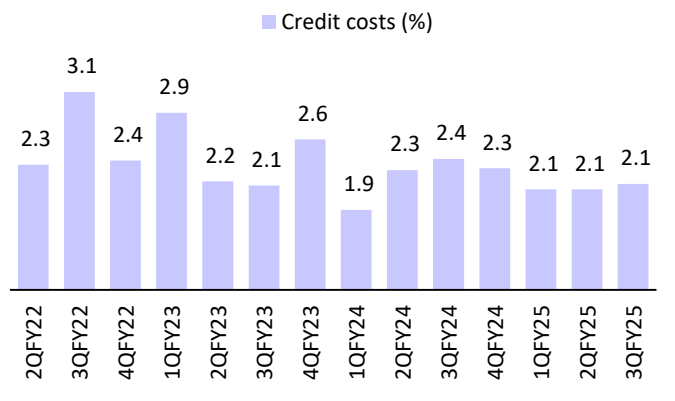
Source: MOFSL, Company

Exhibit 7: Cost-to-income ratio rose ~80bp QoQ



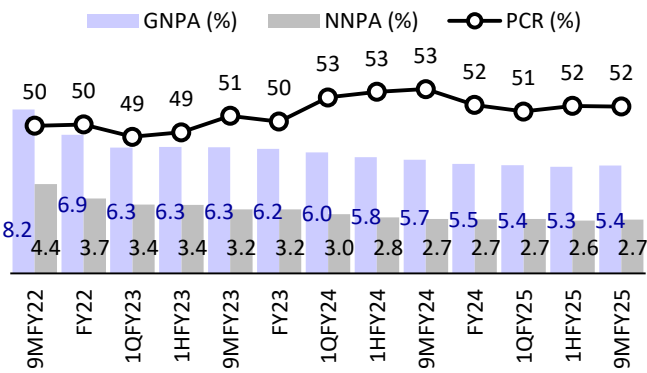
Source: MOFSL, Company

Exhibit 8: Credit costs (calc.) rose ~5bp QoQ



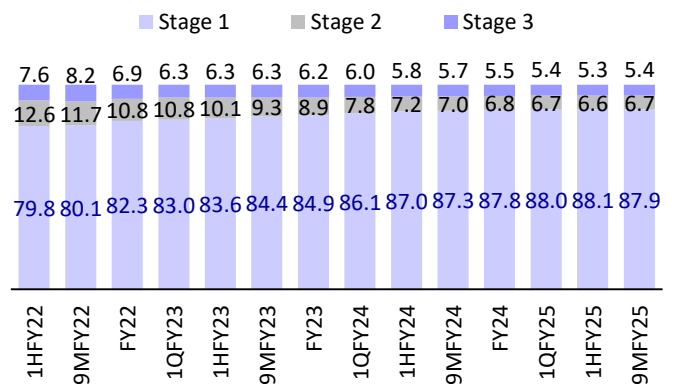
Source: MOFSL, Company

Exhibit 9: Minor deterioration in asset quality



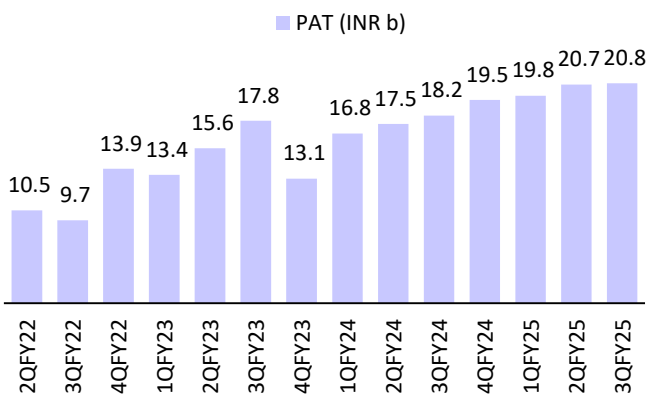
Source: MOFSL, Company

Exhibit 10: Minor increase in 30+ dpd (%)



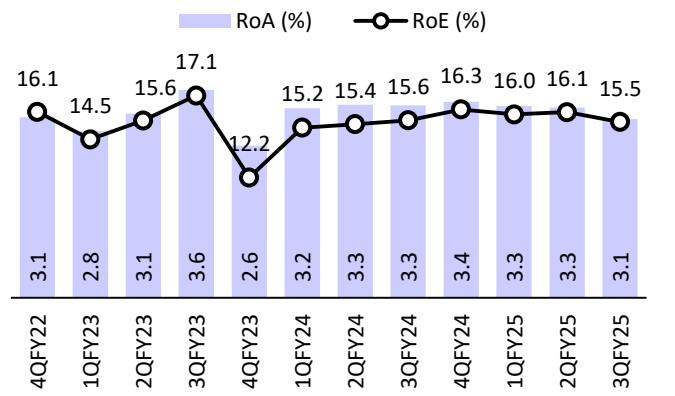
Source: MOFSL, Company

Exhibit 11: PAT grew ~14% YoY



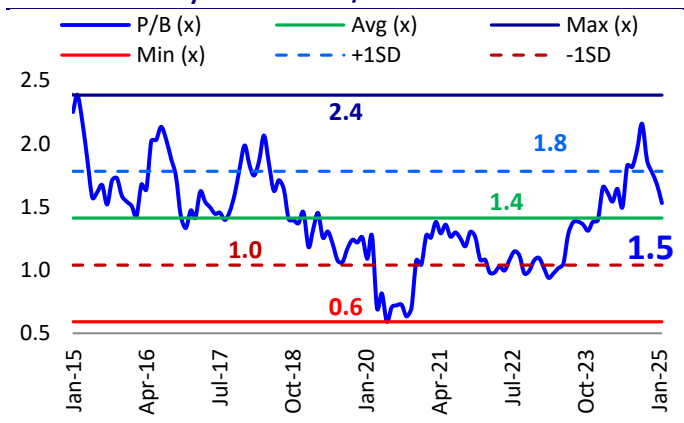
Source: MOFSL, Company

Exhibit 12: RoA declined to ~3.1% in 3QFY25



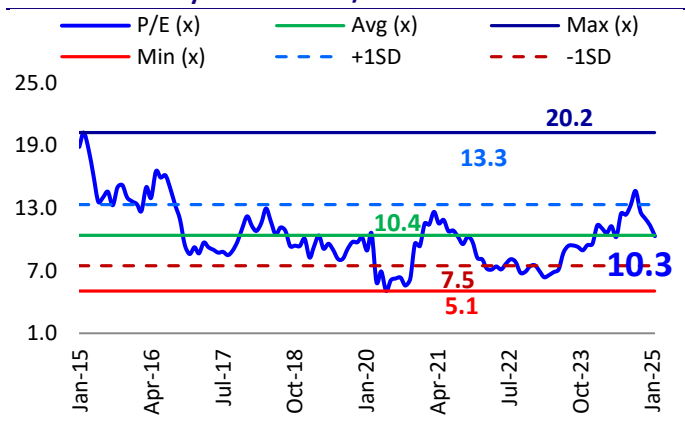
Source: MOFSL, Company

Exhibit 13: One-year forward P/B



Source: MOFSL, Company

Exhibit 14: One-year forward P/E



Source: MOFSL, Company

Exhibit 15: Our EPS estimates are broadly unchanged

INR B	Old Est.			New Est.			Change (%)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
NII (incl. assignments)	222.6	266.7	316.9	221.3	264.6	316.1	-0.6	-0.8	-0.3
Other Income	12.2	12.9	13.8	13.1	13.8	14.8	7.2	7.2	7.2
Total Income	234.8	279.6	330.7	234.3	278.5	330.9	-0.2	-0.4	0.1
Operating Expenses	71.5	83.4	94.7	71.7	83.7	96.0	0.3	0.3	1.4
Operating Profits	163.3	196.1	236.0	162.6	194.8	234.9	-0.4	-0.7	-0.5
Provisions	51.0	62.0	74.3	51.1	62.1	74.4	0.2	0.2	0.1
PBT	112.3	134.1	161.7	111.5	132.6	160.5	-0.7	-1.1	-0.7
Tax	28.6	34.2	41.2	28.4	33.8	40.9	-0.7	-1.1	-0.7
PAT	83.6	99.9	120.5	83.0	98.8	119.6	-0.7	-1.1	-0.7
AUM	2,654	3,128	3,650	2,662	3,131	3,651	0.3	0.1	0.0
Loans	2,456	2,914	3,412	2,463	2,917	3,412	0.3	0.1	0.0
Borrowings	2,216	2,618	3,048	2,292	2,621	3,041	3.4	0.1	-0.2
NIM	9.1	9.2	9.4	9.0	9.1	9.3			
Credit Cost (%)	2.3	2.3	2.4	2.3	2.3	2.4			
RoA	3.2	3.3	3.3	3.2	3.2	3.3			
RoE	15.8	16.0	16.5	15.6	15.8	16.4			

Sources: MOFSL, Company

Financials and valuation

Income Statement							(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	2,10,407	2,19,646	2,26,997	2,48,605	2,86,074	3,35,997	4,03,143	4,73,169	5,52,525
Interest Expenses	94,975	1,04,105	1,11,881	1,22,668	1,25,458	1,48,061	1,81,886	2,08,551	2,36,406
Net Interest Income	1,15,432	1,15,541	1,15,116	1,25,936	1,60,616	1,87,935	2,21,258	2,64,617	3,16,119
Change (%)	12.7	0.1	-0.4	9.4	27.5	17.0	17.7	19.6	19.5
Other Operating Income	2,605	4,748	4,514	9,214	11,648	13,648	12,693	13,429	14,317
Other Income	258	235	237	227	307	332	365	413	462
Total Income	1,18,295	1,20,524	1,19,867	1,35,378	1,72,571	2,01,915	2,34,316	2,78,459	3,30,899
Change (%)	11.3	1.9	-0.5	12.9	27.5	17.0	16.0	18.8	18.8
Total Operating Expenses	33,666	35,803	33,500	37,805	49,131	59,895	71,739	83,694	96,012
Change (%)	12.6	6.3	-6.4	12.8	30.0	21.9	19.8	16.7	14.7
Employee Expenses	17,210	18,585	16,699	19,695	25,061	32,156	39,552	47,462	55,531
Depreciation	742	2,232	2,172	2,137	5,242	5,688	6,167	6,569	6,962
Other Operating Expenses	15,715	14,986	14,629	15,973	18,828	22,051	26,020	29,663	33,519
Operating Profit	84,629	84,721	86,367	97,573	1,23,441	1,42,020	1,62,577	1,94,765	2,34,887
Change (%)	10.8	0.1	1.9	13.0	26.5	15.1	14.5	19.8	20.6
Total Provisions	31,643	36,786	39,693	47,485	41,592	45,183	51,103	62,139	74,366
% Loan loss provisions to Avg loans ratio	2.5	2.7	2.8	3.1	2.4	2.2	2.3	2.3	2.4
PBT	52,986	47,935	46,674	50,088	81,849	96,836	1,11,474	1,32,627	1,60,521
Tax Provisions	17,457	12,913	11,692	12,164	22,056	24,932	28,426	33,820	40,933
Tax Rate (%)	32.9	26.9	25.1	24.3	26.9	25.7	25.5	25.5	25.5
PAT	35,529	35,022	34,982	37,925	59,793	71,905	83,048	98,807	1,19,588
Change (%)	12.0	-1.4	-0.1	8.4	57.7	20.3	15.5	19.0	21.0
PAT (including exceptional gains)	35,529	35,022	34,982	37,925	59,793	71,905	97,942	98,807	1,19,588

Balance Sheet							(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	2,929	2,929	3,191	3,371	3,744	3,758	3,758	3,758	3,758
Reserves & Surplus	2,17,432	2,47,288	2,91,764	3,43,760	4,29,322	4,81,926	5,72,578	6,67,289	7,81,956
Net Worth	2,20,361	2,50,217	2,94,954	3,47,132	4,33,066	4,85,684	5,76,336	6,71,047	7,85,714
Borrowings	11,04,851	11,75,376	13,17,617	14,51,285	15,79,063	18,58,411	22,91,862	26,21,006	30,41,402
Change (%)	6.7	6.4	12.1	10.1	8.8	17.7	23.3	14.4	16.0
Other liabilities	21,865	25,436	26,317	23,320	24,509	28,665	31,531	34,684	38,153
Total Liabilities	13,47,077	14,51,029	16,38,888	18,21,754	20,36,639	23,72,760	28,99,729	33,26,738	38,65,269
Cash and bank balances	52,657	1,03,773	2,16,562	2,29,679	1,58,174	1,08,126	2,47,593	2,18,153	2,53,076
Investments	48,653	35,326	42,152	86,455	85,651	1,06,566	1,04,435	1,01,302	99,276
Loans	12,37,406	12,88,442	13,57,232	14,76,890	17,19,846	20,79,294	24,63,167	29,16,806	34,12,231
Change (%)	6.2	4.1	5.3	8.8	16.5	20.9	18.5	18.4	17.0
Fixed Assets	2,283	7,181	6,599	6,467	6,997	8,458	8,881	9,325	9,791
Deferred tax Assets	1,241	694	6,964	9,109	17,439	28,840	25,956	20,765	16,612
Goodwill					14,067	14,067	14,067	14,067	14,067
Other Assets	4,838	15,613	9,379	13,137	34,465	27,408	35,630	46,319	60,215
Total Assets	13,47,077	14,51,029	16,38,888	18,21,737	20,36,639	23,72,760	28,99,729	33,26,738	38,65,269

E: MOFSL Estimates

Financials and valuation

AUM Mix (%)							(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
AUM	13,40,643	13,88,342	14,68,128	15,77,122	18,56,829	22,48,620	26,61,861	31,31,429	36,51,142
Change (%)	8	4	6	7	18	21	18	18	17
Disbursements	7,28,076	7,05,733	5,21,985	8,62,135	11,06,899	14,21,675	16,69,595	19,30,767	22,21,398
Change (%)	-5	-3	-26	65	28	28	17	16	15

E: MOFSL Estimates

Ratios							(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Spreads Analysis (%)									
Avg. Yield on Loans	17.5	17.4	17.2	17.5	17.9	17.7	17.8	17.6	17.5
Avg Cost of Funds	8.9	9.1	9.0	8.9	8.3	8.6	8.8	8.5	8.4
Spread of loans	8.6	8.3	8.2	8.7	9.6	9.1	9.0	9.1	9.1
NIM (on loans)	9.6	9.1	8.7	8.9	10.0	9.9	9.7	9.8	10.0
NIM (on AUM)	9.0	8.5	8.1	8.3	9.4	9.2	9.0	9.1	9.3
C/I ratio	28.5	29.7	27.9	27.9	28.5	29.7	30.6	30.1	29.0

Profitability Ratios (%)									
RoE	17.3	14.9	12.8	11.8	15.3	15.7	15.6	15.8	16.4
RoA	2.7	2.5	2.3	2.2	3.1	3.3	3.2	3.2	3.3
Int. Expended / Int.Earned	45.1	47.4	49.3	49.3	43.9	44.1	45.1	44.1	42.8
Other Inc. / Net Income	2.4	4.1	4.0	7.0	6.9	6.9	5.6	5.0	4.5

Efficiency Ratios (%)									
Op. Exps. / Net Income	28.5	29.7	27.9	27.9	28.5	29.7	30.6	30.1	29.0
Empl. Cost/Op. Exps.	51.1	51.9	49.8	52.1	51.0	53.7	55.1	56.7	57.8

Asset-Liability Profile (%)									
Loans/Borrowings Ratio	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1
Assets/Equity	6.1	5.8	5.6	5.2	4.7	4.9	5.0	5.0	4.9

Asset quality (%)									
GNPA	1,11,930	1,14,400	1,01,688	1,09,762	1,13,822	1,20,812	1,39,653	1,59,378	1,82,629
NNPA	65,678	66,256	51,523	49,731	56,749	58,244	67,034	74,908	84,009
GNPA ratio	8.5	8.3	6.9	6.9	6.2	5.5	5.3	5.1	5.1
NNPA ratio	5.2	5.0	3.7	3.3	3.3	2.8	2.5	2.4	2.3
PCR	41.3	42.1	49.3	54.7	50.1	51.8	52.0	53.0	54.0
Credit Costs (% of loans)	2.5	2.7	2.8	3.1	2.4	2.2	2.3	2.3	2.4

Valuations									
	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Book Value (INR)	150	171	185	206	231	258	307	357	418
BV Growth (%)	16	14	8	11	12	12	19	16	17
P/BV	3.5	3.1	2.8	2.5	2.3	2.0	1.7	1.5	1.3
EPS (INR)	24	24	22	22	32	38	44	53	64
EPS Growth (%)	12.0	-1.4	-8.3	2.6	42.0	19.8	15.5	19.0	21.0
P/E	21.6	21.9	23.9	23.3	16.4	13.7	11.9	10.0	8.2
DPS	3	1	4	5	7	9	10	12	15
Dividend Yield (%)	0.5	0.2	0.8	0.9	1.3	1.7	2.0	2.3	2.8

E: MOFSL Estimates

Financials and valuation

Du-Pont (% of average assets)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	16.2	15.7	14.7	14.4	14.8	15.2	15.3	15.2	15.4
Interest Expended	7.3	7.4	7.2	7.1	6.5	6.7	6.9	6.7	6.6
Net Interest Income	8.9	8.3	7.5	7.3	8.3	8.5	8.4	8.5	8.8
Non-interest income	0.2	0.4	0.3	0.5	0.6	0.6	0.5	0.4	0.4
Net Total Income	9.1	8.6	7.8	7.8	8.9	9.2	8.9	8.9	9.2
Operating Expenses	2.6	2.6	2.2	2.2	2.5	2.7	2.7	2.7	2.7
- Employee expenses	1.3	1.3	1.1	1.1	1.3	1.5	1.5	1.5	1.5
- Other expenses	1.3	1.2	1.1	1.0	1.2	1.3	1.2	1.2	1.1
PPoP	6.5	6.1	5.6	5.6	6.4	6.4	6.2	6.3	6.5
Provisions/write offs	2.4	2.6	2.6	2.7	2.2	2.0	1.9	2.0	2.1
PBT	4.1	3.4	3.0	2.9	4.2	4.4	4.2	4.3	4.5
Tax	1.3	0.9	0.8	0.7	1.1	1.1	1.1	1.1	1.1
RoA	2.7	2.5	2.3	2.2	3.1	3.3	3.2	3.2	3.3
Avg. Leverage	6.3	5.9	5.7	5.4	4.9	4.8	5.0	5.0	4.9
RoE	17.3	14.9	12.8	11.8	15.3	15.7	15.6	15.8	16.4

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