

# IIFL Finance

BSE SENSEX  
72,427

S&P CNX  
22,041


Bloomberg	IIFL IN
Equity Shares (m)	381
M.Cap.(INRb)/(USDb)	231.3 / 2.8
52-Week Range (INR)	704 / 408
1, 6, 12 Rel. Per (%)	-6/-7/10
12M Avg Val (INR M)	502

## Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
NII	58.9	74.2	90.4
Total Income	66.7	82.7	99.8
PPoP	38.5	48.8	59.7
PAT (pre-NCI)	21.5	27.3	34.0
PAT (post-NCI)	19.4	24.8	31.0
EPS (INR)	50.9	65.0	81.4
EPS Gr. (%)	29	28	25
BV (INR)	279	339	415

## Ratios (%)

NIM	8.0	8.0	7.9
C/I ratio	42.3	41.0	40.2
Credit cost	2.2	2.3	2.2
RoA	3.7	3.9	4.1
RoE	19.8	21.0	21.6

## Valuations

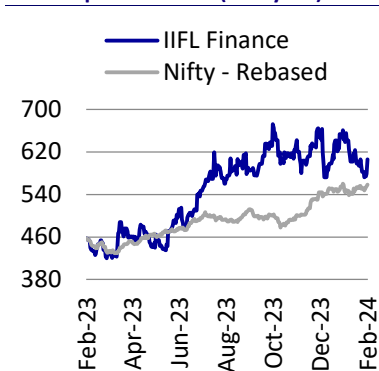
P/E (x)	11.9	9.3	7.4
P/BV (x)	2.2	1.8	1.5

## Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	24.8	24.8	24.9
DII	8.3	7.3	3.9
FII	31.3	28.3	27.8
Others	35.7	41.0	43.4

FII Includes depository receipts

## Stock's performance (one-year)


**CMP: INR606**
**TP: INR800 (32%)**
**BUY**

## Diversified product suite strengthens execution

Risk-reward favorable for a ~25% AUM CAGR and RoE of ~20-21%

- IIFL Finance (IIFL) has a presence across home loans, loans against property (LAP), gold loans, microfinance loans, and unsecured business and personal loans. The two factors that will help IIFL sustain its strong AUM growth over the medium term are: 1) the aggressive expansion of its physical distribution and digital capabilities, and 2) its first-mover advantage in co-lending with banks, complemented by an effective direct assignment strategy.
- The company's NIM (as % of total AUM) is likely to improve to ~8.0% in FY24E from 6.2% in FY19, aided by an improvement in the product mix and a decline in the cost of borrowings (CoB). We expect IIFL to sustain NIM at the current level in FY25/FY26, with a potential upside from any credit rating upgrade.
- The opex-to-average AUM ratio was high at ~3.9% in FY23, as IIFL invested aggressively in branch expansion for its home loan, gold loan, and MFI businesses, which gave it a strong distribution edge. We expect IIFL to slow the branch expansion and expect higher branch productivity to result in an improved opex-to-average AUM ratio of ~3.5% by FY26.
- Gold loans and home loans, which contribute ~65% to the AUM mix, exhibit robust asset quality and low credit costs. They help IIFL mitigate the relatively higher vulnerability of MFI and digital loans. We estimate credit costs to remain range-bound at 2.2%-2.3% over FY25-26.
- The asset-light model leveraging co-lending/direct assignments, and a diversified product suite will enable a strong AUM CAGR of ~25% over FY23-FY26E. With current valuations at 1.8x/1.5x FY25E/FY26E P/BV, we believe risk-reward is favorable for a franchise that can deliver a PAT CAGR of ~27% over FY23-26E and RoA/RoE of ~4.1%/22% by FY26E. We reiterate our BUY rating with a TP of INR800 (based on SOTP valuation).

## Home loans and LAP: Using technology advantage for scale-up

- IIFL Home Finance Co.'s (HFC) operational model is its differentiator, including the way it leverages its technology and digital capabilities to deliver a lower turnaround time (TAT) and a superior experience to customers. It operates under a hub-and-spoke model and has a centralized credit, legal and technical team.
- The company has also pivoted to a more granular LAP product, in which the competition from banks is much lower and there is no irrational pressure on pricing. This allows IIFL to maintain healthy yields on its LAP product.

## Gold loans: Distribution and co-lending boosting AUM growth

- IIFL is now the second-largest gold loan NBFC in India in terms of AUM and the third-largest in terms of on-book loans. It has 2,700+ gold loan branches in 25 states/UTs. The northern and western regions account for ~34% and 26% (cumulatively ~60%) of its gold AUM, respectively.

- Two important strengths in the gold lending business are: 1) physical distribution, and 2) brand awareness and trust. It has also established a strong visibility and brand recall through multiple brand positioning initiatives. This has enabled IIFL to achieve ~70% repeat customers (similar to most of its peers) in gold loans.
- Leveraging co-lending for gold loans has been a masterstroke for IIFL. The spread of around 8-9pp on co-lending in gold loans is similar to that in the traditional model, but co-lending has allowed IIFL to deliver much higher growth in gold AUM growth than peers. For IIFL, we model a CAGR of ~25% in gold loan AUM over FY23-26 (vs. ~12% for MUTH and ~10% for MGFL). We are confident in IIFL's ability to deliver sustained gold AUM growth through branch additions, improvements in existing branch productivity, and leveraging co-lending.

#### **MFI: No impact from Punjab; improvement in flood-impacted Tamil Nadu**

- Punjab and Haryana cumulatively contribute less than 0.5% of AUM for IIFL Samasta; hence, disruptions in Punjab/Haryana have not notably affected its microfinance business. Tamil Nadu is one of the top-3 states of IIFL Samasta and the floods there resulted in high delinquencies in 3QFY24. However, things have improved and delinquencies/PAR book have been declining.
- The company also voluntarily reduced its lending yields by ~50bp in 3QFY24. It has made a conscious decision to tighten credit underwriting in MFI by not giving loans to customers, who have four or five loans from other MFI lenders or already have a high fixed obligation to income ratio (FOIR). IIFL has taken a cautious approach to growing its MFI business and overall rejection rates have also gone up substantially.
- We expect IIFL Samasta to deliver an AUM CAGR of ~31% over FY23-26 through a focus on operational efficiency, technology, and diversified loan offerings.

#### **Digital loans: Making pivots to a better customer mix and business loans**

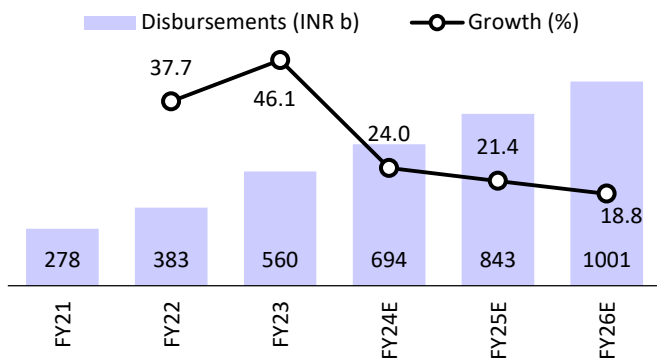
- The digital loan segment continues to see forward flows from lower-ticket personal loans, which were done in partnership with fintechs in FY23. IIFL has already taken corrective actions and has scaled down and discontinued many of its fintech partners. Incrementally, it is doing personal loans only as a cross-sell product to its existing non-personal loan customers.
- In addition, it has increased its focus on supply chain financing and invoice discounting, which are typically shorter-duration products. These products have lower yields, but they are less risky and have lower through-cycle credit costs.
- In digital loans, IIFL plans to focus on customer lifecycle management and targets to increase the products per customer (PPC) to 2+ (currently at 1.5-1.6). We expect digital loans to remain at ~5-6% of the AUM mix over FY24-26.

#### **Valuation and view: Set for 25% AUM CAGR and 20%+ RoE**

- IIFL's track record of successful execution is evident in its ability to pre-empt business cycles and prioritize sustainable and scalable asset portfolios. It has embraced technology and expanded digital capabilities in home loans, gold loans, and digital loans.
- Co-lending is capital-efficient and RoE-accretive, and mitigates risk. The company trades at 1.5x FY26E P/BV and can deliver RoE of 20%+ in the medium term. We believe there will be value-unlocking events over the next two to three years since it plans to demerge HFC and MFI subsidiaries and list them separately. We reiterate our BUY rating with a TP of INR800 (based on SOTP valuation).

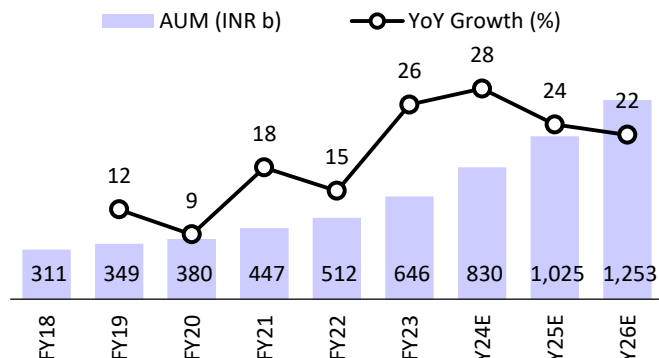
## Story in charts

**Exhibit 1: Core product disbursements to see ~21% CAGR...**



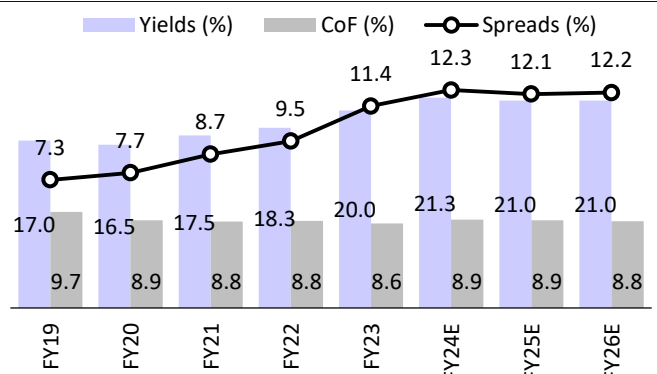
Source: MOFSL, Company

**Exhibit 2: ...leading to AUM CAGR of ~25% over FY23-FY26**



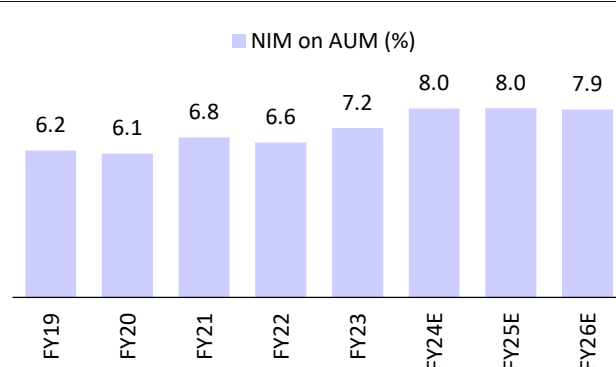
Source: MOFSL, Company

**Exhibit 3: Ability to maintain stable spreads**



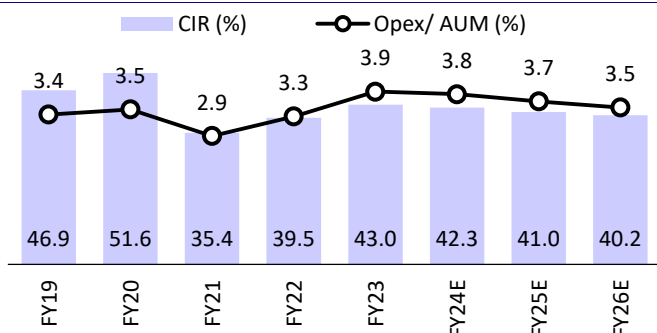
Source: MOFSL, Company

**Exhibit 4: NIM also expected to remain stable (%)**



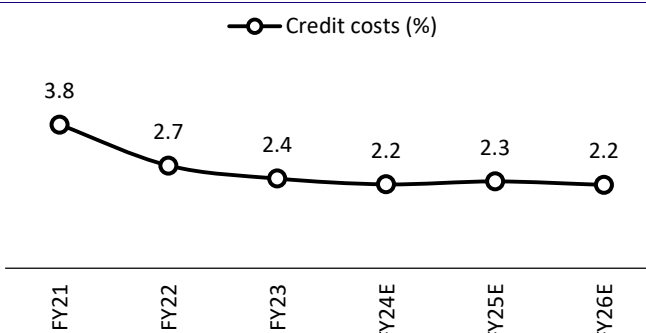
Source: MOFSL, Company

**Exhibit 5: Cost ratios to improve led by better productivity**



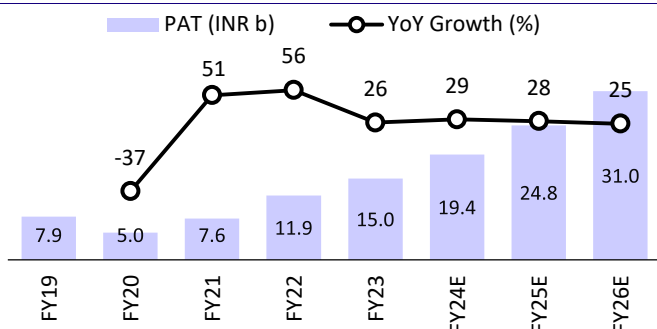
Source: MOFSL, Company

**Exhibit 6: Credit costs to remain range-bound over FY25-26**



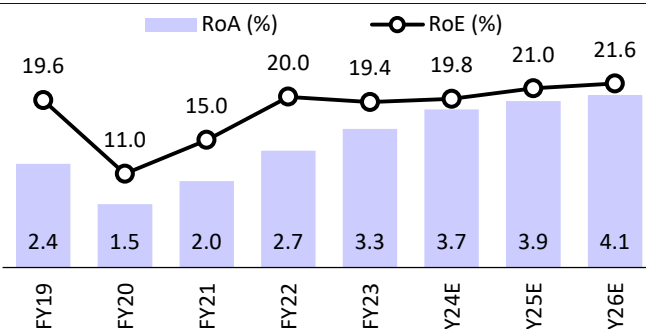
Source: MOFSL, Company

**Exhibit 7: We expect PAT CAGR of ~27% over FY23-26E**



Source: MOFSL, Company

**Exhibit 8: ROA/ROE to improve to 4.1%/22% by FY26E (%)**

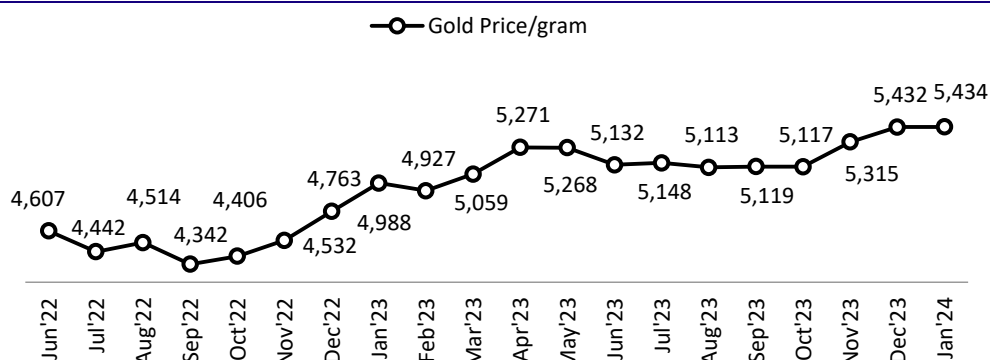


Source: MOFSL, Company

## Gold loans: Co-lending fueling stronger growth

IIFL is now the second-largest gold loan NBFC in India in terms of AUM and the third-largest in terms of on-book loans. The company has 2,700+ gold loan branches in 25 states/UTs. The western and northern regions accounted for ~34% and 26% (cumulatively ~60%) of its gold AUM mix, respectively. However, at the industry level, ~47% of total gold loans originate from southern India (Source: CRISIL MI&A). IIFL's early foray and penetration into northern/western India enabled it to deliver a strong CAGR of ~37% in gold AUM over FY18-9MFY24 and reach AUM of INR247b.

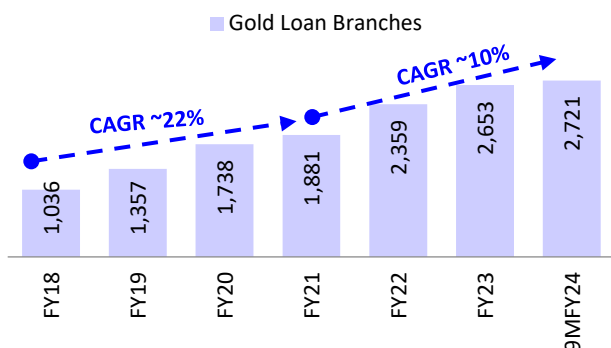
### Exhibit 9: Increase in gold prices over the last one year also aided gold loan growth



Source: Company, MOFSL

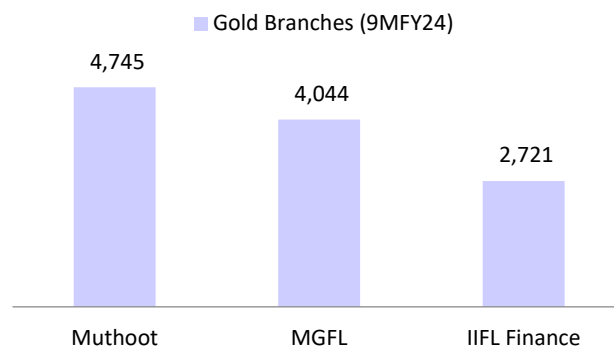
Gold loan growth has been aided by higher on-boarding ticket sizes, which rose from ~INR63k in FY23 to ~INR78k in 3QFY24, primarily driven by rising gold prices. Concurrently, the gold tonnage has also increased from ~59.2t (as of Mar'23) to ~64t (as of Dec'23), indicating that strong gold AUM growth was driven by both price and volumes. A rapid branch expansion during the period when its peers were not getting RBI approval for opening new branches further aided the loan growth.

### Exhibit 10: Healthy growth in IIFL gold loan branches



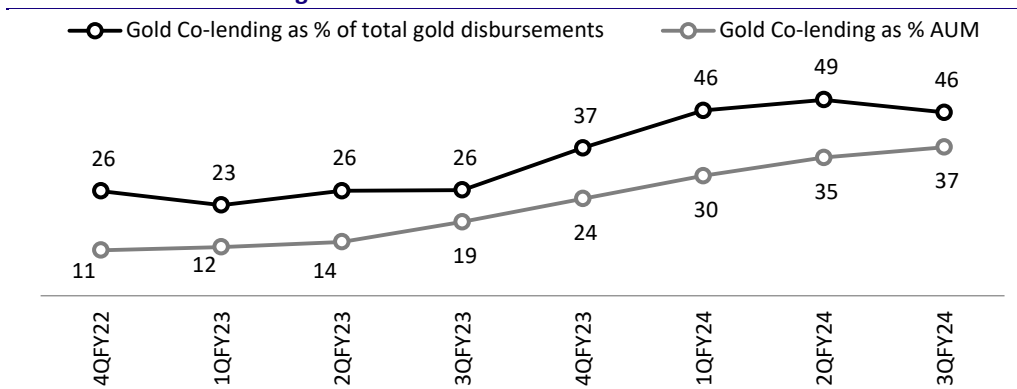
Source: Company, MOFSL

### Exhibit 11: IIFL gold loan branches relative to peers



Source: Company, MOFSL; Note: Data for MUTH as on 1HFY24

IIFL has leveraged a co-lending model, which has enabled IIFL to deliver higher gold AUM growth than its peers. Almost half (~46-49%) of the quarterly gold loan disbursements during the last three quarters have been under the co-lending model, and co-lending (off-book portion) constituted ~30% of the gold AUM as of Dec'23.

**Exhibit 12: Gold co-lending share continue to increase in the total AUM**

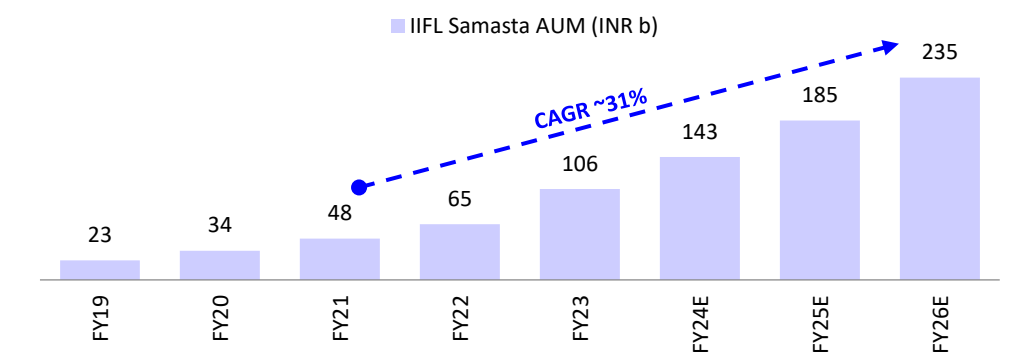
Source: Company, MOFSL

IIFL has the ability to deliver sustained gold loan growth through the addition of branches, improvement in productivity of existing branches, and leveraging co-lending. We expect a gold loan AUM CAGR of ~25% over FY23-26E.

## Microfinance: Calibrating growth with tightened underwriting

IIFL acquired Samasta Microfinance in FY17 and has invested in its deep distribution to drive industry-leading growth in the NBFC-MFI sector. With a total of 1,572 branches across 22 states, Samasta AUM has seen a CAGR of ~44% over FY19-9MFY24 to INR131b.

### Exhibit 13: IIFL Samasta AUM to clock a CAGR of ~31% over FY23-FY26

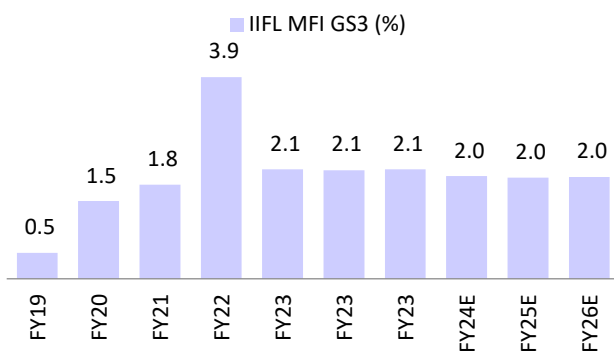


Source: Company, MOFSL

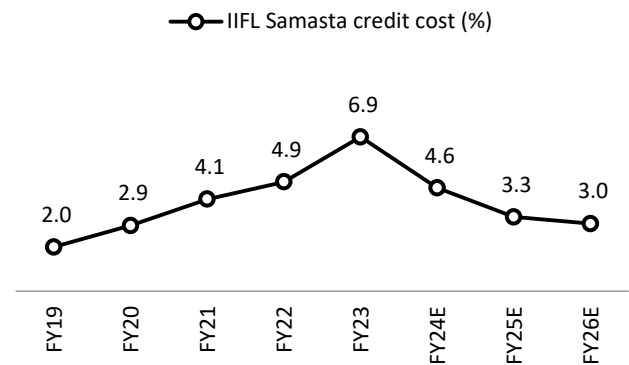
The management has opted for a prudent approach by calibrating MFI loan growth and enhancing credit underwriting procedures. As part of this strategy, IIFL Samasta has made the decision to refrain from extending loans to customers who already have four or five existing loans from other MFI lenders or have a high FOIR. We expect the management to calibrate AUM growth in IIFL Samasta and now estimate IIFL Samasta to deliver an AUM CAGR of ~31% over FY23-FY26E.

Bihar, Tamil Nadu, and Karnataka collectively account for ~50% of IIFL's microfinance AUM. While peer MFIs are contending with collection difficulties stemming from activities such as loan waiver campaigns in Punjab/Haryana, IIFL remains unaffected thanks to its insignificant exposure in these states.

While many of its MFI peers reported an asset quality deterioration, the asset quality of IIFL's microfinance segment remained stable in 3QFY24 with GNPA at ~2.1% and NNPA declining ~25bp QoQ to 0.3%. PCR on Stage 3 loans improved ~12pp to ~85%. For IIFL Samsata, we model credit costs of ~4.6% in FY24 and expect it to decline to ~3.3%/3.0% in FY25E/FY26E.

**Exhibit 14: IIFL Samasta's GS3 expected to stabilize at 2%**

Source: Company, MOFSL

**Exhibit 15: Credit costs expected to decline to ~3% in FY26**

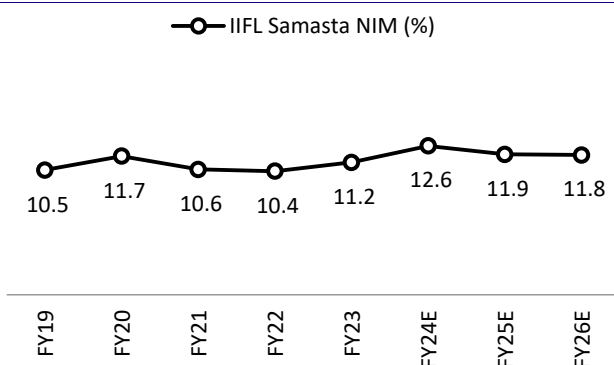
Source: Company, MOFSL

**Exhibit 16: Geographical mix of NBFC-MFI peers**

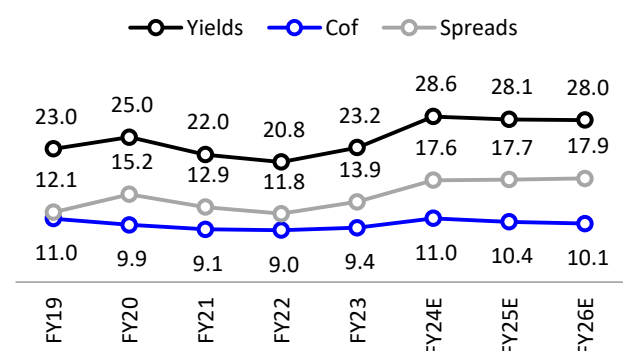
AUM Mix (%)	IIFL Samasta	Fusion	Asirvad	Muthoot Microfin
Bihar	24	19	13	10
Tamil Nadu	14	6	15	25
Karnataka	12	-	9	9
Uttar Pradesh	10	22	8	9
West Bengal	9	-	11	7
Odisha	8	11	5	4
Rajasthan	7	-	5	3
Madhya Pradesh	4	9	6	1
Kerala	4	-	6	17
Jharkhand	3	-	6	1
Gujarat	2	-	2	3
Maharashtra	2	-	4	4
Chhattisgarh	-	-	2	1
AP	1	-	0	-
Punjab	-	-	3	2
Other States	-	33	7	3

Source: MOFSL, Company;

Since the RBI's deregulation of spread caps for NBFC-MFIs in Mar'22, discussions have emerged about a potential RBI intervention to cap MFI lending rates or spreads. However, if such capping is reintroduced, it is anticipated to mainly affect smaller SFBs and/or regional NBFC-MFIs and not the listed NBFC-MFIs. In 3QFY24, IIFL's yields for microfinance loans improved ~10bp QoQ to 24.5%. Nonetheless, the management has prudently decided to reduce lending yields by ~50bp in 3QFY24, which will reflect in portfolio yields over the next few quarters. We expect NIM at ~12.6% in FY24 and then stabilize at ~11.8-11.9% in FY25/FY26.

**Exhibit 17: IIFL Samasta NIM to decline to ~11.8% by FY26**

Source: Company, MOFSL

**Exhibit 18: IIFL Samasta spreads to stabilize at ~10% in FY26**

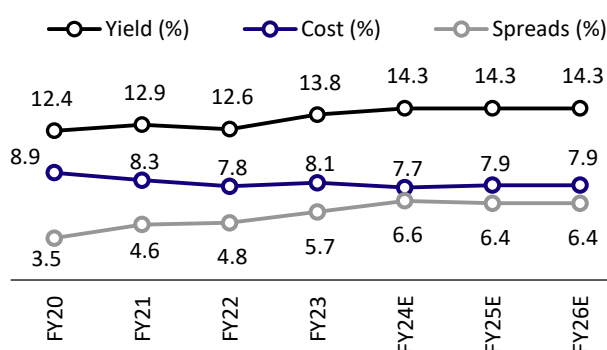
Source: Company, MOFSL

## Home Loan and LAP: Using tech advantage for scale-up

IIFL Home Finance is a strong player in the <INR2m ticket size category in affordable housing. Lately, there has been a supply constraint in metros and Tier 1 cities in affordable housing. To offset this supply constraint, IIFL has penetrated deeper into Tier3/4 cities.

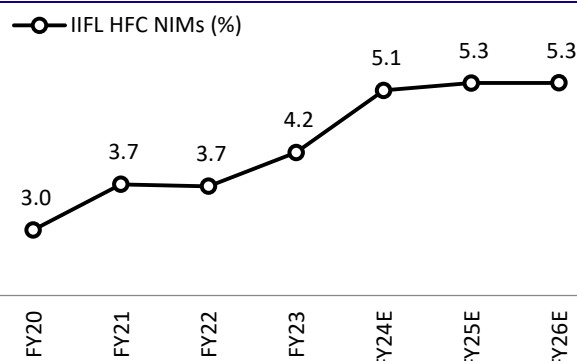
The company is also focusing on more granular LAP products (with less competition from banks) to improve its yields. We expect NIM of ~5.1%/5.3%/5.3% in FY24/FY25/FY26 for IIFL Home Finance.

**Exhibit 19: IIFL's HFC spreads to moderate to 6.4% in FY26**



Source: Company, MOFSL

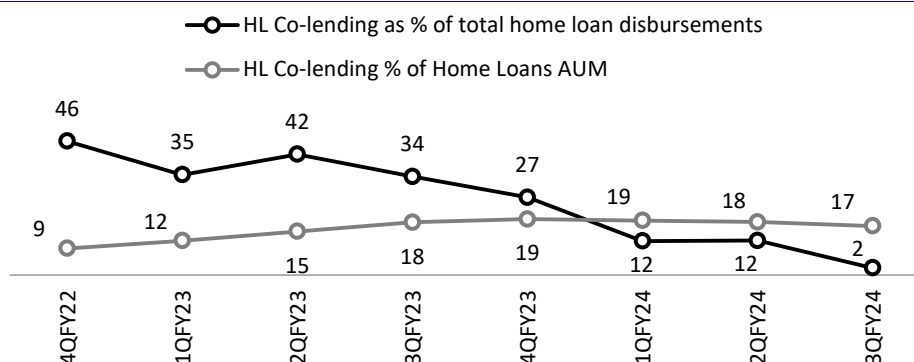
**Exhibit 20: NIMs expected to improve to 5.3% in FY25/FY26**



Source: Company, MOFSL

IIFL leveraged co-lending to scale up home loans AUM with co-lending share at ~17% as of 3QFY24. However, the share of co-lending in total home loan disbursements declined to ~2% in 3QFY24 (vs. 12% in 2QFY24 and 34% in 3QFY23). This decline was attributed to its high capital adequacy and principal criteria for HFCs, prompting IIFL HFC to originate more home loans from its own balance sheet.

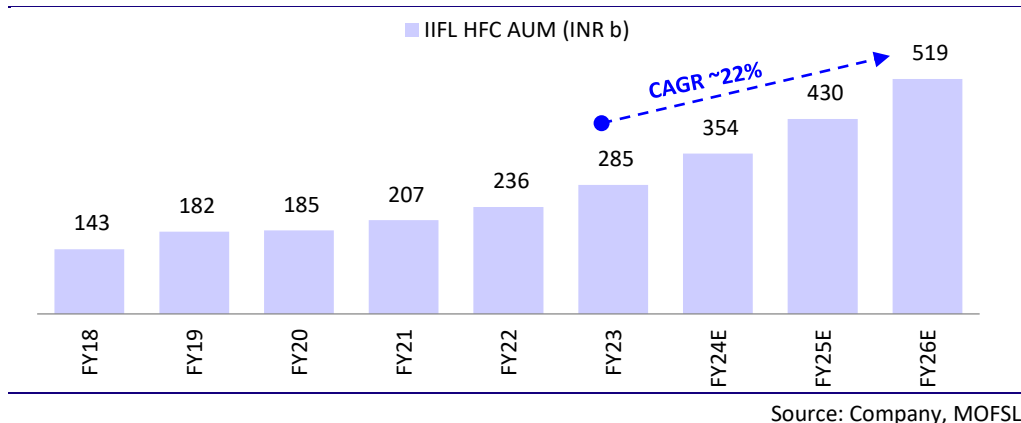
**Exhibit 21: IIFL HFC co-lending share (%)**



Source: Company, MOFSL

IIFL Home Finance has been on a branch expansion spree for the last two years and now has a strong physical distribution network of ~410 branches (as of Dec'23) vs. other affordable HFCs. IIFL HFC operates under a hub-and-spoke model with centralized credit, legal and technical teams. Branches that have been added over the last two years are smaller in size, have 4-5 employees, and can break even within six to nine months.



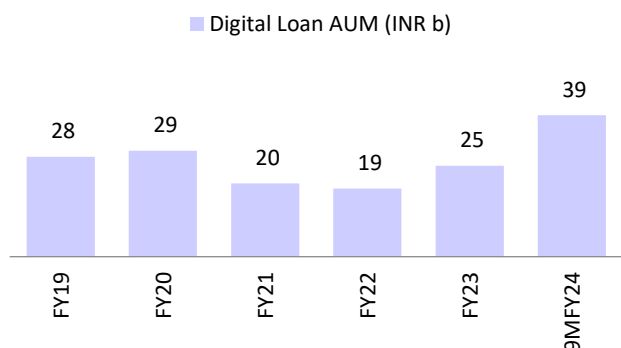
**Exhibit 22: IIFL HFC to see a CAGR of ~22% in AUM over FY23-FY26**

Supported by its robust distribution network and technological capabilities, we expect IIFL HFC to maintain its trajectory of strong AUM growth. We expect the IIFL HFC AUM to post a CAGR of ~22% over FY23-FY26E.

## Digital Loans: Corrective actions already in motion

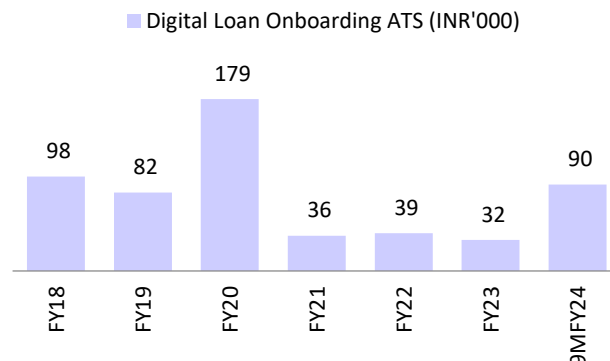
The company provides unsecured business and personal loans (end use for business purposes) under its standalone entity, IIFL Finance. Digital loans with AUM of ~INR39b form ~5% of the consolidated AUM mix.

**Exhibit 23: IIFL's Digital loan AUM (INR b)**



Source: Company, MOFSL

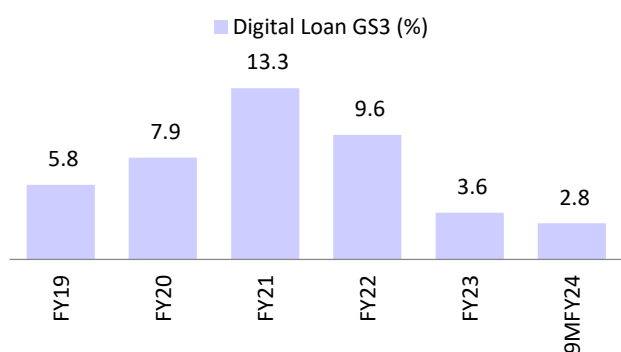
**Exhibit 24: Digital loan on-boarding ATS (INR'000)**



Source: Company, MOFSL

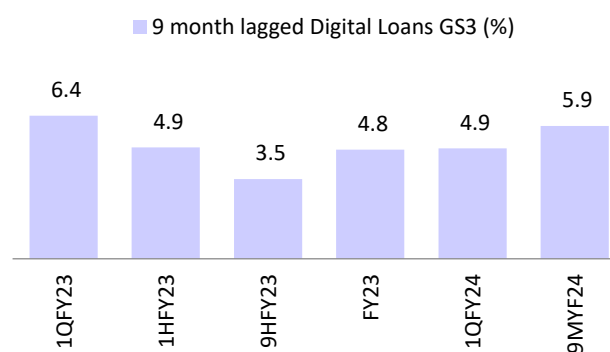
Given industry-wide concerns over higher delinquencies in lower-ticket personal loans, IIFL has taken corrective actions in this segment (including the termination of partnerships with some fintechs), with blended onboarding ATS increasing to INR90k in 9MFY24 from INR30-40k in FY21-23. Further, the management has conveyed that it is disbursing personal loans only as a cross-sell product to its existing non-personal loan customers.

**Exhibit 25: Digital loans' GS3 (%)**



Source: Company, MOFSL

**Exhibit 26: Six-month lagged GNPA in digital loans (%)**



Source: MOFSL

IIFL has learned from its mistakes in this product segment, when its GS3 had risen to ~13% in FY21 and has since declined to ~2.8% as of Dec'23. The nine-month lagged GNPA in digital loans stood at ~5.9% as of Dec'23, indicating that stress continues to build up in this segment for IIFL as well as other peer lenders.

**Exhibit 27: Du-Pont for the consolidated, standalone and the HFC/MFI subsidiaries**

DuPont Analysis (%)	Standalone			HFC			Samasta			Consolidated		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Interest Income	17.0	18.0	18.2	12.2	12.7	12.8	24.3	23.4	23.2	16.8	17.2	17.3
Interest Expended	6.5	6.4	6.4	5.4	5.6	5.7	8.8	8.2	7.8	6.6	6.6	6.5
<b>Net Interest Income</b>	<b>10.5</b>	<b>11.6</b>	<b>11.8</b>	<b>6.8</b>	<b>7.0</b>	<b>7.1</b>	<b>15.5</b>	<b>15.2</b>	<b>15.4</b>	<b>10.2</b>	<b>10.6</b>	<b>10.8</b>
Other Income	0.8	0.9	0.9	1.5	1.3	1.2	3.5	2.9	2.4	1.3	1.2	1.1
<b>Net Income</b>	<b>11.3</b>	<b>12.4</b>	<b>12.7</b>	<b>8.3</b>	<b>8.4</b>	<b>8.3</b>	<b>18.9</b>	<b>18.1</b>	<b>17.9</b>	<b>11.5</b>	<b>11.9</b>	<b>11.9</b>
Operating Expenses	5.8	6.0	6.0	2.1	2.0	1.9	8.1	8.1	7.9	4.9	4.9	4.8
<b>Operating Income</b>	<b>5.5</b>	<b>6.4</b>	<b>6.7</b>	<b>6.2</b>	<b>6.3</b>	<b>6.4</b>	<b>10.9</b>	<b>10.0</b>	<b>9.9</b>	<b>6.6</b>	<b>7.0</b>	<b>7.1</b>
Provisions/write offs	1.7	2.6	2.8	0.7	0.6	0.4	3.9	2.7	2.5	1.7	1.9	1.8
<b>PBT</b>	<b>3.7</b>	<b>3.8</b>	<b>4.0</b>	<b>5.5</b>	<b>5.8</b>	<b>6.0</b>	<b>6.9</b>	<b>7.3</b>	<b>7.5</b>	<b>4.9</b>	<b>5.1</b>	<b>5.3</b>
Tax	0.9	0.9	0.9	1.2	1.3	1.3	1.6	1.6	1.7	1.2	1.2	1.3
<b>RoA</b>	<b>2.8</b>	<b>2.9</b>	<b>3.0</b>	<b>4.2</b>	<b>4.5</b>	<b>4.6</b>	<b>5.3</b>	<b>5.6</b>	<b>5.8</b>	<b>3.7</b>	<b>3.9</b>	<b>4.1</b>
Leverage	4.7	4.9	5.1	4.1	4.2	4.3	6.3	5.8	5.5	5.9	5.9	5.8
<b>RoE</b>	<b>13.5</b>	<b>14.3</b>	<b>15.5</b>	<b>17.2</b>	<b>18.9</b>	<b>19.6</b>	<b>33.9</b>	<b>32.9</b>	<b>31.6</b>	<b>19.8</b>	<b>21.0</b>	<b>21.6</b>

Source: Company, MOFSL; Note: RoA for Consolidated entity is on pre-NCI basis

**Exhibit 28: IIFL Finance: SOTP - March 2026 (%)**

Particulars	Stake	Value (INR B)	Value (USD B)	INR per share	% To Total	Target Multiple (x)	Basis
IIFL Finance (Standalone)	100	132	1.6	346	43	1.8	PBV
IIFL Home Finance (HFC)	80	115	1.4	303	38	2.0	PBV
IIFL Samasta Finance (MFI)	100	58	0.7	151	19	1.7	PBV
<b>Target Value</b>		<b>305</b>	<b>3.6</b>	<b>800</b>	<b>100</b>		
Current market cap.		231	2.7	606			
<b>Upside (%)</b>		<b>32</b>	<b>32</b>	<b>32</b>			

## Financials and Valuation

Income Statement						(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Interest Income	47,547	46,189	54,212	61,345	73,693	97,470	1,20,060	1,45,046
Interest Expenses	25,850	24,050	26,258	29,910	32,218	38,524	45,872	54,616
<b>Net Interest Income</b>	<b>21,697</b>	<b>22,139</b>	<b>27,954</b>	<b>31,435</b>	<b>41,474</b>	<b>58,946</b>	<b>74,188</b>	<b>90,430</b>
Change (%)		2	26	12	32	42	26	22
-NII on on-book	19,245	16,380	20,934	23,713	30,183	43,395	54,972	66,714
-NII on off-book	2,452	5,758	7,020	7,722	11,291	15,551	19,216	23,716
Other Operating Income	2,230	1,635	4,186	7,202	8,896	5,448	5,964	6,587
Other Income	1,071	818	1,499	1,689	1,883	2,313	2,545	2,799
<b>Total Income</b>	<b>24,998</b>	<b>24,591</b>	<b>33,639</b>	<b>40,326</b>	<b>52,253</b>	<b>66,708</b>	<b>82,696</b>	<b>99,816</b>
Change (%)		-2	37	20	30	28	24	21
<b>Total Operating Expenses</b>	<b>11,734</b>	<b>12,677</b>	<b>11,904</b>	<b>15,918</b>	<b>22,466</b>	<b>28,203</b>	<b>33,931</b>	<b>40,101</b>
Change (%)		8	-6	34	41	26	20	18
Employee Expenses	6,901	7,461	7,231	9,307	13,295	16,972	20,711	24,724
Depreciation	318	1,056	1,057	1,217	1,526	1,708	1,969	2,261
Other Operating Expenses	4,514	4,160	3,617	5,394	7,645	9,524	11,250	13,116
<b>Operating Profit</b>	<b>13,265</b>	<b>11,914</b>	<b>21,734</b>	<b>24,408</b>	<b>29,787</b>	<b>38,504</b>	<b>48,765</b>	<b>59,715</b>
Change (%)		-10	82	12	22	29	27	22
Provisions and write-offs	3,012	4,662	11,686	9,048	8,661	10,073	13,021	15,107
<b>PBT</b>	<b>11,299</b>	<b>7,252</b>	<b>10,048</b>	<b>15,359</b>	<b>21,125</b>	<b>28,432</b>	<b>35,744</b>	<b>44,608</b>
Tax Provisions	3,342	2,217	2,440	3,477	5,050	6,889	8,488	10,571
Tax Rate (%)	29.6	30.6	24.3	22.6	23.9	24.2	23.7	23.7
<b>PAT (pre-NCI)</b>	<b>7,957</b>	<b>5,035</b>	<b>7,608</b>	<b>11,882</b>	<b>16,076</b>	<b>21,543</b>	<b>27,256</b>	<b>34,037</b>
Change (%)		-37	51	56	35	34	27	25
Non Controlling Interest (NCI)	-11	-16	-7	-4	-1,072	-2,140	-2,500	-3,000
<b>PAT (post-NCI)</b>	<b>7,946</b>	<b>5,018</b>	<b>7,601</b>	<b>11,879</b>	<b>15,003</b>	<b>19,403</b>	<b>24,756</b>	<b>31,037</b>
Change (%)		-37	51	56	26	29	28	25
Balance Sheet						(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	756	757	758	759	761	762	762	762
Reserves & Surplus	42,831	46,899	53,177	63,879	89,160	1,05,431	1,28,472	1,57,603
Non-controlling interest				59.0	12,101	14,241	16,741	19,741
<b>Net Worth</b>	<b>43,587</b>	<b>47,656</b>	<b>53,934</b>	<b>64,697</b>	<b>1,02,021</b>	<b>1,20,434</b>	<b>1,45,975</b>	<b>1,78,106</b>
<b>Borrowings</b>	<b>2,65,171</b>	<b>2,77,177</b>	<b>3,22,645</b>	<b>3,57,255</b>	<b>3,96,040</b>	<b>4,66,543</b>	<b>5,67,736</b>	<b>6,77,109</b>
Change (%)		4.5	16.4	10.7	10.9	17.8	21.7	19.3
Other Liabilities	23,631	18,901	30,090	37,150	31,951	43,122	51,493	60,014
<b>Total Liabilities</b>	<b>3,32,389</b>	<b>3,43,734</b>	<b>4,06,669</b>	<b>4,59,102</b>	<b>5,30,012</b>	<b>6,30,099</b>	<b>7,65,204</b>	<b>9,15,229</b>
Cash and Bank	25,216	32,159	47,841	81,569	58,390	34,348	43,694	52,630
Investments	2,124	7,704	316	11,922	35,110	38,314	43,782	49,805
<b>Loans</b>	<b>2,73,775</b>	<b>2,85,347</b>	<b>3,35,332</b>	<b>3,36,929</b>	<b>4,00,011</b>	<b>5,16,089</b>	<b>6,27,972</b>	<b>7,54,772</b>
Change (%)		4.2	17.5	0.5	18.7	29.0	21.7	20.2
Fixed Assets	1,112	3,950	4,102	4,777	5,708	6,196	7,264	8,501
Other Assets	30,162	14,574	19,079	23,908	30,794	35,153	42,492	49,521
<b>Total Assets</b>	<b>3,32,389</b>	<b>3,43,734</b>	<b>4,06,669</b>	<b>4,59,104</b>	<b>5,30,013</b>	<b>6,30,099</b>	<b>7,65,204</b>	<b>9,15,229</b>

## Financials and Valuation

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Spreads Analysis (%)</b>								
Avg. Yield on Loans	17.0	16.5	17.5	18.3	20.0	21.3	21.0	21.0
Avg Cost of Funds	9.7	8.9	8.8	8.8	8.6	8.9	8.9	8.8
Spread of loans	7.3	7.7	8.7	9.5	11.4	12.3	12.1	12.2
NIM (as % of total AUM)	6.2	6.1	6.8	6.6	7.2	8.0	8.0	7.9
On-book NIM (% of on-book AUM)	6.8	5.9	6.8	7.0	8.1	9.5	9.7	9.8
<b>Profitability Ratios (%)</b>								
RoE	19.6	11.0	15.0	20.0	19.4	19.8	21.0	21.6
RoA	2.4	1.5	2.0	2.7	3.3	3.7	3.9	4.1
Int. Expended / Int.Earned	54.4	52.1	48.4	48.8	43.7	39.5	38.2	37.7
Other Inc. / Net Income	13.2	10.0	16.9	22.0	20.6	11.6	10.3	9.4
<b>Efficiency Ratios (%)</b>								
Op. Exps. / Avg AUM	3.6	3.5	2.9	3.3	3.9	3.8	3.7	3.5
Op. Exps. / Net Income	46.9	52	35	39	43	42	41	40
Empl. Cost/Op. Exps.	58.8	59	61	58	59	60	61	62

### Asset-Liability Profile (%)

Debt-Equity Ratio	6.1	5.8	6.0	5.5	4.4	4.4	4.4	4.3
Assets/Equity	7.6	7.2	7.5	7.1	5.9	5.9	5.9	5.8

### Asset Quality (%)

GNPA (INR m)			6,620	10,740	7,380	7,851	9,448	10,443
GNPA (%)	1.7	2.3	2.1	3.2	1.8	1.5	1.5	1.4
NNPA (INR m)			2,986	6,218	3,771	3,747	4,333	4,611
NNPA (%)	0.5	1.0	1.0	1.8	1.1	0.7	0.7	0.6
PCR (%)			55	42	49	52	54	56
Credit costs	1.1	1.7	3.8	2.7	2.4	2.2	2.3	2.2

### Valuations

	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Book Value (INR)	115	126	142	170	236	279	339	415
BV Growth (%)		9	13	20	39	18	22	23
<b>P/BV</b>	<b>5.3</b>	<b>4.8</b>	<b>4.3</b>	<b>3.6</b>	<b>2.6</b>	<b>2.2</b>	<b>1.8</b>	<b>1.5</b>
EPS (INR)	21	13	20	31	39	51	65	81
EPS Growth (%)		-37	51	56	26	29	28	25
<b>P/E</b>	<b>28.8</b>	<b>45.7</b>	<b>30.2</b>	<b>19.4</b>	<b>15.4</b>	<b>11.9</b>	<b>9.3</b>	<b>7.4</b>
Dividend	5.0	2.3	3.0	3.5	4.0	4.5	5.0	5.5
<b>Dividend yield</b>	<b>0.8</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>

E: MOFSL Estimates

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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); 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.