PNB Housing Finance

Management Meet Note | Institutional Research | BFSI

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

14 September 2023

Better times ahead !!!

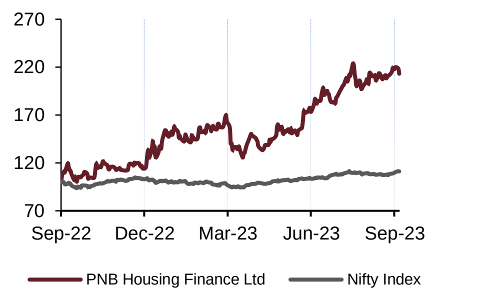
Rating	TP (Rs)	Up/Dn (%)
BUY	**916**	**25.0**

Market data		
Current price	**Rs**	**733**
Market Cap (Rs.Bn)	(Rs Bn)	189
Market Cap (US$ Mn)	(US$ Mn)	2,277
Face Value	Rs	10
52 Weeks High/Low	Rs	740 / 308
Average Daily Volume	('000)	400
BSE Code		540173
Bloomberg		PNBHOUSI.IN

Source: Bloomberg

Better times are ahead for PNB Housing Finance as balance sheet is largely cleaned up, profitability growth will be strong in times to come (PAT to grow by 25% CAGR over FY23-25e). There is one large recovery done from corporate non-performing asset (residential developer) amounting to INR 7.8 bn which would result in GNPL in corporate loans reducing down to 2% from 25% and blended GNPL will see sharp reduction to 2.2% in FY24e from 3.9% in FY23 (net NPA to 1.3% from 2.8%) post this transaction. Legacy book of construction finance book will further come down to INR 26 bn (~85% fall in the last 5 years) and its share in total loan assets will reduce down to 4.3% post this transaction vs. 6% in Q1FY24. Furthermore, loan assets to grow at 16.5% CAGR after seeing long period of consolidation. We are confident of new management bringing more desired positive results – ROA is estimated to improve to 2.0% in FY25e from 1.6% in FY23. We expect re-rating on the cards given improved financials & return ratios. Assign BUY rating with TP of 916, upside of 25% from current levels

One Year Performance



Source: Bloomberg

% Shareholding	Jun-23	Mar-23
Promoters	28	28
Public	72	72
Total	**100**	**100**

Source: Bloomberg

Outlook & Valuations

Currently, valuations of PNB Housing at 1.2x FY25e ABV is cheap as compared to peers. At current CMP, it is trading at relatively cheap valuations of 1.3x/1.2x FY24e/FY25e ABV. ROA is likely to see nearly 40 bps improvement from 1.6% in FY23 to 2.0% in FY25e led by lower credit cost and better loan growth. PNB Housing FY25e valuations (1.2x) is almost half of Can Fin Homes, while former home loan book size is also bigger at INR 400 bn vs. INR 324 bn of latter. We assign a target price of INR 916, discounting its FY25e ABV multiple by 1.5x, giving upside of 25% from the current levels.

Financial Summary

Y/E Mar (Rs cr)	FY21	FY22	FY23	FY24e	FY25e
Consol PAT	909	934	1123	1477	1757
growth (yoy %)	*53.9*	*2.8*	*20.2*	*31.5*	*19.0*
Adj BVPS	426	412	556	545	610
EPS (Rs)	54	55	67	57	68
P/ABV (x)	1.7	1.8	1.3	1.3	1.2
P/E (x)	14	13	11	13	11
RoA (%)	1.2	1.2	1.6	1.9	2.0
RoE (%)	*11.0*	*8.9*	*10.0*	*10.8*	*10.6*

Source: Company, Dalal & Broacha Research

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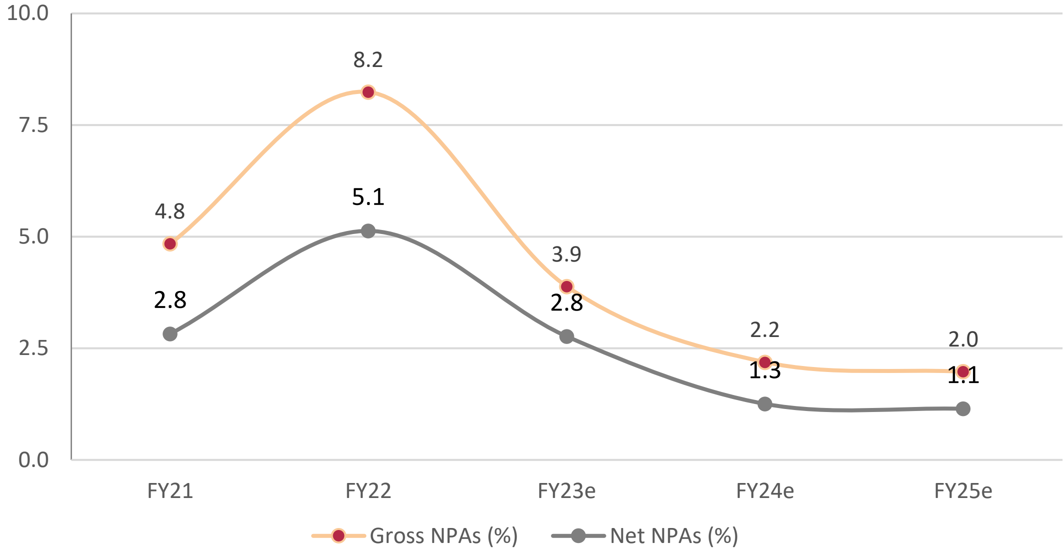
Investment Rationale

Balance sheet is largely cleaned up, incremental credit cost expected to be much lower as compared to previous years

- During FY20-22 period, PNB Housing faced mounting NPA issues that came from the construction finance book and also due to poor macros. Gross NPLs in corporate loans peaked to levels of 37% in FY22 which was brought down to 22% in FY23 and it has further come down to 2% post recent corporate NPA recovery from residential developer recently.
- There is one large recovery done from corporate non-performing asset (residential developer) amounting to INR 7.8 bn which would result in GNPL in corporate loans reducing down to 2% from 25% and blended GNPL will see sharp reduction to 2.2% in FY24e from 3.9% in FY23 (net NPA to 1.3% from 2.8%) post this transaction. There will provision release of INR ~2 bn from this asset recovery which will be utilized to strengthen the balance sheet.
- Construction finance book has not grown or rather book has come down by 80% in the last 4-5 years. In FY23, this book came down from INR 73.4 bn to INR 38 bn due to various key measures taken by the management namely - i) INR 9.4 bn worth of assets saw natural run-off ii) there was down-sell/accelerated pre-payment of to the tune of ~INR 12 bn iii) resolution/write-offs amounting to ~INR 15 bn. Also, going forward, there is no strategic plan to increase this book aggressively. This construction finance book will further come down to INR 26 bn (~85% fall in the last 5 years) and its share in total loan assets will reduce down to 4.3% post this transaction vs. 6% in Q1FY24.
- Gross NPLs on overall loan assets has reduced dramatically from 8.2% in FY22 to 3.9% in FY23 and it is expected to reduce down further to 2% in FY25e. Balance sheet is largely cleaned up and hence, in our view, credit cost going forward will be relatively much lower as compared to previous years. Credit cost is estimated to be at 60 bps each in FY24e/FY25e vs. 1.3% in FY23.

Exhibit 1: Gross NPAs has reduced down meaningfully from 8.2% in FY22 to 3.9% in FY23; which is expected come down further to 2% levels in FY25e



Source: Company, Dalal & Broacha Research

Asset quality details

(%)	FY21	FY22	FY23e	FY24e	FY25e
Gross NPAs (%)	4.8	8.2	3.9	2.2	2.0
Net NPAs (%)	2.8	5.1	2.8	1.3	1.1
Slippage rate (%)	2.0	6.4	1.3	1.2	1.1
Provision coverage (%)	41.7	37.7	28.8	42.7	42.0

Source: Company, Dalal & Broacha Research

New strategy in place to grow more retail assets

The new management under the helm of Mr.Girish Kousgi (Ex. Can Fin Homes CEO) is strategize on following 5 things 1) more focus to grow retail assets (forming 94% of the loan assets currently) 2) sanguine approach towards corporate loan growth i.e. construction finance book given the past high NPL faced in this segment 3) more focus on the salaried segment which is better strategy from asset quality standpoint (salaried segment has 59% share and balance 41% consists of self-employed segment) 4) to build granulisation of the loans assets i.e. to bring down share of high ticket size loans i.e. more focus on the prime segment where the average ATS is 25-40 lacs. It is moving away from the super prime segment where the ATS is >50+ lakh, customers have 1.5-2 lacs salary and are located in the metro cities. This space is more competitive as banks are already aggressive lender in this space 5) additional focus on the affordable housing loans. It has formed separate vertical for affordable loans business. The current branch strength for affordable segment is 88 which it plans to scale upto 100 in current fiscal FY24. Also, affordable loans it is likely to form 10% share in the total loan assets over the next 3-4 years.

Loan book to grow after 3 years of seeing consolidation

After seeing long period of consolidation seen in the balance sheet in the last 3 years, we expect loan assets to grow at 16.5% CAGR over FY23-25e vs. de-growth of ~20% during FY19-23. Retail loans (94% share which includes home loans, LAP and non-residential premise loans) is likely to see 18% growth during FY23-25e. Also, run-down of assets (including BT out rates) which was as high as 23-24% in FY22 has come down to 16-17% in FY23. Lesser run-down will also contribute to the loan growth. At the same time, disbursements of retail loans are expected to grow by 22.5% CAGR over the next 2 years FY23-25e.

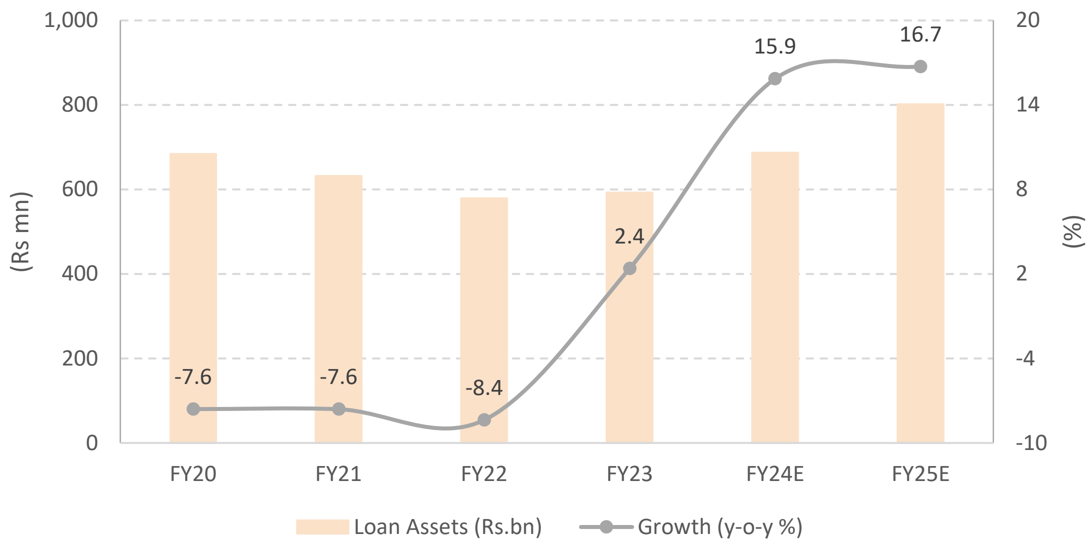
Currently, individual home loans comprise of ~66.7% of the total loans, LAP loans have 22.6% share, residential non-premise loans 4.7% share and balance 6% is construction finance or corporate loan book. Also, it is building more focus on the salaried segment whose share is expected to increase from current ~60% to 70% over the next few years.

Loan asset details – retail loans to grow at CAGR of 16.5% over FY23-25e

(Rs.cr)	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Total AUMs	**84169**	**75403**	**66983**	**66617**	**74421**	**84759**
growth (%)	*-0.7*	*-10.4*	*-11.2*	*-0.5*	*11.7*	*13.9*
Loan Assets	**68394**	**63189**	**57895**	**59273**	**68672**	**80160**
growth (%)	*-7.6*	*-7.6*	*-8.4*	*2.4*	*15.9*	*16.7*
-Retail	53595	51189	50520	55471	66010	77232
growth (%)	*-4.5*	*-4.5*	*-1.3*	*9.8*	*19.0*	*17.0*
% Share	*78.4*	*81.0*	*87.3*	*93.6*	*96.1*	*96.3*
-Non-Retail	14799	12000	7375	3802	2661.4	2928
growth (%)	*-17.3*	*-18.9*	*-38.5*	*-48.4*	*-30.0*	*10.0*
% share	*21.6*	*19.0*	*12.7*	*6.4*	*3.9*	*3.7*
Disbursements	18626	10445	11246	14965	18407	22456
growth (%)	*-48.4*	*-43.9*	*7.7*	*33.1*	*23.0*	*22.0*

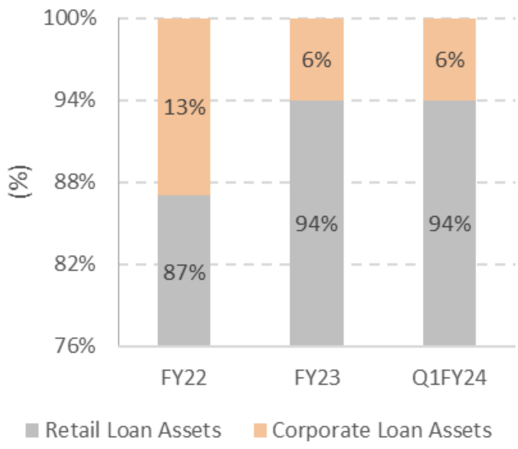
Source: Company, Dalal & Broacha Research

Exhibit 2: Loan book to grow at 16.5% CAGR over FY23-25e vs. de-growth seen in previous years



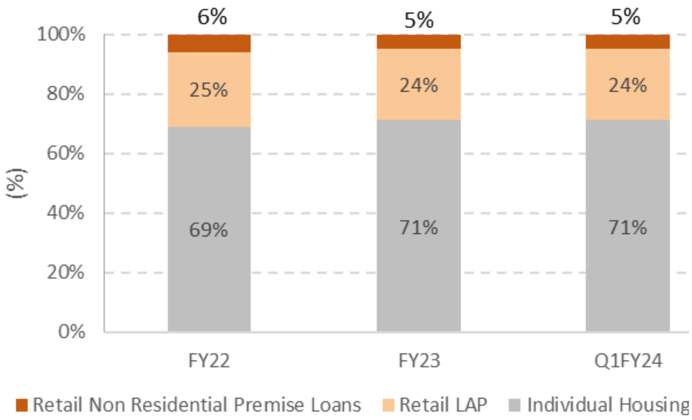
Source: Company, Dalal & Broacha Research

Exhibit 3: Retail assets form 94% of total loan assets



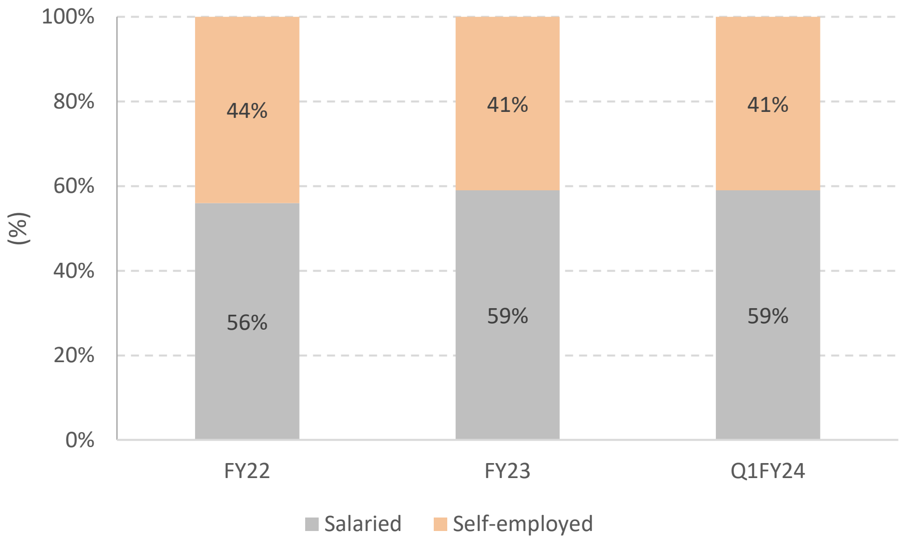
Source: Company, Dalal & Broacha Research

Exhibit 4: Within retail loans, home loans comprise of 71% share, retail LAP 24% and balance 5% non-residential preimse loans



Source: Company, Dalal & Broacha Research

Exhibit 5: Salaried segment occupy major share of 59% in retail assets and self-employed has 41% share



Source: Company, Dalal & Broacha Research

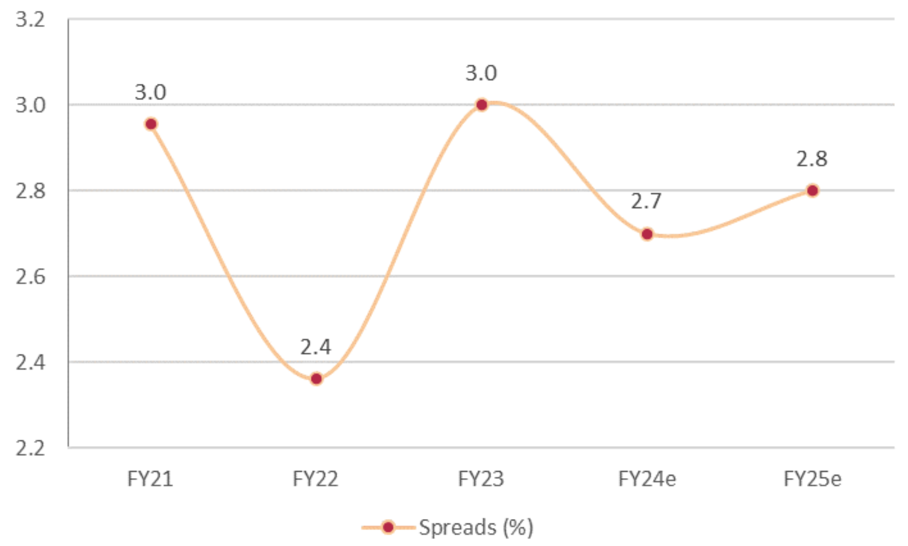
Building focus on affordable housing finance segment

Given the different customer segment, it has created a separate affordable housing finance vertical with dedicated sales, credit, collections and operations team. Average ticket size of the loans in this space is ~INR 15-17 lacs and has avg. yield of ~11.5-12%. Also, under-writing of the loans will be done on documented income and not cash flow based one as done by other players. It has increased the total branch count in the affordable loan space from 34 in FY22 to 88 in FY23 and nearly 10-12 branches will be added more in FY24. Albeit on smaller base, disbursements grew at higher rate of 66% yoy to INR 228 cr in FY23. Going forward, management is aiming to have affordable loans share of 10% share in the total loan assets over the next 3-4 years. In our view, this is profitable strategy given revival in the sector, high growth rates and better return ratios in this segment.

Spreads is not likely to fall below 2.7% in FY24e

For the period FY24, spreads (calculated) is not expected to fall below 2.7% in FY24 period vs. 3% in FY23. As per management, spreads (reported) is expected to be not less than 2.5% in FY24 vs. 2.8% in FY23 and margins not less than 3.5% in FY24 period vs. 3.7% for FY23. However, in our view, fall in the spreads could be arrested due to falling reasons 1) leverage on the capital raise of ~INR 25 bn done in May 2023 2) higher drawdowns from NHB (taking its share to 7.5% of borrowings vs. 5.7% in FY23) 3) rating outlook upgrade by ICRA & CARE; the company is in better negotiating terms with the banks for its incremental borrowings rates. Also, on the asset side, yields will have upward bias due to increase in the high-yielding affordable housing loans albeit over the longer run. Additionally, it has hiked the lending rate by 250 bps and all the loans are floating based ones which resulted in yield on advances improving by >100 bps in FY23. And largely all the loans have got repriced at higher rates so far.

Exhibit 6: Spreads is not likely to fall below 2.7% in FY24e



Source: Company, Dalal & Broacha Research

Branch expansion plans

It has currently 198 branches (110 prime branches + 88 affordable housing loan branches). It is planning to add 12 branches on affordable housing finance side in FY24 to take the total count to 100. It is not planning to add other prime branches

Cost dynamics of the company

Other Ratios	FY21	FY22	FY23	FY24e	FY25e
C/I Ratio	17.0	21.9	20.2	21.9	21.3
C/I ratio (incl. other income)	14.5	18.6	17.9	19.4	19.1
Opex to AuM	0.6	0.7	0.8	0.9	1.0
Opex to Avg. AUM (%)	0.5	0.7	0.8	0.9	1.0

Source: Company, Dalal & Broacha Research

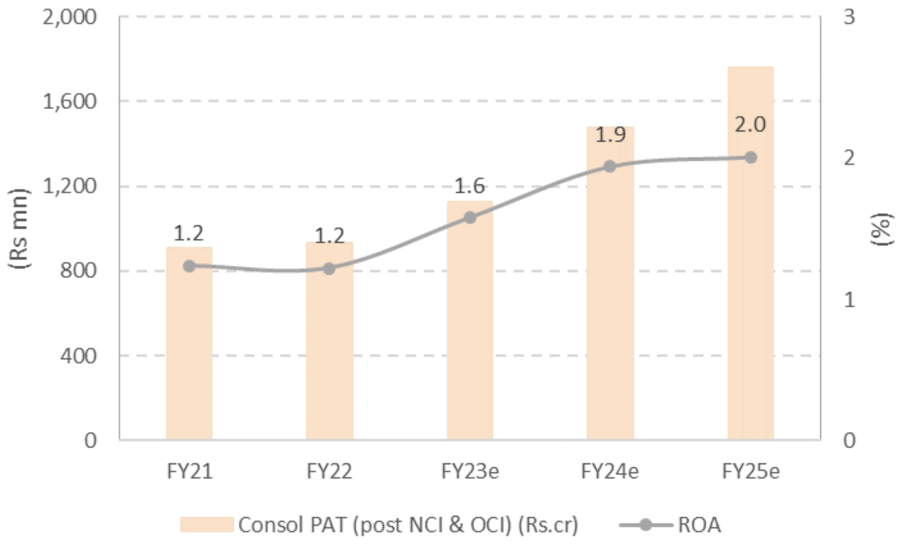
The NBFC raised capital via rights issue amounting to INR 25 bn

Recently, in May 2023, the NBFC raised capital to the tune of ~INR 2500 cr via rights issue at the price of ~275 in order to shore up CAR (which improved to 29.9% from 24.4% earlier). PNB invested INR 500 cr in this rights issue (as per RBI approval). Post capital infusion, promoter PNB has 28.2% share, Quality Investment Holdings V Pte Ltd (Carlyle) 32.7% share, Investment Opportunities V Pte 9.9% share and General Atlantic Singapore has 9.8%. Other top 10 shareholders in the company are Tata MF, Pioneer Investment Fund, Vanguard, Nippon MF, BNP Paribas and Blackrock.

Profitability will see sizeable jump, profits to grow by ~25%+ CAGR over FY23-25e period

Consol PAT (post NCI & OCI) is estimated to grow by 25.1% CAGR over the FY23-25e which will be led by healthy asset growth and improved asset quality. In our view, better times are ahead for the HFC given balance sheet is now largely cleaned-up, past NPLs are largely written-off or provided for, loans to see higher growth vs. long period of consolidation seen in the previous years.

Exhibit 7: PAT to see meaningful growth in coming years; ROA to improve to 2% in FY25e from 1.6% in FY23



Source: Company, Dalal & Broacha Research

Outlook & Valuation

Currently, valuations of PNB Housing at 1.2x on FY25e ABV is relatively cheap as compared to peers. We are positively biased on the stock given 1) change in the management 2) HFC is returning to growth after long period of consolidation 3) more focus on the stable & granular affordable housing loans and other retail home loans 4) post NPA recovery of INR 7.8 bn, GNPA will reduce down to 2.2% in FY24e from 3.9% in FY23 5) spreads is not likely to fall below 2.7% levels. At CMP, it is trading at relatively cheap valuations of 1.3x/1.2x FY24e/FY25e ABV. ROA is likely to see nearly 40 bps improvement from 1.6% in FY23 to 2% in FY25e led by lower credit cost and better loan growth. **We assign a target price of INR 916,** discounting its FY25e ABV multiple by 1.5x, giving upside of 25% from the current levels.

ROA to see improvement from 1.6% in FY23 to 2% in FY25e

(%)	FY21	FY22	FY23	FY24e	FY25e
Interest Income	9.6	8.5	9.3	9.6	9.7
Interest expense	6.8	5.9	5.9	6.3	6.2
Net Interest Income	**2.8**	**2.6**	**3.5**	**3.4**	**3.5**
Other Income	0.6	0.6	0.5	0.5	0.5
Net Income	**3.4**	**3.1**	**4.0**	**3.9**	**4.0**
Employee benefits expense	0.3	0.3	0.4	0.4	0.4
Other expenses	0.3	0.4	0.4	0.4	0.4
Total expenses	**0.6**	**0.7**	**0.8**	**0.8**	**0.8**
PPOP	**2.8**	**2.4**	**3.2**	**3.0**	**3.1**
Provisions	1.2	0.9	1.1	0.5	0.5
PBT	**1.6**	**1.6**	**2.1**	**2.5**	**2.6**
Tax	0.4	0.4	0.5	0.6	0.6
Tax Rate	0.0	0.0	0.0	0.0	0.0
PAT	**1.2**	**1.2**	**1.6**	**1.9**	**2.0**
Consol PAT (post NCI & OCI)	1.2	1.4	1.7	2.0	2.1

Source: Company, Dalal & Broacha Research

Peer Comparison

Rs.cr (Q1FY24)	PNB Housing	Can Fin Homes	Home First Finance	Aptus Value Housing	Aavas Financiers
Management	CEO - Girish Kousgi, CFO - Vinay Gupta	CEO - Suresh Iyer, CFO - Apurav Agarwal	CEO - Manoj Viswanathan, CFO - Nutan Gaba Patwari	MD - Balaji, Founder & Promoter - Anandan	MD & CEO - Sachinder Bhinder, CFO - Ghanshyam Rawat
Key Investors	MFs 4.5% (Tata MF 2.32% , Pioneer 2.1%, Vanguard, Nippon 1.1%, Blackrock, BNP Pariba)	DIIs 28% (Axis MF 4.3%, DSP 4.6%, UTI 2.36%, Sundaram 1.4%, Invesco 1.2%, Edelweiss 1.9%)	MFs - 8.1% (Invesco - 3.1%, Aditya Birla MF 1.8%, Sundaram - 1.2%, Union MF - 0.8%, Alchemy - 0.7%, ICICI Pru AMC - 0.5%		Wasatch Global Investors - 6.1%, Stewart - 6.1%, UTI MF - 4.1%, Kotak Mf - 3.6%, Capital Group - 2.5%, Nomura MF - 2.3%, ADIA - 2.01%, Vanguard - 2%, Bank of America - 1.75%, Sundaram - 1.5%, SBI Life - 1.46%, Invesco - 1.4%, Blackrock - 1.2%
Shareholding pattern	Promoter PNB - 28.2%, Carlyle - 32.7%, Ares SSG - 9.9%, General Atlantic Singapore - 9.8%, FIIs - 5.1%, MFs - 4.5%, Public - 6.1%, Bodies Corporates - 3.8%,	Promoter - 29.99%, FIIs - 10.7%, DIIs (Axis MF, DSP, UTI, HSBC, L&T MF, PGIM, Sundaram, - 28%, Invesco, Nippon) Public - 31.3%	Promoter True North - 18.2%, Aether (Mauritius) 12%, Warburg Pincus - 26.5%, MFs - 8.1%, FIIs & FPIs - 13.3%	Promoter - 62.2%, FIIs - 14.2%, DIIs - 3%, Public - 20.7%	Promoter - 39.1% (Kedaara Capital - 23.6%, Partners Group - 16.1%), FIIs - 35.1%, DIIs - 14.3%, Public - 11.5%
AUM (Rs.cr)	INR 67340 cr		INR 7775 cr	INR 7123 cr	INR 14650 cr
Loan Assets	INR 60395 cr	INR 32505 cr			
Home Loans Book Size (Rs.cr)	INR 40283 cr (66.7% share in loa	INR 32484 cr (99.9% share)	INR 6764 cr	INR 4202 cr	
Avg. Ticket Size (ATS)	29-32 lakh	INR 20-22 lakh	INR 10-12 lakhs	INR 10 lakh	<10 lakh
Loan Breakup	Home Loans - 66.7%, LAP - 22.5%, NRPL - 5%, Construction Finance - 6%	Home Loans - 99.9% share	Affordable Home Loans - 87%, Shop Loans - 12%, LAP - 1%	Affordable Home Loans - 59%, Quasi Home Loans - 16%, Small Business Loans - 21%, Other loans - 4%	
Key Geographies	Maharashtra - 27.7%, Delhi - 12%, TN - 9.9%, Telangana - 8.8%, Karnataka - 8%		Gujarat - 32.6%, Maha - 14%, TN - 13.9%, Telangana - 8.9%, AP - 4.6%, Karnataka -7.1%, Rajasthan - 5.7%, MP - 5.3%, UP - 5.2%	Tamil Nadu - 42%, AP - 36%, Telangana - 14%, Karnataka - 8%	
Branches	188 (100 affordable branches)	172 Branches (21 Affordable	113 Branches	231 Branches	348 Branches
ROA (%)	2.1%	2.2%	3.9%	8.2%	3.2%
ROE (%)	11.2%	19.2%	15.0%	16.9%	13.2%
C/I ratio	20.0%	14.9%	36.3%	8.2%	47.0%
Margins (%)	3.9%	3.5%	6.1%		8.0%
Spreads (%)	2.6%	2.5%	5.7%	13.3%	
Gross NPAs (%)	3.8%	0.6%	1.6%	1.3%	1.0%
Net NPAs (%)	2.6%	0.3%	1.1%	1.0%	0.7%
PCR (%)	30.9%	43.3%	31.3%	25.4%	27.0%
CAR (%)	29.9%	~23%	45.5%	75.4%	47.3%
Valuations					
P/ABV					
FY23	1.3	2.9	4.3	4.1	4.1
FY24e	1.3	2.5	3.7	3.5	3.6
FY25e	**1.2**	**2.1**	**3.1**	**2.9**	**3.1**

Source: Company, Dalal & Broacha Research

About the company

Established in 1988 and backed by Punjab National Bank, PNB Housing Finance is a registered housing finance company. The parent bank currently holds a 28.2% stake in the company, with other major shareholders including Carlyle (32.7% ownership), Ares SSG Capital (9.9% ownership), and General Atlantic Singapore (9.8% ownership).

In a recent development in May 2023, this non-banking financial company (NBFC) successfully raised capital worth ~INR 25 billion which is aimed at bolstering its capital levels, enabling it to finance future growth initiatives.

The NBFC is presently under the capable leadership of Mr. Girish Kousgi, who holds the position of MD and CEO. Prior to this role at PNB Housing Finance, Mr. Kousgi served as the CEO of Can Fin Homes, where he established a commendable track record of performance.

Over the past 2-3 years, the company faced significant challenges in its performance, primarily attributable to a high level of non-performing loans (NPLs) stemming from the construction finance portfolio and a period of stagnant growth. These factors led to a decline in the financial health of the NBFC. However, under the new management, the company has undergone a remarkable turnaround. They have diligently addressed their weaknesses, resulting in a substantial improvement in their financial performance.

It currently manages an AUM of ~INR 673 billion. Furthermore, 94% of the company's loan assets are in the retail sector, encompassing retail individual home loans, Loan Against Property (LAP), and non-residential premise loans. The remaining 6% of assets are part of the construction finance portfolio. It has branch network with 198 branches, out of which 88 are dedicated exclusively to affordable housing finance.

The top 5 states contributing to its retail loan assets are - Maharashtra - 27.7%, Delhi - 12%, Tamil Nadu - 9.9%, Telangana - 8.8%, Karnataka - 8%. And in terms of regional distribution, north India constitutes 34% of loans assets, south 30% and west makes up the remaining 36%.

Shareholding pattern (Q1FY24)

Shareholders	% Holding (Q1FY24)
Promoter (PNB)	28.2%
Quality Investment Holdings PPC (Carlyle)	32.7%
Investment Opportunities V Pte Ltd (Ares SSG)	9.9%
General Atlantic Singapore Fund Fii Pte Ltd	9.8%
Foreign Institutional Investors	5.1%
Mutual Funds	4.5%
Public & Others	6.1%
Bodies Corporates	3.8%

Details of the management team

Name	Designation
Girish Kousgi	Managing Director and CEO
Vinay Gupta	CFO
Sanjay Jain	Company Secretary & Compliance Head
Jatul Anand	Chief Credit & Collections Office
Ajay Kumar Mohanty	Head – Internal Audit
Anujai Saxena	Chief Transformation Office
Amit Singh	Chief People Officer
Dilip Vaitheeswaran	Chief Sales Officer - Retail
Anshul Dalela	Head – Customer Service & Operations
Anubhav Rajput	Chief Information Officer
Valli Sekar	Chief Sales & Collection Officer - Affordable
Neeraj Manchanda	Chief Risk Officer

Source: Company

Financial

P&L (Rs cr)	FY21	FY22	FY23	FY24e	FY25e
Interest income	7,190	5,822	6,199	6,993	8,118
Interest expense	5,100	4,064	3,899	4,535	5,171
NII	**2,090**	**1,758**	**2,301**	**2,458**	**2,946**
Non-interest income	434	379	331	360	395
Net revenues	**2,524**	**2,137**	**2,631**	**2,818**	**3,341**
Operating expenses	429	468	531	616	712
PPOP	**2,096**	**1,669**	**2,100**	**2,202**	**2,629**
Provisions	889	584	739	375	438
PBT	**1,207**	**1,084**	**1,361**	**1,827**	**2,191**
Tax	277	247	315	420	504
PAT	**930**	**837**	**1,046**	**1,407**	**1,687**
Growth (%)	*43.9*	*-10.0*	*25.0*	*34.5*	*20.0*
Non-Controlling Interest (NCI)	0	0	0	0	0
Net Profit (post NCI)	929.90	836.93	1,046.00	1,406.71	1,687.37
Other Comprehensive Income (OCI)	*-20.7*	*97.3*	*77.1*	*70.0*	*70.0*
Consol PAT (post NCI & OCI)	909.21	934.23	1,123.06	1,476.71	1,757.37
Growth (%)	*53.9*	*2.8*	*20.2*	*31.5*	*19.0*

Balance Sheet (Rs. Cr)	FY21	FY22	FY23	FY24e	FY25e
Share capital	168	169	169	260	260
Reserves & surplus	8,755	9,703	10,845	14,725	16,482
Net worth	8,923	9,872	11,014	14,985	16,742
Borrowings	59,392	52,961	53,621	61,180	71,415
Other liability	3,077	2,897	2,238	2,015	1,813
Total liabilities	71,392	65,730	66,874	78,180	89,970
Cash & Bank Bal.	6,969	5,216	3,796	5,069	4,955
Investments	2,045	3,483	3,196	3,356	3,524
Loans	60,645	55,336	57,840	67,298	78,557
Fixed assets	320	263	149	187	235
Receivables	45	43	13	14	16
Other assets	1,369	1,389	1,879	2,255	2,683
Total assets	71,392	65,730	66,874	78,180	89,970

Ratios	FY21	FY22	FY23	FY24e	FY25e
Growth (%)					
NII	15.3	-15.9	30.9	6.9	19.9
PPOP	-1.1	-20.4	25.8	4.9	19.4
Consol PAT (post NCI & OCI)	53.9	2.8	20.2	31.5	19.0
Loan (Rs.cr)	60645	55336	57840	67298	78557
Loans growth (%)	-9.0	-8.8	4.5	16.4	16.7
AUMs (Rs.cr)	75403	66983	66617	68765	74834
AUM growth (%)	-10.4	-11.2	-0.5	3.2	8.8
Other Ratios (%)	**FY21**	**FY22**	**FY23**	**FY24e**	**FY25e**
Cost/Income ratio (%)	17.0	21.9	20.2	21.9	21.3
Branches	94	137	189	204	219
Spread (%)	**FY21**	**FY22**	**FY23**	**FY24e**	**FY25e**
Yield on advances	11.0	9.6	10.3	10.6	10.6
Yield on funds	9.8	8.7	9.6	10.0	10.0
Cost of funds	8.0	7.2	7.3	7.9	7.8
Spreads	3.0	2.4	3.0	2.7	2.8
Margins	2.8	2.6	3.6	3.5	3.6
Asset quality (%)	**FY21**	**FY22**	**FY23**	**FY24e**	**FY25e**
Gross NPAs (Rs.mn)	2998	4706	2271	1487	1564
Net NPAs (Rs.mn)	1749	2931	1618	852	906
Gross NPAs (%)	4.8	8.2	3.9	2.2	2.0
Net NPAs (%)	2.8	5.1	2.8	1.3	1.1
PCR (%)	41.7	37.7	28.8	42.7	42.0
Slippages (%)	2.0	6.4	1.3	1.2	1.1
Credit Cost (%)	1.4	1.0	1.3	0.6	0.6
Return ratios (%)	**FY21**	**FY22**	**FY23**	**FY24e**	**FY25e**
RoE	11.0	8.9	10.0	10.8	10.6
RoA	1.2	1.2	1.6	1.9	2.0
Per share (Rs)	**FY21**	**FY22**	**FY23**	**FY24e**	**FY25e**
EPS	54.0	55.4	66.5	56.9	67.7
BV	530.3	585.5	652.2	577.3	645.0
ABV	426.3	411.7	556.4	544.5	610.1
Valuation (x)	**FY21**	**FY22**	**FY23**	**FY24e**	**FY25e**
P/E	13.6	13.2	11.0	12.9	10.8
P/BV	1.4	1.3	1.1	1.3	1.1
P/ABV	1.7	1.8	1.3	1.3	1.2
Other Ratios	**FY21**	**FY22**	**FY23**	**FY24e**	**FY25e**
C/I Ratio	17.0	21.9	20.2	21.9	21.3
C/I ratio (incl. other income)	14.5	18.6	17.9	19.4	19.1
Opex to AuM	0.6	0.7	0.8	0.9	1.0
Opex to Avg. AUM (%)	0.5	0.7	0.8	0.9	1.0

ROA Tree (%)	FY21	FY22	FY23	FY24e	FY25e
Interest Income	9.6	8.5	9.3	9.6	9.7
Interest expense	6.8	5.9	5.9	6.3	6.2
Net Interest Income	2.8	2.6	3.5	3.4	3.5
Other Income	0.6	0.6	0.5	0.5	0.5
Net Income	3.4	3.1	4.0	3.9	4.0
Employee benefits expense	0.3	0.3	0.4	0.4	0.4
Other expenses	0.3	0.4	0.4	0.4	0.4
Total expenses	0.6	0.7	0.8	0.8	0.8
PPOP	2.8	2.4	3.2	3.0	3.1
Provisions	1.2	0.9	1.1	0.5	0.5
PBT	1.6	1.6	2.1	2.5	2.6
Tax	0.4	0.4	0.5	0.6	0.6
Tax Rate	0.0	0.0	0.0	0.0	0.0
PAT	1.2	1.2	1.6	1.9	2.0
Consol PAT (post NCI & OCI)	1.2	1.4	1.7	2.0	2.1
AUMs	75,403	66,983	66,617	68,765	74,834

Source: Company, Dalal & Broacha Research

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