

14 August 2024

India | Equity research | Q1FY25 results review

Manappuram Finance

Gold Loan

Risk-reward favourable – basis valuation and strong outlook in gold business

Manappuram Finance (Manappuram) summarily managed gold loan growth/NIM (~10% Q.Q/14.1%) and non-gold business growth (AUM growth of 3.8% QoQ) well in Q1FY25. Despite a big dip in FY22 (yield dip in gold/asset quality issues in non-gold), its last five years' earnings CAGR has been 18.8% with FY24 RoA/RoE of 5.1%/20.7%. Strategically, it is tracking well on diversification (gold loan mix down to 51%/53% in FY24/Q1FY25), digital transformation and opex efficiency. Valuation remains attractive – trading at 1.1x FY26E consolidated P/B. This must also be seen against the backdrop of a strong outlook in the gold business in terms of yields, growth in customers and high gold price. Retain **BUY**. Key risks: Incrementally weaker AUM yield balance in gold; and asset quality issues within non-gold.

Maintain BUY

Our SoTP-based target price for Manappuram stands at INR 260 (earlier INR 220) based on 1.5x (earlier 1.2x) P/B for gold and 1.2x for others, basis FY26E. We factor in AAUM growth of ~14% in gold on a standalone basis (~8% growth in 9MFY25), ~17%/18% in MFI and 26%/22% for home finance business in FY25/FY26E. Overall, we factor in AAUM growth of ~19%/16% on a consol.-basis for FY25/ FY26E (vs. CAGR of 17.8% in FY18-FY24 in AUM). We model standalone NIM/opex/ credit cost to AUM estimates at 14.4%/6.3%/0.4% for FY25E and 14.5%/6.1%/ 0.4% for FY26E. This leads to a standalone RoAE of ~18%/18.4% in FY25/FY26E (RoAE at 17.2%/16.7% in FY24/Q1FY25). For Asirvad, we factor in RoAE of 19.8%/17.5% for FY25/26E. This results in consolidated interest income/pre-provisioning profit/PAT CAGR of 14.3%/15.7%/14.8% between FY24-26E (vs. CAGR of 16.6%/19.1%/18.8% between FY19-24). Consolidated RoAE stands at 19.8%/19.6% for FY25/FY26E.

Valuation attractive

Manappuram has gone through cycles of multiple drops and recoveries such as the sharp yield decline in the gold business (yield fell from levels of ~24% in FY20 to ~20/21% in FY23/FY24) and covid impact in the MFI segment (GNPA increased from 1.6% in FY20 to 3.5%/2.8%/3.7% in FY22/FY23/FY24). The current outlook is better. On balance, current valuation is attractive at ~1.1x FY26E consolidated P/B (our target multiple is 1.5x P/B, which is the historical average). Manappuram's strategic focus on business diversification may fortify the business and offer stronger value proposition, but cyclical downturn in MFI remains a risk.

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Interest Income (NII)	38,775	55,889	63,354	73,078
PAT (INR mn)	15,002	21,975	25,027	28,981
EPS (INR)	17.7	26.0	29.6	34.2
% Chg YoY	12.9	46.5	13.9	15.8
P/E (x)	11.7	8.0	7.0	6.0
P/BV (x)	1.8	1.5	1.3	1.1
Gross Stage - 3 (%) (SA)	1.3	1.9	2.0	1.8
Dividend Yield (%)	1.5	1.7	2.5	3.0
RoA (%)	4.1	5.1	4.6	4.7
RoE (%)	16.7	20.7	19.8	19.6

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Market Data

Market Cap (INR)	175bn
Market Cap (USD)	2,085mn
Bloomberg Code	MGFL IN
Reuters Code	MNFL.BO
52-week Range (INR)	230 /125
Free Float (%)	64.0
ADTV-3M (mn) (USD)	23.9

Price Performance (%)	3m	6m	12m
Absolute	19.1	16.4	39.8
Relative to Sensex	10.6	6.0	18.9

Previous Reports

27-05-2024: [Q4FY24 results review](#)

05-03-2024: [Sector Update](#)

Q1FY25 business highlights

- Consolidated AUM grew 6.8%/21.2% QoQ/YoY to INR 449bn as of Jun'24.** Gold/MFI/HFC/vehicle/others contributed 52.6%/25%/3.5%/10.1%/8.7% in Q1FY25 vs. 51.1%/26.2%/3.6%/9.8%/9.4% in FY24 and 55.7%/26.2%/3.1%/6.9%/8.1% in FY23 (increase in non-gold mix is notable). Gold loan AUM increased by 9.7% QoQ to INR 236bn, gold holdings slightly increased QoQ (as well as YoY-basis) to 59.6te in Q1FY25 from 59.3te/58.8te in Q1/Q4FY24, LTV stood at 60% (vs. 64%/58% in Q1FY24/Q4FY24), mainly due to gold price increase. **For FY25, management guided for gold loan growth may be slightly better than 15% given the current trend. Similar growth is expected in non-gold AUM.** Consolidated revenue grew 2.9% QoQ, total opex was up 5%, while credit cost was up 22% QoQ, resulting in PAT decline of 1.2% QoQ to INR 5.6bn, translating to 4.5%/18.8% (annualised) RoA/RoE in Q1FY25 vs. 4.9%/19.9% in Q4FY24.
- Standalone PAT grew 2.9% QoQ to INR 4.4bn** due to growth in revenue of 6.4% (slight yield improvement) QoQ, while interest expenses were higher at 11.3% QoQ (cost of fund increased to 9%). The company is pursuing a strategy of diversifying funding mix by reducing dependence on bank borrowing and has opted for USD bonds, also coming at slightly higher cost, maturity is 3.3 years. NII was up 4.1% QoQ in Q1FY25 with yield improved slightly on a sequential-basis to 21.8% in Q1FY25, from 21.7% in Q4FY24. Cost of funds remained elevated at 9% (vs. 8.8% in Q4FY24). 'Opex to AUM' improved to 6.1% in Q1FY25 from 6.2% in Q4FY24. PPOP increased 6.4% QoQ to INR 6.3bn, mainly because of lower opex. Credit cost increased at 0.7% in Q1FY25 vs. 0.4% in Q3FY24/Q4FY24. Annualised RoA/RoE was 4.8%/16.7% in Q1FY25 vs. 5.1%/16.8% in Q4FY24.
- Asirvad's PAT declined 1.8% QoQ to INR 1bn due to higher credit cost.** Asirvad's total AUM grew 3.6%/21.4% QoQ/YoY in Q1FY25. Asirvad is currently in the process of raising capital (received SEBI approval for fresh issue of INR 15bn, as per DRHP; [link](#)). Management highlighted that capital will be used for future growth. NII increased 3% QoQ, yields remain stable (~25% in Q4FY24/Q3FY24/Q1FY25). We model 'NIM to AUM' of 12.6%/12.3% for FY25/FY26E. 'Opex to AUM' increased on a QoQ-basis to 6.5%. PPOP decreased 1.1% QoQ to INR 2.8bn.
- Manappuram Home's** AUM increased 5.1% QoQ to INR 15.9bn. The business operates from 94 branches.
- Vehicle finance's AUM increased 10.5% QoQ to INR 45bn. The business operates from its existing 380 gold loan branches. Focus is on used commercial vehicles in semi-urban and rural locations, and moving customers into digital payment platforms for better operational efficiency.
- MSME and 'others' AUM in the standalone company remained muted (grew 1.3% QoQ). MSME business is carried out from existing gold loan branches (150+ branches). Management is growing the company's portfolio with stable asset quality.
- Asset quality deteriorated sequentially for all businesses except MFI in Q1FY25.**
 - Standalone gross stage-3 (GS-3) increased to 2%, as of Jun'24, from 1.9% in FY24 (1.3% in FY23). Credit cost remained elevated in Q1FY25 to 0.7% (annualised) of average AUM (vs. 0.4% in Q4FY24).
 - Vehicle finance's GS-3 increased to 3.6% from 2.8% QoQ.
 - Asirvad's GS-3 decreased to 3.0% in Jun'24, from 3.7%, as of Mar'24. 'Credit cost to AUM' for Asirvad increased to 5.7% (annualised) in Q1FY25 from 5.4%

in Q4FY24. In MFI, the company is seeing stress in some states like Punjab, Rajasthan, Gujarat, Madhya Pradesh; however, collection continues to be good. In north states, total exposure of Asirvad is 10% of AUM, within that no district have exposure of more than 1%.

- For home finance, GS-3 increased by 50bps QoQ to 2.9% in Q1FY25.
- For MSME and allied businesses, GS-3 increased to 3.4% (vs. 2.8% in Q4FY24), but excluding digital personal loan, it was 2.7% (vs. 1.7% in Q4FY24).

Exhibit 1: Q1FY25 standalone result review

Income statement (INR mn)	Q1FY25	Q1FY24	%Change YoY	Q4FY24	%Change QoQ
Net Interest income	10,548	9,026	16.9%	10,133	4.1%
Add: Other income	236	386	-39.0%	112	110.8%
Total net income	10,783	9,412	14.6%	10,245	5.3%
Less: Operating expenses	4,517	4,075	10.8%	4,358	3.7%
-Employees benefit expenses	2,769	2,522	9.8%	2,590	6.9%
-Depreciation and Amrt	488	439	11.0%	486	0.3%
-Other expenses	1,261	1,114	13.1%	1,282	-1.7%
Pre-provisioning profit	6,266	5,337	17.4%	5,887	6.4%
Less: Provisions and write offs	533	211	152.3%	284	87.5%
PBT	5,733	5,126	11.9%	5,603	2.3%
Less: Taxes	1,525	1,316	15.9%	1,320	15.6%
PAT	4,208	3,809	10.5%	4,283	-1.8%
Balance sheet key items (INR mn)					
AUM	3,10,349	2,57,174	20.7%	2,86,789	8.2%
Net worth	1,07,031	92,974	15.1%	1,03,493	3.4%
Borrowings	2,65,797	1,97,617	34.5%	2,24,668	18.3%
Asset Quality					
GNPA (INR mn)	6,207	3,600	72.4%	5,449	13.9%
Gross stage-3	2.0%	1.4%	60 bps	1.9%	10 bps
Net stage-3	1.7%	1.2%	50 bps	1.7%	0 bps
Credit cost (annualised)	0.7%	0.3%	37 bps	0.4%	30 bps
Key Ratios (annualised)					
Yield on AUM	21.8%	21.4%	40 bps	21.7%	10 bps
Cost of funds	9.0%	8.3%	69 bps	8.8%	19 bps
NIMs on AUM	14.1%	14.4%	-31 bps	14.5%	-33 bps
Cost to income	41.9%	43.3%	-141 bps	42.5%	-65 bps
Opex to AUM	6.1%	6.5%	-47 bps	6.2%	-17 bps
RoA	4.8%	5.1%	-30 bps	5.1%	-30 bps
RoE	16.7%	16.7%	0 bps	16.8%	-11 bps
CAR	30.0%	30.0%	0 bps	31.0%	-100 bps

Source: I-Sec research, Company data

Exhibit 2: Standalone Dupont

Dupont (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Interest Income	16.2	17.3	16.6	16.0	17.9	17.9	18.1	18.1	17.2
Interest Expense	5.2	5.1	5.4	5.2	5.6	5.6	5.9	5.9	5.9
Net Interest Income	11.0	12.1	11.2	10.8	12.2	12.3	12.2	12.2	11.4
Other Income	0.2	0.2	0.2	0.6	0.5	0.7	0.5	0.1	0.3
Total Net Income	11.2	12.3	11.5	11.4	12.8	12.9	12.8	12.3	11.6
Operating Expenses	5.3	5.4	5.5	5.7	5.5	5.3	5.3	5.2	4.9
Pre-Provision Operating Profit	5.9	6.9	5.9	5.7	7.2	7.6	7.5	7.1	6.8
Provisions	0.1	0.3	0.1	0.1	0.3	0.4	0.3	0.3	0.6
PBT	5.7	6.6	5.8	5.6	6.9	7.2	7.1	6.7	6.2
Tax	1.5	1.7	1.5	1.4	1.8	1.8	1.9	1.6	1.6
Reported PAT	4.3	4.9	4.3	4.2	5.2	5.3	5.2	5.2	4.5
Leverage (avg. assets/avg. equity)	3.4	3.5	3.4	3.3	3.2	3.3	3.3	3.3	3.5
RoE	14.4	16.8	14.8	14.0	16.7	17.7	17.5	16.8	16.0

Source: I-Sec research, Company data

Exhibit 3: Key standalone parameters

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Gold AUM (INR mn)	2,04,708	1,91,903	1,86,141	1,97,462	2,06,032	2,08,085	2,07,579	2,15,611	2,36,473
Gold Holdings (Tonnage)	66.9	62.7	60.0	60.0	59.3	59.4	58.2	58.8	59.6
No of gold loan branches	3,524	3,524	3,524	3,507	3,507	3,507	3,507	3,507	3,507
No of gold loan Customers (mn)	2.5	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.6

Source: I-Sec research, Company data

Exhibit 4: Q1FY25 consolidated result review

Income statement (INR mn)	Q1FY25	Q1FY24	%Change YoY	Q4FY24	%Change QoQ
Net Interest income	15,378	12,879	19.4%	14,943	2.9%
Add: Other income	1,259	1,209	4.1%	888	41.7%
Total net income	16,636	14,088	18.1%	15,831	5.1%
Less: Operating expenses	6,823	6,068	12.4%	6,497	5.0%
-Employees benefit expenses	4,464	3,940	13.3%	4,159	7.3%
-Depreciation and Amrt	644	565	14.0%	651	-1.0%
-Other expenses	1,715	1,563	9.7%	1,688	1.6%
Pre-provisioning profit	9,814	8,020	22.4%	9,333	5.1%
Less: Provisions and write offs	2,286	1,212	88.6%	1,878	21.7%
PBT	7,528	6,808	10.6%	7,455	1.0%
Less: Taxes	1,963	1,828	7.4%	1,820	7.8%
PAT	5,565	4,980	11.7%	5,635	-1.2%
Balance sheet key items (INR mn)					
AUM	4,49,323	3,70,606	21.2%	4,20,696	6.8%
Loan assets on balance sheet	4,39,132	3,53,569	24.2%	4,09,476	7.2%
Net worth	1,20,207	1,00,787	19.3%	1,15,481	4.1%
Borrowings	3,84,634	2,85,334	34.8%	3,36,534	14.3%
Asset Quality					
Gross stage-3	2.9%	2.8%	10 bps	2.4%	50 bps
Net stage-3	3.0%	2.9%	10 bps	3.7%	-71 bps
Credit cost (annualised)	2.1%	1.3%	76 bps	1.8%	27 bps
Key Ratios (annualised)					
Yield on AUM	21.9%	21.4%	57 bps	22.1%	-12 bps
Cost of funds	9.3%	8.9%	40 bps	9.3%	0 bps
NIMs on AUM	14.1%	14.2%	-7 bps	14.5%	-36 bps
Cost to income	41.0%	43.1%	-206 bps	41.0%	-4 bps
Opex to AUM	6.3%	6.7%	-43 bps	6.3%	-4 bps
RoA	4.5%	5.0%	-50 bps	4.9%	-40 bps
RoE	18.8%	20.1%	-130 bps	19.9%	-110 bps

Source: I-Sec research, Company data

Exhibit 5: Consolidated dupont

Dupont (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Interest Income	17.3	18.2	17.8	17.8	19.4	19.4	19.8	19.9	19.3
Interest Expense	6.0	6.0	6.1	6.1	6.5	6.5	6.7	6.8	6.9
Net Interest Income	11.3	12.2	11.7	11.7	12.9	12.8	13.1	13.1	12.5
Other Income	0.5	1.2	0.8	0.9	1.2	1.2	1.1	0.8	1.0
Total Net Income	11.8	13.4	12.5	12.5	14.1	14.1	14.2	13.9	13.5
Operating Expenses	5.8	6.2	6.2	6.2	6.1	5.9	5.8	5.7	5.5
Pre-Provision Operating Profit	6.0	7.1	6.3	6.4	8.0	8.2	8.4	8.2	7.9
Provisions	1.5	0.9	0.5	0.5	1.2	1.1	1.3	1.6	1.9
PBT	4.5	6.2	5.8	5.9	6.8	7.1	7.1	6.5	6.1
Tax	1.2	1.6	1.6	1.6	1.8	1.8	1.9	1.6	1.6
Reported PAT	3.3	4.6	4.2	4.3	5.0	5.3	5.2	4.9	4.5
Leverage (avg. assets/avg. equity)	4.0	4.0	4.1	4.1	4.0	4.1	4.1	4.0	4.2
RoE	13.3	18.7	17.3	17.6	20.2	21.7	21.3	19.9	18.9

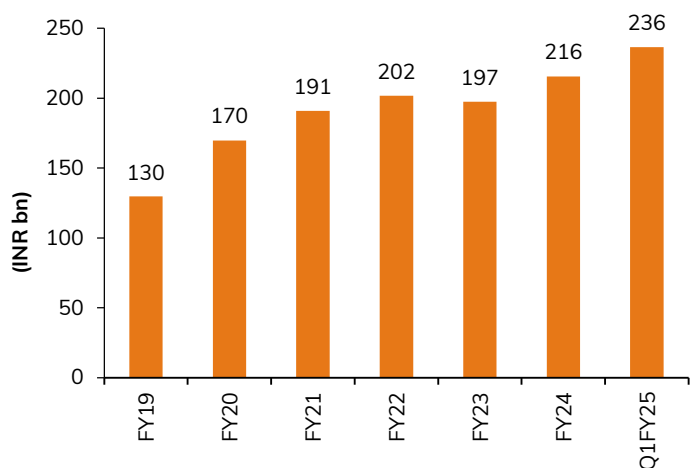
Source: I-Sec research, Company data

Exhibit 6: Consolidated AUM mix

Mix (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Consl AUM (INR mn)	3,07,595	3,06,650	3,18,834	3,54,523	3,70,606	3,89,507	4,03,852	4,20,696	4,49,323
Gold	66.6%	62.6%	58.4%	55.7%	55.6%	53.4%	51.4%	51.3%	52.6%
MFI	21.3%	23.2%	25.3%	26.2%	25.1%	25.9%	26.5%	26.0%	25.0%
HFC	2.8%	3.0%	3.2%	3.1%	3.2%	3.4%	3.5%	3.6%	3.5%
VEF	5.7%	6.1%	6.6%	6.9%	7.5%	8.1%	8.9%	9.8%	10.1%
On-lending	0.1%	0.9%	1.6%	2.5%	2.2%	2.4%	2.5%	2.3%	2.0%
MSME & Allied	3.5%	4.2%	4.9%	5.6%	6.4%	6.9%	7.2%	7.0%	6.7%
Manappuram Finance -SA	74.4%	72.0%	69.7%	68.6%	69.4%	68.5%	67.9%	68.2%	69.1%
Gold	65.2%	60.9%	56.7%	53.7%	53.4%	51.3%	49.3%	49.2%	50.3%
Non-gold	9.2%	11.1%	13.0%	14.9%	16.0%	17.2%	18.6%	19.0%	18.8%
- VEF	5.7%	6.1%	6.6%	6.9%	7.5%	8.1%	8.9%	9.8%	10.1%
- On-lending	0.1%	0.9%	1.6%	2.5%	2.2%	2.4%	2.5%	2.3%	2.0%
- MSME & Allied	3.5%	4.2%	4.9%	5.6%	6.4%	6.9%	7.2%	7.0%	6.7%
Asirvad AUM	22.8%	25.0%	27.1%	28.3%	27.4%	28.1%	28.6%	28.2%	27.4%
Gold	1.4%	1.6%	1.7%	2.0%	2.2%	2.1%	2.1%	2.0%	2.3%
Non-gold	21.4%	23.4%	25.4%	26.3%	25.2%	26.0%	26.5%	26.2%	25.1%
Manappuram Home AUM	0.0%	0.0%	0.0%	2.4%	2.4%	2.4%	2.5%	2.6%	2.7%

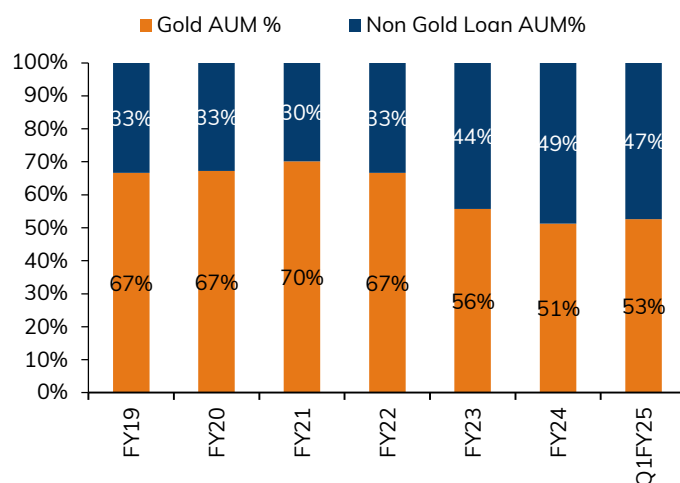
Source: I-Sec research, Company data

Exhibit 7: Manappuram's gold AUM



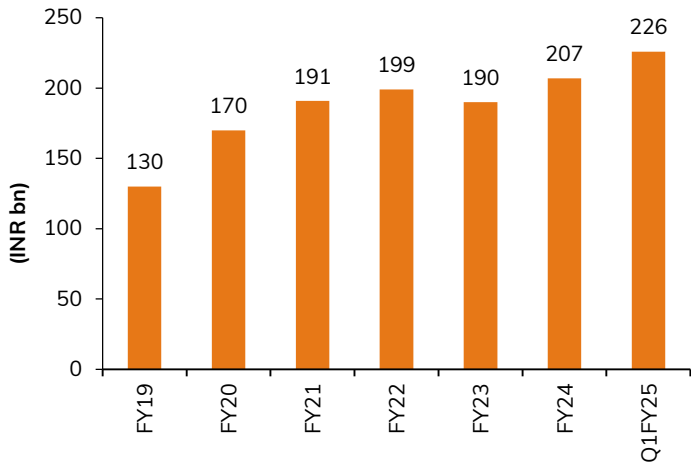
Source: Company data, I-Sec research

Exhibit 8: Gold AUM as a % of total AUM is declining



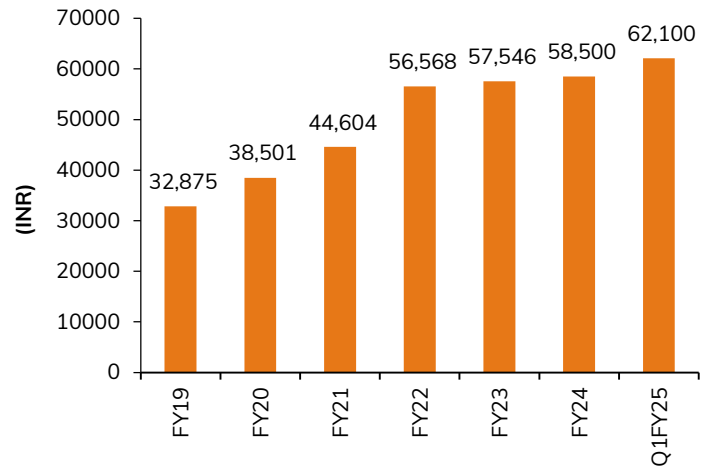
Source: Company data, I-Sec research

Exhibit 9: Manappuram’s standalone gold loan AUM



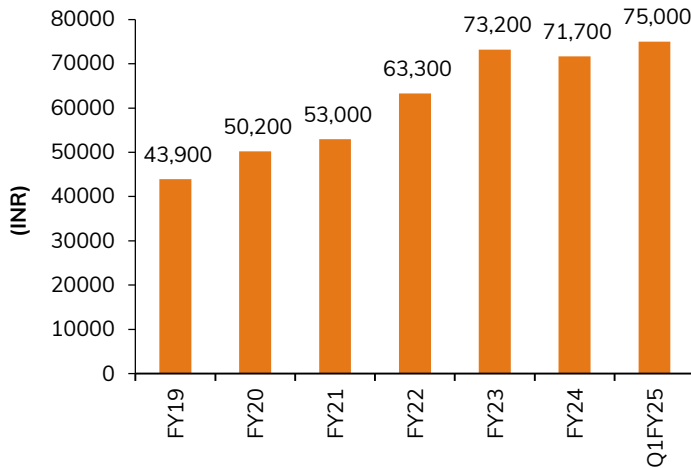
Source: Company data, I-Sec research

Exhibit 10: Average ticket size of gold loans



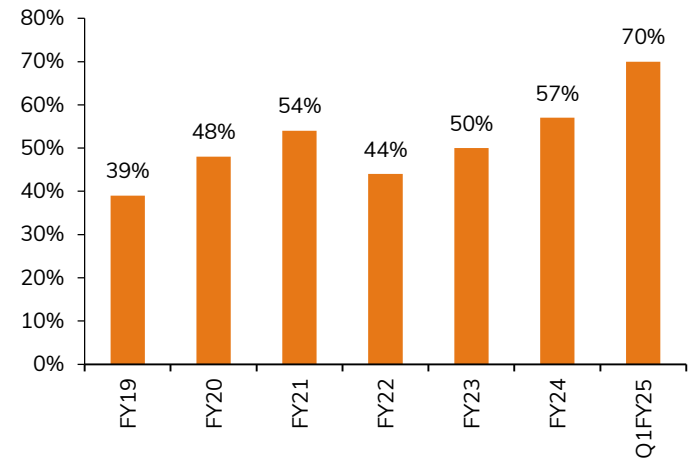
Source: Company data, I-Sec research

Exhibit 11: Average ticket size for online gold loans



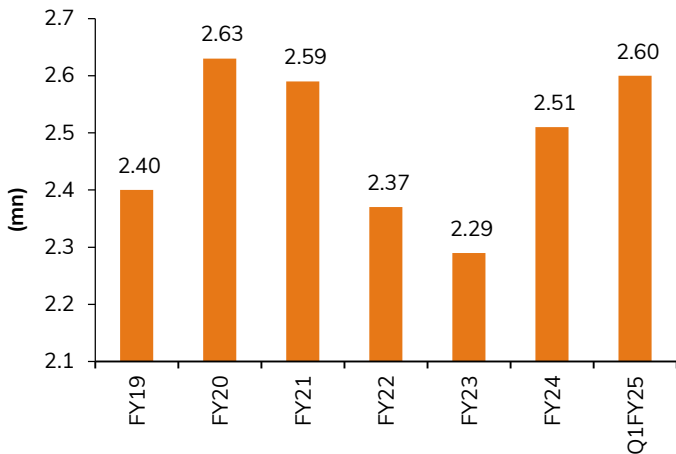
Source: Company data, I-Sec research

Exhibit 12: Share of online gold loans is increasing in overall gold AUM



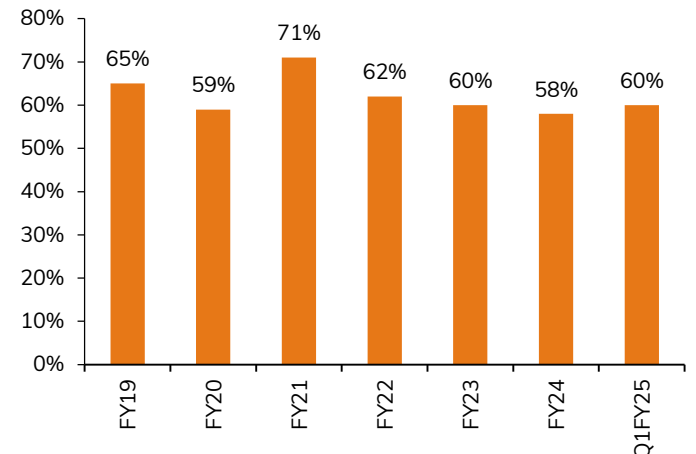
Source: Company data, I-Sec research

Exhibit 13: Customer base has declined for last 3 years and is now stabilising...



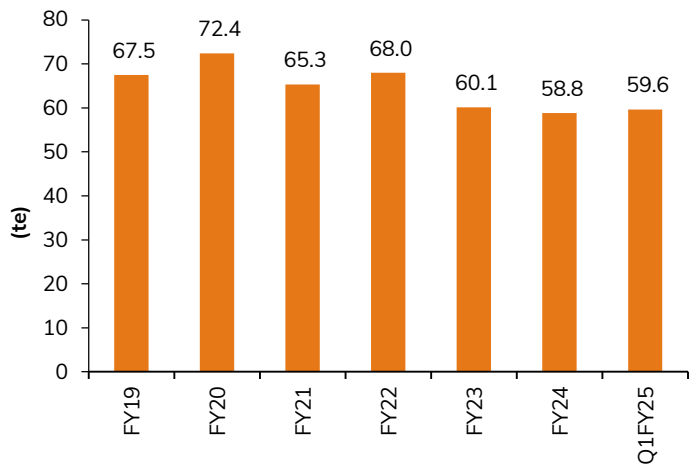
Source: Company data, I-Sec research

Exhibit 14: LTV for gold loans reduced with increase in gold price



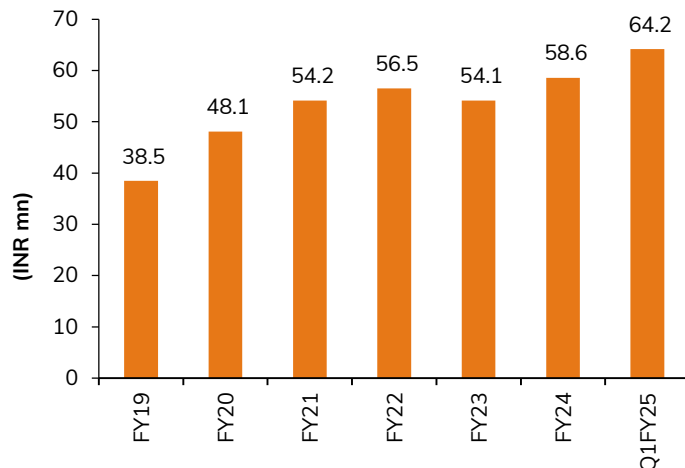
Source: Company data, I-Sec research

Exhibit 15: Gold holdings have slightly increased



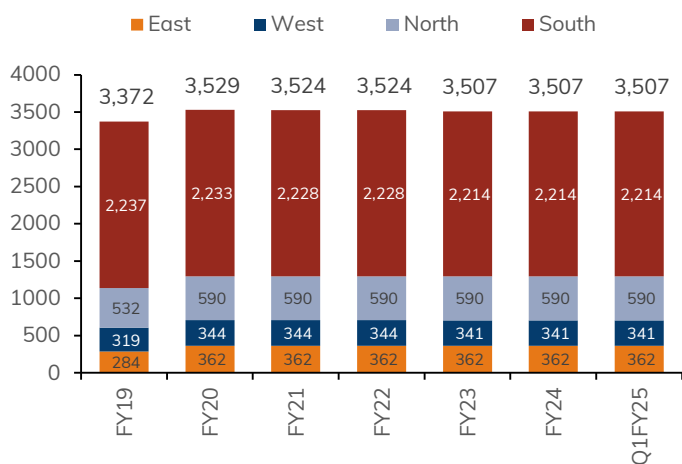
Source: Company data, I-Sec research

Exhibit 16: AUM per branch increased in Q1FY25



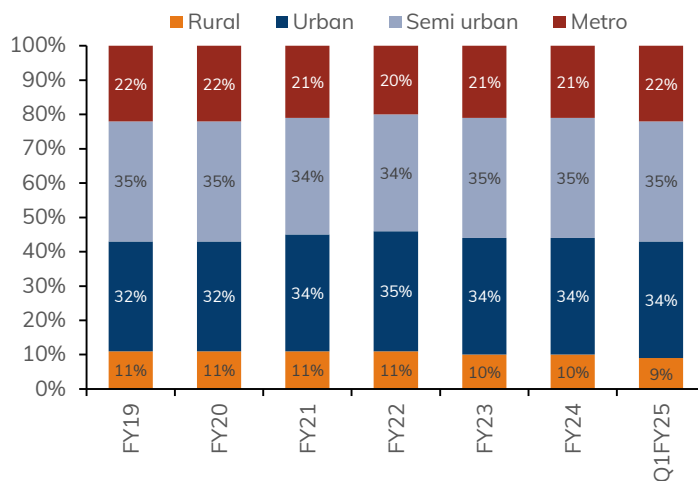
Source: Company data, I-Sec research

Exhibit 17: Branch distribution for gold loan business



Source: Company data, I-Sec research

Exhibit 18: Rural-urban mix for gold loan branches (%)



Source: Company data, I-Sec research

Asirvad Microfinance

Exhibit 19: Asirvad Q1FY25 result review

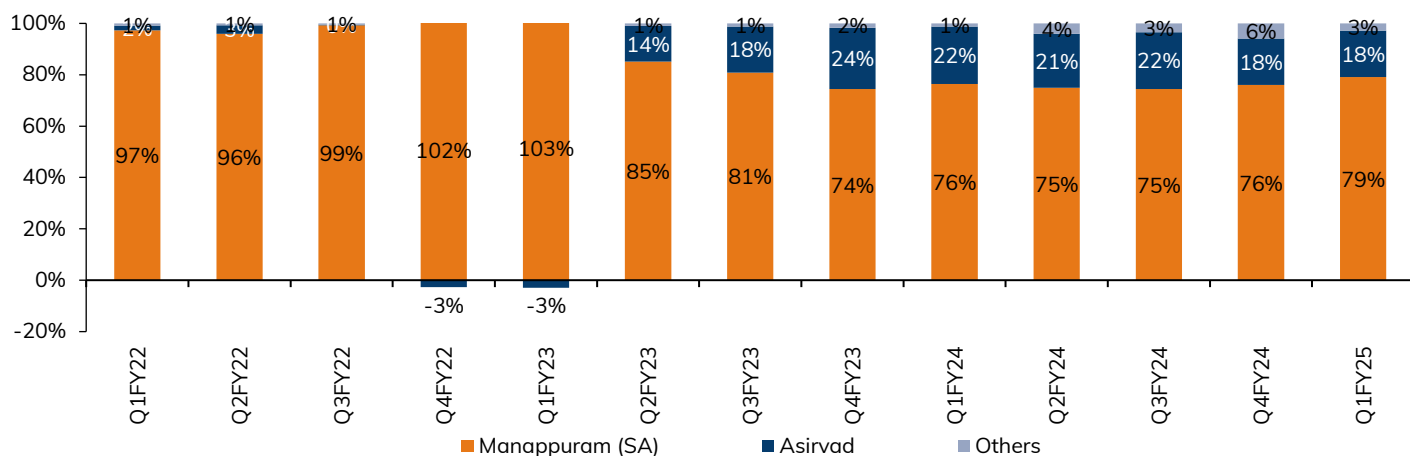
INR mn	Q1FY25	Q1FY24	%Change YoY	Q4FY24	%Change QoQ
Income from operations	7,530	6,371	18.2%	7,257	3.8%
Finance expense	2,730	2,172	25.7%	2,599	5.0%
Net operating income	4,800	4,199	14.3%	4,658	3.0%
Employee expense	1,443	1,210	19.3%	1,324	9.0%
Other operating expense	524	567	-7.6%	470	11.5%
Pre-provision profit	2,833	2,421	17.0%	2,864	-1.1%
Provisions/Bad debts	1,715	961	78.5%	1,583	8.3%
Other income	222	146	52.1%	98	126.5%
PBT	1,340	1,606	-16.6%	1,379	-2.8%
Tax	339	495	-31.5%	361	-6.1%
PAT	1,000	1,112	-10.1%	1,018	-1.8%

Key Ratios

Yield on AUM	24.9%	25.3%	-36 bps	24.8%	13 bps
Cost of funds	0.0%	10.6%	-1060 bps	0.0%	0 bps
NIM to AUM	15.9%	16.6%	-78 bps	15.9%	-3 bps
Cost to income	41.0%	42.3%	-136 bps	38.5%	246 bps
Opex to AUM	6.5%	7.0%	-54 bps	6.1%	38 bps
GNPA	3.0%	2.9%	10 bps	3.7%	-71 bps
NNPA	1.4%	1.3%	9 bps	1.7%	-30 bps
Credit Cost	5.7%	3.8%	186 bps	5.4%	26 bps
RoAA (reported)	0.0%	4.4%	-440 bps	0.0%	0 bps
RoE (reported)	18.2%	26.6%	-841 bps	19.4%	-122 bps
CAR	21.8%	22.6%	-81 bps	22.8%	-100 bps

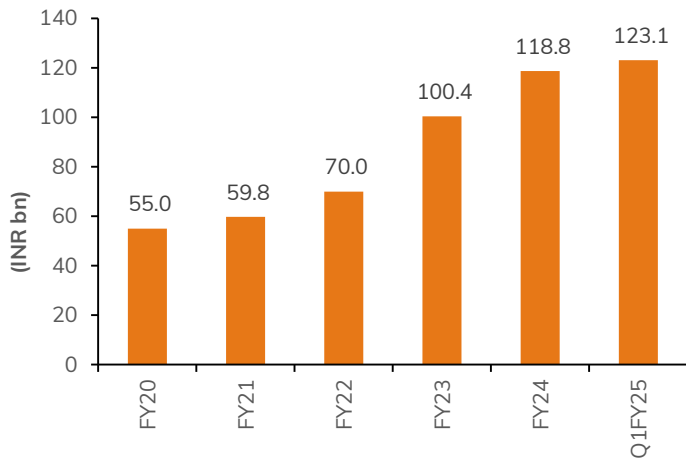
Source: I-Sec research, Company data

Exhibit 20: PAT contribution from Asirvad and other businesses is increasing...



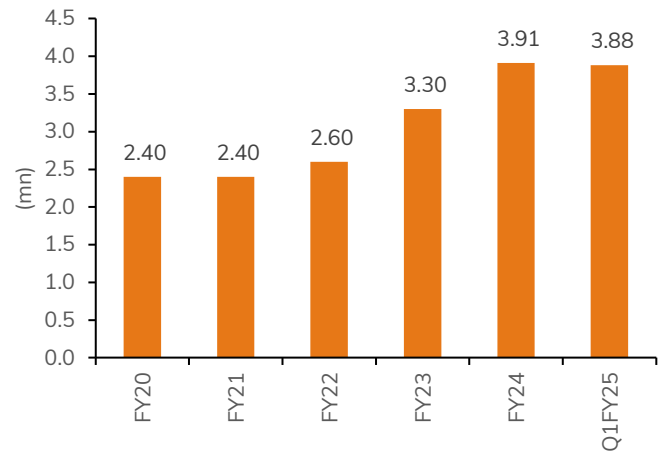
Source: I-Sec research, Company data

Exhibit 21: MFI AUM has increased



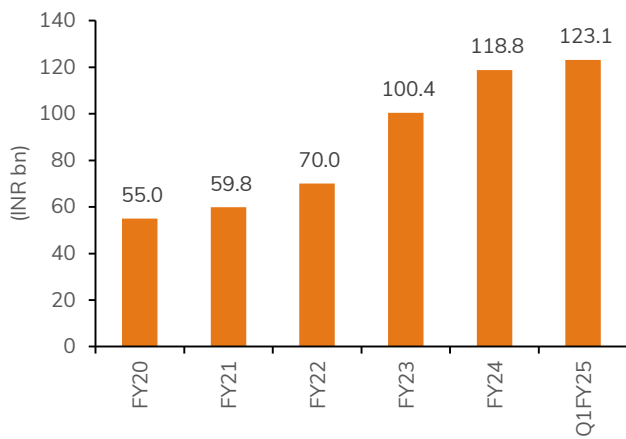
Source: Company data, I-Sec research

Exhibit 22: Number of borrowers has increased for Asirvad



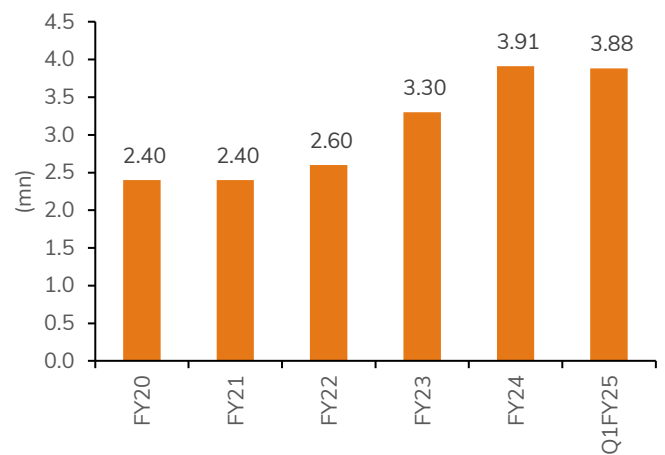
Source: Company data, I-Sec research

Exhibit 23: Opex by AUM for Asirvad MFI (%)



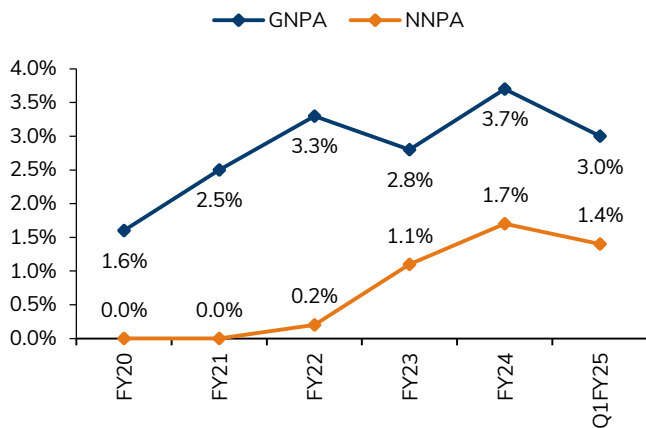
Source: Company data, I-Sec research

Exhibit 24: Capital adequacy ratio improved with capital infusion...



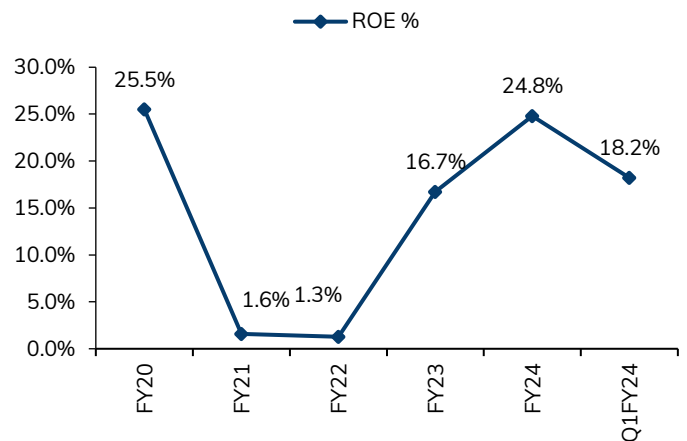
Source: Company data, I-Sec research

Exhibit 25: GNPA and NNPA trend of MFI (%)



Source: Company data, I-Sec research

Exhibit 26: RoE for MFI business



Source: Company data, I-Sec research

Exhibit 27: Key highlights of home finance business

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Branches	72	74	74	66	66	65	65	65	95
AUM Mix (INR mn)	8,748	9,216	10,048	10,958	12,026	13,049	14,153	15,097	15,874
Home Loan	40%	67%	66%	68%	66%	69%	70%	69%	72%
Home Construction	30%	-	-	-	-	-	-	-	-
LAP	30%	33%	34%	32%	34%	31%	30%	31%	28%
Average yield of Home Finance									
-Home Loan	14%	16%	3%	16%	16%	17%	17%	17%	17%
-Home Construction	16%	-	-	-	-	-	-	-	-
-LAP	18%	18%	19%	19%	18%	18%	19%	20%	21%
Average ticket size									
-Home Loan (INR mn)	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.5	0.6
-Home Construction (INR mn)	0.6	-	-	-	-	-	-	-	-
-LAP (INR mn)	0.6	0.6	0.6	0.6	0.6	0.6	0.4	0.5	0.6
Gross stage-3	5.9%	5.5%	5.4%	1.9%	2.8%	1.8%	2.7%	2.4%	2.9%

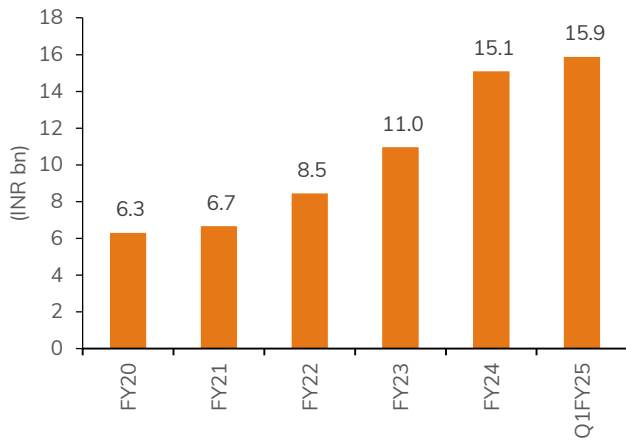
Source: I-Sec research, Company data

Exhibit 28: Key highlights of vehicle finance business

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Branches (co-located with gold-finance)	242	267	275	280	283	280	283	283	380
AUM Mix (INR Mn)	17,550	18,855	21,121	24,551	27,792	31,432	35,974	41,109	45,413
CV (commercial vehicle)	64%	63%	62%	61%	59%	58%	58%	57%	56%
TW (2 wheelers)	17%	17%	18%	18%	18%	17%	17%	17%	16%
PV (passenger vehicle)	19%	20%	20%	22%	24%	25%	25%	26%	28%
Average yield (%) of vehicle finance									
-CV (%)	18%	18%	18%	18%	18%	18%	18%	18%	18%
-TW (%)	20%	21%	20%	21%	21%	21%	21%	22%	22%
-PV (%)	18%	18%	18%	18%	18%	18%	18%	18%	18%
Average ticket size									
-CV (INR mn)	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9
-TW (INR mn)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
-PV (INR mn)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5

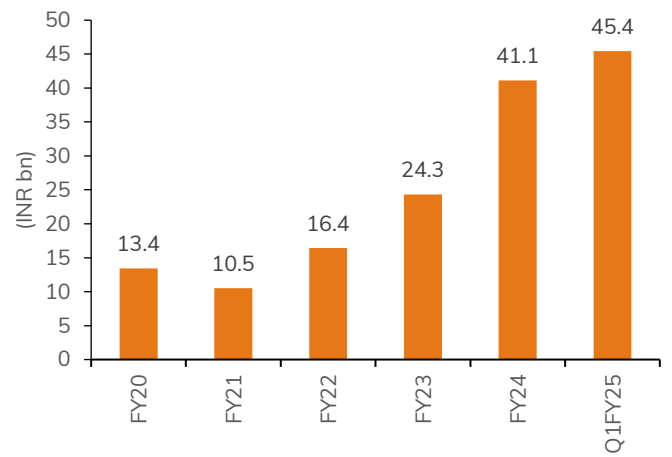
Source: I-Sec research, Company data

Exhibit 29: Housing finance AUM



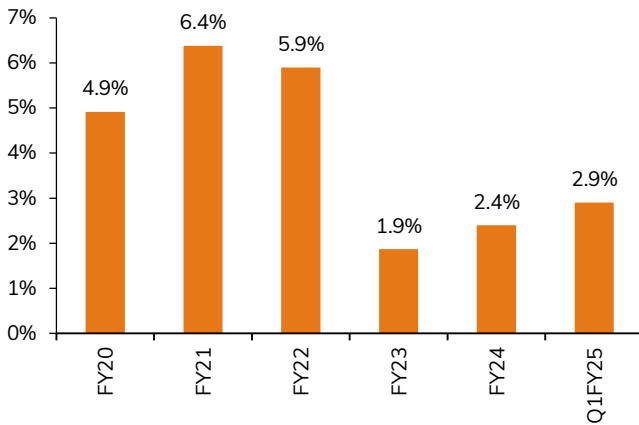
Source: Company data, I-Sec research

Exhibit 30: Vehicle finance AUM (INR bn)



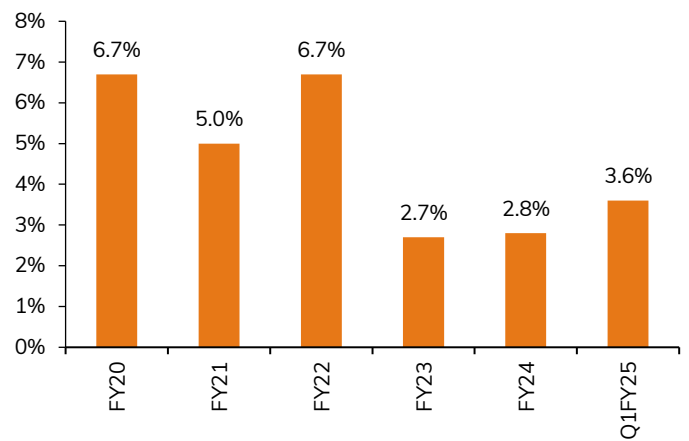
Source: Company data, I-Sec research

Exhibit 31: Housing finance GNPA (%)



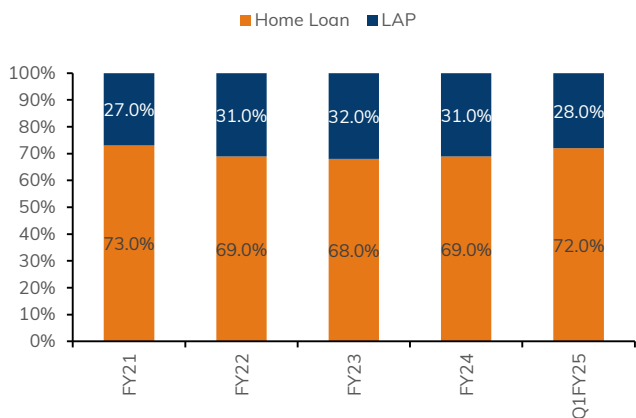
Source: Company data, I-Sec research

Exhibit 32: Vehicle finance GNPA (%)



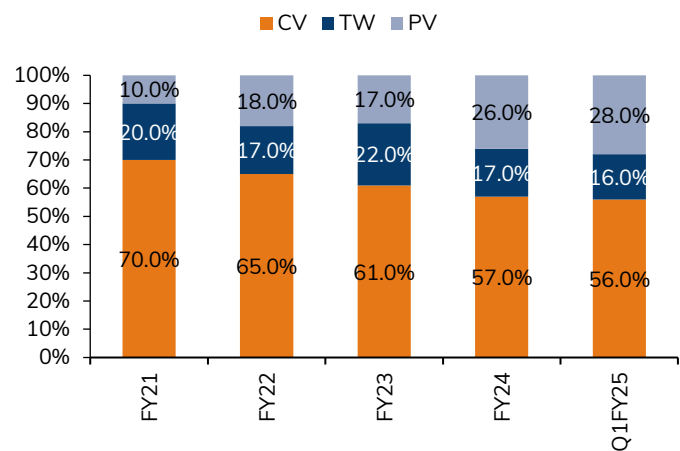
Source: Company data, I-Sec research

Exhibit 33: AUM mix – housing finance (%)



Source: Company data, I-Sec research

Exhibit 34: AUM mix – vehicle finance (%)



Source: Company data, I-Sec research

Exhibit 35: Shareholding pattern

%	Dec'23	Mar'24	Jun'24
Promoters	35.2	35.2	35.2
Institutional investors	41.1	41.5	41.5
MFs and others	9.6	7.5	7.6
FIs/Banks	0.0	0.0	0.6
Insurance	1.3	1.0	1.2
FIIIs	30.2	33.0	33.0
Others	23.7	23.3	22.4

Source: Bloomberg

Exhibit 36: Price chart



Source: Bloomberg

Financial summary

Exhibit 37: Profit & Loss (consolidated)

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Interest Income	60,653	84,546	97,828	1,12,127
Net gain on fair value changes	-	-	-	-
Interest Expenses	(21,878)	(28,657)	(34,473)	(39,049)
Net Interest Income (NII)	38,775	55,889	63,354	73,078
Other Income	659	721	636	1,941
Total Income (net of interest expenses)	45,622	60,544	70,065	80,850
Employee benefit expenses	(14,695)	(15,973)	(18,982)	(22,294)
Depreciation and amortization	(2,038)	(2,465)	(2,376)	(2,677)
Fee and commission expenses	-	-	-	-
Other operating expenses	(5,407)	(6,728)	(7,729)	(8,504)
Total Operating Expense	(22,140)	(25,165)	(29,087)	(33,476)
Pre Provisioning Profits (PPoP)	23,482	35,379	40,978	47,375
Provisions and write offs	(3,071)	(5,783)	(7,265)	(8,334)
Profit before tax (PBT)	20,410	29,595	33,712	39,041
Total tax expenses	(5,409)	(7,620)	(8,686)	(10,060)
Profit after tax (PAT)	15,002	21,975	25,027	28,981

Source Company data, I-Sec research

Exhibit 38: Balance sheet (consolidated)

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Share capital	1,693	1,693	1,693	1,693
Reserves & surplus	94,756	1,13,788	1,34,414	1,58,120
Shareholders' funds	96,449	1,15,481	1,36,106	1,59,813
Borrowings	2,84,830	3,36,535	3,85,545	4,35,372
Provisions & Other Liabilities	13,559	15,175	19,233	21,621
Deferred tax liabilities (net)	-	-	-	-
Current Liabilities and short-term provisions	-	-	-	-
Total Liabilities and Stakeholder's Equity	3,95,041	4,67,479	5,41,231	6,17,298
Cash and balance with RBI	30,351	31,813	28,719	36,816
Fixed assets	4,783	5,091	7,385	8,858
Loans	3,41,945	4,09,491	4,85,402	5,48,848
Investments	5,340	7,263	4,324	4,226
Deferred tax assets (net)	1,514	2,015	2,560	3,212
Current Assets including cash and bank	-	-	-	-
Other Assets	10,753	11,450	12,485	14,982
Total Assets	3,95,041	4,67,479	5,41,231	6,17,298

Source Company data, I-Sec research

Exhibit 39: Key ratios (consolidated)

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Valuations				
EPS	18	26	29	34
BVPS	114	136	161	189
Yields, Interest income & spreads (%)				
Yield on AUM	18	22	21	21
Cost of funding	8	9	10	10
NIM on AUM	12	14	14	14
Other income on AUM	2.1	1.2	-	-
Operating efficiency (%)				
Cost to income	48.5	41.6	41.5	41.4
Opex to AUM	6.7	6.5	6.3	6.3
AUM per branch (INR Mn)	69.3	78.3	89.3	98.2
Asset Quality (%)				
GNPA	1.3	1.9	2.0	1.8
NNPA	1.1	1.3	1.6	1.5
Credit cost on AUM	0.2	0.4	0.4	0.4
Profitability (%)				
ROAA	4.1	5.1	5.0	5.0
ROE	16.6	20.7	19.8	19.6
Capital (%)				
Tier 1	31.7	30.5	30.0	31.1
Tier 2	-	-	-	-
RWA/ Total Assets	90.4	96.0	96.0	96.0

Source Company data, I-Sec research

Exhibit 40: Key metrics (consolidated)

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
DuPont Analysis				
Gross AUM (INR Mn)	3,54,523	4,20,696	5,01,749	5,68,590
Interest Income (%)	16.5	19.6	19.4	19.4
Interest Expense (%)	6.0	6.6	6.8	6.7
Net Interest Income (%)	10.6	13.0	12.6	12.6
Other Income (%)	1.9	1.1	1.3	1.3
Total Net Income (%)	12.4	14.0	13.9	14.0
Operating Expenses (%)	6.0	5.8	5.8	5.8
Pre Provision Operating Profit (%)	6.4	8.2	8.1	8.2
Provisions (%)	0.8	1.3	1.4	1.4
PBT (%)	5.6	6.9	6.7	6.7
Tax (%)	1.5	1.8	1.7	1.7
Reported PAT (%)	4.1	5.1	5.0	5.0
Leverage (average assets/average equity)	4.1	4.1	4.0	3.9
RoE (%)	16.6	20.7	19.8	19.6

Source Company data, I-Sec research

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