

PNB Housing Finance

BSE SENSEX

83,246

S&P CNX

25,586



Stock Info

Bloomberg	PNBHOU5I IN
Equity Shares (m)	261
M.Cap.(INRb)/(USD\$)	250.4 / 2.8
52-Week Range (INR)	1142 / 746
1, 6, 12 Rel. Per (%)	5/-14/-4
12M Avg Val (INR M)	1533
Free float (%)	72.0

Financials Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
NII	30.4	36.9	43.9
PPP	26.1	32.7	40.0
PAT	22.4	24.4	29.5
EPS (INR)	86	94	114
EPS Gr. (%)	16	9	21
BV/Sh. (INR)	730	814	917

Valuations

NIM (%)	3.8	3.9	3.9
C/I ratio (%)	25.8	24.1	22.9
RoAA (%)	2.5	2.4	2.4
RoE (%)	12.5	12.2	13.1

Valuations

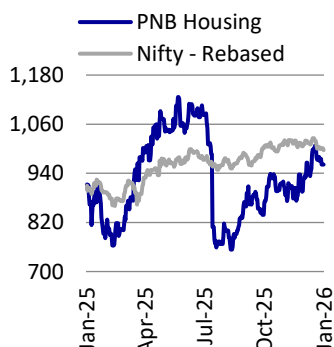
P/E (x)	11.2	10.2	8.5
P/BV (x)	1.3	1.2	1.0
Div. Yield (%)	1.0	1.1	1.2

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	28.0	28.1	28.1
DII	40.7	38.0	22.2
FII	18.6	24.2	20.4
Others	12.7	9.7	29.3

FII Includes depository receipts

Stock performance (one-year)



CMP: INR961

TP: INR1,250 (+30%)

Buy

Leadership stability restored; strategy execution back in focus

Transitory pressures, attractive entry point

- PNB Housing Finance (PNBHF) continues to deliver a resilient and well-balanced operating performance versus peers, navigating regional disruptions, intensified bank competition, and NIM pressure in a declining rate environment while sustaining growth and asset quality.
- Following a brief period of leadership transition, the appointment of **Mr. Ajai Shukla (earlier CBO-Retail at Tata Capital Housing Finance) as MD & CEO** brings meaningful leadership stability. This will materially strengthen execution capabilities and enhance confidence in the company's ability to deliver on its medium- to long-term growth guidance, including its deliberate shift toward higher-yielding business segments.
- Management has clearly articulated its intent to reposition the portfolio, with higher-yielding segments expected to emerge as the primary growth engines over the medium term. The company is targeting a near-complete transition of its business mix toward these segments over the next four to five years, structurally improving growth and profitability visibility.
- Asset quality remains firmly under control, with GS3/NS3 at ~1.0%/~0.7% as of Sep'25 and the corporate book reporting NIL GNPA since Jun'24. While the affordable housing segment has seen a marginal, seasoning-led uptick in stress, overall delinquency levels remain well contained and comfortably below industry averages.
- The housing finance segment in 3Q experienced modest near-term softness, driven by festive-related seasonality and aggressive competition from banks amid a declining rate cycle. We view this slowdown as transitory. We expect retail loan growth to moderate to ~15% YoY in Dec'25, with disbursement growth easing to ~16% YoY. Asset quality is expected to remain stable, while NIMs may see a temporary contraction.
- Importantly, the recent credit rating upgrade to **AAA** from India Ratings, coupled with the rising share of higher-yielding emerging and affordable housing segments, is expected to partly offset near-term margin pressures and support margin expansion over the medium term.
- We believe a key overhang has been decisively addressed with Mr. Ajai Shukla's appointment for a five-year term, providing leadership continuity and execution stability. Management has reiterated its commitment to the core mortgage-led strategy, with no material strategic deviations expected under the new leadership.
- While 3Q is likely to remain subdued, we retain a constructive medium- to long-term outlook on PNBHF, supported by ~19% CAGR in loan book growth, stable margins through the rate cycle, and consistently strong asset quality. At the current valuation of 1.2x FY27 P/BV, we see meaningful upside, with PNBHF expected to deliver ~15% CAGR in PAT over FY26-28E and RoA/RoE of ~2.4%/~13.1% in FY28. Reiterate our **BUY** rating with a **TP of INR 1,250** (valued at 1.4x Dec'27E BVPS).

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com) | **Nitin Aggarwal** (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Raghav Khemani (Raghav.Khemani@MotilalOswal.com) | **Pranav Nawale** (Pranav.Nawale@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

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

Pivoting to affordable and emerging segments powers the next growth phase

- PNBHF is accelerating its pivot toward affordable housing and emerging market segments, which are growing ~34% YoY and materially outperforming the prime segment, positioning them as the company's primary long-term growth engines.
- This momentum is being driven by focused expansion in Tier 2 and Tier 3 markets through branch additions, a rising share of affordable-focused branches, and deeper penetration among self-employed and informal borrowers. Policy support under PMAY 2.0, alongside improving branch productivity, is expected to further support scale-up.
- PNBHF plans to deepen its footprint by adding ~40–50 branches annually, in line with its medium-term expansion strategy.
- Management has articulated a near-complete portfolio transition toward affordable and emerging segments over the next ~4–5 years and has guided for ~17–18% loan growth in FY26. We model ~19% loan CAGR over FY26–28E, reflecting strong growth visibility while maintaining disciplined asset quality.

Portfolio mix shift and liability strength to underpin margin expansion

- PNBHF's margin trajectory is being driven by a calibrated mix shift toward higher-yielding affordable (~12.1%) and emerging market (~9.5%) segments, which offer superior yields versus the prime segment (~9.1%). The commencement of corporate disbursements in 2H provides an additional tailwind. As the share of these segments increases, overall portfolio margins are structurally set to improve.
- Margins are further supported by a well-diversified liability franchise, a recent credit rating upgrade to **AAA (from India Ratings)**, and a predominantly floating-rate borrowing profile (~66%), positioning PNBHF favorably in a declining rate environment. Management guides for NIMs of ~3.6–3.7% in FY26; we expect ~3.75% in FY26, expanding to ~3.9% in FY27.

Asset quality stable; the affordable segment sees some seasoning impact

- PNB Housing Finance continues to maintain stable asset quality even as it scales up exposure to higher-yielding, relatively riskier segments such as affordable housing and emerging markets, reflecting disciplined underwriting and effective risk management.
- As of Sep'25, GNPA/NNPA remained contained at ~1.04%/~0.69%, with the corporate book reporting NIL GNPA. While the affordable housing portfolio has seen a marginal, seasoning-led uptick in delinquencies, overall delinquency levels remain well below industry benchmarks.
- The company targets GNPA at ~1% and expects provision write-backs to continue in 2HFY26. We expect this to normalize to ~0.2% over FY27–28E.

Management transition boosts stability and execution depth

- **Mr. Ajai Shukla's** appointment as the MD & CEO for a five-year term decisively addresses leadership overhangs and brings strategic clarity and continuity. With over three decades of experience across housing and mortgage lending—spanning credit, risk, valuation, and business growth—he is well positioned to steer PNBHF through intensifying competition and a declining interest rate environment. His prior role at **Tata Capital Housing Finance**, where he led strategy and growth initiatives, further strengthens execution confidence.

- In parallel, **Mr. Mukesh Agarwal** has been elevated to Chief Sales Officer – Retail (Prime and Emerging Markets), effective Dec’25. A seasoned Chartered Accountant with over 21 years of experience across credit, underwriting, policy formulation, and sales leadership, his elevation adds depth to the senior management team and strengthens retail execution.

Valuation and view

- While PNBHF’s 3Q performance is likely to remain soft, largely due to weaker disbursements and loan growth, we remain constructive on the company’s medium-to-long-term outlook. The ongoing pivot toward higher-yielding segments underpins strong loan book growth (~19% CAGR) and is expected to support margins even in a declining interest rate environment.
- A robust liability franchise, predominantly floating-rate borrowings, and the commencement of corporate disbursements in 2H are expected to drive NIM improvement. Opex should remain largely stable as new branches scale up productivity, while asset quality remains resilient despite manageable, seasoning-led upticks in the affordable segment.
- With the leadership transition behind us, we will closely track management’s execution and capital allocation discipline, which will be key to sustaining growth and profitability.
- At the current valuation of 1.2x FY27 P/B, we see attractive upside. We model ~19%/15% CAGR in loans/PAT over FY26–28E and RoA/RoE of ~2.4%/~13.1% in FY28. **We reiterate our BUY rating** on the stock with a **TP of INR1,250** (based on 1.4x Dec’27E BVPS).
- **Key risks:** a) inability to drive NIM expansion in FY27 and b) seasoning in the affordable/emerging loan book, leading to asset quality deterioration and elevated credit costs.

Exhibit 1: Comparison of PNBHF valuation matrix with peers

Val summary	Rating	CMP (INR)	TP (INR)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
				FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
PNB HF	Buy	961	1,250	86.2	93.9	730	814	2.5	2.4	12.5	12.2	11.2	10.2	1.3	1.2
LIC HF	Neutral	534	600	98.3	102.1	736	817	1.7	1.6	14.1	13.1	5.4	5.2	0.7	0.7
Bajaj Housing	Neutral	91	105	3.2	3.9	27	31	2.3	2.3	12.5	13.4	28.7	23.4	3.4	2.9
Aavas	Neutral	1,412	1,640	83.2	99.0	634	733	3.3	3.4	14.0	14.5	17.0	14.3	2.2	1.9
HomeFirst	Buy	1,063	1,370	53.1	63.6	415	474	4.1	4.0	16.1	14.3	20.0	16.7	2.6	2.2
CanFin	Neutral	939	1,000	76.6	79.5	444	510	2.4	2.2	18.6	16.7	12.3	11.8	2.1	1.8
Repco	Neutral	402	465	70.4	75.2	594	664	2.9	2.7	12.5	11.9	5.7	5.3	0.7	0.6

Story in charts

Exhibit 2: Disbursements CAGR of 21% over FY26-28E

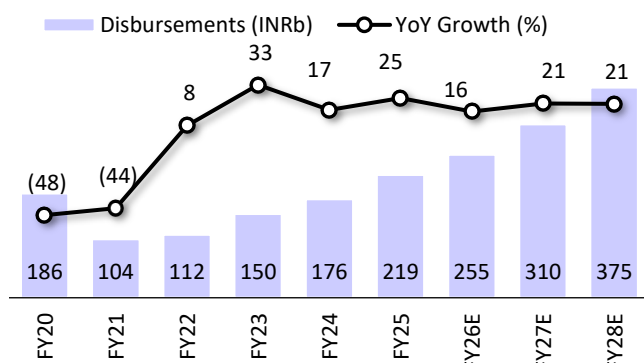


Exhibit 3: Loan book CAGR of ~19% over FY26-28E

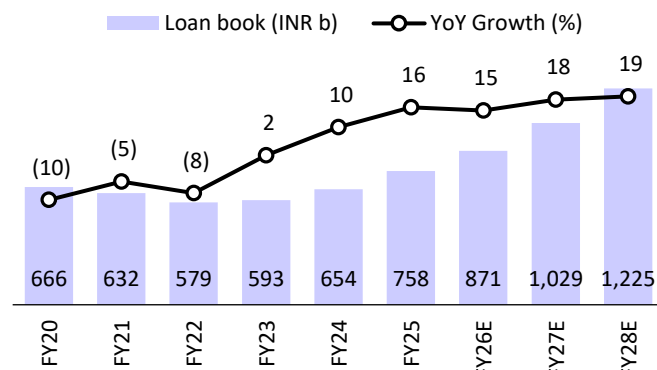


Exhibit 4: Expect spreads to improve to 2.7% by FY27

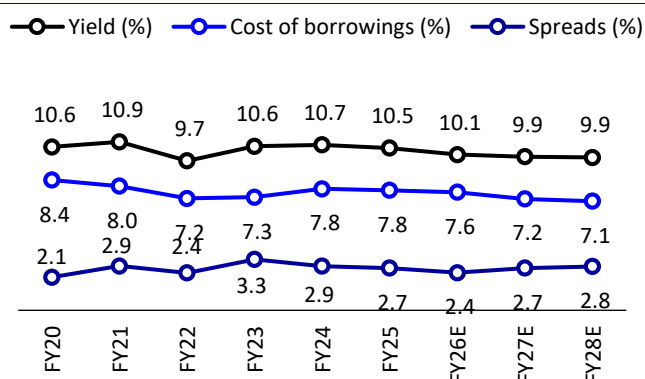


Exhibit 5: NIMs to remain largely stable

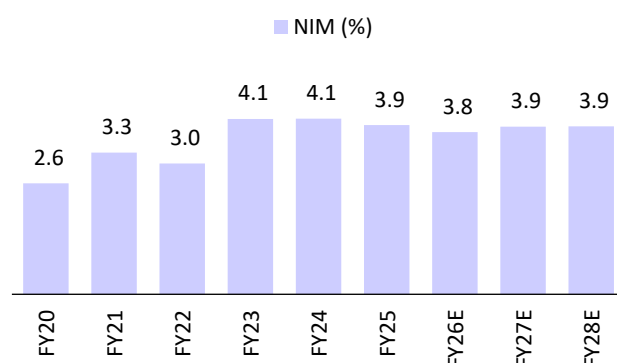


Exhibit 6: Opex to assets ratio to remain steady

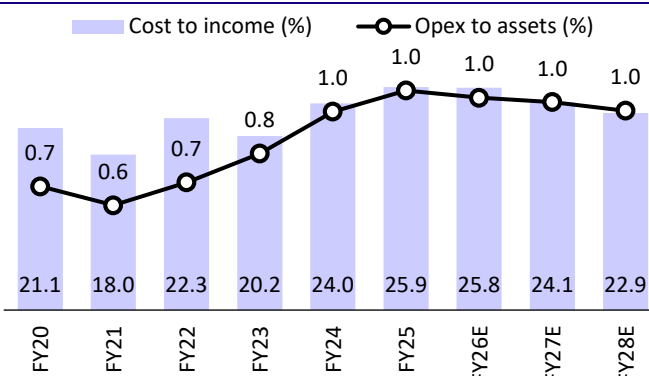


Exhibit 7: Asset quality to remain range-bound

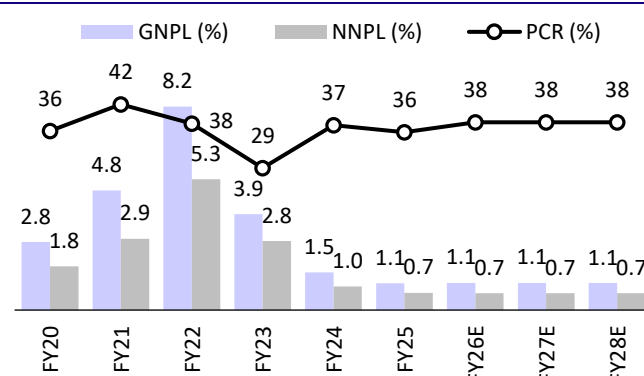


Exhibit 8: PAT CAGR of ~15% over FY26-FY28E

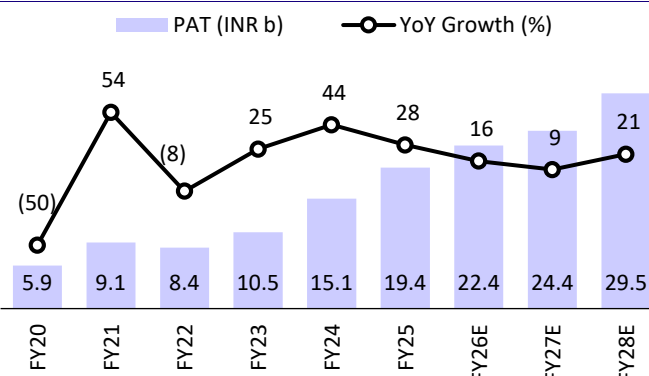
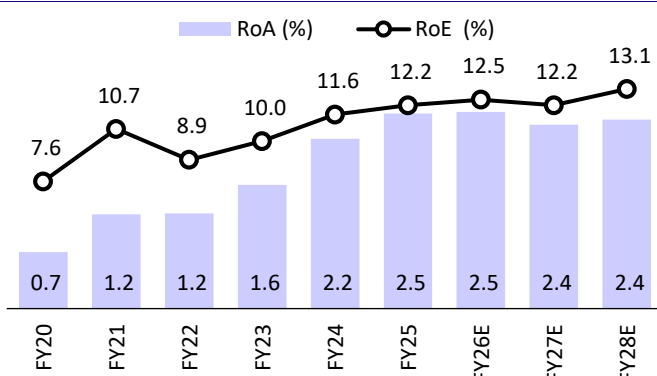


Exhibit 9: RoA/RoE of 2.4%/13% in FY28E



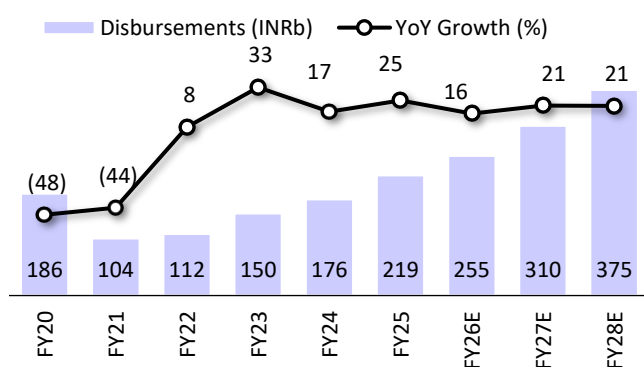
Source: MOFSL, Company

Source: MOFSL, Company

Driving the next phase of growth through affordable and emerging segments

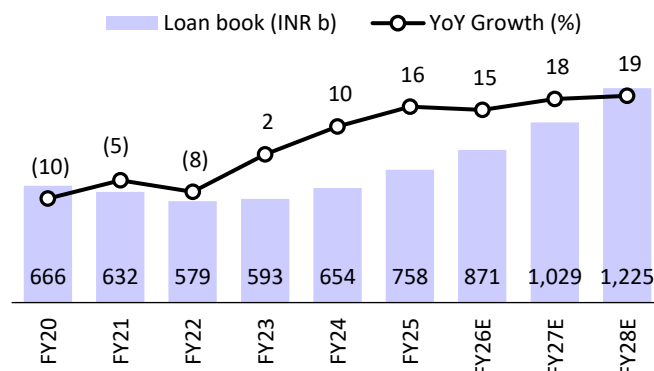
- PNBHF continues to focus on building a higher-yield retail franchise, with emphasis on growth in the affordable housing (AUM of ~INR65b as of Sep'25) and emerging markets segment (AUM of ~INR240b as of Sep'25), while maintaining steady momentum in the prime segment. The affordable and emerging markets segments together grew ~34% YoY, compared to moderate ~8% growth in the prime segment, and remain key drivers for long-term growth of the company.
- To support this growth, PNBHF is gradually expanding its footprint in high-potential Tier 2 and Tier 3 cities, where the company plans to add 30-40 branches annually, while deepening its presence in newer regions such as Punjab, Chandigarh, and the Northeast. Currently, the company operates 356 branches and aims to have ~240 branches (up from the current ~200) dedicated to the affordable segment by the end of FY26.
- Ongoing branch expansion, deepening geographic penetration, and increased participation from self-employed and informal customers are expected to support sustained scale-up in these segments. Newly added branches progressing towards optimal productivity and policy support, such as PMAY 2.0, are expected to further stimulate demand and broaden the addressable market.
- Over the next 4-5 years, the management plans to shift the business mix entirely towards affordable housing (targeting ~INR150b affordable housing book by FY27) and emerging segments. This strategic pivot, combined with geographical expansion, is expected to drive sustained growth while enhancing portfolio diversification.
- We now model a ~15% loan growth in FY26 and a ~19% loan CAGR over FY26-28E.

Exhibit 10: Disbursements CAGR of ~21% over FY26-28



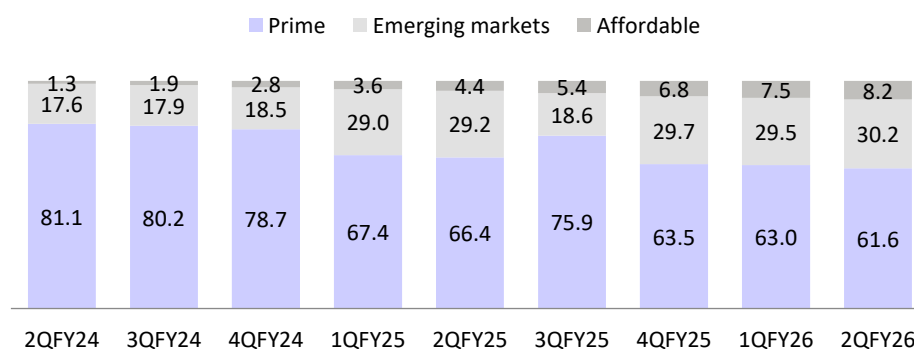
Source: MOFSL, Company

Exhibit 11: Loan book CAGR of ~19% over FY26-28



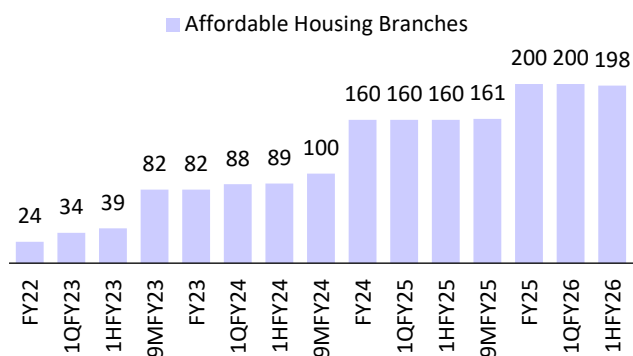
Source: MOFSL, Company

Exhibit 12: Portfolio mix shifts further toward emerging and affordable housing (%)



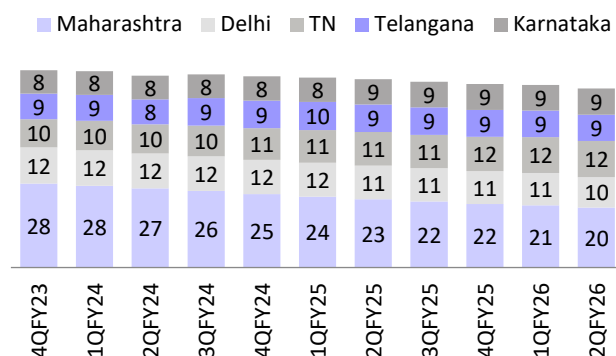
Source: MOFSL, Company

Exhibit 13: Strong growth in affordable housing branches



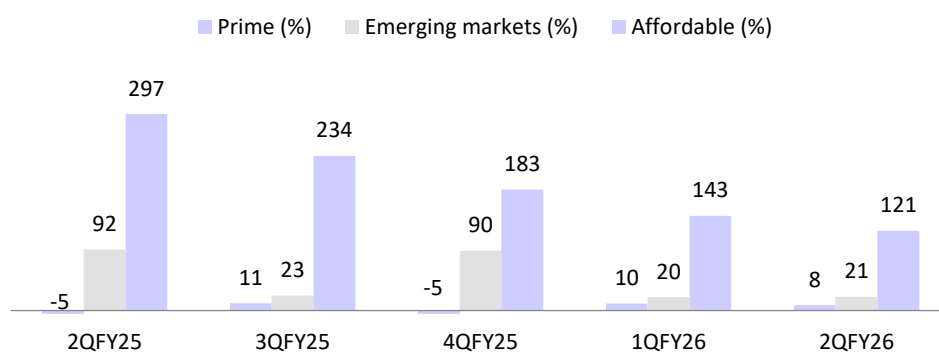
Source: MOFSL, Company

Exhibit 14: Geographical diversification of the retail loan book reduces concentration risk (%)



Source: MOFSL, Company

Exhibit 15: Strong growth observed in emerging and affordable segments (YoY growth %)

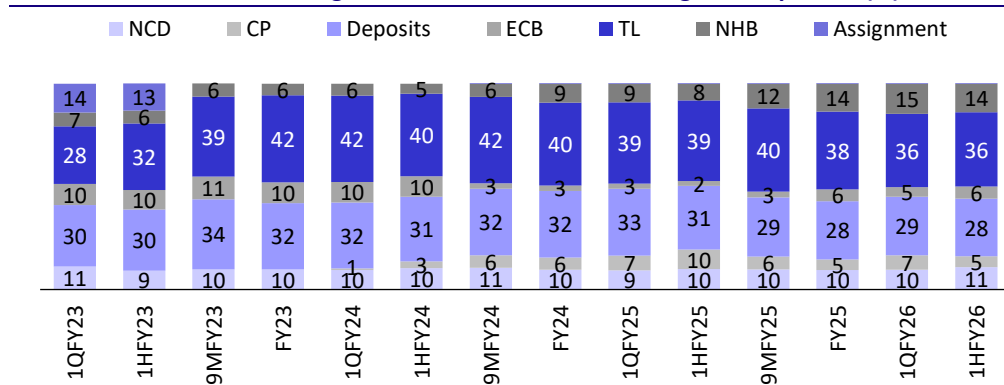


Source: MOFSL, Company

Shift to a high-yielding portfolio and a strong liability profile to drive margins

- A key driver of margin expansion for PNBHF is the shift in the portfolio mix toward higher-yielding segments. The affordable segment delivers an incremental yield of ~12.1%, while the emerging markets segment provides ~9.5% yield (compared to the yield of ~9.1% in the prime segment). A focused approach in the emerging markets segment generates ~35bp higher incremental yield than the prime segment. Additionally, the commencement of corporate segment disbursements in 2H is expected to provide further support to margins. As the share of higher-yielding segments increases in the portfolio, overall portfolio margins are expected to improve.
- PNBHF maintains a well-diversified funding profile, leveraging both bank borrowings and debt markets. The company has a deposit-taking license, with deposits constituting ~28% of total borrowings as of Sep'25.
- Additionally, the company has recently received an upgrade in its credit rating to AAA, which is expected to meaningfully lower its CoF. This benefit should accrue both through reduced pricing on incremental borrowings and through gradual repricing of existing liabilities as they mature, supporting margin improvement over time.

Exhibit 16: Diversified funding mix with term loans as the largest component (%)



Source: MOFSL, Company

- Around 66% of PNBHF's borrowings (as of Sep'25) are linked to floating rates, positioning the company favorably in a declining interest rate environment. The company has already passed on a ~10bp reduction in its PLR to customers, while any further PLR adjustments will be calibrated based on the extent of transmission in its CoF. Consequently, we do not anticipate any material incremental impact on NIMs from the additional ~25bp policy rate cut implemented in Dec'25. We expect NIMs of 3.75% in FY26 and then estimate it to expand to 3.9% in FY27.

Exhibit 17: Expect spreads to improve to 2.7% by FY27

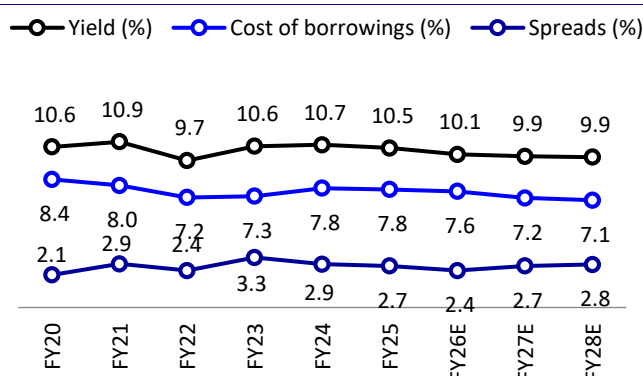
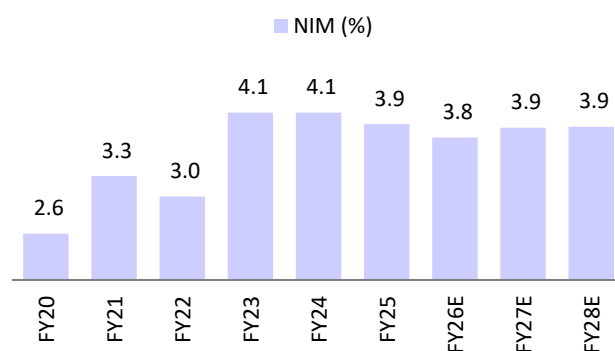


Exhibit 18: NIM to remain largely stable

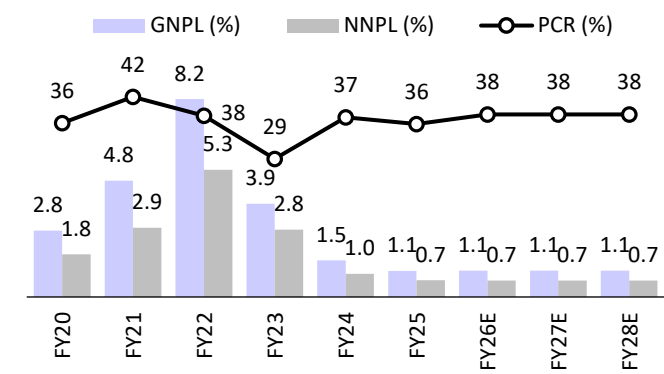


Source: MOFSL, Company

Stable asset quality; resilient performance amid portfolio mix change

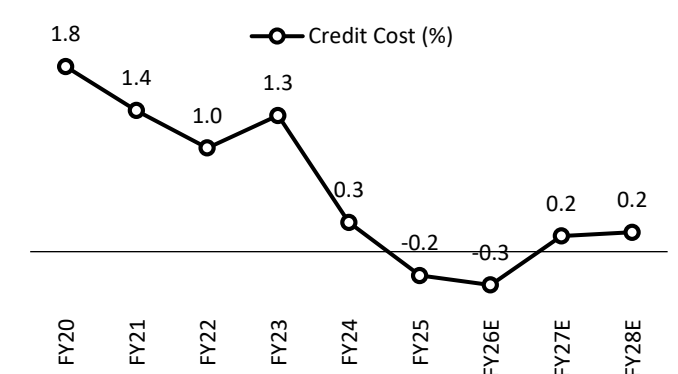
- PNBHF continues to demonstrate resilient asset quality even as it gradually increases its exposure to high-risk segments, including affordable housing, emerging markets, and lending to self-employed and informal customers. This portfolio transition is aimed at improving yields; however, the company remains cautious and closely monitors asset quality trends as the share of these segments rises.
- As of Sep'25, the company's total GNPA and NNPA stood at ~1.04% and ~0.69%, respectively, remaining largely stable on a sequential basis (GNPA and NNPA of 1.06% and 0.69% in Jun'25), while the corporate book reported nil GNPA, consistent with the previous quarter.

Exhibit 19: Asset quality to remain range-bound



Sources: MOFSL, Company

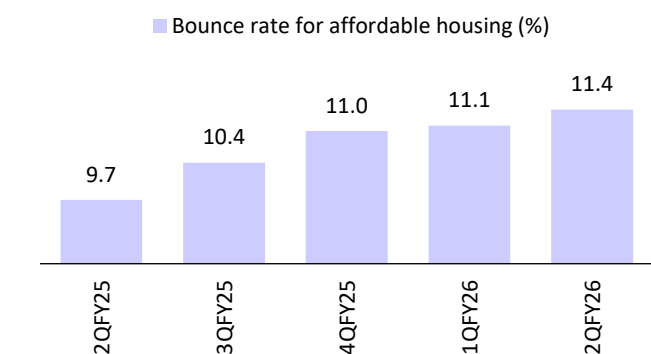
Exhibit 20: Credit costs to stay benign in 2HFY26



Sources: MOFSL, Company

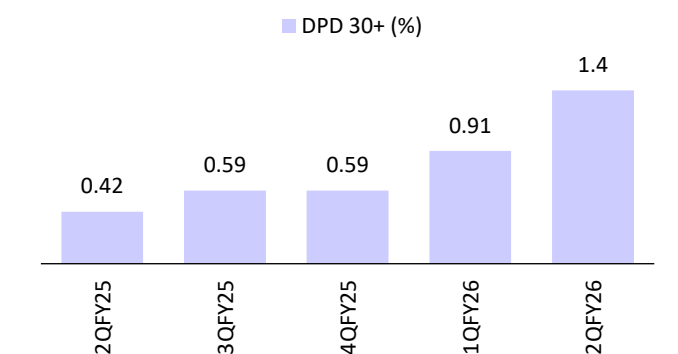
- In the affordable housing finance segment, a marginal sequential increase in delinquencies was observed, primarily due to portfolio seasoning. The bounce rates edged up slightly from 11.1% in 1QFY26 to 11.4% in 2QFY26, while DPD 30+ rose from 0.91% to 1.4% over the same period. Despite this uptick, overall delinquency levels remain well below industry benchmarks (~0.51% vs. ~1.3% for other AFCs), and early warning indicators remain within acceptable thresholds.

Exhibit 21: Bounce rate for affordable housing



Sources: MOFSL, Company

Exhibit 22: DPD 30+ (%) for affordable housing



Sources: MOFSL, Company

Exhibit 23: Gross NPA for affordable housing

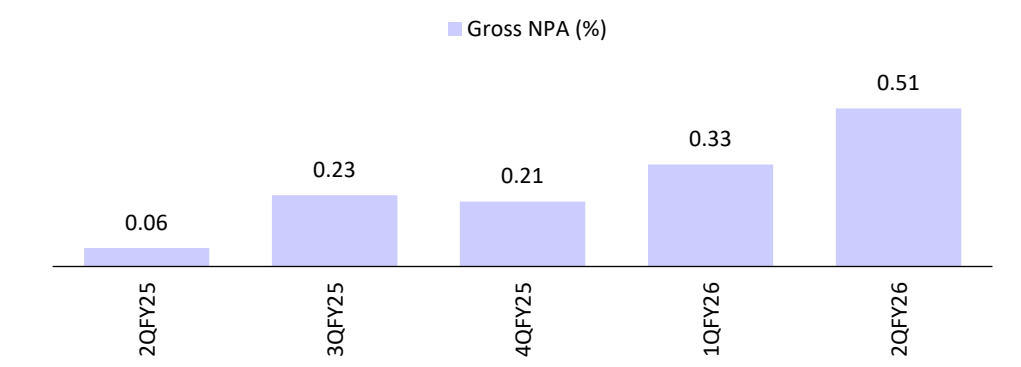
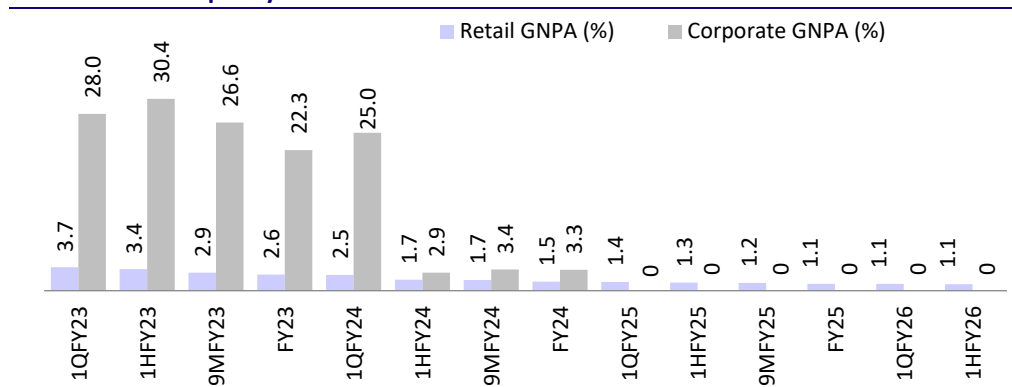


Exhibit 24: Asset quality stable



Source: MOFSL, Company

- This strong asset quality performance of PNBHF is supported by a combination of legal support, omnichannel customer engagement, and technology-driven processes designed to enhance recovery efficiency. The management remains committed to maintaining overall GNPA at ~1%, even as exposure to higher-yielding and inherently riskier segments increase and expects the credit costs write-back to continue in FY26.
- The company has a written-off pool of ~INR7b in the corporate segment and ~INR4b in the retail segment. Management guided for provision write-backs and negative credit costs for the next 5-6 quarters, driven by recoveries from the written-off pool. However, we expect credit costs to normalize to ~0.2% over FY27-28E from -0.3% in FY26.

Management transition brings stability and depth

- On 31st Jul'25, PNBHF announced that its MD and CEO, Mr. Girish Kousgi, would step down from his role effective 28 Oct'25, after a 3-year tenure, to pursue external career opportunities. While the announcement came as an unexpected development, Mr. Kousgi clarified that the decision was personal in nature and unrelated to the exit of private equity investors from the company. Subsequently, Mr. Kousgi assumed the role of MD and CEO at IIFL Home Finance, effective 30th Oct'25.
- Following this transition, the company announced on 18th Dec'25 the appointment of Mr. Ajai Kumar Shukla as MD and CEO, for a tenure of five years.

About Mr. Ajai Shukla



- Mr. Shukla is a seasoned professional with over three decades of experience in housing and mortgage lending. Before joining PNBHF, he spent 16 years at Tata Capital Housing Finance Limited, where he played a pivotal role in shaping the company's growth trajectory.
- In his role as Chief Business Officer, he led several key verticals, including credit, risk, valuation, digital transformation, and affordable housing finance. His earlier stints with ICICI Bank in the mortgage business and LIC Housing Finance Limited further strengthened his foundation in housing finance operations.
- Mr. Shukla's appointment comes at a time when the housing finance industry is navigating heightened competition from banks in the prime home loan segment, increased competitive intensity from affordable housing finance companies, and a declining interest rate environment.

- Under the new leadership, the company's strategic direction, execution capabilities, capital allocation priorities, and growth trajectory will remain key monitorables for investors.
- PNBHF also elevated Mr. Mukesh Agarwal as the Function Head – Chief Sales Officer – Retail for Prime and Emerging Markets Business with effect from 15th Dec'25.



About Mr. Mukesh Agarwal

- Mr. Agarwal is a seasoned finance professional and CA with over 21 years of experience in credit, underwriting, policy formulation, and sales leadership across leading financial institutions.
- He has 13+ years of experience in PNB Housing Finance, progressing from Senior Manager – Underwriting to Chief Sales Officer – Retail. Held key leadership roles, including National Head – Credit & Policy (Affordable Business), National Credit Manager – Prime, Zonal Credit Manager, and Regional Credit Manager, driving credit operations and policy frameworks.
- Before PNBHF, he had worked with Standard Chartered Bank, ICICI Bank, and IndusInd Bank, specializing in credit initiation, regional credit management, and audit.

Expectations from 3QFY26 results

- We expect PNBHF to deliver ~15% YoY growth in the retail loan book as of Dec'25, marginally lower than our earlier estimate of ~16-17%.
- Disbursement growth is expected to moderate sharply to ~16% as of Dec'25, compared with the earlier estimate of ~30-32%.
- Asset quality is expected to remain stable, aided by sustained recoveries from both retail and corporate written-off pools, which should translate into provision write-backs. Margins, however, are likely to witness a modest contraction of ~5bp for PNBHF, driven by yield pressures in a declining interest rate environment and intensifying competition from banks.

Valuation and View

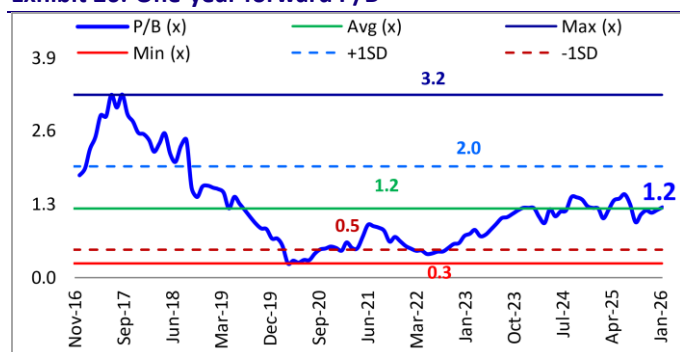
- While PNBHF's 3Q performance is likely to remain soft, largely due to weaker disbursements and loan growth, we remain constructive on the company's medium-to-long-term outlook. The ongoing pivot toward higher-yielding segments underpins strong loan book growth (~19% CAGR) and is expected to support margins even in a declining interest rate environment.
- A robust liability franchise, predominantly floating-rate borrowings, and the commencement of corporate disbursements in 2H are expected to drive NIM improvement. Opex should remain largely stable as new branches scale up productivity, while asset quality remains resilient despite manageable, seasoning-led upticks in the affordable segment.
- With the leadership transition behind us, we will closely track management's execution and capital allocation discipline, which will be key to sustaining growth and profitability.
- At the current valuation of 1.2x FY27 P/B, we see attractive upside. We model ~19%/15% CAGR in loans/PAT over FY26–28E and RoA/RoE of ~2.4%/~13.1% in FY28. **We reiterate our BUY rating** on the stock with a **TP of INR1,250** (based on 1.4x Dec'27E BVPS).

- **Key risks:** a) inability to drive NIM expansion in FY27 and b) seasoning in the affordable/emerging loan book, leading to asset quality deterioration and elevated credit costs.

Exhibit 25: DuPont analysis

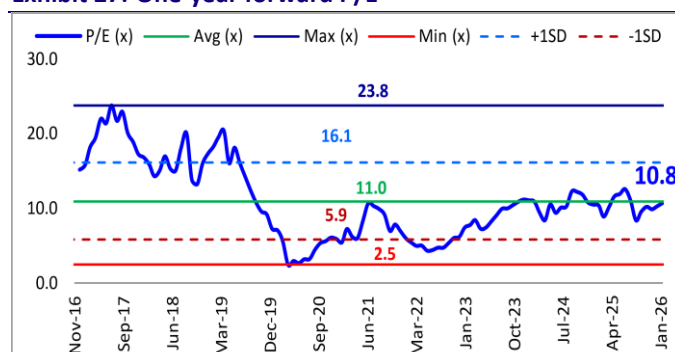
DuPont Analysis	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	9.4	9.6	8.5	9.4	9.7	9.4	9.2	9.1	9.1
Interest Expended	7.2	6.8	5.9	5.9	6.1	5.9	5.8	5.6	5.5
Net Interest Income	2.2	2.8	2.6	3.5	3.6	3.5	3.4	3.6	3.6
Other Income	1.0	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.7
Fees	0.4	0.2	0.4	0.4	0.4	0.5	0.4	0.5	0.5
Trading gains and MM	0.6	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Net Income	3.2	3.4	3.1	4.0	4.0	4.1	4.0	4.2	4.2
Operating Expenses	0.7	0.6	0.7	0.8	1.0	1.0	1.0	1.0	1.0
<i>Cost to Income Ratio (%)</i>	<i>21.1</i>	<i>18.0</i>	<i>22.3</i>	<i>20.2</i>	<i>24.0</i>	<i>25.9</i>	<i>25.8</i>	<i>24.1</i>	<i>22.9</i>
Employee Expenses	0.3	0.3	0.3	0.4	0.5	0.5	0.5	0.5	0.5
Other Expenses	0.4	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.4
Operating Profit	2.5	2.8	2.4	3.2	3.1	3.0	2.9	3.2	3.3
Provisions/write offs	1.5	1.1	0.8	1.1	0.2	-0.2	-0.3	0.1	0.2
PBT	1.0	1.6	1.6	2.1	2.8	3.2	3.2	3.0	3.1
Tax	0.3	0.4	0.4	0.5	0.6	0.7	0.7	0.7	0.7
<i>Tax Rate (%)</i>	<i>27.1</i>	<i>24.7</i>	<i>22.8</i>	<i>23.1</i>	<i>22.8</i>	<i>22.1</i>	<i>22.0</i>	<i>22.0</i>	<i>22.0</i>
Reported PAT	0.7	1.2	1.2	1.6	2.2	2.5	2.5	2.4	2.4
Leverage	10.5	8.9	7.3	6.3	5.3	4.9	5.0	5.2	5.4
RoE	7.6	10.7	8.9	10.0	11.6	12.2	12.5	12.2	13.1

Exhibit 26: One-year forward P/B



Source: MOFSL, Company

Exhibit 27: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	76,882	71,898	58,220	61,991	67,422	72,737	81,934	94,349	1,11,336
Interest Expended	58,750	50,998	40,645	38,985	42,611	45,514	51,525	57,456	67,484
Net Interest Income	18,133	20,901	17,575	23,006	24,811	27,223	30,409	36,893	43,853
Change (%)	11.5	15.3	-15.9	30.9	7.8	9.7	11.7	21.3	18.9
Other Operating Income	8,013	4,343	3,787	3,306	3,149	4,179	4,798	6,209	7,973
Net Income	26,146	25,243	21,363	26,311	27,960	31,402	35,207	43,103	51,826
Change (%)	3.9	-3.5	-15.4	23.2	6.3	12.3	12.1	22.4	20.2
Operating Expenses	5,522	4,554	4,760	5,313	6,710	8,130	9,084	10,399	11,855
Operating Income	20,624	20,689	16,603	20,998	21,250	23,272	26,123	32,704	39,972
Change (%)	7.2	0.3	-19.7	26.5	1.2	9.5	12.2	25.2	22.2
Provisions/write offs	12,514	8,619	5,764	7,389	1,711	-1,585	-2,588	1,425	2,096
PBT	8,110	12,070	10,840	13,609	19,539	24,858	28,711	31,279	37,876
Extraordinary Items	0	0	0	0	0	0	0	0	0
Reported PBT	8,110	12,070	10,840	13,609	19,539	24,858	28,711	31,279	37,876
Tax	2,201	2,978	2,475	3,149	4,459	5,496	6,317	6,881	8,333
Tax Rate (%)	27.1	24.7	22.8	23.1	22.8	22.1	22.0	22.0	22.0
DTL on Special Reserve									
Reported PAT	5,909	9,092	8,365	10,460	15,080	19,361	22,395	24,398	29,543
Change (%)	-50.4	53.9	-8.0	25.0	44.2	28.4	15.7	8.9	21.1
PAT adjusted for EO	5,909	9,092	8,365	10,460	15,080	19,361	22,395	24,398	29,543
Change (%)	-50.4	53.9	-8.0	25.0	44.2	28.4	15.7	8.9	21.1
Proposed Dividend	0	0	0	0	0	1,300	2,531	2,806	3,043

Balance sheet

(INR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Capital	1,682	1,683	1,686	1,689	2,597	2,599	2,599	2,599	2,599
Reserves & Surplus	78,296	87,548	97,030	1,08,448	1,47,147	1,66,032	1,87,127	2,08,994	2,35,731
Net Worth	79,978	89,230	98,716	1,10,137	1,49,744	1,68,631	1,89,727	2,11,594	2,38,331
Borrowings	6,77,351	5,93,925	5,30,050	5,36,211	5,50,166	6,23,096	7,27,499	8,68,503	10,45,929
Change (%)	-5.7	-12.3	-10.8	1.2	2.6	13.3	16.8	19.4	20.4
Other liabilities	31,969	30,767	28,530	15,795	24,138	33,481	35,155	36,912	38,758
Total Liabilities	7,89,297	7,13,922	6,57,296	6,62,143	7,24,049	8,25,208	9,52,381	11,17,009	13,23,018
Loans	6,66,280	6,06,447	5,53,359	5,78,398	6,41,082	7,46,453	8,71,257	10,29,032	12,24,741
Change (%)	-10.3	-9.0	-8.8	4.5	10.8	16.4	16.7	18.1	19.0
Investments	20,757	20,448	34,827	31,963	43,460	33,809	35,500	37,275	39,138
Change (%)	-54.5	-1.5	70.3	-8.2	36.0	-22.2	5.0	5.0	5.0
Net Fixed Assets	1,353	1,056	935	839	989	1,227	1,288	1,353	1,420
Other assets	1,00,906	85,971	68,175	50,943	38,517	43,719	44,336	49,350	57,718
Total Assets	7,89,297	7,13,922	6,57,296	6,62,143	7,24,049	8,25,208	9,52,381	11,17,009	13,23,018

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Avg yield on loans	10.6	10.9	9.7	10.6	10.7	10.5	10.1	9.9	9.9
Avg. cost of funds	8.4	8.0	7.2	7.3	7.8	7.8	7.6	7.2	7.1
Interest Spread	2.1	2.9	2.4	3.3	2.9	2.7	2.4	2.7	2.8
NIM on loans	2.6	3.3	3.0	4.1	4.1	3.9	3.76	3.9	3.9
Profitability Ratios (%)									
RoE	7.6	10.7	8.9	10.0	11.6	12.2	12.5	12.2	13.1
RoA	0.7	1.2	1.2	1.6	2.2	2.5	2.5	2.4	2.4
Int. Expended/Int.Earned	76.4	70.9	69.8	62.9	63.2	62.6	62.9	60.9	60.6
Other Inc./Net Income	30.6	17.2	17.7	12.6	11.3	13.3	13.6	14.4	15.4
Efficiency Ratios (%)									
Op. Exps./Net Income	21.1	18.0	22.3	20.2	24.0	25.9	25.8	24.1	22.9
Empl. Cost/Op. Exps.	42.2	46.4	45.5	50.1	50.3	51.8	52.9	53.6	54.1
Asset Quality (INR m)									
Gross NPA	18,562	29,990	47,062	22,714	9,840	8,160	9,653	11,395	13,453
GNPA ratio	2.8	4.8	8.2	3.9	1.5	1.1	1.1	1.1	1.1
Net NPA	11,838	17,500	29,312	16,184	6,160	5,220	5,985	7,065	8,341
NNPA ratio	1.8	2.9	5.3	2.8	1.0	0.7	0.7	0.7	0.7
CAR	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
VALUATION									
Book Value (INR)	476	530	586	652	577	649	730	814	917
BVPS Growth YoY	5.6	11.5	10.4	11.4	-11.6	12.5	12.5	11.5	12.6
Price-BV (x)		1.8	1.6	1.5	1.7	1.5	1.3	1.2	1.0
EPS (INR)	35.1	54.0	49.6	61.9	58.1	74.5	86.2	93.9	113.7
EPS Growth YoY	-50.6	53.8	-8.2	24.9	-6.3	28.3	15.7	8.9	21.1
Price-Earnings (x)	27.4	17.8	19.4	15.5	16.6	12.9	11.2	10.2	8.5
Dividend per share (INR)	0.0	0.0	0.0	0.0	0.0	5.0	9.7	10.8	11.7
Dividend yield (%)		0.0	0.0	0.0	0.0	0.5	1.0	1.1	1.2

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL), National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months

- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

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

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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 dp grievances@motilaloswal.com.