

Growth momentum continues

CMP: INR 491

Rating: HOLD

Target Price: INR 540

Stock Info

BSE	524000
NSE	POONAWALLA
Bloomberg	POONAWAL:IN
Reuters	MAGM.BO
Sector	NBFC
Face Value (INR)	2
Equity Capital (INR cr)	154
Mkt Cap (INR cr)	37,995
52w H/L (INR)	519 / 310
Avg Yearly volume (in 000')	2,404

Shareholding Pattern %

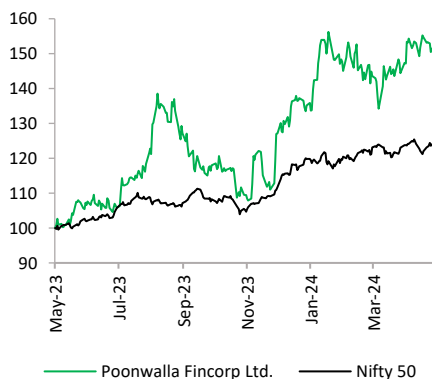
(As on March, 2024)

Promoters	62.1
Public & Others	37.9

Stock Performance (%)

	1m	6m	12m
Poonawalla Fincorp	3.26	38.9	52.1
Nifty 50	0.7	18.1	24.6

PFL Vs Nifty



Abhishek Jain

abhishek.jain@arihantcapital.com

Anmol Das

Anmol.das@arihantcapital.com

Harshit Jain

harshit.jain@arihantcapital.com

OUTLOOK

Company displayed healthy performance during the quarter with disbursement growth of 52% YoY and 11% YoY. They continue to keep the NNPA levels well below 1%, as guided by them. The company's return on assets increased to 5.73%, driven by NIM expansion. The company's growth momentum is expected to continue with anticipated AUM growth of 35 – 40%. Further, they plan to launch co-branded credit card in Q1FY25, which will help them to grow. We remain positive on the stock.

Guidance

- Achieve an AUM of 3x of FY21 AUM. Company has already achieved AUM of 2.4x of FY21 AUM.
- GNPA within the range of 1.3 – 1.8% and NNPA between 0.5 - 0.9%. Company's current NNPA is well below 1%.
- Long term AUM guidance of 35 – 40% and ROA of 4 – 4.5%.

Key Highlights

- Company's disbursement came at INR 96.8 bn (+52% YoY, +11% QoQ).
- AUM grew by 13% QoQ/ 54% YoY to INR 248 bn.
- The company focuses on lending to prime and super-prime customers, resulting in lower credit risk and improved asset quality.
- The asset quality of the company is in line with its guidance of keeping NNPA below 1%. GNPA for Q4FY24 stood at 1.2% (-10 bps QoQ/ -24bps YoY). NNPA for Q4FY24 stood at 0.60% (-10 bps QoQ/ -18bps YoY).
- NIM at 11.06%, up 4 bps QoQ and down 24 bps YoY.
- The secured to unsecured book stood at 49:51. The secured book is growing at a steady rate, as disbursement in LAP, POC, and MSME continue to grow.
- Company's guidance on the secured to unsecured mix is 50% in each of the item, medium to long-term.
- MSME constitutes about 42% of the loan book, followed by loan against property - 17%, personal and consumer finance - 16% and pre-owned car – 14%.
- On the tenure mix of their loan book, the short tenure loan up to 12 months stood at 15% of the book, which is fairly in line with the guidance of around 20%.
- Similarly, the medium to long term loans of more than 12 months are at 85%. Again, this is in line with guidance of around 80%.
- Company has presence across 19 states, having a branch network of 103 branches.
- Company continues to focus on optimizing its cost of borrowing. Its cost of borrowings increased by 18 bps QoQ only at 8.17%, despite of tight liquidity condition and hardening of rates.
- Company has Omni-channel presence across – Web, App, WhatsApp, Social media, Contact center, DSA and Branch, which will help them with customer acquisition.
- Company plans to launch co-branded credit card in Q1FY25.
- Mr. Abhay Bhutada, the Managing Director of the company, will transition to a strategic role at the group level, continuing as a Non-Executive Director.

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880