

Cholamandalam Inv. & Finance

Estimate change	↔↔
TP change	↔↔
Rating change	↔↔

Bloomberg	CIFC IN
Equity Shares (m)	841
M.Cap.(INRb)/(USDb)	1283.1 / 15.1
52-Week Range (INR)	1683 / 1161
1, 6, 12 Rel. Per (%)	-3/19/22
12M Avg Val (INR M)	2407

Financials & Valuations (INR b)			
Y/E March	FY25	FY26E	FY27E
Total Income	135.7	172.1	212.4
PPP	82.3	104.6	129.8
PAT	42.6	56.0	71.8
EPS (INR)	50.6	65.2	83.6
EPS Gr. (%)	24	29	28
BV (INR)	281	361	442
Valuations			
NIM (%)	6.9	7.0	7.1
C/I ratio (%)	39.3	39.2	38.9
RoAA (%)	2.4	2.5	2.7
RoE (%)	19.7	20.5	20.8
Payout (%)	4.0	3.8	3.6
Ratios			
P/E (x)	30.0	23.3	18.2
P/BV (x)	5.4	4.2	3.4
Div. Yield (%)	0.1	0.2	0.2

Shareholding pattern (%)			
As On	Mar-25	Dec-24	Mar-24
Promoter	49.9	49.9	50.4
DII	15.5	16.1	17.0
FII	28.2	27.4	26.0
Others	6.4	6.5	6.6

FII Includes depository receipts

CMP: INR1,526 TP: INR1,770 (+16%) Buy

Earnings in line; higher credit costs offset by lower opex

Healthy AUM growth; CIFC launches gold loan business

- Cholamandalam Inv. & Finance's (CIFC) 4QFY25 PAT grew ~20% YoY to INR12.7b (in line). FY25 PAT grew ~24% YoY to INR42.6b.
- 4Q NII grew ~30% YoY to ~INR30.6b (in line). Other income grew ~26% YoY to ~INR7b (~9% beat), primarily driven by an upfront assignment income of ~INR940m.
- Opex rose ~11% YoY to ~INR14.3b (~9% lower than MOFSLe) and the cost-income ratio declined ~2pp QoQ to ~38% (PQ: ~40% and PY: ~44%). PPoP grew ~43% YoY to INR23.3b (~7% beat). Management guided for an opex-to-assets ratio of ~3.0%-3.1% in FY26, given that the opex will remain elevated, driven by investments in branch expansions of the gold loan business.
- Yields (calc.) declined ~15bp QoQ to ~14.5%, while CoF (calc.) declined ~20bp QoQ to ~7.9%. NIM was stable QoQ at ~6.8%.
- Management expects stronger demand for LCVs and SCVs, supported by a favorable monsoon. CIFC guided for total AUM growth of ~20-25%, driven by ~20% growth in the vehicle finance (VF) segment and ~30% growth in the non-auto segments. The company guided for a ~10bp expansion in NIM in FY26, driven by a drop in CoF in a declining interest rate environment. We expect NIM to expand to ~7.0%/7.1% in FY26/FY27 (vs. ~6.9% in FY25). We estimate a CAGR of 18%/22%/30% in disbursement/AUM/PAT over FY25-27.
- CIFC will have to utilize its levers on NIM (and fee income) to offset the impact of moderation in AUM growth and elevated opex/credit costs. We estimate RoA/RoE of ~2.7%/21% in FY27. **Reiterate BUY with a TP of INR1,770 (premised on 4x Mar'27E BVPS).**
- Key risks:** 1) weak macros translating into weaker vehicle demand and sustained lower capacity utilization; and 2) sustained deterioration in asset quality, particularly in the new businesses, which could keep the credit costs high for longer than estimated.

AUM rises ~27% YoY; share of new business loans at ~13% of total AUM

- Business AUM grew 27% YoY/6% QoQ to INR1.85t, with newer businesses now forming ~13% of the AUM mix. Total disbursements in 4QFY25 grew ~7% YoY and ~2% QoQ to ~INR264b. New lines of businesses contributed ~17% to the disbursement mix (PQ: ~21% and PY: ~23%), with the decline primarily attributed to the winding down of the CSEL business originated through partnerships. VF disbursements in 4QFY25 grew ~11% YoY.
- CIFC has launched its gold loan business, with plans to open 120 dedicated branches across southern and eastern India during the current quarter. The company will pilot the offering initially and will target gold AUM of ~INR10-20b by Mar'26.
- Management also highlighted that the company has outperformed the industry in both PV and LCV segments, resulting in meaningful market share gains. We model AUM CAGR of ~22% over FY25-27E.

Asset quality deterioration in new businesses; GS3 declines ~10bp QoQ

- GS3/NS3 improved ~10bp/9bp QoQ to 2.8%/1.55%, while PCR on S3 rose ~120bp QoQ to ~45.3%. ECL/EAD declined to 1.84% (PQ: ~1.86%). GS3 in new businesses rose ~25bp QoQ to ~2.2% (PQ: 1.9% and PY: 1.1%).
- CIFC's 4Q credit costs stood at ~INR6.3b (vs. MOFSLe of INR5.2b). This translated into annualized credit costs of ~1.4% (PY: 0.5% and PQ: ~1.6%). Stage 2 + Stage 3 (30+ dpd) declined ~30bp QoQ to ~5.3%.
- Write-offs in 4Q stood at ~INR4.9b, translating into ~1.35% of TTM AUM (PY: ~1.4% and PQ: 1.3%). Management guided for credit costs of ~1.3% in FY26 (vs. ~1.4% in FY25). We estimate credit costs of ~1.3%/1.2% in FY26/FY27.

Key highlights from the management commentary

- Management highlighted that credit costs in CSEL are expected to remain elevated through 1HFY26 and may begin to decline from 3Q/4QFY26 onward.
- CIFC has decided to exit its fintech partnerships within the CSEL segment. The impact of this exit is expected to be offset by growth in its in-house digital lending platform, consumer durable financing business, and the newly launched gold loan segment.
- The non-starter and early default rates declined in 4QFY25 but were still slightly above Mar'24 levels. CIFC guided for a YoY reduction in VF credit costs in 1QFY26.

Valuation and View

- CIFC reported healthy loan growth, supported by strong performance in Home Loans and LAP. While overall asset quality showed slight improvement, new business segments continued to see asset quality deterioration. Credit costs in CSEL remained elevated.
- The stock trades at 3.4x FY27E P/BV. In order to sustain this premium valuation multiple, CIFC will have to maintain its execution capabilities in new product lines and showcase a trajectory to bring down its credit costs. Further, it will have to navigate any cyclical (if at all) in vehicle demand to deliver healthy AUM growth and asset quality through its diversified product mix. We estimate a CAGR of ~22%/30% in AUM/PAT over FY25-27 for RoA/RoE of 2.7%/21% in FY27E. **Reiterate BUY with a TP of INR1,770 (premised on 4x Mar'27E BVPS).**

Quarterly Performance (INR M)												
Y/E March	FY24				FY25				FY24	FY25	4Q FY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	38,492	42,205	46,099	49,341	53,695	57,680	61,587	64,180	1,76,137	2,37,200	65,065	-1
Interest Expenses	20,071	22,052	24,390	25,793	27,957	30,551	32,718	33,623	92,306	1,24,849	34,031	-1
Net Interest Income	18,421	20,153	21,709	23,548	25,738	27,128	28,869	30,557	83,831	1,12,351	31,034	-2
YoY Growth (%)	24.3	35.4	35.8	33.4	39.7	34.6	33.0	29.8	32.4	34.0	31.8	
Other Income	2,845	3,514	4,088	5,580	4,595	5,248	6,537	7,027	16,026	23,348	6,432	9
Total Income	21,265	23,667	25,797	29,127	30,333	32,376	35,406	37,584	99,857	1,35,699	37,466	0
YoY Growth (%)	29.7	39.4	40.8	41.4	42.6	36.8	37.2	29.0	38.1	35.9	28.6	
Operating Expenses	7,867	9,461	10,640	12,850	11,834	13,155	14,130	14,269	40,818	53,388	15,679	-9
Operating Profit	13,399	14,206	15,157	16,278	18,499	19,221	21,276	23,315	59,039	82,311	21,787	7
YoY Growth (%)	26.4	37.1	40.4	27.9	38.1	35.3	40.4	43.2	32.7	39.4	33.8	
Provisions & Loan Losses	3,723	3,998	3,588	1,908	5,814	6,235	6,640	6,253	13,218	24,943	5,239	19
Profit before Tax	9,675	10,208	11,569	14,369	12,685	12,986	14,636	17,062	45,821	57,369	16,548	3
Tax Provisions	2,415	2,583	2,807	3,788	3,263	3,355	3,771	4,395	11,593	14,783	4,280	3
Net Profit	7,260	7,625	8,762	10,581	9,422	9,631	10,865	12,667	34,228	42,585	12,268	3
YoY Growth (%)	28.3	35.3	28.0	24.1	29.8	26.3	24.0	19.7	28.4	24.4	15.9	
Key Parameters (Calc., %)												
Yield on loans	14.1	14.3	14.4	14.26	14.4	14.5	14.6	14.48	14.1	14.5		
Cost of funds	7.8	7.75	8.04	8.01	7.86	7.94	8.06	7.86	8.0	8.1		
Spread	6.3	6.6	6.4	6.2	6.5	6.6	6.6	6.6	6.1	6.5		
NIM	6.7	6.74	6.73	6.74	6.84	6.78	6.81	6.80	6.7	6.9		
C/I ratio	37.0	40.0	41.2	44.1	39.0	40.6	39.9	38.0	40.9	39.3		
Credit cost	1.3	1.3	1.11	0.55	1.5	1.56	1.57	1.39	1.0	1.5		
Tax rate	25.0	25.3	24.3	26.4	25.7	25.8	25.8	25.3	25.3	25.8		
Balance Sheet Parameters												
Disbursements (INR b)	200	215	224	248	243	243	258	264	887	1,009		
Growth (%)	50.2	47.3	27.5	17.9	21.6	12.9	15.3	6.6	33.4	13.7		
AUM (INR b)	1,148	1,242	1,338	1,456	1,554	1,646	1,746	1,847	1,456	1,847		
Growth (%)	40.1	41.7	40.1	36.7	35.4	32.5	30.5	26.9	36.7	26.9		
AUM mix (%)												
Vehicle finance	61.9	60.7	59.5	58.0	57.0	55.9	55.4	54.8	58.0	54.8		
Home Equity	19.9	19.9	20.1	20.5	20.7	21.2	21.5	22.4	20.5	22.4		
Home loans & Others	18.2	19.4	20.4	21.4	22.3	23.0	23.1	22.8	12.2	12.8		
Borrowings (INR b)	1,081	1,195	1,231	1,345	1,499	1,578	1,671	1,749	1,345	1,749		
Growth (%)	46.3	50.6	37.8	38.1	38.6	32.1	35.7	30.1	38.1	30.1		
Asset Quality Parameters												
GS 3 (INR B)	35.5	37.2	38.1	36.5	41.2	47.1	51.3	52.1	36.5	52.1		
GS 3 (%)	3.1	3.0	2.8	2.48	2.6	2.8	2.9	2.81	2.5	2.8		
NS 3 (INR B)	19.4	19.6	20.9	19.5	22.5	26.1	28.7	28.5	19.5	28.5		
NS 3 (%)	1.7	1.6	1.6	1.35	1.5	1.6	1.7	1.57	1.7	2.3		
PCR (%)	45.4	47.3	45.1	46.4	45.5	44.5	44.1	45.3	46.4	45.3		
Vehicle finance AUM mix (%)												
LCV	20.8	20.7	19.9	19.7	19.8	19.8	19.2	19.0	19.7	19.8		
Cars & MUV	20.7	21.2	21.8	22.3	22.8	23.1	23.7	24.1	22.3	22.8		
3W & SCV	4.0	3.9	3.9	3.7	3.6	3.6	3.6	3.5	3.7	3.6		
Used CV	26.7	26.9	27.0	27.3	27.4	27.6	27.6	27.7	27.3	27.4		
Tractor	8.1	7.8	7.5	6.9	6.5	6.2	6.0	5.6	6.9	6.5		
HCV	6.9	6.7	6.6	6.7	6.7	6.6	6.6	6.8	6.7	6.7		
CE	6.6	6.5	6.5	6.6	6.5	6.3	6.4	6.4	6.6	6.5		
Two wheeler	6.1	6.4	6.8	6.7	6.8	6.7	6.8	6.8	6.7	6.8		

E: MOFSL estimates



Highlights from the management commentary

Guidance

- Guided for AUM growth of 20-25% (factoring in growth from new segments). To deliver ~25% AUM growth, the company will have to deliver ~30% growth in non-vehicle and 20% growth in vehicle finance.
- For HL, it guided for 15-20% disbursement growth and 30%+ AUM growth for the next two years
- Targeting to deliver 15-17% disbursement growth in VF in FY26.
- Net of benefits to be passed on to customers in its floating-rate book, it expects NIM expansion of 10-15bp in FY26.
- For FY26, it guided for opex-to-assets ratio of 3.0-3.1% and credit costs of 1.3% (from 1.4% in FY25).
- Guided for PBT-RoTA of ~3.4% in FY26 and will then look to expand it to ~3.5% in the coming years.

Asset quality

- CIFC's overall credit costs stood at 1.4% and VF credit costs stood at ~1.6% in FY25. In FY26, it expects VF credit costs to decline by ~20bp, which will benefit the overall credit costs by ~10bp. CSEL and SME credit costs will reduce by FY26 end.
- CSEL credit costs will come down by running down the CSEL partnerships book, which will start coming down from 3Q onward. In 1HFY26, CSEL partnerships will see higher credit costs.
- Within SME, SARFAESI is going on and is likely to yield results only in 2HFY26.
- VF credit costs have been stable QoQ and if the monsoons are good this year, VF NCL can start coming down.

Liabilities and CoB

- 20% of the borrowings are linked to the repo or T-Bill where the benefits of a declining interest rate will accrue quickly.
- ~50% of bank borrowings are linked to MCLR, which will see benefits only when the MCLR comes down.
- For incremental borrowings in 4QFY25, CIFC has been able to negotiate well.

Opex

- Generally, opex increases in 4Q, but this year the company has managed to keep it under control.
- FY26 will see some opex for the gold loans business.

Liabilities

- There is a slowdown in the securitization market because a few banks have got saturated with securitization.
- CIFC will do 1-2 more assignment deals and then slow down on assignments again. But it will have some income coming from assignments and securitization in FY26.

Vehicle Finance

- Guided for 15% disbursement growth and 20% AUM growth in VF.
- On the back of good monsoons, it expects LCV and SCV to do well. Tractor and 2W Sales have picked up, but there is scope to do more in tractors and 2Ws.
- Repossessions and sales of vehicles have led to higher credit costs in the VF book. Write-offs were not very high.
- Non-starters and early default came down in 4QFY25 but still slightly higher than Mar'24 levels.
- 1QFY25 NCL was 1.9% and 4QFY25 NCL was at 1.6%. CIFC guided for a YoY reduction in VF NCL in 1QFY26.
- In PVs, CIFC has gained market share through its focus on Tier 3 and 4 cities. In Maruti segment, its market share has gone up substantially.

Home Loans

- Guided for 15% disbursement growth and 30% AUM growth over the next two years.
- 60% of disbursements are still coming from Southern India. It would look to improve productivity from other zones in this year.
- Guided for NCL of 0.4-0.5% in FY25.

LAP

- Expanded across the country and now disbursement/AUM growth is 30%.
- LAP will continue to grow at 25-20%.
- Within LAP and HL, productivity focus will be higher in FY26 and then next year (in FY27) it will focus again on Branch expansions.
- Improved the distribution to 800 branches in LAP. There are many market opportunities. Key focus in this year will be improvement in productivity.

CSEL

- CIFC took the decision to come out of the Fintech partnerships in CSEL. It will be offset from in-house digital lending business, consumer durable business and gold loans.
- CSEL growth was lower in FY25, but it will catch up in FY26
- CSEL credit costs will remain steady in 1HFY26 and it will start coming down from 3Q/4QFY26.
- Delinquencies are high in CSEL Partnership. NCL is higher because FLDG that it was getting earlier was higher compared to now (post the change in the FLDG guidelines).
- RoA from organic CSEL business is 6%
- CSEL Partnerships is 1.0-1.5% (~INR20b) of the overall AUM
- For the next two quarters, NCL in CSEL will remain at ~INR2.2b-2.4b and then it will start coming down.

SME Segment

- By nature, if the SME term loan goes into NPA and it takes 1 year to reduce the NCL. Expects the NCL to decline in the SME segment in FY26.
- SME disbursements will be flat YoY in FY26.
- It has started focusing on small Term Loans and Equipment Finance.

- Targeted RoTA is 2.5% (vs. 1.9% in FY25)
- Supply Chain Financing is a low RoTA product and it is a faster churn product. Opex becomes a burden and it does not produce Chola's expected levels of RoTA.

SBPL

- SBPL has delivered RoA of ~7.6% in 4Q and FY25.

Gold loans and consumer durables

- CIFC customers take gold loans and CD loans of INR10b each from other lenders.
- Initially, CIFC will launch gold loans with 120 standalone gold loan branches in Southern and Eastern India. These branches are expected to be rolled out in this quarter.
- In gold loans, it has to maintain security vaults and it is possible only when it has standalone gold loan branches. Gold loan branches need to be present in different catchment areas and that will require standalone gold loan branches.
- It will pilot gold loans and will try to build a INR10b-20b of gold loan book this year.

TN Bill

- TN Bill is more focused on Private Lenders and MFIs. CIFC does not expect any major impact on VF. CIFC has been following up but not harassing customers.
- Legislation will not apply to banks and NBFCs registered with the RBI.

Financial performance

- 4Q disbursements stood at INR264.2b, up 7% YoY.
- 4Q VF disbursements were at INR144.3b, up 11% YoY.
- PBT-ROA was ~3.6% in 4Q and 3.3% in FY25.
- ROE was 22.2% in 4Q and 19.8% in FY25.

Others

- Collection efficiencies improves in 4Q, which results in better income.
- In 4QFY25, CIFC was able to borrow at good rates in ECBs (fully hedged).
- Employee Strength: 30,700 in sales, 22,000 in collections, 10,000 in Credit Ops and 1,600 employees in support functions
- It will continue to focus on the existing businesses and five new businesses (SBPL, CSEL, SME, Gold loans and Consumer Durable) in the near and the medium term.

Key exhibits

Exhibit 1: Disbursements rose ~7% YoY

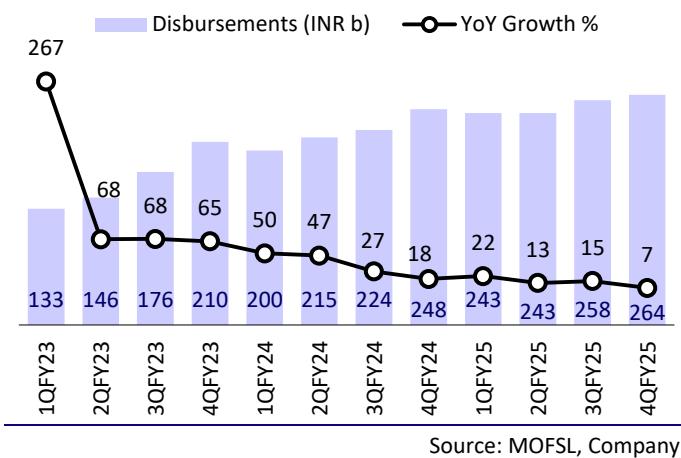


Exhibit 2: AUM grew 27% YoY

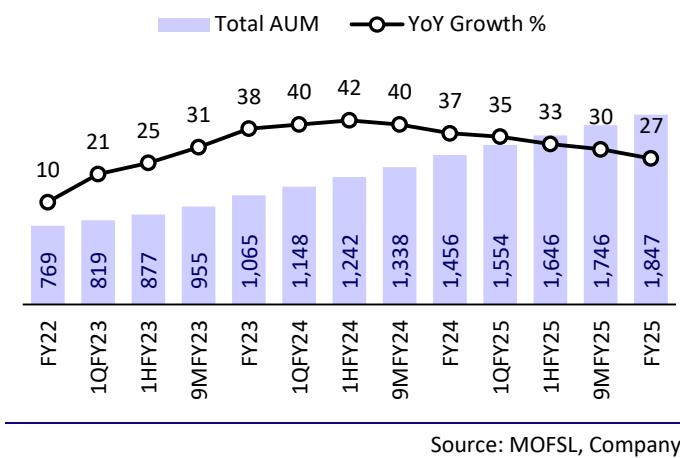


Exhibit 3: Vehicle Finance in the AUM mix has been gradually declining, implying a more diversified mix (%)

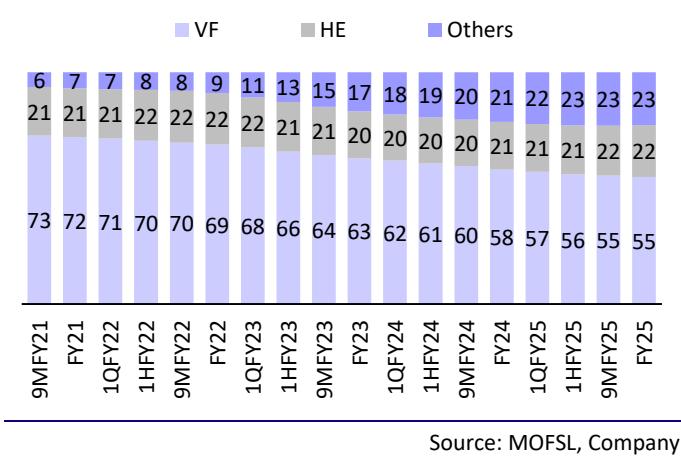


Exhibit 4: C/I ratio declined to 38% (%)

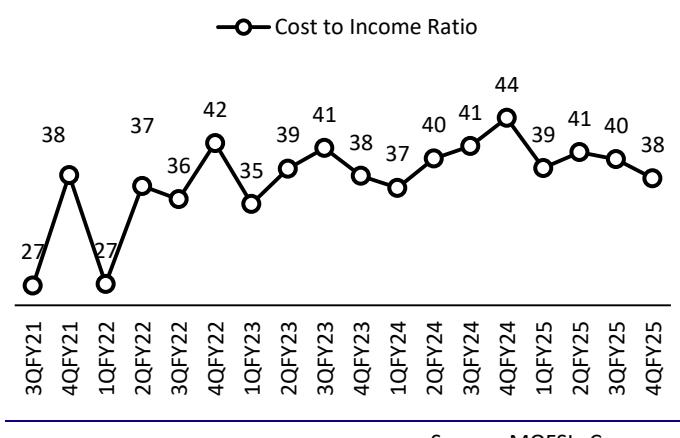


Exhibit 5: GS3 declined ~10bp QoQ to 2.8%

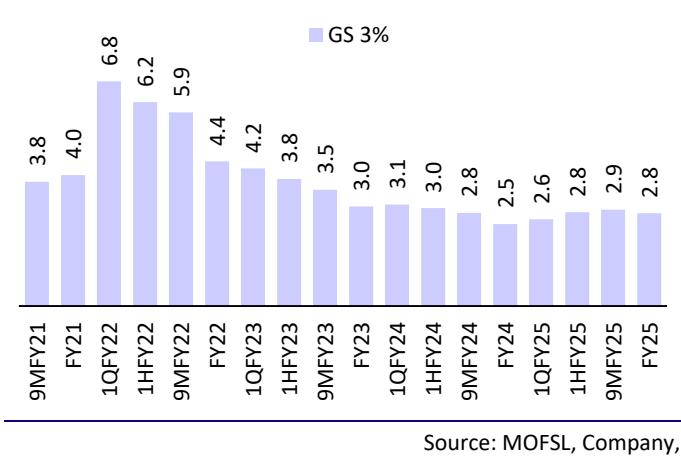


Exhibit 6: 4QFY25 PAT grew 20% YoY to INR12.7b

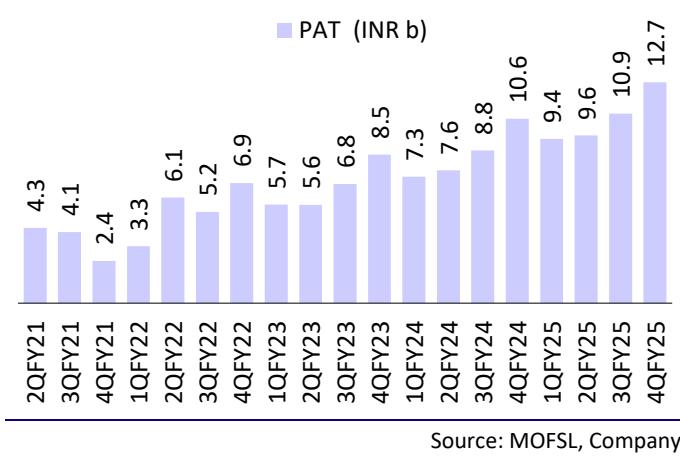
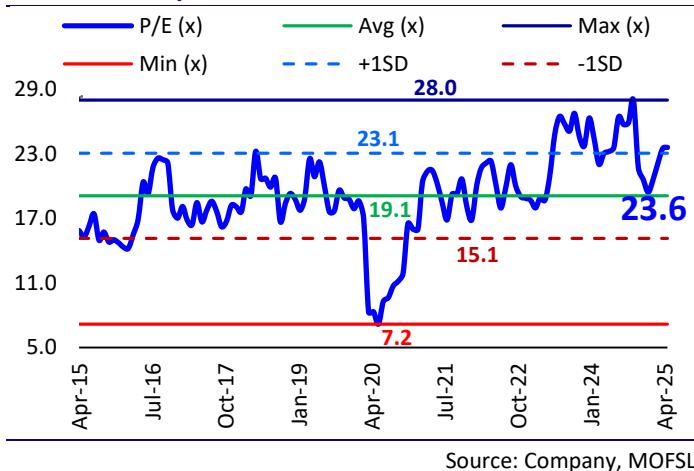


Exhibit 7: We keep our FY26/FY27 EPS estimates largely unchanged

INR B	Old Est.		New Est.		% change	
	FY26	FY27	FY26	FY27	FY26	FY27
NII (incl. assignments)	142.2	178.1	144.3	178.8	1.5	0.4
Other Income	29.1	35.3	27.8	33.6	-4.2	-4.8
Total Income	171.3	213.3	172.1	212.4	0.5	-0.4
Operating Expenses	68.3	82.6	67.6	82.6	-1.0	0.1
Operating Profits	103.0	130.8	104.6	129.8	1.5	-0.8
Provisions	28.3	32.5	29.2	33.1	3.1	1.6
PBT	74.7	98.2	75.4	96.7	0.9	-1.5
Tax	19.3	25.3	19.4	24.9	0.8	-1.7
PAT	55.4	72.9	56.0	71.8	1.0	-1.5
AUM	2,262	2,775	2,260	2,745	-0.1	-1.1
Loans	2,252	2,767	2,251	2,737	-0.1	-1.1
Borrowings	2,081	2,556	2,088	2,531	0.4	-1.0
NIM	7.0	7.1	7.0	7.1		
Credit Cost	1.4	1.3	1.4	1.3		
RoA on AUM	2.5	2.7	2.5	2.7		
RoE	20.3	21.2	20.5	20.8		

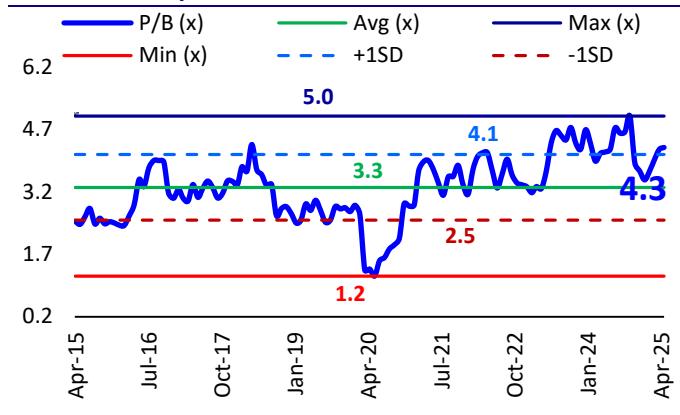
Source: MOFSL, Company

Exhibit 8: One-year forward P/E



Source: Company, MOFSL

Exhibit 9: One-year forward P/B



Source: Company, MOFSL

Financials and valuations

Income Statement (INR M)									
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	64,962	78,417	88,772	93,251	1,18,084	1,75,637	2,37,200	2,93,458	3,56,878
Interest Expenses	35,887	45,922	45,759	42,988	57,488	92,306	1,24,849	1,51,010	1,80,149
Net Interest Income	29,075	32,495	43,013	50,263	60,596	83,331	1,12,351	1,42,448	1,76,729
Change (%)	15.1	11.8	32.4	16.9	20.6	37.5	34.8	26.8	24.1
Income from assignments	867	2,473	0	0	0	0	1,590	1,829	2,103
Other Operating Income	4,090	5,637	6,388	7,232	9,487	12,815	18,666	24,290	29,666
Other Income	7	3	596	905	2,209	3,711	3,092	3,556	3,911
Total Income	34,039	40,607	49,997	58,400	72,292	99,857	1,35,699	1,72,124	2,12,409
Change (%)	20.7	19.3	23.1	16.8	23.8	38.1	35.9	26.8	23.4
Total Operating Expenses	12,696	15,776	16,394	20,687	27,799	40,818	53,388	67,553	82,637
Change (%)	13.8	24.3	3.9	26.2	34.4	46.8	30.8	26.5	22.3
Employee Expenses	5,906	6,550	7,494	8,945	12,657	23,306	32,805	42,975	53,718
Business Origination Expenses	1,525	2,398	2,242	2,259	2,744	0	0	0	0
Other Operating Expenses	5,265	6,828	6,659	9,483	12,398	17,512	20,583	24,578	28,919
Operating Profit	21,344	24,831	33,603	37,712	44,494	59,039	82,311	1,04,571	1,29,772
Change (%)	25.2	16.3	35.3	12.2	18.0	32.7	39.4	27.0	24.1
Total Provisions	3,112	8,973	13,218	8,803	8,497	13,218	24,943	29,187	33,070
% of Operating Profit	14.6	36.1	39.3	23.3	19.1	22.4	30.3	27.9	25.5
PBT	18,232	15,857	20,384	28,909	35,997	45,821	57,369	75,383	96,702
Tax Provisions	6,370	5,334	5,235	7,442	9,335	11,593	14,783	19,426	24,919
Tax Rate (%)	34.9	33.6	25.7	25.7	25.9	25.3	25.8	25.8	25.8
Extraordinary Items	0	0	0	0	0	0	0	0	0
PAT	11,862	10,524	15,149	21,467	26,662	34,228	42,585	55,958	71,783
Change (%)	29.2	-11.3	44.0	41.7	24.2	28.4	24.4	31.4	28.3
Proposed Dividend	1,016	1,662	1,640	1,641	1,645	1,681	1,683	2,145	2,575

Balance Sheet (INR M)									
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	1,564	1,640	1,640	1,643	1,645	1,681	1,683	1,716	1,716
Equity Share Capital	1,564	1,640	1,640	1,643	1,645	1,681	1,683	1,716	1,716
Preference Share Capital	0	0	0	0	0	0	0	0	0
Reserves & Surplus	59,880	80,079	93,962	1,15,434	1,41,316	1,93,885	2,34,592	3,08,370	3,77,578
Net Worth for Equity Shareholders	61,445	81,718	95,602	1,17,077	1,42,961	1,95,565	2,36,274	3,10,086	3,79,294
Borrowings	5,05,667	5,50,054	6,37,300	6,91,735	9,73,561	13,44,736	17,49,461	20,88,143	25,31,064
Change (%)	31.9	8.8	15.9	8.5	40.7	38.1	30.1	19.4	21.2
Total Liabilities	5,74,263	6,39,930	7,45,484	8,23,634	11,35,155	15,64,508	20,16,476	24,33,581	29,51,013
Investments	729	729	16,188	20,762	36,280	41,002	63,904	62,644	75,932
Change (%)	0.0	0.0	2,120.0	28.3	74.7	13.0	55.9	-2.0	21.2
Loans	5,26,223	5,54,027	6,58,393	7,41,492	10,47,483	14,44,243	18,19,299	22,50,856	27,36,953
Change (%)	24.5	5.3	18.8	12.6	41.3	37.9	26.0	23.7	21.6
Net Fixed Assets	1,759	2,839	2,294	2,685	4,233	16,067	17,827	21,393	25,671
Total Assets	5,74,263	6,39,930	7,45,484	8,23,634	11,35,155	15,64,508	20,16,476	24,33,581	29,51,013

E: MOFSL Estimates

Financials and valuations

Ratios		(%)								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	
Spreads Analysis (%)										
Avg. Yield on Loans	13.7	14.5	14.6	13.3	13.2	14.1	14.5	14.4	14.3	
Avg Cost of Funds	8.1	8.7	7.7	6.5	6.9	8.0	8.1	7.9	7.8	
Spread of loans	5.6	5.8	6.9	6.9	6.3	6.1	6.5	6.6	6.5	
NIM (on loans)	6.3	6.5	7.7	7.5	7.1	6.7	6.9	7.0	7.1	
Profitability Ratios (%)										
RoE	21.2	14.7	17.1	20.2	20.5	20.2	19.7	20.5	20.8	
RoA	2.3	1.7	2.2	2.7	2.7	2.5	2.4	2.5	2.7	
Int. Expended / Int.Earned	55.2	58.6	51.5	46.1	48.7	52.6	52.6	51.5	50.5	
Other Inc. / Net Income	12.0	13.9	14.0	13.9	16.2	16.5	16.0	16.2	15.8	
Efficiency Ratios (%)										
Op. Exps. / Net Income	37.3	38.9	32.8	35.4	38.5	40.9	39.3	39.2	38.9	
Empl. Cost/Op. Exps.	46.5	41.5	45.7	43.2	45.5	57.1	61.4	63.6	65.0	
Asset-Liability Profile (%)										
Loans/Borrowings Ratio	104	101	103	107	108	107	104	108	108	
Net NPAs to Net Adv.	1.6	2.3	2.3	2.7	1.7	1.4	1.6	1.5	1.4	
Assets/Equity	9.3	7.8	7.8	7.0	7.9	8.0	8.5	7.8	7.8	
Average leverage	9.1	8.5	7.8	7.4	7.5	8.0	8.3	8.1	7.8	
Valuations		FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Book Value (INR)		79	100	117	143	174	233	281	361	442
BV Growth (%)		21.2	26.9	17.0	22.2	22.0	33.9	20.7	28.6	22.3
Price-BV (x)		19.3	15.3	13.0	10.7	8.7	6.5	5.4	4.2	3.4
EPS (INR)		15	13	18	26	32	41	51	65	84
EPS Growth (%)		29.1	-15.4	44.0	41.4	24.0	25.6	24.3	28.8	28.3
Price-Earnings (x)		100.2	118.4	82.3	58.2	46.9	37.3	30.0	23.3	18.2
Dividend per share		1.3	1.7	2.0	2.0	2.0	2.0	2.0	2.5	3.0
Dividend Yield (%)		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2

E: MOFSL Estimates

AUM Mix (%)										
Y/E March		FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
AUM		5,42,790	6,05,490	6,99,960	7,69,070	10,64,980	14,55,720	18,47,460	22,59,895	27,45,189
Change (%)		26.5	11.6	15.6	9.9	38.5	36.7	26.9	22.3	21.5
On Books AUM		5,26,070	5,51,350	6,58,380	7,41,420	10,47,360	14,43,510	15,43,150	22,50,856	27,36,953
Change (%)		43.4	4.8	19.4	12.6	41.3	37.8	6.9	45.9	21.6
% of AUM		96.9	91.1	94.1	96.4	98.3	99.2	83.5	99.6	99.7
Off Books AUM		16,720	54,140	41,580	27,650	17,620	12,210	3,04,310	9,040	8,236
Change (%)		-73.2	223.8	-23.2	-33.5	-36.3	-30.7	2,392.3	-97.0	-8.9
% of AUM		3.1	8.9	5.9	3.6	1.7	0.8	16.5	0.4	0.3

E: MOFSL Estimates

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

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. 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 (erstwhile Motilal Oswal Securities Limited - MOSL) 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. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Lis%20of%20Associate%20companies.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>

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

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Rajani

Specific Disclosures

1. 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
2. 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
3. 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.
4. 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.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.

7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. 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.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. 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 alterations 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 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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrivances@motilaloswal.com.