

Mahindra & Mahindra Financial

Estimate change	
TP change	
Rating change	

Bloomberg	MMFS IN
Equity Shares (m)	1236
M.Cap.(INRb)/(USDb)	342.4 / 4
52-Week Range (INR)	343 / 238
1, 6, 12 Rel. Per (%)	-8/0/-9
12M Avg Val (INR M)	867

Financials & valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	81.8	97.1	113.4
PPP	47.7	58.9	70.5
PAT	23.5	28.8	36.2
EPS (INR)	19.0	23.3	29.3
EPS Gr. (%)	33	23	26
BV/Sh.(INR)	160	177	200
Ratios			
NIM (%)	6.7	6.8	6.9
C/I ratio (%)	41.7	39.3	37.9
RoA (%)	1.9	2.0	2.2
RoE (%)	12.4	13.8	15.6
Payout (%)	34.2	30.0	27.3
Valuations			
P/E (x)	14.6	11.9	9.4
P/BV (x)	1.7	1.6	1.4
Div. Yield (%)	2.3	2.5	2.9

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	52.2	52.2	52.2
DII	31.3	31.2	28.6
FII	10.7	10.5	12.1
Others	5.8	6.1	7.2

FII Includes depository receipts

CMP: INR277

TP: INR335 (+21%)

Buy

Operationally weak; NIM contraction a negative surprise

Earnings in line; NIM contracted ~15bp QoQ

- Mahindra & Mahindra Financial's (MMFS) 4QFY25 PAT declined ~9% YoY to ~INR5.63b (in line), while FY25 PAT grew ~33% YoY to INR23.4b. NII in 4QFY25 stood at INR19.3b (in line) and grew ~6% YoY. Other income rose ~43% YoY to ~INR2.3b, aided by healthy improvement in fee income.
- NIM (calc.) contracted ~15bp QoQ to ~6.6%, primarily due to yield compression, which also reflected the impact of a one-time calibration in the computation of interest income. Annualized credit costs stood at ~1.6% (PQ: ~3bp and PY: ~1.4%).
- Opex stood at ~INR9.4b (up ~18% YoY) and the cost-income ratio stood at ~44% (PQ: ~42% and PY: ~40.5%). Management indicated that a few one-off expenses in 4Q contributed to elevated opex during the quarter. PPop stood at ~INR12.1b (~5% miss) and grew ~3% YoY.
- Management expressed a cautiously optimistic outlook for FY26, considering recent demand trends and the sustained collection rigor in the Wheels segment (echoing the views outlined in our recent [Vehicle Finance Report](#)). MMFS guided for mid-to-high teen loan growth over the next 3-5 years (medium term). We model loan growth of ~15% in FY26 and ~14% loan CAGR over FY25-FY27E.
- MMFS acknowledged the challenging macro environment and noted that it has had to intensify its collection efforts. The company guided for through-cycle credit costs of ~1.3-1.7%. We have cut our FY26/FY27 PAT estimates by 5%/4% to factor in lower loan growth and slightly higher credit costs for MMFS. We estimate a ~24% PAT CAGR over FY25-FY27E, with FY27E RoA/RoE of 2.2%/16%. **Reiterate BUY with a TP of INR335 (based on 1.7x Mar'27E BVPS).**
- **Key risks:** a) yield compression due to higher competitive intensity and a change in the product mix, b) weakening of auto demand resulting in muted loan growth, and 3) continued volatility in PCR and credit costs, consistent with prior trends.

NIM contracts ~15bp QoQ due to moderation in yields

- Yields (calc.) declined ~30bp QoQ to ~14.1%, while CoF (calc.) declined ~20bp QoQ at 7.7%, leading to a ~10bp contraction in spreads. MMFS implemented changes to its LOS and LMS during the year, along with a one-time recalibration to ensure that interest income is charged to customers from the disbursement date rather than the agreement date. This resulted in a one-time impact on yields during the quarter.
- NIM (calc.) contracted ~15bp QoQ to ~6.6%. Management believes that NIMs have bottomed out and will exhibit a gradual improvement. NIM recovery is expected to be supported by a combination of rising fee income, lower cost of funds, and an improved product mix driven by higher growth in tractors.
- We expect the company's NIM to improve in the current declining interest rate environment, with an estimated expansion of ~10bp each in FY26/FY27 to ~6.8%/6.9%.

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com)

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | **Raghav Khemani** (Raghav.Khemani@MotilalOswal.com)

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

Key takeaways from the management commentary

- Management indicated that a well-structured, calibrated plan is in place to drive sustainable growth in the non-wheels business segment. Over the next 3-5 years, the company targets to maintain the Wheels business at ~75% of the loan mix, while increasing the combined contribution of the SME, Leasing, and Mortgage businesses to ~25%.
- MMFS aims to increase the share of pre-owned vehicle disbursements to ~20% of the overall disbursement mix (up from the current level of 17%).
- The company plans to focus on reviving its housing subsidiary, MRHFL, with the intention of repositioning it as an affordable housing business. All necessary provisions have been recognized, and management expects the subsidiary's performance to improve going forward.

Valuation and view

- MMFS delivered a soft quarter with tepid disbursements, leading to subdued AUM growth. NIMs contracted sequentially due to a moderation in yields. Despite being the seasonally strongest quarter, the asset quality exhibited no significant improvement, while write-offs (and loan losses) remained elevated.
- MMFS currently trades at 1.4x FY27E P/BV. The outlook on loan growth and credit costs remains uncertain, with more clarity expected only at the end of 1QFY26. We believe this will be the true acid test for vehicle financiers. With a projected PAT CAGR of ~24% over FY25-FY27E and RoA/RoE of 2.2%/16% in FY27E, we **reiterate our BUY rating with a TP of INR335 (based on 1.7x Mar'27E BV)**.

Quarterly Performance (INR M)												
Y/E March	FY24				FY25E				FY24	FY25	4Q FY25E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	30,349	31,535	33,733	35,471	36,122	37,448	39,572	40,172	1,31,088	1,53,314	40,955	-2
Interest Expenses	14,505	15,665	16,750	17,351	18,286	19,343	20,459	20,896	64,269	78,983	21,225	-2
NII	15,844	15,870	16,983	18,121	17,836	18,106	19,113	19,276	66,818	74,331	19,730	-2
YoY Growth (%)	5.3	9.6	9.4	13.2	12.6	14.1	12.5	6.4	9.4	11.2	8.9	
Other income	905	870	1,172	1,590	1,480	1,802	1,872	2,279	4,537	7,433	2,343	-3
Net Total Income	16,750	16,740	18,155	19,710	19,316	19,908	20,985	21,555	71,355	81,764	22,074	-2
YoY Growth (%)	6.9	8.7	10.1	14.4	15.3	18.9	15.6	9.4	10.1	14.6	12.0	
Operating Expenses	6,750	7,312	7,530	7,980	7,970	7,947	8,768	9,427	29,572	34,113	9,268	2
Operating Profit	10,000	9,428	10,625	11,730	11,345	11,961	12,217	12,128	41,783	47,651	12,806	-5.29
YoY Growth (%)	5.7	9.2	6.4	24.2	13.5	26.9	15.0	3.4	11.4	14.0	9.2	
Provisions	5,264	6,266	3,284	3,415	4,482	7,035	91	4,571	18,228	16,179	5,119	-11
Profit before Tax	4,735	3,163	7,341	8,315	6,864	4,927	12,126	7,557	23,555	31,473	7,686	-2
Tax Provisions	1,209	811	1,813	2,126	1,734	1,232	3,131	1,925	5,959	8,022	1,962	-2
Net Profit	3,527	2,352	5,528	6,190	5,130	3,695	8,995	5,631	17,596	23,450	5,725	-2
YoY Growth (%)	58.2	-47.5	-12.1	-9.5	45.5	57.1	62.7	-9.0	-11.3	33.3	-7.5	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.9	14.6	14.7	14.7	14.3	14.2	14.4	14.1	14.7	14.2		
Cost of funds (Cal)	7.5	7.6	7.8	7.8	7.8	7.8	7.9	7.7	8.0	8.0		
Spreads (Cal)	7.4	6.9	6.9	7.0	6.5	6.4	6.5	6.4	6.7	6.2		
Credit Cost (Cal)	2.5	2.8	1.4	1.4	1.7	2.6	0.03	1.6	2.0	1.5		
Cost to Income Ratio	40.3	43.7	41.5	40.49	41.3	39.9	41.8	43.74	41.4	41.7		
Tax Rate	25.5	25.6	24.7	25.6	25.3	25.0	25.8	25.5	25.3	25.5		
Balance Sheet Parameters												
Loans (INR B)	832	899	934	992	1028	1085	1116	1162	992	1162		
Change YoY (%)	42.6	29.3	27.2	24.8	30.4	20.6	19.5	17.2	24.8	17.2		
Borrowings (INR B)	790	849	864	922	953	1032	1046	1129	922	1129		
Change YoY (%)	43.6	26.0	21.9	23.1	30.7	21.6	21.0	22.4	23.1	22.4		
Loans/Borrowings (%)	105.4	106.0	108.0	107.6	107.8	105.1	106.7	103.0	108	103		
Debt/Equity (x)	4.5	5.0	4.9	5.1	5.1	5.6	5.5	5.7	5.3	5.7		
Asset Quality Parameters (%)												
GS 3 (INR B)	37.7	40.2	38.5	34.9	37.9	43.1	45.3	44.1	34.9	44.1		
Gross Stage 3 (% on Assets)	4.3	4.3	4.0	3.4	3.6	3.8	3.9	3.7	3.4	3.7		
NS 3 (INR B)	15.0	15.6	14.4	12.9	15.2	17.5	22.6	21.6	12.9	21.6		
Net Stage 3 (% on Assets)	1.8	1.7	1.5	1.3	1.5	1.6	2.0	1.8	1.3	1.8		
PCR (%)	66.9	61.2	62.7	63.2	73.5	59.5	50.1	51.2	63.2	51.2		
ECL (%)	4.0	4.0	3.8	3.3	3.3	3.5	3.0	2.9	3.8	3.2		
Return Ratios (%)												
ROAA	1.4	0.9	2.1	2.2	1.8	1.2	2.8	1.7	1.7	1.9		
ROAE	8.2	5.5	12.8	13.9	11.1	8.0	19.2	11.6	10.4	12.6		

E: MOFSL estimates

Muted disbursements growth of ~2% YoY; AUM up ~17% YoY

- Business assets stood at ~INR1.2t, which grew ~17% YoY and ~4% QoQ. Management has guided for mid-to-high-teen loan growth for the next 3-5 years (medium term).
- 4QFY25 disbursements stood at ~INR155b, which grew ~2% YoY. FY25 disbursements grew ~3% YoY to INR579b. Disbursement growth in the current quarter was driven by CVs (+10% QoQ), pre-owned vehicles (+11% QoQ), and SME (+42% QoQ). Disbursals were slow in the PV business (-15% QoQ) and tractors (-37% QoQ). We model a loan CAGR of ~14% over FY25-27E.

Minor improvement in asset quality; write-offs remained elevated

- Asset quality exhibited improvement with GS3/NS3 declining ~20bp/15bp QoQ to ~3.7%/1.8%. Stage 3 PCR rose ~1pp QoQ to ~51.2% (PQ: ~50%).
- Stage 2 declined ~90bp QoQ to ~5.4%. This resulted in 30+dpd declining to 9.1% (PQ: 10.2%).
- Write-offs (loan losses) stood at ~INR4.9b (1.9% of TTM EAD). Management noted that write-offs were secular across all product segments, showing no significant deviations. Net slippages stood at INR3.8b (PY: INR2.4b).
- We model credit costs (as % of assets) of 1.4%/1.3% for FY26E/27E.



Highlights from the management commentary

Guidance

- The company has guided for mid-to-high teen loan growth over the next 3-5 years (medium term).
- Over the next 3-5 years, the target is to achieve a loan mix of 75% from the Wheels business, with the SME, Leasing, and Mortgages businesses contributing ~25%.
- Management has guided that, across cycles, it aims to maintain credit costs in the range of ~1.3-1.7%, with a focus on staying at the lower end of that range.
- Given the current collection throughput, management has guided that PCR will not exceed ~55% in the coming quarters (from the current levels of ~51%).

Outlook on vehicle finance

- MMFS does not expect the outlook to be overly rosy, especially for the customer segments it caters to. The company will need to stay on top of its collection efforts.
- MMFS shared that it will adopt a cautiously optimistic outlook for FY26, given the performance in the Wheels segment.
- According to the underlying commentary from OEMs, most product segments are expected to see growth in the low teens (10-13% CAGR) over the next 3-5 years. As a leading player, the company aims to maintain and build on its market share. Additionally, value appreciation is expected to drive growth into the mid-to-high teens.

Vehicle sub-segments

- MMFS will continue to explore growth opportunities in the underlying commerce across all Wheels product segments where it has moats. In PVs, the trend of SUVs continues, while entry-level vehicles are seeing weak demand. The company has also managed to achieve some growth in the LCV (buses) segment.
- There has been positive commentary on tractors from most OEMs, with the tractor segment appearing to be the most attractive segment for the next year. However, the company aims to find growth opportunities across all Wheels segments. In FY26YTD, the incremental business in tractors has been performing well, and it expects this momentum to continue for the rest of the year.
- The HCV business is expected to turn around in FY26, while the SUV segment within PVs is also expected to perform well.

Margins

- Fee-based income and a decline in CoF will support NIMs. As the leasing business grows, additional fee-based avenues will arise. The anticipated higher proportion of tractors in the product mix should also contribute to NIM expansion.
- NIMs have bottomed out and will only improve from hereon; benefits of CoF will start to play out.

Yields

- MMFS reported a QoQ decline in yields despite no significant pricing changes during the quarter.
- LOS and LMS were reset during the year, with the benefit calibrated to ensure that interest income is charged from the disbursement date rather than the agreement date. This adjustment had a one-time impact during the quarter.

Opex

- There were many one-off expenses in 4Q, which led to elevated opex during the quarter. FY25 opex to assets declined ~10bp YoY.
- The objective is to maintain an opex to assets ratio of ~2.5-2.7%

Asset quality

- PCR stood at 51.2%, and the company expects it to remain range-bound over the next few quarters, with no return to the levels seen during COVID.
- Rigorous collections will be required, as customer cashflows in FY25 cannot be compared to those in FY24.
- Gross slippages have been in the 3.0-3.5% range, and there is an opportunity in 4Q to settle more customer cases. Slippages seasonally rise in 4Q compared to 3Q.
- Write-offs have not been divergent and have remained more secular across different products. Write-offs have been decreasing YoY, validating the company's underwriting practices. Stages 2 and 3 indicate that write-offs are unlikely to inch up within overall credit costs.

Pre-owned vehicles

- The Used Vehicle business from existing customers has maintained its momentum, although MMFS chose to stay away from certain open-market used vehicle customer opportunities.
- The objective is to increase pre-owned disbursements to ~20% of the disbursement mix (vs 17% currently).

Business update

- Disbursements in 4QFY25 stood at INR155.3b, which grew 2% YoY.
- The company continues to operate in the desired zip codes, with GS2 + GS3 at 9.1%.
- End losses have been declining sequentially over the past four years. Credit costs declined to 1.3% in FY25 (vs 1.7% in FY24).
- NIM contracted both sequentially and YoY due to elevated CoB and some yield compression.
- MMFS will maintain its strategic focus on increasing fee-based income.

- SME disbursals in FY25 grew 48% YoY.
- Non-cash collections have increased from 66% to 77% YoY.
- Most critical applications have been migrated to the Cloud.
- Disbursements growth for 4Q was reflective of the disbursement growth for the full year. Tractor growth was strong, followed by PVs. CV disbursements were flat YoY.
- Non-wheels business accounted for 7.5% of new disbursements in FY25 (vs 5% in FY24).

Progress on mission - 2025 aspirations

- The company expects NIM to expand from current levels.
- MMFS has seen senior management upgrades over the past 12-18 months, with a strong blend of experienced leadership and new talent joining the team.
- It has a calibrated plan in place to ensure the non-wheels business grows in the right manner and right pace.

MRHFL (subsidiary)

- The focus is to first turn around MRHFL, followed by scaling up the affordable housing segment.
- NNPA remains below 1.5%.
- Provisions have been fully made, and performance in MRHFL is expected to improve further in the coming quarters.

Mortgage priorities

- The focus has been on setting the existing book in order.
- Leadership clarity is now in place, and right-sizing initiatives have already been completed.
- The focus is currently on over-indexing collections. While GS3 has come off slightly, there has been a significant improvement in NS3 due to adequate provisions for NPAs.
- The objective for the next 2-3 quarters is to optimize the existing INR60-70b mortgage book.
- Affordable housing will be over-indexed in the mortgage playbook. Despite higher opex, it remains highly profitable.

Electric Vehicles (EV)

- The company does not plan to solely finance low IRR business.
- There are 230 M&M dealers across the country, with higher demand for these vehicles in the self-employed segment compared to the salaried segment.
- The EV business will not solely focus on low IRR business. Initially, it did participate in the low IRR segment as well.
- MMFS now has co-lending partnerships in place, which can be leveraged to serve such customers.

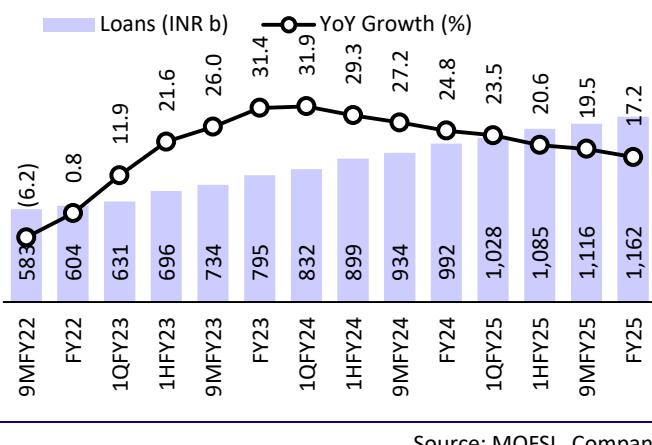
Others

- The Wheels business is an attractive segment for NBFCs as well as Banks. MMFS has moats in terms of distribution, geography, and partnerships.
- While NIM may structurally shrink, the company has the ability to become more efficient, ensuring that overall margins are protected.

- Collection manpower: The company has reorganized its collection force to be more product-specific, with the team segregated by different buckets. There is a stronger focus on early bucket collections, making the overall collections function more efficient.
- SME is primarily retail, with a small portion in supply chain finance. Within retail SME, the focus is predominantly on LAP.
- Others in the loan mix include Trade Advances, Personal and Consumer Loans, Finance Lease Receivables, and Implements.
- Unlike the Wheels business, the LAP business is conducted through 150 branches. There is a concentration of the LAP business in certain hotspots, and MMFS has a presence in those pockets.

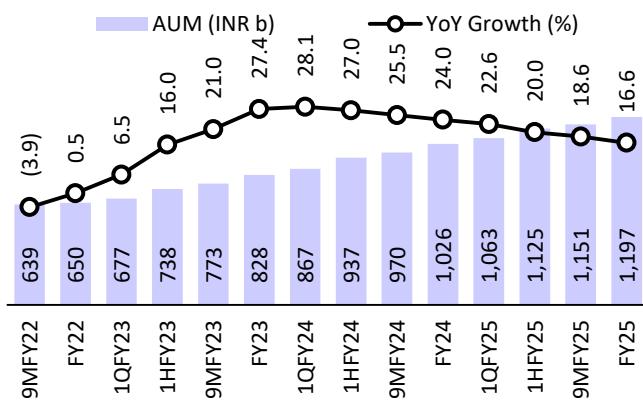
Key exhibits

Exhibit 1: On-book loans grew ~17% YoY



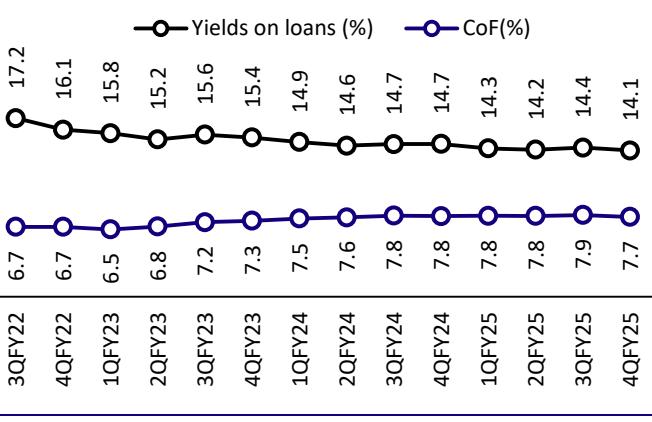
Source: MOFSL, Company

Exhibit 2: Business assets grew ~17% YoY



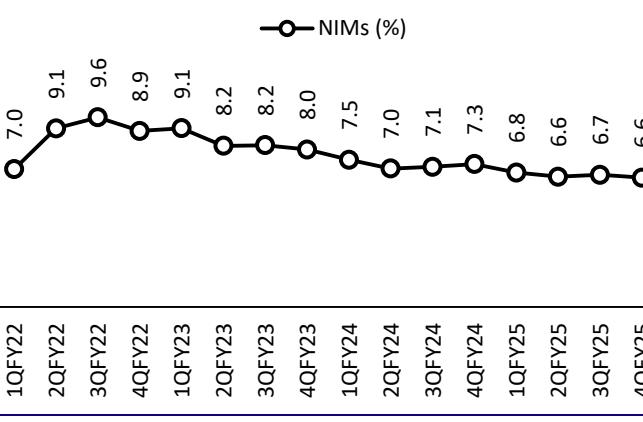
Source: MOFSL, Company

Exhibit 3: CoF (calc.) declined ~20bp QoQ



Source: MOFSL, Company

Exhibit 4: NIMs (calc.) contracted ~15bp QoQ to 6.6%



Source: MOFSL, Company

Exhibit 5: GS3 improved ~20bp QoQ

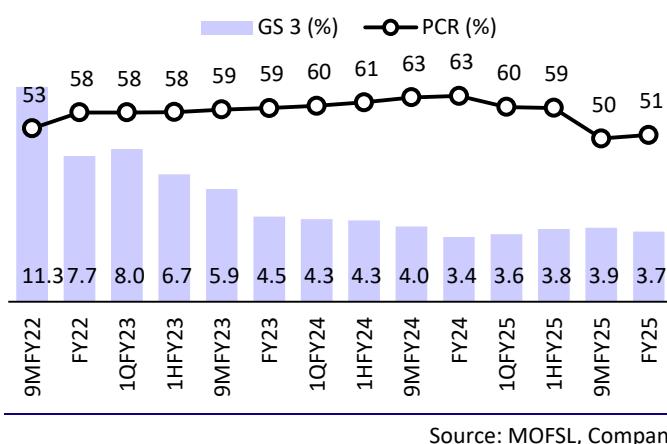


Exhibit 6: Annualized credit costs stood at ~1.6%

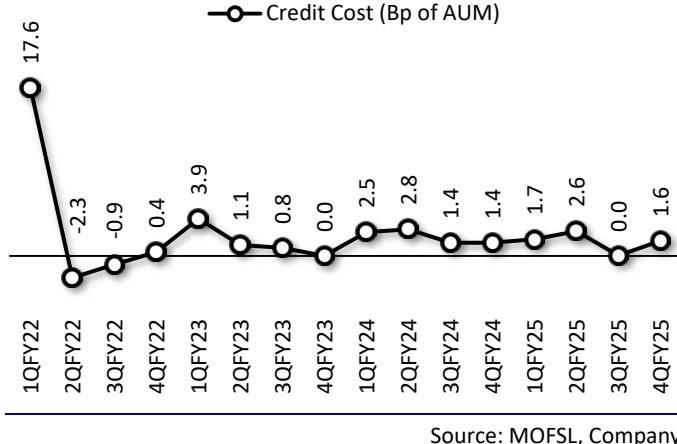
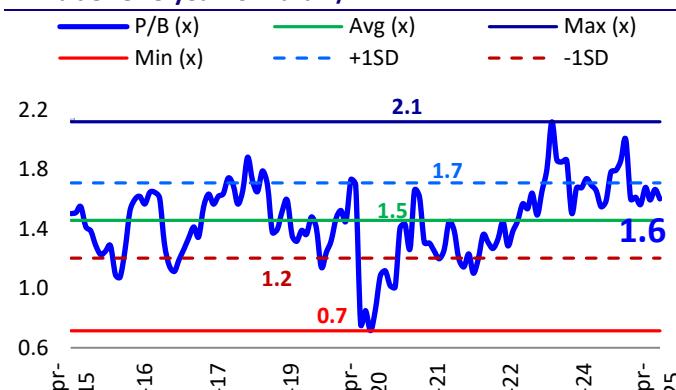


Exhibit 7: We cut our FY26/FY27 EPS estimates by 5%/4% to factor in lower loan growth and slightly higher credit costs

INR B	Old Est		New Est		% Change	
	FY26	FY27	FY26	FY27	FY26	FY27
NII (incl. Sec. Inc)	97.3	114.0	96.4	112.6	-0.9	-1.3
Other Income	1.2	1.5	0.7	0.8	-45.8	-45.8
Total Income	98.6	115.5	97.1	113.4	-1.5	-1.8
Operating Expenses	37.9	42.6	38.2	42.9	0.8	0.7
Operating Profits	60.7	72.9	58.9	70.5	-2.9	-3.3
Provisions	20.0	22.1	20.3	21.8	1.6	-1.2
PBT	40.7	50.7	38.6	48.6	-5.1	-4.2
Tax	10.4	12.9	9.9	12.4	-5.1	-4.2
PAT	30.4	37.8	28.8	36.2	-5.1	-4.2
Loans	1,348	1,541	1,333	1,517	-1.1	-1.6
Borrowings	1,281	1,465	1,284	1,461	0.2	-0.3
Margins	6.8	6.9	6.8	6.9	-0.9	-0.7
Credit Cost	1.5	1.5	1.6	1.5	2.4	0.1
RoA on AUM	2.1	2.3	2.0	2.2	-4.3	-2.5
RoE	15.2	17.0	13.8	15.6	-9.3	-8.2

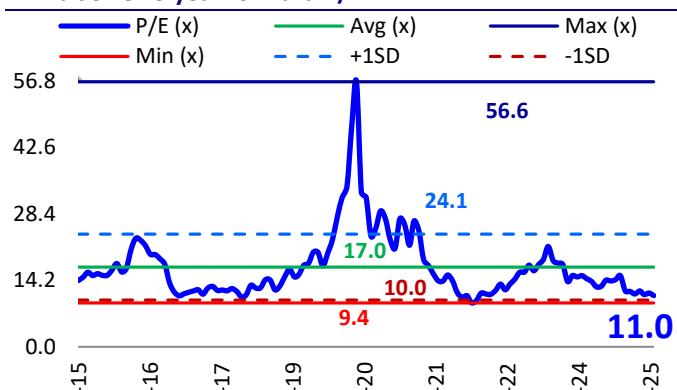
Source: MOFSL, Company

Exhibit 8: One-year forward P/B



Source: MOFSL, Company

Exhibit 9: One-year forward P/E



Source: MOFSL, Company

Financials and valuations

Income Statement									INR m
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	86,146	99,417	1,02,670	94,756	1,06,826	1,31,088	1,53,314	1,77,255	2,01,032
Interest Expended	39,446	48,287	47,332	39,202	45,767	64,269	78,983	90,111	1,00,062
Net Interest Income	46,700	51,130	55,338	55,554	61,059	66,818	74,331	87,144	1,00,970
Change (%)	33.3	9.5	8.2	0.4	9.9	9.4	11.2	17.2	15.9
Other Operating Income	1,084	1,561	1,283	1,824	2,462	2,954	6,875	9,282	11,602
Other Income	869	1,473	1,277	608	1,273	1,583	557	669	803
Net Income	48,653	54,164	57,897	57,986	64,794	71,355	81,764	97,095	1,13,375
Change (%)	35.0	11.3	6.9	0.2	11.7	10.1	14.6	18.8	16.8
Operating Expenses	18,476	20,182	16,325	20,734	27,276	29,572	34,113	38,166	42,922
Operating Profits	30,177	33,982	41,573	37,252	37,518	41,783	47,651	58,929	70,453
Change (%)	39.1	12.6	22.3	-10.4	0.7	11.4	14.0	23.7	19.6
Provisions	6,352	20,545	37,348	23,683	9,992	18,228	16,179	20,279	21,838
PBT	23,824	13,438	4,224	13,569	27,526	23,555	31,473	38,650	48,616
Tax	8,254	4,374	873	3,682	7,138	5,959	8,022	9,856	12,397
Tax Rate (%)	34.6	32.5	20.7	27.1	25.9	25.3	25.5	25.5	25.5
PAT	15,571	9,064	3,352	9,888	19,843	17,596	23,450	28,794	36,219
Change (%)	54.0	-41.8	-63.0	195.0	100.7	-11.3	33.3	22.8	25.8
Proposed Dividend (Incl Tax)	4,779	0	986	4,439	7,402	7,777	8,027	8,638	9,880

Balance Sheet									INR m
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	1,230	1,231	2,464	2,466	2,467	2,469	2,470	2,470	2,470
Reserves & Surplus (Ex OCI)	1,03,072	1,12,408	1,44,651	1,53,815	1,68,422	1,79,106	1,95,653	2,16,420	2,44,000
Net Worth	1,04,221	1,13,558	1,47,034	1,56,200	1,70,889	1,81,575	1,98,122	2,18,890	2,46,470
Other Comprehensive Income	81	81	81	81	81	81	81	81	81
Net Worth	1,04,302	1,13,639	1,47,115	1,56,281	1,70,970	1,81,656	1,98,203	2,18,971	2,46,551
Change (%)	11.8	9.0	29.5	6.2	9.4	6.3	9.1	10.5	12.6
Borrowings	5,28,469	5,94,623	5,85,767	5,58,139	7,49,459	9,22,252	11,28,735	12,83,866	14,61,315
Change (%)	31.8	12.5	-1.5	-4.7	34.3	23.1	22.4	13.7	13.8
Other liabilities	38,009	32,451	37,483	38,467	41,818	47,766	28,625	31,774	35,269
Total Liabilities	6,70,780	7,40,712	7,70,365	7,52,887	9,62,166	11,51,592	13,55,482	15,34,529	17,43,053
Investments	37,917	59,110	1,16,073	84,403	99,886	96,508	1,04,005	1,16,485	1,30,464
Change (%)	38.7	55.9	96.4	-27.3	18.3	-3.4	7.8	12.0	12.0
Loans and Advances	6,12,496	6,49,935	5,99,474	6,04,446	7,94,547	9,91,952	11,62,140	13,32,653	15,16,845
Change (%)	26.2	6.1	-7.8	0.8	31.5	24.8	17.2	14.7	13.8
Other assets	20,367	31,668	54,818	64,038	67,732	63,132	89,337	85,391	95,745
Total Assets	6,70,780	7,40,712	7,70,365	7,52,887	9,62,165	11,51,592	13,55,482	15,34,529	17,43,053

E: MOFSL Estimates

Financials and valuations

Ratios									(%)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Spreads Analysis (%)									
Yield on Portfolio	15.7	15.8	16.4	15.7	15.3	14.7	14.2	14.2	14.1
Cost of Borrowings	8.5	8.6	8.0	6.9	7.0	8.0	8.0	8.0	8.0
Interest Spread	7.2	7.2	8.4	8.9	8.3	6.7	6.2	6.2	6.1
Net Interest Margin	8.1	7.8	8.3	8.6	8.3	7.2	6.7	6.8	6.9
Profitability Ratios (%)									
Cost/Income	38.0	37.3	28.2	35.8	42.1	41.4	41.7	39.3	37.9
Empl. Cost/Op. Exps.	59.0	56.9	62.2	56.5	58.1	57.9	55.8	55.8	56.1
RoE	15.8	8.3	2.6	6.5	12.1	10.0	12.4	13.8	15.6
RoA	2.6	1.3	0.4	1.3	2.3	1.7	1.9	2.0	2.2
Asset Quality (%)									
GNPA	40,706	57,467	57,857	49,760	37,168	34,910	44,140	49,847	57,853
NNPA	32,907	39,665	24,339	20,860	15,071	12,860	21,560	23,428	26,612
GNPA %	6.4	8.4	9.0	7.7	4.5	3.4	3.7	3.6	3.7
NNPA %	5.3	6.0	4.1	3.5	1.9	1.3	1.8	1.7	1.7
PCR %	19.2	31.0	57.9	58.1	59.5	63.2	51.2	53.0	54.0
Total Provisions/loans %	3.4	4.9	7.4	7.5	4.7	3.8	3.2	3.2	3.3
Capitalisation (%)									
CAR	20.3	19.6	26.0	27.8	22.5	18.9	18.3	16.2	15.9
Tier I	15.5	15.4	22.2	24.3	19.9	16.4	15.2	14.8	14.7
Tier II	4.8	4.2	3.8	3.5	2.7	2.5	3.1	1.5	1.2
Average Leverage on Assets (x)	6.1	6.5	5.8	5.0	5.2	6.0	6.6	6.9	7.0
Valuation									
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Book Value (INR)	169	185	119	127	139	147	160	177	200
BV Growth (%)	11.7	8.9	-35.3	6.1	9.4	6.2	9.1	10.5	12.6
Price-BV (x)	1.6	1.5	2.3	2.2	2.0	1.9	1.7	1.6	1.4
Adjusted BV (INR)	132	136	105	114	129	140	148	164	185
Price-ABV (x)	2.1	2.0	2.6	2.4	2.1	2.0	1.9	1.7	1.5
OPS (INR)	49.1	55.2	33.7	30.2	30.4	33.8	38.6	47.7	57.1
OPS Growth (%)	39.0	12.5	-38.9	-10.5	0.7	11.3	14.0	23.7	19.6
Price-OP (x)	5.6	5.0	8.2	9.2	9.1	8.2	7.2	5.8	4.9
EPS (INR)	25.3	14.7	2.7	8.0	16.1	14.3	19.0	23.3	29.3
EPS Growth (%)	53.9	-41.8	-81.5	194.8	100.6	-11.4	33.2	22.8	25.8
Price-Earnings (x)	10.9	18.8	101.8	34.5	17.2	19.4	14.6	11.9	9.4
Dividend	6.5	0.0	0.8	3.6	6.0	6.3	6.5	7.0	8.0
Dividend Yield (%)	2.3	0.0	0.3	1.3	2.2	2.3	2.3	2.5	2.9

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/List%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 Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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, nor 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.