

Shriram Finance

BSE SENSEX

80,738

S&P CNX

24,543



Stock Info

Bloomberg	SHFL IN
Equity Shares (m)	1880
M.Cap.(INRb)/(USD b)	1219.1 / 14.2
52-Week Range (INR)	730 / 439
1, 6, 12 Rel. Per (%)	6/2/24
12M Avg Val (INR M)	4396
Free float (%)	74.6

Financials Snapshot (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	234	278	327
PPOP	163	196	233
PAT	82.7	99.5	117.9
EPS (INR)	44	53	63
EPS Gr. (%)	15	20	19
BV (INR)	299	344	394

Valuations

NIM on AUM (%)	9.0	9.1	9.3
C/I ratio (%)	30.5	29.6	28.7
RoAA (%)	3.1	3.2	3.3
RoE (%)	15.8	16.4	17.0
Div. Payout (%)	22.5	22.7	22.5

Valuations

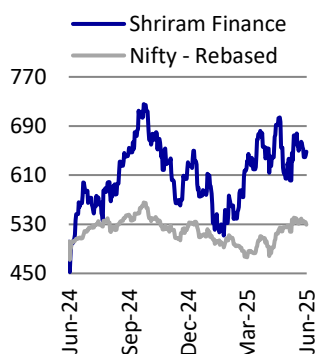
P/E (x)	14.7	12.3	10.3
P/BV (x)	2.2	1.9	1.6
Div. Yield (%)	1.5	1.9	2.2

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	25.4	25.4	25.4
DII	15.3	16.0	15.7
FII	53.6	53.1	53.9
Others	5.7	5.6	5.0

FII Includes depository receipts

Stock performance (one-year)


CMP: INR648
TP: INR800 (+23%)
Buy

Asset quality headwinds to gradually subside

Normalization in surplus liquidity and declining rate cycle to boost NIM

- The last quarter of FY25 was a mixed bag for Shriram Finance (SHFL) as its AUM growth and disbursement momentum were healthy but its asset quality exhibited minor deterioration over the previous two quarters. The weakness stemmed from a slowdown in demand amid muted government capex and weak cashflows in the hands of customers. Additionally, SHFL reported margin compression, primarily driven by surplus liquidity on the balance sheet from the large ECB issuances during Dec'24-Mar'25.
- While both factors weighed on the company's performance over the last two quarters, we believe these transitory headwinds will now gradually recede. Margins are expected to improve going forward, supported by a gradual normalization of excess liquidity and potential repo rate cuts during the year. An improving product mix with a higher contribution from non-auto segments is expected to support blended yield expansion, further aiding margin improvement.
- Credit costs remained high in 4QFY25, due to high net slippages and minor deterioration in asset quality. Beyond the weak seasonality of 1H FY26, we expect the asset quality outlook to improve in 2H FY26. This is also reflected in the company's guidance of near-term stability in asset quality. That said, we believe that 1QFY26 will be an acid test for SHFL as well as other vehicle financiers (VFs) in terms of asset quality and collections.
- The FY26 outlook looks better for SHFL amid expectations of an economic revival, supported by forecasts of a favorable monsoon and higher government capex. Favorable monsoons can lead to a higher agricultural output and stronger rural cash flows, which in turn will drive credit demand across the vehicle finance and MSME segments. These factors would improve disbursement momentum and portfolio quality in FY26.
- We expect SHFL to deliver a PAT CAGR of ~19% over FY25-27E and RoA/RoE of 3.3%/17% in FY27E. SHFL remains our [top pick](#) in the NBFC space for CY26, driven by its diversified portfolio, strong execution and healthy return ratios. Since we highlighted SHFL as our top NBFC pick in Jan'25, the stock has delivered a robust ~22% return, outperforming the Nifty Financial Services Index, which has returned ~15% over the same period.
- SHFL's valuations have already re-rated from 1.4x to 1.9x 1-year forward P/BV over the last 12 months. The stock can see a further re-rating if the company is able to sustain the execution on its AUM growth, improve margins and exhibit stability in its asset quality. Reiterate our BUY rating on the stock with a TP of INR800, based on 2x FY27E P/BV.

Non-auto products to drive growth; branch expansion to boost reach

- SHFL has effectively capitalized on cross-selling opportunities within its non-auto portfolio, creating a more favorable loan mix with an increased focus on MSME, gold loans and personal loans. The diversified composition of the company's loan book has mitigated its exposure to the cyclical of the CV business.
- SHFL will be converting its 750 rural centers into full-fledged branches. This expanded physical footprint will not only enhance reach in underserved markets but also enable greater cross-selling of non-auto products, supporting sustainable long-term growth. We estimate a CAGR of 16%/17% in disbursements/AUM over FY25-27E.

NIMs to get a boost from liquidity normalization and potential repo rate cuts

- SHFL is well-positioned to benefit from a declining interest rate environment. The recent 50bp reduction in repo rates, coupled with the expectation of further rate cuts in CY26, should ease the company's borrowing costs. About 30% of the company's borrowings will mature in FY26 and will be repriced at lower rates, resulting in a likely reduction in its cost of borrowings. Additionally, the surplus liquidity on the balance sheet, which stood at ~INR310b as of Mar'25 (Dec'24: INR27b), is expected to normalize to INR18-19b over the next two quarters. This normalization of excess liquidity is anticipated to further support NIM expansion. We estimate NIMs (as % of total assets) to improve to 8.4%/8.6% in FY26/FY27 (vs. ~8.2% in FY25).
- A shift in the product mix to high-yielding non-CV products is marginally accretive to the blended yields. A large proportion of this improvement in yields is expected to be driven by a higher proportion of PL, gold loans and MSME loans in the AUM mix.

Asset quality to remain range-bound; credit cost has largely peaked out

- SHFL has maintained resilient asset quality and stable credit costs over the past year compared to its peers, driven by strong underwriting and collection efforts. However, the company exhibited a deterioration in asset quality, higher net slippages and elevated credit costs in 4QFY25 due to factors discussed earlier in this report. That said, we believe credit costs have largely peaked and are likely to stabilize going forward, driven by improvement in economic activity.
- Notably, the company also undertook technical write-offs of ~INR23.5b in 4QFY25, which contributed to a sequential decline in GS3. Excluding technical write-offs, GS3 rose ~3bp QoQ. GS3 improved from ~6.9% in FY22 to ~4.6% as of FY25, while NS3 improved from ~3.3% to ~2.7% over the same period.
- Over the past year, the company's PL portfolio has remained resilient, exhibiting no deterioration, despite industry-wide stress in the unsecured retail credit segment. GNPA in the PL portfolio improved from ~5.2% as of Sep'23 to ~4.2% as of Mar'25. We expect a gradual improvement in GS3 to ~4.4% by FY27E (FY25: ~4.6%) and model credit costs (as a % of avg assets) to remain largely around 2.0-2.1% over FY26E-27E.

Valuation and view

- SHFL is currently facing transitory headwinds in its asset quality (compounded by weakness in economic activity) and NIM compression (driven by surplus liquidity on the balance sheet). We expect these headwinds to gradually subside as over the last two years, the company's execution on AUM growth and asset quality has been far ahead of its peers.
- Notably, SHFL has yet to fully leverage its expanded distribution network. We anticipate that tangible benefits from this enhanced reach will continue to materialize for another 12-18 months, driving further improvement in its performance.
- Shriram Finance offers a combination of market leadership, strategic diversification into high-growth non-auto segments, potential for margin and operating efficiency improvements, and attractive valuations with strong earnings visibility. The current valuation of ~1.6x FY27E BVPS is attractive for a ~19% PAT CAGR over FY25-27E and RoA/RoE of ~3.3%/17% in FY27E. SHFL is our top pick in the NBFC sector with a TP of INR800 (based on 2x FY27E BVPS).

Exhibit 1: Comparison of SHFL valuation matrix with peers CIFC and MMFS

Val summary	Rating	CMP (INR)	TP (INR)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
				FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Shriram Finance	Buy	648	800	52.9	62.7	344	394	3.2	3.3	16.4	17.0	12.2	10.3	1.9	1.6
Cholamandalam	Buy	1,566	1,770	65.2	83.6	361	442	2.5	2.7	20.5	20.8	24.0	18.7	4.3	3.5
MMFS	Buy	264	335	23.3	29.3	177	200	2.0	2.2	13.8	15.6	11.3	9.0	1.5	1.3

Story in charts

Exhibit 2: Expect AUM CAGR of 17% over FY25-27

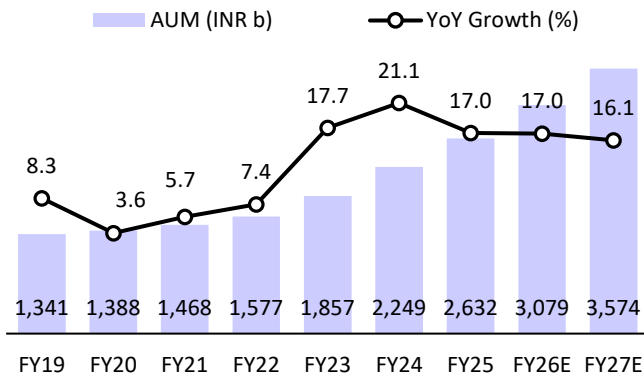


Exhibit 3: Expect spreads to improve in FY26

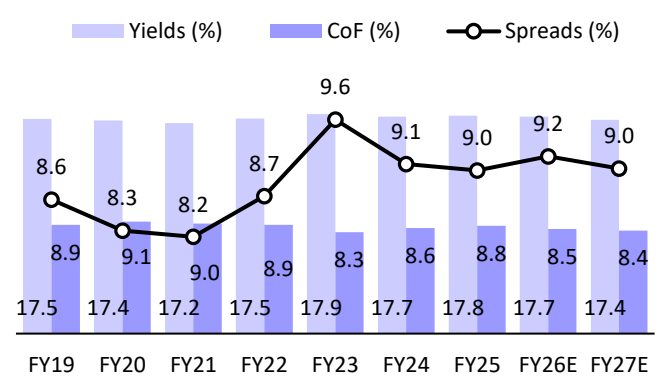


Exhibit 4: NIMs to expand by ~15-20bp each in FY26E-FY27E

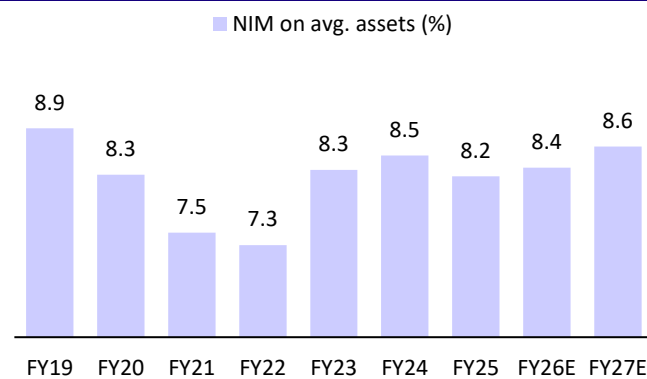


Exhibit 5: Cost ratios to improve from FY27 onwards

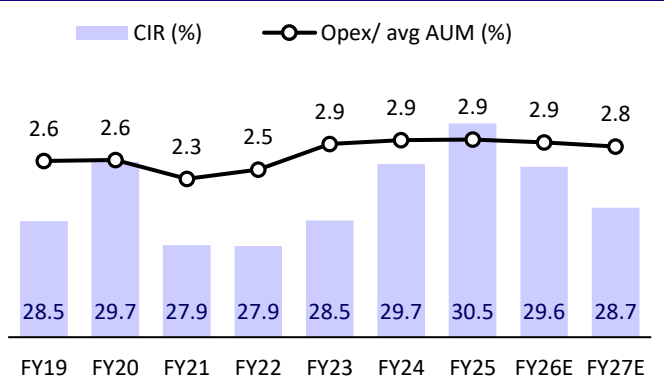


Exhibit 6: Expect a gradual improvement in asset quality

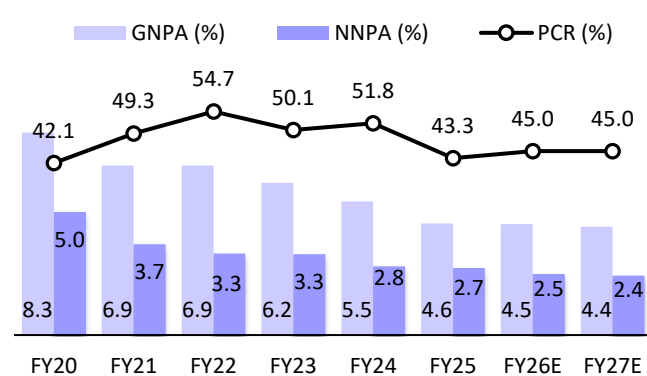


Exhibit 7: Credit costs to remain around ~2%-2.1% in FY26/FY27

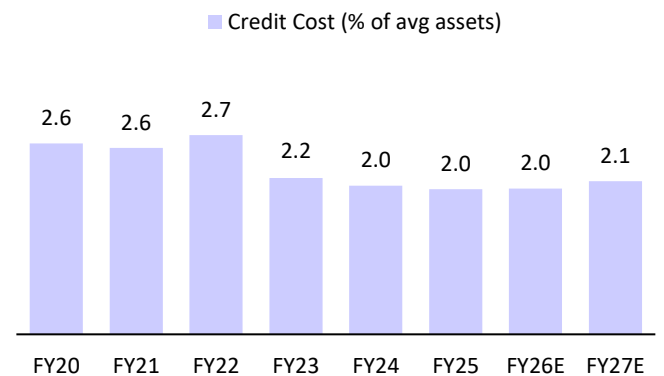


Exhibit 8: PAT CAGR of ~19% over FY25-FY27E

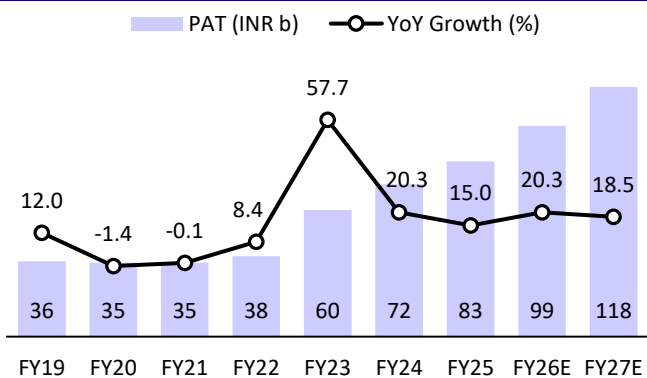
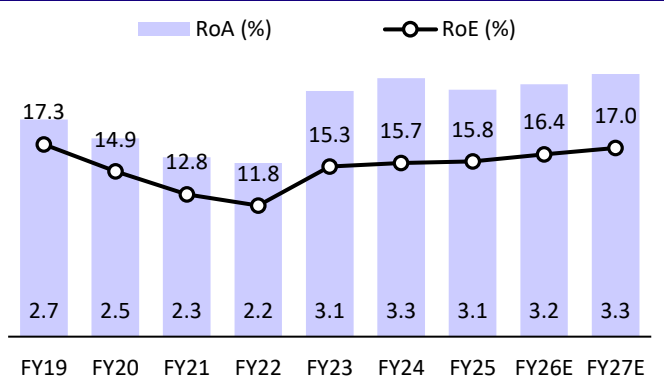


Exhibit 9: RoA/RoE of 3.3%/17% in FY27E



Source: MOFSL, Company

Source: MOFSL, Company

Non-auto products to drive growth; branch expansion to boost reach

- The merger has enabled SHFL to cross-sell non-auto products that were previously distributed through SCUF's branch network. Prior to the merger, gold and MSME loans were available at only 500-600 branches; post-merger, these offerings have been scaled up to 1,000 branches.
- SHFL has effectively capitalized on cross-selling opportunities within its non-auto portfolio, creating a more favorable loan mix with an increased focus on MSME and gold loans. The company targets to expand its gold loan offering by extending it to additional ~50-100 branches each quarter, with the eventual objective of offering gold loans from over 2,000 branches. As a result, the share of non-CV products in the AUM mix increased to ~26% as of FY25 from ~20% in FY22. We expect this proportion to further rise to ~28% by FY27E.
- Even if there is a down cycle in the auto sector in the future, we expect the non-auto products to emerge as a growth driver for the company. We model AUM CAGR of ~15% in CV and ~22% in non-CV product segments over FY25-27E. Overall, the company is set for robust AUM growth across its diverse product range and we expect total AUM CAGR of ~17% over FY25-27E.

Used Vehicles

- While CV growth has slowed due to macroeconomic weakness and limited availability of used vehicles, SHFL expects a gradual recovery in the used CV market over the coming years, supported by an improved supply of pre-owned vehicles.
- In the recent period, growth was primarily driven by higher vehicle prices rather than volume expansion. However, with more vehicles entering the market, we expect the growth momentum to pick up going forward.
- Given its predominant presence in used CV/PV financing, we see lower risks to loan growth in SHFL compared to the rest of its VF peers that are exposed to new vehicles and might face the risk of slowdown in new vehicle sales.

Personal loans

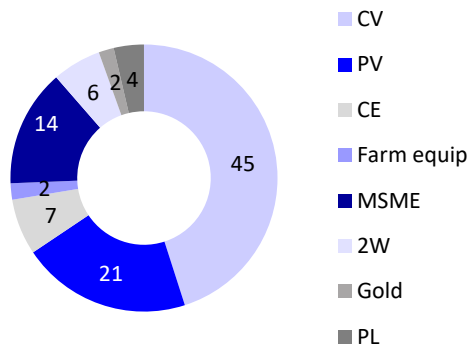
- Over the last one year, the company moderated the growth in its personal loan (PL) portfolio following regulatory concerns around unsecured lending and guidance from the RBI. However, with no material stress observed in its existing book, the company has resumed growth in this segment from 4QFY25 onward, and we expect the PL loan book growth to remain intact in FY26 as well.
- Notably, the company is expanding its PL portfolio primarily through cross-selling opportunities to existing 2W customers with a good repayment track record, supporting disciplined risk management and healthy portfolio quality.
- The rising share of PL in the portfolio will enhance blended yields and also support margin expansion over the coming quarters.

Gold loans

- SHFL remains focused on increasing the share of gold loans within its overall portfolio. Over the past few months, the company has realigned its internal policies and operational processes to comply with the guidelines (given by RBI during its internal audits) on gold lending.

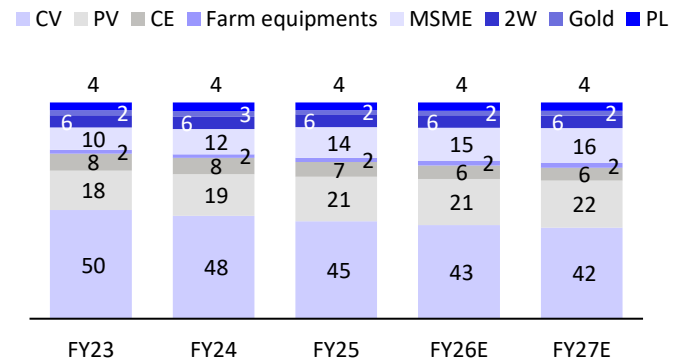
- While the share of gold loans has moderated over the past year largely due to higher repayments, the company intends to accelerate gold loan growth in the coming years. With improved branch coverage and renewed strategic focus, SHFL aims to leverage gold loans as a key lever for growth, particularly in semi-urban and rural markets.

Exhibit 10: AUM mix as of Mar'25 (%)



Source: MOFSL, Company

Exhibit 11: CV will remain dominant in the mix (%)

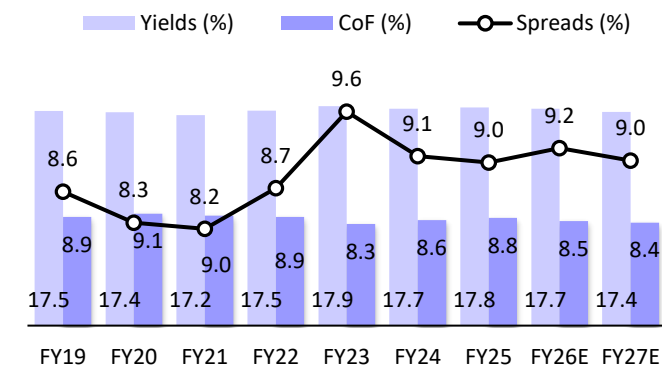


Source: MOFSL, Company

NIMs to expand driven by normalization in liquidity and expected repo cuts

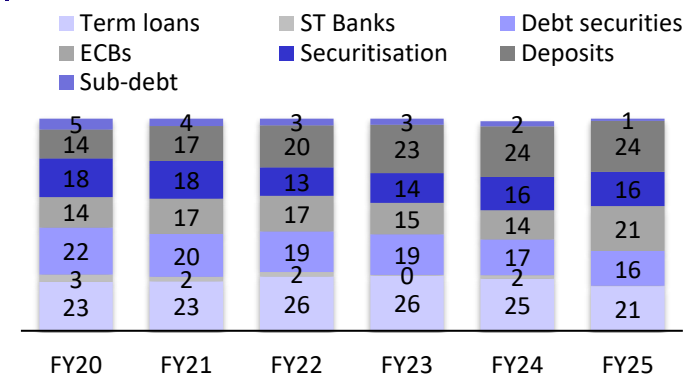
- SHFL is well-positioned to benefit from a declining interest rate environment. The recent 50bp reduction in repo rates, coupled with the expectation of further rate cuts in FY26, should ease the company's borrowing costs. About 30% of the company's borrowings will mature in FY26 and will be repriced at lower rates, resulting in a likely reduction in its cost of borrowings.
- SHFL's long-term debt (domestic) is rated AA+ by CRISIL and its long-term foreign borrowings are rated BB+/Stable by Fitch and S&P Ratings. Management is actively engaging with credit rating agencies for a credit rating upgrade, which could further reduce its cost of borrowings and improve NIMs.
- Additionally, the surplus liquidity on the balance sheet, which stood at ~INR310b as of Mar'25 (Dec'24: INR27b), is expected to normalize to INR18-19b over the next two quarters. This normalization of excess liquidity is anticipated to further support NIM expansion. The company typically maintains liquidity equivalent to three months of debt repayments on its balance sheet. However, the liquidity has temporarily increased to around six months following the recent rounds of ECB raise during Dec'24-Mar'25.
- We expect a ~40bp (cumulative) NIM expansion over the next two years, driven by a normalization in surplus liquidity, a favorable product mix and expansion in spreads from a cut in repo rates. We estimate NIM (as % of total assets) of 8.4%/8.6% in FY26/FY27 (vs. 8.2% in FY25).

Exhibit 12: Expect spreads to improve in FY26



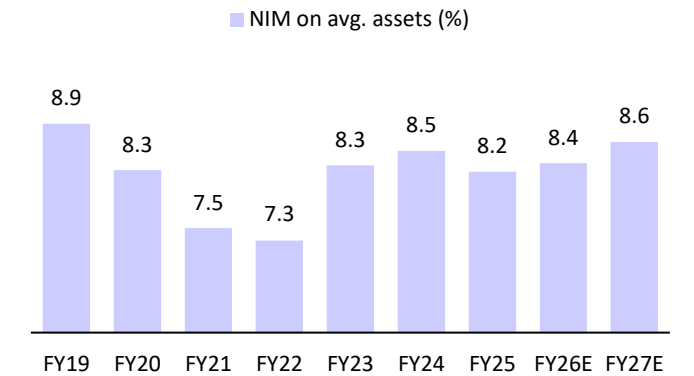
Source: MOFSL, Company

Exhibit 14: Share of ECBs rose to ~21% as of Mar'25



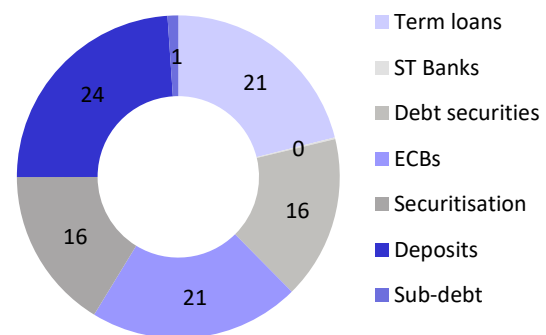
Source: MOFSL, Company

Exhibit 13: NIM to expand by ~40bp over next two years (%)



Source: MOFSL, Company

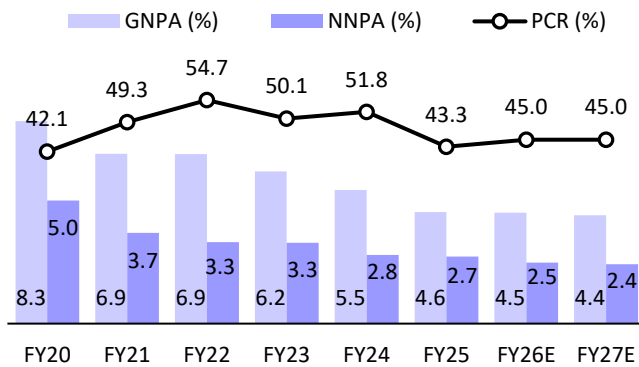
Exhibit 15: Well diversified borrowing mix (%)



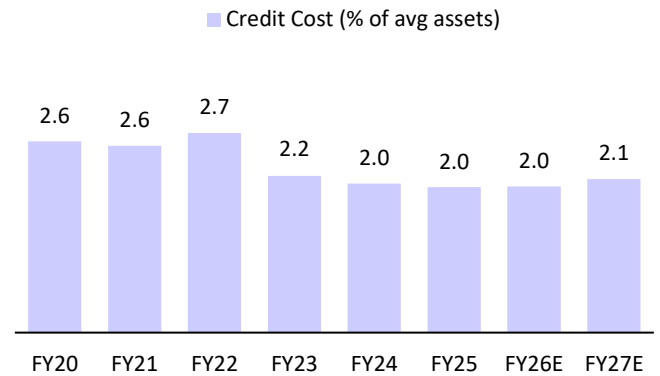
Source: MOFSL, Company, Note: Data as of Mar'25

Asset quality to remain range-bound; credit cost has largely peaked out

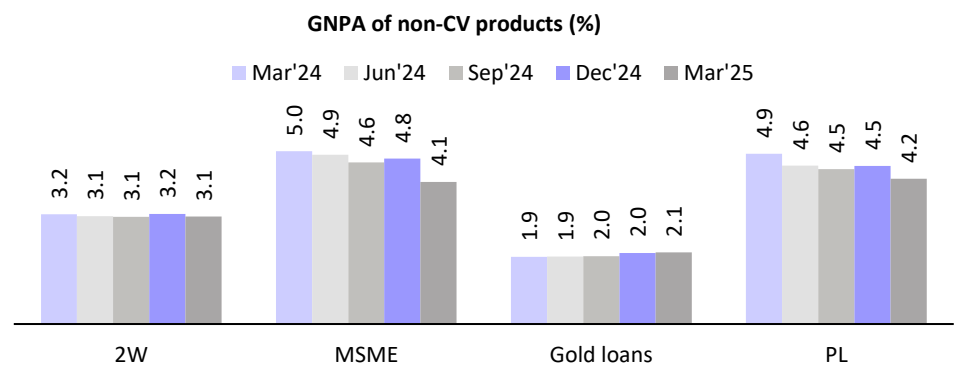
- SHFL has maintained resilient asset quality and stable credit costs over the past year compared to its peers, driven by strong underwriting and collection efforts. However, the company witnessed a deterioration in asset quality, higher net slippages and elevated credit costs in 4QFY25 due to factors discussed earlier in this report. That said, we believe credit costs have largely peaked and are likely to stabilize going forward, driven by improvement in economic activity.
- Notably, the company also undertook technical write-offs of ~INR23.5b in 4QFY25, which contributed to a sequential decline in GS3. Excl. technical write-offs, GS3 rose ~3bp QoQ. GS3 improved from ~6.9% in FY22 to ~4.6% as of FY25, while NS3 improved from ~3.3% to ~2.7% over the same period.
- Over the past year, the company's PL portfolio has remained resilient, exhibiting no deterioration, despite industry-wide stress in the unsecured retail credit segment. GNPA in the PL portfolio improved from ~5.2% as of Sep'23 to ~4.2% as of Mar'25. We expect a gradual improvement in GS3 to ~4.4% by FY27E (FY25: ~4.6%) and model credit costs (as a % of avg assets) to remain largely around 2.0-2.1% over FY26E-27E.

Exhibit 16: Asset quality to remain range-bound


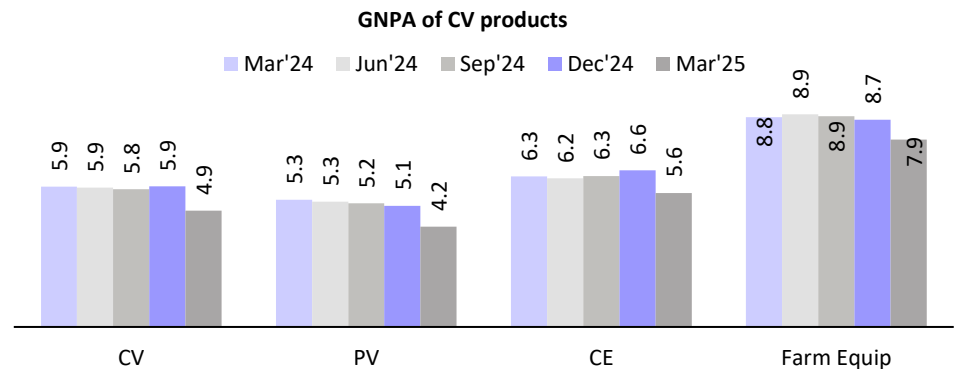
Source: MOFSL, Company

Exhibit 17: Expect credit cost around ~2.0%-2.1% in FY26-27


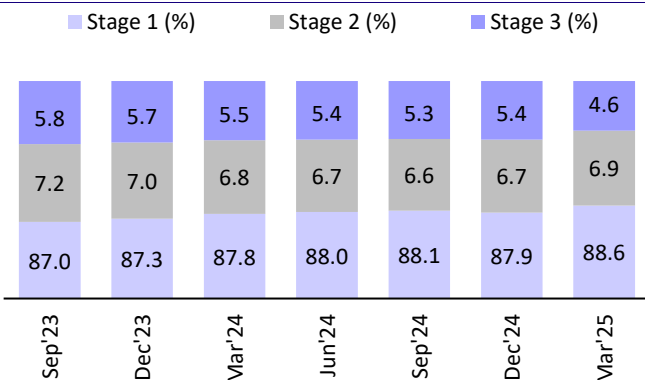
Source: MOFSL, Company

Exhibit 18: GNPA in MSME and personal loans improved over the last five quarters


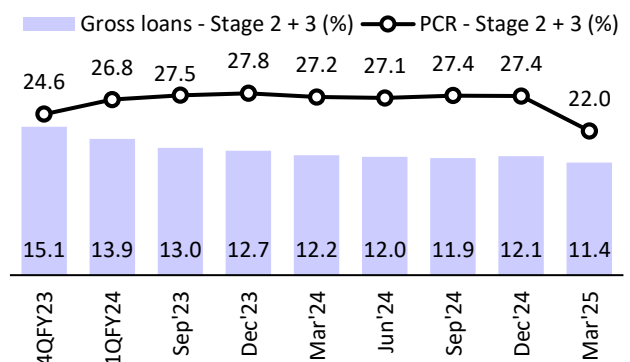
Note: Non-CV products for SHFL includes MSME, Gold Loans, PL and 2W

Exhibit 19: GNPA in auto products gradually improved over the last five quarters


Note: CV products for SHFL includes M&HCVs, LCVs, SCVs, PV, CE and Tractors

Exhibit 20: Gross Loans - Stage-wise (%)


Source: MOFSL, Company; Note: Improvement in Stage 3 in the Mar'25 quarter was driven by technical write-offs of INR23.5b

Exhibit 21: Gradual improvement seen in 30+dpd (%)


Source: MOFSL, Company

Valuation and View

- SHFL is currently facing transitory headwinds in its asset quality (compounded by weakness in economic activity) and NIM compression (driven by surplus liquidity on the balance sheet). We expect these headwinds to gradually subside, as the company's execution, over the last two years, on both AUM growth as well as asset quality has been far ahead of its peers.
- Notably, SHFL has yet to fully leverage its expanded distribution network. We anticipate that tangible benefits from this enhanced reach will continue to materialize for another 12-18 months, driving further improvement in its performance.
- SHFL offers a combination of market leadership, strategic diversification into high-growth non-auto segments, potential for margin and operating efficiency improvements, and reasonable valuations with strong earnings visibility. The current valuation of ~1.6x FY27E BVPS is attractive for a ~19% PAT CAGR over FY25-27E and RoA/RoE of ~3.3%/17% in FY27E. SHFL is our top pick in the NBFC sector with a TP of INR800 (based on 2x FY27E BVPS).

Exhibit 22: PAT CAGR of ~19% over FY25-FY27E...

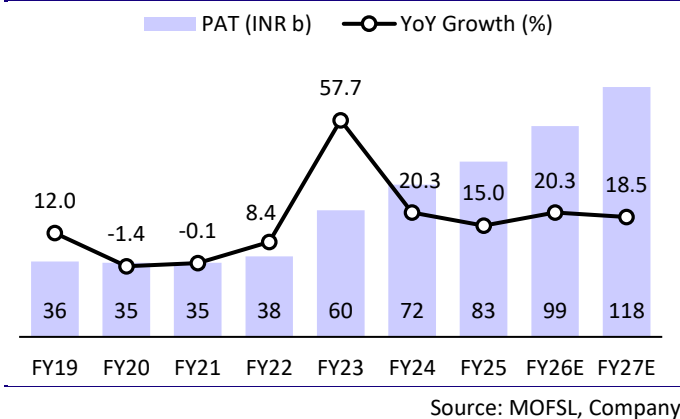


Exhibit 23: ...leading to RoA/RoE of 3.3%/17% in FY27E

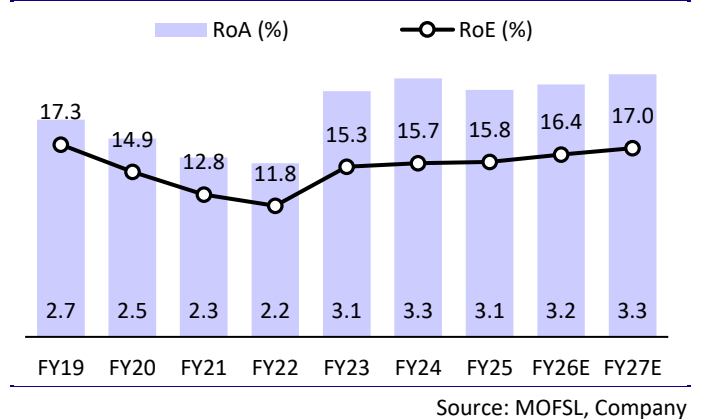
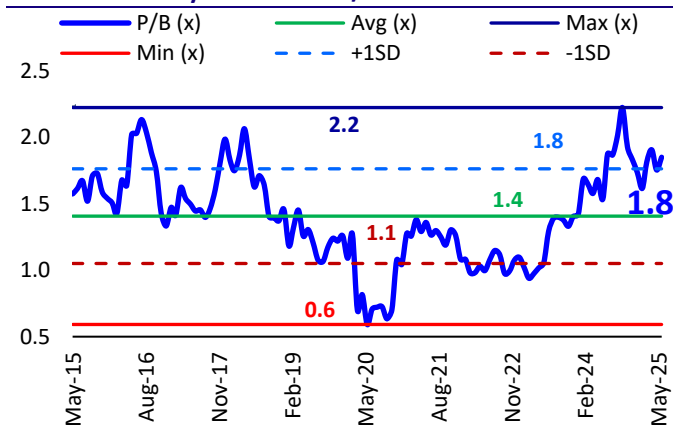


Exhibit 24: Shriram Finance- Du-Pont analysis

Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	16.2	15.7	14.7	14.4	14.8	15.2	15.2	15.1	15.3
Interest Expended	7.3	7.4	7.2	7.1	6.5	6.7	7.0	6.8	6.7
Net Interest Income	8.9	8.3	7.5	7.3	8.3	8.5	8.2	8.4	8.6
Non-interest income	0.2	0.4	0.3	0.5	0.6	0.6	0.6	0.6	0.5
Net Total Income	9.1	8.6	7.8	7.8	8.9	9.2	8.8	8.9	9.2
Operating Expenses	2.6	2.6	2.2	2.2	2.5	2.7	2.7	2.6	2.6
- Employee expenses	1.3	1.3	1.1	1.1	1.3	1.5	1.4	1.4	1.4
- Other expenses	1.3	1.2	1.1	1.0	1.2	1.3	1.3	1.3	1.2
PPoP	6.5	6.1	5.6	5.6	6.4	6.4	6.1	6.3	6.5
Provisions/write offs	2.4	2.6	2.6	2.7	2.2	2.0	2.0	2.0	2.1
PBT	4.1	3.4	3.0	2.9	4.2	4.4	4.1	4.3	4.4
Tax	1.3	0.9	0.8	0.7	1.1	1.1	1.0	1.1	1.1
RoA	2.7	2.5	2.3	2.2	3.1	3.3	3.1	3.2	3.3
Avg. Leverage	6.3	5.9	5.7	5.4	4.9	4.8	5.1	5.2	5.1
RoE	17.3	14.9	12.8	11.8	15.3	15.7	15.8	16.4	17.0

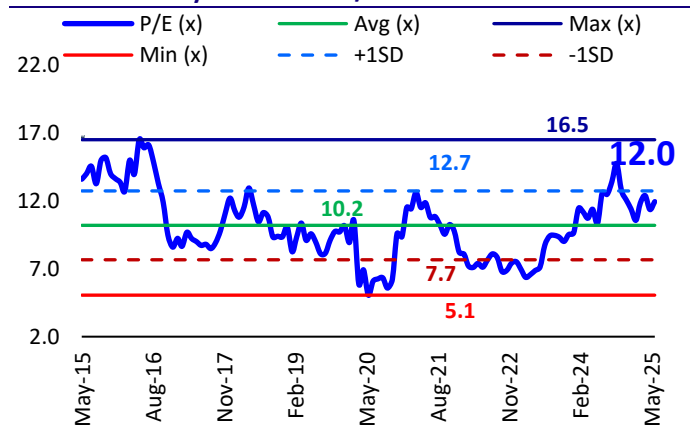
Source: MOFSL, Company

Exhibit 25: One-year forward P/B



Source: MOFSL, Company

Exhibit 26: 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	2,10,407	2,19,646	2,26,997	2,48,605	2,86,074	3,35,997	4,03,076	4,73,192	5,45,491
Interest Expenses	94,975	1,04,105	1,11,881	1,22,668	1,25,458	1,48,061	1,84,546	2,12,152	2,37,682
Net Interest Income	1,15,432	1,15,541	1,15,116	1,25,936	1,60,616	1,87,935	2,18,531	2,61,040	3,07,808
Change (%)	12.7	0.1	-0.4	9.4	27.5	17.0	16.3	19.5	17.9
Other Operating Income	2,605	4,748	4,514	9,214	11,648	13,648	15,268	17,120	18,908
Other Income	258	235	237	227	307	332	251	263	276
Total Income	1,18,295	1,20,524	1,19,867	1,35,378	1,72,571	2,01,915	2,34,049	2,78,423	3,26,992
Change (%)	11.3	1.9	-0.5	12.9	27.5	17.0	15.9	19.0	17.4
Total Operating Expenses	33,666	35,803	33,500	37,805	49,131	59,895	71,440	82,441	93,986
Change (%)	12.6	6.3	-6.4	12.8	30.0	21.9	19.3	15.4	14.0
Employee Expenses	17,210	18,585	16,699	19,695	25,061	32,156	36,512	43,084	49,977
Depreciation	742	2,232	2,172	2,137	5,242	5,688	6,453	6,895	7,327
Other Operating Expenses	15,715	14,986	14,629	15,973	18,828	22,051	28,475	32,462	36,681
Operating Profit	84,629	84,721	86,367	97,573	1,23,441	1,42,020	1,62,609	1,95,983	2,33,006
Change (%)	10.8	0.1	1.9	13.0	26.5	15.1	14.5	20.5	18.9
Total Provisions	31,643	36,786	39,693	47,485	41,592	45,183	53,117	62,825	75,154
% Loan loss provisions to Avg loans ratio	2.5	2.7	2.8	3.1	2.4	2.2	2.3	2.4	2.4
PBT	52,986	47,935	46,674	50,088	81,849	96,836	1,09,493	1,33,158	1,57,852
Tax Provisions	17,457	12,913	11,692	12,164	22,056	24,932	26,776	33,689	39,937
Tax Rate (%)	32.9	26.9	25.1	24.3	26.9	25.7	24.5	25.3	25.3
PAT	35,529	35,022	34,982	37,925	59,793	71,905	82,716	99,469	1,17,916
Change (%)	12.0	-1.4	-0.1	8.4	57.7	20.3	15.0	20.3	18.5
PAT (including exceptional gains)	35,529	35,022	34,982	37,925	59,793	71,905	97,610	99,469	1,17,916

Balance Sheet									(INR M)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	2,929	2,929	3,191	3,371	3,744	3,758	3,761	3,761	3,761
Reserves & Surplus	2,17,432	2,47,288	2,91,764	3,43,760	4,29,322	4,81,926	5,59,045	6,43,470	7,36,926
Net Worth	2,20,361	2,50,217	2,94,954	3,47,132	4,33,066	4,85,684	5,62,806	6,47,231	7,40,687
Borrowings	11,04,851	11,75,376	13,17,617	14,51,285	15,79,063	18,58,411	23,41,973	26,32,282	30,26,822
Change (%)	6.7	6.4	12.1	10.1	8.8	17.7	26.0	12.4	15.0
Other liabilities	21,865	25,436	26,317	23,320	24,509	28,665	30,551	33,606	36,967
Total Liabilities	13,47,077	14,51,029	16,38,888	18,21,754	20,36,639	23,72,760	29,35,329	33,13,119	38,04,476
Cash and bank balances	52,657	1,03,773	2,16,562	2,29,679	1,58,174	1,08,126	2,13,657	1,82,577	1,87,561
Investments	48,653	35,326	42,152	86,455	85,651	1,06,566	1,55,987	1,16,990	1,11,141
Loans	12,37,406	12,88,442	13,57,232	14,76,890	17,19,846	20,79,294	24,53,928	28,92,874	33,69,934
Change (%)	6.2	4.1	5.3	8.8	16.5	20.9	18.0	17.9	16.5
Fixed Assets	2,283	7,181	6,599	6,467	6,997	8,458	10,257	10,770	11,308
Deferred tax Assets	1,241	694	6,964	9,109	17,439	28,840	36,949	29,559	23,647
Goodwill					14,067	14,067	11,895	11,895	11,895
Other Assets	4,838	15,613	9,379	13,137	34,465	27,408	52,657	68,454	88,990
Total Assets	13,47,077	14,51,029	16,38,888	18,21,737	20,36,639	23,72,760	29,35,329	33,13,119	38,04,476

E: MOFSL Estimates

Financials and valuations

AUM Mix (%)								(INR M)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
AUM	13,40,643	13,88,342	14,68,128	15,77,122	18,56,829	22,48,620	26,31,903	30,78,692	35,73,580
Change (%)	8	4	6	7	18	21	17	17	16
Disbursements	7,28,076	7,05,733	5,21,985	8,62,135	11,06,899	14,21,675	16,62,981	19,19,087	22,02,818
Change (%)	-5	-3	-26	65	28	28	17	15	15

E: MOFSL Estimates

Ratios								(INR M)	
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Spreads Analysis (%)									
Avg. Yield on Loans	17.5	17.4	17.2	17.5	17.9	17.7	17.8	17.7	17.4
Avg Cost of Funds	8.9	9.1	9.0	8.9	8.3	8.6	8.8	8.5	8.4
Spread of loans	8.6	8.3	8.2	8.7	9.6	9.1	9.0	9.2	9.0
NIM (on loans)	9.6	9.1	8.7	8.9	10.0	9.9	9.6	9.8	9.8
NIM (on AUM)	9.0	8.5	8.1	8.3	9.4	9.2	9.0	9.1	9.3
C/I ratio	28.5	29.7	27.9	27.9	28.5	29.7	30.5	29.6	28.7
Profitability Ratios (%)									
RoE	17.3	14.9	12.8	11.8	15.3	15.7	15.8	16.4	17.0
RoA	2.7	2.5	2.3	2.2	3.1	3.3	3.1	3.2	3.3
Int. Expended / Int.Earned	45.1	47.4	49.3	49.3	43.9	44.1	45.8	44.8	43.6
Other Inc. / Net Income	2.4	4.1	4.0	7.0	6.9	6.9	6.6	6.2	5.9
Efficiency Ratios (%)									
Op. Exps. / Net Income	28.5	29.7	27.9	27.9	28.5	29.7	30.5	29.6	28.7
Empl. Cost/Op. Exps.	51.1	51.9	49.8	52.1	51.0	53.7	51.1	52.3	53.2
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	1.1	1.1	1.0	1.0	1.1	1.1	1.0	1.1	1.1
Assets/Equity	6.1	5.8	5.6	5.2	4.7	4.9	5.2	5.1	5.1
Asset quality (%)									
GNPA	1,11,930	1,14,400	1,01,688	1,09,762	1,13,822	1,20,812	1,18,388	1,37,882	1,56,169
NNPA	65,678	66,256	51,523	49,731	56,749	58,244	67,145	75,835	85,893
GNPA ratio	8.5	8.3	6.9	6.9	6.2	5.5	4.6	4.5	4.4
NNPA ratio	5.2	5.0	3.7	3.3	3.3	2.8	2.7	2.5	2.4
PCR	41.3	42.1	49.3	54.7	50.1	51.8	43.3	45.0	45.0
Credit Costs (% of loans)	2.5	2.7	2.8	3.1	2.4	2.2	2.3	2.4	2.4

Valuations	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Book Value (INR)	150	171	185	206	231	258	299	344	394
BV Growth (%)	16	14	8	11	12	12	16	15	14
P/BV	4.3	3.8	3.5	3.1	2.8	2.5	2.2	1.9	1.6
EPS (INR)	24	24	22	22	32	38	44	53	63
EPS Growth (%)	12.0	-1.4	-8.3	2.6	42.0	19.8	14.9	20.3	18.5
P/E	26.7	27.1	29.6	28.8	20.3	16.9	14.7	12.3	10.3
DPS	2.9	1.0	4.2	4.7	7.0	9.0	9.9	12	14
Dividend Yield (%)	0.4	0.2	0.7	0.7	1.1	1.4	1.5	1.9	2.2

E: MOFSL Estimates

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