

MAS Financial Services

Estimate change	
TP change	
Rating change	

Bloomberg	MASFIN IN
Equity Shares (m)	181
M.Cap.(INRb)/(USDb)	60.4 / 0.7
52-Week Range (INR)	350 / 220
1, 6, 12 Rel. Per (%)	11/29/12
12M Avg Val (INR M)	64

Financials & Valuations (INR b)			
Y/E March	FY25	FY26E	FY27E
Total income	8.0	10.0	12.7
PPP	5.4	6.5	8.4
PAT	3.1	3.6	4.7
EPS (INR)	16.9	20.1	25.9
EPS Gr. (%)	11.6	19.0	29.0
BVPS (INR)	140	158	182
Ratios (%)			
NIM	7.1	6.8	6.9
C/I ratio	32.8	35.2	33.8
RoA	2.9	2.8	2.9
RoE	14.4	13.5	15.2
Payout	10.0	9.2	9.1
Valuations			
P/E (x)	20	17	12.9
P/BV (x)	2.4	2.1	1.8
Div. yield (%)	0.5	0.6	0.7

Shareholding pattern (%)			
As on	Jun-25	Mar-25	Jun-24
Promoter (%)	66.6	66.6	66.6
DII (%)	20.0	20.1	20.4
FII (%)	3.1	3.1	3.6
Others (%)	10.3	10.1	9.4

FII Includes depository receipts

CMP: INR333
TP: INR400 (+20%)
Buy

Strategic focus on organic retail with a risk-calibrated approach

NIM improves ~10bp QoQ; asset quality broadly stable

- MAS Financial Services (MASFIN)'s 1QFY26 PAT grew ~19% YoY to INR839m (in line). Fee income rose ~55% YoY to ~INR300m. Net total income was up 36% YoY to INR2.4b (in line), while opex at INR827m grew ~46% YoY (8% higher than MOFSLe). PPoP was INR1.5b (in line) and grew 31% YoY.
- Management indicated that the macroeconomic environment has not fully stabilized, which led to AUM growth coming in at the lower end of the guided range. However, it expects the momentum to improve in 2H, aided by a pickup in economic activity and the upcoming festive season.
- The company reiterated its guidance of ~20-25% AUM growth, with the organic retail business likely to outpace its partnership business. This will be driven by continued branch expansion and a strategic focus on the SME business, which is expected to be its key growth driver. We estimate a ~24% PAT CAGR over FY25-27, with RoA/RoE of ~2.9%/15% in FY27E.

Reiterate BUY with a TP of INR400 (based on 2.2x Mar'27E BV).

AUM grows ~20% YoY; strong growth in salaried personal loans

- MASFIN's standalone AUM stood at ~INR125b and rose ~20% YoY/3% QoQ. Within this, AUM of micro-enterprise/SME/2W/CV loans rose 11%/20%/30%/18% YoY. Salaried personal loans grew ~90% YoY to ~INR11.3b.
- About 35% of the underlying assets in the standalone AUM were sourced through partner NBFCs. The MSME segment contributed ~60% to the incremental AUM growth during the last one year.
- Management reiterated its target to scale AUM to INR200b over the next three years. The company also shared that its Organic Retail segment is expected to account for ~70-75% of the overall AUM within the next 6-12 quarters. We model an AUM CAGR of ~21% over FY25-27E.

NIM rises ~10bp QoQ; expect CoB to dip ~25-35bp in FY26

- Yields (calc.) were largely stable QoQ at ~14.85%, while CoF (calc.) rose ~20bp QoQ to 9.3%. This resulted in ~20bp QoQ contraction in spreads to ~5.5%. Management expects a decline of ~25-35bp in its cost of borrowings in FY26, driven by a gradual reduction in MCLR by banks.
- NIM (calc.) expanded ~10bp QoQ to ~7.7%, while reported CoF was stable QoQ at ~9.8%. We model NIM (as % of AUM) of ~5.1/5.4% in FY26/FY27 (vs. ~5.1% in FY25).

Asset quality broadly stable; GS3 rises ~5bp sequentially

- The 1+dpd declined ~10bp QoQ to 6.6% in 1QFY26. Credit costs were at similar levels as the last quarter and stood at INR424m, translating into annualized credit costs of 1.4% (PQ: 1.4% and PY: 0.9%).
- GNPA (basis AUM) rose ~5bp QoQ to 2.5%, while NNPA was stable at 1.6%. PCR on Stage 3 assets rose ~1pp QoQ to ~41%.

Other highlights

- The average ticket size of micro-enterprise loans rose to ~INR66k (PQ: ~INR63k).
- The RoTA was largely stable QoQ at ~2.85% in 1QFY26.
- MASFIN Insurance Broking Pvt Ltd, a subsidiary of MAS Financial, has received in-principle approval from IRDAI to operate as a Direct Insurance Broker (Life & General), subject to compliance with IRDAI regulations and final conditions.
- CRAR stood at ~25.2%, with Tier 1 at ~23.2%.

HFC subsidiary

- MAS Housing reported an AUM of ~INR7.7b, rising ~27% YoY.
- GS3 in the HFC subsidiary declined ~2bp QoQ to ~0.92%.
- Management has guided that AUM would reach INR10b by the end of the year while continuing to uphold strong asset quality.

Key highlights from the management commentary

- While branch expansion has been temporarily moderated due to the macro environment, management expects to resume its branch expansion trajectory from 3QFY26 onwards.
- Management highlighted elevated slippages in the CV portfolio, which resulted in sequentially flat disbursements for the segment. Further, the company has initiated a pilot in the used car segment, though volumes remain modest.
- MASFIN shared that it may take another 1-2 quarters for eligible demand to rebound and for portfolio quality to strengthen meaningfully.

Valuation and view

- MASFIN reported in-line earnings for 1QFY26. The earnings were supported by strong disbursement growth of ~17% YoY, which led to an AUM growth of ~20% YoY. Asset quality remained largely stable, while credit costs continued to remain elevated at 1.4%. The company has a niche expertise in the SME segment, and its asset quality is perhaps the best among its MSME lending peers.
- Going forward, the organic retail mix is expected to continue rising, supporting further yield enhancement and margin expansion. Although operating expenses will remain elevated due to sustained investments in distribution and technology, it will still be able to deliver healthy return ratios.
- We model a CAGR of 21%/24% standalone AUM/PAT over FY25-FY27E, with RoA/RoE of 2.9%/15% in FY27E. The company has maintained high earnings quality, backed by its risk-calibrated AUM growth. **Reiterate BUY with a TP of INR400 (premised on 2.2x Mar'27E BV).** **Key risk:** Slowdown in the economic environment leading to sluggish loan growth and deterioration in asset quality.

Quarterly Performance (INR M)												
Y/E March	FY25				FY26E				FY25	FY26E	1Q	Act. v/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY26E	Est. (%)		
Revenue from Operations	3,465	3,670	3,901	4,169	4,438	4,604	4,809	5,043	15,205	18,894	4,312	3
Interest Income	2,952	3,078	3,332	3,535	3,687	3,827	4,000	4,197	12,896	15,711	3,641	1
Gain on assignments	304	375	356	396	430	447	470	513	1,431	1,860	416	3
Other Operating Income	210	217	213	239	320	329	340	333	877	1,323	256	25
Interest expenses	1,714	1,754	1,845	1,910	2,062	2,148	2,299	2,402	7,224	8,911	2,006	3
Total income	1,751	1,916	2,056	2,259	2,376	2,456	2,511	2,640	7,981	9,982	2,307	3
<i>Growth Y-o-Y (%)</i>	27	26	31	34	36	28	22	17	31	25	32	
Operating Expenses	567	632	673	744	827	860	886	941	2,615	3,515	766	8
Operating Profits	1,183	1,284	1,383	1,516	1,549	1,595	1,624	1,699	5,366	6,467	1,541	1
<i>Growth Y-o-Y (%)</i>	25	24	25	35	31	24	17	12	27	21	30	
Provisions	239	263	332	427	424	412	395	367	1,261	1,598	431	-2
Profit before tax	944	1,021	1,051	1,089	1,124	1,184	1,229	1,332	4,104	4,869	1,110	1
<i>Growth Y-o-Y (%)</i>	25	28	24	20	19	16	17	22	24	19	18	
Tax Provisions	240	255	270	281	285	296	307	338	1,045	1,227	277	3
Net Profit	704	766	781	808	839	888	922	993	3,059	3,642	832	1
<i>Growth Y-o-Y (%)</i>	23	28	25	19	19	16	18	23	23	19	18	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.76	14.7	14.8	14.82	14.85							
Cost of funds (Cal)	9.61	9.37	9.31	9.12	9.32							
Spreads (Cal)	5.1	5.3	5.5	5.7	5.5							
NIM on AUM (Cal)	6.83	7.2	7.2	7.60	7.73							
Credit Cost (%)	0.9	1.0	1.2	1.4	1.4							
Cost to Income Ratio	32.4	33.0	32.7	32.9	34.8							
Tax Rate	25.4	25.0	25.0	25.8	25.4							
Balance Sheet Parameters												
Standalone AUM (INR B)	103.8	110.2	116.8	121.0	125.0	131.3	138.3	145.4				
Change YoY (%)	23.4	21.8	20.7	19.5	20.4	19.2	18.4	20.2				
Disbursements (INR B)	27.3	30.2	31.6	30.9	31.9	35.1	36.6	38.7				
Change YoY (%)	19.5	21.0	18.6	10.7	17.1	16.0	16.0	25.5				
Borrowings (INR B)	71.9	77.9	80.6	87.0	89.9	97.2	105.1	113.2				
Change YoY (%)	20.1	16.1	18.6	22.9	25.1	24.7	30.4	30.1				
Debt/Equity (x)												
Asset liability Mix												
AUM Mix (%)												
Micro Enterprises	43.6	43.1	40.3	39.6	40.1							
SME loans	36.4	36.1	36.6	37.2	36.2							
2W loans	6.4	6.5	6.9	6.5	7.0							
CV loans	7.9	8.2	8.3	8.1	7.7							
Borrowings Mix (%)												
Direct Assignment	24.4	22.9	22.1	21.3	21.2							
Cash Credit	11.3	14.6	13.2	11.6	10.1							
Term Loan	52.9	50.6	50.4	51.1	51.6							
NCD	8.1	8.9	11.3	13.3	14.4							
Sub Debt	3.3	3.1	3.0	2.8	2.7							
Asset Quality Parameters (%)												
GS 3 (INR m)	2,043	2,235	2,423	2,480	2,620							
GS 3 (%)	2.29	2.36	2.41	2.44	2.49							
NS 3 (INR m)	1,243	1,361	1,505	1,483	1,541							
NS 3 (%)	1.52	1.57	1.62	1.62	1.63							
PCR (%)	39.1	39.1	37.9	40.2	41.2							
Return Ratios (%)	0.2				1.0							
ROA	3.0	3.0	2.9	2.9	2.8							
Tier I ratio	25.4	23.8	23.1	22.6	23.2							

E: MOFSL estimates



Highlights from the management commentary

Guidance

- Guided for AUM growth of ~20-25%, with a continued emphasis on portfolio quality and profitability.
- If the macro environment is favorable, growth could be at the upper end of the spectrum.
- The company targets achieving an AUM of INR200b over the next 3 years.
- Strategic goal includes maintaining 20-25% of AUM as off-book through direct assignments and co-lending arrangements.
- The retail segment is expected to constitute 70-75% of total AUM over the next 6-12 quarters.
- NIM is likely to stay in the ~7-8% range, with sustainable RoAs at 2.75-3.0%.
- The majority of disbursement activity is expected in 3Q and 4Q, driven by seasonal demand and early festive momentum.
- Expects 25-35bps reduction in borrowing costs over FY26, supported by repo rate cuts.
- While the branch expansion remained muted last year and this quarter due to the macro environment, the company will again focus on expanding its branch presence from 3Q and 4Q onwards

Opening Remarks

- Consolidated AUM delivered growth of ~20.8% YoY in 1QFY26.
- The company's current net worth stands at INR27b, with plans to double it over the next 5-6 years.
- It operates a well-established distribution network of 206 branches. Due to prevailing external conditions, branch expansion has been temporarily subdued; however, management expects renewed momentum from 3QFY26 onward.
- ~60-65% of the business is sourced through branches, while the remainder comes from NBFC partnerships, which have consistently delivered strong results over the years.
- Retail business is expected to grow at a faster pace, benefiting from favorable macroeconomic tailwinds. The retail mix is projected to increase to 70-75% of the overall AUM.
- The company remains committed to prudent underwriting and continues to extend credit based on sound risk evaluation.
- Investments in technology are yielding results. A robust in-house tech team and a BRE-enabled LOS are expected to support operating leverage and profitability improvements going forward.

Financial Highlights

- Continued focus on the MSME segment, which contributes ~75% of the portfolio.
- Asset quality remains resilient across product segments.
- GNPA stood at 2.5%, while Net Stage 3 was maintained at 1.6%.
- RoA stood at a healthy 2.8%, supported by an improved yield profile driven by a higher retail mix. Despite rising operating expenses, profitability remains intact.

- MSME remains the dominant growth driver, accounting for 60% of the overall portfolio.

Liability Management

- The company has maintained average cash balance of INR10b, with INR2.5b in unutilized liquidity. Sanctioned but undrawn facilities of ~INR22b remain available.
- The company executed over INR7b in DA transactions in the last quarter and currently has a DA/co-lending pool of INR15b, which it plans to utilize over the next two quarters.
- The company raised INR8.4b via term loans (3-5 year tenor).
- Raised INR1.75b through NCDs and plans to raise another INR4b-5b in the next quarter.
- The incremental cost of borrowings stood at ~9.25% in the quarter.
- Increase in NIMs during the quarter attributed to improving asset mix in favor of high-yielding retail assets. Operational expenses have risen, but RoAs remain steady.
- Most borrowings are MCLR-linked; resets are expected over the next 3-6 months, which should further ease funding costs.
- Liabilities are linked as follows: 15% to T-bills/repo/other benchmarks, 10% fixed-rate, and 75% on MCLR with varying tenures (3M, 6M, and 12M).

Opex

- Operating expenses rose 46% YoY, largely due to investments in retail infrastructure and manpower.
- Despite elevated opex, RoA and RoE remain broadly unaffected due to improved NIM profile.

Wheels business

- Focused on used CVs, particularly LCVs and MCVs used for last-mile logistics. Average ticket size: INR300-600k.
- AUM remained stable as disbursements were deliberately moderated in 1QFY26 due to eligibility concerns and sectoral stress.
- CV asset quality was slightly under stress with GS3 at 4% and Stage 2+3 at 9%.
- Elevated slippages in the CV portfolio led to flat disbursements on a sequential basis.
- The company is doing pilot in used car. The company has done some business however the number is small as of now. 2W, CV, used car will grow going forward.

Housing Finance

- Confident of achieving INR10b in AUM for FY26, supported by strong profitability and healthy asset quality.
- Asset quality remains best-in-class, with GNPA at 0.92% and NNPA at 0.64%.
- AUM stood at INR7.9b, marking 27% YoY growth.
- PAT increased 27% YoY to INR2.7b.

Other Updates

- Management believes that it may take another 1-2 quarters for eligible demand to rebound and for portfolio quality to strengthen meaningfully.
- Branch count currently stands at 206 vs. a targeted 235-240. Expansion efforts to resume in 3Q/4Q with deeper penetration in existing markets across the west, north, and south. No plans to enter new geographies in the near term.
- SPL is not expected to be a major growth driver in the near term.
- Sectoral trends: a) No major improvement in the FMCG sector, b) Textiles showing signs of stabilization, and c) Agri sector continues to face headwinds
- Login volumes, disbursements, and sanction rates have remained steady, and a gradual improvement is expected going forward.
- There are no new segments that the company would want to open.

Key exhibits

Exhibit 1: Disbursements grew 17% YoY...

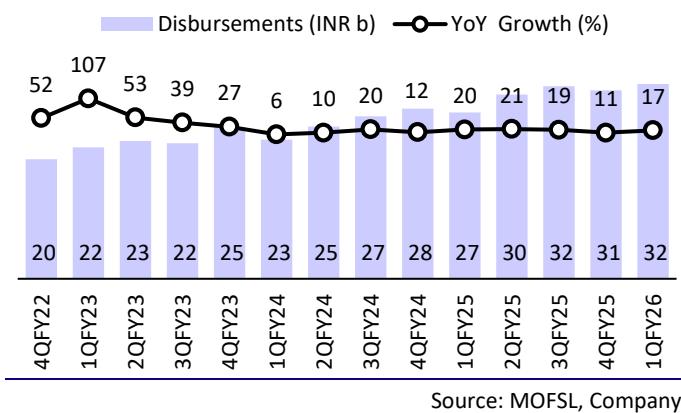


Exhibit 2: ...leading to an AUM growth of ~20% YoY

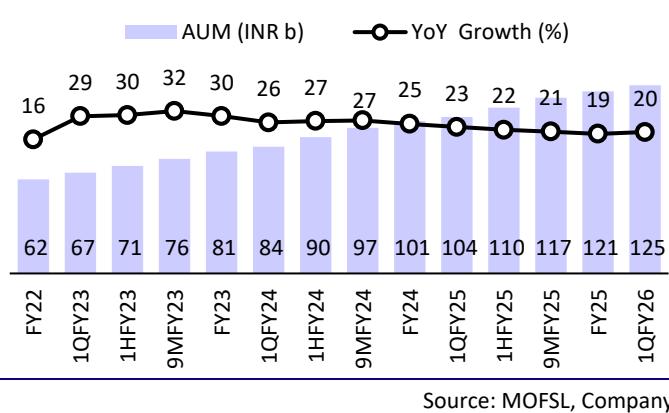


Exhibit 3: Share of personal loan flat QoQ (%)

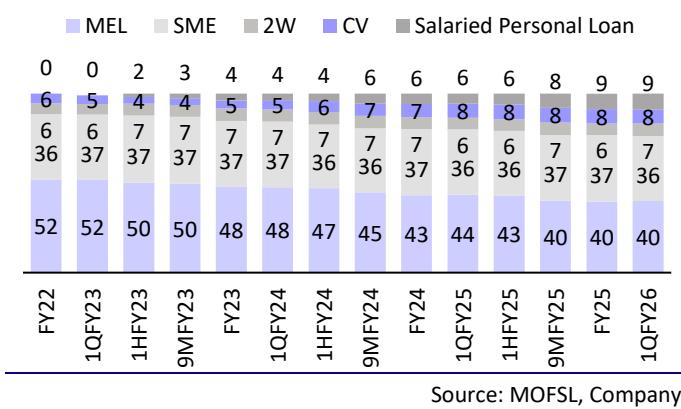


Exhibit 4: Spreads (calculated) declined ~20bp QoQ (%)

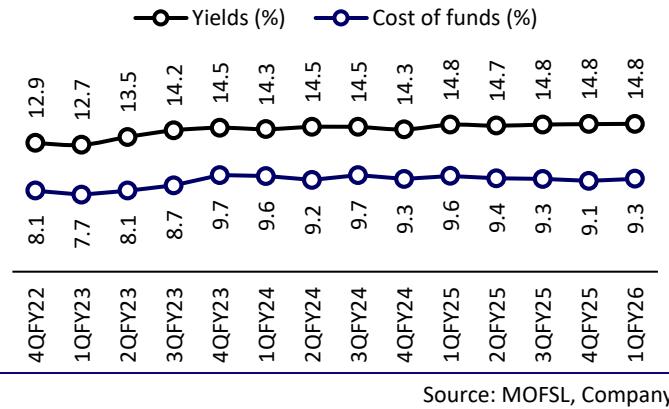
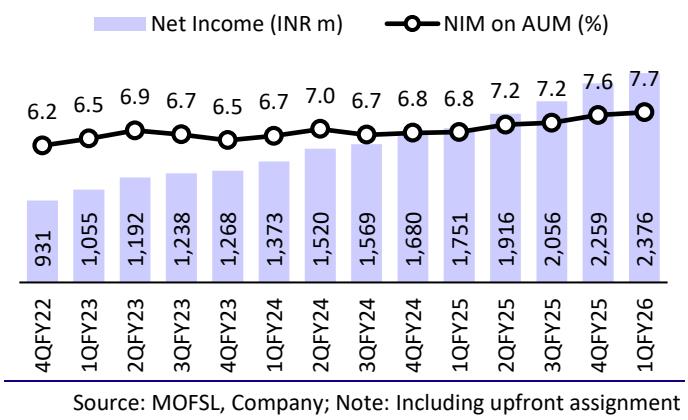
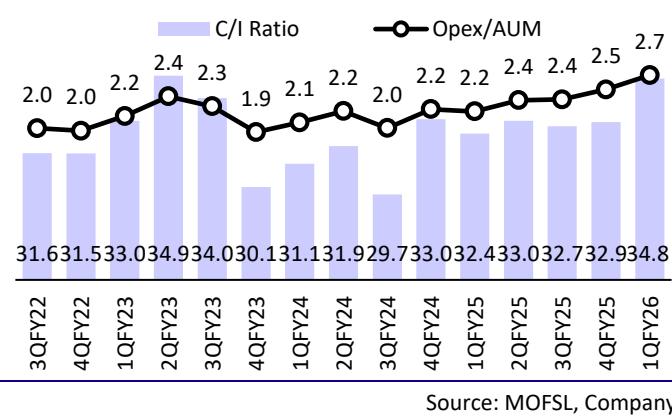


Exhibit 5: NIM expanded ~10bp QoQ



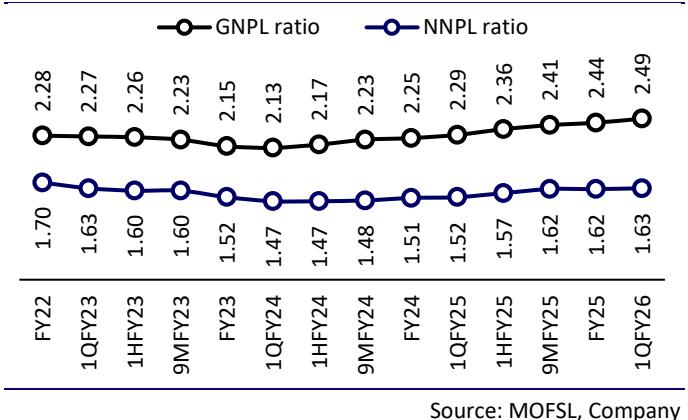
Source: MOFSL, Company; Note: Including upfront assignment income

Exhibit 6: Opex-to-AUM rose ~20bp QoQ to ~2.7%



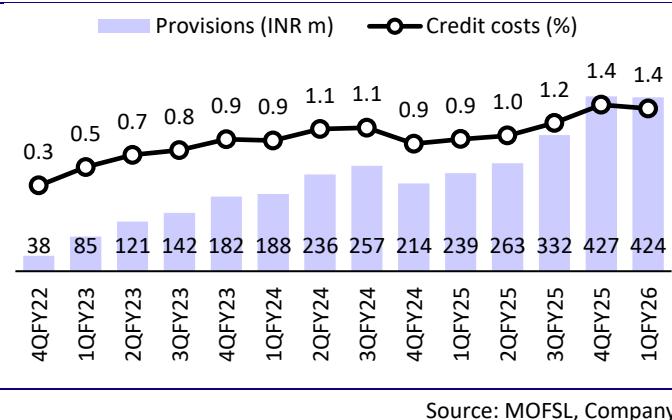
Source: MOFSL, Company

Exhibit 7: GNPL rose ~5bp QoQ (%)



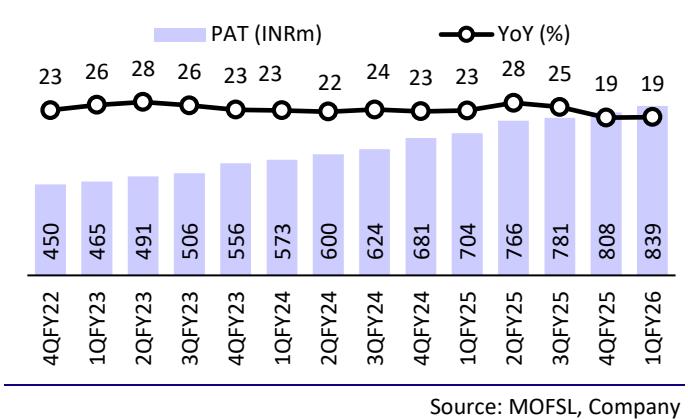
Source: MOFSL, Company

Exhibit 8: Credit costs largely stable QoQ at ~1.4%



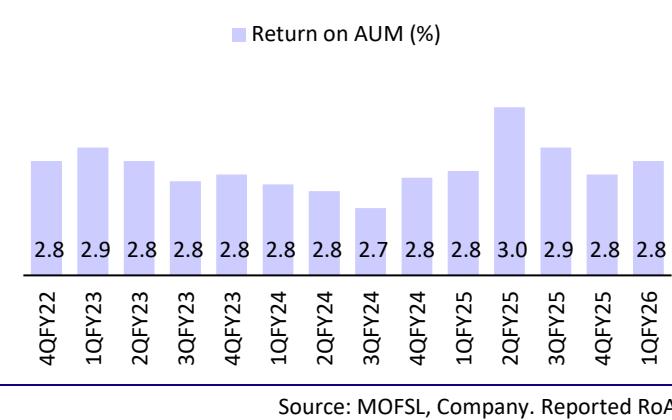
Source: MOFSL, Company

Exhibit 9: PAT rose 19% YoY



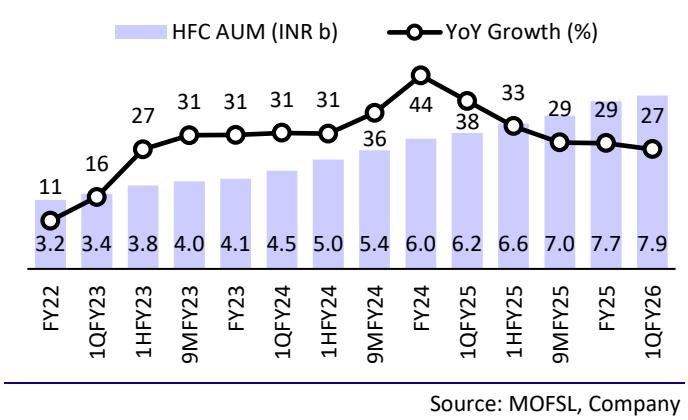
Source: MOFSL, Company

Exhibit 10: Return on AUM (%)



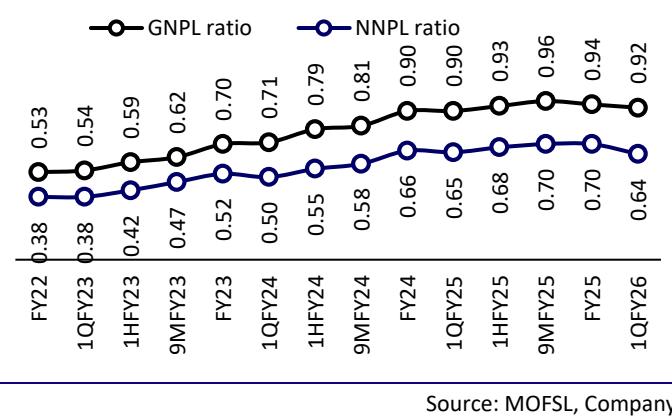
Source: MOFSL, Company. Reported RoA

Exhibit 11: HFC subsidiary's AUM grew 27% YoY



Source: MOFSL, Company

Exhibit 12: Asset quality broadly stable (%)

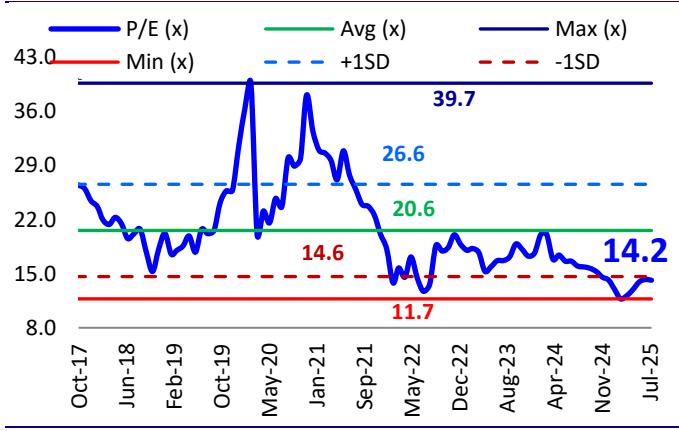
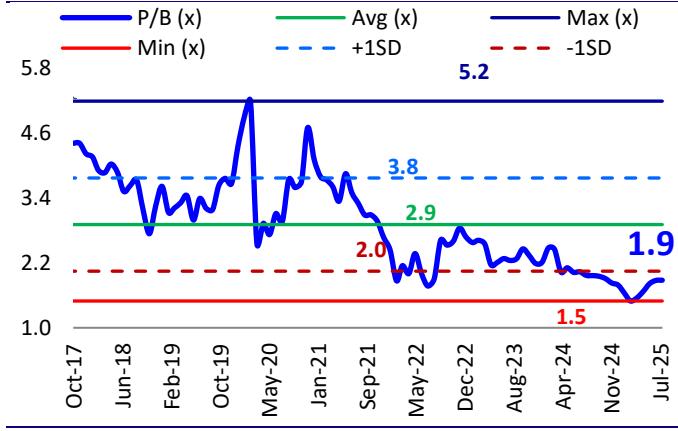


Source: MOFSL, Company

Exhibit 13: We broadly retain our FY26/FY27 EPS estimates

INR b	Old Est.		New Est.		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY26E
NII	7.0	8.7	6.8	8.7	-2.2	0.0
Other Income	2.9	3.5	3.2	3.9	11.6	11.4
Total Income	9.8	12.3	10.0	12.7	1.8	3.3
Operating Expenses	3.2	3.9	3.5	4.3	9.4	9.0
Operating Profits	6.6	8.3	6.5	8.4	-1.9	0.6
Provisions	1.7	2.1	1.6	2.1	-4.8	0.0
PBT	4.9	6.2	4.9	6.3	-0.9	0.8
Tax	1.2	1.6	1.2	1.6	-0.9	0.8
PAT	3.7	4.7	3.6	4.7	-0.9	0.8
AUM	145	178	145	178	0.0	0.0
NIM (%)	5.2	5.4	5.1	5.4		
ROAA (%)	2.8	2.9	2.8	2.9		
RoAE (%)	13.6	15.1	13.5	15.2		

Source: MOFSL, Company

Exhibit 14: One-year forward P/E

Exhibit 15: One-year forward P/B


Financials and valuations

INCOME STATEMENT									INR m
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	4,645	5,551	4,831	5,611	8,066	10,223	12,896	15,711	19,530
Interest Expense	2,067	2,722	2,645	3,195	4,748	6,142	7,224	8,911	10,794
Net Financing income	2,579	2,829	2,186	2,416	3,318	4,081	5,673	6,800	8,735
Change (%)	36.5	9.7	-22.7	10.5	37.3	23.0	39.0	19.9	28.5
Gains on Assignment	941	1,012	806	639	680	1,170	1,431	1,860	2,325
NII incl assignment income	3,520	3,841	2,992	3,054	3,998	5,251	7,104	8,660	11,061
Change (%)	30.9	9.1	-22.1	2.1	30.9	31.3	35.3	21.9	27.7
Fees and Others	139	165	302	321	745	853	877	1,323	1,593
Total Income	3,659	4,005	3,294	3,375	4,743	6,104	7,981	9,982	12,653
Change (%)	30.5	9.5	-17.8	2.5	40.5	28.7	30.7	25.1	26.8
Operating Expenses	775	899	616	921	1,566	1,894	2,615	3,515	4,272
Change (%)	6.8	16.0	-31.4	49.5	69.9	21.0	38.0	34.4	21.5
Operating Profits	2,885	3,106	2,678	2,454	3,177	4,210	5,366	6,467	8,381
Change (%)	38.7	7.7	-13.8	-8.4	29.5	32.5	27.5	20.5	29.6
Total Provisions	545	825	749	341	530	896	1,261	1,598	2,102
% to operating income	18.9	26.5	28.0	13.9	16.7	21.3	23.5	24.7	25.1
PBT	2,339	2,282	1,929	2,113	2,647	3,314	4,104	4,869	6,279
Tax	818	616	494	538	637	837	1,045	1,227	1,582
Tax Rate (%)	35.0	27.0	25.6	25.5	24.1	25.2	25.5	25.2	25.2
PAT	1,521	1,666	1,435	1,575	2,010	2,478	3,059	3,642	4,697
Change (%)	47.1	9.5	-13.8	9.7	27.6	23.3	23.5	19.0	29.0
Proposed Dividend	279	437	82	164	197	248	306	335	426

BALANCE SHEET									INR m
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	547	547	547	547	547	1,640	1,815	1,815	1,815
Reserves & Surplus (Ex-OCI)	7,859	8,807	10,724	12,404	14,056	15,595	23,588	26,895	31,165
Networth (Ex OCI)	8,406	9,354	11,271	12,951	14,602	17,234	25,403	28,709	32,980
OCI	455	455	455	455	455	455	455	455	455
Networth (Incl OCI)	8,861	9,809	11,726	13,406	15,057	17,690	25,858	29,164	33,435
Change (%)	16.6	10.7	19.5	14.3	12.3	17.5	46.2	12.8	14.6
Minority Interest	0	0	1	0	0	0	0	0	0
Other Capital Instruments	0	0	0	0	0	0	0	0	0
Borrowings	27,438	34,870	39,264	46,896	61,432	73,026	87,018	1,13,239	1,37,795
Change (%)	45.4	27.1	12.6	19.4	31.0	18.9	19.2	30.1	21.7
Other liabilities	736	1,038	786	341	291	377	3,769	4,146	4,560
Change (%)	44.5	41.0	-24.3	-56.7	-14.6	29.6	899.7	10.0	10.0
Total Liabilities	37,036	45,718	51,775	60,642	76,780	91,092	1,16,645	1,46,549	1,75,791
Loans	32,185	33,485	38,051	45,538	59,102	72,648	86,139	1,13,239	1,38,760
Change (%)	26.4	4.0	13.6	19.7	29.8	22.9	18.6	31.5	22.5
Investments	223	375	2,350	5,381	8,261	7,877	15,938	15,938	15,938
Net Fixed Assets	572	603	609	647	730	897	1,160	1,253	1,353
Other assets	4,056	11,255	10,765	9,077	8,687	9,670	13,409	16,120	19,740
Total Assets	37,036	45,718	51,776	60,642	76,780	91,092	1,16,645	1,46,549	1,75,791

E: MOFSL Estimates

Financials and valuations

Assumptions	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
AUM (INR M)	53,384	59,663	53,724	62,468	80,926	1,01,257	1,20,998	1,45,386	1,78,042
Change (%)	28.4	11.8	-10.0	16.3	29.5	25.1	19.5	20.2	22.5
On Balance Sheet	60.9	55.7	75.4	81.4	81.0	77.8	80.4	79.0	79.0
Off Balance Sheet	39.1	44.3	24.6	18.6	19.0	22.2	19.6	22.1	22.1

E: MOFSL Estimates

RATIOS	(%)								
Y/E MARCH	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Spreads Analysis (%)									
Yield on loans	16.1	16.9	13.5	13.4	15.4	15.5	16.2	15.8	15.5
Cost of Funds	8.9	8.7	7.1	7.4	8.8	9.1	9.0	8.9	8.6
Spreads (On books)	7.2	8.2	6.4	6.0	6.6	6.4	7.2	6.9	6.9
NIMs (On Books)	8.9	8.6	6.1	5.8	6.3	6.2	7.1	6.8	6.9
Profitability Ratios (%)									
RoE	19.5	18.8	13.9	13.0	14.6	15.6	14.4	13.5	15.2
RoA	4.8	4.0	2.9	2.8	2.9	3.0	2.9	2.8	2.9
RoA (on AUM)	3.2	2.9	2.5	2.7	2.8	2.7	2.8	2.7	2.9
Op. Exps./Net Income	21.2	22.4	18.7	27.3	33.0	31.0	32.8	35.2	33.8
Empl. Cost/Op. Exps.	60.9	58.3	48.2	45.8	39.9	46.0	43.9	40.5	42.0
Asset-Liability Profile (%)									
Net NPAs to Adv.	1.6	1.4	1.0	1.2	1.2	1.5	1.5	1.0	0.9
Debt/Equity (x) - On BS	3.3	3.7	3.5	3.6	4.2	4.2	3.4	3.9	4.2
Average leverage	3.0	3.5	3.6	3.6	3.9	4.2	3.8	3.7	4.1
CAR	29.1	31.0	26.9	26.4	25.3	24.1	24.7	27.9	26.1

Valuations	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Book Value (INR)	51	57	69	79	89	105	140	158	182
Price-BV (x)	6.5	5.8	4.8	4.2	3.7	3.2	2.4	2.1	1.8
Adjusted BV (INR)	49	55	67	76	86	100	134	153	175
Price-ABV (x)	6.8	6.0	5.0	4.4	3.9	3.3	2.5	2.2	1.9
EPS (INR)	9.3	10.2	8.8	9.6	12.3	15.1	16.9	20.1	25.9
EPS Growth (%)	47	9	-14	10	28	23	12	19	29
Price-Earnings (x)	36	33	38	35	27	22	20	17	13
Dividend per share	5.1	8.0	1.5	3.0	3.0	1.5	1.7	1.8	2.3
Dividend yield (%)	0.5	0.8	0.2	0.3	0.3	0.5	0.5	0.6	0.7

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 warranty, 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.