23 July 2025

1QFY26 Results Update | Sector: Financials

Mahindra & Mahindra Financial

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	369.1 / 4.3
52-Week Range (INR)	334 / 232
1, 6, 12 Rel. Per (%)	1/-6/-9
12M Avg Val (INR M)	764

Financials & valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	81.8	96.8	111.8
PPP	47.7	58.4	68.7
PAT	23.5	26.5	34.4
EPS (INR)	19.0	19.1	24.8
EPS Gr. (%)	33	1	30
BV/Sh.(INR)	160	177	196
Ratios			
NIM (%)	6.7	6.8	6.9
C/I ratio (%)	41.7	39.7	38.6
RoA (%)	1.9	1.9	2.2
RoE (%)	12.4	11.9	13.3
Payout (%)	34.2	35.1	30.3
Valuations			
P/E (x)	14.0	13.9	10.7
P/BV (x)	1.7	1.5	1.4
Div. Yield (%)	2.4	2.5	2.8

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: INR266 TP: INR310 (+17%) Buy

Operationally weak quarter; growth outlook remains clouded

Earnings in line despite elevated credit costs; NIM rises ~10bp QoQ

- Mahindra & Mahindra Financial's (MMFS) 1QFY26 PAT rose ~3% YoY to ~INR5.3b (in line). NII in 1QFY26 stood at INR20.1b (in line) and grew ~13% YoY. Other income rose ~85% YoY to ~INR2.7b, driven by healthy fee income and dividend income of INR464m received during the quarter from Mahindra Insurance Brokers (MIBL; 100% subsidiary of MMFS).
- NIM (calc.) rose ~10bp QoQ to ~6.7%. Opex stood at ~INR9.3b (up ~17% YoY) and the cost-income ratio stood at ~41% (PQ: ~44% and PY: ~41%). PPoP stood at ~INR13.5b (in line) and grew ~19% YoY.
- Credit costs stood at ~INR6.6b (~9% higher than MOFSLe). Annualized credit costs stood at ~2.2% (PQ: ~1.6% and PY: ~1.7%). Collection efficiency improved marginally to ~95% (PY: 94%) in 1QFY26. CRAR stood at ~20.6% (Tier 1: 17.9%) as of Jun'25, after incorporating the Rights Issue concluded in the quarter.
- Management indicated that while the tractor segment continues to benefit from strong tailwinds, there is visible softness in entry-level PV and certain pockets of the CV segment. To support overall growth in FY26, the company plans to capitalize on opportunities in used vehicle and tractor financing.
- MMFS shared that NIMs have bottomed out and will continue to exhibit gradual improvement, supported by a steady decline in the CoB. Additionally, a strategic shift in the product mix, particularly an increased focus on the Refinance segment, is expected to aid margin expansion on incremental disbursements.
- Given that the current cycle in Vehicle Finance is not particularly benign, management emphasized the need to maintain heightened collection intensity to manage asset quality proactively. We cut our FY26 PAT estimates by 5% to factor in higher credit costs and keep our FY27 estimates largely unchanged. We estimate a ~21% PAT CAGR over FY25-FY27E, with FY27E RoA/RoE of 2.2%/13%. **Reiterate BUY with a TP of INR310 (based on 1.6x Mar'27E BVPS).**
- **Key risks:** a) yield compression due to higher competitive intensity from banks, b) weakening of auto demand resulting in muted loan growth, and 3) any volatility in PCR and credit costs.

NIM rises ~10bp QoQ; sequential rise in yields by ~10bp

- Yields (calc.) rose ~10bp QoQ to ~14.2%, while CoF (calc.) was stable QoQ at 7.7%, leading to a ~10bp expansion in spreads. NIM (calc.) rose ~10bp QoQ to ~6.7%.
- 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%.

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Key takeaways from the management commentary

- Management highlighted that competitive intensity remains high, with mainstream banks increasingly entering and intensifying competition in the vehicle finance segment.
- While SME disbursements witnessed a temporary slowdown due to the company's recalibrated geographic strategy, the overall SME loan book registered a healthy growth. Management remains confident of a rebound in SME disbursements going forward.
- The company successfully raised INR30b through a rights Issue, boosting its Tier-1 capital to 17.9%. With this strengthened capital position, MMFS is now well-equipped to pursue growth opportunities across its core segments.

Valuation and view

- MMFS reported an operationally soft quarter, marked by muted disbursements and loan growth. Asset quality exhibited seasonal deterioration, marked by elevated credit costs, higher slippages, and continued higher levels of write-offs. On a positive note, NIM expanded ~10bp QoQ, and management remains confident that NIM has bottomed out and is likely to expand going forward.
- MMFS currently trades at 1.3x FY27E P/BV. The outlook on loan growth and credit cost still remains partly clouded for MMFS. With a projected PAT CAGR of ~21% over FY25-FY27E and RoA/RoE of 2.2%/13% in FY27E, **we reiterate our BUY rating with a TP of INR310 (based on 1.6x Mar'27E BV).**

Quarterly Performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	1Q FY26E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	36,122	37,448	39,572	40,172	41,646	42,604	44,223	45,329	153,314	173,801	41,458	0
Interest Expenses	18,286	19,343	20,459	20,896	21,524	21,718	22,239	22,122	78,983	87,603	21,408	1
NII	**17,836**	**18,106**	**19,113**	**19,276**	**20,122**	**20,886**	**21,984**	**23,207**	**74,331**	**86,198**	**20,050**	0
YoY Growth (%)	12.6	14.1	12.5	6.4	12.8	15.4	15.0	20.4	11.2	16.0	12.4	
Other income	1,480	1,802	1,872	2,279	2,732	2,455	2,590	2,851	7,433	10,627	2,132	28
Net Total Income	**19,316**	**19,908**	**20,985**	**21,555**	**22,853**	**23,341**	**24,573**	**26,057**	**81,764**	**96,825**	**22,182**	3
YoY Growth (%)	15.3	18.9	15.6	9.4	18.3	17.2	17.1	20.9	14.6	18.4	14.8	
Operating Expenses	7,970	7,947	8,768	9,427	9,323	9,219	9,645	10,207	34,113	38,394	9,006	4
Operating Profit	**11,345**	**11,961**	**12,217**	**12,128**	**13,530**	**14,122**	**14,929**	**15,850**	**47,651**	**58,431**	**13,176**	3
YoY Growth (%)	13.5	26.9	15.0	3.4	19.3	18.1	22.2	30.7	14.0	22.6	16.1	
Provisions	4,482	7,035	91	4,571	6,597	6,232	5,460	4,760	16,179	23,048	6,035	9
Profit before Tax	**6,864**	**4,927**	**12,126**	**7,557**	**6,933**	**7,890**	**9,469**	**11,090**	**31,473**	**35,383**	**7,141**	-3
Tax Provisions	1,734	1,232	3,131	1,925	1,638	2,020	2,424	2,763	8,022	8,846	1,828	-10
Net Profit	**5,130**	**3,695**	**8,995**	**5,631**	**5,295**	**5,870**	**7,045**	**8,327**	**23,450**	**26,537**	**5,313**	0
YoY Growth (%)	45.5	57.1	62.7	-9.0	3.2	58.9	-21.7	47.9	33.3	13.2	3.6	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.3	14.2	14.4	14.1	14.2	14.1	14.2	14.2	14.2	14.1		
Cost of funds (Cal)	7.8	7.8	7.9	7.7	7.7	7.6	7.5	7.3	8.0	8.0		
Spreads (Cal)	6.5	6.4	6.5	6.4	6.5	6.5	6.7	6.9	6.2	6.1		
Credit Cost (Cal)	1.7	2.6	0.03	1.56	2.2	2.0	1.70	1.44	1.5	1.8		
Cost to Income Ratio	41.26	39.9	41.8	43.7	40.80	39.5	39.2	39.2	41.7	39.7		
Tax Rate	25.3	25.0	25.8	25.5	23.6	25.6	25.6	24.9	25.5	25.0		
Balance Sheet Parameters												
Loans (INR B)	1028	1085	1116	1162	1183	1232	1255	1303	1162	1303		
Change YoY (%)	30.4	20.6	19.5	17.2	15.1	13.5	12.4	12.1	17.2	12.1		
Borrowings (INR B)	953	1032	1046	1129	1109	1177	1193	1229	1129	1229		
Change YoY (%)	30.7	21.6	21.0	22.4	16.3	14.1	14.0	8.9	20.1	8.9		
Loans/Borrowings (%)	107.8	105.1	106.7	103.0	106.7	104.6	105.2	106.0	103	106		
Debt/Equity (x)	5.1	5.6	5.5	5.7	4.7				5.7	5.0		
Asset Quality Parameters (%)												
GS 3 (INR B)	37.9	43.1	45.3	44.1	47.0				44.1	50.4		
Gross Stage 3 (% on Assets)	3.6	3.8	3.9	3.7	3.8				3.7	3.8		
NS 3 (INR B)	15.2	17.5	22.6	21.6	22.8				21.6	23.7		
Net Stage 3 (% on Assets)	1.5	1.6	2.0	1.8	1.9				1.8	1.8		
PCR (%)	73.5	59.5	50.1	51.2	51.4				51.2	53.0		
ECL (%)	3.3	3.5	3.0	2.9	3.0				3.2	3.3		
Return Ratios (%)												
ROAA	1.8	1.2	2.8	1.7	1.6				1.9	1.9		
ROAE	11.1	8.0	19.2	11.6	9.8				12.4	11.9		

E: MOFSL estimates

Muted disbursements growth of ~1% YoY; AUM up ~15% YoY

- Business assets stood at ~INR1.22t, which grew ~15% YoY and ~2% QoQ. Management acknowledged a subdued 1QFY26 and refrained from issuing full-year guidance at this stage, citing limited visibility. However, it remains optimistic, underpinned by the sector's inherent attractiveness.
- 1QFY26 disbursements stood at ~INR128b, which grew ~1% YoY. Disbursement growth in the current quarter was driven by tractors (~21% QoQ), pre-owned vehicles (+3% QoQ), and PVs (~2% QoQ). Disbursals were slow in CVs (-12% QoQ) and SME (-19% QoQ). We model a loan CAGR of ~12% over FY25-27E.

Seasonal deterioration in asset quality; credit costs remain elevated

- Asset quality exhibited deterioration with GS3/NS3 rising ~15bp/7bp QoQ to ~3.85%/1.9%. Stage 3 PCR rose ~20bp QoQ to ~51.4% (PQ: ~51.2%).
- Stage 2 rose ~40bp QoQ to ~5.9%. This resulted in 30+dpd increasing to 9.7% (PQ: 9.1%). GS2 + GS3 rose ~55bp in 1QFY26 (while it rose ~125bp in 1QFY25).
- Write-offs (loan losses) stood at ~INR4.9b (1.9% of TTM EAD). Net slippages stood at INR7b (PY: INR6.2b and PQ: INR3.8b). Management has guided for credit costs of 1.5-1.7% in FY26. We model credit costs (as % of assets) of 1.6%/1.4% for FY26E/27E.

CONFERENCE CALL

Highlights from the management commentary

Guidance

- The company guided for the non-wheels business to constitute 25% of the Business Assets mix by FY30.
- It aspires to achieve an RoA of 2.2% and subsequently 2.5%.
- The first quarter was relatively muted, making it difficult to provide full-year guidance. However, management remains optimistic, citing the inherent attractiveness of the sector.
- It expects MMFS to gradually gain momentum, supported by an improving economic environment, and intends to capitalize on emerging opportunities.

Vehicle finance

- Segments like tractors have benefited from strong tailwinds, while entry-level PVs and certain CV segments continue to witness weakness.
- New PV and used PV segments have mirrored the underlying commerce trends. The company is calibrating its CV business, focusing on segments that are attractive from an NBFC standpoint and offer healthy margins.
- Prolonged stress persists in certain segments, such as the entry-level car segment, where high prices and affordability issues are impacting demand.
- The wheels business is facing challenges in entry-level PVs and continued stress in certain CV segments. However, the company plans to leverage growth opportunities in the used vehicles and tractors segments for the rest of the year.
- The tractor lending business delivered standout growth, rising 21% YoY, and the company plans to increase its market share in this segment, supported by favorable tailwinds.
- MMFS has proactively taken a few prudent underwriting decisions.
- Competitive intensity remains high, with mainstream banks increasingly focusing on the vehicle finance category.
- Key metrics have been maintained at stable levels. For the remainder of the year, the company will be watching out for tailwinds for growth. Rural cashflows are expected to remain strong, supported by encouraging Kharif sowing and MSP trends. Additionally, it anticipates an improvement in the environment with the onset of the festive season.

CV business

- MMFS has never been a major player in the M&HCV segment; its primary focus has been on the SCV/LCV segment, along with some business with fleet operators.
- Banks are chasing fleet operators, making pricing unattractive from an NBFC standpoint. It has actively stayed out of the M&HCV fleet operator segment and remains focused on the SCV/LCV and Buses segments.
- The CV segment has struggled for some time, facing challenges in the mining segment and issues with price discovery for newly purchased vehicles.
- The M&HCV and CE businesses are increasingly shifting to banks, making it unviable for MMFS to compete with mainstream banks. This decision is driven more by NIM considerations than by risk concerns. Given its selective participation choices, the company expects growth to decline in these segments.

Asset quality

- 30+ dpd stood at 9.7% in 1QFY26; GS2 + GS3 rose 57bp in 1QFY26 (while it rose 123bp in 1QFY25).
- 2Q has traditionally been weak for MMFS and its collection teams will need to work diligently to maintain performance.
- The company has guided for credit costs of 1.5-1.7% in FY26.
- The company has reorganized its collection offices, creating bucket-wise and product-wise collection teams.
- The cycle is not extremely benign, requiring MMFS to over-index on collection rigor.
- Agri-customer volatility: MMFS has deeply immersed itself in micro-markets, leveraging tool-kits to incorporate micro-market data into its scorecards for underwriting decisions. Understanding customer cashflows has been key, enabling it to structure repayments (e.g. tractors) based on individual cashflow patterns. This approach has helped MMFS manage collection volatility effectively.

Fee income

- The company received dividend income of INR460m from MIBL; this will be a recurring item going forward. MIBL is a 100% subsidiary of MMFS.
- Fee and Investment income has seen an improvement both on a YoY and QoQ basis. MIBIL investment added ~14bp to the RoA.
- There is enough headroom to deepen fee-based income. The company will consider pursuing FDs going forward only if it identifies meaningful cross-sell/up-sell opportunities.

Yields and pricing

- Variables influencing: The company has reached an optimal level in sourcing customers in the prime segment. It now has strong underwriting, where it is able to onboard customers in the near-prime segment at good risk-adjusted rates.
- The near-to-prime customer segment is not price-sensitive. NBFCs have to ace the game of service and quick delivery.
- Salesforce LoS and Finnone LMS: There should not be a hazard to pricing going forward.

Margins

- NIM has bottomed out at 6.5% and there will be positive trends, supported by a gradual reduction in the CoB.
- The product mix will also help NIM going forward. The company aims to increase the refinance book’s contribution, which will drive NIM expansion on fresh disbursements.

Liabilities

- It is too early to comment on the borrowing side at the portfolio level; however, the company continues to see benefits in incremental borrowings.
- For loans linked to the MCLR, there will be a lag in re-pricing. However, in the subsequent quarters, the company will see incremental benefits on the CoF side.
- MMFS is raising three-year NCDs at an interest rate of 7.1-7.2%.

Opex

- In 1Q, the company moved some employees from on-roll to off-roll; excluding this change, the number of employees remained flat QoQ.

Refinance business

- The used cars and refinance businesses are areas of growth that the company has factored into its plans.
- The business yields are decent enough, and the company is open to doing both refinance and financing purchase of used vehicles.
- The company targets various used vehicle dealerships (usually used PV and some used CV). If a customer wants a top-up on their existing vehicle, it offers refinance loans.
- The company calibrates the volume of incremental business in this segment based on its risk guardrails.
- Existing customers can avail top-up loans on their existing vehicles.
- For buy-and-sell transactions, it has three channels: 1) OEM-organized channels, 2) dealers and brokers, and 3) aggregators.
- MMFS has refrained from external BT-IN business and has not gone overboard.

SME business

- SME business did see a decline in disbursements but the book grew 28% YoY.
- The company has rehashed its geography strategy and this is a temporary disbursement decline in SMEs. SME disbursements will be strong going forward.
- The company has restructured its operations into 4-zone and 2-NSM structure. It plans to over-index on LAP, and SME business volumes will start improving from hereon.
- In the MSME segment, the company started with micro-enterprises, primarily in the auto ancillary businesses, before expanding to service/trading enterprises, with LAP emerging as the flagship product. The company has staffed many branches with MSME-focused teams and established robust underwriting processes. LAP now accounts for ~50% of its SME business. It does not have any bulky loans sitting within its MSME book. It offers machinery loans, supply chain financing, and bill discounting products.

MRHFL

- MRHFL - Mortgage subsidiary has become PAT positive; it continues to make edits in the business model and expects the performance to improve in the subsequent quarters.
- MMFS finds the affordable housing highly attractive. It is pleased with the way MRHFL is being turned around. Ticket size and pricing have moved along expected lines.
- Employee count has been reduced from 9,500 to 5,500. The objective is to get the playbook in order.

Technology

- The company has fully migrated from its tech stack (LOS), completing the cut-over in June. Consequently, all June disbursements were processed on the new technology stack.
- Significant investments are being made on the data side.

Branches

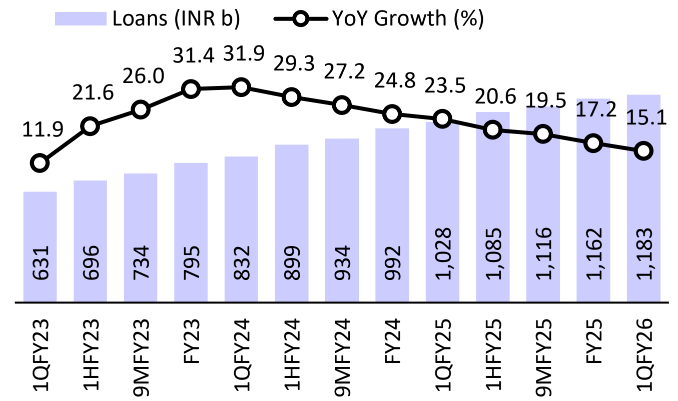
- MMFS has crossed 6,000 dealers that it works with. It is increasing its point of connect at the dealership.
- It now has branches across the country that are well spread out across East, West, North and South zones.
- Branches have been reorganized with a Branch Head and a cross-sell desk at the branches.
- Mobile App is one of the biggest branches and several acquisitions are now happening on the mobile app as well.

Others

- RoA stood at 1.6%.
- The company raised INR30b through Rights Issue and augmented Tier-1 to 17.9%. MMFS is well-capitalized for growth opportunities now.
- MMFS will not be looking at Gold Loans since it is an operationally-intensive business. Within SMEs, the company offers LAP/Supply Chain Finance and Bill Discounting. It is also participating in the Leasing business and aims to over-index on fee-based income going forward.
- MMFS tracks a targeted product per customer metric, which is progressing well, showing a healthy upward trend.
- The company has a co-lending partnership with a bank, where MMFS acts as the junior partner and is currently streamlining processes for the same. It also has some co-lending partnerships in MSME (but they are very small now), where it is the senior partner.

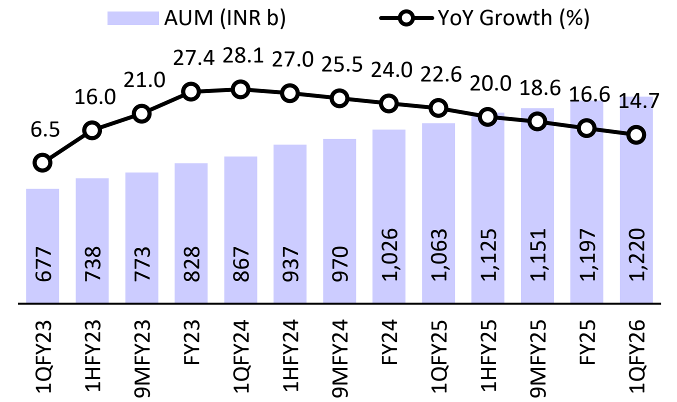
Key exhibits

Exhibit 1: On-book loans grew ~15% YoY



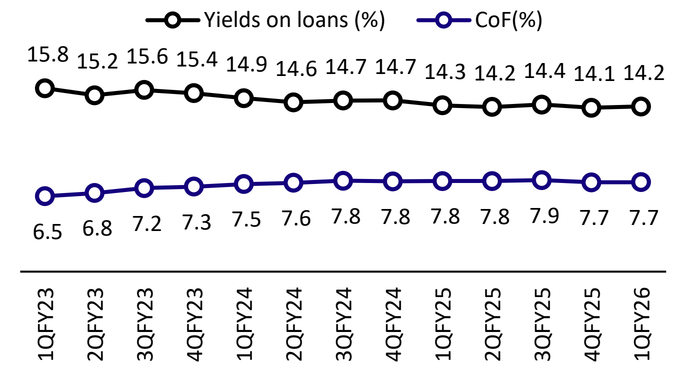
Source: MOFSL, Company

Exhibit 2: Business assets grew ~15% YoY



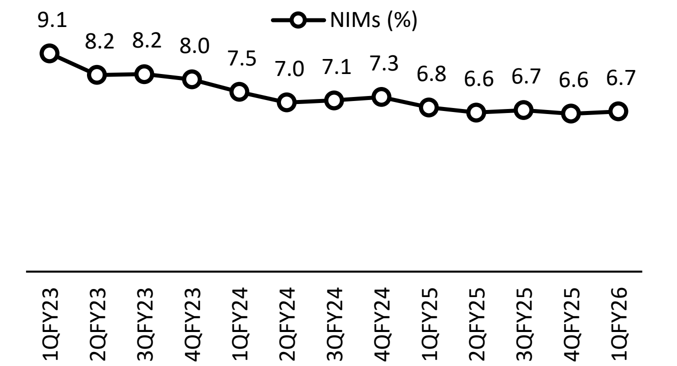
Source: MOFSL, Company

Exhibit 3: Spreads rose ~10bp sequentially



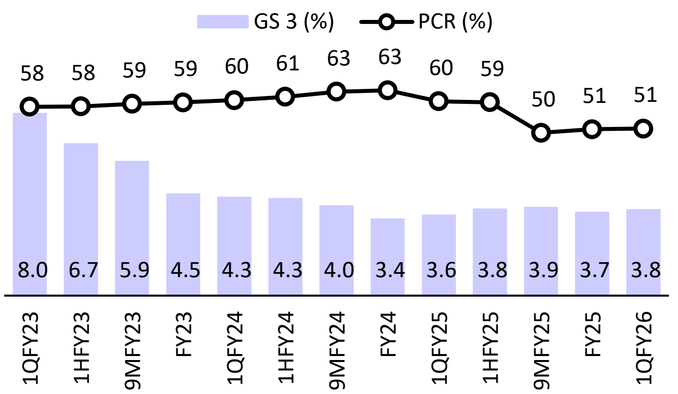
Source: MOFSL, Company

Exhibit 4: NIMs (calc.) rose by ~10bp QoQ to 6.7%



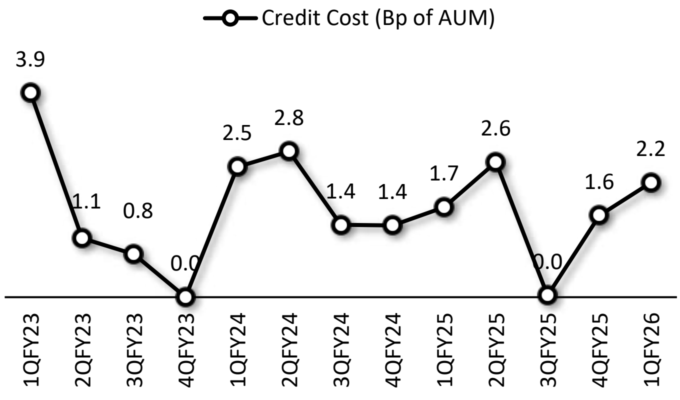
Source: MOFSL, Company

Exhibit 5: GS3 increased ~10bp QoQ to 3.8%



Source: MOFSL, Company

Exhibit 6: Annualized credit costs stood at ~2.2%



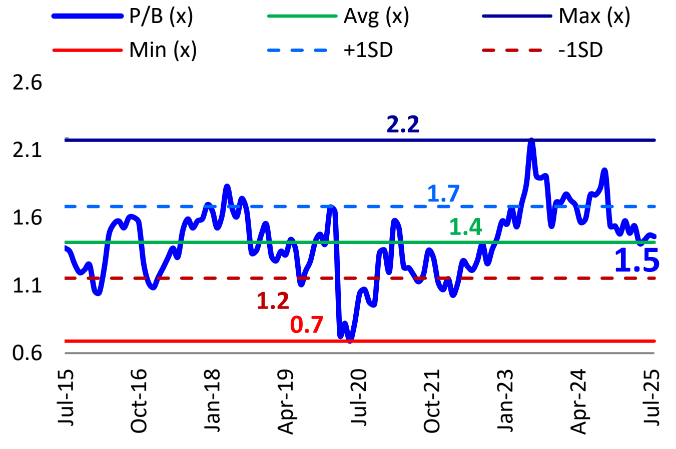
Source: MOFSL, Company

Exhibit 7: We cut our FY26 EPS estimates by 5% to factor in higher credit costs and keep our FY27 estimates broadly unchanged

INR B	Old Est		New Est		% Change	
	FY26	FY27	FY26	FY27	FY26	FY27
NII (incl. Sec. Inc)	96.2	111.1	96.2	111.0	0.0	0.0
Other Income	0.7	0.8	0.7	0.8	0.0	0.0
Total Income	**96.9**	**111.9**	**96.8**	**111.8**	**0.0**	**0.0**
Operating Expenses	38.2	42.9	38.4	43.2	0.6	0.6
Operating Profits	**58.7**	**68.9**	**58.4**	**68.7**	**-0.5**	**-0.4**
Provisions	21.1	22.4	23.0	22.4	9.5	0.3
PBT	**37.7**	**46.6**	**35.4**	**46.2**	**-6.0**	**-0.7**
Tax	9.6	11.9	8.8	11.8	-7.9	-0.7
PAT	**28.1**	**34.7**	**26.5**	**34.4**	**-5.4**	**-0.7**
Loans	1,308	1,468	1,303	1,460	-0.4	-0.5
Borrowings	1,234	1,382	1,229	1,374	-0.4	-0.5
Margins	6.8	6.9	6.8	6.9	-0.3	0.0
Credit Cost	1.7	1.6	1.8	1.6	9.7	0.7
RoA on AUM	**2.0**	**2.2**	**1.9**	**2.2**	-5.2	-0.3
RoE	**12.6**	**13.3**	**11.9**	**13.2**	-5.1	-0.2

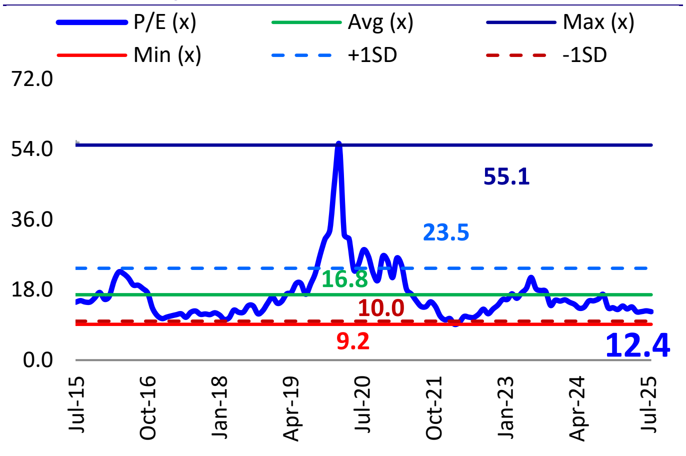
Source: MOFSL, Company

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	1,73,801	1,92,700
Interest Expended	39,446	48,287	47,332	39,202	45,767	64,269	78,983	87,603	94,126
Net Interest Income	**46,700**	**51,130**	**55,338**	**55,554**	**61,059**	**66,818**	**74,331**	**86,198**	**98,574**
Change (%)	33.3	9.5	8.2	0.4	9.9	9.4	11.2	16.0	14.4
Other Operating Income	1,084	1,561	1,283	1,824	2,462	2,954	6,875	9,958	12,448
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**	**96,825**	**1,11,825**
Change (%)	35.0	11.3	6.9	0.2	11.7	10.1	14.6	18.4	15.5
Operating Expenses	18,476	20,182	16,325	20,734	27,276	29,572	34,113	38,394	43,172
Operating Profits	**30,177**	**33,982**	**41,573**	**37,252**	**37,518**	**41,783**	**47,651**	**58,431**	**68,653**
Change (%)	39.1	12.6	22.3	-10.4	0.7	11.4	14.0	22.6	17.5
Provisions	6,352	20,545	37,348	23,683	9,992	18,228	16,179	23,048	22,444
PBT	**23,824**	**13,438**	**4,224**	**13,569**	**27,526**	**23,555**	**31,473**	**35,383**	**46,208**
Tax	8,254	4,374	873	3,682	7,138	5,959	8,022	8,846	11,783
Tax Rate (%)	34.6	32.5	20.7	27.1	25.9	25.3	25.5	25.0	25.5
PAT	**15,571**	**9,064**	**3,352**	**9,888**	**19,843**	**17,596**	**23,450**	**26,537**	**34,425**
Change (%)	54.0	-41.8	-63.0	195.0	100.7	-11.3	33.3	13.2	29.7

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	2,779	2,779
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	2,43,815	2,68,937
Net Worth	**1,04,221**	**1,13,558**	**1,47,034**	**1,56,200**	**1,70,889**	**1,81,575**	**1,98,122**	**2,46,594**	**2,71,715**
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**	**2,46,675**	**2,71,796**
Change (%)	11.8	9.0	29.5	6.2	9.4	6.3	9.1	24.5	10.2
Borrowings	**5,28,469**	**5,94,623**	**5,85,767**	**5,58,139**	**7,49,459**	**9,39,786**	**11,28,735**	**12,29,365**	**13,74,387**
Change (%)	31.8	12.5	-1.5	-4.7	34.3	25.4	20.1	8.9	11.8
Other liabilities	38,009	32,451	37,483	38,467	41,818	30,231	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**	**15,07,732**	**16,81,371**
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**	**13,03,127**	**14,59,599**
Change (%)	26.2	6.1	-7.8	0.8	31.5	24.8	17.2	12.1	12.0
Other assets	20,367	31,668	54,818	64,038	67,732	63,132	89,337	88,120	91,309
Total Assets	**6,70,780**	**7,40,712**	**7,70,365**	**7,52,887**	**9,62,165**	**11,51,592**	**13,55,482**	**15,07,732**	**16,81,371**

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	14.1	14.0
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	6.1	6.0
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	39.7	38.6
Empl. Cost/Op. Exps.	59.0	56.9	62.2	56.5	58.1	57.9	55.8	55.5	55.8
RoE	15.8	8.3	2.6	6.5	12.1	10.0	12.4	11.9	13.3
RoA	2.6	1.3	0.4	1.3	2.3	1.7	1.9	1.9	2.2
Asset Quality (%)									
GNPA	40,706	57,467	57,857	49,760	37,168	34,910	44,140	50,393	59,379
NNPA	32,907	39,665	24,339	20,860	15,071	12,860	21,559	23,685	27,314
GNPA %	6.4	8.4	9.0	7.7	4.5	3.4	3.7	3.8	3.9
NNPA %	5.3	6.0	4.1	3.5	1.9	1.3	1.8	1.8	1.9
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	3.3	3.5
Capitalisation (%)									
CAR	20.3	19.6	26.0	27.8	22.5	18.9	18.3	19.4	18.7
Tier I	15.5	15.4	22.2	24.3	19.9	16.4	15.2	16.9	16.6
Tier II	4.8	4.2	3.8	3.5	2.7	2.5	3.1	2.5	2.1
Average Leverage on Assets (x)	6.1	6.5	5.8	5.0	5.2	6.0	6.6	6.4	6.2

Valuation	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Book Value (INR)	169	185	119	127	139	147	160	177	196
BV Growth (%)	11.7	8.9	-35.3	6.1	9.4	6.2	9.1	10.6	10.2
Price-BV (x)	**1.6**	**1.4**	**2.2**	**2.1**	**1.9**	**1.8**	**1.7**	**1.5**	**1.4**
Adjusted BV (INR)	132	136	105	114	129	140	148	166	182
Price-ABV (x)	**2.0**	**2.0**	**2.5**	**2.3**	**2.1**	**1.9**	**1.8**	**1.6**	**1.5**
OPS (INR)	49.1	55.2	33.7	30.2	30.4	33.8	38.6	42.1	49.4
OPS Growth (%)	39.0	12.5	-38.9	-10.5	0.7	11.3	14.0	9.0	17.5
Price-OP (x)	**5.4**	**4.8**	**7.9**	**8.8**	**8.7**	**7.9**	**6.9**	**6.3**	**5.4**
EPS (INR)	25.3	14.7	2.7	8.0	16.1	14.3	19.0	19.1	24.8
EPS Growth (%)	53.9	-41.8	-81.5	194.8	100.6	-11.4	33.2	0.6	29.7
Price-Earnings (x)	**10.5**	**18.1**	**97.8**	**33.2**	**16.5**	**18.7**	**14.0**	**13.9**	**10.7**
Dividend	6.5	0.0	0.8	3.6	6.0	6.3	6.5	6.7	7.5
Dividend Yield (%)	**2.4**	**0.0**	**0.3**	**1.4**	**2.3**	**2.4**	**2.4**	**2.5**	**2.8**

E: MOFSL Estimates

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