30 January 2026
3QFY26 Result Update| Sector: NBFCs

Five Star Business Finance

Estimate changes	↔
TP change	↓
Rating change	↔

Bloomberg	FIVESTAR IN
Equity Shares (m)	294
M.Cap.(INRb)/(USDb)	130.6 / 1.4
52-Week Range (INR)	850 / 435
1, 6, 12 Rel. Per (%)	-16/-34/-50
12M Avg Val (INR M)	844

Financials Snapshot (INR b)

Y/E March	FY26E	FY27E	FY28E
NII	23.9	27.1	31.5
PPoP	17.1	19.0	21.9
PAT	11.1	12.6	14.7
EPS (INR)	37.8	42.8	50
EPS Growth (%)	4	13	16
BVPS (INR)	250	291	338
Ratios (%)			
NIM	19.2	18.6	17.9
C/I ratio	32.1	33.4	33.6
Credit Costs	1.8	1.4	1.3
RoAA	7.3	7.1	6.9
RoAE	16.3	15.8	15.8
Dividend Payout	5.3	5.8	5.0
Valuation			
P/E (x)	11.7	10.4	8.9
P/BV (x)	1.8	1.5	1.3
Div. Yield (%)	0.5	0.6	0.6

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	18.6	18.6	21.6
DII	14.7	12.2	10.1
FII	52.9	55.8	57.8
Others	13.8	13.5	10.6

FII includes depository receipts

CMP: INR444 TP: INR590 (+33%) Buy

Subdued performance; normalization still a few quarters away

Improvement seen in early delinquencies

- Five Star Business Finance's (FIVESTAR) 3QFY26 PAT grew ~1% YoY to INR2.8b (in line). NII grew ~12% YoY to INR6.1b (in line). Other income rose 33% YoY to INR264m (vs. MOFSLe of INR370m). The quarterly dip in the other income was primarily due to the dip in the treasury income.
- Opex grew 21% YoY to INR2.1b (in line). It made provisions of ~INR21m towards employee benefits on account of the new labor codes. PPoP rose ~10% YoY to INR4.3b (in line). Credit costs were INR571m (in line). Annualized credit costs stood at ~1.5% (PQ: ~1.35% and PY: ~0.7%).
- AUM grew 16% YoY/1% QoQ to ~INR130b. Management emphasized that the pace of growth has been deliberately moderated to prioritize strengthening the collections and stabilizing the portfolio. This approach aims to enhance asset quality, with disbursements expected to pick up over the next two quarters, once collections normalize.
- Management highlighted that the underlying challenges initially arose from over-leveraging but subsequently shifted to behavioral issues from borrowers. In response, Five Star is deliberately avoiding broad-based technical write-offs, recognizing that such measures could inadvertently weaken repayment discipline across the lending ecosystem. Instead, the company is guiding customers toward responsible credit behavior and emphasizing the long-term benefits of maintaining a healthy credit profile. Management believes that this education-driven approach will support a sustainable recovery, even if it tempers near-term growth.
- The company expects the CoF to decline further as ~25-30% of liabilities are linked to repo/T-bills/EBLR rates, enabling interest rate benefits to pass through, with an additional ~10–15bp reduction anticipated over the next two quarters.
- Underwriting norms have been tightened, and collection functions have been notably strengthened through the establishment of a dedicated collections vertical and enhanced customer engagement. These measures have helped maintain stability in soft-bucket collections in 3QFY26. Management stated that despite slightly elevated slippages, customer delinquencies have been effectively contained within the <60 DPD bucket.
- Five Star is making efforts to promote responsible credit behavior, aimed at creating a more resilient foundation for the medium to longer term. 1+dpd improved ~10bp QoQ, which suggests that the early bucket delinquencies are stabilizing, and if this trend continues, it will give the management confidence to accelerate disbursement growth within the next 1-2 quarters. We estimate the company to post a CAGR of ~21%/~15% in AUM/PAT over FY26-28E with a FY28E RoA/RoE of 6.9/16%. **Reiterate BUY with a revised TP of INR590 (based on 1.8x Dec'27E BV).**

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Disbursements dip 18% QoQ; focus continued on collections

- Disbursements grew ~4% YoY and declined ~18% QoQ to ~INR9.8b.
- With borrower behavioral issues now taking hold and stress formation reducing, disbursement growth is expected to pick up in the coming quarters.

Margins contract owing to falling yields; CoB set to improve

- Reported yields declined ~20bp QoQ to 23%, while CoB declined ~15bp QoQ to 9.1%. Reported spreads declined ~5bp QoQ to 13.9%. Reported NIM dipped ~35bp QoQ to ~16%. Incremental CoF declined ~35bp QoQ to ~8.2%.
- CoB has steadily declined over the last year and is expected to improve further. Management guided for ~15-20bp improvement in CoB over ~3-6 months.
- 3QFY26 RoA/RoE stood at 7%/15.8%. Capital adequacy was ~52% as of Dec'25

Forward flows into higher buckets continue, but early buckets contained

- GS3/NS3 rose ~50bp QoQ each to ~3.2% and 1.9%, respectively. PCR declined ~540bp QoQ to ~40%.
- 30+ dpd rose ~65bp QoQ to 12.8% and 1+dpd improved ~10bp QoQ to 18.2%. This suggests that early delinquencies are now getting contained, but forward flows of delinquent customers into higher buckets continue.
- Overall collection efficiency and unique customer collection efficiency for the quarter stood at 96.6% and 95.1%, respectively. Unique collection efficiency (excluding NPAs) improved from ~96.5% in 2Q to ~97.3% in 3QFY26.

Highlights from the management commentary

- The company has signed a ~USD100m loan with the Asian Development Bank, which will be drawn down over the next few quarters. The fully loaded cost will be determined by the hedge rate, and it will be 25-30bp higher than other borrowing instruments (expected to be at ~8.75-8.80%)
- Rejection rates have increased to ~38–40% in 2Q and 3Q, reflecting tighter underwriting. However, these are expected to moderate once the company sharpens its target borrower profile.

Valuation and view

- FIVESTAR reported a muted performance during the quarter, marked by subdued disbursements and weak AUM growth. While asset quality showed deterioration, early delinquencies remained largely contained. The company appears to be approaching an inflection point, with business momentum and asset quality expected to improve over the next few quarters. While we expect some early green shoots from 4QFY26 itself, we now estimate full normalization only from 2QFY27 onwards.
- The stock currently trades at 1.5x FY27E P/BV. We estimate FIVESTAR to post a CAGR of ~21%/~15% in AUM/PAT over FY26-28E with an RoA/ RoE of 6.9/16% in FY28E. **Reiterate BUY with a revised TP of INR590 (based on 1.8x Dec'27E BV).**

Quarterly Performance (INR M)

Y/E March	FY25				FY26E				FY25	FY26E	3QFY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	6,411	6,793	7,112	7,347	7,647	7,731	7,959	8,032	27,663	31,369	7,809	2
Interest Expenses	1,582	1,631	1,714	1,753	1,873	1,800	1,885	1,891	6,680	7,449	1,847	2
Net Interest Income	**4,829**	**5,161**	**5,399**	**5,594**	**5,774**	**5,931**	**6,073**	**6,141**	**20,983**	**23,920**	**5,962**	**2**
YoY Growth (%)	31.4	29.6	28.3	21.2	19.6	14.9	12.5	9.8	27.3	14.0	10.4	
Other Income	283	266	198	250	265	334	264	377	997	1,239	370	-29
Total Income	**5,112**	**5,427**	**5,597**	**5,844**	**6,039**	**6,265**	**6,337**	**6,518**	**21,980**	**25,159**	**6,332**	**0**
YoY Growth (%)	32.0	30.3	26.8	21.4	18.1	15.4	13.2	11.5	27.3	14.5	13.1	
Operating Expenses	1,565	1,627	1,713	1,880	2,012	1,936	2,078	2,052	6,785	8,077	2,029	2
Operating Profit	**3,547**	**3,800**	**3,884**	**3,964**	**4,027**	**4,330**	**4,259**	**4,466**	**15,196**	**17,082**	**4,304**	**-1**
YoY Growth (%)	35.9	36.9	29.4	19.2	13.5	13.9	9.7	12.6	29.7	12.4	10.8	
Provisions & Loan Losses	185	218	233	254	478	510	571	667	890	2,226	572	0
Profit before Tax	**3,362**	**3,582**	**3,651**	**3,711**	**3,550**	**3,819**	**3,688**	**3,799**	**14,306**	**14,856**	**3,732**	**-1**
Tax Provisions	846	903	913	919	886	958	918	967	3,581	3,729	937	-2
Net Profit	**2,516**	**2,679**	**2,739**	**2,791**	**2,663**	**2,861**	**2,770**	**2,832**	**10,725**	**11,127**	**2,795**	**-1**
YoY Growth (%)	37	34	26	18	6	7	1	1	28.3	3.7	2.1	
Key Parameters (%)												
Yield on loans	25.7	25.5	25.7	25.5	25.1	24.4	24.7	24.3				
Cost of funds	9.7	9.6	9.6	9.2	9.5	8.9	9.1	9.1				
Spread	16.0	16.0	16.1	16.3	15.7	15.6	15.6	15.2				
NIM	19.33	19.41	19.54	19.41	18.98	18.75	18.82	18.6				
Credit cost	0.74	0.69	0.71	0.73	1.31	1.35	1.48	1.69				
Cost to Income Ratio (%)	30.6	30.0	30.6	32.2	33.3	30.9	32.8	31.5				
Tax Rate (%)	25.2	25.2	25.0	24.8	25.0	25.1	24.9	25.4				
Performance ratios (%)												
AUM/Branch (INR m)	189.1	165.6	153	158.8	162.4	160.6						
Balance Sheet Parameters												
AUM (INR B)	103.4	109.3	111.8	118.8	124.6	128.5	129.6	134.8				
Change YoY (%)	36.4	32.2	25.2	23.2	20.4	17.6	16.0	13.5				
Disbursements (INR B)	**13.2**	**12.5**	**9.4**	**14.6**	**12.9**	**12.0**	**9.8**	**14.0**				
Change YoY (%)	16.5	3.9	-22.2	9.2	-2.1	-4.4	3.8	-4.2				
Borrowings (INR B)	67.2	68.8	73.6	79.2	78.7	83.8	82.0	85.0				
Change YoY (%)	55.8	42.8	27.1	25.4	17.1	21.8	11.4	7.3				
Borrowings/Loans (%)	65.0	63.0	65.9	66.7	63.2	65.2	63.2	63.1				
Debt/Equity (x)	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.2				
Asset Quality (%)												
GS 3 (INR M)	**1,454**	**1,604**	**1,808**	**2,123**	**3,070**	**3,388**						
G3 %	**1.4**	**1.5**	**1.62**	**1.8**	**2.5**	**2.6**						
NS 3 (INR M)	**697**	**773**	**901**	**1,034**	**1,534**	**1,857**						
NS3 %	**0.7**	**0.7**	**0.8**	**0.9**	**1.3**	**1.5**						
PCR (%)	**52.1**	**51.8**	**50.2**	**51.3**	**50.0**	**45.2**						
ECL (%)	**1.6**	**1.6**	**1.7**	**1.6**	**1.9**	**1.9**						
Return Ratios (%)												
ROA (Rep)	8.2	8.4	8.1	8.0	7.2	7.5						
ROE (Rep)	19.0	19.0	18.49	18.4	16.6	16.9						

E: MOFSL Estimates

Highlights from the management commentary

Business updates

- Small-ticket loan segment continues to face stress, driven initially by overleveraging and now increasingly by borrower behavioral issues.
- The company follows a three-step approach: 1) understand the crisis, 2) fix the issues, and 3) move ahead with sustainable solutions. Management indicated that the company is at the fag end of the second step, with long-term corrective measures now being put in place.
- Underwriting actions taken over the last two quarters have helped ensure continued stability in soft-bucket collections in 3QFY26.
- Jan’25 performance was better than Oct’25 despite multiple holidays, with lower slippages and stable collections. February and March performance is expected to improve further due to fewer holidays.
- Affordable housing lending has been introduced cautiously, with ~100 sanctions issued; the company is not in a hurry to scale and plans to deploy separate teams for growth in this product.
- Management has clearly prioritized collections over disbursements, consciously slowing growth to stabilize the book and bring operating metrics back in line. As a result, AUM and disbursement growth have moderated, with management indicating that this phase is intentional and corrective. Once collections stabilize sustainably, growth is expected to resume over the next couple of quarters, led by higher disbursements and gradual AUM acceleration.
- The company is focused on fixing issues comprehensively with a long-term lens, rather than pursuing short-term growth.

Operational highlights

- Disbursements grew ~4% YoY but declined ~18% QoQ to ~INR9.8b, reflecting the deliberate slowdown in growth.
- 3QFY26 PAT increased 1% YoY to INR2.8b, broadly in line with expectations.
- RoA and RoE for 3QFY26 stood at ~7% and ~15.8%, respectively.
- Opex increased marginally due to lower operating leverage amid subdued disbursements.
- The company added 35 branches during the quarter, continuing investment in physical infrastructure.
- Collection officer strength increased to 2,452 as of Dec’25, with a full-fledged dedicated collections vertical being established, which is expected to positively impact collections and asset quality over time.

Margins, cost of funds, and liquidity

- Around ~25-30% of liabilities are linked to repo/T-bill/EBLR, and transmission benefits are expected to flow through. An additional ~10-15bp reduction in cost of funds is expected over the next two quarters purely on the existing book.
- Incremental funding costs are meaningfully lower than the portfolio cost of funds.
- During the quarter, the company raised ~INR4.6b at a cost of ~8.2%, lower than the previous quarter.

- The cost of borrowing has steadily declined over the last year and is expected to improve further. Management guided for 15-20bp improvement in CoB over the next 3-6 months.
- The company has signed a ~USD100m loan with the Asian Development Bank, which will be drawn down over the next few quarters. Fully loaded cost will be determined by the hedge rate, and it will be 25-30bp higher than other borrowing instruments (expected to be at 8.75%-8.8%)

Crisis, borrower behavior, and credit culture

- The crisis initially stemmed from overleveraging, but has now evolved into a behavioral issue, with EMI capacity rising while cash flows remained unchanged. This is a lender-made crisis, unlike past disruptions such as demonetization or COVID, making behavioral correction critical.
- Management is consciously avoiding a clean slate approach, as blanket write-downs can negatively impact borrower behavior across lenders in the ecosystem.
- The company is actively educating customers on credit discipline and the long-term importance of maintaining a healthy credit profile. Five Star believes this approach will have a durable, long-term impact, even if near-term recovery appears slower.

Collections performance and trends

- Focus on collections is clearly reflected in metrics, with overall collection efficiency at ~96.6% and unique customer collection efficiency at ~95.1% for 3QFY26.
- Current book collection efficiency improved from ~98.5% in Sep’25 to ~99% in Dec’25.
- Unique collection efficiency (excluding NPAs) improved from ~96.5% to ~97.3% over the same period.
- Unique CE on the current book rose from ~98.5% (in 2Q) to ~99.2% in 3Q, signaling improvement in softer buckets.
- Despite slightly elevated slippages, the company has successfully contained customers within <60 DPD, with Stage 2 assets remaining steady QoQ.
- Incremental stress formation and additions to Stage 2 assets are at their lowest levels over the last 3–4 quarters.

Asset quality and credit costs

- NPAs remain elevated, reflecting borrower stress; however, management does not see principal loss risk due to the secured nature of the book.
- Recoveries from NPA and the written-off pool amounted to ~INR230m in 3QFY26, with management expecting the recovery momentum to remain healthy.
- Management does not favor aggressive technical write-offs, as these can weaken borrower discipline and credit culture. Instead, the company prefers adequate but prudent write-offs, combined with strong recovery efforts to bring down Stage 3 assets.

- ECL/EAD will remain between ~1.6-1.7% structurally, while the company currently holds ~1.8%, indicating prudence. Write-offs of ~INR630m were taken during 3QFY26.
- Once an account moves to Stage 3, it is handled by the legal recovery team focused on partial or full settlement rather than EMI collection.
- Many borrowers clear arrears in one go through settlements, supported by continuous engagement from the legal recovery team.

Underwriting, customer profile, and competition

- Underwriting filters have been tightened significantly, with loans disbursed over the last eight months performing better, with higher NACH usage and pre-due-date payments.
- Rejection rates have increased to ~38–40% in 2Q and 3Q, reflecting tighter underwriting. However, these are expected to moderate once the company sharpens its target borrower profile.
- Repeat customers undergo fresh underwriting and must have a minimum two-year relationship with the company. Management does not see elevated risk here.
- While MFI ticket sizes have increased, Five Star has not moved up the ticket size, leading to some overlap. However, MFIs are not seen as direct competitors due to differences in ticket size, underwriting approach, and tenure, with Five Star remaining relevant for longer-tenure secured loans.

Growth outlook and way forward

- Management reiterated that growth will be accelerated after collections stabilize sustainably.
- The company is nearing the end of its corrective phase and expects visible results from ongoing collection and underwriting efforts.
- With borrower behavioral issues now taking hold and stress formation reducing, disbursement growth is expected to pick up from the next quarter.

Key Exhibits

Exhibit 1: Disbursements grew ~4% YoY

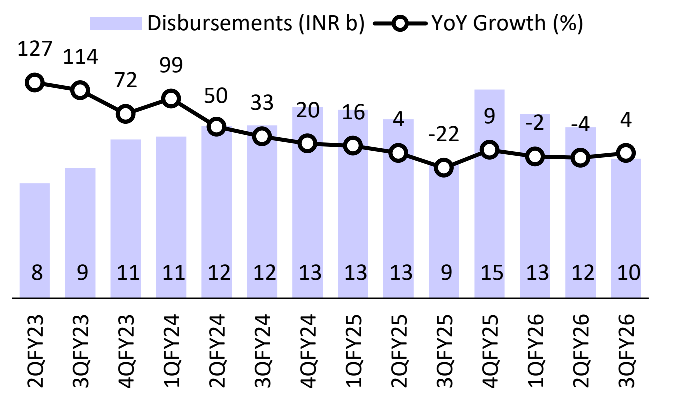


Exhibit 2: AUM rose ~16% YoY

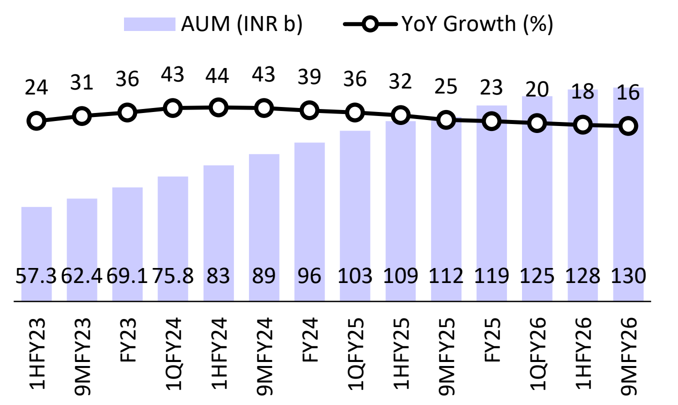


Exhibit 3: Spreads (calc.) were stable QoQ (%)

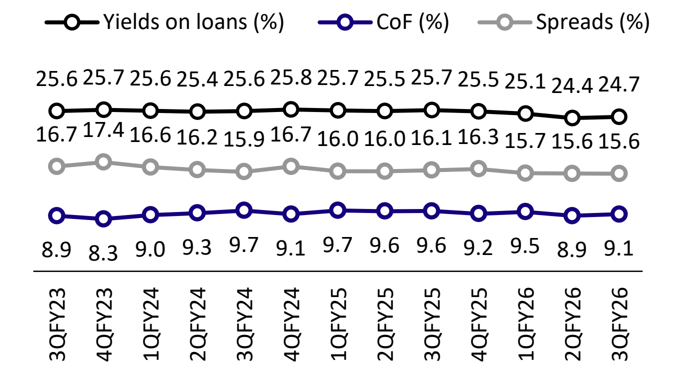
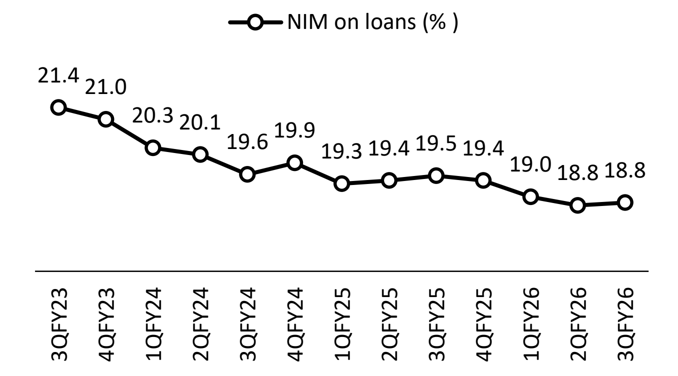


Exhibit 4: NIM (calc.) remained stable QoQ (%)



Sources: Company; MOFSL

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Exhibit 5: Opex/AUM rose ~30bp QoQ (%)

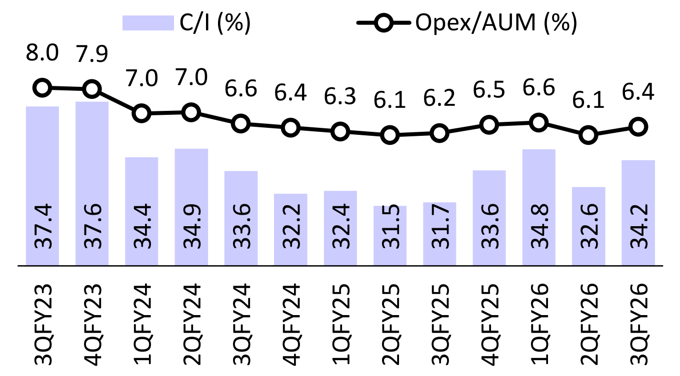


Exhibit 6: Share of bank borrowings increased ~2pp QoQ (%)

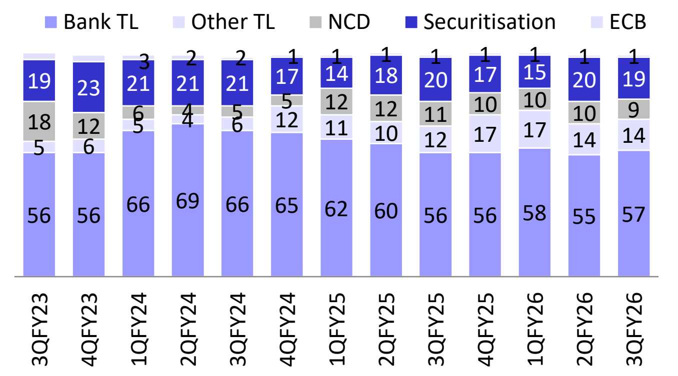
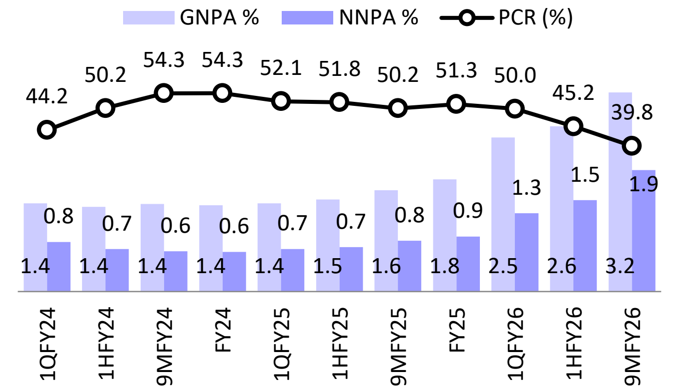
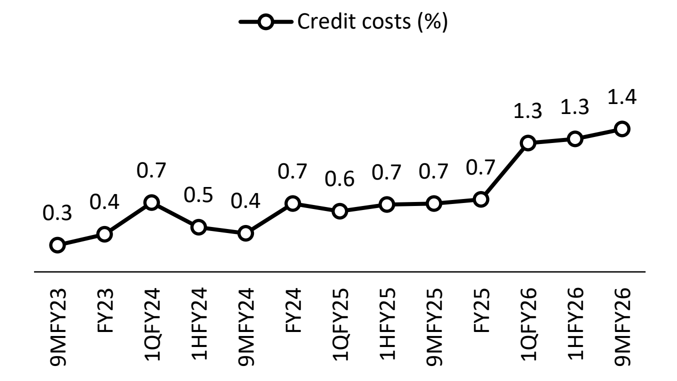


Exhibit 7: GS3 rose ~55bp QoQ (%)



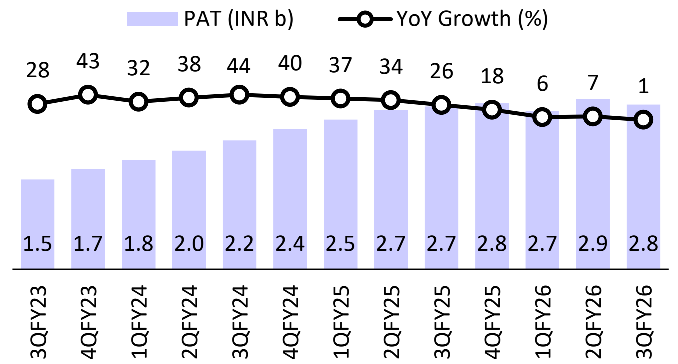
Sources: Company; MOFSL

Exhibit 8: Credit costs remained elevated QoQ



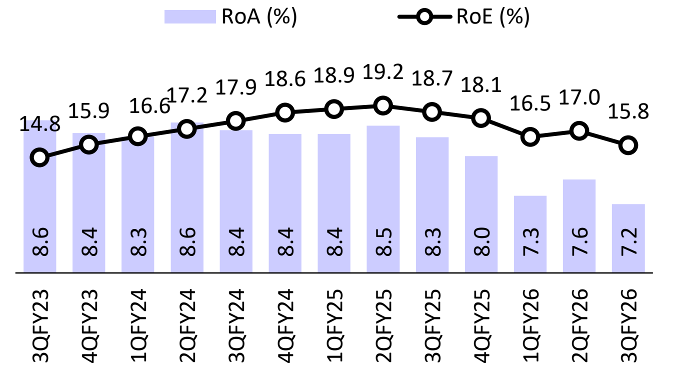
Sources: Company; MOFSL

Exhibit 9: PAT rose ~1% YoY to INR2.8b



Sources: Company; MOFSL

Exhibit 10: RoA/RoE of 7.2%/16% in 3QFY26

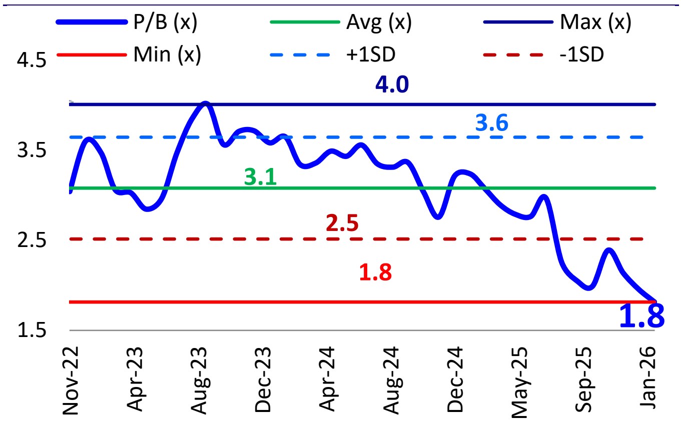


Sources: Company; MOFSL

Exhibit 11: We keep our estimates largely unchanged

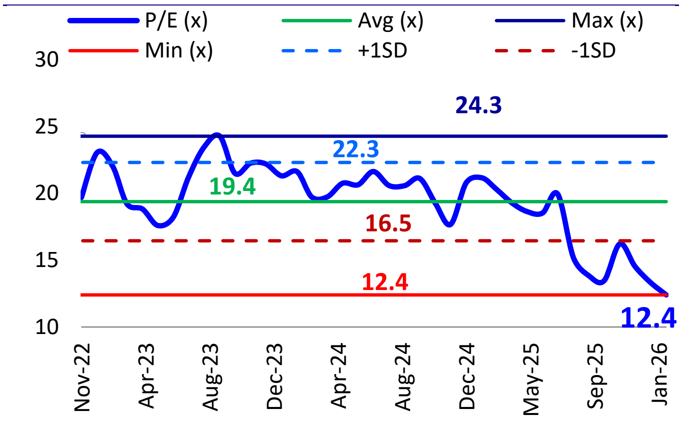
INR B	Old Est.			New Est.			Change (%)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
NII	23.7	26.9	31.3	23.9	27.1	31.5	0.8	0.8	0.9
Other Income	1.3	1.4	1.6	1.2	1.4	1.5	-3.2	-2.6	-3.6
Total Income	**25.0**	**28.3**	**32.8**	**25.2**	**28.5**	**33.0**	**0.6**	**0.7**	**0.7**
Operating Expenses	8.1	9.5	11.2	8.1	9.5	11.1	0.2	0.2	-0.7
Operating Profits	**16.9**	**18.8**	**21.6**	**17.1**	**19.0**	**21.9**	**0.8**	**0.9**	**1.3**
Provisions	2.2	2.2	2.3	2.2	2.1	2.4	0.2	-2.1	1.2
PBT	**14.7**	**16.6**	**19.3**	**14.9**	**16.8**	**19.6**	**0.9**	**1.3**	**1.4**
Tax	3.7	4.2	4.8	3.7	4.2	4.9	0.9	1.3	1.4
PAT	**11.0**	**12.4**	**14.5**	**11.1**	**12.6**	**14.7**	**0.9**	**1.3**	**1.4**
AUM	136	163	199	135	162	196	-1.1	-0.7	-1.5
Borrowings	86	106	134	85	104	129	-1.4	-1.7	-3.9
RoA	7.2	7.0	6.7	7.3	7.1	6.9	1.3	2.1	2.9
RoE	16.2	15.7	15.7	16.3	15.8	15.8	0.8	1.1	1.0

Exhibit 12: One-year forward P/B



Source: MOFSL, Company

Exhibit 13: One-year forward P/E



Source: MOFSL, Company

DuPont Analysis

% of avg. assets	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	22.3	20.0	19.8	19.9	20.8	21.2	20.5	20.0	19.6
Interest Expended	6.5	6.5	5.0	3.5	4.6	5.1	4.9	4.7	4.8
Net Interest Income	**15.8**	**13.5**	**14.9**	**16.4**	**16.2**	**16.1**	**15.7**	**15.3**	**14.8**
Other Income	1.2	0.7	0.9	0.4	0.8	0.8	0.8	0.8	0.7
Total Income	**17.0**	**14.3**	**15.7**	**16.8**	**16.9**	**16.8**	**16.5**	**16.1**	**15.5**
Operating Expenses	**5.1**	**4.2**	**5.0**	**5.8**	**5.4**	**5.2**	**5.3**	**5.4**	**5.2**
Operating Profit	**11.9**	**10.1**	**10.7**	**11.0**	**11.5**	**11.6**	**11.2**	**10.7**	**10.3**
Provisions	1.5	0.7	0.8	0.3	0.5	0.7	1.5	1.2	1.1
PBT	**10.4**	**9.4**	**10.0**	**10.7**	**10.9**	**11.0**	**9.7**	**9.5**	**9.2**
Tax	2.6	2.3	2.5	2.7	2.7	2.7	2.4	2.4	2.3
Tax Rate (%)	*25.0*	*24.7*	*24.9*	*25.0*	*25.1*	*25.0*	*25.1*	*25.1*	*25.1*
PAT	**7.8**	**7.1**	**7.5**	**8.0**	**8.2**	**8.2**	**7.3**	**7.1**	**6.9**
Leverage	2.0	2.4	2.0	1.9	2.1	2.3	2.2	2.2	2.3
RoE	**15.8**	**16.8**	**15.0**	**15.0**	**17.5**	**18.7**	**16.3**	**15.8**	**15.8**

Financials and Valuation

Income statement

INR m

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	7,468	10,149	12,038	14,988	21,166	27,663	31,369	35,519	41,797
Interest Expended	2,174	3,279	3,006	2,663	4,685	6,680	7,449	8,416	10,263
Net Interest Income	**5,295**	**6,870**	**9,032**	**12,325**	**16,481**	**20,983**	**23,920**	**27,104**	**31,534**
Change (%)	69	30	31	36	34	27	14	13	16
Fees and Commissions (Legal and Technical Fees)	297	217	294	138	219	322	471	498	523
Net gain on fair value changes	102	132	209	83	443	494	504	529	555
Non-Operating Income (including recovery of bad debts)	6	15	21	81	123	182	264	343	428
Other Income	405	364	524	301	785	997	1,239	1,370	1,507
Net Income	**5,700**	**7,234**	**9,556**	**12,627**	**17,266**	**21,980**	**25,159**	**28,473**	**33,041**
Change (%)	72	27	32	32	37	27	14	13	16
Employees Cost	1,271	1,637	2,361	3,464	4,286	5,211	6,149	7,133	8,203
Depreciation	101	114	122	173	246	304	366	432	510
Others	342	367	575	741	1,021	1,270	1,562	1,953	2,402
Operating Expenses	1,713	2,118	3,058	4,378	5,553	6,785	8,077	9,517	11,114
Operating Profit (PPoP)	**3,986**	**5,116**	**6,497**	**8,249**	**11,713**	**15,196**	**17,082**	**18,956**	**21,926**
Change (%)	76	28	27	27	42	30	12	11	16
Provisions/write offs	493	352	455	201	554	890	2,226	2,142	2,364
PBT	**3,493**	**4,764**	**6,042**	**8,048**	**11,160**	**14,306**	**14,856**	**16,814**	**19,562**
Tax	874	1,174	1,507	2,012	2,800	3,581	3,729	4,220	4,910
Tax Rate (%)	25.0	24.7	24.9	25.0	25.1	25.0	25.1	25.1	25.1
Reported PAT	**2,620**	**3,590**	**4,535**	**6,035**	**8,359**	**10,725**	**11,127**	**12,594**	**14,652**
Change (%)	67	37	26	33	39	28	4	13	16
Proposed Dividend (incl. tax)	0	0	0	0	0	589	589	736	736

Balance sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Capital	254	255	291	291	292	294	294	294	294
Reserves & Surplus	19,190	22,925	36,812	43,104	51,669	62,752	73,290	85,294	99,210
Net Worth	**19,444**	**23,180**	**37,104**	**43,395**	**51,962**	**63,046**	**73,584**	**85,589**	**99,505**
Borrowings	23,637	34,252	25,588	42,473	63,158	79,220	85,031	1,04,082	1,29,174
Change (%)	146	45	-25	66	49	25	7	22	24
Other liabilities	451	504	739	1,160	1,768	1,940	2,715	3,802	5,132
Total Liabilities	**43,532**	**57,936**	**63,431**	**87,028**	**1,16,888**	**1,44,206**	**1,61,330**	**1,93,473**	**2,33,811**
Loans	38,308	43,587	51,024	68,222	96,851	1,16,868	1,32,447	1,59,391	1,92,796
Change (%)	83	14	17	34	42	21	13	20	21
Investments	0	0	2,482	1,446	1,077	2,122	2,334	2,568	2,825
Change (%)				-42	-26	97	10	10	10
Net Fixed Assets	279	249	328	449	643	1,487	1,859	2,324	2,905
Other assets	4,945	14,100	9,597	16,914	18,317	23,728	24,690	29,190	35,285
Total Assets	**43,532**	**57,936**	**63,431**	**87,030**	**1,16,888**	**1,44,206**	**1,61,330**	**1,93,473**	**2,33,811**

E: MOFSL Estimates

Financials and Valuation

AUM Mix (%)									
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
AUM	38,922	44,454	50,671	69,148	96,406	1,18,770	1,34,831	1,61,987	1,96,146
YoY Growth (%)	**84**	**14**	**14**	**36**	**39**	**23**	**14**	**20**	**21**
Disbursements	24,087	12,451	17,562	33,915	48,814	49,697	48,604	62,213	74,655
YoY Growth (%)	**63**	**-48**	**41**	**93**	**44**	**2**	**-2**	**28**	**20**

Ratios									
Growth %	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
AUM	84	14	14	36	39	23	14	20	21
Disbursements	63	-48	41	93	44	2	-2	28	20
Total Assets	85	33	9	37	34	23	12	20	21
NII	69	30	31	36	34	27	14	13	16
PPOP	76	28	27	27	42	30	12	11	16
PAT	67	37	26	33	39	28	4	13	16
EPS	57	37	10	33	38	27	4	13	16

									(%)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Spreads Analysis (%)									
Yield on loans	25.2	24.8	25.4	25.1	25.6	25.9	25.2	24.3	23.7
Cost of funds	13.1	11.3	10.0	7.8	8.9	9.4	9.1	8.9	8.8
Spread	12.1	13.5	15.4	17.3	16.8	16.5	16.1	15.4	14.9
Net Interest Margin	17.6	16.5	19.0	20.6	19.9	19.6	19.2	18.6	17.9
Profitability Ratios & Capital Structure (%)									
Debt-Equity ratio	1.2	1.5	0.7	1.0	1.2	1.3	1.2	1.2	1.3
Capital adequacy - CRAR	52.9	58.9	75.2	67.2	50.5	50.1	44.0	42.1	39.9
Leverage	2.2	2.5	1.7	2.0	2.2	2.3	2.2	2.3	2.3
Int. Expended/Int.Earned	29.1	32.3	25.0	17.8	22.1	24.1	23.7	23.7	24.6
RoA	**7.8**	**7.1**	**7.5**	**8.0**	**8.2**	**8.2**	**7.3**	**7.1**	**6.9**
RoE	**15.8**	**16.8**	**15.0**	**15.0**	**17.5**	**18.7**	**16.3**	**15.8**	**15.8**
Cost/Productivity Ratios (%)									
Cost/Income	30.1	29.3	32.0	34.7	32.2	30.9	32.1	33.4	33.6
Op. Exps./Avg Assets	5.1	4.2	5.0	5.8	5.4	5.2	5.3	5.4	5.2
Op. Exps./Avg AUM	5.7	5.1	6.4	7.3	6.7	6.3	6.4	6.4	6.2
Other Inc./Net Income	7.1	5.0	5.5	2.4	4.5	4.5	4.9	4.8	4.6
AUM/employee (INR m)	10.4	11.3	8.9	9.4	10.3	10.0	10.9	11.9	13.2
AUM/ branch (INR m)	154.5	169.7	168.9	185.4	185.4	158.8	162.8	178.4	198.5
Empl. Cost/Op. Exps. (%)	74.2	77.3	77.2	79.1	77.2	76.8	76.1	74.9	73.8
Asset Quality									
Gross NPAs (INR m)	532	452	530	939	1,328	2,123	4,089	4,048	4,866
Gross NPA (%)	**1.4**	**1.0**	**1.0**	**1.4**	**1.4**	**1.8**	**3.0**	**2.5**	**2.5**
Net NPAs (INR m)	438	371	345	476	608	1,034	2,515	2,388	2,773
Net NPA (%)	1.1	0.8	0.7	0.7	0.6	0.9	1.9	1.5	1.4
PCR (%)	**17.7**	**18.0**	**34.9**	**49.3**	**54.3**	**51.3**	**38.5**	**41.0**	**43.0**
Credit costs (% of gross loans)	**1.6**	**0.8**	**1.0**	**0.3**	**0.67**	**0.83**	**1.76**	**1.44**	**1.32**
VALUATION									
Book Value (INR)	77	91	127	149	178	214	250	291	338
Price-BV (x)	**5.8**	**4.9**	**3.5**	**3.0**	**2.5**	**2.1**	**1.8**	**1.5**	**1.3**
EPS (INR)	10	14	16	21	29	36	38	43	50
EPS Growth YoY	57	37	10	33	38	27	4	13	16
Price-Earnings (x)	**43**	**31**	**28**	**21**	**15**	**12**	**12**	**10**	**9**
DPS (INR)	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.5	2.5
Dividend yield (%)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.5**	**0.5**	**0.6**	**0.6**

E: MOFSL Estimates

NOTES

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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.

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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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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 dpgrievances@motilaloswal.com.