motilal oswal
Financial Services

28 January 2026
3QFY26 Results Update | Sector: Financials

Mahindra & Mahindra Financial

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	515.7 / 5.6
52-Week Range (INR)	412 / 232
1, 6, 12 Rel. Per (%)	-3/46/30
12M Avg Val (INR M)	902

Financials & valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
NII	101.5	116.2	133.2
PPP	61.2	69.8	80.8
PAT	27.9	33.5	39.5
EPS (INR)	20.1	24.1	28.4
EPS Gr. (%)	6	20	18
BV/Sh.(INR)	179	195	216
Ratios			
NIM (%)	6.9	7.0	6.9
C/I ratio (%)	39.7	39.9	39.4
RoA (%)	2.0	2.1	2.2
RoE (%)	12.5	12.9	13.8
Payout (%)	35.8	32.1	29.3
Valuations			
P/E (x)	18.4	15.3	13.0
P/BV (x)	2.1	1.9	1.7
Div. Yield (%)	1.9	2.1	2.2

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	52.5	52.5	52.2
DII	32.4	32.3	31.2
FII	9.2	9.6	10.5
Others	6.0	5.6	6.1

FII Includes depository receipts

CMP: INR371 TP: INR450 (+21%) Buy

Diversification to anchor the next phase of growth

Earnings beat driven by low credit costs; GS2+GS3 improve ~50bp QoQ

- Mahindra & Mahindra Financial's (MMFS) 3QFY26 PAT grew 42% QoQ to ~INR8.1b (~9% beat). NII was up ~21% YoY at INR23b (in line). Other income rose ~90% YoY to ~INR3.6b, driven by healthy fee income and dividend income of INR464m from MIBL (PQ: INR536m).
- Opex stood at ~INR11.2b (up ~28% YoY) and the cost-income ratio stood at ~42% (PQ: ~38% and PY: ~42%). This included the one-time impact of ~INR1.2b on account of the new labor codes.
- Credit costs stood at ~INR4.7b (~23% lower than est.). Annualized credit costs stood at ~1.5% (PQ: ~2.4%). During the quarter, MMFS conducted its annual review and refresh of the ECL model in line with the board-approved ECL policy. However, the company did not take any benefit of the ECL release and created a management overlay of INR6.35b. Collection efficiency in 3Q stood at ~95% (PQ: 96%).
- Management shared that since the bulk of capability building undertaken over the last few years has now been completed, the company will be pivoting toward growth and is targeting mid-teen to high-teen loan book CAGR over the medium term.
- Net slippages into Stage 3 stood at INR5.3b (PY: INR6.6b and PQ: INR7.3b). The company shared that Stage 2 has declined meaningfully, which has reduced forward flows and contributed to lower net slippages during the quarter. Further, asset quality has not exhibited volatility over the last eight quarters. The company has guided for cross-cycle credit costs of 1.5-1.7%, and we model credit costs of 1.6% (as a % of avg. assets) for FY27/FY28E each.
- We cut our FY27/FY28 PAT estimates by 2%/4% to factor in slightly higher operating expenses due to investments in the mortgage business. We estimate a ~19% PAT CAGR over FY25-FY28E, with FY28E RoA/RoE of 2.2%/14%. **Reiterate BUY with an unchanged TP of INR450 (based on 2.1x Dec'27E BVPS).**
- **Key risks:** a) yield compression due to higher competitive intensity from banks, b) strong auto demand (post the GST rate cut) fizzling out in the coming quarters, potentially leading to muted loan growth, and 3) any compression in NIM from the scale-up in the mortgage business.

NIM expands ~40bp QoQ; yields (calc.) rise ~35bp QoQ

- Yields (calc.) rose ~35bp QoQ to ~14.2%, while CoF (calc.) declined ~5bp QoQ to 7.3%, leading to spreads expanding by ~40bp QoQ to 6.9%. NIM (calc.) expanded ~40bp QoQ to ~7.2%. The expansion in yields and margins was due to the conversion of trade advances into interest-earning customer loans and interest-income writebacks from improvement in Stage 3 loans.
- Management shared that while some benefits may be passed on in a declining interest rate environment, margins are expected to remain resilient, supported by structural tailwinds of improvement in portfolio mix and an increasing share of tractor financing. We model NIMs of 6.4% (as a % of avg. assets) in FY27/FY28E each (vs. 6.2% for FY26E).

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Key takeaways from the management commentary

- The board has granted in-principle approval to evaluate a consolidation proposal, including a scheme of merger by absorption of Mahindra Rural Housing Finance (MRHFL) into the parent company.
- The company targets to reduce the share of Wheels in its portfolio from ~88% to ~70% by FY30 while increasing the contribution of other asset categories, including housing and SME, from ~12% to ~30% of the loan book.

Valuation and view

- MMFS reported an operationally healthy quarter, with disbursements reaching an all-time high, driven by momentum in tractors and PV amid healthy festive demand, GST cuts, and pent-up demand from Aug/Sep'25. Asset quality also improved, with 30+ dpd declining by 50bp, resulting in lower net slippages. Additionally, NIMs expanded during the quarter, supported by strong fee income and an improvement in the yields.
- MMFS currently trades at 1.9x FY27E P/BV. With a projected PAT CAGR of ~19% over FY25-28E and RoA/RoE of 2.2%/14% in FY28E, **we reiterate our BUY rating with an unchanged TP of INR450 (based on 2.1x Dec'27E BV).**

Quarterly Performance

(INR Mn)

Y/E March	FY25				FY26E				FY25	FY26E	3Q FY26E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest income	36,122	37,448	39,572	40,172	41,646	41,779	44,071	45,042	1,53,314	1,72,538	43,617	1
Interest Expenses	18,286	19,343	20,459	20,896	21,524	20,663	21,026	21,258	78,983	84,471	21,138	-1
NII	**17,836**	**18,106**	**19,113**	**19,276**	**20,122**	**21,116**	**23,045**	**23,784**	**74,331**	**88,067**	**22,479**	3
YoY Growth (%)	12.6	14.1	12.5	6.4	12.8	16.6	20.6	23.4	11.2	18.5	17.6	
Other income	1,480	1,802	1,872	2,279	2,732	3,113	3,561	4,047	7,433	13,453	3,491	2
Net Total Income	**19,316**	**19,908**	**20,985**	**21,555**	**22,853**	**24,230**	**26,606**	**27,831**	**81,764**	**1,01,520**	**25,970**	2
YoY Growth (%)	15.3	18.9	15.6	9.4	18.3	21.7	26.8	29.1	14.6	24.2	23.8	
Operating Expenses	7,970	7,947	8,768	9,427	9,323	9,240	11,203	10,538	34,113	40,304	9,820	14
Operating Profit	**11,345**	**11,961**	**12,217**	**12,128**	**13,530**	**14,989**	**15,403**	**17,294**	**47,651**	**61,216**	**16,150**	-4.6
YoY Growth (%)	13.5	26.9	15.0	3.4	19.3	25.3	26.1	42.6	14.0	28.5	32.2	
Provisions	4,482	7,035	91	4,571	6,597	7,514	4,699	5,179	16,179	23,988	6,120	-23
Profit before Tax	**6,864**	**4,927**	**12,126**	**7,557**	**6,933**	**7,475**	**10,704**	**12,115**	**31,473**	**37,228**	**10,031**	7
Tax Provisions	1,734	1,232	3,131	1,925	1,638	1,782	2,600	3,287	8,022	9,307	2,568	1
Net Profit	**5,130**	**3,695**	**8,995**	**5,631**	**5,295**	**5,693**	**8,104**	**8,828**	**23,450**	**27,921**	**7,463**	9
YoY Growth (%)	45.5	57.1	62.7	-9.0	3.2	54.1	-9.9	56.8	33.3	19.1	-17.0	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.3	14.2	14.4	14.1	14.2	13.8	14.2	14.1	14.2	14.0		
Cost of funds (Cal)	7.8	7.8	7.9	7.7	7.7	7.3	7.3	7.2	8.0	8.0		
Spreads (Cal)	6.5	6.4	6.5	6.4	6.5	6.5	6.9	6.9	6.2	6.0		
Credit Cost (Cal)	1.72	2.57	0.03	1.56	2.18	2.41	1.5	1.58	1.5	1.9		
Cost to Income Ratio	41.3	39.9	41.78	43.7	40.8	38.1	42.1	37.9	41.7	39.7		
Tax Rate	25.3	25.0	25.8	25.5	23.6	23.8	24.3	27.1	25.5	25.0		
Balance Sheet Parameters												
Loans (INR B)	1028	1085	1116	1162	1183	1232	1251	1299	1162	1299		
Change YoY (%)	30.4	20.6	19.5	17.2	15.1	13.5	12.1	11.8	17.2	11.8		
Borrowings (INR B)	953	1032	1046	1129	1109	1148	1160	1192	1129	1192		
Change YoY (%)	30.7	21.6	21.0	22.4	16.3	11.2	11.0	5.6	20.1	5.6		
Loans/Borrowings (%)	107.8	105.1	106.7	103.0	106.7	107.3	107.8	109.0	103	109		
Debt/Equity (x)	5.1	5.6	5.5	5.7	4.7	5.0	4.9		5.7	4.8		
Asset Quality Parameters (%)												
GS 3 (INR B)	37.9	43.1	45.3	44.1	47.0	50.1	49.1		44.1	49.8		
Gross Stage 3 (% on Assets)	3.6	3.8	3.9	3.7	3.9	3.9	3.8		3.7	3.7		
NS 3 (INR B)	15.2	17.5	22.6	21.6	22.8	23.5	23.0		21.6	23.4		
Net Stage 3 (% on Assets)	1.5	1.6	2.0	1.8	1.9	1.9	1.8		1.8	1.8		
PCR (%)	73.5	59.5	50.1	51.2	51.4	53.0	53.0		51.2	53.0		
ECL (%)	3.3	3.5	3.0	2.9	3.0	3.2	3.0		3.2	3.2		
Return Ratios (%)												
ROAA	1.8	1.2	2.8	1.7	1.6	1.6	2.3		1.9	2.0		
ROAE	11.1	8.0	19.2	11.6	9.8	9.8	13.8		12.4	12.5		

E: MOFSL estimates

Disbursement grew 7% YoY/30% QoQ; AUM up ~12% YoY

- Business assets stood at ~INR1.29t, which grew ~12% YoY and ~1.4% QoQ. Management shared that while the overall demand has softened post festive season, the rural and semi-urban demand continues to be supported by favorable monsoon conditions, agricultural commodity price discovery, and MSP support. MMFS is confident of increasing its market share in the Wheels business.
- 3QFY26 disbursements stood at ~INR176b, which grew ~7% YoY/30% QoQ. Tractor disbursements grew ~65% YoY and 86% QoQ, while SME disbursements grew ~4% YoY in 3QFY26. PV disbursements grew ~33% QoQ in 3QFY26.

Asset quality improves; Credit costs declines sequentially

- Asset quality exhibited improvement, with GS3 down ~15bp QoQ to ~3.8% and NS3 down ~7bp QoQ to 1.8%. Stage 3 PCR was broadly stable QoQ at ~53% (PQ: 53%).
- Stage 2 declined ~40bp QoQ to ~5.4%. This resulted in 30+dpd declining ~50bp QoQ to ~9.2%. Stage 2 PCR declined ~140bp QoQ to 8%.
- Write-offs (loan losses) stood at ~INR6.3b (2.2% of TTM EAD). Net Slippages into Stage 3 stood at INR5.3b (PY: INR6.6b and PQ: INR7.3b). The company completely wrote-off its Aizwal portfolio (which was 100% provided for). Management reiterated its guidance of maintaining credit costs in the range of 1.5-1.7% going forward. We model credit costs (as % of assets) of 1.6% each for FY27/28E.

CONFERENCE CALL

Highlights from the management commentary

Guidance

- Management guided for through-cycle credit costs of 1.5-1.7%. GS2 and GS3 pools are expected to remain range-bound, supporting credit cost sustainability.
- The company aims to sustainably achieve 2% RoA and then improve it further. Medium-term RoE aspiration is ~15%, with RoA improvement as the bigger lever.
- Aspires to get to AUM CAGR of mid-teen to high-teen over the next few years.
- By FY30, the company aims to reduce wheels in the Loan mix from ~88% to ~70%. Other product segments, including Housing and SME, are targeted to grow from ~12% to ~30% of the loan book.
- The long-term objective is to build a diversified, multi-product lending franchise rather than a monoline vehicle financier.

Opening remarks

- Management reiterated that the bulk of the capability building undertaken over the last few years under the UDAAN program is now complete.
- Investments in technology, manpower, underwriting, collections, and distribution are now yielding visible results.
- These outcomes are evident across customer experience, dealer engagement, collection efficiency, and operating leverage. Profitability has improved meaningfully in 9MFY26, supported by operating improvements and stable asset quality.
- Asset quality metrics have remained range-bound, with GS3 <4% and GS2+GS3 below 10% for the last eight quarters.

- With capabilities built and operating metrics stabilized, the company is now pivoting towards structural growth.

Segment wise disbursements trends

- **Tractors:** Tractor financing stood out with 65% YoY growth in disbursements in 3Q. The company remains the largest tractor financier in India, with a significant gap vs. the second-largest player. Strong tractor performance was aided by GST benefits and rural demand tailwinds. Management highlighted that the recent growth is the outcome of deliberate investments over the past 12 months, including the creation of separate organizational structures for Mahindra Tractors and Swaraj Tractors and incremental manpower and distribution additions to deepen rural reach, the benefits of which have become visible over the last few quarters.
- **PV:** PV disbursements grew in volume terms, but value growth was muted due to declining ticket sizes. In PVs, while premiumization remains a key trend, entry-level vehicles have also seen healthy traction, and the company was able to effectively capture this demand.
- **CV:** CV disbursement volumes increased, but value growth remained muted due to conservative LTV norms and tighter customer selection, with the company staying selective in CV lending by avoiding aggressively priced segments, new-to-credit borrowers, and remaining cautious on used CV financing, while refining its CV strategy to focus on select retail and used segments where risk-adjusted pricing supports RoE and RoA. The company is not aggressively building exposure in new CV segments and remains cautious given State government payment delays to contractors.
- **3W:** The company is conservative on 3W, with increased focus on electric 3Ws.
- **SME:** SME disbursements showed stronger YoY growth. Management sees significant long-term opportunity in SME lending with capability building and ongoing channel investments to support SME growth. SME is expected to be a key growth driver as the company diversifies beyond wheels.
- 3QFY26 was the highest-ever quarter for disbursements for the company. In disbursements, unit growth exceeded value growth during the quarter. Adjusted for seasonal trade advances, loan book growth was ~5% QoQ (v/s reported 1.4% QoQ growth)

Asset quality, credit costs and provisioning

- GS3 stood at 3.8%, declining 14bp QoQ and 13bp YoY. GS2+GS3 declined to 9.2%, down 52bp QoQ and ~1pp YoY. The decline in GS3 was also driven by the company's complete write-off of its Aizawl portfolio of INR1.46b, which had already been fully provided for.
- Stage 2 declined meaningfully, contributing to lower forward flows. Asset quality has remained stable without much volatility for eight consecutive quarters.
- Credit costs were 1.3% in 3QFY26. Credit costs for 9MFY26 stood at 1.8%, compared to 2.2% in 9MFY25 on a PCR-adjusted basis. Management expects credit costs to trend towards the 1.5-1.7% range in coming quarters.
- Adjusted credit costs declined to INR4.8b in 3QFY26 vs. INR 6.2b in 2QFY26 and INR5.9b in 3QFY25.
- The company refreshed its ECL model during the quarter, using an in-house framework. The LGD methodology was shifted from a 42-month calculation to a more stable, industry-aligned approach.

- While the LGD reset could have resulted in PCR release, management chose not to take any benefit through the P&L. Instead, a management overlay of INR6.35b was created as a measure of prudence.
- PCR on GS3 was maintained at ~53% despite the ECL model changes. Stage 2 PCR declined due to a reduction in overall stage 2 exposure.

Merger of housing finance subsidiary

- Asset quality stabilization in the housing finance subsidiary is largely complete. Management is now evaluating whether mortgages should be scale d through one entity or two entities.
- Capital efficiency, risk weights, and RoA outcomes are key considerations in this evaluation.
- The NBFC has ~1,400 branches, while the HFC has ~500 branches, creating potential duplication. Management will undertake a comprehensive evaluation before deciding on a merger or separate growth strategy.
- The objective is to play mortgages at scale, but only in a cost-efficient and return-accretive manner.

Margins and Yields

- NIMs expanded by 50bp QoQ to 7.5% (6.9% YoY). 9MFY26 NIMs stood at 7.1%.
- Management clarified that 3Q NIM included some one-off benefits and that 9M NIM of 7.1% is a more sustainable level.
- Structural benefits exist in NIMs, driven by portfolio mix and tractor share increase.
- Loan income yields declined sequentially but were offset by higher fee income. Incremental cost of funds remains at comfortable levels.
- Some NIM benefit in 3QFY26 came from trade advances getting converted into retail customer loans and interest income write-backs from decline in GS3.
- In a declining interest rate environment, some benefits may be passed on, though margins are expected to remain resilient.
- MIBL, a 100% subsidiary, is a top-5 insurance broking company and provides a structural and recurring dividend stream. Fee income of ~1.4–1.5% (as a % of avg assets) is considered sustainable going forward.
- Trade advances in 2QFY26 were extended to support seasonal disbursements and are non-interest bearing. Half of that amount becomes interest-bearing in the next quarter and this transition resulted in higher reported loan income during 3QFY26.
- There were no exceptional items in interest income during the quarter, apart from smaller sources of income, including prepayments, penalties, and late fees, though these are immaterial.

Diversification strategy and portfolio mix

- Management reiterated that diversification is a core strategic priority, with a clear intent to move away from a monoline wheels-focused franchise.
- While wheels continue to anchor the portfolio, the company aims to gradually reduce their share from ~88% currently to ~70% by FY30.
- The balance growth is expected to come from SME, housing finance, leasing, and fee-based businesses.
- SME will be a key growth engine, supported by ongoing capability building, underwriting enhancements, and channel investments.

- The housing finance subsidiary has largely completed its asset quality turnaround and is now structurally stable.

Growth pivot and rural tailwinds

- Rural and semi-urban demand remains supported by favorable monsoon conditions, agri commodity price discovery, and MSP support.
- Post-festive, the auto demand has softened, but the company remains optimistic on market share gains.
- 4QFY26 growth may moderate QoQ, though traction remains visible in smaller vehicles and rural geographies.

Tech transformation and operating infra

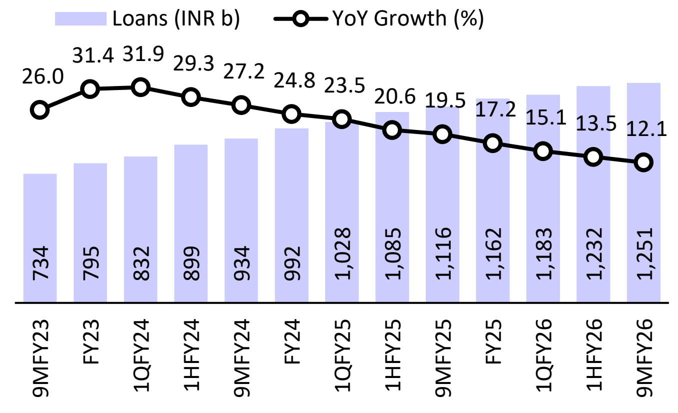
- ~95% of channels have adopted the new technology stack, materially improving collection efficiency. Legacy LOS/LMS platforms, old infrastructure, and manual processes have been fully sunset.
- Client onboarding is now completely paperless across products.
- Branches are enabled for multi-product and omni-channel customer journeys.
- The new stack supports faster decision-making, better risk monitoring, and improved scalability.

Profitability and RoA

- Reported RoA stood at 2.5% in 3QFY26. For 9MFY26, RoA was 1.9%, reflecting a clear step-up versus prior periods.
- Management reiterated that the company will sustainably reach 2% RoA and then climb further from that level.
- RoE improvement is primarily expected to be driven by RoA expansion, supported by modest leverage optimization.
- PAT grew 59% QoQ in 3QFY26, driven by higher disbursements, margin expansion, and lower adjusted credit costs.
- PAT for 9MFY26 increased 76% YoY. YoY comparison is distorted as PCR coverage fell from 59% to 50% last year, limiting meaningful comparability.
- Tier 1 capital stands at 17.4%, reflecting strong balance sheet strength. The company is well-capitalized and has headroom to modestly increase leverage.

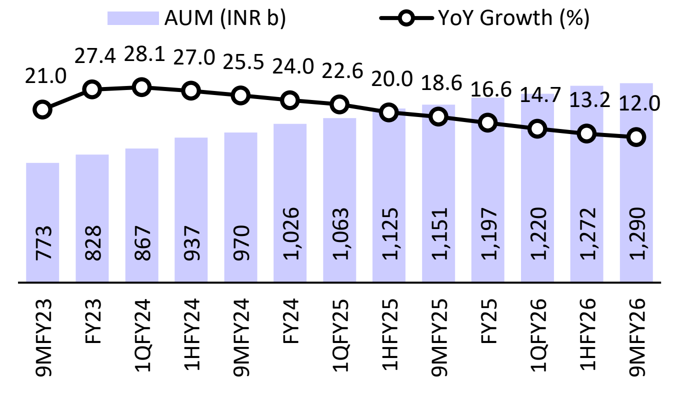
Key exhibits

Exhibit 1: On-book loans grew ~12% YoY



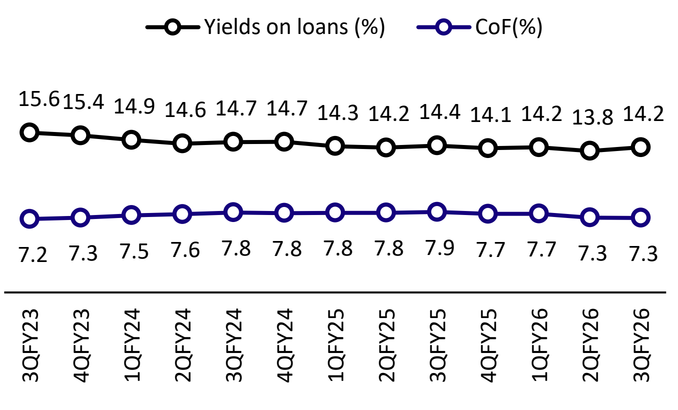
Source: MOFSL, Company

Exhibit 2: Business assets grew ~12% YoY



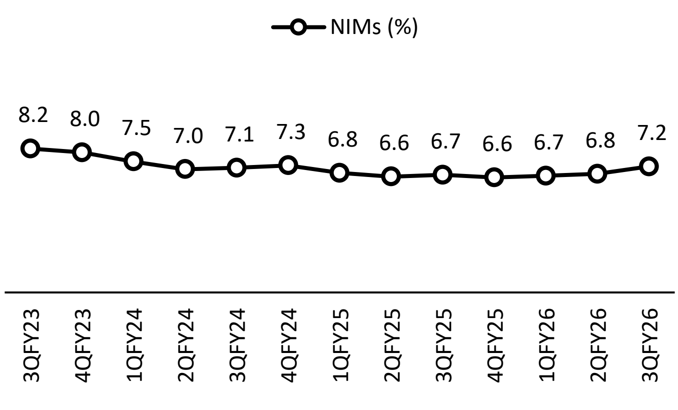
Source: MOFSL, Company

Exhibit 3: Spreads rose ~40bp sequentially



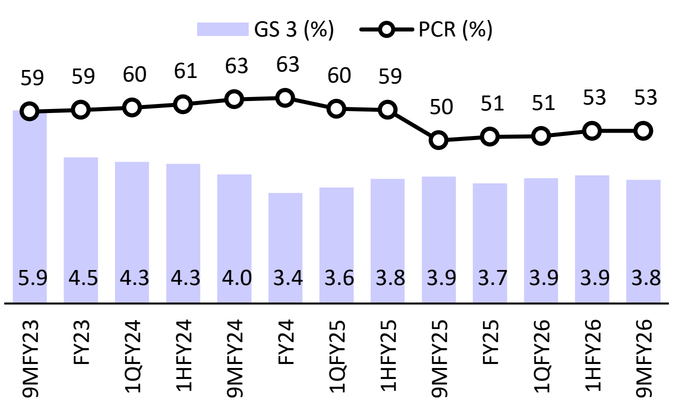
Source: MOFSL, Company

Exhibit 4: NIMs (calc.) rose ~40bp QoQ to 7.2%



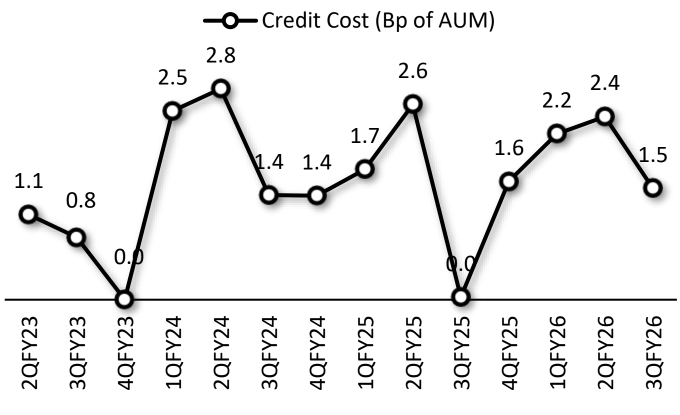
Source: MOFSL, Company

Exhibit 5: GS3 declined ~15bp QoQ to 3.8%



Source: MOFSL, Company

Exhibit 6: Annualized credit costs declined to ~1.5%



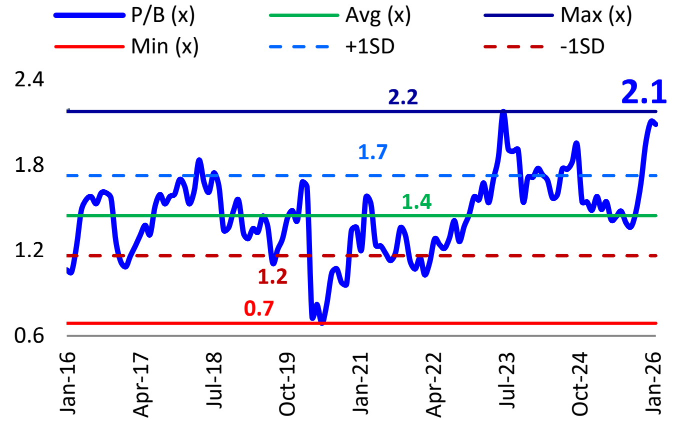
Source: MOFSL, Company

Exhibit 7: We cut our FY27/FY28 EPS by 3%/4% to factor in slightly higher opex towards investments in new businesses

INR B	Old Est			New Est			% Change		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
NII (incl. Sec. Inc)	99.7	114.0	131.3	100.9	115.5	132.3	1.2	1.3	0.8
Other Income	0.7	0.8	1.0	0.6	0.7	0.9	-9.2	-9.2	-9.2
Total Income	**100.3**	**114.8**	**132.3**	**101.5**	**116.2**	**133.2**	**1.2**	**1.2**	**0.7**
Operating Expenses	38.4	43.4	48.5	40.3	46.4	52.4	5.0	6.8	8.2
Operating Profits	**61.9**	**71.4**	**83.8**	**61.2**	**69.8**	**80.8**	**-1.2**	**-2.2**	**-3.6**
Provisions	24.6	25.2	28.4	24.0	24.9	27.8	-2.4	-1.3	-2.0
PBT	**37.4**	**46.2**	**55.4**	**37.2**	**44.9**	**53.0**	**-0.4**	**-2.7**	**-4.4**
Tax	9.3	11.8	14.1	9.3	11.5	13.5	-0.4	-2.7	-4.4
PAT	**28.0**	**34.4**	**41.3**	**27.9**	**33.5**	**39.5**	**-0.4**	**-2.7**	**-4.4**
Loans	1,317	1,502	1,719	1,299	1,470	1,683	-1.3	-2.1	-2.1
Borrowings	1,240	1,415	1,617	1,192	1,343	1,530	-3.9	-5.1	-5.4
Margins	6.8	6.8	6.8	6.9	7.0	6.9	1.6	2.0	1.8
Credit Cost	1.9	1.7	1.7	1.9	1.7	1.7	-1.6	0.5	0.2
RoA on AUM	**1.9**	**2.1**	**2.2**	**2.0**	**2.1**	**2.2**	1.3	1.1	0.0
RoE	**12.6**	**13.2**	**14.4**	**12.5**	**12.9**	**13.8**	-0.4	-2.5	-3.8

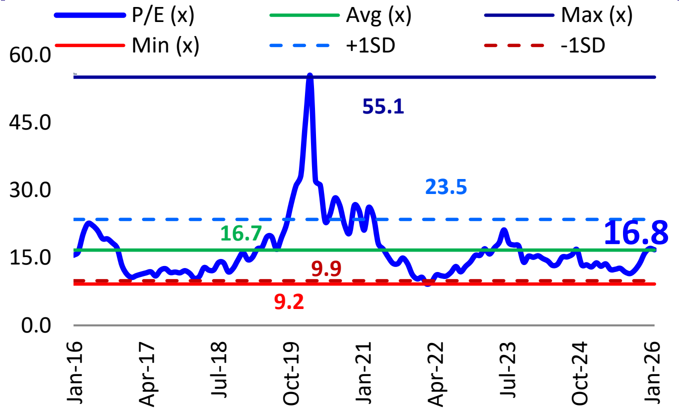
Source: MOFSL, Company

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	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Interest Income	99,417	1,02,670	94,756	1,06,826	1,31,088	1,53,314	1,72,538	1,90,402	2,15,050
Interest Expended	48,287	47,332	39,202	45,767	64,269	78,983	84,471	90,994	1,01,980
Net Interest Income	**51,130**	**55,338**	**55,554**	**61,059**	**66,818**	**74,331**	**88,067**	**99,408**	**1,13,070**
Change (%)	9.5	8.2	0.4	9.9	9.4	11.2	18.5	12.9	13.7
Other Operating Income	1,561	1,283	1,824	2,462	2,954	6,875	12,846	16,057	19,269
Other Income	1,473	1,277	608	1,273	1,583	557	608	729	875
Net Income	**54,164**	**57,897**	**57,986**	**64,794**	**71,355**	**81,764**	**1,01,520**	**1,16,194**	**1,33,214**
Change (%)	11.3	6.9	0.2	11.7	10.1	14.6	24.2	14.5	14.6
Operating Expenses	20,182	16,325	20,734	27,276	29,572	34,113	40,304	46,370	52,442
Operating Profits	**33,982**	**41,573**	**37,252**	**37,518**	**41,783**	**47,651**	**61,216**	**69,824**	**80,772**
Change (%)	12.6	22.3	-10.4	0.7	11.4	14.0	28.5	14.1	15.7
Provisions	20,545	37,348	23,683	9,992	18,228	16,179	23,988	24,874	27,810
PBT	**13,438**	**4,224**	**13,569**	**27,526**	**23,555**	**31,473**	**37,228**	**44,949**	**52,962**
Tax	4,374	873	3,682	7,138	5,959	8,022	9,307	11,462	13,505
Tax Rate (%)	32.5	20.7	27.1	25.9	25.3	25.5	25.0	25.5	25.5
PAT	**9,064**	**3,352**	**9,888**	**19,843**	**17,596**	**23,450**	**27,921**	**33,487**	**39,457**
Change (%)	-41.8	-63.0	195.0	100.7	-11.3	33.3	19.1	19.9	17.8
Proposed Dividend (Incl Tax)	0	986	4,439	7,402	7,777	8,024	9,996	10,763	11,541

Balance Sheet									INR m
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Equity Share Capital	1,231	2,464	2,466	2,467	2,469	2,469	2,778	2,778	2,778
Reserves & Surplus (Ex OCI)	1,12,408	1,44,651	1,53,815	1,68,422	1,79,106	1,95,653	2,45,202	2,68,694	2,97,388
Net Worth	**1,13,558**	**1,47,034**	**1,56,200**	**1,70,889**	**1,81,575**	**1,98,121**	**2,47,980**	**2,71,472**	**3,00,166**
Other Comprehensive Income	81	81	81	81	81	81	81	81	81
Net Worth	**1,13,639**	**1,47,115**	**1,56,281**	**1,70,970**	**1,81,656**	**1,98,202**	**2,48,061**	**2,71,553**	**3,00,247**
Change (%)	9.0	29.5	6.2	9.4	6.3	9.1	25.2	9.5	10.6
Borrowings	**5,94,623**	**5,85,767**	**5,58,139**	**7,49,459**	**9,39,786**	**11,28,735**	**11,91,904**	**13,42,743**	**15,29,928**
Change (%)	12.5	-1.5	-4.7	34.3	25.4	20.1	5.6	12.7	13.9
Other liabilities	32,451	37,483	38,467	41,818	30,231	28,625	31,774	35,269	38,795
Total Liabilities	**7,40,712**	**7,70,365**	**7,52,887**	**9,62,166**	**11,51,592**	**13,55,481**	**14,71,658**	**16,49,483**	**18,68,889**
Investments	59,110	1,16,073	84,403	99,886	96,508	1,04,005	64,483	67,707	71,092
Change (%)	55.9	96.4	-27.3	18.3	-3.4	7.8	-38.0	5.0	5.0
Loans and Advances	**6,49,935**	**5,99,474**	**6,04,446**	**7,94,547**	**9,91,952**	**11,62,140**	**12,99,176**	**14,70,303**	**16,82,921**
Change (%)	6.1	-7.8	0.8	31.5	24.8	17.2	11.8	13.2	14.5
Other assets	31,668	54,818	64,038	67,732	63,132	89,337	1,07,999	1,11,473	1,14,876
Total Assets	**7,40,712**	**7,70,365**	**7,52,887**	**9,62,165**	**11,51,592**	**13,55,482**	**14,71,658**	**16,49,483**	**18,68,889**

E: MOFSL Estimates

Financials and valuations

Ratios									(%)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Spreads Analysis (%)									
Yield on Portfolio	15.8	16.4	15.7	15.3	14.7	14.2	14.0	13.8	13.6
Cost of Borrowings	8.6	8.0	6.9	7.0	8.0	8.0	8.0	8.0	8.0
Interest Spread	7.2	8.4	8.9	8.3	6.7	6.2	6.0	5.8	5.6
Net Interest Margin	7.8	8.3	8.6	8.3	7.2	6.7	6.9	7.0	6.9
Profitability Ratios (%)									
Cost/Income	37.3	28.2	35.8	42.1	41.4	41.7	39.7	39.9	39.4
Empl. Cost/Op. Exps.	56.9	62.2	56.5	58.1	57.9	55.8	54.3	53.8	53.8
RoE	8.3	2.6	6.5	12.1	10.0	12.4	12.5	12.9	13.8
RoA	1.3	0.4	1.3	2.3	1.7	1.9	2.0	2.1	2.2
Asset Quality (%)									
GNPA	57,467	57,857	49,760	37,168	34,910	44,140	49,827	59,166	70,365
NNPA	39,665	24,339	20,860	15,071	12,860	21,559	23,418	27,216	31,664
GNPA %	8.4	9.0	7.7	4.5	3.4	3.7	3.7	3.9	4.0
NNPA %	6.0	4.0	3.4	1.9	1.3	1.8	1.8	1.8	1.9
PCR %	31.0	57.9	58.1	59.5	63.2	51.2	53.0	54.0	55.0
Total Provisions/loans %	4.9	7.4	7.5	4.7	3.8	3.2	3.2	3.4	3.6
Capitalisation (%)									
CAR	19.6	26.0	27.8	22.5	18.9	18.3	19.5	18.5	17.7
Tier I	15.4	22.2	24.3	19.9	16.4	15.2	17.1	16.5	15.9
Tier II	4.2	3.8	3.5	2.7	2.5	3.1	2.5	2.1	1.7
Average Leverage on Assets (x)	6.5	5.8	5.0	5.2	6.0	6.6	6.3	6.0	6.2

Valuation	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Book Value (INR)	185	119	127	139	147	161	179	195	216
BV Growth (%)	8.9	-35.3	6.1	9.4	6.2	9.1	11.2	9.5	10.6
Price-BV (x)	**2.0**	**3.1**	**2.9**	**2.7**	**2.5**	**2.3**	**2.1**	**1.9**	**1.7**
Adjusted BV (INR)	136	105	114	129	140	148	167	182	200
Price-ABV (x)	**2.7**	**3.5**	**3.2**	**2.9**	**2.6**	**2.5**	**2.2**	**2.0**	**1.8**
OPS (INR)	55.2	33.7	30.2	30.4	33.8	38.6	44.1	50.3	58.2
OPS Growth (%)	12.5	-38.9	-10.5	0.7	11.3	14.0	14.2	14.1	15.7
Price-OP (x)	**6.7**	**11.0**	**12.2**	**12.2**	**10.9**	**9.6**	**8.4**	**7.4**	**6.4**
EPS (INR)	14.7	2.7	8.0	16.1	14.3	19.0	20.1	24.1	28.4
EPS Growth (%)	-41.8	-81.5	194.8	100.6	-11.4	33.3	5.8	19.9	17.8
Price-Earnings (x)	**25.1**	**136.0**	**46.1**	**23.0**	**26.0**	**19.5**	**18.4**	**15.3**	**13.0**
Dividend	0.0	0.8	3.6	6.0	6.3	6.5	7.2	7.7	8.3
Dividend Yield (%)	**0.0**	**0.2**	**1.0**	**1.6**	**1.7**	**1.8**	**1.9**	**2.1**	**2.2**

E: MOFSL Estimates

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