

Fusion Finance

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR185

TP: INR230 (+24%)

Buy

Earnings back in green; collections and growth momentum build

Credit cost moderation continues; confident of accelerating business now

Bloomberg	FUSION IN
Equity Shares (m)	101
M.Cap.(INRb)/(USDb)	30.1 / 0.3
52-Week Range (INR)	212 / 124
1, 6, 12 Rel. Per (%)	11/20/-10
12M Avg Val (INR M)	116

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Total Income	12.3	13.8	16.5
PPP	4.0	5.7	7.8
PAT	-0.3	3.1	3.9
EPS (INR)	-1.93	19.3	24
EPS Gr. (%)	-	-	24
BV (INR)	149	169	193

Valuations

NIM (%)	13.8	14.1	14.5
C/I ratio (%)	67.7	58.6	52.9
RoAA (%)	-0.4	3.7	3.8
RoE (%)	-1.5	12.2	13.3

Valuations

P/E (x)	-	9.5	7.7
P/BV (x)	1.2	1.1	1.0

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	54.9	55.0	57.7
DII	11.9	11.9	18.1
FII	5.1	4.2	0.9
Others	28.0	29.0	23.2

FII includes depository receipts

- Fusion Finance (FUSION) reported a net profit of ~INR141m in 3QFY26 (est. INR70m). NII rose ~7% YoY to ~INR2.4b (in line). Its opex was flat YoY at INR2.1b (in line). This included a one-time provision of ~INR70m made on account of the new labor codes. The cost-to-income ratio declined ~130bp QoQ to ~69% (PQ: ~70% and PY: ~76%).
- PPOp rose ~44% YoY to ~INR936m. Net credit costs declined sequentially to ~INR795m, and annualized credit costs in 3Q stood at ~5% (PQ: ~6.6%).
- Fusion targets to scale up its AUM to ~INR100b by the end of FY27, driven by disciplined disbursement growth and strong engagement with a pre-approved customer base. About 30% of new disbursements are sourced from these seasoned, non-delinquent customers, supporting higher approval rates and lower portfolio risk.
- Momentum remains robust in the MSME segment, with MSME AUM likely to scale from ~INR7b to ~INR15b (~15% of the AUM mix by Mar'27), aided by secured lending and conservative LTVs. With new disbursements now exceeding repayments and funding access gradually improving every quarter, Fusion is well-positioned for healthy loan growth.
- Management is also focused on improving operational efficiency and managing costs without reducing its employee headcount. Fusion has optimally deployed its employees, particularly in collections and recoveries, to maximize productivity. Simultaneously, the company is accelerating technology adoption, including AI tools, and upgrading its LOS/LMS to streamline operations and enhance overall efficiency.
- We believe that a broad-based recovery has begun in the MFI sector, which positions Fusion to benefit meaningfully. The company appears to be at an inflection point and has now entered the early stage of the MFI recovery cycle, with improvements visible across key operational parameters. Stronger asset quality and significant improvement in flow-forward rates have restored management confidence, enabling it to accelerate disbursements, which will support AUM growth. Fusion has returned to profits after six consecutive quarters of losses, putting it in a healthy position to capitalize on the ongoing sectoral recovery and drive sustainable business growth going forward.
- We increase our FY27 PAT estimate by 8% to factor in higher AUM growth and higher recoveries from the delinquent/written-off loans. Fusion currently trades at 1.1x FY27E P/B. With recovery gaining traction, we expect Fusion to deliver an AUM CAGR of ~27% over FY26E-28E with a RoA/ RoE of ~3.8%/ 13.3% by FY28E. **Reiterate our BUY rating with a revised TP of INR230 (based on 1.2x Dec'27E P/BV).**

Asset quality improves sequentially; recoveries support portfolio stability

- GS3 declined ~20bp QoQ to ~4.4%, while NS3 rose ~25bp QoQ to 0.6%. Stage 3 PCR stood at 86%. Stage 2 declined ~50bp QoQ to 1.7%, and S2 PCR declined ~365bp QoQ to ~66.3%. ECL/EAD (incl. management overlay of ~INR295m) declined to ~5.9% (PQ: ~7%).
- Write-offs for the quarter stood at ~INR1.7b (PQ: INR2.5b). Current portfolio collection efficiency stood at ~99.1%. The new book contributed ~79% to the portfolio and had a collection efficiency of ~99.6%. Current bucket net flow forward in 3Q stood at ~0.25%, down from 0.6% in 2QFY26.
- Management is targeting recoveries of ~INR500m per quarter, translating into total recoveries of ~INR2b over the next year. We expect Fusion's credit costs to decline significantly, from ~5.9% in FY26E to ~3.5%/3.2% in FY27E/FY28E.

Margins expand due to higher yields and a decline in leverage

- Yields (calc.) rose ~80bp QoQ to ~23.5%, while CoF (calc.) declined ~75bp QoQ to ~9.8%, which led to spreads rising ~150bp QoQ to ~13.7%. Reported NIM improved ~50bp QoQ to ~11.3%.
- Marginal CoB is expected to improve from current levels, supported by better funding access and refinancing opportunities. Share of public sector banks in the borrowing mix declined ~2pp to ~20% (PQ: 22%) as of Dec'25.
- With improved portfolio asset quality, lower interest income reversals, and gradual improvement in the funding access, we expect Fusion's NIM to expand from ~13.8% in FY26E to ~14.5% by FY28E.

Borrower base moderates; liquidity position strong

- The borrower base declined to ~2.34m as of Dec'25 (from 2.6m as of Sep'25). Fusion's >=3 borrowers declined to 9.9% (vs. ~13.9% in 2QFY26).
- CRAR rose to ~38.8% as of Dec'25, aided by the recently completed Rights Issue.

Highlights from the management commentary

- Top-performing A and B category branches continue to exhibit lower stress and stronger collection efficiency, accounting for ~82% of the branch network and ~91% of fresh disbursements.
- The company believes it has the inherent capacity to scale MFI AUM to ~INR120b utilizing its existing infrastructure and customer base, supported by ~2.5m customers and ~1,600 branches, including ~1,450 MFI branches.
- Auditors have reviewed the company's financial position and confirmed that the earlier emphasis related to going concern is no longer applicable.

Valuation and view

- With all structural levers in place, Fusion has returned to profitability, driven by improvement in disbursement momentum, improving asset quality, and disciplined portfolio management. Moderating credit costs, healthy recoveries, and management's focus on operational efficiency will further strengthen profitability. These improvements across key metrics position the company for a strong FY27, with a gradual improvement in RoA/RoE.
- Fusion currently trades at 1.1x FY27E P/B. With recovery gaining traction, we expect Fusion to deliver an AUM CAGR of ~27% over FY26E-28E with an RoA/RoE of ~3.8%/13.3% in FY28. **We reiterate our BUY rating on the company with a revised TP of INR230 (based on 1.2x Dec'27E P/BV).**

Fusion: Quarterly Performance

(INR M)

Y/E March	FY25				FY26E				FY25	FY26E	3Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest Income	6,213	6,261	4,382	4,487	4,219	3,808	3,629	3,632	21,342	15,287	3,675	-1
Interest Expenses	2,234	2,274	2,137	1,794	1,489	1,343	1,235	1,282	8,439	5,348	1,296	-5
Net Interest Income	3,979	3,987	2,245	2,693	2,730	2,465	2,394	2,350	12,904	9,939	2,379	1
YoY Growth (%)	34.6	30.4	-33.7	-25.4	-31.4	-38.2	6.6	-12.7	-0.8	-23.0	6	
Other Income	854	776	443	273	237	519	612	947	2,347	2,315	616	-1
Total Income	4,833	4,764	2,688	2,966	2,967	2,984	3,006	3,296	15,250	12,254	2,995	0
YoY Growth (%)	30.9	25.3	-34.7	-35.6	-38.6	-37.4	11.8	11.1	-6.0	-19.6	11	
Operating Expenses	1,855	1,925	2,041	2,065	2,101	2,094	2,071	2,028	7,886	8,293	2,043	1
Operating Profit	2,978	2,838	648	901	866	890	936	1,269	7,365	3,961	951	-2
YoY Growth (%)	26.5	17.4	-75.1	-69.0	-70.9	-68.6	44.5	40.8	-28.4	-46.2	47	
Provisions & Loan Losses	3,485	6,941	5,723	2,547	1,789	1,112	795	578	18,695	4,273	878	-9
Profit before Tax	-507	-4,102	-5,075	-1,646	-923	-221	141	691	-11,330	-312	73	92
Tax Provisions	-151	-1,052	2,118	0	0	0	0	0	915	0	4	-100
Net Profit	-356	-3,050	-7,193	-1,646	-923	-221	141	691	-12,245	-312	70	102
YoY Growth (%)	-130	-343	-669	-224	159	-93	-102	-142	-342	-97.5	-101	
Key Parameters (%)												
Yield on loans	21.7	21.5	19.1	19.1	20.6	21.2	21.6					
Cost of funds	10.1	10.1	10.3	10.5	10.3	10.4	10.3					
Spread	11.6	11.4	8.8	8.6	10.3	10.9	11.3					
NIM	11.6	11.5	8.9	8.6	10.3	10.9	11.3					
Credit cost	3.28	6.55	5.70	2.80	2.30	1.50	1.00					
Cost to Income Ratio (%)	38.4	40.4	75.9	69.6	70.8	70.2	68.9					
Tax Rate (%)	29.8	25.6	-41.7	0.0	0.0	0.0	0.0					
Performance ratios (%)												
Avg o/s per borrower (INR '000)	30	29	27	26	25	25	27					
AUM/ RO (INR m)	1.2	1.1	1.1	0.9	0.8	0.8	0.9					
AUM/ Branch (INR m)	9	8	7	6	5	4	4					
Borrower/ Branch (INR m)	3,017	2,805	2,590	2,175	1,932	1,759	1,602					
Balance Sheet Parameters												
AUM (INR B)	121.9	115.7	106.0	89.8	76.9	70.4	68.8	73.0				
Change YoY (%)	25.5	15.4	-0.9	-21.8	-36.9	-39.2	-35.1	-18.7				
Disbursements (INR B)	29.9	16.6	11.7	11.6	9.5	13.0	15.9	20.1				
Change YoY (%)	30.7	-29.1	-56.9	-60.9	-68.2	-21.9	36.5	74.3				
Borrowings (INR B)	91.2	86.4	73.1	64.0	52.7	49.3	51.8					
Change YoY (%)	26.9	14.8	-8.9	-25.7	-42.3	-42.9	-29.2					
Borrowings/Loans (%)	89.0	94.6	92.3	88.2	81.4	83.1	91.8					
Debt/Equity (x)	3.2	3.4	4.0	3.9	2.7	2.6	2.2					
Asset Quality (%)												
GS 3 (INR M)	5,952	9,672	11,920	6,457	3,830	2,940	2,620					
G3 %	5.5	9.4	12.6	7.9	5.4	4.6	4.4					
NS 3 (INR M)	1,301	2,302	1,450	224	130	230	360					
NS3 %	1.27	2.52	1.83	0.31	0.20	0.39	0.64					
PCR (%)	78.1	76.2	87.8	96.5	96.6	92.2	86.3					
ECL (%)	5.9	11.1	16.4	10.9	8.2	7.0	5.9					
Return Ratios - YTD (%)												
ROA (Rep)	-1.2	-10.3	-27.6	-7.4	-4.7	-1.2	0.8					
ROE (Rep)	-5.0	-45.7	-132.9	-38.2	-20.6	-4.6	2.6					

E: MOFSL Estimates



Highlights from the management commentary

Guidance

- Fusion targets an AUM of ~INR100b by end-FY27, supported by improving portfolio quality and disciplined growth in disbursements.
- Guided for credit costs of ~3.25-3.75% at normalized levels (~2.8-2.9% when the times are benign)
- Management expects opex to decline meaningfully over time, driven by operating leverage and better utilization of the existing workforce.
- MSME will see a significant scale-up, with AUM targeted to increase from ~INR7b to ~INR15b, which will account for ~15% of the overall AUM. MSME will exhibit lower credit costs given its secured nature and low LTVs.
- The company anticipates quarterly recoveries of ~INR500m over the next one year, largely driven by higher recoveries from the 60+dpd pool.

Business Updates and Opening Remarks

- Mr. Krishan Gopal has joined as Chief Financial Officer, bringing over two decades of experience in financial leadership.
- Mr. Brahmanand, an MSME veteran and founder, has joined as an Independent Director, strengthening strategic oversight as the company scales its MSME and semi-urban franchise.
- The business has entered a phase of controlled stabilization and disciplined execution, with a return to profitability supported by improvements in asset quality, collections, credit costs, and calibrated disbursement growth.
- Auditors have reviewed the company's financial position and confirmed that the earlier emphasis related to going concern is no longer applicable.
- The company has reported the third consecutive period of improvement in asset quality, collections, and credit costs without any relaxation in underwriting standards, reinforcing the durability of the ongoing recovery.

Disbursements and Growth Momentum

- Disbursement growth has been driven by reduced operational friction at the front end and increased leverage of a pre-approved base of high-quality customers, resulting in materially higher approval rates. Around ~30% of new disbursements are sourced from the pre-approved customer base, with approval rates of ~50%.
- Pre-approvals are provided at the individual loan level, restricted to customers where sanctioned amounts remain below the defined guardrails. Pre-approved customers are required to have a minimum vintage of ~19 months and be non-delinquent, compared to the standard guardrail of 14 months for the broader base. Pre-approved customers continue to demonstrate superior PAR performance compared to newly acquired customers.
- The company does not extend multiple concurrent loans to the same customer.
- Top-performing A and B category branches continue to exhibit lower stress and stronger collection efficiency, accounting for ~82% of the branch network and ~91% of fresh disbursements.
- Strong traction continues in the MSME portfolio, particularly in the INR0.7-1.5m ticket size segment, supported by scalable processes and tools that enable meaningful future growth.

- Momentum in both MFI and MSME disbursements continued into January, with new disbursements exceeding repayments, setting the stage for sustained AUM growth. January disbursements exceeded INR6.7b, sourced from ~110k customers, of which ~76% were existing customers, and ~24% were new customers.
- Growth is increasingly driven by the MSME book, where risk remains lower due to secured exposures and conservative LTVs.

Collections and Operating Discipline

- Collection efficiency stood at 99.4% in Dec'25 and 99.7% within the new book, which now accounts for ~80% of the portfolio.
- Strong center meeting discipline continues to reflect in collection behavior, with ~94% of collections occurring on the same day of demand, ~4% within the same week, and ~1.5% within the same month.
- Net flow-forward rate stood at ~0.25%, translating into a collection efficiency of ~99.75%.
- Monthly cash recoveries in the 60+dpd bucket stood at ~INR120m, with ~85% driven by internal recovery teams.
- Borrower leverage has reduced sharply, with customers having exposure to more than three lenders declining to ~7% from ~16-17% earlier. Fusion + 3 exposure stands at ~7%, while ~80% of the book comprises Fusion-only and Fusion +1 customers.
- First bucket inflows improved to ~INR480m in Jan'26 from ~INR870m in Sep'25, reflecting improvement across stages and states.
- Flow rates in the 1-30 day bucket remain at ~35-40%, significantly better than industry levels, supported by a same-day collection focus. Forward flows in both the 1-30 and 30-60 dpd buckets have continued to improve sequentially.

Asset Quality and Credit Costs

- Gross Stage 3 declined ~20bp QoQ to ~4.4%, while Net Stage 3 increased ~25bp QoQ to ~0.6%. Stage 2 assets declined by ~50bp QoQ to ~1.7%, while Stage 2 PCR declined ~365bp QoQ to ~66.3%.
- ECL/EAD, including a management overlay of ~INR295m, declined to ~5.9% from ~7% in the previous quarter. Write-offs during the quarter stood at ~INR1.7b compared to ~INR2.5b in the prior quarter.
- ~INR8-9b write-off pool is considered recoverable based on Bureau runs and Active borrower transactions with other lenders.
- Recoveries of ~INR500m per quarter are expected over the next year, translating into total recoveries of ~INR2b in FY27.
- Credit cost improvement remains visible even excluding management overlay reversals, and this trend is expected to sustain. Management plans to utilize a portion of the management overlay on a calibrated basis over the next few quarters.
- From a risk management perspective, the company continues to operate with guardrails that are 3x tighter than industry standards and maintains conservative ECL models, supported by external consultants.
- The company's MFI portfolio is currently not covered under any credit guarantee scheme.

Margins, Profitability, and Operating Leverage

- Reported NIMs expanded by ~50bp QoQ to ~11.3%, supported by a favorable portfolio mix, improving asset quality, and lower interest reversals from Stage 3 assets.
- Marginal cost of borrowing is expected to improve from current levels, supported by better funding access and refinancing opportunities.
- Any sequential movement in the cost-to-income ratio is largely attributed to portfolio normalization.

Opex and Workforce Management

- Around ~85% of operating expenses comprise employee costs, and management is focused on optimizing employee deployment rather than reducing headcount during a downcycle.
- Employees are being increasingly leveraged for collections, with higher recoveries from the 90+ dpd pool expected to offset elevated opex over the next year.
- Branch manager attrition has stabilized at ~30% annually, with over 75% of branch managers having more than three years of vintage with Fusion. Attrition among field officers with more than six months of tenure stands at just under ~50%.

Capital, Liquidity, and Funding

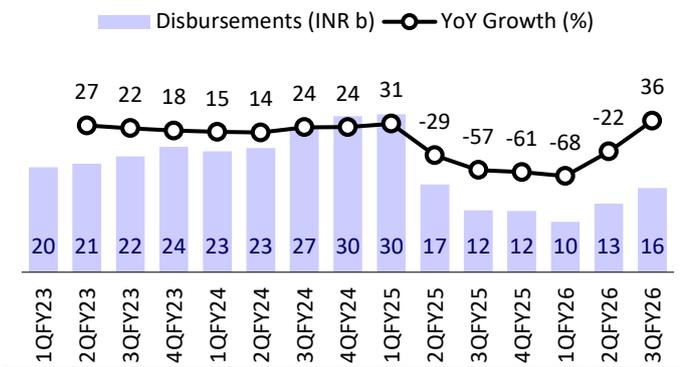
- The company maintains a strong capital and liquidity position, with CRAR at ~38.8% and liquidity of ~INR17.8b.
- During the quarter, ~INR25.2b was raised through borrowings and the conclusion of the Rights issue.
- Funding diversification has improved meaningfully, reducing concentration risk, with several banks newly opening lines, reinforcing confidence in the company's credit profile. Leverage stands at ~2.2x
- The company has sufficient capital to fund growth without relying on DTA utilization and does not face any funding constraints.
- Sanctions on the debt side stand at ~INR18.3b.
- The overall DTA quantum stood at ~INR3.8-4.0b and is not considered operating profit, with no urgency to claim it.
- Monthly updates on collection efficiency and P&L are regularly shared with lenders.

Other Highlights

- The company has been piloting technology changes across select branches and is increasingly leveraging AI to improve efficiency.
- AI adoption is expected to deliver meaningful upside by reducing employee and call center costs.
- Enhancements to LOS and LMS systems are underway and are expected to go live by May.
- Currently, ~36% of customers are unique to Fusion, and management remains cognizant of the risk of overleveraging even within the existing customer base.
- Group selection continues to focus on proximity, meeting accessibility, borrower debt levels, and overall group quality.

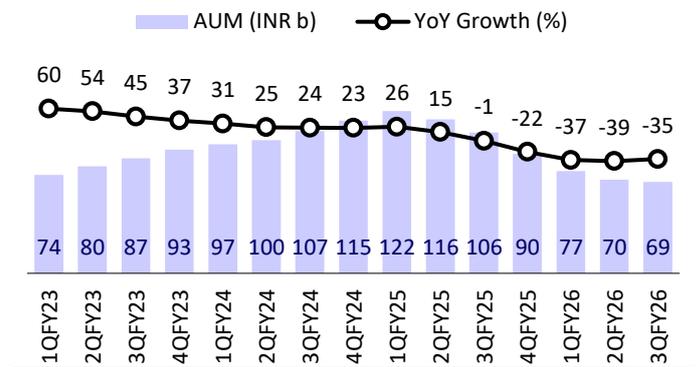
Story in charts

Exhibit 1: Disbursements grew 36% YoY/ 23% QoQ...



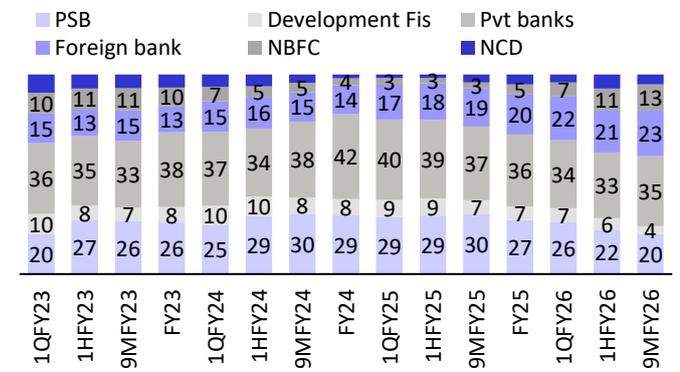
Source: MOFSL, Company

Exhibit 2: ...while AUM declined ~35% YoY/ 2% QoQ



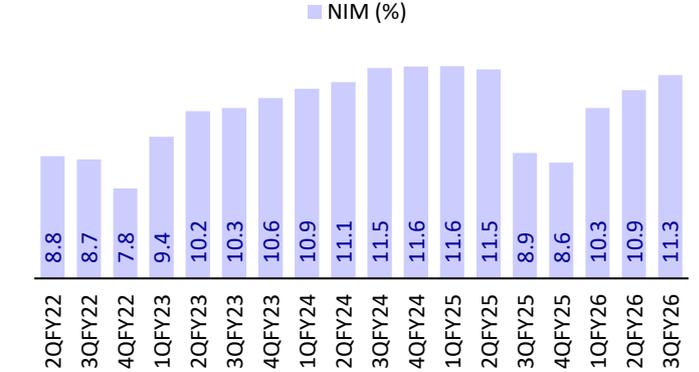
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)



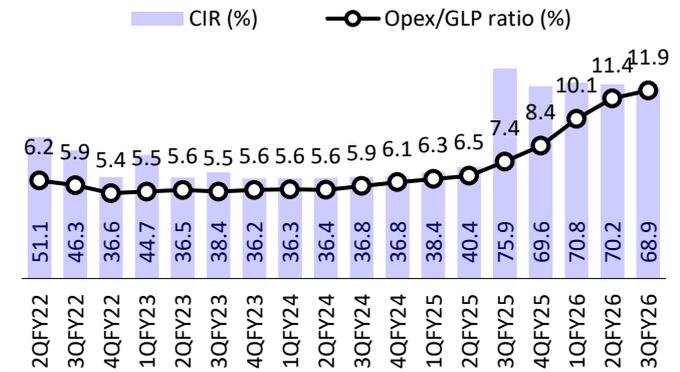
Source: MOFSL, Company

Exhibit 4: Reported NIM improved ~45bp QoQ (%)



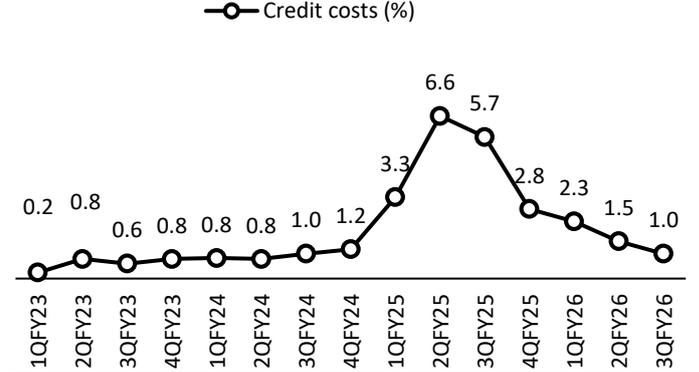
Source: MOFSL, Company

Exhibit 5: Opex/AUM rose ~50bp QoQ (%)



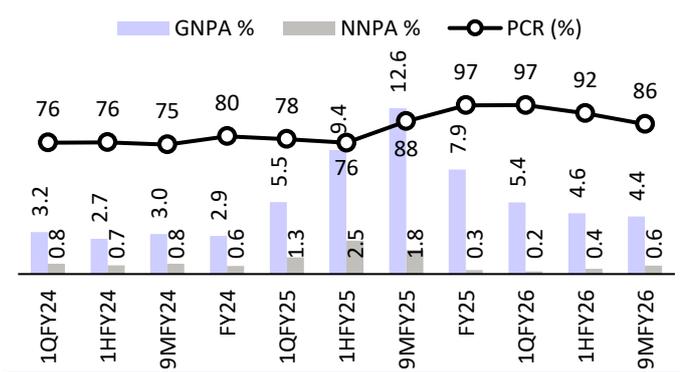
Source: MOFSL, Company

Exhibit 6: Credit costs declined to ~1% (non-annualized)



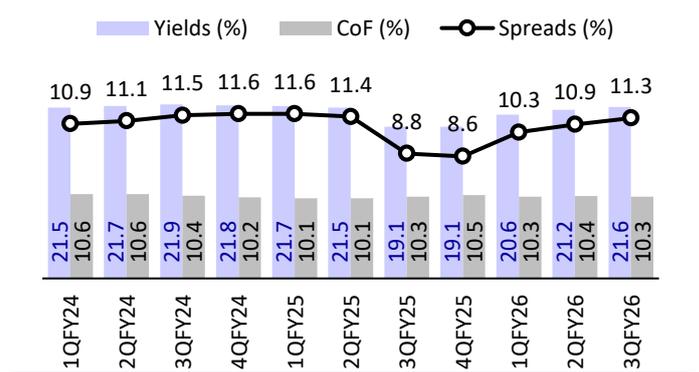
Source: MOFSL, Company

Exhibit 7: GS3 declined ~25bp QoQ to 4.4% (%)



Source: MOFSL, Company

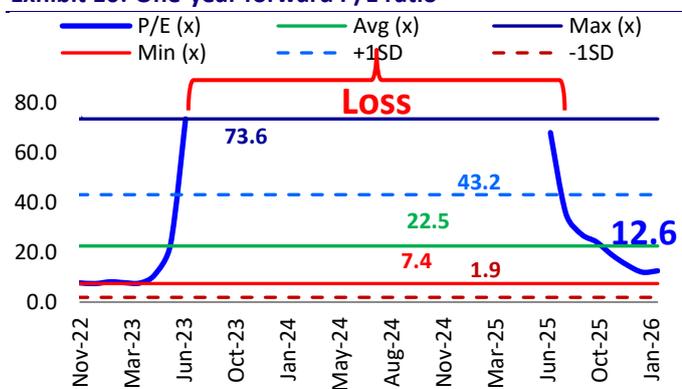
Exhibit 8: Spreads rose ~45bp QoQ



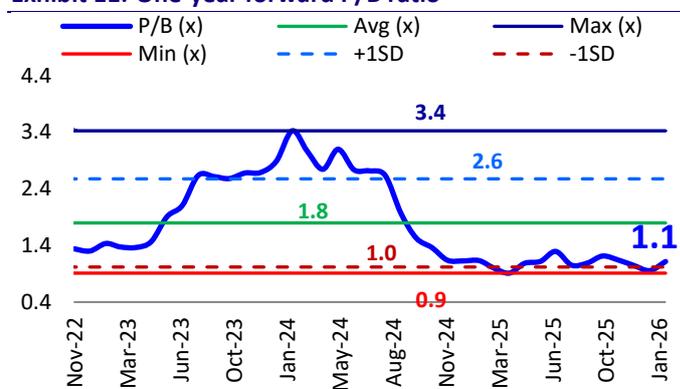
Source: MOFSL, Company

Exhibit 9: We raise our FY27E PAT by 8% to factor in higher AUM growth and higher recoveries from the delinquent/written-off loans

INR B	Old Est.			New Est.			% change		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
NII	10.0	10.7	13.1	9.9	10.6	13.7	-0.6	-1.0	4.7
Other Income	2.1	2.5	3.1	2.3	3.2	2.8	11.1	29.0	-9.5
Total Income	12.1	13.2	16.2	12.3	13.8	16.5	1.4	4.7	2.0
Operating Expenses	8.2	7.9	8.5	8.3	8.1	8.7	0.6	3.1	3.1
Operating Profits	3.8	5.4	7.7	4.0	5.7	7.8	3.2	7.0	0.7
Provisions	4.2	2.5	2.8	4.3	2.6	3.0	0.9	5.9	7.4
PBT	-0.4	2.9	4.9	-0.3	3.1	4.7	-	8.0	-3.1
Tax	-0.1	0.0	0.9	0.0	0.0	0.9	-	-	-3.1
PAT	-0.3	2.9	4.0	-0.3	3.1	3.9	-	8.0	-3.1
AUM	74	90	111	73	97	118	-1.4	7.4	6.4
Borrowings	44	54	69	50	62	77	13.8	14.5	11.0
RoA	-0.4	3.7	4.2	-0.4	3.7	3.8	-	-1.0	-10.6
RoE	-1.7	11.3	13.8	-1.5	12.2	13.3	-	7.4	-3.8

Exhibit 10: One-year forward P/E ratio


Source: MOFSL, Company

Exhibit 11: One-year forward P/B ratio


Source: MOFSL, Company

Exhibit 12: Dupont Analysis

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	17.0	16.4	16.2	19.2	19.8	21.3	19.1	19.4	20.3
Interest Expended	8.6	7.4	7.6	7.7	7.5	8.4	6.7	6.9	6.9
Net Interest Income	8.4	9.0	8.7	11.5	12.3	12.9	12.4	12.5	13.4
Other Operating Income	1.4	0.6	1.3	1.7	2.1	1.8	1.4	1.8	2.0
Other Income	0.3	0.3	0.8	0.7	0.9	0.5	1.4	2.0	0.7
Net Income	10.0	9.9	10.7	13.9	15.3	15.2	15.3	16.3	16.1
Operating Expenses	5.1	4.4	4.8	5.3	5.6	7.9	10.3	9.5	8.5
Operating Income	4.9	5.5	6.0	8.6	9.7	7.3	4.9	6.7	7.6
Provisions/write offs	2.4	4.4	5.6	2.4	3.5	18.6	5.3	3.1	3.0
PBT	2.5	1.1	0.4	6.1	6.3	-11.3	-0.4	3.7	4.6
Tax	0.8	0.3	0.0	1.5	1.5	0.9	0.0	0.0	0.8
RoA	1.8	0.9	0.3	4.6	4.8	-12.2	-0.4	3.7	3.8
Leverage	4.3	4.1	5.1	4.6	4.1	4.5	4.0	3.3	3.5
RoE	7.6	3.6	1.7	21.2	19.5	-54.5	-1.5	12.2	13.3

Financials and valuations

							(INR M)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	6,665	8,276	10,643	16,001	20,919	21,342	15,287	16,504	20,758
Interest Expenses	3,377	3,751	4,960	6,428	7,908	8,439	5,348	5,898	7,071
Net Interest Income	3,288	4,525	5,684	9,573	13,011	12,904	9,939	10,606	13,688
Change (%)	52.7	37.6	25.6	68.4	35.9	-0.8	-23.0	6.7	29.1
Other Operating Income	538	282	869	1,418	2,248	1,855	1,160	1,500	2,086
Other Income	100	173	501	580	957	491	1,155	1,732	745
Net Income	3,926	4,980	7,054	11,572	16,216	15,250	12,254	13,838	16,518
Change (%)		26.8	41.6	64.1	40.1	-6.0	-19.6	12.9	19.4
Operating Expenses	1,999	2,204	3,123	4,448	5,935	7,886	8,293	8,107	8,743
Change (%)		10.2	41.7	42.5	33.4	32.9	5.2	-2.2	7.8
Employee Expenses	1,483	1,686	2,331	3,255	4,312	5,732	6,105	5,861	6,330
Depreciation	26	39	54	74	90	117	111	127	147
Other Operating Expenses	490	479	738	1,119	1,532	2,037	2,077	2,119	2,267
Operating Income	1,927	2,776	3,931	7,124	10,281	7,365	3,961	5,730	7,775
Change (%)		44.0	41.6	81.2	44.3	-28.4	-46.2	44.7	35.7
Provisions and w/offes	927	2,208	3,687	2,004	3,649	18,695	4,273	2,603	3,039
PBT	1,000	568	244	5,120	6,633	-11,330	-312	3,128	4,735
Tax Provisions	304	128	27	1,248	1,580	915	0	0	852
Tax Rate (%)	30.4	22.6	10.9	24.4	23.8	-8.1	0.0	0.0	18.0
PAT	696	439	218	3,871	5,053	-12,245	-312	3,128	3,883
Change (%)	37	-37	-50	1,680	31	-342	-	-	24

							(INR M)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	790	790	828	1,003	1,006	1,006	1,617	1,617	1,617
Reserves & Surplus	11,199	11,673	12,552	22,216	27,475	15,427	22,503	25,630	29,513
Net Worth	11,989	12,464	13,380	23,219	28,482	16,433	24,119	27,247	31,130
Borrowings	29,737	44,323	57,758	67,784	86,159	64,020	50,380	61,958	76,684
Change (%)		49.0	30.3	17.4	27.1	-25.7	-21.3	23.0	23.8
Other liabilities	674	1,593	1,767	2,632	3,103	2,473	2,968	3,562	4,274
Total Liabilities	42,400	58,379	72,905	93,635	1,17,743	82,927	77,467	92,767	1,12,088
Cash and Bank balance	8,177	13,353	11,536	10,650	15,532	8,531	14,264	9,090	10,096
Investments	5	0	0	0	21	21	21	21	21
Loans	33,430	43,607	59,182	80,416	99,479	72,612	60,495	81,168	99,340
Change (%)		30.4	35.7	35.9	23.7	-27.0	-16.7	34.2	22.4
Fixed Assets	60	183	192	212	224	298	343	377	415
Other Assets	727	1,237	1,995	2,357	2,488	1,466	2,345	2,111	2,216
Total Assets	42,400	58,379	72,905	93,635	1,17,743	82,927	77,467	92,767	1,12,088

E: MOFSL Estimates

							(INR M)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
AUM	36,065	46,378	67,860	92,960	1,14,761	89,800	73,014	96,809	1,17,613
YoY Growth (%)	37	29	46	37	23	-22	-19	33	21
Disbursements	35,740	37,103	61,798	85,962	1,02,945	69,710	58,556	85,200	1,03,091
YoY Growth (%)	39	4	67	39	20	-32	-16	46	21

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Avg. Yield on Loans	22.5	21.5	20.7	22.9	23.3	24.8	23.0	23.3	23.0
Avg Cost of Funds	11.4	10.1	9.7	10.2	10.3	11.2	9.4	10.5	10.2
Spread of loans	11.1	11.4	11.0	12.7	13.0	13.6	13.6	12.8	12.8
NIM (on gross loans)	11.0	11.5	10.6	13.3	14.1	14.3	13.8	14.1	14.5
Profitability Ratios (%)									
RoA	1.8	0.9	0.3	4.6	4.8	-12.2	-0.4	3.7	3.8
RoE	7.6	3.6	1.7	21.2	19.5	-54.5	-1.5	12.2	13.3
Debt: Equity (x)	2.5	3.6	4.3	2.9	3.0	3.9	2.1	2.3	2.5
Leverage (x)	3.5	4.7	5.4	4.0	4.1	5.0	3.2	3.4	3.6
CAR	35.8	27.3	21.9	27.9	26.1	19.2	33.9	29.1	0.0
o/w Tier 1	33.1	25.5	19.9	26.6	25.5	18.6	33.2	28.5	0.0
Int. Expended / Int.Earned	50.7	45.3	46.6	40.2	37.8	39.5	35.0	35.7	34.1
Other Inc. / Net Income	16.3	9.1	19.4	17.3	19.8	15.4	18.9	23.4	17.1
Efficiency Ratios (%)									
Int. Expended/Int.Earned									
CIR	50.9	44.3	44.3	38.4	36.6	51.7	67.7	58.6	52.9
Opex/ AUM	6.4	5.3	5.5	5.5	5.7	7.7	10.2	9.5	8.2
Empl. Cost/Op. Exps.	74.2	76.5	74.6	73.2	72.7	72.7	73.6	72.3	72.4
Asset Quality									
GNPA (INR m)	384	2,559	3,584	2,889	2,973	6,457	2,812	2,070	2,168
NNPA (INR m)	130	1,024	1,030	708	603	224	506	414	434
GNPA (%)	1.1	5.5	5.7	3.5	2.9	7.9	4.2	2.4	2.0
NNPA (%)	0.4	2.3	1.7	0.9	0.6	0.3	0.7	0.4	0.4
PCR (%)	66	60	71	75	80	97	82	80	80
Credit costs (%)	3.1	5.6	6.9	2.8	4.0	20.7	5.9	3.5	3.2

Valuations	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Book Value (INR)	152	158	162	231	283	163	149	169	193
BV Growth (%)	49	4	3	43	22	-42	-9	13	14
P/BV	1.2	1.2	1.1	0.8	0.7	1.1	1.2	1.1	1.0
EPS (INR)	9	6	3	39	50	-122	-1.9	19	24
EPS Growth (%)	7	-37	-53	1368	30	-	-	-	24
Price-Earnings (x)	20.9	33.1	70.0	4.8	3.7	-	-	9.5	7.7

E: MOFSL Estimates

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