

Five Star Business Finance

Estimate changes	↔
TP change	↑
Rating change	↔

Bloomberg	FIVESTAR IN
Equity Shares (m)	295
M.Cap.(INRb)/(USDb)	146.7 / 1.5
52-Week Range (INR)	828 / 338
1, 6, 12 Rel. Per (%)	26/-10/-33
12M Avg Val (INR M)	930

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	23.9	26.8	31.2
PPoP	16.8	18.2	21.0
PAT	11.0	11.9	13.8
EPS (INR)	37	40.4	47
EPS Growth (%)	2	9	16
BVPS (INR)	250	288	333

Ratios (%)

NIM	19.4	18.8	18.1
C/I ratio	33.1	35.2	35.5
Credit Costs	1.7	1.6	1.5
RoAA	7.3	6.9	6.6
RoAE	16.1	15.0	15.0
Dividend Payout	5.4	6.2	5.4

Valuation

P/E (x)	13.5	12.4	10.7
P/BV (x)	2.0	1.7	1.5
Div. Yield (%)	0.4	0.5	0.5

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	18.6	18.6	21.5
DII	17.6	14.7	9.1
FII	48.5	52.9	58.8
Others	15.3	13.8	10.7

FII Includes depository receipts

CMP: INR502

TP: INR600 (+20%)

Buy

Subdued quarter but improving collections to support revival

Early delinquencies improved with moderation in 1+ dpd and 30+dpd

- Five-Star Business Finance's (FIVESTAR) 4QFY26 PAT declined by 4% YoY and 3% QoQ to INR2.7b (in line). FY26 PAT grew ~2% YoY to INR11b. NII grew ~10% YoY to INR6.1b (in line). Other income rose 22% YoY to INR306m (in line).
- Opex grew 21% YoY to INR2.3b (in line). PPOp rose ~5% YoY to INR4.2b (in line). FY26 PPOP grew 11% YoY to INR16.8b. Credit costs stood at INR604m (in line). Annualized credit cost stood at ~1.55% (PQ: ~1.5% and PY: ~0.75%).
- Disbursements declined ~17% YoY and grew ~24% QoQ to ~INR12.1b. AUM grew 11% YoY/2% QoQ to ~INR132b. Management indicated that with asset quality stabilizing, the company has pivoted back toward growth and expects a strong pickup in disbursements in the coming quarters. It has guided for ~20% AUM growth, with potential upside if asset quality trends and collection efficiency continue to improve. We model AUM CAGR of ~21% over FY26-28.
- Management indicated that forward flows are moderating, which is expected to result in lower arrears and NPAs, with NPAs likely to start declining from the next quarter. The uptick in current bucket customers after several quarters of decline reflects normalization in collection cycles and borrower behavior.
- The company also shared that there has been no impact from the current geopolitical tensions so far; however, it continues to closely monitor the evolving situation.
- 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 ~90bp QoQ, which suggests that the early-bucket delinquencies are stabilizing and if this trend continues, it will give management the confidence to accelerate disbursement growth within the next one-two quarters.
- **We estimate the company to post a CAGR of ~21%/~12% in AUM/PAT over FY26-28E with FY28E RoA/RoE of 6.6%/15%. Maintain BUY with a revised TP of INR600 (based on 1.8x Mar'28E BV).**

NIM expands ~50bp QoQ; incremental CoB rises ~35bp sequentially

- Reported yields declined to ~45bp QoQ to 22.6%, while CoB fell ~20bp QoQ to 8.95%. Reported spreads declined ~25bp QoQ to 13.6%. Reported NIM (as a % of AUM) rose by 50bp QoQ to ~20.1%.
- Incremental CoF rose by ~35bp QoQ to ~8.5%. The company indicated that it does not expect any meaningful benefit in its cost of funds in the coming year, given the prevailing geopolitical uncertainties.
- 4QFY26 RoAUM/RoE stood at 8.4%/15.1%. Capital adequacy stood at ~51.9% as of Mar'26.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Asset quality deteriorates but clear improvement in early delinquencies

- GS3 rose ~20bp QoQ to 3.4%, while NS3 increased 5bp QoQ to 2%. PCR rose ~155bp QoQ to ~41.4%. Stage 1 and Stage 2 PCR declined ~7bp and ~50bp QoQ, respectively.
- 30+ dpd declined ~12bp QoQ to 12.7% and 1+dpd improved ~90bp QoQ to 17.3%
- Overall collection efficiency and unique customer collection efficiency stood at 99.3% and 98.1%, respectively, in 4Q. Cash proportion in collections declined to ~16% (PQ: ~17% and PY: ~20%).
- Slippage ratio declined from 1.09% in 3QFY26 to 0.7% in 4QFY26

Highlights from the management commentary

- Management highlighted that ~85% of the portfolio remains concentrated in South India. Growth in these regions was subdued earlier due to overleverage issues, but recovery trends are now visible. FY27 growth is expected to be largely driven by southern markets (AP, Telangana, Tamil Nadu, Karnataka).
- Affordable housing loans have been launched selectively; however, the near-term focus remains on scaling and stabilizing the core micro-LAP segment. The sweet spot for affordable housing ticket sizes is INR700k-INR1m, which the company plans to scale up gradually.

Valuation and view

- FIVESTAR reported a subdued performance during the quarter, marked by muted disbursements and AUM growth. Asset quality weakened, with an increase in both GNPA and NNPA ratios, while credit costs inched up. However, early delinquencies showed signs of improvement, with 1+dpd and 30+dpd improving during the quarter, which gives us confidence that the company will strengthen its focus on business growth in the coming quarters.
- The stock currently trades at 1.7x FY27E P/BV. We estimate FIVESTAR to post a CAGR of ~21%/~12% in AUM/PAT over FY26-28E with RoA/ RoE of 6.6/15% in FY28E. Maintain BUY with a revised TP of INR600 (based on 1.8x Mar'28E BV).

FIVE STAR BUSINESS: Quarterly Performance

(INR M)

Y/E March	FY25				FY26				FY25	FY26	4Q FY26E	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	7,955	27,663	31,291	7,866	1
Interest Expenses	1,582	1,631	1,714	1,753	1,873	1,800	1,885	1,814	6,680	7,372	1,843	-2
Net Interest Income	4,829	5,161	5,399	5,594	5,774	5,931	6,073	6,141	20,983	23,919	6,023	2
YoY Growth (%)	31.4	29.6	28.3	21.2	19.6	14.9	12.5	9.8	27.3	14.0	7.7	
Other Income	283	266	198	250	265	334	264	306	997	1,168	295	4
Total Income	5,112	5,427	5,597	5,844	6,039	6,265	6,337	6,447	21,980	25,088	6,318	2
YoY Growth (%)	32.0	30.3	26.8	21.4	18.1	15.4	13.2	10.3	27.3	14.1	8.1	
Operating Expenses	1,565	1,627	1,713	1,880	2,012	1,936	2,078	2,271	6,785	8,296	2,104	8
Operating Profit	3,547	3,800	3,884	3,964	4,027	4,330	4,259	4,175	15,196	16,792	4,214	-1
YoY Growth (%)	35.9	36.9	29.4	19.2	13.5	13.9	9.7	5.3	29.7	10.5	6.3	
Provisions & Loan Losses	185	218	233	254	478	510	571	604	890	2,163	624	-3
Profit before Tax	3,362	3,582	3,651	3,711	3,550	3,819	3,688	3,571	14,306	14,629	3,590	-1
Tax Provisions	846	903	913	919	886	958	918	879	3,581	3,641	914	-4
Net Profit	2,516	2,679	2,739	2,791	2,663	2,861	2,770	2,693	10,725	10,988	2,676	1
YoY Growth (%)	37	34	26	18	6	7	1	-4	28.3	2.5	-4.1	
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	8.8				
Spread	16.0	16.0	16.1	16.3	15.7	15.6	15.6	15.5				
NIM	19.33	19.41	19.54	19.41	18.98	18.75	18.82	18.76				
Credit cost	0.74	0.69	0.71	0.73	1.31	1.35	1.48	1.54				
Cost to Income Ratio (%)	30.6	30.0	30.6	32.2	33.3	30.9	32.8	35.2				
Tax Rate (%)	25.2	25.2	25.0	24.8	25.0	25.1	24.9	24.6				
Performance ratios (%)												
AUM/Branch (INR m)	189.1	165.6	153.3	159	162.4	160.6	155.3	157				
Balance Sheet Parameters												
AUM (INR B)	103.4	109.3	111.8	118.8	124.6	128.5	129.6	132.2				
Change YoY (%)	36.4	32.2	25.2	23.2	20.4	17.6	16.0	11.3				
Disbursements (INR B)	13.2	12.5	9.4	14.6	12.9	12.0	9.8	12.1				
Change YoY (%)	16.5	3.9	-22.2	9.2	-2.1	-4.4	3.8	-16.9				
Borrowings (INR B)	67.2	68.8	73.6	79.2	78.7	83.8	82.0	82.0				
Change YoY (%)	55.8	42.8	27.1	25.4	17.1	21.8	11.4	3.5				
Borrowings/Loans (%)	65.0	63.0	65.9	66.7	63.2	65.2	63.2	62.0				
Debt/Equity (x)	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0				
Asset Quality (%)												
GS 3 (INR M)	1,454	1,604	1,808	2,123	3,070	3,388	4,119	4,461				
G3 %	1.4	1.5	1.6	1.79	2.5	2.6	3.2	3.37				
NS 3 (INR M)	697	773	901	1,034	1,534	1,857	2,478	2,614				
NS3 %	0.7	0.7	0.8	0.9	1.3	1.5	1.9	2.0				
PCR (%)	52.1	51.8	50.2	51.3	50.0	45.2	39.8	41.4				
ECL (%)	1.6	1.6	1.7	1.6	1.9	1.9	1.8	1.8				
Return Ratios (%)												
ROA (Calc.)	8.4	8.5	8.3	8.0	7.3	7.6	7.2	6.9				
ROE (Calc.)	18.9	19.2	18.7	18.12	16.5	17.0	15.8	14.8				

E: MOFSL Estimates



Highlights from the management commentary

Guidance & Outlook

- AUM growth guidance of ~20% for FY27, with management confident of sustaining ~18-20% growth over the next 2-3 years.
- The company guided for disbursements of INR65-70b for FY27, with sequential pickup expected through the year as the company shifts back to growth.
- Credit cost (as a % of avg. AUM) guided at ~1.7–1.75% for FY27, with steady-state expectation at ~1.5-1.6%.
- Margins expected to remain healthy, with spreads guided at ~13.5% for FY27 and broadly stable thereafter.
- RoAUM guidance at ~8.25-8.5% for FY27, with steady-state RoA around ~8%; RoE expected to improve gradually with increase in leverage.
- Cost of funds not expected to see material decline in FY27 due to geopolitical uncertainties.
- Opex (as a % of avg. AUM) expected to be broadly stable at ~7-7.25% of average AUM, driven by continued investments in collections and branch expansion.
- Branch addition guidance at 60-75 branches in FY27.

Disbursements and AUM growth

- Despite a challenging environment, the company delivered ~11% AUM growth and ~2% PAT growth, demonstrating the resilience of its business model.
- With asset quality stabilizing, the company has shifted focus back to growth and expects strong disbursement momentum ahead.
- FY27 disbursement guidance at INR65-70b, with sequential growth expected through the year.
- Management remains confident of sustaining ~18-20% AUM growth over the next 2-3 years, with ~20% growth targeted in FY27 with some upside if asset quality and collections hold up well.

Asset Quality & Collections

- Asset quality headwinds in MFI and unsecured segments over the past 1-2 years spilled over into secured lenders, particularly small-ticket players, leading to elevated DPD for the company due to high MFI overlap.
- However, corrective actions taken over the last few quarters have stabilized the portfolio, with management indicating that the worst is behind.
- Collection efficiency has improved across all buckets, reflecting strength in underwriting and collection mechanisms.
- Unique CE stood at 98.1% (highest in the company's history), while overall CE was strong at 99.3%, helping contain forward flows from early delinquency buckets.
- Slippage ratio improved meaningfully from 1.09% to 0.7% QoQ.
- Increase in current bucket customers after multiple quarters of decline indicates normalization of collection cycles and borrower behavior.
- Forward flows are moderating, which should lead to lower arrears and NPAs going ahead; NPAs expected to decline from next quarter.

Credit Costs

- Credit cost guidance stood at 1.7-1.75% for FY27, with steady-state expectation of ~1.5–1.6%.
- The company shared that earlier guidance of ~0.8-1% was on assets, which translates into ~1.3-1.35% on AUM and that has been increased to reflect better understanding of customer risk and evolving macro stress.
- Higher credit cost is a conscious decision to balance growth with prudent risk management and avoid stress on field execution.
- If asset quality trends improve faster than expected, credit costs may come in lower than guidance.

Yields and margins

- Despite ~200 bps decline in disbursement yields, spreads declined only ~30 bps due to benefit from lower cost of funds.
- RoAUM remained strong at 8.37%, highlighting profitability resilience.
- FY27 guidance: spreads ~13.5% and RoAUM ~8.25-8.5%, with steady-state RoA around ~8%.
- Current lending yields at ~22.5%, with book yields ~22-22.25%. The company expects additional ~30-40 bps moderation over the next few quarters.
- Target customer segment remains relatively price-insensitive; hence, no major pricing cuts expected going forward.
- Cost of funds declined to 8.95% in 4QFY26 (vs 9.12% in 3Q) and to 9.21% for FY26 (vs 9.64% in FY25).
- Incremental borrowings of INR9.3b raised at ~8.53% cost during the quarter.
- Secured \$100 million funding from Asian Development Bank (ADB), of which \$50 million has been drawn; the remaining is available for FY27. Higher borrowing cost in the quarter was due to hedging costs on ADB funding.
- No major CoF benefit expected in FY27 due to geopolitical uncertainties.
- No expectation of rating upgrade in the near term; any upgrade likely only towards end-FY27 or later.

Opex and investments

- Increase in opex driven by investments in collection infrastructure and one-time personnel expenses (including incentives).
- Opex (as a % of avg. AUM) expected to remain broadly stable at ~7–7.25% due to continued investments and branch expansion.
- 90 branches added in FY26, with ~95% already at breakeven, indicating strong execution.
- Plan to add 60-75 branches in FY27, with breakeven expected within 9-12 months.
- Strategy remains focused on proximity to customers to improve sourcing and collections.

Geographic Trends and Customer & Product Strategy

- 85% of portfolio remains concentrated in South India. Growth was muted in southern states earlier due to over-leverage issues, but recovery is now visible.
- FY27 growth expected to be driven largely by southern markets (AP, Telangana, Tamil Nadu, Karnataka), with growth likely from these regions.

- Non-south growth in FY26 was supported by new branch additions.
- Core ticket size increased from INR350k to INR420k, with INR300-500k remaining the key “sweet spot” (~50%+ of AUM mix).
- Target segment is not highly price-sensitive; shift towards slightly higher ticket sizes is not expected to impact yields materially.
- Earlier stress was behavioral (over-leverage and MFI spillovers) rather than structural, and is now stabilizing.
- Key structural change: separation of business and collections teams to improve discipline and efficiency.

New Products

- Affordable housing loans launched selectively; near-term focus remains on scaling and stabilizing core micro-LAP segment.
- Affordable housing “sweet spot” identified at INR700-1m, to be scaled gradually.
- Additional product expected to be introduced over the next 2 years to diversify the portfolio.

Others

- While April is seasonally weak, there has been no material deterioration in April or improvement expected, with asset quality holding steady.
- Collection trends remain strong over the past six months and are expected to remain intact.
- Disbursement momentum expected to pick up from 1QFY27 onward.
- No meaningful impact observed from geopolitical developments so far.
- Exposure to vulnerable segments (e.g., small eateries, NRI-linked customers) is <1% of portfolio and remains stable.
- Situation continues to be monitored, but no immediate risk anticipated.

Key Exhibits

Exhibit 1: Disbursements declined ~17% YoY

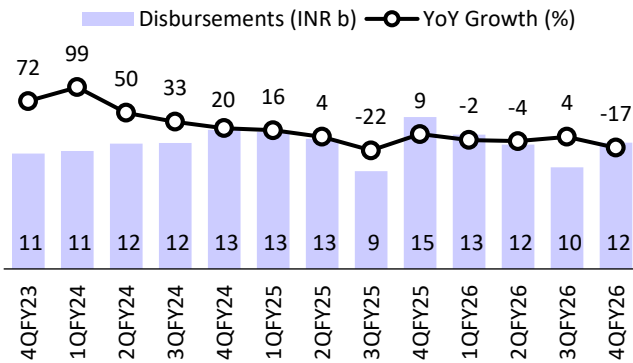


Exhibit 2: AUM grew ~11% YoY and 2% QoQ

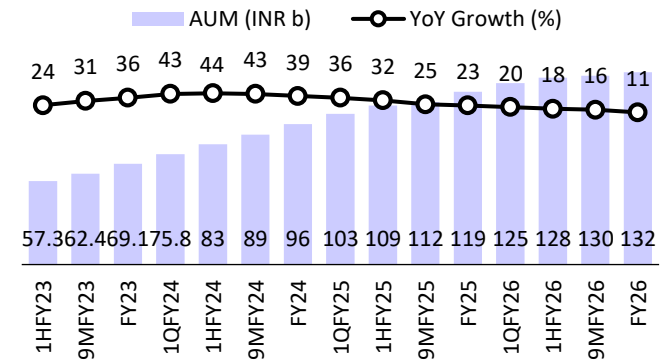
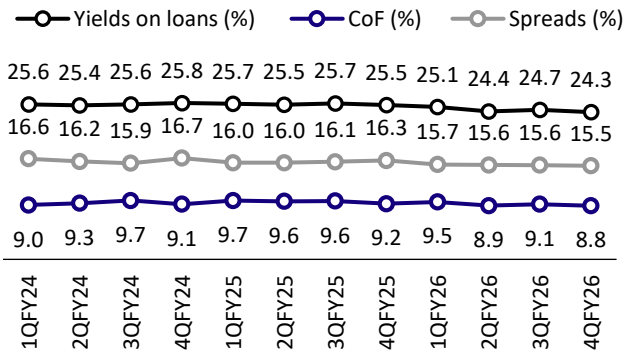
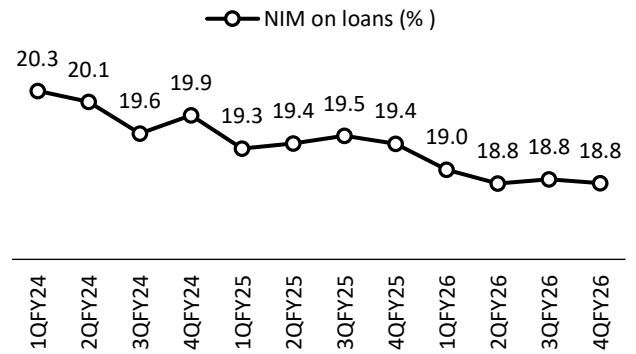


Exhibit 3: Spreads (calc.) declined ~10bp QoQ (%)



Sources: Company; MOFSL

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



Sources: Company; MOFSL

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

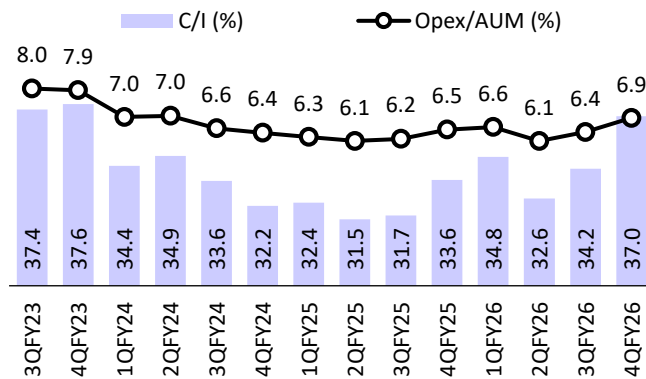


Exhibit 6: Share of bank borrowings declined ~4pp QoQ (%)

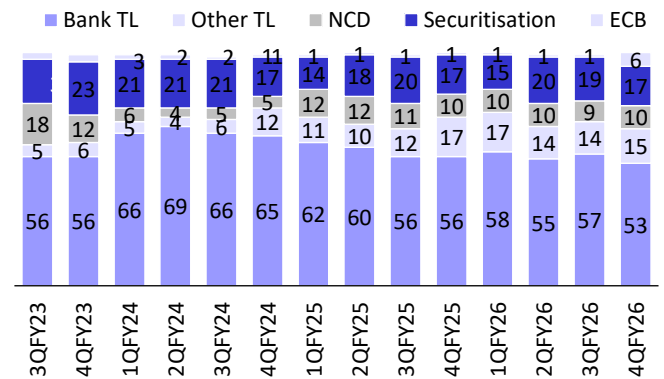
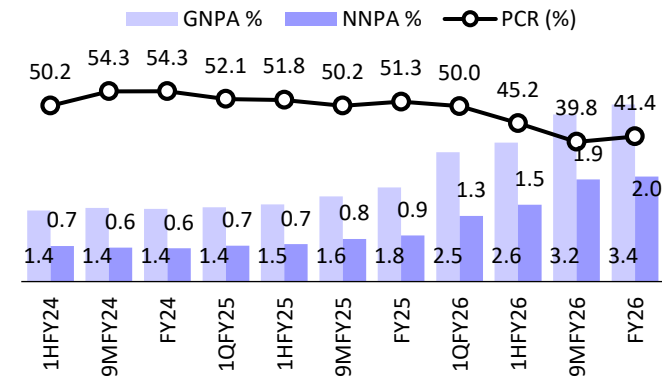
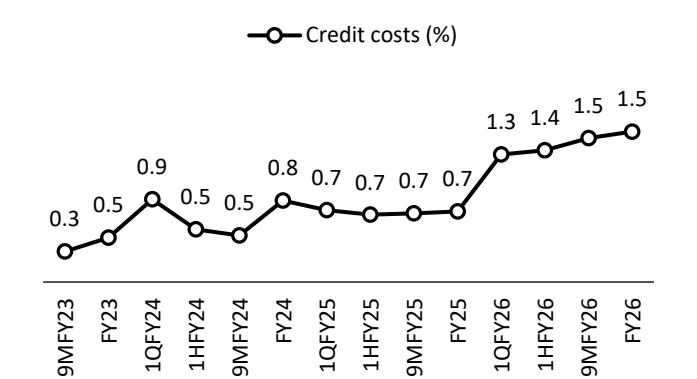


Exhibit 7: GS3 rose ~20bp QoQ (%)



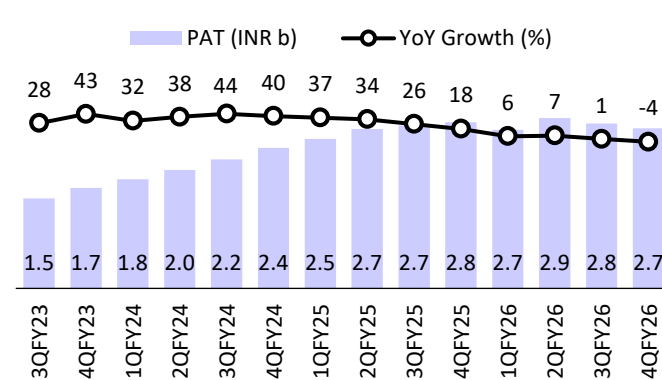
Sources: Company; MOFSL

Exhibit 8: Credit costs remained elevated QoQ



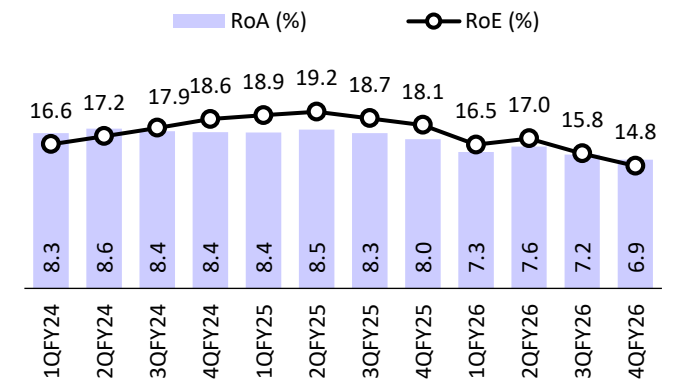
Sources: Company; MOFSL

Exhibit 9: PAT declined ~4% YoY to INR2.7b



Sources: Company; MOFSL

Exhibit 10: RoA/RoE of 6.9%/15% in 4QFY26

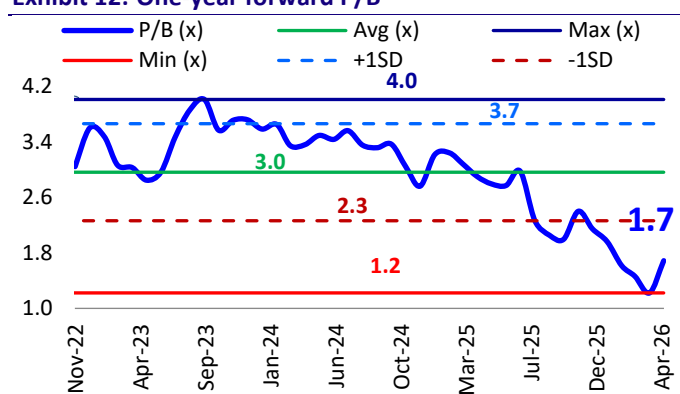


Sources: Company; MOFSL

Exhibit 11: We keep our estimates largely unchanged

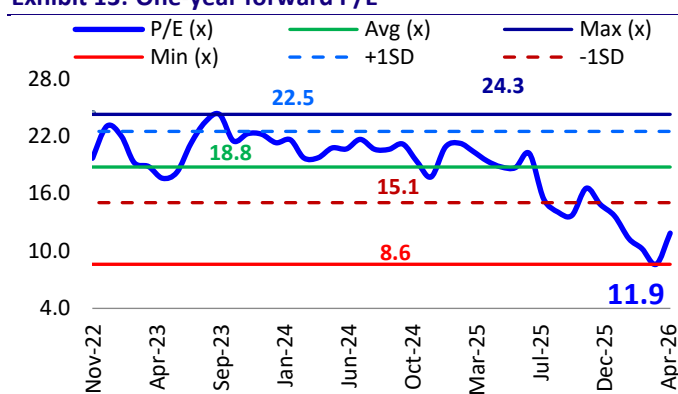
INR B	Old Est.		New Est.		Change (%)	
	FY27	FY28	FY27	FY28	FY27	FY28
NII	26.8	31.2	26.8	31.2	0.4	-0.1
Other Income	1.3	1.4	1.3	1.4	0.1	0.7
Total Income	28.1	32.6	28.2	32.6	0.3	0.0
Operating Expenses	9.6	11.2	9.9	11.6	3.4	3.4
Operating Profits	18.5	21.4	18.2	21.0	-1.2	-1.8
Provisions	2.4	2.7	2.3	2.7	-1.2	-1.1
PBT	16.1	18.7	15.9	18.4	-1.2	-1.9
Tax	4.0	4.7	4.0	4.6	-1.6	-2.3
PAT	12.1	14.0	11.9	13.8	-1.1	-1.8
AUM	160	194	159	193	-0.9	-0.8
Borrowings	103	128	101	126	-1.4	-1.2
RoA	6.9	6.6	6.9	6.6	0.1	-0.7
RoE	15.2	15.3	15.0	15.0	-1.5	-1.9

Exhibit 12: One-year forward P/B



Source: MOFSL, Company

Exhibit 13: One-year forward P/E



Source: MOFSL, Company

DuPont Analysis

%	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	20.0	19.8	19.9	20.8	21.2	20.7	20.2	19.8
Interest Expended	6.5	5.0	3.5	4.6	5.1	4.9	4.8	4.9
Net Interest Income	13.5	14.9	16.4	16.2	16.1	15.8	15.5	14.9
Other Income	0.7	0.9	0.4	0.8	0.8	0.8	0.8	0.7
Total Income	14.3	15.7	16.8	16.9	16.8	16.6	16.2	15.6
Operating Expenses	4.2	5.0	5.8	5.4	5.2	5.5	5.7	5.5
Operating Profit	10.1	10.7	11.0	11.5	11.6	11.1	10.5	10.1
Provisions	0.7	0.8	0.3	0.5	0.7	1.4	1.4	1.3
PBT	9.4	10.0	10.7	10.9	11.0	9.7	9.2	8.8
Tax	2.3	2.5	2.7	2.7	2.7	2.4	2.3	2.2
<i>Tax Rate (%)</i>	24.7	24.9	25.0	25.1	25.0	24.9	25.0	25.0
PAT	7.1	7.5	8.0	8.2	8.2	7.3	6.9	6.6
Leverage	2.4	2.0	1.9	2.1	2.3	2.2	2.2	2.3
RoE	16.8	15.0	15.0	17.5	18.7	16.1	15.0	15.0

E: MOFSL Estimates

Financials and Valuation

Income statement								INR m
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	10,149	12,038	14,988	21,166	27,663	31,291	35,161	41,379
Interest Expended	3,279	3,006	2,663	4,685	6,680	7,372	8,313	10,219
Net Interest Income	6,870	9,032	12,325	16,481	20,983	23,919	26,847	31,160
Change (%)	30	31	36	34	27	14	12	16
Fees and Commissions (Legal and Technical Fees)	217	294	138	219	322	465	497	527
Net gain on fair value changes	132	209	83	443	494	425	446	468
Non-Operating Income (including recovery of bad debts)	15	21	81	123	182	278	362	453
Other Income	364	524	301	785	997	1,168	1,305	1,447
Net Income	7,234	9,556	12,627	17,266	21,980	25,088	28,153	32,608
Change (%)	27	32	32	37	27	14	12	16
Employees Cost	1,637	2,361	3,464	4,286	5,211	6,299	7,433	8,548
Depreciation	114	122	173	246	304	370	437	515
Others	367	575	741	1,021	1,270	1,627	2,034	2,502
Operating Expenses	2,118	3,058	4,378	5,553	6,785	8,296	9,903	11,565
Operating Profit (PPoP)	5,116	6,497	8,249	11,713	15,196	16,792	18,249	21,043
Change (%)	28	27	27	42	30	11	9	15
Provisions/write offs	352	455	201	554	890	2,163	2,349	2,661
PBT	4,764	6,042	8,048	11,160	14,306	14,629	15,900	18,382
Tax	1,174	1,507	2,012	2,800	3,581	3,641	3,975	4,595
Tax Rate (%)	24.7	24.9	25.0	25.1	25.0	24.9	25.0	25.0
Reported PAT	3,590	4,535	6,035	8,359	10,725	10,988	11,925	13,786
Change (%)	37	26	33	39	28	2	9	16
Proposed Dividend (incl. tax)	0	0	0	0	589	590	738	738

Balance sheet

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Capital	255	291	291	292	294	295	295	295
Reserves & Surplus	22,925	36,812	43,104	51,669	62,752	73,506	84,841	97,890
Net Worth	23,180	37,104	43,395	51,962	63,046	73,802	85,136	98,185
Borrowings	34,252	25,588	42,473	63,158	79,220	82,004	1,01,308	1,26,283
Change (%)	45	-25	66	49	25	4	24	25
Other liabilities	504	739	1,160	1,768	1,940	2,092	2,928	3,953
Total Liabilities	57,936	63,431	87,028	1,16,888	1,44,206	1,57,897	1,89,372	2,28,421
Loans	43,587	51,024	68,222	96,851	1,16,868	1,29,848	1,55,691	1,88,764
Change (%)	14	17	34	42	21	11	20	21
Investments	0	2,482	1,446	1,077	2,122	2,271	2,498	2,748
Change (%)			-42	-26	97	7	10	10
Net Fixed Assets	249	328	449	643	1,487	1,546	1,932	2,415
Other assets	14,100	9,597	16,914	18,317	23,728	24,233	29,251	34,493
Total Assets	57,936	63,431	87,030	1,16,888	1,44,206	1,57,897	1,89,372	2,28,421

E: MOFSL Estimates

Financials and Valuation

AUM Mix (%)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM	44,454	50,671	69,148	96,406	1,18,770	1,32,246	1,58,726	1,92,704
YoY Growth (%)	14	14	36	39	23	11	20	21
Disbursements	12,451	17,562	33,915	48,814	49,697	46,757	62,187	75,246
YoY Growth (%)	-48	41	93	44	2	-6	33	21

Ratios

Growth %	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM	14	14	36	39	23	11	20	21
Disbursements	-48	41	93	44	2	-6	33	21
Total Assets	33	9	37	34	23	9	20	21
NII	30	31	36	34	27	14	12	16
PPOP	28	27	27	42	30	11	9	15
PAT	37	26	33	39	28	2	9	16
EPS	37	10	33	38	27	2	9	16

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
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Spreads Analysis (%)

Yield on loans	24.8	25.4	25.1	25.6	25.9	25.4	24.6	24.0
Cost of funds	11.3	10.0	7.8	8.9	9.4	9.1	9.1	9.0
Spread	13.5	15.4	17.3	16.8	16.5	16.2	15.6	15.0
Net Interest Margin	16.5	19.0	20.6	19.9	19.6	19.4	18.8	18.1

Profitability Ratios & Capital Structure (%)

Debt-Equity ratio	1.5	0.7	1.0	1.2	1.3	1.1	1.2	1.3
Capital adequacy - CRAR	58.9	75.2	67.2	50.5	50.1	45.0	42.7	40.1
Leverage	2.5	1.7	2.0	2.2	2.3	2.1	2.2	2.3
Int. Expended/Int.Earned	32.3	25.0	17.8	22.1	24.1	23.6	23.6	24.7
RoA	7.1	7.5	8.0	8.2	8.2	7.3	6.9	6.6
RoE	16.8	15.0	15.0	17.5	18.7	16.1	15.0	15.0

Cost/Productivity Ratios (%)

Cost/Income	29.3	32.0	34.7	32.2	30.9	33.1	35.2	35.5
Op. Exps./Avg Assets	4.2	5.0	5.8	5.4	5.2	5.5	5.7	5.5
Op. Exps./Avg AUM	5.1	6.4	7.3	6.7	6.3	6.6	6.8	6.6
Other Inc./Net Income	5.0	5.5	2.4	4.5	4.5	4.7	4.6	4.4
AUM/employee (INR m)	11.3	8.9	9.4	10.3	10.0	9.3	11.5	12.8
AUM/ branch (INR m)	169.7	168.9	185.4	185.4	158.8	156.7	171.8	191.9
Empl. Cost/Op. Exps. (%)	77.3	77.2	79.1	77.2	76.8	75.9	75.1	73.9

Asset Quality

Gross NPAs (INR m)	452	530	939	1,328	2,123	4,461	4,831	5,614
Gross NPA (%)	1.0	1.0	1.4	1.4	1.8	3.4	3.0	2.9
Net NPAs (INR m)	371	345	476	608	1,034	2,614	2,754	3,087
Net NPA (%)	0.8	0.7	0.7	0.6	0.9	2.0	1.8	1.6
PCR (%)	18.0	34.9	49.3	54.3	51.3	41.4	43.0	45.0
Credit costs (% of gross loans)	0.8	1.0	0.3	0.67	0.83	1.72	1.61	1.51

VALUATION

Book Value (INR)	91	127	149	178	214	250	288	333
Price-BV (x)	5.5	3.9	3.4	2.8	2.3	2.0	1.7	1.5
EPS (INR)	14	16	21	29	36	37	40	47
EPS Growth YoY	37	10	33	38	27	2	9	16
Price-Earnings (x)	35	32	24	17	14	13	12	11
DPS (INR)	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	0.4	0.4	0.5	0.5

E: MOFSL Estimates

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