

# Mahindra & Mahindra Financial

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR294**

**TP: INR350 (+19%)**

**Buy**

## Management overlay prudent amid macro uncertainties

Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	409.2 / 4.3
52-Week Range (INR)	412 / 236
1, 6, 12 Rel. Per (%)	-8/6/14
12M Avg Val (INR M)	943

### Financials & valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	101.1	115.4	131.0
PPP	62.3	71.3	81.3
PAT	27.8	33.3	39.3
EPS (INR)	20.0	24.0	28.3
EPS Gr. (%)	5	20	18
BV/Sh.(INR)	178	195	215
<b>Ratios</b>			
NIM (%)	7.0	7.0	6.9
C/I ratio (%)	38.4	38.3	38.0
RoA (%)	2.0	2.1	2.2
RoE (%)	12.5	12.9	13.8
Payout (%)	37.5	32.1	29.3
<b>Valuations</b>			
P/E (x)	14.7	12.3	10.4
P/BV (x)	1.7	1.5	1.4
Div. Yield (%)	2.6	2.6	2.8

### Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	52.5	52.5	52.2
DII	32.1	32.4	31.3
FII	9.4	9.2	10.7
Others	6.0	6.0	5.8

FII Includes depository receipts

### PPoP beat; in-line PAT due to higher provisions from management overlay

- Mahindra & Mahindra Financial's (MMFS) 4QFY26 PAT rose ~55% YoY and 8% QoQ to ~INR8.7b (in line). FY26 PAT grew 19% YoY to INR27.8b. 4Q NII stood at INR23.9b (in line), up ~24% YoY. Other income rose ~53% YoY to ~INR3.5b, driven by healthy fee income and dividend income of INR309m received from MIBL (PQ: INR464m).
- Opex stood at ~INR10.2b (up ~8% YoY) and the cost-income ratio stood at ~37.2% (PQ: ~42.1% and PY: ~43.7%). The sequential decline in employee expenses was because 3Q had one-time expenses related to the implementation of the labor code. PPoP stood at ~INR17.2b (~6% beat), up ~42% YoY. FY26 PPOP grew ~31% YoY to INR62.3b.
- Credit costs stood at ~INR5.6b (~21% higher than MOFSLe). Annualized credit costs stood at ~1.7% (PQ: ~1.5%). In 3QFY26, the company had created a management overlay of INR6.35b. Subsequently, in 4QFY26, the company computed ECL provisions based on its updated ECL model and created an additional management overlay of INR2.2b, taking the cumulative management overlay to ~INR8.5b.
- Management shared that overlays were created to factor in macro risks such as geopolitical uncertainties and monsoon-related El Nino concerns that could impact asset quality, particularly in the tractor portfolio; MMFS shared that collection efficiency has remained stable with no material deterioration observed in Apr'26 (relative to Mar'26).
- The company targets ~16-18% AUM CAGR over the next 4-5 years, with the core wheels business expected to grow in line with industry trends, while MSME, mortgage, leasing, and cross-selling segments are likely to grow at ~30-40%, thereby driving overall healthy mid-teens loan growth.
- MMFS delivered a steady FY26 with improved margins, robust profitability, and a sharp improvement in asset quality, supported by momentum in core and emerging segments. Growth picked up in 2HFY26 but the outlook remains cautious due to geopolitical uncertainties and monsoon-related risks, particularly for the rural portfolio.
- We raise our FY27/FY28 PAT estimates by 3%/2% to factor in slightly lower opex driven by operating efficiency. We estimate a ~19% PAT CAGR over FY26-FY28E, with FY28 RoA/RoE of 2.2%/14%. **Reiterate BUY with an unchanged TP of INR350 (based on 1.6x Mar'28E 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; 3) impact on asset quality and credit costs due to the ongoing West Asia war and El Nino impact; and 4) any compression in NIM from the scale-up in the mortgage business.

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### **NIM expands ~10bp QoQ; yields (calc.) decline ~20bp QoQ**

- Yields (calc.) declined ~20bp QoQ to ~14%, while CoF (calc.) declined ~30bp QoQ to 7%, leading to spreads expanding by ~10bp QoQ to 7%. NIM (calc.) rose ~10bp QoQ to ~7.3%.
- Fee income improved to 1.4% (as % of avg. assets) in FY26 (vs. 1.1% in FY25). Management guided for fee income to improve to ~1.4-1.5% as a sustainable medium-term range. We model NIM of 6.4% each (as a % of avg. assets) for FY27/FY28E (vs. 6.2% for FY26).

### **Key takeaways from the management commentary**

- MMFS shared that in the CV segment, the company is shifting its focus toward LCV/SCV categories, selectively expanding in HCVs, and increasing its presence in used vehicles, which remain an attractive opportunity despite ongoing supply constraints.
- Management highlighted that margin expansion was driven by a better product mix (higher share of tractors and used vehicles), rising fee income, and improved treasury performance which led to decline in CoF.

### **Valuation and view**

- MMFS reported a steady operational quarter, with healthy disbursements driven by sustained momentum in tractors and vehicle demand following GST cuts. Asset quality improved meaningfully, with GS3 and NS3 nearing multi-year lows, resulting in lower net slippages, although the company remains cautious amid geopolitical tensions and potential El Nino impact. NIM expanded during the quarter, supported by strong fee income and a decline in cost of funds.
- MMFS currently trades at 1.5x FY27E P/BV. With a projected PAT CAGR of ~19% over FY26-FY28E and RoA/RoE of 2.2%/14% in FY28E, **we reiterate our BUY rating with an unchanged TP of INR350 (based on 1.6x Mar'28E BV).**

**Quarterly Performance**
**(INR M)**

Y/E March	FY25				FY26				FY25	FY26	4QFY26E	v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	36,122	37,448	39,572	40,172	41,646	41,779	44,071	44,621	1,53,314	1,72,117	44,479	0
Interest Expenses	18,286	19,343	20,459	20,896	21,524	20,663	21,026	20,707	78,983	83,921	21,497	-4
<b>NII</b>	<b>17,836</b>	<b>18,106</b>	<b>19,113</b>	<b>19,276</b>	<b>20,122</b>	<b>21,116</b>	<b>23,045</b>	<b>23,913</b>	<b>74,331</b>	<b>88,196</b>	<b>22,982</b>	<b>4</b>
YoY Growth (%)	12.6	14.1	12.5	6.4	12.8	16.6	20.6	24.1	11.2	18.7	19.2	
Other income	1,480	1,802	1,872	2,279	2,732	3,113	3,561	3,480	7,433	12,886	4,047	-14
<b>Net Total Income</b>	<b>19,316</b>	<b>19,908</b>	<b>20,985</b>	<b>21,555</b>	<b>22,853</b>	<b>24,230</b>	<b>26,606</b>	<b>27,393</b>	<b>81,764</b>	<b>1,01,082</b>	<b>27,029</b>	<b>1</b>
YoY Growth (%)	15.3	18.9	15.6	9.4	18.3	21.7	26.8	27.1	14.6	23.6	25.4	
Operating Expenses	7,970	7,947	8,768	9,427	9,323	9,240	11,203	10,177	34,113	38,771	10,842	-6
<b>Operating Profit</b>	<b>11,345</b>	<b>11,961</b>	<b>12,217</b>	<b>12,128</b>	<b>13,530</b>	<b>14,989</b>	<b>15,403</b>	<b>17,216</b>	<b>47,651</b>	<b>62,312</b>	<b>16,187</b>	<b>6</b>
YoY Growth (%)	13.5	26.9	15.0	3.4	19.3	25.3	26.1	42.0	14.0	30.8	33.5	
Provisions	4,482	7,035	91	4,571	6,597	7,514	4,699	5,603	16,179	24,412	4,619	21
<b>Profit before Tax</b>	<b>6,864</b>	<b>4,927</b>	<b>12,126</b>	<b>7,557</b>	<b>6,933</b>	<b>7,475</b>	<b>10,704</b>	<b>11,613</b>	<b>31,473</b>	<b>36,726</b>	<b>11,568</b>	<b>0</b>
Tax Provisions	1,734	1,232	3,131	1,925	1,638	1,782	2,600	2,884	8,022	8,904	3,150	-8
<b>Net Profit</b>	<b>5,130</b>	<b>3,695</b>	<b>8,995</b>	<b>5,631</b>	<b>5,295</b>	<b>5,693</b>	<b>8,104</b>	<b>8,730</b>	<b>23,450</b>	<b>27,822</b>	<b>8,418</b>	<b>4</b>
YoY Growth (%)	45.5	57.1	62.7	-9.0	3.2	54.1	-9.9	55.0	33.3	18.6	49.5	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	14.3	14.2	14.4	14.1	14.2	13.8	14.2	14.0	14.2	14.0		
Cost of funds (Cal)	7.8	7.8	7.9	7.7	7.7	7.3	7.3	7.0	8.0	8.0		
Spreads (Cal)	6.5	6.4	6.5	6.4	6.5	6.5	6.9	7.0	6.2	6.0		
Credit Cost (Cal)	1.72	2.57	0.03	1.6	2.18	2.41	1.47	1.7	1.5	1.9		
Cost to Income Ratio	41.3	39.9	41.8	43.7	40.8	38.1	42.1	37.2	41.7	38.4		
Tax Rate	25.3	25.0	25.8	25.5	23.6	23.8	24.3	24.8	25.5	24.2		
<b>Balance Sheet Parameters</b>												
Loans (INR B)	1028	1085	1116	1162	1183	1232	1251	1302	1162	1302		
Change YoY (%)	30.4	20.6	19.5	17.2	15.1	13.5	12.1	12.0	17.2	12.0		
Borrowings (INR B)	953	1032	1046	1129	1109	1148	1160	1203	1129	1203		
Change YoY (%)	30.7	21.6	21.0	22.4	16.3	11.2	11.0	6.6	20.1	6.6		
Loans/Borrowings (%)	107.8	105.1	106.7	103.0	106.7	107.3	107.8	108.2	103	108		
Debt/Equity (x)	5.1	5.6	5.5	5.7	4.7	5.0	4.9		5.7	4.9		
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR B)	37.9	43.1	45.3	44.1	47.0	50.1	49.1	45.8	44.1	45.8		
Gross Stage 3 (% on Assets)	3.6	3.8	3.9	3.7	3.9	3.9	3.8	3.4	3.7	3.4		
NS 3 (INR B)	15.2	17.5	22.6	21.6	22.8	23.5	23.0	19.0	21.6	19.0		
Net Stage 3 (% on Assets)	1.5	1.6	2.0	1.8	1.9	1.9	1.8	1.4	1.8	1.4		
PCR (%)	73.5	59.5	50.1	51.2	51.4	53.0	53.0	58.5	51.2	58.6		
ECL (%)	3.3	3.5	3.0	2.9	3.0	3.2	3.0	2.9	3.2	3.2		
<b>Return Ratios (%)</b>												
ROAA	1.8	1.2	2.8	1.7	1.6	1.6	2.3	2.4	1.9	2.0		
ROAE	11.1	8.0	19.2	11.6	9.8	9.8	13.8	14.4	12.4	12.5		

E: MOFSL estimates

**Disbursement up 11% YoY but down 2% QoQ; AUM up ~12% YoY**

- Business assets stood at INR1.34t, up 12% YoY and 4% QoQ. 4Q disbursements stood at ~INR172b, up ~11% YoY and down ~2% QoQ.
- Tractor disbursements declined ~37% QoQ but grew 63% YoY, while SME disbursements grew ~6% YoY in 4QFY26. PV disbursements grew ~15% YoY and declined 3% QoQ in 4QFY26. Pre-owned vehicle disbursements grew 17% YoY and 24% QoQ in 4QFY26.



### Asset quality improves significantly; net slippages decline YoY and QoQ

- Asset quality exhibited improvement, with GS3 declining ~40bp QoQ to ~3.4% and NS3 declining ~40bp QoQ to 1.45%. Stage 3 PCR rose ~550bp QoQ to ~58.6% (PQ: 53%), driven by management overlays.
- Stage 2 declined ~60bp QoQ to ~4.8%. This resulted in 30+dpd declining ~1pp QoQ to ~8.2%. Stage 2 PCR was stable QoQ at 8%.
- Write-offs (loan losses) stood at ~INR5b (1.7% of TTM EAD). Net slippages into Stage 3 stood at INR1.7b (PY: INR3.8b and PQ: INR5.3b). Management reiterated its guidance of maintaining credit costs in the range of 1.3-1.7% going forward. We model credit costs (as % of assets) of 1.7%/1.6% for FY27E/28E.

### Highlights from the management commentary

#### Guidance

- MMFS is targeting ~16-18% AUM CAGR over the next 4-5 years.
- Core wheels business will grow in line with the market, while MSME, mortgage, leasing, and cross-sell are expected to grow faster (30-40%), driving overall growth.
- NIMs are expected to sustain around ~7.1%.
- Operating leverage is expected to support profitability, with revenue growth exceeding cost growth.
- Credit costs are expected to be in the guided range of 1.3-1.7%. The company is currently at the higher end but sees potential normalization if macro risks do not materialize.
- Management sees fee income (as a % of assets) of 1.4-1.5% as a sustainable medium-term range, with limited headroom beyond that.

#### Opening remarks

- The company ended FY26 on a strong note, with momentum improving meaningfully in 3Q and sustaining into 4Q.
- Growth remained reasonable, while profitability improved significantly, driven by margin expansion and controlled risk.
- Asset quality strengthened significantly, with GS2 and GS3 declining to multi-year lows, reflecting improved underwriting and collections discipline.
- The year reflects a balanced outcome of growth, profitability, and risk calibration rather than aggressive expansion.
- The company aims to defend its leadership in the wheels business while scaling up mortgages, MSME, leasing, and fee income streams, maintaining steady growth and margins, sustaining asset quality and credit discipline, building a resilient and efficient operating model through digital and AI investments, and driving improvement in RoA and RoE over the medium term.

#### Financial performance

- FY26 PAT grew 19% YoY, while 4Q PAT jumped 55% YoY to INR8.73b, taking full-year PAT to INR27.8b despite overlays and labor-related impacts.
- ROA improved to 2.4% in 4QFY26 vs. 1.7% in 4QFY25, with full-year ROA at 2% vs. 1.9% in FY25, indicating steady profitability improvement.
- Management expects operating leverage to play out, with revenue growth outpacing cost growth.
- Opex is expected to remain range-bound given ongoing investments in digital and distribution.

### Margins and CoF

- NIM expanded meaningfully to 7.5% in 4Q (+101bp YoY) and 7.1% in FY26 vs. 6.5% in FY25.
- Margin expansion was driven by a better product mix (higher share of tractors and used vehicles), rising fee income, and improved treasury performance, leading to decline in CoF.
- Structural improvements such as treasury strengthening and liability management have supported cost of funds reduction.
- Management expects NIMs to stabilize around ~7.1%, with minor fluctuations going forward.
- Cost of funds is near cyclical lows, with some temporary pressure seen in Mar'26 due to liquidity tightness and geopolitical factors.

### Asset quality and credit costs

- GS2 + GS3 declined to 8.2%, the lowest level in eight years, improving 103bp QoQ and 95bp YoY.
- Provision coverage on GS3 stands at a prudent 58.6%, supported by management overlays. Credit cost for FY26 stood at 1.7% (including overlays) vs. 1.3% in FY25.
- Management created an overlay of INR2.17b in 4QFY26 as a proactive and prudent measure rather than in response to visible stress.
- Overlays were built considering macro risks such as geopolitical uncertainty and monsoon-related prediction, which might impact the asset quality in the coming quarters, specifically the tractor portfolio.
- Collection efficiency trends remain stable, with no material deterioration observed MoM in Apr'26.
- Overlays will be reviewed quarterly and could be released if risks do not materialize.

### Business trends

- Tractor segment remained a key growth driver, with disbursements up 63% YoY in 4Q and 49% in FY26, benefiting from rural tailwinds.
- The company continues to hold a dominant position in tractors and expects momentum to sustain into FY27.
- Passenger vehicle segment saw strong traction with 15% YoY growth in 4Q and 14% AUM growth –among the top 3 players across banks and NBFCs.
- In CV, the company is shifting toward LCV/SCV segments and expanding selectively in HCVs while increasing participation in used vehicles.
- Used vehicle financing remains an attractive opportunity, although supply constraints persist.
- MSME book grew 32% YoY, with the company now fully focused on secured lending in this segment; total book stands at INR80b.
- Mortgage business (via subsidiary) is scaling up, with ~21% YoY AUM growth.
- The company expects MSME and mortgage segments to sustain strong growth (30-40%), aiding diversification.
- The company is repositioning its CV portfolio toward more stable and RoA-accretive segments.
- Selective participation via co-lending partnerships, with banks is being explored.
- Growth in CVs will be calibrated given current macro conditions.

### **Insurance fee income**

- Going forward, insurance fee income growth is expected to normalize and broadly track loan book growth rather than sustain the surge seen in FY26.
- Fee income increased to 1.4% of AUM in FY26 vs. 1.1% in FY25, driven by insurance, investment income, and dividends.
- Further upside depends on deeper distribution monetization and cross-selling execution through reoriented branch networks.

### **Digital & AI-Led Transformation**

- ~50% of FY26 disbursements were executed through the 'Udaan' digital stack, significantly improving employee productivity.
- ~40% of applications are now approved via STP.
- 'Samurai' agent (deployed in ~20% of business) has enabled ~80% faster post-sanction turnaround times.
- AI/ML-driven models and multilingual bots have improved early bucket collection efficiency by ~25%.
- AI investments are currently yielding tangible benefits in collections, underwriting, and processing, while broader transformation use cases are still evolving.

### **Subsidiaries performance**

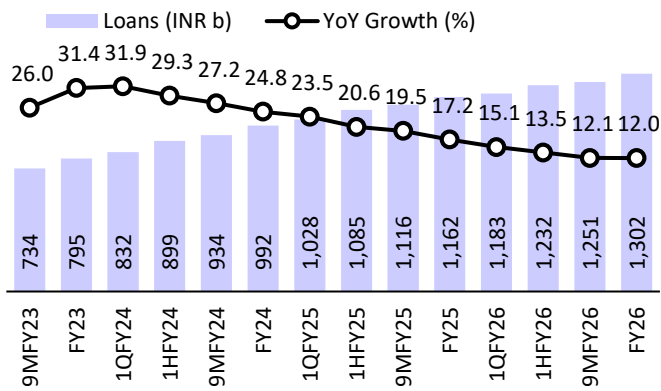
- All subsidiaries showed improved performance YoY.
- Mortgage subsidiary reported PAT of INR580m vs. loss last year.
- Insurance subsidiary delivered ~28% YoY profit growth, while AMC also turned profitable.

### **Cross-selling and customer franchise**

- Cross-selling improved to 2.4 products per customer (PPC) from <2 levels seen in ~1.5 years ago.
- The company has a large base of ~2.4m active customers and ~13m historical customers, providing a strong cross-selling opportunity.
- Focus is on leveraging both asset and non-asset products (including insurance and deposits) to improve customer monetization.

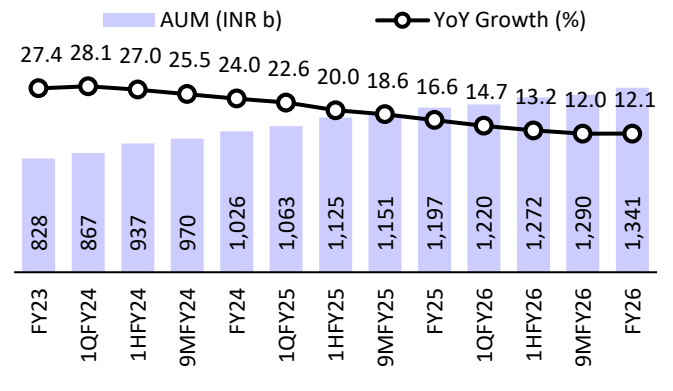
## Key exhibits

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



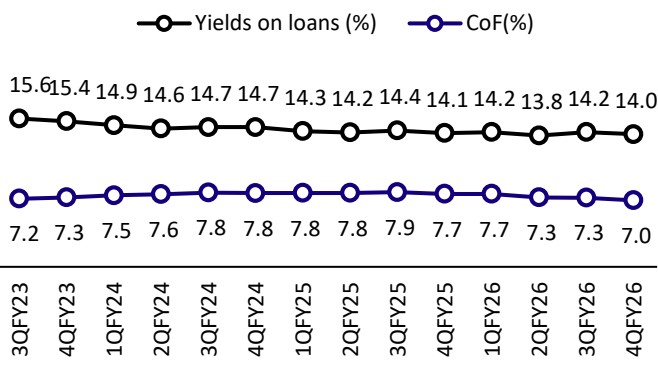
Source: MOFSL, Company

**Exhibit 2: Business assets grew ~12% YoY**



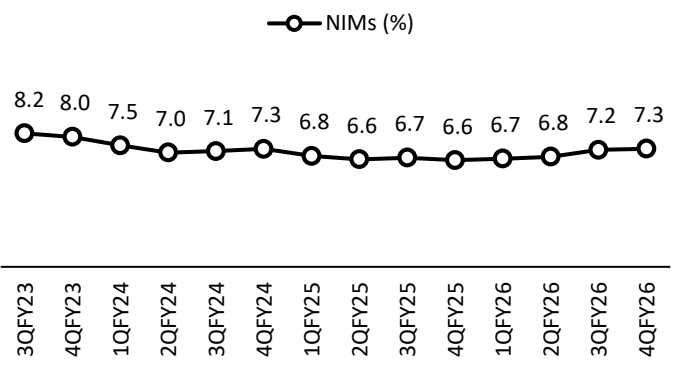
Source: MOFSL, Company

**Exhibit 3: Spreads rose ~10bp sequentially**



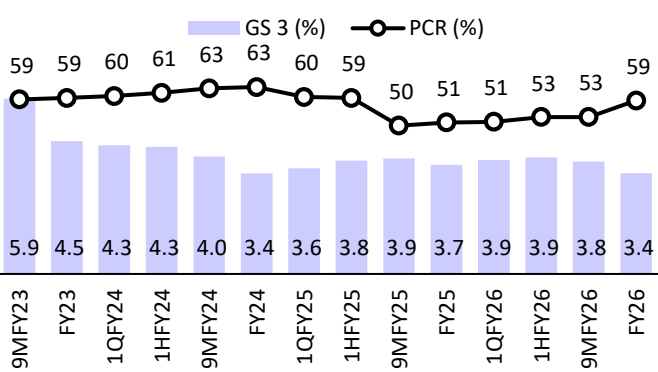
Source: MOFSL, Company

**Exhibit 4: NIMs (calc.) rose ~10bp QoQ to 7.3%**



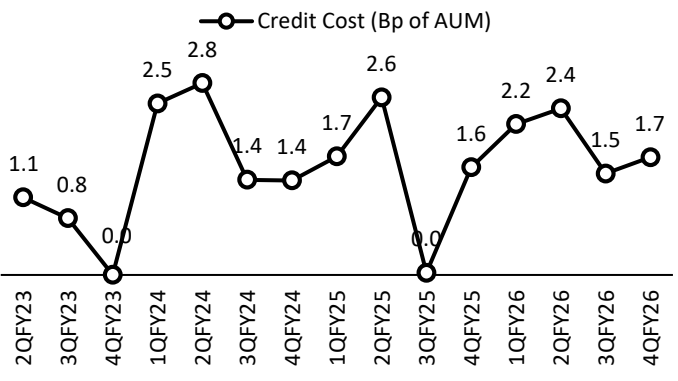
Source: MOFSL, Company

**Exhibit 5: GS3 declined ~40bp QoQ to 3.4%**



Source: MOFSL, Company

**Exhibit 6: Annualized credit costs stood at ~1.7%**

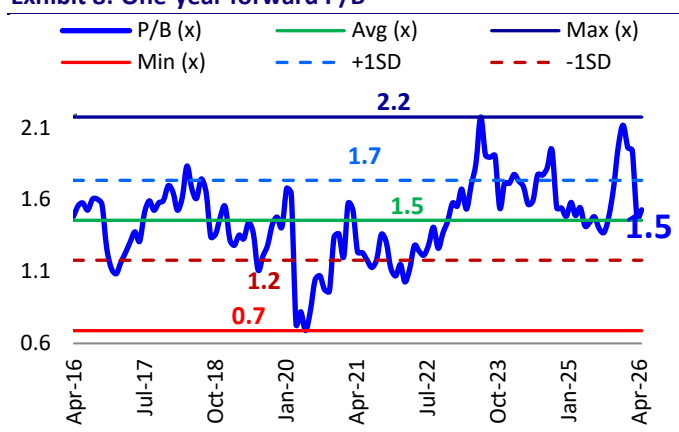


Source: MOFSL, Company

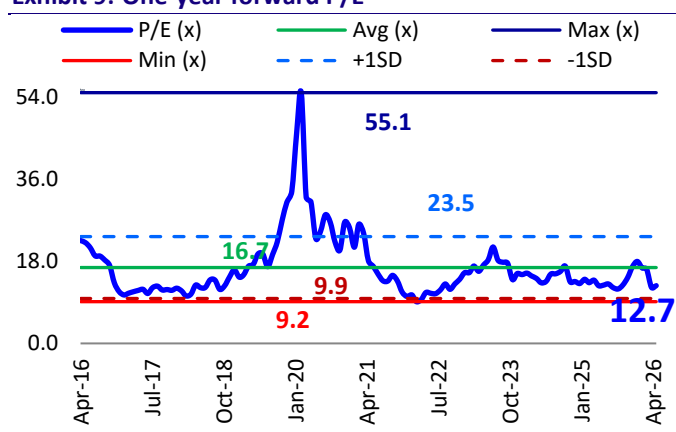
**Exhibit 7: We raise our FY27/FY28 EPS estimates by 3%/2% to factor in slightly lower opex**

INR B	Old Est		New Est		% Change	
	FY27	FY28	FY27	FY28	FY27	FY28
NII (incl. Sec. Inc)	115.4	131.9	114.8	130.4	-0.5	-1.2
Other Income	0.7	0.9	0.6	0.7	-17.5	-24.4
<b>Total Income</b>	<b>116.1</b>	<b>132.8</b>	<b>115.4</b>	<b>131.0</b>	<b>-0.6</b>	<b>-1.3</b>
Operating Expenses	46.7	53.4	44.1	49.7	-5.5	-6.9
<b>Operating Profits</b>	<b>69.4</b>	<b>79.4</b>	<b>71.3</b>	<b>81.3</b>	<b>2.6</b>	<b>2.4</b>
Provisions	26.1	27.4	26.5	28.5	1.6	4.0
<b>PBT</b>	<b>43.4</b>	<b>52.0</b>	<b>44.8</b>	<b>52.8</b>	<b>3.2</b>	<b>1.5</b>
Tax	11.1	13.3	11.4	13.5	3.2	1.5
<b>PAT</b>	<b>32.3</b>	<b>38.8</b>	<b>33.3</b>	<b>39.3</b>	<b>3.2</b>	<b>1.5</b>
Loans	1,467	1,671	1,470	1,674	0.2	0.2
Borrowings	1,340	1,519	1,343	1,522	0.2	0.2
Margins	7.0	6.9	7.0	6.9	-0.1	-0.8
Credit Cost	1.8	1.7	1.9	1.8	1.5	4.0
<b>RoA on AUM</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>	<b>2.2</b>	<b>3.1</b>	<b>1.6</b>
<b>RoE</b>	<b>12.5</b>	<b>13.6</b>	<b>12.9</b>	<b>13.8</b>	<b>3.1</b>	<b>1.3</b>

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	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	1,02,670	94,756	1,06,826	1,31,088	1,53,314	1,72,117	1,91,660	2,15,695
Interest Expended	47,332	39,202	45,767	64,269	78,983	83,921	92,287	1,03,838
<b>Net Interest Income</b>	<b>55,338</b>	<b>55,554</b>	<b>61,059</b>	<b>66,818</b>	<b>74,331</b>	<b>88,196</b>	<b>99,372</b>	<b>1,11,857</b>
Change (%)	8.2	0.4	9.9	9.4	11.2	18.7	12.7	12.6
Other Operating Income	1,283	1,824	2,462	2,954	6,875	12,339	15,424	18,509
Other Income	1,277	608	1,273	1,583	557	547	602	662
<b>Net Income</b>	<b>57,897</b>	<b>57,986</b>	<b>64,794</b>	<b>71,355</b>	<b>81,764</b>	<b>1,01,082</b>	<b>1,15,398</b>	<b>1,31,027</b>
Change (%)	6.9	0.2	11.7	10.1	14.6	23.6	14.2	13.5
Operating Expenses	16,325	20,734	27,276	29,572	34,113	38,771	44,144	49,740
<b>Operating Profits</b>	<b>41,573</b>	<b>37,252</b>	<b>37,518</b>	<b>41,783</b>	<b>47,651</b>	<b>62,312</b>	<b>71,253</b>	<b>81,287</b>
Change (%)	22.3	-10.4	0.7	11.4	14.0	30.8	14.3	14.1
Provisions	37,348	23,683	9,992	18,228	16,179	24,412	26,499	28,469
<b>PBT</b>	<b>4,224</b>	<b>13,569</b>	<b>27,526</b>	<b>23,555</b>	<b>31,473</b>	<b>37,900</b>	<b>44,755</b>	<b>52,819</b>
Tax	873	3,682	7,138	5,959	8,022	8,904	11,412	13,469
Tax Rate (%)	20.7	27.1	25.9	25.3	25.5	23.5	25.5	25.5
<b>PAT</b>	<b>3,352</b>	<b>9,888</b>	<b>19,843</b>	<b>17,596</b>	<b>23,450</b>	<b>27,822</b>	<b>33,342</b>	<b>39,350</b>
Change (%)	-63.0	195.0	100.7	-11.3	33.3	18.6	19.8	18.0
Proposed Dividend (Incl Tax)	986	4,439	7,402	7,777	8,024	10,422	10,716	11,510

Balance Sheet							INR m	
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	2,464	2,466	2,467	2,469	2,469	2,779	2,779	2,779
Reserves & Surplus (Ex OCI)	1,44,651	1,53,815	1,68,422	1,79,106	1,95,653	2,44,808	2,67,729	2,96,362
<b>Net Worth</b>	<b>1,47,034</b>	<b>1,56,200</b>	<b>1,70,889</b>	<b>1,81,575</b>	<b>1,98,121</b>	<b>2,47,587</b>	<b>2,70,508</b>	<b>2,99,141</b>
Other Comprehensive Income	81	81	81	81	81	81	81	81
<b>Net Worth</b>	<b>1,47,115</b>	<b>1,56,281</b>	<b>1,70,970</b>	<b>1,81,656</b>	<b>1,98,202</b>	<b>2,47,668</b>	<b>2,70,588</b>	<b>2,99,222</b>
Change (%)	29.5	6.2	9.4	6.3	9.1	25.0	9.3	10.6
<b>Borrowings</b>	<b>5,85,767</b>	<b>5,58,139</b>	<b>7,49,459</b>	<b>9,39,786</b>	<b>11,28,735</b>	<b>12,03,349</b>	<b>13,42,510</b>	<b>15,21,999</b>
Change (%)	-1.5	-4.7	34.3	25.4	20.1	6.6	11.6	13.4
Other liabilities	37,483	38,467	41,818	30,231	28,625	28,117	31,210	34,331
<b>Total Liabilities</b>	<b>7,70,365</b>	<b>7,52,887</b>	<b>9,62,166</b>	<b>11,51,592</b>	<b>13,55,481</b>	<b>14,79,053</b>	<b>16,44,227</b>	<b>18,55,472</b>
Investments	1,16,073	84,403	99,886	96,508	1,04,005	68,204	71,614	75,195
Change (%)	96.4	-27.3	18.3	-3.4	7.8	-34.4	5.0	5.0
<b>Loans and Advances</b>	<b>5,99,474</b>	<b>6,04,446</b>	<b>7,94,547</b>	<b>9,91,952</b>	<b>11,62,140</b>	<b>13,01,601</b>	<b>14,70,048</b>	<b>16,74,199</b>
Change (%)	-7.8	0.8	31.5	24.8	17.2	12.0	12.9	13.9
Other assets	54,818	64,038	67,732	63,132	89,337	1,09,248	1,02,565	1,06,078
<b>Total Assets</b>	<b>7,70,365</b>	<b>7,52,887</b>	<b>9,62,165</b>	<b>11,51,592</b>	<b>13,55,482</b>	<b>14,79,053</b>	<b>16,44,227</b>	<b>18,55,472</b>

E: MOFSL Estimates

## Financials and valuations

<b>Ratios</b>	<b>(%)</b>							
<b>Y/E March</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>
<b>Spreads Analysis (%)</b>								
Yield on Portfolio	16.4	15.7	15.3	14.7	14.2	14.0	13.8	13.7
Cost of Borrowings	8.0	6.9	7.0	8.0	8.0	8.0	8.0	8.0
Interest Spread	8.4	8.9	8.3	6.7	6.2	6.0	5.8	5.7
Net Interest Margin	8.3	8.6	8.3	7.2	6.7	7.0	7.0	6.9
<b>Profitability Ratios (%)</b>								
Cost/Income	28.2	35.8	42.1	41.4	41.7	38.4	38.3	38.0
Empl. Cost/Op. Exps.	62.2	56.5	58.1	57.9	55.8	53.0	51.2	50.4
RoE	2.6	6.5	12.1	10.0	12.4	12.5	12.9	13.8
RoA	0.4	1.3	2.3	1.7	1.9	2.0	2.1	2.2
<b>Asset Quality (%)</b>								
GNPA	57,857	49,760	37,168	34,910	44,140	45,780	54,994	65,911
NNPA	24,339	20,860	15,071	12,860	21,559	18,970	24,197	29,660
GNPA %	9.0	7.7	4.5	3.4	3.7	3.4	3.6	3.8
NNPA %	4.0	3.4	1.9	1.3	1.8	1.4	1.6	1.8
PCR %	57.9	58.1	59.5	63.2	51.2	58.6	56.0	55.0
Total Provisions/loans %	7.4	7.5	4.7	3.8	3.2	3.2	3.3	3.5
<b>Capitalisation (%)</b>								
CAR	26.0	27.8	22.5	18.9	18.3	19.4	18.5	17.7
Tier I	22.2	24.3	19.9	16.4	15.2	17.0	16.4	16.0
Tier II	3.8	3.5	2.7	2.5	3.1	2.5	2.1	1.7
Average Leverage on Assets (x)	5.8	5.0	5.2	6.0	6.6	6.4	6.0	6.1
<b>Valuation</b>								
Book Value (INR)	119	127	139	147	161	178	195	215
BV Growth (%)	-35.3	6.1	9.4	6.2	9.1	11.0	9.3	10.6
<b>Price-BV (x)</b>	<b>2.5</b>	<b>2.3</b>	<b>2.1</b>	<b>2.0</b>	<b>1.8</b>	<b>1.7</b>	<b>1.5</b>	<b>1.4</b>
Adjusted BV (INR)	105	114	129	140	148	169	182	200
<b>Price-ABV (x)</b>	<b>2.8</b>	<b>2.6</b>	<b>2.3</b>	<b>2.1</b>	<b>2.0</b>	<b>1.7</b>	<b>1.6</b>	<b>1.5</b>
OPS (INR)	33.7	30.2	30.4	33.8	38.6	44.8	51.3	58.5
OPS Growth (%)	-38.9	-10.5	0.7	11.3	14.0	16.2	14.3	14.1
<b>Price-OP (x)</b>	<b>8.7</b>	<b>9.7</b>	<b>9.7</b>	<b>8.7</b>	<b>7.6</b>	<b>6.6</b>	<b>5.7</b>	<b>5.0</b>
EPS (INR)	2.7	8.0	16.1	14.3	19.0	20.0	24.0	28.3
EPS Growth (%)	-81.5	194.8	100.6	-11.4	33.3	5.4	19.8	18.0
<b>Price-Earnings (x)</b>	<b>108.1</b>	<b>36.7</b>	<b>18.3</b>	<b>20.6</b>	<b>15.5</b>	<b>14.7</b>	<b>12.3</b>	<b>10.4</b>
Dividend	0.8	3.6	6.0	6.3	6.5	7.5	7.7	8.3
<b>Dividend Yield (%)</b>	<b>0.3</b>	<b>1.2</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.6</b>	<b>2.6</b>	<b>2.8</b>

E: MOFSL Estimates

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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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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.

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