

# Manappuram Finance

Estimate change	↔
TP change	↑
Rating change	↔

**CMP: INR305**

**TP: INR315 (+3%)**

**Neutral**

## Strong gold loan growth but NIM remains under pressure

### Yields expected to now stabilize; non-gold portfolio asset quality concerns persist

Bloomberg	MGFL IN
Equity Shares (m)	846
M.Cap.(INRb)/(USD\$)	258.3 / 2.7
52-Week Range (INR)	322 / 224
1, 6, 12 Rel. Per (%)	13/20/33
12M Avg Val (INR M)	1437

#### Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	54.7	68.6	81.0
PPP	28.3	39.9	49.4
PAT	9.9	20.3	27.5
EPS (INR)	10.6	19.6	26.6
EPS Gr. (%)	-25.7	85.6	35.7
BV/Sh.(INR)	171	187	208

#### Ratios

NIM (%)	10.4	10.1	10.2
C/I ratio (%)	50.8	44.4	41.4
RoA (%)	1.6	2.5	3.0
RoE (%)	7.0	11.5	13.5
Payout (%)	14.2	20.8	20.0

#### Valuations

P/E (x)	28.8	15.5	11.4
P/BV (x)	1.8	1.6	1.5
Div. Yld. (%)	0.5	1.3	1.7

#### Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	31.8	35.3	35.3
DII	13.0	11.1	8.0
FII	23.2	28.8	28.4
Others	32.0	24.8	28.3

FII Includes depository receipts

- Manappuram Finance's (MGFL) consol. PAT improved to ~INR4.05b in 4QFY26 (PY: -INR2b; ~58% beat). FY26 PAT declined ~18% YoY to ~INR9.9b. 4Q NII declined ~3% YoY to ~INR14b (in line). Operating expenses declined 6% YoY to ~INR7.4b (11% lower than est.).
- PPoP grew ~14% YoY to ~INR7.8b (~22% beat). Consol. credit costs stood at ~INR2.2b (vs. est. of ~INR3.2b). Annualized credit costs for the quarter stood at ~1.5% (PQ: ~2.9%).
- MGFL expects to sustain growth in FY27, led by strong gold loan momentum, supported by a robust franchise, and disciplined underwriting. Regulatory easing for branch expansion is expected to help scale up distribution, and management expects to add ~500-550 gold loan branches in FY27, while partnerships and co-lending will broaden its reach beyond branch presence.
- New offerings across consumption and income-generation gold loans and affordable housing are expected to aid in portfolio diversification. With a calibrated approach in non-gold segments (MFI and VF), along with a stable operating profile, the company is well positioned for healthy AUM growth in FY27.
- Asset quality is expected to improve across MFI and VF, supported by tighter underwriting, stronger credit controls and enhanced recovery efforts. In MFI, the new book (~59% of the MFI loans) continues to replace the legacy MFI pool (~41%), with higher CE (~99.4% vs ~98.6%), driving overall portfolio improvement; the legacy book is expected to reduce to ~10% by 3QFY27. In vehicle finance, focused collection actions and digital interventions have improved bounce recoveries from ~75% to ~90%. This portfolio rebalancing and operational strengthening should translate into moderation in credit costs and gradual improvement in asset quality.
- MGFL delivered a strong performance in the gold loan segment, supported by rising gold prices, healthy demand, and a gradual shift in customer preference toward formalized financing. However, growth in the non-gold portfolio has remained subdued, primarily due to ongoing asset quality concerns, even as the VF and Asirvad MFI segments show early signs of improvement.
- The stock trades at 1.6x FY27E P/B. Over FY26-28, we estimate a CAGR of 25%/23% in gold/consolidated AUM and ~66% in consolidated PAT, with consolidated RoA/RoE of ~3%/14% in FY28. **Reiterate our Neutral rating on the stock with a TP of INR315 (based on 1.5x FY28E consolidated BVPS).**

### Gold loans almost doubled in FY26; gold tonnage rose 7% QoQ

- Gold AUM grew ~32% QoQ and ~99% YoY to ~INR509b. Gold tonnage grew ~7% QoQ to ~63 tons.
- Within gold loans, LTV was stable QoQ at ~57%, while the average ticket size (ATS) in gold loans rose to INR128k (PQ: INR101k). Gold loan customer base grew ~3% QoQ to ~2.7m.
- Consol. Total AUM rose ~48% YoY and ~22% QoQ to ~INR638b. We expect MGFL to deliver ~23% AUM CAGR over FY26-28E, driven primarily by strong gold loan growth of ~25% CAGR during the same period.

### Margins under near-term pressure, with stabilization expected ahead

- Consol. NIM (calc.) declined ~95bp QoQ to ~9.8%. Net yields on the standalone business declined ~80bp QoQ to 17.7%, while standalone CoB declined ~20bp QoQ to 8.6%, resulting in a ~60bp decline in spreads to 9.1%.
- Gold loan yields declined to ~17.3% (PQ: 18.3%) in 4QFY26. Margins are expected to remain stable going forward, with gold loan yields normalizing in the ~17.5-18% range after a sustained bout of compression. This stability will be complemented with a calibrated focus on lower-ticket, higher-yielding segments. We expect margins to stabilize going forward, with NIMs projected at ~10.1%/~10.2% for FY27E/FY28E.

### Asirvad MFI shows early signs of recovery with improving collections

- Asirvad reported 4QFY26 profit of INR130m (vs. loss of INR1.6b in 3QFY26).
- Asirvad AUM (including gold loans) grew ~12% QoQ to ~INR68b, while Asirvad MFI AUM rose 4% QoQ to ~INR46.4b
- MFI GNPA declined ~10bp QoQ to 4.8%, while NNPA declined ~20bp QoQ to ~1.6%. Asirvad credit costs stood at ~INR90m (PQ: ~INR2.5b). This was aided by write-backs from mark-to-market (M2M) on the security receipts and ECL provision release.

### Highlights from the management commentary

- MGFL plans to significantly expand its gold loan branch network by adding ~500-550 branches. Regulatory changes removing prior approval requirements for branch openings are expected to facilitate faster branch expansion.
- MFI operations remain in a recovery phase, with a cautious and calibrated approach toward growth.

### Valuation and view

- MGFL reported a mixed performance, with continued pressure on profitability due to NIM compression and weakness in the non-gold portfolio. Gold loan growth remained a key positive, although gold loan yields exhibited sharp compression. However, management believes that margins have likely bottomed out and guided for stability in yields in the quarters ahead. Asset quality across vehicle finance and the recovery trajectory of Asirvad MFI remain monitorable, despite initial signs of improvement.
- **The stock trades at 1.6x FY27E P/B. Over FY26-28, we estimate a CAGR of 25%/23% in gold/consolidated AUM and ~66% in consolidated PAT, with consolidated RoA/RoE of ~3%/14% in FY28. Reiterate our Neutral rating on the stock with a TP of INR315 (based on 1.5x FY28E consolidated BVPS).**

**MGFL - Quarterly Performance (Consolidated)**

(INR M)

Y/E March	FY25				FY26				FY25	FY26	4QFY26E	Act v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	23,861	25,411	25,163	23,062	22,357	22,512	22,441	25,130	97,997	92,506	24,802	1
Interest Expenses	8,483	9,057	9,253	8,616	8,553	8,756	9,452	11,095	35,747	37,856	10,580	5
<b>Net Interest Income</b>	<b>15,378</b>	<b>16,354</b>	<b>15,909</b>	<b>14,446</b>	<b>13,804</b>	<b>13,756</b>	<b>12,989</b>	<b>14,035</b>	<b>62,250</b>	<b>54,650</b>	<b>14,222</b>	<b>-1</b>
YoY Growth (%)	19.4	20.8	9.5	-3.32	-10.2	-15.9	-18.4	-2.85	10.7	-12.2	-1.6	
Other income	1,259	961	464	230	293	241	1,148	1,126	2,752	2,741	490	130
<b>Net Income</b>	<b>16,636</b>	<b>17,314</b>	<b>16,373</b>	<b>14,676</b>	<b>14,097</b>	<b>13,997</b>	<b>14,137</b>	<b>15,161</b>	<b>65,002</b>	<b>57,391</b>	<b>14,713</b>	<b>3</b>
Operating Expenses	6,823	6,984	7,066	7,843	7,488	7,285	7,568	7,367	28,718	29,129	8,302	-11
<b>Operating Profits</b>	<b>9,814</b>	<b>10,331</b>	<b>9,307</b>	<b>6,833</b>	<b>6,609</b>	<b>6,712</b>	<b>6,569</b>	<b>7,794</b>	<b>36,285</b>	<b>28,262</b>	<b>6,411</b>	<b>22</b>
YoY Growth (%)	22.4	19.2	-0.6	-26.8	-32.7	-35.0	-29.4	14.1	2.6	-22.1	-6.2	
Provisions	2,286	2,604	5,546	9,192	5,594	3,692	3,541	2,156	19,628	15,560	3,156	-32
<b>PBT</b>	<b>7,528</b>	<b>7,727</b>	<b>3,761</b>	<b>-2,359</b>	<b>1,015</b>	<b>3,020</b>	<b>3,029</b>	<b>5,638</b>	<b>16,656</b>	<b>12,702</b>	<b>3,255</b>	<b>73</b>
Tax Provisions	1,963	2,006	976	-327	-310	847	643	1,590	4,618	2,771	688	131
<b>PAT</b>	<b>5,565</b>	<b>5,721</b>	<b>2,785</b>	<b>-2,032</b>	<b>1,325</b>	<b>2,173</b>	<b>2,385</b>	<b>4,048</b>	<b>12,039</b>	<b>9,931</b>	<b>2,567</b>	<b>58</b>
YoY Growth (%)	12	2	-52	-136	-76	-62	-14	-299	-45	-18	-226	
<b>Key Ratios (%)</b>												
Yield on loans	22.5	22.9	22.8	21.5	20.8	20.2	18.6	17.6	23.6	17.6		
Cost of funds (Cal)	9.4	9.4	9.8	9.5	9.4	9.3	9.0	8.6	10.4	8.2		
Spreads (Cal)	13.08	13.51	12.99	12.0	11.41	10.92	9.60	9.0	13.2	9.4		
NIMs (Cal)	14.50	14.75	14.42	13.47	12.85	12.37	10.76	9.84	15.0	10.4		
C/I ratio	41.0	40.3	43.2	53.4	53.1	52.0	53.5	48.6	44.2	50.8		
Credit Cost	2.10	2.30	4.93	8.4	5.12	3.27	2.89	1.5	4.7	3.0		
Tax Rate	26.1	26.0	26.0	13.9	-30.5	28.0	21.2	28.2	27.7	21.8		
<b>Balance Sheet Parameters</b>												
<b>Consol. AUM (INR b)</b>	<b>449</b>	<b>457</b>	<b>442</b>	<b>430</b>	<b>443</b>	<b>459</b>	<b>522</b>	<b>646</b>				
Change YoY (%)	21.2	17.4	9.5	2.3	-1.4	0.4	18.1	50.1				
<b>Gold loans (INR b)</b>	<b>236</b>	<b>244</b>	<b>245</b>	<b>256</b>	<b>288</b>	<b>315</b>	<b>388</b>	<b>510</b>				
Change YoY (%)	14.8	17.1	18.0	19.0	21.8	29.3	58.2	99.1				
Gold stock (tonnes)	60	60	57	56	57	57	59	63				
Gold loans/branch (INR m)	58	60	61	63	71	78	96	126				
<b>Consol. Borrowings (INR b)</b>	<b>385</b>	<b>385</b>	<b>370</b>	<b>354</b>	<b>374</b>	<b>377</b>	<b>463</b>	<b>572</b>				
Change YoY (%)	34.8	19.4	15.9	5.2	-2.8	-1.9	25.0	61.7				
<b>Borrowings Mix (%)</b>												
Debentures	12.3	12.1	11.3	10.6	10.1	9.0	9.5	7.1				
CPs	2.3	1.5	0.8	0.8	3.4	5.3	8.3	6.8				
WC/CC	20.5	19.1	20.6	20.5	21.1	19.2	18.2	17.0				
TL	54.3	47.7	53.5	52.7	51.3	47.3	47.4	46.7				
ECB	10.0	19.0	13.4	14.8	13.9	19.0	16.4	22.3				
Others	0.6	0.7	0.4	0.5	0.3	0.2	0.1	0.2				
Debt/Equity (x)	1.6											
<b>Asset Quality Parameters (%)</b>												
GNPL ratio (Standalone)	2.0	2.4	2.5	2.8	3.0	3.0	2.6	1.8				
NNPL ratio (Standalone)	1.7	2.1	2.3	2.5	2.6	2.6	2.2	1.6				
<b>Return Ratios (%)</b>												
RoA (Rep)	4.8	4.4	2.2	-1.6	1.1	1.7	1.7	2.8				
RoE (Rep)	16.7	18.6	8.9	-6.4	4.3	6.9	7.4	12.3				

**E: MOFSL estimates**



## Highlights from the management commentary

### Guidance and outlook

- Manappuram (MGFL) anticipates strong momentum in the gold loan segment, with AUM growth expected to surpass last year's levels, supported by new gold loan product offerings.
- Gold loan yields are expected to remain in the range of ~17.5-18%, with a gradual stabilization in yields over the coming quarters. The company does not expect any meaningful decline in CoB going forward.
- Consol. AUM is expected to grow steadily, driven by strength in secured lending segments and calibrated expansion across other portfolios.
- Management highlighted that MFI growth will remain measured, aligned with improvements in CE and borrower leverage metrics.
- The diversified portfolio is expected to support balanced and resilient growth, led by sustained demand for gold loans.

### Macro environment and opening remarks

- The economy remains resilient, supported by strong consumption trends and improving rural demand.
- Credit growth remains stable, although macro headwinds such as geopolitical tensions, inflationary pressures, rising interest rates, and currency weakness persist.
- The lending landscape remains competitive, with a continued focus on asset quality improvement and prudent underwriting standards.
- Certain unsecured segments, particularly MFI, continue to face challenges, although early signs of recovery are emerging.
- Demand for secured lending products, especially gold loans, remains strong due to their liquidity, flexibility, and relatively lower risk profile.

### Business performance and segmental trends

- Higher economic activity, improving rural demand, and evolving consumer spending patterns have supported overall business growth.
- Gold loans remain the key growth driver, contributing significantly to consolidated AUM and earnings.
- The housing finance business remains stable, with muted portfolio growth as the focus remains on asset quality, operating efficiency, and sustainable expansion.
- MFI operations continue to remain in a recovery phase, with a cautious and calibrated approach toward growth.

### Gold loan business

- Gold loans continue to anchor the MGFL's portfolio, supported by strong brand presence, extensive distribution network, and disciplined execution. The segment has benefited from regulatory changes, enabling the launch of differentiated products such as consumption loans and income-generation loans. These product innovations cater to both household financing needs and small business/livelihood requirements, expanding the addressable market.

- MGFL is also targeting lower ticket size gold loans, which will support yield improvement.
- Partnerships have emerged as an incremental origination channel, enabling expansion into geographies with limited direct presence.
- Continued investments in digital capabilities and process efficiencies are enhancing customer experience, improving TAT, and driving productivity across branches.

### **Microfinance (Asirvad)**

- The MFI business continues to operate in a cautious environment, with multiple strategic actions undertaken to stabilize the portfolio.
- The portfolio mix has improved, with the new book contributing ~59% and the old book at ~41% of the MFI loan mix.
- Overall collection efficiency stands at ~95%, with the new book demonstrating strong performance with ~99.4% efficiency. Collection efficiency in the old book continues to improve steadily, supported by focused collection efforts.
- Management expects the portfolio to transition toward a predominantly new book by 3QFY27, resulting in improved asset quality and stability.
- In Asirvad the benefit from MTM on SRs and the ECL write-backs stood at INR1.28b (~INR960m, post-tax). This led to a sharp decline in the credit costs for Asirvad.

### **Asset quality, collections and credit costs**

- Credit costs have shown improvement, supported by enhanced collection efficiencies and growth in the loan book.
- The reduction in portfolio rundown, along with improved collections, has helped maintain credit costs under control and the management expects credit costs to moderate from current levels.
- Collection and recovery efforts have been strengthened through dedicated teams, engagement with external agencies, faster legal escalation, and structured one-time settlements in select cases.
- Early trends in collection improvements across non-gold portfolios are encouraging and expected to reflect in sequential improvement in performance.

### **Vehicle finance and MSME portfolio**

- In vehicle finance, the company has undertaken multiple corrective actions, including the segregation of collection teams across delinquency buckets and increased use of digital collection tools.
- Focus on cheque bounce recovery has improved collection rates significantly, with recovery levels increasing from ~75% to ~90%.
- There was a one-time write-off in the Vehicle Finance book of ~INR1.34b (~INR840m, net of provisions) – this also led to an improvement in the asset quality in the VF business.
- Similar collection-focused initiatives are being implemented in the MSME and allied portfolios, with early signs of improvement visible.
- Enhanced collection infrastructure and digital interventions are expected to drive gradual improvement in asset quality metrics.

### **Branch expansion and distribution**

- The company plans to significantly expand its gold loan branch network, targeting addition of ~500-550 branches. Regulatory changes removing prior approval requirement for branch openings are expected to facilitate faster branch expansion.
- This expansion is expected to improve reach, support customer acquisition, and strengthen growth in the gold loan segment.

### **Profitability**

- Profitability during the period was impacted by higher provisions, particularly in the non-gold portfolio.
- However, improved CE and stabilization in credit costs have supported overall earnings performance.
- Yields in gold loans are believed to have bottomed out, with expectations of gradual stabilization going forward.

### **Strategic initiatives and product expansion**

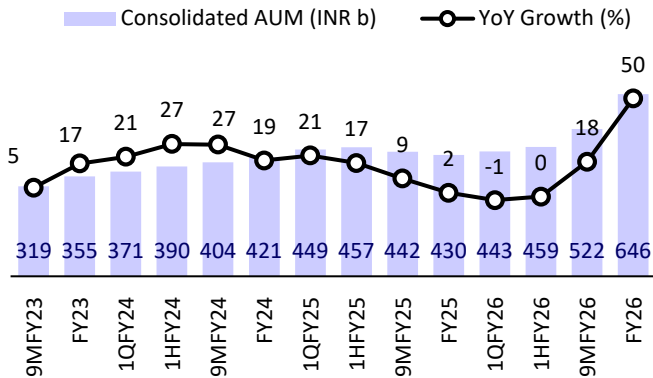
- MGFL has introduced new gold loan products, including consumption and income-generation loans, to diversify use cases and expand customer segments.
- Expansion into slightly larger ticket affordable housing loans is underway, supported by dedicated team onboarding.
- With a refined lending focus and improved underwriting standards, asset quality across new segments is expected to remain strong.

### **Management update**

- The company indicated that its CEO Deepak Reddy (who is currently undergoing treatment in Singapore) is currently recovering and the management remains hopeful of his return to an active leadership role and is not considering a replacement at this stage.

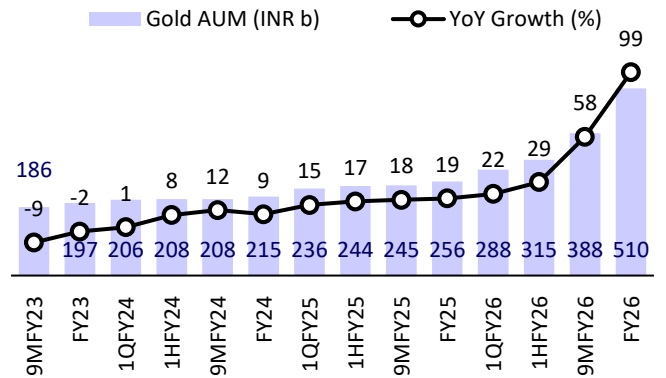
## Key Exhibits

**Exhibit 1: Consolidated AUM grew 50% YoY**



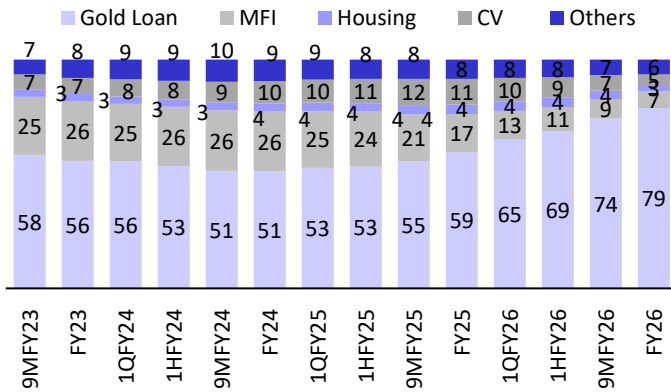
Source: MOFSL, Company

**Exhibit 2: Gold AUM grew 99% YoY**



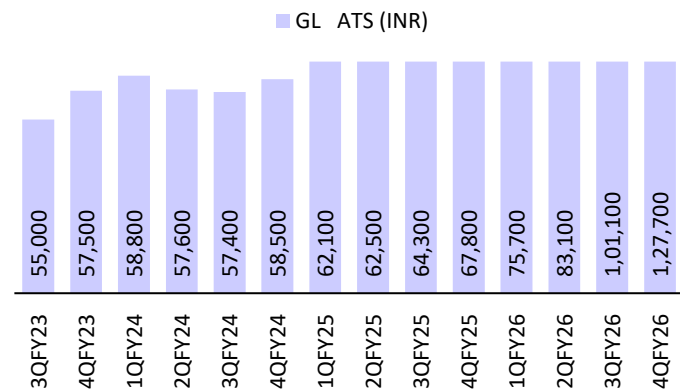
Source: MOFSL, Company

**Exhibit 3: Share of gold loans rose ~5pp QoQ (%)**



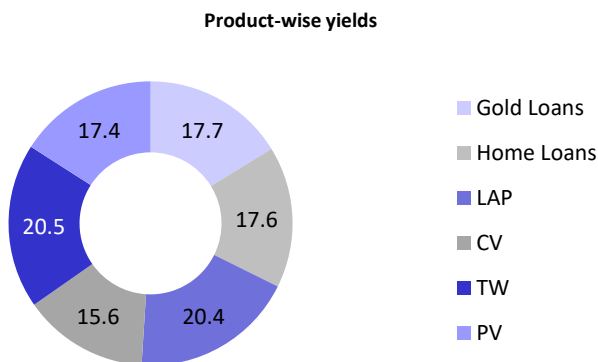
Source: MOFSL, Company

**Exhibit 4: ATS in gold loans rose to ~INR128k**



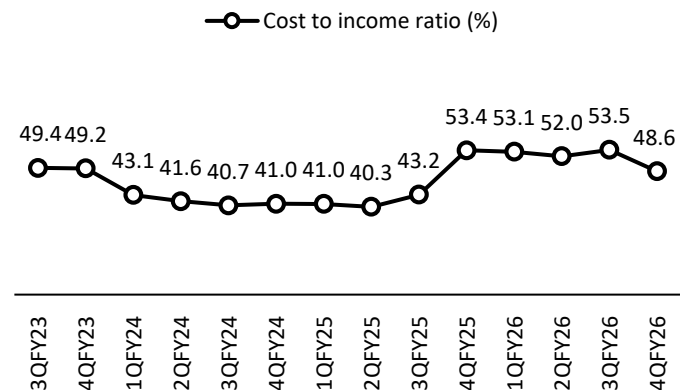
Source: MOFSL, Company

**Exhibit 5: Gold loan yields declined to ~17.7% as of Mar'26**



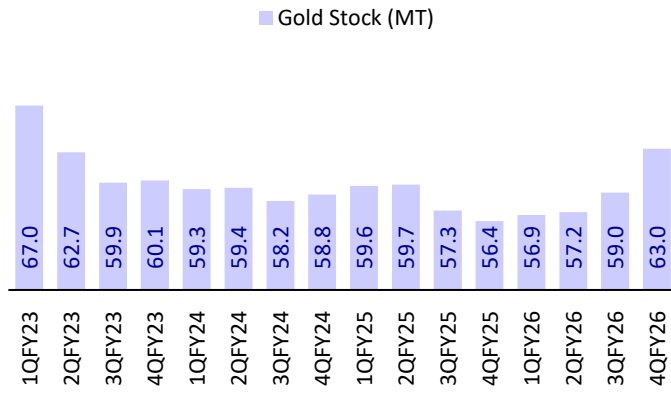
Source: MOFSL, Company

**Exhibit 6: C/I ratio declined ~5pp QoQ to 48.6%**



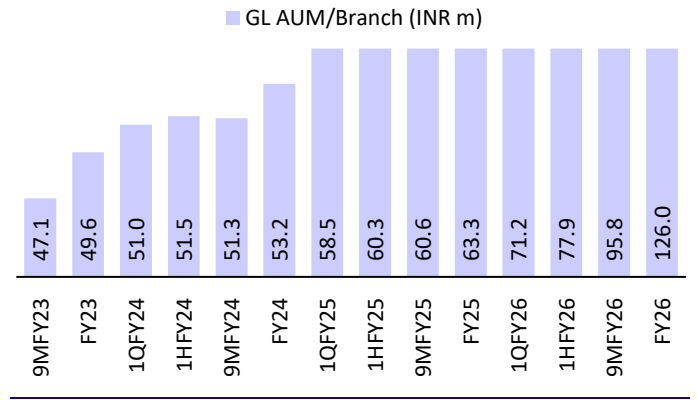
Source: MOFSL, Company

**Exhibit 7: Gold tonnage stood at 63 tons as of Mar'26**



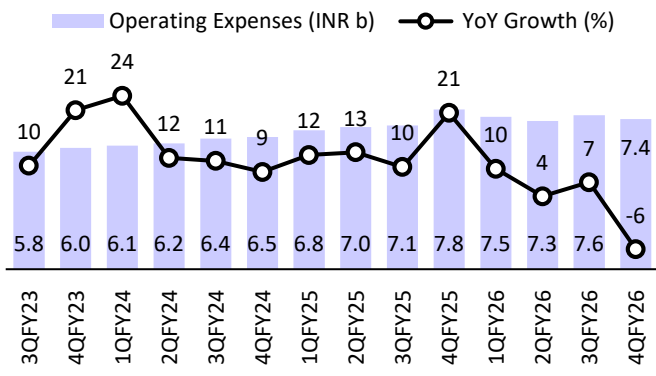
Source: MOFSL, Company

**Exhibit 8: Branch productivity improved QoQ**



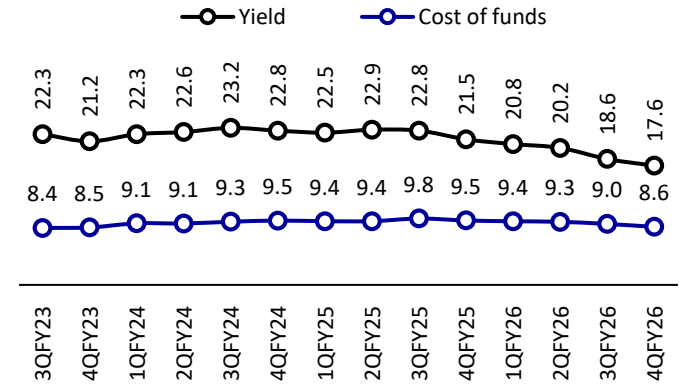
Source: MOFSL, Company

**Exhibit 9: Opex declined ~6% YoY**



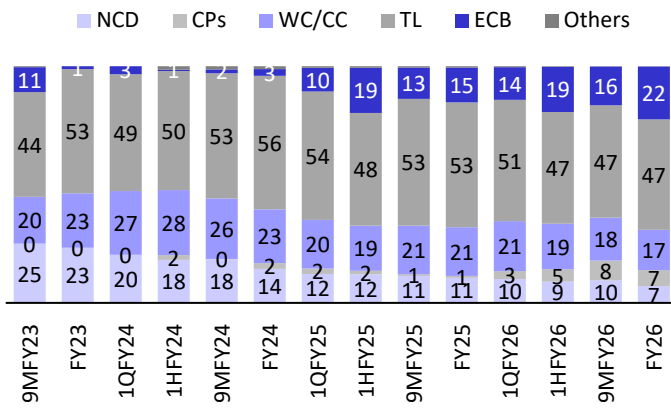
Source: MOFSL, Company

**Exhibit 10: Consolidated spreads declined ~60bp QoQ (%)**



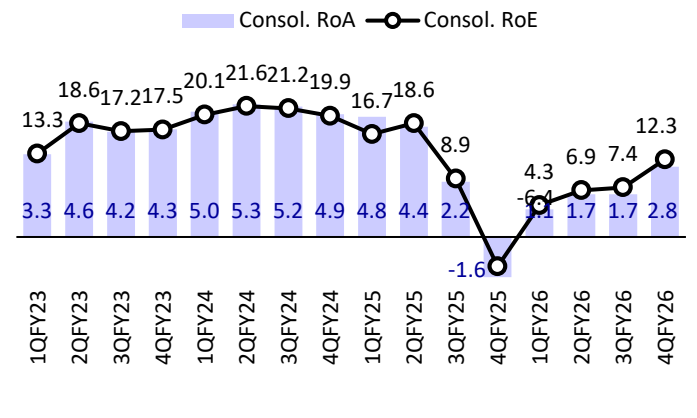
Source: MOFSL, Company

**Exhibit 11: Consolidated borrowing mix (%)**



Source: MOFSL, Company

**Exhibit 12: Consol. RoA/RoE stood at ~2.8%/12.3% in 4QFY26**

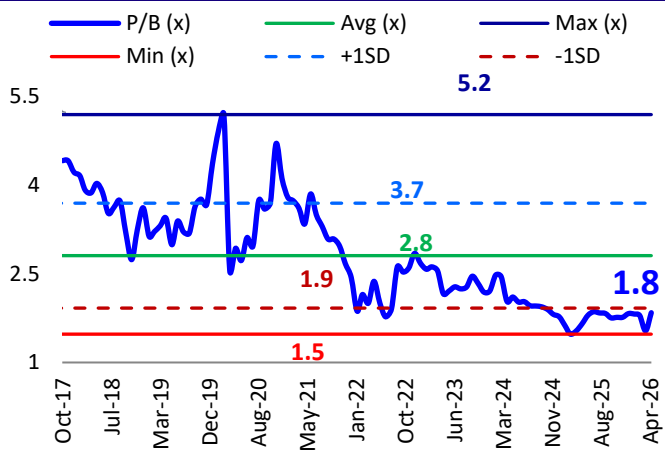


Source: MOFSL, Company

**Exhibit 13: We keep our estimates largely unchanged**

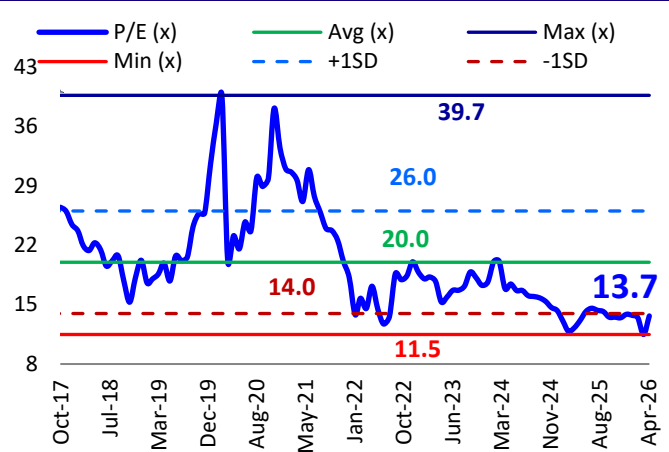
INR B	Old Est.		New Est.		Change (%)	
	FY27	FY28	FY27	FY28	FY27	FY28
NII	68.3	82.1	68.6	81.0	0.5	-1.4
Other Income	3.8	4.0	3.1	3.3	-17.4	-18.4
<b>Net Income</b>	<b>72.0</b>	<b>86.1</b>	<b>71.8</b>	<b>84.3</b>	<b>-0.4</b>	<b>-2.2</b>
Operating Expenses	33.2	36.4	31.8	34.9	-4.2	-4.2
<b>Operating Profits</b>	<b>38.8</b>	<b>49.7</b>	<b>39.9</b>	<b>49.4</b>	<b>2.8</b>	<b>-0.7</b>
Provisions	11.6	12.4	12.9	12.7	11.5	2.5
<b>PBT</b>	<b>27.2</b>	<b>37.3</b>	<b>27.0</b>	<b>36.7</b>	<b>-0.9</b>	<b>-1.8</b>
Tax	7.1	9.7	6.8	9.2	-4.7	-5.5
<b>PAT</b>	<b>20.2</b>	<b>27.6</b>	<b>20.3</b>	<b>27.5</b>	<b>0.5</b>	<b>-0.4</b>
Loans	713	835	731	856	2.5	2.5
Borrowings	580	682	641	757		
RoA (%)	2.8	3.3	2.5	3.0		
RoE (%)	11.6	13.7	11.5	13.5		

**Exhibit 14: One-year forward P/B**



Source: MOFSL, Company

**Exhibit 15: One-year forward P/E**



Source: MOFSL, Company

## Financials and valuations

INCOME STATEMENT									(INR M)
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	52,805	61,896	58,397	64,404	84,885	97,997	92,506	1,19,596	1,40,400
Interest Expense	18,322	22,190	20,114	21,878	28,657	35,747	37,856	50,961	59,426
<b>Net Interest Income</b>	<b>34,483</b>	<b>39,706</b>	<b>38,284</b>	<b>42,526</b>	<b>56,228</b>	<b>62,250</b>	<b>54,650</b>	<b>68,636</b>	<b>80,974</b>
Change (%)	27.7	15.1	-3.6	11.1	32.2	10.7	-12.2	25.6	18.0
Other operating income	1,848	1,410	2,213	2,436	3,595	2,411	2,588	2,957	3,126
<b>Total Income</b>	<b>36,331</b>	<b>41,116</b>	<b>40,496</b>	<b>44,963</b>	<b>59,823</b>	<b>64,660</b>	<b>57,238</b>	<b>71,592</b>	<b>84,100</b>
Change (%)	28.2	13.2	-1.5	11.0	33.1	8.1	-11.5	25.1	17.5
Other income	859	441	653	659	721	342	153	161	169
<b>Net Income</b>	<b>37,190</b>	<b>41,557</b>	<b>41,149</b>	<b>45,622</b>	<b>60,544</b>	<b>65,002</b>	<b>57,391</b>	<b>71,753</b>	<b>84,268</b>
Change (%)	28.4	11.7	-1.0	10.9	32.7	7.4	-11.7	25.0	17.4
Operating Expenses	14,741	13,996	18,453	22,140	25,165	28,718	29,129	31,829	34,910
<b>Operating Profits</b>	<b>22,449</b>	<b>27,561</b>	<b>22,697</b>	<b>23,482</b>	<b>35,378</b>	<b>36,285</b>	<b>28,262</b>	<b>39,924</b>	<b>49,359</b>
Change (%)	48.5	22.8	-17.6	3.5	50.7	2.6	-22.1	41.3	23.6
Provisions	2,376	4,401	4,862	3,071	5,783	19,628	15,560	12,911	12,692
<b>PBT</b>	<b>20,073</b>	<b>23,160</b>	<b>17,835</b>	<b>20,410</b>	<b>29,595</b>	<b>16,656</b>	<b>12,702</b>	<b>27,013</b>	<b>36,667</b>
Tax	5,270	5,911	4,548	5,409	7,621	4,618	2,771	6,753	9,167
Tax Rate (%)	26.3	25.5	25.5	26.5	25.8	27.7	21.8	25.0	25.0
<b>PAT</b>	<b>14,803</b>	<b>17,250</b>	<b>13,287</b>	<b>15,002</b>	<b>21,974</b>	<b>12,039</b>	<b>9,931</b>	<b>20,260</b>	<b>27,500</b>
Change (%)	56.1	16.5	-23.0	12.9	46.5	-45.2	-17.5	104.0	35.7
<b>Dividend (Excl Tax)</b>	<b>2,372</b>	<b>1,777</b>	<b>2,539</b>	<b>2,539</b>	<b>3,005</b>	<b>2,963</b>	<b>1,409</b>	<b>4,214</b>	<b>5,500</b>

### BALANCE SHEET

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	1,690	1,693	1,693	1,693	1,693	1,693	1,879	2,065	2,065
Reserves & Surplus	55,771	71,382	81,991	94,756	1,13,788	1,22,629	1,58,629	1,90,932	2,12,932
<b>Networth (Post OCI)</b>	<b>57,461</b>	<b>73,074</b>	<b>83,683</b>	<b>96,449</b>	<b>1,15,481</b>	<b>1,24,322</b>	<b>1,60,507</b>	<b>1,92,997</b>	<b>2,14,997</b>
Non Controlling Interest	583	472	161	203	289	167	65	90	115
<b>Borrowings</b>	<b>2,25,735</b>	<b>2,27,163</b>	<b>2,41,185</b>	<b>2,84,830</b>	<b>3,36,535</b>	<b>3,54,040</b>	<b>5,72,462</b>	<b>6,40,888</b>	<b>7,57,371</b>
Change (%)	47.6	0.6	6.2	18.1	18.2	5.2	61.7	12.0	18.2
<b>Other liabilities</b>	<b>11,572</b>	<b>12,669</b>	<b>13,076</b>	<b>13,559</b>	<b>15,175</b>	<b>13,518</b>	<b>12,559</b>	<b>13,815</b>	<b>15,197</b>
Change (%)	97.4	9.5	3.2	3.7	11.9	-10.9	-7.1	10.0	10.0
<b>Total Liabilities</b>	<b>2,95,351</b>	<b>3,13,378</b>	<b>3,38,106</b>	<b>3,95,041</b>	<b>4,67,479</b>	<b>4,92,047</b>	<b>7,45,593</b>	<b>8,47,789</b>	<b>9,87,680</b>
<b>Loans</b>	<b>2,42,971</b>	<b>2,65,076</b>	<b>2,89,710</b>	<b>3,41,945</b>	<b>4,09,476</b>	<b>4,22,516</b>	<b>6,28,436</b>	<b>7,30,612</b>	<b>8,55,829</b>
Change (%)	36.4	9.1	9.3	18.0	19.7	3.2	48.7	16.3	17.1
<b>Investments</b>	<b>905</b>	<b>3,380</b>	<b>4,207</b>	<b>5,340</b>	<b>7,263</b>	<b>7,877</b>	<b>20,513</b>	<b>22,564</b>	<b>24,820</b>
Change (%)	-47.9	273.6	24.5	26.9	36.0	8.5	160.4	10.0	10.0
Goodwill	356	356	356	356	356	356	356	356	356
Net Fixed Assets	7,705	8,980	10,295	10,748	10,677	10,569	9,966	10,962	12,059
Other assets	43,414	35,586	33,538	36,652	39,708	50,730	86,323	83,296	94,616
<b>Total Assets</b>	<b>2,95,351</b>	<b>3,13,378</b>	<b>3,38,106</b>	<b>3,95,041</b>	<b>4,67,479</b>	<b>4,92,047</b>	<b>7,45,593</b>	<b>8,47,789</b>	<b>9,87,680</b>

E: MOFSL Estimates

## Financials and valuations

### RATIOS

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25E	FY26	FY27E	FY28E
<b>Spreads Analysis (%)</b>									
Avg Yield on loans	25.1	24.4	21.1	20.4	22.6	23.6	17.6	17.6	17.7
Avg Cost of funds	9.7	9.8	8.6	8.3	9.2	10.4	8.2	8.4	8.5
Spreads	15.4	14.6	12.5	12.1	13.4	13.2	9.4	9.2	9.2
Net Interest Margins	16.4	15.6	13.8	13.5	15.0	15.0	10.4	10.1	10.2

### Profitability Ratios (%)

RoAE	28.8	26.4	17.0	16.7	20.7	10.0	7.0	11.5	13.5
RoAA	5.9	5.7	4.1	4.1	5.1	2.5	1.6	2.5	3.0
Cost to Income	39.6	33.7	44.8	48.5	41.6	44.2	50.8	44.4	41.4
Empl. Cost/Op. Exps.	56.3	60.2	61.0	66.4	63.5	64.1	63.6	63.4	63.6

### Asset Quality

GNPL (INR m)	1,677	3,951	6,623	3,211	5,467	8,906	8,906	10,959	11,982
GNPL ratio (%)	0.9	1.9	2.9	1.3	1.8	2.6	1.5	1.5	1.4
NNPL (INR m)	1,092	2,092	5,674	2,554	4,553	7,528	7,528	8,987	9,705
NNPL ratio (%)	0.6	0.8	2.0	0.7	1.1	1.8	1.2	1.2	1.1
PCR (%)	34.9	47.1	14.3	20.4	16.7	15.5	15.5	18.0	19.0

### Valuations

Book Value (INR)	68	86	99	114	136	147	171	187	208
<b>Price-BV (x)</b>	<b>4.5</b>	<b>3.5</b>	<b>3.1</b>	<b>2.7</b>	<b>2.2</b>	<b>2.1</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>
EPS (INR)	17.5	20.4	15.7	17.7	26.0	14.2	10.6	19.6	26.6
Change YoY (%)	55.7	16.3	-23.0	12.9	46.5	-45.2	-25.7	85.6	35.7
<b>Price-Earnings (x)</b>	<b>17.4</b>	<b>15.0</b>	<b>19.4</b>	<b>17.2</b>	<b>11.7</b>	<b>21.4</b>	<b>28.8</b>	<b>15.5</b>	<b>11.4</b>
Dividend	2.8	2.1	3.0	3.0	3.6	3.5	1.5	4.1	5.3
Dividend Payout (%)	19.3	10.3	19.1	16.9	13.7	24.6	14.2	20.8	20.0
<b>Dividend Yield (%)</b>	<b>0.9</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>	<b>1.2</b>	<b>1.1</b>	<b>0.5</b>	<b>1.3</b>	<b>1.7</b>

E: MOFSL Estimates

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SELL	< - 10%
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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Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

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Agarwal, Email Id: na@motalaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motalaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motalaloswal.com
Mr. Ajay Menon	022 40548083	am@motalaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motalaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motalaloswal.com

Registration details of group entities: Motalal 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. Motalal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

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