

Mahindra & Mahindra Financial

Estimate change



TP change



Rating change



Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	486.3 / 5.1
52-Week Range (INR)	412 / 246
1, 6, 12 Rel. Per (%)	18/4/37
12M Avg Val (INR M)	1059

Financials & valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	101.1	116.5	132.7
PPP	62.3	73.0	83.8
PAT	27.8	36.3	41.8
EPS (INR)	20.0	26.1	30.1
EPS Gr. (%)	5	30	15
BV/Sh.(INR)	178	197	218

Ratios

NIM (%)	7.0	7.0	7.0
C/I ratio (%)	38.4	37.4	36.8
RoA (%)	2.0	2.3	2.4
RoE (%)	12.5	13.9	14.5
Payout (%)	37.5	32.6	31.5

Valuations

P/E (x)	17.5	13.5	11.7
P/BV (x)	2.0	1.8	1.6
Div. Yield (%)	2.1	2.4	2.7

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	52.5	52.5	52.5
DII	31.5	32.1	32.3
FII	9.6	9.4	9.4
Others	6.5	6.0	5.8

FII includes depository receipts

CMP: INR350

TP: INR405 (+16%)

Buy

Strong earnings and better profitability ahead in FY27

NIM dips ~15bp QoQ; asset quality stable and credit costs lower YoY

- Mahindra & Mahindra Financial (MMFS)'s 1QFY27 PAT rose ~70% YoY to ~INR9b (~20% beat). NII was INR24.1b (in line) and grew ~20% YoY. Other income rose ~29% YoY to ~INR3.5b (in line; PQ: INR3.5b; PY: INR2.7b), driven by higher dividend and fee income.
- Opex stood at ~INR10.1b (up ~8% YoY), and the cost-income ratio declined ~430bp YoY to ~36.5% (PY: 40.8% and PQ: 37.2%). PPOp stood at ~INR17.6b (in line) and grew ~30% YoY. Credit costs stood at ~INR5.7b (~20% lower than MOFSLe). Annualized credit costs stood at ~1.7% (PY: 2.2% and PQ: ~1.7%).
- MMFS targets ~16-18% AUM CAGR over FY26-FY31E, driven by industry-leading growth in the wheels business (~11-13% CAGR) and ~30% CAGR in the non-wheels business. The growth strategy is centered on scaling newer businesses while preserving the strength and market leadership of the wheels franchise. Investments across leadership, distribution, product capabilities, and technology are beginning to gain traction, supporting expansion across mortgages, SME lending, and other non-wheel products.
- The housing finance business has moved past its legacy asset quality challenges and is delivering healthy profitability, while the insurance broking and asset management businesses continue to scale steadily. A higher contribution from fee-based businesses is also expected to diversify earnings and strengthen the franchise over the medium term.
- MMFS' portfolio performance remains healthy, supported by disciplined underwriting, granular risk monitoring, and sustained CE. Strong early bucket collections, healthy recovery trends, and multi-year low 30+ DPD levels indicate that underlying asset quality remains resilient, despite seasonally weak trends in 1H of the fiscal year.
- Management overlays created in 2HFY26 provide a buffer against unforeseen risks, underpinning its ~1.3-1.7% credit cost guidance. We raise our FY27/FY28 estimates by 5%/~4% to factor in lower credit costs and opex. We estimate an AUM/ PAT CAGR of ~14%/ ~23% over FY26-FY28 and an RoA/RoE of 2.4%/15% in FY28. **We reiterate our BUY rating with a TP of INR405 (based on 1.8x Mar'28E BV).**

NIM dips ~15bp QoQ due to excess liquidity and a rise in CoB

- Yields (calc.) remained stable QoQ at ~14% while CoF (calc.) increased ~10bp QoQ to 7.1%, leading to spreads contracting by ~10bp QoQ to 6.9%. The NIM (calc.) declined ~15bp QoQ to ~7.1%.
- Near-term pressure on margins is expected to moderate through product mix optimization, calibrated pricing actions, and a higher contribution from fee-based income. The company also expects margin improvement as excess liquidity buffers normalize. We model NIM (calc.) of ~7% for MMFS in each of FY27E/FY28E.

Diversification gaining early traction; can offset seasonality in wheels

- Business assets stood at ~INR1.37t, which grew ~13% YoY and ~2% QoQ. 1QFY27 disbursements stood at ~INR156b, which grew ~22% YoY and declined ~10% QoQ.
- Tractor disbursements grew ~45% YoY, SME disbursements grew ~30% YoY, PV disbursements grew ~24% YoY, and pre-owned vehicle disbursements grew 16% YoY. The company's ability to manage seasonal variations and cyclicity across its customer segments has improved, providing greater stability to loan growth while navigating the inherent volatility in the wheels businesses. We expect MMFS to deliver an AUM CAGR of ~14% over FY26-28E.

Asset quality remains stable; credit costs and net slippages lower YoY

- GS3/NS3 rose ~4bp QoQ each to 3.45%/1.48%. Stage 3 PCR declined 50bp QoQ to 58.1%. Stage 2 rose ~10bp QoQ to ~4.9%, and the Stage 2 PCR declined ~20bp QoQ to ~7.8%.
- Write-offs (loan losses) came in at ~INR4.8b (1.6% of TTM EAD). Net slippages into Stage 3 stood at INR6.4b (PY: INR7b). Collection efficiency in 1QFY27 stood at ~95% (PQ: 98% and PY: 95%). We model credit costs (as a % of average assets) of ~1.5%/1.6% in FY27E/FY28E.

Key takeaways from the management commentary

- MMFSL remains comfortably capitalized, with Tier I and Tier II capital well above regulatory requirements, and management does not foresee any need to raise equity capital over the next 6-8 quarters.
- The company continues to recalibrate its CV portfolio by reducing exposure to fleet operators, as the segment has become less attractive following increased competition from banks after the pandemic.

Valuation and view

- MMFS' strong quarterly performance was driven by lower credit costs and strong control of operating expenses. NIM moderation of ~15bp QoQ was driven by an increase in borrowing costs and excess liquidity. The improving business mix, coupled with ongoing investments in newer growth engines, provides a sustainable platform for medium-term expansion. Gradual normalization of excess liquidity will ease some pressure on NIM. Asset quality remains a key strength, with 30+ DPD now at a multi-year low and the management overlay providing comfort against any potential macro or monsoon-related headwinds.
- MMFS currently trades at 1.8x FY27E P/BV. With a projected AUM/PAT CAGR of ~14%/ ~23% over FY26-FY28 and an RoA/RoE of 2.4%/15% in FY28, **we reiterate our BUY rating with a TP of INR405 (based on 1.8x Mar'28E BV).**

Quarterly Performance

Y/E March	FY26				FY27E				FY26	FY27E	1QFY27E	(INR m) v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	41,646	41,779	44,071	44,621	46,209	47,410	49,449	50,196	1,72,117	1,93,264	45,758	1
Interest Expenses	21,524	20,663	21,026	20,707	22,081	23,229	23,555	23,973	83,921	92,838	21,453	3
NII	20,122	21,116	23,045	23,913	24,128	24,181	25,894	26,223	88,196	1,00,426	24,306	-1
YoY Growth (%)	12.8	16.6	20.6	24.1	19.9	14.5	12.4	9.7	18.7	13.9	20.8	
Other income	2,732	3,113	3,561	3,480	3,531	3,884	4,173	4,451	12,886	16,039	3,441	3
Net Total Income	22,853	24,230	26,606	27,393	27,658	28,065	30,067	30,675	1,01,082	1,16,465	27,746	0
YoY Growth (%)	18.3	21.7	26.8	27.1	21.0	15.8	13.0	12.0	23.6	15.2	21.4	
Operating Expenses	9,323	9,240	11,203	10,177	10,099	10,442	11,203	11,760	38,771	43,504	10,535	-4
Operating Profit	13,530	14,989	15,403	17,216	17,559	17,623	18,864	18,914	62,312	72,961	17,211	2
YoY Growth (%)	19.3	25.3	26.1	42.0	29.8	17.6	22.5	9.9	30.8	17.1	27.2	
Provisions	6,597	7,514	4,699	5,603	5,697	6,685	5,582	6,332	24,412	24,297	7,158	-20
Profit before Tax	6,933	7,475	10,704	11,613	11,862	10,938	13,282	12,583	37,900	48,665	10,053	18
Tax Provisions	1,638	1,782	2,600	2,884	2,876	2,789	3,387	3,358	8,904	12,410	2,564	12
Net Profit	5,295	5,693	8,104	8,730	8,987	8,149	9,895	9,225	27,822	36,255	7,489	20
YoY Growth (%)	3.2	54.1	-9.9	55.0	69.7	43.1	22.1	5.7	18.6	30.3	41.4	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.2	13.8	14.2	14.0	14.0	13.9	14.1	13.9	14.0	13.9		
Cost of funds (Cal)	7.7	7.3	7.3	7.0	7.1	7.1	7.1	7.2	8.0	8.0		
Spreads (Cal)	6.5	6.5	6.9	7.0	6.9	6.8	6.9	6.7	6.0	5.9		
NIMs	6.7	6.8	7.2	7.3	7.1	6.9	7.1	7.0	7.0	7.0		
Credit Cost (Cal)	2.2	2.41	1.47	1.70	1.7	1.90	1.54	1.70	1.9	1.7		
Cost to Income Ratio	40.8	38.1	42.1	37.2	36.5	37.2	37.3	38.3	38.4	37.4		
Tax Rate	23.6	23.8	24.3	24.8	24.2	25.5	25.5	26.7	23.5	25.5		
Balance Sheet Parameters												
Loans (INR B)	1183	1232	1251	1302	1334	1396	1416	1477	1302	1477		
Change YoY (%)	15.1	13.5	12.1	12.0	12.8	13.3	13.2	13.5	12.0	13.5		
Borrowings (INR B)	1109	1148	1160	1203	1283	1325	1314	1358	1203	1358		
Change YoY (%)	16.3	11.2	11.0	6.6	15.7	15.4	13.2	12.8	6.6	12.8		
Loans/Borrowings (%)	106.7	107.3	107.8	108.2	104.0	105.3	107.8	108.8	108	109		
Debt/Equity (x)	4.7	5.0	4.9						4.9	5.0		
Asset Quality Parameters (%)												
GS 3 (INR B)	47.0	50.1	49.1	45.8	47.4				45.8	53.3		
Gross Stage 3 (% on Assets)	3.9	3.9	3.8	3.4	3.5				3.4	3.5		
NS 3 (INR B)	22.8	23.5	23.0	19.0	2.0				19.0	23.5		
Net Stage 3 (% on Assets)	1.9	1.9	1.8	1.4	1.5				1.4	1.6		
PCR (%)	51.4	53.0	53.0	58.5	95.8				58.5	56.0		
ECL (%)	3.0	3.2	3.0	2.9	2.9				3.2	3.1		
Return Ratios (%)												
ROAA	1.6	1.6	2.3	2.4	2.4				2.0	2.3		
ROAE	9.8	9.8	13.8	14.4	14.3				12.5	13.9		

E: MOFSL estimates



Highlights from the management commentary

Guidance

- MMFSL reiterated its target of delivering ~16-18% AUM CAGR over the next five years, driven by sustained investments in non-wheel businesses while maintaining healthy momentum in the core mobility franchise.
- Management expects the wheels business to grow at ~11-12%, while new growth engines would grow at ~30%, resulting in an overall AUM CAGR of ~16-18%.
- The company remains focused on accelerating growth across mortgages, SME, leasing and other non-wheel businesses, with investments in leadership, product capabilities, distribution and new markets already in place to support this expansion.
- MMFSL reiterated its through-cycle credit cost guidance of ~1.3-1.7%, supported by prudent underwriting, proactive monitoring and adequate contingency buffers.
- Management expects the cost of funds to remain largely stable within a ± 10 bp range, while any normalization in liquidity conditions could further improve borrowing costs.
- The company guided for opex -to-average assets in the range of ~2.5-2.7% as it continues to invest in growth businesses while benefiting from operating leverage.
- MMFSL indicated that NIM improvement will be driven through product mix optimization, pricing actions, higher fee income, and the gradual normalization of excess liquidity buffers.
- The company remains well-capitalized and does not anticipate any capital requirement over the next 6-8 quarters, while maintaining leverage at levels consistent with its targeted return profile.
- Management reiterated its long-term aspiration of achieving a ~2.5% RoA, supported by disciplined risk management, operational efficiencies and sustained business diversification.

Business updates

- MMFSL highlighted that investments made over the last few years in SME, personal loans and housing finance are beginning to yield results, providing confidence in the company's diversification strategy.
- The company continued to witness improving diversification within its lending franchise, with non-wheel businesses contributing an increasing share of growth without compromising the momentum of the core mobility portfolio.
- The housing finance business reported strong profitability, while the insurance broking business delivered robust growth across different segments. The relatively newer asset management business also started demonstrating encouraging growth and improving profitability.

Growth strategy & business diversification

- Management emphasized that growth in the non-wheel portfolio will augment, rather than replace, growth in the core mobility business, resulting in a more diversified and balanced franchise.
- The company highlighted that the addressable opportunity in the mortgage business remains substantial, although growth will continue to be calibrated after considering margin dynamics.

Wheels business

- MMFSL strengthened its leadership position across its core mobility businesses, with market share gains in passenger vehicles, tractors and three-wheelers, while commercial vehicles remained the only segment where market share did not improve.
- Management highlighted that its leadership in the tractor business continues to strengthen, supported by significant investments in dealer partnerships, distribution expansion and deeper channel engagement. The company attributed the strong tractor business performance to healthy rural demand, improving rural cash flows and favorable market conditions, with rural markets continuing to outperform urban markets.
- Management highlighted that delayed monsoon onset extended the pre-sowing buying season, benefiting tractor demand during the quarter, while healthy Rabi cash flows further supported rural purchasing activity.
- The company continues to recalibrate its CV portfolio by reducing exposure to fleet operators, as the segment has become less attractive following increased competition from banks after the pandemic.
- Management highlighted that extensive dealer engagement initiatives, including dedicated key account management, inventory funding, trade advances and broader relationship deepening, continue to enhance channel relevance and support incremental market share gains.
- The company remains confident in its tractor underwriting capabilities, with underwriting models incorporating factors such as rainfall patterns, climatic conditions and calibrated LTVs to maintain portfolio quality.

Asset quality & collections

- MMFSL highlighted that early bucket collections remained strong due to disciplined collection efforts, while higher reversals further supported overall collection performance.
- The company has implemented a highly sensitive stress monitoring framework that tracks portfolio performance at a granular geographic level and activates predefined action plans whenever stress indicators breach internal thresholds.
- The company had created additional overlays in 3Q and 4Q, resulting in a PCR of 58%, to safeguard the portfolio against any unforeseen deterioration and provide adequate buffers against potential disruptions.
- Management highlighted that responsible inventory practices by OEMs and dealers, particularly in the tractor segment, continue to support portfolio quality, with dealer inventory levels remaining well within comfortable limits.
- MMFSL believes the combination of prudent underwriting, disciplined collections and contingency buffers positions the portfolio well to absorb any unexpected stress while maintaining stable asset quality.

Margins, funding & liquidity

- Management acknowledged that NIMs remained under pressure during the quarter and is actively working on improving margins through product mix optimization, calibrated pricing actions, higher fee income and other profitability initiatives.
- MMFSL continues to maintain an additional liquidity buffer of nearly INR50b as a prudent measure amid external uncertainties and expects to gradually unwind this buffer once liquidity conditions normalize. Management indicated that the

release of excess liquidity, along with ongoing margin optimization initiatives, should provide a tailwind to NIM expansion over time.

- The company expects its cost of funds to remain broadly stable and believes borrowing conditions could improve further once geopolitical uncertainties ease and market liquidity normalizes.
- Management emphasized that investments in newer businesses are temporarily elevating operating expenses, particularly across mortgages, SME and personal loans, but these investments are expected to support long-term growth and profitability.

Operating efficiency & digital transformation

- The company has transitioned its entire business to a phygital operating model, with 100% of disbursements, including nearly INR150b during 1Q, processed through the new technology stack.
- Management highlighted that the digital transformation has significantly improved frontline productivity, allowing business volumes to scale without any meaningful increase in manpower over the past two to three years.
- The company reported a decline in Opex-to-average assets to ~2.65%, driven by technology investments made over the last two years and sustained productivity gains across the operating platform.
- Management clarified that while operating efficiencies continue to improve, the company does not intend to aggressively reduce operating expenses, as maintaining adequate investments in customer service, distribution and collections remains critical for preserving asset quality.
- The company continues to expand the use of AI-driven collection capabilities, including vernacular reminder bots, automated penal charge collections and workflow automation, resulting in stronger collection efficiency and lower forward-flow delinquencies.
- The company believes continued investments in digital infrastructure and AI-led processes will further enhance productivity, strengthen operating leverage and support scalable growth across businesses.

Housing Finance and Insurance

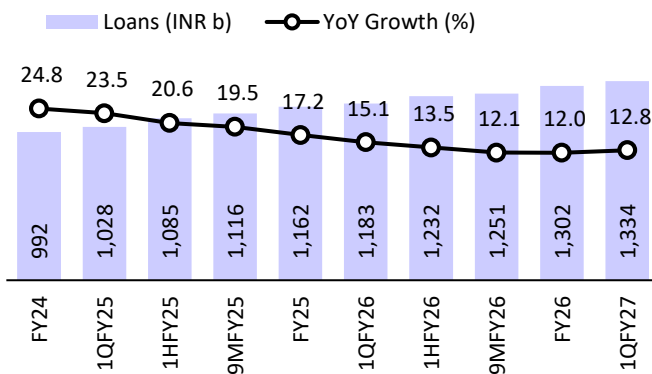
- The housing finance business has largely moved past its earlier asset quality concerns and is now operating from a position of strength, supported by healthy profitability and stable portfolio performance.
- Management highlighted that the housing finance franchise remains focused on the affordable housing segment, particularly self-construction loans in deep rural and non-metro markets, where the company has established a strong distribution presence.
- The company has expanded insurance distribution across ~1,300 branches, with a deliberate focus on simple retail protection products rather than complex or market-linked offerings.
- Management highlighted that the addition of the corporate agency business has significantly expanded the addressable revenue opportunity, enabling the company to capture business pools that were previously inaccessible.
- The company continues to see significant headroom for growth in motor insurance, while newer segments such as reinsurance and commercial lines are also beginning to contribute meaningfully.
- The relatively newer asset management business has started demonstrating encouraging traction, with improving growth and profitability.

Capital Position & Balance Sheet

- MMFS remains comfortably capitalized, with Tier I and Tier II capital well above regulatory requirements, and does not foresee any need to raise capital over the next 6-8 quarters.
- Management indicated that the current capital position provides sufficient headroom to support the targeted growth trajectory while maintaining the desired return profile.
- The company remains comfortable operating at a leverage level of around ~6x debt to equity, which is considered adequate to deliver its targeted RoE without requiring incremental capital.

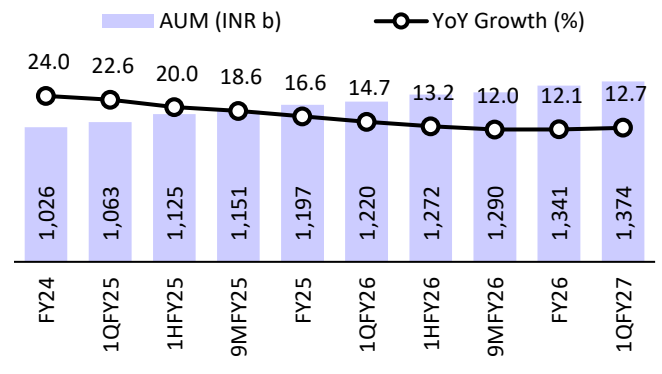
Key exhibits

Exhibit 1: On-book loans grew ~13% YoY



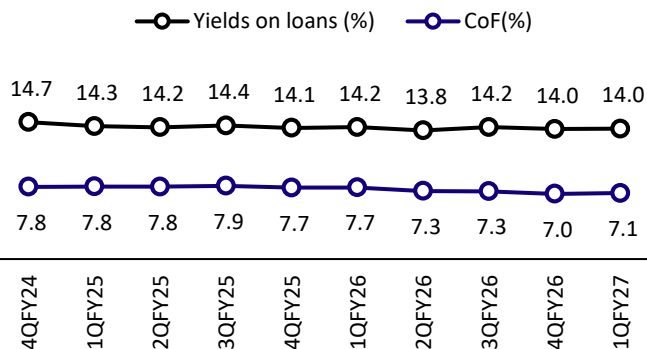
Source: MOFSL, Company

Exhibit 2: Business assets grew ~13% YoY



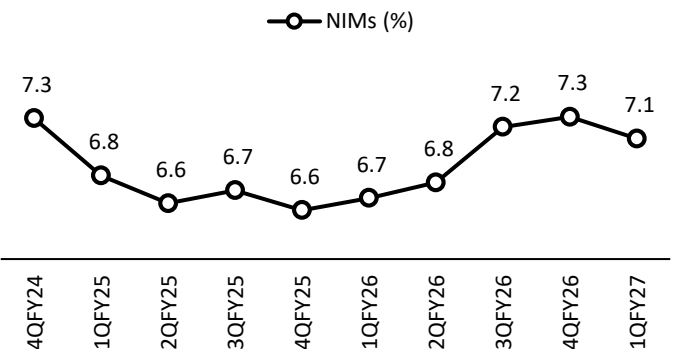
Source: MOFSL, Company

Exhibit 3: Spreads declined ~10bp sequentially



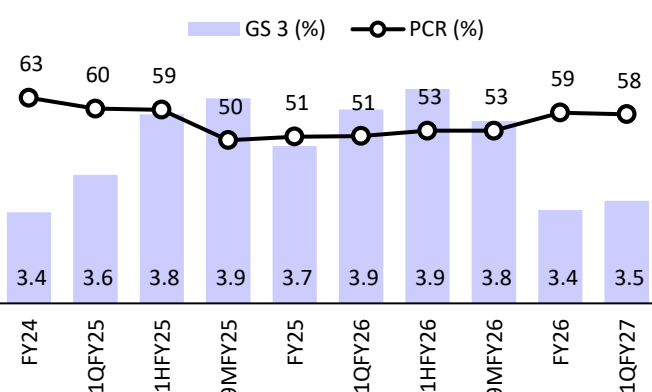
Source: MOFSL, Company

Exhibit 4: NIM (calc.) declined ~15bp QoQ to ~7.1%



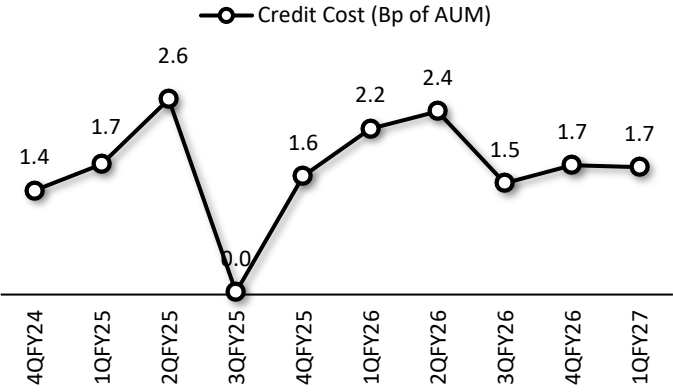
Source: MOFSL, Company

Exhibit 5: GS3 increased ~10bp QoQ to 3.5%



Source: MOFSL, Company

Exhibit 6: Annualized credit costs stood at ~1.7%



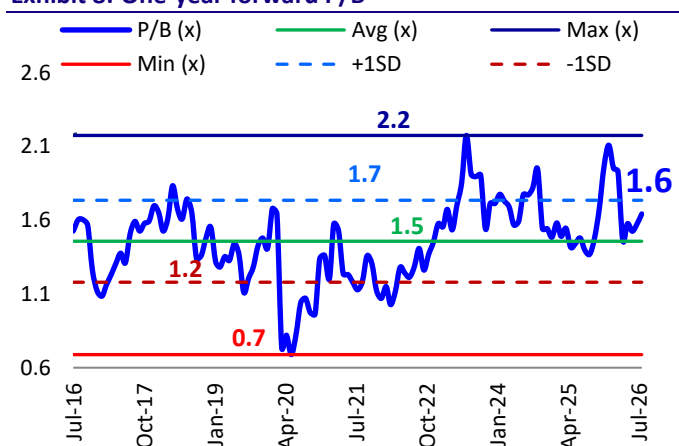
Source: MOFSL, Company

Exhibit 7: We raise our FY27/FY28 estimates by 5%/~4% to factor in the lower provisions and opex

INR B	Old Est		New Est		% Change	
	FY27	FY28	FY27	FY28	FY27	FY28
NII (incl. Sec. Inc)	116.5	131.6	116.0	132.2	-0.4	0.5
Other Income	0.6	0.7	0.5	0.5	-18.2	-21.9
Total Income	117.1	132.2	116.5	132.7	-0.5	0.3
Operating Expenses	44.1	49.7	43.5	48.9	-1.5	-1.7
Operating Profits	72.9	82.5	73.0	83.8	0.0	1.6
Provisions	26.5	28.4	24.3	27.6	-8.3	-2.9
PBT	46.4	54.0	48.7	56.2	4.8	3.9
Tax	11.8	13.8	12.4	14.3	4.8	3.9
PAT	34.6	40.3	36.3	41.8	4.8	3.9
Loans	1,467	1,673	1,477	1,686	0.7	0.8
Borrowings	1,340	1,520	1,358	1,538	1.3	1.2
Margins	7.1	7.0	7.0	7.0	-0.9	-0.2
Credit Cost	1.9	1.8	1.7	1.7	-8.6	-3.4
RoA on AUM	2.2	2.3	2.3	2.4	4.2	2.8
RoE	13.3	14.1	13.9	14.5	4.5	3.2

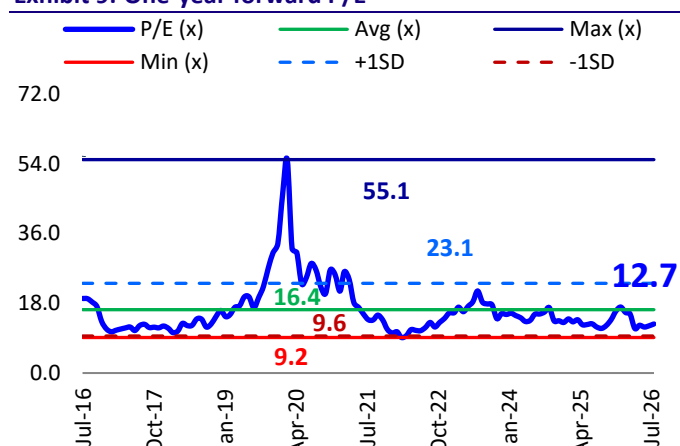
Source: MOFSL, Company

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	1,93,264	2,19,199
Interest Expended	47,332	39,202	45,767	64,269	78,983	83,921	92,838	1,05,700
Net Interest Income	55,338	55,554	61,059	66,818	74,331	88,196	1,00,426	1,13,498
Change (%)	8.2	0.4	9.9	9.4	11.2	18.7	13.9	13.0
Other Operating Income	1,283	1,824	2,462	2,954	6,875	12,339	15,547	18,657
Other Income	1,277	608	1,273	1,583	557	547	492	517
Net Income	57,897	57,986	64,794	71,355	81,764	1,01,082	1,16,465	1,32,672
Change (%)	6.9	0.2	11.7	10.1	14.6	23.6	15.2	13.9
Operating Expenses	16,325	20,734	27,276	29,572	34,113	38,771	43,504	48,876
Operating Profits	41,573	37,252	37,518	41,783	47,651	62,312	72,961	83,796
Change (%)	22.3	-10.4	0.7	11.4	14.0	30.8	17.1	14.8
Provisions	37,348	23,683	9,992	18,228	16,179	24,412	24,297	27,621
PBT	4,224	13,569	27,526	23,555	31,473	37,900	48,665	56,174
Tax	873	3,682	7,138	5,959	8,022	8,904	12,410	14,324
Tax Rate (%)	20.7	27.1	25.9	25.3	25.5	23.5	25.5	25.5
PAT	3,352	9,888	19,843	17,596	23,450	27,822	36,255	41,850
Change (%)	-63.0	195.0	100.7	-11.3	33.3	18.6	30.3	15.4
Proposed Dividend (Incl Tax)	986	4,439	7,402	7,777	8,024	10,422	11,808	13,199

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	2,70,642	3,00,683
Net Worth	1,47,034	1,56,200	1,70,889	1,81,575	1,98,121	2,47,587	2,73,421	3,03,462
Other Comprehensive Income	81	81	81	81	81	81	81	81
Net Worth	1,47,115	1,56,281	1,70,970	1,81,656	1,98,202	2,47,668	2,73,502	3,03,543
Change (%)	29.5	6.2	9.4	6.3	9.1	25.0	10.4	11.0
Borrowings	5,85,767	5,58,139	7,49,459	9,39,786	11,28,735	12,03,349	13,57,699	15,38,196
Change (%)	-1.5	-4.7	34.3	25.4	20.1	6.6	12.8	13.3
Other liabilities	37,483	38,467	41,818	30,231	28,625	28,117	31,210	34,331
Total Liabilities	7,70,365	7,52,887	9,62,166	11,51,592	13,55,481	14,79,053	16,62,329	18,75,990
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
Loans and Advances	5,99,474	6,04,446	7,94,547	9,91,952	11,62,140	13,01,601	14,77,176	16,85,863
Change (%)	-7.8	0.8	31.5	24.8	17.2	12.0	13.5	14.1
Other assets	54,818	64,038	67,732	63,132	89,337	1,09,248	1,13,539	1,14,932
Total Assets	7,70,365	7,52,887	9,62,165	11,51,592	13,55,482	14,79,053	16,62,329	18,75,990

E: MOFSL Estimates

Financials and valuations

Ratios								(%)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Spreads Analysis (%)								
Yield on Portfolio	16.4	15.7	15.3	14.7	14.2	14.0	13.9	13.9
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	5.9	5.9
Net Interest Margin	8.3	8.6	8.3	7.2	6.7	7.0	7.0	7.0
Profitability Ratios (%)								
Cost/Income	28.2	35.8	42.1	41.4	41.7	38.4	37.4	36.8
Empl. Cost/Op. Exps.	62.2	56.5	58.1	57.9	55.8	53.0	53.4	52.7
RoE	2.6	6.5	12.1	10.0	12.4	12.5	13.9	14.5
RoA	0.4	1.3	2.3	1.7	1.9	2.0	2.3	2.4
Asset Quality (%)								
GNPA	57,857	49,760	37,168	34,910	44,140	45,780	53,305	63,106
NNPA	24,339	20,860	15,071	12,860	21,559	18,976	23,454	28,398
GNPA %	9.0	7.7	4.5	3.4	3.7	3.4	3.5	3.6
NNPA %	4.0	3.4	1.9	1.3	1.8	1.4	1.6	1.7
PCR %	57.9	58.1	59.5	63.2	51.2	58.5	56.0	55.0
Total Provisions/loans %	7.4	7.5	4.7	3.8	3.2	3.2	3.1	3.2
Capitalisation (%)								
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	16.5	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
Valuation								
Book Value (INR)	119	127	139	147	161	178	197	218
BV Growth (%)	-35.3	6.1	9.4	6.2	9.1	11.0	10.4	11.0
Price-BV (x)	2.9	2.8	2.5	2.4	2.2	2.0	1.8	1.6
Adjusted BV (INR)	105	114	129	140	148	169	185	204
Price-ABV (x)	3.4	3.1	2.7	2.5	2.4	2.1	1.9	1.7
OPS (INR)	33.7	30.2	30.4	33.8	38.6	44.8	52.5	60.3
OPS Growth (%)	-38.9	-10.5	0.7	11.3	14.0	16.2	17.1	14.8
Price-OP (x)	10.4	11.6	11.5	10.4	9.1	7.8	6.7	5.8
EPS (INR)	2.7	8.0	16.1	14.3	19.0	20.0	26.1	30.1
EPS Growth (%)	-81.5	194.8	100.6	-11.4	33.3	5.4	30.3	15.4
Price-Earnings (x)	129.0	43.8	21.8	24.6	18.5	17.5	13.5	11.7
Dividend	0.8	3.6	6.0	6.3	6.5	7.5	8.5	9.5
Dividend Yield (%)	0.2	1.0	1.7	1.8	1.9	2.1	2.4	2.7

E: MOFSL Estimates

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UNDER REVIEW	Rating may undergo a change
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