Northern Arc Capital

BSE SENSEX	S&P CNX
77,187	24,073

NORTHERN ARC

Bloomberg	NORTHARC IN
Equity Shares (m)	162
M.Cap.(INRb)/(USDb)	50.8 / 0.5
52-Week Range (INR)	334 / 206
1, 6, 12 Rel. Per (%)	5/23/26
12M Avg Val (INR M)	215

Financials &valuations (INR b)

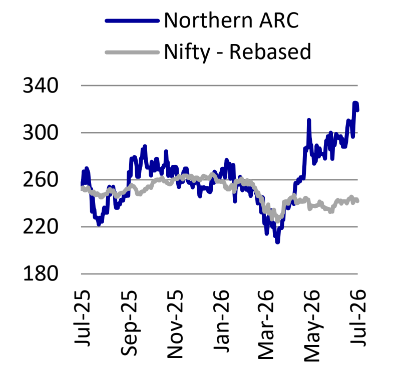
INR b	FY26	FY27E	FY28E
NII	15.4	18.8	23.0
PPP	9.6	12.0	15.1
PAT	4.0	5.4	7.1
EPS (INR)	25.0	33.6	44.1
EPS Gr. (%)	34	35	31
BV/Sh. (INR)	241	275	319
Ratios (%)			
NIM	10.7	10.7	10.8
C/I ratio	47.0	45.7	44.0
RoA	2.7	2.9	3.2
RoE	11.0	13.0	14.8
Valuation			
P/E (x)	12.6	9.4	7.1
P/BV (x)	1.3	1.1	1.0
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	0.0	0.0	0.0
DII	10.9	8.3	22.5
FII	3.8	7.7	5.3
Others	85.4	84.0	72.2

FII includes depository receipts

Stock performance (one year)



CMP: INR314 TP: INR405 (+29%) Buy

Scaling the arc of growth: Multiple engines, one flywheel

D2C scale-up and operating leverage to drive earnings acceleration

- **Transformation gaining scale:** Northern Arc (NACL) has steadily evolved from a credit intermediary into a diversified D2C-led financial services franchise. D2C assets have increased from ~19% of lending AUM in FY21 to ~59% in FY26 and should rise further to ~68% by FY28E, expanding the addressable opportunity and strengthening the growth profile.
- **Multiple growth engines to sustain ~21% AUM CAGR:** Consumer finance and MSME lending have emerged as the key growth engines, while improving collections should support a calibrated recovery in rural finance. Expansion into adjacent secured products provides further optionality. We model ~21% AUM CAGR over FY26-28E.
- **Capital-light businesses differentiate the franchise:** Northern Arc's credit solutions ecosystem-including placement volumes of ~INR118b and fund AUM of ~INR31b, provides a scalable source of fee income. Growth in these businesses should diversify revenues, improve earnings resilience, and reduce dependence on balance-sheet expansion.
- **PAT growth to materially outpace AUM growth:** A favorable asset mix, resilient margins, operating leverage, and normalization in credit costs are expected to drive ~33% PAT CAGR vs. ~21% AUM CAGR over FY26-28. We expect RoA/RoE to improve to ~3.2%/~15% by FY28E.
- **Risk discipline underpins sustainable growth; reiterate BUY:** Improving collections, declining Stage 2 assets, and granular portfolio monitoring reinforce confidence in asset quality. NACL's transformation into a diversified D2C-led credit platform is steadily strengthening the quality of its growth profile. The combination of multiple lending growth engines, an expanding fee-income business, improving profitability drivers, and a robust risk management framework positions the company to deliver sustainable growth with improving earnings quality. As the D2C franchise gains further scale, NACL appears well placed to compound growth while generating superior risk-adjusted returns. At 1.1x FY27E P/BV, we believe valuations do not fully capture the improving growth and profitability trajectory. **Reiterate BUY with a TP of INR405, based on 1.3x FY28E P/BV.**

Well-positioned to capture consumer and MSME credit opportunities

NACL continues to deliver robust growth, with AUM increasing ~22% YoY to ~INR166b (as of Mar'26), led by its D2C franchise (~59% of lending AUM vs. ~19% in Mar'21). Growth remains diversified across consumer finance (~50% YoY, aided by strong partner integrations and ~70% repeat rates), MSME lending (~43% YoY, via branch expansion and LAP growth), and rural finance, which is experiencing improving asset quality and collections. With FY27 AUM growth guidance of ~22-25%, we expect NACL to deliver an AUM CAGR of ~21% over FY26-28E.

Research Analyst: Abhijit Tibrewal (Abhijit.Tibrewal@MotilalOswal.com) | **Pranav Nawale** (Pranav.Nawale@MotilalOswal.com)
Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | **Raghav Khemani** (Raghav.Khemani@MotilalOswal.com)

Strengthening earnings resilience through scalable fee-income streams

The credit solutions business (placement volumes of ~INR118b, fund management AUM of ~INR30.9b as of Mar'26) is becoming a meaningful, largely risk-free fee income contributor, supported by ~368 originators and 1,500 investor partners. As the platform scales, it should improve earnings stability and reduce revenue cyclicality.

Favorable asset mix and funding optimization to support resilient margins

NACL's increasing focus on the D2C lending model is driving a favorable portfolio mix shift toward higher-yielding segments such as consumer finance, MSME lending, and rural finance, supporting margin expansion. The D2C-led mix shift toward higher-yielding segments (consumer, MSME, and rural) supports margin expansion, complemented by a diversified liability franchise (banks ~53% and offshore ~30%) and ~40% fixed-rate liabilities (as of Mar'26). We expect NACL to sustain NIMs of ~10.7-10.8% over FY27E-28E.

Granular risk oversight and conservative provisioning enhance stability

Asset quality continues to improve, with GNPA/NNPA moderating to ~1.2%/~0.6% as of Mar'26 and Stage 2 assets declining from ~1.8% (Dec'25) to ~1.5% (Mar'26). This is supported by a 100+ member risk team, AI-driven analytics, and field oversight across ~680 districts, along with 100% provisioning on unsecured 90+ DPD loans and FLDG/CGFMU cover. We estimate credit costs of ~2.6%/~2.5% for FY27E/FY28E.

Valuation and View: Earnings to compound faster than assets

NACL is transitioning from an intermediary-led credit platform into a diversified D2C-led financial services franchise. Multiple growth engines, an expanding capital-light credit solutions ecosystem, operating leverage, and normalizing credit costs should enable PAT growth to materially outpace AUM growth, driving a structural improvement in return ratios.

The stock trades at 1.1x FY27E P/BV. We model an AUM/PAT CAGR of ~21%/33% over FY26-28E, with an RoA/RoE of ~3.2%/15% in FY28E. **We reiterate our BUY rating with a TP of INR405, based on 1.3x FY28E P/BV.**

Exhibit 1: Valuation metrics for the MOFSL diversified NBFC Coverage Universe

Val summary	Rating	CMP (INR)	Mkt. Cap (INRb)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
				FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Northern Arc	**Buy**	**315**	**51**	**33.6**	**44.1**	**275**	**319**	**2.9**	**3.2**	**13.0**	**14.8**	**9.4**	**7.1**	**1.1**	**1.0**
BAF	Neutral	1,038	6,352	40.7	51.3	223	266	4.0	4.2	19.8	21.0	25.5	20.2	4.7	3.9
Poonawalla	Buy	472	384	17.8	29.3	164	191	2.1	2.4	12.6	16.5	26.6	16.1	2.9	2.5
ABCL	Buy	400	1,058	17.9	23.3	155	175	-	-	12.6	14.1	22.4	17.2	2.6	2.3
LTFH	Buy	310	782	15.9	20.0	125	141	2.5	2.6	13.5	15.1	19.5	15.5	2.5	2.2
Piramal Finance	Buy	2,185	489	106.6	163.0	1,342	1,480	2.0	2.6	8.2	11.5	20.5	13.4	1.6	1.5
MAS Financial	Buy	317	59	24.7	28.9	182	209	3.1	3.1	14.4	14.8	12.8	10.9	1.7	1.5
IIFL Finance	Buy	567	231	59.8	80.0	383	457	2.7	2.9	16.8	19.0	9.5	7.1	1.5	1.2
HDB Financial	Neutral	752	624	39.8	47.6	289	336	2.5	2.6	14.8	15.2	18.9	15.8	2.6	2.2
Jio Financial	Buy	236	1,503	3.3	5.1	233	257	2.0	2.4	5.7	8.9	70.7	46.5	1.0	0.9
Tata Capital	Neutral	350	1,507	16.4	21.2	125	146	2.1	2.3	14.0	15.7	21.4	16.5	2.8	2.4

Transitions/changes at NACL and their investment implications

Transition underway	What is changing?	Investment implication
Intermediary-led → D2C-led	❖ D2C share has increased from **19% in FY21 to 59% in FY26** and is estimated to reach **68% by FY28E**	❖ Expands the addressable market and supports **~21% AUM CAGR over FY26–28E**
Single engine → Multiple growth engines	❖ Consumer finance and MSME are scaling rapidly, while rural finance is recovering; new secured products offer further optionality.	❖ Diversifies growth and reduces dependence on any single lending segment.
Lending franchise → Integrated credit ecosystem	❖ Credit solutions, placements, and fund management complement the core lending franchise.	❖ Adds capital-light fee income, diversifies revenue, and strengthens ecosystem relationships
Scale investments → Operating leverage	❖ D2C scale-up and productivity gains should drive the **C/I ratio down from 47% in FY26 to 44% by FY28E**	❖ Enables earnings to grow materially faster than the balance sheet
Elevated credit costs → Normalization	❖ Improving collections, declining Stage 2 assets, and proactive risk management should support lower credit costs	❖ **Credit costs moderate from 2.7% in FY26 to 2.5% by FY28E, supporting profitability**
Healthy growth → Earnings acceleration	❖ Stable margins, operating leverage, and credit cost normalization create multiple profitability levers	❖ ~33% PAT CAGR vs. ~21% AUM CAGR over FY26–28E
Moderate returns → Improving return profile	❖ Stronger earnings growth and improving operating efficiency drive return ratios higher	❖ **RoA/RoE improve from 2.7%/11% in FY26 to 3.2%/15% by FY28E**

Story in charts

Exhibit 2: Disbursements CAGR of ~20% over FY26-28E

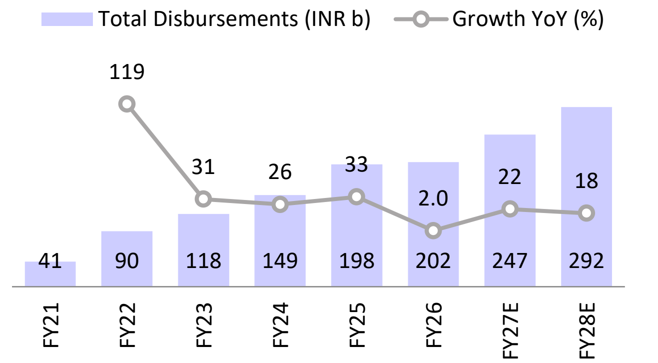


Exhibit 3: Lending AUM CAGR of ~21% over FY26-28E

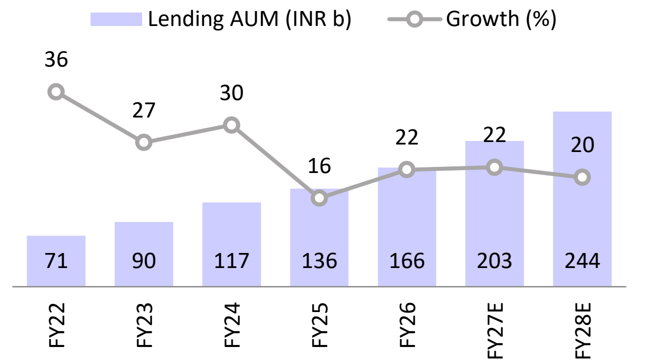


Exhibit 4: D2C lending share continues to improve (%)

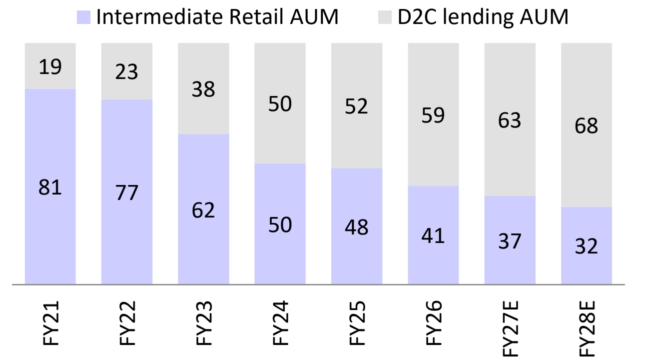


Exhibit 5: Margin likely to remain rangebound

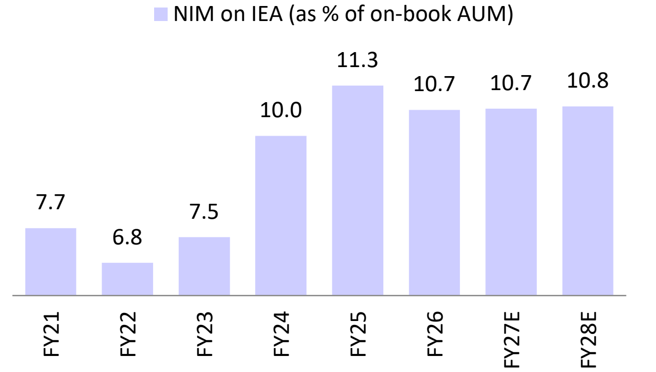


Exhibit 6: Steady improvement in opex

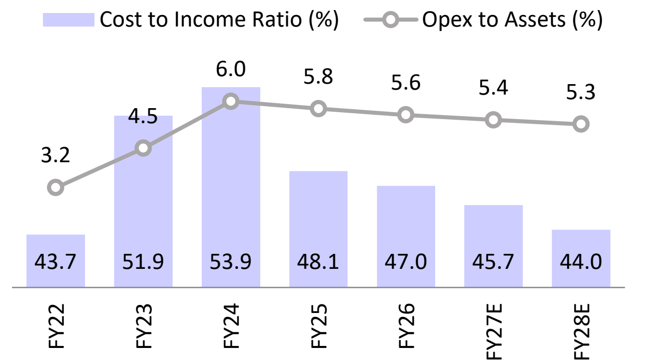


Exhibit 7: Credit costs to improve to ~2.5% by FY28E

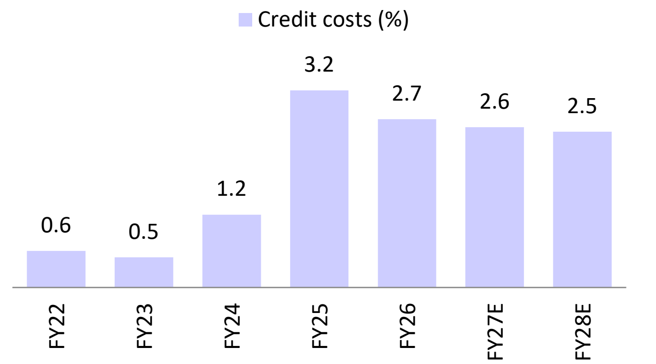
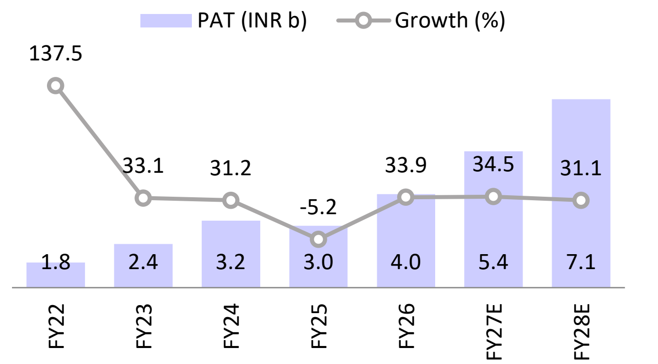
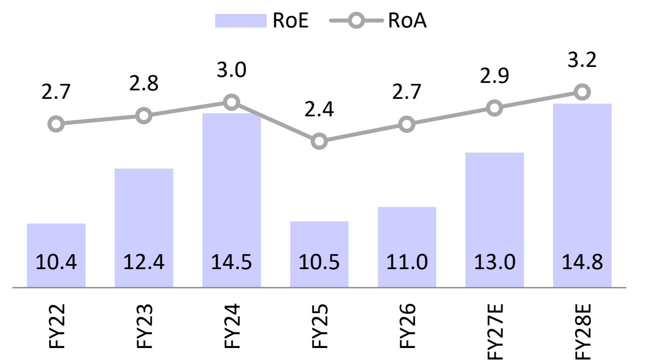


Exhibit 8: PAT CAGR of ~33% over FY26-FY28E



Source: MOFSL, Company

Exhibit 9: RoA/RoE of ~3.2%/15% in FY28E



Source: MOFSL, Company

Multiple growth engines position NACL for sustained 20%+ AUM growth

Consumer finance emerging as the largest growth engine

- NACL has successfully transformed consumer finance into one of its fastest-growing businesses, supported by favorable consumption trends, deeper partner integrations (28 live partners), and a technology-led underwriting platform. The company has built strong sourcing capabilities through partnerships while maintaining healthy customer retention, with ~70% of borrowers returning for repeat loans. As customer cohorts mature and loan tenures (15-18 months) gradually increase, the business is well positioned to deliver scalable growth without compromising portfolio quality.
- A strong partner ecosystem and repeat customers will support superior productivity. Proprietary underwriting enables better customer selection and pricing. Further, rising customer stickiness should improve lifetime economics.

MSME lending provides a long runway for structural growth

- MSME lending continues to represent one of the largest long-term opportunities for Northern Arc. The company has steadily expanded its branch network (90 branches; 17 branches added in FY26), strengthened its local sourcing capabilities, and increased the share of secured LAP products backed by registered mortgages. The combination of deeper geographical penetration, formalization of small businesses, and improved collection efficiencies (~99.4% as of Mar'26) provides significant visibility on sustainable growth over the medium term.
- Branch expansion will continue to improve customer reach. A higher-secured LAP mix will enhance portfolio quality, and improving collection efficiencies can support healthy asset quality.

Rural finance recovery adds another growth lever

- After a challenging credit cycle over the last two years, rural finance (microfinance) is beginning to recover. Improving collections (~99.6% in 4QFY26), lower delinquency formation, and robust guarantee structures provide confidence that the business can return to calibrated growth. Management has consciously prioritized portfolio quality over aggressive expansion, positioning the franchise to participate meaningfully as industry conditions and credit costs in this business normalize.
- Beyond its core lending businesses, the company is leveraging its growing branch network and partner ecosystem to expand its product offerings, with secured lending categories and future opportunities such as affordable housing expected to further broaden its addressable market.
- With multiple growth vectors emerging across existing and adjacent lending segments, NACL remains well positioned to sustain strong growth momentum, given the significant long-term opportunity across the underpenetrated retail and small business credit markets. We expect NACL to deliver an AUM CAGR of ~21% over FY26-28.

Exhibit 10: Disbursements CAGR of ~20% over FY26-28E

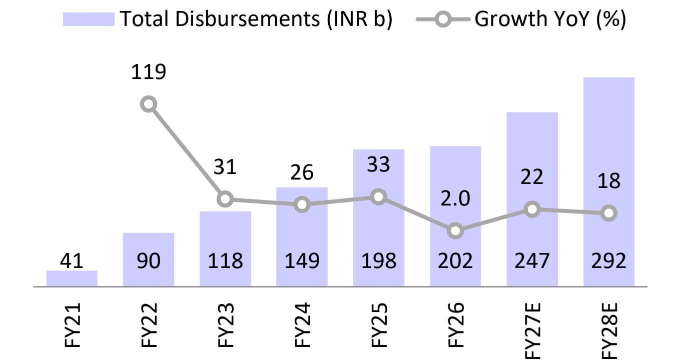
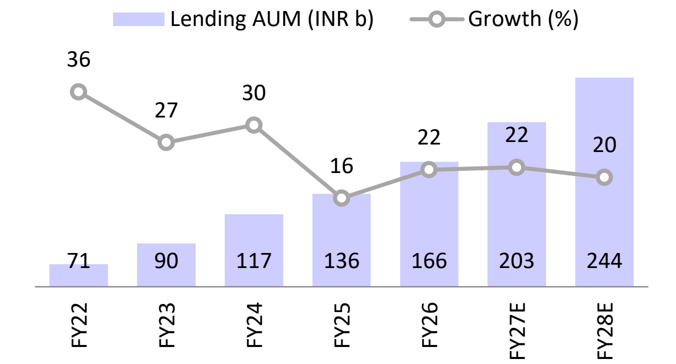


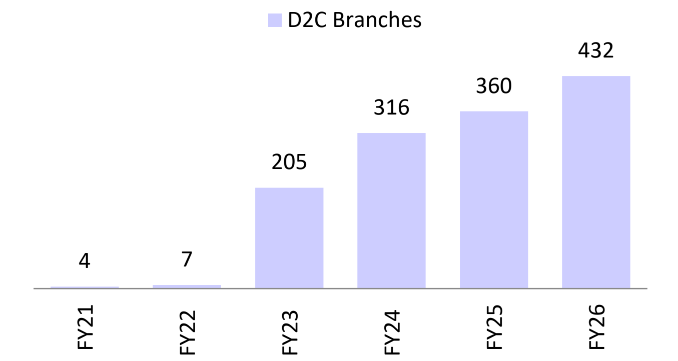
Exhibit 11: AUM CAGR of ~21% over FY26-28E



D2C transformation continues to reshape the franchise

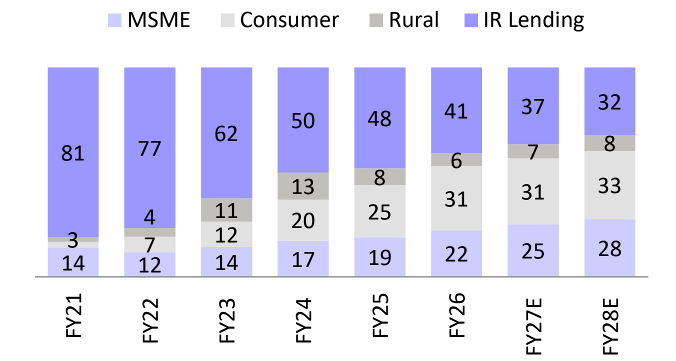
- The most important strategic development over the last five years has been Northern Arc's successful transition towards a Direct-to-Consumer (D2C) lending model. The D2C portfolio has expanded from ~19% of lending AUM in FY21 to nearly 60% currently and is expected to account for ~70% over the next two years. This transformation materially improves the quality of growth by increasing exposure to higher-yielding retail assets while simultaneously strengthening customer ownership and cross-selling opportunities.
- The growing D2C franchise also creates a virtuous cycle. Larger customer relationships generate richer data, enabling better underwriting and collections, which in turn support faster portfolio growth and stronger profitability.

Exhibit 12: Strong D2C branch network expansion



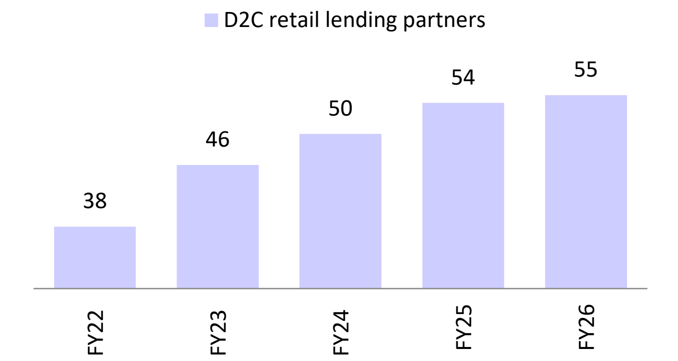
Source: MOFSL, Company

Exhibit 13: D2C lending share to improve (%)



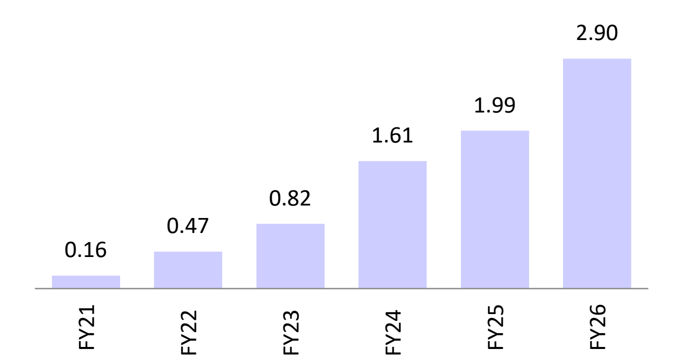
Source: MOFSL, Company

Exhibit 14: Gradual increase in D2C lending partners



Source: MOFSL, Company

Exhibit 15: D2C customer base (in m)

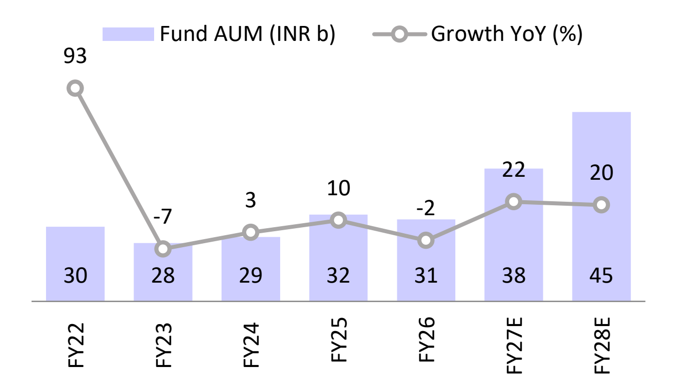


Source: MOFSL, Company

Credit solutions create a differentiated, capital-light earnings engine

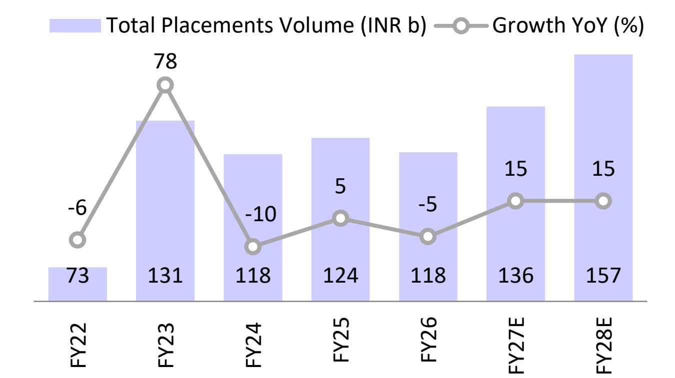
- One of Northern Arc's key competitive differentiators is its integrated credit solutions platform, which complements the core lending franchise through placement services, fund management, and structured credit solutions.
- The credit solutions business (placement business volumes of ~INR118b in FY26 and fund management AUM of ~INR30.9b as of Mar'26) has become an increasingly important contributor to the company's revenue mix. NACL has a 15-year track record in the placements business and has done credible placements of ~INR1.3t to date. It is a dominant player in the securitization/PTC market. Fee realization improved from 0.21% in FY25 to 0.27% in FY26.
- Unlike traditional NBFCs that depend primarily on balance sheet growth, NACL generates meaningful fee income from activities that require relatively limited capital deployment.
- The platform is supported by a well-established network of ~368 originator partners with strong credit profiles and capital adequacy, enabling the company to build a high-quality sourcing and distribution ecosystem.
- Beyond improving revenue diversification, the credit solutions platform strengthens relationships across the broader lending ecosystem by connecting originators and investors through a scalable technology platform. As volumes continue to grow, this business should become an increasingly meaningful contributor to profitability while improving earnings stability across credit cycles.

Exhibit 16: Fund AUM



Source: MOFSL, Company

Exhibit 17: Placements volume



Source: MOFSL, Company

Granular risk architecture to support healthy asset quality

- NACL has built one of the more sophisticated risk management frameworks within the retail NBFC universe. The company combines technology-driven underwriting with extensive field-level monitoring, allowing risks to be identified well before they translate into portfolio stress. Continuous portfolio surveillance, conservative underwriting standards, and proactive calibration of exposures have resulted in improved delinquency trends despite operating in relatively underserved customer segments.
- GNPA/NNPA have improved to ~1.2%/~0.6% as of Mar'26, reflecting stronger collections, tighter underwriting standards, and more effective monitoring across geographies.
- A notable positive indicator is the sharp decline in Stage 2 assets from ~1.8% (as of Dec'25) to ~1.5% (as of Mar'26), signaling a meaningful reduction in early stress formation and reinforcing confidence in the underlying credit health of the portfolio. This improvement is underpinned by a robust risk framework

comprising a >100-member dedicated risk team, AI-driven analytics, and extensive field-level oversight across a geographically diversified lending book spanning ~680 districts, enabling granular monitoring and faster corrective action.

- Conservative underwriting remains deeply embedded in the operating philosophy, with 100% provisioning on unsecured loans at 90+ DPD, further strengthened by FLDG structures and CGFMU-backed exposures, ensuring that downside risks are well contained even in stress scenarios.
- NACL has also demonstrated a proactive stance in recalibrating exposures in segments where early risk build-up was observed, particularly in MFI overlap and other sensitive pockets, with preemptive actions taken to contain potential deterioration. Overall, the company's emphasis on proactive risk containment, early stress identification, and conservative credit policies continues to drive a structurally stronger asset quality trajectory, enhancing long-term stability and improving the durability of earnings across credit cycles.
- We model credit costs of ~2.6%/2.5% for FY27E/FY28E.

Exhibit 18: Asset quality (%)

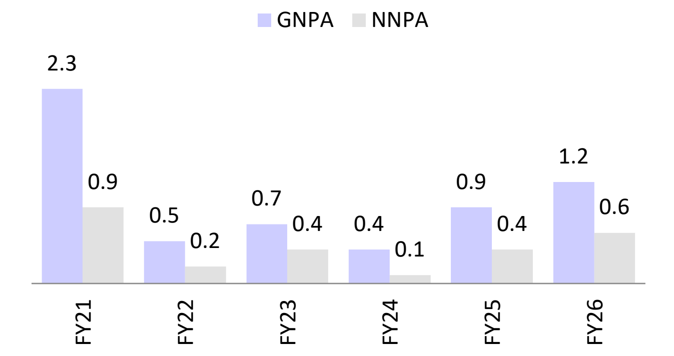
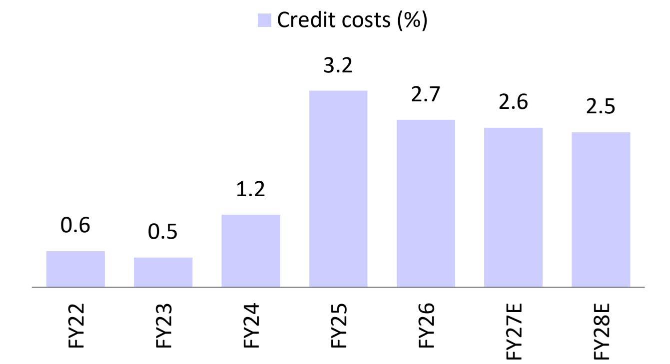


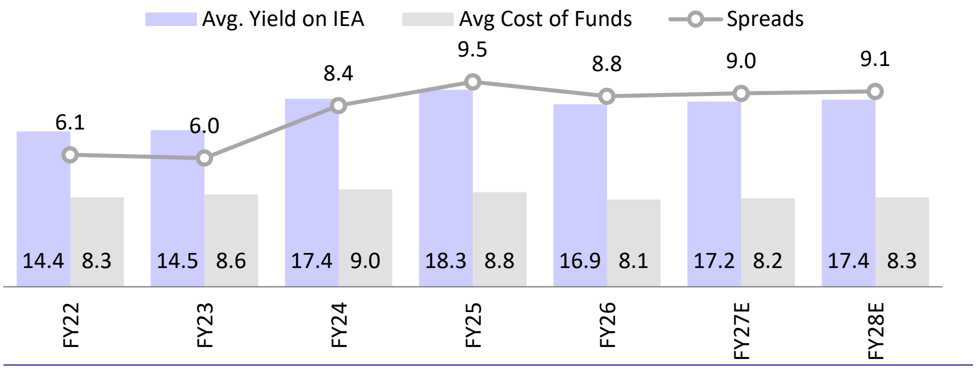
Exhibit 19: Credit costs to improve to ~2.5% by FY28E



Operating leverage and improving business mix to accelerate earnings growth

- NACL is entering a phase where earnings growth should begin to outpace balance-sheet growth. The company has already invested significantly in technology, branch expansion, and distribution capabilities over the last few years. As these investments mature, incremental business volumes will be generated with relatively limited increases in operating costs.
- As the share of higher-yielding D2C assets continues to increase, the portfolio mix is progressively shifting towards segments such as consumer finance, MSME lending, and rural finance, which offer superior risk-adjusted yields compared to the intermediate retail business.
- Complementing the asset-side benefits is a steadily strengthening liability franchise, with the company successfully diversifying its funding sources across banks (53%), capital markets, offshore borrowings (~30%), and ECBs, thereby improving funding flexibility and reducing concentration risk.
- The rising contribution from higher-yielding D2C assets, coupled with growing fee income from credit solutions and resilient margins (of ~10.7%-10.8% for FY27E-28E), should support healthy profitability. We expect business mix improvements and operating leverage to become drivers of earnings acceleration over the next two years.

Exhibit 20: Spreads expected to be ~9.1% by FY28E due to steady CoF and improving yields



Source: MOFSL, Company

Exhibit 21: Margins to remain resilient

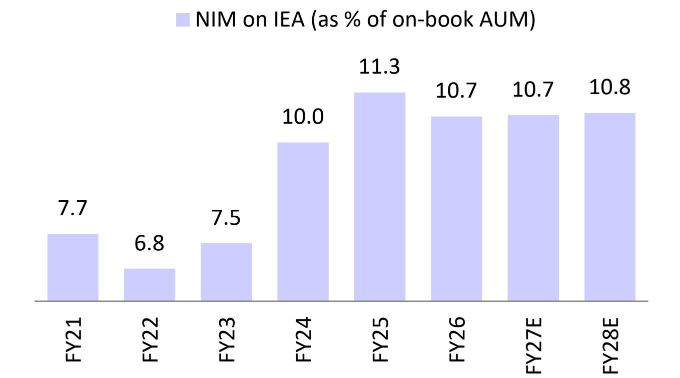
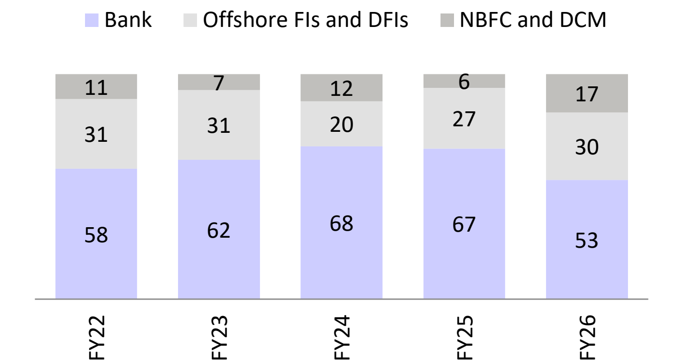


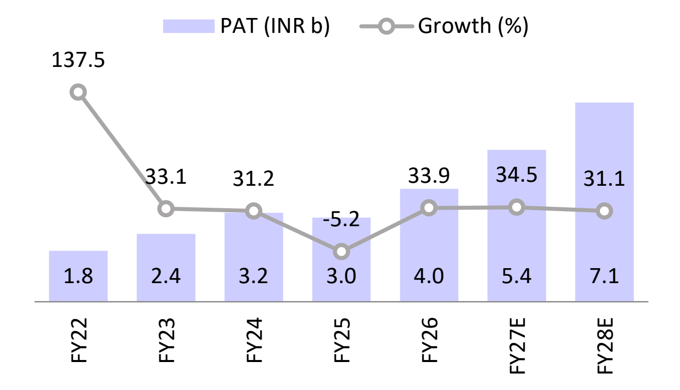
Exhibit 22: Improving share of debt market borrowings



Valuation and View: Earnings to compound faster than assets

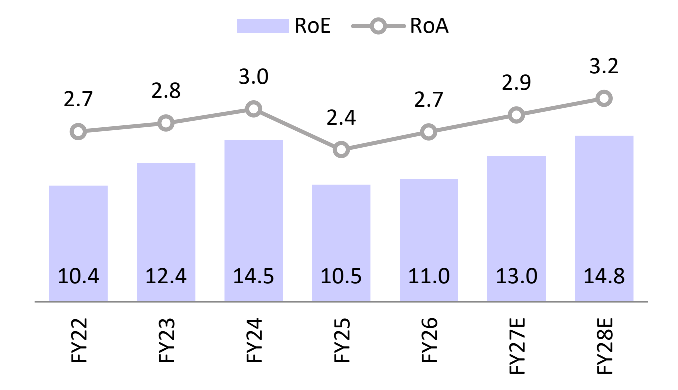
NACL has successfully transformed itself from a predominantly intermediary-led credit platform into a diversified D2C-led financial services franchise with multiple growth engines. Consumer finance, MSME lending, and a recovering rural finance business provide strong visibility on loan growth, while the expanding credit solutions ecosystem enhances earnings quality through capital-light fee income. As operating leverage improves and credit costs normalize, PAT growth should materially outpace AUM growth, driving a steady improvement in return ratios.

Exhibit 23: PAT CAGR of ~33% over FY26-FY28E



Source: MOFSL, Company

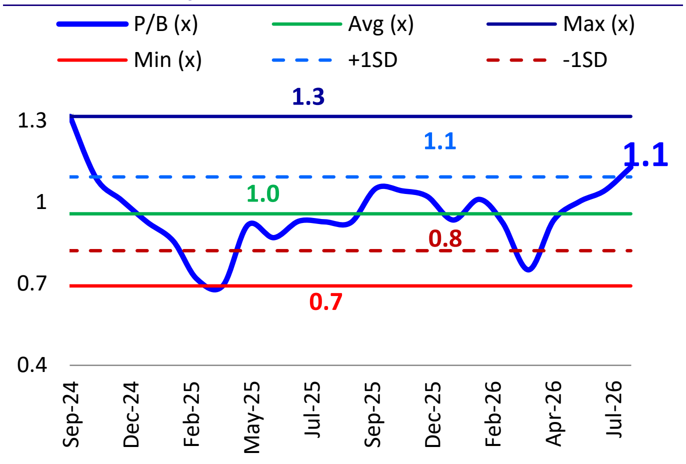
Exhibit 24: RoA/RoE of ~3.2%/15% in FY28E



Source: MOFSL, Company

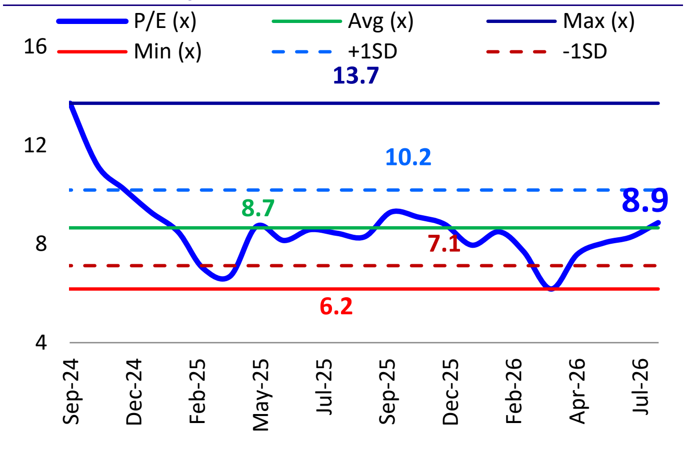
- We estimate an AUM/PAT CAGR of ~21%/~33% over FY26–28E, with RoA/RoE improving to ~3.2%/~15% by FY28E. The superior earnings trajectory is driven by four structural factors: increasing D2C contribution, higher capital-light fee income, operating leverage, and gradual normalization in credit costs.
- At 1.1x FY27E P/BV, valuations remain undemanding relative to the improving growth profile and return trajectory. **We reiterate our BUY rating with a TP of INR405, based on 1.3x FY28E P/BV.**

Exhibit 25: One-year forward P/B



Source: MOFSL, Company

Exhibit 26: One-year forward P/E



Source: MOFSL, Company

Exhibit 27: DuPont Analysis

Y/E MARCH	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	11.3	11.4	13.2	16.2	17.2	16.0	16.2	16.5
Interest Expended	6.3	6.0	6.4	6.9	6.5	5.9	6.1	6.2
Net Interest Income	**5.0**	**5.4**	**6.8**	**9.4**	**10.6**	**10.1**	**10.1**	**10.3**
Other Operating Income	2.0	2.0	1.9	1.8	1.4	1.8	1.7	1.8
Net Income	**7.0**	**7.4**	**8.7**	**11.2**	**12.1**	**11.9**	**11.9**	**12.0**
Operating Expenses	2.5	3.2	4.5	6.0	5.8	5.6	5.4	5.3
Operating Income	**4.6**	**4.2**	**4.2**	**5.2**	**6.3**	**6.3**	**6.4**	**6.7**
Provisions/write offs	2.6	0.5	0.5	1.2	3.2	2.7	2.6	2.5
PBT	**1.9**	**3.6**	**3.7**	**4.0**	**3.1**	**3.6**	**3.9**	**4.2**
Tax	0.5	1.0	0.9	1.0	0.7	0.9	0.9	1.0
Reported PAT	**1.5**	**2.7**	**2.8**	**3.0**	**2.4**	**2.7**	**2.9**	**3.2**
Leverage	3.1	3.9	4.4	4.8	4.4	4.1	4.5	4.7
RoE	**4.7**	**10.4**	**12.5**	**14.5**	**10.5**	**11.2**	**13.0**	**14.8**

E: MOFSL Estimates

Financials and Valuation

Income Statement								INR m
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Interest Income	5,799	7,808	11,484	17,121	21,761	24,326	30,128	36,918
Interest Expenses	3,230	4,107	5,574	7,264	8,284	8,948	11,291	13,964
Net Interest Income	**2,569**	**3,702**	**5,909**	**9,857**	**13,477**	**15,377**	**18,837**	**22,953**
Change (%)	3.9	44.1	59.6	66.8	36.7	14.1	22.5	21.9
Fee and Commission Income	643	860	856	849	926	975	1,258	1,511
Change (%)	-1.5	33.7	-0.5	-0.8	9.1	5.2	29.1	20.1
Other Income	411	497	772	1,090	870	1,703	1,975	2,440
Total Income	**3,623**	**5,059**	**7,538**	**11,796**	**15,274**	**18,055**	**22,070**	**26,904**
Change (%)	11.4	39.6	49.0	56.5	29.5	18.2	22.2	21.9
Total Operating Expenses	**1,269**	**2,210**	**3,914**	**6,360**	**7,344**	**8,495**	**10,093**	**11,837**
Change (%)	-12.6	74.1	77.1	62.5	15.5	15.7	18.8	17.3
Employee Expenses	622	979	1,489	2,416	2,847	3,308	3,904	4,489
Depreciation	67	96	120	169	179	188	216	248
Other Operating Expenses	579	1,135	2,305	3,775	4,319	4,999	5,973	7,100
Operating Profit	**2,354**	**2,849**	**3,623**	**5,436**	**7,929**	**9,560**	**11,977**	**15,067**
Change (%)	30.8	21.0	27.2	50.0	45.9	20.6	25.3	25.8
Total Provisions	**1,354**	**365**	**392**	**1,224**	**4,048**	**4,119**	**4,786**	**5,636**
% Loan loss provisions to Avg loans ratio	4.1	0.8	0.6	1.5	4.1	3.6	3.4	3.4
Share of loss from associates	0.0	0.0	-18.7	-9.7	-20.2	-85.9	0.0	0.0
PBT	**1,000**	**2,484**	**3,212**	**4,202**	**3,861**	**5,356**	**7,191**	**9,431**
Tax Provisions	234	665	790	1,025	848	1,320	1,762	2,311
Tax Rate (%)	23.4	26.8	24.6	24.4	22.0	24.6	24.5	24.5
PAT	**766**	**1,819**	**2,422**	**3,177**	**3,013**	**4,036**	**5,429**	**7,120**
Change (%)	-26	138	33	31	-5	34	35	31

Balance Sheet								
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	879	889	890	894	1,614	1,616	1,616	1,616
Reserves & Surplus	15,850	17,432	19,787	22,310	32,782	37,394	42,824	49,944
Net Worth	**16,729**	**18,321**	**20,677**	**23,204**	**34,396**	**39,010**	**44,439**	**51,560**
Borrowings	**39,345**	**59,830**	**70,346**	**90,478**	**98,600**	**1,22,583**	**1,52,818**	**1,83,675**
Change (%)	34.7	52.1	17.6	28.6	9.0	24.3	24.7	20.2
Other liabilities	898	1,590	2,693	3,395	3,385	5,853	6,989	8,216
Total Liabilities	**56,972**	**79,741**	**93,716**	**1,17,077**	**1,36,381**	**1,67,446**	**2,04,247**	**2,43,451**
Investments	13,826	17,658	17,627	17,846	20,516	29,429	35,315	40,612
Loans	**37,408**	**52,088**	**68,886**	**92,096**	**1,05,724**	**1,24,928**	**1,52,818**	**1,83,308**
Change (%)	27.9	39.2	32.3	33.7	14.8	18.2	22.3	20.0
Other assets	5,738	9,996	7,202	7,135	10,141	13,089	16,113	19,530
Total Assets	**56,972**	**79,741**	**93,716**	**1,17,077**	**1,36,381**	**1,67,446**	**2,04,247**	**2,43,451**

E: MOFSL Estimates

AUM Mix	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
AUM	**52,210**	**71,080**	**90,090**	**1,17,100**	**1,36,340**	**1,65,940**	**2,02,707**	**2,43,837**
Change (%)	20	36	27	30	16	22	22	20
On Books AUM	**37,408**	**71,049**	**87,031**	**1,09,330**	**1,28,940**	**1,58,500**	**1,92,572**	**2,32,865**
% of AUM	72	100	97	93	95	96	95	96
Off Books AUM	**14,802**	**31**	**3,059**	**7,770**	**7,400**	**7,440**	**10,135**	**10,973**
% of AUM	28	0	3	7	5	4	5	4

Financials and Valuation

Ratios (%)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Spreads Analysis (%)								
Avg. Yield on IEA	17.4	14.4	14.5	17.4	18.3	16.9	17.2	17.4
Avg Cost of Funds	9.4	8.3	8.6	9.0	8.8	8.1	8.2	8.3
Spreads	8.0	6.1	6.0	8.4	9.5	8.8	9.0	9.1
NIM on IEA (as % of on-book AUM)	7.7	6.8	7.5	10.0	11.3	10.7	10.7	10.8
Profitability Ratios (%)								
RoE	4.7	10.4	12.4	14.5	10.5	11.0	13.0	14.8
RoA	1.5	2.7	2.8	3.0	2.4	2.7	2.9	3.2
Cost/Income	35.0	43.7	51.9	53.9	48.1	47.0	45.7	44.0
Opex to avg. assets	2.5	3.2	4.5	6.0	5.8	5.6	5.4	5.3
Asset quality								
GNPA (INR m)	391	325	670	500	1,058	1,940	2,307	3,686
GNPA (%)	1.03	0.46	0.77	0.45	0.98	1.22	1.20	1.58
NNPA (INR m)	170	125	350	87	447	1,077	1,200	1,843
NNPA (%)	0.45	0.18	0.40	0.08	0.38	0.68	0.62	0.79
PCR (%)	56.4	61.7	47.8	82.7	57.8	44.5	48.0	50.0
Credit costs	2.8	0.6	0.5	1.2	3.2	2.7	2.6	2.5

Valuation	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
No.of Shares (m)	**88**	**89**	**89**	**89**	**161**	**162**	**162**	**162**
EPS	8.7	20.5	27.2	35.5	18.7	25.0	33.6	44.1
EPS Growth (%)	-26.0	134.9	33.0	30.6	-47.5	33.8	34.5	31.1
Price-Earnings (x)	**36**	**15**	**12**	**9**	**17**	**13**	**9**	**7**
Book Value (INR)	190	206	232	260	213	241	275	319
BV Growth (%)	4	8	13	12	-18	13	14	16
Price-BV (x)	**1.7**	**1.5**	**1.4**	**1.2**	**1.5**	**1.3**	**1.1**	**1.0**
DPS (INR)	0	0	0	0	0	0	0	0
Dividend yield (%)		**-**	**-**	**-**	**-**	**-**	**-**	**-**

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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

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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