21 September 2026
Company Update | Sector: Financials - NBFC

Mahindra & Mahindra Financial

BSE SENSEX	S&P CNX
74,859	23,414

CMP: INR355 TP: INR430 (+21%) Buy

Digitizing operations to drive scale, efficiency, cross-selling

The strategic pivot: From paper-heavy to high-tech, high-touch operations

We visited the central processing center (CPC) of Mahindra Finance (MMFS), where management provided insights into its digital transformation strategy, covering the Udaan program, digital onboarding and underwriting, CPC automation, Samur.AI, and the evolving branch-led cross-selling model. We subsequently visited a tractor dealership in Pune to understand the practical implementation of these initiatives across sourcing and collections, including seeing the M TEZZ app and Samur.AI-enabled automation live in action.

- MMFS has executed a strategic transformation under Udaan to transition from manual, decentralized processes toward a standardized, technology-driven operating model. The focus is on creating a common operating framework across the lending franchise, with BRE and scorecard-based underwriting, standardized SOPs and greater process consistency, thereby reducing the dependence on localized underwriting practices. The transformation is now fully operational across its core vehicle lending franchise, with digital onboarding, automated underwriting, centralized processing and AI-led verification reshaping the lending workflow.
- Digital adoption has materially improved origination efficiency, with time to first offer declining from 6-7 days to 20 minutes, while login-to-disbursement time has come down from 10-12 days to same day/within two days for most cases. The M Tezz field app, 13k+ BRE rules, account aggregator and Bureau integrations, and digital KYC/e-sign support this transformation
- The combination of faster decision-making and proprietary data is a key differentiator, with 30 years of repayment history embedded in scorecards and BRE. This enables MMFS to provide firm, risk-based offers at dealerships, including for selected new-to-credit customers, supporting dealer conversion. Tractor disbursements grew >45% vs. ~20% industry growth in the prior year.
- Importantly, productivity gains are being redeployed toward growth rather than simply reducing headcount. Branches are moving from a service-heavy model toward outbound sales and cross-selling, supported by the capacity released through CPC. Insurance premium recorded strong growth in FY26, while FD mobilization has doubled over the past two years. Personal loans are emerging as the next major cross-selling opportunity (still limited to existing customers).
- Overall, Udaan is strengthening MMFS' lending proposition through faster origination, standardized underwriting, CPC efficiency and broader customer monetization.

Stock Info

Bloomberg	MMFS IN
Equity Shares (m)	1390
M.Cap.(INRb)/(USDb)	493.1 / 5.1
52-Week Range (INR)	415 / 270
1, 6, 12 Rel. Per (%)	-3/14/30
12M Avg Val (INR M)	1257
Free float (%)	48.0

Financials Snapshot (INR b)

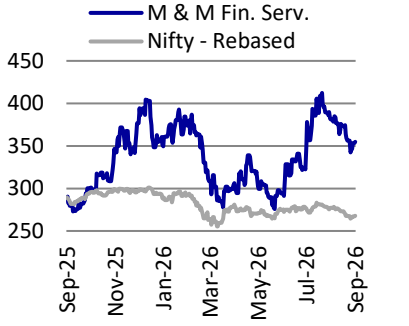
Y/E March	FY26	FY27E	FY28E
NII	101.1	116.5	132.7
PPP	62.3	73.0	83.8
PAT	27.8	36.3	41.8
EPS (INR)	20.0	26.1	30.1
EPS Gr. (%)	5	30	15
BV/Sh.(INR)	178	197	218
Ratios			
NIM (%)	7.0	7.0	7.0
C/I ratio (%)	38.4	37.4	36.8
RoA (%)	2.0	2.3	2.4
RoE (%)	12.5	13.9	14.5
Payout (%)	37.5	32.6	31.5
Valuations			
P/E (x)	17.7	13.6	11.8
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

Stock performance (one-year)



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Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Udaan: Re-engineering the end-to-end lending journey

Udaan has moved MMFS from a largely paper-based, branch-led lending process to a digital-first workflow covering customer onboarding, underwriting, document verification and disbursement. The M Tezz mobile app captures customer and asset information at source, while integrations with UIDAI, CIBIL, VAHAN and account aggregator enable digital KYC, bureau checks, vehicle verification and banking analysis. The process is completed through automated documentation, Aadhaar-based e-sign and e-mandates (with ~85-90% of the recent originations and ~70% of the outstanding portfolio now covered by e-mandates).

First-offer TAT has come down from ~6-7 days to ~20 minutes, while the broader login-to-disbursement cycle has declined from ~10-12 days to same day/within two days for most cases.

Proprietary underwriting engine strengthens speed and decision quality

BRE is the core decision-making layer behind the faster customer journey, with 13k+ rules covering policy, risk classification, deviation management and regulatory requirements. Rather than replacing underwriters, the system standardizes the initial decisioning process and allows human underwriters to focus on exceptions and negotiated cases.

A key competitive element is the use of 30 years of proprietary repayment data. MMFS has converted this historical data into customer personas and scorecards, which are combined with real-time bureau and banking information. This allows the company to assess certain new-to-credit customers even in the absence of a conventional bureau history. For example, customer attributes such as geography, landholding and crop mix can be mapped against historical repayment behavior to generate an initial offer.

The digital journey is nevertheless not universal. Informal-income customers may still require physical business assessment, while customers seeking higher LTVs trigger additional field verification. Management estimates ~85% of cases are processed within the targeted TAT, with the balance requiring additional checks because of limited bureau/banking information or other exceptions.

CPC + Samur.AI: Significant scope for operating leverage

Centralization through the CPC has created a scalable processing architecture across the branch network. The CPC rollout covered 1,300+ branches within ~11-12 months, significantly faster than the usual 2-3 years of industry implementation period. The two CPC hubs now conduct 200-300+ checks per file, with typical processing completed within 2-3 hours. The productivity gains are significant. CPC file volumes have increased ~8x, while cost per file has fallen to ~54 from a 100 base (indexed) and TAT has reduced to ~49. At the same time, CPC headcount has declined from ~885 to ~465. This suggests automation is absorbing incremental processing volumes rather than merely shifting work between teams.

Samur.AI is increasingly central to this productivity improvement. The multi-agent AI system currently covers ~70% of new-loan volumes (vs. ~45% in 1QFY27). It performs document and data verification, including regional-language documents and highly variable dealer documentation, and provides a rationale when a case is flagged for human review. Samur.AI currently operates within the CPC rather than

the credit-decision-making layer and its future expansion into underwriting and collections could provide additional automation opportunities for the company.

From productivity gains to market-share and growth benefits

The strategic objective of Udaan extends beyond cost reduction. Faster and more certain decision-making is intended to improve dealer conversion and increase MMFS' share of financing at the point of sale. MMFS shared that its tractor disbursements grew >45% (vs. ~20% industry growth) in the prior year, while its own OEM-linked growth was ~22%, indicating meaningful share gains.

The proposition is particularly relevant because the company is not targeting prime bank customers purely through pricing. With lending rates broadly comparable across the segment, management believes the ability to provide a firm decision within minutes can become a stronger differentiator for dealers and customers.

Growth is also being diversified beyond traditional dealership sourcing. The ~500-member direct marketing team generates >INR2b of monthly business across wheels and the recently launched PL Next product.

Digital-led collections driving efficiency

Collections remain a key enabler of MMFS' ability to serve underserved customer segments. The company has undergone a significant digital shift, with digital collections rising to 75-77% and e-mandate penetration in newly sourced portfolios reaching 85-90%, lowering collection costs. The process is structured across soft bucket (0–30 DPD), RTL (30–90 DPD) and hard recovery (90+ DPD/LPA), supported by AI-led calling for customer reminders and field-force prioritization of high-value, high-probability contracts.

Branch transformation: From servicing customers to monetizing the franchise

Branches are transitioning from document-processing hubs to sales and cross-selling centers as activities migrate to CPCs. Freed-up capacity is being redeployed toward improving products per customer across insurance, FDs, MFs and PL, with operation staff and cashiers now also carrying sales targets. Insurance premium reached ~INR9.5b in FY26, while the company has ~1,400 SP-licensed employees and >5,500 POSPs. FDs remain an underpenetrated opportunity, with mobilization doubling in the past two years, supported by the NBFC FD license and AAA rating. Personal loans are emerging as the next key cross-selling lever, with Suvidha serving tickets up to INR350k and PL Next targeting higher-ticket customers. With ~150-200k branch walk-ins and a large existing customer base, MMFS has a sizeable cross-selling opportunity.

Valuation and view

- Udaan is emerging as a meaningful competitive lever for MMFS, with faster TAT, data-led underwriting and CPC automation supporting growth, productivity and dealer conversion. Rising Samur.AI adoption and higher branch-led cross-selling should provide further operating leverage and fee-income opportunities.
- MMFS currently trades at 1.8x FY27E P/BV and 14x FY27E P/E. With a projected PAT CAGR of ~23% over FY26-FY28E and RoA/RoE of 2.4%/14.5% in FY28E, we reiterate our BUY rating with a TP of INR430 (based on 2x Mar'28E BV).

Story in Charts

Exhibit 1: AUM CAGR of ~14% over FY26-28E

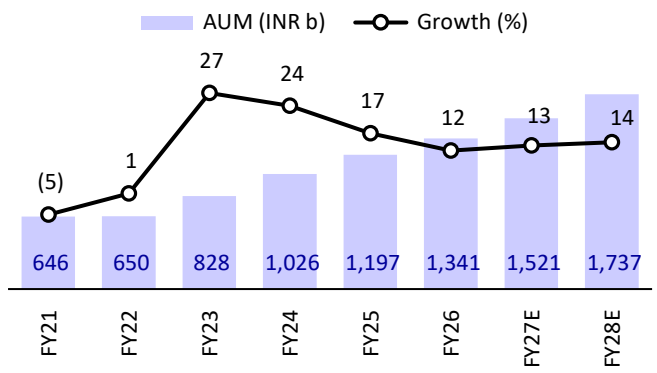


Exhibit 2: Disbursement CAGR of ~14% over FY26-28E

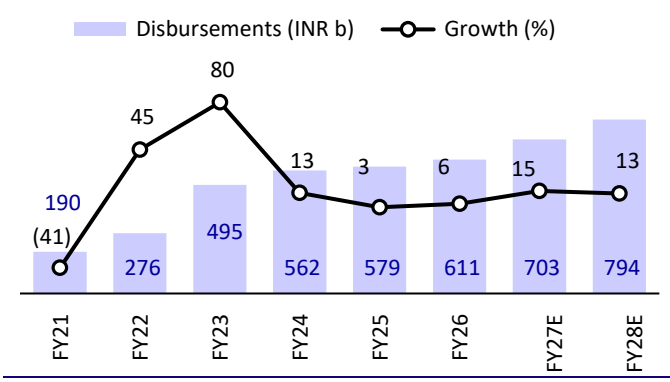


Exhibit 3: Expect NIMs to remain stable in FY27/FY28E

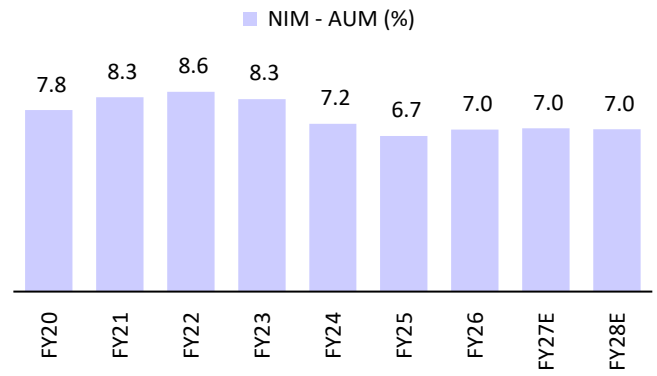


Exhibit 4: Opex-to-Avg AUM to moderate to 3% in FY27E

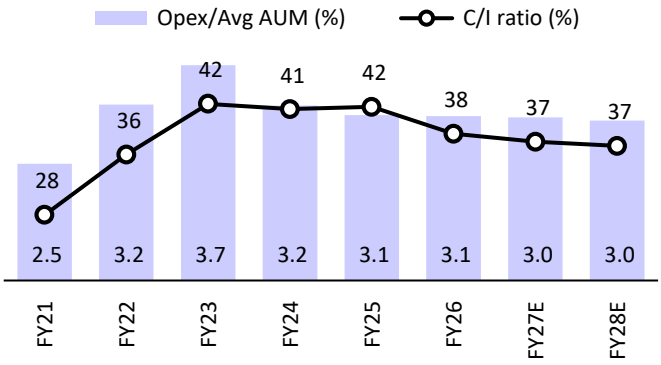


Exhibit 5: Asset quality to remain broadly stable

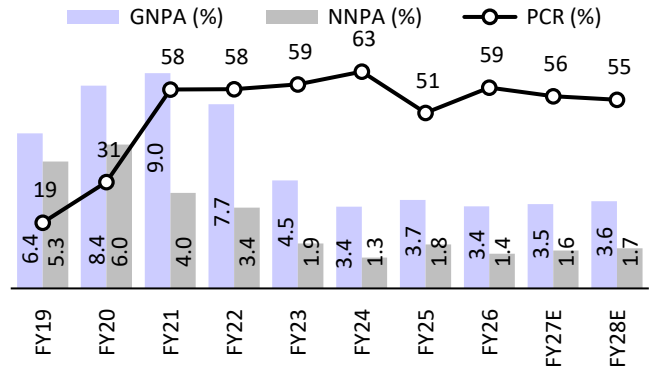


Exhibit 6: Credit costs to decline to ~1.7% in FY27E/FY28E

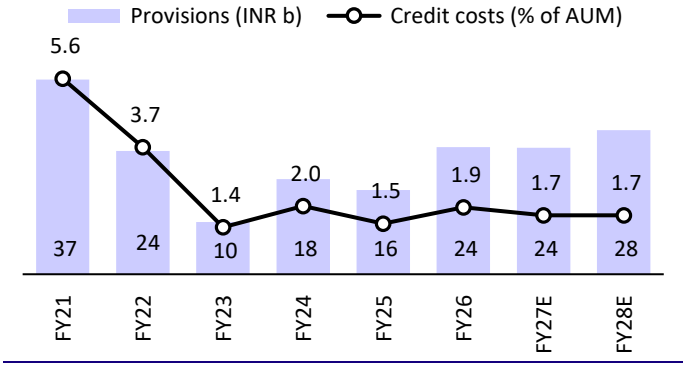


Exhibit 7: Expect PAT CAGR of ~23% over FY26-28E...

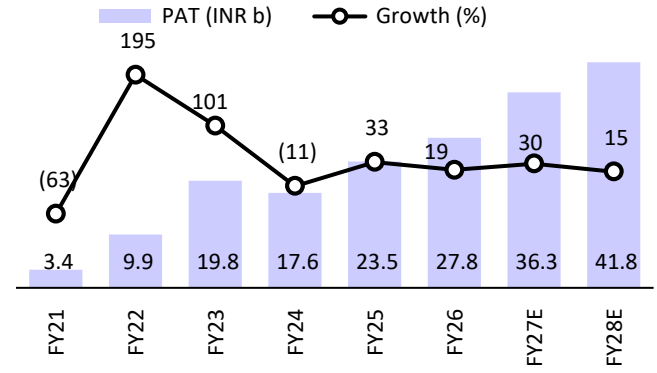
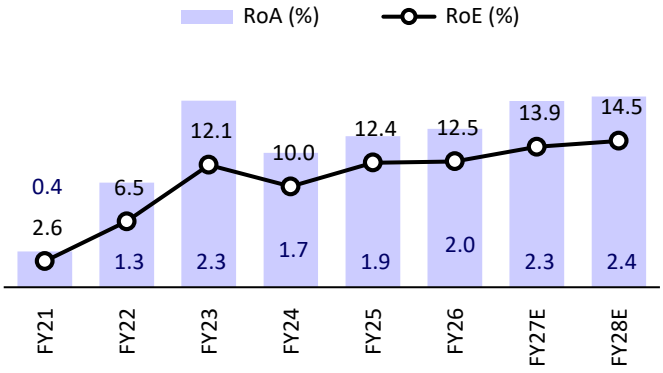


Exhibit 8: ...leading to RoA/RoE of 2.4%/~14.5% by FY28E



Source: MOFSL, Company

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Operational excellence and digital maturity

MMFS is currently executing a strategic transformation designed to scale its portfolio. This expansion is not merely a matter of geographic reach but of "templatization"- the creation of a standardized, industrial-grade operational model. To achieve this, the organization is transitioning from manual, decentralized processes toward a centralized, tech-driven architecture. A critical element of this shift is the implementation of a centralized "measuring tape," ensuring that every loan file is judged by the same Standard Operating Procedure (SOP) regardless of its point of origin, thereby eliminating the inconsistencies of localized underwriting.

The digital overhaul is governed by four core principles:

- **Eliminate:** Identifying and removing redundant steps and unnecessary paper-pushing.
- **Unify:** Standardizing over 2,000 disparate, localized processes into a single, cohesive institutional framework.
- **Automate:** Utilizing a modern technology stack to handle high-volume, repetitive tasks without human intervention.
- **Centralize:** Moving all non-automated "checker" and underwriting functions into Centralized Processing Centers (CPC).

This evolution represents a shift from a "Low Tech, High Touch" model to a **"High Tech, High Touch"** philosophy. The strategic shifts include:

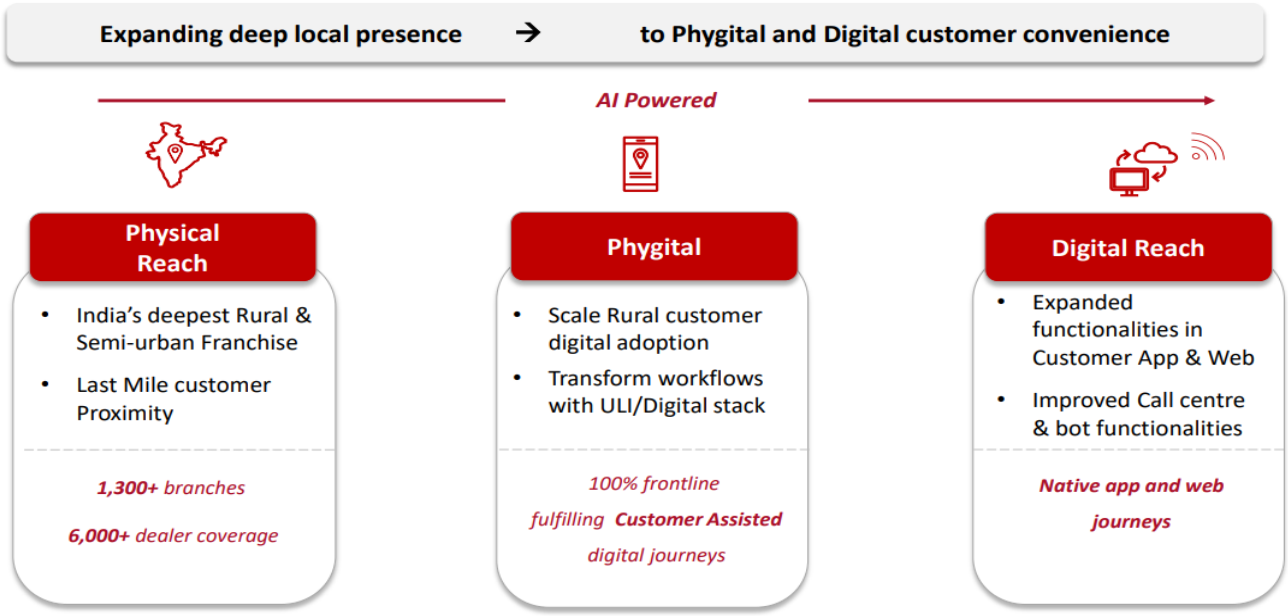
- **Standardization:** Replacing regional underwriting "whims" with a centralized, data-driven engine.
- **Asset Optimization:** Repurposing branch staff from back-office processing to "cross-sell hubs" for insurance and mutual funds.
- **Digital Footprinting:** Moving from physical paper trails to digital logs that provide an indisputable audit trail.

These principles manifest most clearly in the tractor loan lifecycle, where operational speed directly translates into market share.

Revolutionizing the sourcing and onboarding workflow

In the competitive tractor financing market, dealer confidence is the primary currency. Dealers require a high degree of confirmation from a financier before they deliver an asset to the customer. MMFS has optimized its digital stack to compress the turnaround time (TAT) and provide that certainty instantaneously.

Exhibit 9: MMFS is scaling through phygital distribution strategy



Source: Company; MOFSL

Exhibit 10: The onboarding evolution

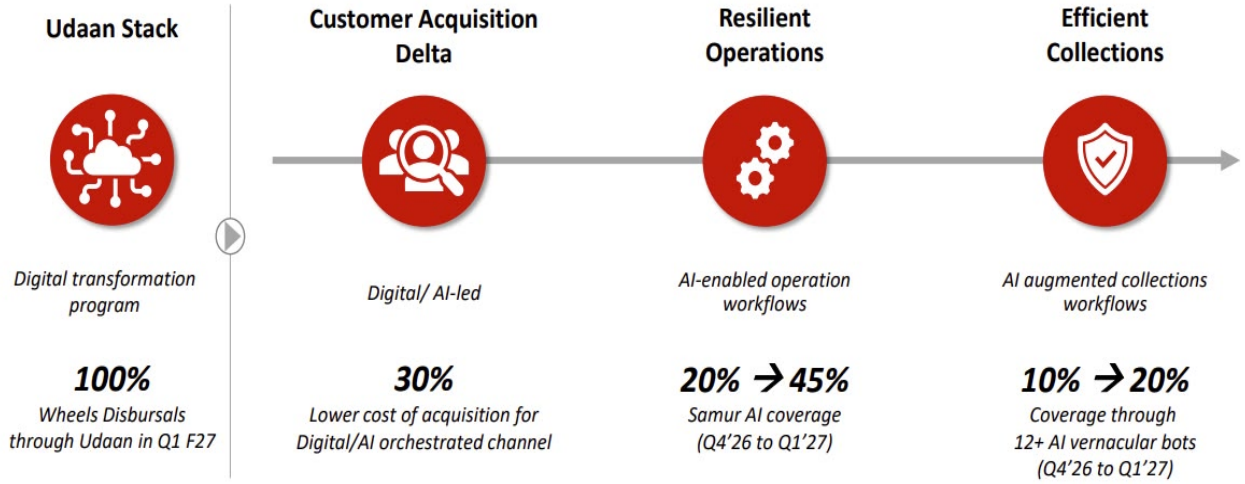
Feature	Legacy Journey	Digital Journey (MTS App & Samur.AI)
Documentation	❖ Physical 4-page application forms	❖ SMS-based digital consent (89%+ adoption)
Verification	❖ Manual "Original Seen & Verified" (OSV)	❖ OCR for KYC (PAN/Aadhaar) & NSDL/UIDAI APIs
Processing Time	❖ ~2 Days	❖ 7 Minutes (via Samur.AI)
Decisioning	❖ Localized/Subjective	❖ Data-driven "Base Offer" within 20 minutes

The **M Tezz App** has revolutionized field force enablement. By utilizing OCR for KYC, the organization has eliminated the "OSV" manual burden, which previously placed the legal and fraud risk squarely on the field staff. Furthermore, a new Quick Eligibility Tool has been deployed as an early hook, requiring only 20 data points to provide an 80–85% accurate eligibility check, allowing executives to capture leads before competitors even begin documentation.

A critical component of this workflow is the "20-minute Base Offer." By leveraging 35 years of historical data, the system generates a definitive funding figure while the customer is still at the dealership. This empowers field executives to negotiate with authority, providing the dealer with the confirmation needed to move the asset.

MMFS shared that fully green cases can move from customer interaction to disbursement within a few hours, with remaining delays increasingly attributable to customers providing documents progressively or cases requiring physical verification. The transformation is particularly relevant at the dealership, where speed of decisioning can influence lender selection. MMFS now aims to provide a firm loan amount, rate and tenor while the customer is still at the point of sale, rather than merely providing an initial eligibility indication.

Exhibit 11: Digital + AI powered reach



Source: Company; MOFSL

Proprietary underwriting engine strengthens speed and decision quality

The BRE is the core decisioning layer behind the faster customer journey, with 13k+ rules covering policy, risk classification, deviation management and regulatory requirements. Rather than replacing underwriters, the system standardizes the initial decisioning process and allows human underwriters to focus on exceptions and negotiated cases. A key competitive element is the use of 30 years of proprietary repayment data. MMFS has converted this historical data into customer personas and scorecards, which are combined with real-time bureau and banking information.

This allows the company to assess certain new-to-credit customers even in the absence of a conventional bureau history. For example, customer attributes such as geography, landholding and crop mix can be mapped against historical repayment behavior to generate an initial offer. The digital journey is nevertheless not universal. Informal-income customers may still require physical business assessment, while customers seeking higher LTVs can trigger additional field verification. Management estimates ~85% of cases are processed within the targeted TAT, with the balance requiring additional checks because of limited bureau/banking information or other exceptions.

Field force enablement and data-science integration

Despite the digital surge, the field executive remains the primary decision-maker and the 'face' of Mahindra Finance. However, their role has been digitally augmented to ensure high productivity. A 'Day in the Life of Field Executive' study revealed that physical diaries were a significant bottleneck; these have been replaced by the M Tezz App, which creates 'Institutional Memory.' If an executive leaves the company, their cumulative knowledge- recorded via call transcripts and visit logs - stays with the organization.

To optimize the daily routine of executives managing 70 contracts (in Collections vertical) to 250 contracts (in Sales vertical; non-delinquent and early bucket) , the system provides:

- **Suggested Route Maps:** An AI-driven tool that plans visits based on borrower location and priority.
- **Promise to Pay (PTP) Tracking:** Real-time integration ensures that if a borrower promises a payment for a specific time, the route map automatically prioritizes that visit.
- **Risk Classification:** Borrowers are categorized into green, amber, or red segments.

The Data Science team (80–90 engineers) fuels this engine by segmenting the population into 40 equal bins of 2.5% population each. This granular analysis allows for risk-based pricing, where interest rates are dynamically adjusted based on the borrower's specific profile and Loan-to-Value (LTV) ratio, rather than a flat regional rate.

Technological infrastructure and human capital

The engine room of this transformation is the decision to insource technology. By building internal engineering hubs in Pune (Kalani Nagar) and Mumbai (Kurla), housing over 80 engineers, Mahindra Finance performs fortnightly feature releases to maintain agility.

The technical infrastructure is bolstered by:

- **Samur.AI:** An AI layer within the CPC that has reduced file processing from hours to just 7 minutes. Samur.AI system currently covers ~70% of new-loan volumes, versus ~20% in March and ~45% in 1QFY27. It performs document and data verification, including regional-language documents and highly variable dealer documentation, and provides a rationale when a case is flagged for human review.
- **Agricultural Surrogates:** In areas lacking traditional income documents, the system uses digitized land records, such as 7/12 extracts (specific to Maharashtra).
- **Public Data Integration:** Collaboration with the RBI Innovation Hub to utilize public platforms to fetch land and credit data automatically.

By integrating these localized insights with high-end data science, Mahindra Finance has successfully transitioned to a model where "High Tech" does not replace the human element but optimizes "High Touch" interactions, cementing its leadership in the rural vehicle financing ecosystem.

Collection transformation

Robust collections are the hidden secret to MMFS' ability to lend to profiles traditional banks avoid. The organization has achieved a **"**Digital Flip**,"** moving from 70% cash collections to 75-77% digital collections. Crucially, in newly sourced portfolios, e-mandate penetration has reached 85-90%, significantly lowering the cost of collection.

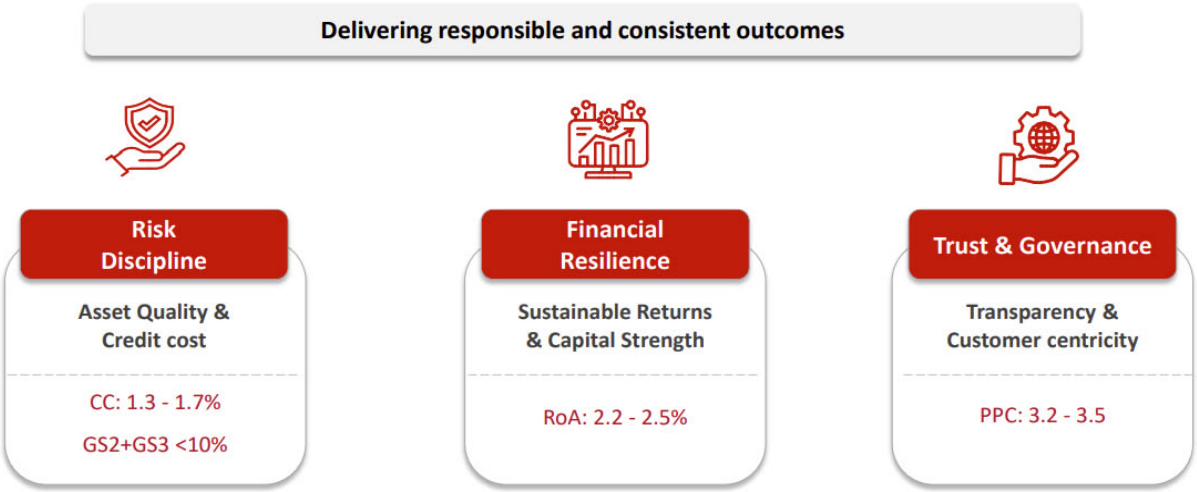
The collection vertical is organized into a tripartite structure:

- **Soft Bucket (0-30 DPD):** Managed by call centers and automated reminders.
- **Recovery Tractor Loan (RTL) (30–90 DPD):** Field-based recovery efforts.
- **Hard Recovery (90+ DPD/LPA):** Legal interventions and repossessions.

Operational efficiency is driven by two types of AI calling:

- **Centralized Agentic Calls:** Outbound calls to customers for education and payment reminders.
- **Executive Priority Calls:** An automated morning call to the field executive, informing them exactly which 5–6 high-value/high-probability contracts to prioritize that day.

Exhibit 12: Strong improvement in asset quality with GS2 + GS3 at multi-year low



Source: Company; MOFSL

Risk management, legal rigor, and repossession protocols

In NBFC lending, legal compliance is a strategic shield. MMFS utilizes a digitized trail to provide evidence of due diligence.

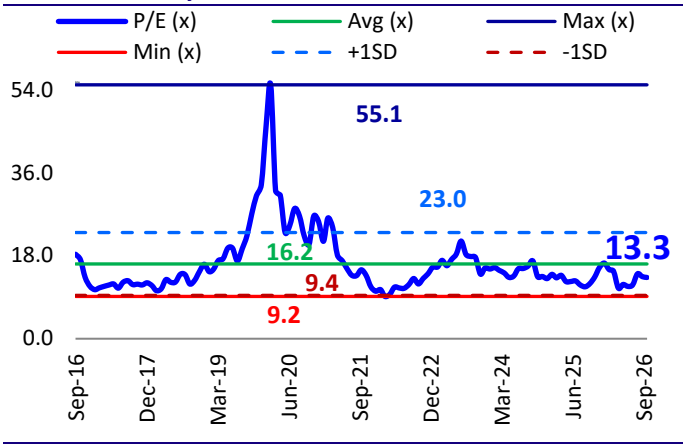
The repossession protocol

When a customer reaches significant delinquency (60+ days overdue), the **Loan Recall Notice (LRN)** process begins:

- **Notice Issuance:** A system-generated LRN is issued, creating an immutable digital trail.
- **Due Diligence:** Verification of repayment likelihood versus asset surrender.
- **Police Intimation:** Local authorities are notified with a full chronology of digital notices served.
- **Stockyard Registration:** Immediate logging of the asset and insurance activation.

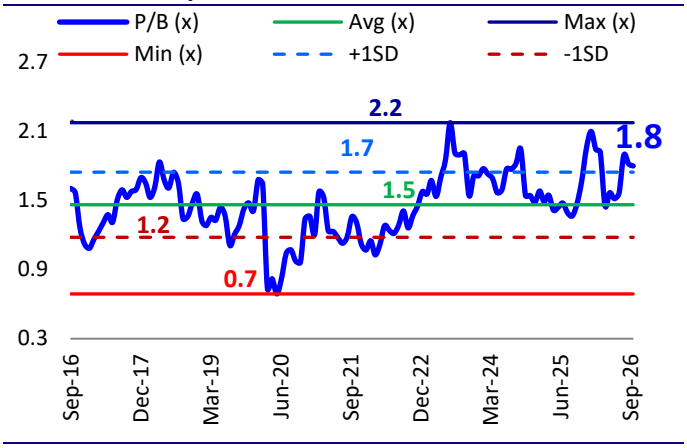
To ensure sourcing quality, an 'accountability loop' makes the business team responsible for the first 12 months of a loan. This ensures executives source meticulously, as they must personally handle any initial defaults. Furthermore, fraud is mitigated via **eKYC (Face Capture)** technology, which matches the borrower's face against UIDAI records in real-time, effectively eliminating identity fraud.

Exhibit 13: One-year forward P/E



Source: MOFSL, Company

Exhibit 14: One-year forward P/B



Source: MOFSL, Company

Exhibit 15: Du-pont

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	14.1	13.6	12.4	12.5	12.4	12.2	12.1	12.3	12.4
Interest Expended	6.8	6.3	5.1	5.3	6.1	6.3	5.9	5.9	6.0
Net Interest Income	**7.2**	**7.3**	**7.3**	**7.1**	**6.3**	**5.9**	**6.2**	**6.4**	**6.4**
Income from Securitisation	0.2	0.2	0.2	0.3	0.3	0.5	0.9	1.0	1.1
Net operating income	**7.5**	**7.5**	**7.5**	**7.4**	**6.6**	**6.5**	**7.1**	**7.4**	**7.5**
Other Income	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Net Income	**7.7**	**7.7**	**7.6**	**7.6**	**6.8**	**6.5**	**7.1**	**7.4**	**7.5**
Operating Expenses	2.9	2.2	2.7	3.2	2.8	2.7	2.7	2.8	2.8
Operating Income	**4.8**	**5.5**	**4.9**	**4.4**	**4.0**	**3.8**	**4.4**	**4.6**	**4.7**
Provisions/write offs	2.9	4.9	3.1	1.2	1.7	1.3	1.7	1.5	1.6
PBT	**1.9**	**0.6**	**1.8**	**3.2**	**2.2**	**2.5**	**2.7**	**3.1**	**3.2**
Tax	0.6	0.1	0.5	0.8	0.6	0.6	0.6	0.8	0.8
Reported PAT	**1.3**	**0.4**	**1.3**	**2.4**	**1.7**	**1.9**	**2.0**	**2.3**	**2.4**
Leverage	6.5	5.8	5.0	5.2	6.0	6.6	6.4	6.0	6.1
RoE	**8.3**	**2.6**	**6.5**	**12.5**	**10.0**	**12.4**	**13.0**	**13.9**	**14.5**

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	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
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)	**3.0**	**2.8**	**2.6**	**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)	**10.5**	**11.8**	**11.7**	**10.5**	**9.2**	**7.9**	**6.8**	**5.9**
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)	**130.5**	**44.3**	**22.1**	**24.9**	**18.7**	**17.7**	**13.6**	**11.8**
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**	**1.8**	**2.1**	**2.4**	**2.7**

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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