

Mahindra & Mahindra Financial

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR270 **TP: INR335 (+24%)** **Buy**

Operationally in line; earnings beat aided by provision release

NIM improves ~10bp QoQ; macro environment remains challenging

- Mahindra & Mahindra Financial (MMFS)'s 3QFY25 PAT grew ~62% YoY to ~INR9b (~31% beat). NII stood at INR19.1b (in line) and grew ~13% YoY. Other income rose ~60% YoY to ~INR1.9b, driven by healthy fee income.
- NIM (calc.) improved ~10bp QoQ to ~6.7%. Credit costs stood at ~INR91m, resulting in annualized credit costs of ~3bp (PQ: ~2.6% and PY: ~1.4%). Credit costs were benign, driven by the ECL provision release of INR4.3b in 3QFY25. Between Mar'21 and Jun'21, there was an addition of ~INR40b to the GS3 reference pool. MMFS demonstrated much better recoveries in this incremental pool, which resulted in lower LGDs in the ECL model.
- Management shared that disbursements in vehicle finance (particularly PVs and tractors) saw a positive momentum during the quarter, and it guided for mid-to-high-teen loan growth in FY26. We model loan growth of ~17% in FY25 and ~16% loan CAGR over FY24-FY27E.
- MMFS acknowledged that the macro environment is tough and that more efforts are being put into collections. Despite that, with focused efforts, the company managed to keep its asset quality largely stable with GS3 rising only ~10bp QoQ. It continued to guide for credit costs in the range of ~1.3%~1.5% in FY25. We estimate a ~29% PAT CAGR over FY24-FY27, with FY27E RoA/RoE of 2.3%/16%. **Reiterate BUY with an unchanged TP of INR335 (based on 1.7x Sep'26E BVPS).**
- **Key risks:** a) yield compression because of higher competitive intensity and a change in product mix, b) weakening of auto demand resulting in muted loan growth, and 3) volatility in PCR and credit costs continuing like earlier.

NIM expands ~10bp QoQ due to yield improvement & higher fee income

- Yields (calc.) rose ~20bp QoQ to ~14.4%, while CoF (calc.) rose ~10bp QoQ to 7.9%. This led to ~10bp expansion in spreads.
- NIM (calc.) improved ~10bp QoQ to ~6.7%. Management shared that NIM improvement over the medium to long term will come from a combination of asset diversification and improvement in fee income.
- The company guided a NIM of 6.5-6.7% in FY25 with a long-term target of ~7.0%. We expect the company's NIM to improve in a declining interest rate environment and estimate NIM to improve ~25bp in FY26 to ~7.0%.

Key takeaways from the management commentary

- Management shared that LGD reduction and PCR rationalization benefits have crystallized in the current quarter. Going forward, the Stage 3 PCR could exhibit a minor uptick but remain within the range of 51-54%. The company could also look at creating a management overlay in the future.
- Tier 1 stood at ~15% as of Dec'24. Management shared that the company will begin preparations to raise equity capital at an appropriate time.

Bloomberg	MMFS IN
Equity Shares (m)	1236
M.Cap.(INRb)/(USDb)	336.1 / 3.9
52-Week Range (INR)	343 / 246
1, 6, 12 Rel. Per (%)	5/0/-7
12M Avg Val (INR M)	954

Financials & valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
NII	82.7	100.4	117.2
PPP	48.7	62.5	74.5
PAT	24.6	30.2	38.0
EPS (INR)	19.9	24.5	30.8
EPS Gr. (%)	40	23	26
BV/Sh.(INR)	168	185	206
Ratios			
NIM (%)	6.7	7.0	7.0
C/I ratio (%)	41.1	37.7	36.4
RoA (%)	2.0	2.1	2.3
RoE (%)	12.3	13.9	15.8
Payout (%)	35.2	32.7	29.3
Valuations			
P/E (x)	13.6	11.0	8.8
P/BV (x)	1.6	1.5	1.3
Div. Yield (%)	2.6	3.0	3.3

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	52.2	52.2	52.2
DII	31.2	31.6	27.0
FII	10.5	10.3	12.8
Others	6.1	6.0	8.1

FII Includes depository receipts

- Within used vehicles, the LCV/HCV business is not growing, and replacement demand in this segment is muted. MMFS acknowledged that it could have executed better in its pre-owned vehicles segment.

Valuation and View

- MMFS exhibited improved disbursement momentum during the current quarter, supported by robust growth in vehicle financing, particularly in PVs and tractors, despite subdued performance in the CV segment. The company reported benign credit costs, aided by provision releases from lower provision cover (PCR) following its annual ECL model refresh.
- MMFS currently trades at 1.3x FY27E P/BV. Risk-reward is favorable for a PAT CAGR of ~29% over FY24-FY27E and RoA/RoE of 2.3%/16% in FY27E. **Reiterate BUY with an unchanged TP of INR335 (based on 1.7x Sep'26E BV).**

Quarterly Performance

Y/E March	FY24				FY25E				FY24	FY25E	3QFY25E	(INR m) v/s est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest income	30,349	31,535	33,733	35,471	36,122	37,448	39,572	41,127	1,31,088	1,54,268	39,059	1
Interest Expenses	14,505	15,665	16,750	17,351	18,286	19,343	20,459	21,095	64,269	79,182	20,271	1
NII	15,844	15,870	16,983	18,121	17,836	18,106	19,113	20,031	66,818	75,086	18,788	2
YoY Growth (%)	5.3	9.6	9.4	13.2	12.6	14.1	12.5	10.5	9.4	12.4	10.6	
Other income	905	870	1,172	1,590	1,480	1,802	1,872	2,423	4,537	7,577	2,034	-8
Net Total Income	16,750	16,740	18,155	19,710	19,316	19,908	20,985	22,454	71,355	82,663	20,822	1
YoY Growth (%)	6.9	8.7	10.1	14.4	15.3	18.9	15.6	13.9	10.1	15.8	14.7	
Operating Expenses	6,750	7,312	7,530	7,980	7,970	7,947	8,768	9,268	29,572	33,953	8,433	4
Operating Profit	10,000	9,428	10,625	11,730	11,345	11,961	12,217	13,186	41,783	48,709	12,388	-1
YoY Growth (%)	5.7	9.2	6.4	24.2	13.5	26.9	15.0	12.4	11.4	16.6	16.6	
Provisions	5,264	6,266	3,284	3,415	4,482	7,035	91	4,106	18,228	15,714	3,143	-97
Profit before Tax	4,735	3,163	7,341	8,315	6,864	4,927	12,126	9,080	23,555	32,996	9,245	31
Tax Provisions	1,209	811	1,813	2,126	1,734	1,232	3,131	2,317	5,959	8,414	2,357	33
Net Profit	3,527	2,352	5,528	6,190	5,130	3,695	8,995	6,763	17,596	24,582	6,888	31
YoY Growth (%)	58.2	-47.5	-12.1	-9.5	45.5	57.1	62.7	9.3	-11.3	39.7	24.6	
Key Operating Parameters (%)												
Yield on loans (Cal)	14.9	14.6	14.7	14.7	14.3	14.2	14.4		14.7	14.3		
Cost of funds (Cal)	7.5	7.6	7.8	7.8	7.8	7.8	7.9		8.0	8.0		
Spreads (Cal)	7.4	6.9	6.9	7.0	6.5	6.4	6.5		6.7	6.3		
Credit Cost (Cal)	~	2.8	1.4	1.4	1.7	2.6	0.03		2.0	1.4		
Cost to Income Ratio	40.3	43.7	41.48	40.49	41.3	39.9	41.8		41.4	41.1		
Tax Rate	25.5	25.6	24.7	25.6	25.3	25.0	25.8		25.3	25.5		
Balance Sheet Parameters												
Loans (INR B)	832	899	934	992	1028	1085	1116		992	1170		
Change YoY (%)	42.6	29.3	27.2	24.8	30.4	20.6	19.5		24.8	18.0		
Borrowings (INR B)	790	849	864	922	953	1032	1046		919	1081		
Change YoY (%)	43.6	26.0	21.9	23.1	30.7	21.6	21.0		22.6	17.6		
Loans/Borrowings (%)	105.4	106.0	108.0	107.6	107.8	105.1	106.7		108	108		
Debt/Equity (x)	4.5	5.0	4.9	5.1	5.1	5.6	5.5		4.8	5.2		
Asset Quality Parameters (%)												
GS 3 (INR B)	37.7	40.2	38.5	34.9	37.9	43.1	45.3		34.9	43.4		
Gross Stage 3 (% on Assets)	4.3	4.3	4.0	3.4	3.6	3.8	3.9		3.4	3.6		
NS 3 (INR B)	15.0	15.6	14.4	12.9	15.2	17.5	22.6		12.9	21.5		
Net Stage 3 (% on Assets)	1.8	1.7	1.5	1.3	1.5	1.6	2.0		1.3	1.8		
PCR (%)	66.9	61.2	62.7	63.2	73.5	59.5	50.1		63.2	50.5		
ECL (%)	4.0	4.0	3.8	3.3	3.3	3.5	3.0		3.8	3.1		
Return Ratios (%)												
ROAA	1.4	0.9	2.1	2.2	1.8	1.2	2.8		1.7	2.0		
ROAE	8.2	5.5	12.8	13.9	11.1	8.0	19.2		9.9	12.3		

E: MOFSL estimates

Disbursements grow ~7% YoY; AUM up ~19% YoY

- Business assets stood at ~INR1.15t, which grew ~19% YoY and ~2% QoQ. Management guided a mid-to-high-teen loan growth for FY26.
- Disbursements in 3QFY25 stood at ~INR165b, which grew ~7% YoY and ~25% QoQ. Disbursements in the current quarter have seen a positive momentum mainly on the back of PVs (+8% YoY) and tractors (+24% YoY). Disbursements were slow in the CV business (-5% YoY), while the LAP segment continues to pick up momentum. We model a loan CAGR of ~16% over FY24-27.

Minor deterioration in asset quality; PCR declines to ~50%

- Asset quality exhibited very minor deterioration, with GS3/NS3 increasing ~10bp/40bp QoQ to ~3.9%/2%. Stage 3 **PCR declined ~9pp QoQ to ~50% (PQ: 59.5%) aided by a reduction in LGD assumptions in the ECL model.**
- Stage 2 declined ~10bp QoQ to ~6.3%. This resulted in 30+dpd declining to ~10.2% (PQ: 10.3%).
- Management shared that there were no abnormal slippages in any one segment, and every product segment showed relative/proportionate slippages.
- MMFS reduced the PCR on Stage 2, which declined by ~150p QoQ to ~9.1%. Write-offs stood at ~INR4.5b (1.6% of TTM EAD). **Net slippages in Stage 3 were INR6.7b (PY: INR2.8b and PQ: INR8.2b).**
- We model credit costs (as % of assets) of 1.3%/1.5% for FY25E/26E.



Highlights from the management commentary

Guidance

- NIM guidance of 7.5% shared at FY22 end was aspirational in nature. MMFS re-calibrated its NIM expectations to 6.5-6.7% for FY25. It does expect NIM to improve if there are interest rate cuts. The long-range target of NIM is ~7%.
- Guided for opex between 2.5-2.7% and RoA of 1.8%-2.0% in FY25. Aspiration is to improve the RoA to 2.5% over the longer term.
- MMFS guided for mid-to-high teens Loan growth in FY26.
- PCR might marginally go up; Cash flows from better collections will dictate the levels of PCR. Does not expect any sharp increase in the PCR, given the CE it demonstrated in the subsequent quarters of the second COVID wave. PCR will be marginally increasing but will remain range-bound and much lower than the peak levels that it saw earlier. In a steady state, the PCR could be ~51-54%
- For the existing wheels businesses, the efficiency improvements will start kicking in. There will be some investments in the newer businesses and given the environment that it is in, there will be higher spending on collections. So the opex will likely remain in the corridor of 2.7%-2.8%.

Performance update

- Disbursements grew ~25% QoQ; 3Q has seen positive momentum in vehicle finance growth.
- SME disbursements were up 60% YoY
- NIM was up ~10bp QoQ to 6.6%, driven by expansion in yields and fee income, even as CoF continued to increase. MMFS is seeing a run-off of its lower-priced liabilities. CoF has moved up sequentially by ~10bp QoQ.
- Asset quality remains range-bound with GS3 at 3.93%. The environment has its set of challenges but it managed to keep its asset quality largely stable.
- Disbursement momentum in 3Q improved mainly on the back of PVs (+8% YoY) and Tractors (+24% YoY). Disbursals were slow in the CV business (-5% YoY). LAP business is coming at a good clip.
- PAT stood at INR9b and was up 63% YoY.

Strategic Updates

- MMFS feels that the movement towards Electric Vehicles (EVs) is a very positive move. It decided to actively participate in EV financing and has inked an exclusive partnership with M&M for financing of its new EV vehicles
- Inked Co-branded credit card partnership with RBL Bank
- Fast-Tag tie-up with IDFC Bank
- Received in principal approval from NPCI for the TPAP license

NIM

- Asset Diversification plan and Fee-based plan to get to those NIM aspirations - SME business and Mortgage business and Fee-based income.

Yield Improvement

- MMFS continues to optimize on incremental pricing in its Wheels portfolio. Product Mix change and Fee-based income have led to an expansion in the reported yields.

Disbursements and AUM growth

- CV business has seen prolonged stress in terms of not breaking out in terms of growth.
- This quarter has not seen very good growth in the used vehicles segment
- A large part of the growth in PV at the industry level is coming in the Prime segment and MMFS has limitations on how much prime business/customers it can target.

Asset quality

- GS3 was up ~10bp QoQ but down ~4bp YoY.
- Continued to look at levers that can keep the GS3 numbers under control.
- In 3QFY25, net slippages were higher YoY but net slippages were lower QoQ
- The macro environment is not as rosy as it was last fiscal year.
- In 2QFY25, there was a delay in the tractor collections; however, the situation improved in 3QFY25.
- MMFS operates across 3W, PV, CV (Light and small CV, bus), used CV and PV and there were no abnormal slippages in any one segment and every segment saw relative pain.
- If the company can stomach some overlay provisions, it will evaluate it at the right time. Management overlay provision was evaluated in this quarter as well but it did not want to add provisions on top of what the ECL model required.
- Stage 2 PCR has also declined ~150bp QoQ. LGD is common across all the Stages and Lower PD in Stage 2 would have led to the moderation in Stage 2 PCR.

Provision coverage, ECL model refresh, and macro environment

- Provision release of INR4.34b benefited from a decline in the LGD which led to the Stage 3 PCR declining from ~59% to ~50%
- Between Mar'21 and Jun'21 - there was an addition of ~INR40b to the GS3 reference pool. MMFS demonstrated much better recoveries in this incremental INR40b pool. This resulted in lower LGDs in the ECL model in 3QFY25.
- The probability of default (PD) in this environment will tend to trend up and LGD will be based on the collections that it has demonstrated over the last 42-month rolling period.
- The environment is such that it needs to make sure that the collection frontline is constantly on the job.
- Customer leverage is higher and there is a need to be constantly engaged with the end customer and keep a certain level of discipline in collections.
- ECL benefit has been crystallized in this quarter and it would like to operate in the credit cost range of 1.3-1.5%
- If the company can keep its GS3 numbers range-bound, then the provision requirement will not be very high. PD is not within the company's control in this macroeconomic environment.

- MMFS has a stated growth plan of 15-18%. If on an absolute basis, it can keep the Stage 3 numbers range-bound and also keeps the end-losses range-bound, then with another 20-30bp of ECL provisions, the company should be able to keep the credit cost between 1.3-1.5%
- PCR benefit from ECL Model refresh has been baked in this quarter itself
- PCR benefits have largely been demonstrated in the current quarter and there is a possibility that there could be a small uptick in PCR, going forward.

Capital adequacy and equity raise

- Tier 1 stood at ~15.1% and when the capital adequacy comes down to these levels, the company starts warming up and will raise equity capital at an appropriate time.

Strategic direction

- When it takes the call to diversify and build new business lines, they are all long-term initiatives and investments for an organization that is looking at a holistic financial services play in the future.
- On the choices it has made, some of them will consume opex in the near term and some of it will also have an impact on the margins. It has thought about how much it wants to keep on-book and off-book.
- Also got into co-lending and co-origination partnerships with lenders.

Pre-owned vehicles

- LCV/HCV business is not growing and replacement demand in this segment is muted.
- MMFS could have executed better on a pre-owned vehicle. The incremental sourcing of used PV/CV should be ~20% of the disbursement mix.
- Augmented the used CV team to bite a little bit more of the execution which is possible.

Long-range strategy

- Long-range strategy in Mortgage will be shared with the 4Q results.
- The company will host an analyst/investor day of sorts after 4Q results where it will give a detailed walkthrough of its long-range strategy in its different product segments, digital and AI strategy.

Talent pipeline

- Strengthened Senior Management - Pradeep Agrawal (currently CFO of Aditya Birla Finance) has been appointed as the CFO. He will join MMFS on 5th Mar'25.
- The company has also appointed a marketing head.
- > 4000 Mahindra Finance employees certified for selling Insurance

Tech and digital

- ~40% of the applications have been moved to the cloud.

Opex

- Achieved TAT < 4 Hrs for ~97% of loan disbursement cases with CPC

- CPC coverage increased across — all back-end activities, post-disbursement, NOC, etc.

GRC

- Product-wise collections vertical has been formed.
- An Early Warning System (EWS) for Fraud & Credit risk management has gone Live.
- Strengthened risk guardrails through the implementation of a Machine Learning Scorecard.

MRHFL - Mahindra Rural Housing

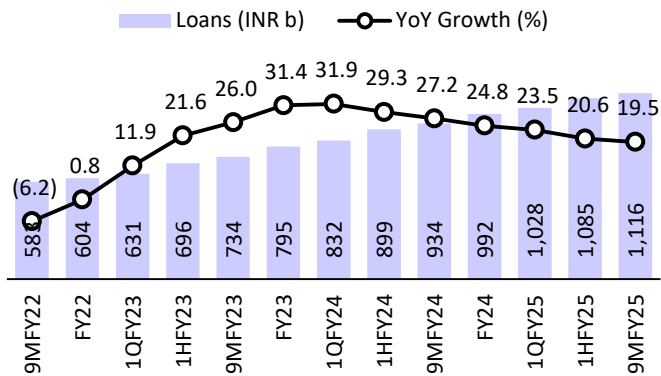
- Plans to clean its rural housing book and wants to get to reasonable asset quality.
- A senior resource was on-boarded from Bajaj Housing and has now been deputed full-time to MRHFL.
- Looking at right-sizing the organization (MRHFL) and working to make sure that the asset quality reaches a desirable level.
- There are no aggressive growth plans in MRHFL and it remains adequately capitalized.

Others

- Branches serve for incremental revenues in the future. Some hybrid branches operate out of dealerships. These branches will attract some opex/capex and that is baked into the opex guidance.
- Re-configured the collection team to be product-specific now.
- Rates of new vehicles have been going up and it has not seen any huge drops in the prices of used vehicles.
- Prices in the used PVs have remained largely stable. As discounts are being offered on new vehicles, there could be some rub-off effect on used PVs. Prices of used CVs and tractors continue to remain stable.
- Management refrained from giving guidance on how the LGD will move in the foreseeable future.

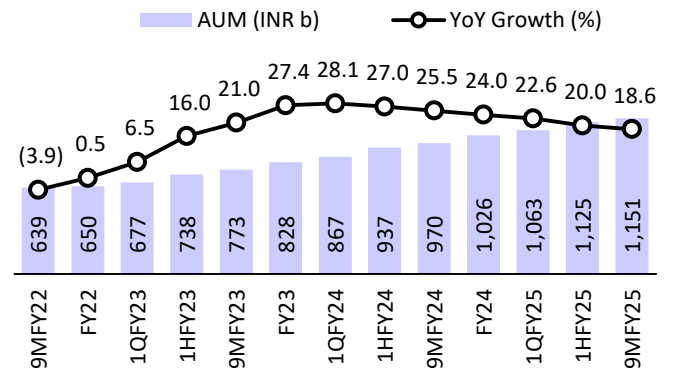
Key exhibits

Exhibit 1: On-book loans grew ~20% YoY



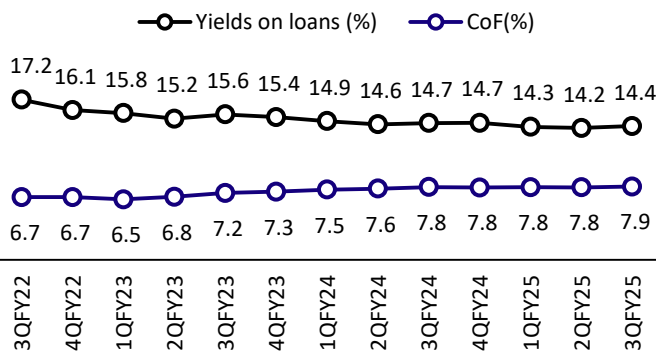
Source: MOFSL, Company

Exhibit 2: Business assets grew ~19% YoY



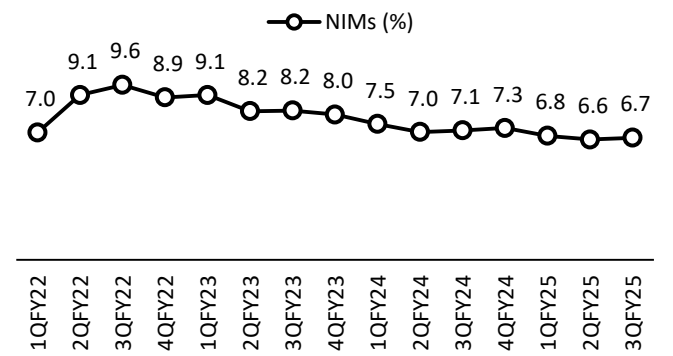
Source: MOFSL, Company

Exhibit 3: CoF (calc.) rose ~10bp QoQ



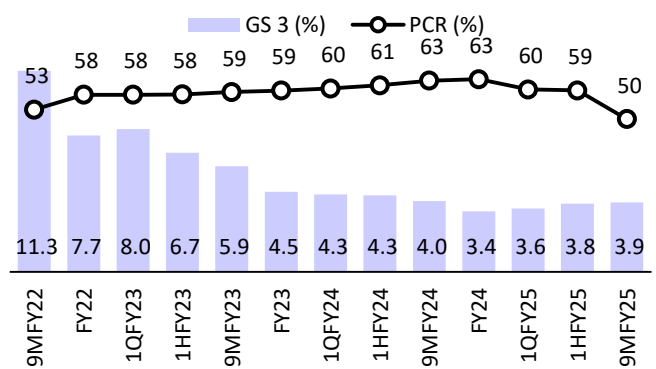
Source: MOFSL, Company

Exhibit 4: NIMs (calc.) rose ~10bp QoQ to 6.7%



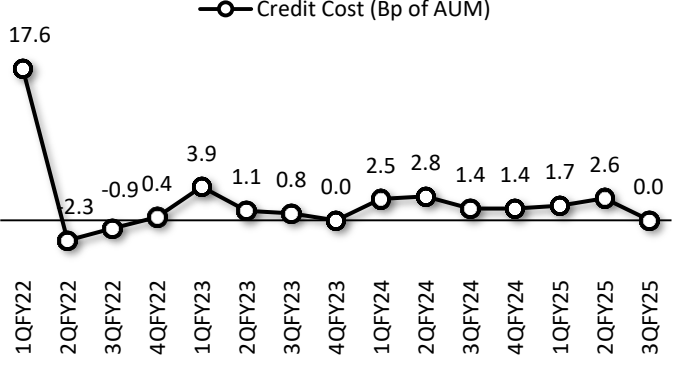
Source: MOFSL, Company

Exhibit 5: GS3 deteriorated ~10bp QoQ



Source: MOFSL, Company

Exhibit 6: Annualized credit costs were negligible



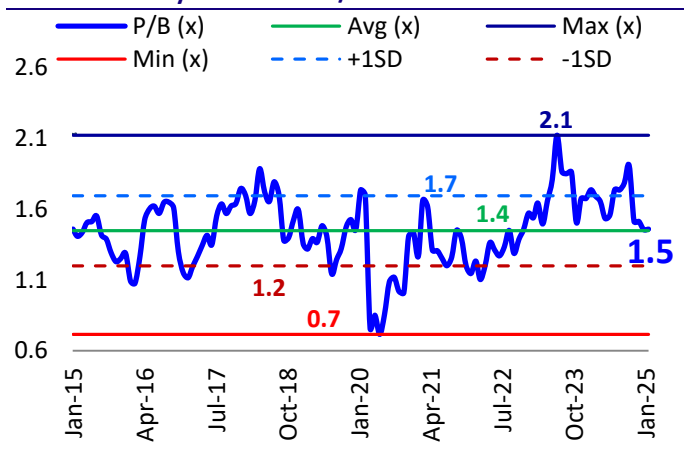
Source: MOFSL, Company

Exhibit 7: Our EPS estimates are broadly unchanged

INR B	Old Est			New Est			% Change		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
NII (incl. Sec. Inc)	80.9	97.5	114.3	81.6	99.0	115.6	0.8	1.6	1.1
Other Income	1.6	2.0	2.3	1.1	1.3	1.6	-32.0	-32.0	-32.0
Total Income	82.5	99.5	116.7	82.7	100.4	117.2	0.2	0.9	0.4
Operating Expenses	33.0	36.8	41.5	34.0	37.9	42.6	3.0	2.9	2.7
Operating Profits	49.6	62.6	75.2	48.7	62.5	74.5	-1.7	-0.2	-0.8
Provisions	17.2	21.0	22.8	15.7	21.9	23.5	-8.6	4.1	2.8
PBT	32.4	41.6	52.3	33.0	40.6	51.1	2.0	-2.4	-2.4
Tax	8.3	10.6	13.3	8.4	10.4	13.0	2.0	-2.4	-2.4
PAT	24.1	31.0	39.0	24.6	30.2	38.0	2.0	-2.4	-2.4
Loans	1,167	1,339	1,523	1,170	1,347	1,542	0.2	0.6	1.2
Borrowings	1,078	1,241	1,411	1,081	1,248	1,431	0.2	0.6	1.4
Margins	6.7	7.0	7.1	6.7	7.0	7.0	0.3	0.2	-1.3
Credit Cost	1.5	1.6	1.5	1.4	1.7	1.6	-8.6	3.9	2.0
RoA on AUM	1.9	2.1	2.4	2.0	2.1	2.3	1.9	-2.7	-3.0
RoE	12.1	14.1	15.9	12.3	13.9	15.8	2.1	-1.7	-1.0

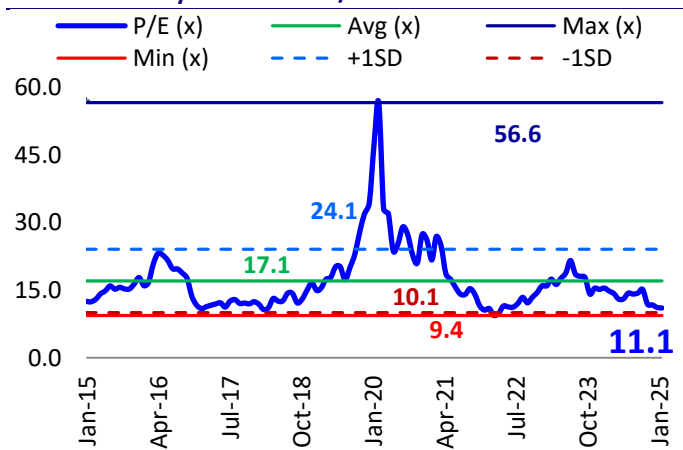
Source: MOFSL, Company

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	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	86,146	99,417	1,02,670	94,756	1,06,826	1,31,088	1,54,268	1,79,973	2,05,127
Interest Expended	39,446	48,287	47,332	39,202	45,767	64,269	79,182	89,659	1,00,459
Net Interest Income	46,700	51,130	55,338	55,554	61,059	66,818	75,086	90,314	1,04,668
Change (%)	33.3	9.5	8.2	0.4	9.9	9.4	12.4	20.3	15.9
Other Operating Income	1,084	1,561	1,283	1,824	2,462	2,954	6,469	8,733	10,916
Other Income	869	1,473	1,277	608	1,273	1,583	1,108	1,330	1,595
Net Income	48,653	54,164	57,897	57,986	64,794	71,355	82,663	1,00,376	1,17,179
Change (%)	35.0	11.3	6.9	0.2	11.7	10.1	15.8	21.4	16.7
Operating Expenses	18,476	20,182	16,325	20,734	27,276	29,572	33,953	37,868	42,643
Operating Profits	30,177	33,982	41,573	37,252	37,518	41,783	48,709	62,509	74,536
Change (%)	39.1	12.6	22.3	-10.4	0.7	11.4	16.6	28.3	19.2
Provisions	6,352	20,545	37,348	23,683	9,992	18,228	15,714	21,911	23,482
PBT	23,824	13,438	4,224	13,569	27,526	23,555	32,996	40,598	51,054
Tax	8,254	4,374	873	3,682	7,138	5,959	8,414	10,352	13,019
Tax Rate (%)	34.6	32.5	20.7	27.1	25.9	25.3	25.5	25.5	25.5
PAT	15,571	9,064	3,352	9,888	19,843	17,596	24,582	30,245	38,035
Change (%)	54.0	-41.8	-63.0	195.0	100.7	-11.3	39.7	23.0	25.8
Proposed Dividend (Incl Tax)	4,779	0	986	4,439	7,402	7,777	8,641	9,890	11,144

Balance Sheet

	INR m								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	1,230	1,231	2,464	2,466	2,467	2,469	2,469	2,469	2,469
Reserves & Surplus (Ex OCI)	1,03,072	1,12,408	1,43,666	1,49,376	1,61,020	1,89,087	2,05,028	2,25,383	2,52,274
Net Worth	1,04,221	1,13,558	1,46,049	1,51,761	1,63,488	1,91,556	2,07,497	2,27,852	2,54,743
Other Comprehensive Income	81	81	81	81	81	81	81	81	81
Net Worth	1,04,302	1,13,639	1,46,130	1,51,842	1,63,568	1,91,637	2,07,578	2,27,933	2,54,824
Change (%)	11.8	9.0	28.6	3.9	7.7	17.2	8.3	9.8	11.8
Borrowings	5,28,469	5,94,623	5,85,767	5,58,139	7,49,459	9,19,052	10,80,504	12,48,305	14,30,604
Change (%)	31.8	12.5	-1.5	-4.7	34.3	22.6	17.6	15.5	14.6
Other liabilities	38,009	32,451	38,469	42,906	49,219	55,542	61,652	68,434	75,961
Total Liabilities	6,70,780	7,40,712	7,70,365	7,52,887	9,62,166	11,66,150	13,49,653	15,44,591	17,61,309
Investments	37,917	59,110	1,16,073	84,403	99,886	96,508	1,08,089	1,21,060	1,35,587
Change (%)	38.7	55.9	96.4	-27.3	18.3	-3.4	12.0	12.0	12.0
Loans and Advances	6,12,496	6,49,935	5,99,474	6,04,446	7,94,547	9,91,952	11,70,185	13,46,921	15,42,191
Change (%)	26.2	6.1	-7.8	0.8	31.5	24.8	18.0	15.1	14.5
Other assets	20,367	31,668	54,818	64,038	67,732	64,491	71,378	76,610	83,530
Total Assets	6,70,780	7,40,712	7,70,365	7,52,887	9,62,165	11,52,951	13,49,653	15,44,591	17,61,309

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Spreads Analysis (%)									
Yield on Portfolio	15.7	15.8	16.4	15.7	15.3	14.7	14.3	14.3	14.2
Cost of Borrowings	8.5	8.6	8.0	6.9	7.0	8.0	8.0	8.0	8.0
Interest Spread	7.2	7.2	8.4	8.9	8.3	6.7	6.3	6.3	6.2
Net Interest Margin	8.1	7.8	8.3	8.6	8.3	7.2	6.7	7.0	7.0
Profitability Ratios (%)									
Cost/Income	38.0	37.3	28.2	35.8	42.1	41.4	41.1	37.7	36.4
Empl. Cost/Op. Exps.	59.0	56.9	62.2	56.5	58.1	57.9	56.5	56.7	56.9
RoE	15.8	8.3	2.6	6.6	12.6	9.9	12.3	13.9	15.8
RoA	2.6	1.3	0.4	1.3	2.3	1.7	2.0	2.1	2.3
Asset Quality (%)									
GNPA	40,706	57,467	57,857	49,760	37,168	34,910	43,362	51,456	60,813
NNPA	32,907	39,665	24,339	20,860	15,071	12,860	21,464	24,699	27,974
GNPA %	6.4	8.4	9.0	7.7	4.5	3.4	3.6	3.7	3.8
NNPA %	5.3	6.0	4.1	3.5	1.9	1.3	1.8	1.8	1.8
PCR %	19.2	31.0	57.9	58.1	59.5	63.2	50.5	52.0	54.0
Total Provisions/loans %	3.4	4.9	7.4	7.5	4.7	3.8	3.1	3.2	3.4
Capitalisation (%)									
CAR	20.3	19.6	26.0	27.8	22.5	18.9	17.0	16.1	15.7
Tier I	15.5	15.4	22.2	24.3	19.9	16.4	15.1	14.7	14.5
Tier II	4.8	4.2	3.8	3.5	2.7	2.5	1.9	1.5	1.2
Average Leverage on Assets (x)	6.1	6.5	5.8	5.1	5.4	6.0	6.3	6.6	6.9
Valuation									
Book Value (INR)	169	185	119	123	133	155	168	185	206
BV Growth (%)	11.7	8.9	-35.8	3.8	7.7	17.1	8.3	9.8	11.8
Price-BV (x)	1.6	1.5	2.3	2.2	2.0	1.7	1.6	1.5	1.3
Adjusted BV (INR)	132	136	104	110	123	148	156	171	191
Price-ABV (x)	2.0	2.0	2.6	2.4	2.2	1.8	1.7	1.6	1.4
OPS (INR)	49.1	55.2	33.7	30.2	30.4	33.8	39.5	50.6	60.4
OPS Growth (%)	39.0	12.5	-38.9	-10.5	0.7	11.3	16.6	28.3	19.2
Price-OP (x)	5.5	4.9	8.0	8.9	8.9	8.0	6.8	5.3	4.5
EPS (INR)	25.3	14.7	2.7	8.0	16.1	14.3	19.9	24.5	30.8
EPS Growth (%)	53.9	-41.8	-81.5	194.8	100.6	-11.4	39.7	23.0	25.8
Price-Earnings (x)	10.7	18.3	99.3	33.7	16.8	18.9	13.6	11.0	8.8
Dividend	6.5	0.0	0.8	3.6	6.0	6.3	7.0	8.0	9.0
Dividend Yield (%)	2.4	0.0	0.3	1.3	2.2	2.3	2.6	3.0	3.3

E: MOFSL Estimates

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