

Fusion Microfinance

Estimate change	↓
TP change	↓
Rating change	↔

CMP: INR169 **TP: INR175 (+4%)** **Neutral**

Weak performance; front-loading stress for a cleaner FY26

Annualized credit costs at ~23%; reported NIM contracts ~260bp QoQ

Bloomberg	FUSION IN
Equity Shares (m)	101
M.Cap.(INRb)/(USD\$b)	17 / 0.2
52-Week Range (INR)	572 / 150
1, 6, 12 Rel. Per (%)	-2/-40/-76
12M Avg Val (INR M)	139

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Total Income	15.4	14.3	17.5
PPP	7.4	5.4	7.7
PAT	-12.0	2.1	3.6
EPS (INR)	-96	16	29
EPS Gr. (%)	-	-	76
BV (INR)	163	179	208

Valuations

NIM (%)	13.8	12.6	13.5
C/I ratio (%)	51.7	62.5	56.2
RoAA (%)	-11.5	2.1	3.2
RoE (%)	-49.2	9.6	14.9

Valuations

P/E (x)	-	10.4	5.9
P/BV (x)	1.0	0.9	0.8

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	57.7	57.7	57.7
DII	18.1	19.2	22.8
FII/FIIFII	0.9	3.2	7.2
Others	23.2	19.9	12.3

FII includes depository receipts

- Fusion reported a net loss of ~INR7.2b in 3QFY25 (vs. MOFSLe loss of INR2b), as NIM contracted due to interest income reversals and the reversal of all net Deferred Tax Assets (DTA) to date. At the normalized tax rate, Fusion would have reported a lower loss of ~INR3.8b.
- NII declined ~34% YoY to ~INR2.2b (~39% miss), while PPop declined ~75% YoY to ~INR648b. The cost-to-income ratio was elevated at ~76% (PQ: ~40% and PY: ~37%).
- Net credit costs stood at ~INR5.7b. Annualized credit costs in 3QFY25 stood at ~23% (PQ: ~26%).
- Disbursements declined ~57% QoQ to ~INR11.7b. AUM declined ~9% QoQ to ~INR106b. We cut our FY26/FY27 EPS estimates by ~33%/30% to factor in lower AUM growth and NIM contraction. We estimate an AUM CAGR of ~3% and a PAT CAGR of ~-11% over FY24-FY27, along with an RoA/RoE of ~3.2%/15% in FY27.
- Fusion has obtained covenant waivers for ~80% of its borrowings. Further, the company is in discussions with other lenders and is confident that there will be no demand for immediate repayments from them.
- **Regarding its announced Rights Issue**, Fusion has received approval from BSE/NSE and is now awaiting SEBI's clearance. SEBI has raised a few queries, but the company expects to receive approval soon. The Rights Issue is pending final regulatory approval.
- We will keenly monitor the asset quality stress unfolding in the sector. Fusion is seeing early green shoots of recovery and remains highly focused on collections. The company will wait another 1-2 quarters before pursuing growth, as certain regions like TN and Odisha have not yet completely recovered.
- While the improvement in collections indicates early signs of recovery, we need to monitor trends over the next 3-4 months before confidently concluding that this is indeed a trend reversal. With no other near-term catalysts, we reiterate our **Neutral rating with a revised TP of INR175 (based on 0.9x Sep'26E P/BV)**.

Sharp deterioration in asset quality; annualized credit costs at 23%

- GS3 rose ~320bp to ~12.6%, while NS3 declined ~70bp QoQ to 1.8%. Stage 2 rose ~35bp QoQ to 4.2%. The company increased the PCR across all Stage 1, 2, and 3 loans, resulting in ECL/EAD (incl. management overlay of ~INR595m) of ~16.4% (PQ: ~11%).
- Fusion + >=4 borrowers declined to 8.8% (vs. ~9.7% in 2QFY25). Fusion has built a superior quality portfolio since Aug'24 and has seen meaningful de-leveraging within its customer segment.
- Write-offs for the quarter stood at ~INR1.6b (PQ: INR2b). The collection efficiency of the current portfolio stood at ~97.7% in Dec'24 (higher than ~96.1% in 2QFY25). Annualized credit costs in 3QFY25 stood at ~23% (PY: ~4% and PQ: ~26%). We model credit costs of 21%/3.0%/2.9% for FY25/FY26/FY27, respectively.

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Yields decline ~6pp QoQ; reported NIMs contract ~260bp QoQ

- Yields (calc.) declined ~6pp QoQ to ~17.7%, while CoF (calc.) rose ~50bp QoQ to ~10.7%. This led to a ~640bp QoQ decline in spreads to ~7%.
- Reported NIMs contracted ~260bp QoQ to 8.9%, driven by the reversal of interest income from written-off loans and the non-recognition of interest income on Stage 3 assets.
- Marginal CoB rose ~120bp QoQ at ~11.3%. We model NIMs of 12.6%/13.5% in FY26/FY27.

Active borrower base declines; branch expansion continues

- The borrower base declined to 3.65m as of Dec'24 (down from 3.85m as of Sep'24). Fusion added 43 branches in the quarter and now has a presence across 22 states (including three UTs) with a total branch count of 1,506.
- Capital adequacy stood at ~22.2% as of Dec'24 (vs. 24.4% as of Sep'24).

Highlights from the management commentary

- Fusion has built a superior quality portfolio since Aug'24 and has seen meaningful de-leveraging within its customer segment. **While there are still flows into 0+ dpd, they have declined.**
- **Karnataka Ordinance:** The ordinance explicitly states that it will not be applicable to lending institutions registered with the RBI. However, there are still elements attempting to exploit the situation and disrupt operations, even for registered entities.

Valuation and view

- The macroeconomic environment has intensified asset quality stress in the MFI sector in 3QFY25. While we are closely monitoring the situation, we believe that the situation is not merely transitory and that recovery is still distant ([refer to our detailed sector note](#)). Over-leveraging of customer cohorts typically manifests itself in asset quality stress over longer periods. We expect it will take another two quarters for the company to resume loan growth and stabilize elevated credit costs at relatively lower levels (than what they are today).
- Fusion, in our view, can deliver an AUM CAGR of ~3% and PAT CAGR of ~-11% over FY24-FY27E. We estimate an RoA/RoE of ~3.2%/15% in FY27. **We reiterate our Neutral rating on the stock with a revised TP of INR175 (based on 0.9x Sep'26E P/BV).**

Fusion: Quarterly Performance

(INR M)

Y/E March	FY24				FY25				FY24	FY25E	3QFY25E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	4,790	4,968	5,400	5,761	6,213	6,261	4,382	4,471	20,919	21,327	5,854	-25
Interest Expenses	1,835	1,910	2,015	2,149	2,234	2,274	2,137	1,901	7,908	8,546	2,146	0
Net Interest Income	2,955	3,058	3,386	3,612	3,979	3,987	2,245	2,570	13,011	12,781	3,708	-39
YoY Growth (%)	58.7	26.1	34.2	30.6	34.6	30.4	-33.7	-28.8	35.9	-1.8	10	
Other Income	738	745	732	991	854	776	443	570	3,205	2,643	808	-45
Total Income	3,693	3,803	4,118	4,603	4,833	4,764	2,688	3,140	16,216	15,425	4,516	-40
YoY Growth (%)	70.0	28.9	38.0	32.8	30.9	25.3	-34.7	-31.8	40.1	-4.9	10	
Operating Expenses	1,339	1,385	1,515	1,696	1,855	1,925	2,041	2,154	5,935	7,975	1,979	3
Operating Profit	2,354	2,418	2,603	2,907	2,978	2,838	648	986	10,281	7,450	2,537	-74
YoY Growth (%)	95.8	29.1	41.6	31.5	26.5	17.4	-75.1	-66.1	44.3	-27.5	-3	
Provisions & Loan Losses	759	762	938	1,190	3,485	6,941	5,723	2,985	3,649	19,133	5,275	8
Profit before Tax	1,595	1,656	1,665	1,717	-507	-4,102	-5,075	-1,999	6,633	-11,683	-2,738	85
Tax Provisions	390	399	401	390	-151	-1,052	2,118	-553	1,580	362	-687	-408
Net Profit	1,205	1,257	1,265	1,327	-356	-3,050	-7,193	-1,445	5,053	-12,045	-2,050	-
YoY Growth (%)	60	32	23	16	-130	-343	-669	-209	31	-338.4	-262	
Key Parameters (%)												
Yield on loans	21.5	21.7	21.9	21.8	21.7	21.5	20.9					
Cost of funds	10.6	10.6	10.4	10.2	10.1	10.1	10.3					
Spread	10.9	11.1	11.5	11.6	11.6	11.4	10.6					
NIM	10.9	11.1	11.5	11.6	11.6	11.5	8.9					
Credit cost	0.8	0.79	1.00	1.2	3.28	6.55	5.70					
Cost to Income Ratio (%)	36.3	36.4	36.8	36.8	38.4	40.4	75.9					
Tax Rate (%)	24.5	24.1	24.1	22.7	29.8	25.6	-41.7					
Performance ratios (%)												
Avg o/s per borrower (INR '000)	26	26	27	29	30	29	27					
AUM/ RO (INR m)	14.0	14.0	13.0	13.0	1.2	1.1	1.1					
AUM/ Branch (INR m)	91	88	9	9	9	8	7					
Borrower/ Branch (INR m)	3,513	3,381	3,260	3,204	3,017	2,805	2,590					
Balance Sheet Parameters												
AUM (INR B)	97.1	100.3	106.9	114.8	121.9	115.7	106.0					
Change YoY (%)	31.4	24.6	23.6	23.5	25.5	15.4	-0.9					
Disbursements (INR B)	22.8	23.4	27.1	29.5	29.9	16.6	11.7					
Change YoY (%)	15.2	14.2	24.0	24.4	30.7	-29.1	-56.9					
Borrowings (INR B)	71.9	75.3	80.2	86.2	91.2	86.4	73.1					
Change YoY (%)	19.6	15.0	22.7	27.1	26.9	14.8	-8.9					
Borrowings/Loans (%)	85.5	86.6	85.8	86.6	89.0	94.6	92.3					
Debt/Equity (x)	2.9	2.9	3.0	3.0	3.2	3.4	4.0					
Asset Quality (%)												
GS 3 (INR M)	2,790	2,411	2,939	2,973	5,952	9,672	11,920					
G3 %	3.2	2.7	3.0	2.9	5.5	9.4	12.6					
NS 3 (INR M)	664	569	730	603	1,301	2,302	1,450					
NS3 %	0.8	0.65	0.78	0.61	1.27	2.52	1.83					
PCR (%)	76.2	76.4	75.2	79.7	78.1	76.2	87.8					
ECL (%)	3.8	3.3	3.2	3.4	5.9	11.1	16.4					
Return Ratios - YTD (%)												
ROA (Rep)	5.0	4.9	4.7	4.6	-1.2	-10.3	-27.6					
ROE (Rep)	20.2	20.0	19.1	19.1	-5.0	-45.7	-132.9					

E: MOFSL Estimates



Highlights from the management commentary

Outlook

- Going forward, with the implementation of MFIN guardrails, customers may experience a liquidity squeeze in the short term, but it will strengthen the industry.
- Fusion is seeing early green shoots but remains cautiously optimistic.
- Overall customer leverage is decreasing. Fusion will maintain a strong focus on collections. It will take another 1-2 quarters before actively pursuing growth, and by then, the team will be fully settled.
- The company is confident that the steps taken to arrest flows are now yielding results, with green shoots visible. New sourcing has been strong since Aug'24, but it will take another 2-3 months to form a firmer opinion. Certain geographies like TN and Odisha have not yet completely recovered.

Rights issue

- BSE/NSE approval has been received, and the company is now awaiting SEBI Approval. There were a few queries from SEBI but the company expects to receive approval soon. Only regulatory approvals are pending.
- The first tranche of ~INR4b will be followed by a subsequent tranche of ~INR4b.
- There is no hesitancy from the promoters in subscribing to the Rights Issue.
- The delay in the Rights Issue is not related to the appointment of the new CEO.

Asset quality and collections

- Over the last three months, Fusion has been seeing consistent improvement in flow rates.
- The current bucket CE stood at 97.7% in Jan'25, compared to 96.1% in 2QFY25
- Interest on Stage 3 loans has not been recognized, and all DTAs have been prudently reversed. DTA is a non-cash item and does not impact the CRAR or cash flows.
- Fusion took ECL provisions of INR5.72b in 3QFY25. PCR stood at 88% (including a management overlay of INR600m).
- Most of the pain has been absorbed, and the situation in the MFI sector is evolving. The company is taking stock of the situation, with the aim of addressing all issues within this financial year. It has increased the PCR across its Stage 3 loans.
- Overall PAR 0 is at 90%. There are still flows into 0+ dpd, but they have declined.
- Around 15-20% of customers have either migrated or changed their numbers, making it challenging to reach them.
- Tamil Nadu and Odisha are still lagging behind other states in terms of collections.
- For the entire Stage 3, interest income reversals have been completed for 9MFY25. When these Stage 3 loans are written off, only the remaining ~12% (since the PCR is 88%) will have to be provided for, and the loans can then be written off.

Liquidity position

- Liquidity position has been further enhanced in 4QFY25 with ~INR4b more liquidity raised in 4QFY25-YTD.
- In 3QFY25, the company raised INR3.95b (including INR950m of direct assignments). In 9MFY25, it raised INR44.5b.
- Liquidity stood at INR11b as of Dec'24. Total liquidity stood at ~INR14b to date.
- As of Dec'24, there was a breach on borrowings worth INR52.88b, and the company has received waivers for INR41.45b, covering 3Q and 4Q.
- Average CoF stood at 10.21% and declined 31bp YoY.

Covenant breaches and waivers

- The company has successfully obtained covenant waivers from majority of the lenders for the breaches.
- Only ~INR9.39b of borrowings (10.84% of total borrowings) remain where waivers are still needed. The company is in discussion with other lenders and remains confident that there will be no demand for immediate repayments.
- Waivers for the breaches have been granted for 3Q and 4Q. Auditors have highlighted the going-concern issue, and the company has prudently reversed the DTA. Once the company becomes profitable again, it will be able to start recognizing the DTA.

Factors behind sharp NIM contraction

- 9MFY25 NIM stood at 10.66%, impacted by interest income reversals due to write-offs and the non-recognition of interest income on Stage 3 assets.
- The company de-recognized interest income of INR950m-980m due to reversals on Stage 3 and write-offs. Over the last six months, the portfolio has contracted, leading to lower interest income accretion.
- As a prudent practice, the company has completed the de-recognition of interest for all loans that slipped into Stage 3 during 9MFY25.

Business updates

- Fusion is following stringent credit criteria that are tighter than the MFIN guardrails.
- It has built a superior quality portfolio since Aug'24 and has seen meaningful de-leveraging within its customer segment.
- ~50% of its customers have MFI loans above INR60K.

Measures to stem attrition

- The load of the field officers has been reduced (from 550 customers per field officer, it has now come down to 400).
- Incentive structures have been changed, with no targets set for the first three months for new joiners and fixed incentives now being provided.
- Attrition was notably high in Jul/Aug'24. Although it has decreased, it remains elevated.
- Significant efforts are needed to retain field officers, given the challenging environment.

Karnataka ordinance and MFI situation

- SRO and MFIN have been working very closely with the Karnataka government.
- While the ordinance explicitly states that it will not be applicable to lending institutions registered with the RBI, there are still elements attempting to exploit the situation and disrupt operations, even for registered entities.
- Fusion is cautious in Karnataka and is closely watching the situation.

Recoveries from written-off pool

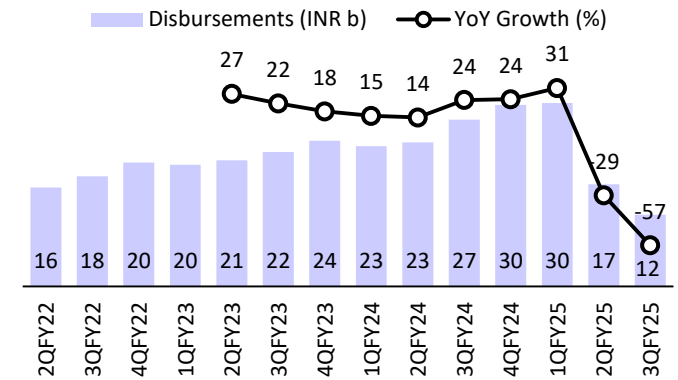
- Historically, Fusion has been able to recover 5-6% from the written-off pool. Fusion recovered INR270m in FY24 and INR120m in 9MFY25.
- Since Nov/Dec'24, the company has set up a separate team for collections from the written-off pool.

Others

- Punjab has started performing well over the last 8-9 months. Fusion is considering starting a business in some branches and onboarding new customers.
- In 1QFY25, Fusion was the first to highlight that flow rates had begun to rise unusually.

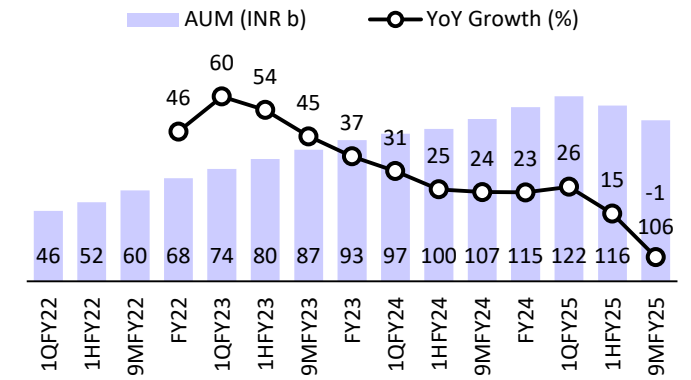
Story in charts

Exhibit 1: Disbursements declined 57% YoY...



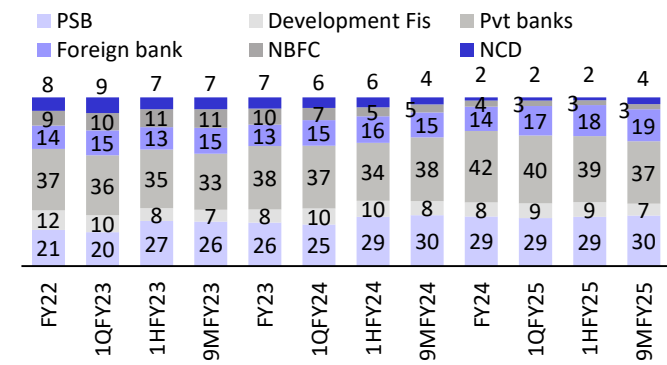
Source: MOFSL, Company

Exhibit 2: ...leading to a decline of ~8% QoQ in AUM



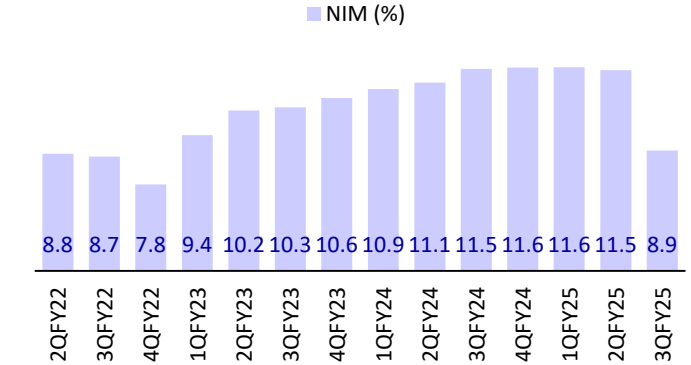
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)



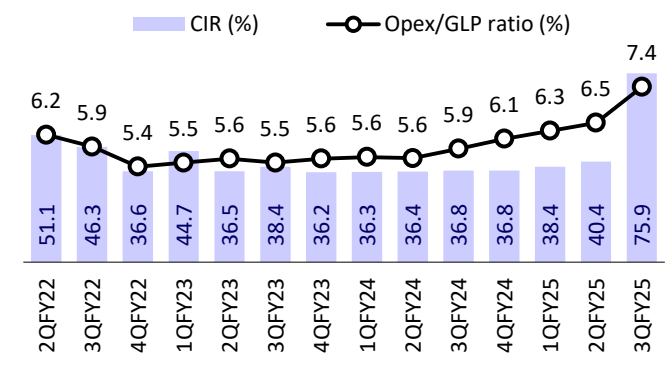
Source: MOFSL, Company

Exhibit 4: Reported NIMs contracted ~260bp QoQ (%)



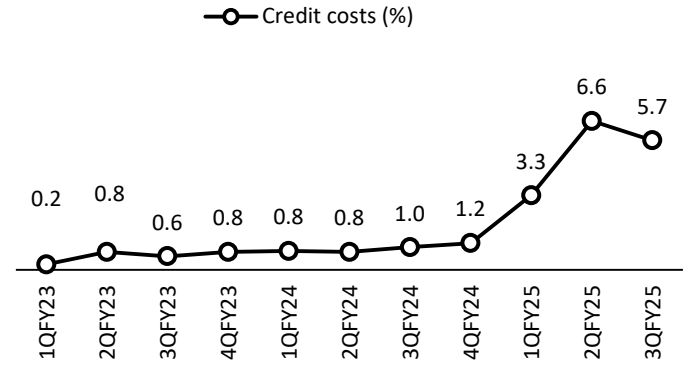
Source: MOFSL, Company

Exhibit 5: Opex/AUM rose ~90bp QoQ (%)



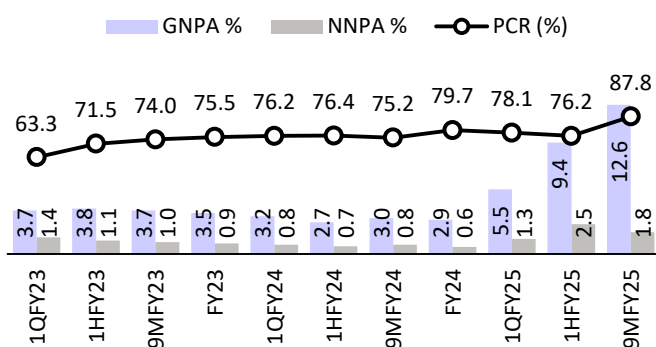
Source: MOFSL, Company

Exhibit 6: Credit costs (non-annualized) declined to ~5.7%.



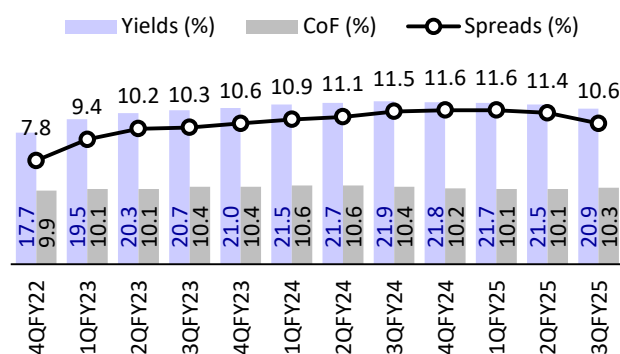
Source: MOFSL, Company

Exhibit 7: GS3 rose ~320bp QoQ to 12.6% (%)



Source: MOFSL, Company

Exhibit 8: Spreads contracted ~80bp QoQ



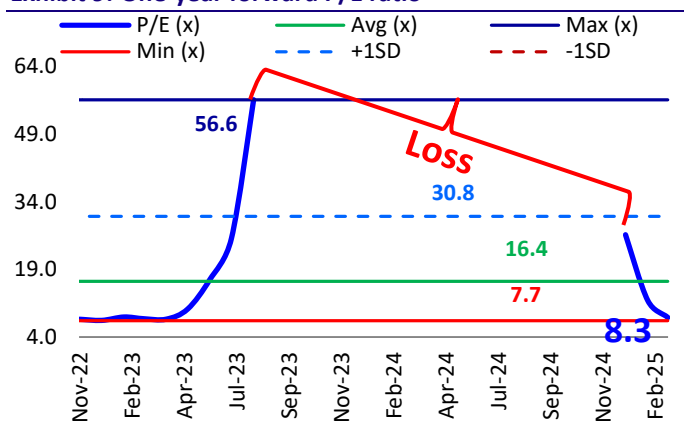
Source: MOFSL, Company

We cut our FY26/27 estimates by ~33%/30% to factor in lower AUM growth and contraction in NIM

INR B	Old Est.			New Est.			% change		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
NII	14.6	13.1	16.1	12.8	11.2	13.9	-12.2	-15.0	-13.8
Other Income	3.4	3.7	4.0	2.6	3.1	3.6	-22.0	-14.9	-9.2
Total Income	18.0	16.8	20.1	15.4	14.3	17.5	-14.1	-14.9	-12.9
Operating Expenses	7.8	8.6	9.9	8.0	8.9	9.8	2.4	3.4	-0.1
Operating Profits	10.2	8.2	10.2	7.4	5.4	7.7	-26.7	-34.3	-25.1
Provisions	19.0	4.1	3.4	19.1	2.7	2.9	0.9	-35.0	-14.1
PBT	-8.8	4.0	6.8	-11.7	2.7	4.7	-	-33.5	-30.7
Tax	-2.2	1.0	1.6	0.4	0.6	1.1	-	-34.4	-31.5
PAT	-6.6	3.1	5.2	-12.0	2.1	3.6	-	-33.3	-30.4
AUM	102	122	149	94	106	126	-7.7	-13.1	-15.2
Borrowings	73	88	107	67	75	90	-7.7	-14.7	-15.4
RoA	-6.1	2.8	4.0	-11.5	2.1	3.2	-	-25.5	-19.2
RoE	-26.1	13.2	18.8	-49.2	9.6	14.9	-	-27.1	-21.0

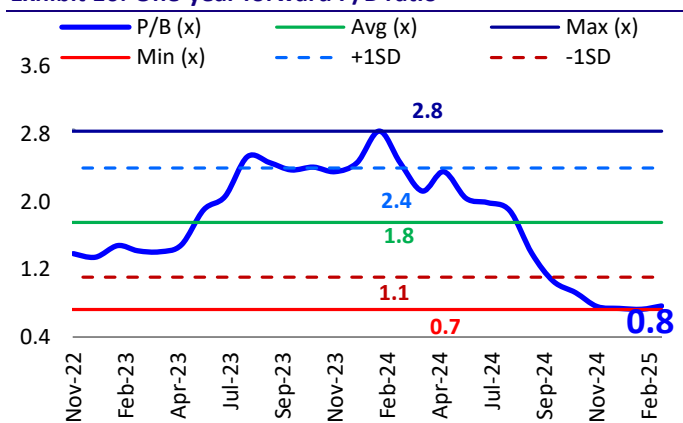
Source: MOFSL, Company

Exhibit 9: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Financials and valuations

Income Statement							(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	4,694	6,665	8,276	10,643	16,001	20,919	21,327	18,920	22,557
Interest Expenses	2,540	3,377	3,751	4,960	6,428	7,908	8,546	7,761	8,688
Net Interest Income	2,154	3,288	4,525	5,684	9,573	13,011	12,781	11,159	13,869
Change (%)	82.7	52.7	37.6	25.6	68.4	35.9	-1.8	-12.7	24.3
Other Operating Income	249	538	282	869	1,418	2,248	2,117	2,592	3,065
Other Income	27	100	173	501	580	957	526	547	569
Net Income	2,431	3,926	4,980	7,054	11,572	16,216	15,425	14,298	17,503
Change (%)	86.0		26.8	41.6	64.1	40.1	-4.9	-7.3	22.4
Operating Expenses	1,540	1,999	2,204	3,123	4,448	5,935	7,975	8,932	9,844
Change (%)	-5.2		10.2	41.7	42.5	33.4	34.4	12.0	10.2
Employee Expenses	1,033	1,483	1,686	2,331	3,255	4,312	5,865	6,744	7,554
Depreciation	24	26	39	54	74	90	118	136	156
Other Operating Expenses	483	490	479	738	1,119	1,532	1,992	2,052	2,134
Operating Income	891	1,927	2,776	3,931	7,124	10,281	7,450	5,366	7,660
Change (%)	-381.4		44.0	41.6	81.2	44.3	-27.5	-28.0	42.7
Provisions and w/off	207	927	2,208	3,687	2,004	3,649	19,133	2,674	2,929
PBT	684	1,000	568	244	5,120	6,633	-11,683	2,692	4,730
Tax Provisions	177	304	128	27	1,248	1,580	362	633	1,112
Tax Rate (%)	25.9	30.4	22.6	10.9	24.4	23.8	-3.1	23.5	23.5
PAT	507	696	439	218	3,871	5,053	-12,045	2,059	3,619
Change (%)	-229	37	-37	-50	1,680	31	-338	-	76

Balance Sheet							(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	616	790	790	828	1,003	1,006	1,256	1,256	1,256
Reserves & Surplus	5,643	11,199	11,673	12,552	22,216	27,475	19,180	21,239	24,858
Net Worth	6,259	11,989	12,464	13,380	23,219	28,482	20,436	22,496	26,114
Borrowings	29,286	29,737	44,323	57,758	67,784	86,159	67,262	75,149	90,333
Change (%)	83.3		49.0	30.3	17.4	27.1	-21.9	11.7	20.2
Other liabilities	561	674	1,593	1,767	2,632	3,103	3,878	4,848	6,060
Total Liabilities	36,105	42,400	58,379	72,905	93,635	1,17,743	91,576	1,02,492	1,22,508
Cash and Bank balance	9,905	8,177	13,353	11,536	10,650	15,532	18,076	15,103	16,285
Investments	5	5	0	0	0	0	0	0	0
Loans	25,720	33,430	43,607	59,182	80,416	99,479	70,456	83,992	1,02,426
Change (%)	99.2		30.4	35.7	35.9	23.7	-29.2	19.2	21.9
Fixed Assets	55	60	183	192	212	224	251	281	315
Other Assets	420	727	1,237	1,995	2,357	2,508	2,793	3,115	3,482
Total Assets	36,105	42,400	58,379	72,905	93,635	1,17,743	91,576	1,02,492	1,22,508

E: MOFSL Estimates

AUM and Disbursements							(INR M)		
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
AUM	26,414	36,065	46,378	67,860	92,960	1,14,761	94,072	1,06,292	1,26,340
YoY Growth (%)	70	37	29	46	37	23	-18	13	19
Disbursements	25,720	35,740	37,103	61,798	85,962	1,02,945	72,268	88,889	1,09,334
YoY Growth (%)	99	39	4	67	39	20	-30	23	23

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Spreads Analysis (%)									
Avg. Yield on Loans	24.3	22.5	21.5	20.7	22.9	23.3	25.1	24.5	24.2
Avg Cost of Funds	11.2	11.4	10.1	9.7	10.2	10.3	11.1	10.9	10.5
Spread of loans	13.1	11.1	11.4	11.0	12.7	13.0	14.0	13.6	13.7
NIM (on gross loans)	10.9	11.0	11.5	10.6	13.3	14.1	13.8	12.6	13.5
Profitability Ratios (%)									
RoA	1.8	1.8	0.9	0.3	4.6	4.8	-11.5	2.1	3.2
RoE	11.3	7.6	3.6	1.7	21.2	19.5	-49.2	9.6	14.9
Debt: Equity (x)	4.7	2.5	3.6	4.3	2.9	3.0	3.3	3.3	3.5
Leverage (x)	5.8	3.5	4.7	5.4	4.0	4.1	4.5	4.6	4.7
CAR	26.9	35.8	27.3	21.9	27.9	26.1	22.4	22.0	21.4
o/w Tier 1	23.8	33.1	25.5	19.9	26.6	25.5	21.8	21.5	21.0
Int. Expended / Int.Earned	54.1	50.7	45.3	46.6	40.2	37.8	40.1	41.0	38.5
Other Inc. / Net Income	11.4	16.3	9.1	19.4	17.3	19.8	17.1	22.0	20.8
Efficiency Ratios (%)									
Int. Expended/Int.Earned									
CIR	63.4	50.9	44.3	44.3	38.4	36.6	51.7	62.5	56.2
Opex/ AUM	7.3	6.4	5.3	5.5	5.5	5.7	7.6	8.9	8.5
Empl. Cost/Op. Exps.	67.1	74.2	76.5	74.6	73.2	72.7	73.5	75.5	76.7
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	0.9	1.1	1.0	1.0	1.2	1.2	1.0	1.1	1.1
Leverage (x)	5.8	3.5	4.7	5.4	4.0	4.1	4.5	4.6	4.7
Asset Quality									
GNPA (INR m)	404	384	2,559	3,584	2,889	2,973	8,464	5,097	4,568
NNPA (INR m)	145	130	1,024	1,030	708	603	846	612	685
GNPA (%)	1.5	1.1	5.5	5.7	3.5	2.9	10.0	5.3	4.0
NNPA (%)	0.6	0.4	2.3	1.7	0.9	0.6	1.0	0.6	0.6
PCR (%)	64	66	60	71	75	80	90	88	85
Credit costs (%)	1.0	3.1	5.6	6.9	2.8	4.0	20.6	3.0	2.9

Valuations	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Book Value (INR)	102	152	158	162	231	283	163	179	208
BV Growth (%)	64	49	4	3	43	22	-43	10	16
P/BV	1.7	1.1	1.1	1.1	0.7	0.6	1.0	0.9	0.8
EPS (INR)	8	9	6	3	39	50	-96	16	29
EPS Growth (%)		7	-37	-53	1368	30	-	-	76
Price-Earnings (x)	20.7	19.3	30.6	64.7	4.4	3.4	-	10.4	5.9

E: MOFSL Estimates

RoA Tree

Y/E March (%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	17.0	17.0	16.4	16.2	19.2	19.8	20.4	19.5	20.1
Interest Expended	9.2	8.6	7.4	7.6	7.7	7.5	8.2	8.0	7.7
Net Interest Income	7.8	8.4	9.0	8.7	11.5	12.3	12.2	11.5	12.3
Other Operating Income	0.9	1.4	0.6	1.3	1.7	2.1	2.0	2.7	2.7
Other Income	0.1	0.3	0.3	0.8	0.7	0.9	0.5	0.6	0.5
Net Income	8.8	10.0	9.9	10.7	13.9	15.3	14.7	14.7	15.6
Operating Expenses	5.6	5.1	4.4	4.8	5.3	5.6	7.6	9.2	8.7
Operating Income	3.2	4.9	5.5	6.0	8.6	9.7	7.1	5.5	6.8
Provisions/write offs	0.7	2.4	4.4	5.6	2.4	3.5	18.3	2.8	2.6
PBT	2.5	2.5	1.1	0.4	6.1	6.3	-11.2	2.8	4.2
Tax	0.6	0.8	0.3	0.0	1.5	1.5	0.3	0.7	1.0
RoA	1.8	1.8	0.9	0.3	4.6	4.8	-11.5	2.1	3.2
Leverage	6.2	4.3	4.1	5.1	4.6	4.1	4.3	4.5	4.6
RoE	11.3	7.6	3.6	1.7	21.2	19.5	-49.2	9.6	14.9

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