27 July 2026

1QFY27 Result Update| Sector: NBFCs

Five Star Business Finance

Estimate changes	⟷
TP change	↑
Rating change	⟷

Bloomberg	FIVESTAR IN
Equity Shares (m)	295
M.Cap.(INRb)/(USDb)	159.5 / 1.7
52-Week Range (INR)	698 / 338
1, 6, 12 Rel. Per (%)	9/10/-18
12M Avg Val (INR M)	916

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	23.9	27.1	32.4
PPoP	16.8	18.4	21.9
PAT	11.0	11.8	14.3
EPS (INR)	37	40.0	48
EPS Growth (%)	2	7	21
BVPS (INR)	250	288	334
Ratios (%)			
NIM	19.4	18.9	18.3
C/I ratio	33.1	35.5	35.5
Credit Costs	1.7	1.8	1.6
RoAA	7.3	6.8	6.7
RoAE	16.1	14.9	15.5
Dividend Payout	5.4	6.2	5.2
Valuation			
P/E (x)	14.5	13.5	11.2
P/BV (x)	2.2	1.9	1.6
Div. Yield (%)	0.4	0.5	0.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	18.6	18.6	21.5
DII	22.4	17.6	9.5
FII	44.0	48.5	58.1
Others	15.1	15.3	10.9

FII Includes depository receipts

CMP: INR540 TP: INR670 (+24%) Buy

Rebuilding momentum; on track for asset quality stabilization

Early delinquencies improved with moderation in 1+ dpd and 30+dpd

- Five Star Business Finance's (FIVESTAR) 1QFY27 PAT grew 2% YoY to INR2.7b (in line). NII grew ~10% YoY to INR6.4b (in line). Other income rose 17% YoY to INR311m (~8% beat).
- Opex grew 21% YoY to INR2.4b (~5% higher than est.). PPoP rose ~5% YoY to INR4.2b (in line). Credit costs stood at INR618m (in line). Annualized credit costs (as a % of AUM) stood at ~1.84% (PQ: ~1.85% and PY: ~1.6%).
- Disbursements rose ~16% YoY/~23% QoQ to ~INR15b and AUM grew 10% YoY/4% QoQ to ~INR137b. Management exuded confidence in achieving ~20% AUM growth in FY27, supported by a pickup in disbursement momentum and improvement in asset quality and collection trends. We model AUM growth of ~21% in FY27 and AUM CAGR of ~23% over FY26-28.
- FIVESTAR shared that slippages during the quarter remained stable despite weak seasonality. However, it expects slippages and NPA levels to decline in subsequent quarters. Collection trends have also been steadily improving and moving closer to pre-stress levels, indicating a gradual improvement in the operating environment. Management has guided for credit costs of 1.7-1.9% in FY27 and ~1.6-1.7% in FY28. We model credit costs of ~1.8% in FY27E.
- FIVESTAR continues to focus on promoting responsible credit behavior, which should strengthen portfolio resilience over the medium term. The ~60bp QoQ improvement in 1+ dpd indicates stabilization in early-bucket delinquencies and, if sustained, should provide management with greater confidence to accelerate business momentum in the coming quarters.
- **We estimate FIVESTAR to deliver a CAGR of ~23%/~14% in AUM/PAT over FY26-28, with FY28E RoA/RoE of 6.7%/15.5%. Reiterate BUY with a revised TP of INR670 (based on 2x Mar'28E BV).**

NIM contracts ~10bp QoQ; incremental CoB declines ~20bp QoQ

- Reported yields declined ~12bp QoQ to 22.5%, while CoB declined ~15bp QoQ to 8.8%, resulting in spreads rising ~5bp QoQ to 13.7%. Reported NIM (as a % of AUM) contracted ~10bp QoQ to ~20%.
- Management expects yields to settle at ~22.25%, with a further 10-15bp moderation possible over the next couple of quarters. Incremental CoF declined ~20bp QoQ to ~8.35%. With incremental CoF remaining below the average cost of liabilities, the company expects a 10-15bp reduction in overall CoF in FY27, assuming no adverse policy changes.
- 1QFY27 RoAUM/RoE stood at 8.1%/14.5%, respectively. Capital adequacy stood at ~51% as of Jun'26.

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

Early delinquencies improve; PCR on stage 2 declines ~40bp QoQ

- GS3/NS3 rose ~10bp QoQ each to 3.45% and 2.1%, respectively. PCR on stage 3 declined ~125bp QoQ to ~40%. Stage 2 PCR declined ~40bp QoQ to 3.05% (PQ: 3.47% and PY: 5.1%).
- 30+ dpd declined ~30bp QoQ to 12.4%, and 1+dpd declined ~60bp QoQ to 16.7%. Overall collection efficiency and unique customer collection efficiency in 1QFY27 stood at 99.2% and 97.9%, respectively. Slippage ratio remained stable QoQ at 0.7% (PQ: 0.7% and PY: 0.8%).
- Cash proportion in collections declined to ~14% (PQ: ~16% and PY: ~19%).

Highlights from the management commentary

- FIVESTAR does not expect significant benefits from lower write-offs in FY27, given the sizeable 61-90 dpd pool. Write-offs are expected to remain elevated at ~INR2.25-2.4b in FY27.
- Management highlighted that salary revisions and higher performance-linked incentives, amid rising competition, are likely to keep employee costs elevated. As a result, meaningful operating leverage is unlikely in FY27, with benefits expected to start emerging from FY28 onwards.
- The company shared that underlying demand remains healthy, with the recent moderation in growth primarily driven by internal risk-control measures rather than any weakness in demand.

Valuation and view

- FIVESTAR appears on track to regain its mojo with a healthy pick-up in disbursement volumes and AUM growth. Early-stage delinquencies improved meaningfully, driven by a decline in 1+ dpd and 30+ dpd, while slippages and credit costs remained broadly stable sequentially. With the business now on a stronger footing, the company is well-positioned to build from here, supported by healthy underlying demand, strong asset quality, and improving productivity.
- The stock currently trades at 1.9x FY27E P/BV. We estimate FIVESTAR to post a CAGR of ~23%/~14% in AUM/PAT over FY26-28, with an RoA/RoE of 6.7/15.5% in FY28. Reiterate BUY with a revised TP of INR670 (based on 2x Mar’28E BV).

Quarterly Performance (INR M)

Y/E March	FY26				FY27E				FY26	FY27E	1Q FY27E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	7,647	7,731	7,959	7,955	8,076	8,375	8,768	9,217	31,291	34,437	8,145	-1
Interest Expenses	1,873	1,800	1,885	1,814	1,715	1,753	1,879	2,039	7,372	7,386	1,883	-9
Net Interest Income	**5,774**	**5,931**	**6,073**	**6,141**	**6,361**	**6,622**	**6,890**	**7,178**	**23,919**	**27,051**	**6,263**	**2**
YoY Growth (%)	*19.6*	*14.9*	*12.5*	*9.8*	*10.2*	*11.6*	*13.4*	*16.9*	*14.0*	*13.1*	*8.5*	
Other Income	265	334	264	306	311	339	369	415	1,168	1,435	289	8
Total Income	**6,039**	**6,265**	**6,337**	**6,447**	**6,672**	**6,961**	**7,258**	**7,594**	**25,088**	**28,486**	**6,552**	**2**
YoY Growth (%)	*18.1*	*15.4*	*13.2*	*10.3*	*10.5*	*11.1*	*14.5*	*17.8*	*14.1*	*13.5*	*8.5*	
Operating Expenses	2,012	1,936	2,078	2,271	2,435	2,494	2,539	2,658	8,296	10,126	2,319	5
Operating Profit	**4,027**	**4,330**	**4,259**	**4,175**	**4,238**	**4,467**	**4,719**	**4,936**	**16,792**	**18,360**	**4,233**	**0**
YoY Growth (%)	*13.5*	*13.9*	*9.7*	*5.3*	*5.2*	*3.2*	*10.8*	*18.2*	*10.5*	*9.3*	*5.1*	
Provisions & Loan Losses	478	510	571	604	618	638	663	691	2,163	2,611	616	0
Profit before Tax	**3,550**	**3,819**	**3,688**	**3,571**	**3,620**	**3,829**	**4,056**	**4,245**	**14,629**	**15,749**	**3,617**	**0**
Tax Provisions	886	958	918	879	905	950	1,006	1,076	3,641	3,937	897	1
Net Profit	**2,663**	**2,861**	**2,770**	**2,693**	**2,714**	**2,879**	**3,050**	**3,168**	**10,988**	**11,812**	**2,720**	**0**
YoY Growth (%)	6	7	1	-4	2	1	10	18	*2.5*	*7.5*	*2.1*	
Key Parameters (%)												
Yield on loans	25.1	24.4	24.7	24.3	24.0	23.8	23.8	23.7				
Cost of funds	9.5	8.9	9.1	8.8	8.5	8.6	8.5	8.5				
Spread	15.7	15.6	15.6	15.5	15.4	15.3	15.2	15.2				
NIM	19.0	18.8	18.8	18.8	18.9	18.8	18.7	18.4				
Credit cost	1.57	1.61	1.77	1.85	1.84	1.82	1.80	1.78				
Cost to Income Ratio (%)	33.3	30.9	32.8	35.2	36.5	35.8	35.0	35.0				
Tax Rate (%)	25.0	25.1	24.9	24.6	25.0	24.8	24.8	25.4				
Performance ratios (%)												
AUM/Branch (INR m)	162	160.6	155.3	156.7	160							
Balance Sheet Parameters												
AUM (INR B)	124.6	128.5	129.6	132.2	137.2	143.8	151.5	160.0				
Change YoY (%)	20.4	17.6	16.0	11.3	10.1	12.0	16.9	21.0				
Disbursements (INR B)	**12.9**	**12.0**	**9.8**	**12.1**	**15.0**	**16.4**	**17.6**	**19.1**				
Change YoY (%)	-2.1	-4.4	3.8	-16.9	16.0	37.0	80.0	57.5				
Borrowings (INR B)	78.7	83.8	82.0	82.0	78.7	84.9	91.7	100.6				
Change YoY (%)	17.1	21.8	11.4	3.5	-0.1	1.3	11.8	22.7				
Borrowings/Loans (%)	63.2	65.2	63.2	62.0	57.3	59.0	60.5	62.9				
Debt/Equity (x)	1.1	1.1	1.0	1.0	1.0	1.1	1.1	1.2				
Asset Quality (%)												
GS 3 (INR M)	**3,070**	**3,388**	**4,119**	**4,461**	**4,752**							
G3 %	**2.46**	**2.6**	**3.2**	**3.4**	**3.46**							
NS 3 (INR M)	**1,534**	**1,857**	**2,478**	**2,614**	**2,845**							
NS3 %	**1.3**	**1.5**	**1.9**	**2.0**	**2.1**							
PCR (%)	**50.0**	**45.2**	**39.8**	**41.4**	**40.1**							
ECL (%)	**1.9**	**1.9**	**1.8**	**1.8**	**1.8**							
Return Ratios (%)												
ROAUM (Rep)	8.8	0.0	8.5	8.4	8.1							
ROE (Rep)	16.57	0.0	15.8	15.1	14.46							

E: MOFSL Estimates

CONFERENCE CALL

Highlights from the management commentary

Guidance

- Management remains confident of achieving ~20% AUM growth in FY27, supported by strong disbursement momentum, with FY27 disbursement target of ~INR65-68b.
- Management has guided for FY27 credit costs (as a % of AUM) of 1.7-1.9%, trending towards ~1.7%, which is expected to moderate to ~1.6-1.7% in FY28. It expects write-offs to stand at ~INR2.25-2.5b in FY27.
- Slippages and NPAs are expected to trend down as collections improve.
- Management is targeting ~91-92% Stage 1 assets, 6-7% Stage 2 assets, and sub-3% Stage 3 assets, with a steady-state GNPA of ~2.5%.
- Yields are expected to settle at ~22.25%, with 10-15bp moderation possible.
- Incremental CoF is expected at ~8.5%, while overall CoF is expected to decline 10-15bp in FY27.
- Opex is expected to grow ~20-21% YoY, with opex/avg. assets at ~5.75% in FY27 and gradually declining towards 5.25–5.5%.
- The company targets to add ~50-60 every year.
- Leverage is expected to increase gradually over the next 6-8 quarters. RoA is expected to moderate towards 6.0%-6.5% as leverage rises, while RoE could reach ~18-20% at ~3x leverage.

Opening Remarks

- 1QFY27 was broadly in line with expectations, with the company benefiting from corrective actions taken over the past few quarters.
- Disbursements grew 23% QoQ and 16% YoY, reaching a historical high, while AUM stood at INR137b, up 4% QoQ.
- Strong disbursement momentum indicates that FIVESTAR is back on a growth trajectory, with management confident of comfortably achieving 20% AUM growth guidance in FY27.
- Collections remained robust despite the seasonally weak quarter, with unique customer collection efficiency at 97.9% and X-bucket efficiency at 99.2% vs. 99.3% in 4QFY26.
- Slippages remained stable at 0.7%, while credit costs declined to 1.85%.
- Cost of funds declined from 8.95% to 8.8%, largely offsetting the impact of lower yields and supporting spreads.
- Management expects continued improvement across growth, profitability, and asset quality in the coming quarters.

Financial Highlights

- Active loan customers crossed 500k as of Jun'26. The company added 12 branches during the quarter, largely in Maharashtra, while continuing expansion into newer states.
- Yields declined ~12bp QoQ, offset by lower cost of funds; NIMs contracted 10bp QoQ.
- RoAUM stood at 8.1% and RoE at 14.5%.
- 1+ dpd and 30+ dpd improved by 60bp and 30bp QoQ, respectively, despite the seasonally weak 1QFY27.

- Stage 3 PCR remained healthy at >40%, while overall provision coverage (ECL/EAD) stood at ~1.8%.
- Management believes the company has moved past the most challenging phase of the last four quarters and remains confident of achieving its stated guidance.

Asset Quality & Collections

- Management remains comfortable with the collection outlook, with trends improving consistently over the past 7-8 months and moving towards pre-crisis levels.
- Customer cash flows remain broadly intact, and the company currently sees no meaningful stress on collections.
- The focus remains on preventing forward flows rather than relying on rollbacks from higher DPD buckets.
- Slippages remained flat at 0.7% in 1QFY27 due to seasonal factors but are expected to decline in the coming quarters.
- Recoveries from written-off accounts increased to INR350m vs. INR260-270m in the previous quarter.
- Management expects NPAs to trend down as collection efficiency continues to improve.
- Credit costs are reported at gross levels, with recoveries from written-off accounts reflected under other income.
- Management does not expect significant write-off benefits in FY27, given the sizeable 61–90 DPD pool. Write-offs are primarily technical in nature, undertaken for tax benefits and to appropriately reflect GNPA levels.

Growth & Disbursement Momentum

- Underlying demand remains healthy, with recent growth moderation driven by internal risk-control measures rather than weak demand.
- The company had tightened approval rates and moderated disbursements over the past 3-4 quarters, prioritizing asset quality.
- Strong disbursement growth in 1QFY27 indicates a clear recovery in business momentum.
- June'26 disbursements reached INR6.7b, highlighting the improving run-rate.
- Logins and overall business volumes remain healthy, while improving sanction-to-MoD conversion should support disbursements.
- Management expects FY27 disbursements of ~INR65-68b, comfortably supporting ~20% AUM growth.
- New products are expected to provide incremental growth over and above the existing guidance.

Yields and Margins

- Yield moderated ~12bp QoQ and was largely offset by lower cost of funds, protecting spreads.
- Yields are expected to settle at ~22.25%, with another 10-15bp moderation possible over the next couple of quarters.
- Incremental cost of funds is expected at ~8.5%, with a further 20-30bp compression possible over time. Overall cost of funds is expected to decline 10–15bp in FY27.

- The company expects to avail another ADB tranche, though timing will be managed considering ECB hedging costs.
- Spreads are expected to remain broadly stable, barring any adverse policy actions. Any increase in repo rates could, however, lead to higher funding costs.

Opex and productivity

- Salary revisions and higher performance-linked incentives are expected to keep employee costs elevated amid increasing competition.
- Management does not expect meaningful operating leverage in FY27.
- Opex is expected to grow ~20-21% YoY, with a significant portion of increments and appraisals already absorbed in 1QFY27.
- Operating leverage is expected to emerge from FY28 onwards.
- Attrition remains broadly stable, with management expecting better retention going forward.
- Branch additions will remain at a normalized pace of ~50-60 annually.
- The company added 12 branches in 1QFY27, largely in Maharashtra.
- Productivity gains from the business-collections split should support higher sourcing and disbursements without proportional employee additions.
- AUM and disbursements per employee are expected to continue improving.

Diversification & New Products

- Management is evaluating 2-3 additional products to diversify the portfolio and reduce concentration risk.
- The company sees significant opportunity in micro-LAP but believes diversification is important to manage risk through cycles.
- The housing product launched recently received limited focus as management prioritized stabilizing micro-LAP.
- New products are expected to provide incremental growth and improve capital utilization.
- Strong capital availability provides scope to increase leverage and maximize shareholder returns.

Ticket Size & Portfolio Mix

- The company is gradually diversifying its ticket-size mix to manage its portfolio risk. Target mix is ~25% at <INR300k ticket size, 50% at INR500k and 25% at INR500k-INR1m ticket sizes.
- Average ticket size is expected to remain around INR400-500k, with average ticket size on disbursements expected at ~INR500k for FY27.
- Around 85-90% of loans carry a seven-year tenure.

Others

- Segregation of business and collections teams has improved productivity, allowing sales teams to focus on sourcing while specialized teams manage stressed accounts.
- Business teams continue to handle collections from current accounts for a defined vintage, retaining accountability for early-stage collections.
- Incentives remain linked to both collection efficiency and business growth.

- Higher repayment rates reflect improving collection efficiency after subdued repayments over the past year.
- The company has revised its policy to allow top-ups for strong repeat customers without requiring full prepayment of existing loans. This should help reduce customer migration and normalize repayment behavior.
- Repayment rates are expected to normalize towards ~27–28% vs. ~30% currently, implying a behavioral tenure of ~4.0–4.5 years.

Key Exhibits

Exhibit 1: Disbursements grew ~16% YoY

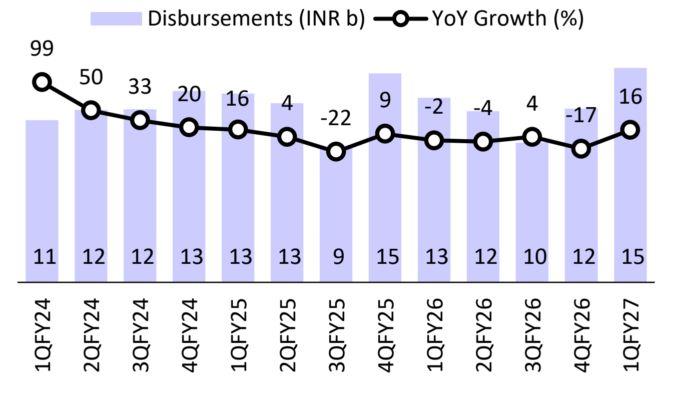


Exhibit 2: AUM grew ~10% YoY and 3.8% QoQ

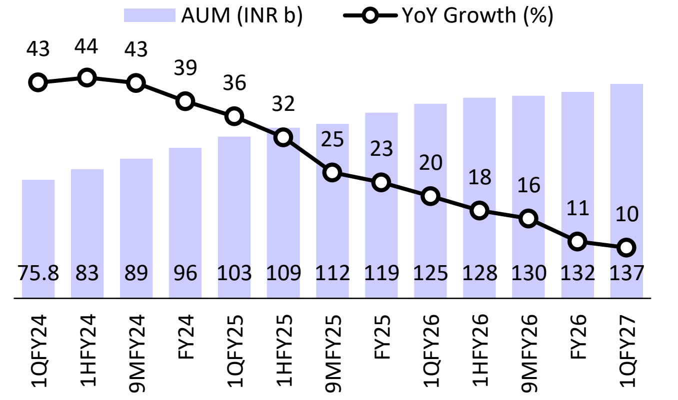
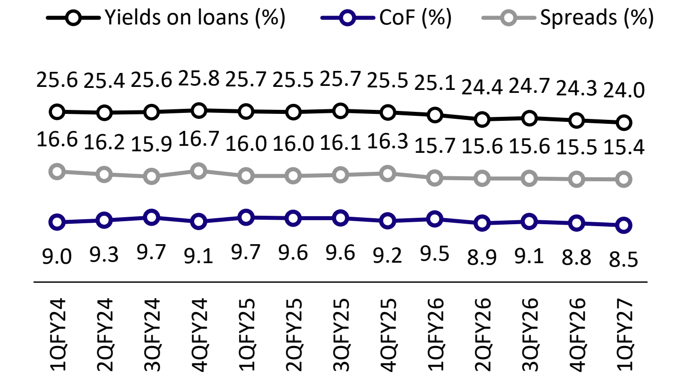
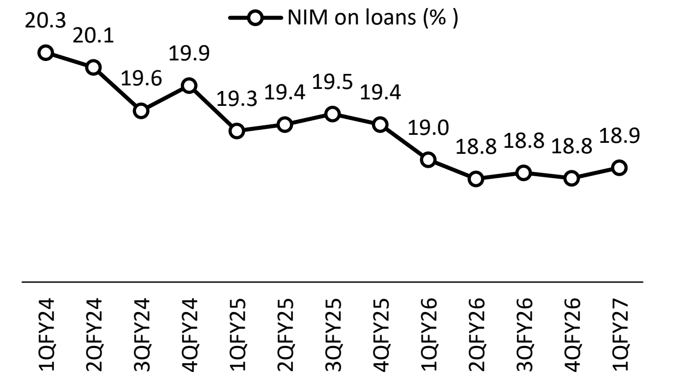


Exhibit 3: Spreads (calc.) were broadly stable QoQ (%)



Sources: Company; MOFSL

Exhibit 4: NIM (calc.) rose ~10bp QoQ (%)



Sources: Company; MOFSL

Exhibit 5: Opex/AUM rose ~30bp QoQ (%)

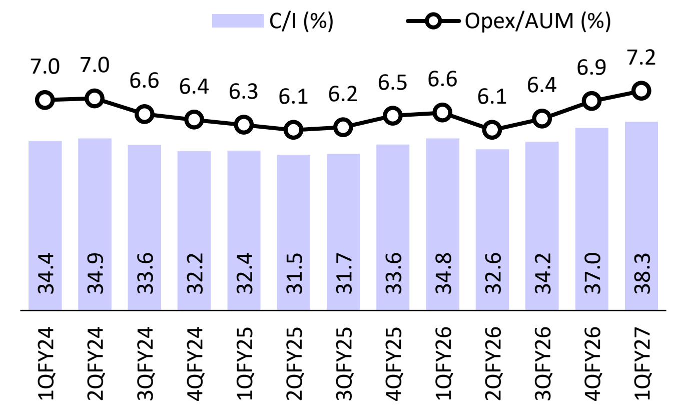


Exhibit 6: Share of bank borrowings rose ~4pp QoQ (%)

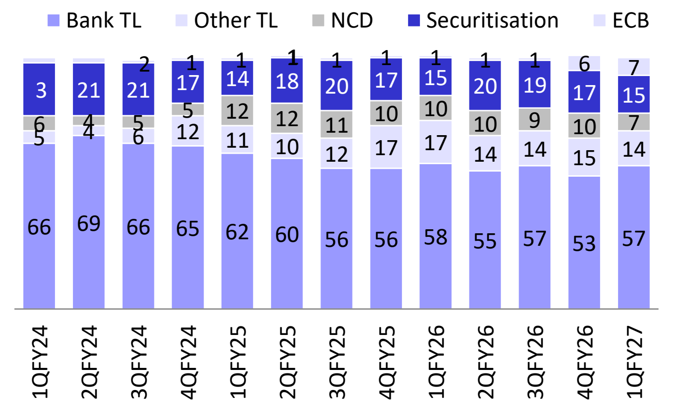
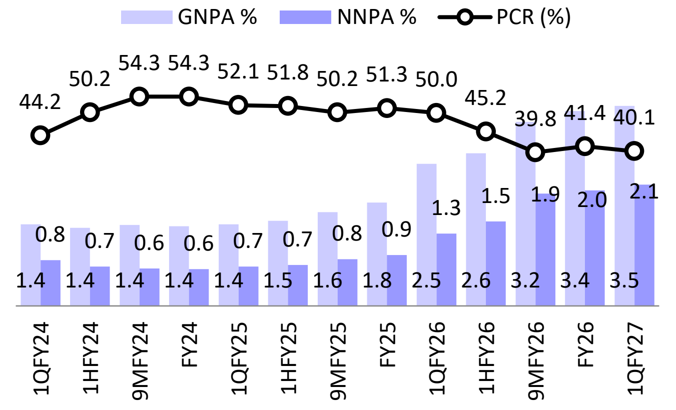
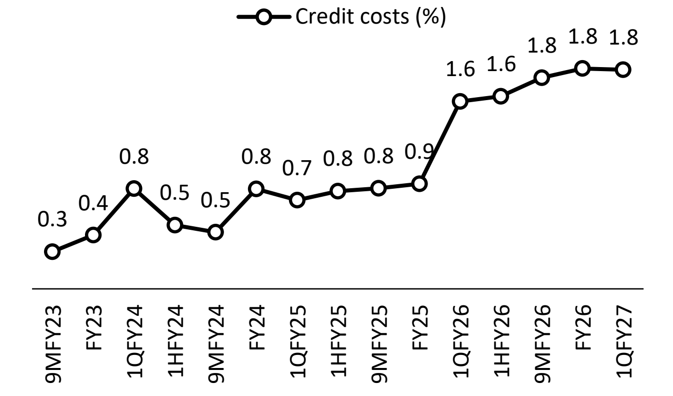


Exhibit 7: GS3 rose ~10bp QoQ (%)



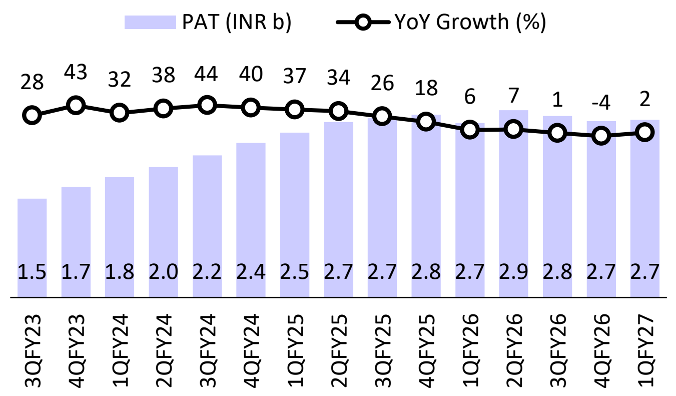
Sources: Company; MOFSL

Exhibit 8: Credit costs were stable QoQ



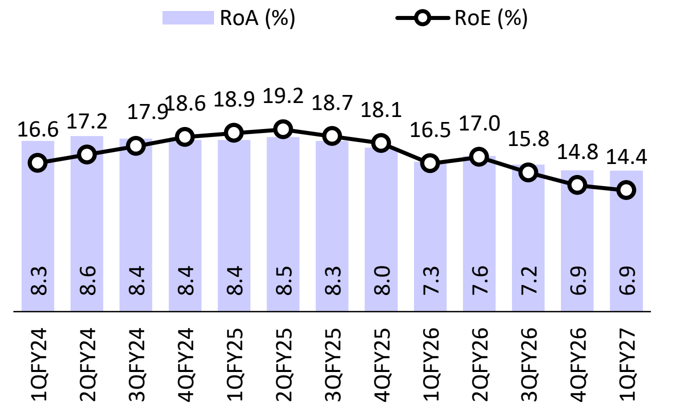
Sources: Company; MOFSL

Exhibit 9: PAT grew ~2% YoY to INR2.7b



Sources: Company; MOFSL

Exhibit 10: RoA/RoE of 6.9%/14.4% in 1QFY27

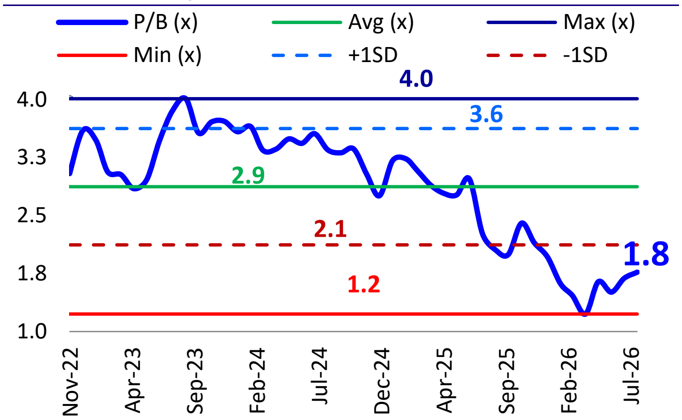


Sources: Company; MOFSL

Exhibit 11: We keep our FY27/FY28 EPS estimates largely unchanged

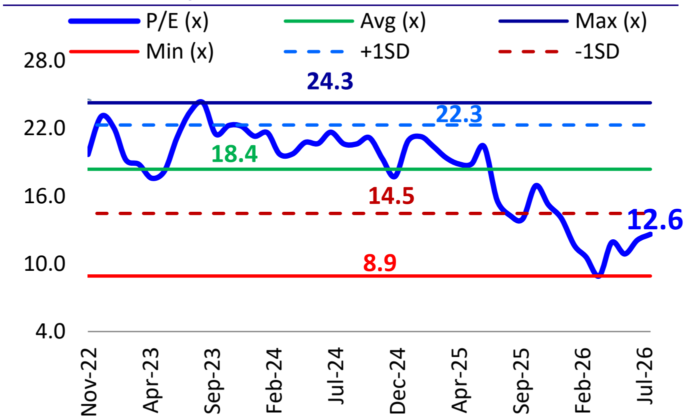
INR B	Old Est.		New Est.		Change (%)	
	FY27	FY28	FY27	FY28	FY27	FY28
NII	26.4	31.7	27.1	32.4	2.4	2.1
Other Income	1.4	1.5	1.4	1.5	3.3	2.6
Total Income	**27.8**	**33.2**	**28.5**	**33.9**	**2.4**	**2.1**
Operating Expenses	9.9	11.6	10.1	12.0	2.2	4.2
Operating Profits	**17.9**	**21.6**	**18.4**	**21.9**	**2.5**	**1.0**
Provisions	2.4	2.7	2.6	2.9	10.7	5.7
PBT	**15.6**	**18.9**	**15.7**	**19.0**	**1.2**	**0.3**
Tax	3.9	4.7	3.9	4.8	1.2	0.3
PAT	**11.7**	**14.2**	**11.8**	**14.3**	**1.2**	**0.3**
AUM	160	196	160	201	0.2	2.3
Borrowings	102	129	101	132	-1.4	2.6
RoA	6.7	6.8	6.8	6.7	1.6	-0.2
RoE	14.7	15.5	14.9	15.5	1.1	0.2

Exhibit 12: One-year forward P/B



Source: MOFSL, Company

Exhibit 13: One-year forward P/E



Source: MOFSL, Company

DuPont Analysis

%	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	22.3	20.0	19.8	19.9	20.8	21.2	20.7	19.9	19.9
Interest Expended	6.5	6.5	5.0	3.5	4.6	5.1	4.9	4.3	4.6
Net Interest Income	**15.8**	**13.5**	**14.9**	**16.4**	**16.2**	**16.1**	**15.8**	**15.6**	**15.3**
Other Income	1.2	0.7	0.9	0.4	0.8	0.8	0.8	0.8	0.7
Total Income	**17.0**	**14.3**	**15.7**	**16.8**	**16.9**	**16.8**	**16.6**	**16.4**	**16.0**
Operating Expenses	**5.1**	**4.2**	**5.0**	**5.8**	**5.4**	**5.2**	**5.5**	**5.8**	**5.7**
Operating Profit	**11.9**	**10.1**	**10.7**	**11.0**	**11.5**	**11.6**	**11.1**	**10.6**	**10.3**
Provisions	1.5	0.7	0.8	0.3	0.5	0.7	1.4	1.5	1.3
PBT	**10.4**	**9.4**	**10.0**	**10.7**	**10.9**	**11.0**	**9.7**	**9.1**	**9.0**
Tax	2.6	2.3	2.5	2.7	2.7	2.7	2.4	2.3	2.2
Tax Rate (%)	*25.0*	*24.7*	*24.9*	*25.0*	*25.1*	*25.0*	*24.9*	25.0	25.0
PAT	**7.8**	**7.1**	**7.5**	**8.0**	**8.2**	**8.2**	**7.3**	**6.8**	**6.7**
Leverage	2.0	2.4	2.0	1.9	2.1	2.3	2.2	2.2	2.3
RoE	**15.8**	**16.8**	**15.0**	**15.0**	**17.5**	**18.7**	**16.1**	**14.9**	**15.5**

E: MOFSL Estimates

Financials and Valuation

Income statement

INR m

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	7,468	10,149	12,038	14,988	21,166	27,663	31,291	34,437	42,132
Interest Expended	2,174	3,279	3,006	2,663	4,685	6,680	7,372	7,386	9,768
Net Interest Income	**5,295**	**6,870**	**9,032**	**12,325**	**16,481**	**20,983**	**23,919**	**27,051**	**32,364**
Change (%)	69	30	31	36	34	27	14	13	20
Fees & Commissions (Legal and Tech. Fees)	297	217	294	138	219	322	465	612	617
Net gain on fair value changes	102	132	209	83	443	494	425	391	410
Non Oper. Inc. (incl. recovery of bad debts)	6	15	21	81	123	182	278	432	518
Other Income	405	364	524	301	785	997	1,168	1,435	1,545
Net Income	**5,700**	**7,234**	**9,556**	**12,627**	**17,266**	**21,980**	**25,088**	**28,486**	**33,909**
Change (%)	72	27	32	32	37	27	14	14	19
Employees Cost	1,271	1,637	2,361	3,464	4,286	5,211	6,299	7,748	9,142
Depreciation	101	114	122	173	246	304	370	426	502
Others	342	367	575	741	1,021	1,270	1,627	1,953	2,402
Operating Expenses	1,713	2,118	3,058	4,378	5,553	6,785	8,296	10,126	12,046
Operating Profit (PPoP)	**3,986**	**5,116**	**6,497**	**8,249**	**11,713**	**15,196**	**16,792**	**18,360**	**21,863**
Change (%)	76	28	27	27	42	30	11	9	19
Provisions/write offs	493	352	455	201	554	890	2,163	2,611	2,855
PBT	**3,493**	**4,764**	**6,042**	**8,048**	**11,160**	**14,306**	**14,629**	**15,749**	**19,008**
Tax	874	1,174	1,507	2,012	2,800	3,581	3,641	3,937	4,752
Tax Rate (%)	25.0	24.7	24.9	25.0	25.1	25.0	24.9	25.0	25.0
Reported PAT	**2,620**	**3,590**	**4,535**	**6,035**	**8,359**	**10,725**	**10,988**	**11,812**	**14,256**
Change (%)	67	37	26	33	39	28	2	7	21
Proposed Dividend (incl. tax)	0	0	0	0	0	589	590	738	738

Balance sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Capital	254	255	291	291	292	294	295	295	295
Reserves & Surplus	19,190	22,925	36,812	43,104	51,669	62,752	73,506	84,728	98,246
Net Worth	**19,444**	**23,180**	**37,104**	**43,395**	**51,962**	**63,046**	**73,802**	**85,023**	**98,541**
Borrowings	23,637	34,252	25,588	42,473	63,158	79,220	82,004	1,00,581	1,31,992
Change (%)	146	45	-25	66	49	25	4	23	31
Other liabilities	451	504	739	1,160	1,768	1,940	2,092	2,928	3,953
Total Liabilities	**43,532**	**57,936**	**63,431**	**87,028**	**1,16,888**	**1,44,206**	**1,57,897**	**1,88,532**	**2,34,486**
Loans	38,308	43,587	51,024	68,222	96,851	1,16,868	1,29,848	1,57,157	1,97,002
Change (%)	83	14	17	34	42	21	11	21	25
Investments	0	0	2,482	1,446	1,077	2,122	2,271	2,498	2,748
Change (%)				-42	-26	97	7	10	10
Net Fixed Assets	279	249	328	449	643	1,487	1,546	1,932	2,415
Other assets	4,945	14,100	9,597	16,914	18,317	23,728	24,233	26,944	32,320
Total Assets	**43,532**	**57,936**	**63,431**	**87,030**	**1,16,888**	**1,44,206**	**1,57,897**	**1,88,532**	**2,34,486**

E: MOFSL Estimates

Financials and Valuation

AUM Mix (%)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM	38,922	44,454	50,671	69,148	96,406	1,18,770	1,32,246	1,60,009	2,00,724
YoY Growth (%)	**84**	**14**	**14**	**36**	**39**	**23**	**11**	**21**	**25**
Disbursements	24,087	12,451	17,562	33,915	48,814	49,697	46,757	68,031	82,318
YoY Growth (%)	**63**	**-48**	**41**	**93**	**44**	**2**	**-6**	**46**	**21**

Ratios

Growth %	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM	84	14	14	36	39	23	11	21	25
Disbursements	63	-48	41	93	44	2	-6	46	21
Total Assets	85	33	9	37	34	23	9	19	24
NII	69	30	31	36	34	27	14	13	20
PPOP	76	28	27	27	42	30	11	9	19
PAT	67	37	26	33	39	28	2	7	21
EPS	57	37	10	33	38	27	2	7	21

								(%)	(%)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Spreads Analysis (%)									
Yield on loans	25.2	24.8	25.4	25.1	25.6	25.9	25.4	24.0	23.8
Cost of funds	13.1	11.3	10.0	7.8	8.9	9.4	9.1	8.1	8.4
Spread	12.1	13.5	15.4	17.3	16.8	16.5	16.2	15.9	15.4
Net Interest Margin	17.6	16.5	19.0	20.6	19.9	19.6	19.4	18.9	18.3
Profitability Ratios & Capital Structure (%)									
Debt-Equity ratio	1.2	1.5	0.7	1.0	1.2	1.3	1.1	1.2	1.3
Capital adequacy - CRAR	52.9	58.9	75.2	67.2	50.5	50.1	45.0	42.3	38.6
Leverage	2.2	2.5	1.7	2.0	2.2	2.3	2.1	2.2	2.4
Int. Expended/Int.Earned	29.1	32.3	25.0	17.8	22.1	24.1	23.6	21.4	23.2
RoA	**7.8**	**7.1**	**7.5**	**8.0**	**8.2**	**8.2**	**7.3**	**6.8**	**6.7**
RoE	**15.8**	**16.8**	**15.0**	**15.0**	**17.5**	**18.7**	**16.1**	**14.9**	**15.5**
Cost/Productivity Ratios (%)									
Cost/Income	30.1	29.3	32.0	34.7	32.2	30.9	33.1	35.5	35.5
Op. Exps./Avg Assets	5.1	4.2	5.0	5.8	5.4	5.2	5.5	5.8	5.7
Op. Exps./Avg AUM	5.7	5.1	6.4	7.3	6.7	6.3	6.6	6.9	6.7
Other Inc./Net Income	7.1	5.0	5.5	2.4	4.5	4.5	4.7	5.0	4.6
AUM/employee (INR m)	10.4	11.3	8.9	9.4	10.3	10.0	9.3	11.5	13.3
AUM/ branch (INR m)	154.5	169.7	168.9	185.4	185.4	158.8	156.7	173.2	199.9
Empl. Cost/Op. Exps. (%)	74.2	77.3	77.2	79.1	77.2	76.8	75.9	76.5	75.9
Asset Quality									
Gross NPAs (INR m)	532	452	530	939	1,328	2,123	4,461	4,914	5,490
Gross NPA (%)	**1.4**	**1.0**	**1.0**	**1.4**	**1.4**	**1.8**	**3.4**	**3.1**	**2.7**
Net NPAs (INR m)	438	371	345	476	608	1,034	2,614	2,801	3,020
Net NPA (%)	1.1	0.8	0.7	0.7	0.6	0.9	2.0	1.8	1.5
PCR (%)	**17.7**	**18.0**	**34.9**	**49.3**	**54.3**	**51.3**	**41.4**	**43.0**	**45.0**
Credit costs (% of gross loans)	**1.6**	**0.8**	**1.0**	**0.3**	**0.67**	**0.83**	**1.72**	**1.79**	**1.58**
VALUATION									
Book Value (INR)	77	91	127	149	178	214	250	288	334
Price-BV (x)	**7.1**	**5.9**	**4.2**	**3.6**	**3.0**	**2.5**	**2.2**	**1.9**	**1.6**
EPS (INR)	10	14	16	21	29	36	37	40	48
EPS Growth YoY	57	37	10	33	38	27	2	7	21
Price-Earnings (x)	**52**	**38**	**35**	**26**	**19**	**15**	**15**	**13**	**11**
DPS (INR)	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.5	2.5
Dividend yield (%)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.4**	**0.4**	**0.5**	**0.5**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.