

# Indostar Capital Finance

Bloomberg	INDOSTAR IN
Equity Shares (m)	162
M.Cap.(INRb)/(USD\$b)	37.2 / 0.4
52-Week Range (INR)	369 / 179
1, 6, 12 Rel. Per (%)	17/11/-28
12M Avg Val (INR M)	53

## Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
NII	6.4	8.1	9.9
PPP	2.7	4.3	5.9
PAT	1.3	2.2	3.4
EPS (INR)	8.1	13.7	21.2
EPS Gr. (%)	109	70	55
BV (INR)	234	248	269
<b>Ratios</b>			
NIM (%)	8.8	9.9	9.8
C/I ratio (%)	65.5	55.3	50.4
RoA (%)	1.3	2.1	2.7
RoE (%)	3.6	5.7	8.2
Payout (%)	0.0	0.0	0.0
<b>Valuations</b>			
P/E (x)	29.3	17.2	11.1
P/BV (x)	1.0	1.0	0.9
Div. Yield (%)	0.0	0.0	0.0

## Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	70.4	70.4	73.3
DII	2.2	2.1	2.3
FII	2.6	2.3	2.7
Others	24.9	25.3	21.7

FII Includes depository receipts

**CMP: INR230**

**TP: INR290 (+26%)**

**Buy**

## Pick up in business momentum; guides for earnings stability ahead

### Elevated SR provisions led to reported losses, but provisioning now complete

Indostar Capital Finance (INDOSTAR) reported a mixed operating performance during the quarter, with a pickup in business momentum, as evident in the sequential improvement in both disbursements and AUM growth. However, the company reported losses in the quarter due to elevated credit costs from additional management overlay and one-time provisioning on the SR book. Further, asset quality weakened during the quarter, as GS3 rose ~70bp QoQ, due to slippage from the legacy loan book.

**Key highlights:** 1) Disbursements declined 15% YoY and grew 17% QoQ to ~INR13.1b; AUM grew 1% YoY and grew 5% QoQ to ~INR80.6b, 2) Asset quality deteriorated with GS3 rising ~70bp QoQ, 3) NIM (calc.) was stable sequentially, and 4) The company recognized an additional one-time provision of ~INR3.3b on the SR book, along with a management overlay of INR490m as a prudent measure in light of uncertainties arising from the ongoing West Asia conflict.

## Financial highlights

- INDOSTAR's 4QFY26 loss stood at INR4.24b (vs. PAT of INR83m in 3QFY26). FY26 PAT stood at INR1.3b (vs. INR526m in FY25). Other income stood at INR309m during the quarter (PQ: INR315m).
- Opex grew ~1% YoY to INR1.2b, translating into a cost-to-income ratio of ~56.6% in 4QFY26 (PY: 65.9% and PQ: 59.3%). PPOP grew 51% YoY to INR933m (PQ: INR852m and PY: INR619m).
- Credit costs stood at ~INR5.2b (PQ: ~INR769m). This included an additional one-time provision of ~INR3.3b on the SR book. Annualized credit costs stood at ~26.3% in 4QFY26 (PQ: ~4% and PY: 2.5%).
- Total AUM grew 1% YoY and 5% QoQ to ~INR80.6b. VF AUM grew 1% YoY and 5% QoQ. Micro-LAP AUM grew ~37% QoQ to INR1.75b and disbursements in this segment rose ~73% QoQ to INR520m. LTV in the Micro-LAP segment stood at ~37% as of Mar'26.
- Reported CoF in 4QFY26 declined ~10bp QoQ to 10.2% (PQ: 10.3% and PY: 11%). Incremental CoF stood at 9% in 4QFY26.
- Management outlined an ambitious medium-term growth roadmap with a target of ~35% disbursement CAGR over the next three years. It expects AUM to scale up significantly and reach ~INR160b by FY29, supported by branch expansion, improved underwriting quality, and operating leverage benefits. The company also plans to add ~100 branches over the next three years to support future scale-up. Further, it guided for profits to scale up to ~INR4.5b-INR5b by FY29.
- We estimate a CAGR of 24%/62% in AUM/PAT over FY26-28, aided by expansions in NIM to 9.9%/9.8% in FY27E/FY28E, moderation in credit costs, and improvement in operating efficiencies. **Reiterate BUY with a TP of INR290 (premised on 1.1x Mar'28E BVPS).**

### Improvement in business momentum with AUM rising ~5% QoQ

- Total disbursements declined 15% YoY and grew ~17% QoQ to ~INR13.1b. VF disbursements in 4QFY26 stood at ~INR12.5b, which grew ~20% YoY/15% QoQ.
- Disbursements yields in vehicle finance rose ~20bp QoQ to 17.2% (PQ: 17%).
- Management shared that it expects disbursement momentum to improve sequentially across businesses, supported by stronger portfolio quality and enhanced distribution capabilities.

### Asset quality deteriorates; one-time elevated provisions on SR

- Asset quality exhibited deterioration, with standalone GNPA rising ~70bp QoQ to ~4.8% and standalone NNPA rising ~35bp QoQ to ~2.1%.
- In line with the company's ECL framework and RBI regulations, an additional provision of INR3.26b was created against Security Receipts (SR) during the quarter. The gross and net carrying value of SRs stood at INR16.1b/INR5.88b as of FY26 (v/s INR13.8b/INR10.2b as of FY25).
- The company made an additional management overlay provision of INR490m in the quarter and will continue to monitor developments going forward. ECL model refresh also led to higher provisions of ~INR550m.
- Collection efficiency (including overdue) improved sequentially to ~97.3% (PQ: ~95%). CRAR was healthy at ~36%.

### Key highlights from the management commentary

- Management stated that slippages during the quarter largely came from the older book (created under the previous underwriting framework), while loans originated under the new framework are showing materially superior asset quality.
- New book will form ~75% of the loan mix by Dec'26, which management believes will further strengthen asset quality stability.
- The company is gradually increasing its exposure toward lighter commercial vehicles, SCV, cars, tractors, and diversified productive asset categories to improve portfolio granularity.

### Valuation and View

- INDOSTAR reported a mixed operating performance during the quarter, with sequential improvement in both disbursements and AUM growth. However, profitability remained impacted by elevated credit costs arising from additional management overlays and one-time provisioning on the SR book. Further, asset quality weakened during the quarter, as GS3 increased owing to higher delinquencies within the legacy loan book.
- INDOSTAR has prioritized the expansion of its loan book in the used CV segment and micro-LAP. A reinforced management team, enhanced processes, opex rationalization, and improved underwriting processes leading to better asset quality are expected to drive an improvement in profitability ratios in the coming years. We expect RoA of the company to expand to 2.7% by FY28E with PAT CAGR of ~62% over FY26-28E. **Reiterate a BUY rating on the stock with a TP of INR290 (premised on 1.1x Mar'28E BVPS).**

**Quarterly Performance**
**(INR M)**

Y/E March	FY25				FY26				FY25	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	2,703	2,956	3,125	3,184	3,146	3,172	3,151	3,158	11,965	12,625
Interest Expenses	1,668	1,878	1,930	1,933	1,855	1,667	1,371	1,319	7,408	6,212
<b>Net Interest Income</b>	<b>1,035</b>	<b>1,078</b>	<b>1,196</b>	<b>1,251</b>	<b>1,291</b>	<b>1,506</b>	<b>1,779</b>	<b>1,839</b>	<b>4,557</b>	<b>6,414</b>
YoY Growth (%)	-12.2	40.5	47.9	44.6	24.7	39.7	48.8	47.1	36.6	40.7
Other Income	387	565	611	566	291	396	315	309	2,159	1,311
<b>Total Income</b>	<b>1,422</b>	<b>1,643</b>	<b>1,806</b>	<b>1,817</b>	<b>1,582</b>	<b>1,902</b>	<b>2,094</b>	<b>2,149</b>	<b>6,716</b>	<b>7,724</b>
YoY Growth (%)	-1.9	75.6	93.1	-21.7	11.3	15.7	15.9	18.2	23.4	15.0
Operating Expenses	1,106	1,272	1,212	1,198	1,393	1,210	1,242	1,215	4,815	5,060
<b>Operating Profit</b>	<b>317</b>	<b>371</b>	<b>594</b>	<b>619</b>	<b>189</b>	<b>692</b>	<b>852</b>	<b>933</b>	<b>1,901</b>	<b>2,665</b>
YoY Growth (%)	6.4	333.5	1,044.5	-49.1	-40.2	86.3	43.5	50.7	22.9	40.2
Provisions & Loan Losses	210	193	479	494	4,904	586	769	5,173	1,375	11,432
<b>Profit before Tax and exceptional item</b>	<b>107</b>	<b>179</b>	<b>115</b>	<b>125</b>	<b>-4,715</b>	<b>105</b>	<b>83</b>	<b>-4,240</b>	<b>526</b>	<b>-8,768</b>
Exceptional item (post-tax)	0	0	0	0	10,069	0	0	0	0	10,070
<b>PBT (incl. exception gain/loss)</b>	<b>107</b>	<b>179</b>	<b>115</b>	<b>125</b>	<b>5,355</b>	<b>105</b>	<b>83</b>	<b>-4,240</b>	<b>526</b>	<b>1,303</b>
Tax Provisions	0	0	0	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>107</b>	<b>178</b>	<b>115</b>	<b>125</b>	<b>5,355</b>	<b>105</b>	<b>83</b>	<b>-4,240</b>	<b>526</b>	<b>1,303</b>
YoY Growth (%)	-72.5	-28.0	-32.1	-64.6	-	-41.2	-27.6	-	-26.6	147.7
AUM Growth (%)	13.5	30.0	31.7	23.1	8.9	0.2	(2.1)	1.2		
NIM (%)	6.1	5.9	6.2	6.3	6.6	7.8	9.3	9.3		
Cost to Income Ratio (%)	77.7	77.4	67.1	65.9	88.0	63.6	59.3	56.6		
Tax Rate (%)	0.1	0.1	0.1	0.2	-	0.2	0.1	0.0		
<b>Key Operating Parameters (%)</b>										
Yield on loans (Cal)	17.0	17.1	17.6	17.8	17.6	18.0	17.8	17.3		
Cost of funds (Cal)	10.9	11.2	10.9	11.2	10.8	10.6	10.1	9.9		
Spreads (Cal)	6.1	5.9	6.7	6.6	6.8	7.4	7.7	7.4		
NIMs (Cal)	6.1	5.9	6.2	6.3	6.6	7.8	9.3	9.3		
Credit Cost (Cal)	1.2	1.0	2.5	2.5	24.9	3.1	4.0	26.3		
Cost to Income Ratio	77.7	77.4	67.1	65.9	88.0	63.6	59.3	56.6		
Tax Rate	0.1	0.1	0.1	0.2	0.0	0.2	0.1	0.0		
<b>Balance Sheet Parameters</b>										
AUM (INR B)	71.5	75.5	78.6	79.6	77.8	75.6	76.9	80.6		
Change YoY (%)	13.5	30.0	31.7	23.1	8.9	0.2	-2.1	1.2		
AUM Mix (%)										
Vehicle	88.5	92.3	92.9	93.0	92.9	92.9	93.0	93.1		
Micro-LAP	0.0	0.0	0.0	0.7	1.0	1.3	1.7	2.2		
SME & Others	6.3	5.4	4.9	4.4	4.7	4.5	4.1	4.7		
Corporate	5.2	2.3	2.2	2.0	1.4	1.3	1.2	0.0		
<b>Asset Quality Parameters (%)</b>										
GS 3 (INR B)	3.5	3.7	3.6	3.4	3.0	2.2	3.0	3.8		
Gross Stage 3 (% on Assets)	4.2	5.0	4.9	4.5	4.0	3.0	4.1	4.8		
Net Stage 3 (% on Assets)	2.1	2.5	2.7	2.5	1.7	1.1	1.8	2.1		
PCR (%)	53.7	51.0	46.2	46.6	59.6	63.6	57.8	57.4		

E: MOFSL estimates



## Highlights from the management commentary

### Guidance & Outlook

- Management reiterated that FY26 was intentionally utilized as a repair, recalibration, and stabilization year, while FY27 is expected to mark the beginning of a stronger growth phase supported by improved underwriting quality and operating infrastructure.
- The company expects disbursement momentum to improve sequentially across businesses, supported by stronger portfolio quality and enhanced distribution capabilities.
- Over the next three years, management is targeting ~35% CAGR in disbursements and guided for PAT of ~INR4.5b-INR5b by FY29. AUM is expected to scale up to ~INR160b by FY29.
- The company also plans to add ~100 branches over the next three years to support future scale-up.
- Management expects credit costs to gradually normalize toward 2.0–2.5% over the medium term as the old stressed portfolio runs off and the new underwriting framework seasons.
- The company remains focused on maintaining portfolio yields above 17% while balancing growth with prudent risk management.
- Management highlighted that stabilization of operational performance and improvement in asset quality could potentially lead to a credit rating upgrade in the future, which may further support reduction in borrowing costs.
- The company remains confident that the combination of improved underwriting standards, diversified portfolio mix, strong operating investments, and branch expansion positions it well for accelerated yet sustainable growth over the coming years.

### Macro environment & business transition

- Management acknowledged that the ongoing West Asia crisis and elevated crude oil prices may moderate near-term GDP growth and create temporary macroeconomic uncertainty. However, the company continues to remain constructive on the long-term growth outlook of the Indian economy and underlying credit demand environment.
- FY26 was described as a defining year for structural transformation, with the company consciously pivoting toward a more sustainable, high-quality, and profitable growth framework rather than pursuing aggressive disbursement-led expansion.
- The company undertook a broad recalibration of its operating model during the year, with key focus areas including institutionalization of underwriting standards, tightening of credit filters, implementation of risk-based pricing, strengthening early warning systems, and improving overall portfolio quality.
- Management highlighted that these corrective measures were implemented proactively and well ahead of visible stress emergence, which has helped stabilize portfolio performance and strengthen the company's long-term operating foundation.

### **Underwriting and portfolio quality**

- The company materially strengthened its underwriting architecture during FY26 through sharper borrower selection, tighter credit filters, improved income assessment mechanisms, and enhanced portfolio monitoring capabilities.
- A key improvement has been visible in customer quality, with the share of borrowers having 725+ CIBIL scores increasing meaningfully across both customer acquisitions and disbursements.
- Portfolio quality metrics have shown significant improvement following implementation of the revised underwriting framework. Management indicated that this came at the cost of moderating near-term growth, but was considered necessary for building sustainable long-term capacity.
- The company also established an enhanced early warning framework to proactively identify stress pockets and improve collection efficiency before slippages materialize.
- Management stated that slippages during the quarter largely came from the older book (created under the previous underwriting framework), while loans originated under the new framework are showing materially superior asset quality.
- Significant improvement has been witnessed across delinquency buckets over the last 12 months, and the company expects portfolio quality trends to continue improving as the new book gains seasoning.
- New book will form ~75% of the loan mix by Dec'26, which management believes will further strengthen asset quality stability.
- The company has already impaired all identified stressed assets and believes there should not be any major incremental stress from the SR portfolio going forward.
- In Micro-LAP, the company remains cautious on ticket-size expansion and intends to focus primarily on gradual calibrated growth. Management highlighted that delinquencies in this segment generally emerge after 24 months of seasoning, thereby warranting a measured approach.

### **Portfolio diversification strategy**

- The company has consciously diversified its portfolio mix in order to reduce concentration risks and improve resilience across economic cycles.
- Within the vehicle finance business, MHCV exposure has reduced materially from 56% in FY24 to nearly 37% in FY26, reflecting management's intent to avoid vulnerable segments and maintain prudent risk exposure.
- The company is gradually increasing exposure toward lighter commercial vehicles, SCV, CARS tractors, and diversified productive asset categories to improve portfolio granularity.
- Management also indicated plans to selectively enter adjacent secured lending segments, such as new vehicle financing and prime customer segments, with appropriate underwriting controls.
- Over the medium term, the company intends to continue focusing on vehicle finance and micro LAP businesses, which management believes offer large addressable market opportunities.

### **Operational expansion & capacity building**

- FY26 was also a year of significant operational and organizational investments aimed at preparing the franchise for the next growth cycle.
- The company increased its front-line sales staff by 30% in 2HFY26 to reach 1600 by Mar'26. The company continues to invest in front line sales staff. The company is expanding its branch network for a multi-year growth period.
- Senior leadership hiring has been strengthened across both core businesses, while investments in frontline sales and collections teams have also been accelerated.
- The company expanded its branch network materially and now operates through 454 branches across 24 states, which management believes provides a strong distribution base for future scale-up.
- Total branches increased from 108 earlier, indicating substantial opportunity to further scale operations through the existing infrastructure.
- The micro-LAP business, launched nearly 14 months ago, has shown encouraging early traction and currently operates through around 108 branches with an AUM of ~INR1.75b.
- During 4QFY26, micro-LAP disbursements stood at nearly INR520m. Management plans to expand this business selectively into two additional states during FY27 using the existing vehicle finance branch infrastructure.
- Digital initiatives continued to progress well, with digital adoption reaching nearly 81% in vehicle finance and 100% in micro-LAP businesses.
- The company also received approval for e-KYC implementation, which is expected to further improve operational efficiency, onboarding speed, and customer experience.
- Management highlighted that the customer loan journey has become significantly faster and more paperless through technology integration initiatives.

### **Funding and Profitability**

- The company continues to witness improvement in its funding profile and borrowing costs, supported by portfolio stabilization and stronger lender confidence.
- Incremental cost of funds declined by nearly 60bps YoY, while overall cost of funds reduced to ~10.2%, with incremental borrowing costs declining further toward 9%.
- Management highlighted that the company has consistently borrowed at nearly 9% for several quarters, resulting in sequential moderation in overall funding costs.
- NIMs increased materially during FY26 and stood at around 7.4%, supported by healthy portfolio yields and declining funding costs.
- Loan yields remained healthy at nearly 16.9%, while disbursement yields stood at 17.2% overall and ~21.8% in the micro-LAP business.
- Net interest income for FY26 stood at nearly INR7.2b, reflecting ~16% YoY growth.
- PAT increased significantly to nearly INR1.3b versus INR530m in the previous year, aided by improved operating leverage and lower provisioning pressure.

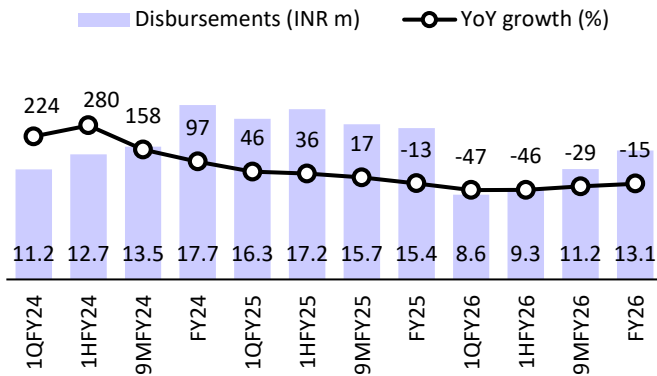
- Operating expenses remained elevated during the year due to investments in manpower, branch expansion, IT systems, and infrastructure creation. However, management expects meaningful operating leverage benefits to emerge over the next few years as growth accelerates on the existing cost base.
- The company expects revenue growth and NII growth to remain significantly ahead of operating expense growth over the medium term.

#### **Asset quality and SR Exposure**

- Credit costs and provisioning remained elevated during FY26 due to prudent recognition of stress and accelerated balance sheet clean-up measures.
- Management stated that the company consciously utilized FY26 as a balance sheet repair year, including recognizing stressed exposures, moderating growth, and strengthening provisioning buffers.
- Net SRs stood at ~INR5.88b, of which ~76% pertains to two large corporate accounts linked to construction projects. Management indicated that construction progress in these projects remains on track, with strong visibility toward realization and recovery over time (12-15 months).
- As recoveries materialize and the old stressed book gradually runs down, GNPA and NNPA levels are expected to improve materially over the coming quarters.
- Additional overlay provisions of ~INR490m were taken due to uncertainty arising from the West Asia crisis. Management clarified that this is largely precautionary in nature and not due to visible stress emergence within the portfolio. The company indicated that if macro conditions remain stable and no incremental stress emerges, a portion of these prudential provisions could potentially be written back in future periods.

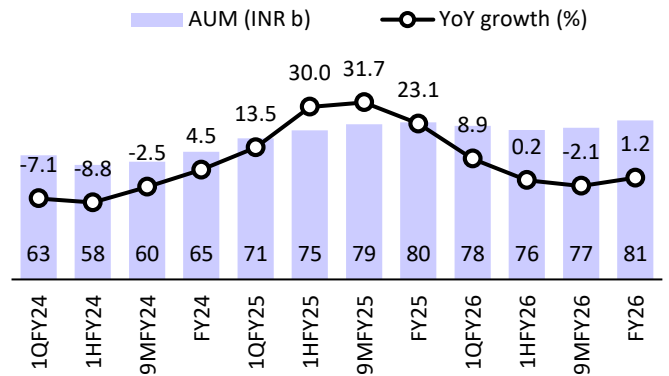
## Key exhibits

**Exhibit 1: Disbursements rose ~17% QoQ but declined 15% YoY**



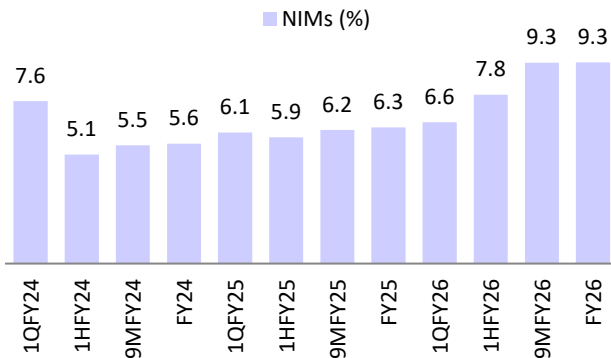
Source: MOFSL, Company

**Exhibit 2: AUM grew ~1% YoY/5% QoQ**



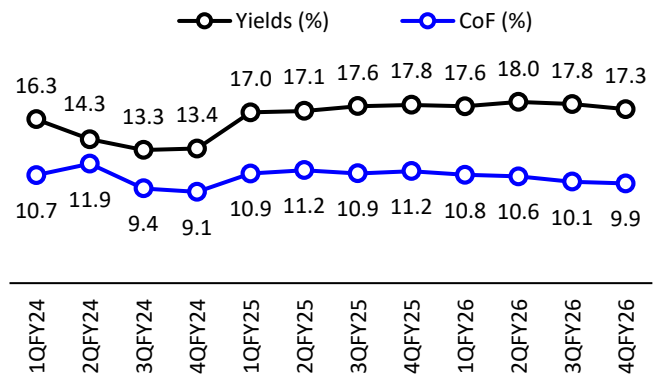
Source: MOFSL, Company

**Exhibit 3: Cal. NIMs were stable QoQ**



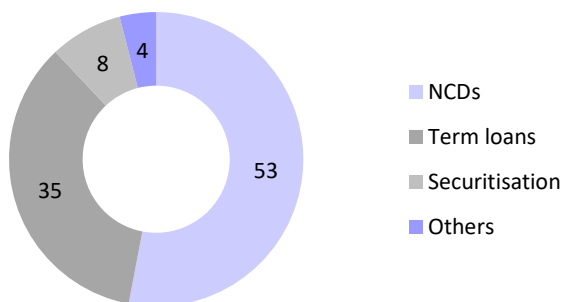
Source: MOFSL, Company

**Exhibit 4: Spreads (Calc.) declined ~30bp QoQ (%)**



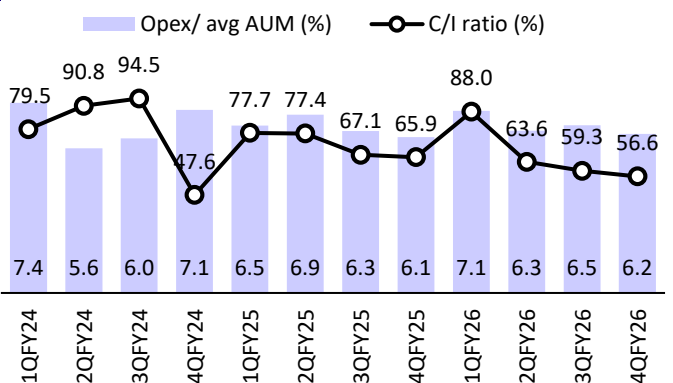
Source: MOFSL, Company;

**Exhibit 5: Borrowing mix as of Mar'26 (%)**



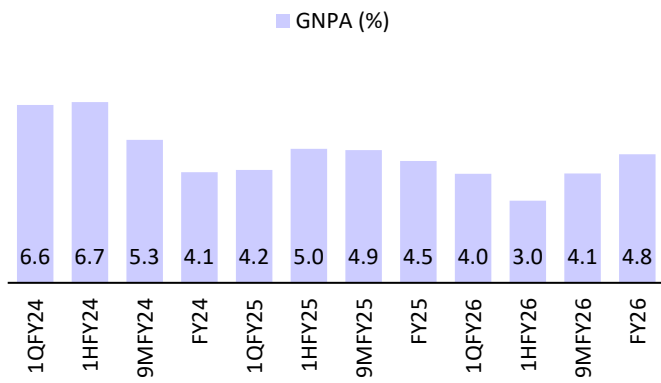
Source: MOFSL, Company

**Exhibit 6: C/I ratio declined ~270bp QoQ to 56.6%**



Source: MOFSL, Company;

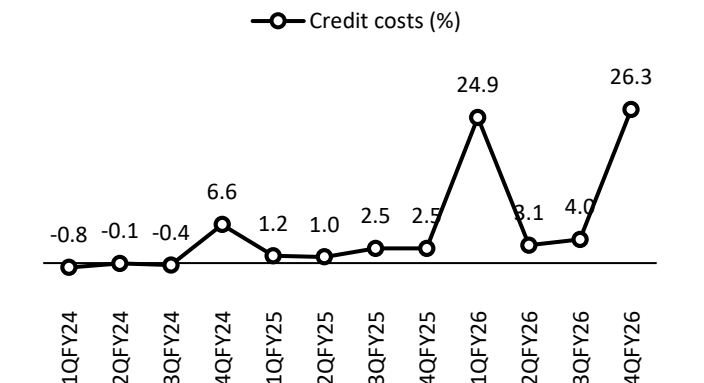
**Exhibit 7: Standalone GNPA rose ~70bp QoQ (%)**



Source: MOFSL, Company

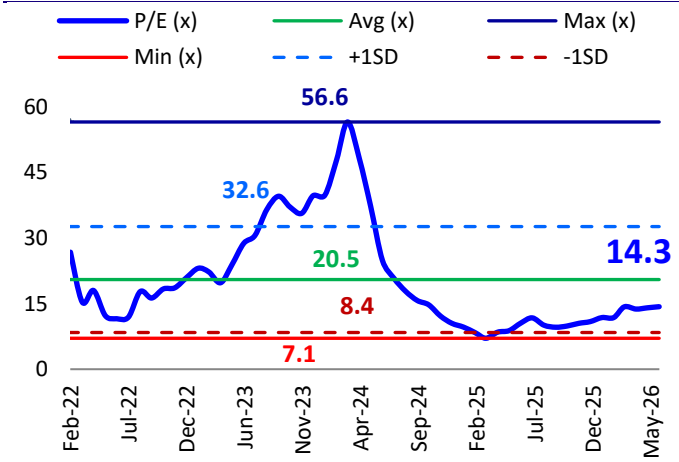
Note: For 1HFY25 onwards, GNPA relates to standalone financials

**Exhibit 8: Credit costs elevated due to one-time provisioning**



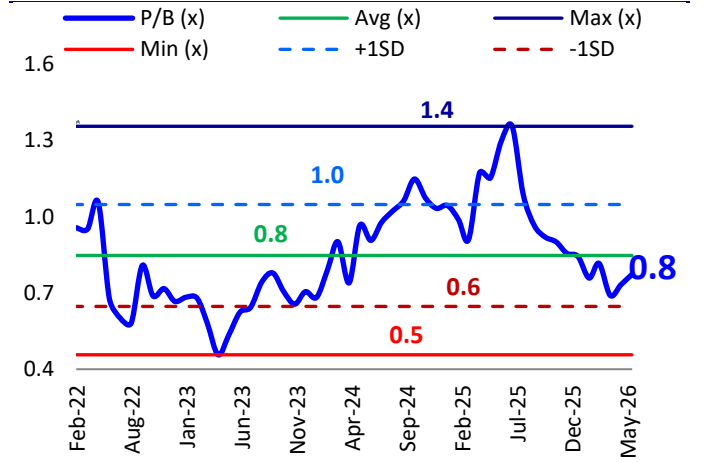
Source: MOFSL, Company

**Exhibit 9: One-year forward P/E**



Source: MOFSL, Company

**Exhibit 10: One-year forward P/B**



Source: MOFSL, Company

## Financials and valuations

Income Statement								(INR M)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	11,056	9,558	8,895	9,148	11,965	12,625	14,343	17,819
Interest Expended	6,923	5,143	5,180	5,812	7,408	6,212	6,212	7,914
<b>Net Interest Income</b>	<b>4,134</b>	<b>4,414</b>	<b>3,715</b>	<b>3,336</b>	<b>4,557</b>	<b>6,414</b>	<b>8,131</b>	<b>9,906</b>
Change (%)	-26.5	6.8	-15.9	-10.2	36.6	40.7	26.8	21.8
Fee Income	314	385	471	512	1,196	999	1,249	1,499
Other Income	562	593	565	1,592	962	311	342	393
<b>Net Income</b>	<b>5,010</b>	<b>5,392</b>	<b>4,751</b>	<b>5,441</b>	<b>6,716</b>	<b>7,724</b>	<b>9,723</b>	<b>11,798</b>
Change (%)	-26.6	7.6	-11.9	14.5	23.4	15.0	25.9	21.3
Operating Expenses	3,057	3,293	3,279	3,894	4,815	5,060	5,374	5,947
<b>Operating Income</b>	<b>1,953</b>	<b>2,099</b>	<b>1,471</b>	<b>1,547</b>	<b>1,901</b>	<b>2,665</b>	<b>4,349</b>	<b>5,851</b>
Change (%)	-52.1	7.5	-29.9	5.1	22.9	40.2	63.2	34.5
Provisions and W/Offs	4,524	11,508	-401	831	1,375	11,432	2,135	2,427
<b>PBT</b>	<b>-2,571</b>	<b>-9,409</b>	<b>1,873</b>	<b>716</b>	<b>526</b>	<b>-8,768</b>	<b>2,214</b>	<b>3,424</b>
Exceptional Gain (Post-tax)	0	0	0	0	0	10,070	0	0
Tax	-156	-1,717	0	0	0	0	0	0
<b>PAT</b>	<b>-2,415</b>	<b>-7,692</b>	<b>1,873</b>	<b>716</b>	<b>526</b>	<b>1,303</b>	<b>2,214</b>	<b>3,424</b>
Change (%)	-46.1	218.5	-124.3	-61.8	-26.6	-	70.0	54.6

Balance Sheet								(INR M)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	1,237	1,361	1,361	1,361	1,361	1,615	1,615	1,615
Reserves & Surplus	35,552	27,419	28,865	29,660	32,901	36,160	38,374	41,798
<b>Net Worth</b>	<b>36,790</b>	<b>28,780</b>	<b>30,226</b>	<b>31,021</b>	<b>34,262</b>	<b>37,776</b>	<b>39,990</b>	<b>43,414</b>
Other Capital Instruments	0	0	0	0	0	0	0	0
<b>Borrowings</b>	<b>57,607</b>	<b>54,830</b>	<b>48,131</b>	<b>60,494</b>	<b>69,165</b>	<b>54,768</b>	<b>68,975</b>	<b>90,895</b>
Change (%)	-18.7	-4.8	-12.2	25.7	14.3	-20.8	25.9	31.8
Other liabilities	3,477	4,633	3,036	2,387	4,195	2,571	3,085	3,702
<b>Total Liabilities</b>	<b>97,873</b>	<b>88,243</b>	<b>81,393</b>	<b>93,901</b>	<b>1,07,622</b>	<b>95,114</b>	<b>1,12,050</b>	<b>1,38,011</b>
Investments	17,885	9,771	14,571	15,709	18,182	9,819	10,310	11,135
Change (%)	314.2	-45.4	49.1	7.8	15.7	-46.0	5.0	8.0
<b>Loans and Advances</b>	<b>66,925</b>	<b>64,910</b>	<b>51,956</b>	<b>59,873</b>	<b>72,165</b>	<b>74,345</b>	<b>89,578</b>	<b>1,12,914</b>
Change (%)	-17.1	-3.0	-20.0	15.2	20.5	3.0	20.5	26.1
Net Fixed Assets	3,790	3,936	3,814	3,796	3,781	3,618	3,799	3,989
Other Assets	9,274	9,626	11,052	14,524	13,494	7,332	8,363	9,974
<b>Total Assets</b>	<b>97,873</b>	<b>88,243</b>	<b>81,393</b>	<b>93,901</b>	<b>1,07,622</b>	<b>95,114</b>	<b>1,12,050</b>	<b>1,38,011</b>

E: MOFSL Estimates

## Financials and valuations

								(INR M)	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>AUM Details</b>									
Standalone. AUM (INR Bn)	91	80	83	62	65	80	81	97	123
<b>AUM Mix</b>									
Corporate	31	24	19	20	6	2	0	0	0
Retail	69	76	81	80	94	98	100	100	100
Vehicle	49	52	59	59	87	93	93	92	90
SME	19	23	22	21	7	4	5	3	2
Micro-LAP	0	0	0	0	0	1	2	5	9
<b>Ratios</b>									
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Spreads Analysis (%)</b>									
Yield on Portfolio	17.6	15.0	14.5	15.2	16.4	18.1	17.2	17.5	17.6
Cost of Borrowings	12.1	10.8	9.1	10.1	10.7	11.4	10.0	10.0	9.9
Interest Spread	5.5	4.2	5.4	5.2	5.7	6.7	7.2	7.5	7.7
Net Interest Margin	6.0	5.6	6.7	6.4	6.0	6.9	8.8	9.9	9.8
<b>Profitability Ratios (%)</b>									
RoE	-16.6	-7.6	-23.5	6.3	2.3	1.6	3.6	5.7	8.2
RoA (on balance sheet)	-4.4	-2.4	-8.3	2.2	0.8	0.5	1.3	2.1	2.7
Debt: Equity (x)	2.6	1.6	1.9	1.6	2.0	2.0	1.4	1.7	2.1
Leverage (x)	3.7	2.7	3.1	2.7	3.0	3.1	2.8	2.7	3.0
<b>Efficiency Ratios (%)</b>									
Int. Expended/Int. Earned	60.4	62.6	53.8	58.2	63.5	61.9	49.2	43.3	44.4
Op. Exps./Net Income	40.3	61.0	61.1	69.0	71.6	71.7	65.5	55.3	50.4
Empl. Cost/Op. Exps.	60.0	50.9	53.5	41.4	54.4	61.8	66.2	66.7	66.2
Fee income/Net Income	7.1	6.3	7.1	9.9	9.4	17.8	12.9	12.8	12.7
<b>Asset quality</b>									
GNPA	3,652	3,441	12,030	4,790	4,265	4,584	3,750	3,669	3,883
NNPA	2,893	1,580	5,190	2,190	1,744	2,448	1,600	1,651	1,747
GNPA %	4.4	4.7	13.6	8.1	5.0	4.5	4.8	4.9	3.7
NNPA %	3.5	2.2	6.7	4.0	2.1	2.5	2.2	2.3	1.6
PCR %	20.8	54.1	56.9	55.2	59.1	46.6	57.3	55.0	55.0
<b>Valuation</b>									
Book Value (INR)	291	297	211	222	228	252	234	248	269
BV Growth (%)		2.3	-28.9	5.0	2.6	10.4	-7.1	5.9	8.6
<b>Price-BV (x)</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>
Adjusted BV (INR)	263	278	150	197	206	228	218	231.7	251.9
<b>Price-ABV (x)</b>	<b>0.9</b>	<b>0.8</b>	<b>1.6</b>	<b>1.2</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>
EPS (INR)	-48.4	-19.5	-56.5	13.8	5.3	3.9	8.1	13.7	21.2
EPS Growth (%)		-59.7	189.6	-124.3	-61.8	-26.6	108.7	70.0	54.6
<b>Price-Earnings (x)</b>	<b>-4.9</b>	<b>-12.1</b>	<b>-4.2</b>	<b>17.1</b>	<b>44.8</b>	<b>61.1</b>	<b>29.3</b>	<b>17.2</b>	<b>11.1</b>
Dividend per share	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Dividend Yield (%)</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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