

Piramal Finance

BSE SENSEX

72,472

S&P CNX

22,520



Stock Info

Bloomberg	PIRAMALF IN
Equity Shares (m)	227
M.Cap.(INRb)/(USD\$)	466.4 / 4.8
52-Week Range (INR)	2328 / 1235
1, 6, 12 Rel. Per (%)	-11/20/-
12M Avg Val (INR M)	896
Free float (%)	56.0

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
PPOP	22.9	39.9	60.7
PAT	16.7	23.8	40.0
PAT (ex exceptional)	0.0	23.8	40.0
EPS	74	100	164
EPS Gr. (%)	243	35	64
Consol BV/Sh. (INR)	1,247	1,378	1,537
RoA (%)	1.6	2.0	2.8
RoE (%)	6.0	7.8	11.4

Valuation

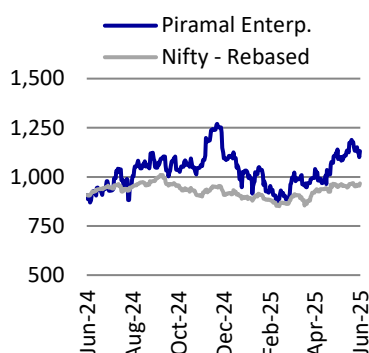
P/E (x)	26.7	19.8	12.0
P/BV (x)	1.6	1.4	1.3
Dividend yield (%)	0.6	1.2	1.7

Shareholding pattern (%)

As On	Jun-26	Mar-26
Promoter	46.2	46.2
DII	18.6	18.8
FII	15.7	14.9
Others	19.5	20.1

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR1,971

TP: INR2,480 (+26%)

Buy

Growth in the kitty; profitability is next

Retail transformation behind us; a richer product mix and operating leverage to drive a sharper RoA-led earnings upcycle

- Growth engine firing; multiple avenues support ~25% AUM CAGR:** Piramal Finance has moved decisively beyond its balance-sheet transition phase. Growth AUM now accounts for ~98% of the portfolio, while retail contributes ~85% of AUM, leaving the legacy book at less than 2%. With retail disbursements rising ~44% YoY to INR125b in 1QFY27 and consolidated AUM rising ~25% YoY, visibility on the company's ~25% FY27 AUM growth target remains strong. Importantly, growth is becoming more diversified. The established housing and LAP franchise is being complemented by gold loans, MFI, micro-LAP, unsecured lending and deeper cross-sell to its ~6m customer base. Cross-sell already contributes ~28-29% of business volumes, creating an opportunity to grow the franchise with lower customer-acquisition costs and potentially better credit outcomes.
- The next earnings lever will be richer portfolio mix and lower cost of funds:** We see increasing scope for margin expansion as incremental originations are skewed toward higher-yielding, shorter-tenure businesses. Gold loans, MFI, micro-LAP and unsecured lending carry higher disbursement yields than the existing portfolio, and as these books season, the richer origination mix should progressively lift portfolio yields. At the same time, Piramal's improving credit ratings and greater access to diversified and multilateral funding should support a gradual reduction in cost of borrowings. Thus, we believe the next leg of NIM expansion is increasingly structural rather than purely rate-cycle driven. We estimate NIM at ~5.4%/5.9% in FY27E/FY28E.
- Operating leverage is emerging as the biggest profitability catalyst:** The strongest change in the earnings profile is the widening gap between business growth and cost growth. In 1QFY27, AUM grew ~25% YoY, while opex increased only ~10%, driving the cost-to-income ratio down sharply to ~52.5% from 65.6% a year earlier. The Opex/AUM ratio has dipped consistently over the past eight quarters to 3.5% from 4.9%, despite the resumption of branch expansion. Technology and AI should further reinforce this operating leverage by allowing Piramal to scale underwriting, collections and operations without a commensurate increase in costs. Management expects opex/AUM to dip another ~40-50bp over the next 4-5 quarters and is targeting ~2.5% RoAUM by 4QFY27.
- From growth to earnings – Piramal Finance is transitioning from the hard-work phase to the payoff phase:** With the legacy book largely behind it, we believe the company has reached an important inflection point. We expect the convergence of ~25% AUM CAGR, improving NIMs, operating leverage and controlled credit costs to drive a sharp earnings recovery. We estimate PAT CAGR of ~55% over FY26-28E, with RoA/RoE improving to 2.8%/11.4% by FY28E.

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- The ~INR38.5b primary equity infusion further strengthens the capital base, providing greater flexibility to pursue disciplined growth while maintaining a prudent risk profile. The stock currently trades at ~1.3x FY28E P/BV. **We reiterate our BUY rating with a TP of INR2,480, based on our Mar'28E SoTP valuation.**

From balance sheet repair to earnings compounding

- **The business transformation has created the platform; we believe the next phase will focus on monetizing it:** Piramal Finance's multi-year transformation is now largely complete. The legacy portfolio has been reduced to less than 2% of AUM, while the growth portfolio has reached ~98%. At the same time, the retail franchise has scaled meaningfully and now accounts for ~85% of AUM.
- We estimate **~25% AUM CAGR over FY26-28**, taking the AUM to ~INR1.6t by FY28. We believe the growth runway is aided by three complementary engines:
- **Core franchise:** Housing, LAP and used-vehicle lending continue to provide scale and customer access.
- **Newer, higher-yielding businesses:** Gold loans, MFI, micro-LAP and unsecured lending are contributing to growth while enhancing portfolio yields.
- **Customer monetization:** The ~6m customer franchise provides significant cross-sell potential, with cross-sell already contributing ~28-29% of business volumes.

Higher-yielding businesses will change the portfolio economics

- The shift in portfolio mix will be an important enabler because the newer businesses carry materially higher yields than the housing finance franchise.
- As of 1QFY27, housing loans accounted for ~36% of retail AUM and LAP accounted for ~31%, but the contribution from used-car loans, salaried personal loans, unsecured business loans, digital loans and micro-loans is steadily rising.
- The economics of the newer businesses are attractive. Disbursement yields stood at ~15.5% for used-car loans, ~16.6% for salaried personal loans and ~18.8% for unsecured business loans vs. ~11.7% for housing loans and ~12.8% for LAP.
- Gold loans could become another meaningful growth vector. Piramal Finance expanded its gold-loan branch network to 67 by Jun'26 from 22 in Mar'26 and is targeting ~200 branches by FY27-end. The business is focused on personal-use borrowers in Tier-2/3 markets, with no exposure to jewelers, bullion dealers, pawnbrokers, or wholesale customers.

NIM expansion is fundamental, not just a rate-cycle story

Piramal Finance's NIM was ~6.5% in 1Q, up ~47bp YoY, while the cost of borrowings stood at ~8.8%. We believe the next leg of margin expansion can come from two self-help levers – a richer asset mix and lower borrowing costs. The higher-yielding businesses are already generating disbursement yields well above the existing portfolio yield. As these books scale and season, we expect the higher yields to progressively flow through to portfolio yields. Meanwhile, upgrade to the AA+ rating and greater access to multilateral funding should help lower refinancing costs. **We estimate NIM to improve to ~5.4% in FY27E and ~5.9% in FY28E (vs. 4.7% in FY26).**

Operating leverage could provide the biggest surprise

- We believe that the extent of operating leverage now embedded in the Piramal Finance platform is still underappreciated. Piramal Finance has already demonstrated that it can grow significantly faster than its cost base. With AUM

growing ~25% YoY in 1QFY27 vs. ~10% growth in opex, the opex/AUM ratio dipped to 3.5%. The company expects another ~40-50bp improvement in the opex ratio over the next 4–6 quarters.

- On the credit-cost front, growth-business credit costs remain manageable at ~1.6%, while unsecured and MFI portfolios continue to show resilient risk outcomes. Tighter underwriting and stable overall asset quality should help Piramal sustain credit costs in the current range through FY27-28E.

Valuation and view

- Piramal Finance is entering a phase where the benefits of its multi-year transformation can increasingly translate into earnings. With the legacy book largely behind it, a scalable retail franchise, a richer business mix, lower funding costs, improving operating leverage and disciplined credit outcomes provide a stronger foundation for sustained profitability improvement.
- The ~INR38.5b capital infusion further strengthens its balance sheet flexibility to fund growth while maintaining a prudent capital buffer. With Piramal Finance targeting ~2.5% RoAUM by 4QFY27 and >3% over the longer term, the improving operating architecture provides a credible pathway to sustained earnings expansion.
- We model a total AUM CAGR of ~25% and PAT CAGR of ~55% over FY26- FY28E, with RoA/RoE reaching 2.8%/11% by FY28E. **We reiterate our BUY rating with a TP of INR 2,480 (based on our Mar'28E SoTP).**

Piramal: SoTP – Mar'28

	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	520	5.4	2,300	93	❖ 1.5x Mar'28E PBV
Shriram Group	24	0.3	106	4	❖ Based on its stake in General Insurance Businesses
Life Insurance	8	0.1	34	1	
Alternatives	9	0.1	40	2	
Target Value	561	5.8	2,480	100	

Valuation matrix for Piramal Finance and other diversified NBFC peers

Val summary	Rating	CMP (INR)	Mkt. Cap (INRb)	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
				FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Piramal Finance	Buy	1,970	442	100	164	1,378	1,537	2.0	2.8	7.8	11.4	19.8	12.0	1.4	1.3
BAF	Buy	958	5,932	42.3	51.1	223	266	4.2	4.1	20.5	20.9	22.7	18.8	4.3	3.6
Poonawalla	Buy	448	384	18.0	29.4	164	192	2.1	2.4	12.8	16.5	24.9	15.3	2.7	2.3
ABCL	Buy	379	1,010	18.5	23.6	156	176	-	-	13.1	14.2	20.5	16.1	2.4	2.2
LTFH	Buy	260	644	15.9	19.1	125	140	2.5	2.5	13.5	14.4	16.3	13.6	2.1	1.9
MAS Financial	Buy	266	48	25.4	29.2	183	209	3.2	3.1	14.8	14.9	10.5	9.1	1.5	1.3
IIFL Finance	Buy	598	245	71.6	88.6	395	478	3.3	3.4	19.8	20.3	8.3	6.7	1.5	1.3
HDB Financial	Neutral	588	487	39.6	46.8	288	335	2.5	2.6	14.7	15.0	14.9	12.6	2.0	1.8
Jio Financial	Buy	215	1,344	3.4	5.0	232	254	1.5	2.0	3.7	6.2	64.0	43.0	0.9	0.8
Northern Arc	Buy	281	45	34.3	44.8	276	321	2.9	3.2	13.3	15.0	8.2	6.3	1.0	0.9
Tata Capital	Neutral	319	1,329	16.0	21.0	125	147	2.1	2.2	13.7	15.5	19.9	15.1	2.5	2.2

Story in charts

Exhibit 1: AUM CAGR of ~25% over FY26-FY28E

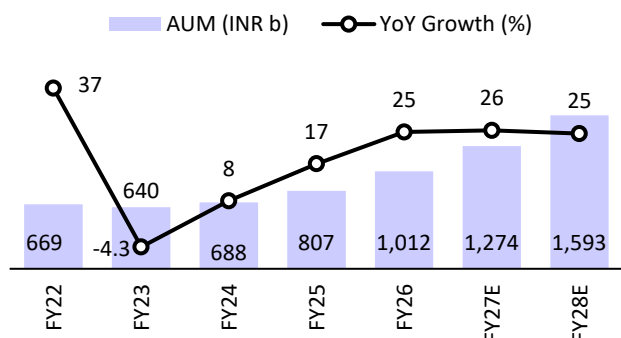


Exhibit 2: Retail mix continues to improve

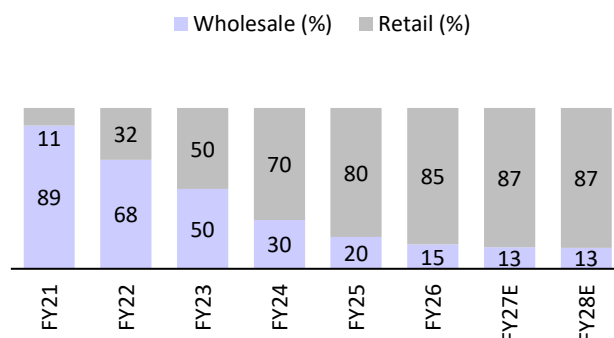


Exhibit 3: Expect a gradual decline in CoF

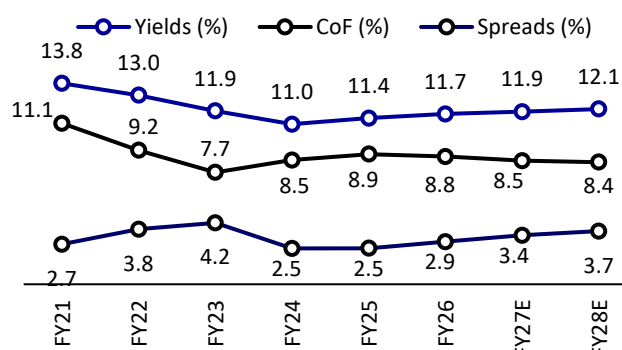


Exhibit 4: NIM to improve steadily to ~5.9% by FY28E

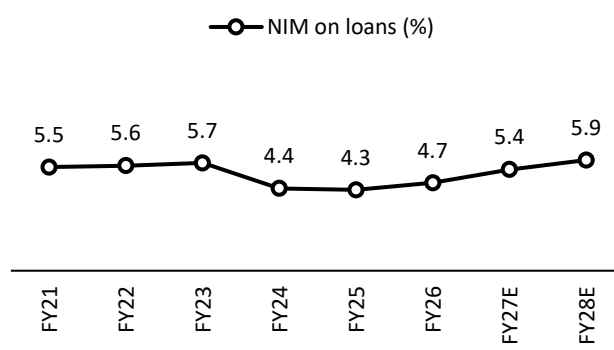


Exhibit 5: C/I ratio will continue to improve

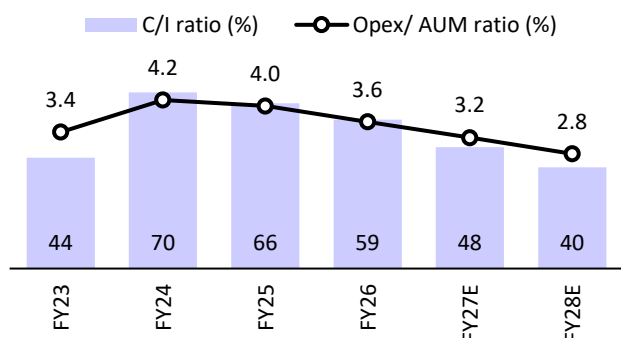


Exhibit 6: Expect further improvement in asset quality

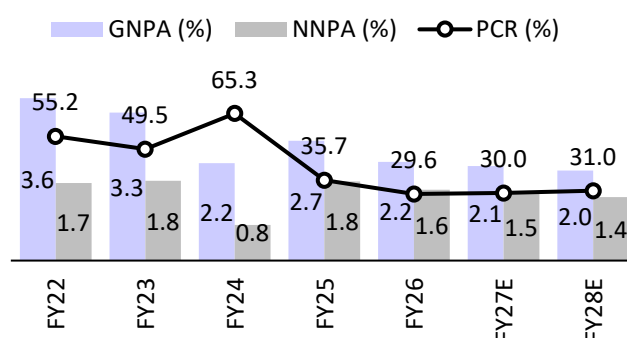


Exhibit 7: Credit costs to gradually come down

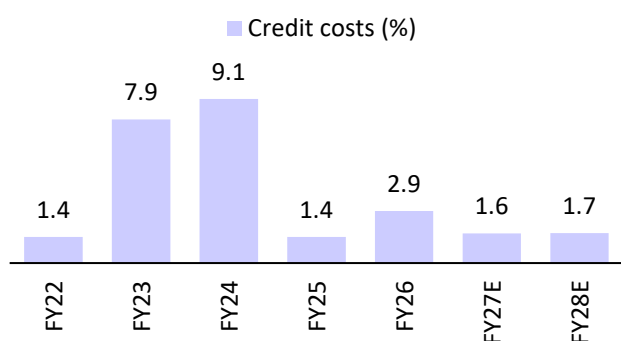
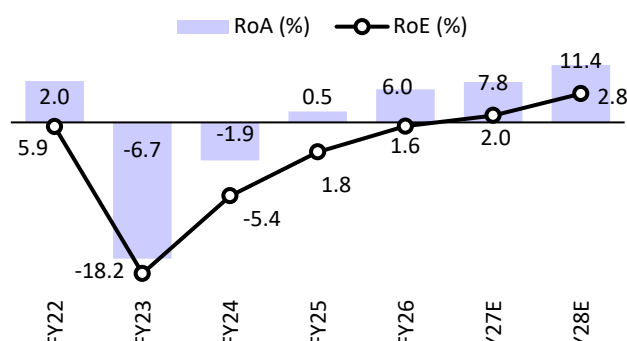


Exhibit 8: RoA/RoE of 2.8%/11.4% in FY28E



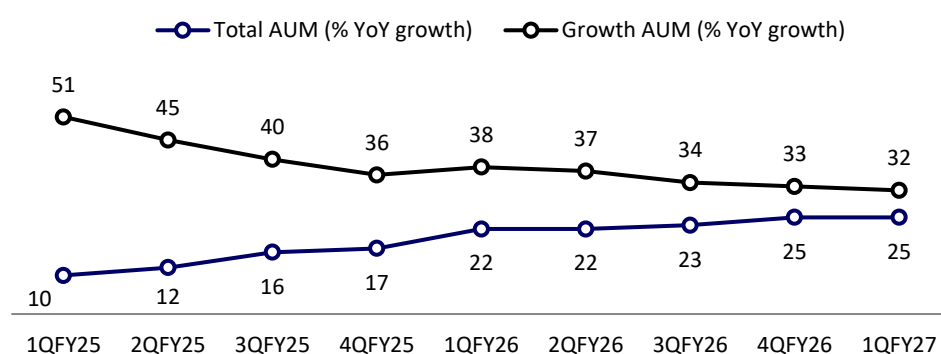
Source: MOFSL, Company

Source: MOFSL, Company;

Retail transformation largely complete; focus now shifts to monetizing the franchise

- Piramal is now emerging as a scaled, retail-led lender, with consolidated AUM growing ~25% YoY to INR1.07t in 1QFY27, while growth AUM (which includes retail and wholesale businesses but excludes the discontinued legacy business) grew faster at ~32% YoY. Retail disbursements also rose ~44% YoY to INR125b, providing strong visibility into the company's ~25% FY27 AUM growth target.
- This robust growth is accompanied by a meaningful improvement in the quality and composition of the balance sheet. The growth-to-legacy AUM ratio has reached 98:2, with the legacy book now accounting for less than ~2% of AUM, while Wholesale 2.0 has grown ~27% YoY to INR132b. With retail contributing ~85% of AUM, the balance sheet is increasingly anchored by scalable growth businesses rather than legacy wholesale assets.

Exhibit 9: Growth portfolio (~98% of AUM) momentum continues



Source: MOFSL, Company

Exhibit 10: Accelerated rundown of legacy AUM

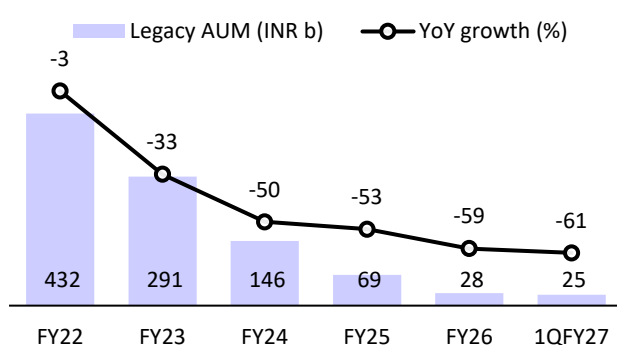
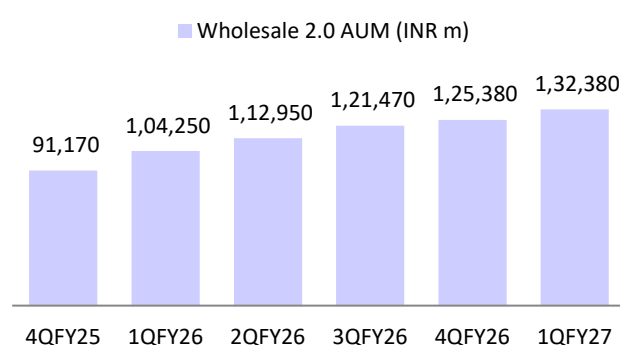
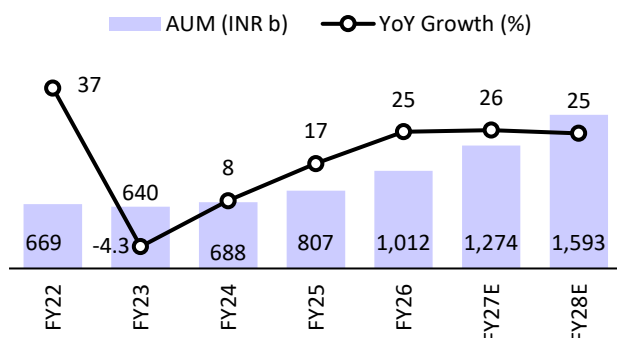
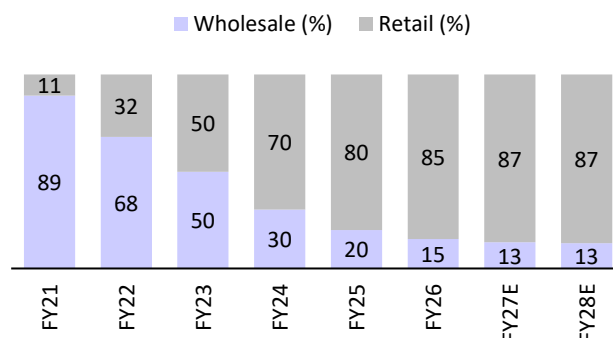


Exhibit 11: Wholesale 2.0 AUM growing at a steady pace



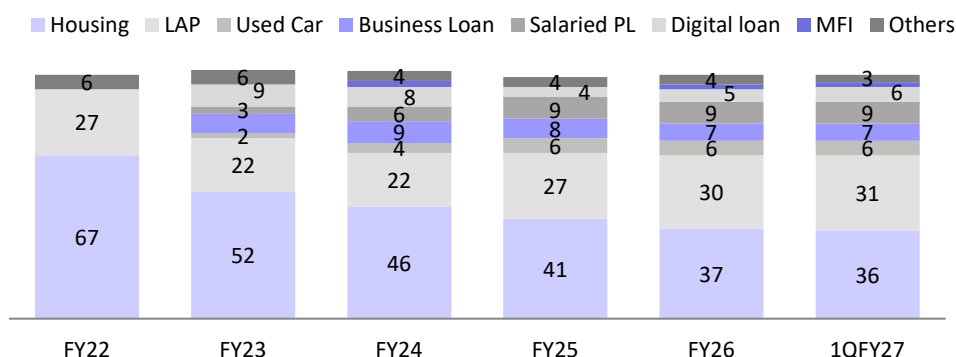
- The retail franchise is becoming more diversified across products and customer segments. Gold loans, MFI, micro-LAP, unsecured lending, and cross-sell are gaining traction alongside the established retail businesses, reducing dependence on any single product. This is supported by a ~6m customer base and a deliberate focus on "Middle India" (cities ranked 100-1,000), where management sees attractive growth opportunities, lower competitive intensity, and greater resilience.
- The expanding customer franchise provides an additional avenue for more efficient growth through cross-sell, which already contributes ~28-29% of business volumes. Deeper monetization of existing customers entails lower

acquisition costs than sourcing new customers and can also lead to better credit outcomes, creating scope for growth to become increasingly efficient as the franchise scales. We expect Piramal to sustain this growth trajectory, with AUM estimated to grow ~25% over FY26-28E.

Exhibit 12: AUM CAGR of ~25% over FY26-FY28E

Exhibit 13: Retail mix continues to improve


Gold loans and micro-lending add new growth vectors

- Piramal is selectively scaling underpenetrated, higher-yielding businesses such as gold loans, MFI and micro-LAP, which are expected to increasingly complement its established retail franchise. Importantly, the newer retail businesses have now attained meaningful scale and are operating at breakeven, while maintaining steady risk outcomes. This provides a stronger foundation for further calibrated expansion across these segments.
- The company has recently started scaling its gold-loan business, which offers an additional avenue for growth within its retail franchise. Piramal Finance expanded its branch network to 67 branches by Jun'26 from 22 in Mar'26 and is targeting ~200 branches by the end of FY27. The business is focused on personal-use borrowers in Tier-2/3 markets, with no exposure to jewelers, bullion dealers, pawnbrokers, or wholesale customers. This targeted approach allows Piramal to tap into an underpenetrated customer segment while maintaining a relatively focused risk profile.

Exhibit 14: Core franchise remains dominant but newer products are steadily gaining share


Source: MOFSL, Company

- The product proposition further supports the attractiveness of the gold-loan business, combining flexible interest-payment structures with part-payment and part-release facilities. The business generated INR60m in disbursements in its first full month, with an average ticket size of ~INR85k, a ~17.9% disbursement

yield and a 12-month tenure, indicating attractive unit economics at an early stage of scaling up.

- Micro lending is similarly being expanded in a calibrated manner, with management placing greater emphasis on productivity and portfolio quality as the branch network grows. While management remains open to inorganic opportunities across these segments, the capital raise is primarily intended to fund organic growth, allowing the company to scale these newer businesses while retaining a disciplined approach to capital deployment.

Exhibit 15: Piramal Finance's product segments

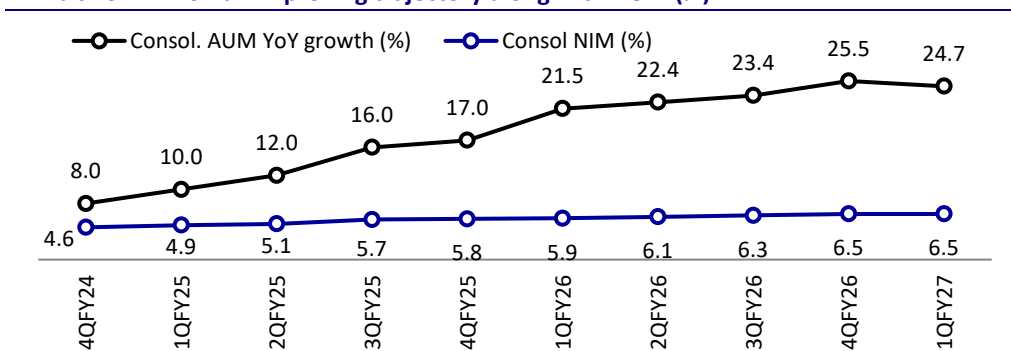
Particulars	AUM (INR b)	ATS (INR m)	Avg. LTV (%)	Avg. CIBIL	Disbursement Yield (%)
Housing Loans	330.8	2.40	60	750	11.7
LAP	281.2	3.00	49	742	12.8
Used Car loans	57.6	0.68	70	752	15.5
Salaried PL	83.8	0.50		761	16.6
Unsecured business loans	62.5	0.44		753	18.8
Digital loans	52.4	0.08		762	14.7
Micro-loan	15.5	0.06			20.8

Source: MOFSL, Company; Note: Data as of Jun'26

Better mix and lower CoF to aid NIM expansion

- NIM remained stable QoQ at ~6.5% in 1QFY27, but it improved ~47bp YoY, while the cost of borrowings stood at ~8.8%. Going forward, margin expansion is likely to be driven less by the interest-rate cycle and more by improvements in portfolio mix and liability optimization.
- A richer asset mix is expected to support portfolio yields over time, with an increasing contribution from gold loans, MFI, micro-LAP and unsecured lending. Disbursement yields are already higher than portfolio yields, as incremental originations are skewed toward shorter-tenure and higher-yielding products. As these books season, the higher yields on new originations should progressively flow through to the overall portfolio, providing a steady uplift to margins.

Exhibit 16: NIM on an improving trajectory along with AUM (%)



Source: MOFSL, Company

- At the same time, the funding profile is positioned to improve, with the recent upgrade to AA+ rating likely to enhance access to capital and lower refinancing costs. Greater reliance on multilateral funding should further diversify the liability base and provide access to relatively attractive long-term funding. Together, these factors should support a gradual structural reduction in the cost of borrowings.

- The combination of a richer asset mix and lower funding costs offers a more durable opportunity for margin expansion than one based solely on further policy-rate transmission. This is also reflected in management's decision to retain its Prime Lending Rate despite the rate-cut cycle, suggesting that profitability improvement is increasingly being driven by internal portfolio and funding levers. We expect Piramal Finance to deliver NIMs of ~5.4%/5.9% over FY27/FY28.

Exhibit 17: Expect a gradual decline in CoF

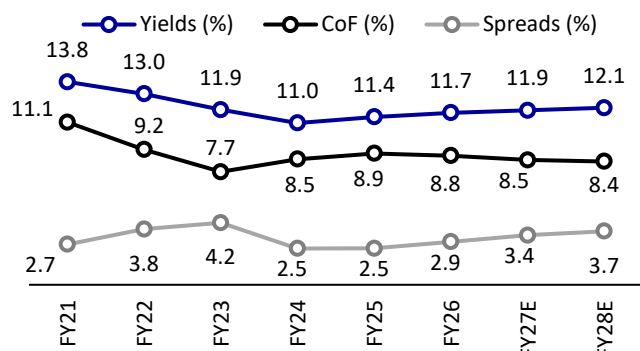
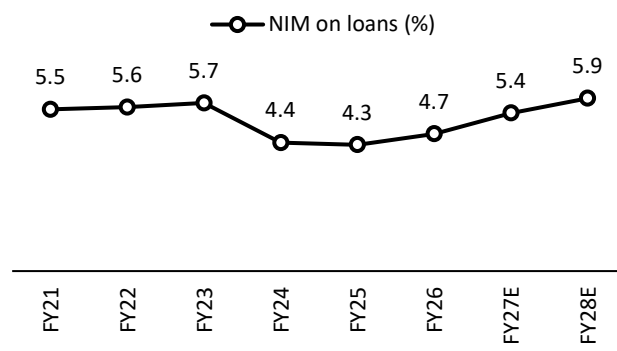


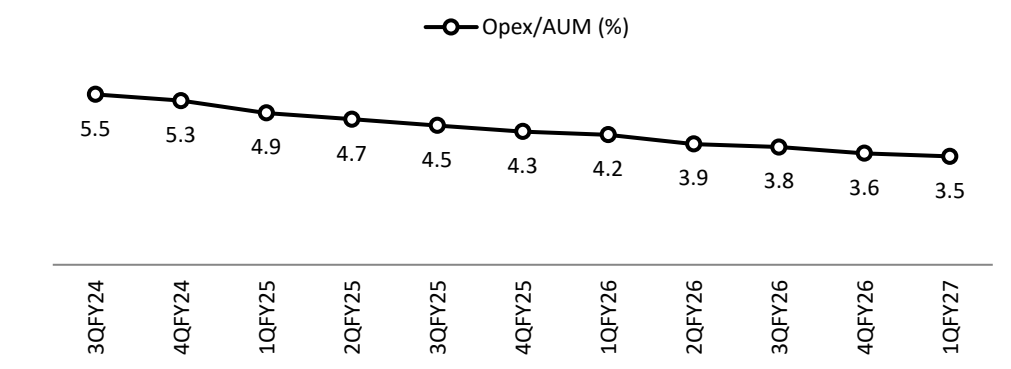
Exhibit 18: NIM to improve steadily to ~5.9% by FY28E



Operating leverage – where growth starts showing up in earnings

- The most visible improvement in 1QFY27 was the widening gap between business and cost growth, with AUM growing 25% YoY while operating expenses increased only ~10%. This drove the cost-to-income ratio down sharply to ~52.5% from 65.6% in 1QFY26, highlighting the benefits of scale, digitization, higher employee productivity, and tighter cost-control measures.

Exhibit 19: Consistent improvement in the opex-to-AUM ratio over the past eight quarters



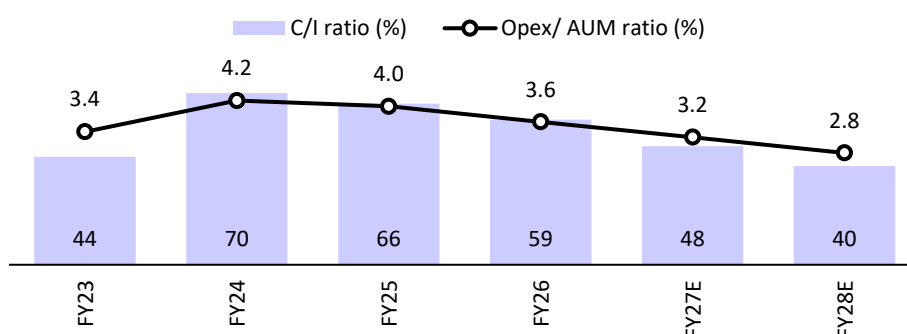
Source: MOFSL, Company

- The improvement in cost efficiency appears structural, with opex-to-AUM continuing to decline even as branch expansion has resumed. After a six-quarter pause, Piramal added >100 branches in 4QFY26, primarily across MFI, gold loans and full-service formats. Further expansion, particularly in gold loans, should broaden distribution while allowing branch productivity to improve as the newer businesses scale.
- Technology and AI are increasingly reinforcing this operating leverage by enabling the business to scale without a commensurate increase in costs. AI-led underwriting has improved risk selection, with horizontal risk declining ~40%

YoY for three consecutive years, while fraud risk and straight flows into 90+ DPD have declined by >50% annually over the same period.

- The benefits of this transformation are already visible in profitability, with growth-business RoAUM improving to 1.8% in 1QFY27 from 1.5% in 1QFY26. Management expects opex-to-AUM to improve by a further ~40-50bp over the next 4-5 quarters and remains confident of achieving ~2.5% RoAUM by 4QFY27. With AI increasingly embedded across underwriting, collections, operations and technology development, the combination of business scaling and sustained productivity gains should provide further operating leverage and support the earnings trajectory. We expect Piramal Finance's cost-to-income ratio to decline to ~40% by FY28.

Exhibit 20: Operating costs will continue to improve

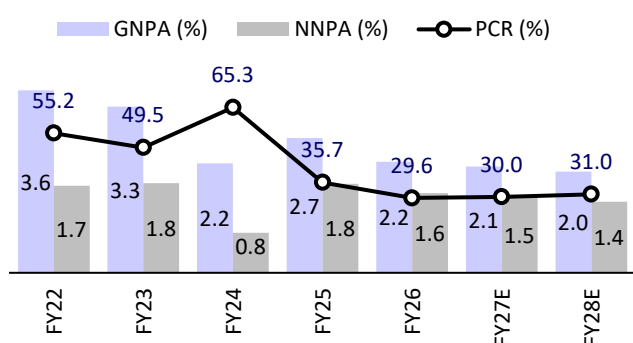


Source: MOFSL, Company

Asset quality remains controlled, supporting calibrated growth

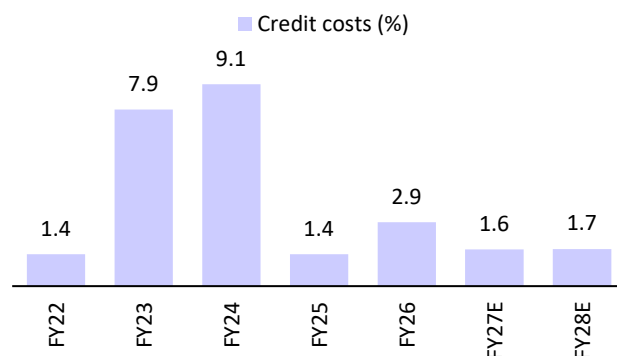
- Asset quality remains broadly controlled, with GS3 at ~2.4% and NS3 at ~1.6%, while retail 90+ DPD at 0.7% indicates limited deterioration despite the rapid pace of portfolio growth. Stage-3 PCR has also improved to ~31.5%, providing further comfort on the overall credit profile.
- The resilience of unsecured lending is particularly encouraging as it becomes increasingly important to the portfolio. MFI performance is also moving toward more normalized risk levels, giving management greater confidence to scale higher-yielding businesses while retaining underwriting discipline.
- Mortgages remain the key monitorable, with early-stage payment bounces and delinquencies emerging among salaried IT borrowers, particularly in South India, alongside a marginal increase in LAP delinquencies. However, the stress remains concentrated in early buckets, with underwriting already tightened in the affected segment and LAP performance showing signs of improvement in July.
- Affordable housing demand continues to remain subdued, while aggressive competitive pricing is creating pressure in select pockets. Importantly, there are no signs of broad-based deterioration, with growth-business credit costs at ~1.6% remaining manageable. The recent increase in PCR was also largely driven by ECL-model changes and RBI-related guidance rather than a material weakening in underlying credit performance.
- Partnership-led lending provides an additional risk-mitigation layer, with >80% of partnership volumes covered by FLDG and flexibility to recalibrate co-lending volumes if credit conditions deteriorate. Overall, the controlled asset-quality environment, alongside targeted tightening in emerging stress pockets, provides room for continued scaling of higher-yielding businesses. Credit costs are expected to be ~1.6%/~1.7% for FY27/FY28.

Exhibit 21: Expect further improvement in asset quality



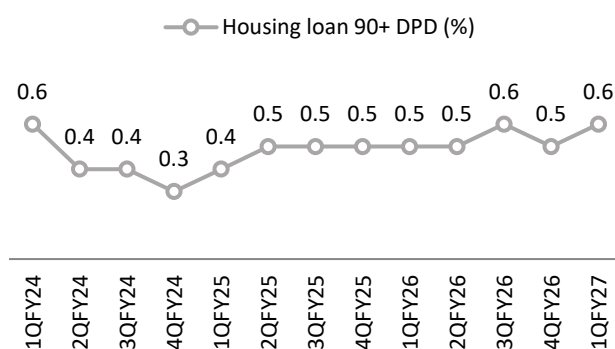
Source: MOFSL, Company

Exhibit 22: Credit costs to gradually come down



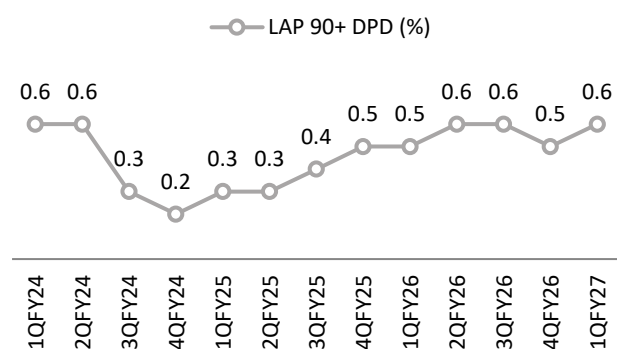
Source: MOFSL, Company;

Exhibit 23: Slight uptick in housing loans – 90+ dpd (%)



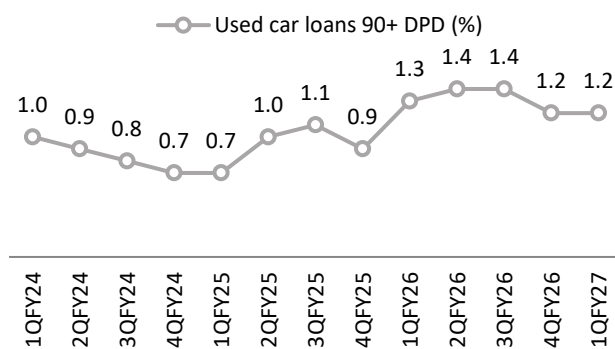
Source: MOFSL, Company

Exhibit 24: LAP – 90+ dpd (%)



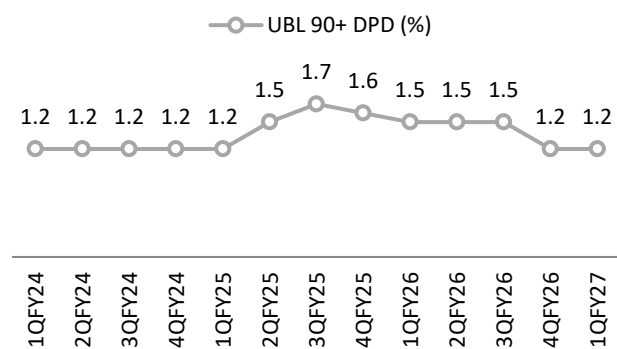
Source: MOFSL, Company;

Exhibit 25: Used car – 90+ dpd (%)



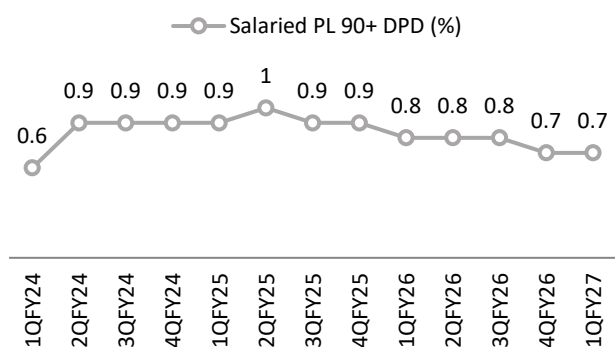
Source: MOFSL, Company

Exhibit 26: Business loan – 90+ dpd (%)



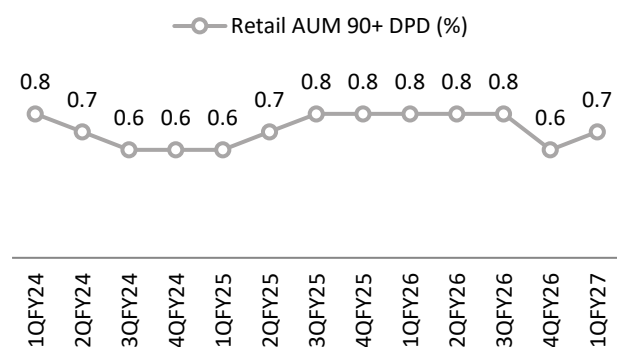
Source: MOFSL, Company

Exhibit 27: Salaried PL – 90+ dpd (%)



Source: MOFSL, Company

Exhibit 28: Retail AUM – 90+ dpd (%)

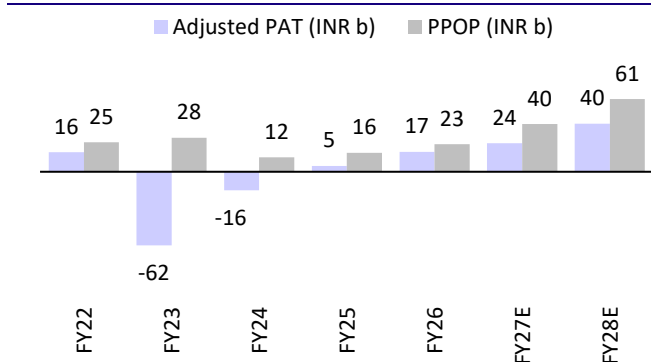


Source: MOFSL, Company

Multiple levers underpin RoA accretion

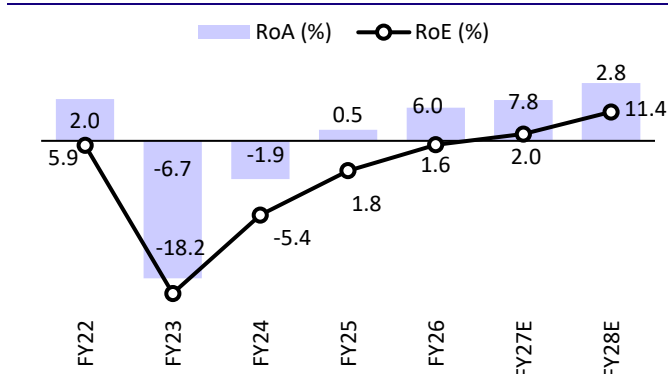
- Piramal Finance's RoA accretion is expected to be driven by the convergence of strong AUM growth, improving margins, operating leverage and contained credit costs. A richer mix of higher-yielding businesses such as gold loans, MFI and unsecured lending, alongside lower funding costs, should support margin expansion. At the same time, AUM growth outpacing operating expenses should further strengthen operating leverage, while improving risk outcomes and a gradual moderation in credit costs should provide further support to profitability. Together, these factors should drive growth-business RoAUM toward management's ~2.5% target by 4QFY27. We expect Piramal Finance to deliver an RoA of ~2.0%/2.8% for FY27/FY28.

Exhibit 29: PAT expected to be ~INR40b by FY28



Source: MOFSL, Company

Exhibit 30: RoA/RoE of 2.8%/11.4% in FY28E



Source: MOFSL, Company;

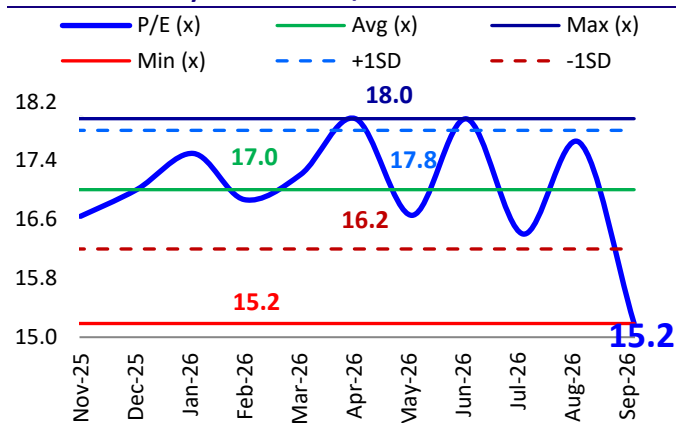
Valuation and view

- Piramal is entering a phase where the benefits of its multi-year transformation can increasingly translate into earnings. With the legacy book largely behind it, a scalable retail franchise, a richer business mix, lower funding costs, improving operating leverage and disciplined credit outcomes provide a stronger foundation for profitability. The ~INR38.5b capital infusion further strengthens the balance sheet's flexibility to fund growth while maintaining a prudent capital buffer. With management targeting ~2.5% RoAUM by 4QFY27 and >3% over the longer term, the improving operating architecture provides a credible pathway to sustained earnings expansion.
- We model a total AUM CAGR of ~25% and PAT CAGR of ~55% over FY26- FY28E, with RoA/RoE reaching 2.8%/11% by FY28E. We reiterate our BUY rating with a TP of INR 2,480 (based on our Mar'28E SoTP).

Exhibit 31: Piramal: SoTP – Mar'28

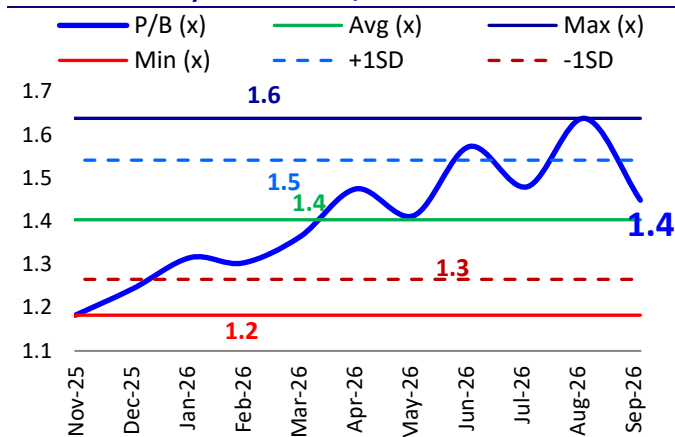
	Value (INR B)	Value (USD B)	INR per share	% To Total	Rationale
Lending Business	520	5.4	2,300	93	❖ 1.5x Mar'28E PBV
Shriram Group	24	0.3	106	4	❖ Based on its stake in General Insurance Businesses
Life Insurance	8	0.1	34	1	
Alternatives	9	0.1	40	2	
Target Value	561	5.8	2,480	100	

Exhibit 32: One-year forward P/E



Source: MOFSL, Company

Exhibit 33: One-year forward P/B



Source: MOFSL, Company;

Financials and valuations

Income statement						INR m	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	75,228	77,986	73,139	85,410	1,06,537	1,35,706	1,72,778
Interest Expended	42,817	40,412	44,004	53,174	63,902	74,027	88,188
Net Interest Income	32,411	37,574	29,135	32,236	42,635	61,679	84,590
Change (%)	17.1	15.9	-22.5	10.6	32.3	44.7	37.1
Other Income	3,881	12,881	10,561	13,726	13,379	15,246	16,860
Net Income	36,292	50,455	39,695	45,962	56,013	76,925	1,01,450
Change (%)	31.1	39.0	-21.3	15.8	21.9	37.3	31.9
Operating Expenses	11,718	22,148	27,740	30,143	33,078	37,069	40,777
PPoP	24,574	28,307	11,955	15,820	22,936	39,856	60,674
Change (%)	15.3	15.2	-57.8	32.3	45.0	73.8	52.2
Provisions/write offs	8,299	51,801	60,115	10,737	26,080	18,750	23,802
PBT	16,275	-23,494	-48,160	5,083	-3,144	21,106	36,872
Tax	4,062	-39,781	-15,949	1,594	-1,231	0	0
Tax Rate (%)	25.0	161.4	47.3	31.4	-9.7	0.0	0.0
PAT (before associate income)	12,213	16,287	-32,211	3,488	-1,913	21,106	36,872
Associate Income	5,939	3,886	1,537	1,366	1,889	2,645	3,174
PAT (before exceptional)	18,152	20,173	-30,674	4,855	-24	23,751	40,046
Exceptional items	-1,836	-81,813	15,116	0	16,705	0	0
PAT (after exceptional)	16,316	-61,640	-15,558	4,855	16,681	23,751	40,046
Change (%)	5.1	-477.8	-74.8	-131.2	243.6	42.4	68.6

Balance sheet						INR m	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Capital	477	477	449	451	452	476	489
Reserves & Surplus	3,54,414	3,10,114	2,65,121	2,70,509	2,81,034	3,27,650	3,75,108
Net Worth	3,68,369	3,10,591	2,65,571	2,70,959	2,81,915	3,28,126	3,75,597
Borrowings	5,54,510	4,95,828	5,34,020	6,54,840	7,99,892	9,41,918	11,57,795
Change (%)	48	-11	8	23	22	18	23
Other liabilities	39,549	23,891	24,274	20,681	20,975	16,780	13,424
Total Liabilities	9,98,729	8,37,522	8,26,050	9,49,434	11,05,465	12,86,824	15,46,816
Loans and advances	4,93,180	4,63,946	5,49,434	6,57,918	8,48,380	10,70,361	13,38,491
Change (%)	-2	-6	18	20	29	26	25
Investments	2,48,565	2,23,318	1,25,130	1,25,387	98,138	88,324	79,492
Net Fixed Assets	86,715	7,385	6,232	4,931	4,290	3,003	2,102
Cash and Cash equivalents	71,872	46,491	44,468	62,759	55,679	27,859	30,324
Deferred tax assets	13,679	18,472	28,756	27,404	27,674	27,674	27,674
Other assets	84,719	77,910	72,030	71,036	71,303	69,603	68,733
Total Assets	9,98,729	8,37,522	8,26,050	9,49,434	11,05,465	12,86,824	15,46,816

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Spreads Analysis (%)							
Yield on loans	13.0	11.9	11.0	11.4	11.7	11.9	12.1
Cost of funds	9.2	7.7	8.5	8.9	8.8	8.5	8.4
Spread	3.8	4.2	2.5	2.5	2.9	3.4	3.7
Net Interest Margin	5.6	5.7	4.4	4.3	4.7	5.4	5.9
Profitability Ratios (%)							
RoE	5.9	-18.2	-5.4	1.8	6.0	7.8	11.4
RoA	2.0	-6.7	-1.9	0.5	1.6	2.0	2.8
C/I ratio	32.3	43.9	69.9	65.6	59.1	48.2	40.2
Opex/AUM ratio		3.4	4.2	4.0	3.6	3.2	2.8
Asset Quality (%)							
Gross NPA	22,270	20,550	14,300	19,510	19,700	23,752	28,288
Gross NPA (% of AUM)	3.6	3.3	2.2	2.7	2.2	2.1	2.0
Net NPA	9,980	10,380	4,960	12,540	13,870	16,627	19,519
Net NPA (% of AUM)	1.7	1.8	0.8	1.8	1.6	1.5	1.4
PCR (%)	55.2	49.5	65.3	35.7	29.6	30.0	31.0
Credit costs (%)	1.4	7.9	9.1	1.4	2.9	1.6	1.7

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM (INR m)							
YoY growth (%)	37	-4	8	17	25	26	25
AUM Mix (%)							
Wholesale	67.8	49.8	30.4	19.9	15.2	13.5	13.0
Retail	32.2	50.2	69.6	80.1	84.8	86.5	87.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Wholesale Loans (INR m)							
YoY growth (%)	4.0	-29.8	-34.3	-23.3	-4.3	12.0	21.0
Retail Loans (INR m)							
YoY growth (%)	306.4	49.1	49.1	34.9	32.8	28.4	25.7
Total Loan Book							
YoY growth (%)	36.8	-4.3	7.6	17.2	25.5	25.9	25.1

VALUATION	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Book Value (INR)	1,544	1,301	1,182	1,202	1,247	1,378	1,537
Price-BV (x)	1.3	1.5	1.7	1.6	1.6	1.4	1.3
EPS (INR)	68.4	84.5	-69.3	21.5	73.8	99.7	163.9
EPS Growth YoY	-1	24	-182	-131	243	35	64
Price-Earnings (x)	28.8	23.3	-28.4	91.5	26.7	19.8	12.0
Dividend per share (INR)		31.0	10.0	11.0	11.0	23.9	32.8
Dividend yield (%)		1.6	0.5	0.6	0.6	1.2	1.7

E: MOFSL Estimates

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SELL	< - 10%
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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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