20 July 2026

1QFY27 Result Update| Sector: NBFCs

Can Fin Homes

Estimate changes	↔
TP change	↓
Rating change	↔

Bloomberg	CANF IN
Equity Shares (m)	133
M.Cap.(INRb)/(USDb)	114.1 / 1.2
52-Week Range (INR)	972 / 709
1, 6, 12 Rel. Per (%)	-4/-2/8
12M Avg Val (INR M)	209

Financials Snapshot (INR b)

Y/E March	FY26	FY27E	FY28E
NII	16.1	17.6	20.0
PPP	13.4	14.4	16.5
PAT	10.9	11.1	12.5
EPS (INR)	81.5	83.4	93.6
EPS Growth %	27	2	12
BVPS (INR)	449	519	597
Ratios (%)			
NIM	4.06	3.96	3.94
C/I ratio	18.8	20.3	19.6
RoAA	2.5	2.3	2.3
RoE	19.7	17.2	16.8
Payout	18.4	16.8	16.0
Valuation			
P/E (x)	10.4	10.2	9.1
P/BV (x)	1.9	1.6	1.4
Div. Yield (%)	1.8	1.6	1.8

Shareholding pattern (%)

As of	Jun-26	Mar-26	Jun-25
Promoter	30.0	30.0	30.0
DII	24.5	24.6	24.5
FII	13.2	13.4	12.1
Others	32.3	32.0	33.4

FII includes depository receipts

CMP: INR857 TP: INR940 (+10%) Neutral

Earnings in line; elevated portfolio attrition weighs on loan growth

NIM dips ~12bp QoQ; asset quality stable with benign credit costs

- Can Fin Homes (CANF)'s PAT for 1QFY27 grew ~20% YoY to ~INR2.7b (in line). NII grew 18% YoY to ~INR4.3b (in line). Fee and other income stood at ~INR93m (PQ: INR187m).
- Opex rose ~25% YoY to INR853m (in line). The cost-to-income ratio stood at ~19.5% (PQ: ~19.8%, PY: ~18.3%). PPoP grew ~16% YoY to INR3.5b (in line).
- Credit costs stood at INR131m (vs. MOFSLe of INR220m), resulting in annualized credit costs of ~12bp (PQ: ~1bp/PY: ~27bp). The effective tax rate stood at ~21% (PY: 19.4%).
- Management indicated that demand remains healthy across geographies, with no visible slowdown in any mortgage segments. Despite higher-than-expected portfolio attrition (driven by higher partial prepayments and principal amortization) weighing on loan book growth, the company reiterated its FY27 AUM growth guidance of ~14%. The company added that it retains the flexibility to accelerate disbursements during the year, if required, to offset elevated run-offs and achieve the targeted loan growth.
- CANF shared that the pilot implementation of its new core technology platform across five branches has been completed successfully, with only minor operational issues that were resolved promptly without any disruption to business. The rollout across the remaining 245 branches will be undertaken in phases during 2QFY27 at each month-end, with the company not expecting any material impact on business operations during this tech stack transition.
- The company shared that it has not observed any impact from the ongoing stress in the IT sector on either loan growth or asset quality. With only ~6% of its customer base directly linked to the IT sector, portfolio concentration remains limited. The company has also not experienced any increase in delinquencies and reiterated its FY27 credit cost guidance of ~10bp.
- CANF is a resilient franchise that delivered a strong NIM even in a declining interest-rate environment and consistently superior asset quality. However, we await clearer evidence about the execution of its FY27 loan growth guidance of 14% and its ability to keep NIM steady at current levels despite the higher incremental cost of borrowings. We estimate an advances/PAT CAGR of ~14%/7% over FY26-28, with an RoA/RoE of ~2.3%/~17% in FY28. **We reiterate our Neutral rating with a TP of INR940 (premised on 1.6x FY28E P/BV).**

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

NIM dips ~12bp QoQ, driven by higher compression in yields

- NIM (reported) for 1QFY27 declined ~12bp QoQ to ~3.8%.
- Reported yields for 1QFY27 dipped ~25bp QoQ to 9.8%, while CoB fell ~22bp QoQ to 7%, leading to a dip in reported spreads by ~3bp QoQ to 2.83%. The bank borrowings for the quarter declined to 62% of the total borrowings (PQ: 63%).
- CANF guided a NIM of above 3.8% for FY27. We expect the company to deliver an NIM (calc.) of ~4%/3.9% for FY27/FY28.

Business momentum strong, but repayments elevated

- CANF's 1QFY27 disbursements grew ~29% YoY to INR26.1b. Advances grew ~11% YoY and ~1.8% QoQ to ~INR430b. Annualized run-off in advances remained elevated at ~17.6% (PQ: 17% and PY: ~15.3%).
- CANF guided for loan growth of ~14% in FY27 on the back of targeted disbursements of ~INR130b. We model AUM CAGR of ~14% over FY26-FY28E.

Asset quality broadly stable; credit costs remain benign

- Asset quality was broadly stable, with GS3 rising ~2bp QoQ to 0.87% and NS3 rising ~5bp to ~0.42%.
- Management shared that both Stage 2 and Stage 3 assets declined sequentially in absolute terms during the quarter, while NACH bounce rates have continued to improve consistently over the past six quarters. The company expects asset quality to remain strong, and we model credit costs of 10bp/17bp for FY27/28.

Highlights from the management commentary

- Primary competitive intensity continues to come from private HFCs and NBFCs rather than banks, with LICHF and Bajaj Housing remaining the key competitors across most operating markets.
- Management shared that the threshold for special pricing has been increased from loans above INR2m to loans above INR2.5m, supporting portfolio yields.

Valuation and view

- CANF delivered a mixed quarter, with earnings in line with estimates. Disbursement growth remained healthy YoY; however, loan growth was slightly below expectations due to elevated repayments. Asset quality was broadly stable, resulting in benign credit costs. Reported NIM contracted during the quarter, primarily due to relatively higher moderation in yields.
- The stock trades at 1.6x FY27E P/B. We model an advances/PAT CAGR of ~14%/7% over FY26-28E, with an RoA/RoE of ~2.3%/~17% in FY28E. **We reiterate our Neutral rating with a TP of INR940 (based on 1.6x FY28E P/BV).**

Quarterly performance INR m

Y/E March	FY26				FY27E				FY26	FY27E	1QFY27E	Act vs est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	10,111	10,432	10,631	10,565	10,870	11,082	11,398	11,849	41,739	45,200	10,829	0
Interest Expenses	6,483	6,386	6,422	6,342	6,595	6,740	6,989	7,293	25,632	27,617	6,519	1
Net Interest Income	**3,628**	**4,046**	**4,210**	**4,223**	**4,276**	**4,343**	**4,409**	**4,556**	**16,106**	**17,583**	**4,310**	-1
YoY Growth (%)	12.9	19.1	22.1	21.2	17.9	7.3	4.7	7.9	18.9	9.2	18.8	
Other income	93	63	100	187	93	101	121	195	444	509	98	-6
Total Income	**3,721**	**4,109**	**4,310**	**4,411**	**4,369**	**4,443**	**4,530**	**4,751**	**16,550**	**18,093**	**4,408**	-1
YoY Growth (%)	13.3	18.3	22.9	20.7	17.4	8.1	5.1	7.7	18.9	9.3	18.5	
Operating Expenses	682	762	799	875	853	900	934	993	3,118	3,681	861	-1
YoY Growth (%)	39.7	28.4	34.7	23.7	25.1	18.1	17.0	13.5	30.9	18.0	26.2	
Operating Profits	**3,039**	**3,346**	**3,511**	**3,535**	**3,516**	**3,543**	**3,596**	**3,758**	**13,432**	**14,412**	**3,547**	**-1**
YoY Growth (%)	8.7	16.3	20.5	20.0	15.7	5.9	2.4	6.3	16.5	7.3	16.7	
Provisions	263	31	97	6	131	120	90	101	396	441	220	-41
Profit before Tax	**2,776**	**3,316**	**3,414**	**3,530**	**3,385**	**3,423**	**3,506**	**3,657**	**13,036**	**13,971**	**3,327**	2
Tax Provisions	538	801	766	73	707	719	750	688	2,178	2,864	685	3
Profit after tax	**2,239**	**2,514**	**2,648**	**3,457**	**2,678**	**2,704**	**2,755**	**2,969**	**10,858**	**11,107**	**2,642**	1
YoY Growth (%)	12.1	18.9	24.8	47.8	19.6	7.6	4.1	-14.1	26.7	2.3	18.0	
Key Parameters (%)												
Yield on loans	10.5	10.6	10.6	10.2	10.2	10.2	10.2	10.2				
Cost of funds	7.3	7.1	7.0	6.7	6.9	6.9	6.9	6.9				
Spread	3.18	3.51	3.55	3.45	3.35	3.31	3.28	3.27				
NIM	3.77	4.13	4.19	4.08	4.02	3.99	3.93	3.91				
Credit cost	0.27	0.03	0.10	0.01	0.12	0.11	0.08	0.09				
Cost to Income Ratio (%)	18.3	18.6	18.5	19.8	19.5	20.3	20.6	20.9				
Tax Rate (%)	19.4	24.2	22.4	2.1	20.9	21.0	21.4	18.8				
Balance Sheet Parameters												
Loans (INR B)	**387.7**	**396.6**	**406.9**	**422.1**	**429.6**	**440.8**	**456.2**	**476.7**				
Growth (%)	9.0	8.4	9.5	10.4	10.8	11.2	12.1	12.9				
AUM mix (%)												
Home loans	87.5	86.9	86.2	85.6	83.1							
Non-housing loans	12.5	13.1	13.8	14.4	16.9							
Salaried customers	70.3	70.2	68.8	68.1	67.6							
Self-employed customers	29.6	30.4	31.1	31.8	32.3							
Disbursements (INR B)	**20.2**	**25.5**	**27.3**	**32.5**	**26.1**							
Change YoY (%)	8.7	6.9	45.1	32.2	29.5							
Borrowing mix (%)												
Banks	53.0	57.0	62.0	63.0	62.0							
NHB	17.0	14.0	15.0	16.0	15.0							
Market borrowings	29.0	28.0	22.0	20.0	22.0							
Deposits	1.0	1.0	1.0	1.0	1.0							
Asset Quality												
GNPL (INR m)	3,780	3,730	3,730	3,570	3,780							
NNPL (INR m)	2,080	1,910	1,990	1,560	1,800							
GNPL ratio %	0.98	0.94	0.92	0.85	0.87							
NNPL ratio %	0.54	0.50	0.49	0.37	0.42							
PCR %	45.0	48.8	46.6	56.3	52.4							
Return Ratios (%)												
ROA (Rep)	2.2	2.4	2.5	3.2	2.4							
ROE (Rep)	17.6	19.0	18.8	23.5	17.5							

E: MOFSL Estimates

CONFERENCE CALL

Highlights from the management commentary

Guidance

- Reiterated FY27 AUM growth guidance of 14%, despite higher-than-expected repayments.
- Targets disbursements of ~INR30b in 2QFY27 and remains confident of achieving the FY27 disbursement target of ~INR130b. Disbursements may be accelerated during the year if required to offset elevated run-offs.
- Reiterated NIM guidance of >3.8% for FY27.
- Credit cost guidance remains unchanged at ~10bp.
- The cost-to-income ratio is expected to remain at ~19.5% during FY27 before improving further over the medium term.
- The company does not anticipate any material disruptions to its business operations from the rollout of the new technology platform.

Business growth & disbursements

- Demand remains healthy across geographies, with no visible slowdown in the housing market or project finance segment.
- Affordable housing demand continues to remain resilient, supported by stable customer enquiries and healthy project launches.
- Disbursements stood at INR26.1b in 1QFY27, driven by healthy growth across all six operating zones, including Karnataka and Telangana.
- Karnataka recorded the slowest regional growth at 18% YoY, although all geographies delivered positive growth during the quarter.
- Growth was supported by improved contribution from the sales team as well as from branches opened after Mar'23.
- In 1QFY27, salaried customer disbursements grew 21% YoY, while the SENP disbursements grew a stronger 44% YoY. Housing loan disbursements increased 28% YoY; non-housing loans grew 32% YoY, resulting in an overall disbursement growth of 29% YoY.
- Demand remains healthy, and the slight weakness in AUM growth was entirely due to higher part pre-payments and principal amortization rather than weaker originations. BT-OUTs were also broadly stable QoQ at ~INR4b-4.1b.
- Approved projects increased from 271 to 331 during the quarter, with the addition of 60 new APF projects. APF approvals now include projects with up to around 150 units, including select marquee developers.
- Exposure to any individual project remains capped at 10% of project units, alongside additional internal concentration limits.

Repayments

- Elevated repayments remained the key reason behind lower-than-expected loan book growth during the quarter.
- Total loan run-off increased to INR18.6b in 1QFY27, up ~INR1.3b QoQ.
- BT-outs remained broadly stable at around INR4.1b versus INR4b in 4QFY26, indicating that competitive refinancing was not the primary reason behind higher repayments.
- Pre-closures from own funds or because the customer sold his/property increased modestly to ~INR3.8b (from INR3.6b in 4Q).

- The largest contributor to higher repayments was regular amortization and customer part-prepayments.
- Following the transition from annual to quarterly loan resets, EMIs remained largely unchanged while loan tenures reduced, resulting in a higher proportion of repayments being allocated towards principal.
- Part-prepayments and scheduled amortization together increased materially during the quarter and remained the largest contributor to higher run-offs.
- The company expected quarterly resets to reduce balance transfers; however, this benefit has not materialized so far.
- To improve customer retention, the company is evaluating initiatives such as cross-selling deposit products and proactively engaging customers through bureau enquiry alerts before refinancing occurs.

Asset quality

- Stage 2 and Stage 3 assets declined sequentially in absolute terms during the quarter. NACH bounce rates have consistently improved over the last six quarters.
- The company has not witnessed any increase in delinquent accounts and continues to maintain its credit cost guidance of ~10bp.
- Customer quality continues to improve, with approximately 82% of borrowers having CIBIL scores above 700.
- The company did not observe any meaningful impact from stress in the IT sector on either loan growth or asset quality.
- Karnataka and Telangana continue to report healthy business growth, with Karnataka growing at ~18% YoY.
- Although layoffs have occurred in certain IT companies, many affected borrowers have secured alternate employment, limiting any meaningful impact on collections.
- GNPA in Karnataka remains lower than last year, with only a marginal seasonal increase in 1QFY27.
- Only ~6% of the customer base is directly linked to the IT sector, limiting portfolio concentration risk.
- NACH bounce rates among IT-sector salaried customers have also remained stable.

Yields, Margins, and Cost of Funds

- Blended lending yield remained broadly stable at 9.81% (versus 9.82% last year).
- Cost of funds declined to 6.98% during the quarter and continued to improve after April.
- Improvement in funding costs was driven by repayment of high-cost NCDs, timely CP issuances, and lower-cost bank borrowings.
- Incremental bank term loans are currently being raised at ~7.25%, while existing borrowings remain linked to T-bills or Repo rates.
- Banks continue to remain the cheapest long-term funding source for the company. To offset the marginal increase in incremental borrowing costs, the company has revised internal pricing policies.
- The threshold for special pricing has been increased from loans above INR2m to loans above INR2.5m, which will support portfolio yields.

- Lending rates currently range between 8.4% and 12.5%, depending upon customer profile, loan category, and internal risk assessment.
- Higher-risk self-employed and non-housing customers continue to be priced at the upper end of the range.
- The company continues to receive strong funding support from banks, with no liquidity-related concerns.

Operating expenses & technology

- No major surprises are expected on the operating expense front.
- Previously guided incremental IT expenditure of approximately INR400m (for the full year) has not yet been fully reflected in the P&L.
- Certain project costs are yet to be capitalized and will gradually flow through depreciation over the coming quarters.
- AMC expenses have already started flowing into operating expenses.
- Around INR50-60m of IT expenses were recognized during 4QFY26 as certain technology modules became operational.
- Management continues to target a cost-to-income ratio of ~19.5% for FY27.
- As loan book growth accelerates, operating leverage is expected to reduce the cost-to-income ratio to nearly 18% over the next three years.

Technology transformation

- Pilot implementation of the new core technology platform has been completed across five branches.
- All major customer journeys, including onboarding, sanctions, disbursements, repayments, collections, and closures, have been successfully processed through the new platform.
- Minor operational issues during implementation were resolved quickly without disrupting business.
- Pilot branches stabilized within 10-12 days, while branch staff adapted to the new platform within 3-4 days.
- Rollout across the remaining 245 branches will be completed in phases during 2QFY27, with implementation taking place at month-end.
- Management remains confident that the technology migration will not disrupt business momentum.
- The new platform significantly improves workflow automation, decision engines, and risk management capabilities, enabling faster launch of new products and differentiated pricing in the future.

Competitive environment

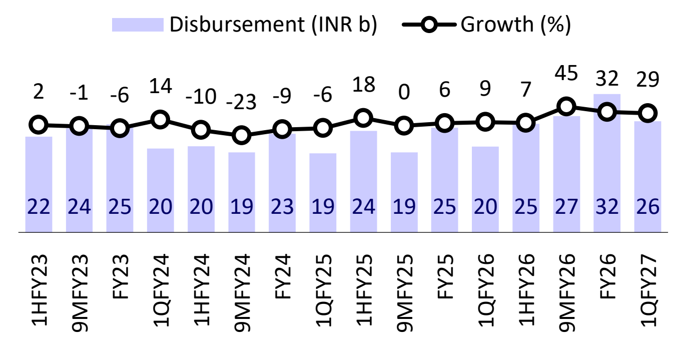
- Competitive intensity remains broadly unchanged.
- Primary competition continues to come from private HFCs and NBFCs rather than banks. LICHF and BAF remain the key competitors across most operating markets.
- Larger HFCs entering smaller-ticket housing loans have not materially impacted business. Stable balance transfer outflows suggest competitive intensity has not increased materially.

Others

- SENP customers continue to remain an attractive segment despite moderately higher risk.
- SENP loans generate approximately 50bp higher yields than those of salaried customers.
- GNPA remains around 0.6-0.63% for salaried customers compared with ~1.45-1.5% for SENP borrowers.
- Management remains confident of achieving its targeted RoA and RoE, despite higher repayments.

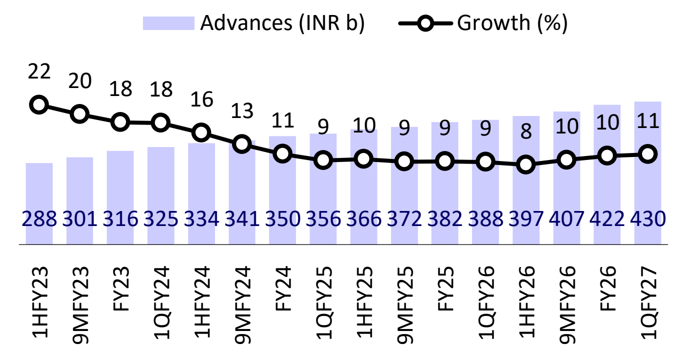
Key exhibits

Exhibit 1: Disbursements grew ~29% YoY



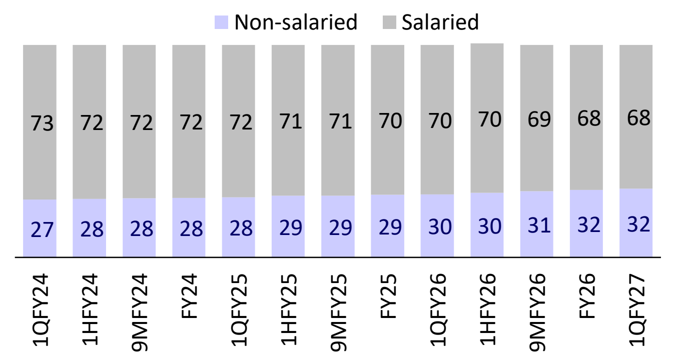
Sources: MOFSL, Company

Exhibit 2: Advances grew 11% YoY/ 1.8% QoQ



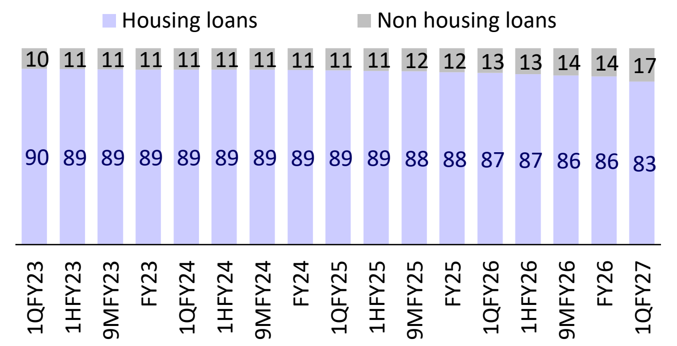
Sources: MOFSL, Company

Exhibit 3: Share of salaried customers is stable at ~68% (%)



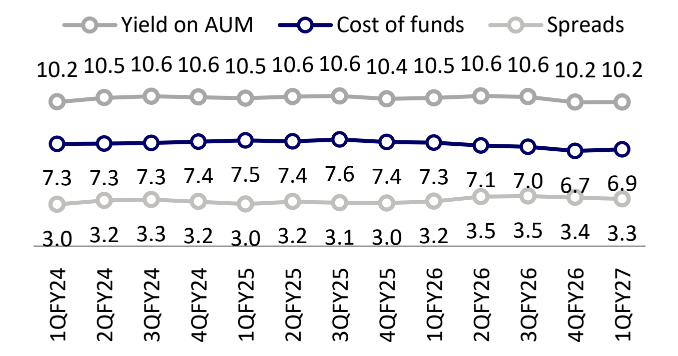
Sources: MOFSL, Company

Exhibit 4: Non-housing loans' share rose QoQ (%)



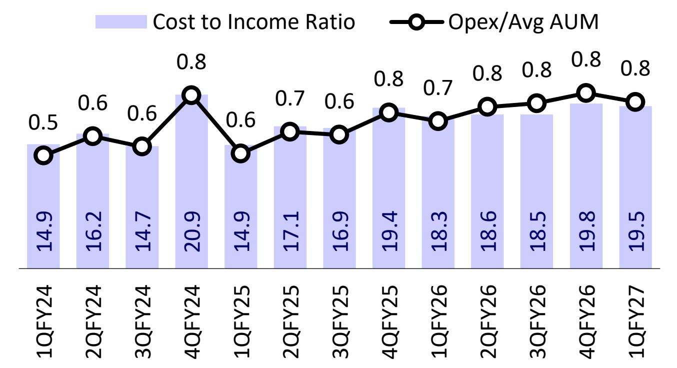
Sources: MOFSL, Company

Exhibit 5: Calculated spreads decline ~10bp to ~3.3% (%)



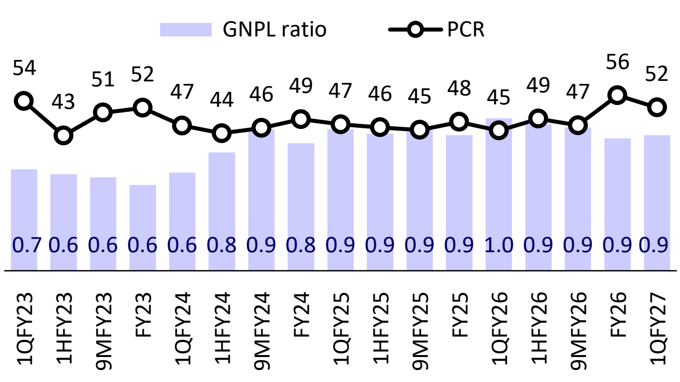
Sources: MOFSL, Company

Exhibit 6: Opex/AUM remained largely steady QoQ (%)



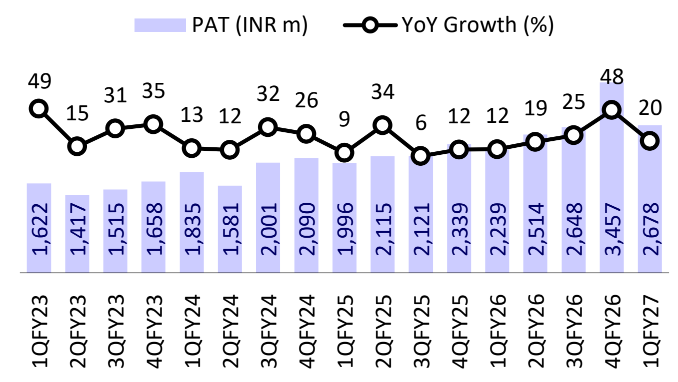
Sources: MOFSL, Company

Exhibit 7: GNPA stood at 0.9% (%); PCR declined to ~52%



Sources: MOFSL, Company

Exhibit 8: PAT grew ~20% YoY to ~INR2.7b

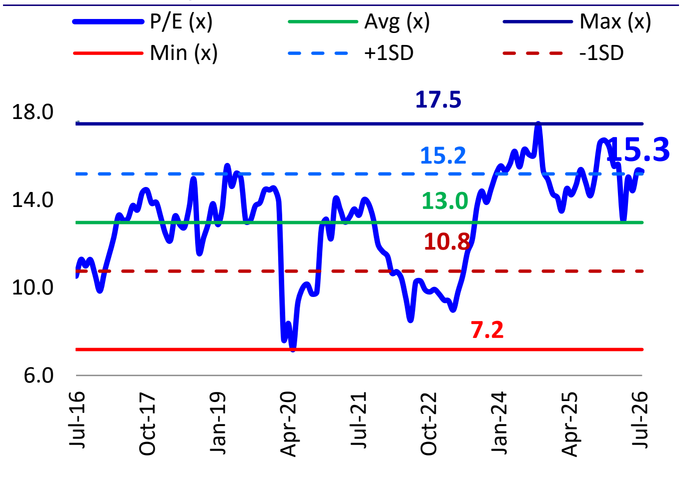


Sources: MOFSL, Company

Exhibit 9: We keep our earnings estimates broadly unchanged

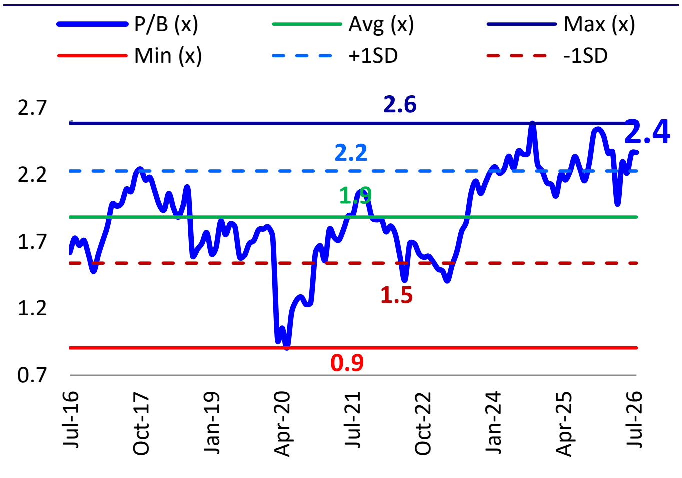
INR b	Old Est.		New Est.		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
NII	17.9	19.9	17.6	20.0	-1.9	0.7
Other Income	0.5	0.6	0.5	0.6	0.0	0.0
Total Income	**18.4**	**20.4**	**18.1**	**20.6**	**-1.9**	0.7
Operating Expenses	3.7	4.1	3.7	4.0	-1.6	-1.5
Operating Profits	**14.7**	**16.3**	**14.4**	**16.5**	**-1.9**	1.3
Provisions	0.6	0.8	0.4	0.9	-25.3	6.7
PBT	**14.1**	**15.5**	**14.0**	**15.7**	**-1.0**	1.0
Tax	2.9	3.2	2.9	3.2	-1.0	1.0
PAT	**11.2**	**12.3**	**11.1**	**12.5**	**-1.0**	1.0
AUM	476	545	477	549	0.1	0.7
Borrowings	434	495	433	498	-0.1	0.7
NIM (%)	4.0	3.9	4.0	3.9		
ROA (%)	2.4	2.3	2.3	2.3		
RoE (%)	17.4	16.6	17.2	16.8		

Exhibit 10: One-year forward P/E ratio



Sources: MOFSL, Company

Exhibit 11: One-year forward P/B ratio



Sources: MOFSL, Company

Financials and Valuation

Income statement

INR m

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	20,189	20,064	19,697	27,154	34,899	38,426	41,739	45,200	51,578
Interest Expended	13,442	12,083	11,535	17,009	22,314	24,882	25,632	27,617	31,578
Net Interest Income	**6,747**	**7,980**	**8,162**	**10,146**	**12,585**	**13,544**	**16,106**	**17,583**	**20,000**
Change (%)	24.0	18.3	2.3	24.3	24.0	7.6	18.9	9.2	13.7
Other Income	115	121	188	277	348	370	444	509	585
Net Income	**6,862**	**8,101**	**8,350**	**10,423**	**12,933**	**13,915**	**16,550**	**18,093**	**20,584**
Change (%)	22.1	18.0	3.1	24.8	24.1	7.6	18.9	9.3	13.8
Operating Expenses	1,076	1,240	1,530	1,765	2,173	2,382	3,118	3,681	4,038
Operating Income	**5,786**	**6,861**	**6,820**	**8,658**	**10,760**	**11,532**	**13,432**	**14,412**	**16,546**
Change (%)	23.0	18.6	-0.6	26.9	24.3	7.2	16.5	7.3	14.8
Provisions/write offs	603	685	469	418	1,185	758	396	441	874
PBT	**5,183**	**6,176**	**6,351**	**8,240**	**9,575**	**10,775**	**13,036**	**13,971**	**15,673**
Tax	1,422	1,615	1,640	2,028	2,068	2,203	2,178	2,864	3,213
Tax Rate (%)	27.4	26.2	25.8	24.6	21.6	20.4	16.7	20.5	20.5
Reported PAT	**3,761**	**4,561**	**4,711**	**6,212**	**7,507**	**8,572**	**10,858**	**11,107**	**12,460**
Change (%)	27	21	3	32	21	14	27	2	12
Proposed Dividend (incl. tax)	321	266	399	466	799	1,598	1,997	1,864	1,997

Balance sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Capital	266	266	266	266	266	266	266	266	266
Reserves & Surplus	21,234	25,832	30,400	36,206	43,172	50,409	59,538	68,780	79,242
Net Worth	**21,501**	**26,098**	**30,666**	**36,473**	**43,439**	**50,675**	**59,804**	**69,046**	**79,509**
Borrowings	1,87,484	1,92,929	2,46,477	2,90,681	3,18,629	3,50,512	3,82,579	4,33,277	4,98,238
Change (%)	11.6	2.9	27.8	17.9	9.6	10.0	9.1	13.3	15.0
Other liabilities	1,451	1,710	2,300	3,551	8,069	8,486	1,428	1,713	2,056
Total Liabilities	**2,10,436**	**2,20,737**	**2,79,443**	**3,30,705**	**3,70,137**	**4,09,673**	**4,43,811**	**5,04,036**	**5,79,803**
Loans	**2,05,257**	**2,18,915**	**2,63,781**	**3,11,933**	**3,45,531**	**3,76,964**	**4,16,472**	**4,71,979**	**5,43,335**
Change (%)	12.6	6.7	20.5	18.3	10.8	9.1	10.5	13.3	15.1
Investments	243	496	11,260	14,590	14,590	23,740	21,430	24,644	28,341
Change (%)	49.1	104.1	2,169.9	29.6	0.0	62.7	-9.7	15.0	15.0
Net Fixed Assets	379	378	346	454	526	503	499	494	489
Other assets	4,557	948	4,057	3,727	9,489	8,466	5,410	6,919	7,638
Total Assets	**2,10,436**	**2,20,737**	**2,79,443**	**3,30,705**	**3,70,137**	**4,09,673**	**4,43,811**	**5,04,036**	**5,79,803**

E: MOFSL Estimates

Financials and Valuation

Ratios									(%)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Yield on loans	10.4	9.44	8.14	9.4	10.6	10.6	10.5	10.2	10.2
Cost of funds	7.6	6.35	5.25	6.3	7.3	7.4	7.0	6.8	6.8
Spread	2.8	3.1	2.9	3.1	3.3	3.2	3.5	3.4	3.4
Net Interest Margin	3.5	3.8	3.4	3.5	3.8	3.7	4.1	4.0	3.9
Profitability Ratios (%)									
RoE	19.1	19.2	16.6	18.5	18.8	18.2	19.7	17.2	16.8
RoA	1.9	2.1	1.9	2.0	2.1	2.2	2.5	2.3	2.3
C/I ratio	15.7	15.3	18.3	16.9	16.8	17.1	18.8	20.3	19.6
Asset Quality (%)									
Gross NPAs	1,571	2,019	1,706	1,738	2,860	3,333	3,574	4,105	4,875
Gross NPAs to Adv.	0.8	0.9	0.6	0.6	0.8	0.9	0.8	0.9	0.9
Net NPAs	1,118	1,343	807	829	1,468	1,743	1,564	1,929	2,243
Net NPAs to Adv.	0.5	0.6	0.3	0.3	0.4	0.5	0.4	0.4	0.4
PCR	28.8	33.5	52.7	52.3	48.7	47.7	56.2	53.0	54.0
VALUATION									
Book Value (INR)	161	196	230	274	326	381	449	519	597
Price-BV (x)	**5.3**	**4.3**	**3.7**	**3.1**	**2.6**	**2.2**	**1.9**	**1.6**	**1.4**
EPS (INR)	28.2	34.2	35.4	46.7	56.4	64.4	81.5	83.4	93.6
EPS Growth YoY	26.8	21.3	3.3	31.9	20.8	14.2	26.7	2.3	12.2
Price-Earnings (x)	**30.1**	**24.8**	**24.0**	**18.2**	**15.1**	**13.2**	**10.4**	**10.2**	**9.1**
Dividend per share (INR)	2.0	2.0	3.0	3.5	6.0	12.0	15.0	14.0	15.0
Dividend yield (%)	**0.2**	**0.2**	**0.4**	**0.4**	**0.7**	**1.4**	**1.8**	**1.6**	**1.8**

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.