29 October 2025

2QFY26 Results Update | Sector: Financials

Rural Electrification Corp

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	RECL IN
Equity Shares (m)	2633
M.Cap.(INRb)/(USDb)	1015.2 / 11.5
52-Week Range (INR)	573 / 349
1, 6, 12 Rel. Per (%)	-2/-17/-36
12M Avg Val (INR M)	3377

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
NII	209	223	250
PPP	209	211	246
PAT	157	174	186
EPS (INR)	59.7	65.9	70.6
EPS Gr. (%)	12	10	7
BV/Shr (INR)	295	343	393
ABV/Shr (INR)	293	342	393
RoAA (%)	2.7	2.7	2.6
RoE (%)	21.5	20.7	19.2
Div. Payout (%)	30.1	30.3	30.5
Valuation			
P/E (x)	6.5	5.9	5.5
P/BV (x)	1.3	1.1	1.0
Div. Yield (%)	4.7	5.2	5.6

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	52.6	52.6	52.6
DII	15.9	15.6	14.3
FII	18.0	19.2	21.2
Others	13.5	12.7	11.8

FII Includes depository receipts

CMP: INR386 TP: INR465 (+21%) Buy

Muted loan growth due to higher prepayments; NIM declines QoQ

Earnings in line; asset quality stable

- Rural Electrification Corp's (RECL) 2QFY26 PAT grew ~10% YoY to INR44.3b (in line). PAT in 1HFY26 grew 19% YoY and we expect PAT in 2HFY26 to grow by 13% YoY. NII grew ~10% YoY to ~INR54.5b (in line). Other income stood at INR4.6b (PY: INR1.2b) due to higher fee and commission income of INR4.7b (PQ: INR1.4b and PY: INR483m).
- Opex rose ~12% YoY to ~INR2.2b and cost-income ratio was stable at ~2.5% (PQ: 2.5% and PY: ~3.1%). PPoP grew 16% YoY to INR56.9b (in line).
- Yields (calc.) declined ~5bp QoQ to ~9.95%, while CoB (calc.) was stable QoQ at ~7.2%, resulting in ~5bp QoQ decline in spreads (calc.) to 2.75%. Reported NIM for 1HFY26 declined ~10bp QoQ to ~3.64% (1QFY26: 3.74%).
- GS3 and NS3 were stable QoQ at ~1.05% and 0.25%, respectively. PCR on Stage 3 was also stable QoQ at ~77%. Credit costs stood at INR1.3b (in line). This translated into annualized credit costs of 2bp (PY: -11bp and PQ: -3bp). During the quarter, the company received ~INR114b from the Kaleshwaram Irrigation project, leading to a decline in its Stage 2 assets. However, the ECL provision reversal was limited, as the project was backed by the state.
- Management reiterated its commitment to become a net zero NNPA company by the end of FY26. It highlighted that its two key stressed projects, Hiranmayee Power and Sinnar Thermal, are in advanced stages of resolution, and both are expected to be resolved by FY26 end.
- AUM stood at INR5.82t, up ~7% YoY and flat QoQ. Management is confident of delivering 11-12% loan growth in FY26, despite muted growth in 1H, supported by a strong sanctions pipeline, healthy disbursements, and normalization of prepayments in 2H.
- We cut our FY26/FY27 EPS estimates by ~3% each to factor in lower loan growth and other income, offset by slightly lower credit costs from expected provision writebacks from stressed asset resolutions. We model a CAGR of 15%/13%/11% in disbursements/loans/PAT over FY25-28E. We estimate RoA/RoE of 2.6%/19% and a dividend yield of ~6.3% in FY28. **Reiterate BUY with a TP of INR465 (premised on 1.1x Sep'27E BVPS).**
- **Key risks:** 1) weak loan growth due to high prepayments and business loss to peers from refinancing; 2) rising exposure to high-risk power projects without PPAs; and 3) compression in spreads and margins amid high competition.

Key highlights from the management commentary

- REC receives regular monthly repayments of INR80-90b, with prepayments occurring only when DISCOMs have surplus liquidity. The company does not anticipate any significant prepayments over the next two quarters, apart from the normal repayments.
- REC's borrowing profile remains well-balanced, with 80-85% comprising fixed-rate debt. About 20% of the borrowings mature each year, while the rest are staggered over the next five years, implying that the benefit of lower-cost funding will materialize only gradually.

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- REC shared that ~99% of its foreign borrowings are hedged. The cost of borrowings rose by 8-10bp due to higher hedging costs; however, this provides the company with greater protection against currency volatility.

Valuation and view

- RECL reported a subdued performance during the quarter, with growth remaining soft primarily due to elevated repayments. NIMs contracted by ~10bp, though asset quality remained stable. Despite muted growth in 1H, management remains confident of achieving its loan growth guidance of 11-12% for FY26.
- RECL trades at 1x FY27E P/ABV, and we believe that valuations are attractive for this franchise, which offers decent earnings growth and ~20% RoE. The company is well equipped to achieve a loan book CAGR of ~13% and a PAT CAGR of ~11% over FY25-FY28. We estimate RoA/RoE of 2.6%/19% and a dividend yield of ~6.3% in FY28. **Maintain BUY with a TP of INR465 (premised on a target multiple of 1.1x Sep'27E P/BV).**

Quarterly Performance INR m

Y/E March	FY25				FY26E				FY25	FY26E	2QFY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,26,904	1,34,744	1,39,704	1,49,350	1,45,022	1,45,771	1,48,541	1,53,478	5,50,701	5,92,811	1,48,503	-2
Interest Expenses	80,212	85,065	88,373	87,699	89,351	91,316	93,142	95,750	3,41,350	3,69,560	91,674	0
Net Interest Income	**46,692**	**49,678**	**51,331**	**61,651**	**55,671**	**54,455**	**55,398**	**57,727**	**2,09,351**	**2,23,252**	**56,829**	**-4**
YoY Gr (%)	28.3	22.9	19.6	37.4	19.2	9.6	7.9	-6.4	27	7	14.4	
Other Operational Income	469	483	757	2,228	1,442	4,738	2,500	0	8,410	(2,944)	0	
Net Operational Income	**47,161**	**50,161**	**52,088**	**63,879**	**57,113**	**59,192**	**57,898**	**57,727**	**2,15,680**	**2,18,308**	**56,829**	**4**
YoY Gr (%)	28.9	22.4	19.9	39.5	21.1	18.0	11.2	-9.6	27	1	13.3	
Other Income	2,998	731	1,266	163	-4,891	-149	-100	2,950	685	754	2,500	-106
Total Net Income	**50,159**	**50,892**	**53,354**	**64,042**	**52,222**	**59,043**	**57,798**	**60,677**	**2,16,365**	**2,19,061**	**59,329**	**0**
YoY Gr (%)	28.1	20.0	22.7	34.9	4.1	16.0	8.3	-5.3	27	1	16.6	
Operating Expenses	**2,175**	**1,936**	**3,147**	**2,396**	**1,919**	**2,169**	**2,878**	**3,224**	**7,436**	**8,190**	**2,308**	**-6**
YoY Gr (%)	50.6	-0.1	78.2	-23.1	-11.8	12.0	-8.5	34.6	13	10	19.2	
% to Income	4.3	3.8	5.9	3.7	3.7	3.7	5.0	5.3	3	4	3.9	
Operating Profit	**47,984**	**48,955**	**50,206**	**61,646**	**50,303**	**56,875**	**54,920**	**57,453**	**2,08,929**	**2,10,871**	**57,021**	**0**
YoY Gr %	27.3	21.0	20.4	39.0	4.8	16.2	9.4	-6.8	27	1	16.5	
Provisions	4,726	-1,441	-890	7,800	-6,166	1,347	-2,000	-2,347	10,194	(9,166)	1,357	-1
PBT	**43,258**	**50,396**	**51,097**	**53,847**	**56,469**	**55,528**	**56,920**	**59,800**	**1,98,734**	**2,20,038**	**55,664**	**0**
YoY Gr (%)	16.5	4.8	24.2	4.6	30.5	10.2	11.4	11.1	12	11	10.5	
Tax	**8,834**	**10,342**	**10,806**	**11,485**	**11,959**	**11,269**	**11,669**	**11,531**	**41,466**	**46,428**	**11,411**	**-1**
Tax Rate (%)	20.4	20.5	21.1	21.3	21.2	20.3	20.5	19.3	21	21	20.5	
PAT	**34,425**	**40,055**	**40,291**	**42,362**	**44,510**	**44,259**	**45,251**	**48,269**	**1,57,269**	**1,73,610**	**44,253**	**0**
YoY Gr (%)	16.3	6.2	23.2	5.5	29.3	10.5	12.3	13.9	12.2	10.4	10.5	
Key Parameters (Calc., %)												
Yield on loans	9.81	9.99	10.01	10.49	9.99	9.95	9.92	9.89				
Cost of funds	7.16	7.28	7.32	7.17	7.17	7.19	7.18	7.15				
Spread	2.7	2.71	2.7	3.3	2.8	2.76	2.7	2.7				
NIM	3.5	3.7	3.7	4.3	3.8	3.7	3.7	3.7				
C/I ratio	3.4	3.1	5.0	3.1	2.5	2.5	4.4	5.2				
Credit cost	0.09	-0.03	-0.02	0.14	-0.11	0.02	-0.03	-0.04				
Balance Sheet Parameters												
Disbursements (INR b)	**437**	**473**	**547**	**455**	**595**	**560**	**673**	**591**				
Growth (%)	27.9	13.7	18.0	15.7	36.3	18.3	23.0	29.8				
AUM (INR b)	**5,297**	**5,461**	**5,656**	**5,669**	**5,846**	**5,822**	**6,116**	**6,273**				
Growth (%)	16.6	15.1	13.7	11.3	10.4	6.6	8.1	10.7				
Asset Quality Parameters												
GS 3 (INR B)	138.1	138.2	110.5	76.5	61.5	61.5						
GS 3 (%)	2.61	2.53	2.0	1.35	1.05	1.06						
NS 3 (INR B)	43.5	48.21	42.1	21.6	14.1	14.10						
NS 3 (%)	0.82	0.88	0.7	0.38	0.24	0.24						
PCR (%)	68.5	65.13	61.9	71.7	77.1	77.05						

E: MOFSL Estimates

Disbursements grew ~18% YoY; muted loan growth of 7% YoY

- Loan book stood at INR5.82t, up 7% YoY and flat QoQ. While disbursements grew ~18% YoY, repayments were up significantly to ~40% (PQ: 29.5% and PY: ~23.4%). This included ~INR114b from Kaleshwaram project, INR200b under the RBPF scheme (including ~INR100b under RBPF from Andhra/Telangana) and ~INR30b from the Adani group. Management shared that, excluding the pre-payments, the loan book would have grown ~16% YoY.
- Disbursements grew ~18% YoY to INR560b. The distribution segment constituted the largest share of disbursements, followed by the conventional and renewable energy segment. We model disbursement and loan growth of 27% and 11%, respectively, for FY26E.

Asset quality stable; expects to achieve net zero NNPA by FY26

- GS3 and NS3 were stable QoQ at ~1.05% and 0.25%, respectively. PCR on S3 was also stable QoQ at ~77%. Standard asset (Stage 1 and 2) provisions were also largely stable at 0.89%. Provisions stood at INR1.3b (in line). This translated into annualized credit costs of 2bp (PY: -11bp and PQ: -3bp).
- The company has ~11 projects that are classified as NPA. Resolutions for 10 NPA projects (PCR: 77%) are being pursued under NCLT and resolution for 1 project (PCR: 20%) is being pursued outside NCLT.
- Management shared that its Stage 2 assets are expected to decline further in 3Q/4QFY26 as recoveries from Kaleshwaram Irrigation (the residual ~INR50b) and other projects continue.
- REC's CRAR stood at ~23.7% as of Sep'25.

CONFERENCE CALL

Highlights from the management commentary

Guidance and outlook

- Management is confident of delivering 11-12% loan growth in FY26, supported by a strong sanctions pipeline, healthy disbursements, and normalization of prepayments in 2HFY26.
- REC targets to scale up to a loan book of INR10t by FY30, with renewables comprising ~30% of the total portfolio.
- Stage 2 assets are expected to decline further in 3Q/4QFY26 as recoveries from Kaleshwaram (the residual ~INR50b) and other projects continue. The company does not expect material prepayments over the next two quarters, apart from regular quarterly repayments from DISCOMs and some prepayments under RBPF.
- REC expects NIMs to remain in the range of 3.5-3.75% and spreads at 2.75-3%.
- The company is confident of becoming a net-zero NPA entity by end-FY26.

Opening remarks

- REC continues to be one of the strategic institutions in India's power, infrastructure, and logistics ecosystem. As a trusted arm of the Government of India, the company plays a key role in supporting several flagship government initiatives such as the RDSS, Late Payment Surcharge Scheme, Consumer Service Ratings, and Integrated Ratings of DISCOMs.

- REC enjoys the highest domestic credit rating of AAA and international ratings of Aa3/BBB–, which are at par with India's sovereign ratings.

Financial highlights

- REC reported its highest-ever 1H profit of INR88.8b in 1HFY26, up 19% YoY.
- Loan book grew 7% YoY to INR5.82t, while total income rose 12% YoY to INR298b.
- Asset quality continued to improve with NNPA declining to 0.24% as of Sep'25, and the CRAR remained comfortable at 23.7%.
- Yields were broadly stable at 10.06%. NIMs remained steady at 3.64%.
- Disbursements during 1HFY26 stood at INR1.15t, marking a strong 27% YoY increase, with 2QFY26 disbursements at INR559b. The distribution segment constituted the largest share of disbursements, followed by conventional and renewable energy segment.
- State sector continued to dominate the loan book, accounting for 86% of the portfolio, while the private sector contributed 14%. Borrowings stood at INR5.07t and remained well-diversified across sources.
- Asset quality improvement remained a focus area, with GNPA and NNPA consistently declining. The company maintained a PCR of 77%, with Stage 1 PCR at 0.86%. Stage 2 assets reduced by 52% during the quarter, aided by recoveries, including INR114b from the Kaleshwaram project.
- Currently, REC has 11 assets under NCLT and one asset outside NCLT under resolution.
- The company's committed order book of INR2.5t provides strong visibility for future growth.

Prepayments

- Prepayments stood at INR490b in 1HFY26, including INR114b from Kaleshwaram Irrigation, ~INR200b under the RBPF scheme (including ~INR100b under RBPF from Andhra/Telangana) and ~INR30b from the Adani group. Management shared that, excluding prepayments, the loan book would have grown by 16% YoY.
- Prepayments were primarily from borrowers repaying through internal accruals.
- REC received ~INR114b from the Kaleshwaram project, which reduced Stage 2 assets. Total outstanding in Kaleshwaram was INR170b, and the balance (~INR50b) is expected to be received in 3Q/4QFY26. The project was backed by a state guarantee, resulting in limited PCR reversal.
- The company does not expect significant prepayments over the next two quarters, apart from the usual quarterly repayments from DISCOMs.
- REC receives regular repayments of INR80-90b each month, and prepayments occur only when DISCOMs have surplus cash.

Sector outlook

- Management was extremely bullish on the Indian power sector, which is expected to require investments of nearly INR46t over the next 4-5 years. The renewable energy capacity target of 500GW represents an investment opportunity of INR21t.

Additional capacity build-outs include:

- Thermal: 80GW requiring INR5t
- Hydro: 21GW requiring INR1.16t
- Nuclear: 22GW requiring INR2t
- Pumped storage: 50GW requiring INR1.85t
- Battery storage: 74GW requiring INR1t
- Transmission & Distribution: INR13t
- REC maintains a 20-25% market share in the power financing space, financing roughly one in every four bulbs lit in India. Maintaining this market share could translate into an incremental INR10t business opportunity over the next five years, supporting its FY30 loan book target.
- The company foresees strong power demand, driven by growth of data centers, clean energy integration, and improved payment security mechanisms for DISCOMs. REC believes tariff reforms and payment discipline among state utilities will strengthen further, and the clean energy ecosystem will expand rapidly through battery and pumped hydro storage projects, aiding India's 2070 net zero goals.

Government programs

- REC continues to serve as the nodal implementing agency for major government initiatives. Under the PM Rooftop Solar Yojana, REC has already covered around 170m households, with 70m added in just the last six months.
- Under the RDSS scheme, 19 states and UTs are actively participating, with encouraging progress seen in subsidy disbursals and coordination with power regulators. Management reiterated confidence that the power sector is undergoing a healthy transformation through these reforms.
- REC is also expanding into new infrastructure verticals. The company will sign an MoU with the Ministry of Shipping to invest in India's maritime sector. Further, the company is exploring opportunities in metros, ports, and road transport projects, prioritizing infrastructure assets with stable and predictable revenue streams.

Asset quality

- Two key projects, Sinnar Thermal and Hiranmaye Power, are under advanced stages of resolution. Sinnar Thermal is expected to see a final hearing in 3QFY26, while the Hiranmaye case is pending judgment at the Supreme Court, expected by 4QFY26.
- The company made regular provisions of ~INR3.7b during 1HFY26, which were offset by reversals of INR5.6b due to rating upgrades, an LGD-related adjustment of ~INR1b, an additional provision of ~INR1.06b on account of delay in COD, and an ECL provision reversal of ~INR2.7b related to TRN Energy. As a result, net credit costs in 1HFY26 stood at a write-back of INR4.9b.
- Stage 2 assets as of Sep'25 stood at INR161.1b. This included Rayalaseema with outstanding of ~INR7.4b, TSWRIDC with outstanding of ~INR94b, Teesta Urja at INR33b, TRN energy at INR10b and O2 power at INR12b. The company is getting regular payments from them.

Margins and CoF

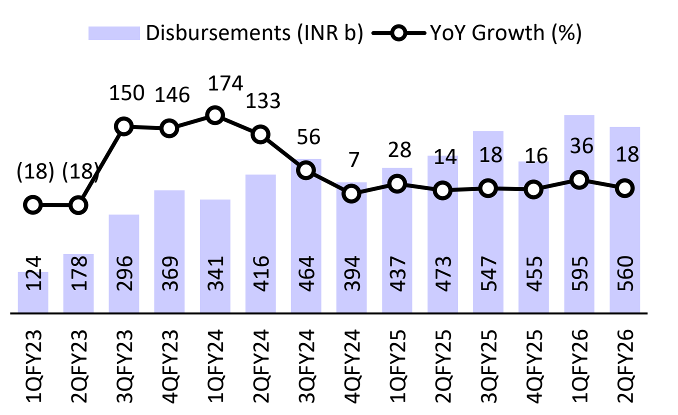
- REC’s borrowings profile remains well-structured, with 80-85% being fixed-rate. Around 20% of borrowings are redeemed annually, with the remaining spread over the next five years. Hence, the benefit of lower-cost funding will accrue gradually.
- CoB has gone up from 7.12% to 7.17%. Borrowing cost has increased because of some of the risk-mitigation measures taken by the company in its foreign borrowings (given the volatility in the exchange rates).
- Foreign borrowings are 99% hedged. CoB increased by 8-10bp because of higher hedging costs and the company now has higher protection from the volatility in currency rates.
- The company reduced card rates in May’25 to remain competitive, especially in the renewable segment, where REC and PFC offer among the lowest rates in the market.
- Both REC and PFC together hold around 20-25% market share each in power financing and target to maintain this position. The recent sovereign credit rating upgrade has not yet translated into any material borrowing cost benefit.
- Management noted that competitive pressure in the renewable sector may marginally affect yields, but growth in other business segments will offset this.

Others

- Currently, six states (UP, Karnataka, TN among others) contribute the largest share of DISCOM debt. The Government of India is working on a debt restructuring package for these states, which is in advanced stages of consultation. Once finalized, it is expected to strengthen DISCOM balance sheets, enabling higher capex and further improving REC’s growth prospects.
- Overall, management remains bullish on the power sector outlook, backed by strong policy momentum, growing renewable capacity, large committed order book, and improving sectoral fundamentals.

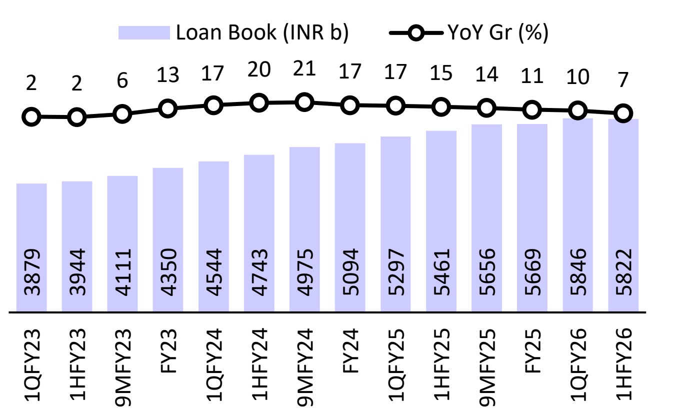
Key exhibits

Exhibit 1: Disbursements rose ~18% YoY



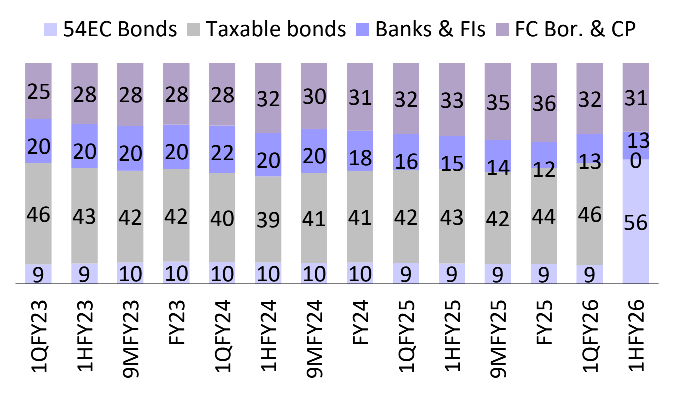
Source: MOFSL, Company

Exhibit 2: Loan book grew 7% YoY



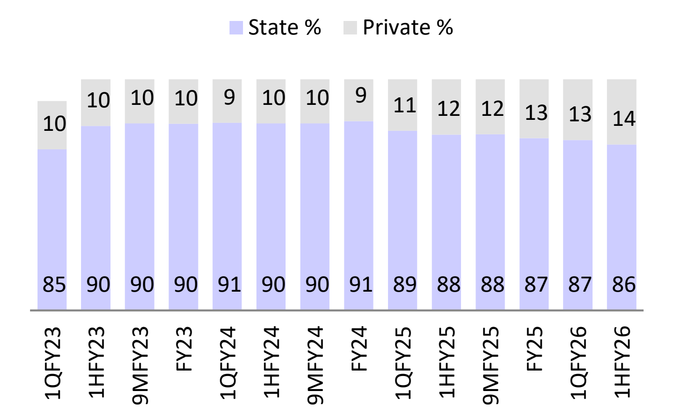
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)



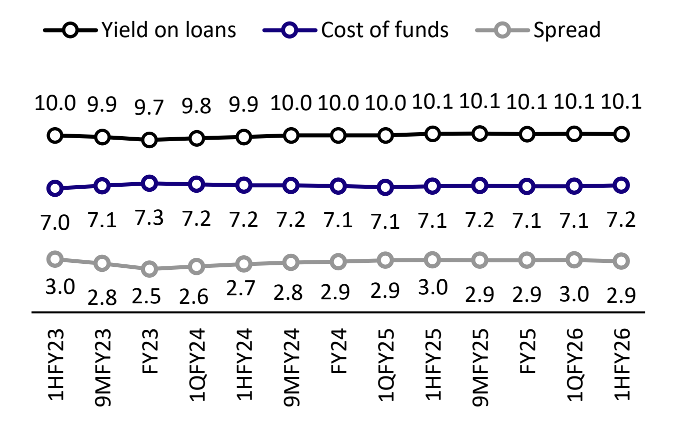
Source: MOFSL, Company

Exhibit 4: Only 14% of loans are given to private players (%)



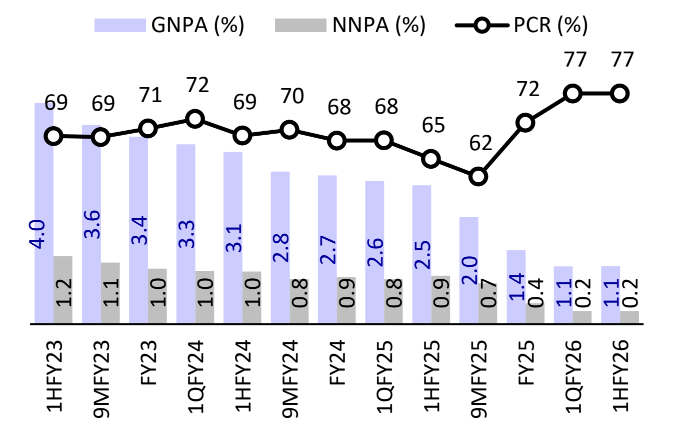
Source: MOFSL, Company

Exhibit 5: Spreads declined ~10bp QoQ



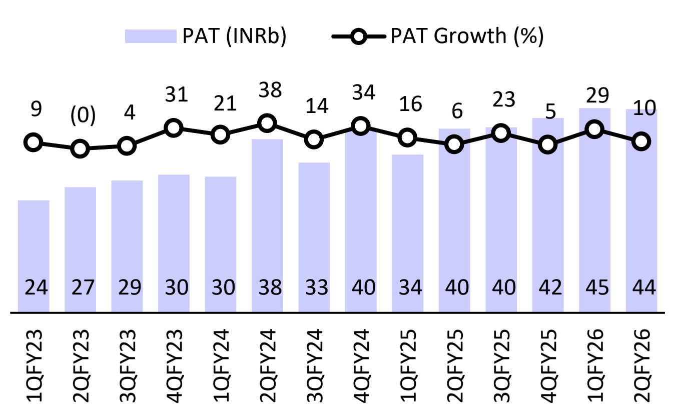
Source: MOFSL, Company,

Exhibit 6: Asset quality remains stable QoQ



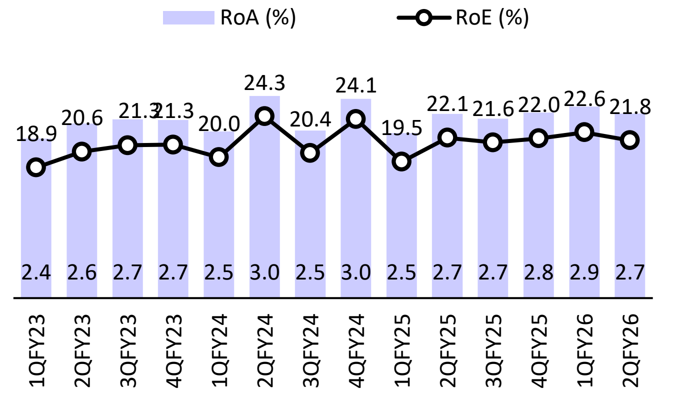
Source: MOFSL, Company

Exhibit 7: PAT grew ~10% YoY



Source: MOFSL, Company,

Exhibit 8: RoA/RoE trends (%)



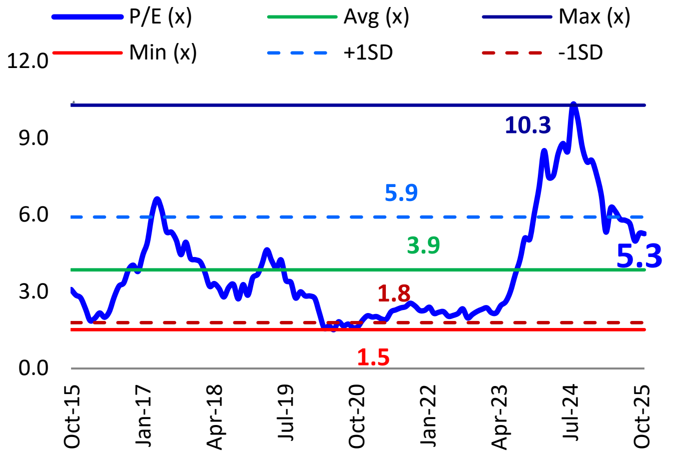
Source: MOFSL, Company

Exhibit 9: We cut our FY26/FY27 EPS estimates by ~3% each to factor in lower loan growth and other income slightly offset by higher provision writebacks

INR B	Old Est.		New Est.		% Change	
	FY26	FY27	FY26	FY27	FY26	FY27
NII	230.7	257.0	223.3	249.7	-3.2	-2.8
Other Income	0.4	6.9	-4.2	6.1	-1,062.1	-11.6
Net Income	**231.1**	**263.9**	**219.1**	**255.8**	**-5.2**	**-3.1**
Operating Expenses	8.5	9.9	8.2	9.5	-3.4	-3.4
Operating Profits	**222.6**	**254.0**	**210.9**	**246.3**	**-5.3**	**-3.0**
Provisions	-4.8	11.7	-9.2	11.7	-	0
PBT	**227.5**	**242.3**	**220.0**	**234.6**	**-3.3**	**-3.2**
Tax	47.3	50.4	46.4	48.8	-1.9	-3.2
PAT	**180.2**	**191.9**	**173.6**	**185.8**	**-3.6**	**-3.2**
Loans	6,376	7,270	6,273	7,177		
Spreads (%)	**2.84**	**2.74**	**2.78**	**2.72**		
RoAA (%)	**2.8**	**2.6**	**2.7**	**2.6**		
RoAE (%)	**21.4**	**19.6**	**20.7**	**19.2**		

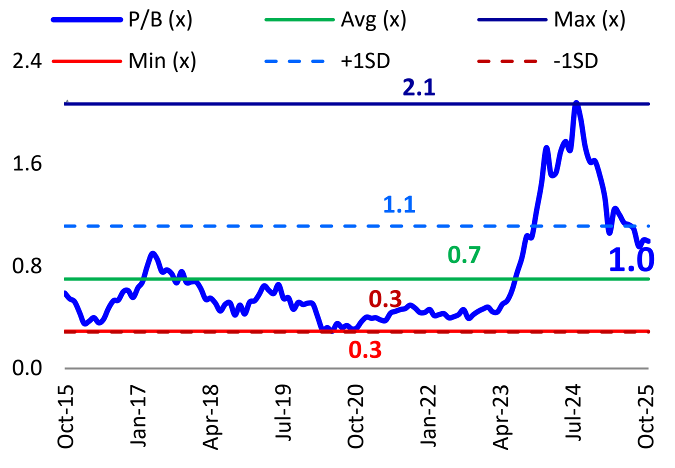
Source: MOFSL, Company

Exhibit 10: One-year forward P/E



Source: MOFSL, Company,

Exhibit 11: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement									(INR b)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Interest on Loans	296.6	346.8	381.9	388.4	464.1	550.7	592.8	654.7	743.8
Interest Exp and Other Charges	190.0	214.9	220.5	237.4	299.5	341.3	369.6	404.9	459.8
Net Interest Income	**106.7**	**131.9**	**161.3**	**151.0**	**164.6**	**209.4**	**223.3**	**249.7**	**284.0**
Change (%)	14.3	23.7	22.3	-6.4	9.0	27.2	6.6	11.9	13.7
Forex Gains/(Losses)	-23.6	-3.3	-8.0	-11.1	-1.7	-2.1	-2.0	-1.5	-1.0
Net Interest Income (including forex gains/losses)	**83.1**	**128.6**	**153.3**	**139.8**	**162.9**	**207.3**	**221.3**	**248.2**	**283.0**
Other Operating Income	1.0	7.0	9.5	3.7	7.2	8.4	-2.9	6.8	8.1
Other Income	0.6	0.2	1.0	0.4	0.7	0.7	0.8	0.8	0.9
Net Total Income	**84.7**	**135.9**	**163.8**	**144.0**	**170.8**	**216.4**	**219.1**	**255.8**	**292.1**
Change (%)	-4.0	60.4	20.5	-12.1	18.6	26.7	1.2	16.8	14.2
Employee Cost	1.8	1.4	1.6	1.8	2.1	2.4	2.7	3.1	3.5
Administrative Exp	4.2	2.6	3.0	3.4	4.2	4.7	5.2	6.2	7.2
Depreciation	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Total Operating Expenses	**6.0**	**4.2**	**4.8**	**5.5**	**6.6**	**7.4**	**8.2**	**9.5**	**11.0**
PPoP	**78.7**	**131.8**	**159.0**	**138.5**	**164.2**	**208.9**	**210.9**	**246.3**	**281.1**
Change (%)	-5.6	67.4	20.7	-12.9	18.5	27.2	0.9	16.8	14.1
Total Provisions	**8.9**	**24.2**	**34.7**	**1.1**	**-13.6**	**10.2**	**-9.2**	**11.7**	**12.4**
% to Operating Income	11.3	18.4	21.8	0.8	-8.3	4.9	-4.3	4.7	4.4
PBT	**69.8**	**107.6**	**124.2**	**137.4**	**177.8**	**198.7**	**220.0**	**234.6**	**268.7**
Tax (Incl Deferred tax)	21.0	23.9	23.8	26.8	37.6	41.5	46.4	48.8	55.9
Tax Rate (%)	30.0	22.3	19.1	19.5	21.2	20.9	21.1	20.8	20.8
PAT	**48.9**	**83.6**	**100.5**	**110.5**	**140.2**	**157.3**	**173.6**	**185.8**	**212.8**
Change (%)	-15.2	71.1	20.1	10.0	26.8	12.2	10.4	7.0	14.5

Balance Sheet									(INR b)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Capital	20	20	20	26	26	26	26	26	26
Reserves & Surplus	331	418	493	550	661	750	876	1,009	1,166
Net Worth	**351**	**438**	**513**	**577**	**688**	**776**	**903**	**1,036**	**1,192**
Borrowings	**2,815**	**3,228**	**3,263**	**3,808**	**4,456**	**4,963**	**5,411**	**6,192**	**7,039**
Change (%)	17.5	14.7	1.1	16.7	17.0	11.4	9.0	14.4	13.7
Total Liabilities	**3,166**	**3,666**	**3,776**	**4,385**	**5,144**	**5,739**	**6,313**	**7,228**	**8,231**
Investments	23	19	22	31	53	66	80	92	105
Change (%)	-3.5	-17.4	13.0	45.4	69.5	24.8	20.0	15.0	15.0
Loans	**3,121**	**3,653**	**3,719**	**4,221**	**4,992**	**5,591**	**6,178**	**7,077**	**8,061**
Change (%)	15.4	17.0	1.8	13.5	18.3	12.0	10.5	14.6	13.9
Net Fixed Assets	5	6	6	6	7	7	7	7	7
Net current assets	0	0	0	0	0	0	0	0	0
Total Assets	**3,148**	**3,678**	**3,747**	**4,259**	**5,052**	**5,664**	**6,265**	**7,176**	**8,174**

E: MOFSL Estimates

Financials and valuations

Loans and Disbursements	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Gross Loans (INR b)	3,224	3,774	3,854	4,350	5,094	5,669	6,273	7,177	8,166
YoY Growth (%)	15	17	2	13	17	11	11	14	14
Disbursements (INR b)	757	930	642	968	1,615	1,912	2,418	2,660	2,926
YoY Growth (%)	5	23	-31	51	67	18	27	10	10

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Avg. Yield - on Financing Portfolio	10.1	10.1	10.3	9.7	9.9	10.2	9.9	9.7	9.7
Avg Cost of Funds	7.3	7.1	6.8	6.7	7.2	7.2	7.1	7.0	7.0
Interest Spread	2.8	3.0	3.5	2.9	2.7	3.0	2.8	2.7	2.7
Net Interest Margin	3.7	3.9	4.4	3.8	3.6	4.0	3.8	3.8	3.8
Profitability Ratios (%)									
RoE	14.1	21.2	21.1	20.3	22.2	21.5	20.7	19.2	19.1
RoA	1.5	2.2	2.5	2.5	2.8	2.7	2.7	2.6	2.6
Efficiency Ratios (%)									
Int. Expended/Int.Earned	64.0	62.0	57.8	61.1	64.5	62.0	62.3	61.9	61.8
Other operating Inc./Net Income	1.2	5.2	5.8	2.6	4.2	3.9	-1.3	2.6	2.8
Other Income/Net Income	0.8	0.2	0.6	0.3	0.4	0.3	0.3	0.3	0.3
Op. Exps./Net Income	7.1	3.1	2.9	3.8	3.9	3.4	3.7	3.7	3.8
Empl. Cost/Op. Exps.	29.2	34.9	33.1	33.2	32.4	32.9	33.2	32.5	32.0
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	110.9	113.1	114.0	110.8	112.0	112.7	114.2	114.3	114.5
Assets/Networth	9.0	8.4	7.3	7.4	7.3	7.3	6.9	6.9	6.9
Debt/Equity Ratio	8.0	7.4	6.4	6.6	6.5	6.4	6.0	6.0	5.9
Asset Quality (%)									
Gross Stage 3	6.6	4.8	4.5	3.4	2.7	1.3	0.8	0.5	0.4
Net Stage 3	3.3	1.7	1.5	1.0	0.9	0.4	0.1	0.1	0.0
PCR	49.6	64.6	67.4	70.6	68.5	71.7	85.0	90.0	92.0
Credit costs	0.3	0.7	0.9	0.0	-0.3	0.2	-0.2	0.2	0.2

Valuations	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Book Value (INR)	178	222	260	219	261	295	343	393	453
BV Growth (%)	2.3	24.8	17.3	-15.7	19.3	12.9	16.3	14.8	15.1
Price-BV (x)	**2.2**	**1.7**	**1.5**	**1.8**	**1.5**	**1.3**	**1.1**	**1.0**	**0.9**
Adjusted Book Value (INR)	164	213	253	215	257	293	342	393	452
ABV Growth (%)	2.4	30.1	18.4	-15.0	19.6	13.9	16.8	14.9	15.1
Price-ABV (x)	**2.4**	**1.8**	**1.5**	**1.8**	**1.5**	**1.3**	**1.1**	**1.0**	**0.9**
EPS (INR)	24.7	42.3	50.9	42.0	53.2	59.7	65.9	70.6	80.8
EPS Growth (%)	-15.2	71.1	20.1	-17.5	26.8	12.2	10.4	7.0	14.5
Price-Earnings (x)	**15.6**	**9.1**	**7.6**	**9.2**	**7.3**	**6.5**	**5.9**	**5.5**	**4.8**
Dividend	11.0	12.7	15.3	12.6	16.0	18.0	20.0	21.5	24.3
Dividend Yield (%)	**2.8**	**3.3**	**4.0**	**3.3**	**4.1**	**4.7**	**5.2**	**5.6**	**6.3**

E: MOSL Estimates

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