

Fusion Finance

Estimate change	↑
TP change	↑
Rating change	↔

CMP: INR183

TP: INR235 (+28%)

Buy

Broad-based improvement in CE; earnings to accelerate from 2H

Bloomberg	FUSION IN
Equity Shares (m)	162
M.Cap.(INRb)/(USDb)	29.8 / 0.3
52-Week Range (INR)	225 / 137
1, 6, 12 Rel. Per (%)	10/16/6
12M Avg Val (INR M)	107

FY27 AUM target of ~INR100b intact

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Total Income	11.9	13.2	16.8
PPP	3.6	4.5	7.4
PAT	0.1	3.3	3.9
EPS (INR)	0.86	20.3	24
EPS Gr. (%)	-	-	18
BV (INR)	152	172	196

Valuations

NIM (%)	14.1	14.3	15.2
C/I ratio (%)	69.7	65.9	55.9
RoAA (%)	0.2	3.7	3.8
RoE (%)	0.7	12.5	13.0

Valuations

P/E (x)	-	9.0	7.6
P/BV (x)	1.2	1.1	0.9

Shareholding Pattern (%)

As of	Mar-26	Dec-25	Mar-25
Promoter	54.2	54.9	57.7
DII	14.4	11.9	16.9
FII	5.0	5.1	2.1
Others	26.4	28.0	23.3

FII includes depository receipts

- Fusion Finance (FUSION) reported a net profit of ~INR1.1b in 4QFY26 (vs. est. of INR691m). Fusion recognized a DTA of INR768m in 4QFY26 – this led to tax write-backs in the quarter. FY26 PAT stood at ~INR139m (vs. a loss of ~INR12.2b in FY25). NII in 4QFY26 declined ~14% YoY to ~INR2.3b (in line). Opex was flat YoY at INR2.05b (in line). The cost-to-income ratio remained stable QoQ at ~69% (PQ: ~69% and PY: ~70%).
- PPOp rose ~3% YoY to ~INR931m (27% miss). FY26 PPOp declined ~51% YoY to ~INR3.6b. Net credit costs declined sequentially to ~INR556m (inline). Annualized credit costs in 4QFY26 declined ~150bp QoQ to ~3.6% (PQ: ~5.1%).
- Fusion has targeted an AUM of ~INR 100b by FY27, supported by a disciplined customer acquisition strategy and a continued focus on low-leveraged, stable borrower profiles. MSME is expected to be a key growth driver, led by deeper market penetration, increasing focus on the LAP segment, and expansion through new sourcing channels to strengthen origination and reach.
- The company's branch segmentation strategy, which classifies branches into A to D categories based on operating metrics and growth behavior, is enabling further calibrated expansion and better risk alignment at the branch level. Additionally, the ongoing platform migration is expected to materially enhance onboarding, servicing, and branch efficiency, thereby strengthening operational scalability and supporting sustainable, high-quality growth.
- NII in 4QFY26 remained subdued, primarily due to a broadly flat average AUM base along with higher liquidity buffers and lower DA income, which together temporarily weighed on income recognition. Going forward, NII is expected to grow in 1QFY27 and further accelerate from 2QFY27, thereby supporting PPOp growth. Asset quality remains strong and well-controlled, supported by robust CE of ~99.7%-99.8% across key markets, with GNPA/NNPA at ~3.2%/~0.5%, reflecting contained stress levels. Recoveries from written-off accounts remain healthy, with 90+ DPD recoveries exceeding ~INR350m, underscoring disciplined underwriting and tight portfolio monitoring.
- Fusion has demonstrated steady improvement across key operating parameters, reflecting stronger execution discipline and a refined risk framework. With a clear strategic direction and continued focus on quality-led growth, it is well positioned to scale its guided AUM to INR100b by FY27, implying ~35% growth over the base. This expansion is expected to be supported by improving asset quality trends and a strengthening MSME franchise. Backed by tighter customer selection and operational enhancements, the company is building a more resilient and sustainable growth model going forward.

- With recovery gaining traction, we expect Fusion to deliver an AUM CAGR of ~25% over FY26E-28E with a RoA/RoE of ~3.8%/ 13% by FY28E. **We reiterate our BUY rating with a revised TP of INR235 (based on 1.2x FY28E P/BV).**

Strong asset quality with improving CE and lower delinquencies

- GS3 declined ~120bp QoQ to ~3.2%, while NS3 declined ~12bp QoQ to 0.5%. Stage 3 PCR stood at 85% (PQ: 86.3%). Stage 2 dipped ~70bp QoQ to 1.0% and S2 PCR improved ~5pp QoQ to ~71.4%.
- The company has a management overlay of INR195m remaining after the release of INR100m in 4QFY26.
- Avg. CE (MFI) improved to 99.66% in 4Q (vs. 99.14% in 3Q). New book (MFI) is now at 87% of the portfolio with Avg. CE at 99.77% in 4Q. Net forward flow rate was < 0.1% in 4QFY26. Fusion's + >=3 borrowers declined to ~5% (PQ: 6.8%).
- We expect Fusion's credit costs to decline sharply from ~6% in FY26 to ~3.2%/ 3.1% in FY27E/FY28E.

NIM expands ~12bp QoQ; PSU borrowings dip ~4pp QoQ

- Reported NIM improved ~12bp QoQ to ~11.4%. Yields improved by ~10bp QoQ to 21.7%, while the CoB remained stable QoQ at ~10.3%, resulting in ~10bp QoQ improvement in spreads to ~11.4%.
- The share of public sector banks in the borrowing mix declined ~4pp QoQ to ~16% (PQ: 20%) as of Mar'26. Fusion has a liquidity of INR19b, supported by INR20b of fresh borrowings drawn in 4QFY26.
- With improved portfolio asset quality, lower interest income reversals, and gradual improvement in the funding access, we expect Fusion's NIM to expand from ~14.1% in FY26 to ~15.2% by FY28E.

Disbursement growth healthy at ~85% YoY; borrower base moderates

- Disbursements grew 85% YoY and 34% QoQ to ~INR21.4b. AUM declined ~18% YoY and grew 8% QoQ to ~INR74.1b.
- The borrower base declined to ~2.15m as on Mar'26 (down from ~2.32m as of Dec'25). We expect Fusion to deliver an AUM CAGR of ~25% over FY26-28E.

Highlights from the management commentary

- Fusion expects FY27 opex to increase by ~5-6% over FY26 levels despite business growth, supported by branch rationalization and operating efficiency initiatives. Management is also taking external expert support to further improve branch productivity and cost efficiency.
- Fusion had not recognized DTA over the past 4-5 quarters and has now resumed DTA recognition. Total DTA stood at ~INR3.9b, of which ~INR3.1b remains available for future utilization over the next 12-18 months.

Valuation and view

- Fusion reported a decent earnings performance in 4QFY26, supported by DTA recognition, tax write-backs, and further moderation in credit costs. Disbursement momentum continued to improve, with steady scale-up in the MFI book underpinned by prudent underwriting, as reflected in stronger collection efficiency and easing forward flow trends. Asset quality also remained resilient with continued improvement in key operating metrics, reinforcing the overall stability of the portfolio.
- Fusion currently trades at 1.1x FY27E P/B. With recovery gaining traction, we expect Fusion to deliver an AUM CAGR of ~25% over FY26E-28E with a RoA/RoE of ~3.8%/ 13% by FY28E. **We reiterate our BUY rating with a revised TP of INR235 (based on 1.2x FY28E P/BV).**

Fusion: Quarterly Performance

(INR M)

Y/E March	FY25				FY26				FY25	FY26	4Q FY26E	vs. Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	6,213	6,261	4,382	4,487	4,219	3,808	3,629	3,625	21,342	15,325	3,632	0
Interest Expenses	2,234	2,274	2,137	1,794	1,489	1,343	1,235	1,321	8,439	5,387	1,282	3
Net Interest Income	3,979	3,987	2,245	2,693	2,730	2,465	2,394	2,304	12,904	9,938	2,350	-2
YoY Growth (%)	34.6	30.4	-33.7	-25.4	-31.4	-38.2	6.6	-14.4	-0.8	-23.0	-12.7	
Other Income	854	776	443	273	237	519	612	677	2,347	2,000	947	-29
Total Income	4,833	4,764	2,688	2,966	2,967	2,984	3,006	2,980	15,250	11,938	3,296	-10
YoY Growth (%)	30.9	25.3	-34.7	-35.6	-38.6	-37.4	11.8	0.5	-6.0	-21.7	11	
Operating Expenses	1,855	1,925	2,041	2,065	2,101	2,094	2,071	2,050	7,886	8,315	2,028	1
Operating Profit	2,978	2,838	648	901	866	890	936	931	7,365	3,622	1,269	-27
YoY Growth (%)	26.5	17.4	-75.1	-69.0	-70.9	-68.6	44.5	3.3	-28.4	-50.8	40.8	
Provisions & Loan Losses	3,485	6,941	5,723	2,547	1,789	1,112	795	556	18,695	4,252	578	-4
Profit before Tax	-507	-4,102	-5,075	-1,646	-923	-221	141	374	-11,330	-629	691	-46
Tax Provisions	-151	-1,052	2,118	0	0	0	0	-768	915	-768	0	
Net Profit	-356	-3,050	-7,193	-1,646	-923	-221	141	1,142	-12,245	139	691	65
YoY Growth (%)	-130	-343	-669	-224	159	-93	-102	-169	-342	-101.1	-142	
Key Parameters (%)												
Yield on loans	21.7	21.5	19.1	19.1	20.6	21.2	21.6	21.7				
Cost of funds	10.1	10.1	10.3	10.5	10.3	10.4	10.3	10.3				
Spread	11.6	11.4	8.8	8.6	10.3	10.9	11.3	11.4				
NIM	11.6	11.5	8.9	8.6	10.3	10.9	11.3	11.4				
Credit cost	3.28	6.55	5.70	2.80	2.30	1.50	1.00	0.90				
Cost to Income Ratio (%)	38.4	40.4	75.9	69.6	70.8	70.2	68.9	68.8				
Tax Rate (%)	29.8	25.6	-41.7	0.0	0.0	0.0	0.0	-205.2				
Performance ratios (%)												
Avg o/s per borrower (INR '000)	30	29	27	26	25	25	27	31				
AUM/ RO (INR m)	1.2	1.1	1.1	0.9	0.8	0.8	0.9	1.0				
AUM/ Branch (INR m)	9	8	7	6	5	4	4	5				
Borrower/ Branch (INR m)	3,017	2,805	2,590	2,175	1,932	1,759	1,602	1,487				
Balance Sheet Parameters												
AUM (INR B)	121.9	115.7	106.0	89.8	76.9	70.4	68.8	74.1				
Change YoY (%)	25.5	15.4	-0.9	-21.8	-36.9	-39.2	-35.1	-17.5				
Disbursements (INR B)	29.9	16.6	11.7	11.6	9.5	13.0	15.9	21.4				
Change YoY (%)	30.7	-29.1	-56.9	-60.9	-68.2	-21.9	36.5	85.2				
Borrowings (INR B)	91.2	86.4	73.1	64.0	52.7	49.3	51.8	55.7				
Change YoY (%)	26.9	14.8	-8.9	-25.7	-42.3	-42.9	-29.2	-13.0				
Borrowings/Loans (%)	89.0	94.6	92.3	88.2	81.4	83.1	91.8	92.8				
Debt/Equity (x)	3.2	3.4	4.0	3.9	2.7	2.6	2.2	2.3				
Asset Quality (%)												
GS 3 (INR M)	5,952	9,672	11,920	6,457	3,830	2,940	2,620	2,010				
G3 %	5.5	9.4	12.6	7.9	5.4	4.6	4.4	3.2				
NS 3 (INR M)	1,301	2,302	1,450	224	130	230	360	310				
NS3 %	1.27	2.52	1.83	0.31	0.20	0.39	0.64	0.52				
PCR (%)	78.1	76.2	87.8	96.5	96.6	92.2	86.3	84.6				
ECL (%)	5.9	11.1	16.4	10.9	8.2	7.0	5.9	4.3				
Return Ratios - YTD (%)												
ROA (Rep)	-1.2	-10.3	-27.6	-7.4	-4.7	-1.2	0.8	5.7				
ROE (Rep)	-5.0	-45.7	-132.9	-38.2	-20.6	-4.6	2.6	19.1				

E: MOFSL Estimates



Highlights from the management commentary

Guidance and outlook

- Fusion remains confident of achieving an AUM of INR100b by Mar'27 while maintaining disciplined portfolio metrics and calibrated growth.
- Management believes the portfolio is well-positioned to withstand potential macroeconomic and geopolitical headwinds, supported by prudent customer selection, tighter guardrails, and improving operating discipline. The company continues to remain watchful of inflationary pressures and evolving macro developments and will monitor the environment closely.
- The overall weighted credit cost guidance stands at ~2.5%, supported by improving portfolio quality and increasing contribution from MSME. Long-term credit cost guidance for the MFI business remains at 3.25%-3.75% after adjusting for cyclical stress.
- Operating leverage is expected to improve from 2QFY27 onwards as average AUM starts expanding meaningfully while opex growth remains controlled.
- The company expects PPOP growth to resume from 1QFY27 with sharper acceleration from 2QFY27 onwards, driven by improving NII, stable opex, and stronger business momentum.
- Management indicated that there has been no impact from the West Asia crisis on portfolio performance or business growth so far.

Opening remarks and strategic priorities

- FY26 was an important year of learning, testing, and institutional building for the company. During the year, the company prioritized portfolio quality, materially strengthened credit guardrails, invested in collections infrastructure and technology, and sharpened customer selection across the MFI and MSME businesses.
- Fusion gained greater clarity on customer profiles, operating segments, and business lines that can scale sustainably with stronger execution discipline and better portfolio quality.
- The company has moved towards a significantly stronger operating framework, supported by tighter monitoring, improved customer selection, and better branch-level calibration.
- Since Nov'25, branches have been classified into categories A to D based on operating metrics and growth behavior. This framework is now driving calibrated growth and risk management at the branch level. Currently, ~90% of disbursements are originating from category A and B branches, which provides confidence around scalable growth without materially increasing portfolio risk.
- Fusion continues to focus on lower leveraged borrowers and more stable customer segments, while gradually improving the mix of new-to-company customers.

Business trends and disbursement momentum

- Disbursement momentum improved in 4QFY26, supported by sharper customer segmentation and continued investments in automation across onboarding and collections.

- Productivity improved materially across both MSME and MFI businesses as field teams operated with lower operational friction and better process efficiency.
- The company continues to witness healthy demand trends and indicated that the first 45 days of 1QFY27 have remained stable with no visible stress across the portfolio.
- Management highlighted that 1Q is seasonally slower for disbursements; however, current trends are tracking better than expected.
- Fusion continues to avoid entry-level borrowers and believes the INR40k-100k ticket size category remains the most favorable risk-adjusted segment. Growth during the quarter was driven largely by an increase in borrower volumes rather than ticket size expansion.

MSME strategy

- The MSME business continues to focus on Tier 3 and Tier 4 towns with a calibrated secured lending strategy. Within MSME, the company is increasing its focus on the LAP segment, particularly in the INR0.8m-1.5m ticket size category.
- The company remains conservative on borrower cash flows and FOIR assessments while taking measured exposure backed by collateral quality.
- The connector channel strategy has started scaling well, and management is experiencing encouraging traction from this sourcing model.
- Certain sectors and customer categories within MSME continue to remain under tighter scrutiny, with the company consciously reducing exposure to bottom-tier fringe borrowers. The company also continues to avoid “Fusion +2” customers in MFI while onboarding new borrowers, as part of its ongoing portfolio tightening exercise.

Asset quality and collections

- Collection efficiency trends remained robust across businesses, with MFI CE improving to 99.7% and MSME CE at 99.3%.
- Collection efficiency across key operating states such as UP, Bihar, and Odisha remained strong at ~99.7%, reflecting improving borrower behavior and stronger field execution.
- Bihar continues to perform exceptionally well with collection efficiency above 99%, while Tamil Nadu collection efficiency stood at ~99.8%.
- Portfolio stability has become broad-based, supported by improving customer behavior, stronger operating discipline, and tighter portfolio monitoring. The 90+dpd cash recoveries, including write-off recoveries, surpassed INR350m during the quarter, while the write-back component increased to INR210m from INR150m in 3QFY26.
- The collection model remains tightly managed through a combination of in-house field teams and AI-enabled calling infrastructure. A large part of monitoring and reminder systems is now AI and trigger-driven, enabling earlier intervention, tighter portfolio tracking, and better execution outcomes.
- Collections are now seeing positive impact from investments made in technology, monitoring systems, and people over the past few quarters.

Technology and operating infrastructure

- Fusion is in the process of migrating to a new LMS platform, with full migration expected to be completed by Aug'26.
- The new platform is expected to materially improve branch productivity, onboarding quality, and customer servicing capabilities.
- AI-enabled systems are increasingly being integrated into monitoring, collections, and customer engagement processes to improve operational efficiency and risk management.

Branch rationalization and expansion

- Fusion plans to focus on branch consolidation and improving operating efficiency at the branch level.
- The reduction in branch count is largely technical in nature and does not indicate a slowdown in business activity.
- At the same time, the company plans to add branches in Tamil Nadu, West Bengal, and Assam, where collection efficiency trends remain strong at ~99.8%.
- The company also intends to further strengthen customer onboarding, retention, and calibrated portfolio growth across existing and new centers.

Financial performance

- NII remained broadly flat QoQ as average AUM was largely stable, while incremental liquidity and lower direct assignment income also weighed on earnings. Management expects NII growth to resume from 1QFY27 onwards with stronger acceleration from 2QFY27.
- Other income increased during the quarter primarily due to higher write-off recoveries.
- PPOP remained subdued due to broadly flat average AUM, elevated liquidity carry costs, and lower direct assignment accruals.
- The company expects FY27 opex to increase by ~5-6% over FY26 levels despite business growth, supported by branch rationalization and operating efficiency initiatives. Management is also taking external expert support to further improve branch productivity and cost efficiency.

Liquidity, borrowings, and capital position

- Liquidity stood at INR19b during the quarter, including an additional liquidity buffer of ~INR5b maintained deliberately considering geopolitical uncertainties. This excess liquidity carries a quarterly cost of ~INR70-80m.
- CAR remained comfortable, and management believes the balance sheet is adequately capitalized to support the FY27 AUM target without requiring additional capital.
- Several lenders that were previously in watch-and-wait mode have now resumed lending and extended fresh credit lines.
- While PSU bank exposure declined, overall lender diversification improved with increasing contribution from private sector banks. One PSU bank also continued to support the company through ~INR8b of direct assignment transactions.
- Fusion indicated that PSU banks may gradually resume lending under credit guarantee schemes once annual results and balance sheets are reviewed.

- Average cost of borrowings remained stable QoQ at 10.3%, while marginal cost of borrowings moderated to 10.8%. The company expects incremental borrowing costs to improve gradually as lender diversification increases, subject to macro and geopolitical conditions.

DTA and tax write-backs

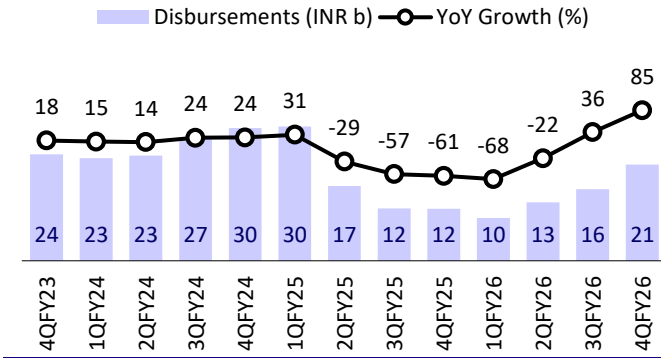
- The company recognized DTA worth INR768m during 4QFY26, resulting in tax write-backs during the quarter. Fusion had not recognized DTA over the past 4-5 quarters and has now resumed DTA recognition.
- Management indicated that additional tax write-backs could continue over the coming quarters as profitability improves further.
- Total DTA stood at ~INR3.9b, of which ~INR3.1b remains available for future utilization over the next 12-18 months, subject to auditor comfort and profitability trajectory.

Management and Board updates

- Priyanka Seth Wadhera joined the company as Chief Strategy Officer.
- Remika Agarwal joined the Board as Non-Executive Non-Independent Director.

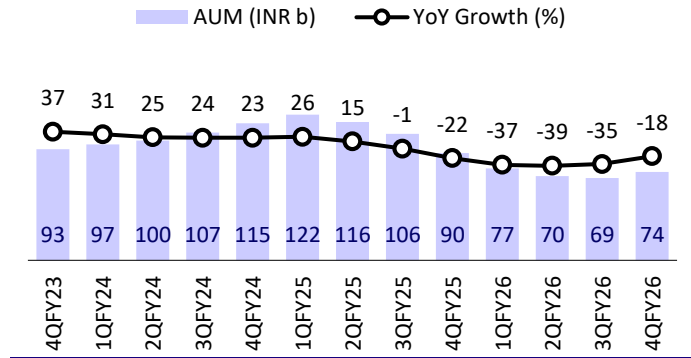
Story in charts

Exhibit 1: Disbursements grew ~85% YoY...



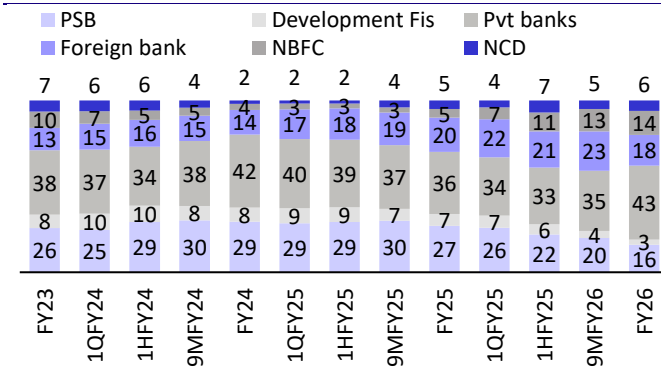
Source: MOFSL, Company

Exhibit 2: ...while AUM declined ~18% YoY



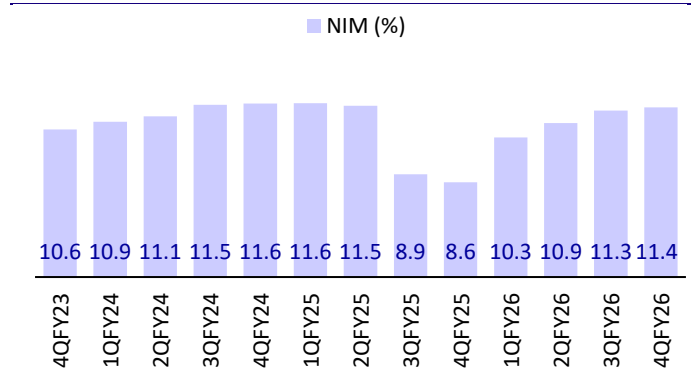
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)



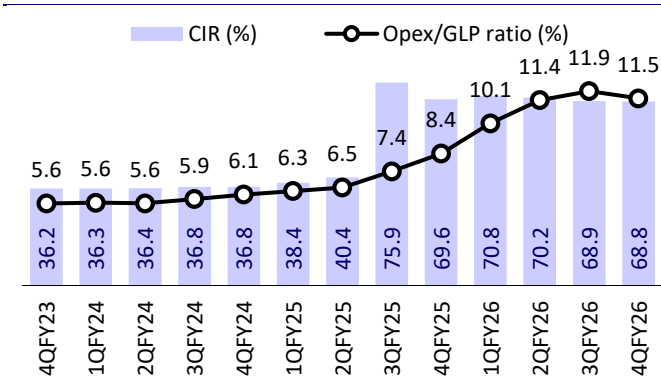
Source: MOFSL, Company

Exhibit 4: Reported NIM improved ~10bp QoQ (%)



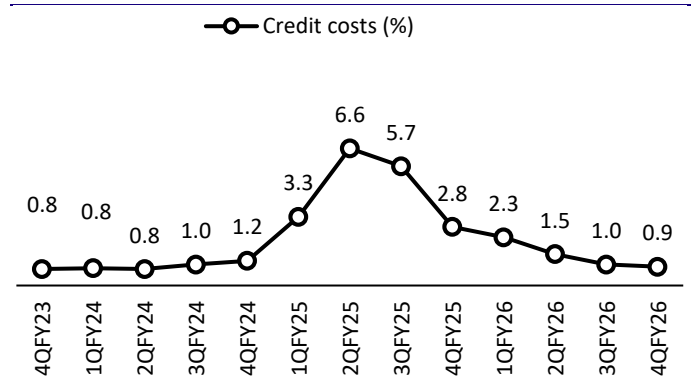
Source: MOFSL, Company

Exhibit 5: CI ratio remained stable QoQ (%)



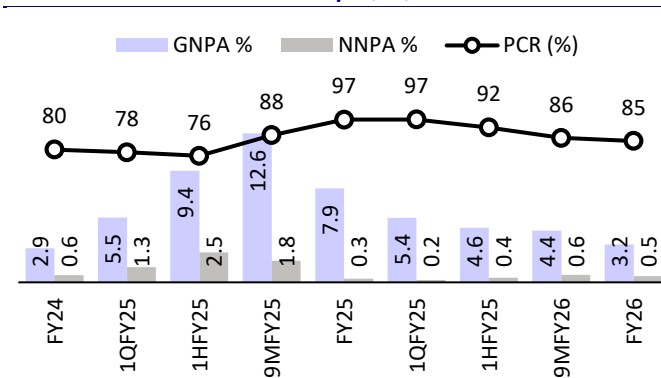
Source: MOFSL, Company

Exhibit 6: Credit costs declined to ~0.9% (non-annualized)



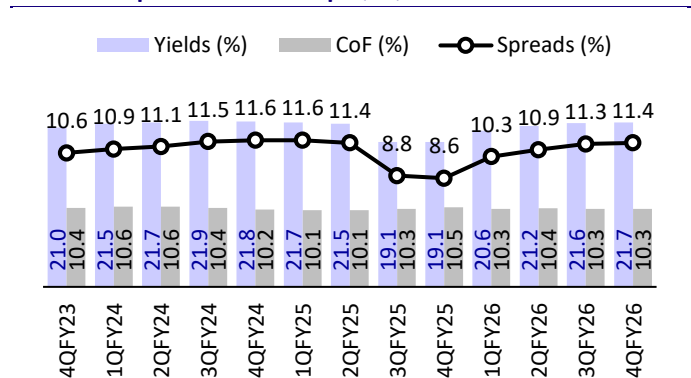
Source: MOFSL, Company

Exhibit 7: GS3 declined ~120bp QoQ to 3.2%



Source: MOFSL, Company

Exhibit 8: Spreads rose ~10bp QoQ

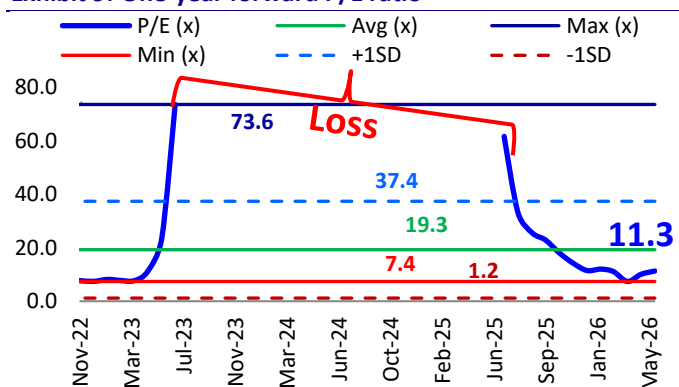


Source: MOFSL, Company

We increase our FY27/FY28 PAT estimates by 9%/5% primarily to factor in tax write-backs from the creation of DTA and slightly higher yields

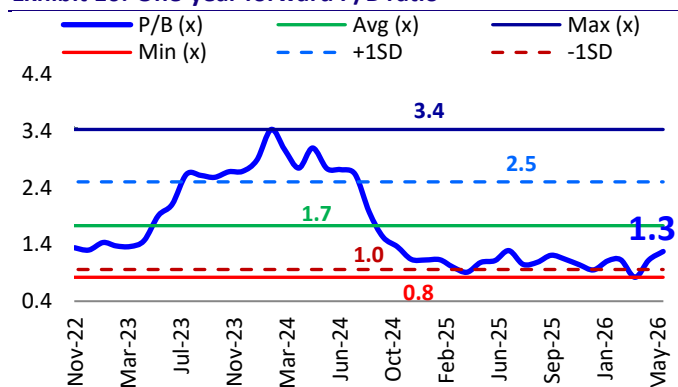
INR B	Old Est.		New Est.		% change	
	FY27	FY28	FY27	FY28	FY27	FY28
NII	10.5	13.4	10.5	14.2	-0.1	6.1
Other Income	3.2	2.8	2.7	2.6	-15.7	-8.8
Total Income	13.7	16.2	13.2	16.8	-3.7	3.5
Operating Expenses	8.1	8.7	8.7	9.4	7.2	7.4
Operating Profits	5.6	7.5	4.5	7.4	-19.6	-1.0
Provisions	2.6	3.0	2.3	2.9	-10.3	-4.7
PBT	3.0	4.5	2.2	4.5	-27.6	1.5
Tax	0.0	0.8	-1.1	0.7		-15.4
PAT	3.0	3.7	3.3	3.9	8.7	5.2
AUM	95	115	96	116	1.4	1.4
Borrowings	61	75	62	76	1.4	1.4
RoA	3.6	3.7	3.7	3.8	4.5	3.8
RoE	11.8	12.7	12.5	13.0	6.3	2.4

Exhibit 9: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 10: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 11: Dupont Analysis

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	17.0	16.4	16.2	19.2	19.8	21.3	18.5	19.1	21.1
Interest Expended	8.6	7.4	7.6	7.7	7.5	8.4	6.5	7.1	7.1
Net Interest Income	8.4	9.0	8.7	11.5	12.3	12.9	12.0	11.9	14.0
Other Operating Income	1.4	0.6	1.3	1.7	2.1	1.8	1.2	1.6	1.9
Other Income	0.3	0.3	0.8	0.7	0.9	0.5	1.2	1.5	0.7
Net Income	10.0	9.9	10.7	13.9	15.3	15.2	14.4	15.0	16.5
Operating Expenses	5.1	4.4	4.8	5.3	5.6	7.9	10.0	9.9	9.2
Operating Income	4.9	5.5	6.0	8.6	9.7	7.3	4.4	5.1	7.3
Provisions/write offs	2.4	4.4	5.6	2.4	3.5	18.6	5.1	2.6	2.8
PBT	2.5	1.1	0.4	6.1	6.3	-11.3	-0.8	2.5	4.5
Tax	0.8	0.3	0.0	1.5	1.5	0.9	-0.9	-1.2	0.7
RoA	1.8	0.9	0.3	4.6	4.8	-12.2	0.2	3.7	3.8
Leverage	4.3	4.1	5.1	4.6	4.1	4.5	4.0	3.3	3.4
RoE	7.6	3.6	1.7	21.2	19.5	-54.5	0.7	12.5	13.0

Financials and valuations

							(INR M)	
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	8,276	10,643	16,001	20,919	21,342	15,325	16,750	21,521
Interest Expenses	3,751	4,960	6,428	7,908	8,439	5,387	6,272	7,285
Net Interest Income	4,525	5,684	9,573	13,011	12,904	9,938	10,478	14,236
Change (%)	37.6	25.6	68.4	35.9	-0.8	-23.0	5.4	35.9
Other Operating Income	282	869	1,418	2,248	1,855	1,034	1,367	1,899
Other Income	173	501	580	957	491	966	1,353	676
Net Income	4,980	7,054	11,572	16,216	15,250	11,938	13,198	16,811
Change (%)	26.8	41.6	64.1	40.1	-6.0	-21.7	10.6	27.4
Operating Expenses	2,204	3,123	4,448	5,935	7,886	8,315	8,693	9,393
Change (%)	10.2	41.7	42.5	33.4	32.9	5.5	4.5	8.0
Employee Expenses	1,686	2,331	3,255	4,312	5,732	6,169	6,478	6,996
Depreciation	39	54	74	90	117	96	104	116
Other Operating Expenses	479	738	1,119	1,532	2,037	2,050	2,112	2,281
Operating Income	2,776	3,931	7,124	10,281	7,365	3,622	4,505	7,419
Change (%)	44.0	41.6	81.2	44.3	-28.4	-50.8	24.4	64.7
Provisions and w/offes	2,208	3,687	2,004	3,649	18,695	4,252	2,318	2,871
PBT	568	244	5,120	6,633	-11,330	-629	2,187	4,548
Tax Provisions	128	27	1,248	1,580	915	-768	-1,094	682
Tax Rate (%)	22.6	10.9	24.4	23.8	-8.1	122.0	-50.0	15.0
PAT	439	218	3,871	5,053	-12,245	139	3,281	3,866
Change (%)	-37	-50	1,680	31	-342	-	2,269	18

							(INR M)	
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	790	828	1,003	1,006	1,006	1,615	1,615	1,615
Reserves & Surplus	11,673	12,552	22,216	27,475	15,427	22,944	26,225	30,091
Net Worth	12,464	13,380	23,219	28,482	16,433	24,559	27,840	31,706
Borrowings	44,323	57,758	67,784	86,159	64,020	55,708	61,519	75,943
Change (%)	49.0	30.3	17.4	27.1	-25.7	-13.0	10.4	23.4
Other liabilities	1,593	1,767	2,632	3,103	2,473	2,681	3,217	3,861
Total Liabilities	58,379	72,905	93,635	1,17,743	82,927	82,948	92,577	1,11,510
Cash and Bank balance	13,353	11,536	10,650	15,532	8,531	20,054	7,832	8,869
Investments	0	0	0	21	21	21	21	21
Loans	43,607	59,182	80,416	99,479	72,612	60,008	81,941	99,673
Change (%)	30.4	35.7	35.9	23.7	-27.0	-17.4	36.5	21.6
Fixed Assets	183	192	212	224	298	451	496	545
Other Assets	1,237	1,995	2,357	2,488	1,466	2,414	2,287	2,402
Total Assets	58,379	72,905	93,635	1,17,743	82,927	82,948	92,577	1,11,510

E: MOFSL Estimates

Financials and valuations

							(INR M)	
AUM and Disbursements								
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
AUM	46,378	67,860	92,960	1,14,761	89,800	74,070	96,123	1,16,477
YoY Growth (%)	29	46	37	23	-22	-18	30	21
Disbursements	37,103	61,798	85,962	1,02,945	69,710	59,820	84,346	1,02,059
YoY Growth (%)	4	67	39	20	-32	-14	41	21

E: MOFSL Estimates

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Spreads Analysis (%)								
Avg. Yield on Loans	21.5	20.7	22.9	23.3	24.8	23.1	23.6	23.7
Avg Cost of Funds	10.1	9.7	10.2	10.3	11.2	9.0	10.7	10.6
Spread of loans	11.4	11.0	12.7	13.0	13.6	14.1	12.9	13.1
NIM (on gross loans)	11.5	10.6	13.3	14.1	14.3	14.1	14.3	15.2
Profitability Ratios (%)								
RoA	0.9	0.3	4.6	4.8	-12.2	0.2	3.7	3.8
RoE	3.6	1.7	21.2	19.5	-54.5	0.7	12.5	13.0
Debt: Equity (x)	3.6	4.3	2.9	3.0	3.9	2.3	2.2	2.4
Leverage (x)	4.7	5.4	4.0	4.1	5.0	3.4	3.3	3.5
CAR	27.3	21.9	27.9	26.1	19.2	36.3	29.9	0.0
o/w Tier 1	25.5	19.9	26.6	25.5	18.6	35.5	29.4	0.0
Int. Expended / Int.Earned	45.3	46.6	40.2	37.8	39.5	35.2	37.4	33.9
Other Inc. / Net Income	9.1	19.4	17.3	19.8	15.4	16.8	20.6	15.3
Efficiency Ratios (%)								
Int. Expended/Int.Earned								
CIR	44.3	44.3	38.4	36.6	51.7	69.7	65.9	55.9
Opex/ AUM	5.3	5.5	5.5	5.7	7.7	10.1	10.2	8.8
Empl. Cost/Op. Exps.	76.5	74.6	73.2	72.7	72.7	74.2	74.5	74.5
Asset Quality								
GNPA (INR m)	2,559	3,584	2,889	2,973	6,457	2,010	1,380	1,229
NNPA (INR m)	1,024	1,030	708	603	224	310	248	246
GNPA (%)	5.5	5.7	3.5	2.9	7.9	3.2	1.6	1.2
NNPA (%)	2.3	1.7	0.9	0.6	0.3	0.4	0.3	0.2
PCR (%)	60	71	75	80	97	85	82	80
Credit costs (%)	5.6	6.9	2.8	4.0	20.7	6.0	3.2	3.1

Valuations	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Book Value (INR)	158	162	231	283	163	152	172	196
BV Growth (%)	4	3	43	22	-42	-7	13	14
P/BV	1.2	1.1	0.8	0.6	1.1	1.2	1.1	0.9
EPS (INR)	6	3	39	50	-122	0.9	20	24
EPS Growth (%)	-37	-53	1368	30	-	-	-	18
Price-Earnings (x)	32.9	69.6	4.7	3.6	-	-	9.0	7.6

E: MOFSL Estimates

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UNDER REVIEW	Rating may undergo a change
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