

Shriram Finance

Estimate change	↔
TP change	↑
Rating change	↑

Bloomberg	SHFL IN
Equity Shares (m)	1881
M.Cap.(INRb)/(USD\$)	1408.8 / 15.9
52-Week Range (INR)	770 / 493
1, 6, 12 Rel. Per (%)	17/17/13
12M Avg Val (INR M)	4079

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Total Income	234	270	318
PPOP	163	188	224
PAT	82.7	97.1	116.3
EPS (INR)	44	52	62
EPS Gr. (%)	15	17	20
Standalone BV (INR)	299	343	392

Valuations

NIM on AUM (%)	8.2	8.2	8.6
C/I ratio (%)	30.5	30.3	29.6
RoAA (%)	3.1	3.2	3.3
RoE (%)	15.8	16.1	16.8
Div. Payout (%)	22.5	22.3	22.5

Valuations

P/E (x)	17.0	14.5	12.1
P/BV (x)	2.5	2.2	1.9
Div. Yield (%)	1.3	1.5	1.9

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	25.4	25.4	25.4
DII	18.7	16.3	16.2
FII	49.6	52.6	53.3
Others	6.3	5.7	5.1

FII Includes depository receipts

CMP: INR749 TP: INR860 (+15%) Buy

Robust quarter driven by NIM expansion and lower credit costs

Earnings beat; Stage 2 improves ~35bp QoQ

- Shriram Finance's (SHFL) 2QFY26 PAT rose ~11% YoY to ~INR23b (~5% beat). PAT in 1HFY26 grew 10% YoY, and we expect PAT in 2HFY26 to grow 24% YoY. NII in 2QFY26 grew ~10% YoY to INR60.3b (in line). Credit costs stood at ~INR13.3b (~11% lower than est.) and translated into annualized credit costs of ~1.9% (PQ: 1.9% and PY: 2.1%). PPOP grew ~11% YoY to ~INR44.4b (in line).
- Other income grew ~57% YoY to INR3.6b (PQ: INR3.7b and PY: INR2.8b). The cost-to-income ratio stood at 30.5% (PY: 30.6% and PQ: 31.7%), and the opex was broadly flat sequentially. This was due to branch consolidation and a reduction in employee count as the company focused on improving both branch and employee productivity as well as operating efficiencies.
- Yields (calc.) were stable QoQ at 16.7%, while CoB rose ~20bp QoQ to 9.25%, resulting in spreads (calc.) declining by ~20bp QoQ to ~7.45%. Reported NIM rose ~8bp QoQ to ~8.2%. SHFL reduced excess liquidity on its balance sheet (towards the end of Sep'25) by pre-closing a few loans and limiting fresh borrowings. The benefits of this liquidity reduction will accrue in NIM in the subsequent quarters. Management guided for NIM to improve to ~8.5% in 4QFY26 and FY26 NIM at 8.2-8.3%. We model NIM of 8.2%/8.6% for FY26/FY27E.
- AUM stood at INR2.81t and grew ~16% YOY/3.3% QoQ. While there was some deferment in customer demand during Aug-Sep'25, SHFL witnessed strong traction in Oct'25. Demand trends have remained healthy, and the company expects this positive momentum to be sustained through Nov'25, and it will target an AUM growth of 16-17% in 2HFY26.
- Management noted that repossessions have remained stable over the past two quarters, as there has been no major decline in the prices of new commercial vehicles. These were driven by a decline in OEM discounts and a better resale value of used vehicles than was earlier anticipated.
- **The Board has approved the appointment of Mr. Parag Sharma as the MD & CEO w.e.f. 5th Dec'25, upon completion of the term of Mr. Y S Chakravarti.**
- **We raise our FY26/FY27 estimates by 4%/3% to factor in higher NIM, lower opex, and credit costs.** SHFL has positioned itself to capitalize on its diversified AUM mix, improved access to liabilities, and enhanced cross-selling opportunities.
- SHFL is our [Top Idea \(refer to the report\)](#) in the NBFC sector for CY25, given its strong franchise and the potential to deliver a ~16%/~18% AUM/PAT CAGR over FY25-28E, along with an RoA/RoE of ~3.4%/17% by FY28. **Further, if SHFL is able to identify a strategic partner who can infuse fresh equity into the company, it will both reinforce the balance sheet and also make SHFL's case stronger for a credit rating upgrade. Reiterate BUY with a TP of INR860 (premised on 2x Sep'27E BVPS).**

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Stage 2 improves ~35bp QoQ; AUM rises ~16% YoY

- GS3 rose ~5bp QoQ to 4.57%, while NS3 improved 8bp QoQ to 2.5%. Net slippages stood at 1.6% (as a % of standard loans) (PY: 1.6% and PQ: 1.4%). PCR on Stage 3 rose ~240bp QoQ to ~46.7%. (PQ: ~44.3% and PY: ~51.7%). PCR on Stage 1 and Stage 2 was broadly stable QoQ at ~3.5%/8.2%, respectively.
- Stage 2 assets declined by ~35bp QoQ to 6.9%. (PQ: 7.3% and PY: 6.6%).
- Management guided credit costs (as % of assets) of 2% for FY26 despite lower credit costs in 1HFY26. We estimate credit costs of ~1.9%/2.0% (as a % of assets) in FY26/FY27.

Key highlights from the management commentary

- SHFL aims to expand its new vehicle financing business as it expects meaningful benefits to its cost of funds. The company sees strong customer aspiration to upgrade to new vehicles and plans to deepen its existing OEM relationships to participate more actively across the entire vehicle ecosystem.
- The company plans to place special emphasis on its Gold Loan business, with one of the regional heads set to lead this vertical. It intends to roll out more small-format branches dedicated exclusively to gold loans, typically staffed by 3-4 people and spread across compact spaces of about 200-250 sq. ft.
- Management shared that a key consideration in evaluating a potential strategic partner would be their ability to support SHFL in achieving a credit rating upgrade, which in turn could help lower the company's cost of borrowings.

Valuation and view

- SHFL reported a strong operational quarter, with an earnings beat on account of lower credit costs and operating expenses. NIM improved sequentially, supported by a reduction in surplus liquidity, while S2 assets surprised positively with a 35bp QoQ improvement, which kept credit costs well contained.
- SHFL is effectively leveraging cross-selling opportunities to reach new customers and introduce new products, which will lead to improved operating metrics and a solid foundation for sustainable growth. The current valuation of ~1.9x FY27E P/BV is attractive for ~18% PAT CAGR over FY25-28E and RoA/RoE of ~3.4%/17% in FY28E. **Reiterate BUY with a TP of INR860 (based on 2x Sep'27E BVPS).**

Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26	2Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Interest Income	93,628	98,145	1,03,408	1,07,895	1,11,732	1,15,506	1,19,953	1,24,579	4,03,076	4,71,769	1,15,531	0
Interest Expenses	41,289	43,504	47,513	52,240	54,008	55,248	53,701	55,712	1,84,546	2,18,669	55,034	0
Net Interest Income	52,339	54,641	55,896	55,655	57,725	60,258	66,252	68,867	2,18,531	2,53,100	60,497	0
YoY Growth (%)	24.6	18.9	13.8	9.4	10.3	10.3	18.5	23.7	16.3	15.8	10.7	
Other Income	2,343	2,805	3,646	6,707	3,685	3,643	4,544	5,305	15,518	17,177	4,011	-9
Total Income	54,682	57,446	59,542	62,363	61,410	63,901	70,795	74,172	2,34,049	2,70,278	64,509	-1
YoY Growth (%)	21.1	16.2	14.1	13.2	12.3	11.2	18.9	18.9	15.9	15.5	12.3	
Operating Expenses	16,140	17,597	18,692	19,010	19,486	19,486	21,029	22,008	71,440	82,008	20,413	-5
Operating Profit	38,541	39,848	40,850	43,353	41,924	44,415	49,766	52,164	1,62,609	1,88,269	44,096	1
YoY Growth (%)	23.3	14.5	10.7	11.0	8.8	11.5	21.8	20.3	14.5	15.8	10.7	
Provisions & Loan Losses	11,876	12,350	13,258	15,633	12,857	13,333	15,129	17,088	53,117	58,407	14,970	-11
Profit before Tax	26,666	27,498	27,592	27,720	29,067	31,082	34,637	35,076	1,09,493	1,29,862	29,126	7
Tax Provisions	6,860	6,803	6,788	6,326	7,510	8,028	8,659	8,528	26,776	32,725	7,223	11
Net Profit	19,806	20,696	20,804	21,394	21,557	23,053	25,978	26,549	82,716	97,137	21,903	5
YoY Growth (%)	18.2	18.2	14.4	9.9	8.8	11.4	24.9	24.1	15.0	17.4	5.8	
Exceptional gain (Post tax)			14,894						14,894	0		
PAT (including exceptional gains/loss)			35,698						97,610	97,137		
Key Parameters (Calc., %)												
Yield on loans	16.3	16.5	16.6	16.7	16.7	16.7	16.7	16.6				
Cost of funds	8.7	8.7	8.8	9.1	9.1	9.3	8.9	8.9				
Spread	7.6	7.8	7.8	7.5	7.6	7.4	7.7	7.7				
NIM	9.14	9.2	9.0	8.60	8.62	8.7	9.2	9.2				
C/I ratio	29.5	30.6	31.4	30.5	31.7	30.5	29.7	29.7				
Credit cost	2.1	2.1	2.1	2.4	1.9	1.9	2.1	2.3				
Tax rate	25.7	24.7	24.6	22.8	25.8	25.8	25.0	24.3				
Balance Sheet Parameters												
Disbursements (INR b)	377	400	438	448	418	430	495	503				
Growth (%)	23.8	15.5	15.8	14.0	10.9	7.6	13.0	12.2				
AUM (INR b)	2,334	2,430	2,545	2,632	2,722	2,813	2,950	3,053				
Growth (%)	20.8	19.9	18.8	17.0	16.6	15.7	15.9	16.0				
Borrowings (INR b)	1,917	2,078	2,235	2,342	2,429	2,343	2,458	2,549				
Growth (%)	18.4	25.7	25.9	26.0	26.7	12.7	10.0	8.9				
Asset Quality Parameters												
GS 3 (INR B)	124.1	127.6	135.2	118.4	122.0	127.4						
GS 3 (%)	5.39	5.3	5.4	4.55	4.53	4.57						
NS 3 (INR B)	60.62	61.7	65.4	67.14	67.93	67.9						
NS 3 (%)	2.71	2.6	2.7	2.64	2.57	2.49						
PCR (%)	51.15	51.7	51.6	43.28	44.31	46.7						

E: MOFSL estimates



Highlights from the management commentary

Guidance

- SHFL continued to guide for NIM to improve to 8.5% by 4QFY26 and NIM of >8% over the medium-term. Liquidity declined towards the end of Sep'25.
- Liquidity reduction came in the later part of September, and the benefits will accrue over the next few quarters; Guided for NIM of 8.5% by 4QFY26. NIM for FY26 would be between 8.2%-8.3%.
- SHFL will target a 16-17% AUM growth in 2H.
- Incremental CoB was 8.07% and the company expects an additional 10-15bp reduction in CoB in 2HFY26.
- SHFL maintained its credit cost guidance at 2% despite the credit costs trending lower in 1H

Outlook

- In Aug/Sep'25, there was some deferment of customer demand. However, SHFL saw very good traction in Oct'25. Demand has been quite good, and it expects this momentum to continue in Nov'25 as well.
- Reduced the liabilities to some extent, so there is an improvement in CoF and the NIM.
- SHFL expects a good quarter coming ahead, as October was very positive, and there is an indication that it will continue in November as well.
- SHFL has not added new branches and employees in the last quarter. The company is trying to see if it can maximize productivity. In some of the places, it has merged branches and consciously decided to work on productivity gains rather than branch additions. We will get to see the benefits of productivity improvements only next year.

Management changes

- Mr. Parag Sharma has been appointed as the MD & CEO effective from Dec'25, and Mr. Sundar will be appointed as the new CFO.
- There will be two COOs who will be relocating to Mumbai to support Mr. Parag Sharma. They have earlier had roles across the country (they have been with SHFL for the last 30 years). Among the two COOs, one COO will focus on the CV business and the other COO will focus on the retail business.
- Mr. YS Chakravarti's moving into other Group companies was part of the succession planning, which was done at the time of the merger. YS will move into one of the non-lending businesses of the Shriram Group.
- A Chief Sales Officer (from among the existing Jt-MDs) has been appointed to grow the business.

Strategic changes

- SHFL would also like to grow the new vehicle business going forward. It expects some material advantages coming into its CoF. Customers have an aspiration to upgrade themselves to a new vehicle. The company has always had a relationship with the OEMs, but now it wants to strengthen that relationship. It wants to be in the entire ecosystem.
- SHFL will primarily be giving new vehicle loans to its existing customers. Even today, a large proportion of its new vehicle customers are its existing customers.

New Vehicle Funding in the disbursement mix is between 10-15% across quarters and will remain around these levels going forward as well. SHFL is not going to push for new vehicle funding

- There will be a special focus on Gold loans. SHFL will have one of the Regional heads taking over as the Head of Gold loan business. The company is planning to roll out more small-format branches exclusively for Gold loans (preferably manned by 3-4 people), and these will be small 200-250 sqft branches.

Financial Performance

- GS3 stood at ~4.57% (PQ: 4.53%). S3 PCR stood at 46.7%. Stage 2 has declined by ~35bp QoQ to 6.92%
- NIM improved by ~8bp QoQ to 8.19%
- CIR stood at 27.8%
- CRAR stood at 20.7%
- RoA/RoE in 2QFY26 stood at 2.9%/15.4%
- The Board has declared an interim dividend of INR4.8/share
- Employee count stood at 78833 (PQ: 79186); Net reduction of 353 employees.

Liabilities

- SHFL has reduced the excess liquidity, wherein some of the loans were pre-closed and not much incremental borrowing was done in the quarter (except for some securitization transactions).
- Overall debt has declined in 2QFY26. Overall liquidity is now adequate for three months of liability repayments.
- The company has been working with the Credit Rating agencies for a Credit Rating upgrade. Given the product mix, diversification, and a pan-India presence, it expects the CRAs to look at an upgrade favorably in the future.
- There is a scope for the borrowing rates to come down. ~87% is Fixed-Rate borrowings and ~13% is floating-rate borrowings. The company plans to increase the proportion of floating-rate borrowings.
- Plans to increase the proportion of public deposits to ~30% (from ~28% currently).

Gold Loans

- Gold loan yields range between 12-18%.
- Economies of scale will play a bigger role in gold loans after it crosses a certain size threshold.
- Until now, SHFL has only been focusing on Gold loans where the gold jewelry was 20-22 carats. Now it would look to attract customers by offering gold loans even against lower carat gold jewelry.
- Over a period of time, SHFL would also open standalone gold loan branches.

MSME

- SHFL has not seen any challenges in its MSME business. Since the higher US tariffs came into effect only from Oct'25, it will have to cautiously monitor Nov/Dec'25
- The impact of the US tariff has not impacted any of the MSMEs since they were not export-dependent. SHFL's exposure to MSME is only towards Services and

not manufacturing. Within the Services sector, the provision (mom and pop Kirana) stores have been struggling - They are getting delinquent and trying to close the loans. There could be a temporary blip in asset quality from this Kirana segment in MSME.

Asset Quality

- Write-offs stood at INR4.56b (PQ: INR4.47b)
- SHFL has reduced its exposure to the CE segment in the last two quarters. There have been delays in payments to the contractors, and the situation is expected to improve in certain States in the subsequent quarters.
- Stress is there in certain segments of Vehicles, particularly where new vehicle lending is happening at rates that are not commensurate with the risk.
- OEMs have significantly reduced the discounts in the CV segment. So the price of the CV for the end customer has not declined as much. There is no reduction in the value of new commercial vehicles, and the resale value of the used vehicle has not declined (as earlier expected).
- SHFL has not seen any significant increase in the reposessions over the last two quarters. Shriram Auto Mall has introduced a retail segment where it is encouraging the buying and selling of used vehicles.

Weak spending on Infrastructure

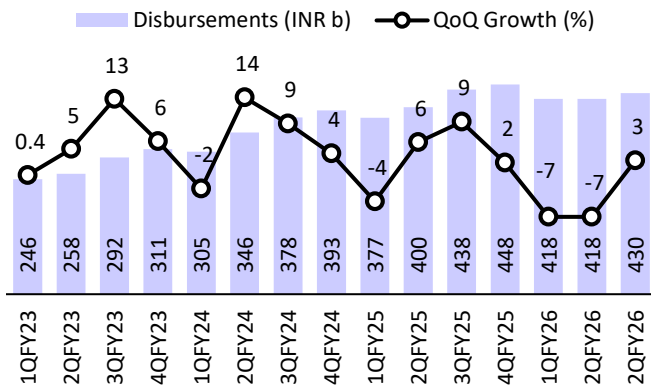
- Infra activities have come down, while the Real Estate activities have been doing well. There has been no spending by State Governments on infrastructure in the last three years. Contractors are not getting paid by the State Governments.
- The central government's spending on infrastructure is also lower than it used to be earlier.

Others

- Key criteria when it will evaluate a Strategic partner are for someone who can also help SHFL in a credit rating upgrade, and who can help it reduce the CoB.
- The number of transactions in the used CV segment has declined. Since the value of the vehicle has gone up in the last 2 years, SHFL can grow its used CV business. It is gaining market share from the smaller players.
- Used Vehicle prices rose by 4-5% from FY24 to FY25/FY26
- Truck utilization has remained quite good; Certain geographies where there was excessive rainfall saw some impact, but it was temporary
- Earnings of SRTOs have been steady, and they have not been impacted. It has not seen any significant impact of US tariffs on MSMEs in the month of October. However, it will have to closely monitor any impact in the month of November.
- SHFL is trying to improve employee productivity. It has launched the Super App, and it will be able to service more customers through the digital channels.
- SHFL has established a subsidiary, Shriram Overseas Investment Limited, to enter the primary dealership (PD) business. The subsidiary currently undertakes government securities trading, pending necessary RBI approvals to operate as a full-fledged primary dealer. It aims to strengthen its funding ecosystem and diversify earnings through this initiative.

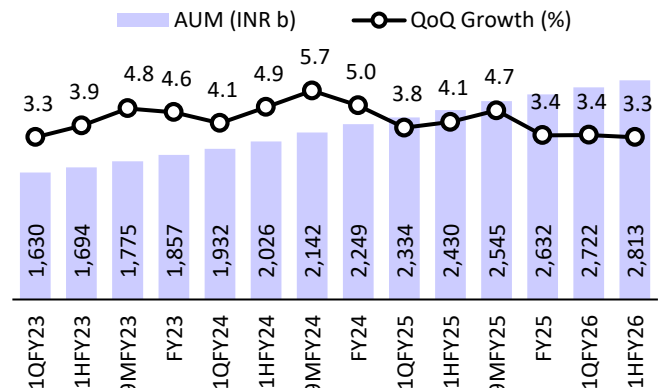
Key exhibits

Exhibit 1: Disbursements grew 8% YoY...



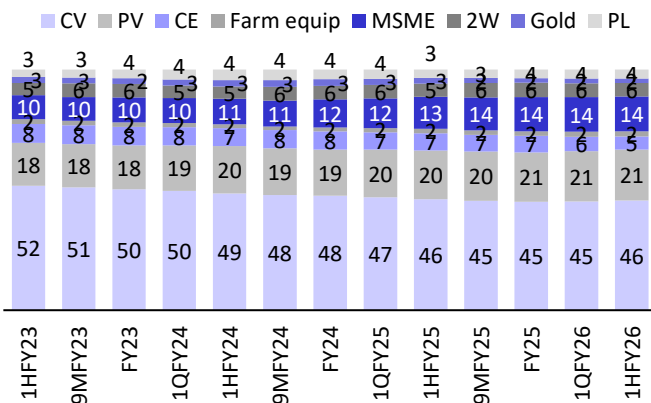
Source: MOFSL, Company

Exhibit 2: ...leading to an AUM growth of 16% YoY



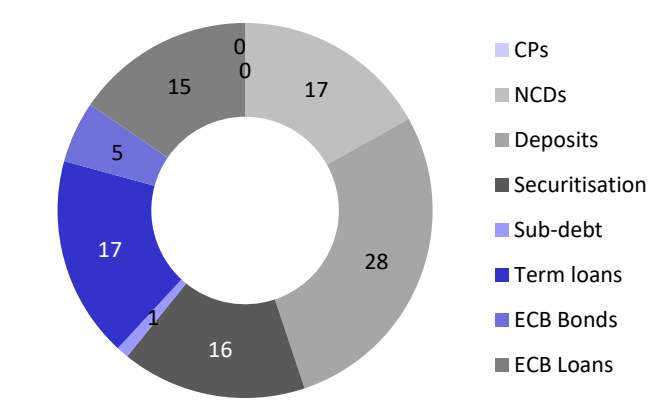
Source: MOFSL, Company

Exhibit 3: Non-auto contributed ~20% to the AUM mix (%)



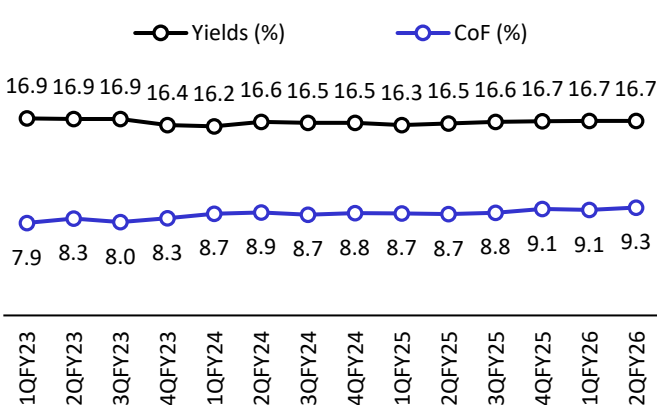
Source: MOFSL, Company

Exhibit 4: Borrowing mix as of Sep'25 (%)



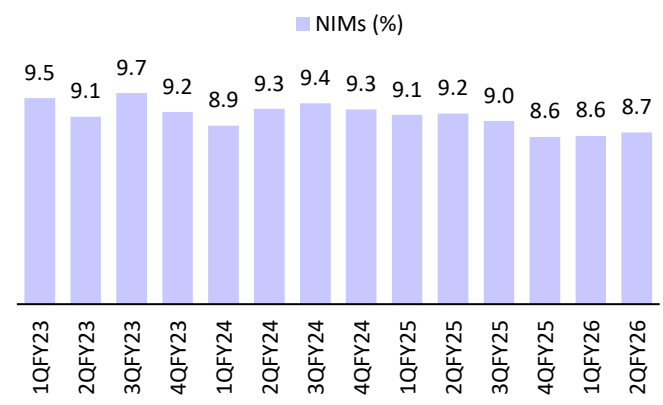
Source: MOFSL, Company

Exhibit 5: CoF (calc.) rose ~20bp QoQ (%)



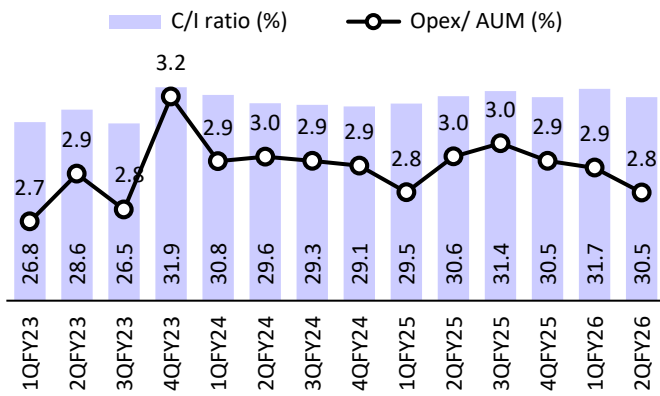
Source: MOFSL, Company

Exhibit 6: NIM (calc.) rose ~8bp QoQ (%)



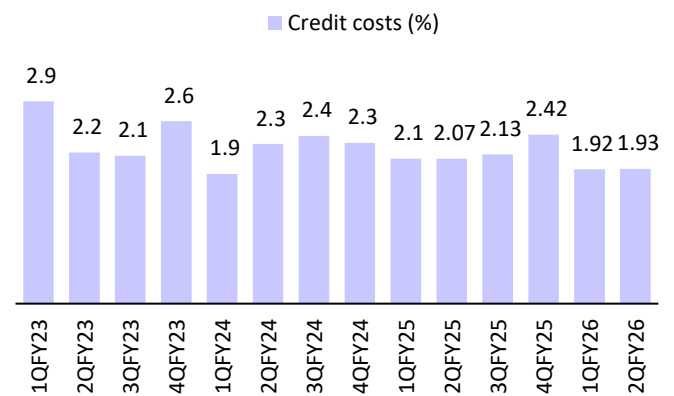
Source: MOFSL, Company

Exhibit 7: Cost-to-income ratio declined ~120bp QoQ



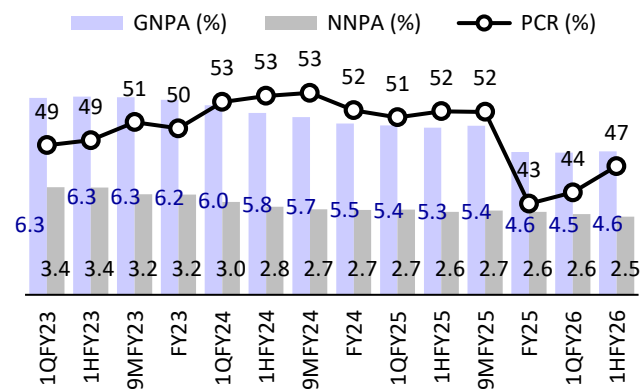
Source: MOFSL, Company

Exhibit 8: Credit costs (calc.) were stable QoQ



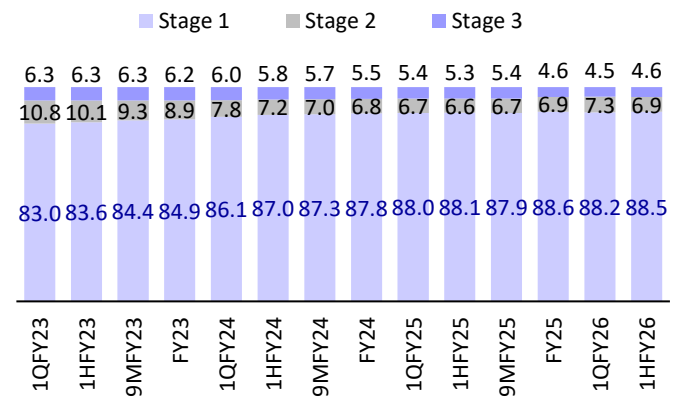
Source: MOFSL, Company

Exhibit 9: GS3 rose ~5bp QoQ



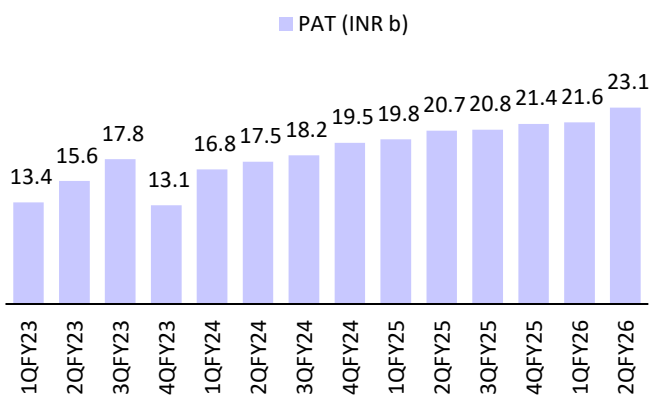
Source: MOFSL, Company

Exhibit 10: Stage 2 declined 35bp QoQ (%)



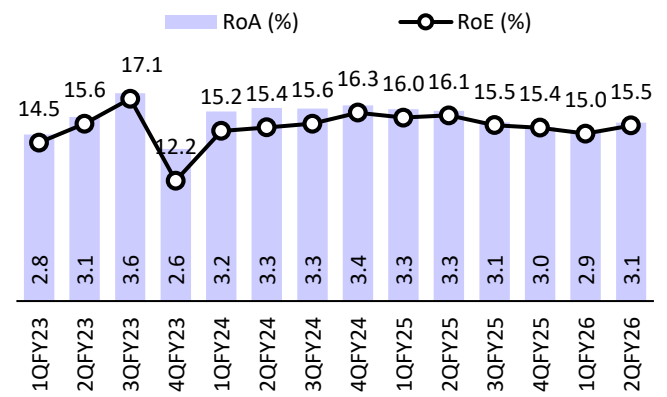
Source: MOFSL, Company

Exhibit 11: PAT grew ~11% YoY

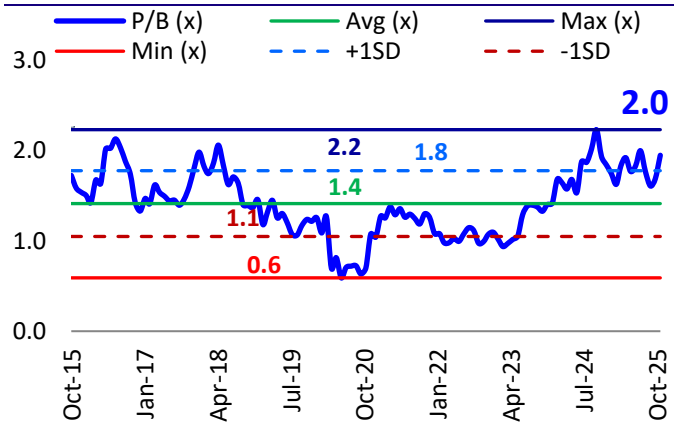


Source: MOFSL, Company

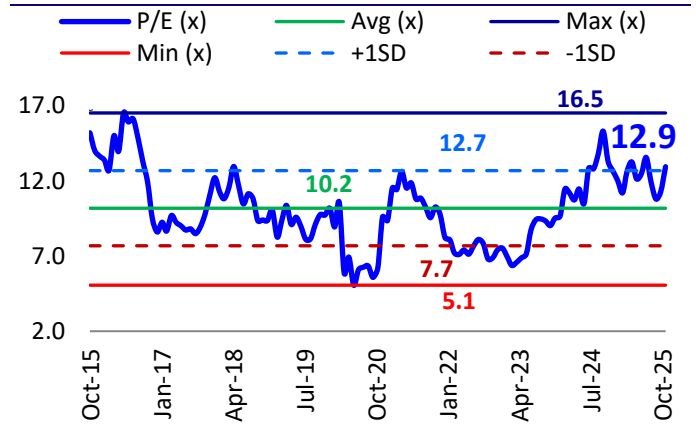
Exhibit 12: RoA rose to ~3.1% in 2QFY26



Source: MOFSL, Company

Exhibit 13: One-year forward P/B


Source: MOFSL, Company

Exhibit 14: One-year forward P/E


Source: MOFSL, Company

Exhibit 15: We raise our FY26/27 EPS estimates by 4%/3% to factor in higher NIM, lower opex, and credit costs

INR B	Old Est.			New Est.			Change (%)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
NII (incl. assignments)	250.5	297.7	343.7	253.1	299.0	349.8	1.1	0.4	1.8
Other Income	19.1	20.5	22.6	17.2	18.6	20.2	-9.9	-9.1	-10.6
Total Income	269.5	318.2	366.3	270.3	317.6	370.0	0.3	-0.2	1.0
Operating Expenses	83.9	96.1	108.6	82.0	93.9	107.0	-2.2	-2.3	-1.5
Operating Profits	185.6	222.2	257.7	188.3	223.7	263.0	1.4	0.7	2.1
Provisions	61.3	71.5	78.3	58.4	68.3	79.8	-4.8	-4.5	1.9
PBT	124.3	150.7	179.3	129.9	155.5	183.2	4.5	3.2	2.1
Tax	31.3	38.0	45.2	32.7	39.2	46.2	4.5	3.2	2.1
PAT	93.0	112.7	134.1	97.1	116.3	137.0	4.5	3.2	2.1
AUM	3,053	3,523	4,055	3,053	3,566	4,152	0.0	1.2	2.4
Loans	2,856	3,307	3,814	2,856	3,350	3,909	0.0	1.3	2.5
Borrowings	2,626	2,988	3,427	2,549	2,978	3,458	-2.9	-0.3	0.9
NIM	8.8	9.1	9.1	8.9	9.0	9.1			
Credit Cost (%)	2.3	2.3	2.2	2.2	2.2	2.2			
RoA	3.0	3.2	3.3	3.2	3.3	3.4			
RoE	15.4	16.4	17.1	16.1	16.8	17.3			

Sources: MOFSL, Company

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	15.7	14.7	14.4	14.8	15.2	15.2	15.3	15.4	15.4
Interest Expended	7.4	7.2	7.1	6.5	6.7	7.0	7.1	6.8	6.8
Net Interest Income	8.3	7.5	7.3	8.3	8.5	8.2	8.2	8.6	8.6
Non-interest income	0.4	0.3	0.5	0.6	0.6	0.6	0.6	0.5	0.5
Net Total Income	8.6	7.8	7.8	8.9	9.2	8.8	8.8	9.1	9.1
Operating Expenses	2.6	2.2	2.2	2.5	2.7	2.7	2.7	2.7	2.6
- Employee expenses	1.3	1.1	1.1	1.3	1.5	1.4	1.4	1.4	1.4
- Other expenses	1.2	1.1	1.0	1.2	1.3	1.3	1.3	1.3	1.2
PPoP	6.1	5.6	5.6	6.4	6.4	6.1	6.1	6.4	6.5
Provisions/write offs	2.6	2.6	2.7	2.2	2.0	2.0	1.9	2.0	2.0
PBT	3.4	3.0	2.9	4.2	4.4	4.1	4.2	4.5	4.5
Tax	0.9	0.8	0.7	1.1	1.1	1.0	1.1	1.1	1.1
RoA	2.5	2.3	2.2	3.1	3.3	3.1	3.2	3.3	3.4
Avg. Leverage	5.9	5.7	5.4	4.9	4.8	5.1	5.1	5.0	5.1
RoE	14.9	12.8	11.8	15.3	15.7	15.8	16.1	16.8	17.3

Financials and valuation

Income Statement (INR M)									
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	2,19,646	2,26,997	2,48,605	2,86,074	3,35,997	4,03,076	4,71,769	5,38,019	6,24,986
Interest Expenses	1,04,105	1,11,881	1,22,668	1,25,458	1,48,061	1,84,546	2,18,669	2,39,055	2,75,146
Net Interest Income	1,15,541	1,15,116	1,25,936	1,60,616	1,87,935	2,18,531	2,53,100	2,98,964	3,49,840
Change (%)	0.1	-0.4	9.4	27.5	17.0	16.3	15.8	18.1	17.0
Other Operating Income	4,748	4,514	9,214	11,648	13,648	15,268	16,914	18,372	19,868
Other Income	235	237	227	307	332	251	263	276	290
Total Income	1,20,524	1,19,867	1,35,378	1,72,571	2,01,915	2,34,049	2,70,278	3,17,612	3,69,998
Change (%)	1.9	-0.5	12.9	27.5	17.0	15.9	15.5	17.5	16.5
Total Operating Expenses	35,803	33,500	37,805	49,131	59,895	71,440	82,008	93,870	1,06,983
Change (%)	6.3	-6.4	12.8	30.0	21.9	19.3	14.8	14.5	14.0
Employee Expenses	18,585	16,699	19,695	25,061	32,156	36,512	41,623	48,699	56,491
Depreciation	2,232	2,172	2,137	5,242	5,688	6,453	6,927	7,363	7,769
Other Operating Expenses	14,986	14,629	15,973	18,828	22,051	28,475	33,458	37,808	42,723
Operating Profit	84,721	86,367	97,573	1,23,441	1,42,020	1,62,609	1,88,269	2,23,742	2,63,015
Change (%)	0.1	1.9	13.0	26.5	15.1	14.5	15.8	18.8	17.6
Total Provisions	36,786	39,693	47,485	41,592	45,183	53,117	58,407	68,261	79,847
% Loan loss provisions to Avg loans ratio	2.7	2.8	3.1	2.4	2.2	2.3	2.2	2.2	2.2
PBT	47,935	46,674	50,088	81,849	96,836	1,09,493	1,29,862	1,55,481	1,83,168
Tax Provisions	12,913	11,692	12,164	22,056	24,932	26,776	32,725	39,181	46,158
Tax Rate (%)	26.9	25.1	24.3	26.9	25.7	24.5	25.2	25.2	25.2
PAT	35,022	34,982	37,925	59,793	71,905	82,716	97,137	1,16,300	1,37,010
Change (%)	-1.4	-0.1	8.4	57.7	20.3	15.0	17.4	19.7	17.8
PAT (including exceptional gains)	35,022	34,982	37,925	59,793	71,905	97,610	97,137	1,16,300	1,37,010

Balance Sheet (INR M)									
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	2,929	3,191	3,371	3,744	3,758	3,761	3,761	3,761	3,761
Reserves & Surplus	2,47,288	2,91,764	3,43,760	4,29,322	4,81,926	5,59,045	6,41,139	7,33,897	8,46,619
Net Worth	2,50,217	2,94,954	3,47,132	4,33,066	4,85,684	5,62,806	6,44,900	7,37,658	8,50,380
Borrowings	11,75,376	13,17,617	14,51,285	15,79,063	18,58,411	23,41,973	25,49,395	29,77,891	34,58,272
Change (%)	6.4	12.1	10.1	8.8	17.7	26.0	8.9	16.8	16.1
Other liabilities	25,436	26,317	23,320	24,509	28,665	30,551	33,606	36,967	40,663
Total Liabilities	14,51,029	16,38,888	18,21,754	20,36,639	23,72,760	29,35,329	32,27,901	37,52,515	43,49,315
Cash and bank balances	1,03,773	2,16,562	2,29,679	1,58,174	1,08,126	2,13,657	1,26,637	1,48,397	1,66,254
Investments	35,326	42,152	86,455	85,651	1,06,566	1,55,987	1,24,790	1,18,550	1,24,478
Loans	12,88,442	13,57,232	14,76,890	17,19,846	20,79,294	24,53,928	28,55,797	33,49,728	39,09,110
Change (%)	4.1	5.3	8.8	16.5	20.9	18.0	16.4	17.3	16.7
Fixed Assets	7,181	6,599	6,467	6,997	8,458	10,257	10,770	11,308	11,874
Deferred tax Assets	694	6,964	9,109	17,439	28,840	36,949	29,559	23,647	18,918
Goodwill				14,067	14,067	11,895	11,895	11,895	11,895
Other Assets	15,613	9,379	13,137	34,465	27,408	52,657	68,454	88,990	1,06,788
Total Assets	14,51,029	16,38,888	18,21,737	20,36,639	23,72,760	29,35,329	32,27,901	37,52,515	43,49,315

E: MOFSL Estimates

Financials and valuation

AUM Mix (%)							(INR M)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
AUM	13,88,342	14,68,128	15,77,122	18,56,829	22,48,620	26,31,903	30,53,168	35,66,336	41,51,587
Change (%)	4	6	7	18	21	17	16	17	16
Disbursements	7,05,733	5,21,985	8,62,135	11,06,899	14,21,675	16,62,981	18,46,116	21,24,991	24,28,310
Change (%)	-3	-26	65	28	28	17	11	15	14

E: MOFSL Estimates

Ratios							(INR M)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Avg. Yield on Loans	17.4	17.2	17.5	17.9	17.7	17.8	17.8	17.3	17.2
Avg Cost of Funds	9.1	9.0	8.9	8.3	8.6	8.8	8.9	8.7	8.6
Spread of loans	8.3	8.2	8.7	9.6	9.1	9.0	8.8	8.7	8.7
NIM (on assets)	8.3	7.5	7.3	8.3	8.5	8.2	8.2	8.6	8.6
C/I ratio	29.7	27.9	27.9	28.5	29.7	30.5	30.3	29.6	28.9
Profitability Ratios (%)									
RoE	14.9	12.8	11.8	15.3	15.7	15.8	16.1	16.8	17.3
RoA	2.5	2.3	2.2	3.1	3.3	3.1	3.2	3.3	3.4
Int. Expended / Int.Earned	47.4	49.3	49.3	43.9	44.1	45.8	46.4	44.4	44.0
Other Inc. / Net Income	4.1	4.0	7.0	6.9	6.9	6.6	6.4	5.9	5.4
Efficiency Ratios (%)									
Op. Exps. / Net Income	29.7	27.9	27.9	28.5	29.7	30.5	30.3	29.6	28.9
Empl. Cost/Op. Exps.	51.9	49.8	52.1	51.0	53.7	51.1	50.8	51.9	52.8
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	1.1	1.0	1.0	1.1	1.1	1.0	1.1	1.1	1.1
Assets/Equity	5.8	5.6	5.2	4.7	4.9	5.2	5.0	5.1	5.1
Asset quality (%)									
GNPA	1,14,400	1,01,688	1,09,762	1,13,822	1,20,812	1,18,388	1,37,882	1,55,981	1,77,122
NNPA	66,256	51,523	49,731	56,749	58,245	67,145	75,835	85,789	97,417
GNPA ratio	8.3	6.9	6.9	6.2	5.5	4.6	4.6	4.4	4.3
NNPA ratio	5.0	3.6	3.3	3.2	2.7	2.6	2.6	2.5	2.4
PCR	42.1	49.3	54.7	50.1	51.8	43.3	45.0	45.0	45.0
Credit Costs (% of loans)	2.7	2.8	3.1	2.4	2.2	2.3	2.2	2.2	2.2

Valuations	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Book Value (INR)	171	185	206	231	258	299	343	392	452
BV Growth (%)	14	8	11	12	12	16	15	14	15
P/BV	4.4	4.1	3.6	3.2	2.9	2.5	2.2	1.9	1.7
EPS (INR)	24	22	22	32	38	44	52	62	73
EPS Growth (%)	-1.4	-8.3	2.6	42.0	19.8	14.9	17.4	19.7	17.8
P/E	31.3	34.2	33.3	23.5	19.6	17.0	14.5	12.1	10.3
DPS	1.0	4.2	4.7	7.0	9.0	9.9	12	14	15
Dividend Yield (%)	0.1	0.6	0.6	0.9	1.2	1.3	1.5	1.9	2.0

E: MOFSL Estimates

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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.

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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.