BUY (Maintain)

CMP: **INR 297** Target Price: **INR 415** ▲ 40%

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22 October 2026

India | Equity Research | Results Update

Mahindra & Mahindra Financial Services

Vehicle Finance

RoA nearing medium-term goal of 2.5%; growth acceleration continues

Mahindra & Mahindra Financial Services (MMFS) demonstrated sustained improvement across business parameters, including growth, margins and asset quality, in Q2FY27; thus, validating the successful adoption of its revamped tech-led business model. AUM growth accelerated for the fourth consecutive quarter, improving to 15% YoY during Q2FY27 compared to 12%/12.1%/12.7% YoY in Q3/Q4FY26/Q1FY27. Despite macroeconomic headwinds, core profitability remains robust, driven by a 55% YoY PAT growth during Q2FY27 and a strong RoA at 2.2%. Taking cognizance of the steady progress toward its medium-term RoA target of 2.5% and consistently improving earnings trajectory, we maintain **BUY** with an unchanged TP of INR 415, valuing at 2x Sep'27E BV.

Business momentum to sustain; healthy portfolio quality and provision buffer to keep credit cost within 1.3–1.7% guidance

A structural shift in business fundamentals, driven by expansion into new businesses like SME, PL, prime housing, has accelerated AUM growth over the past four quarters. Disbursements continued to exhibit strength in H1FY27, rising over >20% YoY with no visible sign of growth deceleration despite the ongoing macroeconomic challenges. Management has maintained its medium-term growth guidance of 16–18% YoY while emphasising that it would prioritise asset quality over growth, if the *El Nino*'s impact materialises. Further, it maintained full-FY27 credit cost guidance at 1.3–1.7% driven by – 1) a proactive approach in building an INR 8.5bn provision buffer (60bps of AUM) during Q3–Q4FY26 amid the West-Asia war; and 2) steady collections at 97% and 40bps QoQ fall in Stage 2+3 assets to 8.1% in Q2FY27 (8.5% in Q1FY27).

Disbursements gradually moving to tech-led model

MMFS is prioritising its 'Udaan' programme to transition into a digital/AI-powered business model across lending, servicing and collections verticals. As on Sep'26, disbursement through this automated channel stands at INR 16.6bn, accounting for ~10% of total disbursements. This strategic shift has structurally lowered the customer acquisition costs, driving RoA's expansion. Propelled by these AI-led business processes, management is aiming for an 16–18% AUM growth rate over the next five years (12% in FY26), with a clear objective of optimising cost ratios, which could support return ratios further.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Interest Income (NII)	74,331	88,196	97,616	109,603
PAT (INR mn)	23,450	27,822	33,068	37,295
EPS (INR)	19.0	20.0	23.8	26.8
% Chg YoY	33.3	5.4	18.9	12.8
P/E (x)	15.7	14.9	12.5	11.1
P/BV (x)	1.9	1.7	1.5	1.4
Gross Stage - 3 (%)	3.7	3.4	3.4	3.3
RoA (%)	1.9	2.0	2.1	2.1
RoE (%)	12.4	12.5	12.7	12.9

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Market Data	
Market Cap (INR)	414bn
Market Cap (USD)	4,380mn
Bloomberg Code	MMFS IN
Reuters Code	MMFS.BO
52-week Range (INR)	415 /273
Free Float (%)	47.0
ADTV-3M (mn) (USD)	15.2

Price Performance (%)	3m	6m	12m
Absolute	(15.0)	(2.9)	(0.9)
Relative to Sensex	(10.1)	4.1	11.8

ESG Score	2024	2025	Change
ESG score	76.2	79.6	3.4
Environment	75.7	76.9	1.2
Social	75.2	78.6	3.4
Governance	77.3	81.3	4.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
PAT	-	-

Previous Reports

04-10-2026: NBFCs Q2FY27 preview

22-07-2026: Q1FY27 results review

Q2FY27 performance: Strong operating performance; NII growth outpaces opex

MMFS's NII grew 2% QoQ/17% YoY to INR 28.2bn, taking total income to INR 28.3bn. Operating expenses grew at 3% QoQ/13% YoY to INR 10.4bn, as the benefits of the Udaan programme and AI-enabled workflows, now covering 75% of the back office, started to show in operating efficiency. Cost-to-income was 36.8% vs. 36.5% QoQ/38.1% YoY, below the 40%+ levels seen a few years ago.

PPoP grew 2% QoQ/20% YoY to INR 17.9bn. Provisions rose 10% QoQ but fell 16% YoY to INR 6.3bn, leading to a PAT of INR 8.8bn, down 2% QoQ/up 55% YoY. Overall, RoA stood at 2.2% vs. 2.4% QoQ vs. 1.6% YoY and management highlighted that it is on track to achieve medium-term RoA of 2.2–2.5%.

Broad-based disbursement growth; non-wheels scaling up faster

Disbursements grew 6% QoQ/22% YoY to INR 165bn, taking Business Assets up 7% QoQ/15% YoY to INR 1.47trn. Growth was broad-based across segments, led by PV (+28% YoY) and 3W (+32% YoY), followed by CV and CE (+16% YoY), pre-owned vehicles (+15% YoY), tractors (+13% YoY) and SME (+13% YoY). Non-wheels disbursements grew 52% YoY, taking non-wheels to 20% of consolidated lending AUM of INR 1.56trn, against an FY31 target of ~30%.

Management highlighted that the proposed merger of the housing subsidiary is targeted for completion by Jun-Jul'27 and the same should simplify distribution in mortgages. The share of 'others' in Business Assets rose to 8.2% as higher trade advances were deployed ahead of the festive season to support disbursements but it does not generate the same income as the core loan book. Management highlighted that, though it has compressed income in this quarter, the same is expected to reverse as trade advances convert to earning assets.

Overall, management highlighted that growth will be pursued responsibly, not at the expense of price or risk, especially in the wheels business which is still majority of the total book

Asset quality: Q1-to-Q2 seasonality contained; tractor collections the key monitorable

GS2 fell 17bps QoQ to 4.70%, compared with a 7bps decline in the same period last year, while GS3 fell 3bps to 3.42%, compared with a 9bps rise last year. Credit cost rose only 5bps QoQ to 1.55%, against 23bps in the same quarter last year. NS3 stood at 1.51% vs. 1.48% QoQ, with PCR at 56.6%. With Q2 already at a low base, the usual H2 improvement may be less pronounced, and management expects credit cost to stay around current levels.

The key monitorable is the tractor portfolio. Management highlighted that of the 282 districts declared drought-prone, many are in Maharashtra, a significant state for MMFS's tractor book. Since tractor loans are repaid in half-yearly instalments, the real test will likely come in the next couple of months. MMFS has already reduced lending in the affected areas. Management stressed that delay does not mean default for tractors, which it sees as one of its most attractive cross-cycle RoA products.

Key risks: 1) Cyclical nature of vehicle finance impacting AUM growth; and 2) spreads sustaining at lower-than-guided levels.

Exhibit 1: Q2FY27 result review (standalone)

	Q2FY27	Q2FY26	% Chg YoY	Q1FY27	% Chg QoQ
Income statement (INR mn)					
Net interest Income	23,914	21,116	13.2%	24,128	-0.9%
Add: Other Income	4,423	3,113	42.1%	3,531	25.3%
Total Net income	**28,338**	**24,230**	**17.0%**	**27,658**	**2.5%**
Less: Operating expenses	10,424	9,240	12.8%	10,099	3.2%
-Employee benefit expense	5,569	4,909	13.4%	5,597	-0.5%
-Depreciation & amortization	997	832	19.9%	894	11.5%
-Other expense	3,858	3,500	10.2%	3,608	6.9%
Pre-provisioning profit	**17,914**	**14,989**	**19.5%**	**17,559**	**2.0%**
Less: Provisions & write-offs	6,295	7,514	-16.2%	5,697	10.5%
PBT	**11,619**	**7,475**	**55.4%**	**11,862**	**-2.1%**
Less: Taxes	2,804	1,782	57.3%	2,876	-2.5%
PAT (after extra-ordinary items)	**8,815**	**5,693**	**54.8%**	**8,987**	**-1.9%**
Balance sheet key items (INR mn)					
Business assets	14,65,120	12,72,460	15.1%	13,74,490	6.6%
Loan assets on balance sheet	14,23,620	12,32,110	15.5%	13,34,190	6.7%
Net worth	2,55,340	2,30,160	10.9%	2,56,750	-0.5%
Borrowings	14,00,710	11,47,860	22.0%	12,83,050	9.2%
Asset Quality					
Gross stage 3 (INR mn)	50,050	50,070	0.0%	47,430	5.5%
Gross stage 3	3.4%	3.9%	-52 bps	3.5%	-4 bps
Net stage 3 (INR mn)	21,700	23,530	-7.8%	19,890	9.1%
Net stage 3	1.5%	1.9%	-38 bps	1.5%	3 bps
Credit cost (annualised) on Avg AUM	1.8%	2.4%	-64 bps	1.7%	9 bps
Key ratios (annualised)					
Yield on AUM	13.3%	13.4%	-8 bps	13.6%	-29 bps
Cost of funds	7.0%	7.3%	-35 bps	7.1%	-13 bps
NIMs on AUM	6.7%	6.8%	-6 bps	7.1%	-38 bps
Other income on AUM	1.5%	1.4%	10 bps	1.4%	13 bps
Cost to income	36.8%	38.1%	-136 bps	36.5%	27 bps
Opex to AUM	2.9%	3.0%	-4 bps	3.0%	-4 bps
RoA	**2.2%**	**1.6%**	**52 bps**	**2.4%**	**-19 bps**
RoE	**13.8%**	**9.8%**	**394 bps**	**14.3%**	**-49 bps**
Debt to Equity (times)	5.5	5.0	10.0%	5.0	9.8%
Tier 1	16.2%	16.9%	-70 bps	16.5%	-30 bps
CAR	18.0%	19.5%	-150 bps	18.5%	-54 bps

Source: Company data, I-Sec research

Q2FY27 earnings conference call: Takeaways

Guidance

- **FY26-31 CAGR growth guidance intact at 16-18%.** This was communicated in its Investor Day and the company continues with this guidance.
  - 12% traditional business (largely wheels)
  - 30% new business (largely non wheels)
- Not changing the stance of 16-18% growth in medium term into long-term guidance, but it would factor in macro issues
- Looking at ~30% consolidated AUM non-wheels by FY31
- **Credit cost guidance of 1.3-1.7% on average total assets – no change in guidance, as of now**
- Aspiration to move from RoA of 2.2% to 2.5%
- **Merger with housing subsidiary**
  - Management indicated that lender approvals and several other milestones have been completed, while NCLT and certain regulatory approvals remain outstanding. The targeted merger timeline discussed was around 1 Apr'27, with completion potentially extending into Jun-Jul'27, subject to approvals
  - Merger should simplify the distribution network and reduce duplications across functions
  - Plans to be in affordable housing, LAP and some segments of prime housing

AUM

- Disbursement growth of ~22% coming from all the segments
- **Mortgage business**
  - Post Covid-19, rural subsidiary faced a few challenges
  - Plans to be in affordable housing, LAP and some segments of prime housing
- **Higher trade advances were deployed ahead of the festive season to support disbursements but it does not generate the same income as the core loan book**
- Prime housing lending commenced in August and is currently at an early stage. Management expects to provide more specific commentary on this business in subsequent quarters
- Festive-season rural demand was weaker than the previous year during the first 10 days of Navratri. Underlying commerce and unit disbursements were lower, with the tractor segment appearing relatively weaker

Margins

- **Rate-hike scenario**
  - Non-wheel business is on floating book and wheels business is on fixed book
  - ~48% of the overall borrowings is at floating rate, as of Sep'26, largely linked to repo and T-bills with a smaller MCLR-linked share
  - It does not see cost of borrowings coming down QoQ
  - Incremental vehicle loans would be priced to reflect the higher funding-cost environment
  - Floating-rate loans and non-vehicle businesses would transmit changes in interest rates more quickly
- NIMs at ~7% of average total assets; should be at these levels – trade advances converting into loan book should support higher interest income offset by higher cost of funds
- To achieve the 2.2% to 2.5% RoA, NIMs need to be above 7%, with the company currently at the lower end, but expects loan income to improve as non-earning trade advances convert to earning assets

- Management expects the compression in loan income witnessed in Q2 to be largely seasonal rather than structural, with the potential for improvement from Q2 levels
- **The company had already optimised its borrowing mix across instruments and tenors in the previous year; therefore, management does not expect meaningful sequential reductions in borrowing costs**

Liquidity

- Liquidity buffers have approximately doubled YoY, reflecting a deliberately conservative stance amid the West Asia-related uncertainties and potential El Niño/drought risks

Opex

- **Company is focussing on operating leverage with cost to income declining to below 37% vs. 40% levels before**

Asset quality

- **GS2+ GS3, at 8.1%, is likely at an all-time low**
- Credit cost, at 1.6%, is within the guided range of 1.3-1.7%
- Historically credit cost used to be high from Q1 to Q2; now, it has been minimised
- **Drought-prone areas**
  - 282 districts have been classified as drought prone
  - Reduced funding in these locations
  - 9,000 of the total employee count is only collection officers
  - **Maharashtra is a significant part of MMFS' tractor portfolio. Tractor finance has half-yearly EMI payments. In a couple of months there would be half yearly collections**
- The company has materially reduced the usual Q1-to-Q2 deterioration in early-bucket delinquencies. GS2 declined sequentially by ~7bps and GS3 by ~17bps, indicating lower seasonal volatility
- **The company has an existing INR 8.52bn overlay created against potential disruptions from El Niño and the West Asia crisis. Management is comfortable with the current buffer and does not see an immediate need for additional overlays; any utilisation or replenishment would depend on how risks evolve**

Insurance

- Insurance income does have an impact on profitability; but the full extent of the impact remains to be seen
- Fee-based income has increased from ~1% to 1.6%; however, the entire 60bps improvement should not be attributed to insurance
- **The company expects to evaluate alternative levers across its fee-based businesses if the final regulations materially affect insurance economics**

Miscellaneous

- **Competitive intensity is higher in salaried segment vs. self-employment segment.**
- Co-lending remains part of the strategy, particularly for prime customers and vehicle-financing opportunities. The company is integrating systems with a couple of banks to comply with the revised regulatory framework
- Some consistently performing off-roll employees are being moved onto the payroll once productivity benchmarks are met. Additional recruitment is also taking place in dealerships and locations where manpower was inadequate

Q1FY27 earnings conference call takeaways

Guidance

- **FY26-FY31 CAGR growth guidance intact at 16-18%.** This was communicated in Investor Day and the company continues with this guidance.
  - 12% traditional business (largely wheels)
  - 30% new business (largely non-wheels)
- Looking at ~30% consolidated AUM for non-wheels business by FY31

Market share

- **It has gained an incremental market share in all categories in wheels business except CV.**
- PV segment has seen a huge premiumisation play over the past 4-6 quarters. **From H2FY26, it had started gaining market share in PV.**
- **In the CV/CE business, it has gained market share in LCV and SCV, while it has lost market share in fleet operations, HCV and CE business.**

AUM

- **Confident that investments made will aid MMFS hit its accelerated growth target.**
- **Market leadership in tractor business is widening further and strengthening its network with dealers. This is possible due to increasing channel relevance, faster TAT etc.**
- As compared to other financiers, it is looked up as a mobility financier, which has very well deepened itself into dealer ecosystem and improved its relevance among dealers as well as customers.
- **Actively reducing fleet operator segment as it has shifted more to banks due to lower yield offers by them. Hence, it has recalibrated growth towards SCV in order to meet its cross-cycle RoA objectives**.
- H1FY26 was flat growth and H2FY26 saw strong growth due to GST and other benefits.
- SME, mortgage and PL businesses are non-wheels, with strong 70% disbursements growth in Q1.
- Witnessed tailwinds for tractor purchase in Q1.

Margins

- **Margins should be in the range of 710-720bps in the medium term (7.3% in Q1).**
- For margins, it is actively looking at product mix, pricing and fee-based income to augment margins.
- It does not see any steep hike in cost of funds.
- Liquidity drag is not quite severe on margins, but it is more of a denominator impact, which has impacted margins.

Liquidity

- **It has created an additional liquidity buffer in the context of geopolitical events.**
- **Continues to carry an additional liquidity of INR 55bn.**
- **Liquidity buffer at INR 146.5bn vs. INR 91.5bn QoQ.**

- It will review liquidity buffer on a dynamic basis.

Opex

- **On operations, it is seeing an opex decline as it has increased its in-house AI agent.**
- **Its investments in Udaan stack, frontline staff etc. have played out in terms of productivity improvement, which has aided opex moderation.**
- It is not keen to reduce opex, which could impact credit cost numbers.
- **It is aiming that growth in revenue will outpace growth in opex.**

Asset quality

- **Credit cost guidance intact at 130-170bps over the medium term (1.5% in Q1).**
- **On the asset quality front, it was able to manage seasonality better and overcome an extreme divergence from Q4.**
- Tractor segment is largely dependent on rural cashflows and agri cashflows, which could be impacted by the El Nino. It has gained enough experience in tractor underwriting over the past 3 decades.
- **GS2+GS3 at 8-year low, largely due to lower flow forwards and higher back forwards.**

Digital

- **It needs to monitor the trade-off between token cost and human cost for using AI.**

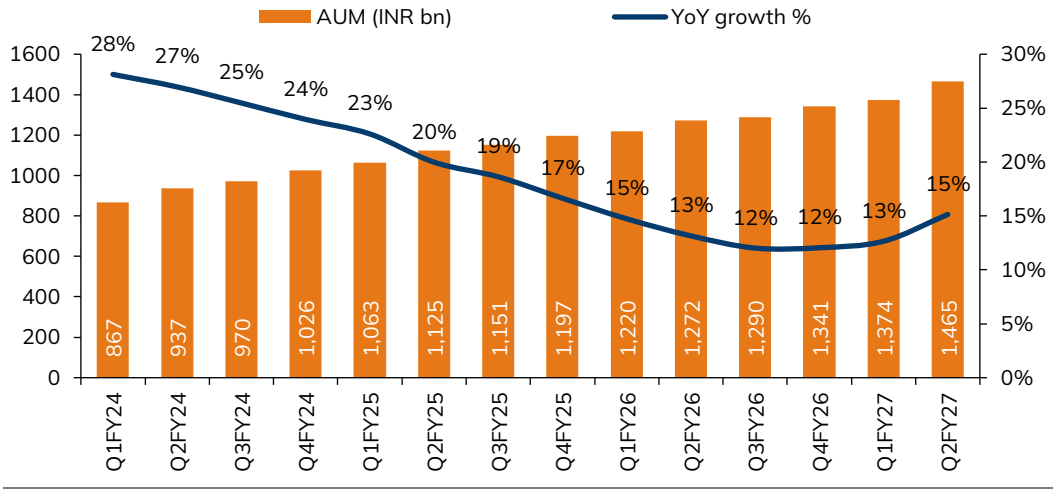
Insurance

- 1,300 branches are selling retail products.
- All insurance products of MMFS are doing extremely well for customers.
- Corporate agency does largely Mahindra Finance ecosystem business and MIBL does open market business as well as MMFS ecosystem business.
- Headroom for MIBL in motor insurance is quite significant.

Miscellaneous

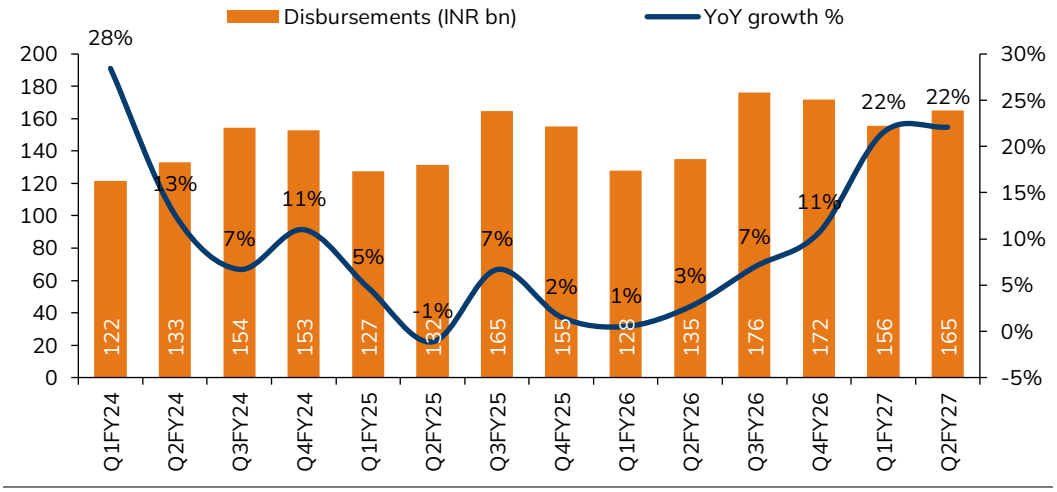
- **Not looking to raise capital at least for the next 6-8 quarters.**
- **Merger proposal is in discussion with the board; there should be an update in the next quarter.**
- **Encouraged to see its subsidiaries adding a meaningful contribution to PAT.**
- RoA at 2.4%.
- PAT up 70% YoY.

Exhibit 2: AUM was up 7% QoQ/15% YoY



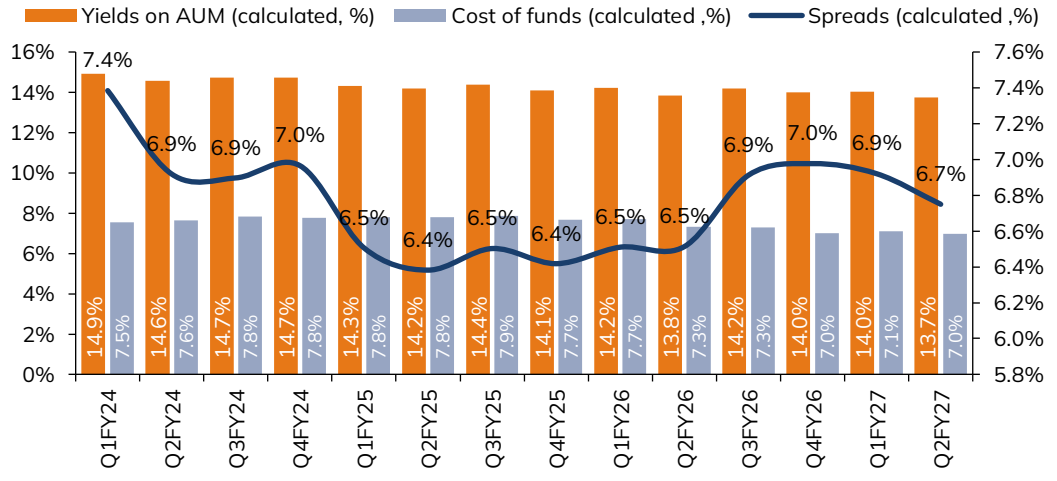
Source: Company data, I-Sec research

Exhibit 3: Disbursements growth strong at ~22% YoY



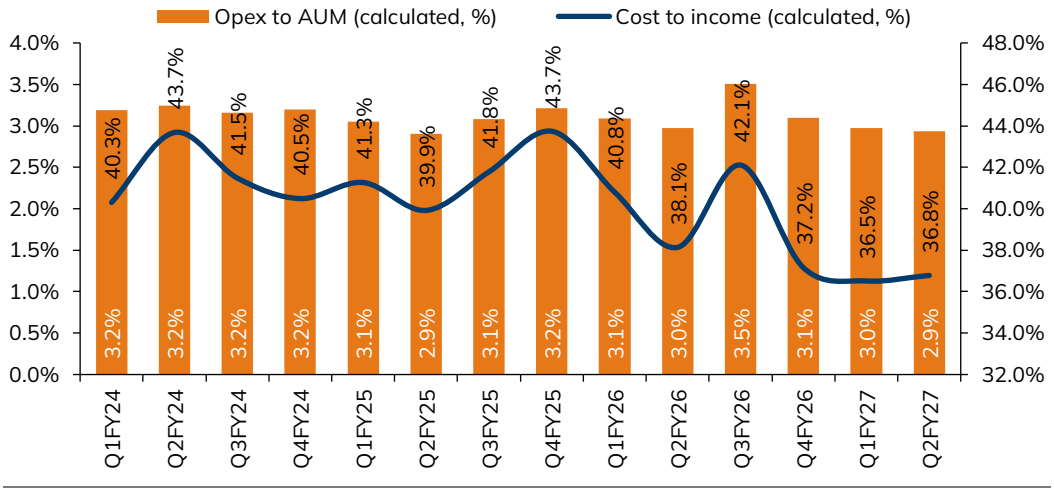
Source: Company data, I-Sec research

Exhibit 4: Cost of borrowings likely to inch up further



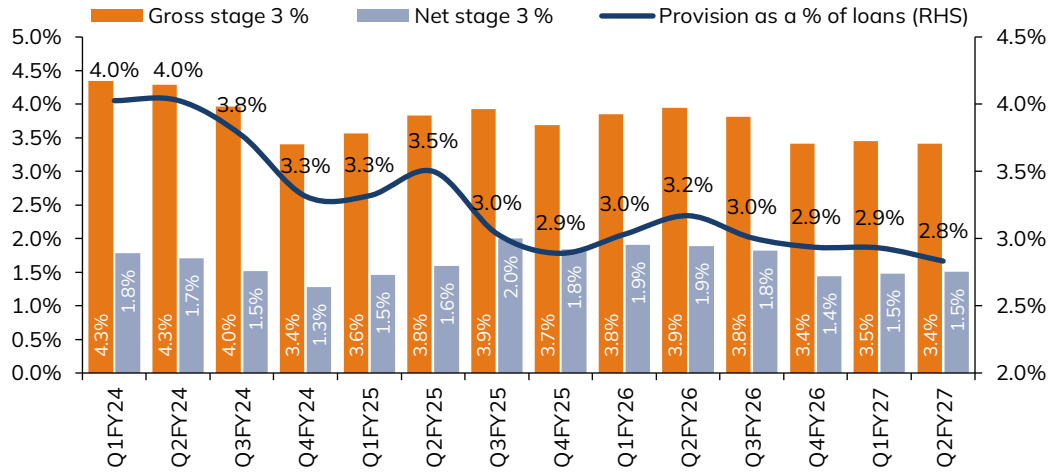
Source: Company data, I-Sec research

Exhibit 5: Opex/AUM (calculated) moderated to ~2.9%, aiding lowest cost to income ratio



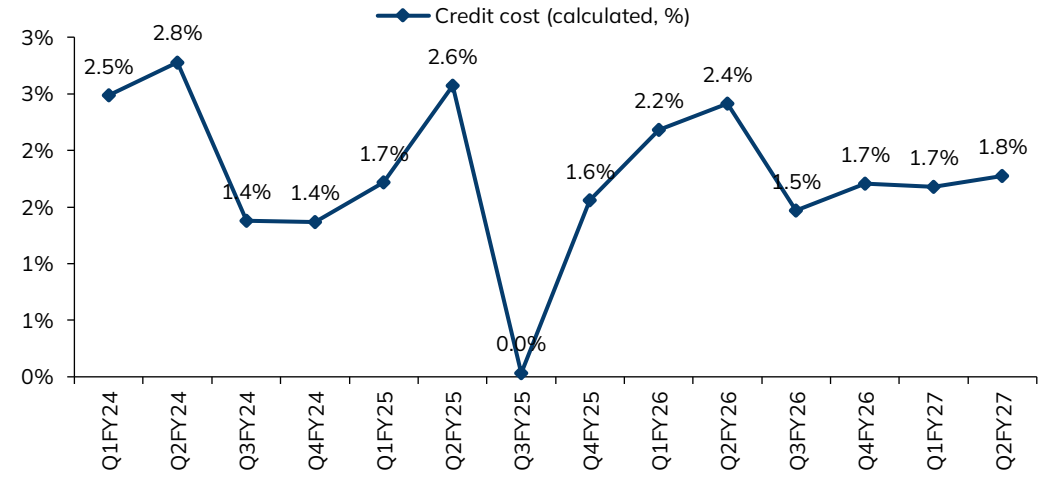
Source: Company data, I-Sec research

Exhibit 6: Consistent improvement in GNPA/NNPA



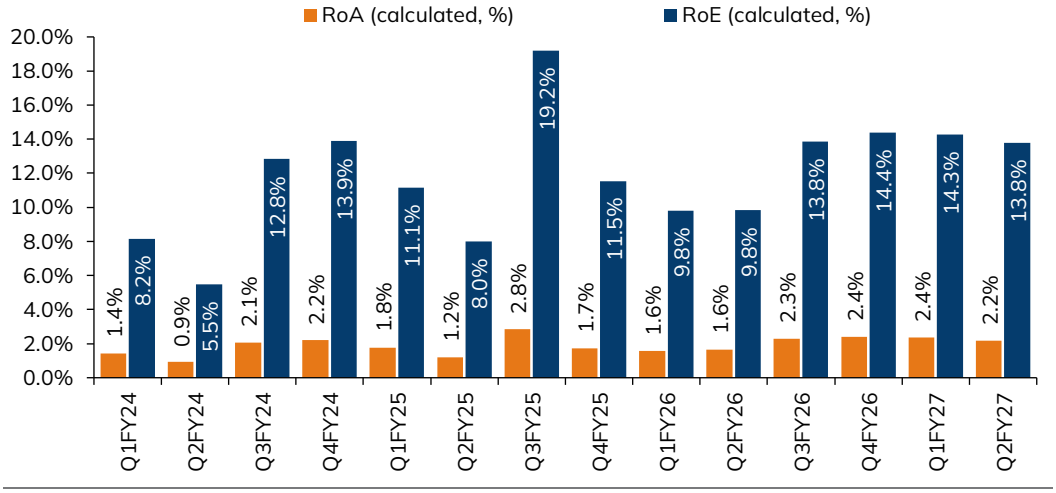
Source: Company data, I-Sec research

Exhibit 7: Calculated credit cost marginally inched up QoQ



Source: I-Sec research, Company data

Exhibit 8: RoA and RoE at 2.2% and 13.8%, respectively



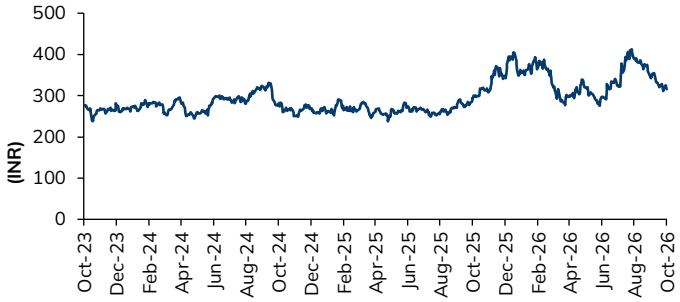
Source: Company data, I-Sec research

Exhibit 9: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	52.5	52.5	52.5
Institutional investors	41.6	41.0	41.6
MFs and others	17.3	16.7	17.6
FIs/Banks	0.1	0.4	0.4
Insurance	14.8	14.4	13.6
FIIs	9.4	9.5	10.0
Others	5.9	6.5	6.0

Source: Bloomberg, I-Sec research

Exhibit 10: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Interest Income	153,314	172,117	191,396	216,408
Interest Expenses	(78,983)	(83,921)	(93,780)	(106,805)
Net Interest Income (NII)	**74,331**	**88,196**	**97,616**	**109,603**
Other Income	7,433	12,886	16,791	19,273
Total Income (net of interest expenses)	**81,764**	**101,082**	**114,407**	**128,877**
Employee benefit expenses	(19,031)	(20,542)	(24,846)	(30,441)
Depreciation and amortization	(2,734)	(3,427)	(3,294)	(3,288)
Other operating expenses	(12,347)	(14,802)	(16,578)	(17,905)
Total Operating Expense	(34,113)	(38,771)	(44,718)	(51,634)
Pre Provisioning Profits (PPoP)	47,651	62,312	69,689	77,243
Provisions and write offs	**(16,179)**	**(24,412)**	**(25,481)**	**(27,383)**
Profit before tax (PBT)	**31,473**	**36,726**	**44,208**	**49,860**
Total tax expenses	(8,022)	(8,904)	(11,140)	(12,565)
Profit after tax (PAT)	**23,450**	**27,822**	**33,068**	**37,295**

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Share capital	2,469	2,780	2,780	2,780
Reserves & surplus	195,653	244,810	271,994	302,669
Shareholders' funds	**198,121**	**247,590**	**274,774**	**305,449**
Borrowings	1,128,735	1,203,350	1,384,738	1,604,051
Provisions & Other Liabilities	28,626	28,110	28,672	29,246
Total Liabilities and Stakeholder's Equity	**1,355,482**	**1,479,050**	**1,688,184**	**1,938,745**
Cash and balance with RBI	55,359	73,400	101,640	109,800
Fixed assets	11,144	9,410	10,351	11,386
Loans	**1,162,140**	**1,301,600**	**1,476,673**	**1,709,423**
Investments	104,005	68,200	70,966	73,870
Other Assets	22,834	26,440	28,555	34,266
Total Assets	**1,355,482**	**1,479,050**	**1,688,184**	**1,938,745**

Source Company data, I-Sec research

Exhibit 13: Key Ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
AUM and Disbursements (INR mn)				
AUM	1,196,730	1,340,960	1,523,212	1,764,456
On-book Loans	1,196,730	1,340,960	1,523,212	1,764,456
Disbursements	579,000	611,180	687,692	795,413
Repayments	408,240	466,950	505,441	554,168
Growth (%):				
Total AUM (%)	16.6	12.1	13.6	15.8
Disbursements (%)	**3.0**	**5.6**	**12.5**	**15.7**
Repayments (%)	12.2	14.4	8.2	9.6
Loan book (on balance sheet) (%)	16.6	12.1	13.6	15.8
Total Assets (%)	17.7	9.1	14.1	14.8
Net Interest Income (NII) (%)	11.8	18.7	10.7	12.3
Non-interest income (%)	52.9	73.4	30.3	14.8
Total Income (net of interest expenses) (%)	14.6	23.6	13.2	12.6
Operating Expenses (%)	15.4	13.7	15.3	15.5
Employee Cost (%)	11.1	7.9	21.0	22.5
Non-Employee Cost (%)	21.5	19.9	12.0	8.0
Pre provisioning operating profits (PPoP) (%)	14.0	30.8	11.8	10.8
Provisions (%)	(11.2)	50.9	4.4	7.5
PBT (%)	33.6	16.7	20.4	12.8
PAT (%)	33.3	18.6	18.9	12.8
EPS (%)	33.3	5.4	18.9	12.8
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	6.9	7.2	7.0	6.9
NIM on IEA (%)	6.4	6.6	6.4	6.3
NIM on AUM (%)	**6.7**	**7.0**	**6.8**	**6.7**
Yield on loan assets (%)	14.2	14.0	13.8	13.6
Yield on IEA (%)	13.3	12.9	12.6	12.4
Yield on AUM (%)	13.8	13.6	13.4	13.2
Cost of borrowings (%)	7.7	7.2	7.2	7.1
Interest Spreads (%)	6.5	6.8	6.5	6.4
Operating efficiencies				
Non interest income as % of total income	46.2	47.7	46.9	46.5
Cost to income ratio	41.7	38.4	39.1	40.1
Op.costs/avg assets (%)	**2.7**	**2.7**	**2.8**	**2.8**
Op.costs/avg AUM (%)	3.1	3.1	3.1	3.1
Salaries as % of non-interest costs (%)	55.8	53.0	55.6	59.0
Capital Structure				
Average gearing ratio (x)	5.7	4.9	5.0	5.3
Leverage (x)	6.8	6.0	6.1	6.3
CAR (%)	15.2	18.8	18.9	19.0
Tier 1 CAR (%)	13.4	16.7	16.8	16.9

Source Company data, I-Sec research

	FY25A	FY26A	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	3.7	3.4	3.4	3.3
NNPA (%)	1.8	1.4	1.4	1.3
GNPA (INR mn)	44,139	45,780	51,050	59,036
NNPA (INR mn)	21,560	18,980	21,441	23,614
Coverage ratio (%)	51.2	58.5	58.0	60.0
Credit Costs as a % of avg AUM (bps)	146	192	178	167
Credit Costs as a % of avg on book loans (bps)	146	192	178	167
Return ratios				
RoAA (%)	1.9	2.0	2.1	2.1
RoAE (%)	12.4	12.5	12.7	12.9
ROAAUM (%)	2.1	2.2	2.3	2.3
Valuation Ratios				
No of shares	**1,234**	**1,390**	**1,390**	**1,390**
EPS (INR)	19.0	20.0	23.8	26.8
EPS fully diluted (INR)	19.0	20.0	23.8	26.8
Price to Earnings (x)	15.7	14.9	12.5	11.1
Price to Earnings (fully diluted) (x)	15.7	14.9	12.5	11.1
Book Value (fully diluted)	161	178	198	220
Adjusted book value	147	168	186	207
Price to Book	1.9	1.7	1.5	1.4
Price to Adjusted Book	2.0	1.8	1.6	1.4

Source Company data, I-Sec research

Exhibit 14: Key Metrics

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
DuPont Analysis				
Average Assets (INR mn)	1,253,537	1,417,266	1,583,617	1,813,465
Average Loans (INR mn)	1,077,046	1,231,870	1,389,136	1,593,048
Average Equity (INR mn)	189,848	222,856	261,182	290,111
Interest earned (%)	12.2	12.1	12.1	11.9
Interest expended (%)	6.3	5.9	5.9	5.9
Gross Interest Spread (%)	**5.9**	**6.2**	**6.2**	**6.0**
Credit cost (%)	1.3	1.7	1.6	1.5
Net Interest Spread (%)	**4.6**	**4.5**	**4.6**	**4.5**
Operating cost (%)	2.7	2.7	2.8	2.8
Lending spread (%)	**1.9**	**1.8**	**1.7**	**1.7**
Non interest income (%)	0.6	0.9	1.1	1.1
Operating Spread (%)	**2.5**	**2.7**	**2.8**	**2.7**
Tax rate (%)	25.5	24.2	25.2	25.2
ROAA (%)	**1.9**	**2.0**	**2.1**	**2.1**
Effective leverage (AA/ AE)	6.6	6.4	6.1	6.3
RoAE (%)	**12.4**	**12.5**	**12.7**	**12.9**

Source Company data, I-Sec research

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