

Poonawalla Fincorp

Estimate changes	
TP change	
Rating change	

Bloomberg	POONAWAL IN
Equity Shares (m)	779
M.Cap.(INRb)/(USDb)	377 / 4.1
52-Week Range (INR)	570 / 267
1, 6, 12 Rel. Per (%)	6/0/39
12M Avg Val (INR M)	939

Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Net Total Income	26.9	40.3	69.2
PPOP	13.2	19.4	38.9
PAT	-1.0	5.4	17.0
EPS (INR)	-1.3	6.7	18.3
EPS Gr. (%)	-111.7	-	174.8
Standalone BV (INR)	105	126	185
Ratios			
NIM on AUM (%)	7.8	6.9	7.6
C/I ratio (%)	50.9	51.9	43.7
RoAA (%)	-0.3	1.1	2.2
RoE (%)	-1.2	5.9	12.4
Payout (%)	0.0	30.0	16.3
Valuations			
P/E (x)	-	69.5	25.3
P/BV (x)	4.4	3.7	2.5
Div. Yield (%)	0.0	0.4	0.6

Shareholding pattern (%)

As Of	Sep-25	Jun-25	Sep-24
Promoter	64.0	62.5	61.9
DII	12.3	12.3	10.6
FII	11.2	11.4	8.4
Others	12.6	13.9	19.1

FII includes depository receipts

CMP: INR464

TP: INR610 (+31%)

Buy

Scale delivered, operating leverage ahead

Profitability inflection point, led by NIM expansion and credit normalization

- Poonawalla Fincorp's (PFL) 3QFY26 PAT grew ~102% QoQ to ~INR1.5b (~21% miss). NII grew ~50% YoY to ~INR9.2b (in line). Other income jumped ~173% YoY to ~INR1.6b, primarily due to higher fee income in the quarter.
- Opex rose 90% YoY to ~INR5.5b (inline), with the cost-to-income (C/I) ratio declining QoQ to ~51% (PQ: ~57% and PY: ~43%). Management highlighted that strategic investments in digital and distribution channels will be completed in FY26, which now positions PFL well to benefit from operating leverage. Consequently, the operating model is expected to deliver structural leverage across products, leading to gradual improvements in opex ratios. PPoP grew ~38% YoY to ~INR5.3b (inline).
- Provisions stood at INR3.3b (v/s MOFSLe: INR2.6b), translating into annualized credit costs of ~2.7% (PQ: 2.8% and PY: 5.2%). Barring instant personal loans, the credit costs across all other product segments remained range-bound. Management is confident of further moderation in credit costs driven by portfolio seasoning, enhanced risk management, and strong collection efficiency. Additionally, rising contributions from gold loans, education loans, and salaried PL are expected to lower overall credit costs and support a more balanced, lower-risk portfolio.
- **PFL's Board has granted in-principle approval to raise up to INR55b through the issuance of equity shares via a QIP. We have factored this fresh equity raise into our estimates in FY27. Lower financial leverage will result in NIM expansion and consequent near-term moderation in RoE.**
- The stock currently trades at 2.5x FY27E P/BV. We model ~50% AUM CAGR and 133% PAT CAGR over FY26E-FY28E and expect PFL to deliver an RoA/RoE of 2.5%/~16.0% in FY28. **We reiterate our BUY rating with an unchanged TP of INR610 (based on 3x Dec'27E BVPS).**

AUM jumps ~78% YoY; healthy traction continues in new businesses

- PFL's AUM grew ~78% YoY and ~15% QoQ to ~INR550b. Disbursements grew ~84% YoY/6.5% QoQ to ~INR132b in 3QFY26.
- The company expects strong growth from newer segments, and to support this expansion, PFL is rapidly scaling its physical footprint while strengthening partnerships with OEMs, dealers, consultants, and channel partners.
- Management has guided for AUM CAGR of ~35-40% over the next few years, with actual growth potentially exceeding this range depending on the macroeconomic conditions. We expect PFL to deliver an AUM CAGR of ~ 50% over FY26-28.

NIM (calc.) improves ~25bp QoQ; the share of NCD continues to rise

- NIM (calc.) improved ~25bp QoQ to ~7.8%, driven by ~25bp QoQ improvement in yields to ~14%. The CoB (calc.) declined ~15bp QoQ to ~7.55%. The reported CoF dipped ~5bp QoQ to 7.65%.
- NCD issuance has been rising since Mar'25 and currently stands at ~32%, up from ~6%. This strengthens the long-term capital funding, while the company maintains a healthy mix of short- and long-term borrowings with flexible tenors. New product disbursement yield was ~15.5%, supporting the overall margin.
- We expect PFL to deliver an NIM on AUM of ~6.9% in FY26, which would further improve to ~7.6-7.7% in FY27-28, including the benefit of a fresh equity raise.

Credit costs improve marginally; moderation likely in the coming quarters

- GS3 declined ~10bp QoQ to ~1.5%, while NS3 was stable QoQ at ~0.8%. PCR on S3 loans declined ~2pp QoQ to ~47.8% (PQ: ~49.7%).
- GNPA trends show sequential improvement across Stage 1, 2, and 3 assets (S1: 97.4%, S2: 1.2%, S3: 1.5%). Additionally, PFL's borrower base is strong, with 85% having bureau scores above 750. LAP LTVs remain at ~45–50%, and education loans focus on top-tier students with strong parental backing.
- Management aims to optimize credit costs to best-in-class levels, supported by robust underwriting standards and a well-diversified portfolio. We model credit costs of ~2.6% for FY26, which are likely to decline to ~2% in FY28E.

Highlights from the management commentary

- Gold loan monthly disbursements doubled to ~INR2.1b, driven by branch productivity, with ~95% sourced from Tier 2 and Tier 3 regions. The company is on track to launch 400 gold branches by Mar'26. Its gold loan branches are spread across Gujarat, Haryana, Rajasthan, and Maharashtra, and it will further expand to Karnataka and parts of Odisha.
- As the portfolio evolves, gold, education, salaried PL, and LAP are expected to account for ~50–60% of total AUM.

Valuation and view

- PFL's 3QFY26 performance reflects improving business momentum despite near-term drag due to higher provisions. Strong NII growth, improving margins, and sequential improvement in asset quality underpin earnings visibility, while management's confidence in future moderation of credit costs and improvement in operating leverage support a gradual improvement in profitability and RoA. With major investments in digital and distribution largely completed and capital flexibility enhanced through the proposed QIP, PFL is at an inflection point to deliver a strong improvement in profitability along with rapid balance sheet expansion. **Reiterate BUY with a TP of INR610 (premised on 3x Dec'27E BVPS).**
- **Key downside risks:** a) inability to execute its articulated strategy despite a new management team and investments in technology, distribution, and collections; and b) an aggressive competitive landscape leading to poor underwriting and a consequent deterioration in asset quality.

Quarterly Performance (Standalone)										(INR M)	
Y/E March	FY25			FY26E			FY25	FY26E	3Q FY26E	v/s Est.	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q				
Interest Income	8,962	9,107	9,991	10,685	11,853	14,022	16,597	19,758	38,745	62,230	16,266 2
Interest Expenses	3,201	3,516	3,850	4,584	5,461	6,378	7,387	8,841	15,151	28,067	7,271 2
Net Interest Income	5,761	5,592	6,141	6,101	6,393	7,644	9,209	10,917	23,594	34,163	8,995 2
YoY Growth (%)	36.8	17.8	25.1	8.5	11.0	36.7	50.0	78.9	21.1	44.8	46.5
Other Income	997	858	581	1,048	1,287	1,405	1,588	1,882	3,346	6,163	1,434 11
Total Income	6,758	6,449	6,722	7,149	7,679	9,050	10,798	12,799	26,940	40,326	10,429 4
YoY Growth (%)	35.1	22.0	22.2	11.6	33.9	40.3	60.6	79.0	22.6	49.7	55.2
Operating Expenses	2,436	3,610	2,908	3,821	4,434	5,184	5,520	5,799	13,713	20,937	5,298 4
Operating Profit	4,321	2,839	3,814	3,328	3,245	3,866	5,277	7,000	13,228	19,389	5,131 3
YoY Growth (%)	46.9	-15.4	8.89	-18.7	-24.9	36.1	38.38	110.3	-4.8	46.6	34.5
Provisions & Loan Losses	425	9,144	3,562	2,526	2,411	2,877	3,275	3,649	14,582	12,212	2,589 27
Profit before Tax	3,897	-6,305	252	802	834	989	2,002	3,351	-1,354	7,177	2,542 -21
Exceptional items		0						0	0		
Tax Provisions	980	-1,594	65	179	208	247	500	839	-371	1,794	651 -23
PAT (excl. exceptional)	2,916	-4,710	187	623	626	742	1,502	2,512	-983	5,383	1,891 -21
PAT (incl. exceptional)	2,916	-4,710	187	623	626	742	1,502	2,512	-983	5,383	1,891 -21
YoY Growth (%)	46		-93	-81	-79	-116	702	303	-112	-647	910
Key Parameters (Calc., %)											
Yield on loans	15.5	15.0	15.2	14.1	13.4	13.7	14.0	14.3			
Cost of funds	8.0	8.0	7.8	7.8	7.7	7.7	7.6	7.7			
Spread	7.6	7.0	7.4	6.3	5.7	6.0	6.4	6.6			
NIM on loans	10.0	9.2	9.3	8.0	7.2	7.5	7.8	7.9			
C/I ratio	36.1	56.0	43.3	53.4	57.7	57.3	51.1	45.3			
Credit cost	0.71	14.38	5.2	3.22	2.66	2.76	2.7	2.6			
Tax rate	25.2	25.3	25.6	22.3	25.0	25.0	25.0	25.0			
Balance Sheet Parameters											
Disbursements (INR b)	74.0	63.1	71.5	93.8	106.5	123.6	131.5	143.4			
Growth (%)	-10.6	-19.1	-18.1	-3.2	43.9	95.7	84.0	52.9			
AUM (INR b)	270	284	310	356	413	477	550	630			
Growth (%)	51.7	40.5	41.2	42.5	53.0	68.0	77.6	76.7			
AUM mix (%)											
Focused	96.0	97.0	98.0	98.0	99.0	99.0	100.0				
Discontinued (Legacy and DA)	4.0	3.0	2.0	2.0	1.0	1.0	0.0				
Asset Quality Parameters											
GS 3 (INR m)	1,660	5,470	5,390	6,190	7,120	7,110					
GS 3 (%)	0.67	2.10	1.85	1.84	1.84	1.59					
NS 3 (INR m)	790	850	2,330	2,820	3,280	3,580					
NS 3 (%)	0.32	0.33	0.81	0.85	0.85	0.81					
PCR (%)	52.4	84.5	56.8	54.5	53.9	49.7					

E: MOFSL estimates



Highlights from the management commentary

Guidance

- Management has guided for AUM growth of ~35–40% over the next few years, with actual growth potentially exceeding this range depending on the macro-economic conditions.
- NIM is expected to remain stable, supported by disciplined management of CoF and levers on product mix.

Business Updates

- AUM grew ~78% YoY and ~15% QoQ to ~INR550b, reflecting strong momentum across all products.
- Total disbursements rose 84% YoY and 6.5% QoQ, with new products contributing ~11% of AUM and ~20% of 3Q total disbursements. The new product disbursements in 3QFY26 touched ~INR26b.
- NII rose ~50% YoY to ~INR9.2b
- Reported CoF declined ~5bp QoQ to 7.65%. NIM (including fee income) improved to ~8.62% from ~8.4% in the previous quarter.
- Operating expenses to AUM reduced to ~4.4%, reflecting improved productivity, despite increased branch network, technology investments, and staff additions.
- Asset quality strengthened, with GNPA reducing by ~8bp, underpinned by a secured on-book mix of ~56%.
- 3QFY26 PAT stood at ~INR1.5b (v/s INR742m in 2QFY26).
- Debt-to-equity ratio remained at 4.5x, while CAR stayed healthy at ~18.7%, comfortably above regulatory requirements.

Business Segments

Prime PL

- The Prime PL business continues to gain strong traction, with average monthly disbursements of INR4.3b in 3Q, of which ~28% were processed with zero manual intervention.
- 70% of customers have bureau scores above 750, with a net monthly income of INR75K, indicating a high-quality risk profile.

Gold Loans

- Gold loan monthly disbursements doubled to ~INR2.1b, driven by branch productivity, with ~95% sourced from Tier 2 and Tier 3 regions.
- The company is on track to launch 400 gold branches by Mar'26. Its gold loan branches are spread across Gujarat, Haryana, Rajasthan, and Maharashtra, and it will further expand to Karnataka and parts of Odisha.

Consumer Durables

- On track to reach 12,000+ dealer points by Mar'26.
- Digital channels contributed INR1.2b in disbursements during the Oct'25 festive period.
- Strategy focuses on unsecured digital loans

CV Loans

- CV business expanded to 55 strategic locations across 12 states
- Onboarded 700+ channel partners to expand reach in key markets.

Education Loans

- Over 16,000 files were logged via education consultants, with 3Q disbursements of INR1.2b.
- Supported by 225+ dedicated sales staff and ~325 partners, including key education consultants.

- On track to expand the sales footprint from 25 to 50 locations across states by Mar'26

Commercial Business

- Commercial Business AUM stood at INR337b
- Comprises LAP, business loans, loans to professionals, shopkeeper loans, and mid-market finance.
- LAP AUM of ~INR151b is the major contributor, while unsecured business loans, shopkeeper loans, and professional loans together stood at ~INR80b.
- Mid-market finance, including NBFC and supply chain finance, was ~INR94b.
- About 72% of the commercial book is secured, with a target to increase direct channel sourcing (non-DSA) to 40–50% (currently 22%).
- Distribution has been strengthened via improved penetration and expansion into new markets and channels, supported by robust process and policy infrastructure.

Margins and Cost of Borrowings

- NCD issuance continues to rise from Mar'25, strengthening long-term capital funding.
- Cost of borrowing declined to ~7.65% (from ~7.69% in 2QFY26), aided by lower interest rates and liability diversification.
- The company maintains a healthy mix of short-term and long-term borrowings, with flexibility across tenors.
- New product disbursement yields ~15.5%, supporting overall margins.
- Asset duration is currently 2.5 years, with potential adjustments based on product mix evolution.

Operating Leverage

- Operating leverage is gradually coming into play, with opex to AUM at 4.4%, reflecting improved productivity and efficiency.
- Strategic investments in digital and distribution channels have largely been completed, and every year directionally, there should be an improvement in the cost-income ratio and opex to avg AUM.
- Company did lot of strategic investments in FY26, and now it is hugely in favor of operating leverage.
- The operating model is designed to deliver structural leverage across products with contributions from digital platforms and channel partners.

Credit Costs

- **Quarterly credit costs stood at 2.62% – other than instant personal loans, other products are exhibiting range-bound credit costs of 1.4-1.5%.**
- **CV Finance has 75% of used CV Finance – no accounts have crossed 30dpd.**
- **Unsecured Loans to Salaried Customers had 6 MOB 30+dpd stood at 0.4%**
- **Consumer Durable: 2MOB stood at 0.15%, and 3MOB stood at 0.06%**
- Product portfolios are calibrated to deliver sustainable RoA with risk-adjusted returns.
- Instant loans carry higher credit costs, while the remaining 12 products have lower inherent risk.
- Credit costs are expected to dip due to portfolio seasoning, risk management, and strong collections.
- Increasing contributions from gold, education, and salaried loans will further reduce credit costs, creating a more balanced, low-risk portfolio.
- GNPA trends showed sequential improvement across Stage 1, 2, and 3 assets (S1: 97.4%, S2: 1.2%, S3: 1.5%).

- Consumer loans demonstrate structurally improving asset quality, with 85% of borrowers having bureau scores above 750.
- LAP LTV remains at ~45–50%, and education loans are focused on top-tier students with strong parental backing.
- Management stated that the reported credit cost is a mathematical weighted average reflecting the proportional contribution of instant loan business and the combined contribution of other businesses based on their respective share of assets. Accordingly, portfolio credit cost is a function of portfolio mix and not driven by any single product in isolation. Accordingly, movement in the credit cost will also be a function of a change in the product mix.

PCR and write-off Policy

- The Stage 1 assets are increasing, while Stage 3 is gradually reducing, resulting in lower PCR.
- Product mix and ECL adjustments have contributed to declining PCR levels.
- Write-off policy: Unsecured Loans: 180dpd; Vehicle Secured: 365dpd; LAP is 730dpd.

RoA

- Improving RoA is a key management focus, driven by disciplined product mix and credit calibration.
- 3QFY26 RoA reached 1.2%, supported by healthy disbursement yields of 15.5% from newer products.
- Continuous improvement in operating leverage, credit costs, and improvement in yields is expected to sustain RoA growth.

AI and Technology Initiatives

- Of 57 AI solutions, 30 have been successfully deployed, and 27 are in progress; 12 new AI projects were initiated in 3Q.
- AI applications include WhatsApp and web chatbots for sales support, with only high-risk cases escalated to human agents.
- Multi-agent AI aids operations, governance, and customer experience, currently testing 14 languages for broader accessibility, along with Hindi and English.
- Tools implemented include: a) Streamlined underwriting workflows, b) AI-assisted data interpretation and document validation, c) Enhanced multi-channel communication automation, and d) Risk hindsight automation.
- BuildBuddy integrates AI tools to boost development efficiency, while DartGenie accelerates decision-making via natural language reporting.
- Centralized KYC platform reduces manual intervention, improving operational efficiency.

Digital Marketing Strategy

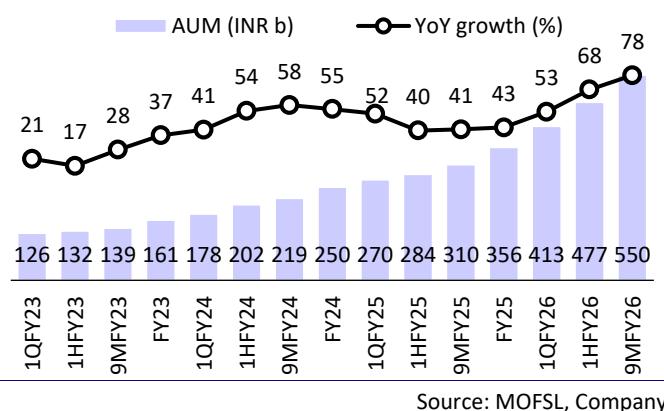
- Deepening digital partner ecosystem to enhance reach and engagement.
- Driving cost efficiency through tech-led innovation, with stepped-up website presence (resulting into +150% visibility).
- Leveraging AI to reinforce brand trust and operating efficiency across branches.

Other Highlights

- As the portfolio evolves, gold, education, salaried PL, and LAP are expected to account for ~50–60% of total AUM.
- Branches will be dedicated gold loans branches, with potential for cross-sell opportunities.

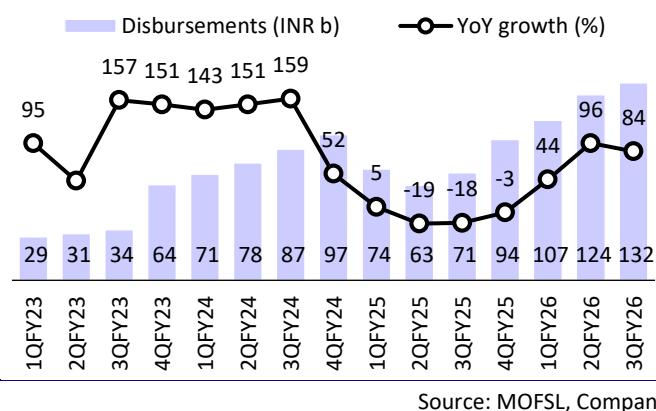
Story in charts

Exhibit 1: Healthy AUM growth of 78% YoY



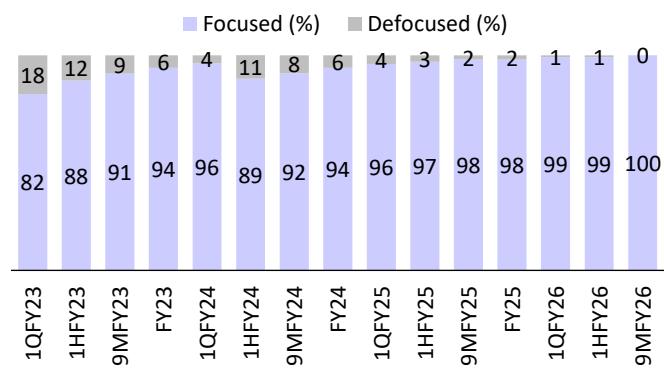
Source: MOFSL, Company

Exhibit 2: Disbursements jumped ~84% YoY



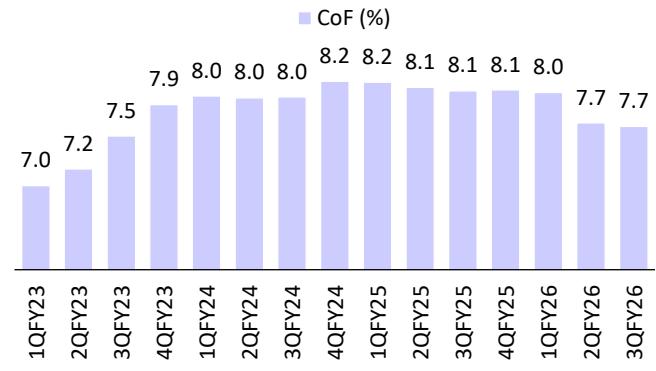
Source: MOFSL, Company

Exhibit 3: Focused products exhibiting healthy loan growth



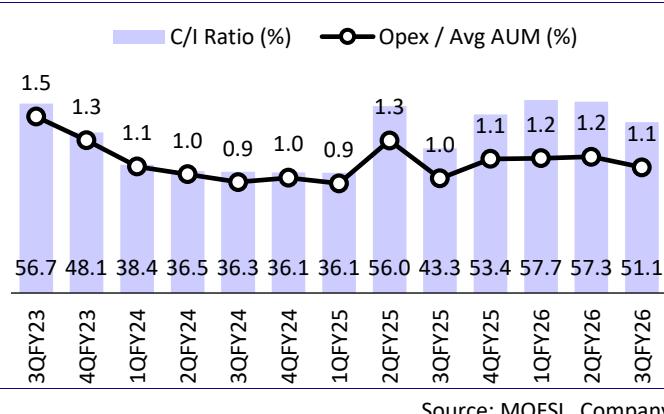
*Note: Change in classification from 2QFY24; Source: MOFSL, Company

Exhibit 4: CoF (reported) declined ~5bp QoQ to ~7.65%



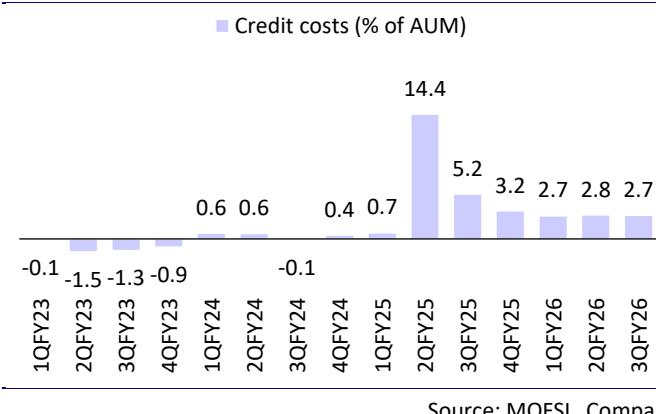
Source: MOFSL, Company

Exhibit 5: C/I declined to ~51% in 3QFY26



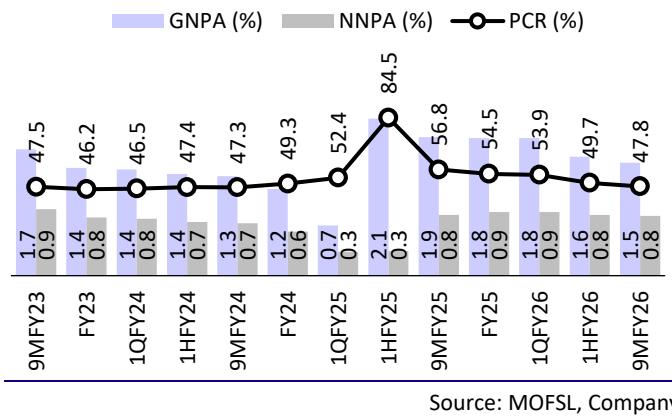
Source: MOFSL, Company

Exhibit 6: Credit costs declined to 2.7% in 3QFY26



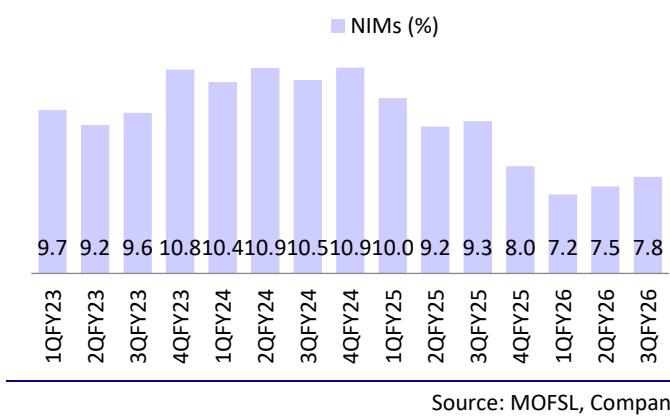
Source: MOFSL, Company

Exhibit 7: GNPA declined ~10bp QoQ to 1.5%



Source: MOFSL, Company

Exhibit 8: NIM (calc.) improved ~25bp QoQ (%)



Source: MOFSL, Company

Exhibit 9: We increase our FY28 EPS estimate by 13% to factor in higher AUM growth and the benefits of the equity raise

INR B	Old Est.			New Est.			% change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
NII (incl. assignments)	33.2	55.2	79.6	34.2	61.0	92.7	3.0	10.5	16.4
Other Income	5.8	7.5	9.5	6.2	8.1	10.5	5.5	8.6	10.4
Total Income	39.0	62.7	89.1	40.3	69.2	103.2	3.4	10.3	15.8
Operating Expenses	20.2	27.7	37.6	20.9	30.2	41.7	3.8	9.1	11.1
Operating Profits	18.8	35.0	51.6	19.4	38.9	61.4	2.9	11.2	19.1
Provisions	10.3	11.6	17.2	12.2	16.2	22.5	18.8	39.3	30.9
PBT	8.6	23.4	34.3	7.2	22.7	38.9	-16.2	-2.9	13.2
Tax	2.1	5.8	8.6	1.8	5.7	9.7	-16.2	-2.9	13.2
Normalized PAT	6.4	17.5	25.8	5.4	17.0	29.2	-16.2	-2.9	13.2
AUM	601	875	1,208	630	977	1,419	4.7	11.6	17.4
Loans	561	826	1,139	594	923	1,342	5.9	11.8	17.8
Borrowings	463	705	988	499	757	1,146	7.7	7.4	16.0
NIM	6.9	7.5	7.6	6.9	7.6	7.7			
Credit Cost	2.3	1.7	1.7	2.6	2.1	2.0			
RoA	1.4	2.5	2.6	1.1	2.2	2.5			
RoE	7.0	15.9	19.8	5.9	12.4	15.7			

Financials and Valuation

Income Statement									(INR M)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	20,228	17,570	14,586	18,265	29,041	38,745	62,230	1,06,525	1,61,189
Interest Expenses	11,240	8,746	5,093	5,953	9,551	15,151	28,067	45,515	68,514
Net Interest Income	8,988	8,824	9,493	12,312	19,490	23,594	34,163	61,010	92,675
Change (%)	-11.8	-1.8	7.6	29.7	58.3	21.1	44.8	78.6	51.9
Non-interest income and Other Income	1,962	1,199	1,085	1,931	2,478	3,346	6,163	8,146	10,495
Net Total Income	10,951	10,023	10,578	14,243	21,967	26,940	40,326	69,156	1,03,170
Change (%)	-12.4	-8.5	5.5	34.6	54.2	22.6	49.7	71.5	49.2
Total Operating Expenses	5,968	4,563	6,046	8,139	8,074	13,713	20,937	30,219	41,745
Change (%)	-0.8	-23.5	32.5	34.6	-0.8	69.8	52.7	44.3	38.1
Employee Expenses	3,741	3,060	4,099	5,148	4,444	6,362	10,561	15,314	20,827
Depreciation	716	522	495	614	593	651	937	1,125	1,350
Other Operating Expenses	1,487	981	1,453	2,268	3,036	5,755	9,439	13,780	19,568
PPoP	4,982	5,460	4,532	6,104	13,894	13,228	19,389	38,937	61,425
Change (%)	-23.1	9.6	-17.0	34.7	127.6	-4.8	46.6	100.8	57.8
Total Provisions	4,640	13,186	686	-1,445	720	14,582	12,212	16,226	22,538
PBT	342	-7,727	3,846	7,761	13,173	-1,354	7,177	22,711	38,887
Exceptional items					12,212	0	0	0	0
Tax Provisions	442	-1,943	914	1,816	4,827	-371	1,794	5,678	9,722
PAT (excl. exceptional)	-100	-5,784	2,932	5,945	8,347	-983	5,383	17,033	29,166
PAT (incl. exceptional)	-100	-5,784	2,932	5,945	20,559	-983	5,383	17,033	29,166

Balance Sheet									(INR M)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	539	539	1,530	1,536	1,541	1,546	1,612	1,857	1,857
Reserves & Surplus	24,614	18,881	55,615	62,711	79,623	79,694	1,00,010	1,70,187	1,96,567
Net Worth	25,153	19,421	57,145	64,247	81,164	81,240	1,01,622	1,72,043	1,98,424
Borrowings	1,00,595	79,487	67,734	1,12,092	1,52,157	2,58,806	4,98,735	7,56,849	11,46,312
Change (%)	-14.9	-23.4	24.7	42.6	44.8	48.3	81.6	55.5	45.4
Other liabilities	3,803	4,512	3,217	3,880	7,041	9,747	14,621	20,469	27,634
Total Liabilities	1,29,552	1,03,420	1,28,097	1,80,218	2,40,362	3,49,793	6,14,979	9,49,361	13,72,369
Loans	1,11,749	85,653	1,06,784	1,52,295	2,20,464	3,26,950	5,93,806	9,23,290	13,42,066
Change (%)	-14.9	-23.4	24.7	42.6	44.8	48.3	81.6	55.5	45.4
Cash and Bank Balances	6,484	6,124	5,372	6,574	2,685	323	2,503	4,802	6,022
Fixed Assets	2,267	1,715	1,748	2,117	1,944	2,542	2,745	2,965	3,202
Investments	4,024	4,289	8,197	3,109	8,783	13,416	8,050	8,855	9,740
Other assets	5,028	5,638	5,996	16,123	6,486	6,562	7,875	9,450	11,339
Total Assets	1,29,552	1,03,420	1,28,097	1,80,218	2,40,362	3,49,793	6,14,979	9,49,361	13,72,369

E: MOFSL Estimates

AUM									
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
AUM (INR b)	128.5	102.5	117.7	161.4	250.0	356.3	629.7	976.6	1,418.7
YoY growth (%)	-7	-20	15	37	55	43	77	55	45
Disbursements (INR b)	50.5	24.2	75.2	157.5	332.9	302.4	505.0	727.2	989.0
YoY growth (%)	-34	-52	210	109	111	-9	67	44	36

E: MOFSL Estimates

Financials and Valuation

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Avg. Yield on Loans	16.3	17.5	14.9	14.0	15.6	14.1	13.5	14.0	14.2
Avg Cost of Funds	10.3	9.7	6.9	6.6	7.2	7.4	7.4	7.3	7.2
Spread on loans	6.0	7.8	8.0	7.4	8.3	6.8	6.0	6.8	7.0
NIM (on AUM)	6.7	7.6	8.6	8.8	9.5	7.8	6.9	7.6	7.7
Profitability Ratios (%)									
RoE	-0.4	-26.0	7.7	9.8	11.5	-1.2	5.9	12.4	15.7
RoA	-0.1	-5.0	2.5	3.9	4.0	-0.3	1.1	2.2	2.5
Int. Expended / Int.Earned	55.6	49.8	34.9	32.6	32.9	39.1	45.1	42.7	42.5
Other Inc. / Net Income	17.9	12.0	10.3	13.6	11.3	12.4	15.3	11.8	10.2
Efficiency Ratios (%)									
Op. Exps. / Net Income	54.5	45.5	57.2	57.1	36.8	50.9	51.9	43.7	40.5
Opex/ Avg AUM	4.5	4.0	5.5	5.8	3.9	4.5	4.2	3.8	3.5
Empl. Cost/Op. Exps.	62.7	67.1	67.8	63.2	55.0	46.4	50.4	50.7	49.9
Asset-Liability Profile (%)									
Loans/Borrowings Ratio	1.1	1.1	1.6	1.4	1.4	1.3	1.2	1.2	1.2
Debt/Equity (x)	4.0	4.1	1.2	1.7	1.9	3.2	4.9	4.4	5.8
Assets/Equity (x)	5.2	5.3	2.2	2.8	3.0	4.3	6.1	5.5	6.9
Asset quality									
GNPA (INR m)	8,357	4,190	3,720	2,250	2,680	6,190	8,747	13,125	17,705
GNPA (%)	0.0	4.3	3.3	1.4	1.2	1.8	1.5	1.4	1.3
NNPA (INR m)	0	1,240	1,440	1,210	1,360	2,820	4,636	7,219	9,915
NNPA (%)	0.0	1.3	1.3	0.8	0.6	0.9	0.8	0.8	0.7
PCR (%)	0.0	70.4	61.3	46.2	49.3	54.5	47.0	45.0	44.0
Credit costs (%)	3.8	13.4	0.7	-1.1	0.4	5.1	2.6	2.1	2.0
Valuations									
	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Book Value (INR)	93	72	75	84	105	105	126	185	214
BV Growth (%)	-1.7	-22.8	3.7	12.0	25.9	-0.2	19.9	47.0	15.3
Price-BV (x)	5.0	6.4	6.2	5.5	4.4	4.4	3.7	2.5	2.2
EPS (INR)	-0.4	-21.5	3.8	7.7	10.8	-1.3	6.7	18.3	31.4
EPS Growth (%)	-103.6	5,675.2	-117.9	102.0	39.9	-111.7	-624.8	174.8	71.2
Price-Earnings (x)	-1,249.2	-21.6	121.1	59.9	42.8	-364.7	69.5	25.3	14.8
Dividend per share	0.0	0.0	0.4	2.0	2.0	0.0	2.0	3.0	3.0
Dividend Yield (%)	0.0	0.0	0.1	0.4	0.4	0.0	0.4	0.6	0.6

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations). Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may: (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL & / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: No.
Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).
6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking/merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028 . AMFI: 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.