

# MAS Financial Services



Estimate change 

TP change 

Rating change 

**CMP: INR753**

**TP: INR900 (+20%)**

**Buy**

## Earnings in line; asset quality stable sequentially

- MAS Financial Services (MASFIN)'s 1QFY24 PAT rose 23% YoY to INR573m. NII grew 30% YoY to ~INR1.4b, while opex stood at INR427m, up 23% YoY. PPOP rose 34% YoY to INR746m during the quarter.
- Credit costs jumped 18% QoQ to INR188m (est. INR160m). Total Covid-related provisions stood at ~0.3% of on-book assets.
- Standalone disbursements grew 6% YoY to ~INR23b in 1QFY24.
- Asset quality was stable QoQ, with GS3/NS3 at 2.15%/1.5%. In MSME and SME lending, MASFIN performed relatively better than its peers. Capital adequacy and liquidity on the balance sheet remained healthy. We cut our FY24E EPS by ~3% to factor in the lower margins.
- **Reiterate BUY with a TP of INR900 (premised on 2.5x FY25E BV).**

## AUM up 26% YoY

- Standalone AUM grew 4% QoQ and 26% YoY to INR84b. AUM of micro-enterprises/SME/2W rose 16%/26%/48% YoY. AUM in its housing subsidiary increased 31% YoY to INR4.5b during the quarter.
- The share of off-balance sheet loans rose 200bp QoQ to 21% driven by assignment transactions undertaken by MASFIN during the quarter.

## Spreads contract QoQ due to a drop in yields

- Yields on loans (calculated) and CoF declined ~15bp/10bp QoQ to 14.3%/9.6%. This led to the overall spreads moderating ~5bp QoQ.
- Management expects NIM trajectory to improve over the year driven by its ability to pass on interest rate hikes to the customers. We model a NIM of ~6.3% over FY25E.

## MASFIN's 1+dpd deteriorates sequentially

- Operating expenses increased with the C/I ratio rising ~1pp QoQ to ~31%, while the Opex-to-AUM ratio increased ~20bp to 2.1% in 1QFY24.
- MASFIN's 1+dpd loans increased ~60bp QoQ to 5.4%. Total standalone Covid-related provisions stood at ~INR215m (~0.3% of on-book loans).
- The OTR pool decreased to ~INR59m (~7bp of AUM) in 1QFY24 from INR71m in the previous quarter.

## Other highlights

- The ATS of Micro Enterprise loans grew to ~INR44K (PQ: ~INR42K).
- MASFIN's RoTA was largely stable QoQ at ~3% in 1QFY24.

## HFC subsidiary:

- Housing AUM grew 31% QoQ to INR4.5b. GS3 was stable sequentially at ~0.7% during the quarter.
- MASFIN's housing finance subsidiary is expected to contribute meaningfully and report a CAGR of 25-30% over the medium term.
- The company continues to carry a Covid provision of ~0.7% of the AUM.



Bloomberg	MASFIN IN
Equity Shares (m)	55
M.Cap.(INRb)/(USD\$b)	41.2 / 0.5
52-Week Range (INR)	938 / 553
1, 6, 12 Rel. Per (%)	-3/-12/21
12M Avg Val (INR M)	42

## Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Total income	4.7	6.0	7.7
PPP	3.2	3.9	5.1
PAT	2.0	2.4	3.2
EPS (INR)	36.8	44.4	59.3
EPS Gr. (%)	27.6	20.8	33.5
BVPS (INR)	267	307	361

## Ratios (%)

NIM	6.3	6.0	6.3
C/I ratio	33.0	35.5	34.3
RoA on AUM	2.8	2.6	2.9
RoE	14.6	15.5	17.7
Payout	9.8	9.6	9.1

## Valuations

P/E (x)	20.5	17.0	12.7
P/BV (x)	2.8	2.5	2.1
Div. yield (%)	0.5	0.6	0.7

## Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	73.7	73.7	73.7
DII	10.6	11.0	9.4
FII	1.6	1.6	1.5
Others	14.1	13.7	15.4

FII Includes depository receipts

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and

**Key highlights from the management commentary**

- Direct assignment and co-lending contributed ~21% to the total AUM. Management guided to maintain the off-book AUM between 20% and 25%.
- A majority of the MCLR resets happened in the bank term loans. Cost of borrowings (CoB) stood at 9.65% (PY: 8.8% and PQ: 9.3%). Management expects the CoB to settle between 9.75% and 9.85% in the current year.

**Valuation and view**

- We model an AUM/PAT CAGR of 24%/27% over FY24-FY25E with an RoA/RoE of 2.9%/18.0% in FY25E. The company has maintained high earnings quality, backed by healthy AUM growth. With improvement in economic activity, we expect earnings growth to be strong in the coming years.
- MASFIN has successfully navigated a tough environment, with a large exposure to microloans and the MSME sector. It has developed a niche expertise to serve the MSME market and continues to demonstrate healthy loan growth momentum, while its asset quality is perhaps the best among MFI and SME lending peers.
- **Reiterate BUY with a TP of INR900 (premised on 2.5x FY25E BV).** Key risk: Slowdown in the economic environment leading to sluggish loan growth and deterioration in the asset quality.

Quarterly Performance												(INR M)
Y/E March	FY23				FY24E				FY23	FY24E	1QFY24E	Act. v/s Est. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Revenue from Operations</b>	<b>1,983</b>	<b>2,300</b>	<b>2,515</b>	<b>2,703</b>	<b>2,801</b>	<b>3,074</b>	<b>3,294</b>	<b>3,537</b>	<b>9,491</b>	<b>12,706</b>	<b>2,909</b>	<b>-4</b>
Interest Income	1,677	1,941	2,183	2,325	2,362	2,587	2,768	3,227	8,066	10,943	2,488	-5
Gain on assignments	157	178	158	198	242	266	282	-9	680	782	217	11
Other operating Income	150	182	173	180	196	221	244	319	745	980	203	-4
Interest expenses	928	1,108	1,276	1,435	1,428	1,585	1,743	1,924	4,748	6,680	1,535	-7
<b>Total income</b>	<b>1,055</b>	<b>1,192</b>	<b>1,238</b>	<b>1,268</b>	<b>1,373</b>	<b>1,490</b>	<b>1,551</b>	<b>1,613</b>	<b>4,743</b>	<b>6,027</b>	<b>1,373</b>	<b>0</b>
Growth Y-o-Y (%)	34.3	47.5	39.7	36.1	30.2	25.0	25.2	27.3	40.5	27.1	30.2	
Operating Expenses	348	416	421	381	427	504	569	638	1,566	2,138	453	-6
<b>Operating Profits</b>	<b>707</b>	<b>775</b>	<b>818</b>	<b>887</b>	<b>946</b>	<b>986</b>	<b>982</b>	<b>975</b>	<b>3,177</b>	<b>3,889</b>	<b>920</b>	<b>3</b>
Growth Y-o-Y (%)	11.1	28.2	34.8	39.0	33.8	27.2	20.0	9.9	29.5	22.4	30.0	
Provisions	85	121	142	182	188	190	160	105	530	643	160	18
<b>Profit before tax</b>	<b>623</b>	<b>654</b>	<b>676</b>	<b>704</b>	<b>758</b>	<b>796</b>	<b>822</b>	<b>870</b>	<b>2,647</b>	<b>3,245</b>	<b>760</b>	<b>0</b>
Growth Y-o-Y (%)	25.7	27.0	25.4	17.4	21.8	21.7	21.6	23.5	25.3	22.6	22.0	
Tax Provisions	157	164	170	149	186	203	205	224	637	818	194	-4
<b>Net Profit</b>	<b>465</b>	<b>491</b>	<b>506</b>	<b>556</b>	<b>573</b>	<b>593</b>	<b>616</b>	<b>646</b>	<b>2,010</b>	<b>2,428</b>	<b>566</b>	<b>1</b>
Growth Y-o-Y (%)	26.3	28.0	26.0	23.4	23.1	20.8	21.9	16.3	27.6	20.8	21.6	
<b>Key Operating Parameters (%)</b>												
Yield on loans (Cal)	12.7	13.5	14.2	14.5	14.3							
Cost of funds (Cal)	7.7	8.1	8.7	9.7	9.6							
Spreads (Cal)	5.0	5.4	5.5	4.8	4.7							
NIM on AUM (Cal)	6.5	6.9	6.7	6.5	6.7							
Credit Cost (%)	0.5	0.7	0.8	0.9	0.9							
Cost to Income Ratio	33.0	34.9	34.0	30.1	31.1							
Tax Rate	25.3	25.0	25.2	21.1	24.5							
<b>Balance Sheet Parameters</b>												
<b>Standalone AUM (INR B)</b>	<b>66.8</b>	<b>71.4</b>	<b>76.1</b>	<b>80.9</b>	<b>84.2</b>							
Change YoY (%)	29.5	30.1	32.5	29.5	25.9							
<b>Disbursements (INR B)</b>	<b>21.5</b>	<b>22.6</b>	<b>22.2</b>	<b>24.9</b>	<b>22.8</b>							
Change YoY (%)	106.8	53.2	39.0	27.0	5.8							
<b>Borrowings (INR B)</b>	<b>50.5</b>	<b>58.4</b>	<b>59.3</b>	<b>59.1</b>	<b>59.9</b>							
Change YoY (%)	42.6	43.0	36.2	29.8	18.5							
Debt/Equity (x)	3.7	4.3	4.2	3.9	3.8							
<b>Asset liability Mix</b>												
<b>AUM Mix (%)</b>												
Micro Enterprises	51.8	50.3	49.7	47.9	47.8							
SME loans	36.6	37.4	37.3	36.9	36.5							
2W loans	5.8	6.6	6.6	6.9	6.8							
CV loans	5.0	3.8	3.8	4.6	5.3							
<b>Borrowings Mix (%)</b>												
Direct Assignment	20.0	18.0	19.0	21.0	23.0							
Cash Credit	26.0	25.0	21.0	18.0	17.0							
Term Loan	43.0	45.0	47.0	50.0	48.0							
NCD	9.0	9.0	10.0	8.0	8.0							
Sub Debt	2.0	2.0	3.0	3.0	4.0							
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR m)	1,177	1,308	1,380	1,327	1,177							
GS 3 (%)	2.27	2.26	2.23	2.15	2.13							
NS 3 (INR m)	742	837	901	814	617							
NS 3 (%)	1.63	1.60	1.60	1.52	1.47							
PCR (%)	37.0	36.0	34.7	38.6	47.6							
<b>Return Ratios (%)</b>												
ROA	2.9	2.8	2.7	2.9	3.0							
Tier I ratio	22.5	21.2	21.2	20.8	21.1							

E: MOFSL estimates



## Highlights from the management commentary

### Business update

- Strong consolidated AUM growth of ~26% YoY.
- Asset quality stable with GS3 at <1.5% and CRAR of ~25%.
- Strengthened its distribution – MASFIN now has 10,000 centers and 150 NBFC partners.
- Strong growth for the quarter accompanied by healthy profitability
- Digitization: Well aware of the necessity of digitization; moving towards APIs and account aggregators, which will help in stronger risk management
- The company has been able to maintain its NIM despite the rise in the cost of borrowings
- AUM stood at INR84.2b; ~12% of the portfolio share is from 2Ws and Commercial Vehicles; 84% is MSME Loans and 4% from Salaried Personal Loans
- SME Loans grew ~26% YoY; 2Ws grew 48% YoY, CV rose 35% YoY and Salaried Personal Loans surged on a small base.

### Guidance

- The company is able to pass on the rate hikes to the borrowers and guided for NIM of 6.75%-7.0% (v/s NIM of 6.8%).
- Guided for opex between 2.2% and 2.5% led by investments in direct distribution; guided for RoA of 2.75%-3.0%
- Credit costs have recently been around ~1%. Currently, partial credit costs are absorbed by the NBFC partners but the revenue is also shared with the NBFC partners. As the proportion of direct distribution improves, credit costs will increase to 1.5-1.7% but will be mitigated by higher yields (because of lower revenue sharing).

### Asset quality

- Asset quality was largely stable in both the standalone and HFC subsidiary. It carries management overlay of INR215m in the Standalone business
- Majority of the asset quality improvement was driven by upgrades from the Micro and Small Enterprise businesses.

### Liability management

- Cash and cash equivalents stood at ~INR7b and unutilized cash facility was at ~INR3.75b
- ~INR6b of direct assignment transactions happened during 1QFY24.
- Direct assignment and co-lending contributed ~21% of the total AUM. Guidance to maintain the off-book AUM between 20-25%
- Debt-equity was at 3.8x during the quarter
- Majority of the MCLR resets have happened in the bank term loans. CoB stood was at 9.65% (PY: 8.8% and PQ: 9.3%). Expect CoB to settle between 9.75% and 9.85% in the current year.
- Guided for 15-20% of cash credit limit in the liability mix – 30-35% from Bank Term Loans and 12-15% from debt capital markets. Lots of traction on assignments given that the portfolio qualifies for priority sector lending (PSL).

**Distribution**

- Direct distribution is increasing at a faster pace relative to its distribution through NBFCs. In the medium term, direct distribution will contribute 70-75% of the sourcing mix and 20-25% will come from NBFC partners.
- NBFC distribution is currently at ~37%. In the near term, it will decline to 30% and over a five-year horizon it will dip to ~25%.

**MSME loans**

- In the MSME portfolio, the company takes current assets for hypothecation. Unsecured portfolio will be 25% of the total AUM mix.

**Personal loans**

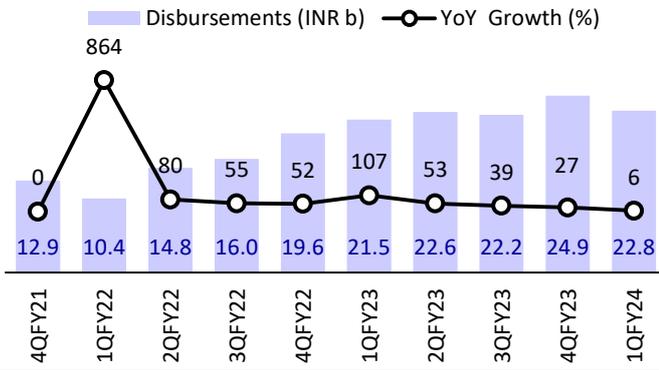
- Personal loans will contribute 5-7% to the AUM mix in the medium term. This being a new product, the company will be very cautious in making any changes to their credit screens.
- In Personal loans, the ATS is ~INR200K and it caters to CAT B/C employees. Average yields at ~21%.

**Vehicle finance**

- CV portfolio is related to economic growth. Management guided for strong growth and better asset quality.
- Yields will be between ~16-19%

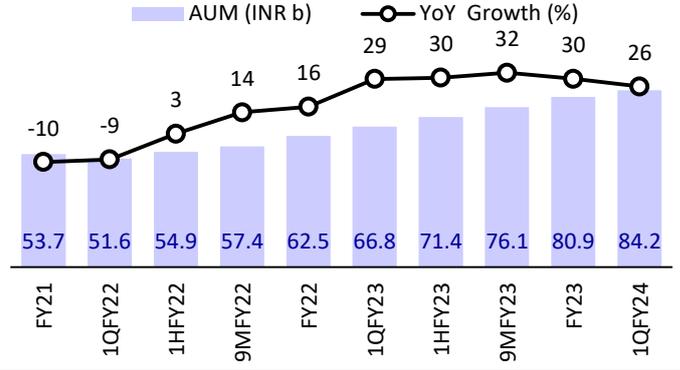
Key exhibits

Exhibit 1: Disbursements grew 6% YoY...



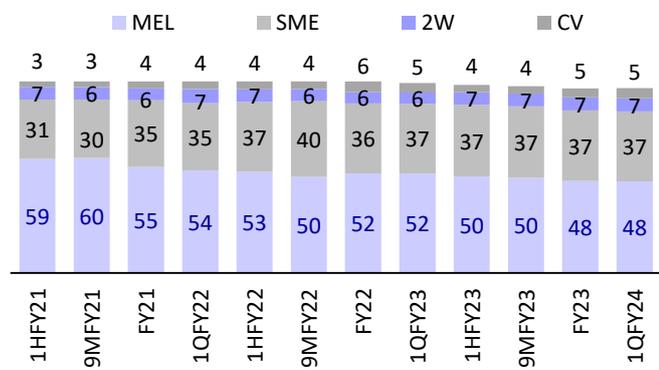
Source: MOFSL, Company

Exhibit 2: ...leading to AUM growth of ~26% YoY



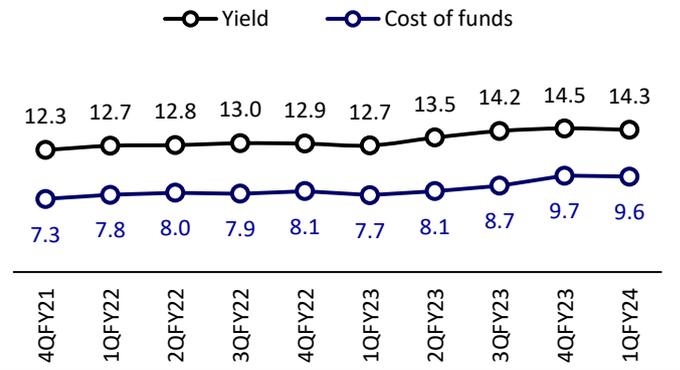
Source: MOFSL, Company

Exhibit 3: Share of MEL loans was stable sequentially (%)



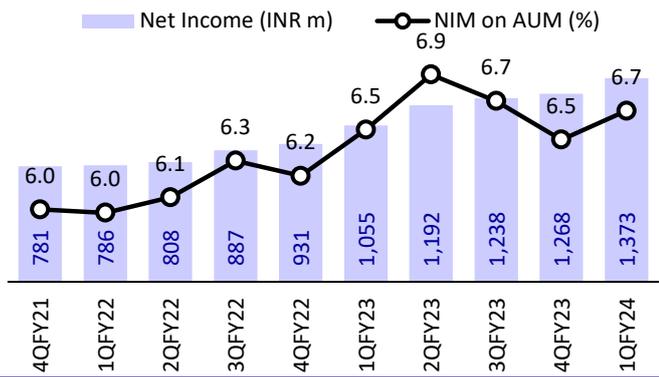
Source: MOFSL, Company

Exhibit 4: Spreads (calculated) contracted ~5bp QoQ (%)



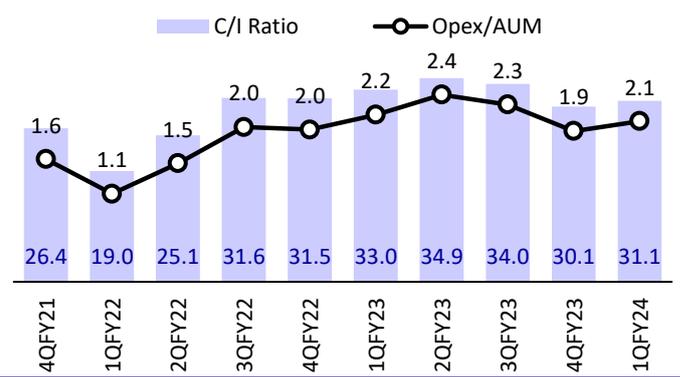
Source: MOFSL, Company

Exhibit 5: NIM on AUM expanded ~20bp sequentially



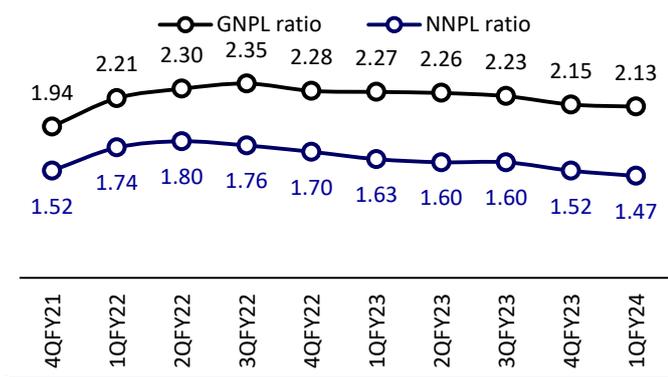
Source: MOFSL, Company; Note: including upfront assignment income

Exhibit 6: Opex-to-AUM increased ~15bp QoQ (%)



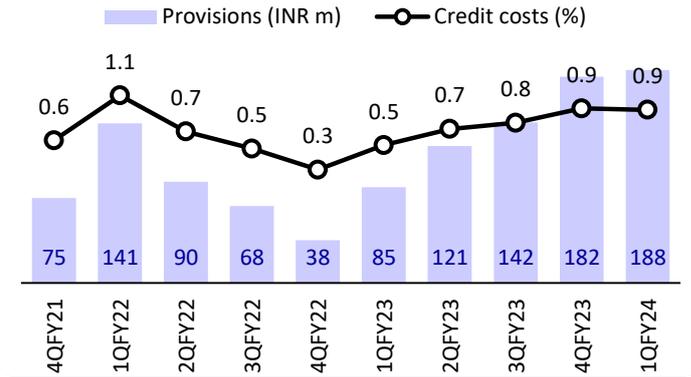
Source: MOFSL, Company

**Exhibit 7: GNPL ratio stable sequentially**



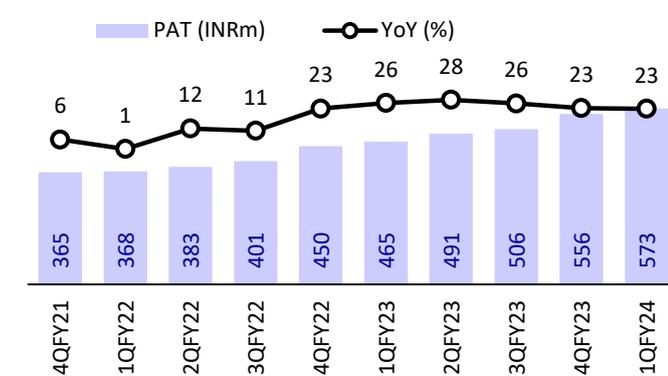
Source: MOFSL, Company

**Exhibit 8: Credit costs at ~0.9%**



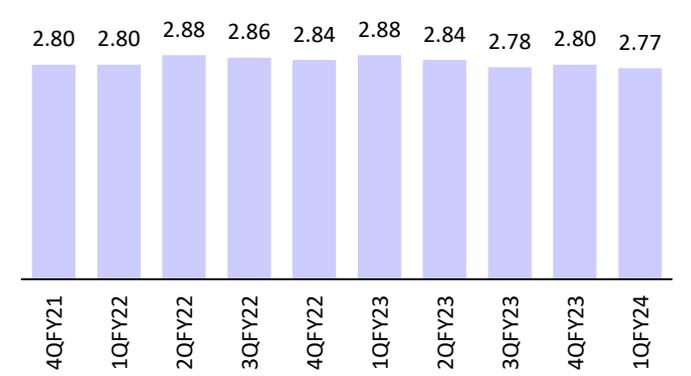
Source: MOFSL, Company

**Exhibit 9: PAT up 3% sequentially and 23% YoY**



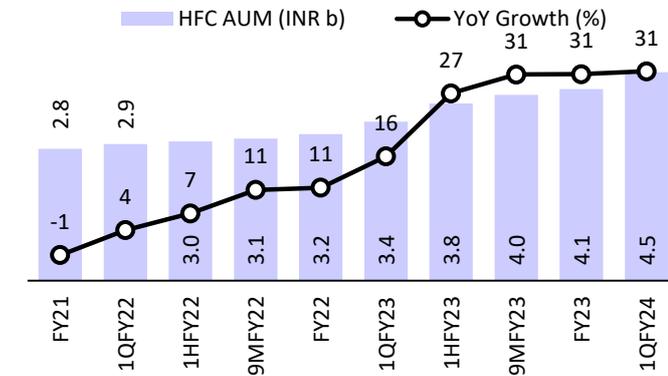
Source: MOFSL, Company

**Exhibit 10: RoA (on AUM) (%)**



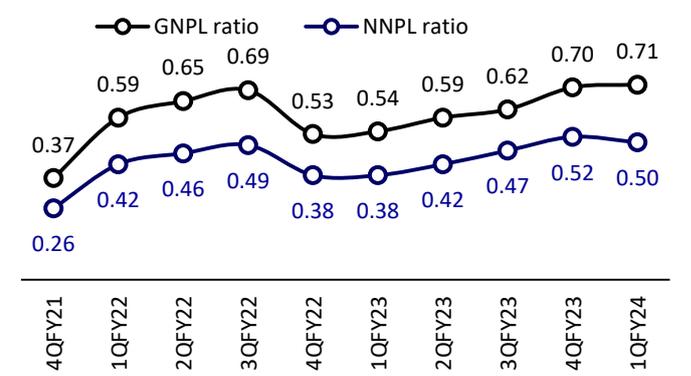
Source: MOFSL, Company. Reported RoA

**Exhibit 11: HFC subsidiary's AUM grew 31% YoY...**



Source: MOFSL, Company

**Exhibit 12: ...while asset quality was stable sequentially (%)**



Source: MOFSL, Company

### Valuation and view

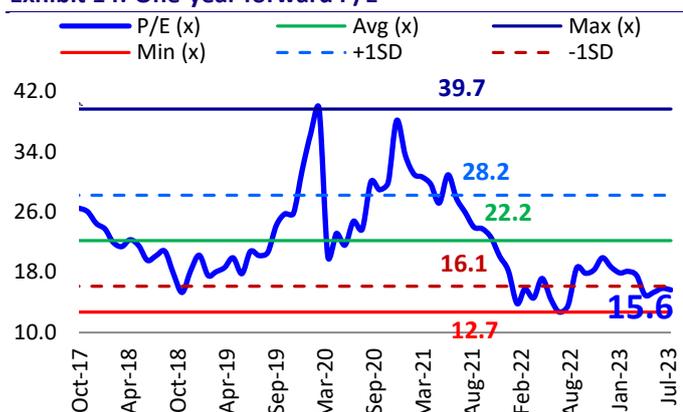
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- **Reiterate BUY with a TP of INR900 (premised on 2.5x FY25E BV).** Key risk: Slowdown in the economic environment leading to sluggish loan growth and deterioration in the asset quality.

Exhibit 13: Cut our FY24E EPS by ~3% to factor in lower margins

INR b	Old Est.		New Est.		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
NII	4.4	5.7	4.3	5.7	-2.3	0.0
Other Income	1.8	2.0	1.8	2.0	0.0	0.0
<b>Total Income</b>	<b>6.1</b>	<b>7.7</b>	<b>6.0</b>	<b>7.7</b>	<b>-1.6</b>	<b>0.0</b>
Operating Expenses	2.1	2.6	2.1	2.6	0.0	0.0
<b>Operating Profits</b>	<b>4.0</b>	<b>5.1</b>	<b>3.9</b>	<b>5.1</b>	<b>-2.5</b>	<b>0.0</b>
Provisions	0.6	0.7	0.6	0.7	0.0	0.0
<b>PBT</b>	<b>3.3</b>	<b>4.3</b>	<b>3.2</b>	<b>4.3</b>	<b>-3.0</b>	<b>0.0</b>
Tax	0.8	1.1	0.8	1.1	-3.0	0.0
<b>PAT</b>	<b>2.5</b>	<b>3.2</b>	<b>2.4</b>	<b>3.2</b>	<b>-3.0</b>	<b>0.0</b>
<b>AUM</b>	<b>103</b>	<b>124</b>	<b>103</b>	<b>124</b>	<b>0.0</b>	<b>0.0</b>
<b>NIM (%)</b>	<b>4.7</b>	<b>5.0</b>	<b>4.6</b>	<b>5.0</b>		
<b>ROAA (%)</b>	<b>2.8</b>	<b>2.9</b>	<b>2.7</b>	<b>2.9</b>		
<b>RoAE (%)</b>	<b>15.9</b>	<b>17.7</b>	<b>15.5</b>	<b>17.7</b>		

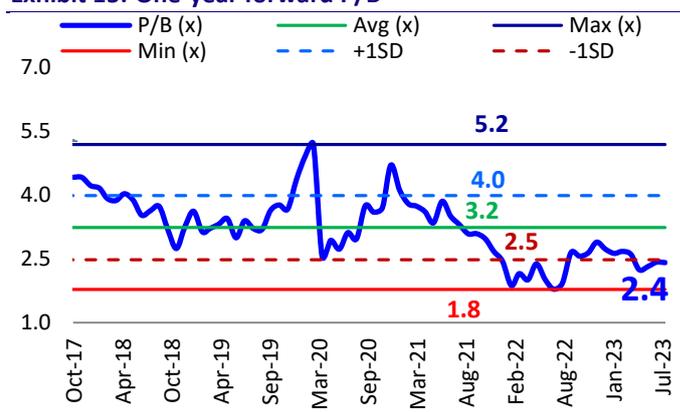
Source: MOFSL, Company

Exhibit 14: One-year forward P/E



Source: MOFSL, Company

Exhibit 15: One-year forward P/B



Source: MOFSL, Company

## Financials and valuations

INCOME STATEMENT									INR m
Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Interest Income	3,148	3,594	4,645	5,551	4,831	5,611	8,066	10,943	14,399
Interest Expense	1,513	1,705	2,067	2,722	2,645	3,195	4,748	6,680	8,720
<b>Net Financing income</b>	<b>1,634</b>	<b>1,889</b>	<b>2,579</b>	<b>2,829</b>	<b>2,186</b>	<b>2,416</b>	<b>3,318</b>	<b>4,264</b>	<b>5,679</b>
Change (%)	20.5	15.6	36.5	9.7	-22.7	10.5	37.3	28.5	33.2
Gains on Assignment	0	801	941	1,012	806	639	680	782	861
<b>NII incl assignment income</b>	<b>1,634</b>	<b>2,689</b>	<b>3,520</b>	<b>3,841</b>	<b>2,992</b>	<b>3,054</b>	<b>3,998</b>	<b>5,046</b>	<b>6,540</b>
Change (%)	20.3	64.6	30.9	9.1	-22.1	2.1	30.9	26.2	29.6
Fees and Others	268	115	139	165	302	321	745	980	1,177
<b>Total Income</b>	<b>1,902</b>	<b>2,804</b>	<b>3,659</b>	<b>4,005</b>	<b>3,294</b>	<b>3,375</b>	<b>4,743</b>	<b>6,027</b>	<b>7,717</b>
Change (%)	17.5	47.4	30.5	9.5	-17.8	2.5	40.5	27.1	28.0
<b>Operating Expenses</b>	<b>604</b>	<b>725</b>	<b>775</b>	<b>899</b>	<b>616</b>	<b>921</b>	<b>1,566</b>	<b>2,138</b>	<b>2,646</b>
Change (%)	-11.3	20.1	6.8	16.0	-31.4	49.5	69.9	36.5	23.8
<b>Operating Profits</b>	<b>1,298</b>	<b>2,079</b>	<b>2,885</b>	<b>3,106</b>	<b>2,678</b>	<b>2,454</b>	<b>3,177</b>	<b>3,889</b>	<b>5,070</b>
Change (%)	38.4	60.2	38.7	7.7	-13.8	-8.4	29.5	22.4	30.4
<b>Total Provisions</b>	<b>267</b>	<b>428</b>	<b>545</b>	<b>825</b>	<b>749</b>	<b>341</b>	<b>530</b>	<b>643</b>	<b>738</b>
% to operating income	20.6	20.6	18.9	26.5	28.0	13.9	16.7	16.5	14.5
<b>PBT</b>	<b>1,031</b>	<b>1,652</b>	<b>2,339</b>	<b>2,282</b>	<b>1,929</b>	<b>2,113</b>	<b>2,647</b>	<b>3,245</b>	<b>4,333</b>
Tax	357	617	818	616	494	538	637	818	1,092
Tax Rate (%)	34.6	37.4	35.0	27.0	25.6	25.5	24.1	25.2	25.2
<b>PAT</b>	<b>674</b>	<b>1,034</b>	<b>1,521</b>	<b>1,666</b>	<b>1,435</b>	<b>1,575</b>	<b>2,010</b>	<b>2,428</b>	<b>3,241</b>
Change (%)	56.1	53.5	47.1	9.5	-13.8	9.7	27.6	20.8	33.5
Proposed Dividend	132	200	279	437	82	164	197	233	295
<b>BALANCE SHEET</b>									<b>INR m</b>
Y/E MARCH	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	430	547	547	547	547	547	547	547	547
Reserves & Surplus (Ex OCI)	1,147	6,674	7,859	8,807	10,724	12,404	14,056	16,250	19,196
<b>Networth (Ex OCI)</b>	<b>1,576</b>	<b>7,221</b>	<b>8,406</b>	<b>9,354</b>	<b>11,271</b>	<b>12,951</b>	<b>14,602</b>	<b>16,797</b>	<b>19,743</b>
OCI	159	376	455	455	455	455	455	455	455
<b>Networth (Incl OCI)</b>	<b>1,735</b>	<b>7,596</b>	<b>8,861</b>	<b>9,809</b>	<b>11,726</b>	<b>13,406</b>	<b>15,057</b>	<b>17,252</b>	<b>20,198</b>
Change (%)	24.4	337.7	16.6	10.7	19.5	14.3	12.3	14.6	17.1
Minority Interest	0	0	0	0	1	0	0	0	10
Other Capital Instruments	0	0	0	0	0	0	0	0	0
<b>Borrowings</b>	<b>18,433</b>	<b>18,871</b>	<b>27,438</b>	<b>34,870</b>	<b>39,264</b>	<b>46,896</b>	<b>61,432</b>	<b>83,779</b>	<b>97,890</b>
Change (%)	10.6	2.4	45.4	27.1	12.6	19.4	31.0	36.4	16.8
<b>Other liabilities</b>	<b>101</b>	<b>509</b>	<b>736</b>	<b>1,038</b>	<b>786</b>	<b>341</b>	<b>276</b>	<b>304</b>	<b>334</b>
Change (%)	-92.8	405.8	44.5	41.0	-24.3	-56.7	-18.9	10.0	10.0
<b>Total Liabilities</b>	<b>20,269</b>	<b>26,977</b>	<b>37,036</b>	<b>45,718</b>	<b>51,775</b>	<b>60,642</b>	<b>76,765</b>	<b>1,01,335</b>	<b>1,18,422</b>
<b>Loans</b>	<b>19,342</b>	<b>25,463</b>	<b>32,185</b>	<b>33,485</b>	<b>38,051</b>	<b>45,538</b>	<b>59,102</b>	<b>82,104</b>	<b>97,890</b>
Change (%)	12.1	31.6	26.4	4.0	13.6	19.7	29.8	38.9	19.2
<b>Investments</b>	<b>133</b>	<b>134</b>	<b>223</b>	<b>375</b>	<b>2,350</b>	<b>5,381</b>	<b>8,261</b>	<b>8,261</b>	<b>8,261</b>
Net Fixed Assets	72	565	572	603	609	647	730	817	899
Other assets	722	815	4,056	11,255	10,765	9,077	8,673	10,153	11,382
<b>Total Assets</b>	<b>20,269</b>	<b>26,977</b>	<b>37,036</b>	<b>45,718</b>	<b>51,776</b>	<b>60,642</b>	<b>76,765</b>	<b>1,01,335</b>	<b>1,18,432</b>
E: MOFSL Estimates									
Assumptions	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
AUM (INR M)	31,561	41,570	53,384	59,663	53,724	62,468	80,926	1,02,865	1,24,121
Change (%)	16.9	31.7	28.4	11.8	-10.0	16.3	29.5	27.1	20.7
On Balance Sheet	61.3	61.8	60.9	55.7	75.4	81.4	81.0	81.0	80.0
Off Balance Sheet	38.7	38.2	39.1	44.3	24.6	18.6	19.0	20.2	21.1
E: MOFSL Estimates									

## Financials and valuations

<b>RATIOS</b>	<b>(%)</b>								
<b>Y/E MARCH</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24E</b>	<b>FY25E</b>
<b>Spreads Analysis (%)</b>									
Yield on loans	17.2	16.0	16.1	16.9	13.5	13.4	15.4	15.5	16.0
Cost of Funds	8.6	9.1	8.9	8.7	7.1	7.4	8.8	9.2	9.6
Spreads (On books)	8.6	6.9	7.2	8.2	6.4	6.0	6.6	6.3	6.4
NIMs (On Books)	8.9	8.4	8.9	8.6	6.1	5.8	6.3	6.0	6.3
<b>Profitability Ratios (%)</b>									
RoE	45.3	23.5	19.5	18.8	13.9	13.0	14.6	15.5	17.7
RoA	3.4	4.4	4.8	4.0	2.9	2.8	2.9	2.7	2.9
RoA (on AUM)	2.3	2.8	3.2	2.9	2.5	2.7	2.8	2.6	2.9
Op. Exps./Net Income	31.8	25.9	21.2	22.4	18.7	27.3	33.0	35.5	34.3
Empl. Cost/Op. Exps.	43.4	52.4	60.9	58.3	48.2	45.8	39.9	39.5	39.9
<b>Asset-Liability Profile (%)</b>									
Net NPAs to Adv.	1.3	1.7	1.6	1.4	1.0	1.2	1.3	1.0	1.0
Debt/Equity (x) - On BS	11.7	2.6	3.3	3.7	3.5	3.6	4.2	5.0	5.0
Average leverage	11.8	4.2	3.0	3.5	3.6	3.6	3.9	4.6	5.0
CAR	16.9	31.9	29.1	31.0	26.9	26.4	24.2	22.4	21.7
<b>Valuations</b>									
Book Value (INR)	37	132	154	171	206	237	267	307	361
Price-BV (x)				4.4	3.7	3.2	2.8	2.5	2.1
Adjusted BV (INR)	32.6	126.5	147.0	165.2	201.1	229.2	256.7	293.6	345.9
Price-ABV (x)				4.6	3.7	3.3	2.9	2.6	2.2
EPS (INR)	15.7	18.9	27.8	30.5	26.3	28.8	36.8	44.4	59.3
EPS Growth (%)	-42	21	47	9	-14	10	28	21	34
Price-Earnings (x)			27.1	24.7	28.7	26.1	20.5	17.0	12.7
Dividend per share	3.3	3.7	5.1	8.0	1.5	3.0	3.6	4.3	5.4
Dividend yield (%)				1.1	0.2	0.4	0.5	0.6	0.7

E: MOFSL Estimates

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