9 February 2026
3QFY26 Results Update | Sector: Financials

Fusion Finance

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	FUSION IN
Equity Shares (m)	101
M.Cap.(INRb)/(USDb)	30.1 / 0.3
52-Week Range (INR)	212 / 124
1, 6, 12 Rel. Per (%)	11/20/-10
12M Avg Val (INR M)	116

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Total Income	12.3	13.8	16.5
PPP	4.0	5.7	7.8
PAT	-0.3	3.1	3.9
EPS (INR)	-1.93	19.3	24
EPS Gr. (%)	-	-	24
BV (INR)	149	169	193
Valuations			
NIM (%)	13.8	14.1	14.5
C/I ratio (%)	67.7	58.6	52.9
RoAA (%)	-0.4	3.7	3.8
RoE (%)	-1.5	12.2	13.3
Valuations			
P/E (x)	-	9.5	7.7
P/BV (x)	1.2	1.1	1.0

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	54.9	55.0	57.7
DII	11.9	11.9	18.1
FII	5.1	4.2	0.9
Others	28.0	29.0	23.2

FII includes depository receipts

CMP: INR185 TP: INR230 (+24%) Buy

Earnings back in green; collections and growth momentum build

Credit cost moderation continues; confident of accelerating business now

- Fusion Finance (FUSION) reported a net profit of ~INR141m in 3QFY26 (est. INR70m). NII rose ~7% YoY to ~INR2.4b (in line). Its opex was flat YoY at INR2.1b (in line). This included a one-time provision of ~INR70m made on account of the new labor codes. The cost-to-income ratio declined ~130bp QoQ to ~69% (PQ: ~70% and PY: ~76%).
- PPoP rose ~44% YoY to ~INR936m. Net credit costs declined sequentially to ~INR795m, and annualized credit costs in 3Q stood at ~5% (PQ: ~6.6%).
- Fusion targets to scale up its AUM to ~INR100b by the end of FY27, driven by disciplined disbursement growth and strong engagement with a pre-approved customer base. About 30% of new disbursements are sourced from these seasoned, non-delinquent customers, supporting higher approval rates and lower portfolio risk.
- Momentum remains robust in the MSME segment, with MSME AUM likely to scale from ~INR7b to ~INR15b (~15% of the AUM mix by Mar'27), aided by secured lending and conservative LTVs. With new disbursements now exceeding repayments and funding access gradually improving every quarter, Fusion is well-positioned for healthy loan growth.
- Management is also focused on improving operational efficiency and managing costs without reducing its employee headcount. Fusion has optimally deployed its employees, particularly in collections and recoveries, to maximize productivity. Simultaneously, the company is accelerating technology adoption, including AI tools, and upgrading its LOS/LMS to streamline operations and enhance overall efficiency.
- We believe that a broad-based recovery has begun in the MFI sector, which positions Fusion to benefit meaningfully. The company appears to be at an inflection point and has now entered the early stage of the MFI recovery cycle, with improvements visible across key operational parameters. Stronger asset quality and significant improvement in flow-forward rates have restored management confidence, enabling it to accelerate disbursements, which will support AUM growth. Fusion has returned to profits after six consecutive quarters of losses, putting it in a healthy position to capitalize on the ongoing sectoral recovery and drive sustainable business growth going forward.
- We increase our FY27 PAT estimate by 8% to factor in higher AUM growth and higher recoveries from the delinquent/written-off loans. Fusion currently trades at 1.1x FY27E P/B. With recovery gaining traction, we expect Fusion to deliver an AUM CAGR of ~27% over FY26E-28E with a RoA/ RoE of ~3.8%/ 13.3% by FY28E. **Reiterate our BUY rating with a revised TP of INR230 (based on 1.2x Dec'27E P/BV).**

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com) | **Nitin Aggarwal** (Nitin.Aggarwal@MotilalOswal.com)
Research Analyst: Raghav Khemani (Raghav.Khemani@MotilalOswal.com) | **Pranav Nawale** (Pranav.Nawale@MotilalOswal.com)

Asset quality improves sequentially; recoveries support portfolio stability

- GS3 declined ~20bp QoQ to ~4.4%, while NS3 rose ~25bp QoQ to 0.6%. Stage 3 PCR stood at 86%. Stage 2 declined ~50bp QoQ to 1.7%, and S2 PCR declined ~365bp QoQ to ~66.3%. ECL/EAD (incl. management overlay of ~INR295m) declined to ~5.9% (PQ: ~7%).
- Write-offs for the quarter stood at ~INR1.7b (PQ: INR2.5b). Current portfolio collection efficiency stood at ~99.1%. The new book contributed ~79% to the portfolio and had a collection efficiency of ~99.6%. Current bucket net flow forward in 3Q stood at ~0.25%, down from 0.6% in 2QFY26.
- Management is targeting recoveries of ~INR500m per quarter, translating into total recoveries of ~INR2b over the next year. We expect Fusion's credit costs to decline significantly, from ~5.9% in FY26E to ~3.5%/3.2% in FY27E/FY28E.

Margins expand due to higher yields and a decline in leverage

- Yields (calc.) rose ~80bp QoQ to ~23.5%, while CoF (calc.) declined ~75bp QoQ to ~9.8%, which led to spreads rising ~150bp QoQ to ~13.7%. Reported NIM improved ~50bp QoQ to ~11.3%.
- Marginal CoB is expected to improve from current levels, supported by better funding access and refinancing opportunities. Share of public sector banks in the borrowing mix declined ~2pp to ~20% (PQ: 22%) as of Dec'25.
- With improved portfolio asset quality, lower interest income reversals, and gradual improvement in the funding access, we expect Fusion's NIM to expand from ~13.8% in FY26E to ~14.5% by FY28E.

Borrower base moderates; liquidity position strong

- The borrower base declined to ~2.34m as of Dec'25 (from 2.6m as of Sep'25). Fusion's >=3 borrowers declined to 9.9% (vs. ~13.9% in 2QFY26).
- CRAR rose to ~38.8% as of Dec'25, aided by the recently completed Rights Issue.

Highlights from the management commentary

- Top-performing A and B category branches continue to exhibit lower stress and stronger collection efficiency, accounting for ~82% of the branch network and ~91% of fresh disbursements.
- The company believes it has the inherent capacity to scale MFI AUM to ~INR120b utilizing its existing infrastructure and customer base, supported by ~2.5m customers and ~1,600 branches, including ~1,450 MFI branches.
- Auditors have reviewed the company's financial position and confirmed that the earlier emphasis related to going concern is no longer applicable.

Valuation and view

- With all structural levers in place, Fusion has returned to profitability, driven by improvement in disbursement momentum, improving asset quality, and disciplined portfolio management. Moderating credit costs, healthy recoveries, and management's focus on operational efficiency will further strengthen profitability. These improvements across key metrics position the company for a strong FY27, with a gradual improvement in RoA/RoE.
- Fusion currently trades at 1.1x FY27E P/B. With recovery gaining traction, we expect Fusion to deliver an AUM CAGR of ~27% over FY26E-28E with an RoA/RoE of ~3.8%/13.3% in FY28. **We reiterate our BUY rating on the company with a revised TP of INR230 (based on 1.2x Dec'27E P/BV).**

Fusion: Quarterly Performance (INR M)

Y/E March	FY25				FY26E				FY25	FY26E	3Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest Income	6,213	6,261	4,382	4,487	4,219	3,808	3,629	3,632	21,342	15,287	3,675	-1
Interest Expenses	2,234	2,274	2,137	1,794	1,489	1,343	1,235	1,282	8,439	5,348	1,296	-5
Net Interest Income	**3,979**	**3,987**	**2,245**	**2,693**	**2,730**	**2,465**	**2,394**	**2,350**	**12,904**	**9,939**	**2,379**	**1**
YoY Growth (%)	34.6	30.4	-33.7	-25.4	-31.4	-38.2	6.6	-12.7	-0.8	-23.0	6	
Other Income	854	776	443	273	237	519	612	947	2,347	2,315	616	-1
Total Income	**4,833**	**4,764**	**2,688**	**2,966**	**2,967**	**2,984**	**3,006**	**3,296**	**15,250**	**12,254**	**2,995**	**0**
YoY Growth (%)	30.9	25.3	-34.7	-35.6	-38.6	-37.4	11.8	11.1	-6.0	-19.6	11	
Operating Expenses	1,855	1,925	2,041	2,065	2,101	2,094	2,071	2,028	7,886	8,293	2,043	1
Operating Profit	**2,978**	**2,838**	**648**	**901**	**866**	**890**	**936**	**1,269**	**7,365**	**3,961**	**951**	**-2**
YoY Growth (%)	26.5	17.4	-75.1	-69.0	-70.9	-68.6	44.5	40.8	-28.4	-46.2	47	
Provisions & Loan Losses	3,485	6,941	5,723	2,547	1,789	1,112	795	578	18,695	4,273	878	-9
Profit before Tax	**-507**	**-4,102**	**-5,075**	**-1,646**	**-923**	**-221**	**141**	**691**	**-11,330**	**-312**	**73**	**92**
Tax Provisions	-151	-1,052	2,118	0	0	0	0	0	915	0	4	-100
Net Profit	**-356**	**-3,050**	**-7,193**	**-1,646**	**-923**	**-221**	**141**	**691**	**-12,245**	**-312**	**70**	**102**
YoY Growth (%)	-130	-343	-669	-224	159	-93	-102	-142	-342	-97.5	-101	
Key Parameters (%)												
Yield on loans	21.7	21.5	19.1	19.1	20.6	21.2	21.6					
Cost of funds	10.1	10.1	10.3	10.5	10.3	10.4	10.3					
Spread	11.6	11.4	8.8	8.6	10.3	10.9	11.3					
NIM	11.6	11.5	8.9	8.6	10.3	10.9	11.3					
Credit cost	3.28	6.55	5.70	2.80	2.30	1.50	1.00					
Cost to Income Ratio (%)	38.4	40.4	75.9	69.6	70.8	70.2	68.9					
Tax Rate (%)	29.8	25.6	-41.7	0.0	0.0	0.0	0.0					
Performance ratios (%)												
Avg o/s per borrower (INR '000)	30	29	27	26	25	25	27					
AUM/ RO (INR m)	1.2	1.1	1.1	0.9	0.8	0.8	0.9					
AUM/ Branch (INR m)	9	8	7	6	5	4	4					
Borrower/ Branch (INR m)	3,017	2,805	2,590	2,175	1,932	1,759	1,602					
Balance Sheet Parameters												
AUM (INR B)	**121.9**	**115.7**	**106.0**	**89.8**	**76.9**	**70.4**	**68.8**	**73.0**				
Change YoY (%)	25.5	15.4	-0.9	-21.8	-36.9	-39.2	-35.1	-18.7				
Disbursements (INR B)	**29.9**	**16.6**	**11.7**	**11.6**	**9.5**	**13.0**	**15.9**	**20.1**				
Change YoY (%)	30.7	-29.1	-56.9	-60.9	-68.2	-21.9	36.5	74.3				
Borrowings (INR B)	**91.2**	**86.4**	**73.1**	**64.0**	**52.7**	**49.3**	**51.8**					
Change YoY (%)	26.9	14.8	-8.9	-25.7	-42.3	-42.9	-29.2					
Borrowings/Loans (%)	89.0	94.6	92.3	88.2	81.4	83.1	91.8					
Debt/Equity (x)	3.2	3.4	4.0	3.9	2.7	2.6	2.2					
Asset Quality (%)												
GS 3 (INR M)	**5,952**	**9,672**	**11,920**	**6,457**	**3,830**	**2,940**	**2,620**					
G3 %	5.5	9.4	12.6	7.9	5.4	4.6	4.4					
NS 3 (INR M)	1,301	2,302	1,450	224	130	230	360					
NS3 %	1.27	2.52	1.83	0.31	0.20	0.39	0.64					
PCR (%)	**78.1**	**76.2**	**87.8**	**96.5**	**96.6**	**92.2**	**86.3**					
ECL (%)	5.9	11.1	16.4	10.9	8.2	7.0	5.9					
Return Ratios - YTD (%)												
ROA (Rep)	-1.2	-10.3	-27.6	-7.4	-4.7	-1.2	0.8					
ROE (Rep)	-5.0	-45.7	-132.9	-38.2	-20.6	-4.6	2.6					

E: MOFSL Estimates

CONFERENCE CALL

Highlights from the management commentary

Guidance

- Fusion targets an AUM of ~INR100b by end-FY27, supported by improving portfolio quality and disciplined growth in disbursements.
- Guided for credit costs of ~3.25-3.75% at normalized levels (~2.8-2.9% when the times are benign)
- Management expects opex to decline meaningfully over time, driven by operating leverage and better utilization of the existing workforce.
- MSME will see a significant scale-up, with AUM targeted to increase from ~INR7b to ~INR15b, which will account for ~15% of the overall AUM. MSME will exhibit lower credit costs given its secured nature and low LTVs.
- The company anticipates quarterly recoveries of ~INR500m over the next one year, largely driven by higher recoveries from the 60+dpd pool.

Business Updates and Opening Remarks

- Mr. Krishan Gopal has joined as Chief Financial Officer, bringing over two decades of experience in financial leadership.
- Mr. Brahmanand, an MSME veteran and founder, has joined as an Independent Director, strengthening strategic oversight as the company scales its MSME and semi-urban franchise.
- The business has entered a phase of controlled stabilization and disciplined execution, with a return to profitability supported by improvements in asset quality, collections, credit costs, and calibrated disbursement growth.
- Auditors have reviewed the company’s financial position and confirmed that the earlier emphasis related to going concern is no longer applicable.
- The company has reported the third consecutive period of improvement in asset quality, collections, and credit costs without any relaxation in underwriting standards, reinforcing the durability of the ongoing recovery.

Disbursements and Growth Momentum

- Disbursement growth has been driven by reduced operational friction at the front end and increased leverage of a pre-approved base of high-quality customers, resulting in materially higher approval rates. Around ~30% of new disbursements are sourced from the pre-approved customer base, with approval rates of ~50%.
- Pre-approvals are provided at the individual loan level, restricted to customers where sanctioned amounts remain below the defined guardrails. Pre-approved customers are required to have a minimum vintage of ~19 months and be non-delinquent, compared to the standard guardrail of 14 months for the broader base. Pre-approved customers continue to demonstrate superior PAR performance compared to newly acquired customers.
- The company does not extend multiple concurrent loans to the same customer.
- Top-performing A and B category branches continue to exhibit lower stress and stronger collection efficiency, accounting for ~82% of the branch network and ~91% of fresh disbursements.
- Strong traction continues in the MSME portfolio, particularly in the INR0.7-1.5m ticket size segment, supported by scalable processes and tools that enable meaningful future growth.

- Momentum in both MFI and MSME disbursements continued into January, with new disbursements exceeding repayments, setting the stage for sustained AUM growth. January disbursements exceeded INR6.7b, sourced from ~110k customers, of which ~76% were existing customers, and ~24% were new customers.
- Growth is increasingly driven by the MSME book, where risk remains lower due to secured exposures and conservative LTVs.

Collections and Operating Discipline

- Collection efficiency stood at 99.4% in Dec'25 and 99.7% within the new book, which now accounts for ~80% of the portfolio.
- Strong center meeting discipline continues to reflect in collection behavior, with ~94% of collections occurring on the same day of demand, ~4% within the same week, and ~1.5% within the same month.
- Net flow-forward rate stood at ~0.25%, translating into a collection efficiency of ~99.75%.
- Monthly cash recoveries in the 60+dpd bucket stood at ~INR120m, with ~85% driven by internal recovery teams.
- Borrower leverage has reduced sharply, with customers having exposure to more than three lenders declining to ~7% from ~16-17% earlier. Fusion + 3 exposure stands at ~7%, while ~80% of the book comprises Fusion-only and Fusion +1 customers.
- First bucket inflows improved to ~INR480m in Jan'26 from ~INR870m in Sep'25, reflecting improvement across stages and states.
- Flow rates in the 1-30 day bucket remain at ~35-40%, significantly better than industry levels, supported by a same-day collection focus. Forward flows in both the 1-30 and 30-60 dpd buckets have continued to improve sequentially.

Asset Quality and Credit Costs

- Gross Stage 3 declined ~20bp QoQ to ~4.4%, while Net Stage 3 increased ~25bp QoQ to ~0.6%. Stage 2 assets declined by ~50bp QoQ to ~1.7%, while Stage 2 PCR declined ~365bp QoQ to ~66.3%.
- ECL/EAD, including a management overlay of ~INR295m, declined to ~5.9% from ~7% in the previous quarter. Write-offs during the quarter stood at ~INR1.7b compared to ~INR2.5b in the prior quarter.
- ~INR8-9b write-off pool is considered recoverable based on Bureau runs and Active borrower transactions with other lenders.
- Recoveries of ~INR500m per quarter are expected over the next year, translating into total recoveries of ~INR2b in FY27.
- Credit cost improvement remains visible even excluding management overlay reversals, and this trend is expected to sustain. Management plans to utilize a portion of the management overlay on a calibrated basis over the next few quarters.
- From a risk management perspective, the company continues to operate with guardrails that are 3x tighter than industry standards and maintains conservative ECL models, supported by external consultants.
- The company's MFI portfolio is currently not covered under any credit guarantee scheme.

Margins, Profitability, and Operating Leverage

- Reported NIMs expanded by ~50bp QoQ to ~11.3%, supported by a favorable portfolio mix, improving asset quality, and lower interest reversals from Stage 3 assets.
- Marginal cost of borrowing is expected to improve from current levels, supported by better funding access and refinancing opportunities.
- Any sequential movement in the cost-to-income ratio is largely attributed to portfolio normalization.

Opex and Workforce Management

- Around ~85% of operating expenses comprise employee costs, and management is focused on optimizing employee deployment rather than reducing headcount during a downcycle.
- Employees are being increasingly leveraged for collections, with higher recoveries from the 90+ dpd pool expected to offset elevated opex over the next year.
- Branch manager attrition has stabilized at ~30% annually, with over 75% of branch managers having more than three years of vintage with Fusion. Attrition among field officers with more than six months of tenure stands at just under ~50%.

Capital, Liquidity, and Funding

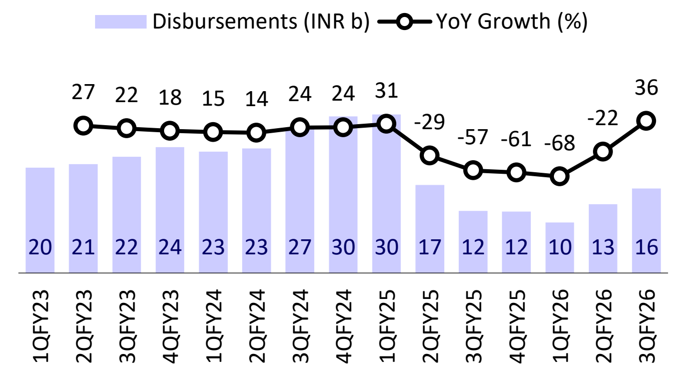
- The company maintains a strong capital and liquidity position, with CRAR at ~38.8% and liquidity of ~INR17.8b.
- During the quarter, ~INR25.2b was raised through borrowings and the conclusion of the Rights issue.
- Funding diversification has improved meaningfully, reducing concentration risk, with several banks newly opening lines, reinforcing confidence in the company's credit profile. Leverage stands at ~2.2x
- The company has sufficient capital to fund growth without relying on DTA utilization and does not face any funding constraints.
- Sanctions on the debt side stand at ~INR18.3b.
- The overall DTA quantum stood at ~INR3.8-4.0b and is not considered operating profit, with no urgency to claim it.
- Monthly updates on collection efficiency and P&L are regularly shared with lenders.

Other Highlights

- The company has been piloting technology changes across select branches and is increasingly leveraging AI to improve efficiency.
- AI adoption is expected to deliver meaningful upside by reducing employee and call center costs.
- Enhancements to LOS and LMS systems are underway and are expected to go live by May.
- Currently, ~36% of customers are unique to Fusion, and management remains cognizant of the risk of overleveraging even within the existing customer base.
- Group selection continues to focus on proximity, meeting accessibility, borrower debt levels, and overall group quality.

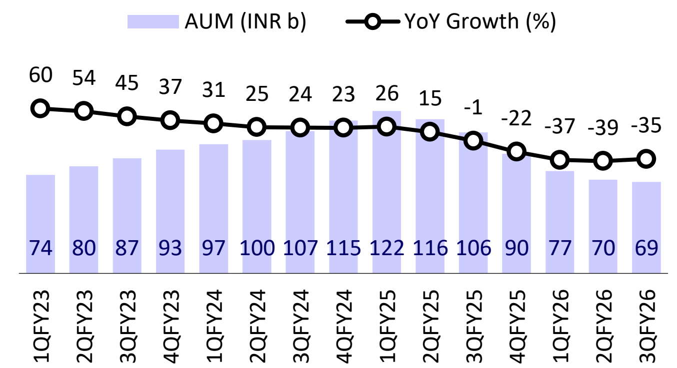
Story in charts

Exhibit 1: Disbursements grew 36% YoY/ 23% QoQ…



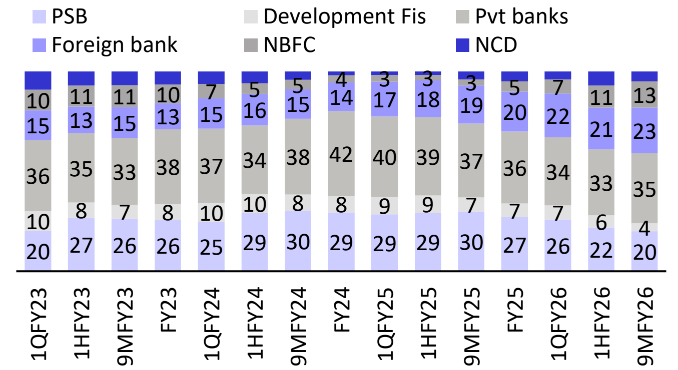
Source: MOFSL, Company

Exhibit 2: …while AUM declined ~35% YoY/ 2% QoQ



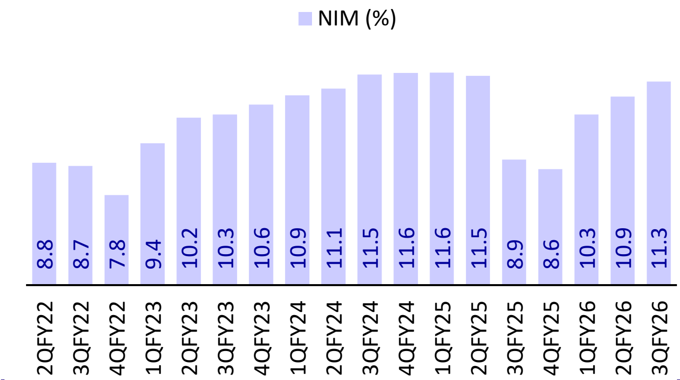
Source: MOFSL, Company

Exhibit 3: Borrowing mix (%)



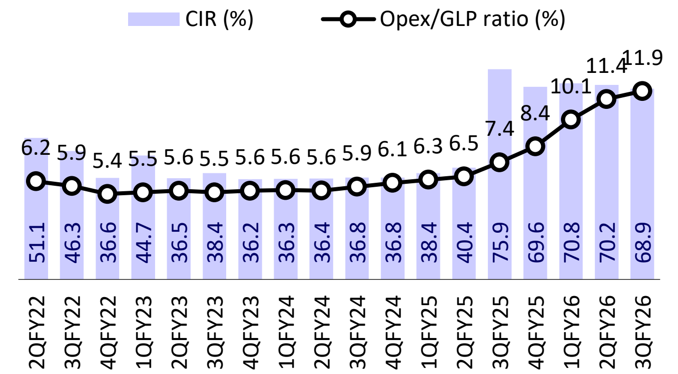
Source: MOFSL, Company

Exhibit 4: Reported NIM improved ~45bp QoQ (%)



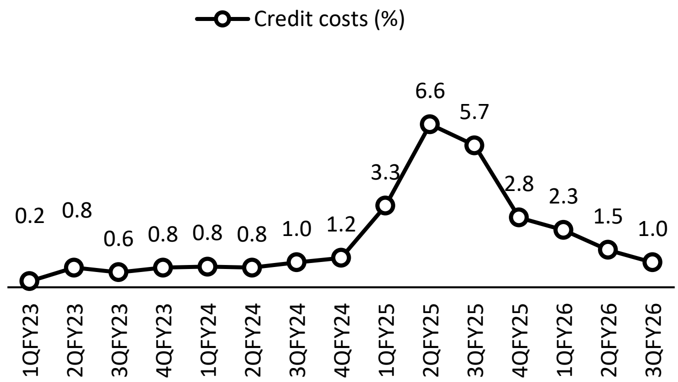
Source: MOFSL, Company

Exhibit 5: Opex/AUM rose ~50bp QoQ (%)



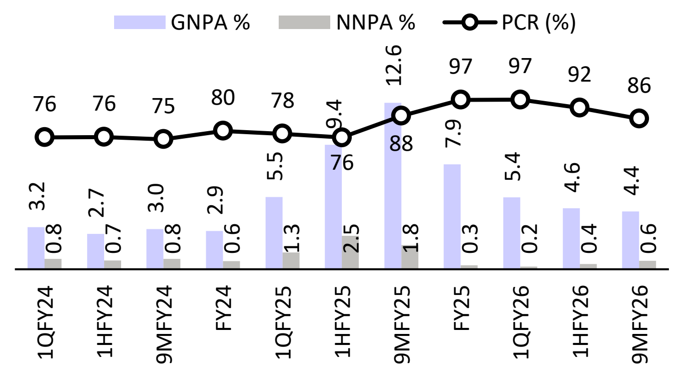
Source: MOFSL, Company

Exhibit 6: Credit costs declined to ~1% (non-annualized)



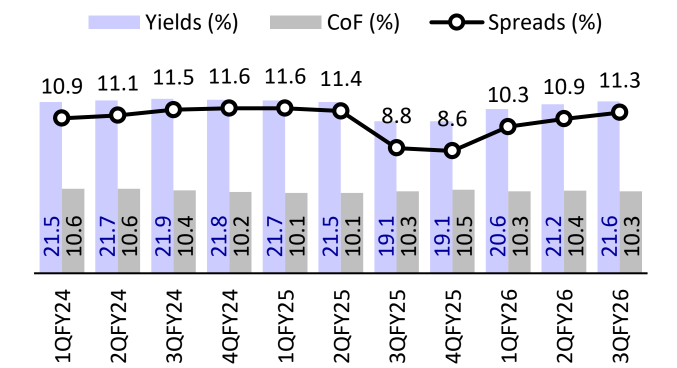
Source: MOFSL, Company

Exhibit 7: GS3 declined ~25bp QoQ to 4.4% (%)



Source: MOFSL, Company

Exhibit 8: Spreads rose ~45bp QoQ

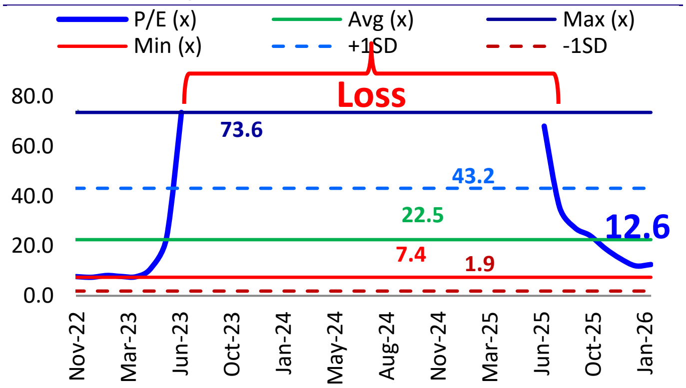


Source: MOFSL, Company

Exhibit 9: We raise our FY27E PAT by 8% to factor in higher AUM growth and higher recoveries from the delinquent/written-off loans

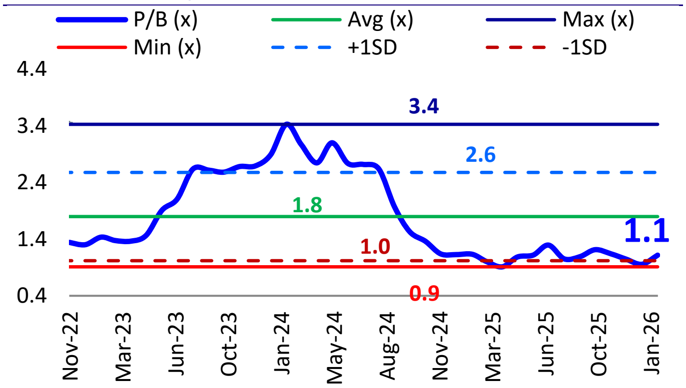
INR B	Old Est.			New Est.			% change		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
NII	10.0	10.7	13.1	9.9	10.6	13.7	-0.6	-1.0	4.7
Other Income	2.1	2.5	3.1	2.3	3.2	2.8	11.1	29.0	-9.5
Total Income	**12.1**	**13.2**	**16.2**	**12.3**	**13.8**	**16.5**	**1.4**	**4.7**	**2.0**
Operating Expenses	8.2	7.9	8.5	8.3	8.1	8.7	0.6	3.1	3.1
Operating Profits	**3.8**	**5.4**	**7.7**	**4.0**	**5.7**	**7.8**	**3.2**	**7.0**	**0.7**
Provisions	4.2	2.5	2.8	4.3	2.6	3.0	0.9	5.9	7.4
PBT	**-0.4**	**2.9**	**4.9**	**-0.3**	**3.1**	**4.7**	**-**	**8.0**	**-3.1**
Tax	-0.1	0.0	0.9	0.0	0.0	0.9	-		-3.1
PAT	**-0.3**	**2.9**	**4.0**	**-0.3**	**3.1**	**3.9**	**-**	**8.0**	**-3.1**
AUM	74	90	111	73	97	118	-1.4	7.4	6.4
Borrowings	44	54	69	50	62	77	13.8	14.5	11.0
RoA	-0.4	3.7	4.2	-0.4	3.7	3.8	-	-1.0	-10.6
RoE	-1.7	11.3	13.8	-1.5	12.2	13.3	-	7.4	-3.8

Exhibit 10: One-year forward P/E ratio



Source: MOFSL, Company

Exhibit 11: One-year forward P/B ratio



Source: MOFSL, Company

Exhibit 12: Dupont Analysis

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	17.0	16.4	16.2	19.2	19.8	21.3	19.1	19.4	20.3
Interest Expended	8.6	7.4	7.6	7.7	7.5	8.4	6.7	6.9	6.9
Net Interest Income	**8.4**	**9.0**	**8.7**	**11.5**	**12.3**	**12.9**	**12.4**	**12.5**	**13.4**
Other Operating Income	1.4	0.6	1.3	1.7	2.1	1.8	1.4	1.8	2.0
Other Income	0.3	0.3	0.8	0.7	0.9	0.5	1.4	2.0	0.7
Net Income	**10.0**	**9.9**	**10.7**	**13.9**	**15.3**	**15.2**	**15.3**	**16.3**	**16.1**
Operating Expenses	5.1	4.4	4.8	5.3	5.6	7.9	10.3	9.5	8.5
Operating Income	**4.9**	**5.5**	**6.0**	**8.6**	**9.7**	**7.3**	**4.9**	**6.7**	**7.6**
Provisions/write offs	2.4	4.4	5.6	2.4	3.5	18.6	5.3	3.1	3.0
PBT	**2.5**	**1.1**	**0.4**	**6.1**	**6.3**	**-11.3**	**-0.4**	**3.7**	**4.6**
Tax	0.8	0.3	0.0	1.5	1.5	0.9	0.0	0.0	0.8
RoA	**1.8**	**0.9**	**0.3**	**4.6**	**4.8**	**-12.2**	**-0.4**	**3.7**	**3.8**
Leverage	4.3	4.1	5.1	4.6	4.1	4.5	4.0	3.3	3.5
RoE	**7.6**	**3.6**	**1.7**	**21.2**	**19.5**	**-54.5**	**-1.5**	**12.2**	**13.3**

Financials and valuations

Income Statement									(INR M)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Interest Income	6,665	8,276	10,643	16,001	20,919	21,342	15,287	16,504	20,758
Interest Expenses	3,377	3,751	4,960	6,428	7,908	8,439	5,348	5,898	7,071
Net Interest Income	**3,288**	**4,525**	**5,684**	**9,573**	**13,011**	**12,904**	**9,939**	**10,606**	**13,688**
Change (%)	52.7	37.6	25.6	68.4	35.9	-0.8	-23.0	6.7	29.1
Other Operating Income	538	282	869	1,418	2,248	1,855	1,160	1,500	2,086
Other Income	100	173	501	580	957	491	1,155	1,732	745
Net Income	**3,926**	**4,980**	**7,054**	**11,572**	**16,216**	**15,250**	**12,254**	**13,838**	**16,518**
Change (%)		26.8	41.6	64.1	40.1	-6.0	-19.6	12.9	19.4
Operating Expenses	**1,999**	**2,204**	**3,123**	**4,448**	**5,935**	**7,886**	**8,293**	**8,107**	**8,743**
Change (%)		10.2	41.7	42.5	33.4	32.9	5.2	-2.2	7.8
Employee Expenses	1,483	1,686	2,331	3,255	4,312	5,732	6,105	5,861	6,330
Depreciation	26	39	54	74	90	117	111	127	147
Other Operating Expenses	490	479	738	1,119	1,532	2,037	2,077	2,119	2,267
Operating Income	**1,927**	**2,776**	**3,931**	**7,124**	**10,281**	**7,365**	**3,961**	**5,730**	**7,775**
Change (%)		44.0	41.6	81.2	44.3	-28.4	-46.2	44.7	35.7
Provisions and w/offs	**927**	**2,208**	**3,687**	**2,004**	**3,649**	**18,695**	**4,273**	**2,603**	**3,039**
PBT	**1,000**	**568**	**244**	**5,120**	**6,633**	**-11,330**	**-312**	**3,128**	**4,735**
Tax Provisions	304	128	27	1,248	1,580	915	0	0	852
Tax Rate (%)	30.4	22.6	10.9	24.4	23.8	-8.1	0.0	0.0	18.0
PAT	**696**	**439**	**218**	**3,871**	**5,053**	**-12,245**	**-312**	**3,128**	**3,883**
Change (%)	37	-37	-50	1,680	31	-342	-	-	24

Balance Sheet									(INR M)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Equity Share Capital	790	790	828	1,003	1,006	1,006	1,617	1,617	1,617
Reserves & Surplus	11,199	11,673	12,552	22,216	27,475	15,427	22,503	25,630	29,513
Net Worth	**11,989**	**12,464**	**13,380**	**23,219**	**28,482**	**16,433**	**24,119**	**27,247**	**31,130**
Borrowings	**29,737**	**44,323**	**57,758**	**67,784**	**86,159**	**64,020**	**50,380**	**61,958**	**76,684**
Change (%)		49.0	30.3	17.4	27.1	-25.7	-21.3	23.0	23.8
Other liabilities	674	1,593	1,767	2,632	3,103	2,473	2,968	3,562	4,274
Total Liabilities	**42,400**	**58,379**	**72,905**	**93,635**	**1,17,743**	**82,927**	**77,467**	**92,767**	**1,12,088**
Cash and Bank balance	**8,177**	**13,353**	**11,536**	**10,650**	**15,532**	**8,531**	**14,264**	**9,090**	**10,096**
Investments	5	0	0	0	21	21	21	21	21
Loans	**33,430**	**43,607**	**59,182**	**80,416**	**99,479**	**72,612**	**60,495**	**81,168**	**99,340**
Change (%)		30.4	35.7	35.9	23.7	-27.0	-16.7	34.2	22.4
Fixed Assets	60	183	192	212	224	298	343	377	415
Other Assets	727	1,237	1,995	2,357	2,488	1,466	2,345	2,111	2,216
Total Assets	**42,400**	**58,379**	**72,905**	**93,635**	**1,17,743**	**82,927**	**77,467**	**92,767**	**1,12,088**

E: MOFSL Estimates

AUM and Disbursements									(INR M)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
AUM	36,065	46,378	67,860	92,960	1,14,761	89,800	73,014	96,809	1,17,613
YoY Growth (%)	**37**	**29**	**46**	**37**	**23**	**-22**	**-19**	**33**	**21**
Disbursements	35,740	37,103	61,798	85,962	1,02,945	69,710	58,556	85,200	1,03,091
YoY Growth (%)	**39**	**4**	**67**	**39**	**20**	**-32**	**-16**	**46**	**21**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Avg. Yield on Loans	22.5	21.5	20.7	22.9	23.3	24.8	23.0	23.3	23.0
Avg Cost of Funds	11.4	10.1	9.7	10.2	10.3	11.2	9.4	10.5	10.2
Spread of loans	11.1	11.4	11.0	12.7	13.0	13.6	13.6	12.8	12.8
NIM (on gross loans)	11.0	11.5	10.6	13.3	14.1	14.3	13.8	14.1	14.5
Profitability Ratios (%)									
RoA	1.8	0.9	0.3	4.6	4.8	-12.2	-0.4	3.7	3.8
RoE	7.6	3.6	1.7	21.2	19.5	-54.5	-1.5	12.2	13.3
Debt: Equity (x)	2.5	3.6	4.3	2.9	3.0	3.9	2.1	2.3	2.5
Leverage (x)	3.5	4.7	5.4	4.0	4.1	5.0	3.2	3.4	3.6
CAR	35.8	27.3	21.9	27.9	26.1	19.2	33.9	29.1	0.0
o/w Tier 1	33.1	25.5	19.9	26.6	25.5	18.6	33.2	28.5	0.0
Int. Expended / Int.Earned	50.7	45.3	46.6	40.2	37.8	39.5	35.0	35.7	34.1
Other Inc. / Net Income	16.3	9.1	19.4	17.3	19.8	15.4	18.9	23.4	17.1
Efficiency Ratios (%)									
Int. Expended/Int.Earned									
CIR	50.9	44.3	44.3	38.4	36.6	51.7	67.7	58.6	52.9
Opex/ AUM	6.4	5.3	5.5	5.5	5.7	7.7	10.2	9.5	8.2
Empl. Cost/Op. Exps.	74.2	76.5	74.6	73.2	72.7	72.7	73.6	72.3	72.4
Asset Quality									
GNPA (INR m)	384	2,559	3,584	2,889	2,973	6,457	2,812	2,070	2,168
NNPA (INR m)	130	1,024	1,030	708	603	224	506	414	434
GNPA (%)	1.1	5.5	5.7	3.5	2.9	7.9	4.2	2.4	2.0
NNPA (%)	0.4	2.3	1.7	0.9	0.6	0.3	0.7	0.4	0.4
PCR (%)	66	60	71	75	80	97	82	80	80
Credit costs (%)	3.1	5.6	6.9	2.8	4.0	20.7	5.9	3.5	3.2

Valuations	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Book Value (INR)	152	158	162	231	283	163	149	169	193
BV Growth (%)	49	4	3	43	22	-42	-9	13	14
P/BV	**1.2**	**1.2**	**1.1**	**0.8**	**0.7**	**1.1**	**1.2**	**1.1**	**1.0**
EPS (INR)	9	6	3	39	50	-122	-1.9	19	24
EPS Growth (%)	7	-37	-53	1368	30	-	-	-	24
Price-Earnings (x)	**20.9**	**33.1**	**70.0**	**4.8**	**3.7**	**-**	**-**	**9.5**	**7.7**

E: MOFSL Estimates

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 and / 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. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

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: Yes.
   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 alternations 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, not 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 registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.