

Indostar Capital Finance

Bloomberg	INDOSTAR IN
Equity Shares (m)	137
M.Cap.(INRb)/(USDb)	36.7 / 0.4
52-Week Range (INR)	369 / 185
1, 6, 12 Rel. Per (%)	-2/-24/-21
12M Avg Val (INR M)	61

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
NII	6.4	7.0	8.2
PPP	2.7	3.5	4.6
PAT	6.0	2.3	3.3
EPS (INR)	37.0	14.1	20.2
EPS Gr. (%)	856	-62	43
BV (INR)	262	276	296

Ratios

NIM (%)	9.9	11.4	12.3
C/I ratio (%)	65.9	60.9	56.5
RoA (%)	5.5	2.0	2.5
RoE (%)	15.6	5.2	7.1
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	6.1	16.0	11.2
P/BV (x)	0.9	0.8	0.8
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	70.4	73.0	73.6
DII	2.1	2.5	1.9
FII	2.3	2.9	2.4
Others	25.3	21.7	22.1

FII Includes depository receipts

CMP: INR227

TP: INR270 (+19%)

Buy

Operationally weak with muted AUM growth and AQ deterioration

GS3 rose ~1pp QoQ; AUM declined ~2% YoY

- IndoStar Capital Finance (INDOSTAR) reported a weak 3QFY26 performance, marked by subdued disbursements and sluggish AUM growth as the company continued to operate under tighter underwriting standards with a strong emphasis on asset quality. Asset quality deteriorated sequentially, with GS3 increasing by ~1pp. Management guided for a recovery in disbursement momentum over the coming quarters, driven by branch expansion and an increase in frontline sales staff, while asset quality is expected to stabilize as the newer, better-underwritten portfolio becomes a larger share of the book.
- **Key highlights:** 1) Disbursements declined 29% YoY and grew 20% QoQ to ~INR11.2b, and AUM declined 2% YoY and grew 2% QoQ to ~INR76.9b; 2) Asset quality deteriorated, leading to elevated credit costs during the quarter, 3) NIM (calc.) expanded ~150bp QoQ, driven by a decline in CoB, and 4) The company pared its stressed assets by selling a part of its CV loan book to Phoenix ARC, involving an outstanding pool of ~INR1.4b for a consideration of up to ~INR1.1b.

Financial highlights

- INDOSTAR's 3QFY26 consolidated PAT declined 70% YoY to INR83m. NII grew 49% YoY to INR1.8b. Other income stood at INR315m (PQ: INR396m).
- Opex grew ~2% YoY to INR1.2b, translating into a cost-to-income ratio of ~59% in 3QFY26 (PY: 67% and PQ: 64%). This included a one-time impact of provisions of INR48m made on account of the new labor codes. PPOP grew 44% YoY to INR852m (PQ: INR692m and PY: INR594m).
- Credit costs stood at ~INR769m (PQ: ~INR586m). This translated into annualized credit costs of ~4% in 3QFY26 (PQ: ~3.1% and PY: 2.5%).
- AUM declined 2% YoY and grew 2% QoQ to ~INR76.9b. VF AUM declined 2% YoY and grew 2% QoQ. Micro-LAP AUM grew ~27% QoQ to INR1.3b. Disbursements in micro-LAP grew ~11% QoQ to INR300m. LTV in this segment stood at 34.6% as of Dec'25.
- Reported CoF during the quarter declined ~10bp QoQ to 10.3% (PQ: 10.4% and PY: 10.8%). Incremental CoF stood at 9.1% in 3QFY26.
- Management expects disbursement momentum to pick up from 4QFY26, aided by branch expansion and a roughly 30% increase in frontline sales capacity. It sees this translating into a sustainable ~20% growth trajectory over the medium term as investments in distribution, underwriting capability, and product architecture begin to scale.
- The company also indicated that the Micro-LAP book is poised for strong expansion, with management targeting a doubling of AUM in FY27 through a calibrated and disciplined rollout.
- We estimate a CAGR of 17%/31% in AUM/PPOP over FY26-28, aided by improvements in NIM to 9.9%/11.4% in FY26E/FY27E. **Reiterate BUY with a TP of INR270 (premised on 0.9x Dec'27E BVPS).**

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)

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

AUM declines ~2% YoY; VF disbursements grow ~21% QoQ

- Disbursements declined 29% YoY and grew 20% QoQ to ~INR11.2b. VF disbursements in 3QFY26 stood at ~INR10.9b, which declined ~14% YoY and grew 21% YoY.
- Disbursements yields in vehicle finance declined 60bp QoQ to 17% (PQ: 17.6% and PY: 18.5%).
- INDOSTAR shared that distribution has been strengthened through branch conversions and expansion into previously underpenetrated markets, while the addition of prime customer segments and the introduction of base pricing have improved risk-adjusted yields and enhanced overall portfolio quality.

Asset quality deteriorates; GS3 rises 1pp QoQ

- Asset quality exhibited deterioration, with standalone GNPA rising ~1pp QoQ to ~4.05% and standalone NNPA rising ~65bp QoQ to ~1.75%.
- Management guided that credit costs in the used vehicle finance portfolio are expected to moderate to ~2% as the higher-quality, post-Jan'25 originated loans become a larger part of the book. Meanwhile, overall asset quality is expected to improve meaningfully over the next two quarters as tighter underwriting and early warning systems begin to show results.
- Collection efficiency (including overdue) stood at ~95% (PQ: ~94%). CRAR was healthy at ~41.4%.

Key highlights from the management commentary

- Mr. Amandeep Singh Sandhu joined as COO for the vehicle finance business, bringing over 25 years of BFSI experience. He previously worked with Cholamandalam and HDFC Bank, strengthening leadership depth in the vehicle finance vertical.
- The borrower mix is steadily improving, with a rising share of lending to customers with stronger CIBIL profiles, reflecting the company's conscious decision to forego volumes in order to weed out weaker credit borrowers and build a higher-quality portfolio.

Valuation and View

- INDOSTAR reported a weak 3QFY26 performance, marked by sluggish AUM growth as the company continued to operate under tighter underwriting standards with a focus on asset quality. Despite the sale of ~INR1.4b of stressed assets to an ARC, asset quality deteriorated during the quarter with GS3 rising ~1pp QoQ, resulting in elevated credit costs.
- INDOSTAR has prioritized the expansion of its loan book in the used CV segment and micro-LAP. A reinforced management team, enhanced processes, opex rationalization, and expectations of an improvement in the economic climate will serve as catalysts for INDOSTAR. **Reiterate BUY rating on the stock with a TP of INR270 (premised on 0.9x Dec'27E BVPS).**

Quarterly Performance

(INR M)

Y/E March	FY25				FY26			FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Interest Income	2,703	2,956	3,125	3,184	3,146	3,172	3,151	11,965	12,693
Interest Expenses	1,668	1,878	1,930	1,933	1,855	1,667	1,371	7,408	6,295
Net Interest Income	1,035	1,078	1,196	1,251	1,291	1,506	1,779	4,557	6,398
YoY Growth (%)	-12.2	40.5	47.9	44.6	24.7	39.7	48.8	36.6	40.4
Other Income	387	565	611	566	291	396	315	2,159	1,419
Total Income	1,422	1,643	1,806	1,817	1,582	1,902	2,094	6,716	7,817
YoY Growth (%)	-1.9	75.6	93.1	-21.7	11.3	15.7	15.9	23.4	16.4
Operating Expenses	1,106	1,272	1,212	1,198	1,393	1,210	1,242	4,815	5,149
Operating Profit	317	371	594	619	189	692	852	1,901	2,668
YoY Growth (%)	6.4	333.5	1,044.5	-49.1	-40.2	86.3	43.5	22.9	40.3
Provisions & Loan Losses	210	193	479	494	4,904	586	769	1,375	6,875
Profit before Tax and exceptional item	297	363	331	442	-4,579	105	83	526	-4,207
Exceptional item (post-tax)	0	0	0	0	11,760	0	0	0	10,070
PBT (incl. exception gain/loss)	297	363	331	442	7,181	105	83	526	5,863
Tax Provisions	48	46	54	80	1,725	0	0	0	-100
Reported PAT	249	317	277	362	5,456	105	83	526	5,963
YoY Growth (%)	-36.0	27.9	64.3	2.6	2,088.4	-66.9	-70.1	-26.6	1,033.9
AUM Growth (%)	13.5	30.0	31.7	23.1	8.9	0.2	-2.1		
NIM (%)	6.1	5.9	6.2	6.3	6.6	7.8	9.3		
Cost to Income Ratio (%)	77.7	77.4	67.1	65.9	88.0	63.6	59.3		
Tax Rate (%)	16.1	12.8	16.4	18.2	24.0	0.2	0.1		
Key Operating Parameters (%)									
Yield on loans (Cal)	17.0	17.1	17.6	17.8	17.6	18.0	17.8		
Cost of funds (Cal)	10.9	11.2	10.9	11.2	10.8	10.6	10.1		
Spreads (Cal)	6.1	5.9	6.7	6.6	6.8	7.4	7.7		
NIMs (Cal)	6.1	5.9	6.2	6.3	6.6	7.8	9.3		
Credit Cost (Cal)	1.2	1.0	2.5	2.5	24.9	3.1	4.0		
Cost to Income Ratio	77.7	77.4	67.1	65.9	88.0	63.6	59.3		
Tax Rate	0.1	0.1	0.1	0.2	24.0	0.2	0.1		
Balance Sheet Parameters									
AUM (INR B)	71.5	75.5	78.6	79.6	77.8	75.6	76.9		
Change YoY (%)	13.5	30.0	31.7	23.1	8.9	0.2	-2.1		
AUM Mix (%)									
Vehicle	88.5	92.3	92.9	93.0	92.9	92.9	93.0		
Micro-LAP	0.0	0.0	0.0	0.7	1.0	0.0	0.0		
SME & Others	6.3	5.4	4.9	4.4	4.7	4.5	4.1		
Corporate	5.2	2.3	2.2	2.0	1.4	1.3	1.2		
Asset Quality Parameters (%)									
GS 3 (INR B)	3.5	3.7	3.6	3.4	3.0	2.2	3.0		
Gross Stage 3 (% on Assets)	4.2	5.0	4.9	4.5	4.0	3.0	4.1		
Net Stage 3 (% on Assets)	2.1	2.5	2.7	2.5	1.7	1.1	1.8		
PCR (%)	53.7	51.0	46.2	46.6	59.6	63.6	57.8		

E: MOFSL estimates



Highlights from the management commentary

Guidance

- INDOSTAR expects disbursement momentum to strengthen in 4QFY26, supported by branch additions and ~30% increase in frontline sales strength.
- The company anticipates maintaining disbursement growth momentum of ~20% over the medium term, supported by investments in distribution, underwriting, and product design.
- Credit costs in the used vehicle finance segment are targeted at ~2% and are expected to trend lower as the post-January originated book forms a larger share of the portfolio.
- Asset quality is expected to improve meaningfully over the next two quarters as tighter underwriting and early warning systems gain traction.
- Micro-LAP AUM is expected to scale significantly, with management aiming to double the micro-LAP AUM in FY27 through a calibrated expansion approach.
- Incremental CoB stood at ~9.1% and is expected to improve further and converge with the overall borrowing cost over time.

Opening Remarks and Business Updates

- INDOSTAR continues to pursue a retail-led growth strategy focused on meeting the credit needs of semi-urban and rural India with a focus on vehicle financing and micro LAP segments.
- Following the exit from affordable housing, growth is being scaled through higher disbursements in used vehicle finance and Micro-LAP, positioning INDOSTAR as a secured and scalable lending platform.
- The RBI revised its FY27 GDP growth forecast to ~7.3%, while CRISIL raised its estimate to 7%, supported by strong private consumption and continued expansion in manufacturing and services.
- Inflation remains benign, providing a supportive macro backdrop.
- The RBI MPC kept the repo rate unchanged, while credit demand continues to show healthy momentum, led by sustained double-digit growth in retail and MSME lending.

Industry and Sector Outlook

- ICRA expects the Indian commercial vehicle sector to record modest growth in wholesale volumes in FY26, driven by construction and infrastructure activity. Vehicle finance has emerged as a key growth engine for NBFCs, with total AUM expected to reach INR11t by Mar'27.
- CRISIL estimates vehicle finance AUM to grow at ~17% annually, largely driven by used vehicle financing. NBFCs continue to sharpen their focus on pre-owned vehicle financing due to favorable unit economics and superior risk-adjusted returns.
- Used vehicle loans have expanded at a CAGR of ~15%, outpacing new vehicle financing growth of ~11% (2020-2025 CAGR), with momentum expected to persist due to lower ownership cost and affordability advantages.
- LAP and secured MSME lending are expected to normalize while remaining healthy, though lenders continue to exercise caution in smaller ticket-size loans due to early signs of stress.

AUM Growth and Disbursements

- Consolidated AUM declined 2% YoY and grew 2% QoQ to ~INR76.9b.

- Vehicle finance AUM declined 2% YoY while increasing 2% QoQ during the quarter.
- Total disbursements declined 29% YoY but grew 20% QoQ to ~INR11.2b, primarily driven by vehicle finance.
- Vehicle finance disbursements stood at ~INR10.9b, declining 14% YoY while increasing 21% QoQ.
- Micro-LAP AUM grew ~27% QoQ to INR1.3b, while disbursements increased ~11% QoQ to INR300m.
- Loan-to-value in the Micro-LAP segment stood at ~34.6% as of Dec'25.
- The improvement in disbursement trends reflects strengthening business momentum in the vehicle finance segment following corrective actions taken earlier.

Growth Strategy and Distribution

- Management had adopted a deliberate strategy of strengthening underwriting frameworks while improving products for customers and channel partners, which temporarily impacted volumes in 1HFY26. However, the actions taken over the past few quarters have resulted in a sharp reduction in non-starters and early delinquencies, with delinquency levels improving by nearly ~50%.
- The company added prime customer segments and introduced base pricing, improving risk-adjusted yields and overall portfolio quality.
- Distribution capabilities have been upgraded through branch conversions and expansion of reach into previously unserved segments.
- Digital adoption remains strong, with ~80% of journeys completed through eNACH, ~50% of applications routed through e-applications, and digital usage increasing MoM.
- Investments in frontline sales hiring and branch additions are expected to create a strong foundation for sustained growth, with volume recovery expected to follow with a lag.

Micro-LAP Business

- Micro-LAP disbursements are being scaled through a structured rollout across Tier 3 to Tier 5 towns. Average ticket size in Micro-LAP stands at INR600-700K, with yields of ~22%. Around ~74% of Micro-LAP borrowers are self-employed, and ~99% of cases are secured by residential property, largely self-occupied.
- In the current portfolio of 2,215 customers with an AUM of INR1.3b, only six customers are in 1+ DPD, providing confidence to scale the business.
- Expansion is being pursued in a calibrated manner. Micro-LAP rollout is underway across Tamil Nadu (all branches), Andhra Pradesh, and Telangana (50% of the branches), with pilot branches launched in Gujarat (5 branches) and plans to add another state in the coming quarters.
- Each customer is personally met by a credit officer, combining detailed discussions, credit assessment, and conservative LTVs for every case.

Vehicle Finance Business

- Used vehicle finance continues to be the primary growth driver within the vehicle finance portfolio.
- The company witnessed strong disbursement momentum during the quarter, notwithstanding a temporary slowdown in January due to holidays.
- INDOSTAR remains optimistic about sustaining this momentum in 4QFY26, supported by branch expansion and a larger sales force.

- The focus remains on expanding vehicle finance while maintaining portfolio stability and asset quality.

Margins and Cost of Borrowing

- Entry into prime customer segments has resulted in lower yields but significantly lower credit costs, keeping NIMs stable due to a decline in CoF.
- Vehicle finance yields are being maintained in the ~17% range, with management committed to protecting NIMs over the next few quarters.
- Micro-LAP yields are maintained at ~22% and are expected to remain above 20% in the near term.

Asset Quality

- A comprehensive policy tightening exercise led to a ~50% reduction in delinquencies for loans originated after January. As newer, better-quality loans form a larger proportion of the portfolio, overall delinquency ratios are expected to decline further.
- Early warning systems have been implemented across geographies and portfolios, enabling proactive risk management. Investments in collection infrastructure are expected to limit portfolio deterioration.
- The customer profile continues to improve, with a higher share of lending to borrowers with stronger CIBIL scores. The company deliberately sacrificed volumes to remove weaker customer profiles and focus on higher-quality borrowers.
- Credit norms are no longer being tightened, as portfolio performance trends remain encouraging.
- The company operates at a lower leverage level compared to peers and expects leverage to gradually rise to 3.5–4.0x as growth accelerates, without requiring equity dilution.

Capital and Stressed Asset Resolution

- The company reduced its stressed portfolio through the sale of a portion of its commercial vehicle loan book to Phoenix ARC Private Limited. The transaction involved outstanding dues of INR1.36b, with a purchase consideration of up to INR1.1b.

Management Update

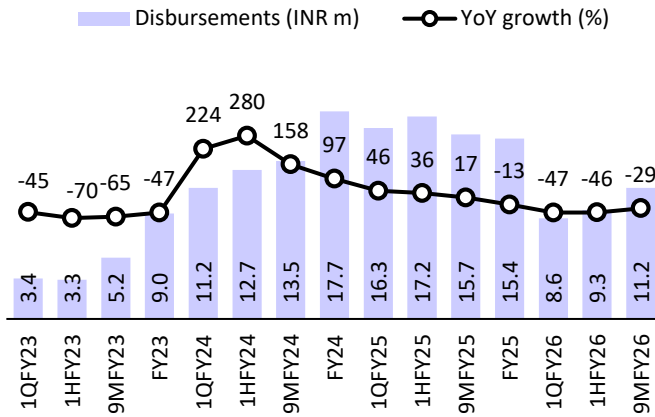
- Mr. Amandeep Singh Sandhu joined as COO for the vehicle finance business, bringing over 25 years of BFSI experience. He previously worked with Cholamandalam and HDFC Bank, strengthening leadership depth in the vehicle finance vertical.

Other highlights

- Billing efficiency is monitored closely through the ratio of EMI due versus actual collections.
- The company operates a network of 448 branches across geographies.

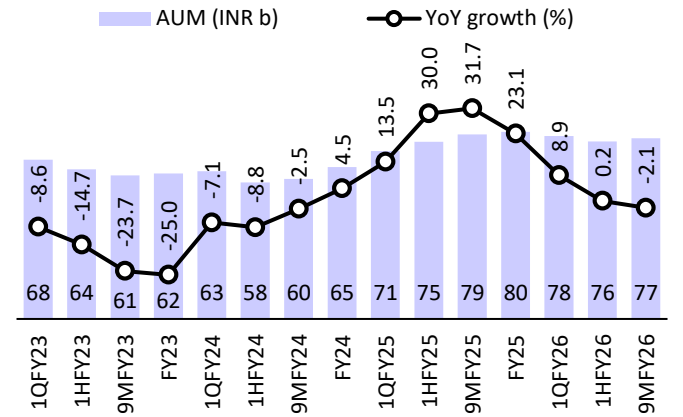
Key exhibits

Exhibit 1: Disbursements declined ~29% YoY



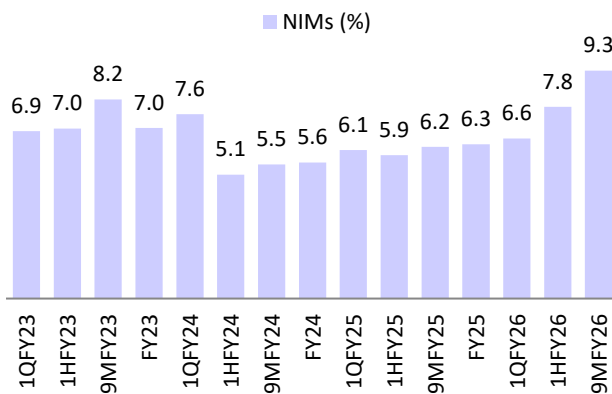
Source: MOFSL, Company

Exhibit 2: AUM declined ~2% YoY



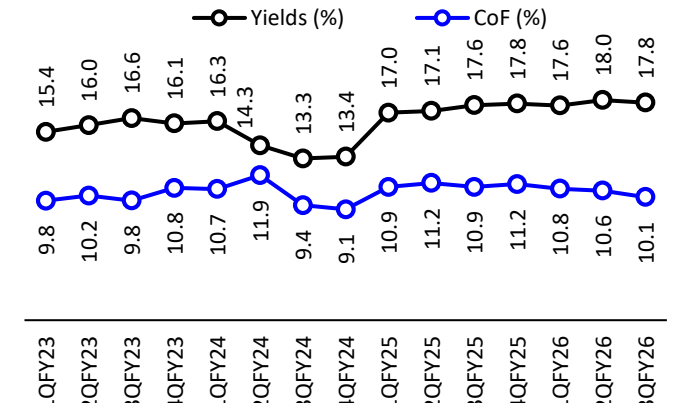
Source: MOFSL, Company

Exhibit 3: Cal. NIMs improved ~150bp QoQ



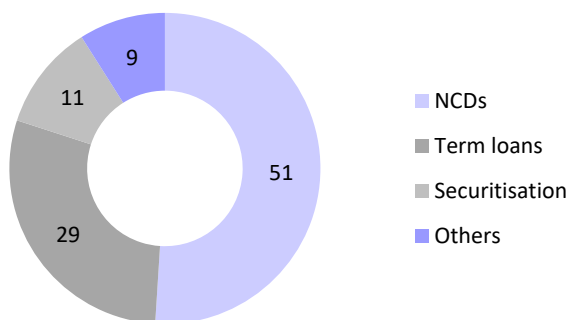
Source: MOFSL, Company

Exhibit 4: Spreads (Calc.) improved ~30bp QoQ



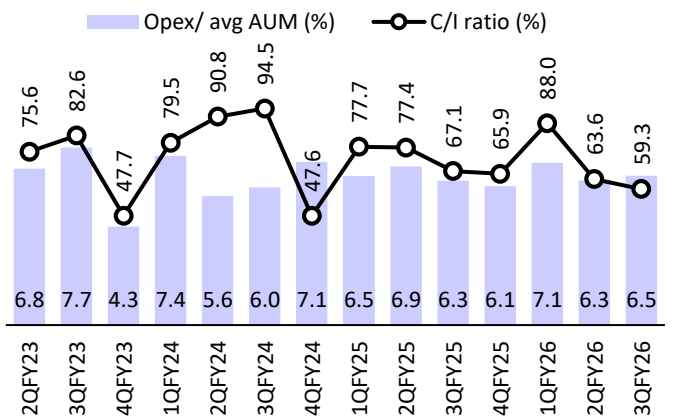
Source: MOFSL, Company

Exhibit 5: Borrowing mix as of Dec'25 (%)



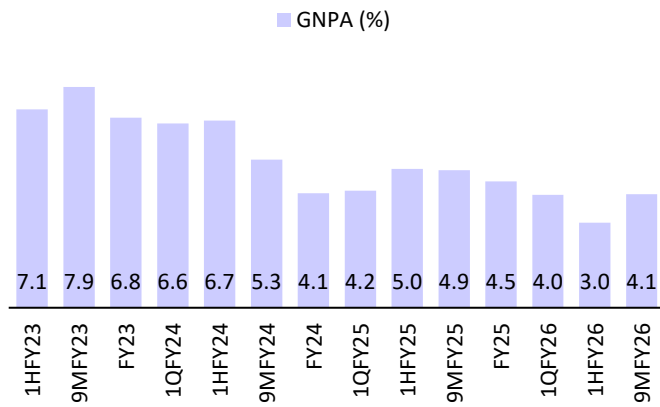
Source: MOFSL, Company

Exhibit 6: C/I ratio declined to ~59%



Source: MOFSL, Company

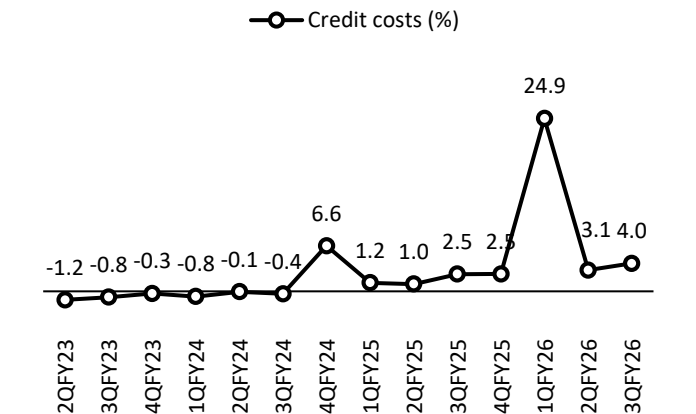
Exhibit 7: Standalone GNPA rose ~100bp QoQ (%)



Source: MOFSL, Company

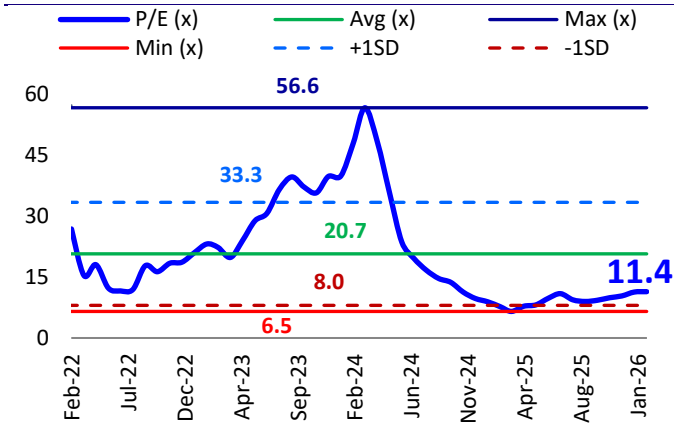
Note: For 1HFY25 onwards, GNPA relates to standalone financials.

Exhibit 8: Credit costs remained elevated



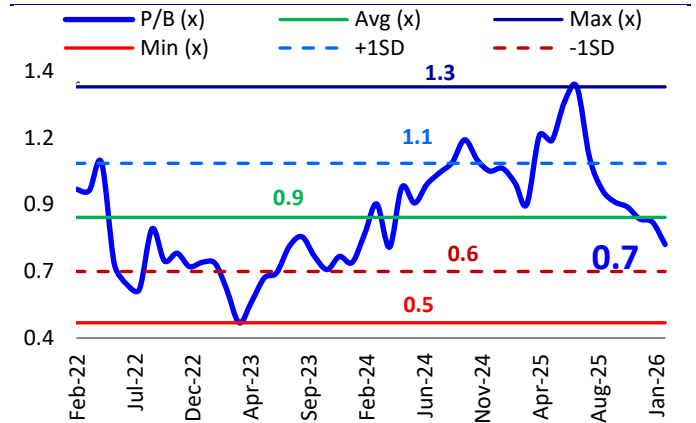
Source: MOFSL, Company

Exhibit 9: One-year forward P/E



Source: MOFSL, Company

Exhibit 10: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement

(InR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	14,195	11,056	9,558	8,895	9,148	11,965	12,693	13,563	15,771
Interest Expended	8,574	6,923	5,143	5,180	5,812	7,408	6,295	6,526	7,591
Net Interest Income	5,621	4,134	4,414	3,715	3,336	4,557	6,398	7,037	8,181
Change (%)		-26.5	6.8	-15.9	-10.2	36.6	40.4	10.0	16.3
Fee Income	481	314	385	471	512	1,196	1,053	1,316	1,579
Other Income	724	562	593	565	1,592	962	366	535	708
Net Income	6,827	5,010	5,392	4,751	5,441	6,716	7,817	8,888	10,468
Change (%)		-26.6	7.6	-11.9	14.5	23.4	16.4	13.7	17.8
Operating Expenses	2,750	3,057	3,293	3,279	3,894	4,815	5,149	5,415	5,911
Operating Income	4,076	1,953	2,099	1,471	1,547	1,901	2,668	3,472	4,557
Change (%)		-52.1	7.5	-29.9	5.1	22.9	40.3	30.2	31.2
Provisions and W/Offs	8,553	4,524	11,508	-401	831	1,375	6,875	1,200	1,297
PBT	-4,477	-2,571	-9,409	1,873	716	526	-4,207	2,273	3,261
Exceptional Gain (Post-tax)	0	0	0	0	0	0	10,070	0	0
Tax	0	-156	-1,717	0	0	0	-100	0	0
PAT	-4,477	-2,415	-7,692	1,873	716	526	5,963	2,273	3,261
Change (%)		-46.1	218.5	-124.3	-61.8	-26.6	-	-61.9	43.5

Balance Sheet

(InR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	925	1,237	1,361	1,361	1,361	1,361	1,614	1,614	1,614
Reserves & Surplus	25,962	35,552	27,419	28,865	29,660	32,901	40,624	42,897	46,157
Net Worth	26,887	36,790	28,780	30,226	31,021	34,262	42,238	44,510	47,771
Other Capital Instruments	0	0	0	0	0	0	0	0	0
Borrowings	70,872	57,607	54,830	48,131	60,494	69,165	60,226	69,001	82,813
Change (%)		-18.7	-4.8	-12.2	25.7	14.3	-12.9	14.6	20.0
Other liabilities	2,874	3,477	4,633	3,036	2,387	4,195	5,453	6,544	7,853
Total Liabilities	1,00,633	97,873	88,243	81,393	93,901	1,07,622	1,07,917	1,20,056	1,38,437
Investments	4,318	17,885	9,771	14,571	15,709	18,182	20,000	21,600	23,328
Change (%)		314.2	-45.4	49.1	7.8	15.7	10.0	8.0	8.0
Loans and Advances	80,737	66,925	64,910	51,956	59,873	72,165	72,562	81,562	97,657
Change (%)		-17.1	-3.0	-20.0	15.2	20.5	0.5	12.4	19.7
Net Fixed Assets	4,071	3,790	3,936	3,814	3,796	3,781	3,970	4,169	4,377
Other Assets	11,507	9,274	9,626	11,052	14,524	13,494	11,385	12,725	13,075
Total Assets	1,00,633	97,873	88,243	81,393	93,901	1,07,622	1,07,917	1,20,056	1,38,437

E: MOFSL Estimates

Financials and valuations

AUM Details							(INR M)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Standalone. AUM (INR Bn)	91	80	83	62	65	80	79	89	107
AUM Mix									
Corporate	31	24	19	20	6	2	1.2	0.6	0.3
Retail	69	76	81	80	94	97	96.8	95.5	93.7
Vehicle	49	52	59	59	87	93	93.2	93.1	92.2
SME	19	23	22	21	7	4	3.6	2.4	1.5

Ratios							(%))		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Yield on Portfolio	17.6	15.0	14.5	15.2	16.4	18.1	17.5	17.6	17.6
Cost of Borrowings	12.1	10.8	9.1	10.1	10.7	11.4	9.7	10.1	10.0
Interest Spread	5.5	4.2	5.4	5.2	5.7	6.7	7.8	7.5	7.6
Net Interest Margin	6.0	5.4	5.9	5.2	4.7	6.1	9.9	11.4	12.3
Profitability Ratios (%)									
RoE	-16.6	-7.6	-23.5	6.3	2.3	1.6	15.6	5.2	7.1
RoA (on balance sheet)	-4.4	-2.4	-8.3	2.2	0.8	0.5	5.5	2.0	2.5
Debt: Equity (x)	2.6	1.6	1.9	1.6	2.0	2.0	1.4	1.6	1.7
Leverage (x)	3.7	2.7	3.1	2.7	3.0	3.1	2.8	2.6	2.8
Efficiency Ratios (%)									
Int. Expended/Int.Earned	60.4	62.6	53.8	58.2	63.5	61.9	49.6	48.1	48.1
Op. Exps./Net Income	40.3	61.0	61.1	69.0	71.6	71.7	65.9	60.9	56.5
Empl. Cost/Op. Exps.	60.0	50.9	53.5	41.4	54.4	61.8	65.8	67.6	68.1
Fee income/Net Income	7.1	6.3	7.1	9.9	9.4	17.8	13.5	14.8	15.1
Asset quality									
GNPA	3,652	3,441	12,030	4,790	4,265	4,584	2,343	2,658	3,057
NNPA	2,893	1,580	5,190	2,190	1,744	2,448	1,031	1,196	1,376
GNPA %	4.4	4.7	13.6	8.1	5.0	4.5	4.0	3.9	3.7
NNPA %	3.5	2.2	6.7	4.0	2.1	2.5	1.8	1.8	1.6
PCR %	20.8	54.1	56.9	55.2	59.1	46.6	56.0	55.0	55.0

Valuation	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Book Value (INR)	291	297	211	222	228	252	262	276	296
BV Growth (%)		2.3	-28.9	5.0	2.6	10.4	4.0	5.4	7.3
Price-BV (x)	0.8	0.8	1.1	1.0	1.0	0.9	0.9	0.8	0.8
Adjusted BV (INR)	263	278	150	197	206	228	251.6	264.3	282.8
Price-ABV (x)	0.9	0.8	1.5	1.1	1.1	1.0	0.9	0.9	0.8
EPS (INR)	-48.4	-19.5	-56.5	13.8	5.3	3.9	37.0	14.1	20.2
EPS Growth (%)		-59.7	189.6	-124.3	-61.8	-26.6	856.3	-61.9	43.5
Price-Earnings (x)	-4.7	-11.6	-4.0	16.4	42.9	58.5	6.1	16.0	11.2
Dividend per share	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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 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

- 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
- 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
- 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.
- 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.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- 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.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- 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 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.