RATING BUY | CMP INR 930 | TP INR 1,100

PL Capital
PRABHUDAS LILLADHER

Q4FY26 Result Update

# Bajaj Finance (BAF IN)

April 30, 2026

☑ Estimate Change | ☑ Target | ☑ Reco.

### Change in Estimates

| | Current | | Previous | |
|---|---|---|---|---|
| | FY27E | FY28E | FY27E | FY28E |
| Rating | BUY | | ACCUMULATE | |
| Target Price | 1,100 | | 1,025 | |
| NII (INR. mn) | 533,158 | 657,217 | 546,908 | 664,176 |
| *% Chng.* | *(2.5)* | *(1.0)* | | |
| PPoP (INR mn) | 435,393 | 542,277 | 445,451 | 549,682 |
| *% Chng.* | *(2.3)* | *(1.3)* | | |
| EPS (INR) | 41.5 | 52.6 | 40.5 | 51.0 |
| *% Chng.* | *2.5* | *3.1* | | |

### Key Data

| Key Data | BJFN.BO \| BAF IN |
|---|---|
| BSE Code | 500034 |
| NSE Code | BAJFINANCE |
| 52-W High / Low | INR 1,102 / INR 787 |
| Face Value | 1 |
| Sensex / Nifty | 77,496 / 24,178 |
| Market Cap | INR 5,790 bn / $ 61,045 mn |
| Shares Outstanding | 6225.96 mn |
| 3M Avg. Daily Value | INR 9,293.29 mn |

### Shareholding Pattern (%)

| | |
|---|---|
| Promoters | 54.70 |
| FIIs | 21.33 |
| Mutual Funds | 8.76 |
| Domestic Institutions | 6.42 |
| Public & Others | 8.79 |
| Promoter's Pledge (INR bn) | - |

### Stock Performance (%)

| | 1M | 3M | 6M | 12M |
|---|---|---|---|---|
| Absolute | 10.2 | (0.6) | (12.5) | 2.4 |
| Relative | 4.7 | 6.0 | (4.0) | 6.1 |

### Key Financials - Consolidated

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| NII (INR mn) | 363,928 | 441,101 | 533,158 | 657,217 |
| *NIM (%)* | *9.8* | *9.6* | *9.5* | *9.5* |
| PPOP (INR mn) | 291,674 | 359,034 | 435,393 | 542,277 |
| PAT (INR mn) | 167,791 | 193,324 | 257,709 | 327,060 |
| EPS (INR) | 27.0 | 31.1 | 41.5 | 52.7 |
| *Gr. (%)* | *14.7* | *15.2* | *33.3* | *26.9* |
| DPS (INR) | 6.0 | 6.0 | 4.2 | 5.3 |
| *Yield (%)* | *0.6* | *0.6* | *0.4* | *0.6* |
| *RoAE (%)* | *19.0* | *17.9* | *20.1* | *21.2* |
| *RoAA (%)* | *4.0* | *3.8* | *4.2* | *4.3* |
| P/BV (x) | 5.8 | 4.9 | 4.2 | 3.4 |
| P/ABV (x) | 5.9 | 5.0 | 4.2 | 3.5 |
| PE (x) | 34.4 | 29.9 | 22.4 | 17.7 |
| *CAR (%)* | *22.0* | *21.6* | *23.7* | *23.6* |

## Healthy growth outlook with improving credit cost

### Quick Pointers

- Expect 23% AUM growth in FY27E aided by new verticals and recovery in MSME
- NIM compression expected as bond yields harden
- Credit cost outlook positive for FY27E at 1.45-1.60%

**AUM grew 22% YoY to INR 5,099.8bn led by strong growth in mortgages, sales finance and B2C loans. Company is witnessing sustained traction in new verticals (Cars, Gold, MFI) and new customer addition (~15-17mn in FY27); we build an AUM growth of 23%/22% in FY27/FY28E. Expect FY27 NIM to moderate as hardening of bond yields is likely to impact CoF. Asset quality ratios saw improvement across segments while credit cost improved in Q4 (1.65%) supported by a healthy trend in vintage credit performance. Opex is likely to moderate by ~30 bps in FY27 benefited from improved FINAI capabilities. We slightly tweak our estimates to account for positive growth outlook, lower credit cost guidance/improved opex in FY27E. Upgrade to BUY with a multiple of 4.1x (vs. 3.9x earlier) and a TP of Rs 1,100.**

**Expect AUM growth of ~23% in FY27:** AUM grew 22.4% YoY/5.3% QoQ to INR 5,099.8bn, driven by Mortgages (+25.2% YoY), Urban Sales Finance (+28.6% YoY), Urban B2C (+19.1% YoY) and Commercial lending (+22 YoY%). New product launches contributed 3.5% of the AUM mix with strong traction witnessed in Gold loans/MFI and tractor financing segments. Gold loan portfolio is expected to comprise ~5% of AUM by FY27 as the company adds new branches. The company has proactively slowed down MSME volumes (+6% YoY) in FY26 due to higher delinquencies in the segment; expect growth to pick-up in H2FY27. The Captive 2W & 3W Finance declined 60% YoY and now contributes <1% of AUM. New loans booked in 4QFY26 grew +20.5% YoY to 12.9mn and BAF added 3.9mn new customers during the quarter, taking the total customer franchise to 119.3mn. The company remains confident of adding ~15-17mn new customers in FY27 with an AUM growth of 22%-24% driven by (1) strong ramp-up in new segments (gold, MFI, tractor) and (2) recovery in MSME. We build an AUM growth of 23%/22% for FY27/FY28E.

### Quarter Summary

| Y/e Mar | Q4'26E | Q4'26A | % Var. | Q4'25A | YoY gr. (%) |
|---|---|---|---|---|---|
| NII (INR mn) | 1,20,432 | 1,17,806 | -2.2 | 98,072 | 20.1 |
| PPoP (INR mn) | 98,213 | 94,174 | -4.1 | 78,137 | 20.5 |
| *Margin (%)* | *9.7* | *9.6* | *-10 bps* | *9.7* | *-15 bps* |
| PAT (INR mn) | 55,412 | 55,533 | 0.2 | 45,449 | 22.2 |

*Source: Company, PL*


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**NIM to moderate; efficiency gains to support profitability:** NII grew 20.1% YoY/ 4.1% QoQ and NIM (calc.) moderated to 9.6% vs 9.7% QoQ. While reported CoF stood at 7.41% (vs. 7.45% in Q3), management expects a marginal compression in NIM on account of higher CoF in subsequent quarters due to hardening of bond yields. The company estimates non-interest income to grow by 16-18% and is optimistic on continued profit growth. We expect NIM to moderate by ~10bps to 9.5% in FY27E. Opex/ NTI ratio stood elevated at 33.8% in FY26 due to the impact of new labour code and accelerated expansion in gold loan branches. However, company expects it to improve by 25-40bps in FY27 with efficiency gains from FINAI capabilities. We build an improvement in FY27E/FY28E opex on account of better operating efficiencies (FINAI capabilities, service and contact centers). With a focus on growth in new and secured business verticals, we expect BAF to deliver RoA/RoE of 4.3%/ 21.2% by FY28E.

**Credit cost to improve in FY27:** Headline GNPA/NNPA improved sequentially to 1.0%/0.4% vs. 1.2%/0.5% in Q3FY26 while PCR stood comfortable at 60%. BAF recorded an additional provision amounting to INR 1.4bn as a prudent buffer towards management and macro-economic overlay. In Q4, the company revised accounting for recoveries on written-off loans by adjusting them towards loan losses which will result in lower reported provisioning. Consequently, credit cost is guided to be in the range of 1.45-1.60% for FY27. Management highlighted an improvement in vintage credit performance across 3MOB, 6MOB and 9MOB and remains optimistic about credit cost outlook for FY27. We build a credit cost of 1.6% for FY27E factoring in a revision in provision recognition, normalization of MSME stress and winding-up of captive 2W/3W share in the AUM mix.

**Exhibit 1 : Q4FY26 Result Overview (INR mn)**

| Y/e March | Q4FY26 | Q4FY25 | *YoY gr. (%)* | Q4FY26E | *% Var* | Q3FY26 | *QoQ gr. (%)* | FY26 | FY25 | *YoY gr. (%)* |
|---|---|---|---|---|---|---|---|---|---|---|
| **NII** | **117,806** | **98,072** | ***20.1*** | **120,432** | ***(2.2)*** | **113,178** | ***4.1*** | **441,101** | **363,928** | ***21.2*** |
| *Spread (%) (calc)* | *9.6* | *9.7* | *-15bps* | *9.7* | *-10bps* | *9.7* | *-8bps* | *9.6* | *9.8* | *-16bps* |
| Other Income | 24,378 | 19,558 | *24.6* | 26,105 | *(6.6)* | 23,599 | *3.3* | 95,696 | 77,008 | *24.3* |
| Net Revenue | 142,184 | 117,630 | *20.9* | 146,537 | *(3.0)* | 136,777 | *4.0* | 536,797 | 440,936 | *21.7* |
| Opex | 48,011 | 39,493 | *21.6* | 48,414 | *(0.8)* | 45,563 | *5.4* | 177,763 | 149,261 | *19.1* |
| **PPOP** | **94,174** | **78,137** | ***20.5*** | **98,123** | ***(4.0)*** | **91,214** | ***3.2*** | **359,034** | **291,674** | ***23.1*** |
| Provisions | 20,075 | 21,670 | *(7.4)* | 24,240 | *(17.2)* | 34,251 | *(41.4)* | 98,215 | 70,882 | *38.6* |
| **PBT** | **74,098** | **56,467** | ***31.2*** | **73,883** | ***0.3*** | **56,963** | ***30.1*** | **260,819** | **220,792** | ***18.1*** |
| Tax | 18,565 | 11,018 | *68.5* | 18,471 | *0.5* | 13,651 | *36.0* | 64,843 | 53,002 | *22.3* |
| *ETR (%)* | *25.1* | *19.5* | | *25.0* | | *24.0* | | *249* | *240* | |
| **PAT** | **55,533** | **45,449** | ***22.2*** | **55,412** | ***0.2*** | **40,660** | ***36.6*** | **193,324** | **167,791** | ***15.2*** |
| **Business Metrics** | | | | | | | | | | |
| AUM | 5,099,750 | 4,166,610 | *22.4* | 5,100,000 | *(0.0)* | 4,844,770 | *5.3* | 5,099,750 | 4,166,610 | *22.4* |
| Borrowings | 3,228,180 | 2,752,180 | *17.3* | 2,889,469 | *11.7* | 3,069,150 | *5.2* | 3,228,180 | 2,752,180 | *17.3* |
| **Asset Quality Metrics** | | | | | | | | | | |
| GNPA (%) | 1.03 | 0.97 | *-5bps* | 1.14 | *11bps* | 1.21 | *19bps* | 1.03 | 0.97 | *-5bps* |
| NNPA (%) | 0.41 | 0.45 | *4bps* | 0.48 | *7bps* | 0.47 | *6bps* | 0.41 | 0.45 | *4bps* |
| PCR (%) | 59.7 | 53.7 | *597bps* | 57.6 | *210bps* | 61.3 | *-162bps* | 59.7 | 53.7 | *597bps* |

*Source: Company, PL*

**Exhibit 2 : Change in Estimates**

| (INR mn) | Revised Estimate | | Earlier Estimate | | *% Revision* | |
|---|---|---|---|---|---|---|
| | FY27E | FY28E | FY27E | FY28E | *FY27E* | *FY28E* |
| Net interest income | 533,158 | 657,217 | 546,908 | 664,176 | *-2.5%* | *-1.0%* |
| Operating profit | 435,393 | 542,277 | 445,451 | 549,682 | *-2.3%* | *-1.3%* |
| Profit after tax | 257,709 | 327,060 | 251,885 | 316,703 | *2.3%* | *3.3%* |
| ABVPS (INR) | 220 | 268 | 219 | 266 | *0.2%* | *0.8%* |

*Source: PL*

## Q4FY26 Conference Call Highlights

### Growth

- Management highlighted AUM growth in FY26 was moderated due to winding of 2W/3W business and proactively slowing down of MSME vertical.
- Gold loan portfolio is expected to cross 5% of total AUM mix by FY27 while tractor finance is expected to ramp-up in FY27.
- Commentary indicated MSME stress to normalize and expect book to grow in double digit by H2FY27.
- AUM growth guidance at 22-24% for FY27 aided by new business launches and increasing customer addition.
- Company remains confident of adding 15-17mn customers in FY27.
- In Q4, the Company added 46 new locations and 1.6K distribution points. Geographic presence stood at 4,098 locations and active distribution points were over 242K as of 31 March 2026.
- Company added 138 Gold Loan and 2 MFI branches with now totalling to 1,507 Gold loan and 447 MFI branches.

### Operating profitability

- Company expects marginal moderation in NIM as CoF increases due to hardening of bond yields.
- Reported cost of funds was 7.41% improving 4 bps over Q3FY26
- Opex increased sequentially due to the cascading impact of the New Labour Codes and accelerated Gold Loan branch expansion.
- Opex to NTI is expected to improve by 25-40bps from current level driven by efficiency improvements through FINAI.
- The Company revised its presentation of recoveries against written off loans from 'Other Operating Income' to 'Loan Losses and Provisions' across all periods. This presentation change led to a reduction in net total income, loan losses and provisions, with no impact on profit before and after tax.
- Company has guided RoA of 4.4%-4.6% and RoE of 19-20% in FY27.

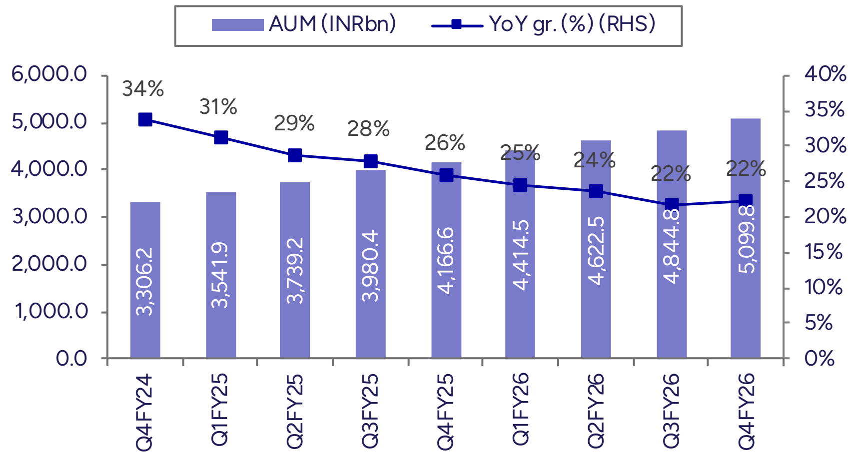
### Asset quality

- During the quarter, the company recorded an additional ECL provision of INR 1.4bn towards management and macro-economic overlay.
- Captive auto is expected to be less than INR 15bn by Q2FY27 which should lead to further improvement in credit cost.
- Company expects GNPA/NNPA to be below 1.4%/0.5% over a medium term.
- Company estimates credit cost in the corridor of 1.45%-1.60%

## Other highlights

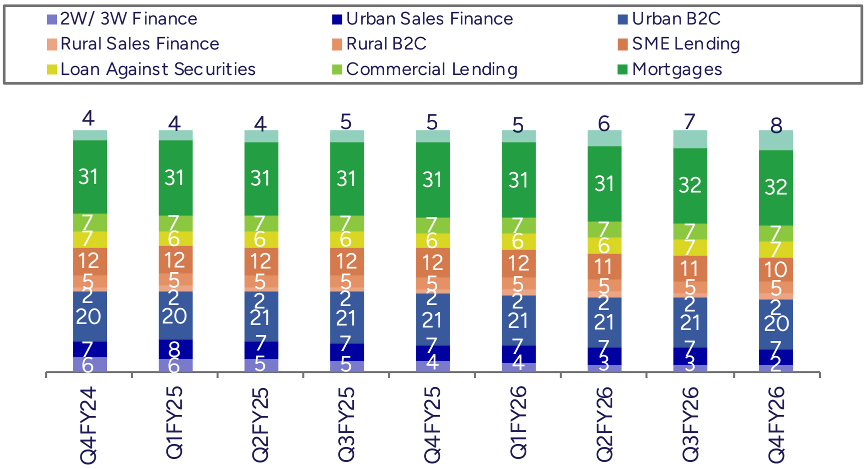
- The Board has recommended a final dividend of INR 6 per share for FY26.
- Capital adequacy remained strong at 21.55% as of 31 March 2026. Tier-1 capital was 20.67%.
- The company announced that Mr. Rajiv Bajaj will step down from the position of Non-Executive Director upon completion of his current term.

**Exhibit 3 : AUM growth was at 22% YoY to INR 5,099.8bn**



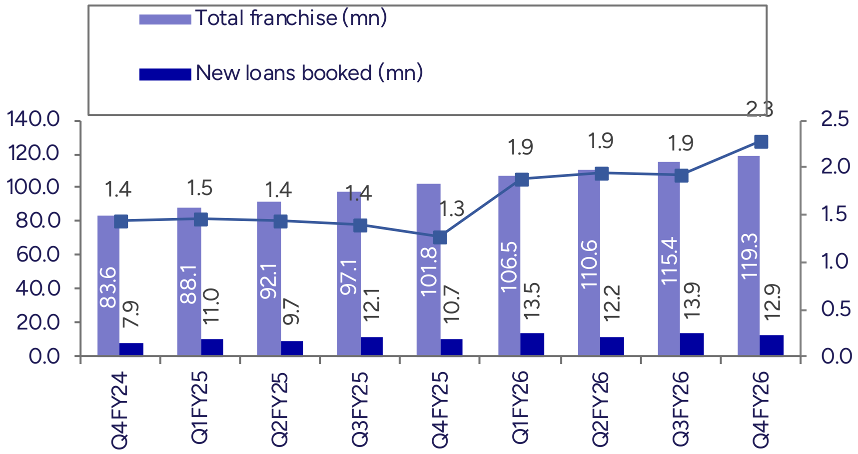

*Source: Company, PL*

**Exhibit 4 : AUM mix led by Mortgages, Sales Finance and MSME (%)**



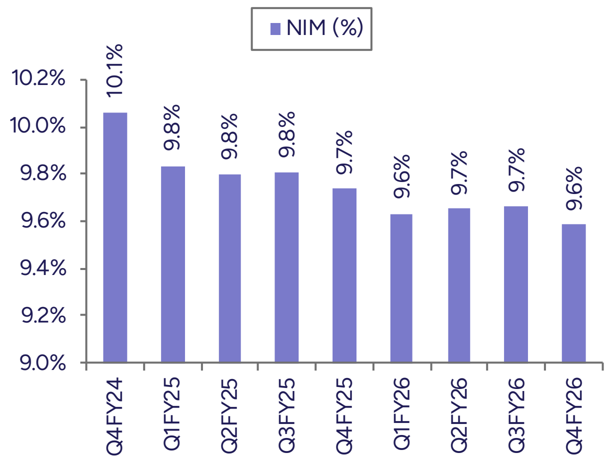

*Source: Company, PL*

**Exhibit 5 : Customer addition run-rate/ new loans booked remains strong**



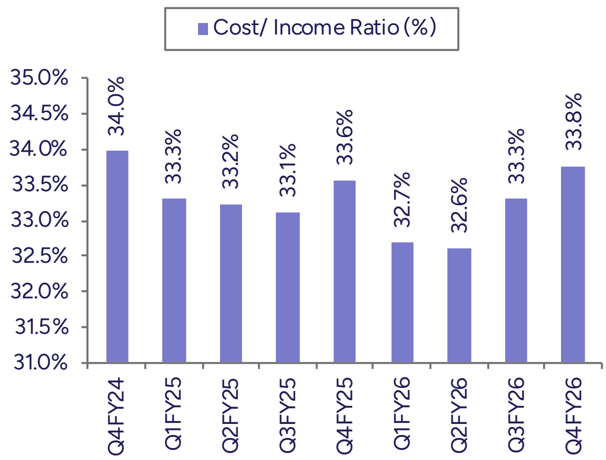

*Source: Company, PL*

**Exhibit 6 : Calc. NIM moderated by ~10bps QoQ**



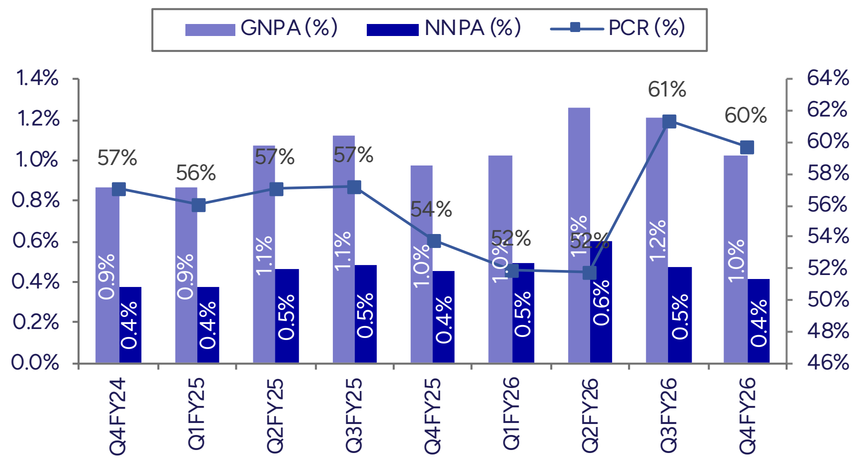

*Source: Company, PL*

**Exhibit 7 : Cost/income higher driven by labour code/ branch expansion**



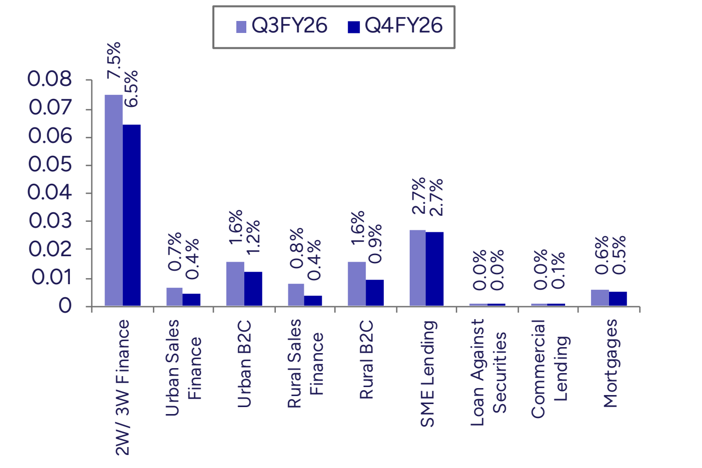

*Source: Company, PL*

**Exhibit 8 : Headline asset quality improved QoQ; PCR stable at 60%**



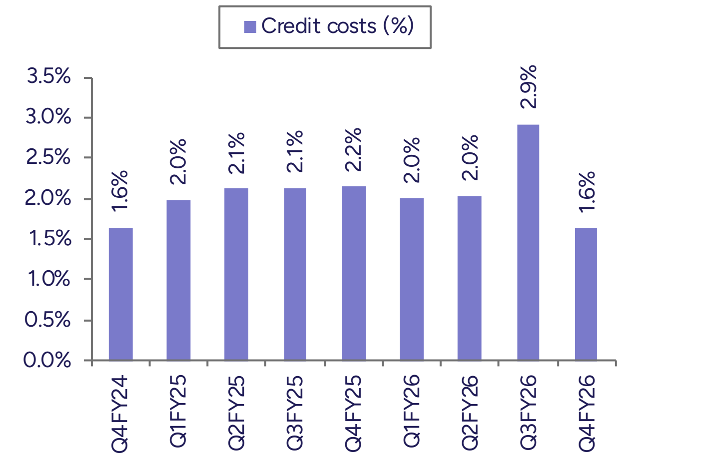

*Source: Company, PL*

**Exhibit 9 : 2W/3W finance/MSME continue to see stress**



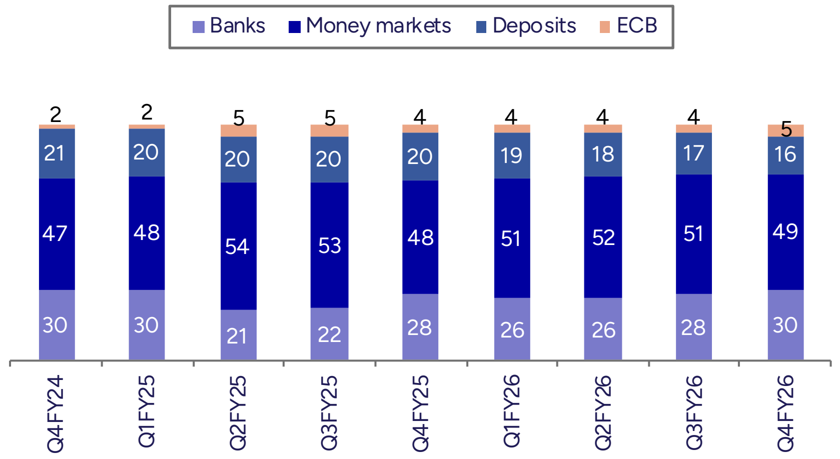

*Source: Company, PL*

**Exhibit 10 : Credit cost back to normalized levels after elevated Q3'26**




*Source: Company, PL*

**Exhibit 11 : Funding mix remains largely stable QoQ (%)**




*Source: Company, PL*

**Exhibit 12 : One-year forward P/ABV of BAF trades at 4.1x**


*Source: Company, PL*

### Exhibit 13 : FINAI transformation update (1/5)

**FINAI transformation update (1/5)**

FINAI remains central to our long-term vision. The phase wise implementation across businesses and functions has begun to show early signs of costs and productivity benefits. We are on track to become a future-ready financial services company.

| # | Stage | Metric | UoM | Q3 FY26 | Q4 FY26 | FY26 | FY27* |
|---|---|---|---|---|---|---|---|
| 1 | People | Dedicated employees working in AI unit | # as of | 145 | 203 | 203 | 363 |
| 2 | Data for AI | Voice to Data conversion for all customer interactions | # MM | 21 | 31 | 52 | 200 |
| | | Text to Data conversion for all customer interactions | # MM | 0.5 | 0.5 | 2.3 | 2.6 |
| | | New loan offers generated from all voice and text AI initiatives | # MM | 0.1 | 0.1 | 0.4 | 0.4 |
| 3 | Product and service discovery | Videos generated | # MM | 0.2 | 0.1 | 1.5 | 10 |
| | | Banners generated | # MM | 0.1 | 0.2 | 0.5 | 1 |
| | | Podcasts generated | # | 551 | 297 | 852 | 3,000 |
| 4 | Customer Engagement | Outbound & Inbound AI Voice BOTs live | # as of | 9 | 10 | 10 | 24 |
| | | AI Text BOTs live | # as of | 11 | 17 | 17 | 32 |
| | | Promotional SMS with AI BOT penetration | % | - | 11% | - | 100% |
| | | Click-through-rate of AI BOT in Promotional SMS | x times | - | - | - | 1.5 |
| 5 | Branch and point-of-sale | Face recognition cameras in store | # as of | - | 60 | 60 | 1,000 |
| | | Face recognition cameras in service branch | # as of | 10 | - | 10 | 1,200 |
| | | Existing customer face match | # MM | 4.6 | 6.3 | 12.2 | 27.0 |

*Source: Company*

### Exhibit 14 : FINAI transformation update (2/5)

**FINAI transformation update (2/5)**

| # | Stage | Metric | UoM | Q3 FY26 | Q4 FY26 | FY26 | FY27* |
|---|---|---|---|---|---|---|---|
| 6 | Customer Onboarding | Documents processed for application | # MM | 21.5 | 24.8 | 69.1 | 120 |
| 7 | Operations processing | Underwriter efficiency via AI summarization of PD notes | % | - | - | - | 30% |
| | | Auto quality check (QC) of documents | % | 41% | 44% | - | 90% |
| 8 | Disbursement | Disbursal from leads generated by Voice & Text AI BOTs | ₹ in Cr | 1,568 | 1,895 | 5,520 | 12,103 |
| | | Disbursal from leads generated through voice log processing | ₹ in Cr | 325 | 372 | 697 | 2,750 |
| 9 | Servicing | DIY Customers servicing through AI Voice and Text BOTs | % | 69% | 72% | 65% | 73% |
| | | Service SMS with AI Text BOT penetration | % | - | - | - | 100% |
| | | Click-through-rate of AI BOT in Service SMS | X times | - | - | - | 1.5X |

*Source: Company*

### Exhibit 15 : FINAI transformation update (3/5)

**FINAI transformation update (3/5)**

| # | Stage | Metric | UoM | Q3 FY26 | Q4 FY26 | FY26 | FY27* |
|---|---|---|---|---|---|---|---|
| 10 | Debt Management Service | Receipts through AI Text BOTs | # | 0 | 6,632 | 6,632 | 650K |
| | | Receipts through AI Voice BOTs | # MM | 0.1 | 0.1 | 0.3 | 4.3 |
| | | SMS with AI Text BOT penetration | % | - | - | - | 100% |
| | | Click-through-rate of AI BOT in SMS | X times | - | - | - | 1.5X |
| 11 | Technology development | Business Requirement Document (BRD) generated by AI | % | 98% | 99% | 71% | 100% |
| | | Vibe coding in BRDs | % | - | - | - | 100% |
| | | Test cases generated by AI | % | 39% | 40% | 39% | 65% |
| | | Software developer Efficiency | % | 26% | 28% | 24% | 45% |
| | | Agentic AI use cases | # as of | - | - | - | 118 |
| | | AI Agents | # as of | - | 27 | 27 | 600+ |
| | | Employee AI BOT | # as of | - | - | - | 32 |

*Source: Company*

### Exhibit 16 : FINAI transformation update (4/5)

**FINAI transformation update (4/5)**

| # | Details | Timelines | Status |
|---|---|---|---|
| 1 | **Data Intelligence** | | |
| 1.1 | Define enterprise-wide data architecture to support AI adoption at scale | Q4 FY26 | Completed |
| 1.2 | Build and scale "Data for AI" capabilities, including feature marts, embeddings and data annotation across voice, text, video, images, unstructured data and knowledge graphs | FY27 | On track |
| 2 | **Consumer AI** | | |
| 2.1 | Re-architect 22 business and 2 service journeys; inject AI features like AI-summaries, AI in-page search, AI vision for document scans on existing digital platforms | Q1 FY27 | On track |
| 2.2 | Deploy AI-enabled experiences across App and Website covering all business and service journeys | FY27 | On track |
| 2.3 | Enable customer discovery across leading AI platforms such as ChatGPT and Gemini | FY27 | On track |
| 2.4 | Build a new consumer AI platform with "Explore" as a core capability for business and service journeys | FY27 | On track |
| 3 | **Agentic AI** | | |
| 3.1 | Build multi-agent platform and deploy first 25 autonomous agents to support priority enterprise functions | Q4 FY26 | Completed (27 Agents) |
| 3.2 | Scale Agentic AI capabilities by implementing 800+ autonomous agents across Sales, Operations, DMS, HR, IT and Risk | FY27 | On track |

*Source: Company*

### Exhibit 17 : FINAI transformation update (5/5)

**FINAI transformation update (5/5)**

| # | Details | Timelines | Status |
|---|---|---|---|
| 4 | **Custom AI model** | | |
| 4.1 | Use AI to expand data variables for NTB and NTC customers for improved approval rates and enable incremental volume of ~5 lakh accounts for Sales Finance business | FY27 | Initiated |
| 5 | **AI Fraud model** | | |
| 5.1 | Define fraud detection framework with AI-driven capabilities | FY27 | Initiated |
| 5.2 | Deploy inline, proactive fraud detection model using Vision AI, Voice AI, network and anomaly detection | FY27 | Initiated |
| 6 | **AI Governance and Security** | | |
| 6.1 | Define a comprehensive AI governance framework aligned with RBI's FREE-AI policy, covering governance, oversight and responsible use of AI systems. | Q4 FY26 | Completed |
| 6.2 | Progressively deploy the AI governance policy across all 08 AI domains | FY27 | Initiated |

*Source: Company*

## Quarterly Financials

| Y/e Mar | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | Q4FY26 |
|---|---|---|---|---|---|---|---|---|
| **Income statement (INR mn)** | | | | | | | | |
| Interest earned | 140,492 | 149,870 | 157,682 | 163,591 | 171,447 | 177,960 | 186,565 | 191,789 |
| Interest expended | 56,839 | 61,493 | 63,856 | 65,520 | 69,177 | 70,113 | 73,387 | 73,983 |
| **Net interest income** | **83,653** | **88,377** | **93,826** | **98,072** | **102,270** | **107,847** | **113,178** | **117,806** |
| Other income | 20,557 | 21,118 | 22,931 | 19,558 | 23,838 | 23,881 | 23,599 | 24,378 |
| Total income | 161,048 | 170,989 | 180,613 | 183,150 | 195,285 | 201,841 | 210,164 | 216,167 |
| **Operating expenses** | **34,709** | **36,390** | **38,670** | **39,493** | **41,230** | **42,959** | **45,563** | **48,011** |
| Employees | 17,748 | 18,348 | 19,555 | 19,432 | 21,026 | 21,545 | 22,501 | 24,714 |
| Others | 16,962 | 18,041 | 19,114 | 20,061 | 20,205 | 21,414 | 23,062 | 23,297 |
| **Operating profit** | **69,500** | **73,106** | **78,088** | **78,137** | **84,878** | **88,769** | **91,214** | **94,174** |
| **Provisions** | **16,847** | **19,091** | **20,433** | **21,670** | **21,202** | **22,688** | **34,251** | **20,075** |
| Profit before tax | 52,654 | 54,015 | 57,654 | 56,467 | 63,676 | 66,081 | 56,963 | 74,098 |
| Tax | 13,534 | 13,877 | 14,572 | 11,018 | 16,023 | 16,604 | 13,651 | 18,565 |
| **Profit after tax** | **39,120** | **40,137** | **43,082** | **45,449** | **47,653** | **49,478** | **40,660** | **55,533** |
| **Balance sheet (INR mn)** | | | | | | | | |
| AUM | 3,541,920 | 3,739,240 | 3,980,430 | 4,166,610 | 4,414,500 | 4,622,500 | 4,844,770 | 5,099,750 |
| *AUM growth (%)* | *31.1* | *28.8* | *28.0* | *26.0* | *24.6* | *23.6* | *21.7* | *22.4* |
| Disbursements | 1,062,460 | 1,035,450 | 1,123,410 | 1,035,930 | 1,123,520 | 1,148,510 | 1,235,360 | 1,280,530 |
| *Disbursal growth (%)* | *41.5* | *37.7* | *33.8* | *25.5* | *5.7* | *10.9* | *10.0* | *23.6* |
| Borrowings | 2,314,790 | 2,447,080 | 2,557,550 | 2,752,180 | 2,914,210 | 2,968,100 | 3,069,150 | 3,228,180 |
| *Borrowings growth (%)* | *31.1* | *27.4* | *27.8* | *24.9* | *25.9* | *21.3* | *20.0* | *17.3* |
| Debt / Equity (x) | 2.9 | 2.7 | 2.7 | 2.8 | 2.9 | 2.8 | 2.8 | 2.8 |
| Assets / Equity (x) | 4.7 | 4.3 | 4.4 | 4.3 | 4.6 | 4.5 | 4.6 | 4.5 |
| **Capital ratios (%)** | | | | | | | | |
| Total CAR | 21.6 | 21.7 | 21.6 | 21.9 | 22.0 | 21.2 | 21.5 | 21.6 |
| Tier-1 | 20.7 | 20.9 | 20.8 | 21.1 | 21.2 | 20.5 | 20.6 | 20.7 |
| Tier-2 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.7 | 0.9 | 0.9 |
| **Profitability ratios (%)** | | | | | | | | |
| Yield on AUM | 16.5 | 16.6 | 16.5 | 16.2 | 16.1 | 15.9 | 15.9 | 15.6 |
| Cost of funds | 10.1 | 10.3 | 10.2 | 9.9 | 9.8 | 9.5 | 9.7 | 9.4 |
| NIM | 9.8 | 9.8 | 9.8 | 9.7 | 9.6 | 9.7 | 9.7 | 9.6 |
| Spread | 6.5 | 6.3 | 6.3 | 6.4 | 6.4 | 6.4 | 6.2 | 6.2 |
| Cost / Income | 33.3 | 33.2 | 33.1 | 33.6 | 32.7 | 32.6 | 33.3 | 33.8 |
| Opex / AUM | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| RoA | 4.1 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.1 | 4.1 |
| RoE | 20.1 | 19.1 | 18.8 | 18.8 | 19.0 | 19.2 | 15.1 | 19.6 |
| **Asset quality ratios (%)** | | | | | | | | |
| GNPA | 0.9 | 1.1 | 1.1 | 1.0 | 1.0 | 1.3 | 1.2 | 1.0 |
| NNPA | 0.4 | 0.5 | 0.5 | 0.4 | 0.5 | 0.6 | 0.5 | 0.4 |
| Provision coverage | 56.1 | 57.1 | 57.2 | 53.7 | 51.9 | 51.8 | 61.3 | 59.7 |
| Credit costs | 2.0 | 2.1 | 2.1 | 2.2 | 2.0 | 2.0 | 2.9 | 1.6 |

*Source: Company, PL*

## Financials

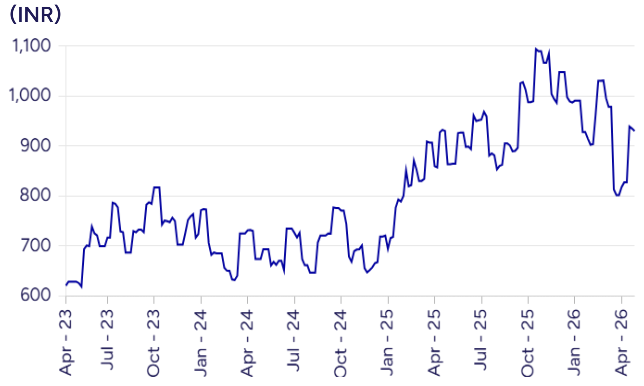
| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Profit & Loss (INR mn)** | | | | |
| Interest income | 611,636 | 727,760 | 880,980 | 1,065,031 |
| Interest expense | 247,708 | 286,660 | 347,822 | 407,814 |
| **NII** | **363,928** | **441,101** | **533,158** | **657,217** |
| Other income | 77,008 | 95,696 | 115,443 | 145,792 |
| Total income | 688,644 | 823,456 | 996,423 | 1,210,824 |
| Operating expenses | 149,261 | 177,763 | 213,208 | 260,732 |
| Employee | 75,083 | 89,785 | 107,133 | 131,087 |
| Others | 74,178 | 87,978 | 106,074 | 129,645 |
| **PPOP** | **291,674** | **359,034** | **435,393** | **542,277** |
| Provisions | 70,882 | 98,215 | 91,781 | 106,197 |
| PBT | 220,792 | 260,819 | 343,612 | 436,080 |
| Tax | 53,002 | 64,843 | 85,903 | 109,020 |
| **PAT** | **167,791** | **193,324** | **257,709** | **327,060** |
| **Growth ratios (%)** | | | | |
| AUM | 26.0 | 22.4 | 22.7 | 22.2 |
| Borrowings | 24.9 | 17.3 | 20.4 | 16.5 |
| NII | 23.0 | 21.2 | 20.9 | 23.3 |
| Opex | 21.1 | 19.1 | 19.9 | 22.3 |
| PPoP | 21.8 | 23.1 | 21.3 | 24.5 |
| Provisions | 53.1 | 38.6 | (6.6) | 15.7 |
| PAT | 16.1 | 15.2 | 33.3 | 26.9 |
| **Profitability ratios (%)** | | | | |
| Yield on AUM | 16.5 | 15.9 | 15.6 | 16.0 |
| Cost of funds | 10.1 | 9.6 | 9.7 | 9.7 |
| NIM | 9.8 | 9.6 | 9.5 | 9.5 |
| Spread | 6.3 | 6.3 | 6.0 | 5.7 |
| Other Income/Assets | 1.8 | 1.9 | 1.9 | 1.9 |
| Cost/Income | 33.9 | 33.1 | 32.9 | 32.5 |
| Opex/Assets | 3.5 | 3.5 | 3.4 | 3.5 |
| Tax Rate | 24.0 | 24.9 | 25.0 | 25.0 |
| RoA | 4.0 | 3.8 | 4.2 | 4.3 |
| RoE | 19.0 | 17.9 | 20.1 | 21.2 |
| **DuPont analysis (%)** | | | | |
| Interest income | 14.5 | 14.2 | 14.2 | 14.1 |
| Interest expense | 5.9 | 5.6 | 5.6 | 5.4 |
| NII | 8.6 | 8.6 | 8.6 | 8.7 |
| Other income | 1.8 | 1.9 | 1.9 | 1.9 |
| Total income | 10.5 | 10.5 | 10.5 | 10.6 |
| Operating expenses | 3.5 | 3.5 | 3.4 | 3.5 |
| Employee | 1.8 | 1.8 | 1.7 | 1.7 |
| Others | 1.8 | 1.7 | 1.7 | 1.7 |
| PPOP | 6.9 | 7.0 | 7.0 | 7.2 |
| Provisions | 1.7 | 1.9 | 1.5 | 1.4 |
| PBT | 5.2 | 5.1 | 5.5 | 5.8 |
| Tax | 1.3 | 1.3 | 1.4 | 1.4 |
| PAT | 4.0 | 3.8 | 4.2 | 4.3 |

*Source: Company, PL*

| Y/e Mar | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Balance sheet (INR mn)** | | | | |
| Cash & Bank | 135,435 | 157,553 | 388,703 | 452,657 |
| Loans | 4,078,441 | 4,989,435 | 6,255,069 | 7,643,727 |
| Investments | 344,408 | 305,778 | - | - |
| Fixed Assets | 38,215 | 40,660 | 32,046 | 33,446 |
| Other Assets | 64,768 | 106,097 | 125,101 | 152,875 |
| **Total Assets** | **4,661,268** | **5,599,524** | **6,800,920** | **8,282,704** |
| Borrowings | 2,752,180 | 3,228,180 | 3,887,028 | 4,526,568 |
| Other Liabilities & Provisions | 914,753 | 1,201,498 | 1,523,588 | 2,064,543 |
| **Total Liabilities** | **3,666,933** | **4,429,678** | **5,410,616** | **6,591,111** |
| Share capital | 6,209 | 6,209 | 6,209 | 6,209 |
| Other equity | 988,127 | 1,163,638 | 1,384,095 | 1,685,385 |
| **Total equity** | **994,336** | **1,169,846** | **1,390,304** | **1,691,593** |
| **Total Liabilities & Equity** | **4,661,268** | **5,599,524** | **6,800,920** | **8,282,704** |
| **Balance Sheet ratios (%)** | | | | |
| Debt/Equity | 2.8 | 2.8 | 2.8 | 2.7 |
| Assets/Equity | 4.7 | 4.8 | 4.9 | 4.9 |
| Cash/Borrowings | 0.1 | 0.1 | 0.3 | 0.3 |
| CRAR | 22.0 | 21.6 | 23.7 | 23.6 |
| **Asset quality (%)** | | | | |
| GNPA (INR mn) | 39,650 | 51,190 | 59,761 | 74,071 |
| NNPA (INR mn) | 18,340 | 20,620 | 24,467 | 30,069 |
| GNPA | 1.0 | 1.0 | 1.0 | 1.0 |
| NNPA | 0.4 | 0.4 | 0.4 | 0.4 |
| PCR | 53.7 | 59.7 | 59.1 | 59.4 |
| Credit Cost | 2.1 | 2.1 | 1.6 | 1.5 |
| **Per share (Rs)** | | | | |
| EPS | 27.0 | 31.1 | 41.5 | 52.7 |
| BVPS | 160.2 | 188.4 | 223.9 | 272.5 |
| ABVPS | 157.2 | 185.1 | 220.0 | 267.6 |
| **Valuation (x)** | | | | |
| P/E | 34.4 | 29.9 | 22.4 | 17.7 |
| P/ABV | 5.9 | 5.0 | 4.2 | 3.5 |
| P/BV | 5.8 | 4.9 | 4.2 | 3.4 |

*Source: Company, PL*

### Price Chart




### Recommendation History

| No. | Date | Rating | TP (INR) | Share Price (INR) |
|---|---|---|---|---|
| 1 | 09-Apr-26 | ACCUMULATE | 1025 | 915 |
| 2 | 04-Feb-26 | BUY | 1125 | 964 |
| 3 | 08-Jan-26 | BUY | 1125 | 969 |
| 4 | 08-Dec-25 | Accumulate | 1125 | 1048 |
| 5 | 11-Nov-25 | Hold | 1030 | 1085 |
| 6 | 07-Oct-25 | Hold | 950 | 1017 |
| 7 | 25-Jul-25 | Hold | 900 | 959 |
| 8 | 08-Jul-25 | Hold | 900 | 925 |
| 9 | 30-Apr-25 | Hold | 9000 | 9093 |
| 10 | 27-Apr-23 | BUY | 7835 | 6056 |

### Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (INR) | Share Price (INR) |
|---|---|---|---|---|
| 1 | AAVAS Financiers | BUY | 1500 | 1209 |
| 2 | Bajaj Finance | ACCUMULATE | 1025 | 915 |
| 3 | Can Fin Homes | BUY | 1075 | 915 |
| 4 | Cholamandalam Investment and Finance Company | BUY | 1800 | 1554 |
| 5 | HDFC Life Insurance Company | Buy | 835 | 632 |
| 6 | Home First Finance Company India | BUY | 1250 | 1060 |
| 7 | ICICI Prudential Life Insurance Company | Buy | 700 | 547 |
| 8 | LIC Housing Finance | HOLD | 550 | 530 |
| 9 | Mahindra & Mahindra Financial Services | Accumulate | 325 | 294 |
| 10 | Max Financial Services | BUY | 2040 | 1491 |
| 11 | SBI Life Insurance Company | Buy | 2200 | 1885 |
| 12 | Shriram Finance | BUY | 1200 | 1011 |
| 13 | Sundaram Finance | ACCUMULATE | 5500 | 4887 |

### PL's Recommendation Nomenclature (Absolute Performance)

| | | |
|---|---|---|
| **BUY** | : | > 15% |
| **Accumulate** | : | 5% to 15% |
| **Hold** | : | +5% to -5% |
| **Reduce** | : | -5% to -15% |
| **Sell** | : | < -15% |
| **Not Rated (NR)** | : | No specific call on the stock |
| **Under Review (UR)** | : | Rating likely to change shortly |

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