

Bajaj Finance (BAF IN)

**Q2FY27 Result
Update**

October 20, 2026

☒ Estimate Change | ☐ Target | ☐ Reco.

Change in Estimates

	Current		Previous	
	FY28E	FY29E	FY28E	FY29E
Rating	BUY		BUY	
Target Price	1,150		1,150	
NII (INR. mn)	676,549	842,960	681,329	856,130
% Chng.	(0.7)	(1.5)		
PPoP (INR mn)	526,648	657,309	531,141	666,522
% Chng.	(0.8)	(1.4)		
EPS (INR)	50.2	62.7	50.9	64.1
% Chng.	(1.4)	(2.2)		

Key Data

BJFN.BO | BAF IN

BSE Code	500034
NSE Code	BAJFINANCE
52-W High / Low	INR 1,177 / INR 787
Face Value	1
Sensex / Nifty	73,853 / 22,889
Market Cap	INR 5,960 bn / \$ 62,790 mn
Shares Outstanding	6225.95 mn
3M Avg. Daily Value	INR 8,380.66 mn

Shareholding Pattern (%)

Promoters	54.67
FII's	19.79
Mutual Funds	10.32
Domestic Institutions	6.73
Public & Others	8.49
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(8.0)	(9.4)	5.5	(10.5)
Relative	(7.4)	(4.1)	12.1	1.8

Key Financials - Consolidated

Y/e Mar	FY26	FY27E	FY28E	FY29E
NII (INR mn)	441,109	545,947	676,549	842,960
NIM (%)	9.6	9.5	9.4	9.4
PPoP (INR mn)	355,637	437,923	526,648	657,309
PAT (INR mn)	193,324	259,670	312,522	390,228
EPS (INR)	31.1	41.8	50.2	62.7
Gr. (%)	15.2	34.2	20.2	24.9
DPS (INR)	6.0	4.2	5.0	6.3
Yield (%)	0.6	0.4	0.5	0.7
RoAE (%)	17.9	20.2	20.3	20.9
RoAA (%)	3.8	4.1	3.9	4.0
P/BV (x)	5.1	4.3	3.5	2.9
P/ABV (x)	5.2	4.3	3.6	3.0
PE (x)	30.7	22.9	19.1	15.3
CAR (%)	24.8	23.2	22.5	22.1

Robust growth; NIM headwinds persist

Quick Pointers

- Expect 26% AUM growth in FY27E; MSME recovery in H2
- NIM under pressure from repo-rate hike
- Credit cost outlook remains supportive amid prudent provisioning

AUM grew 26.5% YoY to INR5,846.2bn driven by strong momentum across mortgages and urban/ rural consumer finance, while MSME growth is expected to recover in H2FY27. We build AUM growth of 26%/25% for FY27/FY28E in-line with management guidance. NIM (calc.) moderated to 9.5% and is likely to face marginally higher compression than earlier guidance (10-15bps) amid rising funding costs. Fee-income growth is expected at 15-18% over the medium term, with final regulations on insurance commissions and revolver loans remain key monitorables. Despite sequential asset quality deterioration, partly due to temporary shorter-tenor gold loan schemes, management remains confident of the credit cost outlook. We factor in credit cost of ~1.6% for FY27E. Additional provisioning buffers and the proposed INR175bn capital raise strengthen balance-sheet resilience. We retain our P/ABV multiple of 4.0x Sep'28E, arriving at a TP of INR1,150. Sustained growth, resilient asset quality and a strong balance sheet profile underpin our positive view. Reiterate BUY.

Expect AUM growth of ~26% in FY27E: AUM grew 26.5% YoY/ 6.9% QoQ to INR5,846.2bn, driven by Mortgages (+30% YoY), Urban Sales Finance (+43% YoY), Urban B2C (+19% YoY) and Rural B2C (+29% YoY). MSME growth remained subdued (+3% YoY), though management expects double-digit growth in H2FY27 supported by improved vintage performance and changes to origination practices. Gold loan portfolio (~4% of AUM) is expected to scale up through organic distribution expansion and deeper franchise penetration with ~2,800 branches expected by FY27. BAF has shifted to 9-12-month gold loan schemes to reduce delinquencies arising from missed interest payments and loan rollovers. It also plans to launch alternative term-loan variants from Nov'26 to mitigate the potential impact of proposed RBI restrictions on revolver loans. The company continues to calibrate originations across riskier segments, including MFI and B2B lending in select geographies. Management expects 60-62mn new loan disbursements and 18-20mn customer additions in FY27, while reiterating its AUM growth guidance of 26-27% for FY27 and 23-25% over the medium term. We build an AUM growth of 26%/25% for FY27/FY28E supported by deeper customer penetration, wider distribution and FINAI-led lending opportunities.

Quarter Summary

Y/e Mar	Q2'27E	Q2'27A	% Var.	Q2'26A	YoY gr. (%)
NII (INR mn)	1,34,759	1,33,347	(1.0)	1,07,847	23.6
PPoP (INR mn)	1,07,598	1,07,033	(0.5)	88,783	20.6
Margin (%)	9.5	9.5	-1 bp	9.7	-14 bps
PAT (INR mn)	63,723	63,666	(0.1)	49,492	28.6

Source: Company, PL

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NIM under pressure; efficiency gains to support profitability: NII grew 23.6% YoY/ 6.1% QoQ to INR133.3bn. While reported CoF stood at 7.31% (vs. 7.40% in Q1) supported by benefit from interest rate hedging, calc. NIM declined QoQ to 9.51% vs 9.62% as yields moderate. Management expects NIM compression to be marginally higher than its earlier FY27 guidance of 10-15bps, as the impact of higher repo rates feeds into funding costs in H2FY27. We build NIM at ~9.5% for FY27E. Management remains comfortable sustaining 15-18% fee-income growth over the medium term, despite potential IRDAI commission draft headwinds. Reported opex/ NTI ratio was stable at 33% in Q2 (vs. 33.1% YoY) and company expects opex ratio to improve by 25-40bps in FY27 aided by productivity gains and operating efficiencies. The Board has approved a capital raise of INR175bn (INR117bn QIP + INR58bn pref. issue) to support growth across the company and its subsidiaries and strengthen balance-sheet resilience. Management reiterated its long-term PAT growth target of 23-25% and RoE guidance of 19-21%; we build in similar return ratios.

Higher provisioning buffers; credit cost outlook supportive: Headline GNPA/NNPA declined sequentially to 1.06%/0.42% vs. 0.96%/0.39% in Q1FY27 while PCR stood comfortable at 60%. Stage 2&3 assets increased by INR16bn in Q2, including INR10.5bn from gold loans largely due to shorter-tenor schemes discontinued since Aug'26. However, no broader deterioration in gold loan repayment trends or customer leverage is noted. Rural and unsecured lending risks are being actively managed through district-level monitoring and calibrated originations, particularly in drought-affected geographies. The company has also reduced 3+ personal loan origination from 14% to 7%, targeting a further reduction to 3.5% by FY27-end. Company reiterated its focus on maintaining a resilient balance sheet amid an uncertain global environment, thereby creating a macro-economic overlay of INR3.4bn. Management remains optimistic on credit cost outlook for FY27 and we build a credit cost of 1.6% for FY27E supported by prudent provisioning and improvement in vintage credit performance.

Exhibit 1: Quarterly Estimates

(INR mn)	Q1FY27	YoY gr. (%)	Q2FY27	YoY gr. (%)	Q3FY27E	YoY gr. (%)	Q4FY27E	YoY gr. (%)
NII	1,25,706	22.9	1,33,347	23.6	1,37,752	21.7	1,49,142	26.6
PPoP	1,01,424	21.7	1,07,033	20.6	1,10,359	21.0	1,19,107	26.5
NIM (%)	9.6	-2 bps	9.5	-14 bps	9.3	-40 bps	9.5	-11 bps
PAT	60,806	27.6	63,666	28.6	64,765	59.3	70,433	26.8

Source: Company, PL

Exhibit 2: Q2FY27 Result Overview (INR mn)

Y/e March	Q2FY27	Q2FY26	YoY gr. (%)	Q2FY27E	% Var	Q1FY27	QoQ gr. (%)	H1FY27	H1FY26	YoY gr. (%)
NII	1,33,347	1,07,847	23.6	134,759	(1.0)	1,25,706	6.1	2,59,053	2,10,125	23.3
NIM (%) (calc)	9.5	9.7	-14bps	9.5	-1bps	9.6	-10bps	9.7	9.8	-11bps
Other Income	26,432	23,895	10.6	26,878	(1.7)	26,588	(0.6)	53,020	46,220	14.7
Net Revenue	1,59,778	1,31,742	21.3	161,637	(1.1)	1,52,294	4.9	3,12,073	2,56,345	21.7
Opex	52,745	42,959	22.8	54,038	(2.4)	50,870	3.7	1,03,615	84,197	23.1
PPOP	1,07,033	88,783	20.6	107,598	(0.5)	1,01,424	5.5	2,08,457	1,72,148	21.1
Provisions	21,661	22,688	(4.5)	22,634	(4.3)	19,934	8.7	41,595	42,377	(1.8)
PBT	85,372	66,095	29.2	84,964	0.5	81,490	4.8	1,66,862	1,29,771	28.6
Tax	21,706	16,604	30.7	21,241	2.2	20,684	4.9	42,390	32,627	29.9
ETR (%)	25.4	25.1		25.0		25.4		25.4	25.1	
PAT	63,666	49,492	28.6	63,723	(0.1)	60,806	4.7	1,24,472	97,145	28.1
Business Metrics										
AUM	58,46,240	46,22,500	26.5	58,47,500	(0.0)	54,69,440	6.9	58,46,240	46,22,500	26.5
Borrowings	50,19,819	39,74,006	26.3	45,72,573	9.8	47,22,650	6.3	50,19,819	39,74,006	26.3
Asset Quality Metrics										
GNPA (%)	1.06	1.26	18bps	0.89	-19bps	0.96	-12bps	1.08	1.26	18bps
NNPA (%)	0.42	0.61	18bps	0.36	-6bps	0.39	-4bps	0.43	0.61	18bps
PCR (%)	60.4	51.8	863bps	59.2	124bps	59.7	75bps	60.4	51.8	863bps

Source: Company, PL

Exhibit 3: Change in Estimates

(INR mn)	Revised Estimate			Earlier Estimate			% Revision		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Net interest income	5,45,947	6,76,549	8,42,960	550,494	681,329	856,130	-0.8%	-0.7%	-1.5%
Operating profit	4,37,923	5,26,648	6,57,309	442,081	531,141	666,522	-0.9%	-0.8%	-1.4%
Profit after tax	2,59,670	3,12,522	3,90,228	262,583	316,798	398,786	-1.1%	-1.3%	-2.1%
ABVPS (INR)	221	266	322	220	266	324	0.1%	-0.2%	-0.5%

Source: PL

Q2FY27 Conference Call Highlights
Growth

- Management expects FY27 loan growth of 26-27% (factoring drought/EL Nino impact), supported by festive season and has guided for medium-term growth of 23-25%.
- MSME growth was soft at 3% in Q2FY27 due to portfolio pruning amid elevated delinquencies; management expects growth to recover to double-digit levels in H2FY27. MFI and B2B lending is being assessed in drought-hit districts.
- Customers with 3+ personal loans have been cut from 14% to 7% of originations, with a target of 3.5% by Feb/Mar'27.
- BAF added 321 gold loan branches in Q2 and now has 2,022 gold loan and 480 MFI branches. The Company expects to close FY27 with 2,700-2,800 gold loan branches and 520-550 MFI branches.
- Short-tenor gold loan schemes were discontinued in August, and the company is moving to 9-12 month tenors with optional monthly or quarterly interest payment. About 99% of gold loans are bullet repayment, with average ticket steady at ~INR0.25mn and LTV held at 75%.
- Management tracks gold tonnage to assess underlying business growth and prioritizes profitability over AUM expansion, accepting slower growth to prevent avoidable customer delinquencies.
- The Board approved INR117bn QIP and INR58bn of preferential warrants from Bajaj Finserv, subject to shareholder approval. The leverage level at which the company raises capital is lowered to 5.0–5.5x from 5.5-6x, with current leverage of 5.1x.
- BAF plans to launch alternative term-loan variants from Nov'26 in response to the proposed RBI restrictions on revolver loans.. Management expects a complete ban on revolver loans to have a transient impact on AUM and lead to marginal NIM and profitability compression.

Operating profitability

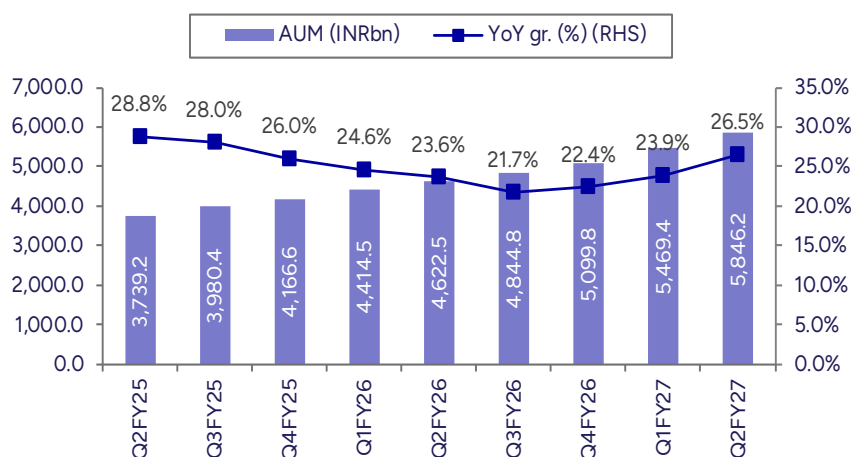
- Interest-rate hedging lowered CoF at BAF and BHFL. Management expects two more repo hikes this year, taking the repo rate to ~6%, which will flow through Q3 and Q4. Company raised deposit rates in Q2 to build momentum in the deposit book.
- Management expects FY27 NIM compression to be marginally higher than the earlier 10–15bps guidance, with lower opex growth and credit costs serving as potential offsets to profitability pressure.
- Despite continued investments in gold/MFI branches and technology, management expects a 25–40bps improvement in Opex/NTI in FY27.

- H1FY27 non-interest income grew 20%, ahead of 16-18% guidance driven by stronger B2B businesses; management expects 15-18% growth over the medium term.
- Proposed insurance commission regulations pose a potential headwind to fee income, while UPI MDR monetisation offers an opportunity for upside.

Asset quality

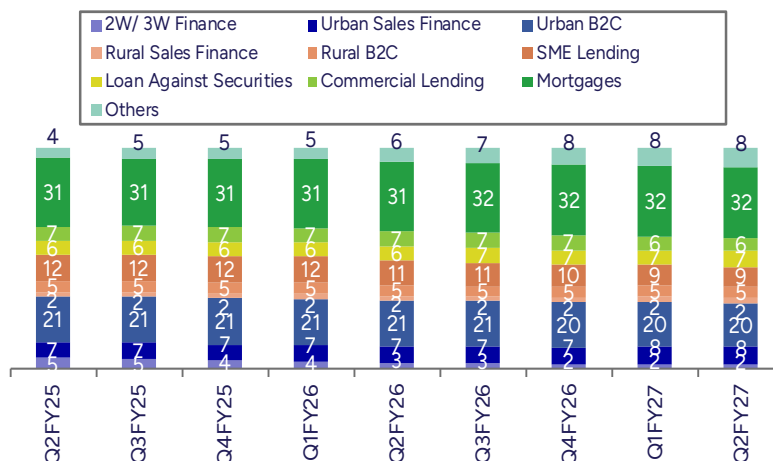
- Management expects FY27 credit costs to exit at the lower end of the guided range.
- INR3.4bn macro-overlay was created in Q2 to strengthen balance-sheet resilience rather than to address emerging portfolio stress. The overlay addresses risks which are not fully captured by ECL models, including El Nino and elevated crude oil prices, with additional provisioning focused on Stage 1/2 unsecured self-employed borrowers.
- Stage 2/3 assets increased to INR16bn, including INR10.5bn of gold loan exposures attributable to short-tenor schemes. The 10bps QoQ increase in GNPA was attributed to the higher day count in Q2 vs. Q1.
- MSME GNPA remains elevated due to flat portfolio growth. Early-vintage performance across 3MOB, 6MOB and 9MOB cohorts is at par or better than 2019 levels following origination changes implemented from July 2025.

Exhibit 4: AUM grew 26.5% YoY to INR 5,846.2bn



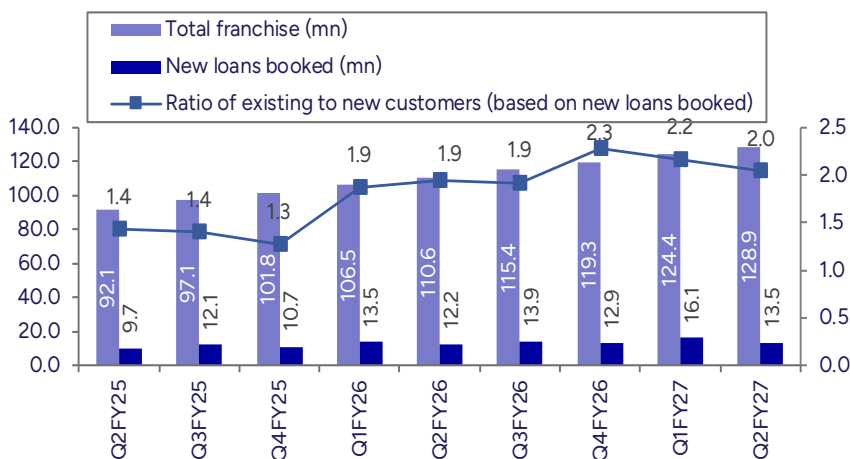
Source: Company, PL

Exhibit 5: AUM mix led by Mortgages, Sales Finance and MSME (%)



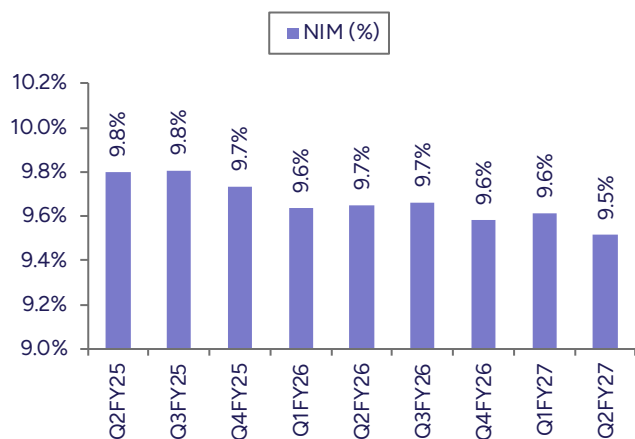
Source: Company, PL

Exhibit 6: Customer addition run-rate/ new loans booked remains strong YoY



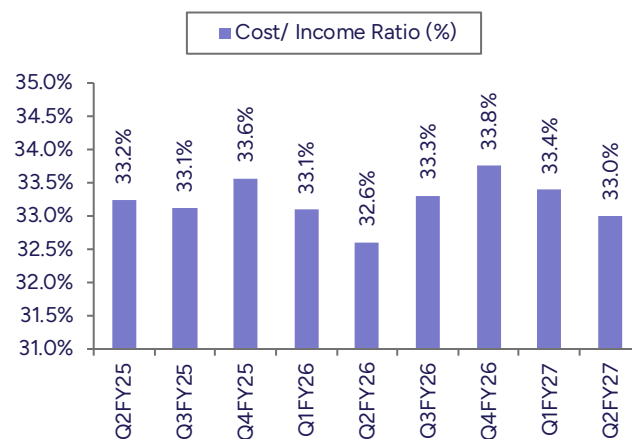
Source: Company, PL

Exhibit 7: Calc. NIM declined QoQ by ~10bps



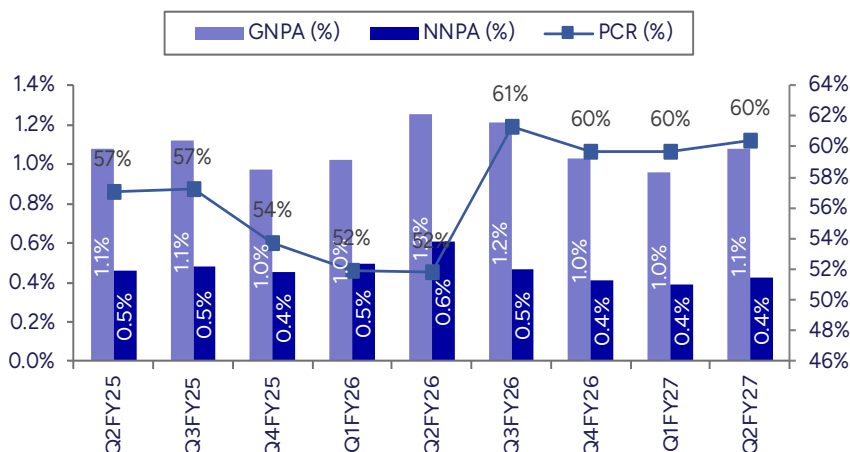
Source: Company, PL

Exhibit 8: Calc. Cost/income ratio moderates sequentially



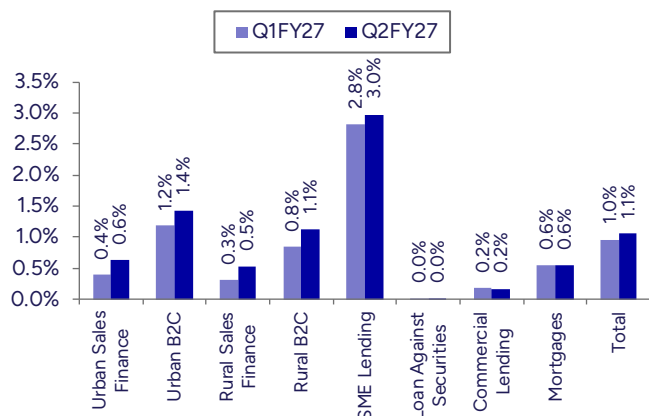
Source: Company, PL

Exhibit 9: Headline asset quality weakens QoQ; PCR stable at 60%



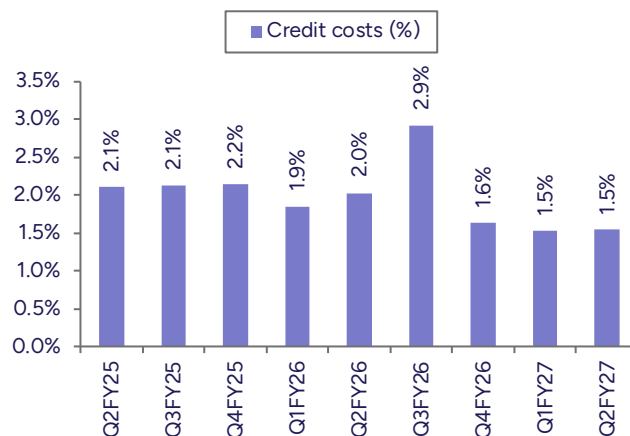
Source: Company, PL

Exhibit 10: SME Lending witnessed uptick in stress sequentially



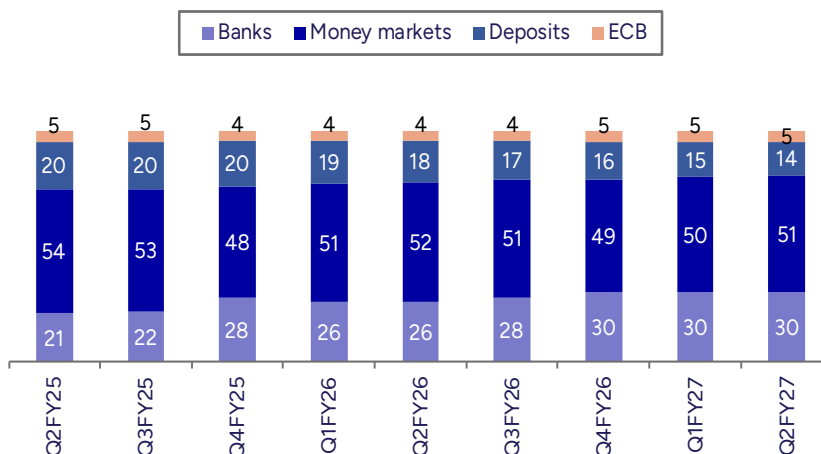
Source: Company, PL

Exhibit 11: Credit cost (calc.) stood at 1.55% in Q2



Source: Company, PL

Exhibit 12: Funding mix remains largely stable QoQ (%)



Source: Company, PL

Exhibit 13: One-year forward P/ABV of BAF trades at 3.7x



Source: Company, PL

Exhibit 14: FINAI transformation update (1/5)

FINAI transformation update (1/5)							
#	Stage	Metric	UoM	Q2 FY26	Q1 FY27	Q2 FY27	YoY
1	People	Dedicated employees working in AI unit	# as of	121	230	328	171%
		AI text BOT for employees	# as of	-	25	39	-
2	Data for AI	Voice to Data conversion for all customer interactions	# MM	-	45	56	-
		Text to Data conversion for all customer interactions	# MM	0.6	0.6	0.5	(10%)
		New loan offers generated from all voice and text AI initiatives	# MM	0.1	0.4	0.4	327%
3	Product and service discovery	Videos generated	# MM	0.64	0.01	0.01	(99%)
		Banners generated	# MM	0.10	0.13	0.11	12%
		Podcasts generated	#	4	711	644	-
4	Customer Engagement	Outbound & Inbound AI Voice BOTs live	# as of	9	10	13	44%
		Consumer AI Text BOTs live	# as of	7	24	24	343%
		Promotional SMS with AI BOT penetration	%	-	35%	77%	-
		Click-through-rate of AI BOT in Promotional SMS	x times	-	1.98X	2.65x	-
5	Branch and point-of-sale	Face recognition cameras in store	# as of	-	92	535	-
		Face recognition cameras in service branch	# as of	-	452	1,163	-

Source: Company, PL

Exhibit 15: FINAI transformation update (2/5)

FINAI transformation update (2/5)							
#	Stage	Metric	UoM	Q2 FY26	Q1 FY27	Q2 FY27	YoY
6	Customer Onboarding	Existing customer face match	#MM	1.2	6.0	6.7	442%
		Documents processed for application	#MM	12	32	29	138%
		AI summaries live for products on App and Web	# as of	-	2	12	-
7	Operations Processing	Auto quality check (QC) of documents	#MM	8.4	22.5	22.8	171%
8	Disbursement	Disbursal from leads generated by Voice & Text AI BOTs	₹ in Cr	1,295	2,551	2,744	112%
		Disbursal from leads generated through voice log processing	₹ in Cr	0	517	596	-
9	Servicing	DIY Customers servicing through AI Voice and Text BOTs	%	65%	71%	75%	-

Source: Company, PL

Exhibit 16: FINAI transformation update (3/5)

FINAI transformation update (3/5)							
#	Stage	Metric	UoM	Q2 FY26	Q1 FY27	Q2 FY27	YoY
10	Debt Management Service	Receipts through AI Text BOTs	# MM	-	0.10	0.32	-
		SMS with AI Text BOT penetration	%	-	14%	45%	-
		Click-through-rate of AI BOT in SMS	X times	-	1.0x	1.3x	-
11	Technology development	Business Requirement Document (BRD) generated by AI	%	68%	100%	100%	-
		AI agents	# as of	-	62	130	-
		Agentic AI deployments	# as of	-	23	65	-

Source: Company, PL

Exhibit 17: FINAI transformation update (4/5)

#	Details	Timelines	Status
1 Data Intelligence			
1.1	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
1.2	Deploying Image Analytics across 50 document types to unlock variables from ~30 Cr historical records and ongoing applications, enabling broader use cases, fraud checks and compliance.	Q2 FY28	Initiated
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	FY27	Live
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	Q2 FY27	Live
2.4	Build a new consumer AI platform with "Explore" as a core capability for business and service journeys	Q4 FY27	On track
3 Agentic AI			
3.1	Scale Agentic AI capabilities by implementing 600+ sub AI agents grouped under 250 autonomous AI agents across Sales, Operations, DMS, HR, IT and Risk	FY27	On track
3.2	Scale Agentic AI deployments to 11B use cases in FY27	FY27	On track

Source: Company, PL

Exhibit 18: 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	Q2 FY27	Live
4.2	Leverage AI-driven data variables and risk scorecard for Personal Loans to strengthen risk assessment and improve approval rates/offer coverage	Q4 FY27	On track
5 AI Fraud model			
5.1	Define fraud detection framework with AI-driven capabilities	Q3 FY27	On track
5.2	Deploy inline, proactive fraud detection model using Vision AI, Voice AI, network and anomaly detection	Q3 FY27	On track
6 AI Governance and Security			
6.1	Progressively deploy the AI governance policy across all 08 AI domains	FY27	Live
6.2	Conduct Red Teaming of AI systems in a structured format	FY27	Continuous
8 Vibe Coding			
8.1	Vibe coding to be standard operating procedure for new BRDs wherever required	Q3 FY27	On track
9 AI in Service			
9.1	Embed AI BOTs across service communications to drive a 1.5x increase in CTR	Q3 FY27	On track

Source: Company

Quarterly Financials

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Income statement (INR mn)								
Interest earned	157,682	163,591	171,447	177,960	186,565	191,789	205,127	219,364
Interest expended	63,856	65,520	69,169	70,113	73,387	73,983	79,421	86,017
Net interest income	93,826	98,072	102,278	107,847	113,178	117,806	125,706	133,347
Other income	22,931	19,558	22,325	23,895	23,599	24,378	26,588	26,432
Total income	180,613	183,150	193,772	201,855	210,164	216,167	231,715	245,796
Operating expenses	38,670	39,493	41,238	42,959	45,563	48,011	50,870	52,745
Employees	19,555	19,432	21,026	21,545	22,501	24,714	26,448	26,906
Others	19,114	20,061	20,213	21,414	23,062	23,297	24,422	25,839
Operating profit	78,088	78,137	83,365	88,783	91,214	94,174	101,424	107,033
Provisions	20,433	21,670	19,689	22,688	34,251	20,075	19,934	21,661
Profit before tax	57,654	56,467	63,676	66,095	56,963	74,098	81,490	85,372
Tax	14,572	11,018	16,023	16,604	13,651	18,565	20,684	21,706
Profit after tax	43,082	45,449	47,653	49,492	40,660	55,533	60,806	63,666
Balance sheet (INR mn)								
AUM	3,980,430	4,166,610	4,414,500	4,622,500	4,844,770	5,099,750	5,469,440	5,846,240
<i>AUM growth (%)</i>	<i>28.0</i>	<i>26.0</i>	<i>24.6</i>	<i>23.6</i>	<i>21.7</i>	<i>22.4</i>	<i>23.9</i>	<i>26.5</i>
Disbursements	1,123,410	1,035,930	1,123,520	1,148,510	1,235,360	1,280,530	1,322,030	1,524,110
<i>Disbursal growth (%)</i>	<i>33.8</i>	<i>25.5</i>	<i>5.7</i>	<i>10.9</i>	<i>10.0</i>	<i>23.6</i>	<i>17.7</i>	<i>32.7</i>
Borrowings	3,430,250	3,612,485	3,799,510	3,974,006	4,166,620	4,351,124	4,722,650	5,019,819
<i>Borrowings growth (%)</i>	<i>25.7</i>	<i>23.1</i>	<i>19.4</i>	<i>22.6</i>	<i>21.5</i>	<i>20.4</i>	<i>24.3</i>	<i>26.3</i>
Debt / Equity (x)	3.7	3.6	3.8	3.8	3.8	3.7	4.0	4.0
Assets / Equity (x)	4.4	4.3	4.6	4.5	4.6	4.5	4.8	4.8
Capital ratios (%)								
Total CAR	21.6	21.9	22.0	21.2	21.5	21.6	20.9	20.3
Tier-1	20.8	21.1	21.2	20.5	20.6	20.7	20.0	19.4
Tier-2	0.8	0.8	0.8	0.7	0.9	0.9	0.9	0.9
Profitability ratios (%)								
Yield on AUM	16.5	16.2	16.1	15.9	15.9	15.6	15.7	15.7
Cost of funds	7.7	7.4	7.5	7.2	7.2	6.9	7.0	7.1
NIM	9.8	9.7	9.6	9.7	9.7	9.6	9.6	9.5
Spread	8.8	8.8	8.7	8.7	8.7	8.7	8.7	8.6
Cost / Income	33.1	33.6	33.1	32.6	33.3	33.8	33.4	33.0
Opex / AUM	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
RoA	4.0	4.0	4.0	4.0	3.1	4.0	4.2	4.1
RoE	18.8	18.8	19.0	19.2	15.1	19.6	20.6	20.7
Asset quality ratios (%)								
GNPA	1.1	1.0	1.0	1.3	1.2	1.0	1.0	1.1
NNPA	0.5	0.4	0.5	0.6	0.5	0.4	0.4	0.4
Provision coverage	57.2	53.7	51.9	51.8	61.3	59.7	59.7	60.4
Credit costs	2.1	2.2	1.9	2.0	2.9	1.6	1.5	1.5

Source: Company, PL

Financials

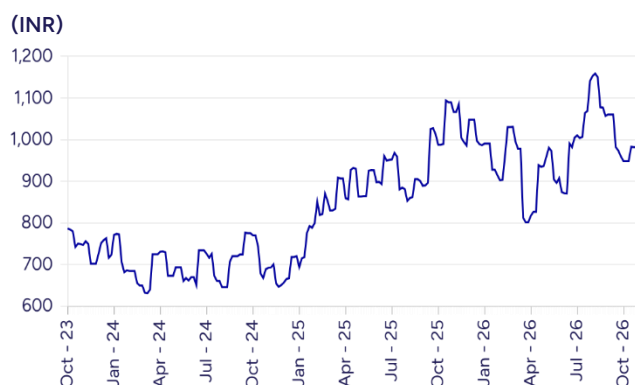
Y/e Mar	FY26	FY27E	FY28E	FY29E
Profit & Loss (INR mn)				
Interest income	727,760	896,041	1,097,525	1,351,772
Interest expense	286,651	350,094	420,976	508,812
NII	441,109	545,947	676,549	842,960
Other income	92,300	111,198	121,360	151,711
Total income	820,060	1,007,239	1,218,885	1,503,483
Operating expenses	177,771	219,222	271,261	337,362
Employee	89,785	112,443	137,802	170,678
Others	87,986	106,779	133,459	166,684
PPOP	355,637	437,923	526,648	657,309
Provisions	94,819	90,797	109,952	137,005
PBT	260,819	347,126	416,696	520,304
Tax	64,843	87,456	104,174	130,076
PAT	193,324	259,670	312,522	390,228
Growth ratios (%)				
AUM	22.4	26.3	24.6	23.9
Borrowings	20.4	19.0	19.5	18.4
NII	21.2	23.8	23.9	24.6
Opex	19.1	23.3	23.7	24.4
PPoP	21.9	23.1	20.3	24.8
Provisions	33.8	(4.2)	21.1	24.6
PAT	15.2	34.3	20.4	24.9
Profitability ratios (%)				
Yield on AUM	15.9	15.5	15.3	15.2
Cost of funds	7.2	7.2	7.4	7.5
NIM	9.6	9.5	9.4	9.4
Spread	8.7	8.3	8.0	7.7
Other Income/Assets	1.8	1.7	1.5	1.5
Cost/Income	33.3	33.4	34.0	33.9
Opex/Assets	3.5	3.4	3.4	3.4
Tax Rate	24.9	25.2	25.0	25.0
RoA	3.8	4.1	3.9	4.0
RoE	17.9	20.2	20.3	20.9
DuPont analysis (%)				
Interest income	14.2	14.1	13.8	13.7
Interest expense	5.6	5.5	5.3	5.2
NII	8.6	8.6	8.5	8.5
Other income	1.8	1.7	1.5	1.5
Total income	10.4	10.3	10.0	10.1
Operating expenses	3.5	3.4	3.4	3.4
Employee	1.8	1.8	1.7	1.7
Others	1.7	1.7	1.7	1.7
PPOP	6.9	6.9	6.6	6.7
Provisions	1.8	1.4	1.4	1.4
PBT	5.1	5.5	5.2	5.3
Tax	1.3	1.4	1.3	1.3
PAT	3.8	4.1	3.9	4.0

Source: Company, PL

Y/e Mar	FY26	FY27E	FY28E	FY29E
Balance sheet (INR mn)				
Cash & Bank	157,553	176,031	210,364	249,112
Loans	4,989,435	6,441,111	8,028,429	9,949,416
Investments	305,778	341,640	408,273	483,475
Fixed Assets	40,660	32,046	33,446	34,846
Other Assets	106,097	128,822	160,569	198,988
Total Assets	5,599,524	7,119,650	8,841,081	10,915,837
Borrowings	4,351,124	5,176,707	6,186,371	7,325,865
Other Liabilities & Provisions	78,554	544,093	969,304	1,545,590
Total Liabilities	4,429,678	5,720,799	7,155,675	8,871,456
Share capital	6,209	6,224	6,224	6,224
Other equity	1,163,638	1,392,627	1,679,182	2,038,158
Total equity	1,169,846	1,398,851	1,685,406	2,044,382
Total Liabilities & Equity	5,599,524	7,119,650	8,841,081	10,915,837
Balance Sheet ratios (%)				
Debt/Equity	3.7	3.7	3.7	3.6
Assets/Equity	4.8	5.1	5.2	5.3
Cash/Borrowings	0.1	0.1	0.1	0.1
CRAR	24.8	23.2	22.5	22.1
Asset quality (%)				
GNPA (INR mn)	51,190	63,873	78,407	96,533
NNPA (INR mn)	20,620	25,343	30,990	38,034
GNPA	1.0	1.0	1.0	1.0
NNPA	0.4	0.4	0.4	0.4
PCR	59.7	60.3	60.5	60.6
Credit Cost	2.1	1.6	1.5	1.5
Per share (Rs)				
EPS	31.1	41.8	50.2	62.7
BVPS	188.4	224.8	270.8	328.5
ABVPS	185.1	220.7	265.8	322.4
Valuation (x)				
P/E	30.7	22.9	19.1	15.3
P/ABV	5.2	4.3	3.6	3.0
P/BV	5.1	4.3	3.5	2.9

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	06-Oct-26	BUY	1150	963
2	31-Jul-26	Accumulate	1125	1054
3	07-Jul-26	Accumulate	1100	1029
4	30-Apr-26	BUY	1100	930
5	09-Apr-26	ACCUMULATE	1025	915
6	04-Feb-26	BUY	1125	964
7	08-Jan-26	BUY	1125	969
8	08-Dec-25	Accumulate	1125	1048
9	11-Nov-25	Hold	1030	1085
10	07-Oct-25	Hold	950	1017

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	AAVAS Financiers	BUY	1685	1214
2	Bajaj Finance	BUY	1150	963
3	BSE	BUY	4015	3305
4	Can Fin Homes	BUY	1090	736
5	Cholamandalam Investment and Finance Company	BUY	2000	1611
6	HDFC Life Insurance Company	BUY	765	551
7	Home First Finance Company India	BUY	1400	1105
8	ICICI Prudential Life Insurance Company	BUY	725	447
9	LIC Housing Finance	HOLD	520	502
10	Mahindra & Mahindra Financial Services	Accumulate	350	328
11	Max Financial Services	BUY	2025	1348
12	National Stock Exchange of India	Accumulate	1950	1750
13	SBI Life Insurance Company	BUY	2200	1710
14	Shriram Finance	BUY	1250	965
15	Sundaram Finance	Accumulate	4850	4363

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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