

LTF reported a strong quarter across parameters. It has scaled meaningfully as a retail franchise, with AUM reaching ~Rs1.2trn resulting from strong disbursements across segments, and record profitability while maintaining stable margins and improving asset quality. The management commentary points to sustained >20% growth, stable 10–10.5% NIM+fees, and a steady glide-down in credit costs toward ~2–2.2%. This should support a gradual improvement in return ratios to ~2.8% RoA in the near term and >3% over the medium term. The key driver for this is LTF's tech-led underwriting and portfolio management stack (Cyclops, Nostradamus), which have helped reduce slippages and improve risk selection. Also, continued investments in distribution (especially gold loans and rural) should drive operating leverage over time. LTF also revealed its 'Lakshya 2031' roadmap, targeting 20% AUM CAGR, credit costs at or below 2%, and profitability metrics of 3–3.2% RoA and 16–18% RoE, with execution driven by AI-led underwriting, granular expansion, and product diversification. Factoring in recent performance and outlook, we adjust our estimates, resulting in a 1-2% increase in FY27-28E EPS. We maintain BUY and Mar-27E TP of Rs330, implying an FY28E P/B of 2.4x.

#### A good quarter overall

LTF reported a good quarter across key parameters. PAT of Rs8.1bn was marginally above our estimate, mainly on account of lower credit cost. AUM growth remained strong, at 6.5%/24.5% QoQ/YoY, respectively, led by robust disbursements (~Rs241bn) across products. Reported margin (NIM) improved by ~20bps QoQ, led by improving yield and moderating CoFs. Opex-to-AUM was broadly stable, at 4.15%, while credit cost (reported) came in at 2.64%, declining ~20bps QoQ, mainly due to lower slippages and ECL refresh. Asset quality improved, with GS3/NS3 at ~2.9%/0.96% and healthy PCR of ~67%. RoA/RoE for Q4 came in at 2.4%/11.7%, respectively.

#### Retail scale and AI-led execution to power returns

The management indicated that the MFI business has stabilized, with collection efficiencies back to pre-crisis levels, supporting growth recovery. It expects >20% AUM growth, with NIM+fees stable at ~10–10.5%, driven by product mix and liability management. Credit cost is guided to decline to ~2–2.2% by Q4FY27, supported by Cyclops-led underwriting, portfolio seasoning, and a continued focus on prime customers. It expects to maintain a balanced mix of secured and unsecured loan book, with strong growth in urban segments (including gold loans), while ongoing investments in distribution and technology may keep costs elevated in the near term. However, improving credit costs and operating leverage are expected to drive RoA toward ~2.8% by FY27 exit, with further upside over the medium term.

#### We tweak our estimates; reiterate BUY

To reflect the Q4 performance and developments, we marginally adjust our estimates, resulting in FY27-28E EPS increasing by 1-2%. We reiterate BUY and Mar-27E TP of Rs330, implying FY28E P/B of 2.4x.

#### L&T Finance: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Net profits	26,434	29,829	39,435	49,654	64,264
AUM growth (%)	14.3	24.5	19.8	20.8	20.9
NII growth (%)	15.0	14.2	21.4	19.9	21.4
NIMs (%)	10.8	10.2	10.1	10.1	10.2
PPOP growth (%)	15.3	13.2	24.1	22.7	24.7
Adj. EPS (Rs)	10.7	11.9	15.8	19.9	25.8
Adj. EPS growth (%)	15.0	11.4	33.0	25.8	29.3
Adj. BV (INR)	102.5	111.7	123.6	138.6	157.9
Adj. BVPS growth (%)	8.8	9.0	10.6	12.1	13.9
RoA (%)	2.4	2.3	2.6	2.7	3.0
RoE (%)	10.9	11.1	13.5	15.2	17.4
P/E (x)	26.9	24.2	18.2	14.4	11.2
P/ABV (x)	2.8	2.6	2.3	2.1	1.8

Source: Company, Emkay Research

Target Price – 12M	Mar-27
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	REDUCE
Upside/(Downside) (%)	14.6

Stock Data	LTF IN
52-week High (Rs)	329
52-week Low (Rs)	156
Shares outstanding (mn)	2,504.7
Market-cap (Rs bn)	721
Market-cap (USD mn)	7,653
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	7.7
ADTV-3M (Rs mn)	1,928.6
ADTV-3M (USD mn)	20.5
Free float (%)	32.2
Nifty-50	24,092.7
INR/USD	94.2

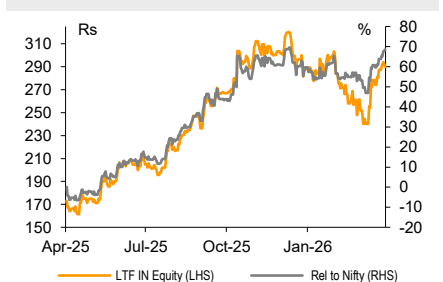
#### Shareholding, Mar-26

Promoters (%)	66.0
FPIs/MFs (%)	7.6/14.9

#### Price Performance

(%)	1M	3M	12M
Absolute	14.4	0.9	66.4
Rel. to Nifty	8.3	5.4	66.0

#### 1-Year share price trend (Rs)



#### Avinash Singh

avinash.singh@emkayglobal.com  
+91-22-66121327

#### Kishan Rungta

kishan.rungta@emkayglobal.com  
+91-22-66242490

## Exhibit 1: LTFH Q4FY26 results – Actual vs estimates

(Rs mn)						Change		Emkay Estimate			
	Results update	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	QoQ	YoY	4QFY26	Variation	Consensus
NII	21,501	22,788	24,031	25,371	26,770	5.5%	24.5%	26,656	0.4%		
Net Income	24,274	26,239	27,015	28,785	30,241	5.1%	24.6%	30,086	0.5%	30,736	-1.6%
Opex	10,034	10,486	10,680	11,466	12,207	6.5%	21.7%	11,708	4.3%	11,094	10.0%
PPOP	14,240	15,753	16,335	17,319	18,034	4.1%	26.6%	18,377	-1.9%	19,642	-8.2%
Provision	6,185	6,320	6,446	7,397	7,295	-1.4%	17.9%	7,680	-5.0%	9,018	-19.1%
PBT	8,055	9,432	9,889	9,922	10,739	8.2%	33.3%	10,697	0.4%	10,624	1.1%
PAT	6,358	7,008	7,349	7,380	8,092	9.6%	27.3%	7,938	1.9%	8,022	0.9%
AUM	977,620	1,023,140	1,070,960	1,142,850	1,217,290	6.5%	24.5%	1,212,306	0.4%		
Disbursement	149,140	175,220	188,970	227,010	241,080	6.2%	61.6%	241,254	-0.1%		
Retail AUM	951,800	998,160	1,046,070	1,119,900	1,195,090	6.7%	25.6%	1,195,559	0.0%		
Retail Disbursement	148,990	175,220	188,840	227,010	241,080	6.2%	61.8%	240,830	0.1%		
Credit Cost (calc)	2.57%	2.53%	2.46%	2.67%	2.47%	-20bps	-9bps	2.6%	-14bps		
Credit Cost (reported)	2.54%	2.23%	2.41%	2.83%	2.64%	-19bps	10bps				
GS3	3.29%	3.31%	3.29%	3.19%	2.88%	-31bps	-41bps	3.20%	-32bps		
NS3	0.97%	0.99%	1.00%	0.92%	0.96%	4bps	-1bps	1.00%	-4bps		
PCR	71.13%	70.83%	70.29%	71.95%	67.30%	-464bps	-383bps	70.0%	-270bps		

Source: Company, Emkay Research

## Exhibit 2: Change in estimates

Y/E Mar (Rs m)	FY27E			FY28E			FY28E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
AUM	1,453,151	1,458,329	0.4%	1,767,513	1,761,364	-0.3%	NA	2,130,221	NA
Disbursement	998,444	993,609	-0.5%	1,213,662	1,211,053	-0.2%	NA	1,478,206	NA
Disbursement growth (%)	19.9	19.4	-55bps	21.6	21.9	33bps	NA	22.1	NA
AUM Growth (%)	19.9	19.8	-7bps	21.6	20.8	-85bps	NA	20.9	NA
Networth	303,175	309,595	2.1%	340,108	347,019	2.0%	NA	395,401	NA
Net interest income	118,497	120,134	1.4%	141,374	144,014	1.9%	NA	174,885	NA
Total Income	134,792	135,654	0.6%	160,509	163,304	1.7%	NA	198,416	NA
Operating expenses	51,736	51,954	0.4%	59,377	60,626	2.1%	NA	70,411	NA
PPOP	83,055	83,701	0.8%	101,132	102,679	1.5%	NA	128,005	NA
Provision	30,779	30,625	-0.5%	35,670	35,849	0.5%	NA	41,511	NA
PAT	38,841	39,435	1.5%	48,638	49,654	2.1%	NA	64,264	NA
EPS (Rs)	15.7	15.8	1.1%	19.6	19.9	1.7%	NA	25.8	NA
BV (Rs)	121.5	123.6	1.7%	136.3	138.6	1.6%	NA	157.9	NA
NIM (%)	8.89	8.98	9bps	8.78	8.95	17bps	NA	8.99	NA
NIMs + fees (%)	10.11	10.14	3bps	9.97	10.14	18bps	NA	10.20	NA
Cost-to-income ratio (%)	38.38	38.30	-8bps	36.99	37.12	13bps	NA	35.49	NA
Opex-to-AUM	3.88	3.88	0bps	3.69	3.77	8bps	NA	3.62	NA
Credit costs (%)	2.31	2.29	-2bps	2.22	2.23	1bps	NA	2.13	NA
ROA (%)	2.54	2.56	2bps	2.67	2.74	8bps	NA	3.00	NA
ROE (%)	13.50	13.46	-3bps	15.20	15.20	0bps	NA	17.38	NA

Source: Company, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

## Exhibit 3: Valuation matrix

	CMP/TP (Rs)	Upside	Mkt Cap (Rs bn)	P/ABV (x)			P/E (x)			RoA (%)			RoE (%)			Book Value (Rs/sh)			Adj EPS (Rs)		
				FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
At current market price	287.8	14.7%	720.8	2.3	2.1	1.8	18.2	14.4	11.2	2.6	2.7	3.0	13.5	15.2	17.4	124	139	158	15.8	19.9	25.8
At target price	330.0			2.7	2.4	2.1	20.8	16.6	12.8	2.6	2.7	3.0	13.5	15.2	17.4	124	139	158	15.8	19.9	25.8

Source: Company, Emkay Research

## Exhibit 4: Quarterly earnings snapshot

Particulars (Rs mn)	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	YoY chg	QoQ chg
Income from operations	37,499	39,145	40,374	42,401	44,240	18.0%	4.3%
Interest Expenses	15,998	16,357	16,343	17,030	17,470	9.2%	2.6%
<b>Net Interest Income</b>	<b>21,501</b>	<b>22,788</b>	<b>24,031</b>	<b>25,371</b>	<b>26,770</b>	<b>24.5%</b>	<b>5.5%</b>
Other Income	2,773	3,451	2,984	3,414	3,471	25.1%	1.7%
<b>Total Income</b>	<b>24,274</b>	<b>26,239</b>	<b>27,015</b>	<b>28,785</b>	<b>30,241</b>	<b>24.6%</b>	<b>5.1%</b>
Operating Expenses	10,034	10,486	10,680	11,466	12,207	21.7%	6.5%
<b>PPoP</b>	<b>14,240</b>	<b>15,753</b>	<b>16,335</b>	<b>17,319</b>	<b>18,034</b>	<b>26.6%</b>	<b>4.1%</b>
Provisions	6,185	6,320	6,446	7,397	7,295	17.9%	-1.4%
Credit costs	2.6%	2.5%	2.5%	2.7%	2.5%	-9bps	-20bps
<b>PBT</b>	<b>8,055</b>	<b>9,432</b>	<b>9,889</b>	<b>9,922</b>	<b>10,739</b>	<b>33.3%</b>	<b>8.2%</b>
Tax	1,697	2,424	2,540	2,542	2,648	56.0%	4.2%
Tax rate (%)	21.1%	25.7%	25.7%	25.6%	24.7%		
<b>Profit after tax</b>	<b>6,358</b>	<b>7,008</b>	<b>7,349</b>	<b>7,380</b>	<b>8,092</b>	<b>27.3%</b>	<b>9.6%</b>
<b>PAT adjusted for one-offs</b>	<b>6,358</b>	<b>7,008</b>	<b>7,349</b>	<b>7,380</b>	<b>8,092</b>	<b>27.3%</b>	<b>9.6%</b>
AUM	977,620	1,023,140	1,070,960	1,142,850	1,217,290	24.5%	6.5%
Disbursement	149,140	175,220	188,970	227,010	241,080	61.6%	6.2%
Networth	255,641	255,855	263,580	270,960	279,835	9.5%	3.3%
Credit cost	2.57%	2.53%	2.46%	2.67%	2.47%	-9bps	-20bps
GS3	3.29%	3.31%	3.29%	3.19%	2.88%	-41bps	-31bps
NS3	0.97%	0.99%	1.00%	0.92%	0.96%	-1bps	4bps
PCR	71.1%	70.8%	70.3%	71.9%	67.3%	-383bps	-464bps

Source: Company, Emkay Research

## Exhibit 5: AUM and disbursement trends

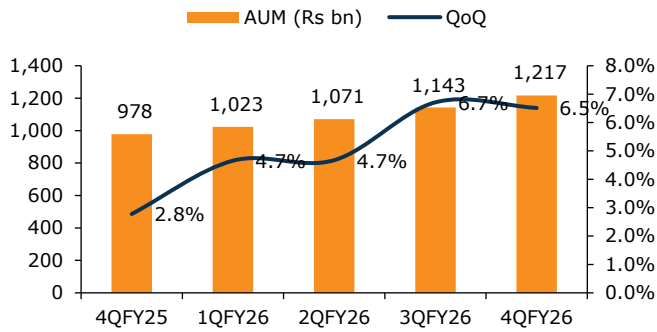
(Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
AUM	818	856	887	930	951	978	1,023	1,071	1,143	1,217
QoQ	3.9%	4.6%	3.7%	4.8%	2.3%	2.8%	4.7%	4.7%	6.7%	6.5%
Retail AUM	748	800	844	890	922	952	998	1,046	1,120	1,195
QoQ	7.7%	7.1%	5.5%	5.4%	3.7%	3.2%	4.9%	4.8%	7.1%	6.7%
Disbursement	149	154	150	152	152	149	175	189	227	241
QoQ	8.5%	3.4%	-2.3%	1.0%	0.3%	-1.9%	17.5%	7.8%	20.1%	6.2%
Retail Disbursement	145	150	148	151	152	149	175	189	227	241
QoQ	7.6%	3.5%	-1.4%	1.7%	0.8%	-2.0%	17.6%	7.8%	20.2%	6.2%

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

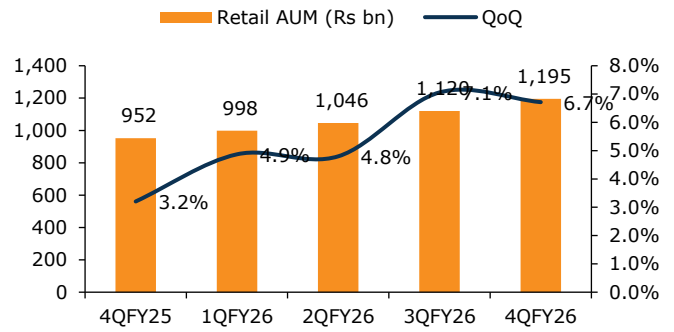
## Results in charts

Exhibit 6: Strong AUM growth...



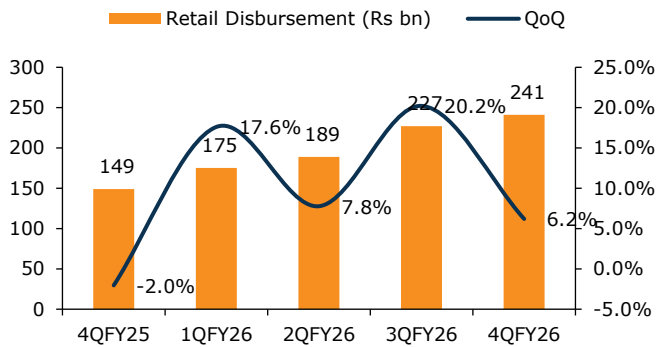
Source: Company, Emkay Research

Exhibit 7: ...led by strong disbursement across product segments



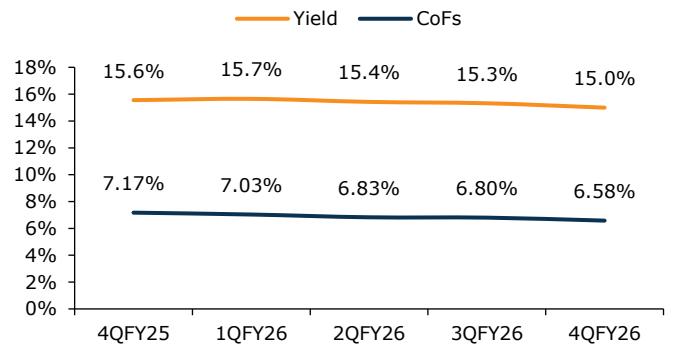
Source: Company, Emkay Research

Exhibit 8: Strong disbursement across retail product segments



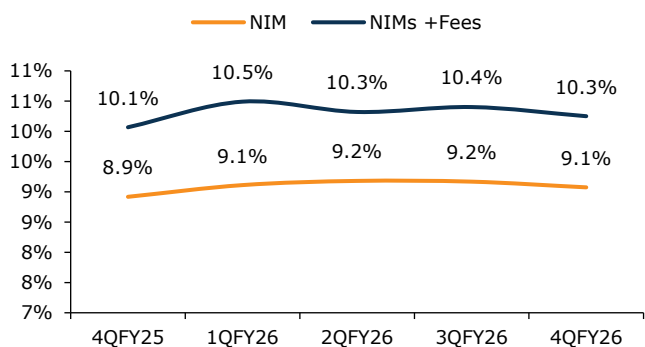
Source: Company, Emkay Research

Exhibit 9: CoFs continue to moderate sequentially



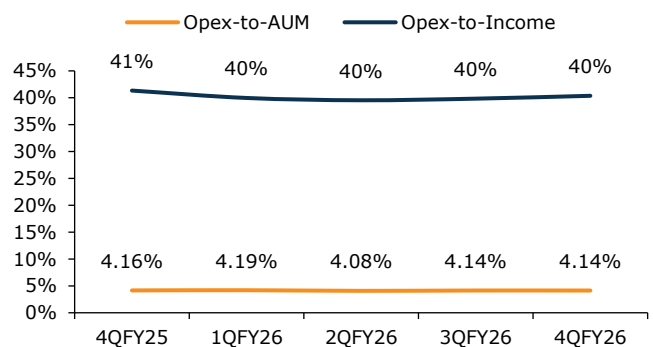
Source: Company, Emkay Research

Exhibit 10: Broadly stable margins



Source: Company, Emkay Research

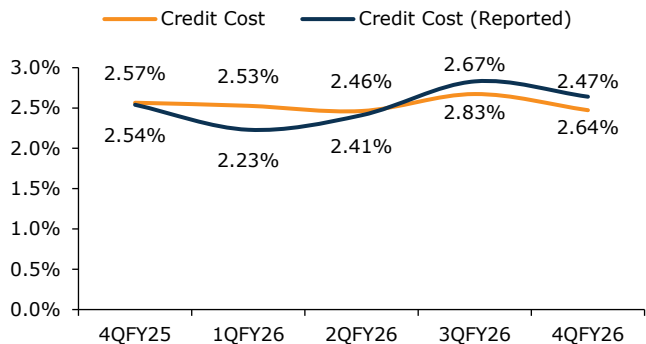
Exhibit 11: Stable operating expenses



Source: Company, Emkay Research

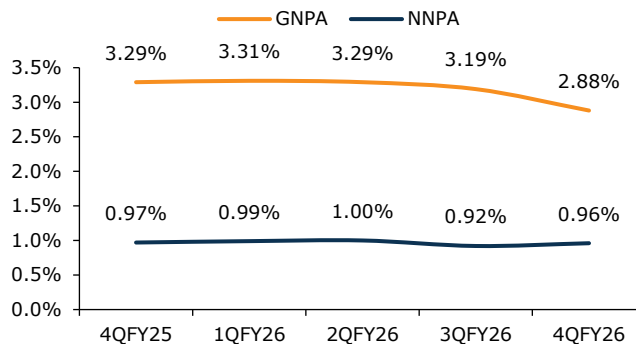
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**Exhibit 12: Credit cost came below estimates, led by ECL refresh**



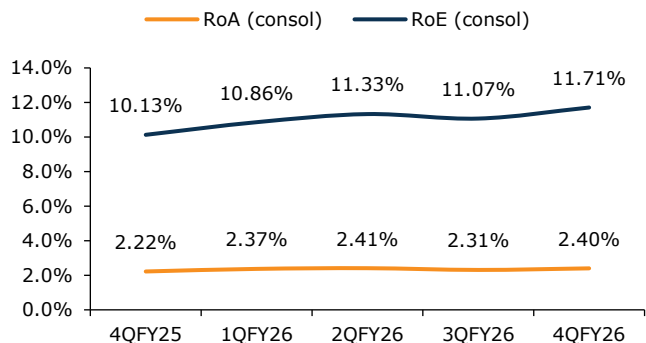
Source: Company, Emkay Research

**Exhibit 13: Asset quality improvement led by lower slippages**



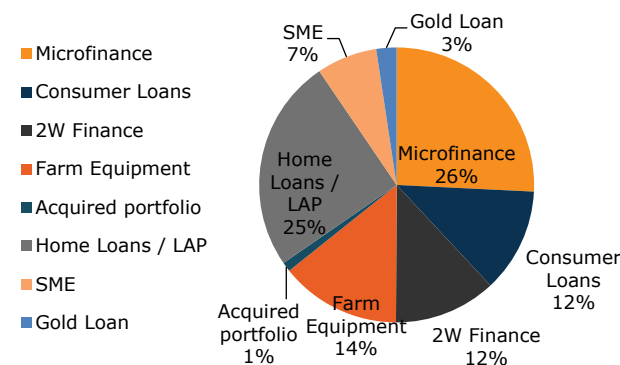
Source: Company, Emkay Research

**Exhibit 14: Marginal improvement in profitability, led by improving efficiency and margins**



Source: Company, Emkay Research

**Exhibit 15: Retail AUM mix stable at 98%**

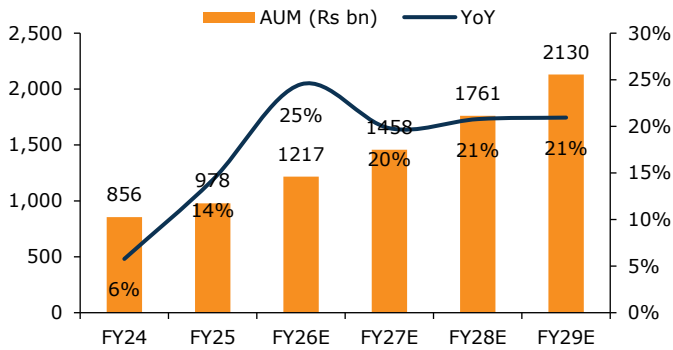


Source: Company, Emkay Research

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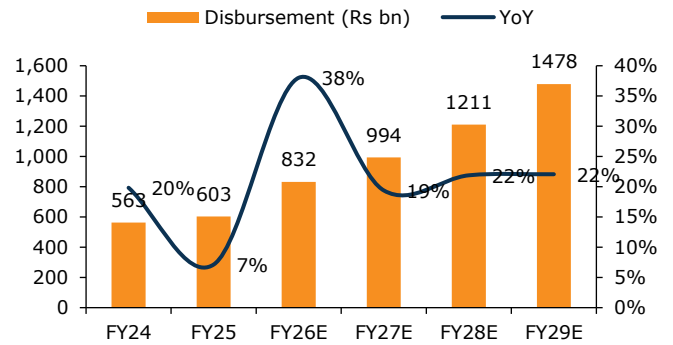
## Story in charts

**Exhibit 16: AUM growth led by strong disbursements**



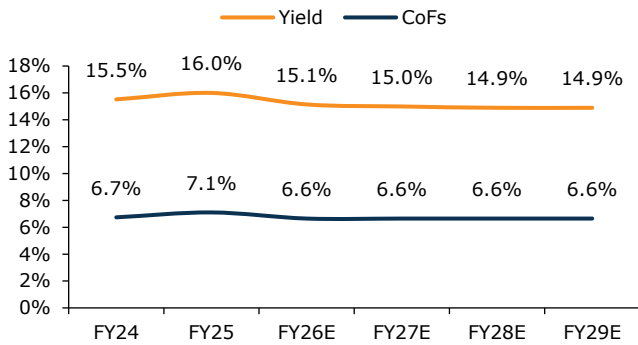
Source: Company, Emkay Research

**Exhibit 17: Strong disbursement across retail product segments**



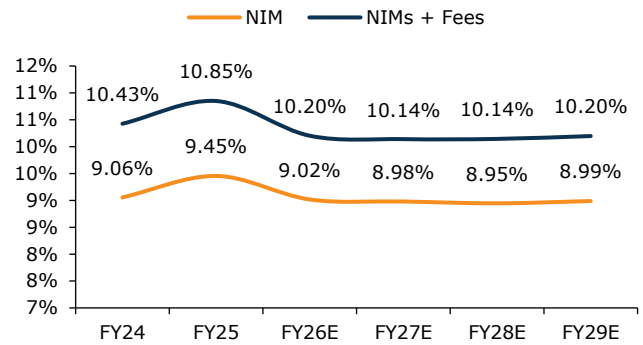
Source: Company, Emkay Research

**Exhibit 18: Broadly stable CoFs and yields**



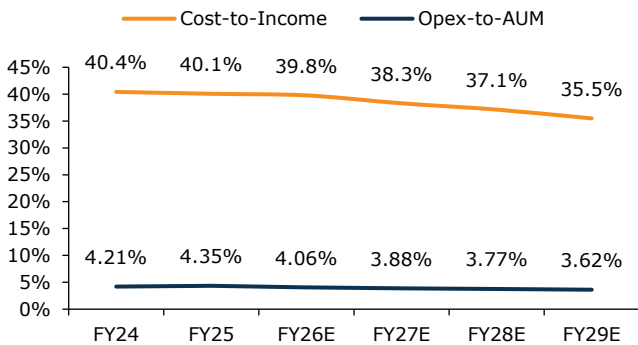
Source: Company, Emkay Research

**Exhibit 19: Margin to remain within the guided range of 10-10.5%**



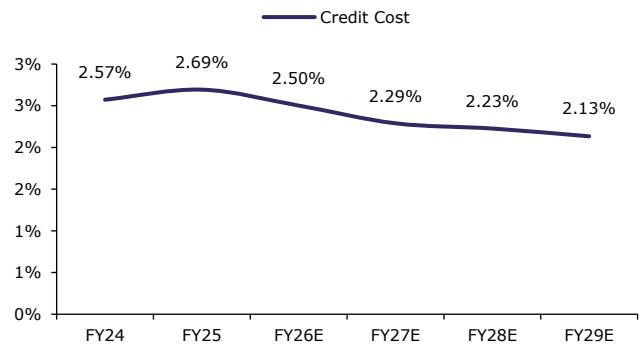
Source: Company, Emkay Research

**Exhibit 20: Opex to moderate as efficiency improves**



Source: Company, Emkay Research

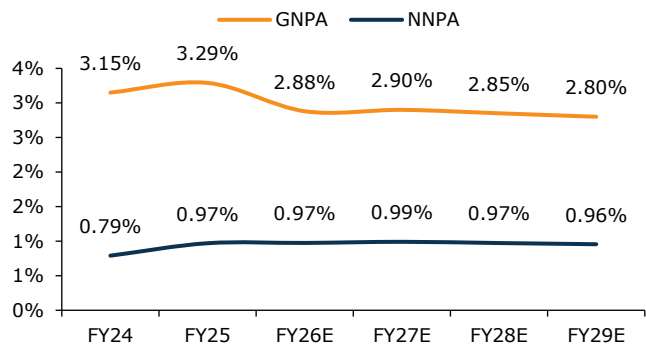
**Exhibit 21: Credit cost to improve on account of improved underwriting and Cyclops implementation**



Source: Company, Emkay Research

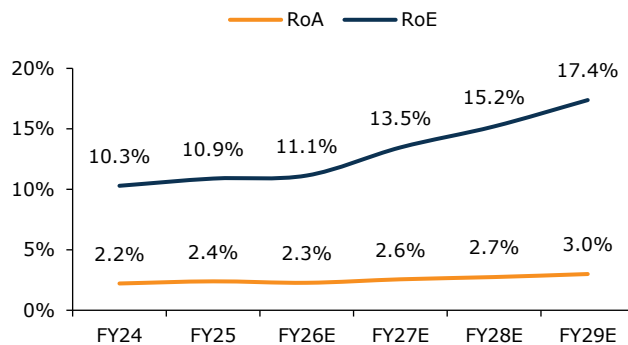
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**Exhibit 22: Asset quality to be stable**



Source: Company, Emkay Research

**Exhibit 23: Profitability improvement led by improving margins and moderating credit cost**



Source: Company, Emkay Research

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## Earnings call highlights

- L&T Finance closed FY26 on a strong note, with momentum across retail businesses intact despite a volatile macro environment. The management remains confident about sustaining >20% AUM growth into FY27, supported by resilient domestic demand, improving rural conditions, and calibrated risk expansion.
- Profitability remained robust, with Q4 PAT at Rs8.1bn (+27% YoY) and FY26 PAT crossing Rs30bn (highest ever, adjusted for one-offs). Strong earnings were driven by record-high disbursements, operating leverage, and improving portfolio quality.
- Disbursement growth was broad-based and strong, with Q4 retail disbursements at Rs241.1bn (+62% YoY). Growth was led by urban finance, rural business finance, and gold loans, reflecting both demand strength and improved distribution reach.
- Retail franchise continues to scale steadily, with retail book at ~Rs1.2trn (+26% YoY) and retailization reaching 98%, ahead of Lakshya 2026 targets. Customer franchise expanded to ~28mn, with record quarterly additions of ~0.83mn customers.
- Margins were stable and within guidance, with NIM + fees at ~10.47% in Q4 (+6bps QoQ). Yield optimization, liability management, and fee normalization supported margin resilience, with guidance maintained at 10–10.5% going forward.
- Credit costs continued to decline, improving to 2.64% (–19bps QoQ), driven by better asset quality, Cyclops-led underwriting, and normalization in microfinance. The management reiterated confidence of reaching 2–2.2% by Q4FY27.
- ECL model refresh strengthened balance-sheet resilience, with higher Stage 1 provisioning (0.8% from 0.52%) and reallocation of overlays. While this increases upfront provisioning, underlying portfolio trends (lower roll-forwards) support a declining credit cost trajectory.
- Project Cyclops continues to deliver strong underwriting outcomes, with materially lower delinquencies vs industry benchmarks (eg 2W portfolio significantly outperforming peers). The management expects further credit cost benefits as newer books season.
- AI-led transformation is scaling meaningfully, with:
  - Project Nostradamus enabling real-time portfolio risk monitoring
  - Project Helios reducing SME underwriting TAT
  - AI copilots improving collections and productivity

These initiatives are now moving from pilot to measurable P&L impact.
- Microfinance and rural segments have stabilized, with collection efficiency restored to ~99.8% (pre-crisis levels). Disbursement growth resumed, supported by expansion into new villages and improved borrower behavior
- Gold loan business emerged as a key growth driver, with sharp scale-up in disbursements and branch expansion. The company plans to add >400+ branches in FY27, strengthening secured mix and margin stability (along with 150-200 branches for MFI and Micro LAP segments).
- Operating expenses will remain elevated in the near term due to investments in branch expansion, technology, and AI. Over time, the management expects operating leverage to reduce overall opex and credit costs. Opex + credit cost is expected to come down to 5.75-6% over the medium term.
- Lakshya 2031 outlines an ambitious medium-term roadmap, targeting 20% AUM CAGR, credit cost at or below 2%, and profitability metrics of 3–3.2% RoA and 16–18% RoE, with execution driven by AI-led underwriting, granular expansion, and product diversification.
- The launch of the payments business marks a strategic pivot aimed at driving customer acquisition, diversifying fee income, and leveraging transaction data to strengthen cross-sell and underwriting capabilities, with rollout expected by Q2FY27.

- Wholesale/SR book continues to decline, with ~Rs65–70bn exposure expected to be resolved over 3–4 years. This will reduce RoA drag and enable redeployment into higher-yield retail assets.
- Fee income is expected to remain range-bound (1.7-1.8%), with focus on diversification via payments and selective co-lending rather than relying purely on origination fees.
- The management remains cautious on macro risks, including potential second-order effects from the West Asia conflict on energy and fertilizer supply, possible El Nino impacts on rural demand, and AI-driven shifts in the urban unsecured job market, though no immediate stress is visible in the portfolio.
- Underwriting remains conservative and proactive, with dynamic risk filters (eg sector/job-based adjustments) and early warning signals via AI tools helping mitigate emerging risks.
- Guidance:
  - AUM growth of >20% for FY27
  - NIM+fees at 10-10.5%
  - Credit cost to come at ~2-2.2% by FY27
  - ROA of ~2.8% at FY27 exit and >3% over the medium term
  - Credit cost + opex – Structural guidance:
    - Near term: 6.5–7% (opex + credit cost)
    - ~FY28: 6–6.5%
    - Medium-to-long term aspiration: 5.75–6%

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

## L&amp;T Finance: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	146,633	166,160	200,544	239,714	289,738
Interest Expense	59,968	67,201	80,410	95,700	114,853
<b>Net interest income</b>	<b>86,665</b>	<b>98,959</b>	<b>120,134</b>	<b>144,014</b>	<b>174,885</b>
NII growth (%)	15.0	14.2	21.4	19.9	21.4
Non interest income	12,777	13,010	15,520	19,291	23,531
<b>Total income</b>	<b>99,442</b>	<b>111,970</b>	<b>135,654</b>	<b>163,304</b>	<b>198,416</b>
Operating expenses	39,846	44,529	51,954	60,626	70,411
<b>PPOP</b>	<b>59,597</b>	<b>67,440</b>	<b>83,701</b>	<b>102,679</b>	<b>128,005</b>
PPOP growth (%)	15.3	13.2	24.1	22.7	24.7
Provisions & contingencies	24,684	27,459	30,625	35,849	41,511
<b>PBT</b>	<b>34,913</b>	<b>39,982</b>	<b>53,075</b>	<b>66,829</b>	<b>86,493</b>
Extraordinary items	0	0	0	0	0
Tax expense	8,478	10,153	13,640	17,175	22,229
Minority interest	245	0	245	245	245
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>26,434</b>	<b>29,829</b>	<b>39,435</b>	<b>49,654</b>	<b>64,264</b>
PAT growth (%)	14.1	12.8	32.2	25.9	29.4
<b>Adjusted PAT</b>	<b>26,434</b>	<b>29,829</b>	<b>39,435</b>	<b>49,654</b>	<b>64,264</b>
<b>Diluted EPS (Rs)</b>	<b>10.7</b>	<b>11.9</b>	<b>15.8</b>	<b>19.9</b>	<b>25.8</b>
Diluted EPS growth (%)	15.0	11.4	33.0	25.8	29.3
<b>DPS (Rs)</b>	<b>2.8</b>	<b>2.8</b>	<b>4.0</b>	<b>5.0</b>	<b>6.4</b>
<b>Dividend payout (%)</b>	<b>25.7</b>	<b>23.1</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>
Effective tax rate (%)	24.3	25.4	25.7	25.7	25.7
Net interest margins (%)	10.8	10.2	10.1	10.1	10.2
Cost-income ratio (%)	40.1	39.8	38.3	37.1	35.5
PAT/PPOP (%)	44.8	44.2	47.4	48.6	50.4
Shares outstanding (mn)	2,494.9	2,504.4	2,504.4	2,504.4	2,504.4

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
<b>Asset quality</b>					
GNPL - Stage 3	32,180	35,110	42,292	50,199	59,646
NNPL - Stage 3	9,290	11,480	13,956	16,566	19,683
GNPL ratio - Stage 3 (%)	3.3	2.9	2.9	2.9	2.8
NNPL ratio - Stage 3 (%)	1.0	1.0	1.0	1.0	1.0
ECL coverage - Stage 3 (%)	71.1	67.3	67.0	67.0	67.0
ECL coverage - 1 & 2 (%)	1.8	1.5	1.5	1.5	1.5
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	0.3	0.6	1.0	1.0	1.0
Total credit costs (%)	2.7	2.5	2.3	2.2	2.1
NNPA to networth (%)	3.6	4.1	4.5	4.8	5.0
<b>Capital adequacy</b>					
Total CAR (%)	21.1	18.9	17.8	17.1	16.3
Tier-1 (%)	19.6	18.1	17.0	16.3	15.5
<b>Miscellaneous</b>					
Total income growth (%)	14.6	12.6	21.2	20.4	21.5
Opex growth (%)	13.6	11.8	16.7	16.7	16.1
PPOP margin (%)	6.5	6.1	6.3	6.4	6.6
Credit costs-to-PPOP (%)	41.4	40.7	36.6	34.9	32.4
Loan-to-Assets (%)	77.9	82.9	84.0	86.9	87.7
Yield on loans (%)	16.0	15.1	15.0	14.9	14.9
Cost of funds (%)	7.1	6.6	6.6	6.6	6.6
Spread (%)	8.9	8.5	8.3	8.2	8.2

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	24,949	25,044	25,044	25,044	25,044
Reserves & surplus	230,692	254,791	284,551	321,975	370,357
<b>Net worth</b>	<b>255,641</b>	<b>279,835</b>	<b>309,595</b>	<b>347,019</b>	<b>395,401</b>
<b>Borrowings</b>	<b>922,469</b>	<b>1,098,880</b>	<b>1,319,787</b>	<b>1,558,807</b>	<b>1,895,897</b>
<b>Other liabilities &amp; prov.</b>	<b>26,655</b>	<b>43,843</b>	<b>47,924</b>	<b>52,691</b>	<b>57,935</b>
<b>Total liabilities &amp; equity</b>	<b>1,204,764</b>	<b>1,422,558</b>	<b>1,677,306</b>	<b>1,958,517</b>	<b>2,349,233</b>
Net loans	937,731	1,178,210	1,409,354	1,702,790	2,060,079
Investments	118,760	105,638	118,781	77,940	94,795
Cash, other balances	108,329	79,590	86,709	108,473	115,053
<b>Interest earning assets</b>	<b>1,164,820</b>	<b>1,363,439</b>	<b>1,614,844</b>	<b>1,889,203</b>	<b>2,269,927</b>
Fixed assets	6,726	12,187	15,234	19,042	23,803
Other assets	32,549	46,427	47,228	50,272	55,503
<b>Total assets</b>	<b>1,204,094</b>	<b>1,422,053</b>	<b>1,677,306</b>	<b>1,958,517</b>	<b>2,349,233</b>
BVPS (Rs)	102.5	111.7	123.6	138.6	157.9
Adj. BVPS (INR)	102.5	111.7	123.6	138.6	157.9
Gross loans	977,620	1,217,290	1,458,329	1,761,364	2,130,221
<b>Total AUM</b>	<b>977,620</b>	<b>1,217,290</b>	<b>1,458,329</b>	<b>1,761,364</b>	<b>2,130,221</b>
On balance sheet	-	-	-	-	-
Off balance sheet	-	-	-	-	-
Disbursements	603,050	832,270	993,609	1,211,053	1,478,206
Disbursements growth (%)	7.1	38.0	19.4	21.9	22.1
Loan growth (%)	15.3	25.6	19.6	20.8	21.0
AUM growth (%)	14.3	24.5	19.8	20.8	20.9
Borrowings growth (%)	20.5	19.1	20.1	18.1	21.6
Book value growth (%)	8.8	9.0	10.6	12.1	13.9

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	26.9	24.2	18.2	14.4	11.2
P/B (x)	2.8	2.6	2.3	2.1	1.8
P/ABV (x)	2.8	2.6	2.3	2.1	1.8
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	1.0	1.0	1.4	1.7	2.2
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	9.5	9.0	9.0	8.9	9.0
Other income	1.4	1.2	1.2	1.2	1.2
Securitization income	-	-	-	-	-
Opex	1.9	1.8	1.7	1.6	1.5
Employee expense	2.4	2.3	2.2	2.1	2.1
<b>PPOP</b>	<b>6.5</b>	<b>6.1</b>	<b>6.3</b>	<b>6.4</b>	<b>6.6</b>
Provisions	2.7	2.5	2.3	2.2	2.1
Tax expense	0.9	0.9	1.0	1.1	1.1
<b>RoAUM (%)</b>	<b>2.9</b>	<b>2.7</b>	<b>3.0</b>	<b>3.1</b>	<b>3.3</b>
Leverage ratio (x)	3.7	4.1	4.5	4.9	5.2
<b>RoE (%)</b>	<b>10.9</b>	<b>11.1</b>	<b>13.5</b>	<b>15.2</b>	<b>17.4</b>

Quarterly data				
Rs mn, Y/E Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
NII	22,788	24,031	25,371	26,770
NIM (%)	10.5	10.3	10.4	10.3
PPOP	15,753	16,335	17,319	18,034
PAT	7,008	7,349	7,380	8,092
EPS (Rs)	2.81	2.95	2.96	3.23

Source: Company, Emkay Research

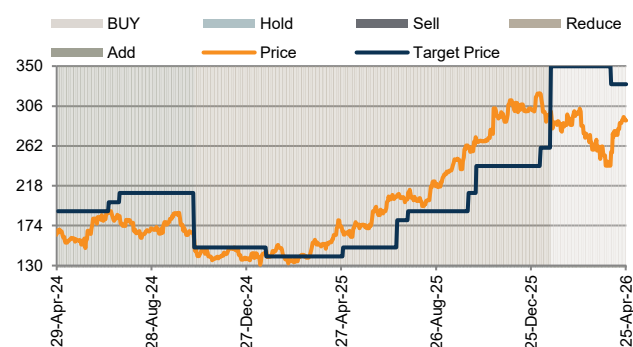
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## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
06-Apr-26	255	330	Buy	Avinash Singh
17-Mar-26	263	350	Buy	Avinash Singh
19-Jan-26	300	350	Buy	Avinash Singh
06-Jan-26	319	260	Reduce	Avinash Singh
07-Nov-25	304	240	Reduce	Avinash Singh
16-Oct-25	269	240	Reduce	Avinash Singh
06-Oct-25	260	210	Reduce	Avinash Singh
21-Jul-25	211	190	Reduce	Avinash Singh
07-Jul-25	208	180	Reduce	Avinash Singh
20-Jun-25	190	150	Reduce	Avinash Singh
05-Jun-25	183	150	Reduce	Avinash Singh
29-Apr-25	168	150	Reduce	Avinash Singh
10-Apr-25	153	140	Reduce	Avinash Singh
03-Apr-25	154	140	Reduce	Avinash Singh
27-Feb-25	139	140	Reduce	Avinash Singh
21-Jan-25	146	140	Reduce	Avinash Singh
06-Jan-25	138	150	Reduce	Avinash Singh
30-Dec-24	136	150	Reduce	Avinash Singh
05-Dec-24	148	150	Reduce	Avinash Singh
26-Nov-24	141	150	Reduce	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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<b>SELL</b>	>15% downside

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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This report is intended for Team White Marque Solutions ([team.emkay@whitemarqueresolutions.com](mailto:team.emkay@whitemarqueresolutions.com))