BUY

Mahindra Finance

Delivery aligned with aspiration; upgrade to BUY

Emkay

Your success is our success

BFSI - NBFCs | Result Update | **July 22, 2026** | **CMP (Rs): 350 | TP (Rs): 450**

We upgrade MMFS to BUY from Add while revising up Jun-27E TP by 18.4% to Rs450 from Rs380, implying SA FY28E PBV of 1.9x and ~10% of value from subsidiaries. We saw credible signs of a performance turnaround in 4QFY26 and hence upgraded the stock to Add; 1QFY27 results reinforce our positive view, given MMFS's impressive performance on asset quality, credit cost, and profitability. With disbursement growth picking up, the likelihood of growth in assets firing up has increased; this profitable growth visibility with reasonable valuations drives us to now upgrade the stock to BUY. With GS2+GS3 at a multiyear low (8.3%), PCR at 58.1%, and a healthy capital position, the balance sheet is well placed to absorb any stress from the external environment. Profitability has been steadily improving, with NIM+Fee moving up and credit cost within a through-cycle band of 1.3-1.7%. With the multi-year transformation now clearly showing growth and ROA moving toward 2.5%, we believe the structurally improved profitability and fortified balance sheet present a compelling risk-reward ratio, supporting our upgrade.

Strong quarter overall

MMFS's overall 1QFY27 numbers show a continual step-up in profitability, with SA PAT up 70% yoy to Rs8.99bn. This was backed by resilient asset quality and meaningful margin expansion. 1QFY27 credit cost (on assets) improved to 1.5%, down from 1.9% in 1QFY26 (1.5% in 4QFY26), signaling strong portfolio health/improved slippage control. Margins expanded sharply, with NIM at 7.3% in 1QFY27, up from 6.7% in 1QFY26 and remaining above the 7.1% full-year guidance. Asset quality was robust, with GS3 (Stage 3) improving to 3.5% and GS2+GS3 declining to 8.3%, with strong PCR on GS3 of 58.1%.

Focus on growth while preserving asset quality

Management offered a constructive outlook, pivoting toward growth while maintaining discipline on risk and return. Growth is expected to improve (16-18% CAGR in medium term), led by tractors, used vehicles, and PVs, with MSME and mortgages picking up pace (~30%). Asset mix should continue diversifying away from wheels which is seen as structurally positive for resilient and more predictable returns. Margins are expected to marginally improve, with ~7.1% NIM (near-term) aided by better asset mix, rising fee income, improving cost of funds. Opex guidance: range-bound (~2.5-2.7%), with near-term investments in MSME, mortgages, and digital offset by operating leverage as scale builds. On asset quality, GS2+GS3 is expected to be stable (<10% through-cycle), with credit costs guided at ~1.3-1.7%, trending lower on good execution, while monsoons/El Niño are key monitorables. Overall, the mgmt is confident of sustaining >2.2% ROA and seeing it progress toward ~2.5%, with >15% ROE and 5Y loan book CAGR of ~16-18%.

Upgrade to BUY, on improving risk-reward and fundamentals

Factoring in the strong 1Q performance and management commentary, we revise our FY27-29 estimates (FY28-29E EPS up ~5-7%; Exhibit 2). With convergence of delivery with aspirations continuing, MMFS stock rerating is also likely to continue. We upgrade MMFS to BUY; raise Jun-27E TP to Rs450, implying SA FY28E PBV of 1.9x and 10% of value from subsidiaries (Rural Housing, Insurance Broking, and Asset Management).

Mahindra Finance: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Net profits	23,450	27,822	36,428	43,898	52,018
AUM growth (%)	16.6	12.1	16.4	17.1	18.4
NII growth (%)	11.2	18.7	15.7	17.4	16.8
NIMs (%)	6.5	7.1	7.3	7.3	7.3
PPOP growth (%)	14.0	28.3	18.6	18.9	17.9
Adj. EPS (Rs)	19.0	20.0	26.2	31.6	37.4
Adj. EPS growth (%)	33.2	5.4	30.9	20.5	18.5
Adj. BV (INR)	160.4	178.2	199.2	224.4	254.4
Adj. BVPS growth (%)	9.1	11.1	11.8	12.7	13.3
RoA (%)	1.9	2.0	2.3	2.4	2.4
RoE (%)	12.4	12.5	13.9	14.9	15.6
P/E (x)	18.4	17.5	13.3	11.1	9.3
P/ABV (x)	2.2	2.0	1.8	1.6	1.4

Source: Company, Emkay Research

Target Price – 12M	Jun-27
Change in TP (%)	**18.4**
Current Reco.	BUY
Previous Reco.	ADD
Upside/(Downside) (%)	28.6

Stock Data	**MMFS IN**
52-week High (Rs)	412
52-week Low (Rs)	246
Shares outstanding (mn)	1,390.1
Market-cap (Rs bn)	486
Market-cap (USD mn)	5,053
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	3.2
ADTV-3M (Rs mn)	1,269.5
ADTV-3M (USD mn)	13.2
Free float (%)	71.1
Nifty-50	24,187.7
INR/USD	96.2

Shareholding,Jun-26	
Promoters (%)	52.5
FPIs/MFs (%)	9.5/31.5

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	19.0	14.2	33.1
Rel. to Nifty	18.1	16.0	38.1

1-Year share price trend (Rs)

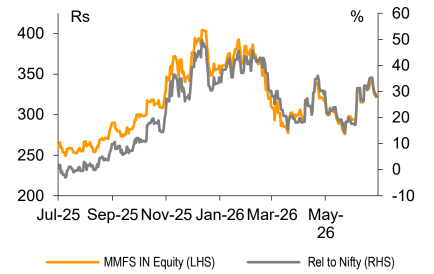

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Exhibit 1: MMFS – Actual vs estimates

1QFY27 Earnings Snapshot								Emkay estimates			
	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	Chg qoq	Chg yoy	1QFY27	Variation	1QFY27	Variation
(Rs mn)	Actual	Actual	Actual	Actual	Actual			Estimate	vs Estimate	Consensus	Consensus
Business Assets	1,220,080	1,272,460	1,289,650	1,340,960	1,374,490	2.5%	12.7%	1,373,000	0.1%	1,374,490	
Disbursement	128,090	135,140	176,120	171,840	155,640	-9.4%	21.5%	155,600	0.0%		
NII	20,122	21,116	23,045	23,913	24,128	0.9%	19.9%	23,845	1.2%		
Total Income	22,853	24,230	26,606	27,393	27,658	1.0%	21.0%	27,097	2.1%	26,607	4.0%
PPoP	13,530	14,989	15,403	17,216	17,559	2.0%	29.8%	15,985	9.9%	17,160	2.3%
Provisions	6,597	7,514	4,699	5,603	5,697	1.7%	-13.6%	6,498	-12.3%	6,301	-9.6%
PBT	6,933	7,475	10,704	11,613	11,862	2.1%	71.1%	9,487	25.0%	10,859	9.2%
PAT	5,295	5,693	8,104	8,730	8,987	2.9%	69.7%	7,089	26.8%	8,076	11.3%
Credit cost	2.18%	2.41%	1.47%	1.70%	1.68%	-3bps	-51bps	1.92%	-24bps	1.86%	-18bps
GS3	3.85%	3.94%	3.80%	3.40%	3.45%	5bps	-40bps	3.45%	0bps		
NS3	1.91%	1.89%	1.82%	1.44%	1.48%	4bps	-43bps	1.47%	1bps		

Source: Company, Emkay Research

Exhibit 2: Change in estimates

Y/e Mar (Rs mn)	FY27E			FY28E			FY29E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Business Assets	1,540,364	1,560,478	1.3%	1,776,817	1,827,487	2.9%	2,062,661	2,164,354	4.9%
Disbursement	708,969	708,969	0.0%	829,493	836,583	0.9%	978,802	1,003,900	2.6%
Net interest income	101,375	102,082	0.7%	117,363	119,867	2.1%	135,679	140,064	3.2%
PPOP	71,637	72,515	1.2%	82,513	86,201	4.5%	95,272	101,670	6.7%
Provisions	22,927	23,486	2.4%	26,047	27,118	4.1%	29,726	31,659	6.5%
PBT	48,710	49,029	0.7%	56,466	59,082	4.6%	65,546	70,011	6.8%
Adj PAT	36,191	36,428	0.7%	41,954	43,898	4.6%	48,700	52,018	6.8%
Adj EPS (Rs)	26.0	26.2	0.7%	30.2	31.6	4.6%	35.0	37.4	6.8%
BVPS (Rs)	199	199	0.1%	223	224	0.6%	251	254	1.3%
Networth	276,540	276,730	0.07%	310,104	311,848	0.56%	349,064	353,463	1.26%
NIM + Fees	7.29%	7.29%	0bps	7.33%	7.34%	1bps	7.35%	7.32%	-3bps
Cost-to-income ratio	38.0%	37.6%	-38bps	38.0%	36.4%	-153bps	38.0%	35.8%	-220bps
Opex-to-Business Assets	3.05%	3.01%	-3bps	3.05%	2.92%	-13bps	3.04%	2.84%	-20bps
Loan book growth	14.9%	16.4%	150bps	15.4%	17.1%	176bps	16.1%	18.4%	235bps
Disbursement growth	16.0%	16.0%	0bps	17.0%	18.0%	100bps	18.0%	20.0%	200bps
Credit costs (bps)	1.59%	1.62%	3bps	1.57%	1.60%	3bps	1.55%	1.59%	4bps
ROA	2.28%	2.28%	0bps	2.31%	2.37%	6bps	2.33%	2.41%	8bps
ROE	13.8%	13.9%	9bps	14.3%	14.9%	61bps	14.8%	15.6%	86bps

Source: Company, Emkay Research

Exhibit 3: Valuation matrix

				PBV (x)			PER (x)			ROA (%)			ROE (%)			Book Value (Rs/sh)			EPS (Rs)		
	CMP/TP (Rs/sh)	Upside	Mkt Cap (Rs bn)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
At current market price	350	29%	486.3	1.8	1.6	1.4	13.3	11.1	9.3	2.3	2.4	2.4	13.9	14.9	15.6	199	224	254	26.2	31.6	37.4
At target price	450		625.5	2.3	2.0	1.8	17.2	14.2	12.0	2.3	2.4	2.4	13.9	14.9	15.6	199	224	254	26.2	31.6	37.4

Source: Company, Emkay Research

Exhibit 4: MMFS – SOTP-based valuation

Entity	Metrics	Mar-28E	Valuation methodology	Implied multiple (x)	Valuation (Rs mn)	Ownership	Value (Rs mn)	Rs per share
Standalone	Net worth (Rs mn)	299,848	ERE	1.9	564,450	100%	564,450	406
MRHFL	Net worth (Rs mn)	15,887	PBV	1.0	15,887	98%	15,633	11
MIBL	PAT	1,500	PER	15	22,500	100%	22,500	16
MMIMPL	AUM (Rs bn)	450	% of AUM	5%	22,500	51%	11,475	8
Others								
Total							**614,059**	**442**
HoldCo discount on non wholly-owned subs				**25%**			**2,869**	**2**
Fair value - Mar-27E							**611,190**	**440**
No of shares (mn)							1,390	
Target price - Jun-27E (Rs)							**450**	

Source: Company, Emkay Research

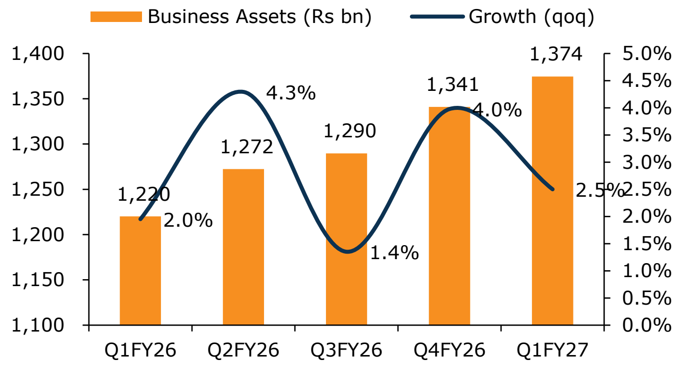
Exhibit 5: Quarterly earnings snapshot

(Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy chg	qoq chg
Interest Income	41,646	41,779	44,071	44,621	46,209	11.0%	3.6%
Interest Expenses	21,524	20,663	21,026	20,707	22,081	2.6%	6.6%
Net Interest Income	**20,122**	**21,116**	**23,045**	**23,913**	**24,128**	**19.9%**	**0.9%**
Other Income	2,732	3,113	3,561	3,480	3,531	29.3%	1.5%
Income	**22,853**	**24,230**	**26,606**	**27,393**	**27,658**	**21.0%**	**1.0%**
Operating Expenses	9,323	9,240	11,203	10,177	10,099	8.3%	-0.8%
Operating Profit	**13,530**	**14,989**	**15,403**	**17,216**	**17,559**	**29.8%**	**2.0%**
Provisions	6,597	7,514	4,699	5,603	5,697	-13.6%	2%
Credit cost (on avg Business Assets)	*2.18%*	*2.41%*	*1.47%*	*1.70%*	*1.68%*	-51bps	-3bps
PBT	**6,933**	**7,475**	**10,704**	**11,613**	**11,862**	**71.1%**	**2.1%**
Tax	1,638	1,782	2,600	2,884	2,876	75.5%	-0.3%
Tax rate	*23.6%*	*23.8%*	*24.3%*	*24.8%*	*24.2%*		
Reported PAT	**5,295**	**5,693**	**8,104**	**8,730**	**8,987**	**69.7%**	**2.9%**
Networth	233,460	230,160	238,280	247,590	256,750	10.0%	3.7%
Business assets	1,220,080	1,272,460	1,289,650	1,340,960	1,374,490	12.7%	2.5%
Disbursements	128,090	135,140	176,120	171,840	155,640	21.5%	-9.4%
GS3 (%)	3.85	3.94	3.80	3.40	3.45	-40bps	5bps
NS3 (%)	1.91	1.89	1.82	1.44	1.48	-43bps	4bps
PCR (%)	51.44	53.01	53.01	58.56	58.06	663bps	-50bps
ROA (calculated; %)	1.56	1.65	2.29	2.40	2.36	80bps	-4bps
ROE (calculated; %)	9.82	9.82	13.84	14.37	14.25	444bps	-12bps

Source: Company, Emkay Research

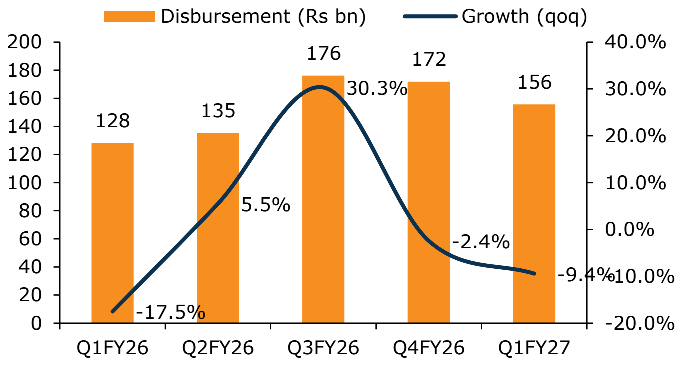
Results in charts

Exhibit 6: AUM growth to improve as disbursements pick up



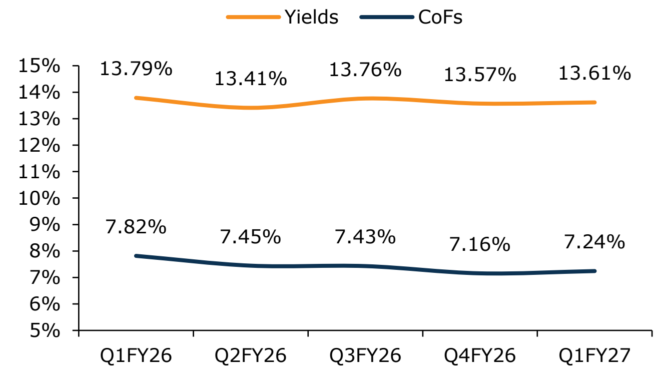
Source: Company, Emkay Research

Exhibit 7: Disbursement grew ~22% yoy



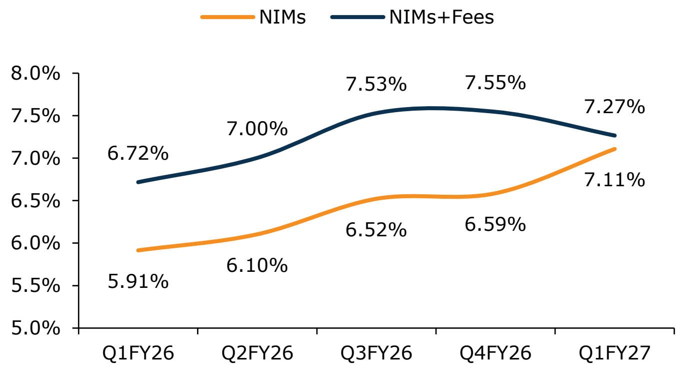
Source: Company, Emkay Research

Exhibit 8: Marginal elevation in COFs, on expected lines



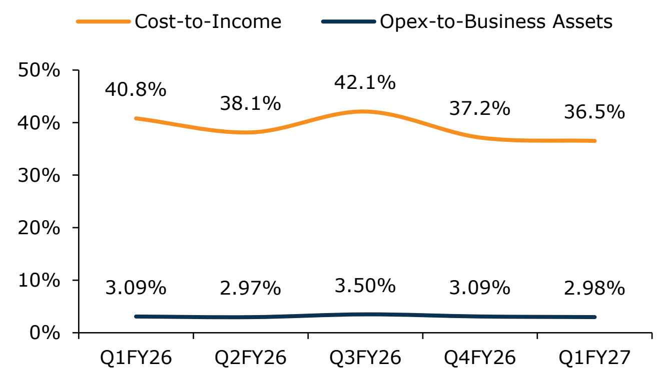
Source: Company, Emkay Research

Exhibit 9: Margins remain strong



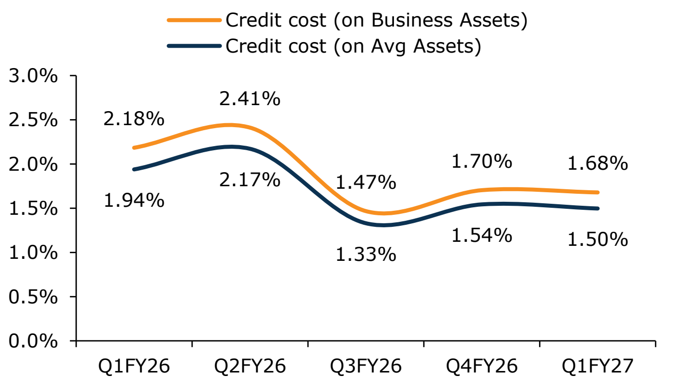
Source: Company, Emkay Research

Exhibit 10: Opex normalizes; expected to be range-bound



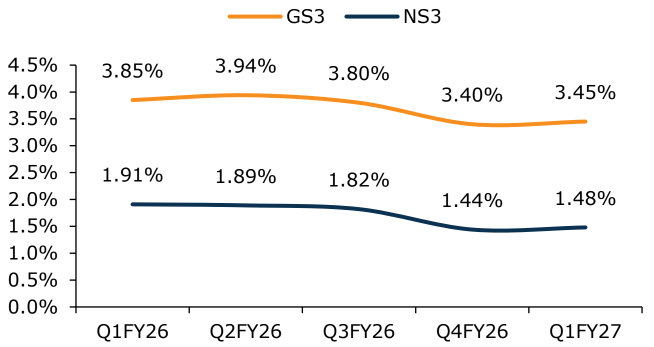
Source: Company, Emkay Research

Exhibit 11: Credit cost remains within the guidance range



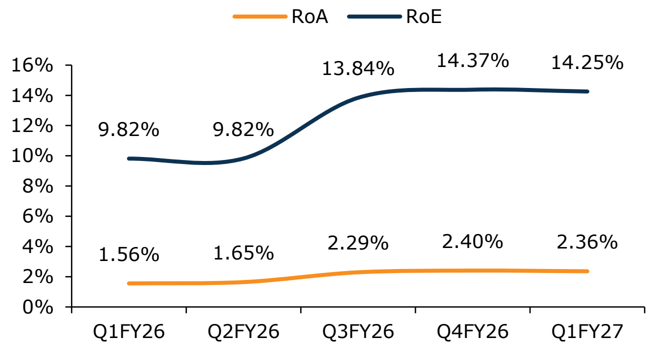
Source: Company, Emkay Research

Exhibit 12: Asset quality stable despite seasonality



Source: Company, Emkay Research

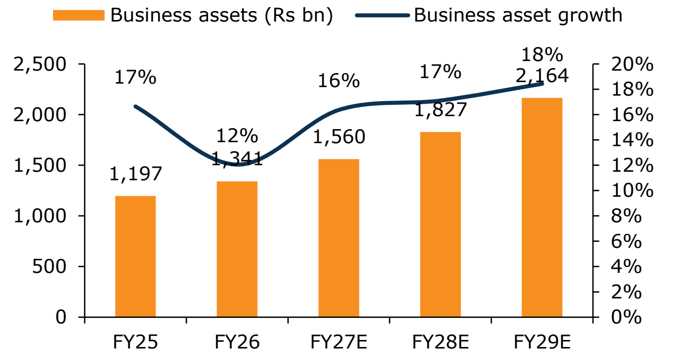
Exhibit 13: Healthy ROA/ROE, as operating metrics improve



Source: Company, Emkay Research

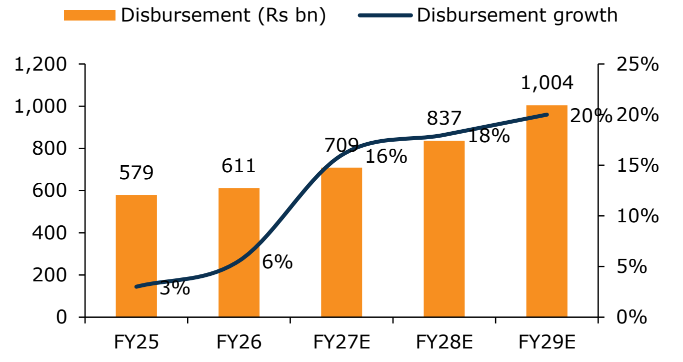
Story in charts

Exhibit 14: We expect AUM CAGR of 15% over FY26-29E



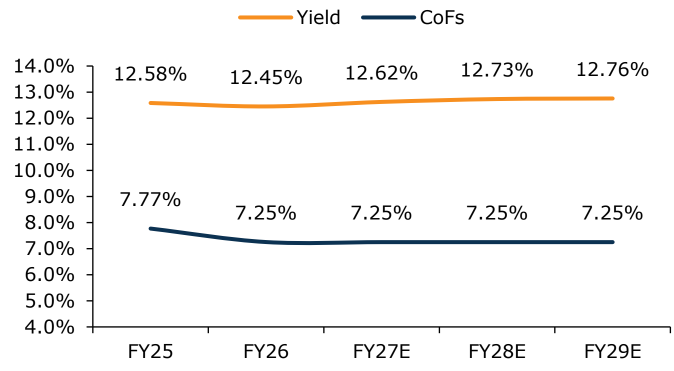
Source: Company, Emkay Research

Exhibit 15: Disbursement to remain strong across the product segment



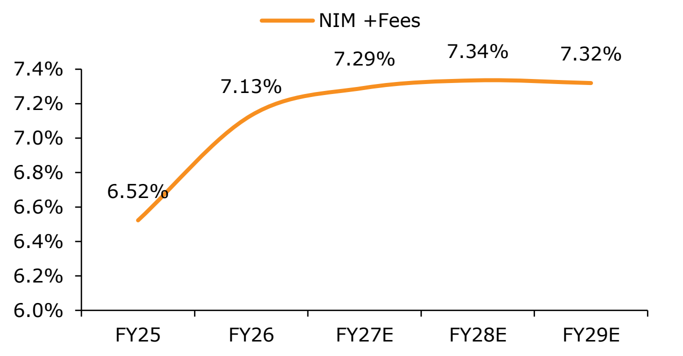
Source: Company, Emkay Research

Exhibit 16: Yield improvement led by changing asset mix



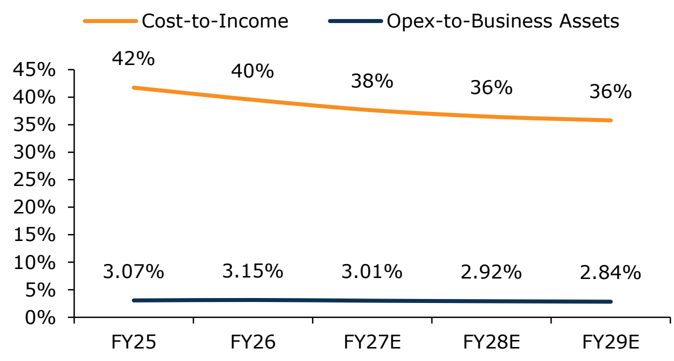
Source: Company, Emkay Research

Exhibit 17: Margin improvement led by moderating COFs, changing asset mix, and improving fee income



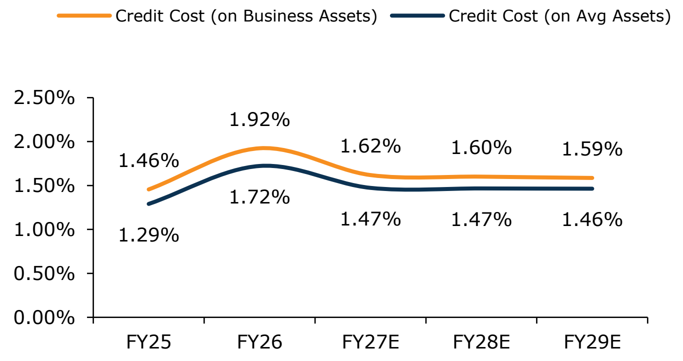
Source: Company, Emkay Research

Exhibit 18: Broadly stable opex ratio



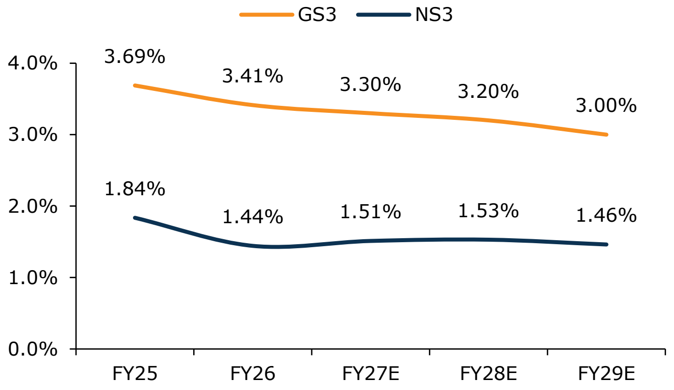
Source: Company, Emkay Research

Exhibit 19: Credit cost to remain range-bound at ~1.6%



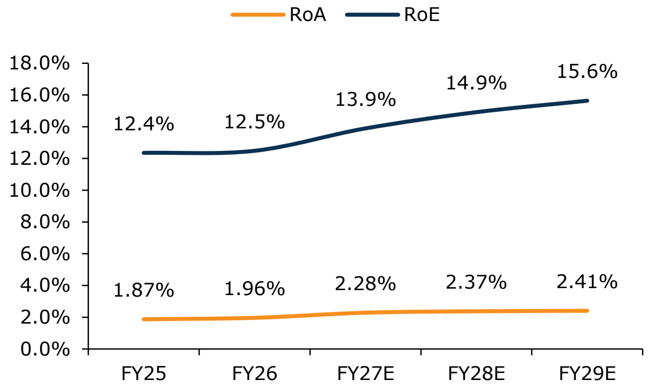
Source: Company, Emkay Research

Exhibit 20: Asset quality improvement led by prudent underwriting



Source: Company, Emkay Research

Exhibit 21: Margin improvement and stable credit cost to result in ROA/ROE expansion



Source: Company, Emkay Research

Management call highlights

- Management framed 1QFY27 as an inflection quarter, where the multi-year transformation begins converting into growth across both core wheels franchise and new engines. Standalone PAT grew ~70% yoy and consolidated PAT grew ~75% yoy to ~Rs9.27bn, with ROA at ~2.4% and credit cost at 1.5% for the quarter. The narrative has clearly pivoted from 'build-out' to 'pivot-to-growth', with subsidiaries now contributing meaningfully to consolidated earnings.
- Asset quality continues to improve, with GS3 down to ~3.47% and GS2+GS3 lower at ~8.3%, an eight-year low, despite a seasonally soft 1Q. Management attributed this to both lower forward flows and an accelerating backward flow from GS3 to GS2, alongside diligent early-bucket collections and reversals. Notably, collection efficiency was broadly flat at ~95%, making the GNPL/credit-cost improvement mainly a flows story rather than a recovery.
- Seasonal volatility is being managed better now vs prior cycles. The 4Q-to-1Q deterioration, a 41bps decline in GS2 last fiscal, narrowed to 11bps this year, while the GS3 uptick compressed from 16bps to 4bps on absolute basis. On a Jun-to-Jun basis, GS2 is down by ~100bps and GS3 by ~40bps, with credit cost easing from 1.94% to 1.5%.
- The digital transition (the 'Udaan' stack) is effectively complete, with 100% of the wheels business now digital. All 1Q disbursements (~Rs150bn) run on the new stack (Salesforce LOS, Fin1 LMS, APIs including ULI, and account aggregator). Legacy systems have been retired, standalone manpower has been broadly flat at ~22,000 over 2-3 years, and productivity gains are showing up in frontline throughput and opex.
- AI is being deployed with deliberate cost discipline across three pillars—acquisition, resilient operations, and efficient collections. AI-led channels are delivering ~25% lower cost of acquisition; the in-house agentic AI (SamurAI) has scaled CPC coverage from 20% to 45%; and 12 vernacular collection bots (~20% coverage) are driving lower forward flows. Management views AI as a practical efficiency tool rather than a "magic wand", balancing token cost against human labor for its assisted, rural customer base.
- Disbursement momentum was broad-based, with the core wheels franchise up ~20% and non-wheels (SME, Mortgage and PL) up ~79%. Tractors remains the standout segment, with market leadership widening, PVs grew steadily, SMEs grew ~30%, and the 'others' pool grew ~77%. CVs was the deliberate laggard.
- Overall growth was ~13%, with the wheels franchise compounding at 11-12% and non-wheels at 28-30%, marking a shift from the ~83:17 wheels/non-wheels mix of three years ago. Management reiterated that non-wheels growth is additive rather than at the expense of wheels, and that the mix will continue diversifying.
- NIM is being actively rebuilt after the stress in FY24/FY25, with a medium-term target of above 7-7.1%. Reported loan income fell by ~25bps qoq and yield contracted by ~10bps qoq; however, the management stressed this is largely a denominator impact from the enhanced liquidity buffer rather than a decline in underlying yields. The improvement levers remain product mix, pricing, and fee income, also aided by last year's rights issue.
- Cost of funds rose by ~10bps qoq on elevated borrowing rates, but the management does not expect a steep hike as the increase reflects incremental (not stock) cost of funds. The elevated liquidity buffer (~Rs55bn) is the key margin drag this quarter.
- Operating leverage is beginning to emerge in the core, even as new-engine investments continue. The opex-to-average-assets for Wheels improved by ~10bps qoq (from 2.8% to 2.65%), while mortgage/SME/PL will run structurally higher in the near term. Management guided for a ~2.5-2.7% range in the medium term.
- The provisioning stance remains conservative. Two overlays (3Q and 4QFY26) are being carried forward as proactive buffers against macro/monsoon uncertainty rather than any visible stress, keeping PCR at ~58.1%. Management said it is "too early" to unlock these and would not take 1Q's benign print for granted.

- Tractor demand was strong in 1Q on pre-Kharif seasonality and, unusually, a delayed monsoon that elongated the buying cycle, though an accelerated 1Q could mean a contracted 2Q. The El Niño/monsoon view is nuanced: repayment capacity reflects broader rural cash flows (agri plus haulage, MSP, Mandi arrivals), not just rainfall. Mitigants include tighter LTVs, higher skin-in-the-game, agile, geography-level collection squads, and stress-threshold monitoring, which began at the end of 4Q. Regional softness is more visible in Rajasthan, MP, and Gujarat, partly cushioned by stronger state treasuries and crop-insurance coverage now ~3x the 4Y ago levels.

- In CVs, the muted optics are by design — the management is consciously running down HCV/CE/fleet-operator exposure (unattractive NBFC ROIs as fleets migrated to banks on cheaper funding), while rebuilding in SCV/LCV. The net effect will take a few quarters to turn into growth, and CVs was the only category without incremental share gains in 1Q.
- On housing/mortgage, MRHFL has stabilized and delivered ~Rs0.3bn PAT with mortgage AUM growing >100% (off a low base, viewed as margin-adjusted). The subsidiary runs an affordable book (self-construction, non-metro) as well as a calibrated, medium-term ROA-accretive prime book. The proposal to merge the subsidiary has gone to both Boards, with an update expected by 2QFY27.
- Management clarified that the ~46% M&M-ecosystem financing share is a blended PV/CV/tractor/3W figure (not tractor-only), that it uses no discriminatory scorecards for M&M vs non-M&M, and that 1Q saw incremental share-gains across all categories except CVs.
- Capital is comfortable (Tier-1: ~16.5%; D/E at 5:1) with no external raises planned for 6-8 quarters. Management maintains its 16-18% FY27-29 AUM CAGR target, with FY27 growth building gradually.

Mahindra Finance: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	153,314	172,117	196,572	230,382	270,447
Interest Expense	78,983	83,921	94,491	110,515	130,383
Net interest income	**74,331**	**88,196**	**102,082**	**119,867**	**140,064**
NII growth (%)	11.2	18.7	15.7	17.4	16.8
Non interest income	7,433	12,886	14,170	15,757	18,243
Total income	**81,764**	**101,082**	**116,252**	**135,624**	**158,307**
Operating expenses	34,113	39,944	43,737	49,423	56,638
PPOP	**47,651**	**61,139**	**72,515**	**86,201**	**101,670**
PPOP growth (%)	14.0	28.3	18.6	18.9	17.9
Provisions & contingencies	16,179	24,412	23,486	27,118	31,659
PBT	**31,473**	**36,726**	**49,029**	**59,082**	**70,011**
Extraordinary items	0	0	0	0	0
Tax expense	8,022	8,904	12,600	15,184	17,993
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**23,450**	**27,822**	**36,428**	**43,898**	**52,018**
PAT growth (%)	33.3	18.6	30.9	20.5	18.5
Adjusted PAT	**23,450**	**27,822**	**36,428**	**43,898**	**52,018**
Diluted EPS (Rs)	**19.0**	**20.0**	**26.2**	**31.6**	**37.4**
Diluted EPS growth (%)	33.2	5.4	30.9	20.5	18.5
DPS (Rs)	**6.5**	**7.5**	**5.2**	**6.3**	**7.5**
Dividend payout (%)	**34.2**	**37.5**	**20.0**	**20.0**	**20.0**
Effective tax rate (%)	25.5	24.2	25.7	25.7	25.7
Net interest margins (%)	6.5	7.1	7.3	7.3	7.3
Cost-income ratio (%)	41.7	39.5	37.6	36.4	35.8
PAT/PPOP (%)	49.2	45.5	50.2	50.9	51.2
Shares outstanding (mn)	1,235.0	1,389.6	1,389.6	1,389.6	1,389.6

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	2,470	2,779	2,779	2,779	2,779
Reserves & surplus	195,650	244,808	273,951	309,069	350,684
Net worth	**198,120**	**247,587**	**276,730**	**311,848**	**353,463**
Borrowings	**1,110,880**	**1,203,350**	**1,403,286**	**1,645,393**	**1,951,376**
Other liabilities & prov.	**46,480**	**28,116**	**29,521**	**30,998**	**32,547**
Total liabilities & equity	**1,355,480**	**1,479,053**	**1,709,537**	**1,988,238**	**2,337,386**
Net loans	1,162,140	1,301,601	1,517,066	1,778,803	2,109,596
Investments	104,000	68,204	75,024	82,526	90,779
Cash, other balances	55,360	73,405	79,113	85,834	92,922
Interest earning assets	**1,321,500**	**1,443,210**	**1,671,203**	**1,947,163**	**2,293,297**
Fixed assets	8,770	9,393	10,332	11,366	12,502
Other assets	25,210	26,450	28,002	29,709	31,588
Total assets	**1,355,480**	**1,479,053**	**1,709,537**	**1,988,238**	**2,337,386**
BVPS (Rs)	160.4	178.2	199.2	224.4	254.4
Adj. BVPS (INR)	160.4	178.2	199.2	224.4	254.4
Gross loans	1,196,730	1,340,960	1,560,478	1,827,487	2,164,354
Total AUM	**1,196,730**	**1,340,960**	**1,560,478**	**1,827,487**	**2,164,354**
On balance sheet	1,196,730	1,340,960	1,560,478	1,827,487	2,164,354
Off balance sheet	0	0	0	0	0
Disbursements	579,000	611,180	708,969	836,583	1,003,900
Disbursements growth (%)	3.0	5.6	16.0	18.0	20.0
Loan growth (%)	17.2	12.0	16.6	17.3	18.6
AUM growth (%)	16.6	12.1	16.4	17.1	18.4
Borrowings growth (%)	20.5	8.3	16.6	17.3	18.6
Book value growth (%)	9.1	11.1	11.8	12.7	13.3

Source: Company, Emkay Research

Asset quality and other metrics

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Asset quality					
GNPL - Stage 3	44,140	45,780	51,496	58,480	64,931
NNPL - Stage 3	21,560	18,970	23,173	27,485	31,167
GNPL ratio - Stage 3 (%)	3.7	3.4	3.3	3.2	3.0
NNPL ratio - Stage 3 (%)	1.8	1.4	1.5	1.5	1.5
ECL coverage - Stage 3 (%)	51.2	58.6	55.0	53.0	52.0
ECL coverage - 1 & 2 (%)	1.0	1.0	1.0	1.0	1.0
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	1.5	1.5	1.5	1.4	1.4
Total credit costs (%)	1.5	1.9	1.6	1.6	1.6
NNPA to networth (%)	10.9	7.7	8.4	8.8	8.8
Capital adequacy					
Total CAR (%)	18.3	18.9	17.5	16.6	15.6
Tier-1 (%)	15.2	16.7	15.5	15.1	14.6
Miscellaneous					
Total income growth (%)	14.6	23.6	15.0	16.7	16.7
Opex growth (%)	15.4	17.1	9.5	13.0	14.6
PPOP margin (%)	4.3	4.8	5.0	5.1	5.1
Credit costs-to-PPOP (%)	34.0	39.9	32.4	31.5	31.1
Loan-to-Assets (%)	85.7	88.0	88.7	89.5	90.3
Yield on loans (%)	13.8	13.6	13.6	13.6	13.6
Cost of funds (%)	7.8	7.3	7.3	7.3	7.3
Spread (%)	6.0	6.3	6.3	6.4	6.3

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	18.4	17.5	13.3	11.1	9.3
P/B (x)	2.2	2.0	1.8	1.6	1.4
P/ABV (x)	2.2	2.0	1.8	1.6	1.4
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	1.9	2.1	1.5	1.8	2.1
Dupont-RoE split (%)					
NII/avg AUM	6.7	7.0	7.0	7.1	7.0
Other income	0.7	1.0	1.0	0.9	0.9
Securitization income	0	0	0	0	0
Opex	1.4	1.4	1.3	1.3	1.3
Employee expense	1.7	1.7	1.7	1.6	1.6
PPOP	**4.3**	**4.8**	**5.0**	**5.1**	**5.1**
Provisions	1.5	1.9	1.6	1.6	1.6
Tax expense	0.7	0.7	0.9	0.9	0.9
RoAUM (%)	**2.1**	**2.2**	**2.5**	**2.6**	**2.6**
Leverage ratio (x)	5.9	5.7	5.5	5.8	6.0
RoE (%)	**12.4**	**12.5**	**13.9**	**14.9**	**15.6**

Quarterly data

Rs mn, Y/E Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
NII	20,122	21,116	23,045	23,913	24,128
NIM (%)	6.7	7.0	7.5	7.5	7.3
PPOP	13,530	14,989	15,403	17,216	17,559
PAT	5,295	5,693	8,104	8,730	8,987
EPS (Rs)	3.81	4.10	5.83	6.28	6.47

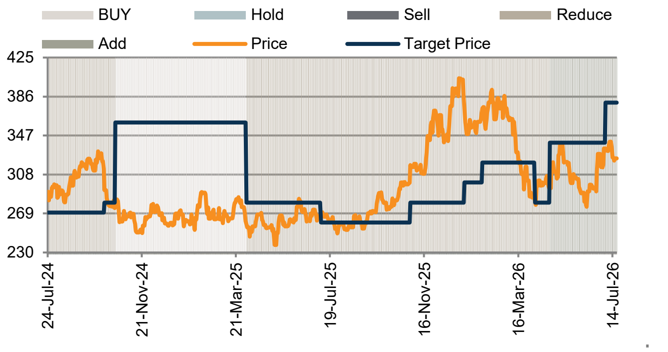
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
05-Jul-26	334	380	Add	Avinash Singh
25-Apr-26	294	340	Add	Avinash Singh
06-Apr-26	281	280	Reduce	Avinash Singh
17-Mar-26	320	320	Reduce	Avinash Singh
29-Jan-26	374	320	Reduce	Avinash Singh
06-Jan-26	374	300	Reduce	Avinash Singh
29-Oct-25	317	280	Reduce	Avinash Singh
06-Oct-25	284	260	Reduce	Avinash Singh
23-Jul-25	259	260	Reduce	Avinash Singh
07-Jul-25	268	260	Reduce	Avinash Singh
20-Jun-25	263	280	Reduce	Avinash Singh
05-Jun-25	263	280	Reduce	Avinash Singh
23-Apr-25	263	280	Reduce	Avinash Singh
10-Apr-25	251	280	Reduce	Avinash Singh
03-Apr-25	258	280	Reduce	Avinash Singh
27-Feb-25	274	360	Buy	Avinash Singh
29-Jan-25	263	360	Buy	Avinash Singh
06-Jan-25	264	360	Buy	Avinash Singh
05-Dec-24	279	360	Buy	Avinash Singh
23-Oct-24	260	360	Buy	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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Seshadri Kumar Sen

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