

BAF reported an overall satisfactory quarter, with PAT coming 3% above consensus/our estimates. This was primarily due to lower-than-expected credit cost, which came in at 1.98%, around 10bps lower than our estimate. The management maintains its medium-term growth guidance, while indicating slowdown in the MSME and Auto segments (winding down the captive book, which is seeing elevated stress). In terms of margins and benefit of rate cut, the mgmt remains confident of seeing a further ~5-10bps expansion on account of a rate cut by end-FY26; it sees credit cost sustaining at current levels in the next quarter and improving Q3 onward led by its risk management strategy and early DPD bucket monitoring, which would contain the credit cost at 1.85-1.95% (on AUF). Factoring in the management commentary and Q1FY26 results, we tweak our FY26-28 estimates – FY26E AUM growth is cut ~1%, while benefit of the rate cut would be seen over FY26-28E, resulting in a 1-3% upward revision in our EPS. We maintain ADD on the stock, while revising our Jun-26E TP upward by ~8% to Rs 1,000 (Rs925 earlier), implying FY27E standalone P/B of 5x.

#### Good show amid turbulent external environment

BAF reported a satisfactory quarter, in terms of AUM growth, customer acquisition, operating efficiencies, and pre-provisioning profit. Though credit cost remained elevated (2.02% on AUF), it came below expectations and resulted in a 3% PAT beat. Asset quality deteriorated marginally, with GS3 and NS3 at ~1.03% and ~0.5%, respectively, due to higher stress in the USL – BL and Auto segment (TWL/3WL). Margin (NIMs) was impacted by a different accounting treatment for income recognition between MF investment and Treasury investment which will normalize in the coming quarter; the mgmt stated that on an adjusted basis, margins would be flat. CoFs moderated by ~20bps led by the RBI rate cut; the mgmt expects further benefit as the liabilities are repriced/renewed.

#### Maintains broader near-to-medium term guidance, despite some uncertainties

The management maintains its of 23-24% growth despite slowing the MSME and Auto segment, which is seeing elevated stress; it indicated that other products like Gold are faring well. To manage risk in the MSME book, BAF has already restructured Rs2.19mn in loans, with scope to restructure another Rs1bn if needed; it expects healthy recoveries as such loans were primarily for business purposes. To control CoFs, the company plans to lean more on NCDs and ECBs this year. While confident to deliver risk-calibrated growth over the medium term, the management indicated it may reassess (if required) its near-term guidance by end-Q2, depending on how MSME stress evolves.

#### Marginal changes to estimates; maintain ADD with Jun-26E TP of Rs1,000

Factoring in the Q1 performance and management commentary, we adjust FY26E growth downward by 1%, while increasing our EPS estimate by 1-3% on the back of improving margins; this results in 10-15bps improvement in RoA over FY26-28. We maintain ADD on the stock, with revised up Jun-26E TP to Rs1,000 (implying SA FY27E P/B of 5x).

Target Price – 12M	Jun-26
Change in TP (%)	8.1
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	4.3

Stock Data	BAF IN
52-week High (Rs)	979
52-week Low (Rs)	642
Shares outstanding (mn)	6,214.3
Market-cap (Rs bn)	5,959
Market-cap (USD mn)	68,965
Net-debt, FY26E (Rs mn)	NA
ADTV-3M (mn shares)	12
ADTV-3M (Rs mn)	9,160.9
ADTV-3M (USD mn)	106.0
Free float (%)	0.0
Nifty-50	25,062.1
INR/USD	86.4

#### Shareholding, Jun-25

Promoters (%)	54.7
FPIs/MFs (%)	19.2/17.0

#### Price Performance

(%)	1M	3M	12M
Absolute	4.6	3.2	45.3
Rel. to Nifty	5.4	(1.0)	41.5

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



#### Bajaj Finance: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net profits	144,435	166,378	206,714	256,205	319,674
AUM growth (%)	33.6	26.0	24.0	24.0	24.0
NII growth (%)	28.7	23.0	27.5	24.1	23.4
NIMs (%)	10.2	9.7	9.9	10.0	9.9
PPOP growth (%)	28.2	25.5	23.9	23.6	22.2
Adj. EPS (Rs)	23.6	26.8	33.3	41.3	51.5
Adj. EPS growth (%)	24.0	13.4	24.2	23.9	24.8
Adj. BV (INR)	124.1	155.7	184.2	219.3	263.2
Adj. BVPS growth (%)	38.0	25.5	18.2	19.1	20.0
RoA (%)	4.4	4.0	4.1	4.1	4.2
RoE (%)	22.0	19.3	19.9	20.8	21.6
P/E (x)	40.6	35.8	28.8	23.2	18.6
P/ABV (x)	7.7	6.2	5.2	4.4	3.6

Source: Company, Emkay Research

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## Exhibit 1: Actual Vs estimates

BAF- Q1FY26 (Rs mn)						Change		Emkay		Consensus	
	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	QoQ	YoY	Estimates	variation	Estimate	variation
AUM	3,541,920	3,739,240	3,980,430	4,166,610	4,414,500	6%	25%	4,414,000	0.0%	4,412,894	0.0%
NII	83,653	88,377	93,826	98,072	102,270	4%	22%	103,714	-1.4%	104,034	-1.7%
Total Income	104,185	109,461	116,727	119,168	126,101	6%	21%	126,185	-0.1%	126,293	-0.2%
PPoP	69,475	73,071	78,057	79,675	84,871	7%	22%	84,655	0.3%	84,298	0.7%
Provision	16,847	19,091	20,433	23,289	21,202	-9%	26%	22,326	-5.0%	21,820	-2.8%
PBT	52,654	54,015	57,654	56,474	63,676	13%	21%	62,329	2.2%	62,478	1.9%
PAT	39,120	40,137	43,082	45,456	47,653	4.8%	22%	46,310	2.9%	46,318	2.9%
Credit Cost	1.97%	2.10%	2.12%	2.29%	1.98%	-31bps	1bps	2.08%	-10bps	2.03%	8bps
GS3	0.86%	1.06%	1.12%	0.96%	1.03%	7bps	17bps	0.98%	5bps		
NS3	0.38%	0.46%	0.49%	0.45%	0.50%	5bps	12bps	0.47%	3bps		

Source: Company, Emkay Research

## Exhibit 2: Change in estimates

Y/e Mar (Rs mn)	FY26E			FY27E			FY28E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
AUM	5,208,263	5,166,596	-0.8%	6,458,246	6,406,580	-0.8%	8,008,224	7,944,159	-0.8%
Networth	1,139,991	1,143,300	0.3%	1,351,982	1,361,827	0.7%	1,620,797	1,634,363	0.8%
AUM growth	25.0%	24.0%	-100bps	24.0%	24.0%	0bps	24.0%	24.0%	0bps
Net interest income	461,634	464,175	0.6%	574,953	575,971	0.2%	709,714	710,960	0.2%
Total Income	556,840	558,965	0.4%	692,020	692,116	0.0%	856,178	856,270	0.0%
Opex	189,319	186,811	-1.3%	241,498	232,024	-3.9%	299,046	294,189	-1.6%
PPOP	367,521	372,155	1.3%	450,522	460,093	2.1%	557,132	562,081	0.9%
Provisions	90,454	89,784	-0.7%	111,135	110,235	-0.8%	126,769	125,757	-0.8%
PBT	277,290	282,593	1.9%	339,665	350,136	3.1%	430,710	436,672	1.4%
PAT	206,026	209,966	1.9%	252,371	260,151	3.1%	320,018	324,447	1.4%
<b>PAT (attributed to shareholders)</b>	<b>202,763</b>	<b>206,714</b>	<b>1.9%</b>	<b>248,393</b>	<b>256,205</b>	<b>3.1%</b>	<b>315,205</b>	<b>319,674</b>	<b>1.4%</b>
EPS (Rs)	32.7	33.3	1.9%	40.0	41.3	3.1%	50.8	51.5	1.4%
BV (Rs)	184	184	0.3%	218	219	0.7%	261	263	0.8%
NIM+Fees	11.9%	12.0%	10bps	11.9%	12.0%	10bps	11.8%	11.9%	10bps
Cost-to-income ratio	34.0%	33.4%	-58bps	34.9%	33.5%	-137bps	34.9%	34.4%	-57bps
Opex-to-AUM	4.0%	4.0%	-4bps	4.1%	4.0%	-13bps	4.1%	4.1%	-3bps
Credit costs	1.93%	1.92%	-1bps	1.91%	1.91%	0bps	1.75%	1.75%	0bps
GS3	0.84%	0.84%	0bps	0.80%	0.80%	0bps	0.80%	0.80%	0bps
NS3	0.40%	0.40%	0bps	0.39%	0.39%	0bps	0.39%	0.39%	0bps
<b>ROA</b>	<b>4.0%</b>	<b>4.1%</b>	<b>9bps</b>	<b>4.0%</b>	<b>4.1%</b>	<b>14bps</b>	<b>4.1%</b>	<b>4.2%</b>	<b>8bps</b>
<b>ROE</b>	<b>19.5%</b>	<b>19.9%</b>	<b>34bps</b>	<b>20.2%</b>	<b>20.8%</b>	<b>51bps</b>	<b>21.5%</b>	<b>21.6%</b>	<b>13bps</b>

Source: Company, Emkay Research

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

**Exhibit 3: SOTP-based valuation**

	Share Price (Rs)	No of shares (mn)	Market Cap (Rs bn)	BAF's stake	BAF's stake value (Rs bn)	Hold Co discount	Value (Rs bn)
Bajaj Housing	120.0	8,358.5	1,003	88.75%	890	25%	668
<b>At current market price</b>							
Bajaj Finance	959	6,209	5,954	100%	5,954	0%	5,954
Implied BAF Standalone							<b>5,286</b>
<b>At Target price</b>							
Bajaj Finance	1,000	6208.5	6,209	100%	6,209	0%	6,209
Implied BAF Standalone							<b>5,541</b>
<b>BAF - Standalone</b>							
	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>				
Adjusted Net Worth (Rs bn)	927	1,111	1,342				
Implied P/B at CMP	5.7	4.8	3.9				
Implied P/B at TP	6.0	5.0	4.1				

Source: Company, Emkay Research

**Exhibit 4: Valuation matrix**

	CMP/TP (Rs)	Upside	Mkt Cap (Rs bn)	P/BV (x)			P/E (x)			RoA (%)			RoE (%)			Book Value (Rs/sh)			Adj EPS (Rs)		
				FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
At current market price	959	4.3%	5,959	5.21	4.37	3.64	28.8	23.2	18.6	4.1	4.1	4.2	19.9	20.8	21.6	184	219	263	33.3	41.3	51.5
At target price	1,000			5.43	4.56	3.80	30.0	24.2	19.4	4.1	4.1	4.2	19.9	20.8	21.6	184	219	263	33.3	41.3	51.5

Source: Company, Emkay Research

**Exhibit 5: Quarterly earnings snapshot**

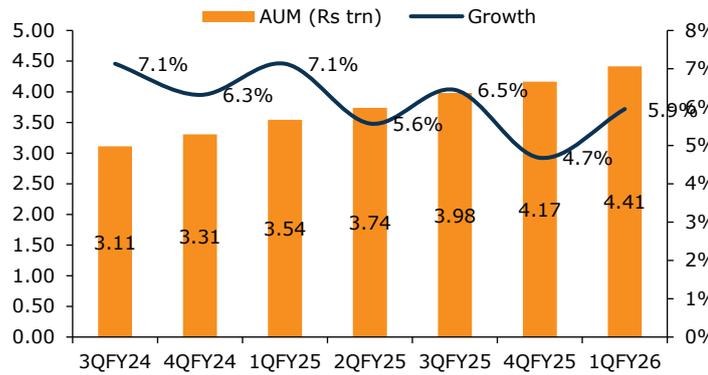
(Rs mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	YoY chg	QoQ chg
Net interest income	83,653	88,377	93,826	98,072	102,270	22.3%	4.3%
Non-interest income	20,531	21,084	22,901	21,096	23,831	16.1%	13.0%
<b>Total Income</b>	<b>104,185</b>	<b>109,461</b>	<b>116,727</b>	<b>119,168</b>	<b>126,101</b>	21.0%	5.8%
Operating expenses	34,709	36,390	38,670	39,493	41,230	18.8%	4.4%
<b>PPoP</b>	<b>69,475</b>	<b>73,071</b>	<b>78,057</b>	<b>79,675</b>	<b>84,871</b>	22.2%	6.5%
Provisions & Loan loss	16,847	19,091	20,433	23,289	21,202	25.9%	-9.0%
Others/Exceptional	25	35	30	88	7		
<b>PBT</b>	<b>52,654</b>	<b>54,015</b>	<b>57,654</b>	<b>56,474</b>	<b>63,676</b>	20.9%	12.8%
Taxes	13,534	13,877	14,572	11,018	16,023	18.4%	45.4%
<i>Tax Rate</i>	<i>25.7%</i>	<i>25.7%</i>	<i>25.3%</i>	<i>19.5%</i>	<i>25.2%</i>		
<b>PAT</b>	<b>39,120</b>	<b>40,137</b>	<b>43,082</b>	<b>45,456</b>	<b>47,653</b>	21.8%	4.8%
Networth	808,886	889,162	912,696	966,929	1,014,582	25.4%	4.9%
BV	131	144	147	156	163	24.8%	4.9%
EPS - Reported basic	6	6	7	7	8	21.2%	4.8%
Total AUM	3,541,920	3,739,240	3,980,430	4,166,610	4,414,500	24.6%	5.9%
Consolidated Borrowings	3,048,260	3,191,826	3,349,150	3,572,900	3,717,520	22.0%	4.0%
NIM (as % of AUM) - calculated	9.8%	9.7%	9.7%	9.6%	9.5%	-24bps	-10bps
Cost to income ratio	33.3%	33.2%	33.1%	33.1%	32.7%	-62bps	-44bps
Credit Cost	1.97%	2.10%	2.12%	2.29%	1.98%	1bps	-31bps
RoAAum (AUM)	4.6%	4.4%	4.5%	4.5%	4.4%	-13bps	-2bps
RoAE	19.9%	18.9%	19.1%	19.3%	19.2%	-62bps	-11bps
Gross NPA	0.86%	1.06%	1.12%	0.96%	1.07%	21bps	12bps
Net NPA	0.38%	0.46%	0.49%	0.45%	0.52%	14bps	7bps
Provision coverage ratio - Stage 3	56.1%	57.1%	57.2%	53.7%	51.9%	-413bps	-179bps

Source: Company, Emkay Research

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

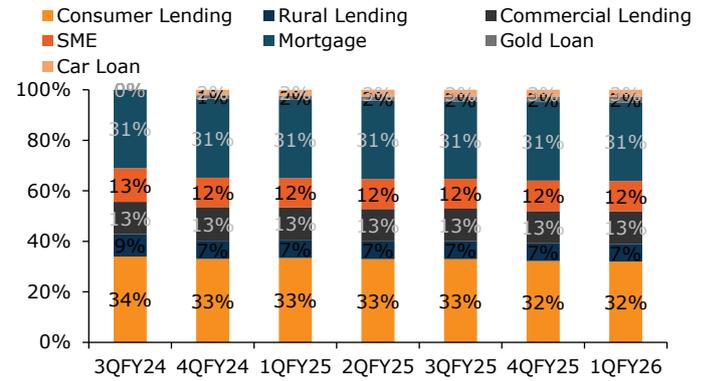
# Result in charts

**Exhibit 6: AUM growth was satisfactory**



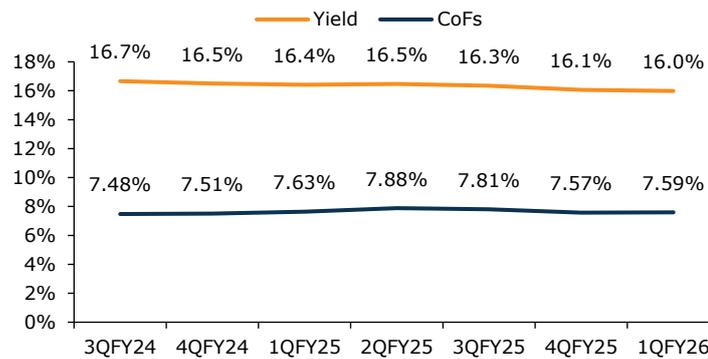
Source: Company, Emkay Research

**Exhibit 7: Diverse product offering**



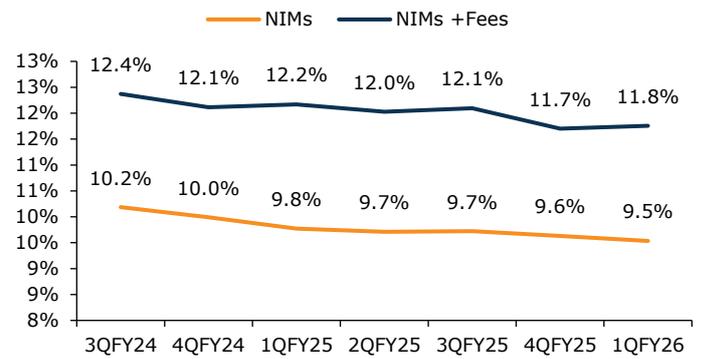
Source: Company, Emkay Research

**Exhibit 8: Reported CoFs moderated by ~20bps QoQ to 7.79% vs 7.99%**



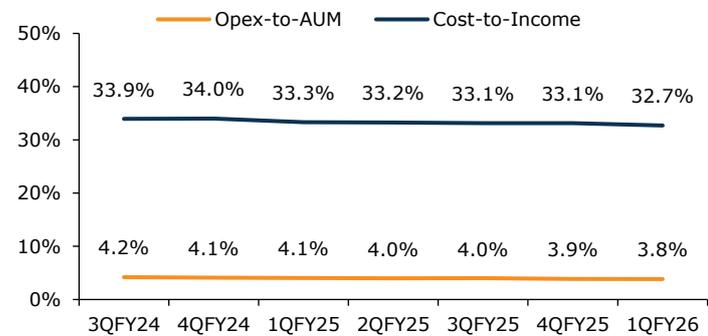
Source: Company, Emkay Research

**Exhibit 9: Margins expansion driven by RBI rate cut and better fee income**



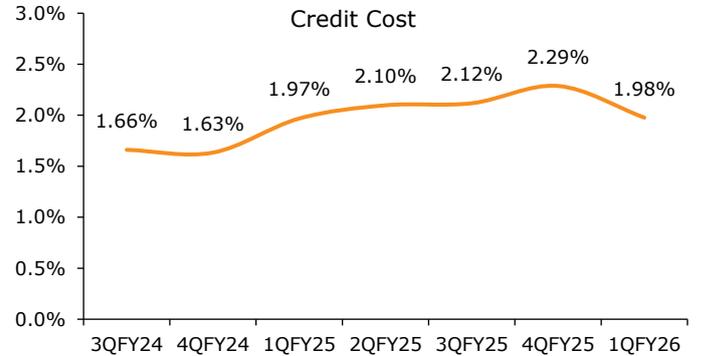
Source: Company, Emkay Research

**Exhibit 10: Opex ratios remained range bound**



Source: Company, Emkay Research

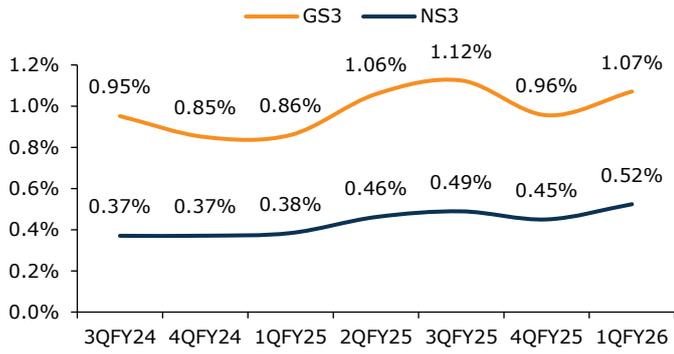
**Exhibit 11: Credit cost moderated by ~30bps QoQ**



Source: Company, Emkay Research

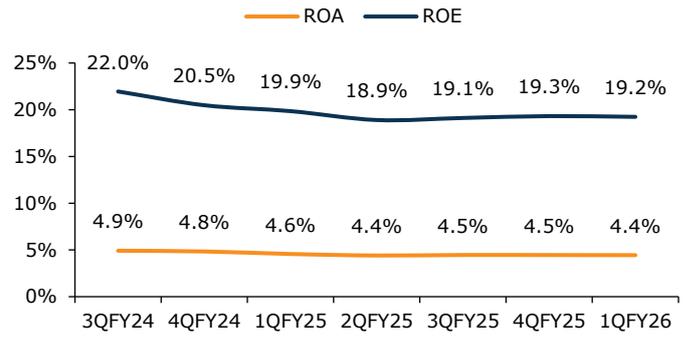
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**Exhibit 12: Best-in-industry asset quality**



Source: Company, Emkay Research

**Exhibit 13: RoA/RoE trend**

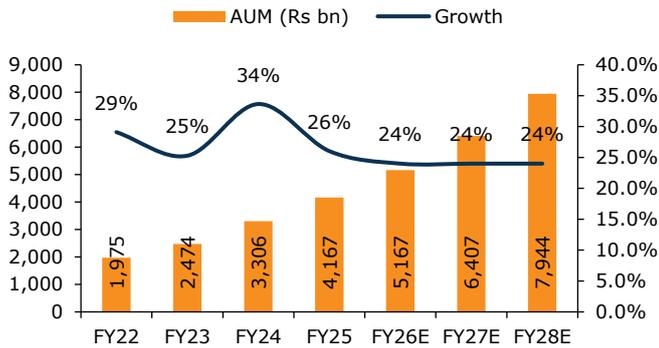


Source: Company, Emkay Research

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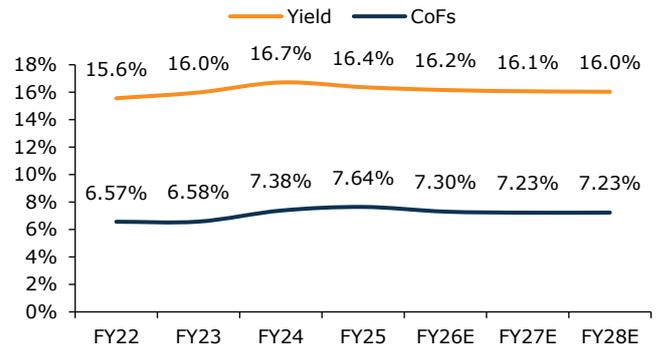
## Story in charts

**Exhibit 14: AUM CAR over FY25-28E expected at ~24%**



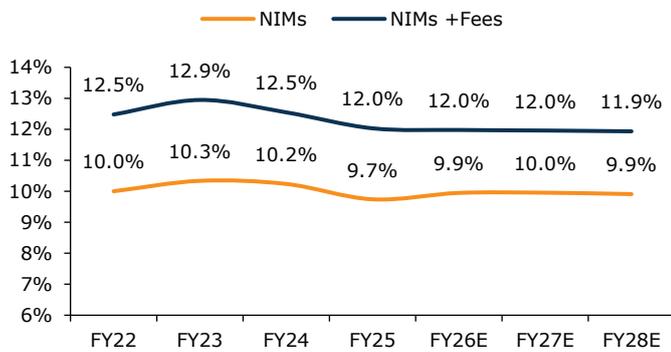
Source: Company, Emkay Research

**Exhibit 15: Healthy and stable spread in a rate cut environment**



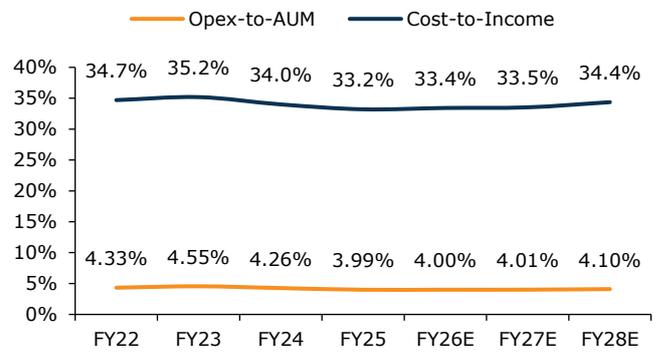
Source: Company, Emkay Research

**Exhibit 16: Core NIM expected to be stable**



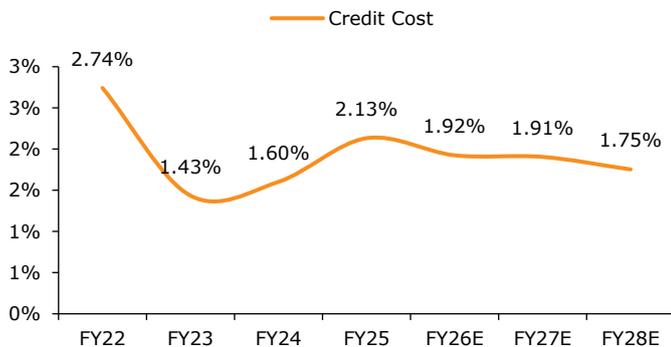
Source: Company, Emkay Research

**Exhibit 17: Opex ratio expected to remain range bound**



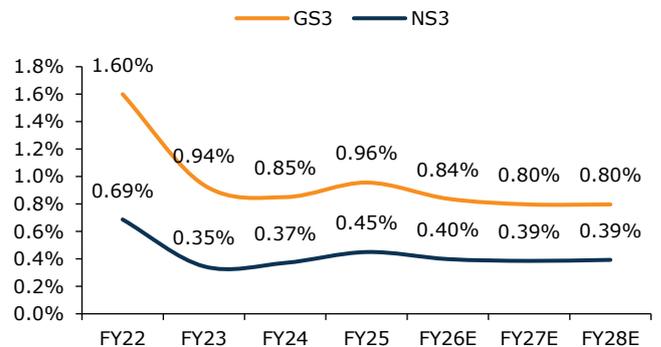
Source: Company, Emkay Research

**Exhibit 18: Credit cost to moderate as rural stress and macro normalizes**



Source: Company, Emkay Research

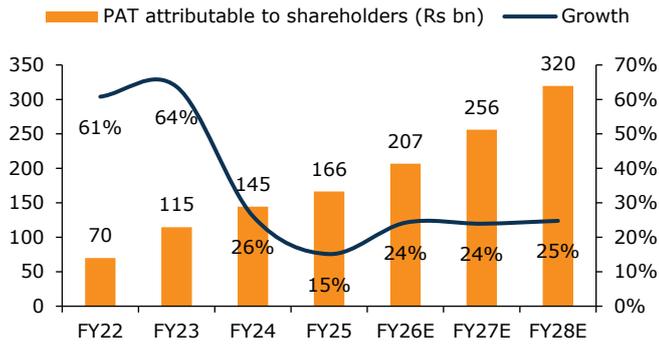
**Exhibit 19: Robust Asset quality**



Source: Company, Emkay Research

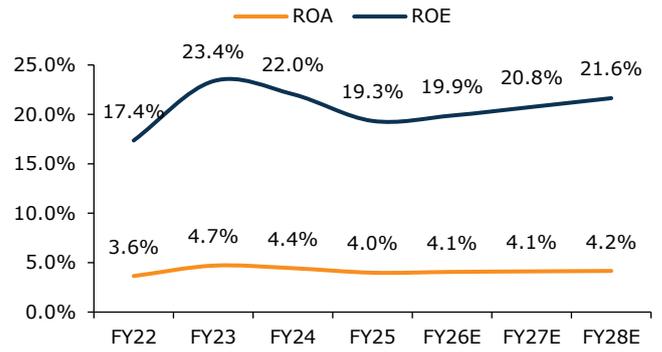
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**Exhibit 20: Healthy PAT growth over FY25-28E**



Source: Company, Emkay Research

**Exhibit 21: ROA/ROE expansion led by moderating credit cost**



Source: Company, Emkay Research

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

## Earnings Call Highlights

- The management highlighted that Q1FY26 remained a strong quarter across key metrics, including volume, AUM, operating efficiency, profitability, ROA, and ROE. However, credit costs remained elevated. During the quarter, it booked 13.49mn new loans and added 4.69mn new customers, taking the total customer base to 106.5mn (target to achieve 120mn customer base by the end of FY26). It expects FY26 to be a pivotal year for the company's FINAI transformation, with its AI-driven capabilities now starting to go live across the organization.
- BAF now operates in 4,192 locations, including 1,254 gold loan branches and 337 MFI branches, and has added 85 gold loan and 4 MFI branches in Q1FY26.
- In Q1, the cost of funds improved by 20bps QoQ to 7.79%, with FY26 CoF expected at 7.60-7.65%. The deposit book grew 15% YoY to Rs721.09bn, contributing 19% to consolidated borrowings. To optimize funding costs, the management plans to reduce reliance on deposits (to go down to 15-16%) over the next 12 months, shifting more toward NCDs, ECBs, and bank borrowings.
- The management informed that consumer leverage remains a key concern as it stayed elevated; the company has implemented measures across products to limit exposure to customers with multiple loans. Credit costs was particularly elevated in the TWL&3WL and MSME segments and, in response, the company has taken significant credit actions in both areas and expects a single digit growth in the MSME segment in FY26.
- The stress in Two- and Three-wheeler finance is mainly in the captive book and the management plans to bring this down to half by Mar-26. The number of Captivel accounts now stands at ~35k vs 65k accounts a year ago.
- The management also informed that it has restructured Rs2.19bn worth of MSME loans and can restore an additional Rs1bn worth loans going forward. Such loans are mainly USL-business loans and are taken for business use unlike consumption loans, where change of recovery is lower in case of default.
- The behavioral maturity of the consolidated book is 22 months, while the standalone book is around 19 months.
- Anoop Saha resigned as MD and Director of BFL, for personal reasons, and the Board, on the NRC's recommendation, accepted his resignation, to ensure continuity and stability. Former MD (Rajeev Jain) has resumed an operating role and will continue until Mar-28, with succession planning under way and any updates to be shared closer to that date.
- Karnataka's contribution to the overall portfolio is ~11%; the management has informed that it has reduced business by 40-50% in Karnataka due to emerging political risks (Karnatak ordinance). As a result, it has cut 35-40% across the two-wheeler, urban B2C, and rural B2B segments; it is closely monitoring the situation, while other regions are stable.
- Fee income grew 17% YoY in Q1FY26, led by stronger B2B volumes. The management reaffirmed full-year guidance of 13-15% growth, citing that the impact of regulatory actions (embargo) taken last year is now fully absorbed.
- The management indicated that the MSME segment remains under pressure, with 13 of the 17 tracked industries showing signs of slowdown and 3 in outright contraction. While no stress is seen between secured and unsecured loans, the segment is expected to post the slowest growth in FY26. In the BL segment, the management highlighted that pre Covid, ~14% of the customers had multiple loans which increased to 21%. However, now the company has curtailed such customers to 17% now.
- **Guidance**
  - AUM growth – the management maintains its medium-term guidance (may re-visit after analyzing the scenario in Q2)
  - Credit cost on AUF – 1.85-1.95%
  - Fee income growth of 13-15%
  - NIM expansion of 5-10bps on account of rate cut (team.emkay@whitemarquesolutions.com)
  - AUM mix to stay largely stable, while the 2W/3W portfolio continues to shrink

## Bajaj Finance: Consolidated Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	483,066	611,636	754,159	929,914	1,150,587
Interest Expense	187,247	247,708	289,984	353,943	439,627
<b>Net interest income</b>	<b>295,819</b>	<b>363,928</b>	<b>464,175</b>	<b>575,971</b>	<b>710,960</b>
NII growth (%)	28.7	23.0	27.5	24.1	23.4
Non interest income	66,759	85,612	94,790	116,145	145,310
<b>Total income</b>	<b>362,578</b>	<b>449,540</b>	<b>558,965</b>	<b>692,116</b>	<b>856,270</b>
Operating expenses	123,252	149,261	186,811	232,024	294,189
<b>PPOP</b>	<b>239,326</b>	<b>300,279</b>	<b>372,155</b>	<b>460,093</b>	<b>562,081</b>
PPOP growth (%)	28.2	25.5	23.9	23.6	22.2
Provisions & contingencies	46,307	79,660	89,784	110,235	125,757
<b>PBT</b>	<b>193,019</b>	<b>220,618</b>	<b>282,370</b>	<b>349,858</b>	<b>436,324</b>
Extraordinary items	-	-	-	-	-
Tax expense	48,584	53,002	72,626	89,985	112,225
Minority interest	0	1,417	3,252	3,946	4,773
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>144,435</b>	<b>166,378</b>	<b>206,714</b>	<b>256,205</b>	<b>319,674</b>
PAT growth (%)	26.1	15.2	24.2	23.9	24.8
<b>Adjusted PAT</b>	<b>144,435</b>	<b>166,378</b>	<b>206,714</b>	<b>256,205</b>	<b>319,674</b>
<b>Diluted EPS (Rs)</b>	<b>23.6</b>	<b>26.8</b>	<b>33.3</b>	<b>41.3</b>	<b>51.5</b>
Diluted EPS growth (%)	24.5	13.7	24.1	23.9	24.8
<b>DPS (Rs)</b>	<b>3.6</b>	<b>4.4</b>	<b>5.4</b>	<b>6.7</b>	<b>8.4</b>
<b>Dividend payout (%)</b>	<b>15.4</b>	<b>16.3</b>	<b>16.0</b>	<b>16.0</b>	<b>16.0</b>
Effective tax rate (%)	25.2	24.0	25.7	25.7	25.7
Net interest margins (%)	10.2	9.7	9.9	10.0	9.9
Cost-income ratio (%)	34.0	33.2	33.4	33.5	34.4
PAT/PPOP (%)	60.4	55.9	56.4	56.5	57.7
Shares outstanding (mn)	618.0	620.9	3,104.3	3,104.3	3,104.3

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Asset quality</b>					
GNPL - Stage 3	28,160	39,650	42,481	50,034	62,042
NNPL - Stage 3	12,100	18,350	20,100	24,104	30,455
GNPL ratio - Stage 3 (%)	0.8	1.0	0.8	0.8	0.8
NNPL ratio - Stage 3 (%)	0.4	0.4	0.4	0.4	0.4
ECL coverage - Stage 3 (%)	57.0	53.7	52.7	51.8	50.9
ECL coverage - 1 & 2 (%)	1.0	1.2	1.2	1.1	0.8
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	1.7	1.8	1.9	1.9	2.0
Total credit costs (%)	1.6	2.1	1.9	1.9	1.8
NNPA to networth (%)	1.6	1.9	1.8	1.8	1.9
<b>Capital adequacy</b>					
Total CAR (%)	22.5	21.9	21.3	20.7	20.1
Tier-1 (%)	21.5	21.1	20.5	19.9	19.3
<b>Miscellaneous</b>					
Total income growth (%)	25.9	24.0	24.3	23.8	23.7
Opex growth (%)	21.7	21.1	25.2	24.2	26.8
PPOP margin (%)	8.3	8.0	8.0	8.0	7.8
Credit costs-to-PPOP (%)	19.3	26.5	24.1	24.0	22.4
Loan-to-Assets (%)	86.8	87.5	88.1	88.7	89.5
Yield on loans (%)	16.7	16.4	16.2	16.1	16.0
Cost of funds (%)	7.4	7.6	7.3	7.2	7.2
Spread (%)	9.3	8.7	8.9	8.8	8.8

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,236	1,242	6,209	6,209	6,209
Reserves & surplus	765,718	965,687	1,137,092	1,355,619	1,628,155
<b>Net worth</b>	<b>766,954</b>	<b>966,929</b>	<b>1,143,300</b>	<b>1,361,827</b>	<b>1,634,363</b>
<b>Borrowings</b>	<b>2,907,685</b>	<b>3,572,900</b>	<b>4,369,176</b>	<b>5,422,718</b>	<b>6,732,511</b>
<b>Other liabilities &amp; prov.</b>	<b>82,778</b>	<b>98,999</b>	<b>123,749</b>	<b>184,325</b>	<b>227,770</b>
<b>Total liabilities &amp; equity</b>	<b>3,757,416</b>	<b>4,638,828</b>	<b>5,636,226</b>	<b>6,968,871</b>	<b>8,594,644</b>
Net loans	3,262,933	4,078,441	4,985,767	6,182,185	7,690,050
Investments	308,807	344,408	418,344	514,911	635,035
Cash, other balances	106,240	135,435	164,510	202,484	249,722
<b>Interest earning assets</b>	<b>3,677,980</b>	<b>4,558,285</b>	<b>5,568,621</b>	<b>6,899,579</b>	<b>8,574,807</b>
Fixed assets	23,583	26,889	30,922	35,561	40,895
Other assets	55,853	76,094	62,376	33,731	(21,058)
<b>Total assets</b>	<b>3,757,416</b>	<b>4,661,268</b>	<b>5,661,918</b>	<b>6,968,871</b>	<b>8,594,644</b>
BVPS (Rs)	124.1	155.7	184.2	219.3	263.2
Adj. BVPS (INR)	124.1	155.7	184.2	219.3	263.2
Gross loans	3,313,344	4,148,270	5,068,756	6,280,569	7,787,906
<b>Total AUM</b>	<b>3,306,150</b>	<b>4,166,610</b>	<b>5,166,596</b>	<b>6,406,580</b>	<b>7,944,159</b>
On balance sheet	3,313,344	4,148,270	5,068,756	6,280,569	7,787,906
Off balance sheet	(7,193)	18,340	97,840	126,010	156,253
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	34.7	25.0	22.2	24.0	24.4
AUM growth (%)	33.6	26.0	24.0	24.0	24.0
Borrowings growth (%)	34.2	22.9	22.3	24.1	24.2
Book value growth (%)	38.0	25.5	18.2	19.1	20.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	40.6	35.8	28.8	23.2	18.6
P/B (x)	7.7	6.2	5.2	4.4	3.6
P/ABV (x)	7.7	6.2	5.2	4.4	3.6
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.4	0.5	0.6	0.7	0.9
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	10.2	9.7	9.9	10.0	9.9
Other income	2.3	2.3	2.0	2.0	2.0
Securitization income	-	-	-	-	-
Opex	2.1	2.0	2.0	2.0	2.1
Employee expense	2.2	2.0	2.0	2.0	2.0
<b>PPOP</b>	<b>8.3</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>	<b>7.8</b>
Provisions	1.6	2.1	1.9	1.9	1.8
Tax expense	1.7	1.4	1.6	1.6	1.6
<b>RoAUM (%)</b>	<b>5.0</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>
Leverage ratio (x)	4.4	4.3	4.4	4.6	4.8
<b>RoE (%)</b>	<b>22.0</b>	<b>19.3</b>	<b>19.9</b>	<b>20.8</b>	<b>21.6</b>

Quarterly data					
Rs mn, Y/E Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
NII	83,653	88,377	93,826	98,072	102,270
NIM (%)	9.8	9.7	9.7	9.6	9.5
PPOP	69,475	73,071	78,057	79,675	84,871
PAT	39,120	40,137	43,082	45,456	47,653
EPS (Rs)	6.33	6.49	6.96	7.32	7.67

Source: Company, Emkay Research

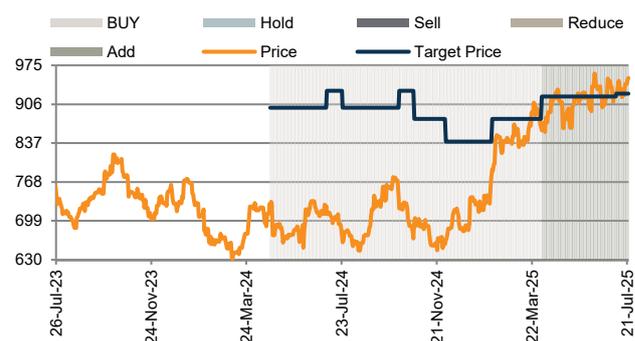
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## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
21-Jul-25	948	925	Add	Avinash Singh
07-Jul-25	925	925	Add	Avinash Singh
20-Jun-25	905	920	Add	Avinash Singh
05-Jun-25	893	920	Add	Avinash Singh
30-Apr-25	863	920	Add	Avinash Singh
10-Apr-25	874	920	Add	Avinash Singh
03-Apr-25	859	920	Add	Avinash Singh
27-Feb-25	871	880	Buy	Avinash Singh
30-Jan-25	790	880	Buy	Avinash Singh
06-Jan-25	735	840	Buy	Avinash Singh
05-Dec-24	685	840	Buy	Avinash Singh
02-Dec-24	665	840	Buy	Avinash Singh
23-Oct-24	700	880	Buy	Avinash Singh
04-Oct-24	721	930	Buy	Avinash Singh
09-Sep-24	735	900	Buy	Avinash Singh
02-Sep-24	744	900	Buy	Avinash Singh
20-Aug-24	672	900	Buy	Avinash Singh
24-Jul-24	661	900	Buy	Avinash Singh
04-Jul-24	711	930	Buy	Avinash Singh
05-Jun-24	684	900	Buy	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

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