REDUCE Poonawalla Fincorp

Strong growth with stable asset quality

Emkay
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BFSI - NBFCs ▸ Result Update ▸ **July 18, 2026** | **CMP (Rs): 477 | TP (Rs): 440**

Poonawalla continues to deliver strong growth, with AUM reaching ~Rs671bn (~+62.5% yoy), backed by strong disbursement across products (new businesses contributed ~26% to disbursements). PAT for the quarter came in at ~Rs3.1bn (up ~20.8% qoq), while ROA expanded to ~1.98% (vs ~1.81% in 4QFY26), driven by margin expansion, operating leverage, and moderating credit costs. Asset quality improved steadily, with GNPA at ~1.37% and a sharp improvement in early risk indicators, including lower 6-MoB 30+ delinquency (~0.64%) in 1Q sourcing. Credit cost in 1Q was ~2.4% (~10bps qoq improvement), supported by robust collection efficiency of ~99.6%. Opex-to-AUM fell to ~4.06% (by ~7bps qoq), indicating structural scalability and AI-driven productivity gains despite ongoing business investments. The management reiterated its focus on a risk-first approach and calibrated growth, aiming for an exit ROA of 3-3.5% by Jun-28. Following its Rs25bn QIP, capital position remains comfortable, with D/E of 3.82x providing sufficient headroom to sustain growth over the next 4-5 quarters. We retain REDUCE on the stock while raising Jun-27E TP by ~10% to Rs440 (from Rs400), implying 1.9x FY28E PBV (factoring in another Rs30bn equity raise in FY28E at Rs450/sh).

Growth momentum sustained, with improving credit metrics

Poonawalla posted a 1Q PAT of ~Rs3.08bn (~21% qoq increase), driving ROA to ~1.98% (up from ~1.81% in 4QFY26 and ~0.68% in 1QFY26). This was primarily due to NIM of ~9.10% (expanding ~50bps over 4 quarters), reduced credit costs of ~2.40% (~10bps sequential improvement), and continued operating leverage. Total AUM surged ~62.5% yoy to ~Rs670.5bn, driven by robust disbursements where newer segments contributed 26% to the mix (vs 24% in 4Q). Asset quality continued to improve, with GS3/NS3 settling at ~1.37%/0.70%, respectively. The management highlighted that 6-MoB 30+ delinquencies dropped to ~0.64% (from ~1.05% in 4QFY26). Underwriting discipline and strong collections (~99.6% efficiency) yielded a ~15% qoq gain in bucket flows.

Reiterates outlook on growth and road expansion

The management expects strong growth momentum to continue, driven by traction in new businesses, ongoing branch expansion, and deeper digital and AI integration. Focus remains firmly on structural profitability, with ROA expected to scale to 3.0–3.5% by Jun-28 from the current 1.98%. This is expected to be driven by margin expansion via higher disbursement yields, operating leverage (despite branch expansion), and moderating credit costs. The management highlighted its strategic liability mix (88.5% long-term debt) helps absorb minor upticks in CoF (~7.72%). Finally, addressing broader asset quality concerns, the management confirmed no signs of stress or rising bounce rates within the IT salaried segment, attributing this resilience to rigorous cohort calibration.

We tweak estimates; reiterate REDUCE while raising our TP to Rs440

Factoring in 1Q performance, we tweak our FY27-29 estimates; this leads to EPS estimates expanding 10-16% over FY27-29 (Exhibit 2). We retain REDUCE while raising Jun-27E TP by ~10% to Rs440, implying 1.9x FY28E PBV, assuming equity raise of Rs30bn in FY28 at Rs450/sh.

Poonawalla Fincorp: Financial Snapshot (Standalone)

Y/E 2026 (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Net profits	(984)	5,419	13,433	22,190	32,074
AUM growth (%)	42.5	69.4	45.0	40.0	35.0
NII growth (%)	21.1	43.0	57.8	44.3	36.3
NIMs (%)	7.8	7.0	7.2	7.3	7.3
PPOP growth (%)	2.0	36.4	76.6	52.2	40.1
Adj. EPS (Rs)	(1.3)	6.7	15.3	23.5	34.0
Adj. EPS growth (%)	0	0	128.9	53.5	44.5
Adj. BV (INR)	105.1	127.1	158.9	231.0	259.9
Adj. BVPS growth (%)	(0.2)	21.0	25.0	45.4	12.5
RoA (%)	(0.3)	1.1	1.8	2.1	2.2
RoE (%)	(1.2)	5.9	11.1	12.4	13.8
P/E (x)	(375.1)	71.3	31.2	20.3	14.0
P/ABV (x)	4.5	3.8	3.0	2.1	1.8

Source: Company, Emkay Research

Target Price – 12M	Jun-27
Change in TP (%)	**10.0**
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(7.8)

Stock Data	**POONAWAL IN**
52-week High (Rs)	570
52-week Low (Rs)	361
Shares outstanding (mn)	880.5
Market-cap (Rs bn)	420
Market-cap (USD mn)	4,365
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	2.1
ADTV-3M (Rs mn)	944.5
ADTV-3M (USD mn)	9.8
Free float (%)	37.4
Nifty-50	24,334.3
INR/USD	96.3

Shareholding,Jun-26	
Promoters (%)	59.0
FPIs/MFs (%)	11.0/16.7

Price Performance

(%)	1M	3M	12M
Absolute	17.8	15.4	6.6
Rel. to Nifty	16.6	15.5	10.0

1-Year share price trend (Rs)

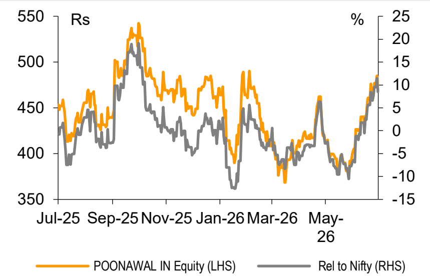

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Exhibit 1: Actual vs Estimates – 1QFY27 results

Poonawalla Fincorp Q1FY27 Results (Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq	yoy	1QFY27E (Emkay)	Variance
NII	6,393	7,644	9,209	10,495	11,968	14.0%	87.2%	11,497	4.1%
Total income	7,679	9,050	10,798	12,763	14,153	10.9%	84.3%	13,687	3.4%
Opex	4,434	5,184	5,520	5,816	6,307	8.4%	42.2%	6,120	3.1%
PPOP	3,245	3,866	5,278	6,947	7,846	12.9%	141.8%	7,567	3.7%
Provision	2,411	2,877	3,275	3,536	3,733	5.6%	54.9%	3,722	0.3%
PBT	834	989	2,002	3,411	4,113	20.6%	392.9%	3,845	7.0%
PAT	626	742	1,503	2,548	3,077	20.8%	391.5%	2,857	7.7%
AUM	412,730	477,010	550,170	603,480	670,540	11.1%	62.5%	651,758	2.9%
Credit cost	2.51%	2.59%	2.55%	2.45%	2.34%	-11bps	-16bps	2.37%	-3bps
GS3	1.84%	1.59%	1.51%	1.44%	1.37%	-7bps	-47bps	1.5%	-8bps
NS3	0.85%	0.81%	0.80%	0.74%	0.71%	-3bps	-14bps	0.8%	-4bps
PCR	54%	50%	48%	49%	49%	11bps	-482bps	49%	11bps

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
AUM	875,046	875,046	0.0%	1,225,064	1,225,064	0.0%	1,653,837	1,653,837	0.0%
Net Interest Income	52,785	53,229	0.8%	76,183	76,804	0.8%	103,854	104,692	0.8%
Operating Expenses	29,237	28,728	-1.7%	39,202	38,220	-2.5%	51,617	50,143	-2.9%
PPOP	31,856	34,156	7.2%	48,985	51,971	6.1%	68,930	72,830	5.7%
Credit cost	16,394	16,245	-0.9%	22,258	22,384	0.6%	30,107	30,064	-0.1%
PAT	11,597	13,433	15.8%	20,045	22,190	10.7%	29,117	32,074	10.2%
Adj PAT	11,597	13,433	15.8%	20,045	22,190	10.7%	29,117	32,074	10.2%
Adj EPS (Rs)	13.2	15.3	15.8%	21.2	23.5	10.7%	30.8	34.0	10.2%
Networth	137,837	139,398	1.1%	214,742	218,127	1.6%	239,492	245,390	2.5%
BVPS (Rs)	157.1	158.9	1.1%	227.5	231.0	1.6%	253.7	259.9	2.5%
AUM growth	*45.0%*	*45.0%*	0bps	*40.0%*	*40.0%*	0bps	*35.0%*	*35.0%*	0bps
NIM	*7.1%*	*7.2%*	6bps	*7.3%*	*7.3%*	6bps	*7.2%*	*7.3%*	6bps
NIM+Fees	*8.3%*	*8.5%*	24bps	*8.4%*	*8.6%*	19bps	*8.4%*	*8.5%*	17bps
Opex-to-AUM ratio	*4.0%*	*3.9%*	-7bps	*3.7%*	*3.6%*	-9bps	*3.6%*	*3.5%*	-10bps
Cost-to-Income ratio	*47.9%*	*45.7%*	-217bps	*44.5%*	*42.4%*	-208bps	*42.8%*	*40.8%*	-204bps
Credit Cost	*2.22%*	*2.20%*	-2bps	*2.1%*	*2.1%*	1bps	*2.1%*	*2.1%*	0bps
ROA	*1.6%*	*1.8%*	25bps	*1.9%*	*2.1%*	20bps	*2.0%*	*2.2%*	20bps
ROE	*9.6%*	*11.1%*	145bps	*11.4%*	*12.4%*	104bps	*12.8%*	*13.8%*	102bps

Source: Company, Emkay Research

Exhibit 3: Valuation matrix

				PBV (x)			PER (x)			ROA (%)			ROE (%)			Book Value (Rs/sh)			Adj EPS (Rs)		
	CMP/TP (Rs)	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	477	-9.9%	420	3.0	2.1	1.8	31.2	20.3	14.0	1.8	2.1	2.2	11.1	12.4	13.8	159	231	260	15.3	23.5	34.0
At target price	440			2.8	1.9	1.7	28.7	18.7	13.0	1.8	2.1	2.2	11.1	12.4	13.8	159	231	260	15.3	23.5	34.0

Source: Company, Emkay Research

Exhibit 4: Quarterly earnings snapshot

Particulars (Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq chg	yoy chg
Interest Income	11,853	14,022	16,597	18,936	21,184	11.9%	78.7%
Interest Expenses	5,461	6,378	7,387	8,441	9,217	9.2%	68.8%
NII	**6,393**	**7,644**	**9,209**	**10,495**	**11,968**	**14.0%**	**87.2%**
Other Income	1,287	1,405	1,589	2,268	2,185	-3.7%	69.8%
Net Operating Income	7,679	9,050	10,798	12,763	14,153	10.9%	84.3%
Operating Expenses	4,434	5,184	5,520	5,816	6,307	8.4%	42.2%
PPOP	**3,245**	**3,866**	**5,278**	**6,947**	**7,846**	**12.9%**	**141.8%**
Provisions	2,411	2,877	3,275	3,536	3,733	5.6%	54.9%
Credit Costs	2.51%	2.59%	2.55%	2.45%	2.34%	-11bps	-16bps
Extraordinary Items	-	-	-	-	-		
Profit Before Tax	834	989	2,002	3,411	4,113	20.6%	392.9%
Tax	208	247	500	863	1,036	20.0%	396.9%
Tax rate	25.0%	25.0%	25.0%	25.3%	25.2%		
PAT	**626**	**742**	**1,503**	**2,548**	**3,077**	**20.8%**	**391.5%**
Adj PAT	**626**	**742**	**1,503**	**2,548**	**3,077**	**20.8%**	**391.5%**
GS3	1.84%	1.59%	1.51%	1.44%	1.37%	-7bps	-47bps
NS3	0.85%	0.81%	0.80%	0.74%	0.71%	-3bps	-14bps
PCR	53.9%	49.7%	47.8%	49.0%	49.1%	11bps	-482bps
AUM	412,730	477,010	550,170	603,480	670,540	11.1%	62.5%
Networth	82,130	98,220	99,960	103,482	130,602	26.2%	59.0%

Source: Company, Emkay Research

Exhibit 5: AUM trend

	1QFY25	2QFY25	3QFY25	4QY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
AUM (Rs bn)	270	284	310	356	413	477	550	603	671
Growth, qoq	7.9%	5.3%	9.1%	15.0%	15.8%	15.6%	15.3%	9.7%	11.1%
Growth, yoy	51.7%	40.5%	41.2%	42.5%	53.0%	68.0%	77.6%	69.4%	62.5%

Source: Company, Emkay Research

Exhibit 6: Provision break-up

(Rs mn)	1QFY25	2QFY25	3QFY25	4QY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Total Provision	445	9,144	3,479	2,526	2,411	2,877	3,275	3,536	3,733
Incremental Provision	-3,416	7,370	-3,000	-1,710	-480	-960	80	185	495
Write-off	3,860	1,774	6,479	4,236	2,891	3,837	4,011	4,428	4,614
Annualized write-off as a % of Opening AUM	6.2%	2.6%	9.1%	5.5%	3.2%	3.7%	3.4%	3.2%	3.1%

Source: Company, Emkay Research

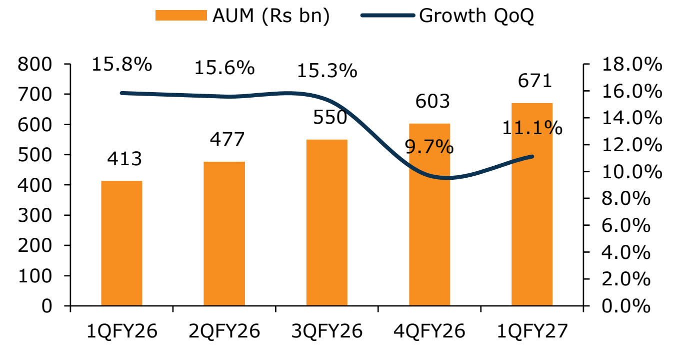
Exhibit 7: PCR movement across stages

	1QFY25	2QFY25	3QFY25	4QY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Stage 1	2.00%	2.80%	2.10%	1.30%	1.00%	0.70%	0.60%	0.60%	0.60%
Stage 2	14.4%	34.3%	30.4%	27.3%	23.7%	23.6%	22.9%	19.0%	17.9%
Stage 3	52.5%	84.5%	56.8%	54.5%	53.9%	49.7%	47.8%	49.0%	49.1%

Source: Company, Emkay Research

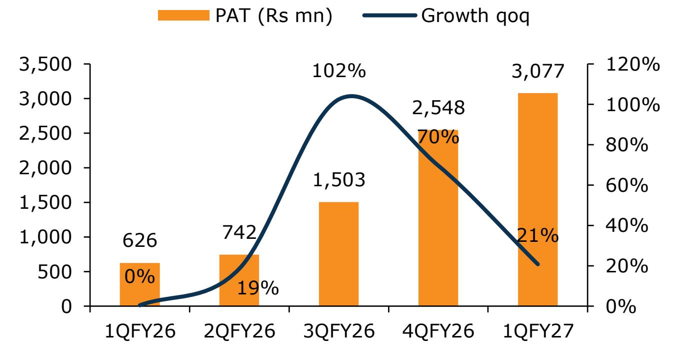
Results in charts

Exhibit 8: Strong AUM growth led by robust disbursement



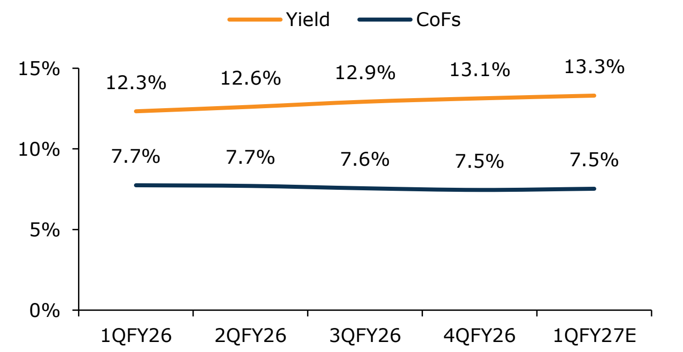
Source: Company, Emkay Research

Exhibit 9: Improving profitability led by stable credit cost and improving margin



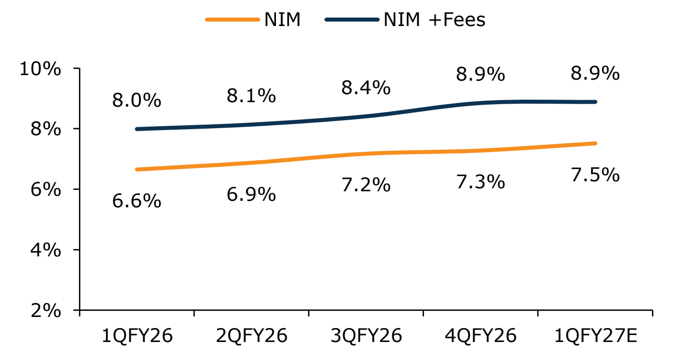
Source: Company, Emkay Research

Exhibit 10: Yield improves as asset mix changes



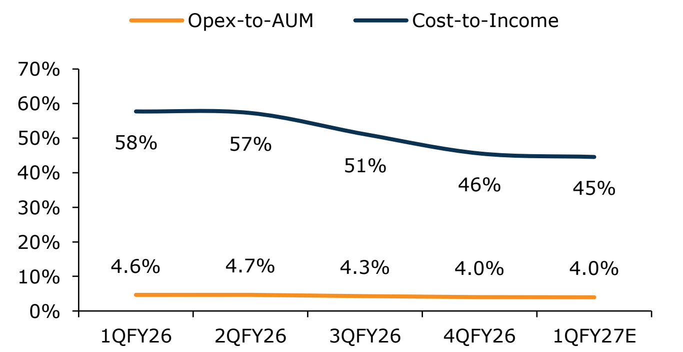
Source: Company, Emkay Research

Exhibit 11: Margins to improve as share of new products increases and CoFs moderate



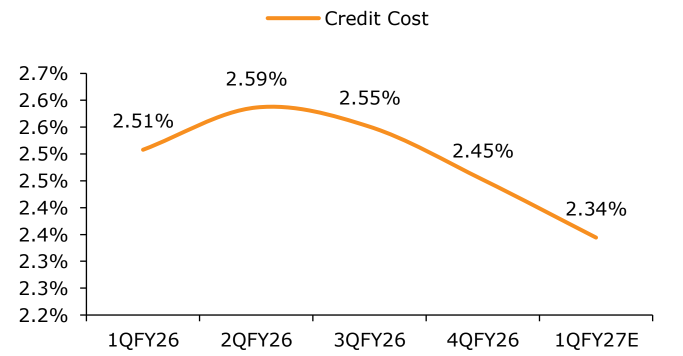
Source: Company, Emkay Research

Exhibit 12: Investments in tech have started yielding returns



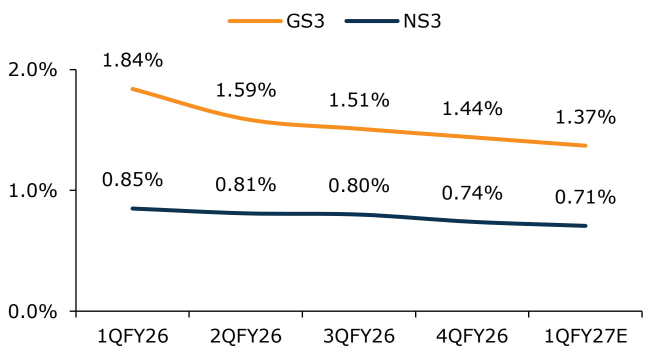
Source: Company, Emkay Research

Exhibit 13: Credit cost moderates marginally



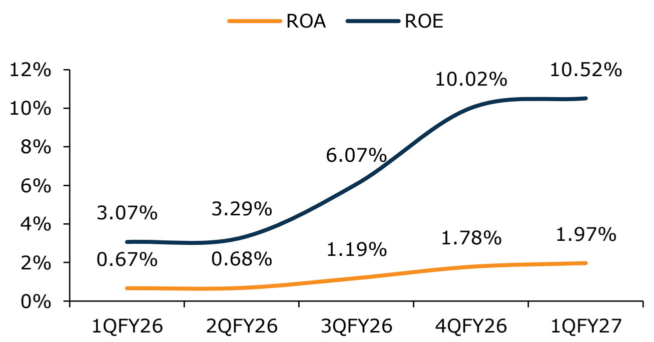
Source: Company, Emkay Research

Exhibit 14: Stable asset quality



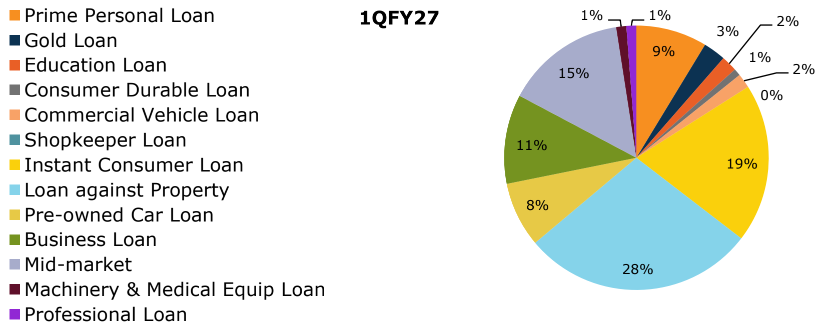
Source: Company, Emkay Research

Exhibit 15: Profitability improves sequentially



Source: Company, Emkay Research

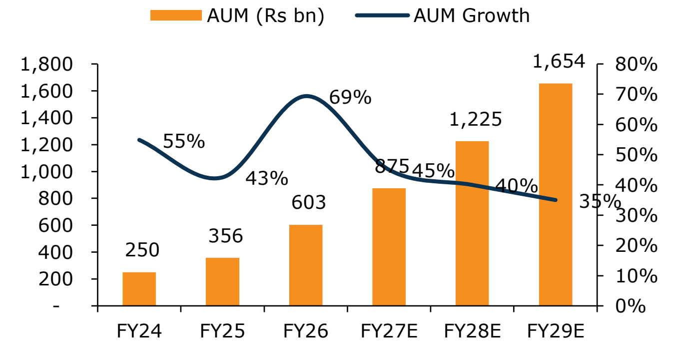
Exhibit 16: AUM mix



Source: Company, Emkay Research

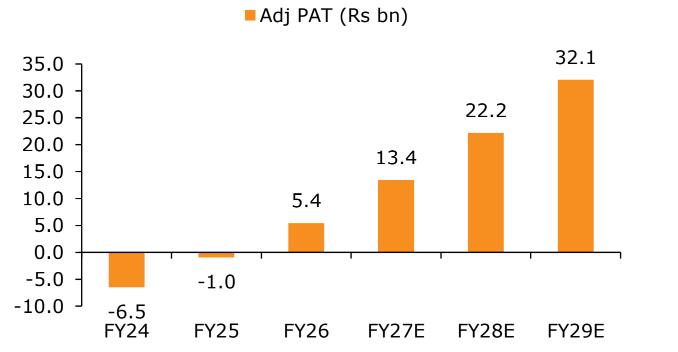
Story in charts

Exhibit 17: Strong growth momentum to continue over the medium term



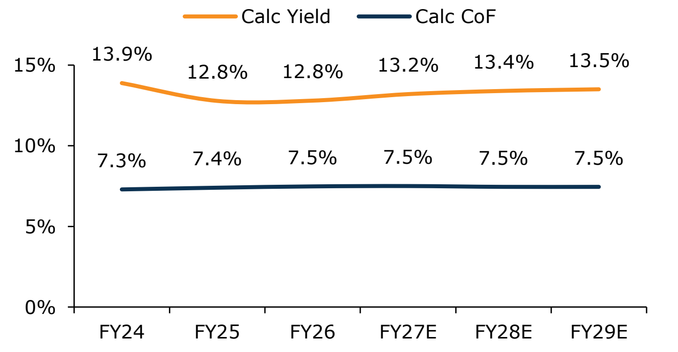
Source: Company, Emkay Research

Exhibit 18: PAT CAGR of 80% over FY26-29E



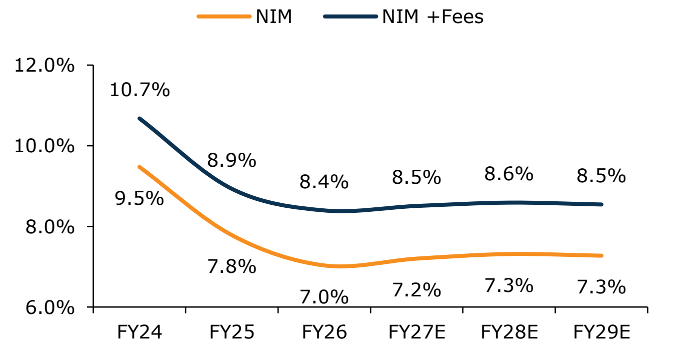
Source: Company, Emkay Research

Exhibit 19: Yield and CoFs to improve, as asset mix changes



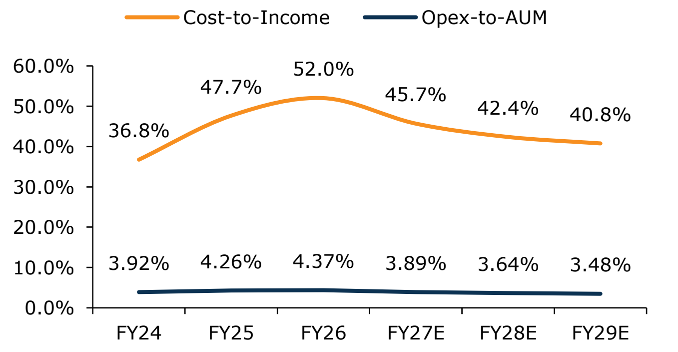
Source: Company, Emkay Research

Exhibit 20: Margins to improve on the back of increasing share of new high-yield products



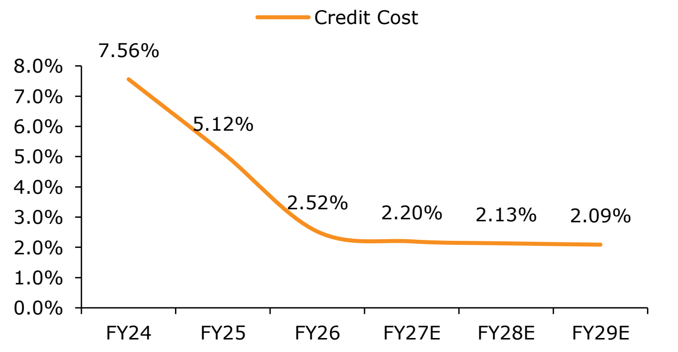
Source: Company, Emkay Research

Exhibit 21: Opex to moderate as efficiency improves



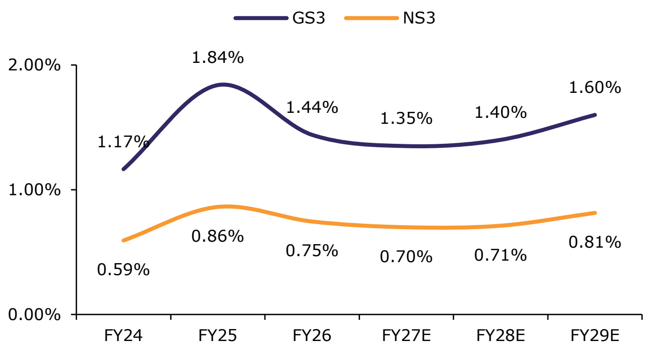
Source: Company, Emkay Research

Exhibit 22: Credit cost to be range-bound



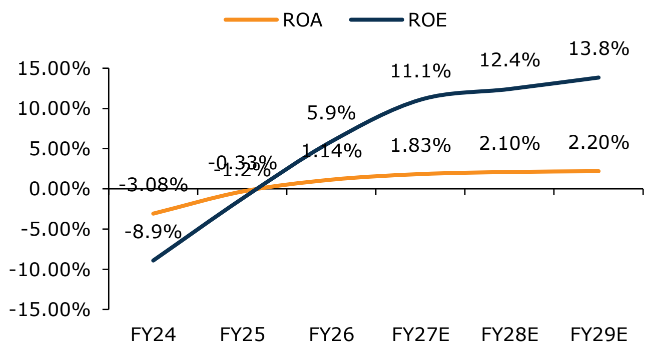
Source: Company, Emkay Research

Exhibit 23: Asset quality to be stable



Source: Company, Emkay Research

Exhibit 24: ROA/ROE expansion led by improving operating metrics



Source: Company, Emkay Research

Earnings call highlights

- The management stated that the company is taking a firm step toward sustained, predictable profitability, with investments across new businesses now translating into strong traction and scaled to healthy levels. ROA strengthened to 1.98% (vs 1.81% in 4QFY26 and 0.68% in 1QFY26), highlighting enhanced efficiency, structural improvements, and superior capital allocation.
- Business momentum remained strong, with AUM at ~Rs671bn, growing ~62.5% yoy and ~11.1% qoq. Newly launched businesses have achieved required scale and contributed ~26% to disbursements in 1Q (vs ~24% in 4QFY26), reflecting increasing traction.
- NIM expanded to 9.10% (vs 9.05% in 4QFY26), supported by an improvement in disbursement yields, which expanded by ~50bps over last 4 quarters. The management highlighted that this was primarily driven by product mix and strong pricing power.
- Credit metrics showed steady improvement, with credit costs declining to 2.40% (vs 2.51% in 4QFY26). GNPA improved to 1.37% (vs 1.44% in 4QFY26), while NNPA declined to 0.70% (vs 0.74% in 4QFY26), reflecting solid portfolio quality and a risk-first approach. This was further supported by robust collection efficiency, which stood strong at 99.6%, alongside a 15% sequential improvement in current bucket flows.
- Early risk indicators also improved significantly, with 6-MoB 30+ delinquency for 1QFY27 sourcing down to 0.64% (vs 1.05% in 4QFY26 and 1.66% in 3QFY26). Additionally, Stage 1 slippage ratio improved by 5% and Stage 3 slippage ratio improved by 13% qoq, while Stage 1 assets stood at 97.6% (vs 97.5% in 4Q).
- Operating efficiency improved, with Opex-to-AUM at 4.06%, declining by 7bps qoq from 4.13%, driven by the improving digital share of businesses, realization of operating leverage, and embedded AI processes. The management noted that structural cost improvements are expected, though minor qoq fluctuations of 10–25bps may occur based on branch investments.
- In the prime personal loan segment, the company demonstrated strong market acceptance, with average monthly disbursements of ~Rs5.37bn. Digital penetration increased, with ~38% of 1Q disbursements processed through a fully straight-through digital journey (vs ~33% in 4Q).
- The GL business has scaled up significantly, with operations now live in 460 branches and 1Q average monthly disbursements of ~Rs2.92bn (peaking at Rs3.28bn in Jun-26). The management plans to add approximately 400 branches during FY27, largely targeting Tier-2 and Tier-3 locations.
- The consumer durables financing business expanded rapidly, onboarding over 17,300 retail outlets across 339 locations. The quarter saw disbursements of ~Rs4.33bn, and its digital capabilities successfully processed over 58k cases in a single month.
- In commercial segments, the company continues calibrated expansion, with CV disbursements reaching ~Rs1.04bn and network scaled up to over 1,100 channel partners across 70+ locations in 13 states.
- Education loans have scaled up steadily, delivering 55% qoq disbursement growth, with average monthly disbursements reaching ~Rs1.44bn. The network expanded to over 600 partners across 50 locations, with instant digital-sanction platforms now processing ~30% of cases.
- Digital and AI adoption continues to deepen, with the enterprise AI program expanding by over 30% to 101 total AI projects, of which 50 are successfully deployed across 21 departments. Enterprise-wide AI usage has scaled, with monthly token consumption increasing by ~18% while keeping operating costs largely stable.
- AI-led platforms are delivering measurable productivity improvements; for instance, AI-driven pre-due collections led to 15% cost savings, while post-due collections transformations drove 27% cost efficiencies.

- Customer service and internal operations are benefiting from AI deployment, such as the GenAI-powered Pay Easy bot, which engages customers after payment failures and achieves a 42% recovery rate while significantly reducing manual effort.

- The funding profile was stable, with the cost of borrowing seeing a modest uptick to 7.72% (vs 7.63% in 4QFY26). The management highlighted continued focus on liability diversification, driving the share of long-term borrowings up to 88.5% (vs 86.5% in 4QFY26).
- Capital adequacy remains strong, with CAR at 19.46% (Tier 1 at 18.37%), providing enough headroom for growth. Post the capital raise of Rs25bn through QIP in Apr-26, the debt-to-equity leverage stands comfortably at 3.82x, keeping the company well-capitalized. The management emphasized that this provides a sufficient capital runway for the next 4-5 quarters.
- The management confirmed no signs of stress or rising bounce rates within the IT salaried segment, attributing this resilience to rigorous cohort calibration and a diversified product mix that mitigates sector-specific risks.
- **Guidance/Outlook**
  - ROA is expected to reach an exit rate of 3-3.5% by Jun-28.
  - Credit cost and asset quality are expected to show structural improvement, driven by lower-risk salaried segments and strong collection efficiencies.
  - Opex-to-AUM is anticipated to structurally decline over a two-year window, driven by operating leverage and AI efficiency gains.
  - Target ratio for the secured-to-unsecured mix is 50:50 (currently 53:47).

Poonawalla Fincorp: Standalone Financials and Valuations

Profit & Loss

Y/E 2026 (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	38,745	61,408	97,583	140,707	194,326
Interest Expense	15,151	27,667	44,354	63,903	89,634
Net interest income	**23,594**	**33,741**	**53,229**	**76,804**	**104,692**
NII growth (%)	21.1	43.0	57.8	44.3	36.3
Non interest income	3,483	6,548	9,655	13,387	18,281
Total income	**27,078**	**40,290**	**62,884**	**90,191**	**122,973**
Operating expenses	12,906	20,954	28,728	38,220	50,143
PPOP	**14,172**	**19,336**	**34,156**	**51,971**	**72,830**
PPOP growth (%)	2.0	36.4	76.6	52.2	40.1
Provisions & contingencies	15,526	12,099	16,245	22,384	30,064
PBT	**(1,354)**	**7,237**	**17,911**	**29,587**	**42,766**
Extraordinary items	0	0	0	0	0
Tax expense	(371)	1,818	4,478	7,397	10,691
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**(984)**	**5,419**	**13,433**	**22,190**	**32,074**
PAT growth (%)	0	0	147.9	65.2	44.5
Adjusted PAT	**(984)**	**5,419**	**13,433**	**22,190**	**32,074**
Diluted EPS (Rs)	**(1.3)**	**6.7**	**15.3**	**23.5**	**34.0**
Diluted EPS growth (%)	0	0	128.9	53.5	44.5
DPS (Rs)	**0**	**0**	**2.3**	**3.5**	**5.1**
Dividend payout (%)	**0**	**0**	**15.0**	**15.0**	**15.0**
Effective tax rate (%)	27.4	25.1	25.0	25.0	25.0
Net interest margins (%)	7.8	7.0	7.2	7.3	7.3
Cost-income ratio (%)	47.7	52.0	45.7	42.4	40.8
PAT/PPOP (%)	(6.9)	28.0	39.3	42.7	44.0
Shares outstanding (mn)	772.9	810.0	877.4	944.1	944.1

Source: Company, Emkay Research

Balance Sheet

Y/E 2026 (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	1,546	1,620	1,755	1,888	1,888
Reserves & surplus	79,690	101,360	137,644	216,239	243,502
Net worth	**81,236**	**102,980**	**139,398**	**218,127**	**245,390**
Borrowings	**258,810**	**480,980**	**701,787**	**1,013,741**	**1,392,531**
Other liabilities & prov.	**8,890**	**18,250**	**20,988**	**24,136**	**27,756**
Total liabilities & equity	**348,936**	**602,210**	**862,173**	**1,256,003**	**1,665,677**
Net loans	326,950	559,510	810,825	1,134,148	1,528,807
Investments	13,410	24,900	26,145	27,452	28,825
Cash, other balances	320	2,940	9,670	77,722	90,120
Interest earning assets	**340,680**	**587,350**	**846,641**	**1,239,322**	**1,647,752**
Fixed assets	1,850	6,770	7,447	8,192	9,011
Other assets	7,070	7,700	8,085	8,489	8,914
Total assets	**349,600**	**601,820**	**862,173**	**1,256,003**	**1,665,677**
BVPS (Rs)	105.1	127.1	158.9	231.0	259.9
Adj. BVPS (INR)	105.1	127.1	158.9	231.0	259.9
Gross loans	336,600	567,990	823,586	1,153,020	1,556,577
Total AUM	**356,310**	**603,480**	**875,046**	**1,225,064**	**1,653,837**
On balance sheet	336,600	567,990	823,586	1,153,020	1,556,577
Off balance sheet	19,710	35,490	51,461	72,045	97,260
Disbursements	302,410	0	0	0	0
Disbursements growth (%)	(9.2)	0	0	0	0
Loan growth (%)	48.3	71.1	44.9	39.9	34.8
AUM growth (%)	42.5	69.4	45.0	40.0	35.0
Borrowings growth (%)	71.6	85.8	45.9	44.5	37.4
Book value growth (%)	(0.2)	21.0	25.0	45.4	12.5

Source: Company, Emkay Research

Asset quality and other metrics

Y/E 2026 (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Asset quality					
GNPL - Stage 3	6,190	8,180	11,118	16,142	24,905
NNPL - Stage 3	2,820	4,170	5,670	8,071	12,453
GNPL ratio - Stage 3 (%)	1.8	1.4	1.4	1.4	1.6
NNPL ratio - Stage 3 (%)	0.9	0.7	0.7	0.7	0.8
ECL coverage - Stage 3 (%)	54.4	49.0	49.0	50.0	50.0
ECL coverage - 1 & 2 (%)	1.9	0.8	0.9	1.0	1.0
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	0	0	1.1	1.4	1.4
Total credit costs (%)	5.1	2.5	2.2	2.1	2.1
NNPA to networth (%)	3.5	4.0	4.1	3.7	5.1
Capital adequacy					
Total CAR (%)	22.9	16.8	15.8	17.5	14.8
Tier-1 (%)	21.7	15.9	14.8	16.6	13.8
Miscellaneous					
Total income growth (%)	23.3	48.8	56.1	43.4	36.3
Opex growth (%)	59.9	62.4	37.1	33.0	31.2
PPOP margin (%)	4.7	4.0	4.6	4.9	5.1
Credit costs-to-PPOP (%)	109.6	62.6	47.6	43.1	41.3
Loan-to-Assets (%)	93.7	92.9	94.0	90.3	91.8
Yield on loans (%)	12.8	12.8	13.2	13.4	13.5
Cost of funds (%)	7.4	7.5	7.5	7.5	7.5
Spread (%)	5.4	5.3	5.7	6.0	6.1

Source: Company, Emkay Research

Valuations and key Ratios

Y/E 2026	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	(375.1)	71.3	31.2	20.3	14.0
P/B (x)	4.5	3.8	3.0	2.1	1.8
P/ABV (x)	4.5	3.8	3.0	2.1	1.8
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0	0	0.5	0.7	1.1
Dupont-RoE split (%)					
NII/avg AUM	7.8	7.0	7.2	7.3	7.3
Other income	0.8	0.9	1.0	1.0	1.1
Securitization income	-	-	-	-	-
Opex	2.2	2.2	2.2	2.1	2.1
Employee expense	2.1	2.1	1.7	1.5	1.4
PPOP	**4.7**	**4.0**	**4.6**	**4.9**	**5.1**
Provisions	5.1	2.5	2.2	2.1	2.1
Tax expense	(0.1)	0.4	0.6	0.7	0.7
RoAUM (%)	**(0.3)**	**1.1**	**1.8**	**2.1**	**2.2**
Leverage ratio (x)	3.7	5.2	6.1	5.9	6.2
RoE (%)	**(1.2)**	**5.9**	**11.1**	**12.4**	**13.8**

Quarterly data

Rs mn, Y/E Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
NII	6,393	7,644	9,209	10,495	11,968
NIM (%)	6.6	6.9	7.2	7.3	7.5
PPOP	3,245	3,866	5,278	6,947	7,846
PAT	626	742	1,503	2,548	3,077
EPS (Rs)	0.81	0.92	1.85	3.15	3.51

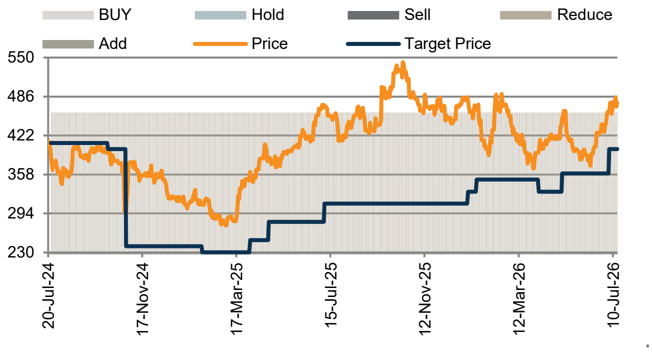
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
05-Jul-26	461	400	Reduce	Avinash Singh
06-May-26	452	360	Reduce	Avinash Singh
06-Apr-26	396	330	Reduce	Avinash Singh
17-Mar-26	406	350	Reduce	Avinash Singh
17-Jan-26	464	350	Reduce	Avinash Singh
06-Jan-26	479	330	Reduce	Avinash Singh
18-Oct-25	526	310	Reduce	Avinash Singh
06-Oct-25	531	310	Reduce	Avinash Singh
27-Jul-25	413	310	Reduce	Avinash Singh
07-Jul-25	468	310	Reduce	Avinash Singh
20-Jun-25	415	280	Reduce	Avinash Singh
05-Jun-25	405	280	Reduce	Avinash Singh
27-Apr-25	380	280	Reduce	Avinash Singh
10-Apr-25	352	250	Reduce	Avinash Singh
03-Apr-25	363	250	Reduce	Avinash Singh
27-Feb-25	283	230	Reduce	Avinash Singh
01-Feb-25	309	230	Reduce	Avinash Singh
06-Jan-25	313	240	Reduce	Avinash Singh
04-Dec-24	359	240	Reduce	Avinash Singh
27-Oct-24	297	240	Reduce	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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