ADD

Cholamandalam Investment

Guidance reaffirmed despite seasonality at play in 1Q

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BFSI - NBFCs ▸ Result Update ▸ **July 29, 2026**

CMP (Rs): 1,753 | TP (Rs): 2,000

CIFC reported strong growth and profitability in 1Q, with AUM, NII, PPOP, and PAT coming ahead of our and consensus estimates. Asset quality across segments saw slight deterioration, with GS2 and GS3 increasing – typical of seasonality from 4QFY26 to 1QFY27. A positive from this asset-quality deterioration was that the GS2+GS3 increase from 4QFY26 to 1QFY27 was only 49bps (lower than 87bps seen last year). However, relative to vehicle financier peers, this deterioration was worse. Notwithstanding the seasonal jitters of 1Q, buoyed by the overall 1Q performance and demand outlook, the management reaffirmed guidance of ~22% disbursements and AUM growth, along with <1.5% credit cost and >3.5% PBT-ROA. To reflect 1Q developments and management commentary, we tweak our estimates over FY27-29, leading to a 6-7% increase in earnings estimates. We reiterate ADD and raise Jun-27E TP by ~5% to Rs2,000 (from Rs1,900), implying FY28E PBV of 3.8x.

Overall strong growth and profitability, with some seasonality in asset quality

CIFC reported a good 1QFY27, with PAT surging ~46% yoy to ~Rs16.54bn, driven by strong NII growth and lower credit costs. Disbursements grew ~22% yoy to ~Rs296.12bn, resulting in AUM growth of ~22% yoy to ~Rs2.33trn, supported by broad-based growth in Vehicle Finance (~21% yoy), Consumer Ecosystem (~52% yoy, led by a ~67% CSEL spike), and SME (~17% yoy). NIM expanded by ~40bps yoy to ~8.2%, on the back of lower yoy COFs, driving return metrics higher, including a healthy PBT-ROTA of ~3.7% and ROE of ~21.2%. Asset quality saw marginal deterioration due to seasonality, with GS3 at ~3.29% vs 3.16% in 1QFY26, while overall credit cost improved by ~30bps yoy to ~1.5%.

Reiterates outlook on growth and asset quality

The management guided for full-year AUM and disbursement growth of ~22–23%, driven by strong underlying demand and better Jul-26 trends, which were unaffected by macroeconomic or geopolitical headwinds. Margins are expected to sustain at current levels, as the scaling of high-yield segments (CSEL, SBPL, Gold) offsets a potential ~10bps rise in 2H funding costs (factoring in ~2bps repo rate hike). With the ~1.5% credit cost target already achieved in 1Q, the management anticipates further moderation, aided by robust collection efficiencies. Although the company retains a ~Rs2bn management overlay as a prudent buffer against unforeseen macro shocks like El Nino, the management sees no near-term asset quality stress and remains highly optimistic about achieving its PBT-ROTA of ~3.5%.

Maintain ADD, while raising Jun-27E TP to Rs2,000

To factor in the strong 1QFY27 performance and management commentary, we adjust our FY27-28 estimates, resulting in EPS estimates expanding by 6-7%. We retain ADD and raise Jun-27E TP by ~5% to Rs2,000, implying FY28E PBV of 3.8x.

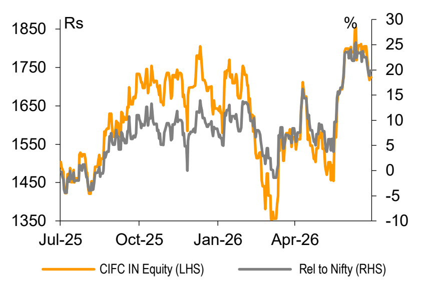
Target Price – 12M	Jun-27
Change in TP (%)	**5.3**
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	14.1

Stock Data	**CIFC IN**
52-week High (Rs)	1,875
52-week Low (Rs)	1,299
Shares outstanding (mn)	854.1
Market-cap (Rs bn)	1,497
Market-cap (USD mn)	15,619
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	2.0
ADTV-3M (Rs mn)	3,164.6
ADTV-3M (USD mn)	33.0
Free float (%)	49.6
Nifty-50	23,985.3
INR/USD	95.9
Shareholding,Jun-26	
Promoters (%)	49.2
FPIs/MFs (%)	24.5/20.6

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	(2.6)	14.1	17.6
Rel. to Nifty	(2.3)	14.1	21.0

1-Year share price trend (Rs)



Cholamandalam Investment: Financial Snapshot (Standalone)

Y/E March (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Net profits	42,585	52,196	70,341	85,132	103,233
AUM growth (%)	26.9	21.4	22.3	21.2	20.6
NII growth (%)	34.0	24.6	25.2	21.4	20.5
NIMs (%)	8.2	8.3	8.5	8.5	8.4
PPOP growth (%)	39.4	27.5	26.3	21.8	20.1
Adj. EPS (Rs)	50.6	61.2	80.9	96.1	114.3
Adj. EPS growth (%)	24.3	21.0	32.1	18.7	19.0
Adj. BV (INR)	280.9	356.7	435.9	521.6	646.2
Adj. BVPS growth (%)	20.7	27.0	22.2	19.7	23.9
RoA (%)	2.4	2.3	2.6	2.6	2.6
RoE (%)	19.7	19.3	20.6	20.2	19.7
P/E (x)	34.6	28.6	21.7	18.3	15.3
P/ABV (x)	6.2	4.9	4.0	3.4	2.7

Source: Company, Emkay Research

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Exhibit 1: Actual vs estimates

CIFC – 1QFY27 (Rs mn)						**Change**		**1QFY27**		**Consensus**	
Result Snapshot	**1QFY26**	**2QFY26**	**3QFY26**	**4QFY26**	**1QFY27**	**qoq**	**yoy**	**Estimates**	**variation**	**Estimates**	**variation**
Business Assets*	1,921,480	1,991,590	2,107,220	2,243,330	2,335,860	4.1%	21.6%	2,340,504	-0.2%		
NII	31,838	33,787	35,808	38,551	40,368	4.7%	26.8%	39,525	2.1%		
Total Income	38,645	40,746	43,423	47,892	49,298	2.9%	27.6%	48,114	2.5%	48,545	1.6%
PPOP	24,117	24,578	26,432	29,838	31,455	5.4%	30.4%	29,682	6.0%	30,251	4.0%
Provision	8,821	8,970	9,103	8,464	9,219	8.9%	4.5%	9,560	-3.6%	9,588	-3.9%
PBT	*15,296*	*15,608*	*17,329*	*21,374*	*22,236*	4.0%	45.4%	*20,122*	10.5%	*20,663*	7.6%
PAT	11,359	11,553	12,877	16,407	16,567	1.0%	45.9%	14,951	10.8%	15,570	6.4%
Credit Cost	1.87%	1.83%	1.78%	1.56%	1.61%	5bps	-26bps	1.67%	-6bps		
GS3	3.16%	3.35%	3.36%	3.05%	3.29%	24bps	13bps	3.00%	29bps		
NS3	1.80%	1.93%	1.94%	1.63%	1.81%	18bps	1bps	1.6%	20bps		

Source: Company, Bloomberg, Emkay Research

Exhibit 2: Change in estimates

Y/e Mar (Rs mn)	**FY27E**			**FY28E**			**FY29E**		
	Earlier	**Revised**	**Change**	**Earlier**	**Revised**	**Change**	**Earlier**	**Revised**	**Change**
Disbursement	1,294,590	1,348,504	4.2%	1,513,827	1,610,536	6.4%	1,775,987	1,905,916	7.3%
AUM	2,715,385	2,743,651	1.0%	3,275,530	3,324,512	1.5%	3,913,544	4,009,924	2.5%
Net interest income	174,267	175,269	0.6%	210,027	212,736	1.3%	251,199	256,284	2.0%
Total income	206,221	212,365	3.0%	247,875	256,473	3.5%	295,847	307,713	4.0%
Opex	80,083	79,792	-0.4%	93,758	94,967	1.3%	111,431	113,684	2.0%
PPOP	126,138	132,573	5.1%	154,118	161,507	4.8%	184,416	194,030	5.2%
Provisions	37,657	37,902	0.7%	46,321	46,928	1.3%	53,958	55,089	2.1%
PAT	65,741	70,341	7.0%	80,093	85,132	6.3%	96,930	103,233	6.5%
EPS (Rs)	75.6	80.9	7.0%	90.4	96.1	6.3%	107.3	114.3	6.5%
BV (Rs)	431	436	1.2%	511	522	2.1%	629	646	2.8%
Networth	374,342	378,942	1.2%	452,663	462,301	2.1%	567,752	583,694	2.8%
NIM+Fees	*8.32%*	*8.52%*	20bps	*8.28%*	*8.45%*	18bps	*8.23%*	*8.39%*	16bps
Cost-to-income ratio	*38.8%*	*37.6%*	-126bps	*37.8%*	*37.0%*	-80bps	*37.7%*	*36.9%*	-72bps
Opex-to-AUM	*3.23%*	*3.20%*	-3bps	*3.13%*	*3.13%*	0bps	*3.10%*	*3.10%*	0bps
Disbursement growth	*16.0%*	*20.8%*	483bps	*16.9%*	*19.4%*	250bps	*17.3%*	*18.3%*	102bps
AUM growth	*21.0%*	*22.3%*	126bps	*20.6%*	*21.2%*	54bps	*19.5%*	*20.6%*	114bps
Credit costs	*1.52%*	*1.52%*	0bps	*1.55%*	*1.55%*	0bps	*1.50%*	*1.50%*	0bps
ROA	*2.45%*	*2.60%*	16bps	*2.49%*	*2.61%*	12bps	*2.52%*	*2.63%*	11bps
ROE	*19.4%*	*20.6%*	122bps	*19.4%*	*20.2%*	87bps	*19.0%*	*19.7%*	74bps

Source: Company, Emkay Research

Exhibit 3: Valuation metrics

				PBV (x)			**PER (x)**			**ROA (%)**			**ROE (%)**			**Book Value (Rs/sh)**			**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 CMP	1,753	14%	1,497	4.0	3.4	2.7	21.7	18.3	15.3	2.6	2.6	2.6	19.3	20.6	20.2	436	522	646	80.9	96.1	114.3
AT TP	2,000		1,497	4.6	3.8	3.1	24.7	20.8	17.5	2.6	2.6	2.6	19.3	20.6	20.2	436	522	646	80.9	96.1	114.3

Source: Company, Emkay Research

Exhibit 4: Quarterly earnings snapshot

CIFC – 1QFY27 (Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq chg	yoy chg
Net Interest Income	**31,838**	**33,787**	**35,808**	**38,551**	**40,368**	**4.7%**	**26.8%**
Other Income	6,807	6,959	7,616	9,340	8,930	-4.4%	31.2%
Total Income	**38,645**	**40,746**	**43,423**	**47,892**	**49,298**	**2.9%**	**27.6%**
Operating Expenses	14,528	16,169	16,991	18,054	17,843	-1.2%	22.8%
Operating Profit	**24,117**	**24,578**	**26,432**	**29,838**	**31,455**	**5.4%**	**30.4%**
Provisions	8,821	8,970	9,103	8,464	9,219	8.9%	4.5%
Credit Costs	1.9%	1.8%	1.8%	1.6%	1.6%	5bps	-26bps
PBT	**15,296**	**15,608**	**17,329**	**21,374**	**22,236**	**4.0%**	**45.4%**
Tax	3,937	4,054	4,452	4,967	5,669	14.1%	44.0%
Tax Rate	25.7%	26.0%	25.7%	23.2%	25.5%	0bps	-25bps
PAT	**11,359**	**11,553**	**12,877**	**16,407**	**16,567**	**1.0%**	**45.9%**
Disbursements	243,260	244,420	299,620	329,130	296,120	-10.0%	21.7%
Total AUM	1,921,480	1,991,590	2,107,220	2,243,330	2,335,860	4.1%	21.6%
Net Worth	247,150	258,946	275,771	304,040	320,780	5.5%	29.8%
ROA	2.2%	2.2%	2.3%	2.8%	2.6%	-12bps	43bps
ROE	18.8%	18.3%	19.3%	22.6%	21.2%	-143bps	241bps
GS3	3.16%	3.35%	3.36%	3.05%	3.29%	24bps	13bps
NS3	1.80%	1.93%	1.94%	1.63%	1.81%	18bps	1bps
PCR	43.71%	43.23%	43.03%	47.29%	45.72%	-156bps	202bps

Source: Company, Emkay Research

Exhibit 5: AUM trend

AUM trend (Rs bn)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Vehicle Finance	845.0	886.4	920.1	966.7	1,012.6	1,047.2	1,075.7	1,129.4	1,195.6	1,241.3
Home loan	134.6	145.7	158.9	171.2	184.3	194.0	204.1	216.9	226.9	236.4
LAP	298.6	321.4	348.2	375.6	414.4	439.4	463.0	491.6	523.0	541.3
New Segment	178.1	201.0	219.2	232.1	236.2	240.9	248.8	269.3	297.9	316.8
Total	**1,456.3**	**1,554.4**	**1,646.4**	**1,745.7**	**1,847.5**	**1,921.5**	**1,991.6**	**2,107.2**	**2,243.3**	**2,335.9**

Source: Company, Emkay Research

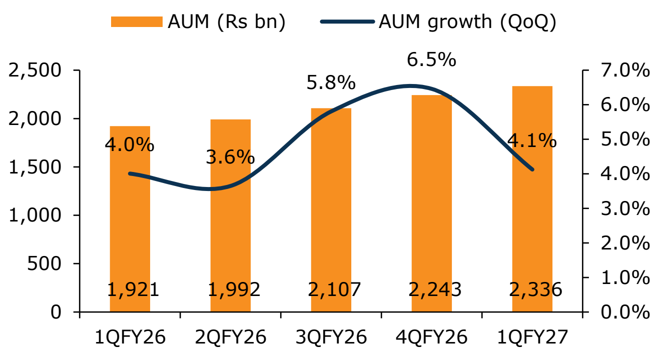
Exhibit 6: Disbursement trend

Disbursement trend (Rs bn)	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Vehicle Finance	129.6	127.7	123.4	143.9	144.3	136.5	135.4	168.1	181.3	165.0
Home loan	17.5	17.8	18.2	18.2	19.8	17.6	17.0	20.1	19.0	18.0
LAP	42.7	38.7	43.0	42.1	55.4	47.1	46.3	52.9	58.4	47.8
New Segment	58.0	59.1	58.6	53.9	44.7	42.1	45.8	58.7	70.5	65.3
Total	**247.9**	**243.3**	**243.1**	**258.1**	**264.2**	**243.3**	**244.4**	**299.6**	**329.1**	**296.1**

Source: Company, Emkay Research

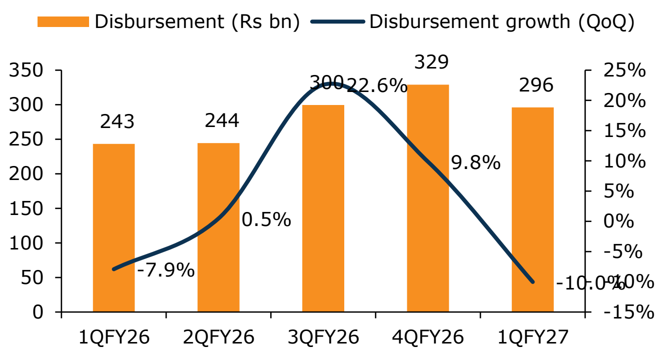
Results in charts

Exhibit 7: AUM continues to grow in line with guidance



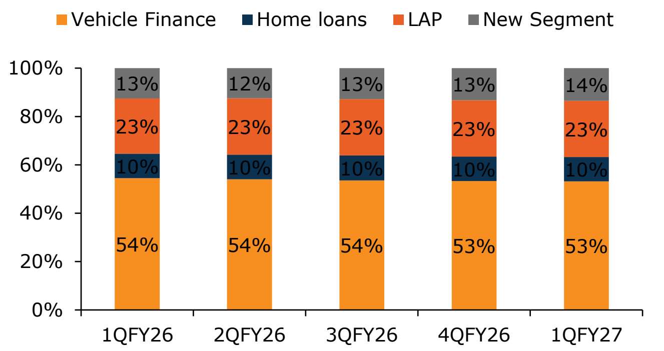
Source: Company, Emkay Research

Exhibit 8: Strong disbursement growth of 22% yoy



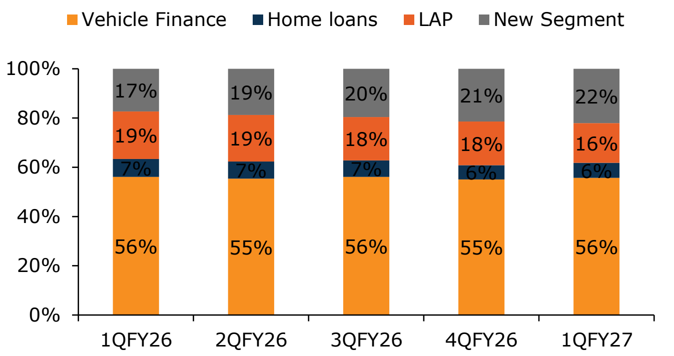
Source: Company, Emkay Research

Exhibit 9: Broad AUM mix as of 1QFY26



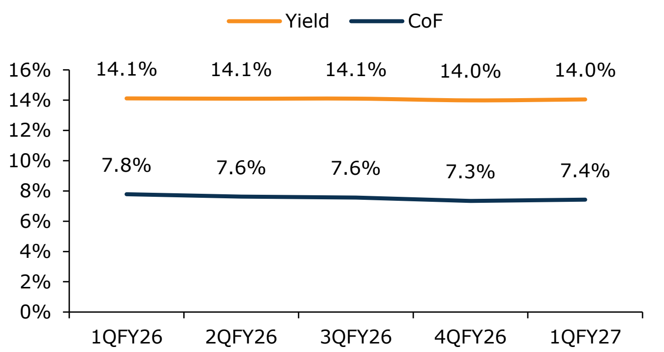
Source: Company, Emkay Research

Exhibit 10: Broad disbursement mix in 1QFY26



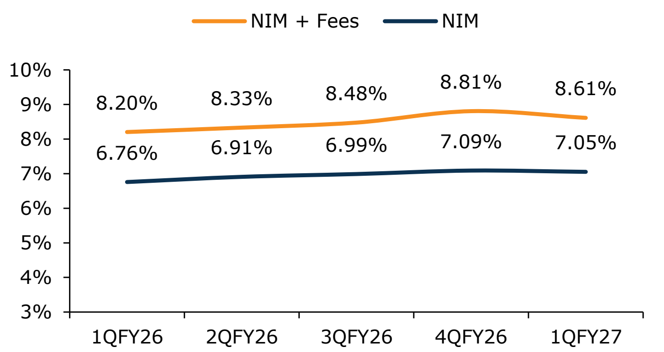
Source: Company, Emkay Research

Exhibit 11: COF elevated marginally in 1Q due to macro conditions



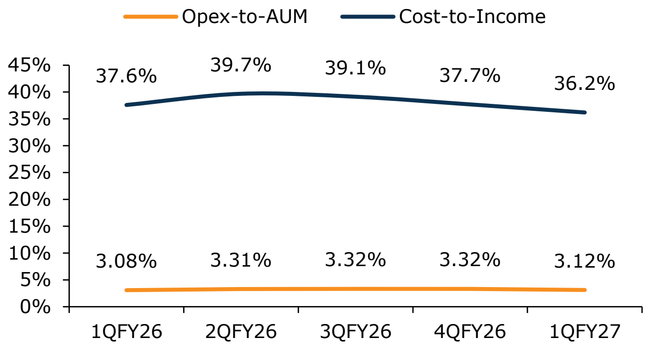
Source: Company, Emkay Research

Exhibit 12: NIM was broadly stable



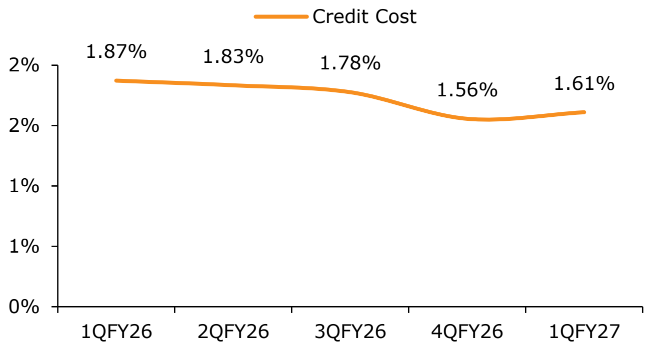
Source: Company, Emkay Research

Exhibit 13: Opex moderated marginally qoq



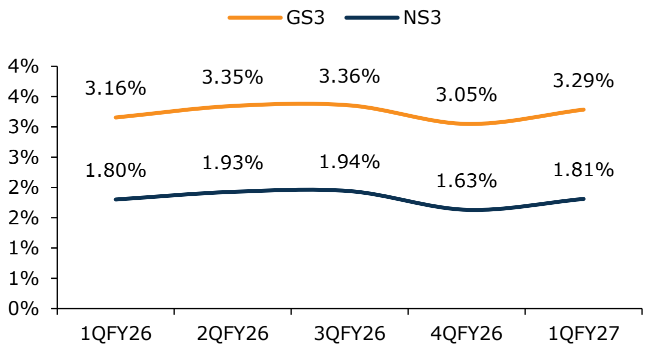
Source: Company, Emkay Research

Exhibit 14: Credit cost improved yoy, and is expected to remain at ~1.5% for the full year



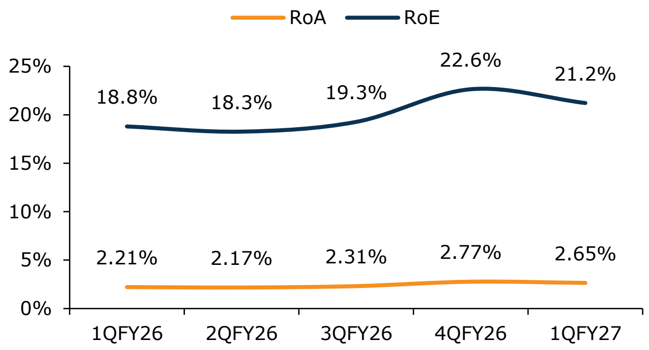
Source: Company, Emkay Research

Exhibit 15: Uptick in NPA due to seasonality



Source: Company, Emkay Research

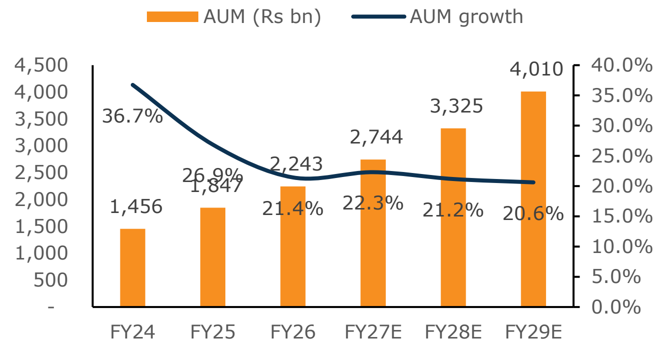
Exhibit 16: Healthy profitability



Source: Company, Emkay Research

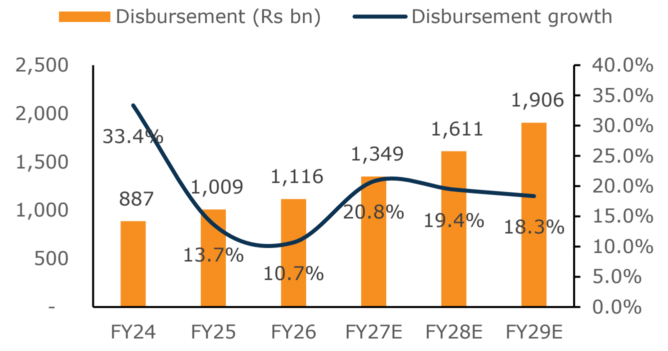
Story in charts

Exhibit 17: AUM is expected to grow ~20% over FY27-29



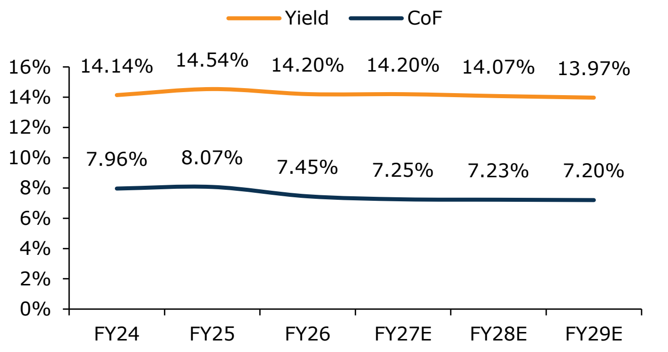
Source: Company, Emkay Research

Exhibit 18: 1QFY27 disbursement momentum to continue



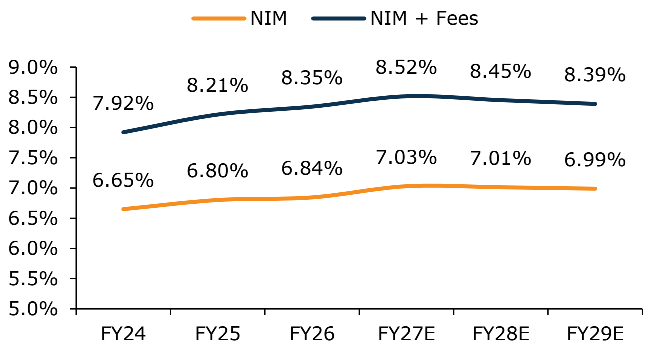
Source: Company, Emkay Research

Exhibit 19: Yields expected to be broadly stable



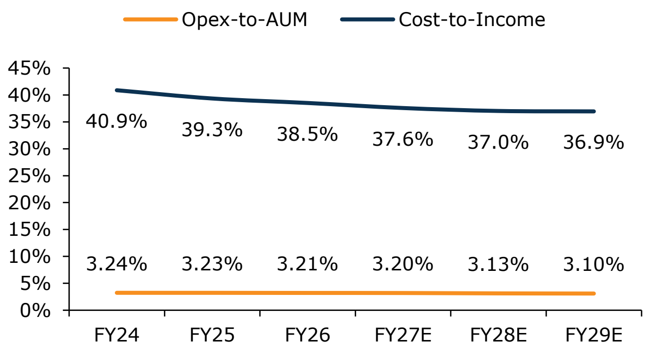
Source: Company, Emkay Research

Exhibit 20: Margin expansion led by moderating COF and stable yields



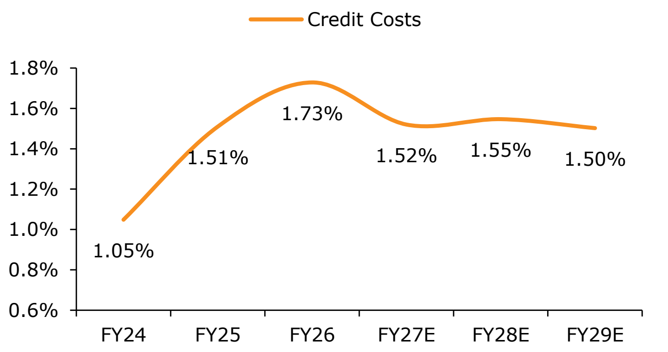
Source: Company, Emkay Research

Exhibit 21: Opex ratio to remain range-bound



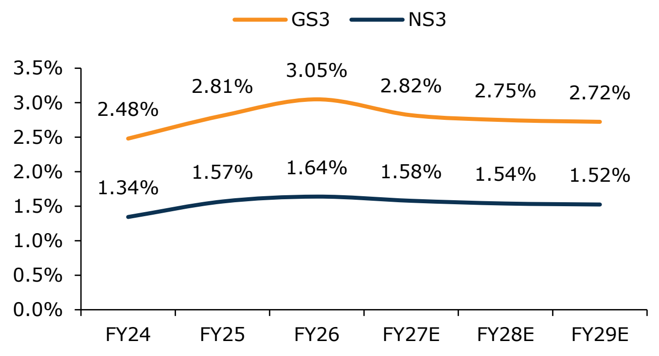
Source: Company, Emkay Research

Exhibit 22: Credit costs to moderate further, led by superior underwriting and collections



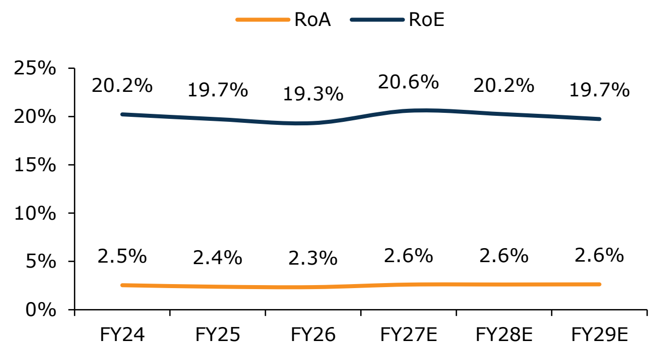
Source: Company, Emkay Research

Exhibit 23: Asset quality to improve gradually on account of better collections and recovery



Source: Company, Emkay Research

Exhibit 24: Healthy profitability



Source: Company, Emkay Research

Management call highlights

- The quarter reflected strong operating momentum, with aggregate disbursements growing 22% yoy to Rs296.12bn and AUM expanding 23% yoy to Rs2,543.92bn. Growth was driven by healthy performance across all major business lines, though the company changed its disbursement recognition to cheque clearance from this quarter, slightly moderating reported disbursements in the mortgage segments.
- Vehicle finance remained a key driver, with disbursements increasing 21% yoy and auto AUM growing 19% to Rs1,241.32bn. Asset quality showed a milder seasonal spike, with Stage 3 rising by ~20bps qoq in 1QFY27 versus a ~45bps increase in 1QFY26. In this segment, the company wrote off 100% provided cases, which caused some moderation in the PCR.
- Mortgage and MSME segments delivered robust growth; LAP AUM grew 23% yoy to Rs541.30bn, while SME and SBPL AUM reached Rs99.23bn and Rs37.30bn, respectively. Small-ticket LAP and deeper market penetration led to yield improvements. Additionally, LAP credit loss is expected to be maintained at ~0.3%, with no specific stress visible in the portfolio.
- Consumer businesses are scaling strongly, with overall disbursements up 52% yoy and AUM reaching Rs416.71bn. CSEL ROA is expected to exceed overall ROA, driven by a meaningful reduction in NCL and a steady FEMI rate of ~3%. Gold loan AUM reached 21.43bn, and the company targets Rs50bn by FY27-end, with the management noting that this segment can potentially deliver more than 4% PBT-RoA in the next three years.
- Margins improved meaningfully, with NIM expanding by 42bps yoy in 1Q, supported by lower funding costs. The management expects the full-year COF to remain broadly similar to that in FY26 or see an 8-10bps increase even after factoring in potential rate hikes of ~25–50bps in 2H. Currently, bank borrowings remain cheaper than bond borrowings, as the company borrows under PSL.
- Asset quality trends exhibited steady improvement, with overall credit costs declining ~24bps yoy to hit the full-year guidance of 1.5% in 1QFY27 itself. The management attributed the slight uptick in stress assets to normal seasonality, and expects delinquencies by FY27-end to be better than in 4QFY26. The company continues to carry unutilized management buffer provisions of Rs2bn, while PD and LGD assumptions are unchanged (generally refreshed in 3Q).
- Liquidity and capital position remain robust, with liquid assets of Rs239.84bn and Capital Adequacy Ratio of 19.81% (Tier 1 at 14.81%). Additionally, the remaining Rs4.30bn of CCDs (of the initial Rs20bn) are expected to be converted into equity in Oct-26.
- Branch rollout remains on track as a key growth lever. Vehicle Finance – targeting to convert ~125 resident locations into full-fledged branches by the end of FY27. Home Loan and LAP – target to open ~100 branches annually. Gold loans will see the largest expansion, with a target to add ~360 new branches this year, all of which are expected to be profitable by next year.
- **Guidance**
  - Maintain AUM growth guidance of 20-23%.
  - Disbursement growth of 22-23%, assuming market conditions remain supportive.
  - Margins are expected to be steady or improve from current levels.
  - Credit cost at ~1.5%, with further improvements expected.
  - Delinquency levels are expected to improve as the year progresses, with 4Q delinquency levels projected to be better than in the previous year's 4Q.
  - Maintains guidance of pre-tax ROA target of 3.5% for the full year.

Cholamandalam Investment: Standalone Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	237,200	283,726	343,390	414,197	496,962
Interest Expense	124,849	143,742	168,121	201,460	240,678
Net interest income	**112,351**	**139,984**	**175,269**	**212,736**	**256,284**
NII growth (%)	34.0	24.6	25.2	21.4	20.5
Non interest income	23,348	30,722	37,096	43,737	51,429
Total income	**135,699**	**170,706**	**212,365**	**256,473**	**307,713**
Operating expenses	53,388	65,742	79,792	94,967	113,684
PPOP	**82,311**	**104,965**	**132,573**	**161,507**	**194,030**
PPOP growth (%)	39.4	27.5	26.3	21.8	20.1
Provisions & contingencies	24,943	35,358	37,902	46,928	55,089
PBT	**57,369**	**69,607**	**94,671**	**114,578**	**138,940**
Extraordinary items	0	0	0	0	0
Tax expense	14,783	17,411	24,330	29,447	35,708
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**42,585**	**52,196**	**70,341**	**85,132**	**103,233**
PAT growth (%)	24.4	22.6	34.8	21.0	21.3
Adjusted PAT	**42,585**	**52,196**	**70,341**	**85,132**	**103,233**
Diluted EPS (Rs)	**50.6**	**61.5**	**81.6**	**96.8**	**115.2**
Diluted EPS growth (%)	23.0	21.7	32.6	18.7	19.0
DPS (Rs)	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
Dividend payout (%)	**4.0**	**3.3**	**2.5**	**2.1**	**1.7**
Effective tax rate (%)	25.8	25.0	25.7	25.7	25.7
Net interest margins (%)	8.2	8.3	8.5	8.5	8.4
Cost-income ratio (%)	39.3	38.5	37.6	37.0	36.9
PAT/PPOP (%)	51.7	49.7	53.1	52.7	53.2
Shares outstanding (mn)	841.3	852.4	857.7	857.7	857.7

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	1,683	1,705	1,715	1,715	1,715
Reserves & surplus	234,592	302,335	377,227	460,586	581,978
Net worth	**236,274**	**304,040**	**378,942**	**462,301**	**583,694**
Borrowings	**1,749,461**	**2,108,670**	**2,528,274**	**3,047,414**	**3,636,800**
Other liabilities & prov.	**30,741**	**37,662**	**47,078**	**56,494**	**67,792**
Total liabilities & equity	**2,016,476**	**2,450,373**	**2,954,294**	**3,566,209**	**4,288,286**
Net loans	1,819,299	2,175,710	2,661,341	3,224,776	3,889,626
Investments	63,904	66,380	75,848	91,422	109,104
Cash, other balances	94,007	146,110	151,610	183,209	221,088
Interest earning assets	**1,977,210**	**2,388,200**	**2,888,799**	**3,499,408**	**4,219,818**
Fixed assets	17,469	18,340	20,174	21,183	22,242
Other assets	21,798	43,833	45,321	45,618	46,226
Total assets	**2,016,476**	**2,450,373**	**2,954,294**	**3,566,209**	**4,288,286**
BVPS (Rs)	280.9	356.7	435.9	521.6	646.2
Adj. BVPS (INR)	280.9	356.7	435.9	521.6	646.2
Gross loans	1,853,400	2,219,420	2,710,054	3,282,751	3,959,105
Total AUM	**1,847,460**	**2,243,330**	**2,743,651**	**3,324,512**	**4,009,924**
On balance sheet	1,819,290	2,176,050	2,661,341	3,224,776	3,889,626
Off balance sheet	28,170	67,280	82,310	99,735	120,298
Disbursements	1,008,700	1,116,420	1,348,504	1,610,536	1,905,916
Disbursements growth (%)	13.7	10.7	20.8	19.4	18.3
Loan growth (%)	26.0	19.6	22.3	21.2	20.6
AUM growth (%)	26.9	21.4	22.3	21.2	20.6
Borrowings growth (%)	30.1	20.5	19.9	20.5	19.3
Book value growth (%)	20.7	27.0	22.2	19.7	23.9

Source: Company, Emkay Research

Asset quality and other metrics

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Asset quality					
GNPL - Stage 3	52,130	67,670	76,400	90,224	107,822
NNPL - Stage 3	28,530	35,670	42,020	49,623	59,302
GNPL ratio - Stage 3 (%)	2.8	3.0	2.8	2.7	2.7
NNPL ratio - Stage 3 (%)	1.6	1.6	1.6	1.5	1.5
ECL coverage - Stage 3 (%)	45.3	47.3	45.0	45.0	45.0
ECL coverage - 1 & 2 (%)	0.6	0.5	0.5	0.5	0.5
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	0	0	20.0	20.0	20.0
Total credit costs (%)	1.5	1.7	1.5	1.5	1.5
NNPA to networth (%)	12.1	11.7	11.1	10.7	10.2
Capital adequacy					
Total CAR (%)	19.8	19.2	23.8	24.0	25.0
Tier-1 (%)	14.4	14.7	19.3	19.5	20.5
Miscellaneous					
Total income growth (%)	35.9	25.8	24.4	20.8	20.0
Opex growth (%)	30.8	23.1	21.4	19.0	19.7
PPOP margin (%)	5.0	5.1	5.3	5.3	5.3
Credit costs-to-PPOP (%)	30.3	33.7	28.6	29.1	28.4
Loan-to-Assets (%)	90.2	88.8	90.1	90.4	90.7
Yield on loans (%)	14.4	13.9	13.8	13.7	13.6
Cost of funds (%)	8.1	7.5	7.3	7.2	7.2
Spread (%)	6.3	6.4	6.5	6.4	6.4

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	34.6	28.6	21.7	18.3	15.3
P/B (x)	6.2	4.9	4.0	3.4	2.7
P/ABV (x)	6.2	4.9	4.0	3.4	2.7
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1
Dupont-RoE split (%)					
NII/avg AUM	6.8	6.8	7.0	7.0	7.0
Other income	1.4	1.5	1.5	1.4	1.4
Securitization income	0	0	0	0	0
Opex	1.2	1.2	1.1	1.1	1.1
Employee expense	2.0	2.0	2.1	2.1	2.0
PPOP	**5.0**	**5.1**	**5.3**	**5.3**	**5.3**
Provisions	1.5	1.7	1.5	1.5	1.5
Tax expense	0.9	0.9	1.0	1.0	1.0
RoAUM (%)	**2.6**	**2.6**	**2.8**	**2.8**	**2.8**
Leverage ratio (x)	7.7	7.6	7.3	7.2	7.0
RoE (%)	**19.7**	**19.3**	**20.6**	**20.2**	**19.7**

Quarterly data

Rs mn, Y/E Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
NII	31,838	33,787	35,808	38,551	40,368
NIM (%)	8.2	8.3	8.5	8.8	8.6
PPOP	24,117	24,578	26,432	29,838	31,455
PAT	11,359	11,553	12,877	16,407	16,567
EPS (Rs)	13.50	13.73	15.25	19.25	20.17

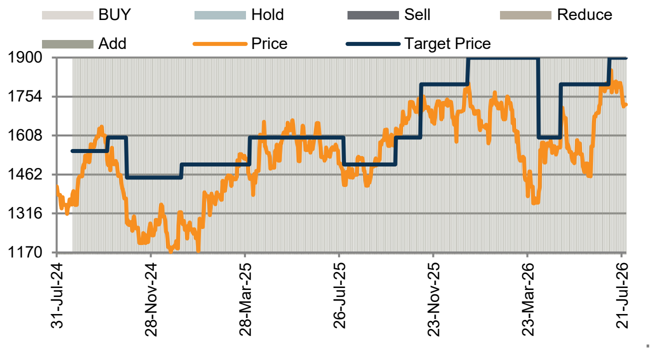
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
05-Jul-26	1,790	1,900	Add	Avinash Singh
04-May-26	1,640	1,800	Add	Avinash Singh
06-Apr-26	1,393	1,600	Add	Avinash Singh
17-Mar-26	1,529	1,900	Add	Avinash Singh
02-Feb-26	1,594	1,900	Add	Avinash Singh
06-Jan-26	1,805	1,900	Add	Avinash Singh
07-Nov-25	1,704	1,800	Add	Avinash Singh
06-Oct-25	1,634	1,600	Add	Avinash Singh
01-Aug-25	1,423	1,500	Add	Avinash Singh
07-Jul-25	1,514	1,600	Add	Avinash Singh
05-Jun-25	1,512	1,600	Add	Avinash Singh
29-Apr-25	1,485	1,600	Add	Avinash Singh
10-Apr-25	1,431	1,600	Add	Avinash Singh
03-Apr-25	1,445	1,600	Add	Avinash Singh
27-Feb-25	1,439	1,500	Add	Avinash Singh
01-Feb-25	1,266	1,500	Add	Avinash Singh
06-Jan-25	1,294	1,500	Add	Avinash Singh
05-Dec-24	1,291	1,450	Add	Avinash Singh
04-Dec-24	1,292	1,450	Add	Avinash Singh
28-Oct-24	1,280	1,450	Add	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

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Seshadri Kumar Sen

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