

**We expect the overall NBFC sector to track a slower growth mode in Q1, amid weak vehicle sales that led to weaker growth in vehicle finance and a slower housing finance segment. The 100bps rate cut by the RBI from Feb to Jun-25 might drive a small moderation in cost of borrowings in Q1, while the full impact on NIMs will start reflecting in H2FY26, in our view. On the credit cost front, the Q1FY26 show will be typically weaker vs Q4FY25; we believe YoY credit cost too will be elevated. However, there will be some minor improvement on account of reduced stress in the unsecured personal loan segment; asset quality, however, could see some deterioration from Q4 on account of lower collection efficiencies, except for MFI. Despite such short-term challenges, the industry is likely to report a relatively stable quarter. With the front loaded 100bps rate cut by the RBI, some early signs of rural growth rebounding, impressive temporal and spatial performance of monsoons, and policymakers' focus on growth amid the easing regulatory environment shall drive a growth and profitability rebound in H2. Overall, FY26 is anticipated to demonstrate modest margin improvement and profitability growth, underpinned by declining credit costs, lower funding costs, and higher operational efficiency. CY25 has seen the material re-rating of NBFC stocks limiting any further upside, though favorable external environment-led visibility on growth and profitability should support share prices. We continue to favor ABCAP, HDBFS, SHFL, and REC.**

**Modest start to the year; rate cut benefits to have limited role in Q1**

With Q1 being a seasonally weak quarter and factoring in the spillover of stress around small ticket unsecured loans, overleveraged borrowers, and slowdown in CV sales, we expect disbursements growth to be muted across the NBFC pack. On the margin front, NIMs would see some benefit of rate cut in Feb and April in this quarter, owing to repricing of existing/new liabilities at higher rates, though the full impact of the cut would be more evident in H2FY26. This would thus improve NIMs and overall profitability. We however expect opex to remain elevated for most players, on account of their continued investment in tech and capability expansion.

**Asset quality and credit cost to display the typical Q4-to-Q1 seasonality**

The seasonal slight worsening of asset quality and inching up of Q4-to-Q1 credit cost would play out in Q1FY26 as expected, except in the MFI segment, where easing stress would lead to improvement in asset quality and credit cost. We expect MMFS and CIFIC to see higher YoY and QoQ credit costs in Q1. Going forward, an improving rural economy supported by various GoI initiatives and boosted by good temporal and spatial distribution of the monsoons should help collection efficiencies and asset quality for rural focused lenders, especially in the vehicle and farm segments.

**Slower growth weighing on power financiers' stocks**

Despite players lowering their growth guidance and given lingering issues around the signing of power purchase agreements (PPAs)—though showing some improvement recently, Q1FY26 profitability is expected to be strong, driven by recoveries from resolved stressed assets. Disbursements in the power sector are likely to remain soft, partly due to loan repayments by state utilities, which have led to slower-than-expected AUM growth for REC and PFC. However, the recent correction in their share price appears to have been already accounted for in this minor growth slowdown. At current valuations (FY27E P/B: REC at 1x; PFC core at 0.9x), both stocks look attractive, supported by strong asset quality and expected RoE of ~16-18%.

**Improving macro-driven profitable growth to support valuations**

Notwithstanding the minor blips in Q1, the outlook remains stable for the NBFC sector. With the interest rate-cut benefit to fully reflect in H2FY26, the RBI's supportive policy, and the improved macroeconomic environment, we anticipate that overall NIM expansion led by moderating CoFs and a stable asset quality-led benign credit cost should lead to profitable growth in FY26E. The financial health of our coverage companies remains strong and is improving, supported by robust capital adequacy, healthy asset quality, and adequate provision coverage. We retain our positive view on the sector. We prefer ABCAP, HDBFS, SHFL, and REC, on risk-reward basis.

**Avinash Singh**[avinash.singh@emkayglobal.com](mailto:avinash.singh@emkayglobal.com)  
+91-22-66121327**Kishan Rungta**[kishan.rungta@emkayglobal.com](mailto:kishan.rungta@emkayglobal.com)  
+91-22-66242490

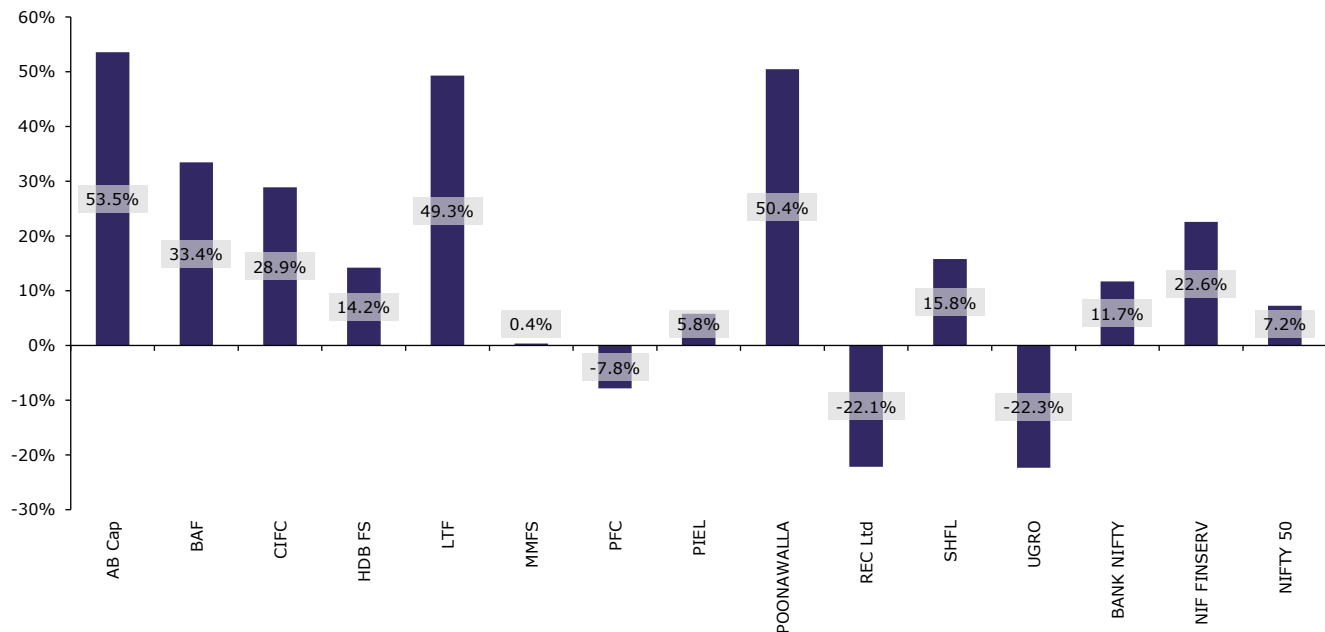
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## Exhibit 1: NBFCs – Peer valuations

Ticker	Rating	CMP	TP	Upside	Mkt Cap (Rs bn)	P/BVx			P/Ex			ROA (%)			ROE (%)			BV (Rs)			EPS (Rs)		
		(Rs)	(Rs)			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
CIFC	ADD	1,527	1,600	5%	1,284	4.4	3.5	2.8	23.5	18.5	15.2	2.4	2.6	2.7	20.8	21.3	20.4	344	441	554	65	83	100
MMFS	REDUCE	266	260	-2%	370	1.5	1.3	1.2	12.7	9.9	8.2	2.0	2.2	2.3	13.0	14.2	15.2	180	202	228	21	27	33
SHFL	BUY	678	750	11%	1,272	2.0	1.7	1.5	15.4	12.9	10.6	3.5	3.2	3.4	17.8	16.5	17.5	340	390	449	44	53	64
LTF	REDUCE	206	180	-12%	508	1.9	1.7	1.5	17.5	13.5	10.5	2.3	2.6	2.8	11.1	13.2	15.3	110	121	136	12	15	20
PIEL	ADD	1,161	1,200	3%	262	1.0	1.0	0.9	53.9	17.3	12.1	0.6	1.7	1.9	1.8	5.5	7.4	1,126	1,177	1,249	22	67	96
ABCAP*	BUY	275	320	16%	718	2.0	1.7	1.4	20.3	15.7	13.0	2.3	2.5	2.5	13.1	14.8	15.4	109	126	148	14	17	21
POONAWAL	REDUCE	473	310	-34%	366	2.7	2.4	2.2	53.7	25.1	17.2	1.8	2.7	2.9	6.7	10.2	13.5	177	193	216	9	19	28
UGRO	BUY	179	270	51%	20	0.8	0.7	0.7	10.2	7.6	5.7	2.3	2.5	2.7	8.1	10.2	12.0	220	243	274	18	24	31
BAF	ADD	925	925	0%	5,748	5.0	4.2	3.5	28.3	23.1	18.2	4.0	4.0	4.1	19.5	20.2	21.5	184	218	261	33	40	51
HDBFS	BUY	845	900	6%	701	3.3	2.8	2.4	24.4	18.6	15.1	2.4	2.6	2.7	15.0	16.3	17.0	256	301	357	35	45	56
PFC*	BUY	413	500	21%	1,364	1.1	0.9	0.8	7.8	7.2	6.4	2.9	2.8	2.9	17.8	17.0	16.8	313	353	398	53	57	64
REC	BUY	394	525	33%	1,037	1.1	1.0	0.9	6.3	5.9	5.3	2.5	2.4	2.4	19.2	18.0	17.7	347	393	445	62	66	74

Source: Company, Emkay Research

## Exhibit 2: NBFC coverage stock performance since Jan-25 till date



Source: Company, Emkay Research; Note: Base price for HDBFS is the IPO price of Rs740

**Exhibit 3: Change in TP/rating**

Stock	Current Price (Rs)	Upside	Old		Revised		Change in TP	Implied P/BV on March-27E (x)	
			Reco	Target Price (Rs)	Reco	Target Price (Rs)		At CMP	At TP
Cholamandalam Investment	1527	5%	ADD	1,600	ADD	1,600	0%	3.5	3.6
L&T Finance Holdings	206	-13%	REDUCE	150	REDUCE	180	20%	1.7	1.5
Mahindra Finance	267	-2.5%	REDUCE	280	REDUCE	260	-7%	1.3	1.3
Piramal Enterprises	1161	3%	ADD	1,100	ADD	1,200	9%	1.0	1.0
Poonawalla Fincorp	473	-34%	REDUCE	280	REDUCE	310	11%	2.4	1.6
Shriram Finance	678	11%	ADD	750	BUY	750	0%	1.7	1.9
Bajaj Finance	925	0%	ADD	920	ADD	925	1%	4.2	4.2
Aditya Birla Capital	275	16%	BUY	260	BUY	320	23%	2.2	2.5
UGRO Capital	179	51%	BUY	270	BUY	270	0%	0.7	1.1
PFC	413	21%	BUY	500	BUY	500	0%	1.2	1.4
REC	394	33%	BUY	525	BUY	525	0%	1.0	1.3

Source: Company, Emkay Research

## Exhibit 4: Q1FY26 NBFC preview...

Name			Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY	Chg QOQ
<b>Cholamandalam Finance</b>										
CMP (Rs)	1,527	NII (Rs mn)	29,128	30,333	32,376	35,406	37,584	38,468	27%	2.4%
Mkt Cap (Rs bn)	1,284	Op Profit (Rs mn)	16,278	18,499	19,221	21,276	23,315	23,970	30%	2.8%
Reco	ADD	NIM+Fee (%)	8.34	8.06	8.09	8.35	8.37	8.27	21bps	-9bps
		Credit Cost (%)	0.55	1.54	1.56	1.57	1.39	1.60	6bps	21bps
Target price	1,600	PAT (Rs mn)	10,581	9,422	9,631	10,865	12,667	12,269	30%	-3.1%
		EPS (Rs)	12.6	11.2	11.7	13.2	15.1	14.9	33%	-0.8%
		ROA (%)	2.8	2.3	2.2	2.3	2.6	2.4	13bps	-15bps
		AUM (Rs bn)	1,456.3	1,554.4	1,646.4	1,745.7	1,847.5	1,871.7	20%	1.3%
<b>Piramal Enterprises</b>										
CMP (Rs)	1,161	NII (Rs mn)	7,338	7,324	7,754	8,248	8,469	9,574	31%	13%
Mkt Cap (Rs bn)	262	Op Profit (Rs mn)	2,747	2,373	3,166	3,380	4,625	5,276	122%	14%
Reco	ADD	NIM+Fee (%)	6.35	5.45	5.89	5.95	6.27	6.41	96bps	14bps
		Credit Cost (%)	19.51	0.58	1.31	3.28	4.05	3.51	293bps	-55bps
Target price	1,200	PAT (Rs mn)	-21,910	1,366	790	-2,900	-2,667	-1,165	-185%	-56%
		EPS (Rs)	-97.5	6.1	3.5	-12.9	-11.8	-9.2	-251%	-22%
		ROA (%)	0.8	1.0	0.9	0.2	0.5	0.2	-81bps	-28bps
		AUM (Rs bn)	688.5	705.8	746.9	783.6	806.9	855.1	21%	6%
<b>Mahindra Finance</b>										
CMP (Rs)	267	NII (Rs mn)	18,121	17,836	18,106	19,113	19,276	20,003	12%	4%
Mkt Cap (Rs bn)	370	Op Profit (Rs mn)	11,730	11,345	11,961	12,217	12,128	12,610	11%	4%
Reco	REDUCE	NIM+Fee (%)	7.06	6.62	6.53	6.61	6.53	6.42	-20bps	-11bps
		Credit Cost (%)	1.37	1.72	2.57	0.03	1.54	1.92	21bps	38bps
Target price	260	PAT (Rs mn)	6,190	5,130	3,695	8,995	5,631	5,090	-1%	-10%
		EPS (Rs)	5.0	4.2	3.0	7.3	4.6	3.7	-12%	-20%
		ROA (%)	2.2	1.8	1.2	2.8	1.7	1.5	-27bps	-22bps
		AUM (Rs bn)	1,026.0	1,063.4	1,124.3	1,151.3	1,196.7	1,218.0	15%	2%
<b>Shriram Finance</b>										
CMP (Rs)	678	NII (Rs mn)	50,874	52,339	54,641	55,896	55,655	59,385	13%	7%
Mkt Cap (Rs bn)	1,272	Op Profit (Rs mn)	39,056	38,668	39,715	40,850	43,354	44,936	16%	4%
Reco	BUY	NIM+Fee (%)	10.04	9.57	9.62	9.57	9.64	9.60	4bps	-3bps
		Credit Cost (%)	2.30	2.10	2.05	2.13	2.42	2.33	24bps	-9bps
Target price	750	PAT (Rs mn)	19,459	19,806	20,713	35,698	21,395	21,844	10%	2%
		Adj EPS (Rs)	10.4	10.5	11.0	11.1	11.4	11.6	10%	2%
		ROA (%)	3.5	3.5	3.5	3.1	3.3	3.3	-18bps	-3bps
		AUM (Rs bn)	2,248.6	2,334.4	2,430.4	2,544.7	2,631.9	2,701.4	16%	3%
<b>L&amp;T Finance</b>										
CMP (Rs)	206	NII (Rs mn)	19,875	21,012	21,781	22,371	21,501	22,407	7%	4%
Mkt Cap (Rs bn)	514	Op. Profit (Rs mn)	13,619	14,676	15,899	14,781	14,240	14,973	2%	5%
Reco	REDUCE	NIM+Fee (%)	11.20	11.17	11.22	10.78	10.07	10.17	-100bps	10bps
		Credit Cost %	3.19	2.50	2.86	2.78	2.57	2.33	-17bps	-24bps
Target	180	PAT (Rs mn)	5,530	6,853	6,967	6,257	6,358	6,803	-1%	7%
		Adj EPS (Rs)	2.2	2.8	2.8	2.5	2.5	2.7	-1%	7%
		ROA (%)	2.64	3.15	3.07	2.66	2.64	2.72	-42bps	9bps
		AUM (Rs bn)	855.6	887.2	930.1	951.2	977.6	1,021.1	15%	4%
<b>POONAWALLA Fincorp</b>										
CMP (Rs)	473	NII (Rs mn)	5,625	5,761	5,592	6,141	6,101	7,005	22%	15%
Mkt Cap (Rs bn)	366	Op Profit (Rs mn)	4,094	4,341	2,839	3,731	3,328	4,022	-7%	21%
Reco	REDUCE	NIM+Fee (%)	10.92	10.40	9.32	8.94	8.60	8.56	-184bps	-4bps
		Credit Cost (%)	0.41	0.68	13.21	4.69	3.03	2.56	187bps	-48bps
Target price	310	PAT (Rs mn)	3,317	2,916	-4,710	187	623	1,163	-60%	87%
		Adj EPS (Rs)	4.3	3.8	-6.1	0.2	0.8	1.5	-60%	87%
		ROA (%)	5.9	4.6	-7.1	0.3	0.8	1.2	-340bps	47bps
		AUM (Rs bn)	250.0	269.7	284.0	309.8	356.3	412.5	53%	16%

Source: Company, Emkay Research

## Exhibit 5: ...(contd) Q1FY26 NBFC preview

Name			Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	% Chg YoY	% Chg QOQ
<b>Bajaj Finance</b>										
CMP (Rs)	925	NII (Rs mn)	80,130	83,653	88,377	93,826	98,072	103,714	24%	6%
Mkt Cap (Rs bn)	5,748	Op Profit (Rs mn)	64,121	69,475	73,071	78,057	79,675	84,655	22%	6%
Reco	ADD	NIM+Fee (%)	12.11	12.17	12.03	12.10	11.70	11.76	-41bps	6bps
		Credit Cost (%)	1.63	1.97	2.10	2.12	2.29	2.08	11bps	-21bps
Target price	925	PAT (Rs mn)	38,245	39,120	40,137	43,082	45,456	46,310	18%	2%
		Adj EPS (Rs)	61.9	63.3	64.9	69.6	73.2	74.6	18%	2%
		ROA (%)	4.8	4.6	4.4	4.5	4.5	4.3	-25bps	-15bps
		AUM (Rs bn)	3,306.2	3,541.9	3,739.2	3,980.4	4,166.6	4,414.0	25%	6%
<b>AB Finance</b>										
CMP (Rs)*	275	NII (Rs mn)	16,930	17,090	17,110	17,340	17,860	18,848	10%	6%
Mkt Cap (Rs bn)*	718	Op Profit (Rs mn)	11,430	12,010	11,800	11,929	12,300	13,149	9%	7%
Reco		NIM+Fee (%)	6.63	6.42	6.17	5.92	5.81	5.85	-57bps	4bps
		Credit Cost (%)	1.37	1.38	1.21	1.33	1.15	1.18	-20bps	3bps
Target price	320	PAT (Rs mn)	5,850	6,210	6,290	5,999	6,520	6,941	12%	6%
		AUM (Rs bn)	935	986	1,056	1,073	1,147	1,194	21%	4%
<b>UGRO capital</b>										
CMP (Rs)	179	NII (Rs mn)	622	958	649	871	832	988	3%	19%
Mkt Cap (Rs bn)	20	Op Profit (Rs mn)	956	760	945	942	1,115	1,153	52%	3%
Reco	BUY	NIM+Fee (%)	16.79	13.14	14.84	14.72	14.14	12.72	-42bps	-142bps
		Credit Cost (%)	1.89	1.45	1.83	1.56	1.88	1.73	27bps	-16bps
Target price	270	PAT (Rs mn)	313	304	355	375	405	436	44%	8%
		Adj EPS (Rs)	3.6	3.3	3.9	4.1	4.4	4.0	22%	-9%
		ROA (%)	2.6	2.4	2.6	2.5	2.5	2.4	-1bps	-8bps
		AUM (Rs bn)	90.5	92.2	101.6	110.7	120.0	129.4	40%	8%
<b>REC</b>										
CMP (Rs)	394	NII (Rs mn)	42,630	44,740	46,800	49,300	58,760	53,291	19%	-9%
Mkt Cap (Rs bn)	1,035	Op Profit (Rs mn)	44,350	47,980	48,960	50,210	61,650	51,494	7%	-16%
Reco	BUY	NIM (%)	3.60	3.64	3.66	3.66	3.63	3.59	-5bps	-4bps
		Credit Cost (%)	-0.58	0.37	-0.11	-0.07	0.56	0.05	-32bps	-51bps
Target price	525	PAT (Rs mn)	40,160	34,420	40,050	40,290	42,365	39,548	15%	-7%
		Adj EPS (Rs)	15.3	13.1	15.2	15.3	16.1	15.0	15%	-7%
		ROA (%)	3.0	2.5	2.7	2.7	2.8	2.5	9bps	-22bps
		AUM (Rs bn)	5,093.7	5,297.4	5,461.2	5,656.2	5,668.8	5,803.6	10%	2%
<b>PFC</b>										
CMP (Rs)	413	NII (Rs mn)	42,373	43,280	44,083	46,941	59,106	49,880	15%	-16%
Mkt Cap (Rs bn)	1,364	Op Profit (Rs mn)	46,830	46,013	53,284	51,538	65,460	49,523	8%	-24%
Reco	BUY	NIM (%)	3.71	3.55	3.57	3.65	3.79	3.51	-4bps	-28bps
		Credit Cost (%)	-0.29	0.05	-0.10	0.06	0.35	0.10	5bps	-24bps
Target price	500	PAT (Rs mn)	41,355	37,179	43,704	41,549	51,090	39,436	6%	-23%
		Adj EPS (Rs)	12.5	11.3	13.2	12.6	15.5	11.9	6%	-23%
		ROA (%)	3.3	3.0	3.4	3.1	3.7	2.7	-26bps	-98bps
		AUM (Rs bn)	4,814.6	4,750.0	4,933.6	5,038.2	5,431.2	5,544.0	17%	2.1%

Source: Company, Emkay Research

## Exhibit 6: Our comments

	Comments
<b>Cholamandalam Finance</b>	We expect CIFIC to register disbursement of ~10% YoY and a 2% QoQ decline on account of a seasonally weak quarter and softer CV sales. As a result, we expect AUM growth to be muted sequentially and grow ~20% YoY. NIMs are expected to witness a marginal expansion, as a slight benefit of the RBI rate cut will start reflecting in Q1 CoFs while the overall NIM+Fee will see a small contraction on account of seasonality and softer disbursement in the higher-yield segment. We expect operating expenses to see sequential growth, resulting in opex-to-AUM of ~3.1%. Overall asset quality is likely to be stable with GS3 and NS3 coming in at 2.9% and 1.5%, respectively, while we expect credit cost to elevate to 1.6% levels (vs 1.4% in Q4FY25).
<b>Piramal Enterprises</b>	We expect PIEL to report strong retail disbursements led by robust demand for mortgage and MSME loans. This would result in retail AUM growing ~6% QoQ/36% YoY, while overall AUM is expected to grow ~6% sequentially (21% YoY), with Wholesale 1.0 continuing to rundown, in line with the guidance by the managements. We expect a ~15bps improvement margin (NIMs+Fee), while opex would be broadly stable at 3.9%. Credit cost is expected to see some moderation over Q4FY25 (3.5% in Q1FY26E vs 4.1% in Q4FY25). Overall asset quality is expected to improve, as the legacy book continues to rundown. We expect GS3 and NS3 at 2.6% and 1.6%.
<b>Mahindra Finance</b>	MMFS reported disbursement of ~Rs128.bn, registering ~17% sequential degrowth (flatish YoY), while business assets grew ~2% QoQ/~15% YoY to Rs1.22trn. We expect some improvement in NIMs on the back of reducing COFs and higher share of fixed income assets, while opex would improve marginally as MMFS will continue to build on its tech capability and expand its branch and employee strength. Credit cost is expected witness an uptick of ~35-40bps on account of lower collection efficiency (seasonally weak quarter). The company reported elevated GS2+GS3 at 9.7% (9.2% in Q4FY25), with GS3 at around 3.8-3.9% (vs 3.7% in Q4FY25), we expect coverage ratio on stage 3 asset to be ~52%, thus resulting in NS3 coming in at 1.9%.
<b>Shriram Finance</b>	We expect disbursement growth of ~2% QoQ/21% YoY, on account of a seasonally weak quarter and slowdown in CV sales resulting in AUM growth of ~2.6% QoQ/16% YoY. NIMs+Fee is expected to be broadly stable at 9.6%, with some benefit of the rate cut coming this quarter and the reducing impact of the excess liquidity would result in lower CoFs. We expect operating expenses to remain sticky on account of continued investment in tech and infrastructure, with opex-to-AUM coming at ~2.9% and resulting in PPop of ~Rs45bn, growing ~4% sequentially. Credit cost is expected to see some moderation sequentially, although it would remain elevated overall at ~2.3% (vs 2.4% in Q4FY25), while GS3 and NS3 is expected to be stable at 4.6% and ~2.7%, respectively.
<b>L&amp;T Finance</b>	LTFH reported strong retail AUM growth of ~5% QoQ/18.2% YoY, on account of strong disbursement across the product segment, except SME Finance and additions of GL to this product suite. We expect overall AUM to cross the Rs1.0trn mark, thus growing 4.5% QoQ/15% YoY. We expect margin and fee income to improve sequentially on account of recovery in the MFI segment and increasing disbursement share of other high-yield product like Farm equipment and TWL. Considering LTFH's commitment to developing its tech infrastructure and increasing its branch presence and one-time cost of acquisition, we expect opex to remain elevated with cost-to-income coming in at ~41%; opex-to-AUM would log at ~4.2% levels. With respect to credit cost, we believe LTF would utilize some part of the macro provision in Q1 to provide for the stress in the MFI book; overall credit cost is expected to remain at ~2.3%, while asset quality is expected to be broadly stable with GS3 and NS3 at 3.2% and 1%, respectively
<b>POONAWALLA Fincorp</b>	Poonawalla continues to report strong AUM growth of ~16% sequentially (53% YoY) to Rs 412bn. Margins (NIMs+Fee) are expected to be stable at ~8.6%. We expect operating to remain elevated, as the company continues to expand its manpower and infrastructure, resulting in opex-to-AUM coming at ~4.4% (moderating by ~20bps sequentially) and PPop of ~Rs4bn. Credit cost is expected to come in at ~2.6%. Asset quality is expected to be stable, with GS3 and NS3 coming at 1.9% and 0.9%.
<b>Bajaj Finance</b>	Bajaj Finance reported a decent quarter, with AUM reaching ~Rs4.4trn (registering growth of 5.9% QoQ and 25% YoY). Margins are expected to be stable, with CoFs and yields broadly stable. PPop is expected to reach ~Rs84bn, with 6% sequential growth. We expect credit cost to be stable at ~2.1%, while overall asset quality is likely to remain robust with GS3 and NS3 at ~1% and 0.5%.
<b>Aditya Birla Capital</b>	We expect Q1FY26 disbursement at ~Rs154bn, growing ~15% YoY and resulting in AUM growth of 22% YoY (Rs1.3trn). Margins and opex are expected to be stable. Credit cost is expected to be broadly stable at ~1.2%. Overall asset quality would remain buoyant with GS3/NS3 coming in at 2.3%/1.3%.
<b>UGRO capital</b>	UGRO is expected to register decent numbers for the quarter, with ~8% AUM growth led by strong disbursement in the secure micro segment and embedded finance. We expect disbursement for the quarter to be ~Rs2.3bn. Overall NIM+Fee is expected to see a marginal decline sequentially on account of seasonality and increasing share of the book AUM. Opex is expected to remain moderate, as the company continues to grow at a faster pace; acquisition scale benefit is likely to play out in the coming quarter. We expect overall asset quality to remain robust with GS3 stable at 2.3% and credit cost expected to be around 1.2%.
<b>REC</b>	We expect REC's loan book to expand ~2% QoQ and 10% YoY, supported by a strong sanction and disbursement pipeline in the RE segment. While overall margins may see slight moderation due to the growing share of RE in the portfolio, asset quality is expected to remain strong. Additionally, credit cost should stay low, aided by provision writebacks from stressed asset resolutions in Q1FY26.
<b>PFC</b>	We believe PFC's loan book will grow ~2.1% QoQ and ~17% YoY, driven by a strong sanction and disbursement pipeline. We expect a marginal moderation in overall margins as PFC continues to increase its share of disbursements toward renewable. Overall asset quality is expected to remain robust with credit cost staying low due to provision writebacks from stressed asset resolution in Q1FY26.

Source: Company, Emkay Research

## Exhibit 7: BJFIN Q1FY26 Preview

BAF	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26E	Chg YoY	Chg QOQ	
NII (Rs mn)	83,653	88,377	93,826	98,072	103,714	24%	6%	
Op. Profit (Rs mn)	69,475	73,071	78,057	79,675	84,655	22%	6%	
NIM+Fees (%)	12.2	12.0	12.1	11.7	11.8	-41bps	6bps	
Credit Cost (%)	2.0	2.1	2.1	2.3	2.08	11bps	-21bps	
PAT (Rs mn)	39,120	40,137	43,082	45,456	46,310	18%	2%	
Adj EPS (Rs)	63.3	64.9	69.6	73.2	74.6	18%	2%	
ROA (%)	4.6	4.4	4.5	4.5	4.3	-25bps	-15bps	
AUM (Rs bn)	3,542	3,739	3,980	4,167	4,414	25%	6%	
BAGIC	Q1FY26E	Q1FY25	YoY	Q4FY25	QoQ	FY26E	FY25	YoY
GWP (Rs mn)	52,088	48,056	8.4%	43,255	20.4%	237,961	215,829	10.3%
NEP (Rs mn)	22,452	22,315	0.6%	22,700	-1.1%	110,000	95,645	15.0%
Net Claims (Rs mn)	17,086	17,205	-0.7%	14,270	19.7%	80,343	71,340	12.6%
Claims Ratio (%)	76.1%	77.1%	-1.0 ppts	62.9%	13.2 ppts	73.0%	74.6%	-1.5 ppts
Combined Ratio (%)	102.3%	103.7%	-1.4 ppts	104.8%	-2.5 ppts	100.6%	102.3%	-1.6 ppts
U/w Profit (Rs mn)	-229	160	-243.2%	-57	299.9%	-656	-807	-18.8%
PAT (Rs mn)	4,673	5,760	-18.9%	3,628	28.8%	19,608	18,323	7.0%
BALIC	Q1FY26E	Q1FY25	YoY	FY26E	FY25	YoY		
APE (Rs mn)	15,254	15,020	1.6%	87,407	79,410	10.1%		
VNB Margin (%)	7.5%	6.9%	0.6 ppts	14.8%	14.5%	0.3 ppts		
VNB (Rs mn)	1,144	1,040	10.0%	12,899	11,520	12.0%		
PAT (Rs mn)	1,019	970	5.0%	6,564	5,081	29.2%		
AUM (Rs bn)	1,293	1,170	10.5%	1,444	1,245	15.9%		

Source: Company, Emkay Research

**Exhibit 8: Seasonally weak quarter resulting in softer growth**

										Growth QoQ (%)		Growth YoY (%)	
AUM (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	1,147,960	1,242,450	1,338,320	1,456,290	1,554,420	1,646,430	1,745,670	1,847,460	1,871,702	5.8	1.3	35.4	20.4
L&T Finance Holdings	785,660	787,330	817,790	855,640	887,170	930,140	951,200	977,620	1,021,127	2.8	4.5	12.9	15.1
M&M Financial Services	867,320	937,230	970,480	1,025,970	1,063,390	1,124,340	1,151,260	1,196,730	1,218,000	3.9	1.8	22.6	14.5
Poonawalla	177,776	202,150	219,460	250,030	269,720	283,960	309,840	356,310	412,500	15.0	15.8	51.7	52.9
Shriram Finance	1,932,147	2,026,410	2,142,335	2,248,620	2,334,436	2,430,426	2,544,697	2,631,903	2,701,400	3.4	2.6	20.8	15.7
Piramal Enterprises	639,380	669,320	672,830	688,460	705,760	746,920	783,622	806,890	855,136	3.0	6.0	10.4	21.2
Bajaj Finance	2,700,500	2,902,640	3,109,680	3,306,150	3,541,920	3,739,240	3,980,430	4,166,610	4,414,000	4.7	5.9	31.2	24.6
AB Finance	858,910	935,220	986,010	1,056,390	1,073,060	1,147,100	1,194,370	1,263,510	1,314,050	5.8	4.0	24.9	22.5
UGRO Capital	67,770	75,920	83,640	90,470	92,180	101,570	110,670	120,030	129,378	8.5	7.8	36.0	40.4
REC	4,543,930	4,742,750	4,974,660	5,093,710	5,297,390	5,461,170	5,656,210	5,668,830	5,803,557	0.2	2.4	16.6	9.6
PFC	4,323,390	4,494,580	4,570,280	4,814,620	4,750,040	4,933,640	5,038,240	5,431,200	5,544,020	7.8	2.1	9.9	16.7

Source: Company, Emkay Research

**Exhibit 9: NII trend**

										Growth QoQ (%)		Growth YoY (%)	
NII (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	18,421	20,153	21,709	23,548	25,796	27,128	28,869	30,557	32,302	5.8	5.7	40.0	25.2
L&T Finance Holdings	17,527	18,436	19,529	19,875	21,012	21,781	22,371	21,501	22,407	-3.9	4.2	19.9	6.6
M&M Financial Services	15,844	15,865	16,983	18,121	17,836	18,106	19,113	19,276	20,003	0.9	3.8	12.6	12.1
Poonawalla	4,212	4,746	4,907	5,625	5,761	5,592	6,141	6,101	7,005	-0.6	14.8	36.8	21.6
Shriram Finance	42,773	47,072	49,884	51,453	52,772	55,111	56,183	55,791	59,587	-0.7	6.8	23.4	12.9
Piramal Enterprises	6,897	7,394	8,281	7,338	7,324	7,754	8,248	8,469	9,574	2.7	13.0	6.2	30.7
Bajaj Finance	67,186	71,970	76,553	80,130	83,653	88,377	93,826	98,072	103,714	4.5	5.8	24.5	24.0
AB Finance	14,330	15,200	16,490	16,930	17,090	17,110	17,340	17,860	18,848	3.0	5.5	19.3	10.3
UGRO Capital	688	665	661	622	958	649	871	832	988	-4.5	18.7	39.2	3.1
REC	34,120	38,560	41,530	42,630	44,740	46,800	49,300	58,760	53,291	19.2	-9.3	31.1	19.1
PFC	35,034	37,289	41,578	42,373	43,280	44,083	46,941	59,106	49,880	25.9	-15.6	23.5	15.2

Source: Company, Emkay Research

**Exhibit 10: Total Income**

										Growth QoQ (%)		Growth YoY (%)	
Total Income (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	21,265	23,667	25,797	29,128	30,333	32,376	35,406	37,584	38,468	6.2	2.4	42.6	26.8
L&T Finance Holdings	20,130	21,572	22,278	23,422	24,332	25,477	25,359	24,274	25,405	-4.3	4.7	20.9	4.4
M&M Financial Services	16,750	16,740	18,155	19,710	19,316	19,908	20,985	21,555	22,005	2.7	2.1	15.3	13.9
Poonawalla	4,775	5,292	5,501	6,407	6,758	6,449	6,638	7,162	8,231	7.9	14.9	41.5	21.8
Shriram Finance	45,171	49,426	52,204	55,080	54,808	57,312	59,542	62,364	64,019	4.7	2.7	21.3	16.8
Piramal Enterprises	9,951	10,878	11,027	10,812	9,492	10,700	11,382	12,468	13,314	9.5	6.8	-4.6	40.3
Bajaj Finance	83,980	88,448	92,980	97,149	104,185	109,461	116,727	119,168	126,185	2.1	5.9	24.1	21.1
AB Finance	14,330	15,200	16,490	16,930	17,090	17,110	17,340	17,860	18,848	3.0	5.5	19.3	10.3
UGRO Capital	1,257	1,482	1,626	2,008	1,654	1,998	2,177	2,312	2,313	6.2	0.1	31.6	39.8
REC	36,610	41,290	43,560	46,020	47,250	50,920	52,490	64,210	55,594	22.3	-13.4	29.1	17.7
PFC	35,034	37,289	41,578	42,373	43,280	44,083	46,941	59,106	49,880	25.9	-15.6	23.5	15.2

Source: Company, Emkay Research



**Exhibit 11: Margin improvement led by moderating COFs**

										Growth QoQ		Growth YoY	
NIMs+Fee (%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	7.7	7.9	8.0	8.3	8.1	8.1	8.4	8.4	8.3	2bps	-9bps	37bps	21bps
L&T Finance Holdings	10.1	11.0	11.1	11.2	11.2	11.2	10.8	10.1	10.2	-72bps	10bps	107bps	-100bps
M&M Financial Services	7.9	7.4	7.6	7.9	7.4	7.3	7.4	7.3	7.3	-3bps	-5bps	-51bps	-11bps
Poonawalla	11.3	11.1	10.4	10.9	10.4	9.3	8.9	8.6	8.6	-34bps	-4bps	-86bps	-184bps
Shriram Finance	9.5	10.0	10.0	10.0	9.6	9.6	9.6	9.6	9.6	6bps	-3bps	3bps	4bps
Piramal Enterprises	0.9	6.6	6.6	6.4	5.4	5.9	5.9	6.3	6.4	32bps	14bps	457bps	96bps
Bajaj Finance	13.0	12.6	12.4	12.1	12.2	12.0	12.1	11.7	11.8	-39bps	6bps	-81bps	-41bps
AB Finance	6.9	6.8	6.9	6.6	6.4	6.2	5.9	5.8	5.9	-11bps	4bps	-47bps	-57bps
UGRO Capital	13.4	14.8	14.8	16.8	13.1	14.8	14.7	14.1	12.7	-58bps	-142bps	-29bps	-42bps
REC	3.3	3.5	3.6	3.6	3.6	3.7	3.7	3.6	3.6	-3bps	-4bps	36bps	-5bps
PFC	3.3	3.4	3.4	3.7	3.6	3.6	3.7	3.8	3.5	14bps	-28bps	21bps	-4bps

Source: Company, Emkay Research

**Exhibit 12: Sticky opex**

										Growth QoQ (%)		Growth YoY (%)	
Opex (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	7,867	9,461	10,640	12,850	11,834	13,155	14,130	14,269	14,497	1.0	1.6	50.4	22.5
L&T Finance Holdings	7,782	8,598	8,896	9,803	9,656	9,578	10,578	10,034	10,433	-5.1	4.0	24.1	8.0
M&M Financial Services	6,750	7,312	7,530	7,980	7,970	7,947	8,768	9,427	9,395	7.5	-0.3	18.1	17.9
Poonawalla	1,834	1,929	1,998	2,313	2,417	3,610	2,908	3,834	4,209	31.9	9.8	31.8	74.2
Shriram Finance	13,908	14,618	15,311	16,024	16,140	17,597	18,692	19,010	19,083	1.7	0.4	16.0	18.2
Piramal Enterprises	6,366	6,753	7,122	8,065	7,119	7,534	8,002	7,843	8,037	-2.0	2.5	11.8	12.9
Bajaj Finance	28,544	30,100	31,557	33,028	34,709	36,390	38,670	39,493	41,530	2.1	5.2	21.6	19.6
AB Finance	4,370	4,370	5,320	5,500	5,080	5,310	5,411	5,560	5,699	2.8	2.5	16.2	12.2
UGRO Capital	691	829	865	1,052	894	1,053	1,234	1,197	1,160	-3.0	-3.1	29.4	29.8
REC	-1,090	820	1,860	1,670	-730	1,960	2,280	2,560	4,100	12.3	60.1	-33.0	-661.6
PFC	-1,517	1,391	2,687	3,097	-1,841	3,862	1,757	5,868	1,728	234.0	-70.5	21.3	-193.9

Source: Company, Emkay Research

**Exhibit 13: Opex Ratio – Cost-to-Income**

										Growth QoQ		Growth YoY	
Cost-to-Income (%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	37.0	40.0	41.2	44.1	39.0	40.6	39.9	38.0	37.7	-194bps	-28bps	202bps	-133bps
L&T Finance Holdings	38.7	39.9	39.9	41.9	39.7	37.6	41.7	41.3	41.1	-38bps	-27bps	103bps	138bps
M&M Financial Services	40.3	43.7	41.5	40.5	41.3	39.9	41.8	43.7	42.7	196bps	-104bps	96bps	143bps
Poonawalla	38.4	36.4	36.3	36.1	35.8	56.0	43.8	53.5	51.1	973bps	-239bps	-264bps	1538bps
Shriram Finance	30.8	29.6	29.3	29.1	29.4	30.7	31.4	30.5	29.8	-91bps	-67bps	-134bps	36bps
Piramal Enterprises	64.0	62.1	64.6	74.6	75.0	70.4	70.3	62.9	60.4	-741bps	-253bps	1103bps	-1463bps
Bajaj Finance	34.0	34.0	33.9	34.0	33.3	33.2	33.1	33.1	32.9	1bps	-23bps	-67bps	-40bps
AB Finance	30.5	28.8	32.3	32.5	29.7	31.0	31.2	31.1	30.2	-7bps	-90bps	-77bps	51bps
UGRO Capital	55.0	55.9	53.2	52.4	54.0	52.7	56.7	51.8	50.2	-492bps	-161bps	-93bps	-389bps
REC	-3.0	2.0	4.3	3.6	-1.5	3.8	4.3	4.0	7.4	-36bps	339bps	143bps	892bps
PFC	-4.3	3.7	6.5	7.3	-4.3	8.8	3.7	9.9	3.5	618bps	-646bps	8bps	772bps

Source: Company, Emkay Research

**Exhibit 14: Opex Ratio – Opex-to AUM**

										Growth QoQ		Growth YoY	
Opex-to-AUM (%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	2.8	3.2	3.3	3.7	3.1	3.3	3.3	3.2	3.1	-16bps	-6bps	30bps	-3bps
L&T Finance Holdings	3.9	4.4	4.4	4.7	4.4	4.2	4.5	4.2	4.2	-34bps	1bps	53bps	-26bps
M&M Financial Services	3.2	3.2	3.2	3.2	3.1	2.9	3.1	3.2	3.1	13bps	-10bps	-13bps	6bps
Poonawalla	4.3	4.1	3.8	3.9	3.7	5.2	3.9	4.6	4.4	69bps	-22bps	-61bps	66bps
Shriram Finance	2.9	3.0	2.9	2.9	2.8	3.0	3.0	2.9	2.9	-7bps	-8bps	-12bps	5bps
Piramal Enterprises	4.0	4.1	4.2	4.7	4.1	4.1	4.2	3.9	3.9	-24bps	-8bps	10bps	-22bps
Bajaj Finance	4.4	4.3	4.2	4.1	4.1	4.0	4.0	3.9	3.9	-13bps	-1bps	-36bps	-18bps
AB Finance	2.1	1.9	2.2	2.2	1.9	1.9	1.8	1.8	1.8	-4bps	-4bps	-19bps	-14bps
UGRO Capital	4.3	4.6	4.3	4.8	3.9	4.3	4.7	4.2	3.7	-50bps	-43bps	-38bps	-19bps
REC	-0.1	0.1	0.2	0.1	-0.1	0.1	0.2	0.2	0.3	2bps	11bps	4bps	34bps
PFC	-0.1	0.1	0.2	0.3	-0.2	0.3	0.1	0.4	0.1	31bps	-32bps	-1bps	28bps

Source: Company, Emkay Research

**Exhibit 15: PPOP Trend**

										Growth QoQ (%)		Growth YoY (%)	
PPoP (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	13,399	14,206	15,157	16,278	18,499	19,221	21,276	23,315	23,970	9.6	2.8	38.1	29.6
L&T Finance Holdings	12,348	12,974	13,382	13,619	14,676	15,899	14,781	14,240	14,973	-3.7	5.1	18.9	2.0
M&M Financial Services	10,000	9,428	10,625	11,730	11,345	11,961	12,217	12,128	12,610	-0.7	4.0	13.5	11.1
Poonawalla	2,941	3,363	3,502	4,094	4,341	2,839	3,731	3,328	4,022	-10.8	20.8	47.6	-7.4
Shriram Finance	31,262	34,808	36,893	39,056	38,668	39,715	40,850	43,354	44,936	6.1	3.6	23.7	16.2
Piramal Enterprises	3,586	4,125	3,905	2,747	2,373	3,166	3,380	4,625	5,276	36.9	14.1	-33.8	122.3
Bajaj Finance	55,437	58,347	61,422	64,121	69,475	73,071	78,057	79,675	84,655	2.1	6.3	25.3	21.8
AB Finance	9,960.0	10,830.0	11,170.0	11,430.0	12,010.0	11,800.0	11,929.4	12,300.0	13,149.4	3.1	6.9	20.6	9.5
UGRO Capital	566	654	761	956	760	945	942	1,115	1,153	18.3	3.4	34.3	51.7
REC	37,700	40,470	41,700	44,350	47,980	48,960	50,210	61,650	51,494	22.8	-16.5	27.3	7.3
PFC	36,732	46,863	44,121	46,830	46,013	53,284	51,538	65,460	49,523	27.0	-24.3	25.3	7.6

Source: Company, Emkay Research

**Exhibit 16: Provision to moderate as overleverage and MFI stress eases out**

(Rs mn)										Growth QoQ (%)		Growth YoY (%)	
Provisions	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	3,723	3,998	3,588	1,908	5,814	6,235	6,640	6,253	7,458	-5.8	19.3	56.2	28.3
L&T Finance Holdings	5,212	5,000	5,142	6,679	5,453	6,504	6,542	6,185	5,817	-5.5	-5.9	4.6	6.7
M&M Financial Services	5,264	6,266	3,283	3,415	4,482	7,035	91	4,571	5,799	4901.1	26.9	-14.9	29.4
Poonawalla	266	15,119	-65	239	445	9,144	3,479	2,526	2,457	-27.4	-2.7	67.4	452.6
Shriram Finance	8,786	11,286	12,497	12,615	12,002	12,199	13,258	15,633	15,536	17.9	-0.6	36.6	29.4
Piramal Enterprises	3,090	3,600	2,586	33,203	1,007	2,376	6,278	8,058	7,286	28.4	-9.6	-67.4	623.6
Bajaj Finance	9,953	10,771	12,484	13,100	16,847	19,091	20,433	23,289	22,326	14.0	-4.1	69.3	32.5
AB Finance	3,060	3,470	3,500	3,490	3,680	3,360	3,882	3,520	3,802	-9.3	8.0	20.3	3.3
UGRO Capital	209	246	297	411	332	443	413	543	539	31.5	-0.8	58.5	62.4
REC	580	-7,600	560	-7,120	4,730	-1,440	-890	7,800	1,434	-976.4	-81.6	715.5	-69.7
PFC	22	-989	2,626	-3,370	620	-1,241	745	4,447	1,372	497.1	-69.2	2784.7	121.2

Source: Company, Emkay Research

**Exhibit 17: Seasonally weak quarter in terms of collections**

										Growth QoQ		Growth YoY	
Credit Cost (%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	1.35	1.34	1.11	0.55	1.54	1.56	1.57	1.39	1.60	-17bps	21bps	20bps	6bps
L&T Finance Holdings	2.61	2.54	2.56	3.19	2.50	2.86	2.78	2.57	2.33	-22bps	-24bps	-11bps	-17bps
M&M Financial Services	2.48	2.78	1.38	1.37	1.72	2.57	0.03	1.54	1.92	151bps	38bps	-77bps	21bps
Poonawalla	0.63	31.84	-0.12	0.41	0.68	13.21	4.69	3.03	2.56	-165bps	-48bps	6bps	187bps
Shriram Finance	1.86	2.28	2.40	2.30	2.10	2.05	2.13	2.42	2.33	28bps	-9bps	24bps	24bps
Piramal Enterprises (calc)	1.93	2.20	1.54	19.51	0.58	1.31	3.28	4.05	3.51	77bps	-55bps	-135bps	293bps
Bajaj Finance	1.54	1.54	1.66	1.63	1.97	2.10	2.12	2.29	2.08	17bps	-21bps	43bps	11bps
AB Finance	1.51	1.59	1.48	1.43	1.43	1.25	1.36	1.21	1.18	-15bps	-3bps	-8bps	-25bps
UGRO Capital	1.30	1.37	1.49	1.89	1.45	1.83	1.56	1.88	1.73	33bps	-16bps	15bps	27bps
REC	0.05	-0.67	0.05	-0.58	0.37	-0.11	-0.07	0.56	0.05	62bps	-51bps	32bps	-32bps
PFC	0.00	-0.09	0.24	-0.29	0.05	-0.10	0.06	0.35	0.10	28bps	-24bps	5bps	5bps

Source: Company, Emkay Research

**Exhibit 18: PBT trend**

										Growth QoQ (%)		Growth YoY (%)	
PBT (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	9,675	10,208	11,569	14,370	12,685	12,986	14,636	17,062	16,512	16.6	-3.2	31.1	30.2
L&T Finance Holdings	7,136	7,974	8,240	6,940	9,223	9,396	8,239	8,055	9,156	-2.2	13.7	29.2	-0.7
M&M Financial Services	4,735	3,163	7,341	8,315	6,864	4,927	12,126	7,557	6,811	-37.7	-9.9	44.9	-0.8
Poonawalla	2,676	-11,756	3,568	3,855	3,896	-6,305	252	802	1,565	218.6	95.0	45.6	-59.8
Shriram Finance	22,476	23,523	24,396	26,441	26,666	27,515	27,592	27,721	29,399	0.5	6.1	18.6	10.3
Piramal Enterprises (calc)	496	526	1,319	-30,456	1,366	790	-2,899	-3,433	-2,010	18.4	-41.5	175.6	-247.1
Bajaj Finance	45,512	47,578	48,955	51,051	52,654	54,015	57,654	56,474	62,329	-2.0	10.4	15.7	18.4
AB Finance	6,910	7,360	7,670	7,930	8,330	8,440	8,050	8,780	9,348	9.1	6.5	20.5	12.2
UGRO Capital	356	408	464	545	428	501	530	572	614	8.0	7.4	20.1	43.5
REC	37,120	48,070	41,140	51,470	43,250	50,400	51,100	53,850	50,060	5.4	-7.0	16.5	15.7
PFC	36,710	47,852	41,495	50,200	45,393	54,525	50,793	61,013	48,151	20.1	-21.1	23.7	6.1

Source: Company, Emkay Research

**Exhibit 19: Profitability remains strong for most of the players**

										Growth QoQ (%)		Growth YoY (%)	
PAT (Rs mn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	7,260	7,625	8,762	10,581	9,422	9,631	10,865	12,667	12,269	16.6	-3.1	29.8	30.2
L&T Finance Holdings	5,309	5,951	6,402	5,530	6,853	6,967	6,257	6,358	6,803	1.6	7.0	29.1	-0.7
M&M Financial Services	3,527	2,352	5,528	6,190	5,130	3,695	8,995	5,631	5,090	-37.4	-9.6	45.5	-0.8
Poonawalla	2,002	12,589	2,651	3,317	2,916	-4,710	187	623	1,163	232.8	86.5	45.6	-60.1
Shriram Finance	16,754	17,508	18,183	19,459	19,806	20,713	35,698	21,395	21,844	-40.1	2.1	18.2	10.3
Piramal Enterprises (calc.)	5,088	482	-23,776	1,371	1,815	1,630	386	1,024	490	165.7	-52.2	-64.3	-73.0
Bajaj Finance	34,369	35,509	36,390	38,245	39,120	40,137	43,082	45,456	46,310	5.5	1.9	13.8	18.4
AB Finance	5,160	5,480	5,720	5,850	6,210	6,290	6,000	6,520	6,941	8.7	6.5	20.3	11.8
UGRO Capital	252	289	325	313	304	355	375	405	436	8.1	7.6	20.3	43.7
REC	29,610	37,730	32,690	40,160	34,420	40,050	40,290	42,365	39,548	5.2	-6.7	16.2	14.9
PFC	30,069	38,474	33,772	41,355	37,179	43,704	41,549	51,090	39,436	23.0	-22.8	23.6	6.1

Source: Company, Emkay Research

**Exhibit 20: Stable asste quality - GS3**

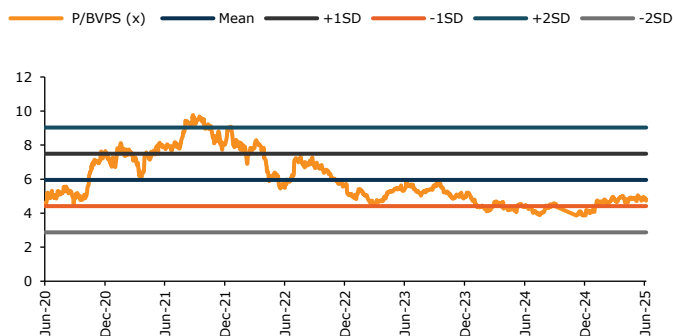
										Growth QoQ		Growth YoY	
GS3 (%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	3.06	2.96	2.82	2.48	2.62	2.83	2.91	2.81	2.85	-10bps	4bps	-44bps	23bps
L&T Finance Holdings	4.74	3.27	3.21	3.15	3.14	3.19	3.23	3.29	3.24	6bps	-5bps	-160bps	10bps
M&M Financial Services	4.35	4.29	3.97	3.40	3.60	3.83	3.93	3.69	3.85	-24bps	16bps	-75bps	25bps
Poonawalla	1.42	1.36	1.33	1.16	0.67	2.10	1.85	1.84	1.90	-1bps	6bps	-75bps	123bps
Shriram Finance	6.03	5.79	5.66	5.45	5.39	5.32	5.38	4.55	4.55	-83bps	0bps	-65bps	-84bps
Piramal Enterprises (calc)	2.32	2.31	2.14	2.13	2.41	2.79	2.61	2.65	2.60	3bps	-5bps	9bps	19bps
Bajaj Finance	0.87	0.91	0.95	0.85	0.86	1.06	1.12	0.96	0.98	-17bps	2bps	-1bps	12bps
AB Finance	2.80	2.60	2.59	2.51	2.54	2.50	2.30	2.25	2.28	-5bps	3bps	-26bps	-26bps
UGRO Capital	1.80	1.92	2.04	2.02	2.03	2.10	2.14	2.30	2.25	16bps	-5bps	23bps	22bps
REC	3.28	3.14	2.78	2.71	2.61	2.54	1.96	1.36	1.29	-60bps	-7bps	-67bps	-132bps
PFC	3.82	3.67	3.52	3.34	3.38	2.71	2.68	1.94	1.81	-74bps	-13bps	-43bps	-158bps

Source: Company, Emkay Research

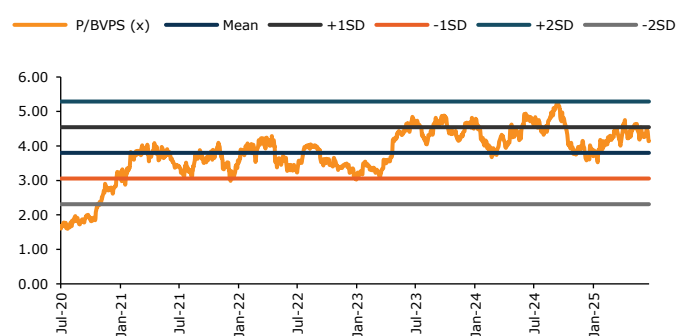
**Exhibit 21: NBFCs are maintaining a strong provision coverage ratio**

												Growth YoY	
NS3 (%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	4QFY25	1QFY26E	1QFY25	1QFY26E
Chola Investments & Finance	1.70	1.58	1.57	1.34	1.45	1.59	1.65	1.56	1.53	-9bps	-3bps	-25bps	8bps
L&T Finance Holdings	1.19	0.82	0.81	0.79	0.79	0.96	0.97	0.97	0.96	0bps	-1bps	-40bps	17bps
M&M Financial Services	1.78	1.71	1.52	1.28	1.50	1.59	2.00	1.84	1.91	-16bps	7bps	-28bps	41bps
Poonawalla	0.76	0.72	0.70	0.59	0.32	0.33	0.81	0.85	0.88	4bps	3bps	-44bps	56bps
Shriram Finance	2.80	2.80	2.72	2.70	2.71	2.74	2.78	2.74	2.65	-5bps	-8bps	-9bps	-5bps
Piramal Enterprises (calc)	1.22	1.25	0.98	0.75	0.98	1.32	1.34	1.72	1.61	38bps	-11bps	-24bps	63bps
Bajaj Finance	0.31	0.31	0.37	0.37	0.38	0.46	0.49	0.45	0.47	-4bps	2bps	7bps	9bps
AB Finance	1.50	1.34	1.30	1.26	1.28	1.29	1.25	0.00	0.00	-125bps	0bps	-21bps	-128bps
UGRO Capital	1.00	1.00	1.06	1.07	1.09	1.12	1.15	1.22	1.21	7bps	-1bps	9bps	12bps
REC	0.97	0.96	0.82	0.86	0.82	0.88	0.75	0.38	0.36	-36bps	-2bps	-15bps	-46bps
PFC	1.04	1.00	0.90	0.85	0.87	0.72	0.71	0.39	0.36	-33bps	-2bps	-18bps	-50bps

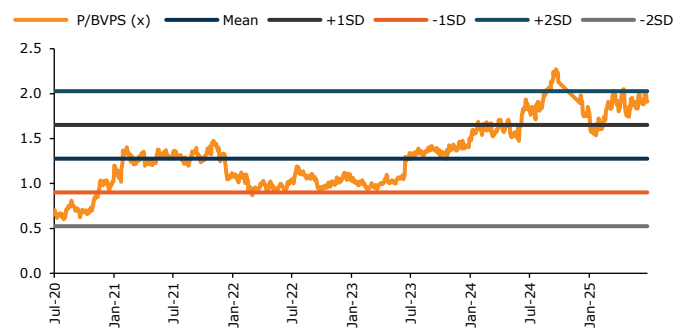
Source: Company, Emkay Research

**Exhibit 22: One-year forward P/BV – BAF**

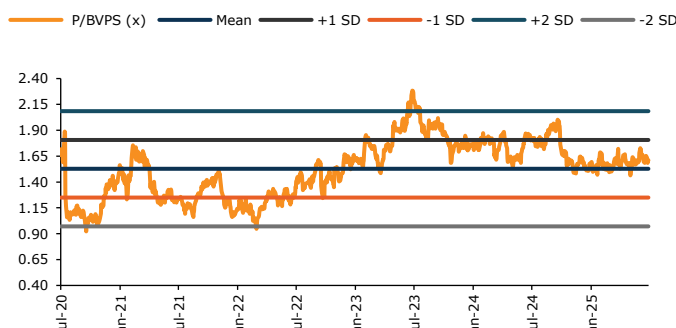
Source: Company, Emkay Research

**Exhibit 23: One-year forward P/BV – CIBC**

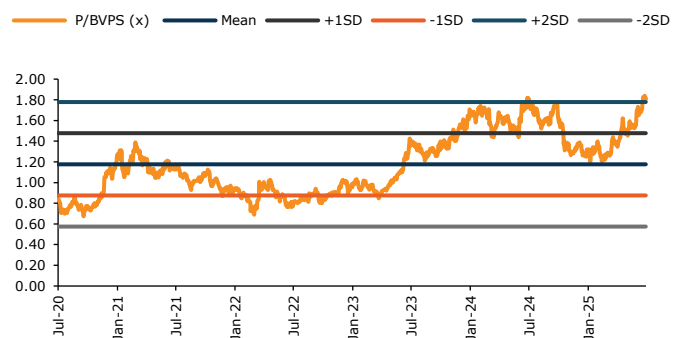
Source: Company, Emkay Research

**Exhibit 24: One-year forward P/BV – SHFL**

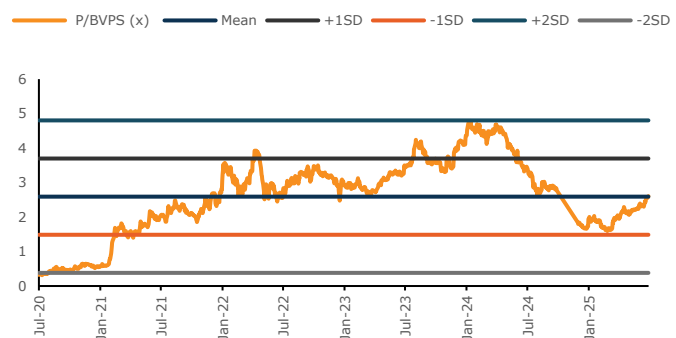
Source: Company, Emkay Research

**Exhibit 25: One-year forward P/BV – MMFS**

Source: Company, Emkay Research

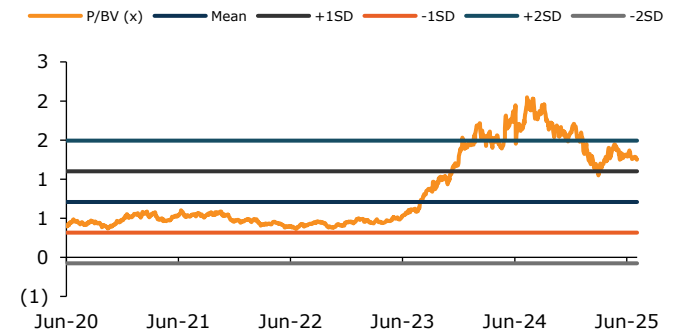
**Exhibit 26: One-year forward P/BV – LTF**

Source: Company, Emkay Research

**Exhibit 27: One-year forward P/BV – Poonawalla**

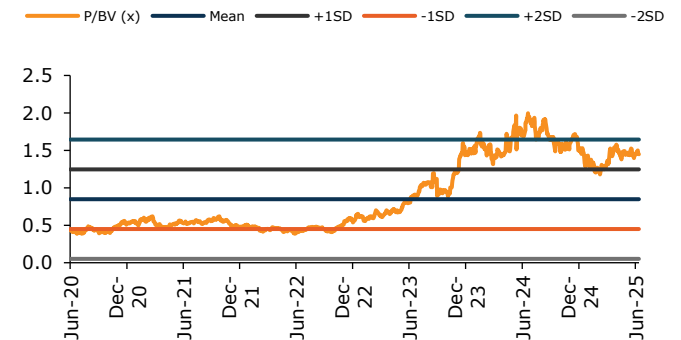
Source: Company, Emkay Research

Exhibit 28: One-year forward P/BV – REC



Source: Company, Emkay Research

Exhibit 29: One-year forward P/BV – PFC



Source: Company, Emkay Research

## Cholamandalam Investment: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	176,137	237,200	293,424	352,534	422,809
Interest Expense	92,306	124,849	148,743	170,635	201,632
<b>Net interest income</b>	<b>83,831</b>	<b>112,351</b>	<b>144,682</b>	<b>181,899</b>	<b>221,178</b>
NII growth (%)	32.4	34.0	28.8	25.7	21.6
Non interest income	16,026	23,348	26,303	30,650	35,921
<b>Total income</b>	<b>99,857</b>	<b>135,699</b>	<b>170,985</b>	<b>212,549</b>	<b>257,098</b>
Operating expenses	40,818	53,388	67,906	81,492	95,409
<b>PPOP</b>	<b>59,039</b>	<b>82,311</b>	<b>103,079</b>	<b>131,056</b>	<b>161,690</b>
PPOP growth (%)	32.7	39.4	25.2	27.1	23.4
Provisions & contingencies	13,218	24,943	29,546	35,550	43,490
<b>PBT</b>	<b>45,821</b>	<b>57,369</b>	<b>73,533</b>	<b>95,506</b>	<b>118,199</b>
Extraordinary items	0	0	0	0	0
Tax expense	11,593	14,783	18,898	24,545	30,377
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>34,228</b>	<b>42,585</b>	<b>54,635</b>	<b>70,961</b>	<b>87,822</b>
PAT growth (%)	28.4	24.4	28.3	29.9	23.8
<b>Adjusted PAT</b>	<b>34,228</b>	<b>42,585</b>	<b>54,635</b>	<b>70,961</b>	<b>87,822</b>
<b>Diluted EPS (Rs)</b>	<b>41.1</b>	<b>50.6</b>	<b>64.8</b>	<b>83.4</b>	<b>101.2</b>
Diluted EPS growth (%)	26.9	23.0	28.2	28.6	21.3
<b>DPS (Rs)</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>
<b>Dividend payout (%)</b>	<b>4.9</b>	<b>4.0</b>	<b>3.1</b>	<b>2.4</b>	<b>2.0</b>
Effective tax rate (%)	25.3	25.8	25.7	25.7	25.7
Net interest margins (%)	7.9	8.2	8.3	8.5	8.5
Cost-income ratio (%)	40.9	39.3	39.7	38.3	37.1
PAT/PPOP (%)	58.0	51.7	53.0	54.1	54.3
Shares outstanding (mn)	840.3	841.3	841.3	858.2	875.1

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	36,450	52,130	61,644	74,328	91,044
NNPL - Stage 3	19,520	28,530	33,904	40,881	50,074
GNPL ratio - Stage 3 (%)	2.5	2.8	2.7	2.7	2.7
NNPL ratio - Stage 3 (%)	1.3	1.6	1.5	1.5	1.5
ECL coverage - Stage 3 (%)	46.4	45.3	45.0	45.0	45.0
ECL coverage - 1 & 2 (%)	0.6	0.6	0.7	0.7	0.7
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	17.2	15.0	15.0	18.0	18.0
Total credit costs (%)	1.0	1.5	1.4	1.4	1.4
NNPA to networth (%)	10.0	12.1	11.7	10.8	10.3
<b>Capital adequacy</b>					
Total CAR (%)	18.6	19.8	20.0	21.1	22.1
Tier-1 (%)	15.1	14.4	14.6	15.7	16.8
<b>Miscellaneous</b>					
Total income growth (%)	38.1	35.9	26.0	24.3	21.0
Opex growth (%)	46.8	30.8	27.2	20.0	17.1
PPOP margin (%)	4.7	5.0	5.0	5.2	5.3
Credit costs-to-PPOP (%)	22.4	30.3	28.7	27.1	26.9
Loan-to-Assets (%)	92.3	90.2	90.9	90.6	90.8
Yield on loans (%)	14.0	14.4	14.3	14.1	14.0
Cost of funds (%)	8.0	8.1	7.7	7.3	7.2
Spread (%)	6.0	6.3	6.6	6.8	6.8

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,681	1,683	1,683	1,716	1,750
Reserves & surplus	193,885	234,592	287,544	376,755	482,793
<b>Net worth</b>	<b>195,565</b>	<b>236,274</b>	<b>289,227</b>	<b>378,471</b>	<b>484,543</b>
<b>Borrowings</b>	<b>1,344,736</b>	<b>1,749,461</b>	<b>2,129,171</b>	<b>2,565,158</b>	<b>3,059,271</b>
<b>Other liabilities &amp; prov.</b>	<b>24,207</b>	<b>30,741</b>	<b>33,815</b>	<b>37,196</b>	<b>40,916</b>
<b>Total liabilities &amp; equity</b>	<b>1,564,508</b>	<b>2,016,476</b>	<b>2,452,213</b>	<b>2,980,826</b>	<b>3,584,731</b>
Net loans	1,444,243	1,819,299	2,229,499	2,700,166	3,254,544
Investments	41,002	63,904	77,774	51,303	61,185
Cash, other balances	43,202	94,007	100,331	182,653	221,572
<b>Interest earning assets</b>	<b>1,528,447</b>	<b>1,977,210</b>	<b>2,407,603</b>	<b>2,934,122</b>	<b>3,537,301</b>
Fixed assets	15,340	17,469	20,962	23,058	24,211
Other assets	20,721	21,798	23,647	23,645	23,218
<b>Total assets</b>	<b>1,564,508</b>	<b>2,016,476</b>	<b>2,452,213</b>	<b>2,980,826</b>	<b>3,584,731</b>
BVPS (Rs)	232.7	280.9	343.8	441.0	553.7
Adj. BVPS (INR)	232.7	280.9	343.8	441.0	553.7
Gross loans	1,469,450	1,853,400	2,272,716	2,752,360	3,318,103
<b>Total AUM</b>	<b>1,456,290</b>	<b>1,847,460</b>	<b>2,268,056</b>	<b>2,746,863</b>	<b>3,310,828</b>
On balance sheet	1,443,510	1,819,290	2,229,499	2,700,166	3,254,544
Off balance sheet	12,780	28,170	38,557	46,697	56,284
Disbursements	887,250	1,008,700	1,172,843	1,388,846	1,619,321
Disbursements growth (%)	33.4	13.7	16.3	18.4	16.6
Loan growth (%)	37.9	26.0	22.5	21.1	20.5
AUM growth (%)	36.7	26.9	22.8	21.1	20.5
Borrowings growth (%)	38.1	30.1	21.7	20.5	19.3
Book value growth (%)	33.9	20.7	22.4	28.3	25.5

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	37.5	30.2	23.5	18.5	15.2
P/B (x)	6.6	5.4	4.4	3.5	2.8
P/ABV (x)	6.6	5.4	4.4	3.5	2.8
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
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	6.6	6.8	7.0	7.3	7.3
Other income	1.3	1.4	1.3	1.2	1.2
Securitization income	0	0	0	0	0
Opex	1.4	1.2	1.2	1.1	1.0
Employee expense	1.8	2.0	2.1	2.2	2.1
<b>PPOP</b>	<b>4.7</b>	<b>5.0</b>	<b>5.0</b>	<b>5.2</b>	<b>5.3</b>
Provisions	1.0	1.5	1.4	1.4	1.4
Tax expense	0.9	0.9	0.9	1.0	1.0
<b>RoAUM (%)</b>	<b>2.7</b>	<b>2.6</b>	<b>2.7</b>	<b>2.8</b>	<b>2.9</b>
Leverage ratio (x)	7.4	7.7	7.8	7.5	7.0
<b>RoE (%)</b>	<b>20.2</b>	<b>19.7</b>	<b>20.8</b>	<b>21.3</b>	<b>20.4</b>

Source: Company, Emkay Research

## Piramal Enterprises: Consolidated Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	73,139	84,614	109,415	138,128	173,424
Interest Expense	43,439	52,819	62,919	76,643	96,017
<b>Net interest income</b>	<b>29,700</b>	<b>31,795</b>	<b>46,496</b>	<b>61,484</b>	<b>77,408</b>
NII growth (%)	(21.9)	7.1	46.2	32.2	25.9
Non interest income	19,938	12,247	15,716	19,518	24,308
<b>Total income</b>	<b>49,638</b>	<b>44,042</b>	<b>62,212</b>	<b>81,002</b>	<b>101,715</b>
Operating expenses	31,085	30,498	36,097	43,170	51,971
<b>PPOP</b>	<b>18,553</b>	<b>13,544</b>	<b>26,115</b>	<b>37,832</b>	<b>49,744</b>
PPOP growth (%)	(34.5)	(27.0)	92.8	44.9	31.5
Provisions & contingencies	40,715	17,719	25,447	20,745	25,579
<b>PBT</b>	<b>(22,162)</b>	<b>(4,175)</b>	<b>668</b>	<b>17,087</b>	<b>24,165</b>
Extraordinary items	(12,159)	9,258	14,900	4,000	3,000
Tax expense	(15,949)	1,594	904	0	0
Minority interest	-	-	-	-	-
Income from JV/Associates	1,537	1,366	500	500	500
<b>Reported PAT</b>	<b>(16,835)</b>	<b>4,855</b>	<b>15,164</b>	<b>21,587</b>	<b>27,665</b>
PAT growth (%)	0	0	212.4	42.4	28.2
<b>Adjusted PAT</b>	<b>(4,676)</b>	<b>(4,403)</b>	<b>264</b>	<b>17,587</b>	<b>24,665</b>
<b>Diluted EPS (Rs)</b>	<b>(74.9)</b>	<b>21.5</b>	<b>67.3</b>	<b>95.8</b>	<b>122.7</b>
Diluted EPS growth (%)	0	0	212.4	42.4	28.2
<b>DPS (Rs)</b>	<b>10.0</b>	<b>11.0</b>	<b>16.8</b>	<b>23.9</b>	<b>30.7</b>
<b>Dividend payout (%)</b>	<b>(0.1)</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Effective tax rate (%)	72.0	(38.2)	135.3	0	0
Net interest margins (%)	5.3	4.8	5.8	6.2	6.2
Cost-income ratio (%)	62.6	69.2	58.0	53.3	51.1
PAT/PPOP (%)	(90.7)	35.8	58.1	57.1	55.6
Shares outstanding (mn)	224.7	225.4	225.4	225.4	225.4

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	14,300	19,510	23,782	28,977	35,450
NNPL - Stage 3	4,960	12,540	14,269	15,937	19,498
GNPL ratio - Stage 3 (%)	2.1	2.6	2.6	2.6	2.5
NNPL ratio - Stage 3 (%)	0.8	1.8	1.6	1.5	1.4
ECL coverage - Stage 3 (%)	65.3	35.7	40.0	45.0	45.0
ECL coverage - 1 & 2 (%)	3.9	1.9	2.1	2.5	2.9
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	-	-	-	-	-
Total credit costs (%)	6.1	2.4	2.8	1.8	1.8
NNPA to networth (%)	1.9	4.6	5.1	5.3	6.1
<b>Capital adequacy</b>					
Total CAR (%)	35.5	23.6	23.5	20.7	18.4
Tier-1 (%)	34.2	22.4	22.2	19.5	17.1
<b>Miscellaneous</b>					
Total income growth (%)	(2.5)	(11.3)	41.3	30.2	25.6
Opex growth (%)	37.4	(1.9)	18.4	19.6	20.4
PPOP margin (%)	2.8	1.8	2.9	3.4	3.6
Credit costs-to-PPOP (%)	219.5	130.8	97.4	54.8	51.4
Loan-to-Assets (%)	79.8	77.4	83.6	85.9	87.7
Yield on loans (%)	11.0	11.3	12.1	12.3	12.4
Cost of funds (%)	8.5	8.9	8.8	8.7	8.7
Spread (%)	2.5	2.4	3.3	3.6	3.7

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	449	451	451	451	451
Reserves & surplus	265,121	270,509	281,883	298,073	318,822
<b>Net worth</b>	<b>265,570</b>	<b>270,960</b>	<b>282,333</b>	<b>298,524</b>	<b>319,272</b>
<b>Borrowings</b>	<b>534,020</b>	<b>654,840</b>	<b>777,473</b>	<b>977,262</b>	<b>1,233,673</b>
<b>Other liabilities &amp; prov.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total liabilities &amp; equity</b>	<b>799,590</b>	<b>925,800</b>	<b>1,059,806</b>	<b>1,275,785</b>	<b>1,552,945</b>
Net loans	637,900	716,420	886,491	1,095,655	1,361,968
Investments	42,450	51,130	41,356	31,582	31,582
Cash, other balances	62,470	100,840	71,924	85,615	93,274
<b>Interest earning assets</b>	<b>742,820</b>	<b>868,390</b>	<b>999,771</b>	<b>1,212,852</b>	<b>1,486,823</b>
Fixed assets	27,340	26,350	28,985	31,884	35,072
Other assets	29,430	31,050	31,050	31,050	31,050
<b>Total assets</b>	<b>799,590</b>	<b>925,790</b>	<b>1,059,806</b>	<b>1,275,785</b>	<b>1,552,945</b>
BVPS (Rs)	1,119.8	1,126.4	1,176.8	1,248.6	1,340.7
Adj. BVPS (INR)	1,119.8	1,126.4	1,176.8	1,248.6	1,340.7
Gross loans	672,190	736,850	914,674	1,136,351	1,418,015
<b>Total AUM</b>	<b>688,460</b>	<b>806,890</b>	<b>1,001,617</b>	<b>1,244,365</b>	<b>1,552,802</b>
On balance sheet	672,190	736,850	914,674	1,136,351	1,418,015
Off balance sheet	16,270	70,040	86,943	108,014	134,787
Disbursements	285,560	329,980	395,609	477,026	578,293
Disbursements growth (%)	55.5	15.6	19.9	20.6	21.2
Loan growth (%)	6.3	12.3	23.7	23.6	24.3
AUM growth (%)	7.6	17.2	24.1	24.2	24.8
Borrowings growth (%)	7.7	22.6	18.7	25.7	26.2
Book value growth (%)	(9.9)	0.6	4.5	6.1	7.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	(15.5)	53.8	17.2	12.1	9.4
P/B (x)	1.0	1.0	1.0	0.9	0.9
P/ABV (x)	1.0	1.0	1.0	0.9	0.9
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.9	0.9	1.5	2.1	2.7
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	4.5	4.3	5.1	5.5	5.5
Other income	3.0	1.6	1.7	1.7	1.7
Securitization income	-	-	-	-	-
Opex	2.6	1.9	1.8	1.8	1.7
Employee expense	2.0	2.2	2.2	2.1	2.0
<b>PPOP</b>	<b>2.8</b>	<b>1.8</b>	<b>2.9</b>	<b>3.4</b>	<b>3.6</b>
Provisions	6.1	2.4	2.8	1.8	1.8
Tax expense	0	24.7	5.6	0	0
<b>RoAUM (%)</b>	<b>(2.5)</b>	<b>0.6</b>	<b>1.7</b>	<b>1.9</b>	<b>2.0</b>
Leverage ratio (x)	2.3	2.8	3.3	3.9	4.5
<b>RoE (%)</b>	<b>(5.8)</b>	<b>1.8</b>	<b>5.5</b>	<b>7.4</b>	<b>9.0</b>

Source: Company, Emkay Research



## Mahindra Finance: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	131,088	153,314	174,775	201,362	235,828
Interest Expense	64,269	78,983	85,671	96,997	113,309
<b>Net interest income</b>	<b>66,818</b>	<b>74,331</b>	<b>89,104</b>	<b>104,365</b>	<b>122,519</b>
NII growth (%)	9.4	11.2	19.9	17.1	17.4
Non interest income	4,537	7,433	10,240	13,451	15,581
<b>Total income</b>	<b>71,355</b>	<b>81,764</b>	<b>99,344</b>	<b>117,816</b>	<b>138,100</b>
Operating expenses	29,572	34,113	38,607	43,276	49,325
<b>PPOP</b>	<b>41,783</b>	<b>47,651</b>	<b>60,737</b>	<b>74,540</b>	<b>88,774</b>
PPOP growth (%)	11.4	14.0	27.5	22.7	19.1
Provisions & contingencies	18,228	16,179	21,505	24,178	28,165
<b>PBT</b>	<b>23,555</b>	<b>31,473</b>	<b>39,231</b>	<b>50,363</b>	<b>60,610</b>
Extraordinary items	0	0	0	0	0
Tax expense	5,959	8,022	10,000	12,837	15,449
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>17,596</b>	<b>23,450</b>	<b>29,231</b>	<b>37,525</b>	<b>45,161</b>
PAT growth (%)	(11.3)	33.3	24.7	28.4	20.3
<b>Adjusted PAT</b>	<b>17,596</b>	<b>23,450</b>	<b>29,231</b>	<b>37,525</b>	<b>45,161</b>
<b>Diluted EPS (Rs)</b>	<b>14.3</b>	<b>19.0</b>	<b>21.0</b>	<b>27.0</b>	<b>32.5</b>
Diluted EPS growth (%)	(11.4)	33.2	10.8	28.4	20.3
<b>DPS (Rs)</b>	<b>6.3</b>	<b>6.5</b>	<b>5.3</b>	<b>5.4</b>	<b>6.5</b>
<b>Dividend payout (%)</b>	<b>44.2</b>	<b>34.2</b>	<b>25.0</b>	<b>20.0</b>	<b>20.0</b>
Effective tax rate (%)	25.3	25.5	25.5	25.5	25.5
Net interest margins (%)	6.8	6.5	6.9	7.1	7.1
Cost-income ratio (%)	41.4	41.7	38.9	36.7	35.7
PAT/PPOP (%)	42.1	49.2	48.1	50.3	50.9
Shares outstanding (mn)	1,234.4	1,235.0	1,389.4	1,389.4	1,389.4

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	34,910	44,140	47,773	52,710	62,198
NNPL - Stage 3	12,860	21,560	22,931	25,301	29,855
GNPL ratio - Stage 3 (%)	3.4	3.7	3.5	3.3	3.3
NNPL ratio - Stage 3 (%)	1.3	1.8	1.7	1.6	1.6
ECL coverage - Stage 3 (%)	63.2	51.2	52.0	52.0	52.0
ECL coverage - 1 & 2 (%)	1.2	1.0	1.1	1.1	1.1
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	2.1	1.5	1.4	1.4	1.3
Total credit costs (%)	2.0	1.5	1.7	1.6	1.6
NNPA to networth (%)	7.1	10.9	9.2	9.0	9.4
<b>Capital adequacy</b>					
Total CAR (%)	18.9	18.3	19.6	19.1	18.6
Tier-1 (%)	16.4	15.2	17.1	16.6	16.1
<b>Miscellaneous</b>					
Total income growth (%)	10.1	14.6	21.5	18.6	17.2
Opex growth (%)	8.4	15.4	13.2	12.1	14.0
PPOP margin (%)	3.8	3.7	4.1	4.3	4.4
Credit costs-to-PPOP (%)	43.6	34.0	35.4	32.4	31.7
Loan-to-Assets (%)	86.1	85.7	85.8	86.7	87.6
Yield on loans (%)	14.1	13.8	13.6	13.6	13.5
Cost of funds (%)	7.7	7.8	7.3	7.2	7.1
Spread (%)	6.5	6.0	6.4	6.4	6.4

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	2,469	2,470	2,779	2,779	2,779
Reserves & surplus	179,106	195,650	247,226	277,247	313,375
<b>Net worth</b>	<b>181,575</b>	<b>198,120</b>	<b>250,005</b>	<b>280,025</b>	<b>316,154</b>
<b>Borrowings</b>	<b>922,252</b>	<b>1,110,880</b>	<b>1,246,088</b>	<b>1,459,706</b>	<b>1,723,304</b>
<b>Other liabilities &amp; prov.</b>	<b>47,765</b>	<b>46,480</b>	<b>48,804</b>	<b>51,244</b>	<b>53,806</b>
<b>Total liabilities &amp; equity</b>	<b>1,151,592</b>	<b>1,355,480</b>	<b>1,544,897</b>	<b>1,790,976</b>	<b>2,093,264</b>
Net loans	991,952	1,162,140	1,325,626	1,552,879	1,833,302
Investments	96,508	104,000	114,400	125,840	138,424
Cash, other balances	26,891	55,360	67,659	71,327	76,333
<b>Interest earning assets</b>	<b>1,115,351</b>	<b>1,321,500</b>	<b>1,507,685</b>	<b>1,750,046</b>	<b>2,048,059</b>
Fixed assets	8,111	8,770	10,086	11,598	13,338
Other assets	28,130	25,210	27,127	29,332	31,867
<b>Total assets</b>	<b>1,151,592</b>	<b>1,355,480</b>	<b>1,544,897</b>	<b>1,790,976</b>	<b>2,093,264</b>
BVPS (Rs)	147.1	160.4	179.9	201.5	227.5
Adj. BVPS (INR)	147.1	160.4	179.9	201.5	227.5
Gross loans	1,025,970	1,196,730	1,364,957	1,597,278	1,884,782
<b>Total AUM</b>	<b>1,185,602</b>	<b>1,390,330</b>	<b>1,591,599</b>	<b>1,863,365</b>	<b>2,187,179</b>
On balance sheet	1,025,970	1,196,730	1,364,957	1,597,278	1,884,782
Off balance sheet	159,632	193,600	226,642	266,086	302,397
Disbursements	562,080	579,000	625,320	725,371	826,923
Disbursements growth (%)	13.5	3.0	8.0	16.0	14.0
Loan growth (%)	24.8	17.2	14.1	17.1	18.1
AUM growth (%)	24.0	16.6	14.1	17.0	18.0
Borrowings growth (%)	23.1	20.5	12.2	17.1	18.1
Book value growth (%)	6.2	9.1	12.2	12.0	12.9

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	18.7	14.0	12.7	9.9	8.2
P/B (x)	1.8	1.7	1.5	1.3	1.2
P/ABV (x)	1.8	1.7	1.5	1.3	1.2
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	2.4	2.4	2.0	2.0	2.4
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	6.1	5.8	6.0	6.0	6.0
Other income	0.4	0.6	0.7	0.8	0.8
Securitization income	0	0	0	0	0
Opex	1.1	1.2	1.2	1.1	1.1
Employee expense	1.6	1.5	1.4	1.4	1.3
<b>PPOP</b>	<b>3.8</b>	<b>3.7</b>	<b>4.1</b>	<b>4.3</b>	<b>4.4</b>
Provisions	1.7	1.3	1.4	1.4	1.4
Tax expense	0.5	0.6	0.7	0.7	0.8
<b>RoAUM (%)</b>	<b>1.6</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>
Leverage ratio (x)	6.2	6.8	6.7	6.5	6.8
<b>RoE (%)</b>	<b>10.0</b>	<b>12.4</b>	<b>13.0</b>	<b>14.2</b>	<b>15.2</b>

Source: Company, Emkay Research

## Shriram Finance: Consolidated Financials and Valuations

Profit & Loss					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	335,997	403,076	465,169	539,200	628,653
Interest Expense	148,061	184,546	209,402	235,574	273,847
<b>Net interest income</b>	<b>187,935</b>	<b>218,531</b>	<b>255,766</b>	<b>303,626</b>	<b>354,806</b>
NII growth (%)	17.0	16.3	17.0	18.7	16.9
Non interest income	13,980	15,518	16,900	18,975	20,597
<b>Total income</b>	<b>201,915</b>	<b>234,049</b>	<b>272,667</b>	<b>322,601</b>	<b>375,403</b>
Operating expenses	59,895	71,440	79,886	91,896	105,527
<b>PPOP</b>	<b>142,020</b>	<b>162,609</b>	<b>192,780</b>	<b>230,705</b>	<b>269,875</b>
PPOP growth (%)	15.1	14.5	18.6	19.7	17.0
Provisions & contingencies	45,183	53,117	59,279	68,819	79,407
<b>PBT</b>	<b>96,836</b>	<b>109,493</b>	<b>133,501</b>	<b>161,886</b>	<b>190,468</b>
Extraordinary items	0	14,894	0	0	0
Tax expense	24,932	28,450	34,371	41,679	49,038
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>71,905</b>	<b>97,610</b>	<b>99,130</b>	<b>120,207</b>	<b>141,430</b>
PAT growth (%)	20.3	35.7	1.6	21.3	17.7
<b>Adjusted PAT</b>	<b>71,905</b>	<b>82,716</b>	<b>99,130</b>	<b>120,207</b>	<b>141,430</b>
<b>Diluted EPS (Rs)</b>	<b>38.3</b>	<b>44.0</b>	<b>52.7</b>	<b>63.9</b>	<b>75.2</b>
Diluted EPS growth (%)	19.9	14.9	19.8	21.3	17.7
<b>DPS (Rs)</b>	<b>9.0</b>	<b>9.9</b>	<b>11.6</b>	<b>14.1</b>	<b>16.5</b>
<b>Dividend payout (%)</b>	<b>23.5</b>	<b>19.1</b>	<b>22.0</b>	<b>22.0</b>	<b>22.0</b>
Effective tax rate (%)	25.7	26.0	25.7	25.7	25.7
Net interest margins (%)	9.3	9.0	9.1	9.2	9.3
Cost-income ratio (%)	29.7	30.5	29.3	28.5	28.1
PAT/PPOP (%)	50.6	60.0	51.4	52.1	52.4
Shares outstanding (mn)	1,878.3	1,880.4	1,880.4	1,880.4	1,880.4

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Asset quality</b>					
GNPL - Stage 3	120,812	118,388	141,409	166,543	194,252
NNPL - Stage 3	58,244	67,145	79,189	91,599	106,838
GNPL ratio - Stage 3 (%)	5.5	4.6	4.7	4.8	4.8
NNPL ratio - Stage 3 (%)	2.8	2.7	2.8	2.8	2.8
ECL coverage - Stage 3 (%)	51.8	43.3	44.0	45.0	45.0
ECL coverage - 1 & 2 (%)	3.6	3.8	3.8	3.8	3.8
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	24.4	(0.8)	28.0	27.0	27.5
Total credit costs (%)	2.2	2.2	2.1	2.1	2.1
NNPA to networth (%)	12.0	11.9	12.4	12.5	12.7
<b>Capital adequacy</b>					
Total CAR (%)	-	-	-	-	-
Tier-1 (%)	-	-	-	-	-
<b>Miscellaneous</b>					
Total income growth (%)	17.0	15.9	16.5	18.3	16.4
Opex growth (%)	21.9	19.3	11.8	15.0	14.8
PPOP margin (%)	6.9	6.7	6.8	7.0	7.0
Credit costs-to-PPOP (%)	31.8	32.7	30.7	29.8	29.4
Loan-to-Assets (%)	87.6	83.6	87.6	87.9	88.2
Yield on loans (%)	16.4	16.5	16.4	16.3	16.3
Cost of funds (%)	8.4	8.6	8.6	8.6	8.6
Spread (%)	7.9	7.9	7.8	7.7	7.7

Source: Company, Emkay Research

Balance Sheet					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	3,757	3,761	3,761	3,761	3,761
Reserves & surplus	481,927	559,045	636,366	730,127	840,443
<b>Net worth</b>	<b>485,684</b>	<b>562,806</b>	<b>640,127</b>	<b>733,888</b>	<b>844,204</b>
<b>Borrowings</b>	<b>1,858,411</b>	<b>2,341,973</b>	<b>2,563,732</b>	<b>2,987,622</b>	<b>3,484,692</b>
<b>Other liabilities &amp; prov.</b>	<b>28,665</b>	<b>30,551</b>	<b>33,606</b>	<b>36,967</b>	<b>40,663</b>
<b>Total liabilities &amp; equity</b>	<b>2,372,760</b>	<b>2,935,329</b>	<b>3,237,465</b>	<b>3,758,477</b>	<b>4,369,558</b>
Net loans	2,079,294	2,453,928	2,837,345	3,304,169	3,853,904
Investments	106,566	155,987	171,586	188,744	207,619
Cash, other balances	108,126	213,657	106,792	132,836	163,225
<b>Interest earning assets</b>	<b>2,293,987</b>	<b>2,823,572</b>	<b>3,115,722</b>	<b>3,625,749</b>	<b>4,224,747</b>
Fixed assets	-	-	-	-	-
Other assets	78,773	111,757	121,743	132,728	144,811
<b>Total assets</b>	<b>2,372,760</b>	<b>2,935,329</b>	<b>3,237,465</b>	<b>3,758,477</b>	<b>4,369,558</b>
BVPS (Rs)	258.6	299.3	340.4	390.3	448.9
Adj. BVPS (INR)	258.6	299.3	340.4	390.3	448.9
Gross loans	2,216,677	2,599,159	3,008,706	3,506,168	4,089,511
<b>Total AUM</b>	<b>2,248,620</b>	<b>2,631,903</b>	<b>3,052,062</b>	<b>3,556,693</b>	<b>4,148,442</b>
On balance sheet	2,216,677	2,599,159	3,008,706	3,506,168	4,089,511
Off balance sheet	31,943	32,744	43,357	50,525	58,931
Disbursements	1,421,706	1,662,920	1,912,298	2,228,764	2,606,822
Disbursements growth (%)	27.1	17.0	15.0	16.5	17.0
Loan growth (%)	20.9	18.0	15.6	16.5	16.6
AUM growth (%)	21.1	17.0	16.0	16.5	16.6
Borrowings growth (%)	17.7	26.0	9.5	16.5	16.6
Book value growth (%)	14.1	15.7	13.7	14.6	15.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E 2025	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	17.7	15.4	12.8	10.6	9.0
P/B (x)	2.6	2.3	2.0	1.7	1.5
P/ABV (x)	2.6	2.3	2.0	1.7	1.5
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	1.3	1.5	1.7	2.1	2.4
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	9.2	9.0	9.0	9.2	9.2
Other income	0.5	0.6	0.5	0.5	0.5
Securitization income	0.2	0.1	0.1	0.1	0.1
Opex	1.4	1.4	1.3	1.3	1.2
Employee expense	1.6	1.5	1.5	1.5	1.5
<b>PPOP</b>	<b>6.9</b>	<b>6.7</b>	<b>6.8</b>	<b>7.0</b>	<b>7.0</b>
Provisions	2.2	2.2	2.1	2.1	2.1
Tax expense	1.1	1.1	1.1	1.2	1.2
<b>RoAUM (%)</b>	<b>3.5</b>	<b>3.8</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>
Leverage ratio (x)	4.5	4.7	4.7	4.8	4.9
<b>RoE (%)</b>	<b>15.8</b>	<b>17.8</b>	<b>16.5</b>	<b>17.5</b>	<b>17.9</b>

Source: Company, Emkay Research

## L&T Finance: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	129,139	146,633	165,879	197,686	239,343
Interest Expense	53,772	59,968	67,082	77,634	93,302
<b>Net interest income</b>	<b>75,367</b>	<b>86,665</b>	<b>98,797</b>	<b>120,052</b>	<b>146,041</b>
NII growth (%)	11.4	15.0	14.0	21.5	21.6
Non interest income	11,412	12,777	12,994	14,498	16,430
<b>Total income</b>	<b>86,779</b>	<b>99,442</b>	<b>111,791</b>	<b>134,550</b>	<b>162,471</b>
Operating expenses	35,079	39,846	46,861	53,518	60,832
<b>PPOP</b>	<b>51,701</b>	<b>59,597</b>	<b>64,930</b>	<b>81,032</b>	<b>101,639</b>
PPOP growth (%)	(30.2)	15.3	8.9	24.8	25.4
Provisions & contingencies	21,410	24,684	25,707	30,076	36,022
<b>PBT</b>	<b>30,290</b>	<b>34,913</b>	<b>39,223</b>	<b>50,956</b>	<b>65,617</b>
Extraordinary items	0	0	0	0	0
Tax expense	7,119	8,478	10,080	13,096	16,864
Minority interest	(30)	245	245	245	245
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>23,171</b>	<b>26,434</b>	<b>29,142</b>	<b>37,860</b>	<b>48,753</b>
PAT growth (%)	50.8	14.1	10.2	29.9	28.8
<b>Adjusted PAT</b>	<b>23,171</b>	<b>26,434</b>	<b>29,142</b>	<b>37,860</b>	<b>48,753</b>
<b>Diluted EPS (Rs)</b>	<b>9.3</b>	<b>10.7</b>	<b>11.8</b>	<b>15.3</b>	<b>19.6</b>
Diluted EPS growth (%)	42.0	15.0	10.2	29.7	28.6
<b>DPS (Rs)</b>	<b>2.5</b>	<b>2.8</b>	<b>3.8</b>	<b>4.8</b>	<b>4.8</b>
<b>Dividend payout (%)</b>	<b>26.9</b>	<b>25.7</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>
Effective tax rate (%)	23.5	24.3	25.7	25.7	25.7
Net interest margins (%)	10.4	10.8	10.5	10.6	10.6
Cost-income ratio (%)	40.4	40.1	41.9	39.8	37.4
PAT/PPOP (%)	44.8	44.8	45.3	47.0	48.2
Shares outstanding (mn)	2,488.9	2,494.9	2,494.9	2,494.9	2,494.9

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Asset quality</b>					
GNPL - Stage 3	26,980	32,180	36,782	43,643	52,192
NNPL - Stage 3	6,610	9,290	11,035	13,093	15,658
GNPL ratio - Stage 3 (%)	3.2	3.3	3.2	3.2	3.1
NNPL ratio - Stage 3 (%)	0.8	1.0	1.0	1.0	1.0
ECL coverage - Stage 3 (%)	75.5	71.1	70.0	70.0	70.0
ECL coverage - 1 & 2 (%)	2.7	1.8	2.0	2.0	2.0
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	0.6	0.3	1.1	1.1	1.1
Total credit costs (%)	2.6	2.7	2.4	2.4	2.3
NNPA to networth (%)	2.8	3.6	4.0	4.3	4.6
<b>Capital adequacy</b>					
Total CAR (%)	22.8	21.4	20.8	19.4	18.3
Tier-1 (%)	21.0	19.6	19.0	17.6	16.5
<b>Miscellaneous</b>					
Total income growth (%)	(15.3)	14.6	12.4	20.4	20.8
Opex growth (%)	23.8	13.6	17.6	14.2	13.7
PPOP margin (%)	6.2	6.5	6.1	6.4	6.6
Credit costs-to-PPOP (%)	41.4	41.4	39.6	37.1	35.4
Loan-to-Assets (%)	79.2	77.9	82.3	84.0	85.5
Yield on loans (%)	15.5	16.0	15.6	15.6	15.6
Cost of funds (%)	6.7	7.1	6.9	6.8	6.8
Spread (%)	8.8	8.9	8.7	8.8	8.8

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	24,889	24,949	24,949	24,949	24,949
Reserves & surplus	209,495	230,692	250,556	276,712	313,761
<b>Net worth</b>	<b>234,384</b>	<b>255,641</b>	<b>275,504</b>	<b>301,660</b>	<b>338,709</b>
<b>Borrowings</b>	<b>765,409</b>	<b>922,469</b>	<b>1,034,501</b>	<b>1,246,937</b>	<b>1,515,253</b>
<b>Other liabilities &amp; prov.</b>	<b>27,382</b>	<b>26,655</b>	<b>28,918</b>	<b>31,608</b>	<b>34,752</b>
<b>Total liabilities &amp; equity</b>	<b>1,027,176</b>	<b>1,204,764</b>	<b>1,338,923</b>	<b>1,580,205</b>	<b>1,888,714</b>
Net loans	813,594	937,731	1,101,445	1,328,098	1,614,451
Investments	123,849	118,760	113,795	112,224	121,220
Cash, other balances	46,760	108,329	83,597	97,216	105,617
<b>Interest earning assets</b>	<b>984,203</b>	<b>1,164,820</b>	<b>1,298,836</b>	<b>1,537,539</b>	<b>1,841,288</b>
Fixed assets	5,416	7,166	8,957	11,196	13,995
Other assets	37,557	32,549	31,130	31,470	33,431
<b>Total assets</b>	<b>1,027,176</b>	<b>1,204,534</b>	<b>1,338,923</b>	<b>1,580,205</b>	<b>1,888,714</b>
BVPS (Rs)	94.2	102.5	110.4	120.9	135.8
Adj. BVPS (INR)	92.6	100.9	108.7	118.9	133.4
Gross loans	855,640	977,620	1,149,446	1,385,485	1,683,614
<b>Total AUM</b>	<b>855,640</b>	<b>977,620</b>	<b>1,149,446</b>	<b>1,385,485</b>	<b>1,683,614</b>
On balance sheet	-	-	-	-	-
Off balance sheet	-	-	-	-	-
Disbursements	562,930	603,030	696,401	829,654	995,945
Disbursements growth (%)	19.8	7.1	15.5	19.1	20.0
Loan growth (%)	8.3	15.3	17.5	20.6	21.6
AUM growth (%)	5.8	14.3	17.6	20.5	21.5
Borrowings growth (%)	(7.8)	20.5	12.1	20.5	21.5
Book value growth (%)	8.7	8.8	7.8	9.5	12.3

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	22.1	19.2	17.5	13.5	10.5
P/B (x)	2.2	2.0	1.9	1.7	1.5
P/ABV (x)	2.2	2.0	1.9	1.7	1.5
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	1.2	1.3	1.9	2.3	2.3
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	9.1	9.5	9.3	9.5	9.5
Other income	1.4	1.4	1.2	1.1	1.1
Securitization income	-	-	-	-	-
Opex	2.0	1.9	1.9	1.8	1.7
Employee expense	2.2	2.4	2.5	2.4	2.3
<b>PPOP</b>	<b>6.2</b>	<b>6.5</b>	<b>6.1</b>	<b>6.4</b>	<b>6.6</b>
Provisions	2.6	2.7	2.4	2.4	2.3
Tax expense	0.9	0.9	0.9	1.0	1.1
<b>RoAUM (%)</b>	<b>2.8</b>	<b>2.9</b>	<b>2.8</b>	<b>3.0</b>	<b>3.2</b>
Leverage ratio (x)	3.7	3.7	4.0	4.4	4.8
<b>RoE (%)</b>	<b>10.3</b>	<b>10.9</b>	<b>11.1</b>	<b>13.2</b>	<b>15.3</b>

Source: Company, Emkay Research

Poonawalla Fincorp: Consolidated Financials and Valuations

Profit & Loss					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	29,041	38,745	59,147	86,775	121,935
Interest Expense	9,551	15,151	23,163	33,123	46,758
Net interest income	19,490	23,594	35,984	53,653	75,177
NII growth (%)	59.5	21.1	52.5	49.1	40.1
Non interest income	2,478	3,483	3,971	6,618	9,203
Total income	21,967	27,078	39,955	60,270	84,380
Operating expenses	8,074	12,906	17,767	23,498	30,537
PPOP	13,894	14,172	22,188	36,773	53,843
PPOP growth (%)	127.1	2.0	56.6	65.7	46.4
Provisions & contingencies	15,551	15,526	10,939	12,698	18,601
PBT	(1,658)	(1,354)	11,249	24,074	35,242
Extraordinary items	27,043	0	0	0	0
Tax expense	4,826	(371)	2,891	6,187	9,057
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	20,560	(984)	8,358	17,887	26,185
PAT growth (%)	251.5	0	0	114.0	46.4
Adjusted PAT	(6,483)	(984)	8,358	17,887	26,185
Diluted EPS (Rs)	26.9	(1.3)	8.8	18.8	27.5
Diluted EPS growth (%)	264.7	0	0	114.0	46.4
DPS (Rs)	2.0	0	1.3	2.8	4.1
Dividend payout (%)	7.5	0	15.0	15.0	15.0
Effective tax rate (%)	(291.1)	27.4	25.7	25.7	25.7
Net interest margins (%)	9.5	7.8	8.1	8.4	8.4
Cost-income ratio (%)	36.8	47.7	44.5	39.0	36.2
PAT/PPOP (%)	148.0	(6.9)	37.7	48.6	48.6
Shares outstanding (mn)	770.6	772.9	950.7	950.7	950.7

Source: Company, Emkay Research

Balance Sheet					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	1,541	1,546	1,901	1,901	1,901
Reserves & surplus	79,623	79,690	166,439	181,643	203,901
Net worth	81,164	81,236	168,340	183,545	205,802
Borrowings	150,801	258,810	384,815	568,671	827,566
Other liabilities & prov.	8,397	9,740	11,298	13,105	15,201
Total liabilities & equity	240,362	349,786	564,453	765,320	1,048,569
Net loans	220,464	326,950	494,448	693,302	970,623
Investments	8,783	13,410	14,751	15,489	16,263
Cash, other balances	2,685	320	45,796	46,496	51,036
Interest earning assets	231,933	340,680	554,995	755,287	1,037,922
Fixed assets	1,944	1,850	2,035	2,239	2,462
Other assets	6,485	7,070	7,424	7,795	8,184
Total assets	240,362	349,600	564,453	765,320	1,048,569
BVPS (Rs)	105.3	105.1	177.1	193.1	216.5
Adj. BVPS (INR)	105.3	105.1	177.1	193.1	216.5
Gross loans	230,454	336,600	504,900	706,860	989,604
Total AUM	250,030	356,310	534,465	748,251	1,047,551
On balance sheet	230,454	336,600	504,900	706,860	989,604
Off balance sheet	19,576	19,710	29,565	41,391	57,947
Disbursements	332,890	302,410	483,856	749,977	1,124,965
Disbursements growth (%)	111.3	(9.2)	60.0	55.0	50.0
Loan growth (%)	44.8	48.3	51.2	40.2	40.0
AUM growth (%)	54.9	42.5	50.0	40.0	40.0
Borrowings growth (%)	35.6	71.6	48.7	47.8	45.5
Book value growth (%)	25.9	(0.2)	68.5	9.0	12.1

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E 2025 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Asset quality					
GNPL - Stage 3	2,685	6,190	9,088	12,017	16,823
NNPL - Stage 3	1,359	2,820	4,090	5,407	7,570
GNPL ratio - Stage 3 (%)	1.2	1.8	1.8	1.7	1.7
NNPL ratio - Stage 3 (%)	0.6	0.9	0.8	0.8	0.8
ECL coverage - Stage 3 (%)	49.4	54.4	55.0	55.0	55.0
ECL coverage - 1 & 2 (%)	3.8	1.9	1.1	1.0	1.0
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	7.6	1.4	1.5	1.5	1.5
Total credit costs (%)	7.6	5.1	2.5	2.0	2.1
NNPA to networth (%)	1.7	3.5	2.4	2.9	3.7
Capital adequacy					
Total CAR (%)	33.8	22.9	31.0	24.4	19.7
Tier-1 (%)	32.3	21.7	30.0	23.4	18.7
Miscellaneous					
Total income growth (%)	55.3	23.3	47.6	50.8	40.0
Opex growth (%)	0.5	59.9	37.7	32.3	30.0
PPOP margin (%)	6.8	4.7	5.0	5.7	6.0
Credit costs-to-PPOP (%)	111.9	109.6	49.3	34.5	34.5
Loan-to-Assets (%)	91.7	93.5	87.6	90.6	92.6
Yield on loans (%)	14.1	12.8	13.3	13.5	13.6
Cost of funds (%)	7.3	7.4	7.2	6.9	6.7
Spread (%)	6.8	5.4	6.1	6.6	6.9

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E 2025	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	(56.2)	(371.3)	53.7	25.1	17.2
P/B (x)	4.5	4.5	2.7	2.4	2.2
P/ABV (x)	4.5	4.5	2.7	2.4	2.2
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.4	0	0.3	0.6	0.9
Dupont-RoE split (%)					
NII/avg AUM	9.5	7.8	8.1	8.4	8.4
Other income	0.7	0.8	0.9	1.0	1.0
Securitization income	-	-	-	-	-
Opex	1.8	2.2	2.1	1.9	1.8
Employee expense	2.2	2.1	1.9	1.7	1.6
PPOP	6.8	4.7	5.0	5.7	6.0
Provisions	7.6	5.1	2.5	2.0	2.1
Tax expense	2.3	(0.1)	0.6	1.0	1.0
RoAUM (%)	10.0	(0.3)	1.9	2.8	2.9
Leverage ratio (x)	2.8	3.7	3.6	3.6	4.6
RoE (%)	(8.9)	(1.2)	6.7	10.2	13.5

Source: Company, Emkay Research

## Bajaj Finance: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	483,066	611,636	757,491	937,365	1,159,806
Interest Expense	187,247	247,708	295,857	362,412	450,092
<b>Net interest income</b>	<b>295,819</b>	<b>363,928</b>	<b>461,634</b>	<b>574,953</b>	<b>709,714</b>
NII growth (%)	28.7	23.0	26.8	24.5	23.4
Non interest income	66,759	85,612	95,205	117,067	146,464
<b>Total income</b>	<b>362,578</b>	<b>449,540</b>	<b>556,840</b>	<b>692,020</b>	<b>856,178</b>
Operating expenses	123,252	149,261	189,319	241,498	299,046
<b>PPOP</b>	<b>239,326</b>	<b>300,279</b>	<b>367,521</b>	<b>450,522</b>	<b>557,132</b>
PPOP growth (%)	28.2	25.5	22.4	22.6	23.7
Provisions & contingencies	46,307	79,660	90,454	111,135	126,769
<b>PBT</b>	<b>193,019</b>	<b>220,618</b>	<b>277,067</b>	<b>339,387</b>	<b>430,362</b>
Extraordinary items	-	-	-	-	-
Tax expense	48,584	53,002	71,263	87,294	110,692
Minority interest	0	1,417	3,263	3,978	4,812
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>144,435</b>	<b>166,378</b>	<b>202,763</b>	<b>248,393</b>	<b>315,205</b>
PAT growth (%)	26.1	15.2	21.9	22.5	26.9
<b>Adjusted PAT</b>	<b>144,435</b>	<b>166,378</b>	<b>202,763</b>	<b>248,393</b>	<b>315,205</b>
<b>Diluted EPS (Rs)</b>	<b>23.6</b>	<b>268.2</b>	<b>32.7</b>	<b>40.0</b>	<b>50.8</b>
Diluted EPS growth (%)	24.5	1,036.5	(87.8)	22.5	26.9
<b>DPS (Rs)</b>	<b>3.6</b>	<b>4.4</b>	<b>5.3</b>	<b>6.5</b>	<b>8.2</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	9.8	9.9	9.8
Cost-income ratio (%)	34.0	33.2	34.0	34.9	34.9
PAT/PPOP (%)	60.4	55.9	56.1	56.0	57.4
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	42,823	50,438	62,543
NNPL - Stage 3	12,100	18,350	20,262	24,299	30,700
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	21.2	20.4	19.9
Tier-1 (%)	21.5	21.1	20.4	19.6	19.1
<b>Miscellaneous</b>					
Total income growth (%)	25.9	24.0	23.9	24.3	23.7
Opex growth (%)	21.7	21.1	26.8	27.6	23.8
PPOP margin (%)	8.3	8.0	7.8	7.7	7.7
Credit costs-to-PPOP (%)	19.3	26.5	24.6	24.7	22.8
Loan-to-Assets (%)	86.8	87.5	88.3	89.0	89.8
Yield on loans (%)	16.7	16.4	16.2	16.1	16.0
Cost of funds (%)	7.4	7.6	7.4	7.3	7.3
Spread (%)	9.3	8.7	8.7	8.7	8.7

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	1,133,782	1,345,774	1,614,589
<b>Net worth</b>	<b>766,954</b>	<b>966,929</b>	<b>1,139,991</b>	<b>1,351,982</b>	<b>1,620,797</b>
<b>Borrowings</b>	<b>2,907,685</b>	<b>3,572,900</b>	<b>4,404,109</b>	<b>5,466,009</b>	<b>6,786,277</b>
<b>Other liabilities &amp; prov.</b>	<b>82,778</b>	<b>98,999</b>	<b>123,749</b>	<b>184,367</b>	<b>227,851</b>
<b>Total liabilities &amp; equity</b>	<b>3,757,416</b>	<b>4,638,828</b>	<b>5,667,849</b>	<b>7,002,359</b>	<b>8,634,925</b>
Net loans	3,262,933	4,078,441	5,025,975	6,232,041	7,752,067
Investments	308,807	344,408	420,681	517,385	638,011
Cash, other balances	106,240	135,435	165,429	203,457	250,892
<b>Interest earning assets</b>	<b>3,677,980</b>	<b>4,558,285</b>	<b>5,612,085</b>	<b>6,952,883</b>	<b>8,640,970</b>
Fixed assets	23,583	26,889	30,922	35,561	40,895
Other assets	55,853	76,094	50,545	13,915	(46,940)
<b>Total assets</b>	<b>3,757,416</b>	<b>4,661,268</b>	<b>5,693,552</b>	<b>7,002,359</b>	<b>8,634,925</b>
BVPS (Rs)	124.1	155.7	183.6	217.8	261.1
Adj. BVPS (INR)	124.1	155.7	183.6	217.8	261.1
Gross loans	3,313,344	4,148,270	5,109,633	6,331,219	7,850,712
<b>Total AUM</b>	<b>3,306,150</b>	<b>4,166,610</b>	<b>5,208,263</b>	<b>6,458,246</b>	<b>8,008,224</b>
On balance sheet	3,313,344	4,148,270	5,109,633	6,331,219	7,850,712
Off balance sheet	(7,193)	18,340	98,629	127,026	157,513
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	34.7	25.0	23.2	24.0	24.4
AUM growth (%)	33.6	26.0	25.0	24.0	24.0
Borrowings growth (%)	34.2	22.9	23.3	24.1	24.2
Book value growth (%)	(86.2)	25.5	17.9	18.6	19.9

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	39.2	34.5	28.3	23.1	18.2
P/B (x)	7.5	5.9	5.0	4.2	3.5
P/ABV (x)	7.5	5.9	5.0	4.2	3.5
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	9.8	9.9	9.8
Other income	2.3	2.3	2.0	2.0	2.0
Securitization income	-	-	-	-	-
Opex	2.1	2.0	2.0	2.0	2.0
Employee expense	2.2	2.0	2.1	2.1	2.1
<b>PPOP</b>	<b>8.3</b>	<b>8.0</b>	<b>7.8</b>	<b>7.7</b>	<b>7.7</b>
Provisions	1.6	2.1	1.9	1.9	1.8
Tax expense	1.7	1.4	1.5	1.5	1.5
<b>RoAUM (%)</b>	<b>5.0</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.4</b>
Leverage ratio (x)	4.4	4.3	4.4	4.7	4.9
<b>RoE (%)</b>	<b>22.0</b>	<b>19.3</b>	<b>19.5</b>	<b>20.2</b>	<b>21.5</b>

Source: Company, Emkay Research

## AB Capital: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	126,454	145,247	186,012	225,660	269,484
Interest Expense	64,686	79,814	95,937	113,787	135,889
<b>Net interest income</b>	<b>61,767</b>	<b>65,433</b>	<b>90,074</b>	<b>111,873</b>	<b>133,595</b>
NII growth (%)	1.5	5.9	37.7	24.2	19.4
Non interest income	6,992	4,176	1,411	1,552	1,707
<b>Total income</b>	<b>68,759</b>	<b>69,609</b>	<b>91,486</b>	<b>113,425</b>	<b>135,302</b>
Operating expenses	213,126	267,935	308,609	368,100	307,959
<b>PPOP</b>	<b>43,395</b>	<b>53,744</b>	<b>65,265</b>	<b>82,897</b>	<b>99,780</b>
PPOP growth (%)	45.0	23.8	21.4	27.0	20.4
Provisions & contingencies	13,557	14,476	17,863	21,643	25,661
<b>PBT</b>	<b>29,838</b>	<b>39,268</b>	<b>47,402</b>	<b>61,254</b>	<b>74,119</b>
Extraordinary items	-	-	-	-	-
Tax expense	8,473	9,696	12,182	15,742	19,049
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>21,366</b>	<b>29,572</b>	<b>35,219</b>	<b>45,512</b>	<b>55,070</b>
PAT growth (%)	144.2	38.4	19.1	29.2	21.0
<b>Adjusted PAT</b>	<b>21,366</b>	<b>29,572</b>	<b>35,219</b>	<b>45,512</b>	<b>55,070</b>
<b>Diluted EPS (Rs)</b>	<b>11.5</b>	<b>11.4</b>	<b>13.5</b>	<b>17.5</b>	<b>21.2</b>
Diluted EPS growth (%)	(65.6)	(1.1)	19.1	29.2	21.0
<b>DPS (Rs)</b>	-	-	-	-	-
<b>Dividend payout (%)</b>	-	-	-	-	-
Effective tax rate (%)	28.4	24.7	25.7	25.7	25.7
Net interest margins (%)	6.8	6.3	6.6	6.8	6.8
Cost-income ratio (%)	28.2	29.0	28.7	26.9	26.3
PAT/PPOP (%)	57.1	55.0	54.0	54.9	55.2
Shares outstanding (mn)	2,600.0	2,607.0	2,607.0	2,607.0	2,607.0

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	26,490	27,770	35,179	44,501	54,885
NNPL - Stage 3	13,271	15,274	17,589	22,250	27,442
GNPL ratio - Stage 3 (%)	2.5	2.3	2.4	2.5	2.6
NNPL ratio - Stage 3 (%)	1.3	1.2	1.2	1.2	1.3
ECL coverage - Stage 3 (%)	49.9	45.0	50.0	50.0	50.0
ECL coverage - 1 & 2 (%)	-	-	-	-	-
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	-	-	-	-	-
Total credit costs (%)	1.5	1.3	1.3	1.3	1.3
NNPA to networth (%)	6.0	6.1	6.2	6.7	7.1
<b>Capital adequacy</b>					
Total CAR (%)	16.2	18.2	17.8	17.0	16.4
Tier-1 (%)	14.1	16.8	16.6	15.9	15.5
<b>Miscellaneous</b>					
Total income growth (%)	11.8	1.2	31.4	24.0	19.3
Opex growth (%)	11.4	25.7	15.2	19.3	(16.3)
PPOP margin (%)	5.6	4.8	4.8	5.1	5.1
Credit costs-to-PPOP (%)	26.4	26.9	27.4	26.1	25.7
Loan-to-Assets (%)	88.0	87.8	87.7	87.5	87.4
Yield on loans (%)	12.4	13.4	13.7	13.8	13.8
Cost of funds (%)	7.9	7.8	7.7	7.5	7.4
Spread (%)	4.5	5.5	6.0	6.3	6.4

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	26,000	26,070	26,070	26,070	26,070
Reserves & surplus	194,339	225,866	258,086	303,598	358,668
<b>Net worth</b>	<b>220,339</b>	<b>251,936</b>	<b>284,156</b>	<b>329,668</b>	<b>384,738</b>
<b>Borrowings</b>	<b>922,921</b>	<b>1,111,357</b>	<b>1,381,530</b>	<b>1,673,150</b>	<b>1,999,528</b>
<b>Other liabilities &amp; prov.</b>	<b>37,432</b>	<b>29,706</b>	<b>35,981</b>	<b>42,364</b>	<b>52,490</b>
<b>Total liabilities &amp; equity</b>	<b>1,180,693</b>	<b>1,392,999</b>	<b>1,701,667</b>	<b>2,045,182</b>	<b>2,436,756</b>
Net loans	1,039,165	1,223,445	1,492,052	1,790,270	2,129,497
Investments	116,349	128,294	159,445	194,894	236,082
Cash, other balances	-	-	-	-	-
<b>Interest earning assets</b>	<b>1,167,948</b>	<b>1,375,507</b>	<b>1,680,484</b>	<b>2,019,944</b>	<b>2,406,949</b>
Fixed assets	3,812	3,698	4,360	5,053	5,797
Other assets	8,933	13,794	16,823	20,185	24,010
<b>Total assets</b>	<b>1,180,693</b>	<b>1,392,999</b>	<b>1,701,667</b>	<b>2,045,182</b>	<b>2,436,756</b>
BVPS (Rs)	84.7	96.6	109.0	126.5	147.6
Adj. BVPS (INR)	84.7	96.6	109.0	126.5	147.6
Gross loans	1,056,962	1,241,180	1,517,931	1,825,479	2,174,791
<b>Total AUM</b>	<b>1,056,962</b>	<b>1,241,180</b>	<b>1,517,931</b>	<b>1,825,479</b>	<b>2,174,791</b>
On balance sheet	1,056,962	1,241,180	1,517,931	1,825,479	2,174,791
Off balance sheet	0	0	0	0	0
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	0.0	17.7	22.0	20.0	18.9
AUM growth (%)	0.0	17.4	22.3	20.3	16.7
Borrowings growth (%)	0.0	20.4	24.3	21.1	19.5
Book value growth (%)	(61.6)	14.0	12.8	16.0	16.7

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	23.9	24.2	20.3	15.7	13.0
P/B (x)	3.2	2.8	2.5	2.2	1.9
P/ABV (x)	3.2	2.8	2.5	2.2	1.9
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0	0	0	0	0
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	7.1	6.3	6.6	6.8	6.8
Other income	-	-	-	-	-
Securitization income	-	-	-	-	-
Opex	2.2	1.9	1.9	1.9	1.8
Employee expense	1.1	1.0	1.0	0.9	0.9
<b>PPOP</b>	<b>5.6</b>	<b>4.8</b>	<b>4.8</b>	<b>5.1</b>	<b>5.1</b>
Provisions	1.5	1.3	1.3	1.3	1.3
Tax expense	0.9	0.9	0.9	1.0	1.0
<b>RoAUM (%)</b>	<b>3.2</b>	<b>2.6</b>	<b>2.6</b>	<b>2.8</b>	<b>2.8</b>
Leverage ratio (x)	5.4	5.5	6.0	6.2	6.3
<b>RoE (%)</b>	<b>17.5</b>	<b>12.5</b>	<b>13.1</b>	<b>14.8</b>	<b>15.4</b>

Source: Company, Emkay Research



## UGRO Capital: Consolidated Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	7,079	9,588	15,855	22,602	27,652
Interest Expense	4,429	6,278	8,844	12,018	15,033
<b>Net interest income</b>	<b>2,650</b>	<b>3,310</b>	<b>7,010</b>	<b>10,584</b>	<b>12,618</b>
NII growth (%)	39.7	24.9	111.8	51.0	19.2
Non interest income	3,737	4,830	5,210	5,986	8,089
<b>Total income</b>	<b>6,387</b>	<b>8,141</b>	<b>12,220</b>	<b>16,570</b>	<b>20,707</b>
Operating expenses	3,437	4,378	6,217	7,706	9,231
<b>PPOP</b>	<b>2,950</b>	<b>3,762</b>	<b>6,003</b>	<b>8,864</b>	<b>11,476</b>
PPOP growth (%)	109.8	27.5	59.6	47.6	29.5
Provisions & contingencies	1,163	1,731	2,327	3,249	4,063
<b>PBT</b>	<b>1,788</b>	<b>2,031</b>	<b>3,677</b>	<b>5,614</b>	<b>7,413</b>
Extraordinary items	0	0	0	0	0
Tax expense	594	592	945	1,443	1,905
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>1,193</b>	<b>1,439</b>	<b>2,732</b>	<b>4,171</b>	<b>5,508</b>
PAT growth (%)	200.0	20.6	89.8	52.7	32.0
<b>Adjusted PAT</b>	<b>1,193</b>	<b>1,439</b>	<b>2,732</b>	<b>4,171</b>	<b>5,508</b>
<b>Diluted EPS (Rs)</b>	<b>13.4</b>	<b>16.2</b>	<b>17.5</b>	<b>23.5</b>	<b>31.1</b>
Diluted EPS growth (%)	135.3	20.6	8.5	34.3	32.0
<b>DPS (Rs)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Dividend payout (%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Effective tax rate (%)	33.2	29.1	25.7	25.7	25.7
Net interest margins (%)	14.8	13.7	12.6	11.8	12.0
Cost-income ratio (%)	53.8	53.8	50.9	46.5	44.6
PAT/PPOP (%)	40.5	38.3	45.5	47.1	48.0
Shares outstanding (mn)	91.6	91.9	177.2	177.2	177.2

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	1,715	2,504	3,919	4,514	5,495
NNPL - Stage 3	892	1,252	2,155	2,483	3,022
GNPL ratio - Stage 3 (%)	3.1	3.1	3.0	2.8	2.8
NNPL ratio - Stage 3 (%)	1.7	1.6	1.7	1.6	1.6
ECL coverage - Stage 3 (%)	48.0	47.0	45.0	45.0	45.0
ECL coverage - 1 & 2 (%)	0.7	1.3	1.1	1.5	1.6
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	1.2	1.6	1.4	1.5	1.6
Total credit costs (%)	2.7	2.9	2.4	2.3	2.3
NNPA to networth (%)	6.2	6.1	5.5	5.8	6.2
<b>Capital adequacy</b>					
Total CAR (%)	20.8	19.4	25.4	21.9	19.9
Tier-1 (%)	19.5	19.4	24.9	21.4	19.5
<b>Miscellaneous</b>					
Total income growth (%)	66.3	27.4	50.1	35.6	25.0
Opex growth (%)	41.2	27.4	42.0	24.0	19.8
PPOP margin (%)	6.9	6.3	6.2	6.3	6.6
Credit costs-to-PPOP (%)	39.4	46.0	38.8	36.7	35.4
Loan-to-Assets (%)	86.5	86.4	86.1	87.1	87.6
Yield on loans (%)	16.4	16.1	16.3	16.1	16.0
Cost of funds (%)	11.4	10.9	10.1	10.0	9.9
Spread (%)	5.1	5.3	6.2	6.2	6.1

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	916	919	1,772	1,772	1,772
Reserves & surplus	13,468	19,544	37,180	41,351	46,859
<b>Net worth</b>	<b>14,384</b>	<b>20,464</b>	<b>38,952</b>	<b>43,123</b>	<b>48,631</b>
<b>Borrowings</b>	<b>46,532</b>	<b>69,041</b>	<b>106,724</b>	<b>134,507</b>	<b>170,321</b>
<b>Other liabilities &amp; prov.</b>	<b>1,884</b>	<b>2,178</b>	<b>2,396</b>	<b>2,635</b>	<b>2,899</b>
<b>Total liabilities &amp; equity</b>	<b>62,800</b>	<b>91,683</b>	<b>148,071</b>	<b>180,266</b>	<b>221,851</b>
Net loans	54,322	79,191	127,443	156,927	194,246
Investments	592	1,034	2,961	3,605	4,437
Cash, other balances	4,549	5,444	10,929	12,179	14,692
<b>Interest earning assets</b>	<b>59,463</b>	<b>85,669</b>	<b>141,334</b>	<b>172,712</b>	<b>213,375</b>
Fixed assets	45	264	316	380	456
Other assets	3,292	5,750	6,421	7,174	8,021
<b>Total assets</b>	<b>62,800</b>	<b>91,683</b>	<b>148,071</b>	<b>180,266</b>	<b>221,851</b>
BVPS (Rs)	157.0	222.6	219.8	243.4	274.5
Adj. BVPS (INR)	157.0	222.6	219.8	243.4	274.5
Gross loans	55,148	80,396	130,630	161,231	199,804
<b>Total AUM</b>	<b>90,470</b>	<b>120,030</b>	<b>193,165</b>	<b>237,855</b>	<b>294,419</b>
On balance sheet	49,690	69,160	125,558	154,606	191,372
Off balance sheet	40,780	50,870	67,608	83,249	103,047
Disbursements	58,670	76,510	106,822	141,753	176,163
Disbursements growth (%)	26.4	30.4	39.6	32.7	24.3
Loan growth (%)	42.7	45.8	60.9	23.1	23.8
AUM growth (%)	48.8	32.7	60.9	23.1	23.8
Borrowings growth (%)	47.8	48.4	54.6	26.0	26.6
Book value growth (%)	10.6	41.7	(1.2)	10.7	12.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	13.3	11.1	10.2	7.6	5.7
P/B (x)	1.1	0.8	0.8	0.7	0.7
P/ABV (x)	1.1	0.8	0.8	0.7	0.7
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0	0	0	0	0
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	6.2	5.6	7.2	7.6	7.3
Other income	8.7	8.1	5.4	4.3	4.7
Securitization income	-	-	-	-	-
Opex	3.7	3.4	2.5	2.0	1.9
Employee expense	4.2	4.0	3.9	3.5	3.4
<b>PPOP</b>	<b>6.9</b>	<b>6.3</b>	<b>6.2</b>	<b>6.3</b>	<b>6.6</b>
Provisions	2.7	2.9	2.4	2.3	2.3
Tax expense	1.4	1.0	1.0	1.0	1.1
<b>RoAUM (%)</b>	<b>2.8</b>	<b>2.4</b>	<b>2.8</b>	<b>3.0</b>	<b>3.2</b>
Leverage ratio (x)	3.6	3.4	2.9	3.4	3.8
<b>RoE (%)</b>	<b>9.9</b>	<b>8.3</b>	<b>8.1</b>	<b>10.2</b>	<b>12.0</b>

Source: Company, Emkay Research

## REC: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	456,580	540,260	581,550	648,636	725,997
Interest Expense	299,740	341,480	363,628	405,772	453,256
<b>Net interest income</b>	<b>156,840</b>	<b>198,780</b>	<b>217,922</b>	<b>242,865</b>	<b>272,742</b>
NII growth (%)	6.2	26.7	9.6	11.4	12.3
Non interest income	10,810	16,050	10,233	8,045	8,948
<b>Total income</b>	<b>167,650</b>	<b>214,830</b>	<b>228,156</b>	<b>250,909</b>	<b>281,689</b>
Operating expenses	6,510	7,440	12,970	14,518	16,256
<b>PPOP</b>	<b>161,140</b>	<b>207,390</b>	<b>215,185</b>	<b>236,391</b>	<b>265,434</b>
PPOP growth (%)	8.0	28.7	3.8	9.9	12.3
Provisions & contingencies	(13,580)	10,190	4,435	12,605	17,394
<b>PBT</b>	<b>174,720</b>	<b>197,200</b>	<b>210,751</b>	<b>223,786</b>	<b>248,040</b>
Extraordinary items	3,070	1,400	(2,690)	(2,233)	(113)
Tax expense	37,610	41,470	43,693	46,526	52,065
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>140,180</b>	<b>157,130</b>	<b>164,368</b>	<b>175,027</b>	<b>195,862</b>
PAT growth (%)	26.8	12.1	4.6	6.5	11.9
<b>Adjusted PAT</b>	<b>137,110</b>	<b>155,730</b>	<b>167,058</b>	<b>177,260</b>	<b>195,975</b>
<b>Diluted EPS (Rs)</b>	<b>53.2</b>	<b>59.7</b>	<b>62.4</b>	<b>66.5</b>	<b>74.4</b>
Diluted EPS growth (%)	25.7	12.1	4.6	6.5	11.9
<b>DPS (Rs)</b>	<b>16.0</b>	<b>18.0</b>	<b>18.7</b>	<b>19.9</b>	<b>22.3</b>
<b>Dividend payout (%)</b>	<b>30.1</b>	<b>30.2</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>
Effective tax rate (%)	0.2	0.2	0.2	0.2	0.2
Net interest margins (%)	3.6	3.6	3.5	3.6	3.6
Cost-income ratio (%)	3.9	3.5	5.7	5.8	5.8
PAT/PPOP (%)	87.0	75.8	76.4	74.0	73.8
Shares outstanding (mn)	2,633.0	2,633.2	2,633.2	2,633.2	2,633.2

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	138,100	76,527	68,527	70,527	74,527
NNPL - Stage 3	43,560	21,627	13,705	14,105	14,905
GNPL ratio - Stage 3 (%)	2.7	1.4	1.1	1.0	0.9
NNPL ratio - Stage 3 (%)	0.9	0.4	0.2	0.2	0.2
ECL coverage - Stage 3 (%)	68.5	71.7	80.0	80.0	80.0
ECL coverage - 1 & 2 (%)	-	-	-	-	-
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	-	-	-	-	-
Total credit costs (%)	(0.3)	0.2	0.1	0.2	0.2
NNPA to networth (%)	6.3	2.7	1.5	1.4	1.3
<b>Capital adequacy</b>					
Total CAR (%)	25.7	26.0	25.4	24.6	23.8
Tier-1 (%)	23.2	23.8	23.2	22.3	21.6
<b>Miscellaneous</b>					
Total income growth (%)	8.4	28.1	6.2	10.0	12.3
Opex growth (%)	21.5	14.3	74.3	11.9	12.0
PPOP margin (%)	3.4	3.9	3.6	3.5	3.5
Credit costs-to-PPOP (%)	(8.4)	4.9	2.1	5.3	6.6
Loan-to-Assets (%)	91.3	91.1	90.8	91.3	91.7
Yield on loans (%)	10.0	10.1	9.9	9.8	9.8
Cost of funds (%)	7.1	7.1	7.1	7.1	7.0
Spread (%)	2.9	3.0	2.8	2.8	2.8

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	26,330	26,332	26,332	26,332	26,332
Reserves & surplus	661,500	771,235	886,292	1,008,811	1,145,915
<b>Net worth</b>	<b>687,830</b>	<b>797,567</b>	<b>912,624</b>	<b>1,035,143</b>	<b>1,172,247</b>
<b>Borrowings</b>	<b>4,379,440</b>	<b>4,867,751</b>	<b>5,427,542</b>	<b>6,105,985</b>	<b>6,869,233</b>
<b>Other liabilities &amp; prov.</b>	<b>407,130</b>	<b>470,232</b>	<b>524,294</b>	<b>543,768</b>	<b>564,110</b>
<b>Total liabilities &amp; equity</b>	<b>5,474,400</b>	<b>6,135,550</b>	<b>6,864,461</b>	<b>7,684,896</b>	<b>8,605,591</b>
Net loans	4,999,170	5,590,880	6,233,831	7,013,060	7,889,693
Investments	53,200	66,410	71,884	77,810	84,224
Cash, other balances	24,990	17,500	34,322	38,424	43,028
<b>Interest earning assets</b>	<b>5,077,360</b>	<b>5,674,790</b>	<b>6,340,038</b>	<b>7,129,294</b>	<b>8,016,945</b>
Fixed assets	6,550	7,040	7,182	7,327	7,474
Other assets	390,490	453,720	517,241	548,275	581,172
<b>Total assets</b>	<b>5,474,400</b>	<b>6,135,550</b>	<b>6,864,461</b>	<b>7,684,896</b>	<b>8,605,591</b>
BVPS (Rs)	261.2	302.9	346.6	393.1	445.2
Adj. BVPS (INR)	261.2	302.9	346.6	393.1	445.2
Gross loans	5,093,710	5,645,780	6,288,652	7,069,481	7,949,314
<b>Total AUM</b>	<b>5,093,710</b>	<b>5,668,830</b>	<b>6,321,939</b>	<b>7,112,182</b>	<b>8,001,205</b>
On balance sheet	5,093,710	5,668,830	6,321,939	7,112,182	8,001,205
Off balance sheet	0	0	0	0	0
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	17.8	11.8	11.5	12.5	12.5
AUM growth (%)	17.1	11.3	11.5	12.5	12.5
Borrowings growth (%)	16.9	11.2	11.5	12.5	12.5
Book value growth (%)	19.2	15.9	14.4	13.4	13.2

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	7.4	6.6	6.3	5.9	5.3
P/B (x)	1.5	1.3	1.1	1.0	0.9
P/ABV (x)	1.5	1.3	1.1	1.0	0.9
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	4.1	4.6	4.8	5.1	5.7
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	3.3	3.7	3.6	3.6	3.6
Other income	0.2	0.3	0.2	0.1	0.1
Securitization income	-	-	-	-	-
Opex	0.1	0.1	0.2	0.2	0.2
Employee expense	-	-	-	-	-
<b>PPOP</b>	<b>3.4</b>	<b>3.9</b>	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>
Provisions	(0.3)	0.2	0.1	0.2	0.2
Tax expense	3.7	3.7	3.5	3.3	3.3
<b>RoAUM (%)</b>	<b>2.9</b>	<b>2.9</b>	<b>2.8</b>	<b>2.6</b>	<b>2.6</b>
Leverage ratio (x)	7.5	7.2	7.0	6.9	6.8
<b>RoE (%)</b>	<b>22.2</b>	<b>21.2</b>	<b>19.2</b>	<b>18.0</b>	<b>17.7</b>

Source: Company, Emkay Research



## Power Finance Corporation: Standalone Financials and Valuations

Profit & Loss					
Y/E 2026 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	436,411	498,747	557,953	612,339	674,477
Interest Expense	280,138	305,380	353,577	388,406	424,897
<b>Net interest income</b>	<b>156,274</b>	<b>193,367</b>	<b>204,376</b>	<b>223,933</b>	<b>249,581</b>
NII growth (%)	8.8	23.7	5.7	9.6	11.5
Non interest income	23,930	32,531	31,600	37,897	41,852
<b>Total income</b>	<b>180,203</b>	<b>225,897</b>	<b>235,976</b>	<b>261,830</b>	<b>291,433</b>
Operating expenses	6,691	7,544	7,863	8,501	9,387
<b>PPOP</b>	<b>173,512</b>	<b>218,353</b>	<b>228,113</b>	<b>253,329</b>	<b>282,045</b>
PPOP growth (%)	10.0	25.8	4.5	11.1	11.3
Provisions & contingencies	(1,712)	4,571	7,143	13,343	15,607
<b>PBT</b>	<b>175,223</b>	<b>213,782</b>	<b>220,970</b>	<b>239,986</b>	<b>266,438</b>
Extraordinary items	(1,034)	2,102	6,705	5,765	5,283
Tax expense	32,587	38,202	38,782	44,502	49,619
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>142,637</b>	<b>175,580</b>	<b>182,188</b>	<b>195,484</b>	<b>216,819</b>
PAT growth (%)	5.6	23.1	3.8	7.3	10.9
<b>Adjusted PAT</b>	<b>143,670</b>	<b>173,478</b>	<b>175,483</b>	<b>189,719</b>	<b>211,536</b>
<b>Diluted EPS (Rs)</b>	<b>45.8</b>	<b>52.6</b>	<b>53.2</b>	<b>57.5</b>	<b>64.1</b>
Diluted EPS growth (%)	4.2	14.8	1.1	8.1	11.5
<b>DPS (Rs)</b>	<b>13.5</b>	<b>15.8</b>	<b>16.0</b>	<b>17.2</b>	<b>19.2</b>
<b>Dividend payout (%)</b>	<b>29.5</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>
Effective tax rate (%)	18.6	17.9	17.6	18.5	18.6
Net interest margins (%)	3.5	3.6	3.5	3.5	3.5
Cost-income ratio (%)	3.7	3.3	3.3	3.2	3.2
PAT/PPOP (%)	82.8	79.4	76.9	74.9	75.0
Shares outstanding (mn)	3,300.1	3,300.1	3,300.1	3,300.1	3,300.1

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E 2026 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Asset quality</b>					
GNPL - Stage 3	160,732	105,170	85,170	88,170	92,170
NNPL - Stage 3	41,107	20,930	17,034	26,451	27,651
GNPL ratio - Stage 3 (%)	3.3	1.9	1.4	1.3	1.3
NNPL ratio - Stage 3 (%)	0.9	0.4	0.3	0.4	0.4
ECL coverage - Stage 3 (%)	74.4	80.1	80.0	70.0	70.0
ECL coverage - 1 & 2 (%)	-	-	-	-	-
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	-	-	-	-	-
Total credit costs (%)	0.0	0.1	0.1	0.2	0.2
NNPA to networth (%)	5.2	2.3	1.7	2.3	2.1
<b>Capital adequacy</b>					
Total CAR (%)	25.4	22.1	22.6	23.1	23.7
Tier-1 (%)	23.2	20.2	20.7	21.2	21.7
<b>Miscellaneous</b>					
Total income growth (%)	10.0	25.4	4.5	11.0	11.3
Opex growth (%)	10.8	12.7	4.2	8.1	10.4
PPOP margin (%)	3.8	4.3	4.0	4.0	4.0
Credit costs-to-PPOP (%)	(1.0)	2.1	3.1	5.3	5.5
Loan-to-Assets (%)	92.9	92.5	92.7	93.0	93.3
Yield on loans (%)	10.0	10.0	9.8	9.8	9.8
Cost of funds (%)	7.4	7.4	7.2	7.2	7.2
Spread (%)	2.6	2.7	2.6	2.6	2.6

Source: Company, Emkay Research

Balance Sheet					
Y/E 2026 (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	33,001	33,001	33,001	33,001	33,001
Reserves & surplus	759,034	876,368	999,206	1,132,009	1,280,084
<b>Net worth</b>	<b>792,035</b>	<b>909,369</b>	<b>1,032,207</b>	<b>1,165,010</b>	<b>1,313,085</b>
<b>Borrowings</b>	<b>4,073,830</b>	<b>4,657,630</b>	<b>5,155,592</b>	<b>5,679,693</b>	<b>6,257,964</b>
<b>Other liabilities &amp; prov.</b>	<b>189,965</b>	<b>214,775</b>	<b>212,122</b>	<b>205,813</b>	<b>197,307</b>
<b>Total liabilities &amp; equity</b>	<b>5,055,830</b>	<b>5,781,773</b>	<b>6,399,920</b>	<b>7,050,517</b>	<b>7,768,357</b>
Net loans	4,694,995	5,346,960	5,935,126	6,558,314	7,246,937
Investments	202,200	207,200	221,704	232,789	244,429
Cash, other balances	2,218	68,427	75,954	83,929	92,741
<b>Interest earning assets</b>	<b>4,899,412</b>	<b>5,622,587</b>	<b>6,232,783</b>	<b>6,875,032</b>	<b>7,584,106</b>
Fixed assets	421	467	481	497	512
Other assets	155,997	158,720	166,656	174,989	183,738
<b>Total assets</b>	<b>5,055,830</b>	<b>5,781,773</b>	<b>6,399,920</b>	<b>7,050,517</b>	<b>7,768,357</b>
BVPS (Rs)	240.0	275.6	312.8	353.0	397.9
Adj. BVPS (INR)	240.0	275.6	312.8	353.0	397.9
Gross loans	4,814,620	5,431,200	6,003,262	6,620,033	7,311,456
<b>Total AUM</b>	<b>4,814,620</b>	<b>5,431,200</b>	<b>6,003,262</b>	<b>6,620,033</b>	<b>7,311,456</b>
On balance sheet	4,814,620	5,431,200	6,003,262	6,620,033	7,311,456
Off balance sheet	0	0	0	0	0
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	14.4	13.9	11.0	10.5	10.5
AUM growth (%)	14.0	12.8	10.5	10.3	10.4
Borrowings growth (%)	12.3	14.3	10.7	10.2	10.2
Book value growth (%)	(7.1)	14.8	13.5	12.9	12.7

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E 2026	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	9.0	7.9	7.8	7.2	6.4
P/B (x)	1.7	1.5	1.3	1.2	1.0
P/ABV (x)	1.7	1.5	1.3	1.2	1.0
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	3.3	3.8	3.9	4.2	4.7
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	3.5	3.8	3.6	3.5	3.6
Other income	0.5	0.6	0.6	0.6	0.6
Securitization income	-	-	-	-	-
Opex	0.1	0.1	0.1	0.1	0.1
Employee expense	-	-	-	-	-
<b>PPOP</b>	<b>3.8</b>	<b>4.3</b>	<b>4.0</b>	<b>4.0</b>	<b>4.0</b>
Provisions	0.0	0.1	0.1	0.2	0.2
Tax expense	3.9	4.2	3.9	3.8	3.8
<b>RoAUM (%)</b>	<b>3.2</b>	<b>3.4</b>	<b>3.2</b>	<b>3.1</b>	<b>3.1</b>
Leverage ratio (x)	6.1	6.0	5.9	5.7	5.6
<b>RoE (%)</b>	<b>19.5</b>	<b>20.3</b>	<b>17.8</b>	<b>17.0</b>	<b>16.8</b>

Source: Company, Emkay Research

## HDB Financial Services: Standalone Financials and Valuations

Profit & Loss					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	111,567	138,358	165,909	199,958	240,468
Interest Expense	48,643	63,902	72,528	85,634	103,621
<b>Net interest income</b>	<b>62,924</b>	<b>74,456</b>	<b>93,381</b>	<b>114,324</b>	<b>136,847</b>
NII growth (%)	16.2	18.3	25.4	22.4	19.7
Non interest income	30,144	24,645	23,354	25,646	28,701
<b>Total income</b>	<b>93,068</b>	<b>99,101</b>	<b>116,735</b>	<b>139,970</b>	<b>165,548</b>
Operating expenses	49,347	48,692	54,143	61,191	70,236
<b>PPOP</b>	<b>43,721</b>	<b>50,409</b>	<b>62,592</b>	<b>78,779</b>	<b>95,312</b>
PPOP growth (%)	10.5	15.3	24.2	25.9	21.0
Provisions & contingencies	10,674	21,130	23,855	28,039	32,858
<b>PBT</b>	<b>33,047</b>	<b>29,279</b>	<b>38,736</b>	<b>50,741</b>	<b>62,454</b>
Extraordinary items	0	0	0	0	0
Tax expense	8,439	7,519	9,955	13,040	16,051
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>24,608</b>	<b>21,760</b>	<b>28,781</b>	<b>37,700</b>	<b>46,404</b>
PAT growth (%)	25.6	(11.6)	32.3	31.0	23.1
<b>Adjusted PAT</b>	<b>24,608</b>	<b>21,760</b>	<b>28,781</b>	<b>37,700</b>	<b>46,404</b>
<b>Diluted EPS (Rs)</b>	<b>31.0</b>	<b>27.3</b>	<b>34.7</b>	<b>45.4</b>	<b>55.9</b>
Diluted EPS growth (%)	25.3	(11.9)	26.9	31.0	23.1
<b>DPS (Rs)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Dividend payout (%)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Effective tax rate (%)	25.5	25.7	25.7	25.7	25.7
Net interest margins (%)	7.9	7.6	7.9	8.1	8.1
Cost-income ratio (%)	53.0	49.1	46.4	43.7	42.4
PAT/PPOP (%)	56.3	43.2	46.0	47.9	48.7
Shares outstanding (mn)	793.1	795.8	829.6	829.6	829.6

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	17,118	24,137	28,260	32,376	37,142
NNPL - Stage 3	5,680	10,631	12,717	14,569	16,714
GNPL ratio - Stage 3 (%)	1.9	2.3	2.2	2.1	2.0
NNPL ratio - Stage 3 (%)	0.6	1.0	1.0	1.0	0.9
ECL coverage - Stage 3 (%)	66.8	56.0	55.0	55.0	55.0
ECL coverage - 1 & 2 (%)	2.7	2.1	2.1	2.1	2.1
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	1.5	2.1	1.5	1.5	1.4
Total credit costs (%)	1.3	2.1	2.0	2.0	1.9
NNPA to networth (%)	4.1	6.7	6.0	5.8	5.6
<b>Capital adequacy</b>					
Total CAR (%)	19.3	19.2	19.5	18.6	17.8
Tier-1 (%)	14.1	14.7	15.7	15.4	15.2
<b>Miscellaneous</b>					
Total income growth (%)	4.7	6.5	17.8	19.9	18.3
Opex growth (%)	0.0	(1.3)	11.2	13.0	14.8
PPOP margin (%)	5.5	5.1	5.3	5.6	5.6
Credit costs-to-PPOP (%)	24.4	41.9	38.1	35.6	34.5
Loan-to-Assets (%)	93.7	95.1	95.3	95.5	95.7
Yield on loans (%)	13.9	14.0	14.1	14.2	14.2
Cost of funds (%)	7.5	7.9	7.6	7.5	7.5
Spread (%)	6.4	6.1	6.5	6.6	6.6

Source: Company, Emkay Research

Balance Sheet					
Y/E March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	7,931	7,958	8,296	8,296	8,296
Reserves & surplus	129,496	150,239	203,682	241,382	287,786
<b>Net worth</b>	<b>137,427</b>	<b>158,197</b>	<b>211,978</b>	<b>249,678</b>	<b>296,082</b>
<b>Borrowings</b>	<b>743,307</b>	<b>873,977</b>	<b>1,034,055</b>	<b>1,248,796</b>	<b>1,513,554</b>
<b>Other liabilities &amp; prov.</b>	<b>44,831</b>	<b>54,459</b>	<b>58,674</b>	<b>64,485</b>	<b>70,812</b>
<b>Total liabilities &amp; equity</b>	<b>925,565</b>	<b>1,086,633</b>	<b>1,304,707</b>	<b>1,562,959</b>	<b>1,880,448</b>
Net loans	867,213	1,033,430	1,242,989	1,492,624	1,798,956
Investments	33,803	20,601	22,661	24,927	27,420
Cash, other balances	6,479	9,505	13,692	16,993	22,225
<b>Interest earning assets</b>	<b>907,495</b>	<b>1,063,536</b>	<b>1,279,342</b>	<b>1,534,544</b>	<b>1,848,601</b>
Fixed assets	4,890	7,028	8,082	9,295	10,689
Other assets	13,180	16,069	17,282	19,120	21,159
<b>Total assets</b>	<b>925,565</b>	<b>1,086,633</b>	<b>1,304,707</b>	<b>1,562,959</b>	<b>1,880,448</b>
BVPS (Rs)	173.3	198.8	255.5	301.0	356.9
Adj. BVPS (INR)	173.3	198.8	255.5	301.0	356.9
Gross loans	902,179	1,068,776	1,284,540	1,541,723	1,857,121
<b>Total AUM</b>	<b>902,179</b>	<b>1,068,776</b>	<b>1,284,540</b>	<b>1,541,723</b>	<b>1,857,121</b>
On balance sheet	902,179	1,068,776	1,284,540	1,541,723	1,857,121
Off balance sheet	0	0	0	0	0
Disbursements	608,993	661,075	780,069	936,082	1,132,659
Disbursements growth (%)	35.9	8.6	18.0	20.0	21.0
Loan growth (%)	30.6	19.2	20.3	20.1	20.5
AUM growth (%)	28.8	18.5	20.2	20.0	20.5
Borrowings growth (%)	35.5	17.6	18.3	20.8	21.2
Book value growth (%)	19.9	14.7	28.5	17.8	18.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E March	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	27.2	30.9	24.4	18.6	15.1
P/B (x)	4.9	4.3	3.3	2.8	2.4
P/ABV (x)	4.9	4.3	3.3	2.8	2.4
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0	0	0	0	0
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	7.9	7.6	7.9	8.1	8.1
Other income	3.8	2.5	2.0	1.8	1.7
Securitization income	-	-	-	-	-
Opex	6.2	4.9	4.6	4.3	4.1
Employee expense	4.8	3.7	3.3	3.1	2.9
<b>PPOP</b>	<b>5.5</b>	<b>5.1</b>	<b>5.3</b>	<b>5.6</b>	<b>5.6</b>
Provisions	1.3	2.1	2.0	2.0	1.9
Tax expense	1.1	0.8	0.8	0.9	0.9
<b>RoAUM (%)</b>	<b>3.1</b>	<b>2.2</b>	<b>2.4</b>	<b>2.7</b>	<b>2.7</b>
Leverage ratio (x)	6.4	6.7	6.4	6.1	6.2
<b>RoE (%)</b>	<b>19.5</b>	<b>14.7</b>	<b>15.0</b>	<b>16.3</b>	<b>17.0</b>

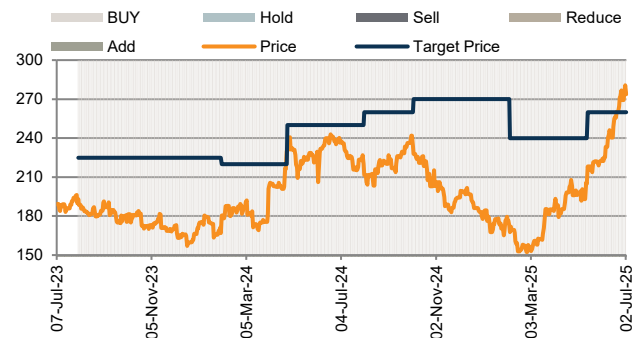
Source: Company, Emkay Research

### AB CAPITAL RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Jun-25	260	260	Buy	Avinash Singh
05-Jun-25	225	260	Buy	Avinash Singh
14-May-25	218	260	Buy	Avinash Singh
10-Apr-25	182	240	Buy	Avinash Singh
03-Apr-25	193	240	Buy	Avinash Singh
27-Feb-25	158	240	Buy	Avinash Singh
04-Feb-25	168	240	Buy	Avinash Singh
06-Jan-25	176	270	Buy	Avinash Singh
05-Dec-24	199	270	Buy	Avinash Singh
31-Oct-24	203	270	Buy	Avinash Singh
04-Oct-24	228	270	Buy	Avinash Singh
02-Sep-24	227	260	Buy	Avinash Singh
20-Aug-24	218	260	Buy	Avinash Singh
02-Aug-24	212	260	Buy	Avinash Singh
04-Jul-24	237	250	Buy	Avinash Singh
05-Jun-24	216	250	Buy	Avinash Singh
14-May-24	220	250	Buy	Avinash Singh
26-Apr-24	231	250	Buy	Avinash Singh
09-Feb-24	188	220	Buy	Avinash Singh
02-Feb-24	180	220	Buy	Avinash Singh

Source: Company, Emkay Research

### RECOMMENDATION HISTORY - TREND



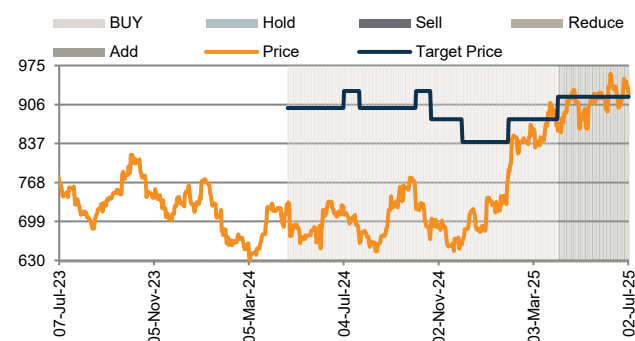
Source: Company, Bloomberg, Emkay Research

### BAJAJ FINANCE RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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
03-May-24	693	900	Buy	Avinash Singh
26-Apr-24	673	900	Buy	Avinash Singh

Source: Company, Emkay Research

### RECOMMENDATION HISTORY - TREND



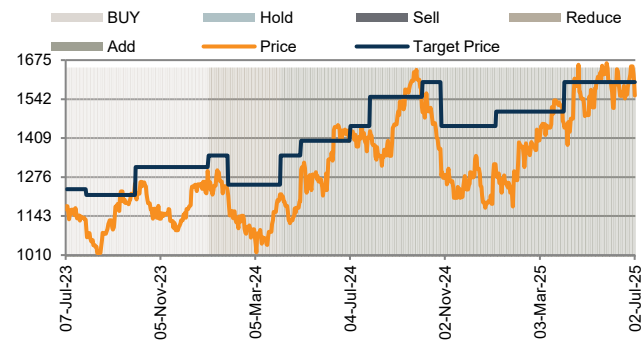
Source: Company, Bloomberg, Emkay Research

### CHOLAMANDALAM INVESTMENT RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Jun-25	1,558	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
04-Oct-24	1,497	1,600	Add	Avinash Singh
02-Sep-24	1,486	1,550	Add	Avinash Singh
20-Aug-24	1,388	1,550	Add	Avinash Singh
29-Jul-24	1,433	1,550	Add	Avinash Singh
04-Jul-24	1,422	1,450	Add	Avinash Singh
05-Jun-24	1,289	1,400	Add	Avinash Singh
02-May-24	1,302	1,400	Add	Avinash Singh
06-Apr-24	1,218	1,350	Add	Avinash Singh
30-Jan-24	1,214	1,250	Reduce	Avinash Singh

Source: Company, Emkay Research

### RECOMMENDATION HISTORY - TREND



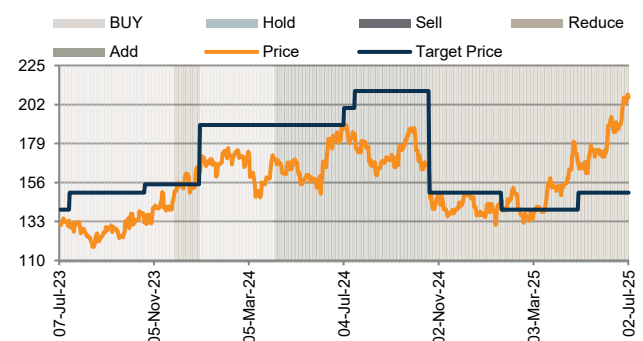
Source: Company, Bloomberg, Emkay Research

### L&T FINANCE RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Jun-25	190	150	Reduce	Avinash Singh
05-Jun-25	183	150	Reduce	Avinash Singh
29-Apr-25	168	150	Reduce	Avinash Singh
10-Apr-25	153	140	Reduce	Avinash Singh
03-Apr-25	154	140	Reduce	Avinash Singh
27-Feb-25	139	140	Reduce	Avinash Singh
21-Jan-25	146	140	Reduce	Avinash Singh
06-Jan-25	138	150	Reduce	Avinash Singh
30-Dec-24	136	150	Reduce	Avinash Singh
05-Dec-24	148	150	Reduce	Avinash Singh
26-Nov-24	141	150	Reduce	Avinash Singh
21-Oct-24	158	150	Reduce	Avinash Singh
04-Oct-24	175	210	Add	Avinash Singh
02-Sep-24	171	210	Add	Avinash Singh
20-Aug-24	167	210	Add	Avinash Singh
18-Jul-24	185	210	Add	Avinash Singh
04-Jul-24	188	200	Add	Avinash Singh
05-Jun-24	157	190	Add	Avinash Singh
30-Apr-24	167	190	Add	Avinash Singh
06-Apr-24	170	190	Add	Avinash Singh

Source: Company, Emkay Research

### RECOMMENDATION HISTORY - TREND



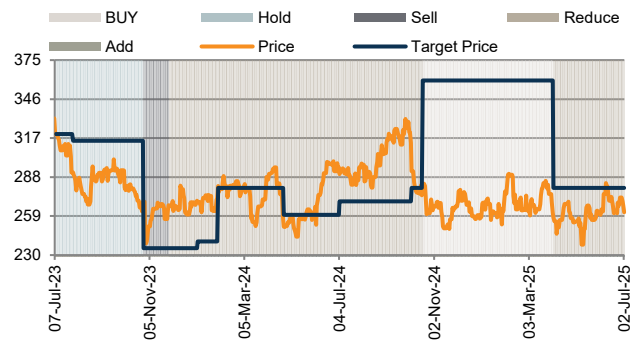
Source: Company, Bloomberg, Emkay Research

## MAHINDRA FINANCE RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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
18-Oct-24	283	360	Buy	Avinash Singh
04-Oct-24	292	280	Reduce	Avinash Singh
01-Oct-24	321	270	Reduce	Avinash Singh
02-Sep-24	314	270	Reduce	Avinash Singh
20-Aug-24	295	270	Reduce	Avinash Singh
24-Jul-24	291	270	Reduce	Avinash Singh
04-Jul-24	290	270	Reduce	Avinash Singh
05-Jun-24	267	260	Reduce	Avinash Singh
07-May-24	250	260	Reduce	Avinash Singh
24-Apr-24	251	260	Reduce	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



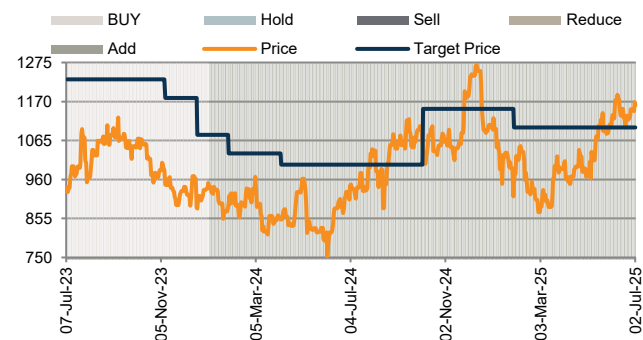
Source: Company, Bloomberg, Emkay Research

## PIRAMAL ENTERPRISES RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Jun-25	1,131	1,100	Add	Avinash Singh
05-Jun-25	1,124	1,100	Add	Avinash Singh
07-May-25	1,035	1,100	Add	Avinash Singh
10-Apr-25	948	1,100	Add	Avinash Singh
03-Apr-25	1,009	1,100	Add	Avinash Singh
27-Feb-25	905	1,100	Add	Avinash Singh
28-Jan-25	950	1,100	Add	Avinash Singh
06-Jan-25	1,047	1,150	Add	Avinash Singh
05-Dec-24	1,243	1,150	Add	Avinash Singh
02-Dec-24	1,207	1,150	Add	Avinash Singh
24-Oct-24	1,052	1,150	Add	Avinash Singh
04-Oct-24	1,032	1,150	Add	Avinash Singh
02-Sep-24	1,058	1,000	Add	Avinash Singh
20-Aug-24	1,005	1,000	Add	Avinash Singh
16-Aug-24	947	1,000	Add	Avinash Singh
04-Jul-24	946	1,000	Add	Avinash Singh
05-Jun-24	787	1,000	Add	Avinash Singh
09-May-24	816	1,000	Add	Avinash Singh
06-Apr-24	852	1,000	Add	Avinash Singh
30-Jan-24	894	1,030	Add	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



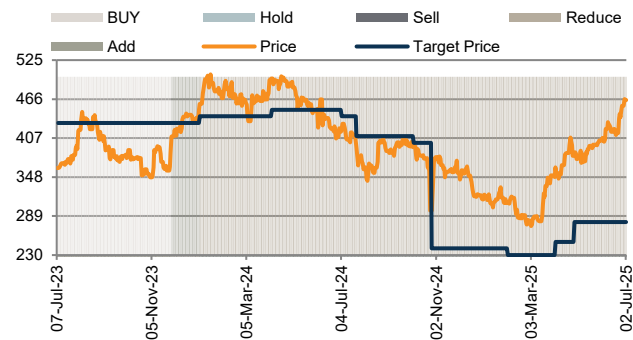
Source: Company, Bloomberg, Emkay Research

### POONAWALLA FINCORP RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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
04-Oct-24	395	400	Reduce	Avinash Singh
02-Sep-24	388	410	Reduce	Avinash Singh
20-Aug-24	400	410	Reduce	Avinash Singh
23-Jul-24	391	410	Reduce	Avinash Singh
04-Jul-24	419	440	Reduce	Avinash Singh
05-Jun-24	435	450	Reduce	Avinash Singh
30-Apr-24	491	450	Reduce	Avinash Singh
06-Apr-24	497	450	Reduce	Avinash Singh
18-Mar-24	472	440	Reduce	Avinash Singh
19-Jan-24	504	440	Reduce	Avinash Singh

Source: Company, Emkay Research

### RECOMMENDATION HISTORY - TREND



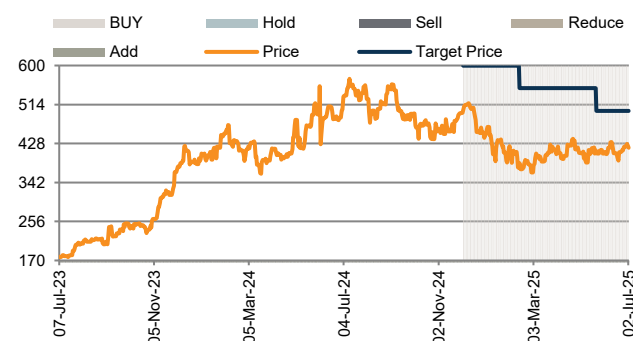
Source: Company, Bloomberg, Emkay Research

### POWER FINANCE CORPORATION RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Jun-25	409	500	Buy	Avinash Singh
05-Jun-25	408	500	Buy	Avinash Singh
22-May-25	407	500	Buy	Avinash Singh
10-Apr-25	394	550	Buy	Avinash Singh
03-Apr-25	421	550	Buy	Avinash Singh
27-Feb-25	378	550	Buy	Avinash Singh
13-Feb-25	385	550	Buy	Avinash Singh
06-Jan-25	447	600	Buy	Avinash Singh
03-Dec-24	501	600	Buy	Avinash Singh

Source: Company, Emkay Research

### RECOMMENDATION HISTORY - TREND



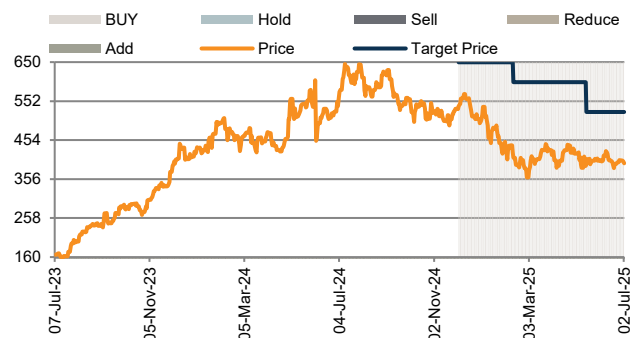
Source: Company, Bloomberg, Emkay Research

## REC RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Jun-25	394	525	Buy	Avinash Singh
05-Jun-25	403	525	Buy	Avinash Singh
15-May-25	394	525	Buy	Avinash Singh
10-Apr-25	389	600	Buy	Avinash Singh
03-Apr-25	425	600	Buy	Avinash Singh
27-Feb-25	379	600	Buy	Avinash Singh
11-Feb-25	410	600	Buy	Avinash Singh
06-Jan-25	513	650	Buy	Avinash Singh
03-Dec-24	540	650	Buy	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



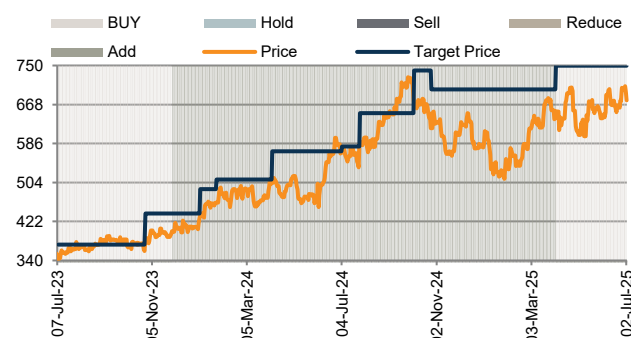
Source: Company, Bloomberg, Emkay Research

## SHRIRAM FINANCE RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
20-Jun-25	666	750	Buy	Avinash Singh
05-Jun-25	651	750	Buy	Avinash Singh
26-Apr-25	655	750	Buy	Avinash Singh
10-Apr-25	625	750	Buy	Avinash Singh
03-Apr-25	654	750	Buy	Avinash Singh
27-Feb-25	607	700	Add	Avinash Singh
26-Jan-25	527	700	Add	Avinash Singh
06-Jan-25	594	700	Add	Avinash Singh
05-Dec-24	625	700	Add	Avinash Singh
26-Oct-24	619	700	Add	Avinash Singh
04-Oct-24	667	740	Add	Avinash Singh
02-Sep-24	645	650	Add	Avinash Singh
20-Aug-24	632	650	Add	Avinash Singh
27-Jul-24	585	650	Add	Avinash Singh
04-Jul-24	567	580	Add	Avinash Singh
05-Jun-24	477	570	Add	Avinash Singh
27-Apr-24	500	570	Add	Avinash Singh
06-Apr-24	504	570	Add	Avinash Singh
26-Jan-24	461	510	Add	Avinash Singh
05-Jan-24	434	490	Add	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research



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**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

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

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: [www.emkayglobal.com](http://www.emkayglobal.com)

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