REDUCE Bajaj Finance

Clean and strong quarter; guidance reaffirmed

Emkay
Your success is our success

BFSI - NBFCs ▸ Result Update ▸ **July 31, 2026** **CMP (Rs): 1,054 | TP (Rs): 1,050**

BAF reported a sturdy quarter in terms of growth, profitability, and credit cost, with PAT (attributable to shareholders) at ~Rs59.8bn broadly in line with our estimates. Performance was mainly driven by lower core credit cost of 1.54% yoy (1.87% in 1QFY26), which was backed by significant improvement across 3MOB, 6MOB, and 9MOB that are running below pre-Covid levels. Management maintains its FY27 AUM growth guidance of 22-24%, stating it would review guidance post-2Q and expects profit growth to structurally outpace balance sheet growth. This will be driven by improving operating efficiency, with a targeted 25-40bps improvement in opex-to-NTI, alongside margins that may see a slight moderation of 10-15bps. To further strengthen the balance sheet, BAF has prudently created a Rs2.96bn macroeconomic provision to shield against geopolitical and monsoon uncertainties. Factoring in the 1Q performance and management commentary, we adjust our FY27-29 estimates; this leads to a ~3-4% increase in our EPS estimates. We reiterate REDUCE on the stock while raising Jun-27E TP by 5% to Rs1,050 from Rs1000, implying SA FY28E PBV of 4.6x.

Strong start to FY27

BAF saw a productive 1Q, with PAT growing 28% to ~Rs59.9bn. AUM grew 24% yoy to Rs5.47trn, supported by steady NIMs during the quarter. Opex-to-NTI stood at 33.4%, driven by accelerated Gold Loan and MFI branch network expansion, alongside a ~10bps impact from the New Labor Code. Credit costs improved significantly, to 1.54%, which would have been 1.31% excluding a prudently recognized Rs2.96bn macroeconomic overlay provision. Asset quality strengthened sequentially, with GNPA declining by 5bps qoq to 0.96%, while the company maintained a healthy 60% PCR on stage 3 assets.

Guidance intact; to revisit post-2Q

Management maintained its FY27 AUM growth guidance at 22-24%, though it will consider upward revision post-2Q if the current strong momentum sustains. Near-term growth expectations reflect a projected rebound in the MSME segment (in 3Q) along with continued momentum in the 'other product' segment. Gold Loans is aggressively scaling up, with 110 monthly branch additions and FY27 AUM target of Rs290-310bn (2.7-2.8k branches). Margins are expected to moderate by ~10-15bps, whereas COF is expected to be stable with marginal movement. This profitability will be aided by stable-to-improving credit cost and a targeted ~25-40bps improvement in opex-to-NTI, supported by expanding AI-led efficiencies that significantly lower origination and servicing costs. Overall, the company retains its long-term guidance of 23-25% AUM growth, of 4.3-4.7% for ROA, and of 19-21% for ROE (with GNPA below 1.4% and NNPA below 0.5%), with continued focus on strict risk thresholds and strengthening the balance sheet.

Long-term profitable growth fully priced-in; maintain REDUCE

Factoring in the 1QFY27 performance and management commentary, we adjust our FY27-29 estimates; this results in our EPS increasing 3-4%. We maintain REDUCE while revising up Jun-27E TP by 5% to Rs1,050 from Rs1,000, implying SA FY28E PBV of ~4.6x.

Bajaj Finance: Financial Snapshot (Consolidated)					
Y/E March (Rs mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Net profits	166,378	190,174	258,447	308,291	369,970
AUM growth (%)	26.0	22.4	23.0	23.0	24.0
NII growth (%)	23.0	21.2	20.9	22.7	22.6
NIMs (%)	9.7	9.5	9.4	9.3	9.2
PPOP growth (%)	25.5	17.5	21.8	20.8	21.0
Adj. EPS (Rs)	26.8	30.6	41.6	49.6	59.5
Adj. EPS growth (%)	13.4	14.1	35.9	19.3	20.0
Adj. BV (INR)	155.7	183.3	217.4	258.1	306.9
Adj. BVPS growth (%)	25.5	17.7	18.6	18.7	18.9
RoA (%)	4.0	3.8	4.2	4.1	4.1
RoE (%)	19.3	18.3	21.1	21.2	21.4
P/E (x)	39.3	34.4	25.3	21.2	17.7
P/ABV (x)	6.8	5.7	4.8	4.1	3.4

Source: Company, Emkay Research

Target Price – 12M	Jun-27
Change in TP (%)	**5.0**
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(0.4)

Stock Data	**BAF IN**
52-week High (Rs)	1,102
52-week Low (Rs)	787
Shares outstanding (mn)	6,226.0
Market-cap (Rs bn)	6,559
Market-cap (USD mn)	68,551
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	10.1
ADTV-3M (Rs mn)	9,669.7
ADTV-3M (USD mn)	101.1
Free float (%)	0.0
Nifty-50	24,317.2
INR/USD	95.7

Shareholding,Jun-26	
Promoters (%)	54.7
FPIs/MFs (%)	18.9/17.8

Price Performance			
(%)	**1M**	**3M**	**12M**
Absolute	4.9	12.5	19.1
Rel. to Nifty	2.9	11.0	21.8

1-Year share price trend (Rs)

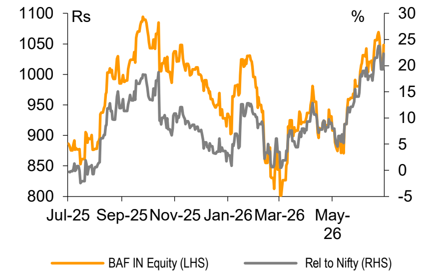

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Exhibit 1: BAF – Actual vs estimates

								Emkay		Consensus	
(Rs mn)	**1QFY26**	**2QFY26**	**3QFY26**	**4QFY26**	**1QFY27**	**qoq**	**yoy**	**Estimates**	**variation**	**Estimate**	**variation**
AUM	4,414,500	4,622,610	4,844,770	5,099,750	5,469,440	7.2%	23.9%	5,469,000	0.0%	5,469,000	0.0%
NII	102,278	107,847	113,178	117,806	125,706	7%	23%	123,159	2.1%		
Total Income	124,596	131,695	138,758	142,082	152,243	7%	22%	149,078	2.1%	148,415	2.6%
PPoP	83,358	88,736	90,543	94,072	101,373	8%	22%	100,651	0.7%	100,306	1.1%
Provision	19,689	22,688	36,255	20,075	19,934	-1%	1%	21,245	-6.2%	22,369	-10.9%
PBT	63,676	66,081	54,310	74,098	81,490	10%	28%	*79,406*	2.6%	*77,937*	4.6%
PAT	47,653	49,478	40,659	55,533	60,806	9%	28%	59,554	2.1%	58,454	4.0%
PAT (SH)	46,996	48,754	39,778	54,646	59,858	10%	27%	58,758	1.9%		
Credit Cost	1.84%	2.01%	3.06%	1.61%	1.51%	-11bps	-33bps	1.61%	-10bps	1.64%	-13bps
GS3	1.03%	1.24%	1.21%	1.01%	0.96%	-5bps	-7bps	0.90%	6bps		
NS3	0.50%	0.61%	0.48%	0.41%	0.39%	-2bps	-11bps	0.37%	3bps		

Source: Company, Emkay Research

Exhibit 2: Change in estimates

Y/e Mar (Rs mn)	FY27E			FY28E			FY29E		
	Earlier	**Revised**	**Change**	**Earlier**	**Revised**	**Change**	**Earlier**	**Revised**	**Change**
AUM	6,221,695	6,272,693	0.8%	7,652,685	7,715,412	0.8%	9,489,329	9,567,111	0.8%
Networth	1,343,434	1,351,842	0.6%	1,589,792	1,604,795	0.9%	1,884,829	1,908,439	1.3%
AUM growth	22.0%	23.0%	100bps	23.0%	23.0%	0bps	24.0%	24.0%	0bps
Net interest income	529,522	533,313	0.7%	647,362	654,366	1.1%	793,065	802,570	1.2%
Total Income	631,631	643,318	1.9%	769,550	781,407	1.5%	937,740	951,880	1.5%
Opex	214,015	213,522	-0.2%	259,381	262,140	1.1%	323,506	323,780	0.1%
PPOP	417,616	429,797	2.9%	510,169	519,267	1.8%	614,234	628,100	2.3%
Provisions	81,698	79,987	-2.1%	103,402	101,605	-1.7%	127,106	126,751	-0.3%
PBT	336,123	350,015	4.1%	407,025	417,920	2.7%	487,450	501,671	2.9%
PAT	252,092	262,511	4.1%	305,269	313,440	2.7%	365,587	376,253	2.9%
PAT (attributed to shareholders)	247,880	258,447	4.3%	300,021	308,291	2.8%	359,113	369,970	3.0%
EPS (Rs)	39.9	41.6	4.3%	48.3	49.6	2.8%	57.8	59.5	3.0%
BV (Rs)	216	217	0.6%	256	258	0.9%	303	307	1.3%
NIM+Fees	11.2%	11.3%	16bps	11.1%	11.2%	8bps	10.9%	11.0%	7bps
Cost-to-income ratio	33.9%	33.2%	-69bps	33.7%	33.5%	-16bps	34.5%	34.0%	-48bps
Opex-to-AUM	3.78%	3.76%	-3bps	3.7%	3.7%	1bps	3.8%	3.7%	-3bps
Credit costs	1.44%	1.41%	-4bps	1.49%	1.45%	-4bps	1.48%	1.47%	-2bps
GS3	0.89%	0.97%	8bps	0.85%	0.90%	5bps	0.85%	0.91%	5bps
NS3	0.36%	0.39%	3bps	0.36%	0.38%	2bps	0.36%	0.38%	2bps
ROA	4.1%	4.2%	15bps	4.1%	4.1%	6bps	4.0%	4.1%	6bps
ROE	20.3%	21.1%	77bps	20.8%	21.2%	39bps	21.0%	21.4%	38bps

Source: Company, Emkay Research

Exhibit 3: BAF – SOTP-based valuation

	Share Price (Rs)	No of shares (mn)	Market Cap (Rs bn)	BAF's stake	BAF's stake value (Rs bn)	Holdco discount	Value (Rs bn)
Bajaj Housing	87	8,358.5	723.2	86.39%	625	25%	469
At current market price							
Bajaj Finance	1,054	6,209	6,541	100%	6,541	0%	6,541
Implied BAF Standalone							**6,072**
At Target price							
Bajaj Finance	1,050	6209	6,519	100%	6,519	0%	6,519
Implied BAF Standalone							**6,050**

BAF - Standalone	**FY27E**	**FY28E**	**FY29E**
Adjusted Net Worth (Rs bn)	1,111	1,325	1,580
Implied PBV at CMP	5.5	4.6	3.8
Implied PBV at TP	5.4	4.6	3.8

Source: Company, Emkay Research

Exhibit 4: Valuation metrics

	CMP/TP (Rs)	Upside	Mkt Cap (Rs bn)	PBV (x)			PER (x)			ROA (%)			ROE (%)			Book Value (Rs/sh)			Ad. EPS (Rs)		
				FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
At current market price	1,054	-0.3%	6,559	4.85	4.08	3.43	25.3	21.2	17.7	4.2	4.1	4.1	21.1	21.1	21.1	217	258	307	41.6	49.6	59.5
At target price	1,050			4.83	4.07	3.42	25.3	21.2	17.6	4.2	4.1	4.1	21.1	21.1	21.1	217	258	307	41.6	49.6	59.5

Source: Company, Emkay Research

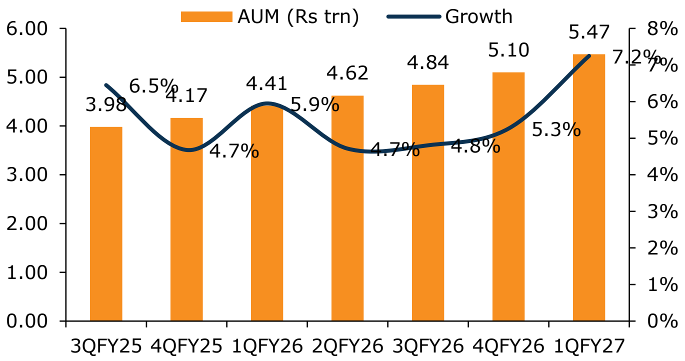
Exhibit 5: BAF – Quarterly earnings snapshot

(Rs mn)	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	qoq chg	yoy chg
Net interest income	102,278	107,847	113,178	117,806	125,706	6.7%	22.9%
Non-interest income	22,317	23,848	25,580	24,276	26,537	9.3%	18.9%
Total Income	**124,596**	**131,695**	**138,758**	**142,082**	**152,243**	7.2%	22.2%
Operating expenses	41,238	42,959	48,215	48,011	50,870	6.0%	23.4%
PPoP	**83,358**	**88,736**	**90,543**	**94,072**	**101,373**	7.8%	21.6%
Provisions & Loan loss	19,689	22,688	36,255	20,075	19,934	-0.7%	1.2%
Others/Exceptional	7	33	22	102	51		
PBT	**63,676**	**66,081**	**54,310**	**74,098**	**81,490**	10.0%	28.0%
Taxes	16,023	16,604	13,651	18,565	20,684	11.4%	29.1%
Tax Rate	*25.2%*	*25.1%*	*25.1%*	*25.1%*	*25.4%*		
PAT	**47,653**	**49,478**	**40,659**	**55,533**	**60,806**	9.5%	27.6%
PAT (shareholder)	**46,996**	**48,754**	**39,778**	**54,646**	**59,858**	9.5%	27.4%
Networth	1,014,582	1,032,135	1,072,795	1,139,990	1,200,799	5.3%	18.4%
BV	166	166	176	186	193	3.6%	16.6%
EPS - Reported basic (Rs)	7.7	7.8	6.5	8.9	9.8	9.4%	27.4%
Total AUM	4,414,500	4,622,610	4,844,770	5,099,750	5,469,440	7.2%	23.9%
Consolidated Borrowings	3,717,520	3,908,710	4,049,650	4,265,220	4,590,210	7.6%	23.5%
NIM (as % of AUM) - calculated	9.5%	9.5%	9.6%	9.5%	9.5%	4bps	-2bps
Cost to income ratio	33.1%	32.6%	34.7%	33.8%	33.4%	-38bps	32bps
Credit Cost	1.84%	2.01%	3.06%	1.61%	1.51%	-11bps	-33bps
RoAAum (AUM)	4.4%	4.4%	3.4%	4.5%	4.6%	14bps	16bps
RoAE	19.2%	19.3%	15.5%	20.1%	20.8%	70bps	154bps
Gross NPA	1.03%	1.24%	1.21%	1.01%	0.96%	-5bps	-7bps
Net NPA	0.50%	0.61%	0.48%	0.41%	0.39%	-2bps	-11bps
Provision coverage ratio - Stage 3	51.9%	51.8%	61.3%	59.7%	59.7%	-5bps	774bps

Source: Company, Emkay Research

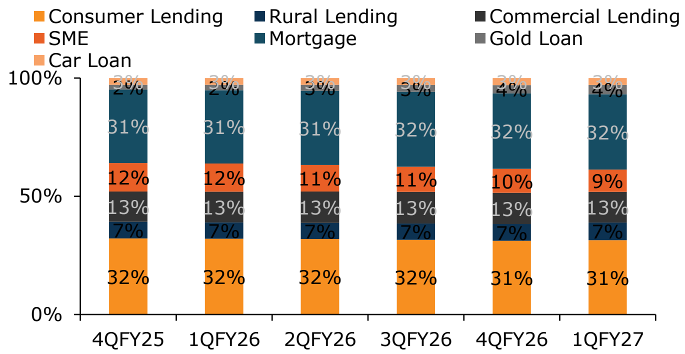
Result in charts

Exhibit 6: AUM grew ~24% yoy



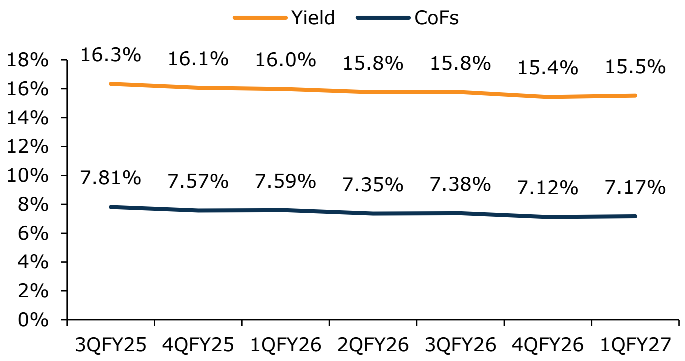
Source: Company, Emkay Research

Exhibit 7: Diverse product offerings



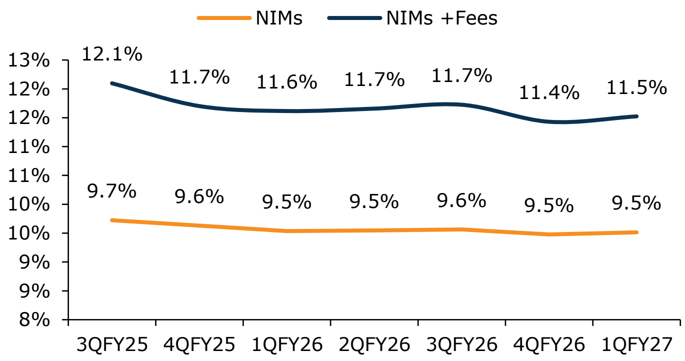
Source: Company, Emkay Research

Exhibit 8: COF stable qoq at 7.4%



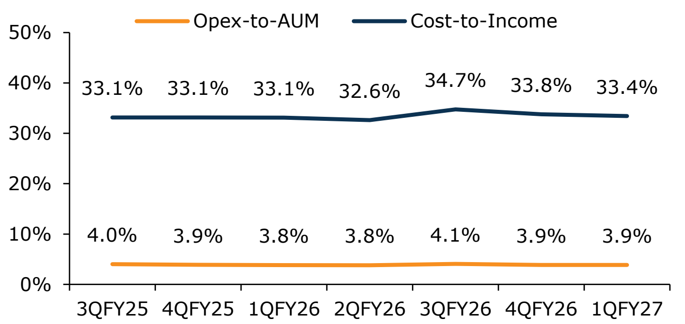
Source: Company, Emkay Research

Exhibit 9: NIM stable sequentially



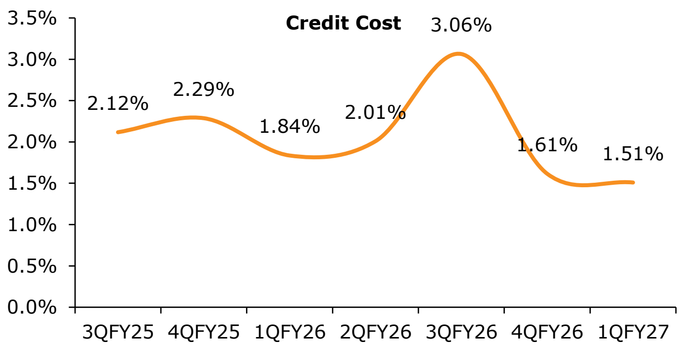
Source: Company, Emkay Research

Exhibit 10: Opex ratio range-bound



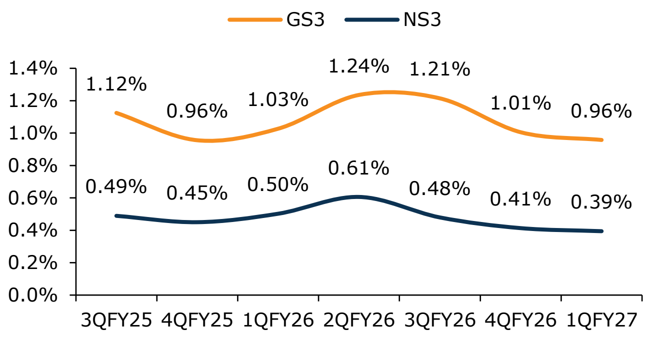
Source: Company, Emkay Research

Exhibit 11: Credit cost remains low despite the Rs2.96bn buffer



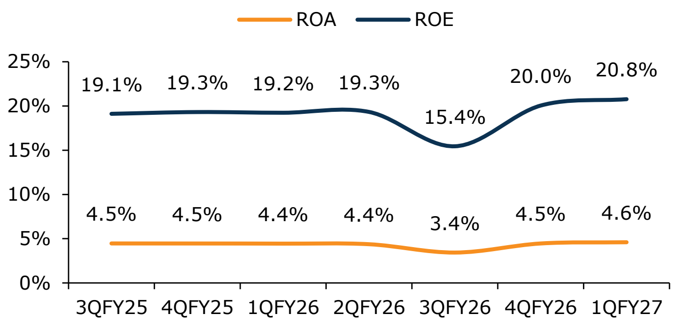
Source: Company, Emkay Research

Exhibit 12: Best-in-industry asset quality



Source: Company, Emkay Research

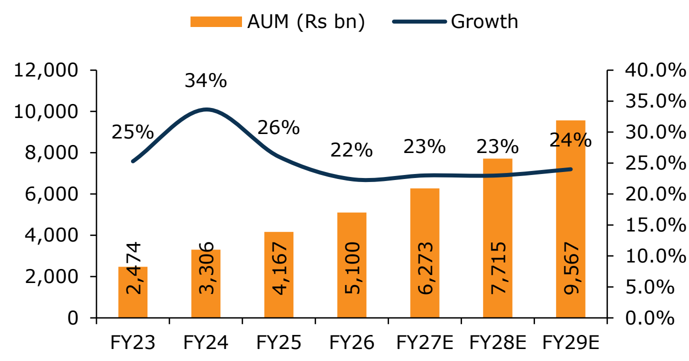
Exhibit 13: ROA/ROE expansion led by stable margins and lower credit cost



Source: Company, Emkay Research

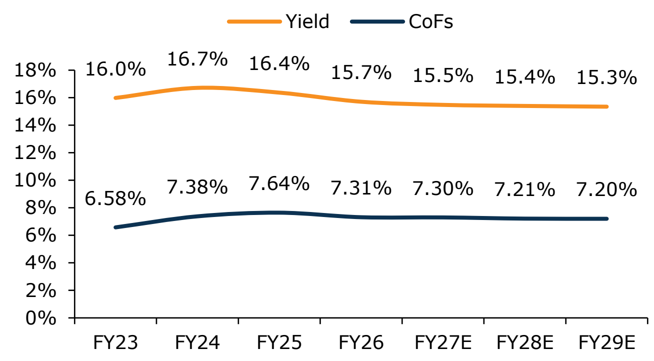
Story in charts

Exhibit 14: Strong AUM growth expected in the mid-to-long term



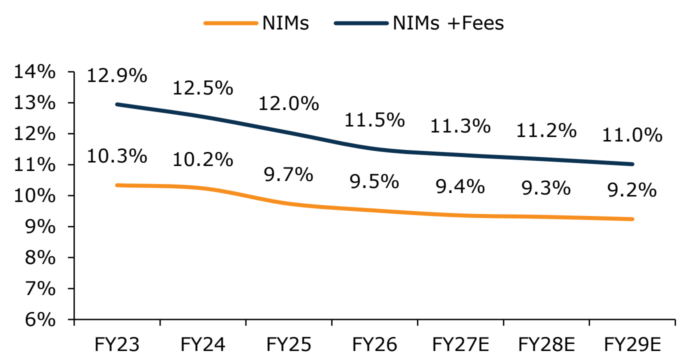
Source: Company, Emkay Research

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



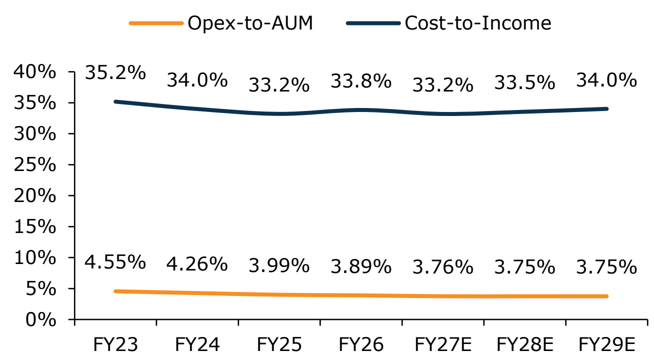
Source: Company, Emkay Research

Exhibit 16: Margins to remain healthy



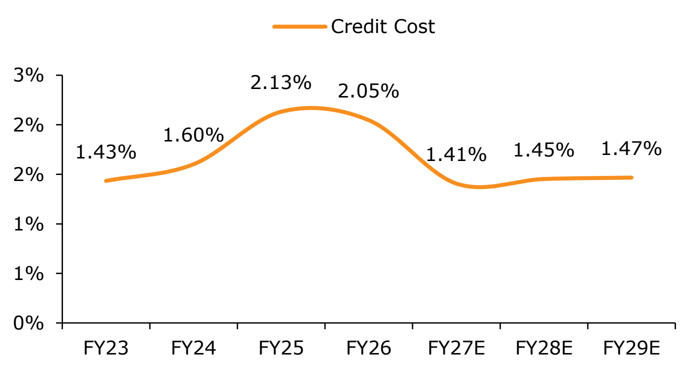
Source: Company, Emkay Research

Exhibit 17: FINAI benefit yet to start reflecting in the opex, as it is still in the implementation phase



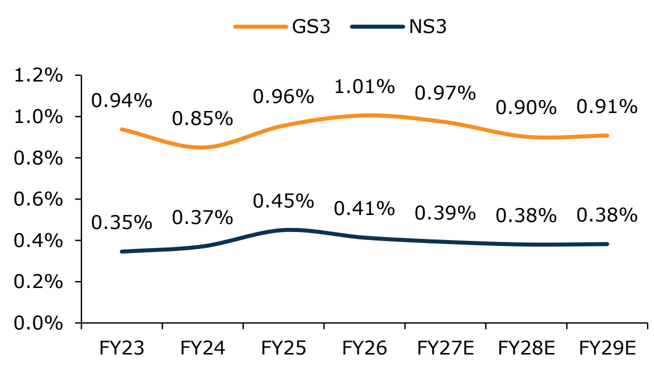
Source: Company, Emkay Research

Exhibit 18: The management gave guidance for credit cost ranging at 1.4-1.6% in FY27



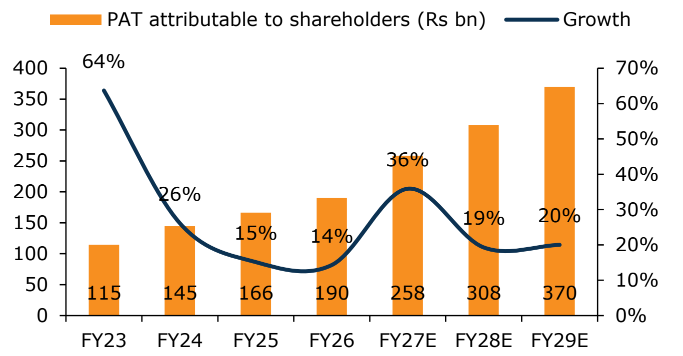
Source: Company, Emkay Research

Exhibit 19: Robust asset quality



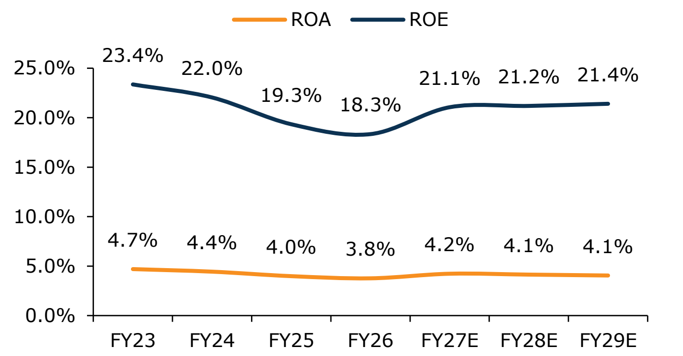
Source: Company, Emkay Research

Exhibit 20: Healthy PAT growth over FY27-29E



Source: Company, Emkay Research

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



Source: Company, Emkay Research

Earnings Call Highlights

- The management characterized 1QFY27 as an "excellent quarter" across all operating and financial metrics, marking the strongest performance in the last 6-7 quarters. AUM grew by a record Rs370bn, and the company added 5mn new customers, with profit growing 28% and ROE crossing the 20% mark.
- The company is upholding its current FY27 AUM growth guidance of 22–24% for one more quarter, noting that a formal upward revision in AUM, PBT, ROA, and ROE guidance will be considered post-2Q if the current momentum sustains. It expects profit growth to outpace balance sheet growth.
- Growth in the MSME and Business Loans segment was muted at 2% due to intentional risk pruning initiated in Jul-25. However, the management expects growth momentum in this segment to resume by 3QFY27.
- Urban consumer finance and Rural consumer finance registered strong growth of 38% and 49%, respectively, driven by an equal split between organic volume growth (20%) and SKU price inflation/higher ticket sizes (20%).
- Management highlighted that the mobile financing segment is faring well (despite a decline in overall mobile sales), led by increasing ticket size and share of high-end mobile phones (Apple; 20–23% volume growth and a 30–33% increase in average ticket size). ATS for other electronic appliances is broadly flat, though.
- NIMs were steady in 1Q, aided by higher asset yields from consumer durables and higher ticket sizes. The cost of borrowing was largely flat/range-bound (down by 5bps sequentially), but the management anticipates a 10–15bps moderation in NIMs over FY27 due to tight money markets, geopolitical risks, and potential macro inflation.
- Gold Loans were the standout performer, growing 112% yoy and now accounting for 4% of AUM. The company is adding ~110 branches per month, targeting a peak capacity of 2,700–2,800 standalone branches and FY27 AUM of Rs290–310bn in this segment. Digital platforms contribute to 25% of the business.
- Operating efficiency remains a key focus. While opex-to-NTI came in at 33.1% due to accelerated Gold and MFI branch expansion and a ~10-16bps (Rs600mn) impact from the New Labor Code, the management remains confident of achieving a 25–40bps improvement in FY27.
- Credit performance improved, with the core loan loss to average AUM dropping to 1.54% from 1.87% in 1QFY26. Portfolio vintage metrics across 3MOB, 6MOB, and 9MOB are now running below pre-Covid (FY20) benchmarks. The company prudently created an additional Rs2.96bn macroeconomic provision to buffer against geopolitical and monsoon uncertainties.
- The company is focused on deepening its customer franchise toward a 200mn target, with Existing-to-Bajaj (ETB) contribution improving to 63%. Management indicated increasing ETB customers will result in lower opex and credit cost.
- On the physical distribution front, the company has identified 160 new locations for the current year, with plans of ~200–250 non-gold branch additions annually.
- FINAI and digital transformation are scaling up rapidly, to shift the business from a 'push' to a 'pull' model. AI bots analyzed 45mn interactions, while voice and text bots generated Rs25bn (2.5bn) in 1Q disbursements. AI bots now handle 71% of DIY service requests. The company enforces strict cost governance, ensuring AI operational costs remain ~1/3rd of human labor costs.
- **Guidance**
  - AUM growth, PBT, ROA, and ROE guidance revisions will be evaluated post-2QFY27
  - NIM moderation expected at 10–15bps
  - Opex-to-NTI improvement of 25–40bps targeted for FY27

Bajaj Finance: Consolidated Financials and Valuations

Profit & Loss

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	611,636	727,760	880,222	1,077,221	1,326,274
Interest Expense	247,708	286,660	346,909	422,855	523,703
Net interest income	**363,928**	**441,101**	**533,313**	**654,366**	**802,570**
NII growth (%)	23.0	21.2	20.9	22.7	22.6
Non interest income	85,612	92,135	110,006	127,041	149,310
Total income	**449,540**	**533,236**	**643,318**	**781,407**	**951,880**
Operating expenses	149,261	180,415	213,522	262,140	323,780
PPOP	**300,279**	**352,820**	**429,797**	**519,267**	**628,100**
PPOP growth (%)	25.5	17.5	21.8	20.8	21.0
Provisions & contingencies	79,660	94,819	79,987	101,605	126,751
PBT	**220,618**	**258,002**	**349,809**	**417,662**	**501,350**
Extraordinary items	-	-	-	-	-
Tax expense	53,002	64,843	87,504	104,480	125,418
Minority interest	1,417	3,150	4,064	5,149	6,283
Income from JV/Associates	-	-	-	-	-
Reported PAT	**166,378**	**190,174**	**258,447**	**308,291**	**369,970**
PAT growth (%)	15.2	14.3	35.9	19.3	20.0
Adjusted PAT	**166,378**	**190,174**	**258,447**	**308,291**	**369,970**
Diluted EPS (Rs)	**26.8**	**30.5**	**41.6**	**49.6**	**59.5**
Diluted EPS growth (%)	13.7	13.8	36.2	19.3	20.0
DPS (Rs)	**4.4**	**6.0**	**8.1**	**9.7**	**11.7**
Dividend payout (%)	**16.3**	**19.3**	**19.3**	**19.3**	**19.3**
Effective tax rate (%)	24.0	25.1	25.0	25.0	25.0
Net interest margins (%)	9.7	9.5	9.4	9.3	9.2
Cost-income ratio (%)	33.2	33.8	33.2	33.5	34.0
PAT/PPOP (%)	55.9	54.8	61.1	60.4	59.9
Shares outstanding (mn)	620.9	3,109.0	3,109.0	3,109.0	3,109.0

Source: Company, Emkay Research

Balance Sheet

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	1,242	6,218	6,218	6,218	6,218
Reserves & surplus	965,687	1,133,772	1,345,624	1,598,577	1,902,221
Net worth	**966,929**	**1,139,990**	**1,351,842**	**1,604,795**	**1,908,439**
Borrowings	**3,572,900**	**4,265,220**	**5,238,717**	**6,485,841**	**8,058,669**
Other liabilities & prov.	**98,999**	**164,448**	**215,611**	**238,849**	**265,030**
Total liabilities & equity	**4,638,828**	**5,569,658**	**6,806,171**	**8,329,485**	**10,232,138**
Net loans	4,078,441	4,989,435	5,984,701	7,386,176	9,155,704
Investments	344,408	305,778	382,223	477,778	597,223
Cash, other balances	135,435	157,553	173,309	190,639	209,703
Interest earning assets	**4,558,285**	**5,452,767**	**6,540,232**	**8,054,593**	**9,962,630**
Fixed assets	26,889	28,511	35,638	44,548	55,685
Other assets	76,094	118,246	230,301	230,344	213,823
Total assets	**4,661,268**	**5,599,524**	**6,806,171**	**8,329,485**	**10,232,138**
BVPS (Rs)	155.7	183.3	217.4	258.1	306.9
Adj. BVPS (INR)	155.7	183.3	217.4	258.1	306.9
Gross loans	4,148,270	5,092,440	6,093,631	7,510,538	9,303,536
Total AUM	**4,166,610**	**5,099,750**	**6,272,693**	**7,715,412**	**9,567,111**
On balance sheet	4,148,270	5,092,440	6,093,631	7,510,538	9,303,536
Off balance sheet	18,340	7,310	179,062	204,873	263,574
Disbursements	-	-	-	-	-
Disbursements growth (%)	0	0	0	0	0
Loan growth (%)	25.0	22.3	19.9	23.4	24.0
AUM growth (%)	26.0	22.4	23.0	23.0	24.0
Borrowings growth (%)	22.9	19.4	22.8	23.8	24.3
Book value growth (%)	25.5	17.7	18.6	18.7	18.9

Source: Company, Emkay Research

Asset quality and other metrics

Y/E March (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Asset quality					
GNPL - Stage 3	39,650	51,190	59,288	67,747	84,447
NNPL - Stage 3	18,350	20,620	23,784	28,393	35,348
GNPL ratio - Stage 3 (%)	1.0	1.0	1.0	0.9	0.9
NNPL ratio - Stage 3 (%)	0.4	0.4	0.4	0.4	0.4
ECL coverage - Stage 3 (%)	53.7	59.7	59.9	58.1	58.1
ECL coverage - 1 & 2 (%)	1.2	1.4	1.2	1.1	1.0
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	1.8	1.5	1.5	1.4	1.4
Total credit costs (%)	2.1	2.0	1.4	1.5	1.5
NNPA to networth (%)	1.9	1.8	1.8	1.8	1.9
Capital adequacy					
Total CAR (%)	21.9	21.6	21.1	20.5	19.9
Tier-1 (%)	21.1	20.7	20.2	19.6	19.0
Miscellaneous					
Total income growth (%)	24.0	18.6	20.6	21.5	21.8
Opex growth (%)	21.1	20.9	18.4	22.8	23.5
PPOP margin (%)	8.0	7.6	7.6	7.4	7.3
Credit costs-to-PPOP (%)	26.5	26.9	18.6	19.6	20.2
Loan-to-Assets (%)	87.5	89.1	87.9	88.7	89.5
Yield on loans (%)	16.4	15.7	15.5	15.4	15.3
Cost of funds (%)	7.6	7.3	7.3	7.2	7.2
Spread (%)	8.7	8.4	8.2	8.2	8.1

Source: Company, Emkay Research

Valuations and key Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	39.3	34.4	25.3	21.2	17.7
P/B (x)	6.8	5.7	4.8	4.1	3.4
P/ABV (x)	6.8	5.7	4.8	4.1	3.4
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.4	0.6	0.8	0.9	1.1
Dupont-RoE split (%)					
NII/avg AUM	9.7	9.5	9.4	9.4	9.3
Other income	2.3	2.0	1.9	1.8	1.7
Securitization income	-	-	-	-	-
Opex	2.0	1.9	1.9	1.8	1.8
Employee expense	2.0	2.0	1.9	1.9	1.9
PPOP	**8.0**	**7.6**	**7.6**	**7.4**	**7.3**
Provisions	2.1	2.0	1.4	1.5	1.5
Tax expense	1.4	1.4	1.5	1.5	1.5
RoAUM (%)	**4.5**	**4.2**	**4.6**	**4.5**	**4.4**
Leverage ratio (x)	4.3	4.4	4.6	4.7	4.9
RoE (%)	**19.3**	**18.3**	**21.1**	**21.2**	**21.4**

Quarterly data

Rs mn, Y/E Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
NII	102,278	107,847	113,178	117,806	125,706
NIM (%)	9.5	9.5	9.6	9.5	9.5
PPOP	83,358	88,736	90,543	94,072	101,373
PAT	47,653	49,478	40,659	55,533	60,806
EPS (Rs)	7.67	7.84	6.54	8.93	97.74

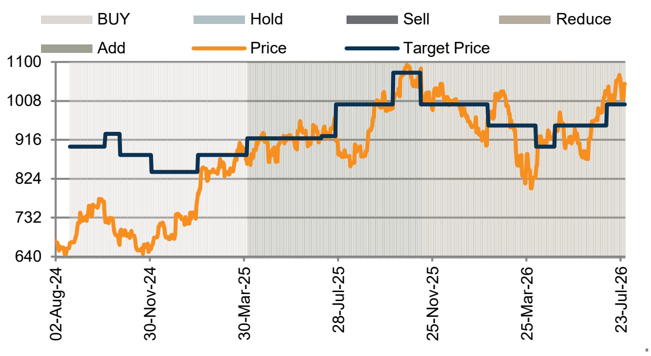
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
05-Jul-26	1,031	1,000	Reduce	Avinash Singh
30-Apr-26	937	950	Reduce	Avinash Singh
06-Apr-26	851	900	Reduce	Avinash Singh
17-Mar-26	869	950	Reduce	Avinash Singh
04-Feb-26	963	950	Reduce	Avinash Singh
06-Jan-26	977	1,000	Reduce	Avinash Singh
10-Nov-25	1,085	1,000	Reduce	Avinash Singh
06-Oct-25	1,009	1,075	Add	Avinash Singh
10-Sep-25	968	1,000	Add	Avinash Singh
25-Jul-25	914	1,000	Add	Avinash Singh
21-Jul-25	948	925	Add	Avinash Singh
07-Jul-25	925	925	Add	Avinash Singh
20-Jun-25	905	920	Add	Avinash Singh
05-Jun-25	893	920	Add	Avinash Singh
30-Apr-25	863	920	Add	Avinash Singh
10-Apr-25	874	920	Add	Avinash Singh
03-Apr-25	859	920	Add	Avinash Singh
27-Feb-25	871	880	Buy	Avinash Singh
30-Jan-25	790	880	Buy	Avinash Singh
06-Jan-25	735	840	Buy	Avinash Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

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Seshadri Kumar Sen

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