

# Bajaj Finance

BSE SENSEX 72,696 S&P CNX 22,513



## BAJAJ FINANCE LIMITED

Bloomberg	BAF IN
Equity Shares (m)	6222
M.Cap.(INRb)/(USDb)	5056.4 / 53.8
52-Week Range (INR)	1103 / 788
1, 6, 12 Rel. Per (%)	-9/-10/-5
12M Avg Val (INR M)	8516

### Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Net Income	540	653	795
PPP	362	440	543
PAT	195	254	320
EPS (INR)	31	41	51
EPS Gr. (%)	16	31	26
BV/Sh. (INR)	186	220	264

### Ratios

NIM (%)	9.7	9.6	9.6
C/I ratio (%)	33.1	32.5	31.8
RoA (%)	3.8	4.1	4.2
RoE (%)	18.4	20.2	21.3
Payout (%)	16.0	15.1	15.1

### Valuations

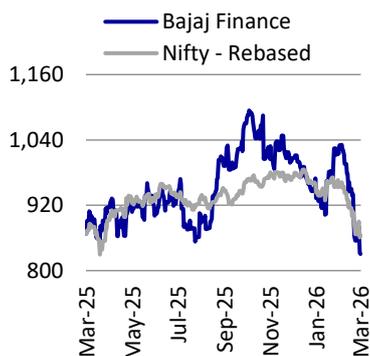
P/E (x)	25.9	19.8	15.8
P/BV (x)	4.4	3.7	3.1
Div. Yield (%)	0.7	0.8	1.0

### Shareholding pattern (%)

	Dec-25	Sep-25	Dec-24
Promoter	54.7	54.7	54.7
DII	14.9	14.5	15.2
FII	21.6	22.1	20.8
Others	8.8	8.8	9.3

FII includes depository receipts

### Stock Performance (1-year)



**CMP: INR813 TP: INR900 (+11%) Neutral**

## AI-led transformation; risk-disciplined growth

### Balancing near-term asset quality with long-term platform-led compounding

- Bajaj Finance (BAF) is navigating the current credit cycle with a clear focus on balance sheet resilience, consciously sacrificing near-term growth to protect long-term asset quality. The tightening of underwriting in the MSME and unsecured segments reflects a proactive, cycle-aware risk strategy rather than reactive stress management.
- Growth moderated in FY26 due to MSME weakness, the run-down of the captive 2W/3W portfolio, and increased competitive intensity in housing. However, this moderation is self-induced and transitory, with growth expected to re-accelerate from FY27, driven by MSME normalization (with momentum expected to pick up in 2HFY27), secured product momentum, and cross-sell-led expansion. This is expected to foster a more efficient and profitable growth trajectory over time.
- BAF has adopted a more conservative stance on asset quality, with a clear emphasis on strengthening balance sheet resilience amid evolving stress in the MFI, unsecured, and MSME segments. Asset quality is approaching an inflection point, with early delinquency trends (3MOB/6MOB) improving across vintages. We expect credit costs (as a % of loans) to normalize to ~1.7-1.8% in FY27-28E (vs. 2.2%, including accelerated ECL provisions in FY26E), as legacy stress unwinds and tighter underwriting standards take effect.
- BAF's LRS 2026-30 strategy marks a structural pivot toward a platform-led, AI-native operating model that embeds intelligence across origination, underwriting, servicing, and collections—enhancing both risk selection and customer monetization. Although BAF originates a significant portion of incremental retail credit, its AUM penetration remains low across segments, indicating substantial monetization potential within its existing customer base.
- The franchise is transitioning from “scale-led expansion” to “productivity-led compounding.” Over FY26-30, the company expects to double its customer franchise to ~200-220m, scale app installs to ~160-180m, and meaningfully improve product-per-customer to ~6.5-7.5. This shift indicates a structural move toward a platform-led model characterized by higher cross-sell intensity, lower acquisition costs, and improved operating leverage. While near-term margins may remain range-bound, structural drivers around improvement in productivity and credit costs remain intact.
- We view BAF as entering a more mature, structurally stronger phase, defined by tighter risk controls, moderated but higher-quality growth, and increasing reliance on data/AI for competitive advantage. **BAF trades at 3.7x FY27E P/BV and 20x P/E for a PAT CAGR of ~28% over FY26-FY28E and an RoA/RoE of 4.2%/21% in FY28E. We believe that the risk-reward is evenly balanced, and in the context of the near-term uncertainties, we reiterate our Neutral rating on the stock with a TP of INR900 (premised on 3.6x Dec'27E BVPS).**

### Growth outlook: Near-term reset, medium-term acceleration intact

- BAF's growth moderation reflects a strategic recalibration, not demand constraints evidenced by deliberate tightening in MSME and the run-down of lower-quality captive 2W/3W portfolios. AUM growth of ~22-23% in FY26 is a reset year, setting the base for a more durable growth trajectory. MSME growth, currently subdued, is expected to rebound to 20%+ after 2-3 quarters, contingent on sustained improvement in early delinquency trends.
- Secured segments particularly gold loans and new car finance are emerging as key growth anchors, offering better risk-adjusted returns. Cross-sell remains the most powerful structural lever, with the company shifting from acquisition-heavy (60:40) to engagement-led (40:60) growth, driving higher wallet share.
- BAF continues to operate with a relatively low market share across most lending segments (gold loans ~1%, new car financing ~1%, used car financing ~5%, secured business loans + LAP ~1%, and unsecured MSME and two-wheeler financing ~4% each). With market share across segments still in the low single digits, BAF retains significant headroom to scale without stretching risk.
- BAF remains focused on calibrated expansion, with new businesses being scaled up only where there is clear visibility on sustainable unit economics and risk-adjusted returns. We build in ~23% AUM CAGR over FY26–FY28E, supported by segment recovery, cross-sell intensity, and customer base expansion.

### AI as a core operating layer: Driving productivity, precision, and scale

- BAF is evolving into a **fully integrated, AI-driven financial platform**, with AI embedded throughout the entire value chain from sourcing to servicing. On the customer side, AI is enabling initiatives such as voice-to-text processing of ~20m calls, generation of ~100k customer offers, AI-driven marketing creatives, and conversational bots across multiple products. These advancements enhance customer acquisition, engagement, and conversion rates.
- On the operations side, AI is driving significant efficiencies through high-accuracy document processing (~95-96%), increasing automation in quality checks (targeting ~85-90%), and enabling disbursements and cross-sell opportunities via data analytics, while also delivering technology development efficiencies of ~25-45%.
- These initiatives are expected to structurally reduce operating costs, with the company targeting about a 50% reduction in operations and service expenses over the medium term, supported by higher digital adoption and automation. Consequently, cost ratios are expected to improve gradually, with the cost-to-income ratio declining to ~32% by FY28E (vs. ~33% in FY26E).

### Risk and asset quality: From reactive clean-up to proactive risk architecture

- FY26 credit costs (at ~2.2%, including accelerated ECL provisions) reflect a confluence of cyclical stress and legacy portfolio drag, particularly in unsecured MSME and captive 2W/3W vehicle finance. The captive 2W/3W book (~1.1% of AUM but an outsized contribution to credit costs) is being systematically run down, with normalization expected by Sep'26. Early-stage delinquency indicators (3MOB/6MOB) are showing consistent improvement, signaling stabilization in newer vintages.

- Credit costs are expected to decline to ~1.8%/1.7% in FY27/FY28E, driven by tighter underwriting, improved vintage performance, and a portfolio mix shift towards secured lending.
- BAF also undertook accelerated ECL provisioning of ~INR14b in 3QFY26 to account for macro uncertainties and introduced minimum LGD floors across segments, leading to higher coverage ratios and stronger buffers against potential credit volatility.
- BAF is gradually repositioning toward a lower-risk balance sheet, supported by AI-led underwriting and real-time risk monitoring, with a medium-term target of GNPA below ~1.2% and NNPA below ~0.4%, reinforcing its positioning as a low-risk and high-efficiency lender.
- Despite higher provisioning, credit costs are expected to remain within the guided range of ~165-175bp, supported by improving vintage performance, tighter underwriting, and proactive provisioning.

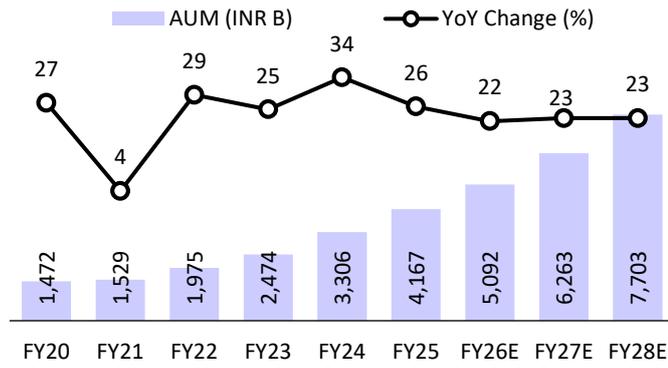
### Valuation and view: Strong structural story; near-term overhang persists

- BAF is transitioning into a more mature phase of growth, characterized by tighter risk controls, moderated expansion in select segments, and a sharp pivot toward technology and customer monetization. This will enhance long-term earnings visibility and reduce cyclicality.
- While the stock has corrected sharply over the past one month, we believe ongoing global turmoil could result in near-term uncertainties, including potential prolonged stress in unsecured MSMEs (especially export-linked) and elevated credit costs over the next few quarters. Regulatory overhangs such as the NBFC-to-bank transition and leadership norms, as indicated in recent [media reports](#) could also weigh on the stock in the near term, despite the company's succession planning currently being underway.
- Current valuations (~3.7x FY27E P/BV, ~20x P/E) are fair but not particularly compelling in the context of near-term uncertainties. **We reiterate our Neutral rating on the stock with a TP of INR900 (premised on 3.6x Dec'27E BVPS).**

**Exhibit 1: Valuation matrix of diversified NBFCs**

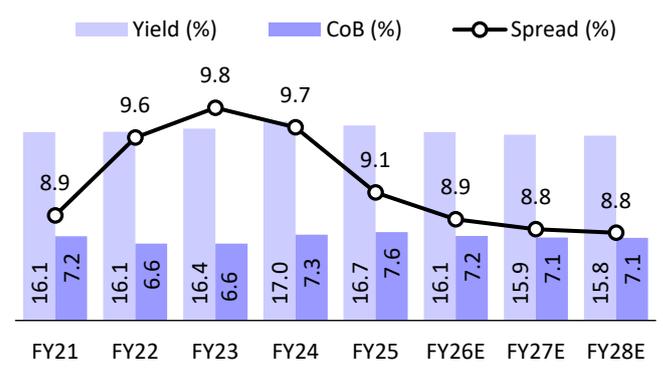
Val summary	Rating	CMP	Mkt. Cap	EPS (INR)		BV (INR)		RoA (%)		RoE (%)		P/E (x)		P/BV (x)	
				FY28E	(INR)	(INRb)	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E
<b>BAF</b>	<b>Neutral</b>	<b>812</b>	<b>5,156</b>	<b>31.3</b>	<b>41.0</b>	<b>186</b>	<b>220</b>	<b>3.8</b>	<b>4.1</b>	<b>18.4</b>	<b>20.2</b>	<b>25.9</b>	<b>19.8</b>	<b>4.4</b>	<b>3.7</b>
Poonawalla	Buy	377	317	6.7	18.0	126	186	1.1	2.2	5.9	12.2	56.4	20.9	3.0	2.0
ABCL	Buy	294	814	15.3	19.9	129	146	-	-	12.4	14.4	19.3	14.8	2.3	2.0
LTFH	Buy	248	651	11.7	15.9	111	124	2.2	2.6	10.9	13.5	21.2	15.6	2.2	2.0
Piramal Finance	Buy	1,820	416	71.4	107.2	1,262	1,353	1.5	1.9	5.8	8.2	25.5	17.0	1.4	1.3
MAS Financial	Buy	292	55	20.0	25.0	158	181	2.7	2.8	13.4	14.7	14.6	11.7	1.8	1.6
IIFL Finance	Buy	453	201	37.9	51.7	326	373	2.2	2.4	12.2	14.8	12.0	8.8	1.4	1.2
HDB Financial	Neutral	606	526	30.8	38.4	252	290	2.2	2.4	13.9	14.2	19.7	15.8	2.4	2.1
Jio Financial	Buy	226	1,519	2.6	3.6	226	248	2.0	2.0	4.3	4.6	85.9	62.1	1.0	0.9
Northern Arc	Buy	221	40	23.9	33.1	237	270	2.6	3.0	10.6	13.0	9.2	6.7	0.9	0.8

**Exhibit 2: Expect AUM CAGR of ~23% over FY26-FY28**



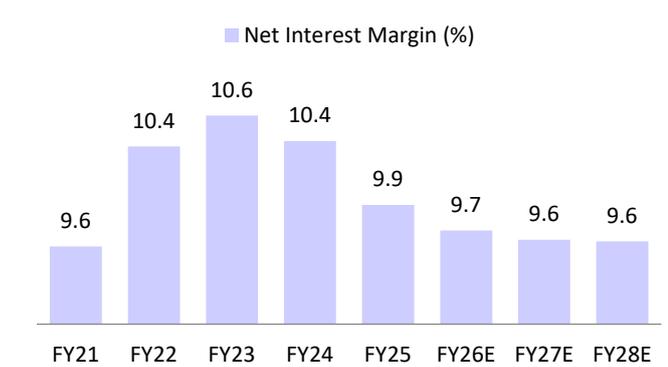
Source: MOFSL, Company

**Exhibit 3: Spreads to decline gradually**



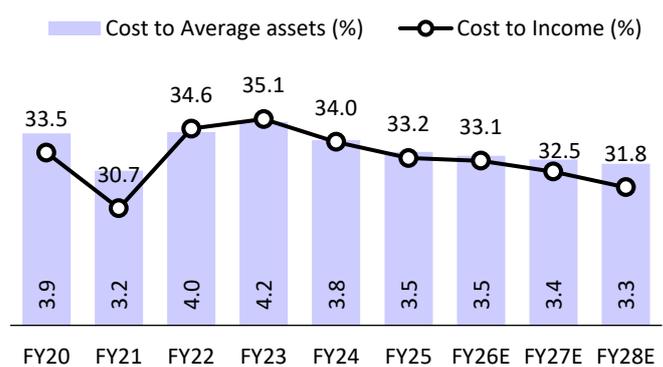
Source: MOFSL, Company;

**Exhibit 4: NIMs to moderate in FY27/FY28E**



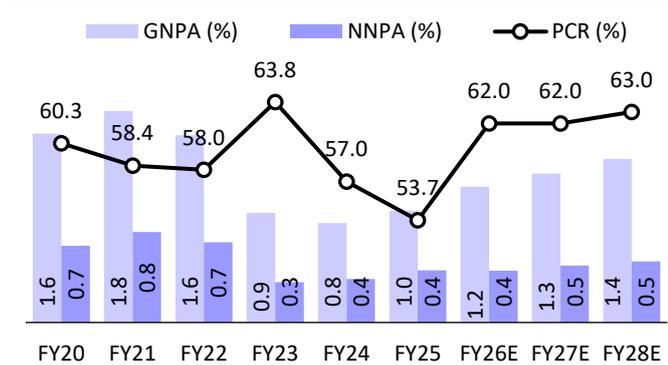
Source: MOFSL, Company

**Exhibit 5: Cost-to-income ratio to improve gradually**



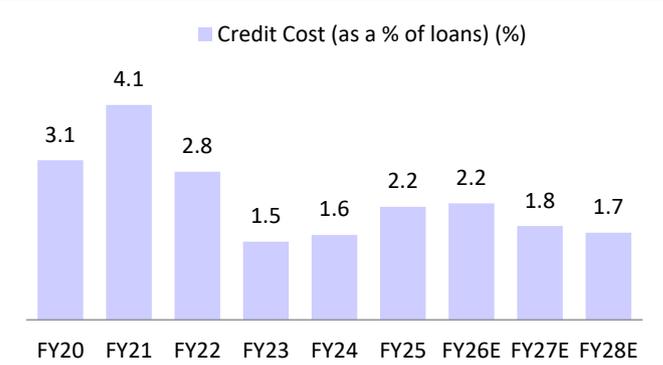
Source: MOFSL, Company

**Exhibit 6: Asset quality to remain range-bound**



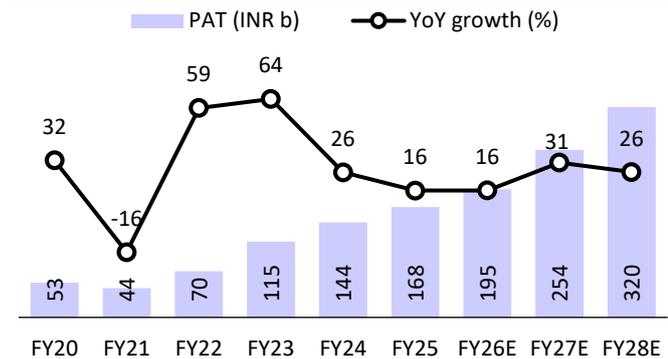
Source: MOFSL, Company

**Exhibit 7: Expect moderation in credit costs in FY27/FY28**



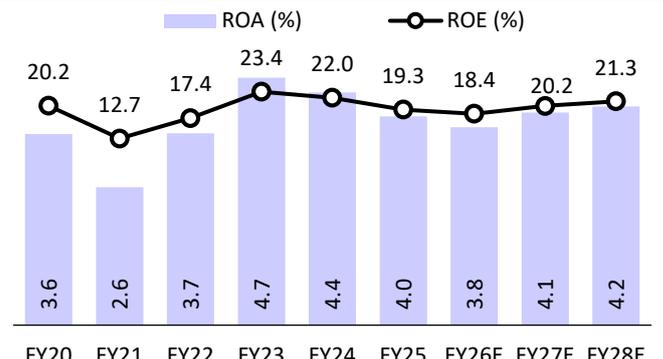
Source: MOFSL, Company

**Exhibit 8: Expect a PAT CAGR of 28% over FY26-FY28**



Source: MOFSL, Company

**Exhibit 9: Expect an RoA/RoE at 4.2%/21% in FY28**

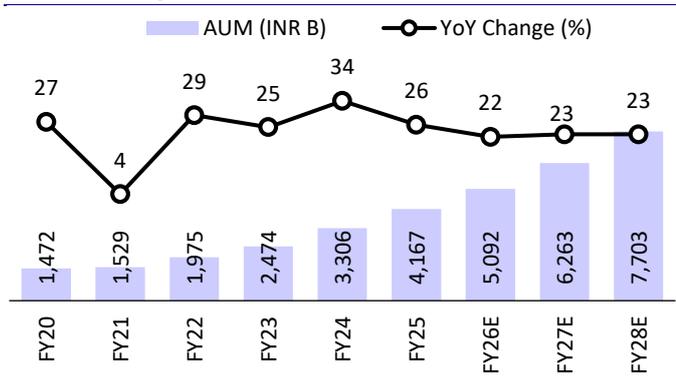


Source: MOFSL, Company

### Growth to remain healthy despite near-term moderation

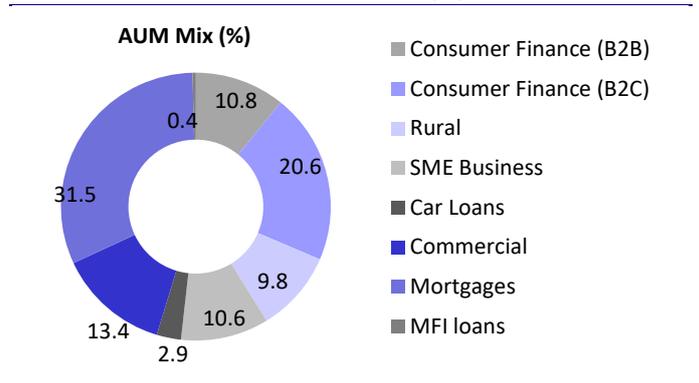
- BAF is undergoing a strategic shift from linear, product-led expansion to exponential wallet share capture within its existing customer base. Although it currently accounts for ~12.5% of India’s loans, its retail AUM share remains relatively low at around 2.8%, highlighting a significant monetization opportunity. Management is now pivoting from a “product-selling” approach to a “customer-centric” model, which could meaningfully scale monthly disbursements from ~INR8b to ~INR80b within the same customer base over time.
- This transition is also evident in the company’s evolving growth mix from a historically acquisition-heavy strategy (60:40 hunting vs. farming) toward a more balanced, cross-sell-driven model (targeting ~40:60 over time). With an ambition to reach ~200m customers by FY30, the focus is on deepening engagement and maximizing wallet share, which should drive more efficient, granular, and profitable growth.
- In the near term, growth moderation has been driven by deliberate portfolio actions, particularly in the MSME segment and the run-down of the captive two-wheeler financing book. MSME growth has slowed to ~11% in Q3, reflecting tighter underwriting standards and a ~25-30% reduction in volumes, as the company prioritizes asset quality over growth. Management expects MSME growth to recover to 20%+ levels over the next 2-3 quarters, contingent on sustained improvement in early delinquency trends.
- Within vehicle finance, momentum remains strong in new car financing, which has grown ~38-39%, while overall car loans have expanded ~26%. Used car financing continues to remain subdued due to tighter credit filters, although a gradual recovery is expected, with stronger traction likely in 2HFY27.

**Exhibit 10: Expect an AUM CAGR of ~23% over FY26-FY28**



Source: MOFSL, Company

**Exhibit 11: Well-diversified AUM mix (%)**

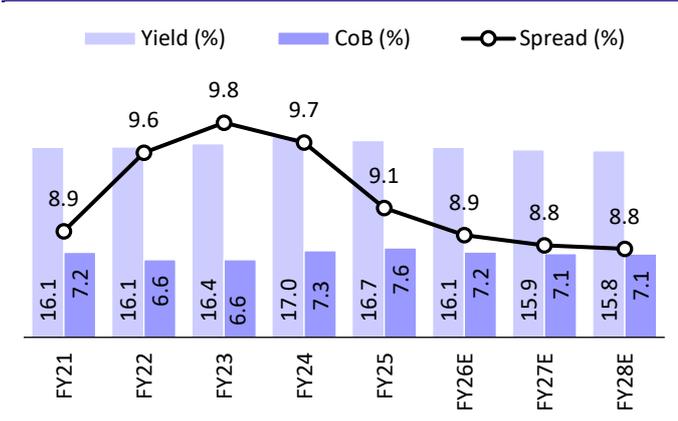


Note: Data as of 3QFY26; Source: MOFSL, Company;

**Margins to remain range-bound; further benefit from CoF limited**

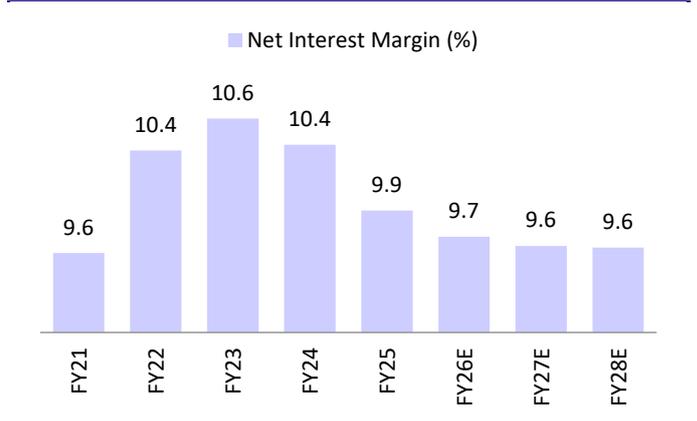
- BAF has delivered stable margin performance over the past three quarters, mainly supported by a decline in the cost of funds as the benefit of lower MCLR-linked borrowings has flowed through, along with a moderation in incremental borrowing costs. However, the potential for further reduction in funding costs appears limited from here.
- The NIM is expected to remain broadly stable over the next few quarters, with any pressure on yields likely to be offset by lower funding costs. Net interest income growth of ~21% remained in line with AUM growth, reflecting stable spreads across the portfolio.
- The company’s strategic focus is increasingly shifting toward optimizing risk-adjusted yields rather than maximizing headline spreads. By leveraging deeper data analytics and AI-driven customer segmentation, the company is enhancing pricing precision and conversion rates, which should help sustain yields even in a competitive environment.
- Additionally, the growing emphasis on cross-sell and pre-approved lending within the existing customer base is expected to improve unit economics by lowering acquisition costs and increasing customer lifetime value. A gradual shift toward secured products (including gold, auto, and mortgages) should further stabilize margins by reducing earnings volatility.
- Over the medium term, margins are expected to remain stable, as gains from better risk selection, product mix optimization, and operating efficiencies are likely to offset any pressures from funding costs or competitive dynamics.

**Exhibit 12: Spreads to decline gradually**



Source: MOFSL, Company

**Exhibit 13: NIM to moderate in FY27/FY28E**

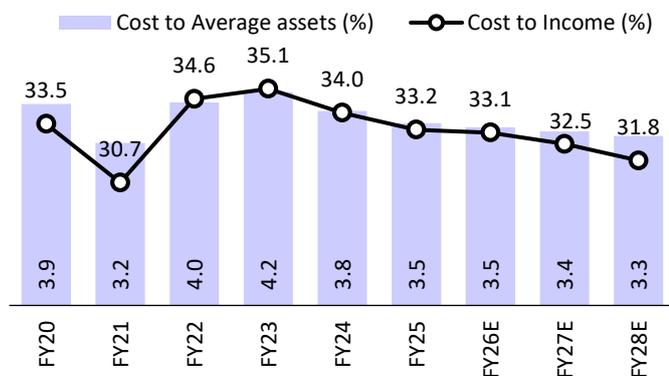


Source: MOFSL, Company

### AI-led transformation driving efficiency and operating leverage

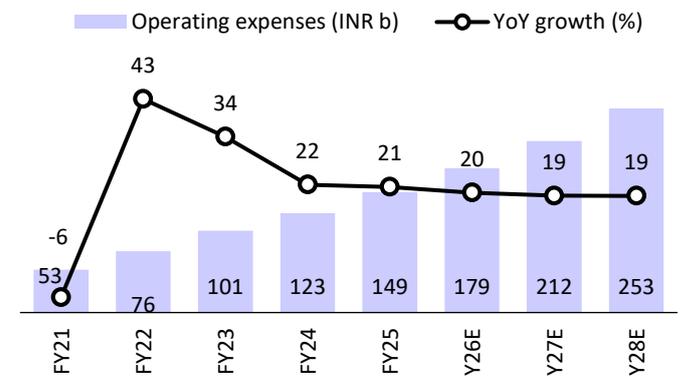
- BAF is making aggressive strides toward becoming a technology-driven financial services player, with AI now deeply embedded across operations. The company has already deployed AI models to process ~20m customer calls through voice-to-text conversion, generating actionable insights and enabling the creation of ~100k new customer offers.
- AI is also driving efficiencies across marketing and customer engagement, with 100% of digital creatives (videos and banners) now generated by AI, and conversational AI bots deployed across 11 products (expected to cover all 26 products by Apr-May'26). These initiatives are improving customer interaction quality and conversion rates.
- On the operations side, AI-led document processing (across 43 document types) is achieving ~95-96% accuracy, while automated quality checks have reached ~41% and are targeted to increase to ~85-90% over the next 15 months. AI is also contributing to disbursements (~INR16b via AI call centers), with additional cross-sell opportunities being unlocked through data analytics.
- From a cost perspective, technology development efficiencies of 25-45% are being realized, especially in digital infrastructure. BAF is also developing a next-generation consumer AI platform, expected by FY27, which will enable customers to seamlessly switch between traditional and AI-driven interfaces.
- The company is targeting a meaningful reduction in operating costs, with a stated ambition to reduce operations and service costs by ~50% over the medium term. Currently, opex ratios are already well controlled (opex/NTI at ~33%), but further gains are likely through increased digital adoption, automation of customer journeys, and reduced reliance on physical infrastructure. The company is targeting near-zero branch walk-ins and ~97% DIY customer service adoption, which should structurally lower servicing costs.
- We expect cost ratios to improve gradually, leading to a cost-to-income ratio of 31.8% by FY28E (vs. ~33% in FY26E).

**Exhibit 14: Cost ratios to decline gradually, driven by improvement in productivity and operating efficiency**



Source: MOFSL, Company

**Exhibit 15: Opex to grow slower than AUM growth, indicating operational efficiency**

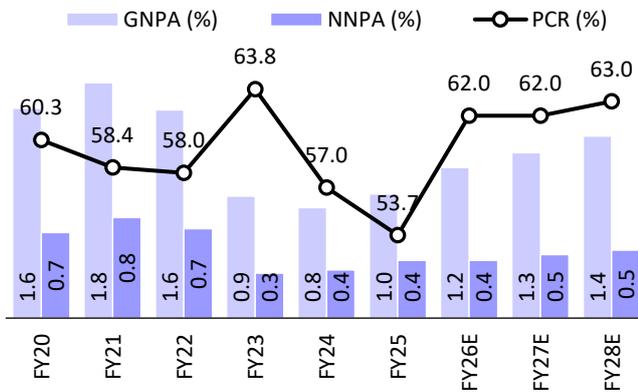


Source: MOFSL, Company

### Building a resilient balance sheet with AI-driven risk controls

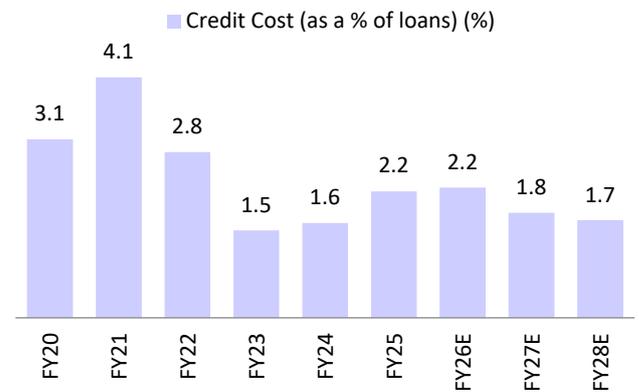
- BAF is progressively repositioning itself toward a structurally lower-risk balance sheet, anchored by AI-led underwriting and real-time risk monitoring capabilities. The company is targeting a GNPA of below ~1.2% and NNPA of below ~0.4% over the medium term, reinforcing its aspiration to be among the lowest-risk lenders in the system.
- A notable shift in risk management is the increasing reliance on early-stage delinquency metrics (3/6/9 MOB+) as core indicators of portfolio health. Current trends remain broadly in line with pre-COVID levels, suggesting that despite scaling newer segments such as MSME and MFI, the underlying asset quality remains stable.
- The next phase of improvement is expected to be driven by AI augmentation in risk processes, with risk agents facilitating automation across data preparation, segmentation, and policy simulation. This advancement is likely to reduce credit costs by ~15-20bp while significantly improving agility, compressing risk decision timelines from weeks to nearly a single day.
- Parallel investments in fraud detection (including AI-based anomaly detection and network analytics) and compliance-led operations should further reduce loss volatility and enhance the predictability of credit costs.

**Exhibit 16: Asset quality to remain range-bound**



Source: MOFSL, Company

**Exhibit 17: Expect moderation in credit costs in FY27/FY28**



Source: MOFSL, Company

- In response to evolving macro uncertainties and stress in select segments such as MSME and MFI, the company has materially strengthened its provisioning framework, including the introduction of a minimum LGD floor across its lending businesses. This resulted in accelerated ECL provisioning of ~INR14b in the recent quarter, leading to a meaningful increase in coverage ratios (Stage 1 PCR: ~0.74% to ~0.98%, Stage 2 PCR: ~30% to ~37%, Stage 3 PCR: ~52% to ~61%), thereby building additional buffers against potential credit volatility.
- Despite higher provisioning buffers, credit costs are expected to remain within the guided range of ~165-175bp, supported by improving performance across recent loan vintages and a moderation in stress across certain borrower cohorts.
- Overall, the company believes that the credit cost trajectory will improve, supported by better vintage performance, stricter underwriting standards, and proactive provisioning actions.

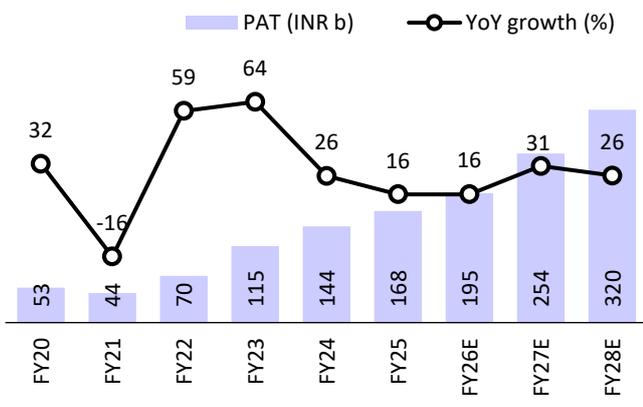
### Early indicators showing signs of improvement

- The company has adopted a distinctly more conservative stance on asset quality, with a clear focus on making the balance sheet shock-resistant amid evolving risks in unsecured, MFI, and MSME segments. Encouragingly, early delinquency trends (3MOB, 6MOB, 9MOB) have shown consistent improvement across vintages since Feb'26, providing confidence in a more benign credit cost trajectory going into FY27.
- A key structural change has been the tightening of provisioning norms through an increase in the LGD floor to 80%, extending it beyond Stage 3 to also cover Stage 1 and Stage 2 exposures. This ensures higher upfront provisioning and enhances overall balance sheet resilience.
- The company shared that a legacy stressed portfolio within the captive auto finance segment, constituting ~1% of the balance sheet but contributing ~8-9% to credit costs, is being actively run down. This book is expected to reduce meaningfully by Sep'26, which should aid normalization in credit costs.

### Valuation and View: Strong structural story; near-term overhang persists

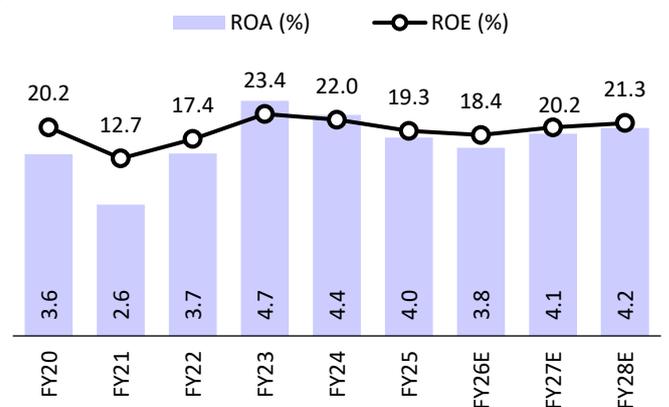
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- While the stock has corrected sharply over the past one month, we believe ongoing global turmoil could result in near-term uncertainties, including potential prolonged stress in unsecured MSMEs (especially export-linked) and elevated credit costs over the next few quarters. Regulatory overhangs such as the NBFC-to-bank transition and leadership norms, as indicated in recent [media reports](#) could also weigh on the stock in the near term, despite the company's succession planning currently being underway.
- Current valuations (~3.7x FY27E P/BV, ~20x P/E) are fair but not particularly compelling in the context of near-term uncertainties. **We reiterate our Neutral rating on the stock with a TP of INR900 (premised on 3.6x Dec'27E BVPS).**

**Exhibit 18: Expect a PAT CAGR of 28% over FY26-FY28**



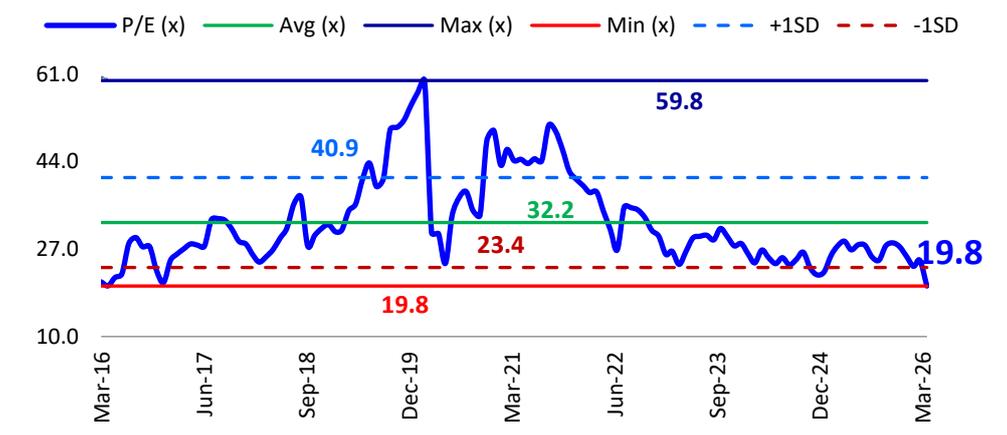
Source: MOFSL, Company

**Exhibit 19: Expect an RoA/RoE of 4.2%/21% in FY28**



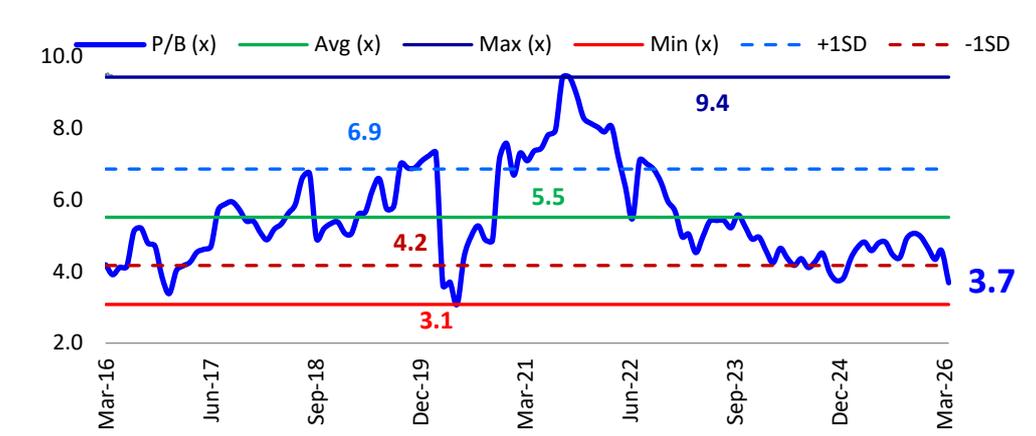
Source: MOFSL, Company

**Exhibit 20: One-year forward P/E**



Source: MOFSL, Company

**Exhibit 21: One-year forward P/B**



Source: MOFSL, Company

## Financials and valuations

Income Statement										INR m
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Interest Income	2,29,704	2,33,034	2,72,698	3,55,502	4,83,066	6,11,636	7,31,156	8,88,049	10,91,215	
Interest Expended	94,732	94,140	97,482	1,25,599	1,87,247	2,47,708	2,89,806	3,48,458	4,25,694	
<b>Net Interest Income</b>	<b>1,34,972</b>	<b>1,38,894</b>	<b>1,75,215</b>	<b>2,29,903</b>	<b>2,95,819</b>	<b>3,63,928</b>	<b>4,41,351</b>	<b>5,39,591</b>	<b>6,65,521</b>	
Change (%)	38.8	2.9	26.2	31.2	28.7	23.0	21.3	22.3	23.3	
Other Operating Income	34,034	33,647	43,627	58,472	66,629	85,200	98,532	1,12,967	1,29,365	
Other Income	118	150	80	83	130	413	330	413	516	
<b>Net Income</b>	<b>1,69,124</b>	<b>1,72,691</b>	<b>2,18,922</b>	<b>2,88,458</b>	<b>3,62,578</b>	<b>4,49,540</b>	<b>5,40,212</b>	<b>6,52,971</b>	<b>7,95,402</b>	
Change (%)	42.4	2.1	26.8	31.8	25.7	24.0	20.2	20.9	21.8	
Operating Expenses	56,608	53,082	75,850	1,01,300	1,23,252	1,49,261	1,78,662	2,12,480	2,52,674	
<b>Operating Profits</b>	<b>1,12,516</b>	<b>1,19,608</b>	<b>1,43,072</b>	<b>1,87,158</b>	<b>2,39,326</b>	<b>3,00,279</b>	<b>3,61,550</b>	<b>4,40,491</b>	<b>5,42,728</b>	
Change (%)	46.5	6.3	19.6	30.8	27.9	25.5	20.4	21.8	23.2	
Provisions and W/Offs	39,295	59,686	48,034	31,897	46,307	79,660	1,01,375	1,00,599	1,15,553	
<b>PBT</b>	<b>73,221</b>	<b>59,923</b>	<b>95,038</b>	<b>1,55,279</b>	<b>1,93,019</b>	<b>2,20,618</b>	<b>2,60,175</b>	<b>3,39,892</b>	<b>4,27,175</b>	
Tax	20,584	15,724	24,756	40,202	48,584	53,002	65,564	85,653	1,07,648	
Tax Rate (%)	28.1	26.2	26.0	25.9	25.2	24.0	25.2	25.2	25.2	
<b>PAT</b>	<b>52,638</b>	<b>44,198</b>	<b>70,282</b>	<b>1,15,077</b>	<b>1,44,435</b>	<b>1,67,617</b>	<b>1,94,611</b>	<b>2,54,239</b>	<b>3,19,527</b>	
Change (%)	31.8	-16.0	59.0	63.7	25.5	16.0	16.1	30.6	25.7	
Adjusted PAT	52,638	44,198	70,282	1,15,077	1,44,512	1,67,795	2,07,183	2,54,239	3,19,527	

Balance Sheet										INR m
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Capital	1,200	1,203	1,207	1,209	1,236	1,242	6,209	6,209	6,209	
Reserves & Surplus (Ex-OCI)	3,22,951	3,69,179	4,36,643	5,43,349	7,65,198	9,65,687	11,45,481	13,61,457	16,32,895	
<b>Net Worth</b>	<b>3,24,150</b>	<b>3,70,382</b>	<b>4,37,850</b>	<b>5,44,558</b>	<b>7,66,434</b>	<b>9,66,929</b>	<b>11,51,689</b>	<b>13,67,665</b>	<b>16,39,103</b>	
OCI	-874	-1,198	-723	-839	519	0	0	0	0	
<b>Net Worth (Including OCI)</b>	<b>3,23,276</b>	<b>3,69,184</b>	<b>4,37,127</b>	<b>5,43,720</b>	<b>7,66,954</b>	<b>9,66,929</b>	<b>11,51,689</b>	<b>13,67,665</b>	<b>16,39,103</b>	
Change (%)	64.1	14.2	18.4	24.4	41.1	26.1	19.1	18.8	19.8	
<b>Borrowings</b>	<b>12,98,064</b>	<b>13,16,335</b>	<b>16,52,549</b>	<b>21,67,399</b>	<b>29,34,052</b>	<b>36,12,487</b>	<b>43,98,734</b>	<b>54,16,985</b>	<b>66,59,447</b>	
Change (%)	27.8	1.4	25.5	31.2	35.4	23.1	21.8	23.1	22.9	
Other liabilities	22,573	29,185	35,378	41,168	56,411	81,853	94,131	1,08,251	1,24,488	
<b>Total Liabilities</b>	<b>16,43,914</b>	<b>17,14,704</b>	<b>21,25,054</b>	<b>27,52,287</b>	<b>37,57,416</b>	<b>46,61,268</b>	<b>56,44,554</b>	<b>68,92,901</b>	<b>84,23,038</b>	
<b>Investments</b>	<b>1,75,439</b>	<b>1,83,969</b>	<b>1,22,455</b>	<b>2,27,518</b>	<b>3,08,807</b>	<b>3,44,408</b>	<b>3,75,405</b>	<b>3,94,175</b>	<b>4,13,884</b>	
Change (%)	104.0	4.9	-33.4	85.8	35.7	11.5	9.0	5.0	5.0	
<b>Loans</b>	<b>14,27,989</b>	<b>14,66,869</b>	<b>19,14,233</b>	<b>24,22,689</b>	<b>32,62,933</b>	<b>40,78,441</b>	<b>50,04,248</b>	<b>61,80,246</b>	<b>76,32,604</b>	
Change (%)	25.6	2.7	30.5	26.6	34.7	25.0	22.7	23.5	23.5	
Other assets	40,485	63,866	88,366	1,02,079	1,85,677	2,38,419	2,64,901	3,18,480	3,76,550	
<b>Total Assets</b>	<b>16,43,914</b>	<b>17,14,704</b>	<b>21,25,054</b>	<b>27,52,287</b>	<b>37,57,416</b>	<b>46,61,268</b>	<b>56,44,554</b>	<b>68,92,901</b>	<b>84,23,038</b>	

E: MOFSL Estimates

## Financials and valuations

Ratios	(%)								
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Spreads Analysis (%)</b>									
Yield on Advances	17.9	16.1	16.1	16.4	17.0	16.7	16.1	15.9	15.8
Cost of borrowings	8.2	7.2	6.6	6.6	7.3	7.6	7.2	7.1	7.1
Interest Spread	9.7	8.9	9.6	9.8	9.7	9.1	8.9	8.8	8.8
Net Interest Margin	10.5	9.6	10.4	10.6	10.4	9.9	9.7	9.6	9.6
<b>Profitability Ratios (%)</b>									
Cost/Income	33.5	30.7	34.6	35.1	34.0	33.2	33.1	32.5	31.8
Empl. Cost/Op. Exps.	45.0	47.0	47.3	49.9	51.9	50.3	50.3	49.5	48.3
RoE	20.2	12.7	17.4	23.4	22.0	19.3	18.4	20.2	21.3
RoA	3.6	2.6	3.7	4.7	4.4	4.0	3.8	4.1	4.2
<b>Asset Quality (%)</b>									
GNPA (INR m)	23,626	27,304	31,331	23,125	28,160	39,647	59,206	80,335	1,09,105
NNPA (INR m)	9,373	11,354	13,144	8,361	12,098	18,340	22,498	30,527	40,369
GNPA %	1.6	1.8	1.6	0.9	0.8	1.0	1.2	1.3	1.4
NNPA %	0.7	0.8	0.7	0.3	0.4	0.4	0.4	0.5	0.5
PCR %	60.3	58.4	58.0	63.8	57.0	53.7	62.0	62.0	63.0
Total Provisions/loans %	3.1	4.1	2.8	1.5	1.6	2.2	2.2	1.8	1.7
<b>Capitalisation (%)</b>									
CAR	25.0	28.3	27.2	25.0	22.5	21.9	24.7	24.2	24.2
Tier I	21.3	25.1	24.8	23.2	21.5	21.1	24.0	23.6	23.7
Tier II	3.7	3.2	2.5	1.8	1.0	0.8	0.8	0.6	0.4
Average Leverage on Assets (x)	5.5	4.8	4.8	5.0	5.0	4.9	4.9	5.0	5.1
<b>Valuation</b>									
Book Value (INR)	54	62	73	90	124	156	186	220	264
Price-BV (x)	15.0	13.2	11.2	9.0	6.5	5.2	4.4	3.7	3.1
Adjusted BV (INR)	53	60	71	89	123	154	183	217	259
Price-ABV (x)	15.4	13.5	11.4	9.1	6.6	5.3	4.4	3.7	3.1
EPS (INR)	8.8	7.3	11.6	19.0	23.4	27.0	31.3	41.0	51.5
EPS Growth (%)	26.7	-16.3	58.6	63.4	22.8	15.5	16.1	30.6	25.7
Price-Earnings (x)	92.5	110.5	69.7	42.7	34.7	30.1	25.9	19.8	15.8
OPS (INR)	19	20	24	31	39	48	58	71	87
OPS Growth (%)	40.9	6.0	19.3	30.6	25.1	24.9	20.4	21.8	23.2
Price-OP (x)	43.3	40.8	34.2	26.2	21.0	16.8	13.9	11.4	9.3
Dividend per Share (INR)	1.0	1.0	2.0	3.0	3.6	5.6	5.3	6.2	7.7
Dividend Yield (%)	0.1	0.1	0.2	0.4	0.4	0.7	0.7	0.8	1.0

E: MOFSL Estimates

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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