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BUY Mahindra Finance

Healthy 2Q; margins and regulations key to watch

Emkay — Your success is our success

BFSI - NBFCs ▸ Result Update ▸ **October 22, 2026** **CMP (Rs): 298 | TP (Rs): 370**

Supported by broad-based disbursement growth, benign asset quality, and contained credit cost, MMFS reported a healthy 2QFY27. PAT was up 55% yoy to Rs8.82bn and AUM rose ~15% yoy to Rs1.47trn, aided by strong momentum in the non-wheels segment. GS2+GS3 fell to a multiyear low of 8.1%, with the usual seasonal deterioration in 2Q largely absent. Management sees existing overlays of Rs8.52bn as an adequate cushion against external stress, and currently sees no need to build more. However, it flagged near-term headwinds: rising COF amid rate hikes, draft insurance-commission norms that could dent fee income, drought-related collection risk, and softer early festive demand, particularly in tractors. Margins remain at the lower end of the level needed for target ROA, though the drag from excess liquidity and trade advances should ease. Management retained its medium-term guidance on growth, credit cost, and ROA, and said the MRHFL merger is on track. Factoring in these near-term headwinds, we cut our FY27-29 estimates, resulting in a 1-2% cut in our FY27-29E EPS. We maintain BUY while lowering our Sep-27E TP by ~10% to Rs370 (Rs410 earlier), implying FY28E PBV of 1.7x.

Strong quarter overall

MMFS delivered a good 2QFY27, with PAT up 55% yoy to Rs8.82bn, driven by contained credit cost of 1.6% (vs 2.2% in 2QFY26 and 1.5% in 1QFY27) and moderating opex. Margins were flat yoy at 7.0% but contracted by ~30bps qoq due to excess liquidity and seasonal trade advances, which management expects to normalize. Higher fee income and stable COF partly offset the decline, keeping 1H margin at 7.1%, in line with guidance. Asset quality continues to improve, with GS2+GS3 at 8.1% and PCR at 56.6%.

Steady outlook, but COF, insurance, and drought risks linger

Management retained its medium-term targets of 16–18% AUM growth, GS2+GS3 of <10%, 1.3–1.7% credit cost, and 2.2–2.5% ROA. Wheels should grow slightly ahead of the industry, with SME, PL, and mortgages driving alpha, though the high 2H base could weigh on disbursements. Margins face COF pressure, as ~48% of borrowings are floating (mostly repo/T-bill-linked) and ~Rs270bn matures over the next six months, while the largely fixed-rate wheels book reprices via new loans. Pricing on new loans, faster non-wheels repricing, fee levers, and an easing liquidity/trade-advance drag should partly offset this, keeping NIM near the ~7% needed for target ROA. Draft insurance-commission norms remain a risk to fees. With 1H stress already contained, the usual 2H seasonal improvement is likely to be muted, limiting further credit-cost gains, and the drought's impact on tractor collections will be clearer once half-yearly installments fall due. Mortgages may initially dilute ROA, but the MRHFL merger should remove duplication and simplify distribution.

Adjust estimates; maintain BUY with a revised TP of Rs370

Factoring in the 2QFY27 performance and near-term headwinds from rising COF, insurance-commission norms, and drought-related risks, we cut our FY27–29E EPS by 1–2% (Exhibit 2). We maintain BUY but lower our Sep-27E TP to Rs370 (from Rs410), implying 1.7x FY28E PBV.

Mahindra Finance: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Net profits	23,450	27,822	36,188	40,332	47,156
AUM growth (%)	16.6	12.1	15.9	16.8	18.3
NII growth (%)	11.2	18.7	14.3	15.6	15.9
NIMs (%)	6.5	7.1	7.2	7.1	7.0
PPOP growth (%)	14.0	28.3	16.5	14.0	16.9
Adj. EPS (Rs)	19.0	20.0	26.0	29.0	33.9
Adj. EPS growth (%)	33.2	5.4	30.1	11.5	16.9
Adj. BV (INR)	160.4	178.2	199.0	222.2	249.4
Adj. BVPS growth (%)	9.1	11.1	11.7	11.7	12.2
RoA (%)	1.9	2.0	2.3	2.2	2.2
RoE (%)	12.4	12.5	13.8	13.8	14.4
P/E (x)	15.7	14.9	11.4	10.3	8.8
P/ABV (x)	1.9	1.7	1.5	1.3	1.2

Source: Company, Emkay Research

Target Price – 12M	Sep-27
Change in TP (%)	**(9.8)**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	24.2

Stock Data	MMFS IN
52-week High (Rs)	415
52-week Low (Rs)	273
Shares outstanding (mn)	1,390.2
Market-cap (Rs bn)	414
Market-cap (USD mn)	4,385
Net-debt, FY27E (Rs mn)	NA
ADTV-3M (mn shares)	4.0
ADTV-3M (Rs mn)	1,436.2
ADTV-3M (USD mn)	15.2
Free float (%)	71.1
Nifty-50	22,811.3
INR/USD	94.5

Shareholding,Sep-26	
Promoters (%)	52.5
FPIs/MFs (%)	10.0/31.6

Price Performance

(%)	1M	3M	12M
Absolute	(16.0)	(14.8)	(0.7)
Rel. to Nifty	(13.8)	(9.7)	12.6

1-Year share price trend (Rs)

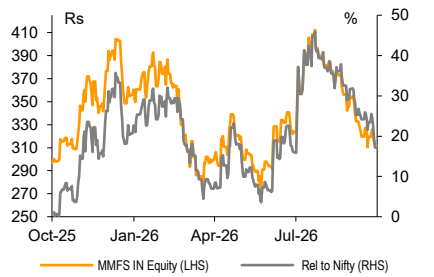

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Exhibit 1: MMFS – Actual vs estimates

MMFS Earnings Snapshot								Emkay estimates		Consensus estimates	
2QFY27 Rs (mn)	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27	Chg qoq	Chg yoy	2QFY27	Variation	2QFY27	Variation
Business Assets	1,272,460	1,289,650	1,340,960	1,374,490	1,465,120	6.6%	15.1%	1,463,000	0.1%	1,465,120	
Disbursement	135,140	176,120	171,840	155,640	164,990	6.0%	22.1%	164,900	0.1%		
NII	21,116	23,045	23,913	24,128	23,914	-0.9%	13.2%				
Total Income	24,230	26,606	27,393	27,658	28,338	2.5%	17.0%	28,007	1.2%	27,549	2.9%
PPOP	14,989	15,403	17,216	17,559	17,914	2.0%	19.5%	17,875	0.2%	17,598	1.8%
Provisions	7,514	4,699	5,603	5,697	6,295	10.5%	-16.2%	5,936	6.0%	7,177	-12.3%
PBT	7,475	10,704	11,613	11,862	11,619	-2.1%	55.4%	11,939	-2.7%	10,421	11.5%
PAT	5,693	8,104	8,730	8,987	8,815	-1.9%	54.8%	9,014	-2.2%	8,502	3.7%
Credit cost	2.41%	1.47%	1.70%	1.68%	1.77%	10bps	-64bps	1.67%	10bps	2.05%	-27bps
GS3	3.94%	3.80%	3.40%	3.45%	3.42%	-3bps	-52bps	3.40%	2bps		
NS3	1.89%	1.82%	1.44%	1.48%	1.51%	3bps	-38bps	1.47%	4bps		

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
Business assets	1,560,478	1,553,774	-0.4%	1,827,487	1,815,461	-0.7%	2,164,354	2,147,640	-0.8%
Disbursement	708,969	708,969	0.0%	836,583	836,583	0.0%	1,003,900	1,003,900	0.0%
Net interest income	101,756	100,797	-0.9%	117,199	116,552	-0.6%	136,117	135,137	-0.7%
PPOP	72,189	71,231	-1.3%	81,822	81,174	-0.8%	95,835	94,855	-1.0%
Provisions	23,486	23,300	-0.8%	27,118	26,891	-0.8%	31,659	31,388	-0.9%
PBT	48,703	47,931	-1.6%	54,703	54,283	-0.8%	64,176	63,467	-1.1%
Adj PAT	36,771	36,188	-1.6%	40,645	40,332	-0.8%	47,683	47,156	-1.1%
Adj EPS (Rs)	26.5	26.0	-1.6%	29.3	29.0	-0.8%	34.3	33.9	-1.1%
BVPS (Rs)	199	199	-0.2%	223	222	-0.2%	250	249	-0.3%
Networth	277,004	276,537	-0.17%	309,519	308,803	-0.23%	347,665	346,528	-0.33%
NIM + Fees	7.27%	7.23%	-5bps	7.05%	7.05%	0bps	7.00%	7.00%	0bps
Cost-to-income ratio	*37.7%*	*38.0%*	*31bps*	*37.2%*	*37.4%*	*19bps*	*36.6%*	*36.8%*	*24bps*
Opex-to-business assets	*3.01%*	*3.02%*	*1bps*	*2.86%*	*2.88%*	*2bps*	*2.77%*	*2.79%*	*2bps*
Loan book growth	*16.4%*	*15.9%*	*-50bps*	*17.1%*	*16.8%*	*-27bps*	*18.4%*	*18.3%*	*-14bps*
Disbursement growth	*16.0%*	*16.0%*	*0bps*	*18.0%*	*18.0%*	*0bps*	*20.0%*	*20.0%*	*0bps*
Credit costs	*1.62%*	*1.61%*	*-1bps*	*1.60%*	*1.60%*	*0bps*	*1.59%*	*1.58%*	*0bps*
ROA	*2.31%*	*2.27%*	*-3bps*	*2.20%*	*2.19%*	*-1bps*	*2.21%*	*2.20%*	*-1bps*
ROE	*14.0%*	*13.8%*	*-21bps*	*13.9%*	*13.8%*	*-8bps*	*14.5%*	*14.4%*	*-12bps*

Source: Company, Emkay Research

Exhibit 3: Valuation matrix

				PBV (x)			PER (x)			ROA (%)			ROE (%)			Book Value (Rs/sh)			EPS (Rs)		
	CMP/TP (Rs/sh)	Upside	Mkt Cap (Rs bn)	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
At current market price	298	24%	414.3	1.5	1.3	1.2	11.4	10.3	8.8	2.3	2.2	2.2	13.8	13.8	14.4	199	222	249	26.0	29.0	33.9
At target price	370		514.4	1.9	1.7	1.5	14.2	12.7	10.9	2.3	2.2	2.2	13.8	13.8	14.4	199	222	249	26.0	29.0	33.9

Source: Company, Emkay Research

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Exhibit 4: MMFS – SOTP-based valuation

Entity	Metrics	Mar-28	Valuation method	Implied Multiple (x)	Valuation (Rs mn)	Ownership	Value	Rs per share
Standalone	Net worth (Rs mn)	296,803	ERE	1.5	438,842	100%	438,842	316
MRHFL	Net worth (Rs mn)	15,887	PBV	1.0	15,887	98%	15,633	11
MIBL	PAT (Rs mn)	1,500	PER	15	22,500	100%	22,500	16
MMIMPL	AUM (Rs bn)	450	% of AUM	5%	22,500	51%	11,475	8
Others								
Total							**488,450**	**352**
Holdco discount on non-wholly owned subs				**25%**			**2,869**	**2**
Fair value (Mar-27E)							**485,581**	**349**
No of shares (mn)							1,390	
Target price – Sep-27E (Rs/share)							**370**	

Source: Company, Emkay Research

Exhibit 5: Quarterly earnings snapshot

Quarterly Earnings Summary							
Rs mn	**2QFY26**	**3QFY26**	**4QFY26**	**1QFY27**	**2QFY27**	**% yoy**	**% qoq**
Interest Income	41,779	44,071	44,621	46,209	47,325	13.3%	2.4%
Interest Expenses	20,663	21,026	20,707	22,081	23,410	13.3%	6.0%
Net Interest Income	**21,116**	**23,045**	**23,913**	**24,128**	**23,914**	**13.2%**	**-0.9%**
Other Income	3,113	3,561	3,480	3,531	4,423	42.1%	25.3%
Income	**24,230**	**26,606**	**27,393**	**27,658**	**28,338**	**17.0%**	**2.5%**
Operating Expenses	9,240	11,203	10,177	10,099	10,424	12.8%	3.2%
Operating Profit	**14,989**	**15,403**	**17,216**	**17,559**	**17,914**	**19.5%**	**2.0%**
Provisions	7,514	4,699	5,603	5,697	6,295	-16.2%	10%
Credit cost (on avg business assets)	*2.41%*	*1.47%*	*1.70%*	*1.68%*	*1.77%*	-64bps	10bps
PBT	**7,475**	**10,704**	**11,613**	**11,862**	**11,619**	**55.4%**	**-2.1%**
Tax	1,782	2,600	2,884	2,876	2,804	57.3%	-2.5%
Tax rate	*23.8%*	*24.3%*	*24.8%*	*24.2%*	*24.1%*	29bps	-11bps
Reported PAT	**5,693**	**8,104**	**8,730**	**8,987**	**8,815**	**54.8%**	**-1.9%**
Networth	230,160	238,280	247,590	256,750	255,340	10.9%	-0.5%
Business assets	1,272,460	1,289,650	1,340,960	1,374,490	1,465,120	15.1%	6.6%
Disbursements	135,140	176,120	171,840	155,640	164,990	22.1%	6.0%
GS3 (%)	3.94	3.80	3.40	3.45	3.42	-52bps	-3bps
NS3 (%)	1.89	1.82	1.44	1.48	1.51	-38bps	3bps
PCR (%)	53.01	53.01	58.56	58.06	56.64	364bps	-142bps
ROA (calculated; %)	1.65	2.29	2.40	2.36	2.17	53bps	-19bps
ROE (calculated; %)	9.82	13.84	14.37	14.25	13.77	395bps	-48bps

Source: Company, Emkay Research

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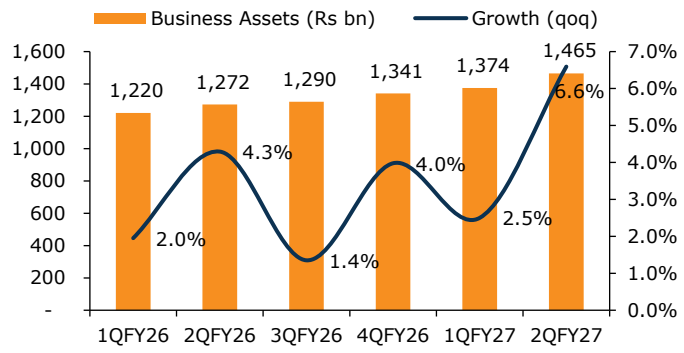
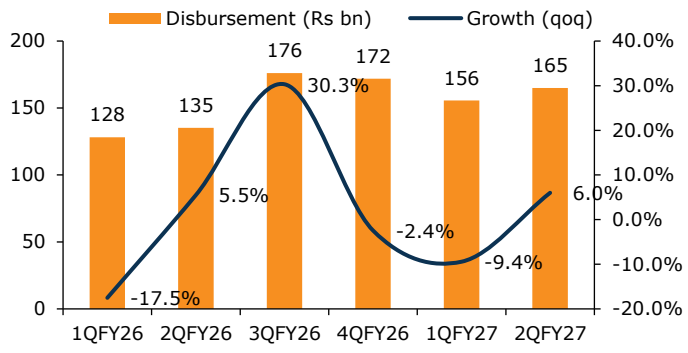
Results in charts

Exhibit 6: AUM growth to improve as disbursements pick up



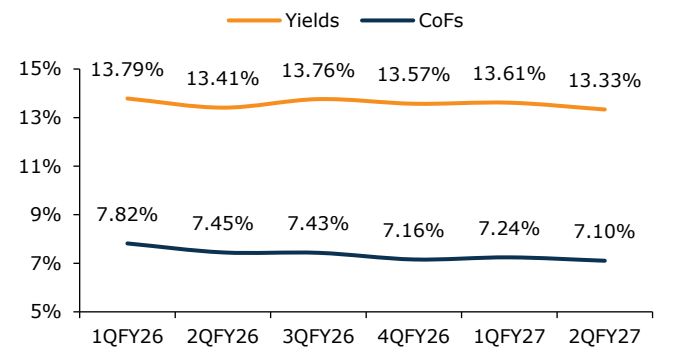
Source: Company, Emkay Research

Exhibit 7: Disbursements grew ~22% yoy



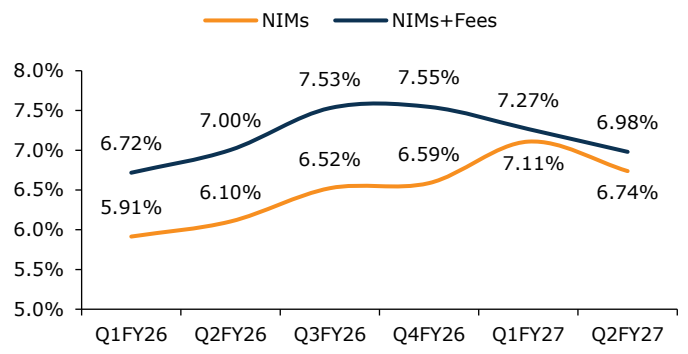
Source: Company, Emkay Research

Exhibit 8: Yield was impacted on account of higher liquidity drag and higher trade advances in 2Q



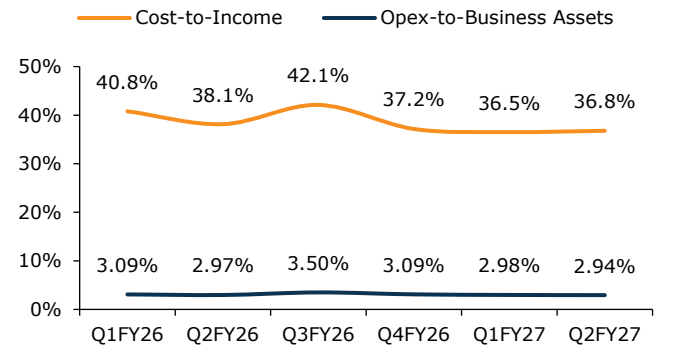
Source: Company, Emkay Research

Exhibit 9: Margins impacted due to yield compression



Source: Company, Emkay Research

Exhibit 10: Opex normalizes; expected to be range-bound



Source: Company, Emkay Research

Exhibit 11: Credit cost remains within the guidance range

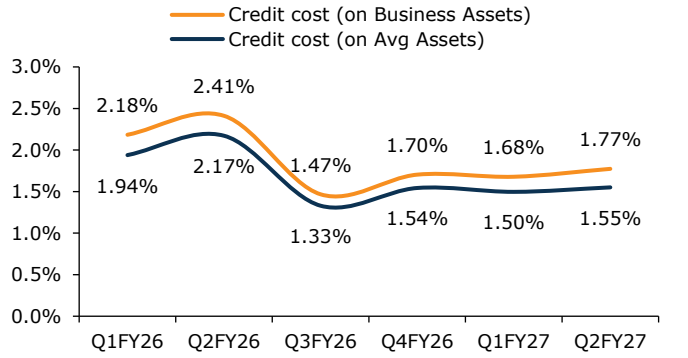


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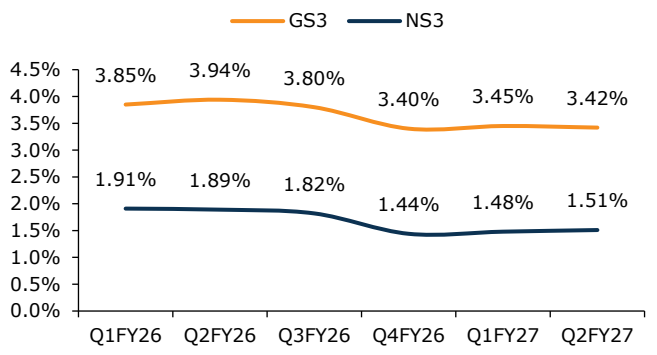
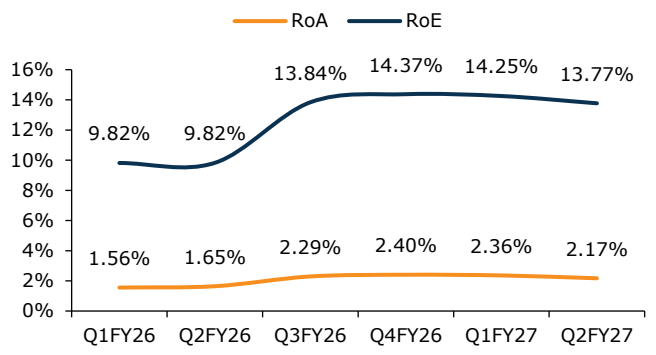
Exhibit 12: Asset quality stable despite seasonality



Source: Company, Emkay Research

Exhibit 13: ROA/ROE impacted due to lower NIMs sequentially



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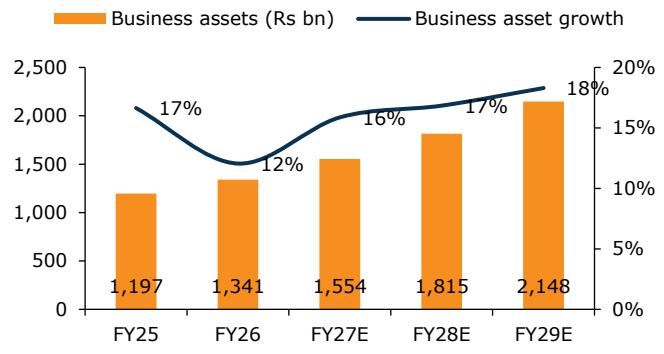
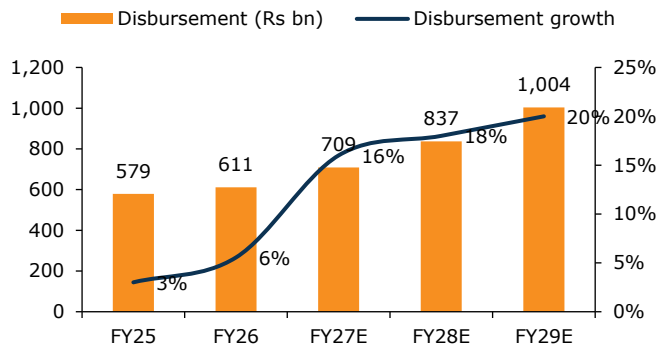
Story in charts

Exhibit 14: We expect AUM CAGR of 17% over FY26-29E



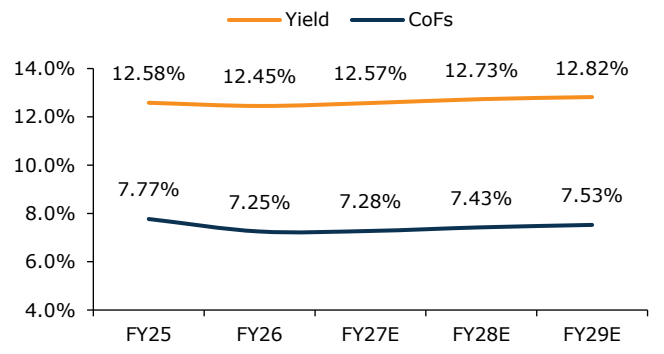
Source: Company, Emkay Research

Exhibit 15: Disbursement to remain strong across product segments



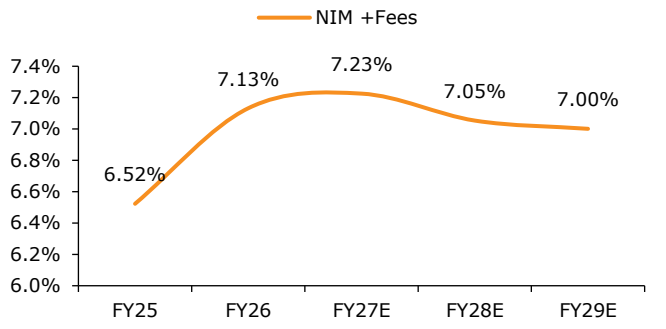
Source: Company, Emkay Research

Exhibit 16: Yield improvement led by changing asset mix



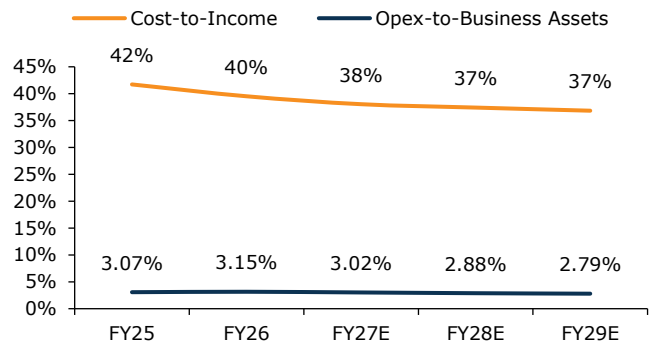
Source: Company, Emkay Research

Exhibit 17: Margin impacted on account of lower fee income and elevated COF



Source: Company, Emkay Research

Exhibit 18: Broadly stable opex ratio



Source: Company, Emkay Research

Exhibit 19: Credit cost to remain range-bound at ~1.6%

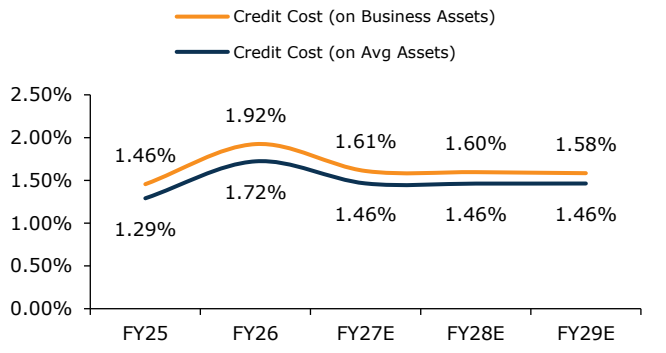


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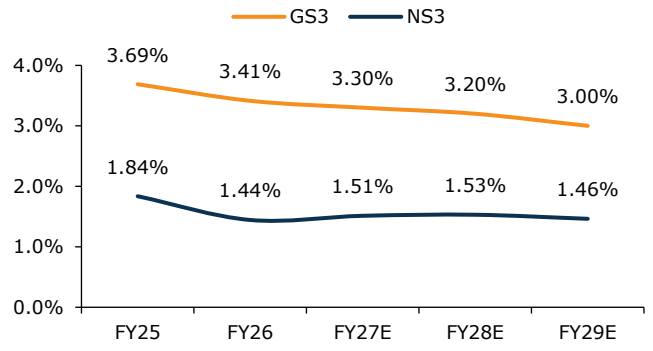
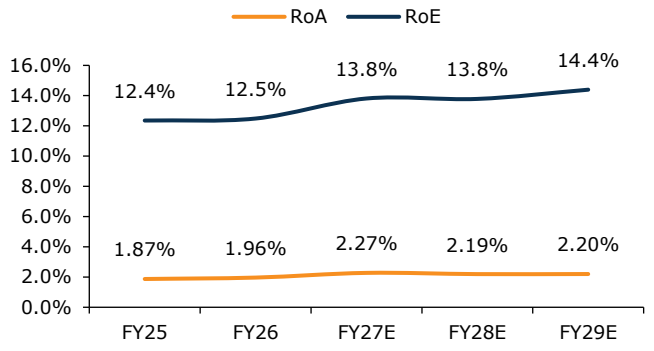
Exhibit 20: Asset quality improvement led by prudent underwriting



Source: Company, Emkay Research

Exhibit 21: Improving operation efficiency and stable credit cost to result in ROA/ROE expansion



Source: Company, Emkay Research

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Earnings call highlights

- Management called 2QFY27 a steady quarter that reflected several quarters of operating discipline. PAT grew 55% yoy to Rs8.82bn, ROA was 2.2%, and credit cost was 1.6%. Consolidated 1H PAT grew 68% yoy, with ROA at 2.3%. Subsidiaries are adding steadily, with MRHFL PAT at Rs0.35bn.
- Disbursements grew 22% yoy, and growth was broad-based: 3W +32%, PV +28%, CV +16%, used vehicles +15%, tractor +13%, SME +13%, and others +71%. AUM grew 15% yoy. Wheels grew 21% and non-wheels 52%; non-wheels is now ~20% of the Rs1.56trn lending AUM, including trade advances. Wheels market share is rising across categories.
- Asset quality is at its best levels. GS2+GS3 is 8.1%, near an all-time low, and the usual 2Q spike did not happen. GS3 fell 3bps qoq (vs +9bps last year), GS2 fell 17bps (vs -7bps), and credit cost rose only 5bps (vs +23bps).
- The Rs8.52bn overlay, built in 3Q/4QFY26 for El Niño and West Asia risks, is intact. Management will use it only if disruptions turn material, and sees no need to add more for now.
- Stressed loans are already low, so the usual 2H fall in credit cost will be smaller. End losses of ~1.2% are seen as reasonable given the self-employed/agri mix and lower post-GST resale values.
- ROA fell qoq, mainly on lower loan income, which was a denominator effect. The liquidity buffer roughly doubled yoy, and trade advances were higher than normal ahead of the festive season. Management expects the drag from excess liquidity and trade advances to subside in coming quarters.
- COF was flat qoq, but will trend upward. The 25bps rate increase could translate into ~10bps of repricing on the existing floating-rate borrowing book (45-48%) within a quarter, depending on reset frequency.
- Management plans to protect NIM through 1) faster repricing of the floating non-wheels book; 2) higher rates on new wheels loans in the less-competitive self-employed/agri segment; 3) selling down PSL assets through on-lending and securitization; and 4) fee levers such as processing and late-payment fees.
- Fee income rose to 1.6% of assets from 1.0%, partly from insurance. The draft insurance-commission norms could have a material impact if implemented as proposed, especially on MIBL's motor TP/OD income. Branch-led retail insurance is still early and could partly offset it.
- AI-orchestrated disbursements reached Rs16.6bn, mainly top-up/used-vehicle loans and PL, at a lower acquisition cost. These are AI-enabled, not fully digital. There are no early asset-quality differences in AI-sourced loans. Cost-to-income is now below 37%, from over 40%.
- Headcount rose after two flat years. The increase reflects hiring for growth in dealerships, SME, and mortgages, plus moving productive off-roll staff onto the rolls. Management expects income to keep growing faster than opex.
- On drought, 282 districts across three states are affected, including Maharashtra/Vidarbha. MMFS has stepped up collections, using ~9,000 collection officers, and cut lending in stressed pockets. Tractor stress will be clearer only when half-yearly installments fall due after harvests. Management stressed that delay does not mean default, and its stance on tractors is unchanged.
- Management stated that in the first 10 days of Navratri, both sales and the number of loans given were lower than last year's levels, and tractors fell more than other categories. However, last year's numbers were unusually high because many buyers had waited for the GST cut before buying. Vehicle registration data (Vahan) up to Sep-26 shows that rural and small-town areas grew slightly faster than cities.

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- Mortgages, covering affordable housing, LAP, and select prime housing, are a large market MMFS wants to be in, partly because wheels customers need such loans. Mortgages may be a drag on ROA initially. Management believes the HFC-vs-NBFC cost advantage is fading. The MRHFL merger will cut duplication across ~400 MRHFL and ~1,400 MMFS branches.
- Co-lending is paused under the new CLM rules. MMFS is integrating systems with a couple of banks and will update once it goes live.
- **Guidance outlook**
  - AUM growth: 16-18% retained, but as a medium-to-long term target.
  - Credit cost: 1.3-1.7%.
  - NIM to be above ~7%, resulting in ROA of 2.2-2.5%.
  - COF to see upward trajectory as optimization was largely achieved in FY26.
  - ROA: 2.2-2.5% maintained, with further gains to come from opex rather than credit cost.

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Mahindra Finance: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest Income	153,314	172,117	195,395	229,108	269,491
Interest Expense	78,983	83,921	94,597	112,556	134,354
Net interest income	**74,331**	**88,196**	**100,797**	**116,552**	**135,137**
NII growth (%)	11.2	18.7	14.3	15.6	15.9
Non interest income	7,433	12,886	14,170	13,151	15,024
Total income	**81,764**	**101,082**	**114,967**	**129,703**	**150,161**
Operating expenses	34,113	39,944	43,737	48,529	55,307
PPOP	**47,651**	**61,139**	**71,231**	**81,174**	**94,855**
PPOP growth (%)	14.0	28.3	16.5	14.0	16.9
Provisions & contingencies	16,179	24,412	23,300	26,891	31,388
PBT	**31,473**	**36,726**	**47,931**	**54,283**	**63,467**
Extraordinary items	0	0	0	0	0
Tax expense	8,022	8,904	11,743	13,951	16,311
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**23,450**	**27,822**	**36,188**	**40,332**	**47,156**
PAT growth (%)	33.3	18.6	30.1	11.5	16.9
Adjusted PAT	**23,450**	**27,822**	**36,188**	**40,332**	**47,156**
Diluted EPS (Rs)	**19.0**	**20.0**	**26.0**	**29.0**	**33.9**
Diluted EPS growth (%)	33.2	5.4	30.1	11.5	16.9
DPS (Rs)	**6.5**	**7.5**	**5.2**	**5.8**	**6.8**
Dividend payout (%)	**34.2**	**37.5**	**20.0**	**20.0**	**20.0**
Effective tax rate (%)	25.5	24.2	24.5	25.7	25.7
Net interest margins (%)	6.5	7.1	7.2	7.1	7.0
Cost-income ratio (%)	41.7	39.5	38.0	37.4	36.8
PAT/PPOP (%)	49.2	45.5	50.8	49.7	49.7
Shares outstanding (mn)	1,235.0	1,389.6	1,389.6	1,389.6	1,389.6

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	2,470	2,779	2,779	2,779	2,779
Reserves & surplus	195,650	244,808	273,758	306,024	343,749
Net worth	**198,120**	**247,587**	**276,537**	**308,803**	**346,528**
Borrowings	**1,110,880**	**1,203,350**	**1,397,257**	**1,634,564**	**1,936,307**
Other liabilities & prov.	**46,480**	**28,116**	**29,521**	**30,998**	**32,547**
Total liabilities & equity	**1,355,480**	**1,479,053**	**1,703,315**	**1,974,365**	**2,315,382**
Net loans	1,162,140	1,301,601	1,510,548	1,767,097	2,093,305
Investments	104,000	68,204	75,024	82,526	90,779
Cash, other balances	55,360	73,405	79,409	83,667	87,209
Interest earning assets	**1,321,500**	**1,443,210**	**1,664,981**	**1,933,290**	**2,271,292**
Fixed assets	8,770	9,393	10,332	11,366	12,502
Other assets	25,210	26,450	28,002	29,709	31,588
Total assets	**1,355,480**	**1,479,053**	**1,703,315**	**1,974,365**	**2,315,382**
BVPS (Rs)	160.4	178.2	199.0	222.2	249.4
Adj. BVPS (INR)	160.4	178.2	199.0	222.2	249.4
Gross loans	1,196,730	1,340,960	1,553,774	1,815,461	2,147,640
Total AUM	**1,196,730**	**1,340,960**	**1,553,774**	**1,815,461**	**2,147,640**
On balance sheet	1,196,730	1,340,960	1,553,774	1,815,461	2,147,640
Off balance sheet	0	0	0	0	0
Disbursements	579,000	611,180	708,969	836,583	1,003,900
Disbursements growth (%)	3.0	5.6	16.0	18.0	20.0
Loan growth (%)	17.2	12.0	16.1	17.0	18.5
AUM growth (%)	16.6	12.1	15.9	16.8	18.3
Borrowings growth (%)	20.5	8.3	16.1	17.0	18.5
Book value growth (%)	9.1	11.1	11.7	11.7	12.2

Source: Company, Emkay Research

Asset quality and other metrics

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Asset quality					
GNPL - Stage 3	44,140	45,780	51,275	58,095	64,429
NNPL - Stage 3	21,560	18,970	23,074	27,305	30,926
GNPL ratio - Stage 3 (%)	3.7	3.4	3.3	3.2	3.0
NNPL ratio - Stage 3 (%)	1.8	1.4	1.5	1.5	1.5
ECL coverage - Stage 3 (%)	51.2	58.6	55.0	53.0	52.0
ECL coverage - 1 & 2 (%)	1.0	1.0	1.0	1.0	1.0
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	1.5	1.5	1.5	1.4	1.4
Total credit costs (%)	1.5	1.9	1.6	1.6	1.6
NNPA to networth (%)	10.9	7.7	8.3	8.8	8.9
Capital adequacy					
Total CAR (%)	18.3	18.9	17.6	16.6	15.5
Tier-1 (%)	15.2	16.7	15.6	15.1	14.5
Miscellaneous					
Total income growth (%)	14.6	23.6	13.7	12.8	15.8
Opex growth (%)	15.4	17.1	9.5	11.0	14.0
PPOP margin (%)	4.3	4.8	4.9	4.8	4.8
Credit costs-to-PPOP (%)	34.0	39.9	32.7	33.1	33.1
Loan-to-Assets (%)	85.7	88.0	88.7	89.5	90.4
Yield on loans (%)	13.8	13.6	13.5	13.6	13.6
Cost of funds (%)	7.8	7.3	7.3	7.4	7.5
Spread (%)	6.0	6.3	6.2	6.2	6.1

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	15.7	14.9	11.4	10.3	8.8
P/B (x)	1.9	1.7	1.5	1.3	1.2
P/ABV (x)	1.9	1.7	1.5	1.3	1.2
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	2.2	2.5	1.7	1.9	2.3
Dupont-RoE split (%)					
NII/avg AUM	6.7	7.0	7.0	6.9	6.8
Other income	0.7	1.0	1.0	0.8	0.8
Securitization income	0	0	0	0	0
Opex	1.4	1.4	1.3	1.3	1.2
Employee expense	1.7	1.7	1.7	1.6	1.5
PPOP	**4.3**	**4.8**	**4.9**	**4.8**	**4.8**
Provisions	1.5	1.9	1.6	1.6	1.6
Tax expense	0.7	0.7	0.8	0.8	0.8
RoAUM (%)	**2.1**	**2.2**	**2.5**	**2.4**	**2.4**
Leverage ratio (x)	5.9	5.7	5.5	5.8	6.0
RoE (%)	**12.4**	**12.5**	**13.8**	**13.8**	**14.4**

Quarterly data

Rs mn, Y/E Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
NII	21,116	23,045	23,913	24,128	23,914
NIM (%)	7.0	7.5	7.5	7.3	7.0
PPOP	14,989	15,403	17,216	17,559	17,914
PAT	5,693	8,104	8,730	8,987	8,815
EPS (Rs)	4.10	5.83	6.28	6.47	6.34

Source: Company, Emkay Research

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Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
06-Oct-26	328	410	Buy	Avinash Singh
24-Sep-26	340	450	Buy	Avinash Singh
22-Jul-26	378	450	Buy	Avinash Singh
05-Jul-26	334	380	Add	Avinash Singh
25-Apr-26	294	340	Add	Avinash Singh
06-Apr-26	281	280	Reduce	Avinash Singh
17-Mar-26	320	320	Reduce	Avinash Singh
29-Jan-26	374	320	Reduce	Avinash Singh
06-Jan-26	374	300	Reduce	Avinash Singh
29-Oct-25	317	280	Reduce	Avinash Singh
06-Oct-25	284	260	Reduce	Avinash Singh
23-Jul-25	259	260	Reduce	Avinash Singh
07-Jul-25	268	260	Reduce	Avinash Singh
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

Source: Company, Emkay Research

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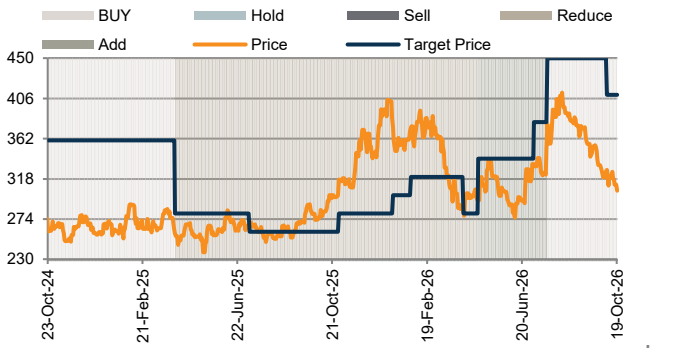

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Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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