31 July 2026
1QFY27 Results Update | Sector: Financials

Bajaj Finance

Estimate change	↑
TP change	↑
Rating change	↑

Bloomberg	BAF IN
Equity Shares (m)	6226
M.Cap.(INRb)/(USDb)	6559 / 68.6
52-Week Range (INR)	1102 / 787
1, 6, 12 Rel. Per (%)	3/17/21
12M Avg Val (INR M)	8408

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Net Income	533	654	801
PPP	355	438	540
PAT	193	265	327
EPS (INR)	31	43	53
EPS Gr. (%)	15	37	24
BV/Sh. (INR)	188	224	268
Ratios			
NIM (%)	9.7	9.6	9.4
C/I ratio (%)	33.3	33.0	32.5
RoA (%)	3.8	4.2	4.2
RoE (%)	18.1	20.7	21.4
Payout (%)	20.7	16.5	16.2
Valuations			
P/E (x)	34.0	24.8	20.1
P/BV (x)	5.6	4.7	3.9
Div. Yield (%)	0.6	0.7	0.8

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	54.7	54.7	54.7
DII	16.4	15.2	14.6
FII	20.3	21.4	21.7
Others	8.6	8.7	8.9

FII includes depository receipts

CMP: INR1,054 TP: INR1,300 (+23%) Upgrade to Buy

Firing on all cylinders; a new earnings cycle begins

Broad-based growth, improving asset quality and resilient margins underpin a structural earnings acceleration

- Bajaj Finance's (BAF) 1QFY27 PAT grew 28% YoY to ~INR60.8b (in line). NII grew 23% YoY to ~INR125.7b (in line). Non-interest income stood at INR26.5b (up 11% YoY). Opex grew ~23% YoY to ~INR50.1b (in line). PPoP stood at INR101.4b (in line), up 19% YoY.
- Credit costs stood at ~INR19.9b (~10% lower than MOFSLe), resulting in annualized credit costs declining ~10bp QoQ to ~1.54% (PQ: 1.65% and PY: ~2%). This included prudent management and macro-economic provisions of ~INR2.96b. Excluding this, loan losses and provisions were ~INR17b, and adjusted credit costs for 1QFY27 stood at ~1.3%.
- BAF highlighted that vintage performance across 3, 6 and 9 MOB cohorts continues to improve, with performance now at or better than pre-Covid levels. While management remains optimistic about the structural credit cost trajectory, it will wait for another quarter before revisiting its credit cost guidance for FY27. We have reduced our credit costs estimate to 1.5%/1.45% for FY27/FY28.
- **BAF has moved beyond the earnings normalization phase and is entering a period of structurally higher earnings growth.** The combination of broad-based loan growth, resilient margins, improving asset quality and declining credit costs is driving a meaningful acceleration in profitability. At the same time, new growth engines, including digital platforms, rapid gold loan expansion and new business launches, provide incremental optionality.
- BAF has also outlined a comprehensive roadmap to strengthen its competitive positioning through customer-centric growth, AI-led execution, portfolio diversification, and disciplined risk management. These structural initiatives are expected to enhance operating efficiency, improve portfolio quality, and reinforce the company's ability to deliver sustainable and profitable growth over the long term.
- Our investment thesis is predicated on three structural pillars: 1) The credit cycle has turned, which will enable lower credit costs and higher earnings; 2) Multiple growth engines (core lending, digital ecosystem, gold loans, new businesses for BAF) are firing simultaneously; and 3) Duration and magnitude of this new earnings cycle leave room for both earnings upgrades and valuation support. We raise our FY27/FY28 EPS estimates by 4%/2% to factor in higher AUM growth and lower credit costs. We model PAT CAGR of ~30% over FY26-FY28E and RoA/RoE of 4.2%/21.4% in FY28E. **We upgrade our rating on BAF to BUY with a TP of INR1,300 (premised on 4.8x FY28E BVPS).**

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Strong and broad-based AUM growth; NIM (calc.) rose ~3bp QoQ

- Total AUM grew 24% YoY/7.2% QoQ to INR5.47t. Rural sales finance and urban sales finance grew 49% YoY and 38% YoY, respectively, supported by a combination of organic volume growth and higher SKU prices. Of the ~40% average growth, ~20% was driven by higher SKU prices, while the remaining ~20% came from organic volume growth. The company expects further support from potential SKU price increases, providing an additional growth tailwind.
- MSME growth remained subdued at 2% YoY as the company continued to prune the portfolio since Jul'25 as part of its risk-calibration measures. Given early green shoots on delinquency trends in business loans, BAF expects growth momentum in this segment to resume by 3QFY27.
- New customer acquisition stood at ~5.1m in 1QFY27. BAF now expects to add 18-20m new customers (vs. earlier target of 15-17m) to its franchise in FY27.
- NIM (calc.) rose ~3bp QoQ in 1QFY27 to 9.51% (PQ: 9.48%). CoB was stable QoQ at 7.4%. The company expects CoB to remain range-bound with a modest upward bias in the near term amid an uncertain geopolitical environment and ongoing West Asia tensions. **We expect BAF to deliver ~25% AUM CAGR over FY26-28E, with NIM of ~9.6%/9.4% in FY27E/FY28E. (FY26: 9.7%).**

Asset quality improves and credit costs decline significantly

- As of Jun'26, GNPA & NNPA stood at 0.96% (down ~5bp QoQ) & 0.4% (down ~2bp QoQ). PCR on Stage 3 assets was stable QoQ at ~60% (PQ: 60%)
- BAF highlighted that credit quality remains strong across businesses and intends to continue strengthening and "bullet-proofing" the balance sheet amid an uncertain macroeconomic and geopolitical environment. We expect BAF's credit costs to decline from ~1.9% in FY26 (before accelerated ECL provisions) to ~1.5%/1.45% in FY27E/FY28E.

Highlights from the management commentary

- The company continues to see a strong long-term opportunity in India and remains focused on reinvesting in existing businesses while exploring two new business lines targeted for launch by Jan-Feb'27.
- Digital platforms are expected to facilitate ~INR400-450b of business in FY27, with a medium-term ambition of ~INR1t. Gold loan branches are expected to increase to ~2,800 by end-FY27, with Gold AUM targeted at ~INR290b-310b.

Valuation and view

- BAF reported an all-round strong quarter, with healthy performance across growth, asset quality, credit costs and margins. Borrowings costs remained stable despite a volatile macroeconomic environment. Growth remained broad-based across segments, while asset quality continued to improve, supported by strong vintage performance and lower credit costs.
- BAF trades at 3.9x FY28E P/BV and ~20x P/E. We model a PAT CAGR of ~30% over FY26-FY28E and RoA/RoE of 4.2%/21% in FY28E. We believe the company is entering a phase of sustainable earnings compounding, driven by broad-based growth, resilient profitability and improving asset quality. **We upgrade our rating on BAF to BUY with a TP of INR1,300 (premised on 4.8x FY28E BVPS).**

Quarterly Performance (INR b)

Y/E March	FY26				FY27E				FY26	FY27E	1Q FY27E	Act V/s Est
	1Q	2Q	3Q	4Q	1QA	2QE	3QE	4QE				
Interest Income	171.4	178.0	186.6	191.8	205.1	218.1	230.7	243.4	728	897.3	203.3	1
Interest expenses	69.2	70.1	73.4	74.0	79.4	85.3	91.5	98.0	287	354.2	78.6	1
Net Interest Income	**102.3**	**107.8**	**113.2**	**117.8**	**125.7**	**132.8**	**139.2**	**145.4**	**441**	**543.1**	**124.7**	1
YoY Growth (%)	22.3	22.0	20.6	20.1	22.9	23.1	23.0	23.4	21.2	23.1	21.9	
Other Operating Income	23.8	23.8	25.6	24.3	26.5	27.3	28.9	28.4	92	111.1	26.2	1
Net Income	**126.1**	**131.7**	**138.8**	**142.1**	**152.2**	**160.0**	**168.0**	**173.8**	**533**	**654.1**	**150.8**	**1**
YoY Growth (%)	21.0	20.3	18.9	19.2	20.7	21.5	21.1	22.3	18.6	22.7	19.6	
Operating Expenses	41.2	43.0	48.2	48.0	50.9	53.2	55.4	56.3	178	215.7	50.7	0
Operating Profit	**84.9**	**88.7**	**90.5**	**94.1**	**101.4**	**106.9**	**112.6**	**117.5**	**355**	**438.4**	**100.2**	1
YoY Growth (%)	22.2	21.4	16.0	18.1	19.4	20.5	24.3	24.9	18.4	23.3	18.0	
Provisions and Cont.	21.2	22.7	36.3	20.1	19.9	21.8	22.3	20.7	95	84.7	22.2	-10
Profit before Tax	**63.7**	**66.1**	**54.3**	**74.1**	**81.5**	**85.1**	**90.3**	**96.9**	**258**	**353.7**	**78.0**	4
Tax Provisions	16.0	16.6	13.7	18.6	20.7	21.4	22.7	24.4	65	89.1	19.6	6
Net Profit	**47.7**	**49.5**	**40.7**	**55.5**	**60.8**	**63.7**	**67.6**	**72.4**	**193**	**264.6**	**58.4**	4
YoY Growth (%)	21.8	23.3	-5.6	22.2	27.6	28.8	66.3	30.4	15.2	36.8	22.6	
Key Operating Parameters (%)												
Fees to Net Income Ratio	18.9	18.1	18.4	17.1	17.4	17.1	17.2	16.3				
Credit Cost	2.02	2.05	3.12	1.65	1.54	1.58	1.53	1.34				
Cost to Income Ratio	32.7	32.6	34.7	33.8	33.4	33.2	33.0	32.4				
Tax Rate	25.2	25.1	25.1	25.1	25.4	25.1	25.1	25.2				
Balance Sheet Parameters												
AUM (INR B)	4,415	4,623	4,845	5,100	5,469	5,776	6,116	6,426				
Change YoY (%)	24.6	23.6	21.7	22.4	23.9	24.9	26.2	26.0				
Loans (INR B)	4,325	4,525	4,756	4,989	5,361	5,654	6,000	6,312				
Change YoY (%)	23.7	23.1	21.9	22.3	24.0	25.0	26.2	26.5				
Borrowings (INR B)	3,718	3,909	4,050	4,265	4,590	4,880	5,223	5,516				
Change YoY (%)	22.0	22.5	20.9	19.4	23.5	24.9	29.0	29.3				
Loans/Borrowings (%)	116.3	115.8	117.4	117.0	116.8	115.9	114.9	114.4				
Asset Quality Parameters (%)												
GS 3 (INR B)	45.2	56.9	58.8	51.2	52.4							
Gross Stage 3 (% on Assets)	1.03	1.24	1.21	1.01	0.96							
NS 3 (INR B)	21.7	27.4	22.7	20.6	21.1							
Net Stage 3 (% on Assets)	0.50	0.60	0.47	0.41	0.39							
PCR (%)	51.9	51.8	61.3	59.7	60.0							
Return Ratios (%)												
ROAA (Rep)	4.5	4.5	4.5	4.6	4.7							
ROAE (Rep)	19.0	19.1	19.1	19.2	20.4							

E: MOFSL Estimates

CONFERENCE CALL

Highlights from the management commentary

Guidance

- BAF guided for growth momentum to sustain through FY27 and expects for asset quality to improve further. However, it will revisit (or rather increase) the guidance for the full year post 2QFY27 results.
- Gold loan AUM is targeted to grow to ~INR290-300b by end-FY27, supported by expansion to ~2700-2800 branches by Mar'28.
- Opex-to-NTI is expected to improve by 25-40bp in FY27.
- CoF should remain range-bound with a modest upward bias in the near term.
- The company expects credit costs to continue improving but will wait for another quarter before providing updated FY27 guidance.
- Management guided for profit growth to be higher than balance sheet growth, supported by internal capital generation and improving capital resilience.
- BAF expects digital platforms to facilitate ~INR400-450b of business in FY27, with a medium-term ambition of ~INR1t.

Growth and business momentum

- BAF remains focused on balancing growth with a conservative risk appetite and continued investments in technology, distribution and new business lines.
- Rural sales finance/urban sales finance grew 49% YoY and 38% YoY, supported by a combination of organic volume growth and higher SKU prices. Of the ~40% average growth, ~20% was driven by higher SKU prices, while the remaining ~20% came from organic volume growth. The company expects further support from potential SKU price increases, providing an additional growth tailwind.
- MSME growth remained subdued at 2% YoY as the company continued to prune the portfolio since Jul'25 as part of its risk-calibration measures. It expects growth momentum to resume by 3QFY27.
- The company continues to see strong long-term opportunity in India and remains focused on reinvesting in existing businesses while exploring two new business lines targeted for launch by Jan-Feb'27.
- Management believes competitive intensity remains high across all businesses, with PSU banks, private banks and NBFCs competing aggressively.

Margins and opex

- NIMs remained steady in 1QFY27. The company maintained its guidance of ~10-15bp moderation in NIMs in FY27 and will assess the outlook again in 2QFY27.
- Incremental borrowing costs have increased by ~30-60bp in fixed-income markets, while the company has maintained a relatively stable cost of funds over the past three quarters.
- Management expects CoF to remain range-bound with a modest upward bias, although the trajectory will depend on the resolution of geopolitical uncertainties and broader liquidity conditions.
- Opex-to-NTI stood at 33.4%, with the marginal increase driven by accelerated investments in gold loans and MFI branch expansion, along with ~10bp impact from the new labor code.
- Management expects opex-to-NTI to improve by 25-40bp during FY27 despite continued investments in growth initiatives.

Asset quality and credit costs

- Credit performance remained strong, with loan losses-to-average AUM improving to 1.54% from 1.87% YoY.
- BAF recognized an additional INR2.96b management and macroeconomic overlay in 1Q, reflecting geopolitical uncertainties and monsoon-related risks. Excluding the additional overlay, the loan loss ratio would have been ~1.31%.
- New Stage 2 and Stage 3 additions improved to 1.87% from 1.94% QoQ, with management expecting further improvement over the coming quarters.
- Vintage performance across 3 MOB, 6 MOB and 9 MOB cohorts continues to show sustained improvement and is now at or below pre-COVID benchmarks.
- GNPA/NNPA stood at 0.96%/0.39%, while PCR remained healthy at ~60%.
- Credit quality remains strong across businesses, with a marginal blip in business loans attributed to denominator effects (given this book has not grown) rather than any material deterioration in credit performance.
- Management remains optimistic on the structural credit cost trajectory, although it will wait for another quarter before providing updated guidance on FY27 credit costs.

Provisioning and risk framework

- BAF reiterated its ambition to build one of India's lowest-risk companies, viewing risk management as a strategic choice rather than a function of the macro environment.
- The company continues to benchmark its credit performance against industry bureau data and maintains stringent risk thresholds. Risk thresholds are targeted at ~30–40% of industry levels across 30+ and 60+ DPD metrics.
- 30+ dpd trends in businesses more vulnerable to higher leverage have stabilized, with YoY improvement visible across business loans, personal loans and professional loans.
- Management intends to continue strengthening and "bullet-proofing" the balance sheet, given the uncertain macro and geopolitical environment.

Gold Loans

- The business is primarily driven by standalone branch expansion and process excellence, with the company adding 110 branches per month.
- Gold loan branches are expected to increase to ~2,700-2,800 by end-FY27, with AUM targeted at ~INR290b-310b.
- At ~INR140m AUM per branch, the planned branch network implies a potential Gold AUM of ~INR380b.
- Digital platforms currently contribute ~25% of gold loan business, supporting customer acquisition and improving sourcing efficiency.
- Existing-to-new customer mix is ~70:30, indicating a strong contribution from repeat customers.

Digital Transformation & AI

- The company is accelerating its digital transformation, with the AI team expected to expand from 230 to 400 employees and the digital platforms team to add ~300 employees.

- Digital platforms are expected to facilitate ~INR400-450b of business in FY27, with a medium-term target of ~INR1t.
- AI initiatives analyzed ~45m customer interactions through voice and text during the quarter, generating ~400k additional offers and supporting ~INR5.2b of disbursements.
- AI-driven underwriting is delivering >20% efficiency gains, while voice and text bots facilitated ~INR25b of disbursements in 1QFY27.
- Management expects AI-led voice and text disbursements to scale up to ~INR110-120b in FY27.
- 17 AI agent applications have been deployed out of 118 identified use cases, with deployment expected to accelerate through FY27.
- A custom AI model is expected to go live in 2QFY27 for the B2B business, potentially enabling access to 0.5m incremental customers; a similar B2C application is expected by Oct-Nov'26.
- In personal loans, 20% of monthly disbursements are estimated to be sourced via voice bots and digital channels, with voice bots alone contributing ~17-18%.
- Management expects a new consumer-facing AI platform to emerge by May-Jun'27, which could further accelerate customer acquisition and business momentum.
- Management follows a strict cost-benefit framework, with AI use cases expected to deliver outcomes at ~one-third to one-fifth of the cost of traditional human-led processes.
- Voice AI currently costs one-third of the equivalent human labor cost for similar activities.

Capital raise

- CRAR was healthy at 21%, providing adequate capital headroom to aid growth.
- Management does not see an immediate need to raise capital and intends to first consider dilution of its stake in BHFL, currently at ~86.7%, before evaluating a fresh capital raise.
- Its preference is for profit growth to outpace balance sheet growth, thereby allowing internal capital generation to strengthen balance sheet resilience.

Succession planning

- Management expects to take a decision on succession by Dec'27-Jan'28.

Consumer durable finance

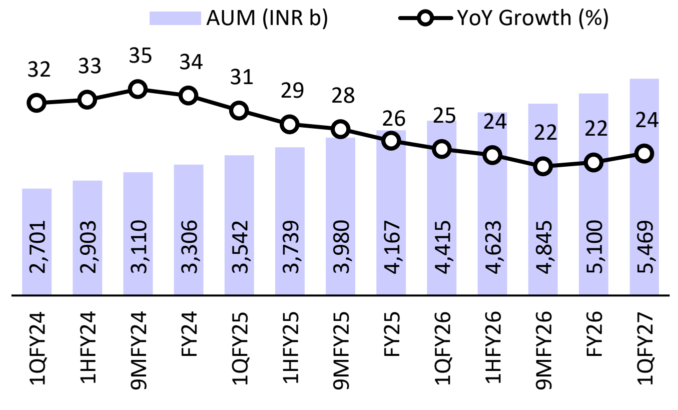
- Smartphone financing continues to grow at ~20-23% despite a decline in overall smartphone shipments, supported by a ~32-33% increase in average ticket size.
- Higher volumes from Apple and increasing ATS across other mobile manufacturers are key drivers of ticket-size growth.
- Air-conditioner and washing-machine prices have remained broadly stable despite the 10% GST reduction on air conditioners, as higher input costs have offset some of the GST reduction benefit.

Others

- The combination of a strong customer franchise and expanding distribution network continues to support higher product penetration and attach rates.

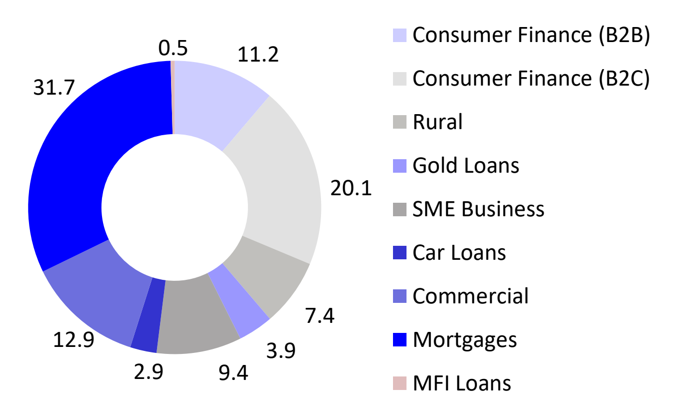
Story in charts

Exhibit 1: AUM grew ~24% YoY



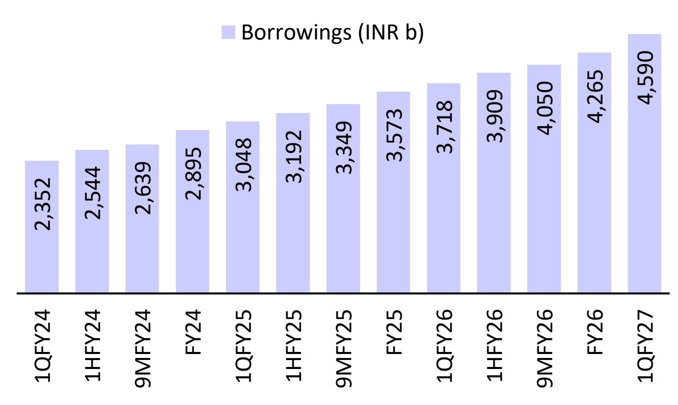
Source: MOFSL, Company

Exhibit 2: AUM mix (%)



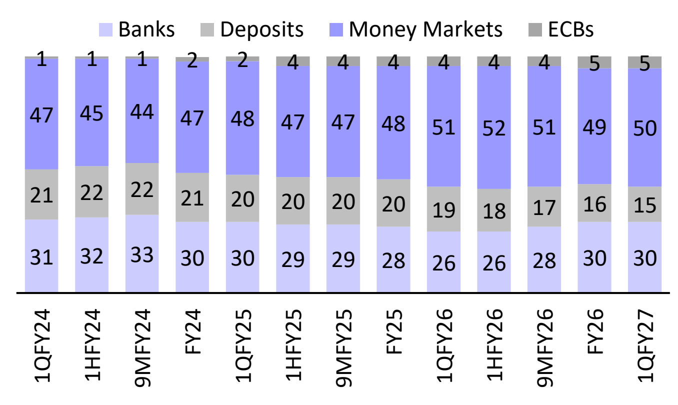
Source: MOFSL, Company; Note: Data as of 1QFY27

Exhibit 3: Borrowings grew 23% YoY



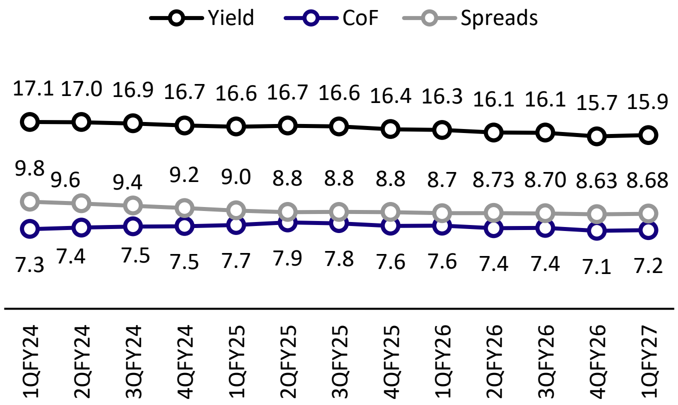
Source: MOFSL, Company

Exhibit 4: Share of banks increased ~1pp QoQ (%)



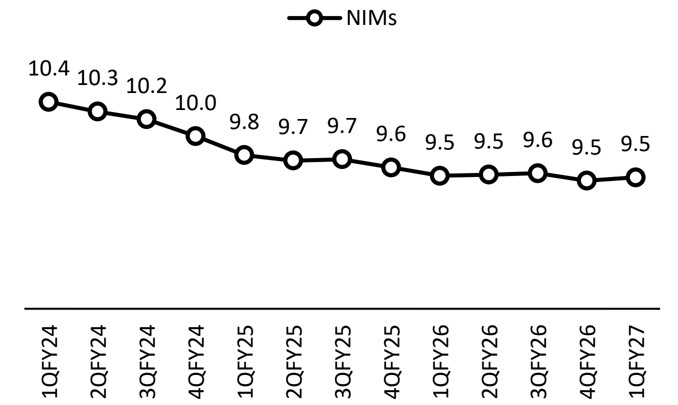
Source: MOFSL, Company

Exhibit 5: Calculated spreads rose ~5bp QoQ (%)



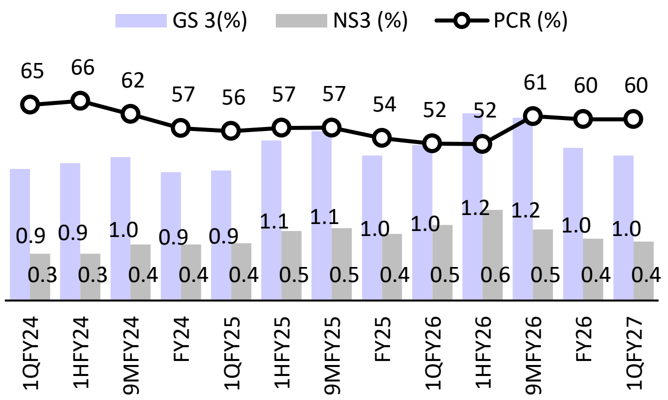
Source: MOFSL, Company

Exhibit 6: NIMs rose~3bp QoQ (%)



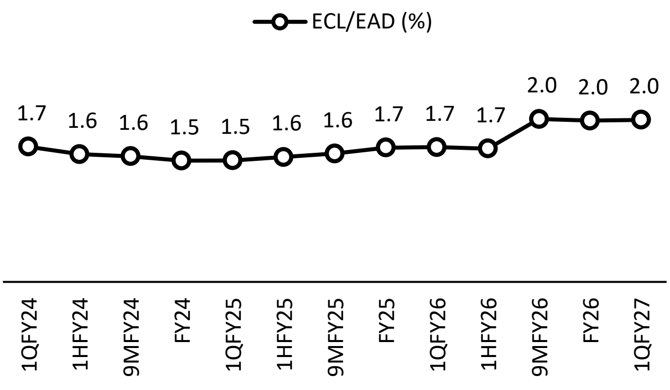
Source: MOFSL, Company

Exhibit 7: GNPA/ NNPA improved ~5bp/~2bp QoQ (%)



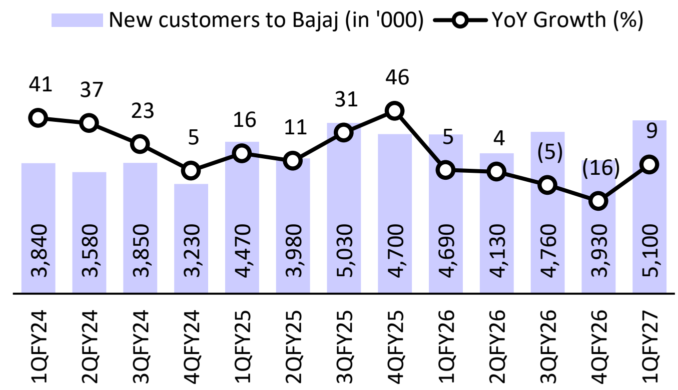
Source: MOFSL, Company

Exhibit 8: Total ECL provisions stood at ~200bp of EAD



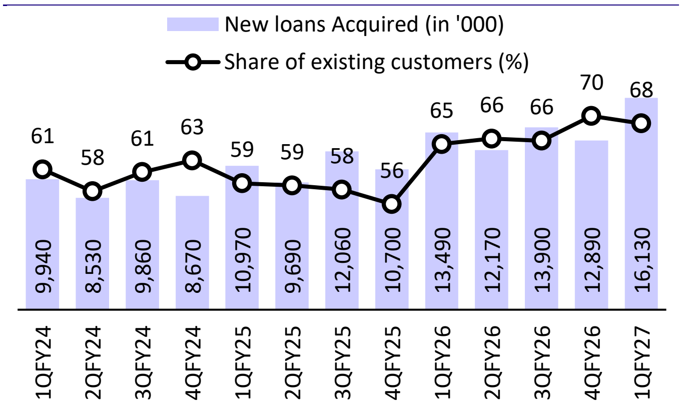
Source: MOFSL, Company

Exhibit 9: New customer additions declined ~9% YoY



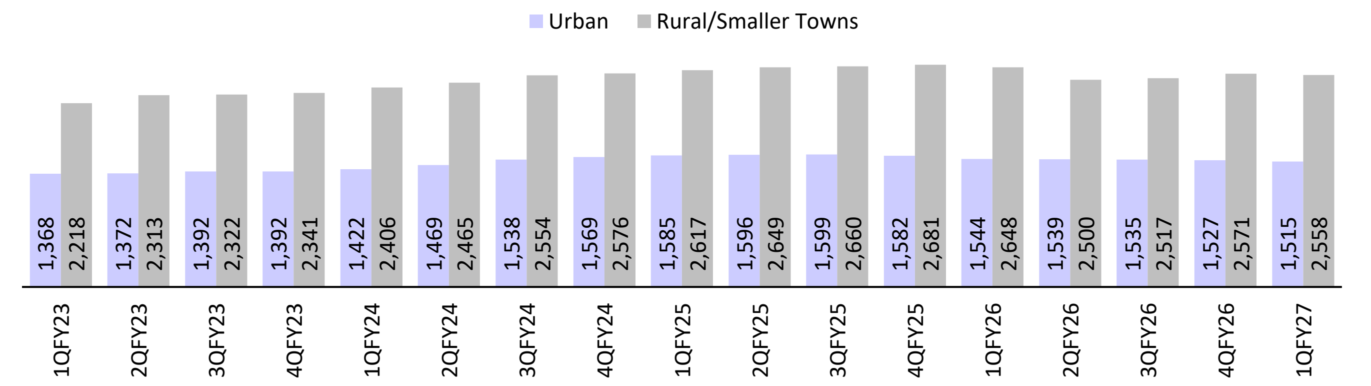
Source: MOFSL, Company

Exhibit 10: New loans booked rose to ~16.1m QoQ



Source: MOFSL, Company

Exhibit 11: Trend in branch expansion

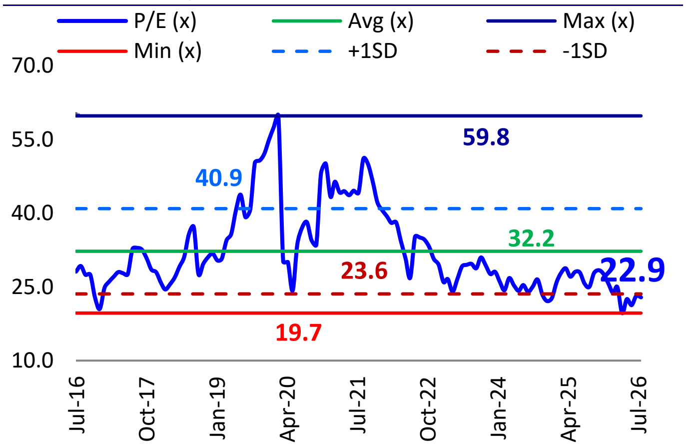


Source: MOFSL, Company

Exhibit 12: We raise our FY27/FY28 EPS estimates by 4%/2% to factor in higher AUM growth, higher non-interest income and lower credit costs

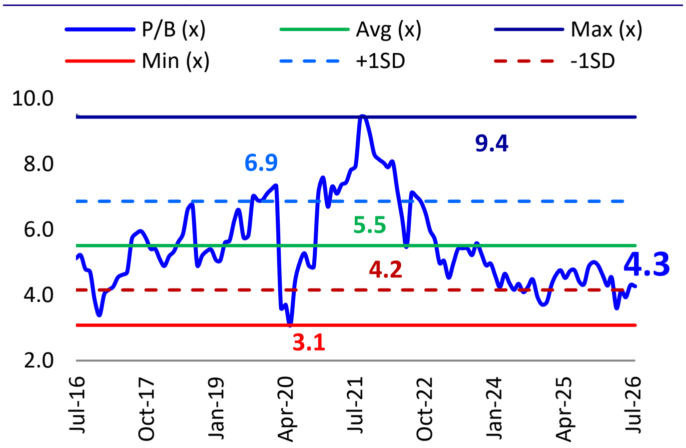
INR B	Old Est.		New Est.		% Change	
	FY27	FY28	FY27	FY28	FY27	FY28
NII	538.0	667.2	543.1	669.1	0.9	0.3
Other operating Income	105.1	122.2	111.0	131.6	5.6	7.6
Other Income	0.1	0.1	0.1	0.1	0.0	0.0
Total Income	**643.2**	**789.5**	**654.1**	**800.7**	**1.7**	**1.4**
Operating Expenses	213.8	257.3	215.7	260.3	0.9	1.1
Operating Profits	**429.4**	**532.2**	**438.4**	**540.5**	**2.1**	**1.6**
Provisions	91.1	106.0	84.7	103.3	-7.0	-2.6
PBT	**338.3**	**426.2**	**353.7**	**437.2**	**4.6**	**2.6**
Tax	84.9	107.0	89.1	110.2	5.0	3.0
PAT	**253.4**	**319.2**	**264.6**	**327.0**	**4.4**	**2.4**
Loans	6,237	7,702	6,312	7,858	1.2	2.0
Borrowings	5,445	6,701	5,516	6,860	1.3	2.4
RoA	**4.0**	**4.2**	**4.2**	**4.2**		
RoE	**19.8**	**21.0**	**20.7**	**21.4**		

Exhibit 13: One-year forward P/E



Source: MOFSL, Company

Exhibit 14: One-year forward P/B



Source: MOFSL, Company

Financials and valuations

Income Statement | INR m

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	2,29,704	2,33,034	2,72,698	3,55,502	4,83,066	6,11,636	7,27,760	8,97,305	11,20,817
Interest Expended	94,732	94,140	97,482	1,25,599	1,87,247	2,47,708	2,86,660	3,54,243	4,51,738
Net Interest Income	**1,34,972**	**1,38,894**	**1,75,215**	**2,29,903**	**2,95,819**	**3,63,928**	**4,41,101**	**5,43,062**	**6,69,079**
Change (%)	38.8	2.9	26.2	31.2	28.7	23.0	21.2	23.1	23.2
Other Operating Income	34,034	33,647	43,627	58,472	66,629	85,200	92,064	1,10,973	1,31,559
Other Income	118	150	80	83	130	413	71	78	86
Net Income	**1,69,124**	**1,72,691**	**2,18,922**	**2,88,458**	**3,62,578**	**4,49,540**	**5,33,236**	**6,54,114**	**8,00,724**
Change (%)	42.4	2.1	26.8	31.8	25.7	24.0	18.6	22.7	22.4
Operating Expenses	56,608	53,082	75,850	1,01,300	1,23,252	1,49,261	1,77,763	2,15,744	2,60,258
Operating Profits	**1,12,516**	**1,19,608**	**1,43,072**	**1,87,158**	**2,39,326**	**3,00,279**	**3,55,473**	**4,38,370**	**5,40,466**
Change (%)	46.5	6.3	19.6	30.8	27.9	25.5	18.4	23.3	23.3
Provisions and W/Offs	39,295	59,686	48,034	31,897	46,307	79,660	94,819	84,681	1,03,305
PBT	**73,221**	**59,923**	**95,038**	**1,55,279**	**1,93,019**	**2,20,796**	**2,58,167**	**3,53,689**	**4,37,161**
Tax	20,584	15,724	24,756	40,202	48,584	53,002	64,843	89,130	1,10,165
Tax Rate (%)	28.1	26.2	26.0	25.9	25.2	24.0	25.1	25.2	25.2
PAT	**52,638**	**44,198**	**70,282**	**1,15,077**	**1,44,435**	**1,67,795**	**1,93,324**	**2,64,559**	**3,26,996**
Change (%)	31.8	-16.0	59.0	63.7	25.5	16.2	15.2	36.8	23.6
Adjusted PAT	52,638	44,198	70,282	1,15,077	1,44,512	1,67,795	2,05,834	2,64,559	3,26,996

Balance Sheet | INR m

Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Capital	1,200	1,203	1,207	1,209	1,236	1,242	6,218	6,218	6,218
Reserves & Surplus (Ex OCI)	3,22,951	3,69,179	4,36,643	5,43,349	7,65,198	9,65,687	11,63,638	13,84,544	16,58,731
Net Worth	**3,24,150**	**3,70,382**	**4,37,850**	**5,44,558**	**7,66,434**	**9,66,929**	**11,69,855**	**13,90,762**	**16,64,949**
OCI	-874	-1,198	-723	-839	519	0	0	0	0
Net Worth (Including OCI)	**3,23,276**	**3,69,184**	**4,37,127**	**5,43,720**	**7,66,954**	**9,66,929**	**11,69,855**	**13,90,762**	**16,64,949**
Change (%)	64.1	14.2	18.4	24.4	41.1	26.1	21.0	18.9	19.7
Borrowings	**12,98,064**	**13,16,335**	**16,52,549**	**21,67,399**	**29,34,052**	**36,12,487**	**43,51,125**	**55,16,370**	**68,60,022**
Change (%)	27.8	1.4	25.5	31.2	35.4	23.1	20.4	26.8	24.4
Other liabilities	22,573	29,185	35,378	41,168	56,411	81,853	78,543	90,325	1,03,874
Total Liabilities	**16,43,914**	**17,14,704**	**21,25,054**	**27,52,287**	**37,57,416**	**46,61,268**	**55,99,524**	**69,97,457**	**86,28,844**
Investments	**1,75,439**	**1,83,969**	**1,22,455**	**2,27,518**	**3,08,807**	**3,44,408**	**3,05,778**	**3,21,067**	**3,37,120**
Change (%)	104.0	4.9	-33.4	85.8	35.7	11.5	-11.2	5.0	5.0
Loans	**14,27,989**	**14,66,869**	**19,14,233**	**24,22,689**	**32,62,933**	**40,78,441**	**49,89,435**	**63,11,636**	**78,57,987**
Change (%)	25.6	2.7	30.5	26.6	34.7	25.0	22.3	26.5	24.5
Other assets	40,485	63,866	88,366	1,02,079	1,85,677	2,38,419	3,04,310	3,64,754	4,33,738
Total Assets	**16,43,914**	**17,14,704**	**21,25,054**	**27,52,287**	**37,57,416**	**46,61,268**	**55,99,524**	**69,97,457**	**86,28,844**

E: MOFSL Estimates

Financials and valuations

Ratios									(%)
Y/E MARCH	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Spreads Analysis (%)									
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	7.2	7.3
Interest Spread	9.7	8.9	9.6	9.8	9.7	9.1	8.9	8.7	8.5
Net Interest Margin	10.5	9.6	10.4	10.6	10.4	9.9	9.7	9.6	9.4
Profitability Ratios (%)									
Cost/Income	33.5	30.7	34.6	35.1	34.0	33.2	33.3	33.0	32.5
Empl. Cost/Op. Exps.	45.0	47.0	47.3	49.9	51.9	50.3	50.5	51.6	50.9
RoE	20.2	12.7	17.4	23.4	22.0	19.4	18.1	20.7	21.4
RoA	3.6	2.6	3.7	4.7	4.4	4.0	3.8	4.2	4.2
Asset Quality (%)									
GNPA (INR m)	23,626	27,304	31,331	23,125	28,160	39,647	51,180	64,198	92,580
NNPA (INR m)	9,373	11,354	13,144	8,361	12,098	18,340	20,620	25,679	35,180
GNPA %	1.6	1.8	1.6	0.9	0.8	1.0	1.0	1.0	1.2
NNPA %	0.7	0.8	0.7	0.3	0.4	0.4	0.4	0.4	0.4
PCR %	60.3	58.4	58.0	63.8	57.0	53.7	59.7	60.0	62.0
Total Provisions/loans %	3.1	4.1	2.8	1.5	1.6	2.2	2.1	1.5	1.5
Capitalisation (%)									
CAR	25.0	28.3	27.2	25.0	22.5	21.9	21.6	23.2	23.1
Tier I	21.3	25.1	24.8	23.2	21.5	21.1	20.7	22.5	22.5
Tier II	3.7	3.2	2.5	1.8	1.0	0.8	0.9	0.7	0.6
Average Leverage on Assets (x)	5.5	4.8	4.8	5.0	5.0	4.9	4.8	4.9	5.1

Valuation	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Book Value (INR)	54	62	73	90	124	156	188	224	268
Price-BV (x)	19.5	17.2	14.6	11.7	8.5	6.8	5.6	4.7	3.9
Adjusted BV (INR)	53	60	71	89	123	154	186	221	264
Price-ABV (x)	20.0	17.6	14.9	11.9	8.6	6.9	5.7	4.8	4.0
EPS (INR)	8.8	7.3	11.6	19.0	23.4	27.0	31.1	42.5	52.6
EPS Growth (%)	26.7	-16.3	58.6	63.4	22.8	15.6	15.0	36.8	23.6
Price-Earnings (x)	120.4	143.7	90.6	55.5	45.2	39.1	34.0	24.8	20.1
OPS (INR)	19	20	24	31	39	48	57	71	87
OPS Growth (%)	40.9	6.0	19.3	30.6	25.1	24.9	18.2	23.3	23.3
Price-OP (x)	56.3	53.1	44.5	34.1	27.3	21.8	18.5	15.0	12.1
Dividend per Share (INR)	1.0	1.0	2.0	3.0	3.6	5.6	6.0	7.0	8.5
Dividend Yield (%)	0.1	0.1	0.2	0.3	0.3	0.5	0.6	0.7	0.8

E: MOFSL Estimates

NOTES

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Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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