

# Bajaj Finance

Estimate change	↓
TP change	↔
Rating change	↔

**CMP: INR930**

**TP: INR1,000 (+8%)**

**Neutral**

## Operationally healthy quarter with improvement in credit trends

### Minor contraction in margins; credit costs to trend lower in FY27

Bloomberg	BAF IN
Equity Shares (m)	6222
M.Cap.(INRb)/(USDb)	5790.1 / 61
52-Week Range (INR)	1103 / 788
1, 6, 12 Rel. Per (%)	4/-5/3
12M Avg Val (INR M)	8301

#### Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Net Income	533	636	773
PPP	355	425	520
PAT	193	250	311
EPS (INR)	31	40	50
EPS Gr. (%)	15	29	24
BV/Sh. (INR)	188	222	265

#### Ratios

NIM (%)	9.7	9.6	9.6
C/I ratio (%)	33.3	33.1	32.8
RoA (%)	3.8	4.0	4.1
RoE (%)	18.1	19.6	20.5
Payout (%)	20.7	15.1	15.1

#### Valuations

P/E (x)	29.9	23.1	18.6
P/BV (x)	4.9	4.2	3.5
Div. Yield (%)	0.6	0.7	0.8

#### Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	54.7	54.7	54.7
DII	15.2	14.9	14.9
FII	21.4	21.6	21.6
Others	8.7	8.8	8.8

FII includes depository receipts

- Bajaj Finance's (BAF) 4QFY26 PAT grew 22% YoY to ~INR55.5b (in line). Reported PAT for FY26 grew ~17% YoY to INR193b.
- 4Q NII grew 20% YoY to ~INR117.8b (in line). Non-interest income stood at ~INR24.3b (up 15% YoY). Opex grew ~22% YoY to ~INR48b (in line). PPOp stood at INR94b (in line), up 18% YoY. PPOp for FY26 grew ~18% YoY to ~INR355b. Annualized credit costs in 4Q declined to ~1.6% (PQ: ~1.9% excluding accelerated ECL provisions and PY: ~2.3%).
- BAF guided for ~22-24% AUM growth in FY27, supported by a steadily expanding customer base (~15-17m additions), along with continued investments in strengthening distribution and deepening penetration. Growth is expected to be driven by emerging segments, including gold loans, where rapid branch expansion is likely to support scale-up. Further momentum is expected from tractor and CV financing, while low market share across key portfolio segments will provide significant headroom for further growth.
- BAF has witnessed steady improvement in asset quality, with a sequential decline in Stage 2 and Stage 3 assets, and FY27 credit cost is guided at ~1.45-1.6.0%. Stress levels are normalizing, supported by disciplined underwriting and conservative provisioning practices. While MSME continued to trend weak, BAF guided that it has further pruned business in this segment and a gradual recovery is expected in MSME by 2HFY27. The captive 2W and 3W portfolio, contributing <1% of AUM but ~5% of credit costs, has been winding down and should further ease pressure on credit costs going forward.
- BAF remains fundamentally strong, supported by a well-capitalized balance sheet and diversified, broad-based growth across emerging lending segments. Its aggressive AI-led transformation stands out in the industry, with clear, measurable deployment, expected to enhance productivity, improve customer experience, and materially reduce operating costs. Growth is expected to remain well distributed across businesses, while credit costs are likely to moderate, aided by strong provisioning buffers.
- The stock trades at 4.2x FY27E P/BV and ~23x P/E. Despite a strong PAT CAGR of ~27% over FY26-FY28E and RoA/RoE of 4.1%/21% in FY28E, we see limited near-term upside catalysts in the absence of immediate triggers for a meaningful re-rating. **We maintain our Neutral rating on the stock with a TP of INR1,000 (premised on 3.8x FY28E BVPS).**

### Stable AUM growth despite rising competitive intensity

- Total AUM grew 22% YoY/ 5.3% QoQ to INR5.1t. QoQ AUM growth was driven by Gold loans (+26%), Rural Sales Finance (+11%), LAS (5%) and Car Loans (+7%).
- New customer acquisition stood at ~3.93m in 4Q. The company added ~17.51m customers in FY26 and the total customer franchise rose to ~119.3m.
- 4Q NIM declined ~8bp QoQ to 9.5%.
- We expect BAF to deliver ~23% AUM growth over FY26-28E, with NIM of ~9.6% in FY27E/FY28E.

### Improving asset quality signals strong visibility on credit cost moderation in FY27

- As of Mar'26, GNPA stood at 1.01% (down ~20bp QoQ) and NNPA at 0.41% (down ~5bp QoQ). PCR on Stage 3 assets stood at ~60% (PQ:61%).
- Management highlighted that 3 MOB, 6 MOB, and 9 MOB indicators are now below FY20 levels, signaling a meaningful improvement in portfolio quality and providing confidence that credit costs are likely to trend lower in FY27. We expect BAF's credit costs to decrease sharply from ~1.9% in FY26 (before accelerated ECL provisions) to ~1.6%/1.5% in FY27E/FY28E.

### Highlights from the management commentary

- The captive 2W and 3W portfolio, now contributing <1% of AUM, accounted for ~5% of credit costs in 4Q; this book is expected to wind down further to <INR15b by Sep'26, which will reduce credit costs incurred on this portfolio.
- BAF continues to invest deeply in customer centricity, aiming to increase wallet share through enhanced customer experience and engagement.

### Valuation and view

- BAF reported a largely in-line performance in 4QFY26. AUM growth moderated to 22% YoY, reflecting calibrated business volumes in the MSME segment and the ongoing wind-down of the captive 2W/3W portfolio. NIM is expected to exhibit minor compression in the near-term. Asset quality is likely to exhibit an improvement ahead, aided by a more resilient balance sheet strengthened through accelerated ECL provisions. However, in the current uncertain macro-environment and considering the West Asia War, the impact on AUM growth and credit costs in the near term will remain key monitorables.
- The stock trades at 4.2x FY27E P/BV and ~23x P/E. Despite a strong PAT CAGR of ~27% over FY26-FY28E and RoA/RoE of 4.1%/21% in FY28E, we see limited near-term upside catalysts and the absence of immediate triggers for a meaningful re-rating. **Maintain our Neutral rating on the stock with a TP of INR1,000 (premised on 3.8x FY28E BVPS).**

**Quarterly Performance**

(INR m)

Y/E March	FY25				FY26				FY25	FY26	4QFY26E	Act V/s Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Interest Income	1,40,492	1,49,870	1,57,682	1,63,591	1,71,447	1,77,960	1,86,565	1,91,789	6,11,636	7,27,760	1,95,751	-2
Interest expenses	56,839	61,493	63,856	65,520	69,177	70,113	73,387	73,983	2,47,708	2,86,660	77,425	-4
<b>Net Interest Income</b>	<b>83,653</b>	<b>88,377</b>	<b>93,826</b>	<b>98,072</b>	<b>1,02,270</b>	<b>1,07,847</b>	<b>1,13,178</b>	<b>1,17,806</b>	<b>3,63,928</b>	<b>4,41,101</b>	<b>1,18,326</b>	0
YoY Growth (%)	24.5	22.8	22.6	22.4	22.3	22.0	20.6	20.1	23.0	21.2	20.7	
Other Operating Income	20,531	21,084	22,901	21,096	23,831	23,848	25,581	24,276	85,612	92,135	25,478	-5
<b>Net Income</b>	<b>1,04,185</b>	<b>1,09,461</b>	<b>1,16,727</b>	<b>1,19,168</b>	<b>1,26,101</b>	<b>1,31,695</b>	<b>1,38,759</b>	<b>1,42,082</b>	<b>4,49,540</b>	<b>5,33,236</b>	<b>1,43,805</b>	-1
YoY Growth (%)	24.1	23.8	25.5	22.7	21.0	20.3	18.9	19.2	24.0	18.6	20.7	
Operating Expenses	34,709	36,390	38,670	39,493	41,230	42,959	48,215	48,011	1,49,261	1,77,763	46,921	2
<b>Operating Profit</b>	<b>69,475</b>	<b>73,071</b>	<b>78,057</b>	<b>79,675</b>	<b>84,871</b>	<b>88,736</b>	<b>90,543</b>	<b>94,072</b>	<b>3,00,279</b>	<b>3,55,473</b>	<b>96,884</b>	-3
YoY Growth (%)	25.3	25.2	27.1	24.3	22.2	21.4	16.0	18.1	25.5	18.4	21.6	
Provisions and Cont.	16,847	19,091	20,433	23,289	21,202	22,688	36,255	20,075	79,660	94,819	21,474	-7
<b>Profit before Tax</b>	<b>52,654</b>	<b>54,015</b>	<b>57,624</b>	<b>56,474</b>	<b>63,676</b>	<b>66,081</b>	<b>54,311</b>	<b>74,098</b>	<b>2,20,796</b>	<b>2,58,167</b>	<b>75,410</b>	-2
Tax Provisions	13,534	13,877	14,572	11,018	16,023	16,604	13,651	18,565	53,002	64,843	19,095	-3
<b>Net Profit</b>	<b>39,120</b>	<b>40,137</b>	<b>43,052</b>	<b>45,456</b>	<b>47,653</b>	<b>49,478</b>	<b>40,660</b>	<b>55,533</b>	<b>1,67,795</b>	<b>1,93,324</b>	<b>56,315</b>	-1
YoY Growth (%)	13.8	13.0	18.3	18.9	21.8	23.3	-5.6	22.2	16.2	15.2	23.9	
<b>Key Operating Parameters (%)</b>												
Fees to Net Income Ratio	19.7	19.3	19.6	17.7	18.9	18.1	18.4	17.1				
Credit Cost	1.99	2.13	2.16	2.33	2.02	2.05	3.12	1.65				
<b>Cost to Income Ratio</b>	<b>33.3</b>	<b>33.2</b>	<b>33.1</b>	<b>33.1</b>	<b>32.7</b>	<b>32.6</b>	<b>34.7</b>	<b>33.8</b>				
Tax Rate	25.7	25.7	25.3	19.5	25.2	25.1	25.1	25.1				
<b>Balance Sheet Parameters</b>												
AUM (INR B)	3,542	3,739	3,980	4,167	4,415	4,623	4,845	5,100				
Change YoY (%)	31.1	28.8	28.0	26.0	24.6	23.6	21.7	22.4				
Loans (INR B)	3,497	3,675	3,902	4,078	4,325	4,525	4,756	4,989				
Change YoY (%)	31.8	28.6	27.4	25.0	23.7	23.1	21.9	22.3				
Borrowings (INR B)	3,048	3,192	3,349	3,573	3,718	3,909	4,050	4,265				
Change YoY (%)	29.6	25.5	26.9	23.4	22.0	22.5	20.9	19.4				
Loans/Borrowings (%)	114.7	115.1	116.5	114.1	116.3	115.8	117.4	117.0				
<b>Asset Quality Parameters (%)</b>												
GS 3 (INR B)	30.5	39.5	44.6	39.7	45.2	56.9	58.8	51.2				
Gross Stage 3 (% on Assets)	0.86	1.06	1.12	0.96	1.03	1.24	1.21	1.01				
NS 3 (INR B)	13.4	17.0	19.1	18.4	21.7	27.4	22.7	20.6				
Net Stage 3 (% on Assets)	0.38	0.46	0.48	0.44	0.50	0.60	0.47	0.41				
PCR (%)	85.5	57.1	57.2	53.7	51.9	51.8	61.3	59.7				
<b>Return Ratios (%)</b>												
ROAA (Rep)	4.63	4.48	4.5	4.6	4.5	4.5	4.5	4.6				
ROAE (Rep)	19.86	19.08	19.08	19.1	19	19.1	19.1	19.2				

E: MOSL Estimates



## Highlights from the management commentary

### Guidance

- BAF expects AUM to grow ~22-24% in FY27, supported by scaling up of new business lines (gold, tractor, CV) launched in recent years.
- Customer franchise is anticipated to expand by ~15-17m customers over FY27, driven by continued focus on distribution and customer acquisition.
- The company expects credit costs to remain in the corridor of 1.45%-1.60%, with GNPA and NNPA expected to remain below long-term guidance levels.
- RoA in the range of 4.4%-4.6%, while RoE is estimated at 19%-20% (factoring in the excess capital).
- Management believes it is entering FY27 with strong credit cost tailwinds, with guidance incorporating a degree of conservatism and the growth outlook is underpinned by expectations of improving macro stability and easing geopolitical uncertainties.
- Over the medium term, BAF remains committed to delivering sustainable growth of ~20%+ while steadily gaining market share.

### Opening remarks/business update

- BAF delivered a strong quarter across all key metrics, with AUM crossing the milestone of ~INR5.1t.
- Customer acquisition remained robust, with ~3.9m customers added in 4QFY26 and ~17.5m added in FY26, taking the total customer franchise to ~119.3m.
- New loans booked increased ~20% YoY to ~12.9m, indicating healthy demand across segments.
- Geographic expansion continued with addition of 46 new locations and ~1.6k distribution points in the quarter, taking the presence to 4,098 locations and over 242k active distribution points.
- The workforce was strengthened with addition of ~1,800 employees in 4Q, with ~50% deployed in gold loan and MFI segments.

### Business segment performance and growth drivers

- The gold loan portfolio continues to witness strong momentum and currently contributes ~3.5% of AUM, with expectations of rising to ~5% by FY27.
- Expansion in gold loans is being driven by aggressive branch additions, with 138 gold loan branches added in 4Q, taking the total to 1,507 branches.
- Other business segments also continue to grow in a healthy manner, supported by diversified product offerings and distribution reach.
- MSME segment growth remained muted during FY26 due to elevated credit costs; however, management expects recovery to double-digit growth by 2HFY27.
- Select emerging businesses such as gold loans, tractor and CV financing are expected to grow faster due to a low base and contribute meaningfully to overall growth going forward.
- BAF sees significant headroom for expansion across segments, given relatively low market share in most businesses.

### Asset quality and credit costs

- Stage 2 and Stage 3 assets declined sequentially by ~INR4.3b, reflecting sustained improvement in asset quality trends over the past three quarters.
- Management believes that asset quality stress is largely behind, with continued normalization expected going forward.
- The captive 2W and 3W portfolio, now contributing <1% of AUM, accounted for ~5% of credit costs in 4Q; this book is expected to wind down further to <INR15b by Sep'26, which will reduce credit costs incurred on this portfolio.
- The company continues to adopt a conservative and granular approach to provisioning, focusing on balance sheet resilience and adequate coverage.

### Accounting adjustments

- In 4QFY25, the company recorded an additional ECL provision of INR3.6b, along with a tax benefit of INR3.5b arising from favorable court rulings.
- In 3QFY26, the company recognized an accelerated ECL provision of INR14b to strengthen balance sheet resilience and also incurred a charge of INR2.7b towards the implementation of the New Labour Codes. Subsequently, in 4QFY26, the company created an additional ECL provision of INR1.4b as part of a management and macroeconomic overlay.

### Technology and AI transformation

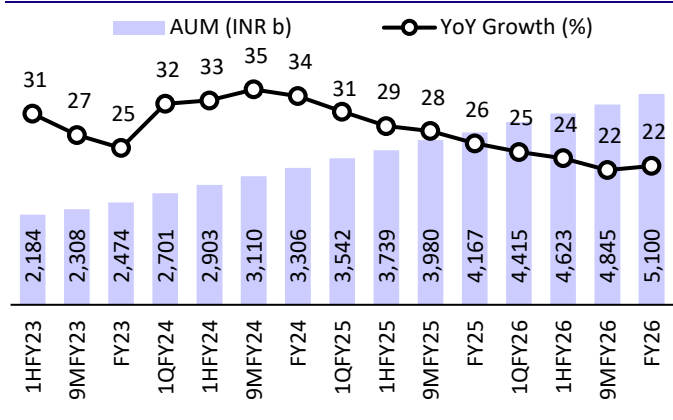
- BAF is significantly accelerating its FINAI transformation, with AI being deployed across revenue generation, cost optimization, underwriting, and customer engagement.
- Nearly 100% of customer engagement videos are now AI-generated, and 27 AI-driven voice and text bots are already operational.
- AI-led automation in onboarding, such as data extraction, auto-fill applications, and automated quality checks, is improving efficiency, reducing manual intervention, and enhancing control.
- AI-driven call center solutions are significantly lowering costs, with AI agents operating at nearly one-third the cost of traditional setups while improving customer experience.
- Investments in AI are being complemented by parallel investments in security and compliance infrastructure to ensure robustness.
- Use of AI-enabled co-pilots is expected to enhance employee productivity and training capabilities over time.
- AI infrastructure has already enabled significant scalability, with peak daily processing capacity increasing from ~100K loans earlier to ~600K loans currently, with potential to reach ~1m loans per day.

### Operational strategy and franchise strength

- BAF continues to invest deeply in customer centricity, aiming to increase wallet share through enhanced customer experience and engagement.
- Post-Covid expansion strategy focused on rapid scaling of product lines, geographic reach, and digital capabilities, which continues to support current growth momentum.
- Management remains focused on building a resilient and “bulletproof” balance sheet to withstand potential macroeconomic shocks.
- Strong internal processes, disciplined risk selection, and calibrated growth across segments are expected to sustain long-term performance.

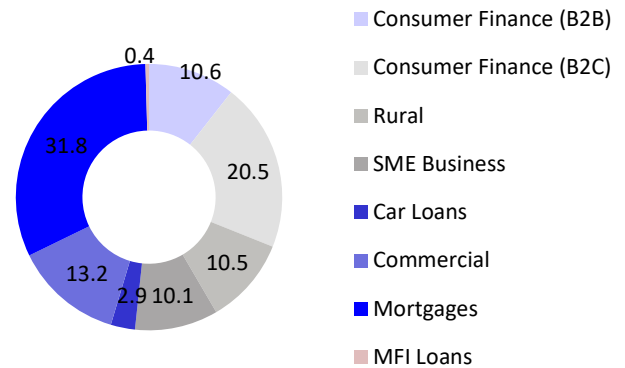
## Story in charts

**Exhibit 1: AUM grew ~22% YoY**



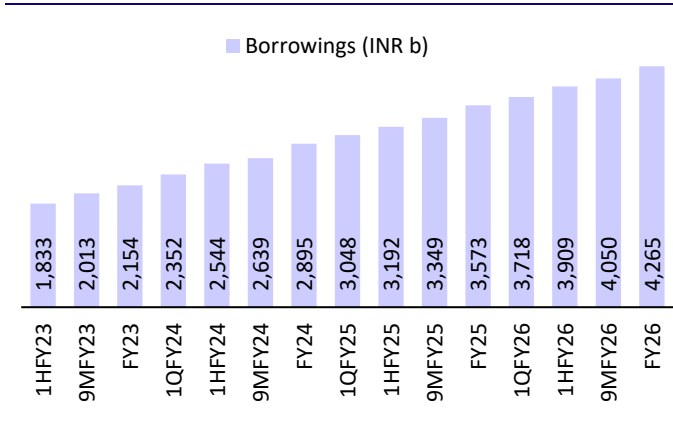
Source: MOFSL, Company

**Exhibit 2: AUM mix (%)**



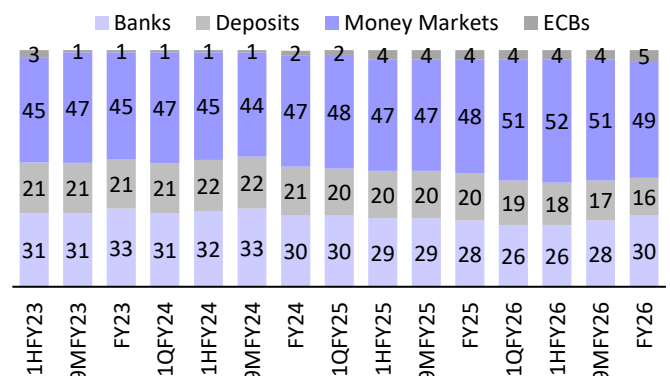
Source: MOFSL, Company; Note: Data as of 4QFY26

**Exhibit 3: Borrowings grew 19% YoY**



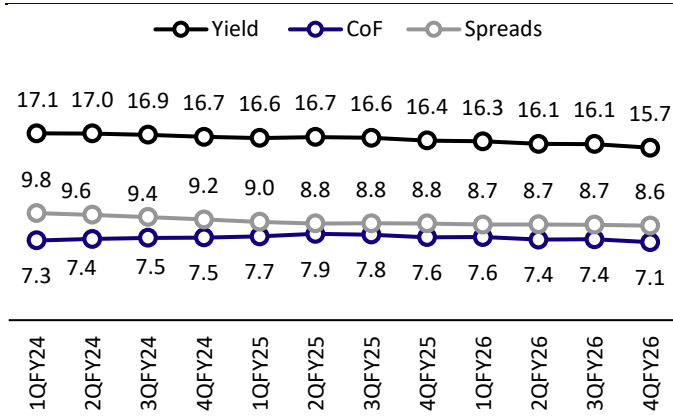
Source: MOFSL, Company

**Exhibit 4: Share of banks increased ~2pp QoQ (%)**



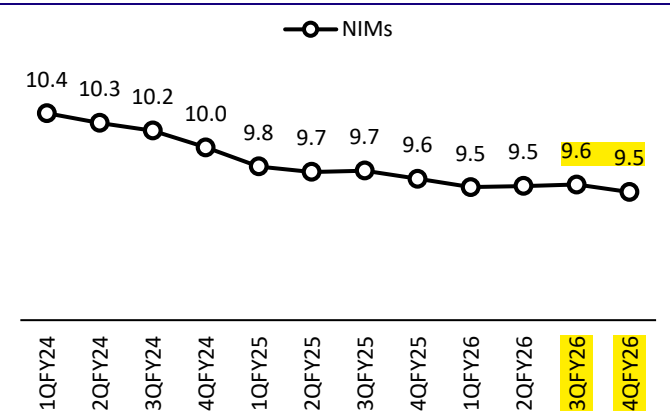
Source: MOFSL, Company

**Exhibit 5: Calculated spreads declined ~7bp QoQ (%)**



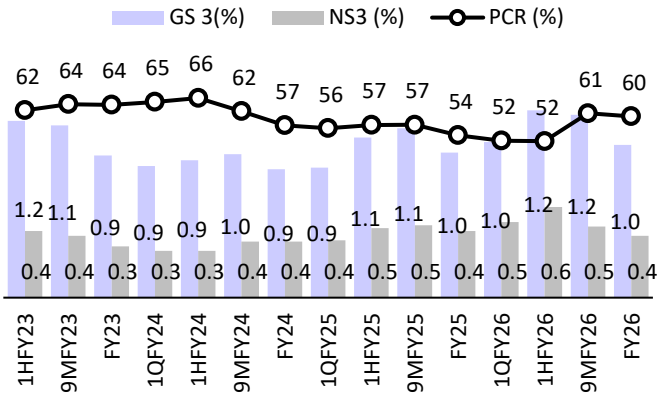
Source: MOFSL, Company

**Exhibit 6: NIMs declined ~8bp QoQ (%)**



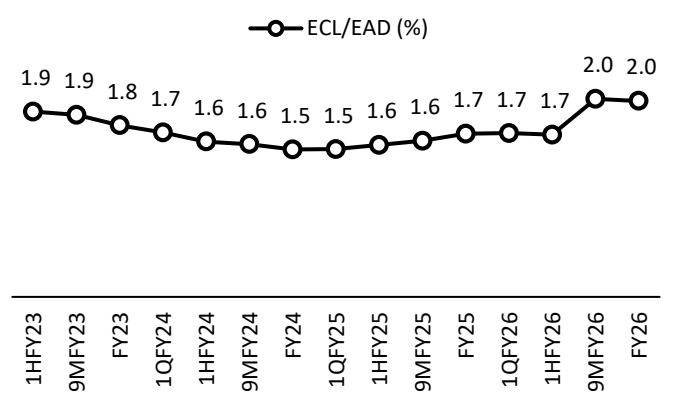
Source: MOFSL, Company

**Exhibit 7: GNPA/ NNPA improved ~20bp/~6bp QoQ (%)**



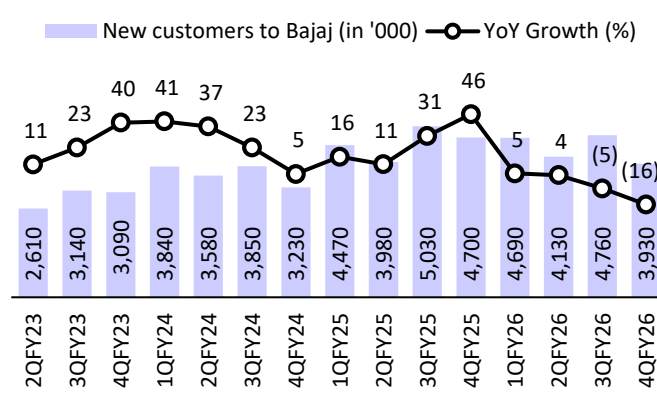
Source: MOFSL, Company

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



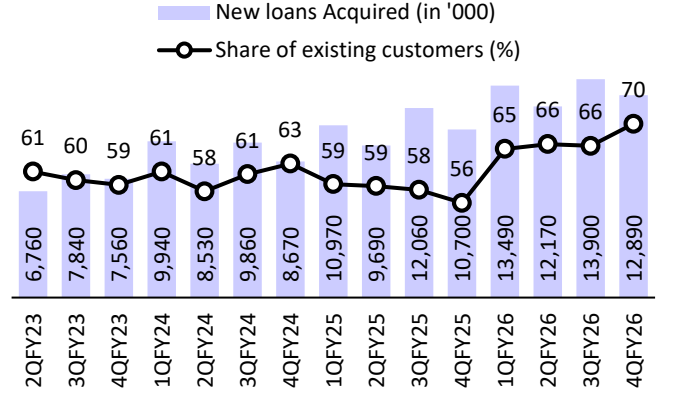
Source: MOFSL, Company

**Exhibit 9: New customer additions declined ~16% YoY**



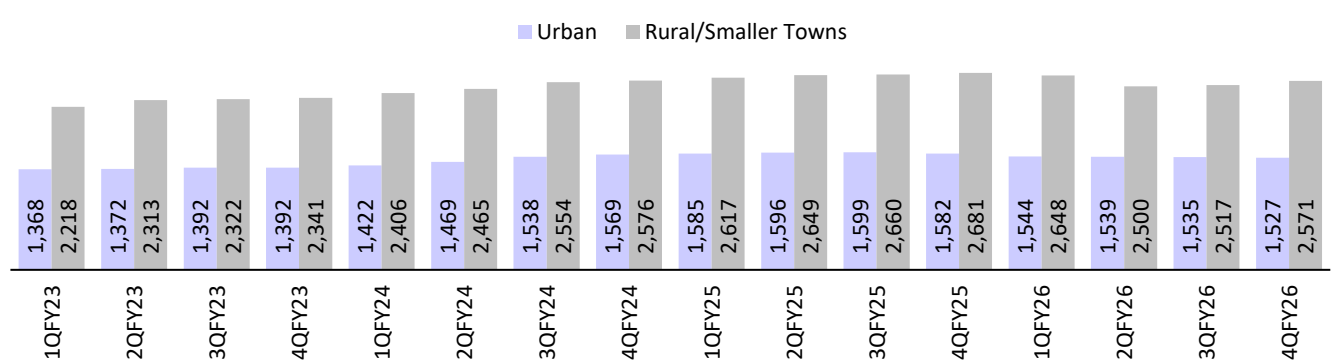
Source: MOFSL, Company

**Exhibit 10: New loans booked declined to ~12.9m QoQ**



Source: MOFSL, Company

**Exhibit 11: Trend in branch expansion**

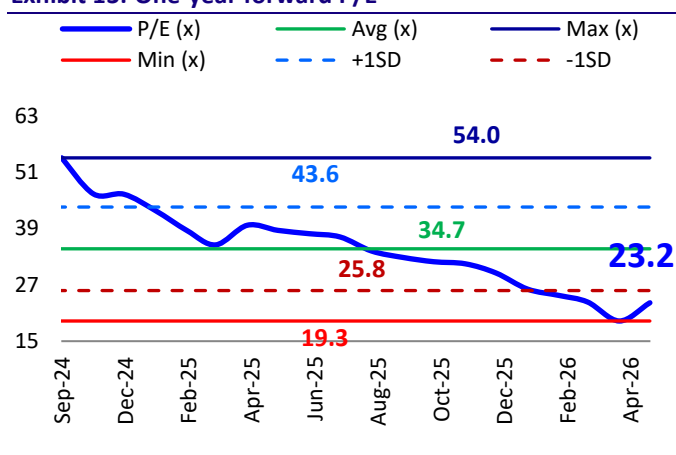


Source: MOFSL, Company

**Exhibit 12: We keep our estimates largely unchanged**

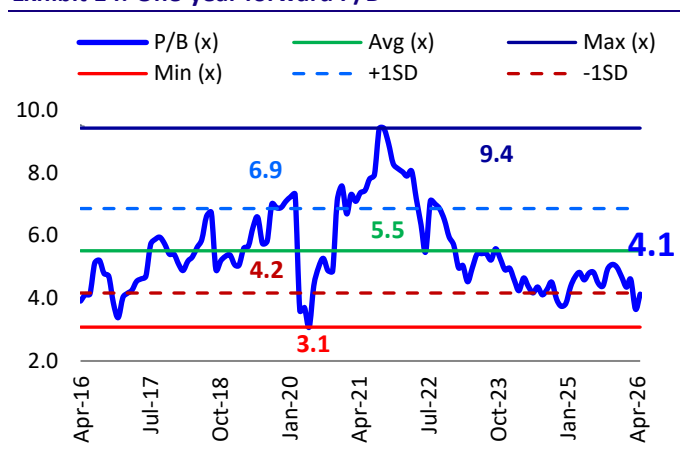
INR B	Old Est.		New Est.		% Change	
	FY27	FY28	FY27	FY28	FY27	FY28
NII	538.0	661.2	533.6	654.5	-0.8	-1.0
Other operating Income	113.0	129.4	102.0	118.6	-9.7	-8.3
Other Income	0.3	0.3	0.1	0.1	-69.6	-73.3
<b>Total Income</b>	<b>651.2</b>	<b>790.9</b>	<b>635.6</b>	<b>773.2</b>	<b>-2.4</b>	<b>-2.2</b>
Operating Expenses	213.2	253.6	210.6	253.4	-1.3	-0.1
<b>Operating Profits</b>	<b>438.0</b>	<b>537.3</b>	<b>425.1</b>	<b>519.8</b>	<b>-2.9</b>	<b>-3.3</b>
Provisions	106.3	119.7	91.1	104.6	-14.3	-12.6
<b>PBT</b>	<b>331.7</b>	<b>417.6</b>	<b>334.0</b>	<b>415.2</b>	<b>0.7</b>	<b>-0.6</b>
Tax	83.6	105.2	83.8	104.2	0.3	-1.0
<b>PAT</b>	<b>248.1</b>	<b>312.4</b>	<b>250.2</b>	<b>311.0</b>	<b>0.8</b>	<b>-0.4</b>
Loans	6,140	7,583	6,112	7,548	-0.5	-0.5
Borrowings	5,382	6,616	5,317	6,567	-1.2	-0.7
<b>RoA</b>	<b>4.0</b>	<b>4.1</b>	<b>4.0</b>	<b>4.1</b>		
<b>RoE</b>	<b>19.7</b>	<b>20.9</b>	<b>19.6</b>	<b>20.5</b>		

**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	8,79,238	10,76,443
Interest Expended	94,732	94,140	97,482	1,25,599	1,87,247	2,47,708	2,86,660	3,45,653	4,21,903
<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>4,41,101</b>	<b>5,33,585</b>	<b>6,54,540</b>
Change (%)	38.8	2.9	26.2	31.2	28.7	23.0	21.2	21.0	22.7
Other Operating Income	34,034	33,647	43,627	58,472	66,629	85,200	92,064	1,01,978	1,18,581
Other Income	118	150	80	83	130	413	71	78	86
<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>5,33,236</b>	<b>6,35,642</b>	<b>7,73,208</b>
Change (%)	42.4	2.1	26.8	31.8	25.7	24.0	18.6	19.2	21.6
Operating Expenses	56,608	53,082	75,850	1,01,300	1,23,252	1,49,261	1,77,763	2,10,559	2,53,421
<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>3,55,473</b>	<b>4,25,083</b>	<b>5,19,787</b>
Change (%)	46.5	6.3	19.6	30.8	27.9	25.5	18.4	19.6	22.3
Provisions and W/Offs	39,295	59,686	48,034	31,897	46,307	79,660	94,819	91,087	1,04,576
<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>2,20,796</b>	<b>2,58,167</b>	<b>3,33,995</b>	<b>4,15,212</b>
Tax	20,584	15,724	24,756	40,202	48,584	53,002	64,843	83,833	1,04,218
Tax Rate (%)	28.1	26.2	26.0	25.9	25.2	24.0	25.1	25.1	25.1
<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>1,67,795</b>	<b>1,93,324</b>	<b>2,50,162</b>	<b>3,10,994</b>
Change (%)	31.8	-16.0	59.0	63.7	25.5	16.2	15.2	29.4	24.3
Adjusted PAT	52,638	44,198	70,282	1,15,077	1,44,512	1,67,795	2,05,834	2,50,162	3,10,994

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	13,76,150	16,40,340
<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>11,69,855</b>	<b>13,82,368</b>	<b>16,46,557</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>11,69,855</b>	<b>13,82,368</b>	<b>16,46,557</b>
Change (%)	64.1	14.2	18.4	24.4	41.1	26.1	21.0	18.2	19.1
<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>43,51,125</b>	<b>53,17,491</b>	<b>65,67,101</b>
Change (%)	27.8	1.4	25.5	31.2	35.4	23.1	20.4	22.2	23.5
Other liabilities	22,573	29,185	35,378	41,168	56,411	81,853	78,543	90,325	1,03,874
<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>55,99,524</b>	<b>67,90,184</b>	<b>83,17,532</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>3,05,778</b>	<b>3,21,067</b>	<b>3,37,120</b>
Change (%)	104.0	4.9	-33.4	85.8	35.7	11.5	-11.2	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>49,89,435</b>	<b>61,12,058</b>	<b>75,48,392</b>
Change (%)	25.6	2.7	30.5	26.6	34.7	25.0	22.3	22.5	23.5
Other assets	40,485	63,866	88,366	1,02,079	1,85,677	2,38,419	3,04,310	3,57,059	4,32,020
<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>55,99,524</b>	<b>67,90,184</b>	<b>83,17,532</b>

E: MOFSL Estimates

Ratios									(%)
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Spreads Analysis (%)</b>									
Yield on Advances	17.9	16.1	16.1	16.4	17.0	16.7	16.1	15.8	15.8
Cost of borrowings	8.2	7.2	6.6	6.6	7.3	7.6	7.2	7.2	7.1
Interest Spread	9.7	8.9	9.6	9.8	9.7	9.1	8.9	8.7	8.7
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	33.3	33.1	32.8
Empl. Cost/Op. Exps.	45.0	47.0	47.3	49.9	51.9	50.3	50.5	49.9	48.9
RoE	20.2	12.7	17.4	23.4	22.0	19.4	18.1	19.6	20.5
RoA	3.6	2.6	3.7	4.7	4.4	4.0	3.8	4.0	4.1
<b>Asset Quality (%)</b>									
GNPA (INR m)	23,626	27,304	31,331	23,125	28,160	39,647	51,180	72,575	99,181
NNPA (INR m)	9,373	11,354	13,144	8,361	12,098	18,340	20,620	29,030	37,689
GNPA %	1.6	1.8	1.6	0.9	0.8	1.0	1.0	1.2	1.3
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	59.7	60.0	62.0
Total Provisions/loans %	3.1	4.1	2.8	1.5	1.6	2.2	2.1	1.6	1.5
<b>Capitalisation (%)</b>									
CAR	25.0	28.3	27.2	25.0	22.5	21.9	22.5	24.2	24.1
Tier I	21.3	25.1	24.8	23.2	21.5	21.1	22.0	23.6	23.6
Tier II	3.7	3.2	2.5	1.8	1.0	0.8	0.4	0.6	0.5
Average Leverage on Assets (x)	5.5	4.8	4.8	5.0	5.0	4.9	4.8	4.9	5.0
<b>Valuation</b>									
Book Value (INR)	54	62	73	90	124	156	188	222	265
Price-BV (x)	17.2	15.1	12.8	10.3	7.5	6.0	4.9	4.2	3.5
Adjusted BV (INR)	53	60	71	89	123	154	186	219	260
Price-ABV (x)	17.6	15.5	13.1	10.4	7.6	6.1	5.0	4.3	3.6
EPS (INR)	8.8	7.3	11.6	19.0	23.4	27.0	31.1	40.2	50.0
EPS Growth (%)	26.7	-16.3	58.6	63.4	22.8	15.6	15.0	29.4	24.3
Price-Earnings (x)	106.0	126.6	79.8	48.8	39.8	34.4	29.9	23.1	18.6
OPS (INR)	19	20	24	31	39	48	57	68	84
OPS Growth (%)	40.9	6.0	19.3	30.6	25.1	24.9	18.2	19.6	22.3
Price-OP (x)	49.6	46.8	39.2	30.0	24.0	19.2	16.3	13.6	11.1
Dividend per Share (INR)	1.0	1.0	2.0	3.0	3.6	5.6	6.0	6.1	7.5
Dividend Yield (%)	0.1	0.1	0.2	0.3	0.4	0.6	0.6	0.7	0.8

E: MOFSL Estimates

**Investment in securities market are subject to market risks. Read all the related documents carefully before investing.**

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

**Disclosures**

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>. As per Regulatory requirements, Research Audit Report is uploaded on [www.motilaloswal.com](http://www.motilaloswal.com) > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

**Regional Disclosures (outside India)**

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

**For Hong Kong:**

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

**For U.S.**

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts", and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

**For Singapore**

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com).

Nainesh

Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

**Specific Disclosures**

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).  
MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).

6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:  
 financial interest in the subject company  
 actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.

received compensation/other benefits from the subject company in the past 12 months  
 any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

acted as a manager or co-manager of public offering of securities of the subject company in past 12 months  
 be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)  
 received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

Served subject company as its clients during twelve months preceding the date of distribution of the research report.  
 The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report  
 Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

**Analyst Certification**

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Terms & Conditions:**

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

**Disclaimer:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors  
 Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.  
 Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

**Grievance Redressal Cell:**

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.