

Bajaj Finance

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	BAF IN
Equity Shares (m)	6222
M.Cap.(INRb)/(USD\$)	6751.4 / 76.1
52-Week Range (INR)	1103 / 644
1, 6, 12 Rel. Per (%)	5/19/51
12M Avg Val (INR M)	8951

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Net Income	450	539	663
PPP	300	362	448
PAT	168	203	257
EPS (INR)	27	33	41
EPS Gr. (%)	16	21	27
BV/Sh. (INR)	156	183	218

Ratios

NIM (%)	9.9	9.7	9.7
C/I ratio (%)	33.2	32.9	32.5
RoA (%)	4.0	3.9	4.0
RoE (%)	19.3	19.3	20.6
Payout (%)	20.7	16.0	15.1

Valuations

P/E (x)	40.2	33.2	26.2
P/BV (x)	7.0	5.9	5.0
Div. Yield (%)	0.5	0.5	0.6

Shareholding Pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	54.7	54.7	54.7
DII	14.5	14.6	15.1
FII	22.1	21.7	20.9
Others	8.8	8.9	9.4

FII includes depository receipts

CMP: INR1,085 **TP: INR1,160 (+7%)** **Neutral**

Mixed quarter with in-line earnings; minor cut in growth guidance

Weak commentary on MSME continues but credit cost guidance maintained

- Bajaj Finance (BAF)'s PAT grew 23% YoY to ~INR49.5b in 2QFY26 (in line). PAT in 1HFY26 grew at ~23% YoY and we expect PAT in 2HFY26 to grow at ~19% YoY. 2Q NII grew 22% YoY to ~INR107.8b (in line). Non-interest income stood at ~INR23.8b (up 13% YoY). Growth in other operating income moderated as recoveries from the written-off pool plateaued. The company expects non-interest income to grow by 13-15% in FY26.
- Opex rose ~18% YoY to ~INR43b (in line). PPOp stood at INR88.7b (in line), up 21% YoY. 2Q RoA/RoE stood at 4.5%/19.1%.
- 2Q NIM was broadly stable QoQ at ~9.55%. Management expects an additional ~5bp reduction in CoF in FY26, with CoF at 7.55-7.6% in FY26. However, NIMs are likely to remain broadly stable, as the company intends to pass on any CoF benefit to customers. We estimate NIM of ~9.7% each in FY26/FY27.
- Management shared that credit costs remained elevated in the captive 2W/3W and MSME portfolios, with the captive 2W/3W business (~1.5% of AUM) contributing ~8% of total loan losses in the quarter. It further shared that BAF has reduced unsecured MSME disbursements by ~25%, and expects MSME AUM growth to moderate to ~10-12% in FY26.
- Management revised its FY26 AUM growth guidance to 22-23% (from 24-25%) to reflect the growth moderation in the MSME segment and a lower growth guidance in the mortgage (BHFL) portfolio. We model AUM growth of 23%/25% in FY26/FY27E.
- While early bucket trends remain stable with 3MOB, 6MOB and 9MOB cohorts showing improvement and vintage performance progressing positively across segments, the company guided for FY26 credit costs at the upper end of the 1.85-1.95% band. However, as the captive 2W/3W portfolio continues to run down, new businesses become a higher proportion in the AUM mix, and the MSME book stabilizes, management expects credit costs to improve in 2HFY26, with a more significant improvement anticipated in FY27. We model credit costs (as a % of loans) of ~1.95%/1.8% in FY26/FY27E.
- We reduce our FY27/FY28 PAT estimates by 2-3%. We estimate a CAGR of ~24%/25% for AUM/PAT over FY25-FY28E and expect BAF to deliver RoA/RoE of ~4.2%/22% in FY28E.
- The stock trades at 5x FY27E P/BV and ~26x FY27E P/E. Despite a healthy PAT CAGR of ~25% over FY25-28E and RoA/RoE of 4.2%/22% in FY28E, we see limited upside catalysts given the rich valuations and lack of near-term valuation re-rating triggers. **Maintain our Neutral rating on the stock with a TP of INR1,160 (premised on 4.8x Sep'27E BVPS).**

AUM grew ~24% YoY; captive 2W/3W portfolio continues to decline

- Total customer franchise rose to 106.5m (up 20% YoY/4% QoQ). New customer acquisitions stood at ~4.1m (vs. ~4m YoY and ~4.7m QoQ). New loan bookings rose ~26% YoY to 12.2m.
- Total AUM grew 24% YoY and ~4.7% QoQ to INR4.62t. QoQ AUM growth was driven by gold loans (+18%), LAS (+8%), urban sales finance (+13%), consumer finance (+5%), rural finance (+11% QoQ) and commercial loans (+7%).
- Management shared that new businesses such as gold loans, new car financing, and CV and tractor financing are scaling up well and contributed ~3% of AUM growth in 2Q. These segments, along with LAP, are witnessing healthy momentum and are helping to offset the moderation in MSME and captive auto financing.

Asset quality deteriorates; credit costs to be at upper end of guidance

- Asset quality deteriorated, with GNPA rising ~18bp QoQ to ~1.24% and NS3 rising ~10bp QoQ to ~0.6%. PCR on stage 3 declined ~10bp QoQ to ~51.8%. BAF shared that the captive 2W/3W portfolio contributed ~12bp to the QoQ increase in GS3, while the MSME segment accounted for ~6bp.
- Credit costs stood at ~INR22.7b (in line). Annualized credit costs stood at 205bp (PQ: 202bp and PY: 213bp). Management shared that gold loans and new car finance continue to exhibit structurally lower credit costs. As the share of these products increases and the captive 2W/3W portfolio continues to decline, the company expects a meaningful reduction in overall credit costs in FY27.

Highlights from the management commentary

- Management shared that Mr. Manish Jain (MD of Bajaj Financial Securities) has been elevated as Deputy CEO. With this, the company will have four Deputy CEOs and three COOs forming the core executive committee.
- Even if there are further repo rate cuts, management does not expect any meaningful reduction in CoF in FY26, as such benefits would come too late in the financial year to have any material impact.
- The company targets credit costs in the non-captive 2W/3W business to be about one-third of the credit costs in the captive auto financing portfolio.

Valuation and view

- BAF reported a mixed quarter in 2QFY26. AUM rose 24% YoY and management trimmed its FY26 AUM growth guidance to 22-23%. Asset quality was impacted by stress in MSME and the captive 2W/3W portfolio, with management now expecting credit costs to remain at the upper end of the guided range. NIMs were stable and the company now expects NIMs to broadly remain at the current levels for the remainder of FY26 (vs. the earlier expectation of a ~10bp expansion in 2H).
- The stock trades at 5x FY27E P/BV and ~26x FY27E P/E. Despite a healthy PAT CAGR of ~25% over FY25-FY28E and RoA/RoE of 4.2%/22% in FY28E, we see limited upside catalysts given the rich valuations and lack of near-term valuation re-rating triggers. Consequently, we reiterate **our Neutral rating on the stock with a TP of INR1,160 (premised on 4.8x Sep'27E BVPS).**

Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	2Q	Act
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY26E	V/s Est
Interest Income	1,40,492	1,49,870	1,57,682	1,63,591	1,71,447	1,77,960	1,86,787	1,96,679	6,11,636	7,32,871	1,79,333	-1
Interest expenses	56,839	61,493	63,856	65,520	69,177	70,113	74,039	77,898	2,47,708	2,91,227	71,806	-2
Net Interest Income	83,653	88,377	93,826	98,072	1,02,270	1,07,847	1,12,747	1,18,781	3,63,928	4,41,645	1,07,528	0
YoY Growth (%)	24.5	22.8	22.6	22.4	22.3	22.0	20.2	21.1	23.0	21.4	21.7	
Other Operating Income	20,531	21,084	22,901	21,096	23,831	23,848	24,870	25,001	85,612	97,550	23,886	0
Net Income	1,04,185	1,09,461	1,16,727	1,19,168	1,26,101	1,31,695	1,37,617	1,43,782	4,49,540	5,39,195	1,31,413	0
YoY Growth (%)	24.1	23.8	25.5	22.7	21.0	20.3	17.9	20.7	24.0	19.9	20.1	
Operating Expenses	34,709	36,390	38,670	39,493	41,230	42,959	44,892	48,183	1,49,261	1,77,264	42,879	0
Operating Profit	69,475	73,071	78,057	79,675	84,871	88,736	92,725	95,599	3,00,279	3,61,931	88,534	0
YoY Growth (%)	25.3	25.2	27.1	24.3	22.2	21.4	18.8	20.0	25.5	20.5	21.2	
Provisions and Cont.	16,847	19,091	20,433	23,289	21,202	22,688	23,132	22,652	79,660	89,674	22,568	1
Profit before Tax	52,654	54,015	57,624	56,474	63,676	66,081	69,593	72,947	2,20,796	2,72,257	65,966	0
Tax Provisions	13,534	13,877	14,572	11,018	16,023	16,604	18,025	18,774	53,002	69,426	17,085	-3
Net Profit	39,120	40,137	43,052	45,456	47,653	49,478	51,569	54,173	1,67,795	2,02,832	48,881	1
YoY Growth (%)	13.8	13.0	18.3	18.9	21.8	23.3	19.8	19.2	16.0	21.0	21.8	
Key Operating Parameters (%)												
Fees to Net Income Ratio	19.7	19.3	19.6	17.7	18.9	18.1	18.1	17.4				
Credit Cost	1.99	2.13	2.16	2.33	2.02	2.05	1.98	1.84				
Cost to Income Ratio	33.3	33.2	33.1	33.1	32.7	32.6	32.6	33.5				
Tax Rate	25.7	25.7	25.3	19.5	25.2	25.1	25.9	25.7				
Balance Sheet Parameters												
AUM (INR B)	3,542	3,739	3,980	4,167	4,415	4,623	4,909	5,125				
Change YoY (%)	31.1	28.8	28.0	26.0	24.6	23.6	23.3	23.0				
Loans (INR B)	3,497	3,675	3,902	4,078	4,325	4,525	4,821	5,037				
Change YoY (%)	31.8	28.6	27.4	25.0	23.7	23.1	23.6	23.5				
Borrowings (INR B)	3,048	3,192	3,349	3,573	3,718	3,952	4,207	4,432				
Change YoY (%)	29.6	25.5	26.9	23.4	22.0	23.8	25.6	24.1				
Loans/Borrowings (%)	114.7	115.1	116.5	114.1	116.3	114.5	114.6	113.6				
Asset Quality Parameters (%)												
GS 3 (INR B)	30.5	39.5	44.6	39.7	45.2	56.9						
Gross Stage 3 (% on Assets)	0.86	1.06	1.12	0.96	1.03	1.24						
NS 3 (INR B)	13.4	17.0	19.1	18.4	21.7	26.5						
Net Stage 3 (% on Assets)	0.38	0.46	0.48	0.44	0.50	0.60						
PCR (%)	85.5	57.1	57.2	53.7	51.9	53.4						
Return Ratios (%)												
ROAA (Rep)	4.63	4.5	4.5	4.6	4.5	4.5						
ROAE (Rep)	19.86	19.1	19.08	19.1	19	19.1						

E: MOFSL Estimates



Highlights from the management commentary

Guidance

- FY26 AUM growth guidance is revised to 22-23% (from 24-25%) to account for the lower AUM growth guidance in mortgages and moderated growth in its MSME business.
- CoF improved by 27bp to 7.52% in 2QFY26; FY26 CoF expected at 7.5-7.55%.
- Customer franchise expanded strongly to 110.6m, with 4.13m new customers added in 2Q. The company expects to add ~17m new customers in FY26.
- FY26 credit costs are expected at the higher end of 1.85-1.95% guidance band. Significant credit cost improvement expected in FY27.
- Targeting gold loan AUM of INR160b by Mar'26 and INR270-300b by Mar'27.

Growth and AUM trends

- AUM grew 24% YoY to INR4.62t, supported by broad-based growth across most businesses.
- New businesses, including gold loans, new car loans, CV and tractor finance, are scaling up well and contributed ~3% of incremental AUM growth in 2Q.
- MSME growth moderated to 18% YoY, as part of a deliberate risk-first approach to ensure portfolio resilience and long-term sustainability.
- Captive 2W/3W business moderated as planned (now ~1.5% of AUM); the gradual rundown is expected to strengthen asset quality metrics from FY27.
- BHFL reported a stable quarter with 24% AUM growth despite heightened competition.
- Mortgages account for ~31% of the balance sheet and MSME ~14% of AUM.
- Other segments, including gold loans, car loans and LAP, are witnessing healthy momentum, partly offsetting moderation in MSME and captive auto finance.
- Tractor is a small segment. The company expects 75% new and 25% used tractor mix, so that the business can generate adequate returns.

Funding, margins and profitability

- NIM remained flat QoQ, in line with expectations.
- BAF expects CoF to decline by an additional ~5bp over the next two quarters. It intends to maintain NIM at current levels and pass on CoF benefits to customers.
- Even if there are further rate cuts, the company does not expect any material improvement in CoF for FY26 as it will be toward the end of the financial year.
- Other operating income was lower due to plateauing of bad-debt recoveries from Covid-era stress.
- Fees + assignment income expected to grow 13-15% YoY in FY26.

Credit costs and asset quality

- Credit costs remained elevated in 2QFY26 at 205bp.
- Stage 3 at 1.24% and Stage 2 at 0.60%. The sequential deterioration largely reflects higher number of days in 2Q, a recurring effect observed annually.
- **GS3 up ~18bp YoY**; Captive 2W/3W contributed ~12bp and MSME contributed ~6bp.

- MSME stress visible; expected to settle down by Mar-Jun'26, after which MSME growth will resume.
- 8% of loan losses in the quarter came from 1.5% of AUM (captive 2W/3W).
- Early buckets stable: 3MOB / 6MOB / 9MOB behaving well; vintage performance is trending positively across segments
- Rural B2C has improved materially and management has upgraded internal risk status from yellow to green.
- Gold Loan and New Car Finance continue to be low credit-cost segments. As the proportion of these products increases in the balance sheet and as the proportion of captive 2W/3W continues to decline, we will see a significant decline in credit costs next year.
- BAF wants credit costs in non-captive 2W/3W business to be 1/3rd of that in its captive auto business.

MSME

- MSME volumes cut by 25% as part of risk actions. MSME expected to grow 10-12% in FY26.
- No major restructuring of MSME loans expected ahead.
- MSME stress is not regional; mitigation efforts underway.

AI, technology and FINAI transformation

- BAF aims to become a future-ready AI organization; visible in cost efficiencies.
- Management dedicates 12-15% of its time to AI initiatives.

Strong execution under FINAI:

- 442 AI bots live, contributing INR20b of originations in 2Q alone.
- 85% of customer service resolutions handled by AI Service Bot.
- 42% of loan application QC done via bots.
- AI-generated content: 42% of digital banners, 100% of videos.
- By Mar'26, all customer communication to be bot-driven.
- Face-recognition tech to be rolled out in 300 PoS, service & gold branches by Feb'26.
- Process automation + FINAI expected to boost velocity and reduce costs.

Gold loans

- Plans to add ~900 new gold branches; 500 existing branches to be converted.
- Business expected to move from cost center to profit center with process maturity.
- 40-45% of monthly gold loan disbursements happen digitally (repeat customers).
- As gold loan branch network expands, customer coverage increases automatically.

Management and organization

- Mr. Manish Jain (MD of Bajaj Financial Securities) elevated as fourth Deputy CEO.
- BAF will now have four Deputy CEOs + three COOs, forming the core executive committee.

Festive season update

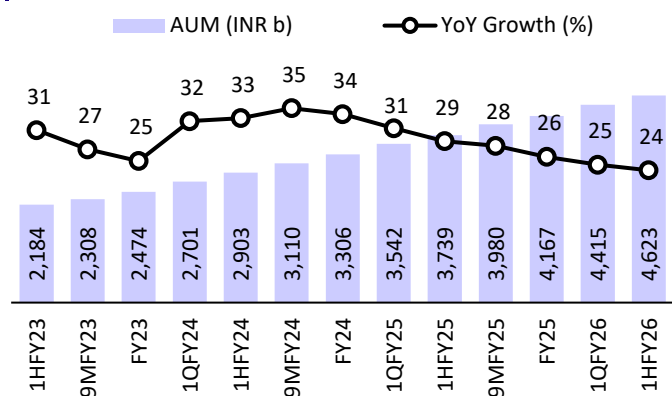
- Strong festive momentum (Navratri → Diwali):
- 6.3m consumer loans disbursed.
- Loans disbursed during the festive season were up 27% YoY in volume and up 29% YoY in value.
- Electronics/consumer finance saw steady strength after the festive season.

Market position and strategic plans

- BAF holds ~13% market share by number of loans, ~4% by value — large runway ahead.
- Investor Day scheduled on 5th Dec'25, where its rolling long-range strategy (LRS) will be unveiled.
- Gold + Mortgages + Consumer + MSME repositioning + FINAI expected to support structural growth.
- BAF reiterated that it is a risk-first, multi-product franchise and will cut business where needed.

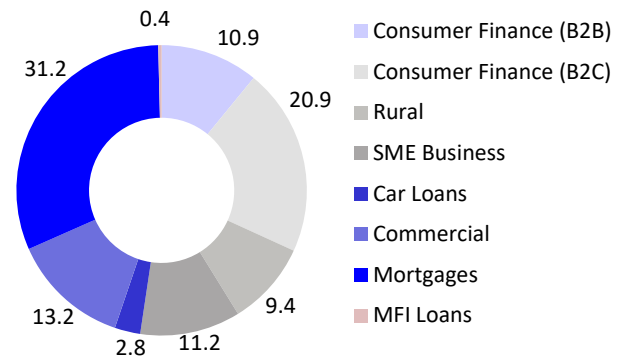
Story in charts

Exhibit 1: AUM grew at 24% YoY



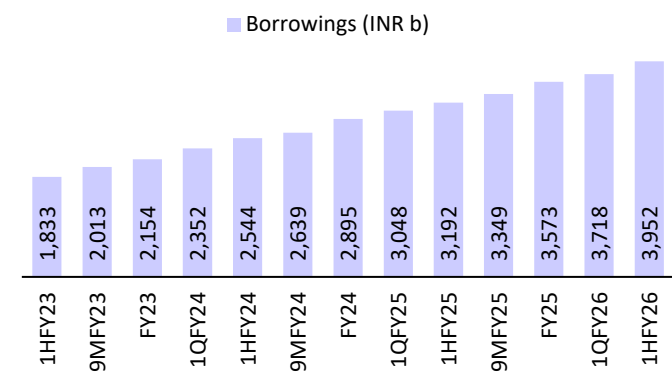
Source: MOFSL, Company

Exhibit 2: AUM mix (%)



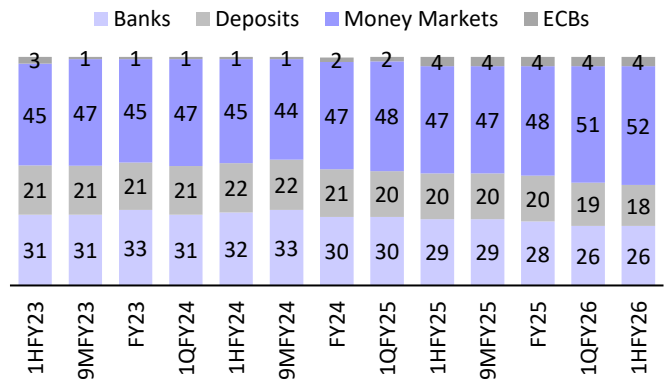
Source: MOFSL, Company; Note: Data as of 2QFY26

Exhibit 3: Borrowings grew 24% YoY



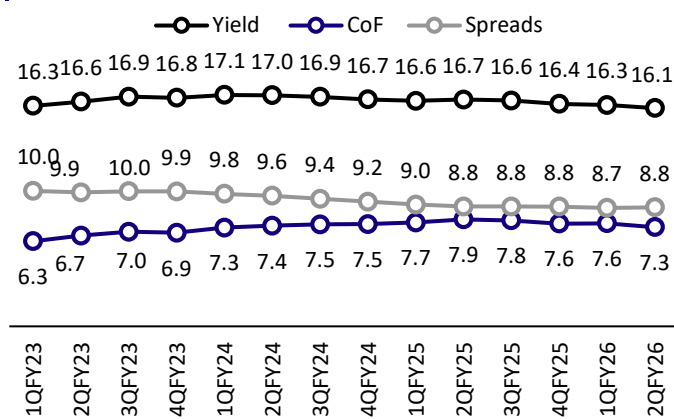
Source: MOFSL, Company

Exhibit 4: Share of deposits declined QoQ (%)



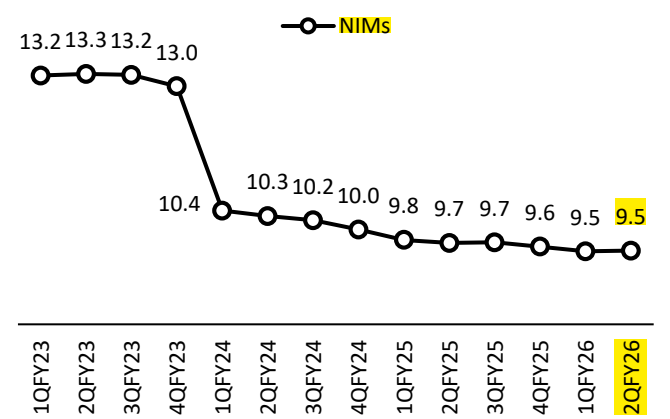
Source: MOFSL, Company

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



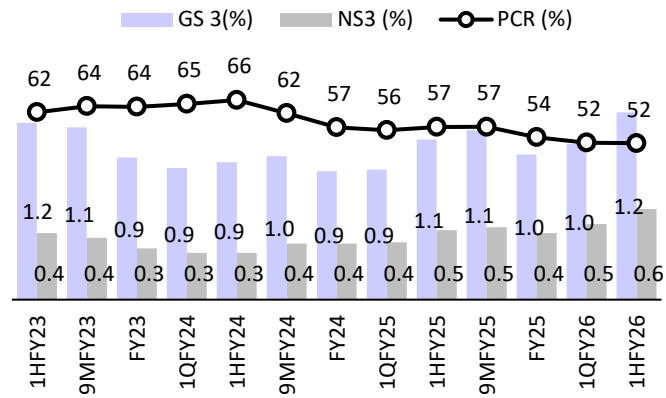
Source: MOFSL, Company

Exhibit 6: NIMs broadly stable QoQ (%)



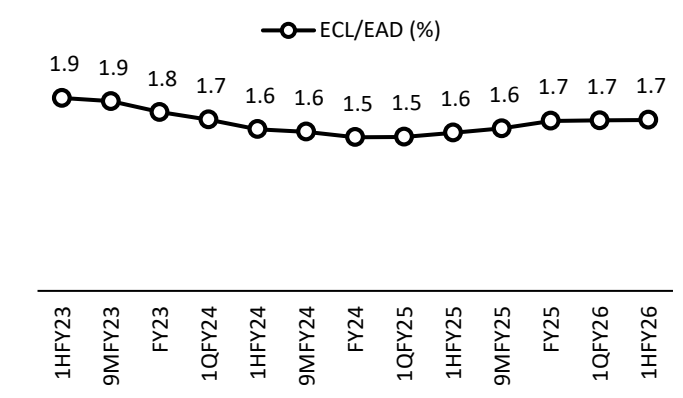
Source: MOFSL, Company

Exhibit 7: GS3 rose ~20bp QoQ (%)



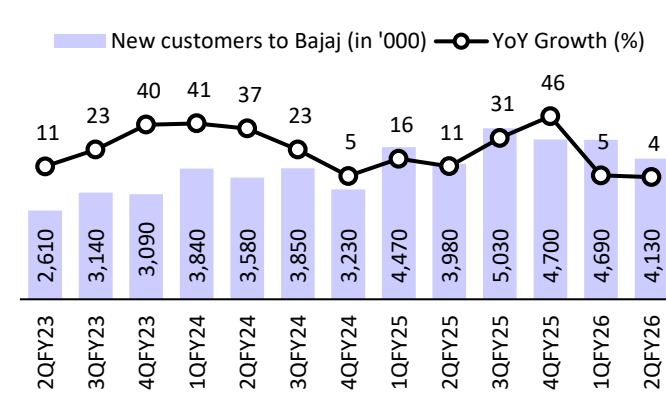
Source: MOFSL, Company

Exhibit 8: Total ECL provisions stood at ~170bp of EAD



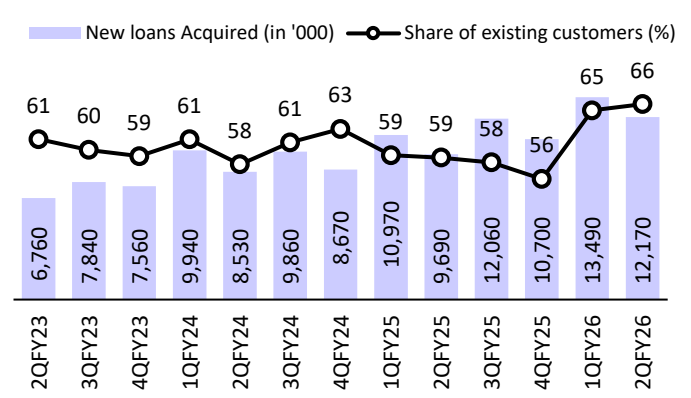
Source: MOFSL, Company

Exhibit 9: New customer additions grew ~4% YoY



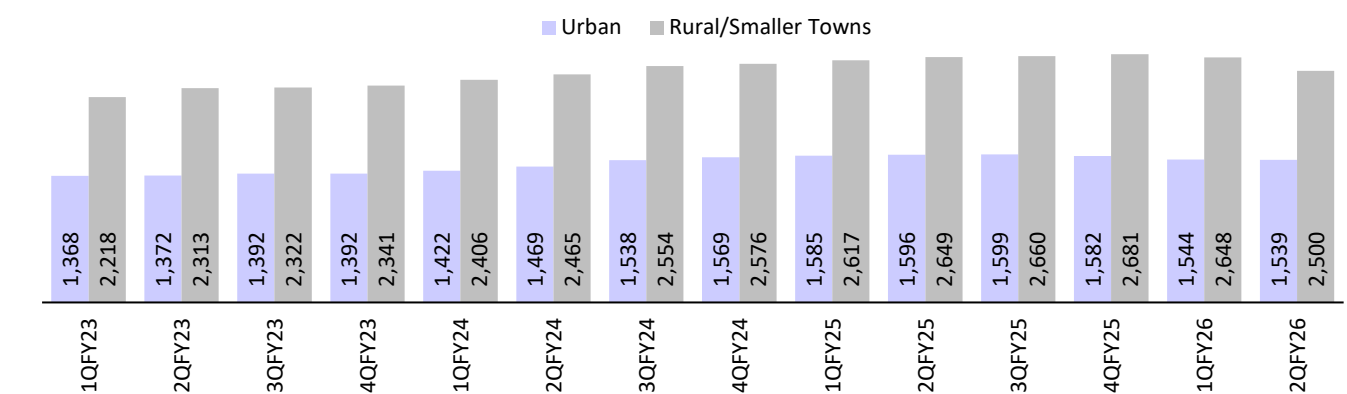
Source: MOFSL, Company

Exhibit 10: New loans booked were up ~26% YoY to 12.2m



Source: MOFSL, Company

Exhibit 11: Trend in branch expansion

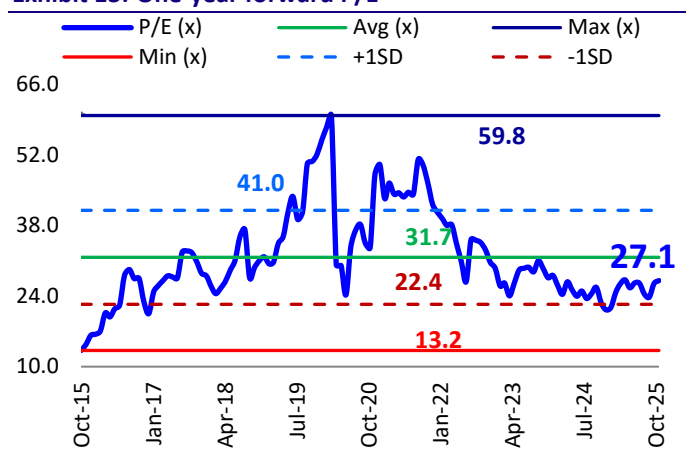


Source: MOFSL, Company

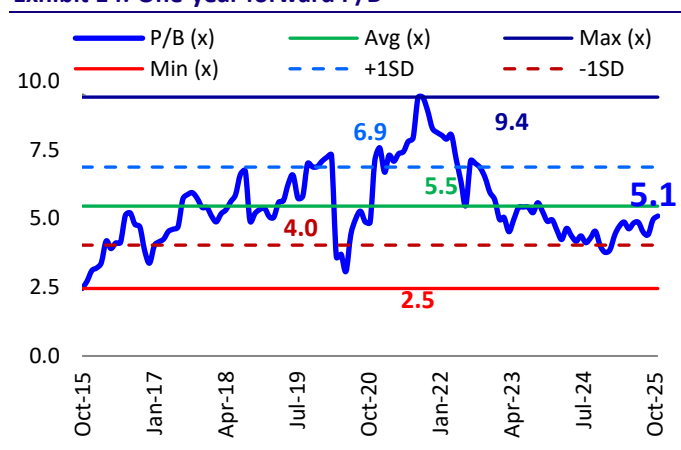
Exhibit 12: We cut our FY27/FY28 EPS estimates by 3%/2% to factor in lower non-interest income and lower NIM

INR B	Old Est.			New Est.			% Change		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
NII	442.8	561.4	699.6	441.6	552.1	688.9	-0.3	-1.6	-1.5
Other operating Income	97.1	113.7	130.1	97.1	110.7	127.0	0.0	-2.6	-2.3
Other Income	0.5	0.6	0.8	0.5	0.6	0.7	-4.2	-4.2	-4.2
Total Income	540.4	675.6	830.4	539.2	663.5	816.7	-0.2	-1.8	-1.7
Operating Expenses	176.6	215.8	259.0	177.3	215.8	258.9	0.4	0.0	-0.1
Operating Profits	363.7	459.8	571.4	361.9	447.6	557.8	-0.5	-2.7	-2.4
Provisions	89.7	105.2	122.7	89.7	103.0	120.0	0.0	-2.1	-2.2
PBT	274.1	354.6	448.7	272.3	344.7	437.9	-0.7	-2.8	-2.4
Tax	69.9	90.4	114.4	69.4	87.9	111.7	-0.7	-2.8	-2.4
PAT	204.2	264.2	334.3	202.8	256.8	326.2	-0.7	-2.8	-2.4
Loans	5,078	6,372	7,934	5,037	6,321	7,870	-0.8	-0.8	-0.8
Borrowings	4,473	5,608	6,974	4,432	5,556	6,886	-0.9	-0.9	-1.3
RoA	3.9	4.1	4.2	3.9	4.0	4.2			
RoE	19.4	21.1	22.2	19.3	20.6	21.8			

Source: MOFSL, Company

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	FY26E	FY27E	FY28E
Interest Income	2,29,704	2,33,034	2,72,698	3,55,502	4,83,066	6,11,636	7,32,871	9,05,245	11,27,496
Interest Expended	94,732	94,140	97,482	1,25,599	1,87,247	2,47,708	2,91,227	3,53,106	4,38,603
Net Interest Income	1,34,972	1,38,894	1,75,215	2,29,903	2,95,819	3,63,928	4,41,645	5,52,139	6,88,893
Change (%)	38.8	2.9	26.2	31.2	28.7	23.0	21.4	25.0	24.8
Other Operating Income	34,034	33,647	43,627	58,472	66,629	85,200	97,075	1,10,723	1,27,040
Other Income	118	150	80	83	130	413	475	593	742
Net Income	1,69,124	1,72,691	2,18,922	2,88,458	3,62,578	4,49,540	5,39,195	6,63,455	8,16,675
Change (%)	42.4	2.1	26.8	31.8	25.7	24.0	19.9	23.0	23.1
Operating Expenses	56,608	53,082	75,850	1,01,300	1,23,252	1,49,261	1,77,264	2,15,840	2,58,855
Operating Profits	1,12,516	1,19,608	1,43,072	1,87,158	2,39,326	3,00,279	3,61,931	4,47,615	5,57,820
Change (%)	46.5	6.3	19.6	30.8	27.9	25.5	20.5	23.7	24.6
Provisions and W/Offs	39,295	59,686	48,034	31,897	46,307	79,660	89,674	1,02,962	1,19,967
PBT	73,221	59,923	95,038	1,55,279	1,93,019	2,20,618	2,72,257	3,44,654	4,37,853
Tax	20,584	15,724	24,756	40,202	48,584	53,002	69,426	87,887	1,11,653
Tax Rate (%)	28.1	26.2	26.0	25.9	25.2	24.0	25.5	25.5	25.5
PAT	52,638	44,198	70,282	1,15,077	1,44,435	1,67,617	2,02,832	2,56,767	3,26,201
Change (%)	31.8	-16.0	59.0	63.7	25.5	16.0	21.0	26.6	27.0
Proposed Dividend	7,254	6,026	6,036	18,626	22,351	34,768	32,352	38,643	49,093

Balance Sheet								INR m	
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Capital	1,200	1,203	1,207	1,209	1,236	1,242	6,209	6,209	6,209
Reserves & Surplus (Ex OCI)	3,22,951	3,69,179	4,36,643	5,43,349	7,65,198	9,65,687	11,31,200	13,49,324	16,26,431
Net Worth	3,24,150	3,70,382	4,37,850	5,44,558	7,66,434	9,66,929	11,37,409	13,55,532	16,32,640
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	11,37,409	13,55,532	16,32,640
Change (%)	64.1	14.2	18.4	24.4	41.1	26.1	17.6	19.2	20.4
Borrowings	12,98,064	13,16,335	16,52,549	21,67,399	29,34,052	36,12,487	44,32,450	55,56,404	68,86,243
Change (%)	27.8	1.4	25.5	31.2	35.4	23.1	22.7	25.4	23.9
Other liabilities	22,573	29,185	35,378	41,168	56,411	81,853	94,131	1,08,251	1,24,488
Total Liabilities	16,43,914	17,14,704	21,25,054	27,52,287	37,57,416	46,61,268	56,63,990	70,20,187	86,43,371
Investments	1,75,439	1,83,969	1,22,455	2,27,518	3,08,807	3,44,408	3,75,405	3,94,175	4,13,884
Change (%)	104.0	4.9	-33.4	85.8	35.7	11.5	9.0	5.0	5.0
Loans	14,27,989	14,66,869	19,14,233	24,22,689	32,62,933	40,78,441	50,36,875	63,21,278	78,69,991
Change (%)	25.6	2.7	30.5	26.6	34.7	25.0	23.5	25.5	24.5
Other assets	40,485	63,866	88,366	1,02,079	1,85,677	2,38,419	2,51,710	3,04,733	3,59,495
Total Assets	16,43,914	17,14,704	21,25,054	27,52,287	37,57,416	46,61,268	56,63,990	70,20,187	86,43,371

E: MOFSL Estimates

Financials and valuations

Ratios	(%)								
Y/E MARCH	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Yield on Advances	17.9	16.1	16.1	16.4	17.0	16.7	16.1	15.9	15.9
Cost of borrowings	8.2	7.2	6.6	6.6	7.3	7.6	7.2	7.1	7.1
Interest Spread	9.7	8.9	9.6	9.8	9.7	9.1	8.8	8.9	8.8
Net Interest Margin	10.5	9.6	10.4	10.6	10.4	9.9	9.7	9.7	9.7
Profitability Ratios (%)									
Cost/Income	33.5	30.7	34.6	35.1	34.0	33.2	32.9	32.5	31.7
Empl. Cost/Op. Exps.	45.0	47.0	47.3	49.9	51.9	50.3	49.4	48.7	47.9
RoE	20.2	12.7	17.4	23.4	22.0	19.3	19.3	20.6	21.8
RoA	3.6	2.6	3.7	4.7	4.4	4.0	3.9	4.0	4.2
Asset Quality (%)									
GNPA (INR m)	23,626	27,304	31,331	23,125	28,160	39,647	64,096	83,400	1,11,025
NNPA (INR m)	9,373	11,354	13,144	8,361	12,098	18,340	30,766	38,364	48,851
GNPA %	1.6	1.8	1.6	0.9	0.8	1.0	1.2	1.3	1.4
NNPA %	0.7	0.8	0.7	0.3	0.4	0.4	0.6	0.6	0.6
PCR %	60.3	58.4	58.0	63.8	57.0	53.7	52.0	54.0	56.0
Total Provisions/loans %	3.1	4.1	2.8	1.5	1.6	2.2	2.0	1.8	1.7
Capitalisation (%)									
CAR	25.0	28.3	27.2	25.0	22.5	21.9	24.5	23.6	23.5
Tier I	21.3	25.1	24.8	23.2	21.5	21.1	23.7	23.1	23.1
Tier II	3.7	3.2	2.5	1.8	1.0	0.8	0.7	0.6	0.4
Average Leverage on Assets (x)	5.5	4.8	4.8	5.0	5.0	4.9	4.9	5.1	5.2
Valuation									
Book Value (INR)	54	62	73	90	124	156	183	218	263
Price-BV (x)	20.1	17.6	14.9	12.0	8.7	7.0	5.9	5.0	4.1
Adjusted BV (INR)	53	60	71	89	123	154	179	214	257
Price-ABV (x)	20.5	18.0	15.3	12.2	8.9	7.1	6.0	5.1	4.2
EPS (INR)	8.8	7.3	11.6	19.0	23.4	27.0	32.7	41.4	52.5
EPS Growth (%)	26.7	-16.3	58.6	63.4	22.8	15.5	21.0	26.6	27.0
Price-Earnings (x)	123.7	147.7	93.1	57.0	46.4	40.2	33.2	26.2	20.7
OPS (INR)	19	20	24	31	39	48	58	72	90
OPS Growth (%)	40.9	6.0	19.3	30.6	25.1	24.9	20.5	23.7	24.6
Price-OP (x)	57.9	54.6	45.8	35.0	28.0	22.4	18.6	15.0	12.1
Dividend per Share (INR)	1.0	1.0	2.0	3.0	3.6	5.6	5.2	6.2	7.9
Dividend Yield (%)	0.1	0.1	0.2	0.3	0.3	0.5	0.5	0.6	0.7
E: MOFSL Estimates									

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

NOTES

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. 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. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) 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. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.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>

A graph of daily closing prices of securities is available at www.nseindia.com, 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.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 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 in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from 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 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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. 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.