

AU Small Finance Bank | ADD

Strong numbers but largely priced in

AU Small Finance Bank delivered strong Q3FY26 with PAT growth of ~26%/19% YoY/QoQ; +3% JMFe. This was driven by margin expansion and sharp moderation in credit costs, while loan growth remained healthy at 24%/7% YoY/QoQ. NIM expanded by 25bps QoQ aided by a ~22 bps QoQ decline in CoF, which more than offset mild pressure on asset yields. Credit costs (as % of avg. assets) fell by ~40bps QoQ, reflecting improvement in unsecured segments (PL/CC/MFI). Deposit growth was strong at +23% YoY, supporting balance sheet momentum, though CASA ratio remained broadly stable. Overall, the quarter reinforces the trend of risk normalisation and improving earnings visibility, but growth engines outside secured lending are still in a recovery phase. At current valuations of 2.8x FY28 P/BV, the stock factors in much of this recovery, and sustained growth revival. We broadly maintain our EPS estimates and forecast avg. RoA/RoE of 1.7%/17% over FY27E/28E. We value the bank at 2.9x FY28 P/BV with a revised TP of INR 1,060. Maintain ADD.

- **Secured asset growth steady, unsecured recovery in early phase:** Net advances grew by 24%/7% YoY/QoQ, led primarily by secured retail assets and commercial banking. Vehicle finance, mortgages and MSME lending remained the key contributors, ensuring stable balance sheet expansion. Gold loans also continued to scale from a low base. In contrast, unsecured portfolios are still in stabilisation mode: MFI reported marginal QoQ growth after multiple weak quarters, while credit cards and personal loans remain subdued. Deposit growth at +23%/5% YoY/QoQ provided comfortable funding support, though CASA ratio stayed broadly flat at 29%. Management targets overall loan growth at ~2.25–2.5x nominal GDP, implying ~20–22% growth. **We build in average loan growth of ~21% over FY27E/28E.**
- **Margin-led improvement, operating leverage still awaited:** NII growth was supported by a ~25 bps QoQ expansion in NIM to ~5.7%, driven by a sharp 22bps fall in CoF as high-cost term deposits repriced and liquidity normalised. Asset yields softened marginally, but liability-side benefits more than compensated. Opex stayed elevated due to branch expansion (100 branches added in Q3), manpower addition and technology investments, leading to elevated C/I ratio of 60.3%. Management expects a stable NIM outlook driven by term deposit repricing over the next 2 quarters, transmission of repo cuts, and mix improvement. Management also reiterated long-term RoA aspiration of ~1.8%, driven by operating leverage, margin stability, and improving asset quality.
- **Credit cycle firmly past the worst:** Asset quality trends were the strongest part of the quarter. Credit cost dropped sharply by 41bps QoQ to 0.78% of avg assets. MFI collections remained strong, supported by higher CGFMU coverage (83% of MFI book). Credit card and personal loan stress peaked, with incremental slippages stabilising. Calc. gross/net slippages declined by 58bps/52bps QoQ to 2.8%/1.4%. Management reiterated its credit cost guidance for FY26 at ~1% of average assets, supported by normalization in unsecured portfolios and expanding CGFMU coverage in MFI. **We build average credit costs of ~0.86% over FY27E/28E.**
- **Valuation:** Stable margins, normalised credit costs and improving earnings visibility support the investment case, but growth remains secured-led, CASA improvement is limited, and operating leverage is still to be demonstrated. However, at current valuations of 2.8x FY28 P/BV, the stock factors in much of the near-term recovery, and sustained growth revival. **We broadly maintain our estimates and forecast avg. RoA/RoE of 1.7%/17% over FY27E/28E. We value the bank at 2.9x FY28 P/BV with a revised TP of INR 1,060. Maintain ADD.**



Ajit Kumar

ajit.k@jmfl.com | Tel: (91 22) 66303489

Raghvesh

raghvesh@jmfl.com | Tel: (91 22) 66303099

Pratik Matkar

pratik.matkar@jmfl.com | Tel: (91 22) 66301881

Shubham Karvande

shubham.karvande@jmfl.com | Tel: (91 22) 66303696

Arun Nalkara

arun.nalkara@jmfl.com | Tel: (91 22) 39533640

Sunita Nayak

sunita.nayak@jmfl.com | Tel: (91 22) 66301889

Aryan Singhal

aryan.singhal@jmfl.com | Tel: (91 22) 66303253

Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	1,060
Upside/(Downside)	5.9%
Previous Price Target	1,050
Change	1.0%

Key Data – AUBANK IN

Current Market Price	INR1,001
Market cap (bn)	INR748.1/US\$8.2
Free Float	73%
Shares in issue (mn)	744.5
Diluted share (mn)	
3-mon avg daily val (mn)	INR2,509.6/US\$27.6
52-week range	1,030/478
Sensex/Nifty	82,180/25,233
INR/US\$	91.0

Price Performance

%	1M	6M	12M
Absolute	1.6	26.0	65.2
Relative*	5.0	25.3	55.0

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	14,758	21,059	25,316	35,457	42,728
Net Profit (YoY) (%)	7.5%	9.0%	20.2%	40.1%	20.5%
Assets (YoY) (%)	21.3%	24.6%	16.5%	21.7%	21.8%
ROA (%)	1.5%	1.5%	1.5%	1.7%	1.7%
ROE (%)	13.0%	13.1%	13.8%	16.6%	17.1%
EPS	22.9	28.3	34.0	47.6	57.4
EPS (YoY) (%)	5.7%	8.7%	20.2%	40.1%	20.5%
PE (x)	43.6	35.4	29.4	21.0	17.4
BV	188	231	263	309	364
BV (YoY) (%)	14.0%	14.2%	14.2%	17.4%	17.8%
P/BV (x)	5.33	4.34	3.80	3.24	2.75

Source: Company data, JM Financial. Note: Valuations as of 20/Jan/2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

AU Small Finance Bank: 3QFY26 Conference call KTAs

Guidance

- Credit cost guidance for FY26 remains unchanged at ~1% of average assets, supported by normalization in unsecured portfolios and expanding CGFMU coverage in MFI.
- NIM outlook remains stable, driven by continued term deposit repricing over the next 2 quarters, partial transmission of repo cuts on the asset book, and mix improvement.
- No explicit margin guidance, but management highlighted three key drivers: deposit repricing, CRR benefit/liquidity normalization, and asset mix shift.
- Cost-to-income ratio expected to remain below 60% structurally, with management comfortable in the 56-57% range over the medium term.
- Long-term RoA aspiration of ~1.8% reiterated, driven by operating leverage, margin stability, and improving asset quality.
- Overall loan growth targeted at ~2.25-2.5x nominal GDP, implying ~20-22% growth in a normal macro environment.

Growth

- Loan growth continues to be led by secured retail assets, especially vehicle finance, mortgages, and gold loans, with southern market expansion acting as a key medium-term catalyst.
- Unsecured portfolios are stabilizing: MFI has returned to quarterly growth, while credit cards and personal loans are in the final phase of portfolio clean-up before growth resumes.
- MFI growth will be approached cautiously, with one more year focused on portfolio stabilization before meaningful scaling.
- Credit card business to remain conservative for another year as underwriting, sourcing, and portfolio behavior normalize.
- Personal loans are being rebuilt with STP journeys, stronger analytics, and sharper risk filters, expected to show better traction in FY27.
- Commercial banking growth remains broad-based across MSME, renewable energy, NBFCs, and transaction banking, with no major strategy change.
- Gold loans are a structural growth opportunity from a very low base and expected to contribute meaningfully to incremental growth.

Profitability

- Margin expansion was driven by a combination of lower cost of funds, CRR benefit, and reduced surplus liquidity, despite asset yield pressure.
- Deposit repricing benefits will continue to flow for at least two more quarters as high-cost term deposits roll off.
- Repo cut impact on asset yields will play out mainly in Q4, affecting ~30% of the floating-rate loan book.
- Opex growth reflects investments in branch expansion, manpower, and business scale-up, which management sees as "down payment for future growth."
- Technology and AI adoption is expected to structurally improve cost efficiency and operating leverage over the next 12-24 months.
- Digital banking remains loss-making, but management expects it to stabilize over the next year as scale improves.

Asset quality

- MFI asset quality has normalized sharply, driven by improved collection efficiency, declining SMA pools, and rising CGFMU coverage.
- 83% of the MFI book is now covered under CGFMU, with new disbursements almost fully guaranteed, significantly reducing incremental credit risk.
- Credit card portfolio has peaked in stress and is now in a stable zone, with credit costs expected to remain near normalized levels.
- Seasonal strength in secured retail portfolios continues to support overall asset quality.
- Improvement in recoveries and utilization of excess provisions contributed to lower credit costs in the quarter.
- Management expects credit cost volatility to remain limited unless a major macro or political disruption occurs.

Others

- Stable deposit ratio (CASA + retail TD + granular non-callable deposits) continues to remain ~80%, indicating no structural shift towards bulk funding.
- CD ratio excluding refinance remains around 80%, which management considers the true measure of balance sheet prudence.
- Strong focus on deposit franchise quality rather than aggressive pricing; service, product depth, and cross-sell remain the core strategy.
- AI is being embedded across underwriting, collections, fraud monitoring, call centers, HR training, and decision systems, with over 60% of alerts already auto-decided.
- Competitive intensity acknowledged, but management remains confident of sustaining above-system growth through execution rather than price-led expansion.

Key trends: 3QFY26

Exhibit 1. AU SFB: Result summary							
(INR bn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)	3QFY26E	A/E (%)
Interest Income	41.1	45.1	47.3	15%	5%	46.5	2%
Interest Expenses	20.9	23.7	23.9	14%	1%	24.0	0%
Net Interest Income	20.2	21.4	23.4	16%	9%	22.5	4%
Total non-Interest income	6.2	7.1	7.2	17%	2%	7.6	-4%
Total Income	26.4	28.6	30.7	16%	7%	30.1	2%
Opex	14.4	16.5	18.5	29%	12%	17.2	7%
Operating Profit	12.0	12.1	12.2	1%	0%	12.8	-5%
Core Operating Profit	11.6	11.3	11.9	3%	5%	11.8	1%
Provisions	5.0	4.8	3.3	-34%	-31%	4.2	-21%
PBT	7.0	7.3	8.8	26%	21%	8.6	2%
Tax	1.7	1.7	2.2	24%	29%	2.2	0%
PAT	5.3	5.6	6.7	26%	19%	6.5	3%
NIM calc (%)	5.5%	5.1%	5.4%	(7) bps	28 bps	5.3%	11 bps
Loan (INR bn)	996	1,157	1,234	24%	7%	1,215	2%
Deposit (INR bn)	1,123	1,325	1,384	23%	4%	1,358	2%
Credit-deposit ratio (%)	89%	87%	89%	48 bps	185 bps	89%	(28) bps
Gross NPA (INR bn)	23.4	28.4	28.8	23%	2%	29.2	-1%
Net NPA (INRbn)	9.1	10.2	10.9	21%	7%	10.8	1%
Credit cost (%) - as % loans	2.1%	1.7%	1.1%	(96) bps	(60) bps	1.4%	(31) bps
PCR %	61%	64%	62%	88 bps	(207) bps	63%	(88) bps
Gross Slippages (INR bn)	9.6	9.1	7.9	-17%	-13%	8.8	-10.11%
Net Slippages (INR bn)	6.9	5.2	4.0	-42%	-23%	4.8	-17.29%
Gross slippages ratio (%)	4.1%	3.3%	2.8%	(130) bps	(58) bps	3.1%	(31) bps
Net slippages ratio (%)	2.9%	1.9%	1.4%	(153) bps	(52) bps	1.7%	(29) bps
ROAA (%)	1.5%	1.4%	1.6%	7 bps	20 bps	1.5%	4 bps
ROAE (%)	13.0%	12.4%	14.3%	133 bps	186 bps	13.8%	43 bps

Source: Company, JM Financial

Exhibit 2. AU SFB: Gross advances composition

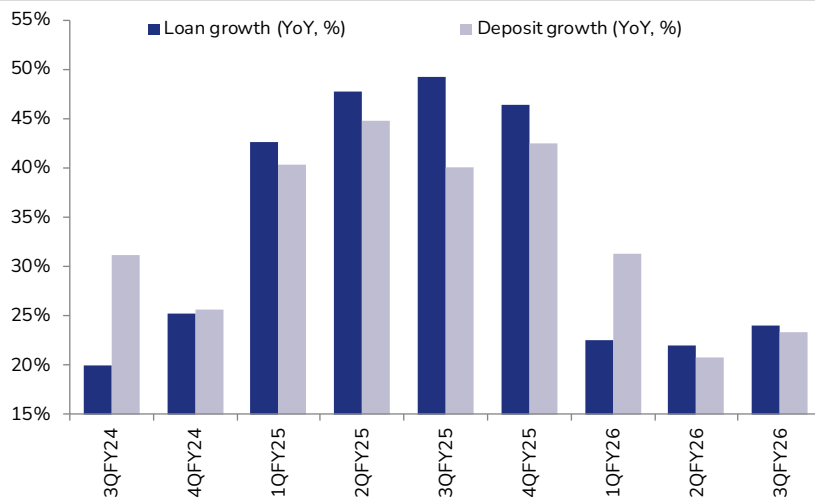
Total Loan Portfolio Composition (INR bn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)
Retail Assets	836.2	917.8	969.5	16%	6%
- Wheels	343.4	406.0	437.0	27%	8%
- Mortgage-Backed loans	362.3	398.0	411.0	13%	3%
MBL	267.0	322.0	334.0	25%	4%
HL	95.3	76.0	77.0	-19%	1%
- Gold Loans	19.7	23.0	30.0	52%	30%
- Microfinance	71.7	61.7	63.2	-12%	2%
- Credit cards	29.9	22.6	22.0	-26%	-3%
- Personal Loans	9.3	6.5	6.3	-32%	-3%
Commercial Banking	223.6	263.0	286.0	28%	9%
Business Banking	89.4	103.0	111.0	24%	8%
Agri Banking	69.0	73.0	77.0	12%	5%
EEFI	38.8	49.0	56.0	44%	14%
Real Estate Group (REG)	26.4	38.0	42.0	59%	11%
- Others	28.1	48.0	43.5	55%	-9%
- SME (rundown)	1.4	-	-	NA	NA
Total Loan Portfolio	1,089.2	1,228.8	1,299.0	19%	6%
AUM mix (%)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)
Retail Assets	76.8%	74.7%	74.6%	(213) bps	(6) bps
- Wheels	31.5%	33.0%	33.6%	212 bps	60 bps
- Mortgage-Backed loans	33.3%	32.4%	31.6%	(162) bps	(75) bps
MBL	24.5%	26.2%	25.7%	120 bps	(49) bps
HL	8.7%	6.2%	5.9%	(282) bps	(26) bps
- Gold Loans	1.8%	1.9%	2.3%	50 bps	44 bps
- Microfinance	6.6%	5.0%	4.9%	(172) bps	(16) bps
- Credit cards	2.7%	1.8%	1.7%	(105) bps	(14) bps
- Personal Loans	0.9%	0.5%	0.5%	(37) bps	(4) bps
Commercial Banking	20.5%	21.4%	22.0%	149 bps	61 bps
Business Banking	8.2%	8.4%	8.5%	34 bps	16 bps
Agri Banking	6.3%	5.9%	5.9%	(41) bps	(1) bps
EEFI	3.6%	4.0%	4.3%	75 bps	32 bps
Real Estate Group (REG)	2.4%	3.1%	3.2%	81 bps	14 bps
- Others	2.6%	3.9%	3.3%	77 bps	(56) bps
- SME (rundown)	0.1%	0.0%	0.0%	(12) bps	0 bps
Total Loan Portfolio	100.0%	100.0%	100.0%		

Source: Company, JM Financial

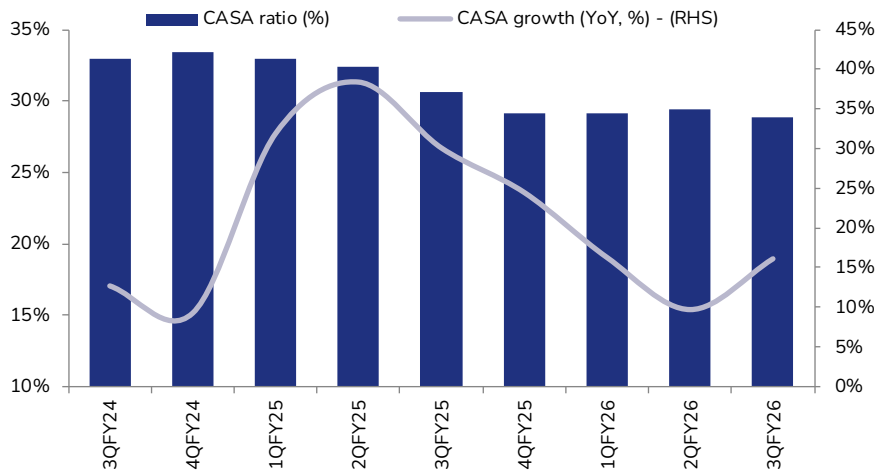
Exhibit 3. AU SFB: Deposit composition

Deposits Composition (INR bn)	3QFY25	2QFY26	3QFY26	YoY (%)	QoQ (%)
Current	56.4	75.6	74.0	31%	-2%
Saving	287.6	314.0	325.4	13%	4%
CASA	344.0	389.6	399.4	16%	3%
Time Deposits	733.7	882.4	927.0	26%	5%
Total Deposits (ex-CDs)	1,077.7	1,272.0	1,326.4	23%	4%
Certificate of Deposits	44.9	53.0	57.7	28%	9%
Total Deposits	1,122.6	1,325.0	1,384.1	23%	4%
Deposit Mix (%)					
Current	5.2%	5.9%	5.6%	34 bps	(37) bps
Saving	26.7%	24.7%	24.5%	(215) bps	(15) bps
CASA	31.9%	30.6%	30.1%	(181) bps	(52) bps
Time Deposits	68.1%	69.4%	69.9%	181 bps	52 bps
Total Deposits (ex-CDs)	100.0%	100.0%	100.0%	0 bps	0 bps

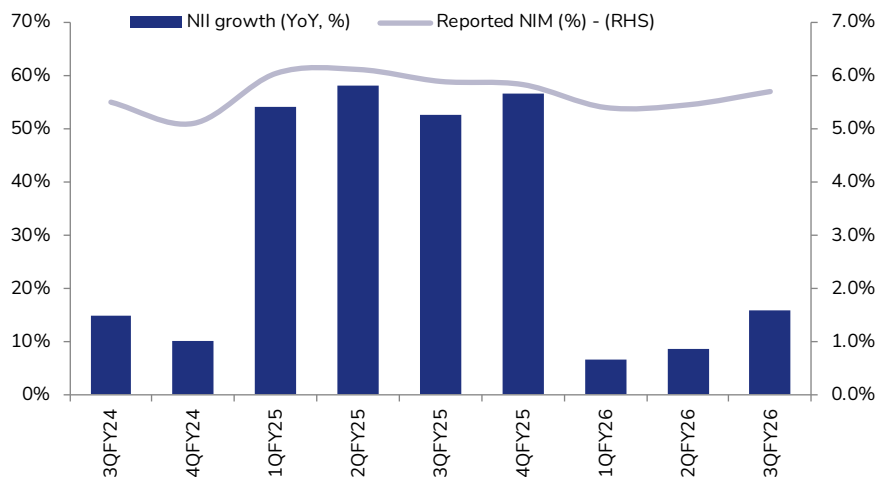
Source: Company, JM Financial

Exhibit 4. AU SFB: Loan & deposit growth (YoY %)

Source: Company, JM Financial

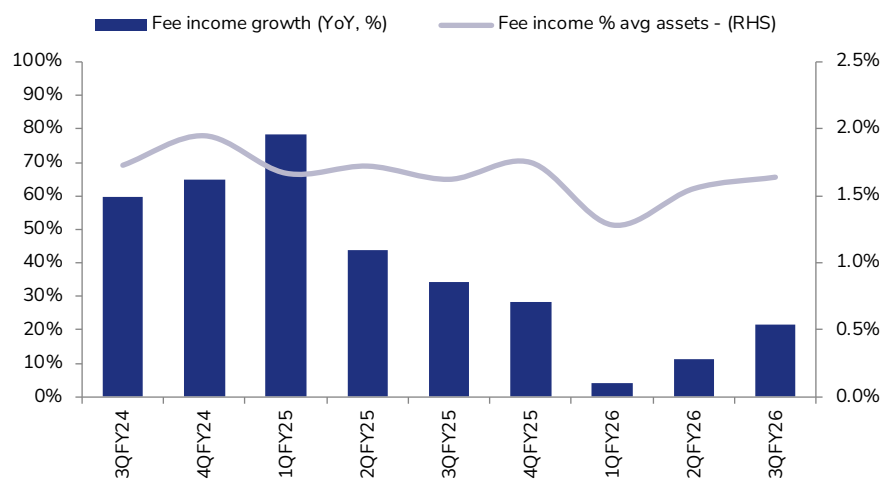
Exhibit 5. AU SFB: Trends in CASA

Source: Company, JM Financial

Exhibit 6. AU SFB: Trend in NII and NIMs

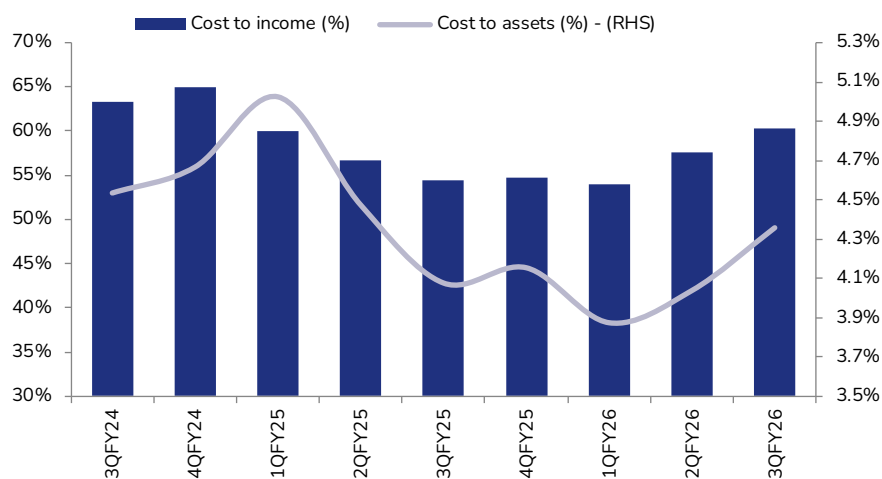
Source: Company, JM Financial

Exhibit 7. AU SFB: Trends in fee income



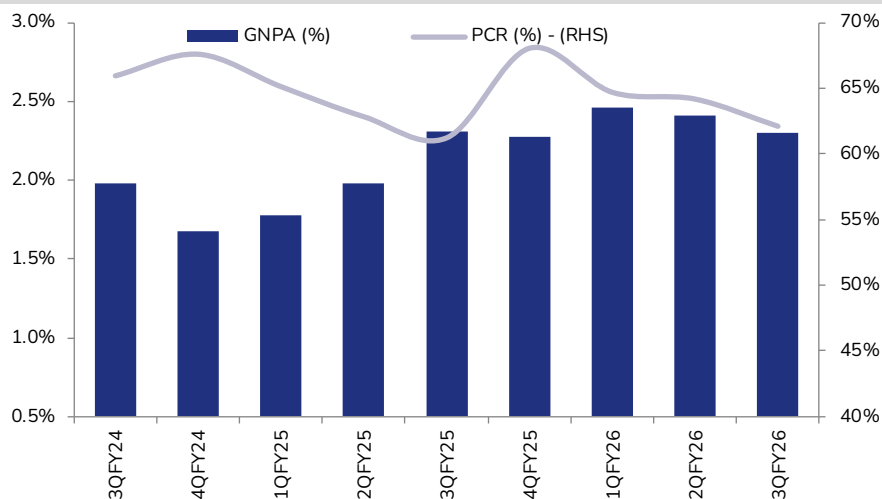
Source: Company, JM Financial, Note: Fee income % of avg assets is annualized.

Exhibit 8. AU SFB: Trends in Cost ratios



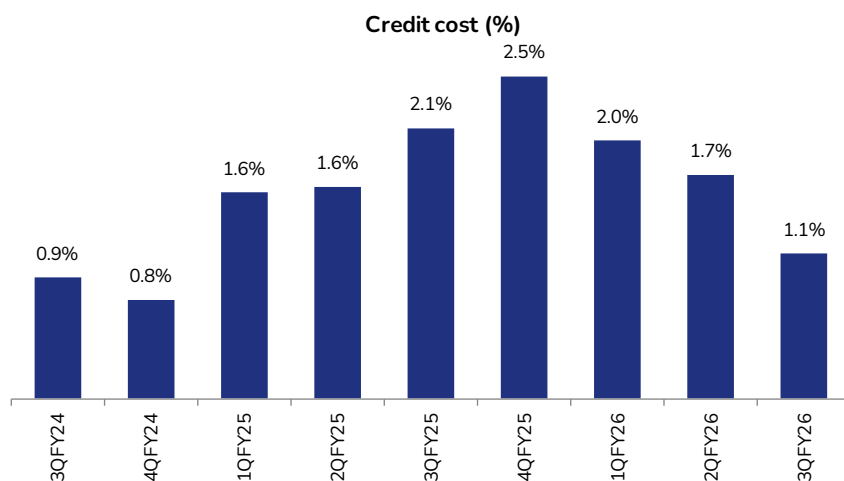
Source: Company, JM Financial, Note: Cost to assets is annualized.

Exhibit 9. AU SFB: Trends in asset quality



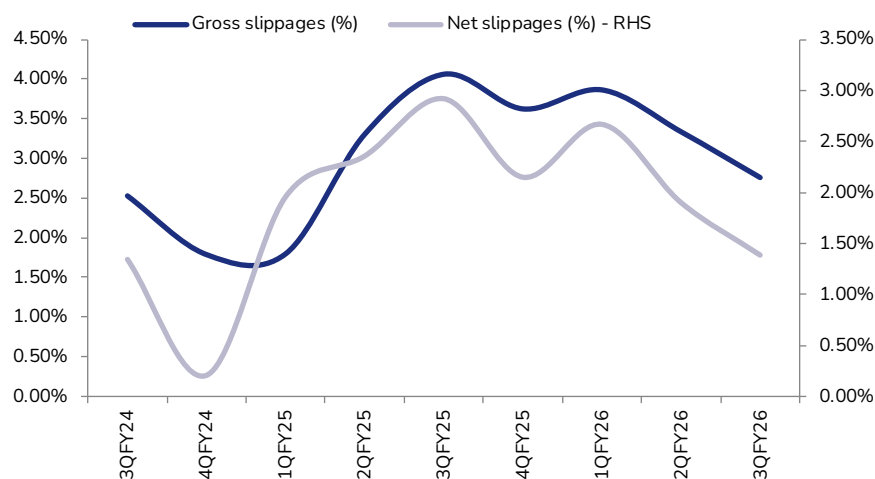
Source: Company, JM Financial

Exhibit 10. AU SFB: Trends in Credit costs



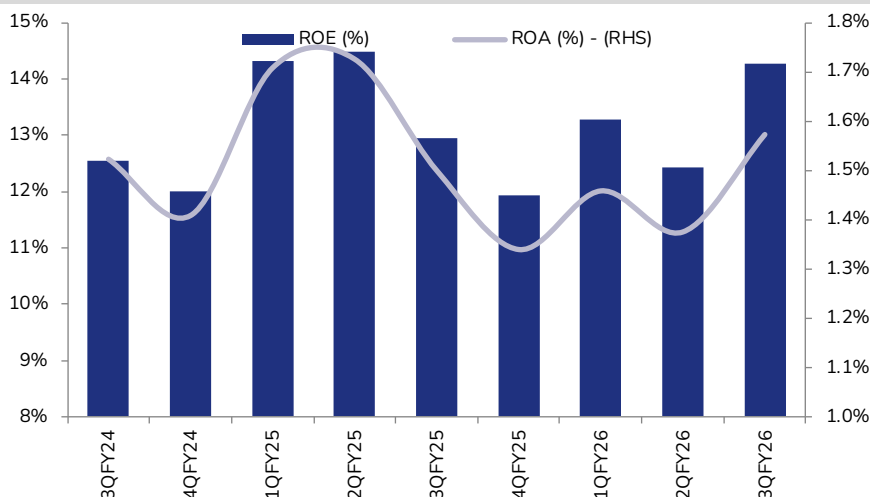
Source: Company, JM Financial, Note: Credit cost is annualized

Exhibit 11. AU SFB: Trends in slippages



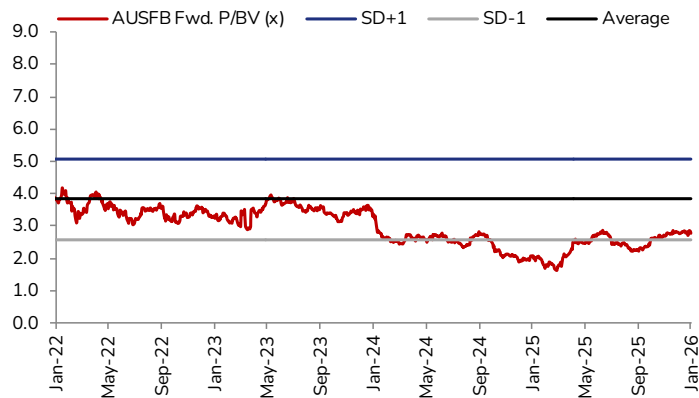
Source: Company, JM Financial, Note: gross/net slippages are annualized

Exhibit 12. AU SFB: Trends in return metrics



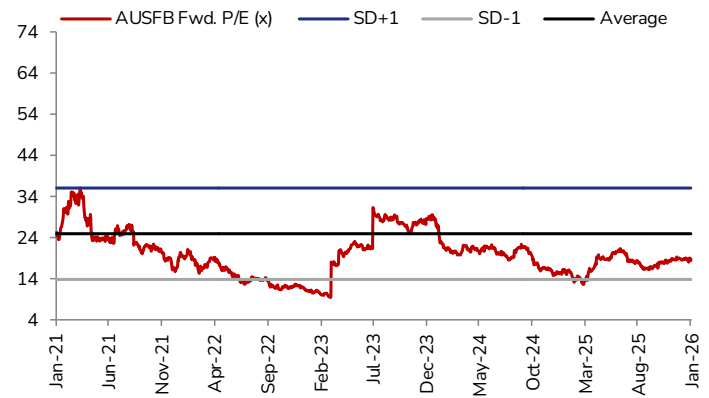
Source: Company, JM Financial

Exhibit 13. AU SFB: One year forward P/B chart



Source: Company, JM Financial

Exhibit 14. AU SFB: One year forward P/E chart



Source: Company, JM Financial

Change in estimates

Exhibit 15. AU Small Finance Bank: Old estimates vs. new estimates (Standalone)

	New Estimates			Old Estimates			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Target price (INR)		1,060			1,050			1%	
Assumptions									
YoY loan growth	22.5%	21.3%	19.9%	21.6%	20.5%	20.2%	83 bps	84 bps	(34) bps
Net interest margins (calculated)	5.42%	5.78%	5.68%	5.18%	5.37%	5.41%	23 bps	40 bps	27 bps
Fee income to asset	1.50%	1.53%	1.53%	1.46%	1.47%	1.49%	4 bps	6 bps	4 bps
Cost to assets	4.10%	4.17%	4.06%	3.89%	3.99%	4.00%	21 bps	17 bps	5 bps
Credit cost	1.46%	1.19%	1.25%	1.57%	1.19%	1.11%	(11) bps	(0) bps	14 bps
Outputs (INR bn)									
Loans	1,311	1,591	1,907	1,302	1,569	1,886	1%	1%	1%
Deposits	1,514	1,833	2,135	1,529	1,820	2,187	-1%	1%	-2%
Assets	1,839	2,238	2,725	1,928	2,322	2,789	-5%	-4%	-2%
NII	90.5	115.3	138.0	89.0	111.9	135.6	2%	3%	2%
Other income	30.4	33.9	41.2	31.3	37.1	42.2	-3%	-9%	-2%
Opex	70.1	84.9	100.7	68.2	84.8	102.3	3%	0%	-2%
Operating profit	50.9	64.2	78.4	52.1	64.1	75.4	-2%	0%	4%
Provisions	17.3	17.3	21.8	18.6	17.1	19.1	-7%	1%	14%
Net Profit	25.3	35.5	42.7	25.3	35.5	42.5	0%	0%	1%
EPS (INR)	34.0	47.6	57.4	34.0	47.6	57.0	0%	0%	1%
Tax rate (%)	25%	25%	25%	25%	25%	25%	0 bps	0 bps	0 bps
ROA (%)	1.5%	1.7%	1.7%	1.4%	1.7%	1.7%	4 bps	7 bps	6 bps
ROE (%)	13.8%	16.6%	17.1%	13.8%	16.6%	17.0%	0 bps	(0) bps	10 bps

Source: Company, JM Financial

Financial Tables (Standalone)

Profit & Loss (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Interest Income	51,571	80,116	90,547	115,255	138,005
Profit on Investments	504	2,352	4,100	1,800	2,000
Exchange Income	1	364	0	0	0
Fee & Other Income	16,225	22,219	25,552	31,174	38,032
Non-Interest Income	17,459	25,263	30,403	33,890	41,150
Total Income	69,030	105,379	120,951	149,145	179,155
Operating Expenses	44,648	59,572	70,087	84,903	100,737
Pre-provisioning Profits	24,382	45,807	50,864	64,242	78,418
Loan-Loss Provisions	5,386	17,810	17,333	17,279	21,824
Provisions on Investments	0	0	0	0	0
Others Provisions	-998	116	0	0	0
Total Provisions	4,387	17,926	17,333	17,279	21,824
PBT	19,994	27,881	33,531	46,963	56,594
Tax	4,647	6,821	8,215	11,506	13,866
PAT (Pre-Extraordinaries)	15,347	21,059	25,316	35,457	42,728
Extra ordinaries (Net of Tax)	-590	0	0	0	0
Reported Profits	14,758	21,059	25,316	35,457	42,728
Dividend paid	783	745	1,013	1,418	1,709
Retained Profits	13,975	20,315	24,303	34,039	41,019

Source: Company, JM Financial

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Growth (YoY) (%)					
Deposits	25.7%	27.2%	21.9%	21.1%	16.5%
Advances	25.2%	25.2%	22.5%	21.3%	19.9%
Total Assets	21.3%	24.6%	16.5%	21.7%	21.8%
NII	16.5%	17.7%	13.0%	27.3%	19.7%
Non-interest Income	68.8%	20.9%	20.3%	11.5%	21.4%
Operating Expenses	29.8%	3.6%	17.7%	21.1%	18.7%
Operating Profits	20.7%	45.6%	11.0%	26.3%	22.1%
Core Operating profit	17.5%	48.9%	7.6%	33.7%	22.4%
Provisions	183.4%	195.9%	-3.3%	-0.3%	26.3%
Reported PAT	7.5%	9.0%	20.2%	40.1%	20.5%
Yields / Margins (%)					
Interest Spread	3.75%	4.27%	4.25%	4.67%	4.45%
NIM	5.30%	5.77%	5.42%	5.78%	5.68%
Profitability (%)					
Non-IR to Income	25.3%	24.0%	25.1%	22.7%	23.0%
Cost to Income	64.7%	56.5%	57.9%	56.9%	56.2%
ROA	1.54%	1.48%	1.48%	1.74%	1.72%
ROE	13.0%	13.1%	13.8%	16.6%	17.1%
Assets Quality (%)					
Slippages	2.92%	4.70%	3.25%	2.60%	2.80%
Gross NPA	1.67%	2.28%	2.13%	1.91%	2.21%
Net NPAs	0.55%	0.74%	0.82%	0.75%	0.90%
Provision Coverage	67.6%	68.1%	62.0%	61.0%	60.0%
Specific LLP	0.71%	1.62%	1.29%	1.03%	1.10%
Net NPAs / Network	3.2%	4.6%	5.5%	5.2%	6.3%
Capital Adequacy (%)					
Tier I	18.80%	18.14%	17.89%	17.36%	16.90%
CAR	20.06%	20.06%	19.54%	18.71%	18.01%

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Equity Capital	6,692	7,445	7,445	7,445	7,445
Reserves & Surplus	118,904	164,218	188,521	222,560	263,579
Deposits	871,821	1,242,685	1,514,264	1,833,426	2,135,379
Borrowings	54,794	116,599	113,977	138,000	185,685
Other Liabilities	42,046	47,509	14,380	36,799	133,138
Total Liabilities	1,094,257	1,578,457	1,838,587	2,238,230	2,725,226
Investments	271,334	378,475	417,073	479,516	575,709
Net Advances	731,627	1,070,925	1,311,398	1,591,078	1,907,131
Cash & Equivalents	63,763	94,664	70,690	119,879	185,049
Fixed Assets	8,516	9,125	11,150	13,506	16,215
Other Assets	19,017	25,268	28,276	34,251	41,122
Total Assets	1,094,257	1,578,457	1,838,587	2,238,230	2,725,226

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
NII / Assets	5.17%	5.63%	5.30%	5.65%	5.56%
Other Income / Assets	1.75%	1.78%	1.78%	1.66%	1.66%
Total Income / Assets	6.92%	7.41%	7.08%	7.32%	7.22%
Cost / Assets	4.47%	4.19%	4.10%	4.17%	4.06%
PBP / Assets	2.44%	3.22%	2.98%	3.15%	3.16%
Provisions / Assets	0.44%	1.26%	1.01%	0.85%	0.88%
PBT / Assets	2.00%	1.96%	1.96%	2.30%	2.28%
Tax rate	23.2%	24.5%	24.5%	24.5%	24.5%
ROA	1.54%	1.48%	1.48%	1.74%	1.72%
RoRWAs	2.84%	2.67%	2.60%	3.05%	3.02%
Leverage	8.5	8.9	9.3	9.6	9.9
ROE	13.0%	13.1%	13.8%	16.6%	17.1%

Source: Company, JM Financial

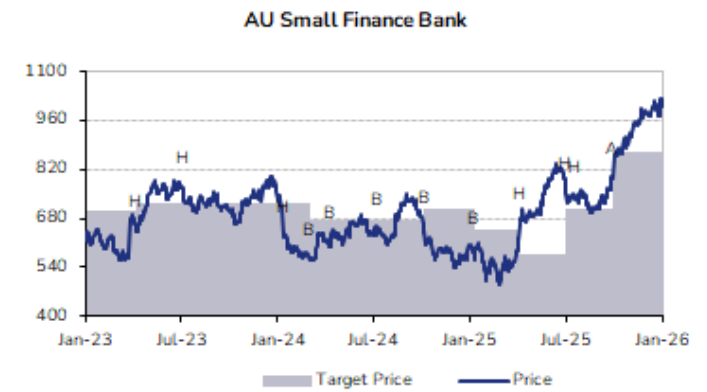
Valuations					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue	669.2	744.5	744.5	744.5	744.5
EPS (INR)	22.9	28.3	34.0	47.6	57.4
EPS (YoY) (%)	5.7%	8.7%	20.2%	40.1%	20.5%
PER (x)	43.6	35.4	29.4	21.0	17.4
BV (INR)	188	231	263	309	364
BV (YoY) (%)	14.0%	14.2%	14.2%	17.4%	17.8%
ABV (INR)	0	0	0	0	0
ABV (YoY) (%)	0.0%	0.0%	0.0%	0.0%	0.0%
P/BV (x)	5.33	4.34	3.80	3.24	2.75
P/ABV (x)	0.00	0.00	0.00	0.00	0.00
DPS (INR)	1.2	1.0	1.4	1.9	2.3
Div. yield (%)	0.1%	0.1%	0.1%	0.2%	0.2%

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
8-Aug-21	Buy	700	
1-Nov-21	Hold	700	0.0
28-Jan-22	Hold	700	0.0
10-Mar-22	Hold	700	0.0
26-Apr-22	Hold	713	1.8
20-Jul-22	Hold	650	-8.8
20-Oct-22	Hold	650	0.0
19-Jan-23	Hold	700	7.7
26-Apr-23	Hold	725	3.6
23-Jul-23	Hold	725	0.0
29-Jan-24	Hold	725	0.0
19-Mar-24	Buy	675	-6.9
25-Apr-24	Buy	675	0.0
26-Jul-24	Buy	675	0.0
23-Oct-24	Buy	710	5.2
26-Jan-25	Buy	650	-8.5
23-Apr-25	Hold	580	-10.8
21-Jul-25	Hold	710	22.4
8-Aug-25	Hold	710	0.0
19-Oct-25	Add	870	22.5

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfirancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com

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

New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

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 JM Financial Institutional Securities and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions. Please click [here](#) to access our detailed Terms and Conditions, including the Most Important Terms and Conditions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1177 Avenue of the Americas, 5th Floor, Offices 5045 and 5046, New York, New York 10036. Telephone +1 (332) 900 4956 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.