

**Bolstered by the confluence of improved yield, improved fee income on account of better insurance cross sell, falling cost of funds, and relatively benign credit cost, MMFS reported a strong show in Q3. Despite a Rs1.1bn one-time drag from the labor code implementation, PAT at Rs 8.1bn came meaningfully above our and consensus estimates. However, looking ahead, the management admitted that it is a bit unrealistic to extrapolate this confluence in the near term, and 9MFY26 numbers (~7.1% NIM+Fee, 1.9% RoA, ~1.3% credit cost on assets) are more indicative of the near-term trend. The management remains committed to deliver 2% RoA before eyeing on higher goals. Asset quality improved marginally during the quarter, and the management remains confident about sustaining stable GS2+GS3 as the share in the non-wheels segment increases. It expects credit cost to remain at 1.5-1.7% on account of granular-level ECL computation. With regards to MRHFL, the management is evaluating merits for its merger with MMFS for its mortgage business. Factoring in Q3 performance and outlook, we tweak our FY26-28 estimates marginally. We maintain REDUCE on MMFS but raise Dec-26E TP by ~7% to Rs320 (Rs300 earlier), implying an FY28E P/B of 1.4x.**

#### Multiple factors drive strong show

Overall, Q3 turned out to be better than expected, with PAT surpassing both our and the consensus's estimates despite the Rs1.1bn one-off due to the labor code implementation, supported by stable asset quality and improving margins. Credit cost for the quarter came at ~1.33%, while the management indicated the benefit of ECL refresh has not been used to create management overlay of Rs6.35bn. Margin improved by ~50bps QoQ, driven by lower CoF, lower trade finance book, and higher fee income. Asset quality was steady, with GS3/NS3 improving QoQ to 3.8%/1.82%, and healthy coverage of ~53%.

#### Beyond Q3, ~2% RoA remains the near-term target

The management outlined a constructive outlook across operating metrics. Margins are expected to be stable or gradually improve, with a sustainable NIM of ~7.1%, supported by moderating CoF, improving fee income, and a calibrated approach to pricing amid competition. Operating expenses are guided to stay within the 2.5-2.8% band, with near-term investments in MSME, mortgages, and digital capabilities expected to be offset by operating leverage as these businesses scale. On asset quality, the management expects GS2+GS3 to remain stable, as the share in non-wheels segment increases to ~30% (by FY30). It expects credit cost to stay at 1.5-1.7%. Loan growth is guided at mid-to-high teens over the medium term, supported by gradual diversification into MSME and mortgages. Overall, the management reiterated confidence in achieving the near-term 2% ROA target, with profitability expected to improve steadily as growth scales on a stable risk and margin profile.

#### Maintain REDUCE; raise Dec-26E TP to Rs320

Factoring in the Q3 performance and management commentary, we tweak our FY26-28 estimates marginally (Exhibit 2). We maintain REDUCE on MMFS but raise Dec-26E TP by ~7% to Rs320 (Rs300 earlier), implying an FY28E P/B of 1.4x.

Target Price – 12M	Dec-26
Change in TP (%)	6.7
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(13.5)

Stock Data	MMFS IN
52-week High (Rs)	412
52-week Low (Rs)	232
Shares outstanding (mn)	1,390.0
Market-cap (Rs bn)	514
Market-cap (USD mn)	5,605
Net-debt, FY26E (Rs mn)	NA
ADTV-3M (mn shares)	3.3
ADTV-3M (Rs mn)	1,550.2
ADTV-3M (USD mn)	16.9
Free float (%)	71.1
Nifty-50	25,342.8
INR/USD	91.8

#### Shareholding, Dec-25

Promoters (%)	52.5
FPIs/MFs (%)	9.1/32.3

#### Price Performance

(%)	1M	3M	12M
Absolute	(6.1)	23.4	39.9
Rel. to Nifty	(3.5)	26.3	26.7

#### 1-Year share price trend (Rs)



#### Mahindra Finance: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Net profits	17,596	23,450	29,747	37,674	44,655
AUM growth (%)	24.0	16.6	13.2	16.5	17.7
NII growth (%)	9.4	11.2	20.2	16.2	15.9
NIMs (%)	6.8	6.5	7.1	7.2	7.1
PPOP growth (%)	11.4	14.0	30.7	18.9	16.9
Adj. EPS (Rs)	14.3	19.0	21.4	27.1	32.1
Adj. EPS growth (%)	(11.4)	33.2	12.8	26.6	18.5
Adj. BV (INR)	147.1	160.4	180.2	201.9	227.6
Adj. BVPS growth (%)	6.2	9.1	12.3	12.0	12.7
RoA (%)	1.7	1.9	2.1	2.3	2.3
RoE (%)	10.0	12.4	13.3	14.2	15.0
P/E (x)	26.0	19.5	17.3	13.7	11.5
P/ABV (x)	2.5	2.3	2.1	1.8	1.6

Source: Company, Emkay Research

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## Exhibit 1: Actual vs estimates

Q3FY26 (Rs mn)	Emkay estimates										Q3FY26	Variation				
	Q3FY25		Q4FY25		Q1FY26		Q2FY26		Q3FY26		Chg	QoQ	Chg	YoY		
	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Vs estimate	Consensus	Vs consensus						
Business Assets	1,151,260	1,196,730	1,220,080	1,272,460	1,289,650	1.4%	12.0%	1,290,000	0.0%	1,289,650						
Disbursement	164,670	155,300	128,090	135,140	176,120	30.3%	7.0%	176,000	0.1%							
NII	19,113	19,276	20,122	21,116	23,045	9.1%	20.6%	21,587	6.8%							
Total Income	20,985	21,555	22,853	24,230	26,606	9.8%	26.8%	24,495	8.6%	24,796		7.3%				
PPoP	12,217	12,128	13,530	14,989	15,403	2.8%	26.1%	14,547	5.9%	15,375		0.2%				
Provisions	91	4,571	6,597	7,514	4,699	-37.5%	5040.9%	4,572	2.8%	5,520		-14.9%				
PBT	12,126	7,557	6,933	7,475	10,704	43.2%	-11.7%	9,975	7.3%	9,855		8.6%				
PAT	8,995	5,631	5,295	5,693	8,104	42.4%	-9.9%	7,412	9.3%	7,534		7.6%				
Credit Cost	0.03%	1.56%	2.18%	2.41%	1.47%	-94bps	144bps	1.43%	4bps	1.72%		-26bps				
GS3	3.93%	3.69%	3.85%	3.94%	3.80%	-14bps	-13bps	3.85%	-5bps							
NS3	2.00%	1.84%	1.91%	1.89%	1.82%	-7bps	-18bps	1.79%	3bps							

Source: Company, Emkay Research

## Exhibit 2: Change in estimates

Y/E Mar (Rs mn)	FY26E			FY27E			FY28E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Business assets	1,364,957	1,354,303	-0.8%	1,597,278	1,577,386	-1.2%	1,884,782	1,856,267	-1.5%
Disbursement	625,320	613,740	-1.9%	725,371	711,938	-1.9%	826,923	811,610	-1.9%
Net interest income	89,104	89,350	0.3%	104,365	103,848	-0.5%	122,519	120,318	-1.8%
PPOP	60,737	62,295	2.6%	74,540	74,093	-0.6%	88,774	86,626	-2.4%
Provisions	21,505	22,372	4.0%	24,178	23,531	-2.7%	28,165	26,695	-5.2%
PBT	39,231	39,924	1.8%	50,363	50,562	0.4%	60,610	59,931	-1.1%
Adj PAT	29,231	29,747	1.8%	37,525	37,674	0.4%	45,161	44,655	-1.1%
Adj EPS (Rs)	21.0	21.4	1.8%	27.0	27.1	0.4%	32.5	32.1	-1.1%
BVPS (Rs)	180	180	0.2%	202	202	0.2%	228	228	0.0%
Networth	250,005	250,392	0.15%	280,025	280,531	0.18%	316,154	316,255	0.03%
NIM + Fees	6.85%	7.13%	28bps	7.06%	7.22%	15bps	7.11%	7.14%	3bps
Cost-to-income ratio	38.9%	39.0%	15bps	36.7%	37.4%	70bps	35.7%	36.8%	113bps
Opex-to-business assets	2.59%	2.68%	9bps	2.51%	2.59%	9bps	2.44%	2.53%	9bps
Loan book growth	14.1%	13.2%	-89bps	17.0%	16.5%	-55bps	18.0%	17.7%	-32bps
Disbursement growth	8.0%	6.0%	-200bps	16.0%	16.0%	0bps	14.0%	14.0%	0bps
Credit costs (bps)	1.68%	1.75%	7bps	1.63%	1.61%	-3bps	1.62%	1.55%	-6bps
RoA	2.02%	2.08%	6bps	2.25%	2.30%	5bps	2.33%	2.32%	0bps
RoE	13.0%	13.3%	22bps	14.2%	14.2%	3bps	15.2%	15.0%	-18bps

Source: Company, Emkay Research

## Exhibit 3: Valuation matrix

	CMP/TP (Rs/sh)	Upside	Mkt Cap (Rs bn)	P/BV (x)			P/E (x)			RoA (%)			RoE (%)			Book Value (Rs/sh)			EPS (Rs)		
				FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
At current market price	370	-14%	514.5	2.1	1.8	1.6	17.3	13.7	11.5	2.1	2.3	2.3	13.3	14.2	15.0	180	202	228	21.4	27.1	32.1
At target price	320		514.5	1.8	1.6	1.4	14.9	11.8	10.0	2.1	2.3	2.3	13.3	14.2	15.0	180	202	228	21.4	27.1	32.1

Source: Company, Emkay Research

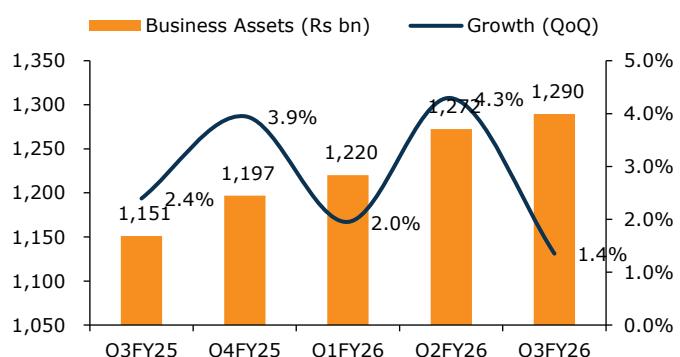
## Exhibit 4: Quarterly earnings snapshot

Quarterly earnings summary							
Rs mn	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY	QoQ
Interest Income	39,572	40,172	41,646	41,779	44,071	11.4%	5.5%
Interest Expenses	20,459	20,896	21,524	20,663	21,026	2.8%	1.8%
<b>Net Interest Income</b>	<b>19,113</b>	<b>19,276</b>	<b>20,122</b>	<b>21,116</b>	<b>23,045</b>	<b>20.6%</b>	<b>9.1%</b>
Other Income	1,872	2,279	2,732	3,113	3,561	90.2%	14.4%
<b>Income</b>	<b>20,985</b>	<b>21,555</b>	<b>22,853</b>	<b>24,230</b>	<b>26,606</b>	<b>26.8%</b>	<b>9.8%</b>
Operating Expenses	8,768	9,427	9,323	9,240	11,203	27.8%	21.2%
<b>Operating Profit</b>	<b>12,217</b>	<b>12,128</b>	<b>13,530</b>	<b>14,989</b>	<b>15,403</b>	<b>26.1%</b>	<b>2.8%</b>
Provisions	91	4,571	6,597	7,514	4,699	5040.9%	-37%
<i>Credit Cost (on avg Business Assets)</i>	<i>0.0%</i>	<i>1.6%</i>	<i>2.2%</i>	<i>2.4%</i>	<i>1.5%</i>	<i>144bps</i>	<i>-94bps</i>
<b>PBT</b>	<b>12,126</b>	<b>7,557</b>	<b>6,933</b>	<b>7,475</b>	<b>10,704</b>	<b>-11.7%</b>	<b>43.2%</b>
Tax	3,131	1,925	1,638	1,782	2,600	-17.0%	45.9%
<i>Tax Rate</i>	<i>25.8%</i>	<i>25.5%</i>	<i>23.6%</i>	<i>23.8%</i>	<i>24.3%</i>		
<b>Reported PAT</b>	<b>8,995</b>	<b>5,631</b>	<b>5,295</b>	<b>5,693</b>	<b>8,104</b>	<b>-9.9%</b>	<b>42.4%</b>
Networth	192,190	198,120	233,460	230,160	238,280	24.0%	3.5%
Business Assets	1,151,260	1,196,730	1,220,080	1,272,460	1,289,650	12.0%	1.4%
Disbursements	164,670	155,300	128,090	135,140	176,120	7.0%	30.3%
GS3 (%)	3.93	3.69	3.85	3.94	3.80	-13bps	-14bps
NS3 (%)	2.00	1.84	1.91	1.89	1.82	-18bps	-7bps
PCR (%)	50.10	51.77	51.44	53.01	53.01	291bps	0bps
ROA (calculated; %)	2.83	1.71	1.56	1.65	2.29	-54bps	65bps
ROE (calculated; %)	19.19	11.54	9.82	9.82	13.84	-535bps	402bps

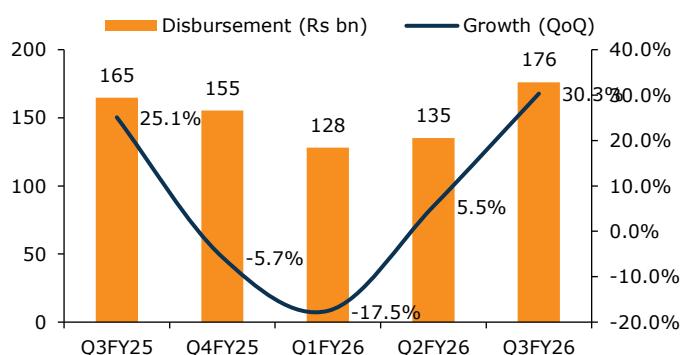
Source: Company, Emkay Research

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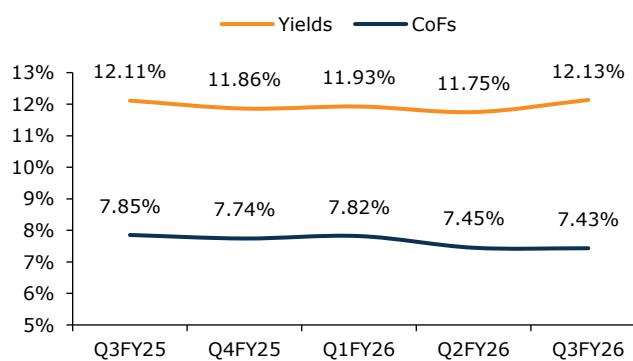
## Results in charts

**Exhibit 5: AUM growth adjusted for trade finance was ~5% QoQ**


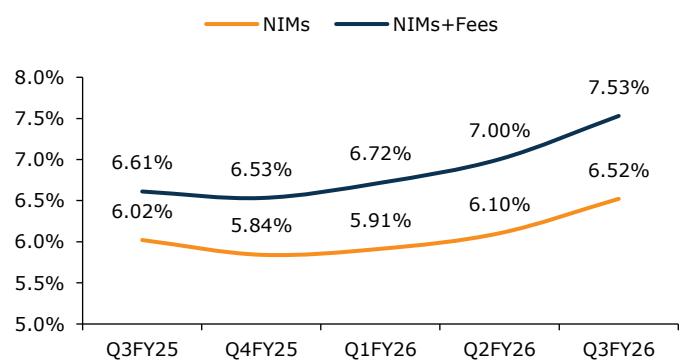
Source: Company, Emkay Research

**Exhibit 6: Strong disbursement in tractor and PV segments**


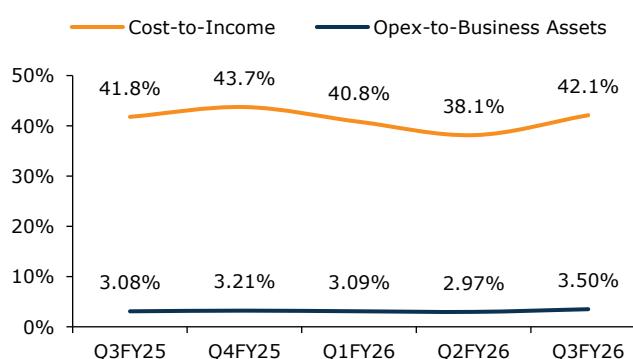
Source: Company, Emkay Research

**Exhibit 7: Yield improvement, led by lower trade finance and higher recoveries**


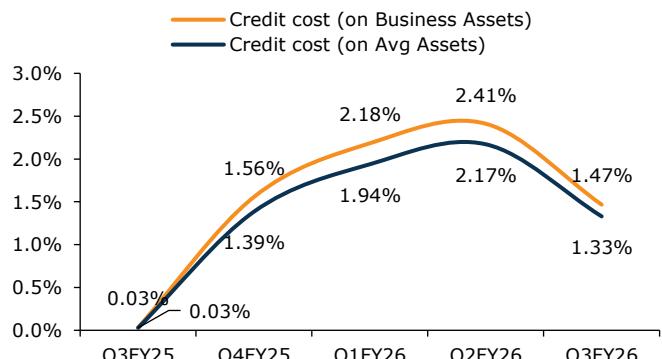
Source: Company, Emkay Research

**Exhibit 8: Margin improvement, driven by higher fee, dividend income, and moderating CoFs**


Source: Company, Emkay Research

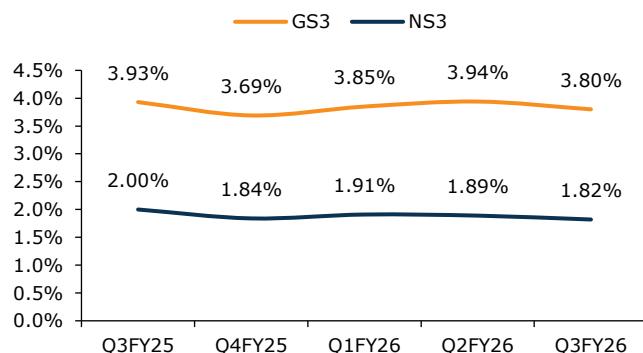
**Exhibit 9: One-time impact from the labor law led to higher opex**


Source: Company, Emkay Research

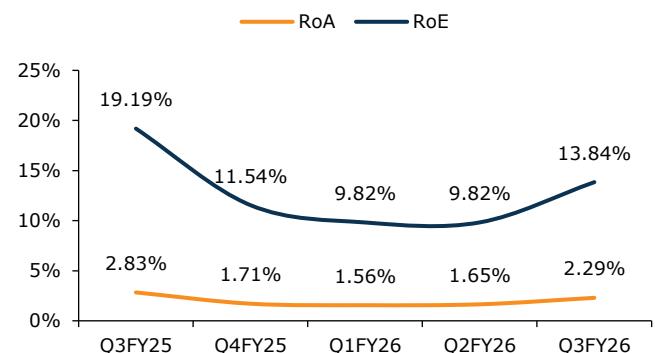
**Exhibit 10: Credit cost moderated on account of improving asset quality and ECL refresh**


Source: Company, Emkay Research

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**Exhibit 11: Asset quality improved, led better collection efficiency and technical write-offs**


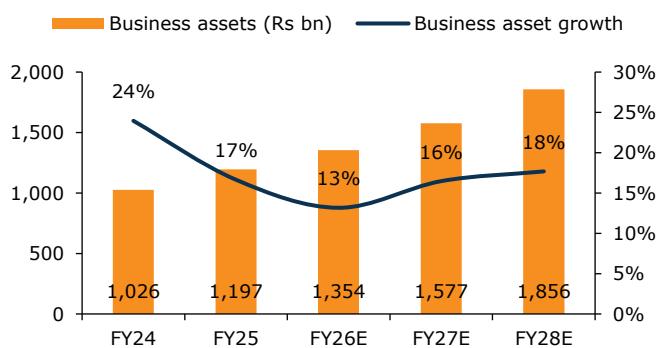
Source: Company, Emkay Research

**Exhibit 12: RoA/RoE expanded on account of better margins and credit cost**


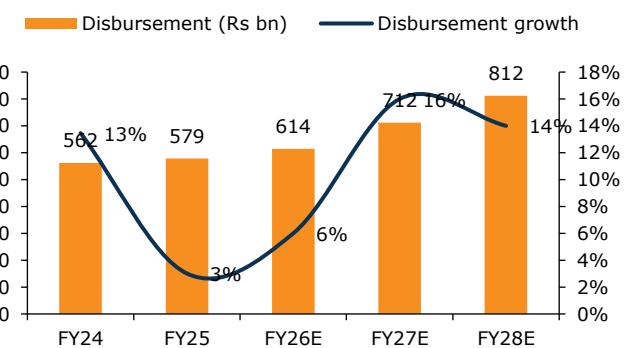
Source: Company, Emkay Research

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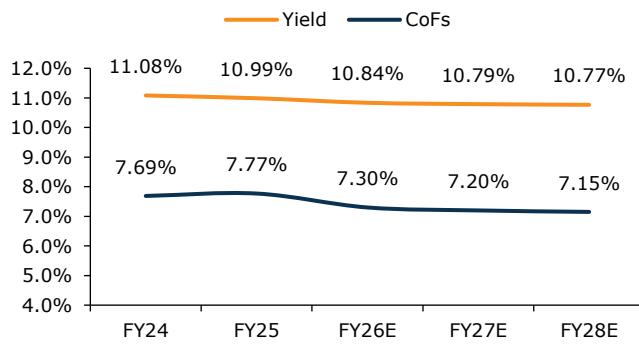
## Story in charts

**Exhibit 13: We expect AUM CAGR at 15% over FY25-28E**


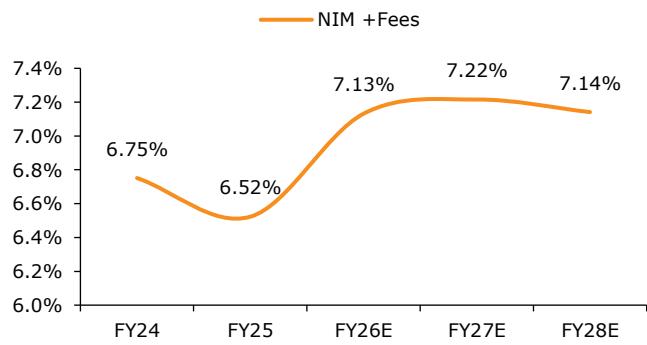
Source: Company, Emkay Research

**Exhibit 14: The management expects disbursement growth across product segments**


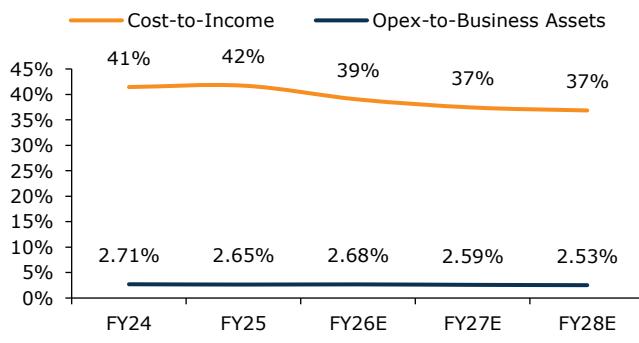
Source: Company, Emkay Research

**Exhibit 15: CoF to moderate on account of the RBI rate cut**


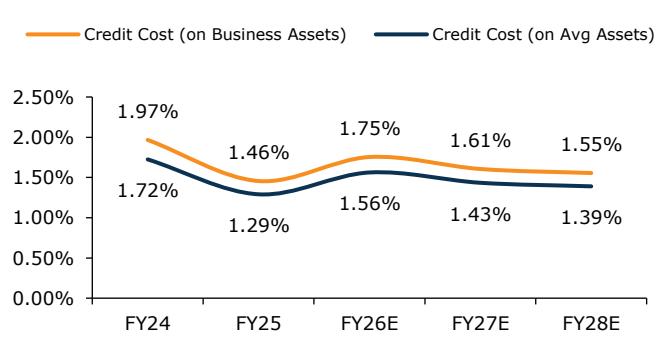
Source: Company, Emkay Research

**Exhibit 16: Margin improvement led by moderating CoFs and improving fee income**


Source: Company, Emkay Research

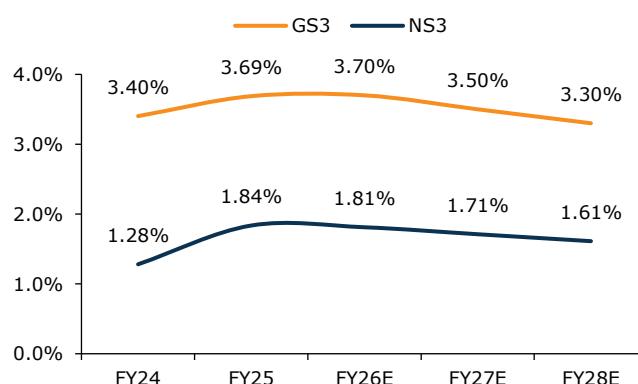
**Exhibit 17: Broadly stable opex ratio**


Source: Company, Emkay Research

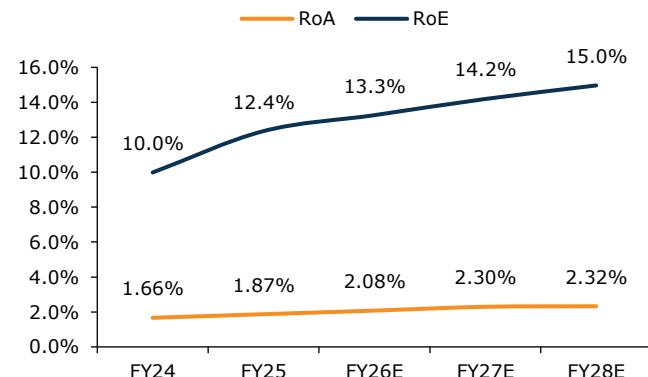
**Exhibit 18: Credit cost to remain range-bound and below 2%**


Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions.com)

**Exhibit 19: Stable asset quality**

Source: Company, Emkay Research

**Exhibit 20: Margin improvement and stable credit cost to result in RoA/RoE expansion**

Source: Company, Emkay Research

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## Management call highlights

- The multi-year capability-building initiative under Udaan is now complete. Investments made over the past few years are translating into tangible outcomes across sourcing, underwriting, collections, and frontline productivity.
- Asset quality remains stable. Gross Stage 3 has stayed below 4% for eight consecutive quarters, while GS2 + GS3 has been maintained below 10% over the same period, reinforcing confidence in portfolio resilience.
- The management indicated that with operating metrics stabilized and capabilities in place, it believes this is the right phase to pivot towards growth.
- The management stated that the transformation is complete, with 95% of channels on the new stack, driving strong acquisition and collections. Legacy systems have been retired, enabling paperless onboarding, omnichannel branches, and AI-enabled CPC back-offices to improve efficiency.
- On business performance, the management stated that Q3 disbursements were the highest ever for a third quarter, supported by GST cuts and resilient rural demand. Tractor disbursements grew ~65% YoY, reinforcing the company's leadership position in tractor finance. PV and CV segments reported unit growth; however, disbursement growth was moderated due to lower average ticket sizes, as the company maintained conservative LTV discipline and recalibrated ticket sizes, particularly in CVs amid emerging stress in parts of the segment. The used vehicle portfolio continues to grow selectively, with an emphasis on risk-adjusted returns.
- The management indicated that profitability continues to trend in the right direction, with Q3 ROA at 2.5% and 9MFY26 ROA at 1.9%, reinforcing confidence in achieving the near-term 2% ROA milestone and gradually scaling to 2.5% ROA and an ROE of ~15%.
- On margins, the management highlighted that Q3 NIM of 7.5% benefited partly from one-offs, while the 9MFY26 NIM of 7.1% is a more representative indicator of the sustainable run rate. Incremental cost of funds has declined, helping offset competitive pressures, and margins are expected to be stable from here.
- Operating expenses are expected to remain at 2.5–2.8% of average assets. The management noted that near-term opex will reflect investments in newer businesses, while mature segments are expected to deliver operating leverage over time.
- GS3 declined by 14bps QoQ and GS2 improved by ~38bps QoQ, underpinning the management's confidence in sustaining credit costs within the 1.5–1.7% range over the cycle.
- The management confirmed that the annual ECL model refresh was completed in Q3, incorporating more granular product-level PD and LGD assumptions and a longer LGD observation window aligned with industry practice. While LGD recalibration resulted in a lower PCR, the benefit was not recognized in the P&L. Instead, the management retained the benefit as a management overlay of ~Rs6.35bn, reflecting a conservative stance. Any improvement in credit costs from stock movement has also been parked as overlay rather than taken to earnings, and the focus will be on GS2+GS3.
- On diversification, the management noted that the MSME portfolio has reached ~Rs80bn AUM, with the current focus on capability building, channel investments, and calibrated scaling. The housing subsidiary, MRHFL, has delivered stable performance over the last two quarters, and the management has initiated a full evaluation of the strategic merits of merging the housing business with MMFS as a part of its plan to scale the mortgage franchise in a cost-efficient manner.
- The management guided for medium-term loan growth in the mid-teens, with tractors expected to remain a key growth driver, alongside gradual scaling in MSME and mortgages. By FY30, the management expects the wheels portfolio to reduce to ~70% of AUM from ~88%, driven by diversification into non-wheels segments. The branch network of ~1,400 branches continues to provide expansion and productivity headroom, supporting sustainable long-term asset growth.

This report is intended for Team White Marque Solutions (teamwhite@whitemarquesolutions.com)

## Mahindra Finance: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	131,088	153,314	174,048	199,286	232,549
Interest Expense	64,269	78,983	84,698	95,438	112,232
<b>Net interest income</b>	<b>66,818</b>	<b>74,331</b>	<b>89,350</b>	<b>103,848</b>	<b>120,318</b>
NII growth (%)	9.4	11.2	20.2	16.2	15.9
Non interest income	4,537	7,433	12,790	14,565	16,843
<b>Total income</b>	<b>71,355</b>	<b>81,764</b>	<b>102,140</b>	<b>118,413</b>	<b>137,161</b>
Operating expenses	29,572	34,113	39,845	44,321	50,535
<b>PPOP</b>	<b>41,783</b>	<b>47,651</b>	<b>62,295</b>	<b>74,093</b>	<b>86,626</b>
PPOP growth (%)	11.4	14.0	30.7	18.9	16.9
Provisions & contingencies	18,228	16,179	22,372	23,531	26,695
<b>PBT</b>	<b>23,555</b>	<b>31,473</b>	<b>39,924</b>	<b>50,562</b>	<b>59,931</b>
Extraordinary items	0	0	0	0	0
Tax expense	5,959	8,022	10,176	12,888	15,276
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
<b>Reported PAT</b>	<b>17,596</b>	<b>23,450</b>	<b>29,747</b>	<b>37,674</b>	<b>44,655</b>
PAT growth (%)	(11.3)	33.3	26.9	26.6	18.5
<b>Adjusted PAT</b>	<b>17,596</b>	<b>23,450</b>	<b>29,747</b>	<b>37,674</b>	<b>44,655</b>
<b>Diluted EPS (Rs)</b>	<b>14.3</b>	<b>19.0</b>	<b>21.4</b>	<b>27.1</b>	<b>32.1</b>
Diluted EPS growth (%)	(11.4)	33.2	12.8	26.6	18.5
<b>DPS (Rs)</b>	<b>6.3</b>	<b>6.5</b>	<b>5.4</b>	<b>5.4</b>	<b>6.4</b>
<b>Dividend payout (%)</b>	<b>44.2</b>	<b>34.2</b>	<b>25.0</b>	<b>20.0</b>	<b>20.0</b>
Effective tax rate (%)	25.3	25.5	25.5	25.5	25.5
Net interest margins (%)	6.8	6.5	7.1	7.2	7.1
Cost-income ratio (%)	41.4	41.7	39.0	37.4	36.8
PAT/PPOP (%)	42.1	49.2	47.8	50.8	51.5
Shares outstanding (mn)	1,234.4	1,235.0	1,389.4	1,389.4	1,389.4

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	2,469	2,470	2,779	2,779	2,779
Reserves & surplus	179,106	195,650	247,613	277,752	313,476
<b>Net worth</b>	<b>181,575</b>	<b>198,120</b>	<b>250,392</b>	<b>280,531</b>	<b>316,255</b>
<b>Borrowings</b>	<b>922,252</b>	<b>1,110,880</b>	<b>1,209,748</b>	<b>1,441,449</b>	<b>1,698,075</b>
<b>Other liabilities &amp; prov.</b>	<b>47,765</b>	<b>46,480</b>	<b>48,804</b>	<b>51,244</b>	<b>53,806</b>
<b>Total liabilities &amp; equity</b>	<b>1,151,592</b>	<b>1,355,480</b>	<b>1,508,944</b>	<b>1,773,224</b>	<b>2,068,136</b>
Net loans	991,952	1,162,140	1,314,944	1,533,456	1,806,463
Investments	96,508	104,000	114,400	125,840	138,424
Cash, other balances	26,891	55,360	42,388	72,998	78,044
<b>Interest earning assets</b>	<b>1,115,351</b>	<b>1,321,500</b>	<b>1,471,732</b>	<b>1,732,294</b>	<b>2,022,931</b>
Fixed assets	8,111	8,770	10,086	11,598	13,338
Other assets	28,130	25,210	27,127	29,332	31,867
<b>Total assets</b>	<b>1,151,592</b>	<b>1,355,480</b>	<b>1,508,944</b>	<b>1,773,224</b>	<b>2,068,136</b>
BVPS (Rs)	147.1	160.4	180.2	201.9	227.6
Adj. BVPS (INR)	147.1	160.4	180.2	201.9	227.6
Gross loans	1,025,970	1,196,730	1,354,303	1,577,386	1,856,267
<b>Total AUM</b>	<b>1,185,602</b>	<b>1,390,330</b>	<b>1,580,019</b>	<b>1,841,652</b>	<b>2,156,016</b>
On balance sheet	1,025,970	1,196,730	1,354,303	1,577,386	1,856,267
Off balance sheet	159,632	193,600	225,716	264,266	299,749
Disbursements	562,080	579,000	613,740	711,938	811,610
Disbursements growth (%)	13.5	3.0	6.0	16.0	14.0
Loan growth (%)	24.8	17.2	13.1	16.6	17.8
AUM growth (%)	24.0	16.6	13.2	16.5	17.7
Borrowings growth (%)	23.1	20.5	8.9	19.2	17.8
Book value growth (%)	6.2	9.1	12.3	12.0	12.7

Source: Company, Emkay Research

Asset quality and other metrics					
Y/E Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>Asset quality</b>					
GNPL - Stage 3	34,910	44,140	50,109	55,209	61,257
NNPL - Stage 3	12,860	21,560	24,052	26,500	29,403
GNPL ratio - Stage 3 (%)	3.4	3.7	3.7	3.5	3.3
NNPL ratio - Stage 3 (%)	1.3	1.8	1.8	1.7	1.6
ECL coverage - Stage 3 (%)	63.2	51.2	52.0	52.0	52.0
ECL coverage - 1 & 2 (%)	1.2	1.0	1.0	1.0	1.0
Gross slippage - Stage 3	-	-	-	-	-
Gross slippage ratio (%)	-	-	-	-	-
Write-off ratio (%)	2.1	1.5	1.5	1.4	1.3
Total credit costs (%)	2.0	1.5	1.8	1.6	1.6
NNPA to networth (%)	7.1	10.9	9.6	9.4	9.3
<b>Capital adequacy</b>					
Total CAR (%)	18.9	18.3	20.0	19.3	18.8
Tier-1 (%)	16.4	15.2	17.5	16.8	16.3
<b>Miscellaneous</b>					
Total income growth (%)	10.1	14.6	24.9	15.9	15.8
Opex growth (%)	8.4	15.4	16.8	11.2	14.0
PPOP margin (%)	3.8	3.7	4.2	4.3	4.3
Credit costs-to-PPOP (%)	43.6	34.0	35.9	31.8	30.8
Loan-to-Assets (%)	86.1	85.7	87.1	86.5	87.3
Yield on loans (%)	14.1	13.8	13.6	13.6	13.5
Cost of funds (%)	7.7	7.8	7.3	7.2	7.1
Spread (%)	6.5	6.0	6.3	6.4	6.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	26.0	19.5	17.3	13.7	11.5
P/B (x)	2.5	2.3	2.1	1.8	1.6
P/ABV (x)	2.5	2.3	2.1	1.8	1.6
P/PPOP (x)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	1.7	1.8	1.4	1.5	1.7
<b>Dupont-RoE split (%)</b>					
NII/avg AUM	6.1	5.8	6.0	6.1	6.0
Other income	0.4	0.6	0.9	0.9	0.8
Securitization income	0	0	0	0	0
Opex	1.1	1.2	1.2	1.2	1.1
Employee expense	1.6	1.5	1.5	1.4	1.4
<b>PPOP</b>	<b>3.8</b>	<b>3.7</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>
Provisions	1.7	1.3	1.5	1.4	1.3
Tax expense	0.5	0.6	0.7	0.8	0.8
<b>RoAUM (%)</b>	<b>1.6</b>	<b>1.8</b>	<b>2.0</b>	<b>2.2</b>	<b>2.2</b>
Leverage ratio (x)	6.2	6.8	6.6	6.4	6.7
<b>RoE (%)</b>	<b>10.0</b>	<b>12.4</b>	<b>13.3</b>	<b>14.2</b>	<b>15.0</b>
<b>Quarterly data</b>					
Rs mn, Y/E Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
NII	19,113	19,276	20,122	21,116	23,045
NIM (%)	6.6	6.5	6.7	7.0	7.5
PPOP	12,217	12,128	13,530	14,989	15,403
PAT	8,995	5,631	5,295	5,693	8,104
EPS (Rs)	7.28	4.56	3.81	4.10	5.83

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions.com)

## RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
06-Jan-26	374	300	Reduce	Avinash Singh
29-Oct-25	317	280	Reduce	Avinash Singh
06-Oct-25	284	260	Reduce	Avinash Singh
23-Jul-25	259	260	Reduce	Avinash Singh
07-Jul-25	268	260	Reduce	Avinash Singh
20-Jun-25	263	280	Reduce	Avinash Singh
05-Jun-25	263	280	Reduce	Avinash Singh
23-Apr-25	263	280	Reduce	Avinash Singh
10-Apr-25	251	280	Reduce	Avinash Singh
03-Apr-25	258	280	Reduce	Avinash Singh
27-Feb-25	274	360	Buy	Avinash Singh
29-Jan-25	263	360	Buy	Avinash Singh
06-Jan-25	264	360	Buy	Avinash Singh
05-Dec-24	279	360	Buy	Avinash Singh
23-Oct-24	260	360	Buy	Avinash Singh
18-Oct-24	283	360	Buy	Avinash Singh
04-Oct-24	292	280	Reduce	Avinash Singh
01-Oct-24	321	270	Reduce	Avinash Singh
02-Sep-24	314	270	Reduce	Avinash Singh
20-Aug-24	295	270	Reduce	Avinash Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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