

## Financials - NBFCs

### Result Preview



#### Company

Aavas Financiers
Bajaj Finance
Can Fin Homes
Chola Inv. & Fin.
CreditAccess Grameen
Five Star Business Finance
Fusion Microfinance
HomeFirst
IIFL Finance
L&T Finance Holdings
LIC Housing Finance
M&M Financial Services
Manappuram Finance
MAS Financial Services
Muthoot Finance
PNB Housing Finance
Poonawalla Fincorp
Power finance Corporation
Repco Home Finance
Rural Electrification Corporation
Shriram Finance
Spandana Sphoorty

### Demand trends soft; seasonal weakness visible in asset quality

#### Limited benefit on MCLR borrowings; expect margin benefits from next quarter

- Demand momentum exhibits mixed trends:** We expect ~10% YoY growth in AUM for our coverage HFCs, including both affordable and large HFCs. Vehicle financiers are projected to report ~18% YoY AUM growth. Gold lenders (despite the weakness in MFI growth) are likely to record ~29% YoY growth (primarily driven by ~43% YoY growth in MUTH). NBFC-MFI AUM is estimated to decline ~22% YoY, while diversified lenders are anticipated to deliver ~24% YoY growth. For our NBFC coverage universe, we estimate a loan growth of ~16% YoY/~4% QoQ as of Jun'25. During the quarter, loan growth exhibited mixed trends across segments: 1) Gold financiers saw *very strong* growth, 2) MFIs (except CREDAI) reported a decline in AUM due to muted disbursements, 3) Vehicle finance growth moderated slightly due to seasonality and weak auto industry volumes, and 4) Home loan disbursements for large HFCs remained relatively weak since they had to let go of some business amid price competition from banks.
- Lag in transmission of MCLR rate cuts; marginal reduction in borrowing costs:** CoB for most NBFCs has seen a very minor sequential decline because of the repricing of EBLR borrowings. The transmission through bank MCLR has been limited, as not all banks have reduced their MCLR rates. Even among those that have, the benefit to NBFCs has been marginal at only ~10-15 bps. A more meaningful transmission of policy rate cuts through MCLR cuts for NBFCs is likely to begin from Jul'25. NIM trends for NBFCs are expected to be mixed this quarter, varying across sub-segments. Large HFCs and gold financiers are likely to witness margin compression, while affordable HFCs and vehicle financiers would see slight NIM expansion driven by segment-specific nuances. VFs are expected to report healthy NIM expansion in 2HFY26.
- Weak macro resulting in sustained asset quality weakness; credit costs elevated across the board:** In addition to the weak seasonality of 1Q, macro weakness had a bigger role to play in the asset quality weakness witnessed during the quarter. The stress in Karnataka remains elevated and is now anticipated to normalize by the end of 2QFY26 (vs. the earlier expectation of end-1QFY26). For MFIs, credit costs are likely to moderate sequentially, having peaked in 4QFY25; however, they are expected to remain elevated through 1HFY26 and will normalize only in 2HFY26. Asset quality for HFCs (including affordable HFCs) remains broadly stable, apart from the minor seasonal weakness typically observed during the quarter. For Power financiers, there were no new slippages or stressed asset resolutions during the quarter. Credit costs for vehicle financiers are slightly higher than our earlier expectations, driven by broad-based weakness in asset quality.
- Earnings likely to grow ~8% YoY but decline 2% QoQ for our coverage universe:** We estimate ~14%/13%/8% YoY growth in NII/PPoP/PAT in 1QFY26 for our NBFC coverage universe. Excluding NBFC-MFI, we estimate ~12% YoY growth in PAT for our coverage universe. Our preference is for Housing Financiers, including select affordable HFCs and diversified lenders (who have navigated the

unsecured credit cycle and are now looking to grow their unsecured loan book again). Our top picks in the sector are: SHFL, Home First, PNBHF, and LTFH.

### Affordable HFCs doing better on NIM compared to their large counterparts

- Large HFCs are facing heightened competition, particularly from PSU banks that are offering home loans at significantly lower rates. Given their inability to match these rates without compromising yields, many large HFCs are opting to forego such business. Large HFCs are expected to report NIM compression, driven by declining yields amidst intensifying competition, while benefits on the liabilities book (ones that are MCLR-linked ) have remained limited.
- Despite a 100bp repo rate cut by the RBI, most affordable HFCs did not make any changes to their PLR rates until Jun'25. As a result, affordable HFCs are likely to witness margin expansion, supported by some benefits in their CoB.
- Asset quality for HFCs remains largely stable, but for the typical seasonal flows seen in 1Q. Credit costs are expected to remain benign.
- For LICHF, we expect credit costs at ~20bp (vs. ~15bp in 4QFY25). Margins are likely to dip ~5bp QoQ. We expect LICHF to report ~8% YoY growth in loans.
- We forecast HomeFirst to report a ~12% YoY growth in disbursements, leading to a healthy AUM growth of ~29% YoY. We expect NIMs to expand for HomeFirst primarily due to a decline in leverage driven by capital raise. Aavas is likely to report NIM expansion of ~5bp QoQ. Asset quality for both HomeFirst and Aavas could exhibit seasonal weakness, but credit costs will remain benign.
- We estimate PNBHF to deliver a ~16%-17% YoY growth in total loan book as of Jun'25. For PNBHF, we expect NIM to contract ~5bp QoQ. Asset quality improvement and recoveries from the written-off pool in both Retail/Corporate could potentially again result in provision write-backs (like in the prior quarters).
- For Five Star, loan growth and disbursements remain subdued, as the company has consciously chosen to adopt a cautious stance amid ongoing asset quality and collection trends. The stress in Karnataka continues to be more pronounced for Five Star, with normalization expected in 2HFY26. We expect disbursements to remain flat YoY, translating into ~20%-21% YoY growth in AUM. NIMs are likely to contract ~50bp QoQ, driven by ~200bp cut in lending rates implemented by the company from Nov'24. We expect a deterioration in asset quality, which would lead to a rise in credit costs to ~100bp (vs. ~70bp in 4QFY25).

### Vehicle Finance – loan growth remains weak; credit costs to inch up QoQ

- MMFS reported disbursements of ~INR128b in 1QFY26 (up ~1% YoY), leading to business assets growing by ~15% YoY. We expect credit costs (as % of avg. loans) for MMFS to be at ~2% in 1QFY26 (vs. 1.6% in 4QFY25). MMFS also reported deterioration of ~50-60bp QoQ in 30+ dpd.
- For CIFIC and SHTF, we expect a disbursement growth of 2%/17% YoY, which should translate into ~23%/17% YoY growth in AUM for CIFIC/SHTF as of Jun'25. Disbursements were largely flat YoY for CIFIC because the company has stopped doing fintech-originated CSEL, supply chain financing, and flexi loans.
- We estimate NIM expansion for vehicle financiers in FY26, driven by a decline in CoB and a fixed-rate vehicle finance book. Vehicle financiers faced seasonal asset quality deterioration this quarter, which is expected to result in sequentially higher credit costs.

- The broad industry trends remain challenging, particularly in the CV segment. While volumes in the HCV segment are declining, the LCV segment is performing relatively better. The entry-level PV segment also remains weak, with 2W and tractors being the only segments showing relatively better performance from an overall auto industry standpoint.

#### **Gold Finance – robust gold loan growth but with NIM compression**

- We expect gold loan financiers to deliver very strong gold loan growth (partly driven by tonnage growth and partly by an increase in portfolio LTV) in 1QFY26. While we expect MGFL to have delivered ~24% YoY gold loan growth, the drag from its MFI and CV business would keep consolidated loan growth muted at just ~2% YoY. We expect ~43% YoY gold loan growth for MUTH.
- Gold financiers are likely to witness NIM compression this quarter, driven by a moderation in lending yields. We expect margins to contract ~40bp QoQ for MUTH and ~15bp QoQ for MGFL.
- While credit costs peaked in 4QFY25 for both Asirvad and Belstar, they are expected to remain elevated over the next two quarters, with normalization likely only in 2HFY26.

#### **MFIs – credit costs decline sequentially but will remain elevated**

- Disbursements remained muted across all MFIs (except CREDAG). We expect the loan book to de-grow for Fusion and Spandana, while CREDAG's GLP has largely remained flat QoQ. We expect AUM to decline ~11%/22% QoQ for Fusion/Spandana in 1QFY26.
- The impact of the Karnataka ordinance is yet to fully normalize, with lingering stress still evident in the state. Normalization is now anticipated by 2QFY26, a slight delay from the earlier estimate of 1QFY26. We expect credit costs to remain elevated for the next two quarters, a major proportion of which will be contributed by write-offs that had slipped over Jan-Apr'25. We estimate *annualized* credit costs of ~8%/~7%/36% for CREDAG/Fusion/Spandana in this quarter.
- A trend reversal is on the horizon in the MFI sector and is likely to play out over the next couple of quarters, with the sector likely nearing normalization by 2HFY26. That said, we strongly believe that the upcoming three months present an opportunity to separate high-quality franchises from weaker ones, with performance divergence across the MFI sector expected to be increasingly evident.

#### **Diversified Financiers – poised for stronger growth in unsecured segments; credit costs slightly higher due to seasonality**

- LTFH reported ~18% YoY/5% QoQ growth in retail loans. Since the company is not growing its wholesale segments (such as real estate and infrastructure), we expect the consolidated loan book to grow ~4% QoQ in 1QFY26. We anticipate credit costs to remain broadly stable QoQ at 2.6%.
- BAF reported AUM growth of ~25% YoY/6% QoQ. We estimate a ~7bp QoQ contraction in NIM for BAF with credit costs at ~205bp (v/s 197bp QoQ).
- Poonawalla posted AUM growth of ~53% YoY/16% QoQ with total AUM of INR413b. We expect credit costs to dip ~45bp QoQ to ~1.45% (vs. 1.9% in 4QFY25).
- For IIFL Finance, we expect strong growth in gold loan AUM to sustain and estimate gold loan book growth of ~25% QoQ. While we expect a sequential decline in its MFI AUM, it would still exhibit a ~7% QoQ growth in its consolidated AUM. We estimate a PAT of INR2.2b in 1QFY26 (vs. INR2.1b in 4QFY25).

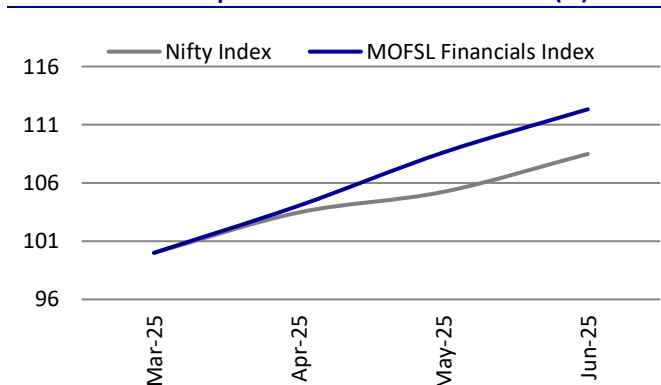
### Power Financiers – muted loan growth; asset quality to remain broadly stable

- Disbursements among power financiers showed mixed trends. REC is expected to report healthy disbursement growth, whereas disbursements for PFC are likely to remain muted. Asset quality is expected to remain stable/improve, since there were no new slippages or stressed asset resolutions in the quarter. TRN Energy has been restructured, and we expect the benefit to accrue in provision write-backs in 2QFY26. The final guidelines on project financing have been published by the RBI and will not lead to any material increase in provisioning requirements for either PFC or REC.
- For PFC, we expect disbursements to decline 47% QoQ, leading to loan book growth of ~16% YoY/1.4% QoQ. For REC, we expect disbursement growth of ~26% YoY, which could potentially result in loan book growth of ~10% YoY/2.4% QoQ.

**Exhibit 1: Quarterly performance**

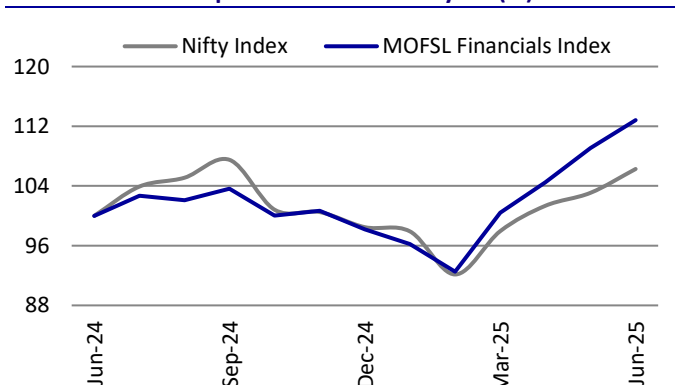
Name	CMP (INR)	Rating	NII (INR m)			Operating profit (INR m)			Net profit (INR m)		
			Jun-25	Variance YoY (%)	Variance QoQ (%)	Jun -25	Variance YoY (%)	Variance QoQ (%)	Jun -25	Variance YoY (%)	Variance QoQ (%)
AAVAS Financiers	2034	Neutral	2,829	15.7	4.6	1,981	16.9	-1.4	1,460	15.8	-5.0
Bajaj Finance	937	Neutral	1,02,517	22.6	4.5	84,300	21.3	5.8	46,297	18.3	1.8
Can Fin Homes	791	Neutral	3,513	9.3	0.8	2,995	7.1	1.7	2,162	8.3	-7.6
Chola. Inv & Fin.	1599	Buy	32,437	26.0	6.2	23,407	26.5	0.4	11,284	19.8	-10.9
CreditAccess	1256	Buy	9,047	-2.4	3.2	6,550	-7.7	3.3	842	-78.8	78.3
Five-Star Business	763	Buy	5,748	19.0	2.7	3,914	10.3	-1.3	2,703	7.5	-3.1
Fusion Finance	200	Neutral	2,711	-31.9	0.7	915	-69.3	1.6	-434	22.0	-73.6
Home First Fin.	1322	Buy	2,009	37.2	16.4	1,596	34.1	9.6	1,152	31.3	10.1
IIFL Finance	469	Buy	13,740	-4.5	4.6	9,363	36.1	42.2	2,201	-23.6	6.0
L&T Finance	208	Buy	21,691	3.2	0.9	15,677	6.8	10.1	7,030	2.6	10.6
LIC Housing Fin	612	Neutral	21,689	9.0	0.1	18,819	6.2	0.2	13,758	5.8	0.6
M & M Financial	267	Buy	20,050	12.4	4.0	13,176	16.1	8.6	5,313	3.6	-5.7
Manappuram Finance	278	Neutral	14,480	-5.8	0.3	6,793	-30.8	-0.6	-631	-111.3	-68.9
MAS Financial	310	Buy	1,635	32.2	0.6	1,541	30.2	1.7	832	18.2	3.0
Muthoot Finance	2643	Neutral	31,610	37.1	8.9	24,217	41.2	12.8	16,953	57.2	12.4
PFC	424	Buy	48,474	12.0	-18.0	54,258	17.9	-17.1	43,843	17.9	-14.2
PNB Housing	1103	Buy	7,415	15.5	1.9	6,406	18.1	-0.9	5,057	16.8	-8.1
Poonawalla Fincorp	464	Buy	6,818	18.3	11.7	2,805	-35.1	17.6	1,051	-64.0	68.6
REC	401	Buy	54,106	15.9	-12.2	52,658	9.7	-14.6	41,264	19.9	-2.6
Repco Home Fin	439	Neutral	1,754	4.6	2.7	1,346	-2.5	2.9	1,021	-3.1	-11.1
Shriram Finance	696	Buy	58,228	11.3	4.6	43,388	12.6	0.1	20,681	4.4	-3.3
Spandana Sphoorty	281	Buy	1,409	-67.5	-31.3	-155	-105.4	-161.5	-3,466	-722.2	-20.2
<b>NBFC</b>			<b>4,63,909</b>	<b>13.73</b>	<b>-0.8</b>	<b>3,75,951</b>	<b>13.0</b>	<b>-1.9</b>	<b>2,20,374</b>	<b>8.0</b>	<b>-1.6</b>

**Exhibit 2: Relative performance — three months (%)**



Source: Bloomberg, MOFSL

**Exhibit 3: Relative performance — one year (%)**



Source: Bloomberg, MOFSL

**Exhibit 4: EPS estimate changes for FY26/FY27**

Company	Old Estimates		New Estimates		Change (%)	
	FY26	FY27	FY26	FY27	FY26	FY27
AAVAS	86.6	102.7	85.2	101.0	-1.6	-1.6
BAF	33.9	42.5	33.4	42.4	-1.5	-0.3
CANF	70.4	79.9	69.1	78.9	-1.8	-1.2
CIFC	63.7	82.4	63.7	81.6	0.1	-1.0
CREDAG	54.7	103.3	58.1	105.2	6.1	1.8
Five Star Business	40.4	47.0	41.3	46.9	2.1	-0.2
FUSION	13.2	25.5	3.8	18.3	-71.1	-28.3
HomeFirst	51.4	62.8	50.7	64.4	-1.5	2.5
IIFL Fin	37.8	49.5	40.8	54.2	7.9	9.4
LTFH	12.4	16.0	12.5	16.5	0.9	2.7
LICHF	95.7	102.9	95.7	102.7	-0.1	-0.1
MMFSL	20.2	25.0	20.2	25.0	-0.2	-0.1
MASFIN	21.0	25.9	20.2	25.7	-3.8	-0.7
Muthoot	171.3	193.0	177.9	211.0	3.8	9.4
MGFL	21.5	26.0	12.6	23.8	-41.3	-8.2
PNBHF	87.8	102.9	87.8	102.1	0.0	-0.8
PFC	54.7	60.9	56.9	60.1	4.1	-1.3
PFL	12.6	22.7	12.8	22.7	1.9	-0.0
REC	66.4	73.6	66.2	73.2	-0.2	-0.6
REPCO	69.6	74.9	67.5	73.9	-3.0	-1.4
SHFL	52.9	62.7	51.2	61.0	-3.1	-2.8
SPANDANA	-21.0	28.5	-116.7	23.3	-	-18.2

**Exhibit 5: Margin trends for MOFSL NBFC Coverage Universe (%)**

Name of the company	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	YoY (bp)	QoQ (bp)
AAVAS	6.9	6.6	6.7	6.9	6.9	3	5
BAF	9.8	9.7	9.7	9.6	9.6	-21	-7
CANF	3.6	3.8	3.7	3.7	3.6	0	-5
CIFC	6.8	6.8	6.8	6.8	6.9	5	9
CRE DAG	14.0	14.5	13.8	13.8	13.9	-7	10
Five Star	19.3	19.4	19.5	19.4	18.9	-43	-51
Fusion	15.0	15.1	9.1	12.2	13.4	-166	114
HomeFirst	5.8	5.2	4.9	5.1	5.2	-57	12
IIFL Fin	7.7	7.8	7.1	7.0	6.6	-118	-45
LTHF	11.2	11.2	10.8	10.0	10.2	-95	17
LIC HF	2.8	2.7	2.7	2.9	2.8	3	-6
MMFSL	6.8	6.6	6.7	6.6	6.6	-19	7
MGFL	14.5	14.8	14.4	13.5	13.3	-118	-15
MASFIN	6.8	7.2	7.2	7.6	7.5	71	-6
Muthoot	11.8	11.8	11.9	11.7	11.3	-53	-42
PNBHF	3.6	3.6	3.6	3.7	3.6	7	-6
PFC	3.6	3.6	3.8	4.6	3.6	6	-99
PFL	10.0	9.2	9.3	8.0	7.7	-228	-34
REC	3.5	3.7	3.7	4.3	3.7	18	-59
REPCO	5.4	5.4	5.6	5.3	5.3	-12	-1
SFL	9.1	9.2	9.0	8.6	8.7	-44	9
Spandana	15.9	14.0	13.1	12.3	11.0	-492	-132



The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

## Aavas Financiers

Neutral

**CMP: INR2,034 | TP: INR2,065 (+2%)**
**EPS CHANGE (%): FY26|27: -1.6|-1.6**

- AUM/disbursements are likely to grow ~17%/1% YoY.
- We expect NIM to expand ~5bp QoQ. Upfront assignment income is estimated at ~INR510m.
- Asset quality is expected to remain largely stable, and credit costs are likely to remain benign.
- Commentaries on loan growth and margin trajectory are the key monitorables.

### Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	4,797	4,906	5,121	5,353	5,529	5,651	5,857	6,157	20,177	23,194
Interest Expenses	2,352	2,489	2,587	2,647	2,700	2,738	2,848	3,019	10,075	11,305
<b>Net Income</b>	<b>2,446</b>	<b>2,418</b>	<b>2,533</b>	<b>2,705</b>	<b>2,829</b>	<b>2,913</b>	<b>3,009</b>	<b>3,138</b>	<b>10,102</b>	<b>11,889</b>
YoY Growth (%)	8	9	15	14	16	20	19	16	11	18
Other income	628	898	859	1,022	830	931	1,003	1,116	3,407	3,881
<b>Total Income</b>	<b>3,074</b>	<b>3,316</b>	<b>3,392</b>	<b>3,728</b>	<b>3,659</b>	<b>3,844</b>	<b>4,012</b>	<b>4,254</b>	<b>13,509</b>	<b>15,769</b>
YoY Growth (%)	10	13	16	15	19	16	18	14	13	17
Operating Expenses	1,379	1,368	1,447	1,719	1,678	1,701	1,719	1,728	5,912	6,826
YoY Growth (%)	3	5	7	20	22	24	19	1	9	15
<b>Operating Profits</b>	<b>1,695</b>	<b>1,948</b>	<b>1,945</b>	<b>2,009</b>	<b>1,981</b>	<b>2,143</b>	<b>2,293</b>	<b>2,526</b>	<b>7,597</b>	<b>8,943</b>
YoY Growth (%)	16	19	23	10	17	10	18	26	17.1	17.7
Provisions	86	48	61	76	90	72	76	97	271	335
<b>Profit before Tax</b>	<b>1,609</b>	<b>1,900</b>	<b>1,884</b>	<b>1,932</b>	<b>1,891</b>	<b>2,071</b>	<b>2,217</b>	<b>2,429</b>	<b>7,326</b>	<b>8,608</b>
Tax Provisions	348	421	420	395	431	466	484	482	1,585	1,862
<b>Profit after tax</b>	<b>1,261</b>	<b>1,479</b>	<b>1,464</b>	<b>1,537</b>	<b>1,460</b>	<b>1,605</b>	<b>1,733</b>	<b>1,948</b>	<b>5,741</b>	<b>6,746</b>
YoY Growth (%)	15	22	26	8	16	9	18	27	17.0	17.5

## Bajaj Finance

Neutral

**CMP INR911 | TP: INR1,000 (+10%)**
**EPS CHANGE (%): FY26|27: -1.5|-0.3**

- BAF reported AUM growth of 25% YoY/ 6% QoQ.
- Margin is likely to contract ~5bp QoQ to ~9.60%.
- Credit costs are expected to decline ~20bp QoQ to ~2.1%.
- Commentaries on NIM trajectory and credit costs are the key monitorables.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	1,40,492	1,49,870	1,57,682	1,63,591	1,71,117	1,79,672	1,89,734	2,02,585	6,11,636	7,43,108
Interest expenses	56,839	61,493	63,856	65,520	68,599	71,755	75,199	77,202	2,47,708	2,92,755
<b>Net Interest Income</b>	<b>83,653</b>	<b>88,377</b>	<b>93,826</b>	<b>98,072</b>	<b>1,02,517</b>	<b>1,07,918</b>	<b>1,14,535</b>	<b>1,25,384</b>	<b>3,63,928</b>	<b>4,50,354</b>
YoY Growth (%)	24.5	22.8	22.6	22.4	22.6	22.1	22.1	27.8	23.0	23.7
Other Operating Income	20,531	21,084	22,901	21,096	23,053	23,971	26,121	24,596	85,612	97,741
<b>Net Income</b>	<b>1,04,185</b>	<b>1,09,461</b>	<b>1,16,727</b>	<b>1,19,168</b>	<b>1,25,570</b>	<b>1,31,889</b>	<b>1,40,656</b>	<b>1,49,980</b>	<b>4,49,540</b>	<b>5,48,095</b>
YoY Growth (%)	24.1	23.8	25.5	22.7	20.5	20.5	20.5	25.9	24.0	21.9
Operating Expenses	34,709	36,390	38,670	39,493	41,270	43,251	45,976	50,533	1,49,261	1,81,029
<b>Operating Profit</b>	<b>69,475</b>	<b>73,071</b>	<b>78,057</b>	<b>79,675</b>	<b>84,300</b>	<b>88,638</b>	<b>94,681</b>	<b>99,446</b>	<b>3,00,279</b>	<b>3,67,065</b>
YoY Growth (%)	25.3	25.2	27.1	24.3	21.3	21.3	21.3	24.8	25.5	22.2
Provisions and Cont.	16,847	19,091	20,433	23,289	21,990	22,633	22,142	22,089	79,660	88,854
<b>Profit before Tax</b>	<b>52,654</b>	<b>54,015</b>	<b>57,624</b>	<b>56,474</b>	<b>62,310</b>	<b>66,005</b>	<b>72,538</b>	<b>77,358</b>	<b>2,20,796</b>	<b>2,78,212</b>
Tax Provisions	13,534	13,877	14,572	11,018	16,014	17,095	18,787	19,047	53,002	70,944
<b>Net Profit</b>	<b>39,120</b>	<b>40,137</b>	<b>43,052</b>	<b>45,456</b>	<b>46,297</b>	<b>48,910</b>	<b>53,751</b>	<b>58,310</b>	<b>1,67,795</b>	<b>2,07,268</b>
YoY Growth (%)	13.8	13.0	18.3	18.9	18.3	21.9	24.9	28.3	16.0	23.7

## Can Fin Homes

Neutral

CMP INR791 | TP: INR850 (+7%)

EPS CHANGE (%): FY26|27: -1.8|-1.2

- Estimate loan book to grow ~9% YoY.
- Spreads are expected to remain stable QoQ at ~3.05%.
- Margin is expected to contract ~5bp QoQ to 3.65%.
- Commentaries on loan growth and outlook on NIM in a declining rate environment are the key monitorables.

### Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	9,242	9,553	9,803	9,829	9,951	10,071	10,222	10,498	38,426	40,742
Interest Expenses	6,027	6,155	6,356	6,343	6,439	6,464	6,561	6,715	24,882	26,179
<b>Net Interest Income</b>	<b>3,214</b>	<b>3,398</b>	<b>3,447</b>	<b>3,485</b>	<b>3,513</b>	<b>3,607</b>	<b>3,661</b>	<b>3,783</b>	<b>13,544</b>	<b>14,563</b>
YoY Growth (%)	12.7	7.3	4.8	6.3	9.3	6.2	6.2	8.5	7.6	7.5
Other income	70	74	58	168	77	90	82	177	370	425
<b>Total Income</b>	<b>3,284</b>	<b>3,472</b>	<b>3,506</b>	<b>3,653</b>	<b>3,590</b>	<b>3,696</b>	<b>3,742</b>	<b>3,960</b>	<b>13,915</b>	<b>14,988</b>
YoY Growth (%)	12.8	7.6	4.4	6.3	9.3	6.5	6.8	8.4	7.6	7.7
Operating Expenses	488	594	593	707	595	627	667	774	2,382	2,664
YoY Growth (%)	12.3	13.3	20.0	-1.7	21.9	5.6	12.5	9.5	9.6	11.8
<b>Operating Profits</b>	<b>2,796</b>	<b>2,878</b>	<b>2,913</b>	<b>2,946</b>	<b>2,995</b>	<b>3,069</b>	<b>3,075</b>	<b>3,186</b>	<b>11,532</b>	<b>12,325</b>
YoY Growth (%)	12.9	6.5	1.7	8.4	7.1	6.6	5.6	8.1	7.2	6.9
Provisions	245	137	221	154	240	140	115	126	758	621
<b>Profit before Tax</b>	<b>2,551</b>	<b>2,741</b>	<b>2,691</b>	<b>2,792</b>	<b>2,755</b>	<b>2,929</b>	<b>2,960</b>	<b>3,060</b>	<b>10,775</b>	<b>11,704</b>
Tax Provisions	555	626	570	452	592	627	639	646	2,203	2,505
<b>Profit after tax</b>	<b>1,996</b>	<b>2,115</b>	<b>2,121</b>	<b>2,339</b>	<b>2,162</b>	<b>2,302</b>	<b>2,321</b>	<b>2,414</b>	<b>8,572</b>	<b>9,199</b>
YoY Growth (%)	8.8	33.8	6.0	11.9	8.3	8.9	9.4	3.2	14.2	7.3

## Cholamandalam Inv. & Fin.

Buy

CMP INR1,599 | TP: INR1,770 (+11%)

EPS CHANGE (%): FY26|27: 0.1|-1.0

- Estimate business AUM to grow at ~23% YoY.
- Margin is likely to expand ~10bp QoQ to 6.9%.
- Credit costs are expected to increase ~35bp QoQ to ~1.75%.
- Guidance on margins, loan growth, and asset quality of new businesses is expected to be closely monitored.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	53,695	57,680	61,587	64,180	67,068	69,550	72,819	76,189	2,37,200	2,85,626
Interest Expenses	27,957	30,551	32,718	33,623	34,632	35,324	36,384	37,389	1,24,849	1,43,729
<b>Net Interest Income</b>	<b>25,738</b>	<b>27,128</b>	<b>28,869</b>	<b>30,557</b>	<b>32,437</b>	<b>34,226</b>	<b>36,435</b>	<b>38,800</b>	<b>1,12,351</b>	<b>1,41,897</b>
YoY Growth (%)	39.7	34.6	33.0	29.8	26.0	26.2	26.2	27.0	34.0	26.3
Other Income	4,595	5,248	6,537	7,027	5,881	7,028	8,063	9,882	23,348	30,854
<b>Total Income</b>	<b>30,333</b>	<b>32,376</b>	<b>35,406</b>	<b>37,584</b>	<b>38,318</b>	<b>41,254</b>	<b>44,498</b>	<b>48,682</b>	<b>1,35,699</b>	<b>1,72,751</b>
YoY Growth (%)	42.6	36.8	37.2	29.0	26.3	27.4	25.7	29.5	35.9	27.3
Operating Expenses	11,834	13,155	14,130	14,269	14,911	16,312	17,662	18,632	53,388	67,518
<b>Operating Profit</b>	<b>18,499</b>	<b>19,221</b>	<b>21,276</b>	<b>23,315</b>	<b>23,407</b>	<b>24,941</b>	<b>26,836</b>	<b>30,050</b>	<b>82,311</b>	<b>1,05,234</b>
YoY Growth (%)	38.1	35.3	40.4	43.2	26.5	29.8	26.1	28.9	39.4	27.8
Provisions & Loan Losses	5,814	6,235	6,640	6,253	8,200	8,400	7,700	7,277	24,943	31,577
<b>Profit before Tax</b>	<b>12,685</b>	<b>12,986</b>	<b>14,636</b>	<b>17,062</b>	<b>15,207</b>	<b>16,541</b>	<b>19,136</b>	<b>22,772</b>	<b>57,369</b>	<b>73,656</b>
Tax Provisions	3,263	3,355	3,771	4,395	3,923	4,268	4,937	5,852	14,783	18,981
<b>Net Profit</b>	<b>9,422</b>	<b>9,631</b>	<b>10,865</b>	<b>12,667</b>	<b>11,284</b>	<b>12,274</b>	<b>14,199</b>	<b>16,920</b>	<b>42,585</b>	<b>54,676</b>
YoY Growth (%)	29.8	26.3	24.0	19.7	19.8	27.4	30.7	33.6	24.4	28.4



## CreditAccess Grameen Ltd.

Buy

CMP INR1,268 | | TP: INR1,500 (+18%)

EPS CHANGE (%): FY26|27: 6.1|1.8

- CREDAG reported flat AUM growth in 1QFY26.
- Margin is likely to expand ~10bp QoQ to 13.9%.

- Credit costs are projected to dip ~100bp QoQ to ~8.3%.
- Guidance on credit costs and GLP growth to be keenly monitored.

### CREDAG: Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	14,372	14,177	13,376	13,543	13,858	14,048	14,570	15,694	55,468	58,170
Interest Expenses	5,103	4,846	4,749	4,778	4,811	4,840	4,898	5,107	19,476	19,657
<b>Net Interest Income</b>	<b>9,268</b>	<b>9,331</b>	<b>8,628</b>	<b>8,765</b>	<b>9,047</b>	<b>9,208</b>	<b>9,672</b>	<b>10,587</b>	<b>35,992</b>	<b>38,514</b>
YoY Growth (%)	28.7	22.2	7.5	-0.5	-2.4	-1.3	12.1	20.8	13.6	7.0
Other Income	754	362	443	535	725	759	816	787	2,094	3,087
<b>Total Income</b>	<b>10,023</b>	<b>9,693</b>	<b>9,071</b>	<b>9,299</b>	<b>9,772</b>	<b>9,967</b>	<b>10,488</b>	<b>11,374</b>	<b>38,086</b>	<b>41,601</b>
YoY Growth (%)	27.5	17.7	6.2	-4.8	-2.5	2.8	15.6	22.3	10.7	9.2
Operating Expenses	2,929	2,972	2,841	2,959	3,222	3,301	3,375	3,557	11,702	13,455
<b>Operating Profit</b>	<b>7,093</b>	<b>6,721</b>	<b>6,229</b>	<b>6,340</b>	<b>6,550</b>	<b>6,666</b>	<b>7,113</b>	<b>7,817</b>	<b>26,384</b>	<b>28,146</b>
YoY Growth (%)	30	19	4	-7	-8	-1	14	23	10	7
Provisions & Loan Losses	1,746	4,202	7,519	5,829	5,421	5,313	2,656	2,386	19,295	15,776
<b>Profit before Tax</b>	<b>5,347</b>	<b>2,520</b>	<b>-1,289</b>	<b>511</b>	<b>1,129</b>	<b>1,353</b>	<b>4,457</b>	<b>5,431</b>	<b>7,089</b>	<b>12,370</b>
Tax Provisions	1,371	659	-294	39	287	344	1,132	1,330	1,775	3,092
<b>Net Profit</b>	<b>3,977</b>	<b>1,861</b>	<b>-995</b>	<b>472</b>	<b>842</b>	<b>1,009</b>	<b>3,325</b>	<b>4,101</b>	<b>5,314</b>	<b>9,277</b>
YoY Growth (%)	14.1	-46.4	-128.2	-88.1	-78.8	-45.8	-434.1	768.7	-63.2	74.6

## Five Star Business Finance

Buy

CMP INR770 | | TP: INR892 (+16%)

EPS CHANGE (%): FY26|27: 2.1|-0.2

- Estimate AUM growth of ~20% YoY.
- Margin is likely to contract ~50bp QoQ to 18.9%.

- Credit costs are projected to rise ~25bp QoQ to ~1%.
- Outlook on asset quality, guidance on loan growth, and credit costs are expected to be closely monitored.

### FIVE STAR BUSINESS: Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	6,411	6,793	7,112	7,347	7,604	7,946	8,304	8,703	27,663	32,558
Interest Expenses	1,582	1,631	1,714	1,753	1,856	1,940	2,056	2,190	6,680	8,043
<b>Net Interest Income</b>	<b>4,829</b>	<b>5,161</b>	<b>5,399</b>	<b>5,594</b>	<b>5,748</b>	<b>6,006</b>	<b>6,248</b>	<b>6,513</b>	<b>20,983</b>	<b>24,514</b>
YoY Growth (%)	31.4	29.6	28.3	21.2	19.0	16.4	15.7	16.4	27.3	16.8
Other Income	283	266	198	250	161	257	295	331	997	1,045
<b>Total Income</b>	<b>5,112</b>	<b>5,427</b>	<b>5,597</b>	<b>5,844</b>	<b>5,909</b>	<b>6,263</b>	<b>6,543</b>	<b>6,844</b>	<b>21,980</b>	<b>25,559</b>
YoY Growth (%)	32.0	30.3	26.8	21.4	15.6	15.4	16.9	17.1	27.3	16.3
Operating Expenses	1,565	1,627	1,713	1,880	1,995	2,169	2,319	1,767	6,785	8,250
<b>Operating Profit</b>	<b>3,547</b>	<b>3,800</b>	<b>3,884</b>	<b>3,964</b>	<b>3,914</b>	<b>4,095</b>	<b>4,224</b>	<b>5,077</b>	<b>15,196</b>	<b>17,309</b>
YoY Growth (%)	35.9	36.9	29.4	19.2	10.3	7.8	8.7	28.1	29.7	13.9
Provisions & Loan Losses	185	218	233	254	299	284	256	239	890	1,079
<b>Profit before Tax</b>	<b>3,362</b>	<b>3,582</b>	<b>3,651</b>	<b>3,711</b>	<b>3,614</b>	<b>3,810</b>	<b>3,968</b>	<b>4,838</b>	<b>14,306</b>	<b>16,230</b>
Tax Provisions	846	903	913	919	911	945	984	1,234	3,581	4,074
<b>Net Profit</b>	<b>2,516</b>	<b>2,679</b>	<b>2,739</b>	<b>2,791</b>	<b>2,703</b>	<b>2,865</b>	<b>2,984</b>	<b>3,604</b>	<b>10,725</b>	<b>12,156</b>
YoY Growth (%)	37	34	26	18	7	7	9	29	28.3	13.3

## Fusion Microfinance

Neutral

CMP INR190 | TP: INR210 (+11%)

EPS CHANGE (%): FY26|27: -71.1|-28.3

- Estimate AUM to decline ~ 35% YoY/11% QoQ.
- Annualized credit costs are projected at ~6.7% in 1QFY26.
- Margin is likely to expand ~110bp QoQ to ~13.4%.
- Guidance on credit costs, margins, and disbursement trajectory is expected to be closely monitored.

### Fusion: Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	6,213	6,261	4,382	4,487	4,307	4,135	3,846	3,756	21,342	16,044
Interest Expenses	2,234	2,274	2,137	1,794	1,597	1,421	1,329	1,319	8,439	5,666
<b>Net Interest Income</b>	<b>3,979</b>	<b>3,987</b>	<b>2,245</b>	<b>2,693</b>	<b>2,711</b>	<b>2,714</b>	<b>2,517</b>	<b>2,437</b>	<b>12,904</b>	<b>10,378</b>
YoY Growth (%)	34.6	30.4	-33.7	-25.4	-31.9	-31.9	12.1	-9.5	-0.8	-19.6
Other Income	854	776	443	273	231	351	600	988	2,347	2,170
<b>Total Income</b>	<b>4,833</b>	<b>4,764</b>	<b>2,688</b>	<b>2,966</b>	<b>2,942</b>	<b>3,065</b>	<b>3,117</b>	<b>3,425</b>	<b>15,250</b>	<b>12,548</b>
YoY Growth (%)	30.9	25.3	-34.7	-35.6	-39.1	-35.7	15.9	15.5	-6.0	-17.7
Operating Expenses	1,855	1,925	2,041	2,065	2,026	1,976	1,889	1,772	7,886	7,663
<b>Operating Profit</b>	<b>2,978</b>	<b>2,838</b>	<b>648</b>	<b>901</b>	<b>915</b>	<b>1,089</b>	<b>1,228</b>	<b>1,653</b>	<b>7,365</b>	<b>4,885</b>
YoY Growth (%)	26.5	17.4	-75.1	-69.0	-69.3	-61.6	89.5	83.4	-28.4	-33.7
Provisions & Loan Losses	3,485	6,941	5,723	2,547	1,350	1,147	975	823	18,695	4,296
<b>Profit before Tax</b>	<b>-507</b>	<b>-4,102</b>	<b>-5,075</b>	<b>-1,646</b>	<b>-434</b>	<b>-58</b>	<b>252</b>	<b>830</b>	<b>-11,330</b>	<b>590</b>
Tax Provisions	-151	-1,052	2,118	0	0	-9	38	59	915	88
<b>Net Profit</b>	<b>-356</b>	<b>-3,050</b>	<b>-7,193</b>	<b>-1,646</b>	<b>-434</b>	<b>-50</b>	<b>215</b>	<b>771</b>	<b>-12,245</b>	<b>501</b>
YoY Growth (%)	-130	-343	-669	-224	22	-98	-103	-147	-342	-104.1

## Home First Finance Company

Buy

CMP INR1,322 | TP: INR1,560 (+18%)

EPS CHANGE (%): FY26|27: -1.5|2.5

- Estimate a robust AUM growth of ~29% YoY/6% QoQ.
- Cost/income ratio is expected to improve ~200bp QoQ to ~33.6%.
- Margin is projected to expand ~50bp QoQ in 1QFY26 primarily due to a decline in leverage.
- The outlook on margins and credit costs is a key monitorable.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	3,032	3,322	3,558	3,629	3,986	4,154	4,343	4,563	13,540	17,047
Interest expenses	1,568	1,756	1,926	1,903	1,977	2,043	2,090	2,116	7,153	8,225
<b>Net Interest Income</b>	<b>1,464</b>	<b>1,566</b>	<b>1,631</b>	<b>1,726</b>	<b>2,009</b>	<b>2,112</b>	<b>2,254</b>	<b>2,448</b>	<b>6,388</b>	<b>8,822</b>
YoY Growth (%)	17.5	18.6	21.4	26.2	37.2	34.8	38.1	41.8	21.0	38.1
Other Income	382	421	517	533	395	485	580	696	1,852	2,156
<b>Net Income</b>	<b>1,846</b>	<b>1,987</b>	<b>2,148</b>	<b>2,259</b>	<b>2,404</b>	<b>2,597</b>	<b>2,834</b>	<b>3,144</b>	<b>8,239</b>	<b>10,978</b>
YoY Growth (%)	20.6	23.4	25.8	31.4	30.2	30.7	31.9	39.2	25.5	33.2
Operating Expenses	655	726	752	803	807	905	970	1,006	2,936	3,689
<b>Operating Profit</b>	<b>1,191</b>	<b>1,261</b>	<b>1,396</b>	<b>1,456</b>	<b>1,596</b>	<b>1,691</b>	<b>1,863</b>	<b>2,138</b>	<b>5,304</b>	<b>7,288</b>
YoY Growth (%)	21.9	20.7	27.2	28.3	34.1	34.1	33.5	46.8	24.7	37.4
Provisions and Cont.	56	57	98	77	90	95	110	117	288	412
<b>Profit before Tax</b>	<b>1,135</b>	<b>1,204</b>	<b>1,298</b>	<b>1,379</b>	<b>1,506</b>	<b>1,596</b>	<b>1,753</b>	<b>2,020</b>	<b>5,016</b>	<b>6,876</b>
Tax Provisions	258	281	324	332	354	356	421	520	1,195	1,650
<b>Net Profit</b>	<b>878</b>	<b>922</b>	<b>974</b>	<b>1,047</b>	<b>1,152</b>	<b>1,240</b>	<b>1,332</b>	<b>1,501</b>	<b>3,821</b>	<b>5,226</b>
YoY Growth (%)	27.0	24.1	23.5	25.4	31.3	34.5	36.8	43.3	25.0	36.8

## IIFL Finance

Buy

**CMP INR469 | TP: INR550 (+17%)**
**EPS CHANGE (%): FY26|27: 7.9|9.4**

- Estimate consol. AUM growth of ~21% YoY to INR842b.
- Credit costs are expected to rise ~150bp QoQ to ~4.2%.
- Cost ratios are expected to decline to ~44.3%. (PQ: 52.8%)
- Outlook on the gold loan business, loan growth, and margins is the key monitorable.

### IIFL Finance (Consolidated): Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	24,721	23,181	22,308	24,833	27,067	28,421	29,842	22,634	95,043	1,07,964
Interest Expenses	10,340	9,788	9,957	11,694	12,629	13,261	13,791	9,404	41,695	49,085
<b>Net Interest Income</b>	<b>14,381</b>	<b>13,394</b>	<b>12,352</b>	<b>13,139</b>	<b>14,438</b>	<b>15,160</b>	<b>16,051</b>	<b>13,230</b>	<b>53,348</b>	<b>58,879</b>
YoY Growth (%)	9.7	-6.0	-21.6	-20.2	0.4	13.2	29.9	0.7	-10.4	10.4
Other Income	-43	2,467	1,051	810	3,070	3,254	3,484	4,817	4,202	14,625
<b>Total Income</b>	<b>14,338</b>	<b>15,861</b>	<b>13,402</b>	<b>13,949</b>	<b>17,508</b>	<b>18,415</b>	<b>19,535</b>	<b>18,047</b>	<b>57,550</b>	<b>73,505</b>
YoY Growth (%)	-1	-2	-21	-10	22	16	46	29	-8.5	27.7
Operating Expenses	7,461	7,329	7,478	7,367	7,448	7,907	8,040	9,064	29,634	32,459
<b>Operating Profit</b>	<b>6,878</b>	<b>8,531</b>	<b>5,925</b>	<b>6,582</b>	<b>9,363</b>	<b>9,774</b>	<b>10,678</b>	<b>11,232</b>	<b>27,916</b>	<b>41,046</b>
YoY Growth (%)	-14.9	-8.9	-38.2	-16.6	36.1	14.6	80.2	70.6	-19.9	47.0
Provisions & Loan Losses	2,516	4,063	4,914	3,487	5,929	5,039	2,520	2,201	14,980	15,688
<b>Profit before Tax</b>	<b>4,362</b>	<b>4,468</b>	<b>1,011</b>	<b>3,095</b>	<b>3,434</b>	<b>4,735</b>	<b>8,158</b>	<b>9,031</b>	<b>7,070</b>	<b>25,358</b>
Exceptional items		-5,865				0				
Tax Provisions	980	-466	193	581	797	1,098	1,893	2,271	1,289	6,059
<b>PAT (Pre NCI)</b>	<b>3,382</b>	<b>-931</b>	<b>818</b>	<b>2,514</b>	<b>2,637</b>	<b>3,636</b>	<b>6,265</b>	<b>6,759</b>	<b>5,782</b>	<b>19,298</b>
NCI	501	646	410	437	437	459	495	609	1,994	2,000
<b>PAT (Post NCI)</b>	<b>2,881</b>	<b>-1,577</b>	<b>408</b>	<b>2,077</b>	<b>2,201</b>	<b>3,178</b>	<b>5,770</b>	<b>6,150</b>	<b>3,788</b>	<b>17,298</b>
YoY Growth (%)	-32	-133	-92	-44	-24	-302	1,315	196	-79	357

## L&T Finance

Buy

**CMP INR208 | TP: INR250 (+20%)**
**EPS CHANGE (%): FY26|27: 0.9 |2.7**

- Expect consolidated loan book growth of 4% QoQ.
- Anticipate credit costs to remain largely stable at ~2.6% (annualized) in 1QFY26.
- NIM is expected to expand ~15bp QoQ to ~10.2%.
- Outlook on the MFI business is the key monitorable.

### Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	34,526	36,544	38,064	37,499	38,249	39,779	41,569	47,530	1,46,633	1,67,127
Interest Expenses	13,514	14,763	15,692	15,998	16,558	16,641	17,057	17,877	59,968	68,133
<b>Net Interest Income</b>	<b>21,012</b>	<b>21,781</b>	<b>22,371</b>	<b>21,501</b>	<b>21,691</b>	<b>23,138</b>	<b>24,512</b>	<b>29,653</b>	<b>86,665</b>	<b>98,993</b>
Change YoY (%)	19.9	18.1	14.6	8.2	3.2	6.2	9.6	37.9	15.0	14.2
Other Operating Income	3,318	3,649	2,912	2,730	3,800	3,600	3,850	4,069	12,610	15,319
<b>Net Operating Income</b>	<b>24,330</b>	<b>25,431</b>	<b>25,283</b>	<b>24,231</b>	<b>25,491</b>	<b>26,738</b>	<b>28,362</b>	<b>33,722</b>	<b>99,275</b>	<b>1,14,312</b>
Change YoY (%)	30.8	34.6	16.0	3.7	4.8	5.1	12.2	39.2	21.0	15.1
Other income	2	47	76	43	36	42	49	66	167	193
<b>Total Income</b>	<b>24,332</b>	<b>25,477</b>	<b>25,359</b>	<b>24,274</b>	<b>25,526</b>	<b>26,780</b>	<b>28,411</b>	<b>33,788</b>	<b>99,442</b>	<b>1,14,505</b>
Change YoY (%)	20.9	18.1	13.8	3.6	4.9	5.1	12.0	39.2	14.6	15.1
Operating Expenses	9,656	9,578	10,578	10,034	9,849	10,248	11,530	13,663	39,846	45,291
Change YoY (%)	24.1	11.4	18.9	2.4	2.0	7.0	9.0	36.2	13.6	13.7
<b>Operating Profits</b>	<b>14,676</b>	<b>15,899</b>	<b>14,781</b>	<b>14,240</b>	<b>15,677</b>	<b>16,531</b>	<b>16,881</b>	<b>20,124</b>	<b>59,597</b>	<b>69,214</b>
Change YoY (%)	18.9	22.5	10.5	4.6	6.8	4.0	14.2	41.3	15.3	16.1
Provisions	5,453	6,504	6,542	6,185	6,487	6,752	6,242	8,547	24,684	28,027
<b>Profit before Tax</b>	<b>9,223</b>	<b>9,396</b>	<b>8,239</b>	<b>8,055</b>	<b>9,190</b>	<b>9,780</b>	<b>10,639</b>	<b>11,578</b>	<b>34,913</b>	<b>41,186</b>
Tax Provisions	2,370	2,429	1,983	1,697	2,160	2,298	2,660	2,891	8,478	10,008
<b>Profit after tax</b>	<b>6,855</b>	<b>6,967</b>	<b>6,257</b>	<b>6,358</b>	<b>7,030</b>	<b>7,481</b>	<b>7,979</b>	<b>8,687</b>	<b>26,434</b>	<b>31,178</b>
Change YoY (%)	29	17	-2	15	3	7	28	37	14	18

## LIC Housing Finance

**Neutral**

**CMP INR612 | TP: INR670 (+10%)**

**EPS CHANGE (%): FY26|27: -0.1|-0.1**

- Expect loan growth of ~8% YoY with a fairly stable mix.
- Estimate annualized credit costs of ~20bp in 1QFY26.
- Yields and margins are expected to decline on a sequential basis.
- Commentaries on mortgage demand and guidance on margins and loan growth are the key monitorables.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	67,391	68,534	69,516	71,173	71,742	71,240	71,382	71,727	2,76,615	2,86,091
Interest Expenses	47,501	48,796	49,515	49,508	50,053	50,403	50,706	50,591	1,95,320	2,01,753
<b>Net Interest Income</b>	<b>19,891</b>	<b>19,739</b>	<b>20,001</b>	<b>21,664</b>	<b>21,689</b>	<b>20,837</b>	<b>20,677</b>	<b>21,136</b>	<b>81,295</b>	<b>84,339</b>
YoY Growth (%)	-10.0	-6.3	-4.6	-3.2	9.0	5.6	3.4	-2.4	-6.0	3.7
Fees and other income	446	784	1,057	1,661	669	940	1,047	1,153	3,948	3,809
<b>Net Income</b>	<b>20,337</b>	<b>20,522</b>	<b>21,059</b>	<b>23,326</b>	<b>22,358</b>	<b>21,777</b>	<b>21,724</b>	<b>22,289</b>	<b>85,243</b>	<b>88,148</b>
YoY Growth (%)	-9.7	-4.9	-1.9	2.0	9.9	6.1	3.2	-4.4	-3.6	3.4
Operating Expenses	2,621	3,105	3,564	4,536	3,539	3,680	3,827	4,130	13,826	15,176
<b>Operating Profit</b>	<b>17,715</b>	<b>17,417</b>	<b>17,495</b>	<b>18,790</b>	<b>18,819</b>	<b>18,097</b>	<b>17,896</b>	<b>18,160</b>	<b>71,416</b>	<b>72,972</b>
YoY Growth (%)	-11.9	-8.3	-7.2	-1.3	6.2	3.9	2.3	-3.4	-7.2	2.2
Provisions and Cont.	1,431	773	-440	1,094	1,359	1,495	1,645	1,808	2,858	6,308
<b>Profit before Tax</b>	<b>16,285</b>	<b>16,644</b>	<b>17,934</b>	<b>17,696</b>	<b>17,460</b>	<b>16,602</b>	<b>16,251</b>	<b>16,351</b>	<b>68,558</b>	<b>66,664</b>
Tax Provisions	3,282	3,355	3,615	4,016	3,701	3,320	3,413	3,565	14,268	13,999
<b>Net Profit</b>	<b>13,002</b>	<b>13,289</b>	<b>14,320</b>	<b>13,680</b>	<b>13,758</b>	<b>13,281</b>	<b>12,839</b>	<b>12,787</b>	<b>54,290</b>	<b>52,665</b>
YoY Growth (%)	-2	12	23	25	6	0	-10	-7	14	-3

## Mahindra Financial Services

**Buy**

**CMP INR267 | TP: INR315 (+18%)**

**EPS CHANGE (%): FY26|27: -0.2|-0.1**

- MMFS reported disbursements of ~INR128b, leading to AUM of ~INR1.22t (up 15% YoY/ ~2% QoQ).
- We expect margins to expand ~15bp QoQ to 6.6%.
- Estimate credit costs of ~2% in 1QFY26.
- Commentaries on margins, credit costs, and loan growth are the key monitorables.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest income	36,122	37,448	39,572	40,172	41,458	42,577	44,025	45,574	1,53,314	1,73,634
Interest Expenses	18,286	19,343	20,459	20,896	21,408	21,601	21,881	22,167	78,983	87,057
<b>NII</b>	<b>17,836</b>	<b>18,106</b>	<b>19,113</b>	<b>19,276</b>	<b>20,050</b>	<b>20,977</b>	<b>22,143</b>	<b>23,407</b>	<b>74,331</b>	<b>86,577</b>
YoY Growth (%)	12.6	14.1	12.5	6.4	12.4	15.9	15.9	21.4	11.2	16.5
Other income	1,480	1,802	1,872	2,279	2,132	2,455	2,590	3,117	7,433	10,294
<b>Net Total Income</b>	<b>19,316</b>	<b>19,908</b>	<b>20,985</b>	<b>21,555</b>	<b>22,182</b>	<b>23,432</b>	<b>24,733</b>	<b>26,524</b>	<b>81,764</b>	<b>96,871</b>
YoY Growth (%)	15.3	18.9	15.6	9.4	14.8	17.7	17.9	23.1	14.6	18.5
Operating Expenses	7,970	7,947	8,768	9,427	9,006	9,139	9,469	10,552	34,113	38,166
<b>Operating Profit</b>	<b>11,345</b>	<b>11,961</b>	<b>12,217</b>	<b>12,128</b>	<b>13,176</b>	<b>14,293</b>	<b>15,264</b>	<b>15,973</b>	<b>47,651</b>	<b>58,705</b>
YoY Growth (%)	13.5	26.9	15.0	3.4	16.1	19.5	24.9	31.7	14.0	23.2
Provisions	4,482	7,035	91	4,571	6,035	5,911	5,134	3,970	16,179	21,051
<b>Profit before Tax</b>	<b>6,864</b>	<b>4,927</b>	<b>12,126</b>	<b>7,557</b>	<b>7,141</b>	<b>8,381</b>	<b>10,129</b>	<b>12,002</b>	<b>31,473</b>	<b>37,654</b>
Tax Provisions	1,734	1,232	3,131	1,925	1,828	2,146	2,593	3,035	8,022	9,602
<b>Net Profit</b>	<b>5,130</b>	<b>3,695</b>	<b>8,995</b>	<b>5,631</b>	<b>5,313</b>	<b>6,236</b>	<b>7,536</b>	<b>8,967</b>	<b>23,450</b>	<b>28,052</b>
YoY Growth (%)	45.5	57.1	62.7	-9.0	3.6	68.8	-16.2	59.2	33.3	19.6

## Manappuram Finance

**Neutral**

**CMP INR278 | TP: INR290 (+4%)**

**EPS CHANGE (%): FY26|27: -41.3|-8.2**

- Expect gold AUM/consolidated AUM to grow ~15%/2% on a sequential basis.
- Expect credit costs to decline ~160bp QoQ to ~6.8%.
- Expect margin to contract ~15bp QoQ and spreads to decline ~20bp in the consolidated loan book.
- Commentaries on gold loan growth and asset quality in the MFI and PL segments are the key monitorables.

### MGFL - Quarterly Performance (Consolidated)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	23,861	25,411	25,163	23,393	23,416	23,861	24,386	25,122	97,997	96,785
Interest Expenses	8,483	9,057	9,253	8,954	8,936	9,097	8,915	8,820	35,747	35,767
<b>Net Interest Income</b>	<b>15,378</b>	<b>16,354</b>	<b>15,909</b>	<b>14,439</b>	<b>14,480</b>	<b>14,764</b>	<b>15,471</b>	<b>16,302</b>	<b>62,250</b>	<b>61,018</b>
YoY Growth (%)	19.40	20.8	9.5	-3.4	-5.84	-9.7	-2.8	12.9	11.4	-2.0
Other income	1,259	961	464	240	296	362	429	474	2,752	2,918
<b>Net Income</b>	<b>16,636</b>	<b>17,314</b>	<b>16,373</b>	<b>14,679</b>	<b>14,776</b>	<b>15,127</b>	<b>15,900</b>	<b>16,776</b>	<b>65,002</b>	<b>63,935</b>
Operating Expenses	6,823	6,984	7,066	7,845	7,982	8,031	8,091	7,888	28,718	31,992
<b>Operating Profits</b>	<b>9,814</b>	<b>10,331</b>	<b>9,307</b>	<b>6,833</b>	<b>6,793</b>	<b>7,096</b>	<b>7,809</b>	<b>8,889</b>	<b>36,285</b>	<b>31,944</b>
YoY Growth (%)	22.4	19.2	-0.6	-26.8	-30.8	-31.3	-16.1	30.1	2.6	-12.0
Provisions	2,286	2,604	5,546	9,192	7,536	4,869	2,026	1,509	19,628	15,940
<b>PBT</b>	<b>7,528</b>	<b>7,727</b>	<b>3,761</b>	<b>-2,359</b>	<b>-743</b>	<b>2,227</b>	<b>5,783</b>	<b>7,380</b>	<b>16,656</b>	<b>16,004</b>
Tax Provisions	1,963	2,006	976	-327	-111	334	1,504	2,435	4,618	4,161
<b>PAT</b>	<b>5,565</b>	<b>5,721</b>	<b>2,785</b>	<b>-2,032</b>	<b>-631</b>	<b>1,893</b>	<b>4,280</b>	<b>4,945</b>	<b>12,039</b>	<b>11,843</b>
YoY Growth (%)	12	2	-52	-136	-111	-67	54	-343	-45	-2

## MAS Financial

**Buy**

**CMP INR310 | TP: INR360 (+16%)**

**EPS CHANGE (%): FY26|27: -3.8|-0.7**

- Standalone AUM is likely to grow ~2% QoQ/~19% YoY.
- Margin is expected to contract ~5bp QoQ to ~7.55%.
- We expect credit costs to remain largely stable QoQ at ~1.4%.
- Commentary on branch expansions and an increase in the direct business are the key monitorables.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
<b>Revenue from Operations</b>	<b>3,465</b>	<b>3,670</b>	<b>3,901</b>	<b>4,169</b>	<b>4,312</b>	<b>4,466</b>	<b>4,702</b>	<b>4,994</b>	<b>15,205</b>	<b>18,474</b>
Interest Income	2,952	3,078	3,332	3,535	3,641	3,772	3,979	4,230	12,896	15,621
Gain on assignments	304	375	356	396	416	433	454	486	1,431	1,789
Other operating Income	210	217	213	239	256	262	269	278	877	1,064
Interest expenses	1,714	1,754	1,845	1,910	2,006	2,086	2,215	2,365	7,224	8,671
<b>Total income</b>	<b>1,751</b>	<b>1,916</b>	<b>2,056</b>	<b>2,259</b>	<b>2,307</b>	<b>2,380</b>	<b>2,487</b>	<b>2,629</b>	<b>7,981</b>	<b>9,803</b>
Growth Y-o-Y (%)	27	26	31	34	32	24	21	16	31	23
Operating Expenses	567	632	673	744	766	789	813	845	2,615	3,213
<b>Operating Profits</b>	<b>1,183</b>	<b>1,284</b>	<b>1,383</b>	<b>1,516</b>	<b>1,541</b>	<b>1,591</b>	<b>1,675</b>	<b>1,783</b>	<b>5,366</b>	<b>6,590</b>
Growth Y-o-Y (%)	25	24	25	35	30	24	21	18	27	23
Provisions	239	263	332	427	431	410	430	408	1,261	1,678
<b>Profit before tax</b>	<b>944</b>	<b>1,021</b>	<b>1,051</b>	<b>1,089</b>	<b>1,110</b>	<b>1,182</b>	<b>1,245</b>	<b>1,376</b>	<b>4,104</b>	<b>4,912</b>
Growth Y-o-Y (%)	25	28	24	20	18	16	18	26	24	20
Tax Provisions	240	255	270	281	277	295	311	354	1,045	1,238
<b>Net Profit</b>	<b>704</b>	<b>766</b>	<b>781</b>	<b>808</b>	<b>832</b>	<b>886</b>	<b>933</b>	<b>1,022</b>	<b>3,059</b>	<b>3,674</b>
Growth Y-o-Y (%)	23	28	25	19	18	16	20	26	23	20

## Muthoot Finance

**Neutral**

**CMP INR 2,643 | TP: INR2,790 (+6%)**

**EPS CHANGE (%): FY26|27: 3.8|9.4**

- Estimate gold AUM growth of ~43% YoY.
- Margin is likely to contract ~45bp QoQ to ~11.25%.
- We expect credit costs to remain largely stable at ~50bp in 1QFY26
- Commentaries on gold loan growth and margin guidance are the key monitorables.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	36,560	40,685	43,690	47,836	52,380	56,047	57,448	58,997	1,68,770	2,24,872
Other operating income	478	489	545	708	550	563	627	704	2,221	2,443
<b>Total Operating income</b>	<b>37,038</b>	<b>41,174</b>	<b>44,235</b>	<b>48,544</b>	<b>52,930</b>	<b>56,609</b>	<b>58,075</b>	<b>59,701</b>	<b>1,70,991</b>	<b>2,27,315</b>
YoY Growth (%)	23.5	34.6	39.6	42.4	42.9	37.5	31.3	23.0	35.3	32.9
Other income	63	88	77	341	85	94	89	282	569	550
<b>Total Income</b>	<b>37,101</b>	<b>41,262</b>	<b>44,312</b>	<b>48,885</b>	<b>53,015</b>	<b>56,703</b>	<b>58,164</b>	<b>59,983</b>	<b>1,71,560</b>	<b>2,27,865</b>
YoY Growth (%)	22.6	34.2	39.5	43.0	42.9	37.4	31.3	22.7	35.1	32.8
Interest Expenses	13,511	15,505	16,476	18,797	20,770	22,016	22,787	23,884	64,288	89,458
<b>Net Income</b>	<b>23,590</b>	<b>25,758</b>	<b>27,836</b>	<b>30,088</b>	<b>32,245</b>	<b>34,687</b>	<b>35,377</b>	<b>36,099</b>	<b>1,07,271</b>	<b>1,38,407</b>
Operating Expenses	6,437	6,608	7,243	8,610	8,028	8,429	8,850	10,665	28,898	35,972
<b>Operating Profit</b>	<b>17,153</b>	<b>19,150</b>	<b>20,593</b>	<b>21,478</b>	<b>24,217</b>	<b>26,258</b>	<b>26,526</b>	<b>25,434</b>	<b>78,373</b>	<b>1,02,435</b>
YoY Growth (%)	22.5	42.7	47.7	42.3	41.2	37.1	28.8	18.4	38.8	30.7
Provisions	2,236	2,070	2,088	1,274	1,400	1,300	1,500	1,995	7,667	6,195
<b>Profit before Tax</b>	<b>14,917</b>	<b>17,080</b>	<b>18,505</b>	<b>20,204</b>	<b>22,817</b>	<b>24,958</b>	<b>25,026</b>	<b>23,439</b>	<b>70,706</b>	<b>96,240</b>
Tax Provisions	4,130	4,568	4,874	5,126	5,864	6,414	6,432	6,120	18,698	24,830
<b>Net Profit</b>	<b>10,787</b>	<b>12,511</b>	<b>13,631</b>	<b>15,078</b>	<b>16,953</b>	<b>18,544</b>	<b>18,594</b>	<b>17,319</b>	<b>52,008</b>	<b>71,410</b>
YoY Growth (%)	10.6	26.3	32.7	42.7	57.2	48.2	36.4	14.9	28.4	37.3

## PNB Housing Finance

**Buy**

**CMP INR1,100 | TP: INR1,300 (18%)**

**EPS CHANGE (%): FY26|27: 0|-0.8**

- Loan growth is expected to be ~16.5% YoY.
- Expect provision write-backs from recoveries in both Retail and Corporate written-off pools.
- NIM is expected to contract ~5bp QoQ.
- Commentaries on the asset quality of the retail loan book, NIM, and credit costs are the key monitorables.

### Quarterly performance

	FY25				FY26				FY25	FY26
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	17,391	17,803	18,484	19,059	19,479	19,965	20,964	22,190	72,737	82,597
Interest Expenses	10,969	11,185	11,579	11,781	12,063	12,365	12,859	13,475	45,514	50,762
<b>Net Interest Income</b>	<b>6,421</b>	<b>6,618</b>	<b>6,905</b>	<b>7,279</b>	<b>7,415</b>	<b>7,601</b>	<b>8,104</b>	<b>8,715</b>	<b>27,223</b>	<b>31,835</b>
YoY Growth (%)	3.66	2.5	16.5	16.8	15.48	14.8	17.4	19.7	9.7	16.9
Other income	930	994	947	1,309	1,178	1,284	1,412	1,616	4,179	5,489
<b>Total Income</b>	<b>7,352</b>	<b>7,612</b>	<b>7,852</b>	<b>8,587</b>	<b>8,593</b>	<b>8,884</b>	<b>9,516</b>	<b>10,331</b>	<b>31,402</b>	<b>37,325</b>
YoY Growth (%)	11.3	5.4	17.3	15.4	16.9	16.7	21.2	20.3	12.3	18.9
Operating Expenses	1,929	2,020	2,057	2,124	2,187	2,275	2,343	2,497	8,130	9,302
YoY Growth (%)	26.1	18.7	21.0	19.4	13.4	12.6	13.9	17.6	21.2	14.4
<b>Operating Profits</b>	<b>5,422</b>	<b>5,591</b>	<b>5,795</b>	<b>6,464</b>	<b>6,406</b>	<b>6,610</b>	<b>7,174</b>	<b>7,833</b>	<b>23,272</b>	<b>28,022</b>
YoY Growth (%)	6.9	1.3	16.0	14.1	18.1	18.2	23.8	21.2	9.5	20.4
Provisions	-120	-456	-361	-648	-162	-243	-340	-491	-1,585	-1,237
<b>Profit before Tax</b>	<b>5,542</b>	<b>6,047</b>	<b>6,157</b>	<b>7,112</b>	<b>6,568</b>	<b>6,853</b>	<b>7,514</b>	<b>8,325</b>	<b>24,858</b>	<b>29,259</b>
Tax Provisions	1,214	1,351	1,324	1,608	1,511	1,576	1,728	1,622	5,496	6,437
<b>Profit after tax</b>	<b>4,328</b>	<b>4,697</b>	<b>4,833</b>	<b>5,504</b>	<b>5,057</b>	<b>5,277</b>	<b>5,786</b>	<b>6,703</b>	<b>19,361</b>	<b>22,822</b>
YoY Growth (%)	24.6	22.6	42.8	25.3	16.8	12.3	19.7	21.8	28.4	17.9



## Power Finance Corporation

Buy

CMP INR424 | TP: INR490 (+16%)

EPS CHANGE (%): FY26|27: 4.1|-1.3

- Expect AUM/Disbursement growth of ~16%/85% YoY.
- Expect margins (normalized) to decline ~5bp QoQ in 1QFY26.
- Expect credit costs to remain benign, aided by stressed asset resolutions.
- Commentaries on growth in the loan book, margins, and asset quality/credit costs are the key monitorables.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
Particulars	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	1,18,270	1,19,090	1,24,172	1,37,215	1,32,463	1,34,847	1,37,274	1,42,982	4,98,747	5,47,566
Interest Expenses	74,990	75,007	77,231	78,109	83,989	85,249	86,527	88,034	3,05,380	3,43,799
<b>Net Interest Income</b>	<b>43,280</b>	<b>44,083</b>	<b>46,942</b>	<b>59,106</b>	<b>48,474</b>	<b>49,598</b>	<b>50,747</b>	<b>54,949</b>	<b>1,93,367</b>	<b>2,03,768</b>
YoY Gr %	23.5	18.2	12.9	39.5	12.0	12.5	8.1	-7.0	23.7	5.4
Other Income	3,160	14,655	5,971	11,309	7,812	8,975	10,116	11,092	35,096	37,996
<b>Net Operational Income</b>	<b>46,440</b>	<b>58,738</b>	<b>52,913</b>	<b>70,415</b>	<b>56,286</b>	<b>58,574</b>	<b>60,863</b>	<b>66,041</b>	<b>2,28,463</b>	<b>2,41,763</b>
YoY Gr %	41.1	19.4	11.5	42.1	21.2	-0.3	15.0	-6.2	27.6	5.8
Exchange gain/(loss)	589	-3,100	457	-2,614	-300	-500	-500	-700	-4,668	-2,000
<b>Total Net Income</b>	<b>47,029</b>	<b>55,639</b>	<b>53,370</b>	<b>67,801</b>	<b>55,986</b>	<b>58,074</b>	<b>60,363</b>	<b>65,341</b>	<b>2,23,795</b>	<b>2,39,763</b>
YoY Gr %	24.6	15.9	18.0	34.9	19.0	4.4	13.1	-3.6	23.5	7.1
Operating Expenses	1,016	2,355	1,832	2,341	1,728	1,978	2,162	2,448	7,500	8,316
<b>Operating Profit</b>	<b>46,013</b>	<b>53,284</b>	<b>51,538</b>	<b>65,460</b>	<b>54,258</b>	<b>56,096</b>	<b>58,201</b>	<b>62,893</b>	<b>2,16,295</b>	<b>2,31,447</b>
YoY Gr %	25.3	13.7	16.8	39.8	17.9	5.3	12.9	-3.9	23.9	7.0
Provisions	620	-1,241	745	4,447	791	-900	1,100	771	4,571	1,762
<b>PBT</b>	<b>45,393</b>	<b>54,525</b>	<b>50,793</b>	<b>61,013</b>	<b>53,468</b>	<b>56,996</b>	<b>57,101</b>	<b>62,121</b>	<b>2,11,724</b>	<b>2,29,685</b>
Tax	8,214	10,821	9,244	9,924	9,624	10,259	10,278	11,641	38,202	41,803
Tax Rate %	18.1	19.8	18.2	16.3	18.0	18.0	18.0	18.7	18.0	18.2
<b>PAT</b>	<b>37,179</b>	<b>43,704</b>	<b>41,549</b>	<b>51,090</b>	<b>43,843</b>	<b>46,736</b>	<b>46,823</b>	<b>50,480</b>	<b>1,73,522</b>	<b>1,87,883</b>
YoY Gr %	23.6	13.6	23.0	23.5	17.9	6.9	12.7	-1.2	20.6	8.3

## Poonawalla Fincorp

Buy

CMP INR464 | TP: INR550 (+18%)

EPS CHANGE (%): FY26|27: 1.9|0

- PFL reported AUM growth of ~53% YoY/16% QoQ.
- Expect credit costs to decline ~45bp QoQ to 1.45%.
- Expect cost ratios to remain elevated at 64.7% in 1QFY26
- Commentaries on growth in personal loans, margin, and asset quality/credit costs are the key monitorables.

### Quarterly Performance (Standalone)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	8,962	9,107	9,991	10,685	12,181	13,886	15,552	16,424	38,745	58,042
Interest Expenses	3,201	3,516	3,850	4,584	5,363	5,899	6,607	7,268	15,151	25,138
<b>Net Interest Income</b>	<b>5,761</b>	<b>5,592</b>	<b>6,141</b>	<b>6,101</b>	<b>6,818</b>	<b>7,986</b>	<b>8,945</b>	<b>9,156</b>	<b>23,594</b>	<b>32,904</b>
YoY Growth (%)	36.8	17.8	25.1	8.5	18.3	42.8	45.7	50.1	20.6	39.5
Other Income	997	858	581	1,048	1,134	1,191	1,236	1,369	3,346	4,930
<b>Total Income</b>	<b>6,758</b>	<b>6,449</b>	<b>6,722</b>	<b>7,149</b>	<b>7,951</b>	<b>9,178</b>	<b>10,180</b>	<b>10,525</b>	<b>26,940</b>	<b>37,834</b>
YoY Growth (%)	35.1	22.0	22.2	11.6	35.8	42.3	51.5	47.2	22.3	40.4
Operating Expenses	2,436	3,657	2,991	4,765	5,147	5,301	4,241	4,049	13,713	18,737
<b>Operating Profit</b>	<b>4,321</b>	<b>2,792</b>	<b>3,731</b>	<b>2,384</b>	<b>2,805</b>	<b>3,877</b>	<b>5,940</b>	<b>6,476</b>	<b>13,228</b>	<b>19,097</b>
YoY Growth (%)	46.92	-16.8	6.5	-41.8	-35.10	38.9	59.2	171.6	-5.3	44.4
Provisions & Loan Losses	425	9,096	3,479	1,582	1,392	1,253	1,491	1,730	14,582	5,866
<b>Profit before Tax</b>	<b>3,897</b>	<b>-6,305</b>	<b>252</b>	<b>802</b>	<b>1,413</b>	<b>2,624</b>	<b>4,449</b>	<b>4,746</b>	<b>-1,354</b>	<b>13,232</b>
Exceptional items		0				0			0	0
Tax Provisions	980	-1,594	65	179	362	672	1,139	1,136	-371	3,308
<b>PAT (excl. exceptional)</b>	<b>2,916</b>	<b>-4,710</b>	<b>187</b>	<b>623</b>	<b>1,051</b>	<b>1,952</b>	<b>3,310</b>	<b>3,610</b>	<b>-983</b>	<b>9,924</b>
<b>PAT (incl. exceptional)</b>	<b>2,916</b>	<b>(4,710)</b>	<b>187</b>	<b>623</b>	<b>1,051</b>	<b>1,952</b>	<b>3,310</b>	<b>3,610</b>	<b>(983)</b>	<b>9,924</b>
YoY Growth (%)	45.7	-	-92.9	-81.2	-64.0	-	1,667.2	479.2	-109.5	-1,109.1

## Rural Electrification Corporation

Buy

CMP INR401 | TP: INR460 (15%)

EPS CHANGE (%): FY26|27: -0.2|-0.6

- Disbursements/AUM expected to grow ~26%/10% YoY.
- Expect credit costs to remain benign, aided by stress assets resolutions.
- Expect asset quality to remain largely stable in 1QFY26.
- Commentaries around margins and guidance on disbursements/AUM growth are the key monitorables.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	1,26,904	1,34,744	1,39,704	1,49,350	1,43,559	1,46,430	1,50,530	1,57,923	5,50,701	5,98,442
Interest Expenses	80,212	85,065	88,373	87,699	89,453	91,690	93,982	98,030	3,41,350	3,73,155
<b>Net Interest Income</b>	<b>46,692</b>	<b>49,678</b>	<b>51,331</b>	<b>61,651</b>	<b>54,106</b>	<b>54,740</b>	<b>56,548</b>	<b>59,893</b>	<b>2,09,351</b>	<b>2,25,287</b>
YoY Gr (%)	28.3	22.9	19.6	37.4	15.9	10.2	10.2	-2.9	27	8
Other Operational Income	469	483	757	2,228	0	0	0	0	8,410	9,672
<b>Net Operational Income</b>	<b>47,161</b>	<b>50,161</b>	<b>52,088</b>	<b>63,879</b>	<b>54,106</b>	<b>54,740</b>	<b>56,548</b>	<b>59,893</b>	<b>2,15,680</b>	<b>2,33,459</b>
YoY Gr (%)	28.9	22.4	19.9	39.5	14.7	9.1	8.6	-6.2	27	8
Other Income	2,998	731	1,266	163	1,000	2,500	2,700	4,225	685	754
<b>Total Net Income</b>	<b>50,159</b>	<b>50,892</b>	<b>53,354</b>	<b>64,042</b>	<b>55,106</b>	<b>57,240</b>	<b>59,248</b>	<b>64,118</b>	<b>2,16,365</b>	<b>2,34,212</b>
YoY Gr (%)	28.1	20.0	22.7	34.9	9.9	12.5	11.0	0.1	27	8
<b>Operating Expenses</b>	<b>2,175</b>	<b>1,936</b>	<b>3,147</b>	<b>2,396</b>	<b>2,447</b>	<b>2,337</b>	<b>2,702</b>	<b>2,847</b>	<b>7,436</b>	<b>8,833</b>
YoY Gr (%)	50.6	-0.1	78.2	-23.1	12.5	20.7	-14.2	18.8	13	19
% to Income	4.3	3.8	5.9	3.7	4.4	4.1	4.6	4.4	3	4
<b>Operating Profit</b>	<b>47,984</b>	<b>48,955</b>	<b>50,206</b>	<b>61,646</b>	<b>52,658</b>	<b>54,903</b>	<b>56,547</b>	<b>61,272</b>	<b>2,08,929</b>	<b>2,25,380</b>
YoY Gr %	27.3	21.0	20.4	39.0	9.7	12.1	12.6	-0.6	27	8
Provisions	4,726	-1,441	-890	7,800	1,078	1,357	1,456	1,352	10,194	5,243
<b>PBT</b>	<b>43,258</b>	<b>50,396</b>	<b>51,097</b>	<b>53,847</b>	<b>51,580</b>	<b>53,546</b>	<b>55,091</b>	<b>59,920</b>	<b>1,98,734</b>	<b>2,20,137</b>
YoY Gr (%)	16.5	4.8	24.2	4.6	19.2	6.3	7.8	11.3	12	11
<b>Tax</b>	<b>8,834</b>	<b>10,342</b>	<b>10,806</b>	<b>11,485</b>	<b>10,316</b>	<b>10,977</b>	<b>11,844</b>	<b>12,651</b>	<b>41,466</b>	<b>45,788</b>
Tax Rate (%)	17.6	20.5	21.1	21.3	16.8	20.5	21.5	21.1	21	21
<b>PAT</b>	<b>34,425</b>	<b>40,055</b>	<b>40,291</b>	<b>42,362</b>	<b>41,264</b>	<b>42,569</b>	<b>43,246</b>	<b>47,269</b>	<b>1,57,269</b>	<b>1,74,348</b>
YoY Gr (%)	16.3	6.2	23.2	5.5	19.9	6.3	7.3	11.6	12.2	10.9

## Repco Home Finance

Neutral

CMP INR439 | TP: INR475 (+8%)

EPS CHANGE (%): FY26|27: -3.0|-1.4

- Disbursements/AUM expected to grow ~13%/7% YoY.
- Expect asset quality to continue to improve, resulting in benign credit costs.
- Margins are likely to remain stable QoQ at ~5.3%.
- Commentaries around asset quality and guidance on disbursements/AUM growth are the key monitorables.

### Quarterly performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	4,007	4,051	4,258	4,166	4,229	4,302	4,361	4,463	16,482	17,356
Interest Expenses	2,330	2,396	2,475	2,458	2,475	2,520	2,553	2,559	9,659	10,106
<b>Net Income</b>	<b>1,677</b>	<b>1,656</b>	<b>1,783</b>	<b>1,708</b>	<b>1,754</b>	<b>1,782</b>	<b>1,809</b>	<b>1,904</b>	<b>6,823</b>	<b>7,250</b>
YoY Growth (%)	8.5	-2.3	9.0	4.9	4.6	7.7	1.5	11.5	4.9	6.2
Other income	155	229	196	184	170	210	220	332	764	932
<b>Total Income</b>	<b>1,833</b>	<b>1,884</b>	<b>1,978</b>	<b>1,892</b>	<b>1,924</b>	<b>1,992</b>	<b>2,029</b>	<b>2,236</b>	<b>7,587</b>	<b>8,181</b>
YoY Growth (%)	11.8	6.8	11.2	6.9	5.0	5.7	2.6	18.2	9.1	7.8
Operating Expenses	452	517	535	584	578	596	613	620	2,088	2,407
YoY Growth (%)	15.4	21.2	30.5	21.0	27.8	15.2	14.7	6.1	22.1	15.3
<b>Operating Profits</b>	<b>1,380</b>	<b>1,367</b>	<b>1,443</b>	<b>1,308</b>	<b>1,346</b>	<b>1,397</b>	<b>1,416</b>	<b>1,616</b>	<b>5,499</b>	<b>5,775</b>
YoY Growth (%)	10.7	2.2	5.4	1.6	-2.5	2.1	-1.9	23.6	4.9	5.0
Provisions	14	-160	3	-233	11	-19	38	97	-376	127
<b>Profit before Tax</b>	<b>1,366</b>	<b>1,528</b>	<b>1,440</b>	<b>1,541</b>	<b>1,335</b>	<b>1,415</b>	<b>1,378</b>	<b>1,520</b>	<b>5,875</b>	<b>5,648</b>
Tax Provisions	312	403	375	392	314	354	358	397	1,481	1,423
<b>Profit after tax</b>	<b>1,054</b>	<b>1,125</b>	<b>1,066</b>	<b>1,149</b>	<b>1,021</b>	<b>1,061</b>	<b>1,019</b>	<b>1,122</b>	<b>4,394</b>	<b>4,224</b>
YoY Growth (%)	18.4	14.7	7.2	6.4	-3.1	-5.7	-4.3	-2.4	11.3	-3.9

## Shriram Finance Ltd

Buy

CMP INR696 | TP: INR800 (+15%)

EPS CHANGE (%): FY26|27: -3.1|-2.8

- Estimate disbursements of ~INR442b, leading to AUM of ~INR2.73t (up 17% YoY/ ~4% QoQ).
- Margin is expected to expand ~10bp QoQ to 8.7%.
- Credit cost is likely to remain largely stable QoQ at 2.4%.
- Commentaries on loan growth in CV and asset quality in the 2W and PL segments are the key monitorables.

### Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	93,628	98,145	1,03,408	1,07,895	1,11,617	1,16,082	1,20,725	1,25,335	4,03,076	4,73,760
Interest Expenses	41,289	43,504	47,513	52,240	53,389	53,923	54,462	55,175	1,84,546	2,16,950
<b>Net Interest Income</b>	<b>52,339</b>	<b>54,641</b>	<b>55,896</b>	<b>55,655</b>	<b>58,228</b>	<b>62,159</b>	<b>66,263</b>	<b>70,160</b>	<b>2,18,531</b>	<b>2,56,810</b>
YoY Growth (%)	24.6	18.9	13.8	9.4	11.3	13.8	18.5	26.1	16.3	17.5
Other Income	2,343	2,805	3,646	6,707	3,721	4,011	4,436	5,075	15,518	17,244
<b>Total Income</b>	<b>54,682</b>	<b>57,446</b>	<b>59,542</b>	<b>62,363</b>	<b>61,949</b>	<b>66,170</b>	<b>70,699</b>	<b>75,235</b>	<b>2,34,049</b>	<b>2,74,054</b>
YoY Growth (%)	21.1	16.2	14.1	13.2	13.3	15.2	18.7	20.6	15.9	17.1
Operating Expenses	16,140	17,597	18,692	19,010	18,561	20,237	21,496	22,146	71,440	82,441
<b>Operating Profit</b>	<b>38,541</b>	<b>39,848</b>	<b>40,850</b>	<b>43,353</b>	<b>43,388</b>	<b>45,933</b>	<b>49,203</b>	<b>53,089</b>	<b>1,62,609</b>	<b>1,91,614</b>
YoY Growth (%)	23.3	14.5	10.7	11.0	12.6	15.3	20.4	22.5	14.5	17.8
Provisions & Loan Losses	11,876	12,350	13,258	15,633	15,740	15,292	15,207	16,554	53,117	62,794
<b>Profit before Tax</b>	<b>26,666</b>	<b>27,498</b>	<b>27,592</b>	<b>27,720</b>	<b>27,648</b>	<b>30,641</b>	<b>33,996</b>	<b>36,534</b>	<b>1,09,493</b>	<b>1,28,820</b>
Tax Provisions	6,860	6,803	6,788	6,326	6,967	7,599	8,499	9,397	26,776	32,463
<b>Net Profit</b>	<b>19,806</b>	<b>20,696</b>	<b>20,804</b>	<b>21,394</b>	<b>20,681</b>	<b>23,042</b>	<b>25,497</b>	<b>27,137</b>	<b>82,716</b>	<b>96,357</b>
YoY Growth (%)	18.2	18.2	14.4	9.9	4.4	11.3	22.6	26.8	15.0	16.5
Exceptional gain (Post tax)			14,894						14,894	0
<b>PAT (including exceptional gains/loss)</b>			<b>35,698</b>						<b>97,610</b>	<b>96,357</b>

## Spandana Spahoorty

BUY

CMP INR281 | TP: INR330 (+17%)

EPS CHANGE (%): FY26|27: -|-18.2

- Estimate disbursements of ~INR3.2b, leading to AUM of ~INR53b (AUM declined ~54% YoY/22% QoQ).
- Margin is likely to contract ~130bp QoQ to ~11%.
- Annualized credit costs to increase to 36.4% (PQ: 36.2%).
- Guidance on credit costs, margins, and AUM growth to be closely monitored.

### SPANDANA: Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Interest Income	6,935	6,071	5,029	3,907	2,930	2,608	2,712	3,124	21,943	11,374
Interest Expenses	2,594	2,584	2,290	1,855	1,521	1,323	1,376	1,502	9,323	5,722
<b>Net Interest Income</b>	<b>4,342</b>	<b>3,487</b>	<b>2,739</b>	<b>2,052</b>	<b>1,409</b>	<b>1,285</b>	<b>1,336</b>	<b>1,622</b>	<b>12,621</b>	<b>5,653</b>
YoY Growth (%)	48.0	10.4	-13.4	-46.8	-67.5	-63.2	-51.2	-21.0	-3.8	-55.2
Other Income	435	994	697	282	476	756	680	1,196	2,298	2,554
<b>Total Income</b>	<b>4,776</b>	<b>4,481</b>	<b>3,436</b>	<b>2,335</b>	<b>1,885</b>	<b>2,041</b>	<b>2,016</b>	<b>2,818</b>	<b>14,918</b>	<b>8,207</b>
YoY Growth (%)	45.7	8.6	-15.5	-49.3	-60.5	-54.5	-41.3	20.7	-5.8	-45.0
Operating Expenses	1,908	2,203	2,651	2,083	2,040	1,959	1,889	1,834	8,843	7,722
<b>Operating Profit</b>	<b>2,869</b>	<b>2,278</b>	<b>784</b>	<b>251</b>	<b>-155</b>	<b>81</b>	<b>128</b>	<b>984</b>	<b>6,075</b>	<b>484</b>
YoY Growth (%)	51.7	-11.6	-67.4	-90.5	-105.4	-96.4	-83.7	291.2	-34.7	-92.0
Provisions & Loan Losses	2,118	5,164	6,661	6,028	4,660	3,262	2,446	1,222	19,863	11,590
<b>Profit before Tax</b>	<b>751</b>	<b>-2,886</b>	<b>-5,876</b>	<b>-5,776</b>	<b>-4,814</b>	<b>-3,180</b>	<b>-2,319</b>	<b>-239</b>	<b>-13,788</b>	<b>-11,106</b>
Tax Provisions	193	-723	-1,474	-1,433	-1,348	-795	-580	-65	-3,436	-2,787
<b>Net Profit</b>	<b>557</b>	<b>-2,163</b>	<b>-4,402</b>	<b>-4,343</b>	<b>-3,466</b>	<b>-2,385</b>	<b>-1,739</b>	<b>-174</b>	<b>-10,352</b>	<b>-8,318</b>
YoY Growth (%)	-53	-273	-446	-438	-722	10	-60	-96	-307	-20

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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

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