



Firing on all cylinders !!!

Piramal Finance posted strong set of numbers - Consol PAT came in at INR 502 cr, up by 392% yoy & 25% qoq led by strong asset growth & lower credit cost. Since last 5 quarters, the rate of profitability growth is steadily improving; from INR 102 cr in Q4FY25 to INR 276 cr in Q1FY26 to INR 327 cr in Q2FY26 to INR 401 cr in Q3FY26 & INR 502 cr in Q4FY26 - profits looks more sustainable & predictable vs. volatile and uncertain earlier. NII grew by 41% yoy / 11% qoq to INR 1362 cr. PPOP growth was 24.4% yoy / 5.5% qoq to INR 694 cr. Total AUMs showed strong growth of 25% yoy to INR 1,01,230 cr. **One-off gains:** the NBFC sold its stake in Shriram Life Insurance deal for INR 600 cr that concluded in Q4FY26 (which it bought at INR ~INR 350 cr; resulting in gains of INR 263 cr). Additionally, it has stake in the Shriram General Insurance amounting to INR 1350 cr which is expected to get materialize in FY27 period (we haven't baked this into our numbers). Also, during the quarter, it received deferred gains from Piramal Imaging business amounting to INR 1367 cr (US\$148 mn). It utilized these gains to write-down their legacy wholesale 1.0 book to bring down its share in overall loan book from >5% in Q3 to <3% in Q4 quarter. During the quarter, NIMs improved by 10 bps qoq to 7% led by reduction in cost of funds. Credit cost was at 1.5% in Q4 vs. 1.6% in Q3. GNPA/NNPA came down to 2.3%/1.6% in Q4 from 2.6%/1.9% in Q3

Management Outlook for FY27

- FY27 loan growth estimated to be ~25%
- Consol PAT likely to ~50%
- Credit cost is expected to be ~1.9-2%

Financial Summary

INR Cr	FY24	FY25	FY26e	FY27e	FY28e
NII (Rs)	3,021	3,591	4,731	6,244	8,005
PAT (Rs)	-1684	485	1504	2244	3495
PAT growth (yoy %)	-116.9	-128.8	209.8	49.2	55.7
RoE (%)	-5.8	1.8	5.4	7.7	10.9
RoA (%)	-2.1	0.6	1.5	1.8	2.3
NIM (%)	4.4	4.7	5.3	5.7	5.9
ABV (Rs)	1160.1	1146.5	1180.3	1254.6	1384.1
P/ABV (x)	1.7	1.8	1.7	1.6	1.5

Source: : Dalal & Broacha Research, Company

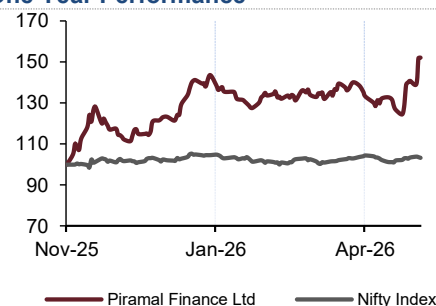
Rating	TP (Rs)	Up/Dn (%)
BUY	2,353	17

Market data

Current price	Rs	2,013
Market Cap (Rs.Bn)	(Rs Bn)	456
Market Cap (US\$ Mn)	(US\$ Mn)	4,827
Face Value	Rs	2
52 Weeks High/Low	Rs	2073/1235
Average Daily Volume	('000)	11,758
BSE Code		544597
Bloomberg		PIRAMALF.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-26	Dec-25
Promoters	46.16	46.16
Public	53.35	53.35
Others	0.49	0.49
	100.00	100.00

Source: BSE

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Valuations

Valuations – Management expects AUM to grow by 25% and consol PAT growth of ~50% for FY27 period. We have revised our numbers – we estimate PAT to grow by 52% CAGR over FY26-28e period from INR 1506 cr in FY26e to INR 2244 cr (49% yoy growth) & INR 3495 cr (55.7% yoy growth). At the same time, ROA to improve from 1.5% in FY26e to 2.3% by FY28e, similarly ROE from 5.4% to 10.9% for the same period respectively.

Given the re-orientation of the business model, AUM mix has undergone a sea-change from wholesale driven to retail one, profits are expected to be less volatile, more granular & sustainable in nature

Currently, it is trading at 1.7x/1.6x/1.5x FY26e/FY27e/FY28e on ABV. We revise our TP to INR 2,353 & retain BUY rating, giving us upside of 17% from current levels (valuing the company at 1.7x on FY28e ABV).

Results & Concall Highlights Q4FY26

- Piramal Finance posted strong set of numbers - Consol PAT came in at INR 502 cr, up by 392% yoy & 25% qoq led by strong asset growth & one-off gains. Since last 5 quarters, the rate of profitability growth is steadily improving; from INR 102 cr in Q4FY25 to INR 276 cr in Q1FY26 to INR 327 cr in Q2FY26 to INR 401 cr in Q3FY26 & INR 502 cr in Q4FY26 – profits looks more sustainable & predictable vs. volatile and uncertain earlier.
- For the full year FY26, consol PAT (after OCI) stood at INR 1506 cr, up by 210% yoy basis led by reduction in the credit costs.
- NII grew by 41% yoy / 11% qoq to INR 1362 cr. PPOP growth was 24.4% yoy / 5.5% qoq to INR 694 cr.
- **Strong AUM growth** – Total AUMs showed strong growth of 25% yoy to INR 1,01,230 cr.
 - Retail loans (85% share) grew by higher rate of 33% yoy to INR 85,885 cr in Q4FY26 on the back of strong disbursement growth (+34% yoy). For the full year, disbursements growth was up by 31% yoy to INR 43,275 cr. Retail lending is present across 701 branches across 568 cities in 26 states.
 - Within retail loans, housing loans (ATS INR 23 lacs) AUM grew by 19% yoy for FY26 while disbursements growth was at 13% yoy. Nearly, 34% of the housing loans is mass affluent housing loans (>35 lakh) wherein the ATS is INR 64 lacs has grown by 33% yoy to INR 10638 cr in FY26 (avg. LTV is 63%, disbursement yield 11%, avg. CIBIL score 754). Affordable housing loans (ATS is INR 15 lacs) grew by 13.4% yoy to INR 20,917 cr yoy in FY26 (Avg. LTV is 59%, avg. CIBIL score is 751, disbursement yield is 12.4%).
 - LAP loans grew by 51% yoy to INR 25983 cr in FY26 on the back of disbursement growth of 37% yoy. Currently, 16% of the LAP loans (>1.5 cr) have ATS of INR 3.7 cr recorded 23% yoy growth in FY26 which have avg. LTV is 51%, avg. CIBIL score is 753 and disbursement yield is 11.2%. Balance 84% of the LAP loans (<1.5 cr) wherein the avg. ATS is INR 22 lacs recorded growth of 58% yoy to INR 21,878 cr.
 - Within unsecured products, salaried PL grew by 30% yoy to INR 7744 cr, unsecured business loans by 43% yoy to INR 6081 cr, digital loans by 52% yoy to INR 4409 cr in FY26 period.

- Newly introduced products are gold loans. During the quarter, it added 22 gold loan branches and it is planning to add ~180 more branches gold loan branches in FY27e. It has launched phase 1 of gold loans business with 22 branches in 2 states (Maharashtra & Telangana). Expected ATS is ~INR 1.5 lakh, expected yield is 18%, tenure of upto 12 months. Other key features are - AI-enabled gold lending platform leveraging AI tools for customer sourcing and 24x7 security monitoring, offering retail gold loans primarily for personal use, excluding jewellers, bullion traders, pawn brokers, and wholesale profiles, with part payment and part release facilities, flexible interest-payment options, and a strategic focus on tier 2 and tier 3 markets to build a healthier portfolio with better yields.
- Total AUMs to grow by ~25% in FY27 period.
- Legacy book from INR >5000 cr in Q3FY26 to ~INR 2807 cr, which now forms <3% of the overall AUMs. Going forward, this legacy book will almost be negligible over the next 1 yr time.
- **Credit Rating Upgrade:** It received a CRISIL AA+/Stable long-term rating on January 5, 2026, for its non-convertible debentures, bank debt, and approximately INR 75,000 crore in total outstanding borrowings. Management expects overall cost of borrowings down by 50-80 bps over the period of next 3 years when this above debt comes for replacement
- **One-off gains:** In Q3, the NBFC sold its stake in Shriram Life Insurance deal for INR 600 cr that conclude in Q4FY26 (which it bought at INR ~INR 350 cr; resulting in gains of INR 263 cr). Additionally, it has stake in the Shriram General Insurance amounting to INR 1350 cr which is expected to get materialize in FY27 period (we haven't baked this into our numbers). Also, during the quarter, it received deferred gains from Piramal Imaging business amounting to INR 1367 cr (US\$148 mn). It utilized these gains to write-down their legacy wholesale 1.0 book to bring down its share in overall loan book from >5% in Q3 to <3% in Q4 quarter.
- **Leverage Profile:** Current leverage which is at 3.6x; management plans to increase to 4.5-5x.
- During the quarter, it added 183 branches (which included 22 gold loans branches, 60 rural branches) taking total number of branch count to 701.
- **Margins saw expansion sequentially** - During the quarter, NIMs improved by 10 bps qoq to 7% led by reduction in cost of funds. Management expects margins to gain further momentum due to product mix change towards high-yielding unsecured loan book (also increasing share of high- yielding gold loan book), improvement in rating from AA to AA+ which can have 50-80 bps positive impact in the borrowing cost over next 3 years time.
- Opex grew by 10.1% yoy / 5 % qoq to INR 862 cr in Q4FY26.
- **Asset quality improved** – Credit cost was at 1.5% in Q4 vs. 1.6% in Q3. GNPA/NNPA came down to 2.3%/1.6% in Q4 from 2.6%/1.9% in Q3. Apart from this, there was improvement in the asset quality across different product loans including used car loans, salaried PL, unsecured business loans, digital loans etc. Going forward, management expects credit cost of 1.9-2% in FY27e.

Valuations – Management expects AUM to grow by 25% and consol PAT growth of ~50% for FY27 period. We have revised our numbers – we estimate PAT to grow by 52% CAGR over FY26-28e period from INR 1506 cr in FY26e to INR 2244 cr (49% yoy growth) & INR 3495 cr (55.7% yoy growth). At the same time, ROA to improve from 1.5% in FY26e to 2.3% by FY28e, similarly ROE from 5.4% to 10.9% for the same period respectively.

Given the re-orientation of the business model, AUM mix has undergone a sea-change from wholesale driven to retail one, profits are expected to be less volatile, more granular & sustainable in nature

Currently, it is trading at 1.7x/1.6x/1.5x FY26e/FY27e/FY28e on ABV. We revise our TP to INR 2353 & retain BUY rating, giving us upside of 17% from current levels (valuing the company at 1.7x on FY28e ABV).

Quarterly Results Q4FY26

(Rs.cr)	Q4FY26	Q4FY25	yoy (%)	Q3FY26 (%)	qoq (%)
Interest Income	3038	2381	27.6	2878	5.6
Interest Expenses	1676	1417	18.3	1651	1.5
NII	1362	964	41.3	1227	11.0
-Fee & Commission	75	123	-39.0	124	-39.5
-Dividend	16	13	23.1	12	33.3
-Others	103	241	-57.3	116	-11.2
Other Income	194	377	-48.5	252	-23.0
Total Income	1556	1341	16.0	1479	5.2
Less: Operating Expenses	862	783	10.1	821	5.0
PPoP	694	558	24.4	658	5.5
Less: Loan Loss Provisions & FV Loss					
of which: growth	355	313		348	
:legacy & Others	1432	219		22	
Less: Current & Deferred Tax	3	14		-73	
Add: Associate Income	9	90		39	
of which: Alternatives	10	82		57	
: Pramerica Life Insurance	-2	8		-18	
Add: Exceptional					
off which: Shriram Gains	263				
Imaging Gains	1326				
Net Profit	502	102	392.2	401	25.2

Source: Company

Financials – Profit & Loss Statement

Consol (Rs.cr)	FY25	FY26e	FY27e	FY28e
Interest Earned	8909	11121	14251	18064
Interest Expenses	5317	6390	8007	10060
NII	3591	4731	6244	8005
Other Income	1005	866	1492	1768
Total Income	4596	5598	7736	9773
Operating Expenses	3014	3307	3704	4149
PPoP	1582	2290	4032	5624
Provisions	1074	2608	2005	2379
PBT	508	-318	2027	3245
Exceptional (Expense)	0	1509	0	0
Current & Deferred Tax	160	-123	0	0
Associate Income	137	189	217	250
Reported Net Profit / Loss after Tax	485	1504	2244	3495

Balance Sheet (Rs.cr)	FY24	FY25	FY26	FY27	FY28
Assets	FY24	FY25	FY26	FY27e	FY28e
Cash & liquid Investments	6,247	10,084	8,640	9,582	11,501
Net assets under management	63,790	71,642	88,175	1,12,364	1,38,042
Investments In Shriram Group	1,708	1,708	1372	686	0
Investments In Alternatives and Others	2,537	3,405	3333.0	3999.6	4799.5
Fixed assets	2,734	2,635	2468	2715	2986
Net assets / (liability)	2,943	3,105	4148	5211	6424
Total assets	79,959	92,580	1,08,136	1,34,557	1,63,752
Liabilities	FY24	FY25	FY26	FY27e	FY28e
Net worth	26,557	27,096	28,191	30,435	33,930
-Equity Capital	45	45	45	45	45
-Reserves	26,512	27,051	28,146	30,390	33,885
Gross debt	53,402	65,484	79,945	1,04,122	1,29,821
Total liabilities	79,959	92,580	1,08,136	1,34,557	1,63,752

Source: Dalal & Broacha Research, Company

Ratios

Growth (%)	FY24	FY25	FY26	FY27e	FY28e
NII	-19.6	18.9	31.7	32.0	28.2
PPOP	-57.8	32.3	44.8	76.1	39.5
PAT	-116.9	-128.8	209.8	49.2	55.7
Advances	5.0	9.6	22.2	28.3	22.9
AUM	7.6	17.2	25.3	24.1	22.9
Spread (%)	FY24	FY25	FY26	FY27e	FY28e
Yield on advances	10.2	11.3	13.0	13.3	13.5
Yield on Funds	10.8	11.7	12.5	13.0	13.3
Cost of Funds	8.6	8.9	8.8	8.7	8.6
Spread	2.2	2.8	3.7	4.3	4.7
NIM	4.4	4.7	5.3	5.7	5.9
Asset quality (%)	FY24	FY25	FY26	FY27e	FY28e
Gross NPAs (Rs)	1429.9	1950.8	2645.3	3595.7	4555.4
Net NPAs (Rs)	495.5	1253.9	1587.2	2157.4	2733.2
Provisions (Rs)	934.4	696.8	1058.1	1438.3	1822.1
Gross NPAs (%)	2.2%	2.7%	3.0%	3.2%	3.3%
Net NPAs (%)	0.8%	1.8%	1.8%	1.9%	2.0%
PCR (%)	65.3%	35.7%	40.0%	40.0%	40.0%
Provisioning Cost	9.4	1.5	3.0	1.8	1.7
Return ratios (%)	FY24	FY25	FY26	FY27e	FY28e
RoE (%)	-5.8	1.8	5.4	7.7	10.9
RoA (%)	-2.1	0.6	1.5	1.8	2.3
Per share (Rs)	FY24	FY25	FY26	FY27e	FY28e
No. of shares	22.5	22.5	22.5	22.5	22.5
EPS	-74.9	21.5	66.7	99.6	155.1
BV	1182.2	1202.1	1250.7	1350.3	1505.3
ABV	1160.1	1146.5	1180.3	1254.6	1384.1
Valuation (x)	FY24	FY25	FY26	FY27e	FY28e
Price	2027.0	2027.0	2027.0	2027.0	2027.0
P/E	-27.0	94.1	30.4	20.4	13.1
P/BV	1.7	1.7	1.6	1.5	1.3
P/ABV	1.7	1.8	1.7	1.6	1.5
ROA Tree (%)	FY24	FY25	FY26	FY27e	FY28e
Interest Income	9.3	10.3	11.1	11.7	12.1
Interest Expenses	5.5	6.2	6.4	6.6	6.7
NII	3.8	4.2	4.7	5.1	5.4
Other Income	1.2	1.2	0.9	1.2	1.2
Total Income	5.0	5.3	5.6	6.4	6.6
Operating Expenses	3.5	3.5	3.3	3.1	2.8
PPoP	1.5	1.8	2.3	3.3	3.8
Provisions for NPAs	5.7	1.2	2.6	1.7	1.6
PBT	-4.2	0.6	-0.3	1.7	2.2
Tax	-2.0	0.2	-0.1	0.0	0.0
PAT	-2.1	0.6	1.5	1.8	2.3

Source: Dalal & Broacha Research, Company

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