


**STOCK UPDATE**

Result Update - Q3FY2026

**SECTOR**

NBFC

**COMPANY DETAILS**

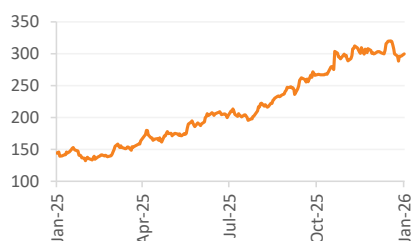
Market cap:	Rs. 75,139 cr
52-week high/low:	Rs. 329/131
NSE volume: (No of shares)	73.0 lakh
BSE code:	533519
NSE code:	LTF
Free float: (No of shares)	242.8 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

**SHAREHOLDING (%)**

Promoters	66.0
FII	6.7
DII	15.3
Others	12.0

Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE CHART**


Source: NSE, BSE, Mirae Asset Sharekhan Research

**PRICE PERFORMANCE**

(%)	1m	3m	6m	12m
Absolute	-0.1	12.7	47.8	107.7
Relative to Sensex	1.9	13.5	46.5	99.0

Source: Mirae Asset Sharekhan Research, Bloomberg

 Reco/View: **Buy**

 CMP: **Rs. 300**

 Price Target: **Rs. 345**
**Quick Snapshot**

- Disbursements grew by a robust growth 49% y-o-y and 20% q-o-q, driving up retail loans by 21.4% y-o-y.
- Reported NIM (including fees) rose 8 bps y-o-y and 19 bps q-o-q at 10.41% on stable yields and lower cost of funding due to a reduction in the repo rate.
- Asset quality improved with GNPA falling 4/10 bps (y-o-y/q-o-q) at 3.19%. Credit cost grew by 16.7% q-o-q, though drop by 9.8% y-o-y.
- We maintain a Buy on the stock with a revised PT of Rs. 345, valuing it at 2.4x of FY28 BV.

**Result overview**

- NII was slightly above estimates, rose by 13.4% y-o-y and 5.6% q-o-q to Rs. 2,537 crore. Reported NIM (including other income) stood at 10.41%, expanded by 8 bps y-o-y 19 bps q-o-q due to stable yield, and a fall in funding cost on lower repo rates.
- Other income grew 14.3% y-o-y and 14.4% q-o-q to Rs. 341 crore. Fee income grew by a robust 17% q-o-q and 42% y-o-y.
- Operating expenses exceeded estimates by 6%, rose by 19.8% y-o-y and 5.0% q-o-q due to one-time higher employee costs related to the New Labour Code.
- PPOP grew by 9.0% y-o-y and 7.8% q-o-q to Rs. 1,611 crore, below estimates due to higher growth in Opex.
- Provisions stood at Rs. 590 crore, up by 16.8% q-o-q. However, it was down by 9.8% y-o-y, aiding a PAT growth of 22.5% y-o-y and 4.3% q-o-q.
- Retail AUM saw robust growth of 21.4% y-o-y and 7.1% q-o-q to Rs. 111,990 crore driven policy tailwinds, good monsoons and reduction in the repo rate. Consumer, home, LAP and SME loans witnessed strong growth. Disbursement saw robust growth 49% y-o-y and 20% q-o-q driven by rural loans, two wheelers loan, consumer loans, LAP and SME finance.
- Asset quality improved as GNPA and NNPA ratio fell by 10 bps and 8 bps q-o-q to 3.19% and 0.92%, respectively.

**Our Call**

Q3 numbers were in line with expectations and were buoyed by better asset quality as well. It is well-positioned to drive robust AUM growth, fueled by GST-driven consumption and a recovery in rural and MFI demand. Fully implementation of Cyclops is expected to build quality portfolio which will help to reduce credit cost significantly. We anticipate strong Q4FY26 earnings growth, with structural profitability improvements commencing in FY27. This outlook underpins our projected 24% PAT CAGR (FY25-FY28E), targeting a consolidated RoA of 2.7% and RoE of ~15.5% by FY28E. Consequently, we maintain a Buy rating with a revised price target of Rs. 345 (2.4x FY28E BVPS), reflecting consistent expansion and enhanced operational scale.

**Key Risks**

- Economic slow down
- Asset quality deteriorations

**Valuation**

	Rs cr				
Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income	7,536	8,667	9,807	12,042	14,785
Net profit	2,316	2,643	3,035	3,995	5,070
EPS (Rs)	9.2	10.6	12.4	16.0	20.4
P/E (x)	32.5	28.3	24.2	18.7	14.7
P/BV (x)	3.2	2.9	2.8	2.5	2.2
RoE (%)	10.3	10.8	11.5	13.8	15.5
RoA (%)	2.2	2.4	2.3	2.6	2.7

Source: Company; Mirae Asset Sharekhan estimates

## Concall highlights

- **AUM growth:** Management eyes strong AUM growth of 20–25% in the next couple of years, supported by strong performance across key verticals. The MFI segment is showing clear signs of recovery, while gold loans performed well and expected to continue.
- **NII & NIM growth:** The management has set a guidance corridor of 10-10.5% for NIM plus fees, underpinned by strengthening core lending and a resurgence in Rural Business Finance. This trajectory is supported by a strategic shift toward high-yield segments—including Micro LAP, personal loans, SME loans, and gold loans—which act as primary drivers for margin expansion. While a long-term pivot toward prime segments may slightly compress top-line margins, management expects Return on Assets (ROA) to remain in the guided range as lower operating and credit costs offset the shift in yields.
- **Asset quality:** The management expects improvement in asset quality driven by the implementation of Cyclops, a key catalyst for reducing credit costs. Consequently, the company has guided for credit costs of 2.0%–2.2% by Q4 FY27, with the potential to achieve these levels ahead of schedule if favorable tailwinds persist. This technological integration is anticipated to yield a meaningful, long-term reduction in the overall risk profile.
- **Return ratio:** The management has reaffirmed its Lakshya 2026 targets, projecting a Return on Assets (RoA) of 2.8%–3.0% by Q4 FY27. Parallel to this, Return on Equity (RoE) is expected to settle in the mid-teens, reflecting the company's commitment to sustained profitability and efficient capital deployment.
- **Cyclops and AI implementation update:** The Cyclops underwriting tool continues to drive operational excellence, with net non-starters in the two-wheeler and farm segments improving to 0.41% and 0.42% as of December 2025. Following its full implementation in personal loans by Q4 FY26, Cyclops will expand into the mortgage and rural business finance verticals in FY27 to further suppress credit costs.

## Results

					Rs cr
Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Interest Income	4,240	3,806	11.4%	4,037	5.0%
Interest Expenses	1,703	1,569	8.5%	1,634	4.2%
<b>NII</b>	2,537	2,237	13.4%	2,403	5.6%
Other Income	341	299	14.3%	298	14.4%
<b>Total Income</b>	2,878	2,536	13.5%	2,701	6.6%
Opex	1,268	1,058	19.8%	1,207	5.0%
<b>PPOP</b>	1,611	1,478	9.0%	1,494	7.8%
P&C	590	654	-9.8%	506	16.7%
<b>PBT</b>	1,021	824	23.9%	989	3.2%
Tax	254	198	28.2%	254	0.1%
<b>PAT</b>	766	626	22.5%	735	4.3%

Source: Company; Mirae Asset Sharekhan Research

## Asset Quality

Particulars	Q3FY26	Q3FY25	Q2FY26	y-o-y (bps)	q-o-q (bps)
GNPA	3.19%	3.23%	3.29%	-4.0	-10.0
NNPA	0.92%	0.97%	1.00%	-5.0	-8.0

Source: Company; Mirae Asset Sharekhan Research

## Actual vs Estimates

Particulars (Rs. Crore)	Q3FY26E	Q3FY26A	Variance (%)
NII	2,483	2,537	2.2%
PPOP	1,698	1,611	-5.1%
PAT	763	766	0.5%

Source: Company; Mirae Asset Sharekhan Research

## Additional Data

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Larsen & Toubro	66.02
2	Citigroup Global Markets	3.82
3	Mirae Asset Financial Grp	1.87
4	Kotak Mahindra Asset	1.77
5	Invesco Asset	1.75
6	Moitlal Oswal	1.64
7	Vanguard Group	1.33
8	Axis Mutual Fund	1.29
9	Axis Asset Management	1.28
10	ICICI Prudential	1.17

Source: Bloomberg

### Key management personnel

Name	Designation
MD & CEO	Sudipta Roy
CFO & ED	Sachin Joshi
Chairman	S. N. Subrahmanyam

Source: Company Website

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

**DISCLAIMER**

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit [bit.ly/AsiamoneyPoll](https://bit.ly/AsiamoneyPoll)

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on [www.sharekhan.com](https://www.sharekhan.com)

---

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: [complianceofficer@sharekhan.com](mailto:complianceofficer@sharekhan.com)

For any complaints/ grievances, email us at [igc@sharekhan.com](mailto:igc@sharekhan.com), or you may even call the Customer Service desk on 022-41523200/ 022-61151111.