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Q4FY26 Result Update
30th April 2026

Piramal Finance Ltd

Strong growth visibility with scalable retail model and 25% AUM trajectory

CMP: INR 2,010

Rating: Buy

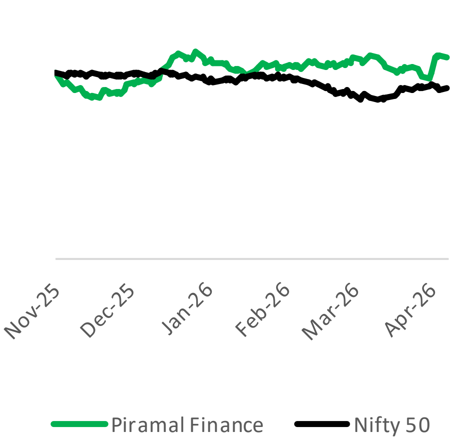
Target Price: INR 2,460

Stock Info	
BSE	544597
NSE	PIRAMALFIN
Bloomberg	PIRAMALF:IN
Sector	NBFC
Face Value (INR)	2
Equity Capital (INR Mn)	452
Mkt Cap (INR Mn)	454,250
52w H/L (INR)	2,073/ 1,235
Avg Yearly Vol (in 000')	313

Shareholding Pattern % *(As on March, 2026)*	
Promoters	46.16
Public & Others	53.84

Stock Performance (%)	3m	6m	12m
PIRAMALF	2.7	3.85	-
Nifty 50	-4.30	-6.60	-0.97

PIRAMALFIN Vs Nifty



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Earnings were impacted by higher operating costs and elevated provisions, resulting in a loss at the PBT level, while reported PAT remained strong due to a one-time exceptional gain of INR 13,264 Mn, masking underlying weakness in core performance. Net Interest Income came in largely in line at INR 12,406 Mn (vs est. INR 12,530 Mn), growing 14.5% QoQ and 46.5% YoY. Provisions surged to INR 11,684 Mn (vs est. INR 2,085 Mn), rising 145.1% QoQ and 45.0% YoY, leading to a PBT loss of INR 8,302 Mn compared to a PBT of INR 2,890 Mn in Q3FY26. Despite this, PAT stood at INR 5,018 Mn (vs est. INR 4,484 Mn), up 25.1% QoQ and 389.8% YoY, supported by the exceptional item. Advances grew to INR 881,750 Mn (vs est. INR 911,855 Mn), up 4.43% QoQ and 23.08% YoY.

Strong AUM Growth Driven by Retail Expansion and Scalable Model: The company delivered robust AUM growth of 25% YoY to INR 1,01,230 crore, led by a 33% YoY rise in growth AUM, with retail and Wholesale 2.0 segments expanding strongly. Retail disbursements remained healthy, supported by diversified products and strong mortgage traction. Rapid branch expansion (701 branches) and a growing customer base (5.7 Mn, +22% YoY) are driving scale, while AI-led underwriting and a high-touch model enable strong retail growth. Management expects ~25% AUM growth in FY27, with a clear path toward INR 1.5 lakh crore by FY28, supported by gold loans and rural microfinance expansion.

Strong Profitability Momentum with Lower Funding Costs and Favorable Mix Shift: Growth business ROAUM improved to 2.1% in Q4FY26 (up 36 bps YoY), while cost of borrowings declined by 11 bps QoQ to 8.84%, with AA+ rating upgrades expected to reduce funding costs by 50–80 bps over the next three years. Credit costs remained stable at ~1.5%, supporting profitability. Management guides for ~50% PAT growth in FY27 and a ROAUM exit of ~2.5%, driven by operating leverage and a favorable mix shift toward higher-yield segments like gold loans and unsecured lending (mix up 400–500 bps).

Stable Asset Quality with Strong Risk Controls: Asset quality remains stable, with GNPA/NNPA improving to 2.3%/1.6% and retail delinquencies staying low and stable. Credit costs are controlled at ~1.5%, with improving vintage trends across products. The wholesale book remains clean with zero NPAs, while legacy stress continues to decline sharply. AI-driven underwriting and proactive risk monitoring have strengthened credit quality, with no visible stress across segments so far. ..

Valuation & View: For FY27, the company has guided for ~25% AUM growth and ~50% profit growth, along with an improvement in return on AUM to ~2.5% (from 2.1% in Q4FY26), driven by operating leverage, lower cost of funds following the AA+ rating upgrade, and a better product mix including higher unsecured and gold loan contribution. Asset quality is currently stable to improving, though management remains cautious about potential macro risks (especially from global geopolitical tensions) which may reflect with a lag. Continued reduction in OPEX ratios, strong liquidity, and tax-shield benefits are expected to further support earnings. **We upgrade our rating on the stock to BUY with a target price of INR 2,460, valuing the bank at P/ABV of 1.45x FY29E ABV.**

Financial Snapshot:

Particulars (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
NII	31,795	42,446	53,017	69,533	85,348
PAT	3,488	718	15,250	19,233	25,456
Networth	270,959	281,915	299,243	320,762	383,561
Adj BVPS (Rs)	1,146	1,186	1,324	1,419	1,696
EPS (Rs)	22	67	77	95	124
P/E (x)	93	30	26	21	16
P/Adj BV (x)	2	2	2	1	1

Source: Arihant Research, Company Filings

Quarterly Result Update (Rs Mn)	Q4FY26	Q3FY26	Q4FY25	Q-o-Q	Y-o-Y
Interest Income	29,142	27,303	22,636	6.7%	28.7%
Interest Expended	16,736	16,464	14,167	1.7%	18.1%
Net Interest Income	**12,406**	**10,839**	**8,469**	**14.5%**	**46.5%**
Other Income	5,519	2,448	7,690	125.5%	-28.2%
Operating Income	17,925	13,287	16,159	34.9%	10.9%
Operating Expenses	14,544	8,247	7,843	76.4%	85.4%
Employee Expenses	4,301	4,767	4,045	-9.8%	6.3%
Other Operating Expenses	10,243	3,480	3,798	194.3%	169.7%
PPOP	**3,382**	**5,041**	**8,317**	**-32.9%**	**-59.3%**
Provisions	11,684	2,150	8,058	443.4%	45.0%
PBT	**-8,302**	**2,890**	**258**	**-387.2%**	**-3315.3%**
Exceptional Items	**13,264**	**0**	**0**	**NA**	**NA**
Tax Expenses	30	-731	136	-104.1%	-78.1%
Net Profit	**5,018**	**4,010**	**1,024**	**25.1%**	**389.8%**
Asset Quality (%)					
GNPA	2.30%	2.60%	2.80%	-50	-30
NNPA	1.60%	1.90%	1.90%	-30	-30
Returns & Expenses					
RoA	2.10%	1.90%	1.70%	40.00	20.00
RoE*	7.1%	5.8%	1.5%	560.73	136.46
Cost / Income Ratio (%)	81.1%	62.1%	48.5%	3260.18	1907.01

Note- effect from exceptional item

Source: Arihant Research, Company Filings

Concall Highlights

Growth & AUM Mix

- Total AUM grew 25% YoY to INR 1012.30 Bn, crossed the INR 1 trillion milestone, in line with long-term target trajectory of INR 1.5 trillion by FY28.
- Growth AUM (retail + wholesale 2.0) increased 33% YoY to INR 984.23 Bn, exceeding the ~30% guidance.
- Retail AUM grew 33% YoY to INR 858.85 Bn, now contributing ~85% of total AUM, indicating successful pivot to retail.
- Wholesale 2.0 AUM grew 38% YoY to INR 125.38 Bn, with strong traction in real estate and mid-market lending.
- Legacy wholesale book reduced 59% YoY to INR 28.07 bn, now <3% of AUM (vs ~66% four years ago), nearing full resolution.

Segmental Performance

- Retail disbursements grew 34% YoY to INR 131.01 Bn in Q4, recovering from Q3 moderation.
- Mortgage AUM (HL + LAP) stood at INR 578.37 Bn (57% of AUM; 67% of retail AUM) with ~32% YoY growth.
- Microfinance AUM grew 42% YoY to INR 13.84 Bn. Cross-sell contribution in unsecured loans ~30%, aiding lower cost structure and better credit outcomes.

Profitability & Margins

- FY26 PAT: INR 15.06 Bn (3x YoY), exceeding guidance of INR 13–15 Bn.
- Q4 PAT: INR 5,020 Mn vs INR 1,020 Mn YoY. ROAUM improved to 2.1% (Q4FY26) vs 1.7% YoY; target 2.5% by Q4FY27.
- Operating profit grew 37% YoY to INR 8,500 Mn.
- Leverage increased to 3.6x (vs 3x YoY); target 4.5–5x over time.

Margins, NIM & Cost of Funds

- Consolidated NIM expanded to 6.5% (+20 bps QoQ); growth book NIM ~7%.
- Cost of borrowing declined 11 bps QoQ to 8.84%.
- AA+ rating upgrade expected to reduce borrowing cost by 50–80 bps over 3 years.
- Retail yields stable; fee income impacted temporarily due to insurance partnership changes**.**

Asset Quality

- GNPA declined to 2.3% (-30 bps QoQ); NNPA at 1.6% (-30 bps QoQ).
- Retail 90+ DPD improved to 0.6% (-20 bps QoQ).
- Credit cost reduced to 1.5% (vs 1.6% QoQ).
- Wholesale 2.0 book has zero NPAs. Microfinance portfolio largely normalized; unsecured risk improving.

Distribution Expansion

- Total branches increased to 701 (added 100 branches in Q4). 26 urban branches, 22 gold loan branches and 60 rural branches.
- Rural network expanded to 136 branches. Gold loan rollout initiated; target ~200 branches in FY27.

Other Highlights

- LCR at 450%, indicating strong liquidity buffer. Cash & equivalents: INR 86.40 Bn(~8% of assets). Capital adequacy at 19.8% vs regulatory ~15%.
- Capital consumption modest (~50 bps QoQ); ~3–4 quarters runway before potential raise.
- Stake sale in Shriram Life Insurance of INR 6,000 Mn realized.
- Deferred proceeds from Piramal Imaging $148 Mn.
- Accumulated tax losses increased to INR 246 Bn; ~INR 160 Bn future profits tax-shielded.
- Retail OPEX/AUM reduced to 3.6% (-21 bps QoQ); consistent decline over 3 years. The company sees further ~50 bps improvement potential.
- AI-led productivity - AUM doubled in 2 years with flat operations headcount.
- GenAI usage surged to 178 Bn tokens in Q4 (vs 63 Bn in Q1).
- AI deployed across sales, underwriting, collections, audit, CX, and HR.
- Monitoring impact of Middle East geopolitical tensions on sectors; No immediate stress visible; possible lagged impact in Q2FY27**.**

Key Financials

Income Statement

P&L (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Interest income	84,614	106,232	122,544	148,550	175,183
Interest expense	52,819	63,786	69,527	79,017	89,835
NII	**31,795**	**42,446**	**53,017**	**69,533**	**85,348**
Non-interest income	21,505	14,084	21,126	23,239	25,562
Net revenues	**53,300**	**56,530**	**74,143**	**92,772**	**110,910**
Operating expenses	30,266	44,800	42,330	52,845	61,135
Depreciation	2,137	9,028	9,570	10,240	10,956
Total Opex	**32,403**	**53,828**	**51,900**	**63,085**	**72,092**
PBT	**5,083**	**-512**	**20,388**	**25,712**	**34,032**
Tax	1,594	-1,231	5,138	6,480	8,576
PAT (Before Extraordinary item)	**3,488**	**718**	**15,250**	**19,233**	**25,456**
Share of Net Profit of associates & JV	**1,366**	**1,889**	**2,078**	**2,286**	**2,515**
Exceptional Items	**0**	**12,454**	**0**	**0**	**0**
PAT	**4,855**	**15,061**	**17,329**	**21,519**	**27,971**

Note- low base effect from exceptional item

Balance Sheet

Balance sheet	FY25	FY26	FY27E	FY28E	FY29E
Share capital	451	452	452	452	452
Reserves & surplus	270,509	281,463	298,791	320,310	383,109
Net worth	**270,959**	**281,915**	**299,243**	**320,762**	**383,561**
Borrowings	296,274	482,694	555,098	638,362	740,500
Deposits	1,275	1,279	1,284	1,288	1,292
Other liability	380,926	339,578	407,493	488,992	562,341
Total liabilities	**949,434**	**1,105,465**	**1,263,118**	**1,449,404**	**1,687,693**
Fixed assets	27,654	24,662	22,196	19,976	17,979
Advances	657,912	848,380	1,047,574	1,234,059	1,459,773
Investments	125,387	98,138	103,045	103,045	103,045
Cash	62,759	55,679	15,629	10,182	16,541
Other assets	75,723	78,605	74,674	82,142	90,356
Total assets	**949,434**	**1,105,465**	**1,263,118**	**1,449,404**	**1,687,693**

Source: Arihant Research, Company Filings

Ratios %					
Particulars	FY25	FY26	FY27E	FY28E	FY29E
Growth (%)					
NII	7.05%	33.50%	24.90%	31.15%	22.74%
PBT	-137.78%	NA	NA	26.11%	32.36%
PAT*	39.91%	-79.40%	2022.55%	26.11%	32.36%
Advances	19.74%	28.95%	23.48%	17.80%	18.29%
Deposits	0.22%	0.30%	0.41%	0.30%	0.30%
Spread (%)					
Yield on Funds	12.50	12.50	12.80	12.80	12.80
Cost of Borrowings	8.70	8.50	8.20	8.40	8.60
Spread	3.80	4.00	4.60	4.40	4.20
NIM	5.27	5.64	5.54	5.99	6.24
Asset quality (%)					
Gross NPAs	2.66	2.19	1.95	1.73	1.53
Net NPAs	1.76	1.58	1.62	1.59	1.55
Provisions	35.73	29.59	27.44	29.02	30.70
Return ratios (%)					
RoE	1.8	5.4	6.0	6.9	7.9
RoA	0.5	1.5	1.5	1.6	1.8
Per share (Rs)					
EPS	22	67	77	95	124
BV	1202	1247	1324	1419	1696
ABV	1146	1186	1324	1419	1696
Valuation (x)					
P/E	93.3	30.2	26.2	21.1	16.2
P/BV	1.7	1.6	1.5	1.4	1.2
P/ABV	1.8	1.7	1.5	1.4	1.2

Note- low base effect from exceptional item

Source: Arihant Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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