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Generating Wealth

Q1FY27 Result Update
17th July 2026

Piramal Finance Ltd

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

CMP: INR 2,186

Rating: Accumulate

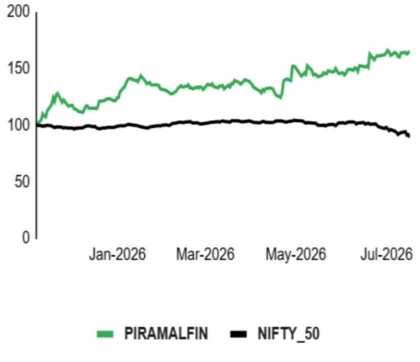
Target Price: INR 2,545

Stock Info	
BSE	544597
NSE	PIRAMALFIN
Bloomberg	PIRAMALF:IN
Sector	NBFC
Face Value (INR)	2
Equity Capital (INR Mn)	452
Mkt Cap (INR Mn)	495,430
52w H/L (INR)	2,220/ 1,235
Avg Yearly Vol (in 000')	313

Shareholding Pattern % *(As on June, 2026)*	
Promoters	46.20
Public & Others	53.80

Stock Performance (%)	1m	6m	12m
PIRAMALF	9.35	15.15	65.46
Nifty 50	0.35	-6.31	-4.52

PIRAMALFIN Vs Nifty



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Piramal Finance reported a strong operating quarter in Q1FY27, with PAT at INR 4,610 Mn (vs est. INR 4,163 Mn), up 66.8% YoY, aided by robust NII growth and a large associate-income contribution of INR 989 Mn. PPOP came in well ahead at INR 8,039 Mn (vs est. INR 6,708 Mn), up 107.5% YoY, led by NII of INR 13,516 Mn (vs est. INR 12,365 Mn), growing 8.9% QoQ and 49.9% YoY on healthy AUM growth and margin expansion. Provisions stayed elevated at INR 4,597 Mn (vs est. INR 2,091 Mn), down 60.7% QoQ but up 179.2% YoY, as the company continued cleaning up its legacy wholesale book, keeping reported PBT at INR 3,441 Mn. Advances grew to INR 917,020 Mn, up 4.0% QoQ and 21.1% YoY.

Strong AUM Growth Driven by Retail Expansion and Scalable Model: Total AUM crossed INR 1,069 bn (+25% YoY, +6% QoQ), led by a 32% YoY rise in growth AUM, now 98% of the book. Retail AUM stood at INR 912 bn (+32% YoY) and Wholesale 2.0 at INR 132 bn (+27% YoY), while legacy AUM declined to INR 25 bn (2% of total). Retail disbursements surged 44% YoY to INR 131 bn. Unsecured AUM rose 45% YoY to INR 214 bn (20% of AUM). Branch network expanded to 780 (+79 QoQ), with gold loans targeting 200 branches by March 2027. Management reaffirmed ~25% AUM growth guidance for FY27, with a path toward INR 1.5 lakh crore by FY28.

Strong Profitability Momentum with Lower Funding Costs and Favorable Mix Shift: PAT grew 67% YoY to INR 4.6 bn on strong operating leverage (opex +10% vs revenue +37%). Growth business RoAUM expanded 33 bps YoY to 1.9%, on track for a ~2.5% Q4FY27 exit. NIM stood at 6.5% (+47 bps YoY, flat QoQ), with cost of borrowings down 4 bps QoQ to 8.80%. AA+ rating upgrades are expected to provide further funding-cost tailwinds. Retail opex-to-AUM improved to 3.5% (down 66 bps YoY) and cost-to-income to 52.5% (vs 65.6% in Q1FY26). Management guides for ~50% PAT growth in FY27, aided by operating leverage and a richer mix toward gold and unsecured lending.

Stable Asset Quality with Strong Risk Controls: Asset quality remained controlled, with GNPA/NNPA at 2.4%/1.6% and retail 90+ DPD stable at 0.7%, with no typical Q1 seasonal deterioration. Wholesale Stage 2+3 stayed below 0.2%. Growth business credit cost was stable at 1.6%, while company-level credit cost of 1.8% reflects continued legacy-book provisioning. Unsecured risk is at its best levels in over two years. A watchpoint is early-stage bounce-rate increases among IT-sector salaried customers in southern markets (~13% of the salaried base), with underwriting recalibrated; no visible portfolio impact from West Asia tensions so far.

Valuation & View: Piramal Finance continues to execute well on its retail-led transformation, with ~25% AUM growth and ~50% PAT growth guidance for FY27 and an RoAUM exit target of ~2.5%, supported by operating leverage, lower funding costs post the AA+ upgrade, and a favourable mix shift toward higher-yield gold and unsecured segments. Asset quality is stable to improving, though management stays watchful of macro risks that may reflect with a lag. Continued opex reduction, strong liquidity, and tax-shield benefits should further support earnings. However, after the stock's strong 12-month re-rating (~65%), the risk-reward is now more balanced. **We therefore revise our rating from Buy to Accumulate, with a target price of INR 2,545, valuing the stock at 1.50x FY29E ABV (16% upside).**

Financial Snapshot:

Y/E Mar (Rs Mn)	FY24	FY25	FY26E	FY27E	FY28E	FY29E
NII	29699.80	31794.90	42445.80	53016.89	69533.10	85347.72
PAT	2493.30	3488.40	718.50	15250.49	19232.93	25455.93
Networth	265570.50	270959.40	281914.70	299243.42	320762.40	383561.07
Adj BVPS (Rs)	1141.79	1146.49	1185.51	1323.50	1418.67	1696.42
EPS (Rs)	-74.94	21.54	66.61	76.64	95.17	123.71
P/E (x)	-29.17	101.50	32.82	28.52	22.97	17.67
P/Adj BV (x)	1.91	1.91	1.84	1.65	1.54	1.29

Source: Arihant Research, Company Filings

Quarterly Result Update (Rs Mn)	Q1FY27	Q4FY26	Q1FY26	Q-o-Q	Y-o-Y
Interest Income	30,855	29,142	23,934	5.9%	28.9%
Interest Expended	17,339	16,736	14,917	3.6%	16.2%
Net Interest Income	**13,516**	**12,406**	**9,017**	**8.9%**	**49.9%**
Other Income	3,441	5,519	3,001	-37.7%	14.6%
Operating Income	16,957	17,925	12,018	-5.4%	41.1%
Operating Expenses	8,918	14,544	8,145	-38.7%	9.5%
Employee Expenses	5,042	4,301	4,508	17.2%	11.8%
Other Operating Expenses	3,877	10,243	3,637	-62.2%	6.6%
PPOP	**8,039**	**3,382**	**3,873**	**137.7%**	**107.5%**
Provisions	4,597	11,684	1,646	-60.7%	179.2%
PBT	**3,441**	**-8,302**	**2,227**	**-141.5%**	**54.5%**
Exceptional Items	**0**	**13,264**	**0**	**-**	**-**
Tax Expenses	-180	30	247	-701.7%	-173.0%
Net Profit	**4,610**	**5,018**	**2,764**	**-8.1%**	**66.8%**
Asset Quality (%)					
GNPA	2.40%	2.30%	2.80%	-40	10
NNPA	1.60%	1.90%	1.90%	-30	-30
Returns & Expenses					
RoA	1.65%	1.90%	1.70%	-5.06	-25.06
RoE	6.4%	7.1%	4.1%	236.74	-68.40
Cost / Income Ratio (%)	52.6%	81.1%	67.8%	-1517.94	-2854.12

Source: Arihant Research, Company Filings

Piramal Finance Limited | KTA Q1FY27

Piramal Finance delivered a strong Q1FY27, sustaining momentum across growth, profitability, and predictability. Total AUM crossed INR 1,069 bn (+25% YoY), with the growth book (98% of total) expanding at 32% YoY. PAT surged 67% YoY to INR 4.6 bn driven by robust operating leverage (opex +10% vs revenue +37%). Growth business RoAUM expanded 33 bps YoY to 1.9%, on track for 2.5% Q4FY27 exit. Asset quality remained controlled with retail 90+ DPD at 0.7%. Board approved enabling resolution to raise up to INR 40 bn.

1. AUM Growth & Disbursements

- Total AUM INR 1,069 bn (+25% YoY, +6% QoQ). Growth AUM +32% YoY. Retail AUM INR 912 bn (+32% YoY), wholesale INR 132 bn (+27% YoY). Legacy down to INR 25 bn (2% of total).
- Retail disbursements surged 44% YoY to INR 131 bn in Q1 vs 34% in Q4FY26 and 31% in full year FY26.
- Unsecured product AUM +45% YoY to INR 214 bn (20% of total AUM). Salaried PL +49%, UBL +19%, digital loans +67% YoY. Cross-sell at 28% of unsecured disbursements.
- Branch network at 780 (+79 QoQ). Gold loans completed Phase 1 at 67 branches, targeting 200 by March 2027. Rural micro-lending expanded to 178 branches. 8 urban branches consolidated.

2. Profitability & Operating Leverage

- PAT INR 4.6 bn (+67% YoY). Growth business PBT INR 4.7 bn (+59% YoY). Growth RoAUM at 1.9% vs 1.5% in Q1FY26.
- NIM 6.5% (+47 bps YoY, flat QoQ). Growth book NIM 6.8%, lower QoQ due to deliberate choice to reduce DA volumes (17-20 bps impact). DA described as a "pinch hitter" used only when needed.
- Retail opex-to-AUM at 3.5% (down 66 bps YoY, 10 bps QoQ), now within long-range target. ~300 bps reduction over 13 quarters. Cost-to-income at 52.5% vs 65.6% in Q1FY26.
- COB at 8.80% (down 4 bps QoQ). AA+ rating upgrade expected to provide further CoB tailwinds. Japanese agencies R&I and JCR assigned BBB/Stable (one notch below sovereign).

3. Asset Quality & Risk Signals

- Retail 90+ DPD stable at 0.7%, no typical Q1 seasonal deterioration. Wholesale Stage 2+3 below 0.2%.
- GNPA 2.4% (vs 2.8% Q1FY26). NNPA 1.6%. Growth business credit cost stable at 1.6%. Company credit cost 1.8% due to legacy book provisioning.
- Unsecured risk at best levels in 2+ years. Digital loan delinquencies at historical lows. Microloan risk back to all-time best.
- Watchpoint: Early-stage bounce rate increases in IT sector salaried customers in southern markets, particularly in secured products. IT forms ~13% of salaried/unsecured base. Underwriting recalibrated. LAP mild uptick driven by 4 idiosyncratic cases.
- West Asia conflict: no visible portfolio impact so far.

4. Capital, Liquidity & Balance Sheet

- Net worth INR 289 bn. AUM/E at 3.7x (vs 3.2x Q1FY26). CAR at 18.85% (all Tier 1). D/E 2.8x. BVPS INR 1,271 (+6% YoY). TTM EPS INR 74.6 (+190% YoY).
- Board approved enabling resolution to raise up to INR 40 bn. ~INR 90 bn gap between net worth and regulatory capital (DTAs, investment book, BAU deductions). Tier 2 market shallow with unattractive pricing.
- Cash & liquid investments INR 69 bn (6% of assets). Average LCR 553%. Minimal CP exposure.

5. AI & Technology (Piramal.ai)

- Gen-AI token usage at 320 bn in Q1 (5x YoY). Token costs flat via shift to homegrown SLMs and open-source models.
- Credit manager productivity up ~50% over 2 years. Avg decisioned amount per credit manager INR 126 mn. 57% of code AI-written. Hands-free collections INR 10.2 bn/month.
- Launched PIA (Piramal Investor Assistant) on IR page, first such AI tool offered externally by an Indian company.

6. Guidance & Forward-Looking Commentary

- Confident of meeting original FY27 guidance on AUM growth, profit growth, and RoAUM. Q4FY27 RoAUM target of 2.5% reaffirmed.
- Another 40-50 bps opex improvement expected over next 4-5 quarters.
- 4.5-5x leverage target (set at AA rating) to be reviewed upward as the company operates as AA+ lender with improving portfolio mix.
- Gold loans targeting 200 branches by March 2027. PL branch penetration to reach 100% in 2-3 quarters.
- Digital loans business high-beta, will scale up/down based on real-time risk. Currently at historical low risk/high volumes (80%+ on FLDG).
- Small ticket affordable housing (<INR 35 lakh) seeing low/negative industry growth. Compensating via mass affluent HL and LAP Plus.
- Capital raise timing/instrument undecided. No imminent M&A. Hidden regulatory capital (DTAs, investments) to unlock over time but beyond 2-3 quarters.
- IT sector stress a developing insight from recent weeks. Bayesian recalibration of underwriting, not abandonment of the segment.

Key Financials

Income Statement

P&L (INR Mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Interest income	73,139	84,614	1,06,232	1,22,544	1,48,550	1,75,183
Interest expense	43,439	52,819	63,786	69,527	79,017	89,835
NII	**29,700**	**31,795**	**42,446**	**53,017**	**69,533**	**85,348**
Non-interest income	28,645	21,505	14,084	21,126	23,239	25,562
Net revenues	**58,345**	**53,300**	**56,530**	**74,143**	**92,772**	**1,10,910**
Operating expenses	63,510	30,266	44,800	42,330	52,845	61,135
Depreciation	8,290	2,137	9,028	9,570	10,240	10,956
Total Opex	**71,800**	**32,403**	**53,828**	**51,900**	**63,085**	**72,092**
PBT	**(13,455)**	**5,083**	**-512**	**20,388**	**25,712**	**34,032**
Tax	(15,949)	1,594	-1,231	5,138	6,480	8,576
PAT (Before Extraordinary item)	**2,493**	**3,488**	**718**	**15,250**	**19,233**	**25,456**
Share of Net Profit of associates & JV	1,537	1,366	1,889	2,078	2,286	2,515
Exceptional Items	(20,866)	0	12,454	0	0	0
PAT	**(16,835)**	**4,855**	**15,061**	**17,329**	**21,519**	**27,971**

Note- low base effect from exceptional item

Balance Sheet

Balance sheet	FY24	FY25	FY26	FY27E	FY28E	FY29E
Share capital	449	451	452	452	452	452
Reserves & surplus	2,65,121	2,70,509	2,81,463	2,98,791	3,20,310	3,83,109
Net worth	**2,65,571**	**2,70,959**	**2,81,915**	**2,99,243**	**3,20,762**	**3,83,561**
Borrowings	2,24,640	2,96,274	4,82,694	5,55,098	6,38,362	7,40,500
Deposits	1,272	1,275	1,279	1,284	1,288	1,292
Other liability	3,34,567	3,80,926	3,39,578	4,07,493	4,88,992	5,62,341
Total liabilities	**8,26,050**	**9,49,434**	**11,05,465**	**12,63,118**	**14,49,404**	**16,87,693**
Fixed assets	29,594	27,654	24,662	22,196	19,976	17,979
Advances	5,49,434	6,57,912	8,48,380	10,47,574	12,34,059	14,59,773
Investments	1,25,130	1,25,387	98,138	1,03,045	1,03,045	1,03,045
Cash	44,468	62,759	55,679	15,629	10,182	16,541
Other assets	77,425	75,723	78,605	74,674	82,142	90,356
Total assets	**8,26,050**	**9,49,434**	**11,05,465**	**12,63,118**	**14,49,404**	**16,87,693**

Source: Arihant Research, Company Filings

Ratios	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth (%)						
NII	-21.93%	7.05%	33.50%	24.90%	31.15%	22.74%
PBT	45.40%	-137.78%	-	-	26.11%	32.36%
PAT	-83.53%	39.91%	-79.40%	2022.55%	26.11%	32.36%
Advances	18.43%	19.74%	28.95%	23.48%	17.80%	18.29%
Deposits	0.28%	0.22%	0.30%	0.41%	0.30%	0.30%
Spread (%)						
Yield on Funds	13.70	12.50	12.50	12.80	12.80	12.80
Cost of Borrowings	8.80	8.70	8.50	8.20	8.40	8.60
Spread	4.90	3.80	4.00	4.60	4.40	4.20
NIM	5.86	5.27	5.64	5.54	5.99	6.24
Asset quality (%)						
Gross NPAs	5.00	2.66	2.19	1.95	1.73	1.53
Net NPAs	1.65	1.76	1.58	1.62	1.59	1.55
Provisions	70.00	35.73	29.59	27.44	29.02	30.70
Return ratios (%)						
RoE	-5.8	1.8	5.4	6.0	6.9	7.9
RoA	-2.0	0.5	1.5	1.5	1.6	1.8
Per share (Rs)						
EPS	-75	22	67	77	95	124
BV	1182	1202	1247	1324	1419	1696
ABV	1142	1146	1186	1324	1419	1696
Valuation (x)						
P/E	-29.2	101.5	32.8	28.5	23.0	17.7
P/BV	1.8	1.8	1.8	1.7	1.5	1.3
P/ABV	1.9	1.9	1.8	1.7	1.5	1.3

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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