BUY (Maintain)

CMP: **INR 498** Target Price: **INR 600 (INR 535)** ▲ 20%

16 July 2026

India | Equity Research | Results Update

Jana Small Finance Bank

Financials

Robust start to Q1FY27 sets the stage for delivering on FY27 guidance

Jana Small Finance Bank (Jana) reported another strong quarter with RoA of 1.4% and RoE of 13.6%, setting the stage for a strong FY27 and moving towards its guidance of >80% FY27 PAT growth. Recovery in the unsecured portfolio helped jana regain lost ground on the fee and revenue front, thereby recouping profitability. Moreover, credit costs receded owing to a decline in the stress portfolio due to sectoral recovery in MFI. We expect Jana's return ratios to remain upbeat in FY27 after a tough FY26. We forecast PAT growth of >90% in FY27E (on a low base), with calc. RoA of 1.2% and calc. RoE of 13%. Maintain **BUY** with a revised TP of INR 600 (earlier: INR 535), valuing the stock at 1.2x Sep'27E P/B (earlier: 1.1x FY27E P/B).

No active involvement by promoters assuages concerns

JHL and JCL, the current promoters of Jana, experienced a technical default on their NCD payments after extending the debt maturity by six months to allow time to sell their stakes. As a result, Jana has been placed on rating watch by India Ratings following the action taken on JCL and JHL. However, the SFB's business operations remain entirely unaffected by the promoters' default.

Promoters Jana Holdings and JCL currently hold a combined 16.9% stake vs. a peak of 44%. However, since Jun'22, Jana has not borrowed any fresh capital from its promoters, causing its stake to decline steadily over the last four years. The SFB maintains no connection to its promoters other than their equity ownership. Also, there are no common board members and no cross-default linkages between the entities.

Loans up 4% QoQ/26% YoY; guidance intact at 19-21% YoY

Management has guided for a gross loan growth of 19-21% for FY27. Secured book was up 4% QoQ and 29% YoY, while unsecured growth was also relatively healthy at 3% QoQ/18% YoY. As a result, secured share now stands at 72.8%.

Key growth drivers include: affordable housing, MSME, vehicle loans, gold loans and MFI book (unsecured loans). Micro LAP growth saw some slowdown in Q1 due to focus towards direct sourcing, but it is expected to normalise in the coming quarters.

Financial Summary

Y/E March	FY25A	FY26A	FY27E	FY28E
NII (INR bn)	23.9	25.9	31.0	36.4
Op. profit (INR bn)	12.3	11.7	13.2	14.8
Net Profit (INR bn)	5.0	3.3	6.4	6.3
EPS (INR)	47.7	31.1	60.5	59.6
EPS % change YoY	(25.4)	(34.9)	94.7	(1.5)
P/E (x)	10.4	16.0	8.2	8.4
P/BV (x)	1.3	1.2	1.0	0.9
GNPA (%)	2.7	2.3	2.0	1.8
RoA (%)	1.4	0.8	1.2	1.0
RoE (%)	13.0	7.6	13.3	11.6

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Market Data

Market Cap (INR)	53bn
Market Cap (USD)	547mn
Bloomberg Code	JSFB IN
Reuters Code	JANA.BO
52-week Range (INR)	521 /330
Free Float (%)	58.0
ADTV-3M (mn) (USD)	3.9

Price Performance (%)	3m	6m	12m
Absolute	25.9	26.6	0.5
Relative to Sensex	26.9	34.3	7.1

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
PAT	-	-

Previous Reports

07-07-2026: [NBFC Q1FY27 Preview]
03-05-2026: [Q4FY26 results review]

Q1FY27 review: RoE of 13.6% stands at an 8-quarter high

Jana reported a PAT of INR 1.55bn, up 11% QoQ/52% YoY, which translated into an RoA/RoE of 1.4%/13.6%, respectively, and is now moving towards the pre-crisis levels. Loans were up 4% QoQ/26% YoY, largely aided by secured products, though unsecured book also rose sequentially for the second consecutive quarter. Margin inched up 30bps QoQ to 7.5%, aiding NII growth of 6% QoQ/31% YoY. GNPA/ NNPA fell 9bps/3bps QoQ to 2.24%/0.85%, respectively, while credit cost as a % of average AUM fell below 2% vs. 2.25% QoQ.

Additionally, Jana has approved the tier-1 capital of INR 7.28bn via share warrants through the preferential route. Of this, it received INR 1.03bn in Jun'26 and will receive INR 0.8bn post the RBI approval for 9.99% stake by the TVS Venu Group. Post that, the balance 75% would come over the next six quarters. Overall, CRAR stands healthy and well above the regulatory requirement of 20.2%.

Key risks: 1) Higher credit cost continuing in coming quarters; and 2) lower-than-expected recoveries from guarantee programme.

Exhibit 1: Q1FY27 result review

Income Statement (INR mn)	Q1FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Interest Earned	12,502	14,446	15,145	21	5
Interest Expended	6,551	7,090	7,321	12	3
Net Interest Income	**5,951**	7,356	**7,825**	**31**	**6**
Other Income	2,660	2,656	2,269	(15)	(15)
Total Income	8,611	10,012	10,094	17	1
Operating expenses	**5,629**	**6,665**	**6,762**	**20**	**1**
Staff Expenses	3,510	3,840	4,149	18	8
Other operating expenses	2,120	2,824	2,614	23	(7)
Operating Profit	**2,981**	**3,347**	**3,332**	**12**	**(0)**
Provision & Contingencies	1,962	1,949	1,779	(9)	(9)
Profit before tax	1,019	1,398	1,552	52	11
Provision for tax	-	-	-	NA	NA
Reported Profit	**1,019**	**1,398**	**1,552**	**52**	**11**

Other highlights (INR mn)	Q1FY26	Q4FY26	Q1FY27	YoY (%)	QoQ (%)
Advances	2,78,250	3,38,280	3,46,990	24.7	2.6
Deposits	2,94,260	3,57,840	3,57,560	21.5	-0.1
Gross NPA	8,249	8,470	8,410	1.9	-0.7
Net NPA	2,627	3,125	3,143	19.6	0.6
Gross NPA (%)	2.91	2.33	2.24	-67 bps	-9 bps
Net NPA (%)	0.94	0.87	0.85	-9 bps	-2 bps
Provision Coverage (%)	68.2	63.1	62.6	-551 bps	-46 bps

Source: Company data, I-Sec research

Q1FY27 earnings call takeaways

Guidance

- >80% PAT growth
- Advances growth of 19-21%
- Deposit growth of 23-25%
- C/I expected to reach around 64-65% by FY27-end

Credit rating downgrade of holding company

- Jana Holdings and JCL have been the promoters for the longest period
- Latest promoter shareholding stands at 16.95%
- **Jana has been raising capital since Jun'22 either through IPOs or other investors, but not from Promoters**
- **Jana has no other connection with Promoters, except their holdings**
- **Jana has no common board members, no cross linkages etc. with Promoters**

Loan growth

- Credit line on UPI is expected to go live in Q2FY27
- Jana is looking to launch loan against shares in FY27
- Affordable, MSME, vehicle, gold loans have shown strong growth momentum
- Affordable loans could see further acceleration in growth in FY27
- Jana could see some advantage post the strategic tie-up
- MFI growth likely to be strong in Q2FY27
- **Slowdown in micro LAP growth since Jana is looking to shift towards direct sourcing**
- **Five product lines in secured vs. one product line in unsecured, and hence, it is natural to expect that secured growth would be higher than unsecured growth**
- Used car business is doing very well. It has reached a monthly disbursement of INR 450mn of volume and the book size is INR 1.9bn

Asset quality

- **Portfolio is doing well and has not been impacted by the Iran war and the El-Nino**
- INR 1.25bn unsecured slippages vs. INR 1.65bn QoQ
- A slight uptick in SMA, and hence, Q2 slippages could be flat QoQ and then decline on a sequential basis in Q3 as well as Q4
- Nearly 80% of the unsecured book is under guarantee programme
- NNPA worth INR 1.96bn is under guarantee programme
- Affordable segment is doing well on asset quality front
- **INR 2.14bn is NNPA, of which, INR 1.96bn is covered under CGFMU and the balance INR 0.18bn is unsecured**

Capital raise

- Jana has received INR 1.03bn so far from TVS on account of fund raise
- Nearly 75% of INR 7.3bn will come over the next 18 months

Opex

- Expect very nominal rise in opex during FY27 and as a result, expect C/I to see a sharp decline by year-end

Branches

- 80 new branch additions planned during FY27
- Planning to split 30 branches in FY27
- 40 branch relocations likely in FY27

Q4FY26 earnings call takeaways

Asset quality

- **Nothing is visible so far due to the Middle East war impact, but is it watchful on MSME portfolio due to the ongoing war.**
- INR 3.34bn slippages, lowest since Q1FY25.
- Expect credit cost to sustain in coming quarters.
- **No specific guidance on credit cost for FY27.**

Secured

- Up 9% QoQ and 28% YoY.
- Secured book share at 72.6%.
- INR 53.72bn secured disbursements, up 12.5% QoQ.
- **Secured book to continue to grow in the range of 25-30%.**

Unsecured

- Unsecured portfolio up 10% QoQ, best ever in eight years, ending the year with 8.5% growth.
- INR 25.22bn unsecured disbursements, up 24% QoQ.
- Unsecured book under guarantee programme is about 77%.
- **INR 1.151bn NPA book under guarantee programme, of which some money will be received in Q3FY27 and some in Q3FY28.**
- Collection efficiency has improved to pre-stress levels across all buckets for the overall unsecured book: over 99% B0 collection efficiency consistently for the last four months.
- BC book performance in Q4FY26 turned around with B0 collections crossing 99% since Jan'26.
- **Apr'26 could also be >99% for both BC book and own book.**
- **Unsecured book to grow in the range of 10-12%.**

Guidance (for FY27)

- >80% PAT growth.
- 19-21% gross loan portfolio growth.
- 23-25% deposit growth.

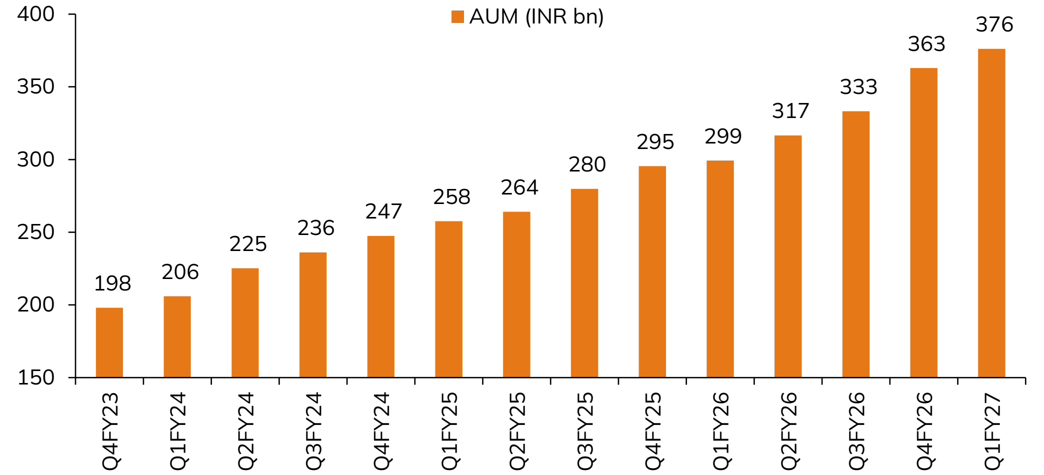
Margins

- **NIM has improved due to growth revival in unsecured.**
- **Expect unsecured growth to continue and slippages to moderate, which will likely lead to steady improvement in margins.**
- **Expect another quarter (Q1FY27) of decline in deposit costs.**
- Cost of deposits reduces by 21bps QoQ to 7.49%.
- 92% of retail deposits are contracted at 1-year and above.
- **84% of incremental banking deposit is in term deposit and the balance is CASA for the entire banking industry.**
- **No tightness is visible in liquidity thus far.**

Loan growth

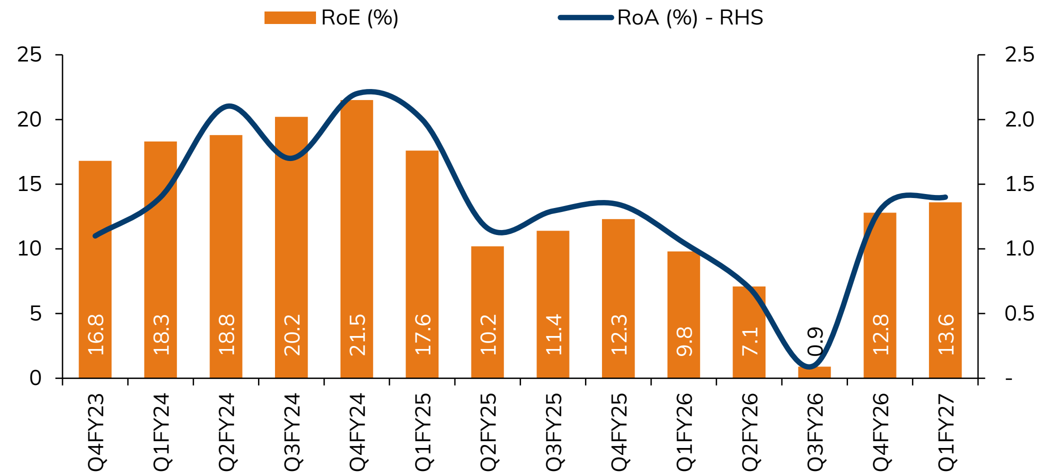
- **Total secured advances (27.6% in FY26) should be ~30%.**
- Affordable housing would be the primary leader.
- Vehicle finance and gold loan growth would be similar to FY26.
- Expect a slight increase in minor LAP.

Exhibit 2: Strong start to FY27 on AUM growth front



Source: Company data, I-Sec research

Exhibit 3: RoE above 12% for the 2nd consecutive quarter



Source: Company data, I-Sec research

Exhibit 4: Shareholding pattern

(%)	Dec'25	Mar'26	Jun'26
Promoters	21.9	21.9	16.9
Institutional investors	19.1	16.6	19.3
MFs and others	1.5	1.9	1.9
FIs/Banks	6.8	7.7	9.6
Insurance	6.7	4.7	3.8
FIIs	4.1	2.3	4.0
Others	59.0	61.6	63.7

Source: Bloomberg, I-Sec research

Exhibit 5: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 6: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Interest income	47,098	53,529	64,123	74,225
Interest expense	23,167	27,597	33,121	37,783
Net interest income	**23,931**	**25,931**	**31,002**	**36,442**
Non interest income	7,759	10,219	11,303	13,291
Operating income	**31,690**	**36,150**	**42,306**	**49,733**
Operating expense	19,426	24,494	29,090	34,916
- Staff expense	12,104	14,602	17,663	21,365
Pre-provisions profit	**12,264**	**11,657**	**13,216**	**14,817**
Provisions & Contingencies	**7,250**	**8,392**	**6,860**	**6,450**
Pre-tax profit	5,014	3,264	6,356	8,367
Tax (current + deferred)	**-**	**-**	**-**	**2,106**
Net Profit	5,014	3,264	6,356	6,261

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Capital	1,051	1,050	1,050	1,050
Reserve & surplus	40,133	43,670	50,026	56,287
Deposits	2,91,190	3,57,840	4,27,966	5,11,973
Borrowings	38,668	54,970	60,662	60,812
Other liabilities	13,587	16,950	21,146	26,380
Total liabilities	**3,84,628**	**4,74,480**	**5,60,849**	**6,56,502**
Cash and Bank balance	44,593	25,580	28,138	30,952
Investments	59,446	98,120	1,12,046	1,26,154
Advances	2,71,555	3,38,280	4,07,359	4,85,103
Fixed assets	1,532	1,990	2,585	3,359
Other assets	7,503	10,510	10,720	10,935
Total assets	**3,84,628**	**4,74,480**	**5,60,849**	**6,56,502**
% Growth	17.6	23.4	18.2	17.1

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
No. of shares and per share data				
No. of shares (mn)	105	105	105	105
Adjusted EPS (Rs)	47.7	31.1	60.5	59.6
Nominal Book Value per share (Rs)	392	426	486	546
Adjusted BVPS (Rs)	368	396	460	518
Subs Value per share (Rs)	-	-	-	-
Valuation ratio				
PER (x)	10.4	16.0	8.2	8.4
Adjusted PER	12.3	11.7	13.2	14.8
Price/ Nominal Book (x)	1.3	1.2	1.0	0.9
Profitability ratio				
Yield on advances (%)	17.0	15.8	16.0	15.5
Yields on Assets	**13.2**	**12.5**	**12.4**	**12.2**
Cost of deposits (%)	7.1	7.0	6.9	6.8
Cost of funds	6.5	6.4	6.4	6.2
NIMs (%)	6.9	6.2	6.1	6.1
Cost/Income (%)	61.3	67.8	68.8	70.2
Dupont Analysis (as % of Avg Assets)				
Interest Income	13.2	12.5	12.4	12.2
Interest expended	**6.5**	**6.4**	**6.4**	**6.2**
Net Interest Income	6.7	6.0	6.0	6.0
Non-interest income	2.2	2.4	2.2	2.2
Total Income	8.9	8.4	8.2	8.2
Total Cost	5.5	5.7	5.6	5.7
PPoP	3.4	2.7	2.6	2.4
Non-tax Provisions	2.0	2.0	1.3	1.1
PBT	**1.4**	**0.8**	**1.2**	**1.4**
ROA (%)	1.4	0.8	1.2	1.0
Leverage (x)	9.2	10.0	10.8	11.2
ROE (%)	**13.0**	**7.6**	**13.3**	**11.6**
Asset quality ratios				
Gross NPLs (%)	**2.7**	**2.3**	**2.0**	**1.8**
Net NPLs (%)	0.9	0.9	0.7	0.6
PCR (%)	**66.1**	**63.1**	**65.1**	**67.1**
Gross Slippages (% of PY loans)	7.0	6.9	5.0	4.9
Loan provisions/ Avg loans (%)	**2.9**	**2.8**	**1.8**	**1.4**
Net NPLs / Networth (%)	6.2	7.0	5.5	5.1
Capitalisation ratios				
Core Equity Capital (%)	**20.7**	**19.4**	**17.5**	**17.2**
Tier I cap.adequacy (%)	19.8	18.6	16.8	16.6
Total cap.adequacy (%)	0.9	0.8	0.6	0.6

Source Company data, I-Sec research

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