

07 February 2025

India | Equity Research | Results update

Aadhar Housing Finance Limited

NBFCs

>20% steady AUM growth and RoE >15%; rise in Stage-3 transient

Aadhar Housing Finance (Aadhar), with 21% YoY/5% QoQ AUM growth in Q3FY25, continued to reinforce the view that credit demand in low-income housing is robust and the AHFC space would likely sustain its growth momentum. Aadhar maintains its leadership position among AHFCs with an AUM of ~INR 240bn, as on Dec'24. A diversified presence (no single state accounting for >14% of its AUM) with one of the largest distribution networks of >550 (34 added in 9MFY25) physical branches are key enablers for its steady and sustainable AUM growth of 20–22%. We maintain **BUY** with an unchanged TP of INR 550, valuing the stock at ~3x FY26E BVPS.

Q3FY25 AUM growth sustains at >20%; company expects 20–22% YoY AUM growth in FY25

An early entry into under-penetrated markets such as UP, MP, Chhattisgarh and Jharkhand among others, complemented by its focus on diversification with the largest distribution network of >550 branches (34 added in 9MFY25 and 12 in Q3FY25) as on Dec'24, have been key growth enablers for Aadhar. Notably, the company sustained its growth momentum in Q3FY25, as reflected in AUM growth at 21% YoY/5% QoQ. AUM growth was higher for non-housing loans as compared to housing loans; and, the share of its non-HL book now stands at 26%. Disbursements stood at INR 20.9bn with non-HL's share at 30%. Overall, it expects disbursement growth at 18–20% YoY and AUM growth at 20–22% in FY25. BT-out rate for the quarter was at 6.3% vs. 5.8% QoQ, but management targets to retrace it to ~6% by Q4FY25.

Steady core operating performance helps sustain >15% RoE

Aadhar's Q3FY25 PAT stood at INR 2.4bn, up 18% YoY/5% QoQ, driven by strong NII growth at 27% YoY/8% QoQ. However, lower fee income due to discounts offered by Aadhar led to overall revenue growth of 20% YoY/5% QoQ. With scale, operating leverage continued to play out, as reflected in cost-income falling 140bps QoQ to 34.8%. Total provisions stood at INR 187mn vs. INR 133mn QoQ, implying credit cost at ~32bps. RoE stood at 15.8% and RoA at 4.4% (flat OoO).

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Interest Income	12,826	16,152	19,108	22,648
PAT	7,485	9,233	11,316	13,506
EPS (INR)	19.0	21.6	26.5	31.7
% Chg YoY	37.4	14.2	22.6	19.3
P/E (x)	20.7	18.2	14.8	12.4
P/BV (x)	3.5	2.7	2.2	1.9
Gross Stage - 3 (%)	1.2	1.3	1.1	1.0
Dividend Yield (%)	-	-	-	-
RoA (%)	3.9	4.0	4.1	4.1
RoE (%)	16.8	14.6	15.2	15.3

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Market Data

Market Cap (INR)	169bn
Market Cap (USD)	1,933mn
Bloomberg Code	AADHARHF IN
Reuters Code	AADA.BO
52-week Range (INR)	517 /292
Free Float (%)	23.0
ADTV-3M (mn) (USD)	3.3

Price Performance (%)	3m	6m	12m
Absolute	(14.1)	(2.3)	0.0
Relative to Sensex	(11.2)	(1.7)	0.0

ESG Score	2023	2024	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 (%)	FY25E	FY26E
PAT	(4)	-

Previous Reports
27-11-2024: [Company Update](#)
07-11-2024: [Q2FY25 results review](#)

Spread moderate a bit, likely to settle around 5.7% by FY25-end; rate cut unlikely to impact margins meaningfully

Aadhar's initial focus on scaling its affordable housing finance business in relatively credit-untested markets such as UP, Chhattisgarh, Jharkhand and Odisha etc. provided strong pricing power. Further, increased share of LAP to 25% by FY24, from 14% in FY20, also supported spread given yields in LAP are much higher at ~17% vs. ~13.5% in HL. This inherent advantage helped it sustain industry-leading spread at ~6% despite being one of the largest AHF players.

During Q3FY25, spread moderated further by 10bps QoQ to 5.8%, largely due to a sequential dip in asset yield. While incremental disbursement yield was at 13.6% for the quarter, its overall portfolio yield settled 10bps lower, at 13.9%. On a YTD-basis, incremental housing yield stands at 12.4% vs. non-housing yield at 16.5%, leading to an ~400bps differential in pricing for housing vs. non-housing. For cost of funds, the figure was flat QoQ at 8.1% as it availed an ~INR 3.8bn funding from NHB in Q3.

Except for a major part of its non-housing book and loans benchmarked via NHB borrowings, all of Aadhar's assets are floating in nature, which is ~77% of assets. Similarly, on the liability side, ~77% of its borrowings are floating in nature. Hence, it may be inferred that Aadhar does not take interest rate risk and the company would be largely immune to changes in repo rate with respect to margins; except for a likely quarter of lead-lag in pricing its assets vs. liabilities.

Asset quality moderated QoQ, but seems to be transient

The most preferred customer segment for NBFCs in any asset class – vehicle, LAP, gold, home loan etc. – is the self-employed segment. Within affordable housing too, most players are catering to the self-employed segment. However, Aadhar challenged the *status quo* and targeted the formal salaried segment (non-white collar), but in under-penetrated markets. While mainstream banks were actively serving the formal salaried segment, Aadhar's focus was more on high-ticket loans, mainly in metro and tier-1/2 cities. Hence, Aadhar chose to serve the salaried segment beyond tier-2 cities – it focuses more on low-ticket loans (<INR 1.5mn). Early entry into underserved markets and affordable housing provide Aadhar the flexibility of choosing its customer segment – the company chooses the less vulnerable formal salaried segment to start its lending journey.

However, seasonality led to QoQ increase in GNPA ratio to 1.4%, from 1.3% QoQ. Typically, there is a retracement of ~30bps QoQ in Stage-3 and ~100bps in 1+dpd portfolio in Q4. Hence, management expects asset quality to make a strong comeback in Q4. Overall, it expects credit cost to settle around 25–27bps for FY25. Stage-1 assets dipped by ~20bps QoQ to 94.8%, while Stage-2/Stage-3 inched up 10bps QoQ each to 3.8%/1.4%. Provision cover was stable across buckets on a sequential basis. Overall, Aadhar has Stage-1 PCR at 0.3%, Stage-2 PCR at 11.5% and Stage-3 PCR at 35.6%. Overall, it holds 1.2% ECL provisions on total assets.

On the MFI overlap front, management highlighted that out of Aadhar's total customer base of ~287k, 3% (~9k customers) has exposure to individual MFI loans. Of this customer base, only 707 customers are overdue customers. Hence, management is quite comfortable on the asset quality front and from the over-leveraging standpoint.

Fee income lower QoQ due to promotional campaigns; steady expansion in branch network

Fee income was lower 21% QoQ/35% YoY at INR 236mn (~160bps of AUM) as INR 70–80mn of fee income was foregone in Q3 due to promotional campaigns being run during the quarter and discounts being offered on processing fees for fresh acquisition. Management sees fee income to be at ~200–210bps (annualised) of AUM on a sustainable basis.

In terms of branch expansion, Aadhar has been consistent with expanding its network – has added 34 new branches during 9MFY25, taking the total to 557. It also plans to add another ~20 branches in Q4FY25. For FY26 as well, management aims to maintain a similar branch opening count of ~55. This branch network also goes in-line with its diversification, wherein no single state currently accounts for >14% of AUM; and Aadhar is the only AFHC with a presence in 21 states and union territories.

Key risks: 1) Slower-than-expected AUM growth; and 2) spreads coming under pressure due to competition.

Q3FY25 conference call takeaways

Asset quality

- Expect 25–27bps credit cost for FY25 as well as FY26
- Comfortable with current asset quality
- Total exposure to individual MFI is for 8,780 customers, out of its total customer base of 286k customers. Of this, only 707 customers are delinquent
- Q4 is usually a very strong quarter for the industry, in terms of asset quality. Typically, it sees a 30bps reduction in Stage-3 and 90–100bps reduction in 1+ dpd in Q4

AUM and disbursements

- Guidance: 18–20% disbursements growth; and 20–22% AUM growth
- Loan type mix:
 - Purchase of house/flats 42%
 - Self-construction 25%
 - Plot + self-construction 6%
 - LAP 24%
- 100% focus on retail secured loans with nil exposure to corporate/developers
- Achieved AUM of almost INR 239.76bn, up 21% YoY; Aadhar retains its tag as one of India's leading AHFCs
- ATS at INR 1mn and average LTV at 59%

BT-out

- BT-out ratio for the quarter at 6.3% (looking at 5.5% on steady state basis)
- Targeting to end FY25 with BT-out below 6%
- Using data analytics and senior employees to contain BT-out rate

Borrowings/spread

- 79% of borrowings are floating
 - 1Y MCLR 30%
 - 6M MCLR 36%
 - 3M MCLR 17%
 - Balance others

- **Expect FY25 to end with spreads ~5.7%**
- **5.6–5.7% could be sustainable spreads for FY26; from a 2–3-year perspective, spreads could settle ~5.5%**
- INR 3.78bn of NHB funds availed during the quarter. 20–25% of this can be drawn as AHF, which comes at 5.5%, and balance under normal scheme at 8.3–8.4%; hence, blended is at 7.8% incremental
- Incremental cost of funds for Q3 at 8.28%
- Undrawn sanctions now at INR 11bn

Yield

- **77% of assets are floating, which are linked to its own benchmark rate**
- NHB linked loans are given at 350bps fixed spread over NHB lending rate
- **Disbursement yield at 13.59% for Q3 and 13.53% for Q2**
- **YTD disbursement yield: Home loan at 12.36% and non-home loan at 16.5%**
- **Non-home loan AUM yield at 16.8%**

Opex and C/I

- **Fee income should be around 200–210bps on a sustainable basis**
- **INR 70–80mn of fee income foregone in Q3 due to some contests/competition etc. – unlikely to repeat in Q4. This was on account of discount offered on processing fees to acquire higher business. This scheme was for fresh acquisition.**
- **17–18% employee cost growth can be expected annually**
- **Aim to drop C/I by 100bps in FY25 and on track to achieve it**
- 100% sourcing is now paperless, which should help improve productivity and efficiency

Network

- As part of its branch expansion strategy, Aadhar has opened 12 branches in Q3 and 34 in 9M and aims to open 55 this FY (including the ones mentioned). **Also, expect a similar number of branch additions in FY26**
- **The company continues to focus on geographical expansion and diversification**
- 286k live customer base
- **None of the states have higher than 14% of Aadhar's AUM**
- **4,450 onboard employees as of Q3**
- **~64% AUM shall come from Tier-1, which are main branches; ~24% AUM from Tier-2 and balance AUM from Tier-3 and below**

Budget announcements/sector schemes

- SWAMIH scheme – typically targeting the affordable and LIG segment projects
- Recent budget announcements are quite positive for the affordable housing segment, as INR 1.2mn in tax-free income for individuals should allow for more purchasing power

Miscellaneous

- **Further strengthened senior management with the addition of Mr. Vinod Nair as Head of HR with >20 years of experience**
- Fifth time in a row to be certified as 'Great Place to Work'
- **Housing finance industry is expected to grow at 16–17% and the affordable housing industry is expected to achieve 22–23% CAGR**

Q2FY25 conference call takeaways

Growth

- **Expect 18-20% disbursement growth and 21-23% AUM growth for FY25.**
- **BT out rate for Q1 was at 5.5% and marginally increased to 5.8% in Q2FY25 however the same is lower vs. Q4 and FY24 levels. Tier 1 & 2 BT out rate will be more than Tier 3 & 4.**
- **Don't promote BT in - <2% and it only BT in if it is reference from existing customers.**
- **Disbursements were at INR20.4bn, up 18% YoY. This would have been upwards of 20% YoY growth, if it was not for the RBI circular.**
- **Deeper impact branches to contribute 5-8% of growth.**
- **AUM composition would be 75% HL and 25% Non HL.**
- **300-400bps higher yields in self-employed segment, it will try to move 1.5% customer base towards self-employed segment from salaried segment.**

Yields, cost and margins

- **Looking at spreads in the range of 5.8%-5.85% by Q4FY25 exit**
- **Book yield at 14%, 350bps higher yields Non-HL vs HL loans.**
- **Incremental yield would be in the range of 13.5%-13.6%. In 2HFY25 it expects incremental yields to be better.**
- **25bps rate hike done from 16th June 2024**
- **All disbursements till 15th June have been repriced whichever were floating in nature**
- **8.2%-8.25% would be incremental cost of borrowings**
- **Incremental cost of funds could rise by 20-25bps going ahead**

Asset quality

- **Looking at 27-28bps credit cost for FY25**
- **Majority of credit cost comes in H1**

State-wise Branch break-up

- Maharashtra 12.0%
- Uttar Pradesh 12%
- Rajasthan 9%
- Gujarat 12%
- Madhya Pradesh 7%
- Tamil Nadu at 10%
- Telangana 8%
- Andhra Pradesh 7%
- Balance is others
- **Strategy is that AUM and disbursements should not be more than 15% in any state**
- **UP and Maharashtra would continue to be the biggest state**
- **5 states used to contribute ~62% in FY24, which is now ~61% due to deepening strategy**

Branch network

- Total network of 545 branches.
- Planning to add another 70-75 new branches in FY25, of which 23 already opened in 1HFY25
- 20 main and small category and rest would be deeper impact branches

ATS

- ***Incremental ATS on housing loan is INR1.3mn and non-housing at INR 0.82mn***
- ***25-26% disbursements is non-home loans where ATS has been static around INR0.85mn***

Opex and sourcing

- ***Looking to improve cost to assets by 10-12bps and this should translate into 75-80bps improvement in C/I for FY25***
- Sourcing mix for overall book:
 - 45% external channels
 - 35% corporate DSA
 - Balance in-house

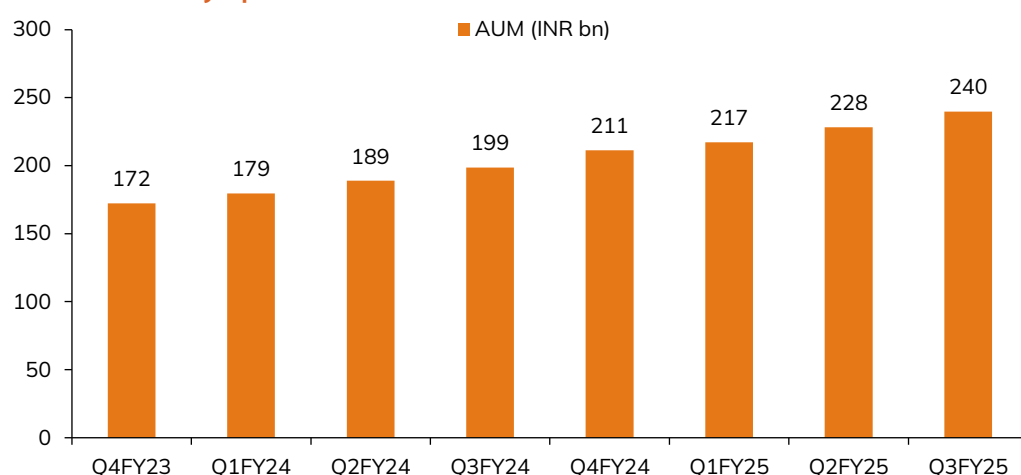
Borrowings and liquidity

- Diversified borrowing mix with 40 relationships
- Borrowed only INR 11bn in Q2 at incremental rate of 8.4%
- Borrowing mix - 50% Banks, 25% NHB and NCDs 25%
- It borrowed INR2.5bn from ADB during Q2Y25.
- NHB borrowing during 1HFY25 is very minimal. In FY24 INR1,000cr was borrowing from NHB.
- Fixed borrowings is 23% and 21% of asset side is fixed
- 78% borrowing and 79% assets is floating.
- Borrowing tenure 6-6.5 years while asset tenure for HL is 8-9 years and 4-5 years for Non HL.
- Planning to carry 8-10% of assets as liquidity going ahead

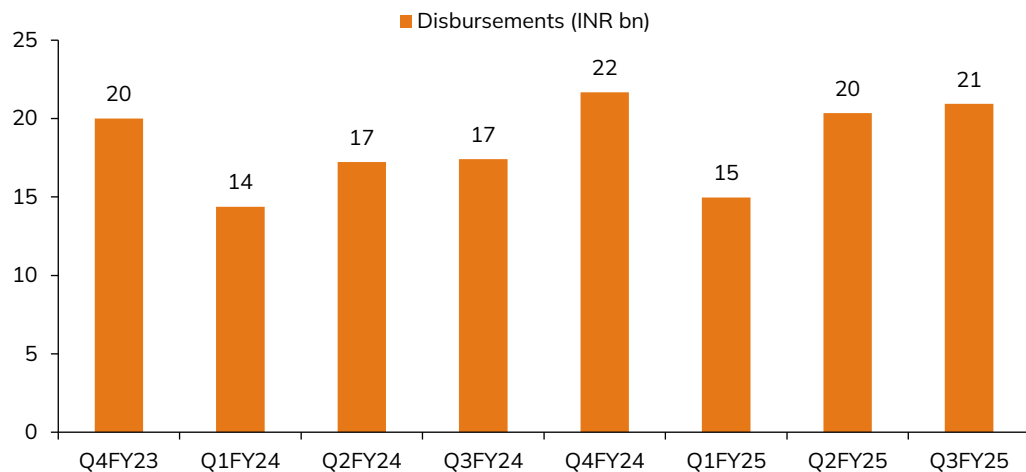
Exhibit 1: Q3FY25 results review

(INR mn)	Q3FY24	Q2FY25	Q3FY25	YoY %	QoQ %
Profit & Loss					
Interest Income	5,793	6,726	7,139	23%	6%
Interest Cost	2,508	2,852	2,969	18%	4%
Net Interest Income	3,284	3,874	4,170	27%	8%
Total Fee Income	794	783	712	-10%	-9%
NIM + Fee Income	4,078	4,657	4,882	20%	5%
Operating Costs	1,352	1,598	1,620	20%	1%
Operating Profits	2,726	3,058	3,263	20%	7%
Credit Costs	121	133	187	55%	40%
PBT	2,605	2,925	3,076	18%	5%
Tax	570	650	684	20%	5%
Profit After Tax	2,035	2,276	2,392	18%	5%
AUM & disbursements (INR mn)					
Disbursements	17,411	20,356	20,936	20%	3%
AUM	1,98,652	2,28,175	2,39,759	21%	5%
Yields, spreads, cost (%)					
Yield (reported)	14.0	14.0	13.9	-10 bps	-10 bps
Cost of funds (reported)	7.8	8.1	8.1	30 bps	0 bps
Spreads (reported)	6.2	5.9	5.8	-40 bps	-10 bps
Asset quality (%)					
Gross Stage 3	1.40	1.29	1.36	-4 bps	7 bps
Net Stage 3	0.91	0.89	0.93	2 bps	4 bps
ECL coverage on overall book	1.35	1.22	1.24	-10 bps	3 bps
Return ratios (%)					
Return on Assets (Reported)	4.6	4.4	4.4	-20 bps	0 bps
Return on Equity (Reported)	19.7	15.7	15.8	-390 bps	10 bps
Operating metrics (%)					
Cost / Income Ratio	33.2	34.3	33.2	2 bps	-115 bps

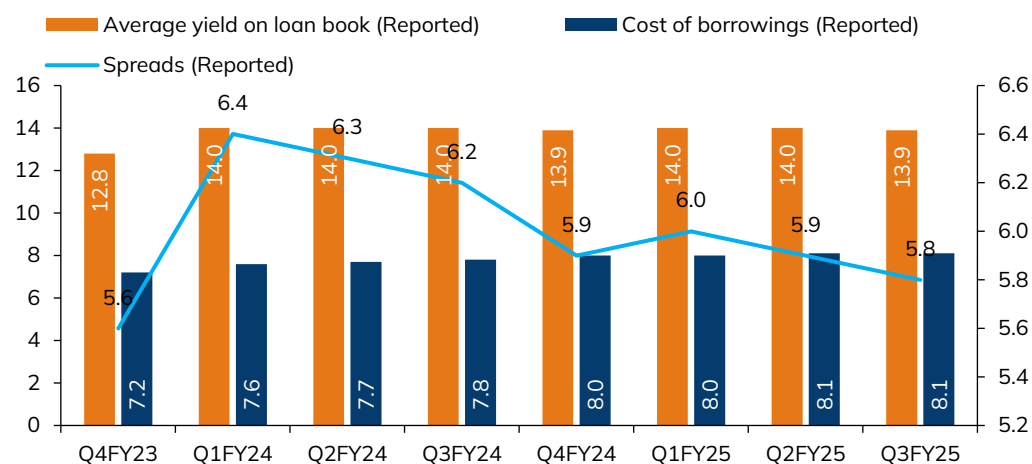
Source: Company data, I-Sec research

Exhibit 2: Steady uptick in AUM

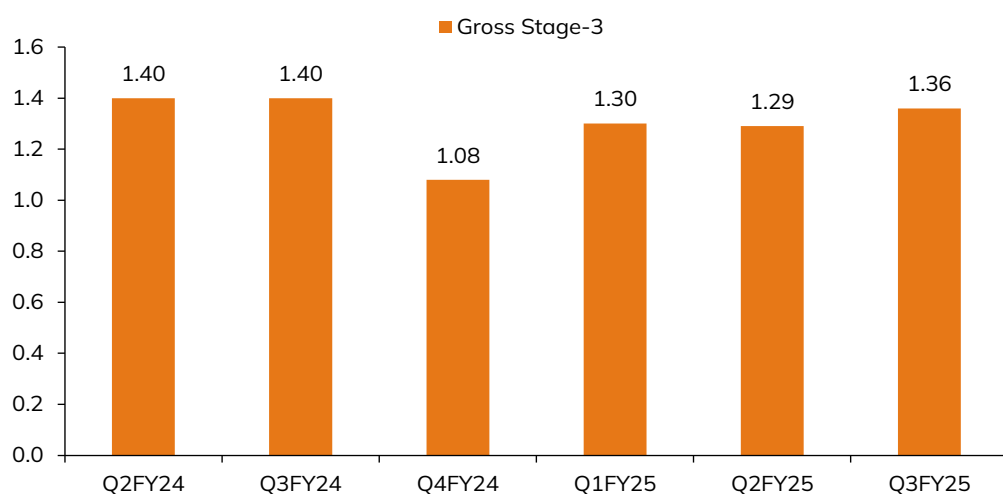
Source: Company data, I-Sec research

Exhibit 3: Disbursements growth relatively slow at 3% QoQ / 20% YoY

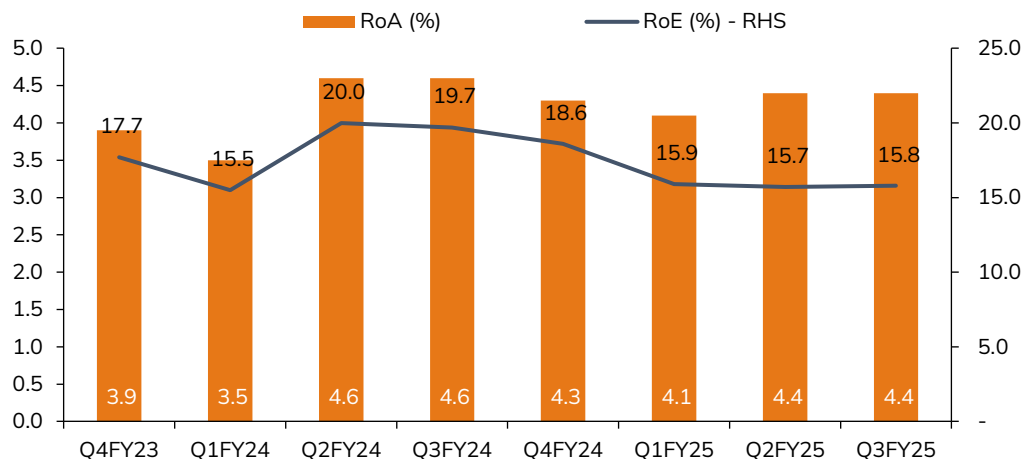
Source: Company data, I-Sec research

Exhibit 4: Spreads dip QoQ due to decline in yield

Source: Company data, I-Sec research

Exhibit 5: Gross Stage-3 rose 7bps QoQ to 1.36%

Source: Company data, I-Sec research

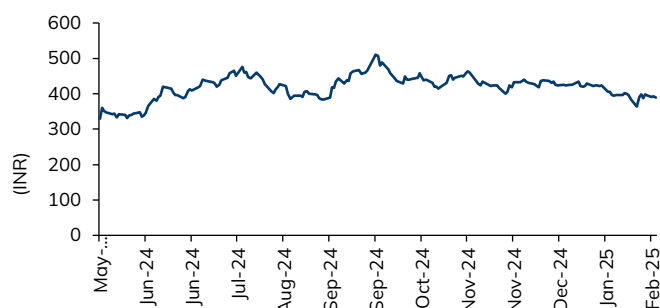
Exhibit 6: Dip in RoE on account of IPO proceeds in Q2FY25 and now flat QoQ

Source: Company data, I-Sec research

Exhibit 7: Shareholding pattern

%	Jun-24	Sep-24	Dec-24
Promoters	76.5	75.9	75.7
Institutional investors	12.7	13.8	13.6
MFs and others	5.0	5.8	5.8
FIs/Banks	2.4	2.4	2.4
Insurance	1.1	1.2	1.1
FIIIs	4.2	4.3	4.3
Others	10.8	10.3	10.7

Source: Bloomberg

Exhibit 8: Price chart

Source: Bloomberg

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Interest Income	22,693	27,730	33,147	39,660
Net gain on fair value changes	1,430	1,471	1,754	2,002
Interest Expenses	(9,867)	(11,578)	(14,039)	(17,012)
Net Interest Income (NII)	12,826	16,152	19,108	22,648
Other Income	1,112	1,192	1,640	1,937
Total Income (net of interest expenses)	15,368	18,815	22,502	26,588
Employee benefit expenses	(3,457)	(4,063)	(4,764)	(5,505)
Depreciation and amortization	(210)	(210)	(220)	(231)
Other operating expenses	(1,698)	(2,082)	(2,498)	(2,952)
Total Operating Expense	(5,364)	(6,355)	(7,482)	(8,688)
Pre Provisioning Profits (PPoP)	10,004	12,460	15,020	17,900
Provisions and write offs	(412)	(627)	(518)	(591)
Profit before tax (PBT)	9,592	11,833	14,502	17,308
Total tax expenses	(2,107)	(2,600)	(3,186)	(3,802)
Profit after tax (PAT)	7,485	9,233	11,316	13,506

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Share capital	3,948	4,266	4,266	4,266
Reserves & surplus	40,513	58,946	70,262	83,768
Shareholders' funds	44,460	63,211	74,528	88,033
Borrowings	1,38,989	1,59,795	1,95,622	2,29,673
Provisions & Other Liabilities	7,409	8,101	8,864	9,704
Total Liabilities and Stakeholder's Equity	1,90,857	2,31,107	2,79,014	3,27,411
Cash and balance with RBI	12,714	14,399	17,386	20,907
Fixed assets	300	360	432	518
Loans	1,69,029	2,05,694	2,48,370	2,98,667
Investments	4,578	5,572	6,727	-
Deferred tax assets (net)	102	123	147	177
Other Assets	4,133	4,960	5,952	7,142
Total Assets	1,90,857	2,31,107	2,79,014	3,27,411

Source Company data, I-Sec research

Exhibit 11: Key Ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	2,11,000	2,57,118	3,10,462	3,73,333
On-book Loans	1,69,029	2,05,694	2,48,370	2,98,667
Off-book Loans	41,971	51,424	62,092	74,667
Disbursements	70,720	85,118	99,680	1,17,775
Repayments	31,948	39,000	46,336	54,904
Growth (%):				
Total AUM (%)	22.5	21.9	20.7	20.3
Disbursements (%)	19.8	20.4	17.1	18.2
Repayments (%)	(7.6)	22.1	18.8	18.5
Loan book (on balance sheet) (%)	22.0	21.7	20.7	20.3
Total Assets (%)	14.9	21.1	20.7	17.3
Net Interest Income (NII) (%)	31.3	25.9	18.3	18.5
Non-interest income (%)	99.1	7.2	37.6	18.2
Total Income (net of interest expenses) (%)	28.6	22.4	19.6	18.2
Operating Expenses (%)	26.1	18.5	17.7	16.1
Employee Cost (%)	23.9	17.5	17.3	15.5
Non-Employee Cost (%)	30.9	22.6	19.9	18.2
Pre provisioning operating profits (PPoP) (%)	30.0	24.5	20.5	19.2
Provisions (%)	(16.2)	52.1	(17.4)	14.2
PBT (%)	37.9	23.4	22.6	19.3
PAT (%)	37.4	23.4	22.6	19.3
EPS (%)	37.4	14.2	22.6	19.3
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	8.3	8.6	8.4	8.3
NIM on IEA (%)	6.2	6.5	6.4	6.3
NIM on AUM (%)	6.7	6.9	6.7	6.6
Yield on loan assets (%)	14.8	14.8	14.6	14.5
Yield on IEA (%)	10.9	11.2	11.1	11.0
Yield on AUM (%)	11.8	11.8	11.7	11.6
Cost of borrowings (%)	7.6	7.8	7.9	8.0
Interest Spreads (%)	7.2	7.1	6.7	6.5
Operating efficiencies				
Cost to income ratio	34.9	33.8	33.2	32.7
Op.costs/avg assets (%)	3.0	3.0	2.9	2.9
Op.costs/avg AUM (%)	2.8	2.7	2.6	2.5
Salaries as % of non-interest costs (%)	64.4	63.9	63.7	63.4
NII /employee (INR mn)	2.1	2.4	2.7	3.0
AUM/employee (INR mn)	35.3	38.7	43.9	49.1
AUM/ branch (INR mn)	403.4	441.0	498.3	554.7
Capital Structure				
Average gearing ratio (x)	3.1	2.5	2.6	2.6
Leverage (x)	4.3	3.7	3.7	3.7
CAR (%)	45.6	56.7	55.2	54.1
Tier 1 CAR (%)	44.7	55.9	54.6	53.6
Tier 2 CAR (%)	0.9	0.8	0.7	0.5
RWA (estimate) - INR mn	99,467	1,13,132	1,36,603	1,64,267
RWA as a % of loan assets	58.8	55.0	55.0	55.0

Source Company data, I-Sec research

	FY24A	FY25E	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	1.2	1.3	1.1	1.0
NNPA (%)	0.8	0.8	0.8	0.7
GNPA (INR mn)	1,983	2,571	2,856	3,136
NNPA (INR mn)	1,304	1,697	1,885	2,070
Coverage ratio (%)	34.3	34.0	34.0	34.0
Credit Costs as a % of avg AUM (bps)	22	27	18	17
Credit Costs as a % of avg on book loans (bps)	27	33	23	22
Return ratios				
RoAA (%)	4.2	4.4	4.4	4.5
RoAE (%)	18.4	17.2	16.4	16.6
ROAAUM (%)	3.9	3.9	4.0	4.0
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	395	427	427	427
No of shares (fully diluted)	395	427	427	427
EPS (INR)	19.0	21.6	26.5	31.7
EPS fully diluted (INR)	19.0	21.6	26.5	31.7
Price to Earnings (x)	20.7	18.2	14.8	12.4
Price to Earnings (fully diluted) (x)	20.7	18.2	14.8	12.4
Book Value (fully diluted)	113	148	175	206
Adjusted book value	110	145	171	203
Price to Book	3.5	2.7	2.2	1.9
Price to Adjusted Book	3.6	2.7	2.3	1.9
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 12: Key Metrics

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	1,78,495	2,10,982	2,55,061	3,03,212
Average Loans (INR mn)	1,53,772	1,87,362	2,27,032	2,73,518
Average Equity (INR mn)	40,708	53,836	68,870	81,281
Interest earned (%)	12.7	13.1	13.0	13.1
Net gain on fair value changes (%)	0.8	0.7	0.7	0.7
Interest expended (%)	5.5	5.5	5.5	5.6
Gross Interest Spread (%)	7.2	7.7	7.5	7.5
Credit cost (%)	0.2	0.3	0.2	0.2
Net Interest Spread (%)	7.0	7.4	7.3	7.3
Operating cost (%)	3.0	3.0	2.9	2.9
Lending spread (%)	3.9	4.3	4.4	4.4
Non interest income (%)	0.6	0.6	0.6	0.6
Operating Spread (%)	4.6	4.9	5.0	5.0
Tax rate (%)	22.0	22.0	22.0	22.0
ROAA (%)	4.2	4.4	4.4	4.5
Effective leverage (AA/ AE)	4.4	3.9	3.7	3.7
RoAE (%)	18.4	17.2	16.4	16.6

Source Company data, I-Sec research

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