

25 April 2025

India | Equity Research | Results Update

Aavas Financiers

NBFCs

Steady quarter; NIM pressure visible in H1FY26

Aavas Financiers (Aavas) reported in-line Q4FY25 financial performance, evident in strong 6% QoQ AUM growth, steady 15bps credit cost, 46bps QoQ dip in 1+ DPD to 3.39% and RoA at 3.3%. Management's cautious stance during Q4FY25 – amid higher delinquencies in the MFI segment and the evolving macro environment – resulted in the quarter's log-in to sanction rates falling to 38% vs. 42% in Q3FY25. Thus, full-year FY25 AUM growth, at 18%, marginally undershot guidance of 20%. However, Aavas is confident of delivering 20% AUM growth in FY26 driven by revamped digital infrastructure and branch expansion. It added 30 branches in FY25 and plans to add more in H1FY26. Opex to assets improved 26bps QoQ in FY25, and it expects the metric to shrink a further 15-20bps in FY26.

While we believe Aavas is moving in the right direction with focus on low-ticket loans, BRE-driven risk-based pricing alongside a rather conservative ECL practise and a proactive approach in growth given a challenging macro environment, near-term pressure on NIM may restrain return ratios. With RoE likely to remain ~15–16% and AUM growth at ~20% coupled with a recent run-up in stock price (up ~25% in 3M), we see limited scope for further re-rating. Hence, we downgrade the stock to **HOLD** (from *Buy*) with a revised TP of INR 2,100 (earlier INR 2,050), valuing at 3.0x Sep'26E (vs. 3.5x Sep'25E earlier).

Spread remains volatile; near-term pressure on NIM persists

Asset yield remains volatile, falling to 13.13% in Q4FY25 vs. 13.18% in Q3FY25 and 13.04% in Q2FY25. The easing rate cycle has helped in maintaining cost of funds at 8.24% (flat QoQ). Yield compression led to spreads falling to 4.89% during Q4FY25 vs. 4.94% QoQ. Notably, management is cognizant of declining asset yields and has adopted a different approach for incremental disbursements during FY25 with higher focus on growing <INR 1.5mn and <INR 1mn ticket loans (better yields) and risk-based pricing based on SFDC input to improve yields. The same helped it improve disbursement yields by 22bps YoY during FY25. However, it highlighted that NIM is likely to remain under pressure in the near term given ~70% of the asset book is floating (linked to PLR). Overall, management remains committed towards pushing yields (but on risk-adjusted basis) with ongoing endeavour to reach 5% spread.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)	9,063	10,102	12,240	14,586
PAT (INR mn)	4,907	5,741	7,243	8,890
EPS (INR)	61.7	72.2	91.1	111.9
% Chg YoY	14.1	17.0	26.2	22.7
P/E (x)	34.1	29.1	23.1	18.8
P/BV (x)	4.4	3.8	3.3	2.8
Gross Stage - 3 (%)	0.9	1.1	1.0	1.1
RoAA (%)	3.3	3.3	3.5	3.6
RoAE (%)	13.9	14.1	15.3	16.1

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Market Data

Market Cap (INR)	167bn
Market Cap (USD)	1,952mn
Bloomberg Code	AAVAS IN
Reuters Code	AVAS BO
52-week Range (INR)	2,238 /1,457
Free Float (%)	73.0
ADTV-3M (mn) (USD)	8.5

Price Performance (%)	3m	6m	12m
Absolute	22.0	26.1	28.4
Relative to Sensex	17.2	26.4	20.4

ESG Score	2022	2023	Change
ESG score	76.7	77.8	1.1
Environment	53.0	63.3	10.3
Social	77.5	79.0	1.5
Governance	83.9	81.0	-2.9

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
PAT	(2)	(3)

Previous Reports

31-01-2025: [Q3FY25 results review](#)

08-11-2024: [Q2FY25 results review](#)

Sharp uptick in disbursements on sequential basis despite tightened credit filters; expect 20% AUM growth in FY26

Disbursements for the second consecutive quarter improved sharply to INR 20.2bn (up 27% QoQ) vs. INR 15.9bn in Q3FY25 vs. INR 12–13bn during Q1–Q2FY25. This is despite management tightening credit filters during Q4FY25 due to a challenging macro environment and higher delinquencies in the MFI segment, leading to log-in to sanction rate falling to 38% during Q4FY25 vs. 42% QoQ. Overall, AUM growth stood at 6% QoQ and 18% YoY (marginally lower than guidance of 20%). Higher disbursements could be attributed to tech transformation, which has aided efficiency via: 1) reduction in average login to sanction days TAT (7 for Q4FY25 vs. 10 in Q3FY24 and 11 in Q3FY23); 2) lower papers per file (49 in Q4FY25 vs. 57 in Q3FY25 vs. 77 in Q3FY24 and 105 in Q3FY23); and 3) increase in distribution network.

Calculated repayment rate was flat QoQ at ~4.4%, while BT-out rate was well contained at <6%, which seems to be one of the best in the industry. Lower BT-out rate was aided by predictive model, which helps to pre-empt BT-out and thereby engaging with customers in a more effective and timely manner. Overall, Aavas guides for 20–25% of AUM growth on a steady state basis. Moreover, tech transformation initiatives give confidence of sustenance of higher disbursements trajectory.

In terms of AUM by ticket-size, 30–35% of its AUM currently is below INR 1mn ticket size, which it plans to improve to 45% in the medium term. Apart from this, currently, 45% of its AUM is below INR 1.5mn ATS and 80% of its AUM is below INR 2.5mn ATS.

Q4FY25 performance – calculated RoA/RoE at 3.4%/14.4%

PAT was up 5% QoQ at INR 1.53bn. Key highlight was the 27% QoQ uptick in disbursements to >INR 20bn, driving AUM growth to 6% QoQ/18% YoY. Spreads fell 5bps QoQ to 4.89% during Q4FY25 vs. 4.95bps QoQ due to a 5bps QoQ decline in yields to 13.13%, while flat CoF at 8.24% QoQ restricted a further dent in spreads during Q4FY25. NII growth remained at 9% QoQ, largely driven by 6% QoQ AUM growth and higher DA income at INR 652mn during Q4FY25 vs. INR 532mn in Q3FY25. The same resulted in cumulative NIM expanding to 7.64% vs. 7.54% QoQ. Strong revenue growth was partially offset by higher operating expenses, which grew by 19% QoQ and the same resulted in muted PPop growth at 3% QoQ. Overall, it reported RoA/RoE of 3.4%/14.4%.

Asset quality improved with 1+ DPD bucket decreasing to 3.39% vs. 3.85% QoQ vs. 3.97% in Q2FY25 (much lower than guidance range of <5%); Stage-3 too fell to 1.08% vs. 1.14% QoQ. Annualised credit cost during Q4FY25 was a tad higher at 15bps vs. 13bps QoQ.

Stage-3 improved; 1+ DPD lower 46bps QoQ

Stage-3 for Aavas fell by 6bps QoQ to 1.08% vs 1.14% QoQ and highlighted that endeavor is to bring down the same to <1 in near future. Aavas has run a quarterly scrub on its portfolio, which suggests that only 6.7% of its customer base has overlap with MFI exposure and only 2.2% of these customers are in Stage-3 as on Dec'24.

Overdue level was well contained with 1+ DPD falling 46bps QoQ to 3.39% vs 3.85% QoQ. Moreover, in terms of ticket-size, loans with less than INR 1.5mn ATS had 1+dpd below 4.5% and Stage-3 below 1.25%, while 1+dpd was lower at 4% for loans above INR 1.5mn ATS and Stage-3 below 0.8%.

Provision coverage ratio has been inching up from past three quarters – in Q4FY25 it further increased to 32% vs 30% QoQ vs 29% YoY. Its revamped ECL model based on monthly forwards flows & roll back and capturing latest macro trends is leading to marginally higher ECL provisions. However, it highlighted that PCR would remain within narrow range of 32%–34% in a steady state basis. Hence, Aavas is comfortable

with total ECL provisions as a % of total loans at 66bps. It maintained near-term asset quality guidance unchanged at 1+ DPD <5%, Stage-3 at <1.25% and credit cost at <25bps.

Operational efficiency to continue to drive opex to assets ratio lower in FY26

Aavas has completed its major technology transformation, wherein it now uses Salesforce for loan origination and CRM, Oracle flexcube for loan management and Oracle ERP cloud for ERP. Tech transformation has led to improvement in productivity metrics as reflected in reduction in TAT, paper usage and rise in online disbursements. This has also aided cost optimisation and led to improvement in opex to assets to 3.32% in FY25 vs. 3.58% in FY24, Overall, it has guided that opex to assets would decline by 10-20bps in FY26.

Key risks: 1) Better-than-expected AUM growth; and 2) competitive pressure on yields.

Q4FY25 earnings conference call takeaways

AUM

- AUM crossed milestone of INR 200bn in Q4FY25
- **Targeting to reach INR 500bn AUM in the next 5 years**
- **Looking at >20% disbursements growth for FY26**
- **Continue to guide for 20% AUM growth**
- Underwriting practices and distribution strategy provides confidence for achieving stated growth
- Envisages home loan share to at least be ~65%

Margins

- **76% loan book linked to PLR, which is impacted by Aavas' cost of borrowings**
- Assets are linked to PLR, which is again impacted by Aavas' cost of borrowings
- **Total 70% of borrowings are floating**
- **21% of total borrowings linked to 3-month MCLR, 36% of total linked to EBLR such as Repo, T-bill and rest towards 6 to 12 month MCLR**
- Hence, overall, in a falling interest rate scenario, Aavas is not placed negatively on spreads front
- Endeavours have been intensified to boost disbursement yield, which has increased by ~22bps over the past 1 year
- Endeavour is to inch up disbursements yield in a calibrated manner
- Incremental disbursement yield was higher by ~20bps in FY25
- Home loan disbursement yield was ~17bps higher than book yield

Operating expenses

- Opex increase is largely related to branch expansion and resultant headcount addition. In addition, business growth was strong in Q4 as seen in 27% QoQ rise in disbursements and hence higher variable expenses as well.

- **Opened 30 branches in FY25 of which 25 were opened in Q4 taking the total count to 397. Looking to front load FY26 branch expansion in H1FY26**
- **Total number of employees at 7,223 as of Q4FY25**
- **10–20bps of lower opex to AUM expected in FY26, as compared to FY25**

Asset quality

- Aavas has adopted the ECL methodology based on past seven years data. Based on this, it is confident that ECL provision on Stage-3 is likely to be ~32–34% and less than 0.7% on overall basis, which is currently 0.66%
- Bounce trend is under control and 1+ DPD is well below 4%
- Hence, roll back of NPA likely to happen in next 1–2 quarters
- **Confident that stage-3 would return to less than 1% in the next 1–2 quarters vs. 1.08% currently**
- Aavas is not facing any specific challenge in any specific state

Customer profile

- 92% is new to mortgage customers in the affordable housing segment
- ~INR 12,500 is the average EMI for affordable housing segment customers; hence, slight change in interest rate does not impact EMI significantly
- Customers are not quite rate sensitive in this segment, unlike prime housing segment. Hence, pricing strategy is unlikely to result in losing market share

Miscellaneous

- As of Mar'25, TAT from login to sanction has been reduced to just 7 days; improvement from the previous peak of 13 days
- Fee income should grow broadly in-line with AUM growth

Q3FY25 earnings conference call takeaways

Asset quality

- **Continues to guide for credit cost below 25bps on a sustainable basis**
- Stage-3, at 1.14%, which was up 6bps QoQ and is quite seasonal in nature and on account of festive season. **This should retrace in Q4.**
- **1+ DPD below 4% at 3.85%, which is below its guidance.**
- **In terms of ticket size of more than INR 1.5mn, 1+ DPD below 4% and Stage-3 below 0.8%.**
- **In terms of ticket size of less than INR 1.5mn, 1+ DPD below 4.5% and Stage-3 below 1.25%.**
- **Only 6.7% of the total customer base are having overlap with MFI exposure. Moreover, of this, only 2.2% customers are 90+ DPD.**
- Nothing glaring or alarming in 1+ DPD or Stage-3 in any geography as of now.

Provisions

- **As per ECL model, PCR on Stage-3 usually comes in the range of 27-29%.**
- In 9MFY24, there were some one-off in ECL provisions related to subsidiary amounting to INR 10mn. Also, there were certain SARFSESI transactions which attracted provisions of INR 30mn.
- ECL provision as a % of total loans was around 65bps and this is likely to remain around current levels.

Operating expenses

- It has completed upgradation of major tech platforms during the quarter and believe that it has set the foundation for sustainable growth going ahead.
- It has guided that opex to assets would decline by 20bps every year until it reaches 3%.
- **It saw a remarkable improvement in opex to assets, wherein opex to assets fell 42bps YoY for 9MFY25, due to its cost optimization strategy.**
- Employee count up 6% YoY

AUM and disbursements

- **AUM growth guidance continues at 20-25%.**
- Uptick in Jan'25 disbursements provide confidence for higher AUM growth.
- Strong pick-up in disbursements.
- AUM was up 20% YoY reaching INR 192bn.
- **Did a tie-up with PSU bank in Q3 for co-lending.**
- Live accounts up 15% YoY.
- Rise in ticket size is a function of inflation in land prices and cost of construction. Also, rural ability to build better and bigger houses is leading to higher inflation.
- When Aavas enters new geographies, it takes its time to understand the local behaviour, asset quality behaviour, customer behaviour etc. **Initially, major focus is that there should not be major delinquencies in initial quarters.** Hence, there are no major targets given to staff in the initial years of operation.
- E-Khata issue seems to be stabilising soon in Karnataka.
- **Karnataka disbursements growth is much better than overall Aavas disbursements run-rate.**
- **45% of AUM is below INR 1.5mn and 80% of AUM is below INR 2.5mn.**
- ATS is up 6% YoY.

Margins

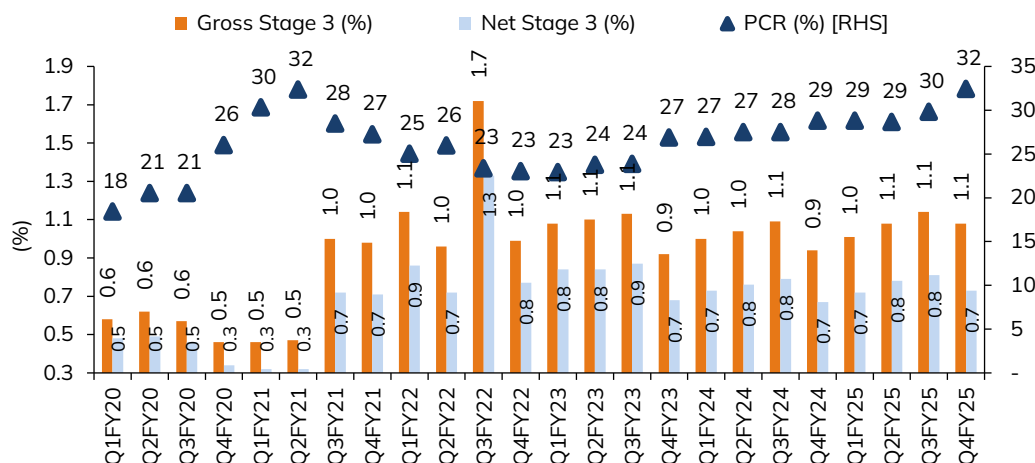
- Spreads improved by 5bps QoQ due to 14bps rise in yields **on account of 25bps increase in PLR during the quarter.**
- **30% book is fixed; hence, PLR impact comes only on the balance book, which is floating in nature.**
- **Difference between disbursement yield and AUM yield has narrowed to 30-35bps as of now.**
- **Home loan and non-home loan yield difference is 250bps.**
- Out of non-home loan, 75% is MSME business which is focus area.

- Home loan yield is 11.5-12%.
- **Cost of borrowings up 9bps QoQ, largely due to interest rate reset on MCLR linked bank borrowings.**
- 32% borrowings are EBLR linked such as T-bill, Repo, MIBOR etc.
- Largest NCD raise by Aavas till date done in Q3.

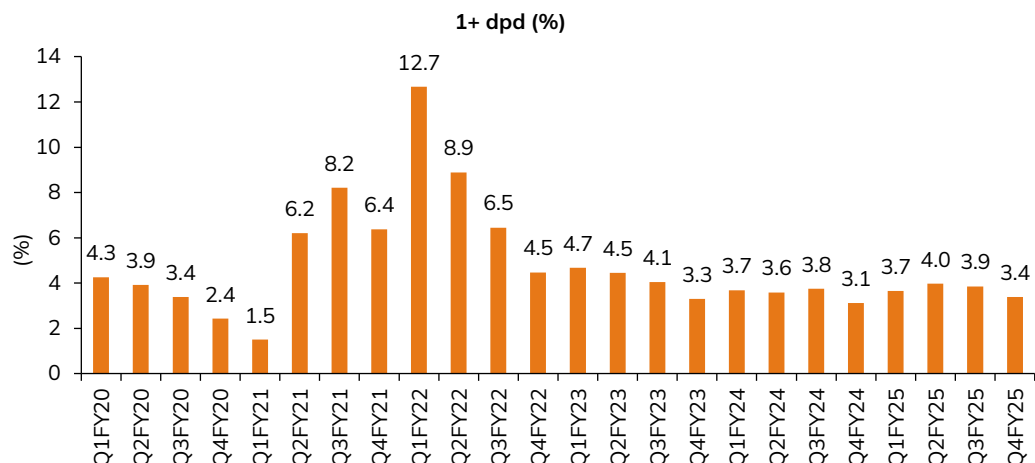
Exhibit 1: Q4FY25 result review

	Q4FY24	Q3FY25	Q4FY25	% YoY	% QoQ
Income statement (INR mn)					
Interest income	5,175	5,706	6,052	16.9	6.1
Interest expenses	2,216	2,587	2,647	19.5	2.3
Net interest income	2,960	3,119	3,405	15.0	9.2
Non-interest Income	293	272	323	10.2	18.8
Total Income (net of interest expenses)	3,252	3,390	3,728	14.6	10.0
Employee expenses	959	906	1,120	16.8	23.5
Depreciation and amortization	91	92	98	7.6	6.2
Fees and Commission expenses	12	25	26	109.8	1.9
Other operating expenses	372	423	476	27.7	12.3
Total Operating Expense	1,434	1,447	1,719	19.8	18.8
Pre-provisioning profit (PPoP)	1,818	1,943	2,009	10.5	3.4
Provisions and write offs	43	61	76	77.0	25.8
PBT	1,775	1,882	1,932	8.9	2.7
Tax expenses	349	420	395	13.4	(5.8)
PAT	1,426	1,462	1,537	7.8	5.1
EPS (INR)	18.0	18.5	18.7	3.8	1.1
Balance Sheet (INR mn)					
Share capital	791	791	792	0.1	0.1
Reserves & surplus	36,942	41,177	42,817	15.9	4.0
Shareholders' funds	37,733	41,968	43,609	15.6	3.9
Borrowings	1,23,365	1,33,803	1,39,185	12.8	4.0
Deferred tax liabilities (net)	602	690	756	25.5	9.6
Other Liabilities and provisions	3,494	2,439	2,635	(24.6)	8.0
Total Liabilities and SHE	1,65,195	1,78,900	1,86,185	12.7	4.1
Fixed assets	715	802	824	15.3	2.7
Loans	1,40,044	1,53,171	1,62,297	15.9	6.0
Cash & bank balances	17,978	17,978	15,596	(13.3)	(13.2)
Investments	1,822	2,049	2,300	26.3	12.2
Other Assets	4,636	4,900	5,168	11.5	5.5
Total Assets	1,65,195	1,78,900	1,86,185	12.7	4.1
Key ratios					
AUM (INR mn)	1,73,126	1,92,380	2,04,202	17.9	6.1
-Home Loans (INR mn)	1,19,976	1,32,742	1,38,857	15.7	4.6
-Other mortgage loans (INR mn)	53,150	34,628	38,798	-27.0	12.0
Disbursements (INR mn)	18,931	15,946	20,238	6.9	26.9
Yield on average AUM (%) [Reported-YTD]	13.1	13.2	13.1	0 bps	-5 bps
Borrowing costs (%) [Reported-YTD]	8.1	8.2	8.2	17 bps	0 bps
Spreads (%)	5.1	4.9	4.9	-17 bps	-5 bps
NIM (%) [Reported-YTD]	7.1	6.6	6.9	-23 bps	23 bps
Op cost as % of avg assets	3.6	3.3	3.8	17 bps	43 bps
Cost to income (%)	44.1	42.7	46.1	201 bps	341 bps
1+ dpd (%)	3.12	3.85	3.39	27 bps	-46 bps
Gross Stage 3 (%)	0.94	1.14	1.08	14 bps	-6 bps
Net Stage 3 (%)	0.67	0.81	0.73	5 bps	-9 bps
Provision coverage ratio (%)	28.8	29.8	32.4	363 bps	262 bps
Credit cost as a % of avg AUM [annualized]	0.10	0.13	0.15	5 bps	2 bps

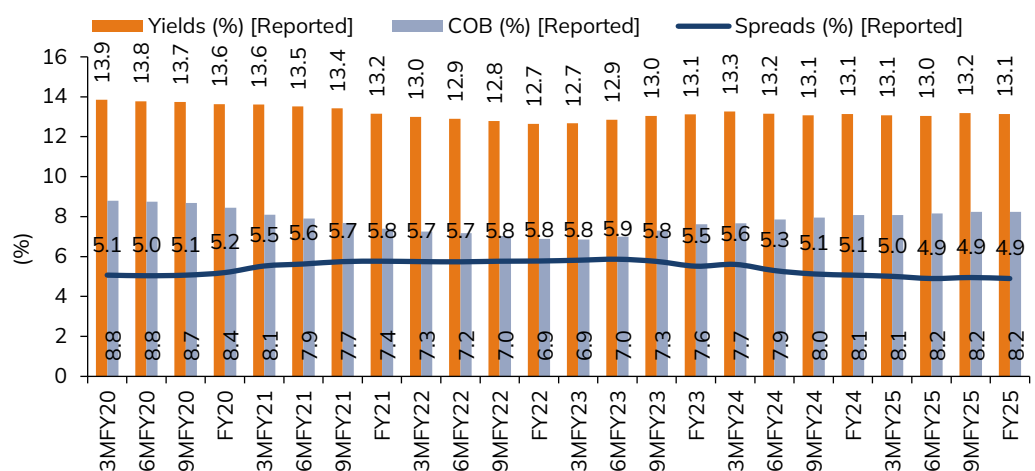
Source: Company data, I-Sec research

Exhibit 2: Coverage ratio maintained around 30-32%


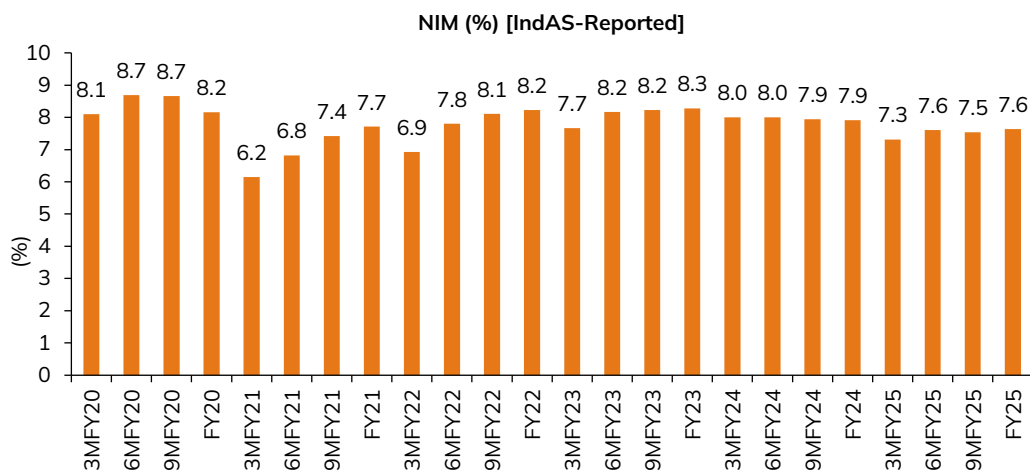
Source: Company data, I-Sec research

Exhibit 3: 1+ DPD down 46bps QoQ, in-line with seasonality


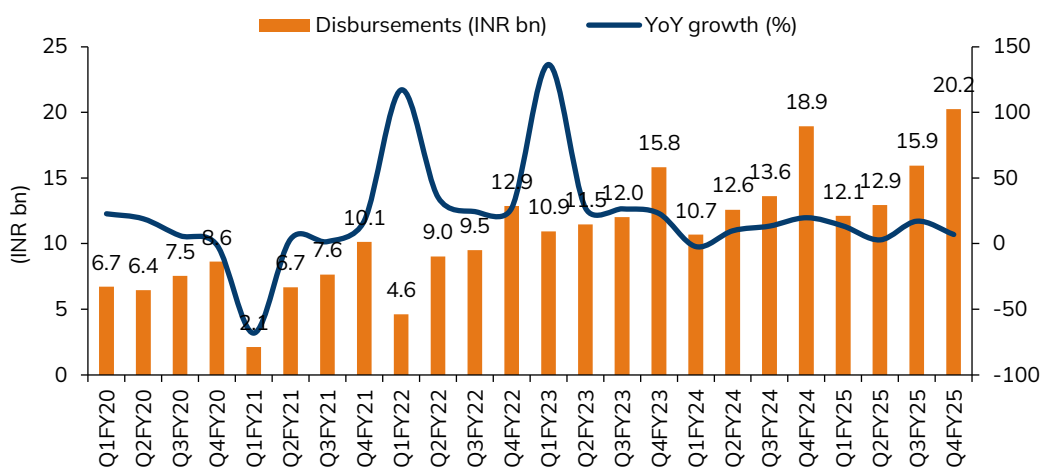
Source: Company data, I-Sec research

Exhibit 4: Yields remain under pressure, down ~10bps QoQ


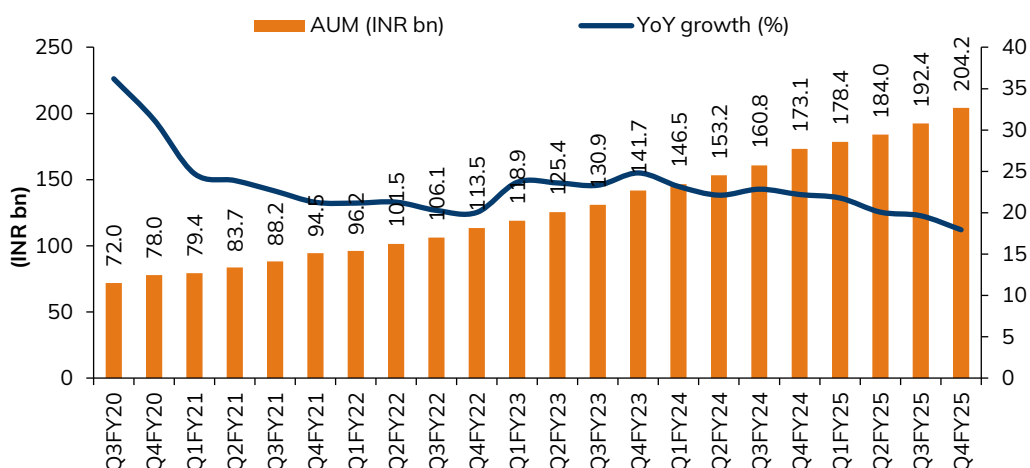
Source: Company data, I-Sec research

Exhibit 5: FY25 NIM as % of AUM has inched-up marginally vs. 9MFY25 level


Source: Company data, I-Sec research

Exhibit 6: Strong sequential uptick in disbursements at 27% QoQ in-line with seasonality, but YoY growth at 7%...


Source: Company data, I-Sec research

Exhibit 7: ...leading to AUM growth at ~18% YoY


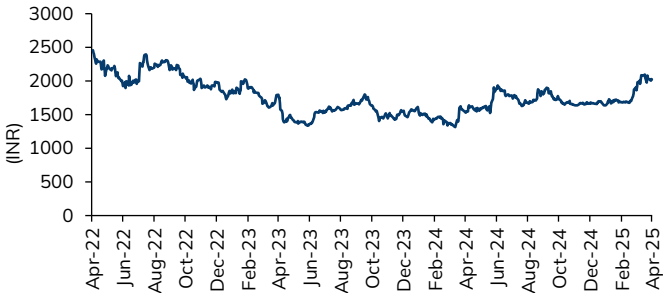
Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	26.5	26.5	26.5
Institutional investors	61.1	59.7	40.4
MFs and others	22.6	22.3	7.9
FIs/Banks	0.0	0.7	1.2
Insurance	1.5	1.2	1.6
FIIIs	37.0	35.5	29.7
Others	12.4	13.8	33.1

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	17,347	20,177	23,920	28,677
Net gain on fair value changes	166	219	160	186
Interest Expenses	(8,284)	(10,075)	(11,680)	(14,091)
Net Interest Income (NII)	9,063	10,102	12,240	14,586
Other Income	2,856	3,407	4,094	5,034
Total Income (net of interest expenses)	11,919	13,509	16,334	19,620
Employee benefit expenses	(3,559)	(3,778)	(4,436)	(5,149)
Depreciation and amortization	(327)	(365)	(401)	(441)
Fee and commission expenses	(76)	(83)	(100)	(120)
Other operating expenses	(1,469)	(1,687)	(1,831)	(2,144)
Total Operating Expense	(5,430)	(5,912)	(6,768)	(7,853)
Pre Provisioning Profits (PPoP)	6,489	7,597	9,566	11,767
Provisions and write offs	(245)	(271)	(331)	(436)
Profit before tax (PBT)	6,244	7,326	9,235	11,331
Total tax expenses	(1,338)	(1,585)	(1,992)	(2,441)
Profit after tax (PAT)	4,907	5,741	7,243	8,890

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	791	792	795	795
Reserves & surplus	36,942	42,817	50,060	58,950
Shareholders' funds	37,733	43,608	50,855	59,745
Borrowings	1,23,365	1,39,185	1,68,177	2,02,641
Provisions & Other Liabilities	3,494	2,636	3,154	3,838
Deferred tax liabilities (net)	602	756	763	771
Total Liabilities and Stakeholder's Equity	1,65,195	1,86,185	2,22,948	2,66,995
Fixed assets	715	824	989	1,187
Loans	1,40,044	1,62,297	1,94,168	2,36,452
Investments	1,822	2,300	2,300	2,300
Current Assets including cash and bank	17,978	15,596	20,065	21,360
Other Assets	4,636	5,167	5,426	5,697
Total Assets	1,65,195	1,86,185	2,22,948	2,66,995

Source Company data, I-Sec research

Exhibit 12: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	1,73,126	2,04,202	2,45,849	2,99,387
On-book Loans	1,73,126	2,04,202	2,45,849	2,99,387
Disbursements	55,822	61,230	75,871	94,784
Repayments	24,363	30,154	34,224	41,246
Growth (%):				
Total AUM (%)	22.2	17.9	20.4	21.8
Disbursements (%)	11.1	9.7	23.9	24.9
Repayments (%)	10.3	23.8	13.5	20.5
Loan book (on balance sheet) (%)	22.0	15.9	19.6	21.8
Total Assets (%)	23.2	12.7	19.7	19.8
Net Interest Income (NII) (%)	13.7	11.5	21.2	19.2
Non-interest income (%)	26.7	18.5	23.4	23.2
Total Income (net of interest expenses) (%)	17.0	13.3	20.9	20.1
Operating Expenses (%)	18.6	8.9	14.5	16.0
Employee Cost (%)	18.4	6.1	17.4	16.1
Non-Employee Cost (%)	21.6	14.8	8.5	17.1
Pre provisioning operating profits (PPoP) (%)	15.6	17.1	25.9	23.0
Provisions (%)	97.0	10.8	22.0	31.6
PBT (%)	13.7	17.3	26.1	22.7
PAT (%)	14.1	17.0	26.2	22.7
EPS (%)	14.1	17.0	26.2	22.7
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	7.1	6.7	6.9	6.8
NIM on IEA (%)	5.8	5.4	5.4	5.4
NIM on AUM (%)	5.8	5.4	5.4	5.4
Yield on loan assets (%)	13.6	13.3	13.4	13.3
Yield on IEA (%)	11.0	10.7	10.6	10.5
Yield on AUM (%)	11.0	10.7	10.6	10.5
Cost of borrowings (%)	7.5	7.7	7.6	7.6
Interest Spreads (%)	6.1	5.7	5.8	5.7
Operating efficiencies				
Cost to income ratio	45.6	43.8	41.4	40.0
Op.costs/avg assets (%)	3.6	3.4	3.3	3.2
Op.costs/avg AUM (%)	3.4	3.1	3.0	2.9
Salaries as % of non-interest costs (%)	65.5	63.9	65.6	65.6
NII /employee (INR mn)	1.4	1.4	1.6	1.8
AUM/employee(INR mn)	26.6	28.3	33.1	37.3
Capital Structure				
Average gearing ratio (x)	3.3	3.2	3.3	3.4
Leverage (x)	4.4	4.3	4.4	4.5

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	0.9	1.1	1.0	1.1
NNPA (%)	0.7	0.7	0.7	0.7
GNPA (INR mn)	1,319	1,763	2,019	2,506
NNPA (INR mn)	939	1,191	1,364	1,693
Coverage ratio (%)	28.7	32.4	32.4	32.4
Credit Costs as a % of avg AUM (bps)	16	14	15	16
Credit Costs as a % of avg on book loans (bps)	16	14	15	16
Return ratios				
RoAA (%)	3.3	3.3	3.5	3.6
RoAE (%)	13.9	14.1	15.3	16.1
ROAAUM (%)	3.1	3.0	3.2	3.3
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	79	79	79	79
No of shares (fully diluted)	79	79	79	79
ESOP Outstanding	0	-	-	-
EPS (INR)	61.7	72.2	91.1	111.9
EPS fully diluted (INR)	61.7	72.2	91.1	111.9
Price to Earnings (x)	34.1	29.1	23.1	18.8
Price to Earnings (fully diluted) (x)	34.1	29.1	23.1	18.8
Book Value (fully diluted)	475	549	640	752
Adjusted book value	463	534	623	731
Price to Book	4.4	3.8	3.3	2.8
Price to Adjusted Book	4.5	3.9	3.4	2.9
DPS (Rs)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 13: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	1,49,650	1,75,690	2,04,566	2,44,972
Average Loans (INR mn)	1,27,403	1,51,170	1,78,233	2,15,310
Average Equity (INR mn)	35,215	40,671	47,231	55,300
Interest earned (%)	11.6	11.5	11.7	11.7
Net gain on fair value changes (%)	11.1	12.4	7.8	7.6
Interest expended (%)	5.5	5.7	5.7	5.8
Gross Interest Spread (%)	6.1	5.7	6.0	6.0
Credit cost (%)	0.2	0.2	0.2	0.2
Net Interest Spread (%)	5.9	5.6	5.8	5.8
Operating cost (%)	3.6	3.3	3.3	3.2
Lending spread (%)	2.3	2.3	2.6	2.6
Non interest income (%)	1.8	1.8	1.9	2.0
Operating Spread (%)	4.1	4.1	4.5	4.6
Tax rate (%)	21.4	21.6	21.6	21.5
ROAA (%)	3.3	3.3	3.5	3.6
Effective leverage (AA/ AE)	4.2	4.3	4.3	4.4
RoAE (%)	13.9	14.1	15.3	16.1

Source Company data, I-Sec research

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