HOLD (Maintained)

CMP: **INR 1,544** Target Price: **INR 1,500 (INR 1,265)** ▼ -3%

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28 April 2025

India | Equity Research | Results update

Cholamandalam Finance

Vehicle Finance

See higher profitability in FY26 driven by credit cost moderation and NIM expansion

Cholamandalam Finance's (Chola) Q4FY25 performance was broadly in line with highest quarterly PBT-ROTA at 3.6% driven by 30bps QoQ NIM expansion, 10bps QoQ each credit cost and operating expense moderation. Also, for full year FY25, ROA-PBT remained at 3.3% vs 3.4% in FY24, marginal 10bps QoQ decline was largely due to higher credit cost in FY25 at 1.4% vs 1% in FY24. The same was partially offset by 20bps NIM expansion and 10bps reduction in expense ratio. Higher credit cost in FY25 was led by – loan loss provision in CSEL increasing to 5.8% in FY25 (7.1% in Q4FY25) vs 4.4% in FY24, SME to 1% in FY25 (1.4% in Q4FY25) vs 0.4% in FY24 and SBPL to 1.4% in FY25 (2% in Q4FY25) vs 0.6% in FY24.

While Chola's financial performance in FY25 and Q4FY25 remained broadly in line, increasing credit cost in new businesses namely CSEL, SBPL and SME remains key to watch out in near term. Further, Tamil Nadu Bill to prevent coercive recovery by money lenders, poses risk to near-term credit cost trajectory. However, management maintains its ~25% AUM growth for FY26 with HL growth at 25–30% YoY and LAP growth at 35-40% YoY and sounded confident about reaching 3.5% PBT-ROTA in FY26. Maintain **HOLD** with a revised TP of INR 1,500 as we rollover to Sep'26E BVPS and value the stock at 4x PBV.

Overall asset quality improved, the same remained elevated for new businesses

Asset quality improved to 2.81% vs 2.91% QoQ; however, the degree of improvement is far lower than the usual pull-back in Q4 – during Q3FY24 and Q4FY23 sequential decline in GNPL ratio was 40-50bps vs 10bps during Q4FY25. New businesses (~12% of AUM) continued to witness deterioration in asset quality even in Q4FY25 as reflected in stage-3 in SBPL soaring to 2.59% vs 1.85% QoQ, in CSEL to 2.06% vs 1.83% QoQ and in SME to 2.36% vs 2.25% QoQ. VF and LAP showed improvement with GNPL for VF falling to 3.52% vs 3.67% QoQ and for LAP to 2.02% vs 2.27% QoQ. While management sounded confident about sustaining robust asset quality in FY26, no early sign of recovery in asset quality in new product and recent TN bill pose risk to near-term asset quality outlook.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)	83,831	1,12,351	1,38,962	1,68,122
PAT (INR mn)	34,228	42,585	51,504	65,173
EPS (INR)	40.7	50.6	61.2	77.5
% Chg YoY	25.6	24.3	20.9	26.5
P/E (x)	37.9	30.5	25.2	19.9
P/BV (x)	6.6	5.5	4.5	3.7
Gross Stage - 3 (%)	2.5	2.9	3.1	3.1
RoA (%)	2.5	2.4	2.4	2.6
RoE (%)	20.2	19.7	19.7	20.4

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Market Data

Market Cap (INR)	1,298bn
Market Cap (USD)	15,198mn
Bloomberg Code	CIFC IN
Reuters Code	CHLA.BO
52-week Range (INR)	1,683 /1,146
Free Float (%)	50.0
ADTV-3M (mn) (USD)	35.3

Price Performance (%)	3m	6m	12m
Absolute	26.2	12.5	33.6
Relative to Sensex	22.2	12.7	27.0

ESG Score	2023	2024	Change
ESG score	**79.1**	**79.6**	**0.5**
Environment	65.3	67.2	1.9
Social	75.7	77.6	1.9
Governance	85.6	85.9	0.3

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
EPS	(2)	(2)

Previous Reports

01-02-2025: Q3FY25 results review
29-10-2024: Q2FY25 results review

Planning to launch gold loans and consumer durable loans in FY26

Detailed analysis of its existing customer base of 4.5mn suggests that Chola's customers are borrowing ~INR 10bn every month from other lenders in gold and consumer durable loan segments. Hence, in continuation of its product diversification strategy, it is planning to launch gold loan and consumer durable loan in FY26. Prior to this, in 2022, it launched three products namely Consumer & Small Enterprise Loan (CSEL), Secured Business & Personal Loan (SBPL) and SME Loan (SME) business, which currently contribute ~12% of total AUM.

Q4FY25 financial performance: Sequential improvement was largely driven by VF and LAP segments

In line with historical trends, Chola reported sequential improvement in PBT-ROTA to 3.6% during Q4FY25 vs 3.2% QoQ largely driven by 30bps NIM expansion and 10bps credit cost moderation. PAT grew strong 17% QoQ to INR 12.7bn, resulting in RoA expansion of 30bps to 2.7% during Q4FY25. NII growth remained strong at 6% QoQ driven by 6% QoQ AUM growth and 30bps QoQ NIM expansion. Asset yield expansion of 30bps QoQ to 15.1% and stable cost of funds QoQ at 7.1% drove NIM expansion. Asset yields in VF business increased sharply by 50bps QoQ to 15.6%, 30bps QoQ improvement in HL to 16.2%, 30bps QoQ improvement in SME to 12.9% and 70bps QoQ improvement in SBPL to 26.30% are key drivers for NIM expansion during Q4FY25. Operating expenses growth remained muted at 1% QoQ and the same led to ~200bps QoQ decline in cost-income ratio to 38% during Q4FY25 vs 40% in Q3FY25.

Strong net revenue growth and controlled opex led to ~10% QoQ PPoP growth. Credit cost during Q4FY25 fell by 10bps to 1.3% during Q4FY25 vs 1.4% in Q3FY25, largely due to higher recovery and contained flows in VF (credit cost fell to 1.2% vs 1.7% QoQ), while rest of the segment witnessed sequential increase in credit cost.

Expect PBT-ROTA to improve to 3.5% in FY26 from 3.3% in FY25 driven by NIM improvement and credit cost moderation

Management sounded confident of sustaining improving trajectory in profitability in FY26, and therefore, guided ~20bps YoY improvement in PBT-ROTA to 3.5% in FY26 vs 3.3% in FY25. It expects incremental PBT-ROTA expansion to be driven by ~10bps NIM expansion and ~10bps improvement in credit cost to be largely driven by better asset quality in VF business.

Credit cost in VF business stood at 1.6% during FY25 and it expects ~20bps lower credit cost in FY26 (VF contributes ~55% of total AUM).

Credit cost in LAP and HL is tightly controlled and may remain at current level in FY26. Given its home loans do not have SARFAESI benefit, hence, the resolution takes time. Those cases which went into NPA in FY25 would see resolution by FY26.

CSEL and SME credit costs are likely to see some uptick in H1FY26 followed by decline in H2FY26. Given its corrective measures in CSEL book - running down the fintech book, would start showing positive result Q3FY26 onwards. As of Mar'25, fintech-related CSEL book was ~1% or INR 20bn.

It expects ~10bps improvement in margins in FY26 largely driven by lower cost of funds. It expects 10-20bps reduction in cost of funds during FY26 given ~20% of borrowing is repo or T-bill linked and it has already done 50bps repo rate cut till now.

AUM growth to remain steady at 22-25% driven by HL and LAP

Chola has been diversifying its overall portfolio towards different product segments, including within VF, over the last couple of years. Simultaneously, it has established a comprehensive product suite, offering loans across categories ranging from small/medium/large CVs, cars, MUVs, 3W/2W and tractors. Diversification within VF has helped Chola grow this book in a calibrated manner through the years. It now plans to launch gold and consumer durable loans in FY26.

For Q4FY25, AUM growth was healthy at 6% QoQ and 27% YoY. However, within that, vehicle finance, which comprises 55% of AUM grew 6% QoQ and 20% YoY. Hence, growth is being largely driven by non-vehicle segments. LAP portfolio (22% of book) was up 10% QoQ/39% YoY, housing portfolio (10% of book) was up 8% QoQ/37% YoY and CSEL (8% of the book) was down 2% QoQ/ up 27% YoY.

Overall, we believe, given the current challenging environment dynamics, growth from non-VF, particularly unsecured, is likely to be under pressure. Further, disbursement in segments like CSEL is down 26% QoQ, SME down 9% QoQ and flat QoQ disbursement in VF segment pose risk to management's guidance of 22-25% YoY growth in FY26.

Key risks

- Credit cost not normalising to guided level.
- Faster-than-guided AUM growth.

Q4FY25 conference call takeaways

<u>AUM</u>

- **AUM growth guidance of 20-25% (looking at ~30% growth in non-vehicle and ~20% growth in vehicle)**
- **Vehicle finance disbursement at 12% for FY25 and expects this to increase to 15-17% for FY26 with 20% asset growth.** This will also depend on how monsoon pans out in 2025.
- Home loans to have 15-20% disbursement growth for next 2 years.
- ~60% of home loan disbursement is coming from South.
- **LAP is expanded across the country, and hence, disbursement and loan growth are largely similar at 25-30% and this is likely to continue.**
- RoA in supply chain finance is very low and hence will go slow in supply chain finance, but will move towards term loan and equipment finance.
- Term loans are long tenure books, and hence, 30% growth is possible in this segment.
- CSEL asset growth was lower in FY25, but that will catch-up in FY26.
- Will not raise disbursements significantly in SME.

<u>Credit cost and asset quality</u>

- **Overall, 1.4% credit cost for FY25 and expects this to fall to 1.3% for FY26.**
- 1.6% vehicle finance credit cost in FY25, which will reduce in FY26.
- If vehicle finance credit cost falls 20bps, then overall credit cost will fall by 10bps as vehicle finance is 55% of book.

- CSEL, SME credit costs could see some uptick in H1 followed by a decline in H2.
- **CSEL credit cost will come down by running down the fintech book, which will start happening Q3FY26 onwards.**
- CSEL when Chola started fintech business, then this 5% FLDG norm was not existing. As a result, it has now developed in-house digital lending where RoA is >6%. **As of Mar'25, fintech related CSEL book was ~1% or INR 20bn.**
- **INR 350mn additional provision done towards CSEL in Q4.**
- For LAP and HL, it is very tightly maintaining its credit cost, while vehicle finance will see improvement in credit cost.
- **For HL, it doesn't have SARFAESI and hence resolution takes time. Hence, those cases which went into NPA in FY25 could see resolution by FY26-end. HL delinquencies are likely to remain around 40ps.**

<u>Tamil Nadu ordinance</u>

- TN bill – more related to private lender and MFI.
- Similar bill is there in Karnataka, Telangana and AP.
- Don't see any impact coming in vehicle finance portfolio in TN.

<u>Margins</u>

- **20% borrowings linked to repo or T-bill.**
- Large part of borrowings, which is ~50%, is linked to banks' MCLR. Hence, only when MCLR comes down, borrowing cost benefit will come down.
- **Chola expects 10-15bps reduction in cost of funds in FY26.**
- **Margins are likely to improve by 10bps in FY26.**

<u>Opex and non-interest income</u>

- **Target is to keep opex to assets around 300-310bps.**
- Gold loan related opex would be higher in FY26.
- **Planning to roll out 120 gold loan branches in Q1FY26, which would be standalone gold loan branches.**
- There should be some income coming through either securitisation or assignment route.
- In FY26, Chola is not looking to add significant number of branches in home loan and LAP, but will be looking at productivity and efficiency gains.

<u>Miscellaneous</u>

- Holding strong liquidity at INR 157bn.

Q3FY25 conference call takeaways

AUM, disbursements

- **Continues with 25% growth guidance**
- 25% disbursement growth and 40-45% AUM growth for LAP
- 15% disbursement and 25-30% AUM growth for next 2-3 years for home loans

Asset quality

- **1.4% credit cost expected for FY25. FY26 credit cost is expected to be slightly lower than FY25 for Chola's VF business**
- QoQ improvement in credit cost likely in Q4FY25, but not of a similar magnitude as Q4FY24
- **Used car segment is doing well and it is not exhibiting any stress for Chola.**
- CSEL parentship business is showing higher NPL. However, it shall completely exit of the partnership
- **Standalone CSEL NPL, without partnership business, is much lower.** INR 12bn was CSEL's disbursements via partnership
- **Within one year, most of the partnership businesses under CSEL would run-down**
- SBPL is delivering 6% RoA; ECL is expected to be 1.5-2% on steady-state basis

Asset quality – VF

- **Stage-2 has fallen QoQ in vehicle finance segment**
- **Roll forward rates have started coming down in early buckets and early delinquencies have also started to come down in vehicle finance**
- ***2W and used CV delinquencies started increasing from last year itself. However, it has improved in Nov'24 and Dec'24.***
- **Things are likely to improve in VF (except heavy CV) in next 3-4 quarters**
- Small CV and light CV are not doing well for Chola since Q2FY24. But, now, it is seeing signs of improvement.
- **Used CV and tractor was not doing well too. But, now it is seeing signs of improvement**
- Chola has segment-wise and stage-wise collection teams

Capacity utilisation

- Capacity utilisation in heavy CV is seeing a slight impact on account of lower GDP print and slow manufacturing activity; but Chola's exposure here is negligible in heavy CV segment
- Capacity utilisation in small CV and light CV was slower since the past one year, but it expects this to improve going ahead over the next 3-4 quarters. However, customers, who have moved to Stage-2 and Stage-3 may take time to get back on track.
- *Capacity utilisation has improved to 70-80% in Q3, from ~50% in Q1/Q2*

Margins

- Borrowing cost is expected to hold at similar levels
- Yields are likely to be maintained around current levels
- LAP loans are largely linked to internal benchmark, which is dependent on its internal cost of borrowings
- 56% is VF portfolio, and in case of a rate cut, it should benefit
- Margins could be higher in FY26, in the event of a rate cut
- Under home loans, yields could moderate, but opex would also moderate leading to stable RoA

Opex and non-interest income

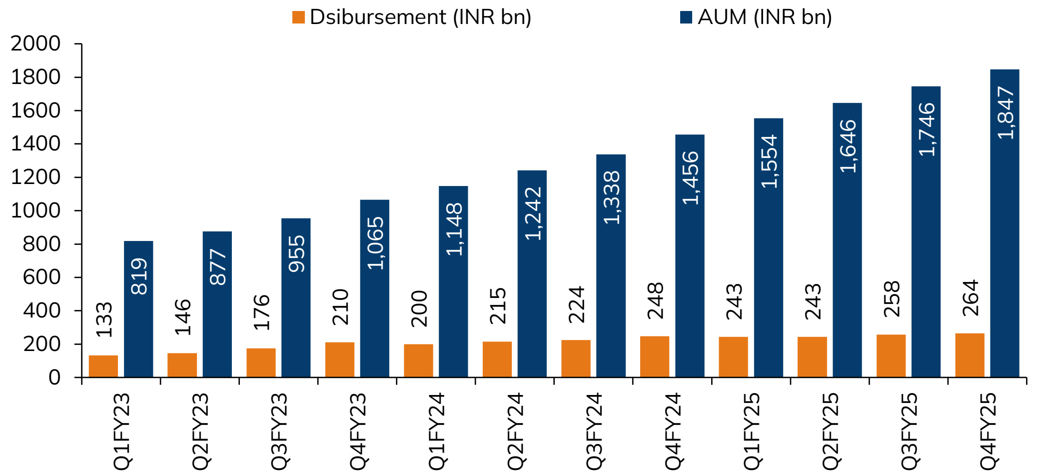
- Opex to assets is likely to be flat for the next few quarters, only post which it could improve
- Net gain on de-recognition income of INR 650mn is related to assignment income
- It has hired more manpower in collections, which has resulted in higher operating expenses

Exhibit 1: Q4FY25 result review

(INR mn)	Q4FY25	Q4FY24	% Chg YoY	Q3FY25	% Chg QoQ
Income statement					
Net interest Income	30,557	23,548	30%	28,869	6%
Add: Other Income	13,563	9,668	40%	11,784	15%
Total Net income	**44,120**	**33,215**	**33%**	**40,654**	**9%**
Less: Operating expenses	14,269	12,850	11%	14,130	1%
-Employee benefit expense	*9,218*	*7,658*	*20%*	*8,807*	*5%*
-Depreciation & amortisation	*634*	*746*	*-15%*	*584*	*9%*
-Other expense	*4,417*	*4,446*	*-1%*	*4,739*	*-7%*
Pre-provisioning profit	**29,852**	**20,365**	**47%**	**26,524**	**13%**
Less: Provisions & write-offs	6,253	1,908	228%	6,640	-6%
PBT	**23,599**	**18,457**	**28%**	**19,884**	**19%**
Less: Taxes	4,395	3,788	16%	3,771	17%
PAT	**19,204**	**14,669**	**31%**	**16,113**	**19%**
Balance sheet key items (INR mn)					
AUM	18,47,460	14,55,720	27%	17,45,660	6%
Loan assets on balance sheet	18,19,300	14,44,240	26%	17,27,260	5%
Net worth	2,36,270	1,95,570	21%	2,25,930	5%
Borrowings	17,49,460	13,44,740	30%	16,70,760	5%
Asset Quality					
Gross stage 3 (INR mn)	52,130	36,450	43%	51,250	2%
Gross stage 3	2.8%	2.5%	33 bps	2.9%	-10 bps
Net stage 3 (INR mn)	28,530	19,520	46%	28,650	0%
Net stage 3	1.5%	1.3%	21 bps	1.6%	-9 bps
Credit cost (annualised)	1.4%	0.5%	84 bps	1.6%	-18 bps
Key ratios (annualised)					
Yield on AUM	14.3%	14.1%	16 bps	14.5%	-24 bps
Cost of funds	7.9%	8.0%	-15 bps	8.1%	-20 bps
NIMs on AUM	6.8%	6.7%	6 bps	6.8%	-1 bps
Other income on AUM	0.4%	0.4%	-1 bps	0.4%	0 bps
Cost to income	38%	44%	-616 bps	40%	-195 bps
Opex to AUM	3.2%	3.7%	-51 bps	3.3%	-16 bps
RoA	2.6%	2.8%	-25 bps	2.3%	24 bps
RoE	22%	22%	-27 bps	20%	215 bps
Debt to Equity (times)	7.4	6.9	8%	7.4	0%
Tier 1	14.4	15.1	-69 bps	14.9	-51 bps
CAR	19.8	18.6	118 bps	19.8	-1 bps

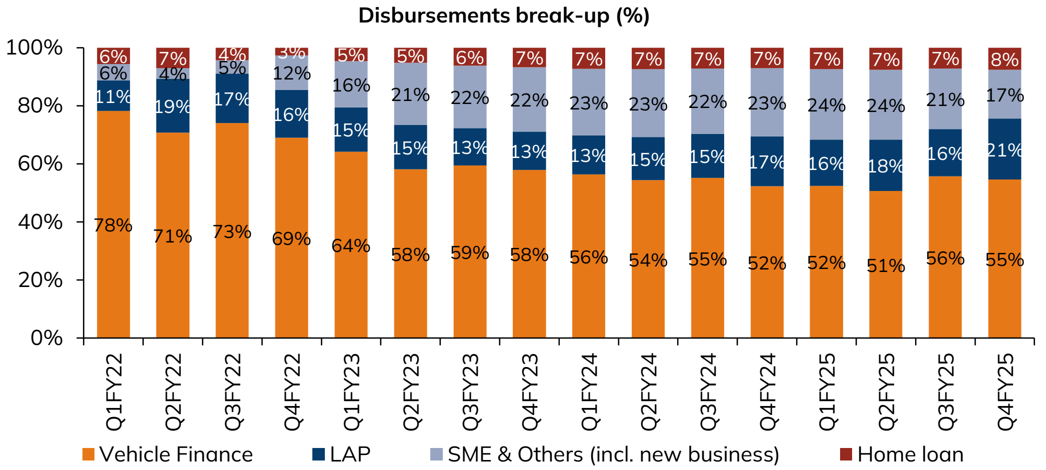
Source: Company data, I-Sec research

Exhibit 2: Consistent uptick in AUM



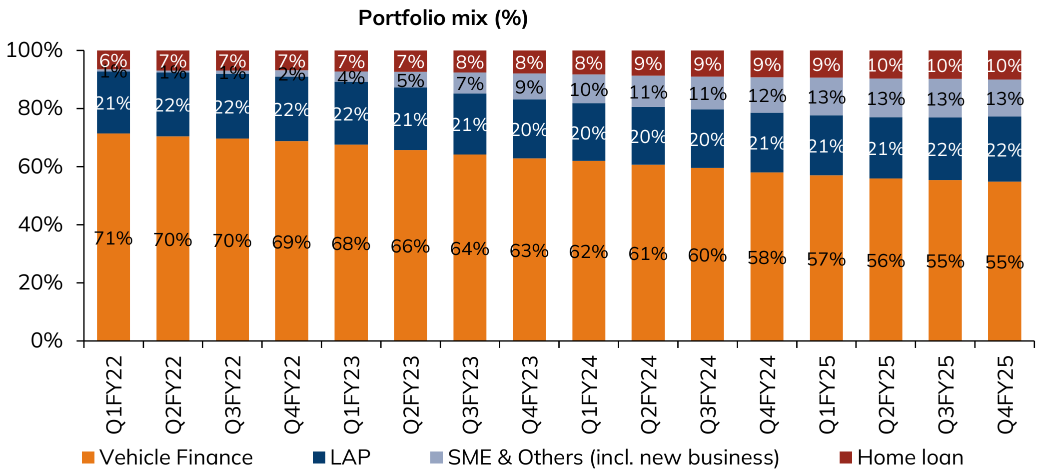
Source: Company data, I-Sec research

Exhibit 3: 45-50% of disbursements towards non-vehicle businesses



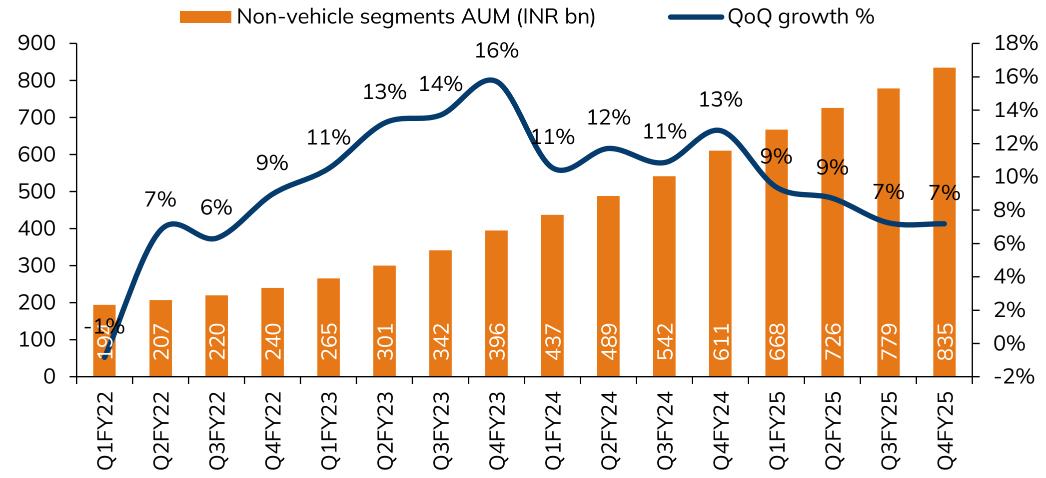
Source: Company data, I-Sec research

Exhibit 4: Gradually diversifying its portfolio towards non-vehicle segments



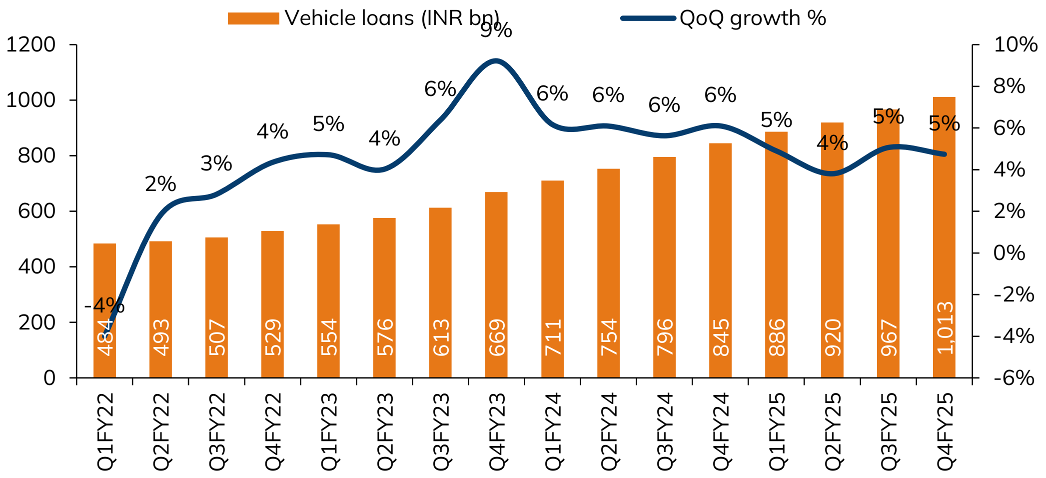
Source: Company data, I-Sec research

Exhibit 5: Non-vehicle portfolio continues to deliver strong QoQ growth



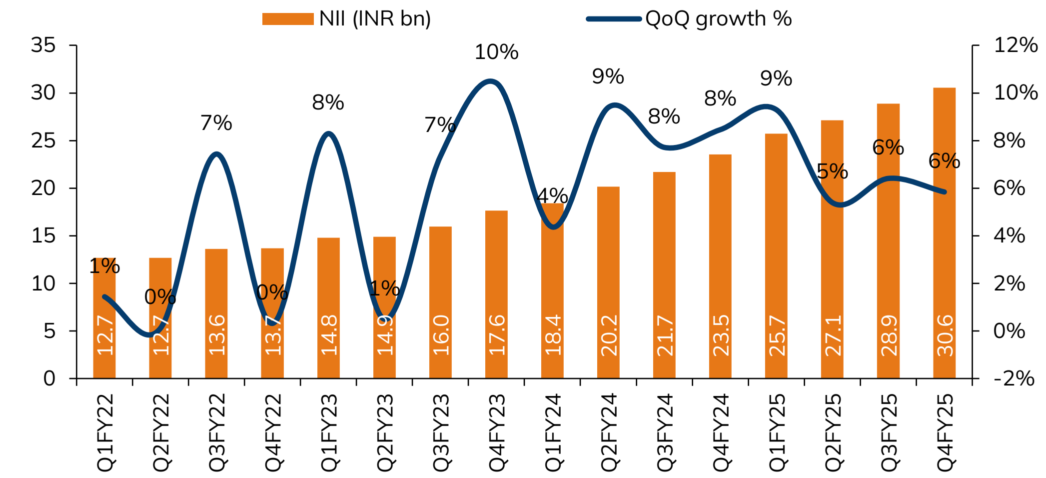
Source: Company data, I-Sec research

Exhibit 6: Vehicle finance growth relatively slow at 5% QoQ



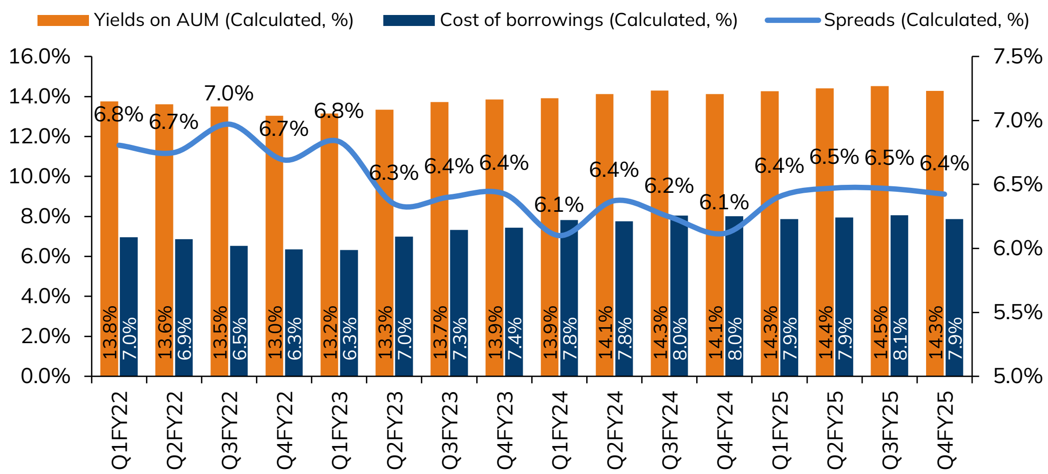
Source: Company data, I-Sec research

Exhibit 7: NII growth is broadly mirroring AUM growth



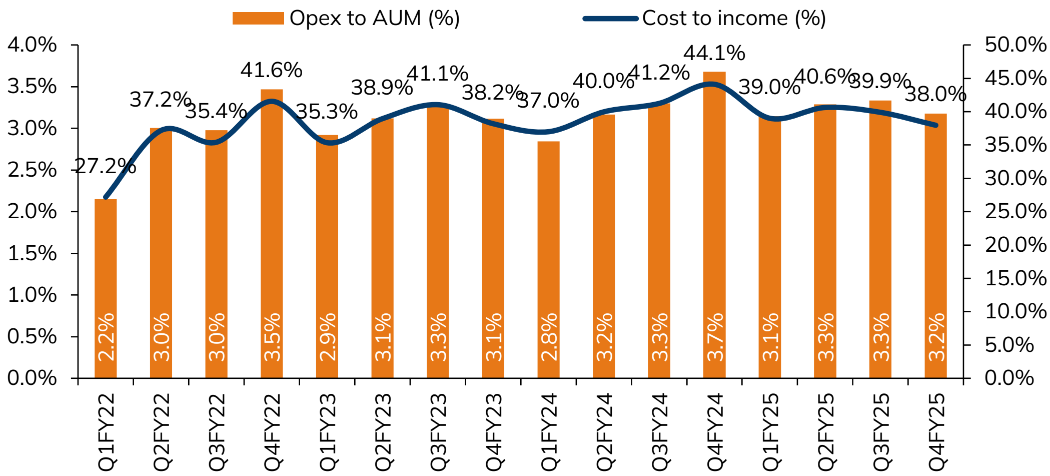
Source: Company data, I-Sec research

Exhibit 8: Calculated spreads decline a tad QoQ due to lower credit yield



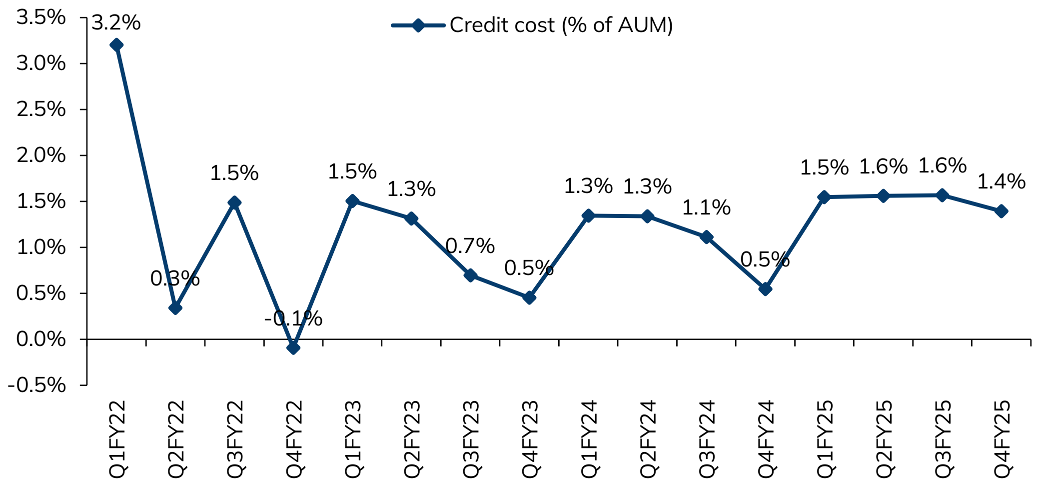
Source: Company data, I-Sec research

Exhibit 9: Opex to AUM continues to hover in a tight range



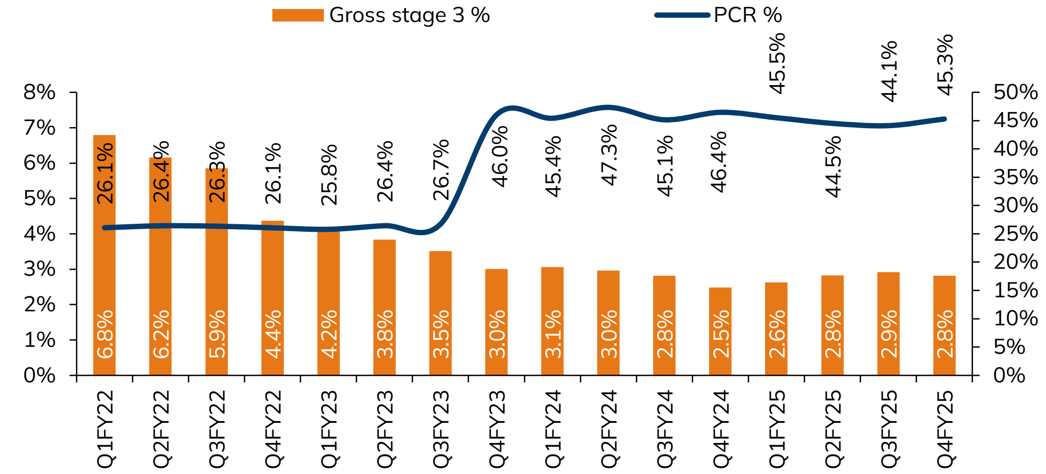
Source: Company data, I-Sec research

Exhibit 10: Credit cost lower QoQ, in line with seasonality; guided for lower credit cost in FY26 vs FY25



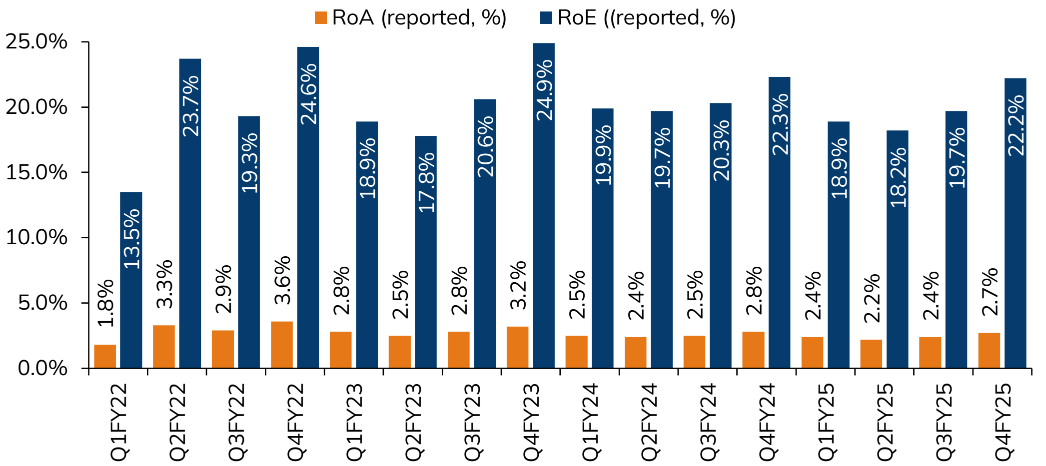
Source: Company data, I-Sec research

Exhibit 11: Gross stage-3 up QoQ



Source: Company data, I-Sec research

Exhibit 12: RoA as well as RoE improve QoQ, as credit cost moderates



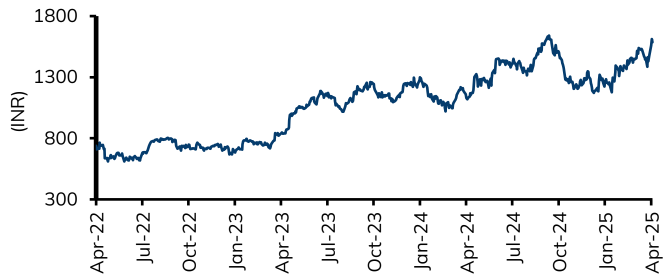
Source: Company data, I-Sec research

Exhibit 13: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	50.2	49.9	49.9
Institutional investors	43.8	43.5	43.8
MFs and other	14.3	13.4	12.5
Banks/ FIs	0.5	0.6	0.7
Insurance Cos.	1.2	1.4	1.5
FIIs	27.8	28.1	29.1
Others	6.0	6.6	6.3

Source: Bloomberg, I-Sec research

Exhibit 14: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 15: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	1,76,137	2,37,200	2,85,362	3,38,278
Interest Expenses	(92,306)	(1,24,849)	(1,46,400)	(1,70,156)
Net Interest Income (NII)	83,831	1,12,351	1,38,962	1,68,122
Other Income	**16,026**	**23,348**	**26,125**	**30,969**
Total Income (net of interest expenses)	99,857	1,35,699	1,65,087	1,99,091
Employee benefit expenses	**(23,306)**	**(32,805)**	**(41,063)**	**(49,915)**
Depreciation and amortization	(1,958)	(2,421)	(2,946)	(3,492)
Other operating expenses	(15,555)	(18,162)	(21,349)	(25,488)
Total Operating Expense	(40,818)	(53,388)	(65,358)	(78,895)
Pre Provisioning Profits (PPoP)	59,039	82,311	99,728	1,20,196
Provisions and write offs	**(13,218)**	**(24,943)**	**(30,595)**	**(32,715)**
Profit before tax (PBT)	**45,821**	**57,369**	**69,133**	**87,481**
Total tax expenses	(11,593)	(14,783)	(17,629)	(22,308)
Profit after tax (PAT)	**34,228**	**42,585**	**51,504**	**65,173**

Source Company data, I-Sec research

Exhibit 16: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	1,681	1,683	1,683	1,683
Reserves & surplus	1,93,885	2,34,592	2,85,530	3,49,827
Shareholders' funds	**1,95,565**	**2,36,274**	**2,87,213**	**3,51,510**
Borrowings	13,44,736	17,49,461	19,71,076	23,53,180
Provisions & Other Liabilities	24,207	30,741	35,352	40,655
Total Liabilities and Stakeholder's Equity	15,64,508	20,16,476	22,93,641	27,45,344
Cash and balance with RBI	43,202	94,007	60,950	92,073
Fixed assets	**15,696**	**17,469**	**20,089**	**23,102**
Loans	14,44,243	18,19,290	21,20,692	25,31,422
Investments	41,002	63,904	66,833	69,908
Deferred tax assets (net)	**6,542**	**9,467**	**10,887**	**12,520**
Other Assets	13,824	12,340	14,190	16,319
Total Assets	15,64,508	20,16,476	22,93,641	27,45,344

Source Company data, I-Sec research

Exhibit 17: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	14,55,720	18,47,450	21,71,739	25,92,742
On-book Loans	14,43,510	18,19,300	21,28,304	25,40,887
Off-book Loans	12,210	28,150	43,435	51,855
Repayments	4,96,510	5,54,590	7,40,127	8,44,286
Growth (%):				
Total AUM (%)	36.7	26.9	17.6	19.4
Repayments (%)	**34.4**	**11.7**	**33.5**	**14.1**
Loan book (on balance sheet) (%)	37.8	26.0	17.0	19.4
Total Assets (%)	37.8	28.9	13.7	19.7
Net Interest Income (NII) (%)	32.4	34.0	23.7	21.0
Non-interest income (%)	78.9	45.7	11.9	18.5
Total Income (net of interest expenses) (%)	38.1	35.9	21.7	20.6
Operating Expenses (%)	46.8	30.8	22.4	20.7
Employee Cost (%)	84.1	40.8	25.2	21.6
Non-Employee Cost (%)	11.5	16.8	17.6	19.4
Pre provisioning operating profits (PPoP) (%)	32.7	39.4	21.2	20.5
Provisions (%)	55.6	88.7	22.7	6.9
PBT (%)	27.3	25.2	20.5	26.5
PAT (%)	28.4	24.4	20.9	26.5
EPS (%)	25.6	24.3	20.9	26.5
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	6.7	6.9	7.1	7.2
NIM on IEA (%)	6.5	6.5	6.7	6.8
NIM on AUM (%)	6.7	6.8	6.9	7.1
Yield on loan assets (%)	**14.1**	**14.5**	**14.5**	**14.5**
Yield on IEA (%)	13.6	13.8	13.7	13.8
Yield on AUM (%)	14.0	14.4	14.2	14.2
Cost of borrowings (%)	8.0	8.1	7.9	7.9
Interest Spreads (%)	6.2	6.5	6.6	6.7
Operating efficiencies				
Non interest income as % of total income	43.6	43.1	44.6	45.5
Cost to income ratio	40.9	39.3	39.6	39.6
Op.costs/avg assets (%)	3.0	3.0	3.0	3.1
Op.costs/avg AUM (%)	**3.2**	**3.2**	**3.3**	**3.3**
No of employees (estimate) (x)	54,098	64,941	70,685	76,717
No of branches (x)	1,387	1,613	1,806	2,053
Salaries as % of non-interest costs (%)	57.1	61.4	62.8	63.3
NII /employee (INR mn)	1.5	1.7	2.0	2.2
AUM/employee(INR mn)	26.9	28.4	30.7	33.8
AUM/ branch (INR mn)	1,049.5	1,145.4	1,202.6	1,262.7
Capital Structure				
Average gearing ratio (x)	6.9	7.4	6.9	6.7
Leverage (x)	8.0	8.5	8.0	7.8
CAR (%)	16.6	15.2	14.1	14.4
Tier 1 CAR (%)	**14.9**	**13.9**	**14.1**	**14.4**
Tier 2 CAR (%)	1.7	1.3	-	-
RWA (estimate) - INR mn	13,29,832	17,14,005	20,64,277	24,70,810
RWA as a % of loan assets	92.1	94.2	97.3	97.6

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	2.5	2.9	3.1	3.1
NNPA (%)	1.4	1.6	1.9	1.9
GNPA (INR mn)	36,450	52,130	66,090	79,867
NNPA (INR mn)	20,048	28,672	39,654	47,920
Coverage ratio (%)	45.0	45.0	40.0	40.0
Credit Costs as a % of avg AUM (bps)	105	151	152	137
Credit Costs as a % of avg on book loans (bps)	106	153	155	140
Return ratios				
RoAA (%)	2.5	2.4	2.4	2.6
RoAE (%)	20.2	19.7	19.7	20.4
ROAAUM (%)	2.7	2.6	2.6	2.7
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	840	841	841	841
No of shares (fully diluted)	840	841	841	841
ESOP Outstanding	-	-	-	-
EPS (INR)	40.7	50.6	61.2	77.5
EPS fully diluted (INR)	40.7	50.6	61.2	77.5
Price to Earnings (x)	37.9	30.5	25.2	19.9
Price to Earnings (fully diluted) (x)	37.9	30.5	25.2	19.9
Book Value (fully diluted)	233	281	341	418
Adjusted book value	215	255	306	375
Price to Book	6.6	5.5	4.5	3.7
Price to Adjusted Book	7.2	6.0	5.0	4.1
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 18: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	13,49,831	17,90,492	21,55,058	25,19,493
Average Loans (INR mn)	12,45,863	16,31,767	19,69,991	23,26,057
Average Equity (INR mn)	1,69,263	2,15,920	2,61,743	3,19,361
Interest earned (%)	13.0	13.2	13.2	13.4
Interest expended (%)	6.8	7.0	6.8	6.8
Gross Interest Spread (%)	6.2	6.3	6.4	6.7
Credit cost (%)	**1.0**	**1.4**	**1.4**	**1.3**
Net Interest Spread (%)	5.2	4.9	5.0	5.4
Operating cost (%)	**3.0**	**3.0**	**3.0**	**3.1**
Lending spread (%)	2.2	1.9	2.0	2.2
Non interest income (%)	**1.2**	**1.3**	**1.2**	**1.2**
Operating Spread (%)	3.4	3.2	3.2	3.5
Tax rate (%)	**25.3**	**25.8**	**25.5**	**25.5**
ROAA (%)	2.5	2.4	2.4	2.6
Effective leverage (AA/ AE)	**8.0**	**8.3**	**8.2**	**7.9**
RoAE (%)	20.2	19.7	19.7	20.4

Source Company data, I-Sec research

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