

29 April 2025

India | Equity Research | Results Update

## PNB Housing Finance

NBFCs

### Steady quarter; successfully executing business strategies to achieve FY27 goals

PNB Housing Finance's (PNBHF) Q4FY25 and FY25 financial performance reflects management's successful execution of revamped business strategy with retail loan growth at 18% YoY in FY25 exceeding guidance of 17%, GNPL touching 1% as on Mar'25, benign credit cost (as indicated it continued to benefit from strong recovery of INR 3.3bn in FY25) and affordable housing crossing INR 50bn AUM in Mar'25. FY25 performance also indicates it is steadily moving towards meeting its FY27 business goals – a) scaling retail loans to INR 1trn with 15% affordable housing + 25% emerging segment + 50% prime housing, b) NIM at ~4% (3.75% as on Mar'25) and c) RoE in mid-teens (12.2% in FY25).

More importantly, while scaling retail loan book, it focused on quality and the same reflected in loans originated in past 12 months and 24 months having - 30+ / 90+ dpd at 0.13% / 0.03% for 12 months and 0.48% / 0.14% for 24 months. Maintain **BUY** with an unchanged TP of INR 1,200, valuing the stock at 1.6x PBV Sep'26E (earlier: 1.75x PBV Sep'25E)

### Steady Q4 financial performance with retail loans driving growth momentum; credit cost continues to be benign

Improving trajectory in earnings continued with PNBHF's Q4FY25 PAT growing 14% QoQ to INR 5.5bn and RoA at a multi-quarter high of 2.75%. Strong traction in high-yielding (emerging + affordable) segments contributed 25% of retail assets and 40% of retail disbursements in Q4FY25, provision write-backs (recovery of INR 3.3bn from w/off pool during FY25) and effective liability management led to consistent improvement in RoA.

NII grew 6% QoQ driven by 5% QoQ AUM growth and 5bps QoQ NIM expansion to 3.75% during Q4FY25. Asset yield moderated 9bps QoQ to 10% during Q4FY25 while cost of fund remained stable at 7.83%. Cost-income ratio moderated to 25% in Q4FY25 vs 26% QoQ as operating expenses remained well under control with muted 3% QoQ growth and strong revenue growth. Asset quality continued to improve with GNPL falling to 1.08% vs 1.19% QoQ with PCR improving to 36% vs 33% QoQ during Q4FY25.

### Financial Summary

Y/E 2024 (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)	24,811	27,223	30,816	36,141
PAT	15,080	19,361	21,864	22,640
EPS (INR)	58.1	74.5	84.1	87.1
% Chg YoY	(6.3)	28.3	12.9	3.6
P/E (x)	17.0	13.2	11.7	11.3
P/BV (x)	1.7	1.5	1.3	1.2
Gross Stage - 3 (%)	1.5	1.1	0.9	0.9
Dividend Yield (%)	-	0.5	0.1	0.1
RoAA (%)	2.2	2.5	2.5	2.2
RoAE (%)	11.6	12.2	12.2	11.2

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#### Market Data

Market Cap (INR)	256bn
Market Cap (USD)	3,015mn
Bloomberg Code	PNBHOU SI IN
Reuters Code	PNBH NS
52-week Range (INR)	1,202 / 616
Free Float (%)	52.0
ADTV-3M (mn) (USD)	11.3

Price Performance (%)	3m	6m	12m
Absolute	17.0	9.1	25.7
Relative to Sensex	11.3	8.9	16.9

ESG Score	2023	2024	Change
ESG score	71.9	78.4	6.5
Environment	54.6	61.9	7.3
Social	76.2	78.1	1.9
Governance	75.0	84.6	9.6

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	-	(6)

#### Previous Reports

22-01-2025: [Q3FY25 results review](#)

25-10-2024: [Q2FY25 results review](#)

### On track to achieve FY27 business goals; emerging + affordable contributed 25% of retail loan asset

Post management change, the company had redefined its strategy to drive incremental growth through granular retail loans and has set target to reach INR 1trn retail loans by FY27. Of this, prime housing will contribute ~50% of loans (currently 76%), emerging loans will contribute 25% (19% currently) and affordable segment will contribute 15% (7% currently). The change in business strategy to focus on prime segment vs super prime segment previously and small ticket affordable housing segment is to drive NIM expansion to 4-4.1% by FY27 and to offset ~50bps impact of credit cost normalisation on RoA in FY27.

Since then, execution track record has been superior with retail loan growth reviving to 18% YoY in Q4FY25 and steady 4-5% QoQ growth in all the four quarters of FY25. Notably, affordable housing segment AUM doubled to INR 50bn since Mar'24 and has now formed 19% of overall disbursements for Q4FY25. It expects to reach INR 95bn in affordable housing AUM by FY26-end.

PNBHF's increased focus on high-yielding segment is also reflective in its branch expansion, as the company added 50 branches during the past 12 months with 39 branches towards affordable housing, two towards prime and 10 towards emerging market segments.

On corporate front, PNBHF is down-selling and deleveraging its corporate book as reflected in its wholesale portfolio shrinking 22% QoQ/ 53% YoY, now comprises <1% of its loan book. Management highlighted its plans to selectively start growing its corporate book towards relatively low-ticket size of ~INR 2bn for select developers and will start growing this book in FY26.

### Improving asset quality; fourth consecutive quarter of provision write-back

Management has successfully delivered on asset quality, even while reviving retail loan growth, as GNPA's have seen consistent improvement over the last six quarters, with the same reaching 1.08% vs 1.19% QoQ (down 11bps QoQ and 42bps YoY). Of this, retail book, which constituted 99% of overall book has GNPA of 1.09% vs 1.21% QoQ, while corporate GNPA is nil. This was supported by a combination of cleaning balance sheet through write-offs and robust collection efficiency (retail collection of 99.8% in Q4FY25).

Notably, the company has also been consistently recovering from its written-off pool with INR 0.49bn being recovered from retail and INR 1bn from corporate pool during Q4FY25. Total written-offs stood at ~INR 10bn in corporate book and ~INR 4.0bn in retail loans; hence, management expects recovery from written-off pool to sustain in near term. Thus, we believe credit cost for FY26E would remain benign. Management expects credit cost of 25-30bps for FY27.

### Retail loan growth in FY25 surpassed guided range of 17% YoY; growth momentum to sustain in FY26

Total disbursement grew 27% QoQ / 24% YoY during Q4FY25 at INR 68.5bn largely driven by 100% YoY / 40% QoQ growth in affordable housing segment followed by 40% YoY / 29% QoQ growth in emerging segment and 7% YoY / 23% QoQ growth in prime segment. Within affordable, LAP disbursement grew faster at 119% YoY while HL grew marginally lower at 90% YoY during Q4FY25. Overall, BT in would be 8% and BT out would be 6% of which BT in-out would be similar in prime segment, BT in-out in emerging would be higher by 2-3% than BT out; BT in affordable was sizable at 20-22% during Q4FY25. It also highlighted that in order to sustain growth momentum in emerging and affordable segments, it plans to expand distribution network to 500 by FY26 from current level of 356.

## **NIM likely to remain within narrow range of 3.6-3.65% in FY26 and endeavour is to take it to >4% by FY27**

During FY25, focused approach on scaling high-yielding segments resulted in 41bps higher incremental yields as compared to prime segment. In affordable segment, it expects yields to expand to 12.65% by FY26-27 from current level of <12%. It has also set-up a dedicated team to scale non-individual loans going forward. With the expansion taking place broadly in affordable and emerging markets, yields are likely to inch up further. It has not yet taken any PLR rate cut despite 50bps repo rate cut. Overall, it sees multiple levers to yield expansion going forward.

On the contrary, cost of funds is expected to decline by 10-15bps over the next 2-3 quarters on account of 50bps repo rate cut. Nearly 40% of its total borrowing is in the form of term loans from banks of which ~40% is linked to repo rate and the rest is MCLR linked as on Mar'25. It also highlighted that it expects credit rating improvement towards the end of FY26 which will help bring down CoF.

**Key risks:** Slower-than-expected pace of recoveries leading to higher-than-expected credit cost and lower-than-guided loan growth for FY26.

## **Q4FY25 conference call takeaways**

### **FY26 Guidance**

- Retail loan growth of 18% YoY
- Affordable loan book to touch INR 95bn by FY26-ed
- **FY26 affordable disbursements should be ~INR50bn**
- Corporate disbursements at INR 15-20bn for FY26
- **INR 1trn retail book target by FY27 intact with 15% by affordable housing, 25% by emerging markets and rest by prime**
- 360-365 bps margins guidance (stable)
- RoA at 2.5% - 2.6%
- **By FY27, on a steady state, aiming at 2.5% RoA without recoveries from technical write-off**
- FY26 is going to be far better than FY25 at the industry level for HFCs
- **FY26 disbursement yield:**
  - Emerging 10.25
  - Affordable 12.65
  - Prime 9.5-9.6
- **Credit cost would be ~25bps excluding one-offs**

### **Asset quality**

- Retail loan book growth stood at 18.2% YoY, **surpassing its own guidance of 17% YoY for FY25**
- **One corporate account which had slipped in Stage-2 in Q3 has now been rolled back to Stage-1**
- INR 3.36bn recovery from w/off pool (INR 1.78bn from retail and rest from corporate) in FY25
- INR 0.49bn recoveries from w/off pool for retail in Q4FY25
- **Technical w/off pool o/s - INR 10bn corporate and INR 4bn retails**
- **Affordable bounce rate is 10.5-11% (industry is 15-16%) and very comfortable with asset quality as long as it is below 15%**

### Margins

- **Expect borrowing cost to reduce from Q1FY26 onwards due to rate cut**
- 360-365 bps margins guidance (stable)
- Haven't taken any PLR rate cut post RBI repo rate cut
- **Corporate book yield for incremental disbursements should be ~12%**
- Term loans comprise ~40% of total borrowings
- **~40% of term loans are linked to repo and rest are linked to MCLR**
- **Expect 10-15bps reduction in cost of borrowings over the next 2-3 quarters**
- Whatever benefit it will get from rate cut, it will look to pass on to the borrower

### AUM

- Within Retail, Affordable Loan Asset grew by 183% YoY to INR 50.7bn, Emerging Markets Loan Asset grew by 21% YoY to INR 141.25bn and Prime segment grew by 12% YoY to INR 556.07bn
- Strategy is to grow prime book slow, emerging faster and affordable the fastest
- **Corporate ATS incrementally would be in the range of INR 1.75-2.0bn**
- Disbursements at origination stage- salaried:self-employed
  - Prime 65:35
  - Emerging 60:40
  - Affordable 50:50

### Affordable housing segment

- **FY26 affordable disbursements should be ~INR50bn**
- Informal income segment grew to 30%, up from 26% in FY24
- 73% of the portfolio is within ATS of INR 2.5mn
- **ATS is currently INR 1.6mn and once it increases volumes further, ATS could fall to INR 1.4mn**
- Incremental yield fell QoQ, since usually competition is higher in Q4
- It is not confined to any geography
- NPA as low as 0.21%
- **Looking to increase affordable yield to ~12.65% for FY26**
- With further penetration in Q3 and Q4, it will increase yields in coming quarters
- Looking at 60% portfolio towards medium risk, 20% towards high risk and 20% towards low risk in affordable

### Opex, non-interest income, C/I

- **Opex to ATA guidance continues to remain in the range of 100-110bps**
- **~356 branches as of FY25 and plan is to take to 500 by FY27-end with most of the branch expansion in emerging and affordable**

### Balance transfer (BT)

- **BT-in would be around 8% on overall basis and BT-out is 6% on overall basis**
- BT-in and BT-out is similar for prime
- BT-in is 2-3% more in emerging
- BT-out is negligible in affordable, while BT-in is quite sizeable
- **BT-in in affordable housing segment overall is 21-22% for Q4 disbursements and BT-out is hardly 1-2%**

### Industry

- As per ICRA, 13-15% on book growth expected for FY26 for HFCs
- As per ICRA, profitability is expected to be strong aided by lower credit cost

## Q3FY25 conference call takeaways

### Loan growth and disbursements

- Guidance is to grow book by 17% for FY25
- Aim to take affordable housing book to INR 50bn by Q4FY25-end
- INR 1trn retail book target by FY27 intact with 15% by affordable housing, 25% by emerging markets and rest by prime
- Highest retail book growth in the past 22 quarters
- Retail Disbursement grew by 31% YoY to INR 53.8bn wherein Affordable and Emerging Markets segments accounted for 38% of the Retail Disbursements
- For retail portfolio, 84% of the loans booked in Q3FY25 had bureau score of more than 700
- 53% disbursements vs. 50% YoY in affordable and emerging markets came from non-metro locations
- It opened few new branches in Q4FY24 which contributed 12% of disbursements in Q3 vs. 10% in Q2 and 6% in Q1
- Signed an MoU with NHB under Urban PMAY 2.0 to support beneficiaries. This is an opportunity for players like PNB Housing with pan India presence
- Company has got close to 5k applications amounting to INR 6.75bn under PAMY scheme during Q3
- Looking to enter into Punjab and Haryana in affordable housing over the next quarter by opening new branches
- It has been consistently focusing on mid and low-ticket loans with ~95% of fresh sanction volume on boarded has ticket size of up to INR10mn
- INR5-6bn worth of business was impacted due to disruption in Karnataka and some other southern states
- Non housing loans include LAP, LRD and funding for corporate
- It doesn't have any unsecured personal loans and does only secured lending

### Balance transfer (BT)

- BT request is around 16.5%-17% now which is in-line with company's projections, of which 5-6% is BT and remaining would be foreclosure, part closure or natural run-off due to repayments
- 21-22% is average BT-in across segments
- 25-27% BT-in is from affordable segments, which is largely from affordable housing players

### Margins

- Incremental yields continue to inch up wherein it rose 19bps QoQ for affordable to 12.14% and inching close to its stated target of 12.50% for affordable
- Prime incremental yield was also up 5bps QoQ at 9.39% and emerging markets yield was up 1bp QoQ to 9.80%
- Yield in prime is lower than emerging markets, but it contributes more towards growth in terms of volume, similar to peers
- Incremental CoB was flat QoQ at 7.82%
- Run-off in prime segment was 17%, which is 100bps improvement YoY
- 70% of total borrowings is floating
- Every 25bps change in repo would lead to ~10bps reduction in cost of borrowings, which company would look to pass on to the customers. Overall, margins are unlikely to be impacted sizeably due to change in repo rate
- Margins are likely to improve further in FY26 with the change in loan mix towards non-prime
- Long-term by FY27 with loan book of INR 1trn, margins should be around 400-410bps

**Asset quality**

- GNPA is expected to stay much below industry average, aided by recoveries
- Overall collections remain strong during the quarter
- NPA from past 24 months origination is 0.13%
- Stage-2 rise was due to one account on the corporate side, which has been in Stage-1 since the past 2 years. Expect this to roll back to Stage-1 in Q4
- Decline in Stage-1 PCR is largely due to movement of one large corporate account from Stage-1 to Stage-2. Once it moves back to Stage-1 in Q4, it would normalize
- Write-offs for the current quarter were negligible
- Current credit cost trend should continue for the next few quarters until FY26, since it has a big chunk of written-off pool
- Asset quality in prime and emerging should be broadly similar and for affordable, it should be in-line with industry standards. Near-term retail credit cost is expected to be benign
- 25bps long term retail credit cost guidance

**Written-off pool**

- Company has written off pool of INR 15bn in corporate and INR 4.5bn in retail
- Expect 65% recovery from corporate over the next 3 years
- Recovered INR 530mn in Q3 FY25 and INR 1.29bn in 9MFY25 from retail written-off pool
- Total written-off pool recovery of INR 1.81bn in 9MFY25

**Operating expenses**

- Expect opex to assets to stabilize in the range of 100-110bps
- Presence in 305 branches including 161 branches for Affordable and 50 branches for Emerging Markets
- Other opex rise is more of seasonal in nature, due to higher marketing spend on account of festive season
- PNB housing is already profitable in the affordable housing segment and moving towards steady state RoA in the next 1 year
- Most of the investment is already done in terms of branch roll-out

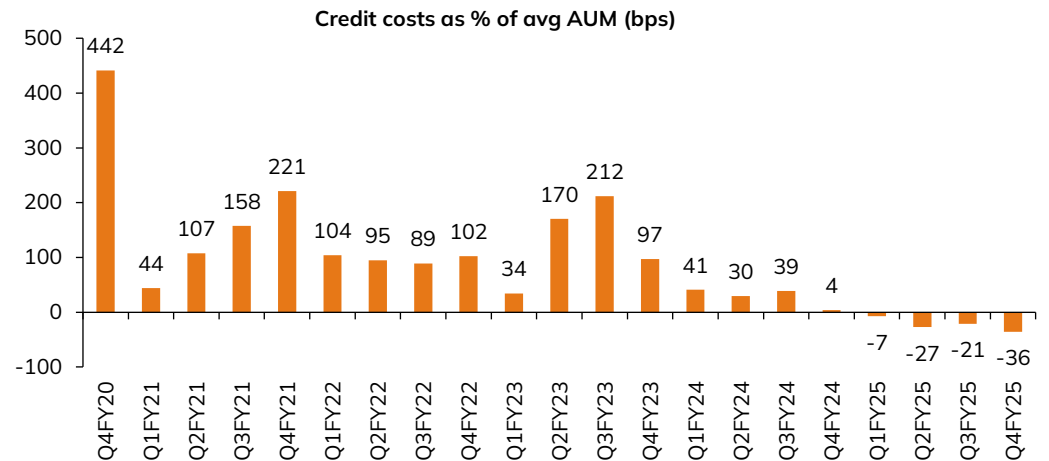
**Miscellaneous**

- Comfortable with leverage of 5.5x-6x over the next 3 years

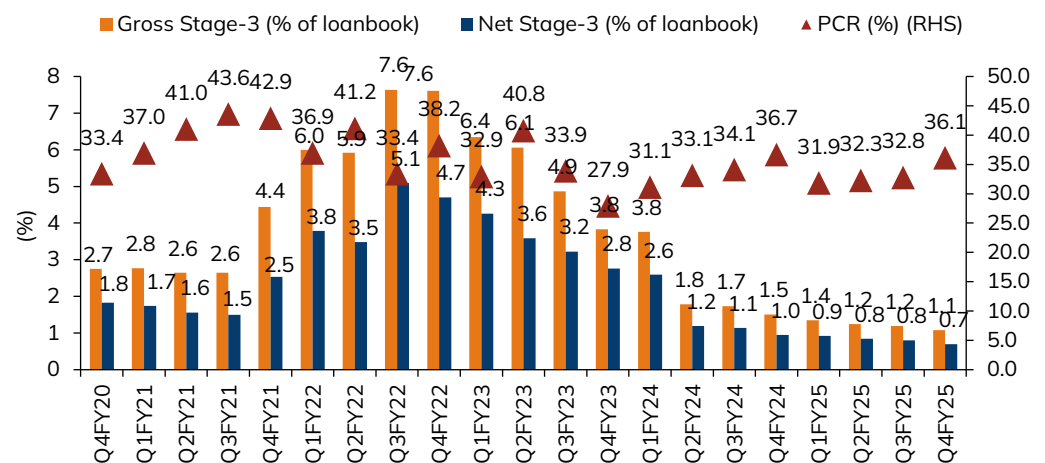
**Exhibit 1: Q4FY25 result review**

INR mn	Q4FY24	Q3FY25	Q4FY25	% YoY	% QoQ
<b>Income statement</b>					
Interest income	16,929	18,484	19,059	12.6	3.1
Net gain on fair value changes	90	52	65	(28.3)	23.8
Interest expenses	10,697	11,579	11,781	10.1	1.7
<b>Net interest income</b>	<b>6,322</b>	<b>6,957</b>	<b>7,343</b>	<b>16.2</b>	<b>5.5</b>
Other Income	1,121	895	1,244	11.0	39.1
<b>Total Income (net of interest expenses)</b>	<b>7,443</b>	<b>7,852</b>	<b>8,587</b>	<b>15.4</b>	<b>9.4</b>
Employee expenses	906	983	1,051	16.0	6.9
Depreciation and amortization	142	144	143	0.9	(0.5)
Fees and Commission expenses	20	31	45	130.1	46.0
Other operating expenses	711	899	884	24.4	(1.7)
<b>Total Operating Expense</b>	<b>1,778</b>	<b>2,057</b>	<b>2,124</b>	<b>19.4</b>	<b>3.2</b>
<b>Pre-provisioning profit (PPoP)</b>	<b>5,665</b>	<b>5,795</b>	<b>6,464</b>	<b>14.1</b>	<b>11.5</b>
Provisions and write offs	66	-361	-648	(1,076.4)	79.4
<b>PBT</b>	<b>5,598</b>	<b>6,157</b>	<b>7,112</b>	<b>27.0</b>	<b>15.5</b>
Tax expenses	1,206	1,324	1,608	33.4	21.5
<b>PAT</b>	<b>4,393</b>	<b>4,833</b>	<b>5,504</b>	<b>25.3</b>	<b>13.9</b>
<b>EPS (INR)</b>	<b>16.9</b>	<b>18.6</b>	<b>21.2</b>	<b>25.3</b>	<b>13.9</b>
<b>Key ratios</b>					
<b>AUM (INR mn)</b>	<b>7,12,430</b>	<b>7,68,400</b>	<b>8,03,970</b>	<b>12.8</b>	<b>4.6</b>
-Retail (INR mn)	6,91,910	7,55,990	7,94,340	14.8	5.1
-Corporate (INR mn)	20,520	12,410	9,630	-53.1	-22.4
<b>Disbursements (INR mn)</b>	<b>55,740</b>	<b>53,800</b>	<b>68,540</b>	<b>23.0</b>	<b>27.4</b>
-Retail (INR mn)	55,410	53,800	68,540	23.7	27.4
Yield on average loan-book (%) [calculated]	330	0	0	-100.0	#DIV/0!
Borrowing costs (%) [calculated]	10.7	10.7	10.5	-20 bps	-15 bps
Spreads (%)	7.9	8.0	7.8	-13 bps	-22 bps
NIM (%)	2.8	2.7	2.7	-7 bps	7 bps
GNPL (% of on-book loans)	3.62	3.7	3.7	11 bps	6 bps
NNPL (% of on-book loans)	1.0	1.1	1.1	6 bps	-1 bps
Provision coverage ratio (%)	23.9	26.2	24.7	83 bps	-147 bps
Credit cost as a % of avg AUM [annualized]	1.50	1.19	1.08	-42 bps	-11 bps
RoAAuM (%)	0.95	0.80	0.69	-26 bps	-11 bps

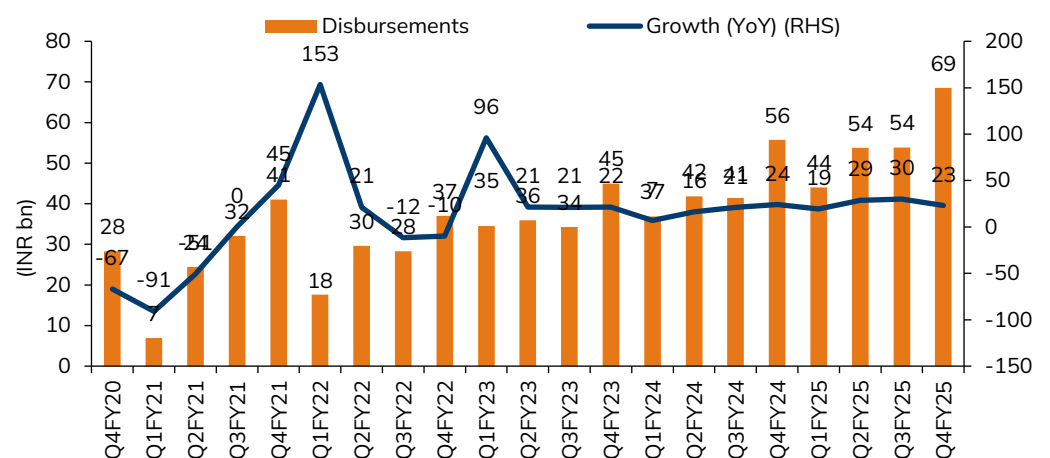
Source: Company data, I-Sec research

**Exhibit 2: Credit cost in negative supported by provision write-back**


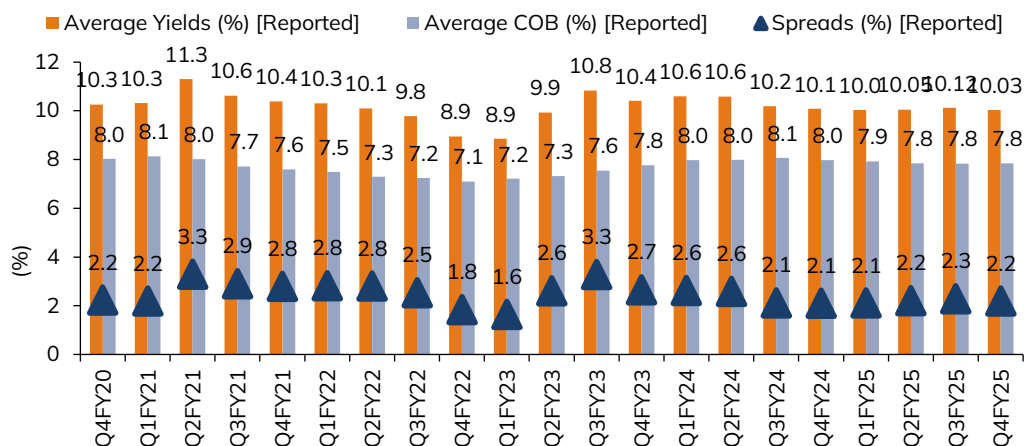
Source: Company data, I-Sec research

**Exhibit 3: Gross stage 3 assets decline further QoQ to 1.1%**


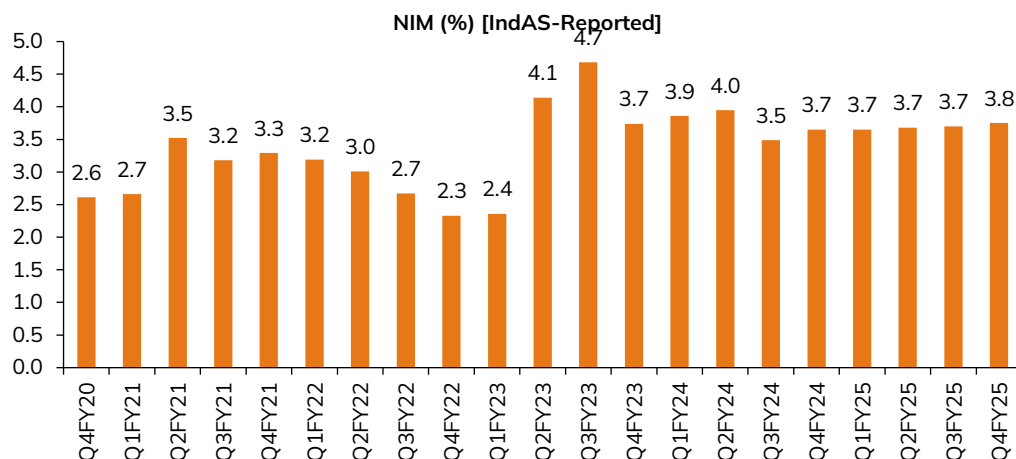
Source: Company data, I-Sec research

**Exhibit 4: Strong momentum in disbursements continue**


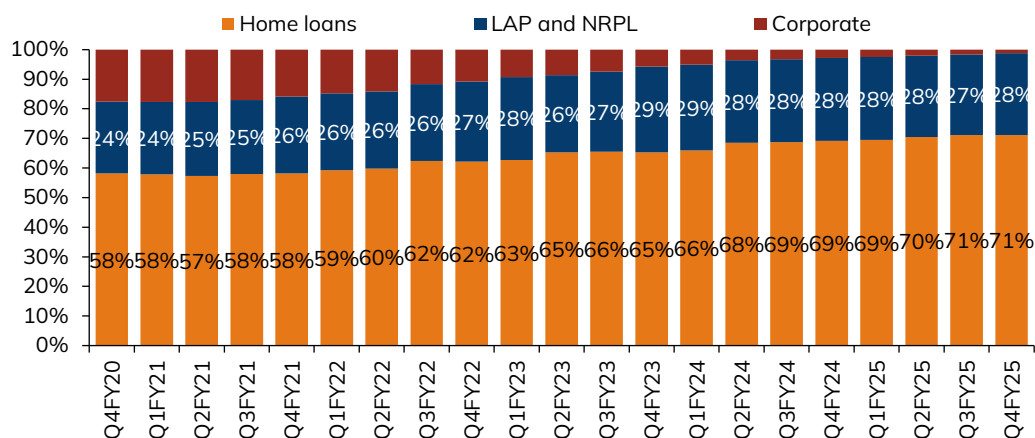
Source: Company data, I-Sec research

**Exhibit 5: Spreads decline ~10bps QoQ due to pressure on yield**

Source: Company data, I-Sec research

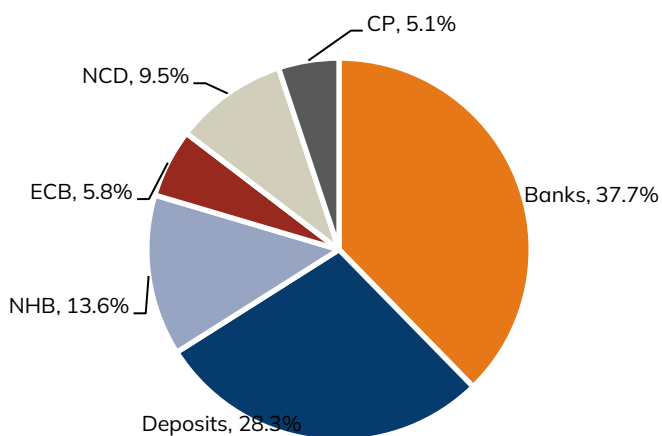
**Exhibit 6: NIM sustained above the guided range of 3.5% for FY25**

Source: Company data, I-Sec research

**Exhibit 7: Secured products, e.g. HL and LAP, are gaining traction**

Source: Company data, I-Sec research

### Exhibit 8: Well-diversified borrowing mix



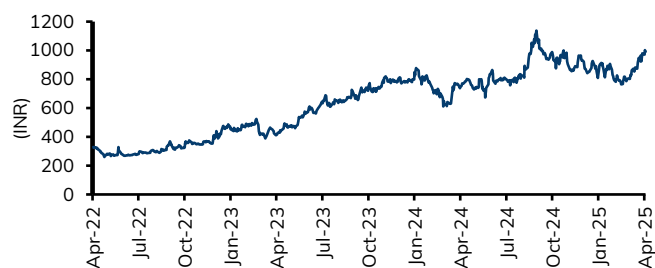
Source: Company data, I-Sec research

### Exhibit 9: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	28.1	28.1	28.1
Institutional investors	42.6	51.2	51.3
MFs and other	16.0	18.7	20.1
Banks/ FIs	0.0	0.0	0.0
Insurance Cos.	3.5	5.4	6.7
FIs	23.1	27.1	24.5
Others	29.3	20.7	20.6

Source: Bloomberg, I-Sec research

### Exhibit 10: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 11: Profit & Loss

(INR mn, year ending 2024)

	FY24A	FY25A	FY26E	FY27E
Interest Income	67,422	72,737	83,618	98,103
Net gain on fair value changes	350	273	261	258
Interest Expenses	(42,611)	(45,514)	(52,802)	(61,962)
<b>Net Interest Income (NII)</b>	<b>24,811</b>	<b>27,223</b>	<b>30,816</b>	<b>36,141</b>
Other Income	3,149	4,179	5,323	6,247
<b>Total Income (net of interest expenses)</b>	<b>27,960</b>	<b>31,402</b>	<b>36,139</b>	<b>42,388</b>
Employee benefit expenses	(3,373)	(4,215)	(4,847)	(5,332)
Depreciation and amortization	(512)	(559)	(598)	(616)
Fee and commission expenses	(123)	(138)	(549)	(750)
Other operating expenses	(2,701)	(3,218)	(3,862)	(4,441)
<b>Total Operating Expense</b>	<b>(6,710)</b>	<b>(8,130)</b>	<b>(9,856)</b>	<b>(11,138)</b>
<b>Pre Provisioning Profits (PPoP)</b>	<b>21,250</b>	<b>23,272</b>	<b>26,283</b>	<b>31,250</b>
Provisions and write offs	(1,711)	1,585	1,787	(2,182)
<b>Profit before tax (PBT)</b>	<b>19,539</b>	<b>24,858</b>	<b>28,070</b>	<b>29,067</b>
Total tax expenses	(4,459)	(5,496)	(6,207)	(6,427)
<b>Profit after tax (PAT)</b>	<b>15,080</b>	<b>19,361</b>	<b>21,864</b>	<b>22,640</b>

Source Company data, I-Sec research

### Exhibit 12: Balance sheet

(INR mn, year ending 2024)

	FY24A	FY25A	FY26E	FY27E
Share capital	2,597	2,599	2,599	2,599
Reserves & surplus	1,47,147	1,66,032	1,87,896	2,10,536
<b>Shareholders' funds</b>	<b>1,49,744</b>	<b>1,68,631</b>	<b>1,90,495</b>	<b>2,13,135</b>
Borrowings	3,72,590	4,46,680	5,31,133	6,60,444
Provisions & Other Liabilities	2,01,517	2,09,695	2,09,695	2,09,695
Current Liabilities and short-term provisions	197	197	207	218
Total Liabilities and Stakeholder's Equity	7,24,049	8,25,204	9,31,531	10,83,492
<b>Cash and balance with RBI</b>	<b>33,633</b>	<b>40,335</b>	<b>35,000</b>	<b>35,000</b>
Fixed assets	1,459	2,259	2,418	2,587
Loans	6,41,082	7,46,453	8,56,286	10,06,248
<b>Investments</b>	<b>43,460</b>	<b>33,809</b>	<b>35,500</b>	<b>37,275</b>
Deferred tax assets (net)	1,277	1,712	1,883	2,071
Other Assets	3,138	635	445	311
Total Assets	7,24,049	8,25,204	9,31,531	10,83,492

Source Company data, I-Sec research

## Exhibit 13: Key Ratios

(Year ending 2024)

	FY24A	FY25A	FY26E	FY27E
<b>AUM and Disbursements (INR mn)</b>				
AUM	7,12,430	8,03,970	9,51,429	11,18,053
On-book Loans	6,41,082	7,46,453	8,56,286	10,06,248
Off-book Loans	71,348	57,517	95,143	1,11,805
Disbursements	1,75,830	2,19,380	2,91,725	3,37,351
Repayments	1,13,146	1,14,009	1,81,892	1,87,389
Growth (%):				
<b>Total AUM (%)</b>	<b>6.9</b>	<b>12.8</b>	<b>18.3</b>	<b>17.5</b>
Disbursements (%)	(17.5)	(24.8)	(33.0)	(15.6)
Repayments (%)	(19.3)	0.8	59.5	3.0
Loan book (on balance sheet) (%)	10.8	16.4	14.7	17.5
Total Assets (%)	8.3	14.0	12.9	16.3
Net Interest Income (NII) (%)	7.8	9.7	13.2	17.3
Non-interest income (%)	(5.6)	39.5	29.6	18.3
Total Income (net of interest expenses) (%)	6.3	12.3	15.1	17.3
Operating Expenses (%)	26.3	21.2	21.2	13.0
Employee Cost (%)	26.8	24.9	15.0	10.0
Non-Employee Cost (%)	33.5	19.2	20.0	15.0
Pre provisioning operating profits (PPoP) (%)	1.2	9.5	12.9	18.9
Provisions (%)	(76.8)	(192.6)	12.7	(222.1)
PBT (%)	43.6	27.2	12.9	3.6
PAT (%)	44.2	28.4	12.9	3.6
EPS (%)	(6.3)	28.3	12.9	3.6
<b>Yields, interest costs and spreads (%)</b>				
NIM on loan assets (%)	4.1	3.9	3.8	3.9
<b>NIM on IEA (%)</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>
NIM on AUM (%)	3.6	3.6	3.5	3.5
Yield on loan assets (%)	11.1	10.5	10.4	10.5
Yield on IEA (%)	9.2	9.1	9.1	9.2
Yield on AUM (%)	9.8	9.6	9.5	9.5
Cost of borrowings (%)	11.7	11.1	10.8	10.4
Interest Spreads (%)	(0.6)	(0.6)	(0.4)	0.1
Operating efficiencies				
Cost to income ratio	24.0	25.9	27.3	26.3
<b>Op.costs/avg assets (%)</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>
Op.costs/avg AUM (%)	1.0	1.1	1.1	1.1
Salaries as % of non-interest costs (%)	50.3	51.8	49.2	47.9
<b>Capital Structure</b>				
Average gearing ratio (x)	2.5	2.6	2.8	3.1
Leverage (x)	4.8	4.9	4.9	5.1
CAR (%)	29.3	29.4	34.3	33.5
Tier 1 CAR (%)	27.9	28.4	33.3	32.5
Tier 2 CAR (%)	1.4	1.0	1.0	1.0

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
<b>Asset quality and provisioning</b>				
GNPA (%)	1.5	1.1	0.9	0.9
NNPA (%)	1.0	0.7	0.6	0.6
GNPA (INR mn)	9,840	8,160	8,135	9,559
NNPA (INR mn)	6,548	5,232	5,367	6,115
Coverage ratio (%)	33.5	35.9	34.0	36.0
Credit Costs as a % of avg AUM (bps)	25	(21)	(20)	21
Credit Costs as a % of avg on book loans (bps)	28	(23)	(22)	23
<b>Return ratios</b>				
RoAA (%)	2.2	2.5	2.5	2.2
RoAE (%)	11.6	12.2	12.2	11.2
ROAAUM (%)	2.2	2.6	2.5	2.2
Dividend Payout ratio (%)	-	6.7	0.6	0.6
<b>Valuation Ratios</b>				
No of shares	260	260	260	260
No of shares (fully diluted)	260	260	260	260
EPS (INR)	58.1	74.5	84.1	87.1
EPS fully diluted (INR)	58.1	74.5	84.1	87.1
Price to Earnings (x)	17.0	13.2	11.7	11.3
Price to Earnings (fully diluted) (x)	17.0	13.2	11.7	11.3
Book Value (fully diluted)	577	649	733	820
Adjusted book value	558	634	718	803
Price to Book	1.7	1.5	1.3	1.2
Price to Adjusted Book	1.8	1.6	1.4	1.2
DPS (INR)	-	5.0	0.5	0.5
Dividend yield (%)	-	0.5	0.1	0.1

Source Company data, I-Sec research

## Exhibit 14: Key Metrics

(Year ending 2024)

	FY24A	FY25A	FY26E	FY27E
<b>DuPont Analysis</b>				
Average Assets (INR mn)	6,96,393	7,74,626	8,78,367	10,07,511
Average Loans (INR mn)	6,09,740	6,93,768	8,01,370	9,31,267
Average Equity (INR mn)	1,29,635	1,59,188	1,79,563	2,01,815
Interest earned (%)	9.7	9.4	9.5	9.7
Net gain on fair value changes (%)	0.1	0.0	0.0	0.0
Interest expended (%)	6.1	5.9	6.0	6.2
<b>Gross Interest Spread (%)</b>	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>	<b>3.6</b>
Credit cost (%)	0.2	(0.2)	(0.2)	0.2
<b>Net Interest Spread (%)</b>	<b>3.3</b>	<b>3.7</b>	<b>3.7</b>	<b>3.4</b>
Operating cost (%)	0.9	1.0	1.1	1.0
<b>Lending spread (%)</b>	<b>2.4</b>	<b>2.7</b>	<b>2.7</b>	<b>2.3</b>
Non interest income (%)	0.4	0.5	0.6	0.6
<b>Operating Spread (%)</b>	<b>2.8</b>	<b>3.2</b>	<b>3.2</b>	<b>2.9</b>
Tax rate (%)	22.8	22.1	22.1	22.1
<b>ROAA (%)</b>	<b>2.2</b>	<b>2.5</b>	<b>2.5</b>	<b>2.2</b>
Effective leverage (AA/ AE)	5.4	4.9	4.9	5.0
<b>RoAE (%)</b>	<b>11.6</b>	<b>12.2</b>	<b>12.2</b>	<b>11.2</b>

Source Company data, I-Sec research

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