BUY (Maintain)

CMP: **INR 123** Target Price: **INR 150** ▲ 22%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

29 July 2025

India | Equity Research | Results update

Fedbank Financial Services

Financials

RoA improvement in Q1FY26; led by credit cost moderation and 8% QoQ growth in gold loan

Fedbank Financial Services (Fedfina) is best placed in the current cycle by: 1) staying ahead of the curve in recognising stress in S-LAP (three quarters ago); and 2) revamping its entire vertical to ensure quality growth and M-LAP alongside the gold loans business (low delinquencies), contributing >70% of total AUM and reducing the share of unsecured BL (~2% of AUF as on Jun'25). Further, ~70% fixed rate book (24% S-LAP and 40% gold), along with an annual reset for the rest of the floating rate assets and 45% of borrowing being EBLR/repo linked, provides tailwind to NIMs. Credit cost moderating to 80bps vs. 100bps QoQ, even during challenging times, leading to RoA improvement of 10bps QoQ to 2.3% during Q1FY26, is testimony of its successful execution of revamped business strategies. Maintain **BUY** with an unchanged TP of INR 150, valuing the stock at 1.75x PBV on Sep'26E BVPS.

New management gradually building execution track-record; three quarters straight of performance as per guidance

Post a regime change (new top management) in Nov'24 with Mr. Parvez Mulla taking charge, effective 11 Nov'24, for three years, Fedfina articulated its medium-term business strategy with an emphasis on revamping small-ticket LAP (high yield + secured), scaling gold loans to 45-48% and exiting unsecured business loans (back then 10% of AUM). Since then, it remains committed to delivering as per the roadmap – share of unsecured BL fell to 2%, as on Jun'25, gold loan share increased 40% and is expecting the complete revamping of its S-LAP business to finish by Q2FY26. Notably, despite AUM mix changing in favour of secured loans, investment towards revamping S-LAP vertical and unwinding unsecured BL, Fedfina sustained profitability and growth during Q1FY26. It reported 19% YoY growth (flat QoQ despite >50% QoQ decline in Unsecured BL) and 12% RoE (highest in past four quarters) during Q1FY26.

Second consecutive quarter of credit cost improvement

Management was ahead of the curve in highlighting stress in S-LAP segment – during Q3FY25, it observed elevated delinquencies in select pockets and also noted that its collection infrastructure lagging growth in certain out-reach locations. It immediately executed corrective measures – appointment of a new Chief Business Officer, strengthening collection team and tightening underwriting norms. These are starting to bear fruit with credit cost improving for a second consecutive quarter to 0.8% vs. 1% QoQ vs. 4% in Q3FY25 with stable PCR at 38% as on June'25

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income	8,121	10,708	12,783	15,500
PAT	2,447	2,252	3,602	4,663
EPS (INR)	6.6	6.0	9.7	12.5
% Chg YoY	18.4	(8.8)	60.0	29.4
P/E (x)	18.6	20.4	12.8	9.9
P/BV (x)	2.0	1.8	1.6	1.4
Gross Stage - 3 (%)	1.7	2.0	2.0	2.0
RoA (%)	2.4	1.8	2.5	2.7
RoE (%)	13.5	9.4	13.2	14.8

Renish Bhuva
renish.bhuva@icicisecurities.com
+91 22 6807 7465
Chintan Shah
chintan.shah@icicisecurities.com
Gaurav Toshniwal
gaurav.toshniwal@icicisecurities.com

Market Data

Market Cap (INR)	46bn
Market Cap (USD)	531mn
Bloomberg Code	FEDFINA In Equity
Reuters Code	FEBD.BO
52-week Range (INR)	132 /80
Free Float (%)	30.0
ADTV-3M (mn) (USD)	1.0

Price Performance (%)	3m	6m	12m
Absolute	37.8	35.5	0.3
Relative to Sensex	36.9	29.0	0.9

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 (%)	FY26E	FY27E
PAT	-	-

Previous Reports

22-06-2025: NBFCs Sector Update

01-05-2025: Q4FY25 results review

Q1FY26 performance: RoA/RoE improves for second straight quarter despite shift towards secured, due to better-than-guided credit cost

FedFina reported PAT of 750mn, up 5% QoQ and 7% YoY, thereby translating into 2.3% RoA (up 5bps QoQ) and 11.6% RoE (up 14bps QoQ). Importantly, despite AUM mix shift towards secured (unsecured BL is now 2% of AUF vs. 10% QoQ), RoA/RoE have improved QoQ, reflecting in superior execution capabilities.

AUM growth was 19% YoY, and 33% YoY (ex-BL), driven by ~40% gold AUM growth. Disbursements growth was also healthy at 6% QoQ due to ~15% QoQ growth in gold loan disbursements, which was at an all-time high. Sequential dip of 1% in AUM was due to DA transaction of ~5% AUM, which was thereby derecognised from the book.

On the profitability front, core NII was lower 2% QoQ, but up 20% YoY, due to spreads moderation on account of DA transaction and loan book calibration towards secured. Yields saw a steep decline of 60bps QoQ (~40bps was one-time impact due to derecognition of business loans) to 16.2%, while cost of borrowings improved 10bps QoQ to 8.5%. As a result, spreads compressed 50bps QoQ to 7.7%.

Overall, net total income was down 6% QoQ and up only 5% YoY due to lower assignment income, while opex was well calibrated with a 9% QoQ decline and was up 9% YoY due to lesser origination and rationalisation of branches. As a result, operating profit growth was confined to a 2% QoQ decline and flat YoY growth.

Asset quality performance was steady with gross as well as net Stage-3 being flat QoQ at 2% and 1.2%, respectively. Moreover, credit cost improved to 0.8% vs. 1% QoQ and 1.2% YoY and well below guidance of 100bps.

Twin engine AUM strategy to continue with robust growth in gold and calibrated growth in mortgage

AUM growth was healthy at 19% YoY, but lower 1% QoQ due to unsecured BL DA of INR 7.7bn (~5% of FY25 AUM). Moreover, excluding business loans, loan growth was robust at 33% YoY and 7% QoQ. Among segments, gold loans registered robust 40% YoY/8% QoQ AUM growth and mortgage book was up 30% YoY/6% QoQ. Disbursements came in at INR 59.3bn, up 6% QoQ and 19% YoY, despite a seasonally weak quarter.

Going ahead, management would continue with its twin engine strategy of gold loan and mortgage, which is working well as some headwinds in MSME business were offset by robust performance in gold loan business. This is also reflected in gold loan share inching to ~40% vs. ~35% YoY. Moreover, medium ticket LAP is expected to grow at a decent pace, while post rationalisation, small ticket LAP is expected to resume growth in a calibrated manner. Overall, it has guided that gold loan share could inch up to even 45-48% of the portfolio (vs. ~40% now), while balance would be towards mortgage over the medium term. We are building in an AUM CAGR of ~19% over FY25-27E vs. ~30% growth in FY25 and expect gold to become ~44% of portfolio.

AUM mix change impacted NIM but management highlights cost of fund benefit in coming quarters shall help recoup NIM

NIM, during Q1FY26, witnessed a sharp deterioration of 70bps QoQ to 8% vs. 8.7% in Q4FY25, largely impacted by 60bps QoQ reduction in asset yields but partially off-set by 10bps QoQ lower cost of funds at 8.5%. Asset yield contraction to 16.2% in Q1FY26 from 16.8% QoQ was mainly driven by a one-off impact of 40bps due to derecognition of unsecured business loans, in-line with its stated strategy of exiting unsecured BL business. It securitised portfolio (direct assignment) worth of INR 7.7bn during Q1FY26, resulting in residual exposure at ~2% of AUF (~INR2.7bn). Considering the bulk of the AUM mix restructuring is behind and incremental growth in high-yielding gold loans

(>19%) and S-LAP (16%) vs. medium LAP (12.3%) would enable asset yield remaining at ~16%. Further, with ~83% floating borrowings (45% linked to EBLR and 39% linked to MCLR) and incremental borrowings cost at 8% in Q1FY26 vs. 8.55% in Q4FY25 is likely to bring down cost of funds in coming quarters.

Key risks: Credit cost sustaining at higher levels; and lower-than-anticipated AUM growth.

Q1FY26 earnings call takeaways

Gold loans

- **Gold loan AUM is expected to remain between 45-49% and balance shall be covered by Mortgage**
- In the last 2 years, there has been 10-15% tonnage growth
- Plans to put >100 branches
- Substantial number of branches will likely be opened in Q2
- **It has not yet moved to 85% of LTV**
- **Shall continue with twin engine strategy**

LAP

- As far as manpower, systems, process, incentives – everything is changed for small ticket LAP. Business growth likely to pick-up as employees get seasoned
- **Most of the structural changes that were started in Q3 have now been completed. No additional tightening done in Q1**
- It had 90-member team, including sales and credit. Entire team has been either moved to other verticals or given an option to move to other organisation. As of now, only 5 employees are remaining.
- It has stopped new origination in unsecured BL since Dec'24
- Drop in disbursements can be attributed to seasonality
- Continuing to expand MT LAP business with minimum capital allocation
- **MT LAP would continue to grow at a decent growth rate**
- MT LAP business grew, while maintaining stable yields
- **ST LAP would also grow at a similar pace like MT LAP going forward**

Borrowing cost

- Weighted average interest cost at 8.56% vs. 8.72% QoQ
- Maiden ECB done in Q1 of USD 100mn. **Even on fully hedged basis, it is 50-70bps lower than local borrowings**
- **~83% borrowings are floating in nature**
    - ~45% borrowings are linked to EBLR
    - ~39% borrowings are linked to MCLR
- **Incremental borrowings cost was sub-8% in Q1FY26 vs. 8.55% in Q4FY25**

Yields

- Entire gold loans portfolio is fixed in nature, but the tenure is relatively short
- Almost entire small ticket LAP is fixed in nature

- Medium ticket LAP is floating in nature, which is ~30-31% and reset here is usually done annually

Operating expenses

- Due to lesser origination in Q1 and rationalisation of branches, opex was lesser QoQ
- **Expect opex to go to more normative levels driven by more capacity addition**

Asset quality

- **Credit cost expected to be within 1% range +/-10bps**
- Mortgage Gross Stage-3 at 3.4% vs. 3.5% QoQ
- Mortgage Net Stage-3 at 1.9% vs. 1.9% QoQ
- 35-40bps is towards BL of the total 5.1% of 30+dpd
- **Full transfer of credit risk and nil FLDG on DA of INR 7.7bn**
- **Expect INR 1-1.2bn of unsecured BL vs. INR 2.7bn currently by Mar'26**

Margins and total income

- Expect spreads to be more normative from Q2 onwards
- NTI (in terms of %) should be close to Q4FY25 by end of this year as well
- **Capital release due to INR 7.7bn DA would be utilised towards secured business**

Miscellaneous

- It aims for profitable growth and not just grow, just for the sake of it

Q4FY25 earnings call takeaways

Opening remarks

- During Q3FY25 it highlighted that it would focus on strengthening collections vertical, revamp SLAP business and focus on scaling gold loan business. During Q4FY25, it remained committed on working on all these initiatives and will continue in FY26 as well.
- It has verticalised collection function with Sr. management team in place and now focus on stabilizing the same in FY26.
- LAP and gold loan shall remain key growth driver and within LAP focus is on scaling small-ticket LAP which is high yielding.
- In MLAP – CBO in place and hiring Mid-level management and sales staff. It is fully operational on Sales Force.
- Gold loan – very good year with robust 48% YoY growth with tonnage growth at 18% YoY. Door step gold loan segment is doing very well and now contributes 15% of total gold loan AUM.
- Flows to come in near-term and the same will normalize by FY26-end.
- Cost ratio – many initiatives are planned but in near-term it will remain sticky at >55% but endeavor is to bring down cost structurally.
- Borrowing - 89% is floating, 47% is MCLR and rest is EBLR.

AUM: 12-15% AUM growth including BL in FY26, LAP and Gold loan will grow at 25-30% in FY26.

- LTV at origination at 72% in Gold loans currently. Average LTV is 66% based on current Gold prices and Principal + Int as on March'25.
- AUM grew by 6% QoQ / 30% YoY at INR158bn.
- LAP – strategy would be scaling this book with combination of higher yield and low risk. S-LAP is high yield and MLAP is low risk so it balances the growth between these two sub-segments to improve yield without impacting credit cost.
- Disbursements in S-LAP which stood at INR2.7bn in Q4FY25 vs INR1.7bn QoQ and MLAP improved to INR7.25bn vs INR5.6bn QoQ while in Unsecured BL disbursements remains nil during Q4FY25 vs INR2.2bn QoQ.
- As a part of its strategy, it has slowed down disbursements in its unsecured portfolio
- Focus on secured book to double the AUM of medium ticket (TS) LAP and small TS and gold loan
- AUM mix: Mortgage book is ~51%, ~28% is medium TS and ~23% is small TS, gold business is ~37% and ~11% is BL
- Company is slowing down on BL. Going forward gold will take the place of BL in and then eventually it will be taken by mortgage loan.
- ~78% AUM from customers with CIBIL >700 with 81% in MALP, 66% in S-LAP and 96% in unsecured BL.

Business

- Branch expansion – would update by Q1FY26.
- Wanted to reduce opex with use of technology and synergies between small TS and gold
- **Company wants to invest more on the collection team**
- The stress was seen as this customer are non-banked customer and need a proper collection infrastructure that was missing and the same is now addressed
- **96% of the customers have property that is self-occupied residential property**

Provision:

- 1+ DPD fell to 7.3% vs. 7.5% QoQ but 30+ DPD increases to 4.7% vs 4.4% QoQ during Q4FY25
- ECL provision stands at 2.3%, as on Mar'25.
- GS-3 at company level increased to 2% vs 1.8% QoQ, largely driven by higher flows in mortgage business, in which GS-3 increased to 3.4% vs. 3.2% QoQ. In gold loans and unsecured BL, asset quality improved on sequential basis
- Credit cost stands at 1% in Q4FY25
- Elevated 1+ and Stage-2 assets in Q4FY25 is likely to result in higher flows in H1FY26, **but it would maintain 1% credit cost in FY26**
- **PCR is likely to come down in the near-term, but it would not go as low as 20%; it may settle between 40-20%, from its current level of 40%**

Yield, COB and spread

- COB has fell sharply by 40bps QoQ to 8.6% vs at 9% QoQ.
- Yield also fell 20bps QoQ to 16.8%

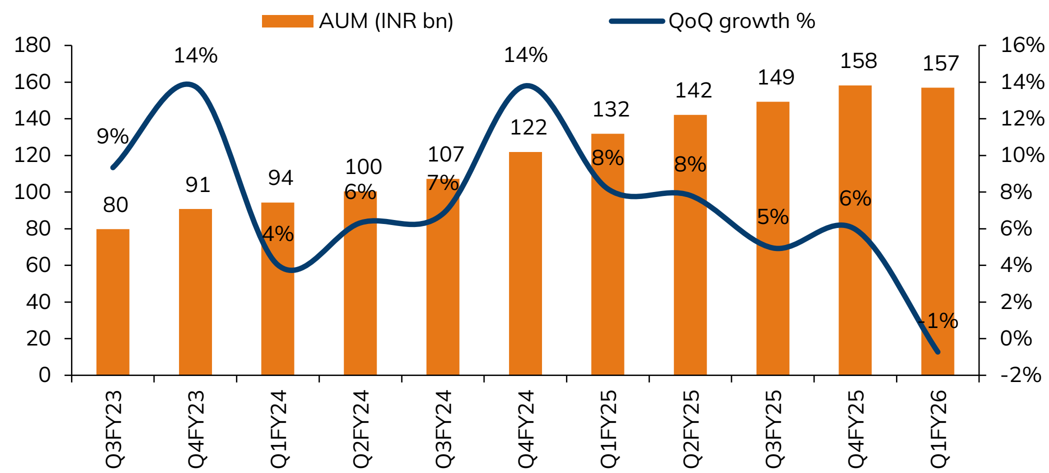
- NIM to remain stable, shall reduce proportion of DA income and improve core income. Given 89% of floating rate book, DA income loss would be compensated by reduction in cost of funds
- Origination yields in Q4FY25 at 19.7% vs 15% in Q3FY25. However, it is not comparable as 19.7% is portfolio yield (including penal Int, charges etc.) vs 15% is portfolio yield.

Exhibit 1: Q1FY26 result review

Income statement (INR mn)	Q1FY25	Q4FY25	Q1FY26	% YoY	% QoQ
Interest income	4,520	4,992	4,861	7.5	(2.6)
Interest expense	2,024	2,159	2,180	7.7	1.0
NII	2,496	2,833	2,682	**7.4**	**(5.3)**
Non-interest income	390	383	342	(12.2)	(10.6)
Total net income	**2,886**	**3,216**	**3,024**	**4.8**	**(6.0)**
Employee Benefit Expense	918	1,060	925	0.7	(12.8)
Depreciation	110	133	124	12.5	(6.6)
Fees and commission expense	45	23	0	(99.3)	(98.7)
Other expenses	524	688	693	32.2	0.7
Operating expenses	**1,598**	**1,904**	**1,742**	**9.0**	**(8.5)**
Pre-provisioning profit (PPoP)	**1,288**	**1,312**	**1,282**	**(0.5)**	**(2.3)**
Provisions and write offs	352	325	278	(20.9)	(14.4)
PBT	**936**	**987**	**1,004**	**7.2**	**1.7**
Tax expenses	234	270	253	8.3	(6.1)
PAT	**702**	**717**	**750**	**6.8**	**4.7**
EPS (INR)	**1.9**	**1.9**	**2.0**	**5.8**	**4.7**
Balance Sheet (INR mn)					
Share capital	3,708	3,727	3,730	0.6	0.1
Reserves & surplus	19,515	21,746	22,610	15.9	4.0
Shareholders' funds	**23,223**	**25,474**	**26,340**	**13.4**	**3.4**
Borrowings	**92,797**	**1,02,687**	**1,02,370**	**10.3**	**(0.3)**
Other Liabilities and provisions	3,874	4,337	3,850	(0.6)	(11.2)
Total Liabilities and SHE	**1,19,894**	**1,32,497**	**1,32,560**	**10.6**	**0.0**
Cash & bank balances	5,388	8,347	8,300	54.0	(0.6)
Loans	**1,03,615**	**1,16,464**	**1,15,040**	**11.0**	**(1.2)**
Investments	7,344	4,042	4,850	(34.0)	20.0
Other financial assets & receivables	1,250	1,066	1,430	14.4	34.2
Non-Financial Assets	2,297	2,579	2,940	28.0	14.0
Total Assets	**1,19,894**	**1,32,497**	**1,32,560**	**10.6**	**0.0**
Key financial metrics					
AUM (INR mn)	**1,31,881**	**1,58,120**	**1,56,970**	**19.0**	**-0.7**
-Mortgage (INR mn)	65,834	80,620	85,390	29.7	5.9
-Gold loan (INR mn)	45,620	58,800	63,320	38.8	7.7
-Business loans (INR mn)	18,690	16,560	6,180	-66.9	-62.7
-Others (INR mn)	1,737	2,140	2,080	19.7	-2.8
Disbursements (INR mn)	**50,046**	**55,770**	**59,330**	**18.6**	**6.4**
-Mortgage (INR mn)	7,375	9,950	6,490	-12.0	-34.8
-Gold loan (INR mn)	39,706	45,800	52,840	33.1	15.4
-Business loans (INR mn)	2,965	20	0	-100.0	-100.0
Reported yield (%)	17.4	16.8	16.2	*-120 bps*	*-61 bps*
Reported borrowing cost (%)	9.3	8.6	8.5	*-81 bps*	*-10 bps*
Spreads (%)	8.1	8.2	7.7	*-40 bps*	*-51 bps*
Op cost as % of avg assets	5.5	5.9	5.3	*-20 bps*	*-60 bps*
Cost to income (%)	55.4	59.2	57.6	*224 bps*	*-160 bps*
Gross Stage 3	2.0	2.0	2.0	*0 bps*	*0 bps*
Net Stage 3	1.6	1.2	1.2	*-40 bps*	*0 bps*
Provision coverage ratio (%)	19.3	40.0	38.3	*1896 bps*	*-170 bps*
Credit cost as a % of avg AUM [annualized]	1.1	0.8	0.7	*-41 bps*	*-15 bps*

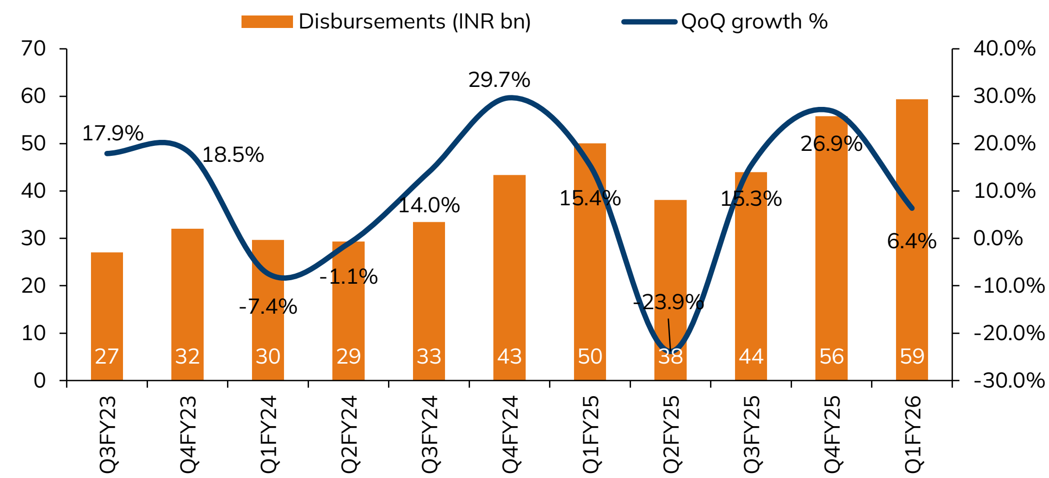
Source: Company data, I-Sec research

Exhibit 2: AUM growth down only 1% QoQ, healthy despite DA transaction, equivalent to ~5% of AUM



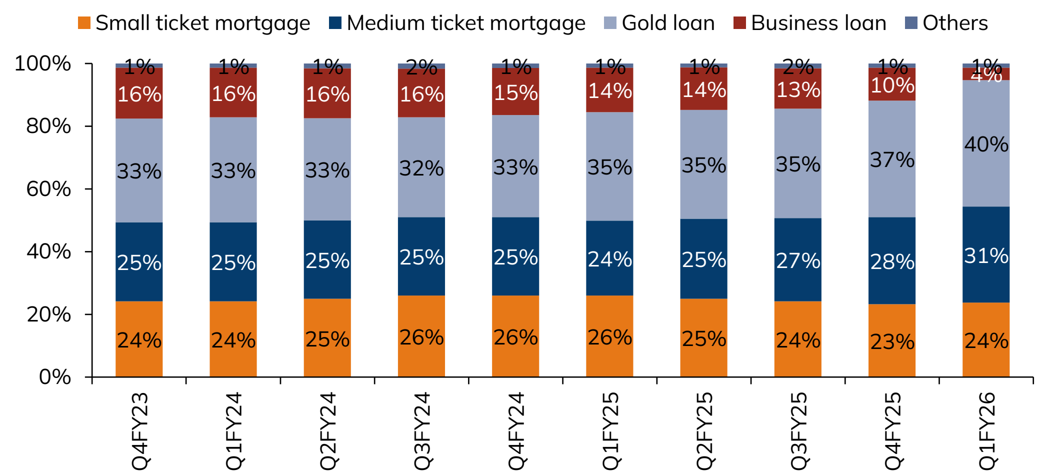
Source: Company data, I-Sec research

Exhibit 3: Disbursements higher QoQ as well as YoY



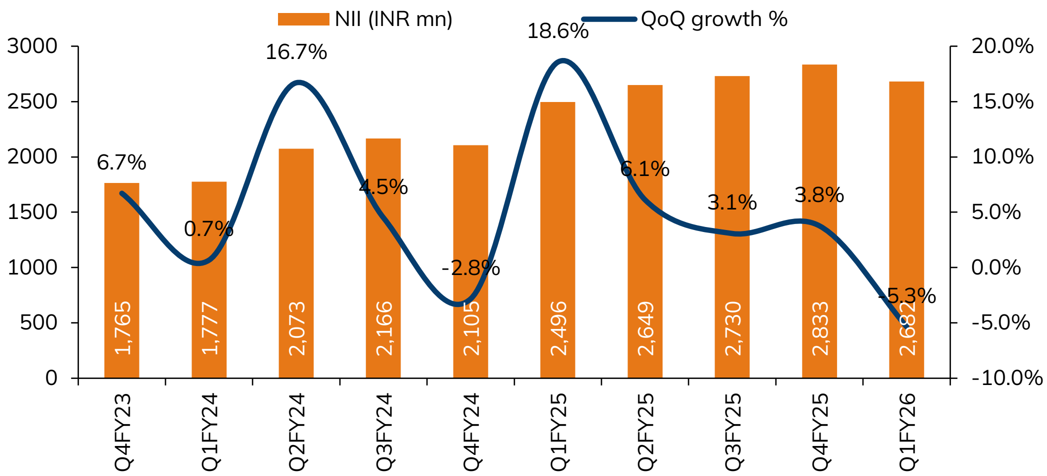
Source: Company data, I-Sec research

Exhibit 4: Diversified portfolio mix



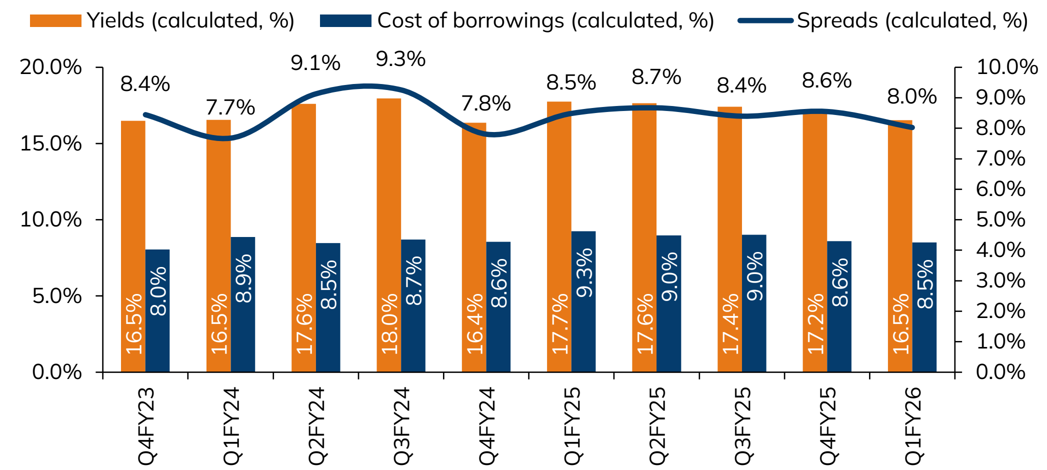
Source: Company data, I-Sec research

Exhibit 5: Core NII was lower 2% QoQ, but up 20% YoY, due to spreads moderation on account of loan book calibration towards secured



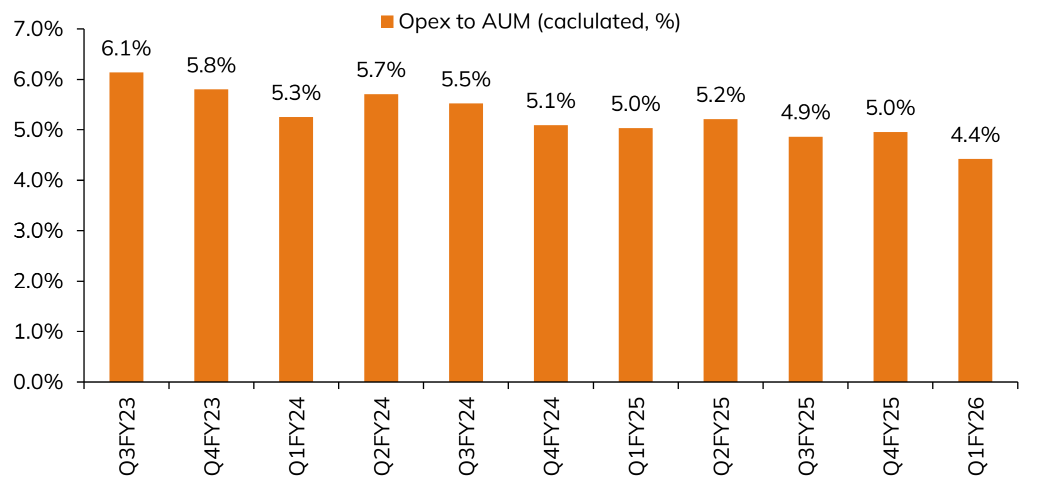
Source: Company data, I-Sec research

Exhibit 6: Spreads compressed 50bps QoQ to 7.7% due to yield moderation on account of DA transaction



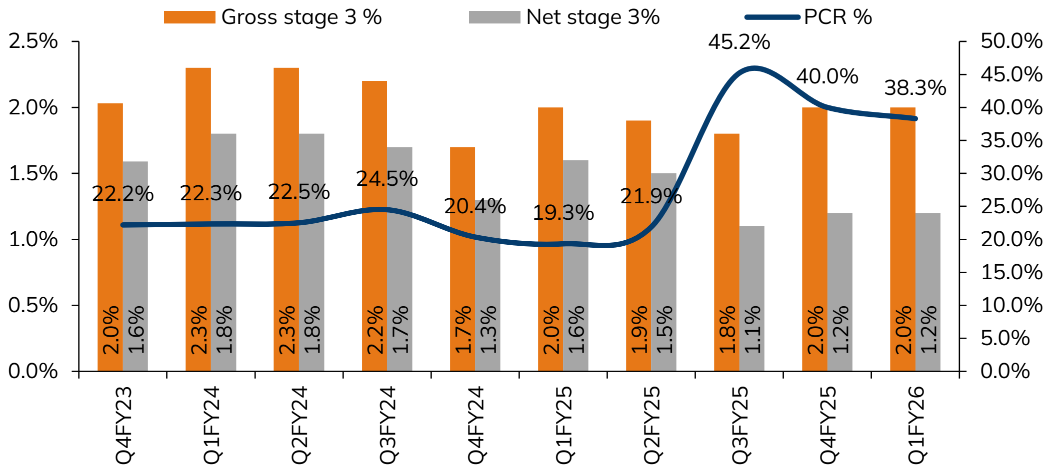
Source: Company data, I-Sec research

Exhibit 7: Opex to AUM moderated to <4.5%



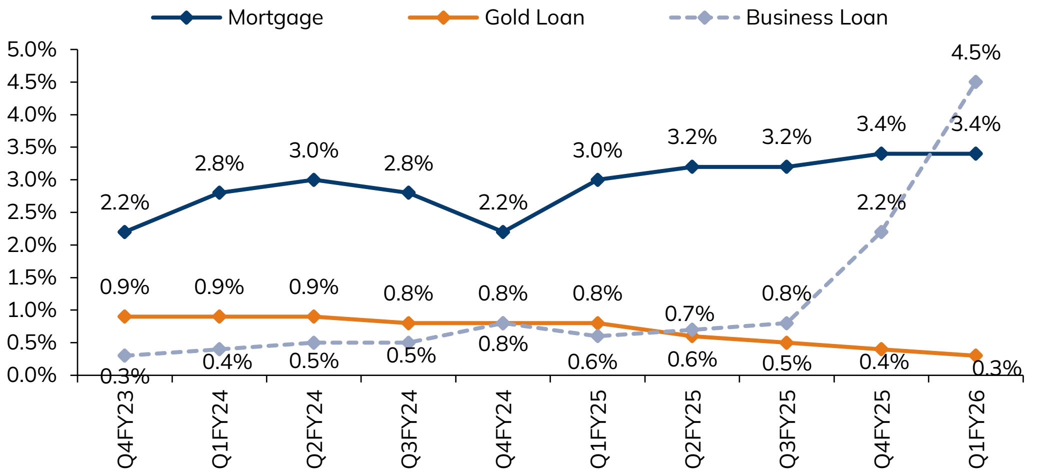
Source: Company data, I-Sec research

Exhibit 8: Gross as well as Net Stage-3 flat QoQ



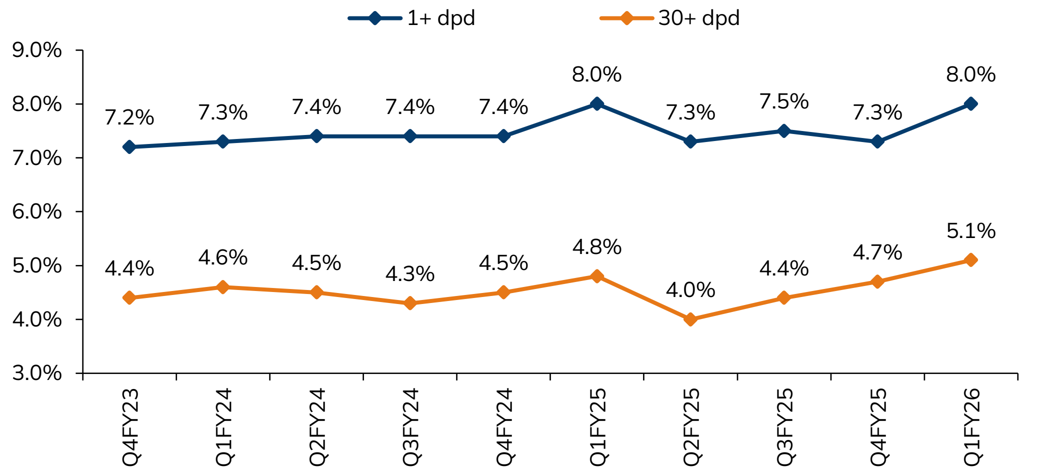
Source: Company data, I-Sec research

Exhibit 9: Spike in business loan GNPA, while rest stable



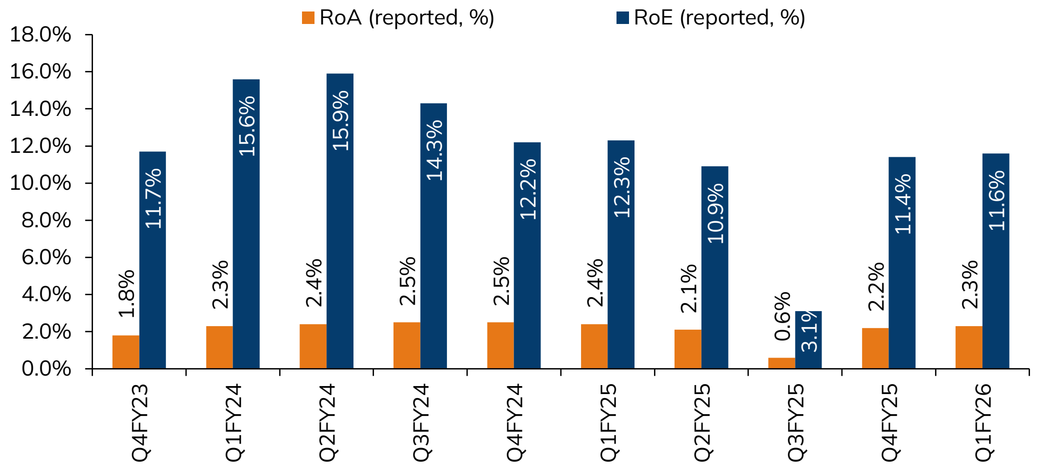
Source: Company data, I-Sec research

Exhibit 10: 1+ dpd as well as 30+ dpd inch up QoQ, in-line with seasonality



Source: Company data, I-Sec research

Exhibit 11: RoA improved to 2.3% vs. 2.2% QoQ, due to improvement in credit cost



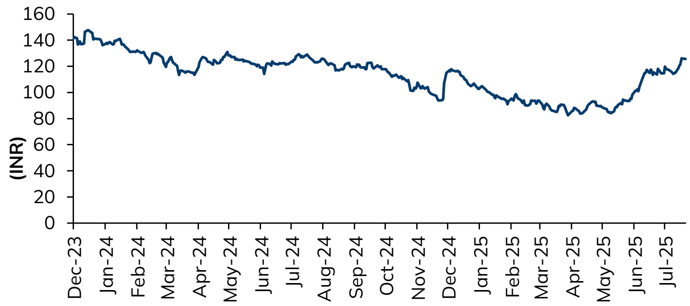
Source: Company data, I-Sec research

Exhibit 12: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	61.0	61.0	61.0
Institutional investors	21.9	21.3	20.9
MFs and others	2.4	2.4	2.1
FIs/Banks	14.4	14.4	14.4
Insurance	4.3	4.0	3.7
FIIs	0.5	0.5	0.8
Others	17.0	17.7	18.1

Source: Bloomberg, I-Sec research

Exhibit 13: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	14,917	19,246	22,682	27,054
Net gain on fair value changes	199	256	284	340
Interest Expenses	(6,796)	(8,538)	(9,899)	(11,554)
Net Interest Income (NII)	**8,121**	**10,708**	**12,783**	**15,500**
Other Income	458	440	682	814
Total Income (net of interest expenses)	**9,434**	**12,260**	**14,679**	**17,763**
Employee benefit expenses	(3,178)	(3,903)	(4,488)	(5,386)
Depreciation and amortization	(374)	(489)	(586)	(674)
Fee and commission expenses	(229)	(185)	(259)	(337)
Other operating expenses	(1,715)	(2,483)	(2,855)	(3,284)
Total Operating Expense	**(5,495)**	**(7,059)**	**(8,189)**	**(9,680)**
Pre Provisioning Profits (PPoP)	**3,939**	**5,201**	**6,490**	**8,082**
Provisions and write offs	(659)	(2,163)	(1,630)	(1,792)
Profit before tax (PBT)	**3,281**	**3,038**	**4,860**	**6,291**
Total tax expenses	(834)	(786)	(1,257)	(1,628)
Profit after tax (PAT)	**2,447**	**2,252**	**3,602**	**4,663**

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	3,694	3,727	3,727	3,727
Reserves & surplus	18,914	21,746	25,349	30,012
Shareholders' funds	**22,608**	**25,474**	**29,076**	**33,739**
Borrowings	82,146	102,687	118,867	145,437
Provisions & Other Liabilities	6,624	4,337	7,797	10,832
Total Liabilities and Stakeholder's Equity	111,378	132,497	155,740	190,008
Cash and balance with RBI	1,855	8,347	10,756	13,160
Fixed assets	**1,458**	**1,897**	**2,087**	**2,295**
Loans	98,225	116,464	134,313	164,336
Investments	7,513	4,042	6,716	8,217
Deferred tax assets (net)	**22**	**107**	**118**	**129**
Other Assets	2,306	1,641	1,751	1,870
Total Assets	111,378	132,497	155,740	190,008

Source Company data, I-Sec research

Exhibit 16: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	121,919	158,120	182,962	223,860
On-book Loans	99,163	118,380	136,979	167,598
Off-book Loans	22,756	39,740	45,984	56,262
Disbursements	135,788	187,851	236,865	303,458
Growth (%):				
Total AUM (%)	34.4	29.7	15.7	22.4
Disbursements (%)	**26.3**	**38.3**	**26.1**	**28.1**
Loan book (on balance sheet) (%)	22.4	19.4	15.7	22.4
Total Assets (%)	22.8	19.0	17.5	22.0
Net Interest Income (NII) (%)	27.3	31.9	19.4	21.3
Non-interest income (%)	21.3	16.4	24.4	19.3
Total Income (net of interest expenses) (%)	27.1	30.0	19.7	21.0
Operating Expenses (%)	26.3	28.5	16.0	18.2
Employee Cost (%)	28.4	22.8	15.0	20.0
Non-Employee Cost (%)	40.0	44.8	15.0	15.0
Pre provisioning operating profits (PPoP) (%)	28.2	32.0	24.8	24.5
Provisions (%)	34.7	228.5	(24.7)	9.9
PBT (%)	35.0	(7.4)	60.0	29.4
PAT (%)	35.8	(8.0)	60.0	29.4
EPS (%)	18.4	(8.8)	60.0	29.4
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	9.1	10.0	10.2	10.4
NIM on IEA (%)	7.5	7.4	7.1	7.2
NIM on AUM (%)	7.6	7.6	7.5	7.6
Yield on loan assets (%)	**16.7**	**17.9**	**18.1**	**18.1**
Yield on IEA (%)	13.8	13.3	12.6	12.6
Yield on AUM (%)	14.0	13.7	13.3	13.3
Cost of borrowings (%)	8.9	9.2	8.9	8.7
Interest Spreads (%)	7.9	8.7	9.2	9.4
Operating efficiencies				
Non interest income as % of total income	50.0	51.5	52.0	52.9
Cost to income ratio	58.2	57.6	55.8	54.5
Op.costs/avg assets (%)	5.4	5.8	5.7	5.6
Op.costs/avg AUM (%)	**5.2**	**5.0**	**4.8**	**4.8**
Salaries as % of non-interest costs (%)	57.8	55.3	54.8	55.6
Capital Structure				
Average gearing ratio (x)	3.6	4.0	4.1	4.3
Leverage (x)	4.9	5.2	5.4	5.6
CAR (%)	17.1	16.2	16.4	16.2
Tier 1 CAR (%)	14.7	14.3	14.7	14.8
Tier 2 CAR (%)	2.3	2.0	1.7	1.4
RWA (estimate) - INR mn	99,949	118,901	139,759	170,510
RWA as a % of loan assets	101.8	102.1	104.1	103.8

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	1.7	2.0	2.0	2.0
NNPA (%)	1.3	1.0	1.0	1.0
GNPA (INR mn)	1,646	2,390	2,740	3,352
NNPA (INR mn)	1,311	1,164	1,334	1,633
Coverage ratio (%)	20.4	51.3	51.3	51.3
Credit Costs as a % of avg AUM (bps)	62	154	96	88
Credit Costs as a % of avg on book loans (bps)	73	199	128	118
Return ratios				
RoAA (%)	2.4	1.8	2.5	2.7
RoAE (%)	13.5	9.4	13.2	14.8
ROAAUM (%)	2.3	1.6	2.1	2.3
Valuation Ratios				
No of shares	**369**	**373**	**373**	**373**
No of shares (fully diluted)	369	373	373	373
EPS (INR)	6.6	6.0	9.7	12.5
EPS fully diluted (INR)	6.6	6.0	9.7	12.5
Price to Earnings (x)	18.6	20.4	12.8	9.9
Price to Earnings (fully diluted) (x)	18.6	20.4	12.8	9.9
Book Value (fully diluted)	61	68	78	91
Adjusted book value	59	66	75	87
Price to Book	2.0	1.8	1.6	1.4
Price to Adjusted Book	2.1	1.9	1.6	1.4

Source Company data, I-Sec research

Exhibit 17: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	101,044	121,938	144,119	172,874
Average Loans (INR mn)	89,111	107,344	125,388	149,324
Average Equity (INR mn)	18,083	24,041	27,275	31,407
Interest earned (%)	14.8	15.8	15.7	15.6
Net gain on fair value changes (%)	0.2	0.2	0.2	0.2
Interest expended (%)	6.7	7.0	6.9	6.7
Gross Interest Spread (%)	**8.0**	**8.8**	**8.9**	**9.0**
Credit cost (%)	0.7	1.8	1.1	1.0
Net Interest Spread (%)	**7.4**	**7.0**	**7.7**	**7.9**
Operating cost (%)	5.2	5.6	5.5	5.4
Lending spread (%)	**2.2**	**1.4**	**2.2**	**2.5**
Non interest income (%)	1.1	1.1	1.1	1.1
Operating Spread (%)	**3.3**	**2.4**	**3.4**	**3.6**
Tax rate (%)	25.4	25.9	25.9	25.9
ROAA (%)	**2.4**	**1.8**	**2.5**	**2.7**
Effective leverage (AA/ AE)	5.6	5.1	5.3	5.5
RoAE (%)	**13.5**	**9.4**	**13.2**	**14.8**

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Renish Bhuva, CFA (ICFAI); Chintan Shah, CA; Gaurav Toshniwal, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.