BUY (Maintain)

CMP: **INR 888** Target Price: **INR 1,125** ▲ 27%

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05 November 2025

India | Equity Research | Results update

India Shelter Finance Corporation

NBFCs

Asset quality trends stable despite industry-level headwinds; RoE sustained at 17%

India Shelter (ISFC)'s Q2FY26 financial performance is testament to its business resiliency and niche in the AHFC space. The company has sustained its 17% RoE and flat credit cost QoQ at 50bps (within guided range of 40–50bps in FY26). Gross-stage 3 was flat QoQ at 1.25% and NS 3 at 0.94%, with PCR at 25%. We believe the better-than-industry asset quality performance is due to its lower exposure in stressed states like Tamil Nadu (TN), Gujarat (GJ) and Karnataka (KTK) [6% in each state] coupled with stringent underwriting and robust collection mechanism. We expect a higher proportion of LAP portfolio (40% of AUM), resulting in better spreads than peers and the ~85% of fixed-rate loans (of which 35% is semi-variable) to help ISFC sustain a better RoE figure than peers. Retain **BUY** with an unchanged TP of INR 1,125, valuing it at 3.5x Sep'26E BVPS.

AUM growth guidance unchanged at 30–35% YoY in FY26

AUM growth decelerated to 31% YoY (6% QoQ) in Q2FY26 vs. a >40% AUM CAGR between FY21–25 – this was on expected lines given its increasing base and management's guidance of 30–35% YoY growth in FY26. While many lenders have highlighted stress in the <INR 0.7mn ticket-size loans and are calibrating disbursements in this segment, ISFC remained confident about sustaining growth momentum and delivering as per guidance. The company's lower exposure to stressed states like TN, KTK and GJ and relatively lower base would help it improve disbursements in H2FY26. Its differentiated approach in the AHFC space, with its focus on low-ticket (~50% of loans in <INR 1mn ticket size), penetration in rural (>50% of customer sourcing from tier-3 and beyond markets) and end-to-end digital loan processing coupled with continued investment towards infrastructure (added >50 branches in the past year) have helped ISFC sustain industry-leading growth.

Spread sustains at >6%; primed for falling rate cycle gains

ISFC's ALM management has been the most effective, evident in the company keeping its borrowing cost flat at 8.8% for seven straight quarters despite rising rates. Now, in a falling rate cycle, its borrowing cost has started ebbing – shrinking 10bps in Q4FY25/Q1FY26/Q2GY26 each to 8.5%. Also, its ~85% fixed-rate asset book enabled it to sustain portfolio yield at 14.9% – leading to 30bps of spread expansion in the past three quarters to 6.4%, as on Sep'25.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income	4,141	5,874	7,601	9,815
PAT	2,476	3,770	4,709	5,945
EPS (INR)	23.1	34.9	43.6	55.1
BVPS (INR)	215	251	295	350
P/E (x)	38.4	25.4	20.4	16.1
P/BV (x)	4.1	3.5	3.0	2.5
Gross Stage - 3 (%)	1.0	1.0	1.1	1.2
RoAA (%)	4.9	5.6	5.2	4.9
RoAE (%)	14.0	15.1	16.0	17.1

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Market Data

Market Cap (INR)	96bn
Market Cap (USD)	1,086mn
Bloomberg Code	INDIASHL IN
Reuters Code	IDNI.BO
52-week Range (INR)	1,012 /603
Free Float (%)	35.0
ADTV-3M (mn) (USD)	2.1

Price Performance (%)	3m	6m	12m
Absolute	(2.9)	3.4	25.8
Relative to Sensex	(5.9)	(0.3)	19.9

ESG Score	2023	2024	Change
ESG score	NA	69.9	NA
Environment	NA	43.7	NA
Social	NA	67.4	NA
Governance	NA	81.5	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

04-10-2025: NBFCs Q2FY26 preview

10-08-2025: Q1FY26 results review

Levers in place for further return ratio expansion

During the past ~10 quarters, ISFC sustained an improving trend in profitability – RoA expanded to 5.8% during Q2FY26, from 4.9%/4.1% in FY24/FY23. This was driven by improvement in cost-assets and its ability to maintain spreads at >6%, even during the rising rate cycle. Credit cost also remained within its guided range of 40–50bps, reflecting its tight control on delinquencies and robust risk-management. Management is further guiding towards a 20bps reduction in cost of borrowing by FY26-end and cost-assets moderating going ahead. The is likely to result in an RoA expansion while driving RoE towards 18% from current level of 17%.

Spread expansion of ~20bps during H2FY26 would largely be driven by lower cost of funds. Of its total borrowing, 85% is floating and only 15% is fixed. Further, 32% of its borrowing is linked to repo or T-bill, wherein the benefit has already reflected in its borrowing cost, while the balance floating borrowings are MCLR linked, wherein the pass through would be a gradual. Overall, it expects cost of borrowing to taper down by another 20bps to ~8.3% by FY26-end. Also, its incremental cost of borrowings stands at 8.1% as on Sep'25 vs. overall borrowing cost of 8.5% during Q2FY26.

Asset mix, as on Sep'25, is 50% fixed, 35% semi-variable (wherein reset will start from FY27) and rest 15% variable. The company plans to increase the share of semi-variable over the next two years; hence, incremental disbursements are tilted towards semi-variable rates. While current ALM position is positive for the company, it plans to manage interest rate to around neutral ALM in the medium term; hence, focusing on scaling up semi-variable loans.

Although it has been able to improve cost-assets by 10bps QoQ and 20bps YoY to 4.4%, the company believes that there is still scope for further improvement. Hence, management is putting in a lot of effort on improving productivity and driving operational efficiency. Employee attrition and motivation are two important pillars to drive productivity – it plans to cover >50% of the employee under the ESOP scheme in the near term; thereby, better manage attrition. Overall, it expects lower cost to assets in FY26 vs. FY25.

Steady Q2FY26 financial performance in a challenging environment: RoE at 17.0% and RoA at 5.8%

RoE for ISFC sustained at ~17% during Q2FY26 and RoA came in at 5.8%, driven by steady margins, lower opex and lower credit cost, but offset by sequential decline in non-interest income.

AUM stood at INR 92.5bn, up 6% QoQ and 31% YoY aided by disbursements growth of 5% QoQ/12% YoY. On a YoY basis, growth appears to be tilted towards non-HL segment, as reflected in LAP portfolio growing by 38% YoY while HL book growth was at 27% YoY during Q2FY26. On sequential basis, growth was similar at 6% QoQ for both the segments. Management maintained its AUM growth guidance of 30–35% for FY26 and medium-term target of achieving AUM of INR 300bn by FY30.

Spreads were flat QoQ at 6.4%, as yield reduction of 10bps QoQ to 14.9% was offset by 10bps decline in funding cost to 8.5%. Other income after a sharp 26% QoQ rise in Q1, fell 5% QoQ in Q2FY26. Sequential decline in other income growth was on account of 3% QoQ decline in assignment income and 7% sequential decline in fee and commission income.

Strong NII growth (up 34% YoY) coupled with contained opex growth (up 25% YoY) helped ISFC benefit from operating leverage as reflects in cost-assets falling to 4.4% vs. 4.5% QoQ and 4.6% YoY. Total P&L provisions moderated to INR 95mn vs. INR 102mn QoQ, implying credit cost (calculated) at 42bps, down from 11-quarter high of 48bps in Q1FY26 and within guidance range of 40-50bps. Overall, PPoP as well as

PAT was up 34%/35% YoY respectively, while sequential growth was restricted to 1%/2% respectively,

Asset quality remained stable with gross stage-3 settling at 1.25% vs. 1.24% QoQ; while net stage-3 fell 1bps QoQ to 94bps and credit cost on average AUM (calculated) improved to 42bps vs. 48bps QoQ. PCR remained flat QoQ at ~25%. 30+ DPD, after rising 140bps QoQ in Q1FY26, saw another 20bps uptick to 4.7%, while CE after dipping to 98% in Q1FY26, improved to 99% for Q2FY26.

20bps QoQ uptick in 30+ DPD, while credit cost improves ~6bps QoQ; FY26 credit cost to remain within guided range of 40–50bps

Higher share of LAP AUM (~43% and perceived to be more vulnerable than HL) within the AHFC space and ongoing stress in unsecured business loans and small-ticket LAP raised uncertainty on near-term asset quality performance for LAP players. While 30+ DPD had already spiked by 140bps QoQ in Q1FY26 owing to higher stress in Madhya Pradesh and Tamil Nadu, it inched-up further by 20bps QoQ to 4.7%. However, management highlighted that it does not foresee any asset quality challenges in coming quarter s, as its delinquencies and GNPL in LAP is similar to HL. Notably, credit cost in LAP is also similar to that of HL – while PDs are higher in the LAP segment but LGDs are lower given a lower LTV, which restricts credit costs in the LAP segment akin to HL. Conservative LTVs of ~52%, average FOIR at 49%, 98% self-occupied residential properties and 99% in-house sourcing are the key enablers for its recent steady asset quality outcomes, and the same would ensure the maintaining of credit cost within the guided range of 40–50bps in FY26.

Operating efficiencies to drive opex to assets lower

ISFC has strategically front-loaded the expansion by adding 33 (24 in Q1 and 9 in Q2) branches in H1FY26, taking the total branch count to 299, as on Sep'25. It guides for adding 40–45 branches during FY26. Overall, as operating efficiency kicks in and the company is able to reap the benefits of its investments in branches on account of branch vintage, we can expect consistent moderation in opex to assets over the medium term. It has been doing well on AUM as well as income growth fronts; hence, despite such rapid branch addition, cost to assets in Q2FY26 was at 4.4% vs. 4.5%/4.6% in FY25/FY24.

Key risks

- Top three states (Rajasthan, Maharashtra and Madhya Pradesh) constitute ~57% of overall book. Any adverse effect in any of these states could have a subsequent impact on the business.
- Lower growth than guidance of 30–35% for FY26.

Exhibit 1: Q2FY26 result review

(INR mn)	Q2FY25	Q1FY25	Q2FY26	% YoY	% QoQ
Income statement					
Interest income	2,248	2,856	2,974	32.3	4.1
Interest expenses	846	1,065	1,096	29.6	3.0
Net interest income	**1,402**	**1,792**	**1,878**	**34.0**	**4.8**
Non-interest Income	583	754	715	22.6	(5.1)
Total Income (net of interest expenses)	**1,985**	**2,546**	**2,593**	**30.6**	**1.9**
Employee expenses	546	694	687	25.9	(1.0)
Depreciation and amortization	28	28	32	13.6	14.6
Other operating expenses	164	172	201	22.4	17.0
Total Operating Expense	**738**	**894**	**920**	**24.6**	**2.9**
Pre-provisioning profit (PPoP)	**1,247**	**1,652**	**1,673**	**34.2**	**1.3**
Provisions and write offs	78	102	95	21.9	(7.0)
PBT	**1,169**	**1,550**	**1,578**	**35.0**	**1.8**
Tax expenses	270	357	360	33.1	0.6
PAT (Adjusted)	**899**	**1,192**	**1,218**	**35.6**	**2.2**
EPS (INR)	**8.4**	**11.1**	**11.3**	**34.5**	**2.0**
Balance Sheet					
Share capital	537	540	542	0.9	0.4
Reserves & surplus	24,349	27,825	28,611	17.5	2.8
Shareholders' funds	**24,886**	**28,364**	**29,153**	**17.1**	**2.8**
Borrowings	**40,109**	**52,152**	**54,922**	**36.9**	**5.3**
Other Liabilities and provisions	1,006	1,350	1,728	71.8	28.0
Total Liabilities and Equity	**66,001**	**81,866**	**85,803**	**30.0**	**4.8**
Fixed assets	300	279	310	3.3	11.0
Loans	**58,569**	**72,085**	**76,340**	**30.3**	**5.9**
Cash & bank balances	1,974	2,402	1,943	(1.6)	(19.1)
Investments	3,231	4,867	4,677	44.8	(3.9)
Other Assets	1,927	2,232	2,533	31.4	13.5
Total Assets	**66,001**	**81,866**	**85,803**	**30.0**	**4.8**
Key ratios					
AUM (INR mn)	**70,390**	**87,125**	**92,516**	**31.4**	**6.2**
Disbursements (INR mn)	8,280	8,870	9,306	12.4	4.9
Yields (%)	14.9	15.0	14.9	*0 bps*	*-10 bps*
COB (%)	8.8	8.6	8.5	*-31 bps*	*-10 bps*
Spreads (%)	6.1	6.4	6.4	*30 bps*	*0 bps*
Gross Stage 3 (%)	**1.2**	**1.2**	**1.3**	***5 bps***	***1 bps***
Net Stage 3 (%)	**0.9**	**1.0**	**0.9**	***3 bps***	***-1 bps***
DPD 30+	3.6	4.5	4.7	*109 bps*	*15 bps*
ECL Provision (%)	0.9	0.9	0.9	*-1 bps*	*1 bps*
Annualised credit cost (%)	0.46	0.48	0.42	*-4 bps*	*-7 bps*
Opex to AUM (%)	4.36	4.23	4.10	*-27 bps*	*-14 bps*
ROA (%)	**5.6**	**6.0**	**5.8**	***20 bps***	***-20 bps***
ROE (%)	**14.8**	**17.2**	**17.0**	***220 bps***	***-20 bps***

Source: Company data, I-Sec research

Q2FY26 conference call takeaways

Guidance (unchanged)

- **Branch addition of 40-45**
- **Spread >6%**
- **Credit cost of 40-50bps**
- **30-35% AUM growth**

Margins

- Loan book mix
  - 15% of loan book variable
  - 35% semi-variable, wherein rest shall start from FY27
  - 50% fixed
- **Expect cost of borrowings to taper down more by ~20bps by year end to 8.3%**
- **32% borrowings linked to repo rate/T-Bill; 15% borrowings are fixed and rest are linked to MCLR**
- SEDBI sanction received for the first time for INR5bn
- 16.5-17% yield for LAP
- Off balance sheet strategy is done for only LAP
- Average yield for LAP is 15.5% and cost of funds is 8.5%; hence, 7% spread for off balance sheet portfolio as well as for on balance sheet portfolio. For home loans, spreads are lower.
- Latest credit rating upgrade was done in Jul'24 and once it concludes vintage of 18-24 months, then it would pitch for another rating upgrade

Asset quality

- **Bounce rate for the quarter range is 20-22% across every quarter; no difference between HL and LAP in bounce rates, since it caters to self-employed customers**
- **Maintaining GNPA of 120-130bps over the last couple of quarters**
- Aug'25 was not great but Sep'25 was better; trend is better now with respect to DPD
- Ticket size of INR 0.5mn to INR1mn is largely stable, if compared on yearly basis; does not foresee any issue in this segment
- Asset quality likely to improve in a couple of months
- PD is higher by 20-30bps for LAP, but LAP LTV is lower at 45% average
- On net basis, credit cost between HL and LAP is largely similar, when they apply PD and LGD
- Generally, if customer comes for settlement, then losses range ~9-10% and if customer is not able to sell the property due to some family dispute, then loss could be ~22-25%
- **Write-off policy: Any account that is in NPA bucket for more than 2 years would be written-off**
- Write-off of INR 50mn during Q2 and recoveries from write-off of INR 30mn during Q2
- Intends to continue with 60% housing and 40% LAP mix
- More than 80-85% customers – once SARFAESI is invoked – then they try to get the loan closed by selling the property
- Since the past 2-3 years, there is no change in ECL assumptions

AUM

- **Disbursements growth has been muted this quarter due to delayed consumption stemming from GST rate cut benefits. Maintains 30-35% growth guidance; H2 would be better than H1**
- LAP portfolio LTVs <50%, mostly catering to self-employed people

- **BT-out: 4.5-5% of AUM and consistent since the past 2 quarters and this is down YoY**
- Has underwritten 200k customers in the past 10 years
- Competitive intensity is almost the same since the past 2-3 years
- **More than customers, it is the poaching of employees from one organisation to its peers where there is more competition**

Miscellaneous

- Attrition rate is constant; All branch managers included in ESOP scheme (>500 employees shall be included)

Q1FY26 conference call takeaways

Guidance (unchanged)

- **30-35% AUM growth**
- 40-45 branch additions in FY26
- Spreads ~6% for FY26
- Credit cost 40-50bps for FY26

Margins

- **Spreads likely to inch up further by 20bps in FY26 – aided by borrowing cost benefit**
- **Borrowings mix**
    - 90% variable
- Of this, one-third is linked to repo rate and rest linked to MCLR
    - 10% fixed
- MCLR linked borrowing pass through yet to show in borrowing cost, while repo pass through largely done
- **Expect further 20bps reduction in borrowing cost going ahead**
- **Asset mix (%)**
    - 55 – fixed
    - 30 – semi-variable (started this product 18 months back)
    - 15 – variable
- 50-60% of incremental disbursements are happening at the semi-variable rate
- Incremental yields as well as portfolio yield is similar
- **Asset mix target over the next 2 years:**
    - **65% variable or semi-variable**
    - **35% fixed**
- Semi-fixed means loans are fixed for first 3 years and then variable
- It would look to pass rate cut benefits to customers only after it sees a meaningful reduction in its own borrowing cost
- It did not entirely pass on the repo rate hike to customers; hence, it is not in a hurry to pass rate cute benefit as well

Asset quality

- Delinquencies usually see an uptick in Q1 and due to this, there is some inch-up in Stage-2/Stage-3. This is the trend seen historically.
- **30+ DPD should largely be stable QoQ in Q2; and historically, Q3 has been better than Q2 and Q4 better than Q3**
- **~4.8% 30+ dpd for LAP**
- **~4.1-4.2% 30+ DPD for HL**
- **Jul'25 30+ DPD is similar to Q1 levels**
- **Expect that Stage-2 will likely sustain ~3.2-3.3% for FY26 (3.4% in Q1)**
- ~2.5 is close to bottom on Stage-2 front
- Stage-3 remains same for LAP as well as HL, due to SARFAESI
- Credit cost guidance unchanged, despite rise in 30+ DPD
- **Over the quarters, it has seen a rise in PD (Probability default) but LGD (Loss given default) has been declining, which is aiding overall ECL provisions**
- **Historically, while analysing resolution of 2,500 properties, it has 11% LGD**
- While computing LGD, principal as well as interest portion, both are included
- SARFAESI process takes 9-12 months
- On delinquency, the worry is not whether it is able to get the money back; rather, the worry is how early can it get the account resolved.

Asset quality – geography

- **MP stress is little higher vs. the overall portfolio, since the past few quarters**
- Little uptick was seen in MP in Q1 in the overdue portfolio; but new leadership team is now settling down
- UP has one of the lowest delinquencies across the states, though book is relatively new
- TN, there is a slight uptick in Q1 in overdue portfolio, but this is not something bizarre and quite manageable. The uptick was largely seen in tandem with the rise seen across the country.

AUM growth

- HL:LAP ratio would be maintained at 60:40
- LTV remains at 50-55 irrespective of HL/LAP
- Loan tenure
    - LAP 10-11 years (6 years behavioural)
    - Housing loan 15 years (7 years behavioural)
- Monthly income for its customers is between INR 30k-65k
- Traction is improving in the PMAY scheme
- 500-700 applications are still in progress in the PMAY scheme
- >200 customers have already got the first tranche of subsidy
- Going slow in Gujarat, since it is not able to get 6% spread in Gujarat
- Believe that there is good scope for future growth as well in affordable housing
- Market is enormous and ISFC is still small in the overall markets
- Does not see much action in terms of under cutting, as market is huge

Direct assignment

- **Direct assignment rangebound between 15-17% of overall AUM**
- Direct assignment income as a % average total assets at 1.8% vs. 1.7% YoY
- Direct assignment is only for LAP portfolio
- 30-35% growth in DA can be seen going ahead

Opex

- Added 24 new branches during the quarter; guidance is addition of 40-45 branch in FY26
- There is scope for reducing cost to assets by 15-20bps in FY26
- As most of the sourcing is done directly, it has >1,700 loan officers in 290+ branches
- Employee productivity has improved for Q1FY26 vs. Q1FY25
- Productivity metrics are yet to improve further
- It is also putting a lot of thought into technology
- Attrition rate has improved vs. last year levels, but there is still scope for improvement
- There is an improvement of 10% in the attrition rate
- 25% employee currently have stock options, which would to be taken to >50%
- 350 employees under ESOP scheme, which may go to 800 in Q2 itself

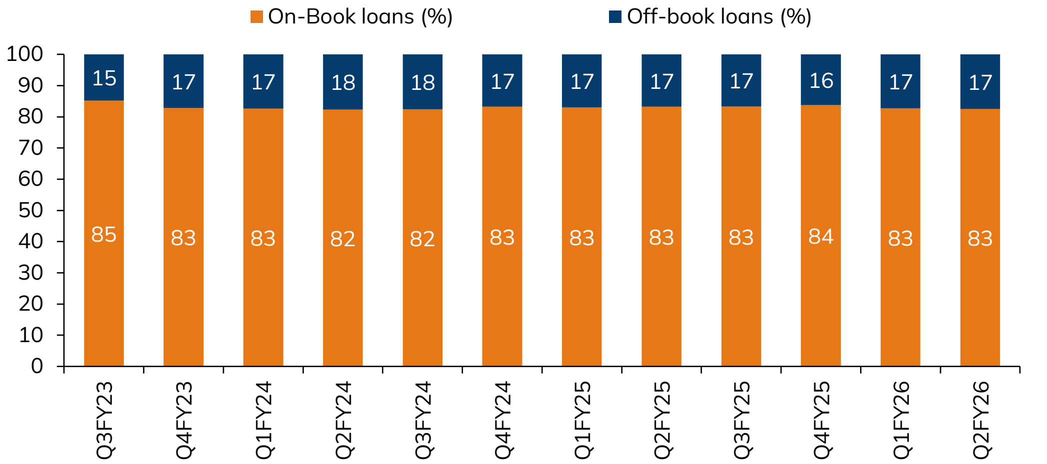
Balance transfer

- BT-out remains rangebound between 5-6%; currently, it is near the lower end
- Maximum BT-out happens within 24-30 months of loan tenure

Return ratios

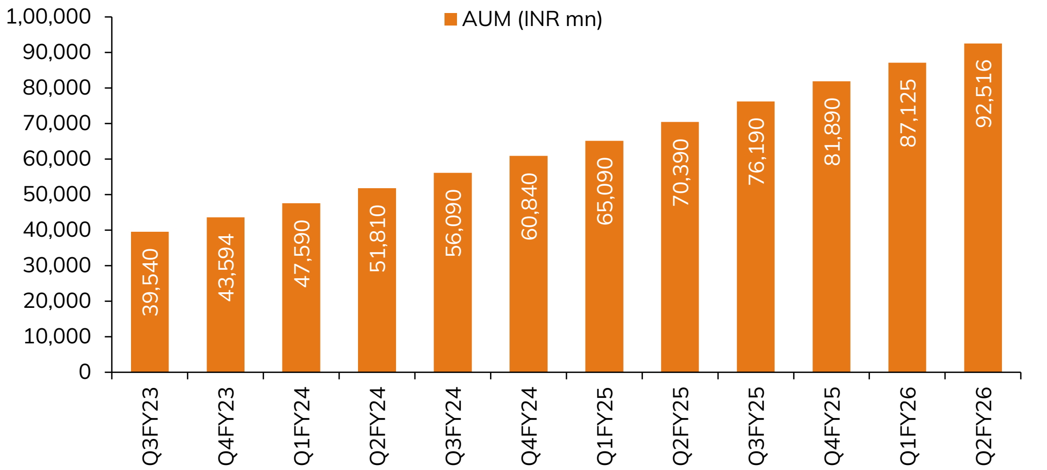
- RoA up 20bps QoQ
- RoE crossed 17% for the first time since listing
- Leverage is 2.9x currently

Exhibit 2: Off-book loan share steady in the range of 16-18%



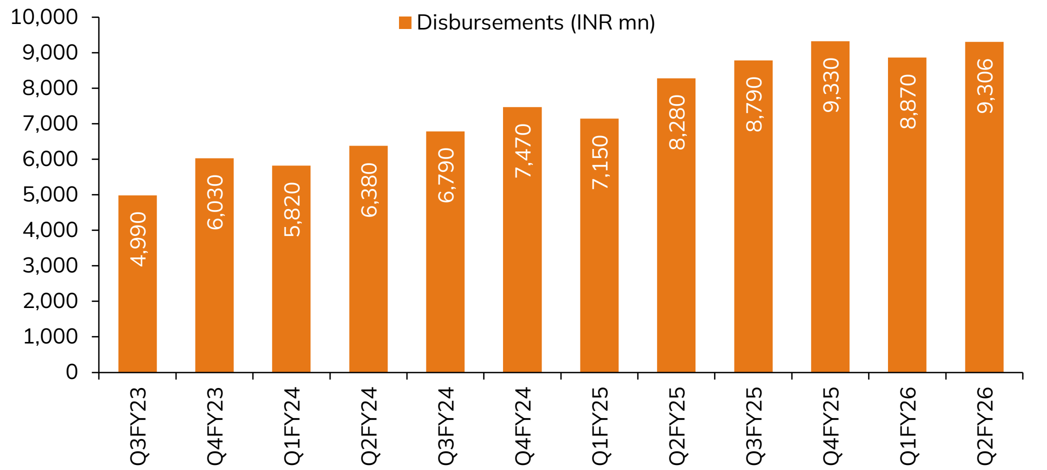
Source: Company data, I-Sec research

Exhibit 3: AUM sees gradual and consistent uptick



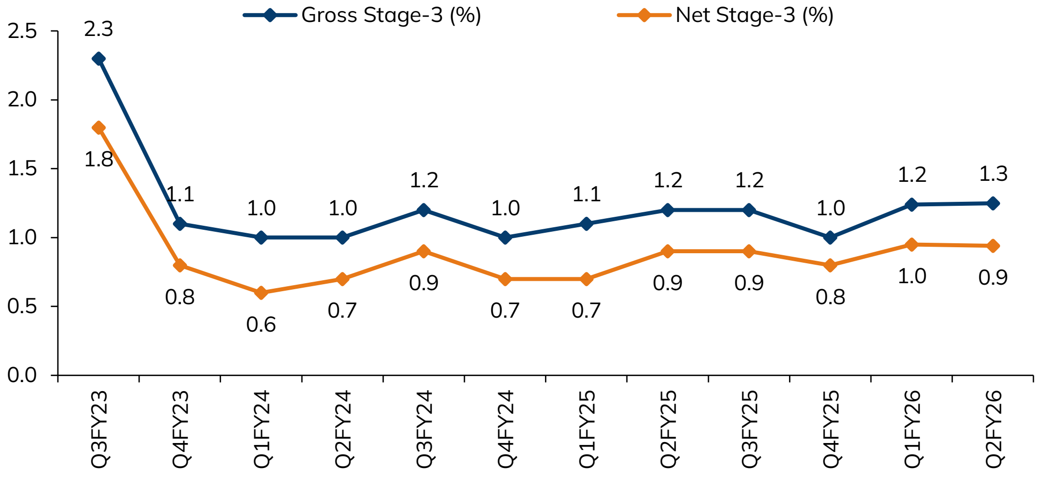
Source: Company data, I-Sec research

Exhibit 4: Disbursements grew 5% QoQ post Q1 seasonality



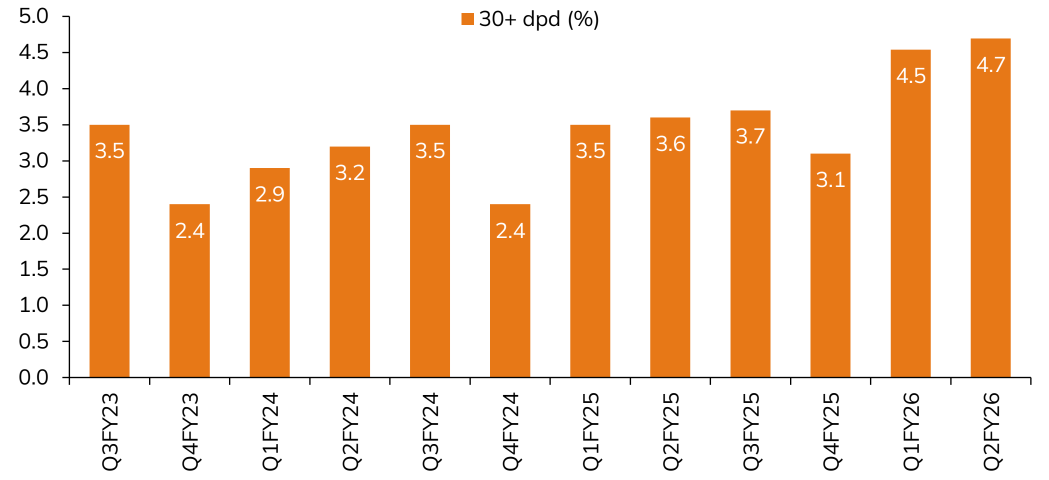
Source: Company data, I-Sec research

Exhibit 5: Gross Stage 3 deteriorated QoQ and NNPA largely stable



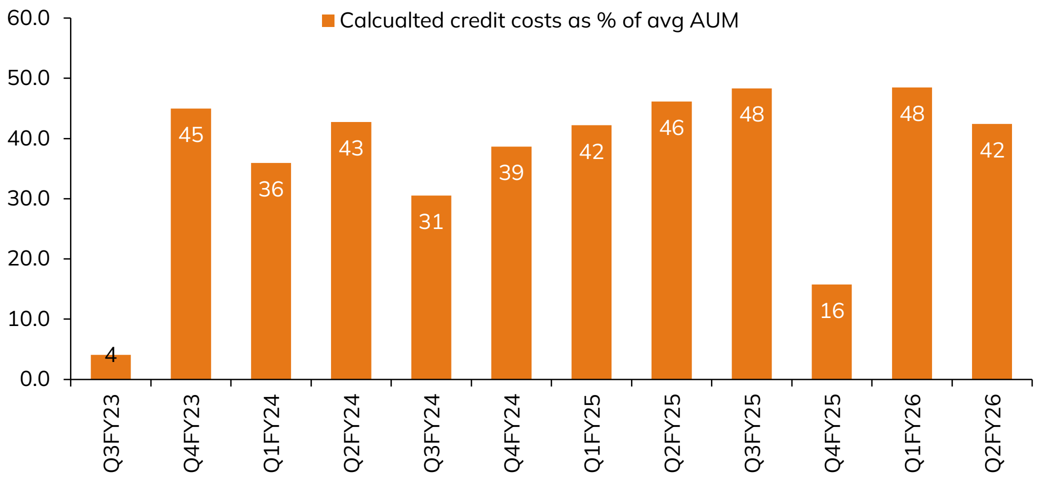
Source: Company data, I-Sec research

Exhibit 6: 30+ DPD increased ~20bps QoQ and stood at 4.7%



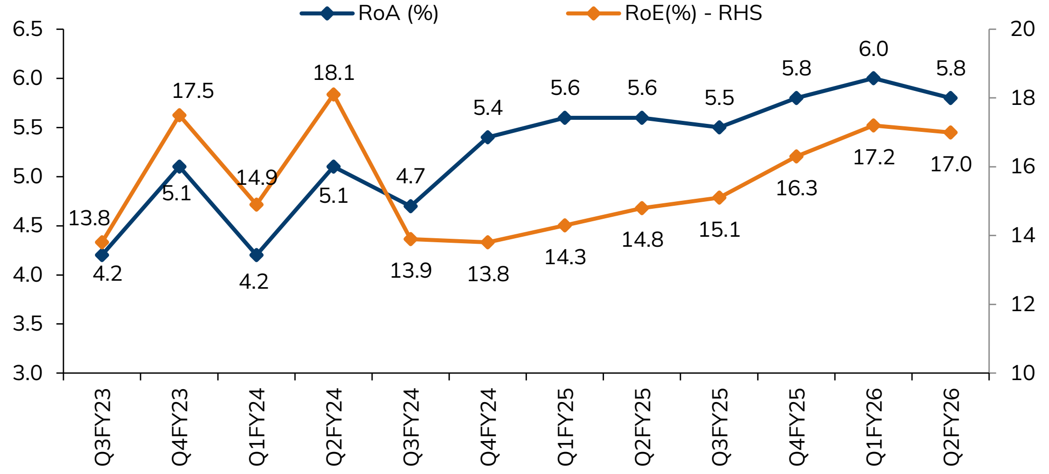
Source: Company data, I-Sec research

Exhibit 7: Credit cost at 42bps, largely within the guided range



Source: Company data, I-Sec research

Exhibit 8: RoA in the range of 5.8-6% for last 3 quarters



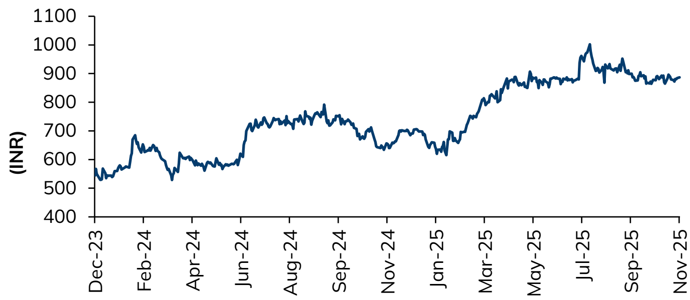
Source: Company data, I-Sec research

Exhibit 9: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	47.9	47.9	47.7
Institutional investors	25.5	25.6	29.0
MFs and others	12.3	11.5	14.7
FIs/Banks	0.8	0.8	0.9
Insurance	5.4	5.4	5.5
FIIs	6.9	8.0	8.0
Others	26.6	26.5	23.3

Source: Bloomberg, I-Sec research

Exhibit 10: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	7,026	9,423	12,644	16,787
Interest Expenses	(2,885)	(3,549)	(5,043)	(6,973)
Net Interest Income (NII)	**4,141**	**5,874**	**7,601**	**9,815**
Other Income	-	-	-	-
Total Income (net of interest expenses)	**5,729**	**8,199**	**10,244**	**13,354**
Employee benefit expenses	(1,794)	(2,291)	(2,447)	(2,916)
Depreciation and amortization	(99)	(116)	(139)	(167)
Other operating expenses	(452)	(647)	(1,256)	(1,992)
Total Operating Expense	(2,345)	(3,054)	(3,842)	(5,075)
Pre Provisioning Profits (PPoP)	3,384	5,145	6,403	8,280
Provisions and write offs	**(192)**	**(264)**	**(281)**	**(551)**
Profit before tax (PBT)	**3,192**	**4,881**	**6,122**	**7,729**
Total tax expenses	(716)	(1,110)	(1,413)	(1,784)
Profit after tax (PAT)	**2,476**	**3,770**	**4,709**	**5,945**

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	535	539	539	539
Reserves & surplus	22,451	26,529	31,237	37,183
Shareholders' funds	**22,987**	**27,068**	**31,777**	**37,722**
Borrowings	**34,151**	**49,691**	**72,707**	**100,929**
Provisions & Other Liabilities	804	697	871	796
Total Liabilities and Stakeholder's Equity	**57,942**	**77,456**	**105,355**	**139,447**
Cash and balance with RBI	3,777	3,291	8,283	11,076
Fixed assets	**295**	**283**	**297**	**312**
Loans	**50,624**	**68,595**	**92,030**	**123,063**
Investments	1,578	3,273	2,618	2,749
Deferred tax assets (net)	31	62	66	69
Other Assets	1,637	1,952	2,061	2,179
Total Assets	**57,942**	**77,456**	**105,355**	**139,447**

Source Company data, I-Sec research

ICICI Securities

Exhibit 13: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	60,840	81,892	109,871	146,920
On-book Loans	50,624	68,595	92,030	123,063
Off-book Loans	10,216	13,297	17,840	23,856
Disbursements	26,460	33,550	45,225	60,182
Repayments	9,617	13,419	17,247	23,133
Growth (%):				
Total AUM (%)	**39.6**	**34.6**	**34.2**	**33.7**
Disbursements (%)	34.7	26.8	34.8	33.1
Repayments (%)	41.8	39.5	28.5	34.1
Loan book (on balance sheet) (%)	40.3	35.5	34.2	33.7
Total Assets (%)	34.9	33.7	36.0	32.4
Net Interest Income (NII) (%)	41.3	41.9	29.4	29.1
Non-interest income (%)	53.7	46.4	13.7	33.9
Total Income (net of interest expenses) (%)	44.5	43.1	24.9	30.4
Operating Expenses (%)	30.0	30.2	25.8	32.1
Employee Cost (%)	33.3	27.7	6.8	19.2
Non-Employee Cost (%)	20.2	43.3	94.0	58.6
Pre provisioning operating profits (PPoP) (%)	56.6	52.1	24.4	29.3
Provisions (%)	36.3	37.8	6.4	95.8
PBT (%)	58.0	52.9	25.4	26.3
PAT (%)	59.4	52.3	24.9	26.3
EPS (%)	30.3	51.1	24.9	26.3
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	9.6	9.9	9.5	9.1
NIM on IEA (%)	**7.3**	**7.8**	**7.5**	**7.1**
NIM on AUM (%)	7.9	8.2	7.9	7.6
Yield on loan assets (%)	16.2	15.8	15.7	15.6
Yield on IEA (%)	12.4	12.6	12.4	12.2
Yield on AUM (%)	13.5	13.2	13.2	13.1
Cost of borrowings (%)	9.0	8.5	8.2	8.0
Interest Spreads (%)	7.2	7.3	7.5	7.6
Operating efficiencies				
Non interest income as % of total income	48.1	50.0	49.7	48.3
Cost to income ratio	**40.9**	**37.2**	**37.5**	**38.0**
Op.costs/avg assets (%)	4.6	4.5	4.2	4.1
Op.costs/avg AUM (%)	4.5	4.3	4.0	4.0
No of branches (x)	223	266	319	380
AUM/ branch (INR mn)	272.8	307.9	344.8	386.2
Capital Structure				
Average gearing ratio (x)	1.5	1.8	2.3	2.7
Leverage (x)	**2.5**	**2.9**	**3.3**	**3.7**
CAR (%)	71.0	60.6	53.8	48.3
Tier 1 CAR (%)	70.5	60.2	53.5	48.1
Tier 2 CAR (%)	0.5	0.4	0.3	0.2
RWA (estimate) - INR mn	30,814	41,527	55,541	74,146
RWA as a % of loan assets	60.9	60.5	60.4	60.2

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	1.0	1.0	1.1	1.2
NNPA (%)	0.7	0.8	0.8	0.9
GNPA (INR mn)	501	694	1,012	1,477
NNPA (INR mn)	376	523	763	1,113
Coverage ratio (%)	25.0	24.6	24.6	24.6
Credit Costs as a % of avg AUM (bps)	37	37	29	43
Credit Costs as a % of avg on book loans (bps)	44	44	35	51
Return ratios				
RoAA (%)	4.9	5.6	5.2	4.9
RoAE (%)	14.0	15.1	16.0	17.1
ROAAUM (%)	4.7	5.3	4.9	4.6
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	107	108	108	108
No of shares (fully diluted)	107	108	108	108
EPS (INR)	23.1	34.9	43.6	55.1
EPS fully diluted (INR)	23.1	34.9	43.6	55.1
Price to Earnings (x)	38.4	25.4	20.4	16.1
Price to Earnings (fully diluted) (x)	38.4	25.4	20.4	16.1
Book Value (fully diluted)	215	251	295	350
Adjusted book value	212	247	289	342
Price to Book	4.1	3.5	3.0	2.5
Price to Adjusted Book	4.2	3.6	3.1	2.6
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 14: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	50,449	67,699	91,405	122,401
Average Loans (INR mn)	43,358	59,609	80,312	107,547
Average Equity (INR mn)	17,696	25,027	29,423	34,750
Interest earned (%)	13.9	13.9	13.8	13.7
Interest expended (%)	5.7	5.2	5.5	5.7
Gross Interest Spread (%)	8.2	8.7	8.3	8.0
Credit cost (%)	**0.4**	**0.4**	**0.3**	**0.4**
Net Interest Spread (%)	7.8	8.3	8.0	7.6
Operating cost (%)	**4.6**	**4.5**	**4.2**	**4.1**
Lending spread (%)	3.2	3.8	3.8	3.4
Non interest income (%)	**3.1**	**3.4**	**2.9**	**2.9**
Operating Spread (%)	6.3	7.2	6.7	6.3
Tax rate (%)	**22.4**	**22.7**	**23.1**	**23.1**
ROAA (%)	4.9	5.6	5.2	4.9
Effective leverage (AA/ AE)	**2.9**	**2.7**	**3.1**	**3.5**
RoAE (%)	14.0	15.1	16.0	17.1

Source Company data, I-Sec research

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