

07 November 2025

India | Equity Research | Results Update

Fusion Finance

Financial Services

Improvement across businesses; path to profitability enhancement may be gradual

Post the management change in Mar'25 with Mr. Sanjay Garyali taking the charge as CEO of Fusion Finance, the company has focused on building blocks for a sustainable and resilient portfolio. Credit cost moderating for fourth consecutive quarter to 6% vs. 8.6% QoQ vs. 23% YoY, net flow forward into PAR0+ stabilising at 0.5-0.6% since Mar'25, new book CE at 99.5%, indicate its new initiatives are yielding positive results. With its calibrated disbursements approach by reducing exposure to Fusion+3 borrowers (share fell to 14% by Sep'25 from 18% in Mar'25) and tightened credit filters, approval rates improved gradually to 28% by Sep'25 from 14% in Q1FY26, leading to sustained improvement in disbursements. Q2FY26 disbursements improved to INR 12.98bn vs. INR 9.5bn in Q1FY26 vs. INR 11.6bn in Q4FY25.

Subdued AUM growth in H1FY26 with weak operating income and sticky operating cost (C-I ratio at ~70% since past four quarters) have kept PPOp muted. However, net loss further reduced to INR 221mn vs. INR 923mn in Q1FY26 largely driven by lower provisions. The same also reflects subsiding incremental stressed asset formation. Taking cognisance of improving CE (new book CE at 99.5%, constituting ~65% of total AUM as on Sep'25), it expects disbursements to normalise (monthly disbursements higher than repayments) by Dec'25 or Jan'26. While incremental book quality is better, weak operating profits could keep overall earnings under pressure in near term. However, we believe current valuation factors in subdued near-term earnings, trading at 1.0x PBV FY27E BVPS with encouraging signs of new initiatives yielding positive outcomes. We maintain **BUY** with an unchanged TP of INR 225, valuing the stock at 1.2x Sep'26E BVPS.

New net PAR accretion at 0.60% is stable since past three quarters; lower write-offs driving credit cost improvement

Separate collection vertical, tighter credit norms since Sep'24 and improving forward flows led to a reduction in credit cost for fourth straight quarter – Q2FY26 total provision fell to INR 1.1bn vs. INR 1.8bn QoQ vs. INR 2.5bn in Q4FY25. While credit cost still remained elevated at 6% in Q2FY25, the figure is at its FY25-lowest. With net forward settling at 0.6%, new book CE at 99.5% (65% of loans) and declining write-off at INR 2.5bn in Q2FY26 vs. INR4.9in Q1FY26 vs. INR 9.2bn in Q4FY25, it expects credit cost to further moderate going ahead.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (INR)	13,011	12,904	10,986	11,955
PAT (INR mn)	5,053	(12,245)	273	1,076
EPS (INR)	50.2	(121.7)	2.1	6.7
% Chg YoY	30.2	(342.3)	(101.7)	220.1
P/E (x)	3.4	(1.4)	82.5	25.8
P/BV (x)	0.6	1.0	1.1	1.1
Gross Stage - 3 (%)	2.9	7.9	5.0	4.0
RoAA (%)	4.8	(12.2)	0.3	1.3
RoAE (%)	19.5	(54.5)	1.5	4.5

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Market Data

Market Cap (INR)	24bn
Market Cap (USD)	265mn
Bloomberg Code	FUSION IN
Reuters Code	FUSN.BO
52-week Range (INR)	215 /124
Free Float (%)	42.0
ADTV-3M (mn) (USD)	0.8

Price Performance (%)	3m	6m	12m
Absolute	11.9	9.4	(16.6)
Relative to Sensex	8.5	6.1	(20.2)

ESG Score	2024	2025	Change
ESG score	75.6	70.8	(4.8)
Environment	47.0	54.3	7.3
Social	76.6	79.1	(4.8)
Governance	85.1	69.7	(15.4)

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	(60)	(51)

Previous Reports

04-10-2025: [NBFCs Q2FY26 preview](#)

26-05-2025: [Q4FY25 results review](#)

Q2FY26 performance: Disbursements inch up QoQ, but AUM growth is yet to pick up; credit cost at 6-quarter low

Fusion reported 6th consecutive quarter of loss, but the quantum has come down significantly to INR 221mn. On financial performance front, operating profit improved 3% QoQ to INR 890mn, aided by higher other income on account of better recoveries from written-off accounts. However, higher credit cost led to net loss. Despite loss, Fusion's credit cost trajectory has been improving with 4th consecutive quarter of decline. AUM growth continues to descend due to elevated repayments, while disbursements inch up 37% QoQ.

Credit cost at 4-quarter low; CE (POS) up ~20bps QoQ to ~98.87%

Credit cost improved for 4th consecutive quarter to 6.8% (annualised) vs. 9.2% QoQ and >20% in FY25. Higher CE QoQ and rangebound net forward flows are aiding improvement in credit cost since past few quarters. However, ECL provisions as a % of AUM declined QoQ with stage-2 coverage at 69.9% (71.2% QoQ), stage-3 coverage at 92.1% (96.6% QoQ) and overall, provisions as a % of AUM at 7.0% (8.2% QoQ). Fusion has utilised INR 0.15bn of management overlay during Q2, and hence, INR 0.45bn is now outstanding management overlay, which it will constructively release over the next few quarters. Going ahead, on a steady-state basis, it expects credit cost of 3.5%.

CE on portfolio outstanding (POS) stood at ~98.87% vs. 98.65% QoQ, up ~20bps. Moreover, CE on new book, which is ~65% in value terms is ~99.5%. Also, current bucket to >PAR 0 accretion on net basis has largely been stable in the range of 54-60bps since past three quarters. Overleveraging among its customer base has also been falling, which stood at 13.9% as of Sep'25 vs. 17.6% QoQ and much lower from 31.5% as of FY24-end. Contribution in overall portfolio for Fusion +>=3 is 10.8%, of which 7% customers are in current bucket.

Disbursements improve QoQ, but AUM growth is yet to pick up

AUM continues to decelerate, falling further 8% QoQ and is now down 39% YoY. However, disbursements have inched up 37% QoQ to INR 12.98bn and this was the first quarter of sequential disbursements uptick in the past four quarters and post management rejig. Disbursements are spread across geographies with UP's share at 27%, followed by Bihar at 18%, Odisha at 9% and the balance is from other states.

Despite strong disbursements, Fusion's AUM has fallen due to steady repayment rate, which continues to outpace disbursements as they are still down 22% YoY, despite 37% sequential uptick. Going ahead, management expects disbursements to likely outpace repayments between Dec'25 and Jan'26 and could continue to improve in next calendar year as well. Currently, ~75% of its disbursements are from existing customers, but this is likely to moderate to 60-65% in FY27.

Margins inch up 60bps QoQ, aided by 60bps yield expansion

Fusion's margin came in at 10.9%, up 60bps QoQ in addition to 170bps QoQ expansion in Q1. This expansion is largely driven by 150bps QoQ yield expansion in Q1FY26 and 60bps QoQ margin expansion in Q2FY26 on account of lower interest reversals and gradual inch up in disbursements.

Fusion's cost of borrowing was flat QoQ, despite repo rate cut. However, marginal cost of borrowings for Q2 was lower 40bps QoQ, after a steep uptick in Q1 though it still remains much higher than its overall borrowing cost, and hence, we do not expect much respite on borrowing cost front. Unlike peers, Fusion has not tweaked its lending rates so far but it is evaluating the same, which could provide further impetus to yields.

Key risks: Sustained deceleration in AUM and pressure on credit cost.

Exhibit 1: Q2FY26 result review

(INR mn)	Q2FY26	Q2FY25	% Chg YoY	Q1FY26	% Chg QoQ
Interest Income	4,008	6,916	(42.0)	4,344	(7.7)
Interest Expended	1,343	2,274	(40.9)	1,489	(9.8)
Net interest income (NII)	2,666	4,642	(42.6)	2,855	(6.7)
Other income	319	122	162.1	111	186.1
Total income	2,984	4,764	(37.4)	2,967	0.6
Operating expenses	2,094	1,925	8.8	2,101	(0.3)
-Staff expenses	1,541	1,405	9.7	1,542	(0.0)
-Other expenses	553	520	6.2	559	(1.1)
Operating profit	890	2,838	(68.6)	866	2.8
Total provisions	1,112	6,941	(84.0)	1,789	(37.9)
Profit before tax	(221)	(4,102)	(94.6)	(923)	(76.0)
Profit after tax	(221)	(3,050)	(92.7)	(923)	(76.0)

Key statistics					
AuM (INR mn)	70,380	1,15,710	(39.2)	76,876	(8.4)
Borrowers (in mn)	2.6	3.8	(33.2)	2.9	(10.2)
Calc. Avg ticket size (INR)	27,492	30,211	(9.0)	26,974	1.9

Ratios (%)		bps chg YoY		bps chg QoQ	
Profitability ratios					
Portfolio Yields	21.2	21.5	(30)	20.6	60
Cost of Funds	10.3	10.1	20	10.3	-
NIM	10.3	11.5	(118)	10.3	1
Asset Quality					
Gross NPL ratio	4.6	9.4	(479)	5.4	(82)
Net NPL ratio	0.4	2.4	(202)	0.2	19
PCR	91.8	74.5	1,729	96.5	(474)
Business & Other Ratios					
Cost-income ratio	70.2	40.4	2,976	70.8	(63)
CAR	31.3	24.4	691	29.5	179

Source: Company data, I-Sec research

Q2FY26 earnings conference call takeaways**AUM and disbursements**

- Expects disbursements to outpace repayments between Dec'25 and Jan'26 and continue this trend in next calendar year as well. Hence, it has called the second tranche of capital as well.
- Seeing continuous improvement in disbursements.
- New disbursements' focus is largely on unique to Fusion and Fusion +1 customer base.
- Recent rationalisation of GST rates has improved affordability and sentiment in rural areas.
- Q2 disbursements mix:
 - o 75% of Q2 disbursements were to existing customers.
 - o 13-14% new to credit.
 - o 11-12% new to Fusion.
- For next 1-1.5 quarters, ~75% of incremental disbursements will be tilted towards existing customers.
- **60-65% of incremental disbursements should be from Fusion customers post Q4.**
- In the past, Fusion has noticed that new to credit behaves quite well. If it is deciding to scale up, then focus should be on expanding new to credit.

Asset quality

- **CE on portfolio outstanding (POS) at ~98.87% vs. 98.65% QoQ, up ~20bps QoQ and as a result, overall credit cost has come down QoQ.**
- Approval rates have now improved QoQ to 27% aided by strong on-ground intelligence and better field productivity.
- Credit cost at INR 1.11bn, equivalent to 1.7% of on-book loans.
- Credit cost fell for 4th consecutive quarter; company envisages credit cost trending lower.
- Considering forward flow rates of 600bps and with 50-55% being written-off during the year, credit cost can be around 300-325bps
- **Expect credit cost to be around 350bps going ahead**
- **Stage-2 + stage-3 PCR at ~85%.**
- Efficiencies in 90+dpd, improvement in write-back and X-bucket CE have led to improvement in asset quality.
- CE at 98.5% with new book CE at 99.5%, which is ~65% of overall book in terms of value.
- **New book CE at 99.47%.**
- **Monthly forward flows in the range of 50-60bps from standard portfolio. Roll-back has come down by 15bps QoQ, despite overall improvement in CE. This was more to do with festivals, floods and not any specific issue.**
- UP CE continues to be above the country CE by ~15bps.
- Certain parts of UP adjoining Uttarakhand and Eastern UP were impacted a little, but this is not worrisome.
- **First bucket CE roll back rates are >60%, but this is around 10-12% lower than industry.**
- **W/off of INR 2.46bn during Q2 and released INR 0.15bn of management overlay.**
- Total incremental provision including w-off is INR 1.26bn without management overlay.
- **INR 0.45bn is o/s management overlay. It will constructively over the next few quarters continue to release management overlay.**
- W/off recovery at INR 130mn and classified under other operating revenue from this quarter onwards
- **MFI write-off policy is 180 days overdue.**

Operating expenses

- **Most of the branch closures over the past two quarters were largely in the top 3 states.**
- **Employee base has fallen from ~15,600 to ~13,600 QoQ but disbursements have inched up QoQ, demonstrating productivity gains and process efficiency.**
- It doesn't envisage adding too many employees from current level.
- **There was a lot of redundancy on the entire on-boarding process, which has now moved to entirely digital.**
- **This will reduce the burden on front-end, and hence, productivity will increase across both the businesses. Moreover, this gives confident on business momentum.**
- However, there has not been any significant reduction in opex despite the decline in employee base as most of it happened during Q2, and hence, the benefit should be visible in Q3.
- Rise in opex to assets QoQ was due to a decline in AUM.
- It is streamlining cost, and thereby, enhancing productivity.

Margins and borrowing cost

- It has not increased lending rates so far, but it is evaluating the same.
- Interest reversal for the quarter was INR 190-200mn excluding write-off.
- Margins improved QoQ driven by improved asset quality and lower non-recognition of interest income on delinquencies.
- **Marginal cost of borrowings is likely to decline further QoQ.**
- INR 4.45bn out of INR 14bn incremental borrowings (apart from ECB) is variable.

Liquidity and capital

- Enough headroom to grow MFI as well as MSME verticals with CRAR at >31%.
- **Completion of partly paid rights issue along with internal accruals has further strengthened capital adequacy.**
- Raised INR 18bn of borrowings in H1FY26.
- Remains comfortably placed with liquidity of INR 8.92bn.

Margins and fee income

- IRDA has approved corporate agency license in Oct'25.

Q1FY26 earnings conference call takeaways

Opening remarks

- FY26 has begun on a strong moat for Fusion
- Credit cost has moderated and collections remain robust
- With renewed confident and sharper execution, it is now seeing signs of recovery
- Losses have narrowed driven by lower credit cost and improvement in margins. However, operating expenses continues to remain elevated.
- This was the first full quarter of New MD & CEO at Fusion and improvement seen since last quarter has continued.

AUM and Disbursements

- Q1 disbursements remained robust at INR 9.5bn, despite slow disbursements in April
- **Disbursed over INR 4bn in July**
- **Fusion + 0 and Fusion + 1 contributed 40% of July disbursements**
- **Looking at ~10% higher disbursements in August vs. July**
- 76% of its disbursements were towards existing customers
- Disbursements target by FY26-end: 65% existing to Fusion and 35% New to Fusion/New to Credit (equally divided)
- **Don't see structural issue in any states apart from AP and Telangana and hence identified these 2 states as REDUCE states**
- Entire guard rail backtesting is being done at the back-end
- Approval rate at 21.8% in July and Industry approval rate is 28-30%. Fusion was lacking on approval date, due to limited tech capabilities, which it is enhancing now.

- Confident that all participants in MFI (Banks/NBFCs) have agreed to following the MFIN guard rails. Hence, now, it can take the risk of increasing ATS since now the customer won't add new loan from new lender beyond the MFIN guard rail norms.

Asset quality

- Credit cost has steadily declined QoQ from Q3FY25 onwards
- **Credit cost will come significantly down**
- **Over next 1-2 quarters, significant impact on profitability will come from reduction in credit cost**
- **Profits could happen quicker than expected and moving to profitability path very soon**
- Maintain Stage-3 provisions at 97% and NNPA at 0.19%
- **X bucket CE in July is similar to June across states, which is close to around 98.5% and same is true for net roll forward rate**
- **Confident that there will be further improvement in bucket 0 and bucket 1 in Q2 and hence flow forward rates are expected to reduce**
- Still continue to hold INR 600mn of management overlay, which it will be releasing in a calibrated manner in future, basis some internal targets
- It is figuring on how to strengthen center meeting concept

Operating expenses

- Cost to Income was 70.81%, marginally higher QoQ due to portfolio contraction and non-recognition of income on incremental Stage-3 assets
- **Cost will not go up linearly, as disbursements pick-up. Hence, operating leverage will be seen in subsequent quarters**
- **Don't see any heightened rise in cost, due to increase in disbursements**
- O/s per field officer will be the key metric to watch out for
- It is looking that how do they better utilize the people and restrict them to the work area, which they are good at.
- It is currently holding back new to credit, which is likely to accelerate in coming quarters

Liquidity and Capital

- Raised INR 12.2bn borrowings between Jan to July
- Tenure for incremental borrowings is ~18 months
- CRAR strong at 29.52%, post successful completion of partly paid-up rights issue
- For Q1FY26, on track for similar waiver from lenders, which is either received or in process

Margins and fee income

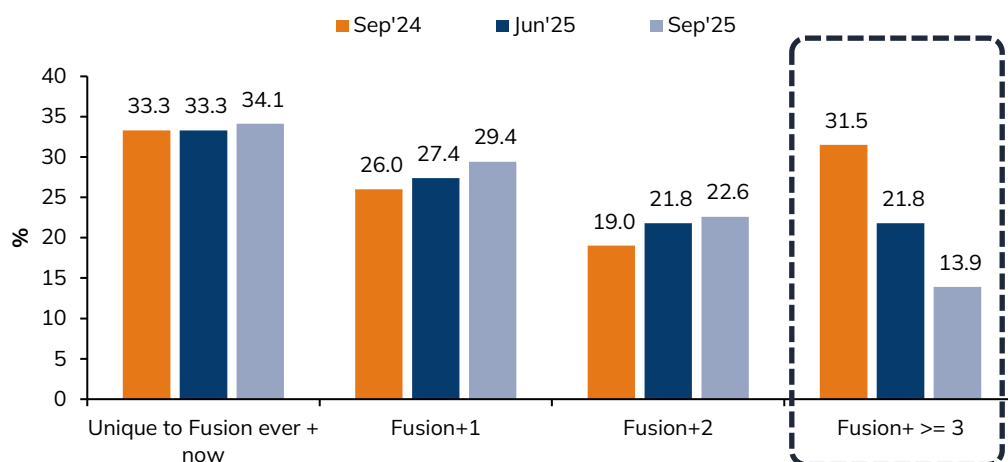
- Yields inched up QoQ, due to higher yielding portfolio and less interest reversals
- **Margins guidance at 10.25-10.5 (+/-25bps)**
- Levers for margins:
 - o Interest reversals – this is drastically coming down

- o Incremental disbursements - interest income on fresh disbursements has improved from May and full impact should be seen in Q2
- o Cost of borrowings – this has stabilised and don't see too much pressure on borrowing cost
- It has applied for corporate agency license

Advances

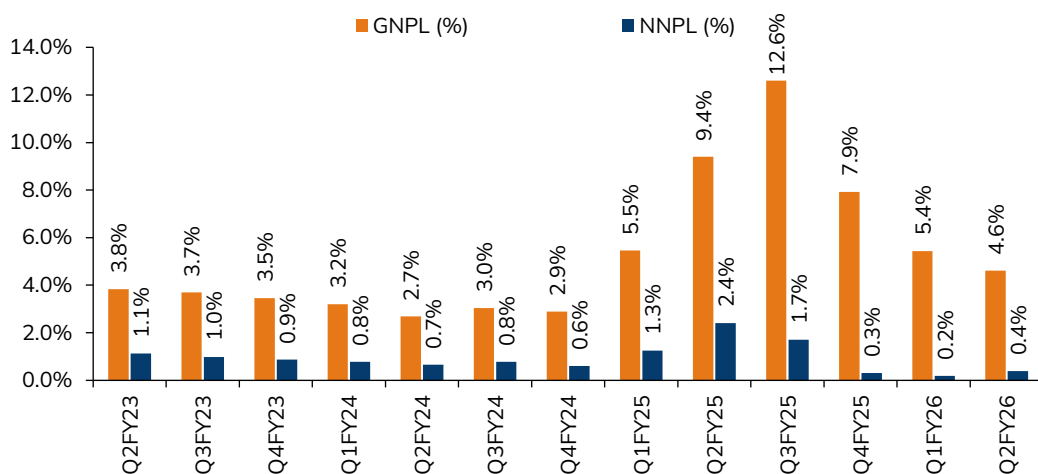
- Implementation of MFIN guard rails made on-boarding more stringent which led to 14% sequential decline in gross advances

Exhibit 2: Customer deleveraging visible

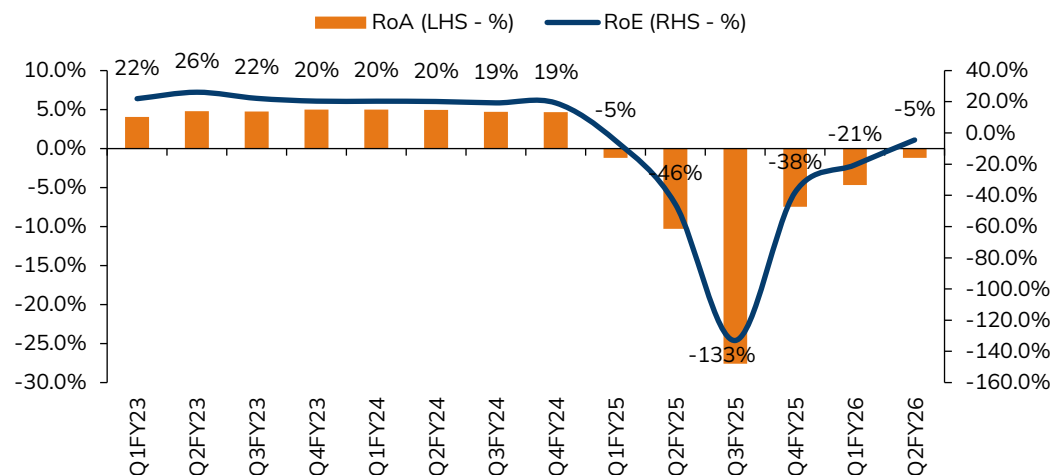


Source: Company data, I-Sec research

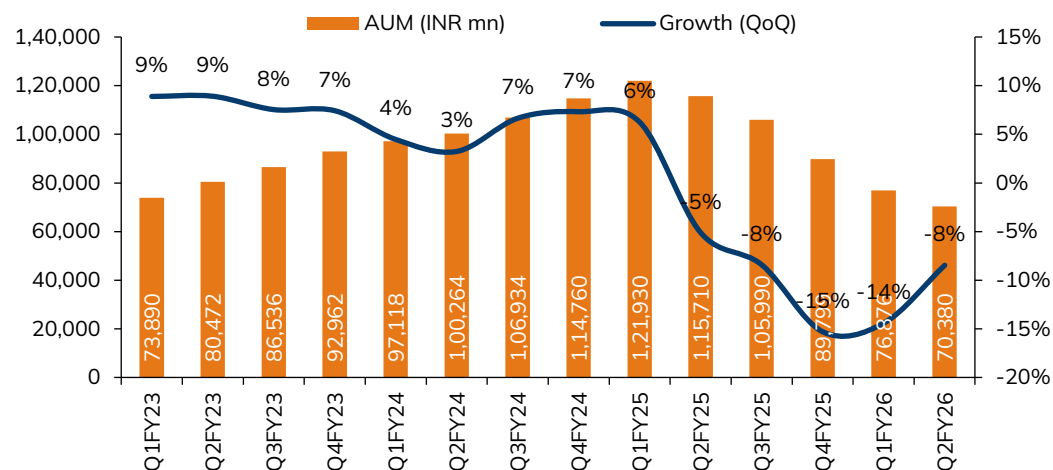
Exhibit 3: Gross NPA moderates for 3rd consecutive quarter



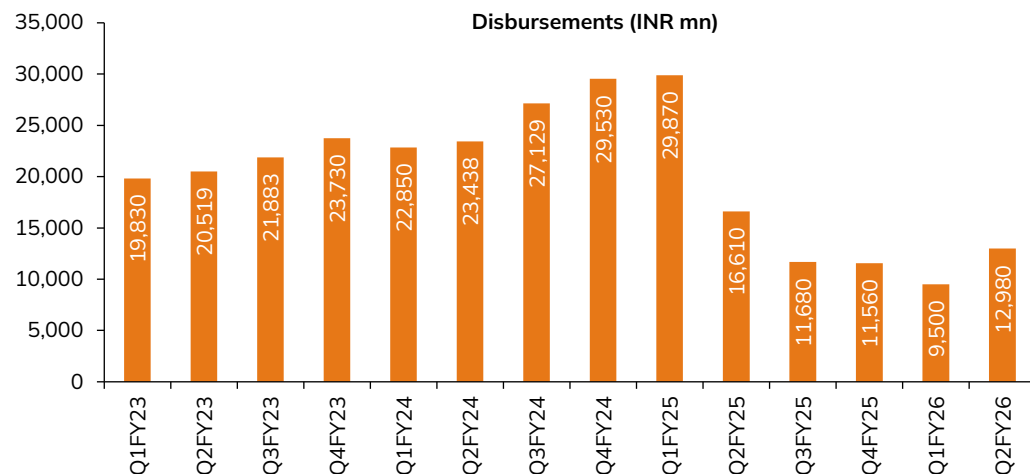
Source: Company data, I-Sec research

Exhibit 4: Return ratios continue to be in negative territory, due to losses

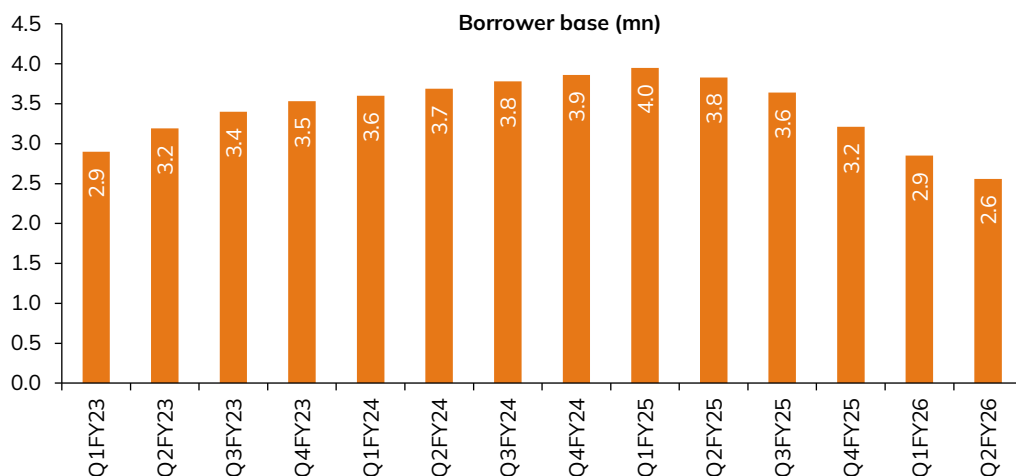
Source: Company data, I-Sec research

Exhibit 5: AUM growth yet to pick up as repayments outweigh disbursements

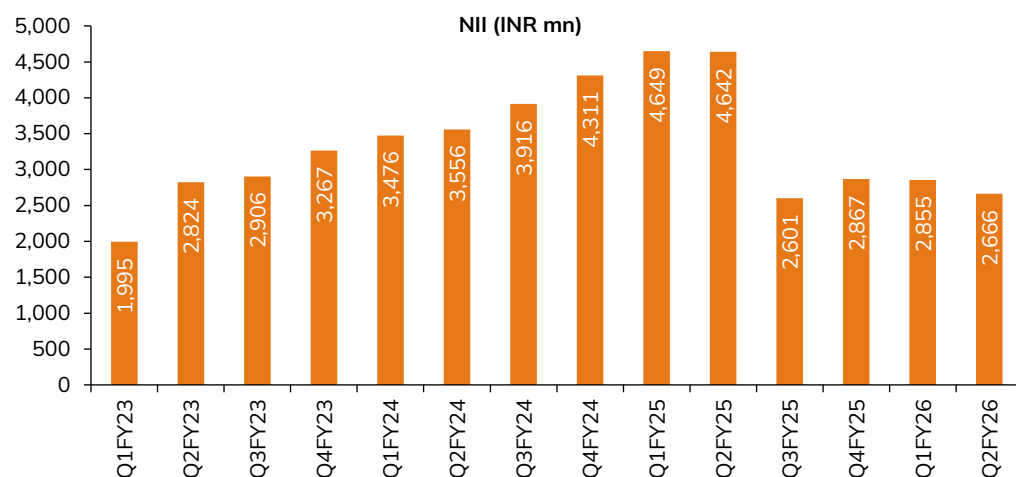
Source: Company data, I-Sec research

Exhibit 6: Disbursements inch up for the first time in past 4 quarters

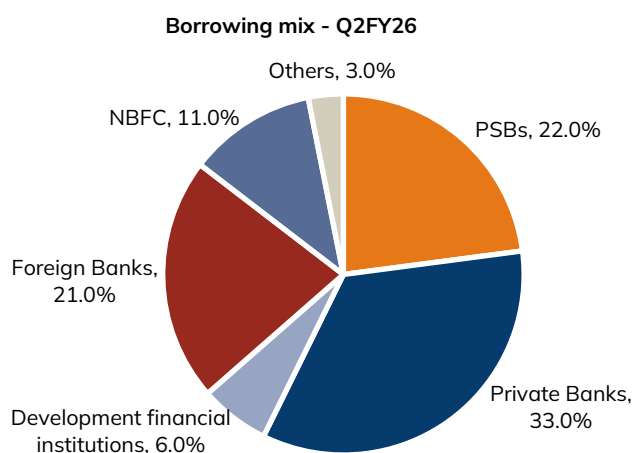
Source: Company data, I-Sec research

Exhibit 7: Borrower base continues to shrink QoQ


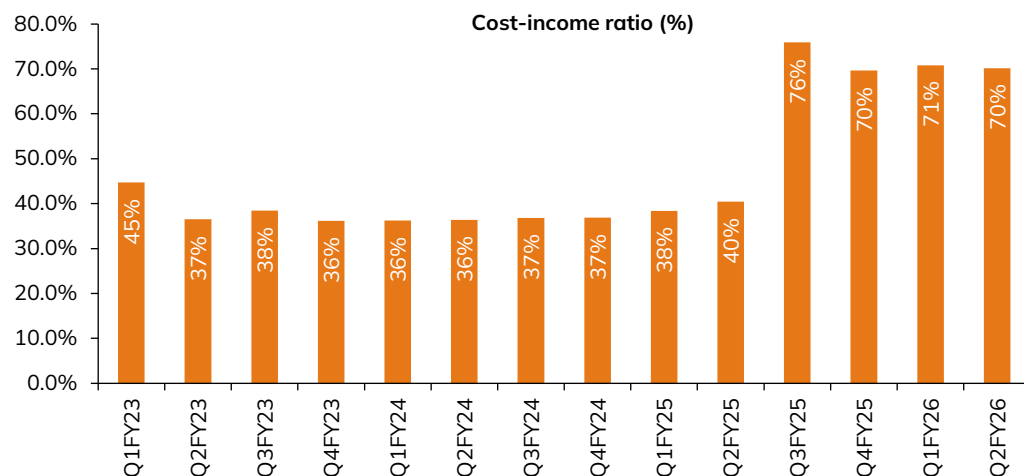
Source: Company data, I-Sec research

Exhibit 8: NII moderates due to AUM decline


Source: Company data, I-Sec research

Exhibit 9: Bank borrowing remains the major source of funding with >50% share


Source: Company data, I-Sec research

Exhibit 10: Cost to income elevated due to lower income

Source: Company data, I-Sec research

Exhibit 11: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	55.2	55.0	55.0
Institutional investors	18.8	15.5	15.8
MFs and other	10.8	8.1	7.3
FIs/ Banks	0.0	2.8	3.0
Insurance Cos.	2.2	1.6	1.6
FIIIs	5.8	3.0	3.9
Others	26.0	29.5	29.2

Source: Bloomberg, I-Sec research

Exhibit 12: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 13: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	20,919	21,342	17,117	18,404
Net gain on fair value changes	-	-	-	-
Interest Expenses	(7,908)	(8,439)	(6,131)	(6,449)
Net Interest Income (NII)	13,011	12,904	10,986	11,955
Other Income	3,205	2,347	1,945	2,072
Total Income (net of interest expenses)	16,216	15,250	12,931	14,027
Employee benefit expenses	(4,312)	(5,732)	(6,592)	(7,581)
Depreciation and amortization	(90)	(117)	(71)	(69)
Fee and commission expenses	-	-	-	-
Other operating expenses	(1,532)	(2,037)	(2,038)	(2,160)
Total Operating Expense	(5,935)	(7,886)	(8,701)	(9,811)
Pre Provisioning Profits (PPoP)	10,281	7,365	4,231	4,216
Provisions and write offs	(3,649)	(18,695)	(3,872)	(2,801)
Profit before tax (PBT)	6,633	(11,330)	359	1,416
Total tax expenses	(1,580)	(915)	(86)	(340)
Profit after tax (PAT)	5,053	(12,245)	273	1,076

Source Company data, I-Sec research

Exhibit 14: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	1,006	1,007	1,312	1,617
Reserves & surplus	27,475	15,427	19,699	24,775
Shareholders' funds	28,482	16,433	21,011	26,393
Borrowings	87,923	65,282	51,501	60,655
Provisions & Other Liabilities	1,339	1,211	1,211	1,211
Deferred tax liabilities (net)	-	-	-	-
Current Liabilities and short-term provisions	-	-	-	-
Total Liabilities and Stakeholder's Equity	117,743	82,927	73,724	88,259
Cash and balance with RBI	15,532	8,531	7,557	8,959
Fixed assets	224	154	162	170
Loans	99,479	72,612	62,971	74,656
Investments	-	-	-	-
Deferred tax assets (net)	917	-	-	-
Current Assets including cash and bank	-	-	-	-
Other Assets	1,592	1,630	3,034	4,473
Total Assets	117,743	82,927	73,724	88,259

Source Company data, I-Sec research

Exhibit 15: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	114,760	89,799	73,223	86,810
On-book Loans	114,760	89,799	73,223	86,810
Off-book Loans	-	-	-	-
Disbursements	102,940	69,720	62,748	100,397
Sanctions	-	-	-	-
Repayments	81,140	94,681	79,325	86,810
Growth (%):				
Total AUM (%)	23.5	(21.8)	(18.5)	18.6
Disbursements (%)	19.8	(32.3)	(10.0)	60.0
Sanctions (%)	-	-	-	-
Repayments (%)	33.3	16.7	(16.2)	9.4
Loan book (on balance sheet) (%)	23.5	(21.8)	(18.5)	18.6
Total Assets (%)	25.7	(29.6)	(11.1)	19.7
Net Interest Income (NII) (%)	35.9	(0.8)	(14.9)	8.8
Non-interest income (%)	60.4	(26.8)	(17.1)	6.5
Total Income (net of interest expenses) (%)	40.1	(6.0)	(15.2)	8.5
Operating Expenses (%)	33.4	32.9	10.3	12.8
Employee Cost (%)	32.5	32.9	15.0	15.0
Non-Employee Cost (%)	36.9	32.9	0.1	6.0
Pre provisioning operating profits (PPoP) (%)	44.3	(28.4)	(42.6)	(0.3)
Provisions (%)	82.1	412.4	(79.3)	(27.7)
PBT (%)	29.5	(270.8)	(103.2)	294.6
PAT (%)	30.5	(342.3)	(102.2)	294.6
EPS (%)	30.2	(342.3)	(101.7)	220.1
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	12.5	12.6	13.5	14.9
NIM on IEA (%)	11.1	11.3	12.3	13.5
NIM on AUM (%)	12.5	12.6	13.5	14.9
Yield on loan assets (%)	20.1	20.9	21.0	23.0
Yield on IEA (%)	17.9	18.7	19.1	20.8
Yield on AUM (%)	20.1	20.9	21.0	23.0
Cost of borrowings (%)	10.0	11.0	10.5	11.5
Interest Spreads (%)	10.1	9.9	10.5	11.5
Operating efficiencies				
Non interest income as % of total income	53.9	54.5	57.6	58.4
Cost to income ratio	36.6	51.7	67.3	69.9
Op.costs/avg assets (%)	5.6	7.9	11.1	12.1
Op.costs/avg AUM (%)	5.7	7.7	10.7	12.3
No of employees (estimate) (x)	13,807	-	-	-
No of branches (x)	1,297	1,398	-	-
Salaries as % of non-interest costs (%)	72.7	72.7	75.8	77.3
NII /employee (INR mn)	0.9	-	-	-
AUM/employee(INR mn)	8.3	-	-	-
AUM/ branch (INR mn)	88.5	64.2	-	-
Capital Structure				
Average gearing ratio (x)	3.1	4.0	2.5	2.3
Leverage (x)	4.1	5.0	3.5	3.3
CAR (%)	23.7	17.7	22.8	21.5
Tier 1 CAR (%)	22.7	16.4	21.4	20.5
Tier 2 CAR (%)	1.0	1.3	1.4	1.0
RWA (estimate) - INR mn	121,256	93,941	91,867	120,977
RWA as a % of loan assets	121.9	129.4	145.9	162.0

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	2.9	7.9	5.0	4.0
NNPA (%)	0.6	0.3	0.8	0.8
GNPA (INR mn)	3,317	7,112	3,661	3,472
NNPA (INR mn)	689	269	586	694
Coverage ratio (%)	79.2	96.2	84.0	80.0
Credit Costs as a % of avg AUM (bps)	351	1,828	475	350
Credit Costs as a % of avg on book loans (bps)	351	1,828	475	350
Return ratios				
RoAA (%)	4.8	(12.2)	0.3	1.3
RoAE (%)	19.5	(54.5)	1.5	4.5
ROAAUM (%)	4.9	(12.0)	0.3	1.3
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	101	101	131	162
No of shares (fully diluted)	101	101	131	162
ESOP Outstanding	-	-	-	-
EPS (INR)	50.2	(121.7)	2.1	6.7
EPS fully diluted (INR)	50.2	(121.7)	2.1	6.7
Price to Earnings (x)	3.4	(1.4)	82.5	25.8
Price to Earnings (fully diluted) (x)	3.4	(1.4)	82.5	25.8
Book Value (fully diluted)	283	163	160	163
Adjusted book value	278	161	157	160
Price to Book	0.6	1.0	1.1	1.1
Price to Adjusted Book	0.6	1.1	1.1	1.1
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 16: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	105,689	100,335	78,325	80,991
Average Loans (INR mn)	89,947	86,045	67,791	68,814
Average Equity (INR mn)	25,850	22,457	18,722	23,702
Interest earned (%)	19.8	21.3	21.9	22.7
Net gain on fair value changes (%)	-	-	-	-
Interest expended (%)	7.5	8.4	7.8	8.0
Gross Interest Spread (%)	12.3	12.9	14.0	14.8
Credit cost (%)	3.5	18.6	4.9	3.5
Net Interest Spread (%)	8.9	(5.8)	9.1	11.3
Operating cost (%)	5.6	7.9	11.1	12.1
Lending spread (%)	3.2	(13.6)	(2.0)	(0.8)
Non interest income (%)	3.0	2.3	2.5	2.6
Operating Spread (%)	6.3	(11.3)	0.5	1.7
Tax rate (%)	23.8	(8.1)	24.0	24.0
ROAA (%)	4.8	(12.2)	0.3	1.3
Effective leverage (AA/ AE)	4.1	4.5	4.2	3.4
RoAE (%)	19.5	(54.5)	1.5	4.5

Source Company data, I-Sec research

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