

09 November 2025

India | Equity Research | Results update

Cholamandalam Finance

Vehicle Finance

Growth moderation continues in Q2FY26; asset quality shows mixed trend

Cholamandalam Finance's (Chola) Q2FY26 performance was impacted by transitional challenges owing to tariff and GST cuts. Notably, management highlighted that Oct'25 witnessed good recovery both in terms of credit demand and collection, and hence, it expects H2FY26 to be better than H1. AUM growth continued to decelerate to 21% YoY from 24%/27%/31%/33%/35% YoY in Q1FY26/Q4/Q3/Q2/Q1FY25, respectively. Yet, the same is still within the guided range of 20-25% growth in near term. While Chola highlighted it would calibrate AUM growth in the near term and prioritise collections, it sounded confident of delivering 20% growth in FY26.

Management's confidence on improved financial performance in H2FY26 stems from – a) further 10-15bps NIM improvement from current level of 7.9%, b) disbursement pick-up, given H2 is seasonally strong, Oct'25 witnessed a sharp improvement in credit off-take post GST cut, strong traction in gold loan and c) credit cost moderation driven by better recoveries and gradual normalisation in CSEL credit cost over H2FY26. Overall, it expects 10% YoY disbursements growth and >20% AUM growth in FY26 and credit cost to remain around 1.6%. While we believe Chola is well placed to improve its financial performance in H2FY26, current valuation largely captures most positives. Maintain **HOLD** with a revised TP of INR 1,625 (INR 1,430 earlier), valuing the stock at 4.25x (3.75x earlier) Sep'26E BVPS.

Strong volume growth offsets lower ticket size in VF in Oct'25; CSEL segment on road to revive in H2FY26

Management sounded confident of improving disbursements in VF segment during H2FY26 as Oct'25 witnessed 14% volume growth vs. 8% drop in ticket size, thereby, successfully offsetting the deflationary impact of GST cut on vehicle prices. It also highlighted that utilisation level across VF segment has seen improvement in Oct'25 and the same would drive credit cost improvement in H2FY26. Further, post the existing partnership-led disbursements in CSEL segment and taking full control over the process, CSEL is on track to show financial improvement in H2FY26, especially on credit cost front.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)	83,831	112,351	139,421	170,223
PAT (INR mn)	34,228	42,585	51,866	65,231
EPS (INR)	40.7	50.6	61.7	77.5
% Chg YoY	25.6	24.3	21.8	25.8
P/E (x)	41.8	33.7	27.6	22.0
P/BV (x)	7.3	6.1	5.0	4.1
Gross Stage - 3 (%)	2.5	2.9	3.1	3.1
Dividend Yield (%)	-	-	-	-
RoA (%)	2.5	2.4	2.4	2.6
RoE (%)	20.2	19.7	19.8	20.4

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Market Data

Market Cap (INR)	1,434bn
Market Cap (USD)	16,173mn
Bloomberg Code	CIFC IN
Reuters Code	CHLA.BO
52-week Range (INR)	1,782 / 1,168
Free Float (%)	50.0
ADTV-3M (mn) (USD)	26.3

Price Performance (%)	3m	6m	12m
Absolute	14.5	8.2	32.8
Relative to Sensex	11.3	5.2	28.2

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

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
PAT	-	-

Previous Reports

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

02-08-2025: [Q1FY26 results review](#)

Q2FY26 result: RoA steady at 2.2%, NIM expands and credit cost moderates but still higher than historical level

Chola reported stable performance in Q2FY26 with PAT at INR 11.6bn, up 2% QoQ/20% YoY with RoA remaining steady at ~2.2%. However, ROE moderated to 18.1% - lowest in past many quarters due to decelerating growth in recent past. NII saw strong growth of 6% QoQ/25% YoY driven by NIM expansion and 4% QoQ AUM growth. NIM improved ~40bps QoQ to 7.9%, aided by CoF benefit of >30bps during Q2FY26. Management expects another 10–15bps margin improvement in H2 as borrowings reset at lower prices to support reduction in cost of borrowings.

Operating expenses grew 11% QoQ/ 23% YoY, thereby, settling opex/avg AUM at 3.3% vs. 3.1% QoQ vs. flat YoY. Reported credit cost moderates to ~1.7% but still remains elevated vs. 1.4-1.5% levels of FY25 and higher than the guided range of 1.6% in FY26. However, it expects credit cost to improve materially in H2FY26 driven by subsiding stress in vehicle segment and corrective measures in CSEL to start showing results.

Asset quality remained under pressure as GS-3 rose to 3.35% vs. 3.16% QoQ, while NS3 increased to 1.90% vs. 1.78% QoQ. PCR stood at 43.2% vs. 43.7% QoQ. Stress continued to be concentrated in select segments of VF and unsecured segments although management highlighted that credit losses in this segment have likely peaked. Stage 3 assets stood at 4.11% in VF vs. 3.89% QoQ, 2.40% in LAP vs. 2.26% QoQ, 1.85% in HL vs. 1.68% QoQ, and 2.40% in CSEL vs. 2.29% QoQ. Management expects gradual moderation in credit cost through H2FY26 aided by strengthened collections and stabilisation of stage 2 assets. Capital position remains comfortable with CAR at 20% and tier-1 at 14.6%

AUM growth deceleration continued in Q2FY26; however, management is confident of delivering 20% growth in FY26

AUM stood at INR 1991.6bn, up 4%QoQ/21%YoY despite muted disbursements. Disbursements were INR 244.4bn, flat QoQ/YoY, impacted by festive holidays towards the end of Sep'25, delays in loan registration especially in LAP/HL segments and delayed consumption due to GST cut during Aug-Sep'25. Management remains confident of stronger H2 disbursement momentum in vehicle finance portfolio with light/small CV and then shifting the momentum to HCV as capacity utilisation of vehicles have improved in last 30/40 days. Within AUM, vehicle finance (~54% of book) grew 3% QoQ / 17% YoY, while non-VF segments continued to drive growth with LAP (~23% of AUM) growing 5% QoQ / 33% YoY, HL (~10% of book) growing 5% QoQ / 28% YoY, and SME remained healthy. CSEL segment contracted 2% QoQ/YoY as the business is being calibrated to reduce risk. Management reiterated confidence in achieving >20% AUM growth in FY26 supported by >30% growth in mortgage portfolio and >20% growth in non-mortgage portfolio.

New business momentum: Gold loans scaling, SBPL/SME steady; CSEL calibrated

New business initiatives continue to scale well. Gold loans launched last quarter saw disbursements of INR 5bn in Q2, and are expected to ramp up meaningfully in H2 given the strong cross-sell potential across its 4.2mn customer base. SBPL and SME portfolios continued to grow steadily, benefitting from branch co-location. Unsecured business loans under CSEL witnessed higher delinquencies in certain markets coupled with partnership exits peaking credit cost in this segment. Management indicated that CSEL stress has peaked and early-bucket behaviour has begun improving. The company now follows a more conservative risk approach exiting partner sourcing, rebuilding collections and prioritising-owned distribution.

Key risks: 1) Credit cost not normalising to guided level and 2) faster-than-guided AUM growth.

Exhibit 1: Q2FY26 result review

(INR mn)	Q2FY26	Q2FY25	% Chg YoY	Q1FY26	% Chg QoQ
Income statement					
Net interest Income	33,787	27,128	25%	31,838	6%
Add: Other Income	6,959	5,248	33%	6,807	2%
Total Net income	40,746	32,376	26%	38,645	5%
Less: Operating expenses	16,169	13,155	23%	14,528	11%
-Employee benefit expense	10,632	7,947	34%	9,243	15%
-Depreciation & amortisation	704	619	14%	668	5%
-Other expense	4,833	4,590	5%	4,617	5%
Pre-provisioning profit	24,578	19,221	28%	24,117	2%
Less: Provisions & write-offs	8,970	6,235	44%	8,821	2%
PBT	15,608	12,986	20%	15,296	2%
Less: Taxes	4,054	3,356	21%	3,937	3%
PAT	11,553	9,630	20%	11,359	2%
Balance sheet key items					
AUM	19,91,590	16,46,420	21%	19,21,480	4%
Loan assets on balance sheet	19,40,460	16,35,961	19%	18,76,420	3%
Net worth	2,58,950	2,13,645	21%	2,47,150	5%
Borrowings	18,75,150	15,77,943	19%	18,13,040	3%
Asset Quality					
Gross stage 3 (INR mn)	66,270	47,080	41%	60,390	10%
Gross stage 3	3.3%	2.8%	52 bps	3.2%	19 bps
Net stage 3 (INR mn)	37,620	26,130	44%	33,990	11%
Net stage 3	1.9%	1.6%	33 bps	1.8%	12 bps
Credit cost (annualised)	1.8%	1.6%	27 bps	1.9%	-4 bps
Key ratios (annualised)					
Yield on AUM	14.1%	14.4%	-33 bps	14.1%	-3 bps
Cost of funds	7.6%	7.9%	-32 bps	7.8%	-16 bps
NIMs on AUM	6.9%	6.8%	12 bps	6.8%	14 bps
Other income on AUM	1.4%	1.3%	11 bps	1.4%	-3 bps
Cost to income	40%	41%	-96 bps	38%	208 bps
Opex to AUM	3.3%	3.3%	1 bps	3.1%	22 bps
RoA	2.2%	2.2%	-1 bps	2.2%	-5 bps
RoE	18%	18%	-13 bps	19%	-54 bps
Debt to Equity (times)	7.2	7.4	-2%	7.3	-1%
Tier 1	14.6	15.0	-46 bps	14.3	27 bps
CAR	20.0	19.5	50 bps	20.0	3 bps

Source: Company data, I-Sec research

Q2FY26 conference call takeaways

Asset quality

- **CSEL business**
 - o Unsecured business loans under CSEL witnessed higher delinquencies in certain markets coupled with partnership exits peaking credit cost in this segment.
 - o **CSEL credit cost will moderate going forward; stage 2 has stabilised in this segment and stage 3 is also in control now; NCL will come down in Q3/Q4.**
 - o Partnership-led model was not fruitful due to partner selection issue and now management is confident of its own processes to grow in this segment.
 - o No specific geography or ticket size issue but business loan customer behaviour is same across all regions.
- **Vehicle business**
 - o Q1 to Q2 stage 2 is flat; stage 3 saw improvement QoQ.
 - o **Early monsoon had an impact in Q2 but capacity utilisation has been improving in last 30/40 days; more improvement will come only in Dec'25 since there is still some rainfall in some parts.**
- **SBPL business**
 - o Growth will come from regions where chola has strong presence.
 - o **Expects SBPL to grow at >30% in long term and will continue to cater to business loan here.**
- **Write off in Q2 was INR 6.32bn vs. INR 5.14bn in Q1**
- Credit cost is likely to improve in Q3/Q4 at 1.6% levels vs. 1.7-1.8% now.
- TN has improved and is not seeing any stress; KTK is improving but rains, mining sector slowdown and E-khata issue delayed the growth; it is confident to grow in all the segments in Southern India.

Margins

- Expects 10-15bps improvement in NIM in H2FY26.
- **PLR change in HL/LAP of ~15bps.**
- Out of total closures: BT out is 45%, BT in is more than BT out.
- No rate cut in SBPL segment and rates are largely fixed.
- PSU banks are aggressive in PV (Maruti, Hyundai) in terms of tenure and rates; Chola is not countering with PSUs as PSUs are catering to salaried and chola is catering to self-employed/non-professionals.

Economy

- CV industry growth is expected at 7/8% by FY26 end vs. 4% now at industry level.
- **GST benefit will be more towards retail customers as EMI will be lower for them.**

AUM

- **H2FY26 will be stronger in terms of growth; 20% AUM growth is not at risk and disbursements growth will pick up in H2.**

- **Mortgage business will grow at >30% and non-mortgage business will grow at ~20% so management is likely to deliver its growth guidance for FY26.**
- **Oct'25 was better in terms of disbursements.**
- Disbursements were impacted in Q2 due to
 - o Festive holidays towards the end.
 - o HL registrations pushed to Oct'25 due to changes in norms specially in Southern region.
 - o Delayed consumption of GST impact.
- Improvement in growth will start from light/small CV and then shift to HCV; mining will further support HCV segment growth.
- **Tractor book problem**
 - o Yield of the business has come down; RoA was impacted due to competition.
 - o Payout to dealers is higher so Chola increased catering to used tractors.
- Gold loan pricing at par with peers; slowly building customer franchise and marginal yields are healthy.
- Doing good with Maruti in terms of financial metrics and is in Top 4; Chola did its highest-ever numbers in Oct'25.
- Affordable housing has 50% of SARFAESI and 50% is not covered; Chola has benefitted from not selling the asset and being harsh when account is NPL; management maintains 30% growth guidance with good growth in Q3.

Q1FY26 conference call takeaways

Asset quality

- **Stress in auto and consumer loans led to rise in sequential credit cost.**
- **Expect credit cost to come down in Q3 post the festive season.**
- **Expect improvement in vehicle finance segment Q3 onwards.**
- Normalisation will happen across segments on GNPA front.
- LAP 50-60bps NCL.
- HL 60-70bps NCL.
- VF 190-210 NCL.
- **Q4 onwards, things should start looking better on overall AQ front.**
- **Conservatively, Chola considers 10bps higher net credit loss (NCL) in FY26 than FY25.**
- **FY26 is a year of collections and not disbursements.** If it continues to do well, then benefit will come Q3 onwards.
- From Q4FY26, CSEL NCL is expected to further go down.
- Entire CSEL portfolio is unsecured.
- Calibration of underwriting and collection mechanism is a continuous process.
- LGD is same in vehicle finance segment.

Margins

- Expect reduction in cost of funds in Q2, since bulk of repo rate cut was in the fag end of the quarter.
- 50% of bank borrowings are EBLR linked and hence full benefit is expected in Q2.
- MCLR-linked borrowings benefit on borrowing cost will be seen in Q3.
- **Overall, 20bps improvement in cost of funds can be expected for FY26.**
- **It may have to give away 5-8bps by way of yield reduction on floating rate assets.**
- **Overall, expect 12-15bps net impact on margins purely due to cost of funds.**

Economy

- Festive season is commencing in Q2, and hence, economy could bounce back.
- Rebound of agri income will result in strong cashflow and liquidity.
- **Early arrival of monsoon has impacted the usage of vehicles, which has led to lower utilisation of vehicles.**

AUM

- VF expects AUM growth at 17-18%
- **Will look to at least maintain growth at the lower end of the guidance (of 20-25%).**
- If VF remains muted in H2, then it will look to grow faster in other segments.
- Housing loan asset growth is expected at 30%
- Overall growth trajectory is dependent on agri growth.
- Disbursements are down due to conscious cut down in CSEL, but Chola expects some pick up in gold loans as well.
- **Unsecured MSME is not doing well.**
- Not concerned about secured MSME, because it will get resolved either through Sarfaesi or resolution.
- For LAP NPA, Sarfaesi will take 1-2 years to resolve.
- For CSEL and SME, it was the first one to cut down business.
- Reduced the number of enquiries in CSEL business.
- CSEL business loan is INR 70bn.
- Stopped loan against shares, since it is low RoA product.

- For vehicle finance, it is working closely with the manufacturer, and hence, it is choosing the best quality customer.
- It has tightened the underwriting filters in vehicle finance, and hence, rejection rate is higher than the past.
- It has not been doing assignment under vehicle financing for a long period of time.
- It does a lot of securitisation in vehicle finance.
- Of late, it has not been doing any assignment

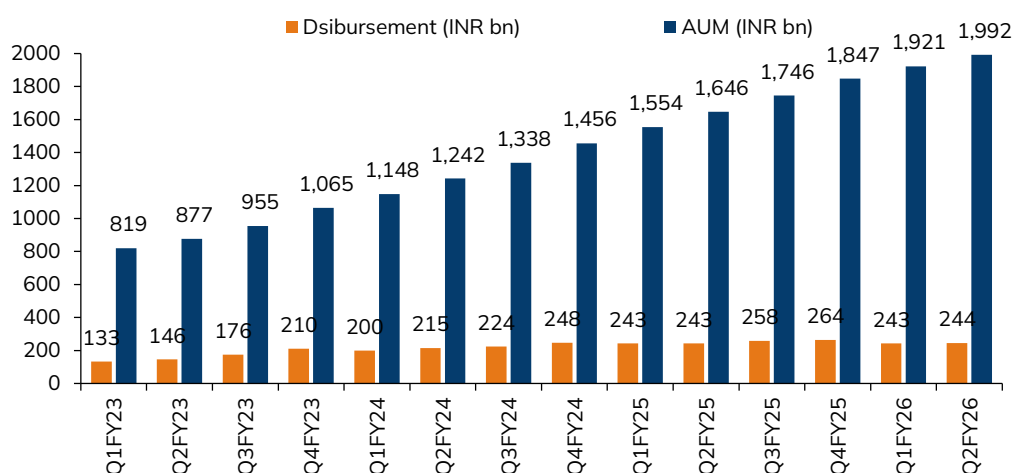
Opex and branch network

- Annual appraisals are affected in Jul, and hence, opex could be elevated in Q2 on sequential basis.
- However, it will look to increase overall productivity.
- Most branches are co-located with vehicle finance branches.
- 75 gold loan branches opened in urban markets.
- Initially, gold loan branches are launched in tier 1 cities and then in tier 2/3 markets.
- Overall, ~90% of branches are in tier 3/4/5/6 markets.

Technology

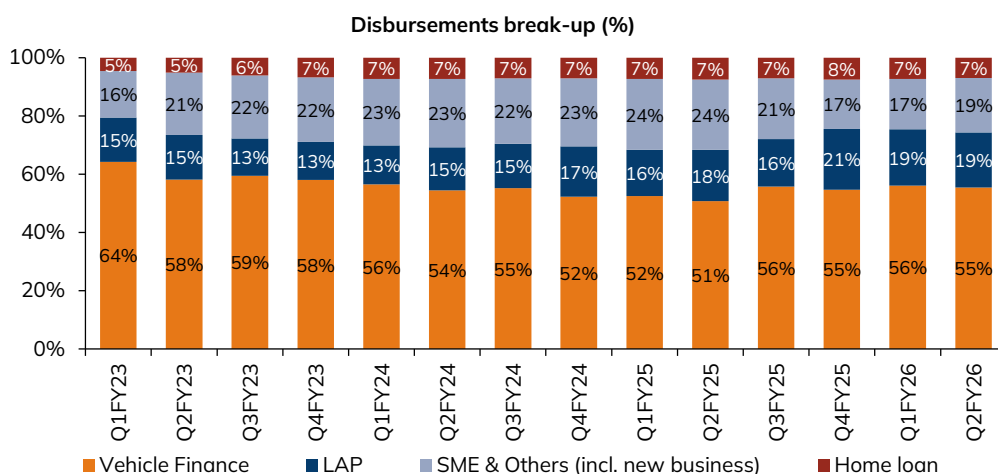
- Most of the loan origination system is internally developed.
- Other sub systems are also developed internally.

Exhibit 2: Consistent uptick in AUM despite headwinds in asset quality

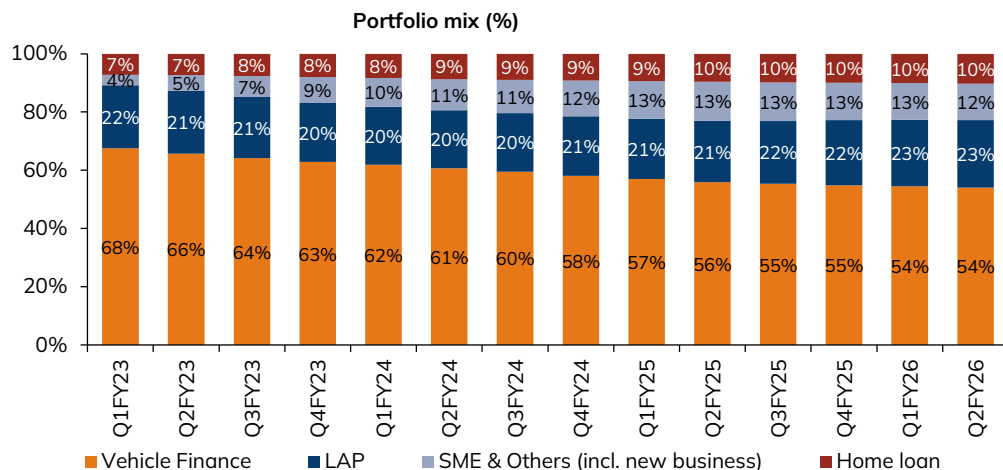


Source: Company data, I-Sec research

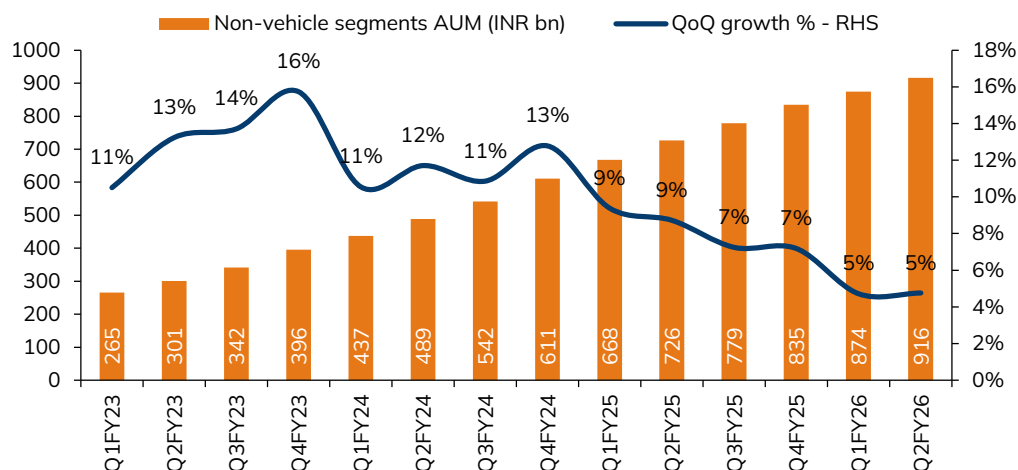
Exhibit 3: Nearly 45% of disbursements are towards non-vehicle businesses



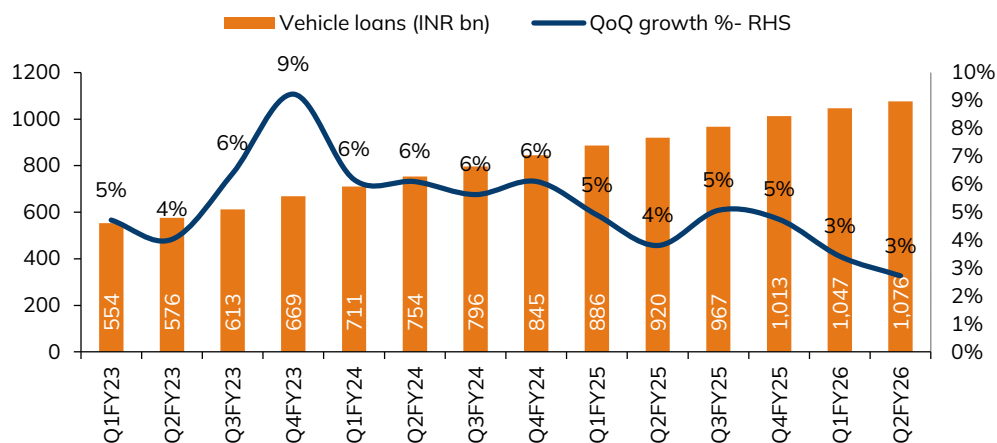
Source: Company data, I-Sec research

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

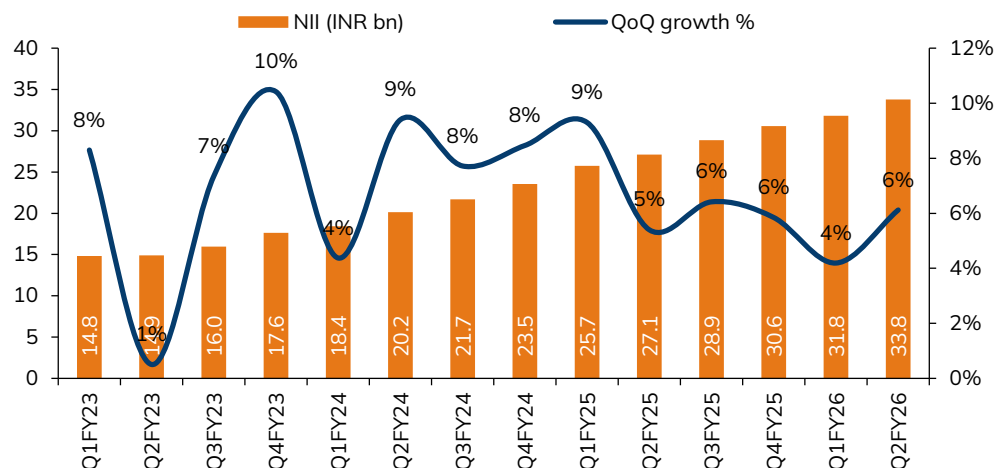
Source: Company data, I-Sec research

Exhibit 5: Non-vehicle segment AUM up 5% QoQ, outpacing overall AUM growth

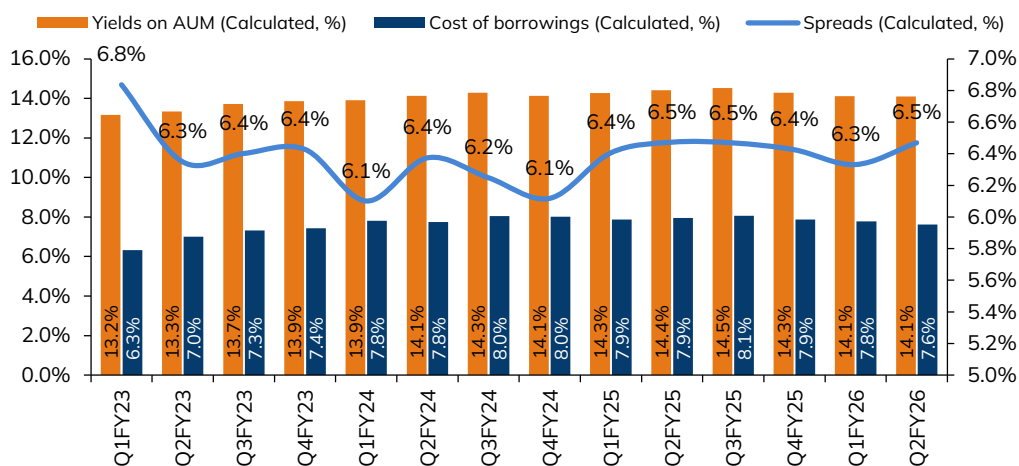
Source: Company data, I-Sec research

Exhibit 6: Vehicle finance AUM growth slower than overall AUM growth

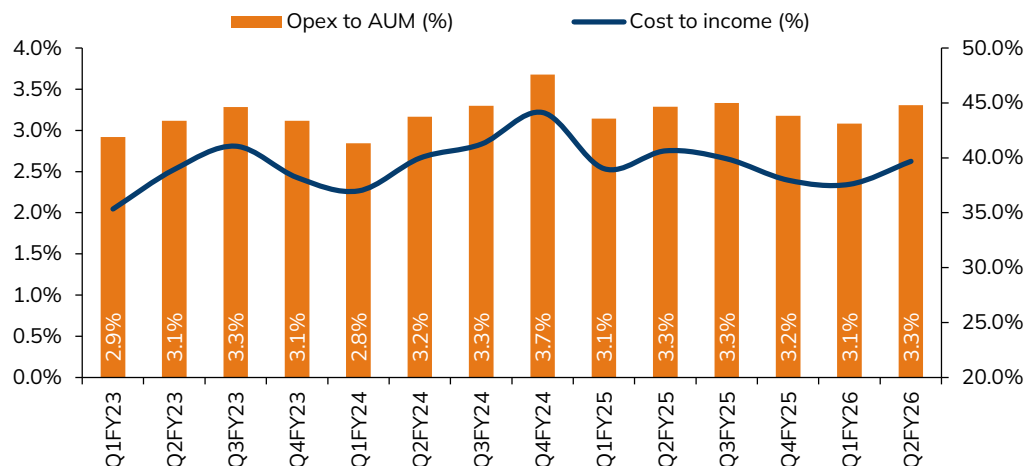
Source: Company data, I-Sec research

Exhibit 7: NII growth is broadly mirroring AUM growth

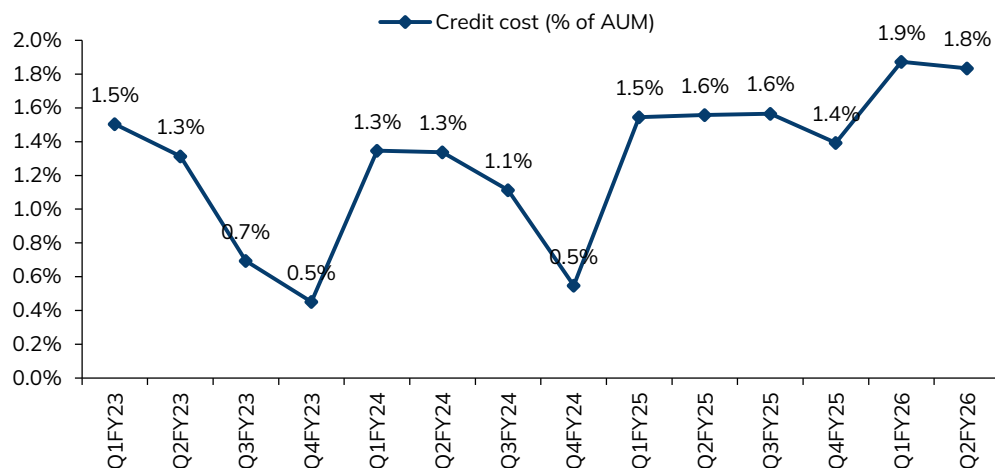
Source: Company data, I-Sec research

Exhibit 8: Calculated spreads improve QoQ due to a decline in cost of funds

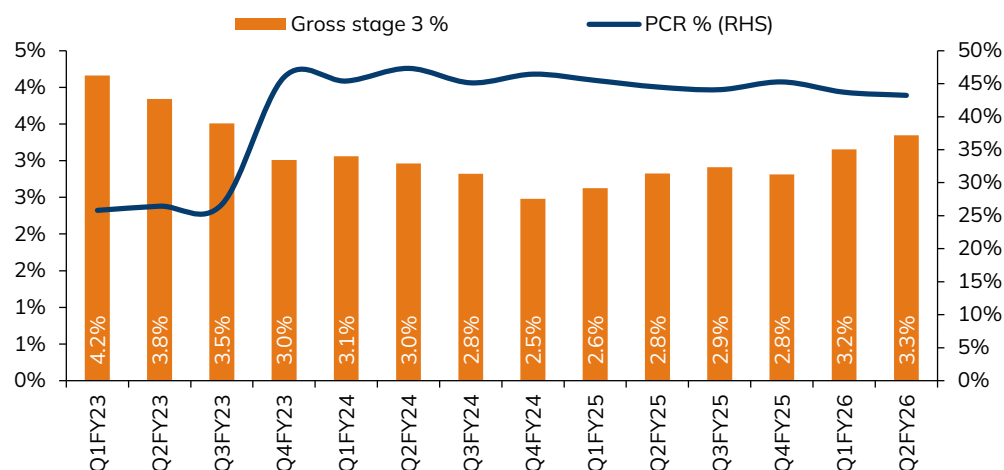
Source: Company data, I-Sec research

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

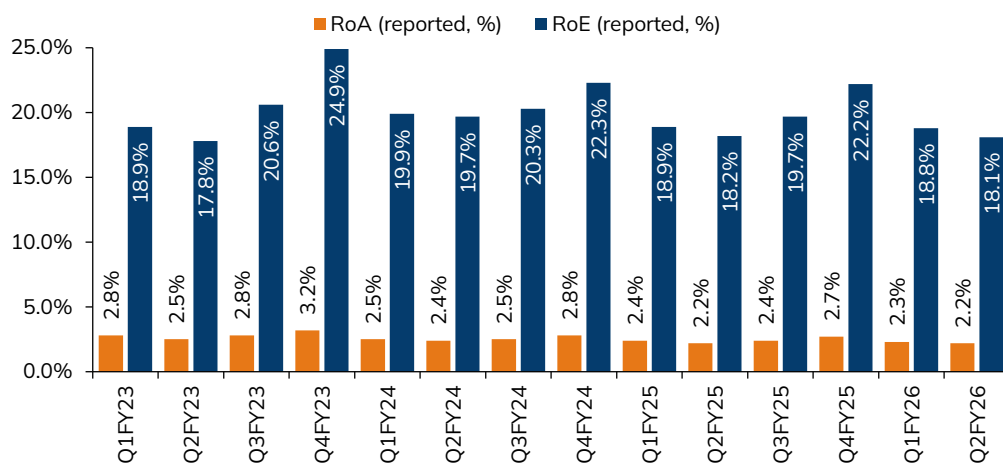
Source: Company data, I-Sec research

Exhibit 10: Calculated credit cost still elevated at current levels

Source: Company data, I-Sec research

Exhibit 11: Gross stage-3 up QoQ due to higher stress in vehicle loans and consumer loans; likely to moderate in H2FY26

Source: Company data, I-Sec research

Exhibit 12: RoA/RoE stable QoQ

Source: Company data, I-Sec research

Exhibit 13: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	49.9	49.9	49.8
Institutional investors	43.8	42.7	42.3
MFs and other	12.5	12.5	13.3
Banks/ FIs	0.7	0.8	0.6
Insurance Cos.	1.5	1.4	1.5
FII's	29.1	28.0	26.9
Others	6.3	7.4	7.9

Source: Bloomberg, I-Sec research

Exhibit 14: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 15: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	176,137	237,200	285,362	338,278
Interest Expenses	(92,306)	(124,849)	(145,941)	(168,055)
Net Interest Income (NII)	83,831	112,351	139,421	170,223
Other Income	16,026	23,348	28,134	33,351
Total Income (net of interest expenses)	99,857	135,699	167,556	203,574
Employee benefit expenses	(23,306)	(32,805)	(41,063)	(49,915)
Depreciation and amortization	(1,958)	(2,421)	(2,946)	(3,492)
Other operating expenses	(15,555)	(18,162)	(21,349)	(25,488)
Total Operating Expense	(40,818)	(53,388)	(65,358)	(78,895)
Pre Provisioning Profits (PPoP)	59,039	82,311	102,197	124,679
Provisions and write offs	(13,218)	(24,943)	(32,578)	(37,121)
Profit before tax (PBT)	45,821	57,369	69,619	87,558
Total tax expenses	(11,593)	(14,783)	(17,753)	(22,327)
Profit after tax (PAT)	34,228	42,585	51,866	65,231

Source Company data, I-Sec research

Exhibit 16: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	1,681	1,683	1,683	1,683
Reserves & surplus	193,885	234,592	285,874	350,226
Shareholders' funds	195,565	236,274	287,557	351,908
Borrowings	1,344,736	1,749,461	1,971,077	2,353,181
Provisions & Other Liabilities	24,207	30,741	35,352	40,655
Total Liabilities and Stakeholder's Equity	1,564,508	2,016,476	2,293,986	2,745,743
Cash and balance with RBI	43,202	94,007	63,277	98,860
Fixed assets	15,696	17,469	20,089	23,102
Loans	1,444,243	1,819,290	2,118,710	2,525,034
Investments	41,002	63,904	66,833	69,908
Deferred tax assets (net)	6,542	9,467	10,887	12,520
Other Assets	13,824	12,340	14,190	16,319
Total Assets	1,564,508	2,016,476	2,293,986	2,745,743

Source Company data, I-Sec research

Exhibit 17: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	1,455,720	1,847,450	2,171,739	2,592,743
On-book Loans	1,443,510	1,819,300	2,128,305	2,540,888
Off-book Loans	12,210	28,150	43,435	51,855
Disbursements	-	-	-	-
Sanctions	-	-	-	-
Repayments	496,510	554,591	740,127	844,287
Growth (%):				
Total AUM (%)	36.7	26.9	17.6	19.4
Disbursements (%)	-	-	-	-
Sanctions (%)	-	-	-	-
Repayments (%)	34.4	11.7	33.5	14.1
Loan book (on balance sheet) (%)	37.8	26.0	17.0	19.4
Total Assets (%)	37.8	28.9	13.8	19.7
Net Interest Income (NII) (%)	32.4	34.0	24.1	22.1
Non-interest income (%)	78.9	45.7	20.5	18.5
Total Income (net of interest expenses) (%)	38.1	35.9	23.5	21.5
Operating Expenses (%)	46.8	30.8	22.4	20.7
Employee Cost (%)	84.1	40.8	25.2	21.6
Non-Employee Cost (%)	11.5	16.8	17.6	19.4
Pre provisioning operating profits (PPoP) (%)	32.7	39.4	24.2	22.0
Provisions (%)	55.6	88.7	30.6	13.9
PBT (%)	27.3	25.2	21.4	25.8
PAT (%)	28.4	24.4	21.8	25.8
EPS (%)	25.6	24.3	21.8	25.8
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	6.7	6.9	7.1	7.3
NIM on IEA (%)	6.5	6.5	6.7	6.9
NIM on AUM (%)	6.7	6.8	6.9	7.1
Yield on loan assets (%)	14.1	14.5	14.5	14.6
Yield on IEA (%)	13.6	13.8	13.7	13.7
Yield on AUM (%)	14.0	14.4	14.2	14.2
Cost of borrowings (%)	8.0	8.1	7.8	7.8
Interest Spreads (%)	6.2	6.5	6.6	6.8
Operating efficiencies				
Non interest income as % of total income	43.6	43.1	44.5	45.8
Cost to income ratio	40.9	39.3	39.0	38.8
Op.costs/avg assets (%)	3.0	3.0	3.0	3.1
Op.costs/avg AUM (%)	3.2	3.2	3.3	3.3
No of employees (estimate) (x)	54,098	64,941	70,685	76,717
No of branches (x)	1,387	1,613	1,806	2,053
Salaries as % of non-interest costs (%)	57.1	61.4	62.8	63.3
NII /employee (INR mn)	1.5	1.7	2.0	2.2
AUM/employee(INR mn)	26.9	28.4	30.7	33.8
AUM/ branch (INR mn)	1,049.5	1,145.4	1,202.6	1,262.7
Capital Structure				
Average gearing ratio (x)	6.9	7.4	6.9	6.7
Leverage (x)	8.0	8.5	8.0	7.8
CAR (%)	16.6	15.2	14.1	14.4
Tier 1 CAR (%)	14.9	13.9	14.1	14.4
Tier 2 CAR (%)	1.7	1.3	-	-
RWA (estimate) - INR mn	1,329,832	1,714,005	2,064,587	2,471,169
RWA as a % of loan assets	92.1	94.2	97.4	97.9

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	2.5	2.9	3.1	3.1
NNPA (%)	1.4	1.6	1.9	1.9
GNPA (INR mn)	36,450	52,130	66,090	79,868
NNPA (INR mn)	20,048	28,672	39,654	47,921
Coverage ratio (%)	45.0	45.0	40.0	40.0
Credit Costs as a % of avg AUM (bps)	105	151	162	156
Credit Costs as a % of avg on book loans (bps)	106	153	165	159
Return ratios				
RoAA (%)	2.5	2.4	2.4	2.6
RoAE (%)	20.2	19.7	19.8	20.4
ROAAUM (%)	2.7	2.6	2.6	2.7
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	840	841	841	841
No of shares (fully diluted)	840	841	841	841
ESOP Outstanding	-	-	-	-
EPS (INR)	40.7	50.6	61.7	77.5
EPS fully diluted (INR)	40.7	50.6	61.7	77.5
Price to Earnings (x)	41.8	33.7	27.6	22.0
Price to Earnings (fully diluted) (x)	41.8	33.7	27.6	22.0
Book Value (fully diluted)	233	281	342	418
Adjusted book value	215	255	306	376
Price to Book	7.3	6.1	5.0	4.1
Price to Adjusted Book	7.9	6.7	5.6	4.5
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 18: Key metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	1,349,831	1,790,492	2,155,231	2,519,865
Average Loans (INR mn)	1,245,863	1,631,767	1,969,000	2,321,872
Average Equity (INR mn)	169,263	215,920	261,915	319,732
Interest earned (%)	13.0	13.2	13.2	13.4
Net gain on fair value changes (%)	-	-	-	-
Interest expended (%)	6.8	7.0	6.8	6.7
Gross Interest Spread (%)	6.2	6.3	6.5	6.8
Credit cost (%)	1.0	1.4	1.5	1.5
Net Interest Spread (%)	5.2	4.9	5.0	5.3
Operating cost (%)	3.0	3.0	3.0	3.1
Lending spread (%)	2.2	1.9	1.9	2.2
Non interest income (%)	1.2	1.3	1.3	1.3
Operating Spread (%)	3.4	3.2	3.2	3.5
Tax rate (%)	25.3	25.8	25.5	25.5
ROAA (%)	2.5	2.4	2.4	2.6
Effective leverage (AA/ AE)	8.0	8.3	8.2	7.9
RoAE (%)	20.2	19.7	19.8	20.4

Source Company data, I-Sec research

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