BUY (Upgrade from HOLD)

CMP: **INR 1,243** Target Price: **INR 1,600 (INR 1,470)** ▲ 29%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

21 January 2026

India | Equity Research | Results Update

CreditAccess Grameen

Financial Services

Improving trajectory in collections continues; fresh PAR 15+ accretion is near-normal

CA Grameen's (Grameen) Q3FY26 financial performance indicates faster-than-anticipated recovery, with collections nearing pre-disruption levels (X-Bucket CE at 99.71% in Dec'25) and a sharp revival in disbursements with 26% MoM growth in Dec'25 volume. Notably, fresh PAR 15+ accretion rate dropped to 18bps in Dec'25, largely driven by monthly PAR 15+ accretion in KTK falling to 13bps in Dec'25 vs. 34bps in Nov'25. Similarly, PAR 0+ fell to 4.4% vs. 4.7% in Sep'25. Notably, credit cost settled at 5.4% (adjusted credit cost at 3.9%), lowest in past six quarters, driven by sustained improvement in collections. AUM growth revived to 7% YoY / 2.6% QoQ (8% YoY / 3% QoQ adjusted for accelerated write-off).

We upgrade to **BUY** (earlier *Hold*) with a revised TP of INR 1,600 (earlier INR 1,470), as we roll over to Mar'27E (Sep'26 earlier) and value the stock at 2.75x.

Well placed to achieve ~18% RoE – first within MFI space

CA Grameen has always remained ahead of the curve in pre-empting business cycle and implementing corrective measures. This reflects in ~2% RoA in FY25, and despite >8% credit cost during H1FY26, it remained profitable. Further, its fresh monthly PAR accretion at 18bps in Dec'25 is one of the lowest and the same indicates delinquencies at pre-disruption level. PAR 15+ accretion in KTK at 13bps (lower than pan-India) also ensures that pull-back in asset quality is sticky and CA Grameen is well on track to operate at normalised credit cost in FY27 and beyond. With steady decline in credit cost since Q3FY25 and strong core operating performance it delivered 3.5% RoA / 13.8% RoE (adj. RoA at 3.7% and adj. RoE at 14.6%) in Q3FY26. Near-normal X bucket CE at 99.7% and stage-3 (PAR 60+) at 4.0% with ECL provisioning at 67% suggest improving trend in credit cost may continue, and hence, we believe CA Grameen could be the first entity within MFI space to clock 18% RoE in near term.

Focus on building non-MFI to continue

Management highlighted that while MFI would continue to be Grameen's core business, it is gradually building the retail finance book to diversify and de-risk balance sheet. In line with this, Grameen scaled up its non-MFI book to 14% vs. 11% QoQ and 5% YoY, aided by graduation of high-vintage borrowers with superior asset quality.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Interest Income (NII)	35,992	37,901	45,040	52,622
PAT (INR mn)	5,314	8,202	15,556	19,059
EPS (INR)	33.3	51.4	97.4	119.3
% Chg YoY	(63.3)	54.2	89.7	22.5
P/E (x)	37.3	24.2	12.8	10.4
P/BV (x)	2.9	2.6	2.1	1.8
Gross Stage - 3 (%)	4.8	6.6	4.6	4.0
RoAA (%)	1.9	2.7	4.5	4.7
RoAE (%)	7.9	11.1	18.2	18.5

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)	199bn
Market Cap (USD)	2,187mn
Bloomberg Code	CREDAG IN
Reuters Code	CRDE BO
52-week Range (INR)	1,490 /750
Free Float (%)	34.0
ADTV-3M (mn) (USD)	6.2

Price Performance (%)	3m	6m	12m
Absolute	(3.4)	(2.1)	24.3
Relative to Sensex	(0.8)	(2.7)	17.7

ESG Score	2023	2024	Change
ESG score	**77.2**	**75.2**	**(2.0)**
Environment	47.9	50.4	2.5
Social	81.4	78.5	(2.9)
Governance	83.4	81.5	(1.9)

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	(1)	1

Previous Reports

04-01-2026: NBFCs Q3FY26 preview
29-10-2025: Q2FY26 results review

Q3FY26 result review: PAT doubles QoQ led by margin expansion and credit cost moderation

Grameen delivered a strong sequential recovery in Q3FY26, with PAT doubling QoQ to INR 2.5bn, supported by improvement in margins and moderating credit cost. Reported NIM expanded significantly to 13.9% vs. 13.3% QoQ, driven by higher asset yields of 21.0% vs. 20.7% QoQ and continued reduction in cost of borrowings (9.4% vs. 9.6% QoQ). Grameen's incremental borrowing stood at 8.9% for Q3 and management anticipates NIM to be in the range of 14-14.5%, with incremental borrowing costs expected to drop by 10bps quarterly for the next 2-3 quarters. NII was flat QoQ but improved 13% YoY, largely supported by higher yields, lower interest reversals and lower cost of borrowings. Grameen's opex was elevated with opex/loan ratio at 5.4% vs. 5.2% QoQ, largely on account of new labour codes impact (of INR 180mn) and rise in business related expenses. As a result, PPoP fell 2% QoQ but was up 9% YoY. Overall, RoA improved to ~3.5%, while RoE rose to ~13.8%, reflecting the benefit flowing from margin expansion as well as credit cost moderation.

Portfolio growth picks up as asset quality headwinds recede

After a subdued H1FY26, growth traction improved meaningfully in Q3FY26. AUM grew ~2.6% QoQ (~3.3% adjusted for accelerated write-offs), supported by healthy disbursements of ~INR 57.7bn, up ~13% YoY, with Dec'25 disbursements crossing INR 22bn (~38% of quarterly disbursements) and management expects robust disbursements momentum to continue in Q4 as well.

The portfolio mix continued to evolve in Q3FY26, with retail finance increasing its share to ~14.1% of AUM, up from ~11.1% QoQ. The increase was driven by graduation of quality vintage group loan customers into individual business loans rather than any stress-led contraction in the group lending book. Management highlighted that retail finance growth is scaling faster than overall AUM growth, and this trend is expected to continue, with retail emerging as a key contributor to incremental growth over medium term.

Credit cost adjusted for accelerated write-offs; ECL rate revision at ~3.9% annualised

Asset quality trends showed decisive improvement in Q3FY26, reinforcing management's view that stress cycle is largely behind. Monthly PAR 15+ accretion declined sharply to ~18bps in Dec'25 from ~47bps in Sep'25, with improvement visible across most operating geographies, including KTK, TN and Maharashtra. Reported annualised credit cost further declined to 5.4% in Q3 vs. 8.3% QoQ. However, reported credit cost had one-off element related to accelerated provision (last done in Oct'25) and INR 370mn impact due to increase in ECL provisioning rates. Adjusted for one-offs, credit cost was 3.9% annualised.

FY27 credit cost guidance intact at 400-450bps with possibility of trimming it lower post Q4 earnings

Management reiterated credit cost guidance of 400-450bps for FY27, largely reflecting the ECL framework capturing elevated FY26 delinquency data, even as on-ground asset quality normalises. However, with lower new PAR 15+ accretion to 18bps for Dec'25 and sustaining the same in Jan'26 first half, management highlighted that it might revisit its credit cost guidance post Q4 earnings. Overall, RoA could come in around 450bps for FY27 and credit growth could be ~20%, but management would provide guidance on RoA post Q4 earnings.

Key risks: 1) Higher than anticipated credit cost; and 2) lower than expected AUM growth.

Exhibit 1: Q3FY26 result review

Profit and loss (INR mn)	Q3FY26	Q3FY25	% YoY (Consol)	Q2FY26	% QoQ
Interest income	14,904	13,804	*8%*	15,084	*-1%*
Interest expenses	4,593	4,749	*-3%*	4,795	*-4%*
Net interest income	**10,311**	**9,055**	*14%*	**10,288**	***0%***
Non-interest income	9	16	*-42%*	7	*34%*
Total net income	**10,320**	**9,071**	*14%*	**10,295**	***0%***
Employee expense	2,269	1,784	*27%*	2,193	*3%*
Other operating expenses	1,241	1,058	*17%*	1,154	*8%*
Total operating expenses	**3,509**	**2,841**	*24%*	**3,347**	***5%***
Pre provisioning profits	**6,811**	**6,229**	*9%*	**6,948**	*-2%*
Provisions & Write offs	3,426	7,519	*-54%*	5,257	*-35%*
Profit/Loss before Tax	**3,385**	**(1,289)**	*-363%*	**1,692**	***100%***
Tax Expense	858	(294)	*-392%*	434	*98%*
Profit/Loss after Tax	**2,527**	**(995)**	*-354%*	**1,258**	***101%***
Other key parameters (INR mn)					
Disbursements for the period	57,670	50,850	*13%*	53,220	8%
Gross loan portfolio O/S	2,65,660	2,48,100	*7%*	2,59,040	2.6%
Borrowings	2,06,814	2,01,148	*3%*	2,01,032	3%
Cash & Other liquid balances	11,128	18,326	*-39%*	9,375	19%
Key metrics					
Active borrowers ('000)	4,401	4,805	*-8%*	4,440	-1%
Average ticket size (INR)	51,863	49,043	*6%*	51,881	0%
Branches (nos)	2,222	2,059	*8%*	2,209	1%
Stage 3 %	4.04%	3.99%	*5 bps*	3.65%	39 bps
NNPA %	1.36%	1.28%	*7 bps*	1.26%	10 bps
ROA tree (reported) - on AUM					
Portfolio Yield	21.00%	20.20%	*80 bps*	20.70%	30 bps
Finance Cost	9.40%	9.80%	*-40 bps*	9.60%	-20 bps
NII	**13.90%**	**12.50%**	***140 bps***	**13.30%**	**60 bps**
Operating Cost	5.40%	4.60%	*80 bps*	5.20%	20 bps
Impairment on Financial Instruments	5.22%	12.04%	*-683 bps*	8.09%	-287 bps
RoA	**3.50%**	**-1.40%**	***490 bps***	**1.80%**	**170 bps**

Source: Company data, I-Sec research

Q3FY26 conference call takeaways

Asset quality

- **Seeing improving asset quality trends across geographies.**
- Monthly PAR accretion declined sharply in Dec'25.
- Karnataka asset quality reverting sharply to normalised levels.

Disbursements and AUM

- **Growth in MFI going ahead would be in early teens and rest of the growth would come from retail, which would be much higher than overall portfolio growth.**
- **FY27 growth guidance could be around 20%, but it will share guidance post Q4 earnings.**
- **Every year, 5-8% growth will transition from JLG to retail, due to rise in income levels.**
- Disbursements up 13.4% YoY for Q3.
- **Dec'25 disbursements crossed the INR 20bn mark (at INR 22bn).**
- **It should do better in Q4 on disbursements vs. Dec'25, as per its historical trend.**

- **90k new borrower additions in Dec'25.**
- **Oct'25 saw relatively lower addition of new borrowers due to festive season.**
- Retail finance portfolio continued to scale steadily.
- Retail finance is currently at INR 37.8bn, which has individual unsecured loan, two-wheeler loan, secured business loan and affordable housing loan
  - INR 17bn - unsecured Unnati loan - profile of customer is high income earning with better cashflow (PAR 30 is well under control under 2%).
  - INR 16bn loan book which also has higher customer income base, but there is certain difficulty in income assessment (PAR 30 is well under control under 2%).
  - Mortgage business loans of INR 2.66bn.
  - Home loan book of ~INR 20bn.
  - 2W book of ~INR 0.13bn.
- **Rejection rates have gone up and current approval rate is 55-60%.**
- **Existing renewal rate is 45-50% vs. 65% before guard rails.**
- More than INR 100k ticket size customers would be under 10%.

<u>Credit cost</u>

- **400-450bps FY27 credit cost guidance (unchanged), which is factoring in 30-35bps of monthly PAR accretion. It will monitor monthly PAR accretion for next 3-4 months, before revisiting credit cost guidance.**
- **Accelerated write-offs were done only in Oct'25, and hence, do not expect anything towards accelerated write-offs in Q4.**
- Credit cost includes INR 590mn due to accelerated write-offs and INR 370mn additional impact due to increase in ECL rates.
- Excluding the impact of accelerated write-off and increase in ECL rates, credit cost stood at 96bps, non-annualised.
- **ECL provisioning on stage-1 should move towards 1.5% by Q4.**
- Jan'26 first half trend is as good as Dec'25 in terms of PAR accretion.

<u>Borrowings</u>

- Average borrowing cost continues to trend lower.
- **Raised INR 39.17bn in Q3 with marginal borrowing cost at 8.9%.**
- Grameen maintains ample liquidity at 8.4% of total assets.
- Funding position remains strong.

<u>Margins</u>

- **Margin should hover ~14% for some time.**
- Margin at 13.9%, up 60bps QoQ aided by 20bps decline in borrowing cost and 30bps rise in portfolio yield.
- Housing interest rate is 16-17%.

<u>Return ratios</u>

- FY27 RoA could be around 4.5%, but it will come with FY27 guidance post Q4 earnings.

Q2FY26 conference call takeaways

FY26 guidance

- Additional 70-100bps higher than earlier guidance.
- 70-80bps higher credit cost in FY27, at 4-4.5%, largely as ECL framework would capture FY26 data which would have higher delinquencies.
- RoA at 4-4.5% despite higher credit cost, owing to implementation of risk-based pricing in FY27.
- 20% YoY AUM growth in FY27 and 14-15% in FY26.
- 100bps of better operating profits driven by 60-70bps NIM expansion and 30-40bps opex improvement, which shall offset likely higher credit cost in FY27.

AUM

- H2FY26 growth will likely be better; hence, it is likely to deliver 14-15% YoY growth in FY26.
- Robust disbursements despite seasonally weaker Q2.
- It added 0.22mn new borrowers in Q2FY26, of which ~39% were new-to-credit.
- Retail Finance (RF) share up, from 6.8% to 11.1% by Q2FY26.
- 3-year loans' share increased to 44.9% of GLP (Group Loans) vs. 35.6% in Q2FY25.

Asset quality

- **GLP % of borrowers with >3 lenders declined from 25.3% in Aug'24 to 6.9% in Sep'25 vs. 11.3% in Jun'25.**
- PAR 15+ accretion normalised across states except KTK. KTK is gradually stabilising but it would take some time.
- **Collection efficiency (ex-arrears) stood at 94.5% during Q2FY26 and 94.9% in Sep'25.**
- It continues to hold ~156bps higher provisions over PAR 90+, ~268bps higher provisions compared to IRAC prudential norms, and INR 0.89bn higher provisions compared to NBFC provisioning norms.
- GLP % of borrowers with >INR 200,000 unsecured indebtedness to 7.2% in Sep'25 vs 9.5% in Jun'25 vs 19.1% in Aug'24.
- Total write-off stood at INR 6.8bn in Q2FY26, which resulted in an additional credit cost of INR 2bn.
- PAR 15+ accretion rate was range-bound, due to the temporary impact of heavy rains / floods across operating geographies.
- PAR buckets roll-forward rates were stable vs Q1FY26.

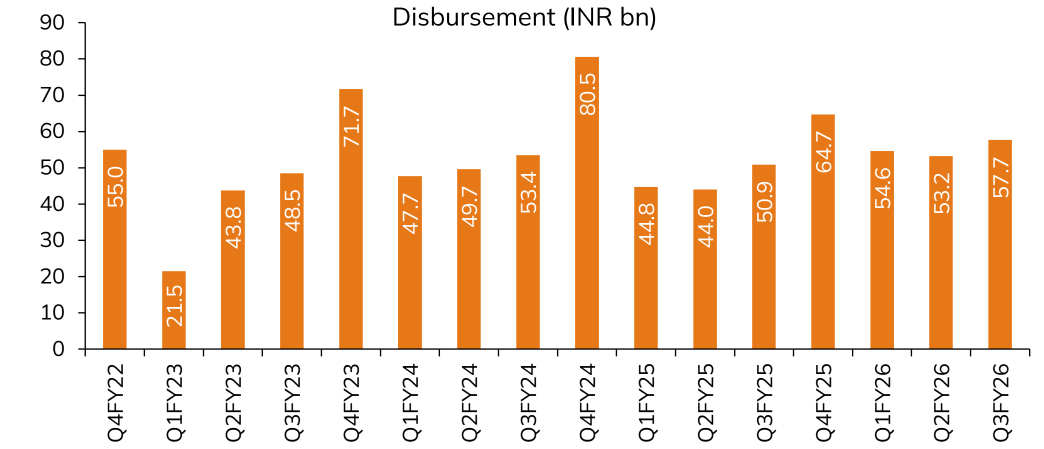
Margins

- NIM expanded 50bps QoQ to 13.3% vs. 12.8% QoQ driven by 40bps QoQ increase in asset yields and 11bps QoQ decline in CoF.
- **Raised ~INR 30bn incremental funding at 8.9% during Q2FY26.**
- **Yields are likely to go up, largely driven by lower interest reversal going ahead. Cumulative interest reversal stood at INR 1.8bn during 1HFY26.**

Miscellaneous

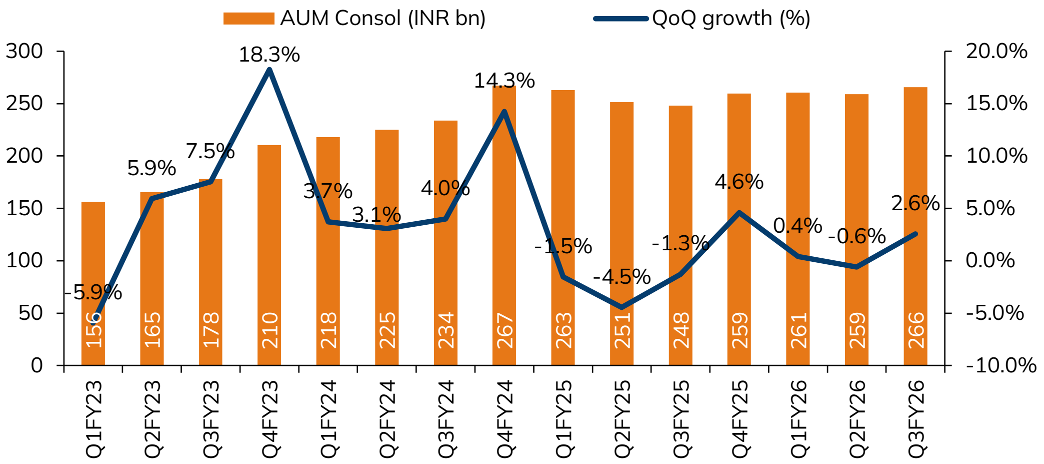
- Operating cost will likely start trending lower towards its historical range of 4.6-4.7% vs. >5% currently. Cost was elevated in H1FY26, as it added >150 branches and growth remained flat.

Exhibit 2: Disbursements saw strong momentum with Dec'25 disbursements touching ~INR 22bn



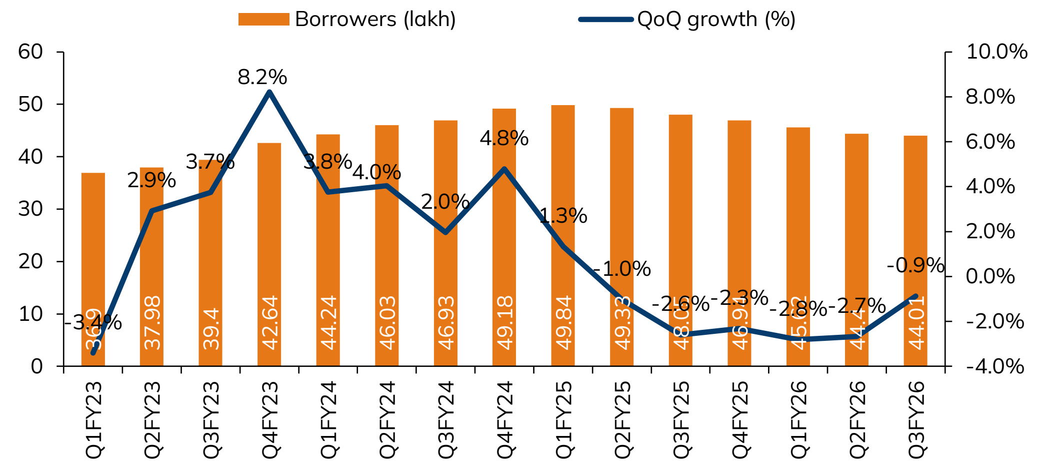
Source: Company data, I-Sec research

Exhibit 3: AUM growth revives and improves 2.6% QoQ



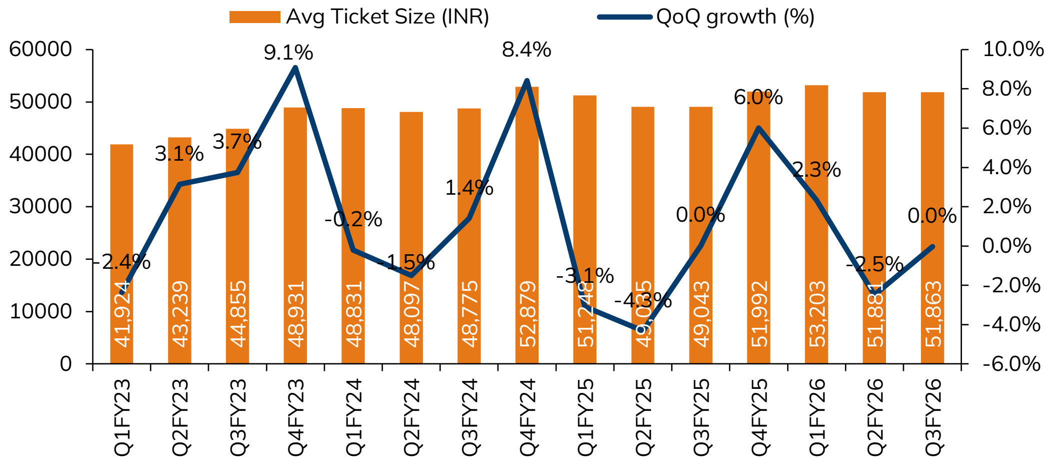
Source: Company data, I-Sec research

Exhibit 4: Total borrower base contracts but is broadly stabilising



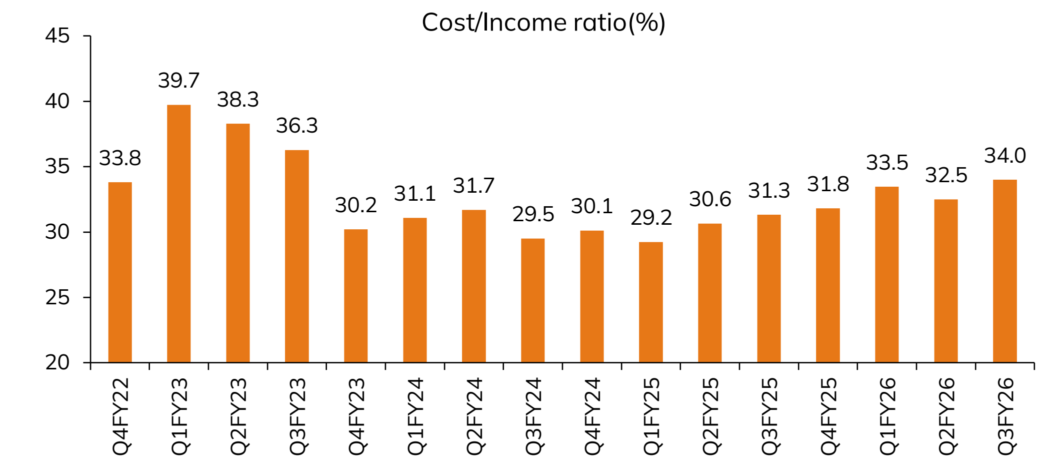
Source: Company data, I-Sec research

Exhibit 5: Calculated average ticket size at ~50k levels



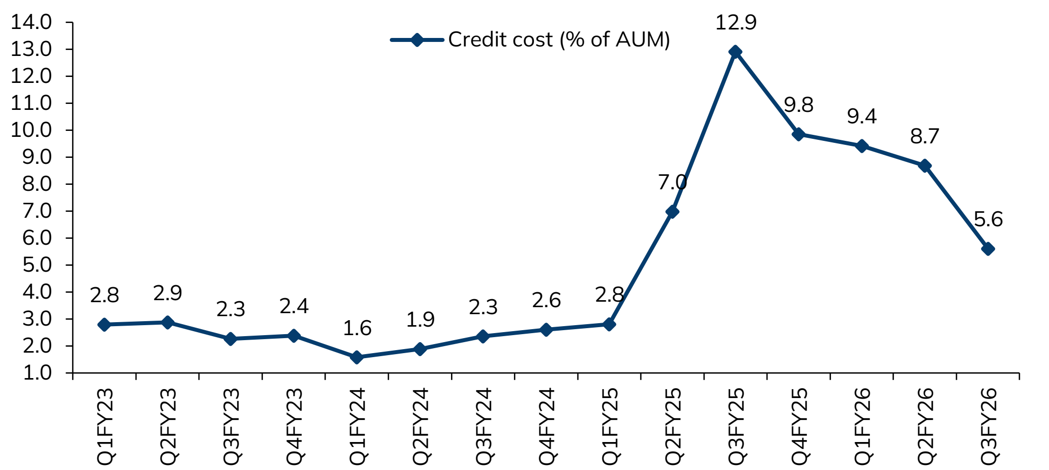
Source: Company data, I-Sec research

Exhibit 6: Cost to income saw an uptick, settling at ~34%



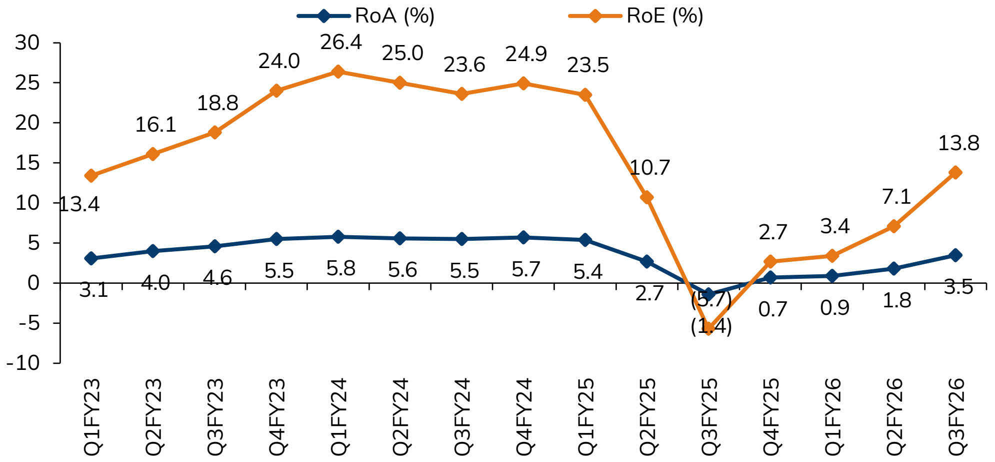
Source: Company data, I-Sec research

Exhibit 7: Calculated credit cost stood at 5.6%, lowest in last 6 quarters



Source: Company data, I-Sec research

Exhibit 8: RoA/RoE improved meaningfully to 3.5%/13.8%



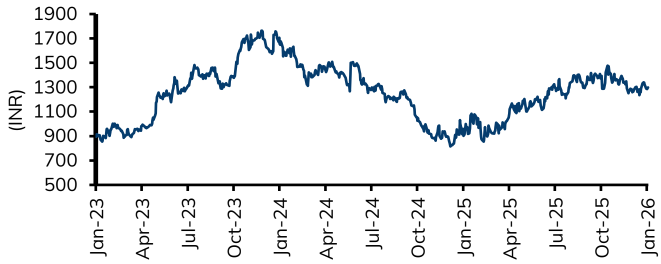
Source: Company data, I-Sec research

Exhibit 9: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	66.4	66.4	66.4
Institutional investors	24.9	25.7	25.0
MFs and others	10.5	11.0	10.7
Insurance	1.8	1.9	1.5
FIIs	12.6	12.8	12.8
Others	8.7	7.9	8.6

Source: Bloomberg, I-Sec research

Exhibit 10: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Interest Income	55,468	58,125	67,885	79,182
Interest Expenses	(19,476)	(20,223)	(22,845)	(26,560)
Net Interest Income (NII)	**35,992**	**37,901**	**45,040**	**52,622**
Other Income	2,094	2,798	3,246	3,791
Total Income (net of interest expenses)	38,086	40,699	48,287	56,413
Employee benefit expenses	**(7,304)**	**(8,399)**	**(9,659)**	**(11,108)**
Depreciation and amortization	(622)	(716)	(833)	(974)
Other operating expenses	(3,776)	(4,187)	(4,847)	(5,653)
Total Operating Expense	(11,702)	(13,303)	(15,339)	(17,735)
Pre Provisioning Profits (PPoP)	**26,384**	**27,397**	**32,948**	**38,678**
Provisions and write offs	(19,295)	(16,436)	(12,159)	(13,207)
Profit before tax (PBT)	**7,089**	**10,961**	**20,788**	**25,470**
Total tax expenses	(1,775)	(2,759)	(5,232)	(6,411)
Profit after tax (PAT)	**5,314**	**8,202**	**15,556**	**19,059**

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Share capital	1,597	1,597	1,597	1,597
Reserves & surplus	67,963	76,164	91,720	110,780
Shareholders' funds	**69,560**	**77,762**	**93,318**	**112,377**
Borrowings	205,538	239,977	276,018	319,579
Provisions & Other Liabilities	2,927	4,839	5,624	6,578
Total Liabilities and Stakeholder's Equity	**278,025**	**322,577**	**374,960**	**438,534**
Cash and balance with RBI	14,430	16,129	18,748	21,927
Fixed assets	436	458	480	504
Loans	**242,745**	**280,901**	**326,568**	**381,994**
Deferred tax assets (net)	3,553	4,122	4,791	5,603
Other Assets	16,862	20,968	24,372	28,505
Total Assets	**278,025**	**322,577**	**374,960**	**438,534**

Source Company data, I-Sec research

Exhibit 13: Key Ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
AUM and Disbursements (INR mn)				
AUM	259,480	298,831	347,413	406,377
On-book Loans	242,745	280,901	326,568	381,994
Off-book Loans	16,736	17,930	20,845	24,383
Disbursements	212,720	234,056	267,042	304,222
Repayments	220,380	214,764	229,108	259,098
Growth (%):				
Total AUM (%)	**(2.9)**	**15.2**	**16.3**	**17.0**
Disbursements (%)	(10.1)	10.0	14.1	13.9
Repayments (%)	22.5	(2.5)	6.7	13.1
Loan book (on balance sheet) (%)	(3.3)	15.7	16.3	17.0
Total Assets (%)	(3.6)	16.0	16.2	17.0
Net Interest Income (NII) (%)	13.6	5.3	18.8	16.8
Non-interest income (%)	(23.2)	33.6	16.0	16.8
Total Income (net of interest expenses) (%)	10.7	6.9	18.6	16.8
Operating Expenses (%)	11.5	13.7	15.3	15.6
Employee Cost (%)	9.1	15.0	15.0	15.0
Non-Employee Cost (%)	16.3	10.9	15.7	16.6
Pre provisioning operating profits (PPoP) (%)	10.3	3.8	20.3	17.4
Provisions (%)	327.1	(14.8)	(26.0)	8.6
PBT (%)	(63.4)	54.6	89.7	22.5
PAT (%)	(63.2)	54.3	89.7	22.5
EPS (%)	(63.3)	54.2	89.7	22.5
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	14.6	14.5	14.8	14.9
NIM on IEA (%)	**13.0**	**12.9**	**13.2**	**13.2**
NIM on AUM (%)	13.7	13.6	13.9	14.0
Yield on loan assets (%)	22.5	22.2	22.4	22.4
Yield on IEA (%)	20.0	19.7	19.9	19.9
Yield on AUM (%)	21.1	20.8	21.0	21.0
Cost of borrowings (%)	9.2	9.1	8.9	8.9
Interest Spreads (%)	13.3	13.1	13.5	13.4
Operating efficiencies				
Non interest income as % of total income	62.5	62.2	63.3	63.4
Cost to income ratio	**30.7**	**32.7**	**31.8**	**31.4**
Op.costs/avg assets (%)	4.1	4.4	4.4	4.4
Op.costs/avg AUM (%)	4.4	4.8	4.7	4.7
No of employees (estimate) (mn)	19,659	19,017	19,467	19,917
No of branches (x)	2,063	2,233	2,283	2,333
Salaries as % of non-interest costs (%)	62.4	63.1	63.0	62.6
NII /employee (INR mn)	1.8	2.0	2.3	2.6
AUM/employee(INR mn)	13.2	15.7	17.8	20.4
AUM/ branch (INR mn)	125.8	133.8	152.2	174.2
Capital Structure				
Average gearing ratio (x)	3.0	3.1	3.0	2.8
Leverage (x)	**4.0**	**4.1**	**4.0**	**3.9**
CAR (%)	26.2	25.3	26.1	26.9
Tier 1 CAR (%)	26.2	25.3	26.1	26.9
RWA (estimate) - INR mn	252,454	292,137	339,631	397,274
RWA as a % of loan assets	104.0	104.0	104.0	104.0

Source Company data, I-Sec research

	FY25A	FY26E	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	4.8	6.6	4.6	4.0
NNPA (%)	1.7	1.7	1.2	1.0
GNPA (INR mn)	13,683	18,488	14,933	15,447
NNPA (INR mn)	4,973	4,871	3,785	3,761
Coverage ratio (%)	63.7	73.7	74.7	75.7
Credit Costs as a % of avg AUM (bps)	733	589	376	350
Credit Costs as a % of avg on book loans (bps)	782	628	400	373
Return ratios				
RoAA (%)	1.9	2.7	4.5	4.7
RoAE (%)	7.9	11.1	18.2	18.5
ROAAUM (%)	2.0	2.9	4.8	5.1
Valuation Ratios				
No of shares	**160**	**160**	**160**	**160**
No of shares (fully diluted)	160	160	160	160
EPS (INR)	33.3	51.4	97.4	119.3
EPS fully diluted (INR)	33.3	51.4	97.4	119.3
Price to Earnings (x)	37.3	24.2	12.8	10.4
Price to Earnings (fully diluted) (x)	37.3	24.2	12.8	10.4
Book Value (fully diluted)	436	487	584	704
Adjusted book value	412	464	567	686
Price to Book	2.9	2.6	2.1	1.8
Price to Adjusted Book	3.0	2.7	2.2	1.8

Source Company data, I-Sec research

Exhibit 14: Key Metrics

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
DuPont Analysis				
Average Assets (INR mn)	283,243	300,301	348,768	406,747
Average Loans (INR mn)	246,897	261,823	303,735	354,281
Average Equity (INR mn)	67,630	73,661	85,540	102,847
Interest earned (%)	19.6	19.4	19.5	19.5
Interest expended (%)	6.9	6.7	6.6	6.5
Gross Interest Spread (%)	12.7	12.6	12.9	12.9
Credit cost (%)	**6.8**	**5.5**	**3.5**	**3.2**
Net Interest Spread (%)	5.9	7.1	9.4	9.7
Operating cost (%)	**4.1**	**4.4**	**4.4**	**4.4**
Lending spread (%)	1.8	2.7	5.0	5.3
Non interest income (%)	**0.7**	**0.9**	**0.9**	**0.9**
Operating Spread (%)	2.5	3.6	6.0	6.3
Tax rate (%)	25.0	25.2	25.2	25.2
ROAA (%)	**1.9**	**2.7**	**4.5**	**4.7**
Effective leverage (AA/ AE)	4.2	4.1	4.1	4.0
RoAE (%)	**7.9**	**11.1**	**18.2**	**18.5**

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.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122