BUY (Maintain)

CMP: **INR 152** Target Price: **INR 200** ▲ 32%

ICICI Securities

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29 April 2026

India | Equity Research | Results Update

Fedbank Financial Services

Financials

Gold loans continue to drive credit and profitability growth; improvement in asset quality

FY26 has emerged as a landmark year for Fedbank Financial Services (Fedfina). This success was underpinned by a leadership transition and a strategic pivot toward high-yield, low-risk segments such as gold loans and small-ticket LAP. This shift has driven a visible acceleration in credit growth (>40% YoY in FY26) and a structural improvement in profitability. Notably, the company has successfully decoupled from its historical earnings volatility, sustaining a consistent 5–10% QoQ PAT growth throughout the year, with further acceleration to +14% QoQ in Q4FY26. Improved financial performance, with RoE expanding to 14% and RoA to 2.6% in Q4FY26, is a strong testament to the successful execution of its revamped business strategy. Maintain **BUY** with an unchanged TP of INR 200, based on 2.2x PBV Mar'27E BVPS.

FY27 outlook: Strategic pivot to drive 20–30bps RoA expansion and deliver 25% AUM growth

Since Mr. Parvez Mulla assumed the role of MD & CEO in Nov'24, Fedfina has successfully pivoted towards a structurally superior portfolio mix—now comprising >99% of secured loans with gold loans contributing 50% of the total AUM. The strategic initiatives included a complete revamp of the small-ticket LAP (S-LAP) vertical, fully exiting the unsecured BL segment and a decisive 88% reduction in Direct Assignment (DA) income, ensuring more sustainable long-term profitability. Despite being in a transition phase, its strengthening franchise reflects in ~40bps RoA expansion over the past four quarters, supported by a steady decline in credit costs to 60bps and improved operational efficiency, as opex to average assets fell to 5.5% in Q4FY26 (from 5.9% in Q4FY25). Building on these structural foundations, management anticipates a continued earnings uptick in FY27, targeting a further 20–30bps RoA expansion over the FY26 baseline of 2.4%, while maintaining a robust AUM growth trajectory of 20–25%.

The transitory phase in the S-LAP segment appears to be nearing completion, evidenced by a robust 39% QoQ surge in disbursements and 1+ DPD moderating to 6% from 7% in Q4FY26. While revamping the vertical, the entity has prioritised portfolio quality; the share of borrowers with CIBIL scores >700 increased to 68% as of Mar'26, up from 55% in Mar'23. This strategic pivot toward higher-rated borrowers is expected to drive a gradual recovery in S-LAP profitability, providing a critical tailwind for entity-level RoA expansion moving forward.

Financial Summary

Y/E March	FY25A	FY26A	FY27E	FY28E
Net Interest Income (INR mn)	10,708	12,298	15,638	18,743
PAT (INR mn)	2,252	3,436	4,649	5,795
EPS (INR)	6.0	9.2	12.4	15.5
% Chg YoY	(8.8)	52.0	35.3	24.6
P/E (x)	25.1	16.5	12.2	9.8
P/BV (x)	2.2	1.9	1.7	1.4
Gross Stage - 3 (%)	2.0	1.9	1.9	1.9
RoA (%)	1.8	2.3	2.5	2.6
RoE (%)	9.4	12.6	14.7	15.7

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Market Data

Market Cap (INR)	57bn
Market Cap (USD)	599mn
Bloomberg Code	FEDFINA In Equity
Reuters Code	FEBD.BO
52-week Range (INR)	178 /84
Free Float (%)	32.0
ADTV-3M (mn) (USD)	1.4

Price Performance (%)	3m	6m	12m
Absolute	(3.2)	6.1	69.3
Relative to Sensex	3.4	15.2	73.5

ESG Score	2024	2025	Change
ESG score	**61.9**	**61.7**	**(0.2)**
Environment	42.4	39.9	(2.5)
Social	64.7	67.4	2.7
Governance	77.2	77.3	0.1

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
PAT	3	4

Previous Reports

04-04-2026: NBFCs Q4FY26 preview

17-01-2026: Q3FY26 results review

Q4FY26 result: Strong >30% QoQ gold AUM growth aids overall growth; RoA and RoE inch up QoQ

Fedfina delivered robust operating performance in Q4FY26, with PAT of INR 1.0bn, up sharply ~40% YoY on a low base and 14% QoQ. This translated into RoA of ~2.6% and RoE of ~14.0%, marking another quarter of sequential improvement in return ratios. Notably, RoE saw a >100bps sequential improvement in Q4, touching 14% vs. 12.7% QoQ. The improvement was driven by healthy growth in core earnings and sustained control over credit costs. AUM saw strong growth of ~27.5% YoY to INR 201bn, crossing the INR 200bn milestone; meanwhile, underlying growth (excluding discontinued unsecured business loans) remained strong at ~40.8% YoY, led by robust traction in gold loans (~76% YoY growth). Disbursements stood at INR 116.6bn, up ~109% YoY, driven primarily by record gold loan disbursements which crossed INR 100bn in Q4 to stand at INR 107.4bn.

On the profitability front, core NII grew 9% QoQ/23% YoY, supported by higher AUM growth. Yields largely remained stable QoQ at ~16.8%, while the cost of borrowings saw consistent improvement over the last couple of quarters, standing at 7.83% (declining 4bps QoQ). Operating expenses were elevated at INR 2.1bn due to higher business volumes, aggressive branch expansion (added 34 new branches this quarter) and higher employee costs, which increased 13% QoQ/23% YoY. As a result, PPoP rose ~9% QoQ/24% YoY to INR 1.63bn.

Asset quality improved across all parameters in a seasonally strong quarter, with gross Stage-3 falling below 2% to 1.88% (declining 18bps QoQ/15bps YoY). The provision coverage ratio was stable at ~32% QoQ, leading to net Stage-3 declining ~13bps QoQ to 1%. Delinquencies further improved this quarter, with 1+DPD falling to ~6% (declining 110bps QoQ/130bps YoY), while 30+DPD declined to ~3.7%, down 80bps QoQ/100bps YoY. Reported credit cost for the quarter also improved 18bps QoQ/29bps YoY to settle at 0.7%, which is within the guided range of <1%.

Gold loans expanding at rapid pace, aiding overall AUM growth; gold loan share now >50% in overall AUM mix

Post the change in top management in Nov'24, Fedfina has strategically pivoted to scale its gold loan portfolio; in tandem, it has executed a complete exit from the unsecured business loan segment to mitigate P&L volatility. Further, the company has overhauled its small-ticket LAP segment, emphasising profit maximisation and enhancing credit quality control. This strategic shift has culminated in a robust >60% gold loan CAGR over the past two years. While rising gold prices have provided a favourable tailwind, Fedfina distinguished itself as one of the few NBFCs to witness tonnage growth of 12% YoY for FY26. During FY24–26, Fedfina maintained a calibrated expansion strategy with a focus on operational efficiency—gold AUM per branch improved to INR 165mn in FY26 from INR 68mn in FY23. Moreover, in order to sustain growth momentum, it has added 34 new branches in Q4 and 148 (including 70 co-located branches) during FY26, taking the total to 757.

Notably, despite regulatory relaxation on LTVs, Fedfina still maintains conservative LTVs at 60.9% (origination), which leaves enough margin of safety, in case of a fall in collateral value.

Gold loan AUM increased ~76% YoY to INR 103.5bn, crossing the >50% mark in overall AUM mix, accounting for ~51% of total AUM as of Q4FY26 (~37% of total AUM a year ago), supported by record quarterly gold loan disbursements of INR 107.4bn (up 37% QoQ). Management highlighted that it is expanding gold loans through branch expansion and improved doorstep gold loans. Doorstep gold loans stand at INR 17.3bn, which is ~17% of overall AUM.

Credit cost lowest in last eight quarters; resilience of secured model visible

Reported credit cost stood at ~0.7%, within the guided range of <1%. Notably, asset quality improved across all parameters, with gross Stage 3 declining 18bps QoQ to below 2% vs. an increased gross Stage 3 in the last quarter due to elevated forward flows from the S-LAP book. Delinquencies further improved this quarter, with 1+DPD falling to ~6% (declining 110bps QoQ/130bps YoY) while 30+DPD declined to ~3.7% (improving 80bps QoQ/100bps YoY).

With unsecured business loans now reduced to <1% of on-book assets vs. >10% a year ago and the overall loan book being >99% secured, the company believes the residual S-LAP stress remains manageable and well contained within current credit cost guidance.

AUM growth strong at 27% YoY; FY27 guidance at 20-25%

AUM saw a strong growth of ~27% YoY to INR 201.5bn during Q4FY26. Adjusting for the run-down and assignment of unsecured business loans, underlying AUM growth remained robust at ~40.8% YoY, highlighting the strength of the core secured franchise. Gold loans and mortgages continued to be the primary growth drivers, with mortgage AUM rising ~16% YoY to INR 93.6bn, supported by stable performance in medium-ticket LAP and gradual normalisation in small-ticket LAP post-portfolio clean-up.

Gold loan AUM increased ~76% YoY to INR 103.5bn, accounting for ~51% of total AUM (~37% a year ago), supported by record quarterly gold loan disbursements of INR 107.4bn (up 37% QoQ). The unsecured business loan portfolio continued to taper down and now constitutes <1% of on-book assets. Overall, management guided for growth of 20-25% in FY27, with gold loans driving the higher growth.

Framework: Twin-engine growth, calibrated risk and improving returns

Looking ahead, management remains focused on sustaining high-teens AUM growth while maintaining a calibrated risk profile. Gold loans are expected to continue scaling through branch expansion (including co-located branches), tonnage growth and doorstep services while maintaining conservative LTVs and disciplined pricing.

The emphasis on core income growth, improved operational efficiency, lower credit costs and an optimised borrowing mix is expected to support further improvement in RoA and RoE. Fedfina appears well positioned to deliver stable profitability and improving return metrics through FY27, with operating leverage from recent investments likely to become more visible in the next few quarters. Management expects RoA to inch up by 20-30bps in FY27 vs. the FY26 average, largely on the back of a moderation in opex and credit costs.

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

Exhibit 1: Q4FY26 result review

Income statement (INR mn)	Q4FY25	Q3FY26	Q4FY26	% YoY	% QoQ
Interest income	4,992	5,270	5,883	17.8	11.6
Interest expenses	2,159	2,081	2,394	10.9	15.1
Net Interest Income	**2,833**	**3,189**	**3,488**	**23.1**	**9.4**
Non Interest Income	383	289	292	(23.7)	1.1
Total Income (net of interest expenses)	**3,216**	**3,478**	**3,781**	**17.6**	**8.7**
Employee expenses	1,060	1,156	1,306	23.2	13.0
Depreciation and amortization	133	141	150	13.1	6.7
Other operating expenses	711	688	696	(2.1)	1.2
Total Operating Expense	**1,904**	**1,984**	**2,153**	**13.0**	**8.5**
Pre-provisioning profit (PPoP)	**1,312**	**1,494**	**1,628**	**24.1**	**9.0**
Provisions and write offs	325	311	279	(14.2)	(10.4)
PBT	**987**	**1,183**	**1,349**	**36.7**	**14.1**
Tax expenses	270	304	344	27.3	13.1
PAT	**717**	**879**	**1,005**	**40.3**	**14.4**
EPS (INR)	**1.9**	**2.4**	**2.7**	**40.1**	**14.5**
Balance Sheet (INR mn)					
Share capital	3,727	3,740	3,740	0.3	0.0
Reserves & surplus	21,746	24,320	25,520	17.4	4.9
Shareholders' funds	**25,474**	**28,060**	**29,260**	**14.9**	**4.3**
Borrowings	**1,02,687**	**1,12,070**	**1,34,840**	**31.3**	**20.3**
Other Liabilities and provisions	4,337	4,400	4,650	7.2	5.7
Total Equity and Liabilities	**1,32,497**	**1,44,530**	**1,68,750**	**27.4**	**16.8**
Loans	**1,16,464**	**1,27,680**	**1,43,190**	**22.9**	**12.1**
Cash and Bank Balances	8,347	3,360	13,910	66.6	314.0
Investments	**4,042**	**7,820**	**4,020**	**(0.5)**	**(48.6)**
Other Assets	3,644	5,670	7,630	109.4	34.6
Total Assets	**1,32,497**	**1,44,530**	**1,68,750**	**27.4**	**16.8**
Key Parameters					
AUM (INR mn)	**1,58,120**	**1,75,000**	**2,01,530**	**27.5**	**15.2**
Mortgage Loans	80,620	90,840	93,620	16.1	3.1
Gold Loan	58,800	79,050	1,03,520	76.1	31.0
Business Loans & Others	18,700	5,110	4,390	-76.5	-14.1
Disbursements (INR mn)	**55,780**	**86,060**	**1,16,650**	**109.1**	**35.5**
Mortgage Loans	9,950	7,530	9,210	-7.4	22.3
Gold Loan	45,800	78,530	1,07,440	134.6	36.8
Key Ratios (%)					
Yield (Reported)	**16.8**	**16.8**	**16.8**	**0 bps**	**0 bps**
Cost of Borrowings (Reported)	8.7	7.9	7.8	-90 bps	-5 bps
Spreads (Reported)	8.1	8.9	9.0	91 bps	7 bps
NIMs (Reported)	**8.7**	**9.2**	**8.8**	**9 bps**	**-40 bps**
Op cost as % of avg assets (Cal)	5.9	5.7	5.5	-39 bps	-21 bps
Cost to income (%)	59.2	57.0	56.9	-228 bps	-11 bps
1+ dpd	7.3	7.1	6.0	-130 bps	-110 bps
30+ dpd	4.7	4.5	3.7	-100 bps	-80 bps
Gross NPA Ratio (%)	**2.02**	**2.05**	**1.88**	**-15 bps**	**-18 bps**
Net NPA Ratio (%)	1.01	1.12	1.00	-1 bps	-13 bps
Provision coverage ratio (%)	40.0	32.3	32.3	-766 bps	0 bps
Credit cost as a % of avg AUM [annualized]	**0.85**	**0.74**	**0.59**	**-26 bps**	**-15 bps**
Reported RoA	**2.2**	**2.5**	**2.6**	**40 bps**	**10 bps**
Reported RoE	**11.4**	**12.7**	**14.0**	**260 bps**	**130 bps**

Source: Company data, I-Sec research

Q4FY26 earnings call takeaways

Guidance

- **AUM growth guidance of 20-25% for FY27.**
- **Expect RoA to be 20-30bps higher in FY27 vs. the FY26 average, aided by opex and credit costs and this trend should continue in FY28.**
- Looking at 10-15% gold tonnage growth for FY27.

Gold loans

- Gold crossed INR 100bn AUM; AUM growth was up 76% YoY.
- It is expanding its gold business through branch expansion and improving doorstep coverage.
- **While gold price has aided portfolio growth, gold loan tonnage also inched up 12% YoY.**
- Opened 34 gold branches and added 148 gold loan branches during the year.
- LTV on AUM at 60.9% (portfolio LTV).
- INR 11.32bn rise in gold co-lending AUM.
- **Secured book grew INR 58bn during FY26, up ~41% YoY. Within this, gold loan grew 76% YoY.**
- **Even after considering flattish gold loan prices, gold loan AUM growth would be 20-22% for FY27.**
- Gold loan ATS has increased to INR 250k from INR 150k, largely due to rise in price. If price stabilises, then ATS is also likely to stabilise.
- Gold loan growth drivers:
    - New branches and existing branches giving more business
    - Doorstep gold loans stand at INR 17.3bn, which is 17% of overall AUM
    - Tonnage growth

Margins

- **Disbursals were back-ended, which resulted in slightly lower yields.**
- Around 30-35% borrowing is fixed including CP and ~25% excluding CP.

Asset quality

- In FY27, credit cost should remain rangebound.
- GNPA down 20bps QoQ and NNPA down 10bps QoQ.
- PCR flat QoQ at ~32%.
- Nil write-offs in Q3.
- INR 140-150mn write-offs in Q4.
- **Incremental slippages should show a declining trend, if the environment remains steady.**

Borrowings

- INR 4.5bn sub ordinate debt raised during the quarter.
- **Raised USD 250mn in ECL to date.**

Opex

- Operating leverage is playing out gradually, offering green shoots of economies of scale due to balance sheet expansion.

Q4FY26 performance

- **Crossed the psychological milestone of INR 1bn PAT.**
- PPoP at INR 1.62bn, up 9% QoQ and 23% YoY.
- **Excluding DA income, which it has consciously dialed down, core PPoP was up 22% YoY.**

Q3FY26 earnings call takeaways

Asset quality

- **Higher forward flows from Stage-2 to Stage-3 during Q3**
- **Rise in GNPA was expected by the company, and it has not resulted in a spike in credit cost, which is well within guidance**
- It is relatively easier to enforce recoveries, once an account slips into Stage-3
- **Aim is to ensure credit cost remains ~1% +/-10bps**
- **It would look to share FY27 credit cost guidance in Q4**
- MT LAP asset quality is pristine, which is ~60% of mortgage book
- Of the balance 40% mortgage book, there is old book and new book for ST LAP. Of the old book ST LAP as well, there are certain geographies as well, which have seen higher stress but that is a small portion of the overall portfolio.
- **ST LAP has relatively higher flows and it anticipates certain flows to continue in ST LAP for Q4 as well**
- Spill over in the MFI segment has also impacted ST LAP's portfolio asset quality for ticket size range of INR 0.5-0.7mn
- Fresh sourcing in ST LAP is giving much better asset quality on 12/15/18 MOB
- It would look to rebuild ST LAP and build team for growth and quality
- Unsecured lending portfolio continues to diminish and forms 0.6% of on-book assets
- **As the environment eases out, it expects things to normalise in ST LAP as well**
- **Delinquencies are under control, but disbursements are yet to pick-up in Tamil Nadu**
- **It will wait for Q4, before business picks up meaningfully in Tamil Nadu as per company's assessment**

Gold loans

- **Confident that tonnage growth would be ~10-12% YoY going ahead**
- **Expects gold loan per branch to reach to even INR 200mn per branch, which can largely be driven by tonnage growth**
- It is aligning its employees KRA towards tonnage growth
- **It will likely continue to grow at a faster pace than the overall portfolio**
- Gold loans' growth would be unconstrained by its share in overall portfolio
- **There is no internal limit for gold loan crossing a certain threshold of the overall portfolio**
- Very comfortable on portfolio LTV at 59%

Operating expenses

- **INR 39mn impact due to new labour code**
- Other opex was higher due to higher branch expense, higher advertisement / travel and higher depreciation
- **It will look to give guidance on opex to average assets for FY27 in Q4, which would also be a key metric to watch out for, apart from credit cost**
- **Consistent, predictable and increasing RoA is the overall target**

Borrowing cost

- **Borrowing mix**
  - **29% Fixed**
  - **41% EBLR**
  - **30% MCLR**
- **A little less than 7.6% was incremental CoB for Q3**

- **Consciously reduced direct assignment and looking to migrate to co-lending**
- Decline in direct assignment during Q3 was done purposely
- Using DA as capital allocation strategy

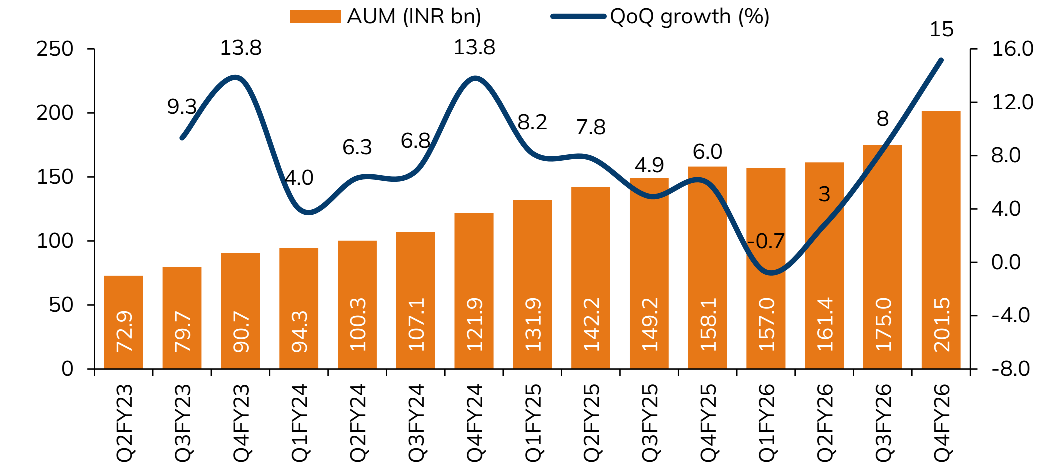
Yields

- 20bps sequential decline in yields have been impacted by DA income. **Adjusting for DA income, core yield is flat QoQ**
- Pressure on yields in MT LAP segment also visible, but it has so far not reduced the yields so much as its peers in MT LAP

Branch network

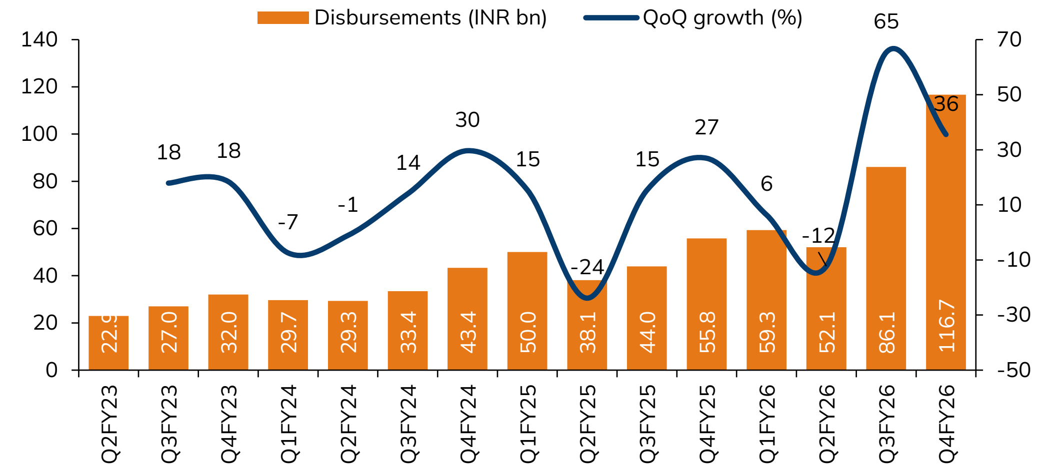
- Opened 54 new branches during the year
- Successfully merged additional 14 branches
- Co-located 63 branches this year
- It would make efforts to merge and co-locate more branches

Exhibit 2: AUM grew 15% QoQ/27% YoY, showing strong momentum



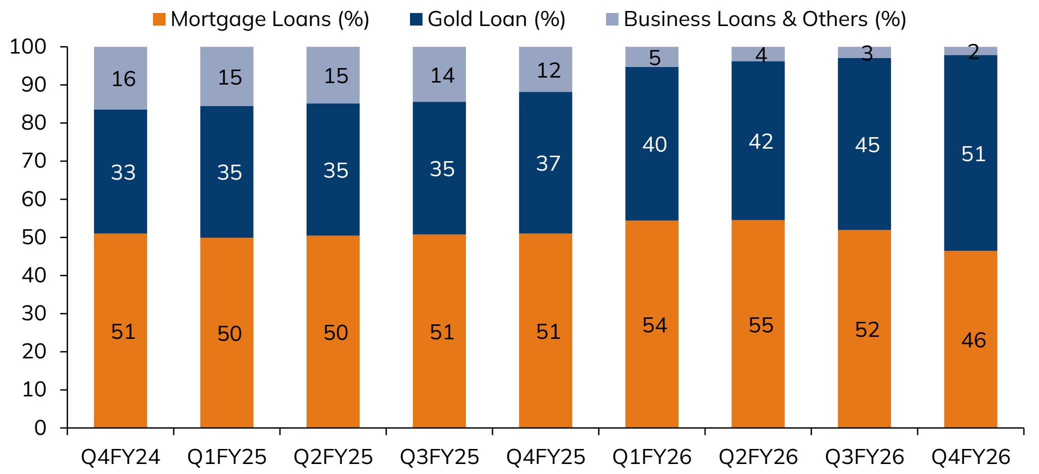
Source: Company data, I-Sec research

Exhibit 3: Disbursements saw strong momentum as gold loan disbursements rose



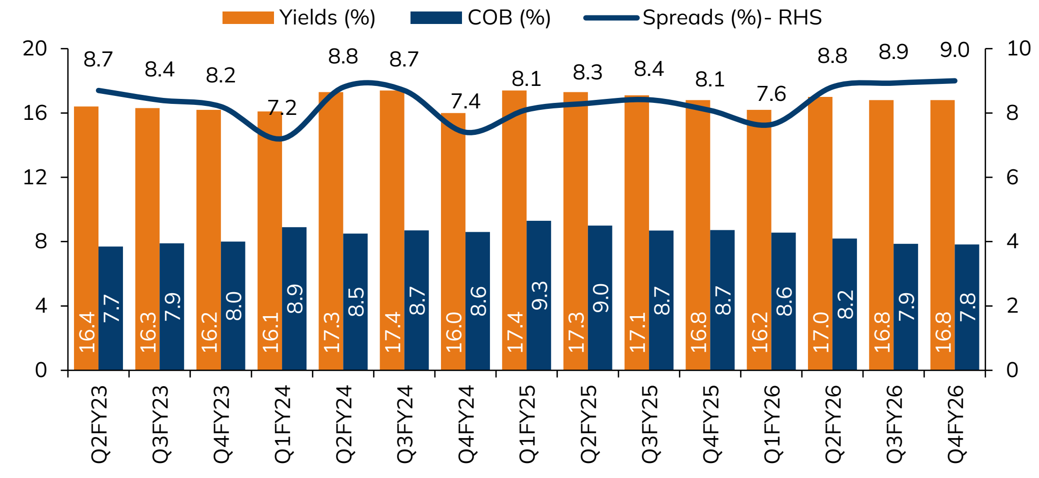
Source: Company data, I-Sec research

Exhibit 4: Gold loans now >50% of overall AUM mix, contributing strong growth



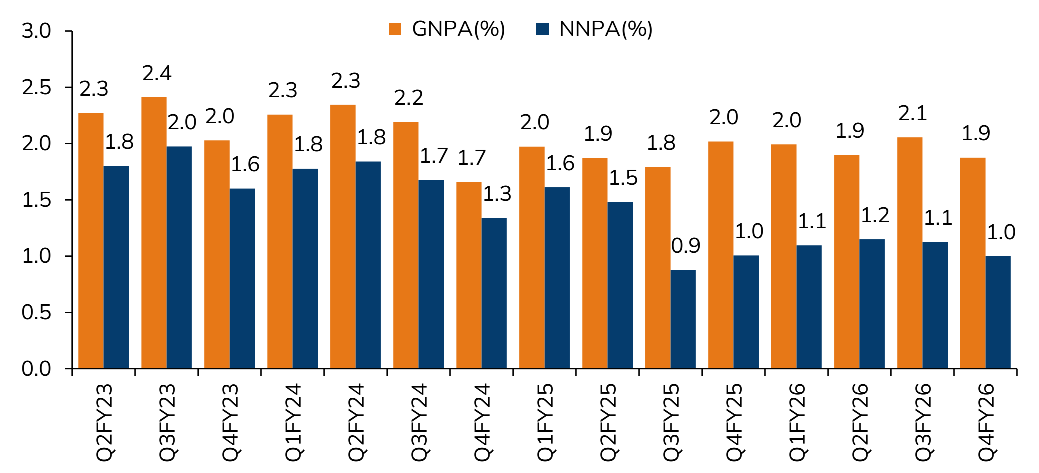
Source: Company data, I-Sec research

Exhibit 5: Spreads stable QoQ at ~9%



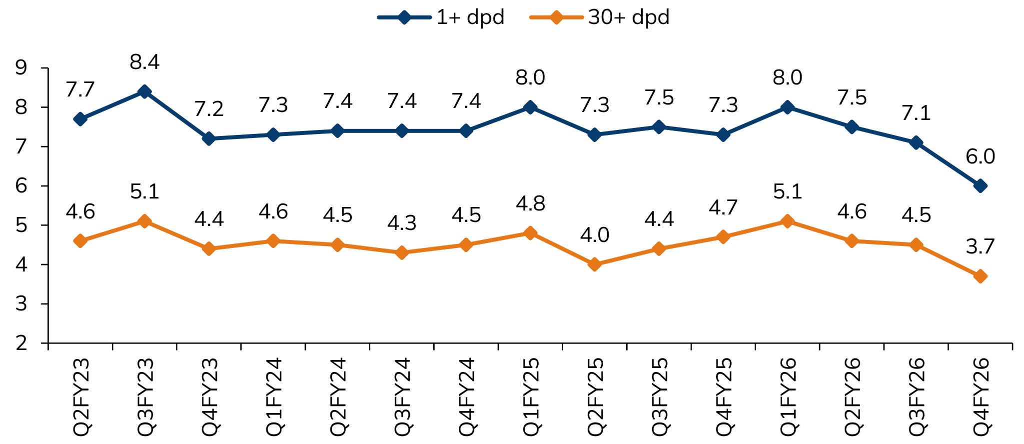
Source: Company data, I-Sec research

Exhibit 6: GNPA/NNPA saw an improvement of 18bps/13bps QoQ



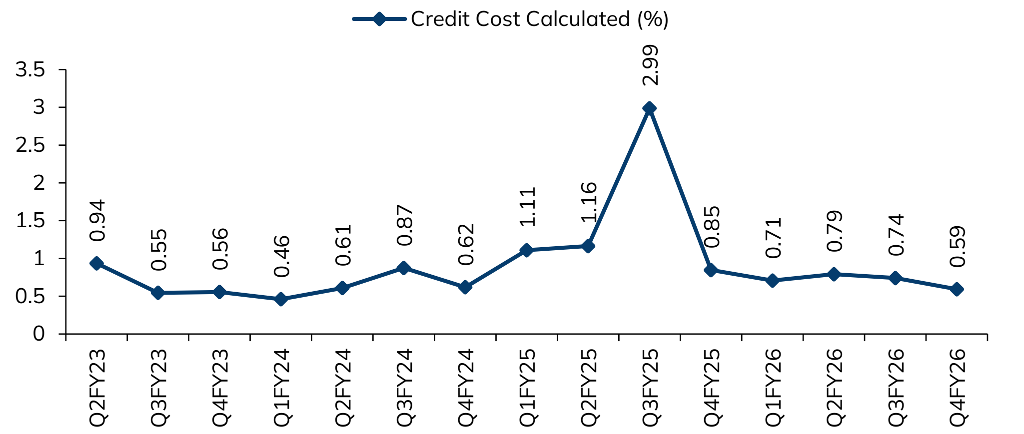
Source: Company data, I-Sec research

Exhibit 7: 1+ DPD is showing signs of improvement, declining 110bps QoQ; 30+DPD declined 80bps QoQ



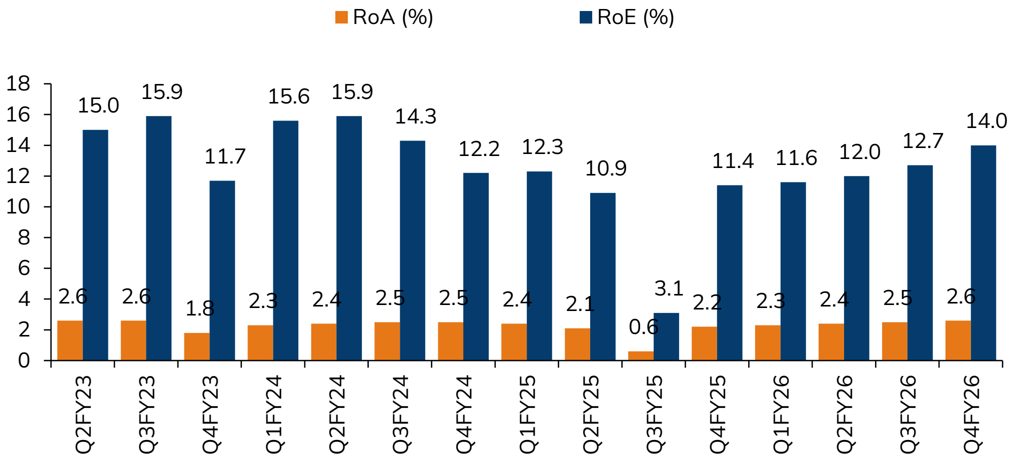
Source: Company data, I-Sec research

Exhibit 8: Calculated credit cost at a multi-quarter low



Source: Company data, I-Sec research

Exhibit 9: Uptick in RoA and RoE, as growth momentum continues



Source: Company data, I-Sec research

Exhibit 10: Shareholding pattern

%	Sep'25	Dec'25	Mar'26
Promoters	60.9	60.8	60.8
Institutional investors	20.5	19.1	19.5
MFs and others	2.0	2.1	2.7
FIs/Banks	14.2	12.9	13.0
Insurance	3.1	3.2	3.1
FIIs	1.2	0.9	0.7
Others	18.6	20.1	19.7

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart

Source: Bloomberg, I-Sec research

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Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Interest Income	19,246	21,091	26,674	32,583
Interest Expenses	(8,538)	(8,793)	(11,036)	(13,840)
Net Interest Income (NII)	**10,708**	**12,298**	**15,638**	**18,743**
Other Income	-	-	-	-
Total Income (net of interest expenses)	12,260	13,473	17,363	21,058
Employee benefit expenses	**(3,903)**	**(4,439)**	**(5,505)**	**(6,598)**
Depreciation and amortization	(489)	(545)	(937)	(1,078)
Fee and commission expenses	-	-	-	-
Other operating expenses	(2,668)	(2,726)	(3,460)	(4,110)
Total Operating Expense	(7,059)	(7,710)	(9,902)	(11,786)
Pre Provisioning Profits (PPoP)	**5,201**	**5,763**	**7,460**	**9,273**
Provisions and write offs	**(2,163)**	**(1,153)**	**(1,223)**	**(1,498)**
Profit before tax (PBT)	3,038	4,610	6,238	7,775
Total tax expenses	(786)	(1,174)	(1,589)	(1,980)
Profit after tax (PAT)	**2,252**	**3,436**	**4,649**	**5,795**

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Share capital	3,727	3,740	3,740	3,740
Reserves & surplus	21,746	25,520	30,169	35,964
Shareholders' funds	**25,474**	**29,260**	**33,909**	**39,704**
Borrowings	102,687	134,840	159,453	204,763
Provisions & Other Liabilities	4,337	4,650	6,329	8,613
Total Liabilities and Stakeholder's Equity	**132,497**	**168,750**	**199,691**	**253,080**
Cash and balance with RBI	8,347	13,910	7,024	8,958
Fixed assets	1,897	3,110	3,421	3,763
Loans	**116,464**	**143,190**	**175,606**	**223,939**
Investments	4,042	4,020	8,780	11,197
Deferred tax assets (net)	-	-	-	-
Other Assets	1,748	4,520	4,859	5,223
Total Assets	**132,497**	**168,750**	**199,691**	**253,080**

Source Company data, I-Sec research

Exhibit 14: Key Ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
AUM and Disbursements (INR mn)				
AUM	158,120	201,530	255,846	326,263
On-book Loans	116,464	143,190	175,606	223,939
Off-book Loans	41,656	58,340	80,240	102,324
Disbursements	187,851	314,090	402,151	534,426
Growth (%):				
Total AUM (%)	29.7	27.5	27.0	27.5
Disbursements (%)	**38.3**	**67.2**	**28.0**	**32.9**
Loan book (on balance sheet) (%)	18.6	22.9	22.6	27.5
Total Assets (%)	19.0	27.4	18.3	26.7
Net Interest Income (NII) (%)	31.9	14.8	27.2	19.9
Non-interest income (%)	18.2	(24.3)	46.7	34.3
Total Income (net of interest expenses) (%)	30.0	9.9	28.9	21.3
Operating Expenses (%)	28.5	9.2	28.4	19.0
Employee Cost (%)	22.8	13.7	24.0	19.9
Non-Employee Cost (%)	37.3	2.2	26.9	18.8
Pre provisioning operating profits (PPoP) (%)	32.0	10.8	29.5	24.3
Provisions (%)	228.5	(46.7)	6.1	22.5
PBT (%)	(7.4)	51.8	35.3	24.6
PAT (%)	(8.0)	52.6	35.3	24.6
EPS (%)	(8.8)	52.0	35.3	24.6
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	10.0	9.5	9.8	9.4
NIM on IEA (%)	7.4	6.4	6.5	6.3
NIM on AUM (%)	7.6	6.8	6.8	6.4
Yield on loan assets (%)	**17.9**	**16.2**	**16.7**	**16.3**
Yield on IEA (%)	13.3	11.0	11.2	10.9
Yield on AUM (%)	13.7	11.7	11.7	11.2
Cost of borrowings (%)	9.2	7.4	7.5	7.6
Interest Spreads (%)	8.7	8.8	9.2	8.7
Operating efficiencies				
Non interest income as % of total income	7.5	5.3	6.1	6.6
Cost to income ratio	57.6	57.2	57.0	56.0
Op.costs/avg assets (%)	5.8	5.1	5.4	5.2
Op.costs/avg AUM (%)	**5.0**	**4.3**	**4.3**	**4.0**
Salaries as % of non-interest costs (%)	55.3	57.6	55.6	56.0
Capital Structure				
Average gearing ratio (x)	4.0	4.6	4.7	5.2
Leverage (x)	5.2	5.8	5.9	6.4
CAR (%)	21.9	20.4	20.3	19.2
Tier 1 CAR (%)	18.9	17.4	17.3	16.2
Tier 2 CAR (%)	3.0	3.0	3.0	3.0
RWA (estimate) - INR mn	118,353	150,736	178,373	226,063
RWA as a % of loan assets	101.6	105.3	101.6	100.9

Source Company data, I-Sec research

	FY25A	FY26A	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	2.0	1.9	1.9	1.9
NNPA (%)	1.0	1.0	1.0	1.0
GNPA (INR mn)	2,390	2,720	3,358	4,339
NNPA (INR mn)	1,164	1,422	1,746	2,256
Coverage ratio (%)	51.3	47.7	48.0	48.0
Credit Costs as a % of avg AUM (bps)	154	64	53	51
Credit Costs as a % of avg on book loans (bps)	202	89	77	75
Return ratios				
RoAA (%)	1.8	2.3	2.5	2.6
RoAE (%)	9.4	12.6	14.7	15.7
ROAAUM (%)	1.6	1.9	2.0	2.0
Valuation Ratios				
No of shares	**373**	**374**	**374**	**374**
No of shares (fully diluted)	373	374	374	374
EPS (INR)	6.0	9.2	12.4	15.5
EPS fully diluted (INR)	6.0	9.2	12.4	15.5
Price to Earnings (x)	25.1	16.5	12.2	9.8
Price to Earnings (fully diluted) (x)	25.1	16.5	12.2	9.8
Book Value (fully diluted)	68	78	91	106
Adjusted book value	65	74	86	100
Price to Book	2.2	1.9	1.7	1.4
Price to Adjusted Book	2.3	2.0	1.8	1.5

Source Company data, I-Sec research

Exhibit 15: Key Metrics

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
DuPont Analysis				
Average Assets (INR mn)	121,938	150,624	184,220	226,385
Average Loans (INR mn)	107,344	129,827	159,398	199,773
Average Equity (INR mn)	24,041	27,367	31,585	36,806
Interest earned (%)	15.8	14.0	14.5	14.4
Net gain on fair value changes (%)	0.2	0.1	0.1	0.2
Interest expended (%)	7.0	5.8	6.0	6.1
Gross Interest Spread (%)	**8.8**	**8.2**	**8.5**	**8.3**
Credit cost (%)	1.8	0.8	0.7	0.7
Net Interest Spread (%)	**7.0**	**7.4**	**7.8**	**7.6**
Operating cost (%)	5.8	5.1	5.4	5.2
Lending spread (%)	**1.2**	**2.3**	**2.4**	**2.4**
Non interest income (%)	1.3	0.8	0.9	1.0
Operating Spread (%)	**2.5**	**3.1**	**3.4**	**3.4**
Tax rate (%)	25.9	25.5	25.5	25.5
ROAA (%)	**1.8**	**2.3**	**2.5**	**2.6**
Effective leverage (AA/ AE)	5.1	5.5	5.8	6.2
RoAE (%)	**9.4**	**12.6**	**14.7**	**15.7**

Source Company data, I-Sec research

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