

30 April 2025

## Holding ground, but not breaking out

Can Fin Homes (CANF IN) performance was stable but subdued, with PAT aided largely by lower provisions while core operating trends remain soft amid rising cost. Disbursement picked up as regional disruptions eased, although growth was led by select segments, and housing remains soft. Asset quality remains stable, but with elevated buffers are still in place. With ongoing business model adjustments and cost pressures, earnings pressures would persist. We retain **Accumulate** with a lower TP of INR of INR 762.

**Provisions aid PAT; NIM to benefit from lower cost of borrowing:** CANF posted a PAT of INR 2.3 bn, up 10.3% QoQ and 11.9% YoY, aided by lower provisions, down 30.3% QoQ. NII growth was subdued at 1.1% QoQ to INR 3.5 bn, in line with our estimates, limiting PPOP growth to 1.1% QoQ, which was hampered by elevated opex, up 19.3% QoQ, driving the cost-to-income ratio higher by 245bp QoQ. NIM expanded 9bp each QoQ and YoY to ~3.8%, and with repo rate cuts and cheaper CP, funding cost is likely to ease by 10-15bs, with the full NIM benefit set to flow through gradually. FY26 guidance remains steady at >2.5% spread and >3.5% NIM.

**Disbursement momentum builds; stabilization in key states:** Disbursements regained momentum at 30.7% QoQ and 6.1% YoY, driven by eKhaata issues being resolved in Karnataka, leading to INR 2-3bn monthly disbursements in the state, lifting AUM to INR 382.1bn, up 2.9% QoQ/9.2% YoY. The self-employed segment was up 4.7% QoQ/15.0% YoY, and within that, Loan Against Property (LAP) was up 9.3% QoQ/29.3% YoY driving growth. On the salaried side, mortgage loans grew 7.9% QoQ/21.9% YoY, and housing loans, up 1.8% QoQ/6.1% YoY remain soft. The housing loan mix dipped 46bp QoQ to 87.8%, with mortgage and top-up loans gaining share. With issues in Karnataka and Telangana stabilizing, aided by branch expansion of 234 along with a new sales team, volume is gaining traction. This strengthens confidence in achieving FY26 guidance of 20% disbursement growth and 13-15% AUM growth, with focus on diversifying the portfolio mix and reducing Direct Sales Agents (DSA) reliance.

**Stable GNPA; collections strengthened along with prudent provisioning:** Asset quality remains stable with GNPA at ~0.9%. SMA-0 improved materially with a ~INR 7.5bn reduction, driven by stronger follow-ups and customer engagement while SMA-1/2 benefitted from additional staff and process changes. The restructured book, initially at ~INR 7.3bn, has been steadily wound down, lowering management overlay to INR 490mn. Around INR 250mn was prudently added to overlay as a buffer, and the PCR remains in the range of 45-47%. Credit cost stood at ~0.2%, down 8bp QoQ but up 14bp YoY. Guidance is for GNPA at 0.9% and credit cost at ~15bp.

**Moderate earnings outlook; retain Accumulate with a lower TP of INR 762:** We reduce our PAT by 3.6% for FY27E, due to subdued NII growth, elevated opex and introduce FY28 estimates. While disbursement momentum and stable asset quality provide support, the overall performance is likely to remain underwhelming, with ~1.9% RoA and 16% RoE during FY27-28E. As a result, we pare down our TP to INR 762 from INR 813 on 1.5x (from 1.6x) FY27E P/ABV. We retain **Accumulate**.

### Key financials

YE March	FY24	FY25	FY26E	FY27E	FY28E
NII (INR mn)	12,584.9	13,544.4	15,244.0	18,022.8	20,817.5
YoY (%)	24.0	7.6	12.5	18.2	15.5
PPoP (INR mn)	10,428.2	11,175.6	11,944.6	13,967.7	15,764.0
YoY (%)	24.3	7.2	6.9	16.9	12.9
PAT (INR mn)	7,507.0	8,571.7	8,943.6	10,535.2	11,942.9
YoY (%)	20.8	14.2	4.3	17.8	13.4
EPS (INR)	56.4	64.4	67.2	79.1	89.7
Core RoE (%)	18.8	18.2	16.2	16.2	15.7
RoA (%)	2.1	2.2	2.0	1.9	1.9
P/E (x)	12.6	11.0	10.6	9.0	7.9
P/ABV (x)	2.2	1.9	1.6	1.3	1.2

Note: Pricing as on 29 April 2025; Source: Company, Elara Securities Estimate

Rating: [Accumulate](#)

Target Price: [INR 762](#)

Upside: [7%](#)

CMP: [INR 709](#)

As on 29 April 2025

#### Key data

Bloomberg	CANF IN
Reuters Code	CNFH.NS
Shares outstanding (mn)	133.2
Market cap (INR bn/USD mn)	99/1,161
EV (INR bn/USD mn)	430/5,118
ADTV 3M (INR mn/USD mn)	352/4
52 week high/low	952/559
Free float (%)	63

Note: as on 29 April 2025; Source: Bloomberg

#### Price chart



Source: Bloomberg

	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Shareholding (%)				
Promoter	30.0	30.0	30.0	30.0
% Pledge	0.0	0.0	0.0	0.0
FII	11.5	11.7	11.4	12.1
DII	27.8	27.5	28.2	24.7
Others	30.7	30.8	30.4	33.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	4.8	(0.4)	8.8
Can Fin Homes	7.8	(14.5)	0.1
NSE Mid-cap	2.0	(3.3)	8.1
NSE Small-cap	(2.6)	(8.8)	2.8

Source: Bloomberg

#### Shweta Daptardar

Diversified Financials  
+91 22 6164 8559  
shweta.daptardar@elaracapital.com

Associate  
Devarshi Raj  
devarshi.raj@elaracapital.com



## Financials (YE March)

Income statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
NII	12,585	13,544	15,244	18,023	20,817
Other income	16	14	119	269	450
<b>Gross Income</b>	<b>12,601</b>	<b>13,558</b>	<b>15,363</b>	<b>18,292</b>	<b>21,267</b>
Operating expenses	2,173	2,382	3,419	4,324	5,503
<b>PPOP</b>	<b>10,428</b>	<b>11,176</b>	<b>11,945</b>	<b>13,968</b>	<b>15,764</b>
Provisions	1,185	758	916	1,118	1,222
<b>PBT</b>	<b>9,575</b>	<b>10,775</b>	<b>11,947</b>	<b>14,073</b>	<b>15,954</b>
Tax	2,068	2,203	3,003	3,538	4,011
<b>PAT</b>	<b>7,507</b>	<b>8,572</b>	<b>8,944</b>	<b>10,535</b>	<b>11,943</b>
Balance Sheet (INR bn)	FY24	FY25	FY26E	FY27E	FY28E
Capital	266	266	266	266	266
Reserves and Surplus	43,172	50,409	59,352	69,887	81,830
<b>Net worth</b>	<b>43,439</b>	<b>50,675</b>	<b>59,618</b>	<b>70,154</b>	<b>82,097</b>
Borrowings	316,451	240,145	259,117	283,578	328,609
Other liabilities	10,247	118,853	179,880	234,810	289,692
<b>Total Liabilities</b>	<b>370,137</b>	<b>409,673</b>	<b>498,616</b>	<b>588,542</b>	<b>700,398</b>
Fixed assets	526	503	4,286	18,505	23,029
Loans	345,531	376,964	433,338	498,448	576,006
Net Current Assets	87	100	5,021	16,069	31,347
Other assets	23,993	32,106	55,970	55,521	70,016
<b>Total Assets</b>	<b>370,137</b>	<b>409,673</b>	<b>498,616</b>	<b>588,542</b>	<b>700,398</b>
Per Share data & Valuation Ratios	FY24	FY25	FY26E	FY27E	FY28E
EPS- (INR)	56.4	64.4	67.2	79.1	89.7
BV (INR)	326.2	380.5	447.7	526.8	616.5
ABV- (INR)	315.3	367.5	432.8	509.6	596.6
P/E- (x)	12.6	11.0	10.6	9.0	7.9
P/ABV-(x)	2.2	1.9	1.6	1.3	1.2
Yield and Cost (%)					
Yield on advances	3.6	3.6	3.5	3.6	3.6
Interest Income/ Avg. assets	3.4	3.3	3.1	3.1	3.0
Net Interest Margin (%)	3.8	3.7	3.7	3.9	3.9
Asset Quality (%)					
Gross NPA	0.8	0.9	0.9	0.9	0.9
Net NPA	0.4	0.5	0.5	0.5	0.5
% coverage of NPA	48.8	47.1	47.8	47.8	47.2
credit cost (calc)	0.3	0.2	0.2	0.2	0.2
Capital Adequacy					
Tier 1	22.1	23.4	23.5	21.8	18.9
CAR	23.5	24.8	24.9	23.2	20.3
Growth Rates					
Loan growth	10.8	9.1	15.0	15.0	15.6
Earnings growth	20.8	14.2	4.3	17.8	13.4
Business Ratios					
RoAA (%)	2.1	2.2	2.0	1.9	1.9
Core RoE (%)	18.8	18.2	16.2	16.2	15.7
Leverage (x)	8.8	8.3	8.2	8.4	8.5

Note: Pricing as on 29 April 2025; Source: Company, Elara Securities Estimate

## Exhibit 1: Q4FY25 performance snapshot

Particulars (INR mn)	Q4FY25	Q4FY24	YoY (%/bps)	Q3FY25	QoQ (%/bps)	Quick Comments
Interest Income	9,829	9,117	7.8	9,803	0.3	
Fees and commission income	157	151	4.1	58	171.2	
Interest Expenses	6,343	5,839	8.6	6,356	(0.2)	
<b>Net Interest Income</b>	<b>3,485</b>	<b>3,278</b>	<b>6.3</b>	<b>3,447</b>	<b>1.1</b>	NII at INR 3,485mn was up 1.1% QoQ and 6.3% YoY, in line with estimates of INR 3,477 mn, supported by NIM expansion
Other Income	11	8	31.5	0	3,112.7	
<b>Total Income</b>	<b>3,653</b>	<b>3,437</b>	<b>6.3</b>	<b>3,506</b>	<b>4.2</b>	
Total Operating Expenses	707	720	-1.7	593	19.3	Operating expenses at INR 707mn stood elevated, up 19.3% QoQ and down 1.7% YoY, which led to a cost-to-income ratio at 19.4% YoY, up by 245bp QoQ
<b>Operating Profit (PPOP)</b>	<b>2,946</b>	<b>2,717</b>	<b>8.4</b>	<b>2,913</b>	<b>1.1</b>	Subsequently, PPOP stood at INR 2,946mn, up 1.1% QoQ and 8.4% YoY, in line with estimates of INR 2,921mn, signalling weak core performance
Provisions & Write Offs	154	18	764.4	221	(30.3)	Provisions at INR 154mn surged, up 764.4% YoY, but fell 30.3% QoQ due to high base
<b>PBT</b>	<b>2,792</b>	<b>2,700</b>	<b>3.4</b>	<b>2,691</b>	<b>3.7</b>	
Tax	452	609	-25.7	570	(20.6)	
<b>Reported Profit</b>	<b>2,339</b>	<b>2,090</b>	<b>11.9</b>	<b>2,121</b>	<b>10.3</b>	PAT at INR 2,339mn vs INR 2,201mn, up 10.3% QoQ and 11.9% YoY, led by sequential decline in provisions. However, NII was up, near 1% QoQ dragged PPOP for the quarter which was also weak sequentially and in line with our expectations
<b>Business Details (INR Mn)</b>						
<b>Disbursement</b>	24,550	23,140	6.1	18,790	30.7	Disbursements at INR 24.6bn grew 30.7% QoQ and 6.1% YoY, ahead of estimates of INR 22.9bn, regaining momentum in Q4FY25
<b>AUM</b>	3,82,170	3,49,990	9.2	3,71,550	2.9	Overall, AUM at INR 371.5bn grew 1.5% QoQ and 9.1% YoY, missing estimates of INR 378.7bn, hit by slow growth across segments
<b>NIM (%)</b>	3.82	3.73	9 bps	3.73	9 bps	AUM at INR 382.1bn rose 2.9% QoQ and 9.2% YoY, in line with estimates of INR 382.7bn, but might see improvement in subsequent quarters due to strong momentum in disbursements
<b>Credit cost (%)</b>	0.16	0.02	14 bps	0.24	(8) bps	Credit cost increased 14bp YoY but declined 8bp QoQ, remaining benign
<b>Others ratio</b>						
<b>Cost to income ratio (%)</b>	19.4	20.9	(158) bps	16.9	245 bps	Cost-to-income ratio stood at 19.4% YoY, up 245bp QoQ
<b>Asset Quality</b>						
Gross NPA	1	1,736	(99.9)	3,099	(100.0)	
Gross NPA (%)	0.87	0.82	5 bps	0.92	(5) bps	GNPA at 0.87% stood stagnant and average
ROE (%)	18.47	19.25	(78) bps	17.55	92 bps	
ROA (%)	2.59	2.54	5 bps	2.25	34 bps	
<b>AUM Mix (%)</b>						
Housing Loans	87.80	88.93	(113) bps	88.26	(46) bps	AUM mix saw a decline in housing loans to 87.8%, down 46bp QoQ and 113bp YoY, with incremental growth in mortgage loans, up 34bp QoQ & 83bp YoY and top-up loans, up 9bp QoQ and 26bp YoY
Top up Personal Loans	4.73	4.47	26 bps	4.63	9 bps	
Mortgage Loans	6.25	5.43	83 bps	5.92	34 bps	
Loans for Sites	0.87	0.85	2 bps	0.87	0 bps	
Others	0.35	0.32	2 bps	0.32	3 bps	

Source: Company, Elara Securities Research

## Conference call key takeaways

### Operational and business details

- ▶ The branch expansion plan for FY25 included opening 15 new branches, which have started contributing to business growth. An additional 15 branches are planned for FY26, with focus on the North Zone and Tamil Nadu (TN). The current branch count stands at 234
- ▶ New branches opened in FY25 contributed ~INR 7.4mn per month, and their contribution is expected to increase in FY26
- ▶ In Karnataka, the eKhaata issue has been resolved within the Bengaluru municipality. However, the issue remains unresolved in the *Panchayat* and urban development authority areas. Following a strategy shift post-January to focus more on LAP products, disbursements in Karnataka during Q4 were INR 2,000mn higher than in Q3. Monthly disbursements in the State increased reaching INR 2,000mn in February and INR 3,000mn in March
- ▶ The housing loan portfolio, currently at 89%, will gradually reduce to 80% to diversify lending mix
- ▶ The borrower mix consists of 65% salaried and 35% self-employed customers
- ▶ The North Zone recorded 30% growth, Tamil Nadu achieved 25% growth, and the West Zone posted 16% growth. Karnataka performed well in H1 but experienced a slowdown due to the eKhaata issue and grew by a mere 3% for full year. However, performance has improved, and 20% growth is expected in FY26
- ▶ A dedicated 35-member marketing and sales team has been established, contributing INR 600mn in Q3 and INR 1,000mn in Q4. With additional manpower and support from new branches, further growth is anticipated
- ▶ Disbursements in Q1-Q2FY26 are expected to remain subdued, with Q1FY26 likely to show a 20% increase over Q1FY25
- ▶ Direct Sales Agents (DSA) channel has reduced more slowly than expected, but the target remains to bring DSA sourcing to 60% of total mix
- ▶ The average 16% rundown of the book is currently not being fully offset by disbursements. This gap is expected to close as growth picks up in Karnataka and Telangana. Karnataka had flat growth due to structural issues, and Telangana experienced sentiment-related slowdown, both of which have stabilized
- ▶ The contribution from States, excluding Karnataka, increased from INR 1.4bn to INR 1.7bn
- ▶ FY26 targets include 20% disbursement growth by year-end and 13-15% growth in AUM
- ▶ March did not see significant balance transfers (BT outs), indicating stable loan retention

### Financial performance

- ▶ An INR 190mn reversal of tax provisions has led to a lower effective tax rate for the current period. The tax rate is expected to be 21%
- ▶ Opex remains slightly elevated, primarily due to provisioning under management overlay. However, there were no one-offs, and expenses are in line with overall trends
- ▶ The actual cost of the technology transformation initiative will begin reflecting in FY27. The cost-to-income ratio is projected to rise to ~18% while for the current year it is expected to remain around 17%
- ▶ Dividend payouts have been increased from 8-10% to 18-20% to ensure retail investors also benefit from the company's growth
- ▶ In response to the regulatory requirement of an 80% Liquidity Coverage Ratio (LCR), investments of INR 4,000mn were made during the year to comply with the mandate
- ▶ Guidance for FY26 includes ROA in the range of 2.1-2.2%, and a ROE exceeding 17%

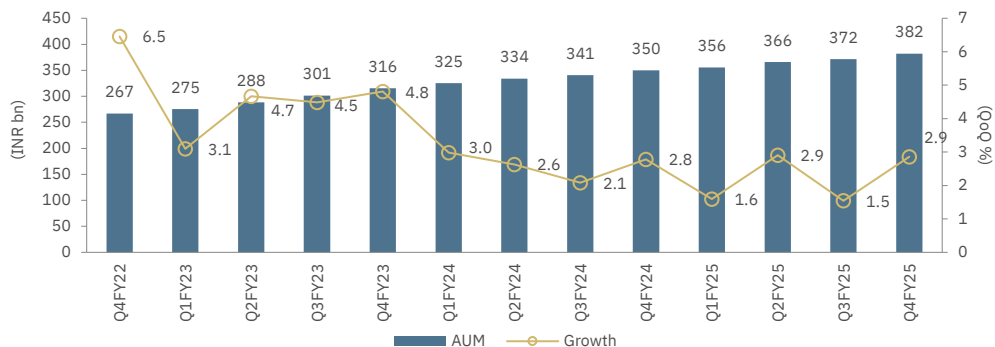
**Margin analysis**

- ▶ A 50bp reduction in total in the repo rate has taken place, and since 55% of borrowings are linked to the repo rate, the impact is 5-7bp. The benefit of the first 25bp rate cut was passed on by the end of the previous quarter
- ▶ Another 25bp repo rate cut is expected in the next quarter, which would further improve funding cost dynamics
- ▶ There will be no immediate impact on NIM, but rate transmission to customers will be considered once reduction in funding cost materializes more fully
- ▶ Commercial papers (CP) were earlier raised at 7.3%, but current CP rates have dropped to ~6.7%. Replacing costlier CP will lead to an additional 3-5bp in cost savings, contributing to a combined impact of around 10bp reduction in borrowing cost
- ▶ The benefits from reduction in cost of borrowing, estimated at ~10-15bp, will be passed on to customers following the upcoming Asset and Liability Committee (ALCO) meeting. As a result, there will be no significant change in spreads or margin
- ▶ No aggressive rate cuts have been observed from other housing finance companies (HFC) or private banks, likely because they too have yet to receive the full benefit of the repo rate reduction
- ▶ The borrowing base is expected to diversify, with increased participation in mortgage-backed securities by HFC, which will expand the available funding avenues
- ▶ Guidance for FY26 includes a spread of 2.5%, and a NIM of more than 3.5%

**Asset quality**

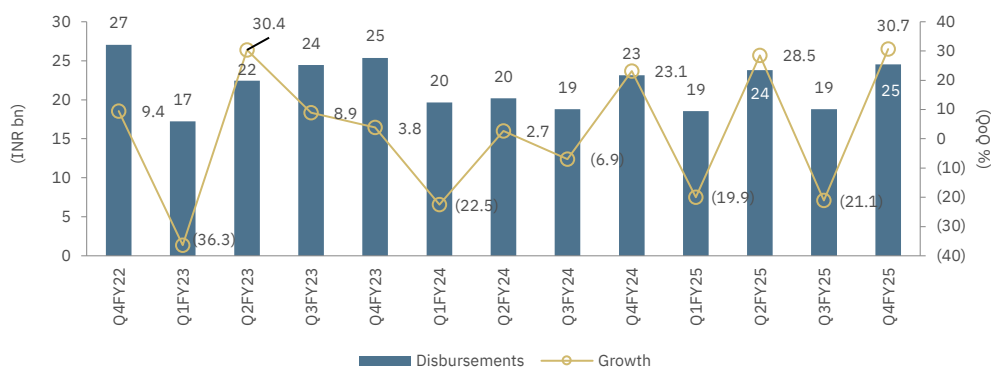
- ▶ Overall collections performance has been adequate
- ▶ SMA-0 has improved significantly, with a reduction of INR 7,500mn. This improvement is attributed to enhanced follow-ups and engagement with customers.
- ▶ For SMA 1 and 2, additional staff have been deployed in select branches and modifications have been made to existing collection processes to improve outcome
- ▶ While there were write-backs in Expected Credit Loss (ECL) provisions, an additional INR 250mn was contributed toward management overlay as a measure of prudence
- ▶ The remaining portfolio provision is largely regulatory in nature. This has been reducing over time in line with release of the restructured portfolio. The restructured portfolio began at INR 7,290mn, has been gradually wound down. As this happened, management overlay was also reduced, which has declined to a mere INR 490mn in provisions
- ▶ The Provision Coverage Ratio (PCR) remains in the range of 45-47%. Management overlay has been sustained as a measure of prudence and acts solely as a comfort buffer, with no immediate need for utilization
- ▶ In Q4, there were INR 100mn in write-backs, and asset quality is likely to remain range-bound in the upcoming year
- ▶ Guidance for credit cost is around 15bp. Excluding management overlay, actual credit cost stands at ~13bp
- ▶ Guidance for GNPA is retained at 0.9%

**Exhibit 2: AUM grows by a mere 2.9% QoQ to INR 382bn**



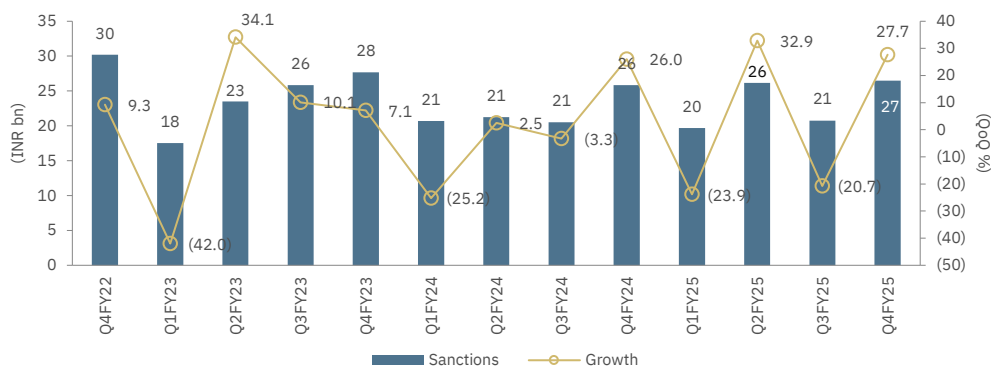
Source: Company, Elara Securities Research

**Exhibit 3: Disbursements at INR 24.6bn grows by 30.7% QoQ and 6.1% YoY, regaining momentum**



Source: Company, Elara Securities Research

**Exhibit 4: New approvals rise by 27.7% QoQ as regional issues stabilize and Q4 boost takes effect**



Source: Company, Elara Securities Research

**Exhibit 5: AUM mix is shifting toward higher-yielding self-employed and non-professional (SENP) customers**

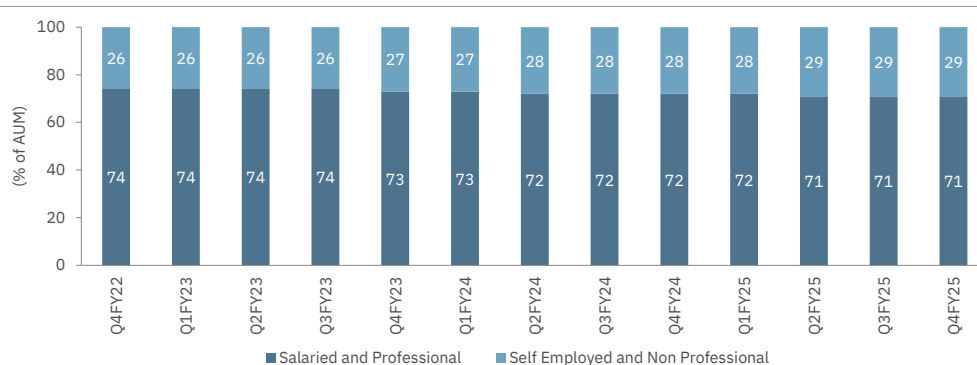
(INR mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Salaried and Professional</b>	<b>2,30,660</b>	<b>2,36,440</b>	<b>2,41,550</b>	<b>2,45,620</b>	<b>2,51,700</b>	<b>2,54,770</b>	<b>2,59,300</b>	<b>2,63,590</b>	<b>2,69,160</b>
Housing Loans	2,10,710	2,16,020	2,20,670	2,24,420	2,29,710	2,32,450	2,36,070	2,39,500	2,43,720
Top up Personal Loans	9,600	9,900	10,200	10,400	10,760	10,920	11,210	11,550	12,040
Mortgage Loans	8,110	8,290	8,430	8,520	8,820	8,990	9,500	9,960	10,750
Loans for Sites	1,840	1,820	1,840	1,880	2,020	2,040	2,130	2,140	2,180
Others	400	410	410	400	390	370	390	440	470
<b>Self Employed and Non-Professional</b>	<b>84,770</b>	<b>88,400</b>	<b>91,820</b>	<b>94,690</b>	<b>98,050</b>	<b>1,00,570</b>	<b>1,06,380</b>	<b>1,07,710</b>	<b>1,12,730</b>
Housing Loans	70,500	73,570	76,560	78,990	81,540	83,570	87,860	88,430	91,840
Top up Personal Loans	3,970	4,150	4,370	4,590	4,870	5,070	5,480	5,670	6,020
Mortgage Loans (LAP)	8,930	9,290	9,500	9,670	10,170	10,470	11,440	12,030	13,150
Loans for Sites	810	840	870	930	970	990	1,090	1,090	1,150
Others	560	550	520	510	500	470	510	490	570
Staff Loans	200	210	220	220	240	230	230	250	280
<b>Total</b>	<b>3,15,630</b>	<b>3,25,050</b>	<b>3,33,590</b>	<b>3,40,530</b>	<b>3,49,990</b>	<b>3,55,570</b>	<b>3,65,910</b>	<b>3,71,550</b>	<b>3,82,170</b>

Source: Company, Elara Securities Research

**Exhibit 6: Housing loans dominate the loan book, though non-housing loans are touted to gain share**

(%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Salaried and Professional</b>	<b>73.1</b>	<b>72.7</b>	<b>72.4</b>	<b>72.1</b>	<b>71.9</b>	<b>71.7</b>	<b>70.9</b>	<b>70.9</b>	<b>70.4</b>
Housing Loans	66.8	66.5	66.2	65.9	65.6	65.4	64.5	64.5	63.8
Top up Personal Loans	3.0	3.0	3.1	3.1	3.1	3.1	3.1	3.1	3.2
Mortgage Loans	2.6	2.6	2.5	2.5	2.5	2.5	2.6	2.7	2.8
Loans for Sites	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Others	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<b>Self Employed and Non-Professional</b>	<b>26.9</b>	<b>27.2</b>	<b>27.5</b>	<b>27.8</b>	<b>28.0</b>	<b>28.3</b>	<b>29.1</b>	<b>29.0</b>	<b>29.5</b>
Housing Loans	22.3	22.6	23.0	23.2	23.3	23.5	24.0	23.8	24.0
Top up Personal Loans	1.3	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6
Mortgage Loans (LAP)	2.8	2.9	2.8	2.8	2.9	2.9	3.1	3.2	3.4
Loans for Sites	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Others	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Staff Loans	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Source: Company, Elara Securities Research

**Exhibit 7: AUM mix remains steady sequentially, with growing focus on SENP customers**


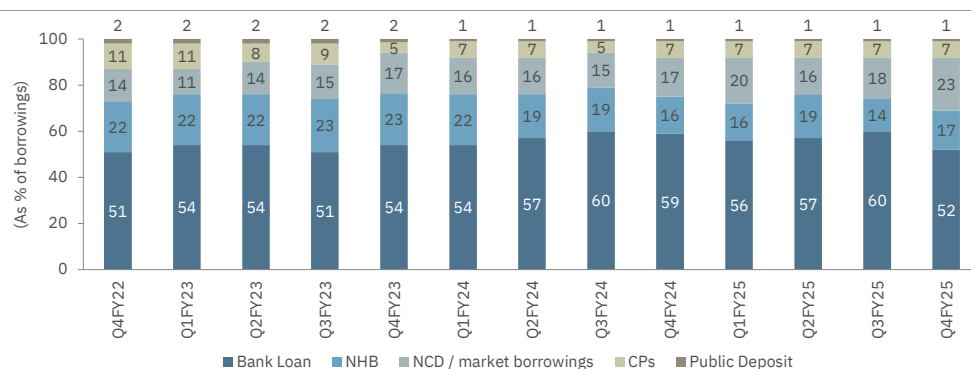
Source: Company, Elara Securities Research

**Exhibit 8: Elevated opex leads to a cost-to-income ratio at 19.4% YoY, up 245bp QoQ**

Particulars	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Branches (no)	193	193	196	201	207	219	219	219	234
<b>Growth YoY (%)</b>	<b>0.5</b>	<b>0.0</b>	<b>1.6</b>	<b>2.6</b>	<b>3.0</b>	<b>5.8</b>	<b>0.0</b>	<b>0.0</b>	<b>6.8</b>
Avg. Business per Branch (INR mn)	1540	1604	1621	1651	1610	1630	1670	1700	1640
Avg. Business per Employee (INR mn)	324	339	342	332	330	330	320	320	320
Cost to Income Ratio (%)	18.9	14.9	16.3	14.7	14.7	14.9	17.1	16.9	19.4

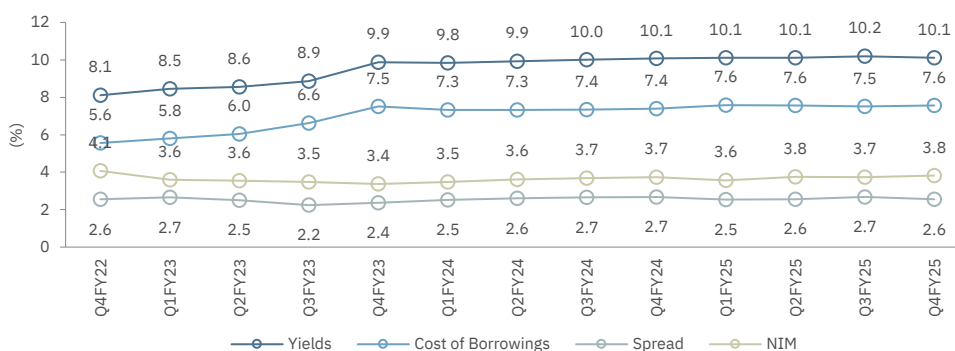
Source: Company, Elara Securities Research

**Exhibit 9: Shifted from bank borrowings to low-cost NHB borrowings and NCD**



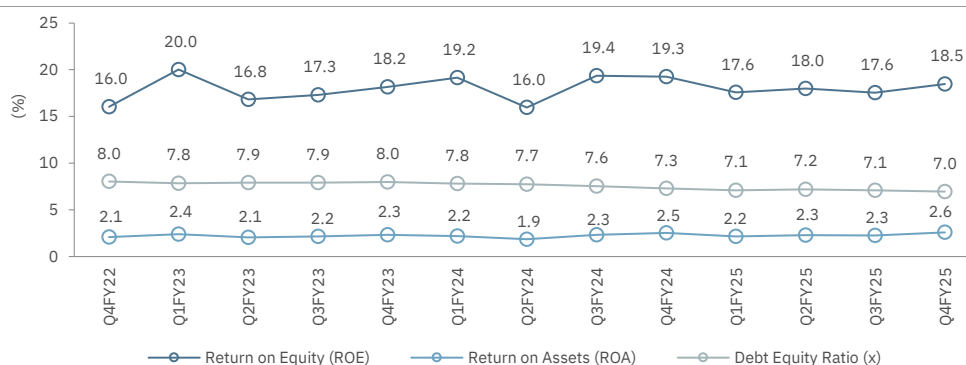
Source: Company, Elara Securities Research

**Exhibit 10: NIM improves QoQ; further improvement likely as rate cut benefits flow through**



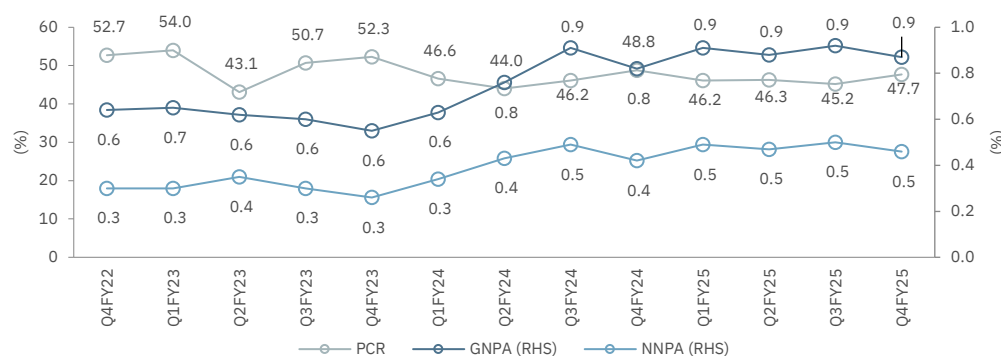
Source: Company, Elara Securities Research

**Exhibit 11: Return ratios improves following PAT growth of 10.3% QoQ**



Source: Company, Elara Securities Research

**Exhibit 12: NPA improves marginally, restructured stack nearly cleared; ramp-up in PCR**



Source: Company, Elara Securities Research

**Exhibit 13: SMA-0 improves significantly, attributed to enhanced follow-ups and engagement with customers**

Asset classification (INR mn)	ECL Stages	Balance as on 31 Mar 2025	Provision as per IRAC	Provision as per ECL Model
Standard Asset	1	3,39,510		
SMA 0	1	18,290		
SMA 1	2	11,340	1,490	1,920
SMA 2	2	9,700		
NPA	3	3,330	1,580	1,590
<b>Total Portfolio</b>		<b>3,82,170</b>	<b>3,070</b>	<b>3,510</b>
Undisbursed Loan Commitment		15,470		70
Management Overlay				590
Provision for Restructured accounts				490
<b>Total Provision</b>				<b>4,660</b>

Source: Company, Elara Securities Research

**Exhibit 14: AUM CAGR of 13% and 18% book value accretion during FY25-28E**

(INR mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>AUM</b>	157,434	183,830	207,060	221,050	267,110	315,630	349,990	382,170	433,338	498,448	576,006
YoY growth %	18.3	16.8	12.6	6.8	20.8	18.2	10.9	9.2	13.4	15.0	15.6
<b>NII</b>	5,096	5,441	6,747	7,980	8,162	10,146	12,585	13,544	15,244	18,023	20,817
YoY growth %	20.7	6.8	24.0	18.3	2.3	24.3	24.0	7.6	12.5	18.2	15.5
<b>OPEX</b>	878	915	1,076	1,240	1,530	1,765	2,173	2,382	3,419	4,324	5,503
YoY growth %	8.7	4.2	17.7	15.2	23.4	15.4	23.1	9.6	43.5	26.5	27.3
<b>PROVISIONS</b>	221	11	603	685	469	418	1,185	758	916	1,118	1,222
YoY growth %	21.3	(95.1)	5,422.4	13.6	(31.5)	(11.0)	183.7	(36.0)	20.9	22.0	9.3
<b>PAT</b>	2,862	2,967	3,761	4,561	4,711	6,212	7,507	8,572	8,944	10,535	11,943
YoY growth %	21.6	3.7	26.8	21.3	3.3	31.9	20.8	14.2	4.3	17.8	13.4
<b>NET WORTH</b>	14,870	17,822	21,501	26,098	30,666	36,473	43,439	50,675	59,618	70,154	82,097
YoY growth %	23.5	19.9	20.6	21.4	17.5	18.9	19.1	16.7	17.6	17.7	17.0
<b>EPS</b>	21.5	22.3	28.2	34.2	35.4	46.6	56.4	64.4	67.2	79.1	89.7
YoY growth %	21.6	3.7	26.8	21.3	3.3	31.9	20.8	14.2	4.3	17.8	13.4
<b>BOOK VALUE</b>	110.1	130.1	155.4	188.5	225.8	267.7	315.3	367.5	432.8	509.6	596.6
YoY growth %	21.7	18.2	19.4	21.3	19.8	18.6	17.8	16.6	17.8	17.7	17.1

Source: Company, Elara Securities Estimate

**Exhibit 15: Retain Accumulate with a lower TP of INR 762 on 1.5x FY27E P/ABV**

<b>Fair price - EVA (INR)</b>	<b>431</b>
Fair price - P/ABV (INR)	1093
<b>Target price (INR)</b>	<b>762</b>
<b>Target P/ABV (x)</b>	<b>1.5</b>
Target P/E (x)	9.6
CMP (INR)	709
<b>Upside (%)</b>	<b>7.5</b>
Dividend yield (%)	-
<b>Total return (%)</b>	<b>7.5</b>

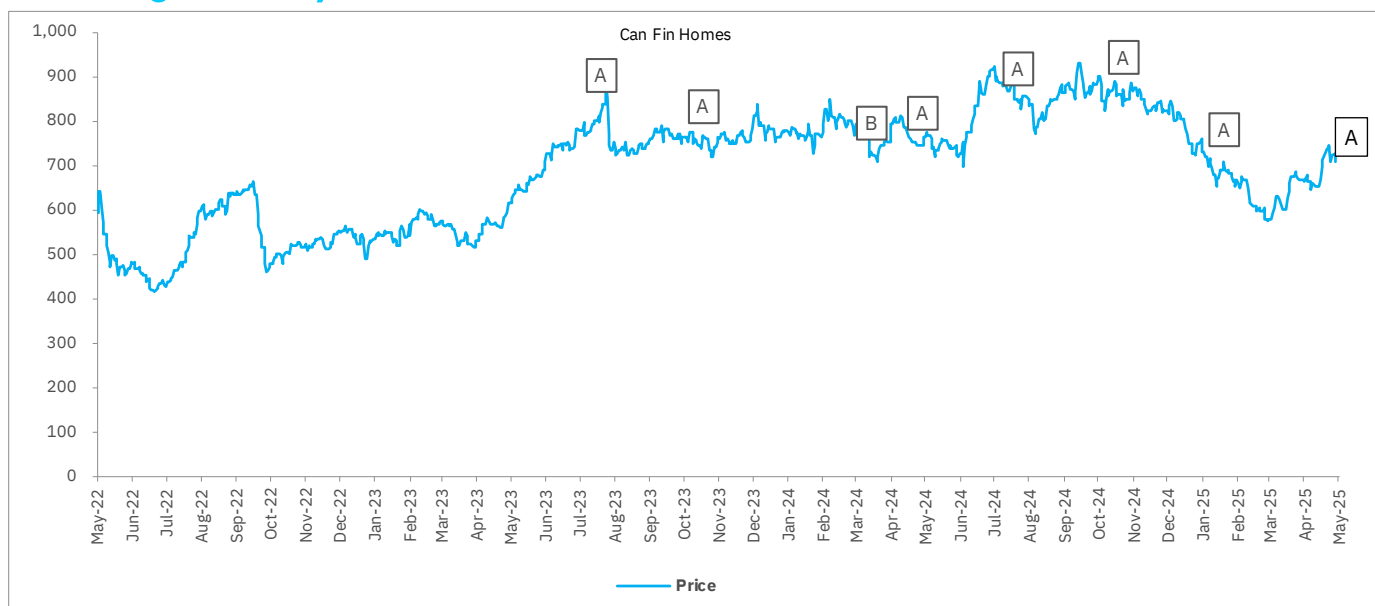
Note: pricing as on 29 April 2025; Source: Company, Elara Securities Estimate

**Exhibit 16: Change in estimates**

(INR mn)	Old		Revised		% change		New
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY28E
Net Interest Income	14,830	17,799	15,244	18,023	2.8	1.3	20,817
PPOP	12,025	14,551	11,945	13,968	(0.7)	(4.0)	15,764
PAT	8,795	10,927	8,944	10,535	1.7	(3.6)	11,943
EPS (INR)	66.0	82.0	67.0	79.0	1.8	(3.5)	90.0
Price Target (INR)	<b>813</b>		<b>762</b>		<b>(6.2)</b>		

Source: Company, Elara Securities Estimate

## Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
27-Aug-2020	Accumulate	405	383
29-Oct-2020	Accumulate	486	463
02-Feb-2021	Accumulate	527	490
20-Jul-2023	Accumulate	907	831
18-Oct-2023	Accumulate	856	763
15-Mar-2024	Buy	878	724
29-Apr-2024	Accumulate	878	762
22-Jul-2024	Accumulate	937	845
23-Oct-2024	Accumulate	962	871
20-Jan-2025	Accumulate	813	708
29-Apr-2025	Accumulate	762	709

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<b>ACCUMULATE (A)</b>	Absolute Return +5% to +20%
<b>REDUCE (R)</b>	Absolute Return -5% to +5%
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## India

**Elara Securities (India) Private Limited**  
One International Center, Tower 3,  
21st Floor, Senapati Bapat Marg,  
Elphinstone Road (West)  
Mumbai – 400 013, India  
Tel : +91 22 6164 8500

## Europe

**Elara Capital Plc.**  
6th Floor, The Grove,  
248A Marylebone Road,  
London, NW1 6JZ,  
United Kingdom  
Tel : +44 20 7486 9733

## USA

**Elara Securities Inc.**  
230 Park Avenue, Suite 2415,  
New York, NY 10169, USA  
Tel: +1 212 430 5870  
Fax: +1 212 208 2501

## Asia / Pacific

**Elara Capital (Asia) Pte.Ltd.**  
One Marina Boulevard,  
Level 20,  
Singapore 018989  
Tel : +65 6978 4047



**Managing  
Director**

**Harendra Kumar** | harendra.kumar@elaracapital.com | +91 22 6164 8571



**Head of  
Research**

**Dr Bino Pathiparampil** | bino.pathiparampil@elaracapital.com | +91 22 6164 8572

## Sales Team



**India**

**Hitesh Danak** - hitesh.danak@elaracapital.com - +91 22 6164 8543  
**Ashok Agarwal** - ashok.agarwal@elaracapital.com - +91 22 6164 8558



**India, APAC &  
Australia**

**Sudhanshu Rajpal** - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508  
**Joshua Saldanha** - joshua.saldanha@elaracapital.com - +91 22 6164 8541  
**Shraddha Shrikhande** - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567



**India & UK**

**Prashin Lalvani** - prashin.lalvani@elaracapital.com - +91 22 6164 8544



**India & US**

**Karan Rathod** - karan.rathod@elaracapital.com - +91 22 6164 8570



**Corporate  
Access,  
Conference &  
Events**

**Anita Nazareth** - anita.nazareth@elaracapital.com - +91 22 6164 8520  
**Tina D'souza** - tina.dsouza@elaracapital.com - +91 22 6164 8595

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