

08 November 2025

India | Equity Research | Results update

Aadhar Housing Finance Limited

NBFCs

Strong asset quality performance amid challenges; maintain full-year FY26 growth guidance

Aadhar Housing Finance's (Aadhar) credit discipline, robust risk management and geographically diversified AUM (no state has <15% of AUM) helped it in delivering one of the best asset quality performances in Q2FY26 despite challenges. Stage 2 assets moderated to 3.5% vs. 3.7% QoQ, 30+ DPD fell 5bps QoQ to 4.6%, and credit cost moderated sharply to 19bps vs. 41bps QoQ. Management attributes this to its low exposure in some stress pockets like Tirupur, Coimbatore, Surat (combined exposure is ~1.6-1.7% of total AUM as on Sep'25) and robust collection mechanism (total 1,500 collection people). Notably, disbursements growth remained strong at 16% YoY during H1FY26 and it maintained its full-year FY26 disbursements growth target of 18-20% YoY.

Its ability to deliver strong growth with industry-leading spreads, despite being one of the largest AHFCs, reinforces our view that Aadhar is well placed to maintain industry-leading position within AHFC space. Its Q2FY26 financial performance reflects its steady progress towards its strategic priorities by sustaining >20% YoY AUM growth, continued investment towards franchise build-up (added 11 new branches) and tight control over credit cost. The same enabled it in maintaining average ~16% RoE during the past six quarters despite industry-level headwinds. Its judicious strategy of splitting the distribution network (first to implement amongst AHFC) to sustain growth/spread and deliver 16-17% RoE sets Aadhar apart from peers. Retain BUY with an unchanged TP of INR 625, valuing the stock at ~3.2x Sep'26E BVPS.

First full quarter of segmented distribution

In order to sustain >20% YoY AUM growth and maintain spread at >5.5%, Aadhar has spilt its branch network into two segments – 1) top 15 cities to be categorised as urban market and 2) rest of India categorised as emerging market during Q1FY26. Incremental yield in urban market is 12-12.5%; the figure in emerging market is as high as 14.5-16%. At the time of distribution spilt - ~55% of the business came from urban market and the rest 45% came from emerging. Management highlighted that it plans to improve emerging market business share to 50% in the near term and the progress during Q2FY26 is on track.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income	12,885	15,452	18,408	22,256
PAT	7,485	9,121	11,003	13,693
EPS (INR)	19.0	21.1	25.5	31.7
BVPS (INR)	113	148	173	205
P/E (x)	26.1	23.4	19.4	15.6
P/BV (x)	4.4	3.4	2.9	2.4
Gross Stage - 3 (%)	1.1	1.1	1.2	1.1
Dividend Yield (%)	-	-	-	-
RoA (%)	3.9	3.9	4.0	4.2
RoE (%)	16.8	14.3	14.7	15.5

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Market Data

Market Cap (INR)	214bn
Market Cap (USD)	2,416mn
Bloomberg Code	AADHARHF IN
Reuters Code	AADA.BO
52-week Range (INR)	548 /341
Free Float (%)	24.0
ADTV-3M (mn) (USD)	2.8

Price Performance (%)	3m	6m	12m
Absolute	(2.1)	8.8	6.6
Relative to Sensex	(5.3)	5.7	1.9

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

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](#)

15-09-2025: [Company Update](#)

H1FY26 disbursements growth stood at 16% YoY; expects 20–22% YoY AUM growth in FY26

Despite industry-level headwinds, many mortgage players have been highlighting stress in a few pockets like TN, KTK and GJ; Aadhar sustains growth momentum with 16% YoY disbursement growth during H1FY26. However, sequentially growth appears muted at 4% YoY given the base quarter (Q2FY25) had higher disbursements due to spillover of Q1FY25 disbursements to Q2FY25 post the regulatory circular dated 29th Apr'24 (stabilising of cheque handover). Sustained traction in disbursements led to Aadhar delivering robust 21% YoY/4% QoQ AUM growth during Q2FY26. The same was supported by lower BT out at 5.4% during H1FY26 vs 5.9% in H1FY25. Contrary to the industry commentary of the MSME segment witnessing stress, Aadhar highlighted that portfolio quality of its LAP segment remains strong with bounce rate, 30+ DPD staying flat QoQ. LAP grew 28% YoY during Q2FY26. Notably, it maintained its full-year FY26 guidance of 20–22% AUM growth and 18–20% YoY disbursements growth. An early entry into the under-penetrated markets such as UP, MP, Chhattisgarh, Jharkhand complemented by focus on diversification with one of the largest distribution networks of 611 branches, as on Sep'25, have been key growth enablers.

RoA expanded 30bps QoQ to 4.3% largely driven by credit cost moderation and spread expansion

Aadhar's RoA has sustained at or above 4% for seven consecutive quarters; in Q2FY26, the same expanded 30bps to 4.3% vs. 4% QoQ with PAT at INR 2.66bn, up 17% YoY / 12% QoQ. Credit cost moderation to 19bps vs. 41bps QoQ and 10bps QoQ spread expansion were key earnings drivers during Q2FY26. NII was up 7% QoQ/18% YoY, while other income too grew strong 9% QoQ, resulting in total income growing by 7.4% QoQ during Q2FY26. Other income was mainly boosted by higher DA income at INR 441mn vs. INR 325mn QoQ. Opex was well calibrated with cost-income ratio remaining flat QoQ at 36% during Q2FY26. As a result, operating profit inched up 7% QoQ/16% YoY. Credit cost (calculated), as a % of average AUM, fell to 19bps vs. 41bps QoQ vs. 24bps YoY. Recoveries of INR 60-80mn from earlier written-off developer loans drove provision lower in Q2FY26. It also highlighted that cumulative write-off stands at INR 250mn as on Sep'25 from which it expects to recover a meaningful amount in next 2-3 years. While GNPA on AUM inched up to 1.42% vs. 1.34% QoQ, stage 2 assets fell 20bps QoQ to 3.5% during Q2FY26.

Spread expanded (up 10bps QoQ) for second consecutive quarter; full year FY26 spreads to remain in a narrow band of 5.7–5.8%

Aadhar's initial focus, on scaling its affordable housing finance business in relatively credit-untested markets such as UP, Chhattisgarh, Jharkhand and Odisha, provided it with strong pricing power. Further, an increased share of LAP to 27% by Q2FY26, from 14% in FY20, also supported spreads given the yields in LAP were much higher at ~17% vs. ~12.5% in housing loan. This inherent advantage helped it sustain industry-leading spread at >5.5% despite being one of the largest AHF players.

Spreads inched up 10bps QoQ to 5.9% aided by a 10bps QoQ improvement in borrowings cost while yields remained flat QoQ at 13.8% during Q2FY26. However, it is still the highest among peers. Cost of borrowing stood at 7.9% and it expects another 30-40bps reduction in CoF by Q4FY26. However, it plans to pass-on the benefit of lower CoF to borrower by revising PLR lower, and hence, it expects spreads to sustain in a narrow range of 5.7-5.8% in FY26.

In order to sustain spreads over a long period, management adopted a strategy of branch categorisation into urban and emerging. In line with this, Aadhar has separated its pan-India distribution into four parts – urban (137 branches) and rest 474 branches

in Emerging A-B-C. Asset yield in urban locations is ~12% while yield in emerging markets is 14–16%. Currently, urban locations contribute 55% of AUM while emerging locations contribute 45% of AUM. The company plans to increase emerging market's share to 50% over the next two years.

Except for a major part of its non-housing book and loans benchmarked via NHB borrowings, all of Aadhar's assets are floating in nature, which is ~75% of assets. Similarly, on liability side, ~73% of its borrowings are floating in nature. Hence, it may be inferred that Aadhar does not take interest rate risk and the company would be largely immune to changes in repo rate with respect to margins; except for a likely quarter of lead-lag in pricing its assets vs. liabilities.

Negligible exposure to stress pockets drove better asset quality outcome during Q2FY26

The most preferred customer segment for NBFCs in any asset class – vehicle, LAP, gold, home loan etc. – is the self-employed segment. Within affordable housing too, most players are catering to the self-employed segment. However, Aadhar challenged the *status quo* and targeted the formal salaried segment (non-white collar), but in under-penetrated markets. While mainstream banks were actively serving the formal salaried segment, Aadhar's focus was more on high-ticket loans, mainly in metro and tier-1/2 cities. Hence, Aadhar chose to serve the salaried segment beyond tier-2 cities – it focuses more on low-ticket loans (<INR 1.5mn). Early entry into underserved markets and affordable housing provide Aadhar the flexibility of choosing its customer segment – the company opted for a less vulnerable formal salaried segment to start its lending journey.

Post a strong Q4FY25, Aadhar's asset quality metrics were weak in Q1FY26 due to seasonality. However, in line with its historical trend, asset quality improved during Q2FY26. This is despite industry-level headwinds with many mortgage players highlighting stress in pockets like TN (tariff-related challenges in area like Chennai, Tirupur, Coimbatore), GJ (mostly Surat) and KTK (e-khata) and over-leveraging at the bottom-of the pyramid leading to stress in small-ticket LAP (<INR 0.7mn ticket size). It highlighted that its cumulative exposure to Surat, Tirupur and Coimbatore is 1.6–1.7% of total AUM. While 1+ DPD at AUM level remained flat QoQ, the same in Surat improved to 8% vs. 8.8% QoQ, in Tirupur to 7.1% vs. 9.3% QoQ and in Coimbatore to 8.2% vs. 9.2% QoQ. While GNPL increased by a marginal 8bps QoQ to 1.42% vs. 1.34% QoQ, management highlighted that it is not seeing stress in any region and is likely to moderate to 100–110bps by year-end. It derives comfort from 20bps QoQ improvement in stage-2 assets to 3.5% vs. 3.7% QoQ during Q2FY26.

In terms of PCR, it was stable sequentially at 0.3% for stage-1, but improved to 34% vs. 33% QoQ for stage-3 assets and ~10bps QoQ to 13.19% for stage-2 assets. Overall, it holds 1.25% ECL provisions on total assets.

Cost-income ratio remained flat QoQ; added 20 new branches in Q2FY26

Cost to income ratio saw a spike to 37.8% in Q4FY25 due to elevated costs, post which it moderated to 36% in Q1FY26 and it remained at similar level in Q2FY26. In FY25, cost to income ratio fell to 36.4% vs. 37.5% in FY24. Similarly, going ahead, management sees productivity improvement, while incremental branch addition in low-cost emerging branches and stable NII should aid another 30–50bps YoY reduction in cost-income ratio during FY26.

In terms of branch expansion, Aadhar has been consistent in expanding its network – has added 66 new branches in past 12 months, taking the total to 611 (added 20 branches in Q2). Until FY28, management aims to maintain a similar branch opening count of 50–60, of which 65–70% of new branches shall be opened in emerging

markets and the rest would be in urban locations. Until FY28, management has a target of surpassing a branch count of 750.

Cost for emerging branches would be lower, which should help the company in containing cost in FY26. This branch network also goes in line with its diversification, wherein no single state currently accounts for >15% of AUM; Aadhar is the only AFHC with presence in 22 states and union territories.

Key risks: 1) Slower-than-expected AUM growth; and 2) spreads coming under pressure due to competition.

Exhibit 1: Q2FY26 result review

(INR mn)	Q2FY25	Q1FY26	Q2FY26	YoY %	QoQ %
Profit & Loss					
Interest Income	6,726	7,601	7,994	19%	5%
Interest Cost	2,852	3,319	3,416	20%	3%
Net Interest Income	3,874	4,282	4,578	18%	7%
Total Fee Income	783	912	998	28%	9%
NIM + Fee Income	4,657	5,193	5,576	20%	7%
Operating Costs	1,598	1,873	2,018	26%	8%
Operating Profits	3,058	3,320	3,558	16%	7%
Credit Costs	133	267	132	-1%	-51%
PBT	2,925	3,053	3,427	17%	12%
Tax	650	680	763	17%	12%
Profit After Tax	2,276	2,373	2,664	17%	12%
AUM & disbursements (INR mn)					
Disbursements	20,356	19,786	21,104	4%	7%
AUM	2,28,175	2,65,241	2,75,537	21%	4%
Yields, spreads, cost (%)					
Yield (reported)	14.0	13.8	13.8	-20 bps	0 bps
Cost of funds (reported)	8.1	8.0	7.9	-20 bps	-10 bps
Spreads (reported)	5.9	5.8	5.9	0 bps	10 bps
Asset quality (%)					
Gross Stage 3	1.29	1.34	1.42	13 bps	8 bps
Net Stage 3	0.89	0.95	0.98	10 bps	3 bps
ECL coverage on overall book	1.22	1.21	1.25	4 bps	4 bps
Return ratios (%)					
Return on Assets (Reported)	4.4	4.0	4.2	-20 bps	20 bps
Return on Equity (Reported)	15.7	14.7	15.1	-60 bps	40 bps
Operating metrics (%)					
Cost / Income Ratio	34.3	36.1	36.2	187 bps	11 bps

Source: Company data, I-Sec research

Q2FY26 conference call takeaways

FY26 Guidance (unchanged)

- Positive outlook for next two quarters and confident of meeting the growth target of 20-22%
- AUM growth of 20-22%; disbursements of ~18%.
- Profit of 18-20%.

Margins

- Yields
 - Home loan yields at ~12.15%.
 - Non-HL (LAP) at ~ 15.75%.
- Spreads expected to be ~5.78-5.8% towards the end of the year.

AUM

- BT out was 5.4% for H1FY26, an improvement of 50bps vs. H1FY25; BT in was 0.91%, led by referrals from existing customers.
- No state having over 15% exposure is helping Aadhar in managing the unusual stress well.
- Exposure in Tirupur/Surat and other stress areas is not more than 1.6-1.7% of the AUM and so it is not a large exposure.
- Disbursements are in line with current trend for Oct'25; 100% internal budgeted number has been achieved. It is confident to meet growth guidance of >20% since H2 is expected to be better than H1.

Branch network and opex

- Urban branches are ~137 and emerging branches are ~474; management highlighted that Aadhar is on track to balance the mix to 50:50.
- Yearly target of 50-60 branches (Urban: 15; Emerging: 35) mostly in top 10 states

Borrowings

- In Q2, Aadhar did not draw anything from NHB.
- Exit cost of funds stood at 7.9% in Q2FY26.
- 75% of gross AUM and 73% of borrowings have floating interest rates.
- Cost of borrowings is expected to drop 30-40bps and will be in the range of 7.75-7.80% by the end of the year.
- Does not intend to push leverage immediately and it will take time.
- More rating agencies upgradation to Aadhar will help to optimise the cost of borrowings as incremental cost of borrowings does not reflect much of the update.

Asset quality

- CE is ~98.96% and stage 2 has improved 20bps YoY.
- Did not see any inordinate movement in bounce rate (static in last 6 quarters) and has not seen any spurts in any states.
- 30+DPD is 4.6% vs. 4.65% QoQ which is a positive movement.
- 1+ DPD is 7.17% vs. 7.18% flat QoQ
 - Tirupur dropped to 7.1% from 9.3%
 - Coimbatore dropped to 8.2% from 9.2%

- **Surat dropped to ~8% from 8.8%**

- Old recoveries of INR 80mn from project finance (which was 100% provided) were included in P&L and more INR 250mn recoveries are expected in next 2-3 years.
- Asset quality movement in HL and LAP is broadly similar with DPD movement in HL moving to 1.2% from 1.1% and for LAP it is 2% from 1.9%.
- Karnataka is not a stressed state for Aadhar anymore as it was not a consumer issue and more of a government-related issue.
- Eastern Kerala (as mentioned in previous calls as well) is stressed due to lack of a legal support system.

Others

- GST 2.0 framework is expected to lower the housing cost and could provide a boost to affordable housing.
- Reduced GST rates on cement, granite and bricks are lowering cost of construction for developers and improving project viability, thereby, supporting price affordability for homebuyers.

Q1FY26 conference call takeaways

FY26 guidance

- AUM growth of > 20-22%
- Disbursement growth in the range of 18-20%
- Credit cost 25-27bps
- RoA 4.2% to 4.3% in FY26; Aspirational RoA/RoE 4 to 4.2%/ 17-18% going forward
- 2 years back, it delivered 18% RoE; so, its immediate focus is to reach 17-18% in near term

Margins

- 75% of borrowings and 75% of assets are floating in nature
- BT-out at 5.3% in Q1FY26 vs. 5.9% a year ago. BT-out generally spikes in Q4, so Q4 was high. Generally, urban BT-out rate > emerging BT-out rate.
- Spreads at ~5.8% currently. Shall be in a broad range of 5.7-5.8%
- Incremental yield difference is 400bps – 12-12.5% urban and 14.5-16% in emerging.
- Incremental yield – 13.45% currently vs. 13.5% in FY25
- C/I is at 36.1% in Q1FY26 vs. 36.7% in Q1FY25

AUM

- **AUM reached an all-time high of INR 265bn, up 4% QoQ/22% YoY**
- Management highlighted that Aadhar continues to be India's leading low-income housing finance provider
- Disbursements under PMAY 2.0, INR 100mn subsidies already disbursed to customers. No.1 leading player in PMAY allocation as mentioned in the call
- Focused on retail secured segment only and not planning to cater to corporate segment as of now
- **In LAP, there is no stress. Bounce rate, GNPL, NNPL on YoY is flat. Hence, it does not want to change any strategy in scaling LAP; minor change is – earlier of total customer sourcing ~95% was SORP but new incrementally only 100% SORP is mandated**
- 56% salaried exposure reflects its focus on stable income profiles
- AUM mix for HL/non-HL is 73%/27% for Q1FY26
- AUM is divided as self-constructing of 25%, purchase-ready built flat of 43%, plot +flat is 7%, Balance MLAP
- **All processes remain same for urban and emerging. Distribution split 55% coming from urban; endeavor is to reduce this to 45% in near-term**
- Incremental ATS on disbursements INR 1.27mn (INR 1.57mn HL and INR 0.9mn is non-home loan)
- ~61% sourcing is now in-house (including Aadhar Mitra) and balance is split between DSA and connectors/retail DSA. Proportion of direct shall inch up as emerging segments expand
- Southern market is largest. No slowdown in south. Q1 is positive for disbursements in all states. Top 5 states include three states of south – AP, Telangana and TN & management mentioned that these are good states with strong credit history

Branch network

- Deeper impact strategy helps in sustainability and scale in long-term strategy
- **Added 11 new branches in Q1FY26**
- **Branch network of 591, as of Jun'25**
 - Urban: 132 branches (~15 cities)
 - Emerging: 459 branches, wherein

- Emerging A: 48
- Emerging B: 207
- Emerging C: 204
- 306k live customer base
- 50-60 branches (Urban: 15; Emerging: 35) yearly target for 3 years from now. FY28 expected branches >750
- No single state accounts for >14% of AUM
- First all-women branch in Indore
- Competition: No fierce competition. Number of players same. Aadhar happen to be the largest in distribution network, AUM, incremental disbursements
- Branch opened in Guwahati in Assam: Selected new location and does not intend to scale at accelerated pace. It has chosen 5 locations and initially it will focus on understanding the local demographics and then determine its future strategy based on portfolio behaviour.

Borrowings

- Marginal Cost of borrowing is 8.1% in Q1

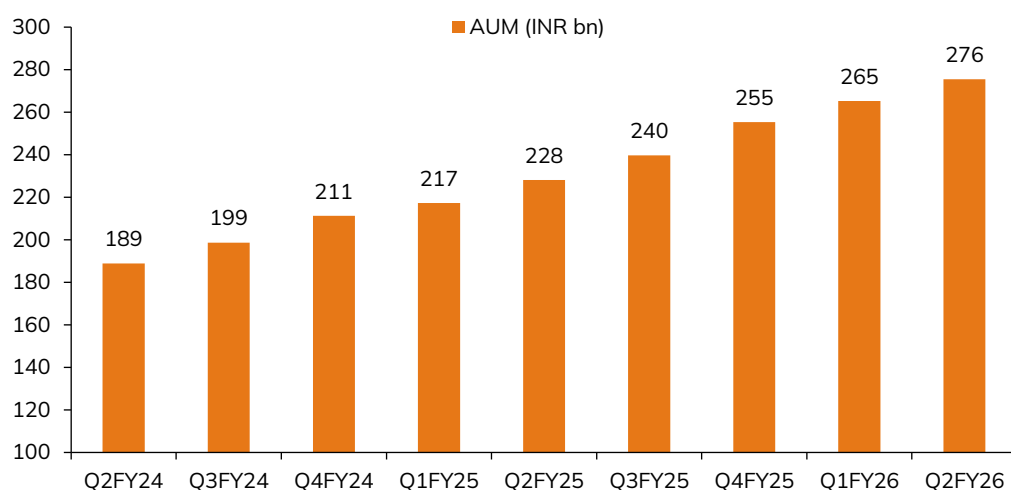
Asset quality

- Q1FY26 credit cost higher due to seasonality
- The performance of MFI exposure customers has improved marginally sequentially
- **GNPA movement is seasonality movement. No stress in any region. Mar'25 1.05% vs. 1.34% (Q4 and Q1 impact). End of the year, it will probably go to 1 to 1.1%**
- Flow from Stage-2 to Stage-3 is normal course of business; no stress around and it is a seasonality effect
- Management expects credit cost for 25-30bps in FY26. Operating environment is better as compared to last year
- MLAP at ~25% of the portfolio; no stress in the portfolio currently.
- 1+DPD is 7.1% vs. 6.2% a year ago

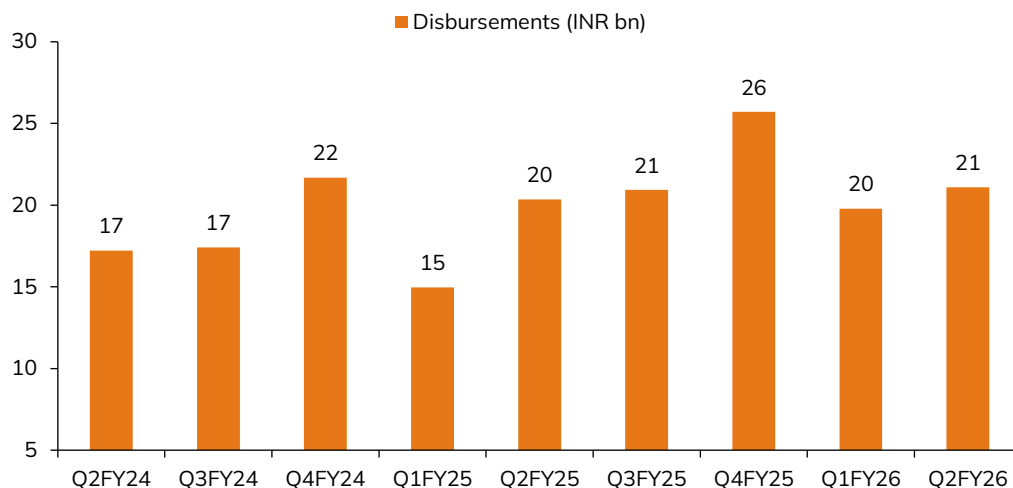
Others

- CARE rating upgraded to AA+/Stable from AA/Stable during the quarter. ICRA upgraded the outlook to positive from stable
- Underwriting infrastructure: Everything remains same. Hybrid mechanism for all types of customers.

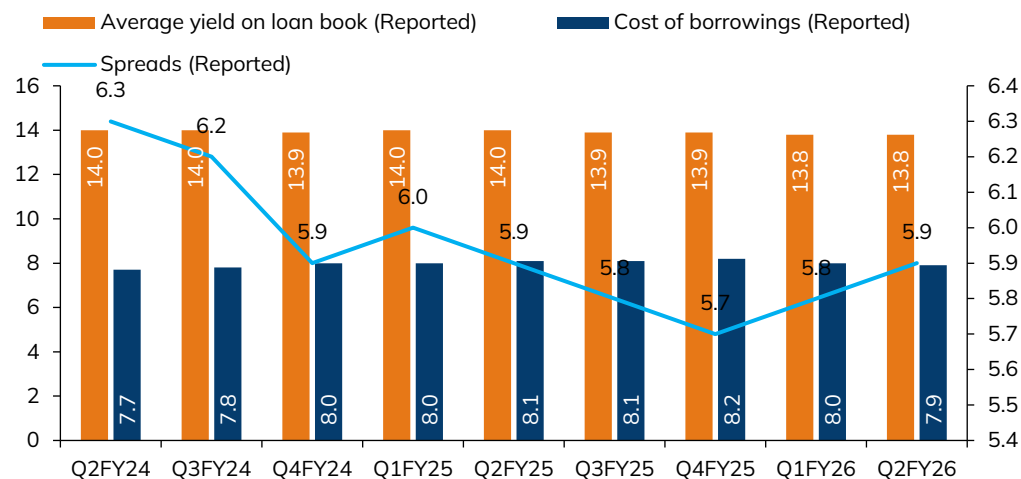
Exhibit 2: AUM growth settles 21% YoY for Q2FY26



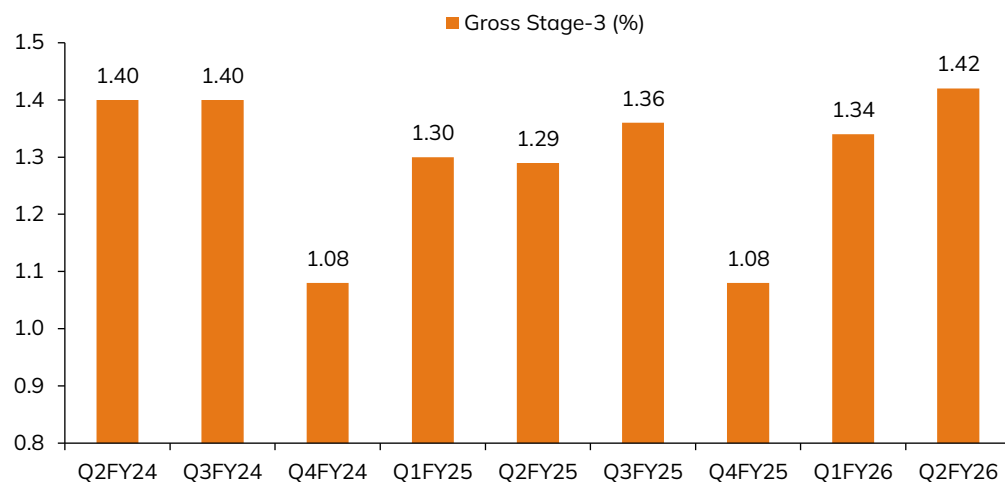
Source: Company data, I-Sec research

Exhibit 3: Disbursements grew 7% QoQ

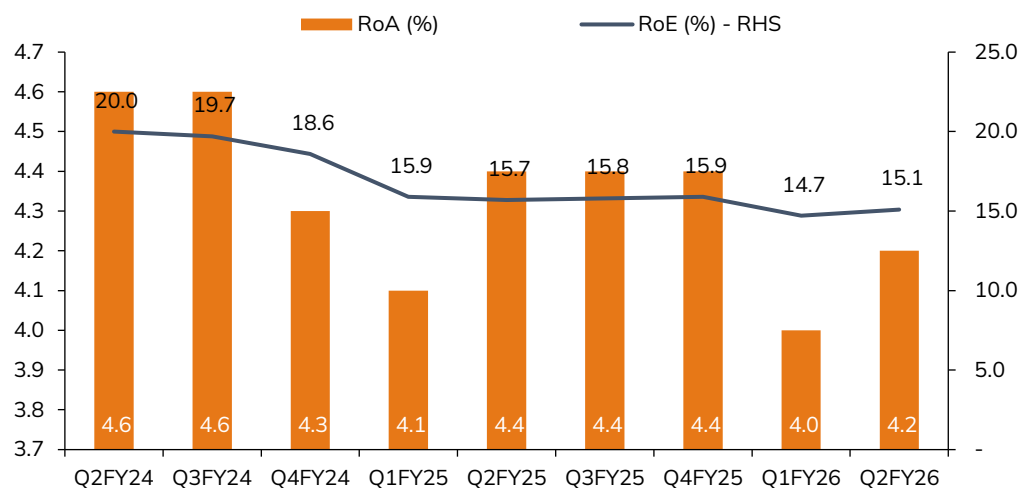
Source: Company data, I-Sec research

Exhibit 4: Spreads improve QoQ due to a decline in borrowing cost

Source: Company data, I-Sec research

Exhibit 5: Gross stage 3 deteriorated to 1.42% in Q2 vs. 1.34% in Q1

Source: Company data, I-Sec research

Exhibit 6: RoA/RoE improved 20bps/40bps QoQ, respectively

Source: Company data, I-Sec research

Exhibit 7: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	75.6	75.5	75.3
Institutional investors	13.9	36.6	14.3
MFs and others	5.2	5.2	5.1
FIs/Banks	2.4	1.4	2.4
Insurance	1.1	0.9	0.7
FIIIs	5.3	5.6	6.1
Others	10.5	10.5	10.3

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	22,752	27,190	32,170	38,246
Net gain on fair value changes	1,430	1,890	2,212	2,559
Interest Expenses	(9,867)	(11,738)	(13,762)	(15,990)
Net Interest Income (NII)	12,885	15,452	18,408	22,256
Other Income	1,685	2,006	2,362	2,802
Total Income (net of interest expenses)	16,000	19,349	22,982	27,617
Employee benefit expenses	(3,457)	(4,072)	(4,557)	(5,157)
Depreciation and amortization	(210)	(252)	(265)	(278)
Fee and commission expenses	-	-	-	-
Other operating expenses	(2,329)	(2,716)	(3,277)	(3,902)
Total Operating Expense	(5,995)	(7,040)	(8,099)	(9,338)
Pre Provisioning Profits (PPoP)	10,005	12,309	14,882	18,280
Provisions and write offs	(412)	(571)	(723)	(658)
Profit before tax (PBT)	9,592	11,738	14,159	17,621
Total tax expenses	(2,107)	(2,617)	(3,157)	(3,929)
Profit after tax (PAT)	7,485	9,121	11,003	13,693

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	3,948	4,314	4,314	4,314
Reserves & surplus	40,513	59,366	70,368	84,061
Shareholders' funds	44,460	63,680	74,682	88,375
Borrowings	138,989	162,621	192,522	230,919
Provisions & Other Liabilities	7,409	5,862	6,403	6,999
Deferred tax liabilities (net)	-	-	-	-
Current Liabilities and short-term provisions	-	-	-	-
Total Liabilities and Stakeholder's Equity	190,857	232,163	273,607	326,293
Cash and balance with RBI	12,714	17,218	15,709	18,808
Fixed assets	300	315	378	454
Loans	169,029	204,841	245,238	293,620
Investments	4,578	5,089	6,643	6,643
Deferred tax assets (net)	102	111	133	159
Current Assets including cash and bank	-	-	-	-
Other Assets	4,133	4,589	5,507	6,609
Total Assets	190,857	232,163	273,607	326,293

Source Company data, I-Sec research

Exhibit 11: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	211,209	255,307	306,420	367,792
On-book Loans	169,029	204,841	245,238	293,620
Off-book Loans	42,180	50,466	61,182	74,172
Disbursements	70,724	81,922	97,883	116,216
Sanctions	-	-	-	-
Repayments	31,743	37,824	46,770	54,844
Growth (%):				
Total AUM (%)	22.6	20.9	20.0	20.0
Disbursements (%)	19.8	15.8	19.5	18.7
Sanctions (%)	-	-	-	-
Repayments (%)	(8.2)	19.2	23.7	17.3
Loan book (on balance sheet) (%)	22.0	21.2	19.7	19.7
Total Assets (%)	14.9	21.6	17.9	19.3
Net Interest Income (NII) (%)	31.9	19.9	19.1	20.9
Non-interest income (%)	201.7	19.1	17.7	18.6
Total Income (net of interest expenses) (%)	33.9	20.9	18.8	20.2
Operating Expenses (%)	41.0	17.4	15.1	15.3
Employee Cost (%)	23.9	17.8	11.9	13.2
Non-Employee Cost (%)	79.5	16.6	20.7	19.1
Pre provisioning operating profits (PPoP) (%)	30.0	23.0	20.9	22.8
Provisions (%)	(16.2)	38.4	26.7	(8.9)
PBT (%)	37.9	22.4	20.6	24.4
PAT (%)	37.4	21.9	20.6	24.4
EPS (%)	37.4	11.5	20.6	24.4
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	8.4	8.3	8.2	8.3
NIM on IEA (%)	6.2	6.2	6.2	6.3
NIM on AUM (%)	6.7	6.6	6.6	6.6
Yield on loan assets (%)	14.8	14.5	14.3	14.2
Yield on IEA (%)	11.0	11.0	10.8	10.8
Yield on AUM (%)	11.9	11.7	11.5	11.3
Cost of borrowings (%)	7.6	7.8	7.7	7.6
Interest Spreads (%)	7.2	6.8	6.5	6.6
Operating efficiencies				
Non interest income as % of total income	49.8	49.7	50.1	51.0
Cost to income ratio	37.5	36.4	35.2	33.8
Op.costs/avg assets (%)	3.4	3.3	3.2	3.1
Op.costs/avg AUM (%)	3.1	3.0	2.9	2.8
No of employees (estimate) (x)	5,985,000	6,284,250	6,794,495	7,299,741
No of branches (x)	523	580	630	680
Salaries as % of non-interest costs (%)	57.7	57.8	56.3	55.2
NII /employee (INR mn)	2.2	2.5	2.7	3.0
AUM/employee (INR mn)	35.3	40.6	45.1	50.4
AUM/ branch (INR mn)	403.8	440.2	486.4	540.9
Capital Structure				
Average gearing ratio (x)	3.1	2.6	2.6	2.6
Leverage (x)	4.3	3.6	3.7	3.7
CAR (%)	38.4	44.6	55.8	55.1
Tier 1 CAR (%)	37.7	44.1	55.4	54.7
Tier 2 CAR (%)	0.7	0.5	0.4	0.4
RWA (estimate) - INR mn	99,467	120,541	134,881	161,491
RWA as a % of loan assets	58.8	58.8	55.0	55.0

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	1.1	1.1	1.2	1.1
NNPA (%)	0.6	0.7	0.8	0.7
GNPA (INR mn)	1,869	2,229	2,883	3,158
NNPA (INR mn)	1,098	1,461	1,861	2,038
Coverage ratio (%)	41.3	34.5	35.5	35.5
Credit Costs as a % of avg AUM (bps)	22	24	26	20
Credit Costs as a % of avg on book loans (bps)	27	31	32	24
Return ratios				
RoAA (%)	4.2	4.3	4.4	4.6
RoAE (%)	18.4	16.9	15.9	16.8
ROAAUM (%)	3.9	3.9	3.9	4.1
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	395	431	431	431
No of shares (fully diluted)	395	431	431	431
ESOP Outstanding	-	-	-	-
EPS (INR)	19.0	21.1	25.5	31.7
EPS fully diluted (INR)	19.0	21.1	25.5	31.7
Price to Earnings (x)	26.1	23.4	19.4	15.6
Price to Earnings (fully diluted) (x)	26.1	23.4	19.4	15.6
Book Value (fully diluted)	113	148	173	205
Adjusted book value	111	145	170	201
Price to Book	4.4	3.4	2.9	2.4
Price to Adjusted Book	4.5	3.4	2.9	2.5
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 12: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	178,495	211,510	252,885	299,950
Average Loans (INR mn)	153,772	186,935	225,039	269,429
Average Equity (INR mn)	40,708	54,070	69,181	81,529
Interest earned (%)	12.7	12.9	12.7	12.8
Net gain on fair value changes (%)	0.8	0.9	0.9	0.9
Interest expended (%)	5.5	5.5	5.4	5.3
Gross Interest Spread (%)				
Credit cost (%)	0.2	0.3	0.3	0.2
Net Interest Spread (%)				
Operating cost (%)	3.4	3.3	3.2	3.1
Lending spread (%)				
Non interest income (%)	0.9	0.9	0.9	0.9
Operating Spread (%)				
Tax rate (%)	22.0	22.3	22.3	22.3
ROAA (%)				
Effective leverage (AA/ AE)	4.4	3.9	3.7	3.7
RoAE (%)				

Source Company data, I-Sec research

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