

27 July 2025

India | Equity Research | Results Update

Aadhar Housing Finance Limited

NBFCs

Q1FY26 earnings supported by 22% YoY AUM growth and 10bps QoQ spread expansion

Aadhar Housing Finance (Aadhar) has successfully sustained >20% YoY (4% QoQ) AUM growth as disbursements grew 32% YoY in Q1FY26. Notably, spread expanded 10bps QoQ to 5.8% in Q1FY26 vs. 5.7% in Q1FY25. Its ability to deliver strong growth with industry-leading spreads, despite being one of the largest AHFCs, reinforces our view that credit demand in low-income housing remains robust, and the AHFC space will likely sustain its growth momentum ahead. Its judicious strategy of splitting the distribution network to aid growth/spread and deliver 17–18% RoE sets Aadhar apart from peers. Retain **BUY**; TP revised to INR 625 (vs. INR 550), valuing the stock at ~3.2x Sep'26E BVPS (prior: 3x).

Urban/emerging segmentation to sharpen execution focus

In order to sustain >20% YoY AUM growth and maintain spread at >5.5% spread on a scale, Aadhar has spilt its existing branch network into two segments – 1) Top 15 cities to be categorised as urban markets and 2) rest of India as emerging market. Incremental yield in the urban market is 12–12.5%; the figure in emerging market is as high as 14.5–16%. Currently, urban market contributes ~55% of business, which it plans to prune to 45% in the near-term; this should enable higher yields at portfolio-level going forward.

Promoter instilling long-term commitment – testimony of its resilient business model and superior execution capabilities

In a surprise move, Aadhar's Promoter (Blackstone owning 75% in the company) is moving its holding in the company from the current fund to a new fund; thereby, instilling its long-term commitment to Aadhar. The move would not only potentially fend off the supply overhang but it also shows the Promoter's trust in the execution capabilities of the current management team and Aadhar's growing franchise. Typically, new fund life is anywhere between 6–8 years; thus, near-term supply from the Promoter is mostly ruled-out. The completion of the entire process might take 10–11 months given the move has triggered an open-offer (priced INR 470/share),

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
% Chg YoY	37.4	11.5	20.6	24.4
P/E (x)	26.2	23.5	19.5	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)	2,479mn
Bloomberg Code	AADHARHF IN
Reuters Code	AADA.BO
52-week Range (INR)	531 /341
Free Float (%)	24.0
ADTV-3M (mn) (USD)	3.6

Price Performance (%)	3m	6m	12m
Absolute	8.7	29.1	11.0
Relative to Sensex	5.8	22.1	9.2

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

22-06-2025: [NBFCs Sector Update](#)

07-05-2025: [Q4FY25 results review](#)

Sustains growth traction; expects 20–22% YoY FY26 AUM growth

Despite seasonality, as reflected in disbursement falling 23% QoQ but up 32% YoY, Aadhar delivered strong 22% YoY/4% QoQ AUM growth during Q1FY26. Contrary to industry commentary of the MSME segment witnessing stress, it highlighted that portfolio quality of its LAP segment remains strong with bounce rate, GNPL and NNPL staying flat YoY. LAP grew by 29% YoY during Q1FY26. Notably, it maintained its full-year guidance of 20–22% AUM growth and 18–20% YoY disbursements growth. An early entry into under-penetrated markets such as UP, MP, Chhattisgarh, Jharkhand complemented by focus on diversification with one of the largest distribution networks of 591 branches, as on Jun'25, have been key growth enablers.

RoA at 4% as tight opex/healthy NII growth offset elevated credit cost

Aadhar's RoA has sustained at or above 4% for six consecutive quarters – in Q1FY26, the same stood at 4% with PAT at INR 2.37bn, up 19% YoY, but down 3% QoQ.

On the profitability front, NII was up 5% QoQ/22% YoY, but lower other income resulted in total income being flat QoQ/up 25% YoY. Opex was well-calibrated with a 5% QoQ decline, but up 30% YoY. As a result, operating profit inched up 3% QoQ/23% YoY. Credit cost (calculated), as a % of average AUM, inched up to 41bps vs. 10bps QoQ and 35bps YoY. Also, GNPA on AUM inched up to 1.34%, up 29bps QoQ/3bps YoY, which can be partly attributed to seasonality.

AUM was up 4% QoQ/22% YoY at INR 265bn, which was on the back of 23% QoQ decline in disbursements (due to a high base and seasonally strong Q4), but were up 32% YoY at INR 19.8bn.

Spread, at 5.8%, up 10bps QoQ – aided by lower cost of funds; full-year FY26 spreads to remain in a narrow 5.7–5.8% band

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 73% by Q1FY26, from 14% in FY20, also supported spreads given yields in LAP are much higher at ~17% vs. ~13.5% 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 5.8% aided by a 20bps QoQ improvement in borrowings cost while yields moderated 10bps QoQ. However, it is still among the highest among peers. Incremental disbursement yield stood at ~13.5% vs. incremental borrowing cost at 8.1%, resulting in incremental spread of 5.4% being flat QoQ.

However, incremental spread of 5.4% being lower than book spread at 5.8%, poses a risk to further spread compression. Cost of borrowing stood at 8.0% and incremental cost of borrowing at 8.1% during Q1FY26.

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 (132 branches) and rest 459 branches in Emerging A-B-C. Asset yield in urban locations is ~12% while yields in emerging markets are 14–16%. Currently, urban locations contribute 55% of AUM while emerging locations contribute 45% of AUM. The company plans to increase emerging's market share to 55% 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 the liability side, ~75% 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.

Asset quality weak QoQ amid seasonality; shall recoup by year-end

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 chooses the less vulnerable formal salaried segment to start its lending journey.

Post a strong Q4, Aadhar's asset quality metrics were weak in Q1 due to seasonality. This is evident in its GNPL ratio rising by 26bps QoQ to 1.34% vs. 1.08% QoQ, but management highlighted that it is not seeing stress in any region and is likely to moderate to 100–110bps by year-end. 1+DPD also inched up to 7.2% vs. 6.2% YoY.

Typically, there is a flow forward to Stage-3 from Stage-2 in Q1. On stage-wise assets, Stage-1 and Stage-3 assets inched up ~10bps/~20bps QoQ respectively, while Stage-2 assets fell ~30bps QoQ.

In terms of PCR, it was stable sequentially at 0.3% for Stage-1, while it improved to 36.1% vs. 34.5% QoQ on Stage-3 assets and fell ~70bps QoQ to 12.2% on Stage-2 assets. Overall, it holds 1.2% ECL provisions on total assets, which was flat QoQ.

On the MFI overlap front, management highlighted that its MFI customer's portfolio behaviour has improved on a sequential basis. Hence, management is quite comfortable on the asset quality front and from the over-leveraging standpoint.

Cost-income ratio improved QoQ; expect 30-50bps YoY improvement in FY26

Cost to income ratio saw a spike to 37.8% in Q4FY25 due to elevated costs, post which it has moderated to 36.1% in the current quarter as other opex fell 5% QoQ. In FY25, cost to income ratio has fallen to 36.4% vs. 37.5% in FY25. 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 with expanding its network – has added 55 new branches over the past 12 months, taking the total to 591 (11 branches added in Q1). Over the next three years, 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; and Aadhar is the only AFHC with a presence in 21 states and union territories.

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

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 spilt 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.

Q4FY25 conference call takeaways

FY26 guidance

- AUM growth of >20%
- Disbursement growth of 18-19%
- 105-110 bps GNPA
- Expect 30-50bps decline in C/I

Margins

- 79% of borrowings and 76% of assets are floating in nature.
- BT-out improved by 50bps QoQ to 6.49%. Target is to take it to ~6%.
- BT-out is more prevalent in Urban and Emerging A locations. Hence, it is looking to focus more on Emerging B and C locations.
- Urban location would be 12%, while Emerging yield would be in the range of 14-16%. This would imply blended yield of ~13.5%.
- 13.7% was incremental yield.
- Aadhar is already engaged with both credit rating agencies. It does not foresee that this credit rating upgrade should be prolonged.

AUM

- AUM above INR 250bn, up 7% QoQ and 21% YoY.
- Continues to maintain its position as India's leading low-income housing finance provider.
- Q4 disbursements at INR 25.6bn, up >20% QoQ.
- **9,096 customers had overlap with MFI as of Q3, which has now fallen to 7,077 as of Q4.**
- **Going ahead, emerging AUM growth would be higher than urban locations.**
- **AUM mix - 55% currently is from Urban and balance is from Emerging.**
- **In couple of years, it is targeting 55% share from Emerging and 45% from Urban**
- **Login to sanction was 60% in FY25 (61.8% in FY24) and Sanction to disbursement was 62% (62.5% in FY24).**
- **Volume per sales officer was 1.1 file.** This could improve as the company sees fall in attrition rate.
- Incremental ATS INR 1.3mn (INR 1.5mn HL and INR 0.9mn is non home loan)
- ~59% sourcing is now in-house (including Aadhar Mitra) and balance is split between DSA and connectors/retail DSA. Of this, 25% of overall sourcing was from corporate DSA.
- Fastest growing sourcing channels as of now are Aadhar Mitra and internal sourcing channel.
- ~30% FY25 disbursements were from Aadhar Mitra in FY25 vs. 22% in FY24.

Opex

- C/I has fallen 104bps on an annual basis
- **Tried to spread opex to a great extent in Q3 and Q4, due to the marketing contest, which it runs in H2 of each FY25. Similar thing was also done in H1FY24.**
- Majority of expansion has already been done and hence expects C/I is expected to decline in FY26 as well.

Branch network

- Deeper impact strategy has been instrumental in driving growth.
- **Added 57 new branches in FY25.**
- **299k live customer base.**
- **It has entered north east with first branch in Guwahati.**
- Expansion in Guwahati aligns with NHB vision of financial inclusion.
- No single state accounts for >14% of AUM.
- *It has divided the country into urban and emerging locations effective 1 Apr'25*
 - Urban: Top 15 cities
 - Emerging: >400 branches and classified into A, B and C
- **It will not breach the 14-14.5% market in terms of single state AUM exposure, disbursement exposure etc.**

Borrowings

- **Continue to focus on its diversification strategy on the liability front**
- Borrowings up 17% YoY.
- **First ECB issuance done in Q4FY25 of USD 50mn. This is a fully hedged transaction and all-in cost including hedge comes at 8.1%**
- INR 8.91bn is undrawn sanctions, as of Q4FY25.
- It has not seen much movement in banks MCLR, despite repo rate cut
- It is holding liquidity of INR 22bn, which is ~10% of loan book. Overall, it would like to maintain liquidity at ~8% of borrowing mix. Moreover, it would have undrawn lines over and above the stated liquidity.

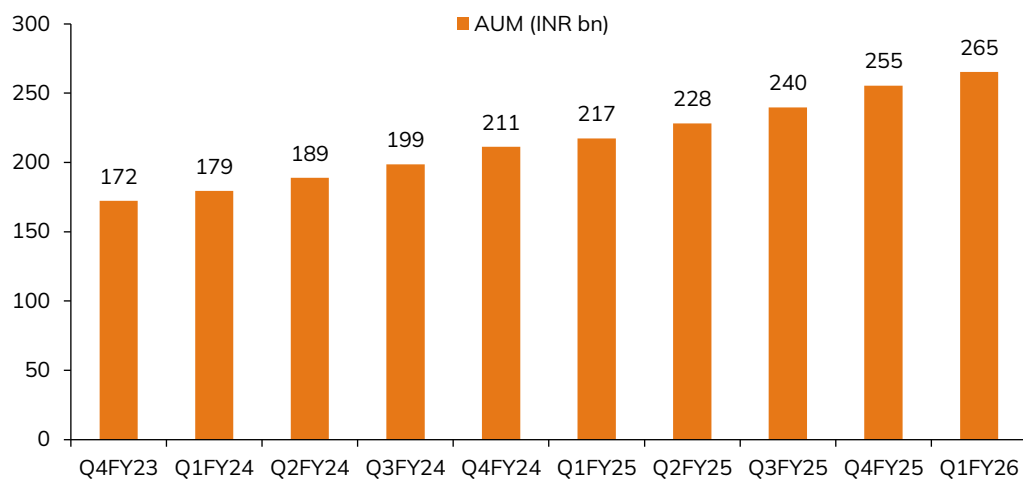
Asset quality

- Portfolio continues to focus on secured retail loans.
- **60-70bps of Stage-2 is actually Stage-1 as per days overdue, but classified under Stage-2.**
- It is not seeing any state-specific issue.
- It has not taken any additional or prudential write-offs in Q4.
- Q4 write-offs at INR 80-90mn and INR 320mn for FY25.

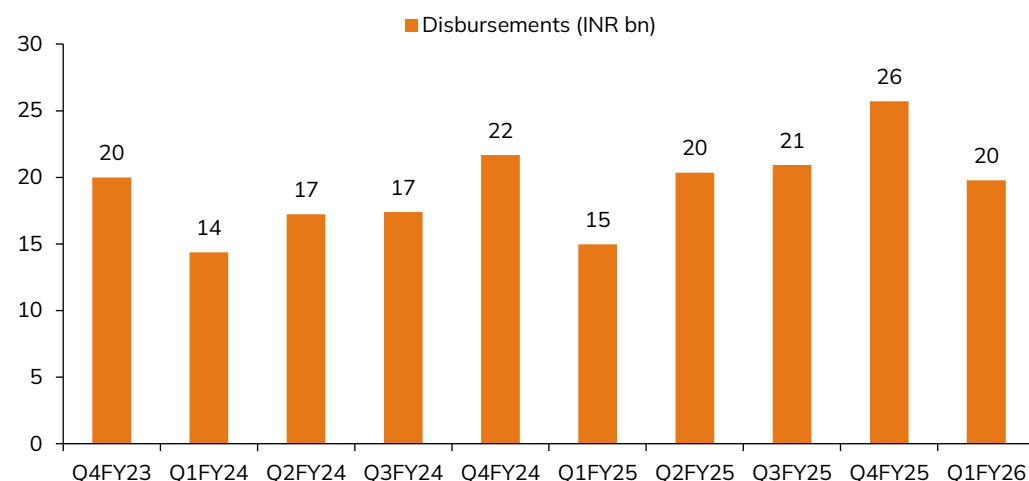
Exhibit 1: Q1FY26 results review

(INR mn)	Q1FY25	Q4FY25	Q1FY26	YoY %	QoQ %
Profit & Loss					
Interest Income	6,344	7,224	7,601	20%	5%
Interest Cost	2,770	3,147	3,319	20%	5%
Net Interest Income	3,574	4,077	4,282	20%	5%
Total Fee Income	624	1,114	912	46%	-18%
NIM + Fee Income	4,198	5,190	5,193	24%	0%
Operating Costs	1,439	1,962	1,873	30%	-5%
Operating Profits	2,759	3,229	3,320	20%	3%
Credit Costs	187	64	267	43%	318%
PBT	2,572	3,165	3,053	19%	-4%
Tax	571	712	680	19%	-5%
Profit After Tax	2,001	2,452	2,373	19%	-3%
AUM & disbursements (INR mn)					
Disbursements	14,967	25,713	19,786	32%	-23%
AUM	2,17,263	2,55,307	2,65,241	22%	4%
Yields, spreads, cost (%)					
Yield (reported)	14.0	13.9	13.8	-20 bps	-10 bps
Cost of funds (reported)	8.0	8.2	8.0	0 bps	-20 bps
Spreads (reported)	6.0	5.7	5.8	-20 bps	10 bps
Asset quality (%)					
Gross Stage 3	1.30	1.08	1.34	4 bps	26 bps
Net Stage 3	0.87	0.71	0.95	8 bps	23 bps
ECL coverage on overall book	1.24	1.17	1.21	-3 bps	4 bps
Return ratios (%)					
Return on Assets (Reported)	4.1	4.4	4.0	-10 bps	-40 bps
Return on Equity (Reported)	15.9	15.9	14.7	-120 bps	-120 bps
Operating metrics (%)					
Cost / Income Ratio	34.3	37.8	36.1	179 bps	-172 bps

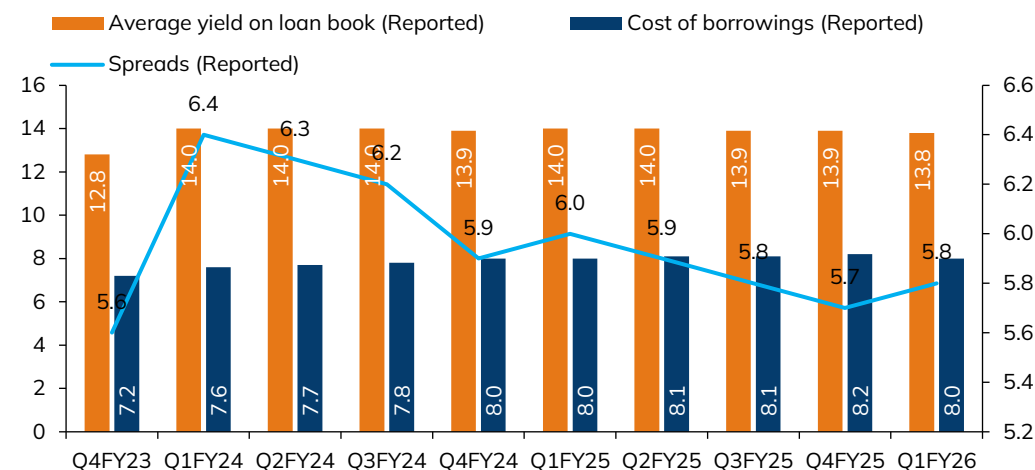
Source: Company data, I-Sec research

Exhibit 2: AUM growth settles above 20% YoY for Q1FY26

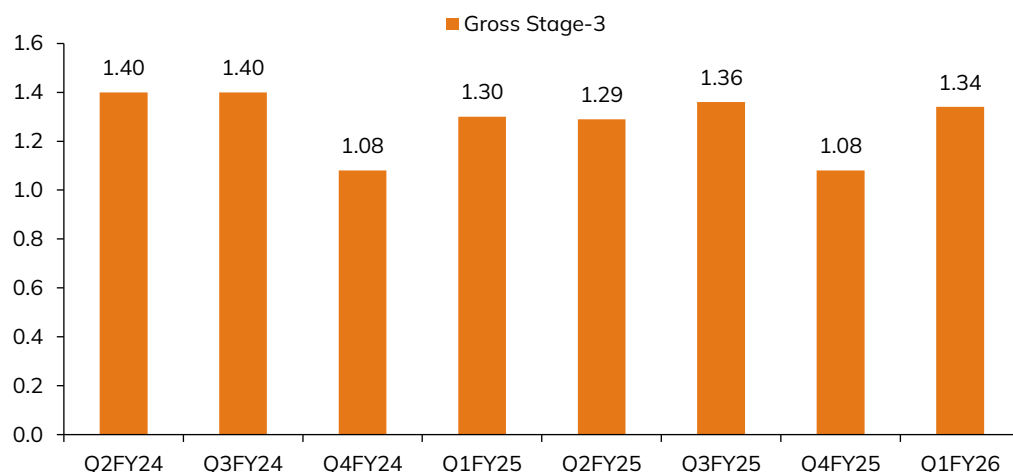
Source: Company data, I-Sec research

Exhibit 3: Disbursements saw strong uptick of >30% YoY, though down QoQ due to Q1 seasonality

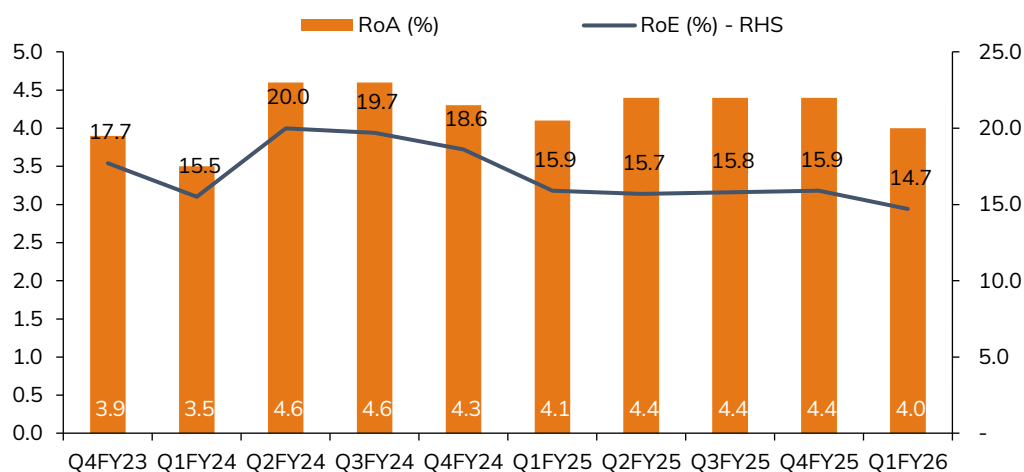
Source: Company data, I-Sec research

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

Source: Company data, I-Sec research

Exhibit 5: Gross Stage 3 deteriorated to 1.34% in Q1 vs 1.08% in Q4

Source: Company data, I-Sec research

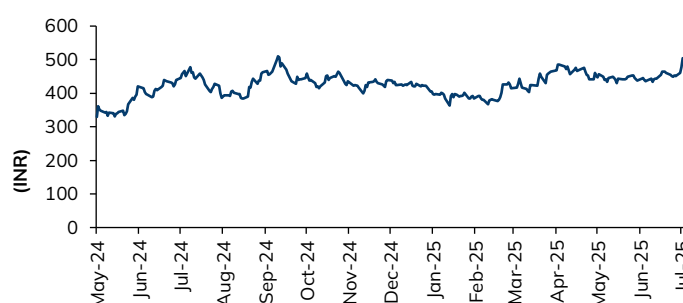
Exhibit 6: RoE hovering in the range of 15-16%

Source: Company data, I-Sec research

Exhibit 7: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	75.7	75.6	75.5
Institutional investors	13.6	13.9	36.6
MFs and others	5.8	5.2	5.2
FIs/Banks	2.4	2.4	1.4
Insurance	1.1	1.1	0.9
FIIIs	4.3	5.3	5.6
Others	10.7	10.5	10.5

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)	26.2	23.5	19.5	15.6
Price to Earnings (fully diluted) (x)	26.2	23.5	19.5	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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