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India | Equity Research | Results Update

## Aadhar Housing Finance Limited

NBFCs

### FY26 financial performance reflects strong business resilience and franchise strength

Aadhar Housing Finance (Aadhar) exhibited robust franchise resilience in FY26, disproving scepticism around its ability to maintain scale and profitability amidst sector headwinds. Aadhar's franchise strength lies in its rigorous credit discipline, robust risk management, and a highly diversified geographical footprint, with no single state exceeding 15% of total AUM. While several affordable housing finance peers marginally missed growth targets, Aadhar outperformed the cohort by delivering 20% YoY AUM growth—in line with guidance—and achieving a notable RoE of >17% in Q4FY26. Management remains confident in its ability to sustain a 20% growth trajectory in both PAT and AUM over the near term, even while navigating ongoing macroeconomic uncertainties. Retain **BUY**; TP unchanged at INR 625, valuing at ~3x Mar'27E BVPS.

### AUM surpasses INR 300bn; roadmap set for INR 500bn by FY29

Aadhar's steady financial performance continues to validate its ability to deliver robust growth, alongside industry-leading profitability. By sustaining a >20% growth trajectory at scale, it has effectively addressed prevailing market concerns regarding the long-term viability of high growth and mid-teen RoE due to competition intensifying in the affordable housing finance (AHF) segment. Notably, Aadhar surpassed INR 300bn AUM in Mar'26—delivering a 20%+ CAGR over the FY23–26. Leveraging its core competencies in deep distribution, competitive pricing, and granular demographic expertise, management has now set a strategic target to reach INR 500bn in AUM by FY29, implying a steady 20% growth rate over the next three years.

While the company intentionally calibrated its LAP disbursements in H2FY26, due to tariff-related uncertainties, the core home loan (HL) segment remained robust, clocking 25% growth over H1FY25 levels. Management's recent ground-level assessments indicate sustained demand from first-time homebuyers, particularly in tier-2 and beyond, which also reaffirms its view on sustainability of strong momentum in the core HL portfolio in the near term.

While management remains cautious regarding potential second-order impacts on specific segments/geographies, it noted that there are no early signs of stress accumulation stemming from the West-Asia conflict – as evidenced by steady bounce rates observed over the past six months.

### Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Interest Income	15,452	18,795	22,732	27,095
PAT	9,119	10,959	13,553	16,787
EPS (INR)	21.1	25.2	31.1	38.5
BVPS (INR)	148	173	204	243
P/E (x)	24.5	20.6	16.6	13.4
P/BV (x)	3.5	3.0	2.5	2.1
Gross Stage - 3 (%)	1.1	1.1	1.0	0.9
Dividend Yield (%)	-	-	-	-
RoA (%)	4.3	4.3	4.5	4.5
RoE (%)	16.9	15.8	16.5	17.2

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#### Market Data

Market Cap (INR)	225bn
Market Cap (USD)	2,364mn
Bloomberg Code	AADHARHF IN
Reuters Code	AADA.BO
52-week Range (INR)	548 /411
Free Float (%)	25.0
ADTV-3M (mn) (USD)	2.2

Price Performance (%)	3m	6m	12m
Absolute	9.5	1.6	9.0
Relative to Sensex	17.1	9.3	13.6

ESG Score	2024	2025	Change
ESG score	NA	45.5	NA
Environment	NA	31.1	NA
Social	NA	24.4	NA
Governance	NA	68.8	NA

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	1	1

#### Previous Reports

04-04-2026: [NBFCs Q4FY26 preview](#)

31-01-2026: [Q3FY26 result review](#)

### Strategic segmented distribution to drive growth and NIMs

To sustain >20% YoY AUM growth and maintain spreads above 5.5% at scale, Aadhar strategically bifurcated its branch network in Q1FY26 into 'Urban markets' (top 15 cities) and 'Emerging markets' (rest of India). This segmentation enhances market coverage and sharpens execution, with Average Ticket Sizes (ATS) tailored across segments: INR 0.85mn, INR 1mn, and INR 1.2mn for Emerging A, B, and C categories, respectively, compared to >INR 1.8mn in Urban markets. The pricing strategy reflects this granularity, with incremental yields ranging from 12–12.5% in Urban areas to as high as 14.5–16% in Emerging markets. While Urban markets contributed ~55% of business at the time of the split, management aims to increase the Emerging markets' share to 50% in the near term—a transition that remained on track as of Q4FY26.

### Record disbursements help Aadhar end FY26 with 20% YoY growth; expects 20% YoY AUM growth in FY27 as well

Aadhar maintained its growth momentum with 30% QoQ/20% YoY disbursement growth during Q4FY26. Sustained traction in disbursements led to Aadhar delivering robust 6% QoQ/20% YoY AUM growth during Q4FY26. Repayment rate (calculated) inched up a tad to 4.5% vs. an average of ~4.2% over the past 8 quarters. AUM mix remains stable QoQ with 73% share of housing loans and balance towards non-housing loans, while 74% (70% QoQ) disbursements were towards housing loans and balance towards non-housing loans. Aadhar continues to guide for 20% AUM growth in FY27 and 17–18% disbursements growth. Overall, it expects to reach INR 500bn AUM in 3 years.

It expects the PMAY scheme to gain further traction, as customer awareness improves; and this should aid overall affordable housing growth. An early entry into the under-penetrated markets such as Uttar Pradesh (UP), Madhya Pradesh (MP), Chhattisgarh and Jharkhand complemented by its focus on diversification with one of the largest distribution networks of 638 branches, as on Mar'26, have been key growth enablers. Overall, deep rural presence and branch-led sourcing model continue to be its key strengths.

### Higher DA income, lower credit cost lift RoA by 20bps QoQ to 4.8%

Aadhar's RoA has sustained at or above 4% for nine straight quarters. In Q4FY26, it expanded 20bps to 4.8% vs. 4.6% QoQ with PAT at INR 3.11bn, up 11% QoQ/27% YoY.

Higher DA income and lower credit cost were key earnings drivers during Q4FY26. Core NII (calculated) was up 5% QoQ/25% YoY while other income too grew a strong 27% QoQ, resulting in total income rising 9% QoQ in Q4FY26. Other income was mainly lifted by higher DA income at INR 705mn vs. INR 546mn QoQ and INR 489mn YoY. Opex on a higher base inched-up 19% QoQ/22% YoY due to 21% QoQ rise in non-employee cost, and 16% QoQ rise in employee cost as it includes INR 135mn towards fresh ESOPs granted in Jan'26.

As a result, operating profit inched up 4% QoQ/27% YoY. Credit cost (calculated), as a % of average AUM, fell to 14bps vs. 25bps QoQ vs. 10bps YoY. Gross Stage-3 moderated 30bps QoQ to 1.08% and Stage-2 also moderated 30bps QoQ to 3%.

### Spreads shrink 20bps QoQ as 15bps PLR reduction comes into effect

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 Q3FY26, 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.

After three consecutive quarters of spread expansion, from 5.7% in Q4FY25 to 6% till Q3FY26, spreads contracted 20bps QoQ to 5.8%. This was due to a 20bps decline in portfolio yield to 13.5% vs. 13.7% QoQ on account of 15bps PLR reduction with effect from Feb'26. 74% of assets are floating in nature; hence, there was an immediate pass through of PLR cut, which was visible in portfolio yield. Similarly, cost of borrowings was flat QoQ at 7.7%, after three consecutive quarters of contraction, from 8.2% in Q4FY25 to 7.7% in Q3FY26. Overall, it ended FY26 with spreads of 5.8%, which was 10bps higher than FY25 and in-line with its guidance.

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 ~74% of assets. Similarly, on the 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.

### Asset quality improves – steep decline in 1+ DPD and gross Stage-3

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.

At the start of FY26, Aadhar's asset quality metrics were weak in Q1FY26 due to seasonality. However, in line with its historical trend, asset quality improved during Q2FY26 and has sustained in Q3FY26 as well. Furthermore, Q4FY26 has seen sharp improvement in asset quality metrics with 30bps sequential reduction in Gross Stage-3, while down from its peak of 1.42% and up a mere 3bps YoY to 1.08%. This was also below company's guidance of 110–115bps by FY26-end. Net Stage-3 also moderated 26bps QoQ to 0.71% and is flat on a YoY basis.

Given the improvement in asset quality metrics, credit cost (calculated) also moderated to 14bps vs. 25bps QoQ and settled at 24bps for FY26, largely in-line with its guidance of maintaining it below 25bps.

In terms of PCR, it was up 10bps QoQ to 0.4%, PCR on Stage-2 rose to 14.1% vs. 13.4% QoQ and Stage-3 PCR also improved to 35.7% vs. 32.4% QoQ. Overall, it holds ~1.2% (flat QoQ) ECL provisions on total assets.

In terms of lead indicators, bounce rates have been steady since the past 6 quarters; hence, management does not envisage any stress flowing as a repercussion of the West Asia war so far. Moreover, 1+ DPD fell 78bps QoQ and CE continues to be strong above 99.8%, reflecting consistent on the ground execution.

### C/I ratio inches up QoQ due to higher ESOP cost

Cost to income (C/I) ratio rose sharply to 37.1% vs. 34.1% QoQ, due to higher employee cost on account of INR 135mn employee cost related to fresh ESOPs granted in Jan'26. Excluding ESOP cost, C/I ratio would have been 35.0% vs. 34.1% QoQ. For FY26, C/I came in at 35.9% and excluding ESOP cost in Q4FY26, C/I would have been 35% vs. 36.4% in FY25. Going ahead, productivity improvement, incremental branch addition in low-cost emerging branches and stable income is likely to aid improvement in C/I.

In terms of branch expansion, Aadhar has been consistent in expanding its network – has added 58 new branches in the past 12 months, taking the total to 638 (added 17 branches in Q4). Until FY28, management aims to maintain a similar branch opening count of 50–60, of which 65–70% of new branches would be opened in emerging markets and the rest 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 FY27. This branch network also goes in line with its diversification plan; wherein, no single state currently accounts for >15% of AUM. Aadhar is the only AFHC with a 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: Q4FY26 result review

(INR mn)	Q4FY25	Q3FY26	Q4FY26	YoY %	QoQ %
<b>Profit &amp; Loss</b>					
Interest Income	7,224	8,330	8,515	18%	2%
Interest Cost	3,147	3,475	3,433	9%	-1%
<b>Net Interest Income</b>	<b>4,077</b>	<b>4,855</b>	<b>5,081</b>	<b>25%</b>	<b>5%</b>
Non Interest Income	1,114	1,107	1,411	27%	27%
<b>Total Income</b>	<b>5,190</b>	<b>5,962</b>	<b>6,492</b>	<b>25%</b>	<b>9%</b>
Operating Costs	1,968	2,031	2,408	22%	19%
<b>Operating Profits</b>	<b>3,222</b>	<b>3,932</b>	<b>4,084</b>	<b>27%</b>	<b>4%</b>
Credit Costs	64	175	102	59%	-42%
<b>PBT</b>	<b>3,158</b>	<b>3,756</b>	<b>3,983</b>	<b>26%</b>	<b>6%</b>
Exceptional Item	-	-159	-		-100%
<b>PBT after exceptional Item</b>	<b>3,158</b>	<b>3,597</b>	<b>3,983</b>	<b>26%</b>	<b>11%</b>
Tax	711	785	873	23%	11%
<b>Profit After Tax</b>	<b>2,448</b>	<b>2,812</b>	<b>3,109</b>	<b>27%</b>	<b>11%</b>
<b>AUM &amp; disbursements (INR mn)</b>					
Disbursements	25,663	23,801	30,866	20%	30%
AUM	2,55,307	2,87,900	3,05,713	20%	6%
<b>Yields, spreads, cost (%)</b>					
Yield (reported)	13.9	13.7	13.5	-40 bps	-20 bps
Cost of funds (reported)	8.2	7.7	7.7	-50 bps	0 bps
<b>Spreads (reported)</b>	<b>5.7</b>	<b>6.0</b>	<b>5.8</b>	<b>10 bps</b>	<b>-20 bps</b>
<b>Asset quality (%)</b>					
Gross Stage 3	1.05	1.38	1.08	3 bps	-30 bps
Net Stage 3	0.71	0.97	0.71	0 bps	-26 bps
<b>ECL coverage on overall book</b>	<b>34.45</b>	<b>32.36</b>	<b>35.70</b>	<b>124 bps</b>	<b>334 bps</b>
<b>Return ratios (%)</b>					
Return on Assets (Reported)	4.4	4.6	4.8	40 bps	20 bps
Return on Equity (Reported)	15.9	16.5	17.1	120 bps	60 bps
<b>Operating metrics (%)</b>					
Cost / Income Ratio	37.9	34.1	37.1	-84 bps	303 bps

Source: Company data, I-Sec research

Note: Q3FY26 RoA, RoE is excluding the impact of new labour code

## Q4FY26 conference call takeaways

### FY27 Guidance

- 20% AUM growth
- 20% PAT growth
- 17-18% disbursements growth

### AUM

- AUM up 20% YoY
- **Demand drivers are steady in this segment with structural levers in place**
- Q4FY26 disbursements at highest ever
- **Looking at INR 500bn AUM in 3 years**
- **LAP growth was slow, which was deliberate and completely planned. This started when the tariff issue happened.** Incrementally, it is doing 23-24% growth in LAP and looking to take this to 25% in Q1
- **AUM below INR 0.5mn would be ~3%**
- Incremental ATS would be around INR 1.25mn
- INR 1.08mn ATS on book
- Incremental ATS has been in the range of INR 1.25-1.35mn over the past few quarters
- Aadhar is the largest player in PMAY

### Asset quality

- **Bounce rates have been stable since the past 6 quarters**
- First one to be impacted by the West Asia crisis would be the NRI community and Aadhar exposure to NRI community is quite minimal
- Asset quality remains pristine with GNPA at 1.08%, down 30bps QoQ, which is also due to seasonality impact in Q4
- CE continues to remain strong above 99.8%, reflecting consistent on the ground execution
- Early bucket delinquencies remain stable
- 1+ DPD down 78bps QoQ

### Branch network

- 5 new branches added in Q4 and 46 new branches added in FY26
- Encouraging traction in urban markets
- Deep rural presence and branch led sourcing model continue to be key strength
- **Geographical diversification remains strong with no state contributing more than 15% of total AUM/disbursements/distribution**
- UP, Maharashtra, MP, TN, Delhi, Uttarakhand, Rajasthan are the top 8-10 states contributing to their AUM mix (not in any particular order)

### Borrowings

- Borrowings at INR 187.44bn, up 15% YoY
- Borrowing mix - 51% from banks, NHB 22%, NCD 19%, ECB 5% and Other is 4%

- Incremental borrowing rate at 7.6% in Q4FY26 and 7.8% for FY26
- INR 7.05bn incremental borrowing from NHB at 6.9% in Q4FY26, of which affordable housing finance fund was INR 1.41bn at 4.3%

### Margins

- **Expect that interest rate cycle would be status quo for the next 2-3 quarters**
- Guided that spreads would see some contraction on an annual basis every year. This is because incremental business is done at a little lower yield than book yield. This is assuming of 25-25% LAP
- It has also additional lever of inching or maintaining spreads by
- 74% of assets and 73% of liabilities are floating

### Miscellaneous

- CRAR at 42%
- PAT up 22% YoY for FY26, without the impact of new labour code
- IT refund of INR 25mn taken back to P&L
- 5,430 on-roll employees
- 3,965 off-roll employees
- Slightly urban branches take 12-15 months to become productive and small branches take 9-12 months

## Q3FY26 conference call takeaways

### AUM

- **Expects to cross INR 300bn by FY26-end and clock >20% AUM growth for FY26**
- 20% AUM growth over the medium term would be a combination of:
  - 6-7% productivity
  - 6-7% inflation related
  - 6-7% impact of new branches
- Confident of sustaining growth trajectory in FY26 and going ahead
- Positive outlook for Q4FY26 as well on AUM and asset quality
- **Expect PMAY scheme to gain further traction as customer awareness improves and aid overall affordable housing growth**
- Disbursements have been granular across states, except Punjab, which has been coming out of flood situation
- **As it penetrates further into states, competition is relatively less**
- 65-66% login to sanction
- 39-40% login to disbursement
- BT-out was ~5.5% (25-30% of BT request would come for rate requirement)
- Non-home loans growth is 25% and home loans growth is 18%
- **NPA differential is 65-70bps for housing and non-housing, while yield differential is 300bps and hence at risk adjusted yield, non-housing is better**

### Margins

- 13.71% portfolio yield at end of Q3 exit
- 7.74% borrowing cost at end of Q3 exit
- **Exit spread at 5.97% vs. 5.93% QoQ**
- Incremental yield for the quarter at 13.1%
- Incremental borrowing cost for Q3 stood at 7.5% and 7.9% for 9M
- **ALCO has decided to drop lending rates by 15bps in the month of Feb'26; hence, effective pass-through for the quarter would be ~12bps (~74% floating) from Feb'26**
- **Exit spread could be ~5.8% as of Mar'26; which would be ~10-11bps higher than Mar'25 exit spread**

#### Borrowings

- **67% of bank borrowings is MCLR linked**
- NHB borrowings were INR 2.99bn at 6.66% cost for Q3 and INR 6bn at 7.4% for 9M
- INR 9.6bn still drawable from NHB

#### Asset quality

- **Credit cost guidance within 25bps for FY26**
- **Expect Gross Stage-3 to retrace back to 110-115bps on AUM**
- **1+ DPD is 6.85% vs. 7.17% QoQ**
- Continues to leverage analytics to sharpen underwriting
- Stage-2 improvement is broad based across geographies
- 1+DPD and NPA have fallen across tariff impacted areas of Tiruppur, Surat
- Tiruppur
  - 1+ DPD fell 300bps QoQ
  - NPA drop of 70bps QoQ
- TN has been behaving well for Aadhar in terms of growth and AQ has also seen improvement in TN

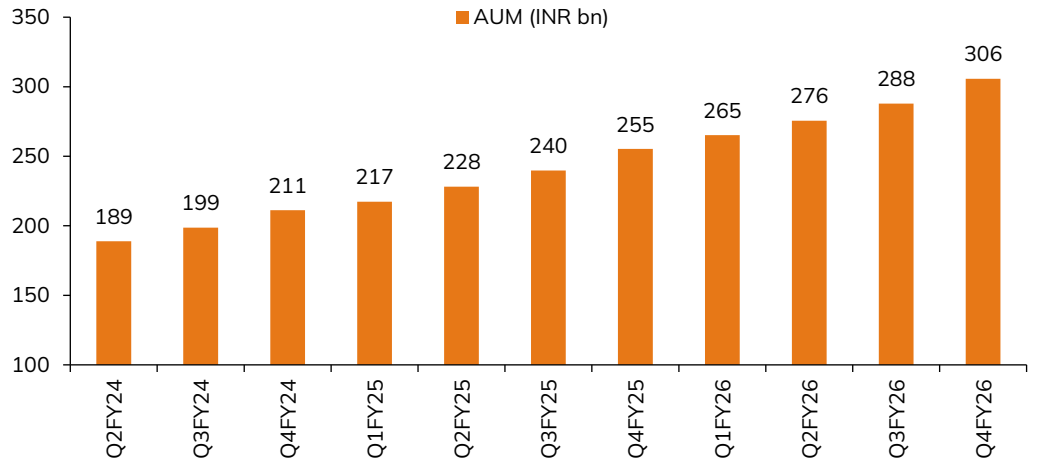
#### Branch network and opex

- No single state contributing disproportionately to the AUM
- **5,200 on roll employees and 3,800 off roll employees**
- Employee attrition is 22%
- Added 10 new branches during the quarter
- Branch breakeven would be between 12-18 months
- If it sets up sales office (lowest cadre), it should break-even within 9 months and then start contributing to bottom-line, while city branch (highest cadre) should break-even between 15-18 months

#### Miscellaneous

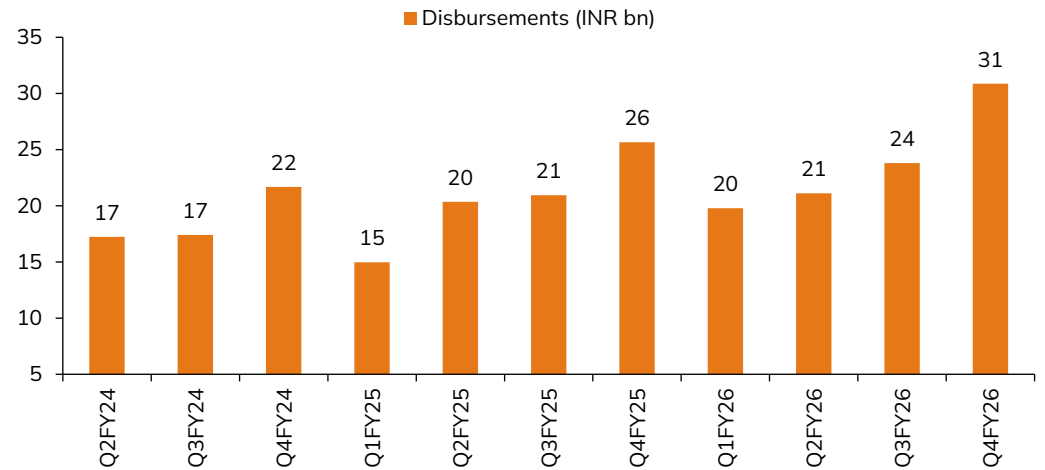
- INR 280mn is net impact for 9M PAT for overall securitisation and co-lending

**Exhibit 2: AUM crossed >INR 300bn milestone**



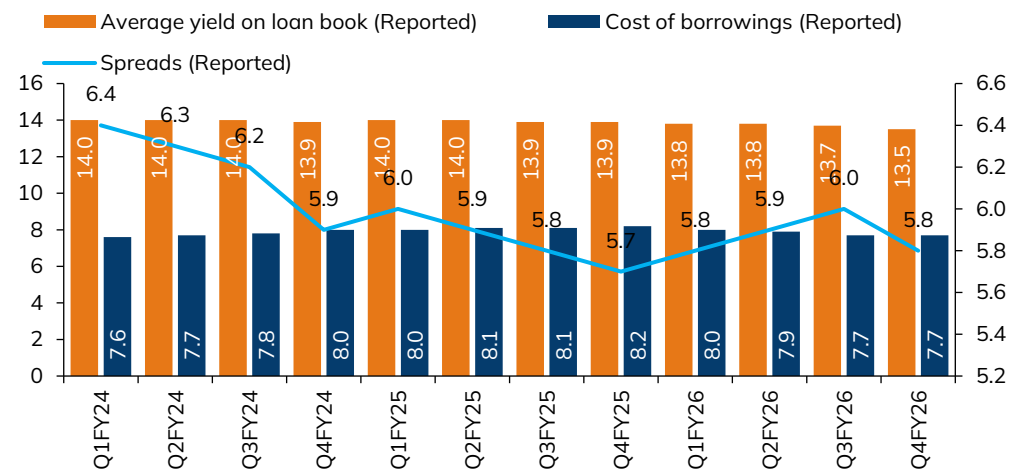
Source: Company data, I-Sec research

**Exhibit 3: Disbursements showing strong traction**



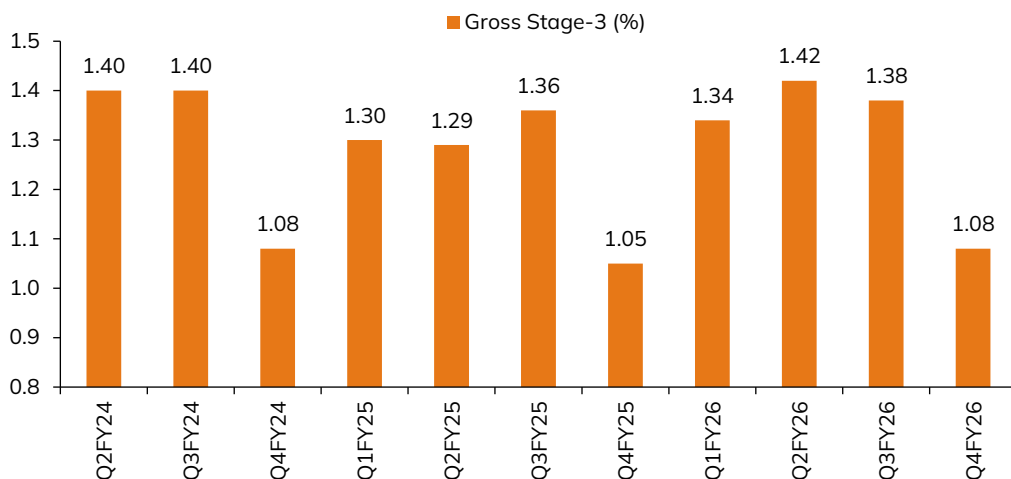
Source: Company data, I-Sec research

**Exhibit 4: Spreads decline QoQ as yield contracts**



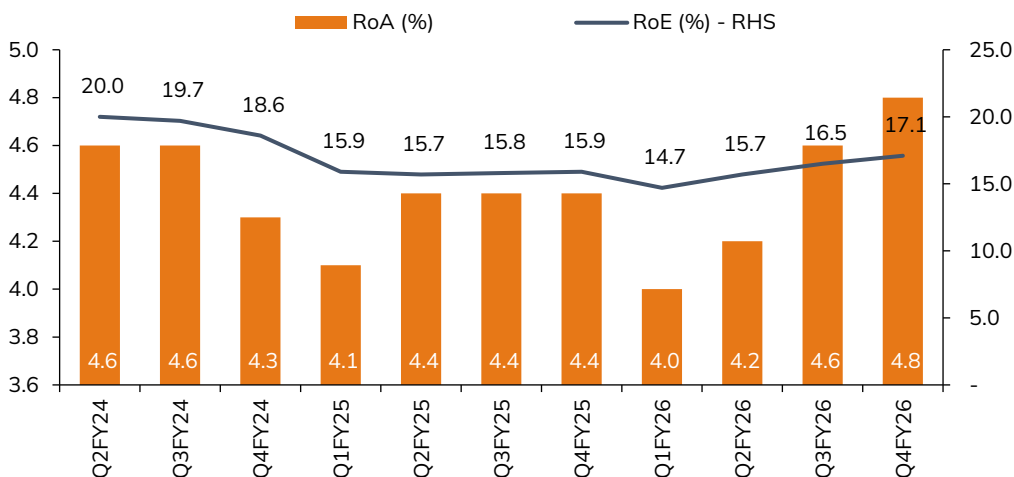
Source: Company data, I-Sec research

**Exhibit 5: Gross Stage-3 improved 30bps QoQ to 1.08%**



Source: Company data, I-Sec research

**Exhibit 6: RoA and RoE improved QoQ**



Source: Company data, I-Sec research

**Exhibit 7: Shareholding pattern**

%	Sep'25	Dec'25	Mar'26
Promoters	75.3	75.2	64.9
Institutional investors	14.3	14.6	15.3
MFs and others	5.1	5.3	5.5
FIs/Banks	2.4	2.3	2.7
Insurance	0.7	0.8	1.0
FIIIs	6.1	6.2	6.1
Others	10.3	10.2	19.8

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)

	FY25A	FY26A	FY27E	FY28E
Interest Income	27,190	32,439	38,332	46,616
Net gain on fair value changes	222	163	162	195
Interest Expenses	(11,738)	(13,644)	(15,599)	(19,522)
<b>Net Interest Income (NII)</b>	<b>15,452</b>	<b>18,795</b>	<b>22,732</b>	<b>27,095</b>
Total Income (net of interest expenses)	19,351	23,225	28,241	34,420
<b>Employee benefit expenses</b>	<b>(4,645)</b>	<b>(5,534)</b>	<b>(6,683)</b>	<b>(7,744)</b>
Depreciation and amortization	(252)	(320)	(357)	(393)
Other operating expenses	(2,151)	(2,476)	(2,984)	(3,615)
Total Operating Expense	(7,048)	(8,331)	(10,024)	(11,752)
Pre Provisioning Profits (PPoP)	12,303	14,894	18,217	22,668
<b>Provisions and write offs</b>	<b>(571)</b>	<b>(676)</b>	<b>(830)</b>	<b>(1,132)</b>
<b>Profit before tax (PBT)</b>	<b>11,733</b>	<b>14,059</b>	<b>17,387</b>	<b>21,536</b>
Total tax expenses	(2,614)	(3,100)	(3,834)	(4,749)
<b>Profit after tax (PAT)</b>	<b>9,119</b>	<b>10,959</b>	<b>13,553</b>	<b>16,787</b>

Source Company data, I-Sec research

### Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Share capital	4,314	4,357	4,357	4,357
Reserves & surplus	59,366	71,052	84,611	101,404
<b>Shareholders' funds</b>	<b>63,680</b>	<b>75,409</b>	<b>88,968</b>	<b>105,761</b>
<b>Borrowings</b>	<b>163,224</b>	<b>187,438</b>	<b>228,546</b>	<b>292,030</b>
Provisions & Other Liabilities	3,758	9,401	10,341	11,375
Deferred tax liabilities (net)	21	56	62	68
Current Liabilities and short-term provisions	1,557	1,684	1,853	2,038
<b>Total Liabilities and Stakeholder's Equity</b>	<b>232,240</b>	<b>273,988</b>	<b>329,769</b>	<b>411,272</b>
Cash and balance with RBI	17,218	12,147	14,485	17,657
Fixed assets	315	347	382	420
<b>Loans</b>	<b>204,841</b>	<b>248,396</b>	<b>296,212</b>	<b>361,087</b>
Investments	5,089	6,375	7,602	9,267
Deferred tax assets (net)	111	118	125	134
Other Assets	4,063	5,578	9,180	19,594
<b>Total Assets</b>	<b>232,240</b>	<b>273,988</b>	<b>329,769</b>	<b>411,272</b>

Source Company data, I-Sec research

## Exhibit 11: Key Ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
<b>AUM and Disbursements (INR mn)</b>				
AUM	255,307	305,713	370,265	451,359
Disbursements	81,921	95,557	118,051	145,890
Repayments	37,823	45,151	53,500	64,796
Growth (%):				
Total AUM (%)	20.9	19.7	21.1	21.9
Disbursements (%)	15.8	16.6	23.5	23.6
<b>Repayments (%)</b>	<b>19.2</b>	<b>19.4</b>	<b>18.5</b>	<b>21.1</b>
Loan book (on balance sheet) (%)	21.2	21.3	19.2	21.9
Total Assets (%)	21.7	18.0	20.4	24.7
Net Interest Income (NII) (%)	19.9	21.6	20.9	19.2
Total Income (net of interest expenses) (%)	20.9	20.0	21.6	21.9
Operating Expenses (%)	17.6	18.2	20.3	17.2
Employee Cost (%)	34.4	19.1	20.8	15.9
Non-Employee Cost (%)	(7.6)	15.1	20.5	21.2
Pre provisioning operating profits (PPoP) (%)	23.0	21.1	22.3	24.4
Provisions (%)	38.4	18.4	22.8	36.4
PBT (%)	22.3	19.8	23.7	23.9
PAT (%)	21.8	20.2	23.7	23.9
EPS (%)	11.5	19.0	23.7	23.9
<b>Yields, interest costs and spreads (%)</b>				
NIM on loan assets (%)	8.3	8.3	8.3	8.2
NIM on IEA (%)	6.2	6.4	6.5	6.3
NIM on AUM (%)	6.6	6.7	6.7	6.6
Yield on loan assets (%)	14.5	14.3	14.1	14.2
<b>Yield on IEA (%)</b>	<b>11.0</b>	<b>11.0</b>	<b>10.9</b>	<b>10.9</b>
Yield on AUM (%)	11.7	11.6	11.3	11.3
Cost of borrowings (%)	7.8	7.8	7.5	7.5
Interest Spreads (%)	6.8	6.5	6.6	6.7
<b>Operating efficiencies</b>				
Cost to income ratio	36.4	35.9	35.5	34.1
Op.costs/avg assets (%)	3.3	3.3	3.3	3.2
Op.costs/avg AUM (%)	3.0	3.0	3.0	2.9
Salaries as % of non-interest costs (%)	65.9	66.4	66.7	65.9
<b>Capital Structure</b>				
Average gearing ratio (x)	2.6	2.5	2.6	2.8
Leverage (x)	3.6	3.6	3.7	3.9
CAR (%)	44.6	42.5	47.3	46.0
Tier 1 CAR (%)	44.1	42.0	46.8	45.7
Tier 2 CAR (%)	0.5	0.5	0.4	0.4
RWA (estimate) - INR mn	131,389	159,325	189,995	231,607
RWA as a % of loan assets	64.1	64.1	64.1	64.1

Source Company data, I-Sec research

	FY25A	FY26A	FY27E	FY28E
<b>Asset quality and provisioning</b>				
GNPA (%)	1.1	1.1	1.0	0.9
NNPA (%)	0.7	0.7	0.6	0.6
GNPA (INR mn)	2,229	2,748	2,943	3,226
NNPA (INR mn)	1,461	1,767	1,892	2,075
Coverage ratio (%)	34.5	35.7	35.7	35.7
Credit Costs as a % of avg AUM (bps)	24	24	25	28
Credit Costs as a % of avg on book loans (bps)	31	30	30	34
<b>Return ratios</b>				
RoAA (%)	4.3	4.3	4.5	4.5
RoAE (%)	16.9	15.8	16.5	17.2
ROAAUM (%)	3.9	3.9	4.0	4.1
<b>Valuation Ratios</b>				
<b>No of shares</b>	<b>431</b>	<b>436</b>	<b>436</b>	<b>436</b>
EPS (INR)	21.1	25.2	31.1	38.5
EPS fully diluted (INR)	21.1	25.2	31.1	38.5
Price to Earnings (x)	24.5	20.6	16.6	13.4
Price to Earnings (fully diluted) (x)	24.5	20.6	16.6	13.4
Book Value (fully diluted)	148	173	204	243
Adjusted book value	145	170	201	239
Price to Book	3.5	3.0	2.5	2.1
Price to Adjusted Book	3.6	3.0	2.6	2.2

Source Company data, I-Sec research

## Exhibit 12: Key Metrics

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
<b>DuPont Analysis</b>				
Average Assets (INR mn)	211,548	253,114	301,879	370,521
Average Loans (INR mn)	186,935	226,618	272,304	328,649
Average Equity (INR mn)	54,070	69,544	82,189	97,365
Interest earned (%)	12.9	12.8	12.7	12.6
Net gain on fair value changes (%)	0.1	0.1	0.1	0.1
Interest expended (%)	5.5	5.4	5.2	5.3
<b>Gross Interest Spread (%)</b>	<b>7.3</b>	<b>7.4</b>	<b>7.5</b>	<b>7.3</b>
Credit cost (%)	0.3	0.3	0.3	0.3
<b>Net Interest Spread (%)</b>	<b>7.0</b>	<b>7.2</b>	<b>7.3</b>	<b>7.0</b>
Operating cost (%)	3.3	3.3	3.3	3.2
<b>Lending spread (%)</b>	<b>3.7</b>	<b>3.9</b>	<b>3.9</b>	<b>3.8</b>
Non interest income (%)	1.8	1.8	1.8	2.0
<b>Operating Spread (%)</b>	<b>5.5</b>	<b>5.6</b>	<b>5.8</b>	<b>5.8</b>
Tax rate (%)	22.3	22.1	22.1	22.1
<b>ROAA (%)</b>	<b>4.3</b>	<b>4.3</b>	<b>4.5</b>	<b>4.5</b>
Effective leverage (AA/ AE)	3.9	3.6	3.7	3.8
<b>RoAE (%)</b>	<b>16.9</b>	<b>15.8</b>	<b>16.5</b>	<b>17.2</b>

Source Company data, I-Sec research

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