

30 April 2025

India | Equity Research | Results Update

**Bajaj Finance**

Financial Services

**Q4 profitability robust, but one-time provisioning-led credit cost miss; medium-term guidance lowered**

Bajaj Finance's (Bajaj) Q4FY25 financial performance largely was in line on the business growth front – AUM grew 26% YoY with 4.7mn new customers added, taking total customer franchise to 101mn, as on Mar'25. Annual refresh of its ECL model led to one-time provisions of INR 3.6bn on Stage 1 asset, resulting in credit cost at 2.3%. Even on full-year basis, credit cost was much higher at 2.07% (adjusted for Q4FY25's one-time hit) vs. guided 1.75–1.85%. While Bajaj is confident on delivering 24–25% AUM growth in FY26, credit cost guidance was raised to 185–195bps for FY26 vs. 175–185bps earlier; correspondingly RoE guidance was pruned to 19–21% vs. 21–23% earlier. We downgrade to **HOLD**; TP revised to INR 8,650 (vs. INR 9,000) – standalone business valued at 4.5x Sep'26E BVPS (vs. 5x FY26E BVPS previously) and INR 1,480 towards housing subs. The cut in multiple factors in near-term risk on credit cost. We also trim FY26–27E earnings by 8–9% to bake in NIM compression.

**Financial performance during FY25/Q4FY25 on track, except credit cost; RoA/RoE at 4.6%/19.1%**

Q4FY25 PAT slipped 2% QoQ, largely on account of a one-time provision of INR 3.6bn and other income shrinking 8% QoQ. Bajaj's refreshed ECL model, factoring in the past 12 months' trend, as a part of its annual exercise, resulted in higher Stage 1 provisions due to higher forward flows and elevated credit cost in the past three quarters. The same also led to credit cost increasing to 2.33% in Q4FY25 vs. 2.1% QoQ. AUM growth continued to be on track with it delivering 26% YoY growth driven by sustained improvement in rural B2C (up 9% QoQ), mortgages (up 14% QoQ), SME (up 7% QoQ) and urban B2C (up 6% QoQ), while 2W and consumer finance (both rural and urban) remained subdued during Q4FY25. NII grew 5% QoQ and overall opex grew a muted 2% QoQ. A soft top-line (lower other income) led to sluggish 2% QoQ PPop growth in Q4FY25. Headline asset quality improved a tad with GNPL falling to 0.96% vs 1.12% QoQ vs. long-term guidance range of 1.2–1.4%.

**Downward revision in medium-term outlook**

Management notes that NIM compression during FY25 to the tune of 49bps was higher than its expectation of a 30–40bps dip due to delay in interest rate cut; also, credit cost was higher at 2.07% vs. the envisaged 1.75–1.85% on account of higher forward flows in 2W and initially rural B2C. While it sounds confident about delivering 24–25% AUM growth in FY26, Bajaj upped credit cost guidance to 1.85–1.95%; correspondingly it lowered RoA guidance to 4.3–4.7% vs. 4.6–4.8% earlier.

**Financial Summary**

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)	2,69,393	3,31,112	3,98,991	4,84,458
PAT	1,26,441	1,66,614	1,78,397	2,17,622
EPS (INR)	204.6	268.4	287.3	350.5
% Chg YoY	20.1	31.2	7.1	22.0
P/E (x)	37.2	28.4	26.5	21.7
P/BV (x)	6.5	5.4	4.6	3.9
Gross Stage - 3 (%)	1.1	1.2	1.2	1.2
RoA (%)	4.9	5.0	4.4	4.5
RoE (%)	20.5	20.8	18.7	19.5

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**Market Data**

Market Cap (INR)	5,651bn
Market Cap (USD)	66,319mn
Bloomberg Code	BAF IN Equity
Reuters Code	BJFN.BO
52-week Range (INR)	9,710 /6,376
Free Float (%)	45.0
ADTV-3M (mn) (USD)	143.9

Price Performance (%)	3m	6m	12m
Absolute	17.2	29.5	33.2
Relative to Sensex	12.3	29.6	25.7

ESG Score	2023	2024	Change
ESG score	76.1	78.8	2.7
Environment	55.8	67.2	11.4
Social	77.7	82.1	4.4
Governance	79.7	80.2	0.5

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	(9)	(8)

**Previous Reports**30-01-2025: [Q3FY25 results review](#)11-12-2024: [Company Update](#)

### Credit cost likely to remain lower by ~30ps in FY26 vs. FY25

Bajaj conducted the annual refresh of its ECL model, incorporating the last 12 months' portfolio performance and forward-looking macro outlook. Given the higher flow-forward rates and elevated credit costs observed in the past three quarters, the redevelopment resulted in an additional ECL provision of INR 3.59bn, primarily on Stage 1 assets. As a result, credit cost came in at 2.33% and adjusted for ECL adjustment, it came in at 1.97%. Adjusted credit cost was in line with Bajaj's guidance given in previous quarter conference call for Q4.

For FY25, reported credit cost came in at 2.17%, much higher than 1.63% in FY24. However, management expects credit cost to descend gradually and settle between 185–195bps in FY26, with an expectation of lower credit cost in H2FY26 vs. H1FY26.

### FY26 AUM growth steady and in-line with long-term guidance

Consolidated/standalone AUM for Bajaj was up 5% QoQ/26% YoY to INR 4.17trn/INR 3.09trn. Moreover, customer addition was healthy with 4.70mn customer addition, up 46% YoY; hence, the total customer base surpassed the 100mn mark at 101.82mn. Bajaj added four new locations, taking its total geographic presence to 4.263 locations and added ~7.5k distribution points, taking the total number of distribution points to ~232k, as of FY25-end. In terms of branch additions, it would focus on increasing presence in gold and MFI. It added 137 standalone gold loan branches and 30 standalone MFI branches during the quarter, taking the gold loan branches count to 964 and MFI branches to 333, as of year-end.

AUM growth was broad-based across segments except for rural B2C, 2W and 3W financing, where growth was relatively lower. 6 MOB (months on book) is improving in rural B2C; hence, management remained confident of scaling this book ahead. Rural B2B's strong performance during these turbulent times also gives confidence for Bajaj to grow rural B2C going ahead.

On the mortgage front, AUM growth was similar to consolidated AUM growth at 26% and now forms ~28% of the book. Overall, Bajaj has guided for consolidated AUM growth of 24–25%, which is a tad lower than its long-term guidance range of 25–27%. This is because Bajaj's credit cost for FY25 was not up to the mark on the credit cost front; hence, focus is to get back on manageable risk corridor and then aim for high growth.

### Funding cost to dip with rate cut; yield calibration to pressure margins

As indicated by management, Q4FY25 NIMs for Bajaj was lower than its FY25 margins. Management also added that it saw margin compression of 49bps vs. the envisaged 30–40bps due to delay in interest rate cut.

Now, in this current declining interest rate scenario, Bajaj expects its cost of funds to decline by 10–15bps in FY26, but expects margins to hold. We however believe that yield calibration is likely to more than offset the benefit flowing from reduction in borrowing cost and eventually paving the way for NIM compression in FY26E as well as FY27E. Moreover, ~75% of borrowings for Bajaj are fixed in nature; hence, the benefit of declining borrowing cost is likely to be much gradual.

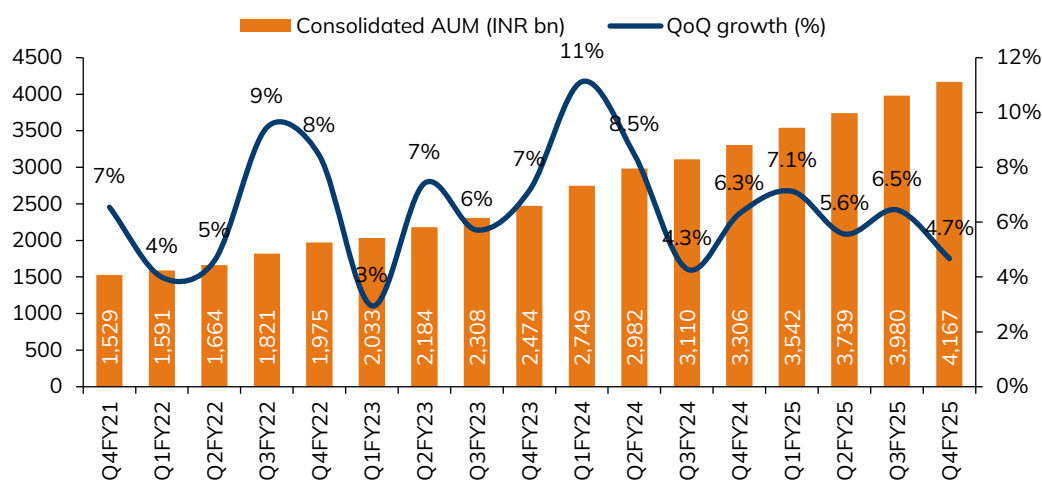
**Key risks:** An upside risk is FY26 ending with AUM growth of above 25%, which is the upper end of Bajaj's guided range. A downside risk is credit cost settling above its guided range of 185–195bps for FY26.

### Exhibit 1: Q4FY25 result review

	Q4FY25	Q4FY24	% Chg YoY	Q3FY25	% Chg QoQ
<b>Income statement (INR mn)</b>					
Net interest Income	89,099	73,400	21.4%	85,000	4.8%
Add: Other Income	19,844	15,636	26.9%	21,166	-6.2%
<b>Total Net income</b>	<b>1,08,942</b>	<b>89,036</b>	<b>22.4%</b>	<b>1,06,166</b>	<b>2.6%</b>
Less: Operating expenses	36,892	30,597	20.6%	36,306	1.6%
-Employee benefit expense	17,835	15,035	18.6%	18,088	-1.4%
-Depreciation & amortization	2,360	1,787	32.1%	2,046	15.4%
-Other expense	16,696	13,775	21.2%	16,172	3.2%
<b>Pre-provisioning profit</b>	<b>72,051</b>	<b>58,440</b>	<b>23.3%</b>	<b>69,860</b>	<b>3.1%</b>
Less: Provisions & write-offs	23,002	12,775	80.1%	20,080	14.6%
<b>PBT</b>	<b>49,049</b>	<b>45,665</b>	<b>7.4%</b>	<b>49,781</b>	<b>-1.5%</b>
Less: Taxes	9,644	11,646	-17.2%	12,723	-24.2%
<b>Adjusted PAT</b>	<b>39,404</b>	<b>34,019</b>	<b>15.8%</b>	<b>37,058</b>	<b>6.3%</b>
<b>Balance sheet key items (INR mn)</b>					
AUM	30,88,320	24,48,260	26.1%	29,33,700	5.3%
Net worth	8,79,957	7,20,105	22.2%	8,31,222	5.9%
Borrowings	27,10,268	22,03,787	23.0%	25,60,165	5.9%
<b>Asset Quality</b>					
Gross NPA	1.2%	1.1%	13 bps	1.4%	-23 bps
Net NPA	0.6%	0.5%	10 bps	0.6%	-5 bps
Calculated credit cost (annualised)	3.1%	2.1%	91 bps	2.8%	22 bps
<b>Key ratios (annualised and calculated)</b>					
Yield on AUM	18.4%	18.8%	-43 bps	18.7%	-33 bps
Cost of funds	7.4%	7.3%	5 bps	7.6%	-24 bps
NIMs on AUM	11.8%	12.3%	-48 bps	12.0%	-13 bps
Cost to income	33.9%	34.4%	-51 bps	34.2%	-34 bps
Opex to AUM	4.9%	5.1%	-24 bps	5.1%	-21 bps
RoA	5.3%	5.7%	-43 bps	5.3%	3 bps
RoE	18.4%	19.4%	-96 bps	18.3%	15 bps
Debt to Equity (times)	3.1	3.1	0.6%	3.1	0.0%
CAR	21.9%	22.5%	-63 bps	21.6%	30 bps

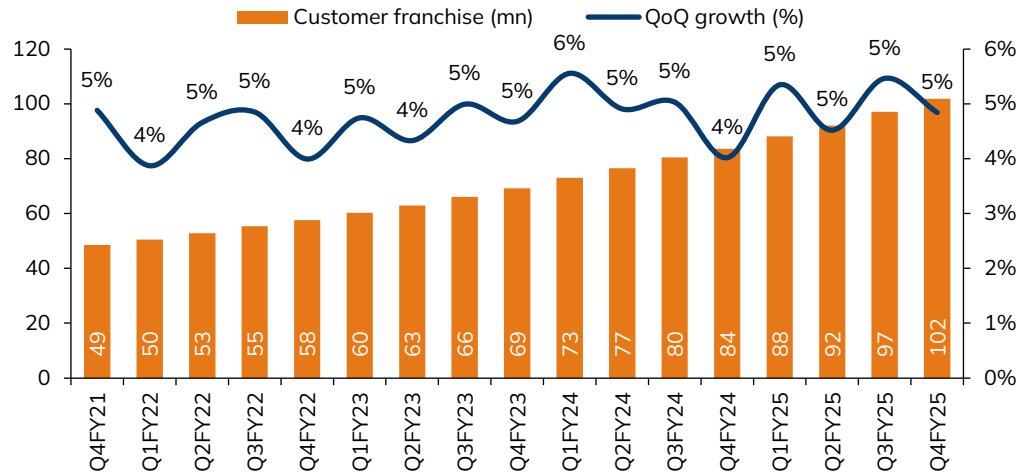
Source: Company data, I-Sec research

### Exhibit 2: Steady growth in AUM



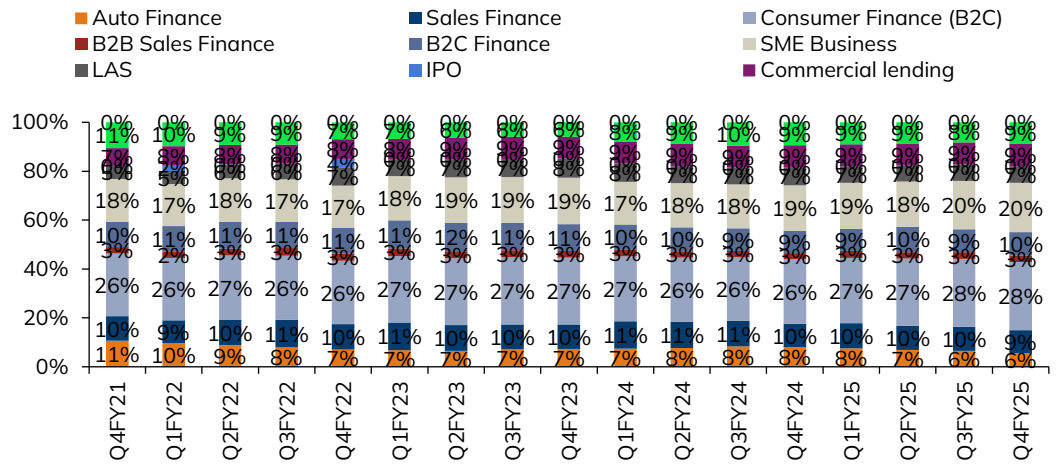
Source: Company data, I-Sec research

**Exhibit 3: Strong customer acquisition engine**



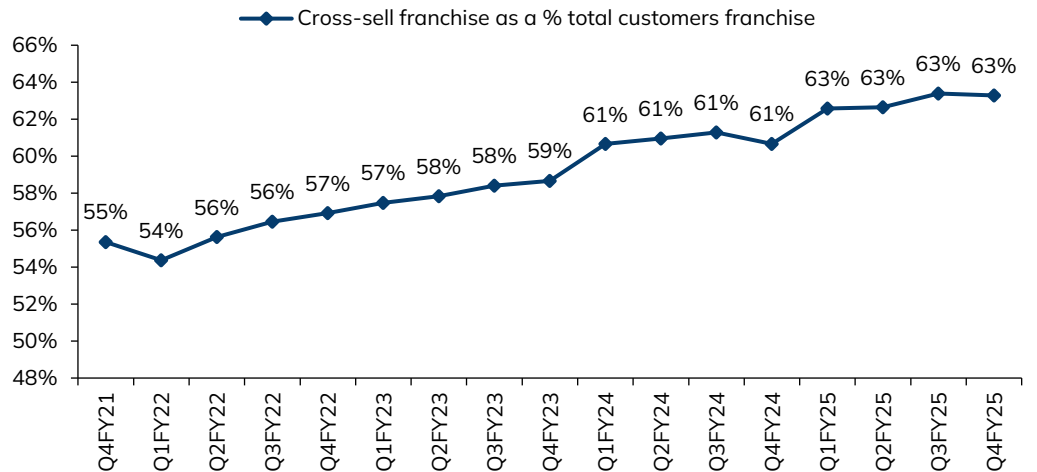
Source: Company data, I-Sec research

**Exhibit 4: Well-diversified product mix provides cross-sell opportunities**



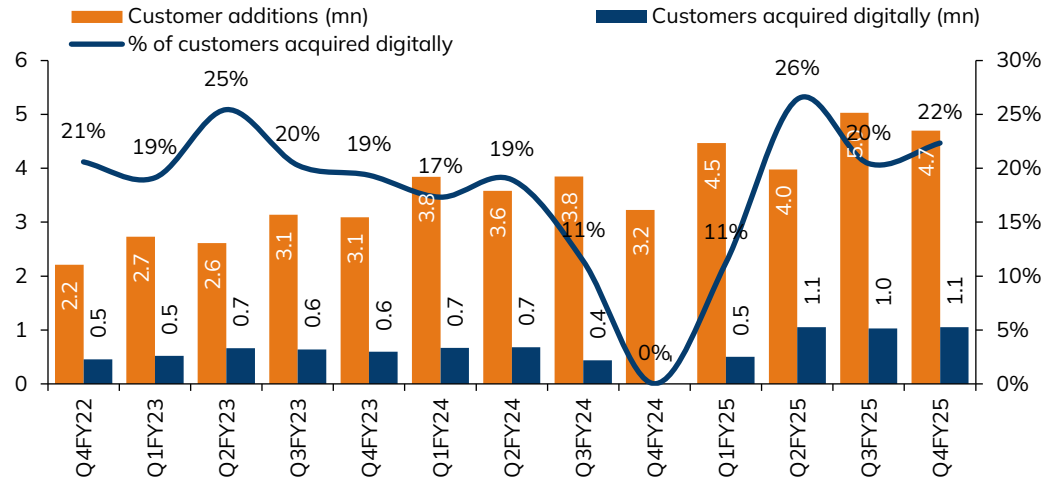
Source: Company data, I-Sec research

**Exhibit 5: Cross-sell at ~63% augurs well for sustainable growth momentum**



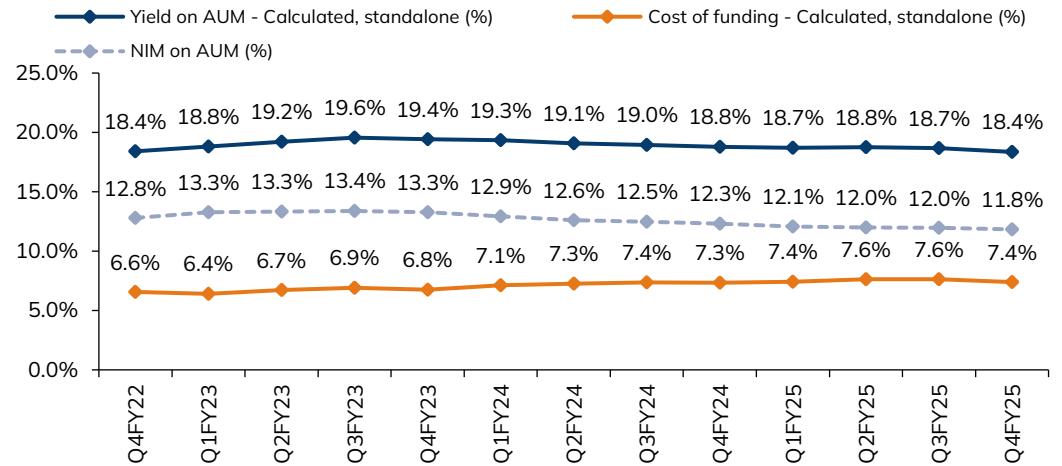
Source: Company data, I-Sec research

**Exhibit 6: Digital acquisitions growing well**



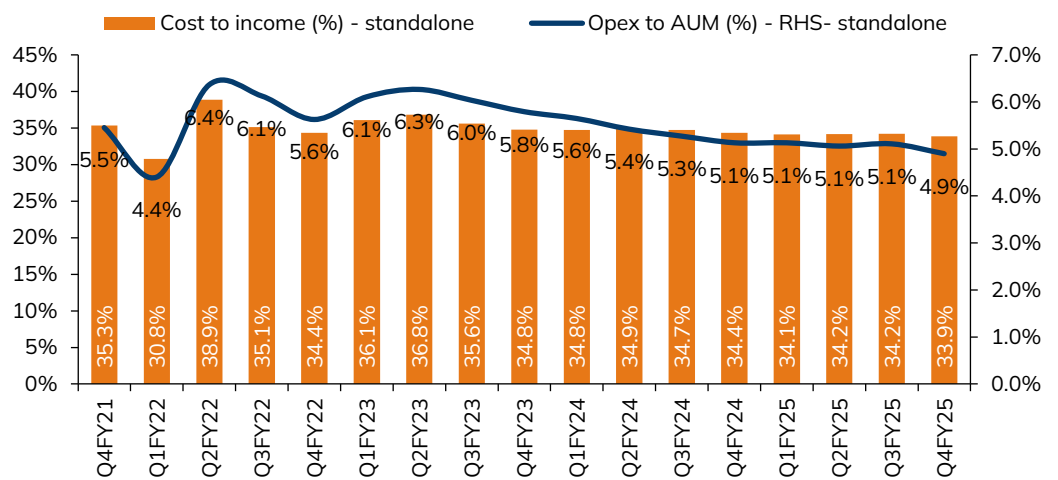
Source: Company data, I-Sec research

**Exhibit 7: Margins decline QoQ as yields come under pressure**



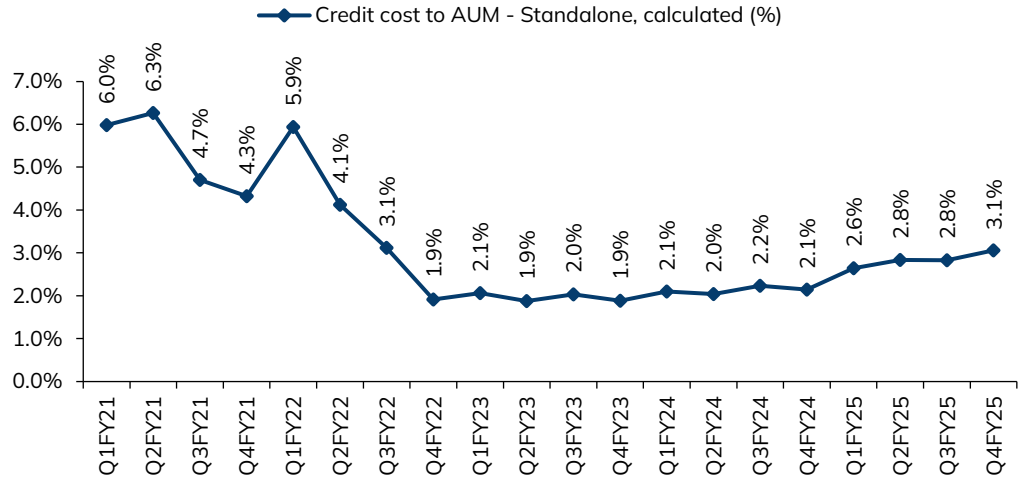
Source: Company data, I-Sec research

**Exhibit 8: Steady operating leverage**



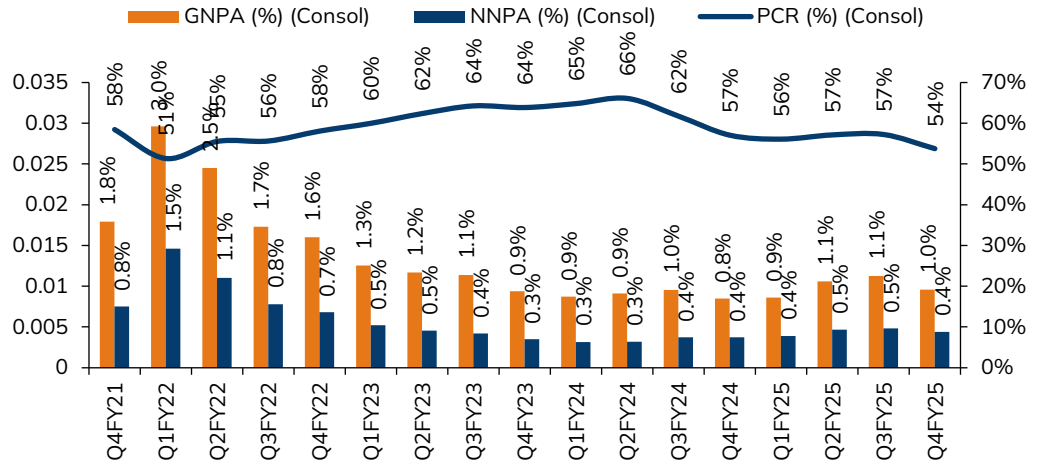
Source: Company data, I-Sec research

**Exhibit 9: Calculated credit cost inch up QoQ due to additional ECL provision**



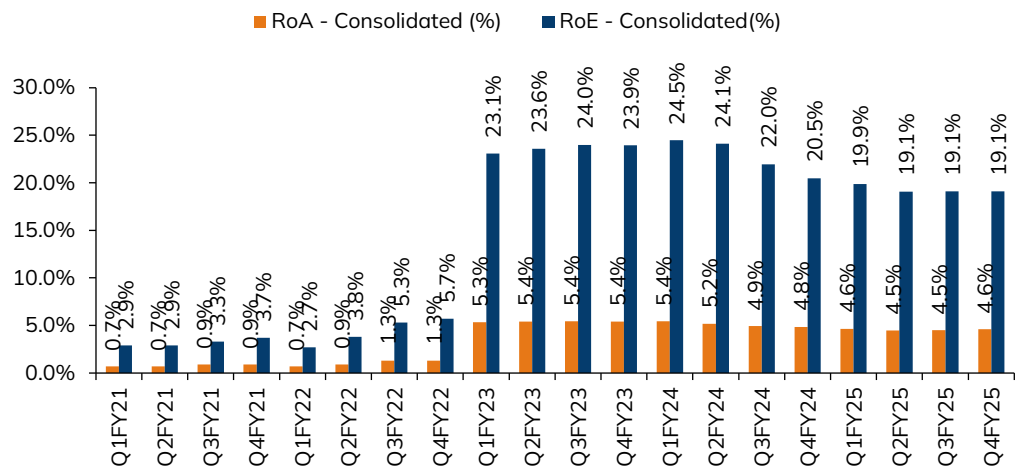
Source: Company data, I-Sec research

**Exhibit 10: GNPA as well as NNPA lower QoQ**



Source: Company data, I-Sec research

**Exhibit 11: Cons. RoA at ~4.6% and Cons. RoE at ~19%**



Source: Company data, I-Sec research

## Q4FY25 conference call key takeaways

### Return ratios

- **Long-term RoE guidance revised lower to 19-21% for FY26 vs. Q3FY25's 21-23%** (excess capital has led to decline in RoE guidance)
- **Long-term RoA guidance revised downwards to 4.3-4.7% for FY26 vs. Q3FY25's 4.6-4.8%**
- Optimistic about PAT growth in FY26 vs. being cautiously optimistic in FY25

### Asset quality

- **In Q4, the company conducted its annual refresh of its ECL model, incorporating the last 12 months' portfolio performance and forward-looking macro-outlook. Given the higher flow-forward rates and elevated credit costs observed in the past three quarters, the redevelopment resulted in an additional ECL provision of INR 3.59bn, primarily on Stage 1 assets**
- Entire INR 3.59bn provision has no contribution from Rural B2C business
- **Loan loss to average AUF for Q4FY25 came in at 2.33% and adjusted for ECL adjustment, it came in at 1.97%**
- Loan loss to average AUF was 2.17% in FY25. Excluding the additional ECL provision of INR 3.59bn on account of model redevelopment, it was 2.07%.
- W/off for the quarter at ~INR 21bn
- **For FY26, company estimates loan loss to average AUF in the corridor of 1.85%-1.95%**
- **Expect credit cost to be lower than its pre-Covid-19 levels by H2FY26, considering stable macro**
- Captive 2W and 3W is winding down and that should also lead to some decline in credit cost
- BFL standalone book churns in 18-19 months; hence, the closely-watched risk metrics are performance on book on 3 MOB, 6 MOB and 9 MOB basis.

### Margins

- In Q4, cost of funds was 7.99%, an increase of 3bps over Q3FY25
- **Moderated pricing in select unsecured businesses.** Cost of funds is estimated to go down by 10-15bps in FY26. **Overall, it expects NIM to remain stable in FY26**
- **75% of borrowings are fixed rate** and there are typically long-term borrowings
- **Q4 NIM is lower than FY25 NIMs**

### AUM

- **Now estimates AUM growth of 24-25% for FY26**
- Aggregate market share is ~2.1% of India's total credit
- Aiming AUM growth at 2x of nominal GDP
- **Unsatisfied with FY25 performance due to higher credit cost; hence, has trimmed growth estimates slightly for FY26**

### Branch network

- In Q4, the company added 137 standalone gold loan branches and 30 standalone MFI branches

- Gold loan branches stood at 964 and MFI branches stood at 333

#### Fee income

- The company has moderated its fees and charges and stopped its co-branded credit card business
- The company estimates its fees and charges to grow by 13-15% in FY26.

### Q3FY25 conference call key takeaways

#### FY26 guidance

- 22-23% PAT growth
- 25% AUM growth (consolidated)
- 2% credit cost
- Levers available in terms of fee income and operating expenses
- Risk followed by margin and then growth would be the priorities

#### AUM growth and customer franchise

- Well on course to add 17mn customers by year-end; so far, it has added 13.5mn in 9M
- On track to cross 100mn customer franchise by FY25-end
- **2W and 3W composition down, since they have started captive finance company of their own. This shall continue to go down and could stabilise around Q4FY26 between 3.5-4%.**
- Average exposure at INR 120k-130k in rural B2C
- Pruned business in LAP, mainly due to pricing
- If credit cost comes under control, then it could further accelerate growth

#### Asset quality

- For FY26, credit cost should be sub 2% provided Q4 is 200-205bps
- Loan losses to AUF at 216bps and estimate that loan losses to AUF to be ~200-205bps in Q4 (10-15bps lower vs. Q3)
- Did not see a cycle in 17 years. This was a mini credit cycle and Bajaj has managed it well so far; delivering Q4 with stable credit cost shall boost confidence further
- **Dec'24 was much better on CE, which gives a greater degree of confidence that if one more quarter goes well, then it is comfortable from an asset quality standpoint**
- Total net increase in Stage2+ Stage3 at INR 6.1bn vs. INR 5.4bn QoQ and INR 11bn in Q1
- Long-term GNPA guidance at 1.2-1.4% and NPNA at 0.4-0.5%
- **Segment wise comments on asset quality:**
  - Urban B2B - remains pretty strong on the asset quality
  - **Urban B2C - default rates are lower, but CE is still lower (this could take longest to be back to normal)**
  - Rural B2B - this used to be significantly lower pre-covid, but that was on a small base. Gradually, it would inch towards Urban B2B.
  - Rural B2C - coming out of the woods, CE has improved significantly and bounce rate was never an issue
  - Used car loans - seeing pressure - delinquencies are still higher and would want to be cautious - elevated losses are in refinance - incremental

delinquencies would be a function of used car business. Bounce rate in new car is 3-3.5% vs. bounce rate in used car at 11-12%.

- New car loans - continue to remain very healthy and very strong
- Comfortable with 98.67% CE in business and professional loans

#### Partnership with Bharti Airtel

- Quite excited of partnership with Bharti Airtel
- 370mn customer franchise with Bharti Airtel
- **200mn is the set which Bajaj is targeting and does not have an overlap**
- Initially, it would start with nine products, including personal loans, business loans, gold loans, 2W, insta EMI cards, LAS and a couple of other products
- This partnership would become very large in the medium-term

#### Miscellaneous

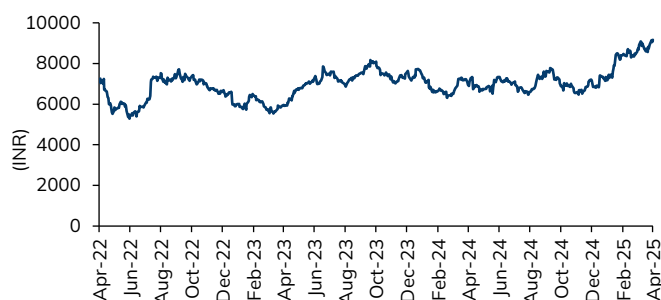
- *Co-brand would impact incremental growth of co-branded credit cards*
- Fee income growth would remain sideways
- Does not envisage more than 4-5bps benefit from cost of funds in FY26
- **Standalone gold loan branches will cross 1,000 in Q4 vs. 827 in Q3FY25 and 537 in Q3FY24**
- Employee headcount addition would be lower and lower as it goes into FY26
- ~40% of the collection is physical or via collection agencies

#### Exhibit 12: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
<b>Promoters</b>	<b>54.7</b>	<b>54.7</b>	<b>54.7</b>
Institutional investors	34.6	35.1	35.4
MFs and others	9.5	9.5	9.0
FIs/Banks	1.0	0.2	0.2
Insurance	4.3	4.6	4.8
FIIIs	21.1	20.8	21.5
Others	9.4	10.2	9.9

Source: Bloomberg

#### Exhibit 13: Price chart



Source: Bloomberg

## Financial Summary (standalone)

### Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	4,07,828	5,15,486	6,19,380	7,53,520
Net gain on fair value changes	1,389	11,073	13,825	17,203
Interest Expenses	(1,38,434)	(1,84,374)	(2,20,389)	(2,69,062)
<b>Net Interest Income (NII)</b>	<b>2,69,393</b>	<b>3,31,112</b>	<b>3,98,991</b>	<b>4,84,458</b>
Other Income	61,632	78,713	94,475	1,13,392
<b>Total Income (net of interest expenses)</b>	<b>3,31,025</b>	<b>4,09,825</b>	<b>4,93,465</b>	<b>5,97,850</b>
Employee benefit expenses	(58,495)	(69,073)	(88,095)	(1,04,161)
Depreciation and amortization	(6,291)	(8,220)	(8,640)	(10,752)
Fee and commission expenses	(19,591)	(25,998)	(30,105)	(37,462)
Other operating expenses	(30,396)	(36,386)	(42,016)	(49,422)
<b>Total Operating Expense</b>	<b>(1,14,773)</b>	<b>(1,39,677)</b>	<b>(1,68,857)</b>	<b>(2,01,796)</b>
<b>Pre Provisioning Profits (PPoP)</b>	<b>2,16,253</b>	<b>2,70,148</b>	<b>3,24,608</b>	<b>3,96,054</b>
Provisions and write offs	(45,722)	(78,829)	(85,757)	(1,04,684)
<b>Extraordinary items</b>	<b>-</b>	<b>25,440</b>	<b>-</b>	<b>-</b>
Profit before tax (PBT)	1,70,531	2,16,760	2,38,852	2,91,370
<b>Total tax expenses</b>	<b>(44,090)</b>	<b>(50,146)</b>	<b>(60,455)</b>	<b>(73,747)</b>
<b>Profit after tax (PAT)</b>	<b>1,26,441</b>	<b>1,66,614</b>	<b>1,78,397</b>	<b>2,17,622</b>

Source Company data, I-Sec research

### Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	1,236	1,242	1,242	1,242
Reserves & surplus	7,18,869	8,78,715	10,22,379	12,07,441
<b>Shareholders' funds</b>	<b>7,20,105</b>	<b>8,79,957</b>	<b>10,23,621</b>	<b>12,08,683</b>
Borrowings	22,03,787	27,10,268	32,83,516	40,33,979
Provisions & Other Liabilities	42,253	88,471	97,318	1,07,049
Total Liabilities and Stakeholder's Equity	29,66,145	36,78,696	44,04,454	53,49,711
Cash and balance with RBI	94,323	1,24,554	48,312	60,356
<b>Fixed assets</b>	<b>31,025</b>	<b>36,139</b>	<b>39,752</b>	<b>43,728</b>
Loans	24,33,344	30,43,592	37,86,740	47,31,827
Investments	3,71,534	4,17,162	4,66,676	4,44,529
<b>Deferred tax assets (net)</b>	<b>9,267</b>	<b>10,441</b>	<b>11,486</b>	<b>12,634</b>
Other Assets	26,652	46,808	51,489	56,638
Total Assets	29,66,145	36,78,696	44,04,454	53,49,711

Source Company data, I-Sec research

## Exhibit 16: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>AUM and Disbursements (INR mn)</b>				
AUM	24,48,260	30,88,320	38,23,983	47,77,310
On-book Loans	24,48,260	30,88,320	38,23,983	47,77,310
Growth (%):				
Total AUM (%)	35.3	26.1	23.8	24.9
Loan book (on balance sheet) (%)	35.3	26.1	23.8	24.9
Total Assets (%)	37.0	24.0	19.7	21.5
<b>Net Interest Income (NII) (%)</b>	<b>33.5</b>	<b>22.9</b>	<b>20.5</b>	<b>21.4</b>
Non-interest income (%)	0.3	12.3	19.2	19.3
Total Income (net of interest expenses) (%)	25.4	23.8	20.4	21.2
Operating Expenses (%)	21.5	21.7	20.9	19.5
Employee Cost (%)	28.2	18.1	27.5	18.2
Non-Employee Cost (%)	21.5	19.7	15.5	17.6
Pre provisioning operating profits (PPoP) (%)	27.5	24.9	20.2	22.0
Provisions (%)	49.1	72.4	8.8	22.1
PBT (%)	22.8	27.1	10.2	22.0
PAT (%)	22.8	31.8	7.1	22.0
EPS (%)	20.1	31.2	7.1	22.0
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	12.8	12.1	11.7	11.4
NIM on IEA (%)	12.3	11.5	11.3	11.1
NIM on AUM (%)	12.7	12.0	11.5	11.3
Yield on loan assets (%)	19.3	18.8	18.1	17.7
Yield on IEA (%)	18.6	17.9	17.5	17.3
Yield on AUM (%)	19.2	18.6	17.9	17.5
<b>Cost of borrowings (%)</b>	<b>7.2</b>	<b>7.5</b>	<b>7.4</b>	<b>7.4</b>
Interest Spreads (%)	12.1	11.3	10.8	10.3
Operating efficiencies				
Cost to income ratio	34.7	34.1	34.2	33.8
Op.costs/avg assets (%)	4.5	4.2	4.2	4.1
Op.costs/avg AUM (%)	5.4	5.0	4.9	4.7
Salaries as % of non-interest costs (%)	51.0	49.5	52.2	51.6
NII /employee (INR mn)	5.7	6.2	6.7	7.3
AUM/employee(INR mn)	51.6	57.7	64.7	72.4
<b>AUM/ branch (INR mn)</b>	<b>590.7</b>	<b>680.3</b>	<b>782.3</b>	<b>899.6</b>
Capital Structure				
Average gearing ratio (x)	3.1	3.1	3.2	3.3
Leverage (x)	4.1	4.2	4.3	4.4
CAR (%)	22.5	25.1	24.4	23.0
Tier 1 CAR (%)	21.5	24.1	23.5	23.0
Tier 2 CAR (%)	1.0	1.0	0.9	-
RWA (estimate) - INR mn	27,83,893	34,34,269	40,89,783	49,40,759
RWA as a % of loan assets	114.4	112.8	108.0	104.4

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
<b>Asset quality and provisioning</b>				
GNPA (%)	1.1	1.2	1.2	1.2
NNPA (%)	0.5	0.6	0.5	0.5
GNPA (INR mn)	26,000	36,780	44,768	54,963
NNPA (INR mn)	11,321	17,210	20,500	24,619
Coverage ratio (%)	56.5	53.2	54.2	55.2
Credit Costs as a % of avg AUM (bps)	215	285	248	243
Credit Costs as a % of avg on book loans (bps)	215	285	248	243
<b>Return ratios</b>				
RoAA (%)	4.9	5.0	4.4	4.5
RoAE (%)	20.5	20.8	18.7	19.5
ROAAUM (%)	5.9	6.0	5.2	5.1
<b>Valuation Ratios</b>				
No of shares	618	621	621	621
No of shares (fully diluted)	618	621	621	621
EPS (INR)	204.6	268.4	287.3	350.5
EPS fully diluted (INR)	204.6	268.4	287.3	350.5
Price to Earnings (x)	37.2	28.4	26.5	21.7
Price to Earnings (fully diluted) (x)	37.2	28.4	26.5	21.7
Book Value (fully diluted)	1,165	1,417	1,649	1,947
Adjusted book value	1,151	1,397	1,624	1,917
Price to Book	6.5	5.4	4.6	3.9
Price to Adjusted Book	6.6	5.5	4.7	4.0

Source Company data, I-Sec research

## Exhibit 17: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>DuPont Analysis</b>				
Average Assets (INR mn)	25,65,696	33,22,420	40,41,575	48,77,083
Average Loans (INR mn)	21,12,158	27,38,468	34,15,166	42,59,284
Average Equity (INR mn)	6,17,518	8,00,031	9,51,789	11,16,152
Interest earned (%)	15.9	15.5	15.3	15.5
Net gain on fair value changes (%)	0.1	0.3	0.3	0.4
Interest expended (%)	5.4	5.5	5.5	5.5
<b>Gross Interest Spread (%)</b>	<b>10.5</b>	<b>10.0</b>	<b>9.9</b>	<b>9.9</b>
Credit cost (%)	1.8	2.4	2.1	2.1
<b>Net Interest Spread (%)</b>	<b>8.7</b>	<b>7.6</b>	<b>7.8</b>	<b>7.8</b>
Operating cost (%)	3.7	3.4	3.4	3.4
<b>Lending spread (%)</b>	<b>5.0</b>	<b>4.2</b>	<b>4.3</b>	<b>4.4</b>
Non interest income (%)	2.3	2.0	2.0	2.0
<b>Operating Spread (%)</b>	<b>7.4</b>	<b>6.2</b>	<b>6.3</b>	<b>6.4</b>
Tax rate (%)	25.9	23.1	25.3	25.3
<b>ROAA (%)</b>	<b>4.9</b>	<b>5.0</b>	<b>4.4</b>	<b>4.5</b>
Effective leverage (AA/ AE)	4.2	4.2	4.2	4.4
<b>RoAE (%)</b>	<b>20.5</b>	<b>20.8</b>	<b>18.7</b>	<b>19.5</b>

Source Company data, I-Sec research

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