BUY (Maintain)

CMP: **INR 160** Target Price: **INR 200 (INR 190)** ▲ 25%

ICICI Securities

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17 January 2026

India | Equity Research | Results Update

Fedbank Financial Services

Financials

Robust uptick in gold loan AUM; credit cost consistent with guidance despite rise in Stage-3

Fedbank Financial Services (Fedfina)'s Q3FY26 result marks the fourth consecutive quarter of steady performance, (in line with guidance), with subsiding stress in the ST-LAP portfolio. With Mr. Parvez assuming the mantle as MD & CEO in Nov'24, we observe a steady improvement in profitability, evident in RoA expanding >10bps QoQ to 2.5% during Q3FY26 vs. 2.4%/2.3%/2.2%/0.6% in Q2FY26/Q1FY26/Q4FY25/Q3FY25. This is a testament to the successful execution of its revamped business strategies. After successfully scaling down the unsecured BL, without impacting credit cost, Fedfina's corrective measures to revive ST-LAP reflects in its lead indicators – namely, 1+ DPD easing 40bps QoQ to 7.1%, as on Dec'25. Maintain **BUY;** TP revised to INR 200 (vs. INR 190), basis 2.2x PBV (earlier: 2.1x) on Sep'26E BVPS.

Tracking favourably towards 2.6%/15% RoA/RoE by FY27E-end

Over the past four quarters, post Mr. Parvez taking the reins as MD & CEO, Fedfina has proven superior product segment and franchise strength (underwriting and distribution) versus its NBFCs peers. This reflects in the sub-1% credit cost despite prevailing rigours and its peers sporting credit costs between 1.5–3% for secured assets. Fedfina's RoA has improved by ~40bps in the past three quarters - uplifted by a shift towards high-yield and low-risk gold loan lending, run-down in stressed unsecured segments and slower growth in certain stressed segments of mortgage. We believe, incremental profitability ahead would largely stem from credit cost potentially ebbing (particularly on account of lower slippages from ST-LAP portfolio) and the cost-asset ratio softening. Management has mentioned that it would look to share FY27 guidance on credit cost and opex to assets post Q4's earnings.

Altogether, Fedfina has positioned itself strongly in the current cycle by: 1) staying ahead of the curve in recognising stress in ST-LAP (four quarters ago); and 2) revamping its entire vertical to ensure quality growth and MT-LAP, alongside the gold loans business (low delinquencies), contributing >75% of total AUM and reducing the share of unsecured BL (~1% of on-book loans, as on Dec'25). Further, ~66% of its fixed-rate book (21% S-LAP and 45% gold), along with an annual reset for the rest of the floating-rate assets and 71% of borrowings being EBLR/MCLR linked, are potential tailwinds for its NIM.

Financial Summary

Y/E March	FY25A	FY26E	FY27E	FY28E
Net Interest Income (INR mn)	10,708	12,918	15,642	18,862
PAT (INR mn)	2,252	3,640	4,528	5,557
EPS (INR)	6.0	9.8	12.1	14.9
% Chg YoY	(8.8)	61.6	24.4	22.7
P/E (x)	26.4	16.3	13.1	10.7
P/BV (x)	2.3	2.0	1.8	1.5
Gross Stage - 3 (%)	2.0	2.0	2.0	2.0
RoA (%)	1.8	2.5	2.6	2.6
RoE (%)	9.4	13.3	14.4	15.3

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Market Data

Market Cap (INR)	60bn
Market Cap (USD)	657mn
Bloomberg Code	FEDFINA In Equity
Reuters Code	FEBD.BO
52-week Range (INR)	178 /80
Free Float (%)	30.0
ADTV-3M (mn) (USD)	2.4

Price Performance (%)	3m	6m	12m
Absolute	5.9	31.4	67.1
Relative to Sensex	5.8	30.3	58.6

ESG Score	2024	2025	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	1	(7)

Previous Reports

04-01-2026: Q3FY26 NBFCs Preview

18-10-2025: Q2FY26 results review

Credit cost contained <1% despite elevated forward flows in S-LAP; resilience of secured model visible

Management continued to see elevated forward flows from Stage-2 to Stage-3, largely in line with earlier guidance. While early delinquencies improved sequentially (1+DPD/30+DPD improving ~40bps/~10bps), these forward flows resulted in a marginal increase in Gross Stage-3 to 2.1% vs. 1.9% QoQ. Importantly, the company had anticipated these flows and provided adequately, enabling Fedfina to keep reported credit cost contained at ~0.9% for the quarter, comfortably within its guided range of <1%. PCR broadly remained stable QoQ at ~32%.

Management reiterated that stress continues to originate predominantly from specific older S-LAP vintages and geographies, while new sourcing under the system-driven BRE framework is exhibiting materially better early delinquency behaviour. With unsecured business loans now reduced to <1% of on-book assets vs. >10% a year ago and the overall loan book being ~99% secured, the company believes the residual S-LAP stress remains manageable and well contained within current credit cost guidance.

Rapidly expanding gold loan distribution network

Fedfina opened 54 gold loan-dedicated new branches during Q3FY26 and 113 during 9MFY26 to remain ahead of the curve. Notably, despite regulatory relaxation on LTVs, Fedfina still maintains conservative LTVs at 71% (origination), which leaves enough margin of safety, in case of a fall in collateral value.

Gold loan scale-up continues to anchor asset quality and portfolio stability

The accelerated shift towards gold loans remained a key stabiliser for asset quality during the quarter. Gold loan AUM increased 17% QoQ and 52% YoY to INR 79.1bn, accounting for ~45% of total AUM (~35% of total AUM a year ago) supported by record quarterly disbursements of INR 78.5bn (77% QoQ and 128% YoY growth). Gold tonnage grew ~5.1% YoY with management confident to take it to 10–12% going ahead, while portfolio LTV declined further to ~59.3%, underscoring management's continued conservatism despite regulatory headroom to operate at higher LTVs. Management highlighted that ~30% of incremental gold AUM growth during Q3 came from newly opened branches, with the balance driven by improving productivity in existing branches. The gold loan book continues to be a low-risk portfolio, with gross Stage-3 of 0.3% vs. 0.4% QoQ; thereby, providing a strong counter-balance to residual volatility in the mortgage portfolio, where Stage-3 has inched up to 3.8% vs. 3.2% QoQ.

Q3FY26 performance: Profitability improves sequentially with uptick in RoA/RoE metrics

Fedfina delivered steady operating performance in Q3FY26, with PAT of INR 879mn, up sharply YoY on a low base and 10% QoQ translating into RoA of ~2.5% and RoE of ~12.7%, marking another quarter of sequential improvement in return ratios. The improvement was driven by healthy growth in core earnings and sustained control over credit costs. AUM increased 17.4% YoY to INR 175bn, while underlying growth excluding discontinued unsecured business loans remained strong at ~32.5% YoY, led by robust traction in gold loan (~52% YoY growth). Disbursements stood at INR 86.1bn, up ~96% YoY, driven primarily by record gold loan disbursements of INR 78.5bn.

On the profitability front, core NII grew 11% QoQ/26% YoY, supported by stable yields and lower funding costs. Yields marginally declined to 16.8% vs 17.0% QoQ, but adjusted for DA income, yields were flat QoQ. Cost of borrowings declined ~60bps

QoQ and stood at 7.8% largely on account of higher reset of EBLR linked borrowings, lower rate on new borrowings and ability to borrow for short-term at lower rates to aid gold loan growth. Operating expenses were elevated at INR 1.98bn due to aggressive branch expansion and a one-time labour code impact of ~INR 39mn. Management indicated that bulk of the new labour code impact cost is non-recurring in nature and excluding this one-off, cost metrics remain broadly in-line. As a result, PPoP rose ~8% QoQ/12% YoY to INR 1.49bn.

Asset quality marginally deteriorated with gross Stage-3 increasing marginally to 2.1% from 1.9% QoQ, driven by higher forward flows to Stage-3 from Stage-2, while 1+DPD and 30+ DPD improved with 1+DPD improving to 7.1% vs. 7.5% QoQ and 30+DPD marginally improving to 4.5% vs. 4.6% QoQ. Reported credit cost for the quarter remained contained at ~0.9%, within the guided range, and PCR at ~32.3%, reflecting adequate provisioning.

AUM growth accelerates to 17.4% YoY; underlying growth remains strong ex-business loans

AUM increased 17.4% YoY to INR 175bn during Q3FY26. Adjusting for the run-down and assignment of unsecured business loans, underlying AUM growth remained robust at ~32.5% YoY, highlighting the strength of the core secured franchise. Gold loans and mortgages continued to be the primary growth drivers, with mortgage AUM rising ~20% YoY to INR 90.8bn, supported by stable performance in medium-ticket LAP and gradual normalisation in small-ticket LAP post portfolio clean-up. Gold loan AUM increased ~52% YoY to INR 79.1bn, accounting for ~45% of total AUM (~35% of total AUM a year ago) supported by record quarterly gold loan disbursements of INR 78.5bn (~128% YoY growth). The unsecured business loan portfolio continued to taper down and now constitutes <1% of on-book assets. The branch network expanded to 730 branches with 63 S-LAP branches co-located within gold loan branches in Q3FY26.

Framework ahead: Twin-engine growth, calibrated risk and improving return profile

Looking ahead, management remains focused on sustaining high-teen AUM growth while maintaining a calibrated risk profile. Gold loans are expected to continue scaling through branch expansion (including co-located branches) and productivity gains, while maintaining conservative LTVs and disciplined pricing. In the LAP segment, residual stress from older S-LAP vintages is expected to persist in the near term, but should remain predictable and well-absorbed within the guided credit cost range, as newer vintages gain share. The emphasis on core income growth, reduced reliance on direct assignment, and optimisation of the borrowing mix is expected to support further improvement in RoA and RoE. Overall, Fedfina appears well-positioned to deliver stable profitability and improving return metrics through the remainder of FY26, with operating leverage from recent investments likely to become more visible in the next few quarters.

Key risks: Credit cost sustaining at higher levels; and lower-than-anticipated AUM growth.

Exhibit 1: Q3FY26 result review

Income statement (INR mn)	Q3FY25	Q2FY26	Q3FY26	% YoY	% QoQ
Interest income	4,943	5,077	5,270	6.6	3.8
Interest expense	2,213	2,138	2,081	(6.0)	(2.7)
NII	**2,730**	**2,939**	**3,189**	**16.8**	**8.5**
Non-interest income	380	283	289	(23.9)	2.2
Total net income	**3,110**	**3,222**	**3,478**	**11.8**	**8.0**
Employee Benefit Expense	926	1,052	1,156	24.8	9.8
Depreciation	128	131	141	9.5	7.6
Fees and commission expense	56	-4	-1	(101.3)	(83.3)
Other expenses	661	653	688	4.1	5.4
Operating expenses	**1,772**	**1,832**	**1,984**	**12.0**	**8.3**
Pre-provisioning profit (PPoP)	**1,338**	**1,390**	**1,494**	**11.6**	**7.5**
Provisions and write offs	1,088	315	311	(71.4)	(1.2)
PBT	**250**	**1,075**	**1,183**	**372.4**	**10.1**
Tax expenses	63	273	304	383.8	11.2
PAT	**188**	**802**	**879**	**368.6**	**9.7**
EPS (INR)	**0.5**	**2.2**	**2.4**	**370.0**	**9.3**
Balance Sheet (INR mn)					
Share capital	3,730	3,740	3,740	0.3	0.0
Reserves & surplus	20,920	23,360	24,320	16.3	4.1
Shareholders' funds	**24,650**	**27,100**	**28,060**	**13.8**	**3.5**
Borrowings	**98,000**	**1,02,300**	**1,12,070**	**14.4**	**9.6**
Other Liabilities and provisions	3,810	4,220	4,400	15.5	4.3
Total Liabilities and Equity	**1,26,460**	**1,33,620**	**1,44,530**	**14.3**	**8.2**
Cash & bank balances	4,210	4,990	3,360	(20.2)	(32.7)
Loans	**1,12,630**	**1,15,710**	**1,27,680**	**13.4**	**10.3**
Investments	5,900	5,460	7,820	32.5	43.2
Other financial assets & receivables	1,300	4,770	2,720	109.2	(43.0)
Non-Financial Assets	2,420	2,690	2,950	21.9	9.7
Total Assets	**1,26,460**	**1,33,620**	**1,44,530**	**14.3**	**8.2**
Key financial metrics					
AUM (INR mn)	**1,49,220**	**1,61,360**	**1,75,000**	**17.3**	**8.5**
-Mortgage	75,700	87,960	90,840	20.0	3.3
-Gold loan	52,030	67,310	79,050	51.9	17.4
-Business loans	19,200	3,750	2,850	-85.2	-24.0
-Others	2,290	2,340	2,260	-1.3	-3.4
Disbursements (INR mn)	**43,930**	**52,050**	**86,060**	**95.9**	**65.3**
-Mortgage	7,330	7,600	7,530	2.7	-0.9
-Gold loan	34,400	44,450	78,530	128.3	76.7
-Business loans	2,200	0	0	NM	NM
Reported yield (%)	17.1	17.0	16.8	*-31 bps*	*-20 bps*
Reported borrowing cost (%)	8.7	8.2	7.9	*-82 bps*	*-32 bps*
Spreads (%)	8.4	8.7	9.0	*59 bps*	*30 bps*
Op cost as % of avg assets	5.6	5.5	5.7	*9 bps*	*20 bps*
Cost to income (%)	57.0	56.9	57.0	*7 bps*	*18 bps*
Gross Stage 3	1.8	1.9	2.1	*30 bps*	*20 bps*
Net Stage 3	1.1	1.3	1.4	*30 bps*	*9 bps*
Provision coverage ratio (%)	0.0	32.0	32.3	*3230 bps*	*31 bps*
Credit cost as a % of avg AUM [annualized]	3.0	0.8	0.7	*-225 bps*	*-6 bps*

Source: Company data, I-Sec research

Q3FY26 earnings call takeaways

Asset quality

- **Higher forward flows from Stage-2 to Stage-3 during Q3**
- **Rise in GNPA was expected by the company, and it has not resulted in a spike in credit cost, which is well within guidance**
- It is relatively easier to enforce recoveries, once an account slips into Stage-3
- **Aim is to ensure credit cost remains ~1% +/-10bps**
- **It would look to share FY27 credit cost guidance in Q4**
- MT LAP asset quality is pristine, which is ~60% of mortgage book
- Of the balance 40% mortgage book, there is old book and new book for ST LAP. Of the old book ST LAP as well, there are certain geographies as well, which have seen higher stress but that is a small portion of the overall portfolio.
- **ST LAP has relatively higher flows and it anticipates certain flows to continue in ST LAP for Q4 as well**
- Spill over in the MFI segment has also impacted ST LAP's portfolio asset quality for ticket size range of INR 0.5-0.7mn
- Fresh sourcing in ST LAP is giving much better asset quality on 12/15/18 MOB
- It would look to rebuild ST LAP and build team for growth and quality
- Unsecured lending portfolio continues to diminish and forms 0.6% of on-book assets
- **As the environment eases out, it expects things to normalise in ST LAP as well**
- **Delinquencies are under control, but disbursements are yet to pick-up in Tamil Nadu**
- **It will wait for Q4, before business picks up meaningfully in Tamil Nadu as per company's assessment**

Gold loans

- **Confident that tonnage growth would be ~10-12% YoY going ahead**
- **Expects gold loan per branch to reach to even INR 200mn per branch, which can largely be driven by tonnage growth**
- It is aligning its employees KRA towards tonnage growth
- **It will likely continue to grow at a faster pace than the overall portfolio**
- Gold loans' growth would be unconstrained by its share in overall portfolio
- **There is no internal limit for gold loan crossing a certain threshold of the overall portfolio**
- Very comfortable on portfolio LTV at 59%

Operating expenses

- **INR 39mn impact due to new labour code**
- Other opex was higher due to higher branch expense, higher advertisement / travel and higher depreciation
- **It will look to give guidance on opex to average assets for FY27 in Q4, which would also be a key metric to watch out for, apart from credit cost**
- **Consistent, predictable and increasing RoA is the overall target**

<u>Borrowing cost</u>

- **Borrowing mix**
    - **29% Fixed**
    - **41% EBLR**
    - **30% MCLR**
- **A little less than 7.6% was incremental CoB for Q3**
- **Consciously reduced direct assignment and looking to migrate to co-lending**
- Decline in direct assignment during Q3 was done purposely
- Using DA as capital allocation strategy

<u>Yields</u>

- 20bps sequential decline in yields have been impacted by DA income. **Adjusting for DA income, core yield is flat QoQ**
- Pressure on yields in MT LAP segment also visible, but it has so far not reduced the yields so much as its peers in MT LAP

<u>Branch network</u>

- Opened 54 new branches during the year
- Successfully merged additional 14 branches
- Co-located 63 branches this year
- It would make efforts to merge and co-locate more branches

Q2FY26 earnings call takeaways

Gold loans

- **Added 57 new gold loan branches this quarter**
- **AUM growth of 6% QoQ and 36% YoY**
- Robust disbursements of INR 44.4bn, growing 70% YoY
- Tonnage at 11.1 in Q2 flat QoQ; Tonnage usually picks up in Q3 and Q4
- **Q3 would be very good for tonnage and from growth perspective**
- Gold loan operating at LTV of 61.7%
- **Merged and collocated 26 branches of SLAP into Gold branches in Q2**
- AUM per branch coming down to 12.4 vs 13.0 in Q1 due to opening of new branches
- **Not taken relaxation of LTV, so gold loan business still operating at Dec'24 levels of LTV**
- **Aug'25 and Sep'25 – there have been some withdrawals due to rise in gold price and festive season; hence, gold loan growth has moderated and this is a usual part of the gold business**
- **No unusual activity in gold loan business as of now**

LAP

- **Deep delinquent pool of ST LAP and HL of INR 0.79bn, (includes a technically written-off principal outstanding value of INR 0.41bn), sold to ARC for an upfront cash payment of INR 0.326bn**
- **Shal grow M-LAP with minimal capital allocation**
- **Focus is to get S-LAP in shape since were trying to rebuild this portfolio.**
- **S-LAP, ~200 collection people previously, increased to ~400 now**
- In the last 9 months, it has put in efforts to rebuild the S-LAP business; had collection issues internally in many geographies but now improving

AUM

- **Sticking to its growth guidance provided in Q3/Q4 and may surprise with the numbers**
- **Management emphasised capital conservation, twin-engine strategy focus, branch co-location and move to secured lending mix**
- INR 8.86bn of unsecured business loan assigned and derecognized from AUM (INR 7.70bn in Q1 and INR 1.16bn in Q2)
- **Unsecured BL book now stand at INR1bn only and ~75% of this is 0 DPD**

Borrowing cost

- More ECB and market-linked borrowings lined up going ahead
- ~83% floating borrowings (~45% linked to external benchmark and ~39% MCLR)
- Incremental cost of borrowings stayed <8%

Yields

- Yields for the quarter are ~17% vs. 16.2% in Q1
- Mix change has impacted yields; LAP yields are stable and gold yields have improved in the quarter.

Operating expenses

- Would focus on opex in FY27, since reduction of opex might not be possible in FY26 as establishment of branches shall come in FY26
- Shall continue to add branches in Q3 and Q4 as well
- Cost-to-income ratio improved 136bps QoQ to ~56.9% in Q2FY26, despite continued branch expansion

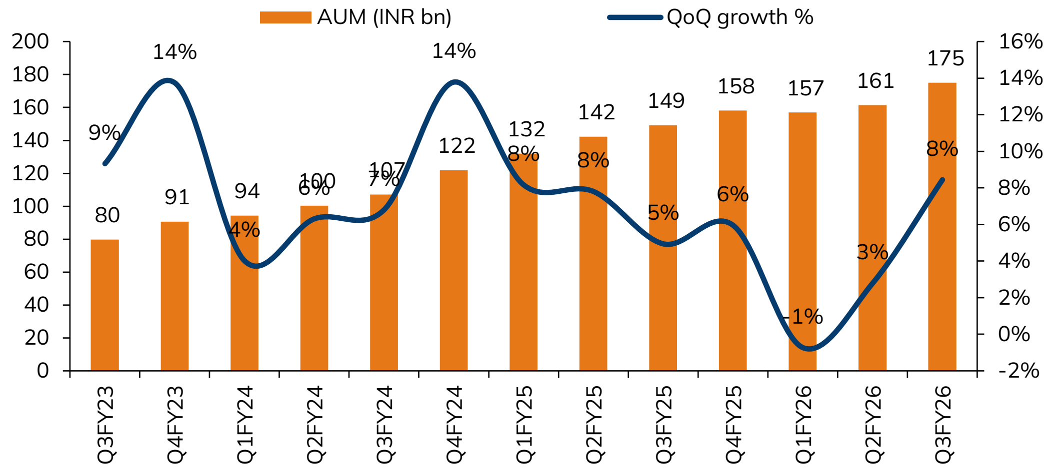
Asset quality

- Reported credit cost stands at 0.9% (including 0.2% of annual ECL refresh) this quarter; guided credit cost of FY26 of ~100bps (+- 10bps) and company is maintaining the same
- **Have seen improvement in collection team efforts and shall see improvement in DPD in the rest of the year**
- **No part of ARC sale has flowed to RoA; ARC sale pool has led to optical improvement in GNPA, but reduced PCR as high-coverage accounts moved out of the pool**
- **Write off of INR 90mn in this quarter**
- Previously had same collection team for all its business, but now there are separate teams for separate products; now, there are also KRA for 12MOV to sales team
- **Legal and resolution resources have strengthened; multiple agency partners now operate under revised performance metrics**
- **As the new team matures, CE would improve from Q3FY26 onwards**

Others

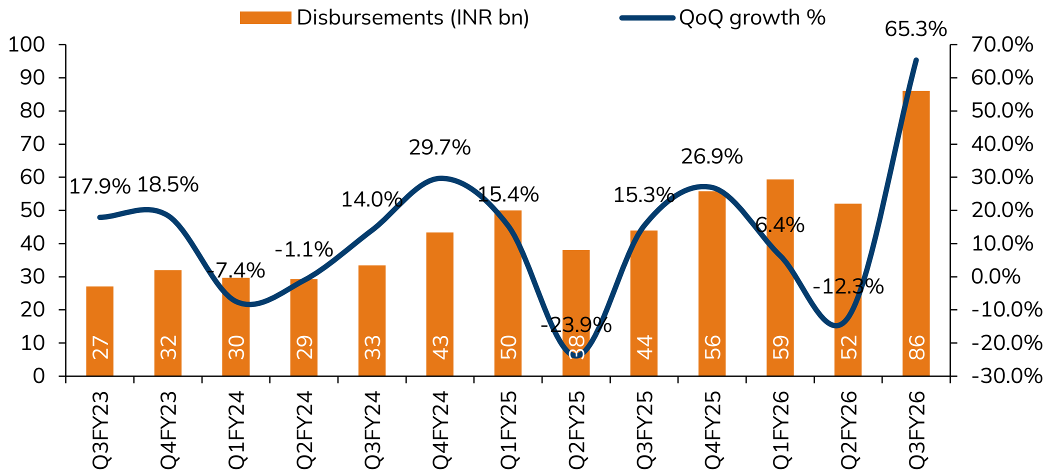
- CRAR stands at 21.64% in Q2 compared to 22.4% in Jun'25.
- Decline is primarily due to growth in risk-weighted assets and the impact of ARC sale provisioning adjustments

Exhibit 2: AUM grew 8% QoQ/17% YoY showing strong momentum



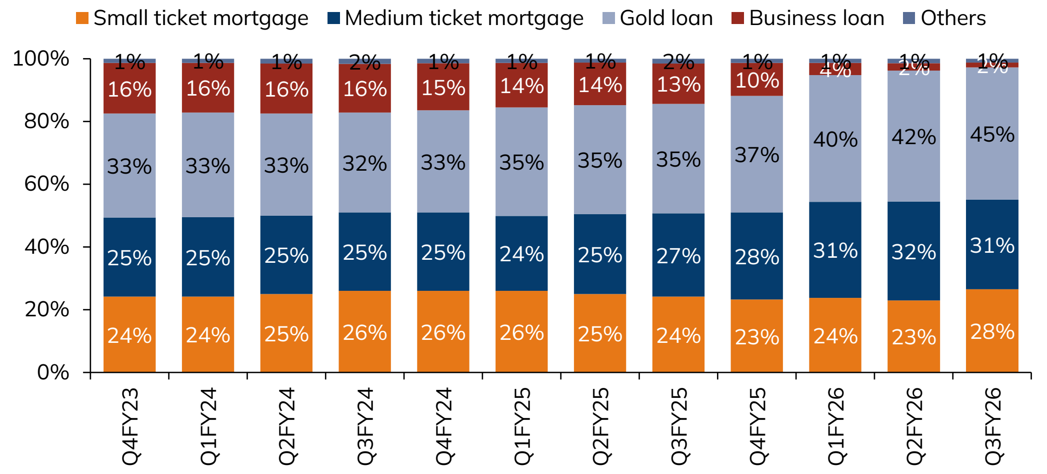
Source: Company data, I-Sec research

Exhibit 3: Disbursements saw strong momentum with ~65% growth QoQ largely due to gold loan disbursements



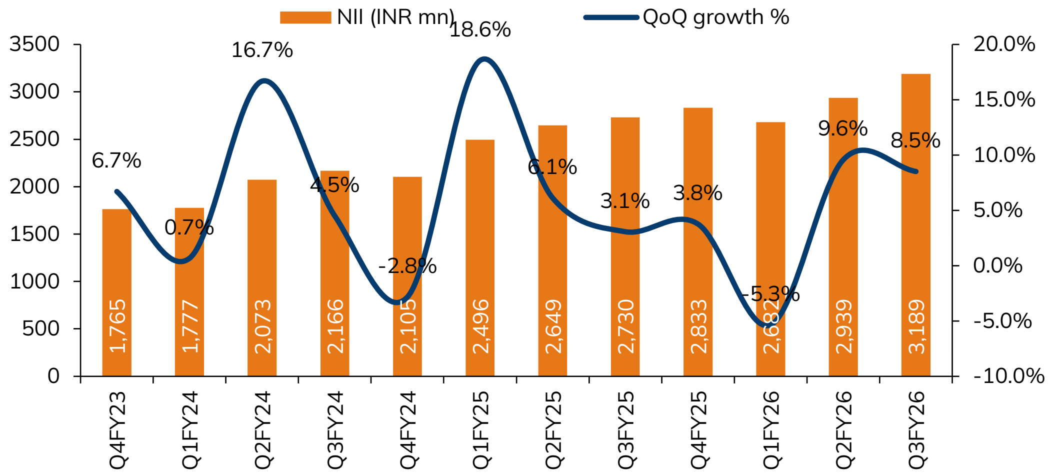
Source: Company data, I-Sec research

Exhibit 4: Gold loan inching up while business loan disbursements are discontinued



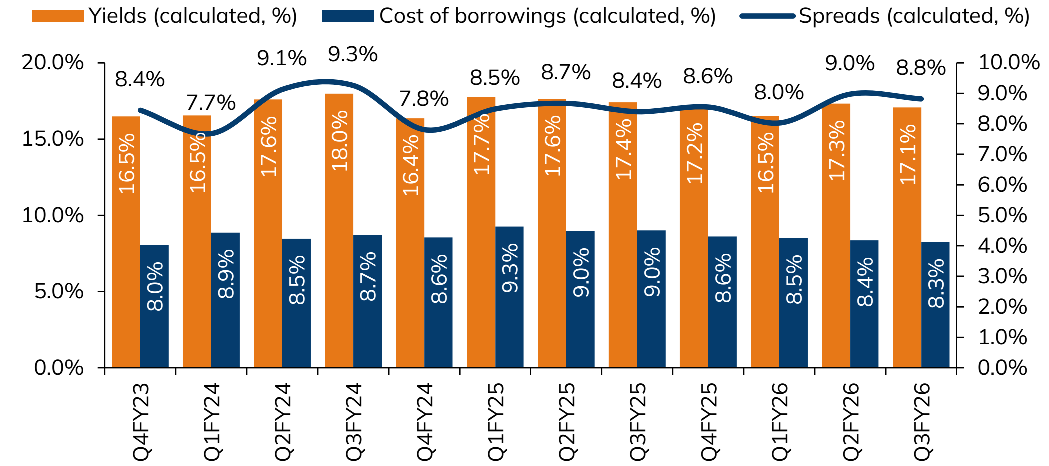
Source: Company data, I-Sec research

Exhibit 5: NII saw strong ~9% QoQ growth



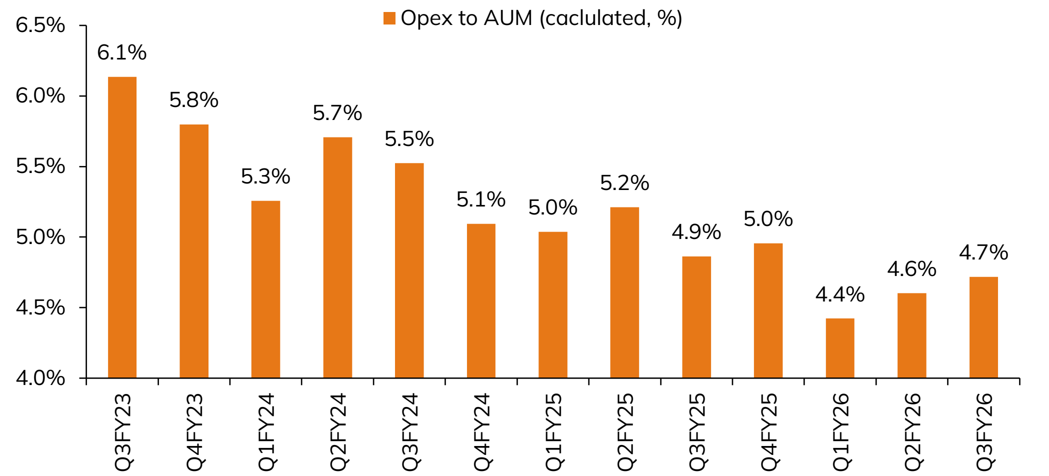
Source: Company data, I-Sec research

Exhibit 6: Spreads have held up despite marginal yield compression, as cost of funds have shown improvement in current rate cycle



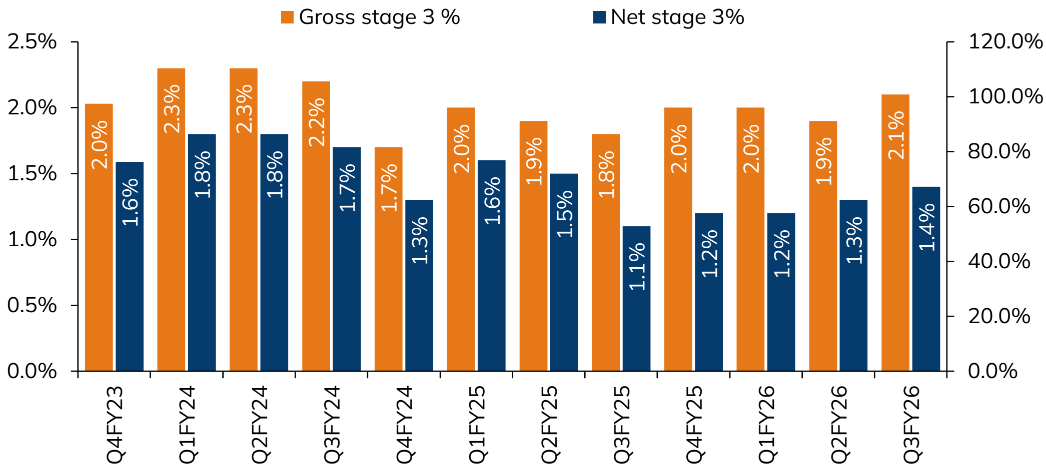
Source: Company data, I-Sec research

Exhibit 7: Opex to AUM ~4.7%, slightly on higher side this year due to establishment of more branches



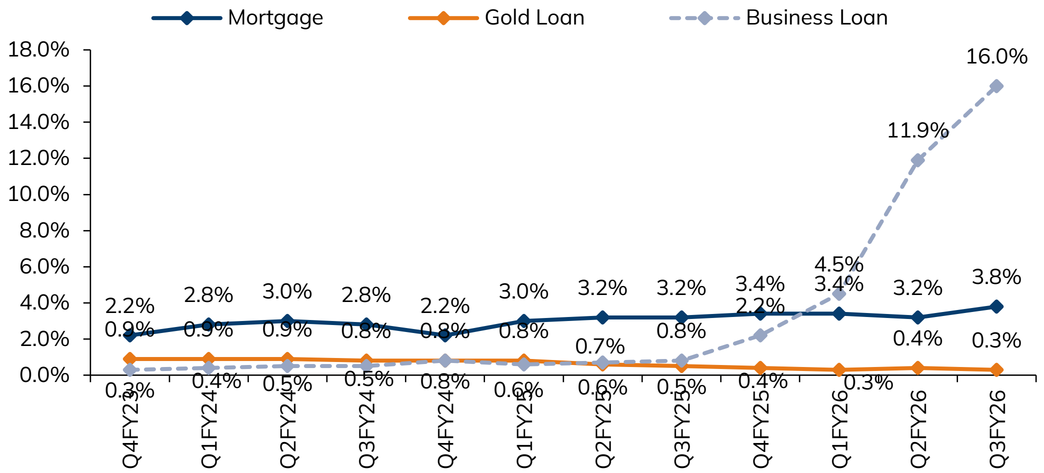
Source: Company data, I-Sec research

Exhibit 8: GNPA/NNPA saw an uptick of ~20bps/~10bps QoQ



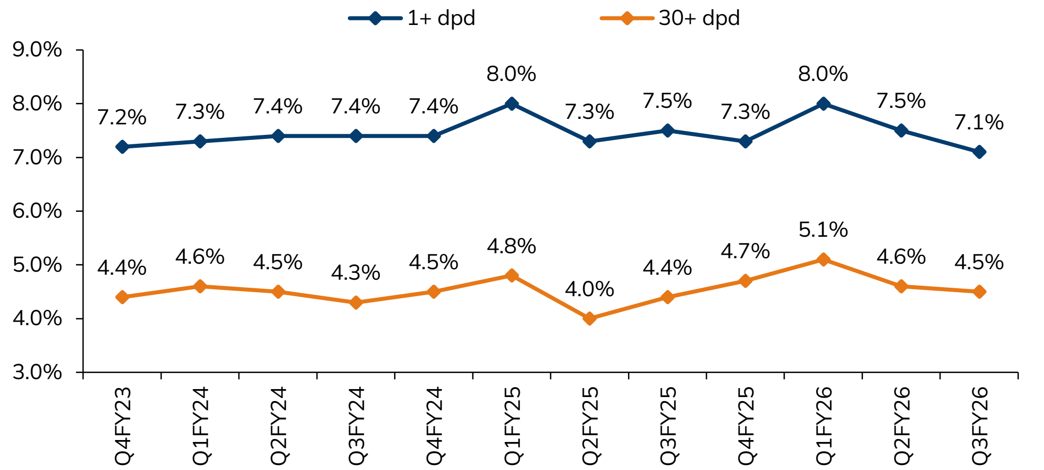
Source: Company data, I-Sec research

Exhibit 9: Spike in business loan GNPA as book is discontinued, while rest stable



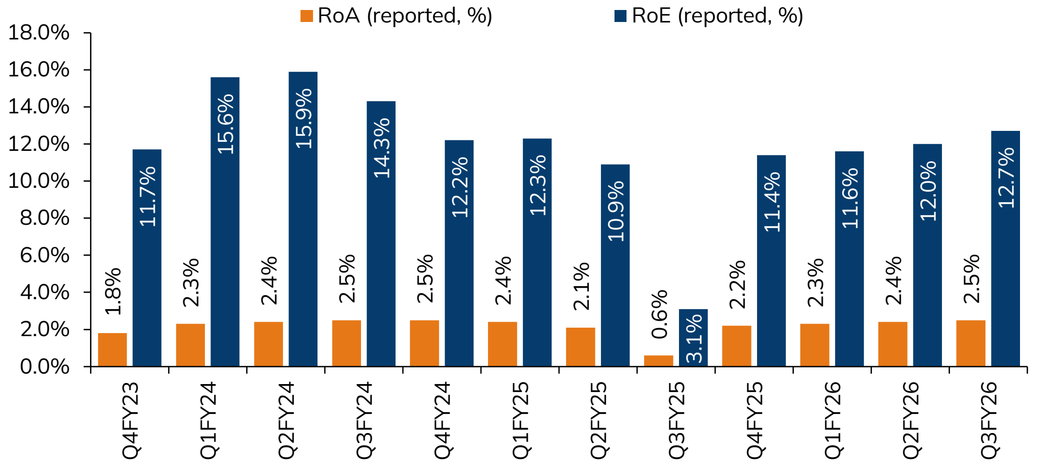
Source: Company data, I-Sec research

Exhibit 10: 1+ DPD is showing signs of improvement declining 40bps QoQ; 30+DPD declined 10bps QoQ



Source: Company data, I-Sec research

Exhibit 11: Uptick in RoA and RoE, as growth momentum continues



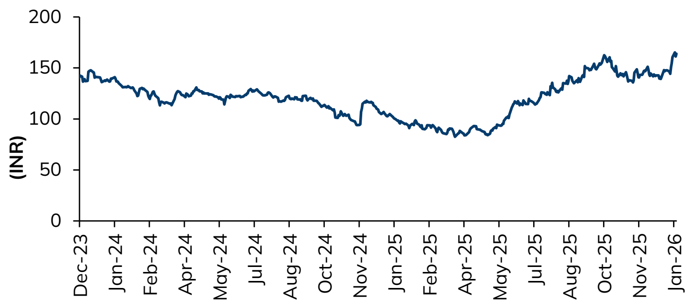
Source: Company data, I-Sec research

Exhibit 12: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	61.0	61.0	60.9
Institutional investors	21.3	20.9	20.5
MFs and others	2.4	2.1	2.0
FIs/Banks	14.4	14.4	14.2
Insurance	4.0	3.7	3.1
FIIs	0.5	0.8	1.2
Others	17.7	18.1	18.6

Source: Bloomberg, I-Sec research

Exhibit 13: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Interest Income	19,246	20,941	25,101	30,649
Interest Expenses	(8,538)	(8,023)	(9,459)	(11,787)
Net Interest Income (NII)	**10,708**	**12,918**	**15,642**	**18,862**
Other Income	440	180	225	280
Total Income (net of interest expenses)	**12,260**	**14,150**	**17,144**	**20,730**
Employee benefit expenses	(3,903)	(4,488)	(5,386)	(6,463)
Depreciation and amortization	(489)	(547)	(629)	(724)
Fee and commission expenses	(185)	(148)	(192)	(250)
Other operating expenses	(2,483)	(2,781)	(3,281)	(3,872)
Total Operating Expense	**(7,059)**	**(7,964)**	**(9,489)**	**(11,309)**
Pre Provisioning Profits (PPoP)	**5,201**	**6,186**	**7,655**	**9,421**
Provisions and write offs	(2,163)	(1,275)	(1,547)	(1,923)
Profit before tax (PBT)	**3,038**	**4,911**	**6,108**	**7,497**
Total tax expenses	(786)	(1,271)	(1,580)	(1,940)
Profit after tax (PAT)	**2,252**	**3,640**	**4,528**	**5,557**

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Share capital	3,727	3,727	3,727	3,727
Reserves & surplus	21,746	25,387	29,915	35,472
Shareholders' funds	**25,474**	**29,114**	**33,642**	**39,199**
Borrowings	102,687	120,477	150,386	190,678
Provisions & Other Liabilities	4,337	5,318	6,555	7,810
Total Liabilities and Stakeholder's Equity	**132,497**	**154,909**	**190,583**	**237,688**
Cash and balance with RBI	8,347	5,551	6,850	8,568
Fixed assets	**1,897**	**2,087**	**2,295**	**2,525**
Loans	116,464	138,479	170,893	213,765
Investments	4,042	6,924	8,545	10,688
Deferred tax assets (net)	**107**	**118**	**129**	**142**
Other Assets	1,641	1,751	1,870	1,999
Total Assets	**132,497**	**154,909**	**190,583**	**237,688**

Source Company data, I-Sec research

Exhibit 16: Key Ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
AUM and Disbursements (INR mn)				
AUM	158,120	201,754	248,979	311,441
On-book Loans	118,380	141,228	174,285	218,008
Off-book Loans	39,740	60,526	74,694	93,432
Disbursements	187,851	238,016	304,840	392,135
Growth (%):				
Total AUM (%)	29.7	27.6	23.4	25.1
Disbursements (%)	**38.3**	**26.7**	**28.1**	**28.6**
Loan book (on balance sheet) (%)	19.4	19.3	23.4	25.1
Total Assets (%)	19.0	16.9	23.0	24.7
Net Interest Income (NII) (%)	31.9	20.6	21.1	20.6
Non-interest income (%)	16.4	(16.0)	22.1	24.3
Total Income (net of interest expenses) (%)	30.0	15.4	21.2	20.9
Operating Expenses (%)	28.5	12.8	19.1	19.2
Employee Cost (%)	22.8	15.0	20.0	20.0
Non-Employee Cost (%)	44.8	12.0	18.0	18.0
Pre provisioning operating profits (PPoP) (%)	32.0	18.9	23.8	23.1
Provisions (%)	228.5	(41.1)	21.3	24.3
PBT (%)	(7.4)	61.7	24.4	22.7
PAT (%)	(8.0)	61.6	24.4	22.7
EPS (%)	(8.8)	61.6	24.4	22.7
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	10.0	10.1	10.1	9.8
NIM on IEA (%)	7.4	6.9	6.8	6.6
NIM on AUM (%)	7.6	7.2	6.9	6.7
Yield on loan assets (%)	**17.9**	**16.4**	**16.2**	**15.9**
Yield on IEA (%)	13.3	11.2	10.8	10.6
Yield on AUM (%)	13.7	11.6	11.1	10.9
Cost of borrowings (%)	9.2	7.2	7.0	6.9
Interest Spreads (%)	8.7	9.2	9.2	9.0
Operating efficiencies				
Non interest income as % of total income	51.5	58.3	58.8	58.0
Cost to income ratio	57.6	56.3	55.3	54.6
Op.costs/avg assets (%)	5.8	5.5	5.5	5.3
Op.costs/avg AUM (%)	**5.0**	**4.4**	**4.2**	**4.0**
Salaries as % of non-interest costs (%)	55.3	56.4	56.8	57.2
Capital Structure				
Average gearing ratio (x)	4.0	4.1	4.5	4.9
Leverage (x)	5.2	5.3	5.7	6.1
CAR (%)	16.2	16.5	16.1	15.5
Tier 1 CAR (%)	14.3	14.8	14.7	14.4
Tier 2 CAR (%)	2.0	1.7	1.4	1.1
RWA (estimate) - INR mn	118,901	139,013	171,026	213,297
RWA as a % of loan assets	102.1	100.4	100.1	99.8

Source Company data, I-Sec research

	FY25A	FY26E	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	2.0	2.0	2.0	2.0
NNPA (%)	1.0	1.0	1.0	1.0
GNPA (INR mn)	2,390	2,825	3,486	4,360
NNPA (INR mn)	1,164	1,376	1,698	2,124
Coverage ratio (%)	51.3	51.3	51.3	51.3
Credit Costs as a % of avg AUM (bps)	154	71	69	69
Credit Costs as a % of avg on book loans (bps)	199	98	98	98
Return ratios				
RoAA (%)	1.8	2.5	2.6	2.6
RoAE (%)	9.4	13.3	14.4	15.3
ROAAUM (%)	1.6	2.0	2.0	2.0
Valuation Ratios				
No of shares	**373**	**373**	**373**	**373**
No of shares (fully diluted)	373	373	373	373
EPS (INR)	6.0	9.8	12.1	14.9
EPS fully diluted (INR)	6.0	9.8	12.1	14.9
Price to Earnings (x)	26.4	16.3	13.1	10.7
Price to Earnings (fully diluted) (x)	26.4	16.3	13.1	10.7
Book Value (fully diluted)	68	78	90	105
Adjusted book value	66	75	87	101
Price to Book	2.3	2.0	1.8	1.5
Price to Adjusted Book	2.4	2.1	1.8	1.6

Source Company data, I-Sec research

Exhibit 17: Key Metrics

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
DuPont Analysis				
Average Assets (INR mn)	121,938	143,703	172,746	214,135
Average Loans (INR mn)	107,344	127,471	154,686	192,329
Average Equity (INR mn)	24,041	27,294	31,378	36,421
Interest earned (%)	15.8	14.6	14.5	14.3
Net gain on fair value changes (%)	0.2	0.1	0.1	0.1
Interest expended (%)	7.0	5.6	5.5	5.5
Gross Interest Spread (%)	**8.8**	**9.0**	**9.1**	**8.8**
Credit cost (%)	1.8	0.9	0.9	0.9
Net Interest Spread (%)	**7.0**	**8.1**	**8.2**	**7.9**
Operating cost (%)	5.6	5.4	5.4	5.2
Lending spread (%)	**1.4**	**2.7**	**2.8**	**2.7**
Non interest income (%)	1.1	0.8	0.8	0.8
Operating Spread (%)	**2.4**	**3.4**	**3.5**	**3.5**
Tax rate (%)	25.9	25.9	25.9	25.9
ROAA (%)	**1.8**	**2.5**	**2.6**	**2.6**
Effective leverage (AA/ AE)	5.1	5.3	5.5	5.9
RoAE (%)	**9.4**	**13.3**	**14.4**	**15.3**

Source Company data, I-Sec research

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