BUY (Maintain)

CMP: **INR 1,522** Target Price: **INR 1,750 (INR 1,725)** ▲ 15%

ICICI Securities

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22 July 2026

India | Equity Research | Results Update

Aavas Financiers

NBFCs

Strong Q1FY27 financial performance anchors 18% AUM growth goal in FY27

FY26 was a pivotal year for Aavas Financiers (Aavas) – marked by leadership transitions, including CVC Capital Partners' entry as a promoter and the appointments of Mr. Manu Singh as MD & CEO and Mr. Ripudaman Bandral as CBO. Internal restructuring during Q1FY27 continued, with the resignations of Mr. Ghanshyam Rawat (CFO) and Mr. Ashutosh Atre (CRO); even so, financial performance remained strong, evident in its highest first-quarter disbursements at INR 16.1bn (up 41% YoY), credit cost flat YoY at 24bps despite geopolitical challenges, and 10bps YoY contraction in opex-to-assets during Q1FY27. With most of the challenging events behind and a strong start to FY27, we believe Aavas is well positioned to achieve ~18%+ AUM growth and mid-teen RoE

Aavas' strong franchise value reflects in stable credit cost and gradual pick-up in disbursements despite management rejig

Management characterises FY26 as a foundational rebuilding phase and, hence, strongly believes that Aavas could reclaim its leadership in the affordable housing space with a three-pronged strategy of: 1) consistently outpacing industry growth via deep-rooted micro-market expertise; 2) implementing risk-based pricing to optimise asset yields; and 3) maintaining superior asset quality. While credit underwriting remains its core strength—evidenced by a decade-long credit cost of <25bps—the company now focuses on pricing risk more effectively to boost risk-adjusted returns. These strategic initiatives have already started yielding positive outcomes, evident in its highest-ever first quarter disbursements at INR 16.1bn (up 41% YoY), stable credit cost at 24bps despite seasonally weak quarter, and steady asset quality ratios during Q1FY27. It also highlighted that Jun'26 disbursements stood strong at >INR 6bn and the same would ensure it delivering ~18% AUM growth in FY27E.

We believe Aavas is well positioned to capitalise on sectoral tailwinds, including improved affordability, following the 125bps repo rate cut and the rollout of PMAY 2.0. Further, its ongoing franchise expansion into India's southern markets and deeper penetration in Gujarat, Maharashtra, and UP also provide a clear runway for 20%+ medium-term AUM growth. Maintain **BUY** with revised TP of INR 1,750 (earlier INR 1,725), valuing the stock at 2.1x Mar'28E P/BV.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Interest Income (NII)	10,102	11,849	13,641	16,081
PAT (INR mn)	5,741	6,549	7,668	9,451
EPS (INR)	72.2	82.6	96.7	119.2
% Chg YoY	17.0	14.3	17.1	23.3
P/E (x)	21.1	18.4	15.7	12.8
P/BV (x)	2.8	2.4	2.1	1.8
Gross Stage - 3 (%)	1.1	1.0	1.0	1.0
RoAA (%)	3.3	3.3	3.3	3.5
RoAE (%)	14.1	13.9	14.1	15.0

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Market Data

Market Cap (INR)	121bn
Market Cap (USD)	1,254mn
Bloomberg Code	AAVAS IN
Reuters Code	AVAS BO
52-week Range (INR)	1,950 /1,050
Free Float (%)	50.0
ADTV-3M (mn) (USD)	2.8

Price Performance (%)	3m	6m	12m
Absolute	8.7	9.6	(21.1)
Relative to Sensex	11.0	15.0	(15.3)

ESG Score	2024	2025	Change
ESG score	**77.8**	**77.7**	**(0.1)**
Environment	65.0	67.1	2.1
Social	76.1	75.2	(0.9)
Governance	83.9	83.6	(0.3)

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	-	-

Previous Reports

07-07-2026: NBFC Q1FY27 Preview

06-05-2026: Q4FY26 results review

Q1FY27 performance: Highest-ever first quarter disbursements; credit cost stable despite geopolitical challenges

Core NII (interest income-interest expense) grew marginally by 1% QoQ/17% YoY to INR 3.2bn as interest income was up 4% QoQ while interest expense saw a sequential rise of 7%. Non-Interest Income stood at INR 0.9bn, which declined 24% QoQ (in-line with Q1 seasonality) but was up 17% YoY. Thus, total income saw a decline of 6% QoQ and was up 17% YoY to INR 4.2bn

Operating expenses stood at INR 1.8bn (decline of 10% QoQ while up 10% YoY) with opex to assets (calculated) declining 10bps YoY/52bps QoQ, and stood at 3.4%. As a result, PPoP marginally declined 2% QoQ but was up strong at 22% YoY to INR 2.3bn. Provisions increased 14% YoY to INR 128mn, resulting in credit cost of 24bps vs. 13bps QoQ vs. 24bps YoY. Credit cost was stable despite geopolitical challenges; management highlighted that its credit cost guidance of <25bps remains intact. PBT was down 5% QoQ/up 23% YoY to INR 2.2bn, leading to PAT growth of 23% YoY to INR 1.7bn. As a result, RoA/RoE stood at 3.2%/13.3% for Q1FY27.

Disbursements were up 41% YoY to INR 16.1bn and were Aavas' highest first-quarter disbursements. Sequentially, disbursements moderated >30% QoQ, from the seasonally strong INR 23.5bn in Q4FY26.

Management guides for 17–18% AUM growth in FY27; 20% is medium-term guidance

AUM grew 15% YoY to INR 239.3bn, as of Jun'26. The cleaner read-through momentum that management highlighted is monthly AUM addition improving ~50% YoY, leading to a strong run rate. Overall, monthly disbursement run-rate was strong, as highlighted by management, with Jun'26 disbursements upwards of INR 6bn.

MD & CEO Mr. Manu Singh reiterated a 20% medium-term AUM growth aspiration, while guiding for 17–18% AUM growth in FY27. Management highlighted that strategy is to build direct sourcing, lift branch/employee productivity and regain HL market share, backed by continued branch expansion (network now 440 branches across 15 states/UTs).

For the near-to-medium term, management had highlighted in the previous quarter that the focus is on: 1) right product placement at risk-adjusted pricing across segments; 2) optimising channel composition with a deliberate rebuild of the direct sourcing muscle (CSC, digital, referral); 3) expansion into high-potential states like Maharashtra, Gujarat, Tamil Nadu, and UP, which are now adequately staffed; and 4) reducing gaps across login-to-sanction and sanction-to-disbursement conversion ratios. We believe that Aavas is on track to achieve its AUM growth guidance for FY27.

NIM up 22bps YoY to 7.70%; spread contracts on cumulative 25bps PLR cut

NIM expanded 22bps YoY to 7.70%, aided by stable borrowing costs and risk-based pricing, but normalised from an elevated 8.45% in Q4FY26. Reported yield eased to ~12.7%, down 13bps QoQ/44bps YoY, reflecting a further ~10bps PLR cut effective Jun'26 – that takes the cumulative PLR reduction to 25bps since Mar'26, as Aavas passes borrowing-cost benefits to customers. Cost of borrowings was stable QoQ at 7.6% Management highlighted that ~42% of borrowings are linked to EBLR (repo/T-bills) and ~34% to 3M MCLR, enabling faster repricing of ~76% of the book

Consequently, spread contracted 14bps QoQ to 5.06%. Management flagged that competitive intensity across geographies could push spreads below 5%.

Asset quality improves YoY; credit cost at 24bps despite geopolitical challenges

Asset quality metrics improved YoY but saw a seasonal Q1 uptick sequentially. 1+DPD improved 39bps YoY to 3.76% (vs. 3.17% in Q4FY26), GNPA improved 11bps YoY to 1.11% (vs. 1.05% QoQ) and NNPA improved 13bps YoY to 0.71% (vs. 0.68% QoQ).

Management reiterated its disciplined, stress-tested underwriting framework and selective exposure to higher risk segments, which has helped maintain industry-leading asset quality. Credit cost was at 24bps, flat YoY but up from a low of 13bps in Q4FY26; it remains within the guided sub-25bps range. Stage-3 ECL coverage strengthened to 36.8% (from 35.9% QoQ/31.5% YoY). Aavas continues to maintain its guidance of sub-25bps credit cost on a sustainable basis.

Key risks: 1) Lower-than-expected AUM growth; and 2) competitive pressure on yields.

Exhibit 1: Q1FY27 result review

	Q1FY26	Q4FY26	Q1FY27	% YoY	% QoQ
Income statement (INR mn)					
Interest income	5,489	5,934	6,165	12.3	3.9
Interest expenses	2,713	2,735	2,926	7.8	7.0
Net interest income	**2,776**	**3,199**	**3,238**	**16.7**	**1.2**
Non-interest Income	790	1,214	926	17.3	(23.7)
Total Income (net of interest expenses)	**3,566**	**4,414**	**4,165**	**16.8**	**(5.6)**
Employee expenses	1,107	1,325	1,217	9.9	(8.2)
Depreciation and amortization	93	119	111	18.3	(7.5)
Other operating expenses	461	595	508	10.1	(14.6)
Total Operating Expense	**1,662**	**2,040**	**1,836**	**10.4**	**(10.0)**
Pre-provisioning profit (PPoP)	**1,904**	**2,374**	**2,329**	**22.3**	**(1.9)**
Provisions and write offs	113	67	128	13.7	92.3
PBT	**1,791**	**2,308**	**2,201**	**22.9**	**(4.6)**
Tax expenses	399	491	488	22.4	(0.5)
PAT	**1,392**	**1,817**	**1,713**	**23.0**	**(5.7)**
EPS (INR)	**17.6**	**22.9**	**21.6**	**22.8**	**(5.8)**
Balance Sheet (INR mn)					
Share capital	792	793	793	0.2	0.0
Reserves & surplus	44,306	49,716	51,403	16.0	3.4
Shareholders' funds	**45,098**	**50,508**	**52,196**	**15.7**	**3.3**
Borrowings	**1,43,899**	**1,56,856**	**1,60,705**	**11.7**	**2.5**
Other Liabilities and provisions	3,730	4,761	4,950	32.7	4.0
Total Equity and Liabilities	**1,92,727**	**2,12,125**	**2,17,850**	**13.0**	**2.7**
Fixed assets	842	921	906	7.6	(1.7)
Loans	**1,62,273**	**1,83,727**	**1,87,339**	**15.4**	**2.0**
Liquid assets	17,943	18,433	20,643	15.0	12.0
Investments	6,409	2,708	2,539	(60.4)	(6.2)
Other Assets	5,261	6,335	6,422	22.1	1.4
Total Assets	**1,92,727**	**2,12,125**	**2,17,850**	**13.0**	**2.7**
AUM & Disbursements					
AUM (INR mn)	**2,07,397**	**2,34,517**	**2,39,306**	**15.4**	**2.0**
-Home Loans (INR mn)	1,39,910	1,52,456	1,53,821	9.9	0.9
-Other mortgage loans (INR mn)	67,487	82,062	85,485	26.7	4.2
Disbursements (INR mn)	**11,455**	**23,482**	**16,139**	**40.9**	**-31.3**
-Home Loans (INR mn)	6,503	12,891	8,973	38.0	-30.4
-Other mortgage loans (INR mn)	4,952	10,591	7,166	44.7	-32.3
Key Ratios (%)					
Yield (Reported)	13.1	12.8	12.7	-44 bps	-13 bps
Cost of Borrowings (Reported)	8.0	7.6	7.6	-38 bps	1 bps
Spreads (Reported)	5.1	5.2	5.1	-5 bps	-15 bps
NIMs (Reported)	7.5	8.5	7.7	21 bps	-76 bps
Op cost as % of avg assets (Cal)	**3.5**	**3.9**	**3.4**	**-10 bps**	**-52 bps**
Cost to income (%)	46.6	46.2	44.1	-254 bps	-214 bps
1+ DPD (%)	4.15	3.17	3.76	-39 bps	59 bps
Gross NPA Ratio (%)	**1.22**	**1.05**	**1.11**	**-11 bps**	**6 bps**
Net NPA Ratio(%)	0.84	0.68	0.71	-13 bps	3 bps
Provision coverage ratio (%)	31.5	35.9	36.8	527 bps	85 bps
Credit cost as a % of avg AUM [annualized]	**0.22**	**0.12**	**0.22**	**-1 bps**	**9 bps**
Reported RoA	**2.94**	**3.50**	**3.19**	**24 bps**	**-32 bps**
Reported RoE	**12.56**	**14.67**	**13.34**	**78 bps**	**-133 bps**

Source: Company data, I-Sec research

Q1FY27 earnings conference call takeaways

Guidance and future outlook

- **Committed for disbursement growth of 22-23% and 17-18% on AUM for next 9 months**
- **AUM growth guidance of 20% in medium term**
- **Spreads will likely fall below 5% due to competitive pressure**

Competition

- **Healthy competition across all geographies – there is pressure on spreads as highlighted by Mr. Manu Singh and can go to sub-~5%**
- Focus is on regaining HL market share and will likely focus on productivity of branch and employee; emphasis would be on direct sourcing and keeping adequate resources at branches to cater to HL
- Constantly observing the happenings of industry – like the rebound in tractor sales, expectation of shortfall of rainfall, tourism industry, and restaurant services to ascertain any potential impact from the geopolitical situation
- Despite anticipated spread compression, management is confident in maintaining their ROE and ROA outlook for the year by leveraging operating efficiencies, cost reduction measures, and improved income per transaction.

AUM and disbursements

- Monthly AUM addition improved by nearly 50% YoY during the quarter, enabling Aavas to achieve this growth in 3 months, which previously took them nearly 5 months
- Repayment rates were higher in Apr/Jun'26 in small ticket loans where interest rates are ~14%; repayment rates are normal in Jun'26
- **Jun'26 disbursement is upwards of INR 6,000mn**
- Looking to double the disbursements per employee in next 2 years
- 17% Volume growth in HL in Q1FY27 vs Q1FY26

Yields/margins/borrowings

- NIMs expanded 22bps to 7.7% supported by stable cost of borrowings coupled with risk-based pricing as highlighted in earlier call
- **PLR cut effective of ~10bps in Jun'26, which makes cumulative 25bps PLR cut of 25bps, since Mar'26; thereby, passing the benefit to the customer**
- **42% of borrowings linked to EBLR, 34% linked to 3-months MCLR, which enables faster repricing of ~76% of total borrowings – in-line with the interest rate environment**
- Disbursement yields and AUM yields are largely same post PLR cut
- HL vs. NHL yield differential is 150-200bps
- Aavas does not do any builder loan product

Asset quality

- **Credit cost at ~24bps this quarter, well within the guided range**
- Management highlighted that the recent RBI circular, specifically on repossession of assets of NPL, is under assessment and management is currently evaluating it

Opex

- Would continue to expand branches to further deepen and diversify its presence

Others

- **Cumulatively funded >700 green homes, establishing as a leader in green housing segment**

Q4FY26 earnings conference call takeaways

Long term strategy under new MD for Aavas

- **Long-term strategy is >20% loan growth with RoE settling at high-teens**
- Would continue to add branches in Maharashtra, TN and Gujarat, where Aavas finds a healthy balance of potential and risk
- Branch productivity can be managed by increasing the efficiency levels of gaps between login to sanction and sanction to disbursement
- Would continue to rebuild its muscle through direct sourcing, where they have direct control but indirect sourcing will also likely contribute
- **Management highlighted that increase in yield does not lead to increase in risk, so it is confident to move in the right direction using its knowledge of micro-market and will likely not go into riskier segments**
- Credit cost guidance would be maintained <25bps

AUM and disbursements

- Lifetime disbursements of >INR 400bn; would not reduce channel partners
- Disbursements volume should increase as branch productivity kicks in
- BT-out rate is under control, with Q4 at 6.6%; but on a full-year basis, it is <6% at 5.5-5.6%
- Repayments rate has gone up to due to prepayments/extra EMIs paid by customers
- It does not perceive larger HFCs significantly impacting their specific ticket sizes or zip codes

Yields/margins/borrowings

- Risk-adjusted pricing has already started, which could help improve disbursement yields that are down due to PLR cut
- NIMs expanded 44bps QoQ to 8.45%
- **Successfully secured commitment for INR 9.75bn from a marquee multilateral financial Institution at a competitive cost – one of the largest NCD placement in the company's history**
- Credit rating outlook was upgraded to positive by ICRA and CARE in Q4FY26
- Spreads declined 14bps QoQ to 5.2% as there was impact of 15bps reduction in PLR with effect from Mar'26.
- **40% borrowing linked to EBLR such as repo, T-bills while 33% is linked to 3M MCLR enabling faster repricing ~73% of total borrowings**

Asset quality

- **Credit costs improved to 13 bps for Q4FY26, driven by lower 1+ DPD flow and improvement across buckets. Management continues to maintain its guidance to keep credit costs <25 bps on a sustainable basis**
- During the quarter there was absolute reduction of 1+DPD, leading to 3.17% 1+ DPD as of Mar'26
- Apr'26 was better than Apr'25 in terms of bounce rate; it does not see any material impact due to the Middle East war
- Keeping track of profiles that may be affected due to this war situation

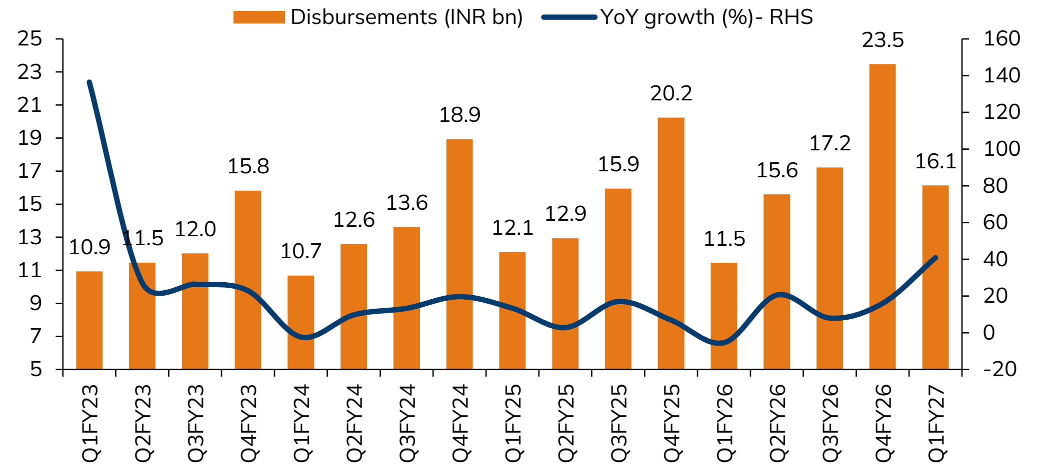
Opex

- Added 31 branches in Q4FY26 taking total branch count to 435
- **Higher opex in FY26 was due**
  - o Strong branch expansion entailed high manpower cost – these branches are expected to start giving results in FY27/FY28
  - o New ESOP long-term retention plan has given some extra cost in FY26
- Opex to assets to go below 3%, say in a 2-3 years horizon
- Majority of opex would be in branch expansion and network expansion as compared to tech or digital side
- No major new investments are anticipated for technology and digital platforms, beyond small annual investments for AI/GenAI.

Others

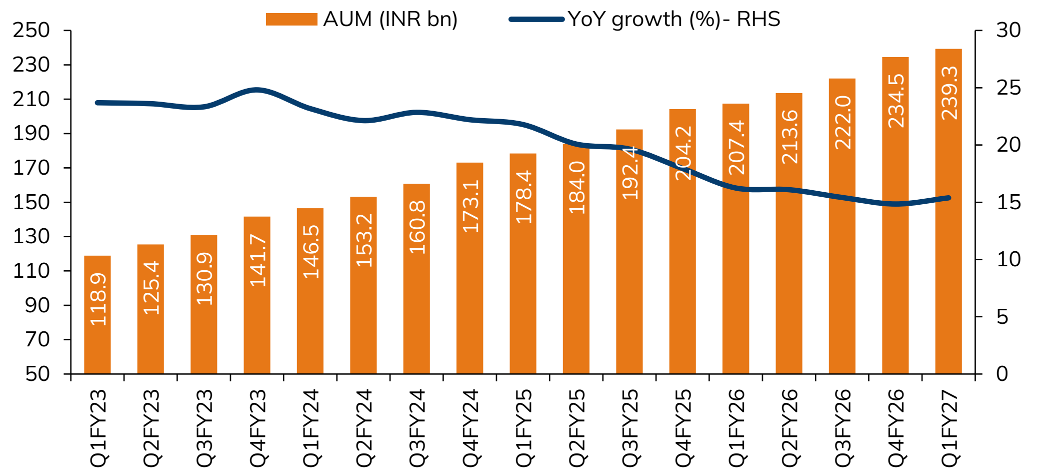
- In line with its commitment to promoting sustainable housing, Aavas has added >300 certified Green Homes during FY26, bringing the cumulative total >650

Exhibit 2: Disbursements grew strong at ~41% YoY



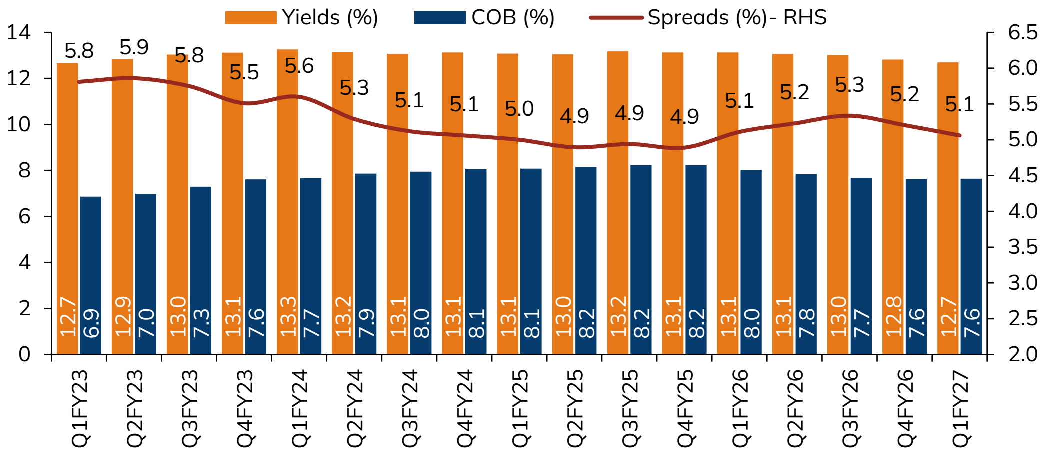
Source: Company data, I-Sec research

Exhibit 3: ...leading to AUM growth of ~15% YoY



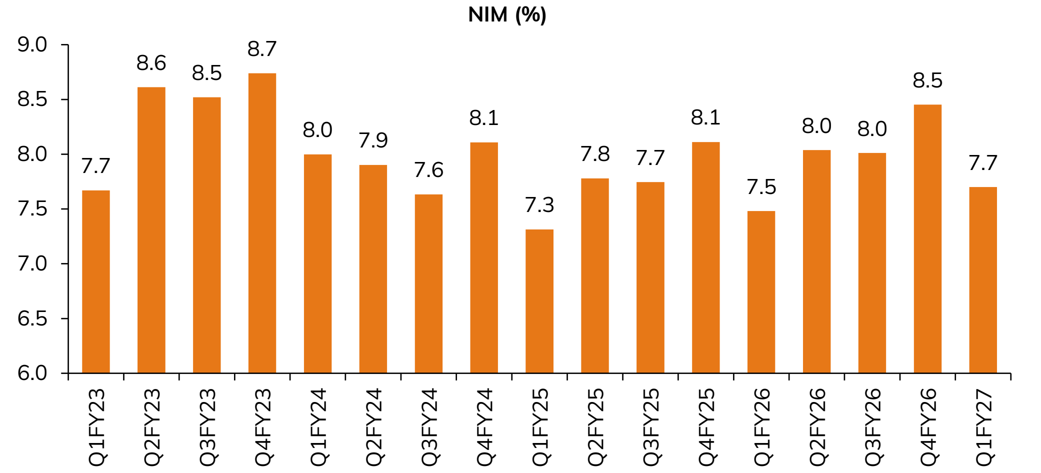
Source: Company data, I-Sec research

Exhibit 4: Spreads moderated QoQ as yields contracted due to PLR cut and cost of borrowings was stable



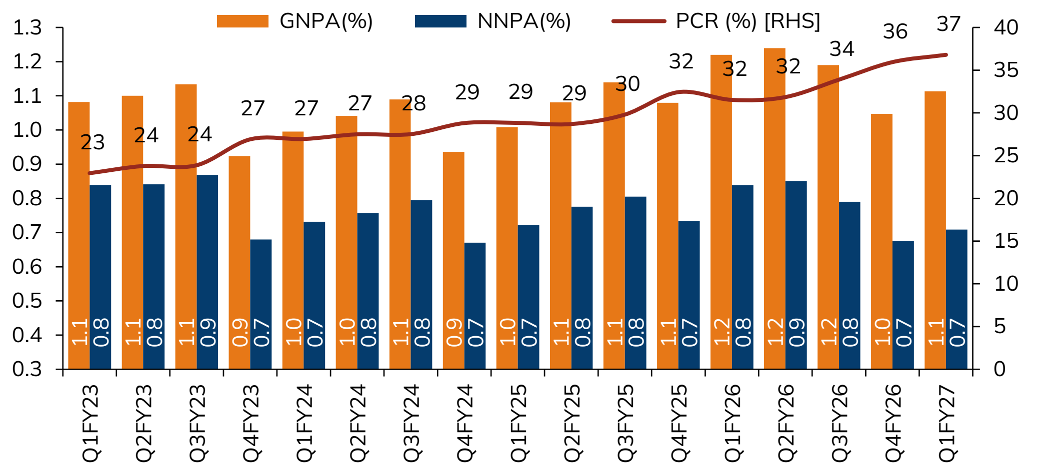
Source: Company data, I-Sec research

Exhibit 5: Sharp sequential moderation in NIMsf



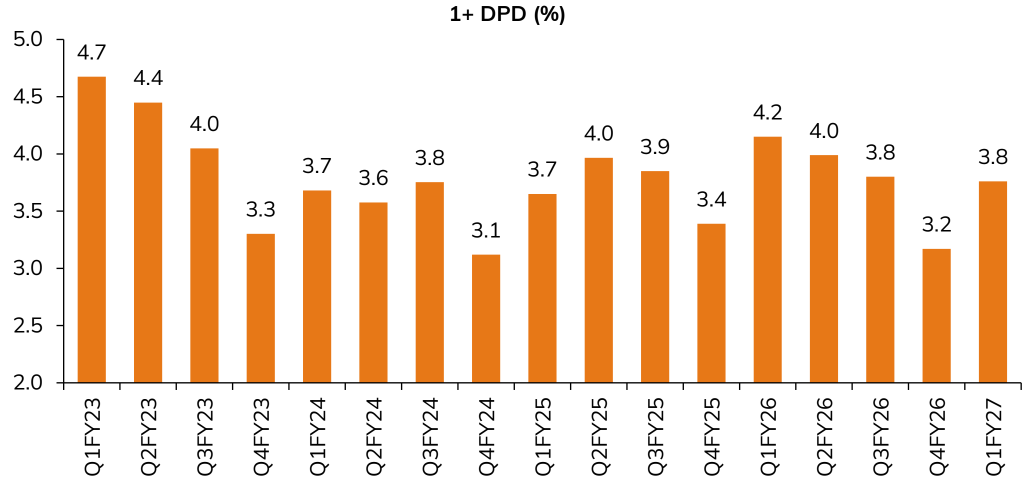
Source: Company data, I-Sec research

Exhibit 6: GNPA/NNPA improved 11bps/13bps YoY and stood at 1.1%/0.7%



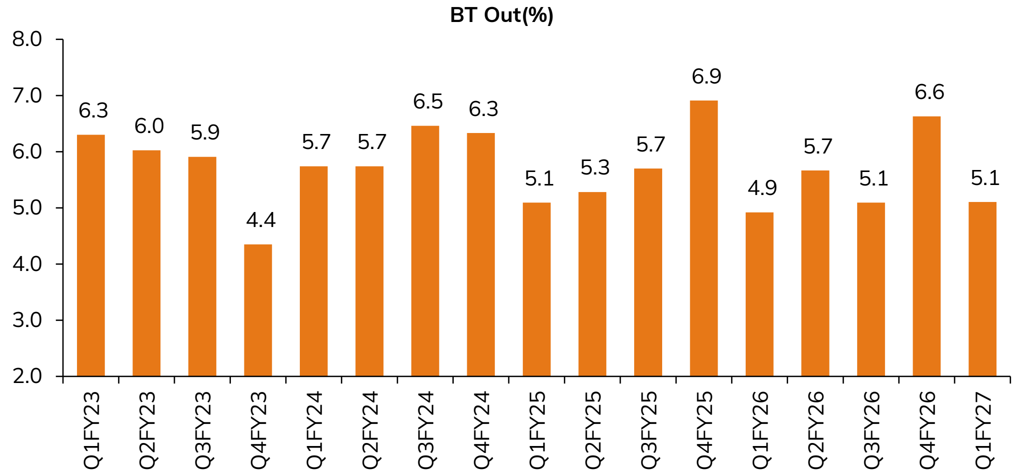
Source: Company data, I-Sec research

Exhibit 7: 1+ DPD inched up QoQ to 3.8%



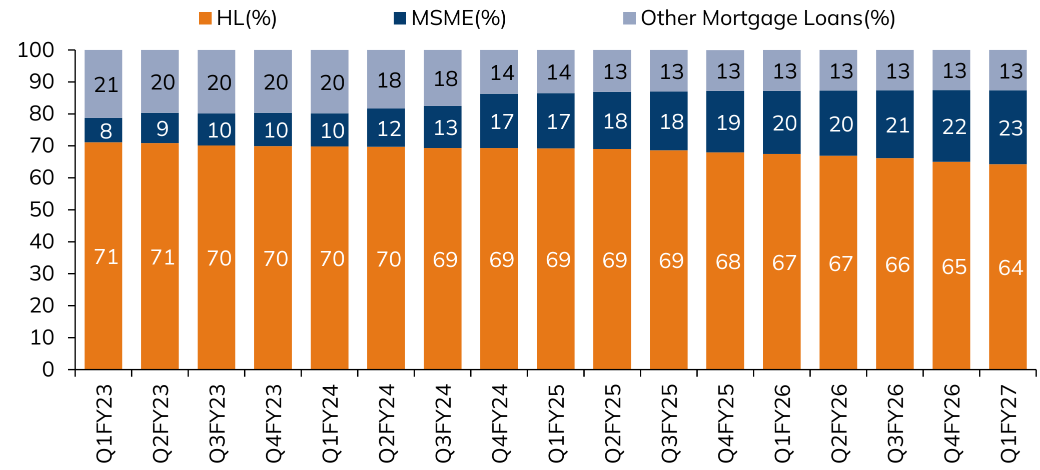
Source: Company data, I-Sec research

Exhibit 8: BT out eased in Q1 and in line with seasonality



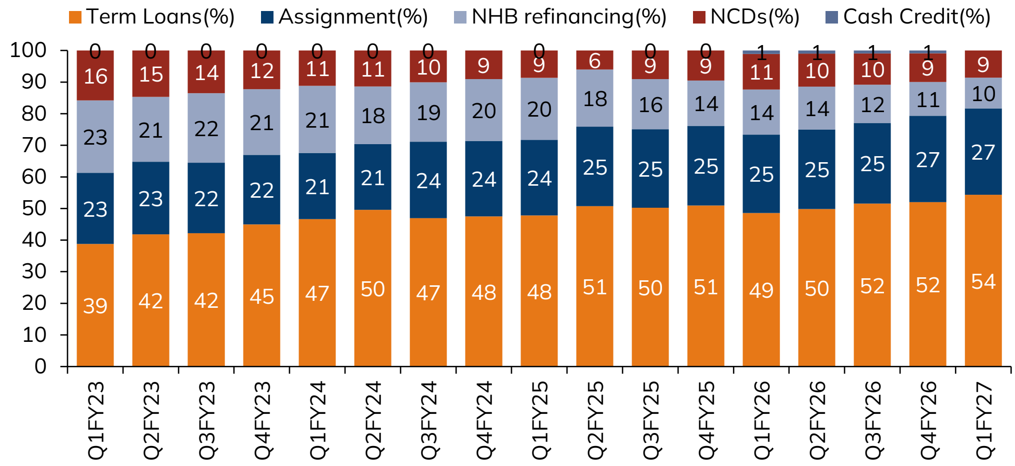
Source: Company data, I-Sec research

Exhibit 9: Non-HL book in overall mix increasing with MSME book now at >20%



Source: Company data, I-Sec research

Exhibit 10: Diversified borrowing mix with banks contributing >50%



Source: Company data, I-Sec research

Exhibit 11: Shareholding pattern

%	Dec'25	Mar'26	Jun'26
Promoters	49.0	48.9	48.9
Institutional investors	39.0	38.9	38.4
MFs and others	9.7	17.2	18.3
FIs/Banks	1.0	1.0	0.0
Insurance	3.6	3.9	3.8
FIIs	24.7	16.7	16.3
Others	12.0	12.2	12.7

Source: Bloomberg, I-Sec research

Exhibit 12: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 13: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Interest Income	20,177	22,798	26,378	31,245
Net gain on fair value changes	219	234	261	297
Interest Expenses	(10,075)	(10,948)	(12,737)	(15,164)
Net Interest Income (NII)	**10,102**	**11,849**	**13,641**	**16,081**
Total Income (net of interest expenses)	13,509	15,900	18,578	22,249
Employee benefit expenses	**(3,778)**	**(4,704)**	**(5,656)**	**(6,723)**
Depreciation and amortization	(365)	(431)	(501)	(601)
Other operating expenses	(1,770)	(2,024)	(2,213)	(2,327)
Total Operating Expense	(5,912)	(7,158)	(8,370)	(9,650)
Pre Provisioning Profits (PPoP)	7,597	8,742	10,208	12,599
Provisions and write offs	**(271)**	**(337)**	**(414)**	**(512)**
Profit before tax (PBT)	**7,326**	**8,404**	**9,794**	**12,087**
Total tax expenses	(1,585)	(1,856)	(2,126)	(2,636)
Profit after tax (PAT)	**5,741**	**6,549**	**7,668**	**9,451**

Source Company data, I-Sec research

Exhibit 14: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Share capital	792	793	793	793
Reserves & surplus	42,817	49,716	57,390	66,848
Shareholders’ funds	43,608	50,508	58,183	67,641
Borrowings	**139,185**	**156,856**	**182,795**	**221,587**
Provisions & Other Liabilities	2,544	3,660	4,026	4,429
Deferred tax liabilities (net)	756	1,004	1,104	1,215
Current Liabilities and short-term provisions	91	97	107	117
Total Liabilities and Stakeholder's Equity	**186,185**	**212,125**	**246,215**	**294,989**
Fixed assets	824	921	1,106	1,327
Loans	**162,297**	**183,727**	**216,684**	**260,501**
Investments	2,300	2,708	2,175	2,615
Other Assets	5,167	6,335	6,652	6,985
Total Assets	**186,185**	**212,125**	**246,215**	**294,989**

Source Company data, I-Sec research

Exhibit 15: Key Ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
AUM and Disbursements (INR mn)				
AUM	204,202	234,517	276,585	332,515
Disbursements	61,230	67,753	84,691	108,999
Repayments	30,154	37,438	42,623	53,069
Growth (%):				
Total AUM (%)	17.9	14.8	17.9	20.2
Disbursements (%)	9.7	10.7	25.0	28.7
Repayments (%)	**23.8**	**24.2**	**13.9**	**24.5**
Loan book (on balance sheet) (%)	15.9	13.2	17.9	20.2
Total Assets (%)	12.7	13.9	16.1	19.8
Net Interest Income (NII) (%)	11.5	17.3	15.1	17.9
Non-interest income (%)	19.3	18.9	21.9	24.9
Total Income (net of interest expenses) (%)	13.3	17.7	16.8	19.8
Operating Expenses (%)	8.9	21.1	16.9	15.3
Employee Cost (%)	6.1	24.5	20.2	18.9
Non-Employee Cost (%)	14.6	14.3	9.4	5.1
Pre provisioning operating profits (PPoP) (%)	17.1	15.1	16.8	23.4
Provisions (%)	10.8	24.3	22.8	23.7
PBT (%)	17.3	14.7	16.5	23.4
PAT (%)	17.0	14.1	17.1	23.3
EPS (%)	17.0	14.3	17.1	23.3
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	6.7	6.8	6.8	6.7
NIM on IEA (%)	4.9	5.0	5.0	4.9
NIM on AUM (%)	5.4	5.4	5.3	5.3
Yield on loan assets (%)	**13.3**	**13.2**	**13.2**	**13.1**
Yield on IEA (%)	9.8	9.6	9.6	9.6
Yield on AUM (%)	10.7	10.4	10.3	10.3
Cost of borrowings (%)	7.7	7.4	7.5	7.5
Interest Spreads (%)	5.7	5.8	5.7	5.6
Operating efficiencies				
Non interest income as % of total income	0.4	0.4	0.4	0.4
Cost to income ratio	43.8	45.0	45.1	43.4
Op.costs/avg assets (%)	3.4	3.6	3.7	3.6
Op.costs/avg AUM (%)	**3.1**	**3.3**	**3.3**	**3.2**
No of employees (estimate) (mn))	7,223	7,649	8,909	9,659
No of branches (x)	397	435	475	515
Salaries as % of non-interest costs (%)	63.9	65.7	67.6	69.7
NII /employee (INR mn)	1.4	1.5	1.5	1.7
AUM/employee(INR mn)	28.3	30.7	31.0	34.4
AUM/ branch (INR mn)	514.4	539.1	582.3	645.7
Capital Structure				
Average gearing ratio (x)	3.2	3.1	3.1	3.3
Leverage (x)	4.3	4.2	4.2	4.4
CAR (%)	41.7	42.4	41.4	40.1
Tier 1 CAR (%)	**41.6**	**42.3**	**41.3**	**39.9**
Tier 2 CAR (%)	0.1	0.1	0.1	0.1
RWA (estimate) - INR mn	104,785	119,423	140,844	169,326
Loan assets	87	87	88	88
RWA as a % of loan assets	64.6	65.0	65.0	65.0

Source Company data, I-Sec research

	FY25A	FY26A	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	1.1	1.0	1.0	1.0
NNPA (%)	0.7	0.7	0.7	0.6
GNPA (INR mn)	1,763	1,938	2,226	2,624
NNPA (INR mn)	1,191	1,241	1,425	1,679
Coverage ratio (%)	32.0	35.5	35.6	35.6
Credit Costs as a % of avg AUM (bps)	14	15	16	17
Credit Costs as a % of avg on book loans (bps)	18	19	21	21
Return ratios				
RoAA (%)	3.3	3.3	3.3	3.5
RoAE (%)	14.1	13.9	14.1	15.0
ROAAUM (%)	3.0	3.0	3.0	3.1
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	79	79	79	79
No of shares (fully diluted)	79	79	79	79
ESOP Outstanding	-	-	-	-
EPS (INR)	72.2	82.6	96.7	119.2
EPS fully diluted (INR)	72.2	82.6	96.7	119.2
Price to Earnings (x)	21.1	18.4	15.7	12.8
Price to Earnings (fully diluted) (x)	21.1	18.4	15.7	12.8
Book Value (fully diluted)	551	637	734	853
Adjusted book value	536	621	716	832
Price to Book	2.8	2.4	2.1	1.8
Price to Adjusted Book	2.8	2.4	2.1	1.8
DPS (Rs)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 16: Key Metrics

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
DuPont Analysis				
Average Assets (INR mn)	175,690	199,155	229,170	270,602
Average Loans (INR mn)	151,170	173,012	200,205	238,593
Average Equity (INR mn)	40,671	47,058	54,346	62,912
Interest earned (%)	11.5	11.4	11.5	11.5
Net gain on fair value changes (%)	12.4	11.7	11.4	11.0
Interest expended (%)	5.7	5.5	5.6	5.6
Gross Interest Spread (%)	**5.7**	**5.9**	**6.0**	**5.9**
Credit cost (%)	0.2	0.2	0.2	0.2
Net Interest Spread (%)	**5.6**	**5.8**	**5.8**	**5.8**
Operating cost (%)	3.4	3.6	3.7	3.6
Lending spread (%)	**2.2**	**2.2**	**2.1**	**2.2**
Non interest income (%)	1.8	1.9	2.0	2.2
Operating Spread (%)	**4.0**	**4.1**	**4.2**	**4.4**
Tax rate (%)	21.6	22.1	21.7	21.8
ROAA (%)	**3.3**	**3.3**	**3.3**	**3.5**
Effective leverage (AA/ AE)	4.3	4.2	4.2	4.3
RoAE (%)	**14.1**	**13.9**	**14.1**	**15.0**

Source Company data, I-Sec research

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