BUY (Maintain)

CMP: **INR 1,089** Target Price: **INR 1,500 (INR 1,750)** ▲ 38%

ICICI Securities Limited is the author and distributor of this report

23 October 2026

India | Equity Research | Results update

CreditAccess Grameen

Financial Services

Strong H1FY27 drives guidance upgrades; Retail Finance share increased to 23%

CreditAccess Grameen (CREDAG) delivered a robust Q2FY27 financial performance, characterised by strong profitability with RoE/RoA at 23%/5.8%, alongside resilient asset quality (GNPL moderating to 1.79% vs. 2.18% QoQ) despite macroeconomic headwinds. CREDAG continued to scale the retail finance book, which now accounts for 23% of its overall AUM. Taking cognizance of a strong H1FY27, management upgraded its FY27 RoA/RoE guidance to 5.2-5.8%/21-24%, from 4–4.8%/16–20%. It maintains AUM growth guidance at 20–25%. Further, out of prudence, it created a provision buffer of INR 880mn (~30bps of AUM) during Q2FY27 to mitigate potential risks arising from drought-declared areas. Maintain **BUY** with a revised TP of INR 1,500 (vs. INR 1,750), as we lower our multiple to 2.25x (2.75x earlier) on Sep'27E BVPS, to factor in near-term asset quality and rate cycle risk.

AUM mix transition towards retail finance continued; strong core operating performance in H1 drives guidance upgrade

Building on its strong foundation, evident in decadal cross-cycle growth of 29%, RoA 3.4% and RoE 13.9%, CREDAG has strategically focused on reinvesting its core MFI business earnings to build the company's non-MFI business — aligning with project Shakti — without compromising company-level profitability. By leveraging its decade-long expertise in the informal segment's assessment and a deep distribution network, covering 84% of its operating districts, CREDAG appears poised to capture a major share of the INR 70trn micro-retail credit segment, targeting 235mn mid-to-low-income households by FY30. In tandem, with this strategy, retail finance grew 1.5x over the past year, expanding its share of overall AUM to 23% by Q2FY27, from 11% in Q2FY26. Within retail finance, the secured loan share now stands at 10% of total RF portfolio. While core microfinance (group loans) growth remained subdued, it expects full-FY27 MFI growth to remain at 10–12% YoY. Management highlighted that CREDAG remains fundamentally strong and well positioned for growth, projecting 20–25% AUM expansion in FY27, anchored by a robust retail finance growth at >30% YoY. It noted that banks/SFBs are losing market share to NBFC-MFIs, a trend likely to help CREDAG consistently outpace broader industry growth. Driven by sustained growth momentum and a strong H1FY27 performance, CREDAG upgraded its FY27 guidance for RoA to 5.2–5.8% (up from 4–4.8%) and RoE to 21–24% (up from 16–20%), even after accounting for potential operational risk arising from drought conditions in MH, KTK, MP and 50bps repo rate hike.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Interest Income (NII)	35,992	38,636	48,798	59,700
PAT (Rs mn)	5,314	7,776	19,952	22,905
EPS (Rs)	33.3	48.7	124.8	143.3
% Chg YoY	(63.3)	46.1	156.4	14.8
P/E (x)	32.7	22.4	8.7	7.6
P/BV (x)	2.5	2.3	1.8	1.5
Gross Stage - 3 (%)	4.8	3.2	3.1	3.0
RoAA (%)	1.9	2.6	5.6	5.2
RoAE (%)	7.9	10.8	23.6	21.6

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Market Data

Market Cap (INR)	175bn
Market Cap (USD)	1,844mn
Bloomberg Code	CREDAG IN
Reuters Code	CRDE BO
52-week Range (INR)	1,634 /1,061
Free Float (%)	34.0
ADTV-3M (mn) (USD)	4.9

Price Performance (%)	3m	6m	12m
Absolute	(26.9)	(13.7)	(16.0)
Relative to Sensex	(22.3)	(7.0)	(2.8)

ESG Score	2024	2025	Change
ESG score	75.2	72.9	(2.3)
Environment	50.4	54.3	3.9
Social	78.5	72.2	(6.3)
Governance	81.5	80.2	(1.3)

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

04-10-2026: NBFCs Q2FY27 preview

25-07-2026: Q1FY27 results review

Q2FY27 performance: Margin expansion drives record PAT; risk-adjusted NIM at its highest level

CREDAG reported its highest-ever quarterly PAT of INR 5bn, up 2% QoQ and ~4x YoY. NII grew 10% QoQ/ 31% YoY to INR 12.8bn, helped by INR 0.3bn of direct assignment income (nil in Q1FY27). Yield rose 50bps QoQ to 22.3%, as lower delinquencies cut interest reversals on Stage-3 loans to INR 378mn, from INR 769mn YoY. Cost of borrowing eased 10bps QoQ to 9.1%. As a result, spreads widened 60bps QoQ to 13.2% and NIM 70bps QoQ to 15.1% (13.3% in Q2FY26). Opex grew 5% QoQ/14% YoY to INR 3.8bn, slower than income, and cost-to-income improved to 28.2% vs. 29.3% QoQ/32.5% YoY. PPoP, therefore, grew 11% QoQ/40% YoY to INR 9.7bn.

Provisions rose 41% QoQ (down 43% YoY) to INR 3bn, resulting in credit cost (calculated on average AUM) of 3.9% vs. 2.8% QoQ/8.1% YoY. Even so, management highlighted that risk-adjusted NIM (NIM less credit cost) is at its highest level. It has started passing on part of these gains to customers, with a pricing cut of ~50bps from Oct'26 across all products, other than mortgage and 2W. Management remains confident of meeting its revised profitability guidance despite the pricing cut. Overall, RoA came in at 5.8%, down 10bps QoQ but up 400bps YoY, and RoE at 23.2%, down 120bps QoQ but up ~1,610bps YoY.

Asset quality: Back to pre-crisis levels; FY27 credit cost guidance of 3–4% maintained

Asset quality improved to its best level in 10 quarters. GNPA fell to 1.79%, from 2.18% QoQ (3.65% YoY) and NNPA to 0.59%, from 0.76% QoQ, with Stage-3 PCR rising to 67.5%. PAR 90+ fell to 1.11% from 1.5% QoQ, while PAR 0+ improved marginally to 2.1% from 2.2%. Collection efficiency recovered to ~98%, and X-bucket CE was 99.71% in Sep'26. However, monthly PAR 15+ accretion rose to 0.26% in Sep'26, from 0.16% in Jun'26, though it remains well below 0.47% a year ago. Management attributed the rise to excess rainfall and flooding in Bihar, UP, Chhattisgarh and MP, and to lower wage income and migration in states with a deficient monsoon. Total ECL now stands at 3.31%, including a 45bps (INR 1.37bn) macro-prudential buffer.

Write-offs fell to INR 2.5bn, from INR 3.6bn QoQ, mostly in group loans, and should normalise hereon. On the drought, management said that in October some borrowers in central Maharashtra sought extra time to repay, including restructuring. As a result, the company would not acquire new customers in that region and serve only existing ones. Management expects Q3FY27 credit cost to be higher than Q2 but largely retains its FY27 credit cost guidance of 3–4%, which it says should comfortably absorb drought-related volatility.

Profitability guidance raised; AUM growth guidance maintained at 20–25%

AUM grew 2.1% QoQ/19.5% YoY to INR 309.5bn, and disbursements grew 4.1% QoQ/ 19.4% YoY to INR 63.6bn. CREDAG added 0.23mn new borrowers in Q2 (35% new to credit), taking H1FY27 additions to 0.49mn, while active borrowers rose 1% QoQ to 4.5mn. Borrower retention improved to 88% in H1FY27, from 85% in FY26, helped by the broader product suite. The company opened 60 branches in Q2, taking the network to 2,326.

FY27 AUM growth guidance of 20–25% was retained, comprising 10–12% MFI growth and over 30% retail finance growth. With AUM up only ~4.6% in H1FY27, meeting this guidance requires growth of ~15–20% in H2FY27. On profitability, management raised guidance across the board: NIM to 14.4–14.7%, from 12.8–13.2%, cost-to-income to 29–30%, from 33–35%, RoA to 5.2–5.8%, from 4–4.8% and RoE to 21–24%, from 16–

20%. H1FY27 is already at or near the upper end of these ranges (NIM 14.7%, cost-to-income 28.7%, RoA 5.9%, RoE 23.8%). This implies some moderation in H2 as the pricing cut and higher credit cost play out. Management also estimates a 25–30bps hit to RoA, if the draft regulation on insurance commission is implemented as proposed.

Strategic shift: Retail finance scaling up fast

CREDAG has set out a clear strategic shift from a pure microfinance lender to a rural-focused, inclusive financing platform. Retail finance rose to 23.3% of AUM vs. 20.6% QoQ and ~11% YoY, already close to the FY27 target of 24-25%. Most of the INR 72bn retail finance book is individual business loans: Unnati at INR 30.3bn and Unnati Lite at INR 34.7bn. The secured book grew 61% YoY to INR 7.0bn, and the 2W book has scaled to INR 0.6bn, from INR 0.2bn in Q1FY27.

Management expects 6–8% of CREDAG's customers to graduate to individual loans each year. These customers have a longer vintage with the company and stronger credit scores, which supports both retention and asset quality. With retail finance guided to grow at over 30%, we expect its share to rise further, beyond the FY27 target. Separately, promoters are in active discussions at the holding company level to bring in a strategic investor for the group, with progress expected over the next couple of quarters. Overall, management is confident to scale retail finance at faster pace than the MFI book leading to AUM growth of 20-25% in FY27.

Key risks: 1) Higher-than-anticipated credit costs; and 2) lower-than-expected AUM growth.

Exhibit 1: Q2FY27 result review

Profit and loss (INR mn)	Q2FY27	Q2FY26	% YoY	Q1FY27	% QoQ
Interest income	19,037	15,084	26%	17,835	7%
Interest expenses	5,530	4,795	15%	5,501	1%
Net interest income	**13,507**	**10,288**	**31%**	**12,334**	**10%**
Non-interest income	11	7	58%	9	15%
Total net income	**13,518**	**10,295**	**31%**	**12,344**	**10%**
Employee expense	2,545	2,193	16%	2,420	5%
Other operating expenses	1,271	1,154	10%	1,192	7%
Total operating expenses	**3,816**	**3,347**	**14%**	**3,613**	**6%**
Pre provisioning profits	**9,702**	**6,948**	**40%**	**8,731**	**11%**
Provisions & Write offs	2,992	5,257	-43%	2,125	41%
Profit/Loss before Tax	**6,710**	**1,692**	**297%**	**6,606**	**2%**
Tax Expense	1,694	434	291%	1,666	2%
Profit/Loss after Tax	**5,016**	**1,258**	**299%**	**4,940**	**2%**
Other key parameters (INR mn)					
Disbursements for the period	63,550	53,220	19%	61,070	4%
Gross loan portfolio O/S	3,09,460	2,59,040	19%	3,03,190	2%
Borrowings	2,51,284	2,01,032	25%	2,51,525	0%
Cash & Other liquid balances	15,760	9,375	68%	13,594	16%
Key metrics					
Active borrowers ('000)	4,498	4,440	1%	4,451	1%
Average ticket size (INR)	52,792	51,881	2%	54,058	-2%
Branches (nos)	2,326	2,209	5%	2,276	2%
GNPA %	1.79%	3.65%	-186 bps	2.18%	-39 bps
NNPA %	0.59%	1.26%	-67 bps	0.76%	-17 bps
Key ratios					
Portfolio Yield	22.30%	20.70%	160 bps	21.80%	50 bps
Finance Cost	9.10%	9.60%	-50 bps	9.20%	-10 bps
NIM	**15.10%**	**13.30%**	**180 bps**	**14.40%**	**70 bps**
Operating Cost	5.00%	5.20%	-20 bps	4.80%	20 bps
Credit Cost	3.91%	8.09%	-419 bps	2.84%	107 bps
RoA	**5.80%**	**1.80%**	**400 bps**	**5.90%**	**-10 bps**

Source: Company data, I-Sec research

Q2FY27 conference call takeaways

FY27 guidance – revised upwards, based on strong H1FY27 performance

- **Revised upwards for NIMs, RoA and RoE**
  - NIMs of 14.4-14.7% vs 12.8-13.2% before
  - Cost to Income ratio of 29-30% vs 33-35% before
  - RoA of 5.2-5.8% vs 4-4.8% before
  - RoE of 21-24% vs 16-20% before
- **Guidance maintained for**
  - AUM growth of 20-25%
    - MFI should be 10-12%
    - Retail Finance >30%
  - **Credit cost of 3-4%: Should comfortably cover any volatility for drought related conditions in some operating geographies**
- **Why an upgraded guidance**
  - Improved operating profitability driven by healthy asset quality, strong COB control and higher capital position
  - Operating cost under control despite inflationary trends
  - Credit cost guidance of 3-4% retained considering evolving macroeconomic environment
  - Superior operating profitability translating into higher return ratios, despite retaining the credit cost guidance
- **The promoters (at holdco level) are in active discussion for a strategic investor of the whole group. Should see some progress in the next couple of quarters**

Growth/AUM/Disbursements

- Strong traction seen in 2W loan book crossing INR 600mn vs INR 200mn QoQ
- Retail finance share at 23.3%, as of Sep'26
- Individual business loans are doing well – high vintage customers with better credit profile as well as credit score
- **Banks/SFBs have pulled out from MFI and NBFC-MFIs have improved the market share**
- **~10-12% of the overall customers have gold loan exposure – not seeing any upswing or low swing at this point of time**
- **~35% Of new borrowers added were NTC (New to credit)**
- Currently, it does not have guarantee scheme for microfinance – typical annual premium is ~1.3-1.5%. It covers ~75% of the losses claimed for
- Individual lending is a key component of the retail finance strategy. Management expects ~ 6-8% of the overall customer base to graduate annually into individual lending products, combining secured and unsecured lending
- Borrower retention improved to 88% in H1FY27, from 85% in FY26, reflecting the benefits of the broader product suite and customer graduation strategy

Margins

- **Risk-adjusted NIM (reported NIM – credit cost) at highest levels, whilst pricing being competitive across all product segments. Pricing benefit of ~50bps given to customers from Oct'26 across all products, except for mortgage and 2W**
- Have enough flexibility on managing NIMs in this evolving interest rate environment
- **Borrowings**
  - Fixed rate borrowings are 30%; MCLR-linked is 45% and rest is repo linked; MCLR-linked borrowings would come with lag
  - Marginal cost of borrowings should be higher in Q3 vs Q2; cost of borrowings should be largely be range bound

Asset quality

- Collection efficiency (CE) is back to 98% levels in Q2, with digital collections at 26.3%
- X-Bucket CE was at 99.71% in Sep'26
- **PAR**
  - **Temporary PAR increase in Aug-26/Sep-26 was due to excess rainfall/ heavy flooding across certain regions in Bihar, Uttar Pradesh, Chhattisgarh, and Madhya Pradesh**
  - **Minor increase in monthly PAR accretion rate due to lower wage income and customer migration on account of deficient monsoons across certain states**
  - KTK and TN have not seen any spike as yet in Oct'26
- Total ECL of 3.31% includes 0.45% macro prudential buffer
- Q3FY27 credit cost should be higher than Q2FY27 credit cost
- **Q2FY27 credit cost on non-annualised basis was 0.99%, with 0.77% due to new PAR and 0.22% due to increase in ECL provisioning**
- Most of the write-off in H1FY27 came from group loans; group loans should be at guided levels as write-offs are normalising
- **Asset quality is back to pre-crisis levels, its best since last 10 quarters**
- **Drought related regions**
  - **Seeing a few signs of drought related challenges in Oct'26 around certain pockets of Maharashtra (mostly central part of the region), wherein borrowers are requesting for additional time for repayment including restructuring options**
  - Not seeing on ground impact on other geographies
  - Historically, it has not seen such as drought; hence, no significant impact has been observed. It would wait for November and December
  - **It would not focus on acquisition of new customers in the central part of Maharashtra, where drought situation prevails. It would focus on existing customers only**

Performance

- Highest quarterly profit of INR 5bn; growing 5x over past 5 years

Miscellaneous

- **Insurance regulation impact:** Impact on RoA should be 25-30bps due to insurance commission draft regulation

Q1FY27 conference call takeaways

FY27 guidance (unchanged)

- 20-25% AUM growth
- 12.8-13.2% NIM
- 33-35% cost to income
- 3-4% credit cost
- 4-4.8% RoA
- 16-20% RoE

Disbursements and AUM

- **It reiterates guidance of INR 500bn AUM by CY28**
- **Added 250k new borrowers during the quarter of which 35% were new to credit**
- **It expects to add 100k new borrowers monthly going ahead**
- It would need INR 10bn AUM to break-even in housing book
- As the company graduates customers to individual or mortgage loans, it has seen its ability to manage customers improve

Margins

- **It might look to pass the pricing benefit to customers in Q2. This decision will purely depend on how credit cost trend is shaping up and it will not impact RoA/RoE**
- **It is looking at 50bps price cut in Q2, if asset quality holds at current levels**
- **A large part of margin expansion is due to yield expansion on account of lower interest reversals**
- **Expect yields to settle at current levels, unless there is any benefit passed on to the customer in the future**
- **Lending rates in retail finance product are largely similar to MFI**
- **It has adequate liquidity, and hence, it is well-positioned to navigate any external volatility**
- Completed private NCD issuance of INR 4.25bn during Q1
- Liability profile remains healthy

Asset quality

- **It might look to wait for one more quarter before it looks to revise its credit cost guidance**
- **From Q2FY27, it should have a normalised write-off**
- NPA levels are coming down, and hence, write-off related credit cost will also come down
- Annualised credit cost at 280-290bps for Q1
- TTM 12M credit cost at 4.8%
- Stage-1 PCR of 1.63% as of now looks adequate, if there is no material uncertain event

- **Stage-1 PCR is highest in the industry, and hence, it has a significant overlay**
- PAR 30 in Unnati book has not crossed 3% thus far
- MFI portfolio is in much better shape

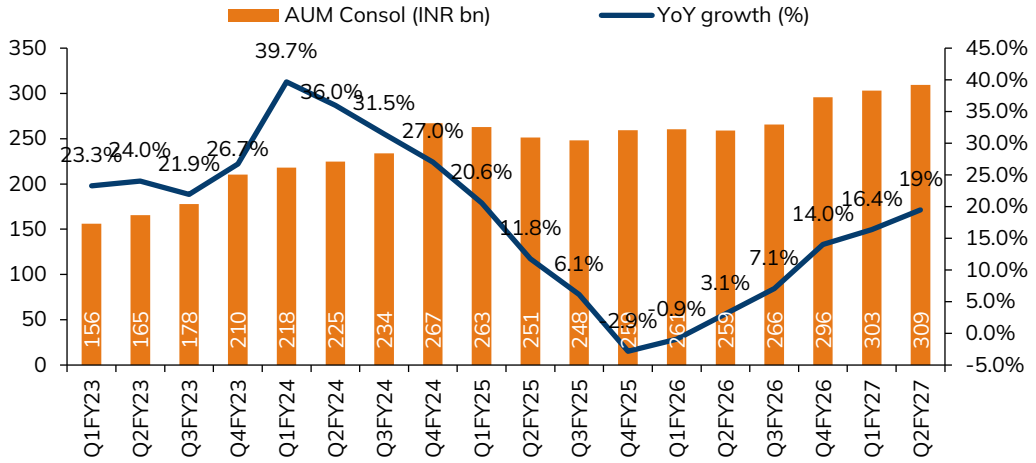
Q1FY27 performance

- One of the soundest Q1 in the history of CREDAG
- Robust portfolio growth, normalised asset quality and improved profitability were the highlights of Q1FY27
- The company should see strong profitability in FY27
- Trailing 12M RoA at 4%

Miscellaneous

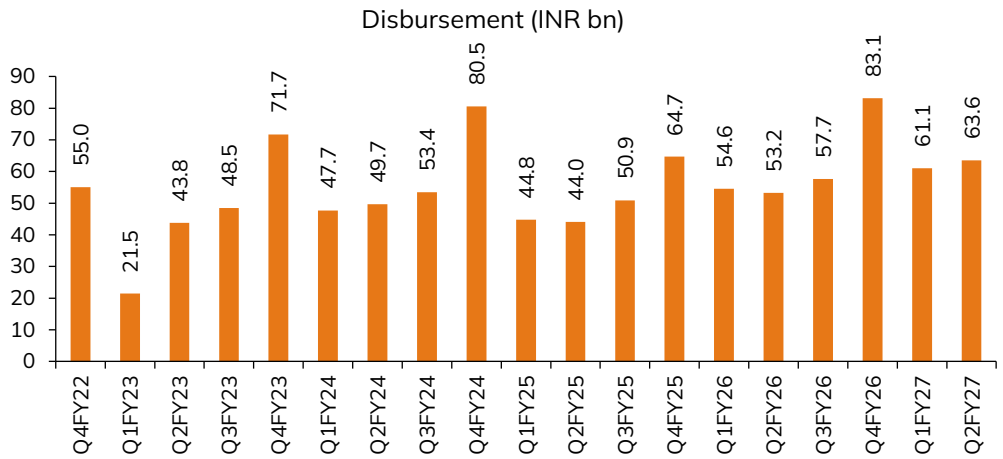
- **During stress periods, CREDAG tries to ensure that employee incentives are protected at a certain level**

Exhibit 2: AUM saw strong growth momentum of ~19% YoY - highest in last 9 quarters



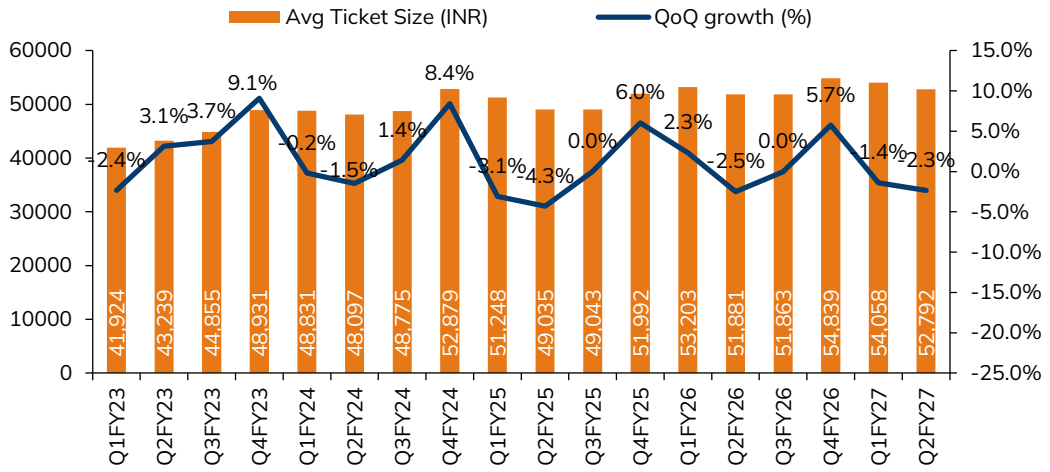
Source: Company data, I-Sec research

Exhibit 3: Strong momentum in disbursements continue



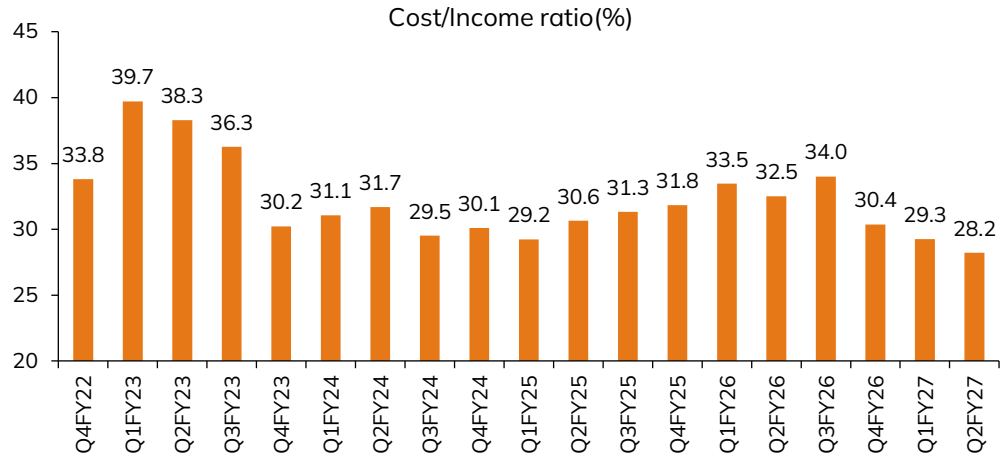
Source: Company data, I-Sec research

Exhibit 4: Calculated average ticket size at ~50k levels



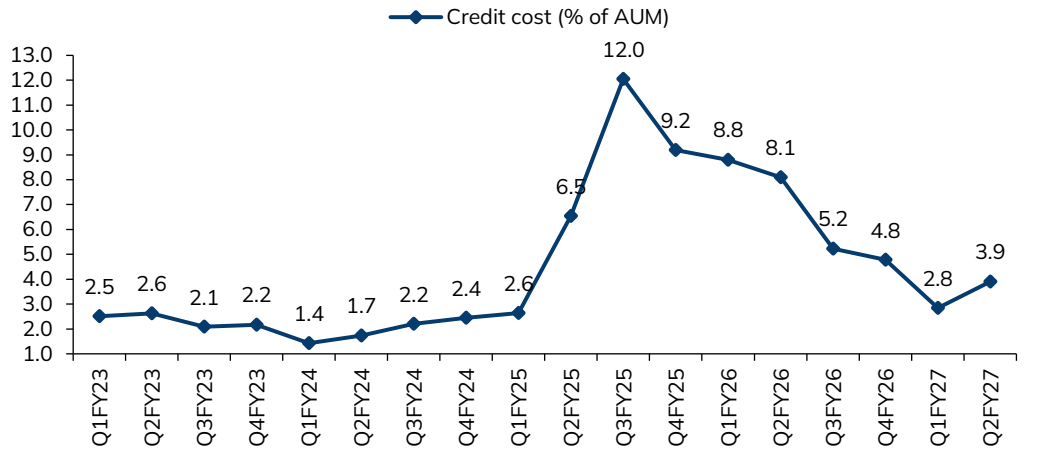
Source: Company data, I-Sec research

Exhibit 5: Cost to income moderated to ~28%



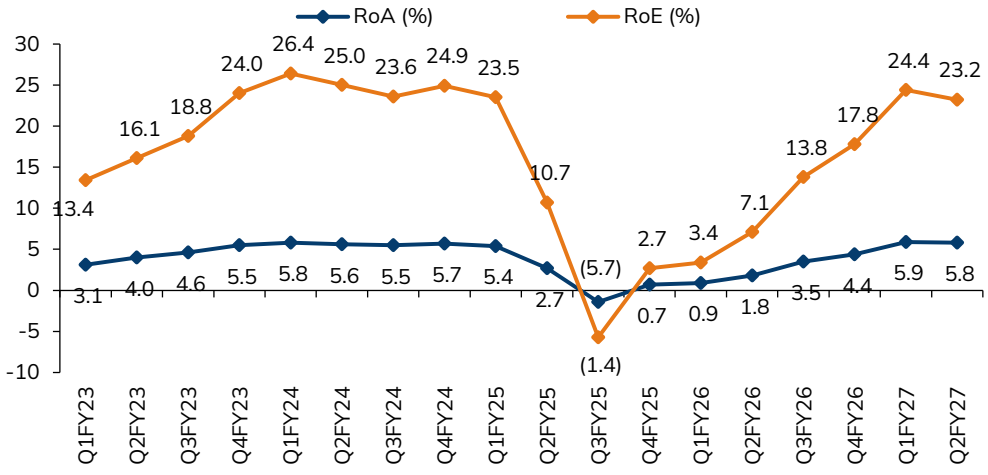
Source: Company data, I-Sec research

Exhibit 6: Calculated credit cost within the guided range



Source: Company data, I-Sec research

Exhibit 7: Consistent improvement in RoA/RoE metrics



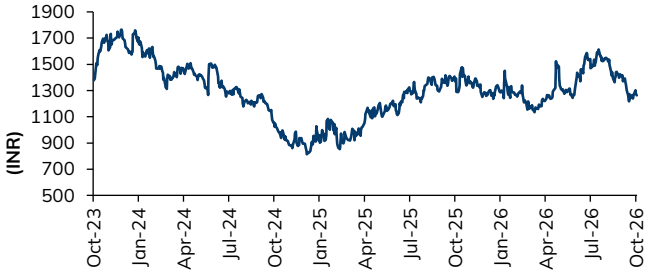
Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	66.2	66.2	63.8
Institutional investors	25.5	26.2	28.5
MFs and others	11.1	11.1	12.3
FIs/Banks	0.0	0.0	0.0
Insurance	1.5	1.6	1.5
FIIs	12.9	13.5	14.7
Others	8.2	7.6	7.7

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Interest Income	55,468	57,626	71,902	88,225
Interest Expenses	(19,476)	(18,991)	(23,104)	(28,525)
Net Interest Income (NII)	35,992	38,636	48,798	59,700
Other Income	**2,094**	**2,999**	**3,812**	**4,724**
Total Income (net of interest expenses)	38,086	41,635	52,609	64,424
Employee benefit expenses	**(7,304)**	**(8,791)**	**(10,813)**	**(13,192)**
Depreciation and amortization	(622)	(631)	(785)	(974)
Other operating expenses	(3,776)	(4,127)	(5,146)	(6,395)
Total Operating Expense	(11,702)	(13,549)	(16,743)	(20,560)
Pre Provisioning Profits (PPoP)	26,384	28,086	35,866	43,863
Provisions and write offs	**(19,295)**	**(17,754)**	**(9,202)**	**(13,254)**
Profit before tax (PBT)	**7,089**	**10,332**	**26,664**	**30,610**
Total tax expenses	(1,775)	(2,556)	(6,711)	(7,704)
Profit after tax (PAT)	**5,314**	**7,776**	**19,952**	**22,905**

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Share capital	1,597	1,599	1,599	1,599
Reserves & surplus	67,963	72,796	92,749	1,15,654
Shareholders' funds	**69,560**	**74,395**	**94,347**	**1,17,253**
Borrowings	2,05,538	2,39,791	2,91,339	3,56,952
Provisions & Other Liabilities	2,927	5,116	5,873	7,221
Total Liabilities and Stakeholder's Equity	2,78,025	3,19,302	3,91,560	4,81,426
Cash and balance with RBI	14,430	13,270	17,300	21,480
Fixed assets	**436**	**437**	**459**	**482**
Loans	2,42,745	2,79,227	3,46,005	4,29,597
Deferred tax assets (net)	3,553	3,279	3,553	4,411
Other Assets	**16,862**	**23,089**	**24,244**	**25,456**
Total Assets	2,78,025	3,19,302	3,91,560	4,81,426

Source Company data, I-Sec research

Exhibit 12: Key Ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
AUM and Disbursements (Rs mn)				
AUM	2,59,480	2,95,900	3,68,090	4,57,018
On-book Loans	2,42,745	2,79,227	3,46,005	4,29,597
Off-book Loans	16,736	16,673	22,085	27,421
Disbursements	2,00,370	2,48,590	2,99,544	3,61,027
Repayments	2,16,380	2,50,360	2,46,121	2,97,434
Growth (%):				
Total AUM (%)	**(2.9)**	**14.0**	**24.4**	**24.2**
Disbursements (%)	(13.4)	24.1	20.5	20.5
Repayments (%)	20.3	15.7	(1.7)	20.8
Loan book (on balance sheet) (%)	(3.3)	15.0	23.9	24.2
Total Assets (%)	(3.6)	14.8	22.6	23.0
Net Interest Income (NII) (%)	13.6	7.3	26.3	22.3
Non-interest income (%)	(23.2)	43.2	27.1	23.9
Total Income (net of interest expenses) (%)	10.7	9.3	26.4	22.5
Operating Expenses (%)	11.5	15.8	23.6	22.8
Employee Cost (%)	9.1	20.4	23.0	22.0
Non-Employee Cost (%)	16.3	9.3	24.7	24.3
Pre provisioning operating profits (PPoP) (%)	10.3	6.5	27.7	22.3
Provisions (%)	327.1	(8.0)	(48.2)	44.0
PBT (%)	(63.4)	45.7	158.1	14.8
PAT (%)	(63.2)	46.3	156.6	14.8
EPS (%)	(63.3)	46.1	156.4	14.8
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	14.6	14.8	15.6	15.4
NIM on IEA (%)	**13.0**	**13.3**	**14.1**	**13.8**
NIM on AUM (%)	13.7	13.9	14.7	14.5
Yield on loan assets (%)	22.5	22.1	23.0	22.8
Yield on IEA (%)	20.0	19.8	20.7	20.4
Yield on AUM (%)	21.1	20.8	21.7	21.4
Cost of borrowings (%)	9.2	8.5	8.7	8.8
Interest Spreads (%)	13.3	13.6	14.3	13.9
Operating efficiencies				
Non interest income as % of total income	62.5	63.7	64.5	64.2
Cost to income ratio	**30.7**	**32.5**	**31.8**	**31.9**
Op.costs/avg assets (%)	4.1	4.5	4.7	4.7
Op.costs/avg AUM (%)	4.4	4.9	5.0	5.0
No of employees (estimate) (mn)	20,970	21,941	21,249	22,374
No of branches (x)	2,063	2,236	2,481	2,606
Salaries as % of non-interest costs (%)	62.4	64.9	64.6	64.2
NII /employee (Rs mn)	1.7	1.8	2.3	2.7
AUM/employee(Rs mn)	12.4	13.5	17.3	20.4
AUM/ branch (Rs mn)	125.8	132.3	148.4	175.4
Capital Structure				
Average gearing ratio (x)	3.0	3.2	3.1	3.0
Leverage (x)	**4.0**	**4.3**	**4.2**	**4.1**
CAR (%)	26.2	24.3	24.9	24.9
Tier 1 CAR (%)	26.2	24.3	24.9	24.9
RWA (estimate) - Rs mn	2,52,454	2,90,396	3,59,845	4,46,781
RWA as a % of loan assets	104.0	104.0	104.0	104.0

Source Company data, I-Sec research

	FY25A	FY26A	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	4.8	3.2	3.1	3.0
NNPA (%)	1.7	1.1	1.1	1.0
GNPA (Rs mn)	13,683	16,847	9,167	10,779
NNPA (Rs mn)	4,973	5,952	3,253	3,593
Coverage ratio (%)	63.7	64.7	64.5	66.7
Credit Costs as a % of avg AUM (bps)	733	639	277	321
Credit Costs as a % of avg on book loans (bps)	782	680	294	342
Return ratios				
RoAA (%)	1.9	2.6	5.6	5.2
RoAE (%)	7.9	10.8	23.6	21.6
ROAAUM (%)	2.0	2.8	6.0	5.6
Valuation Ratios				
No of shares	**160**	**160**	**160**	**160**
No of shares (fully diluted)	160	160	160	160
EPS (Rs)	33.3	48.7	124.8	143.3
EPS fully diluted (Rs)	33.3	48.6	124.8	143.3
Price to Earnings (x)	32.7	22.4	8.7	7.6
Price to Earnings (fully diluted) (x)	32.7	22.4	8.7	7.6
Book Value (fully diluted)	436	465	590	733
Adjusted book value	412	438	575	717
Price to Book	2.5	2.3	1.8	1.5
Price to Adjusted Book	2.6	2.5	1.9	1.5

Source Company data, I-Sec research

Exhibit 13: Key Metrics

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
DuPont Analysis				
Average Assets (Rs mn)	2,83,243	2,98,663	3,55,431	4,36,493
Average Loans (Rs mn)	2,46,897	2,60,986	3,12,616	3,87,801
Average Equity (Rs mn)	67,630	71,977	84,371	1,05,800
Interest earned (%)	19.6	19.3	20.2	20.2
Interest expended (%)	6.9	6.4	6.5	6.5
Gross Interest Spread (%)	12.7	12.9	13.7	13.7
Credit cost (%)	**6.8**	**5.9**	**2.6**	**3.0**
Net Interest Spread (%)	5.9	7.0	11.1	10.6
Operating cost (%)	**4.1**	**4.5**	**4.7**	**4.7**
Lending spread (%)	1.8	2.5	6.4	5.9
Non interest income (%)	**0.7**	**1.0**	**1.1**	**1.1**
Operating Spread (%)	2.5	3.5	7.5	7.0
Tax rate (%)	**25.0**	**24.7**	**25.2**	**25.2**
ROAA (%)	1.9	2.6	5.6	5.2
Effective leverage (AA/ AE)	**4.2**	**4.1**	**4.2**	**4.1**
RoAE (%)	7.9	10.8	23.6	21.6

Source Company data, I-Sec research

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