

16 October 2026

India | Equity Research | Results Update

Fedbank Financial Services

Financials

Highest-ever RoE at 17%; Expect 3% RoA in medium term

Fedbank Financial Services (Fedfina) has delivered a strong financial performance, positioning itself in the select NBFC category that generates 17-18% RoE. Fedfina fits perfectly into this bucket with distinct operating metrics: >99% secured loans, <1% credit cost, and over 30% AUM growth. Management highlighted that its strategic priorities remain intact – capital deployment towards high-RoE businesses like gold and small-ticket LAP, containing credit cost below 1%, sustaining growth momentum, and RoA expansion to 3% in the medium term, driven by operating leverage and marginally lower/stable credit costs. Maintain **BUY** and an unchanged TP of INR 200, based on 2x Sep'27E BVPS.

AUM growth strong at 37% YoY; asset quality deteriorates marginally

AUM growth revived sharply to 37% YoY (14% in Q2FY26) during Q2FY27, driven by a strategic realignment of the asset mix, exit from unsecured BL, and process restructuring in S-LAP segment. Gold loan acted as the primary growth catalyst, surging 77% YoY, while recovery in the S-LAP segment (up 6% YoY) further supported growth in Q2FY27. Although headline asset quality metrics showed marginal deterioration, management highlighted that the sequential increase in Stage-2 & 3 assets was entirely driven by the implementation of the revised regulatory framework in the gold loan business, where actual credit losses remain negligible. Specifically, GS-3 ratio for the mortgage portfolio remained flat QoQ at 3.4%, whereas the gold loan GS-3 increased to 0.5% during Q2FY27 from 0.1% QoQ. Overall, management expects FY27 credit cost to remain at <1% and GNPL at <2%.

Successfully pivoting towards resilient and predictable and highly profitable franchise

Over the past six quarters, Fedfina has successfully pivoted towards a more resilient, predictable, and highly profitable franchise. By transitioning to a structurally superior business model, gold loans now contribute >50% of the total AUM. This was achieved alongside a complete revamp of the S-LAP vertical and total exit from the unsecured BL segment. As a result, RoA expanded to 2.8% and RoE to 17%, and management highlighted that the improving trajectory would sustain going ahead, with RoA likely reaching 3% in the medium term.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Interest Income (INR mn)	10,708	12,298	16,040	19,616
PAT (INR mn)	2,252	3,436	5,138	6,407
EPS (INR)	6.0	9.2	13.7	17.1
% Chg YoY	(8.8)	52.0	49.5	24.7
P/E (x)	26.1	17.2	11.5	9.2
P/BV (x)	2.3	2.0	1.7	1.4
Gross Stage - 3 (%)	2.0	1.9	1.9	1.9
RoA (%)	1.8	2.3	2.8	2.8
RoE (%)	9.4	12.6	16.1	17.0

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Market Data

Market Cap (INR)	59bn
Market Cap (USD)	622mn
Bloomberg Code	FEDFINA In Equity
Reuters Code	FEBD.BO
52-week Range (INR)	178 /119
Free Float (%)	39.0
ADTV-3M (mn) (USD)	2.2

Price Performance (%)	3m	6m	12m
Absolute	(3.7)	12.6	0.4
Relative to Sensex	0.1	17.4	10.4

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 (%)	FY27E	FY28E
PAT	6	1

Previous Reports

04-10-2026: [NBFC Q2FY27 Preview](#)

15-07-2026: [Q1FY27 results review](#)

Q2FY27 Performance: RoE at all-time high of 17%; operating leverage and lower credit cost drive 63% YoY PAT growth

Fedfina reported its strongest quarter so far, with PAT of INR 1.31bn, up 14% QoQ/63% YoY. Core NII (excluding DA) grew 5% QoQ/41% YoY to INR 4.05bn. Negative DA income narrowed to INR 12mn vs. INR 129mn QoQ, resulting in NII (including DA) growth of 9% QoQ/37% YoY. Opex rose 8% QoQ/24% YoY, largely due to the addition of >70 branches this quarter and associated headcount. Even so, opex to average assets stood at 4.9% vs. 4.8% QoQ, and well below 5.5% in FY26. Net total income grew faster than opex, so cost-to-income eased 36bps QoQ/439bps YoY to 52.5%.

PPoP grew 9% QoQ/48% YoY to INR 2.05bn. Credit cost fell 21% QoQ in absolute terms to INR 271mn on improving mortgage collections, moderating to 0.6% vs. 0.8% QoQ despite industry-wide headwinds. Management maintained its credit cost guidance of <1% for FY27. Overall, RoA expanded 24bps QoQ/43bps YoY to 2.8%. RoE rose 153bps QoQ/496bps YoY to 17.0%, its sixth successive quarter of improvement

Gold loans remain the growth engine; ST LAP poised for pick-up despite heightened competition

AUM grew 4% QoQ/37% YoY to INR 220.4bn, even as disbursements dipped 1% QoQ (up 28% YoY) to INR 66.8bn. Gold loan AUM grew 6% QoQ/77% YoY to INR 119.2bn, lifting its share of AUM to 54% vs. 53% QoQ and 42% YoY. Gold tonnage grew 2% QoQ/16% YoY to 12.9 tonnes, a positive H1 vs. a decline in H1 last year, with portfolio LTV stable at 68%. Gold disbursements declined 4% QoQ but rose 31% YoY. Management noted that competitive intensity, largely from NBFCs, heightened sharply in Q2. Even then, Fedfina's gold yields declined only ~10bps, against sharper cuts at peers, as it calibrated LTVs below the maximum in more competitive markets. Its income generation loan (IGL) product, launched in April, now forms ~20% of gold disbursements. IGL loans are cash-flow based, with LTV capped at 85%.

Mortgage AUM grew 2% QoQ/13.5% YoY to INR 99.8bn, with non-gold disbursements up 27% QoQ/13% YoY. ST LAP disbursements rose 46% QoQ/2% YoY, with no loans now originated below the INR 0.8mn ticket size. Competition from NBFCs, SFBs, and HFCs has intensified in certain geographies. However, the decline in ST LAP yields was primarily driven by state mix, as lower yield states did more business in Q2, rather than by increase in higher ticket sizes. With credit cost normalised and approval rates back to the early 40% from ~30%, management expects Q3FY27 to deliver both higher yields and its best ST LAP disbursements in 8-9 quarters. MT LAP disbursements rose 22% QoQ/16% YoY. The segment remains a steady, partner-driven business, with yields of 11.5-12.5%

Asset quality: Optical uptick on gold loan transition; mortgage book steady

Gross stage 3 rose 27bps QoQ (down 8bps YoY) to 1.8%, and Net stage 3 rose 22bps QoQ to 1.2%. Stage-2 expanded to 3.6% vs. 2.7% QoQ. Management attributed the rise entirely to gold loans, with a flattish AUF also adding a denominator effect. Gold loan GS-3 rose to 0.5% vs. 0.1% QoQ as customers adjust to the revised repayment structure, which requires periodic interest servicing instead of a bullet payment at maturity. Management expects this adjustment to take another quarter or two. It highlighted that it has not incurred any principal or interest loss on gold auctions in the past six years. Hence, it does not expect the rise in GNPA to translate into higher credit cost.

Mortgage delinquencies were flat to better across stages, with GS-3 steady QoQ at 3.4%. Net slippages in the mortgage book were at a record low, aided by the collection infrastructure built over the past few quarters. Credit cost eased to 0.6% vs. 0.8% QoQ/0.9% YoY, well within the guided range of <1%, and GNPA guidance of <2% remains intact.

Margins: Core yields steady; stable borrowing cost cushions competitive pressure

Core yields adjusted for DA impact were stable QoQ, while average borrowing cost was also held at ~7.8% despite industry headwinds leading to stable core NIMs of ~8.8%. On the rate cycle, ~33% of the borrowings are fixed rate and, within the rest 67% of the borrowings, ~24% are MCLR-linked, which historically transmits with a lag. In addition, >50% of the loan book is short-tenor gold loans that can be repriced on maturity. It also does not expect to pass on rate hikes fully, and would absorb any NIM compression through opex and credit cost levers, keeping RoA/RoE metrics healthy.

Twin-engine strategy intact; guidance maintained with upside bias on returns

Management retained its FY27 guidance of 20-25% AUM growth, with gold loans growing faster even assuming flat gold prices and surging if prices rise. The strategy continues to revolve around twin-engine growth across gold loans and LAP, higher core income with reduced reliance on DA, and credit cost held below 1%. Branch expansion remains a key lever. After 74 additions in Q2, which took the network to 831 and marked its entry into eastern India, Fedfina plans at least 150 more branches in H2, including ~100 in Q4. Management aims to contain cost-to-income near current levels by curbing non-branch opex, despite the investment opex from new branches.

Management reiterated FY27 RoA improvement of 25-30bps over the FY26 average of 2.4%, and expects the trend to continue into FY28. Q2 RoA of 2.8% already tracks ahead of this trajectory, having risen steadily from 2.1% nine quarters ago. Management aspires for ~3% RoA and ~18% RoE and expects to reach it sooner than earlier envisaged. It also expects ST LAP RoA to converge towards gold loan RoA as growth picks up, with the gold share holding up until then, which would protect entity-level returns as the mix evolves.

Key risks: Credit cost sustaining at higher levels; and lower-than-anticipated AUM growth due to higher competitive intensity

Exhibit 1: Q2FY27 result review

	Q2FY26	Q1FY27	Q2FY27	% YoY	% QoQ
Income statement (INR mn)					
Interest income	5,077	6,446	6,920	36.3	7.4
Interest expenses	2,138	2,727	2,883	34.8	5.7
Net Interest Income	2,939	3,719	4,037	37.4	8.5
Non Interest Income	283	257	278	(1.8)	8.2
Total Income (net of interest expenses)	3,222	3,976	4,315	33.9	8.5
Employee expenses	1,052	1,206	1,265	20.3	4.9
Depreciation and amortization	131	143	154	18.0	8.1
Other operating expenses	649	751	844	30.1	12.4
Total Operating Expense	1,832	2,100	2,264	23.6	7.8
Pre-provisioning profit (PPoP)	1,390	1,875	2,051	47.6	9.4
Provisions and write offs	315	341	271	(14.1)	(20.5)
PBT	1,075	1,535	1,780	65.6	16.0
Tax expenses	273	391	473	73.0	20.8
PAT	802	1,144	1,308	63.1	14.3
EPS (INR)	2.2	3.1	3.6	65.6	16.7
Balance Sheet (INR mn)					
Share capital	3,740	3,750	3,750	0.3	0.0
Reserves & surplus	23,360	26,280	27,900	19.4	6.2
Shareholders' funds	27,100	30,030	31,650	16.8	5.4
Borrowings	1,02,300	1,46,960	1,46,020	42.7	(0.6)
Other Liabilities and provisions	4,220	5,480	7,730	83.2	41.1
Total Equity and Liabilities	1,33,620	1,82,470	1,85,400	38.8	1.6
Loans	1,15,710	1,60,150	1,60,200	38.4	0.0
Cash and Bank Balances	4,990	9,190	8,270	65.7	(10.0)
Investments	5,460	5,240	7,990	46.3	52.5
Other Assets	7,460	7,890	8,950	20.0	13.4
Total Assets	1,33,620	1,82,470	1,85,400	38.8	1.6
Key Parameters					
AUM (INR mn)	1,61,360	2,11,360	2,20,350	36.6	4.3
-Mortgage Loans	87,960	97,770	99,820	13.5	2.1
-Gold Loan	67,310	1,11,910	1,19,170	77.0	6.5
-Business Loans & Others	6,090	1,680	1,360	-77.7	-19.0
Disbursements (INR mn)	52,050	67,600	66,760	28.3	-1.2
-Mortgage Loans	7,600	6,730	8,550	12.5	27.0
-Gold Loan	44,450	60,870	58,220	31.0	-4.4
Key Ratios (%)					
Yield (Reported)	17.0	16.4	16.7	-31 bps	29 bps
Cost of Borrowings (Reported)	8.2	7.8	7.8	-40 bps	-1 bps
Spreads (Reported)	8.7	8.6	8.8	9 bps	19 bps
NIMs (Reported)	8.8	8.5	8.8	0 bps	29 bps
Op cost as % of avg assets (Cal)	5.5	4.8	4.9	-59 bps	13 bps
Cost to income (%)	56.9	52.8	52.5	-439 bps	-36 bps
Gross NPA Ratio (%)	1.90	1.55	1.82	-8 bps	27 bps
Net NPA Ratio (%)	1.30	0.96	1.18	-12 bps	22 bps
Provision coverage ratio (%)	32.0	38.4	35.4	338 bps	-299 bps
Credit cost as a % of avg AUM [annualized]	0.79	0.66	0.50	-30 bps	-16 bps
Reported RoA	2.4	2.6	2.8	40 bps	20 bps
Reported RoE	12.0	15.4	17.0	500 bps	160 bps

Source: Company data, I-Sec research

Q2FY27 earnings call takeaways

Guidance (unchanged)

- Expect RoA to be 20-30bps higher in FY27 vs. the FY26 average (2.4%), aided by opex and credit costs; this trend should continue in FY28 as well
- Credit cost to remain below 1% and GNPA <2%
- Looking at 10-15% gold tonnage growth for FY27
- **AUM growth guidance of 20-25% even if gold prices are flat; higher gold prices could provide upside to growth**
- LAP AUM growth of 15-20%
- Gold AUM growth of 25-30%
- Branch addition of >200 in FY27
- **Upside of RoA/RoE guidance is possible; moving towards 3% RoA and 18% RoE**

Gold loans

- Gold Tonnage increased 16% YoY; Tonnage expansion will happen going forward, too
- **Competitive intensity in this quarter was higher vs. the previous quarter. Everything worked well this quarter for players in terms of strategy, growth, etc.**
- Yields dropped marginally by 10bps QoQ vs. peers who saw large drop in yields. Management remains comfortable with holding up yields
- Seasonal effect should come from Q3 and Q4, which should be growth accretive
- **No LTV differential in existing customers vs. new customers; LTV is decided based on the customer's exposure**
- Industry has evolved and consequences are there for unfair practices
- **Management stated that the company had not incurred principal or interest losses on gold loan auctions in the past six years. It emphasised that collections and customer interests would remain priorities during the transition to the revised repayment model**

MT LAP

- Steady business with vintage team and good RoA generation
- Yields of 11.5%-12.5%
- **Management expects MT LAP to remain a steady contributor to growth and profitability, complementing the higher-return gold loan business**

ST LAP

- Earlier used to do INR 0.5mn ticket size and now increased to INR 0.7-0.8mn; No ticket size currently is below INR 0.8mn
- **Six states contribute majorly to ST LAP and each state operates at different yields. Overall yields have dropped in this segment because of a drop in yields in certain geographies, rather than because of an increase in ticket size. Competitive intensity has increased**
- **Management expects a stronger performance in the coming quarters, indicating that Q3FY27 should be among the segment's best quarters compared with the preceding 8-9 quarters**

- Credit cost normalised in ST LAP, so growth should come in H2FY27
- **Competition has intensified in certain geographies, with NBFCs, small finance banks, and housing finance companies competing for similar customers. Management highlighted that competitive dynamics differ by geography and yield segment**
- RoA of ST LAP business will start touching RoA of Gold Loans once growth picks up and if share of Gold Loans does not drop. At entity level, RoA is protected.

Margins

- Cost of borrowings remained stable QoQ despite industry headwinds
- Fixed-rate borrowings are ~33% of the total borrowings; Balance ~67% includes MCLR-linked book of ~24%, with the rest being repo-linked
- **Even if there is NIM compression because of rate hike, management highlighted that they see some benefit from operating leverage – RoA/RoE trajectory would continue to be good; combination of all levers would help sustain profitability**

Asset quality

- **GNPA/NNPA deteriorated 27bps/22bps QoQ, largely due to transitory change because of gold loan regulations.**
- **Gold Loans with 0.5% GNPA reflect transitory change in gold loan regulations and are not indicative of a structural increase**
- Credit cost at 60bps vs. 80bps QoQ is well within the guided range of <1%, as flows from mortgage book have materially reduced
- **Management attributed the increase in delinquency indicators to the revised repayment structure, under which customers are required to service interest periodically instead of repaying interest along with principal at maturity. Customers will take a quarter or two to adjust with this**
- Net Slippages were lower vs the previous quarters and management highlighted that this is one of the best quarters
- Stage wise book in mortgages is steady and declining; slippages have gone down; collection infrastructure, which was built earlier, benefitted in terms of asset quality
- **Deterioration in asset quality is purely because of a change in customer behavior; increase in GNPA/NNPA won't translate into increase in credit costs**
- GNPA Guidance of <2% is intact

Performance and Business Strategy

- **RoE touched an all-time high of 17% and has been consistently improving over the past 5-6 quarters**
- Strategy revolves around
 - o Twin Engine Growth – LAP and Gold Loans
 - o Focus on core income and reduce reliance on DA
 - o Hold Credit cost around ~1%
- Strongest quarter till date as highlighted by management
- **Consistent increase in RoA/RoE is reflection of strong execution**
- **RoA increased from 2.1% to 2.8% slowly and sequentially over the past nine quarters**
- **Directionally moving towards RoA of ~3%**

Branch network/ Operating leverage

- Commissioned 74 new branches this quarter, taking the total branch footprint to 831
- Guidance of opening branches of >200 in FY27 is intact
- The company will continue with the expansion of Gold Branches
- **One of the few companies that believes ST LAP and Gold Loan can happen from same branch. Management is bullish on branches and sees no constraints as such in establishing branches**
- **Branch breakeven is at INR 60-70mn in 12-13 months**
- **Q2 marked the company's entry into eastern India, which reflects its presence into newer markets**

Miscellaneous

- **IGL (Income Generation Loan)**
 - o Multiple products – Agriculture and MSME Loans
 - o Capping of 85% LTV
 - o Assessment done basis cashflows
- Insurance income negative impact could be 0.1% on RoA; does not do insurance selling through gold loans

Q1FY27 earnings call takeaways

Guidance (unchanged)

- **Expect RoA to be 20-30bps higher in FY27 vs. FY26 average (2.4%) aided by opex and credit cost; this trend should continue in FY28 as well**
- Credit cost to hold below 1%
- Looking at 10-15% gold tonnage growth for FY27
- AUM growth guidance of 20-25%
- LAP AUM up 15-20%
- Gold AUM up 25-30%
- Branch addition of >200

Gold loans

- Adverse price movement and regulatory changes led to slowdown in gold loan disbursements
- There was a regulatory transition for gold loan industry
- **Effective 1 Apr'26, LTV framework rules were revised by RBI, wherein total amount due at maturity now includes principal + interest vs. principal alone earlier for calculating LTV. Hence, LTV now should be maintained across the entire life of the loan**
- New guidelines have made bullet loans less attractive for customers
- **It has completely halted bullet loans since Q1FY27, post the new guidelines**
- Most of the players would be looking at offering quarterly products, which would now include monthly/quarterly repayments
- Fedfina continues to operate at LTV below customer limit
- Leverage up from 4.6x to 4.89x, as due to regulatory transition, a lot of co-lending business was booked in its own book. Expect this issue to resolve in coming quarters, which will likely lead to a decline in leverage
- **Fedfina considers past 30 days' average or spot price, whichever is lower for LTV calculation**

- Quantum of total auctions was less than INR 10mn during Q1
- Gold 8% QoQ AUM growth due to:
 - o Gold tonnage up 1% QoQ. **Tonnage growth is typically sluggish in H1 and is likely to pick-up in H2**
 - o Gold AUM LTV up from 61% to 68%
 - o Gold price saw a drop of 4-5%
- **There is a skew towards loans getting disbursed with ticket size of more than INR 250k**
- **It does not see any asset quality concerns due to rise in gold loan Stage-3**
- Not concerned about asset quality risk on the gold loan portfolio
- It has started doing DA in gold loans as well

MT LAP

- MT LAP operates at 12-12.5% yield
- **MT LAP is facing huge competition of loan yield front**
- 1+ DPD and 30+ DPD is flat QoQ

ST LAP

- ST LAP operates at 16% yield
- ST LAP saw drop-in approval rates, but it has not compromised on yields
- ST LAP slippages in Q1FY27 have been similar to Q4FY26 (as a % of old book)
- There is no adverse movement as far as ST LAP flows are concerned
- 1+ DPD and 30+ DPD is flat QoQ

Margins

- Core NII up 12% QoQ and 41% YoY
- Negative direct assignment income of INR 150mn, which is a conscious choice
- Income booked on new DA is less than unwinding effect of past DA and hence negative DA income

Asset quality

- Credit cost trajectory in the remaining quarters would depend on gold loan overdue portfolio, post regulatory changes
- Overdue levels are expected to remain elevated, which is due to customer behavior taking some time to adjust
- Its asset quality has not been impacted by West Asia crisis in Q1
- **At the entity level, 1+ DPD and 30+ DPD would be higher by 200-300bps QoQ (due to change in regulatory guidelines on gold loan front)**
- Write-off at ~INR 570mn (~30bps reduction in GNPA due to write-off)

Management

- Jagadeesh Rao will take additional responsibility of CBO - small ticket and home loans

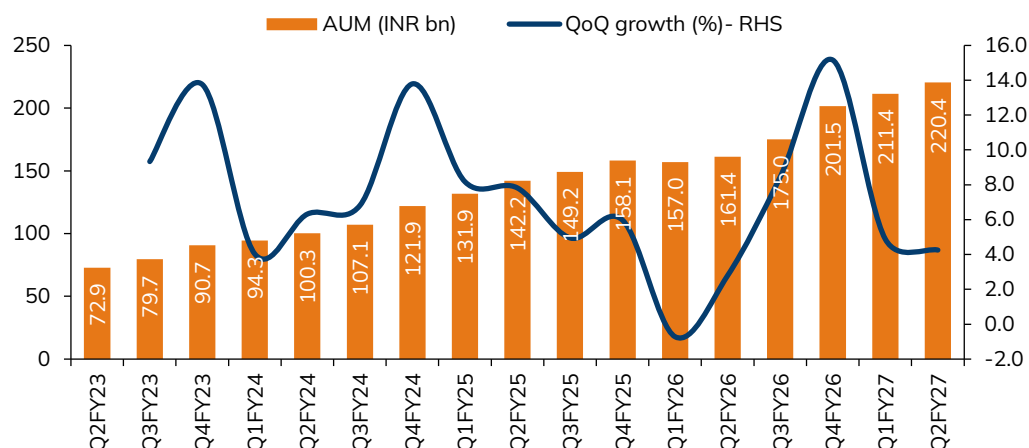
Branch network

- Unfinished branches across the country, wherein branch premise identification etc. are identified, but opening is due, which will likely be done in Q2
- Present in 18 states and will continue to largely expand penetration in existing states
- Looking to expand in Odisha and in North India

Miscellaneous

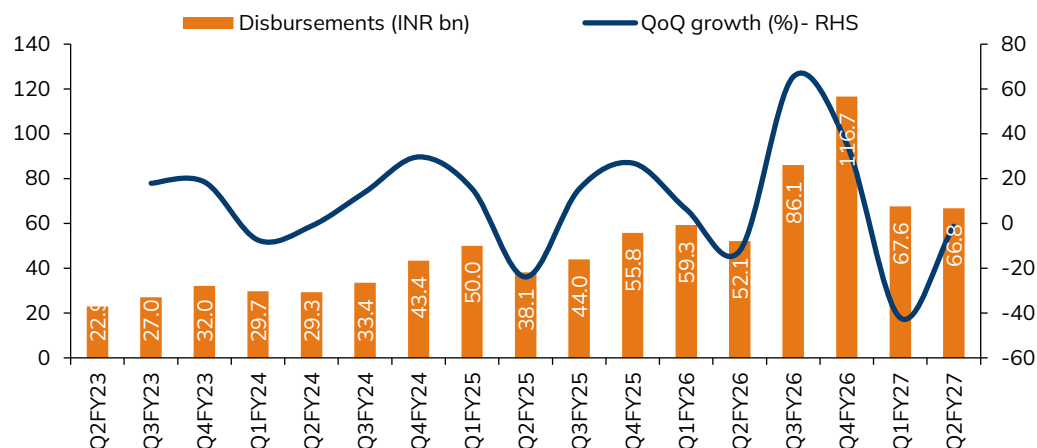
- Continues to allocate capital to businesses that earn strong and consistent returns
- LAP tenure of 10-15 years

Exhibit 2: AUM grew 4% QoQ/37% YoY, showing strong momentum and much ahead of guidance



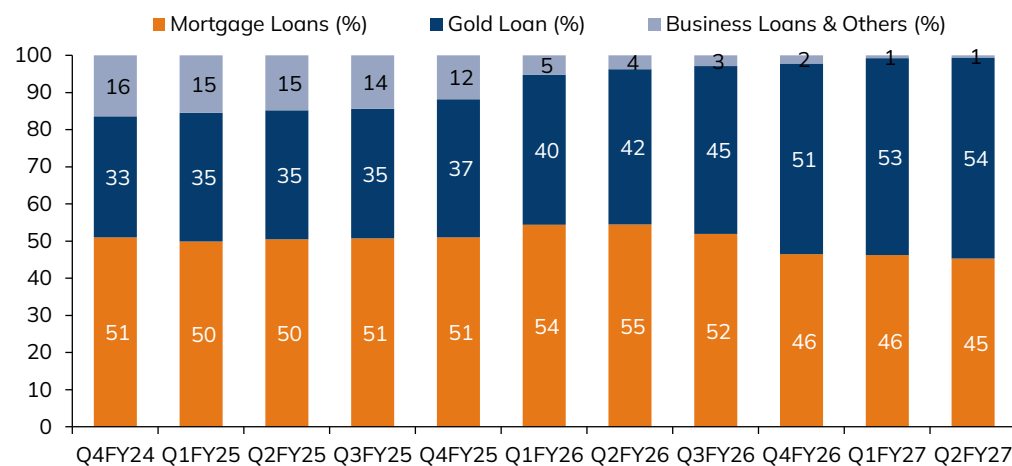
Source: Company data, I-Sec research

Exhibit 3: Disbursements stable QoQ but strong traction seen in YoY growth



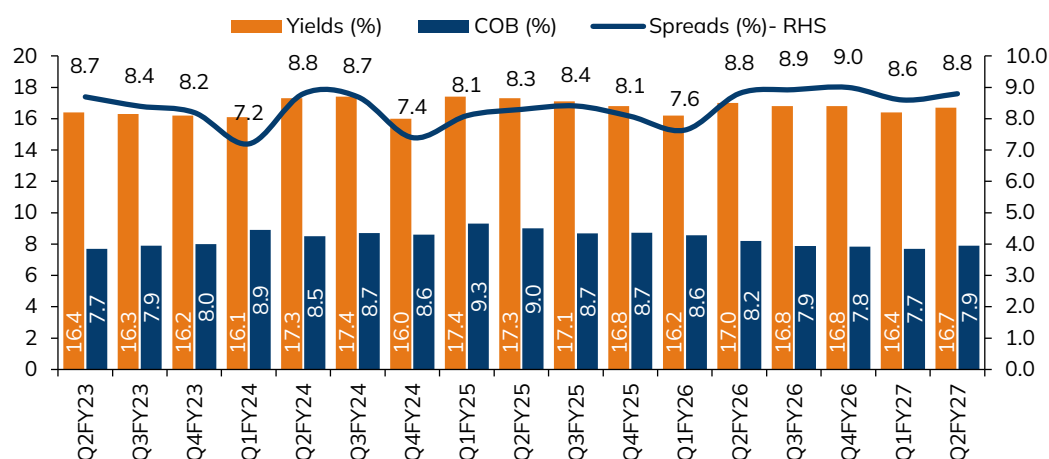
Source: Company data, I-Sec research

Exhibit 4: Gold loan strategy playing out well with gold loans now contributing ~54% of the overall AUM mix



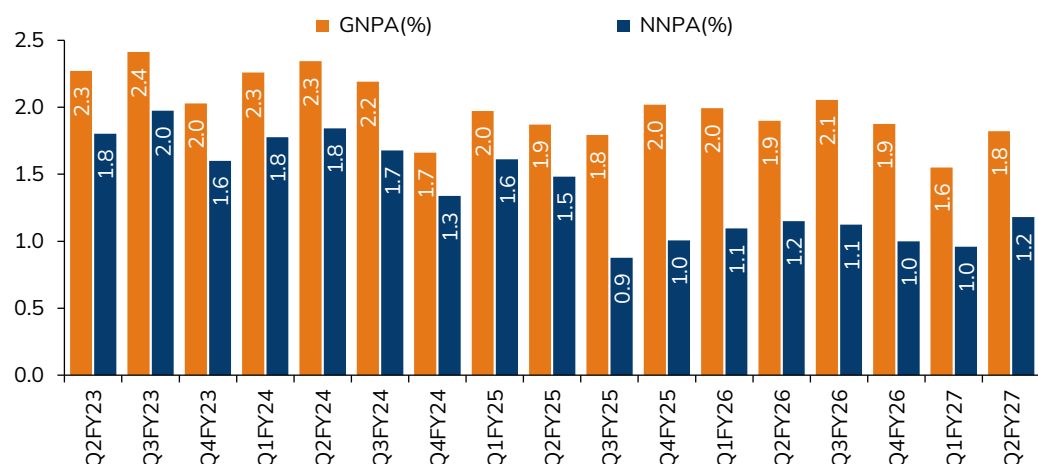
Source: Company data, I-Sec research

Exhibit 5: Spreads inched up ~20bps despite increase in cost of borrowings as yields were up as well



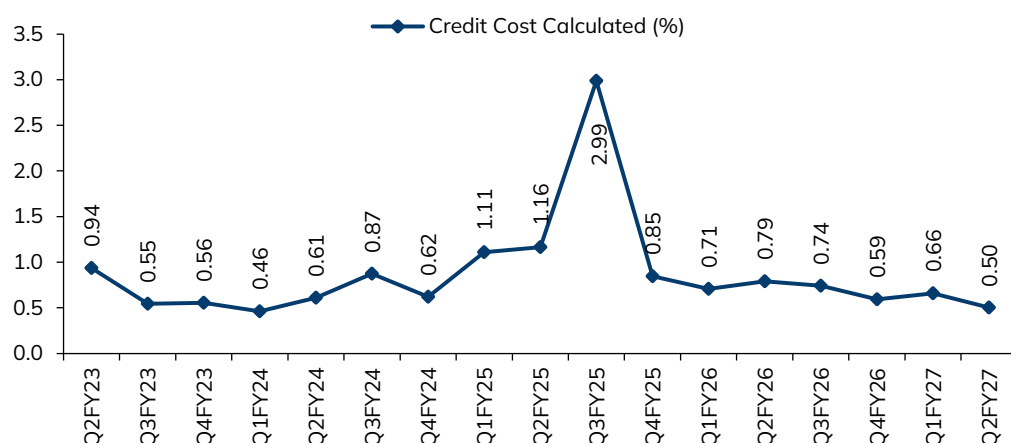
Source: Company data, I-Sec research

Exhibit 6: GNPA/NNPA deteriorated by 27bps/22bps QoQ largely due to transitory change because of gold loan regulations

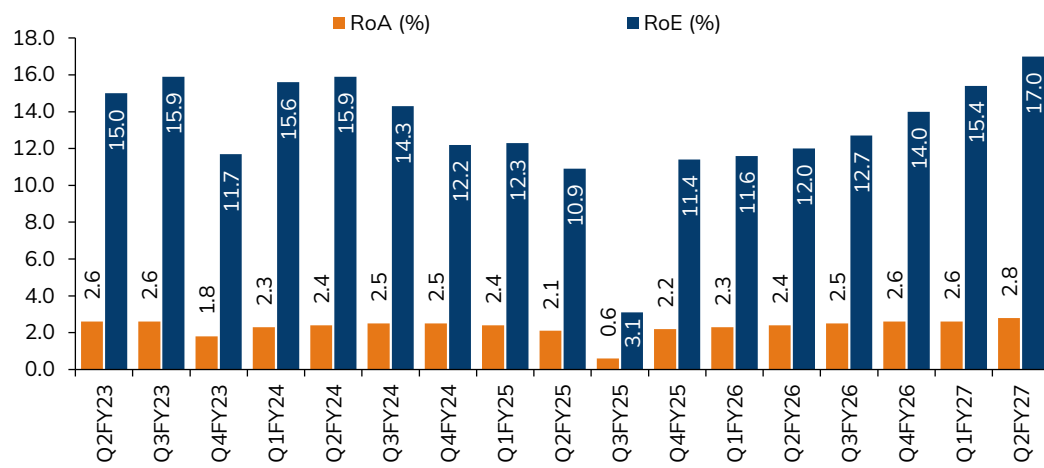


Source: Company data, I-Sec research

Exhibit 7: Calculated credit cost declined QoQ and was well within the guided range of <1%



Source: Company data, I-Sec research

Exhibit 8: Uptick in RoA and RoE aided by strong core operating performance

Source: Company data, I-Sec research

Exhibit 9: Shareholding pattern

%	Dec'25	Mar'26	Jun'26
Promoters	60.8	60.8	60.7
Institutional investors	19.1	19.5	20.2
MFs and others	15.0	15.7	7.8
FIs/Banks	0.0	0.0	0.0
Insurance	3.2	3.1	3.1
FIIIs	0.9	0.7	9.3
Others	20.1	19.7	19.1

Source: Bloomberg, I-Sec research

Exhibit 10: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Interest Income	19,246	21,091	27,792	34,121
Interest Expenses	(8,538)	(8,793)	(11,752)	(14,505)
Net Interest Income (NII)	10,708	12,298	16,040	19,616
Other Income	1,552	1,175	1,366	1,613
Total Income (net of interest expenses)	12,260	13,473	17,407	21,229
Employee benefit expenses	(3,903)	(4,439)	(5,150)	(5,922)
Depreciation and amortization	(489)	(545)	(710)	(782)
Other operating expenses	(2,668)	(2,726)	(3,381)	(4,275)
Total Operating Expense	(7,059)	(7,710)	(9,242)	(10,979)
Pre Provisioning Profits (PPoP)	5,201	5,763	8,165	10,250
Provisions and write offs	(2,163)	(1,153)	(1,271)	(1,653)
Profit before tax (PBT)	3,038	4,610	6,894	8,597
Total tax expenses	(786)	(1,174)	(1,756)	(2,189)
Profit after tax (PAT)	2,252	3,436	5,138	6,407

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Share capital	3,727	3,740	3,740	3,740
Reserves & surplus	21,746	25,520	30,658	37,065
Shareholders' funds	25,474	29,260	34,398	40,805
Borrowings	102,687	134,840	158,964	203,661
Provisions & Other Liabilities	4,337	4,650	6,329	8,613
Total Liabilities and Stakeholder's Equity	132,497	168,750	199,691	253,080
Cash and balance with RBI	8,347	13,910	7,024	8,958
Fixed assets	1,897	3,110	3,421	3,763
Loans	116,464	143,190	175,606	223,939
Investments	4,042	4,020	8,780	11,197
Other Assets	1,748	4,520	4,859	5,223
Total Assets	132,497	168,750	199,691	253,080

Source Company data, I-Sec research

Exhibit 13: Key Ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
AUM and Disbursements (INR mn)				
AUM	158,120	201,530	255,846	326,263
On-book Loans	116,464	143,190	175,606	223,939
Off-book Loans	41,656	58,340	80,240	102,324
Disbursements	187,851	314,090	402,151	534,426
Repayments	151,650	270,680	347,835	464,009
Growth (%):				
Total AUM (%)	29.7	27.5	27.0	27.5
Disbursements (%)	38.3	67.2	28.0	32.9
Repayments (%)	45.0	78.5	28.5	33.4
Loan book (on balance sheet) (%)	18.6	22.9	22.6	27.5
Total Assets (%)	19.0	27.4	18.3	26.7
Net Interest Income (NII) (%)	31.9	14.8	30.4	22.3
Non-interest income (%)	18.2	(24.3)	16.2	18.1
Total Income (net of interest expenses) (%)	30.0	9.9	29.2	22.0
Operating Expenses (%)	28.5	9.2	19.9	18.8
Employee Cost (%)	22.8	13.7	16.0	15.0
Non-Employee Cost (%)	37.3	2.2	24.0	26.4
Pre provisioning operating profits (PPoP) (%)	32.0	10.8	41.7	25.5
Provisions (%)	228.5	(46.7)	10.3	30.1
PBT (%)	(7.4)	51.8	49.5	24.7
PAT (%)	(8.0)	52.6	49.5	24.7
EPS (%)	(8.8)	52.0	49.5	24.7
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	10.0	9.5	10.1	9.8
NIM on IEA (%)	7.4	6.4	6.7	6.6
NIM on AUM (%)	7.6	6.8	7.0	6.7
Yield on loan assets (%)	17.9	16.2	17.4	17.1
Yield on IEA (%)	13.3	11.0	11.6	11.4
Yield on AUM (%)	13.7	11.7	12.2	11.7
Cost of borrowings (%)	9.2	7.4	8.0	8.0
Interest Spreads (%)	8.7	8.8	9.4	9.1
Operating efficiencies				
Non interest income as % of total income	7.5	5.3	4.7	4.5
Cost to income ratio	57.6	57.2	53.1	51.7
Op.costs/avg assets (%)	5.8	5.1	5.0	4.8
Op.costs/avg AUM (%)	5.0	4.3	4.0	3.8
No of employees (estimate) (x)	4,568	5,303	5,603	5,903
No of branches (x)	694	757	957	1,107
Salaries as % of non-interest costs (%)	55.3	57.6	55.7	53.9
NII /employee (INR mn)	2.3	2.3	2.9	3.3
AUM/employee(INR mn)	34.6	38.0	45.7	55.3
AUM/ branch (INR mn)	227.8	266.2	267.3	294.7
Capital Structure				
Average gearing ratio (x)	4.0	4.6	4.6	5.0
Leverage (x)	5.2	5.8	5.8	6.2
CAR (%)	21.9	22.4	21.7	22.0
Tier 1 CAR (%)	18.9	17.5	17.5	17.5
Tier 2 CAR (%)	3.0	4.9	4.2	4.5
RWA (estimate) - INR mn	118,353	146,202	179,722	227,772
RWA as a % of loan assets	101.6	102.1	102.3	101.7

Source Company data, I-Sec research

	FY25A	FY26A	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	2.0	1.9	1.9	1.9
NNPA (%)	1.0	1.0	1.0	1.0
GNPA (INR mn)	2,390	2,720	3,358	4,282
NNPA (INR mn)	1,164	1,422	1,746	2,227
Coverage ratio (%)	51.3	47.7	48.0	48.0
Credit Costs as a % of avg AUM (bps)	154	64	56	57
Credit Costs as a % of avg on book loans (bps)	202	89	80	83
Return ratios				
RoAA (%)	1.8	2.3	2.8	2.8
RoAE (%)	9.4	12.6	16.1	17.0
ROAAUM (%)	1.6	1.9	2.2	2.2
Valuation Ratios				
No of shares	373	374	374	374
No of shares (fully diluted)	373	374	374	374
EPS (INR)	6.0	9.2	13.7	17.1
EPS fully diluted (INR)	6.0	9.2	13.7	17.1
Price to Earnings (x)	26.1	17.2	11.5	9.2
Price to Earnings (fully diluted) (x)	26.1	17.2	11.5	9.2
Book Value (fully diluted)	68	78	92	109
Adjusted book value	65	74	87	103
Price to Book	2.3	2.0	1.7	1.4
Price to Adjusted Book	2.4	2.1	1.8	1.5

Source Company data, I-Sec research

Exhibit 14: Key Metrics

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
DuPont Analysis				
Average Assets (INR mn)	121,938	150,624	184,220	226,385
Average Loans (INR mn)	107,344	129,827	159,398	199,773
Average Equity (INR mn)	24,041	27,367	31,829	37,602
Interest earned (%)	15.8	14.0	15.1	15.1
Interest expended (%)	7.0	5.8	6.4	6.4
Gross Interest Spread (%)	8.8	8.2	8.7	8.7
Credit cost (%)	1.8	0.8	0.7	0.7
Net Interest Spread (%)	7.0	7.4	8.0	7.9
Operating cost (%)	5.8	5.1	5.0	4.8
Lending spread (%)	1.2	2.3	3.0	3.1
Non interest income (%)	1.3	0.8	0.7	0.7
Operating Spread (%)	2.5	3.1	3.7	3.8
Tax rate (%)	25.9	25.5	25.5	25.5
ROAA (%)	1.8	2.3	2.8	2.8
Effective leverage (AA/ AE)	5.1	5.5	5.8	6.0
RoAE (%)	9.4	12.6	16.1	17.0

Source Company data, I-Sec research

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