

16 April 2026

India | Equity Research | Results Update

HDB Financial Services

Financials

Asset quality trend improving; credit growth acceleration likely in FY27E

HDBFS delivered a strong performance in Q4FY26, characterised by a 41% YoY surge in PAT to INR 7.5bn and sustained improvement in key asset quality metrics. Total stress pool (GS 2+3) contracted to sub 4% vs. 4.8% QoQ, with low write-offs (Calc.) at <50bps vs. average 55-60bps over the past six quarters and a 20bps QoQ decline in credit cost to 2.3% during Q4FY26. Despite a tightening interest rate environment, management expects NIM to hold above 8%, bolstered by a strategic shift toward high-yield segments. Leveraging its HDFC Bank parentage and deep-seated competitive moat, HDBFS is likely to sustain ~15%+ RoE and improve credit growth to 17-18% CAGR over FY26-28E. We maintain **BUY** with TP of INR 900, valuing the stock at P/BV of 3x on Sep'27E BVPS.

Impact of West-Asia war: Watchful, but broadly, asset quality and growth trends remain unaffected so far

Management highlighted that business momentum remained resilient through Mar'26, characterised by robust disbursement volumes and stable asset quality despite the West-Asia conflict. While specific segments may face headwinds due to direct supply-side disruptions, management noted that broader secondary impacts are yet to materialise, reinforcing an optimistic outlook for FY27-28. Despite hardening money market rates in Mar'26, cost of funds for HDBFS moderated by 26bps QoQ, a result of its strategically low reliance on commercial paper (CP) borrowings. Overall, it expects credit cost to remain at 2.3% in the near-term (similar to Q4).

New stress asset formation in CV, unsecured PL segments remain near-normal, with asset growth poised to accelerate

HDBFS has seen a sharp turnaround in growth following a period of deceleration driven by stress in its CV and unsecured PL portfolios. After disbursements remained stagnant between INR 155-165bn from Q1FY25 to Q2FY26, subsiding segmental stress triggered a sharp recovery. Disbursements surged 15% QoQ in Q3FY26 and climbed another 11% QoQ in Q4FY26 to a record high of ~INR 200bn. This was driven by improving asset quality, particularly in the CV segment, where the GNPL ratio improved to 1.43% from 1.64% QoQ. With asset quality now normalising across key segments, management expressed confidence in delivering growth of 600-700bps above nominal GDP in the medium term.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Interest Income	72,804	89,681	103,845	123,529
PAT	21,755	25,438	31,393	38,814
EPS (INR)	27.3	32.0	37.8	46.7
BVPS (INR)	199	260	287	333
P/E (x)	23.6	20.2	17.0	13.8
P/BV (x)	3.2	2.5	2.2	1.9
Gross Stage - 3 (%)	2.3	2.4	2.3	1.8
Dividend Yield (%)	0.5	0.3	0.4	0.5
RoA (%)	2.2	2.2	2.3	2.5
RoE (%)	14.7	13.9	14.1	15.1

Renish Bhuva

renish.bhuva@icicisecurities.com
+91 22 6807 7465

Chintan Shah

chintan.shah@icicisecurities.com

Gaurav Toshniwal

gaurav.toshniwal@icicisecurities.com

Market Data

Market Cap (INR)	535bn
Market Cap (USD)	5,721mn
Bloomberg Code	HDBFS IN
Reuters Code	HDBF.BO
52-week Range (INR)	892 /555
Free Float (%)	22.0
ADTV-3M (mn) (USD)	7.7

Price Performance (%)	3m	6m	12m
Absolute	(15.7)	(13.3)	0.0
Relative to Sensex	(9.3)	(7.9)	0.0

ESG Score	2024	2025	Change
ESG score	NA	76.6	NA
Environment	NA	55.6	NA
Social	NA	79.8	NA
Governance	NA	81.5	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	2	2

Previous Reports

04-04-2026: [NBFC Q4FY26 Preview](#)

09-03-2026: [Initiating Coverage](#)

Q4FY26: Healthy quarter with 27% YoY PPop growth, 41% YoY PAT growth

HDBFS delivered strong Q4FY26 performance led by robust operational execution, as evidenced by record disbursements, a fifth consecutive quarter of margin improvement and better asset quality metrics. These factors aided HDBFS deliver 8% QoQ/27% YoY rise in PPop and a 17% QoQ/41% YoY rise in PAT. Disbursements were up 11% QoQ and 13% YoY to INR 199bn, aiding 3.4% QoQ and 10.9% YoY credit growth. This growth was broad-based across segments; hence, the loan mix remained largely unchanged QoQ. Margins inched up 14bps QoQ, despite an 11bps yield moderation (largely due to a shift in product mix) as cost of funds fell another 26bps QoQ. As a result, NII was up 5% QoQ and 22% YoY. Opex moderated 2% QoQ on a high base of Q3, due to the impact of new labour code norms. Asset quality saw steep improvement, with an 84bps QoQ decline in the stress pool (stage-2 + stage-3) to 3.94%. As a result, credit costs moderated to 2.3%, the lowest in past six quarters. Overall, HDBFS delivered RoA/RoE of 2.48%/14.8%, respectively.

3% QoQ/ 11% YoY credit growth aided by record disbursements; guides for 6-7% growth above nominal GDP in the medium term

Q4 tends to be a seasonally strong quarter; hence, disbursements were higher for the third consecutive quarter. HDBFS clocked record disbursements of INR 199bn, up 11% QoQ and 13% YoY. Going ahead, HDBFS expects this strong momentum to sustain.

As a result, HDBFS delivered 3.4% sequential credit growth, which the highest of the four quarters in FY26. This AUM growth was broad-based across segments, with 5.1% QoQ growth in consumer finance, followed by 2.9% QoQ growth in enterprise lending and 2.6% QoQ in asset finance. Consequently, the AUM mix remained unchanged QoQ, while on a YoY basis, the enterprise lending share fell 100bps to 38%, offset by a 100bps rise in consumer finance to 24%. The secured loan share remained stable QoQ at 74%, up from 73% YoY.

With asset quality headwinds receding, we believe HDBFS could accelerate credit growth in the coming quarters. HDBFS is targeting annual credit growth of 6-7% above the nominal GDP over the medium term. For FY27, the focus is on broad-based growth; hence, the loan mix is likely to remain largely stable, with ~100bps deviation across segments. We are building in credit growth CAGR of 17-18% over FY26-28E.

Asset quality improves, with credit costs settling at 6-quarter low and stress pool seeing a sizeable decline QoQ

Asset quality improved considerably with a sequential decline of 37bps/16bps in gross stage-3/ net stage-3, respectively, despite a reduction in write-offs (calculated). Moreover, credit cost fell 20bps QoQ to 2.3%, the lowest in the past six quarters. The stress pool (stage-2 + stage-3) moderated 84bps QoQ to 3.94% and calculated write-offs also moderated to <50bps vs. an average of 55-60bps. Additionally, headwinds are abating in the asset finance business, particularly in CV and CE, which bodes well for credit growth. Management expects credit costs to hover around current levels of 2.3% moving forward.

Margins inch up for 5th consecutive quarter; yields may inch up as unsecured and used vehicle financing gather momentum

Margins continue to improve, with a 14bps sequential uptick to 8.23%, aided by a 26bps sequential decline in cost of funds to 5.77%. On borrowing cost, management added that while there has been some uptick over the past one month, it still expects it to be largely unchanged QoQ in Q1FY27.

Yields moderated by 11bps QoQ, of which a 7-8bps decline can be attributed to a shift in the product mix towards secured loans, as disbursements in the unsecured category were relatively lower. Management added that yields for most of its product have remained stable. Going ahead, as the company accelerates disbursements in the unsecured category and shifts towards used vehicle financing in asset finance, yields are likely to inch up.

Key risks: Slower AUM growth recovery and competitive pressure on yields.

Exhibit 1: Q4FY26 – result highlights

Income statement (INR mn)	Q4FY25	Q3FY26	Q4FY26	% YoY	% QoQ
Interest income	36,233	39,890	40,813	12.6	2.3
Interest expenses	16,505	17,040	16,825	1.9	(1.3)
Net-interest Income	19,728	22,850	23,988	21.6	5.0
Non-interest Income	6,428	6,845	6,641	3.3	(3.0)
Total Income (net of interest expenses)	26,156	29,695	30,629	17.1	3.1
Employee expenses	9,309	10,253	9,705	4.3	(5.3)
Depreciation and amortization	538	512	543	0.9	6.1
Other operating expenses	2,928	3,205	3,423	16.9	6.8
Total Operating Expense	12,775	13,970	13,671	7.0	(2.1)
Pre-provisioning profit (PPOP)	13,381	15,725	16,958	26.7	7.8
Provisions and write offs	6,338	7,122	6,846	8.0	(3.9)
PBT	7,043	8,603	10,112	43.6	17.5
Tax expenses	1,733	2,164	2,606	50.4	20.4
PAT	5,310	6,439	7,506	41.4	16.6
EPS (INR)	6.7	7.8	9.0	35.5	16.5

Key Parameters	Q4FY25	Q3FY26	Q4FY26	% YoY	% QoQ
AUM (INR mn)	10,68,780	11,45,770	11,84,930	10.9	3.4
Enterprise Lending	4,20,031	4,35,393	4,47,904	6.6	2.9
Asset Finance	4,06,136	4,35,393	4,46,719	10.0	2.6
Consumer Finance	2,42,613	2,74,985	2,89,123	19.2	5.1
Disbursements (INR mn)	1,76,430	1,79,170	1,99,220	12.9	11.2
Enterprise Lending	53,458	48,197	61,758	15.5	28.1
Asset Finance	61,574	58,051	60,762	-1.3	4.7
Consumer Finance	61,398	72,922	76,700	24.9	-100.0

Key Ratios (Reported) (%)	Q4FY25	Q3FY26	Q4FY26	% YoY	% QoQ
Yield	13.9	14.1	14.0	10 bps	-11 bps
Cost of Borrowings	6.3	6.0	5.8	-53 bps	-26 bps
NIMs	7.6	8.1	8.2	63 bps	14 bps
Opex to Gross loans (%)	3.8	3.7	3.8	0 bps	10 bps
Cost to income (%)	42.9	39.5	39.5	-340 bps	0 bps
Gross NPA Ratio (%)	2.26	2.81	2.44	18 bps	-37 bps
Net NPA Ratio (%)	0.99	1.25	1.09	9 bps	-16 bps
Provision coverage ratio (%)	56.0	55.6	55.5	-43 bps	-6 bps
Credit cost as a % of avg AUM [Calculated]	2.43	2.52	2.35	-8 bps	-18 bps
RoA (Calculated)	2.0	2.2	2.5	48 bps	27 bps
RoE (Calculated)	13.6	13.1	14.8	118 bps	167 bps

Source: Company data, I-Sec research

Q4FY26 earnings call takeaways

Economy

- **Mar'26 went well for HDBFS, which is reflected in its strong earnings; the company did not experience any material negative impact from the ongoing conflict in West Asia in Mar'26.**
- Robust rural demand and supportive policy measures augur well for the economy.
- **West Asia conflict and potentially AI Nino may impact future inflation and growth.**
- It has not seen any material level 2 or level 3 impact due to the West Asia conflict.
- Government is doing a reasonable job of keeping things as normal as possible in light of the West Asia conflict.
- Going ahead, management will monitor the developing situation closely.
- HDBFS has not seen any major disruption due to the West Asia conflict so far.

AUM and disbursements

- **HDBFS is overall looking at annual AUM growth 6-7% above nominal GDP in the medium term.**
- **The focus for FY27 is "Growth" across all segments, unless conditions change on the ground due to the West Asia conflict.**
- Over the medium term, it expects every business to remain a focus area, with the AUM mix likely to remain similar (within a 1% change).
- Gross loan book at INR 1.18trn, up 3.4% QoQ and 10.9% YoY.
- Secured loans comprise 74% of gross loan book.
- Disbursements up 11.2% QoQ; they are at an all-time high.
- Disbursements have been on an uptrend and have increased QoQ for the past three quarters, a trend expected to continue. Expect good improvement in Q1FY27 disbursements on a YoY basis.
- Proposition of HDBFS is to engage customers throughout their entire lifecycle, with the core principle of delivering credit across the country.

Enterprise lending

- Disbursements up 28% QoQ and 15% YoY.
- **Expect positive business momentum in secured business loans, where it is seeing a significant improvement in asset quality.**
- HDBFS has been pushing for growth since Q3.
- LAP + EBL up 3.8% QoQ on the back of 26% QoQ disbursements growth.
- Gold loan book doubled in FY26.

Asset finance

- **Asset finance saw moderate AUM growth in Q4, while asset quality continued to improve in CV and CE.**
- **HDBFS is highly focused on growing its used vehicle business in asset finance. It is looking to reach 50:50 New: Used in AUM mix for asset finance over a 4-year period.**
- **For new vehicle, it will grow at industry rate and on used side, it will grow well above the industry rate.**
- HDBFS is well positioned for strong growth in asset finance business in the coming quarters.

Consumer finance

- AUM up 5.3% QoQ and 19.4% YoY led by consumer durables and auto loans.
- **Expect the momentum to continue led by sustained demand in consumer durables and auto loans.**

Margins

- **Expect margins to stay above 8% (8.2% in Q4).**
- **HDBFS believes borrowing cost should stay around similar levels at least in Q1FY27, assuming everything else remains constant.**
- Borrowing mix remains well diversified.
- 21.4% CRAR as of Q4FY26.
- **7-8bps reduction in yields is purely on account of product mix.**
- **Unsecured book disbursements have not grown materially, leading to a slight decline in yields.**
- **HDBFS is stuck on its product-wise yields.**
- It does not have more low-cost borrowings which are to be reset as the last tranche got over in Oct/Nov'25.
- On borrowing cost front, it has used some strategies to better manage cost. Its borrowing cost fell further as for borrowings above 8%, HDBFS has tried to negotiate further and get benefit of lower cost of funds
- Over the past one month, borrowing cost has risen for the industry as a whole.
- CP share in overall borrowings is low, which is done purposely and is kept as a dry powder for future

Asset quality

- **Expect to maintain credit cost around 2.3% in the medium term (similar to Q4).**
- HDBFS saw a significant improvement in asset quality across segments.
- Provision coverage is largely dependent on its product mix.
- ECL is fully automated from Q4.
- It has worked hard to reduce flow forwards; hence, stage-3 is coming down and health of the book is also improving.
- K-shaped recovery seen in asset finance.
- It is well positioned over the medium term in terms of credit cost.

Branch network

- **It is planning to add branches in FY27 as well as FY28.**
- It has not reduced a single square foot of usage in the past three quarters.
- As of now, it sets up a branch in the range of 600-800 square feet, but if it has more branches in the vicinity, then it would look to merge those and add square feet. Hence, these branches are ready for the growth in the next decade.

Q4FY26 and FY26 performance

- **HDBFS saw robust operational execution during the quarter with 8% QoQ and 27% YoY rise in operating profit.**
- NII was up 5% QoQ and 21.6% YoY.
- Cost to assets stood at 3.8% for FY26.
- Customer franchise grew by 22.9mn, up 4.3% QoQ and 19.7% YoY.
- **HDBFS is looking forward to a healthy FY27.**
- HDBFS continues to invest in technology. There are projects to cover reduction in cost, reduction in TAT as well as improvement in asset quality.

Q3FY26 earnings call takeaways

Employee cost

- On 21st November, 2025, Govt has notified 4 labour codes, which is now collectively referred to as new labour code
- Labour code is a developing area and basis the available information, it has made the required provisions as of now. Once it is finalised, it would be able to give a better clarity.
- New labour code has resulted in an estimated increase in employee cost of IRN 605.2mn and it has been fully provided for in Q3 results
- Provisions related to new labour code impacted employee cost
- **Opex (adjusted for new labour code) was in-line with guidance**
- **From a longer-term perspective, it would look to operate at cost to assets at 10-15bps lower than current levels**

Margins

- **Expect margins to hold around 8%**
- As unsecured book growth picks-up, it should further aid margins
- Margins up 14bps QoQ to 8.09% for Q3FY26
- Since it is able to maintain yields, hence, it has also seen some higher prepayments
- **Maximum of repricing on borrowings is already done and hence doesn't believe that further benefit will accrue from hereon**
- **Expect that current borrowing cost should sustain for the next couple of quarters**
- Entire ECB book is 100% hedged and hence company treats it as fixed
- While there is a rate cut in December, it hasn't translated into lower rate in most of the instances
- **Most of its bank borrowings are on EBLR and MCLR share is quite nominal for its bank borrowings**
- It borrows from HDFC Bank like any other large bank on absolutely commercial terms and there is no preference from either side

Asset quality

- **Seen improvement in asset quality across all the 3 business segments (largely seen reduction in flow forwards, which is a key positive)**
- **Weakness in CE and CV seems to be stabilising in Q3**
 - 90+dpd has been stabilizing, but more work needs to be done here
 - Positive in current quarter has been that it has been able to manage roll back from delinquent buckets to Stage-1 for many accounts
- **0+dpd has improved in a positive way**
- **Unsecured MSME pain has started easing, which was there since the past 5-6 quarters**
- As asset quality pressure ease, expect to return back to growth in coming quarters. Asset quality shows signs of improvement in Q3 and anticipate further positive momentum in coming quarters

- Large part of net slippages has been in CV/CE segment and outside of that, it has fallen substantially. It is also hopeful that CV/CE net slippages will also reduce going ahead.
- Overall, slippages have reduced, though they stay at elevated levels
- 90+dpd / 120+ dpd – this book has held stable
- 1-90 dpd – it has seen good recovery in this book

AUM and Disbursements

- Fairly confident of growing at a run-rate of Nominal GDP + 6-7%
- Believe that growth will start accelerating going ahead
- Within 2W and Auto loans, it has seen ~5% reduction in ticket size, which has partially impacted AUM growth
- Festive sales were absolutely bumper for new CV vs. used CV
- It would like to push more for used CV vs. new CV in the next 3-4 quarters and that thesis remains intact
- Disbursements of INR 179bn at record high, up 15% QoQ
- AUM up 2.8% QoQ

Network

- Customer franchise at 22mn customers, up 4.8% QoQ
- Network - 1744 branches across 1165 cities

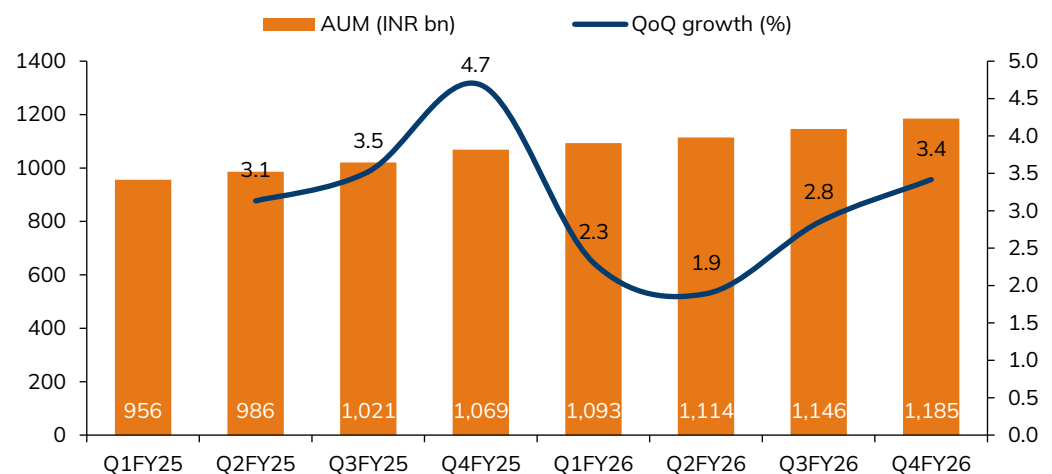
Economy

- Real GDP growth showed strong growth, despite global headwinds
- Geopolitical tension and trade tension remains a key monitorable

Miscellaneous

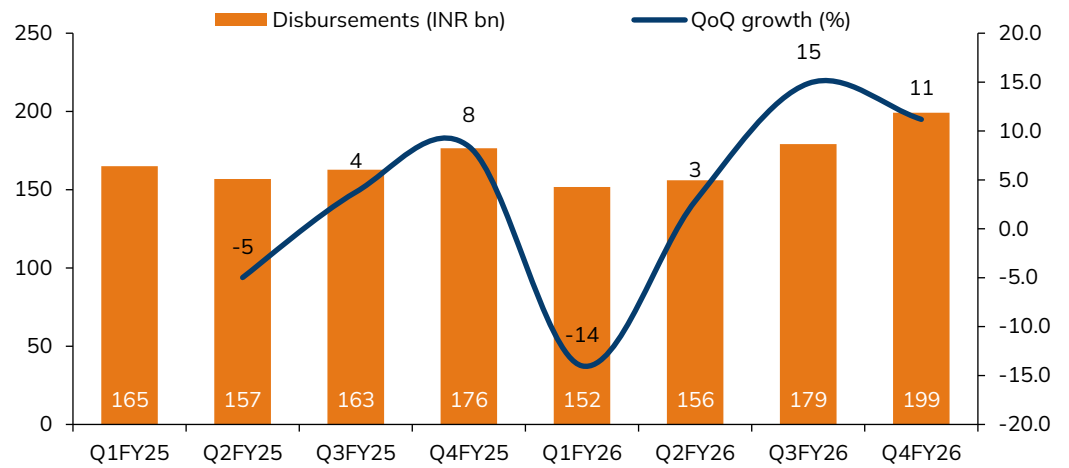
- PAT up 45% YoY, adjusted for new labour code and reported PAT up 36% YoY
- Borrowing mix remains well diversified with positive ALM across buckets
- 21.81% CRAR

Exhibit 2: AUM growth picks up in Q4, continuation likely in FY27E



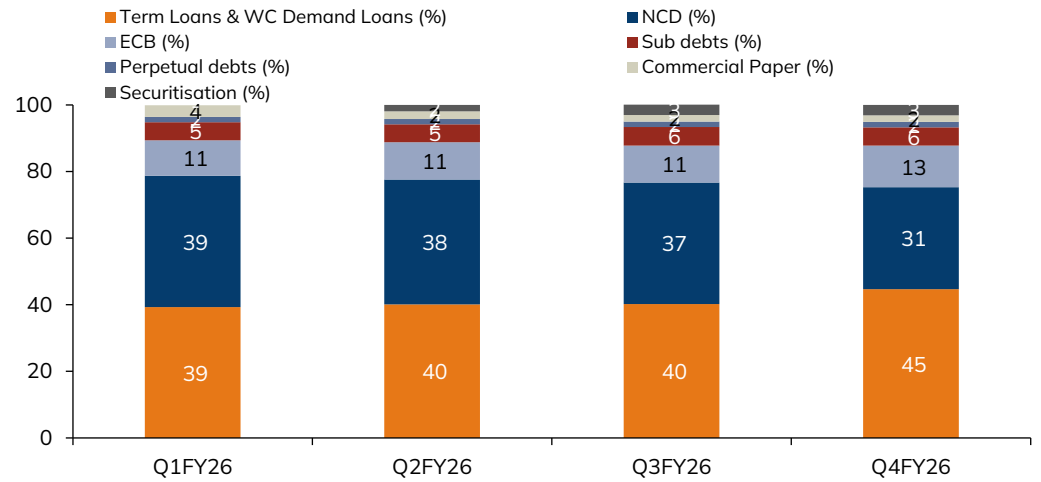
Source: Company data, I-Sec research

Exhibit 3: Sequential uptick in disbursements for 3rd consecutive quarter



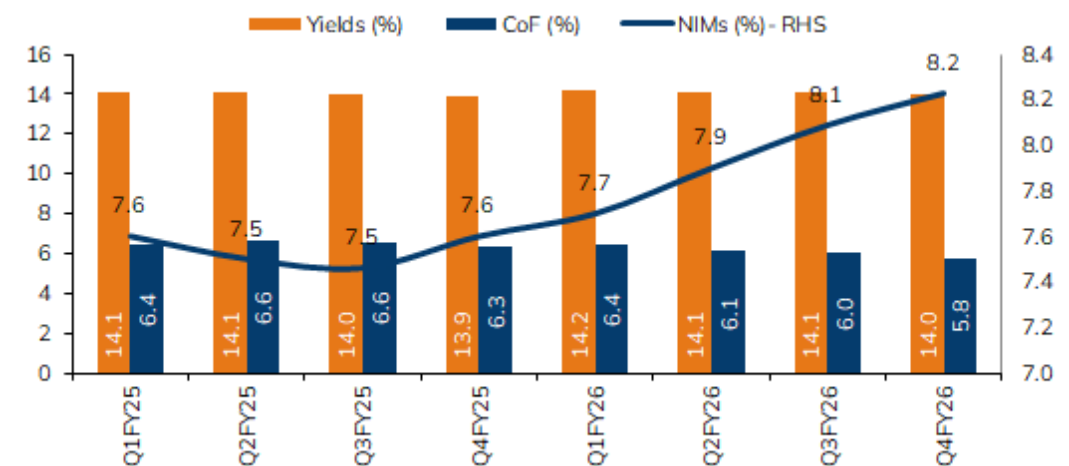
Source: Company data, I-Sec research

Exhibit 4: Diversified borrowing mix aiding reduction in borrowing cost



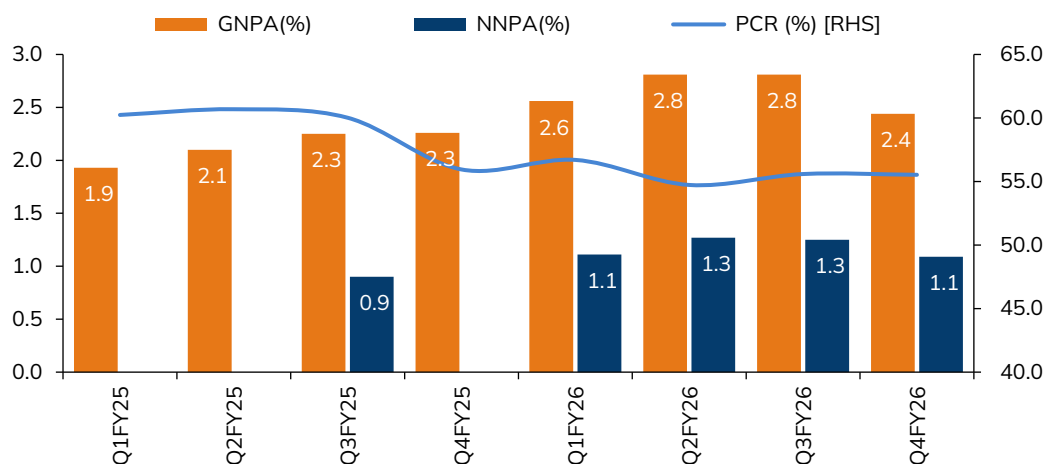
Source: Company data, I-Sec research

Exhibit 5: Margins inch up further QoQ for 5th consecutive quarter, aided by sustained reduction in cost of funds



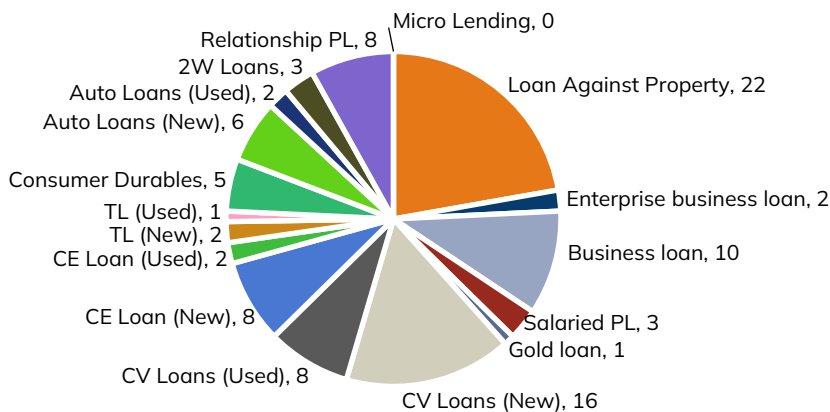
Source: Company data, I-Sec research

Exhibit 6: Asset quality continues to improve with a sequential decline in GNPA, NNPA as well as credit cost



Source: Company data, I-Sec research

Exhibit 7: Diversified product mix likely to enable HDB to better manage growth across cycles



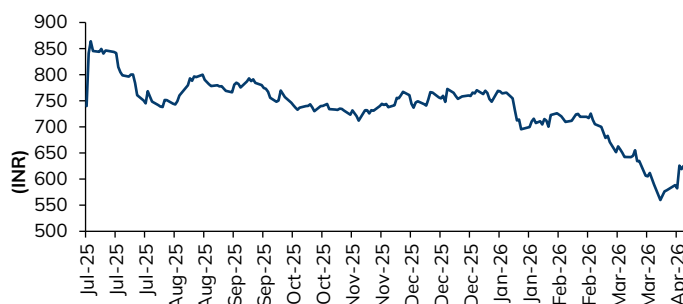
Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	74.2	74.2	74.2
Institutional investors	9.3	14.0	14.9
MFs and other	3.6	10.1	10.4
Banks/ FIs	0.7	0.0	0.1
Insurance Cos.	0.8	0.7	0.9
FIIIs	4.2	3.2	3.5
Others	16.5	11.8	10.9

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	136,705	157,883	181,682	215,381
Net gain on fair value changes	549	524	1,031	982
Interest Expenses	(63,902)	(68,202)	(77,837)	(91,852)
Net Interest Income (NII)	72,804	89,681	103,845	123,529
Total Income (net of interest expenses)	86,935	103,856	119,827	140,870
Employee benefit expenses	(25,315)	(27,709)	(28,999)	(31,899)
Depreciation and amortization	(1,944)	(2,093)	(2,227)	(2,339)
Other operating expenses	(9,980)	(12,858)	(11,433)	(21,080)
Total Operating Expense	(37,240)	(42,660)	(47,722)	(55,317)
Pre Provisioning Profits (PPoP)	49,695	61,196	72,105	85,553
Provisions and write offs	(21,131)	(28,148)	(31,066)	(34,555)
Profit before tax (PBT)	29,274	33,858	41,849	51,807
Total tax expenses	(7,519)	(8,420)	(10,456)	(12,993)
Profit after tax (PAT)	21,755	25,438	31,393	38,814

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Share capital	7,958	8,303	8,303	8,303
Reserves & surplus	150,240	198,337	229,730	268,544
Shareholders' funds	158,198	206,640	238,033	276,847
Borrowings	913,419	1,019,111	1,202,160	1,419,080
Total Liabilities and Stakeholder's Equity	1,086,633	1,236,515	1,452,034	1,708,951
Cash and balance with RBI	9,843	16,736	18,410	20,251
Fixed assets	2,431	2,301	2,531	2,784
Loans	1,033,430	1,146,895	1,353,452	1,600,511
Investments	20,601	37,476	41,224	45,346
Other Assets	20,004	32,454	35,699	39,269
Total Assets	1,086,633	1,236,515	1,452,034	1,708,951

Source Company data, I-Sec research

Exhibit 12: Key Ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
AUM and Disbursements (INR mn)				
AUM	1,068,780	1,184,930	1,403,924	1,667,659
Disbursements	661,080	686,090	823,308	979,737
Repayments	494,479	569,940	604,314	716,001
Growth (%):				
Total AUM (%)	18.5	10.9	18.5	18.8
Disbursements (%)	8.6	3.8	20.0	19.0
Repayments (%)	21.5	15.3	6.0	18.5
Loan book (on balance sheet) (%)	19.2	11.0	18.0	18.3
Total Assets (%)	17.4	13.8	17.4	17.7
Net Interest Income (NII) (%)	17.8	23.2	15.8	19.0
Non-interest income (%)	27.6	0.5	9.5	9.4
Total Income (net of interest expenses) (%)	18.2	19.5	15.4	17.6
Operating Expenses (%)	18.5	14.6	11.9	15.9
Employee Cost (%)	17.8	9.5	4.7	10.0
Non-Employee Cost (%)	17.5	28.8	(11.1)	84.4
Pre provisioning operating profits (PPoP) (%)	17.9	23.1	17.8	18.7
Provisions (%)	98.0	33.2	10.4	11.2
PBT (%)	(11.4)	15.7	23.6	23.8
PAT (%)	(11.6)	16.9	23.4	23.6
EPS (%)	(11.9)	16.9	18.3	23.6
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	7.7	8.2	8.3	8.4
NIM on IEA (%)	7.3	7.9	7.9	7.9
NIM on AUM (%)	7.4	8.0	8.0	8.0
Yield on loan assets (%)	14.4	14.5	14.5	14.6
Yield on IEA (%)	13.8	13.8	13.8	13.8
Yield on AUM (%)	13.9	14.0	14.0	14.0
Cost of borrowings (%)	7.6	7.1	7.0	7.0
Interest Spreads (%)	6.8	7.4	7.5	7.6
Operating efficiencies				
Cost to income ratio	42.8	41.1	39.8	39.3
Op.costs/avg assets (%)	3.7	3.7	3.5	3.5
Op.costs/avg AUM (%)	3.8	3.8	3.7	3.6
Salaries as % of non-interest costs (%)	68.0	65.0	60.8	57.7
Capital Structure				
Average gearing ratio (x)	5.8	4.9	5.1	5.1
Leverage (x)	6.9	6.0	6.1	6.2
CAR (%)	19.2	21.4	25.5	26.0
Tier 1 CAR (%)	14.7	17.1	22.0	23.0
RWA (estimate) - INR mn	1,032,301	1,174,689	1,393,952	1,657,683
RWA as a % of loan assets	99.9	102.4	103.0	103.6

Source Company data, I-Sec research

	FY25A	FY26A	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	2.3	2.5	2.3	1.8
NNPA (%)	1.0	1.1	1.1	0.8
GNPA (INR mn)	24,137	28,960	31,667	28,466
NNPA (INR mn)	10,631	12,880	14,401	13,230
Coverage ratio (%)	56.0	55.5	54.5	53.5
Credit Costs as a % of avg AUM (bps)	214	250	240	225
Credit Costs as a % of avg on book loans (bps)	222	258	248	234
Return ratios				
RoAA (%)	2.2	2.2	2.3	2.5
RoAE (%)	14.7	13.9	14.1	15.1
ROAAUM (%)	2.2	2.3	2.4	2.5
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	796	796	830	830
EPS (INR)	27.3	32.0	37.8	46.7
EPS fully diluted (INR)	27.3	32.0	37.8	46.7
Price to Earnings (x)	23.6	20.2	17.0	13.8
Price to Earnings (fully diluted) (x)	23.6	20.2	17.0	13.8
Book Value (fully diluted)	199	260	287	333
Adjusted book value	189	248	274	321
Price to Book	3.2	2.5	2.2	1.9
Price to Adjusted Book	3.4	2.6	2.4	2.0
DPS (INR)	3.0	2.0	2.5	3.0
Dividend yield (%)	0.5	0.3	0.4	0.5

Source Company data, I-Sec research

Exhibit 13: Key Metrics

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
DuPont Analysis				
Average Assets (INR mn)	1,006,099	1,161,574	1,344,274	1,580,492
Average Loans (INR mn)	950,322	1,090,163	1,250,173	1,476,981
Average Equity (INR mn)	147,812	182,419	222,336	257,440
Interest earned (%)	13.6	13.6	13.5	13.6
Net gain on fair value changes (%)	0.1	0.0	0.1	0.1
Interest expended (%)	6.4	5.9	5.8	5.8
Gross Interest Spread (%)	7.2	7.7	7.7	7.8
Credit cost (%)	2.1	2.4	2.3	2.2
Net Interest Spread (%)	5.1	5.3	5.4	5.6
Operating cost (%)	3.7	3.7	3.5	3.5
Lending spread (%)	1.4	1.6	1.9	2.1
Non interest income (%)	1.4	1.2	1.2	1.1
Operating Spread (%)	2.9	2.9	3.0	3.2
Tax rate (%)	25.7	24.9	25.0	25.1
ROAA (%)	2.2	2.2	2.3	2.5
Effective leverage (AA/ AE)	6.8	6.4	6.0	6.1
RoAE (%)	14.7	13.9	14.1	15.1

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Renish Bhuva, CFA (ICFAI); Chintan Shah, CA; Gaurav Toshniwal, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report.

SEBI Guidelines for Research Analyst (RA) requires all RAs to disclose terms and conditions pertaining to Research Services to all clients. Please go through the "Mandatory terms and conditions" and "Most Important Terms and Conditions. ([Link](#))

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Jeetu Jawrani](#) Email address: headservicequality@icidirect.com Contact Number: 18601231122
