

## Q3FY26 Result Update | BFSI

## Asset quality improves !!!

In Q3FY26, IIFL Finance reported a consol PAT of INR 501 cr, growth of 502% yoy & 23% qoq led by strong performance underpinned by a rebound in gold loans and improvement in overall asset quality. The company disclosed IT Dept ordered a special audit under Section 142(2A) for FY2019-FY2025 accounts, citing complexity (linked to prior RBI cash transaction findings). A special auditor has been appointed; no adjudication or financial impact yet, it is deemed to be procedural as said by management and completion of audit is expected in the next 60 days time. On business growth side, total AUM grew by 37.7% yoy & 9.1% qoq to INR 983 bn 10% qoq which was largely led by gold loans. **Asset quality improved during the quarter** - Overall GNPA/NNPA came down to 1.6%/0.75% in Q3 vs. 2.1%/1.02% in Q2FY26 led by decline GNPL in home loans, MSME & MFI segment. During the quarter, the company has completed its exit from high-risk segments, including unsecured digital MSME and micro-LAP from the housing finance company.

At current market price, the stock trades at 1.8x/1.5x/1.4x FY26E/FY27E/FY28E ABV, appearing reasonable amid improving return ratios and fundamentally strengthening performance trajectory. Near-term uncertainty persists until special audit outcomes emerge, prompting a rating revision from BUY to ACCUMULATE with a revised target price of Rs 606 (16% upside), based on 1.6x FY28E ABV.

## Future Outlook for FY27

- Consol AUM is likely to grow by 20-25% CAGR in the medium term; growth will be driven by home & gold loans
- Loan loss provisions of 2.2-2.3% in FY27

## Financial Summary

| Consol (Rs Bn) | FY24  | FY25  | FY26E | FY27E | FY28E |
|----------------|-------|-------|-------|-------|-------|
| PAT            | 19742 | 5781  | 10093 | 15038 | 17868 |
| Owners PAT     | 17635 | 3735  | 7638  | 11968 | 14032 |
| EPS (Rs)       | 46.2  | 8.8   | 18.0  | 28.2  | 33.0  |
| Adj BVPS       | 258.4 | 271.7 | 287.4 | 340.4 | 378.5 |
| P/E (x)        | 11.3  | 59.1  | 28.9  | 18.5  | 15.7  |
| P/ABV (x)      | 2.0   | 1.9   | 1.8   | 1.5   | 1.4   |
| RoE (%)        | 18.0  | 3.2   | 6.0   | 8.7   | 9.2   |
| RoA (%)        | 3.1   | 0.6   | 1.0   | 1.4   | 1.4   |

Source: Dalal & Broacha Research, Company

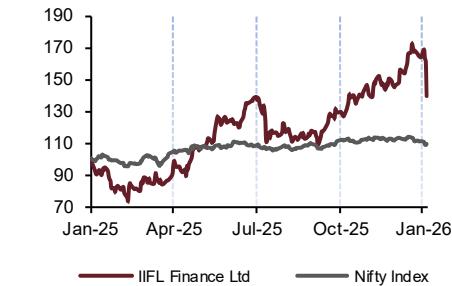
Equity Research Desk

January 23, 2026

| Rating                | TP (Rs)    | Up/Dn %     |
|-----------------------|------------|-------------|
| <b>ACCUMULATE</b>     | <b>606</b> | <b>16</b>   |
| <b>Market data</b>    |            |             |
| Current price         | Rs         | 521         |
| Market Cap (Rs.Bn)    | (Rs Bn)    | 229         |
| Market Cap (US \$ Mn) | (US \$ Mn) | 2,498       |
| Face Value            | Rs         | 2           |
| 52 Weeks High/Low     | Rs         | 675 / 279.8 |
| Average Daily Volume  | (000)      | 2,817       |
| BSE Code              |            | 532636      |
| Bloomberg             |            | IIFL.IN     |

Source: Bloomberg

## One Year Performance



Source: Bloomberg

| % Shareholding | Dec-25     | Sep-25     |
|----------------|------------|------------|
| Promoters      | 25         | 25         |
| Public         | 75         | 75         |
| <b>Total</b>   | <b>100</b> | <b>100</b> |

Source: BSE

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## Valuations

IIFL Finance delivered strong Q3FY26 results with robust AUM growth to Rs 98,336 Cr (+9% QoQ) led by gold loans and visible asset quality improvements (GNPA 1.6%, NNPA 0.8%, PCR 92%), though the Income Tax special audit carries unknown financial implications despite no business impact. Management guides for 20-25% AUM CAGR ahead with credit costs at 2.2-2.3% in FY27, bolstered by a new CEO in housing finance expected to accelerate growth.

We have re-worked on the numbers and introduced FY28 estimates. We expect consol AUMs to grow by 22.2% CAGR over FY25-28e period (largely led by gold & home loans) & PAT to grow by 46% CAGR (largely due to low base effect). We expect ROE/ROA to improve from lows of 3.2%/0.6% in FY25 to 9.2%/1.4% by FY28e respectively.

**At current market price, the stock trades at 1.8x/1.5x/1.4x FY26E/FY27E/FY28E ABV, appearing reasonable amid improving return ratios and fundamentally strengthening performance trajectory. Near-term uncertainty persists until special audit outcomes emerge, prompting a rating revision from BUY to ACCUMULATE with a revised target price of Rs 606 (16% upside), based on 1.6x FY28E ABV.**

## Results Highlights Q3FY26

- In Q3FY26, IIFL Finance reported a consol PAT of INR 501 cr, growth of 502% yoy & 23% qoq led by strong performance underpinned by a rebound in gold loans and improvement in overall asset quality.
- **Special Audit:** On January 22, 2026 (disclosed with Q3 results), Income Tax Dept ordered a special audit under Section 142(2A) for FY2019-FY2025 accounts, citing complexity (linked to prior RBI cash transaction findings). A special auditor was appointed; no adjudication or financial impact yet, deemed procedural by management and completion of audit is expected to come after 60 days time
- NII grew by 16% yoy / 3% qoq to INR 10986 mn led by strong asset growth.
- Other income from off-book assets grew at healthy pace of 305% yoy / 3% qoq to INR 7713 mn. While other income grew by 39% qoq to INR 1259 mn.
- **AUM growth was strong led by gold loans**
  - Total AUM grew by 37.7% yoy & 9.1% qoq to INR 983 bn 10% which was largely led by gold loans. At the same time, off-book assets too witnessed strong growth of 71.4% yoy / 14.9% qoq to INR 345.5 bn.
  - Last few quarters, gold loans has seen almost 3x jump from lows of INR 108 bn in Q2FY25 to INR 434 bn in Q3FY26 – NBFC has regained all the lost market in different states, cities & customer segments which reflects the strength of its gold loan franchise. In current Q3FY26, gold loans grew at whopping pace of 189% yoy / 25.6% qoq to INR 434.3 bn. While the share of gold loans which had dropped to 16.1% post embargo has now recouped to 44.2% in total overall AUMs. Going forward as well, management is confident gold loans can potentially grow by 20-25% CAGR.
  - In home loans (32.4% share) growth was flat during the quarter - growth was at 5.2% yoy / -0.4% qoq to INR 319 bn. During the quarter, the NBFC sold loans worth INR 875 cr to ARC. Secondly, there was micro LAP lending was discontinued which came under HFC. Mr. Girish Kousgi has joined in the IIFL Home Finance; who is aiming to build more focus on the collections & recoveries. Management highlighted that home loans is expected to witness growth from Q4FY26 quarter onwards.
  - MSME loans (10.3% share) grew by 17% yoy to INR 10081 cr due to higher NPLs witnessed in this segment. Within this, MSME unsecured loans (having 21% in the MSME loans) de-grew by 2% qoq (+17% yoy) to INR 2096 cr. MSME secured loans grew by 24% yoy / 8% qoq to INR 7560 cr. MSME unsecured loans which are sourced via digital channels has been discontinued by the NBFC during the quarter.
  - Additionally, MFI loans (8.5% share) too witnessed de-growth of 19% yoy INR 8360 cr in the wake of rising NPLs seen in this segment.
  - Management reiterated that its guidance for the AUM growth is likely to 20-25% with co-lending expected to remain key growth driver

## Reported spreads largely stable on qoq basis

- Reported yield stood at 15.98% vs. 15.92% in Q2FY26 & 15.47% in Q3FY25.
- Cost of borrowings has come down by 10 bps to 9.28% on qoq basis.
- Reported spreads improved by 5 bps to 6.92% on qoq basis led by decline in the cost of funds. While calculated spreads were at 6.7% in Q3 vs. 6.9% in Q2.

## Asset quality improved during the quarter

- Overall GNPA/NNPA came down to 1.6%/0.75% in Q3 from 2.1%/1.02% in Q2FY26 led by decline GNPL in home loans, MSME & MFI segment.
- In home loans, GNPA declined from 1.4% in Q2 to 0.5% in Q3 levels on qoq basis; while for gold loans GNPL increased marginally from 0.12% in Q2 to 0.36% in Q3 on qoq basis.
- For MSME loans, GNPA declined from 5.93% to 4.92% qoq. Within this, micro LAP (which is discontinued product) witnessed decline from 20.5% to 9.99% qoq & MSME unsecured digital/MFI loans from 6.9% to 7.5% qoq.
- Additionally, GNPA in MFI segment declined marginally from 5.03% to 4.93% on qoq basis. Management is seeing asset quality improvement across geographies
- Overall PCR now stands at 53.1%
- Credit cost for FY26 is expected to be 2.9-3% levels while for FY27 is expected to be 50-60 bps lower i.e. at 2.2-2.3% levels

## Other Important Updates

- Rating Outlook Upgrade: S&P Global Ratings affirmed the 'B+' rating and revised the outlook from Stable to Positive, citing improved sustainable operating momentum.
- Shareholder Returns: The Board declared and approved an interim dividend of ₹4 per share (200%).
- Strategic Portfolio Re-set: The company has completed its exit from high-risk segments, including unsecured digital MSME and micro-LAP from the housing finance company.
- Liquidity Position: The company maintains strong liquidity with a total cushion of INR 9,433 cr in free cash and undrawn lines.

## Concall Highlights Q3FY26

- **Ratings and Dividends:** S&P upgraded outlook from stable to positive. Declared interim dividend of INR 4 per share.
- **Outlook on AUM growth** – It has guided at 20-25% AUM growth. ROE expected to rise to 17-18% from current 7%.levels.
- **Gold Loans:** Tonnage reached 60 tons, up 7% YoY in Q3. Segment Performance and
- **Housing Loans:** Growth to resume from next quarter.
- **Asset Sales:** Completed INR 900 cr ARC deal (INR 875 cr book from beneficiary-led construction and micro LAP), aligning with renewed focus on affordable and emerging market segments.
- **Capital and Risk Metrics Capital Raising:** Potential equity raise needed; Home Finance at 40%+ CAR, MFI at 27-30%. Target leverage: 4-4.5x for standalone entities.
- **Credit Costs:** FY26 guidance at 2.8-3%; FY27 at 200 bps (50-60 bps lower than FY26).
- **Opex Pressures:** Elevated due to ₹23 crore one-time labour code charge and gold loan origination incentives.
- **Regulatory Notes on Special Audit:** Procedural under Income Tax Section 142(2A) for multi-year block assessment post-February Section 132 search. Special auditor appointed; completion expected in 60 days (covering 6-year block period)

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# Quarterly Comparison

| IIFL Finance - Results Highlights - Q3FY26 |        |        |        |        |        |        |        |        |        |           |           |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|-----------|
| (Rs.mn) (Consol)                           | Q1FY24 | Q2FY24 | Q3FY24 | Q4FY24 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 | Q3FY26 | y-o-y (%) | q-o-q (%) |
| Interest Earned                            | 21,989 | 23,576 | 25,630 | 27,200 | 22,308 | 24,833 | 25,835 | 28,209 | 30,193 | 35.3      | 7.0       |
| Less: NII on Off Book                      | 3731   | 4244   | 4798   | 5251   | 2881   | 2816   | 3183   | 3739   | 4837   | 67.9      | 29.3      |
| Interest Income                            | 18,258 | 19,332 | 20,831 | 21,949 | 19,427 | 22,017 | 22,652 | 24,470 | 25,356 | 30.5      | 3.6       |
| Interest Expended                          | 8,878  | 9321   | 9885   | 10744  | 9957   | 11694  | 12888  | 13819  | 14370  | 44.3      | 4.0       |
| NII  | 9,380  | 10,011 | 10,946 | 11,205 | 9,471  | 10,323 | 9,764  | 10,651 | 10,986 | 16.0      | 3.1       |
| growth y-o-y (%)                           | 48.0   | 38.2   | 38.9   | 28.4   | -13.5  | -7.9   | -3.6   | 7.0    | 16.0   |           |           |
| Other Income                               | 4,878  | 5,983  | 5,928  | 6,382  | 3,350  | 3,557  | 6,615  | 8,377  | 8,972  | 167.8     | 7.1       |
| Total Income                               | 14,257 | 15,994 | 16,875 | 17,587 | 12,821 | 13,881 | 16,379 | 19,028 | 19,958 | 55.7      | 4.9       |
| growth y-o-y (%)                           | 22.1   | 32.8   | 28.0   | 28.1   | -24.0  | -21.1  | 17.5   | 29.9   | 55.7   |           |           |
| Operating expenses                         | 6,332  | 6,773  | 7,272  | 7,691  | 7,478  | 7,367  | 8,017  | 8,702  | 9,204  | 23.1      | 5.8       |
| Cost/Income ratio                          | 44.4   | 42.3   | 43.1   | 43.7   | 58.3   | 53.1   | 48.9   | 45.7   | 46.1   |           |           |
| PPoP                                       | 7,925  | 9,222  | 9,603  | 9,897  | 5,343  | 6,514  | 8,362  | 10,325 | 10,754 | 101.3     | 4.1       |
| growth y-o-y (%)                           | 21.7   | 40.9   | 27.8   | 30.2   | -42.1  | -32.2  | -15.5  | 59.5   | 47.0   |           |           |
| Provisions & Contingencies                 | 1,736  | 2,386  | 2,440  | 4,360  | 4,332  | 3,417  | 4,799  | 4,758  | 4,124  | -4.8      | -13.3     |
| Profit Before Tax                          | 6,189  | 6,836  | 7,163  | 5,537  | 1,011  | 3,096  | 3,563  | 5,567  | 6,629  | 555.7     | 19.1      |
| growth y-o-y (%)                           | 42.6   | 29.1   | 29.1   | -6.8   | -85.9  | -44.1  | -18.3  | -498.7 | 555.7  |           |           |
| Tax  | 1,455  | 1,580  | 1711   | 1231   | 193    | 581    | 821    | 1388   | 1616   | 736.0     | 16.5      |
| Tax Rate (%)                               | 23.5   | 23.1   | 23.9   | 22.2   | 19.1   | 18.8   | 23.1   | 24.9   | 24.4   |           |           |
| Net Profit (Pre-NCI)                       | 4,734  | 5,256  | 5,452  | 4,306  | 818    | 2,515  | 2,741  | 4,180  | 5,014  | 513.0     | 19.9      |
| Net profit (y-o-y %)                       | 43.6   | 32.4   | 28.9   | -5.9   | -85.0  | -41.6  | -18.9  | -549.2 | 513.0  |           |           |
| Net profit (q-o-q %)                       | 3.5    | 11.0   | 3.7    | -21.0  | -187.9 | 207.5  | 9.0    | 52.5   | 19.9   |           |           |
| Total Comp. Income (PAT+OCI) (Post-NCI)    | 4,072  | 4,866  | 5,409  | 3,677  | 842    | 2,417  | 2,646  | 4,117  | 5,069  | 501.8     | 23.1      |
| -Owners PAT                                | 4075.5 | 4868.3 | 4857   | 3676.6 | 453    | 1983   | 2250   | 3722   | 4687   | 934.9     | 25.9      |
| -Non-controlling Interest                  | 465.4  | 510.1  | 551.8  | 564.2  | 389    | 434    | 396    | 395    | 381.7  | -2.0      | -3.4      |

Source: Dalal &amp; Broacha Research, Company

| Other Details                | Q1FY24   | Q2FY24   | Q3FY24   | Q4FY24   | Q3FY25   | Q4FY25   | Q1FY26   | Q2FY26   | Q3FY26   | y-o-y (%) | q-o-q (%) |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| AUMs (Rs.mn)                 | 6,81,780 | 7,30,660 | 7,74,440 | 7,89,600 | 7,14,110 | 7,83,410 | 8,38,890 | 9,01,220 | 9,83,340 | 37.7      | 9.1       |
| growth y-o-y (%)             | 29.2     | 32.1     | 33.7     | 22.2     | -7.8     | -0.8     | 20.5     | 34.6     | 37.7     |           |           |
| growth q-o-q (%)             | 5.5      | 7.2      | 6.0      | 2.0      | 6.6      | 9.7      | 7.1      | 7.4      | 9.1      |           |           |
| Loan Book - On Book          | 4,15,150 | 4,40,610 | 4,72,100 | 5,08,330 | 4,97,020 | 5,49,460 | 5,72,630 | 5,96,680 | 6,37,850 | 28.3      | 6.9       |
| Loan Book - Off Book         | 2,66,630 | 2,90,050 | 3,02,340 | 2,81,270 | 2,17,080 | 2,33,950 | 2,66,260 | 3,04,550 | 3,45,490 | 59.2      | 13.4      |
| -Assigned Assets             | 1,77,000 |          |          | 1,64,880 | 1,24,720 | 1,27,890 | 1,50,610 | 1,86,070 | 2,13,730 | 71.4      | 14.9      |
| -Co-lending Assets           | 89,630   |          |          | 1,16,390 | 92,360   | 1,06,060 | 1,15,650 | 1,18,480 | 1,31,760 | 42.7      | 11.2      |
| GOLD                         | 2,21,420 | 2,36,900 | 2,46,920 | 2,33,540 | 1,50,440 | 2,10,220 | 2,72,740 | 3,45,770 | 4,34,320 | 188.7     | 25.6      |
| HOME LOANS                   | 2,28,380 | 2,40,090 | 2,55,190 | 2,74,380 | 3,03,180 | 3,15,880 | 3,20,170 | 3,20,340 | 3,18,930 | 5.2       | -0.4      |
| BUSINESS LOANS               | 97,350   | 1,07,350 | 1,17,670 | 1,29,090 | 85,970   | 1,41,850 | 1,39,390 | 96,710   | 1,00,810 | 17.3      | 4.2       |
| MICROFINANCE                 | 1,02,550 | 1,13,070 | 1,20,900 | 130,940  | 103,990  | 98,590   | 89,160   | 83,620   | 83,600   | -19.1     | 0.0       |
| CONSTRUCTION AND REAL ESTATE | 27,320   | 28,240   | 28,890   | 18,470   | 8830     | 8390     | 8,850    | 9420     | 9470     | 7.2       | 0.5       |
| Capital market finance       | 4,770    | 5,010    | 4,870    | 3080     | 5910     | 6,090    | 6,860    | 6,130    | 5,350    | -9.5      | -12.7     |
| Discontinued Business        |          |          |          | 11,380   | 56390    | 2390     | 1,720    | 39240    | 30860    | -45.3     | -21.4     |
| Y-o-Y growth (%)             |          |          |          |          |          |          |          |          |          |           |           |
| AUMs                         | 29.2     | 32.1     | 33.7     | 22.2     | -7.8     | -0.8     | 20.5     | 34.6     | 37.7     |           |           |
| Loan Book - On Book          | 28.2     | 25.3     | 34.0     | 29.1     | 5.3      | 8.1      | 25.9     | 34.0     | 28.3     |           |           |
| Loan Book - Off Book         | 30.9     | 44.0     | 33.2     | 11.3     | -28.2    | -16.8    | 10.3     | 35.7     | 59.2     |           |           |
| GOLD                         | 29.3     | 32.9     | 35.0     | 12.6     | -39.1    | -10.0    | 85.2     | 220.2    | 188.7    |           |           |
| HOME LOANS                   | 22.7     | 22.0     | 25.2     | 25.9     | 18.8     | 15.1     | 14.0     | 10.0     | 5.2      |           |           |
| BUSINESS LOANS               | 27.4     | 34.4     | 43.8     | 40.6     | -26.9    | 9.9      | 7.0      | -30.5    | 17.3     |           |           |
| MICROFINANCE                 | 63.4     | 68.2     | 54.3     | 33.8     | -14.5    | -24.7    | -25.8    | -26.1    | -19.1    |           |           |
| CONSTRUCTION AND REAL ESTATE | 9.9      | 8.9      | 6.8      | -31.4    | -69.4    | -54.6    | -39.5    | -34.6    | 7.2      |           |           |
| Capital market finance       | -21.4    | 2.7      | -10.8    | -30.3    | 21.4     | 97.7     | 133.3    | 61.7     | -9.5     |           |           |
| Q-o-Q growth (%)             |          |          |          |          |          |          |          |          |          |           |           |
| AUMs                         | 5.5      | 7.2      | 6.0      | 2.0      | 6.6      | 9.7      | 7.1      | 7.4      | 9.1      |           |           |
| Loan Book - On Book          | 5.5      | 6.1      | 7.1      | 7.7      | 11.6     | 10.6     | 4.2      | 4.2      | 6.9      |           |           |
| Loan Book - Off Book         | 5.5      | 8.8      | 4.2      | -7.0     | -3.2     | 7.8      | 13.8     | 14.4     | 13.4     |           |           |
| GOLD                         | 6.8      | 7.0      | 4.2      | -5.4     | 39.3     | 39.7     | 29.7     | 26.8     | 25.6     |           |           |
| HOME LOANS                   | 4.8      | 5.1      | 6.3      | 7.5      | 4.1      | 4.2      | 1.4      | 0.1      | -0.4     |           |           |
| BUSINESS LOANS               | 6.0      | 10.3     | 9.6      | 9.7      | -38.2    | 65.0     | -1.7     | -30.6    | 4.2      |           |           |
| MICROFINANCE                 | 4.8      | 10.3     | 6.9      | 8.3      | -8.6     | -4.6     | -9.6     | -6.2     | 0.0      |           |           |
| CONSTRUCTION AND REAL ESTATE | 1.4      | 3.4      | 2.3      | -36.1    | -38.7    | -5.0     | 5.5      | 6.4      | 0.5      |           |           |
| Capital market finance       | 7.9      | 5.0      | -2.8     | -36.8    | 55.9     | 3.0      | 12.6     | -10.6    | -12.7    |           |           |
| % Share                      | Q1FY24   | Q2FY24   | Q3FY24   | Q4FY24   | Q3FY25   | Q4FY25   | Q1FY26   | Q2FY26   | Q3FY26   |           |           |
| GOLD                         | 32.5     | 32.4     | 31.9     | 29.6     | 21.1     | 26.8     | 32.5     | 38.4     | 44.2     |           |           |
| HOME LOANS                   | 33.5     | 32.9     | 33.0     | 34.7     | 42.5     | 40.3     | 38.2     | 35.5     | 32.4     |           |           |
| BUSINESS LOANS               | 14.3     | 14.7     | 15.2     | 16.3     | 12.0     | 18.1     | 16.6     | 10.7     | 10.3     |           |           |
| MICROFINANCE                 | 15.0     | 15.5     | 15.6     | 16.6     | 14.5     | 12.6     | 10.6     | 9.3      | 8.5      |           |           |
| CONSTRUCTION AND REAL ESTATE | 4.0      | 3.9      | 3.7      | 2.3      | 1.2      | 1.1      | 1.1      | 1.0      | 1.0      |           |           |
| Capital market finance       | 0.7      | 0.7      | 0.6      | 0.4      | 0.8      | 0.8      | 0.8      | 0.7      | 0.5      |           |           |

Source: Dalal &amp; Broacha Research, Company

## Financials

### Profit & Loss Account

| P&L (Rs Mn)                            | FY24         | FY25         | FY26E        | FY27E        | FY28E        |
|--|--------------|--------------|--------------|--------------|--------------|
| Interest income                        | 98386        | 95043        | 109297       | 129405       | 152962       |
| Interest expense                       | 38678        | 41695        | 54157        | 61978        | 72621        |
| <b>NII</b>                             | <b>59708</b> | <b>53348</b> | <b>55140</b> | <b>67428</b> | <b>80341</b> |
| Non-interest income                    | 5151         | 2014         | 10389        | 15442        | 18461        |
| <b>Net revenues</b>                    | <b>64859</b> | <b>55362</b> | <b>65529</b> | <b>82869</b> | <b>98802</b> |
| Operating expenses                     | 28,067       | 29,634       | 36,260       | 43,639       | 52,556       |
| <b>PPOP</b>                            | <b>36792</b> | <b>25728</b> | <b>29269</b> | <b>39230</b> | <b>46246</b> |
| Provisions                             | 11073        | 18658        | 16075        | 19573        | 22358        |
| <b>PBT</b>                             | <b>25719</b> | <b>7070</b>  | <b>13194</b> | <b>19657</b> | <b>23888</b> |
| Tax                                    | 5,977        | 1,289        | 3,101        | 4,619        | 6,020        |
| <b>PAT</b>                             | <b>19742</b> | <b>5781</b>  | <b>10093</b> | <b>15038</b> | <b>17868</b> |
| <i>growth (%)</i>                      | <i>23</i>    | <i>-71</i>   | <i>75</i>    | <i>49</i>    | <i>19</i>    |
| <i>Profits attributable to Owners</i>  | <i>17635</i> | <i>3735</i>  | <i>7638</i>  | <i>11968</i> | <i>14032</i> |
| <i>Non-controlling interest</i>        | <i>2107</i>  | <i>2046</i>  | <i>2455</i>  | <i>3069</i>  | <i>3837</i>  |
| <b>Comprehensive Income (Post NCI)</b> | <b>19569</b> | <b>5781</b>  | <b>10093</b> | <b>15038</b> | <b>17868</b> |
| <i>growth (%)</i>                      | <i>19</i>    | <i>-70</i>   | <i>75</i>    | <i>49</i>    | <i>19</i>    |

### Balance Sheet

| (Rs.mn)                  | FY24          | FY25          | FY26E         | FY27E         | FY28E          |
|--------------------------|---------------|---------------|---------------|---------------|----------------|
| Share capital            | 763           | 849           | 850           | 850           | 850            |
| Reserves & surplus       | 105607        | 123273        | 130061        | 143824        | 159992         |
| <b>Net worth</b>         | <b>106370</b> | <b>124122</b> | <b>130911</b> | <b>144674</b> | <b>160842</b>  |
| Non-controlling Interest | 14190         | 15428         | 15428         | 15428         | 15428          |
| Borrowings               | 471357        | 515334        | 589914        | 714877        | 846860         |
| Other liability          | 32127         | 21559         | 45770         | 54557         | 64412          |
| <b>Total liabilities</b> | <b>624044</b> | <b>676442</b> | <b>782022</b> | <b>929536</b> | <b>1087542</b> |
| <br>                     | <br>          | <br>          | <br>          | <br>          | <br>           |
| Cash                     | 42459         | 41918         | 51485         | 60105         | 67206          |
| Investments              | 40590         | 44380         | 53256         | 62842         | 72268          |
| Loans                    | 509523        | 553643        | 637107        | 760987        | 895131         |
| Fixed assets             | 9575          | 15098         | 18118         | 21741         | 26090          |
| Other assets             | 21898         | 21403         | 22057         | 23861         | 26847          |
| <b>Total assets</b>      | <b>624045</b> | <b>676442</b> | <b>782022</b> | <b>929536</b> | <b>1087542</b> |

**Ratios**

| <b>Ratios</b>                  | <b>FY24</b>  | <b>FY25</b>  | <b>FY26e</b> | <b>FY27e</b> | <b>FY28e</b> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Growth (%)</b>              |              |              |              |              |              |
| NII                            | 44           | -11          | 3            | 22           | 19           |
| PPOP                           | 31           | -30          | 14           | 34           | 18           |
| PAT                            | 0            | 0            | 0            | 0            | 0            |
| Advances                       | 27           | 9            | 15           | 19           | 18           |
| <b>Spread (%)</b>              | <b>FY24e</b> | <b>FY25e</b> | <b>FY26e</b> | <b>FY27e</b> | <b>FY27e</b> |
| Total yields on AUMs           | 13.8         | 12.1         | 12.1         | 11.6         | 11.6         |
| Advances yields on B/S loans   | 17.7         | 15.0         | 15.1         | 14.9         | 14.9         |
| Cost of Funds                  | 8.9          | 8.5          | 9.8          | 9.5          | 9.3          |
| Spreads                        | 8.8          | 6.5          | 5.3          | 5.4          | 5.6          |
| Margins                        | 7.7          | 6.2          | 5.2          | 5.2          | 5.3          |
| <b>Asset quality (%)</b>       | <b>FY24e</b> | <b>FY25e</b> | <b>FY26e</b> | <b>FY27e</b> | <b>FY27e</b> |
| Gross NPAs (Rs)                | 11692        | 12318        | 14961        | 17841        | 21198        |
| Net NPAs (Rs)                  | 5963         | 5715         | 7376         | 9048         | 10908        |
| <i>Gross NPAs (%)</i>          | <i>2.3</i>   | <i>2.2</i>   | <i>2.3</i>   | <i>2.3</i>   | <i>2.3</i>   |
| Net NPAs (%)                   | 1.2          | 1.0          | 1.2          | 1.2          | 1.2          |
| Provisions (%)                 | 49           | 54           | 51           | 49           | 49           |
| <b>Return ratios (%)</b>       | <b>FY24e</b> | <b>FY25e</b> | <b>FY26e</b> | <b>FY27e</b> | <b>FY27e</b> |
| RoE                            | 18.0         | 3.2          | 6.0          | 8.7          | 9.2          |
| RoA                            | 3.1          | 0.6          | 1.0          | 1.4          | 1.4          |
| <b>Per share (Rs)</b>          | <b>FY24e</b> | <b>FY25e</b> | <b>FY26e</b> | <b>FY27e</b> | <b>FY27e</b> |
| No. of shares                  | 382          | 425          | 425          | 425          | 425          |
| EPS                            | 46.2         | 8.8          | 18.0         | 28.2         | 33.0         |
| BV                             | 279          | 292          | 308          | 340          | 378          |
| ABV                            | 258          | 272          | 287          | 340          | 378          |
| <b>Valuation (x)</b>           | <b>FY24e</b> | <b>FY25e</b> | <b>FY26e</b> | <b>FY27e</b> | <b>FY27e</b> |
| P/E                            | 11.3         | 59.1         | 28.9         | 18.5         | 15.7         |
| P/BV                           | 1.9          | 1.8          | 1.7          | 1.5          | 1.4          |
| P/ABV                          | 2.0          | 1.9          | 1.8          | 1.5          | 1.4          |
| <b>Other Ratios</b>            | <b>FY24e</b> | <b>FY25e</b> | <b>FY26e</b> | <b>FY27e</b> | <b>FY27e</b> |
| C/I Ratio                      | 43.3         | 53.5         | 55.3         | 52.7         | 53.2         |
| C/I ratio (incl. other income) | 40.1         | 51.6         | 47.8         | 44.4         | 44.8         |
| Opex to AuM                    | 9.2          | 6.8          | 5.9          | 5.2          | 4.7          |
| Opex to Avg. AUM (%)           | 3.9          | 3.8          | 4.0          | 3.9          | 4.0          |
| <b>ROA Tree (%)</b>            | <b>FY24e</b> | <b>FY25e</b> | <b>FY26e</b> | <b>FY27e</b> | <b>FY27e</b> |
| Interest income                | 17.1         | 14.6         | 15.0         | 15.1         | 15.2         |
| Interest expense               | 6.7          | 6.4          | 7.4          | 7.2          | 7.2          |
| <b>NII</b>                     | <b>10.3</b>  | <b>8.2</b>   | <b>7.6</b>   | <b>7.9</b>   | <b>8.0</b>   |
| Non-interest income            | 0.9          | 0.3          | 1.4          | 1.8          | 1.8          |
| <b>Net revenues</b>            | <b>11.2</b>  | <b>8.5</b>   | <b>9.0</b>   | <b>9.7</b>   | <b>9.8</b>   |
| Operating expenses             | 4.9          | 4.6          | 5.0          | 5.1          | 5.2          |
| <b>PPOP</b>                    | <b>6.4</b>   | <b>4.0</b>   | <b>4.0</b>   | <b>4.6</b>   | <b>4.6</b>   |
| Provisions                     | 1.9          | 2.9          | 2.2          | 2.3          | 2.2          |
| <b>PBT</b>                     | <b>4.5</b>   | <b>1.1</b>   | <b>1.8</b>   | <b>2.3</b>   | <b>2.4</b>   |
| Tax                            | 1.0          | 0.2          | 0.4          | 0.5          | 0.6          |
| <b>PAT</b>                     | <b>3.4</b>   | <b>0.9</b>   | <b>1.4</b>   | <b>1.8</b>   | <b>1.8</b>   |
| Owners PAT                     | 3.1          | 0.6          | 1.0          | 1.4          | 1.4          |

Source: Dalal &amp; Broacha Research, Company

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