



## Asset quality pain lingers !!!

Q2FY26 Consol PAT of the company increased by 52.5% on qoq basis to INR 4180 mn. Key highlights of the results were – a) AUM growth was strong at 34.6% yoy / 7.4% qoq led by gold loans b) asset quality deterioration was sharp in segments including MSME & MFI. NII grew by 7% yoy / 9% qoq to INR 10.7 bn. While other income growth was strong at 78.6% / 26.6% qoq to INR 83.8 bn largely led by income from off-book assets. Total AUM grew by 34.6% yoy & 7.4% qoq to INR 901 bn 10% qoq which was largely led by gold loans. Gold loans (38.4% share) grew by 220% yoy / 26.8% qoq to INR 345.8 bn. Management is confident of the sustained growth momentum in the gold loans going forward as well. While home loans (36% share) growth was sanguine; growth was at 10% yoy / 0% qoq to INR 320 bn. Mr.Girish Kousgi has joined in the IIFL Home Finance; who is aiming to build more focus on the collections & recoveries. While the strategies of the new management will be unveiled in the coming quarters. As per management home loan growth is likely to be ~15% levels in FY26. Calculated spreads on the total AUMs improved by 19 bps qoq to 3.21%. Although overall GNPA/NNPA came down to 2.12%/1.02% in Q2FY26 vs. 2.23%/1.05% in Q1FY26 but segment rise in the NPLs was sharp in MSME & MFI loans. Full year FY26 credit cost is expected to be ~2.8-3%.

**We retain BUY rating on the stock with revised TP of INR 643, giving us upside potential of 19% from current levels.**

## Future Outlook for FY26

- Consol AUM to grow by 15-20% CAGR in the medium term; growth will be driven by home & gold loans
- Share of off-book assets to increase to 40% from current 34%
- Loan loss provisions of 2.8-3% in FY26

## 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)        | 11.7  | 61.3  | 30.0  | 19.1  | 16.3  |
| P/ABV (x)      | 2.1   | 2.0   | 1.9   | 1.6   | 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 &amp; Broacha Research, Company

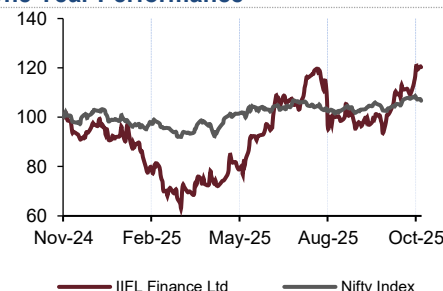
| Rating     | TP (Rs)    | Up/Dn (%) |
|------------|------------|-----------|
| <b>BUY</b> | <b>643</b> | <b>19</b> |

## Market data

|                      |           |                |
|----------------------|-----------|----------------|
| <b>Current price</b> | <b>Rs</b> | <b>539</b>     |
| Market Cap (Rs.Bn)   | (Rs Bn)   | 229            |
| Market Cap (US\$ Mn) | (US\$ Mn) | 2,582          |
| Face Value           | Rs        | 2              |
| 52 Weeks High/Low    | Rs        | 559.75 / 279.8 |
| Average Daily Volume | ('000)    | 3,793          |
| BSE Code             |           | <b>532636</b>  |
| Bloomberg            |           | IIFL.IN        |

Source: Bloomberg

## One Year Performance



Source: Bloomberg

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

Source: BSE

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## Valuations

Post lifting of embargo, growth in gold loans has come back on the book quite sharply with lifting overall AUM growth to 34-35% levels. However, poor asset quality performance is impacting the overall profitability; which is expected to continue atleast for next 1-2 quarters.

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 CMP, it is trading at 1.9x/1.6x/1.4x on FY26e/FY27e/FY28e ABV which look reasonable given improvement in the return ratios. We retain BUY rating on the stock with revised TP of INR 643, giving us upside of 19% from current levels (discounting its FY28e ABV by 1.7x). However, in the near term, stock price performance will not be extra-ordinary given its poor asset quality performance.

## Results & Concall Highlights Q2FY26

- Q2FY26 Consol PAT of the company increased by 52.5% on qoq basis to INR 4180 mn. Key highlights of the results were – a) AUM growth was strong at 34.6% yoy / 7.4% qoq led by gold loans b) asset quality deterioration was sharp across segments including MSME & MFI sector.
- NII grew by 7% yoy / 9% qoq to INR 10.7 bn. While other income growth was strong at 78.6% / 26.6% qoq to INR 83.8 bn largely led by income from off-book assets.
- **AUM growth was strong led by gold loans**
  - Total AUM grew by 34.6% yoy & 7.4% qoq to INR 901 bn 10% qoq which was largely led by gold loans.
  - Gold loans (38.4% share) grew by 220% yoy / 26.8% qoq to INR 345.8 bn. Management is confident of the sustained growth momentum in the gold loans going forward as well.
  - While home loans (36% share) growth was sanguine; growth was at 10% yoy / 0% qoq to INR 320 bn – largely due to change in the CEO of the home finance company. Mr.Girish Kousgi has joined in the IIFL Home Finance; who is aiming to build more focus on the collections & recoveries. While the strategies of the new management will be unveiled in the coming quarters. As per management home loan growth is likely to be ~15% levels in FY26
  - MSME loans (15% share) declined by 3% qoq to 134.7 bn due to higher NPLs witnessed in this segment. Within this, MSME unsecured loans (having 32% in the MSME loans) de-grew by 9% yoy / 6% qoq to INR 39.3 bn. MSME unsecured loans which are sourced via digital channels has been discontinued by the NBFC during the quarter.
  - Additionally, MFI loans (9% share) too witnessed de-growth of 26% yoy / 6% qoq to INR 83.6 bn in the wake of rising NPLs in this segment.
  - Off-book assets continue strong growth momentum of 35.7% yoy / 14.4% qoq to INR 304 bn. Within this, co-lending assets (39% share) grew sharply by 39.6 yoy / 2.4% qoq to INR 118.5 bn vs. assigned assets witnessing 33.4% yoy / 23.5% qoq % qoq growth to INR 186 bn. Overall, off-book assets currently contribute ~34% in the total AUMs vs. 40% share seen in the pre-embargo period.

- Management reiterated that its guidance for the AUM growth is likely to 15-20% with co-lending expected to remain key growth driver
- Also, going forward, home loans and gold loans are likely to be key growth drivers. Also, off-book assets which is at 34% levels is expected to rise to 40% levels as per management.
- **Spreads improved on qoq basis led by improved yields**
  - Calculated spreads on the total AUMs improved by 19 bps qoq to 3.21%. There was rise in yield on total AUMs by 30 bps to 13% and cost of funds rise by 4 bps qoq to 9.76%. Interest spread (on-book assets) was at 6.9% in Q2 vs. 6.4% in Q1 qoq led by yield expansion
- **Asset quality pain continues in MSME & MFI sector**
  - Although overall GNPA/NNPA came down to 2.12%/1.02% in Q2FY26 vs. 2.23%/1.05% in Q1FY26 but segment rise in the NPLs was sharp in MSME & MFI loans
  - In home loans, GNPA declined from 1.74% to 1.4% levels on qoq basis; similarly for gold loans too GNPL declined from 0.18% to 0.12% on qoq basis.
  - For MSME loans, GNPA increased from 5.4% to 5.9% qoq. Within this, micro LAP (which is discontinued product) witnessed rise from 14.9% to 20.5% qoq & MSME unsecured loans from 6.9% to 7.5% qoq.
  - Additionally, GNPA rose in MFI segment too from 4.7% to 5% on qoq basis. IIFL Samasta + 4 lenders is <5% of the gross loan portfolio. As per management, MFI credit cost guidance is expected to be 8% for FY26 while H2 is likely to be lower than H1. It is seeing seasoning challenges are seen in the older book while new book is performing relatively better.
  - Overall PCR now stands at 52.8%
  - Management expects loan loss provisions to be less in H2FY26; credit cost could be ~2.2-2.4% in H2 while for the full year FY26 2.8-3% is estimated. We estimate credit cost of 2.7%/2.8% for FY26e/FY27e period respectively
  - Management said that deterioration in the MFI segment caused stress in the micro-LAP segment. Cash flows are impacted of the small borrowers who has taken micro-LAP loans.

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## Valuations

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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 CMP, it is trading at 1.9x/1.6x/1.4x on FY26e/FY27e/FY28e ABV which look reasonable given improvement in the return ratios. **We retain BUY rating on the stock with revised TP of INR 643, giving us upside of 19% from current levels** (discounting its FY28e ABV by 1.7x). However, in the near term, stock price performance will not be extra-ordinary given its poor asset quality performance.

## Quarterly Comparison

| IIFL Finance - Results Highlights - Q2FY26<br>(Rs.mn) (Consol) |        |        |        |        |        |        |         |
|--|--------|--------|--------|--------|--------|--------|---------|
|  | Q1FY24 | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26  |
| Interest Earned  | 21,989 | 24,721 | 23,181 | 22,308 | 24,833 | 25,835 | 28,209  |
| Less: NII on Off Book  | 3,731  | 4,255  | 3,437  | 2,881  | 2,816  | 3,183  | 3,739   |
| Interest Income  | 18,258 | 20,466 | 19,744 | 19,427 | 22,017 | 22,652 | 24,470  |
| Interest Expended  | 8,878  | 10,340 | 9,788  | 9,957  | 11,694 | 12,888 | 13,819  |
| NII  | 9,380  | 10,126 | 9,956  | 9,471  | 10,323 | 9,764  | 10,651  |
| growth y-o-y (%)   | 48.0   | 8.0    | -0.6   | -13.5  | -7.9   | -3.6   | 7.0     |
| NII on On-Book   | 9,374  | 10,126 | 10,126 | 10,126 | 10,126 | 10,126 | 10,126  |
| Other Income   | 4,878  | 3,808  | 4,690  | 3,350  | 3,557  | 6,615  | 8,377   |
| NII on Off-Book  | 3,731  | 4,255  | 3,437  | 2,881  | 2,816  | 3,183  | 3,739.4 |
| Total Income   | 14,257 | 13,934 | 14,646 | 12,821 | 13,881 | 16,379 | 19,028  |
| growth y-o-y (%)   | 22.1   | -2.3   | -8.4   | -24.0  | -21.1  | 17.5   | 29.9    |
| Operating expenses   | 6,332  | 7,461  | 7,329  | 7,478  | 7,367  | 8,017  | 8,702   |
| Cost/Income ratio  | 44.4   | 53.5   | 50.0   | 58.3   | 53.1   | 48.9   | 45.7    |
| growth y-o-y (%)   | 22.6   | 17.8   | 8.2    | 2.8    | -4.2   |        |         |
| PPoP   | 7,925  | 6,474  | 7,317  | 5,343  | 6,514  | 8,362  | 10,325  |
| growth y-o-y (%)   | 21.7   | -18.3  | -20.7  | -42.1  | -32.2  | -15.5  | 59.5    |
| Provisions & Contingencies                                     | 1,736  | 2,112  | 8,713  | 4,332  | 3,417  | 4,799  | 4,758   |
| Profit Before Tax  | 6,189  | 4,362  | -1,397 | 1,011  | 3,096  | 3,563  | 5,567   |
| growth y-o-y (%)   | 42.6   | -29.5  | -120.4 | -85.9  | -44.1  | -18.3  | -498.7  |
| Tax  | 1,455  | 980    | -466   | 193    | 581    | 821    | 1,388   |
| Tax Rate (%)   | 23.5   | 22.5   | 33.4   | 19.1   | 18.8   | 23.1   | 24.9    |
| Net Profit (Pre-NCI)   | 4,734  | 3,382  | -930   | 818    | 2,515  | 2,741  | 4,180   |
| Net profit (y-o-y %)   | 43.6   | -28.6  | -117.7 | -85.0  | -41.6  | -18.9  | -549.2  |
| Net profit (q-o-q %)   | 3.5    | -21.5  | -127.5 | -187.9 | 207.5  | 9.0    | 52.5    |
| NCI  | 475    | 501    | 646    | 410    | 437    | 437    |         |
| Net Profit (Post -NCI)   | 4,260  | 2,881  | -1,577 | 408    | 2,078  | 2,304  | 4,180   |
| Total Comp. Income (PAT+OCI) (Pre-NCI)                         | 4,546  | 3,369  | -980   | 818    | 2,515  | 2,741  | 4,180   |
| Total Comp. Income (PAT+OCI) (Post-NCI)                        | 4,072  | 3,369  | -980   | 842    | 2,417  | 2,646  | 4,117   |
| -Owners PAT  | 4075.5 | 2877   | -1638  | 453    | 1983   | 2250   | 3722    |
| -Non-controlling Interest                                      | 465.4  | 492    | 658    | 389    | 434    | 396    | 395     |

Source: Dalal &amp; Broacha Research, Company

| Other Details                | Q1FY24          | Q1FY25          | Q2FY25          | Q3FY25          | Q4FY25          | Q1FY26          | Q2FY26          |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>AUMs (Rs.mn)</b>          | <b>6,81,780</b> | <b>6,96,100</b> | <b>6,69,640</b> | <b>7,14,110</b> | <b>7,83,410</b> | <b>8,38,890</b> | <b>9,01,220</b> |
| <i>growth y-o-y (%)</i>      | <i>29.2</i>     | <i>2.1</i>      | <i>-8.4</i>     | <i>-7.8</i>     | <i>-0.8</i>     | <i>20.5</i>     | <i>34.6</i>     |
| <i>growth q-o-q (%)</i>      | <i>5.5</i>      | <i>-11.8</i>    | <i>-3.8</i>     | <i>6.6</i>      | <i>9.7</i>      | <i>7.1</i>      | <i>7.4</i>      |
| <i>Loan Book - On Book</i>   | <i>4,15,150</i> | <i>4,54,700</i> | <i>4,45,270</i> | <i>4,97,020</i> | <i>5,49,460</i> | <i>5,72,630</i> | <i>5,96,680</i> |
| <i>Loan Book - Off Book</i>  | <i>2,66,630</i> | <i>2,41,410</i> | <i>2,24,370</i> | <i>2,17,080</i> | <i>2,33,950</i> | <i>2,66,260</i> | <i>3,04,550</i> |
| <i>-Assigned Assets</i>      | <i>1,77,000</i> | <i>1,46,090</i> | <i>1,39,480</i> | <i>1,24,720</i> | <i>1,27,890</i> | <i>1,50,610</i> | <i>1,86,070</i> |
| <i>-Co-lending Assets</i>    | <i>89,630</i>   | <i>95,320</i>   | <i>84,890</i>   | <i>92,360</i>   | <i>1,06,060</i> | <i>1,15,650</i> | <i>1,18,480</i> |
| GOLD                         | 2,21,420        | 1,47,270        | 1,07,970        | 1,50,440        | 2,10,220        | 2,72,740        | 3,45,770        |
| HOME LOANS                   | 2,28,380        | 2,80,890        | 2,91,160        | 3,03,180        | 3,15,880        | 3,20,170        | 3,20,340        |
| <b>BUSINESS LOANS</b>        | <b>97,350</b>   | <b>1,30,250</b> | <b>1,39,210</b> | <b>1,39,040</b> | <b>1,41,850</b> | <b>1,39,390</b> | <b>1,34,740</b> |
| MICROFINANCE                 | 1,02,550        | 1,20,110        | 1,13,110        | 1,03,390        | 98,590          | 89,160          | 83,620          |
| CONSTRUCTION AND REAL ESTATE | 27,320          | 14,640          | 14,400          | 8,830           | 8,390           | 8,850           | 9,420           |
| Capital market finance       | 4,770           | 2,940           | 3,790           | 5,910           | 6,090           | 6,860           | 6,130           |
| -Personal Loans              |                 |                 | 4,670           | 3,320           | 2,390           | 1,720           | 1,210           |
| <b>Y-o-Y growth (%)</b>      |                 |                 |                 |                 |                 |                 |                 |
| <b>AUMs</b>                  | <b>29.2</b>     | <b>2.1</b>      | <b>-8.4</b>     | <b>-7.8</b>     | <b>-0.8</b>     | <b>20.5</b>     | <b>34.6</b>     |
| <i>Loan Book - On Book</i>   | <i>28.2</i>     | <i>9.5</i>      | <i>1.1</i>      | <i>5.3</i>      | <i>8.1</i>      | <i>25.9</i>     | <i>34.0</i>     |
| <i>Loan Book - Off Book</i>  | <i>30.9</i>     | <i>-9.5</i>     | <i>-22.6</i>    | <i>-28.2</i>    | <i>-16.8</i>    | <i>10.3</i>     | <i>35.7</i>     |
| GOLD                         | 29.3            | -33.5           | -54.4           | -39.1           | -10.0           | 85.2            | 220.2           |
| HOME LOANS                   | 22.7            | 23.0            | 21.3            | 18.8            | 15.1            | 14.0            | 10.0            |
| BUSINESS LOANS               | 27.4            | 33.8            | 29.7            | 18.2            | 9.9             | 7.0             | -3.2            |
| MICROFINANCE                 | 63.4            | 17.1            | 0.0             | -14.5           | -24.7           | -25.8           | -26.1           |
| CONSTRUCTION AND REAL ESTATE | 9.9             | -46.4           | -49.0           | -69.4           | -54.6           | -39.5           | -34.6           |
| Capital market finance       | -21.4           | -38.4           | -24.4           | 21.4            | 97.7            | 133.3           | 61.7            |
| <b>Q-o-Q growth (%)</b>      |                 |                 |                 |                 |                 |                 |                 |
| <b>AUMs</b>                  | <b>5.5</b>      | <b>-11.8</b>    | <b>-3.8</b>     | <b>6.6</b>      | <b>9.7</b>      | <b>7.1</b>      | <b>7.4</b>      |
| <i>Loan Book - On Book</i>   | <i>5.5</i>      | <i>-10.6</i>    | <i>-2.1</i>     | <i>11.6</i>     | <i>10.6</i>     | <i>4.2</i>      | <i>4.2</i>      |
| <i>Loan Book - Off Book</i>  | <i>5.5</i>      | <i>-14.2</i>    | <i>-7.1</i>     | <i>-3.2</i>     | <i>7.8</i>      | <i>13.8</i>     | <i>14.4</i>     |
| GOLD                         | 6.8             | -36.9           | -26.7           | 39.3            | 39.7            | 29.7            | 26.8            |
| HOME LOANS                   | 4.8             | 2.4             | 3.7             | 4.1             | 4.2             | 1.4             | 0.1             |
| BUSINESS LOANS               | 6.0             | 0.9             | 6.9             | -0.1            | 2.0             | -1.7            | -3.3            |
| MICROFINANCE                 | 4.8             | -8.3            | -5.8            | -8.6            | -4.6            | -9.6            | -6.2            |
| CONSTRUCTION AND REAL ESTATE | 1.4             | -20.7           | -1.6            | -38.7           | -5.0            | 5.5             | 6.4             |
| Capital market finance       | 7.9             | -4.5            | 28.9            | 55.9            | 3.0             | 12.6            | -10.6           |

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> |
| 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

| Ratios                         | FY24         | FY25         | FY26E        | FY27e        | FY28e        |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| <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        |
| Gross NPAs (%)                 | 2.3          | 2.2          | 2.3          | 2.3          | 2.3          |
| 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                            | 11.7         | 61.3         | 30.0         | 19.1         | 16.3         |
| P/BV                           | 1.9          | 1.8          | 1.7          | 1.6          | 1.4          |
| P/ABV                          | 2.1          | 2.0          | 1.9          | 1.6          | 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          |
| NII                            | 10.3         | 8.2          | 7.6          | 7.9          | 8.0          |
| Non-interest income            | 0.9          | 0.3          | 1.4          | 1.8          | 1.8          |
| <b>Net revenues</b>            | 11.2         | 8.5          | 9.0          | 9.7          | 9.8          |
| Operating expenses             | 4.9          | 4.6          | 5.0          | 5.1          | 5.2          |
| <b>PPOP</b>                    | 6.4          | 4.0          | 4.0          | 4.6          | 4.6          |
| Provisions                     | 1.9          | 2.9          | 2.2          | 2.3          | 2.2          |
| <b>PBT</b>                     | 4.5          | 1.1          | 1.8          | 2.3          | 2.4          |
| Tax                            | 1.0          | 0.2          | 0.4          | 0.5          | 0.6          |
| <b>PAT</b>                     | 3.4          | 0.9          | 1.4          | 1.8          | 1.8          |
| Owners PAT                     | 3.1          | 0.6          | 1.0          | 1.4          | 1.4          |

Source: Dalal &amp; Broacha Research, Company



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