15 January 2026

3QFY26 Results Update | Sector: Financials

HDB Financial Services

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	HDBFS IN
Equity Shares (m)	830
M.Cap.(INRb)/(USDb)	634.1 / 7
52-Week Range (INR)	892 / 705
1, 6, 12 Rel. Per (%)	1/-12/-
12M Avg Val (INR M)	1992

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Total Income	89.6	102.3	118.3
PPP	61.8	71.3	83.6
PAT	25.6	31.8	38.7
EPS (INR)	30.8	38.4	46.6
EPS Gr. (%)	13	25	21.5
BV (INR)	252	290	337
Ratios			
NIM (%)	8.2	8.2	8.2
C/I ratio (%)	40.7	40.1	39.2
RoAA (%)	2.2	2.4	2.5
RoE (%)	13.9	14.2	14.9
Valuation			
P/E (x)	24.8	19.9	16.4
P/BV (x)	3.0	2.6	2.3
Div. Yield (%)	0.5	0.7	0.8

Shareholding pattern (%)

As On	Sep-25	Jun-25
Promoter	74.2	74.2
DII	10.9	5.2
FII	3.4	4.3
Others	11.5	16.3

FII Includes depository receipts

CMP: INR764 | **TP: INR815 (+7%)** | **Neutral**

Loan growth remains muted; asset quality stable

Disbursements momentum picks up; NIMs expand ~15bp QoQ

- HDB Financial Services' (HDBFIN) 3QFY26 PAT rose 36% YoY/11% QoQ to ~INR6.4b (in line). Adjusted for the one-time provisioning on the new labor codes, PAT stood at INR6.8b and rose ~44% YoY. NII grew 22% YoY to ~INR22.8b (inline). Other income stood at ~INR6.8b (in line; up 9% YoY).
- Opex grew ~14% YoY to ~INR14b. (in line). Excluding the impact of the new labor codes, the cost to income ratio (CIR) in the lending business declined ~120bp QoQ to 39.5% (PQ: 40.7 and PY: 42.5%). Following the notification of the new labor codes, the company recognized an additional employee benefit expense of INR605m. PPoP stood at INR15.7b and grew 23% YoY.
- Yields (calc.) rose ~5bp QoQ to 14.12%, while CoB (calc.) was broadly stable QoQ at 7.45%, leading to a ~5bp QoQ rise in spreads to ~6.7%. NIMs in 3QFY26 expanded ~15bp QoQ to ~8.1%. The company guided for NIMs to remain in the range of ~8% in the subsequent quarters. We expect NIMs of 8.2% each in FY26/FY27E (vs. 7.8% in FY25).
- Management indicated that stress in the unsecured MSME segment has begun to ease. Although the MSME book declined during the quarter, portfolio quality improved, and the company plans to gradually step up growth in this segment in subsequent quarters. Additionally, the company shared that it expects asset quality weakness in CV/CE finance to further stabilize in the current quarter. The company also highlighted an improvement in 0dpd levels across all products, accompanied by a reduction in forward flows.
- We keep our FY26 EPS estimates unchanged and cut our FY26/FY27 EPS estimates by 7%/8% to factor in lower loan growth and higher credit costs. We estimate a CAGR of 11%/15%/21% in disbursement/AUM/PAT over FY25-28, with RoA/RoE of ~2.5%/15% in FY28. **Reiterate Neutral with a TP of INR815 (premised on 2.5x Dec'27E BVPS).**
- **Key risks:** 1) Execution risk remains in translating scale into sustained profitability, as operating efficiency metrics currently lag peers; 2) rising competition in semi-urban and rural lending and potential yield compression, and 3) credit costs continuing to remain elevated even in the following years.

Disbursement momentum picks pace; AUM growth muted at 12% YoY

- Total loan book grew 12.2% YoY and ~2.8% QoQ to INR1.15t. Enterprise lending loan book grew 8% YoY/1.8% QoQ, Asset finance grew 13% YoY/2.8% QoQ and Consumer Finance grew 18% YoY/4.6% QoQ during the quarter.
- Disbursements grew 10% YoY and 15% QoQ to INR179b. Enterprise lending disbursements grew ~12% YoY, asset finance disbursements grew 4% YoY, and consumer finance disbursements grew 14% YoY. **Repayments (annualized) were elevated at 53% (PY: 52% and PQ: ~50%).**
- Total customer franchise rose ~20% YoY to 22m.
- The GST rate cut had a noticeable impact on the Auto loan and 2W loan segments, while some GST cut-led momentum was also observed in larger-sized televisions. Management shared that AUM growth should be in the range of [Nominal GDP + 6-7%] over the medium term. We model an AUM CAGR of ~15% over FY25-28E.

Abhijit Tibrewal - Research Analyst (Abhijit.Tibrewal@MotilalOswal.com)

Research Analyst: Nitin Aggarwal (Nitin.Aggarwal@MotilalOswal.com) | **Raghav Khemani** (Raghav.Khemani@MotilalOswal.com)

Asset quality broadly stable; sequential moderation in credit costs

- Asset quality was stable, with GNPA remaining stable QoQ at ~2.8%, while NS3 declined ~5bp QoQ to ~1.25%. PCR rose ~85bp QoQ to ~55.6%.
- Credit costs stood at ~INR7.1b (in line). Annualized credit costs stood at ~2.5% (PQ: ~2.7% and PY: ~2.5%). Management expects credit costs to stabilize and trend lower over the coming quarters. Over the medium to long term, it aims to operate at credit cost levels that are 15-20 bp below the current run rate. We estimate credit costs (as % of avg. loans) of ~2.5%/2.3% in FY26/FY27.

Key highlights from the management commentary

- Management expects the current cost of borrowings to remain broadly stable over the next few quarters, while closely monitoring conditions in the NCD market. Any favorable opportunities could enable a marginal expansion in borrowing costs by a few basis points.
- Management noted that 90/120 dpd levels in the CV and CE portfolio have remained largely stable, though further efforts are required to bring them down. Early-bucket trends in the CE segment and recoveries have improved, leading to a reduction in delinquencies, supported by intensified collection efforts.
- HDBFIN indicated that ATS in vehicle finance declined marginally by ~5% following GST cuts, with overall growth during the period being largely volume-driven.

Valuation and view

- HDBFIN reported a mixed performance during the quarter, with disbursements improving meaningfully, while overall loan growth remained subdued due to elevated repayments and slower growth in the asset finance and enterprise lending segments. Asset quality remained stable, with a marginal expansion in Stage 2 buckets translating into a sequential moderation in credit costs. Margins expanded ~15bp QoQ; however, the scope for any further significant margin expansion appears limited in the near to medium term.
- HDBFIN currently trades at 2.6x FY27E P/BV. We estimate a CAGR of 11%/15%/21% in disbursement/AUM/PAT over FY25-28, with RoA/RoE of ~2.5%/15% in FY28E. **Reiterate Neutral with a TP of INR815 (premised on 2.5x Dec'27E BVPS).** With valuations largely factoring in medium-term growth potential, we will look for clearer evidence of stronger execution on loan growth, the ability to better navigate industry/product cycles, and structural (not just cyclical) improvement in return ratios.

Quarterly Performance (INR M)

Y/E March	FY25				FY26E				FY25	FY26E	3Q FY26E	v/s Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Interest Income	32,646	34,310	35,169	36,233	38,315	38,865	39,890	41,204	1,38,358	1,58,274	39,681	1
Interest Expenses	14,964	15,985	16,448	16,505	17,397	16,940	17,040	17,318	63,902	68,695	16,906	1
Net Interest Income	**17,682**	**18,325**	**18,721**	**19,728**	**20,918**	**21,925**	**22,850**	**23,886**	**74,456**	**89,579**	**22,775**	0
YoY Growth (%)	*17.8*	*21.2*	*17.1*	*17.3*	*18.3*	*19.6*	*22.1*	*21.1*	*18.3*	*20.3*	*21.7*	
Other Income	6,192	5,758	6,267	6,428	6,339	6,589	6,845	7,127	12,478	14,514	6,760	1
Total Income	**23,874**	**24,083**	**24,988**	**26,156**	**27,257**	**28,514**	**29,695**	**31,012**	**86,934**	**1,04,092**	**29,535**	1
YoY Growth (%)	*3.2*	*2.2*	*6.5*	*14.2*	*14.2*	*18.4*	*18.8*	*18.6*	*18.2*	*19.7*	*18.2*	
Operating Expenses	11,912	11,782	12,223	12,776	13,235	13,209	13,970	13,704	37,239	42,332	13,723	2
Operating Profit	**11,962**	**12,301**	**12,765**	**13,380**	**14,022**	**15,305**	**15,725**	**17,308**	**49,695**	**61,760**	**15,812**	-1
YoY Growth (%)	*16.5*	*13.6*	*12.1*	*19.1*	*17.2*	*24.4*	*23.2*	*29.4*	*17.9*	*24.3*	*23.9*	
Provisions & Loan Losses	4,125	4,310	6,357	6,338	6,697	7,483	7,122	6,991	21,130	28,293	6,977	2
Profit before Tax	**7,837**	**7,991**	**6,408**	**7,042**	**7,325**	**7,822**	**8,603**	**10,317**	**28,565**	**33,467**	**8,835**	-3
Tax Provisions	2,020	2,081	1,685	1,733	1,648	2,008	2,164	2,697	7,519	8,517	2,253	-4
Net Profit	**5,817**	**5,910**	**4,723**	**5,309**	**5,677**	**5,814**	**6,439**	**7,621**	**21,046**	**24,951**	**6,582**	-2
YoY Growth (%)	*2.6*	*-1.6*	*-25.8*	*-19.1*	*-2.4*	*-1.6*	*36.3*	*43.5*	*-8.6*	*18.6*	*39.4*	
Key Parameters (Calc., %)												
Yield on loans	14.1	14.1	14.0	13.9	14.2	14.1	14.1	14.1				
Cost of funds	7.7	7.9	7.9	7.7	7.8	7.4	7.4	7.4				
Spread	6.3	6.2	6.1	6.2	6.4	6.6	6.7	6.7				
NIM	7.6	7.5	7.5	7.6	7.7	7.9	8.1	8.2				
C/I ratio	49.9	48.9	48.9	48.8	48.6	46.3	47.0	44.2				
Credit cost	1.8	1.8	2.5	2.4	2.5	2.7	2.5	2.4				
Tax rate	25.8	26.0	26.3	24.6	22.5	25.7	25.2	26.1				
Balance Sheet Parameters												
Disbursements (INR b)	**165**	**157**	**163**	**176**	**152**	**156**	**179**	**194**				
Growth (%)	*0.0*	*0.0*	*0.0*	*0.0*	*-8.1*	*-0.5*	*10.1*	*10.0*				
AUM (INR b)	**956**	**986**	**1,021**	**1,069**	**1,093**	**1,114**	**1,146**	**1,197**				
Growth (%)	29.9	26.6	*21.5*	18.5	14.3	13.0	*12.2*	**12.0**				
Borrowings (INR b)	**786**	**827**	**837**	**874**	**915**	**905**	**929**	**940**				
Growth (%)	37.1	33.6	20.6	17.6	16.4	9.5	11.0	7.5				
Asset Quality Parameters												
GS 3 (INR B)	18.4	20.7	22.9	24.1	27.9	31.3	32.2					
GS 3 (%)	1.9	2.1	2.2	2.3	2.6	2.8	2.8					
NS 3 (INR B)	7.3	8.2	9.2	10.6	12.1	14.2	14.3					
NS 3 (%)	0.8	0.9	0.9	1.0	1.1	1.3	1.3					
PCR (%)	60.2	60.7	60.0	56.0	56.7	54.7	55.6					

CONFERENCE CALL

Highlights from the management commentary

Guidance

- AUM growth should be in the range of Nominal GDP + 6-7% over the medium-term. The target market is large enough for HDB to grow at this rate for the next 5-7 years.
- Current CoB should sustain for the next few quarters and the company would need to watch the debt markets (NCD) space closely. If opportunities arise, it should be able to improve its CoB by a few basis points as well.
- There is pressure on yields across products but it expects the yields to remain range-bound in the range of 5-10bp for the next few quarters.
- The company has guided for NIM to remain at ~8% over the next few quarters.
- The company expects credit costs to stabilize and improve in the subsequent quarters. Over the longer term, it aims to operate at credit costs that are 15-20bp lower than the current levels.

Stabilization in CV/CE and MSME

- On asset finance, the CV and CE businesses have exhibited minor improvement in delinquencies and in the 0-90dpd bucket. Asset quality challenges seen in Vehicle Finance have shown some improvement in 3Q.
- The company expects asset quality weakness to stabilize in the current quarter. In 90+ dpd, the company has seen it stabilize and there is some more work to be done. What has been positive is that it has managed to pull back from the delinquent book.
- 0dpd across all products has been inching up (exhibiting improvement) and flow forward rates have reduced.
- Unsecured MSME pain: That has clearly started easing off - Book has reduced by 1% but the health of the book has actually improved. The company needs to start pushing out and growing in this space to see growth resume in the next couple of quarters in the MSME segment.

Disbursements and Loan Growth

- Vehicle Finance: There has been a slight reduction in the ticket size of ~5% and the balance has been growth in volumes.
- Total disbursements grew 15% QoQ; HDB has held on to its yields and in some businesses, the prepayments also were elevated, which led to higher repayments.

Impact of GST rate cuts

- The GST cut has had a significant impact on the Auto Loans and 2W Loans business. Some benefit of the GST rate cut was there in large-sized TVs.
- Bulk of the business of HDBFIN has not had much impact from the GST rate cut, barring sentimental buoyancy in demand.

Asset Quality

- Asset quality remained stable with GS3 at 2.8% and Stage 2 declining ~25bp QoQ to 2%
- CV and CE: The 90/120dpd book has remained in a similar zone, and the company needs to put in efforts to bring it down. X-bucket CE and recoveries have improved and delinquencies have come down, driven by higher collection efforts.
- A large part of the slippages in the quarter was in the CV and CE segment. There has been no significant impact of cyclones in Southern India on the CV portfolio of the company.
- Smaller ticket LAP book and CV book were sold to the ARC during the quarter.

Yields and NIM

- Minor yields improvement through focused originations and improvement in product mix.
- NIM improved ~15bp QoQ to 8.1% (PQ: 7.95% and PY: 7.46%).

Liabilities

- HDB is largely done with most of the repricing on its liabilities - Most of HDBFIN's bank borrowings are EBLR-linked and a very small portion is linked to MCLR.
- ECB book is hedged and is fixed rate. Bond yields have hardened in December/January despite the 25bp rate cut in Dec'25.

Operating Expenses

- Effective November 21, 2025, the Government of India notified the four Labour Codes - collectively referred to as the 'New Labour Codes' - consolidating 29 existing labour laws. Accordingly, the New Labour Codes have resulted in an estimated increase in provision for employee benefits of INR605m.
- Labour code implementation remains a developing regulatory area, with adequate provisions already taken.
- CIR for the lending business stood at 39.5% in 3QFY26 (PQ: 40.7% and PY: 42.5%).
- Cost to assets (excl. provisions for new labor codes) was flat QoQ at 3.7%.

Financial performance

- Gross Loans grew 2.8% QoQ and 12.2% YoY.
- Disbursements for 3QFY26 stood at ~IN179.2b, up 15% QoQ, led by the Consumer Finance and Asset backed businesses. Consumer Finance disbursements grew 17.5% QoQ, and it expects the momentum to continue going forward as well.
- Customer franchise grew 19.8% YoY.
- Gold loans book grew 17.8% QoQ.
- Secured Loans formed 74% of the loan mix.
- Asset finance (CV Finance) disbursements grew 4% YoY.
- Branch count stood at 1,744.
- Excluding the impact of new Labor codes, PAT would have stood at INR6.86b, up 18% QoQ.

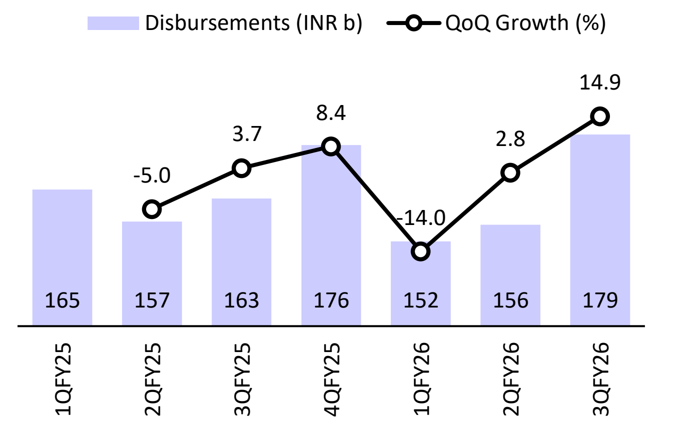
- Reported PAT grew 36% YoY to INR6.43b. Excluding the impact of the new labor codes, the PAT grew 45% YoY.
- RoA in 3QFY26 stood at 2.35% and RoE stood at 14%.

Others

- The reason why new vehicles in the loan mix were higher in the quarter was due to new vehicle sales during the festive period following the GST rate cut.
- Secured loans in the mix have improved by ~50bp in 3QFY26 and ~90bp over the last two quarters.
- With a stable book, it has ensured to take efforts to reduce the cost-to-income ratio to below 40% and bring down the opex to assets to below current levels of 3.7%.
- Higher ATS in Auto and 2W was due to the higher volumes of new vehicles in the disbursement mix.

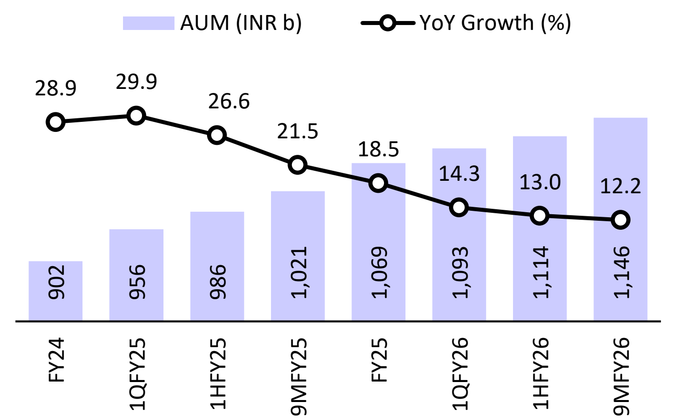
Key exhibits

Exhibit 1: Disbursements grew ~15% QoQ



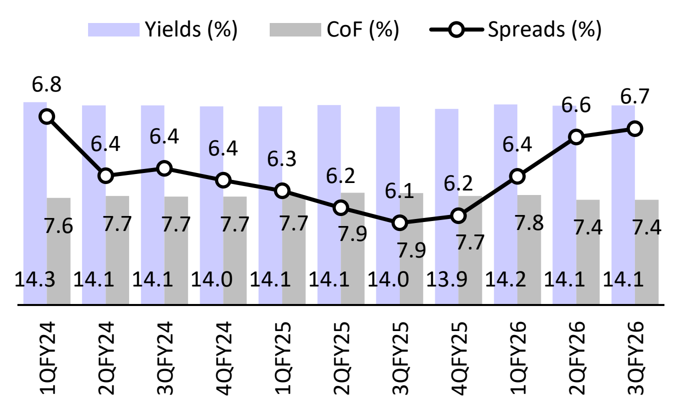
Source: MOFSL, Company

Exhibit 2: Gross loans grew 12.2% YoY



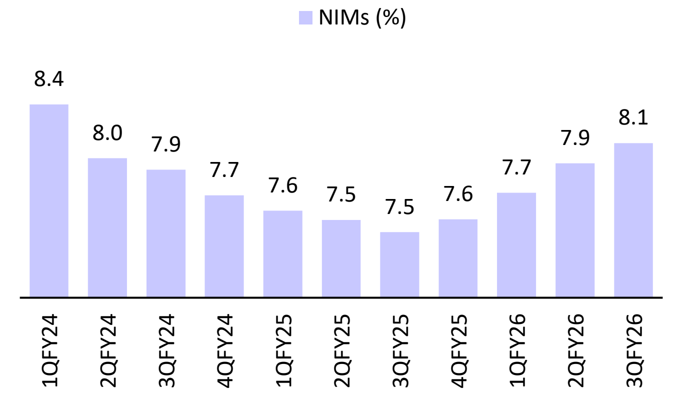
Source: MOFSL, Company

Exhibit 3: Spreads rose ~5bp QoQ



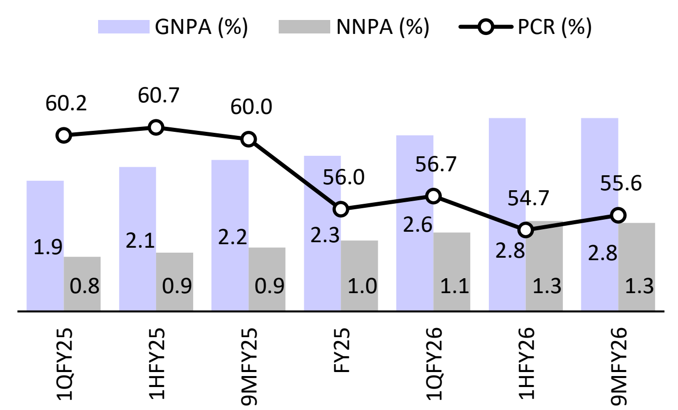
Source: MOFSL, Company

Exhibit 4: NIMs expanded ~15bp QoQ at 8.1% (%)



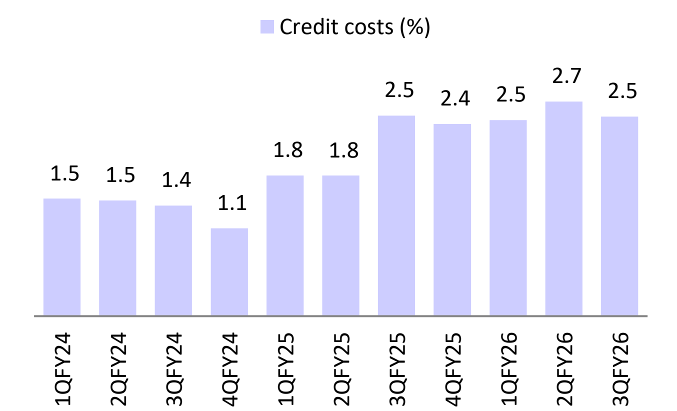
Source: MOFSL, Company

Exhibit 5: GS3 was stable QoQ at 2.8%



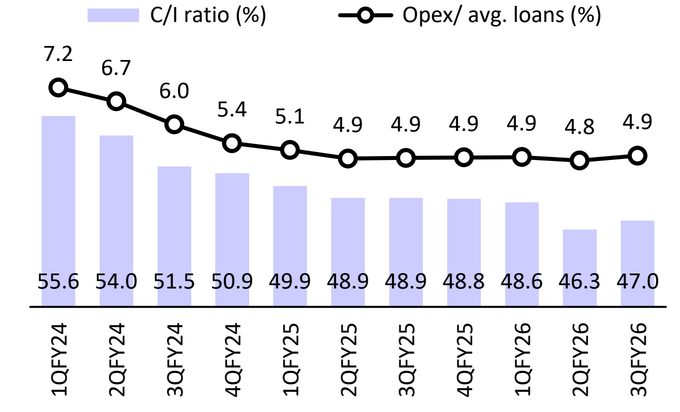
Source: MOFSL, Company,

Exhibit 6: Credit cost declined ~20bp QoQ to 2.5%



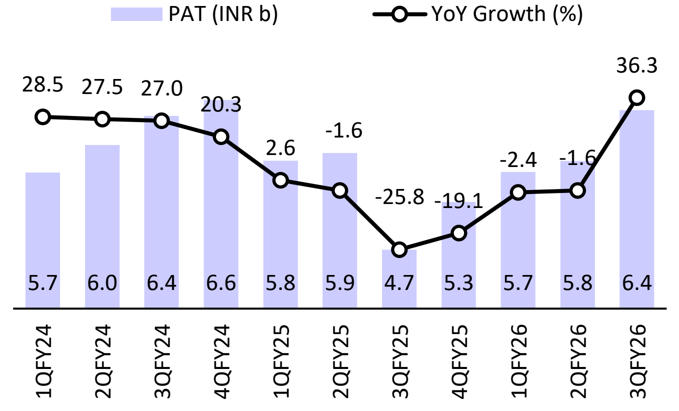
Source: MOFSL, Company

Exhibit 7: C/I ratio rose 70bp QoQ (primarily due to employee benefits provision on new labor codes)



Source: MOFSL, Company,

Exhibit 8: PAT rose ~36% YoY to INR6.4b; Adjusted PAT rose ~44% YoY



Source: MOFSL, Company

Exhibit 9: We keep our FY26 EPS estimates unchanged and cut our FY27/FY28 EPS estimates by 7%/8% to factor in lower loan growth and higher credit costs

INR B	Old Est.			New Est.			change (%)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
NII (incl. assignments)	89.5	103.3	121.5	89.6	102.3	118.3	0.1	-1.0	-2.6
Other Income	14.5	16.9	19.4	14.5	16.8	19.1	0.3	-0.5	-1.3
Total Income	**103.9**	**120.2**	**140.8**	**104.1**	**119.1**	**137.4**	**0.2**	**-0.9**	**-2.4**
Operating Expenses	42.8	48.8	56.2	42.3	47.8	53.8	-1.1	-2.0	-4.2
Operating Profits	**61.1**	**71.4**	**84.7**	**61.8**	**71.3**	**83.6**	**1.0**	**-0.2**	**-1.3**
Provisions	27.6	26.3	29.1	28.3	29.4	32.6	2.4	11.9	12.0
PBT	**33.5**	**45.1**	**55.6**	**33.5**	**41.9**	**51.0**	**-0.2**	**-7.2**	**-8.2**
Tax	8.5	11.4	14.0	8.5	10.6	12.9	-0.2	-7.1	-8.1
PAT	**25.0**	**33.7**	**41.5**	**25.0**	**31.2**	**38.1**	**-0.2**	**-7.3**	**-8.2**
AUM	1,212	1,429	1,700	1,202	1,399	1,632	-0.9	-2.1	-4.0
Loans	1,162	1,370	1,631	1,151	1,338	1,559	-1.0	-2.3	-4.4
Borrowings	950	1,120	1,339	940	1,092	1,273	-1.1	-2.5	-5.0
NIM	8.1	8.2	8.1	8.2	8.2	8.2			
Credit Cost (%)	2.4	2.0	1.9	2.5	2.3	2.2			
RoA	2.2	2.6	2.7	2.2	2.4	2.5			
RoE	**13.9**	**15.2**	**15.9**	13.9	14.2	14.9			

Source: MOFSL, Company

Financials and valuations

Income Statement — INR m

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest Income	82,335	84,879	83,630	89,278	1,11,567	1,38,358	1,58,274	1,77,464	2,04,370
Interest Expenses	40,814	38,829	33,255	35,119	48,643	63,902	68,695	75,180	86,074
Net Interest Income	**41,521**	**46,050**	**50,375**	**54,159**	**62,924**	**74,456**	**89,579**	**1,02,284**	**1,18,296**
Change (%)	22.9	10.9	9.4	7.5	16.2	18.3	20.3	14.2	15.7
Other Income	4,098	4,365	5,799	8,412	10,649	12,478	14,514	16,791	19,106
Total Income	**45,618**	**50,414**	**56,174**	**62,570**	**73,573**	**86,934**	**1,04,092**	**1,19,075**	**1,37,402**
Change (%)	21.9	10.5	11.4	11.4	17.6	18.2	19.7	14.4	15.4
Total Operating Expenses	**17,601**	**15,757**	**19,388**	**24,399**	**31,428**	**37,239**	**42,332**	**47,795**	**53,824**
Change (%)	20.9	-10.5	23.0	25.8	28.8	18.5	13.7	12.9	12.6
Employee Expenses	11,866	10,389	12,717	15,643	20,588	24,742	27,464	30,759	34,450
Depreciation	1,097	1,078	989	1,118	1,451	1,944	2,100	2,351	2,634
Other Operating Expenses	4,638	4,290	5,682	7,638	9,389	10,553	12,769	14,684	16,740
Operating Profit	**28,018**	**34,658**	**36,786**	**38,171**	**42,144**	**49,695**	**61,760**	**71,280**	**83,578**
Change (%)	22.5	23.7	6.1	3.8	10.4	17.9	24.3	15.4	17.3
Total Provisions	**14,416**	**30,688**	**24,657**	**13,304**	**10,674**	**21,130**	**28,293**	**29,418**	**32,577**
% Loan loss provisions to Avg loans ratio	2.6	5.3	4.3	2.2	1.4	2.2	2.6	2.4	2.2
PBT (Lending)	**13,602**	**3,970**	**12,129**	**24,867**	**31,471**	**28,565**	**33,467**	**41,862**	**51,001**
PBT (BPO)	1,043	1,037	1,347	1,407	1,576	713	600	590	570
PBT (Total)	**14,645**	**5,007**	**13,476**	**26,274**	**33,047**	**29,278**	**34,067**	**42,452**	**51,571**
Tax Provisions	4,596	1,092	3,362	6,681	8,438	7,519	8,517	10,613	12,893
Tax Rate (%)	31.4	21.8	24.9	25.4	25.5	25.7	25.0	25.0	25.0
PAT	**10,049**	**3,915**	**10,114**	**19,594**	**24,608**	**21,759**	**25,551**	**31,839**	**38,678**
Change (%)	-7.0	-61.0	158.4	93.7	25.6	-11.6	17.4	24.6	21.5

Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	7,876	7,892	7,904	7,914	7,931	7,958	8,296	8,296	8,296
Reserves & Surplus	72,302	76,571	87,493	1,06,456	1,29,496	1,50,239	2,00,452	2,32,291	2,70,969
Net Worth	**80,178**	**84,462**	**95,397**	**1,14,370**	**1,37,427**	**1,58,197**	**2,08,748**	**2,40,586**	**2,79,265**
Borrowings	**4,98,041**	**5,03,588**	**4,89,731**	**5,48,653**	**7,43,307**	**8,73,977**	**9,39,748**	**10,92,153**	**12,72,509**
Change (%)	10.4	1.1	-2.8	12.0	35.5	17.6	7.5	16.2	16.5
Total Liabilities	**6,07,145**	**6,26,411**	**6,20,259**	**7,00,504**	**9,25,565**	**10,86,633**	**12,11,596**	**14,05,236**	**16,35,072**
Investments	17,458	15,929	22,335	12,433	33,803	20,601	22,661	24,927	27,420
Loans	5,71,459	5,86,014	5,71,625	6,63,827	8,67,213	10,33,430	11,51,023	13,38,060	15,59,069
Change (%)	6.1	2.5	-2.5	16.1	30.6	19.2	11.4	16.2	16.5
Fixed Assets	1,336	995	902	1,428	1,847	2,754	3,305	3,966	4,759
Total Assets	**6,07,145**	**6,26,411**	**6,20,259**	**7,00,504**	**9,25,565**	**10,86,633**	**12,11,596**	**14,05,236**	**16,35,072**

E: MOFSL Estimates

Financials and valuations

AUM Mix (%)									INR m
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
AUM	**5,88,328**	**6,15,610**	**6,14,440**	**7,00,840**	**9,02,350**	**10,72,620**	**12,01,939**	**13,99,183**	**16,31,698**
Change (%)	6.1	4.6	-0.2	14.1	28.8	18.9	12.1	16.4	16.6
Disbursements	**2,98,530**	**2,49,900**	**2,90,330**	**4,48,018**	**6,08,993**	**6,61,080**	**6,80,912**	**7,83,049**	**9,00,507**
Change (%)	-5.7	-16.3	16.2	54.3	35.9	8.6	3.0	15.0	15.0

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Spreads Analysis (%)									
Avg. Yield on Loans	14.8	14.3	13.6	13.6	13.9	14.0	14.0	13.7	13.5
Avg Cost of Funds	8.6	7.8	6.7	6.8	7.5	7.9	7.6	7.4	7.3
Spread of loans	6.2	6.6	6.9	6.8	6.4	6.1	6.4	6.3	6.3
NIM (on loans)	7.5	8.0	8.7	8.8	8.2	7.83	8.20	8.22	8.2
Profitability Ratios (%)									
RoA	1.7	0.6	1.6	3.0	3.0	2.2	2.2	2.4	2.5
RoE	13.2	4.8	11.2	18.7	19.5	14.7	13.9	14.2	14.9
Cost/Income	38.6	31.3	34.5	39.0	42.7	42.8	40.7	40.1	39.2
Opex to avg. assets	3.0	2.6	3.1	3.7	3.9	3.7	3.7	3.7	3.5

Asset quality

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
GNPA (INR m)	22,591	27,609	30,588	19,149	17,118	24,137	32,371	39,509	47,585
GNPA (%)	3.9	4.5	5.0	2.7	1.9	2.3	2.7	2.8	2.9
NNPA (INR m)	18,206	18,862	14,030	6,683	5,680	10,632	14,567	15,803	18,082
NNPA (%)	3.2	3.2	2.5	1.0	0.7	1.0	1.3	1.2	1.2
PCR (%)	19.41	31.68	54.13	65.10	66.82	55.95	55	60	62
Credit costs (%)	2.6	5.2	4.0	2.0	1.3	2.1	2.5	2.3	2.2

Valuation	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
No.of Shares (m)	**788**	**789**	**790**	**791**	**793**	**796**	**830**	**830**	**830**
EPS	13	5	13	25	31	27	31	38	47
EPS Growth (%)	(7)	(61)	158	93	25	(12)	13	25	21
P/E (x)	**60.0**	**154.2**	**59.8**	**30.9**	**24.7**	**28.0**	**24.8**	**19.9**	**16.4**
BV (INR)	102	107	121	145	173	199	252	290	337
BV Growth (%)	11	5	13	20	20	15	27	15	16
Price-BV (x)	**7.5**	**7.1**	**6.3**	**5.3**	**4.4**	**3.8**	**3.0**	**2.6**	**2.3**
DPS (INR)	0.0	0.0	1.0	2.0	3.0	3.0	4.0	5.0	6.0
Dividend yield (%)	**-**	**-**	**0.1**	**0.3**	**0.4**	**0.4**	**0.5**	**0.7**	**0.8**

E: MOSL Estimates

HDB Financial - Dupont tree									(%)
Y/E MARCH	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Interest Income	14.1	13.8	13.4	13.5	13.7	13.8	13.8	13.6	13.4
Interest Expended	7.0	6.3	5.3	5.3	6.0	6.4	6.0	5.7	5.7
Net Interest Income	**7.1**	**7.5**	**8.1**	**8.2**	**7.7**	**7.4**	**7.8**	**7.8**	**7.8**
Other Operating Income	0.7	0.7	0.9	1.3	1.3	1.2	1.3	1.3	1.3
Net Income	**7.8**	**8.2**	**9.0**	**9.5**	**9.0**	**8.6**	**9.1**	**9.1**	**9.0**
Operating Expenses	3.0	2.6	3.1	3.7	3.9	3.7	3.7	3.7	3.5
Operating Income	**4.8**	**5.6**	**5.9**	**5.8**	**5.2**	**4.9**	**5.4**	**5.4**	**5.5**
Provisions/write offs	2.5	5.0	4.0	2.0	1.3	2.1	2.5	2.2	2.1
PBT (Lending)	**2.3**	**0.6**	**1.9**	**3.8**	**3.9**	**2.8**	**2.9**	**3.2**	**3.4**
PBT (BPO Segment)	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.0	0.0
PBT (Total)	**2.5**	**0.8**	**2.2**	**4.0**	**4.1**	**2.9**	**3.0**	**3.2**	**3.4**
Tax	0.8	0.2	0.5	1.0	1.0	0.7	0.7	0.8	0.8
Reported PAT	**1.7**	**0.6**	**1.6**	**3.0**	**3.0**	**2.2**	**2.2**	**2.4**	**2.5**
Avg. Leverage	7.7	7.5	6.9	6.3	6.5	6.8	6.3	5.8	5.8
RoE	**13.2**	**4.8**	**11.2**	**18.7**	**19.5**	**14.7**	**13.9**	**14.2**	**14.9**

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SELL	< - 10%
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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