

27 April 2025

India | Equity Research | Results Update

SBI Cards and Payment Services

Financial Services

Directional business uptick more apparent; more improvement in growth/NIM/credit cost awaited

SBI Cards (SBIC) reported a disappointing FY25 with a 20% decline in PAT driven by higher credit cost (9%) and low NIMs (10.8%). While management commentary and execution have ratified *possible* peaking of both credit cost and cost of funds (CoF), the recovery trajectory remains to be monitored. Additionally, multiple events have proven to be challenges in the ecosystem over the last four years: 1) higher credit cost during Covid-19; 2) higher cost to income during BNPL surge; 3) structural decline in revolver mix; 4) higher CoF post-Covid-19; 5) credit cost surge in FY24; and 6) increase in risk weights by RBI. However, sound execution led to improvement in credit costs eventually in Q4FY25 and established a better outlook ahead. Retain **HOLD** with FY27E PAT of ~INR30bn (~25% FY25–27E CAGR) with a higher multiple of 28x P/E vs. 25x earlier.

Maintain HOLD; TP revised to INR 884

We expect PAT of INR 24bn/INR 30bn for FY26E/FY27E. This results in RoAA of ~3.4%/3.8% for FY26E/FY27E and RoAE of ~16.1%/17.3% in FY26E/FY27E. RoAA/RoAE stood at 3.4%/15.5% in Q4FY25 and 3.1%/14.6% in FY25.

Key downside risks: Possible regulatory cut in interchange fee (this risk has reduced vs. earlier, more so with fees being introduced recently in select modes on UPI platforms); and continued elevated credit costs (reduction may still take time). **Key upside risk:** Increase in NIM, especially with any acceleration in rate cut cycle and faster than expected improvement in credit costs.

Yields improve QoQ despite interest earning receivable mix dipping to 59%; outlook stable

- Gross interest income grew 12.9%/17.9% YoY in Q4FY25/FY25 to INR 24.2bn/93.5bn.
- Yields (reported) improved from 16.5% in Q3FY25 to 17% in Q4FY25 despite stable revolver mix (24% in Q3/Q4FY25) alongside a slight decline in interest earning receivables (revolver + EMI) mix YoY/QoQ (59% in Q4FY25 vs. 62%/60% in Q4FY24/Q3FY25).
- In terms of vintages, customers acquired in the last one or two years are witnessing a slightly downward bias on the revolving behaviour. As of now, that asset in weightage term is yet to come up, and the company has also increased its interest rates in Nov'24.

Financial Summary

(INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)	53,319	61,689	69,478	78,986
PAT	24,079	19,164	23,981	30,049
EPS (INR)	25.3	20.1	25.2	31.6
% Chg. YoY	7.9	(20.4)	25.1	25.3
P/E (x)	34.3	43.1	34.4	27.5
P/BV (x)	6.8	6.0	5.2	4.4
Credit cost (%)	7.2	9.1	7.9	7.3
GNPA (%)	2.9	3.1	2.6	2.3
RoAA (%)	4.6	3.1	3.4	3.8
RoAE (%)	22.0	14.8	16.1	17.3

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Market Data

Market Cap (INR)	825bn
Market Cap (USD)	9,664mn
Bloomberg Code	SBICARD IN
Reuters Code	SBIC BO
52-week Range (INR)	931 /648
Free Float (%)	31.0
ADTV-3M (mn) (USD)	17.6

Price Performance (%)	3m	6m	12m
Absolute	14.4	25.5	14.4
Relative to Sensex	10.4	25.7	7.8

ESG Score	2023	2024	Change
ESG score	78.3	78.3	0.0
Environment	64.7	70.0	5.3
Social	77.0	76.9	-0.1
Governance	83.0	82.5	-0.5

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

30-10-2024: [Q2FY25 results review](#)

29-07-2024: [Q1FY25 results review](#)

- Management highlighted that they are not changing revolver yields frequently despite the book being sticky, but they do adjust yield on the EMI book based on CoF and other parameters. There is no regulatory nudge on credit card yields from RBI.
- We expect yields (calculated) to improve to ~18.3% for FY26E/FY27E vs. yields (calculated) of 18.1% for FY25 and 18.1% for Q4FY25.

New cards addition expected to remain at 1.1mn per quarter

- During the year, cards in force crossed 20mn mark to 20.8mn with growth of 10% YoY. The company added 1.9mn net new cards in FY25. New card addition trend has been 0.9mn/0.9mn/1.2mn/1.1mn in Q1/Q2/Q3/Q4FY25. Management expects a similar trend in new card addition – of 1.1mn per quarter.
- The company has maintained balanced sourcing strategy, with 51% of new accounts coming from banca channel and 49% from the open market. The company has seen some uptick from digital acquisition strategy of banca and endeavour shall remain to have a mix of 50-55% on either side and acquire high-value profitable customers.
- We expect net new card addition of 2.3mn/2.5mn for FY26E/FY27E and a CAGR of 11% in cards-in-force between FY25–27E.

Spends/receivables growth moderated; retail spends remain strong

- **Gross receivables have grown by ~10% YoY** to reach INR 558bn in Mar'25 (vs INR 508bn in Mar'24). Company expects receivable growth of 12-14% for FY26. We have estimated receivable growth of 12% for FY26 and a CAGR of 13.7% between FY25–27.
- **Retail spends remains strong.** In Q4FY25/FY25, total spends growth was 10.9%/1.2% YoY, at INR 0.9trn/INR 3.3trn. Within that, retail spends was INR 797bn with a healthy growth of 15% YoY. Overall retail spends crossed INR 3trn mark in the FY25 with a YoY growth of 18% YoY aided by increasing popularity of digital payments and expansion of payment infrastructure.
- **Corporate spends declined 17%/63% YoY in Q4FY25/FY25.** However, it bounced back with 63% growth QoQ in Q4FY25. SBIC's strategy is to diversify corporate portfolio while anticipating continued growth.
- **Average spends per card decreased from INR 173k in Q3FY25 to INR 172k in Q4FY25 but increased on a YoY-basis from INR 171k in Q4FY24.**
- **Company expects spends growth of 18-20% going forward.** Management expects to gain lost market share in corporate cards in profitable manner. We estimate spends at a CAGR of 16.3% between FY25–27 vs. 1.2% YoY growth in FY25. We expect spend per card at a CAGR of ~5%, (decline of ~9% YoY in FY25) between FY25–27E, leading to total spend of ~INR 3.9trn/INR 4.5trn for FY26E/FY27E.
- **On an annualised basis, receivables as a proportion of total spend stood at 15.6%/15.4%/16.7% in FY23/FY24/FY25.** We see receivables-to-spends ratio at ~16.2%/16% in FY26E/FY27E, which leads to receivables of INR 627bn/INR 722bn, as of Mar'26E/Mar'27E.

CoF expected to improve gradually

- Interest expenses reported growth of 22.5%/7.9% YoY in Q4FY25/FY25. CoF decreased YoY/QoQ by 15bps/18bps in Q4FY25 to 7.2% (adjusted for lease modification, CoF was at 7.3%). For FY25, CoF was at 7.4%.

- NIM improved YoY/QoQ by 29bps/54bps in Q4FY25 to 11.2%. For FY25, NIM was at 10.8%.
- Management expects costs of fund to be on a gradual downward trend in FY26 benefiting from the RBI rate action and expects the NIM to be steady.
- We expect Interest cost to report a CAGR of ~12.5% between FY26-FY27E. We estimate cost of fund (calculated) to improve in future to 7.1%/6.9% in FY26/FY27E. We envisage calculated NIM of 11.2%/11.4% for FY26E/FY27E vs. calculated NIM of 10.6%/10.7% in FY24/FY25. Reported NIM for Q4FY25/FY25 was at 11.2%/10.8%.

Fees income declines in FY25

- During FY25, SBIC reported decline in fees and other revenue of 3.5% YoY while Q4FY25, it grew by 2.3% YoY. Company has experienced pressure in fee income, primarily due to moderation in rental spends and stable late fees.
- We estimate fees and other revenue to report a CAGR of 13.5% between FY25-27E. In other way, other operating income as a percentage of spend would average ~2.3% each for FY26/27E (vs. 2.5%/2.4% for FY24/FY25).

Cost to income ratio to be higher on corporate spends

- During Q4FY25, cost to income ratio was 51.4%. Cost to income ratio on an annual basis is expected to be 55-57%. Higher corporate spends shall increase cost to income ratio.
- We expect cost-to-income ratio moving from 56.2%/51.8% in FY24/FY25 to ~54.1%/55% in FY26E/FY27E and credit cost to be 7.9%/7.3% during the same period (7.2%/9.1% in FY24/FY25).
- We expect PAT of INR 24bn/INR 30bn for FY26E/FY27E. This results in RoAA of ~3.4%/3.8% for FY26E/FY27E and RoAE of ~16.1%/17.3% in FY26E/FY27E. RoAA/RoAE stood at 3.4%/15.5% in Q4FY25 and 3.1%/14.6% in FY25.

Asset quality improves QoQ; management's graded response points to cautious but firm optimism; noteworthy steps towards progress

- SBIC continues to take various measures to further strengthen collection capabilities and expand capacity across digital and physical channels. SBIC has taken multiple steps in the last couple of quarters covering underwriting and collections to address the stress in certain segments in the unsecured ecosystem. These include reduction in limits, restrictions on cross-sell and spend and trigger-based early blocking. As a practice, SBIC continues to refine its underwriting policy based on portfolio diagnostics and bureau information.
- In terms of asset quality, the macroeconomic environment continues to witness headwinds leading to stress in the unsecured lending ecosystem. SBIC's risk management framework including policies, procedures, practices, systems and tools are in line with the latest industry best practices and regulatory guidelines. This also includes constant fine tuning of models, processes and analytical capabilities. These improvements in underwriting, portfolio management, collection, fraud, risk management and provisioning have enhanced capability to support prudent business growth and protect customers.
- **Various performance metrics show improvement in asset quality (Exhibit 9)**
 - Write-off has come down from INR 13.5bn in Q3FY25 to INR 13bn in Q4FY25 (decline of 4% QoQ). Q3FY25 was peak in terms of write offs in last 12 quarters.

- Recoveries increased to INR 1.54bn in Q4FY25 from INR 1.46bn in Q3FY25, reaching peak in last 12 quarter.
- GNPA % has come down from its peak of 3.3% in Q2FY25 to 3.2%/3.1% in Q3/Q4FY25.
- SBIC tries to take provisions (PCR) earlier rather than later. Hence, there is increasing the rate of provision for Stage-2 (4.2% in Q3FY25 to 19.2% in Q4FY25) and decrease in the required provision for Stage 3 (64.3% in Q3FY25 to 53.5% in Q4FY25). Stage-1 provision has decreased from 1.4% in Q3FY25 to 0.9% in Q4FY25.
- Stage-2/3 book has come down from 5.6%/3.2% in Q3FY25 to 5%/3.1% in Q4FY25. Stage-1 book has improved from 91.1% in Q3FY25 to 91.9% in Q4FY25.
- Gross credit cost improved by 40bps to 9% in Q4FY25 from 9.4% in Q3FY25, decline after several quarters of increase. Management expects credit cost to moderate in future based on various actions taken. However, rate of moderation shall depend on the changes in the unsecured lending ecosystem and the macroeconomic scenario
- Delinquency numbers are improving and flow rates are also improving. Slippages has improved from 2.2% in Q3FY25 to 2.1% in Q4FY25. Early delinquency for new sourcing continues to get better than previous sourcing vintages.
- Minimum due balance paying customers (collection efficiency) is also seeing improvement.
- ECL rate is an output of ECL model, which is based on IFRS 9 and Ind AS 109, which are international and domestic standards for financial accounting. Model is validated through an external expert every year. ECL rates have decreased from 3.6% to 3.4%.
- The change in Stage 3 ECL is on account of better recognition of the recoveries. Instead of earlier capping recoveries at 100% and then discounting, now company is discounting first and then capping.

Customer-centric initiatives rolled out; several measures to augment offerings

- SBIC has undertaken many customer-centric initiatives in FY25. For instance, with integration of SBI Card SPRINT, good percentage of bank new account acquisition is now being initiated digitally. This in turn has significantly improved customer onboarding experience. Focus is to provide diversified suite of products with launch of key products like SBI Card MILES, a travel focused credit card/ KrisFlyer SBI Card in partnership with Singapore Airlines.
- SBIC has launched hyper personalisation platform to enhance customer lifetime value through personalized customer engagement. Focus is now to scale up and augment existing capabilities and achieve higher levels of personalization and one on one communication through SBI Card mobile app.
- SBIC has recently reached the 4mn BPCL SBI Card milestone, making it one of fastest growing and largest fuel co-branded credit card partnerships.
- Q4FY25 witnessed strong growth across all key discretionary and non-discretionary spend categories across points of sale and online, especially consumer durables, furnishings and hardware, apparel and jewellery. Online spends have witnessed strong growth with around 58.9% share in retail spends.

UPI opportunity is promising; more traction beyond tier-1

The UPI functionality on RuPay credit cards is gaining popularity among customers, reporting 4x growth in UPI spends (Q4FY25 vs. Q4FY24). UPI penetration, in terms of active UPI users on RuPay cards' base, is growing strong in tier-2+ cities compared to tier-1. UPI active mix is split between 25% in tier-1 and 75% in tier-2. Similarly, UPI spends in tier-1 is 22%; and in tier-2+, it is 78%. In tier-1, average spend per account per month is INR 14.8k (vs. ~INR 14.2k in Q3FY25), while in tier-2+ cities, it is INR 18k (vs. ~INR 17.6k in Q3FY25) in UPI spends on RuPay cards. Top categories for UPI spend include departmental stores, grocery, utilities, fuel, restaurants and consumer durables. Share of UPI spends in retail spends is close to double digits.

Key operating trends

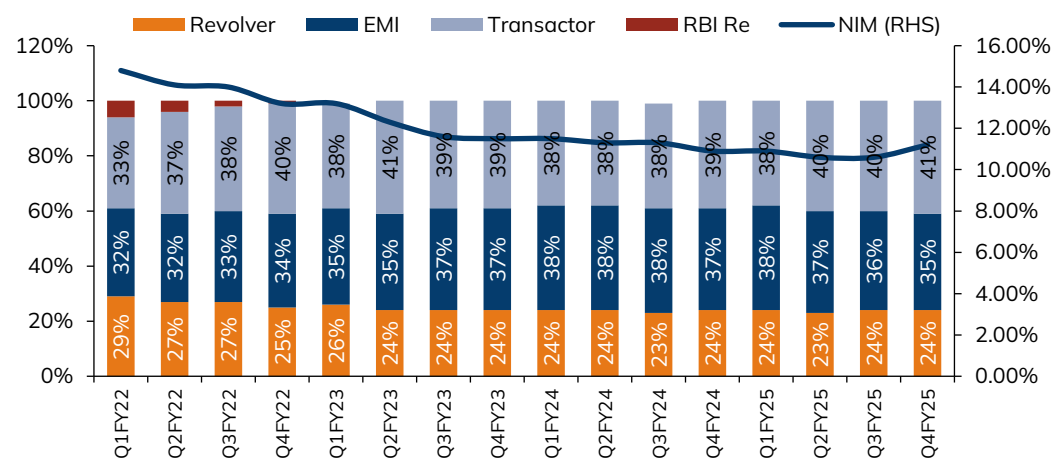
- New sourcing from open market stood at 37% in Q4FY25 (vs. 45% in Q3FY25) with SBIC's sourcing at 63% (vs. 55% in Q3FY25).
- New sourcing mix, from age profile of below-30 years, was 30% in Q4FY25 (vs. 35%/33%/32% in Q3/Q2/Q1FY25).
- Sourcing mix in terms of salaried and self-employed customers skewed towards self-employed at 61%:39% in Q4FY25 (vs. 66:34% in Q3FY25).
- Depreciation is negative for Q4FY25 because of one lease modification. It's a one-off modification.
- CAR/tier-1 was 22.9%/17.5% in Q4FY25 (vs. 22.9%/17% in Q3FY25 and 20.5%/16.5% in Q4FY24)
- Q4FY25 RoA/RoE stood at 4.7%/22.1%.

Exhibit 1: Q4FY25 result review

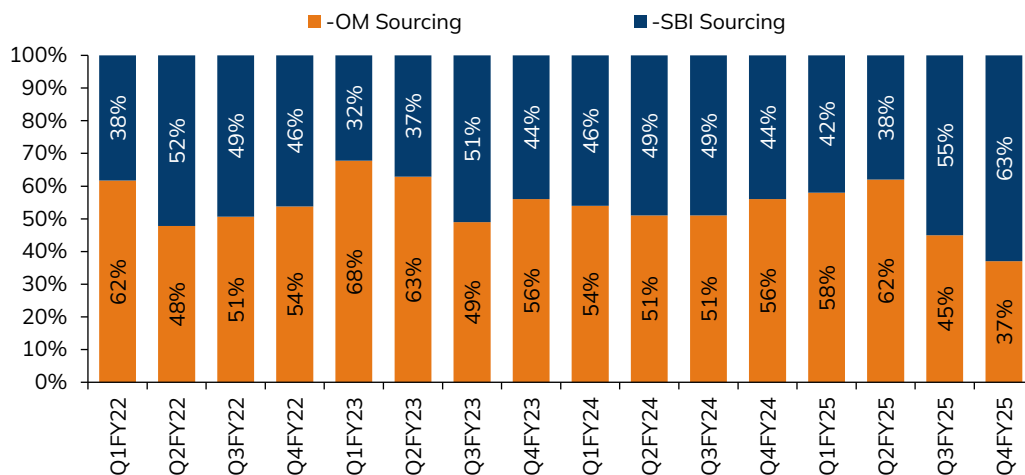
INR mn	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
Interest Income	24,152	21,387	13%	23,991	1%
Income from membership fees	20,928	19,997	5%	20,249	3%
Service Charges	271	381	-29%	329	-17%
Business development incentive income	1,381	1,704	-19%	1,611	-14%
Insurance commission income	8	9	-11%	8	4%
Net gain on fair value changes	-	-	-	-	-
Total Revenue	46,740	43,477	8%	46,187	1%
Other Income	1,578	1,269	24%	1,479	7%
Finance Costs	7,953	7,238	10%	8,286	-4%
Employee costs	1,543	1,322	17%	1,523	1%
Depreciation	-17	516	-103%	488	-103%
Operating and other expense	19,203	17,343	11%	19,061	1%
Impairment losses and bad debts	12,451	9,444	32%	13,131	-5%
Total Expense	41,132	35,864	15%	42,489	-3%
PPOP	19,637	18,326	7%	18,308	7%
PBT	7,185	8,882	-19%	5,176	39%
Tax	1,844	2,258	-18%	1,344	37%
PAT	5,342	6,624	-19%	3,832	39%
ROAA	3.4%	4.7%	-130 bps	2.4%	100 bps
GNPA	3.1%	2.8%	32 bps	3.2%	-16 bps
NNPA	1.5%	1.0%	47 bps	1.2%	28 bps
CAR	22.9%	20.5%	240 bps	22.9%	0 bps
NIM	11.2%	10.9%	30 bps	10.6%	60 bps
Cost of funds	7.2%	7.4%	-20 bps	7.4%	-20 bps
Gross credit cost	9.0%	7.5%	150 bps	9.4%	-40 bps
Net credit cost	7.9%	6.5%	140 bps	8.4%	-50 bps
Cost to Income ratio	51.4%	51.1%	21 bps	53.5%	-216 bps
Spends (INR bn)	884	797	11%	861	3%
Gross receivables (INR bn)	558	508	10%	548	2%
Revolver	24%	24%	0 bps	24%	0 bps
EMI	35%	37%	-200 bps	36%	-100 bps
Transactor	41%	39%	200 bps	40%	100 bps
Borrowing (INR bn)	449	399	13%	439	2%

Source: I-Sec research, Company data

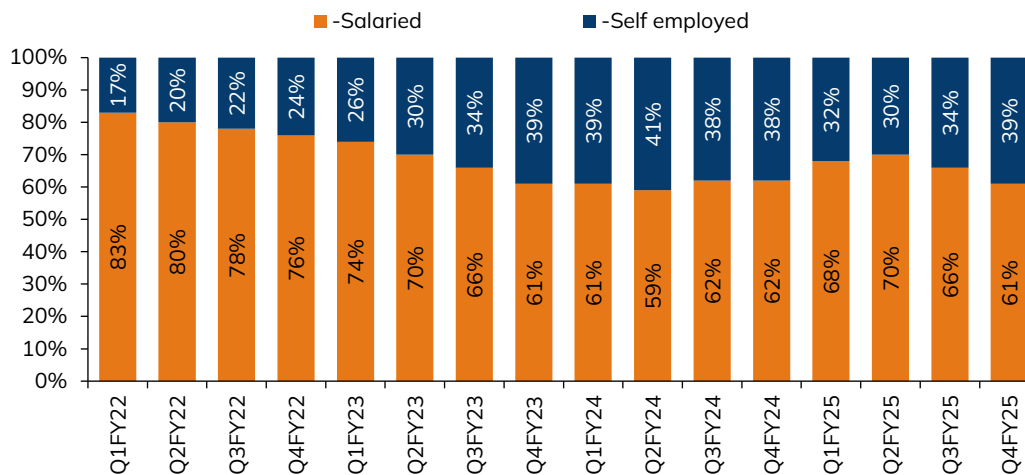
Exhibit 2: Receivables mix trend



Source: I-Sec research, Company data

Exhibit 3: New account sourcing in open market and SBI

Source: I-Sec research, Company data

Exhibit 4: Percentage of self-employed category in 'new accounts added' increased to 39% in Q4FY25

Source: I-Sec research, Company data

Exhibit 5: New accounts acquired in age category of under 30 years witnessed decrease in Q4FY25

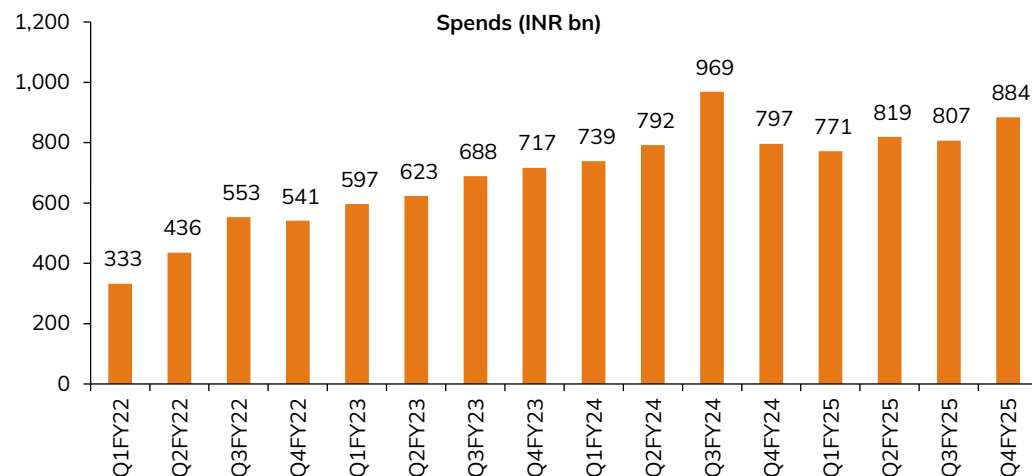
New Account Age	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
-Under 30	35%	37%	36%	36%	34%	35%	33%	33%	32%	33%	35%	30%
-31-45	47%	47%	49%	48%	49%	48%	47%	48%	50%	49%	48%	50%
->45	18%	16%	15%	16%	17%	17%	21%	18%	18%	18%	17%	20%

Source: I-Sec research, Company data

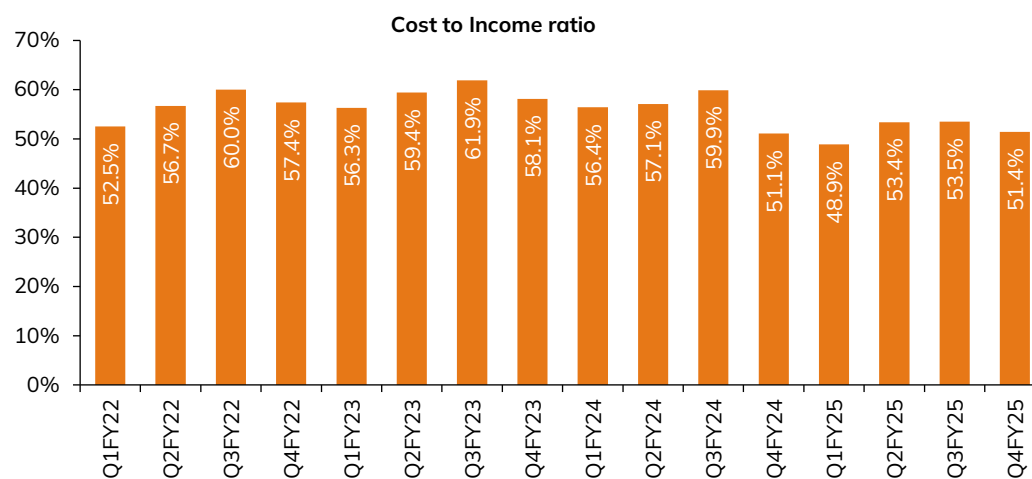
Exhibit 6: New account acquired from tier-3/others increased

New Account City	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
-Tier 1	31%	30%	28%	26%	27%	27%	28%	29%	30%	31%	26%	23%
-Tier 2	20%	19%	18%	18%	18%	18%	18%	19%	20%	21%	19%	18%
-Tier 3	30%	30%	31%	32%	32%	33%	32%	31%	30%	30%	33%	34%
-Others	20%	21%	22%	23%	23%	22%	22%	21%	20%	19%	22%	24%

Source: I-Sec research, Company data

Exhibit 7: SBIC spends trend

Source: I-Sec research, Company data

Exhibit 8: SBIC cost-to-income ratio trend

Source: I-Sec research, Company data

Exhibit 9: Receivables and asset quality trend

	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Gross Receivables (INR bn)	332	377	386	408	433	451	489	508	527	556	548	558
Net receivables (INR bn)	321	365	374	394	418	436	472	491	508	536	528	539
INR mn												
Gross credit cost	4500	5460	5330	6280	7180	7420	8820	9450	11010	12130	13130	12440
Gross write-off			4900	5410	6220	6780	7170	8640	9690	11060	13540	13030
Provisions			420	880	970	640	1640	810	1,320	1,070	-410	-590
Recoveries	1480	1370	1430	1520	1160	1320	1180	1260	1230	1330	1460	1540
Net credit cost	3000	4100	3900	4770	6030	6100	7640	8190	9780	10790	11680	10910
(%)												
Gross credit cost %	5.6%	6.2%	5.6%	6.3%	6.8%	6.7%	7.5%	7.5%	8.5%	9.0%	9.4%	9.0%
Net credit cost %	3.7%	4.6%	4.1%	4.8%	5.7%	5.5%	6.5%	6.5%	7.5%	8.0%	8.4%	7.9%
PCR % (S3)	65.1%	64.0%	64.1%	63.6%	63.8%	64.1%	64.1%	64.9%	64.4%	64.4%	64.3%	53.5%
ECL %	3.4%	3.3%	3.3%	3.3%	3.4%	3.4%	3.5%	3.5%	3.6%	3.6%	3.6%	3.4%
GNPA %	2.2%	2.1%	2.2%	2.4%	2.4%	2.4%	2.6%	2.8%	3.1%	3.3%	3.2%	3.1%
NNPA %	0.8%	0.8%	0.8%	0.9%	0.9%	0.9%	1.0%	1.0%	1.1%	1.2%	1.2%	1.5%
Receivables mix (%)												
Stage 1	89.5%	90.5%	92.0%	92.2%	92.3%	92.0%	91.8%	91.5%	90.8%	91.0%	91.1%	91.9%
Stage 2	8.3%	7.4%	6.0%	5.4%	5.3%	5.6%	5.6%	5.7%	6.2%	5.7%	5.6%	5.0%
Stage 3	2.2%	2.1%	2.0%	2.4%	2.4%	2.4%	2.6%	2.8%	3.1%	3.3%	3.2%	3.1%
Provisions (INR mn)												
Stage 1	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.5%	1.4%	1.4%	0.9%
Stage 2	5.8%	5.2%	4.9%	4.7%	4.8%	4.7%	4.7%	4.4%	4.3%	4.2%	4.2%	19.2%
Stage 3	65.1%	64.0%	64.2%	63.6%	63.8%	64.1%	64.1%	64.9%	64.4%	64.4%	64.3%	53.5%

Source: I-Sec research, Company data

Exhibit 10: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	68.6	68.6	68.6
Institutional investors	26.0	25.7	26.8
MFs and others	9.9	9.7	9.7
Banks / FIs	0.2	0.1	0.5
Insurance	6.7	6.5	6.7
FIIIs	9.2	9.5	9.9
Others	5.4	5.7	4.6

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	79,271	93,473	1,04,744	1,19,232
Interest Expenses	(25,952)	(31,784)	(35,266)	(40,246)
Net Interest Income (NII)	53,319	61,689	69,478	78,986
Other Income	5,151	5,649	6,201	6,940
Total Income (net of interest expenses)	1,22,931	1,22,804	1,36,682	1,58,093
Employee benefit expenses	(5,697)	(5,896)	(6,389)	(7,667)
Depreciation and amortization	(1,968)	(1,468)	(1,471)	(1,551)
Other operating expenses	(76,026)	(72,702)	(85,184)	(99,809)
Total Operating Expense	(83,691)	(80,066)	(93,043)	(1,09,027)
Pre-Provisioning Profits (PPoP)	65,192	74,522	78,904	89,312
Provisions and write offs	(32,874)	(48,715)	(46,716)	(48,978)
Profit before tax (PBT)	32,318	25,807	32,189	40,334
Total tax expenses	(8,239)	(6,643)	(8,208)	(10,285)
Profit after tax (PAT)	24,079	19,164	23,981	30,049

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	9,510	9,514	9,514	9,514
Reserves & surplus	1,11,331	1,28,304	1,49,886	1,77,531
Shareholders' funds	1,20,840	1,37,817	1,59,400	1,87,045
Borrowings	3,98,911	4,49,466	5,10,042	5,88,526
Provisions	17,223	18,438	19,360	22,551
Deferred tax liabilities (net)	-	-	-	-
Current Liabilities and short-term provisions	44,738	49,737	53,368	56,758
Other Liabilities	17,223	18,438	19,360	22,551
Total Liabilities and Stakeholder's Equity	5,81,712	6,55,458	7,42,169	8,54,880
Fixed assets	5,644	3,303	3,677	3,877
Loans	4,90,790	5,39,346	6,05,392	6,97,690
Investments	35,191	62,351	74,821	89,785
Deferred tax assets (net)	-	-	-	-
Current Assets including cash and bank	-	-	-	-
Other Assets	22,791	23,076	29,824	33,998
Total Assets	5,81,712	6,55,458	7,42,169	8,54,879

Source Company data, I-Sec research

Exhibit 14: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Growth ratios				
Net Interest Income (NII) (%)	18.3	15.7	12.6	13.7
Non-interest income (%)	17.5	(2.8)	10.3	16.5
Total Income (net of interest expenses) (%)	11.9	(0.1)	11.3	15.7
Operating Expenses (%)	11.8	(4.3)	16.2	17.2
Employee Cost (%)	1.4	3.5	8.4	20.0
Non-Employee Cost (%)	12.5	(4.4)	17.2	17.2
Pre provisioning operating profits (PPoP) (%)	26.5	14.3	5.9	13.2
Provisions (%)	52.3	48.2	(4.1)	4.8
PBT (%)	8.0	(20.1)	24.7	25.3
PAT (%)	8.4	(20.4)	25.1	25.3
EPS (%)	7.9	(20.4)	25.1	25.3
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	10.9	11.4	11.5	11.3
Yield on loan assets (%)	16.2	17.3	17.3	17.1
Cost of borrowings (%)	7.3	7.5	7.4	7.3
Interest Spreads (%)	8.8	9.8	10.0	9.8
Operating efficiencies				
Cost to income ratio	56.2	51.8	54.1	55.0
Capital Structure				
CAR (%)	25.1	19.8	20.3	20.6
Tier 1 CAR (%)	25.1	19.8	20.3	20.6

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	2.9	3.1	2.6	2.3
NNPA (%)	1.0	1.1	0.9	0.8
GNPA (INR mn)	14,042	16,824	15,682	15,876
Coverage ratio (%)	64.9	63.6	63.6	63.6
Return ratios				
RoAA (%)	4.6	3.1	3.4	3.8
RoAE (%)	22.0	14.8	16.1	17.3
Dividend Payout ratio (%)	10.0	12.4	10.0	8.0
Valuation Ratios				
No of shares	951	951	951	951
No of shares (fully diluted)	951	951	951	951
EPS (INR)	25.3	20.1	25.2	31.6
EPS fully diluted (INR)	25.3	20.1	25.2	31.6
Price to Earnings (x)	34.3	43.1	34.4	27.5
Price to Earnings (fully diluted) (x)	34.3	43.1	34.4	27.5
Book Value (fully diluted)	127	145	168	197
Adjusted book value	127	145	168	197
Price to Book	6.8	6.0	5.2	4.4
Price to Adjusted Book	6.8	6.0	5.2	4.4
DPS (INR)	2.5	2.5	2.5	2.5
Dividend yield (%)	0.3	0.3	0.3	0.3

Source Company data, I-Sec research

Exhibit 15: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	5,18,584	6,18,585	6,98,814	7,98,524
Average Loans (INR mn)	4,42,200	5,15,068	5,72,369	6,51,541
Average Equity (INR mn)	1,09,570	1,29,329	1,48,608	1,73,222
Interest earned (%)	15.3	15.1	15.0	14.9
Net gain on fair value changes (%)	-	-	-	-
Interest expended (%)	5.0	5.1	5.0	5.0
Gross Interest Spread (%)	10.3	10.0	9.9	9.9
Credit cost (%)	7.2	9.1	7.9	7.3
Net Interest Spread (%)	3.1	0.9	2.1	2.6
Operating cost (%)	16.1	12.9	13.3	13.7
Lending spread (%)	(13.0)	(12.1)	(11.2)	(11.0)
Non-interest income (%)	18.4	15.0	14.7	14.9
Operating Spread (%)	5.4	2.9	3.4	3.9
Tax rate (%)	25.5	25.7	25.5	25.5
ROAA (%)	4.6	3.1	3.4	3.8
Effective leverage (AA/ AE)	4.7	4.8	4.7	4.6
RoAE (%)	22.0	14.8	16.1	17.3

Source Company data, I-Sec research

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