

27 July 2025

India | Equity Research | Results update

SBFC Finance

NBFCs

RoE perseveres, challenges notwithstanding; growth undeterred

SBFC Finance's (SBFC) Q1FY26 financial performance stands out with RoE improving to 13.5% with RoA stable at 4.5% despite a challenging operating environment. SBFC's ability to pre-empt the business cycles (has flagged mounting stress in MSME since Apr'24) and take course correct (shift towards high-ticket LAP, tighten credit filters) without chipping financial performance sets it apart from peers. This is evident in its RoA remaining steady at 4.5% in Q1FY26 driven by productivity gains with opex to AUM moderating to 4.55% in Q1FY26 vs. 4.57% QoQ vs. 4.74% YoY; alongside a 14bps QoQ spread expansion helped offset a marginal 10bps QoQ escalation in credit cost to 1.1% vs. 1% QoQ. Asset quality is stable with GNPL rising a mere 4bps QoQ to 2.78% while NNPL rose 6bps QoQ to 1.57%.

Management highlighted that underwriting standards (lower FOIR, LTVs etc.) have been tightened owing to some stress in select customer segments (mainly low-ticket LAP) and areas (KTK), as it believes, in the current environment, balance sheet protection is top priority. Reduction in cost of borrowing and cost efficiencies (aims to tighten opex to assets by 50bps in FY26) would largely offset a likely escalation in credit cost in the near term. It remains focused on delivering ~15% RoE by Q4FY26. We retain **BUY**, with an unchanged TP of INR 125, valuing the stock at 3.5x on Sep'26E BVPS.

Management's execution of business strategies on track despite adverse environment

Management is building a strong execution track record. The company has been delivering a steady financial performance – be it growth, operating efficiency or asset quality – despite the protracted challenging operating environment. For context, SBFC delivered Q1FY26 RoA of 4.5% and ~125bps YoY rise in RoE to 13.5%, as on Jun'25, even in the face of industry-wide adversities in MFI/unsecured BL/PL asset quality issues through the past year. Even with the current small-ticket LAP stress, it has been amongst the early ones to have highlighted the heightened stress since Apr'24. In our view, SBFC could outpace the industry ahead, premised on its mantra of executing corrective measures much before peers; thus, curbing the impact of small-ticket LAP on credit cost in the near term. It has increased credit cost guidance by 15–20bps for FY26 – the figure shall now settle at 1.15–1.20% vs. 1% earlier.

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E
Net Interest Income (INR mn)	5,676	7,771	9,409	11,634
PAT (INR mn)	2,370	3,452	4,217	5,485
EPS (INR)	2.2	3.2	3.9	5.1
% Chg YoY	29.6	43.9	22.2	30.1
P/E (x)	49.5	34.4	28.2	21.7
P/BV (x)	4.2	3.7	3.3	2.9
Gross Stage - 3 (%)	2.5	2.8	3.3	3.3
Dividend Yield (%)	-	-	-	-
RoA (%)	3.7	4.4	4.4	4.7
RoE (%)	10.5	11.6	12.4	14.1

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Market Data

Market Cap (INR)	119bn
Market Cap (USD)	1,377mn
Bloomberg Code	SBFC IN Equity
Reuters Code	SBFC.BO
52-week Range (INR)	121 / 78
Free Float (%)	33.0
ADTV-3M (mn) (USD)	4.2

Price Performance (%)	3m	6m	12m
Absolute	3.1	24.2	35.6
Relative to Sensex	0.3	17.2	33.8

ESG Score	2023	2024	Change
ESG score	NA	70.5	NA
Environment	NA	49.9	NA
Social	NA	71.6	NA
Governance	NA	77.1	NA

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
PAT	-	-

Previous Reports

06-07-2025: [NBFCs Q1FY26 preview](#)

28-04-2025: [Q4FY25 results review](#)

Q1FY26 – PAT growth remained strong at 7% QoQ/28% YoY, leading to steady RoE expansion; spread expansion and cost efficiencies offsets marginal increase in credit cost

SBFC's Q1FY26 financial performance remained strong despite industry-level stress in its core LAP product – steady AUM growth within its guided range of 5–7% QoQ in Q1FY26 and during the past 10 quarters, coupled with productivity gain helped it deliver strong 7% QoQ/28% YoY PAT at INR1bn in Q1FY26. RoE stood at a multi-quarter high of 13.5%, up ~40bps QoQ with stable RoA at 4.5%. NII grew by 9% QoQ, highest sequential growth in last five quarters. Strong AUM growth with 14bps spread expansion drove revenue growth. Revenue growth was supported by 14bps QoQ asset yield expansion and 3bps QoQ decline in borrowing cost to 9.32% during Q1FY26. Cost-income ratio was steady at 40% on a sequential basis; annually, it is down 200bps, reflecting improving productivity.

Notably, cumulative >40bps yield expansion to 18% by Q1FY26, from 17.6% in Q4FY25 (even during falling rate cycle) reflects its ability to pre-empt the business cycle and factor that into pricing. It also speaks for its agile risk-based pricing model – dynamically adjusting prices based on real-time risk assessments and the same is effectively playing out currently. Risk-adjusted yields (asset yields less credit cost) have remained flat, at 17.6%, during the past five quarters despite credit cost increasing to 1.1% by Q1FY26, from 0.8% in Q4FY25.

Asset quality broadly stable; management cognizant of increasing stress in low-ticket LAP

While headline asset quality was broadly stable with GS-3 marginally increasing to 2.78% vs. 2.74% QoQ and NNPL to 1.57% vs 1.51% QoQ / YoY. PCR moderated a bit to 44.4% in Q1FY26 vs. 45.6% QoQ but was up from 42.6% in Q1FY25. However, early bucket delinquencies steadily increasing with 1+ DPD rising to 8.1% vs. 7.1% QoQ vs 6.4% YoY, reflects increasing stress. Collection efficiency too remained soft with it falling to 97.2% in Q1FY26 vs. 97.7% QoQ vs. 97.9% YoY. Management highlighted that it has been sensing early signs of stress since Apr'24 and had turned cautious immediately. It also mentioned that, as per industry reporting, stress is more severe in <INR 1mn ticket size vs. INR1–5mn and INR 5–50mn is the segment, which is actually witnessing improvement.

Taking cognizance, it has implemented corrective measures such as – 1) adjusting its small-ticket LAP pricing to factor rising stress; 2) shifting its focus towards medium ticket LAP and calibrating the <INR 1mn LAP segment; 3) maintaining its focus on rural and semi-urban segments given urban small businesses is seeing an impact from organised retail and e-commerce; and 4) slowing down disbursements in Karnataka due to political risk.

Strategic shift towards high-ticket size and tightened credit filters, much before industry, to ensure credit cost remains within guidance

SBFC's focus on rural/semi-urban locations and its incremental disbursement towards better quality customer (exhibited in share of customers with >700 CIBIL score increasing to 87.4% vs. 86.9% QoQ vs. 86.4% in Q3FY25 vs. 85.9% in Q2FY25 vs. 85.2% in Q1FY25, coupled with its strong collection focus with minimum one resource per branch for collection) has helped the company maintain steady collection efficiencies – range of 97–98% across quarters.

However, collections have slipped recently, dipping to 97.2% vs. 97.74% QoQ, which led to 1+ DPD increasing to 8.1% vs. 7.1% QoQ. Higher forward flows also resulted in credit cost increasing to 1.1% by Q1FY26 vs. 1% in Q4FY25 vs. 0.8% in Q1FY25. Management attributes this to higher stress in small-ticket LAP and location specific

(KTK) issue. Consequently, it increases its full-year credit cost guidance for FY26 to 1.15–1.2%, from currently 1%. Management also sounds confident about maintaining asset quality and keeping credit cost within the revised guided range on the back of corrective measures undertaken in the past 3–4 quarters.

Cost efficiencies to remain key driver for RoA expansion ahead

SBFC's business model is differentiated with respect to origination, collections, audit and fraud control – each is a separate team, which is usually a high-cost model. However, management prefers this from a risk-management perspective. Upfront investment towards franchise build-up in early years (opex to AUM at average 6% between FY21–24) and successfully driving productivity higher has started yielding operating leverage benefit. Cost-income ratio fell to 39% vs. 40% in Q4FY25 vs. 41% in Q1FY25.

Opex to average AUM has fallen 19bps YoY to 4.55% in Q1FY26 vs. 4.74% in Q1FY25 and 4.57% in Q4FY25. This is on the back of improving productivity, wherein AUM per branch has improved to INR 435mn vs. INR 427mn QoQ vs. INR 385mn in Q1FY25. AUM per branch for branches with >3-year vintage stands at INR 620mn vs. INR 270mn for branches with 1–3-year vintage, implies 56% lower productivity. In Q1FY26, it added 10 new branches and added >200 employees, taking the total branch count to 215 and headcount to >4,500. SBFC expects a further improvement in the opex to assets metric and believes it can stabilise ~3.5% of assets in the next 2–3 years.

Despite the high costs during the build-up phase, it kept origination, collections, audit, and fraud control, as separate independent verticals from a risk management perspective. We believe, in the current environment, its prudent growth approach is in the right direction and should help maintain asset quality better than peers in the near term. SBFC also highlighted that it does not intend to enter any new lending product and shall continue to focus on scaling existing products – gold and small-ticket LAP.

Key risks: 1) AUM growth below its stated guidance of 5–7% QoQ; and 2) sustained rise in gross Stage-3 and resultantly change in credit cost guidance.

Q1FY26 conference call takeaways

Economy

- **Observing 4 positives that are potential enablers to tailwinds –**
 - Extremely good monsoon
 - No income tax on income up to INR 1.2mn
 - Reduction in borrowing rates
 - Moderating inflation
- **Educated unemployment is a concerning trend**
- While rural consumption is showing growth, urban is not growing
- **Semi-urban and rural does seem to be doing better than urban.** But due to low purchasing power of non-urban customers, it is leading to a drag on overall GDP growth
- Sales on online e-commerce websites etc. are taking business away from local markets
- Therefore, SBFC as a strategy always has decided to focus on small business in small towns and hence stayed away from urban areas

Asset quality

- There is some bit of stress in some pockets of the country
- **Stress is largely in small ticket size segments**
- **MSME NPA from Mar'24 to Mar'25 (CIBIL data)**
 - For loans in the ticket size of INR 5mn to INR 500mn, there has been a reduction in NPA
 - In ATS from INR 1mn-5mn, there has been a slight increase in NPA of 10bps
 - NPA rise from 5.1% to 5.8% in ATS below INR 1mn loans
- GNPA rangebound and PCR at 44%
- **Credit cost at 111bps is in-line with its guidance**
- **Considering current environment, it would increase provisions; hence, credit cost could inch-up – potentially by 15-20bps from hereon**
- Credit cost in gold loan is bare minimum
- **Rejection rates have risen by 10%**
- It was seeing incipient stress due to over leveraging of balance sheet
- It has also seen stress due to government policies such as the one seen in Karnataka
- **Approach is that balance sheet needs to be protected and P&L growth can wait**
- **Bulk of customers bureau score is above 700**

Opex

- Elevated opex is possible due to upfront of branch cost in first half
- **On track for 50bps decline in cost of operations in FY26**

Margins

- **Increase in yields is largely on account of rise in gold business**
- Repo has fallen by 100bps and there is ample liquidity in the system
- **Cost of borrowings has started inching down for SBFC as well**

Gold loans

- 175 branches deal with gold currently, out of a total of 215 branches
- Gold loan book up almost ~8% QoQ and ~38% YoY
- **There is no underwriting risk or credit cost, but largest risk is operational risk**
- Gold comes with higher yield and higher opex, while secured MSME business comes with relatively lower yield and lower opex

Miscellaneous

- **Crosses INR 1bn quarterly PAT mark**
- **Tailwinds for SBFC**
 - Regulatory challenges are decreasing
 - Liquidity is ample
 - Incremental funding cost is declining
 - Cost of operations will likely continue its towards trajectory
- **Over a period of next 2 years, RoA could go down to 4.2-4.25%**
- **It is looking at 15% RoE over a period of time**
- 2,700 to 2,800 MSME loans done on a monthly basis

Q4FY25 conference call takeaways

AUM

- **Maintains overall 5–7% QoQ growth guidance**
- Looking towards crossing INR 100bn AUM in FY26
- 100% of AUM currently is secured by property or gold
- ~INR 2.55bn were average disbursements per month in Q4; this should inch up to ~INR 3bn average disbursements per month by FY26-end, which is not a big ask in management view

Gold loan

- Monthly servicing on EMI basis
- Gold portfolio overall LTV is ~50%
- It has already been following the LTV norms currently, which has been mentioned in the draft circular; hence, draft circular would not have an impact on its gold loan operations
- **Gold shall remain in the range of 15–20% of the overall book**
- There is nothing that changes in the gold loan business due to RBI's draft circular, neither operationally nor otherwise
- ~15% rise in gold loan book due to volume and ~25% benefit due to average price increase, which sums up to >40% growth in gold loan book
- It is currently sourcing gold loan from 165 branches

Asset quality

- **Shall look to ensure that credit cost remains in the range of 90–110bps**
- Credit cost for Q4FY25 at 1%, in-line with guidance
- GNPA rangebound and PCR increased QoQ
- Management overlay o/s is INR 40mn
- **Impact on 1+ DPD has been due to Karnataka and this does not impact its full-year guidance. SBFC has a substantial portfolio in Karnataka; hence, 0+ DPD has been impacted**
- **1+ DPD is likely to stabilise in the next two quarters**
- **TN exposure is 3% of AUM; hence, not quite sizeable**

Margins

- Two repo rate cuts have already happened, and it expects more to happen going ahead
- Cost of funds, however, is expected to remain stable. This is because incremental cost of borrowing has come off a bit, but it takes a lot of time to result in lower overall borrowing cost

Opex

- **Opex to AUM is likely to decline by 50bps in FY26 (in FY25, opex to AUM has fallen by ~70bps)**
- Added 22 branches during FY25 and 8 during Q4FY25
- Incremental borrowing cost has started to come down, but overall borrowing cost takes time to fall
- Does not see any significant rate reduction possibility for customers

Return ratios

- **Expect RoA to hover between 400–450bps over the next one year**

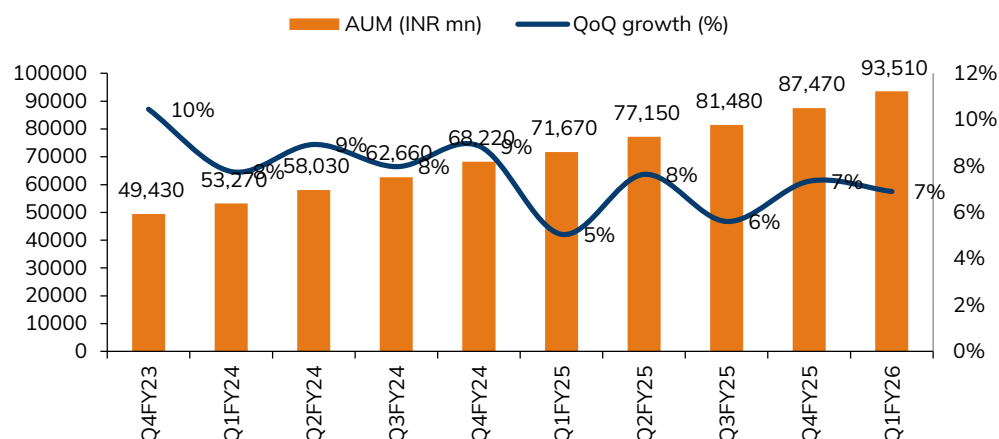
Miscellaneous

- Scale, profitability, governance are the ultimate measures for NBFCs

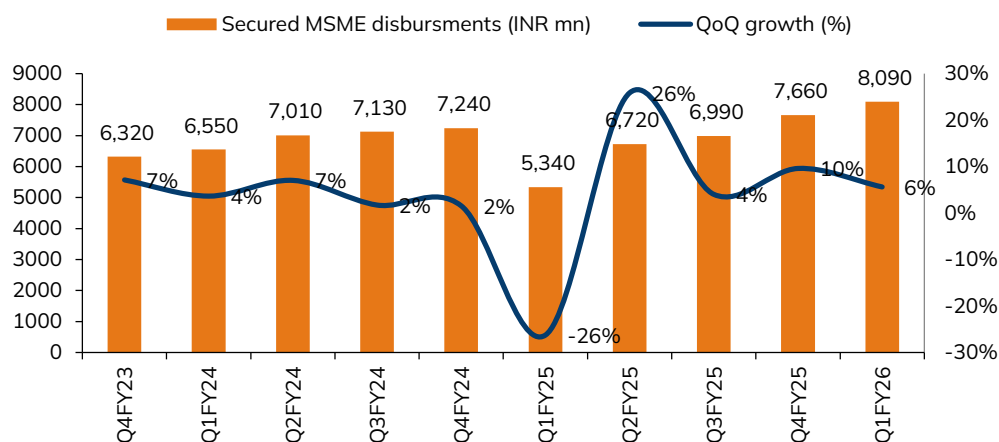
Exhibit 1: Q1FY26 result review

	Q1FY25	Q4FY25	Q1FY26	% YoY	% QoQ
Income statement (INR mn)					
Interest income	2,711	3,294	3,549	30.9	7.7
Interest expenses	948	1,180	1,251	32.0	6.0
Net interest income	1,764	2,114	2,298	30.3	8.7
Non-interest income	264	318	336	27.5	5.9
Total net income	2,027	2,432	2,635	30.0	8.4
Employee expenses	608	683	703	15.7	3.0
Depreciation and amortization	38	46	50	34.1	10.6
Other operating expenses	183	237	276	50.9	16.3
Total Operating Expense	828	965	1,029	24.3	6.6
Pre-provisioning profit (PPoP)	1,199	1,467	1,605	33.9	9.5
Provisions and write offs	148	209	248	67.6	19.1
PBT	1,051	1,258	1,357	29.1	7.9
Tax expenses	264	314	348	31.9	10.9
PAT (Adjusted)	787	944	1,009	28.2	6.9
Diluted EPS (INR)	0.7	0.9	0.9	26.4	5.8
Balance Sheet					
Shareholders' funds	28,650	31,900	32,990	15.1	3.4
Borrowings	40,570	52,640	57,230	41.1	8.7
Payables	170	100	140	(17.6)	40.0
Other Liabilities and provisions	920	1,310	1,120	21.7	(14.5)
Total Liabilities and SHE	70,310	85,950	91,480	30.1	6.4
Loans	61,110	75,040	80,590	31.9	7.4
Cash & bank balances	3,030	4,290	2,580	(14.9)	(39.9)
Investments	2,680	3,270	4,790	78.7	46.5
Fixed assets	3,130	3,090	3,100	(1.0)	0.3
Other financial assets	290	210	360	24.1	71.4
Non-Financial Assets	70	50	60	(14.3)	20.0
Total Assets	70,310	85,950	91,480	30.1	6.4
Key ratios					
AUM (INR mn)	71,670	87,470	93,510	30.5	6.9
Secured MSME disbursements (INR mn)	5,340	7,660	8,090	51.5	5.6
Yields (%)	17.6	17.9	18.0	41 bps	10 bps
COB (%)	9.3	9.4	9.3	0 bps	-4 bps
Spreads (%)	8.3	8.5	8.7	41 bps	14 bps
Opex to AUM	4.8	4.6	4.6	-21 bps	-1 bps
Gross Stage 3 (%)	2.6	2.7	2.8	18 bps	3 bps
Net Stage 3 (%)	1.5	1.5	1.6	6 bps	6 bps
1+ dpd	6.4	7.1	8.1	175 bps	103 bps
Cumulative annualized credit cost (%)	0.9	1.0	1.1	25 bps	11 bps
RoAAUM	4.6	4.5	4.5	-6 bps	-2 bps
RoAE	12.3	13.1	13.5	123 bps	39 bps

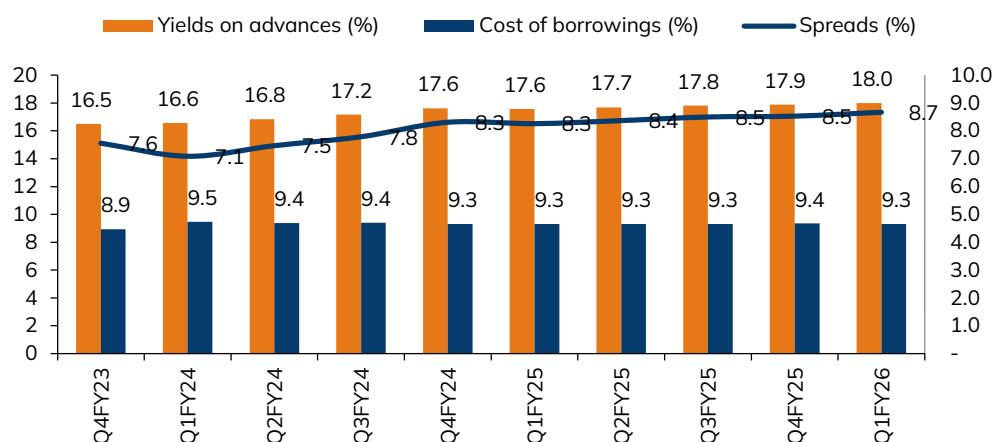
Source: Company data, I-Sec research

Exhibit 2: AUM growth in the guided range of 5–7% QoQ

Source: Company data, I-Sec research

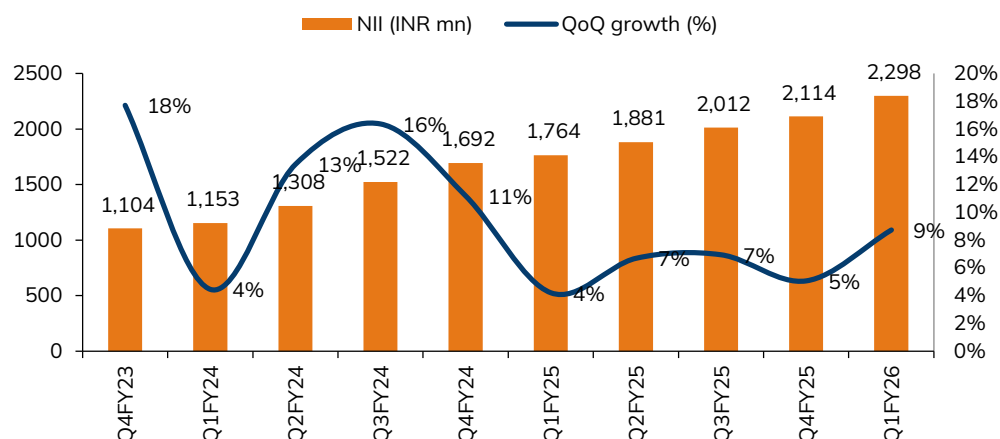
Exhibit 3: Secured MSME disbursements grew 6% QoQ on a higher Q4 base

Source: Company data, I-Sec research

Exhibit 4: Spreads improved QoQ due to decline in borrowing cost as well as rise in credit yield

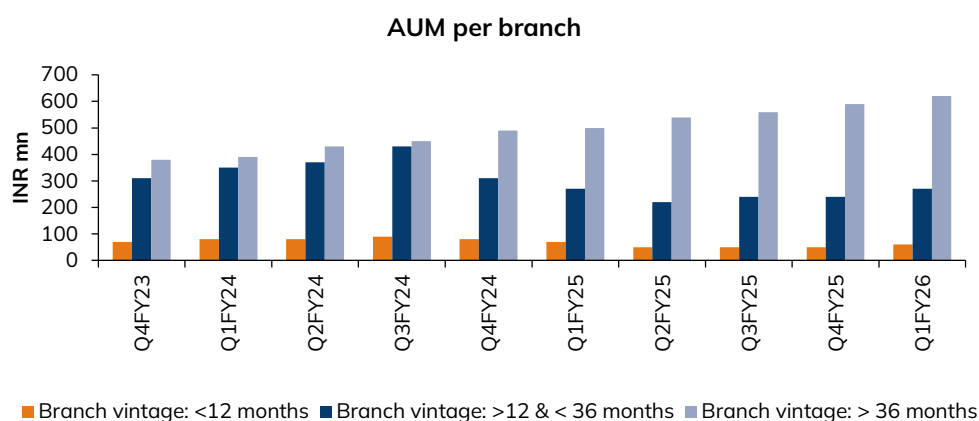
Source: Company data, I-Sec research

Exhibit 5: NII inching up at a steady pace



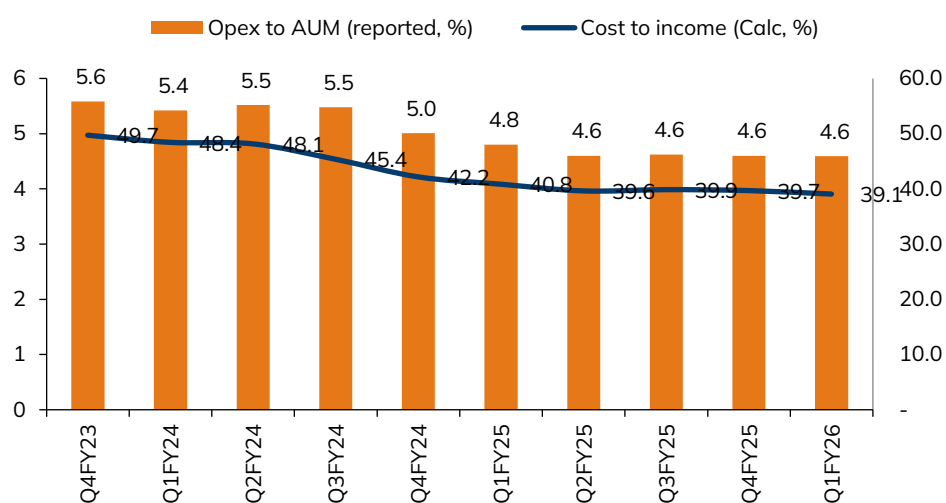
Source: Company data, I-Sec research

Exhibit 6: Increasing productivity in branches...

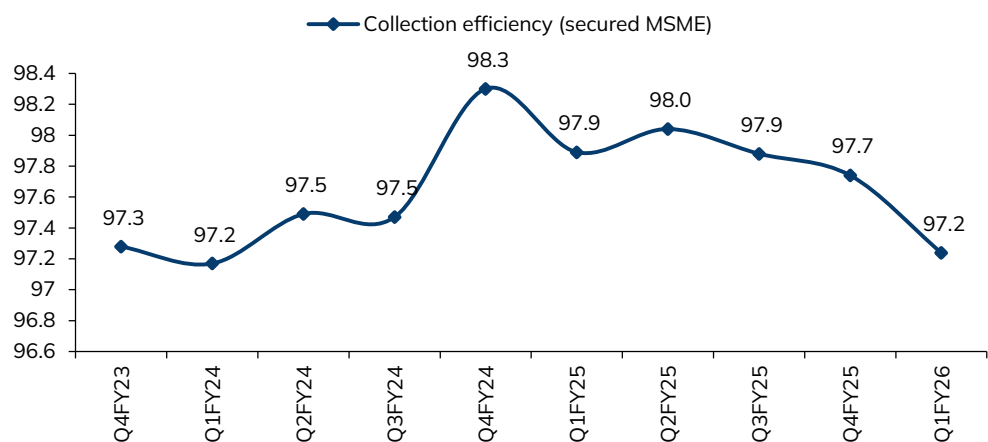


Source: Company data, I-Sec research

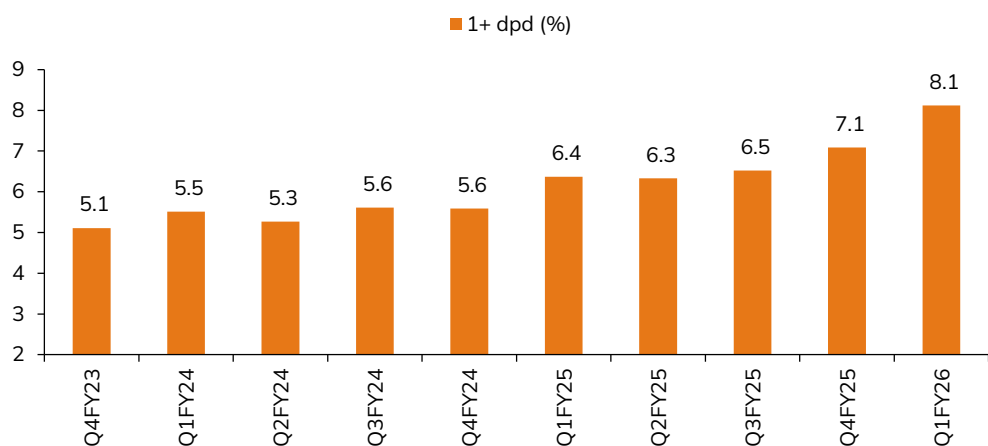
Exhibit 7: ...resulting in better operational efficiencies



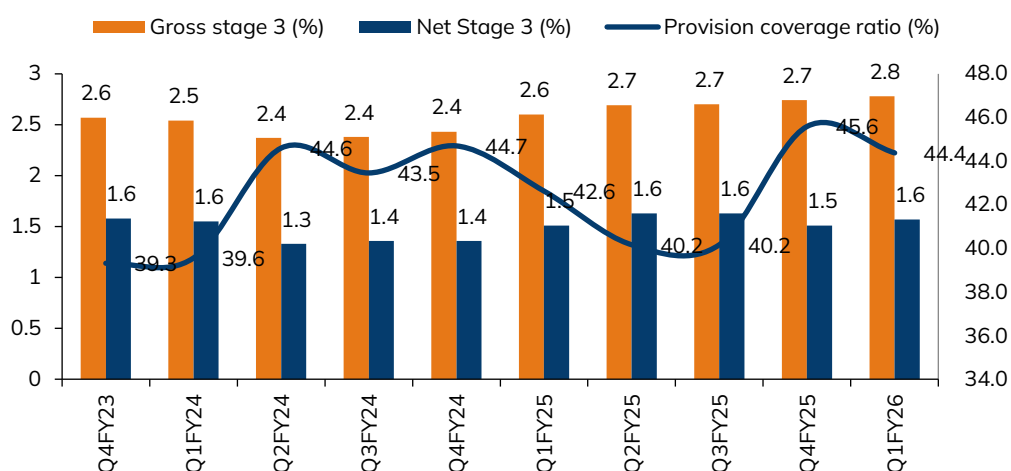
Source: Company data, I-Sec research

Exhibit 8: Collection efficiency a tad lower QoQ

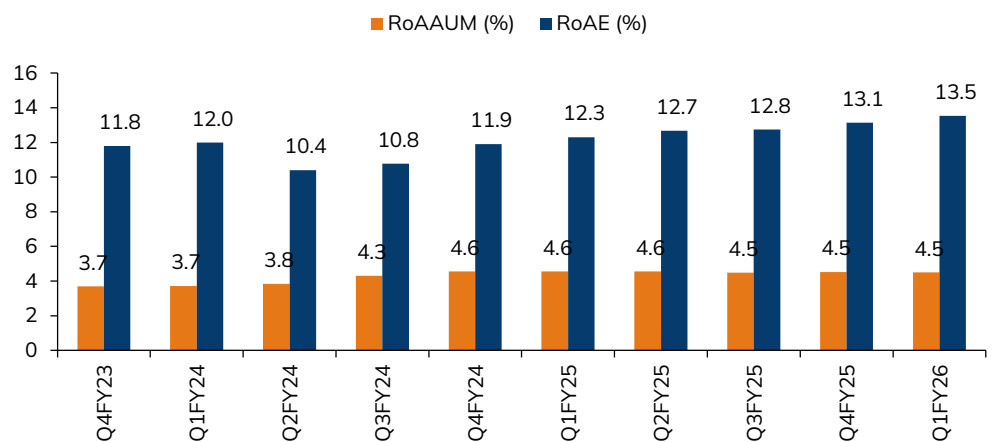
Source: Company data, I-Sec research

Exhibit 9: 1+ DPD inched up ~100bps QoQ to ~8.1%

Source: Company data, I-Sec research

Exhibit 10: Net Stage-3 tad higher QoQ

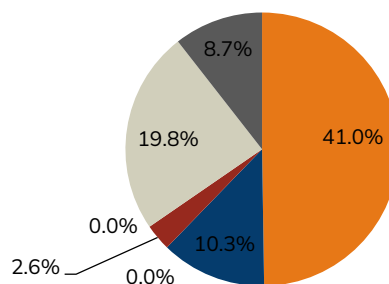
Source: Company data, I-Sec research

Exhibit 11: RoAAUM sustained around 4.5%

Source: I-Sec research, Company data

Exhibit 12: Well-diversified borrowings profile with ~20% overseas borrowings

■ Private Sector Bank
 ■ Financial Institutions
 ■ Public Sector Bank
 ■ Securitization
 ■ Foreign Bank
 ■ FCNB
 ■ NCD

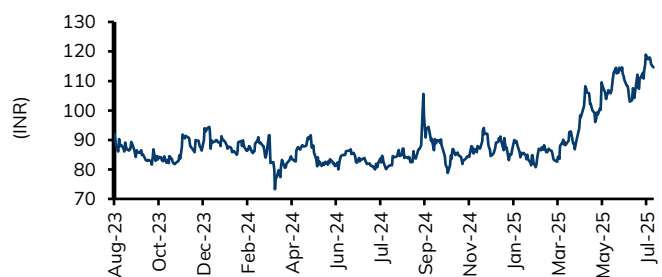


Source: Company data, I-Sec research

Exhibit 13: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	54.8	53.3	53.2
Institutional investors	21.4	23.7	25.1
MFs and others	14.5	15.6	15.5
FIs/Banks	0.0	0.0	0.0
Insurance	0.7	0.7	1.1
FIIIs	6.2	7.4	8.5
Others	23.8	23.0	21.7

Source: Bloomberg, I-Sec research

Exhibit 14: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 15: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	9,183	11,963	14,630	18,216
Net gain on fair value changes	175	177	203	244
Interest Expenses	(3,506)	(4,192)	(5,221)	(6,582)
Net Interest Income (NII)	5,676	7,771	9,409	11,634
Other Income	840	921	1,162	1,478
Total Income (net of interest expenses)	6,692	8,869	10,775	13,356
Employee benefit expenses	(2,171)	(2,532)	(3,012)	(3,557)
Depreciation and amortization	(134)	(168)	(214)	(277)
Other operating expenses	(756)	(846)	(998)	(1,128)
Total Operating Expense	(3,061)	(3,546)	(4,224)	(4,961)
Pre Provisioning Profits (PPoP)	3,631	5,322	6,551	8,395
Provisions and write offs	(470)	(737)	(928)	(1,082)
Profit before tax (PBT)	3,160	4,585	5,623	7,313
Total tax expenses	(790)	(1,133)	(1,406)	(1,828)
Profit after tax (PAT)	2,370	3,452	4,217	5,485

Source Company data, I-Sec research

Exhibit 16: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	10,719	10,852	10,852	10,852
Reserves & surplus	17,064	21,049	25,267	30,752
Shareholders' funds	27,783	31,901	36,119	41,604
Borrowings	39,847	52,630	66,516	86,865
Provisions & Other Liabilities	2,890	1,410	1,605	1,610
Deferred tax liabilities (net)	110	9	9	10
Total Liabilities and Stakeholder's Equity	70,630	85,950	104,249	130,089
Cash and balance with RBI	4,658	4,294	5,396	5,367
Fixed assets	380	210	221	232
Loans	58,365	75,041	93,850	119,260
Investments	4,272	3,2655	1,475	1,758
Other Assets	2,955	3,150	3,308	3,473
Total Assets	70,630	85,950	104,249	130,089

Source Company data, I-Sec research

Exhibit 17: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	68,220	87,470	111,224	141,486
On-book Loans	58,365	75,041	93,850	119,260
Off-book Loans	9,855	12,429	17,374	22,227
Disbursements	44,783	46,104	54,336	64,365
Growth (%):				
Total AUM (%)	38.0	28.2	27.2	27.2
Disbursements (%)	23.3	2.9	17.9	18.5
Loan book (on balance sheet) (%)	32.2	28.6	25.1	27.1
Total Assets (%)	22.9	21.7	21.3	24.8
Net Interest Income (NII) (%)	50.3	36.9	21.1	23.6
Non-interest income (%)	13.2	9.5	26.2	27.2
Total Income (net of interest expenses) (%)	44.2	32.5	21.5	24.0
Operating Expenses (%)	32.8	15.9	19.1	17.5
Employee Cost (%)	35.6	16.6	18.9	18.1
Non-Employee Cost (%)	31.0	12.0	18.0	13.0
Pre provisioning operating profits (PPoP) (%)	55.5	46.6	23.1	28.2
Provisions (%)	46.7	56.8	25.9	16.6
PBT (%)	56.9	45.1	22.6	30.1
PAT (%)	58.3	45.6	22.2	30.1
EPS (%)	29.6	43.9	22.2	30.1
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	11.1	11.7	11.1	10.9
NIM on IEA (%)	9.0	9.4	9.0	8.8
NIM on AUM (%)	9.6	10.0	9.5	9.2
Yield on loan assets (%)	17.9	17.9	17.3	17.1
Yield on IEA (%)	14.5	14.5	14.0	13.8
Yield on AUM (%)	15.6	15.4	14.7	14.4
Cost of borrowings (%)	9.1	9.1	8.8	8.6
Interest Spreads (%)	8.8	8.9	8.6	8.5
Operating efficiencies				
Non interest income as % of total income	55.7	59.5	58.8	58.3
Cost to income ratio	45.7	40.0	39.2	37.1
Op.costs/avg assets (%)	4.8	4.5	4.4	4.2
Op.costs/avg AUM (%)	5.2	4.6	4.3	3.9
No of employees (estimate) (x)	3,758	4,294	4,959	5,422
No of branches (x)	183	205	-	-
Salaries as % of non-interest costs (%)	70.9	71.4	71.3	71.7
NII /employee (INR mn)	1.5	1.8	1.9	2.1
AUM/employee(INR mn)	18.2	20.4	22.4	26.1
AUM/ branch (INR mn)	372.8	426.7	-	-
Capital Structure				
Average gearing ratio (x)	1.4	1.6	1.8	2.1
Leverage (x)	2.5	2.7	2.9	3.1
CAR (%)	46.3	42.0	39.5	36.8
Tier 1 CAR (%)	46.2	41.9	39.4	36.7
Tier 2 CAR (%)	0.2	0.1	0.1	0.1
RWA (estimate) - INR mn	54,449	68,760	83,399	104,071
RWA as a % of loan assets	93.3	91.6	88.9	87.3

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	2.5	2.4	2.8	2.8
NNPA (%)	1.4	1.3	1.4	1.3
GNPA (INR mn)	1,440	2,090	3,059	3,962
NNPA (INR mn)	800	1,130	1,502	1,839
Coverage ratio (%)	44.4	45.9	50.9	53.6
Credit Costs as a % of avg AUM (bps)	80	95	93	86
Credit Costs as a % of avg on book loans (bps)	92	111	110	101
Return ratios				
RoAA (%)	3.7	4.4	4.4	4.7
RoAE (%)	10.5	11.6	12.4	14.1
ROAAUM (%)	4.0	4.4	4.2	4.3
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	1,072	1,085	1,085	1,085
No of shares (fully diluted)	1,072	1,085	1,085	1,085
EPS (INR)	2.2	3.2	3.9	5.1
EPS fully diluted (INR)	2.2	3.2	3.9	5.1
Price to Earnings (x)	49.5	34.4	28.2	21.7
Price to Earnings (fully diluted) (x)	49.5	34.4	28.2	21.7
Book Value (fully diluted)	26	29	33	38
Adjusted book value	25	29	32	37
Price to Book	4.2	3.7	3.3	2.9
Price to Adjusted Book	4.3	3.8	3.4	3.0
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 18: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	64,047	78,296	95,106	117,169
Average Loans (INR mn)	51,259	66,703	84,445	106,555
Average Equity (INR mn)	22,528	29,842	34,010	38,861
Interest earned (%)	14.3	15.3	15.4	15.5
Net gain on fair value changes (%)	0.3	0.2	0.2	0.2
Interest expended (%)	5.5	5.4	5.5	5.6
Gross Interest Spread (%)	8.9	9.9	9.9	9.9
Credit cost (%)	0.7	0.9	1.0	0.9
Net Interest Spread (%)	8.1	9.0	8.9	9.0
Operating cost (%)	4.8	4.5	4.4	4.2
Lending spread (%)	3.3	4.5	4.5	4.8
Non interest income (%)	1.3	1.2	1.2	1.3
Operating Spread (%)	4.7	5.6	5.7	6.0
Tax rate (%)	25.0	24.7	25.0	25.0
ROAA (%)	3.7	4.4	4.4	4.7
Effective leverage (AA/ AE)	2.8	2.6	2.8	3.0
RoAE (%)	10.5	11.6	12.4	14.1

Source Company data, I-Sec research

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