

Diversified Financials

India | Sector Update | Rating Upgrade

ElaraCapital

15 April 2025

Consumer finance: Tale of two giants

Back in August 2024 in our report titled '[Top-up loans-ticking time bomb](#)', we had underscored credit risk concerns in unsecured retail lending, recommending investor prudence. We are now building in a more optimistic stance, driven by favorable lead indicators. While risk-adjusted growth is on a rebound with fresh delinquency flows being arrested, peak asset quality stress is on the horizon (between Q4FY25 and Q1FY26) for consumer financiers. **Such a scenario bodes well for Bajaj Finance (BAF IN) and SBI Cards and Payment Services (SBICARD IN) and we upgrade BAF to BUY and SBICARD to Accumulate rating. Refer individual Company sections for details.**

Consumer finance – Measured-yet-encouraging uptrend: A confluence of positive macroeconomic trends – declining interest rates and liquidity infusion, better rural credit offtake vs urban, anticipated 8th Pay Commission led salaries and allowances rise, budgetary impetus through tax cuts/subsidies and allocation towards healthcare and education and a favorable monsoon – are re-establishing unsecured retail lending landscape. NBFCs' focus on bad assets resolutions and regulatory compliance led to a short-term dip in disbursements during 9MFY25, but personal (PLs) and consumer durable loans are now rebounding. Return of growth in PLs since the past 2-3 months (Refer RBI's bank credit data -Exhibit 4), traction in fintech loans in <INR 5mn small-ticket segment and NBFCs' PLs in >INR 5mn, and NBFCs continuing to gain market share in the segment are initial indicators of healthy growth rebound in the space. New credit card issuances were hit since Q1FY24, but both markets leaders; viz, HDFCB and SBICARD have witnessed marginal yet consistent increase in credit card issuances market share since 3 months. SBICARD has turned towards prioritizing market share growth driven by favorable trends in new customer behavior.

Asset quality woes not fully behind, but lead indicators indicate improving dynamics: Notwithstanding the unavailability of latest official quarterly data, industry insights provide a preliminary indication of: (i) heightened prudence & reduced disbursement limits to new-to-credit (NTC) across segments, keeping fresh delinquencies in check, (ii) leveraging seamless data access via account aggregator platforms (iii) 10-20bps improvement in collection efficiencies across key segments in past 2-3 months (iv) no meaningful drop yet in 30 & 90dpd stock but reduction in the bucketing movement across and (v) no peaking out of FY24 delinquencies but positive trends in fresh FY25 customer cohort (especially in credit card segment). Although asset quality woes are not entirely resolved, the aforesaid indicators portend a sectoral rebound.

Upgrade BAF to BUY, SBICARD to Accumulate: BAF and SBICARD are well-set to partake the retail cyclical uptrend. **BAF – stage set for elephant to dance yet again:** BAF is primed for a rating upgrade. While changes in key management have contributed to the recent uptick in its valuation, the strategic edges that could pivot a re-rating that should enable a sustained 25% AUM and 25% EPS CAGRs are yet to fully play out. BAF is poised to deliver a 24% NII CAGR, translating into 4.9% RoA and 21% RoE through FY24-27E. **We revise BAF to BUY from ACCUMULATE, valuing its standalone book at 5.0x FY27E P/ABV and BHFL at 3.8x FY27E P/ABV to arrive at a raised SoTP-TP of INR 11,161 (from INR 8,892). Key risk to our call is continued elevated credit costs**

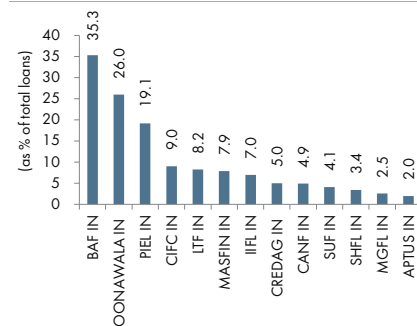
SBICARD – situation at a defining moment: SBICARD is on the verge of a crucial turning point, with challenges in the credit card industry seemingly reaching a peak and business focus shifting back. Factoring in a calibrated CIF accretion, modest fee expansion, stagnancy in high interest-bearing assets, we envisage an 11.5% CIF CAGR, a 14.5% spend CAGR, an 18.7% NII CAGR and a 20.7% receivables CAGR, translating into 16.5% EPS CAGR through FY24-27E with RoAs at 4.4% and RoEs at 21.1% in FY27E. **We upgrade SBICARD to Accumulate from Reduce, as it is set to ride the consumer discretionary wave. We raise our DCF-based TP to INR 965 (from INR 796), valuing SBICARD at 24x FY27E P/E. Key risk to our call is persistent elevated credit costs.**

Elara Diversified Financials universe – Coverage matrix

Company	Ticker	Rating	Mcap	CMP	TP	Upside	ROA (%)			ROE (%)			P/BV (x)		
			(USD mn)	(INR)	(INR)	(%)	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Bajaj Finance	BAF IN	Buy ▲	62,460	8,736	11,161	▲ 28	5.0	4.8	4.9	20.8	20.5	21.1	6.3	5.2	4.2
SBI Cards and Payment Services	SBICARD IN	Accumulate ▲	9,289	847	965	▲ 14	3.2	4.3	4.4	15.0	20.0	21.1	6.1	5.1	4.1

Note: Pricing as on 9 April 2025; Source: Company, Elara Securities Estimate

BAF, POONWALA, PIEL dominate the unsecured credit market (Q3FY25)



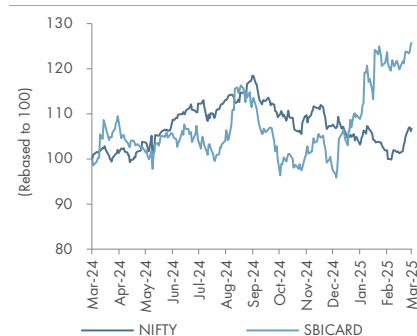
Note: Unsecured credit includes personal loan, top-up loan, digital loan, leasing, insurance finance, diesel finance, tyre finance, farm equipment finance; Source: Company, Elara Securities Research

BAF versus Nifty 12M



Source: Bloomberg, Company, Elara Securities Research

SBICARD versus Nifty 12M

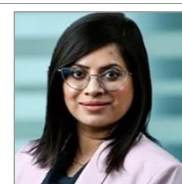


Source: Bloomberg, Company, Elara Securities Research

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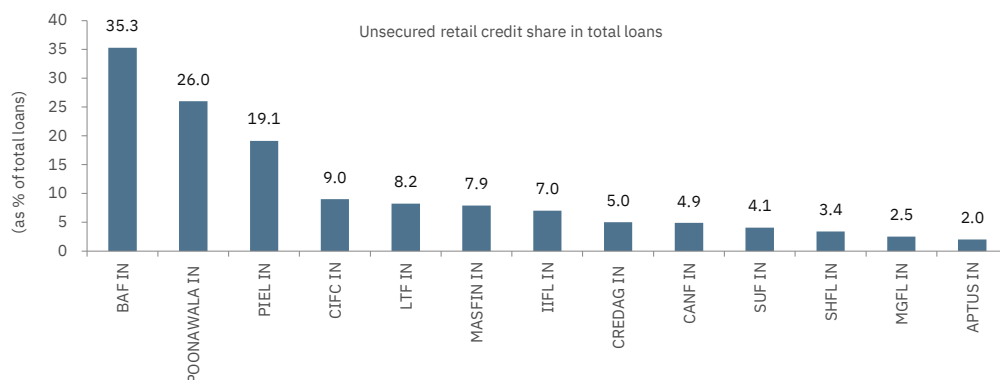
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Consumer Finance Story in Charts

Exhibit 1: BAF, POONWALA, PIEL dominate the unsecured credit market (Q3FY25)



Note: Unsecured credit includes personal loan, top-up loan, digital loan, leasing, insurance finance, diesel finance, tyre finance, farm equipment finance; Source: Company, Elara Securities Research

Exhibit 2: Share of unsecured retail credit continues to rise for some players despite apprehensions

Unsecured retail credit share as % of overall AUMs	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
BAF IN	39.0	38.2	38.0	36.5	37.0	35.7	35.3	34.3	35.0	34.9	35.3
POONAWALA IN				25.0	22.0	25.0	20.0	26.0	30.0	30.0	26.0
PIEL IN	5.8	9.7	12.2	17.5	19.3	19.7	20.4	20.2	20.2	20.0	19.1
CIFC IN				5.6	6.5	8.0	8.0	8.8	9.3	10.0	9.0
LTF IN	3.4	4.4	5.3	7.1	7.6	8.2	7.9	7.5	7.5	7.7	8.2
MASFIN IN	0.9	1.9	2.6	3.8	3.6	4.1	5.6	5.8	5.7	6.2	7.9
IIFL IN			3.0	4.0	4.0	5.0	5.0	5.0	7.0	8.0	7.0
CREDAG IN	1.0	0.7	0.7	0.8	1.0	1.6	2.1	2.7	2.9	3.8	5.0
CANF IN	4.3	4.4	4.6	4.6	4.6	4.6	4.7	4.7	4.7	4.8	4.9
SUF IN	6.1	6.0	5.4	5.4	4.8	5.0	4.8	5.0	5.0	3.2	4.1
SHFL IN	2.7	3.0	3.2	3.6	4.1	4.4	4.5	4.0	3.8	3.4	3.4
MGFL IN	1.0	1.2	28.0	3.7	3.9	4.0	5.2	4.0	3.8	3.7	2.5
APTUS IN	4.0	4.0	4.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

Source: Company, Elara Securities Research

Exhibit 3: Bank loans to NBFCs stabilizing MoM

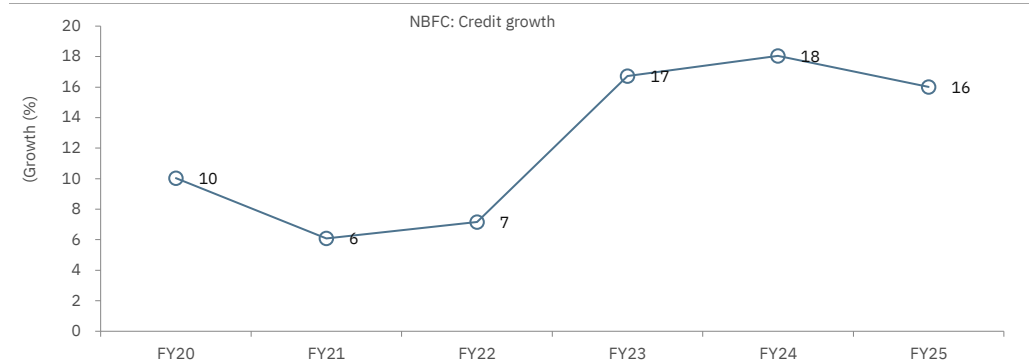
	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Total credit (INR bn)	1,616,686	1,640,908	1,647,619	1,674,116	1,684,688	1,678,660	1,692,080	1,710,545	1,721,960	1,745,792	1,768,673	1,781,858	1,794,254
Growth MoM (%)	1.0	1.5	0.4	1.6	0.6	(0.4)	0.8	1.1	0.7	1.4	1.3	0.7	0.7
Bank loans to NBFCs (INR bn)	151,493	154,803	155,470	156,807	155,550	152,886	152,220	152,901	153,665	157,531	162,177	161,865	161,233
Growth MoM (%)	0.8	2.2	0.4	0.9	(0.8)	(1.7)	(0.4)	0.4	0.5	2.5	2.9	(0.2)	(0.4)

Source: RBI, Elara Securities Research

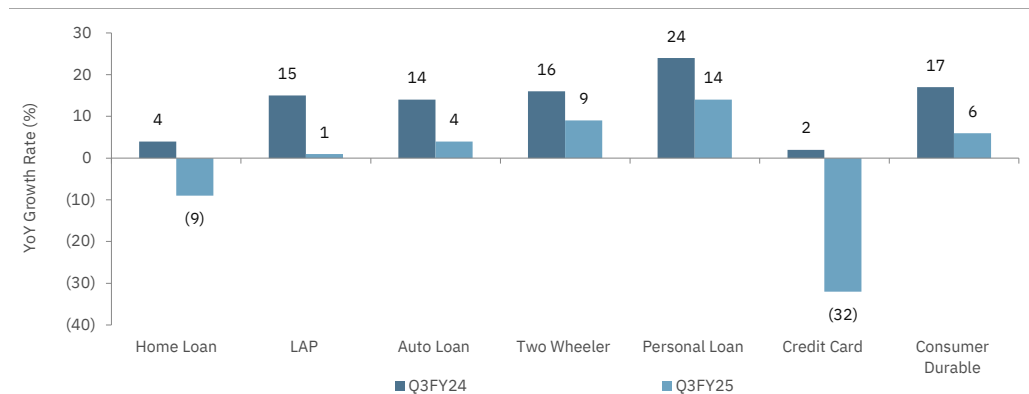
Exhibit 4: Consumer durable loans up MoM after two months of a drop; growth in personal loans uptick - gradual

	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Personal loans (INR bn)	526,778	533,129	536,286	545,663	548,611	552,981	555,548	559,672	564,748	573,486	579,487	583,155	587,892
Growth MoM (%)	1.0	1.2	0.6	1.7	0.5	0.8	0.5	0.7	0.9	1.5	1.0	0.6	0.8
Consumer durable loans (INR bn)	2,397	2,371	2,358	2,468	2,412	2,461	2,440	2,376	2,364	2,470	2,401	2,351	2,451
Growth MoM (%)	(0.8)	(1.1)	(0.6)	4.7	(2.3)	2.0	(0.9)	(2.6)	(0.5)	4.5	(2.8)	(2.1)	4.2

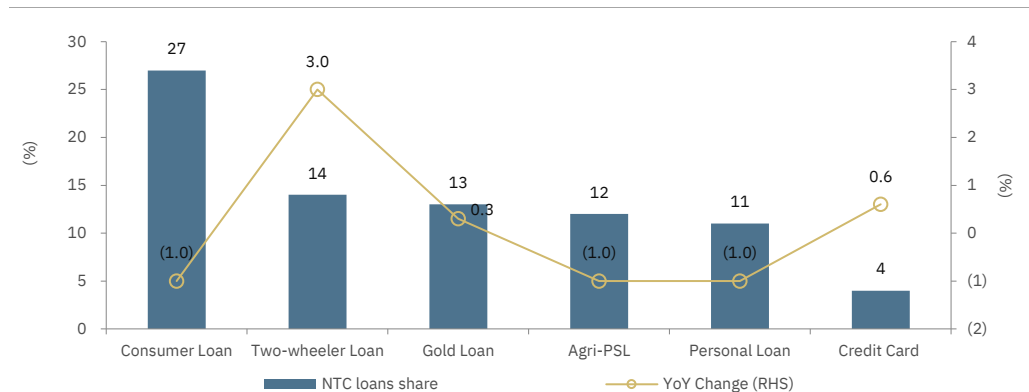
Source: RBI, Elara Securities Research

Exhibit 5: NBFCs' credit growth to slow to 16% in FY25; risk management takes precedence


Source: CRISIL, Elara Securities Research

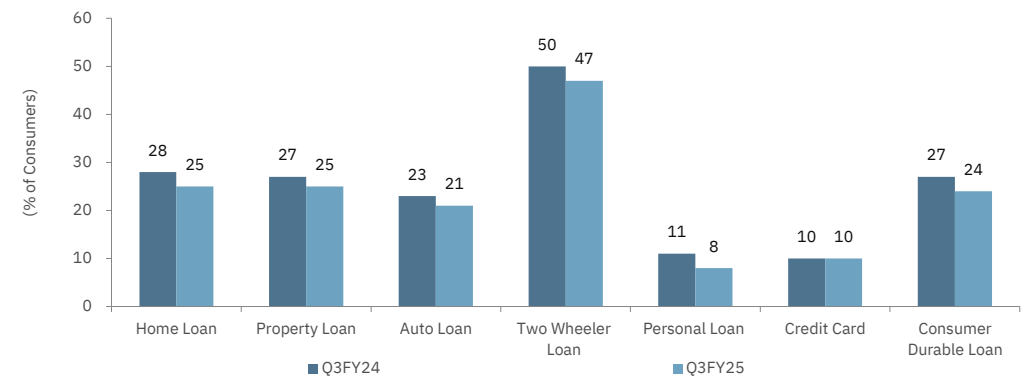
Exhibit 6: FY24 witnessed sharp decline in credit card issuances rate and weakish PL growth trends


Source: CIBIL, Elara Securities Research

Exhibit 7: Segment-wise NTC loans share – personal loans NTC has been on lower side (% , Q3FY25)


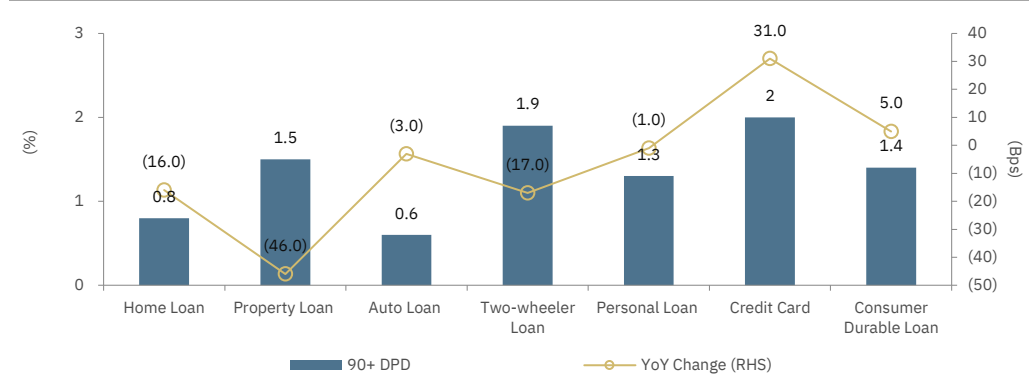
Source: CIBIL, Elara Securities Research

Exhibit 8: NTC share by product type – Share of NTC consumers in originations down in key product segments



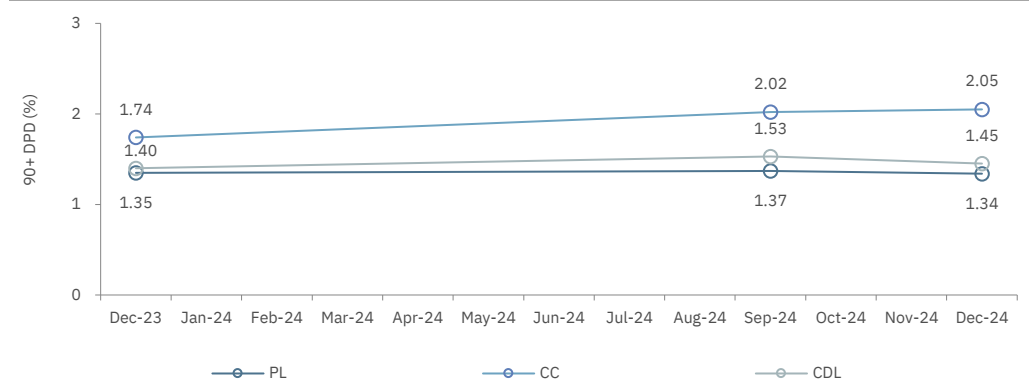
Source: CIBIL, Elara Securities Research

Exhibit 9: 90+ DPD by product (Dec-24) – Credit cards, consumer durables continue to suffer; others improve



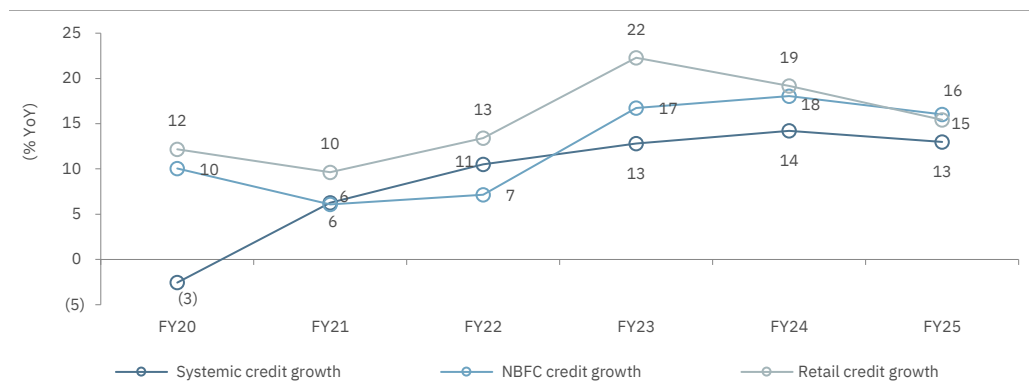
Source: CIBIL, Elara Securities Research

Exhibit 10: Sequential improvement in 90+ DPD across consumption loan segments



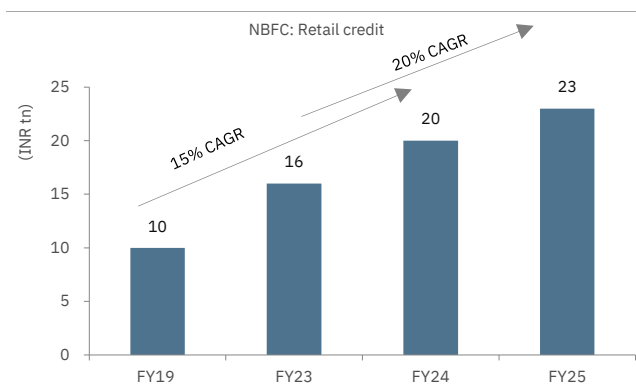
Source: CIBIL, Elara Securities Research

Exhibit 11: FY25 retail credit growth to align with NBFC credit (%)

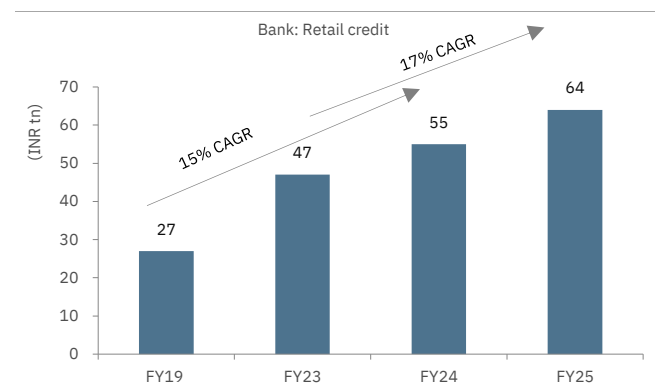


Source: CRISIL, Elara Securities Research

Exhibit 12: Retail credit growth of NBFC exceed that of banks

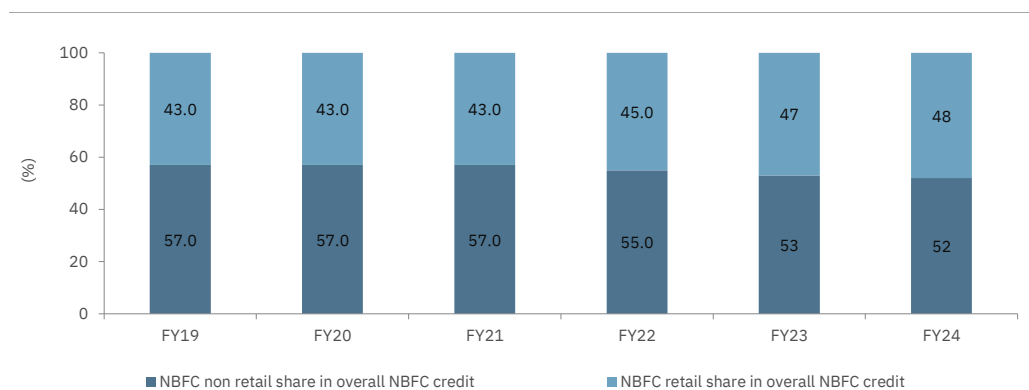


Source: CRISIL, Elara Securities Research



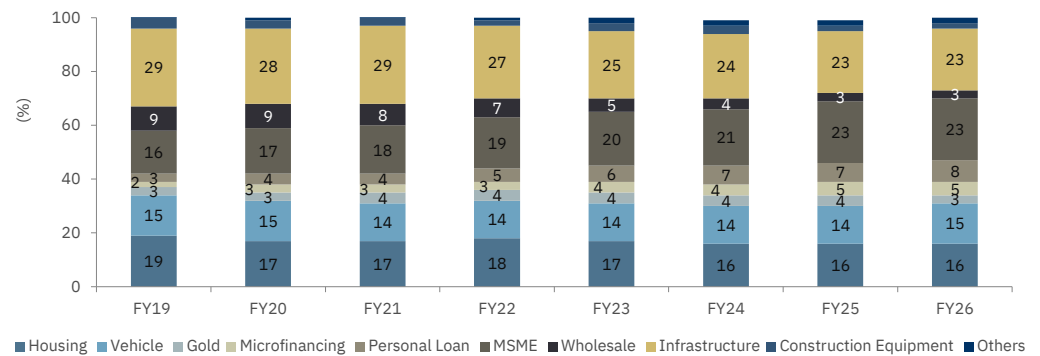
Source: CRISIL, Elara Securities Research

Exhibit 13: Share of retail credit in NBFCs' overall credit at 48% for FY24; to remain stable in FY25



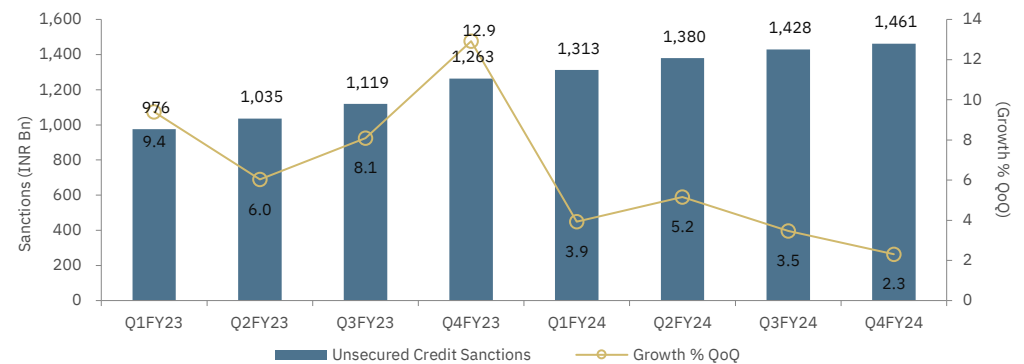
Source: CRISIL, Elara Securities Research

Exhibit 14: Personal loans, MSME to continue to dominate NBFC credit but at slower pace than historical highs



Source: CRISIL, Elara Securities Research

Exhibit 15: Rapid deceleration observed in unsecured credit sanctions in FY24



Note: Unsecured credit sanctions include consumer loans + personal loans+ overdraft + unsecured business loans; Source: CRIF, Elara Securities Research

Exhibit 16: BAF and SBICARD to continue to lead the NBFC rally

NBFCs	P/BV (x)			ROE (%)		
	FY24	FY27E	Six year median (FY19-24)	FY24	FY27E	Six year median (FY19-24)
AAVAS IN	2.8	2.9	4.7	13.9	16.1	13.3
BAF IN	6.3	4.2	7.8	20.5	21.1	19.7
CANF IN	2.4	1.3	2.5	18.8	16.8	18.6
CIFC IN	5.5	4.1	5.3	21.8	23.0	20.6
CREDAG IN	3.5	1.6	3.0	24.8	19.6	15.3
HUDCO IN	2.3	1.6	0.6	13.2	16.1	12.4
LTF IN	1.2	0.2	1.2	10.3	12.8	12.6
LICHF IN	1.8	4.2	1.2	16.3	15.1	10.7
MMFS IN	1.3	1.4	1.4	10.0	14.4	19.7
MGFL IN	2.0	1.3	1.9	20.7	16.4	10.1
MUTH IN	2.6	2.2	2.6	16.7	18.0	22.0
POWF IN	1.7	1.0	0.5	19.5	16.3	17.6
RECL IN	1.8	0.9	0.5	22.2	17.1	20.8
SBICARD IN	5.4	4.1	10.6	22.0	21.1	24.3
SHFL IN	1.8	1.6	1.6	17.3	17.1	16.1

Source: Company, Elara Securities Estimate

Stage set for elephant to dance yet again

12 April 2025

Initial signs of cyclical tailwinds in the unsecured lending space (personal loans/consumer durable loans), addressable credit quality challenges and sufficient levers to sustain growth – All prime up Bajaj Finance (BAF IN) for a rating upgrade. Mr. Rajeev Jain's continued association with BAF in the capacity of Executive Chairman is also a breakthrough. **And strategic pivots should not only drive valuation further but also sustain a higher 25% AUM and 25% EPS CAGR through FY24-FY27E.**

Structural earnings drivers at play: (1) transformational leadership of Anup Saha (underemphasized as of now) and his seven-year long stint and strategic contribution towards consumer finance, (2) steadfast scale-up of consumer finance in rural markets with doubling of rural network (one-tenth reduction in urban locations in past 1.5 years), (3) anticipated 27% CAGR in EMI franchise to drive growth in consumer finance, (4) resilient 62% cross-sell franchise share in overall customer franchise (driving PPC of six), (5) diversification into high-yielding, high-growth businesses (gold, micro finance, tractor loans) and (6) sustained contribution from value-added fees at 4% and distribution fee income at 14% to operating profit. **Complementing these trends, Co.'s strategy to restrict credit costs to 2% to lead to RoEs exceeding six-year median average of 21%, BAF still trades 40% lower than six-year median P/BV. Upgrade to BUY.**

Transformational leadership by Anup Saha underemphasized: Spanning >seven years at BAF, Anup Saha's journey displays strong pedigree, exceptional leadership and strategic excellence (benefitting from Mr. Jain's mentorship). This should prop BAF's next phase of expansion. From his initial role as President, Consumer Business in 2017 to Executive Director in 2023 and Deputy Managing Director in 2024 and ultimately as Managing Director in 2025, Mr. Saha has demonstrated operational expertise and strategy execution, managing a wide range of portfolios and fostering a culture of innovation and customer-centricity. The import of a new leadership is not yet fully reflected in the market sentiment.

Strategic levers in place to drive 25% loan CAGR: BAF's business model props a sustained 25% AUM CAGR through FY24-27E, hinged on (a) it being a major beneficiary of cyclical tailwinds and NBFCs gaining market share in personal loans market, (b) annual customer accretion run rate climbing from 12-13mn in FY22-24 to 17-18mn in FY25E-27E, (c) steadfast scale-up in consumer finance dominance in rural markets, with doubling of the rural network in past 1.5 years, (d) anticipated 27% CAGR in EMI franchise that should drive consumer finance growth, (e) a resilient 62% cross-sell franchise share in overall customer franchise, driving PPC of six and (f) diversification into high-yielding high-growth businesses (gold, micro finance, tractor loans: refer exhibit 7).

Valuation multiple 40%+ below six-year median – Upgrade to BUY; TP raised: We trim our EPS estimates factoring in sufficient conservatism on credit costs (2.2-2.25% in FY26E-27E) to err on the side of caution but expect healthy business and fees to aid robust EPS CAGR. BAF is poised to post a 24% NII CAGR, and a 25% EPS CAGR with a 4.9% RoA and 21% RoE in FY24-27E. We revise BAF to BUY from ACCUMULATE, valuing its standalone book at 5.0x FY27E P/ABV and BHFL at 3.8x FY27E P/ABV to arrive at a raised SoTP-TP of INR 11,161 (from INR 8,892). Key risk to our call is elevated credit cost.

Key financials

YE March	FY23	FY24	FY25E	FY26E	FY27E
NII (INR mn)	208,566	269,393	331,145	410,849	517,606
YoY (%)	29.1	29.2	22.9	24.1	26.0
PPoP (INR mn)	169,463	216,253	270,930	342,421	430,925
YoY (%)	28.3	27.6	25.3	26.4	25.8
PAT (INR mn)	102,897	126,441	165,161	197,366	249,340
YoY (%)	62.0	22.9	30.7	19.4	26.3
EPS (INR)	170.2	204.6	267.0	318.2	402.0
Core RoE (%)	22.0	20.5	20.8	20.5	21.1
RoA (%)	5.4	4.9	5.0	4.8	4.9
P/E (x)	52.7	43.9	32.7	27.5	21.7
P/ABV (x)	10.6	7.8	6.3	5.2	4.2

Note: pricing as on 9 April 2025; Source: Company, Elara Securities Estimate

Rating: [Buy](#)

Target Price: [INR 11,161](#)

Upside: [28%](#)

CMP: [INR 8,736](#)

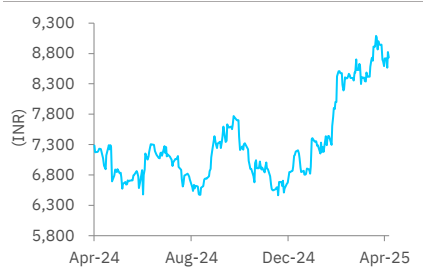
As on 9 April 2025

Key data

Bloomberg	BAF IN
Reuters Code	BJFN.NS
Shares outstanding (mn)	619
Market cap (INR bn/USD mn)	5415/62460
Enterprise Value (INR bn/USD mn)	0/0
Avg daily volume 3M (INR mn/USD mn)	9837/113
52 week high/low	9260/6376
Free float (%)	45

Note: as on 9 April 2025; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25
Promoter	54.7	54.7	54.7	54.7
% Pledged	-	-	-	-
FII	20.5	21.1	20.8	20.8
DII	14.5	14.4	15.2	15.2
Others	10.3	9.8	9.3	9.3

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(4.8)	(10.3)	(1.1)
Bajaj Finance	20.0	19.7	21.4
NSE Mid-cap	(11.1)	(16.1)	(0.6)
NSE Small-cap	(15.8)	(19.1)	(7.3)

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Financials (YE March)

Income statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
NII	208,566	269,393	3,31,145	4,10,849	5,17,606
Other income	55,463	61,632	80,628	1,02,400	1,28,112
Gross Income	264,029	331,026	4,11,773	5,13,249	6,45,718
Operating expenses	94,566	114,773	1,40,843	1,70,828	2,14,794
PPOP	169,463	216,253	2,70,930	3,42,421	4,30,925
Provisions	30,665	45,722	83,860	76,329	94,761
PBT	138,798	170,531	1,87,070	2,66,092	3,36,164
Tax	35,918	44,090	53,716	68,726	86,824
PAT	102,897	126,441	1,65,161	1,97,366	2,49,340
Balance Sheet	FY23	FY24	FY25E	FY26E	FY27E
Capital	1,209	1,236	1,237	1,240	1,240
Reserves and Surplus	513,722	718,869	865,865	1,059,890	1,305,881
Net worth	514,931	720,105	867,102	1,061,131	1,307,121
Borrowings	1,616,846	2,203,787	2,688,173	3,413,020	4,239,466
Other liabilities	33,470	42,253	82,542	116,278	110,442
Total Liabilities	2,165,248	2,966,145	3,637,817	4,590,428	5,657,029
Fixed assets	22,264	31,025	41,195	51,494	64,619
Loans	1,790,971	2,433,344	3,031,254	3,779,888	4,775,710
Investments	298,081	383,983	441,267	522,085	562,084
Cash and bank balances	53,931	117,793	124,101	236,961	254,617
Other assets	-	-	-	-	-
Total Assets	2,165,248	2,966,145	3,637,817	4,590,428	5,657,029
Per Share data & Valuation Ratios	FY23	FY24	FY25E	FY26E	FY27E
EPS- (INR)	170.2	204.6	267.2	318.3	402.1
BV (INR)	851.9	1,165.2	1,401.9	1,711.3	2,108.0
ABV- (INR)	843.2	1,153.1	1,381.7	1,686.1	2,083.0
P/E- (x)	52.7	43.9	32.7	27.5	21.7
P/ABV-(x)	10.6	7.8	6.3	5.2	4.2
Yield and Cost (%)					
Yield on advances	18.4	19.2	18.8	18.5	18.4
Cost of funds	6.5	7.2	7.6	7.5	7.3
Net Interest Margin (%)	12.7	12.7	12.0	11.9	11.9
Asset Quality (%)					
Gross NPA	1.2	1.1	1.4	1.5	1.6
Net NPA	0.4	0.5	0.6	0.6	0.6
% coverage of NPA	63.1	56.2	57.3	59.3	61.3
credit cost (calc)	1.9	2.1	3.0	2.2	2.2
Capital Adequacy					
Tier 1	24.1	24.6	24.1	23.4	23.4
CAR	25.8	26.4	25.9	25.2	25.1
Growth Rates					
Loan growth	24.1	35.9	24.6	24.7	26.3
Earnings growth	62	23	31	19	26
Business Ratios					
RoAA (%)	5.4	4.9	5.0	4.8	4.9
RoE (%)	22.0	20.5	20.8	20.5	21.1

Note: pricing as on 9 April 2025; Source: Company, Elara Securities Estimate

Improved fee income, tech prowess to unlock EPS potential

About 15-20% of BAF's total income continues to be led by fee income revenue streams and the reorientation of its business model, characterized by five proprietary marketplaces (e.g., EMI Store, Insurance Marketplace), 97mn+ customers, and tech-led services (Bajaj Pay). Fees from card products, largely led by EMI franchise, continue to form 10-11% of the overall fees. Expect this to contribute 3% to PBT – Distribution-led fees may rise to 46% of the overall fee income, forming >13% of PBT. BAF's strong revenue generation engine continues to aid operating profit CAGR, expected at 40%+ in FY24-27E.

Credit quality: Concerns alleviating

Asset quality stress is not completely behind but concerns are gradually waning as lenders continue to tread with caution. For BAF, incremental formation of stage 2 and 3 has stabilized with continued risk mitigation measures. With winding down of two/three-wheeler financing, 30% paring down of the rural B2C segment, and caution on urban B2C, BAF has put up risk mitigants in place. BAF had categorically pared three-plus personal loans exposed borrowers. If Q4 credit costs were to remain in the projected range of 2-2.05%, BAF would be optimistic about maintaining a sub-2% credit cost in the next fiscal. BAF is confident of restricting credit costs to 2%, but to err on the side of caution and given yet-to-be-fully resolved asset quality stress, expect 1.5% GNPA and 2.25% credit cost in FY25E-27E.

Transformational leadership of Anup Saha underemphasized

Spanning >seven years at BAF, Anup Saha's journey at the company has been characterized by strong pedigree, exceptional leadership and strategic excellence (benefitting from Mr. Jain's mentorship). This should propel BAF to the next phase of expansion. From his initial role as President of Consumer Business in 2017 to Executive Director in 2023 and Deputy Managing Director in 2024 and as Managing Director in 2025, Mr. Saha has demonstrated operational expertise and strategy execution, managing a wide range of portfolios and fostering a culture of innovation and customer-centricity. The significance of the new leadership is not yet fully reflected in market sentiment, we reckon.

Exhibit 1: Strong leadership at the helm

Particulars	Details
Work experience	Overall work experience: 32 years
	Previous association: 14 years in various leadership positions at ICICIB
	Earlier associations: GE Capital International Services (GECIS)
Rise in ranks and responsibilities	a. 2017: Appointment as President – Consumer Business
	b. April 1, 2023: Appointment as an Executive Director
	c. April 1, 2024: Redesignation as Deputy Managing Director
Key responsibilities (2017–2023)	a. Business leadership role in consumer durable loans, personal loans, MSME lending, fixed deposits, insurance, payments
	b. Oversight on functional areas: Operations, services, marketing, and debt management
	c. Responsible for all business lines, excluding Loan Against Securities and Commercial Lending
	d. Team building: Guidance to a team of three newly appointed COOs for specialized functions
Key contributions	a. Transformation and expansion of the consumer finance business, including new business launches and strengthened partnerships
	b. Expansion of the customer base to 97mn+ across 4,200+ locations
	c. Leadership of a 60,000+ workforce
	d. Architect of customer-centric digital transformation, leveraging data analytics and AI for operational excellence
Leadership style	a. Strong focus on innovation and execution
	b. Culture of customer-first financial services
	c. Focus on risk-adjusted growth strategy
Board memberships (past and present)	a. Executive Director, Bajaj Finance (2023-2028)
	b. Board Member, ICICI Home Finance Company (prior to 2017)
	c. Board Member, TransUnion CIBIL (prior to 2017)

Source: Company, Elara Securities Research

Strategic levers established to drive 25% loan CAGR by FY27E

Our comprehensive review of BAF's business model reveals key growth drivers to lead the next phase (FY24-27E) of industry-best growth at 25% CAGR.

#1: Headwinds from unsecured personal loans surmountable

NBFCs continue to gain market share in the personal loan segments, defying challenges and BAF, being a market leader will have a competitive edge. Moreover, initial signs of personal loans market stabilizing bode well for BAF, with 35% of its business concentrated in this segment. However, the incremental credit offtake is lower vis-à-vis peaks as large lenders such as BAF have not only strengthened underwriting standards aligning with regulatory expectations but also exercised prudence by pruning high risk business segments. Consequently, NBFCs gaining market share bode well for the market leader such as BAF. Since the past few quarters, the pace of customer accretion run-rate has accelerated from 3-3.5mn to 3.5-4mn per quarter.

#2: Customer acquisition run rate accelerating

Despite challenging market conditions, BAF's annual customer accretion run-rate is set to rise from 12-13mn in FY22-24 to 17-18mn in FY25E-27E. Underpinned by continued product innovation and tech prowess, BAF's enhanced monetization of the customer base has enabled it to scale up its cross-sell franchise to 61-62% of the overall base. We reckon the CAGR in cross-sell franchise will continue to align with overall customer franchise CAGR of 18%, with our expectation of the overall customer franchise stacking up to 140mn and cross-sell to 85mn by FY27E-end.

Exhibit 2: Steady growth in customer franchise with rising cross-sell penetration

Particulars (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Overall customer franchise	34.48	42.6	48.57	57.57	69.14	83.6	100.4	118.4	139.8
<i>Overall customer accretion each year</i>		8.12	6.0	9.0	11.57	14.5	16.7	18.1	21.3
Overall cross sell franchise	20.67	24.13	26.89	32.77	40.56	50.8	61.9	74.3	85.4
<i>Cross sell customer accretion each year</i>		3.46	2.8	5.9	7.79	10.2	11.2	12.4	11.1
Cross sell franchise as % of overall customer franchise (%)	59.9	56.6	55.4	56.9	58.7	60.7	61.7	62.7	61.1

Source: Company, Elara Securities Estimate

#3: EMI card franchise

The EMI card franchise enhances BAF's AUM growth by driving loan disbursements in the consumer finance and digital marketplace lending segments, encompassing a vast network of >0.15mn online and offline partner stores in >4,000 cities in India, covering merchants such as Amazon, Flipkart, Croma, Reliance Digital, and Vijay Sales. With a healthy >23% CAGR, EMI card franchise has grown from 30mn in FY22 to 56mn as at end-Q3FY25, forming a sizeable share of ~60% in the overall customer franchise. Expect a healthy 27% CAGR in EMI cards-in-force (CIF) to 83mn by FY27E.

BAF continues to see strong growth in its EMI CIF, reaching 56.4mn in Q3FY25, up from 30mn in FY22. Digital EMI cards are gaining traction, now accounting for 12.6% of total EMI cards, up from 6% in FY22 and we expect this to remain as high as 13-14% of the EMI card franchise. While digital EMI card acquisitions, as a percentage of new additions, have fluctuated, peaking at 26.1% in Q2FY25, the trend underscores BAF's push toward digital lending.

Exhibit 3: Surge in EMI cards with rising digital adoption and expanding customer base

Particulars (mn)	FY22	FY23	FY24	Q1FY25	Q2FY25	Q3FY25	FY25E	FY26E	FY27E
Total customer franchise	57.6	69.1	83.6	88.1	92.1	97.1	100.4	118.4	139.8
increase YoY %		20.1	21.0	20.7	20.3	20.8	20.0	18.0	18.0
EMI cards-in-force (CIF)	30.0	42.0	41.0	45.6	55.3	56.4	61.8	71.6	83.1
increase YoY %		40.0	(2.4)	9.6	32.0	33.6	50.6	16.0	16.0
EMI CIF as % of overall customer franchise	52.1	60.7	49.0	51.8	60.0	58.1	61.5	60.5	59.5
EMI CIF - PoS	28	38	37	40	49	49	54	62	72
increase YoY %		36.2	(2.6)	(3.6)	(4.1)	(5.0)	43.7	15.6	15.7
EMI CIF - POS as % of EMI CIF	94.0	91.4	91.2	88.4	88.6	87.4	87.0	86.7	86.5
EMI CIF - Digital	1.8	3.6	3.6	5.3	6.3	7.1	8.0	9.5	11.2
increase YoY %		100.0	0.0	39.5	50.0	57.8	123.0	18.7	17.7
EMI CIF - digital as % of EMI CIF	6.0	8.6	8.8	11.6	11.4	12.6	13.0	13.3	13.5
EMI cards acquired digitally	1.8	2.4	1.8	0.5	1.1	1.0			
New customer addition	9.0	11.6	14.5	4.5	4.0	5.0			
EMI cards acquired digitally as % of new customer addition (%)	20.0	20.7	12.4	11.2	26.1	20.6			

Source: Company, Elara Securities Estimate

#4: Digital and payments franchise**Exhibit 4: Omnipresence – Strong growth momentum across all digital platforms**

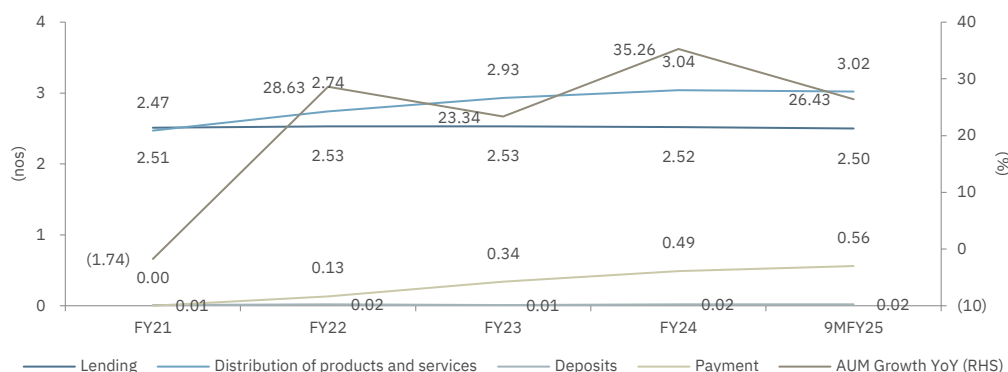
Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
App + web metrics							
App downloads (mn)	15.1	16.7	15.8	15.4	18.3	18.7	20.1
App net installs – Cumulative (mn)	40.2	44.7	49.2	52.4	56.8	61.7	66.6
In-App programs – Cumulative (nos)	118.0	134.0	129.0	147.0	153.0	161.0	179.0
Total traffic on web (mn)	91.0	114.0	113.0	70.0	112.0	165.0	177.0
Web domain authority (nos)	52.0	52.0	55.0	60.0	61.0	59.0	59.0
Service requests initiated on App and web (% of total SR)	39.00	41.70	42.30	35.30	38.60	40.10	32.00
App payments metrics							
UPI handles - Cumulative (mn)	15.5	18.6	21.5	24.8	28.5	32.2	36.3
Bill pay transactions (mn)	5.4	6.4	7.5	8.2	8.6	8.6	8.4
QRs at merchant PoS – Cumulative (mn)	1.1	2.2	2.7	3.1	3.3	3.4	3.6
Rewards issued (mn)	18.1	22.1	25.4	28.1	20.3	30.5	26.8
App + web business metrics							
EMI cards acquired (mn)	0.12	0.20	0.12	-	0.13	0.28	0.25
Personal loan disbursed (mn)	NA	46,570	46,800	NA	51,000	52,480	49,210
Gold loan origination (mn)	2,870	2,940	3,800	5,050	5,610	4,800	5,920
Flexi loan transactions (mn)	2.13	2.43	2.62	2.71	2.83	2.99	2.96
DMS receipts (mn)	1.14	1.29	1.49	1.47	1.59	1.60	1.96
Marketplace metrics							
Bajaj Mall visits (mn)	49.0	52.0	46.0	34.0	41.3	46.6	58.7
Bajaj Mall loans (mn)	0.83	0.59	0.49	0.26	0.72	0.79	1.39
Insurance Bazaar policies (mn)	0.11	0.11	0.15	0.53	0.31	0.29	0.24
Investments Bazaar MF A/C (mn)	0.02	0.04	0.06	0.06	0.02	0.02	0.06

Source: Company, Elara Securities Research

#5: Productivity gains through steady improvement in product per customer

BAF's productivity gains may continue to contribute majorly to its growth. Underscored by continuous expansion of the product ecosystem and maximizing customer lifetime value, BAF's product per customer (PPC) has grown at a healthy 22% CAGR in FY21-9MFY25. Lending PPC is stable at ~2.5, while the distribution of products and services grew from 2.47 in FY21 to 3.02 in 9MFY25, showing higher adoption of value-added offerings. Deposits remain minimal, while payments grew an exponential 56x through FY21-9MFY25, led by UPI, PPI, BBPS, Merchant QR, and FASTag.

Exhibit 5: Productivity gains through increased PPC aided by payments continues to drive growth

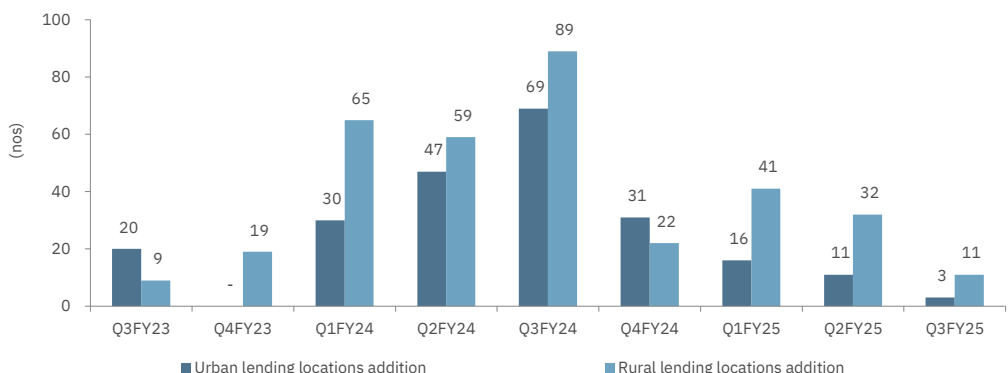


Source: Company, Elara Securities Research

#6: Geographic tilt to rural presence in line with product diversification – Supportive of growth

BAF witnessed one-tenth reduction in its urban presence versus doubling of rural presence since past 1.5 years. Q3FY25 proved to be a peculiar period when BAF observed a sharp dip in distribution footprint accretion albeit rural touchpoints continued to scale higher than urban locations. This aligns with BAF's product diversification strategy into newer products of gold and micro finance, aiding growth.

Exhibit 6: Rural presence doubles, urban reduces by one-tenth in past 1.5 years



Source: Company, Elara Securities Research

#7: Product innovation and tech prowess

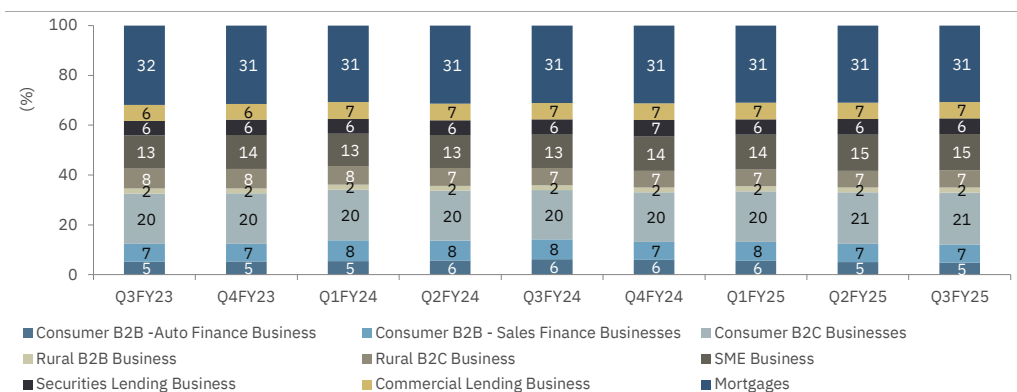
In January 2023, BAF unveiled its long-range strategy (LRS) for the period FY23-27. It has envisaged the launch of new products and new product variants, product innovations, geographical expansion, and continued enhancement of its operational capabilities to deliver robust growth. It also considered 15 relevant megatrends across the India Stack, platform, products and technology to evaluate for implementation. In FY24, as part of its product strategy, the company continued to expand its product offering. Some of these new launches were: (i) new car financing; (ii) large corporate lending; (iii) emerging corporate lending; (iv) micro finance; and (v) tractor financing. The new business launches are part of the company's LRS23-27 strategy, which we reckon should aid BAF's next leg of growth.

Exhibit 7: New businesses should aid BAF's next leg of growth

Parameters	Gold finance	New car financing	Tractor financing	Non-captive two-wheeler financing	Emerging corporate loans business	Micro finance
Launch		July 2023	Jan 2024	July 2022	Q3FY24	Q2FY24
Business updates		2.8% of AUM is car loans; 65% used cars, 35% new cars	Disbursing INR 650-700mn per month 26% to 28% balance sheet growth in FY25	Adds 35,000 accounts per month		To be slower in initial growth as compared with new passenger vehicles and LAP
Customer mix		50% to 55% of customers are existing ones		50% to 55% of customers are existing ones	Companies with a turnover of INR 25bn+ 70% of commercial lending customers would be BBB rated	Aims to extend beyond the middle class, small loans to individuals typically small business entrepreneurs
Competition					Leading banks	
Asset quality	GNPA - 0.43%; NNPA - 0.41%	Better than used car financing; 3.5% bounce rate versus 10-11% in used car		"Yellow" classification for two-wheeler financing overall	Low risk	
Strategy	Functioning as SBU with focus on distribution; business expansion strategy - digital originations & branch dispensation; separate reporting from the rural B2C portfolio		Dealer network optimized based on activation rates		Initially built on domain specialization in sectors but has transitioned into a more generalist approach	Business expansion through scaling up operations and branch network
Geography	Focus on tier 3 and tier 4 markets for cost advantages	85 locations	Tier-II and tier-III cities	250 locations		March '24: 100 branches; Sep '25: 200 villages presence
Branches	Have expanded from 537 to over 1,000 in a year					
Outlook	Profitability could reach INR 10bn by FY27E	Could be an INR 2,000mn to INR 2,500mn per month business		Targeting 480,000 in FY25E and 720,000 accounts in FY26E		Expected to break even in 18-24 months. Long-term profitability outlook of 40-60 months.

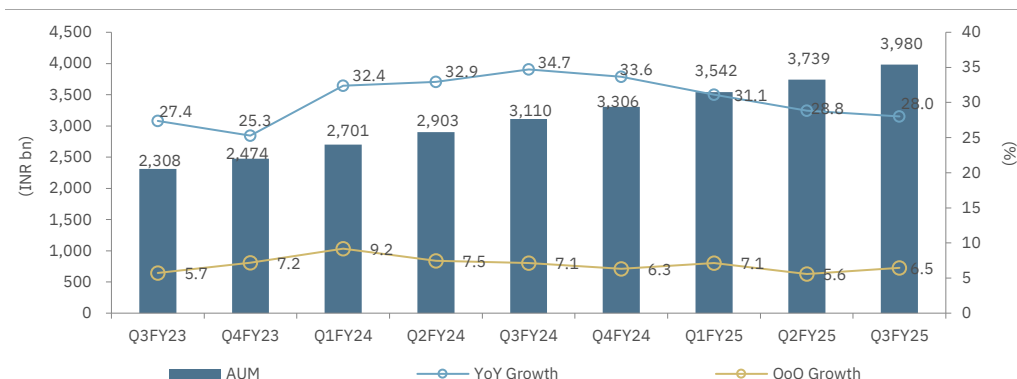
Source: Company, Elara Securities Estimate

Exhibit 8: AUM mix – B2C inches up; auto and sales finance decline; SME strengthens



Source: Company, Elara Securities Research

Exhibit 9: AUM nears INR 4tn; growth strong and industry best



Source: Company, Elara Securities Research

#8: Fee income set to enhance, and thus the robust EPS potential

Fees on value-added services and products: These typically include charges for ancillary services enhancing the customer experience, such as loan processing fees, service charges, EMI card fees, and digital platform-related fees (e.g., Bajaj Pay wallet services). BAF's value-added services fees, driven by loan processing and EMI card usage, form the backbone of its fee income, contributing ~INR 6bn+ in FY24 and INR 2-2.5bn in Q3FY25 or 13-14% of the overall fee income share.

Fees from EMI cards franchise: Growth in EMI card use (57.6mn customers as at Q3FY25-end) and digital platforms has been driving BAF's fee income. While exact figures for EMI card contribution to fee income are not publicly available, the disbursements of EMI loans prop the fee income base via processing fees, convenience fees, and merchant arrangements, led by expanding its customer base and transaction frequency (these being small-ticket loans). Also, the Insta EMI Card has significantly boosted fee income through various revenue streams tied to its usage and associated services. The lifting of RBI restrictions on the Insta EMI Card and eCOM platform in May 2024 (following a temporary ban in November 2023 due to non-compliance with digital lending guidelines) has allowed BAF to resume aggressive growth in this segment.

Fees from card products continue to form 10-11% of the overall fees, in turn contributing 3% to PBT. Post a blip in FY24, fees from value-added services that contribute 13% to the overall BAF's fee income is expected to post a 40% CAGR through FY24-27E.

Exhibit 10: Fees from card products continue to form 10-11% of overall fees

Particulars (INR bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Overall fees and commission income	16.3	24.9	23.6	29.4	42.1	50.1	60.1	75.1	94.6
<i>growth YoY %</i>		52.7	(5.1)	24.5	43.1	19.0	20.0	25.0	26.0
Fees on value added services and products	3.2	4.0	3.6	4.4	6.0	6.3	7.6	9.9	12.6
<i>growth YoY %</i>		24.4	(8.3)	20.9	35.5	6.2	20.6	29.9	27.0
Value added fees as % of overall fees (%)	19.6	15.9	15.4	15.0	14.2	12.6	12.7	13.2	13.3
Percentage of value added fees emerging from card products	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
Fees from cards products	2.6	3.2	2.9	3.5	4.8	5.1	6.1	7.9	10.1
Fees from card products as % of overall fees (%)	15.6	12.7	12.3	12.0	11.3	10.1	10.2	10.6	10.6
Fees from card products as % of PBT (%)	4.3	4.7	5.4	4.1	3.4	3.0	3.2	3.0	3.0
Fees on value added services and products as % of PBT (%)	5.4	5.8	6.8	5.1	4.3	3.7	3.9	3.7	3.7
Overall fees and commission as % of PBT (%)	27.5	36.6	44.1	34.2	30.3	29.4	31.0	28.2	28.1

Source: Company, Elara Securities Estimate

Distribution-led fees: Distribution-led fees, fueled by insurance and investment commissions, are a fast-growing segment, adding INR 20bn+ in FY24. Distribution of third-party products, such as insurance (via Bajaj Allianz), mutual funds, and other investment products through proprietary marketplaces (five proprietary marketplaces; e.g., EMI store, insurance marketplace), 97mn + customers, and tech-driven services such as Bajaj Pay, continue to boost both the aforesaid fee income categories. Distribution is the biggest fee income driver with a sizeable 13% contribution to PBT. Going forward, expect distribution-led fees to rise to 46% of the overall fee income and form >13% of PBT.

Exhibit 11: Distribution, the biggest fee income driver with a 13% contribution to PBT

Particulars (INR bn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Overall fees and commission income	16.3	24.9	23.6	29.4	42.1	50.1	60.1	75.1	94.6
Distribution income	6.4	10.5	6.0	11.5	18.5	22.2	26.7	34.6	43.5
<i>growth YoY %</i>		65.9	(43.5)	93.7	60.7	19.9	20.0	29.6	26.0
Distribution income as % of overall fees (%)	39.0	42.3	25.2	39.2	44.1	44.4	44.4	46.0	46.0
Distribution income as % of PBT (%)	10.7	15.5	11.1	13.4	13.4	13.0	13.8	13.0	12.9

Source: Company, Elara Securities Estimate

Recently, BAF announced a strategic partnership with Bharti Airtel, one of India's largest telecom services provider. This partnership combines Airtel's highly engaged customer base of 375mn, a strong distribution network of over 1.2mn, and Bajaj Finance's diversified suite of 26 product lines, a distribution heft of 224K distribution points, 4,259 locations and 70,000 field agents. BAF is targeting 200mn Airtel customers of 375mn, with cross-sell opportunity of nine products, encompassing personal loans, business loans, gold loans, two-wheelers, insta EMI card and a few trading products. Airtel will offer Bajaj Finance's retail and MSME products on its Airtel Thanks App and its nation-wide network of stores in a seamless and secured manner. The combined strength of the companies' digital assets will enable a significant increase in penetration of financial products and services in India. To start with, two products of Bajaj Finance have been piloted on the Airtel Thanks App. By March 2025, nine products of Bajaj Finance will be available to customers on the Airtel Thanks App. BFL and Airtel will enable more products through FY26.

We believe the fee income CAGR is expected to soar higher than the historical standards.

#9: BAF to bring credit costs to <2%; concerns around credit quality easing

Asset quality stress is not completely behind but concerns are gradually waning, even as lenders continue to tread with caution. For BAF, incremental formation of stage 2 and 3 has stabilized with continued risk mitigation measures. As part of capacity planning model, BAF has added 4,000 headcount in Q1-Q2 in debt management with total headcount at 20,000 to manage centralized call centers, field infra and external agencies. Hereunder is the progress:

- ▶ While there has been an increase in stage 2 and stage 3 loans, BAF is seeing an improvement in incremental trends.
- ▶ Bounce rates have declined to pre-Covid levels.
- ▶ Collection efficiencies have shown positive momentum, with December and January performing better than prior months. Early MOB results also indicate improving risk metrics, providing additional confidence in the company's credit quality.
- ▶ To manage risk, steps to prune certain business segments have been taken. The two-wheeler loan portfolio is being wound down and used car loans have been reduced by ~30%. Losses in the rural B2C segment have peaked, while urban B2C, remains under tad stress. However, SME and MSME portfolios are showing signs of an early improvement.
- ▶ October saw improvements, November remained stable, and December experienced significant improvement. BAF's rural B2C losses have been peaking out, and while urban B2C continues to post losses, the SME MOB has seen improving progress in collection efficiencies.

Looking ahead to FY26, BAF aims to bring credit costs to below 2%. However, the management is cautious, stating that it will gain greater confidence as Q4 unfolds. If Q4 credit costs remain in the projected range of 2-2.05%, the company is optimistic about maintaining a sub-2% credit cost in the next fiscal. While the management is confident of restricting credit costs to 2%, to err on the side of caution and factoring in the yet-to-be-fully-resolved asset quality stress, we estimate 1.5% GNPA and 2.25% credit costs through FY25E-27E.

Exhibit 12: Overall stage 3 loan accretion slows down after spike in Q2FY25

Particulars (INR mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Stage 2	28,600	30,330	32,870	31,010	34,130	40,110	48,760	45,190	46,200
Increase in stage 2		1,730	2,540	(1,860)	3,120	5,980	8,650	(3,570)	1,010
QoQ growth in stage 2 (%)		6.0	8.4	(5.7)	10.1	17.5	21.6	(7.3)	2.2
Stage 3	26,100	23,130	23,480	26,450	29,630	28,160	30,540	39,530	44,600
Increase in stage 3		(2,970)	350	2,970	3,180	(1,470)	2,380	8,990	5,070
QoQ growth in stage 3 (%)		(11.4)	1.5	12.6	12.0	(5.0)	8.5	29.4	12.8

Source: Company, Elara Securities Research

Exhibit 13: Two and Three-wheeler finance – Stage 3 stock jumps 15.7% QoQ, adding INR 1.2bn

(INR mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Two and three-wheeler finance									
Stage 2	7,680	6,820	6,840	7,470	8,500	8,740	11,130	11,920	11,760
Increase in stage 2		(860)	20	630	1,030	240	2,390	790	(160)
QoQ growth in stage 2 (%)		(11.2)	0.3	9.2	13.8	2.8	27.3	7.1	(1.3)
Stage 3	7,480	6,490	5,940	5,280	5,640	6,160	6,900	7,790	9,010
Increase in stage 3		(990)	(550)	(660)	360	520	740	890	1,220
QoQ growth in stage 3 (%)		(13.2)	(8.5)	(11.1)	6.8	9.2	12.0	12.9	15.7
Urban sales finance									
Stage 2	1,150	1,370	1,920	1,970	2,220	2,920	3,290	2,710	2,960
Increase in stage 2		220	550	50	250	700	370	(580)	250
QoQ growth in stage 2 (%)		19.1	40.1	2.6	12.7	31.5	12.7	(17.6)	9.2
Stage 3	1,090	690	800	1,370	1,770	1,360	1,460	2,220	2,370
Increase in stage 3		(400)	110	570	400	(410)	100	760	150
QoQ growth in stage 3 (%)		(36.7)	15.9	71.3	29.2	(23.2)	7.4	52.1	6.8
Urban B2C (INR mn)									
Stage 2	6,670	7,740	9,130	8,640	9,270	11,570	14,100	12,910	14,230
Increase in stage 2		1,070	1,390	(490)	630	2,300	2,530	(1,190)	1,320
QoQ growth in stage 2 (%)		16.0	18.0	(5.4)	7.3	24.8	21.9	(8.4)	10.2
Stage 3	5,000	4,630	5,110	6,920	8,030	6,780	7,190	10,680	12,390
Increase in stage 3		(370)	480	1,810	1,110	(1,250)	410	3,490	1,710
QoQ growth in stage 3 (%)		(7.4)	10.4	35.4	16.0	(15.6)	6.0	48.5	16.0
Rural sales finance									
Stage 2	290	370	400	320	320	390	570	460	500
Increase in stage 2		80	30	(80)	0	70	180	(110)	40
QoQ growth in stage 2 (%)		27.6	8.1	(20.0)	0.0	21.9	46.2	(19.3)	8.7
Stage 3	290	190	200	340	430	310	290	590	720
Increase in stage 3		(100)	10	140	90	(120)	(20)	300	130
QoQ growth in stage 3 (%)		(34.5)	5.3	70.0	26.5	(27.9)	(6.5)	103.4	22.0
Rural B2C (incl. gold loan)									
Stage 2	3,990	4,480	5,250	4,300	4,760	6,260	8,000	5,900	5,250
Increase in stage 2		490	770	(950)	460	1,500	1,740	(2,100)	(650)
QoQ growth in stage 2 (%)		12.3	17.2	(18.1)	10.7	31.5	27.8	(26.3)	(11.0)
Stage 3	2,540	1,910	1,960	2,680	2,880	2,380	2,450	3,730	4,040
Increase in stage 3		(630)	50	720	200	(500)	70	1,280	310
QoQ growth in stage 3 (%)		(24.8)	2.6	36.7	7.5	(17.4)	2.9	52.2	8.3
SME lending (including car loan)									
Stage 2	2,010	2,560	2,840	2,650	3,470	4,710	5,710	5,600	5,540
Increase in stage 2		550	280	(190)	820	1,240	1,000	(110)	(60)
QoQ growth in stage 2 (%)		27.4	10.9	(6.7)	30.9	35.7	21.2	(1.9)	(1.1)
Stage 3	4,840	4,260	4,290	4,980	5,550	5,730	6,490	8,470	9,400
Increase in stage 3		(580)	30	690	570	180	760	1,980	930
QoQ growth in stage 3 (%)		(12.0)	0.7	16.1	11.4	3.2	13.3	30.5	11.0
Commercial lending									
Stage 2	140	180	280	100	90	180	170	60	50
Increase in stage 2		40	100	(180)	(10)	90	(10)	(110)	(10)
QoQ growth in stage 2 (%)		28.6	55.6	(64.3)	(10.0)	100.0	(5.6)	(64.7)	(16.7)
Stage 3	360	420	420	520	620	420	420	370	360
Increase in stage 3		60	0	100	100	(200)	0	(50)	(10)
QoQ growth in stage 3 (%)		16.7	0.0	23.8	19.2	(32.3)	0.0	(11.9)	(2.7)

(INR mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Securities lending									
Stage 2	90	60	50	80	90	120	80	90	120
Increase in stage 2		(30)	(10)	30	10	30	(40)	10	30
QoQ growth in stage 2 (%)		(33.3)	(16.7)	60.0	12.5	33.3	(33.3)	12.5	33.3
Stage 3	20	30	20	40	20	20	20	20	20
Increase in stage 3		10	(10)	20	(20)	0	0	0	0
QoQ growth in stage 3 (%)		50.0	(33.3)	100.0	(50.0)	0.0	0.0	0.0	0.0
Mortgages									
Stage 2	6,580	6,750	6,160	5,480	5,410	5,220	5,710	5,540	5,790
Increase in stage 2		170	(590)	(680)	(70)	(190)	490	(170)	250
QoQ growth in stage 2 (%)		2.6	(8.7)	(11.0)	(1.3)	(3.5)	9.4	(3.0)	4.5
Stage 3	4,480	4,510	4,740	4,320	4,690	5,000	5,320	5,660	6,290
Increase in stage 3		30	230	(420)	370	310	320	340	630
QoQ growth in stage 3 (%)		0.7	5.1	(8.9)	8.6	6.6	6.4	6.4	11.1

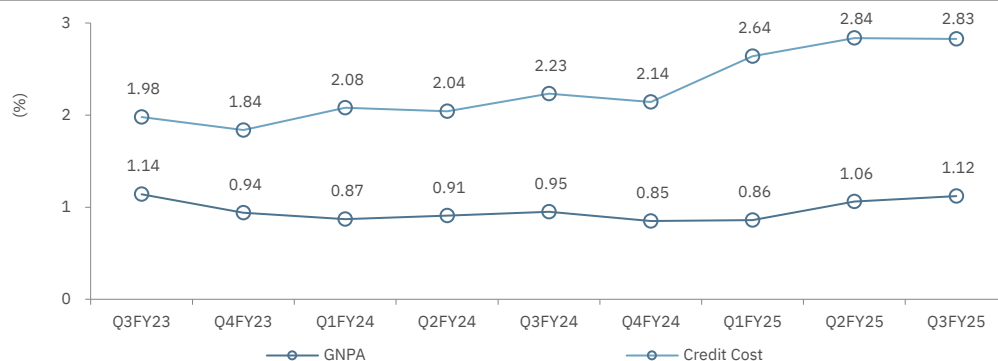
Source: Company, Elara Securities Research

Exhibit 14: Categories flagged as 'Yellow/Amber' - Signs of improvement in Stage 2 delinquencies

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Two and three-wheelers									
Stage 1	91.62	93.28	94.3	94.71	94.72	94.72	93.09	92.22	92.07
Stage 2	5.21	4.23	3.71	3.69	3.83	3.95	5.04	5.62	5.53
Business and professional loans (%)									
Stage 1	99.16	99.25	99.25	99.25	99.07	98.77	98.72	98.63	98.67
Stage 2	0.43	0.42	0.45	0.41	0.49	0.62	0.68	0.65	0.59
Rural B2C (%)									
Stage 1	98.37	98.49	98.22	98.31	98	98.04	97.75	97.86	97.98
Stage 2	1.26	1.23	1.51	1.32	1.49	1.64	1.93	1.63	1.49

Source: Company, Elara Securities Research

Exhibit 15: Credit cost rises to 2.83% in Q3FY25, while GNPA inches up to 1.12%



Source: Company, Elara Securities Research

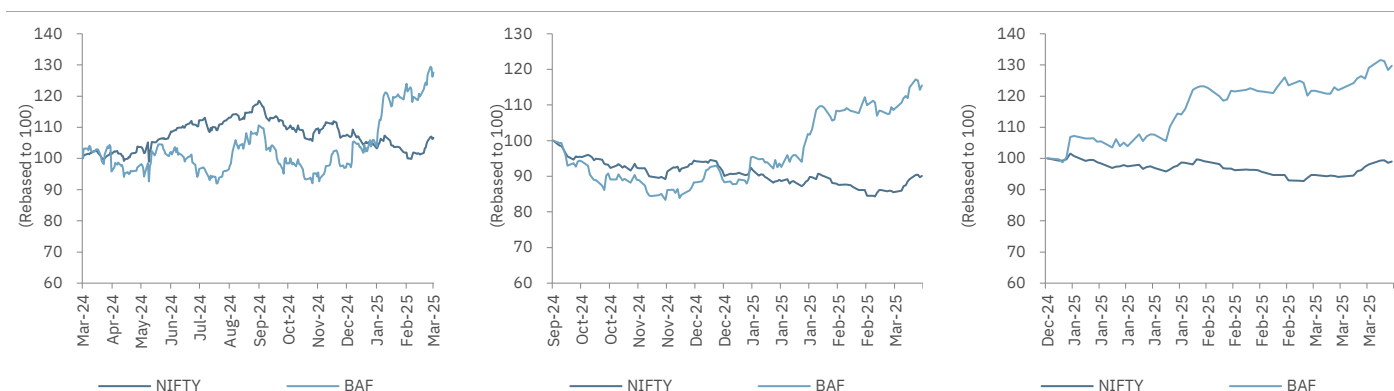
Valuation multiple 40%+ below six-year median; upgrade to BUY

Structural drivers are at play to boost the next leg of growth and earnings CAGR: (1) transformational leadership of Anup Saha (underemphasized as of now) and his seven-year long stint and strategic contribution towards consumer finance, (2) steadfast scale-up of consumer finance in rural markets with doubling of rural network (one-tenth reduction in urban locations in past 1.5 years), (3) anticipated 27% CAGR in EMI franchise to drive growth in consumer finance, (4) resilient 62% cross-sell franchise share in overall customer franchise (driving PPC of six), (5) diversification into high-yielding, high-growth businesses (gold, micro finance, tractor loans) and (6) sustained contribution from value-added fees at 4% and distribution fee income at 14% to operating profit.

We raise our EPS estimates, factoring in slightly higher AUM CAGR of 25%, yet taking into account sufficient conservatism on credit costs (2.2-2.25% in FY26E-27E) to err on the side of caution. With product diversification and expansion in customer franchise supporting growth and operating leverage benefits flowing through, BAF is poised to deliver a 24% NII CAGR, and a 25% EPS CAGR, translating into ~4.9% RoAs and ~21% RoEs through FY25E-27E.

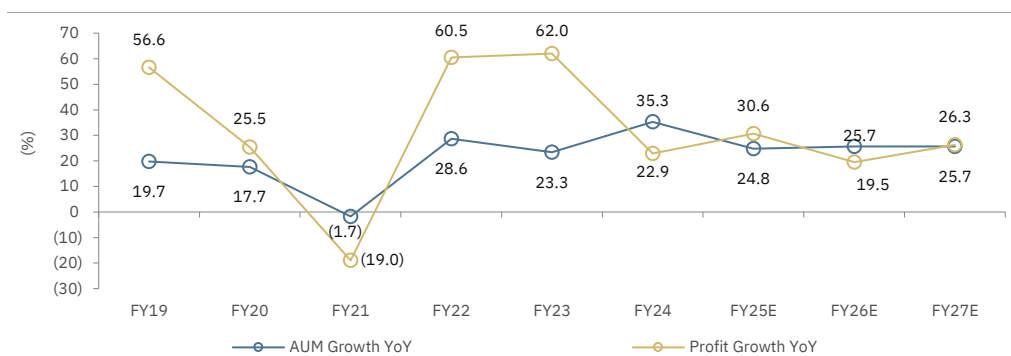
In our view, given a diversified franchise with anticipated RoE trending higher than the six-year median average of 21%+, the stock still trading 46% lower than the six-year median (including COVID periods) and overhangs behind, we upgrade BAF to BUY, valuing its standalone book at 5.0x FY27E P/ABV and BHFL at 3.8x FY27E P/ABV to arrive at a raised SoTP-TP of INR 11,161 (from INR 8,892). Key risk to our call is persistent elevated credit costs.

Exhibit 16: BAF outperforms NIFTY (12M, 6M, 3M) – Further upside envisioned

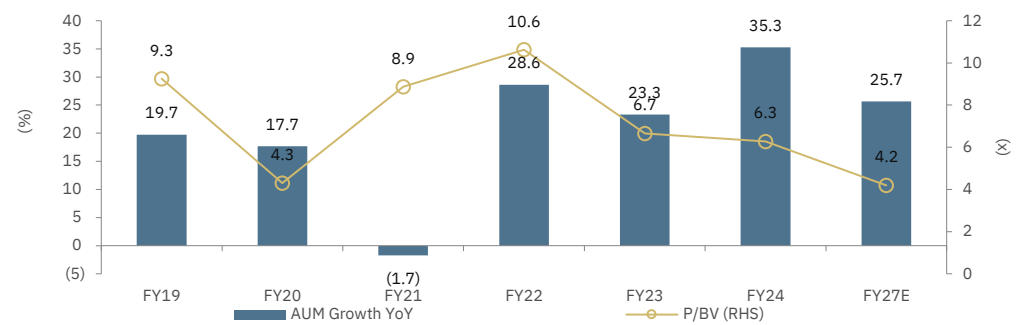


Source: Company, Elara Securities Research

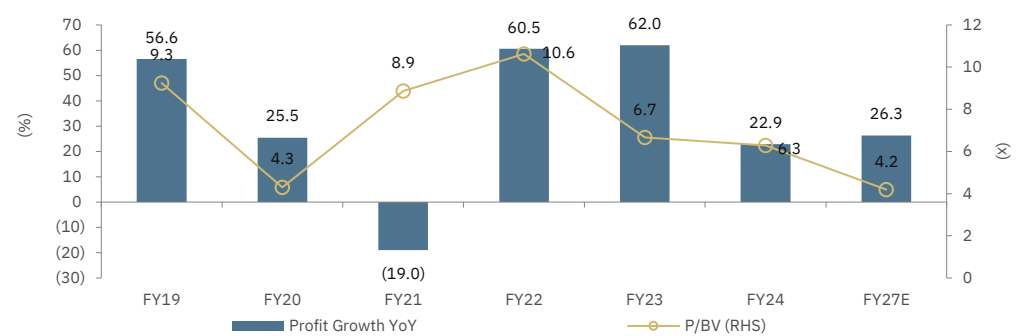
Exhibit 17: Earnings growth aligning with AUM traction



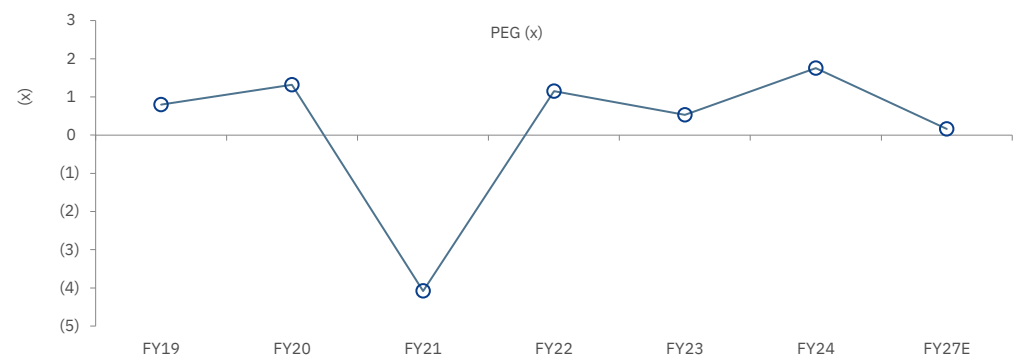
Source: Company, Elara Securities Estimate

Exhibit 18: P/BV still lagging despite strong AUM growth and therefore further rerating imminent

Source: Company, Elara Securities Estimate

Exhibit 19: P/BV trails behind robust PAT growth as well indicative of anticipated fundamental rally

Source: Company, Elara Securities Estimate

Exhibit 20: FY27E forward PEG ratio at 0.2x – Significantly undervalued vs robust fundamentals

Source: Company, Elara Securities Estimate

Exhibit 21: BAF - Upgrade to Buy; TP raised to INR 11,161 at 5x for SA and BHFL at 3.8x FY27E P/ABV

(INR)	
Standalone BAF Fair price - EVA (INR)	11,571
Standalone BAF Fair price basis gordon growth (INR)	9,050
Average of the two - BAF Value per share (INR)	10,310
Core book P/ABV (x)	5.0
BHFL - Market capitalization (INR)	991,050.0
BHFL P/ABV basis FY27 Networth	3.8
Stake adjusted Market capitalization (INR)	879,530.0
SoTP Value per share (INR)	1,418.1
Value per share (including holding co. discount of 40%) (INR)	850.9
SoTP target price (INR)	11,161
Current price, INR	8,736
Upside (%)	28

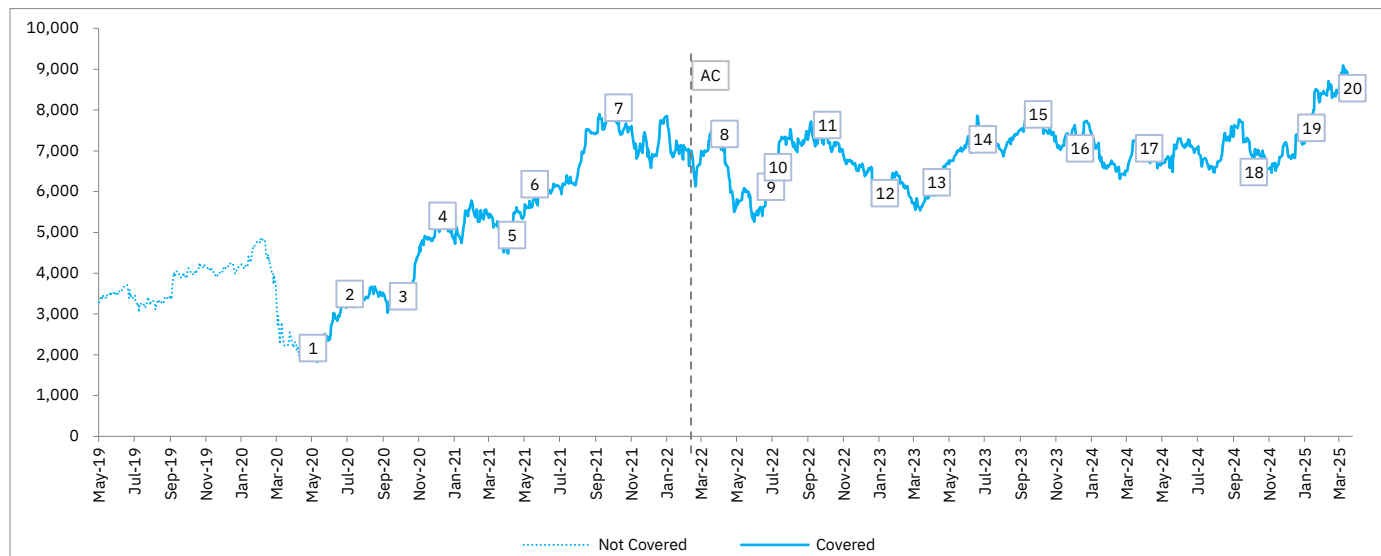
Note: pricing as on 9 April 2025; Source: Elara Securities Estimate

Exhibit 22: Change in estimates – pared ests to factor elevated credit costs to err on caution

(INR mn)	Earlier			Revised			% Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net interest income	453,397	571,056	698,298	331,145	410,849	517,606	(27.0)	(28.1)	(25.9)
Operating profit	303,370	389,514	478,554	270,930	342,421	430,925	(10.7)	(12.1)	(10.0)
Net profit	164,728	216,142	273,900	165,161	197,366	249,340	0.3	(8.7)	(9.0)
EPS (INR)	267	350	443	267	318	402	0.1	(9.0)	(9.3)
TP (INR)	8,892			11,161			26		
Rating	Accumulate			Buy					

Source: Elara Securities Estimate

Coverage History



	Date	Rating	Target Price	Closing Price
12	27-Jan-2023	Buy	INR 7,006	INR 5,761
13	27-Apr-2023	Accumulate	INR 7,006	INR 6,056
14	14-Jul-2023	Accumulate	INR 8,681	INR 7,482
15	17-Oct-2023	Accumulate	INR 9,000	INR 8,093
16	28-Dec-2023	Buy	INR 9,000	INR 7,259
17	25-Apr-2024	Accumulate	INR 8,053	INR 7,295
18	22-Oct-2024	Accumulate	INR 7,683	INR 6,678
19	29-Jan-2025	Accumulate	INR 8,892	INR 7,760
20	9-Apr-2025	Buy	INR 11,161	INR 8,736

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

SBI Cards and Payment Services

India | Diversified Financials | Company Update | Rating Upgrade

ElaraCapital

Situation at a defining moment

12 April 2025

Preliminary indicators suggest a recovery in credit cards. And having strengthened its risk mitigation framework, the stage is set for SBI Cards and Payment Services (SBICARD IN) to renew emphasis on business growth. However, the brakes are still on for new card issuances, and credit costs have not peaked, signaling lingering worries. The underlying drivers of fee income and interest-earning receivables are expected to remain subdued in medium term. Slow but steadily improving consumer sentiment, scaling back of rewards and shift in the co-branded strategy are denting fees. On asset quality, while the forward flows of delinquency have been arrested, but asset quality enhancements may emerge in the next two quarters. **Our projected EPS CAGR of 16.6% in FY24-27E for SBICARD stands modest versus industry heavyweights, BAF and CIFC (25-26% CAGR), and are trading at lower valuation. While SBICARD valuations are pricing in many positive levers already, material decline in credit costs will drive incremental re-rating. We upgrade SBICARD to Accumulate from Reduce.**

Business revival on cards; CAGR not quite exciting: The focus has renewed on growing the market share in CIF as new customer cohort behavior aligns with the anticipated outcome. While this has been reflecting in an incremental rise of 7bps (average) in CIF market share for the past three months, the targeted 1.1mn CIF accretion per quarter indicates softer traction in the business, near-term. That said, CIF growth continues to beat industry trend (at 154bps > industry CIF growth in February 2025), setting a positive tone. **Given the going is cladded with mitigants (early blocking of card limits, curtailing open market channel acquisition), this may imply a softer 11.5% CIF CAGR for FY24-27E.** Spends wise, the annual growth traction has been aligning with industry growth trend, per latest data. RuPay card spend at UPI terminals led by tier II customers, e-commerce collaborations and traditional co-branded partnerships alongside market share maintenance on CIF are auguring well for spend traction. **While the growth gap between CIF and spend CAGR of 400bps would be ideal for a sustained uptrend, we reckon it to get contained at 300bps; we anticipate a 14.5% spend CAGR in FY24-27E.**

Asset quality – Lead indicators improving; caution warranted given lack of full data: Certain key lead indicators are painting a positive picture; namely: (i) a perceptible dip in 30 and 90dpd bucket in Dec'24, (ii) drop in the flow from delinquency to write-off pool, (iii) decline in delinquencies in newer portfolio, indicative of a beginning of downward trajectory for credit costs, and (iv) improving share of prime/above prime customer (~15%); underwriting strengthened for excessively levered customers. **While asset quality enhancements are expected to reflect in FY26-end, next 2 quarters credit costs are expected in the range of 8.8-9.4% but to drove down to 7.4%+ FY26E/27E.**

Upgrade to Accumulate: We pare FY25E/26E/27E estimates by 9%/1%/4%, factoring in a gradual improvement in credit cost. Factoring in a calibrated accretion in CIF, modest fee expansion, stagnant high interest-bearing assets, expect an 11.5% CIF CAGR, a 14.5% spends CAGR, an 18.7% NII CAGR, and a 20.7% receivables CAGR, and thus a 16.5% EPS CAGR in FY24-27E with RoA at 4.4% and RoE at 21.1% in FY27E – **Upgrade to Accumulate from Reduce.** We raise our DCF-TP to INR 965 (from INR 796), by valuing SBICARD at 24x FY27E P/E. Key risk to our call is sustained elevated credit costs.

Key Financials

YE March	FY23	FY24	FY25E	FY26E	FY27E
NII (INR mn)	45,054	53,319	61,575	71,628	89,178
YoY (%)	17.4	18.3	15.5	16.3	24.5
PPoP (INR mn)	51,896	65,198	72,599	79,977	113,134
YoY (%)	17.2	25.6	11.4	10.2	41.5
PAT after minority interest (INR mn)	22,585	24,084	19,161	29,879	38,091
YoY (%)	39.7	6.6	(20.4)	55.9	27.5
EPS (INR)	23.9	25.3	20.1	31.4	40.1
Core RoE (%)	25.7	22.0	15.0	20.0	21.1
RoA (%)	5.6	4.6	3.2	4.3	4.4
P/E (x)	35.5	33.4	42.0	27.0	21.1
P/ABV (x)	8.4	6.8	6.1	5.1	4.1

Note: Pricing as on 9 April 2025; Source: Company, Elara Securities Estimate

Rating: [Accumulate](#)

Target Price: [INR 965](#)

Upside: [14%](#)

CMP: [INR 847](#)

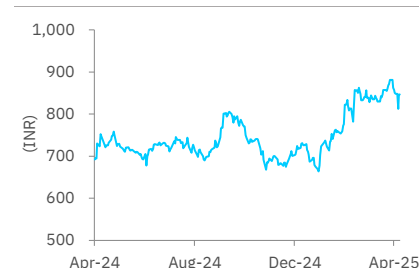
As on 9 April 2025

Key data

Bloomberg	SBICARD IN
Reuters Code	SBIC.NS
Shares outstanding (mn)	951
Market cap (INR bn/USD mn)	805/9289
Enterprise Value (INR bn/USD mn)	0/0
Avg daily volume 3M (INR mn/USD mn)	1190/14
52 week high/low	885/648
Free float (%)	31

Note: as on 9 April 2025; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25
Promoter	68.6	68.6	68.6	68.6
% Pledged	0	0	0	0
FII	8.6	8.7	9.2	9.5
DII	16.9	16.8	16.8	16.6
Others	5.9	5.9	5.4	5.3

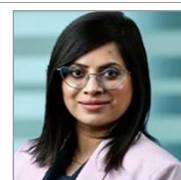
Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(4.8)	(10.3)	(1.1)
SBI Cards and Payment Services	15.9	14.5	12.6
NSE Mid-cap	(11.1)	(16.1)	(0.6)
NSE Small-cap	(15.8)	(19.1)	(7.3)

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Associates
Devarshi Raj



Financials (YE March)

Income statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
NII	45,054	53,319	61,575	71,628	89,178
Other income	81,359	95,565	98,154	126,862	156,182
Gross Income	126,413	148,884	159,729	198,490	245,360
Operating expenses	74,516	83,686	87,130	118,513	132,226
PPOP	51,896	65,198	72,599	79,977	113,134
Provisions	21,590	32,874	47,110	39,813	61,962
PBT	30,306	32,324	25,489	40,164	51,172
Tax	7,721	8,240	6,328	10,285	13,081
PAT	22,585	24,084	19,161	29,879	38,091
Balance Sheet (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Capital	9,461	9,510	9,510	9,510	9,510
Reserves and Surplus	88,840	111,331	125,948	153,148	188,646
Net worth	98,301	120,840	135,458	162,658	198,156
Borrowings	311,096	398,911	452,701	548,317	664,127
Other liabilities	46,059	61,961	33,386	48,064	91,465
Total Liabilities	455,456	581,712	621,545	759,038	953,748
Loans	393,610	490,790	561,877	686,171	862,188
Cash, Bank balances & Investments	34,942	62,488	16,782	20,494	25,751
Fixed and other assets	26,904	28,435	42,887	52,374	65,809
Total Assets	455,456	581,712	621,545	759,038	953,748
Per Share data & Valuation Ratios	FY23	FY24	FY25E	FY26E	FY27E
EPS- (INR)	23.9	25.3	20.1	31.4	40.1
BV (INR)	103.9	127.1	142.4	171.0	208.4
ABV- (INR)	101.2	125.3	138.1	165.4	208.4
P/E- (x)	35.5	33.4	42.0	27.0	21.1
P/ABV-(x)	8.4	6.8	6.1	5.1	4.1
Key Ratios					
Net Interest Margin (%)	13.0	12.1	11.7	11.5	11.5
Cost-income ratio (%)	58.9	56.2	54.5	59.7	53.9
Fee income to spends (%)	2.5	2.5	2.5	2.7	2.8
Asset Quality (%)					
Gross NPA	2.4	2.8	3.2	3.2	3.0
Net NPA	0.9	0.5	1.0	1.0	1.0
% coverage of NPA - RHS	63.6	70.0	70.0	68.0	68.0
Capital Adequacy					
Tier 1 (%)	20.4	20.1	21.4	21.4	21.0
Leverage (x)	4.6	4.7	4.7	4.6	4.7
Growth Rates					
Loan growth (%) (Net)	30	25	14	22	26
Earnings growth (%)	40	7	(20)	56	27
Business Ratios					
RoAA (%)	5.6	4.6	3.2	4.3	4.4
Core RoE (%)	25.7	22.0	15.0	20.0	21.1

Note: Pricing as on 9 April 2025; Source: Company, Elara Securities Estimate

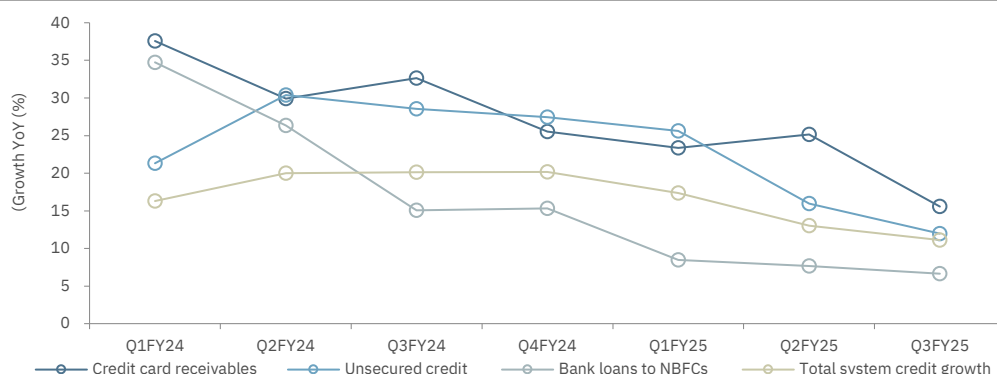
EPS drivers of fees and NII improving, albeit modestly

The stagnant revolver loans and competitive intensities in EMI segment continue to dent momentum in receivables. With the revolver share stagnating at 23-24% and our prognosis (Exhibit 30) of the EMI segment experiencing intense competition, we do not see interest earning receivables climbing above 60% of the overall revenue mix in the near-to-medium term. On the contrary, we reckon the likelihood of this share dip, say by ~100-200bps in the foreseeable future, may not be ruled out. Factoring in the concerted efforts on at the point-of-sale EMI conversion and product offerings such as Flexipay (post-purchase EMI conversion) but limited scope of expansion in the high-yielding revolver segment on the grounds of prudence, we envisage a 20.7% receivables CAGR and an 18.7% NII CAGR in FY24-27E.

On the fees front, FY26 could witness a YoY drop given the concerns emerging from dampened consumer sentiment, scaling back of rewards/benefits impacting transactor fees, a shift in co-branded strategy denting interchange fees and cautious expansion impacting subscription fees. **FY27 should stack up better. Against this backdrop, we envisage a fee income CAGR of 18.8% through FY24-27E.**

SBICARD Story in Charts

Exhibit 1: INDUSTRY - Growth in credit card receivables outpacing systemic credit growth



Source: RBI, Elara Securities Research

Exhibit 2: HDFCB's cards outstanding up 15.8% YoY; SBICARD trails at 10.2%; industry slower at 8.7% in latest February 2025 report

Banks/NBFCs	Cards o/s (units mn)	YoY (%)	MoM (%)	Spends (INR bn)	YoY (%)	MoM (%)	Spends/c ard (INR)	YoY (%)	MoM (%)	Transacti on (units mn)	YoY (%)	MoM (%)	Spend/tr ansaction (INR)	YoY (%)	MoM (%)
SBICARD	20.7	10.2	0.9	261.8	12.6	(9.7)	12,667	2.2	(10.5)	68	33.4	(7.4)	3,854	(15.6)	(2.4)
HDFCB	23.6	15.8	0.8	463.8	15.1	(8.5)	19,633	(0.6)	(9.2)	105	30.9	(8.1)	4,405	(12.0)	(0.4)
ICICIBC	18.1	7.5	0.1	309.9	15.5	(13.1)	17,112	7.4	(13.3)	73	26.5	(8.7)	4,342	(8.8)	(4.9)
AXSB	14.8	6.2	(0.1)	188.8	7.7	(6.6)	12,785	1.5	(6.5)	56	13.7	(8.0)	3,465	(5.2)	1.5
IIB	3.2	11.7	0.9	88.8	14.5	(0.1)	27,921	2.5	(1.0)	12	58.2	(5.1)	7,850	(27.6)	5.2
RBK	4.9	(5.8)	(2.2)	65.8	(6.1)	(10.2)	13,531	(0.3)	(8.1)	10	(4.2)	(10.6)	6,687	(2.0)	0.5
KMB	5.0	(17.9)	(0.7)	59.9	(1.9)	(14.8)	12,076	19.5	(14.2)	14	(1.4)	(11.5)	3,995	(0.5)	(3.7)
YES	2.4	22.4	0.6	29.1	24.0	(7.1)	12,004	1.3	(7.7)	10	82.9	(3.0)	3,292	(32.2)	(4.2)
AXP	1.5	9.0	0.9	51.0	20.8	(6.8)	34,800	10.8	(7.6)	5	15.7	(8.4)	9,368	4.4	1.7
CITI	0.2	20.7	1.6	5.5	54.4	(0.3)	23,669	27.9	(1.9)	0	12.5	7.4	13,959	37.3	(7.2)
STAN	0.9	(12.8)	(2.0)	8.3	(18.7)	(14.9)	9,406	(6.8)	(13.2)	2	(27.3)	(14.1)	4,515	11.9	(1.0)
Industry	109.3	8.7	0.4	1672.0	12.1	(9.2)	15,295	3.1	(9.6)	396	27.3	(7.8)	4,303	(12.0)	(1.5)

Source: RBI, Elara Securities Research

Exhibit 3: SBICARD and HDFCB gain card outstanding market share, spends share largely steady for both

Banks/NBFCs	Cards outstanding							Spends						
(% market share)	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	18.4	18.5	18.5	18.7	18.7	18.8	18.9	15.7	15.7	15.8	14.9	15.0	15.7	15.7
HDFCB	20.8	21.1	21.2	21.3	21.4	21.5	21.6	25.8	29.6	26.6	26.9	28.3	27.5	27.7
ICICIBC	16.6	16.6	16.6	16.6	16.6	16.6	16.6	19.3	17.9	18.9	18.7	18.6	19.4	18.5
AXSB	14.0	13.9	13.8	13.7	13.7	13.6	13.5	11.6	10.6	12.9	11.8	11.5	11.0	11.3
IIB	2.9	2.8	2.9	2.9	2.9	2.9	2.9	4.8	4.8	4.7	5.2	5.0	4.8	5.3
RBK	5.0	4.9	4.8	4.8	4.7	4.6	4.4	4.3	4.0	3.9	4.0	4.0	4.0	3.9
KMB	5.1	5.0	4.9	4.8	4.6	4.6	4.5	3.9	3.6	3.7	3.6	3.6	3.8	3.6
YES	2.1	2.2	2.2	2.2	2.2	2.2	2.2	1.6	1.5	1.6	1.7	1.7	1.7	1.7
AXP	1.3	1.3	1.3	1.3	1.3	1.3	1.3	3.0	3.0	2.9	3.4	3.0	3.0	3.1
CITI	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
STAN	1.0	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.6	0.6	0.6	0.6	0.5	0.5
Industry	100	100	100	100	100	100	100	100	100	100	100	100	100	100

Source: RBI, Elara Securities Research

Exhibit 4: SBICARD and HDFCB sustain card addition momentum MoM; others struggle

Card additions MoM (units mn)	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	0.30	0.26	0.09	0.28	0.21	0.21	0.23	0.09	0.19	0.18	0.23	0.13	0.15	0.14	0.11	0.11	0.12	0.10	0.11	0.14	0.22	0.23	0.21	0.23	0.18
HDFCB	0.06	0.24	0.34	0.24	0.23	0.19	(0.01)	0.30	0.36	0.32	0.37	0.23	0.30	0.19	0.23	0.29	0.22	0.40	0.24	0.43	0.24	0.19	0.31	0.30	0.18
ICICIBC	0.08	0.72	0.12	0.10	0.12	0.19	0.31	0.35	0.36	0.20	0.28	0.31	0.05	0.11	0.05	0.08	0.18	0.14	0.15	0.00	0.14	0.05	0.15	0.18	0.03
AXSB	0.20	2.34	0.14	0.20	0.04	0.23	0.22	0.19	0.15	0.14	0.15	0.17	0.16	0.30	0.01	0.12	0.12	0.15	0.13	0.05	(0.02)	(0.04)	0.07	(0.01)	(0.01)
IIB	0.05	0.06	0.05	0.05	0.07	0.04	0.05	0.05	0.07	0.06	0.07	0.06	0.05	0.05	0.04	0.03	0.03	0.01	0.01	0.01	0.03	0.03	0.04	0.03	0.03
RBK	0.05	0.05	0.11	0.04	0.05	0.03	0.07	0.09	0.07	0.07	0.09	0.08	0.05	0.03	0.03	0.02	0.02	0.02	(0.02)	(0.05)	(0.04)	(0.07)	(0.07)	(0.06)	(0.11)
KMB	0.08	0.03	0.12	0.08	0.10	0.08	0.10	0.13	0.15	(0.01)	0.12	0.18	0.07	(0.09)	0.05	(0.06)	(0.42)	(0.04)	(0.06)	(0.11)	(0.10)	(0.11)	(0.07)	(0.03)	(0.04)
YES	0.04	0.02	0.04	(0.01)	0.05	0.02	0.09	0.05	0.03	0.07	0.07	0.09	0.07	0.09	0.04	0.04	0.06	0.00	0.04	0.04	0.05	0.03	0.04	0.00	0.02

Source: RBI, Elara Securities Research

Exhibit 5: HDFCB leads in cards outstanding growth, SBICARD to follow suit

Cards O/S growth YoY %	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	22.1	21.8	20.9	21.1	21.1	20.8	19.9	20.5	19.1	17.3	16.3	14.8	13.6	12.7	12.7	11.5	10.9	10.2	9.4	9.6	9.6	9.8	9.6	10.1	10.2
HDFCB	6.3	6.0	6.2	5.2	4.2	3.3	12.8	15.3	16.0	16.3	16.8	16.6	18.0	17.4	16.5	16.5	16.3	17.2	18.6	19.0	18.0	17.0	16.4	16.6	15.8
ICICIBC	7.6	11.4	11.0	10.0	9.4	9.2	9.8	17.5	18.2	20.7	21.9	23.0	22.6	17.3	16.7	16.4	16.7	16.2	14.8	12.2	10.6	9.5	8.6	7.7	7.5
AXSB	13.8	34.2	32.5	31.6	28.9	28.3	46.0	49.0	46.3	44.6	43.9	43.5	42.1	17.2	15.9	15.0	15.6	14.7	13.7	12.5	11.1	9.6	8.9	7.5	6.2
IIB	18.1	18.3	18.3	18.0	18.0	33.4	32.9	31.2	32.5	31.8	32.2	32.1	31.3	30.1	29.2	27.5	25.0	23.5	21.1	19.3	17.3	15.9	14.1	12.7	11.7
RBK	20.2	19.8	20.5	19.2	17.8	15.9	16.6	17.3	17.1	16.9	18.9	18.4	18.3	17.7	15.3	14.7	13.9	13.7	11.6	8.6	6.1	3.3	0.0	(2.7)	(5.8)
KMB	61.0	53.8	47.0	41.8	34.8	30.7	31.5	28.6	25.6	23.2	22.3	24.2	23.7	21.1	19.2	16.0	5.8	3.4	0.3	(4.0)	(8.2)	(10.1)	(13.3)	(16.3)	(17.9)
YES	22.0	19.8	20.5	17.1	15.6	13.8	28.8	28.4	27.0	28.6	30.2	41.2	42.0	45.7	45.0	48.4	48.1	46.4	40.5	38.2	38.9	35.5	32.1	26.1	22.4

Source: RBI, Elara Securities Research

Exhibit 6: SBICARD's spends rebound from slump; HDFCB maintains strength

Spends growth YoY %	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	36.2	20.6	23.9	12.1	32.6	34.1	39.8	7.0	51.9	49.6	23.2	26.3	5.5	1.3	1.3	10.8	1.1	3.5	(3.4)	11.0	(10.0)	(19.8)	(3.5)	(5.6)	12.6
HDFCB	47.8	32.1	30.5	27.6	30.9	20.0	21.4	19.0	20.4	28.8	25.4	24.1	22.8	16.2	7.8	3.1	7.1	12.6	10.3	35.1	18.7	8.3	18.7	15.9	15.1
ICICIBC	13.5	15.6	9.4	12.0	6.3	10.8	32.6	7.1	57.7	51.5	36.4	36.1	35.3	28.2	29.7	30.6	32.4	33.7	22.3	24.3	11.5	14.1	24.1	20.2	15.5
AXSB	37.6	75.2	70.2	80.7	67.5	75.5	72.0	22.7	92.0	78.2	67.9	72.6	64.1	15.1	18.4	11.1	5.0	16.1	10.3	15.1	20.0	7.1	13.6	(0.5)	7.7
IIB	51.0	22.1	21.7	17.5	20.8	19.6	47.4	73.1	6.5	24.3	30.5	19.3	20.3	16.9	20.4	15.2	15.4	18.3	14.2	8.6	19.0	8.6	4.8	15.3	14.5
RBK	33.1	36.6	36.1	31.5	32.1	31.8	36.3	27.9	30.2	35.9	35.4	31.8	36.2	30.7	21.1	24.2	23.1	21.7	15.3	14.2	11.3	(0.0)	2.7	3.3	(6.1)
KMB	81.4	74.9	70.6	57.4	52.3	52.2	51.6	38.7	72.1	69.6	56.1	44.5	43.4	45.5	45.4	42.8	39.1	23.7	13.5	15.3	3.3	(3.5)	4.5	12.2	(1.9)
YES	72.0	68.0	64.0	55.5	53.9	54.5	55.6	46.1	53.7	58.6	57.0	63.1	65.0	62.9	59.5	54.8	52.4	50.8	43.4	45.7	51.6	37.6	36.7	33.1	24.0

Source: RBI, Elara Securities Research

Exhibit 7: SBICARD's transaction growth steady; others slow down per latest data trends

Transactions growth YoY %	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	17.6	10.8	9.9	7.7	7.3	12.2	11.9	4.2	18.3	19.3	16.0	15.4	20.9	20.8	23.4	25.3	31.5	34.3	29.5	40.3	28.6	30.2	35.3	34.8	33.4
HDFCB	16.0	10.4	13.3	11.6	14.2	16.9	19.5	18.5	25.4	31.6	33.0	34.4	41.5	40.0	38.6	37.7	41.6	41.7	38.0	48.7	40.5	35.3	37.1	34.4	30.9
ICICIBC	17.9	16.7	15.5	12.0	14.8	13.3	17.2	6.4	30.7	29.5	27.7	26.6	36.2	29.4	27.1	32.0	33.3	35.3	33.3	40.1	27.5	29.7	32.8	31.4	26.5
AXSB	50.3	91.4	75.8	81.9	71.4	75.1	65.7	38.6	72.0	65.5	58.3	63.8	69.3	17.1	28.2	17.1	15.8	28.0	22.3	28.4	28.1	18.9	25.3	14.9	13.7
IIB	29.6	26.2	26.8	24.8	24.6	28.0	27.5	17.6	24.6	14.1	22.4	26.0	35.9	39.9	42.8	46.8	57.1	56.0	52.1	72.7	80.1	76.2	68.5	64.0	58.2
RBK	16.2	12.0	11.1	6.5	4.9	5.9	5.4	1.3	3.0	4.2	3.8	1.2	5.7	1.9	(1.9)	(1.2)	3.0	2.4	(2.1)	(0.2)	0.7	(0.5)	2.1	1.6	(4.2)
KMB	55.5	45.2	37.7	27.1	24.9	25.0	28.7	24.1	39.7	44.3	52.7	52.7	62.0	72.9	80.0	78.8	74.6	67.9	51.7	54.8	36.7	26.3	15.1	8.2	(1.4)
YES	33.1	26.5	23.4	18.6	18.8	21.2	28.6	29.8	45.2	51.0	57.4	69.3	87.7	92.2	95.8	103.9	117.6	123.7	106.9	113.2	105.9	105.5	103.5	92.2	82.9

Source: RBI, Elara Securities Research

Exhibit 8: SBICARD and HDFCB claim more share at the cost of ICICBC and AXSB....

Change in cards O/S market share (bps)	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	13.9	(14.9)	(16.6)	4.6	2.5	(2.8)	(5.0)	(26.2)	(13.9)	(6.5)	(13.9)	(17.3)	(6.0)	(8.5)	(2.2)	(2.6)	2.6	(4.0)	(5.7)	2.5	7.0	15.5	5.2	7.5	9.1
HDFCB	(15.3)	(19.4)	10.9	(1.3)	4.0	(6.1)	(32.7)	(5.9)	1.5	6.5	(2.1)	(9.9)	7.8	(5.7)	8.0	13.0	11.3	23.3	4.7	28.7	7.0	10.5	12.8	11.5	7.6
ICICIBC	(8.3)	47.0	(10.0)	(12.0)	(3.8)	(1.4)	8.2	6.2	7.9	(1.9)	(4.4)	4.5	(13.6)	(9.1)	(6.7)	(4.8)	9.5	1.8	(0.8)	(9.2)	0.8	(0.7)	1.3	4.4	(4.3)
AXSB	11.3	247.8	(3.1)	2.5	(10.4)	6.9	2.2	(6.5)	(9.7)	(3.8)	(12.2)	(5.2)	0.4	13.3	(8.9)	1.1	4.4	4.7	(0.2)	(3.1)	(12.2)	(8.2)	(4.4)	(11.6)	(6.6)
IIB	3.3	0.6	2.0	2.4	4.8	0.6	1.6	0.2	2.5	2.2	2.1	2.0	1.9	1.1	2.2	0.8	1.1	(1.0)	(2.0)	(0.4)	0.9	1.6	1.1	1.0	1.5
RBK	(0.3)	(6.5)	5.8	(2.9)	0.2	(3.5)	(0.2)	0.2	(1.7)	(0.0)	(0.6)	(0.5)	(0.8)	(3.4)	(1.2)	(2.0)	(0.2)	(1.4)	(6.0)	(7.2)	(7.7)	(7.7)	(10.1)	(9.5)	(11.9)
KMB	2.7	(9.6)	5.5	1.0	5.2	1.1	2.3	2.7	4.9	(8.9)	1.2	8.7	0.5	(15.7)	0.3	(10.6)	(43.2)	(7.9)	(10.4)	(13.2)	(12.8)	(12.1)	(10.3)	(5.9)	(5.2)
YES	3.2	(1.0)	2.0	(3.1)	3.5	(0.1)	7.1	2.4	(0.2)	4.4	3.7	6.0	4.9	6.0	2.8	2.4	5.2	(1.3)	1.5	2.3	3.1	2.2	1.6	(1.4)	0.5

Source: RBI, Elara Securities Research

Exhibit 9: ...while HDFCB and AXSB gain market share in spends

Change in spends market share (bps)	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	(46.0)	(63.0)	35.6	(137.3)	128.1	(26.2)	50.7	(90.5)	228.5	(27.7)	(183.7)	72.7	(286.0)	(40.1)	53.6	27.4	(8.1)	(34.3)	17.7	(1.4)	5.5	(90.3)	13.1	72.7	(8.3)
HDFCB	5.7	(23.8)	117.7	(2.9)	(34.8)	(98.7)	(73.0)	67.1	(186.8)	87.8	93.9	(85.3)	74.0	(40.5)	(46.3)	(103.2)	99.8	(40.4)	13.1	381.4	(307.5)	34.4	137.9	(77.1)	22.1
ICICIBC	(34.9)	73.5	(38.4)	33.5	(61.8)	107.4	4.0	(12.4)	134.8	(184.0)	(20.0)	74.0	16.3	69.7	10.1	60.3	(18.9)	81.6	(67.1)	(149.4)	101.8	(15.4)	(8.6)	74.9	(84.4)
AXSB	(21.1)	297.7	(22.0)	54.0	1.9	(11.4)	(25.9)	(51.9)	74.2	(60.1)	(2.7)	65.9	(45.2)	(23.0)	29.5	(15.8)	(47.9)	70.0	(23.0)	(102.1)	229.4	(115.9)	(24.7)	(53.5)	31.7
IIB	37.1	(40.4)	(28.5)	33.3	(19.5)	(19.0)	3.7	74.8	(103.9)	59.3	40.5	(80.4)	56.7	(28.9)	(6.3)	14.2	(12.1)	(21.5)	11.8	3.5	(13.4)	51.3	(18.0)	(17.8)	48.4
RBK	11.8	6.5	(10.3)	(0.8)	(4.4)	1.0	1.4	6.1	(36.5)	26.0	21.0	(17.2)	43.4	10.7	(38.8)	12.9	(2.8)	(17.6)	0.8	(35.3)	(9.0)	10.3	(0.7)	(2.3)	(4.3)
KMB	19.3	6.7	(0.4)	0.4	(0.8)	17.3	6.8	(2.8)	14.5	(4.5)	(3.8)	(15.8)	32.8	34.8	6.2	(5.3)	(6.6)	(42.5)	(6.2)	(30.3)	6.6	(3.3)	(2.8)	22.0	(23.7)
YES	6.9	1.4	0.3	(0.2)	1.7	2.7	1.2	2.6	(13.2)	10.8	10.2	4.0	16.0	7.6	(0.5)	(4.3)	1.9	(3.1)	1.9	(8.4)	3.6	9.9	(1.1)	5.2	3.9

Source: RBI, Elara Securities Research

Exhibit 10: Spends per card highest for IIB and HDFCB

Spends per card (INR)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	14,404	14,795	15,419	13,968	19,597	17,209	15,830	16,497	12,398	13,217	12,942	13,797	13,133	13,900	13,616	14,150	16,080	12,572	13,935	14,148	12,667
HDFCB	21,097	21,250	21,243	20,530	23,542	21,550	22,523	21,743	19,745	21,243	19,642	19,613	19,430	20,416	19,770	23,310	23,671	19,952	22,971	21,610	19,633
ICICIBC	15,566	17,250	17,392	16,172	21,340	17,137	17,116	17,665	15,934	18,127	17,288	18,722	17,660	19,850	18,534	17,912	21,513	17,851	19,561	19,731	17,112
AXSB	13,515	13,866	13,698	12,371	16,346	13,829	14,027	14,764	12,601	13,328	12,997	13,406	12,277	14,034	13,291	12,657	17,649	13,515	14,623	13,673	12,785
IIB	27,990	27,938	28,292	30,776	30,455	30,392	32,850	27,568	27,245	27,915	25,836	27,745	25,842	26,758	26,674	28,024	30,876	28,490	30,184	28,200	27,921
RBK	12,630	13,264	13,457	12,824	14,516	13,729	14,540	13,876	13,577	15,224	13,253	14,329	13,647	14,196	13,897	13,494	15,233	13,287	14,928	14,731	13,531
KMB	9,592	10,437	10,698	9,937	12,603	11,226	11,183	10,490	10,105	12,262	11,742	12,364	12,619	12,486	12,109	11,938	14,182	12,053	13,470	14,076	12,076
YES	11,297	12,018	11,767	11,130	12,333	11,670	12,454	12,321	11,852	13,127	12,198	12,286	11,622	12,381	12,011	11,733	13,463	11,855	12,881	13,005	12,004

Source: RBI, Elara Securities Research

Exhibit 11: Growth in receivables per card flat in January 2025

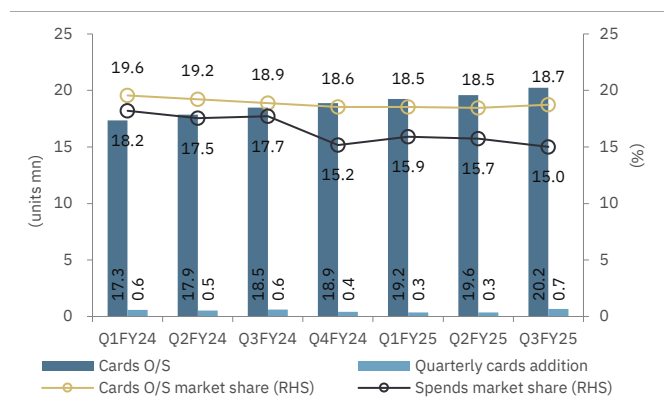
	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Receivables per card (INR)	24,962	23,766	23,868	23,351	25,410	25,488	25,727	25,982	25,658	25,246	25,321	25,942	26,301	26,356	26,218	25,618	26,325	26,949	26,939
Growth MoM (%)	8.9	(4.8)	0.4	(2.2)	8.8	0.3	0.9	1.0	(1.2)	(1.6)	0.3	2.5	1.4	0.2	(0.5)	(2.3)	2.8	2.4	(0.0)

Source: RBI, Elara Securities Research

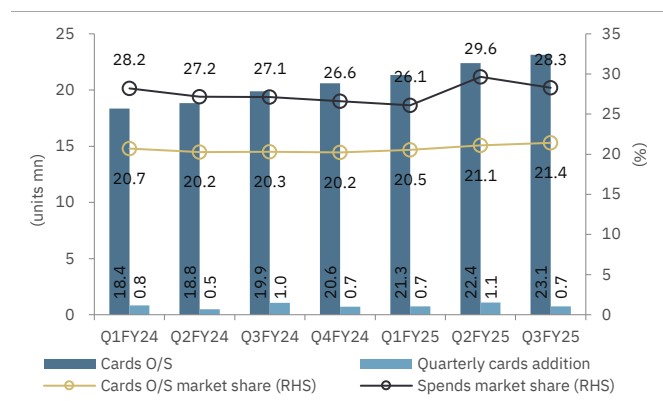
Exhibit 12: Top three players see an MoM drop in ticket size, While IIB gains

Ticket sizes (INR)	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
SBICARD	5,561	5,534	5,548	5,350	6,422	6,258	5,460	5,597	4,529	4,346	4,332	4,419	4,277	4,266	4,139	4,234	4,490	3,854	3,893	3,919	3,823
HDFCB	5,907	5,664	5,382	5,550	5,673	5,500	5,366	5,163	5,042	4,937	4,626	4,461	4,467	4,502	4,304	5,042	4,792	4,405	4,648	4,454	4,436
ICICIBC	4,617	4,937	4,895	4,885	5,434	4,935	4,633	4,865	4,641	4,762	4,638	4,737	4,585	4,879	4,492	4,335	4,750	4,342	4,331	4,452	4,234
AXSB	3,731	3,776	3,643	3,621	3,991	3,847	3,795	3,808	3,534	3,635	3,364	3,449	3,383	3,425	3,288	3,247	3,739	3,465	3,441	3,299	3,350
IIB	11,198	10,481	10,500	12,553	11,970	12,735	12,539	10,179	10,403	9,539	8,978	9,067	8,228	7,947	7,886	7,897	7,908	7,850	7,800	7,154	7,529
RBK	5,856	5,979	5,953	6,191	6,484	6,652	6,822	6,738	7,021	7,351	6,817	7,175	7,000	7,107	7,012	7,084	7,166	6,687	6,860	6,851	6,884
KMB	5,180	5,480	5,236	5,230	5,766	5,228	4,570	4,280	4,294	4,269	4,077	4,078	4,128	4,036	3,917	3,896	4,356	3,995	4,148	4,439	4,273
YES	5,446	5,606	5,182	5,105	4,895	4,915	4,752	4,539	4,440	4,489	4,241	4,009	3,815	3,778	3,593	3,490	3,604	3,292	3,191	3,143	3,010
AXP	8,293	8,262	8,946	8,719	8,881	8,964	8,726	8,841	9,061	9,227	9,173	9,399	8,670	8,802	8,626	8,801	9,486	9,368	9,280	9,295	9,456

Source: RBI, Elara Securities Research

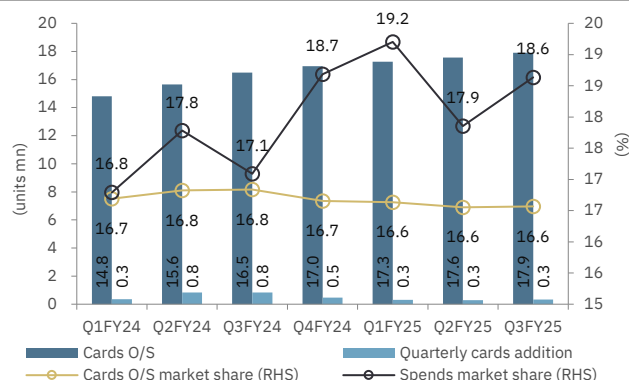
Exhibit 13: SBICARD gains market share in cards outstanding but loses ground in spends


Source: RBI, Elara Securities Research

Exhibit 14: HDFCB slips in spends market share but continues to gain in cards outstanding


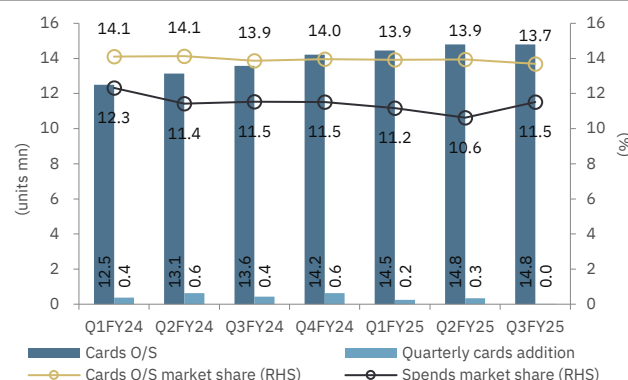
Source: RBI, Elara Securities Research

Exhibit 15: ICICBC – Spends market share rebounds after a drop in Q2FY25



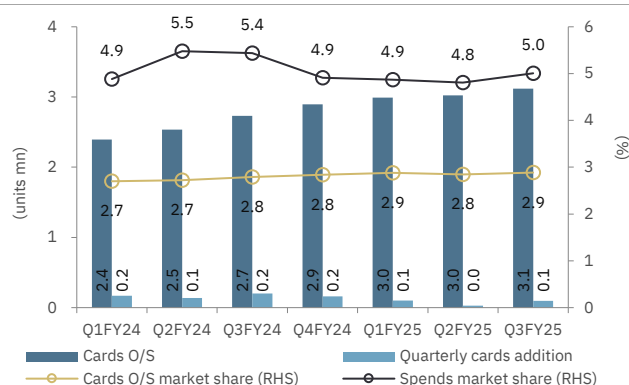
Source: RBI, Elara Securities Research

Exhibit 16: AXSB gains in spends but slips in cards outstanding market share



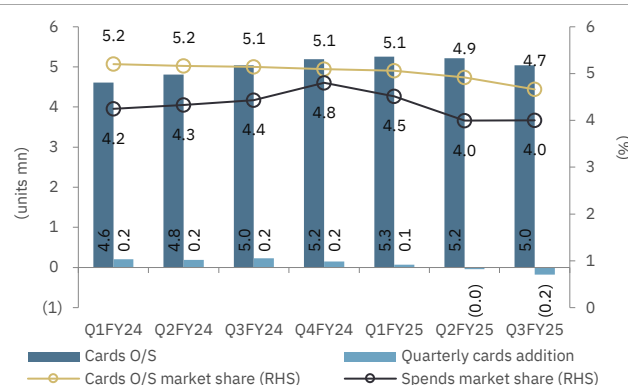
Source: RBI, Elara Securities Research

Exhibit 17: IIB maintains steady market share



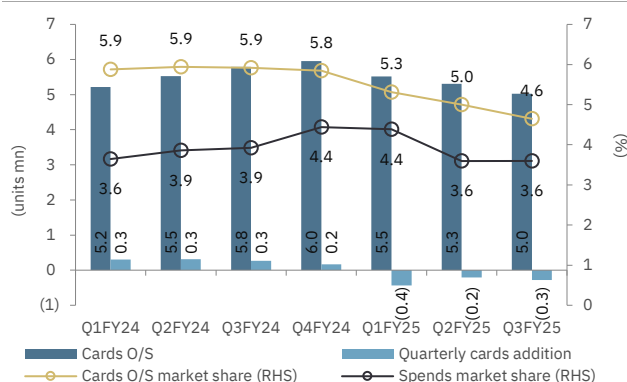
Source: RBI, Elara Securities Research

Exhibit 18: RBK's market share in cards outstanding drops, while spends hold steady



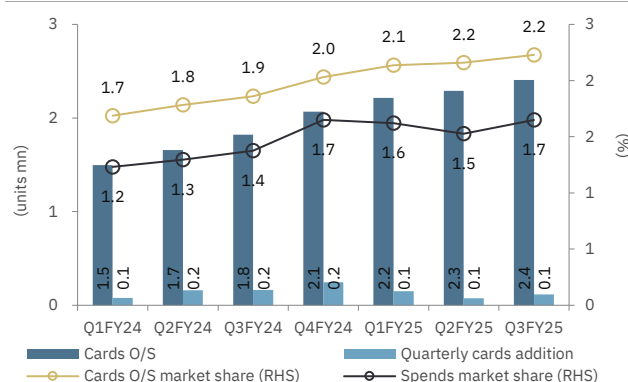
Source: RBI, Elara Securities Research

Exhibit 19: KMB sees a decline in cards outstanding and a market share loss



Source: RBI, Elara Securities Research

Exhibit 20: YES Bank gradually gains share in cards outstanding and spends

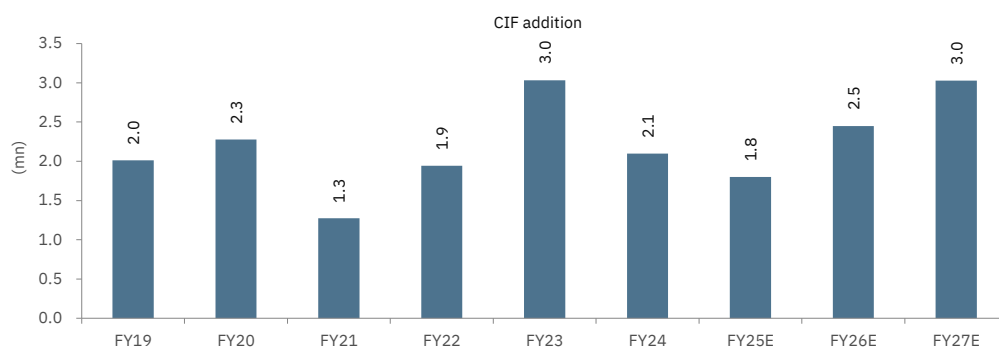


Source: RBI, Elara Securities Research

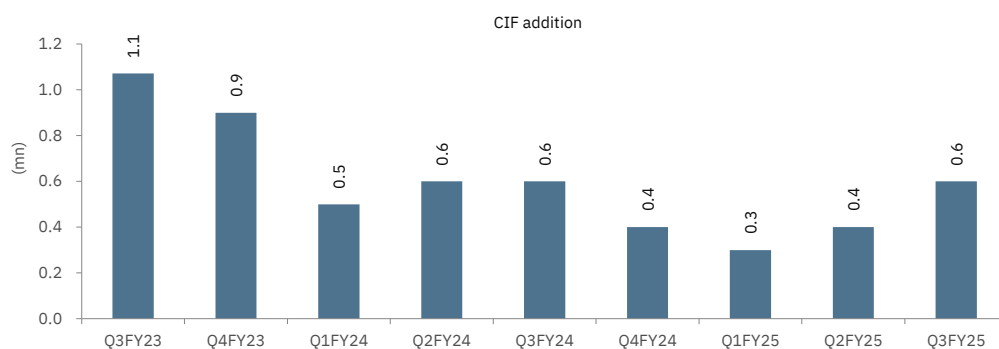
Exhibit 21: SBICARD – Financials snapshot

Particulars (INR mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Cards outstanding (units mn)	6.3	8.3	10.5	11.8	13.8	16.8	18.9	20.7	23.2	26.2
Growth (%)	37.0	32.2	27.5	12.1	16.5	22.0	12.5	9.5	11.8	13.1
Spends	764,900	1,032,650	1,309,150	1,224,160	1,863,530	2,624,980	3,295,890	3,353,506	4,021,964	4,952,320
Growth (%)	76.1	35.0	26.8	(6.5)	52.2	40.9	25.6	1.7	19.9	23.1
Spends per card (INR)	141,290	142,147	139,131	109,447	145,651	171,753	184,644	169,369	183,442	200,783
Growth (%)	33.2	0.6	(2.1)	(21.3)	33.1	17.9	7.5	(8.3)	8.3	9.5
Net worth	23,531	35,878	53,412	63,020	77,527	98,301	120,840	135,458	162,658	198,156
Growth (%)	62.4	52.5	48.9	18.0	23.0	26.8	22.9	12.1	20.1	21.8
Loan receivables	140,455	179,087	228,116	234,591	301,873	393,610	490,790	561,877	686,171	862,188
Growth (%)	40.7	27.5	27.4	2.8	28.7	30.4	24.7	14.5	22.1	25.7
NII	20,485	25,664	35,404	38,843	38,387	45,054	53,319	61,575	71,628	89,178
Growth (%)	50.7	25.3	38.0	9.7	(1.2)	17.4	18.3	15.5	16.3	24.5
PAT	6,011	8,650	12,448	9,845	16,161	22,585	24,084	19,161	29,879	38,091
Growth (%)	61.2	43.9	43.9	(20.9)	64.2	39.7	6.6	(20.4)	55.9	27.5
EPS (INR)	7.7	10.3	13.3	10.5	17.1	23.9	25.3	20.1	31.4	40.1
Growth (%)	61.2	34.9	28.3	(21.0)	63.7	39.3	6.1	(20.4)	55.9	27.5
Book value (INR)	30.0	42.9	56.9	67.0	82.2	103.9	127.1	142.4	171.0	208.4
Growth (%)	62.4	43.0	32.7	17.8	22.7	26.4	22.3	12.1	20.1	21.8

Source: Company, Elara Securities Estimate

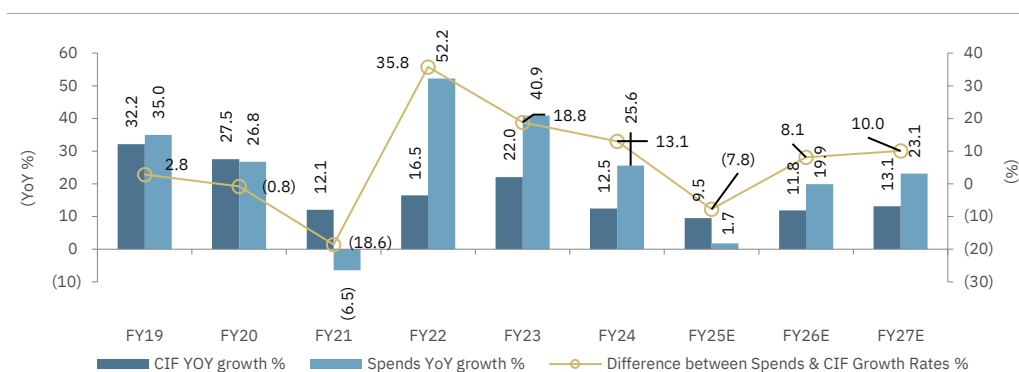
Exhibit 22: SBICARD – Card addition to regain momentum; to add as much as 3mn cards in FY27E


Source: Company, Elara Securities Estimate

Exhibit 23: Card addition seeing an uptick QoQ; recovery from the slump of past three quarters


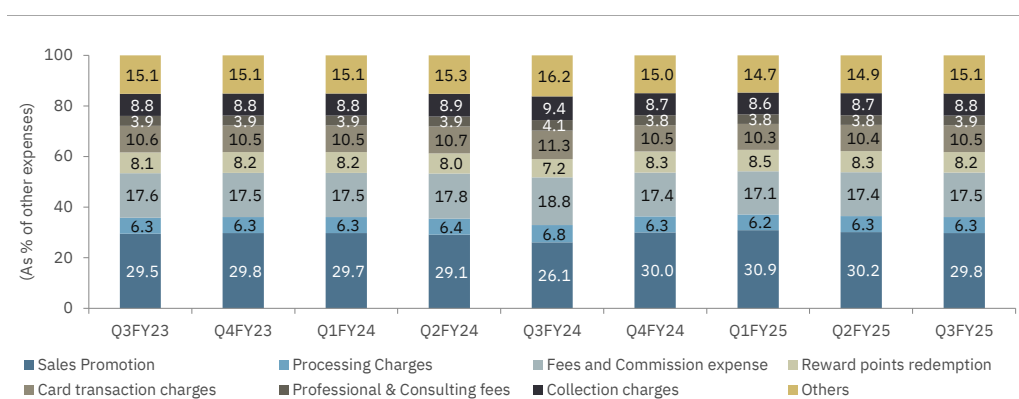
Source: Company, Elara Securities Research

Exhibit 24: Difference between growth rates of spends and CIF will continue to widen



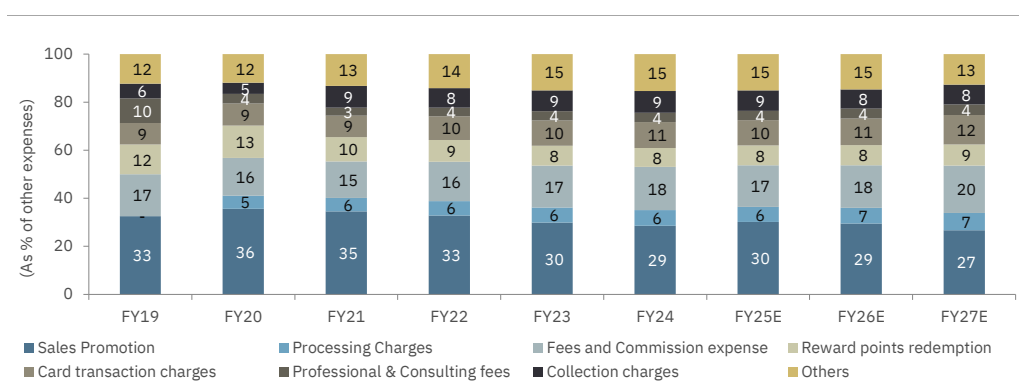
Source: Company, Elara Securities Estimate

Exhibit 25: Mix in 'other expenses' stable



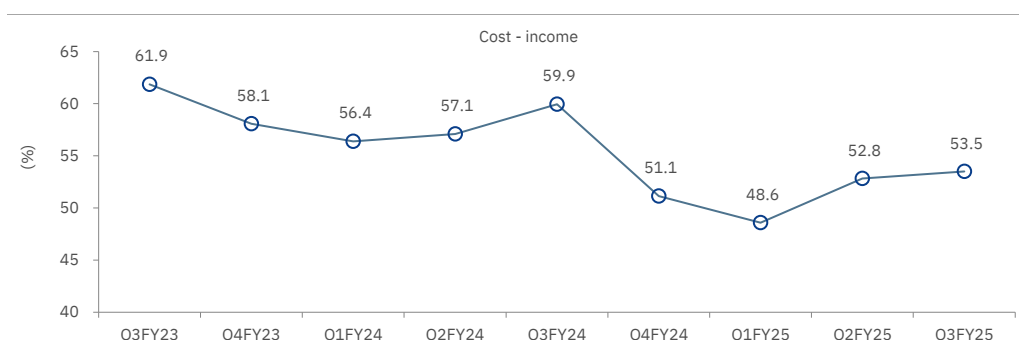
Source: Company, Elara Securities Research

Exhibit 26: Sales promotion expenses declining; fees and commission expense inching up in the mix

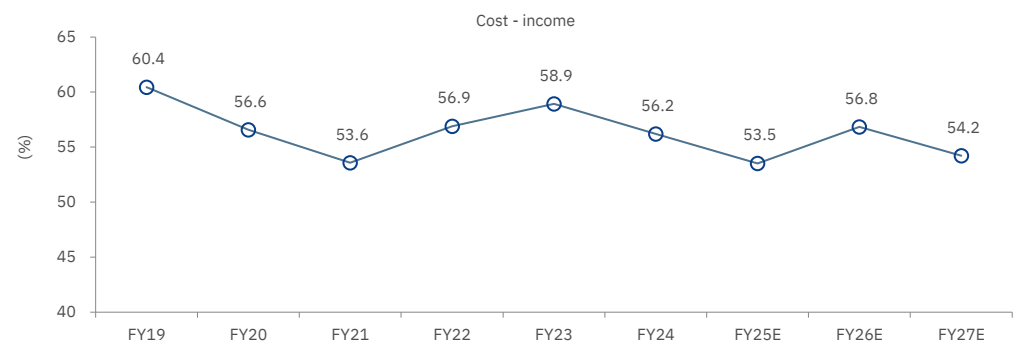


Source: Company, Elara Securities Estimate

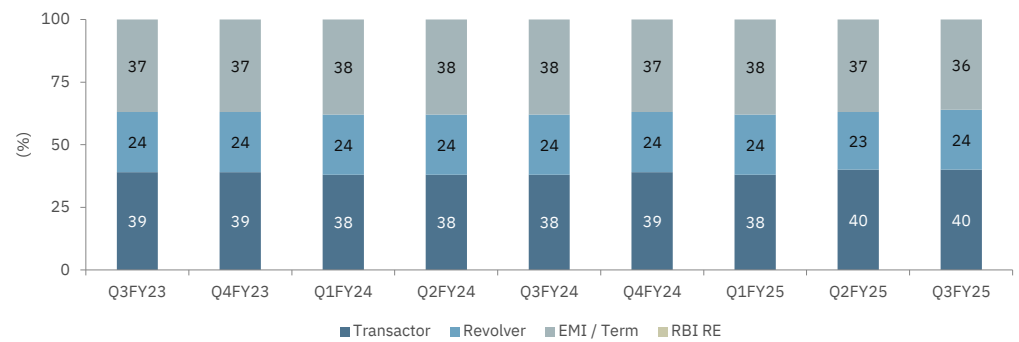
Exhibit 27: Some uptick in cost-income on a sequential basis



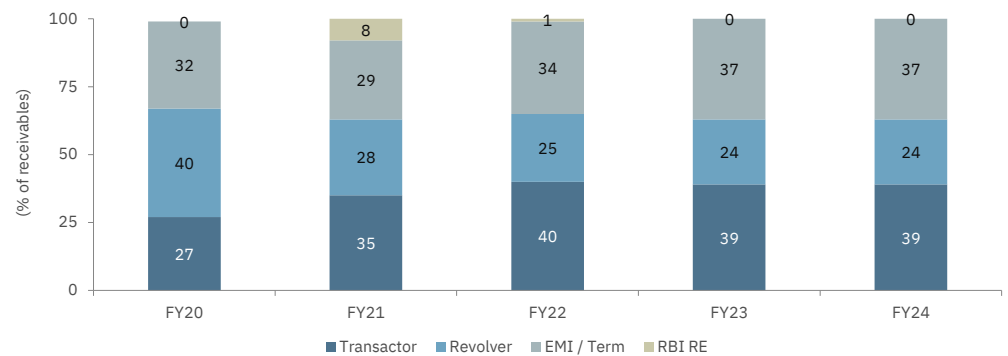
Source: Bloomberg, Company, Elara Securities Research

Exhibit 28: Cost-income continues to drive down


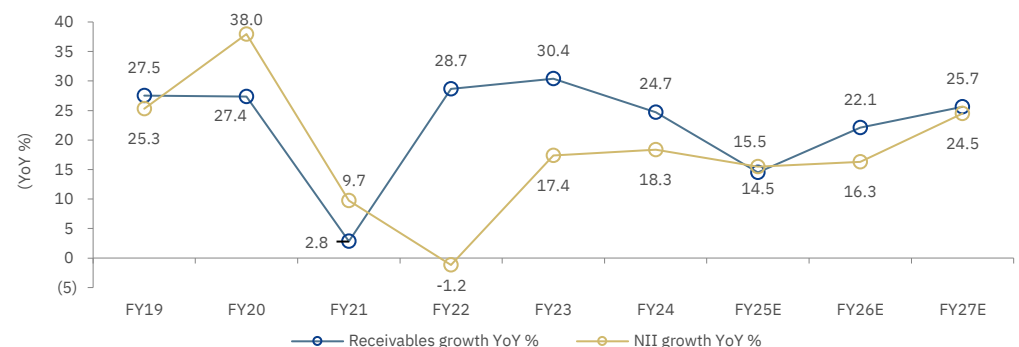
Source: Company, Elara Securities Estimate

Exhibit 29: Transactor continues to inch up; EMI losing share, revolvers stagnant


Source: Company, Elara Securities Research

Exhibit 30: Receivables mix tilting towards transactors from revolvers


Source: Company, Elara Securities Estimate

Exhibit 31: NII growth to follow growth trend in receivables


Source: Company, Elara Securities Estimate

Exhibit 32: Fees income to rise to 3% of spends

Particulars (INR mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Subscription-based fees	4,199	6,493	7,422	7,995	9,566	10,981	13,021	14,479
YoY growth (%)		54.6	14.3	7.7	19.7	14.8	18.6	11.2
Spends-based fees (MDR)	16,098	20,407	17,626	26,117	36,543	44,202	40,403	43,437
YoY growth (%)		26.8	(13.6)	48.2	39.9	21.0	(8.6)	7.5
Instance-based fees	13,298	17,624	18,554	23,983	28,373	35,173	36,299	41,369
YoY growth (%)		32.5	5.3	29.3	18.3	24.0	3.2	14.0
Total	33,595	44,525	43,602	58,095	74,483	90,356	89,724	99,285
YoY growth (%)		32.5	(2.1)	33.2	28.2	21.3	(0.7)	10.7
Fee income (% of spends)	3.2	3.4	3.6	3.1	2.8	2.7	2.7	3.0

Source: Company, Elara Securities Estimate

Exhibit 33: EMI portfolio analysis – SBICARD versus competition

Entities/Parameters	CIF Market share	Competitive offerings	Competitive edge
Private banks			
HDFCB	~27%	SmartEMI allows customers to convert purchases into affordable instalments	Capitalising on extensive customer base, superior digital infrastructure, and co-branded card partnerships
ICICIB	~14%	PayLater; instant EMI conversions at merchant points	Focus on retail lending and digital banking; enhanced reach
AXSB	~13%	No-cost EMI options	EMI facilities via credit cards; partnerships with e-commerce platforms
Other private banks		No-cost EMI offers tied to specific merchants	
NBFCs (BAF) and fintechs (Paytm, PhonePe)		Instant loans; EMI options	BAF: EMI cards accepted at over 1.2mn merchant outlets
SBICARD	~18%	Flexipay: post-purchase EMI conversion for transactions > INR 2,500; high flexibility	SBI parentage; access to SBI's vast customer base Nationwide branch network; a distribution advantage

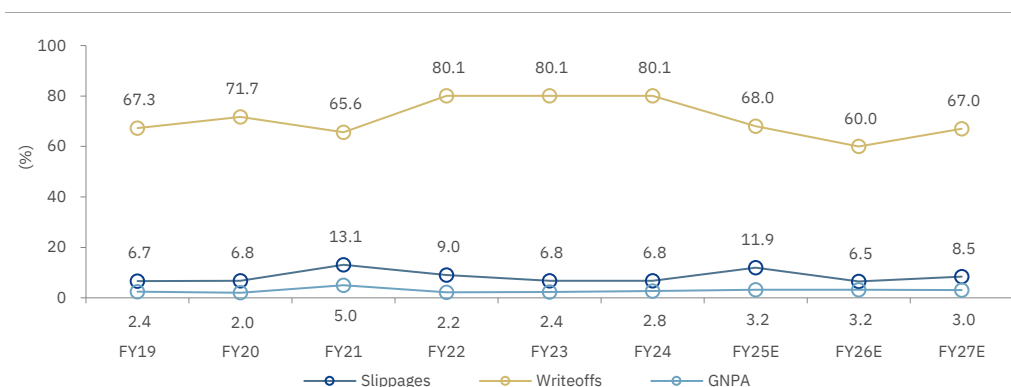
Source: Company, Elara Securities Research

Exhibit 34: Fees income analysis

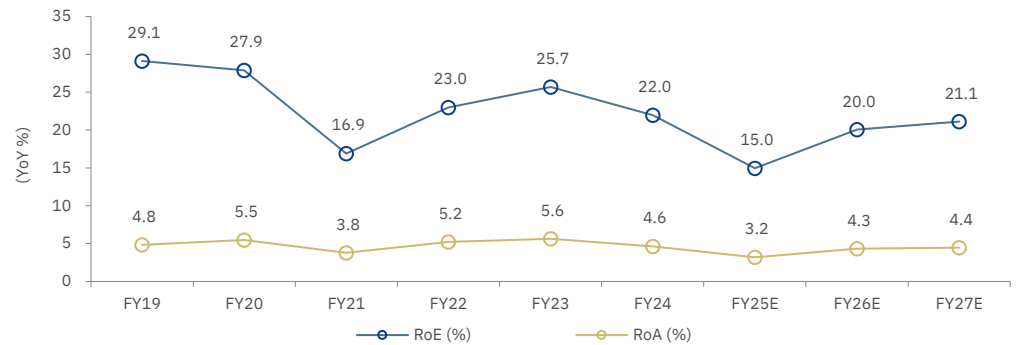
Particulars	Subscription-based fees income	Spend-based fees income	Instance-based fees income
Particulars	Annual fees, renewal fees, and joining fees; recurring or one-time charges	Interchange fees; 1-2% of transaction value; paid by merchants	Charges triggered by specific events; late payment fees, over-limit fees, cash advance fees, foreign transaction fees
Source	Aggressive customer acquisition strategy; focus on tier-II and tier-III cities; fee waivers upon meeting spending thresholds	Tied directly to card spending volume	Tied to customer behavior or credit risk
Strategy	Rising disposable incomes; digital payment adoption; rising card base	India's consumption boom; digital payment surge; higher merchant discount rates (MDR) in e-commerce	Credit card adoption in smaller cities; spurt in discretionary spending
Growth Drivers	Competition from banks; fintechs with no-fee models; regulatory scrutiny	Competition from UPI; other banks with merchant tie-ups	Competition from banks, fintechs; regulatory oversight; credit quality concerns
Challenges	To remain steady; potentially contributing 10-15% of total revenue	Poised for strong growth	To grow at a moderate pace

Source: Company, Elara Securities Research

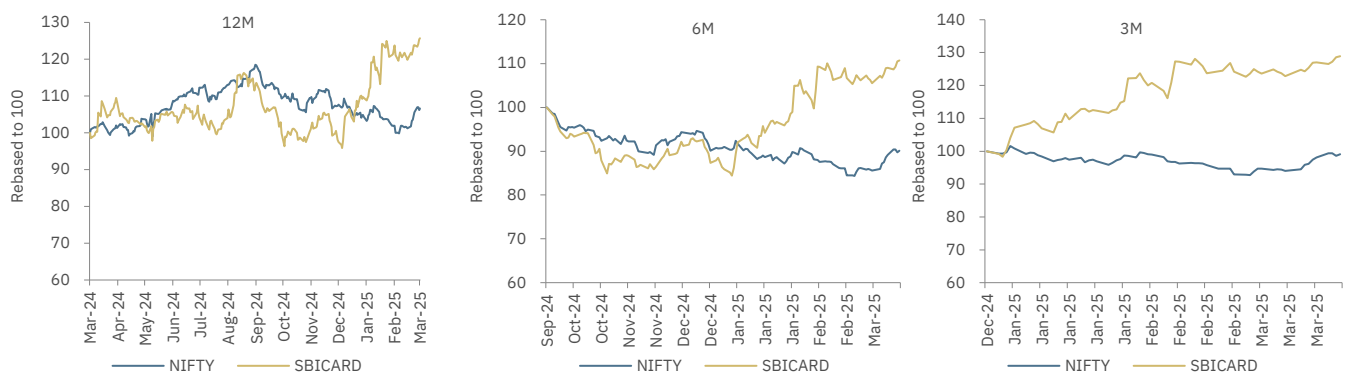
Exhibit 35: Slippages have been on a declining trend; GNPA to improve post FY25



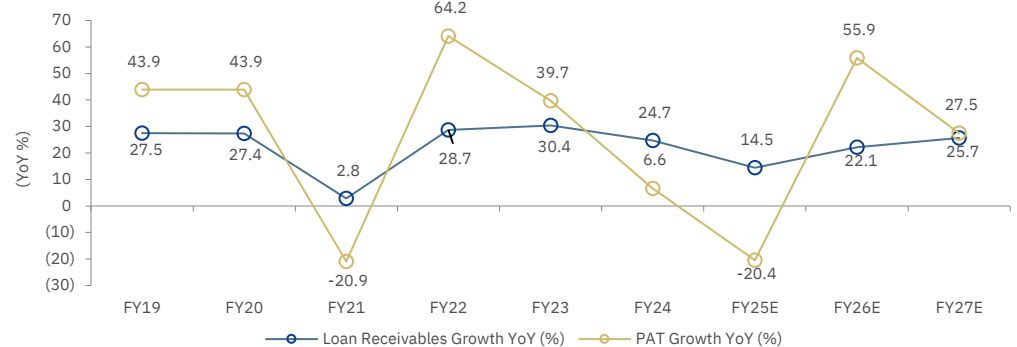
Source: Company, Elara Securities Estimate

Exhibit 36: SBICARD to clock 21% ROE and 4% ROA by FY27E


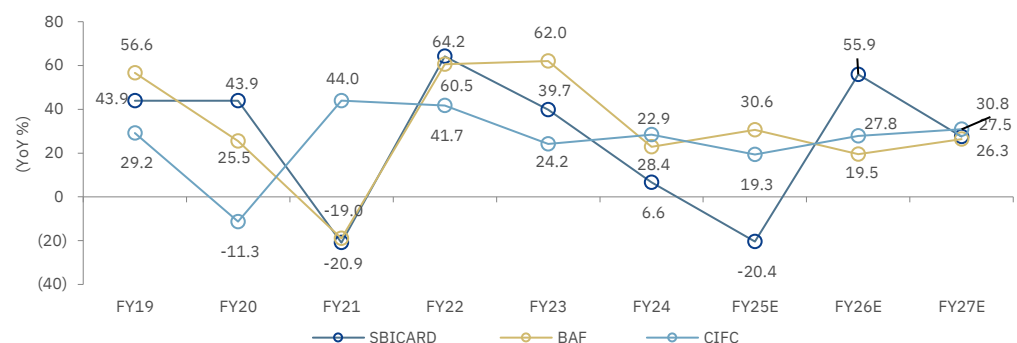
Source: Company, Elara Securities Estimate

Exhibit 37: SBICARD outperforms NIFTY across 12M, 6M, 3M – Expect further upside


Source: Bloomberg, Company, Elara Securities Research

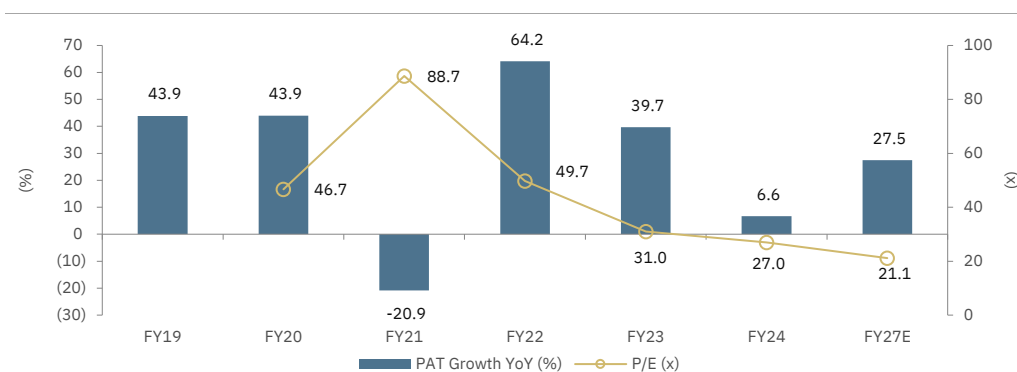
Exhibit 38: PAT growth to outpace growth rate in loans receivables


Source: Company, Elara Securities Estimate

Exhibit 39: SBICARD lags CIBC and BAF on earnings front but trades at higher valuations PBV basis


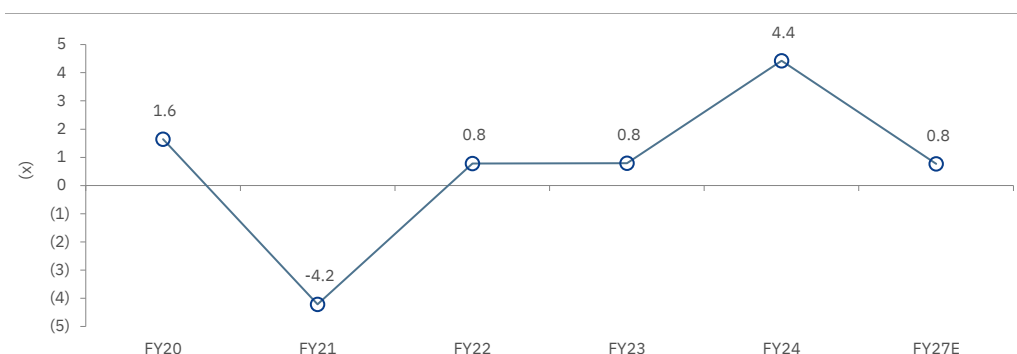
Source: Company, Elara Securities Estimate

Exhibit 40: Valuations look tad on the higher side factoring positives on earnings expansion



Source: Company, Elara Securities Estimate

Exhibit 41: FY27E forward PEG ratio at 0.8x – Undervalued but rerating prospects – closely monitored



Source: Company, Elara Securities Estimate

Exhibit 42: Upgrade to Accumulate, TP raised to INR 965 at 24x FY27E P/E

	FY27E
Target P/E (x)	24
EPS FY27E (INR)	40
TP (INR)	965
CMP (INR)	847
Upside (%)	14

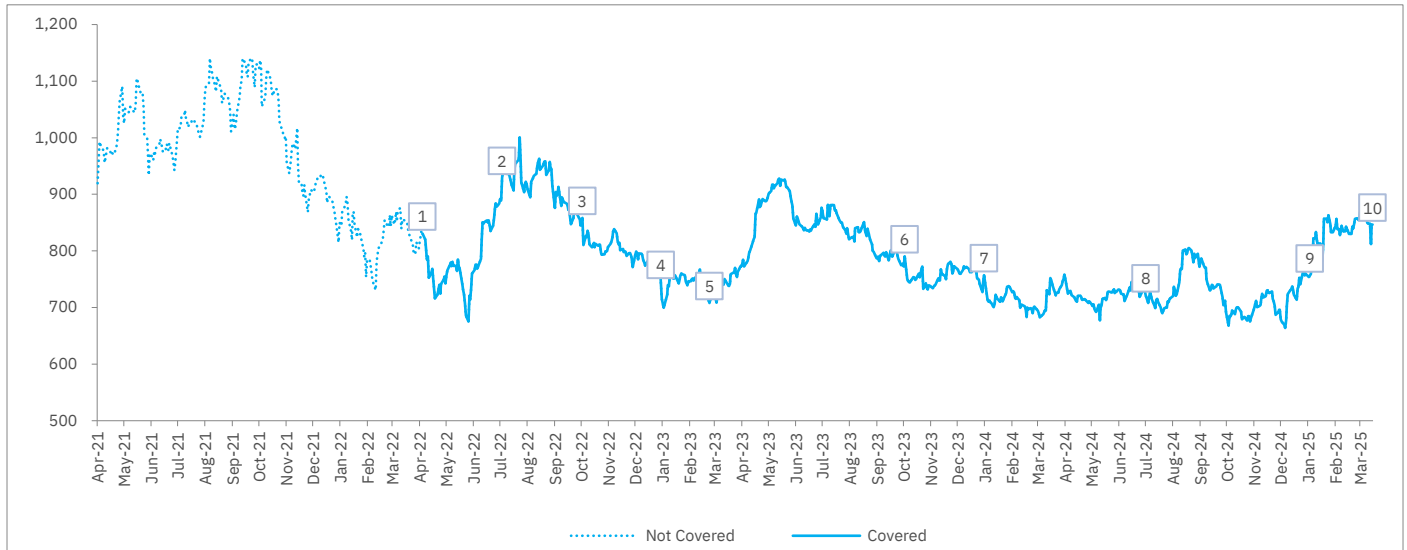
Note: Pricing as on 9 April 2025; Source: Elara Securities Estimate

Exhibit 43: Change in estimates – EPS pared to accommodate slow improvement in credit costs

(INR mn)	Earlier			Revised			% Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net interest income	62,034	73,946	88,671	61,575	71,628	89,178	(0.7)	(3.1)	0.6
Operating profit	73,247	89,580	102,957	72,599	79,977	113,134	(0.9)	(10.7)	9.9
PAT	21,116	30,115	39,462	19,161	29,879	38,091	(9.3)	(0.8)	(3.5)
EPS (INR)	22.2	31.7	41.5	20.1	31.4	40.1	(9.2)	(0.9)	(3.5)
TP (INR)			796			965			21
Rating			Reduce			Accumulate			

Source: Elara Securities Estimate

Coverage History



	Date	Rating	Target Price	Closing Price
4	24-Jan-2023	Buy	INR 1,001	INR 745
5	20-Mar-2023	Buy	INR 1,119	INR 711
6	27-Oct-2023	Reduce	INR 829	INR 790
7	25-Jan-2024	Sell	INR 719	INR 760
8	26-Jul-2024	Reduce	INR 719	INR 721
9	28-Jan-2025	Reduce	INR 796	INR 757
10	9-Apr-2025	Accumulate	INR 965	INR 847

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

Abbreviations

SBICARD	SBI Cards and Payment Services
HDFCB	HDFC Bank
ICICIBC	ICICI Bank
AXSB	Axis Bank
IIB	IndusInd Bank
RBK	RBL Bank
KMB	Kotak Mahindra Bank
YES	Yes Bank
AXP	American Express Co

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