

SBI Cards and Payment Services

 Estimate change 

 TP change 

 Rating change 
CMP: INR957
TP: INR1,200 (+25%)
Buy
Steady performance; asset quality improves sequentially
Card spends showing resilience; PCR healthy at 78%

- SBICARD reported a steady 1QFY22, with a sharp beat in earnings, supported by lower provisions, as operating performance came in line. Overall spends/receivables witnessed a sequential decline due to the lockdown during Apr-May'21, while showing a gradual improvement from Jun'21 onwards. Margin too witnessed an expansion of ~160bp, led by an improving loan mix, while fee income stood largely stable QoQ.
- Asset quality ratios saw a significant improvement, led by higher write-offs, while the RBI RE book declined to INR13.8b (6% of loans v/s 8% in 4QFY21). It has provided a further 65%/100% on 30-90/90 days delinquent RBI RE book. This, along with a strong PCR (~78%) and management overlay provisions of INR2.58b, should keep credit cost under control. We increase our FY22E/FY23E estimates by 11%/19%. **We maintain our Buy rating.**

Improving revenue profile; margin expands 160bp QoQ to 14.8%

- SBICARD reported a PAT of INR3b (-23% YoY/+74% QoQ), supported by lower opex and provisions, which declined by 9% each QoQ. Provisions in 1QFY22 stood at INR6.4b. Despite elevated credit cost of ~10%, it reported a robust RoA/RoE of 4.5%/18.7%.
- NII fell 18.7% YoY, but grew 12% QoQ aided by a 160bp QoQ margin expansion to 14.8%. Income from fees and services was stable QoQ at INR11b (+65% YoY on a low base). Total income grew 16% YoY to INR22.2b, while controlled opex resulted in a PPOP of INR10.5b (in line).
- Cards in force grew 14% YoY to ~12m. New account sourcing stood at 609k in 1QFY22 (+111% YoY) v/s 719k in 4QFY21. The open market channel contributed ~62% of new card sourcing and is ~57% of its overall card base.
- Overall spends grew 74% YoY (8% QoQ decline), within which Retail/Corporate spends grew 63%/150% YoY (-9%/+1% QoQ). As economic activity picks up and restrictions ease, spends are likely to pick up gradually, with a strong traction being witnessed in online spends. Online Retail spends form ~55% of total Retail spends.
- Total receivables grew 5% YoY (-2.7% QoQ) to INR244.4b. The receivable mix showed a marginal increase in EMI/Revolver book and a decline in Transactor book, which led to an expansion in yields, thereby supporting margin. Receivables per card continues to decline and stood ~INR20k.
- SBICARD saw a significant improvement in asset quality, with GNPA/NNPA ratio declining to 3.91%/0.88% v/s 4.99%/1.15% in 4QFY21. PCR remains stable ~78%. The RBI RE book fell to INR13.8b (6% of loans), despite additions of INR2.57b on account of RBI RE 2.0 and supported by higher write-offs. About 24%/17% of the RBI RE book is over 90/30-90 days delinquent (100%/65% provided). It further holds management overlay provisions of INR2.58b.

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Bloomberg	SBICARD IN
Equity Shares (m)	941
M.Cap.(INRb)/(USD\$b)	900.6 / 12.1
52-Week Range (INR)	1149 / 724
1, 6, 12 Rel. Per (%)	1/-16/-10
12M Avg Val (INR M)	2447
Free float (%)	30.5

Financials & Valuations (INR b)

Y/E MARCH	FY21	FY22E	FY23E
NII	38.8	40.1	51.3
OP	40.2	44.5	59.8
NP	9.8	16.6	27.6
NIM (%)	15.8	14.8	15.7
EPS (INR)	10.5	17.7	29.4
EPS Gr. (%)	(25.3)	68.8	66.2
BV/Sh. (INR)	67.0	82.9	109.9
ABV/Sh. (INR)	64.9	80.8	107.9
Ratios			
RoE (%)	16.9	23.6	30.5
RoA (%)	3.8	5.7	7.9
Valuations			
P/E(X)	91.3	54.1	32.6
P/BV (X)	14.3	11.5	8.7
P/ABV (X)	14.7	11.8	8.9

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	69.4	69.4	69.6
DII	6.0	3.9	3.8
FII	8.6	5.8	4.1
Others	16.0	20.9	22.6

FII Includes depository receipts

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Highlights from the management commentary

- As it purges its RBI RE book, the mix of Revolver book is likely to improve, which would result in margin expansion. Under BAU, the target is to keep the loan mix balanced at one-third between Revolver, Transactor, and EMI.
- Scope for further reduction in the cost of funds seems difficult and appears to have bottomed out. The cost of funds is likely to remain low in the near term.
- RBI RE under 2.0 stood at INR2.58b (primarily approved in Jun'21). Restructuring requests have come down in Jul'21.

Valuations and view

SBICARD reported a steady 1QFY22, amid a challenging environment, supported by lower provisions. Spends have started showing a gradual improvement from Jun'21. The same is likely to rise further, as economic activity picks up and restrictions ease. The gradual decline in the RBI RE book, increase in the Revolver mix, and controlled funding cost would support margin over the medium term. Asset quality saw an improvement over 1QFY22, with the RBI RE book declining to 6% of loans. We estimate loan book/earnings CAGR of 20%/68% over FY21-23E as a strong PCR (~78%) and management overlay provisions of INR2.58b should help keep credit cost under control. We estimate RoA/RoE to improve to 7.9%/30.5% in FY23E. **We maintain our Buy rating with an unchanged TP of INR1,200/share (41x FY23E EPS).**

Quarterly performance

(INR m)

	FY21				FY22				FY21	FY22E	FY22E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Interest Income	11,375	10,112	9,071	8,284	9,244	9,695	10,296	10,826	38,843	40,060	9,075	1.9
Change (YoY, %)	52.2	20.0	-3.1	-18.3	-18.7	-4.1	13.5	30.7	9.7	3.1	-20.2	
Other Income	7,808	12,373	13,717	13,961	12,975	13,678	14,818	15,521	47,859	56,992	12,401	4.6
Total Income	19,183	22,486	22,788	22,245	22,219	23,373	25,113	26,347	86,702	97,052	21,476	3.5
Operating Expenses	9,047	11,086	13,477	12,854	11,680	12,399	13,870	14,590	46,465	52,539	11,099	5.2
Operating Profit	10,136	11,399	9,311	9,391	10,540	10,973	11,243	11,757	40,237	44,513	10,377	1.6
Change (YoY, %)	9.1	37.2	-3.0	-1.2	4.0	-3.7	20.7	25.2	9.6	10.6	2.4	
Provisions	4,853	8,617	6,483	7,047	6,437	5,902	5,346	4,588	27,000	22,273	7,343	-12.3
Profit before Tax	5,283	2,782	2,829	2,344	4,103	5,071	5,898	7,169	13,237	22,240	3,034	35.2
Tax	1,350	720	732	590	1,057	1,283	1,486	1,778	3,392	5,605	761	38.8
Net Profit	3,933	2,061	2,097	1,754	3,046	3,788	4,411	5,390	9,845	16,636	2,272	34.1
Change (YoY, %)	13.8	-45.9	-51.8	110.0	-22.5	83.8	110.4	207.3	-20.9	69.0	-42.2	
Operating Parameters												
Loan (INR b)	219.2	219.3	237.0	234.6	230.4	245.1	255.7	269.8	234.6	269.8	238	-3.2
Loan Growth (%)	7.2	-1.6	-1.0	2.8	5.1	11.8	7.9	15.0	2.8	15.0	8.6	-3.5
Asset Quality												
Gross NPA (%)	1.4	4.3	1.6	5.0	3.9	3.8	3.6	3.5	5.0	3.5	6.0	-2.1
Net NPA (%)	0.4	1.5	0.6	1.2	0.9	0.9	0.9	1.0	1.2	1.0	1.4	-0.5
PCR (%)	68.3	65.6	65.6	77.9	78.2	77.0	76.5	71.2	77.9	71.2	77.5	0.7

Quarterly snapshot

	FY20				FY21				FY22	Change (%)			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	YoY	QoQ		
Profit & Loss (INR m)													
Interest Income	10,492	11,623	12,815	13,482	14,121	12,754	11,681	10,721	11,535	-18	8		
Interest Expenses	3,019	3,193	3,452	3,344	2,746	2,642	2,609	2,437	2,290	-17	-6		
Net Interest Income	7,473	8,430	9,363	10,138	11,375	10,112	9,071	8,284	9,244	-19	12		
Other Income	12,535	12,139	12,817	11,622	7,808	12,373	13,717	13,961	12,975	66	-7		
Fee Income	9,155	10,223	10,814	9,594	6,677	10,193	11,068	11,138	10,987	65	-1		
Others	3,380	1,916	2,003	2,028	1,131	2,180	2,649	2,822	1,988	76	-30		
Total Income	20,008	20,569	22,180	21,760	19,183	22,486	22,788	22,245	22,219	16	0		
Operating Expenses	10,716	12,259	12,585	12,257	9,047	11,086	13,477	12,854	11,680	29	-9		
Employee	1,044	1,042	1,242	1,334	1,121	1,222	1,312	1,262	1,164	4	-8		
Others	9,672	11,217	11,343	10,923	7,926	9,865	12,165	11,592	10,516	33	-9		
Operating Profit	9,292	8,310	9,595	9,503	10,136	11,399	9,311	9,391	10,540	4	12		
Provisions	3,966	3,292	3,763	8,382	4,853	8,617	6,483	7,047	6,437	33	-9		
PBT	5,325	5,018	5,832	1,121	5,283	2,782	2,829	2,344	4,103	-22	75		
Taxes	1,869	1,208	1,485	285	1,350	720	732	590	1,057	-22	79		
PAT	3,456	3,810	4,347	835	3,933	2,061	2,097	1,754	3,046	-23	74		
Balance Sheet (INR b)													
Loans	2,04,570	2,22,795	2,39,332	2,28,116	2,19,210	2,19,254	2,36,960	2,34,591	2,30,410	5	-2		
Asset Quality (INR b)													
GNPA	5,690	5,378	6,117	4,844	3,150	10,287	4,146	12,532	9,555	203	-24		
NNPA	1,593	1,774	2,021	1,589	1,000	3,539	1,426	2,770	2,083	108	-25		
Ratios													
										Change (bp)			
Asset Quality Ratios (%)													
										YoY		QoQ	
GNPA	2.7	2.3	2.5	2.0	1.4	4.3	1.6	5.0	3.9	256	-108		
NNPA	0.8	0.8	0.8	0.7	0.4	1.5	0.6	1.2	0.9	45	-27		
PCR (Calc.)	72.0	67.0	67.0	67.2	68.3	65.6	65.6	77.9	78.2	995	30		
Credit Cost	8.0	5.9	6.3	13.7	8.2	14.6	10.4	11.1	10.4	220	-70		
ECL	3.6	3.3	3.4	5.5	6.0	8.6	8.0	6.6	5.7	-30	-90		
Business Ratios (%)													
Fees-to-Total Income	45.8	49.7	48.8	44.1	34.8	45.3	48.6	50.1	49.4	1,464	-62		
Cost-to-Income	53.6	59.6	56.7	56.3	47.2	49.3	59.1	57.8	52.6	540	-522		
Tax Rate	35.1	24.1	25.5	25.5	25.6	25.9	25.9	25.2	25.8	21	60		
Profitability Ratios (%)													
Yield on loans	21.2	20.8	21.3	22.2	23.9	21.4	18.6	17.1	18.5	-540	140		
Cost of borrowings	8.2	7.6	7.6	7.4	6.6	6.6	6.1	5.5	5.2	-140	-30		
Spreads	13.0	13.2	13.7	14.8	17.3	14.8	12.5	11.6	13.3	-400	170		
Margin	15.1	15.1	15.5	16.7	19.2	17.0	14.5	13.2	14.8	-440	160		
RoA	6.5	6.5	0.0	1.3	6.3	3.4	3.3	2.6	4.5	-180	190		
RoE	36.1	36.3	0.0	6.5	28.3	14.1	13.8	11.2	18.7	-960	750		
										Change (%)			
Other Details													
No. of Cards (in m)	8.8	9.5	10.0	10.5	10.6	11.0	11.5	11.8	12.0	13	2		
Spends (INR b)	301.7	331.8	351.4	324.3	190.9	295.9	378.0	359.4	332.6	74	-7		



Highlights from the management commentary

Business related

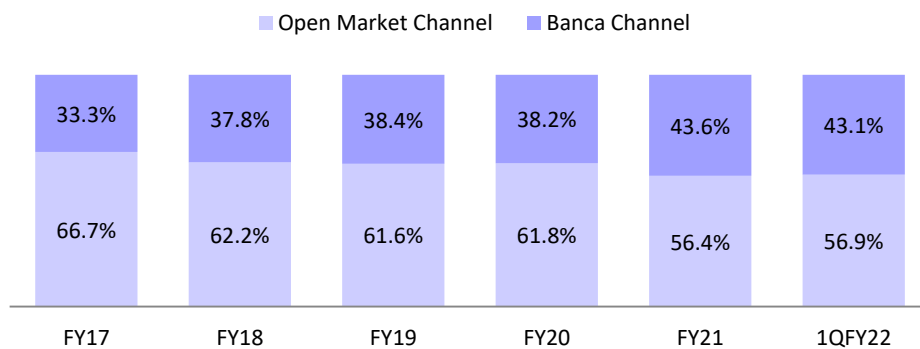
- SBICARD witnessed a revival in business from Jun'21, which is continuing in Jul'21 as well.
- Scope for further reduction in the cost of funds seems difficult, hence rates have bottomed out. The cost of funds is likely to remain low in the near term.
- **As it purges its RBI RE book, the mix of Revolver book is likely to improve.** Under business as usual (BAU), the target is to keep the loan mix at one-third between Revolver, Transactor, and EMI.
- **As the Revolver book inches up, yields are likely to improve, which would result in an expansion in margin, with the cost of funds remaining stable.**
- Consumer demand for converting spends into EMI for large ticket products remains strong. The subvention scheme also aids in driving this book.
- **Tier III and IV contributed significantly in FY21.** In 1QFY22, the Banca channel got impacted, which resulted in lesser sourcing. The sourcing from Tier I and II have increased in 1QFY22.
- Spends per card for the banca customer was slightly lower than open market sourced customers.
- The timeline for a customer to mature (i.e. increase spends and build a book) is relative higher from Tier III/IV as compared to Tier I/II.
- Around 20% of sourcing comes from YONO.
- About 10% of new spends gets converted into the EMI book.
- Duration of the Revolver book stands at 3-4 months.
- Co-branded cards form a significant portion of open market sourcing.
- The acquisition cost of customers sourced from the open market is relatively higher from the Banca channel.

Asset quality related

- SBICARD carries management overlay provisions of INR2.58b as of Jun'21.
- **RBI RE book:** About 60% of the RBI RE book are less than 30 days delinquent. It has provided 65%/100% on 30-90/over 90 days (17%/24%) delinquent. It overall carries 35% provisions on the RBI RE book.
- Credit filters have been further tightened, which is resulting in the building of a superior book.
- RBI RE under 2.0 stood at INR2.58b (primarily approved in Jun'21).
- **Restructuring requests have come down in Jul'21.**
- Of the total reduction of INR7.89b from the RBI RE book, the bulk (INR6.47b) was written off.
- Credit cost is likely to gradually moderate going forward, provided there is no third COVID wave.
- EPP book stands ~INR3b.

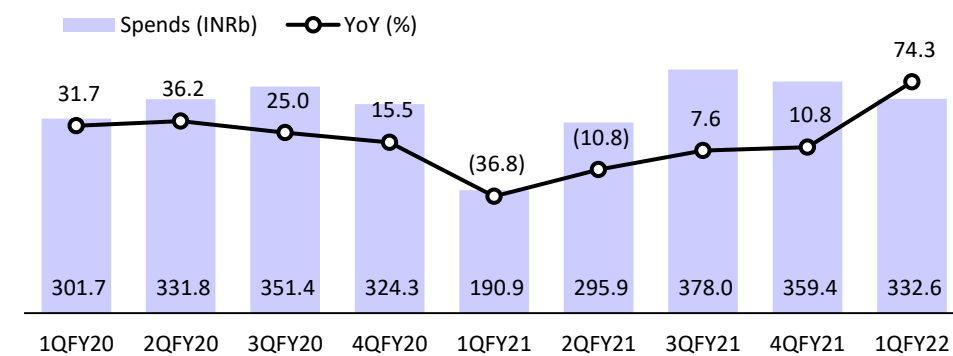
Key exhibits

Exhibit 1: Acquires ~57% of outstanding cards via the open market channel (%)



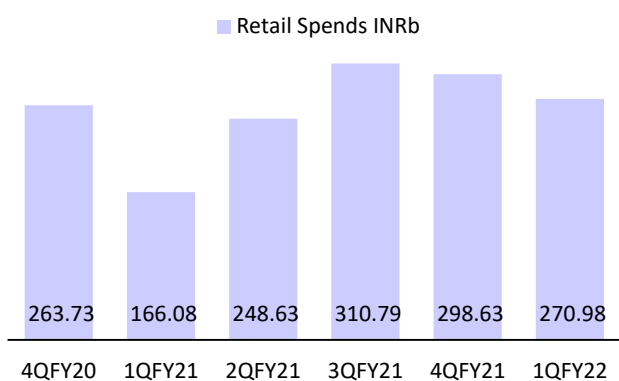
Source: MOFSL, Company

Exhibit 2: Spends grew 74% YoY on a low base (-7.5% QoQ)



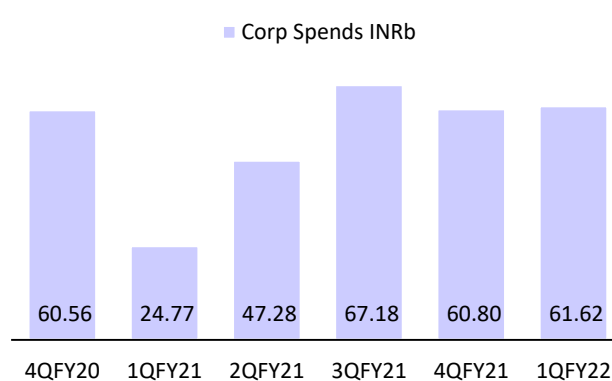
Source: MOFSL, Company

Exhibit 3: Retail spends stood at INR271b



Source: MOFSL, Company, RBI

Exhibit 4: Corporate spends remain strong at INR61.6b



Source: MOFSL, Company, RBI

Exhibit 5: Online spends comprise ~55% of Retail spends

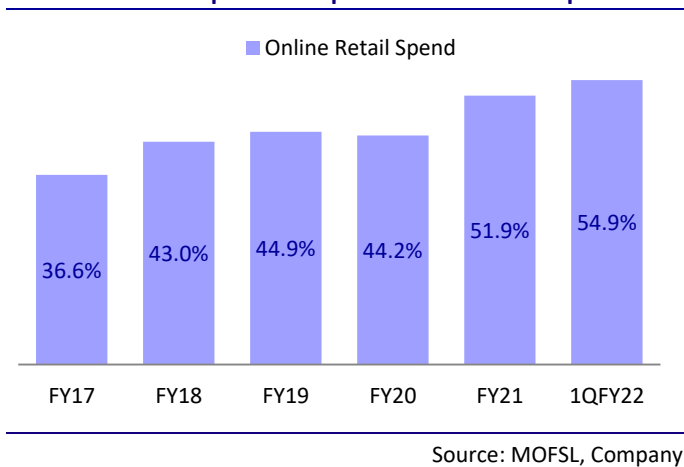
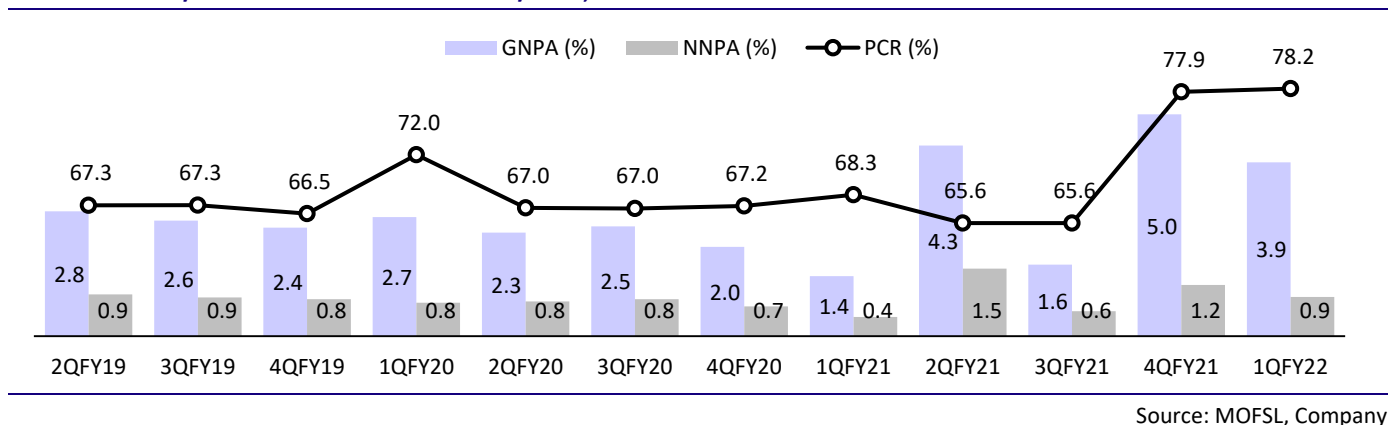


Exhibit 6: Category-wise spends

Spend category	Growth in total	Growth in online	Growth in POS
Category 1	1%	4%	(7%)
Departmental Stores, Health, Utilities			
Education and Direct Marketing			
Category 2	(28%)	(52%)	(15%)
Consumer Durables, Furnishing, and Hardware			
Category 3	(10%)	221%	(48%)
Apparels and Jewelry			
Category 4	(48%)	(47%)	(50%)
Travel agents, Hotels, Airline, Railways			
Restaurants and Entertainment			

*% growth in 1QFY22 over 4QFY21 Source: MOFSL, Company, RBI

Exhibit 7: GNPA/NNPA ratio declines to ~3.9%/0.9%, with PCR stable ~78%

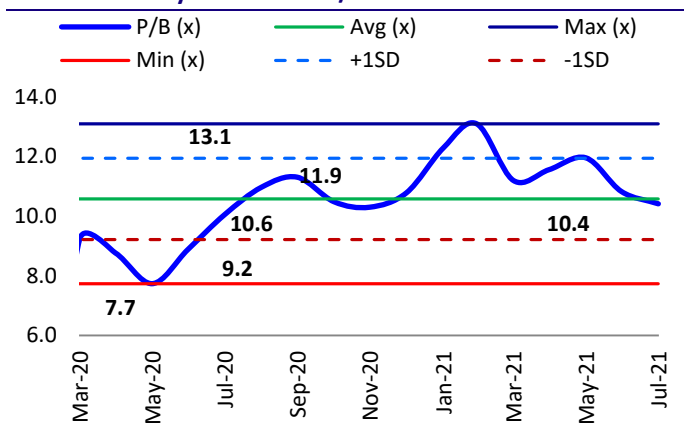


Valuations and view

- SBICARD has strengthened its position as the second largest card player in the country, with a market share of ~19% each in outstanding cards and overall spends. It has an outstanding card base of ~12m and has doubled its card base over the past three years at an average incremental market share of 23% (~39% over 2MFY22). The company is also the market leader in terms of open market sourcing and is the largest co-branded card issuer in India.
- It has access to parent SBIN's vast network of ~22k branches and customer base of ~450m, along with strong open market sourcing capabilities. On account of a robust distribution and co-branded channels, it is well-placed to capitalize on growth opportunities, as the market remains significantly underpenetrated. The management said incremental sourcing is likely to be higher from the Banca channel, which provides better underwriting risk and enables lower opex.
- Asset quality ratios witnessed a significant improvement, led by higher write-offs, while the RBI RE book declined to INR13.8b (6% of loans v/s 8% in 4QFY21). It has provided a further 65%/100% on 30-90/90 day delinquent RBI RE book. This, along with a strong PCR (~78%) and management overlay provisions of INR2.58b, should keep credit cost under control. We estimate GNPA/NNPA of 2.9%/0.8% by FY23E, while PCR should sustain ~74%.

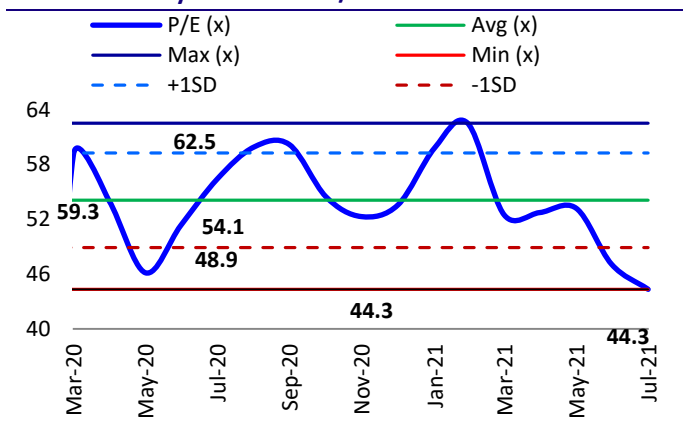
- A higher proportion of interest earning book, moderation in credit cost, and higher fee income will remain the key earnings driver. We expect SBICARD to report 68% earnings CAGR over FY21-23E.
- **Buy with a TP of INR1,200/share:** SBICARD reported a steady 1QFY22, amid a challenging environment, supported by lower provisions. Spends have started showing a gradual improvement from Jun’21. The same is likely to rise further, as economic activity picks up and restrictions ease. The gradual decline in the RBI RE book, increase in the Revolver mix, and controlled funding cost would support margin over the medium term. Asset quality saw an improvement over 1QFY22, with the RBI RE book declining to 6% of loans. We estimate loan book/earnings CAGR of 20%/68% over FY21-23E as a strong PCR (~78%) and management overlay provisions of INR2.58b should help keep credit cost under control. We estimate RoA/RoE to improve to 7.9%/30.5% in FY23E. **We maintain our Buy rating with an unchanged TP of INR1,200/share (41x FY23E EPS).**

Exhibit 8: One-year forward P/B



Source: MOFSL, Company

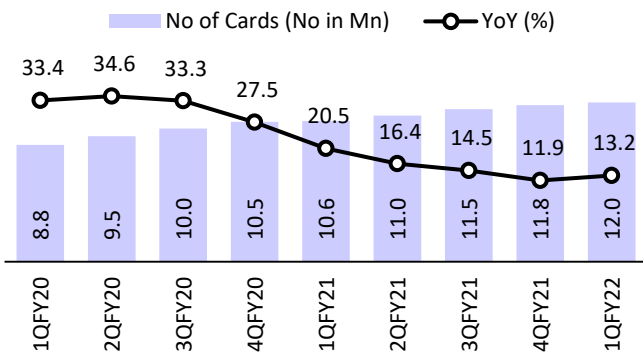
Exhibit 9: One-year forward P/E



Source: MOFSL, Company

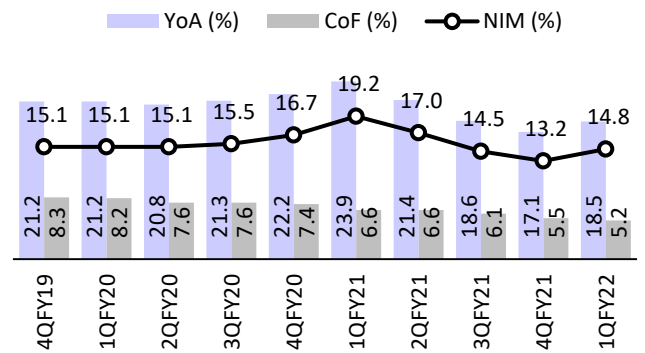
Story in charts

Exhibit 10: Number of cards grew 13% YoY to 12m



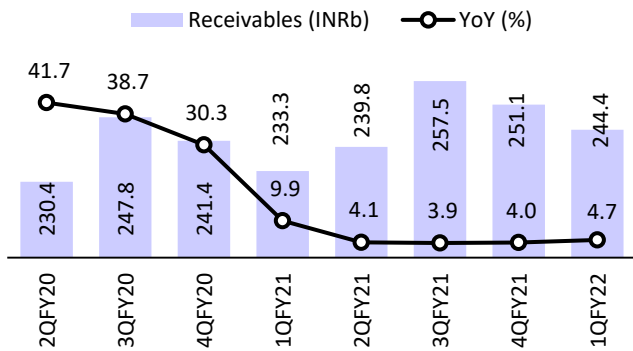
Source: MOFSL, Company

Exhibit 11: Margin improves by 160bp QoQ to 14.8%



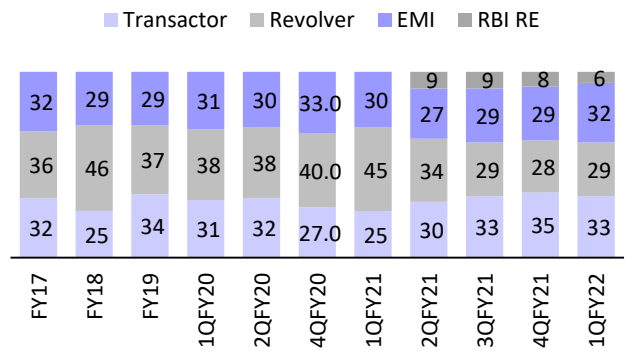
Source: MOFSL, Company

Exhibit 12: Receivables grew 4.7% YoY to ~INR244b



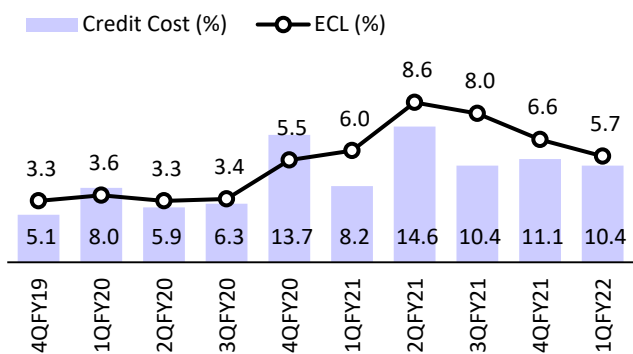
Source: MOFSL, Company

Exhibit 13: Receivable mix: EMI mix rose to 32% and revolver share increases marginally to 29%



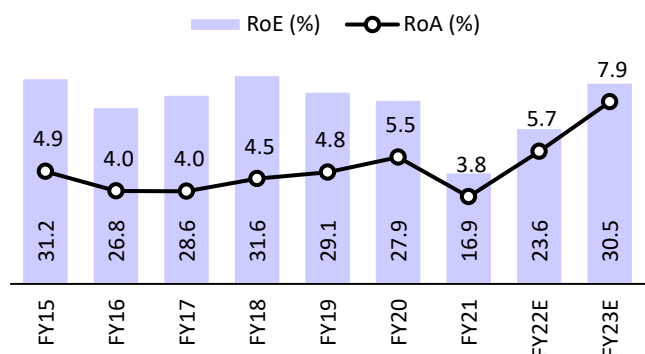
Source: MOFSL, Company

Exhibit 14: Credit cost/ECL stood at 10.4%/5.7%



Source: MOFSL, Company

Exhibit 15: RoE/RoA to remain strong at 7.9%/30.5% in FY23E



Source: MOFSL, Company

Exhibit 16: DuPont Analysis – return ratios to remain robust

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	19.53	20.25	20.87	19.96	21.30	18.84	17.29	18.12
Interest Expense	6.09	5.67	5.38	5.63	5.72	3.99	3.50	3.50
Net Interest Income	13.44	14.59	15.49	14.32	15.58	14.85	13.79	14.62
Fee Income	13.21	14.07	16.46	17.15	17.51	14.94	16.46	16.94
Trading and others	2.51	2.91	3.27	3.57	4.10	3.36	3.16	3.20
Non-Interest income	15.72	16.98	19.74	20.71	21.61	18.30	19.62	20.14
Total Income	29.16	31.56	35.23	35.04	37.19	33.15	33.41	34.76
Operating Expenses	19.17	19.73	22.22	21.18	21.04	17.76	18.09	17.73
Employee cost	1.12	1.02	1.46	2.12	2.06	1.88	1.83	1.78
Others	18.05	18.70	20.76	19.07	18.98	15.88	16.26	15.95
Operating Profit	9.99	11.84	13.00	13.86	16.15	15.38	15.32	17.03
Provisions	3.79	5.71	6.05	6.41	8.54	10.32	7.67	6.51
NPA	0.00	4.73	4.52	5.21	5.40	9.36	5.81	5.11
Others	3.79	0.98	1.53	1.19	3.14	0.96	1.86	1.39
PBT	6.20	6.13	6.95	7.45	7.61	5.06	7.66	10.53
Tax	2.18	2.13	2.41	2.62	2.13	1.30	1.93	2.65
RoA	4.02	4.00	4.55	4.83	5.48	3.76	5.73	7.87
Leverage (x)	6.7	7.2	7.0	6.0	5.1	4.5	4.1	3.9
RoE	26.8	28.6	31.6	29.1	27.9	16.9	23.6	30.5

Financials and valuations

Income Statement						(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Interest Income	18,882	27,600	35,757	48,413	49,277	50,215	63,640
Interest Expense	5,284	7,115	10,094	13,009	10,434	10,155	12,304
Net Interest Income	13,597	20,485	25,664	35,404	38,843	40,060	51,336
Growth (%)	43.1	50.7	25.3	38.0	9.7	3.1	28.1
Non-Interest Income	15,829	26,102	37,111	49,110	47,859	56,992	70,735
Total Income	29,426	46,587	62,775	84,514	86,702	97,052	1,22,071
Growth (%)	42.7	58.3	34.7	34.6	2.6	11.9	25.8
Operating Expenses	18,390	29,393	37,947	47,815	46,465	52,539	62,266
Pre Provision Profit	11,036	17,194	24,828	36,699	40,237	44,513	59,805
Growth (%)	56.3	55.8	44.4	47.8	9.6	10.6	34.4
Provisions (excl. tax)	5,320	8,001	11,477	19,402	27,000	22,273	22,845
PBT	5,716	9,193	13,351	17,296	13,237	22,240	36,960
Tax	1,988	3,182	4,701	4,848	3,392	5,605	9,314
Tax Rate (%)	34.8	34.6	35.2	28.0	25.6	25.2	25.2
PAT	3,729	6,011	8,650	12,448	9,845	16,636	27,646
Growth (%)	31.3	61.2	43.9	43.9	-20.9	69.0	66.2
OCI	(14)	(18)	(31)	(31)	128	-	-
Total Comprehensive Income	3,714	5,993	8,618	12,417	9,973	16,636	27,646
Growth (%)	30.8	61.4	43.8	44.1	-19.7	66.8	66.2

Balance Sheet

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Share Capital	7,850	7,850	8,372	9,390	9,405	9,405	9,405
Reserves and Surplus	6,638	15,681	27,506	44,023	53,615	68,550	93,928
Net Worth	14,488	23,531	35,878	53,412	63,020	77,955	1,03,334
Borrowings	82,684	1,14,128	1,35,494	1,73,649	1,80,680	2,02,527	2,53,159
Other Liabilities and Prov.	10,478	19,201	30,090	25,966	26,428	30,392	34,951
Total Liabilities	1,07,650	1,56,860	2,01,462	2,53,028	2,70,129	3,10,875	3,91,444
Current Assets	2,829	4,727	7,768	6,760	7,181	7,720	8,260
Investments	0	0	15	15	9,576	10,533	12,113
Growth (%)	NA	NA	NA	0.0	65,347.3	10.0	15.0
Loans	99,829	1,40,455	1,79,087	2,28,116	2,34,591	2,69,780	3,39,923
Growth (%)	35.0	40.7	27.5	27.4	2.8	15.0	26.0
Fixed Assets	238	2,768	2,164	3,346	3,182	3,341	3,608
Other Assets	4,753	8,910	12,428	14,791	15,599	19,501	27,540
Total Assets	1,07,650	1,56,860	2,01,462	2,53,028	2,70,129	3,10,875	3,91,444

Asset Quality

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
GNPA (INR m)	2,409	4,125	4,529	4,844	12,532	9,673	10,211
NNPA (INR m)	773	1,348	1,518	1,589	2,770	2,785	2,667
GNPA Ratio	2.3	2.8	2.4	2.0	5.0	3.5	2.9
NNPA Ratio	0.8	0.9	0.8	0.7	1.2	1.0	0.8
Slippage Ratio	0.6	3.1	5.9	5.9	7.0	6.6	5.5
Credit Cost	6.1	6.4	6.2	9.1	11.0	8.3	7.0
PCR (excl. tech. write off)	67.9	67.3	66.5	67.2	77.9	71.2	73.9

Financials and valuations

Business metrics

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Total no. of Cards (in m)	4.6	6.3	8.3	10.5	11.8	13.6	16.4
Total spends (INR b)	438.5	770.2	1,036.0	1,314.5	1,224.2	1,420.0	1,775.0
Spends per card (INR k)	96.0	123.1	125.3	124.6	103.7	104.6	108.1
Loans per card (INR)	21,849	22,443	21,651	21,628	19,881	19,881	20,702
Loans as a percentage of spends	22.8	18.2	17.3	17.4	19.2	19.0	19.2
Fee income earned per card	2,871	3,479	3,714	3,772	3,312	3,524	3,623

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Yield and Cost Ratios (%)							
Avg. Yield on loans	21.7	22.2	21.6	22.7	20.0	18.6	19.5
Avg. Cost of Borrowings	7.4	7.2	8.1	8.4	5.9	5.3	5.4
Interest Spread	14.3	15.0	13.5	14.3	14.1	13.3	14.1
Net Interest Margin	15.6	16.5	15.5	16.6	15.8	14.8	15.7

Capitalization Ratios (%)

Tier I	11.3	12.4	14.9	17.7	20.9	22.0	23.0
Tier II	4.4	5.9	5.3	4.7	3.9	3.7	2.8
CAR	15.7	18.3	20.1	22.4	24.8	25.8	25.8

Asset-Liability Profile (%)

Cost/Assets	19.7	22.2	21.2	21.0	17.8	18.1	17.7
Cost/Total Income	62.5	63.1	60.4	56.6	53.6	54.1	51.0
Int. Expense/Int. Income	28.0	25.8	28.2	26.9	21.2	20.2	19.3
Fee Income/Total Income	44.6	46.7	48.9	47.1	45.1	49.3	48.7
Non Int. Inc./Total Income	53.8	56.0	59.1	58.1	55.2	58.7	57.9
Empl. Cost/Total Expense	5.2	6.6	10.0	9.8	10.6	10.1	10.1

Valuation

RoE	28.6	31.6	29.1	27.9	16.9	23.6	30.5
RoA	4.0	4.5	4.8	5.5	3.8	5.7	7.9
RoRWA	3.7	4.8	5.2	5.9	4.0	6.0	7.9
Book Value (INR)	18.5	30.0	42.9	56.9	67.0	82.9	109.9
Growth (%)	25.4	62.4	43.0	32.7	17.8	23.7	32.6
Price-to-BV (x)	51.9	31.9	22.3	16.8	14.3	11.5	8.7
Adjusted BV (INR)	17.8	28.8	41.6	55.7	64.9	80.8	107.9
Price-to-ABV (x)	53.9	33.3	23.0	17.2	14.7	11.8	8.9
EPS (INR)	4.7	7.7	10.7	14.0	10.5	17.7	29.4
Growth (%)	31.3	61.2	39.3	31.4	-25.3	68.8	66.2
Price-to-Earnings (x)	201.5	125.0	89.7	68.3	91.3	54.1	32.6
Dividend Per Sh. (INR)	1.2	-	1.2	0.0	0.6	1.8	2.4
Dividend Yield (%)	0.1	0.0	0.1	0.0	0.1	0.2	0.3

E: MOSL estimates

NOTES

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Investment Rating	Expected return (over 12-month)
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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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