

SBI Cards

Estimate change

TP change

Rating change



Bloomberg	SBICARD IN
Equity Shares (m)	946
M.Cap.(INRb)/(USD\$)	713.7 / 8.6
52-Week Range (INR)	933 / 679
1, 6, 12 Rel. Per (%)	6/-22/-29
12M Avg Val (INR M)	1266

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
NII	53.3	66.6	88.2
OP	65.2	81.1	102.9
NP	24.1	30.1	40.0
NIM (%)	11.5	11.5	12.2
EPS (INR)	25.4	31.7	42.1
EPS Gr. (%)	6.2	24.7	33.0
BV/Sh. (INR)	127	156	195
ABV/Sh. (INR)	123	152	190

Ratios

RoE (%)	22.0	22.4	24.0
RoA (%)	4.6	4.6	5.0

Valuations

P/E(X)	29.5	23.7	17.8
P/BV (X)	5.9	4.8	3.8
P/ABV (X)	6.1	4.9	3.9

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	68.6	68.8	69.0
DII	16.7	16.3	17.5
FII	8.6	9.4	8.5
Others	6.1	5.6	5.1

FII Includes depository receipts

CMP: INR750

TP: INR850 (+13%)

Neutral

Low opex aids earnings; credit cost stays high

NIM contracts sharply by 39bp QoQ

- SBI Cards (SBICARD) reported a healthy beat on PAT in 4QFY24 amid lower opex (20% lower than our estimate). PAT jumped 21% QoQ to INR6.6b, while NII inched up 2% QoQ (in line).
- Margin declined 39bp QoQ to 10.9% on the back of a sharp decline in yields on a quarterly average basis. The share of revolver mix improved to 24% vs. 23% in 3Q, while EMI mix declined to 37% vs. 38% in 3Q. Spending growth decelerated by 18% QoQ, as corporate spending declined 35% YoY after recent RBI guidelines. Retail spending, however, grew 25% YoY.
- Asset quality remained under pressure, with GNPA/NNPA ratios increasing 12bp/2bp QoQ to 2.76%/0.99%. The drop in corporate spending led to a decline in overall opex, and as a result RoA/RoE improved to 4.7%/22.2%.
- We further cut our FY25E/FY26E EPS by 7%/8%, factoring in sharp margin pressure and elevated credit costs. **We maintain Neutral with a TP of INR850 (premised on 20x FY26E EPS).**

Corporate spending declines sharply; C/I ratio moderates ~8.8% QoQ

- SBICARD reported an 18% beat on PAT at INR6.62b (up 21% QoQ), as opex came in 20% lower than our estimates due to seasonality and lower corporate spending. However, it was partly offset by lower other income. Gross credit costs/ECL came in high at 7.6%/3.5% in 4QFY24.
- NII rose 21% YoY/2% QoQ to INR14.1b (in line). Margins declined 39bp QoQ to 10.9%, owing to a sharp decline in yields by 45bp and elevated borrowing costs. The revolver mix improved to 24%, while EMI declined to 37%. CoF is expected to stay elevated in 1Q amid the impact of an increase in RWA, while the nominal increase should be absorbed through transmission to the asset side.
- Fee income declined 13% QoQ and formed 53% of total income. Opex was also down 3% YoY/21% QoQ at INR19.1b (20% lower than our estimate). Thus, PPop rose 28% YoY (8% above our estimate). The C/I ratio declined to 51% vs. 60% in 3Q and 57% in 2Q.
- Cards-in-force rose 13% YoY/2% QoQ to 18.9m. New card sourcing declined 6% QoQ to ~1m (-25% YoY), with the open market channel contributing 56% to total sourcing (58% on an outstanding basis).
- Spending growth moderated to 11% YoY as corporate spending declined 35% YoY amid seasonality and partly due to revised guidelines by the RBI. Retail spending grew strongly by 25% YoY. Receivables grew at a healthy pace of 4% QoQ (+25% YoY).
- GNPA/NNPA ratios increased 12bp/3bp QoQ to 2.76%/0.99%. PCR improved to 64.9% in 4Q.

Highlights from the management commentary

- The cost of fund (CoF) will marginally increase in 1QFY25 but the company feels comfortable to absorb this nominal increase through a slight improvement in asset yields, thus maintaining stable margins.
- Gross credit cost stood at 7.6% in 4Q vs. 7.5% in 3Q. The company expects the average credit cost for FY24-25 to be lower than the current levels but may prevail above 7%.
- NIMs are expected to remain flat depending on how soon the bank will be able to transfer the cost of funds to the asset side.

Valuation and view

SBICARD reported a mixed quarter as lower opex led to an earnings beat but margins and asset quality remained under pressure. Spending growth moderated due to a sharp decline in corporate spending; however, the management expects to recover this in the near term. The mix of revolvers and EMI loans remains sticky. The management indicated that the recent tightening in interest rates, along with the impact of risk weights and asset quality pressure, will keep funding costs elevated at ~7%. The reversal in the rate cycle and improvement in the revolver mix remain the key triggers, though they appear to be a few quarters away from now. We further cut our FY25E/FY26E EPS by 7%/8%, factoring in NIM pressure and high credit costs. **We maintain Neutral with a TP of INR850 (premised on 20x FY26E EPS).**

Quarterly performance**(INR b)**

	FY23				FY24				FY24	FY24E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		4QE	Est
Net Interest Income	10.8	11.2	11.4	11.7	12.3	13.0	13.9	14.1	53.3	14.5	-2.3
% Change (Y-o-Y)	16.7	21.5	14.9	16.7	14.3	16.1	21.2	21.4	21.1	24.3	
Other Income	18.8	19.7	20.5	22.4	22.4	23.2	26.6	23.4	95.6	26.6	-12.3
Total Income	29.5	30.9	31.9	34.1	34.8	36.2	40.5	37.5	148.9	41.1	-8.8
Operating Expenses	16.6	18.3	19.7	19.8	19.6	20.7	24.3	19.2	83.7	24.1	-20.4
Operating Profit	12.9	12.5	12.2	14.3	15.2	15.5	16.2	18.3	65.2	17.0	7.8
% Change (Y-o-Y)	22.5	18.3	6.4	22.0	17.3	23.9	33.1	28.2	25.6	18.9	
Provisions	4.5	5.5	5.3	6.3	7.2	7.4	8.8	9.4	32.9	9.4	0.0
Profit before Tax	8.4	7.1	6.8	8.0	8.0	8.1	7.4	8.9	32.3	7.6	17.5
Tax	2.1	1.8	1.7	2.0	2.0	2.1	1.9	2.3	8.2	1.9	17.5
Net Profit	6.3	5.3	5.1	6.0	5.9	6.0	5.5	6.6	24.1	5.6	17.5
% Change (Y-o-Y)	105.8	52.4	32.1	2.7	-5.4	14.7	7.8	11.0	6.7	-5.5	
Operating Parameters											
Loan (INRb)	320.8	365.0	373.5	393.6	418.1	435.6	471.6	490.8	490.8	501.5	
Loan Growth (%)	39.2	43.7	33.6	30.4	30.3	19.3	26.3	24.7	24.7	27.4	
Asset Quality											
Gross NPA (%)	2.2	2.1	2.2	2.4	2.4	2.4	2.6	2.8	2.8	2.8	
Net NPA (%)	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0	
PCR (%)	65.1	64.0	64.2	63.6	63.8	64.1	64.1	64.9	64.8	64.7	

Quarterly snapshot

Profit and Loss (INR m)	FY23				FY24E				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Interest Income	13,873	14,845	16,089	16,724	18,042	19,018	20,825	21,387	28	3
Interest Expenses	3,084	3,677	4,643	5,073	5,711	6,049	6,955	7,238	43	4
Net Interest Income	10,789	11,168	11,446	11,651	12,332	12,969	13,870	14,148	21	2
Other Income	18,755	19,689	20,473	22,442	22,419	23,197	26,591	23,359	4	-12
Fee Income	15,380	16,108	16,697	17,857	18,981	19,739	22,929	19,997	12	-13
Others	3,376	3,581	3,776	4,585	3,438	3,457	3,662	3,362	-27	-8
Total Income	29,545	30,856	31,919	34,093	34,750	36,165	40,461	37,508	10	-7
Operating Expenses	16,633	18,340	19,745	19,799	19,599	20,656	24,256	19,182	-3	-21
Employee	1,386	1,290	1,421	1,521	1,453	1,478	1,444	1,322	-13	-8
Others	15,247	17,050	18,324	18,278	18,147	19,177	22,812	17,860	-2	-22
Operating Profits	12,912	12,517	12,174	14,294	15,151	15,510	16,205	18,326	28	13
Provisions	4,503	5,460	5,330	6,298	7,186	7,416	8,829	9,444	50	7
PBT	8,409	7,057	6,843	7,997	7,966	8,094	7,376	8,882	11	20
Taxes	2,140	1,800	1,749	2,032	2,033	2,064	1,885	2,258	11	20
PAT	6,269	5,256	5,095	5,965	5,933	6,030	5,491	6,624	11	21
Balance Sheet (INR b)										
Loans	3,20,790	3,64,998	3,73,540	3,93,610	4,18,130	4,35,565	4,71,640	4,90,790	25	4
Borrowings	2,47,920	2,81,864	2,94,030	3,11,096	3,29,570	3,40,832	3,80,090	3,98,911	28	5
Asset Quality (INR b)										
GNPA	7,440	8,074	8,575	9,570	10,428	10,954	12,896	14,033	47	9
NNPA	2,597	2,907	3,070	3,485	3,775	3,932	4,630	4,927	41	6
Ratios										
Asset Quality Ratios (%)										
GNPA	2.2	2.1	2.2	2.4	2.4	2.4	2.6	2.8	41	12
NNPA	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0	12	3
PCR (Calc.)	65.1	64.0	64.2	63.6	63.8	64.1	64.1	64.9	131	79
Credit Cost	5.6	6.2	5.6	6.3	6.9	6.8	7.5	7.7	140	21
ECL	3.4	3.3	3.3	3.3	3.4	3.4	3.5	3.5	20	0
Business Ratios (%)										
Fees to Total Income	52.1	52.2	52.3	52.4	54.6	54.6	56.7	53.3	94	-335
Cost to Income	56.3	59.4	61.9	58.1	56.4	57.1	59.9	51.1	-693	-881
Tax Rate	25.4	25.5	25.6	25.4	25.5	25.5	25.6	25.4	1	-14
Receivable Mix (%)										
Transactor	38.0	41.0	39.0	39.0	38.0	38.0	38.0	39.0	0	100
Revolver	26.0	24.0	24.0	24.0	24.0	24.0	23.0	24.0	0	100
EMI	35.0	35.0	37.0	37.0	38.0	38.0	38.0	37.0	0	-100
RBI RE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
Sourcing channel Mix (%)										
SBI	32.2	37.1	49.0	56.0	54.0	51.0	49.0	44.0	-1,200	-500
Open Market	67.8	62.9	51.0	44.0	46.0	49.0	51.0	56.0	1,200	500
Profitability Ratios (%)										
Yield on loans	17.1	16.4	16.4	16.7	16.9	16.8	17.2	16.8	10	-40
Cost of borrowings	5.1	5.4	6.3	6.7	7.1	7.1	7.6	7.4	70	-20
Spreads	12.0	11.0	10.1	10.0	9.8	9.7	9.6	9.4	-60	-20
Margins	13.2	12.3	11.6	11.5	11.5	11.3	11.3	10.9	-60	-40
RoA	7.0	5.4	4.8	5.0	5.1	4.9	4.1	4.7	-34	60
RoE	30.8	24.1	22.0	24.6	23.3	22.3	19.2	0.0	-2,460	-1,920
Other Details										
Change (%)										
No of Cards (No in Mn)	14.3	14.8	15.9	16.8	17.3	17.9	18.5	18.9	13	2
Spends (INRb)	596.7	623.1	688.4	716.9	739.1	791.6	968.6	796.5	11	-18
- Retail Spends (INRb)	454.9	509.0	545.6	555.2	583.5	614.5	735.2	691.9	25	-6
- Corporate Spends (INRb)	141.8	114.1	142.7	161.7	155.7	177.2	233.4	104.6	-35	-55



Highlights from the management commentary

Opening remarks

- Credit cards have been a significant contributor to the overall digital growth in India, with 21% growth in the number of cards. Credit card transactions stood at INR9.39t in FY24, up 11% YoY.
- The total number of credit cards in the industry crossed 100m in Feb'24. Spending has seen an impressive growth of over 27% YoY in FY24.
- Spending grew from INR1.4t during FY22-23 to over INR1.8t in FY23-24. In FY24, many new customer-focused implementations and regulatory measures were introduced and implemented.
- SBICARDS has always maintained that a higher customer spending active rate is vital, and its retail spending active rate was over 50% in total during FY24.
- Share of revolvers in the receivable mix has increased marginally and stood at 24% in 4Q. It has been growing in absolute numbers.
- CoF was around 7.4% in 4Q. The full impact of the increased risk weight on bank borrowings for NBFCs was expected to come in Q4, and with the increased bank borrowing costs, CoF was higher by 20bp in 4Q.

Business performance

- Spending grew 11 % YoY to INR796b in Q4FY24 vs. INR716b in Q4FY23.
- Market share for FY24: Card-in-force at 18.6% (FY23: 19.7%), spending at 17.8% (FY23: 18.2%).
- SBICARDS has declared an interim dividend of INR2.5 per share in FY24.
- New card acquisition stood at 4.4m; added 1.03m new accounts in 4Q.
- The company has been selective in new card acquisition and has maintained new customer acquisition volume at 1m-1.5m and intends to continue at the same pace for the next two quarters.
- It is the second-largest credit card issuer in the country and second in spending market share as well.
- Cards-in-force stood at 18.9m. CIF market share was 18.6% in FY24. Card spending grew to INR3.3t in FY24.
- Retail spending stood at INR2.6t, up 27% YoY, with Rental spending accounting for half of this growth.
- Retail spending per card increased by 9% YoY in 4Q. Online spending makes up 58% of total retail spending.
- B2B spending was completely stopped in mid-Feb as vendors were slowly setting up and as merchants were acquiring banks. Accordingly, spending market share declined, and the bank expects it to normalize in June/July of next year.
- SBICARDS expects retail spending and NEA to grow in tandem at ~23-25% in FY25.
- It has introduced the functionality of UPI on Rupay credit cards.
- Total revenue grew 22% YoY and revenue from operations grew 24% YoY in FY24.
- Focus on growth in interest-earning receivable, which is currently at 61% with a revolver rate of 24%.
- CoF will marginally increase in 1QFY25, but the bank feels comfortable in being able to absorb this nominal increase through transmission to the asset side and keep NIMs stable.
- NIM stood at 10.9% despite high CoF of 7.4% in 4Q.

- SBI's YONO customers can now get SBI cards digitally.
- The company expects to sustain the current rate of customer acquisition going forward.
- SBICARDS raised capital of INR12.75b through tier-1 bonds in 4Q.
- LCR stood at 105% in 4Q vs. the statutory requirement of 85%.
- The company has launched a new co-branded credit card with Reliance Retail, which is available online and at all Reliance Retail stores.
- Cards-in-force market share stood at 18.6% in FY24 vs. 19.7% in FY23 as the bank has done some cleaning of accounts and closed some inactive accounts.
- NIMs are expected to remain flat, depending on how soon the bank will be able to transfer CoF to the asset side.
- The cost-to-income ratio will be in the range of 58%-60% in FY25 and due to lower corporate spending targeted to grow gradually, the C/I ratio will remain subdued at ~55% in 1QFY25.
- Net worth incentives depend on network to network. In case of Rupay, incentive is lower but the cost of using it is also lower, so net wise all the networks are similar.
- Fee income is also lower due to corporate spending as interchange fee is lower, and as corporate spending comes bank, fee income will also increase.
- In FY24, the return on average assets was 4.7% vs. 5.6% in FY23 (4.7% in 4Q). Going forward, SBICARD expects the return on average assets to be ~4.5%.
- Yield stood at 16.7%, CoF at 7.4%, and NIMs at 10.9% in 4Q.
- Monthly average spending per customer is in the range of ~INR148k, which comes to ~INR12k-INR13k per customer per month. But because 50% of them are active every month, spending per active customer goes up to INR25k-INR26k per month.
- The company has grown its CIF space at a CAGR of 13.5% in the last five years. Overall spending saw a strong CAGR of 20.3% in the last five years. SBICARD is actively working on many initiatives to increase customer focus and thereby grow CIF and spending in future as well.

Asset quality

- GNPA was 2.76% and gross credit cost stood at 7.6% in 4Q.
- Credit cost will remain elevated at the current level for a few more quarters.
- Delinquency trends have remained elevated, and a slightly elongated period of recoveries for write-off pool is expected.
- Incremental provisions and recoveries in the current quarter were better than in the previous quarter.
- Gross credit cost was 7.6% in 4Q vs. 7.5% in 3Q. SBICARDS expects the average credit cost for FY24-25 to be lower than the current levels but may prevail above 7%.
- Overall industry delinquency trends of 30-plus and 90-plus have remained elevated in Dec'23, the same levels as of Sept '23. In response to this, the company is taking a wide range of actions covering the entire product lifecycle, including sourcing, underwriting, marketing, cross-sell campaigns, portfolio management actions, and also offering restructuring via flexible payment plans to reduce overall credit costs.
- The bank has refined its underwriting practices to account for delinquencies trends.
- The ECL model requires validation on an annual basis. The company continues to refresh the model as and when required.

Story in charts

Exhibit 1: Spending remained subdued at 11% YoY (-18% QoQ)

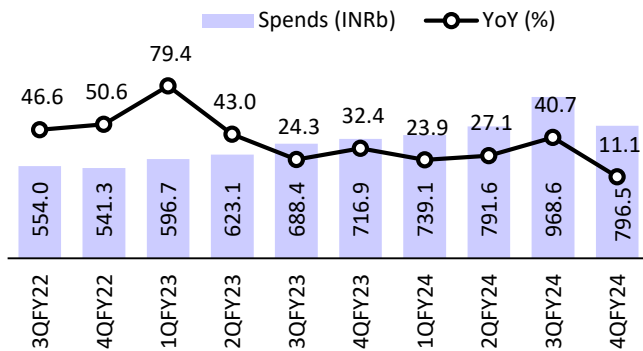


Exhibit 2: Corporate spending declined sharply resulting in increased share of retail spends to 87%

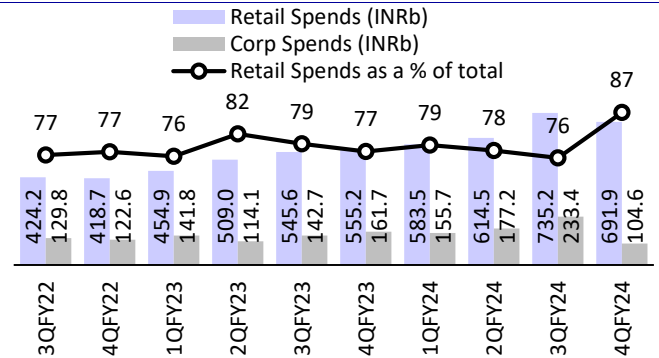


Exhibit 3: O/s cards increased ~12.5% YoY at 18.9m

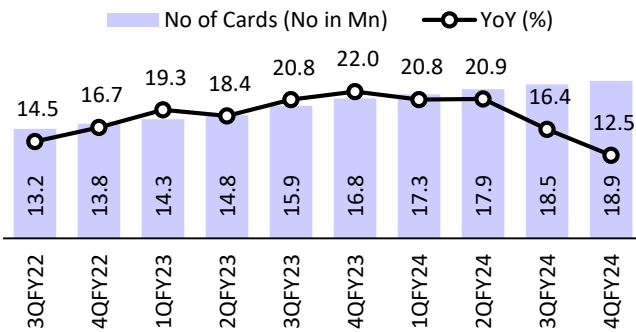


Exhibit 4: Margin declined 40bp QoQ to 10.9%

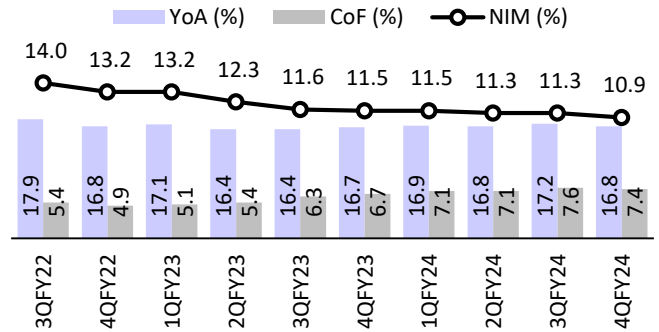


Exhibit 5: Revolver mix increased to 24% as of 4QFY24

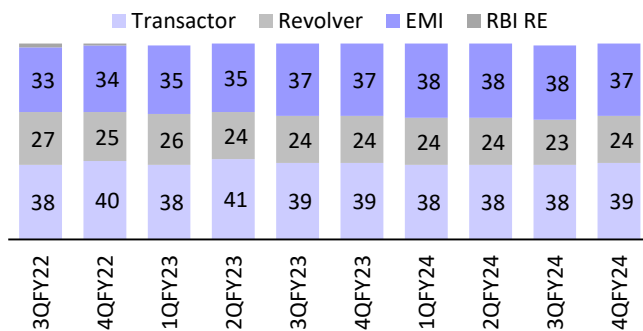


Exhibit 6: Online spending mix increased further to 58%

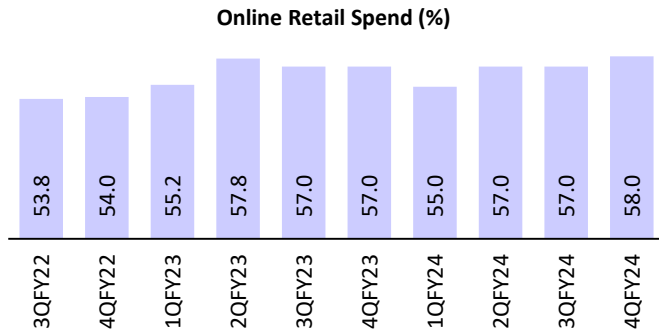


Exhibit 7: Credit cost increased to 7.6%; ECL at 3.5%

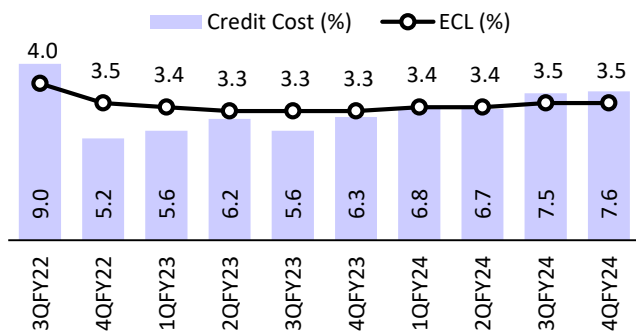
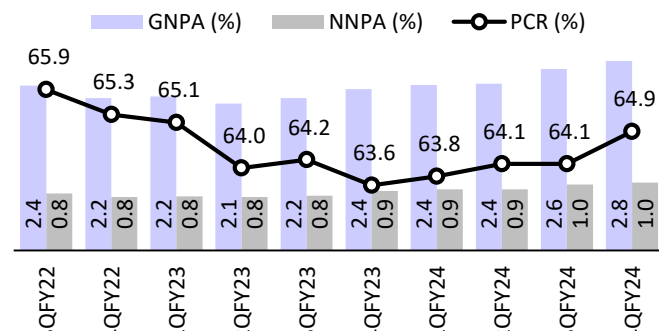


Exhibit 8: GNPA/NNPA ratios increased 12bp/3bp QoQ



Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view

- SBICARD has strengthened its position as the second-largest card player in the country. Its market share moderated to 18.6% in 4Q in outstanding cards, while spending share stood at 17.8%. It has an outstanding card base of 18.9m, up 12% YoY/2% QoQ. The company is also the market leader in terms of open-market sourcing and is the largest co-branded card issuer in India.
- SBICARD has access to parent State Bank of India's vast network of branches and customer base, along with strong open-market sourcing capabilities. With robust distribution and co-branded channels, it is well placed to capitalize on growth opportunities, as the market remains significantly underpenetrated. Open-market sourcing has picked up, and the banca channel is also growing strongly, which provides better risk underwriting and lowers opex. The near-term outlook remains a bit weak amid tightening of regulations and increasing cost pressures.
- Asset quality ratios deteriorated slightly, while provisions remained elevated. The management indicated a stress pool building up, with retail consumer loans already showing stress. This remains a key monitorable. We estimate GNPA/NNPA ratios of 2.6%/0.9% by FY25 vs. 2.6%/0.8% in FY26, while we estimate PCR to sustain at ~66-67%.
- The revolver stood largely flat at 24% in 4QFY24 and is not expected to improve within the next 6-8 months due to a change in customer behavior. Steady EMI mix, sticky revolver share, increasing CoF and muted yields should keep margins in check. We estimate margin to be at 11.5% in FY25 and 12.2 by FY25.
- **Retain Neutral rating with a TP of INR850:** SBICARD reported a mixed quarter as lower opex drove the earnings beat but margins and asset quality remained under pressure. Spending growth moderated due to a sharp decline in corporate spending; however, the management expects to recover this in the near term. The mix of revolvers and EMI loans remains sticky, while the management indicated that the recent tightening in interest rates, along with the impact of risk weights and asset quality pressure, will keep funding costs elevated at ~7%. The reversal in the rate cycle and improvement in revolver mix remain the key triggers, though they appear to be a few quarters away from now. We further cut our FY25E/FY26E EPS by 7%/8%, factoring in NIM pressure and elevated credit costs. **We maintain Neutral with a TP of INR850 (premised on 20x FY26E EPS).**

Exhibit 9: Changes to our estimates

INR b	Old Estimates		New Estimates		Change (%/bps)	
	FY25	FY26	FY25	FY26	FY25	FY26
Net Interest Income	69.2	89.2	66.6	88.2	-3.7	-1.1
Other Income	123.9	155.2	120.0	148.2	-3.2	-4.5
Total Income	193.0	244.3	186.6	236.4	-3.3	-3.3
Operating Expenses	109.2	136.4	105.5	133.5	-3.4	-2.1
Operating Profits	83.9	107.9	81.1	102.9	-3.3	-4.7
Provisions	40.6	49.4	40.7	49.1	0.2	-0.5
PBT	43.3	58.6	40.4	53.7	-6.7	-8.2
Tax	11.0	14.9	10.3	13.7	-6.7	-8.2
PAT	32.3	43.6	30.1	40.0	-6.7	-8.2
Loans	629	787	609	758	-3.2	-3.8
Spends	4,267	5,419	4,267	5,419	0.0	0.0
Margins (%)	11.8	12.2	11.5	12.2	-37	3
Credit Cost (%)	6.94	6.74	7.00	6.80	6	6
RoA (%)	4.98	5.37	4.63	4.97	-35	-39
RoE (%)	24.1	25.8	22.4	24.0	-175	-184
EPS	34	46	32	42	-7.2	-8.7
BV	157	200	156	195	-0.6	-2.5
ABV	153	196	152	190	-0.6	-2.8

Exhibit 10: DuPont Analysis – estimate return ratios to improve in FY26E

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	21.3	18.8	15.6	15.1	15.3	15.5	16.0
Interest Expense	5.7	4.0	3.3	4.1	5.0	5.2	5.0
Net Interest Income	15.6	14.8	12.3	11.0	10.3	10.2	11.0
Fee Income	17.5	14.9	17.0	16.5	15.7	15.8	15.9
Trading and others	4.1	3.4	4.1	4.1	2.7	2.7	2.5
Non-Interest income	21.6	18.3	21.0	20.5	18.4	18.5	18.4
Total Income	37.2	33.1	33.3	31.5	28.7	28.7	29.4
Operating Expenses	21.0	18.0	19.0	18.6	16.1	16.2	16.6
Employee cost	2.1	1.9	1.5	1.4	1.1	1.0	1.0
Others	19.0	16.1	17.4	17.2	15.0	15.2	15.6
Operating Profits	16.1	15.1	14.4	12.9	12.6	12.5	12.8
Provisions	8.5	10.1	7.3	5.4	6.3	6.3	6.1
PBT	7.6	5.1	7.0	7.6	6.2	6.2	6.7
Tax	2.1	1.3	1.8	1.9	1.6	1.6	1.7
RoA	5.5	3.8	5.2	5.6	4.6	4.6	5.0
Leverage (x)	5.1	4.5	4.4	4.6	4.7	4.8	4.8
RoE	27.9	16.9	23.0	25.7	22.0	22.4	24.0

Financials and valuations

Income Statement						(INR m)	
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Interest Income	48,413	49,277	48,212	60,502	79,270	1,00,521	1,28,535
Interest Expense	13,009	10,434	10,273	16,476	25,950	33,922	40,371
Net Interest Income	35,404	38,843	37,939	44,025	53,320	66,600	88,165
- Growth (%)	38.0	9.7	-2.3	16.0	21.1	24.9	32.4
Non-Interest Income	49,110	47,859	64,803	82,353	95,570	1,19,974	1,48,197
Total Income	84,514	86,702	1,02,742	1,26,379	1,48,890	1,86,574	2,36,361
- Growth (%)	34.6	2.6	18.5	23.0	17.8	25.3	26.7
Operating Expenses	47,815	47,079	58,462	74,484	83,690	1,05,483	1,33,511
Pre Provision Profits	36,699	39,623	44,280	51,895	65,200	81,090	1,02,851
- Growth (%)	47.8	8.0	11.8	17.2	25.6	24.4	26.8
Provisions (excl tax)	19,402	26,386	22,558	21,591	32,870	40,673	49,103
PBT	17,296	13,237	21,722	30,304	32,330	40,417	53,747
Tax	4,848	3,392	5,560	7,721	8,244	10,306	13,706
- Tax Rate (%)	28.0	25.6	25.6	25.5	25.5	25.5	25.5
PAT	12,448	9,845	16,161	22,583	24,086	30,110	40,042
- Growth (%)	43.9	-20.9	64.2	39.7	6.7	25.0	33.0
OCI	(31)	128	102	(28)	-	-	-
Total Comprehensive Income	12,417	9,974	16,263	22,555	24,086	30,110	40,042
- Growth (%)	44.1	-19.7	63.1	38.7	6.8	25.0	33.0

Balance Sheet							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	9,390	9,405	9,432	9,461	9,510	9,510	9,510
Reserves & Surplus	44,023	53,615	68,095	88,840	1,11,331	1,38,779	1,75,968
Net Worth	53,412	63,020	77,527	98,301	1,20,840	1,48,288	1,85,477
Borrowings	1,75,728	1,78,948	2,29,825	3,11,096	3,98,910	4,93,772	6,12,277
- Growth (%)	29.7	1.8	28.4	35.4	28.2	23.8	24.0
Other Liabilities & Prov.	23,927	28,161	39,133	46,059	61,960	76,211	93,739
Total Liabilities	2,53,067	2,70,129	3,46,484	4,55,456	5,81,710	7,18,271	8,91,494
Current Assets	6,774	7,201	11,064	13,545	27,300	33,306	40,966
Investments	15	9,576	12,972	21,397	35,190	43,636	54,545
- Growth (%)	0.0	65,347.3	35.5	64.9	64.5	24.0	25.0
Loans	2,28,116	2,34,591	3,01,873	3,93,610	4,90,790	6,08,580	7,57,682
- Growth (%)	27.4	2.8	28.7	30.4	24.7	24.0	24.5
Fixed Assets	3,346	3,182	4,537	5,737	5,640	6,385	6,768
Other Assets	14,817	15,579	16,039	21,168	22,790	26,365	31,533
Total Assets	2,53,067	2,70,129	3,46,484	4,55,456	5,81,710	7,18,271	8,91,494

Asset Quality							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
GNPA (INR m)	4,844	12,543	6,934	9,575	14,038	16,131	19,768
NNPA (INR m)	1,589	2,776	2,409	3,487	4,943	5,399	6,404
GNPA Ratio	2.0	5.0	2.2	2.4	2.8	2.6	2.6
NNPA Ratio	0.7	1.1	0.8	0.9	1.0	0.9	0.8
Slippage Ratio	5.9	12.8	8.0	6.0	6.5	6.4	6.2
Credit Cost	9.1	10.7	8.0	6.0	7.1	7.0	6.8
PCR (Excl Tech. write off)	67.2	77.9	65.3	63.6	64.8	66.5	67.6

E: MOSL Estimates

Business Metrics							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total No of Cards (Nos in Mn)	10.5	11.8	13.8	16.8	20.5	25.2	31.0
Total spends (INR b)	1,309.2	1,224.2	1,863.5	2,625.0	3,360.0	4,267.2	5,419.3
Spends per card (INR k)	124.1	103.5	135.4	156.2	163.9	169.3	174.8
Loans per card (INR)	21,628	19,844	21,927	23,429	23,946	24,140	24,435
Fee income earned per card	3,772	3,305	3,796	3,931	3,984	4,075	4,117

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Yield & Cost Ratios (%)							
Avg. Yield on loans	22.7	20.0	17.1	16.8	17.1	17.3	17.8
Avg. Cost of Borrowings	8.4	5.9	5.0	6.1	7.3	7.6	7.3
Interest Spread	14.3	14.1	12.1	10.7	9.8	9.7	10.5
Net Interest Margin	16.6	15.8	13.5	12.2	11.5	11.5	12.2

Capitalisation Ratios (%)

CAR	22.4	24.8	23.8	23.1	20.5	19.7	18.7
Tier I	17.7	20.9	21.0	20.4	16.5	16.1	15.5
Tier II	4.7	3.9	2.8	2.7	4.0	3.6	3.2

Asset-Liability Profile (%)

Cost/Assets	21.0	18.0	19.0	18.6	16.1	16.2	16.6
Cost/Total Income	56.6	54.3	56.9	58.9	56.2	56.5	56.5
Int. Expense/Int.Income	26.9	21.2	21.3	27.2	32.7	33.7	31.4
Fee Inc./Total Income	47.1	45.1	50.9	52.3	54.8	55.1	54.0
Non Int. Inc./Total Income	58.1	55.2	63.1	65.2	64.2	64.3	62.7
Empl. Cost/Total Expense	9.8	10.4	8.1	7.5	6.8	6.3	6.0

Valuation

RoE	27.9	16.9	23.0	25.7	22.0	22.4	24.0
RoA	5.5	3.8	5.2	5.6	4.6	4.6	5.0
RoRWA	5.9	4.1	5.8	6.2	5.0	4.8	4.9
Book Value (INR)	57	67	82	104	127	156	195
Growth (%)	32.7	17.8	22.7	26.4	22.3	22.7	25.1
Price-BV (x)	13.2	11.2	9.1	7.2	5.9	4.8	3.8
Adjusted BV (INR)	56	65	80	101	123	152	190
Price-ABV (x)	13.5	11.5	9.3	7.4	6.1	4.9	3.9
EPS (INR)	14.0	10.5	17.2	23.9	25.4	31.7	42.1
Growth (%)	31.4	-25.3	63.8	39.3	6.2	24.7	33.0
Price-Earnings (x)	53.5	71.6	43.7	31.4	29.5	23.7	17.8

E: MOFSL Estimates

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