MOTILAL OSWAL
FINANCIAL SERVICES

28 January 2025

3QFY25 Results Update | Sector: Financials

SBI Cards

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	SBICARD IN
Equity Shares (m)	951
M.Cap.(INRb)/(USDb)	722.2 / 8.3
52-Week Range (INR)	817 / 648
1, 6, 12 Rel. Per (%)	16/13/-8
12M Avg Val (INR M)	1212

Financials & Valuations (INR b)

Y/E MARCH	FY24	FY25E	FY26E
NII	51.5	61.5	70.6
OP	65.2	74.7	87.8
NP	24.1	19.6	28.7
NIM (%)	11.2	11.4	11.5
EPS (INR)	25.4	20.7	30.1
EPS Gr. (%)	6.2	(18.6)	45.9
BV/Sh. (INR)	127	145	173
ABV/Sh. (INR)	123	141	168
Ratios			
RoA (%)	4.6	3.2	4.1
RoE (%)	22.0	15.2	18.9
Valuations			
P/E(X)	29.9	36.7	25.2
P/BV (X)	6.0	5.2	4.4
P/ABV (X)	6.1	5.4	4.5

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	68.6	68.6	68.8
DII	16.5	16.8	16.3
FII	9.5	9.2	9.4
Others	5.4	5.5	5.6

FII includes depository receipts

CMP: INR759 TP: INR800 (+5%) Neutral

High provisioning drags earnings; credit cost peaks out

Guides for 12-15% growth in receivables

- SBI Cards (SBICARD) reported a miss on PAT (11% miss) at INR3.82b.
- NIMs stood stable at 10.6%. The share of the revolver mix improved marginally to 24%, although management does not expect the revolver mix to see any sustained improvement. EMI mix stood at 36% (vs 37% in 2Q, 38% in 1Q).
- Spends grew 5% QoQ (down 11% YoY) as retail spends continued to grow, while corporate spends remained muted. Management guides for slower receivable growth at 12-15% YoY for FY26.
- Asset quality stood stable with the GNPA/NNPA ratio decreasing 3bp/1bp QoQ to 3.24%/1.18%. RoA/ RoE stood at 2.4%/ 11.5%.
- We cut our FY25E/FY26E EPS by 6.7%/3.9%, factoring in slower growth and subdued margins. **Reiterate Neutral with a revised TP of INR800 (23x Sep'26E EPS)**.

Margins remain flat; asset quality bottoms out

- SBICARD reported an 11% miss on PAT at INR3.82b (down 5% QoQ) as elevated provisions hurt profitability. Gross credit cost came in higher at 9.4%. 9MFY25 PAT, thus, stood at INR13.8b (down 21% YoY), while 4QFY25 PAT is expected at INR5.8b (down 12% YoY).
- NII grew 13.2% YoY/4.6% QoQ to INR15.7b (inline). NIMs stood stable at 10.6%. The upcoming rate will be supportive of NIMs and we, thus, estimate the NIM trajectory to improve over FY26-27. The revolver mix improved to 24%, while the share of the EMI mix declined to 36%, and that of the transactor stood stable at 40%.
- CoF stood stable at 7.4%, but is expected to ease as the interest rate reversal cycle begins.
- Fee income as a proportion of total income stood stable at 51%. PPoP grew 13% YoY/4.2% QoQ to INR18.3b (in line). The C/I ratio stood broadly stable at 53.5% vs 53.4% in 2QFY25.
- Cards-in-force rose 10% YoY/3.1% QoQ to 20.2m. New card sourcing picked up in 3Q to 1.17m, with SBI sourcing rising to 55% vs 38% in 2Q, while on an outstanding basis, the SBI sourcing mix stood at 41%.
- Spends grew 5.1% QoQ (down 11% YoY), led by healthy growth in retail spends (up 9.9% YoY/ 5.8% QoQ), while corporate spends continued to be muted (down 77% YoY, 3.5% QoQ).
- GNPA/NNPA ratios decreased 3bp/1bp QoQ to 3.24%/1.18%. PCR was broadly stable QoQ at 64.4%, as credit cost rose 40bp QoQ to 9.4%. Provisioning expenses, thus, increased 49% YoY to INR13b.

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Highlights from the management commentary

- The management indicated that credit cost has peaked, and the asset quality stress is likely to ease moving forward.
- The company is not taking proactive measures to increase the revolver mix share; it has remained stable at 24% and is expected to stay within this range or slightly lower.
- Receivables are expected to grow at ~12-15% next year. C/I ratio of ~52% is expected for the year.

Valuation and view: Reiterate Neutral with a revised TP of INR800

SBICARD reported another weak quarter, led by an earnings miss and elevated provisions. The revolver mix improved while the EMI mix moderated marginally. Management guides for no pickup in the revolver mix, but it has revamped the strategy towards the EMI conversion. Spends grew 5% QoQ, led by retail spends, while corporate spends stood muted. NIMs stood flat; however, the cost of funds is expected to provide some relief as the rate-cut cycle begins. Credit cost further inched up to 9.4%, with the trajectory likely to continue in 4Q. We cut our FY25E/FY26E EPS by 6.7%/3.9%, factoring in slower growth and subdued margins. **Reiterate Neutral with a revised TP of INR800 (23x Sep'26E EPS).**

Quarterly performance **(INR b)**

	FY24				FY25E				FY24	FY25E	FY25E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Est
Net Interest Income	**12.3**	**13.0**	**13.9**	**14.1**	**14.8**	**15.0**	**15.7**	**16.0**	**51.5**	**61.5**	**15.7**	**0%**
% Change (Y-o-Y)	14.3	16.1	21.2	21.4	19.7	15.8	13.2	13.0	17.0	19.4	13.0	
Other Income	22.4	23.2	26.6	23.4	22.4	22.7	23.7	23.9	97.4	92.7	25.7	-8%
Total Income	**34.8**	**36.2**	**40.5**	**37.5**	**37.2**	**37.7**	**39.4**	**39.9**	**148.9**	**154.1**	**41.3**	**-5%**
Operating Expenses	19.6	20.7	24.3	19.2	18.2	20.1	21.1	20.1	83.7	79.4	23.2	-9%
Operating Profit	**15.2**	**15.5**	**16.2**	**18.3**	**19.0**	**17.6**	**18.3**	**19.9**	**65.2**	**74.7**	**18.2**	**1%**
% Change (Y-o-Y)	17.3	23.9	33.1	28.2	25.4	13.3	13.0	8.3	25.6	14.6	12.1	
Provisions	7.2	7.4	8.8	9.4	11.0	12.1	13.1	12.1	32.9	48.3	12.4	6%
Profit before Tax	**8.0**	**8.1**	**7.4**	**8.9**	**8.0**	**5.5**	**5.2**	**7.8**	**32.3**	**26.4**	**5.8**	**-11%**
Tax	2.0	2.1	1.9	2.3	2.0	1.4	1.3	2.0	8.2	6.8	1.5	-9%
Net Profit	**5.9**	**6.0**	**5.5**	**6.6**	**5.9**	**4.0**	**3.8**	**5.8**	**24.1**	**19.6**	**4.3**	**-11%**
% Change (Y-o-Y)	-5.4	14.7	7.8	11.0	0.2	-32.9	-30.2	-12.0	6.6	-18.4	-21.5	
Operating Parameters												
Loan (INRb)	418.1	435.6	471.6	490.8	508.1	536.0	528.1	552.6	490.8	552.6	557.6	
Loan Growth (%)	30.3	19.3	26.3	24.7	21.5	23.0	12.0	12.6	24.7	12.6	18.2	
Borrowings (INRb)	329.6	340.8	380.1	398.9	408.7	432.2	439.1	458.3	398.9	458.3	451.4	
Borrowing Growth (%)	32.9	20.9	29.3	28.2	24.0	26.8	15.5	14.9	28.2	14.9	19	
Asset Quality												
Gross NPA (%)	2.4	2.4	2.6	2.8	3.1	3.3	3.2	3.1	2.8	3.1	3.4	
Net NPA (%)	0.9	0.9	1.0	1.0	1.1	1.2	1.2	1.1	1.0	1.1	1.2	
PCR (%)	63.8	64.1	64.1	64.9	64.4	64.4	64.4	64.7	64.9	64.7	65.1	

Source: Company, MOFSL

Quarterly snapshot

	FY24				FY25E			Change (%)	
Profit and Loss (INR b)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**YoY**	**QoQ**
Interest Income	18.0	19.0	20.8	21.4	22.4	22.9	24.0	15	5
Interest Expenses	5.7	6.0	7.0	7.2	7.7	7.9	8.3	19	5
Net Interest Income	**12.3**	**13.0**	**13.9**	**14.1**	**14.8**	**15.0**	**15.7**	**13**	**5**
Other Income	**22.4**	**23.2**	**26.6**	**23.4**	**22.4**	**22.7**	**23.7**	**-11**	**4**
Fee Income	19.0	19.7	22.9	20.0	19.3	19.6	20.2	-12	3
Others	3.4	3.5	3.7	3.4	3.1	3.1	3.4	-6	11
Total Income	**34.8**	**36.2**	**40.5**	**37.5**	**37.2**	**37.7**	**39.4**	**-3**	**5**
Operating Expenses	**19.6**	**20.7**	**24.3**	**19.2**	**18.2**	**20.1**	**21.1**	**-13**	**5**
Employee	1.5	1.5	1.4	1.3	1.3	1.5	1.5	5	2
Others	18.1	19.2	22.8	17.9	16.8	18.6	19.5	-14	5
Operating Profits	**15.2**	**15.5**	**16.2**	**18.3**	**19.0**	**17.6**	**18.3**	**13**	**4**
Provisions	7.2	7.4	8.8	9.4	11.0	12.1	13.1	49	8
PBT	**8.0**	**8.1**	**7.4**	**8.9**	**8.0**	**5.5**	**5.2**	**-30**	**-5**
Taxes	2.0	2.1	1.9	2.3	2.0	1.4	1.3	-29	-5
PAT	**5.9**	**6.0**	**5.5**	**6.6**	**5.9**	**4.0**	**3.8**	**-30**	**-5**
Balance Sheet									
Loans	418.1	435.6	471.6	490.8	508.1	536.0	528.1	12	-1
Borrowings	329.6	340.8	380.1	398.9	408.7	432.2	439.1	16	2
Receivable Mix (%)									
Transactor	38.0	38.0	38.0	39.0	38.0	40.0	40.0	200	0
Revolver	24.0	24.0	23.0	24.0	24.0	23.0	24.0	100	100
EMI	38.0	38.0	38.0	37.0	38.0	37.0	36.0	-200	-100
Asset Quality (INR b)									
GNPA	10.4	11.0	12.9	14.0	16.1	18.2	17.7	38	-2
NNPA	3.8	3.9	4.6	4.9	5.7	6.5	6.3	37	-2
Asset Quality Ratios (%)	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**YoY (bp)**	**QoQ (bp)**
GNPA	2.41	2.43	2.64	2.76	3.06	3.27	3.24	60	-3
NNPA	0.89	0.89	0.96	0.99	1.11	1.19	1.18	22	-1
PCR (Calc.)	63.8	64.1	64.1	64.9	64.4	64.4	64.4	25	0
Credit Cost	6.9	6.8	7.5	7.7	8.7	9.0	9.9	246	90
ECL	3.4	3.4	3.5	3.5	3.6	3.6	3.6	10	0
Business Ratios (%)									
Fees to Total Income	54.6	54.6	56.7	53.3	51.9	51.9	51.4	-525	-52
Cost to Income	56.4	57.1	59.9	51.1	48.9	53.4	53.5	-644	14
Sourcing channel Mix (%)									
SBI	54.0	51.0	49.0	44.0	42.0	38.0	55.0	600	1,700
Open Market	46.0	49.0	51.0	56.0	58.0	62.0	45.0	-600	-1,700
Spend Mix (%)									
Corporate Spends	21.1	22.4	24.1	13.1	6.8	6.7	6.2	-1,794	-55
Retail Spends	78.9	77.6	75.9	86.9	93.2	93.3	93.8	1,794	55
Profitability Ratios (%)									
Yield on loans	16.9	16.8	17.2	16.7	16.8	16.4	16.5	-70	10
Cost of borrowings	7.1	7.1	7.6	7.4	7.5	7.4	7.4	-20	0
Spreads	9.8	9.7	9.6	9.3	9.3	9.0	9.1	-50	10
Margins	11.5	11.3	11.3	10.9	10.9	10.6	10.6	-70	0
RoA	5.1	4.9	4.1	4.7	4.1	2.7	2.4	-170	-30
RoE	23.3	22.3	19.2	22.2	19.1	12.5	11.5	-770	-100
Other Details								**Change (%)**	
New accounts added (000)	1,097	1,142	1,096	1,029	904	904	5,202	375	475
O/S Cards (Mn)	17.3	17.9	18.5	18.9	19.2	19.6	20.2	9	3
Spends (INRb)	739.1	791.6	968.6	796.5	771.3	818.9	860.9	-11	5
- Retail Spends (INRb)	583.5	614.5	735.2	691.9	718.8	764.0	807.9	10	6
- Corporate Spends (INRb)	155.7	177.2	233.4	104.6	52.5	55.0	53.0	-77	-4
-Spends market share (%)	17.8	17.9	18.3	17.8	15.9	15.8	15.6	-270	-20
-O/S cards market share (%)	19.6	19.2	18.9	18.6	18.5	18.5	18.7	-20	20

Source: Company, MOFSL

Highlights from the management commentary

Opening Remarks

- The CIF stands at 20.2m, reflecting a 10% YoY growth, with 1.17m new accounts acquired.
- According to an RBI report, as of Dec'24, SBICARD's market share in O/S cards stood at 18.7%, whereas in spends, it stood at 15.6%.
- Retail spends continued to grow at 10% YoY, with IBNEA remaining stable at 60%.
- The digital economy is expected to contribute 20% to GDP by 2026 and exceed USD1t by 2028.
- The company has crossed the 20m milestone in terms of cards in force.
- 100+ festive offers were introduced, along with collaborations with Flipkart and Amazon to drive customer acquisition.
- SBICARD recorded over 47% QoQ growth in UPI spends in 3QFY25.
- Corporate spends remained stable, while retail spends per card stood at ~INR0.16m.
- Total revenue grew 5% QoQ, contributed by both interest and fee income.
- Receivables are expected to grow at a lower rate.
- The cost of funds is expected to remain at the current level going forward.
- Credit card industry defaults have remained elevated due to the unsecured portfolio.
- There has been a continued reduction in delinquency flows, with asset quality improving.
- GNPA for the quarter remained stable and is expected to start improving now.
- The company believes that it is at an inflection point in the credit cycle. The liquidity position continues to be strong.
- The company has launched the Hyper-Personalisation platform to scale personalized customer engagement.
- SBICARD has achieved an A rating from MSCI and an ESG rating of 16.5 from Sustainalytics, placing it in the low-risk category.
- ROA stood at 2.4% for the quarter and 3% for the nine-month period.
- The credit card industry in India is expected to grow steadily, with projections indicating continuous growth in the number of credit cards in use till 2029.
- The cost to income ratio stood at 53.5%, reflecting festive offers during the quarter.
- Corporate spends remained stable at INR53b. Online spending accounted for 58.5% of total retail spends for the nine-month period.
- There has been a decline in delinquencies among new acquisitions.
- The liquidity position remains robust, with a strong CRAR of 22.9% and an LCR of 114%.

Asset Quality

- The reduction in provisions indicates a better asset mix, with lower Stage 2 and Stage 3 composition, signaling an improvement in asset quality. We expect this positive trend to continue, with improvements visible from the next quarter.

- While the NPA pool has decreased, the extent of write-offs and how the company manages the remaining Stage 3 assets will determine the future trajectory of GNPA and credit costs. However, it is optimistic about reaching an inflection point moving forward.
- The mix continues to be on the better side, and delinquencies have been lower.
- SBICARD has proactively identified customers with increased leverage and enhanced early warning framework to take prompt actions, such as reducing limits, to mitigate exposure before delinquency occurs. This strategy has been successfully implemented over the last few quarters, helping manage potential risks.
- Customer behavior is changing sharply over time, with a set of customers going straight into write-off. The composition of Stage 1 and 2 accounts has improved, and Stage 3 accounts have decreased.
- The GNPA ratio was stable at 3.24% (compared to 3.27% last quarter). Gross credit cost increased 40bp to 9.4%.
- Efforts are being made to tighten underwriting standards and enhance portfolio management to improve asset quality.
- The NPA pool composition remains varied, with both older and newer vintages showing a mix of transactors and revolvers, some of whom default despite having a good history.
- However, portfolio actions have helped lower delinquencies, and the company will continue monitoring the NPA pool closely in the coming quarter to assess its behavior.
- Over the past three months, the trend has reversed, with a reduction in the delinquency-to-write-off ratio, which had been rising over the last 12 months. Additionally, both 30+ and 90+ day delinquencies have been declining for the company and the industry.
- There has been a lower inflow into Stage 3 overall, which is expected to result in a lower write-off.

Opex and Other Income

- The C/I ratio was high at 53.5% due to the festive season, but is expected to be 52% for the year.
- Fee income is composed of spend-based, instance-based, and subscription-based components. While moderation may occur in instance-based fees, spend-based and subscription-based fees are expected to grow with the increase in card numbers and spending.

Sourcing

- In the near future, the company expects a slight slowdown in growth, with rates standing at ~18-20% compared to the previous 30% growth.
- The company will continue to add new customers and focus on maintaining or growing its market share.

Revolver Mix and Receivables

- The company is not taking proactive measures to increase the revolver mix share; it has remained stable at 24% and is expected to stay within this range or slightly lower.

- In the past 6-7 quarters, the company has been selective with new customer acquisitions, and the receivable growth has slowed down.
- It expects ~12-15% YoY receivables growth next year.
- The company is focusing on point-of-sale EMI conversion and its other product, FlexiPay, which allows customers to convert their spends into installments before the payment due date.
- Some of the new vintages being acquired are currently showing slightly lower revolving behavior than the average spectrum.

Regulatory Requirements and Underwriting

- For self-employed customers, the focus is on analyzing cash flows through bank account data, whether sourced via account aggregators or the banca channel, which has seen an increase this quarter. This underwriting process helps assess credits and debits to determine the appropriate card and limit.
- There has been a surge in investment, as in line with regulatory requirements, SBICARD has gradually been increasing HQLA for LCR purposes, and with the growth in its liability book, it needs to consistently add around 10% in a phased manner.
- Monthly bureau reviews are conducted to assess the overall customer profile.
- The company has taken proactive actions, such as reducing credit limits, limiting certain spends, and early blocking based on bureau triggers that provide real-time updates on account changes.
- Additionally, it is exploring ways to reduce the bureau pool review period with new fortnightly updates.

Guidance

- Receivables are expected to grow at ~12-15% next year.
- C/I ratio of ~52% is expected for the year.

Story in charts

Exhibit 1: Spends declined 11.1% YoY (up 5.1% QoQ)

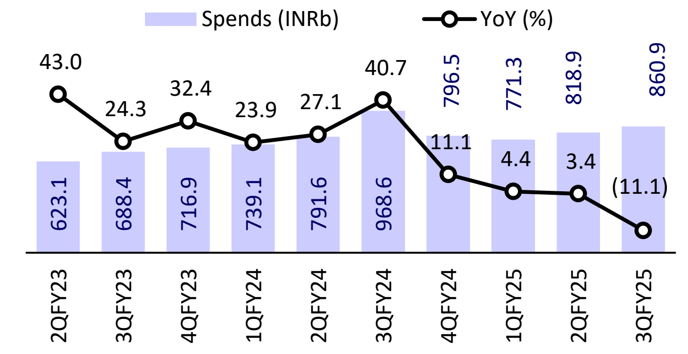


Exhibit 2: Mix of retail spending, thus, rose to 94% from 76% last year

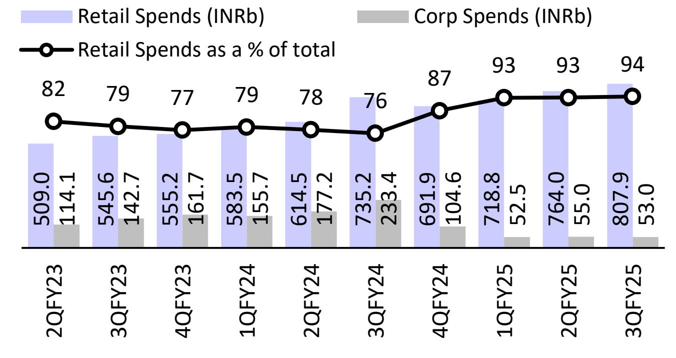


Exhibit 3: O/s cards increased ~9.2% YoY to 20.2m

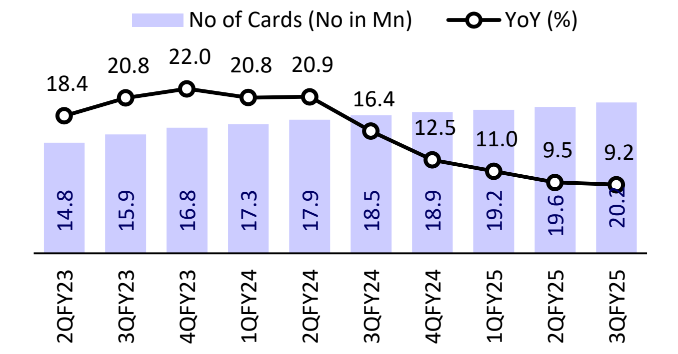


Exhibit 4: Margin stood flat at 10.6% QoQ

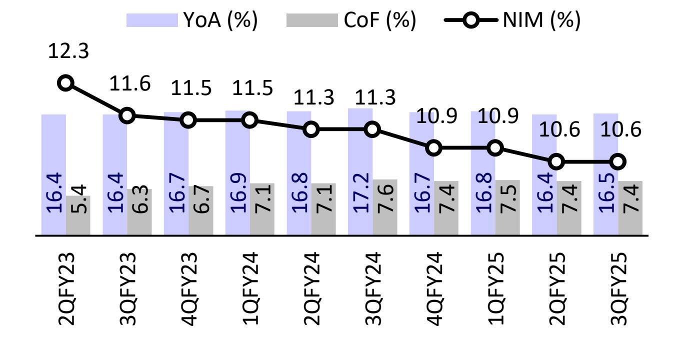


Exhibit 5: Revolver mix increased to 24%

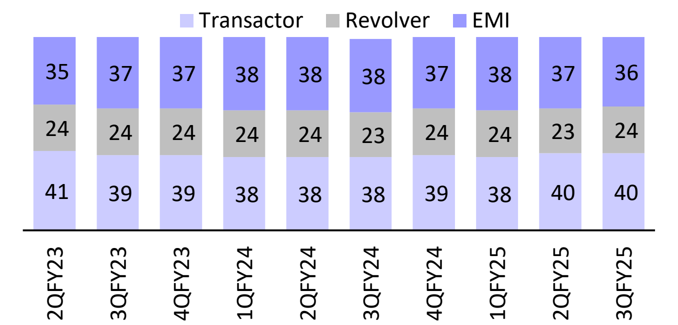


Exhibit 6: New cards sourcing mix: SBI sourcing increased at 55%

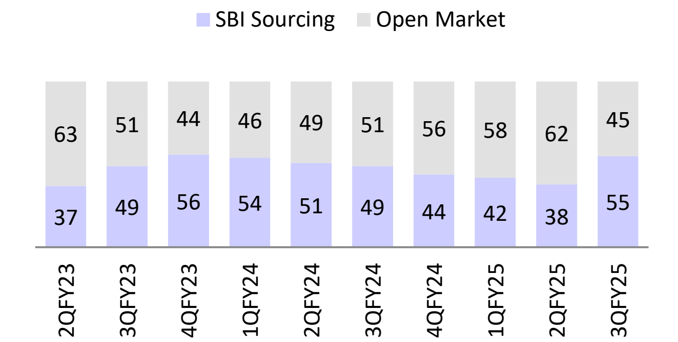


Exhibit 7: Credit cost increased to 9.6%; ECL stood at 3.6%

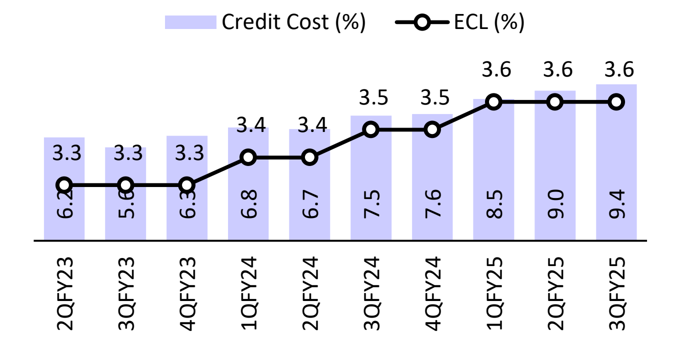
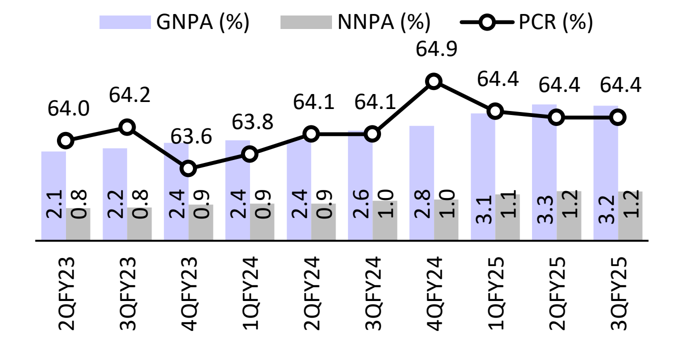


Exhibit 8: GNPA/NNPA ratios decreased 3bp/1bp QoQ



Source: MOFSL, Company

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Valuation & view: Reiterate Neutral with a revised TP of INR800

- SBICARD reported another weak quarter, led by an earnings miss and elevated provisions. The revolver mix improved while the EMI mix moderated marginally.
- Management guides for no pickup in the revolver mix, but has revamped the strategy towards the EMI conversion. Spends grew 5% QoQ, led by retail spends, while corporate spends stood muted.
- NIMs stood flat; however, the cost of funds is expected to provide some relief as the rate-cut cycle begins. Credit cost further inched up to 9.4%, with the trajectory likely to continue in 4Q.
- We cut our FY25E/FY26E EPS by 6.7%/3.9%, factoring in slower growth and subdued margins. **Reiterate Neutral with a revised TP of INR800 (23x Sep'26E EPS).**

Exhibit 9: Changes to our estimates

INR b	Old Estimates			New Estimates			Change (%/bps)		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Net Interest Income	61.7	76.4	94.1	61.5	70.6	83.3	-0.3	-7.6	-11.5
Other Income	97.0	112.5	132.9	92.7	110.7	132.0	-4.4	-1.6	-0.7
Total Income	**158.7**	**188.9**	**227.0**	**154.1**	**181.4**	**215.3**	**-2.8**	**-4.0**	**-5.1**
Operating Expenses	82.6	97.9	117.4	79.4	93.6	110.8	-3.9	-4.4	-5.6
Operating Profits	**76.0**	**91.1**	**109.6**	**74.7**	**87.8**	**104.5**	**-1.7**	**-3.6**	**-4.6**
Provisions	47.8	51.0	59.7	48.3	49.3	53.8	1.2	-3.4	-9.8
PBT	**28.3**	**40.0**	**49.9**	**26.4**	**38.5**	**50.7**	**-6.6**	**-3.9**	**1.6**
Tax	7.2	10.2	12.7	6.8	9.8	12.9	-6.2	-3.9	1.6
PAT	**21.1**	**29.8**	**37.2**	**19.6**	**28.7**	**37.8**	**-6.7**	**-3.9**	**1.6**
Loans	581	690	826	553	630	737	-4.9	-8.7	-10.7
Margins (%)	11.1	11.6	12.0	11.4	11.5	11.8	27	-7	-22
Credit Cost (%)	8.60	7.75	7.60	8.94	8.05	7.60	34	30	0
RoA (%)	**3.33**	**3.99**	**4.20**	**3.18**	**4.07**	**4.58**	**-14**	**8**	**38**
RoE (%)	**16.2**	**19.4**	**20.2**	**15.2**	**18.9**	**20.8**	**-100**	**-51**	**58**
EPS	22	31	39	21	30	40	-6.7	-3.9	1.6
BV	147	176	212	145	173	210	-1.0	-1.5	-1.0
ABV	142	170	209	141	168	205	-0.9	-1.0	-1.9

Source: Company, MOFSL

Exhibit 10: DuPont analysis – estimate return ratios to be broadly range-bound

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Interest Income	15.1	14.9	15.0	15.0	14.9
Interest Expense	4.1	5.0	5.0	5.0	4.8
Net Interest Income	**11.0**	**9.9**	**10.0**	**10.0**	**10.1**
Fee Income	16.5	15.7	12.9	13.6	13.9
Trading and others	4.1	3.0	2.1	2.1	2.1
Non Interest income	**20.5**	**18.8**	**15.0**	**15.7**	**16.0**
Total Income	**31.5**	**28.7**	**25.0**	**25.7**	**26.1**
Operating Expenses	**18.6**	**16.1**	**12.9**	**13.3**	**13.4**
-Employee cost	1.4	1.1	1.0	1.0	0.9
-Others	17.2	15.0	11.9	12.3	12.5
Operating Profits	**12.9**	**12.6**	**12.1**	**12.5**	**12.7**
Provisions	**5.4**	**6.3**	**7.8**	**7.0**	**6.5**
PBT	**7.6**	**6.2**	**4.3**	**5.5**	**6.2**
Tax	1.9	1.6	1.1	1.4	1.6
RoA	**5.6**	**4.6**	**3.2**	**4.1**	**4.6**
Leverage (x)	4.6	4.7	4.8	4.7	4.5
RoE	**25.7**	**22.0**	**15.2**	**18.9**	**20.8**

Financials and valuations

Income Statement					(INR b)
Y/E March	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Interest Income	60.5	77.4	92.6	105.6	122.8
Interest Expense	16.5	26.0	31.2	35.0	39.5
Net Interest Income	**44.0**	**51.5**	**61.5**	**70.6**	**83.3**
-growth (%)	16.0	17.0	19.4	14.9	18.0
Non Interest Income	82.4	97.4	92.7	110.7	132.0
Total Income	**126.4**	**148.9**	**154.1**	**181.4**	**215.3**
-growth (%)	23.0	17.8	3.5	17.7	18.7
Operating Expenses	74.5	83.7	79.4	93.6	110.8
Pre Provision Profits	**51.9**	**65.2**	**74.7**	**87.8**	**104.5**
-growth (%)	17.2	25.6	14.6	17.5	19.1
Provisions (excl tax)	21.6	32.9	48.3	49.3	53.8
PBT	**30.3**	**32.3**	**26.4**	**38.5**	**50.7**
Tax	7.7	8.2	6.8	9.8	12.9
- Tax Rate (%)	25.5	25.5	25.6	25.5	25.5
PAT	**22.6**	**24.1**	**19.6**	**28.7**	**37.8**
-growth (%)	39.7	6.6	-18.4	45.9	31.8
Total Comprehensive Income	**22.6**	**24.1**	**19.6**	**28.7**	**37.8**
-growth (%)	38.7	6.7	-18.3	45.9	31.8

Balance Sheet					
Y/E March	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Share Capital	0.01	0.01	0.01	0.01	0.01
Reserves & Surplus	88.84	111.33	128.79	154.98	189.92
Net Worth	**88.8**	**111.3**	**128.8**	**155.0**	**189.9**
Borrowings	311.1	398.9	458.3	527.1	616.7
-growth (%)	35.4	28.2	14.9	15.0	17.0
Other Liabilities & Prov.	46.1	62.0	55.8	64.7	76.3
Total Liabilities	**446.0**	**572.2**	**642.9**	**746.8**	**882.9**
Current Assets	13.5	27.3	22.9	26.6	31.1
Investments	**21.4**	**35.2**	**42.9**	**51.5**	**61.8**
-growth (%)	64.9	64.5	22.0	20.0	20.0
Loans	**393.6**	**490.8**	**552.6**	**630.0**	**737.1**
-growth (%)	30.4	24.7	12.6	14.0	17.0
Fixed Assets	5.7	5.6	6.0	6.5	7.2
Other Assets	21.2	22.8	27.9	41.7	55.2
Total Assets	**455.5**	**581.7**	**652.4**	**756.3**	**892.4**

Asset Quality					
Y/E March	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
GNPA (INR b)	9.6	14.0	17.4	19.3	21.4
NNPA (INR b)	3.5	4.9	6.1	6.1	5.9
GNPA Ratio	2.4	2.8	3.1	3.0	2.8
NNPA Ratio	0.9	1.0	1.1	1.0	0.8
Slippage Ratio	6.0	6.0	7.5	6.7	6.3
Credit Cost	6.0	7.2	8.9	8.1	7.6
PCR (Excl Tech. write off)	63.6	64.9	64.7	68.4	72.2

E: MOFSL Estimates

Financials and valuations

Business Metrics

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Total No of Cards (Nos in Mn)	16.8	18.9	21.2	24.3	28.5
Total spends (INR b)	2,625.0	3,295.9	3,262.9	3,817.6	4,543.0
Spends per card (INR k)	156.2	174.4	154.1	156.8	159.5
Loans per card (INR)	23	26	26	26	26
Fee income earned per card	3,931	4,320	3,772	3,941	4,022

Ratios

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
Yield & Cost Ratios (%)					
Avg. Yield on loans	16.8	16.9	17.1	17.2	17.3
Avg. Cost of Borrowings	6.1	7.3	7.3	7.1	6.9
Interest Spread	**10.7**	**9.6**	**9.9**	**10.1**	**10.4**
Net Interest Margin	**12.2**	**11.2**	**11.4**	**11.5**	**11.8**
Capitalisation Ratios (%)					
CAR	23.1	20.5	22.3	22.7	22.8
Tier I	20.4	16.5	16.8	17.7	18.3
CET 1	20.4	16.5	16.6	17.0	17.5
Tier II	2.7	4.0	5.5	5.0	4.5
Business ratios (%)					
Cost/Assets	18.6	16.1	12.9	13.3	13.4
Cost/Total Income	58.9	56.2	51.5	51.6	51.4
Int. Expense/Int.Income	27.2	33.5	33.6	33.1	32.1
Other income/Total Income	65.2	65.4	60.1	61.1	61.3
Empl. Cost/Total Expense	7.5	6.8	7.5	7.2	6.9
	18.6	16.1	12.9	13.3	13.4

Valuation

	FY23	FY24	FY25E	FY26E	FY27E
RoE	25.7	22.0	15.2	18.9	20.8
RoA	5.6	4.6	3.2	4.1	4.6
RoRWA	6.2	4.6	2.9	3.7	4.1
Book Value (INR)	104	127	145	173	210
-growth (%)	26.4	22.3	14.5	18.9	21.2
Price-BV (x)	**7.3**	**6.0**	**5.2**	**4.4**	**3.6**
Adjusted BV (INR)	101	123	141	168	205
Price-ABV (x)	**7.5**	**6.1**	**5.4**	**4.5**	**3.7**
EPS (INR)	23.9	25.4	20.7	30.1	39.7
-growth (%)	39.3	6.2	-18.6	45.9	31.8
Price-Earnings (x)	**31.7**	**29.9**	**36.7**	**25.2**	**19.1**

E: MOFSL Estimates

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