

SBI Cards

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	SBICARD IN
Equity Shares (m)	951
M.Cap.(INRb)/(USDb)	881.5 / 10.3
52-Week Range (INR)	931 / 648
1, 6, 12 Rel. Per (%)	6/31/15
12M Avg Val (INR M)	1230

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
NII	59.8	72.3	87.9
OP	74.5	91.3	110.6
NP	19.2	31.3	42.9
NIM (%)	11.1	11.7	12.1
EPS (INR)	20.2	32.9	45.1
EPS Gr. (%)	(20.5)	63.2	36.9
BV/Sh. (INR)	145	175	217
ABV/Sh. (INR)	139	169	211

Ratios

RoA (%)	3.1	4.4	5.0
RoE (%)	14.8	20.6	23.0

Valuations

P/E(X)	45.8	28.0	20.5
P/BV (X)	6.4	5.3	4.3
P/ABV (X)	6.6	5.5	4.4

Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	68.6	68.6	68.6
DII	17.2	16.5	16.7
FII	9.9	9.5	8.6
Others	4.3	5.4	6.1

FII includes depository receipts

CMP: INR927 **TP: INR975 (+5%)** **Neutral**

NII in line; high provisions drive earnings miss

Revolver mix remains stable at ~24%

- SBI Cards (SBICARD) reported a 5% miss on PAT, which stood at INR5.3b in 4QFY25.
- The share of the revolver mix was flat at 24% and management expects the revolver mix to have a downward bias toward 23%. NIMs improved to 11.2%.
- Spends grew 2.6% QoQ (up 11% YoY), led by 15% YoY growth in retail spends, while corporate spends declined 17% YoY (up 63% QoQ).
- GNPA ratio improved to 3.08% (down 16bp QoQ), while NNPA ratio increased by 28bp QoQ to 1.46% as SBICARD made changes in ECL-3 classification, resulting in a decline in PCR to 53.5% (down 1,089bp QoQ).
- We raise our FY26E/FY27E EPS by 7.4%/9.9%, factoring in improvement in credit cost, rate cuts and improvement in margins. **Reiterate Neutral with a revised TP of INR975 (22x FY27E EPS).**

Margins to see a calibrated expansion from declining rate cycle

- SBICARD reported 4QFY25 PAT of INR5.37b (down 19% YoY, 5% miss vs. MOFSLe) amid high provisions (8% higher than est.). Gross credit cost for FY25 stood at 9%.
- NII grew 14.5% YoY/3.1% QoQ to INR16.2b (in line). NIMs improved by 60bp QoQ to 11.2%. However, SBICARD guides for calibrated NIM expansion as the benefit of CoF should come at a lag, while the decline in yields shall be passed on marginally. CoF declined by 20bp QoQ to 7.2% amid a decline in the benchmark rate.
- The revolver mix was sticky at 24%, and SBICARD expects to have a slight downward bias amid new vintages having a tilt toward transacting customers. Transactor share increased to 41%, while EMI share declined to 35%.
- Fee income as a proportion of total income stood stable at 52%. PPOp grew 7.2% YoY/7.3% QoQ to INR19.6b (largely in line). The C/I ratio decreased to 51.4% vs. 53.5% in 3QFY25.
- Cards-in-force rose 10.1% YoY/3% QoQ to 20.8m. New card sourcing was largely flat QoQ at 1.11m, with new sourcing tilting highly toward the banca channel at 63% vs. 55% in 3Q and 38% in 2Q, while on O/S basis, sourcing stood at 42% for banca channel.
- Spends grew 2.6% QoQ (up 11% YoY), led by 15% YoY growth in retail spends, while corporate spends declined 17% YoY (up 63% QoQ). SBICARD expects corporate spends to gain pace over the next few quarters.
- GNPA ratio decreased to 3.08% (down by 16bp QoQ), while NNPA ratio increased by 28bp QoQ to 1.46% as SBICARD made changes in ECL-3 reporting, resulting in a decline in PCR to 53.5% (down 1,089bp QoQ).

Nitin Aggarwal - Research Analyst (Nitin.Aggarwal@MotilalOswal.com)

Research Analyst: Dixit Sankharva (Dixit.Sankharva@MotilalOswal.com) | **Disha Singhal** (Disha.Singhal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and

Highlights from the management commentary

- NIMs are influenced by two key factors — yields and interest rates. With rates trending lower, NIMs will see a calibrated expansion.
- The shift in ECL is primarily driven by changes in Stage 1 and Stage 2 assets, while Stage 3 changes are attributed to recoveries — all contributing to the ECL reduction.
- Receivables grew 10% last year and are expected to grow by 12-14% YoY this year.
- The mix of revolvers and EMI remains largely unchanged, with a slight downward bias in revolvers for new customers. As newer vintages are added, the revolver mix is likely to lean closer to 23%, given a stronger tilt towards transactors in the new portfolio.

Valuation and view

SBICARD reported a broadly in-line quarter, though provisions were higher, with management expecting further easing in the coming quarters. The revolver mix is likely to see a downward trend, and EMI yields remain under pressure. However, spends growth is expected to pick up, supported by a recovery in corporate spends and sustained traction in retail spends. Asset quality is projected to improve, aided by a reduction in forward flows. NIMs are expected to improve in a calibrated manner as the benefit from lower cost of funds will get partially offset by the yield pressure. We raise our FY26E/FY27E EPS by 7.4%/9.9%, factoring in improvement in credit cost, contained opex growth and improvement in margins. **Reiterate Neutral with a revised TP of INR975 (22x FY27E EPS).**

Quarterly performance

(INR b)

	FY24				FY25				FY25	FY26E	FY25E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Est
Net Interest Income	12.3	13.0	13.9	14.1	14.8	15.0	15.7	16.2	59.8	72.3	15.9	2%
% Change (Y-o-Y)	14.3	16.1	21.2	21.4	19.7	15.8	13.2	14.5	16.1	20.9	12.4	
Other Income	22.4	23.2	26.6	23.4	22.4	22.7	23.7	24.2	94.8	112.7	23.9	1%
Total Income	34.8	36.2	40.5	37.5	37.2	37.7	39.4	40.4	154.6	185.0	39.8	1%
Operating Expenses	19.6	20.7	24.3	19.2	18.2	20.1	21.1	20.7	80.1	93.7	20.8	0%
Operating Profit	15.2	15.5	16.2	18.3	19.0	17.6	18.3	19.6	74.5	91.3	19.1	3%
% Change (Y-o-Y)	17.3	23.9	33.1	28.2	25.4	13.3	13.0	7.2	14.3	22.5	4.0	
Provisions	7.2	7.4	8.8	9.4	11.0	12.1	13.1	12.5	48.7	49.2	11.5	8%
Profit before Tax	8.0	8.1	7.4	8.9	8.0	5.5	5.2	7.2	25.8	42.1	7.5	-5%
Tax	2.0	2.1	1.9	2.3	2.0	1.4	1.3	1.8	6.6	10.7	1.9	-3%
Net Profit	5.9	6.0	5.5	6.6	5.9	4.0	3.8	5.3	19.2	31.3	5.6	-5%
% Change (Y-o-Y)	-5.4	14.7	7.8	11.0	0.2	-32.9	-30.2	-19.4	-20.2	63.2	-14.9	
Operating Parameters												
Loan (INRb)	418.1	435.6	471.6	490.8	508.1	536.0	528.1	539.3	539.3	627.3	552.6	
Loan Growth (%)	30.3	19.3	26.3	24.7	21.5	23.0	12.0	9.9	9.9	16.3	12.6	
Borrowings (INRb)	329.6	340.8	380.1	398.9	408.7	432.2	439.1	449.5	430.7	499.6	458.3	
Borrowing Growth (%)	32.9	20.9	29.3	28.2	24.0	26.8	15.5	12.7	8.0	16.0	15	
Asset Quality												
Gross NPA (%)	2.4	2.4	2.6	2.8	3.1	3.3	3.2	3.1	3.1	3.1	3.1	
Net NPA (%)	0.9	0.9	1.0	1.0	1.1	1.2	1.2	1.5	1.5	1.4	1.1	
PCR (%)	63.8	64.1	64.1	64.9	64.4	64.4	64.4	53.5	53.5	57.3	64.6	

Source: Company, MOFSL

Quarterly snapshot

Profit and Loss (INR b)	FY24				FY25E				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Interest Income	18.0	19.0	20.8	21.4	22.4	22.9	24.0	24.2	13	1
Interest Expenses	5.7	6.0	7.0	7.2	7.7	7.9	8.3	8.0	10	-4
Net Interest Income	12.3	13.0	13.9	14.1	14.8	15.0	15.7	16.2	14	3
Other Income	22.4	23.2	26.6	23.4	22.4	22.7	23.7	24.2	3	2
Fee Income	19.0	19.7	22.9	20.0	19.3	19.6	20.2	20.9	5	3
Others	3.4	3.5	3.7	3.4	3.1	3.1	3.4	3.2	-4	-5
Total Income	34.8	36.2	40.5	37.5	37.2	37.7	39.4	40.4	8	3
Operating Expenses	19.6	20.7	24.3	19.2	18.2	20.1	21.1	20.7	8	-2
Employee	1.5	1.5	1.4	1.3	1.3	1.5	1.5	1.5	17	1
Others	18.1	19.2	22.8	17.9	16.8	18.6	19.5	19.2	7	-2
Operating Profits	15.2	15.5	16.2	18.3	19.0	17.6	18.3	19.6	7	7
Provisions	7.2	7.4	8.8	9.4	11.0	12.1	13.1	12.5	32	-5
PBT	8.0	8.1	7.4	8.9	8.0	5.5	5.2	7.2	-19	39
Taxes	2.0	2.1	1.9	2.3	2.0	1.4	1.3	1.8	-18	37
PAT	5.9	6.0	5.5	6.6	5.9	4.0	3.8	5.3	-19	39
Balance Sheet										
Loans	418.1	435.6	471.6	490.8	508.1	536.0	528.1	539.3	10	2
Borrowings	329.6	340.8	380.1	398.9	408.7	432.2	439.1	449.5	13	2
Receivable Mix (%)										
Transactor	38.0	38.0	38.0	39.0	38.0	40.0	40.0	41.0	200	100
Revolver	24.0	24.0	23.0	24.0	24.0	23.0	24.0	24.0	0	0
EMI	38.0	38.0	38.0	37.0	38.0	37.0	36.0	35.0	-200	-100
Asset Quality (INR b)										
GNPA	10.4	11.0	12.9	14.0	16.1	18.2	17.7	17.2	23	-3
NNPA	3.8	3.9	4.6	4.9	5.7	6.5	6.3	8.0	62	27
Asset Quality Ratios (%)										
GNPA	2.41	2.43	2.64	2.76	3.06	3.27	3.24	3.08	32	-16
NNPA	0.89	0.89	0.96	0.99	1.11	1.19	1.18	1.46	47	28
PCR (Calc.)	63.8	64.1	64.1	64.9	64.4	64.4	64.4	53.5	-1,143	-1,089
Credit Cost	6.9	6.8	7.5	7.7	8.7	9.0	9.9	9.2	154	-71
ECL	3.4	3.4	3.5	3.5	3.6	3.6	3.6	3.4	-10	-20
Business Ratios (%)										
Fees to Total Income	54.6	54.6	56.7	53.3	51.9	51.9	51.4	51.8	-147	43
Cost to Income	56.4	57.1	59.9	51.1	48.9	53.4	53.5	51.4	21	-216
Sourcing channel Mix (%)										
SBI	54.0	51.0	49.0	44.0	42.0	38.0	55.0	63.0	1,900	800
Open Market	46.0	49.0	51.0	56.0	58.0	62.0	45.0	37.0	-1,900	-800
Spend Mix (%)										
Corporate Spends	21.1	22.4	24.1	13.1	6.8	6.7	6.2	9.8	-334	364
Retail Spends	78.9	77.6	75.9	86.9	93.2	93.3	93.8	90.2	334	-364
Profitability Ratios (%)										
Yield on loans	16.9	16.8	17.2	16.7	16.8	16.4	16.5	17.0	30	50
Cost of borrowings	7.1	7.1	7.6	7.4	7.5	7.4	7.4	7.2	-20	-20
Spreads	9.8	9.7	9.6	9.3	9.3	9.0	9.1	9.8	50	70
Margins	11.5	11.3	11.3	10.9	10.9	10.6	10.6	11.2	30	60
RoA	5.1	4.9	4.1	4.7	4.1	2.7	2.4	3.4	-130	100
RoE	23.3	22.3	19.2	22.2	19.1	12.5	11.5	15.5	-670	400
Other Details										
New accounts added (000)	1,097	1,142	1,096	1,029	904.0	904	1,175	1,109	8	-6
O/S Cards (Mn)	17.3	17.9	18.5	18.9	19.2	19.6	20.2	20.8	10	3
Spends (INRb)	739.1	791.6	968.6	796.5	771.3	818.9	860.9	883.7	11	3
- Retail Spends (INRb)	583.5	614.5	735.2	691.9	718.8	764.0	807.9	797.1	15	-1
- Corporate Spends (INRb)	155.7	177.2	233.4	104.6	52.5	55.0	53.0	86.6	-17	63
-Spends market share (%)	17.8	17.9	18.3	17.8	15.9	15.8	15.6	15.6	-220	0
-O/S cards market share (%)	19.6	19.2	18.9	18.6	18.5	18.5	18.7	18.9	30	20

Source: Company, MOFSL



Highlights from the management commentary

Opening remarks

- SBICARD continues to play a key role in the expanding payment ecosystem.
- With 109m cards-in-force, the credit card industry is witnessing strong growth in new additions.
- SBICARD remains the largest standalone credit card issuer.
- The focus is on growing the co-branded card portfolio, with ongoing efforts to strengthen partnerships.
- To offer a diversified product suite, new cards like SBI Miles have been launched.
- The BPCL fuel card partnership has crossed 4m SBI Cards.
- The risk management framework has been updated to align with both market practices and regulatory guidelines.
- A dividend of INR2.5/per share has been declared.
- SBICARD is the second-largest card issuer in India, consistently adding 1m cards every quarter. In FY25, 4m new accounts were added.
- Market share in card spends stands at 15.6%, with retail spends growing 15% year-on-year.
- Corporate spending is recovering; the strategy to diversify the corporate segment is proving successful and remains a focus area.
- Strong spending has been seen in consumer durables and jewelry segments.
- UPI-based credit card acceptance is boosting overall spending growth.
- Strong business momentum has supported solid financial performance in 4Q.
- The cost of funds is expected to decline due to the RBI's rate actions, helping to maintain stable NIMs.
- Asset quality is under pressure due to ongoing macroeconomic headwinds.
- Gross credit cost improved by 40bp, marking the first decline after several quarters of increase.
- Delinquencies in the 30-day and 90+ day buckets are now on a declining trend.
- Credit costs are expected to moderate, influenced by the state of unsecured lending and broader macro conditions.

Asset Quality

- The overall ECL rate has declined from 3.6% to 3.4%, remaining largely stable over recent quarters.
- SBICARD follows an ECL model that is reviewed by external auditors and various stakeholders.
- The shift in ECL is primarily driven by changes in Stage 1 and Stage 2 assets, while Stage 3 changes are attributed to recoveries — all contributing to the ECL reduction.
- Asset quality has been improving, indicating a downward trend in credit costs going forward.
- The gross write-off pool remains elevated.
- Stage 2 ECL has increased, mainly due to early provisioning and a reduction in Stage 3 provisions.
- Early delinquencies among new customers continue to decline.

- Write-offs have reduced, reflecting an improvement in delinquencies and overall flow rates.
- Flow rates have been consistently decreasing over the past few months.
- Gross slippages have come down from 2.2% to 2.1% in 4Q.
- The previous quarter also showed a positive trend, with improved flow rates and reduced write-offs.

Opex and other income

- Operating expenses have declined due to lower cashback-related spends in the previous quarter, following the festive-heavy 3Q.
- The C/I ratio is expected to remain in the 55–57% range.

NIMs, cost and yields

- NIMs are influenced by two key factors — yields and interest rates. With rates trending lower, NIMs will see a calibrated expansion.
- The company's loan book is on a fixed-rate structure, while borrowings have short terms. The impact of the Feb'25 rate cut should reflect in 1Q, though with a lag.
- On the yield side, rate benefits can be passed on to customers, supporting efforts to maintain stable NIMs.
- While rate cuts will provide relief over time, yields on the EMI portfolio may face slight pricing adjustments due to benchmark shifts. NIMs are likely to stay stable, with a slight upward bias.
- There is no regulatory cap on lending yields, providing flexibility in pricing.

Spends; loans and receivables

- The corporate card strategy aims to boost corporate spending, with 4Q expected to benefit from seasonal growth.
- Growth will continue in a calibrated manner given economic uncertainties, with new additions projected at 1.1m per quarter.
- Receivables grew 10% last year and are expected to rise by 12-14% YoY this year.
- Industry-wide spend growth has slowed, including in the corporate segment for SBICARD. FY26 is projected to see a similar growth trend as FY25, at 18-19% YoY.
- Market share was impacted by weaker corporate spends, but it is expected to recover as corporate activity picks up.
- Attrition rates in cards stand at 10-13%, with some exits being voluntary, while write-offs are involuntary.
- The drop in corporate spends was due to RBI regulations, which led the company to adjust its corporate portfolio strategy.
- Rental spends have moderated following the implementation of certain fee charges.
- New acquisitions gained momentum in 2HFY25, which is expected to push the cost-to-income ratio higher.

Sourcing

- The Rupay card portfolio now accounts for 20% of the total, with UPI-based spends nearing double digits as a share of overall spends.
- The banca channel mix rose to 63% in 4QFY25 and averaged 51% for the full year. The aim is to maintain a balanced 50-55% contribution from both Banca and open market channels.

Revolver mix and receivables

- The mix of revolvers and EMI remains largely unchanged, with a slight downward bias in revolvers for new customers.
- Over the next 3-4 quarters, the revolver mix is expected to range around 23-25%, with the last six quarters averaging around 24%.
- As newer vintages are added, the revolver mix is likely to lean closer to 23%, given a stronger tilt toward transactors in the new portfolio.

Story in charts

Exhibit 1: Spends increased 10.9% YoY (up 2.6% QoQ)

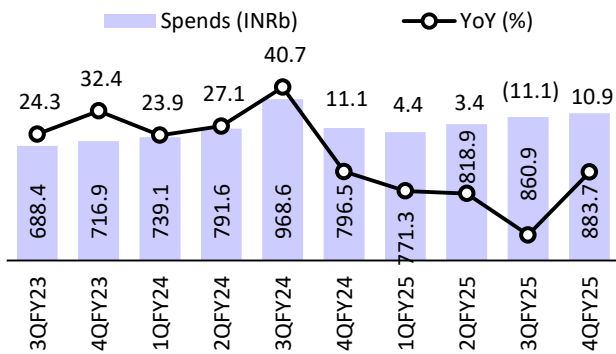


Exhibit 2: Mix of retail spending, declined to 90% from 94% in 3QFY25

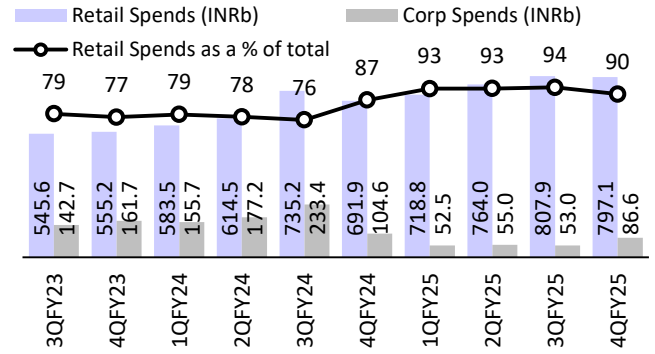


Exhibit 3: O/s cards increased ~10.1% YoY to 20.8m

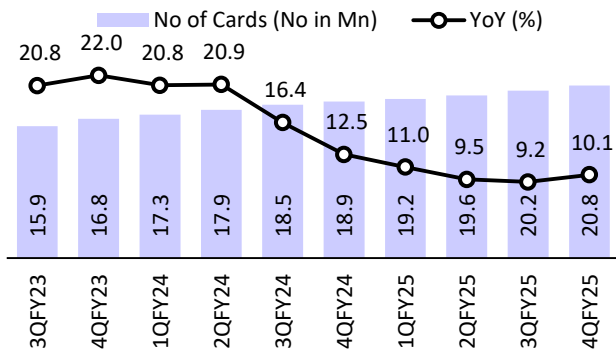


Exhibit 4: Margins increased to 11.2% in 4QFY25

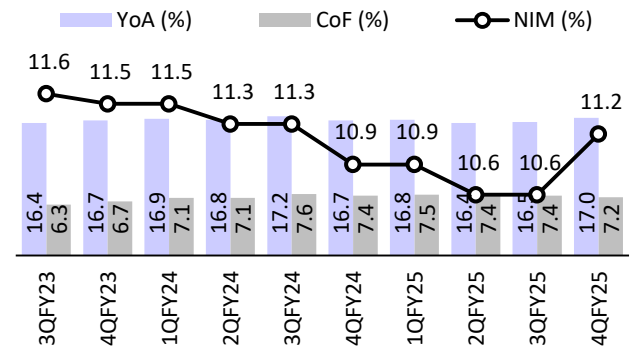


Exhibit 5: Revolver mix stood flat at 24%

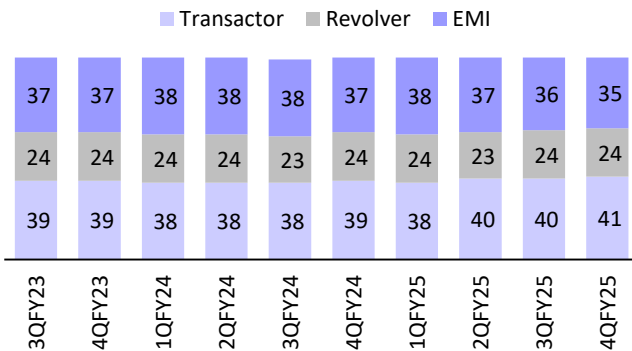


Exhibit 6: New cards sourcing mix: SBI sourcing increased sharply to 63%

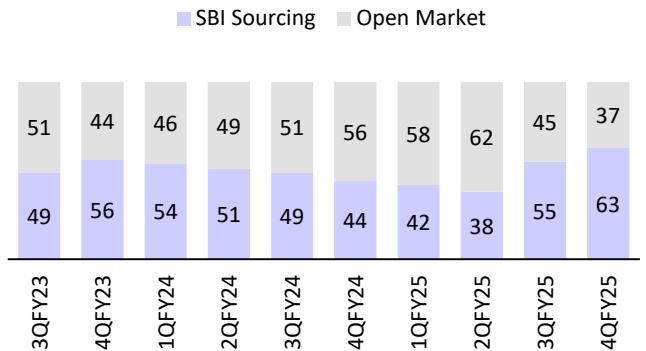


Exhibit 7: Credit cost stood elevated at 9%; ECL declined to 3.4%

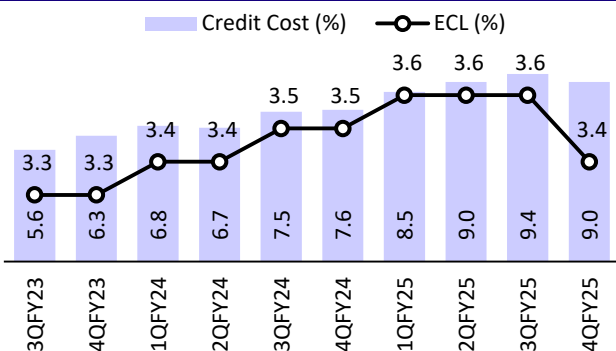
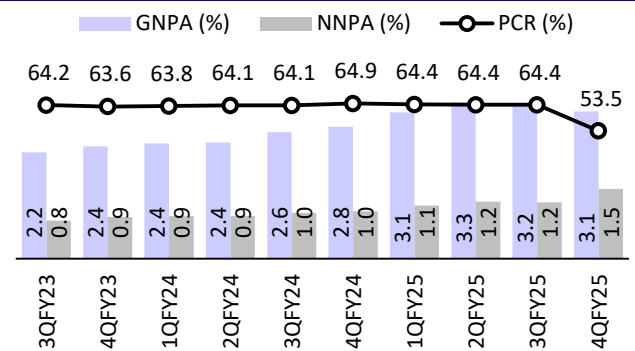


Exhibit 8: GNPA ratio decreased 16bp; NNPA ratio increased by 28bp QoQ; PCR declined sharply to 53.5%



Source: MOFSL, Company

Source: MOFSL, Company

Valuation and view: Reiterate Neutral with a revised TP of INR975

- SBICARD reported a broadly in-line quarter, though provisions were higher, with management expecting further easing in the coming quarters. The revolver mix is likely to see a downward trend, and EMI yields remain under pressure. However, spends growth is expected to pick up, supported by a recovery in corporate spends and sustained traction in retail spends.
- Asset quality is projected to improve, aided by a reduction in forward flows. NIMs are expected to improve in a calibrated manner as the benefit from lower cost of funds will get partially offset by the yield pressure.
- We raise our FY26E/FY27E EPS by 7.4%/9.9%, factoring in improvement in credit cost, contained opex growth and improvement in margins. **Reiterate Neutral with a revised TP of INR975 (22x FY27E 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	61.4	71.7	84.9	59.8	72.3	87.9	-2.6	0.8	3.5
Other Income	92.7	110.8	132.1	94.8	112.7	134.3	2.3	1.8	1.7
Total Income	154.1	182.5	217.0	154.6	185.0	222.2	0.3	1.4	2.4
Operating Expenses	80.1	94.4	111.7	80.1	93.7	111.6	-0.1	-0.7	-0.1
Operating Profits	73.9	88.1	105.3	74.5	91.3	110.6	0.8	3.6	5.0
Provisions	47.8	48.9	52.9	48.7	49.2	53.0	2.0	0.6	0.2
PBT	26.2	39.2	52.4	25.8	42.1	57.6	-1.3	7.4	9.9
Tax	6.7	10.0	13.4	6.6	10.7	14.7	-1.3	7.4	9.9
PAT	19.5	29.2	39.0	19.2	31.3	42.9	-1.3	7.4	9.9
Loans	553	636	744	539	627	740	-2.4	-1.3	-0.5
Margins (%)	11.4	11.7	11.9	11.1	11.7	12.1	-29	3	22
Credit Cost (%)	8.84	7.95	7.40	8.84	7.95	7.30	0	0	-10
RoA (%)	3.15	4.15	4.77	3.10	4.37	5.03	-5	22	26
RoE (%)	15.0	19.3	21.3	14.8	20.6	23.0	-18	132	163
EPS	20	31	41	20	33	45	-1.3	7.4	9.9
BV	145	173	211	145	175	217	-0.3	1.1	2.8
ABV	141	168	206	139	169	211	-1.2	0.3	2.1

Source: Company, MOFSL

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

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	15.6	15.1	14.9	14.8	14.6	14.6
Interest Expense	3.3	4.1	5.0	5.1	4.5	4.3
Net Interest Income	12.3	11.0	9.9	9.7	10.1	10.3
Fee Income	17.0	16.5	15.7	12.9	13.4	13.4
Trading and others	4.1	4.1	3.0	2.4	2.3	2.3
Non-Interest income	21.0	20.5	18.8	15.3	15.7	15.7
Total Income	33.3	31.5	28.7	25.0	25.8	26.1
Operating Expenses	19.0	18.6	16.1	12.9	13.1	13.1
-Employee cost	1.5	1.4	1.1	1.0	0.9	0.9
-Others	17.4	17.2	15.0	12.0	12.1	12.2
Operating Profits	14.4	12.9	12.6	12.0	12.7	13.0
Provisions	7.3	5.4	6.3	7.9	6.9	6.2
PBT	7.0	7.6	6.2	4.2	5.9	6.8
Tax	1.8	1.9	1.6	1.1	1.5	1.7
RoA	5.2	5.6	4.6	3.1	4.4	5.0
Leverage (x)	4.4	4.6	4.7	4.8	4.7	4.6
RoE	23.0	25.7	22.0	14.8	20.6	23.0

Financials and valuations

Income Statement

(INR b)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest Income	48.2	60.5	77.4	91.6	104.6	124.4
Interest Expense	10.3	16.5	26.0	31.8	32.3	36.5
Net Interest Income	37.9	44.0	51.5	59.8	72.3	87.9
-growth (%)	-2.3	16.0	17.0	16.1	20.9	21.5
Non-Interest Income	64.8	82.4	97.4	94.8	112.7	134.3
Total Income	102.7	126.4	148.9	154.6	185.0	222.2
-growth (%)	18.5	23.0	17.8	3.8	19.7	20.1
Operating Expenses	58.5	74.5	83.7	80.1	93.7	111.6
Pre Provision Profits	44.3	51.9	65.2	74.5	91.3	110.6
-growth (%)	11.8	17.2	25.6	14.3	22.5	21.1
Provisions (excl tax)	22.6	21.6	32.9	48.7	49.2	53.0
PBT	21.7	30.3	32.3	25.8	42.1	57.6
Tax	5.6	7.7	8.2	6.6	10.7	14.7
- Tax Rate (%)	25.6	25.5	25.5	25.6	25.5	25.5
PAT	16.2	22.6	24.1	19.2	31.3	42.9
-growth (%)	64.2	39.7	6.6	-20.2	63.2	36.9
Total Comprehensive Income	16.3	22.6	24.1	19.2	31.3	42.9
-growth (%)	63.1	38.7	6.7	-20.2	63.2	36.9

Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	0.01	0.01	0.01	0.01	0.01	0.01
Reserves & Surplus	68.10	88.84	111.33	128.30	157.21	197.26
Net Worth	68.1	88.8	111.3	128.3	157.2	197.3
Borrowings	229.8	311.1	398.9	430.7	499.6	574.5
-growth (%)	28.4	35.4	28.2	8.0	16.0	15.0
Other Liabilities & Prov.	39.1	46.1	62.0	87.0	113.1	144.7
Total Liabilities	337.1	446.0	572.2	646.0	769.9	916.5
Current Assets	11.1	13.5	27.3	27.4	33.1	40.4
Investments	13.0	21.4	35.2	62.4	82.3	102.1
-growth (%)	35.5	64.9	64.5	77.2	32.0	24.0
Loans	301.9	393.6	490.8	539.3	627.3	740.2
-growth (%)	28.7	30.4	24.7	9.9	16.3	18.0
Fixed Assets	4.5	5.7	5.6	3.3	6.5	7.2
Other Assets	16.0	21.2	22.8	23.1	30.2	36.2
Total Assets	346.5	455.5	581.7	655.5	779.4	926.0

Asset Quality

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
GNPA (INR b)	6.9	9.6	14.0	17.2	20.0	20.3
NNPA (INR b)	2.4	3.5	4.9	8.0	8.5	9.0
GNPA Ratio	2.2	2.4	2.8	3.1	3.1	2.7
NNPA Ratio	0.8	0.9	1.0	1.5	1.4	1.2
Slippage Ratio	8.0	6.0	7.3	7.5	6.7	6.1
Credit Cost	8.0	6.0	7.2	8.8	8.0	7.3
PCR (Excl Tech. write off)	65.3	63.6	64.9	53.5	57.3	55.6

Financials and valuations

Business Metrics

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Total No of Cards (Nos in Mn)	13.8	16.8	18.9	21.2	24.3	28.5
Total spends (INR b)	1,863.5	2,625.0	3,295.9	3,262.9	3,817.6	4,543.0
Spends per card (INR k)	135.4	156.2	174.4	154.1	156.8	159.5
Loans per card (INR)	22	23	26	25	26	26
Fee income earned per card	3,796	3,931	4,320	3,781	3,941	4,022

52

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Yield & Cost Ratios (%)						
Avg. Yield on loans	17.1	16.8	16.9	16.9	16.9	17.1
Avg. Cost of Borrowings	5.0	6.1	7.3	7.7	7.0	6.8
Interest Spread	12.1	10.7	9.6	9.3	10.0	10.3
Net Interest Margin	13.5	12.2	11.2	11.1	11.7	12.1
Capitalisation Ratios (%)						
CAR	23.8	23.1	20.5	22.3	22.6	22.9
Tier I	21.0	20.4	16.5	16.8	17.6	18.4
CET 1		20.4	16.5	16.6	17.0	17.5
Tier II	2.8	2.7	4.0	5.5	5.0	4.5
Business ratios (%)						
Cost/Assets	19.0	18.6	16.1	12.9	13.1	13.1
Cost/Total Income	56.9	58.9	56.2	51.8	50.7	50.2
Int. Expense/Int.Income	21.3	27.2	33.5	34.7	30.9	29.4
Other income/Total Income	63.1	65.2	65.4	61.3	60.9	60.4
Empl. Cost/Total Expense	8.1	7.5	6.8	7.4	7.2	6.9

Valuation

RoE	23.0	25.7	22.0	14.8	20.6	23.0
RoA	5.2	5.6	4.6	3.1	4.4	5.0
RoRWA	5.8	6.2	4.6	2.8	4.0	4.5
Book Value (INR)	82	104	127	145	175	217
-growth (%)	22.7	26.4	22.3	14.0	21.0	24.0
Price-BV (x)	11.2	8.9	7.3	6.4	5.3	4.3
Adjusted BV (INR)	80	101	123	139	169	211
Price-ABV (x)	11.5	9.1	7.5	6.6	5.5	4.4
EPS (INR)	17.2	23.9	25.4	20.2	32.9	45.1
-growth (%)	63.8	39.3	6.2	-20.5	63.2	36.9
Price-Earnings (x)	53.8	38.7	36.4	45.8	28.0	20.5

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.