

Estimate change	↔
TP change	↓
Rating change	↔

**CMP: INR671**

**TP: INR760 (+13%)**

**Neutral**

## In-line quarter; credit cost improves further

### NIMs expand 10bp QoQ

- SBI Cards (SBICARD) reported 4QFY26 PAT of INR6.09b (up 14% YoY/9% QoQ), amid lower-than-expected provisions.
- NIMs expanded 10bp QoQ to 11.1%, as lower CoF was partly offset by a moderate decline in yields. Management expects margins to remain broadly stable going ahead.
- Opex grew 23.5% YoY/down 1.4% QoQ to INR25.6b. The bank has reversed INR1.1b owing to the PIDF reversal.
- Credit cost improved to 7.7% (vs 8.3% in 3QFY26). Management overlay was increased to INR2.20b for prudence.
- Spends growth was weak at 31% YoY/1% QoQ, led by strong corporate spends (up 195% YoY/12% QoQ). Retail spends rose 13% YoY (down 2% QoQ). Corporate spends contributed ~22% of total spends.
- GNPA ratio improved 45bp QoQ to 2.41%, while NNPA ratio declined 24bp QoQ to 1.04%. ECL declined 30bp QoQ to 3.0%, while PCR improved 154bp QoQ to 57.6%.
- **We maintain our earnings and estimate SBICARD to report an RoA/RoE of 4.15%/17.3% by FY27. Reiterate Neutral with a revised TP of INR760 (22x Sep'27E EPS).**

### Loan growth muted; revolver mix declines to 22%

- 4Q PAT grew 14% YoY/9% QoQ to INR6.09b (4% beat), aided by steady NII growth and lower-than-expected credit cost.
- NII grew 3% YoY/declined 5% QoQ to INR16.7b (largely in line). NIMs expanded 10bp QoQ to 11.1%, supported by lower CoF, partly offset by a moderation in yields. Management expects NIMs to remain broadly stable going forward.
- The transactor mix increased to 46% (vs 44% in 3QFY26), while revolver mix moderated to 22% (vs 23% in 3QFY26). The EMI mix declined to 32% (vs 34% in 3QFY26), reflecting a seasonal run-off of festival tenor balances.
- Other income grew 60% YoY/11.7% QoQ (19% beat on MOFSLe), aided by a one-off GST liability reversal of INR765.7m. C/I ratio increased modestly to 57.2% vs 56.8% in 3QFY26.
- CIF grew 6% YoY/1% QoQ to 22.1m. New card sourcing stood at 917k, within the guided 0.9-1.0m run rate. Around 54% of sourcing came from open market in 4QFY26.
- Spends remained strong with 31% YoY/1% QoQ growth, led by continued traction in corporate spends (up 195% YoY/12% QoQ), while retail spends grew 13% YoY. Despite healthy spends, receivables remained flat QoQ at INR569.3b due to a higher transactor mix and lower revolver balances.
- GNPA ratio improved 45bp QoQ to 2.41%, while NNPA ratio declined 24bp QoQ to 1.04%. ECL declined 30bp QoQ to 3.0%, while PCR improved 154bp QoQ to 57.6%.

Bloomberg	SBICARD IN
Equity Shares (m)	952
M.Cap.(INRb)/(USDb)	638.2 / 6.8
52-Week Range (INR)	1027 / 615
1, 6, 12 Rel. Per (%)	-6/-18/-23
12M Avg Val (INR M)	1085

### Financials & Valuations (INR b)

Y/E MARCH	FY26	FY27E	FY28E
NII	68.3	76.2	89.0
OP	78.8	86.5	100.8
NP	21.7	29.5	36.4
NIM (%)	11.9	12.0	12.2
EPS (INR)	22.8	31.0	38.3
EPS Gr. (%)	13.0	36.1	23.4
BV/Sh. (INR)	165	193	229
ABV/Sh. (INR)	161	187	229

### Ratios

RoA (%)	3.3	4.1	4.4
RoE (%)	14.7	17.3	18.1

### Valuations

P/E(X)	29.4	21.6	17.5
P/BV (X)	4.1	3.5	2.9
P/ABV (X)	4.2	3.6	2.9

### Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	68.9	68.6	68.6
DII	18.1	17.9	17.2
FII	9.5	10.2	9.9
Others	3.4	3.4	4.3

FII includes depository receipts

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### Highlights from the management commentary

- Management overlay increased to INR2.2b as of Mar'26 from INR1.21b in Dec'25, reflecting prudence amid geopolitical uncertainty and ECL model refresh.
- Management expects NIMs to remain broadly stable in FY27, though any significant rise in CoF could pose a risk.
- Revolver mix has remained in the 22-24% band over two years and may trend slightly lower as newer vintages show lower revolving behavior.
- Card acquisition guidance remains 0.9-1.0m accounts per quarter.
- Management reiterated a medium-term RoA target of 4-4.5%, with lower credit costs being the key driver.
- Management expects further moderation in credit cost during FY27, though the pace will depend on macro and geopolitical developments.

### Valuation and view

SBICARD reported a largely in line but subdued performance in 4Q, with lower provisions and an improving credit cost outlook, even as receivables declined due to a higher share of transactors. Credit cost moderated to 7.7%, despite the bank taking an additional management overlay of INR1b during the quarter. NIMs are expected to remain broadly stable, as the benefit of lower cost of funds is likely to be partly offset by some moderation in yields. Corporate spending has rebounded, leading to a slight uptick in operating expenses, with corporate share expected to remain ~20% of the overall mix. Asset quality is expected to improve going forward, supported by lower forward delinquencies and a favorable macroeconomic environment. **We maintain our earnings and estimate SBICARD to report an RoA/RoE of 4.15%/17.3% by FY27. Reiterate Neutral with a revised TP of INR760 (22x Sep'27E EPS).**

### Quarterly performance

(INR b)

	FY25				FY26				FY26	FY27E	FY26E	V/s our
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QA				
<b>Net Interest Income</b>	<b>14.8</b>	<b>15.0</b>	<b>15.7</b>	<b>16.2</b>	<b>16.8</b>	<b>17.3</b>	<b>17.5</b>	<b>16.7</b>	<b>68.3</b>	<b>76.2</b>	<b>16.8</b>	<b>0%</b>
% Change (Y-o-Y)	19.7	15.8	13.2	14.5	13.8	15.2	11.5	3.0	15.9	11.6	3.4	
Other Income	22.4	22.7	23.7	24.2	25.4	26.5	28.2	28.1	108.1	121.2	28.6	-2%
<b>Total Income</b>	<b>37.2</b>	<b>37.7</b>	<b>39.4</b>	<b>40.4</b>	<b>42.2</b>	<b>43.8</b>	<b>45.7</b>	<b>44.7</b>	<b>176.4</b>	<b>197.4</b>	<b>45.4</b>	<b>-1%</b>
Operating Expenses	18.2	20.1	21.1	20.7	21.2	24.8	26.0	25.6	97.6	110.9	25.9	-1%
<b>Operating Profit</b>	<b>19.0</b>	<b>17.6</b>	<b>18.3</b>	<b>19.6</b>	<b>21.0</b>	<b>18.9</b>	<b>19.7</b>	<b>19.1</b>	<b>78.8</b>	<b>86.5</b>	<b>19.5</b>	<b>-2%</b>
% Change (Y-o-Y)	25.4	13.3	13.0	7.2	10.5	7.7	7.7	-2.6	5.7	9.8	-0.9	
Provisions	11.0	12.1	13.1	12.5	13.5	12.9	12.2	11.0	49.6	46.9	11.6	-5%
<b>Profit before Tax</b>	<b>8.0</b>	<b>5.5</b>	<b>5.2</b>	<b>7.2</b>	<b>7.5</b>	<b>6.0</b>	<b>7.5</b>	<b>8.2</b>	<b>29.1</b>	<b>39.6</b>	<b>7.9</b>	<b>3%</b>
Tax	2.0	1.4	1.3	1.8	1.9	1.6	1.9	2.1	7.5	10.1	2.0	2%
<b>Net Profit</b>	<b>5.9</b>	<b>4.0</b>	<b>3.8</b>	<b>5.3</b>	<b>5.6</b>	<b>4.4</b>	<b>5.6</b>	<b>6.1</b>	<b>21.7</b>	<b>29.5</b>	<b>5.9</b>	<b>4%</b>
% Change (Y-o-Y)	0.2	-32.9	-30.2	-19.4	-6.5	10.0	45.2	14.1	13.1	36.1	9.9	
<b>Operating Parameters</b>												
Loan (INRb)	508.1	536.0	528.1	539.3	546.3	578.6	552.2	549.8	549.8	626.3	572.2	
Loan Growth (%)	21.5	23.0	12.0	9.9	7.5	7.9	4.6	1.9	1.9	13.9	6.1	
Borrowings (INRb)	408.7	432.2	439.1	449.5	461.8	492.3	462.2	440.6	440.6	495.7	476.9	
Borrowing Growth (%)	24.0	26.8	15.5	12.7	13.0	13.9	5.3	-2.0	-2.0	12.5	6	
<b>Asset Quality</b>												
Gross NPA (%)	3.1	3.3	3.2	3.1	3.1	2.9	2.9	2.4	2.5	2.4	2.8	
Net NPA (%)	1.1	1.2	1.2	1.5	1.4	1.3	1.3	1.0	1.1	1.3	1.2	
PCR (%)	64.4	64.4	64.4	53.5	54.3	55.4	56.1	57.6	57.6	46.3	57.1	

Source: Company, MOFSL

### Quarterly snapshot

Profit and Loss (INR b)	FY25				FY26				Change (%)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	YoY	QoQ
Interest Income	22.4	22.9	24.0	24.2	24.9	24.9	25.4	23.8	-1	-6
Interest Expenses	7.7	7.9	8.3	8.0	8.1	7.6	7.9	7.1	-10	-9
<b>Net Interest Income</b>	<b>14.8</b>	<b>15.0</b>	<b>15.7</b>	<b>16.2</b>	<b>16.8</b>	<b>17.3</b>	<b>17.5</b>	<b>16.7</b>	<b>3</b>	<b>-5</b>
<b>Other Income</b>	<b>22.4</b>	<b>22.7</b>	<b>23.7</b>	<b>24.2</b>	<b>25.4</b>	<b>26.5</b>	<b>28.2</b>	<b>28.1</b>	<b>16</b>	<b>0</b>
Fee Income	19.3	19.6	20.2	20.9	21.9	22.7	23.7	23.4	12	-1
Others	3.1	3.1	3.4	3.2	3.5	3.8	4.5	4.6	43	3
<b>Total Income</b>	<b>37.2</b>	<b>37.7</b>	<b>39.4</b>	<b>40.4</b>	<b>42.2</b>	<b>43.8</b>	<b>45.7</b>	<b>44.7</b>	<b>11</b>	<b>-2</b>
<b>Operating Expenses</b>	<b>18.2</b>	<b>20.1</b>	<b>21.1</b>	<b>20.7</b>	<b>21.2</b>	<b>24.8</b>	<b>26.0</b>	<b>25.6</b>	<b>24</b>	<b>-1</b>
Employee	1.3	1.5	1.5	1.5	1.6	1.6	1.8	1.6	2	-15
Others	16.8	18.6	19.5	19.2	19.6	23.3	24.1	24.0	25	0
<b>Operating Profits</b>	<b>19.0</b>	<b>17.6</b>	<b>18.3</b>	<b>19.6</b>	<b>21.0</b>	<b>18.9</b>	<b>19.7</b>	<b>19.1</b>	<b>-3</b>	<b>-3</b>
Provisions	11.0	12.1	13.1	12.5	13.5	12.9	12.2	11.0	-12	-10
<b>PBT</b>	<b>8.0</b>	<b>5.5</b>	<b>5.2</b>	<b>7.2</b>	<b>7.5</b>	<b>6.0</b>	<b>7.5</b>	<b>8.2</b>	<b>14</b>	<b>9</b>
Taxes	2.0	1.4	1.3	1.8	1.9	1.6	1.9	2.1	12	7
<b>PAT</b>	<b>5.9</b>	<b>4.0</b>	<b>3.8</b>	<b>5.3</b>	<b>5.6</b>	<b>4.4</b>	<b>5.6</b>	<b>6.1</b>	<b>14</b>	<b>9</b>
<b>Balance Sheet</b>										
Loans	508.1	536.0	528.1	539.3	546.3	578.6	552.2	549.8	2	0
Borrowings	408.7	432.2	439.1	449.5	461.8	492.3	462.2	440.6	-2	-5
<b>Receivable Mix (%)</b>										
Transactor	38.0	40.0	40.0	41.0	40.0	44.0	44.0	46.0	500	200
Revolver	24.0	23.0	24.0	24.0	24.0	22.0	22.5	22.0	-200	-50
EMI	38.0	37.0	36.0	35.0	36.0	34.0	33.5	32.0	-300	-150
<b>Asset Quality (INR b)</b>										
GNPA	16.1	18.2	17.7	17.2	17.4	17.1	16.4	13.7	-20	-16
NNPA	5.7	6.5	6.3	8.0	7.9	7.6	7.2	5.8	-27	-19
<b>Asset Quality Ratios (%)</b>										
GNPA	3.06	3.27	3.24	3.08	3.07	2.85	2.86	2.41	-67	-45
NNPA	1.11	1.19	1.18	1.46	1.42	1.29	1.28	1.04	-42	-24
PCR (Calc.)	64.4	64.4	64.4	53.5	54.3	55.4	56.1	57.6	414	154
Credit Cost	8.7	9.0	9.9	9.2	9.9	8.9	8.9	8.0	-126	-87
ECL	3.6	3.6	3.6	3.4	3.5	3.3	3.3	3.0	-40	-30
<b>Business Ratios (%)</b>										
Fees to Total Income	51.9	51.9	51.4	51.8	51.9	51.8	51.8	52.4	53	57
Cost to Income	48.9	53.4	53.5	51.4	50.3	56.8	56.8	57.2	589	39
<b>Sourcing channel Mix (%)</b>										
SBI	42.0	38.0	55.0	63.0	56.0	50.0	44.0	46.0	-1,700	200
Open Market	58.0	62.0	45.0	37.0	44.0	50.0	56.0	54.0	1,700	-200
<b>Spend Mix (%)</b>										
Corporate Spends	6.8	6.7	6.2	9.8	11.6	16.3	19.8	22.2	1,237	234
Retail Spends	93.2	93.3	93.8	90.2	88.4	83.7	80.2	77.8	-1,237	-234
<b>Profitability Ratios (%)</b>										
Yield on loans	16.8	16.4	16.5	17.0	17.0	16.5	16.3	16.2	-80	-10
Cost of borrowings	7.5	7.4	7.4	7.2	7.1	6.4	6.5	6.4	-80	-10
Spreads	9.3	9.0	9.1	9.8	9.9	10.1	9.8	9.8	0	0
Margins	10.9	10.6	10.6	11.2	11.2	11.2	11.0	11.1	-10	10
RoA	4.1	2.7	2.4	3.4	3.4	2.6	3.2	3.6	20	40
RoE	19.1	12.5	11.5	15.5	15.8	12.1	14.7	15.6	10	90
<b>Other Details</b>										
New accounts added (000)	904	904	1,175	1,109	873	936	864	917	-17	6
O/S Cards (Mn)	19.2	19.6	20.2	20.8	21.2	21.5	21.8	22.1	6	1
Spends (INRb)	771.3	818.9	860.9	883.7	932.4	1,070.6	1,147.0	1,153.5	31	1
- Retail Spends (INRb)	718.8	764.0	807.9	797.1	824.0	896.1	919.6	897.9	13	-2
- Corporate Spends (INRb)	52.5	55.0	53.0	86.6	108.4	174.5	227.4	255.6	195	12
-Spends market share (%)	15.9	15.8	15.6	15.6	16.6	16.8	17.7	18.1	250	40
-O/S cards market share (%)	18.5	18.5	18.7	18.9	19.1	19.0	18.8	18.6	-30	-20

Source: Company, MOFSL



## Highlights from the management commentary

### Opening Remarks

- India's real GDP is projected to grow ~6.9% in FY27, remaining one of the fastest-growing major economies globally despite external uncertainties.
- Industry-wide credit card spends grew ~12% YoY to INR23.62t in FY26, while cards in force crossed 118.6m.
- SBICARD retained its position as the second-largest issuer, with 18.6% CIF market share and 18.1% spends market share in FY26.
- New account additions stood at 0.92m in 4QFY26, with sourcing mix of 54% open market and 46% bancassurance.
- Several new co-branded cards were launched during the year, including Tata Neu SBI Card, Flipkart SBI Card, IndiGo SBI Card, and PhonePe SBI Card.
- Total spends in 4QFY26 crossed INR1,153.5b, up 31% YoY, while FY26 spends reached a record INR4,303.6b.
- Retail spends in 4QFY26 stood at INR897.9b, up 13% YoY, while FY26 retail spends crossed INR3.54t.
- Online spends contributed 62.5% of retail spends in FY26, while UPI-linked credit card spends grew 10% QoQ in 4QFY26.
- Total revenue for 4QFY26 stood at INR51.9b, up 7% YoY, while FY26 revenue grew 11% YoY to INR207.1b.
- PAT for 4QFY26 stood at INR6.09b, up 14% YoY; FY26 PAT stood at INR21.67b, up 13% YoY.
- Receivables stood at INR569.3b, broadly flat QoQ and up ~2% YoY. Interest earning assets formed 54% of receivables.
- CoF declined to 6.4%, down 84bp YoY, while NIM expanded to 11.1% in 4QFY26 vs 11.0% in 3QFY26.
- Gross credit cost improved to 7.7%, while GNPA/NNPA stood at 2.41%/1.04%.
- Capital adequacy remained strong at 25.5%. RoA stood at 3.6% in 4QFY26, while RoE stood at 15.6%.
- Interim dividend of INR2.50/share was declared during the year.

### Credit Cost and ECL

- Gross credit cost declined to 7.7% in 4QFY26 from 8.3% in 3QFY26 and 9.0% in 4QFY25, continuing the improving trend.
- Gross write-offs stood at INR11.45b, while net provision was negative INR470m due to provision write-backs amid lower Stage 2 and Stage 3 balances.
- Management overlay increased to INR2.20b as of Mar'26 from INR1.21b in Dec'25, reflecting prudence amid geopolitical uncertainty and ECL model refresh.
- Stage 2 balances declined INR1.49b QoQ to INR20.9b, while Stage 3 stock declined INR2.68b QoQ to INR13.7b.
- PCR improved to 57.6% from 56.1% in 3QFY26. ECL ratio declined to 3.0% from 3.3% QoQ.
- Recoveries improved to INR1.89b in 4QFY26, up 11% QoQ and 23% YoY.
- Management expects further moderation in credit cost during FY27, though pace will depend on macro and geopolitical developments.
- Adequate capital and provision buffers are available; management does not foresee any near-term material stress.

### Opex and Other Income related

- Operating cost in 4QFY26 stood at INR25.61b, lower sequentially mainly due to lower spend-linked costs.
- FY26 opex grew 22% YoY, largely driven by higher corporate spend-related passback expenses.

- C/I ratio stood at 57.2% in 4QFY26; FY26 C/I ratio stood at 55.3%.
- Management guides C/I ratio in the 55-58% range for FY27.
- Corporate spends now form part of the steady business mix; hence, management does not expect a similar sharp jump in C/I ratio in FY27.
- Other income in 4QFY26 stood at INR2.52b, up 60% YoY, aided by one-off GST liability reversal of INR765.7m.

#### **NIMs, Costs, and Yields**

- Yield declined to 16.2% in 4QFY26 from 16.3% in 3QFY26 and 17.0%+ levels last year, driven by a lower revolver mix.
- CoF declined to 6.4%, down 15bp QoQ and 82bp YoY.
- Around 70-75% of borrowings are floating rate and repriced within 60-90 days, enabling faster transmission of lower rates.
- NIM expanded 5bp QoQ to 11.1% in 4QFY26; FY26 NIM stood at 11.2%, up 31bp YoY.
- Management expects NIMs to remain broadly stable in FY27, though any significant rise in CoF could pose risk.
- If rates remain stable, some borrowing repricing benefit may accrue in the coming quarters.

#### **Spends; Loans, and Receivables**

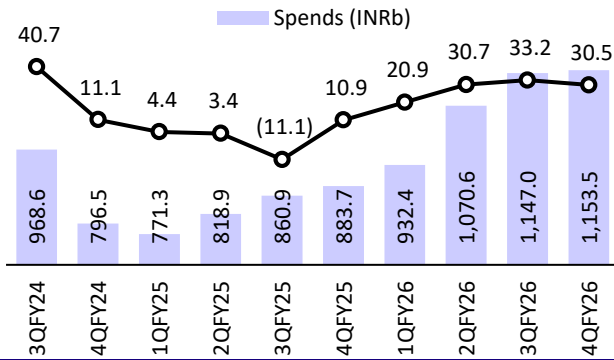
- Total spends in 4QFY26 grew 31% YoY to INR1.15t, while retail spends grew 13% YoY to INR897.9b.
- Corporate spends rose sharply to INR255.6b (up 195% YoY) and accounted for ~22% of total spends.
- Receivables stood at INR569.3b, flat QoQ.
- Portfolio mix comprised revolver balances of 22%, EMI balances of 32%, and transactors at 46%.
- Revolver mix has remained in the 22-24% band over two years and may trend slightly lower as newer vintages show lower revolving behavior.
- Management's key strategy to offset the lower revolver mix is to scale installment lending rather than reprice rewards or fees.
- EMI balances saw a seasonal decline in 4Q due to maturity of festival-season six-month tenors.
- Card acquisition guidance remains 0.9-1.0m accounts per quarter.
- Long-term sourcing mix target remains 50-55% bancassurance and 45-50% open market.
- Digital co-brand tie-ups such as PhonePe, Flipkart and Tata Neu are aiding open market sourcing momentum.
- Underwriting remains selective, with ~70% of new sourcing salaried customers.
- Spend per card and receivable per card remained broadly stable.
- Key performing categories included consumer durables, furnishing, hardware, apparel, jewelry, travel, and entertainment.

#### **Others**

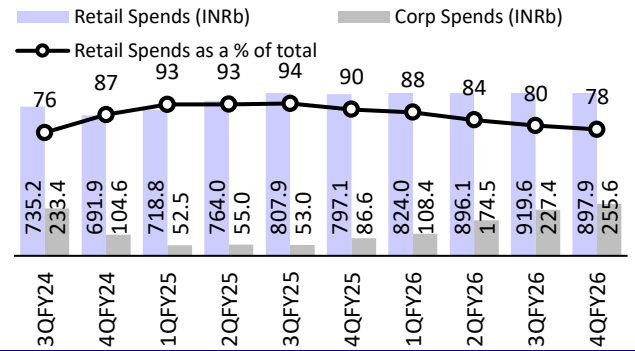
- Capital adequacy ratio improved to 25.5%, with Tier 1 at 20.0%.
- Credit ratings remain AAA (stable) long-term and A1+ short-term from CRISIL and ICRA.
- Management reiterated medium-term RoA target of 4-4.5%, with lower credit costs being the key driver.
- Interim dividend of INR2.50/share reflects confidence in asset quality and strong capital buffers.
- AI/ML and data analytics are being increasingly deployed across underwriting, fraud control, portfolio management, and customer engagement, with further scale-up planned in FY27.

## Story in charts

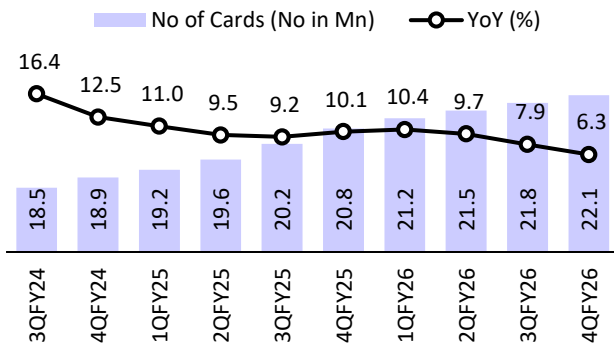
**Exhibit 1: Spends increased 30.5% YoY (up 0.6% QoQ)**



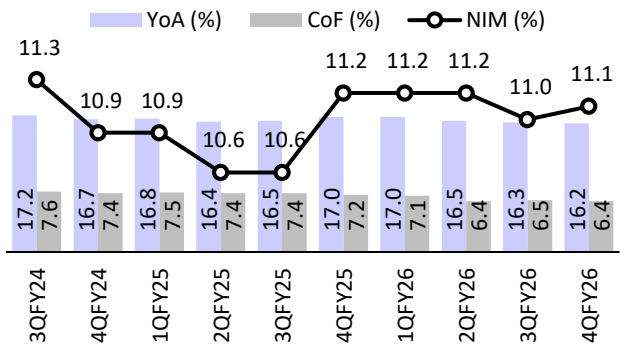
**Exhibit 2: Mix of retail spending declined to 78% from 90% in 4QFY25, as corporate spends picked up pace**



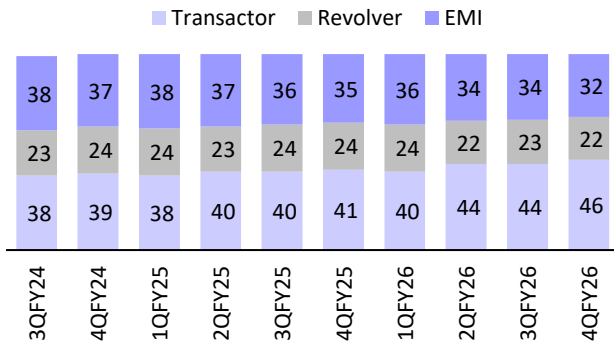
**Exhibit 3: O/S cards increased ~6.3% YoY to 22.1m**



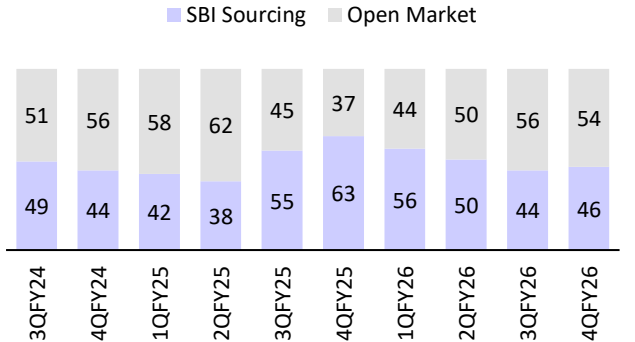
**Exhibit 4: Margins expanded to 11.1% in 4QFY26**



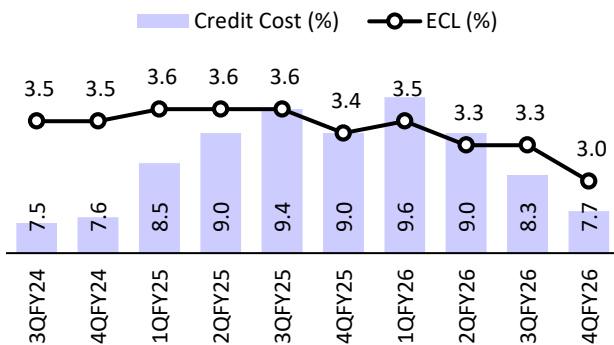
**Exhibit 5: Revolver mix declined to 22% amid higher transactors**



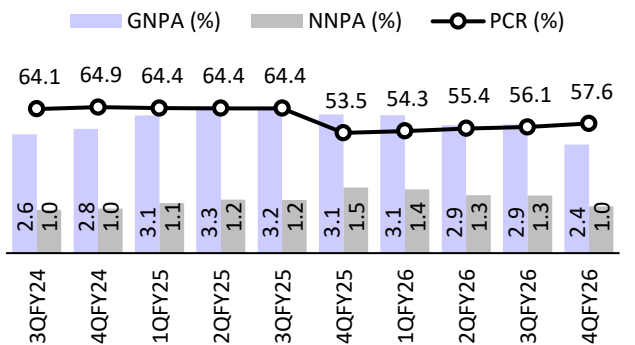
**Exhibit 6: New cards sourcing mix: SBI sourcing stood at 46%**



**Exhibit 7: Credit cost declined to 7.7%; ECL declined to 3.0%**



**Exhibit 8: GNPA ratio declined by 45bp; NNPA ratio decreased by 24bp QoQ; PCR increased to 57.6%**



Source: MOFSL, Company

Source: MOFSL, Company

### Valuation and view

- SBICARD reported a largely in line but subdued performance in 4Q, with lower provisions and an improving credit outlook, even as receivables declined due to a higher share of transactors.
- Credit cost moderated to 7.7%, despite the bank taking an additional management overlay of INR1b during the quarter.
- NIMs are expected to remain broadly stable, as the benefit of lower cost of funds is likely to be partly offset by some moderation in yields.
- Corporate spending has rebounded, leading to a slight uptick in operating expenses, with corporate share expected to remain at ~20% of the overall mix.
- Asset quality is expected to improve going forward, supported by lower forward delinquencies and a favorable macroeconomic environment. **We maintain our earnings and estimate SBICARD to report an RoA/RoE of 4.15%/17.3% by FY27. Reiterate Neutral with a revised TP of INR760 (22x Sep'27E EPS).**

**Exhibit 9: We largely maintain our earnings estimate for FY27/28E**

(INR b)	Old Estimates			New Estimates			Change (%/bps)		
	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Net Interest Income	68.4	75.0	88.6	68.3	76.2	89.0	-0.1	1.5	0.5
Other Income	108.7	124.3	145.2	108.1	121.2	140.7	-0.5	-2.4	-3.1
<b>Total Income</b>	<b>177.0</b>	<b>199.3</b>	<b>233.8</b>	<b>176.4</b>	<b>197.4</b>	<b>229.7</b>	<b>-0.4</b>	<b>-0.9</b>	<b>-1.7</b>
Operating Expenses	97.9	112.9	132.5	97.6	110.9	128.9	-0.3	-1.8	-2.7
<b>Operating Profits</b>	<b>79.1</b>	<b>86.4</b>	<b>101.3</b>	<b>78.8</b>	<b>86.5</b>	<b>100.8</b>	<b>-0.4</b>	<b>0.1</b>	<b>-0.5</b>
Provisions	50.2	47.5	51.9	49.6	46.9	51.9	-1.2	-1.3	0.0
<b>PBT</b>	<b>28.9</b>	<b>38.8</b>	<b>49.4</b>	<b>29.1</b>	<b>39.6</b>	<b>48.9</b>	<b>0.9</b>	<b>1.9</b>	<b>-1.0</b>
Tax	7.4	9.9	12.6	7.5	10.1	12.5	0.6	1.9	-1.0
<b>PAT</b>	<b>21.4</b>	<b>28.9</b>	<b>36.8</b>	<b>21.7</b>	<b>29.5</b>	<b>36.4</b>	<b>1.0</b>	<b>1.9</b>	<b>-1.0</b>
Loans	572	652	761	550	626	731	-3.9	-3.9	-3.9
Margins (%)	11.9	11.8	12.1	11.9	12.0	12.2	-1	18	6
Credit Cost (%)	8.73	7.50	7.10	8.73	7.40	7.10	0	-10	0
<b>RoA (%)</b>	<b>3.10</b>	<b>3.70</b>	<b>4.07</b>	<b>3.29</b>	<b>4.15</b>	<b>4.44</b>	<b>19</b>	<b>45</b>	<b>37</b>
<b>RoE (%)</b>	<b>14.6</b>	<b>17.0</b>	<b>18.4</b>	<b>14.7</b>	<b>17.3</b>	<b>18.1</b>	<b>12</b>	<b>23</b>	<b>-27</b>
EPS	23	30	39	23	31	38	1.0	1.9	-1.0
BV	165	192	228	165	193	229	0.4	0.6	0.4
ABV	160	187	223	161	187	229	0.9	0.4	2.7

Source: Company, MOFSL

**Exhibit 10: DuPont analysis – estimate return ratios to improve mildly**

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	15.1	14.9	14.7	15.0	15.1	15.2
Interest Expense	4.1	5.0	5.1	4.7	4.3	4.3
<b>Net Interest Income</b>	<b>11.0</b>	<b>9.9</b>	<b>9.5</b>	<b>10.4</b>	<b>10.7</b>	<b>10.8</b>
Fee Income	16.5	15.7	12.9	13.9	14.5	14.6
Trading and others	4.1	3.0	2.5	2.5	2.5	2.5
<b>Non Interest income</b>	<b>20.5</b>	<b>18.8</b>	<b>15.5</b>	<b>16.4</b>	<b>17.1</b>	<b>17.2</b>
<b>Total Income</b>	<b>31.5</b>	<b>28.7</b>	<b>25.0</b>	<b>26.7</b>	<b>27.8</b>	<b>28.0</b>
<b>Operating Expenses</b>	<b>18.6</b>	<b>16.1</b>	<b>12.9</b>	<b>14.8</b>	<b>15.6</b>	<b>15.7</b>
-Employee cost	1.4	1.1	1.0	1.0	1.1	1.0
-Others	17.2	15.0	12.0	13.8	14.6	14.7
<b>Operating Profits</b>	<b>12.9</b>	<b>12.6</b>	<b>12.0</b>	<b>11.9</b>	<b>12.2</b>	<b>12.3</b>
<b>Provisions</b>	<b>5.4</b>	<b>6.3</b>	<b>7.9</b>	<b>7.5</b>	<b>6.6</b>	<b>6.3</b>
<b>PBT</b>	<b>7.6</b>	<b>6.2</b>	<b>4.2</b>	<b>4.4</b>	<b>5.6</b>	<b>6.0</b>
Tax	1.9	1.6	1.1	1.1	1.4	1.5
<b>RoA</b>	<b>5.6</b>	<b>4.6</b>	<b>3.1</b>	<b>3.3</b>	<b>4.1</b>	<b>4.4</b>
Leverage (x)	4.6	4.7	4.8	4.5	4.2	4.1
<b>RoE</b>	<b>25.7</b>	<b>22.0</b>	<b>14.8</b>	<b>14.7</b>	<b>17.3</b>	<b>18.1</b>

## Financials and valuations

Income Statement						(INR b)
Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Interest Income	60.5	77.4	90.7	99.0	107.1	124.4
Interest Expense	16.5	26.0	31.8	30.7	30.9	35.4
<b>Net Interest Income</b>	<b>44.0</b>	<b>51.5</b>	<b>58.9</b>	<b>68.3</b>	<b>76.2</b>	<b>89.0</b>
-growth (%)	16.0	17.0	14.4	15.9	11.6	16.8
Non Interest Income	82.4	97.4	95.7	108.1	121.2	140.7
<b>Total Income</b>	<b>126.4</b>	<b>148.9</b>	<b>154.6</b>	<b>176.4</b>	<b>197.4</b>	<b>229.7</b>
-growth (%)	23.0	17.8	3.8	14.1	11.9	16.4
Operating Expenses	74.5	83.7	80.1	97.6	110.9	128.9
<b>Pre Provision Profits</b>	<b>51.9</b>	<b>65.2</b>	<b>74.5</b>	<b>78.8</b>	<b>86.5</b>	<b>100.8</b>
-growth (%)	17.2	25.6	14.3	5.7	9.8	16.6
Provisions (excl tax)	21.6	32.9	48.7	49.6	46.9	51.9
<b>PBT</b>	<b>30.3</b>	<b>32.3</b>	<b>25.8</b>	<b>29.1</b>	<b>39.6</b>	<b>48.9</b>
Tax	7.7	8.2	6.6	7.5	10.1	12.5
- Tax Rate (%)	25.5	25.5	25.7	25.6	25.5	25.5
<b>PAT</b>	<b>22.6</b>	<b>24.1</b>	<b>19.2</b>	<b>21.7</b>	<b>29.5</b>	<b>36.4</b>
-growth (%)	39.7	6.6	-20.4	13.1	36.1	23.4
<b>Total Comprehensive Income</b>	<b>22.6</b>	<b>24.1</b>	<b>19.2</b>	<b>21.7</b>	<b>29.5</b>	<b>36.4</b>
-growth (%)	38.7	6.7	-20.3	13.3	35.6	23.4

### Balance Sheet

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	9.46	9.51	9.51	9.52	9.52	9.52
Reserves & Surplus	88.84	111.33	128.30	147.74	174.56	208.21
<b>Net Worth</b>	<b>98.3</b>	<b>120.8</b>	<b>137.8</b>	<b>157.3</b>	<b>184.1</b>	<b>217.7</b>
Borrowings	311.1	398.9	449.5	440.6	495.7	570.1
-growth (%)	35.4	28.2	12.7	-2.0	12.5	15.0
Other Liabilities & Prov.	46.1	62.0	68.2	65.4	78.5	94.9
<b>Total Liabilities</b>	<b>455.5</b>	<b>581.7</b>	<b>655.5</b>	<b>663.3</b>	<b>758.3</b>	<b>882.7</b>
Current Assets	13.5	27.3	27.4	23.2	28.3	34.5
<b>Investments</b>	<b>21.4</b>	<b>35.2</b>	<b>62.4</b>	<b>63.7</b>	<b>73.3</b>	<b>84.3</b>
-growth (%)	64.9	64.5	77.2	2.2	15.0	15.0
<b>Loans</b>	<b>393.6</b>	<b>490.8</b>	<b>539.3</b>	<b>549.8</b>	<b>626.3</b>	<b>731.5</b>
-growth (%)	30.4	24.7	9.9	1.9	13.9	16.8
Fixed Assets	5.7	5.6	3.3	2.3	5.7	6.3
Other Assets	21.2	22.8	23.1	24.2	24.7	26.1
<b>Total Assets</b>	<b>455.5</b>	<b>581.7</b>	<b>655.5</b>	<b>663.3</b>	<b>758.3</b>	<b>882.7</b>

### Asset Quality

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
GNPA (INR b)	9.6	14.0	17.2	13.7	15.4	17.0
NNPA (INR b)	3.5	4.9	8.0	5.8	8.3	-0.4
GNPA Ratio	2.4	2.8	3.1	2.5	2.4	2.3
NNPA Ratio	0.9	1.0	1.4	1.1	1.3	-0.1
Slippage Ratio	6.0	7.3	9.5	6.0	6.0	6.0
Credit Cost	6.0	7.2	9.1	8.7	7.4	7.1
PCR (Excl Tech. write off)	63.6	64.9	53.5	57.6	46.3	102.4

E: MOFSL Estimates



## Financials and valuations

### Business Metrics

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Total No of Cards (Nos in Mn)	16.8	18.9	20.8	23.9	28.0	32.6
Total spends (INR b)	2,625.0	3,295.9	3,334.8	3,901.7	4,643.0	5,478.8
Spends per card (INR k)	156.2	174.4	160.3	163.1	165.9	168.0
Loans per card (INR)	23	26	26	23	22	22
Fee income earned per card	3,931	4,320	3,848	3,832	3,689	3,680

### Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
<b>Yield &amp; Cost Ratios (%)</b>						
Avg. Yield on loans	16.8	16.9	17.0	17.2	16.9	17.0
Avg. Cost of Borrowings	6.1	7.3	7.5	6.9	6.6	6.6
<b>Interest Spread</b>	<b>10.7</b>	<b>9.6</b>	<b>9.5</b>	<b>10.3</b>	<b>10.3</b>	<b>10.4</b>
<b>Net Interest Margin</b>	<b>12.2</b>	<b>11.2</b>	<b>11.0</b>	<b>11.9</b>	<b>12.0</b>	<b>12.2</b>
<b>Capitalisation Ratios (%)</b>						
CAR	23.1	20.5	22.9	25.7	25.5	25.0
Tier I	20.4	16.5	17.5	18.7	19.2	19.4
CET 1	20.4	16.5	17.5	17.0	17.5	17.5
Tier II	2.7	4.0	5.4	7.0	6.3	5.6
<b>Business ratios (%)</b>						
Cost/Assets	18.6	16.1	12.9	14.8	15.6	15.7
Cost/Total Income	58.9	56.2	51.8	55.3	56.2	56.1
Int. Expense/Int.Income	27.2	33.5	35.0	31.0	28.9	28.5
Other income/Total Income	65.2	65.4	61.9	61.3	61.4	61.3
Empl. Cost/Total Expense	7.5	6.8	7.4	6.8	6.7	6.7

### Valuation

RoE	25.7	22.0	14.8	14.7	17.3	18.1
RoA	5.6	4.6	3.1	3.3	4.1	4.4
RoRWA	6.2	4.6	2.9	3.0	3.7	3.8
Book Value (INR)	104	127	145	165	193	229
-growth (%)	26.4	22.3	14.0	14.1	17.1	18.3
<b>Price-BV (x)</b>	<b>6.4</b>	<b>5.3</b>	<b>4.6</b>	<b>4.1</b>	<b>3.5</b>	<b>2.9</b>
Adjusted BV (INR)	101	123	139	161	187	229
<b>Price-ABV (x)</b>	<b>6.6</b>	<b>5.4</b>	<b>4.8</b>	<b>4.2</b>	<b>3.6</b>	<b>2.9</b>
EPS (INR)	23.9	25.4	20.1	22.8	31.0	38.3
-growth (%)	39.3	6.2	-20.6	13.0	36.1	23.4
<b>Price-Earnings (x)</b>	<b>28.0</b>	<b>26.4</b>	<b>33.3</b>	<b>29.4</b>	<b>21.6</b>	<b>17.5</b>

E: MOFSL Estimates

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