

## Annual Report Analysis (Consolidated)

Source: CRORES. All figures Crores. Pipeline: v5-Gemini — W1a → W3 → W1b+W2+W2F (parallel, notes-injected) → Merge.

### Investor Snapshot

#	Analytical Point	Sentiment
1	SBI Cards operates as a high-leverage, pure-play unsecured lender with a 99% unsecured portfolio, currently pivoting toward co-branded ecosystems like Reliance and Tata to leverage high-quality transaction data.	☐Neutral
2	<i>Revenue growth decelerated to 7.8% YoY ( 18,072 Cr), significantly hampered by an 8.81% decline in interchange income, suggesting merchant rate pressure or lower spend-per-card velocity.</i>	☐Negative
3	<i>Interest coverage ratio deteriorated to 1.81x as finance costs surged 22.47%, driven by rising cost of funds and a heavy reliance on parent-sourced borrowings.</i>	☐Negative
4	<i>Bottom-line performance saw a sharp 20.4% contraction to 1,916 Cr, as the escalation in credit and finance costs completely decoupled from top-line expansion.</i>	☐Negative
5	The balance sheet remains solvent with a healthy CRAR of 22.85% and access to ₹20,113.94 Cr in liquidity from SBI, providing a critical "too-big-to-fail" safety net.	☐Positive
6	<i>Cash flow generation is under pressure with CFO trailing PAT, primarily due to loan book expansion and a 41.17% spike in collection charges ( 509.42 Cr) signaling diminishing recovery returns.</i>	☐Negative
7	<i>Aggressive accounting practices are evident in the capitalization of 1,148.60 Cr in card acquisition costs, which deferred 57.64 Cr in expenses from the current period's P&amp;L.</i>	☐Negative
8	<i>Earnings quality is compromised by a 191-day write-off policy that allows for longer retention of non-performing assets compared to the 90-day industry standard, inflating the asset base.</i>	☐Negative
9	<i>Governance is marked by extreme parental dependency, with Related Party Transactions (RPT) for proposed loans reaching 154% of revenue and a royalty structure that favors the parent regardless of PAT declines.</i>	☐Negative
10	<i>Asset quality is the primary risk factor, with impairments spiking 48.19% to 4,871.51 Cr—a figure that now represents 2.5x the company's annual profit.</i>	☐Negative
11	The outlook remains clouded by a sharp deceleration in receivable growth (10% vs 30.2% YoY) as management adopts a risk-averse stance amidst cyclical credit stress.	☐Neutral
12	Investment View: WATCH; maintain a cautious stance until credit costs stabilize below 20% of revenue and the ROE profile recovers from current value-destructive impairment levels.	☐Neutral

### 1. BUSINESS OVERVIEW (In Bullet Points)

- **Business Segments & Revenue Drivers:** SBI Cards operates as a pure-play credit card issuer. Revenue is primarily driven by **Interest Income** (51.72% of total) from revolving credit and **Fees and Commission Income** (44.28%), including interchange fees and membership charges.
- **Deceleration in Growth Ambitions:** Receivables grew by **10% in FY25** to ₹55,840 Cr, a sharp deceleration from the **30.2% growth** seen in FY24, signaling a deliberate "risk-off" stance to manage asset quality stress.

- **Ecosystem-Led Sourcing Strategy:** The company is pivoting from expensive "open market" sourcing to "ecosystem" sourcing through co-branded partnerships with **Reliance Retail, Tata Neu, and Titan**, leveraging high-frequency transaction data for better underwriting.
- **Digital Sourcing (SPRINT):** The **SPRINT** platform remains the primary engine for customer onboarding, aiming to maintain operating leverage and lower the "Cost to Serve" through digitized welcome kits and processes.
- **Capacity Expansion & Leverage:** Management is seeking to increase borrowing limits from ₹45,000 Cr to ₹51,000 Cr (a 13.3% increase) to provide a liquidity buffer and fund a heavy refinancing cycle.
- **Geographical & Industry Position:** As a subsidiary of State Bank of India, the company maintains a dominant market position but faces rising competitive intensity and MDR (Merchant Discount Rate) pressure.
- **Segment Performance: Interchange Income** contracted by **8.81%** to ₹3,915.65 Cr, suggesting a shift toward lower-yielding transaction categories or spend-per-card compression despite a **9.82%** expansion in **Gross Loans & Advances**.

## 2. MANAGEMENT COMMENTARY & OUTLOOK

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- **Strategic Pivot:** Management has transitioned from "Aggressive Growth" to "Prudent Consolidation," focusing on "Measured" expansion to protect the bottom line from further impairment spikes.
- **Liquidity Management:** The primary focus has shifted to "Liquidity Management and Stability," evidenced by the emphasis on increasing borrowing powers to ₹51,000 Cr to discharge existing debt obligations.
- **Premiumization & Partnerships:** Strategy is centered on high-quality co-branded ecosystems (Reliance/Tata/Titan) to mitigate asset quality risks inherent in the open-market unsecured book.
- **Cost Efficiency:** Management is doubling down on digital-first sourcing and innovation to offset rising interest costs and escalating impairment charges.
- **Parental Support:** The "SBI Umbilical Cord" remains vital, with proposed Related Party Transaction (RPT) limits for FY26 set at ₹28,000 Cr, representing **150.24% of annual turnover**.
- **Demand Environment:** Commentary suggests a more cautious demand environment where the company is tightening credit filters rather than chasing aggressive market share.
- **Long-term Vision:** The vision remains "Solid Foundation, Growing Through Innovation," though near-term priorities are skewed toward securing the balance sheet against interest rate volatility.
- **Management Tone:** Management has transitioned from "**Aggressive Growth**" to "**Prudent Consolidation**." The tone is heavily skewed toward securing liquidity and managing the parent relationship. There is a clear admission of a slower growth environment, and the strategy has pivoted toward high-quality co-branded ecosystems to mitigate asset quality risks. The "SBI-first" governance culture remains dominant, evidenced by massive RPT limits and a protective royalty structure for the parent.

## 3. FINANCIAL ANALYSIS

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### 3.1 Financial Statements

*No pre-extracted tables available.*

### 3.2 Financial Analysis Summary

- **Revenue** from operations grew by **7.8% YoY** to ₹18,072.13 Cr, primarily driven by a **17.9%** surge in **Interest Income** (₹9,347.31 Cr) which now constitutes **51.72%** of the total top-line, while **Interchange Income** contracted by **8.81%** to ₹3,915.65 Cr, signaling a shift toward lower-yielding transaction categories.

- The company's **PAT** margin deteriorated sharply from **14.36%** to **10.60%**, as **Impairment on Financial Instruments** spiked by **48.19%** to **₹4,871.51 Cr**, a trend reflected in the **CFO** as a massive non-cash add-back but indicating severe weakening of asset quality in the unsecured retail portfolio which makes up **99.99%** of **Gross Loans & Advances** (**₹55,840.30 Cr**).
- **Finance Cost** rose **22.47%** to **₹3,178.40 Cr**, outpacing **Revenue** growth and causing the **Interest Coverage Ratio** to drop to **1.81x**, driven by a **12.67%** increase in **Total Debt** to **₹44,946.61 Cr** and a rising interest rate environment affecting bank-led refinancing.
- **Working Capital** efficiency is under pressure as **Collection Charges** increased by **41.17%** to **₹509.42 Cr**, signaling higher costs to recover dues, while **Trade Payables** to network partners jumped **35.2%** to **₹2,797.43 Cr**, providing a temporary boost to **CFO** through settlement timing.
- The company continues to capitalize **Unamortised Card Acquisition Cost**, which grew **5.28%** to **₹1,148.60 Cr** and now represents **85.4%** of **Other Non-Financial Assets**; this accounting treatment deferred **₹57.64 Cr** in expenses this year, effectively inflating the reported **PAT**.
- **Total Debt** composition shifted significantly as **Debt Securities (NCDs)** were halved to **₹2,998.39 Cr** while **Term Loans** rose **63.26%** to **₹8,488.96 Cr**, indicating a strategic pivot toward bank borrowings, specifically from the parent State Bank of India which provides **52.3%** of total liquidity (**₹20,113.94 Cr**).
- **Capital Allocation** remains focused on regulatory compliance, with **Subordinated Liabilities** (Tier II Capital) increasing by **82.48%** to **₹3,484.91 Cr**, which bolstered the **CRAR** to **22.85%** but added long-term fixed **Finance Cost** obligations at an **8.25%** coupon rate.
- **Depreciation & Amortization** fell by **25.38%** to **₹146.82 Cr**, largely due to a reduction in **Lease Liabilities** from **₹423.62 Cr** to **₹224.07 Cr** following a reduction in ROU assets for computer servers, suggesting a shift from leasing to owning IT infrastructure which will impact future **Capex**.
- **Deferred Tax Assets** increased to **₹442.78 Cr**, with **₹445.22 Cr** specifically linked to provisions for doubtful debts, highlighting a widening gap between the aggressive **Impairment** recognized on the **Income Statement** and the actual tax-deductible write-offs occurring at the 191-day mark.
- The divergence between **Fees and Commission Income** (**-1.98%**) and **Gross Loans & Advances** (**+9.82%**) suggests a decline in spend-per-card or a higher mix of non-fee-paying customers, coupled with a **13.54%** rise in reward point redemption expenses to **₹1,105.54 Cr**.
- **Other Non-Financial Assets** are dominated by **Unamortised Card Acquisition Costs** (**₹1,148.60 Cr**), representing "spent money" not yet hit the P&L; any increase in cardholder churn would force accelerated amortization and a sudden margin hit.
- **Other Liabilities** saw a **35.2%** increase in **Payable to Network Partners** (**₹2,797.43 Cr**), reflecting higher year-end settlement volumes, while **Unamortised Membership Fees** remained stagnant at **₹607.25 Cr**.
- **Other Expenses** were impacted by **Sales Promotion** (**₹2,537.89 Cr**) and rising **Data Processing Charges** (**₹477.74 Cr**), reflecting high customer retention costs and increasing IT/Cloud infrastructure requirements.
- SBI Cards' financial performance this year is characterized by a "**growth at a cost**" theme, where a **7.8%** **Revenue** increase was entirely offset by a **48.19%** surge in credit **Impairment**, leading to a **20.4%** contraction in **PAT**.

### 3.3 Contingent Liabilities & Commitments

- **Litigation / Tax Disputes:** Not explicitly detailed in the provided notes; company policy is to disclose unless the probability of outflow is remote.
- **Guarantees Provided:** Nil (as of FY25).
- **Capital Commitments:** Not disclosed in the summary tables.
- **Provisions:** Provision for reward points (**₹595.20 Cr**) is the largest non-financial provision, based on actuarial estimates of future redemptions.

### 3.9 Earnings Quality & Forensic Checks

#	Check	Impact	Status	Evidence	Notes Detail
1	PAT vs CFO trend	Profit ↓ — credit costs erode cash; impairment surged 48.19% while PAT fell 20.41%.	□	PAT ₹1,916.41 Cr vs Impairment ₹4,871.51 Cr.	Note 28: Impairment spike outstrips revenue growth, signaling asset quality decay.
2	Receivables & channel-stuffing signal	Revenue ↑↓ — settlement lag; unbilled receivables rose 37.7% vs 7.8% revenue growth.	□	Unbilled ₹61.66 Cr (FY25) vs ₹44.76 Cr (FY24).	Note 7: Aging shows ₹1.95 Cr overdue >3 years; unbilled growth suggests network lag.
3	Revenue timing	Profit ↑ — expense deferral; capitalizing card acquisition costs boosts PBT by ₹57.64 Cr.	□	Unamortized costs ₹1,148.60 Cr; Membership fees ₹607.25 Cr.	Note 14 & 34: Policy defers acquisition costs over card life; subject to churn judgment.
4	Revenue from related parties %	Neutral — parent dependency; 52.3% of borrowings from SBI ensures liquidity but concentration risk.	□	SBI loans ₹20,113.94 Cr; Royalty paid ₹38.33 Cr.	Note 17: High reliance on SBI for working capital; royalty paid for brand usage.
5	Inventory vs revenue growth	Neutral — service model; no physical inventory held as a credit card issuer.	□	Inventory: Nil.	Financial Services sector: Inventory is not a material line item.
6	Inventory valuation method change	Neutral — no inventory; accounting focus remains on ECL modeling for financial assets.	□	Not applicable.	Note 4: Significant policies focus on Ind AS 109 (Financial Instruments).
7	Exceptional items in operating profit	Neutral — clean P&L; no material one-off gains/losses reported in operating profit.	□	Exceptional items: Nil.	Statement of Profit and Loss: Operating profit excludes non-recurring items.
8	Depreciation rate vs useful life policy	Profit ↑ — lower charges; depreciation fell 25.3% following ROU asset reduction.	□	Depre. ₹146.82 Cr (FY25) vs ₹196.75 Cr (FY24).	Note 13.3: Sharp drop in "Computer server on lease" ROU assets reduced amortization.
9	Provision reversals boosting PAT	Profit ↑ — recovery reliance; bad debt recoveries grew 13% to ₹555.25 Cr.	□	Bad debt recovery ₹555.25 Cr (3.07% of revenue).	Note 26: High reliance on recoveries suggests high-velocity churn in delinquent book.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↓ — timing mismatch; DTA growth indicates tax payments exceeding accounting provisions.	□	DTA ₹442.78 Cr; PBT ₹2,580.68 Cr.	Note 12: DTA linked to ECL provisions; tax-deductible write-offs lag accounting hits.
11	CWIP age and stalling projects	Neutral — low intensity; fixed assets are primarily IT and leasehold improvements.	□	Fixed assets are minor (0.81% of revenue).	Note 13: Shift from leasing to owning IT infrastructure noted in ROU changes.
12	Deferred tax asset recognition adequacy	Profit ↑ — provision buffer; ₹445.22 Cr DTA supports future earnings if defaults stabilize.	□	DTA ₹442.78 Cr (p.342).	Note 12: DTA primarily comprises provisions for doubtful debts and ECL.
13	RPT quantum and trend	Neutral — funding shift; 82.5% jump in Tier II debt from parent/market.	□	Subordinated debt ₹3,484.91 Cr vs ₹1,909.70 Cr.	Note 18.1: New ₹1,500 Cr NCD issue strengthens CRAR but increases interest cost.

#	Check	Impact	Status	Evidence	Notes Detail
14	Dividend paid vs FCF adequacy	Profit ↓ — cash drain; collection costs rose 41% reducing free cash for dividends.	☐	Collection charges ₹509.42 Cr (5.4% of interest income).	Note 31: Rising collection costs indicate diminishing returns on recovery efforts.
15	Write-off Policy Lag	Profit ↑ — delayed recognition; 100-day gap between Stage 3 (90 DPD) and Write-off (191 DPD).	☐	Write-off policy triggers at 191 days (p.330).	Note 4.7: Allows carrying non-performing assets longer, potentially inflating Gross Loans.
16	Revenue Recognition Estimation	Profit ↑↓ — income smoothing; Business Development Incentives based on volume estimates.	☐	Incentive ₹592.34 Cr (p.367).	Note 4.16: Significant management judgment in estimating future transaction volumes.

## 4. MANAGEMENT & GOVERNANCE

### A. Auditor Report & Key Audit Matters

- **Audit Opinion:** Unqualified.
- **KAM 1: Impairment of Financial Assets (ECL):** Auditor flagged significant management judgment in "management overlays" for economic scenarios and ML models. A 191-day DPD threshold for write-offs creates a 100-day lag from the 90-day default trigger.
- **KAM 2: Revenue Recognition (Ind AS 115):** Complexity in network partner arrangements. Management estimates future transaction volumes for "Business Development Incentives," creating potential for income smoothing.
- **KAM 3: IT Systems Integrity:** High volume of transactions requires robust automated controls; auditors confirmed processing through IT systems with no significant manual intervention.
- **Secretarial Auditor:** M/s Agarwal S. & Associates appointed for FY26-FY30. Fee fixed at ₹2 Lakhs.

### B. Related Party Transactions

Party	Relationship	Nature	Amount (₹Cr)	Concern
State Bank of India	Parent/Promoter	Working Capital Loans (O/S)	20,113.94 Cr	☐High dependency
State Bank of India	Parent/Promoter	Proposed RPT FY26 (Borrowing/Limit)	28,000.00 Cr	☐154.93% of Revenue
State Bank of India	Parent/Promoter	Royalty Payment	38.33 Cr	☐Profit leakage
SBI Capital Markets	Fellow Subsidiary	Proposed RPT FY26	2,050.00 Cr	☐Materiality
State Bank of India	Parent/Promoter	Equity Holding	652.63 Cr	☐Capital support

**RPT Risk Analysis:** Dependency risk is high with **52.3%** of total borrowings sourced from SBI. The royalty structure (0.20% of Total Income or 2% of PAT, whichever is higher) ensures the parent extracts value even when profitability is under duress.

### C. Shareholding

- **Promoter & Promoter Group (SBI):** 68.60%
- **Public / Others:** 31.40%
- **Pledged shares:** 0.00%

## D. Board Composition + KMP Compensation

- **Total Directors:** 9 | **Independent %:** 55.56% | **Women Directors:** 1 (Anuradha Nadkarni).
- **KMP Compensation:** Aggregate employee benefits grew by **3.49%** while EBITDA declined by **8.20%**, suggesting a lack of immediate variable cost adjustment to declining profitability. MD & CEO remuneration not specifically disclosed in the provided summary.

## F. Capital Allocation & Capex

Action	FY Current (₹Cr)	FY Prior (₹Cr)	Signal
Dividends	237.50 Cr	236.52 Cr	□
<b>Impairments / Write-offs</b>	4,871.51 Cr	3,287.42 Cr	□
<b>Net Debt Change</b>	3,180.71 Cr	8,981.27 Cr	□
Capex (Intangibles)	57.64 Cr	39.65 Cr	□

**CAPEX Analytical Notes:** \* **CFO Coverage:** Negative; capex is entirely debt-funded. \* **Nature:** Primarily **Unamortized Card Acquisition Costs (₹1,148.60 Cr)**, representing 85.4% of other non-financial assets. \* **Efficiency:** The capitalization of acquisition costs acts as a "soft asset" that could face rapid impairment if churn spikes. This policy effectively boosted current PBT by **₹57.64 Cr**.

## H. Risks

- **Unsecured Exposure** (High): 99.99% of the **₹55,840.30 Cr** book is unsecured retail. A 1% spike in defaults wipes out ~29% of PAT.
- **Asset Quality Decay** (High): Impairment surged **48.19% YoY**, outstripping revenue growth and eroding equity value.
- **Interest Rate Risk** (Medium): Finance costs rose **22.47% YoY**; high leverage makes NIM sensitive to rate hikes.
- **Write-off Policy Lag** (High): 100-day gap between Stage 3 and Write-off (191 DPD) masks the velocity of bad debt.
- **Parent Dependency** (Medium): 52.3% of funding from SBI creates refinancing risk if parent liquidity shifts.
- **Soft Asset Risk** (Medium): **₹1,148.60 Cr** in unamortized acquisition costs poses a P&L hit risk if retention assumptions fail.

## 5. SCORECARD & VERDICT

### Part A: Scorecard

Dimension	Rating (1-5)	Delta	Key Evidence	One-line Rationale
Business Quality	3	→	99% Unsecured; 10% Growth	Moderate diversification with high cyclicity and unsecured risk.
Financial Health	2	↓	Interest Coverage 1.81x; CFO < PAT	High leverage and negative CFO due to loan book expansion and impairments.
Earnings Quality	2	↓	Impairment +48%; Exp. Capitalization	Aggressive capitalization of acquisition costs and delayed write-offs.
Management & Governance	3	→	150% RPT/Revenue; Royalty Trap	Generally compliant but high parent dependency and profit leakage.
Capital Allocation & Earnings Visibility	2	↓	ROCE under pressure; Impairment > PAT	Value-destructive impairments consuming 2.5x PAT; visibility clouded by credit costs.

**BUSINESS POSITIVES (for this company this year)** \* **CRAR Strength:** Total CRAR improved to **22.85%**, well above the regulatory 15% requirement. \* **Strategic Sourcing:** Shift to co-branded ecosystems (Reliance/Tata) provides access to high-quality transaction data. \* **Digital Efficiency:** SPRINT platform continues to drive efficient digital customer onboarding. \* **Parental Support:** Access to **₹20,113.94 Cr** in liquidity from SBI provides a "too-big-to-fail" safety net.

**BUSINESS NEGATIVES / CONCERNS (for this company this year)** \* **Asset Quality Deterioration:** Impairment on financial instruments spiked **48.19% to ₹4,871.51 Cr**, far outstripping revenue growth. \* **Profitability Contraction:** PAT declined by **20.4%** as credit costs and finance costs (**+22.47%**) eroded margins. \* **Growth Deceleration:** Receivable growth slowed sharply to **10%** from 30.2% in the prior year. \* **Accounting Aggression:** Capitalization of **₹1,148.60 Cr** in acquisition costs and a 191-day write-off policy inflate assets and PBT. \* **Collection Stress:** Collection charges rose **41.17% to ₹509.42 Cr**, signaling diminishing returns on recovery efforts.

**OVERALL SCORECARD SUMMARY** SBI Cards is currently in a "growth at a cost" phase, characterized by deteriorating asset quality and high credit costs that are significantly eroding profitability. While the balance sheet remains solvent due to strong parental support and a healthy CRAR of 22.85%, the underlying earnings quality is weakened by aggressive expense capitalization and a delayed write-off policy. The business is on a **deteriorating trajectory** as the cost of maintaining the unsecured portfolio (collection and impairment) is rising faster than interest and fee income.

## Part B: Governance Check Matrix

#	Check	Status	Evidence
1	Audit opinion clean?	<input type="checkbox"/>	Unqualified opinion (p.206)
2	Promoter pledge = 0?	<input type="checkbox"/>	0.00% pledged (p.357)
3	KMP pay < 5% of PAT?	<input type="checkbox"/>	Aggregate employee cost 3.26% of revenue
4	RPT quantum < 5% of revenue?	<input type="checkbox"/>	SBI Loans = 111% of Revenue; Proposed RPT = 154%
5	Board > 50% independent?	<input type="checkbox"/>	55.56% (5 of 9 directors)
6	At least 1 woman director?	<input type="checkbox"/>	Anuradha Nadkarni
7	No statutory dues outstanding?	<input type="checkbox"/>	Statutory liabilities are current (₹447.70 Cr)
8	No fraud reported?	<input type="checkbox"/>	No material fraud reported in auditor's summary
9	Audit trail enabled?	<input type="checkbox"/>	Confirmed in IT systems integrity check
10	Frequent Auditor change	<input type="checkbox"/>	Secretarial auditor appointed for 5-year term

Final line: "Total: 9/10 — Governance Rating: 3"  
(Rating adjusted for extreme RPT dependency)

## Part C: Investor Verdict

**THESIS:** A high-leverage, pure-play unsecured lender currently struggling with a sharp cyclical downturn in asset quality, masked by parental liquidity and aggressive accounting deferrals. **OVERALL STANCE:** WATCH  
**RATIONALE:** While the SBI parentage prevents insolvency, the current credit cost trajectory and slowing growth make the ROE profile unattractive until impairments stabilize. **RE-EVALUATE WHEN:** Impairment as a % of Revenue drops below 20% (currently 26.96%). **BULL CASE:** Rapid recovery in retail credit behavior leading to a sharp drop in credit costs and a 20%+ PAT rebound. **BEAR CASE:** A 100bps spike in cost of funds combined with a 2% increase in Stage 3 assets, potentially requiring an equity infusion. **KEY MONITORABLE:** Collection Cost / Interest Income: 5.45% → Watch for threshold > 7%.

## 7. YEAR-OVER-YEAR ANALYSIS

### 7.1 Changes

Metric / Theme	Summary A Status	Summary B Status	Forensic Takeaway
<b>Asset Quality Decay</b>	Impairment at ₹3,287 Cr (52.2% growth).	Impairment surged to ₹4,871 Cr (48.2% growth on a higher base).	Credit costs have escalated from a manageable headwind to a primary destroyer of net profitability.
<b>Growth Velocity</b>	Receivables grew by 30.2% YoY.	Receivables growth decelerated sharply to 10% YoY.	Management has executed a deliberate "risk-off" pivot, sacrificing market share to stabilize the balance sheet.
<b>Margin Trajectory</b>	Interest Coverage at 2.24x; PAT growth of 6.6%.	Interest Coverage dropped to 1.81x; PAT contracted by 20.4%.	The business has transitioned from slowing growth to a sharp earnings contraction as credit costs cannibalize operating margins.
<b>Collection Efficiency</b>	Focus remained on digital sourcing and acquisition.	Collection charges spiked 41.17% to ₹509.42 Cr.	Rising recovery expenses indicate diminishing returns on efforts to stabilize an increasingly delinquent unsecured portfolio.
<b>Debt Composition</b>	Heavy reliance on NCDs and short-term bank debt.	NCDs halved; Term Loans rose 63% (mostly from parent).	The company is retreating from capital markets toward the parent's balance sheet to manage liquidity during the downturn.
<b>Management Tone</b>	"Measured Optimism" with a focus on acquisition.	"Prudent Consolidation" with a focus on risk-off sourcing.	The narrative has shifted from aggressive customer acquisition to defensive survival and liquidity preservation.

### 7.2 Persistent Patterns

- **Extreme Unsecured Exposure:** The loan book remains **99%+ unsecured**, leaving the equity base perpetually vulnerable to minor shifts in the retail credit cycle.
- **Structural Funding Dependency:** Over **50% of total liquidity** is consistently sourced from the parent (SBI), creating a "too-big-to-fail" reliance that masks independent credit risk.
- **Aggressive Expense Deferral:** Management continues to **capitalize card acquisition costs** (exceeding ₹1,100 Cr), a practice that inflates current-year PAT by pushing marketing expenses into future periods.
- **Negative Cash Flow Profile:** Operating cash flow (**CFO**) remains consistently negative or significantly lags PAT, highlighting the cash-intensive nature of funding an unsecured book via debt.
- **Parental Value Extraction:** The **2% PAT royalty payment** (or 0.2% of income) remains a permanent structural leakage that prioritizes the promoter's returns over minority shareholders.
- **Write-off Policy Lag:** A consistent **191-day DPD threshold for write-offs** (vs. 90-day Stage 3 trigger) allows the company to carry non-performing assets longer than conservative peers.
- **High Capital Adequacy:** The company maintains a **CRAR consistently above 20%**, providing a necessary but expensive regulatory buffer against its high-risk lending profile.