

Research Report **SBI Cards Ltd.**



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About

SBI Cards and Payment Services Limited is a non-deposit accepting systemically important nonbanking financial company registered with the RBI. The Company is engaged in issuing credit cards to consumers in India. It is headquartered in Gurgaon, Haryana. It is a subsidiary of India's largest commercial bank, the State Bank of India.

Brand

The Co has a portfolio of 8 types of core cards targeting different consumer segments. The co is India's largest co-brand credit card issuer with 23 partners across industries (BPCL, Big bazaar, Etihad Airways, Vistara, IRCTC, Lifestyle retail, Federal Bank, and others).

Manufacturing Facilities

With a customer base of over 5 million, SBI Card operates through a footprint of more than 90 cities in India. SBI Card is the second largest credit card issuer in India, at present. SBI Card was launched as a joint venture between the State Bank of India and GE Capital.

Synopsis of Financials

- Sales has increased due to increase in due to increase of interest on loans.
- Moreover, interest income from investment have also increased and interest on deposits with bank also.
- Profit of the company has grown majorly due to increase in interest rates of loans.

Stock data (as 5th Dec 2023)

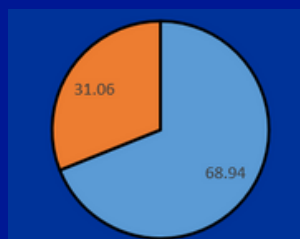
Nifty Price	: 20,800.20
52 week High (in Rs.)	: 933
52 week Low (in Rs.)	: 691
Market Cap. (in Crore)	: 71,267Cr.
NSE Code	: SBICARD

Stock data (2023)



-NIFTY50
- SBI CARDS LTD

Shareholding Pattern (Sep_2023)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	March 2023	March 2022	March 2021
Sales	13,670	10,679	9,301
Interest	1,648	1,027	1,043
Expenses	9,444	7,953	7,223
Financing Profit	2,579	1,699	1,034
Profit before tax	3,031	2,172	1,324
Profit after tax	2,258	1,616	985
EPS in Rs	23.87	17.14	10.47

Synopsis Quater Results

Con-Call Q3FY23: Key Highlights

Business Performance:

SBI Card registered strong business performance in Q2 FY24.

Added net 530K cards in the quarter.

Saw a total attrition rate of 21% YoY.

Card spends reached a new high of INR 1.48 trillion in August 2023, with a growth of 27% YoY.

Continues to be the second-largest credit card issuer in terms of card spends for the quarter.

Product and Service Updates:

Introduced UPI functionality on SBI Card-issued RuPay credit cards.

9% of RuPay cardholders enrolled for UPI usage.

Launched enhanced features on the AURUM card and the SimplySAVE Merchant SBI Card for MSMEs.

Plans to roll out an end-to-end digital acquisition platform called SPRINT through YONO.

Financial Performance:

Total revenue in Q2 FY24 was INR 4,221 Cr, with a 22% YoY growth.

PAT was INR 603 Cr, with a 15% YoY growth.

Receivables grew to INR 45,078 Cr as of Sept'23.

Stable share of interest-earning receivables at 62% QoQ.

Guidance and Outlook:

Expects a healthy volume of spend across categories during the festive season.

Credit cost has reduced QoQ, although industry data is showing stress.

Portfolio actions and collection strategies implemented to mitigate risk.

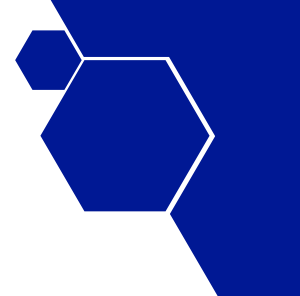
Has a defined portfolio review strategy and takes actions based on bureau data.

Employee-related Updates:

ESOP scheme approved by shareholders.

Grants will be made to identified employees in the current quarter.

Quarterly Results



Particular	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
Revenue	2,850	3,100	3,297	3,507	3,762	3,912	4,087
Interest	267	308	368	464	507	571	605
Expenses	1,930	2,074	2,341	2,467	2,565	2,631	2,760
Employee Cost %	4.23%	4.47%	3.91%	4.05%	4.04%	3.71%	3.62%
Financing Profit	653	718	588	576	690	710	722
Financing Margin %	23%	23%	18%	16%	18%	18%	18%
Other Income	166	163	156	149	154	134	134
Profit before tax	779	841	706	684	800	797	809
Tax %	25%	25%	26%	26%	25%	26%	26%
Net Profit	581	627	526	509	596	593	603

Source: Screener

Key Ratios

Key Ratios

Particulars	FY2023	FY2022	Change
Interest Income Yield	16.7%	17.6%	-97 bps
Net Interest Margin	12.1%	13.9%	-175 bps
Cost to Income	58.9%	56.9%	205 bps
Return on average assets	5.6%	5.4%	20 bps
Return on average equity	25.3%	22.8%	245 bps
EPS (basic) ₹	23.92	17.16	39%
Financial Leverage (Debt/ Equity = Liabilities/Tier 1 Equity)	4.3	4.1	5%
Total Capital Adequacy Ratio	23.1%	23.8%	-75 bps
Gross NPA	2.35%	2.22%	13 bps
Net NPA	0.87%	0.78%	9 bps

Source: Annual Report

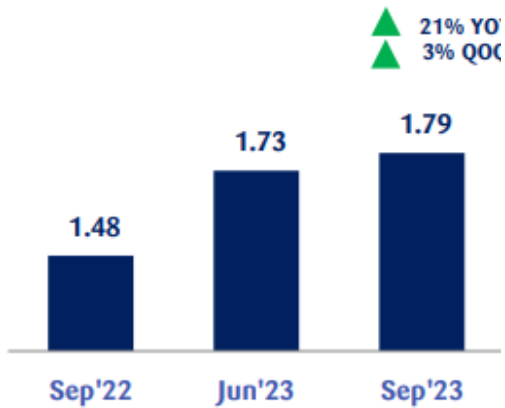
Yearly Results

Particulars	Mar 2023	Mar 2022	Mar 2021
Share Capital	941	943	946
Reserves	5,362	6,810	8,884
Borrowings	17,895	22,982	31,110
Other Liabilities	2,816	3,913	4,606
Total Liabilities	27,013	34,648	45,546
Fixed Assets	308	439	551
CWIP	10	14	23
Investments	958	1,297	2,140
Other Assets	25,737	32,898	42,832
Total Assets	27,013	34,648	45,546

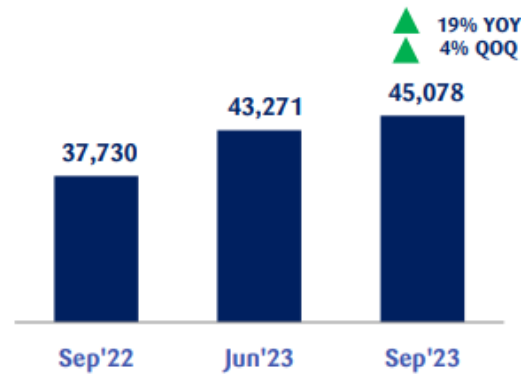
Quarterly Financial Performance



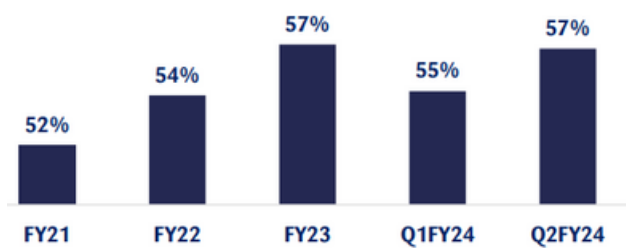
Cards-in-force (Cr)



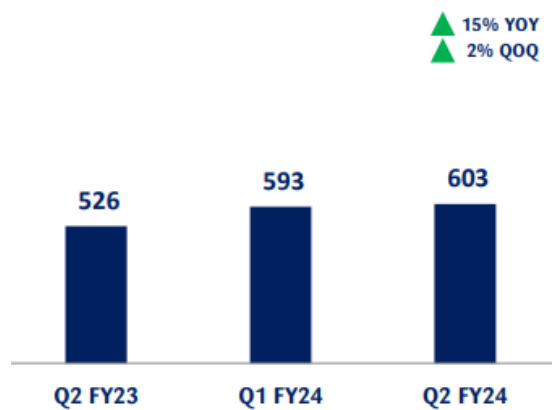
Receivables (₹ Cr)



Online Spend %

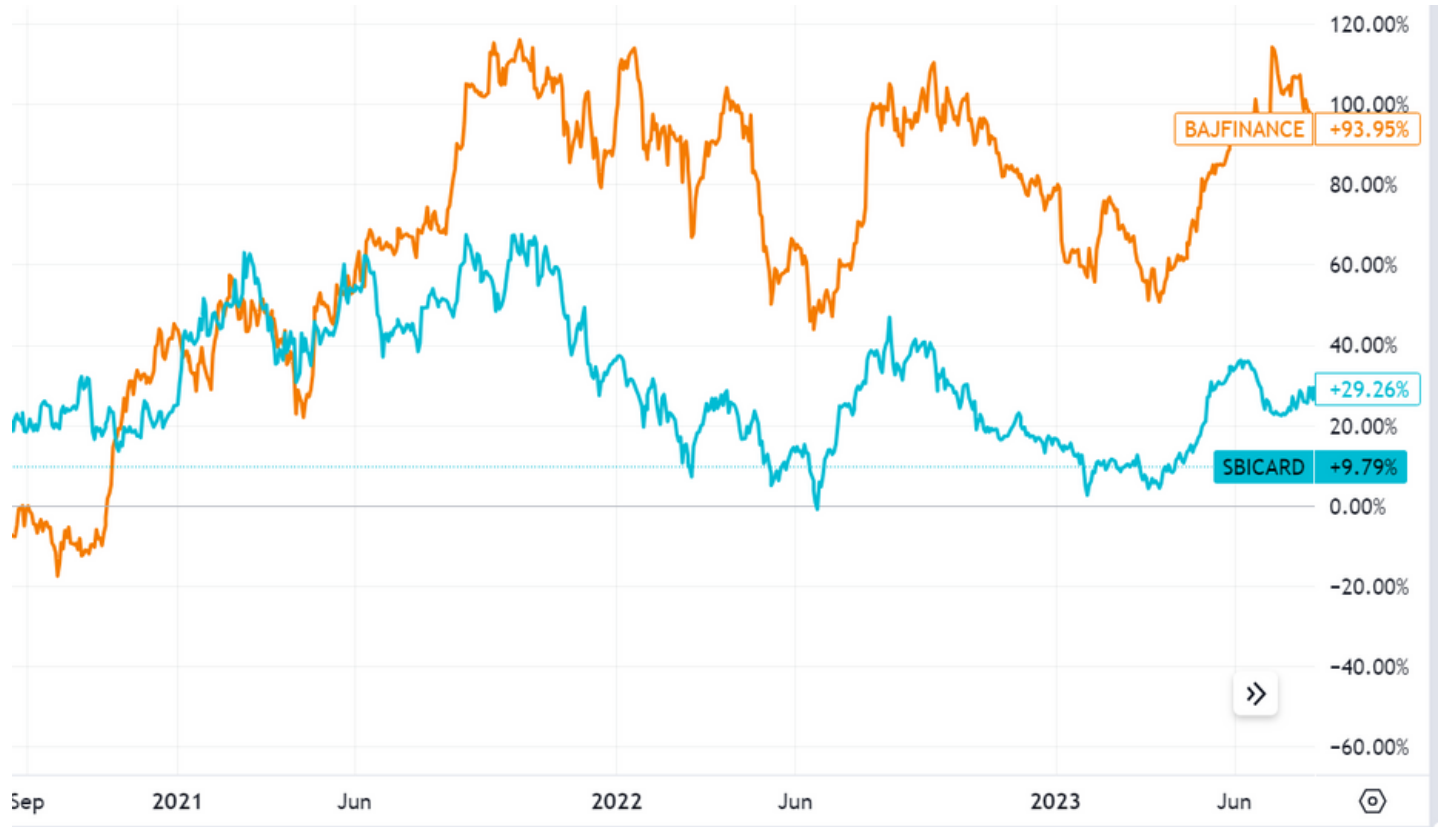


PAT Trend



Peer Comparison

Peer Stock Performance (6M) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Bajaj Finance	7372.95	34.74	455665.35	0.40	3550.80	27.70	13378.26	34.18	11.77
Bajaj Finserv	1704.00	36.60	271871.27	0.05	3755.72	23.90	26022.66	25.09	11.28
Jio Financial	241.60	6105.63	153495.34	0.00	668.18		608.04		
Cholaman.Inv.&Fn	1139.80	31.63	95699.04	0.17	772.87	37.32	4622.58	53.23	9.72
Bajaj Holdings	7717.60	15.49	85889.15	1.58	1588.08	19.98	224.73	19.79	9.71
Shriram Finance	2043.85	11.70	76734.63	1.70	1791.83	13.32	8883.76	17.16	12.13
SBI Cards	750.05	30.90	71304.89	0.33	602.98	14.71	4087.33	23.97	13.05

Source: Screener

Final Outlook



SBICARD: Buy | LTP: 750

Standalone Total Income of Rs 4221.40 Crore in the latest quarter, the company reported higher total income than in the previous quarter (Rs 4046.11 Crore) and higher than in the same quarter of the previous year (Rs 3453.32 Crore). September 30, 2023, marked the end of the quarter. The company reported net profit after tax of Rs 602.98 crore for the most recent quarter. There is a buy call on SBI Cards and Payment Services with a target price of Rs 900.

Currently on the market, SBI Cards and Payment Services cost Rs 751.