

**SBI Card recasts INR 258 cr dues in June quarter, sees fewer requests this month**

Date: 26/07/2021 | Edition: Delhi, Mumbai, Kolkata, Bengaluru, Hyderabad, Ahmedabad, Chandigarh | Page: 07 | Source: Shayan Gosh

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**S**BI Cards and Payment Services Ltd (SBI Card) has restructured credit card dues of ₹258 crore in the June quarter under the second leg of the central bank's debt recast scheme and has since seen a reduced inflow of requests, chief executive Rama Mohan Rao Amara said.

"Reserve Bank of India (RBI) issued the circular in May, and we got the policy approved through the board in June. Our dispensation was available only since the first week of June. In the initial days, we saw a good demand and based on the requests we received from customers and after evaluating their eligibility, we restructured around ₹258 crore," Amara told analysts. The figure is less than 10% of the company's portfolio of ₹2,700 crore last year in 2020, he said.

"What we have seen in July is that requests have come down,



The credit card firm saw an improvement in asset quality. MINT

and is not at the same level, and we do not see a situation similar to having the same (kind of) portfolio like last year. However, it is too early to comment," he said, adding that the flow of such dues has reduced.

In May, RBI stepped in to rescue small borrowers, allowing lenders to restructure their debt and offer some respite from the stress induced

by the second wave of the covid-19 pandemic. Eligible categories included consumer credit, education loan, loans given for creation or enhancement of immovable assets like housing, and loans for investment in financial assets like shares and debentures.

The second wave was more challenging than the first one last year, with mutant varieties

of the virus wreaking havoc across the country.

Cost of funds at India's second largest credit card company stood at 5.2% in the June quarter of FY22, down 27 basis points (bps) sequentially.

"The team has managed the cost of funds very well and used whatever opportunities available to shedding high-cost borrowings and then substituting them with low-cost facilities," said Amara. However, given the current macroeconomic situation where inflation is running high, he said further reduction in cost of funds will be limited.

Analysts at Motilal Oswal said that on account of a robust distribution and co-branded channels, SBI Card is well-placed to capitalize on growth opportunities, as the market remains significantly underpenetrated. The credit card company witnessed an improvement in asset quality, with gross non-performing asset (NPA) ratio at 3.91% as on 30 June, as against 4.99% at the end of the March quarter.

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