June 23, 2025

NPCI Bharat Billpay Limited: Rating reaffirmed; assigned to enhanced amount

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term fund-based - Bank facilities	2,000.00	3,000.00	[ICRA]A1+; reaffirmed/assigned
Total	**2,000.00**	**3,000.00**	

**Instrument details are provided in Annexure I*

Rationale

While arriving at the rating for National Payments Corporation of India (NPCI), ICRA has considered the consolidated business and financial risk profiles of NPCI and its wholly-owned subsidiary – NPCI Bharat Billpay Limited (NBBL), as these entities have significant operational and management linkages and operate under the common NPCI brand. The rating takes into consideration NPCI's position as a prominent financial market infrastructure provider in the country. It is the key player for the clearing and settlement of retail transactions across various instruments/segments and it also operates its own card scheme under the RuPay brand name.

The rating also factors in NPCI's shareholder profile, experienced board of directors, low business risk as it deals only with regulated entities, and its risk management systems and processes. Moreover, the rating considers the company's strong financial profile with healthy profitability and a diversified product profile, nil leverage and good business growth prospects, given the increasing digital penetration and the Government of India's (GoI) stated commitment to promoting digital payments via Unified Payments Interface (UPI).

Given NPCI's significance in the overall financial system, it was classified as a System Wide Important Payment System (SWIPS) by the Reserve Bank of India (RBI) in June 2020. As the company plays a critical role in fostering financial stability in the market, it must continuously enhance its risk management and technology systems. Going forward, its continued ability to maintain its position in the settlement of retail transactions remains a key monitorable.

Key rating drivers and their description

Credit strengths

Key institution for clearing and settlement of retail transactions – NPCI was licensed by the RBI for operating retail payment and settlement systems in India under the provisions of the Payment and Settlement Systems Act, 2007 for creating a payment and settlement infrastructure in the country. In its early years of operations, the company built its expertise in the switching of interbank Automated Teller Machine (ATM) transactions. Since then, it has expanded to multiple products catering to the varying needs of retail customers, notably Cheque Truncation System (CTS), UPI, National Financial Switch (NFS), and National Automated Clearing House (NACH). As on May 31, 2025, NPCI's shareholding was diversified across 65 entities. ICRA expects capital support from member banks in case of exigencies, given the company's strategic importance for the banking and financial system.

Good business growth prospects and diversified product profile; however, settlement volumes and revenues exposed to macro-economic factors – With the increasing penetration of digital transactions and the launch of new products, NPCI's total volumes and revenue have been on a rising trend with a 33% year-on-year (YoY) rise in transaction volumes in FY2025, driven by growth across products. The total number of transactions across all products increased to 21,360 crore in FY2025 from 16,100 crore in FY2024. Further, the RBI's vision to provide every Indian with access to safe, secure, convenient, quick and affordable e-payment options and enhance cross-border payments is likely to result in favourable growth prospects for NPCI over the medium term. As on May 31, 2025, the company had a diversified range of services with low concentration of individual products for revenue. NPCI is in a fee-based business, dependent on settlement volumes across various products. Transaction volumes depend on a host of macroeconomic factors and the resulting level of regulatory intervention. The fee for the products is determined by a committee of independent directors.

Low business/settlement risk on account of dealing only with regulated entities and, its own risk management systems & processes – NPCI and NBBL's clientele primarily includes banks that operate in a regulated environment. Further, as trades are settled through the multilateral netting process and the settlement cycle is run multiple times a day for some of the products, the funding requirements for the members for each settlement cycle declines considerably, thus reducing the risk of fund shortfall with the members. The risk is also mitigated by the presence of a settlement guarantee mechanism (SGM) for the key products, wherein a part of the money is collected from the members in the form of a settlement guarantee fund (SGF), and loss-sharing arrangements among banks in case of default by a member. NPCI's overall financial risk is limited to Rs. 5 crore across each product. As on March 31, 2025, its total SGF was ~Rs. 17,892 crore {including SGF of Rs. 2,695 crore for Bharat Bill Payment System (BBPS)}.

Healthy financial risk profile – NPCI has a robust financial profile characterised by a strong surplus (surplus after tax of Rs. 1,552 crore in FY2025 compared to Rs. 1,095 crore in FY2024) and healthy profitability (surplus after tax/operating income) of ~47% in FY2025 (40% in FY2024). Its leverage was nil as on March 31, 2025. Moreover, it has a diversified product profile with its revenues spread across products. Strong internal accruals led to the healthy net worth of Rs. 6,412 crore as on March 31, 2025.

NBBL is in the early stage of operations with a total asset size of Rs. 465.5 crore and a net worth of Rs. 169 crore as on March 31, 2025.

Credit challenges

Need to continuously upgrade risk management and IT systems – As NPCI and NBBL are retail payments organisations, they facilitate payments and settlements, thus strengthening the markets they serve. As they play a critical role in fostering financial stability in the market, their information technology (IT) infrastructure and risk management systems have to be top-notch and need to be upgraded regularly based on developments in the technology space and the financial services sector. Evolving regulatory requirements also drive system upgrades. NPCI and NBBL currently have appropriate backup policies, including offsite backup for each settlement cycle and permanent backup of critical data and applications.

Competition from new players, though unlikely in the short to medium term – While NPCI currently benefits from being the only key player for the clearing and settlement of transactions in multiple retail service segments in India, there is no regulatory restriction on the entry of a new player. The entry of new players in any of the segments where NPCI is currently operating could impact its market share and/or profitability. However, given its demonstrated track record and established position in the key segments, it would take reasonable time for any new entrant to establish itself in the industry with the same level of acceptance. Regulatory approvals for operating in each segment, the proprietary nature of the dealing systems and the well-established IT and risk management systems of the company further provides it with competitive advantage.

NBBL is the only authorised Bharat Bill Payment Central Unit (BBPCU) under BBPS, which provides an integrated bill payment system that offers interoperable and accessible bill payment services or invoice-based payments or non-invoice-based payments. The proprietary nature of the dealing systems and the well-established IT and risk management systems provide NBBL with additional competitive advantage.

Liquidity position: Strong

As on March 31, 2025, NBBL had cash and cash equivalents (unencumbered) of ~Rs. 136 crore while NBBL had nil borrowings and hence no repayment obligations as on March 31, 2025. Also, as on March 31, 2025, NBBL had lines of credit of Rs. 2,493 crore from various banks to meet any shortfall in the members' accounts during the settlement of transactions across the product segments.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on the rating could emerge on an adverse change in NPCI's consolidated position as a key institution for the settlement of retail payments in India due to a change in the RBI's regulatory stance allowing other players as a clearing and settlement agency for retail transactions. Further, any adverse change in the operating environment, which could negatively impact the settlement volumes of instruments, or a significant deterioration in the financial health of NPCI's clients (banks and other financial institutions) could warrant a rating revision for the company.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated (refer to Annexure II)

About the company

NBBL is a wholly-owned subsidiary of National Payments Corporation of India. It was incorporated on December 10, 2020 under the provisions of the Companies Act, 2013. NBBL was incorporated, inter alia, to operationalise the Bharat Bill Payment Central Unit (BBPCU) under the Bharat Bill Payment System (BBPS) or any activity similar for operationalising such a unit. The purpose is to provide an integrated bill payment system to participants, which offers interoperable and accessible bill payment services or invoice-based payments or non-invoice based payments, including recharges, etc, to billers and customers through a network of entities.

NBBL is in the early stage of operations with a total asset size of Rs. 465.5 crore and a net worth of Rs. 169 crore as on March 31, 2025.

National Payments Corporation of India

National Payments Corporation of India (NPCI), an umbrella organisation for operating retail payment and settlement systems in India, is an initiative of the Reserve Bank of India (RBI) and the Indian Banks' Association (IBA), under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust payment and settlement infrastructure in India. NPCI was incorporated in December 2008 and started its operations in October 2009. Considering the utility nature of its objectives, it was incorporated as a not-for-profit company under Section 25 of the Companies Act, 1956 (now Section 8 of Companies Act, 2013) to provide infrastructure to the entire banking system in India for physical as well as electronic payment and settlement systems. The company is focused on facilitating and developing retail payment systems through the use of technology for achieving greater efficiency in operations and widening the reach of payment systems.

NPCI is promoted by 10 banks (including six public sector banks (PSBs), two private sector banks and two foreign banks). The 10 core promoter banks are State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India, ICICI Bank, HDFC Bank, Citibank NA and HSBC. In 2016, NPCI's shareholding was broad-based to 56 member banks to include more banks representing all sectors. In November 2020, additional capital raising of Rs. 82 crore resulted in the broad-basing of the shareholding among 67 entities. As on May 31, 2025, the company's 65 shareholders include PSBs, private sector banks, foreign banks, multi-state co-operative banks, payments banks and regional rural banks.

NPCI reported a surplus after tax of Rs. 1,552 crore in FY2025 compared with Rs. 1,095 crore in FY2024. The net worth stood at Rs. 6,412 crore as on March 31, 2025.

Key financial indicators

National Payments Corporation of India (standalone) (In Rs. Crore)	FY2024	FY2025
Operating Income (OI)	2,749	3,270
Surplus After Tax	1,095	1,552
OSBDITA/OI	53.1%	48.7%
SAT /OI	39.8%	47.5%
Total outside liabilities/tangible net worth (times)	-	-
Total debt/ OSBDITA (times)	-	-
Interest coverage (times)	-	-

Source: Company, ICRA Research; All ratios as per ICRA calculations; OSBITDA – Operating surplus before depreciation, interest, taxes and amortisation; Amount in Rs. crore

NPCI Bharat Billpay Limited (standalone)	FY2024	FY2025
Operating income (OI)	85.7	143.6
Surplus after tax (SAT)	27.3	23.6
OSBDITA/OI	37.9%	17.6%
SAT/OI	31.8%	16.4%
Total outside liabilities/Tangible net worth (times)	-	-
Total debt/OSBDITA (times)	-	-
Interest coverage (times)	-	-

Source: Company, ICRA Research; All ratios as per ICRA's calculations; OSBDITA – Operating surplus before depreciation, interest, taxes and amortisation Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jun 23, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Short-term fund-based bank facilities	Short term	3,000.00	[ICRA]A1+	Sep 23, 2024	[ICRA]A1+	Sep 11, 2023	[ICRA]A1+	Apr 19, 2022	[ICRA]A1+
				-	-	-	-	Sep 20, 2022	[ICRA]A1+
				-	-	-	-	Jan 02, 2023	[ICRA]A1+

Source: Company, ICRA Research

Complexity level of the rated instrument

Instrument	Complexity indicator
Short-term fund-based CC	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure-1: Instrument details

ISIN	Instrument name	Date of issuance/ Sanction	Coupon rate	Maturity date**	Amount rated (Rs. crore)	Current rating and outlook
NA^	**Short-term fund-based CC**	NA	NA	NA	507.0	[ICRA]A1+
NA	**Short-term fund-based CC**	FY2022-FY2026	NA	NA	2,493.0	[ICRA]A1+

*Source: Company; **Repayment within 7 days from first day of disbursement; ^Unutilised/yet to be placed*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
National Payments Corporation of India	Parent	Full consolidation
NPCI Bharat Billpay Limited	Company	Full consolidation

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

A M Karthik
+91 44 4596 4308
a.karthik@icraindia.com

Sandeep Sharma
+91 22 6114 3419
sandeep.sharma@icraindia.com

Atharva Pednekar
+91 22 6114 3438
atharva.pednekar@icraindia.com

Ajay Bathija
+91 22 6114 3448
ajay.bathija@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches