

October 13, 2025

BOBCARD LIMITED: [ICRA]AAA (Stable)/[ICRA]A1+ assigned; rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term bank facilities	0.00	2,500.00	[ICRA]AAA (Stable)/[ICRA]A1+; assigned
Subordinated debt programme	50.00	50.00	[ICRA]AAA (Stable); reaffirmed
Total	50.00	2,550.00	

*Instrument details are provided in Annexure I

Rationale

The ratings factor in the strong parentage of BOBCARD Limited (BOBCARD), which is a wholly-owned subsidiary of Bank of Baroda (BOB; rated [ICRA]AAA (Stable) for Tier II bonds and [ICRA]AA+ (Stable) for Tier I bonds). The company offers credit card services to the bank's customers and is thus strategically important for BOB. Apart from the common branding, the bank has a track record of providing management, capital and funding support to BOBCARD. ICRA believes that BOB will continue providing support, as and when required.

The ratings also consider the adequate capitalisation (net worth of Rs. 1,465 crore and gearing of 3.5 times as on June 30, 2025) for the current scale of operations. BOBCARD has seen robust growth in its credit card base over the last two fiscals, notwithstanding the slight moderation in Q1 FY2026.

The earnings profile remains modest with a return on managed assets (RoMA) of 1.2% in Q1 FY2026 as well as FY2025 because of the relatively high operating costs and pressure on the asset quality. The company's gross non-performing advances (GNPAs) stood at 3.4% as on June 30, 2025 compared with 3.1% as on March 31, 2025 (3.7% as on March 31, 2024). GNPAs + write-offs¹ stood at 8.2% as on March 31, 2025 (9.6% as on March 31, 2024) and 6.1% as on June 30, 2025. Given the unsecured nature of the loans and the stress in the operating environment, the asset quality indicators are expected to remain volatile. BOBCARD's ability to control fresh slippages and hence credit costs would be imperative for improving its profitability indicators from the currently modest levels.

The Stable outlook reflects ICRA's expectation that BOB will continue to maintain a majority stake in BOBCARD and will extend managerial and financial support to the company, as and when needed, given its strategic importance to the bank.

Key rating drivers and their description

Credit strengths

Strong parentage – BOBCARD is wholly owned by BOB and holds the bank's credit card business. Hence, it is a strategically important entity for BOB. This is also reflected in the common branding and the bank's track record of providing management, capital and financial support to the company. BOB is represented by three nominee directors on BOBCARD's board of directors as on June 30, 2025. The bank, which has renewed its focus on the card segment through BOBCARD, intends to expand it profitably by tapping its huge customer base and has inducted professional management to grow the business.

¹ Gross NPAs + Write-offs (excluding FD/BG received from partners against write-offs) as a percentage of gross loan book; write-off for trailing 12 months, annualised for Q1 FY2026

Given the modest internal accruals in relation to the growth plans, BOBCARD may need to raise equity capital at regular intervals. In this regard, BOB has demonstrated its support through regular capital infusions (latest capital infusion of Rs. 300 crore in FY2025). In addition to the credit card business, BOBCARD undertakes the merchant acquiring business for BOB, which is managed on a cost-plus basis and requires minimal capital for operations in relation to its overall asset base. However, its contribution to the overall revenue remains negligible.

Adequate capitalisation – BOBCARD’s credit card receivables base grew sharply over the last few years and was largely funded through bank borrowings and commercial paper (CP). As a result, the gearing increased to 3.5 times as on June 30, 2025 from 3.3 times as on March 31, 2025 (3.5 times as on March 31, 2024). The capital adequacy ratio (capital-to-risk weighted assets ratio; CRAR) stood at 21.5% as on June 30, 2025, with the Tier I at 18.6% (22.0% and 19.1%, respectively, as on March 31, 2025), increasing from 18.3% and 15.0%, respectively, as on March 31, 2024. In ICRA’s opinion, a prudent capitalisation profile is one of the key risk mitigants, given the monoline nature of the company’s operations and the unsecured loan portfolio. ICRA expects timely capital support from BOB when required.

Credit challenges

Market share remains marginal; asset quality continues to be highly vulnerable – Credit card receivables account for more than 80% of BOBCARD’s assets. However, its market share in credit cards remained marginal at 2.7% in terms of cards in force and 1.7% in terms of credit card spend as on June 30, 2025 (2.8% and 1.6%, respectively, in FY2025). As the credit card segment remains relatively risky and losses upon default are high in this segment, the company could face significant volatility in earnings as well as asset quality indicators. GNPA’s + write-offs stood at 8.2% as on March 31, 2025 (9.6% as of March 2024) and 6.1% as on June 30, 2025. Going forward, BOBCARD’s ability to control slippages and report an improvement in the asset quality remains monitorable.

Modest earnings profile – BOBCARD’s profitability indicators weakened in FY2025 with RoMA moderating to 1.2% from 1.9% in FY2024 primarily due to elevated operating expenditure and rise in credit costs owing to higher write-offs. The profitability indicators remained stable in Q1 FY2026. As the bank line borrowings are on a floating rate basis, the impact of the reduction in systemic rates is expected to be reflected in the weighted average cost of funds in FY2026. The company’s ability to scale up the credit card receivables portfolio with a higher share of income-earning assets (EMI+ revolvers) and improve the operational efficiency through an increase in the scale of operations while maintaining control over the asset quality will be key for a sustained improvement in the earnings profile.

Liquidity position: Adequate

Around 50% of BOBCARD’s portfolio comprises transactors that mature over 1-2 months, resulting in positive asset-liability gaps across all maturity buckets as on June 30, 2025. The company has debt obligations of Rs. 3,689 crore over the next six months vis-à-vis expected advance collections of Rs. 5,086 crore, cash balance and investments of ~Rs. 492 crore and unutilised bank lines of ~Rs. 1,585 crore as on June 30, 2025. BOBCARD’s liquidity profile benefits from adequate access to funding and good financial flexibility by virtue of its parentage.

Rating sensitivities

Positive factors – Not applicable

Negative factors – ICRA could downgrade the rating in case there is a dilution in BOBCARD’s strategic importance to BOB. Further, any change in the outlook or downgrade in the credit rating of BOB will lead to a similar action on BOBCARD’s rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Non-banking Financial Companies (NBFCs)
Parent/Group support	Parent company: Bank of Baroda (BOB) The ratings factor in the parentage in the form of BOB and its stated intent to provide requisite management, capital and funding support to BOBCARD as and when required. BOB and BOBCARD share a common name, which, in ICRA's opinion, would persuade BOB to provide financial support to BOBCARD to protect its reputation from the consequences of a group entity's distress.
Consolidation/Standalone	Standalone

About the company

BOBCARD Limited, incorporated in 1994 and a wholly-owned subsidiary of Bank of Baroda (BOB), is a non-deposit taking non-banking financial company registered with the Reserve Bank of India. BOB infused Rs. 300 crore into the company in FY2025, which had a credit card base of 30.3 lakh as on June 30, 2025. The corporate as well as registered offices are in Mumbai. The company operates through its regional offices spread across the country.

Key financial indicators

BOBCARD Limited	FY2024 Audited	FY2025 Audited	Q1 FY2026 Prov.
Total income	1,306	1,688	514
PAT	90	73	21
Total managed assets	5,456	6,913	7,314
Return on avg. managed assets	1.9%	1.2%	1.2%
Reported gearing (times)	3.5	3.3	3.5
GNPA/GS3	3.7%	3.1%	3.4%
CRAR	18.3%	22.0%	21.5%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; Managed gearing = (Borrowings + Off-balance sheet advances)/Net worth; Total managed assets = Total assets + Impairment loss allowance on gross loans + Off-balance sheet advances

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 13, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term/Short-term bank facilities	Long term/Short term	2,500.00	[ICRA]AAA (Stable)/[ICRA]A1+	-	-	-	-	-	-
Subordinated bonds/Debt	Long term	50.00	[ICRA]AAA (Stable)	Feb 19, 2025	[ICRA]AAA (Stable)	Feb 20, 2024	[ICRA]AAA (Stable)	Feb 21, 2023	[ICRA]AAA (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term bank facilities	Simple
Subordinated debt programme	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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term/ Short-term bank facilities	NA	NA	FY2027	1,300.00	[ICRA]A1+
NA	Long-term/ Short-term bank facilities	NA	NA	NA	1,200.00	[ICRA]AAA (Stable)/ [ICRA]A1+
INE027208011	Subordinated debt	Mar 9, 2021	7.65%	Mar 7, 2031	50.00	[ICRA]AAA (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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Branches



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