

October 13, 2026

BOBCARD Limited: Ratings reaffirmed

Summary of rating action

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

*Instrument details are provided in Annexure I

[#] SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

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). BOBCARD offers credit card services to the bank's customers and is thus strategically important to BoB. Apart from the common branding, the bank has a track record of providing management, capital and funding support to the company. The ratings also consider the adequate capitalisation for the current scale of operations with a net worth of Rs. 1,402 crore and gearing of 3.9 times as on June 30, 2026. ICRA believes that BoB will continue providing capital and funding support to BOBCARD, as and when required.

The earnings profile remains modest, with BOBCARD's profitability weakening in FY2026 (return on managed assets {RoMA} of 0.5% in FY2026 compared to 1.2% in FY2025) owing to the marginal compression in the net interest margin (NIM), reduction in non-interest income and sharp rise in credit costs despite the decline in the operating cost ratio. The profitability deteriorated further in Q1 FY2027 with the company reporting a net loss of Rs. 77 crore because of lower NIMs and higher operating as well as credit costs. BOBCARD's market share remained marginal at 2.6% in terms of cards in force as on June 30, 2026, and 1.8% in terms of spends in Q1 FY2027. As the credit card segment remains relatively risky and losses upon default are high, the company could face significant volatility in earnings as well as asset quality indicators.

The overall asset quality indicators weakened with gross non-performing advances (GNPAs) at 3.8% as on June 30, 2026 (4.4% as on March 31, 2026) vis-à-vis 3.1% as on March 31, 2025 owing to the rise in delinquencies and change in the NPA recognition criteria for some co-branded cards. Given the monoline nature of operations and unsecured portfolio, the asset quality indicators are expected to remain volatile. Hence, BOBCARD's ability to control fresh slippages and 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, 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, 2026. 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.

Given its subdued internal accruals in relation to its growth plans, BOBCARD may need to raise equity at regular intervals. In this regard, BoB has demonstrated its support through regular equity infusions (latest equity infusion of Rs. 300 crore in FY2025). In addition to the credit card business, BOBCARD services 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 – The growth in BOBCARD’s receivables was funded through bank borrowings and commercial paper (CP) over the past one year. As a result, the gearing increased to 3.9 times as on June 30, 2026 (3.6 times as on March 31, 2026) from 3.3 times as on March 31, 2025. The rise in leverage in Q1 FY2027 was also because of the losses reported by the company, which impacted its net worth. The capital-to-risk weighted assets (CRAR) ratio stood at 18.2% as on June 30, 2026, with the Tier I at 15.5% (19.2% and 16.4%, respectively, as on March 31, 2026), compared to 22.0% and 19.1%, respectively, as on March 31, 2025. 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. In this regard, ICRA expects timely capital support from BoB as and 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 2.6% in terms of cards in force as on June 30, 2026 and 1.8% in terms of spends in Q1 FY2027 (2.7% as on March 31, 2026 and 1.7% in FY2026, respectively). As the credit card segment remains relatively risky and losses upon default are high, the company could face significant volatility in earnings as well as asset quality indicators.

The company’s GNPA’s rose to 3.8% as on June 30, 2026 (4.4% as on March 31, 2026) from 3.1% as on March 31, 2025 owing to higher delinquencies and the change in the NPA recognition criteria for some co-branded cards. GNPA’s plus write-offs¹ increased to 16.8% as on June 30, 2026 (10.6% as on March 31, 2026) from 8.2% as of March 2025 because of higher write-offs in FY2026 and Q1 FY2027. 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 FY2026 (RoMA of 0.5% in FY2026 compared to 1.2% in FY2025) owing to the marginal compression in NIMs, reduction in non-interest income and sharp rise in credit costs despite the decline in the operating cost ratio. The profitability deteriorated further in Q1 FY2027 with the company reporting a net loss of Rs. 77 crore because of lower NIMs and higher operating as well as credit costs.

BOBCARD’s ability to scale up the 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 its earnings profile.

Liquidity position: Adequate

Around 52% of BOBCARD’s portfolio, as on June 30, 2026, comprised transactors that mature in 1-2 months, resulting in positive cumulative mismatches in the buckets up to 3 months and within 6-12 months as per the asset-liability maturity (ALM) profile as on June 30, 2026. The company has debt obligations of Rs. 5,169 crore till December 31, 2026 against scheduled inflows from advances of Rs. 4,831 crore. The liquidity is further supported by unencumbered cash and liquid investments of Rs. 816 crore (15% of its borrowings) and unutilised bank lines of Rs. 2,110 crore as on June 30, 2026. BOBCARD’s liquidity profile benefits from adequate access to funding and good financial flexibility by virtue of its parentage.

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 FY2027

Rating sensitivities

Positive factors – Not applicable

Negative factors – ICRA could downgrade the ratings in case of a dilution in BOBCARD's strategic importance to BoB. Further, any change in the outlook or a downgrade in the credit rating of BoB will lead to a similar rating action for BOBCARD.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies
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. BOBCARD had a credit card base of 32.1 lakh as on June 30, 2026 (31.6 lakh as on March 31, 2026) compared to 30.4 lakh as on March 31, 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	FY2025	FY2026	Q1 FY2027
	Audited	Audited	Provisional
Total income	1,688	1,850	530
PAT	73	40	(77)
Total managed assets	6,913	7,751	7,680
Return on average managed assets	1.2%	0.5%	-4.0%*
Reported gearing (times)	3.3	3.6	3.9
GNPA/GS3	3.1%	4.4%	3.8%
CRAR	22.0%	19.2%	18.2%

Source: Company, ICRA Research; * Annualised

Note: Amount in Rs. crore; All figures and ratios as per ICRA's nomenclature/definition/calculations; Total managed assets = Total assets + Impairment loss allowance on gross loans + Off-balance sheet advances

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 13, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based bank facilities	Long term/ Short term	2,500.00	[ICRA]AAA (Stable)/ [ICRA]A1+	Oct 13, 2025	[ICRA]AAA (Stable)/ [ICRA]A1+	-	-	-	-
Subordinated debt programme	Long term	50.00	[ICRA]AAA (Stable)	Oct 13, 2025	[ICRA]AAA (Stable)	Feb 19, 2025	[ICRA]AAA (Stable)	Feb 20, 2024	[ICRA]AAA (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term bank facilities	Simple
Subordinated debt programme	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	Financial sector regulator [#]
NA	Long-term bank facilities	NA	NA	FY2027	2,200.00	[ICRA]AAA (Stable)	RBI
NA	Long-term/ Short-term bank facilities	NA	NA	NA	300.00	[ICRA]AAA (Stable)/ [ICRA]A1+	RBI
INE027208011	Subordinated debt	Mar 9, 2021	7.65%	Mar 7, 2031	50.00	[ICRA]AAA (Stable)	SEBI

Source: Company; [^] Instrument details as on October 08, 2026; [#] SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Not applicable

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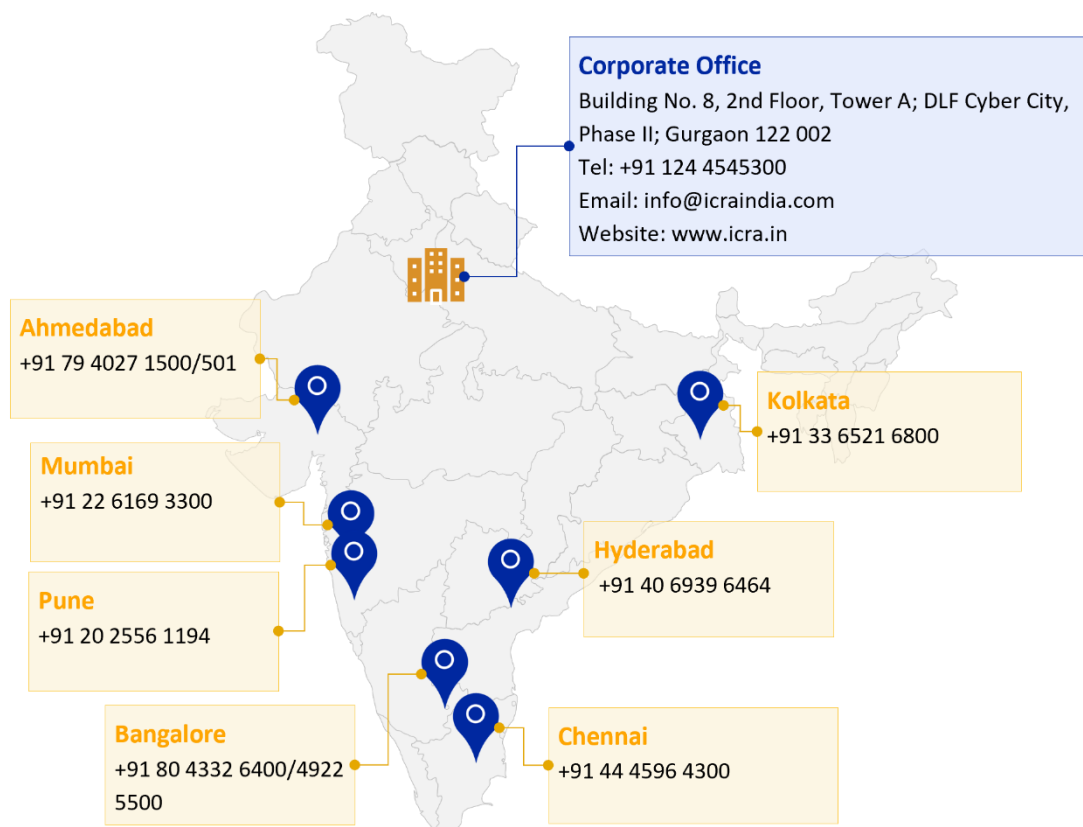


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