

**Press Release**  
**BOBCARD LIMITED**  
**September 24, 2025**  
**Rating Reaffirmed**



| Product                                   | Quantum (Rs. Cr) | Long Term Rating                 | Short Term Rating |
|-------------------------------------------|------------------|----------------------------------|-------------------|
| <b>BOND</b>                               | 100.00           | ACUITE AAA   Stable   Reaffirmed | -                 |
| <b>Total Outstanding Quantum (Rs. Cr)</b> | 100.00           | -                                | -                 |
| <b>Total Withdrawn Quantum (Rs. Cr)</b>   | 0.00             | -                                | -                 |

**Rating Rationale**

Acuite has reaffirmed the long-term rating of ‘**ACUITE AAA**’ (read as **ACUITE triple A**) on the Rs. 100.00 crore Perpetual Bonds (Perpetual debt instruments in the form of Non-Convertible debentures) of BOBCARD Limited. The outlook will be ‘**Stable**’.

**Rationale for the rating**

The ratings on BOBCARD centrally factor in the company’s strategic importance to, and the expectation of strong support from, its parent, Bank of Baroda. As on date, BOB holds 100% stake in BOBCARD. In FY23 Bank of Baroda had infused Rs. 700 Cr. into BOBCARD and Rs. 300 Cr. in FY25, which shows the continuous support of Bank of Baroda for BOBCARD. Moreover, it is expected that in FY26 another Rs 300 Cr. is expected to be infused by BOB (subject to regulatory approval) which again shows the continuous support from the parent entity. The firms CAR stood at 22.01% in FY-25 with Tier 1 Capital at 19.07% (FY24 CAR 18.30% and Tier 1 15.03%). The profitability of BOBCARD has seen a decline in FY-25 where PAT stood at Rs 73.09 Cr. and in FY-24 it stood at Rs 90.38 Cr. Moreover, total income net of interest expenses has improved, where in FY25 the total income stood at Rs 1319.64 Cr. and 1069.88 Cr. in FY24. Asset quality has improved, where the GNPA improved to 3.08% in FY25 from 3.67% FY24. However the NNPA has seen a deterioration from 1.18% in FY24 to 1.27% respectively in FY25. This performance has come post the capital infusion from BOB and with further support from BOB it is expected that BOBCARD would only continue to grow.

The rating also factors in the company’s adequate capitalization. These strengths are partially offset by small, though increasing scale of operations, modest earnings and improving asset quality metrics.

**About the company**

Wholly owned by Bank of Baroda (BoB), BOBCARD Limited (formerly, BoB Financial Solutions Limited) was incorporated in September 1994 as a credit card issuing non-banking financial company (NBFC). Its main business has been credit card issuance. In January 2024, the company underwent a rebranding, changing its name from BoB Financial Solutions Limited to BOBCARD Limited. The Director for BOBCARD is Shri. Ravindra Rai M who has a rich experience of more than 25 years in Banking at different levels. He has been a part of the Company in the capacity of Deputy Managing Director since March 31, 2023. Previous to the Company, the recent assignment was the Vertical Head of Gold Loan for Bank of Baroda. BOBCARD is headquartered in Mumbai, Maharashtra.

**Unsupported Rating**

ACUITE A+/Stable

**Analytical Approach**

Acuite has adopted the standalone approach while assessing the business and financial risk profile of BOBCARD. The standalone approach, however, also duly factors in the support expectations from the parent, i.e. Bank of Baroda.

**Key Rating Drivers**

**Strength**

Strategic importance to, and expectation of strong support from, parent Bank of Baroda

BoB is expected to provide substantial support given BOBCARD's growing strategic relevance to the parent, as well as BoB's strong moral commitment due to ownership and brand sharing. The rating also takes into account BoB's stated determination to maintain a majority shareholding in BOBCARD and support it in the event of any future stress or exigencies.

While the current size of activities is limited, the strategic relevance is growing with a larger emphasis on the credit card business; BOBCARD is the platform via which the credit card business is conducted. A competent management team has been established, and the company has already changed its card management system to improve client experience, credit monitoring, and payments. Investing in technology to increase capacity will enable BOBCARD to penetrate the market through both open and digital channels. Board-level monitoring from BoB is expected to remain strong, while operational synergies will increase.

BoB maintains a 100% ownership in BOBCARD and has invested Rs 1275 crore since its creation, including Rs. 300 Cr. in FY25, Rs 400 crore in March 2023 and Rs 300 crore in June 2022. Acuite Ratings believes that BOBCARD remains a key strategic subsidiary for BOB, as it manages the credit card business, which is crucial to the bank's retail strategy. Furthermore, name and brand sharing, operational, management, and board monitoring from BOB are planned to continue after the disposal.

### **Adequate capitalisation**

BOBCARD's capitalisation parameters are adequate, having a total capital ratio of 22.01% as of March 31, 2025. It has increased from 18.30% as of March 31, 2024, following the adjustment of risk weights for consumer loans as per the RBI's direction in November 2023. The gearing stood at 3.34 times as of March 31, 2025, from 3.54 times on March 31, 2024. The steady-state gearing is intended to stay below 5 times. Capitalization is supported by the parent's timely equity injections. BoB infused Rs. 300 Cr. in FY25 and Rs 400 crore in March 2023 and Rs 300 crore in July 2022, bringing the total equity investment to Rs 1275 crore since inception. Moreover, further significant capital infusion is expected in FY26 to enhance BOBCARD's operational performance.

### **Weakness**

#### **Stable asset quality metrics**

The gross NPA improved to 3.08% in FY25, compared to 3.67% in FY 2024 and 5.09% in FY 2023. This was due to portfolio growth and an increase in salaried customers. Net NPAs stood at 1.27% as on March 31 2025 and 1.18% as of March 31, 2024, according to IND-AS accounting standards.

Collection efficiency continued at 90-93% from FY25. BOBCARD has strengthened its risk management methods for customer sourcing over time. The organization has built effective transaction monitoring and fraud prevention systems, which will positively benefit the overall portfolio performance of the company. Nevertheless, given the segment of operations and amidst the economic environment, the ability of the company to manage its asset quality would remain a key monitorable.

### **Modest earnings profile**

The company's revenue mostly originates from credit card transactions. After reporting losses until fiscal 2022, the company began to make profits, which were aided by an increase in operating size. In FY25, the company reported a PAT of Rs 73.09 crore, compared to Rs 90.38 crore in FY24. The company reported lower operating expense to earning assets y-o-y; these stood at 17.61% in FY25, compared with 18.16% in FY24. As the company grows, operating expenses are likely to become more consistent. Nonetheless, the company's ability to manage profitability while expanding its portfolio remains an important metric.

### **Scale of operations**

The majority of the company's revenue comes from Bank of Baroda's existing 140 million client base. Around 90% of leads are produced from BoB branches. To grow operations, the company is investing in technology, processes, and procedures to minimize turnaround time and acquisition costs, which will eventually lead to higher market share. Despite rapid development, BOBCARD's market share in terms of outstanding cards is still modest at about 2%, making it a minor player in the credit card market for the medium term.

### **Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)**

Acuite takes into consideration the benefit derived by Bobcard from the 100% wholly owned ownership of Bank of Baroda.

### **Stress case Scenario**

Acuite believes that given the Bank of Baroda ownership, Bobcard will be able to service its debt on time, even in a stress scenario.

### ESG Factors Relevant for Rating

Public sector banks play a significant role in promoting financial inclusion in the country including facilitation of banking services in unbanked areas. Healthy corporate governance practices are important for sustainability in a bank's long term performance. Some of the critical governance factors in the banking sector include board independence and diversity, effectiveness of the board sub committees, shareholders' rights as well as policies on KMP compensation and business ethics. Further, for the financial services sector, data privacy, security of financial instruments and responsible investments are relevant social factors. Other material social factors involve employee management and talent retention given the manpower intensive nature of banking operations and various initiatives for community support and development. While the banking sector has low exposure to environmental risks, energy efficiency and electronic waste management carry moderate materiality. Bank of Baroda and BOBCARD have taken multiple steps towards enhancement of shareholder rights. The bank has formed a stakeholders' relationship committee for redressal of grievances of shareholders and investors. The bank board also has a committee for performance evaluation of MD & CEO, Executive Directors and General Managers; this committee is constituted as per Government of India, Ministry of Finance, Department of Financial Services directives. The bank has taken initiatives and programmes for improvement of business ethics; these include full, accurate timely and meaningful disclosures in the periodic reports required to be filed by the Bank with government and regulatory agencies. In the environmental category, the bank has financing products or services that help develop clean or renewable energy. Further in the social category, the bank continues to take initiatives towards career development of its employees by bridging the skill gap and imparting training through its 7 training colleges. The bank has recognised the importance of data privacy and has taken several initiatives towards it; it has put in place Captive Security Operation Centre (SOC) at Data Center and has also employed information security tools for Real-time monitoring of Information Security breach attempts / incidents / events on 24x7 basis. Some of the programmes of the bank under Corporate Social Responsibility (CSR) include engagement in Swachh Bharat Abhiyan, Beti Bachao Beti Padhao Abhiyan, rural socioeconomic development and health care to poor and under privileged.

### Rating Sensitivity

- Continued ownership & support from Bank of Baroda
- Movement in asset quality and profitability metrics
- Movement in capital adequacy levels
- Credit Rating movement of Bank of Baroda

### Liquidity Position

#### Adequate

Bobcard's liquidity position is supported by its parent company Bank of Baroda. The company has Cash and Cash Equivalents of Rs.221.53 Cr. as on 31st March 2025. The liquidity position is adequate.

### Outlook:

Stable.

### Other Factors affecting Rating

None.

### Key Financials - Standalone / Originator

| Particulars               | Unit       | FY25<br>(Actual) | FY24<br>(Actual) |
|---------------------------|------------|------------------|------------------|
| Total Assets              | Rs.<br>Cr. | 6592.06          | 5134.35          |
| Total Income*             | Rs.<br>Cr. | 1319.64          | 1069.88          |
| Profit After Tax (PAT)    | Rs.<br>Cr. | 73.09            | 90.38            |
| AUM                       | Rs.<br>Cr. | 5940.4           | 4890.90          |
| Net Advances              | Rs.<br>Cr. | 5642.26          | 4605.49          |
| Capital Adequacy          | (%)        | 22.01            | 18.30            |
| Capital Adequacy (Tier 1) | (%)        | 19.07            | 15.03            |

|                                 |     |      |      |
|---------------------------------|-----|------|------|
| Capital)                        |     |      |      |
| Gross NPA                       | (%) | 3.08 | 3.67 |
| Net NPA                         | (%) | 1.27 | 1.18 |
| Return on Average Assets (RoAA) | (%) | 1.25 | 2.13 |

*\*Total income equals to Net Interest Income plus other income*

**Status of non-cooperation with previous CRA (if applicable):**

Not Applicable.

**Any other information**

None.

**Applicable Criteria**

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Covered Bonds: <https://www.acuite.in/view-rating-criteria-83.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- Hybrid Instruments Issued By NBFCs & HFCs: <https://www.acuite.in/view-rating-criteria-56.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

**Note on complexity levels of the rated instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History

| Date        | Name of Instruments/Facilities             | Term      | Amount (Rs. Cr) | Rating/Outlook                 |
|-------------|--------------------------------------------|-----------|-----------------|--------------------------------|
| 24 Sep 2024 | Proposed Perpetual Additional Tier I Bonds | Long Term | 100.00          | ACUITE AAA   Stable (Assigned) |

**Annexure - Details of instruments rated**

| Lender's Name  | ISIN         | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating                           |
|----------------|--------------|------------|------------------|-------------|---------------|-------------------|------------------|----------------------------------|
| Not Applicable | INE027208037 | Bond       | 30 Sep 2024      | 8.47        | 30 Sep 9999   | 100.00            | Simple           | ACUITE AAA   Stable   Reaffirmed |

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

| Sr. No. | Company Name        |
|---------|---------------------|
| 1       | BOBCARD Limited     |
| 2       | Bank of Baroda Ltd. |

## Contacts

|                                                          |                                                                                                               |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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