

SBI Cards & Payment Services Ltd — 14 Nov 2025 Credit Rating Summary

As an equity-focused credit analyst, I have distilled the CRISIL rating report for **SBI Cards and Payment Services Limited** into the following table.

Section	Details
Agency	CRISIL Ratings
Rating Change	Reaffirmed at CRISIL AAA (Long Term) and CRISIL A1+ (Short Term)
Outlook	Stable (Current) vs Stable (Previous)
Key Drivers of Change	<ol style="list-style-type: none"> SBI Parentage: 68.6% stake by SBI provides sovereign-like distress support and branding. Market Dominance: 2nd largest player with 19% market share in Cards-in-Force (2.15 Cr cards). Yield Compression: Yield on assets fell from 18.4% (FY24) to 15% (FY25), squeezing margins. Profitability Pressure: RoA moderated to 3.0% (H1-FY26) from 4.6% (FY24) due to higher borrowing and credit costs.
Rated Instruments	<ul style="list-style-type: none"> Bank Loan Facilities: ₹1,990 Cr
Key Observations	<p>Positives:</p> <ul style="list-style-type: none"> Superior liquidity: ₹54,183 Cr inflows vs ₹42,726 Cr outflows (12-month bucket). Strong capital position with gearing stable at 3.3x. Top 3 player in card spends; gross receivables at ₹59,845 Cr (Sept-25). <p>Risks:</p> <ul style="list-style-type: none"> 100% unsecured portfolio makes it highly susceptible to asset quality cycles. GNPA remains elevated at 2.85% (though down from 3.08% in March 2025). NIM compressed by ~30 bps in H1-FY26.
Investor Impact	<p>Growth: Market share is stable, but growth is decelerating compared to historical highs.</p> <p>Margins: Clear downward trajectory in RoA/NIM; profitability is "comfortable" but no longer "superior."</p> <p>Leverage: Gearing is stable at 3.3x; low immediate risk of equity dilution.</p> <p>Risk: Valuation must account for the high correlation to SBI's own credit rating.</p>
Agency / Cross Analysis	<p>Same Agency: Reaffirmed despite a significant drop in PAT (₹2,408 Cr in FY24 to ₹1,916 Cr in FY25) and RoA (4.6% to 3.1%).</p> <p>Drivers: Rating remains anchored by "Strategic Importance" to SBI rather than standalone financial performance.</p> <p>Conclusion: Deterioration in Standalone Metrics. The credit profile is diverging from the financial performance; the rating is sustained by the parental floor.</p>
Final Inference	<p>Parental Shield vs. Operational Stress: The AAA rating is a "Safety Net" provided by SBI. For equity investors, the sharp RoA compression (4.6% → 3.0%) and yield drop signal a transition from a high-growth compounder to a mature, lower-margin utility.</p>