

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

Section	Details
Agency	CRISIL Ratings
Rating Action	Reaffirmed / Assigned: CRISIL AAA (No notches moved)
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	<ol style="list-style-type: none"> Parentage Support: SBI (68.6% stakeholder) provides branding and distress support; rating is floored by SBI's credit profile. Market Dominance: 2nd largest player with 19.1% market share and 2.12 Cr cards-in-force. Profitability Recovery: RoA improved to 3.4% (Q1FY26) from 3.1% (FY25), though still below FY24's 4.6%. Capital Adequacy: Tier-I capital remains strong, supported by internal accruals and moderate gearing (~3.3x).
Rated Instruments	<ul style="list-style-type: none"> Bank Loan Facilities: ₹56,990 Cr (AAA/Stable) Commercial Paper: ₹4,000 Cr (A1+) Non-Convertible Debentures: ₹8,550 Cr (AAA/Stable) Lower Tier II Bonds: ₹5,300.2 Cr (AAA/Stable)
Key Observations	<ul style="list-style-type: none"> Strengths: Strategic importance to SBI; strong liquidity (₹54,183 Cr inflows vs ₹42,726 Cr outflows in 1-year bucket). Asset Quality Stress: GNPA increased to 3.07% (June 2025) from 2.76% (March 2024) due to unsecured portfolio pressure. Margin Compression: NIMs compressed by ~30 bps in FY25; Net Interest Income as % of assets fell to 15% (vs 18.4% in FY24). Risk Management: Tighter credit policies and lower limits implemented for risky segments to curb slippages.
Investor Impact	<ul style="list-style-type: none"> Margins: Pressure persists; while RoA is rebounding, it remains significantly below historical highs of 4.5%. Leverage: Gearing is stable at 3.3x, suggesting no immediate equity dilution or capital call risk. Growth vs Risk: 19% market share indicates scale, but unsecured nature makes earnings volatile during credit cycles.
Agency / Cross Analysis	<p>Same Agency: Rating has remained a consistent 'AAA' since 2022 despite a sharp drop in RoA (from 4.6% to 3.1%) and rising GNPA.</p> <p>Conclusion: Improvement in Stability. CRISIL is prioritizing the "SBI Support" umbrella over standalone asset quality deterioration. The rating assumes a floor regardless of momentary standalone financial volatility.</p>
Final Inference	<p>Real Stability backed by Parentage. While asset quality and NIMs are under pressure (typical for unsecured cycles), the AAA rating is a "quasi-sovereign" signal. For equity investors, the risk isn't insolvency, but rather sustained lower ROEs compared to pre-2024 levels.</p>