

March 06, 2026

## Bajaj Auto Credit Limited: [ICRA]AAA (Stable) assigned to long-term bank lines; rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	2,000.00	2,000.00	[ICRA]AAA (Stable); reaffirmed
Subordinated bonds/Debt	750.00	750.00	[ICRA]AAA (Stable); reaffirmed
Long-term bank lines	-	5,000.00	[ICRA]AAA (Stable); assigned
<b>Total</b>	<b>2,750.00</b>	<b>7,750.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating factors in the operational, managerial and financial support received by Bajaj Auto Credit Limited (BACL) from its parent – Bajaj Auto Limited (BAL). As a wholly-owned subsidiary of BAL, BACL operates as the captive financing arm for its parent’s two-wheelers (2Ws) and three-wheelers (3Ws). This business was previously housed under the auto division of Bajaj Finance Limited (BFL) but was transitioned to BACL in a state-wise phased manner with the completion of the same in December 2024.

As the key financing entity for BAL, BACL is strategically important for the parent’s operations. The rating also considers the company’s adequate capitalisation profile, supported by the equity infusion of Rs. 2,700 crore by BAL till date, including the latest infusion of Rs. 300 crore in Q1 FY2026. Additionally, BAL has invested in Rs. 500 crore subordinated debt of the company. BACL had a net worth of Rs. 3,127 crore and a gearing of 4.7 times as on December 31, 2025 (3.5 times as on March 31, 2025). While the gearing has increased due to the rapid rise in scale, ICRA expects the overall capitalisation profile to remain adequate, driven by the expected improvement in internal accruals and the high likelihood of support from BAL as and when required.

The rating also factors in the company’s limited track record and high pace of growth till now. Starting operations in January 2024, BACL ramped up its assets under management (AUM) to Rs. 16,947 crore as on December 31, 2025. The company’s reported non-performing assets (NPAs) remained under control at 1.8% as on December 31, 2025, though the portfolio remains unseasoned due to the limited track record and high pace of growth. Further, given the target borrower segment with modest credit profiles and limited credit track record, the asset quality indicators remain monitorable.

ICRA also takes note of the gradually evolving earnings profile. The company’s profit after tax (PAT) rose to Rs. 435 crore in 9M FY2026 from Rs. 58 crore in FY2025, supported by healthy interest margins and improving operating efficiency. Nonetheless, its ability to demonstrate a sustained improvement in its earnings profile while keeping the credit costs under control on a steady-state basis remains monitorable.

The Stable outlook reflects ICRA’s expectation that BACL will remain strategically important to BAL and will continue scaling up its operations while keeping its leverage under control.

## Key rating drivers and their description

### Credit strengths

**Strong parentage and strategic importance to BAL** – BACL is strategically important to BAL, given its status as a captive financing arm for the promoter's 2W and 3W sales. BAL is one of India's leading manufacturers in this segment and BACL finances 40-50% of the parent's domestic vehicle sales. The company operates through BAL's dealership network and benefits from shared infrastructure and management oversight. Its board includes senior leadership from BAL, including Mr. Rajiv Bajaj (Chairman) and Mr. Rakesh Sharma (Director), reinforcing its strategic alignment with the parent.

BACL has a pan-India presence with more than 659 touch points and 35 branches. As on December 31, 2025, the top 3 states, i.e. Maharashtra (14%), Uttar Pradesh (12%), and Tamil Nadu (7%), comprised ~33% of its AUM. Given its strategic importance to BAL, the company has received regular and timely capital support from the parent in the past. ICRA expects the same to continue, going forward, as well.

**Adequate capitalisation profile** – BACL's capital profile remains adequate, supported by the equity infusion of Rs. 2,700 crore from BAL (including Rs. 300 crore in May 2025). The company reported a capital-to-risk weighted assets ratio (CRAR) of 19.8% (Tier I: 16.7%; CRAR of 23.7% as on March 31, 2025) with a gearing of 4.7 times as on December 31, 2025. ICRA notes that BACL's AUM growth has been quite steep in the recent past on a lower base. As it is expected to operate as a captive financier for BAL, its growth and scale will be closely linked to the parent's business volumes and its financing penetration in BAL's sales, going forward. This, along with the expected improvement in internal accruals, shall support the capital profile, keeping the leverage under control over the near-to-medium term. BACL's managed gearing is expected to remain below 5 times on a steady-state basis. ICRA expects BAL to continue providing capital support to the company, as and when required, to maintain prudent capitalisation levels.

### Credit challenges

**Limited track record of operations with evolving asset quality and profitability metrics** – BACL commenced operations in January 2024 and has rapidly scaled up its portfolio, with the AUM increasing to Rs. 16,947 crore as of December 2025 from Rs. 726 crore as of March 2024. While the company has demonstrated strong growth, the limited seasoning of the loan book and its target borrower segments pose risk to the asset quality and profitability. The gross NPAs remained under control at 1.8% as on December 31, 2025 (0.8% as on March 31, 2025). However, BACL's ability to contain slippages and keep the credit costs under control will be important from an asset quality perspective.

ICRA also takes note of BACL's gradually evolving earnings profile. It has expanded its employee base and other operating infrastructure significantly to support its high growth, which has resulted in elevated levels of operating expenses. ICRA notes that operating costs declined to 5.5% of average managed assets (AMA) in 9M FY2026 from 8.0% in FY2025 (5.9% in FY2024), with the company focussing on operating efficiency improvement. Nonetheless, there remains further scope for improvement in the operating efficiency over the near-to-medium term. While profitability has improved, with PAT and return on AMA rising to Rs. 435 crore and 3.9%, respectively, in 9M FY2026 from Rs. 58 crore and 0.9%, respectively, in FY2025, the earnings profile remains sensitive to credit costs and the operating leverage. Sustaining this trajectory will depend on maintaining the asset quality and controlling the operating expenses, which shall remain monitorable

### Liquidity position: Strong

BACL's liquidity position remained strong with positive cumulative mismatches across all buckets as per its asset-liability management (ALM) statement as of December 2025. As per its ALM on December 31, 2025, the company

had Rs. 6,807 crore of scheduled inflows from advances (principal) vis-à-vis Rs. 5,338 crore of scheduled debt repayments (principal) over the next 12 months. BACL held unencumbered cash and bank balances and liquid investments of Rs. 798 crore, along with Rs. 1,900 crore of sanctioned and undrawn bank lines as on December 31, 2025, which supports its liquidity profile. Additionally, it has access to a Rs. 2,250-crore credit line from BAL, approved for contingency scenarios.

## Rating sensitivities

**Positive factors** – Not Applicable

**Negative factors** – Deterioration in BAL's credit risk profile or lower-than-expected support from BAL shall negatively impact the rating. Significant weakening in BACL's asset quality or earnings profile or a significant increase in its gearing levels shall also exert pressure on the rating

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Non-Banking Finance Companies (NBFCs)</a>
Parent/group Support	Parent: Bajaj Auto Limited ICRA factors in the strategic importance of BACL to BAL, which is demonstrated in the managerial, operational and funding support from the parent.
Consolidation/standalone	Standalone

## About the company

Bajaj Auto Credit Limited (BACL), a Pune-based non-deposit taking non-banking financial company (NBFC), was incorporated in 2021 as a wholly-owned subsidiary of Bajaj Auto Limited (BAL). It operates as a captive financier for BAL's two-wheeler (2W) and three-wheeler (3W) vehicles. It received its NBFC licence from the Reserve Bank of India in August 2023 and commenced operations in January 2024.

As on December 31, 2025, BACL's AUM stood at Rs. 16,947 crore, with 2W loans comprising 58% and 3W loans accounting for 42%. The company was operating in 31 states and Union Territories with 35 branches and more than 659 touch points as of December 2025.

## Key financial indicators (audited)

Bajaj Auto Credit Limited	FY2024	FY2025	9M FY2026*
Total income	16.6	1,040.9	2,239.8
Profit after tax	-23.8	58.3	435.1
Total managed assets	1,270.7	11,144.1	18,608.4
Return on average managed assets	-3.7%	0.9%	3.9%
Managed gearing (times)	3.7	3.5	4.7
Gross stage 3 assets	0.0%	0.8%	1.8%
Capital-to-risk weighted assets ratio	20.8%	23.7%	19.8%

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; \*Limited review

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating history for past three years

Instrument	Current			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Mar 06, 2026	Date	Rating	Date	Rating	Date	Rating
<b>NCD</b>	Long term	2,000.00	[ICRA]AAA (Stable)	Sep 10, 2025	[ICRA]AAA (Stable)	-	-	-	-
<b>Subordinated bonds/Debt</b>	Long term	750.00	[ICRA]AAA (Stable)	Sep 10, 2025	[ICRA]AAA (Stable)	-	-	-	-
<b>Long-term bank lines</b>	Long term	5,000.00	[ICRA]AAA (Stable)	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
NCD	Simple
Subordinated bonds/Debt	Simple
Long-term bank lines – Fund based – Others	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
INE18UV07012	NCD	Nov 27, 2025	7.25%	Nov 27, 2028	500.0	[ICRA]AAA (Stable)
Yet to be placed	NCD	NA	NA	NA	1,500.0	[ICRA]AAA (Stable)
INE18UV08010	Subordinated bonds/Debt	Sep 25, 2025	8.0%	Sep 25, 2030	200.0	[ICRA]AAA (Stable)
INE18UV08028	Subordinated bonds/Debt	Oct 15, 2025	8.0%	Oct 15, 2030	300.0	[ICRA]AAA (Stable)
Yet to be placed	Subordinated bonds/Debt	NA	NA	NA	250.0	[ICRA]AAA (Stable)
Not Applicable	Long-term bank lines	Dec 15, 2025 to Jan 27, 2026	7.30% to 7.50%	Jan 29, 2029 to Feb 23, 2029	5,000.0	[ICRA]AAA (Stable)

Source: Company

[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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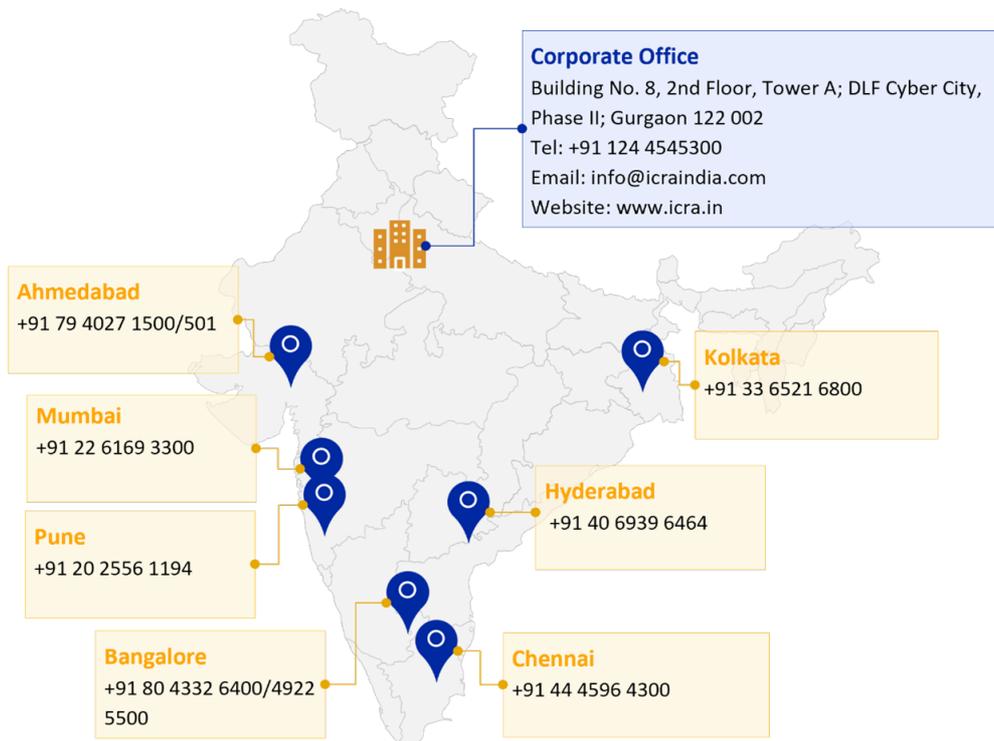


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