

March 09, 2026

Bajaj Finance Ltd.: Rating confirmed as final for PTCs backed by new and used passenger vehicle loan receivables issued by PHARAOH November 2025 Series

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
PHARAOH November 2025 Series	Series A1 PTC	1,187.64	[ICRA]AAA(SO); Provisional rating finalised

*Instrument details are provided in Annexure-I

Rationale

In November 2025, ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by Pharaoh November 2025 Series under a securitisation transaction originated by Bajaj Finance Ltd. {BFL/Originator; rated [ICRA]AAA(Stable)}. The PTCs are backed by a pool of new and used passenger vehicle loans receivables originated by BFL with an aggregate principal outstanding of Rs. 1,349.59 crore (pool receivables of Rs. 1,764.54 crore). BFL is also the servicer for the rated transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

Pool performance summary

Parameter	PHARAOH November 2025 Series
Payout month	January 2026
Months post securitisation	1
Pool amortisation	4.1%
PTC Series A amortisation	4.9%
Cumulative prepayment rate	1.2%
Cumulative collection efficiency ¹	98.8%
Loss cum 0+ dpd ²	1.2%
Loss cum 30+ dpd ³	0.3%
Loss cum 90+ dpd ⁴	0.0%
Cumulative cash collateral utilisation	0.0%

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised payouts, will flow back to the Originator on a monthly basis. Any

¹(Cumulative current collections and overdue collections) / (Cumulative billings + Opening overdue at the time of securitisation)

²Principal outstanding on contracts aged 0+dpd / Principal outstanding at the time of securitisation

³Principal outstanding on contracts aged 30+dpd / Principal outstanding at the time of securitisation

⁴Principal outstanding on contracts aged 90+dpd / Principal outstanding at the time of securitisation

prepayment in the pool would be used for the prepayment of the Series A1 PTC principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 1.00% of the initial pool principal, amounting to Rs. 13.50 crore, provided by the Originator, (ii) subordination of 12.00% of the initial pool principal for Series A1 PTC, and (iii) EIS of 15.45% of the initial pool principal for Series A1 PTC.

Key rating drivers and their description

Credit strengths

Strong market position and significant lending track record of originator – The Originator (BFL), which would also be servicing the loans in the transaction, has an established track record of over three decades in the lending business with adequate underwriting policies and collection procedures. The company's stable and experienced senior management team has guided it through evolving technological disruptions and macroeconomic challenges.

Granular pool supported by presence of credit enhancement – The pool is granular in nature, with the top 10 obligors forming less than 1% of the initial pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date.

Strong CIBIL score of underlying borrowers – The majority of the borrowers in the pool (~93% of the initial pool principal) have a CIBIL score of at least 700, signifying their strong credit history.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Uttar Pradesh and Gujarat, contributing 37% to the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's performance would remain exposed to macroeconomic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

Exposed to interest rate risk – The transaction is exposed to interest rate risk as the underlying pool has fixed rate loans while the yield on the PTCs is floating (linked to external benchmark).

Key rating assumptions

ICRA's cash flow modelling for the rating of securitisation transactions involves the simulation of potential losses, delinquencies and prepayment in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 3.00% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction is as follows:

Particulars	PHARAOH November 2025 Series
Originator	Bajaj Finance Ltd.
Servicer	Bajaj Finance Ltd.
Trustee	Axis Trustee Services Limited
CC holding bank	Axis Bank
Collection and payout account bank	JPMorgan Chase Bank

Liquidity position: Superior

The liquidity for Series A1 PTC is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be greater than 7 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (BFL) could also exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

About the originator

Bajaj Finance Ltd. (BFL) is a Non-Banking Financial Companies - Systemically Important (NBFC-D-SI) with a diversified loan portfolio and a pan-India presence. While the company was originally set up to provide finance for the purchase of two-wheelers and three-wheelers manufactured by Bajaj Auto, it diversified into other segments over the years. Currently, it operates across seven broad categories – Consumer Lending, Commercial Lending, Rural Lending, SME Lending, Deposits, Payments and Partnerships & Services. Under Partnerships & Services, the company offers products like health insurance, extended warranty, comprehensive asset care, wallets, etc.

BFL has two wholly owned subsidiaries, Bajaj Housing Finance Limited (BHFL) and Bajaj Financial Securities Limited (BFSL). BHFL is registered with National Housing Bank as a housing finance company (HFC) while BFSL was incorporated to undertake the business of share broking and to function as a depository participant.

Key financial indicators (audited)

Particulars	FY2024	FY2025	9M FY2026
Total income	54,983	69,725	60,923
Profit after tax	14,451	16,779	13,779
Total managed assets	3,85,101	4,16,661	4,84,477
Gross stage 3 assets	0.8%	1.0%	1.2%
CRAR	22.5%	21.9%	21.5%

Source: Company data, ICRA Research; Amount in Rs. Crore (consolidated)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Current rating (FY2026)					Chronology of rating history for the past 3 years		
	Instrument	Initial Amount Rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & rating in FY2026		Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				March 9, 2026	November 19, 2025			
PHARAOH November 2025 Series	Series A1 PTC	1,187.64	1,187.64	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Series A1 PTC	Highly Complex

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

Trust Name	Instrument Name	Date of Issuance/ Sanction	Coupon rate (p.a.p.m.)*	Maturity date	Current Amount Rated (Rs. crore)	Current Rating
PHARAOH November 2025 Series	Series A1 PTC	November 18, 2025	6.69%	April 25, 2033	1,187.64	[ICRA]AAA(SO)

Source: Company; * Floating yield linked to external benchmark + Spread

Annexure II: List of entities considered for consolidated analysis

Not applicable

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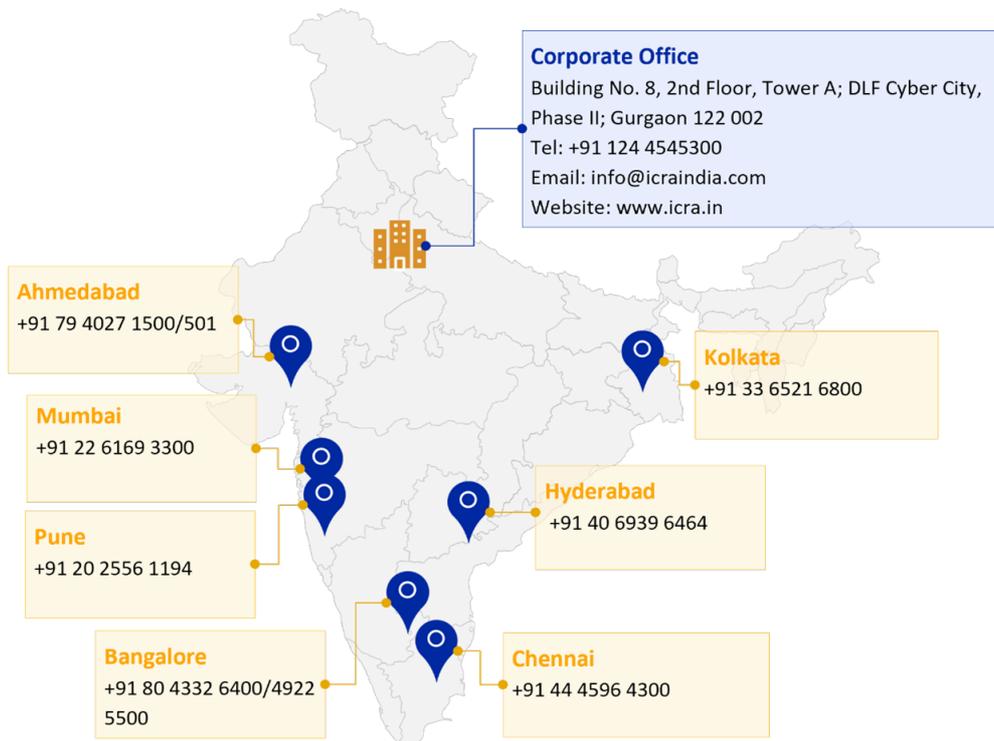


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