

April 06, 2026

## Bajaj Finance Ltd.: Ratings reaffirmed; rating simultaneously reaffirmed and withdrawn for matured instruments

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fixed deposit	-	-	[ICRA]AAA (Stable); reaffirmed
Non-convertible debentures	15,000.00	15,000.00	[ICRA]AAA (Stable); reaffirmed
Non-convertible debentures	10,000.00	10,000.00	[ICRA]AAA (Stable); reaffirmed
Non-convertible debentures	95.00	-	[ICRA]AAA (Stable); reaffirmed and withdrawn
Subordinated debt	290.00	-	[ICRA]AAA (Stable); reaffirmed and withdrawn
Commercial paper	30,000.00	30,000.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>55,385.00</b>	<b>55,000.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings factor in Bajaj Finance Ltd.'s (BFL) long track record of operations and established presence in the Indian financial market as one of the largest retail-focussed non-bank financiers. Over the last decade, the company has achieved significant scale with consolidated assets under management (AUM) of Rs. 4,84,477 crore as on December 31, 2025 (Rs. 4,16,661 crore as on March 31, 2025), spread across different geographies and asset classes, lending granularity to its portfolio. It has a predominantly retail-focussed book with comfortable asset quality. BFL has built robust data analytics capabilities and facilitated early warning signals, enabling the effective and continuous monitoring of the portfolio. The ratings also consider the strong capitalisation profile with a capital-to-risk weighted assets ratio (CRAR) of 21.5% as on December 31, 2025 (Tier I CRAR of 20.6%), supported by healthy internal accretion. The company's earnings profile remains comfortable (5-year average [FY2021 to FY2025] return on average managed assets (AMA) of 3.7%), driven by healthy margins and operating efficiency.

Further, it has continued to maintain a superior liquidity profile with well-matched asset-liability maturities, supported by high on-balance sheet liquidity and unutilised lines. ICRA also notes that BFL maintains a low share of funding from short-term sources. The company is of significant strategic importance to the Bajaj Group, given its position as the lending vertical of Bajaj Finserv Limited. ICRA expects BFL to continue benefitting from the financial flexibility derived from its association with the Bajaj Group.

However, ICRA takes note of the moderate-to-high risk profile of the portfolio as unsecured consumer finance, personal loan finance and small and medium enterprise (SME) finance accounted for ~46% of the consolidated portfolio as on December 31, 2025. Given the relatively higher delinquencies in the unsecured business segment and auto finance loans, BFL's gross non-performing assets increased to 1.2% as on December 31, 2025 from 1.0% as on March 31, 2025 (0.85% as on March 31, 2024). Nevertheless, the overall asset quality remains comfortable. BFL's prudent risk management on account of tightened underwriting and its focus on existing customers mitigate the asset quality risk to some extent. Given the company's scale and high growth plans, its ability to keep its asset quality under control will remain monitorable.

The Stable outlook on the [ICRA]AAA rating reflects ICRA's expectation that BFL will continue to benefit from its track record of operations and its healthy earnings and capitalisation profile.

ICRA has simultaneously reaffirmed and withdrawn the rating for the Rs. 95-crore non-convertible debentures and Rs. 290-crore subordinated debt as instruments have been redeemed with no amount outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit rating.

## Key rating drivers and their description

### Credit strengths

**Strong market position and significant track record in Indian retail finance operations** – BFL has a strong market presence in the Indian non-bank retail financing sector. The company achieved fast-paced growth over the last decade to build a sizeable portfolio of Rs. 4,84,477 crore as on December 31, 2025 (vs. Rs. 24,061 crore as on March 31, 2014) on a consolidated basis with diversified product offerings. It is of significant strategic importance to the Bajaj Group, given its position as the key lending vertical of Bajaj Finserv Limited. ICRA expects BFL to continue enjoying financial flexibility, given its association and importance to the Bajaj Group. The company's stable and experienced senior management team has guided it through evolving technological disruptions and macroeconomic challenges. ICRA expects BFL to continue leveraging the senior management's expertise.

**High share of retail portfolio and geographical and product diversification provide stability in a competitive environment** – BFL predominantly focusses on retail lending and has a reasonable presence across asset classes like mortgage, consumer durables, personal finance, commercial finance, SME finance and rural finance with numerous product offerings in each segment. In addition to other non-bank financiers, BFL's competitive landscape in most high-volume segments, such as home loans and personal loans, includes established private and public sector banks. However, its granular portfolio, geographically diversified presence and continuous product expansion lend stability to its operations and growth prospects. As on December 31, 2025, the company had a presence in 4,052 locations across the country and a distribution network with more than 2.4 lakh points of sale, catering to a total customer franchise of 11.54 crore borrowers. ICRA expects that BFL's operations shall remain diversified with continued focus on its retail portfolio and granularity.

**Healthy earnings profile** – With high portfolio growth over the last decade, the company benefitted from economies of scale while maintaining good lending margins and range-bound credit costs. Consequently, BFL generated healthy internal accruals that support the return indicators and facilitate growth as well. The company reported a consolidated profit after tax (PAT) of Rs. 13,779 crore in 9M FY2026 (Rs. 12,234 crore in 9M FY2025). The consolidated PAT stood at Rs. 16,779 crore in FY2025, translating into a return of 3.9% on AMA and 19.1% on average net worth compared to Rs. 14,451 crore, 4.3% and 22.1%, respectively, in FY2024. ICRA takes note of the increase in consolidated credit costs to 2.1% in 9M FY2026 from 1.6% in FY2025 amid higher delinquencies in the unsecured business segment and auto finance loans. This apart, BFL had revised its expected credit loss model in Q3 FY2026, resulting in additional provisioning of Rs. 1,406 crore during the quarter. The gain from the sale of shares of Bajaj Housing Finance Limited, amounting to Rs. 1,416 crore, was utilised for making this additional provision. However, improving operating efficiency and healthy interest margins have kept the overall profitability at a comfortable level and ICRA expects the long-term profitability to remain healthy.

**Strong capitalisation profile** – BFL remains well-capitalised with a consolidated managed gearing of 3.9 times as of December 2025 (3.8 times as of March 2025; 3.9 times as of March 2024). On a standalone basis, it reported a CRAR of 21.5% as on December 31, 2025 (Tier I CRAR of 20.6%), well above the regulatory requirement. ICRA expects the overall profitability to remain healthy, leading to low incremental capital requirement for the next three years, assuming the credit cost does not significantly exceed the current estimate. ICRA takes comfort from BFL's demonstrated track record of raising capital in a timely manner (most recent capital raise of ~Rs. 9,100 crore in November 2023) to consistently maintain a prudent gearing level.

**Diversified funding profile** – BFL has a diverse funding base with non-convertible debentures (NCDs) and subordinated debt accounting for 39% of the overall consolidated borrowings as on December 31, 2025, followed by banks (28%), deposits (17%) and other sources (16%) like external commercial borrowings (ECBs), commercial paper (CP), collateralised borrowing and lending obligation and securitisation. Its ability to sustain a diversified funding mix along with a competitive cost of funds while

maintaining growth momentum over the medium term remains important. In ICRA's opinion, BFL has sufficient headroom, in terms of leveraging and tapping the deposit base as an incremental source, apart from other avenues such as ECBs, pass-through certificates, direct assignment, etc, for further improvement in its scale over the medium-to-long term.

### Credit challenges

**High share of relatively semi-secured/unsecured assets; asset quality remains monitorable** – Unsecured consumer finance, personal loan finance and SME finance accounted for ~46% of the consolidated portfolio as on December 31, 2025. The gross non-performing assets increased to 1.2% as on December 31, 2025 from 1.0% as on March 31, 2025 (0.85% as on March 31, 2024) due to relatively higher delinquencies in the unsecured business segment and auto finance loans. Given the significant share of comparatively riskier (unsecured and difficult-to-repossess semi-secured) loans and the expected high growth in its scale of operations, the company's ability to maintain its asset quality indicators would be crucial. While ICRA notes the gradually increasing share of mortgage in BFL's portfolio, the asset quality remains largely untested for this business segment as a large part was disbursed in the last few years. Nevertheless, the company's use of data analytics and its continuous portfolio monitoring, based on microsegment-level system-generated early warning signals, facilitate agility in terms of the pertinent credit policy adjustments required.

### Environmental and social risks

Given the service-oriented business of BFL, its direct exposure to environmental risks/material physical climate risks is not significant. Lending institutions can be exposed to environmental risks indirectly through their portfolio of assets, though such risks are not material for BFL as its lending operations encompass a well-diversified portfolio of products. Nevertheless, there is increasing interest from policymakers towards identifying the exposure of financing companies to carbon emissions through their financing activities. This process is, however, in an early stage and ICRA expects any adverse implications to manifest only over a longer time horizon, giving financing companies adequate time to adapt and minimise the credit implications. BFL has started a carbon footprint assessment process across its business operations and is committed to take necessary measures to identify and reduce its carbon footprint.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for lending institutions as material lapses could be detrimental to their reputation and invite regulatory censure.

### Liquidity position: Superior

As per BFL's standalone liquidity statement as on December 31, 2025, there were no negative cumulative mismatches up to five years, factoring in unutilised funding lines. The liquidity remained well supported by good on-balance sheet and off-balance sheet buffers. The liquidity coverage ratio of 248%, for the quarter ended December 31, 2025 (288% for the quarter ended March 31, 2025), was well above the regulatory requirement of 100%. The liquidity profile is supported by the diversified funding profile and the demonstrated track record of regularly raising funds from diverse sources at competitive rates. BFL had on-balance sheet liquidity (consolidated) of ~Rs. 15,081 crore as on December 31, 2025 (~Rs. 18,754 crore as on March 31, 2025).

### Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – Pressure on the ratings could arise if the consolidated return on assets remains below 2% on a sustained basis (assuming no significant change vis-à-vis the current consolidated portfolio mix) and the consolidated gearing remains consistently above 7 times.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Non-banking Finance Companies (NBFCs) Policy on Withdrawal of Credit Ratings</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated

## About the company

Bajaj Finance Ltd. (BFL) is one of the largest retail asset financing non-banking financial companies (NBFCs) in India with a diversified loan portfolio and a pan-India presence. While it was originally set up to provide finance for the purchase of two-wheelers and three-wheelers manufactured by Bajaj Auto Limited, 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 warranties, comprehensive asset care and wallets. As on December 31, 2025, it had two 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)

Bajaj Finance Ltd. (consolidated)	FY2024	FY2025	9M FY2026*
As per	Ind-AS	Ind-AS	Ind-AS
Total income	54,983	69,725	60,923
Profit after tax	14,451	16,779	13,779
Total managed assets <sup>^</sup>	3,85,101	4,81,924	NA
Return on average managed assets	4.3%	3.9%	NA
Gearing (gross; times)	3.8	3.7	NA
Gearing (managed; times)	3.9	3.8	NA
Gross stage 3 assets	0.8%	1.0%	1.2%
Capital-to-risk weighted assets ratio (CRAR) <sup>^^</sup>	22.5%	21.9%	21.5%

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

<sup>^</sup>Total managed assets = Total assets + Impairment allowance + Direct assignment; <sup>^^</sup>CRAR is on standalone basis

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

Any other information: None

### Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
FY2027			FY2026		FY2025		FY2024		
Instruments	Type	Amount rated (Rs. crore)	Apr- 06-2026	Date	Rating	Date	Rating	Date	Rating
<b>Subordinated debt</b>	Long term	290.00	[ICRA]AAA (Stable); withdrawn	Apr-08-2025	[ICRA]AAA (Stable)	May-07-2024	[ICRA]AAA (Stable)	Jun-06-2023	[ICRA]AAA (Stable)
						Oct-25-2024	[ICRA]AAA (Stable)	Oct-18-2023	[ICRA]AAA (Stable)
<b>Commercial paper</b>	Short term	30,000.00	[ICRA]A1+	Apr-08-2025	[ICRA]A1+	May-07-2024	[ICRA]A1+	Jun-06-2023	[ICRA]A1+
						Oct-25-2024	[ICRA]A1+	Oct-18-2023	[ICRA]A1+
<b>NCD programme</b>	Long term	10,000.00	[ICRA]AAA (Stable)	Apr-08-2025	[ICRA]AAA (Stable)	May-07-2024	[ICRA]AAA (Stable)	Jun-06-2023	[ICRA]AAA (Stable)
						Oct-25-2024	[ICRA]AAA (Stable)	Oct-18-2023	[ICRA]AAA (Stable)
<b>NCD programme</b>	Long term	95.00	[ICRA]AAA (Stable); withdrawn	Apr-08-2025	[ICRA]AAA (Stable)	May-07-2024	[ICRA]AAA (Stable)	Jun-06-2023	[ICRA]AAA (Stable)
						Oct-25-2024	[ICRA]AAA (Stable)	Oct-18-2023	[ICRA]AAA (Stable)
<b>NCD programme</b>	Long term	15,000.00	[ICRA]AAA (Stable)	Apr-08-2025	[ICRA]AAA (Stable)	-	-	-	-
<b>Fixed deposit</b>	Long term	-	[ICRA]AAA (Stable)	Apr-08-2025	[ICRA]AAA (Stable)	May-07-2024	[ICRA]AAA (Stable)	Jun-06-2023	[ICRA]AAA (Stable)
						Oct-25-2024	[ICRA]AAA (Stable)	Oct-18-2023	[ICRA]AAA (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures	Simple
Subordinated debt	Simple
Fixed deposit	Simple
Commercial paper	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
INE296A07HW2	NCD programme	Aug-20-15	8.90%	Aug-20-25	90.00	[ICRA]AAA (Stable); withdrawn
INE296A07IA6	NCD programme	Oct-13-15	8.70%	Oct-13-25	5.00	[ICRA]AAA (Stable); withdrawn
INE296A08755	Subordinated debt	Oct-21-15	8.94%	Oct-21-25	40.00	[ICRA]AAA (Stable); withdrawn
INE296A08763	Subordinated debt	Nov-09-15	8.94%	Nov-07-25	250.00	[ICRA]AAA (Stable); withdrawn
INE296A07TH8	NCD programme	Apr-03-25	7.55%	Apr-03-35	2,990.00	[ICRA]AAA (Stable)
INE296A07TI6	NCD programme	Apr-03-25	7.57%	Apr-03-30	3,000.00	[ICRA]AAA (Stable)
INE296A07TH8	NCD programme	Apr-09-25	7.55%	Apr-03-35	1,250.00	[ICRA]AAA (Stable)
INE296A07TL0	NCD programme	Apr-28-25	7.38%	Jun-28-30	500.00	[ICRA]AAA (Stable)
INE296A07TL0	NCD programme	May-07-25	7.38%	Jun-28-30	500.00	[ICRA]AAA (Stable)
INE296A07TL0	NCD programme	May-22-25	7.38%	Jun-28-30	3,765.00	[ICRA]AAA (Stable)
INE296A07TQ9	NCD programme	Sep-29-25	7.37%	Sep-27-30	1,555.00	[ICRA]AAA (Stable)
INE296A07TQ9	NCD programme	Oct-15-25	7.37%	Sep-27-30	625.00	[ICRA]AAA (Stable)
INE296A07TR7	NCD programme	Oct-15-25	7.45%	Oct-15-35	500.00	[ICRA]AAA (Stable)
INE296A07TQ9	NCD programme	Nov-12-25	7.37%	Sep-27-30	1,835.00	[ICRA]AAA (Stable)
INE296A07TU1	NCD programme	Feb-20-26	7.55%	Feb-20-31	1,500.00	[ICRA]AAA (Stable)
Not issued yet	NCD programme	NA	NA	NA	6,980.00	[ICRA]AAA (Stable)
Yet to be issued	CP programme	NA	NA	7-365 days	30,000.00	[ICRA]A1+
NA	Fixed deposit programme	NA	NA	NA	NA	[ICRA]AAA (Stable)

Source: Company, ICRA Research

### Annexure II: List of entities considered for consolidated analysis

Company name	Ownership (December 31, 2025)	Consolidation approach
Bajaj Housing Finance Limited	86.70%	Full consolidation
Bajaj Financial Securities Limited	100.00%	Full consolidation
Snapwork Technologies Private Limited	41.50%	Equity method
Pennant Technologies Private Limited	26.53%	Equity method

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### Branches



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