

May 12, 2026

Bajaj Finance Ltd.: Ratings reaffirmed; rating assigned for enhanced amount under commercial paper programme

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
Commercial paper	30,000.00	40,000.00	[ICRA]A1+; reaffirmed and assigned for enhanced amount
Total	55,000.00	65,000.00	

*Instrument details are provided in Annexure II

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. 5,09,975 crore as on March 31, 2026 (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 21.6% as on March 31, 2026 (Tier I CRAR: 20.7%), supported by healthy internal accretion. The company's earnings profile remains comfortable (5-year average [FY2022 to FY2026] return on average managed assets (RoMA) of 4.0%), driven by healthy margins and operating efficiency.

Further, it has maintained a superior liquidity profile with well-matched asset-liability maturities, supported by high on-balance sheet liquidity and unutilised lines. ICRA also notes that the share of funding from short-term sources remains low. 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 ~44% of the consolidated portfolio as on March 31, 2026. While the unsecured business segment and auto finance continue to exhibit relatively higher delinquencies, the overall asset quality remains comfortable with gross non-performing assets at 1.0% as on March 31, 2026 (1.2% as on December 31, 2025; 1.0% as on March 31, 2025). BFL's prudent risk management on account of tightened underwriting and its focus on existing customers partially mitigate the asset quality risk. 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.

Key rating drivers and their description

Credit strengths

Strong market position and significant track record in Indian retail finance operations – BFL has a strong 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. 5,09,975 crore as on March 31, 2026 (vs. Rs. 4,16,661 crore as on March 31, 2025; Rs. 44,200 crore as on March 31, 2016), 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 March 31, 2026, the company had a presence in 4,098 locations across the country and a distribution network with more than 2.4 lakh points of sale, catering to a total customer franchise of around 12 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, which support the return indicators and facilitate growth as well. The company reported a consolidated profit after tax (PAT) of Rs. 19,332 crore in FY2026, translating into a return of 3.6% on average managed assets (AMA) and 17.9% on average net worth compared to Rs. 16,779 crore, 3.9% and 19.1%, respectively, in FY2025. ICRA takes note of the increase in consolidated credit costs to 1.8% in 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 year. 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 strong interest margins have kept the overall profitability at a comfortable level and ICRA expects the long-term profitability to remain healthy.

Strong capitalisation – BFL remains well-capitalised with a consolidated managed gearing of 3.8 times as of March 2026 (3.8 times as of March 2025; 3.9 times as of March 2024). On a standalone basis, it reported a CRAR of 21.6% as on March 31, 2026 (Tier I CRAR: 20.7%), well above the regulatory requirement. ICRA expects the overall profitability to remain healthy with an improvement in credit costs, leading to low incremental capital requirement for the next three years. ICRA takes comfort from BFL's demonstrated track record of raising capital in a timely manner (last capital raise of ~Rs. 9,100 crore in November 2023) to consistently maintain a prudent gearing level.

Diversified funding mix – BFL has a diverse funding base with non-convertible debentures (NCDs) and subordinated debt accounting for 38% of the overall consolidated borrowings as on March 31, 2026, followed by banks (30%), deposits (16%) 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 the 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 ~44% of the consolidated portfolio as on March 31, 2026. While unsecured business and auto finance loans reported an increase in delinquencies in FY2026, BFL’s gross non-performing assets remained comfortable at 1.0% as on March 31, 2026 (1.2% as on December 31, 2025; 1.0% as on March 31, 2025). 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 March 31, 2026, there were no negative cumulative mismatches up to five years, factoring in unutilised funding lines. The liquidity position remained well supported by good on-balance sheet and off-balance sheet buffers. The liquidity coverage ratio of 228%, for the quarter ended March 31, 2026 (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 mix and the demonstrated track record of regularly raising funds from various sources at competitive rates. BFL had on-balance sheet liquidity (consolidated) of ~Rs. 15,020 crore as on March 31, 2026 (~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 stays 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	Non-banking Finance Companies (NBFCs)
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, co-branded credit cards and wallets. As on March 31, 2026, 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	FY2026
As per	Ind-AS	Ind-AS	Ind-AS
Total income	54,983	69,725	81,990
Profit after tax	14,451	16,779	19,332
Total managed assets [^]	3,85,101	4,81,924	5,81,280
Return on average managed assets	4.3%	3.9%	3.6%
Gearing (gross; times)	3.8	3.7	3.7
Gearing (managed; times)	3.9	3.8	3.8
Gross stage 3 assets	0.8%	1.0%	1.0%
Capital-to-risk weighted assets ratio (CRAR) ^{^^}	22.5%	21.9%	21.6%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

[^]Total managed assets = Total assets + Impairment allowance + Direct assignment; ^{^^} 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)	May-12-2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Subordinated debt	Long term	-	-	Apr-06-2026	[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)
Commercial paper	Short term	40,000.00	[ICRA]A1+	Apr-06-2026	[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+
NCD programme	Long term	10,000.00	[ICRA]AAA (Stable)	Apr-06-2026	[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)
NCD programme	Long term	-	-	Apr-06-2026	[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)
NCD programme	Long term	15,000.00	[ICRA]AAA (Stable)	Apr-06-2026	[ICRA]AAA (Stable)	Apr-08-2025	[ICRA]AAA (Stable)	-	-	-	-
Fixed deposit	Long term	-	[ICRA]AAA (Stable)	Apr-06-2026	[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)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
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	40,000.00	[ICRA]A1+
NA	Fixed deposit programme	NA	NA	NA	NA	[ICRA]AAA (Stable)

Source: Company, ICRA Research

Annexure III: List of entities considered for consolidated analysis

Company name	Ownership (March 31, 2026)	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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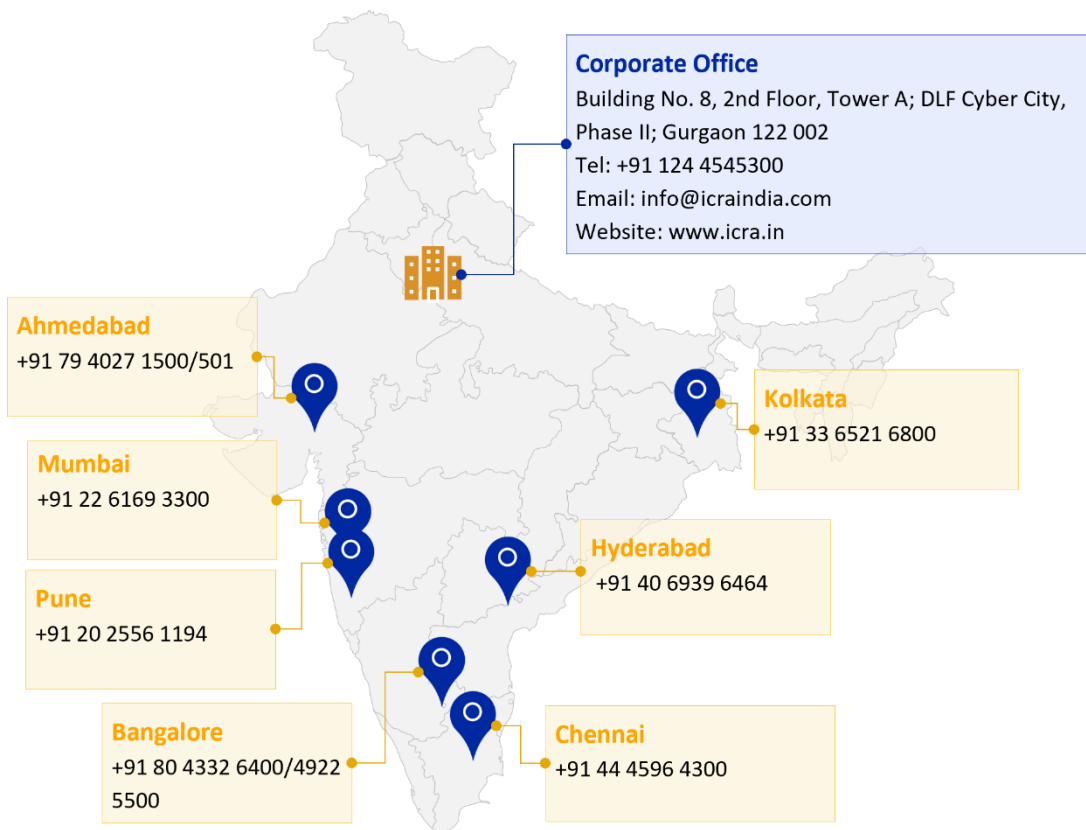
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