June 18, 2026

Bajaj Finance Ltd.: Rating confirmed as final for PTCs backed by new and used passenger vehicle loan receivables issued by PHARAOH Feb 2026 Series

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
PHARAOH Feb 2026 Series	Series A1 PTCs	1,279.10	[ICRA]AAA(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure II*

Rationale

ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by PHARAOH Feb 2026 Series under a securitisation transaction originated by Bajaj Finance Ltd. {BFL/Originator; rated [ICRA]AAA(Stable)}[1]. 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. 1,453.53 crore (pool receivables of Rs. 1,842.91 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 Feb 2026 Series
Payout month	May 2026
Months post securitisation	2
Pool amortisation	4.7%
Series A1 PTC amortisation	5.5%
Cumulative prepayment rate	1.5%
Cumulative collection efficiency[2]	100.0%
Loss cum 0+ dpd[3]	0.1%
Loss cum 30+ dpd[4]	0.0%
Loss cum 90+ dpd[5]	0.0%
Cumulative cash collateral utilisation	0.0%

[1] *The current rating rationale of the originator, available at this* link*, provides its detailed rating history and rating transitions.*
[2] *Cumulative collections/ (Cumulative billings + Opening overdue at the time of securitisation*
[3] *Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation*
[4] *Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation*
[5] *Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation*

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 prepayment in the pool would be used for the prepayment of Series A1 PTC principal. The transaction has certain predefined trigger events on the occurrence of which the residual cash flows would be passed on to Series A1 PTC investors.
The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 1.03% of the initial pool principal, amounting to Rs. 15.00 crore, to be provided by the originator, (ii) subordination of 12.00% of the initial pool principal for Series A1 PTC, and (iii) EIS of 15.01% 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 the Originator– The Originator (BFL), which would also be servicing the loans in the transaction, has an established track record in the lending business of over three decades 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 the presence of credit enhancement – The pool is granular in nature, with top 10 obligors forming ~1.1% 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 amount 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 are no overdue contracts as on the cut-off date.

Strong CIBIL score of the underlying borrowers – Majority of the borrowers in the pool (~94% of the initial pool principal) have a CIBIL score of more than or equal to 700 which signifies a strong credit history of such borrowers.

Credit challenges

High geographical concentration: The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Uttar Pradesh and Telangana contributing ~39% 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 macro-economic 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.

Liquidity position: Superior

The liquidity for Senior Tranche PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~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 CE utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (BFL) could also exert pressure on the rating.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	PHARAOH Feb 2026 Series
Originator	Bajaj Finance Ltd.
Servicer	Bajaj Finance Ltd.
Trustee	IDBI Trusteeship Services Limited
CC holding Bank	Axis Bank
Collection and payout account Bank	Citibank N.A.

Analytical approach

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.

Analytical approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

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 (consolidated)

BFL	FY2024	FY2025	FY2026*
Total income	54,983	69,725	81,990
Profit after tax	14,451	16,779	19,332
Total managed assets^	3,85,101	4,16,661	581,280
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; *As per limited review financials*
^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

	Trust name	Current rating (FY2027)					Chronology of rating history for the past 3 years		
		Instrument	Amount rated (Rs. crore)	Current Amount Rated (Rs. crore)	Date & rating in FY2027		Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
					June 18, 2026	February 23, 2026	-	-	-
1	**PHARAOH Feb 2026 Series**	Series A1 PTCs	1,279.10	1,279.10	**[ICRA]AAA(SO)**	**Provisional [ICRA]AAA(SO)**	-	-	-

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 Mutal 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 instrument

Instrument	Complexity indicator
Series A1 PTCs	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 II: Instrument details

Trust name	Instrument	Date of issuance/ Sanction	Coupon rate (p.a.p.m.)*	Maturity date	Current Amount rated (Rs. crore)	Current rating
PHARAOH Feb 2026 Series	Series A1 PTCs	February 27, 2026	6.08%	August 25, 2033	1,279.10	[ICRA]AAA(SO)

*Source: Company; *floating yield linked to external benchmark + spread*

Annexure III: List of entities considered for consolidated analysis

Not applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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