

June 22, 2026

## Bajaj Finance Ltd.: Rating reaffirmed for PTCs issued under a new passenger vehicle loan securitisation transaction

### Summary of rating action

| Trust name                          | Instrument*   | Initial rated amount (Rs. crore) | Amount O/s after last surveillance (Rs. crore) | Amount O/s after May-26 payout (Rs. crore) | Rating action             |
|-------------------------------------|---------------|----------------------------------|--|--|---------------------------|
| Pharaoh PTC Mar 2025 Series I Trust | Series A1 PTC | 1,748.90                         | NA   | 1,162.93                                   | [ICRA]AAA(SO); reaffirmed |

\*Instrument details are provided in Annexure II

### Rationale

The pass-through certificates (PTCs) are backed by a pool of new passenger vehicle loan receivables originated by Bajaj Finance Ltd. {BFL/Originator; rated [ICRA]AAA(Stable)}<sup>1</sup>. BFL is also the servicer for the transaction.

The rating action factors in the build-up of the credit enhancement cover over the future PTC payouts on account of moderate pool amortisation and healthy pool performance. The rating also draws comfort from the fact that the breakeven collection efficiency is lower than the actual collection levels observed in the pool till the May 2026 payout month.

### Pool performance summary

| Parameter  | Pharaoh PTC Mar 2025 Series I Trust |
|--|-------------------------------------|
| Payout month   | May 2026                            |
| Months post securitisation   | 14                                  |
| Pool amortisation (as % of initial pool principal)                         | 29.2%                               |
| PTC amortisation (as % of initial PTC principal)                           | 33.5%                               |
| Cumulative collection efficiency <sup>2</sup>                              | 101.2%                              |
| Cumulative prepayment rate <sup>3</sup>                                    | 6.8%                                |
| Loss-cum-30+ days past due (dpd; % of initial pool principal) <sup>4</sup> | 0.4%                                |
| Loss-cum-90+ dpd (% of initial pool principal) <sup>5</sup>                | 0.2%                                |
| Breakeven collection efficiency <sup>6</sup>                               | 75.4%                               |
| Cumulative cash collateral (CC) utilisation                                | 0.0%                                |
| CC available (as % of balance pool)  | 1.4%                                |
| Excess interest spread (EIS; as % of balance pool) <sup>7</sup>            | 10.9%                               |
| Principal subordination (% of balance pool principal)                      | 17.4%                               |

<sup>1</sup> The current rating rationale of the originator, available at this [link](#), provides its detailed rating history and rating transitions.

<sup>2</sup> Cumulative collections / (Cumulative billings + Opening overdue at the time of securitisation); includes advances

<sup>3</sup> Principal outstanding at the time of prepayment of contracts prepaid till date / Initial pool principal

<sup>4</sup> Unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal

<sup>5</sup> Unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

<sup>6</sup> (Balance cash flows payable to investor – CC available) / Balance pool cash flows

<sup>7</sup> (Pool cash flows till PTC maturity month – Cash flows to PTC A1/A1(a)/A1(b) – Originator's residual share) / Pool principal outstanding

## 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.

## Key rating drivers and their description

### Credit strengths

**Build-up in credit enhancement** – The rating factors in the build-up in the credit enhancement with cash collateral increasing to 1.4% of the balance pool compared to 1.0% at the time of securitisation. Internal credit support is also available through EIS of ~10.9% of balance pool and subordination of ~17.4% of the balance pool.

**Healthy pool performance** – Performance of the pool has been healthy with cumulative collection efficiency of above 100% including advances till May 2026 payout month which has resulted in low delinquencies in the pools with the 90+ days past due (dpd) at 0.20%. Further, there have been no instances of cash collateral utilisation till date owing to strong collection performance and presence of EIS in the transaction.

**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.

### Credit challenges

**Risk 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.

## Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments 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 their tenure at 1.75% of the initial pool principal with certain variability around it. The average prepayment rate for the pool is modelled in the range of 4.8% to 18% 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 are as follows:

| Transaction name                   | Pharaoh PTC Mar 2025 Series I Trust |
|------------------------------------|-------------------------------------|
| Originator                         | Bajaj Finance Ltd.                  |
| Servicer                           | Bajaj Finance Ltd.                  |
| Trustee                            | Axis Trusteeship Limited            |
| CC holding Bank                    | JPMorgan Chase Bank N.A. India      |
| Collection and payout account Bank | JPMorgan Chase Bank N.A. India      |

## Liquidity position: Superior

The liquidity is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is ~9.5 times the estimated losses 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 could also exert pressure on the rating.

## Analytical approach

The rating action is based on the performance of the pool till April 2026 (collection month), the present delinquency levels and the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

| Analytical approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Rating Methodology for Securitisation Transactions</a> |
| 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 <sup>^</sup>                          | 3,85,101 | 4,81,924 | 581,280 |
| Gross stage 3 assets                                       | 0.8%     | 1.0%     | 1.0%    |
| Capital-to-risk weighted assets ratio (CRAR) <sup>^^</sup> | 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

<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**

| Trust name                          | Instrument    | Current rating (FY2027)          |                                  | Chronology of rating history for the past 3 years |                         |                           |                         |
|-------------------------------------|---------------|----------------------------------|----------------------------------|---|-------------------------|---------------------------|-------------------------|
|                                     |               | Initial rated amount (Rs. crore) | Current rated amount (Rs. crore) | Date & rating in FY2027                           | Date & rating in FY2026 | Date & rating in FY2025   | Date & rating in FY2024 |
|                                     |               |                                  |                                  | Jun 22, 2026                                      | Jun 16, 2025            | Mar 11, 2025              | -                       |
| Pharaoh PTC Mar 2025 Series I Trust | Series A1 PTC | 1,748.90                         | 1,162.93                         | [ICRA]AAA(SO)                                     | [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 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

| Trust name                          | Instrument    | Complexity indicator |
|-------------------------------------|---------------|----------------------|
| Pharaoh PTC Mar 2025 Series I Trust | 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 II: Instrument details**

| Trust name   | Instrument type | Date of issuance/<br>Sanction | Coupon rate<br>(p.a.p.m.) | Maturity date         | Current amount<br>rated<br>(Rs. crore) | Current rating |
|--|-----------------|-------------------------------|---------------------------|-----------------------|--|----------------|
| <b>Pharaoh PTC<br/>Mar 2025 Series<br/>I Trust</b> | Series A1 PTC   | March 18, 2025                | 7.75%                     | September 25,<br>2032 | 1,162.93                               | [ICRA]AAA(SO)  |

Source: Company

**Annexure III: List of entities considered for consolidated analysis**

Not applicable

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