

October 23, 2017

Bajaj Finance Limited

Summary of rated instruments

Instrument*	Rated Amount (in Rs. crore)	Rating Action
Non-Convertible Debenture Programme	3,238.00	[ICRA]AAA(stable); outstanding
Subordinated Debt Programme	1,700	[ICRA]AAA(stable); outstanding
Commercial Paper Programme	15,000	[ICRA]A1+; outstanding
Fixed Deposit Programme	NA	MAAA (stable); outstanding
Total	19,938.00	

*Instrument details are provided in Annexure-1

Rating action

ICRA has a rating of [ICRA]AAA(stable) outstanding for the Rs. 3,238 crore non-convertible debenture programme and the Rs. 1,700 crore subordinated debt programme, the rating of [ICRA]A1+ outstanding for the Rs. 15,000 crore commercial paper programme and the rating of MAAA(stable) outstanding for the fixed deposit programme of the company.

Bajaj Finance Ltd informed ICRA about delay in payment of interest on its NCD programme by 1 working day owing to technical reasons (payment was due on October 13, 2017 and made on next working day i.e. October 16, 2017). ICRA notes that the delay in payment was because of technical reasons, and BFL was carrying adequate liquidity buffer on its balance sheet, which was adequate to cover the required interest payment. BFL has also made additional interest payment of 3 days to the investors while assuring ICRA of steps being taken to strengthen systems (including engaging with respective banks for avoiding technical issues) to avoid such instances in the future.

Analytical approach: Not Applicable

Links to applicable criteria

[ICRA's Credit Rating Methodology for Non-Banking Finance Companies](#)

About the company

Bajaj Finance Limited

Bajaj Finance Limited is a non-banking finance company and a subsidiary of Bajaj Finserv Limited, with a total managed portfolio of Rs. 60,194 crore as on March 31, 2017. As on March 31, 2017, 29% of the company's portfolio was towards home loans and loans against property, 16% in personal loans, 11% in consumer durables, 9% in two- and three-wheelers manufactured by group company, Bajaj Auto Limited, followed by small business loans, loan against shares, rural finance, construction equipment, vendor financing, financial institutions lending and structured finance.

BFL reported a profit after tax (PAT) of Rs. 1,837 crore on an asset base of Rs. 63,725 crore in FY2017 vis-à-vis a profit after tax of Rs. 1,279 crore on an asset base of Rs. 44,229 crore in FY2016. The company reported gross NPAs of 1.68% as on March 31, 2017 (1.23 % as on March 31, 2016). During Q1FY2018, BFL reported a PAT of Rs. 602 on an asset base of Rs. 72,616 crore as compared to a PAT of Rs. 424 crore on an asset base of Rs. 51,108 crore in Q1FY2017.

Financial Indicators:

	FY2016	FY2017	H1FY2017	H1FY2018
Total Income	7,361	9,973	4,619	6,229
Profit after tax (PAT)	1,279	1,837	832	1,159
Net Worth	7,325	9,600	8,280	15,024
Total managed portfolio	44,229	60,194	52,332	72,139
Total managed assets	47,930	67,087	55,038	75,143
Return on managed assets (PAT/AMA)	3.1%	3.2%	-	-
Return on average net worth (PAT/Avg. net worth)	21.1%	21.7%	-	-
Gearing	5.0	5.2	5.2	3.5
Gross NPA%	1.23%	1.68%	1.58%	1.68%
Net NPA%	0.28%	0.44%	0.43%	0.51%
Net NPA/Net Worth	1.7%	2.6%	2.7%	2.3%
CRAR%	19.50%	20.30%	21.48%	25.42%

**Annualised*

#AMA – average managed asset

Note: NPA on March 31, 2016 recognized at 150+ days past due (DPD), as on June 30, 2016 and March 31, 2017 recognised at 120+ DPD and as on June 30, 2017 recognised at 90+ DPD

Source: Company; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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