

AUGUST 19, 2016

**CARE REAFFIRMS RATING TO THE NCD AND SUBORDINATED DEBT OF
BAJAJ FINANCE LIMITED FOR REVISED LIMITS**

Ratings

Instrument/Facility	Rated Amount (Rs. crore)	Ratings ¹	Remarks
Proposed Non-convertible debenture	3,000 (Reduced from Rs.4,000 crore)	CARE AAA (Triple A)	Reaffirmed
Proposed subordinated debt	2,000 (Enhanced from Rs.1,000 crore)	CARE AAA (Triple A)	Reaffirmed
Total	5,000 (Rupees Five Thousand Crore Only)		

Rating Rationale

The ratings factor in the strong parentage and strategic importance of BFL for Bajaj Group, experienced management, good profitability parameters, comfortable asset quality, comfortable liquidity, diversified resource profile, comfortable capitalization and good risk management systems. The ratings also take into account the exposure of BFL to relatively riskier segments like personal loans, unsecured business loans, two & three wheeler financing and consumer durable financing. Parentage and strategic importance to the group, overall gearing, asset quality and profitability are the key rating sensitivities.

Company Profile

Bajaj Finance Limited is a systemically important deposit taking non-banking finance company of the Bajaj Group. BFL is a subsidiary of Bajaj Finserv Limited which holds 57.3% stake (as on June 30, 2016) in the company and is the holding company of Bajaj Group for its financial services business. Bajaj Holdings and Investment Limited (BHIL) which is the ultimate holding company holds 39.2% stake in Bajaj Finserv and 31.5% in Bajaj Auto Limited (BAL) as on June 30, 2016. BFL is one of the leading NBFC in India having a diversified loan book with exposure in various segments like consumer finance, SME finance, commercial finance and rural finance. The various products in these segments as at March 2016 are home loan and loan against property (35% of AUM), consumer durable loans (16%), personal loans (15%), business loans (12%), two and three wheeler financing (8%), loan against securities (6%), rural finance (3%), vendor financing (3%), construction equipment and infra loans (1%) and financial institutions lending and structured finance (1%). At the end of June 2016, BFL had assets under management of Rs.49,608 crore. BFL had 272 consumer branches and covers 481 rural locations with over 29000+ touch points at the end of June 2016. BFL is headed by Mr. Rajeev Jain as the Managing Director, Mr. Sanjeev Bajaj and Mr. Nanoo Pamnani are the Vice Chairman and Mr. Rahul Bajaj is the Chairman.

BFL earned a net profit of Rs.1279 crore (P.Y.: Rs.898 crore) on a total income of Rs.7383 crore (P.Y.: Rs.5418 crore) in FY16. Gross NPA and Net NPA stood at 1.23% and 0.28%, respectively and Net NPA to Net worth stood at 1.7% at the end of FY16. During Q1FY17, the company reported PAT of Rs.424 crore on total income of Rs.2301 crore as against PAT of Rs.276 crore on total income of Rs.1656 crore during Q1FY16. The company's capital adequacy ratio stands comfortable at 17.82% with Tier I CAR at 14.81% as on June 30, 2016. During Q1FY17, as required by the RBI guidelines, the company

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

has moved its NPA recognition policy from 150 d-p-d to 120 d-p-d. Consequently, its GNPA and NNPA ratio increased to 1.47% and 0.41%, respectively. The comparable GNPA and NNPA ratio at 150 d-p-d stood at 1.25% and 0.30%, respectively.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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