

Bajaj Finance Limited

April 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	8,300.00	CARE AAA; Stable	Reaffirmed
Short-term bank facilities	1,700.00	CARE A1+	Reaffirmed
Issuer rating	0.00	CARE AAA; Stable	Reaffirmed
Long-term – Long-term instruments	3,455.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	272.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to instruments and bank facilities of Bajaj Finance Limited (BFL) reflect its strong track record and market position as one of the largest retail-focused non-banking finance companies (NBFCs) in the country, supported by an established pan-India franchise and a large customer base. Over the years, BFL has continued to maintain robust portfolio growth while maintaining healthy capitalisation levels supported by effective capital raising and strong internal accruals. Ratings also consider BFL's comfortable asset quality, healthy profitability, robust resource profile, and diversified asset base. CareEdge Ratings Limited (CareEdge Ratings) also derives comfort from BFL's strong parentage, brand identity, and strategic importance as the Bajaj Group's flagship lending company.

However, these strengths are partially offset by BFL's exposure to relatively riskier unsecured segments and the moderate seasoning of its mortgage book. These risks are partially mitigated by company's demonstrated track record of managing asset quality risks through established risk management systems. Going forward, BFL's ability to maintain asset quality and market share amid rising competition remains a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

Negative factors

- Dilution in stake by the promoters and/ or the strategic importance to Bajaj group.
- Deterioration in asset quality with consolidated net non-performing assets (NNPA) to net worth ratio remaining above 15% on a sustained basis.
- Decline in profitability, with the consolidated return on total assets (ROTA) remaining below 1.5% on a sustained basis.
- Increase in leverage over 7x on a sustained basis.

Analytical approach:

CareEdge Ratings has assessed BFL's credit profile based on its consolidated financial statements, considering the financial and operational linkages with its subsidiaries, Bajaj Housing Finance Limited (BHFL) and Bajaj Financial Securities Limited (BFSL). CareEdge Ratings also factored in BFL's parentage and its strategic importance to the Bajaj Group. Consolidated entities are provided in Annexure-6.

Outlook: Stable

The Stable outlook on the long-term rating reflects CareEdge Ratings' expectation that the company will maintain its healthy and profitable business growth momentum while keeping asset quality under control.

Detailed description of key rating drivers:

Key strengths

Established track record as one of the largest retail-focused and diversified NBFCs in India

BFL is one of the leading NBFCs in India having assets under management (AUM) of ₹484,477 crore on a consolidated basis as on December 31, 2025, growing at a five-year compounded annual growth rate (CAGR) of 23%. The company has diversified portfolio including consumer finance (43% of AUM), mortgage finance (32%), small and medium enterprise (SME) finance (11%) and commercial finance, including loans against shares (7%), rural finance (7%). The mortgage finance business housed under BHFL encompasses loan against property (LAP), home loans for both self-employed and salaried individuals, and developer loans.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

On a standalone level, BFL has also started foraying into gold loan increasing the number of branches, however, the share of same is expected to be small. Additionally, over ~80% of the AUM of BFL is retail, bringing granularity to the AUM and lowering borrower concentration.

Over the years, the company has built a strong franchise and expanded its geographical reach, with a presence in 4,052 locations and over 242,000 active distribution points of sale, serving a customer base of 117.03 million as on December 31, 2025. CareEdge Ratings expects the company to sustain its leading market position while maintaining its growth momentum going forward.

Strong parentage and strategic importance to parent group

BFL is 51.32% owned by Bajaj Finserv Limited (BFS), the finance Holdco of the group. BFS, in turn, is 38.28% owned by Bajaj Holdings and Investment Limited (BHIL), the ultimate parent company. Due to its association and importance to Bajaj group, BFL enjoys strong financial flexibility, sharing of branding and its logo with BFS. The financial services business housed under BFS remains an integral part of the group's business objectives, as demonstrated by operational, financial, and managerial support to BFL. Sanjiv Bajaj (Chairman and MD – BFS) is the Chairman of BFL. The promoters have also participated in the capital raise in November 2023.

The promoter directors are common across BFS, including BFL. Bajaj Group provides strategic oversight with representations on the Board and crucial committees, such as Risk Management Committee, Strategic Investment Committee and Customer Service Committee, among others.

Going forward, CareEdge Ratings expects the Group to maintain majority stake in BFL with access to need-based support. However, the financial or liquidity support requirement is expected to be limited, given the size of BFL and healthy internal accruals.

Strong capitalisation levels

The company's capitalisation levels are supported by demonstrated ability to raise capital at regular intervals in addition to healthy internal accruals (average 4-year return on net worth [RONW] of ~18.7%), keeping the consolidated gearing levels comfortable at ~3.8x as on December 31, 2025 [March 2025: 3.74x]. As a result, BFL reported a capital adequacy ratio (CAR) of 21.45% [March 2025: 21.93%] with Tier-1 CAR of 20.60% [March 2025: 21.09%] as on December 31, 2025.

In November 2023, the company raised equity of ₹8,800 crore through qualified institutional placements (QIP) and ₹1,188 crore through preferential issue of share warrants. BFL raised ₹3,000 crore by 11.25% stake sale of BHFL via initial public offerings in September 2024. BFL sold ~2% stake in BHFL in December 2025, primarily due to compliance requirement for minimum public shareholding in BHFL.

CareEdge Ratings expects the company to maintain its consolidated gearing levels within 4-4.5x in the medium term, notwithstanding higher gearing of 7-8x for its housing finance arm, supported by BFL's expectation of standalone gearing levels at lower levels of 4-4.5x.

Diversified resource profile and strong resource raising ability

Being an established player, BFL has strong resource raising ability both in capital markets and among banks, leading to competitive cost of funds for the company. As on December 31, 2025, on a consolidated basis, borrowing mix remained well diversified, constituting NCD and subordinate debt (December 2025: 38% of total borrowings, March 2025: 35%), bank borrowings (December 2025: 28%, March 2025: 28%), deposits (December 2025: 17% of total borrowings, March 2025: 20%), short-term borrowings constituting (December 2025: 12% of total borrowings, March 2025: 12%), and external commercial borrowings (ECB) (December 2025: 4% of total borrowings, March 2025: 4%). In 9MFY25, the company's consolidated cost of borrowings stood at 7.32% [FY25: 7.57%].

Healthy earnings profile

The company's earnings profile remains supported by healthy portfolio growth, business mix comprising high yielding unsecured portfolio with controlled credit costs. This has resulted in healthy internal accruals, supporting both growth and return metrics. In 9MFY26, while the net interest margin (NIM) moderated to 8.67% [9MFY25: 8.82%] due to marginal reduction in yield, the same remained healthy in absolute terms. The operating expense as a percentage of average total assets improved to 3.55% in 9MFY26 [9MFY25: 3.64%], driven by portfolio growth led cost rationalisation despite one-time expense for change in labour code and expansion in gold loan branches, while the credit costs increased to 2.15% in 9MFY26 [9MFY25: 1.87%] given the change in LGD

assumptions leading to accelerated provisioning in Q3FY26. Consequently, the ROTA reduced to 3.7% in 9MFY26 [9MFY25: 4.06%] and RONW moderated to 17.92% in 9MFY26 [9MFY25: 19.65%].

Notwithstanding stress expected in the unsecured loan space and slightly higher credit costs anticipated, CareEdge Ratings expects BFL's profitability to remain healthy in the near-to-medium term considering healthy margins.

Key weaknesses

Presence in unsecured and relatively riskier segments

Majority BFL's retail loans comprise consumer durable loans, personal loans, and unsecured business loans (micro, small and medium enterprise [MSME]), which are mainly unsecured in nature and have been advanced to relatively riskier asset segments; constituting ~40% of the consolidated AUM as on March 31, 2025 [March 2024: 41%]. The mortgage loan book, which constituted ~31% of the AUM as on December 31, 2025, remained largely unseasoned.

As on December 31, 2025, consolidated gross stage-3 (GS3) increased to 1.21% [December 2024: 1.12% mainly due to slippages in MSME lending (GS3: 2.70% vs. 1.76% in December-24)], However, net stage-3 (NS3) marginally reduced to 0.47% [December 2025: 0.48%], given the accelerate provisioning in Q3FY26.

While slippages have been in tandem with industry trend, the company's asset quality remained controlled due to its strong risk management and monitoring systems. The company's consolidated stage-3 provision coverage ratio (PCR) stood at 61.34% as on December 31, 2025 [March 2025: 53.72%] with stage 1 and stage 2 provision cover of 0.98% [March 2025: 0.77%] and 36.62% [March 2025: 32.36%], respectively. BFL's consolidated NS3 to net worth ratio increased to 2.10% as on December 31, 2025 [December 2024: 2.09%].

Despite catering to relatively riskier segments and robust AUM growth, BFL has demonstrated its ability to maintain comfortable asset quality and healthy collections through robust risk management infrastructure providing comfort.

Liquidity: Strong

As on December 31, 2025, BFL's liquidity profile remained strong, with standalone liquidity buffer of ₹15,081 crore, and scheduled collections of ₹171,896 crore, to cater to its debt obligations of ₹122,699 crore for the next one year. Per the standalone asset liability management (ALM) statement, there are positive cumulative mismatches across all buckets. BFL's liquidity profile is expected to remain comfortable with strong financial flexibility, arising from strong promoter group and diversified funding profile. Additionally, the company continues to maintain strong liquidity coverage ratio having comfortable cushion over the regulatory requirement.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

Although BFLs service-oriented business model limits its direct exposure to environmental risks, credit risk may arise if operations of any asset class of the portfolio are adversely impacted by environmental factors. BFL has a board-level cross-functional environment, social and governance (ESG) committee, headed by an Executive Director, for implementing and monitoring the ESG-related initiatives and reporting thereof.

Social risks in the form of cybersecurity threat or customer data breach or mis-selling practices can affect BFL's regulatory compliance and reputation and hence remain a key monitorable. The company, through its lending activities, which is mainly focussed on the retail segment, has been enabling financing to new to credit customers and increasing its reach in semi-urban and rural areas, thus leading to financial inclusion.

BFL's Board comprises 10 Directors, with 7 Independent Directors including 1 female Director. BFL has a well-defined grievance redressal mechanism for its employees which are governed through Code of Ethics and Personal Conduct (CoEPC), employee charter, disciplinary action, whistle-blower and vigil mechanism policies.

Applicable criteria

- [Definition of Default](#)
- [Consolidation & Combined Approach](#)
- [Notching by Factoring Linkages in Ratings](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios - Financial Sector](#)
- [Short Term Instruments](#)
- [Issuer Rating](#)
- [Non Banking Financial Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

BFL, a systemically important, deposit-taking NBFC within the Bajaj Group, operates as a subsidiary of BFS, which holds a 51.32% stake as on December 31, 2025. BFL has two subsidiaries: BHFL and BFSL. It is classified as an Upper Layer NBFC by the Reserve Bank of India (RBI).

BFL is a leading NBFC in India with a diversified loan portfolio spanning consumer finance (including loans for consumer durables, lifestyle products, personal loans, two- and three-wheelers, and home loans), SME finance (business and professional loans), commercial finance (loans against securities, corporate finance, and more), rural finance (tailored products for rural areas), and mortgage finance (home loans, LAP, and developer loans via BHFL).

As on December 31, 2025, BFL reported AUM of ₹484,477 crore, up from ₹398,044 crore as on December 31, 2024, with a pan-India presence across 4,052 locations and over 242,000 active distribution points.

Brief Financials (₹ crore) – BFL - consolidated	FY24 (A)	FY25 (A)	9MFY26 (UA)
Total income	54,983	69,725	60,923
Profit after tax (PAT)	14,451	16,779	13,779
Assets under management (AUM)	3,30,615	4,16,661	4,84,477
On-book gearing (x)	3.92	3.74	NA
AUM / tangible net worth (TNW) (x)	4.42	4.31	4.47
Gross non-performing assets (NPA) / gross stage 3 (%)	0.85	0.96	1.21
Return on managed assets (ROMA) (%)	4.46	4.01	NA
Capital adequacy ratio (CAR) (%)	22.52	21.93	21.45

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures - Proposed	-	-	-	-	214.50	CARE AAA; Stable
Debentures-Non-convertible debentures	INE296A07MO9	23-Sep-2016	8.05%	23-Sep-2026	10.00	CARE AAA; Stable
Debentures-Non-convertible debentures	INE296A07LG7	04-Jul-2016	8.65%	03-Jul-2026	47.50	CARE AAA; Stable
Debt-Subordinate Debt - Proposed	-	-	-	-	795.00	CARE AAA; Stable
Debt-Subordinate Debt	INE296A08847	22-Jun-2017	8.15%	22-Jun-2027	600.00	CARE AAA; Stable
Debt-Subordinate Debt	INE296A08821	02-Dec-2016	8.05%	02-Dec-2026	105.00	CARE AAA; Stable
Debt-Subordinate Debt	INE296A08805	29-Sep-2016	8.45%	29-Sep-2026	500.00	CARE AAA; Stable
Debt-Subordinate Debt	INE296A08797	16-Aug-2016	8.75%	14-Aug-2026	485.00	CARE AAA; Stable
Debt-Subordinate Debt	INE296A08789	21-Jul-2016	8.85%	21-Jul-2026	480.00	CARE AAA; Stable
Debt-Subordinate Debt	INE296A08771	15-Jul-2016	8.85%	15-Jul-2026	490.00	CARE AAA; Stable
Fund-based - LT-Term Loan	-	-	-	Sep-27	8300.00	CARE AAA; Stable
Fund-based - ST-Term loan	-	-	-	NA*	1700.00	CARE A1+
Issuer Rating-Issuer Ratings	-	-	-	-	0.00	CARE AAA; Stable

*NA: Not applicable as the limit is short term

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE AAA; Stable	1)CARE AAA; Stable (07-Apr-25)	1)CARE AAA; Stable (21-Jun-24)	1)CARE AAA; Stable (17-Jan-24) 2)CARE AAA; Stable (14-Sep-23)	1)CARE AAA; Stable (05-Jan-23) 2)CARE AAA; Stable (26-Dec-22)
2	Debentures-Non-convertible debentures	LT	272.00	CARE AAA; Stable	1)CARE AAA; Stable (07-Apr-25)	1)CARE AAA; Stable (21-Jun-24)	1)CARE AAA; Stable (17-Jan-24) 2)CARE AAA; Stable (14-Sep-23)	1)CARE AAA; Stable (05-Jan-23)
3	Debt-Subordinate Debt	LT	3455.00	CARE AAA; Stable	1)CARE AAA; Stable (07-Apr-25)	1)CARE AAA; Stable (21-Jun-24)	1)CARE AAA; Stable (17-Jan-24) 2)CARE AAA; Stable (14-Sep-23)	1)CARE AAA; Stable (05-Jan-23)
4	Fund-based - LT-Term Loan	LT	8300.00	CARE AAA; Stable	1)CARE AAA; Stable (07-Apr-25)	1)CARE AAA; Stable (21-Jun-24)	1)CARE AAA; Stable (17-Jan-24) 2)CARE AAA; Stable (14-Sep-23)	-
5	Fund-based - ST-Term loan	ST	1700.00	CARE A1+	1)CARE A1+ (07-Apr-25)	1)CARE A1+ (21-Jun-24)	-	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Debt-Subordinate Debt	Complex
3	Fund-based - LT-Term Loan	Simple
4	Fund-based - ST-Term loan	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Bajaj Housing Finance Limited	Full	Subsidiary; Significant financial and operational linkages
2	Bajaj Financial Securities Limited	Full	Subsidiary; Significant financial and operational linkages

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in</p>	<p>Analytical Contacts</p> <p>Sanjay Agarwal Senior Director CARE Ratings Limited Phone: +91-22-6754 3582 E-mail: Sanjay.agarwal@careedge.in</p> <p>Priyesh Ruparelia Director CARE Ratings Limited Phone: +91-22-6754 3593 E-mail: Priyesh.ruparelia@careedge.in</p> <p>Shaik Abdul Saleem Associate Director CARE Ratings Limited Phone: +91-22-6754 3447 E-mail: Shaik.saleem@careedge.in</p>
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About us:

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