

September 23, 2022^(Revised)

Bajaj Finance Ltd.: Rating withdrawn for Rs. 157.40-crore subordinated debt

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
NCD programme	103.00	103.00	[ICRA]AAA (Stable); outstanding
Subordinated debt	842.20	842.20	[ICRA]AAA (Stable); outstanding
Subordinated debt	157.40	-	[ICRA]AAA (Stable); Withdrawn
CP programme	20,000.00	20,000.00	[ICRA]A1+; outstanding
Fixed deposit programme	NA	NA	[ICRA]AAA (Stable); outstanding
Total	21,102.60	20,945.20	

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating on the Rs. 157.40-crore subordinated debt of Bajaj Finance Ltd. (BFL) as it has been repaid on maturity by the company and no amount is outstanding against the same. The rating has been withdrawn in accordance with ICRA's policy on the withdrawal of credit ratings.

The key rating drivers, liquidity position, rating sensitivities, and key financial indicators have not been captured as the rated instrument has been withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's methodology for non-banking finance companies ICRA's policy on withdrawal of credit ratings Rating approach - Consolidation
Parent/Group support	Parent/Group Company: Bajaj Finserv Limited (ultimate parent –Bajaj Holdings & Investment Limited) No explicit support from the Group has been assumed; ICRA expects continued financial flexibility for BFL based on its association with the Bajaj Group
Consolidation/Standalone	Consolidated

About the company

Bajaj Finance Ltd. (BFL) is one of the largest retail asset financing non-banking financial companies (NBFC) with a diversified loan portfolio and a pan-India presence. While it was originally set up to provide finance for the purchase of two-wheelers and three-wheelers manufactured by Bajaj Auto Limited, it diversified into other segments over the years. Currently, it operates across seven broad categories – Consumer Lending, Mortgages, Commercial Lending, Rural Lending, SME Lending, Deposits, and Partnerships & Services.

Under Partnerships & Services, the company offers products like health insurance, extended warranty, comprehensive asset care, co-branded credit cards and wallets. BFL offers a co-branded credit card with RBL Bank and has also partnered with One

Mobikwik Systems Pvt Ltd to provide both debit and credit engagement tools to its existing customers. BFL has two wholly-owned subsidiaries viz, 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.

Bajaj Finserv Limited

Bajaj Finserv Limited, a core investment company (CIC) under Reserve Bank of India (RBI) regulations, is the holding company of the Bajaj Group's financial services businesses. It has investments in BFL and the insurance joint venture companies, Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz General Insurance Company Limited. Bajaj Finserv held a 52.5% stake in BFL as on June 30, 2022. It also has a subsidiary, Bajaj Finserv Direct Limited (formerly Bajaj Financial Holdings Limited), which has a mandate to undertake activities on digital and online platforms to augment the business of Bajaj Finserv's subsidiaries.

Bajaj Holdings & Investment Limited

Erstwhile Bajaj Auto Limited was demerged into three entities – Bajaj Auto Limited, Bajaj Finserv and the erstwhile Bajaj Auto Limited (renamed Bajaj Holdings & Investment Limited; BHIL) with effect from April 1, 2007. As a holding and investment company, BHIL held strategic stakes of 33.4%, 39.2% and 51.1%, respectively, in Bajaj Auto Limited, Bajaj Finserv, and Maharashtra Scooters Limited as on June 30, 2022. BHIL is registered with the RBI as an NBFC – Investment and Credit Company (NBFC-ICC).

Status of non-cooperation with previous CRA: Not applicable

Any other information: A member of the board of directors of ICRA Limited (ICRA) is also a member of the board of directors of BFL. The said Director is not engaged in any of the discussions, processes and committee meetings related to the rating of the instrument(s) carried out by ICRA

Rating history for past three years

Instrument	Type	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years			
		Amount Rated (Rs. crore)	Amount Outstanding as of August 31, 2022 (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020
				Sep 23, 2022	Jun 07, 2022	Jul 15, 2021	Apr 22, 2021	Oct 01, 2020	Aug 22, 2019
1 Non-convertible Debenture	Long Term	103.00	103.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
2 Subordinated Debt	Long Term	842.20	842.20	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
3 Subordinated Debt	Long Term	157.40		[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
4 Fixed Deposit	Long Term	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)
5 Commercial Paper	Short Term	20,000.00	6,470.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of August 31, 2022 (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021	Date & Rating in FY2020
					Sep 23, 2022	Jun 07, 2022	Jul 15, 2021	Apr 22, 2021	Oct 01, 2020	Aug 22, 2019
6	NCD Programme	Long Term	-	-						[ICRA]AAA (Stable); withdrawn
7	NCD Programme	Long Term	-	-					[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)
8	Subordinated Debt	Long Term	-	-					[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)
9	NCD Programme	Long Term	-	-				[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
10	Subordinated Debt	Long Term	-	-				[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
11	Subordinated Debt	Long Term	-	-			[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
NCD programme	Simple
Subordinated debt	Simple
CP programme	Very Simple
Fixed deposit programme	Very Simple

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 I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE296A07HW2	NCD programme	Aug-20-2015	8.90%	Aug-20-2025	90.00	[ICRA]AAA (Stable)
INE296A07IA6	NCD programme	Oct-13-2015	8.70%	Oct-13-2025	5.00	[ICRA]AAA (Stable)
INE296A07IB4	NCD programme	Oct-13-2015	8.65%	Oct-13-2022	8.00	[ICRA]AAA (Stable)
INE296A08656	Sub-debt	Jun-14-2012	10.21%	Aug-22-2022	10.00	[ICRA]AAA (Stable); withdrawn
INE296A08656	Sub-debt	Jun-15-2012	10.21%	Aug-22-2022	15.40	[ICRA]AAA (Stable); withdrawn
INE296A08656	Sub-debt	Jun-20-2012	10.21%	Aug-22-2022	3.00	[ICRA]AAA (Stable); withdrawn
INE296A08656	Sub-debt	Jun-28-2012	10.21%	Aug-22-2022	2.60	[ICRA]AAA (Stable); withdrawn
INE296A08656	Sub-debt	Jul-25-2012	10.21%	Aug-22-2022	4.40	[ICRA]AAA (Stable); withdrawn
INE296A08656	Sub-debt	Aug-02-2012	10.21%	Aug-22-2022	4.00	[ICRA]AAA (Stable); withdrawn
INE296A08656	Sub-debt	Aug-17-2012	10.21%	Aug-22-2022	118.00	[ICRA]AAA (Stable); withdrawn
INE296A08672	Sub-debt	Jan-28-2013	9.80%	Jan-28-2023	49.70	[ICRA]AAA (Stable)
INE296A08706	Sub-debt	Apr-26-2013	9.65%	Apr-26-2023	50.00	[ICRA]AAA (Stable)
INE296A08714	Sub-debt	Sep-19-2014	10.15%	Sep-19-2024	452.50	[ICRA]AAA (Stable)
INE296A08755	Sub-debt	Oct-21-2015	8.94%	Oct-21-2025	40.00	[ICRA]AAA (Stable)
INE296A08763	Sub-debt	Nov-09-2015	8.94%	Nov-07-2025	250.00	[ICRA]AAA (Stable)
Not issued	CP programme	NA	NA	NA	13,530	[ICRA]A1+
INE296A14ST1	CP programme	Dec-27-2021	4.90%	Dec-27-2022	1,175.00	[ICRA]A1+
INE296A14TC5	CP programme	Apr-28-2022	5.30%	Apr-28-2023	560.00	[ICRA]A1+
INE296A14TG6	CP programme	Jun-22-2022	6.70%	Jun-22-2023	410.00	[ICRA]A1+
INE296A14TH4	CP programme	Jun-23-2022	6.70%	Jun-23-2023	125.00	[ICRA]A1+
INE296A14TI2	CP programme	Jul-22-2022	5.65%	Oct-21-2022	1,100.00	[ICRA]A1+
INE296A14TJ0	CP programme	Aug-19-2022	6.05%	Nov-18-2022	850.00	[ICRA]A1+
INE296A14TL6	CP programme	Aug-22-2022	6.05%	Nov-21-2022	300.00	[ICRA]A1+
INE296A14TK8	CP programme	Aug-26-2022	6.05%	Nov-25-2022	900.00	[ICRA]A1+
INE296A14TM4	CP programme	Aug-29-2022	6.05%	Nov-28-2022	750.00	[ICRA]A1+
INE296A14TO0	CP programme	Sep-07-2022	6.05%	Dec-07-2022	250.00	[ICRA]A1+
INE296A14TN2	CP programme	Sep-08-2022	6.05%	Dec-08-2022	50.00	[ICRA]A1+
NA	FD programme	NA	NA	NA	NA	[ICRA]AAA (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company Name	BFL Ownership	Consolidation Approach
Bajaj Housing Finance Limited	100.00%	Full Consolidation

Company Name	BFL Ownership	Consolidation Approach
Bajaj Financial Securities Limited	100.00%	Full Consolidation

Corrigendum

Document dated September 23, 2022 has been corrected with revisions as detailed below:

- Disclosure of common director added in other information section on page 2
- Link to Rating Approach –Consolidation has been added to applicable rating methodologies in analytical approach on page number 4
- Link to ICRA’s Policy on Withdrawal of Credit Ratings has been updated in the applicable rating methodologies in analytical approach on page number 4

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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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