CRISIL Ratings

CONFIDENTIAL

RL/BAJAUTF/344410/NCD/0524/89145/90194354
May 27, 2024

Mr. Anand Bagri
Treasurer
Bajaj Finance Limited
4th Floor,
S. No. 208/1-B
Viman Nagar
Pune - 411014
9819031988

Dear Mr. Anand Bagri,

Re: Review of CRISIL Rating on the Non Convertible Debentures Aggregating Rs.84132.3 Crore (Reduced from Rs.87282.3 Crore) of Bajaj Finance Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed its CRISIL AAA/Stable (pronounced as CRISIL triple A rating with Stable outlook) rating to the captioned Debt instrument. Securities with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such securities carry lowest credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at debtissue@crisil.com for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Rounak Agarwal
Associate Director - CRISIL Ratings

Nivedita Shibu
Director - CRISIL Ratings

***Disclaimer**: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301*

CRISIL Ratings

Rating Rationale

May 27, 2024 | Mumbai

Bajaj Finance Limited

'CRISIL AAA/Stable' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	**Rs.21000 Crore**
Long Term Rating	**CRISIL AAA/Stable (Reaffirmed)**
Short Term Rating	**CRISIL A1+ (Reaffirmed)**

Rs.20000 Crore Non Convertible Debentures	**CRISIL AAA/Stable (Assigned)**
Rs.164.2 Crore Lower Tier II Bonds	**CRISIL AAA/Stable (Reaffirmed)**
Fixed Deposits	**CRISIL AAA/Stable (Reaffirmed)**
Rs.30000 Crore Commercial Paper	**CRISIL A1+ (Reaffirmed)**
Non Convertible Debentures Aggregating Rs.84132.3 Crore (Reduced from Rs.87282.3 Crore)	**CRISIL AAA/Stable (Reaffirmed)**
Subordinated Debt Aggregating Rs.2321.3 Crore	**CRISIL AAA/Stable (Reaffirmed)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**CRISIL AAA/Stable**' rating to Rs.20000 crore Non Convertible Debentures of Bajaj Finance Limited (BFL) and reaffirmed its 'CRISIL AAA/Stable/CRISIL A1+' ratings on the existing debt instruments and bank facilities.

CRISIL Rating has also **withdrawn** its ratings on non-convertible debentures worth Rs 3,150 crore (see 'Annexure - Details of Rating Withdrawn' for details) at the client's request and on receipt of requisite documentation as these have been redeemed. The withdrawal is in line with the CRISIL Ratings policy on withdrawal of ratings.

The ratings continue to reflect the Bajaj group's strong business risk profile, given its position as one of the largest retail asset financing non-banking financial companies (NBFCs) in the country and expectation of comfortable capitalisation metrics. Further, the healthy earnings profile underpins the ratings. The ratings also factor in the strategic importance of BFL to its ultimate holding company, Bajaj Holdings and Investments Ltd (BHIL), and parent, Bajaj Finserv Ltd (Bajaj Finserv). Moreover, CRISIL Ratings believes the group's increased focus on risk management and data analytics will mitigate inherent asset quality challenges in the risky asset segments.

CRISIL Ratings has also taken note of the lifting of restrictions on sanctioning and disbursal of loans under company's two lending products 'eCOM' and 'Insta EMI Card' by the Reserve Bank of India (RBI) with immediate effect from May 2, 2024. RBI had earlier directed the company to stop the sanction and disbursal of these two products w.e.f. November 15, 2023, because of the non-adherence to digital lending guidelines. Nevertheless, uplifting of restriction and resumption of issuances of EMI cards should further aid the business risk profile.

Analytical Approach

CRISIL Ratings has considered the consolidated business and financial risk profile of BFL and its wholly owned subsidiaries (Bajaj Housing Finance Limited and Bajaj Financial Securities Limited) together referred to as the Bajaj group. Further, CRISIL Ratings has factored in its strategic importance of BFL to its ultimate holding company Bajaj Holdings and Investments Ltd (BHIL), and parent, Bajaj Finserv Ltd (Bajaj Finserv).

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation

Key Rating Drivers & Detailed Description

Strengths:

Large, well-diversified NBFC

The Bajaj group has emerged as one of the largest retail-focused NBFCs in India with its two-pronged strategy of building scale and maximising profit. Segments such as mortgage, small business loans and commercial lending are focused on building scale while consumer durable loans, personal loans, and two and three-wheeler financing are focused on ensuring profitability.

As on March 31, 2024, the assets under management (AUM) of BFL continued to grow and stood at Rs. 330,615 crore at consolidated level (Rs 310,968 crore as on December 31, 2023) and Rs 244,826 crore at standalone level (Rs 232,040 crore as on December 31, 2023).

As on March 31, 2024, on a consolidated basis, mortgages (including loans against property) and home loans accounted for 34% of AUM (of this, LRD being 5%), personal and consumer durables loans (26%), SME loans (13%), two and three-wheeler financing (8%), rural financing (8%), loan against securities (5%) and others (6%). Moreover, the secured book (excluding consumer durables)accounts for over 57% of the AUM as against 55% as on March 31, 2023, and sub-50% four fiscals earlier.

Strong capitalisation levels

Capitalisation is robust, with sizeable consolidated networth of Rs 76,695 crores as on March 31, 2024. As on the same date, the standalone networth stood at Rs 72,011 crore.

In November 2023, BFL raised Rs.8,800 crores and Rs.1,188 crores through a qualified institutions placement and preferential issue respectively. Of the preferential issue, 25% has been received. As on March 31, 2024, the gearing levels stood at 3.1 times and 3.8 times on standalone and consolidated basis respectively.

The group has a conservative gearing policy. Despite strong growth in the past five fiscals, adjusted gearing was below 6 times. Each time gearing inched closer to 6 times, capital raising plans have been initiated and concluded. This is supported by timely and regular equity raise as well as strong internal accrual.

The healthy capitalisation enhances the ability to absorb potential losses on its portfolio; adjusted networth to net non-performing assets (NPAs) ratio was healthy at 63 times as on March 31, 2024 (65 times as on March 31, 2023), on consolidated basis and at similar level on standalone basis.

CRISIL Ratings expects the capital profile to remain comfortable over the medium term supported by regular capital infusion, demonstrated ability to raise capital and healthy internal cash accrual, providing cushion against asset-side risks.

Healthy earnings profile

The earnings profile of the group is supported by a large proportion of high-yield businesses and competitive borrowing cost. Additionally, the company has increased efforts to diversify earnings by focusing on various fee-based income avenues, such as existing member identification cards, co-branded credit cards and third-party product distribution.

The earnings profile is also supported by controlled credit costs and operating expenses. The credit costs remained controlled at 1.4% in fiscal 2024 and 1.3% in fiscal 2023. Also, operating expenses improved to 3.7% in fiscal 2024 as against 4.1% in fiscal 2023. However, cost of borrowings of the company has increased to 7.3% in fiscal 2024 as against 6.6% in fiscal 2023.

At consolidated level, return on managed assets (RoMA) remained healthy, though moderated to 4.4% in fiscal 2024, as against 4.6% in fiscal 2023. At standalone level, RoMA remained healthy over 4.9% in fiscal 2024, as against 5.3% in fiscal 2023.

Nevertheless, earnings remain susceptible to high credit costs, especially during macroeconomic stress, despite the conservative provisioning policy. However, with CRISIL Ratings-adjusted provision coverage ratio at 57% as on March 31, 2024, it remains in line with that of peers. While the company has healthy earnings profile, the ability of the company to manage its credit costs remains to be seen and will remain a key monitorable.

Strategic importance to the ultimate holding company BHIL, and parent Bajaj Finserv

BFL is strategically important to the Bajaj group as the company gets significant financial, managerial and operational support from its parent, Bajaj Finserv. BFL is one of the crucial entities of the group's financial services business and its established track record of profitable growth enhances its strategic importance. CRISIL Ratings believes BFL will continue to benefit from synergies with the Bajaj group.

The financial flexibility of Bajaj Finserv has improved supported by the performance of its operating companies, including insurance ventures. In the unlikely event of BFL requiring group support in an extraordinary situation, BHIL has sufficientliquidity in the form of cash and bank balance and portfolio of quoted investments to address the requirements. In addition, CRISIL Ratings believes there is sufficient flexibility inherent in the market standing of the various listed and unlisted financial services entities in the group. CRISIL Ratings also believes that financial flexibility will be sufficient to support any material requirements of BFL even if the group were to step up its stake in the insurance ventures.

Weakness:

Sizeable exposure on risky asset classes

On a consolidated basis, gross non-performing assets (GNPAs) stood at 0.85% as on March 31, 2024, as against 0.94% as on March 31, 2023, and 1.73% as on March 31, 2022. At standalone level, GNPAs remained comfortable at 1.05% as on March 31, 2024. Furthermore, the write-offs in fiscal 2024 were Rs 4182 crore at consolidated level and Rs 4136 crore at standalone level.

The company has large exposure to asset segments such as personal loans and consumer durable loans (including lifestyle and digital loans), which accounted for around 43% of the consolidated loan portfolio as on March 31, 2024, which are vulnerable to economic cycles. Furthermore, BFL offers flexi-loans, which have moratorium on repayment of principal across segments, including consumer B2C, SME and Mortgages.

The company's ability to sustain healthier asset quality metrics going forward while continuing to scale up operations remains a key monitorable.

Liquidity: Superior

The liquidity profile of BFL on standalone basis is comfortable with positive cumulative mismatches across all short term ALM buckets (upto 1 year) in the asset liability statement as on March 31, 2024. As on March 31, 2024, BFL had total debt repayments of Rs 45,198 crore till June 30, 2024. Against this, they had liquidity (in the form of cash, equivalents and unutilised working capital lines) of Rs 39,225 crore excluding collections. Liquidity profile is also further supported by collections of approximately Rs 20,000 crore for each month.

Key ESG highlights:

- BFL has an executive ESG committee led by the Deputy-CEO for implementing and monitoring ESG-related aspects.
- Through its lending practices, the company is largely retail-focused and has been enabling financing to new-to-credit customers and rural areas and strives to provide sustainable livelihood related financing products, including MSME financing.
- It has been doing corporate social responsibility (CSR) activities on continuous basis, which include healthcare programmes, primary education initiatives, programmes to provide BFSI skills to fresh graduates, shelters for underprivileged and orphan children.
- Majority of the board members are independent directors, with segregation in chairman and executive position. BFL has a dedicated investor grievance redressal mechanism.

There is growing importance of ESG among investors and lenders. BFL's commitment to ESG principles will play a key role in enhancing stakeholder confidence, given its high share of market borrowings in its overall debt and access to both domestic and foreign capital markets.

Outlook: Stable

CRISIL Ratings believes BFL will remain strategically important to, and continue to receive support from, the Bajaj group. The company will also sustain its healthy financial risk profile.
table

Rating Sensitivity factors

Downward factors:

- With the current AUM mix, any significant deterioration in asset quality translating into pressure on earnings profile thereby leading return on assets to drop below 2.0% on a sustained basis. This excludes any significant change in AUM mix due to an increase in the secured portfolio that will inherently impact return on assets negatively.
- Significant increase in consolidated leverage metrics.

About the Company

Set up in 1987, BFL is a subsidiary of Bajaj Finserv (51.34% ownership), the financial services arm of the Bajaj group. BFL has a diversified product suite comprising key businesses such as vehicle loans (two and three-wheelers manufactured by Bajaj Auto), consumer durable loans, personal loans, mortgage loans, small business loans, loans against securities, commercial finance and rural finance.

Key Financial Indicators (Standalone):

As on / for the period ended	Unit	Mar 31, 2024	Mar 31, 2023	Mar 31, 2022	Mar 31, 2021
Total Assets	Rs crore	296,614	216,525	168,016	138,339
Total income (net-off interest expenses)	Rs crore	33,103	26,401	20,298	16,100
Profit after tax	Rs crore	12,644	10,290	6,350	3,956
GNPAs	%	1.1	1.2	1.7	2.2
Gearing	Times	3.1	3.1	2.9	2.8
Return on managed assets	%	4.9	5.3	4.1	2.8

Key Financial Indicators (Consolidated):

As on / for the period ended	Unit	Mar 31, 2024	Mar 31, 2023	Mar 31, 2022	Mar 31, 2021
Total Assets	Rs crore	375,742	275,229	212,505	171527
Total income (net-off interest expenses)	Rs crore	36,258	28,846	21,892	17,269
Profit after tax	Rs crore	14,451	11,508	7,028	4,420
GNPAs	%	0.9	0.9	1.7	1.8
Gearing	Times	3.8	4.0	3.8	3.6
Return on managed assets	%	4.4	4.6	3.5	2.5

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Complexity Level	Rating outstanding with outlook
NA	Debentures^	NA	NA	NA	20000	Simple	CRISIL AAA/Stable
NA	Debentures^	NA	NA	NA	11467.9	Simple	CRISIL AAA/Stable
INE296A07SQ1	Debentures	17-Oct-2023	8.00%	17-Oct-2028	2236	Simple	CRISIL AAA/Stable
INE296A07SL2	Debenture	16-May-2023	7.75%	16-May-2033	2075	Complex	CRISIL AAA/Stable
INE296A07SM0	Debenture	23-May-2023	7.72%	23-May-2033	500	Simple	CRISIL AAA/Stable
INE296A07SB3	Debenture	7-Jun-2023	7.38%	8-Aug-2025	375	Simple	CRISIL AAA/Stable
INE296A07SN8	Debenture	7-Jun-2023	7.73%	7-Jun-2028	500	Simple	CRISIL AAA/Stable
INE296A07SM0	Debenture	7-Jun-2023	7.72%	23-May-2033	575	Simple	CRISIL AAA/Stable
INE296A07SM0	Debenture	21-Aug-2023	7.72%	23-May-2033	300	Simple	CRISIL AAA/Stable
INE296A07SO6	Debenture	11-Sep-2023	7.85%	11-Sep-2028	1195	Simple	CRISIL AAA/Stable
INE296A07SP3	Debentures	21-Nov-2023	7.79%	20-Sep-2033	500	Simple	CRISIL AAA/Stable
INE296A07SP3	Debenture	20-Sep-2023	7.79%	20-Sep-2033	500	Simple	CRISIL AAA/Stable
INE296A07SI8	Debenture	13-Apr-2023	7.90%	13-Apr-2028	760	Simple	CRISIL AAA/Stable
INE296A07SI8	Debenture	3-May-2023	7.90%	13-Apr-2028	1095	Simple	CRISIL AAA/Stable
INE296A07SI8	Debenture	23-May-2023	7.90%	13-Apr-2028	1155	Simple	CRISIL AAA/Stable
INE296A07SJ6	Debentures	26-Dec-2023	8.00%	27-Feb-2026	600	Simple	CRISIL AAA/Stable
INE296A07SJ6	Debenture	13-Apr-2023	8%	27-Feb-2026	1195	Simple	CRISIL AAA/Stable
INE296A07SK4	Debenture	21-Apr-2023	7.89%	10-Jun-2025	1317	Simple	CRISIL AAA/Stable
INE296A07SH0	Debenture	21-Mar-2023	8.08%	21-Mar-2033	4960	Simple	CRISIL AAA/Stable
INE296A07RW1	Debentures	18-Feb-2022	7.15%	2-Dec-2031	220	Simple	CRISIL AAA/Stable
INE296A07RY7	Debentures	18-Feb-2022	Zero Coupon Bond	18-Feb-2026	406	Simple	CRISIL AAA/Stable
INE296A07RW1	Debentures	2-Dec-2021	7.15%	2-Dec-2031	750	Simple	CRISIL AAA/Stable
INE296A07RW1	Debentures	30-Dec-2021	7.15%	2-Dec-2031	180.5	Simple	CRISIL AAA/Stable
INE296A07RZ4	Debentures	7-Jun-2022	7.70%	7-Jun-2027	500	Simple	CRISIL AAA/Stable
INE296A07RZ4	Debentures	1-Jul-2022	7.70%	7-Jun-2027	1081	Simple	CRISIL AAA/Stable
INE296A07SA5	Debentures	13-Jul-2022	7.20%	12-Jul-2024	750	Simple	CRISIL AAA/Stable
INE296A07SB3	Debentures	8-Aug-2022	7.38%	8-Aug-2025	550	Simple	CRISIL AAA/Stable
INE296A07SB3	Debentures	19-Aug-2022	7.38%	8-Aug-2025	650	Simple	CRISIL AAA/Stable
INE296A07SC1	Debentures	25-Aug-2022	7.60%	25-Aug-2027	650	Simple	CRISIL AAA/Stable
INE296A07SC1	Debentures	8-Sep-2022	7.60%	25-Aug-2027	270	Simple	CRISIL AAA/Stable
INE296A07SD9	Debentures	8-Sep-2022	7.82%	8-Sep-2032	327	Simple	CRISIL AAA/Stable

INE296A07SE7	Debentures	25-Oct-2022	7.95%	25-Oct-2027	610	Simple	CRISIL AAA/Stable
INE296A07SF4	Debentures	16-Nov-2022	7.90%	17-Nov-2025	5100	Simple	CRISIL AAA/Stable
INE296A07SG2	Debentures	19-Jan-2023	7.88%	19-Jan-2028	856.5	Simple	CRISIL AAA/Stable
INE296A08979	Debentures	1-Jun-2022	7.99%	1-Jun-2035	1750	Simple	CRISIL AAA/Stable
INE296A07RY7	Debentures	7-Jun-2022	Zero Coupon Bond	18-Feb-2026	500	Simple	CRISIL AAA/Stable
INE296A07RV3	Debentures	26-Aug-2021	5.55%	10-Oct-2024	850	Simple	CRISIL AAA/Stable
INE296A07RV3	Debentures	11-Nov-2021	5.55%	10-Oct-2024	380	Simple	CRISIL AAA/Stable
INE296A07RS9	Debentures	19-Apr-2021	7.02%	18-Apr-2031	116	Simple	CRISIL AAA/Stable
NA	Commercial Paper	NA	NA	7-365 days	30000	Simple	CRISIL A1+
INE296A08714	Subordinated Debt	19-Sep-2014	10.15%	19-Sep-2024	452.5	Complex	CRISIL AAA/Stable
INE296A08755	Subordinated Debt	21-Oct-2015	8.94%	21-Oct-2025	40	Complex	CRISIL AAA/Stable
INE296A08763	Subordinated Debt	9-Nov-2015	8.94%	7-Nov-2025	250	Complex	CRISIL AAA/Stable
INE296A08821	Subordinated Debt	2-Dec-2016	8.05%	2-Dec-2026	105	Complex	CRISIL AAA/Stable
INE296A08847	Subordinated Debt	22-Jun-2017	8.15%	22-Jun-2027	600	Complex	CRISIL AAA/Stable
NA	Lower Tier II Bonds^	NA	NA	NA	164.2	Complex	CRISIL AAA/Stable
NA	Subordinated Debt^	NA	NA	NA	873.8	Complex	CRISIL AAA/Stable
INE296A07RS9	Debentures	16-Jun-2021	7.02%	18-Apr-2031	40	Simple	CRISIL AAA/Stable
INE296A07RS9	Debentures	23-Jul-2021	7.02%	18-Apr-2031	31	Simple	CRISIL AAA/Stable
INE296A07RS9	Debentures	13-Sep-2021	7.02%	18-Apr-2031	125	Simple	CRISIL AAA/Stable
INE296A07RS9	Debentures	24-Sep-2021	7.02%	18-Apr-2031	2171	Simple	CRISIL AAA/Stable
INE296A07FV8	Debentures	7-Apr-2015	9.05%	7-Apr-2025	170	Simple	CRISIL AAA/Stable
INE296A07HW2	Debentures	20-Aug-2015	8.90%	20-Aug-2025	90	Simple	CRISIL AAA/Stable
INE296A07EG2	Debentures	17-Nov-2014	9.36%	18-Nov-2024	100	Simple	CRISIL AAA/Stable
INE296A07IA6	Debentures	13-Oct-2015	8.70%	13-Oct-2025	5	Simple	CRISIL AAA/Stable
INE296A07KD6	Debentures	18-Mar-2016	8.90%	18-Mar-2026	28	Simple	CRISIL AAA/Stable
INE296A07KW6	Debentures	31-Mar-2016	8.80%	31-Mar-2026	3	Simple	CRISIL AAA/Stable
INE296A07PY1	Debentures	1-Jun-2017	8.05%	31-May-2024	1,000	Simple	CRISIL AAA/Stable
INE296A08938	Debentures	6-Jun-2017	8.10%	7-Jun-2032	1,000	Simple	CRISIL AAA/Stable
INE296A08961	Debentures	6-Nov-2018	9.11%	2-Nov-2033	4,575	Simple	CRISIL AAA/Stable
INE296A07QS1	Debentures	9-Jan-2019	8.95%	8-Jan-2026	1,495	Simple	CRISIL AAA/Stable
INE296A07QV5	Debentures	15-May-2019	8.55%	6-Jun-2024	75	Simple	CRISIL AAA/Stable
INE296A07QY9	Debentures	14-Nov-2019	7.66%	9-Dec-2024	235	Simple	CRISIL AAA/Stable
INE296A07QZ6	Debentures	28-Jan-2020	7.65%	7-Feb-2025	850	Simple	CRISIL AAA/Stable

INE296A07RA7	Debentures	28-Jan-2020	7.90%	10-Jan-2030	160	Simple	CRISIL AAA/Stable
INE296A07RC3	Debentures	20-Feb-2020	7.30%	10-Mar-2025	715	Simple	CRISIL AAA/Stable
INE296A07RC3	Debentures	1-Jul-2022	7.30%	10-Mar-2025	320	Simple	CRISIL AAA/Stable
INE296A07RD1	Debentures	28-Feb-2020	7.60%	11-Feb-2030	430	Simple	CRISIL AAA/Stable
INE296A07RJ8	Debentures	27-Aug-2020	7.25%	27-Aug-2030	50	Simple	CRISIL AAA/Stable
INE296A07RK6	Debentures	27-Aug-2020	6.00%	10-Sep-2024	85	Simple	CRISIL AAA/Stable
INE296A07RK6	Debentures	25-Aug-2022	6.00%	10-Sep-2024	500	Simple	CRISIL AAA/Stable
INE296A07RN0	Debentures	24-Dec-2020	6.92%	24-Dec-2030	93	Simple	CRISIL AAA/Stable
INE296A07RN0	Debentures	14-Jan-2021	6.92%	24-Dec-2030	97	Simple	CRISIL AAA/Stable
INE296A07RN0	Debentures	22-Jan-2021	6.92%	24-Dec-2030	26	Simple	CRISIL AAA/Stable
INE296A07RN0	Debentures	18-Feb-2021	6.92%	24-Dec-2030	36	Simple	CRISIL AAA/Stable
INE296A07RN0	Debentures	12-Mar-2021	6.92%	24-Dec-2030	20	Simple	CRISIL AAA/Stable
INE296A07RN0	Debentures	30-Mar-2021	6.92%	24-Dec-2030	115	Simple	CRISIL AAA/Stable
INE296A07RO8	Debentures	24-Dec-2020	6.00%	24-Dec-2025	166	Simple	CRISIL AAA/Stable
INE296A07RO8	Debentures	14-Jan-2021	6.00%	24-Dec-2025	125	Simple	CRISIL AAA/Stable
INE296A07RO8	Debentures	22-Jan-2021	6.00%	24-Dec-2025	70	Simple	CRISIL AAA/Stable
INE296A07RO8	Debentures	12-Mar-2021	6.00%	24-Dec-2025	10	Simple	CRISIL AAA/Stable
INE296A07RO8	Debentures	19-Jan-2023	6.00%	24-Dec-2025	310	Simple	CRISIL AAA/Stable
INE296A07SR9	Debentures	26-Dec-2023	8.10%	8-Jan-2027	425	Simple	CRISIL AAA/Stable
INE296A07SR9	Debentures	15-Jan-2024	8.10%	8-Jan-2027	1200	Simple	CRISIL AAA/Stable
INE296A07SS7	Debentures	15-Jan-2024	8.20%	15-Jan-2026	300	Simple	CRISIL AAA/Stable
INE296A07ST5	Debentures	23-Jan-2024	8.10%	23-Jan-2029	857.6	Simple	CRISIL AAA/Stable
INE296A07SU3	Debentures	8-Feb-2024	7.87%	8-Feb-2034	1387.3	Simple	CRISIL AAA/Stable
INE296A07SU3	Debentures	18-Mar-2024	7.87%	8-Feb-2034	500	Simple	CRISIL AAA/Stable
INE296A07SV1	Debentures	8-Feb-2024	7.82%	31-Jan-2034	400	Complex	CRISIL AAA/Stable
INE296A07SW9	Debentures	20-Feb-2024	7.92%	18-Feb-2033	856	Simple	CRISIL AAA/Stable
INE296A07SW9	Debentures	20-Feb-2024	7.92%	20-Feb-2032	856	Simple	CRISIL AAA/Stable
INE296A07SW9	Debentures	20-Feb-2024	7.92%	20-Feb-2034	2568	Simple	CRISIL AAA/Stable
INE296A07SX7	Debentures	22-Mar-2024	8.12%	10-May-2027	395	Simple	CRISIL AAA/Stable
INE296A07SX7	Debentures	2-May-2024	8.12%	10-May-2027	1035	Simple	CRISIL AAA/Stable
INE296A07SY5	Debentures	2-May-2024	7.93%	2-May-2034	328.5	Simple	CRISIL AAA/Stable
INE296A07SV1	Debentures	8-May-2024	7.82%	31-Jan-2034	7595	Simple	CRISIL AAA/Stable
INE296A07SZ2	Debentures	15-May-2024	8.06%	15-May-2029	1305	Simple	CRISIL AAA/Stable

INE296A07SZ2	Debentures	22-May-2024	8.06%	15-May-2029	500	Simple	CRISIL AAA/Stable
INE296A07TA3	Debentures	22-May-2024	8.10%	22-May-2026	500	Simple	CRISIL AAA/Stable
NA	Cash Credit & Working Capital Demand Loan	NA	NA	NA	2580	NA	CRISIL AAA/Stable
NA	Long Term Bank Facility	NA	NA	NA	11200	NA	CRISIL AAA/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	6720	NA	CRISIL AAA/Stable
NA	Short Term Bank Facility	NA	NA	NA	500	NA	CRISIL A1+
NA	Fixed Deposits Programme	NA	NA	NA	0	Simple	CRISIL AAA/Stable

^*Yet to be issued*

Annexure - Details of Rating Withdrawn

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity level	Rating outstanding with outlook
INE296A07RU5	Debentures	10-May-2021	5.65%	10-May-2024	1100	Simple	Withdrawn
INE296A07RU5	Debentures	16-Jun-2021	5.65%	10-May-2024	2050	Simple	Withdrawn

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Bajaj Finance Limited	Full	Parent
Bajaj Housing Finance Limited	Full	Subsidiary
Bajaj Financial Securities Limited	Full	Subsidiary

Annexure - Rating History for last 3 Years

	Current			2024 (History)		2023		2022		2021		Start of 2021
Instrument	**Type**	**Outstanding Amount**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Rating**
Fund Based Facilities	LT/ST	21000.0	CRISIL A1+ / CRISIL AAA/Stable	07-05-24	CRISIL A1+ / CRISIL AAA/Stable	22-12-23	CRISIL A1+ / CRISIL AAA/Stable	21-10-22	CRISIL A1+ / CRISIL AAA/Stable	22-09-21	CRISIL A1+ / CRISIL AAA/Stable	CRISIL A1+ / CRISIL AAA/Stable
			--	19-04-24	CRISIL A1+ / CRISIL AAA/Stable	23-11-23	CRISIL A1+ / CRISIL AAA/Stable	17-06-22	CRISIL A1+ / CRISIL AAA/Stable	13-07-21	CRISIL A1+ / CRISIL AAA/Stable	--
			--	28-03-24	CRISIL A1+ / CRISIL AAA/Stable	17-10-23	CRISIL A1+ / CRISIL AAA/Stable	06-04-22	CRISIL A1+ / CRISIL AAA/Stable	23-04-21	CRISIL A1+ / CRISIL AAA/Stable	--
			--		--	29-09-23	CRISIL A1+ / CRISIL AAA/Stable	01-03-22	CRISIL A1+ / CRISIL AAA/Stable	05-02-21	CRISIL A1+ / CRISIL AAA/Stable	--
			--		--	07-09-23	CRISIL A1+ / CRISIL AAA/Stable	15-02-22	CRISIL A1+ / CRISIL AAA/Stable		--	--
			--		--	12-07-23	CRISIL A1+ / CRISIL AAA/Stable	12-01-22	CRISIL A1+ / CRISIL AAA/Stable		--	--
			--		--	30-05-23	CRISIL A1+ / CRISIL AAA/Stable		--		--	--
			--		--	18-04-23	CRISIL A1+ / CRISIL AAA/Stable		--		--	--
			--		--	06-04-23	CRISIL A1+ / CRISIL AAA/Stable		--		--	--
			--		--	24-03-23	CRISIL A1+ / CRISIL AAA/Stable		--		--	--
			--		--	24-02-23	CRISIL A1+ / CRISIL AAA/Stable		--		--	--
			--		--	06-02-23	CRISIL A1+ / CRISIL AAA/Stable		--		--	--
Commercial Paper	ST	30000.0	CRISIL A1+	07-05-24	CRISIL A1+	22-12-23	CRISIL A1+	21-10-22	CRISIL A1+	22-09-21	CRISIL A1+	CRISIL A1+
			--	19-04-24	CRISIL A1+	23-11-23	CRISIL A1+	17-06-22	CRISIL A1+	13-07-21	CRISIL A1+	--
			--	28-03-24	CRISIL A1+	17-10-23	CRISIL A1+	06-04-22	CRISIL A1+	23-04-21	CRISIL A1+	--
			--		--	29-09-23	CRISIL A1+	01-03-22	CRISIL A1+	05-02-21	CRISIL A1+	--
			--		--	07-09-23	CRISIL A1+	15-02-22	CRISIL A1+		--	--
			--		--	12-07-23	CRISIL A1+	12-01-22	CRISIL A1+		--	--
			--		--	30-05-23	CRISIL A1+		--		--	--
			--		--	18-04-23	CRISIL A1+		--		--	--
			--		--	06-04-23	CRISIL A1+		--		--	--
			--		--	24-03-23	CRISIL A1+		--		--	--
			--		--	24-02-23	CRISIL A1+		--		--	--
			--		--	06-02-23	CRISIL A1+		--		--	--

Fixed Deposits	LT	0.0	CRISIL AAA/Stable	07-05-24	CRISIL AAA/Stable	22-12-23	CRISIL AAA/Stable	21-10-22	CRISIL AAA/Stable	22-09-21	F AAA/Stable	F AAA/Stable
			--	19-04-24	CRISIL AAA/Stable	23-11-23	CRISIL AAA/Stable	17-06-22	CRISIL AAA/Stable	13-07-21	F AAA/Stable	--
			--	28-03-24	CRISIL AAA/Stable	17-10-23	CRISIL AAA/Stable	06-04-22	F AAA/Stable	23-04-21	F AAA/Stable	--
			--		--	29-09-23	CRISIL AAA/Stable	01-03-22	F AAA/Stable	05-02-21	F AAA/Stable	--
			--		--	07-09-23	CRISIL AAA/Stable	15-02-22	F AAA/Stable		--	--
			--		--	12-07-23	CRISIL AAA/Stable	12-01-22	F AAA/Stable		--	--
			--		--	30-05-23	CRISIL AAA/Stable		--		--	--
			--		--	18-04-23	CRISIL AAA/Stable		--		--	--
			--		--	06-04-23	CRISIL AAA/Stable		--		--	--
			--		--	24-03-23	CRISIL AAA/Stable		--		--	--
			--		--	24-02-23	CRISIL AAA/Stable		--		--	--
			--		--	06-02-23	CRISIL AAA/Stable		--		--	--
Lower Tier II Bonds	LT	164.2	CRISIL AAA/Stable	07-05-24	CRISIL AAA/Stable	22-12-23	CRISIL AAA/Stable	21-10-22	CRISIL AAA/Stable	22-09-21	CRISIL AAA/Stable	CRISIL AAA/Stable
			--	19-04-24	CRISIL AAA/Stable	23-11-23	CRISIL AAA/Stable	17-06-22	CRISIL AAA/Stable	13-07-21	CRISIL AAA/Stable	--
			--	28-03-24	CRISIL AAA/Stable	17-10-23	CRISIL AAA/Stable	06-04-22	CRISIL AAA/Stable	23-04-21	CRISIL AAA/Stable	--
			--		--	29-09-23	CRISIL AAA/Stable	01-03-22	CRISIL AAA/Stable	05-02-21	CRISIL AAA/Stable	--
			--		--	07-09-23	CRISIL AAA/Stable	15-02-22	CRISIL AAA/Stable		--	--
			--		--	12-07-23	CRISIL AAA/Stable	12-01-22	CRISIL AAA/Stable		--	--
			--		--	30-05-23	CRISIL AAA/Stable		--		--	--
			--		--	18-04-23	CRISIL AAA/Stable		--		--	--
			--		--	06-04-23	CRISIL AAA/Stable		--		--	--
			--		--	24-03-23	CRISIL AAA/Stable		--		--	--
			--		--	24-02-23	CRISIL AAA/Stable		--		--	--
			--		--	06-02-23	CRISIL AAA/Stable		--		--	--
Non Convertible Debentures	LT	104132.3	CRISIL AAA/Stable	07-05-24	CRISIL AAA/Stable	22-12-23	CRISIL AAA/Stable	21-10-22	CRISIL AAA/Stable	22-09-21	CRISIL AAA/Stable	CRISIL AAA/Stable
			--	19-04-24	CRISIL AAA/Stable	23-11-23	CRISIL AAA/Stable	17-06-22	CRISIL AAA/Stable	13-07-21	CRISIL AAA/Stable	--
			--	28-03-24	CRISIL AAA/Stable	17-10-23	CRISIL AAA/Stable	06-04-22	CRISIL AAA/Stable	23-04-21	CRISIL AAA/Stable	--
			--		--	29-09-23	CRISIL AAA/Stable	01-03-22	CRISIL AAA/Stable	05-02-21	CRISIL AAA/Stable	--
			--		--	07-09-23	CRISIL AAA/Stable	15-02-22	CRISIL AAA/Stable		--	--
			--		--	12-07-23	CRISIL AAA/Stable	12-01-22	CRISIL AAA/Stable		--	--
			--		--	30-05-23	CRISIL AAA/Stable		--		--	--
			--		--	18-04-23	CRISIL AAA/Stable		--		--	--
			--		--	06-04-23	CRISIL AAA/Stable		--		--	--
			--		--	24-03-23	CRISIL AAA/Stable		--		--	--
			--		--	24-02-23	CRISIL AAA/Stable		--		--	--

			--		--	06-02-23	CRISIL AAA/Stable		--		--	--
Subordinated Debt	LT	2321.3	CRISIL AAA/Stable	07-05-24	CRISIL AAA/Stable	22-12-23	CRISIL AAA/Stable	21-10-22	CRISIL AAA/Stable	22-09-21	CRISIL AAA/Stable	CRISIL AAA/Stable
			--	19-04-24	CRISIL AAA/Stable	23-11-23	CRISIL AAA/Stable	17-06-22	CRISIL AAA/Stable	13-07-21	CRISIL AAA/Stable	--
			--	28-03-24	CRISIL AAA/Stable	17-10-23	CRISIL AAA/Stable	06-04-22	CRISIL AAA/Stable	23-04-21	CRISIL AAA/Stable	--
			--		--	29-09-23	CRISIL AAA/Stable	01-03-22	CRISIL AAA/Stable	05-02-21	CRISIL AAA/Stable	--
			--		--	07-09-23	CRISIL AAA/Stable	15-02-22	CRISIL AAA/Stable		--	--
			--		--	12-07-23	CRISIL AAA/Stable	12-01-22	CRISIL AAA/Stable		--	--
			--		--	30-05-23	CRISIL AAA/Stable		--		--	--
			--		--	18-04-23	CRISIL AAA/Stable		--		--	--
			--		--	06-04-23	CRISIL AAA/Stable		--		--	--
			--		--	24-03-23	CRISIL AAA/Stable		--		--	--
			--		--	24-02-23	CRISIL AAA/Stable		--		--	--
			--		--	06-02-23	CRISIL AAA/Stable		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit & Working Capital Demand Loan	**390**	**Bank of India**	**CRISIL AAA/Stable**
Cash Credit & Working Capital Demand Loan	**350**	**IDBI Bank Limited**	**CRISIL AAA/Stable**
Cash Credit & Working Capital Demand Loan	**1000**	**State Bank of India**	**CRISIL AAA/Stable**
Cash Credit & Working Capital Demand Loan	**390**	**Canara Bank**	**CRISIL AAA/Stable**
Cash Credit & Working Capital Demand Loan	**450**	**HDFC Bank Limited**	**CRISIL AAA/Stable**
Long Term Bank Facility	**500**	**IDBI Bank Limited**	**CRISIL AAA/Stable**
Long Term Bank Facility	**3000**	**HDFC Bank Limited**	**CRISIL AAA/Stable**
Long Term Bank Facility	**500**	**HDFC Bank Limited**	**CRISIL AAA/Stable**
Long Term Bank Facility	**700**	**HDFC Bank Limited**	**CRISIL AAA/Stable**
Long Term Bank Facility	**6500**	**State Bank of India**	**CRISIL AAA/Stable**
Proposed Long Term Bank Loan Facility	**6720**	**Not Applicable**	**CRISIL AAA/Stable**
Short Term Bank Facility	**250**	**ICICI Bank Limited**	**CRISIL A1+**
Short Term Bank Facility	**250**	**ICICI Bank Limited**	**CRISIL A1+**

Criteria Details

Links to related criteria
Rating Criteria for Finance Companies
CRISILs Bank Loan Ratings - process, scale and default recognition
CRISILs criteria for rating fixed deposit programmes
Rating criteria for hybrid debt instruments of NBFCs/HFCs
CRISILs Criteria for rating short term debt
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support
CRISILs Criteria for Consolidation

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Mr. Anand Bagri
Head Treasury,
Bajaj Finance Limited
3rd Floor, Panchshil Tech Park,
Viman Nagar,
Pune - 411014

May 17, 2024

Dear Sir/Madam,

Re: Rating Letter for BLR of Bajaj Finance Limited

India Ratings and Research (Ind-Ra) has taken the following rating actions on Bajaj Finance Limited (BFL) and its debt instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/ Watch	Rating Action
Issuer rating	-	-	-	-	IND AAA/Stable	Affirmed
Non-convertible debentures (NCDs)*	-	-	-	INR2,50,000	IND AAA/Stable	Assigned
NCDs*	-	-	-	INR4,67,668	IND AAA/Stable	Affirmed
Unsecured subordinated debt*	-	-	-	INR20,000	IND AAA/Stable	Affirmed
Long-term/short term bank loans	-	-	-	INR600,000	IND AAA/Stable/IND A1+	Affirmed

*Details in Annexure

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

K Gupta

Karan Gupta
Director

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Term Loan	Axis Bank Limited	IND AAA/Stable	10000.00
Term Loan	Bandhan Bank	IND AAA/Stable	5000.00
Term Loan	Bank of America	IND AAA/Stable	8000.00
Term Loan	Bank of Baroda	IND AAA/Stable	70000.00
Term Loan	Bank of India	IND AAA/Stable	15000.00
Term Loan	Barclays Bank	IND A1+	5.00
Term Loan	Canara Bank	IND AAA/Stable	29000.00
Term Loan	Central Bank of India	IND AAA/Stable	5000.00
Term Loan	CTBC Bank	IND AAA/Stable	1000.00
Term Loan	Federal Bank	IND AAA/Stable	12500.00
Term Loan	HDFC Bank Limited	IND AAA/Stable	30000.00
Term Loan	Hongkong Shanghai Banking corporation	IND AAA/Stable	1000.00
Term Loan	Hongkong Shanghai Banking corporation	IND A1+	500.00
Term Loan	ICICI Bank	IND AAA/Stable	17500.00
Term Loan	Indian Bank	IND AAA/Stable	10000.00
Term Loan	IndusInd Bank Limited	IND AAA/Stable	9500.00
Term Loan	Jammu and Kashmir Bank	IND AAA/Stable	6500.00
Term Loan	Karnataka Bank Ltd	IND AAA/Stable	2500.00
Term Loan	KEB Hana Bank	IND AAA/Stable	1000.00
Term Loan	Axis Bank Limited	IND AAA/Stable	2000.00
Term Loan	Kookmin Bank	IND AAA/Stable	700.00
Term Loan	Kotak Mahindra Bank	IND AAA/Stable	1000.00
Term Loan	Kotak Mahindra Bank	IND AAA/Stable	8000.00
Term Loan	IndusInd Bank Limited	IND AAA/Stable	2500.00
Term Loan	Bank of Baroda	IND AAA/Stable	2000.00
Term Loan	Yes Bank Ltd	IND AAA/Stable	1000.00
Term Loan	Central Bank of India	IND AAA/Stable	2010.00
Term Loan	Citibank N.A.	IND AAA/Stable	10.00
Term Loan	Punjab National Bank	IND AAA/Stable	55000.00
Term Loan	Punjab National Bank	IND A1+	5000.00
Term Loan	RBL Bank	Stable/IND A1+	7000.00
Term Loan	SIDBI	IND AAA/Stable	73500.00
Term Loan	South Indian Bank	IND AAA/Stable	2000.00
Term Loan	Standard Chartered bank	IND A1+	100.00
Term Loan	Syndicate Bank	IND AAA/Stable	5000.00

Term Loan	Union Bank of India	IND AAA/Stable	30000.00
Term Loan	Union Bank of India	IND A1+	5000.00
Term Loan	Yes Bank Ltd	IND AAA/Stable	2500.00
Term Loan	Bandhan Bank	IND AAA/Stable	5.00
Term Loan	State Bank of India	IND AAA/Stable	20372.50
Term Loan	UCO Bank	IND AAA/Stable	5000.00
Term Loan	NA	IND AAA/Stable/IND A1+	136297.50

Annexure: ISIN

Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Ratings	Outstanding/Rated Amount(INR million)
Unsecured Subordinated Debt	INE296A08771	15/07/2016	8.85	15/07/2026	IND AAA/Stable	INR4,900
Unsecured Subordinated Debt	INE296A08789	21/07/2016	8.85	21/07/2026	IND AAA/Stable	INR4,800
Unsecured Subordinated Debt	INE296A08797	16/08/2016	8.75	14/08/2026	IND AAA/Stable	INR4,850
Unsecured Subordinated Debt	INE296A08805	29/09/2016	8.45	29/09/2026	IND AAA/Stable	INR5,000
Unutilised Unsecured Subordinated Debt					IND AAA/Stable	INR450
Non-Convertible Debenture	INE296A07KJ3	23/03/2016	8.9	23/03/2026	IND AAA/Stable	INR1,350
Non-Convertible Debenture	INE296A07KU0	30/03/2016	8.8	30/03/2026	IND AAA/Stable	INR50
Non-Convertible Debenture	INE296A07KD6	18/03/2016	8.9	18/03/2026	IND AAA/Stable	INR280
Non-Convertible Debenture	INE296A07KW6	31/03/2016	8.8	31/03/2026	IND AAA/Stable	INR30
Non-Convertible Debenture	INE296A07LG7	04/07/2016	8.65	03/07/2026	IND AAA/Stable	INR475
Non-Convertible Debenture	INE296A07MO9	23/09/2016	8.05	23/09/2026	IND AAA/Stable	INR100
Non-Convertible Debenture	INE296A08870	04/10/2016	8.06	04/10/2029	IND AAA/Stable	INR3,650
Non-Convertible Debenture	INE296A07PY1	01/06/2017	8.05	31/05/2024	IND AAA/Stable	INR10,000
Non-Convertible Debenture	INE296A07QD3	10/10/2017	7.46	18/11/2024	IND AAA/Stable	INR10,000
Non-Convertible Debenture	INE296A07QS1	09/01/2019	8.95	08/01/2026	IND AAA/Stable	INR14,950
Non-Convertible Debenture	INE296A07QY9	14/11/2019	7.66	09/12/2024	IND AAA/Stable	INR2,350
Non-Convertible Debenture	INE296A07QZ6	28/01/2020	7.65	07/02/2025	IND AAA/Stable	INR8,500
Non-Convertible Debenture	INE296A07RA7	28/01/2020	7.9	10/01/2030	IND AAA/Stable	INR1,600

Non-Convertible Debenture	INE296A07RC3	20/02/2020	7.3	10/03/2025	IND AAA/Stable	INR7,150
Non-Convertible Debenture	INE296A07RC3	01/07/2022	7.3	10/03/2025	IND AAA/Stable	INR3,200
Non-Convertible Debenture	INE296A07RD1	28/02/2020	7.6	11/02/2030	IND AAA/Stable	INR4,300
Non-Convertible Debenture	INE296A07RJ8	27/08/2020	7.25	27/08/2030	IND AAA/Stable	INR500
Non-Convertible Debenture	INE296A07RK6	27/08/2020	6	10/09/2024	IND AAA/Stable	INR850
Non-Convertible Debenture	INE296A07RN0	24/12/2020	6.92	24/12/2030	IND AAA/Stable	INR930
Non-Convertible Debenture	INE296A07RO8	24/12/2020	6	24/12/2025	IND AAA/Stable	INR1,660
Non-Convertible Debenture	INE296A07RO8	14/01/2021	6	24/12/2025	IND AAA/Stable	INR1,250
Non-Convertible Debenture	INE296A07RO8	22/01/2021	6	24/12/2025	IND AAA/Stable	INR700
Non-Convertible Debenture	INE296A07RN0	14/01/2021	6.92	24/12/2030	IND AAA/Stable	INR970
Non-Convertible Debenture	INE296A07RN0	22/01/2021	6.92	24/12/2030	IND AAA/Stable	INR260
Non-Convertible Debenture	INE296A07RN0	18/02/2021	6.92	24/12/2030	IND AAA/Stable	INR360
Non-Convertible Debenture	INE296A07RN0	12/03/2021	6.92	24/12/2030	IND AAA/Stable	INR200
Non-Convertible Debenture	INE296A07RO8	12/03/2021	6	24/12/2025	IND AAA/Stable	INR100
Non-Convertible Debenture	INE296A07RN0	30/03/2021	6.92	24/12/2030	IND AAA/Stable	INR1,150
Non-Convertible Debenture	INE296A07RS9	19/04/2021	7.02	18/04/2031	IND AAA/Stable	INR1,160
Non-Convertible Debenture	INE296A07RS9	16/06/2021	7.02	18/04/2031	IND AAA/Stable	INR400
Non-Convertible Debenture	INE296A07RS9	23/07/2021	7.02	18/04/2031	IND AAA/Stable	INR310
Non-Convertible Debenture	INE296A07RS9	13/09/2021	7.02	18/04/2031	IND AAA/Stable	INR1,250
Non-Convertible Debenture	INE296A07RS9	24/09/2021	7.02	18/04/2031	IND AAA/Stable	INR21,710
Non-Convertible Debenture	INE296A07RW1	02/12/2021	7.15	02/12/2031	IND AAA/Stable	INR7,500
Non-Convertible Debenture	INE296A07RW1	30/12/2021	7.15	02/12/2031	IND AAA/Stable	INR1,805
Non-Convertible Debenture	INE296A07RW1	18/02/2022	7.15	02/12/2031	IND AAA/Stable	INR2,200
Non-Convertible Debenture	INE296A07RZ4	07/06/2022	7.7	07/06/2027	IND AAA/Stable	INR5,000
Non-Convertible Debenture	INE296A07RZ4	01/07/2022	7.7	07/06/2027	IND AAA/Stable	INR10,810

Non-Convertible Debenture	INE296A07SC1	25/08/2022	7.6	25/08/2027	IND AAA/Stable	INR6,500
Non-Convertible Debenture	INE296A07RK6	25/08/2022	6	10/09/2024	IND AAA/Stable	INR5,000
Non-Convertible Debenture	INE296A07SD9	08/09/2022	7.82	08/09/2032	IND AAA/Stable	INR3,270
Non-Convertible Debenture	INE296A07SC1	08/09/2022	7.6	25/08/2027	IND AAA/Stable	INR2,700
Non-Convertible Debenture	INE296A07SE7	25/10/2022	7.95	25/10/2027	IND AAA/Stable	INR6,100
Non-Convertible Debenture	INE296A07RO8	19/01/2023	6	24/12/2025	IND AAA/Stable	INR3,100
Non-Convertible Debenture	INE296A07SG2	19/01/2023	7.88	19/01/2028	IND AAA/Stable	INR8,565
Non-Convertible Debenture	INE296A07SH0	21/03/2023	8.08	21/03/2033	IND AAA/Stable	INR49,600
Non-Convertible Debenture	INE296A07SI8	13/04/2023	7.9	13/04/2028	IND AAA/Stable	INR7,600
Non-Convertible Debenture	INE296A07SI8	03/05/2023	7.9	13/04/2028	IND AAA/Stable	INR10,950
Non-Convertible Debenture	INE296A07SL2	16/05/2023	7.75	16/05/2033	IND AAA/Stable	INR20,750
Non-Convertible Debenture	INE296A07SI8	23/05/2023	7.9	13/04/2028	IND AAA/Stable	INR11,550
Non-Convertible Debenture	INE296A07SM0	23/05/2023	7.72	23/05/2033	IND AAA/Stable	INR5,000
Non-Convertible Debenture	INE296A07SN8	07/06/2023	7.73	07/06/2028	IND AAA/Stable	INR5,000
Non-Convertible Debenture	INE296A07SM0	07/06/2023	7.72	23/05/2033	IND AAA/Stable	INR5,750
Non-Convertible Debenture	INE296A07SM0	21/08/2023	7.72	23/05/2033	IND AAA/Stable	INR3,000
Non-Convertible Debenture	INE296A07SO6	11/09/2023	7.85	11/09/2028	IND AAA/Stable	INR11,950
Non-Convertible Debenture	INE296A07SP3	20/09/2023	7.79	20/09/2033	IND AAA/Stable	INR5,000
Non-Convertible Debenture	INE296A07SQ1	17/10/2023	8	17/10/2028	IND AAA/Stable	INR22,360
Non-Convertible Debenture	INE296A07SP3*	21/11/2023	7.79	20/09/2033	IND AAA/Stable	INR5,000
Non-Convertible Debenture	INE296A07ST5	23/01/2024	8.1	23/01/2029	IND AAA/Stable	INR8,576
Non-Convertible Debenture	INE296A07SU3	08/02/2024	7.87	08/02/2034	IND AAA/Stable	INR13,873
Non-Convertible Debenture	INE296A07SV1	08/02/2024	7.82	31/01/2034	IND AAA/Stable	INR4,000
Non-Convertible Debenture	INE296A07SU3	18/03/2024	7.87	08/02/2034	IND AAA/Stable	INR 5,000
Non-Convertible Debenture	INE296A07SY5	02/05/2024	7.93	02/05/2034	IND	INR 3,285

					AAA/Stable	
Non-Convertible Debenture	INE296A07SV1	08/05/2024	7.82	31/01/2034	IND AAA/Stable	INR 75,950
Non-Convertible Debenture	INE296A07SZ2	15/05/2024	8.06	15/05/2029	IND AAA/Stable	INR 13,050
Unutilised Non-Convertible Debenture					IND AAA/Stable	INR2,66,129
*ISIN – IN8296A07186 changed to INE296A07SP3						

India Ratings and Research (Ind-Ra) has taken the following rating actions on Bajaj Finance Limited (BFL) and its debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/ Watch	Rating Action
Issuer rating	-	-	-	-	IND AAA/Stable	Affirmed
Non-convertible debentures (NCDs)*	-	-	-	INR2,50,000	IND AAA/Stable	Assigned
NCDs*	-	-	-	INR4,67,668	IND AAA/Stable	Affirmed
Unsecured subordinated debt*	-	-	-	INR20,000	IND AAA/Stable	Affirmed
Long-term/short term bank loans	-	-	-	INR600,000	IND AAA/Stable/IND A1+	Affirmed

*Details in Annexure

Analytical Approach

BFL's ratings continue to be driven by Ind-Ra's expectation of support from its ultimate parent, Bajaj Holdings & Investment Limited, in an unlikely event that BFL requires support in an extraordinary situation. Ind-Ra continues to fully consolidated BFL's wholly owned subsidiaries – Bajaj Housing Finance Limited (IND AAA/Stable) and Bajaj Financial Securities Limited (CP rated at IND A1+) – for the rating review.

Detailed Rationale of the Rating Action

The ratings reflect BFL's strong leadership position in retail financing and it has created strong entry barriers in segment such as consumer durable financing. Furthermore, BFL belongs to the Bajaj group and can get financial support from the group, if required. The ratings also factor in the company's ability to manage various business cycles consistently while maintaining adequate profitability and managing the risk return trade-off in its various product segments. BFL's funding is well diversified and capital buffers are adequate. Further, it has demonstrated the ability to raise capital required to grow the franchisee.

List of Key Rating Drivers

- Asset quality remains monitorable given substantial unsecured exposure

Detailed Description of Key Rating Drivers

Group Support: Bajaj Holdings and Investment Limited (BHIL) held a 39.1% equity in Bajaj Finserv Limited, which held a 51.3% equity in BFL, and a 34.2% equity in Bajaj Auto Limited (BAL), as of March 31, 2024. BFL is core to the Bajaj group given the robust profitability generated by the company and contribution to the overall group's profitability. Furthermore, it also enjoys a leadership position in the consumer financing market and hence adds to the franchisee value of the Bajaj group. Bajaj Housing Finance will have to be listed by September 2025 (being an upper layer NBFC) which could further increase the franchisee value. Ind-Ra opines that the group's liquidity is strong enough to cater to the liquidity needs of BFL, if required, although it is unlikely that such support would ever be required. Furthermore, both BHIL and Bajaj Finserv do not have any debt obligations of their own. BAL has incorporated a new company, Bajaj Auto Consumer Finance Limited, in December 2021 to provide finance for the vehicles manufactured by BAL. However, this business would shift in around the next 1-1.5 years. Till that time, BFL would continue to be the major financier along with other financiers of BAL vehicles. Even after the business shift, BFL will continue to finance BAL's vehicles along with those of other original equipment manufacturers (OEMs). Ind-Ra will monitor the developments on this front and assess the proportion of BAL's sales financed by BFL and Bajaj Auto Consumer Finance.

BAL has a robust business profile, with zero leverage, and is the primary source of dividend income for BHIL.

BFL's standalone profile remains strong. It continues to hold a leadership position in consumer durable financing and robust franchise in its other businesses. BFL had a vast network of 1,569 urban branches, and 2,576 rural branches and franchisees as of March 2024. It also had established its franchisee by building a base of 83.6 million customers as of March 2024, which can be tapped for business growth. The loan book is largely granular and diversified with a strong presence of cross-sell distribution. The risk-return trade-off in BFL's business model is favorable, given the adequate operating profit buffers due to its ability to manage risk and a strong grip on asset quality.

Strong Positioning in Retail Financing; Diversified Bouquet of Products: In consumer durable financing (around 10% of its consolidated assets under management (AUM)), BFL holds over 65% market share in financed sales in over 91,000 consumer retail stores in which it operates. The company's retail store penetration has increased over the years and the total customer base expanded at a CAGR of around 23% over FY17-FY24. The customer base grew 21% yoy in FY24.

Ind-Ra believes BFL's strong presence in the consumer durable financing business and its operational excellence have created entry barriers in this segment, although private banks are increasingly targeting to increase their presence in the segment. This customer base is also tapped for cross-selling opportunities with the help of the analytics, resulting in maintaining the wallet share. BFL's growth continues to benefit from its increasing financing penetration into consumer durable sales, an established network of branches and dealer locations, as well as its expanding reach.

BFL is also an established player in the unsecured personal, business and professional loan segment. Personal loan is a cross-sell product, which it extends to existing consumer durable customers who are credit tested. Besides, BFL offers salaried personal loans and loans to businesses and professionals. It has developed an underwriting expertise to offer unsecured loans, a higher-yielding product pushing up margins. In November 2023, the Reserve Bank of India (RBI) had directed BFL to stop sanction and disbursal of loans under two products namely eCOM and Insta EMI Card with immediate effect, particularly with respect to the non-issuance of key fact statements to the borrowers under these two lending products and the deficiencies in the key fact statements. However, the ban has been recently lifted by the regulator allowing the company to resume business

with most large banks. The bank funding forms around 30% of the total funding with an increasing proportion of external benchmark-linked (repo and T-bill linked) funds. Capital market instruments are subscribed by big corporates, insurance companies, provident funds and mutual funds. The company has a deposit-taking license and the share of deposits in the funding mix that increased to 21% at end-March 2024 from 8% at FYE17, lending granularity to the funding mix. BFL has been able to raise funds at competitive rates from banks and capital markets.

Softening of Credit Cost: BFL's credit cost increased due to the COVID-19 pandemic-related disruption as certain segments such as auto finance, personal loans and rural portfolio showed elevated stress. The credit cost increased to 4.1% in FY21; however, it softened to 2.8% during FY22 and further to 1.6% in FY24 as these segments showed correction in delinquencies. On a consolidated basis, stage 3 stood at 0.85% as of March 2024 (FY23: 0.9%; FY22: 1.6%). Softer delinquencies were corrected due to an improvement in bounce rates. There is no overhang of restructured assets on the asset quality. The overall provision coverage ratio on the portfolio stood at 1.5% with stage 3 coverage at 57% as of March 2024. Ind-Ra opines that even under a stress case scenario, which assumes a spike in delinquencies and credit cost, the buffers are adequate to absorb the stress.

Strong Operational Metrics: BFL has been earning robust net interest margin of above 9% since inception, led by a high-yielding loan portfolio (16%-17%) and competitive cost of funds. In FY23, the cost of funding remained steady, due to a higher proportion (70%) of fixed-rate borrowing. Bank loans are linked to MCLR and external benchmark; however, the MCLR movement was not as fast as the repo rate and a substantial stock of borrowings saw interest rate reset in March 2023. The cost of funding increased in FY24 leading to marginal compression in margins. The operating cost has reduced in FY24 due to considerable increase in the scale of operations due to the benefit of operating leverage. BFL plans to extract operating leverage by digitalisation so that the cost does not grow linearly with the AUM. BFL plans to invest in the technology infrastructure for superior and seamless customer experience, which can increase the number of transactions and volume. BFL's ability to manage credit cost and drive down operating cost on a sustainable basis will be critical in further improving the profitability matrix.

Healthy Capital Buffers: BFL's consolidated AUM grew 34% yoy in FY24, however, the leverage was stable at 3.9x at FYE24 (FY23: 4.1x, FY22: 3.9x) due to raising of substantial amount of equity capital in November 2023. The RBI circular that has increased the risk weight on unsecured consumer loans had an impact on the Tier I capital of BFL; however, BFL raised INR91 billion of equity capital through the qualified institutional placement and warrants route in November 2023, which compensated for the impact on Tier I. Based on Ind-Ra's stress case analysis, which assumes pressure on the margins, a rise in the operating cost and a 2.0x increase in the credit cost, the capital buffers are reasonable.

Asset Quality Remains Monitorable Given Substantial Unsecured Exposure: On a consolidated basis, more than one-third of BFL's portfolio is exposed to unsecured consumer credit comprising personal loans and consumer durable loans. These being unsecured in nature can lead to higher credit losses for the portfolio. However, BFL has been able to manage asset quality of this book across multiple cycles and the risk return trade-off has been favorable. Having said that, delinquencies in this segment could be more volatile, and hence, remains a key monitorable.

Liquidity

Adequate: At end-March 2024, BFL's asset liability profile, on a behavioral basis, was well-matched with around 45% of its advances (INR1,142 billion) flowing back in the one-year bucket, as against 43% of borrowings (around INR983 billion) maturing in the same period. There is adequate surplus across all buckets. The prepayment assumptions built in the asset-liability management are based on the past six months of the repayment track record. Even under Ind-Ra's stress case, which assumes

Negative: A rating change, if any, will depend on a reduction in BFL's importance to the Bajaj group as it has business synergies with other group entities and supports the group's automotive sales. Any significant decline in the ownership or a lack of support from the group, if required by BFL during a high-stress scenario, will be negative for BFL's ratings. Also, a significant rise in the leverage such that the Tier I capital stays at or below 15%, on a sustained basis, could be negative for ratings. A significant deterioration in BFL's post-provision asset quality, profitability or sustained deterioration in its liquidity situation can be negative for BFL's ratings.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on BFL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

BFL is a deposit-taking non-banking financial company and is the finance lending arm of the Bajaj group. It is a diversified finance company with exposure to various segments such as auto loans, consumer durables loans, personal loans, home loans, loan against property, unsecured loans to small and medium enterprises, loan against shares, vendor finance. The company has a pan-India reach through 1,569 urban branches and 2,576 rural branches. BFL's total AUM stood at INR3,306 billion at end-March 2024.

KEY FINANCIAL INDICATORS - CONSOLIDATED

Particulars	FY24	FY23
Total assets (INR billion)	3,738	2,736
Total equity (INR billion)	748	527
Net income (INR billion)	144	115
Return on average asset (%)	4.5	4.7
Return on average equity (%)	22.7	24.2
Equity/assets (%)	20.0	19.3
Tier I (%)	21.5	23.2
Source: BFL, figures have been calculated as per Ind-Ra's methodology		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

			A1+	D A1+	D A1+	D A1+	D A1+	D A1+	D A1+	D A1+	D A1+	D A1+	D A1+
Non-convertible debentures	Long-term	INR717,668	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable

Bank wise Facilities Details

Click here to see the details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Long-term/short-term bank loans	Low
Non-convertible debentures	Low
Subordinated debt	Moderate

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

CORRECTION IN PREVIOUS RATING ACTION COMMENTARY

Ind-Ra adds the companies considered for the consolidated view under Analytical Approach for the rating action commentary published on 28 March 2024.

Annexure

Unsecured Subordinated Debt

ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
INE296A08771	15 July 2016	8.85	15 July 2026	INR4,900	IND AAA/Stable
INE296A08789	21 July 2016	8.85	21 July 2026	INR4,800	IND AAA/Stable
INE296A08797	16 August 2016	8.75	14 August 2026	INR4,850	IND AAA/Stable
INE296A08805	29 September 2016	8.45	29 September 2026	INR5,000	IND AAA/Stable
Utilised				**INR19,550**	
Unutilised				INR450	
Total				**INR20,000**	

Non-convertible Debentures

ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
INE296A07KJ3	23 March 2016	8.90	23 March 2026	INR1,350	IND AAA/Stable
INE296A07KU0	30 March 2016	8.80	30 March 2026	INR50	IND AAA/Stable
INE296A07KD6	18 March 2016	8.90	18 March 2026	INR280	IND AAA/Stable
INE296A07KW6	31 March 2016	8.80	31 March 2026	INR30	IND AAA/Stable
INE296A07LG7	4 July 2016	8.65	3 July 2026	INR475	IND AAA/Stable
INE296A07MO9	23 September 2016	8.05	23 September 2026	INR100	IND AAA/Stable

INE296A07RO8	24 December 2020	6.00	24 December 2025	INR1,660	IND AAA/Stable
INE296A07RO8	14 January 2021	6.00	24 December 2025	INR1,250	IND AAA/Stable
INE296A07RO8	22 January 2021	6.00	24 December 2025	INR700	IND AAA/Stable
INE296A07RN0	14 January 2021	6.92	24 December 2030	INR970	IND AAA/Stable
INE296A07RN0	22 January 2021	6.92	24 December 2030	INR260	IND AAA/Stable
INE296A07RN0	18 February 2021	6.92	24 December 2030	INR360	IND AAA/Stable
INE296A07RN0	12 March 2021	6.92	24 December 2030	INR200	IND AAA/Stable
INE296A07RO8	12 March 2021	6.00	24 December 2025	INR100	IND AAA/Stable
INE296A07RN0	30 March 2021	6.92	24 December 2030	INR1,150	IND AAA/Stable
INE296A07RS9	19 April 2021	7.02	18 April 2031	INR1,160	IND AAA/Stable
INE296A07RS9	16 June 2021	7.02	18 April 2031	INR400	IND AAA/Stable
INE296A07RS9	23 July 2021	7.02	18 April 2031	INR310	IND AAA/Stable
INE296A07RS9	13 September 2021	7.02	18 April 2031	INR1,250	IND AAA/Stable
INE296A07RS9	24 September 2021	7.02	18 April 2031	INR21,710	IND AAA/Stable
INE296A07RW1	2 December 2021	7.15	2 December 2031	INR7,500	IND AAA/Stable
INE296A07RW1	30 December 2021	7.15	2 December 2031	INR1,805	IND AAA/Stable
INE296A07RW1	18 February 2022	7.15	2 December 2031	INR2,200	IND AAA/Stable
INE296A07RZ4	7 June 2022	7.70	7 June 2027	INR5,000	IND AAA/Stable
INE296A07RZ4	1 July 2022	7.7	7 June 2027	INR10,810	IND AAA/Stable
INE296A07SC1	25 August 2022	7.60	25 August 2027	INR6,500	IND AAA/Stable
INE296A07RK6	25 August 2022	6.0	10 September 2024	INR5,000	IND AAA/Stable
INE296A07SD9	8 September 2022	7.82	8 September 2032	INR3,270	IND AAA/Stable
INE296A07SC1	8 September 2022	7.6	25 August 2027	INR2,700	IND AAA/Stable
INE296A07SE7	25 October 2022	7.95	25 October 2027	INR6,100	IND AAA/Stable
INE296A07RO8	19 January 2023	6.00	24 December 2025	INR3,100	IND AAA/Stable
INE296A07SG2	19 January 2023	7.88	19 January 2028	INR8,565	IND AAA/Stable
INE296A07SH0	21 March 2023	8.08	21 March 2033	INR49,600	IND AAA/Stable
INE296A07SI8	13 April 2023	7.90	13 April 2028	INR7,600	IND AAA/Stable
INE296A07SI8	3 May 2023	7.9	13 April 2028	INR10,950	IND AAA/Stable
INE296A07SL2	16 May 2023	7.75	16 May 2033	INR20,750	IND AAA/Stable
INE296A07SI8	23 May 2023	7.9	13 April 2028	INR11,550	IND AAA/Stable
INE296A07SM0	23 May 2023	7.72	23 May 2033	INR5,000	IND AAA/Stable
INE296A07SN8	7 June 2023	7.73	7 June 2028	INR5,000	IND AAA/Stable
INE296A07SM0	7 June 2023	7.72	23 May 2033	INR5,750	IND AAA/Stable
INE296A07SM0	21 August 2023	7.72	23 May 2033	INR3,000	IND AAA/Stable
INE296A07SO6	11 September 2023	7.85	11 September 2028	INR11,950	IND AAA/Stable
INE296A07SP3	20 September 2023	7.79	20 September 2033	INR5,000	IND AAA/Stable
INE296A07SQ1	17 October 2023	8.00	17 October 2028	INR22,360	IND AAA/Stable
INE296A07SP3*	21 November 2023	7.79	20 September 2033	INR5,000	IND AAA/Stable
INE296A07ST5	23 January 2024	8.1	23 January 2029	INR8,576	IND AAA/Stable
INE296A07SU3	8 February 2024	7.87	8 February 2034	INR13,873	IND AAA/Stable
INE296A07SV1	8 February 2024	7.82	31 January 2034	INR4,000	IND AAA/Stable
INE296A07SU3	18 March 2024	7.87	8 February 2034	INR 5,000	IND AAA/Stable
INE296A07SY5	2 May 2024	7.93	2 May 2034	INR 3,285	IND AAA/Stable
INE296A07SV1	8 May 2024	7.82	31 January 2034	INR 75,950	IND AAA/Stable

Rating of Financial Institutions Legacy Hybrids and Sub-Debt

Non-Bank Finance Companies Criteria

Evaluating Corporate Governance

The Rating Process

Financial Institutions Rating Criteria

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