

26 June 2023

THE MANAGER, BSE LIMITED DCS - CRD PHIROZE JEEJEEBHOY TOWERS DALAL STREET, MUMBAI - 400 001	THE MANAGER, LISTING DEPARTMENT NATIONAL STOCK EXCHANGE OF INDIA LTD. EXCHANGE PLAZA, C-1. BLOCK G, BANDRA - KURLA COMPLEX, BANDRA (EAST) MUMBAI - 400 051
SCRIP CODE: 500034	SCRIP CODE: BAJFINANCE - EQ

Sir/Madam,

Sub: Intimation of upgrade in credit rating pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We wish to inform that S&P Global Ratings vide their report dated 26 June 2023, have upgraded the credit rating of the Company as under:

Sr. No.	Particulars	From	To
1.	Long Term Issuer Credit Rating	BB+/Positive	BBB-/Stable
2.	Short Term Issuer Credit Rating	B	A-3

Attached herewith is the relevant extract of the report for your reference.

Thanking you,

Yours faithfully,

For **Bajaj Finance Limited**

R Vijay

Company Secretary

Email ID: investor.service@bajajfinserv.in

CC: Catalyst Trusteeship Limited (Debenture Trustee, Pune)

BAJAJ FINANCE LIMITED

www.bajajfinserv.in/corporate-bajaj-finance

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Registered Office: C/o Bajaj Auto Limited complex, Mumbai - Pune Road, Akurdi, Pune - 411 035, Maharashtra, India

Corporate ID No.: L65910MH1987PLCO42961



Four Indian Financial Institutions Upgraded On Improving Economic Conditions; BICRA Revised Up To Group '5'

June 26, 2023

- A strong recovery is underway in the Indian financial sector. The banking system has unwound imbalances and sharply reduced the high stock of problem assets accumulated during the previous downturn. We expect the system to maintain this good performance.
- We believe asset quality will continue to strengthen, benefiting from structural improvements in the operating environment and India's good economic prospects.
- These changes will boost the resilience of Indian financial institutions to future downturns. We revised upward our Banking Industry Country Risk Assessment (BICRA) for India to group '5' from group '6'.
- We raised our long-term issuer credit ratings on Union Bank of India, Bajaj Finance Ltd., Shriram Finance Ltd., and Hero FinCorp Ltd. We affirmed the ratings on the other eight Indian financial institutions we rate.
- We have revised upward our assessment of the stand-alone credit profiles (SACPs) of HDFC Bank Ltd., State Bank of India (SBI), and ICICI Bank Ltd. by one notch each.

SINGAPORE (S&P Global Ratings) June 26, 2023--S&P Global Ratings today upgraded Bajaj Finance Ltd., Hero FinCorp Ltd., Shriram Finance Ltd., and Union Bank of India. This reflects our view that domestic financial institutions in India will continue to improve their asset quality, benefiting from good economic prospects and structural improvements in the operating conditions. We affirmed our ratings on the other financial institutions we rate in India. We also raised the issue rating on debt of some of these institutions. (see complete details in Ratings List).

Upgraded

	To	From
Bajaj Finance Ltd.	BBB-/Stable/A-3	BB+/Positive/B
Hero FinCorp Ltd.	BB+/Stable/B	BB/Stable/B
Shriram Finance Ltd.	BB/Stable/B	BB-/Stable/B
Union Bank of India	BBB-/Stable/A-3	BB+/Stable/B

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Upgrades

BAJAJ FINANCE LTD.

(Primary analyst: Shinoy Varghese)

We upgraded Bajaj Finance to reflect the company's strengthening earnings and asset quality amid an improvement in operating conditions. We believe the finance company's continuing access to low-cost (or differentiated) funding will also support its credit profile.

In our view, Bajaj Finance can absorb the impact of higher inflation and interest rates in India. The country's robust economic growth should support borrowers' creditworthiness. The company's adequate underwriting standards and largely mass-affluent borrowers (other than in the auto-finance business) temper the higher risk associated with a sizable unsecured consumer lending book.

In our view, the financial services business is strategically important to the ultimate parent, Bajaj Holdings & Investment Ltd. However, we do not factor any support because the SACP of Bajaj Finance is same as the sovereign credit rating on India.

Outlook

The stable outlook on Bajaj Finance reflects our view that the company will maintain its strong market position and healthy capital level over the next two years. We also expect Bajaj Finance's liquidity and funding profile to remain adequate over the period.

Downside scenario: We may downgrade Bajaj Finance if the company's asset quality weakens substantially and its credit costs rise sharply. The spike in credit costs may be the result of Bajaj Finance taking undue risks or missteps at the time when the company is growing aggressively.

Upside scenario: We do not see any upgrade potential for Bajaj Finance in the next two years. This is because an upgrade will require an improvement in the company's financial profile as well as the sovereign credit rating on India.

Ratings Score Snapshot

	To	From
Issuer Credit Rating	BBB-/Stable/A-3	BB+/Positive/B
SACP	bbb-	bb+
Anchor	bb	bb-
Business position	Strong(+1)	Strong(+1)
Capital and earnings	Strong (+1)	Strong (+1)
Risk position	Adequate (0)	Adequate (0)
Funding and liquidity	Adequate and Adequate(0)	Adequate and Adequate(0)
Comparable ratings analysis	0	0
Support	0	0
ALAC support	0	0