

# MANAGEMENT DISCUSSION AND ANALYSIS

Bajaj Finance Limited ('BFL', 'Bajaj Finance', or 'the Company') is a subsidiary of Bajaj Finserv Limited. It is a deposit-taking Non-Banking Financial Company (NBFC-D) registered with the Reserve Bank of India (RBI) and is classified as a NBFC-Investment and Credit Company (NBFC-ICC). Since 30 September 2022, it has been categorised as an upper layer NBFC (NBFC-UL) pursuant to the Scale Based Regulation (SBR) put forth by the RBI.

BFL is engaged in the business of lending, partnership and services, payments and acceptance of deposits. It has a diversified lending portfolio across retail, SMEs (Small and Medium sized Enterprises), and commercial customers with significant presence in both urban and rural India. It accepts public and corporate deposits and offers a variety of financial services products to its customers.

BFL was originally incorporated as Bajaj Auto Finance Private Limited on 25 March 1987 as a Non-Banking Financial Company primarily focused on providing two- and three-wheeler finance. It launched an initial public offering of equity shares and was listed on the Bombay Stock Exchange ('BSE') on 7 June 1994. Thereafter, it got listed on National Stock Exchange of India ('NSE') on 1 April 2003. Subsequently, BFL ventured into consumer lending, SME lending, commercial lending, rural lending, partnership and services, payments and deposits.

Bajaj Finance has two subsidiaries, viz (i) Bajaj Housing Finance Limited ('BHFL' or 'Bajaj Housing'), which is registered with the National Housing Bank as a Housing Finance Company (HFC); and (ii) Bajaj Financial Securities Limited ('BFSL', 'BFinsec', 'Bajaj Broking'), which is registered with the Securities and Exchange Board of India (SEBI) as a Stock Broker and Depository Participant.

One of its subsidiary, BHFL, got listed on the National Stock Exchange Limited (NSE) and the Bombay Stock Exchange (BSE) on 16 September 2024. This resulted in a reduction of BFL's holding in BHFL from 100% to 88.75%.

BFL has made investments in equity shares of two technology companies i.e. (i) Snapwork Technologies Private Limited ('STPL'), in which BFL holds a stake of 41.5% on a fully diluted basis, and (ii) Pennant Technologies Private Limited ('PTPL'), in which BFL holds a stake of 26.53% on a fully diluted basis, which by virtue of size of holdings categorises them as Associate Companies.

Over the years, Bajaj Finance has emerged as a leading player in the country's NBFC sector.

## At a glance:

BFL, on a consolidated basis, had a franchise of 101.82 million customers.

On consolidated basis, its Assets Under Management (AUM) stood at ₹ 416,661 crore.

BFL enjoys a capital adequacy of 21.93% on a standalone basis, which is well above the RBI norms.

During financial year 2024-25 ('FY2025'), on a consolidated basis, it earned a net interest income of ₹ 36,393 crore; and profit after tax of ₹ 16,779 crore.

## 101.82 million

**Customer franchise**

**Crossed a milestone of 100 million**

## ₹ 416,661 crore

**Assets Under Management (AUM)**

**Crossed a milestone of 4 lakh crore**

## Macroeconomic Overview

Despite enduring three turbulent years marked by a global pandemic, supply chain disruptions, ongoing conflict in Ukraine, and elevated interest rates aimed at curbing high inflation, India emerged as by far the world's fastest-growing major economy. Calendar Year (CY) 2024 began with optimism, as inflation seemed largely under control and major economies were expected to avoid recession. These expectations proved accurate. However, as the year ended, it became clear that global inflation was more persistent than anticipated. And while the United States of America experienced robust growth, most other advanced economies did not. Additionally, many economies faced currency depreciation, posing potential disruptions, particularly for developing nations.

According to the IMF's World Economic Outlook (April 2025), global growth has been projected at 2.8% in 2025 and 3.0% in 2026, which is below the historical average of 3.7% for the period 2000-2019. It is worth noting that at 6.5% for FY2025 and FY2026, the IMF pegs India's real GDP growth as the highest among all major nations – including that of China. IMF also forecasts global headline inflation to decline to 4.3% in CY2025 and further to 3.6% in CY2026.

Regrettably, CY2025 has witnessed considerable uncertainty thanks to US announcing reciprocal tariffs on several nations, including India, and punitively high tariffs on China. This action, if it continues, would lead to reduced exports, along with unfavourable trade balances, export rates and forex rates; and for most nations, especially large trading ones, to a reduction in GDP growth. While the US has paused the imposition of higher tariffs for 90 days for most nations except China with the assumption that this will induce many countries to sit at the negotiating table, it is still too early to tell what the final outcome will be with several countries considering retaliatory tariffs on US exports. It remains to be seen how long this tariff war will last; and how it can significantly impact the economies of nations.

The second advance estimate of national income for FY2025, released by the National Statistics Office (NSO) on 28 February 2025, has pegged real GDP growth at 6.5% versus 9.2% (1st revised estimate) in FY2024. Table 1 gives the data.

**Table 1: India, Real Gross Domestic Product (GDP) and Gross Value Added (GVA) at constant prices**

	FY2022 (FE)	FY2023 (FE)	FY2024 (1 <sup>st</sup> RE)	FY2025 (2 <sup>nd</sup> AE)
Real GDP (₹ in trillion)	150.2	161.7	176.5	188.0
Real GVA (₹ in trillion)	138.8	148.8	161.5	171.8
Real GDP growth	9.7%	7.6%	9.2%	6.5%
Real GVA growth	9.4%	7.2%	8.6%	6.4%

**Source:** Government of India, National Statistical Office (CSO). AE denotes advance estimate, FE denotes final estimate, and RE denotes revised estimate.

Real GDP growth experienced a significant downward trend after Q3 FY2024. However, according to the second estimates for Q3 FY2025, it appears to be gaining momentum and is projected to reach 6.5% for FY2025. Quarterly GDP growth for Q1 FY2025 was 6.5%, followed by 5.6% in Q2 and 6.2% in Q3. As before, private final consumption expenditure (PFCE) has been the major contributor to GDP, with an estimated share of 56.7% in FY2025.

India's current account deficit (CAD) for Q3 FY2025 stood at US\$ 11.5 billion or 1.1% of GDP versus US\$ 10.4 billion (1.1% of GDP) in Q3 FY2024. For the first three quarters of FY2025, the CAD aggregated US\$ 37 billion, or 1.3% of GDP – compared to US\$ 30.6 billion, or 1.1% of GDP over same period of FY2024. Robust growth in services exports and remittance receipts cushioned the effect of a widening merchandise trade deficit on CAD during Q2 FY2025.

After peaking at 6.21% in October 2024, the consumer price index, or CPI(General), steadily declined to 3.34% by March 2025. Following an assessment of evolving macroeconomic and financial developments, the Monetary Policy Committee (MPC) of the RBI decided to cut the repo rate from 6.50% to 6.25% in February 2025, maintaining a 'neutral' stance. With inflation coming down to the RBI's target of 4%, the central bank shifted its monetary policy stance from 'neutral' to 'accommodative' in April 2025 and announced a further repo rate cut from 6.25% to 6%.

Supported by healthy rabi crop prospects and an expected recovery in industrial activity in FY2026, the RBI in its communication on 9 April 2025 forecast real GDP growth at 6.5% for FY2026. Among the key drivers on the demand side, household consumption is expected to remain robust aided by the tax relief in the Union Budget 2025-26. Fixed investment is expected to recover, supported by higher capacity utilisation levels, healthy balance sheets of financial institutions and corporates, buttressed by the central government's continued emphasis on capital expenditure.

## NBFCs: An Industry Overview

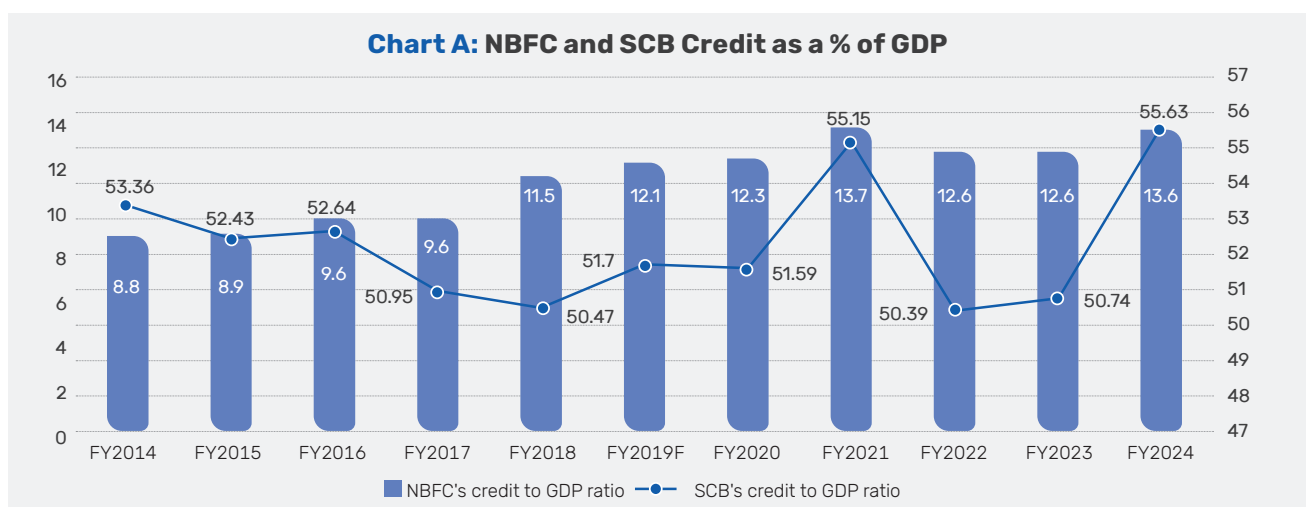
Non-Banking Financial Companies (NBFCs) have emerged as powerful engines of credit, significantly expanding access to financial services, especially for historically underserved or excluded segments. By complementing the traditional banking system, NBFCs have utilised innovative credit delivery models that leverage technology and local insights to create customised financial products tailored to diverse borrower needs. Their agility and close customer connections have enabled them to play a role that is not only complementary to traditional banks but also catalytic in building a financial ecosystem characterised by deeper intermediation and wider opportunities.

Over the past decade, the growth of NBFCs has consistently outpaced that of banks, a trend that has become even more pronounced in recent years. This rapid growth underscores the sector's relevance and resilience. As NBFCs continue to grow in importance, it is crucial to focus on governance, risk management, and customer treatment to ensure their sustainable development.

Credit growth of NBFCs, which has historically outpaced India's nominal GDP growth, is expected to continue accelerating. NBFCs have demonstrated remarkable resilience and have become increasingly significant in the financial sector, expanding their Assets Under Management (AUM) from less than ₹2 trillion at the turn of the century to approximately ₹43 trillion by 30 September 2024. Between FY2019 and FY2024, NBFC credit is estimated to have grown at a Compound Annual Growth Rate (CAGR) of around 12%, primarily driven by the retail segment, which is estimated to have grown at a CAGR of some 18%. In contrast, NBFC non-retail credit is estimated to have grown at a CAGR of about 9% during the same period.

The latest edition of the RBI's Financial Stability Report highlights that credit growth of NBFCs slowed to 16% from 22.1% a year ago. This deceleration is attributed to the high base effect and the increased risk weight for consumer lending introduced by the RBI in November 2023. The Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA) ratios of NBFCs have continued to decline. As of September 2024, the overall GNPA ratio was 3.4%, down from 4.6% in September 2023, while the NNPA ratio decreased to 1.1% from 1.5% over the same period. Equally, the capital adequacy ratio fell to 26.1% from 27.6%, primarily due to higher risk weights and business growth.

Post-COVID, both banks and NBFCs have experienced rapid and sustained growth in overall credit and retail loans. Between FY2021 and FY2024, banks' overall credit and retail loans grew at a CAGR of 15% and 21%, respectively. Analogously, NBFCs' CAGRs were 14% and 20%, respectively. Higher growth rate in retail credit for both banks and NBFCs underscores that credit growth is predominantly driven by consumption credit. This growth in retail loans is due to increased leverage among retail customers. The good news is that both the banks and the NBFCs have demonstrated financial robustness while maintaining this growth. Chart A plots the data for NBFC and Scheduled Commercial Banks (SCBs).



In recent years, NBFCs were severely tested by four major external events: demonetisation, GST implementation, the collapse of some large NBFCs and the pandemic. Despite these challenges, many NBFCs have maintained a commendable track record. Their ability to navigate these stresses without substantial impact on their financial positions highlights their resilience and agility.

As NBFCs have become more significant, the RBI has enhanced its regulation of the sector to address the industry specific issues such as contagion risk in the financial system, oversimplified underwriting processes, concentration of credit risk, exposure towards technology related risks, etc. Accordingly, the RBI, over last few years, has issued various guidelines on (i) vigil over asset-liability management practices, (ii) maintaining liquidity ratios, (iii) increased reporting requirements, and (iv) scale-based regulations. These have led to NBFCs adopting practices in line with banks. The regulatory vigil is based on four key cornerstones of: (i) responsible financial innovation, (ii) accountable conduct, (iii) responsible governance, and (iv) centrality of the customer.

On 9 April 2025, the RBI announced additional measures related to banking regulation, fintech and payment systems. It has proposed:

- Enabling securitisation of stressed assets through market-based mechanism. This is in addition to the existing ARC route under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002.
- Extending co-lending guidelines to all regulated entities and all type of loans, which were earlier applicable to banks and NBFCs for priority sector loans.
- Harmonising guidelines for lending against gold jewellery across all regulated entities.
- Evaluating and revising limits for Unified Payments Interface (UPI) transactions, with appropriate safeguards to mitigate risks associated with higher limits.

## The Company

Bajaj Finance Limited ranks among the largest and most diversified NBFCs in India offering payments, partnership and services and lending solutions to customers. It has established a diversified business model which enables optimal balance of risk and profitability to deliver a sustainable business. The model is focused on acquisition of millions of customers and offering multiple loans and services on a cross-sell basis to meet their financial service needs. BFL is focused on continuous innovation to transform customer experience and create sustainable and profitable growth opportunities. Pursuant to scale-based regulation of the RBI, BFL and one of its subsidiaries, BHFL, are classified as upper layer NBFC's since 30 September 2022 and, are subject to an enhanced regulatory framework by the RBI.

BFL is present in 4,263 locations across the country, including 2,681 in rural/smaller towns and villages. Geographical expansion, large customer franchise and adoption of digital technology continue to be critical pillars of Bajaj Finance's growth. It focuses on 10 broad categories. These are:

- (i) Consumer Lending (Sales Finance)
- (ii) Personal Loans
- (iii) SME Lending
- (iv) Auto Financing
- (v) Rural Lending
- (vi) Gold Loans
- (vii) Commercial Lending
- (viii) Loan against Securities
- (ix) Deposits; and
- (x) Partnerships and Services

On a consolidated basis, in FY2025, BFL delivered

- An AUM growth of 26% in FY2025, rising from ₹ 330,615 crore to ₹ 416,661 crore.
- Growth in Profit After Tax (PAT) of 16% in FY2025 from ₹ 14,451 crore to ₹ 16,779 crore.
- Return on Average Assets (RoA) of 4.57% in FY2025 and Return on Average Equity (ROE) of 19.19%.

BFL remains well capitalised with a Capital-to-Risk Weighted Asset ratio (CRAR) of 21.93% as on 31 March 2025, making it among the best capitalised large NBFCs in India.

During the year BHFL successfully concluded its Initial Public Offer (IPO) of ₹ 6,560 crore. This included issuance of new equity shares amounting to ₹ 3,560 crore and an offer for sale by BFL amounting to ₹ 3,000 crore. BHFL equity shares were listed on NSE and BSE on 16 September 2024. Consequently, BFL's shareholding in BHFL reduced from 100% to 88.75%.

On 2 November 2023, BFL had allotted 1,550,000 warrants at a price of ₹ 7,670 per warrant, on a preferential basis, to Bajaj Finserv Limited, the promoter and holding company, on receipt of application money aggregating ₹ 297.21 crore being 25% of the total consideration. These warrants were converted into 1,550,000 equity shares on 26 March 2025 on receipt of remaining 75% of the consideration of ₹ 891.64 crore.

On the liability side, Bajaj Finance continues to maintain conservative liquidity buffers. The consolidated liquidity buffer was ₹ 18,754 crore as on 31 March 2025.

As on 31 March 2025, BFL's consolidated borrowings stood at ₹ 361,249 crore. In FY2025, it raised approximately USD 1 billion of fully hedged External Commercial Borrowings (ECB) as term loans from multiple banks.

BFL's consolidated average cost of funds for FY2025 was 7.97% and exit cost of fund as on 31 March 2025 was 7.87%.

As on 31 March 2025, BFL's consolidated gross NPA at 0.96% and net NPA at 0.44% were amongst the lowest in the industry. This validates BFL's deeply embedded risk culture and robust risk management practices which have ensured that despite the volatile economic environment, BFL's NPA as on 31 March 2025 stood at the best levels in its history.

#### **Consolidated performance highlights, FY2025**

- Customer franchise grew by 22% to 101.82 million
- Number of new loans booked were 43.42 million
- Number of customers on Bajaj Finserv App was 70.57 million
- Assets under management (AUM) increased by 26% to ₹ 416,661 crore
- Net interest income (NII) increased by 23% to ₹ 36,393 crore
- Net total income (NTI) grew by 24% to ₹ 44,954 crore
- Total operating expenses (Opex) grew by 21% to ₹ 14,926 crore
- Opex to Net Total Income (NTI) stood at 33%
- Pre-impairment operating profit increased by 25% to ₹ 30,028 crore
- Impairment on financial instruments increased by 72% to ₹ 7,966 crore
- Profit before tax (PBT) increased by 14% to ₹ 22,080 crore
- Profit after tax (PAT) increased by 16% to ₹ 16,779 crore
- Capital adequacy ratio (standalone) as on 31 March 2025 was 21.93%, Tier-I adequacy was 21.09% including CET1 ratio of 20.77% which are well above the RBI norms.

With its strong financial position, low NPAs, growth momentum, well provisioned balance sheet, strong capital adequacy, omnichannel business approach and strong start into FY2026, BFL is optimistic about its growth potential in the future years.

## Long Range Strategy (LRS)

BFL has a highly disciplined approach to long range strategic planning which involves a rolling five-year LRS. The strategy is evolved after analysing macroeconomic factors, industry outlook as well as technology and business megatrends. The strategic plan is then converted into an execution strategy with a rollout plan over a 15–24-month horizon.

BFL has clearly articulated its business construct across (i) Ambition (ii) Strategy (iii) Approach (iv) Philosophy (v) Market share (vi) Profit Share (vii) Customer Share (viii) Technology and AI first. These are defined below:

Ambition	Strategy	Approach	Philosophy
To be a leading financial services company and a viable payments player in India. Dominate with 200 MM consumers, market share of 3%–4% of total credit, 4%–5% of retail credit and 1% of payments GMV.	To be an omnipresent financial services company dominant across all consumer platforms – physical, app, web, social, rewards and AI.	To acquire & cross-sell across payments, assets, deposits, insurance, investments and broking products to Consumer, MSME, Commercial and Rural consumers across all consumer platforms efficiently.	To build businesses with a 10-year view anchored on prudence and risk management to deliver ‘through the cycle’ 21%–23% shareholder returns.
Market share	Profit share	Customer share	Technology and AI First
Every business of the company to be amongst top 5 players in India in each line of business they operate in.	To be amongst top 20 most profitable companies in India and amongst top 5 to 6 profitable financial services companies in India in absolute terms.	To grow our share of customer’s wallet by offering all products and services in a frictionless manner and deliver highest Customer Satisfaction (CSAT) Score and Products Per Customer (PPC).	Technology and AI-first as an organization culture to solve all problems. Be an early adopter and invest in emerging technologies and data practices. It should result in sustained growth, lower costs, improved productivity, superior customer experience and robust controllership.



## Update on LRS FY2025 – FY2029

LRS 2025–29 envisages BFL to further launch new products, variants and innovations, expansion of product coverage in existing locations, increase customer footprint and drive significant business volumes across all digital platforms, continue to leverage megatrends to grow business, reduce friction, deliver scalability, and improve resilience. One of the biggest initiatives planned as part of the LRS is as below:

Transform BFL into a FINAL company, which offers a full product suite for its 200 million customers by FY2029 as their pre-eminent choice. It's AI-enabled technology architecture will integrate AI across all processes and deliver significant operating leverage and growth.

### The financial strategies identified include:

1. *Acquire Customers:* Acquire the next 100 million customers for BFL by leveraging strategic partnerships and organic acquisition channels.
2. *MSME, the next frontier of growth:* Focus on the unaddressed segments of MSME by leveraging both GST and Udyam registered entities and offer at least 10 products. This will make BFL the pre-eminent choice for MSMEs.
3. *Future of Personal Loan:* Create a comprehensive range of personal loan products designed to cater to diverse customer segments across various geographies.
4. *Optimise:* Scale auto loan with low credit cost and create a viable payments business.
5. *Risk Management:* "Back to basics" returning to core principles that assess a borrower's stability, ability, and intent to repay, and to re-emphasise univariate risk-based decision-making and the art of underwriting for prudent risk management.
6. *Products and Partnerships:* Invest in new product lines to seize the India opportunity and grow in a sustained manner. The following product initiatives have been envisaged for expansion of the BFL product suite: (i) leasing multi-product distribution; and (ii) green financing for both solar and EV.

### The AI strategies include:

1. *AI for Revenue:* Incorporate conversational bots across all sales and service channels to enhance engagement and achieve a 3x increase in conversational rate.
2. *AI for Cost Reduction:* Boost productivity by 1.15x for front line sales staff, 1.5x for full time employees, and 2x for control functions. Deploy conversational voice bot in Sales and Debt Management Service (DMS) and co-pilot and auto-pilot models in Operation for Quality Control (QC) check.
3. *AI for Design & Engagement:* Revolutionise interactions with digital interfaces by transitioning to conversation-driven search and chatbots for improved customer engagement.
4. *AI for Risk:* Convert unstructured data into structured data to support robust decision-making, identify patterns and generate new models that are auditable, transparent, and explainable.
5. *AI for Credit:* Enable underwriters by creating summaries, screening, validation, and generating recommendation reports – AI will not be used to automate underwriting.
6. *AI for Productivity:* Enhance productivity across the loan life cycle journey by reducing time in the loan process, enabling AI-powered helpdesks, AI-driven hiring, learning and development, and creating knowledge repositories.
7. *AI for Controllership:* Significantly automate Quality Assurance (QA) processes like internal and concurrent audits, call recording audits, and communication governance checks.

## Update on LRS FY2024 – FY2028

In January 2024, the Company unveiled its long-range strategy for the period FY2024 to FY2028. In it, BFL envisaged launch of new products and product variants, product innovations, geographical expansion and continued enhancement of its operational capabilities to deliver robust growth. It also considered nine megatrends across the India Stack, Platform, Products and Technology to evaluate for implementation.

The major updates on LRS 24-28 are as follows:

- Commercial vehicle financing launched in Q1 FY2025 and present across 100+ dealers.
- Tractor financing was launched in Q4 FY2024 and present across 850+ dealers.
- Bharat Mortgages went live in Q2 FY2025.
- Industrial equipment financing went live in Q3 FY2025.
- Auto Lease was launched in Q2 FY2025 and partnered with more than 70 companies.
- Zero Paper: Digital KYC 95%; E-Mandate 92%; E-Agreement 98%; physical documents reduced from 23% to 13%.
- *Consumer App*: 70.57 million net installs; 90 days retention at 96%; app rating at 4.78 out of 5.
- *Gold Loans*: Opened 313 new branches during the year, taking the total number of gold loan branches to 1,209 as on 31 March 2025 with an AUM of ₹ 8,307 crore (81% growth year-on-year).
- Various new initiatives such as Customer Data Platform (CDP), Gen AI enabled Ops and Service and Zero Liquidity Drag, resulted in cost savings for the Company.
- *Zero Cost Service*: Do it Yourself (DIY) up from 68% to 86%; 26% reduction in complaints; 19% reduction in RBI escalations. Customer Satisfaction (CSAT) score increased from 93% to 96%.
- *Bajaj Prime*: Went live in Q2 FY2025 with a monthly run rate of 25,000; over 100 partners signed.
- Bajaj Housing Finance Limited has a market share of 7% in retail mortgage space against the target of 12% to 15% and is on track to achieve the target.
- Bajaj Financial Securities Limited has market share of 47% in broking accounts against the target of 50% to 60% and is also on track to achieve the target.

## 5

### New products launched in FY2025 by BFL

## Omnichannel strategy

BFL's strategy remains to be an 'omnipresent' financial services company dominant across all vectors of consumer presence covering physical, app, web, social and virtual platforms. This omnichannel model has delivered a paradigm shift for the organisation, transitioning from a traditional product and process-centric framework to a customer-first strategy. This evolution is redefining every aspect of the Company's operations, placing the customer at the heart of its business reinvention. Over the last three and a half years, BFL has made significant investments in creating digital platforms that have now reached significant scale and adoption.

The omnichannel strategy has seven domains viz. (i) geographic expansion, (ii) Bajaj Finserv app, (iii) Bajaj Finserv website, (iv) payments, (v) productivity apps, (vi) Customer Data Platform (CDP) & (vii) Social. During FY2025, the Company significantly advanced on all these domains.

- **Geographic expansion.** BFL has significantly expanded its geographic footprint, adding 118 new locations in FY2025, bringing its total presence to 4,263 locations. BFL employs a strategic geographical expansion program using GDP contribution as a key criterion for selecting new locations. Additionally, BFL has broadened its gold loan business by establishing standalone gold loan branches. With these additional branches, the total number of branches disbursing gold loans across India reached 1,209.



- **Bajaj Finserv App.** The Bajaj Finserv App is a cornerstone in BFL's transformation into a digital-first organisation, boasting over 70.57 million installations. The Company meticulously tracks over 4,200 Key Performance Indicators (KPIs) within the app. In FY2025, the app played a pivotal role in BFL's growth, helping to onboard over 562,600 EMI card customers, disburse ₹ 10,131 crore in personal loans and ₹ 1,347 crore in gold loans, acquire more than 30,000 credit cards, facilitate over 9.99 million flexi-loan transactions and 7.69 million Debt Management Services (DMS) receipts. Additionally, the app attracted ₹ 268 crore in fixed deposits. It currently ranks as one of the top five financial services apps in India on the Google Play Store.

A key initiative was the unification of the App and Web into a single digital stack, to equate the App functionality with Web, and thus ensure a uniform and frictionless customer experience. App= Web has seen the addition of numerous features, now totalling 770 with upcoming 615 features.

- **Open Network for Digital Commerce (ONDC)**

#### **Buyer App – Hamara Mall**

Bajaj Finance has introduced ONDC for buyers on its digital platforms. This went live in October 2024 and covered seven categories: Food and Beverages, Home and Kitchen, Fashion, Beauty and Personal Care, Health and Wellness, Grocery, and Electronics.

#### **ONDC – Financial Service**

Bajaj Finance has also ventured as a Seller Network Participant (SNP) for offering ONDC Financial Services, where it has successfully gone live with the Personal Loan (PL) Offer journey. In the next phase, BFL plans to roll out the No Offer Journey, Working Capital and Purchase Finance Journeys.

GenAI based live chatbot will be enabled for better customer engagement and discoverability on the App by Q2 FY2026.

- **Bajaj Finserv website** remains an extremely important driver of customer traffic, business volumes and service. More than 770 features are live on Web like the App. Customers can now initiate their journey on any one platform and complete the same on another without any disruptions. BFL has further strengthened its search ecosystem thereby laying a strong foundation for accommodating one billion web traffic over the medium-term and its move towards 'Zero Paid' traffic. BFL's web platform played an important role with over 303 million unique customer visits and enabled disbursements of over ₹ 6,508 crore in FY2025. The web also garnered over ₹ 901 crore of deposits in FY2025.

BFL intends to communicate with consumers in local languages to widen its reach, build trust, enhance customer engagement and promote digital inclusion. While Hindi is already live, BFL will expand to six other regional languages by December 2025.

- **Payments** is core to delivering the omnichannel strategy. It is a tool for customers and merchants; and enables higher engagement and retention of customers on BFL's digital platforms. BFL has built a full-service payments business across all formats of issuance and acquiring with robust payments stack encompassing wallets, UPI, Bharat Bill pay service and single payment checkout gateway. BFL will go live with Loan in the Central Bank Digital Currency (CBDC) wallet in FY2026.

As of 31 March 2025, (i) 32.6 million customers have a wallet account with the Company; and (ii) 40.09 million have a UPI handle. 32.66 million bill payment transactions were executed by the customers using BFL's bill pay service in FY2025. It distributed 1.14 million FASTag cards. BFL plans to start distributing National Common Mobility Card (NCMC) in FY2026.

As of 31 March 2025, the Gross Merchandise Value (GMV) for UPI was ₹ 58,194 crore; the wallet load was at ₹ 4,041 crore; and the wallet spend at ₹ 3,871 crore.

For customers and merchants alike, BFL has been driving UPI payments. It has accelerated Quick Response (QR) deployment at small and medium format merchants. Bajaj Pay QR enables merchants to accept payments by way of UPI, PPI (Bajaj Pay Wallet) and Bajaj EMI. The Company has deployed over 0.58 million merchant QRs in FY2025 with cumulative base crossing 3.72 million.

- **Productivity apps** help to improve productivity, engagement and collaboration within the BFL ecosystem. The Company has four productivity apps, viz. (i) Sales One app, (ii) Debt Management Service One app, (iii) Merchant One app, and (iv) Partner One App. These help BFL leverage underlying platforms and bring a unified experience for all constituents from sales to debt management. The Sales One App acts as a single application gateway for sales teams across businesses to cater to sales activities, reports and dashboards,

cross-sell leads, trainings, enabling customer service, debt management service, and engagements. The DMS One App enables the Company's debt management teams across product lines with a host of capabilities and features like mobile receipting, agency allocation, meeting calendars, call management and recording, repossession module, settlement workflow and letters, performance reports and others. It also enables imparting debt management and customer service-related trainings and dissemination of important communication with the DMS employees and agencies resources. Apart from delivering high velocity and operating benefits, DMS One App has significantly strengthened BFL's compliance and controllership. The Merchant One App enables merchants with capabilities such as self-onboarding, QR issuance and business dashboards. And the Partner One App is a one-stop productivity asset that enables 'Sourcing Business Partners' with end-to-end lifecycle capabilities such as onboarding, renewal, branch and associate management, case booking, transaction tracking, performance reports, query resolutions, training, payout and account management.

- **Customer Data Platform (CDP)** is a key to the omnichannel experience. In FY2025, the Company decided to upgrade its CDP on modern big data stack and enable real time data stream, integrated visualisation and faster processing with enhanced User Interface (UI) experience. The new CDP has gone live for SMS (Short Messaging Service), email, RCS (Rich Communication Service) and social channels.

The Company's Data Cloud now seamlessly integrates with all channels of customer communication – Call Centre, WhatsApp, SMS, Email, RCS, Social, and Notification – providing a unified view for personalised campaigns, improved engagement and conversion rates, along with robust data and communication governance. BFL executes 1,500 campaigns per day across channels. It is also working on an omnichannel marketing strategy, which will go live by Q1 FY2026 and have consistent messaging across channels, reduce redundancies, lower operational costs and improve overall efficiency.

- **Social**

Social has emerged as a go-to channel of discovery and purchase for consumers. Over 62% of urban users in India discover products online before making a purchase. BFL has ramped up its social presence to leverage this mega trend. In FY2025, the Company increased its social presence from one social handle to five, addressing diverse financial needs of consumers and garnering over 330 million video views and 4.4 million followers. In FY2026, BFL would continue to build the community, increase influencer collaborations and establish Social as a business engine

**Table 2: Some Key Outcomes of the Omnipresent Strategy**

Particulars	Unit	FY2025	FY2024
<b>(i) Geography</b>			
New locations added	#	118	412
Locations as at 31 March	#	4,263	4,145
Standalone gold loan branches as at 31 March	#	964	650
<b>(ii) App metrics</b>			
Downloads	# in MM	75.90	63.04
Net Installs as at 31 March	# in MM	70.57	52.41
In-App programmes as at 31 March	#	148	147
Service requests initiated on app	% of total SR	38.7	33.3
<b>(iii) App payments metrics</b>			
UPI handles till 31 March	# in MM	40.09	24.78
Bill pay transactions	# in MM	32.66	27.54
QRs at merchant Point of Sales (PoS) as at 31 March	# in MM	3.72	3.14
Rewards issued	# in MM	106.44	93.70
<b>(iv) App business metrics</b>			
EMI cards acquired on App	# in MM	0.91	0.51
Personal loans disbursed on App	₹ in crore	20.0k	18.4k
Credit card acquisition on App	# in '000	31.0	245.4
Flexi loan transactions on App	# in MM	11.62	9.89
DMS receipts on App	# in MM	7.69	5.39

Particulars	Unit	FY2025	FY2024
<b>(v) Marketplace metrics</b>			
Bajaj Mall visits	# in MM	187.40	181.00
Bajaj Mall loans	# in MM	3.93	2.16
Insurance Bazaar – insurance policies	# in MM	1.06	0.89
Investments Bazaar – mutual fund A/C	# in '000	120.0	190.3
<b>(vi) Digital EMI card metrics</b>			
EMI cards acquired digitally	# in MM	3.63	1.78
EMI cards acquired digitally – cards in force as at 31 March	# in MM	7.60	3.60
B2B loans from digital EMI cards as at 31 March	# in MM	1.30	1.04

## Business Update

In FY2025:

- BFL disbursed 43.42 million loans, representing a growth of 20% over FY2024.
- It was present in 4,263 locations across the country, including 2,681 locations in rural/smaller towns and villages.
- It operated through over 232,000 distribution points across India.
- It acquired a record 18.18 million new customers in FY2025 taking its existing customer franchise to 101.82 million as on 31 March 2025, a growth of 22% over 31 March 2024.

As part of its product strategy, BFL continued to expand its product offering for customers. Some new launches were: (i) Vehicle leasing for corporates, (ii) Industrial equipment financing, (iii) Solar financing, (iv) Commercial vehicles financing, (v) Bharat mortgages.

### Consumer Lending: consumer electronics, furniture, digital products, e-commerce purchases, two-wheelers, three-wheelers and daily spends financing

BFL is the largest lender for financing of discretionary spends across consumer electronics, furniture, and digital products in India. Sales finance business consists of financing for consumer electronics, two-wheelers, digital products, lifestyle purchases, lifecare spends, retail spends and e-commerce purchases. This business is conducted under two verticals, viz. urban sales finance and rural sales finance, the volumes of which are tabulated below:

**Table 3: Sales finance volumes**

Particulars	(# in million)		
	FY2025	FY2024	Growth
Urban sales finance	26.84	24.78	8%
Rural sales finance	9.63	7.68	25%
<b>Total sales finance</b>	<b>36.47</b>	<b>32.46</b>	<b>12%</b>

BFL's Existing Member Identification (EMI) card, with some 58.91 million cards-in-force, enables customers to avail instant finance across over 210,300 points of sale. In FY2025, EMI Card enabled BFL to finance 58% of the new loans booked. During the year BFL sourced 3.63 million EMI cards.

In FY2025, BFL saw significant growth by financing 454,191 non-Bajaj two-wheelers, an 87% increase from FY2024. The business now operates in 1,750 locations, serving over 14,000 retailers and around 35 Original Equipment Manufacturers (OEMs).

Bajaj Auto Limited (BAL) established Bajaj Auto Credit Limited (BACL) in September 2022, which became operational in Q4 FY2024. Following this, BFL gradually reduced its financing of BAL-manufactured two-wheelers and three-wheelers, stopping entirely in December 2024. In FY2025, BFL financed 298,477 two-wheelers and 91,056 three-wheelers from Bajaj Auto Limited, contributing to 18% and 22% of Bajaj Auto's domestic sales of two-wheelers and three-wheelers, respectively.

BFL's Lifestyle Finance provides financing facility for discretionary spends for high ticket size products and services across a wide network of over 21,250 stores in 488 locations across India. In FY2025, it financed over 9.51 lakh accounts, with a 20% year-on-year growth.

BFL offers financing to its existing EMI card customers for purchases through e-commerce platforms. During FY2025, BFL financed over 2.46 million transactions in FY2025. There was an RBI embargo imposed on 15 November 2023 under which financing on e-commerce platforms was not allowed till 1 May 2024. On 2 May 2024, based on the remedial actions taken by the Company, the RBI has lifted restrictions on sanction and disbursement of loans under 'eCOM' and 'Insta EMI Card', with immediate effect.

The retail spends financing business offers easy instalment options to customers for small ticket purchases like fashion, eyewear, cycles, tyres, car accessories, vehicle servicing, power back-up and small appliances. BFL now focuses on relatively higher ticket spends which are economically more viable. This business is operational in 126 locations with a footprint of over 62,000 urban partner stores across India. The Company financed nearly 9.15 lakh purchases in FY2025 compared to nearly 8.88 lakh purchases in FY2024.

### Personal Loans

The Personal Loan Cross Sell (PLCS) business is a pre-approved loan origination programme for existing customers of BFL. It is driven by risk analytics, dynamic campaign management, and a focus on precise customer targeting. In FY2025, the PLCS business adopted a Zero-Based Budgeting (ZBB) approach, aimed at delivering the right loan to the right customer through sharp data-driven decision-making and resource optimisation. The adoption of ZBB strengthened the alignment of underwriting and operational strategies, resulting in higher productivity and disciplined, outcome focused growth across the PLCS business.

In FY2025, BFL disbursed PLCS loans to over 2.05 million customers, delivering a 32% increase in AUM to ₹ 50,313 crore as of 31 March 2025.

BFL also offers Salaried Personal Loans (SPL) to affluent salaried customers with average annual gross earnings exceeding ₹ 300,000. The SPL business delivered a strong 36% growth in AUM to ₹ 35,784 crore as on 31 March 2025. During the year, BFL undertook a significant strategic shift towards expanding its term loan portfolio from 5% to 20%, emphasising longer tenures and larger ticket sizes to better cater to the evolving financial needs of this customer segment.

### SME Lending: Unsecured and Secured loans to MSME and Professionals

MSME lending provides essential financial support to Micro, Small and Medium Enterprises (MSMEs), professionals, tractor financing and new/used car financing and commercial vehicle financing. BFL offers unsecured and secured loans in the form of working capital loans and term facilities to SMEs, MSMEs and professionals. Secured loans are offered against various property types including residential and commercial properties, and used four-wheelers. The SME lending book grew by 30% from ₹ 38,508 crore as of 31 March 2024 to ₹ 50,230 crore as of 31 March 2025. MSME lending operations are grounded in robust, data-driven underwriting which leverages comprehensive banking information across all loan products. To further enhance the efficacy of risk assessment, BFL utilises the Account Aggregator facility, which facilitates consent-based access to customer transaction data. This enables more precise and refined underwriting decisions, resulting in optimised product offerings and enhanced credit monitoring capabilities.

### Business loans to MSMEs

Unsecured MSME loan products are offered across a network of 2,593 locations throughout India. This segment achieved a 28% growth in AUM — ending FY2025 with an AUM of ₹ 31,955 crore.

### Professional Lending

BFL offers secured and unsecured financing facilities to self-employed professionals, including doctors, chartered accountants, lawyers and other professionals by providing essential working capital and term loan solutions over 2,593 locations across India. The AUM grew by 26% in FY2025, reaching ₹ 16,405 crore.

### Equipment Financing

The MSME lending portfolio includes financing for both medical and industrial equipment. Medical equipment finance continues to complement professional loans, this year the Company introduced industrial equipment financing for machine tools, plastic processing, textiles, and printing and packaging machines. Supported by field distribution, OEMs, and dealer networks, the equipment financing portfolio grew by 52%, reaching ₹ 853 crore by the end of FY2025.

## Secured Loans for MSMEs and Professionals

Secured loans against residential, commercial, and mixed-use properties are provided to MSMEs and professionals. The AUM of secured loans grew by 43% in FY2025, closing at ₹ 10,559 crore. Additionally, in FY2025, the MSME lending team launched affordable housing loans, offering credit facilities to make home ownership accessible to all.

## Tractor Financing

Tractor loans are offered to individuals and non-individuals for purchase of new/used tractors, harvesters, and standalone Implements and also for refinance against existing tractors/harvesters. BFL offers tractor loans in over 200 locations largely covering Uttar Pradesh, Madhya Pradesh, Rajasthan and Haryana. BFL has partnered with 8 OEM's, 2,912 dealers and major aggregators to expand its used tractor financing business.

During FY2024, the Company launched a new and used tractor financing business. This segment saw good growth over the year and reached an AUM of ₹ 705 crore as of 31 March 2025.

Along with financing for new and used tractors, BFL also offers financing for ancillary equipments along with new tractors thereby providing the customer with a comprehensive agricultural financing solution.

With growing mechanisation, the Company has also started limited funding operations for harvesters.

## Commercial Vehicle Financing

During Q1 FY2025, the Company launched its commercial vehicle financing business, establishing a presence in over 50 locations. As of 31 March 2025, this business has achieved an AUM of ₹ 942 crore.

## Auto Financing

FY2025 marked a period of significant growth and strategic realignment in Auto Financing.

New car finance experienced substantial expansion with AUM crossing ₹ 5,000 crore in the second year of operations. This is operational across 59 locations serving over 2,700 dealer outlets and 24 automotive manufacturers (OEMs). This business ended FY2025 with an AUM of ₹ 5,281 crore versus ₹ 1,680 crore as of 31 March 2024.

In Used Car Finance, a strategic priority was to optimise portfolio risk by shifting focus towards Sale Purchase (SP) financing. This resulted in a favourable portfolio mix change, with SP financing increasing to 75% by March 2025, up from 55% in April 2024. Used car financing is operational across 95 locations serving over 1,000 channels and dealer outlets. It ended FY2025 with an AUM of ₹ 6,595 crore compared to ₹ 5,407 crore as of 31 March 2024, a growth of 22%.

During the year, the Company launched vehicle leasing for corporates and has partnered with over 70 companies to provide this product.

## Rural Lending and Gold Loans

### Rural Lending

In FY2025, BFL expanded its rural lending coverage by adding 105 new locations and deepening its geographical presence. At the close of FY2025, it is present in 2,681 locations across 25 states and 2 union territories in India. During FY2024, BFL grew its rural B2C business by only 12% due to concerns about portfolio quality and rising credit costs. As the portfolio quality improved and credit costs normalised, BFL restarted growing this business from the second half of FY2025. Consequently, the rural lending portfolio grew by 22% in FY2025, increasing from ₹ 17,607 crore in FY2024 to ₹ 21,467 crore.

### Gold Loans

Continuing its focus on the gold loan business, BFL expanded by opening 313 new branches during the year, taking the total number of gold loan branches to 1,209, of which 964 are exclusive standalone branches. The gold loan AUM grew from ₹ 4,599 crore to ₹ 8,307 crore, registering a 81% growth and now contributing 2% to BFL's consolidated AUM.

The RBI has recently published draft guidelines for the gold loan business to harmonise regulations across various types of regulated entities. BFL is committed to complying with all applicable regulations/guidelines while achieving business growth.



## Commercial Lending

Commercial lending consists of lending to mid-sized corporates in sectors like auto component manufacturing, light engineering, specialty chemicals, pharma, packaging, financial institutions, etc. This business operates through four distinct business verticals viz, Mid Corporate, Financial Institutions Group, Large Corporates and Emerging Corporates each driven by dedicated teams. It offers term loans to customers towards general corporate purposes, capital expenditure, acquisition funding, structured transactions, lease rental discounting, etc. BFL continues to have a sharp focus on acquiring quality corporate clients; and has a robust review mechanism to continuously monitor the business metrics. This business closed FY2025 with an AUM of ₹ 28,285 crore, recording a growth of 28% over the previous year.

## Loan Against Securities

Loan against securities offers medium-term and short-term financing against shares, bonds, mutual funds, insurance policies and deposits to customers across retail, High Net Worth Individuals (HNIs) and promoter categories. It is operational in 21 locations through physical branches and offers financing solutions through a digital medium as well.

BFL, along with its 100% subsidiary viz. Bajaj Financial Securities Limited, offers a full product suite to its retail and HNI customers. This business grew strongly in FY2025 and closed the financial year with an AUM of ₹ 20,872 crore, recording a growth of 15% over the previous year.

Q4 FY2025 experienced significant volatility in Indian stock markets. To manage the associated portfolio risk, the Company has implemented several proactive measures: proactive stock categorisation, regularly monitoring margin shortfalls, and conducting scenario-based analyses. BFL's diversified portfolio of underlying securities effectively mitigated risk, allowing it to avoid extraordinary margin calls.

## Deposits

BFL accepts deposits from retail and corporate clients. The consolidated deposits book as on 31 March 2025 stood at ₹ 71,403 crore, representing a growth of 19%. BFL's deposit book now contributes to 26% of its standalone borrowings and 20% of its consolidated borrowings as on 31 March 2025, as against 27% and 21%, respectively, as on 31 March 2024.

BFL continues to grow retail and corporate deposits as a part of its growth strategy and is simultaneously increasing its focus on digital origination of retail deposits.

With more thrust on digital sourcing of deposits, approximately 73% of the deposits sourced during the year are paperless. Retail deposits now contribute to 59% of total deposits.

## Partnerships and Services

BFL offers its customers a diverse range of life insurance, general insurance, extended warranty, health insurance products, financial fitness reports or a combination of these products as value-added services during and after the loan on-boarding process. It is registered with the Insurance Regulatory and Development Authority of India (IRDAI) as a corporate agent and is permitted to distribute life, health, and general insurance products. It has currently tied up with 17 insurers enabling it to offer various product solutions to customers.

## Co-branded Credit Cards

The number of cards-in-force for the RBL Bank Co-branded Card stood at over 2.98 million as on 31 March 2025, versus 3.63 million as on 31 March 2024. The number of cards-in-force for the DBS Bank Co-branded Card stood at over 0.46 million as on 31 March 2025 versus 0.45 million as on 31 March 2024.

During Q3 FY2025, the Company mutually agreed to halt the incremental sourcing of co-branded credit cards with RBL Bank Limited and DBS Bank India Limited. This decision will not impact existing cardholders, who will continue to receive services from their respective banks as usual. The Company earned distribution fees and a revenue share under the co-brand arrangement, and this discontinuation will not affect the Company's future revenue share from this arrangement.

## Strategic partnership with Airtel

In Q3 FY2025 the Company announced a strategic partnership with Bharti Airtel, one of India's largest telecom services providers. This partnership combines Airtel's customer base of 375 million, strong distribution network of over 1.2 million, and Bajaj Finance's diversified suite of 27 product lines, distribution heft of 232K distribution points, its 4,263 locations and over 70,000 field agents.



Airtel will offer Bajaj Finance's retail and MSME products on its Airtel Thanks App and its nation-wide network of stores in a seamless and secured manner. The combined strength of the companies' digital assets will enable significant increase in penetration of financial products and services in India.

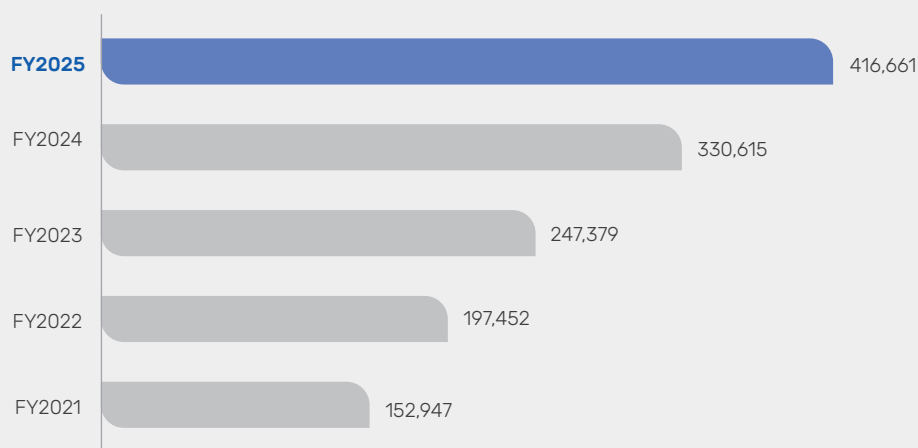
To start with, three products of Bajaj Finance have been piloted on the Airtel Thanks App. BFL expects an additional six products to go live on the Airtel Thanks App by first half of FY2026.

### Assets Under Management (AUM): A Snapshot

In FY2025, BFL crossed a milestone of ₹ 400,000 crore of consolidated AUM and closed FY2025 with an AUM of ₹ 416,661 crore as compared to ₹ 330,615 crore as at the end of FY2024, a growth of 26%.

Chart B depicts BFL's consolidated AUM over the last five years. Table 4 gives more granular data based upon lines of business.

**Chart B: Consolidated Asset Under Management (₹ in crore)**



**Table 4: Asset Under Management**

(₹ in crore)

Particulars	Standalone			Consolidated		
	FY2025	FY2024	Growth	FY2025	FY2024	Growth
Two and three-wheeler finance	17,319	19,742	(12%)	17,319	19,742	(12%)
Urban sales finance	29,109	23,448	24%	29,109	23,448	24%
Urban B2C	86,096	64,471	34%	87,696	66,093	33%
Rural sales finance (excluding gold loans)	7,944	6,209	28%	7,944	6,209	28%
Rural B2C	21,467	17,607	22%	21,467	17,607	22%
SME lending (excluding car loans)	50,230	38,498	30%	50,345	38,470	31%
Loans against securities	20,872	18,221	15%	25,377	22,038	15%
Commercial lending	28,285	22,006	29%	27,760	22,006	26%
Mortgages	27,327	22,938	19%	129,461	103,316	25%
Gold Loans	8,307	4,599	81%	8,307	4,599	81%
Car Loans	11,876	7,087	68%	11,876	7,087	68%
<b>Total</b>	<b>308,832</b>	<b>244,826</b>	<b>26%</b>	<b>416,661</b>	<b>330,615</b>	<b>26%</b>

## Financial Performance

Table 5 gives BFL's financial performance for FY2025 and FY2024.

**Table 5: BFL's Financial Performance**

(₹ in crore)

Particulars	Standalone			Consolidated		
	FY2025	FY2024	Growth	FY2025	FY2024	Growth
Interest Income	51,549	40,783	26%	61,164	48,307	27%
Interest and finance charges	18,437	13,843	33%	24,771	18,725	32%
<b>Net interest income (NII)</b>	<b>33,112</b>	<b>26,940</b>	<b>23%</b>	<b>36,393</b>	<b>29,582</b>	<b>23%</b>
Fees and commission income	5,641	5,007	13%	5,983	5,267	14%
Net gain on fair value changes	344	139	147%	539	308	75%
Sale of services and Income on de-recognised loans	477	24	1888%	579	63	819%
Others	1,409	993	42%	1,460	1,038	41%
<b>Net total income (NTI)</b>	<b>40,983</b>	<b>33,103</b>	<b>24%</b>	<b>44,954</b>	<b>36,258</b>	<b>24%</b>
Employee benefits expenses	6,907	5,849	18%	7,508	6,396	17%
Depreciation and amortisation	822	629	31%	881	683	29%
Other expenses	6,238	4,999	25%	6,537	5,246	25%
<b>Pre-impairment operating profit</b>	<b>27,015</b>	<b>21,625</b>	<b>25%</b>	<b>30,028</b>	<b>23,933</b>	<b>25%</b>
Impairment on financial instruments	7,883	4,572	72%	7,966	4,631	72%
Share of profit from associates	-	-		18	8	125%
Exceptional Items	2,544	-		-	-	
<b>Profit before tax (PBT)</b>	<b>21,676</b>	<b>17,053</b>	<b>27%</b>	<b>22,080</b>	<b>19,310</b>	<b>14%</b>
<b>Profit after tax (PAT)</b>	<b>16,662</b>	<b>12,644</b>	<b>32%</b>	<b>16,779</b>	<b>14,451</b>	<b>16%</b>
Other comprehensive income/ (expenses)	(78)	91	(186%)	(67)	90	(175%)
<b>Total comprehensive income</b>	<b>16,583</b>	<b>12,735</b>	<b>30%</b>	<b>16,712</b>	<b>14,541</b>	<b>15%</b>
Earnings per share (EPS) basic, in ₹	269.33	207.27	30%	268.94	236.89	14%
Earnings per share (EPS) diluted, in ₹	268.58	206.47	30%	268.20	235.98	14%
Book value per share, in ₹	1,420.93	1,168.31	22%	1,560.89	1,243.99	25%

Chart C depicts growth of BFL's consolidated PAT.

**Chart C: Consolidated PAT (₹ in crore)**

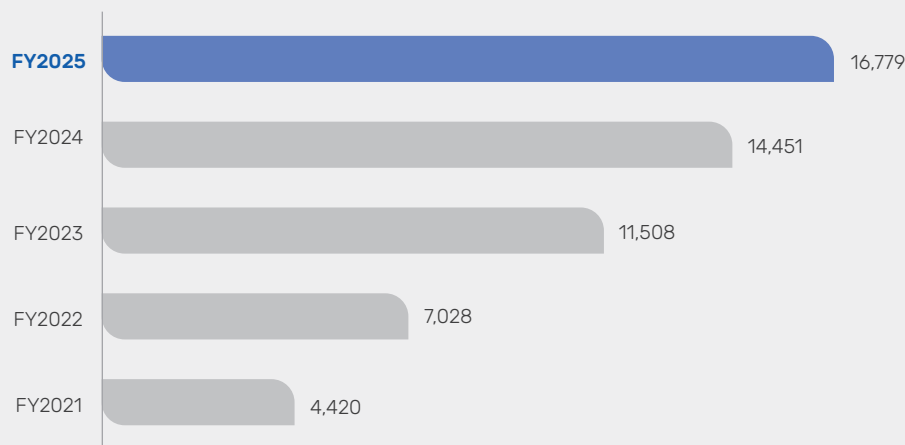
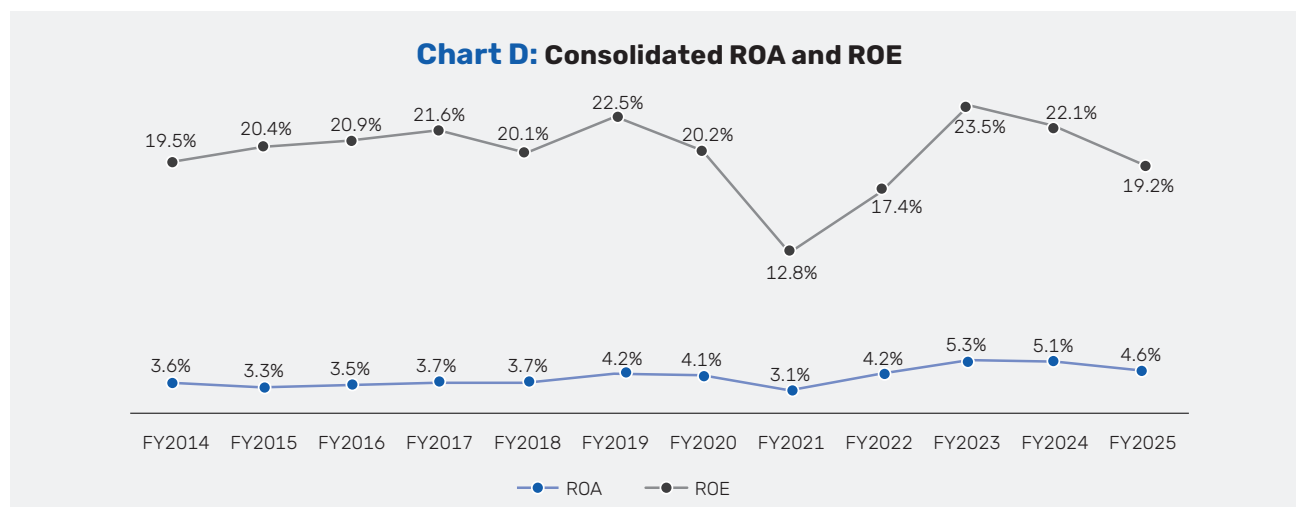


Chart D depicts consolidated return on average assets (ROA) and return on average equity (ROE) over the last 12 years.



**Table 6: Key Ratios on Consolidated basis**

Ratios	FY2025	FY2024
Net interest income (NII) to average loans receivable	9.91%	10.41%
Total operating expenses to NTI	33.20%	33.99%
Return on average loans receivable (ROA)	4.57%	5.08%
Return on average equity (ROE)	19.19%	22.05%
Capital to risk-weighted assets ratio (CRAR) *	21.93%	22.52%
Tier I *	21.09%	21.51%
Tier II *	0.84%	1.01%
Gross NPA	0.96%	0.85%
Net NPA	0.44%	0.37%
Provisioning coverage ratio (PCR)	54%	57%
EPS-Basic (₹)	268.94	236.89
Diluted (₹)	268.20	235.98

\* These ratios are on standalone basis.

## Risk Management, Debt Management and Portfolio Quality

### Risk Management

As a NBFC, BFL is mainly exposed to credit, liquidity, operational and market risks. It continues to invest in talent, processes and emerging technologies to build advanced risk management capabilities; and its sustained efforts to strengthen its risk framework have resulted in stable risk metrics.

BFL promotes a strong risk culture that is embedded across the organisation. At the highest level, the Board of Directors has established a Risk Management Committee (RMC), which assists the Board in maintaining an oversight and review of the risk management principles and policies, strategies, risk appetite, processes and controls. The RMC met six times in FY2025.

The risks revolving around inflationary trends, leverage, elevated interest rates, asset quality concerns and tighter systemic liquidity emerged as challenges which needed to be addressed. BFL's risk framework ensured that, despite these risks, its net interest income, NPAs and liquidity management were not greatly impacted. BFL also has a robust asset-liability management framework and maintains enough liquidity buffer to meet its repayment obligations and emerging credit demand.

As per the RBI's SBR framework, NBFCs classified in the middle and upper layers are required to undertake a thorough internal assessment of the needs for capital, commensurate with the risks in their business. This is required to be carried out using the Internal Capital Adequacy Assessment Process (ICAAP) prescribed for commercial banks under Pillar 2 of BASEL guidelines. Accordingly, BFL has institutionalised a Board-approved ICAAP policy and document. The document encompasses the assessment of material risks to which BFL is exposed and measures taken to mitigate those risks. It has completed its Internal Capital Adequacy Assessment for FY2024 in line with its Board approved ICAAP policy.

Based on assessment of all the material risks applicable to it and reviewing the controls and risk mitigation techniques, BFL is not required to maintain any additional capital. BFL's risk management framework is further detailed in note no. 49 of standalone financial statements and note no. 48 of consolidated financial statements.

### Credit risk

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company.

BFL has a strong governance framework which ensures that the Board of Directors and its committees approve risk strategies and delegate appropriate credit authorities. Robust underwriting practices and continuous risk monitoring ensure that portfolios stay within acceptable risk levels. It has a Board approved 'Sustainable Business Strategy Policy' which clearly lays down business and risk management principles of the Company.

The Company has deeply invested in its risk organisation structure that includes dedicated credit risk units for each business vertical; business specific units such as underwriting, risk containment and fraud control, payment risk; and horizontal risk analytics, business intelligence and operational risk management units. In addition, BFL continues to invest in debt management services capacity.

Through prevention and deterrence actions, the risk containment and fraud control unit is responsible for preventing frauds perpetrated by customers, sourcing channels and internal employees either alone or in connivance with others. It ensures that the relevant fraud checks are performed well before any disbursement of loan through an inbuilt advanced fraud controls analytics in its loan origination system. The fraud check rules are periodically updated based on new learnings.

BFL has enabled all its employees and agencies to flag any suspicious activity or transaction on the core lending system which then goes through extensive checks by the fraud control unit.

BFL's robust underwriting process and vigilance on portfolio quality have ensured that risk at an overall level is within the defined corridor thresholds.

BFL's loan losses provisions for FY2025 were ₹ 7,966 crore versus ₹ 4,631 crore in FY2024. The increase is on account of multiple reasons. Some of these were: macro level deterioration, increased leverage in unsecured loans, global uncertainties impacting the domestic market and rising stress across banking industry.

Through FY2025, the personal loan segment including its rural segment remained impacted on account of higher flows. Necessary risk actions which were implemented provided some support. Given the concerns around leverage in unsecured lending, BFL refreshed its leverage framework to mitigate its impact on credit risk.

BFL continues to hold a macroeconomic provision of ₹ 67 crore as on 31 March 2025.

The Company's balance sheet continues to diversify with a higher composition of low-risk businesses like mortgages, auto loans and other secured businesses. It has also put in place a Board approved policy defining the exposure limits across the consumer retail business with further exposure limits for unsecured retail. These are monitored regularly and also shared with the Risk Management Committee of the Board.

BFL takes a guarantee cover for its portfolios across B2C, MSME and three-wheeler financing business under Credit Guarantee Fund Scheme for NBFCs (CGS-II) from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) governed by the SIDBI. In FY2024, the Company registered with Credit Guarantee Fund for Micro Units (CGMFU) governed by National Credit Guarantee Trustee Company Limited (NCGTC) for seeking guarantee cover for its SME portfolio.

Thus, BFL's balanced approach to portfolio management coupled with rigorous portfolio review has enabled it to identify early warning signals and take corrective actions. With sophisticated analytics, BFL has maintained a healthy new business portfolio quality and taken risk mitigating policy actions with agility and precision.

## Liquidity risk

BFL manages its liquidity risk in accordance with its Board approved Liquidity Risk Management Framework and ALM Policy which incorporates stipulations laid down by the RBI. The policy framework and the operational parameters are regularly reviewed by the Asset and Liability Management Committee (ALCO) set-up in line with guidelines issued by the RBI, which ensures that there are no material imbalances or excessive concentrations on either side of the balance sheet. BFL follows a prudent approach for managing liquidity and ensures availability of adequate liquidity buffer to overcome mismatches in case of a stressed market environment.

BFL regularly monitors the gap between maturing assets and liabilities across all time buckets. Its robust liquidity management framework ensured that it had enough liquidity throughout FY2025 to meet its debt service obligations and balance sheet growth. Indeed, there was no disruption despite the tight liquidity environment prevailing during the year.

BFL exceeds the regulatory requirement of Liquidity Coverage Ratio (LCR) introduced by the RBI in FY2020. BFL's LCR as on 31 March 2025 was 124.93% compared to the regulatory requirement of 100%.

The Company's liquidity management is elaborated in detail in the section on 'Credit Rating and Asset Liability Management (ALM)'.

## Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, or human factors, or from external events. This is further elaborated in the section 'Operational Risk Management'.

## Market risk

Market risk arises from fluctuations in the fair value of future cash flows of financial instruments due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.

To effectively manage market risk on its investment portfolio, BFL follows a prudent investment policy which guides its investment decisions. BFL has invested its surplus funds mainly in government securities, state development loans, treasury bills, liquid funds and deposits with banks and money market instruments of highly rated financial institutions and banks. It calibrates the duration of investment portfolio to balance the twin objectives of maintaining liquidity for businesses and minimum impact of fair value changes on its investment portfolio.

## Interest rate risk

BFL is exposed to interest rate risk on its investment portfolio and interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles. BFL raises funds from diversified sources like deposits, money market borrowings, term loans and short-term borrowings from banks and financial institutions, foreign currency borrowings, among others. Fluctuations in interest rates can occur due to both internal and external factors. Internal factors include composition of assets and liabilities, maturity profile, pricing of borrowings and fixed and floating nature of assets and liabilities. External factors include macroeconomic developments, competitive pressures, regulatory developments and global factors.

BFL monitors the impact of fair value changes on its investment book using Value at Risk (VaR), PV01, modified duration, and these parameters are defined in its Board approved Investment policy. Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis to measure the impact of such interest rate movements on its balance sheet. This is computed monthly and sensitivity of the market value of equity assuming varying changes in interest rates is presented and monitored by ALCO.

BFL's prudent interest rate risk management ensured that amidst a rising interest rate environment, BFL had no significant mark to market impact on its investment portfolio nor on its net interest margin.

## Price risk

BFL's quoted equity investments carry a risk of change in prices. To manage its price risk arising from investments in equity securities, BFL periodically monitors its investment and performance of the investee companies. Mark-to-market gains/(losses) are measured at the reporting date.

### Foreign currency risk

BFL is exposed to foreign currency fluctuation risk mainly for its External Commercial Borrowings (ECB). BFL's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for a maturity less than five years to hedge minimum 70% of its ECB principal and coupon. As a matter of prudence, BFL has always hedged the entire ECB exposure for the full tenure as per Board approved interest rate risk, currency risk and hedging policy.

Bajaj Finance considers foreign currency exchange rates, tenure of ECB and its fully hedged costs while raising funds through ECB. It manages currency risks by executing Over The Counter (OTC) derivative contracts as hedge positions. These are governed through the Board approved interest rate risk, currency risk and hedging policy.

### Debt Management

Apart from risk management, BFL focuses on a robust debt management strategy to ensure that its delinquent debt portfolio is kept at minimal levels. It accords debt management an important place in its portfolio management strategy; and has a dedicated structure to follow a strict protocol for missed payments. BFL considers debt management as a service to customers to enable fair and ethical recovery of delinquent accounts and past-due payments.

BFL continues to invest in its debt management service structure, service organisation, processes, trainings of employees and agencies and ensures strict adherence of compliance requirements and controllership by leveraging technology to follow a non-intrusive debt management mechanism. It follows a strong governance model for its debt management practices and ensures strict adherence to the regulatory and internal policies, code of conduct and fair practice code. It offers a choice to customers to make overdue payments through digital channels, branch walk-in, at retailer points as well as door-step debt management services.

The debt management journey begins well before the customer's instalment falls due. As a matter of good customer service, BFL sends advance intimations to all its customers five to six days before the instalment falls due, to enable customers to maintain adequate funds in their bank account. This practice ensures that the credit history of a good customer is not impacted by any unintentional default.

The journey is expanded further to counselling of customers towards creating a good repayment behaviour by clearing subsequent EMIs directly from the given bank account. BFL has invested in service call centres to counsel customers after the payment of overdue EMI.

BFL follows a graded communication approach with delinquent customers across their repayment lifecycle. These clearly indicate: (i) the importance of timely payment, (ii) avoidance of penal charges, (iii) available payment channels and (iv) payment confirmation. These communications are also made in vernacular language via multiple channels like SMS, email, tele-calling and in-person visits.

BFL has a dedicated structure aligned with business verticals for servicing customers: (i) with current month outstanding; (ii) in early delinquency; and (iii) in NPA and write-off stage. It uses multiple modes such as employees, call centres, digital channels, field agencies and legal channels for debt management.

In an endeavour to follow a non-intrusive debt management practice, BFL collects an electronic clearing mandate from its customers. In case of dishonour of bank instrument, BFL provides customers with 30 different digital payment options such as NEFT, RTGS, Bharat Bill Payment Service (BBPS), UPI, CC Avenue, Wallets, Google pay, payment banks, etc. These channels, along with branch walk-ins, account for approximately 51% of debt management volume.

In November 2022, BFL received its Debt Recovery Agents (DRA) training accreditation from Indian Institute of Banking and Finance (IIBF). Since then, the Company has been continuously investing and providing online DRA training to its agents. After completion of online training, agents appear for a DRA certification test conducted by IIBF. The success rate of agents to clear the exam is around 80%. BFL has planned to cover all its DMS agents with DRA certification on an ongoing basis.



Over the years, BFL has taken various measures to strengthen its debt management process, some of which are enumerated below:

- Setting up a centralised call monitoring infrastructure for its outsourced debt management services agency network to improve controllership. All agents are required to make collection calls only through this infrastructure. All calls are recorded and monitored periodically to ensure compliance of the debt management code of conduct.
- Opening dedicated debt management service desks across 38 branches (including top locations and sensitive markets) to address debt related queries of walk-in customers. BFL is committed to expand coverage of this model across more cities in future.
- Setting up a centralised helpdesk for assisting and processing debt management services' related requests.
- Forming a dedicated in-house team and a centralised calling unit to enable speedier resolution of debt management related complaints of aggrieved customers.
- Implementing a Debt Recovery Agent (DRA) certification process for its agents, where 34,736 DRAs have been certified till date. There is a plan to add additional 20,000 trained and 15,000 DRA certified agents in FY2026.
- Setting up a dedicated team of advisors in service centres to address and resolve queries of delinquent customers raised over phone through a customer care number of BFL.
- Seeking customers' rating on the debt management services agent interaction.
- Significantly strengthening its compliance framework to ensure strict adherence by the debt management service agencies of its code of conduct policy and fair practice code. This framework lays down a penal staircase for non-compliance. BFL investigates every customer complaint pertaining to debt management services and takes appropriate corrective and penal action. It has developed 171 videos in 10 vernacular languages which form part of the training module on its debt management services mobility app. These provide clear understanding to agents on the do's and don'ts while interacting with a customer.
- During the year, BFL further strengthened its DMS function by adding over 6,200 resources to ensure increased geographical reach for better recoveries.
- In FY2025, it introduced a new initiative for a certain segment of delinquent customers in which, for the initial two to three days, physical interaction with these customers is reduced. Instead, reliance is placed on automated payment notifications to nudge these customers towards honouring their payments.

## Portfolio Quality

BFL has the experience of lending and servicing almost 102 million customers. Most businesses are focused on acquiring mass affluent customers – who represent bigger wallets, larger cross-sell opportunities and more acceptable risks. BFL has not only diversified risk across millions of customers and product categories but also diversified its risk portfolio in 1,582 urban and 2,681 rural locations in India.

Product diversity has further strengthened over the past years and the portfolio continues to shift the mix towards secured lending: for instance, mortgages now form 31% of BFL's consolidated AUM. Simultaneously, high risk products like two- and three-wheeler finance now contribute less to the consolidated AUM: now at 4%. It also continues to deepen geographical presence and has added 118 locations to take the total presence to 4,263 locations. BFL's rural businesses now contributes 7% of the consolidated AUM.

BFL continues to re-pivot its mix towards lower risk assets like mortgages and new car loans. It also continues its strategy of 'acquire and cross-sell' to manage cost and portfolio risk, based on its experience that an existing customer typically demonstrates significantly lower credit risk than a new one. This ensures acceptable risk across portfolios over the cycle.

As part of its long-range strategy, BFL is further expanding its product offering in newer business segments. During the year, it entered into new businesses like commercial vehicle finance, third party inward assignments, solar finance, auto finance lease and industrial equipment finance in lending; and Fastag and Bajaj Prime in the payments' space.

As mentioned earlier, the Company ended the year with a gross NPA of 0.96% and a net NPA of 0.44% on a consolidated basis. These metrics not only surpass the pre-pandemic levels but are also among the best in BFL's history. It is also carrying a macroeconomic provision of ₹ 67 crore as on 31 March 2025. The provision coverage on non-NPA assets, excluding the overlay provision, stood at 116 bps and at 118 bps including the macroeconomic overlay provision.

### Operational Risk Management (ORM)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, human factors or from external events. It includes legal risk but excludes strategic and Reputational Risk. Operational risk is inherent in BFL's business activities, as well as in the related support functions. The goal is to keep it at an appropriate level relative to the characteristics of BFL's businesses, the markets in which it operates and the regulatory environment.

The RBI's guidance note on Operational Risk Management and Operational Resilience, issued on 30 April 2024, aims to help Regulated Entities strengthen their Operational Risk Management Framework (ORMF) and enhance operational resilience within the interconnected financial system. BFL has put in place a Board-approved Operational Risk Management Policy which outlines the governance structure and processes for managing operational risk. The policy involves assessing and measuring risks, monitoring them closely, and implementing mitigating measures through a structured governance framework. A management level Operational Risk Management Committee (ORMC) has been put in place to oversee implementation of the Operational Risk Framework.

The ORM Framework of BFL enables systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the operational risks. The key objective is to enable it to ascertain an increased likelihood of an operational risk event occurring in a timely manner and to take steps to mitigate the same. It starts with identifying and defining key indicators (KRI's/KPIs) through process analysis and ending with formulation of action plans in response to the observed trends in the identified metrics. This is achieved through determining key process areas, converting these to measurable and quantifiable metrics, setting tolerance thresholds for these and monitoring and reporting on breaches of the tolerance levels. Corrective actions are initiated to bring back the breached metrics within their acceptable thresholds by conducting the root cause analysis to identify the failure of underlying process, people, systems, or external events.

- BFL uses '3 lines of defence model' as a key component to manage its operational risks.
- The businesses and functions play a critical part in managing operational risk daily.
- BFL has also defined internal control practices across all processes, units and functions for the management of its day-today activities. It has established a 'Customer Complaints Root Cause Analysis' team to fix policy and process gaps that lead to customer complaints. In addition, it has cross-functional teams to identify and implement process changes keeping customer expectations in mind.
- The operations unit has a dedicated process compliance team for concurrent audits to monitor adherence to laid down policies and processes. Controls on operations processes executed from branches and the Head Office are managed through defined processes to be adhered to by customer facing and operations staff.
- Frauds are investigated to identify the root cause and relevant corrective steps are recommended to prevent recurrence. The risk team deliberates with senior management on high value fraud events and advises preventive actions.
- Risk identification and continuous monitoring of risk is carried out at multiple levels through the tracking of key indicators (KRIs/KPIs).
- BFL has opted for a bottoms-up approach to risk identification, where internal compliance teams embedded across businesses and functions drive ownership and culture of minimising operational risk by developing a strong control culture and, hence, making it the first line of defence. These units also monitor adherence to policies and processes laid down by the organisation which cover the length and breadth of the customer life cycle.

In BFL, internal compliance consists of following units which cover the length and breadth of the customer life cycle.

- **Sales Compliance unit:** Embedded in business units with focus on controls in the sales units around onboarding of customers across areas like information security, process lapse, misinformation, and mis-selling.
- **DMS Compliance unit:** Embedded in debt management services ensuring strict adherence of code of conduct policy and fair practice code by the debt management services agencies. It also enforces a penal staircase for non-compliance. BFL investigates every customer complaint pertaining to debt management services and takes appropriate corrective, preventive and penal action.
- **Process Compliance unit:** Embedded in operations to monitor processes focused on customer transactions, services and all customer interactions.
- **Technology Compliance unit:** Embedded in the information technology unit with focus on internal and external environment consisting of network, applications, quality, cloud services, data management, security and review of rules and regulations.
- **Risk unit:** Focus on product programme and related credit policy adherence in the loan book. The activity aims at making sure that loans which are disbursed adhere to the policies and procedures put in place by the organisation.

## Technology

Technology is at the forefront of BFL's business transformation journey, and it has continuously leveraged existing and emerging technologies to launch new products, accelerate customer acquisition and improve customer experience along with simplifying the back-office processes.

## Business Applications

As Bajaj Finance continues to enhance its product offerings, this year saw the introduction of new acquisition workflows for Solar Finance, Affordable Home Loans, Auto Corporate Lease and Commercial Vehicle Finance across both retail and fleet segments. During FY2025, the Company successfully transitioned its complete loan portfolio to a new core lending platform. The Company created a scalable middleware infrastructure to manage its multiple digital channel partnerships which is currently live with Airtel and Google Pay.

BFL has a suite of applications for its field sales, DMS team and partners, known as the SalesOne App, the DMS One App and the PartnerOne App.

- **SalesOne App:** This is being enhanced for better engagement and productivity, which includes multilingual support (Hindi, Tamil, Marathi, Bengali) and a knowledge repository for business SOPs, etc.
- **DMS One App:** DMS One is also enhanced with features like UPI collect request, Digital QR, DMS CRM information for customer insights, along with multilingual support in 8 languages.
- **PartnerOne Portal Capabilities:** The PartnerOne portal now includes functionalities for Direct Selling Agents (DSAs) and Independent Financial Advisors (IFAs), facilitating master affiliate frames, FD renewals for partner customers, sourcing for tractor finance and integration of referral DSAs.
- **MerchantOne:** This platform combines the features for payment and loan merchants such as onboarding, lead management, reporting dashboards and NOCs. In the process, the Company has re-architected the platforms front end and back- end design.

BFL introduced Product on Demand (PODs) few years back to streamline features across sourcing and servicing channels. It continues to enhance its functionalities like Video KYC, Face Authorisation for better KYC experience, multi-party signing for agreements in Document POD and Mandate Registration through UPI.

## Data Lakehouse Platforms

BFL completely transitioned from a structured Data Warehouse to a Data Lakehouse platform storing structured and unstructured data in single repository. This transition eliminates data duplication for Extract, Transform and Load (ETL) and reporting, providing a single source of truth for all users while reducing latency in data availability.

With implementation of the Enterprise Streaming Platform, real time information for specified events is available across various activities. The Company continues to enhance data governance by anonymising variables in the Lakehouse, data masking and enhancing variable tagging with Personally Identifiable Information (PII) or non-PII, thereby enabling stricter data security controls.

### Customer Data Platform (CDP)

The Company's Data Cloud (CDP) now seamlessly integrates all business channels – Call Centre, WhatsApp, SMS, Email, RCS, Social and Notification – providing a unified customer view for personalised campaigns, improved engagement and conversion rates, along with robust data and communication governance. This will help in implementation of omnichannel orchestration for better customer experience across channels.

### Blockchain

For FY2025, BFL approved two blockchain use cases spanning the insurance and banking domains, and selected Hyperledger Fabric (HLF) as the product. The insurance-related blockchain initiative aims to enhance trust, operational efficiency, and collaboration by providing near-real-time policy updates across all six lifecycle events of insurance. BFL went live with one partner in January 2025, contributing 15% to the total insurance volume and initiating 3.21 lakh policies over a distributed peered network at an enterprise scale. It plans to go live with another partner in July 2025, contributing an additional 33% to the total insurance volume, bringing the total coverage to 48%. This initiative achieves a 100% reduction in manual insurance data exchanges, ensuring real-time visibility, zero data tampering and seamless integration with the existing core system and process.

In banking, the focus is on implementing pre-debit notifications (UPI-PDN) use cases to enhance banking operations. BFL plans to go live with a key partner in Q1 FY2026. This approach eliminates the need for manual sharing of PDNs with partners, ensuring real-time processing and providing customers with instant EMI updates through any BFL Digital channel. This transition aims to increase transaction efficiency by 25% in FY2026. Partners can simply hook onto the network as peers and operate at an enterprise scale.

### Infrastructure

The Company is committed to deliver robust and reliable platforms with enhanced infrastructure and seamless user connectivity as it expands its physical and digital presence. To safeguard system uptime and mitigate potential risks such as data loss, financial exposure, and reputational harm, it is focusing on automating its Disaster Recovery (DR) capabilities. Regular and surprise DR drills are conducted to assess the recovery capabilities of its critical IT applications. Additionally, its multi-cloud strategy is designed to minimise reliance on a single cloud service provider, thereby enhancing IT infrastructure resilience.

### Cyber Security

Safeguarding BFL's systems and protecting customer data remain paramount. The Company's commitment to cybersecurity is unwavering as it continuously elevates its defences to counter evolving threats and ensure trust in its operations.

In FY2025, BFL advanced its security posture through strategic initiatives designed to fortify its infrastructure and enhance resilience.

Key projects included the implementation of Database Activity Monitoring to provide real-time visibility into data access and usage, ensuring the integrity of sensitive information. BFL deployed Network Behaviour Anomaly Detection to identify and mitigate potential threats by analysing deviations in network traffic patterns. To secure endpoints, the Company adopted Application Whitelisting, allowing only authorised applications to run, thus reducing the risk of malware and unauthorised access. The Company's network security was further strengthened with the deployment of Network Access Control (NAC) integrated with posture management, ensuring only compliant devices gain access to its ecosystem. The Company also replaced its legacy internet proxy with an advanced Zero Trust Proxy Solution, enforcing strict access controls and continuous verification to minimise vulnerabilities.

BFL continued to enhance security around its consumer mobile app by implementing app-based controls which helped in detecting and blocking attacks on the app. Furthermore, BFL deployed a cloud-based platform to quickly detect, investigate, and respond to cyber threats, effectively managing the vast volume of telemetry data collected from its technology and security platforms.

These initiatives reflect BFL's proactive approach to cybersecurity, prioritising customer data protection and operational integrity. By leveraging cutting edge technologies and industry best practices, the Company is taking its security framework to the next level.

Looking ahead to FY2026, BFL will continue to enhance its security posture by advancing proactive threat-hunting measures and implementing a Zero Trust framework, grounded in the "Trust and Always Verify" doctrine across devices, applications, data networks, and identities.

## Dedicated IT Compliance

The IT compliance department has been strengthened by a team of subject matter experts possessing extensive expertise in IT outsourcing, IT infrastructure and application stacks. This team works in synergy with business, support, and operations units to ensure effective management and monitoring of compliance risks and provides insightful guidance on regulatory requirements. Team will continue to focus on compliance measures across vendor assessment, improved secure coding guidelines and creating extensive Software Bill of Materials (SBOM).

## Technology Innovation & Collaboration Centre (TICC)

BFL's Technology Innovation & Collaboration Centre (TICC) has continued to serve as a dynamic catalyst for technology exploration, adoption and collaboration. As a central hub for innovation, TICC has played a pivotal role in evaluating, integrating, and accelerating technology solutions aligned with the organisation's strategic goals. The Startup engagement is a core pillar, with outreach to start-ups across AI, blockchain, security and localisation supporting the organisation's digital transformation. Throughout the year, TICC drove multiple on-floor engagements, including Tech Days, AI Fests, various partner evaluations and multiple OEM sessions.

## IT and Tech People

BFL is steadfast in its commitment to investing in technology, and recognises its crucial role in driving innovation and business growth. As part of this focus, it has strategically expanded efforts in finding and grooming the IT and technology talent pool. The Company has the right set of sourcing channels to attract and secure best-in-class technology talent available in the industry. By empowering its employees with the tools, knowledge and the training they need, BFL ensures that its workforce remains not only highly skilled but also adaptable and future-ready.

## Artificial Intelligence (AI)

AI has become a cornerstone of innovation, fundamentally reshaping industries by driving automation, enabling data-driven decision-making and unlocking new levels of personalisation. However, its sustainable future hinges on developing viable business models across both consumer and enterprise domains. In December 2024, BFL introduced the i 3.0 strategy, embarking on a transformative journey to become a FINAL company. This evolution is fuelled by an advanced AI-driven technology architecture that integrates intelligence across all processes, enhancing customer engagement, boosting revenue, reducing operational costs, optimising credit risk, improving productivity and strengthening financial governance. In this journey, BFL remains committed to responsible AI principles – ones that ensure fairness, transparency, privacy and security.

Some early successes were achieved in FY2025, which are listed below:

1. AI Voice BOTs in Personal Loan Business: An AI-powered voice automation generated leads, enabling the disbursement of nearly ₹ 1,500 crore in loans.
2. AI-Enabled Document Processing and Quality Control: AI has been implemented to extract information from documents across processes. This has eliminated manual document verification in the processing of over 3.5 crore documents.
3. AI-Powered Service Chat on Bajaj Finserv App: Resulted in accelerated query resolution and thus reduced 70% of service requests.
4. AI-Agents for Service Email Automation: 18% of service emails are now autonomously processed through Service CRM AI-agents.
5. Co-Pilot for SDLC Activities: AI-assisted development efficiencies within the Software Development Life Cycle (SDLC).
6. Generative AI for Content Creation: AI now produces 100% of search engine optimisation (SEO) content, 71% of the videos and 36% of digital banners, marking a major shift in digital content generation.

BFL is simultaneously developing a comprehensive AI governance framework, ensuring compliance across AI-generated content, videos, voice interactions, document processing alongside the prompts, data and infrastructure supporting various AI PODs. Each AI POD is being designed with robust access management, security protocols, governance guardrails, auditability, KPI monitoring and cost controls.



## Digital platforms

In FY2025, Bajaj Finance solidified its digital leadership, with the Bajaj Finserv App reaching over 113.63 million installs and engaging a net user base of over 70 million, complemented by 300 million website visits. In the process, the Bajaj Finserv App became one of the highly rated financial services app on Play Store with a 4.9 user rating.

Aligned to BFL's customer experience objective, a key achievement was the successful unification of its app and web platforms into a single digital stack, ensuring a consistent user journey. This integrated ecosystem saw the strategic deployment of Generative AI, which enhanced content creation by refreshing 31,000 banners (of which 36% via AI) and powered a highly successful Chat feature with 1.46 million monthly users, leading to over 70% reduction in service requests.

Strengthening its underlying digital architecture, BFL implemented module federation for streamlined development and deployment, alongside image and cache management for optimised asset delivery and improved app performance. Additionally, dynamic banner implementation has provided agile content management, while the integration of an AI-powered code review tool has ensured early detection of development-stage bugs.

To further enhance inclusivity for 'Bharat', the Company expanded the vernacular content to over 17,000 Hindi website pages with plans for broader bilingual support across the web and app in FY2026. Further in-line with its long-range plan, the Social Platform went live introducing engaging live influencer channels for Bajaj Finance offerings. BFL's digital platforms also saw the launch of Bajaj Prime, a value-added membership programme, and the addition of numerous features – bringing the total features to 770 across 73 product variants, with a future pipeline of 615 more features.

Embracing the vision for an open digital economy, the Company integrated the government-backed Open Network Digital Commerce (ONDC) network through its partner and launched personal loan offerings as a Seller Network Participant, thus democratising credit access.

## Analytics

Data, technology and analytics have been fundamental to BFL's digital transformation over the last few years, serving as key enablers of the Company's ability to innovate and scale. With significant investments in these areas, BFL is already past a critical juncture where data-driven solutions are not only integrated into core business processes but have become a standard operating practice across the entire customer lifecycle.

Through strategic investments in technologies such as Big Data and Cloud Computing, BFL has unlocked sophisticated data science techniques that address complex business challenges and elevate its decision-making capabilities. Integration of business intelligence and advanced analytics solutions spans across almost every facet of BFL's operations, including customer acquisition, cross-sell, propensity modelling, risk management, debt management, operational efficiency, and customer service.

Every business vertical within the organisation is empowered by highly skilled analytics and data science teams and cutting-edge technologies, facilitating the seamless adoption of digital platforms as part of BFL's omnichannel strategy, ensuring its presence at every point of customer interaction. At the same time, BFL remains vigilant in protecting customer privacy, ensuring that all cross-sell offerings are made with explicit customer consent.

BFL's analytics and portfolio insights' capabilities have also evolved from broad, high-level analyses to more granular, highly specific solutions tailored to the needs of its diverse customer base.

Further, this year, BFL has rolled out a key initiative as part of its Long-Range Strategy to transform BFL into a FINAI company. To this endeavour, BFL has constituted a centralised AI unit, responsible to drive 20 broad AI strategies across Conversational (Voice) AI, Conversation (Text) AI, Vision AI, Content AI and Agentic AI use cases, with a view to transform all the aspects of BFL's business processes and operations using advanced AI technologies.

Few key milestones in BFL's journey towards technological and analytical excellence include:

- BFL's entire data ecosystem and analytics are hosted on Microsoft Azure, which offers flexibility and scalability required to handle complex Big Data workloads, and supports over 1,500 active users in a dynamic, high-performance environment.



- Extensive usage of Microsoft Fabric and Power BI for high-frequency KPI monitoring and in-depth analysis of numerous data combinations, which empower business units to make precise and granular data-driven decisions.
- The Company has seamlessly integrated with the Account Aggregator (AA) ecosystem, utilising consent-based information for real-time underwriting. This approach shifts from traditional data silos to a more integrated, customer-centric model, enhancing overall customer experience.
- BFL invests in products across all credit bureaus to enhance its 360-degree view of customer creditworthiness, enabling more informed and timely credit decisions using a multi-bureau framework.
- The Company continues to expand and refine its statistical models to manage risk across the credit lifecycle, including acquisition, account management and debt management. Enhanced capabilities from banking data insights introduce new variables, thus improving the precision of risk models.
- BFL's advanced risk analytics ensure adherence to ECL provisioning requirements, while continually enhancing governance frameworks, model monitoring, and validation to support sustainable risk management.
- Established a Board-approved Model Risk Management policy to create a framework for identifying, assessing, monitoring, and mitigating risks related to model development and use. This ensures models are utilised safely, effectively and in compliance with regulations.
- Utilising advanced analytics, BFL offers highly personalised loan products and services through its digital platforms. Integrating real-time, data-driven solutions for product recommendations, targeted cross-sell opportunities and efficient capacity planning enhances business processes, driving customer satisfaction and business growth.
- Leveraging cutting-edge data infrastructure, BFL has implemented real-time controls across various decision-making and operational processes. This significantly strengthens BFL's credit and operations risk management framework, and ensures proactive risk identification and mitigation.
- BFL has integrated AI solutions into several customer-facing processes to enhance customer experience and expedite query resolution and service requests. Additionally, AI has been applied to employee-facing processes to boost operational efficiency, such as using Tech AI to accelerate software deployment and conversational AI to manage frequent queries about people policies.

BFL is committed to data-driven decision-making throughout the organisation, cultivating a culture of analytics and continuous improvement. By democratising data science and establishing Centres of Excellence, BFL empowers teams to address everyday challenges with data-supported solutions. This is reinforced by investments in training programmes and the BFL BYTE campus hiring initiative, aimed at attracting top technology and data science talent.

In summary, BFL's focus on leveraging data, advanced analytics and cutting-edge technologies like AI is reshaping its business landscape, driving both innovation and operational excellence. By embedding these capabilities into every facet of the business, BFL is not just meeting the demands of the present but positioning itself for sustainable success in the future.

## Customer Service

BFL strives to deliver exceptional customer experience by proactively addressing and reducing complaints over time. This involves consistent efforts to revamp processes, extend self-service options across multiple channels, and utilising technology-based solutions for a more profound customer engagement experience.

Moreover, BFL has dedicated teams which engage in customer resolution management as well as related automations. It evaluates the performance of customer-facing channels based on key service parameters and collects valuable Voice of Customer (VOC) and feedback to enhance customer satisfaction. To keep customers notified and resolve their queries and requests effectively, the organisation is widening and diversifying its communication and service channels continuously.

Monitoring transactional Customer Satisfaction (CSAT) scores across all channels for multiple service interactions enables BFL to review the effectiveness of its customer engagement initiatives. As of 31 March 2025, BFL has received over 16.50 million responses and achieved a CSAT score of 97%.

## Digital self-service

Currently, BFL has implemented more than 25 service modules and over 340 service processes on both its app and website. These self-service digital platforms enable customers to perform a wide range of tasks in real-time, such as updating demographics, renewing fixed deposits, making payments, downloading statements of accounts, setting up e-mandates, and more.

In FY2025, there were more than 73 million successful viewings, shares or downloads of account statements. Starting from April 2024, over 17 lakh customers updated their demographic information through the app and website. To improve the customer experience, the Company has made the Statement of Account (SOA) and Repayment Schedules (RPS) in 20 vernacular languages.

BFL adheres to the Fair Practice Code (FPC) guidelines by providing transparent breakdown of relevant loan information. This information is available on both the app and website. Welcome letters and Key Fact Statements (KFS) can be easily accessed on both platforms.

During FY2025, significant enhancements were made to the Interactive Voice Response (IVR) channel, managing approximately 1.8 million monthly and 22.1 million yearly calls. Key initiatives included implementing 18 new DIY modules for better self-service, introducing UPI Collect and App Payment Links for payments, and launching an AI Voice BOT Virtual Assistant for the Existing Loan module. Notable achievements consisted of a 94% DIY resolution rate, reduced agent transfers, optimised headcount by using less agents and achieving a 90% CSAT for voice interactions.

These efforts have transitioned the IVR into an AI-driven, scalable platform, yielding operational savings and better customer experiences. The plan for the future involves evolving to Conversational IVR and Pay Over Voice to facilitate seamless transactions without dial-pad inputs. The IVR has become a strategic tool for enhancing efficiency, automation and customer satisfaction.

The adoption rates for self-service are at 86%, with contributions of 87% and 95% from the app and web respectively. Additionally, self-service through IVR has reached a rate of 94%.

FY2025 has seen a decline in branch walk-ins owing to increasing digital presence. There has been a rise in digital payment transactions from 81% in FY2024 to 83% in urban areas. However, rural areas witnessed a slight drop in digital payments from 73% in FY2024 to 71% in FY2025.

## Fair Practice Code (FPC)

FPC is at the core of dealing with customer and to reinforce its commitment to regulatory compliance and customer-centricity, BFL established a dedicated FPC unit last year. This unit actively collaborates with all businesses and functions to ensure adherence to regulatory guidelines and proactively identify opportunities for improvement. An approved Product Program and Audit Framework, underpinned by baseline FPC metrics, track the charges levied and guarantees precision in every loan processed. Through continuous oversight and timely interventions, the FPC unit ensures transparency, fairness and accountability across all operational processes.

The FPC audit framework has helped reduce error rates significantly. This, coupled with establishment of Change Governance Board (CGB) to streamline change management and proactive corrective actions including customer refunds, has led to significant enhancement of FPC practices within BFL.

A revised Key Fact Statement (KFS) was introduced by the RBI in April 2024, with an implementation deadline of 1 October 2024. However, BFL had proactively implemented the new KFS across all lending businesses, including MFI and digital lending loans. Additionally, BFL introduced all service documents, including SOA, Foreclosure Letters, NOCs, and NDCs, in 20 vernacular languages, along with loan journey communications like loan approval status and e-agreement notifications. Furthermore, it established a dedicated concurrent audit unit that focuses exclusively on the FPC process, ensuring strict compliance with guidelines through faster corrective and preventive actions across all businesses and functions.

## RBI Ombudsman & Internal Ombudsman

### Internal Ombudsman (IO):

- BFL has implemented the Internal Ombudsman (IO) scheme to independently review the resolution provided by the Regulated Entity (RE) in cases of wholly or partially rejected complaints, as per the RBI's 'Master Direction – Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023'.
- The Office of the Internal Ombudsman helps organise meetings with internal teams based on complaints and escalations received, working with internal departments and stakeholders for timely closure of identified actionable items.
- BFL has 2 IOs supported by a 4 member team responsible for case screening, review, secretarial work and examination of resolutions provided in such cases, as well as the escalations received from the regulator.
- All escalations are vetted and reviewed by the IO before submitting the response to the RBI Ombudsman offices. The IO referral process is managed through BFL CRM, and the decisions of the IO have not been overruled by BFL.
- The IOs are permanent invitees to the Customer Service Committee of the Board (CSCB) and participate in bi-annual reviews with the Managing Director and monthly meetings with internal teams.

### RBI Ombudsman:

- BFL has a dedicated team that handles concerns or complaints raised by customers and escalations received from various offices, including the RBI Ombudsman, Consumer Education and Protection Department (CEPD), and the Department of Supervision (DOS). This team strives to provide timely responses to all customer escalations received from the RBI offices, adhering to prescribed timelines.
- The RBI escalation handling team consists of 10 members responsible for timely resolution of customer escalations and liaising with the RBI Ombudsman offices to provide necessary clarifications/details for closure of customer escalations.
- To ensure quick response and resolution, BFL has established localised presence in Chennai, Kolkata, Chandigarh, Hyderabad, and Lucknow. All 24 RBI Ombudsman offices are internally mapped to nodal officers within BFL who ensure smooth and timely resolution of escalations.
- The team also focuses on reducing customer escalations through data analysis, customer interactions, and identifying root causes. Customer escalations received from various RBI offices have reduced from 2,635 in FY2023 to 1,932 in FY2024 and to 1,612 in FY2025.
- The team organises customer awareness and education programmes in coordination with and under the guidance of RBI Ombudsman offices. In FY2025, 7 offline awareness programmes were organised, covering students, office help staff, the public and others, attended by over 1,000 participants.

BFL has also taken following initiatives to reduce customer complaints:

- It has a dedicated Complaint Root Cause Resolution Unit (CRCR) team since January 2021, which conducts detailed root cause analysis of customer complaints to identify process or system gaps and take corrective/preventive actions.
- The "Grahak Sampark" initiative, started in April 2024, involves Deputy MD/senior team members virtually connecting with customers to hear their experiences. 17 meetings across 69 branches covering 219 customers were completed in FY2025.
- Under the Customer Service Committee framework, meetings were conducted at 1,075 branches during FY2025, with participation from 5,040 customers, including 1,160 women and 192 senior citizens. The coverage of branches includes FD, urban, rural, gold loan and MFI for these meetings.

Following are some of BFL's processes that have met the RBI expectations:

- The LHS approach to directives set by the RBI coupled with the Company's action plan ensures customer fairness under the oversight of the SBR and PPG committees. Under the LHS approach, the existing processes of the Company are compared with the directives of the RBI and gaps, if any, are identified and acted upon.
- BFL now offers KFS to all customers, both digital and non-digital, across retail and MSME products at pre-sanction stage in 20 vernacular languages.
- Effective grievance redressal mechanism is in place where multiple online and offline customer touchpoints have been set up for easy and transparent grievance resolution with over 95% resolution within 48 hours.
- The board-approved complaint classification document is in place, and quarterly updates are provided to the board.
- Adoption of digitisation and technology for data analysis and improving quality of services.
- Customer awareness programmes and campaigns.

### Customer Communication

BFL has a dedicated unit to manage communication content and governance across the customer life cycle with BFL. It operates continuously to review, improve and drive customers communication through proactive and reactive engagements. Further, BFL has created hundreds of videos to promote self-service to customers who otherwise reach out through various touchpoints for their basic enquiries and servicing needs.

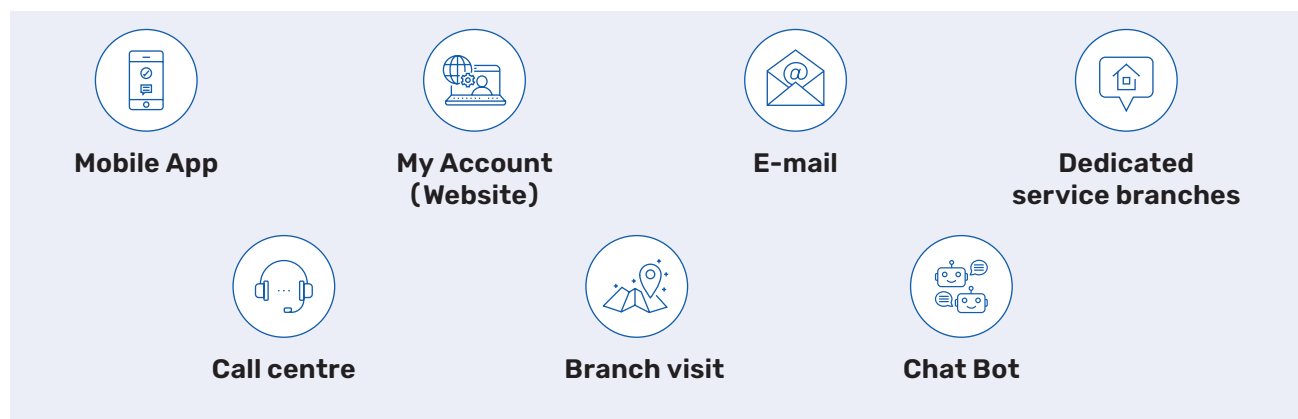
There is a strategic focus on enhancing communication management across the organisation. A dedicated team has been established to standardise communication content for various lifecycle events in alignment with governance standards. This centralised team collaborates with product, business, operations, service and debt management service units to manage communications for pre and post acquisition lifecycle stages.

### Online Educational Campaigns

BFL has conducted extensive awareness campaigns about app adoption, the benefits of paying EMI on time, and the self-service options on social media platforms, including Facebook, X (formerly known as Twitter), Instagram, and YouTube. During FY2025, 27 such campaigns went live, with a total of 1,479 posts, including 769 static posts and 710 videos. These efforts generated some 137 lakh views.

### Customer Service Channels

The following are the channels through which customers can connect with BFL to engage in self-service, raise concerns, requests, and complaints related to their loans, products, services, etc.:



## Credit Rating and Asset Liability Management (ALM)

BFL enjoys the highest credit rating of AAA/stable from CRISIL, ICRA, CARE and India Rating for its long-term debt programme and A1+ from CRISIL, ICRA and India Ratings for its short-term debt programme.

BFL's deposits programme is also rated the highest with credit rating of CRISIL AAA/Stable and ICRA AAA/Stable.

These ratings reaffirm the high reputation and trust that Bajaj Finance has earned for its sound financial management and its ability to meet financial obligations. BFL also enjoys long-term issuer rating of 'BBB-' positive and Short Term Issuer rating of A-3 from S&P Global; it has also issued a Standalone Credit Profile (SACP) of 'BBB' to BFL.

During FY2025, Moody's Ratings has assigned international ratings of Baa3 as long-term issuer rating and P-3 as short-term ratings.

## Baa3

### Moody's international long-term issuer ratings assigned in FY2025

Thus, BFL enjoys investor grade long-term rating from both S&P Global and Moody's Ratings, which reflects its strong financial metrics.

BFL's consolidated borrowings were ₹ 361,249 crore as on 31 March 2025. Its Asset-Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet. BFL's business model lends itself to having an inherent ALM advantage due to large EMI inflow emanating from short tenor businesses which puts it in an advantageous position for servicing of its near-term obligations.

BFL funds its liquidity requirements through use of appropriate funding avenues involving various market instruments, bank borrowings, ECBs and deposits. Further, it ensures a healthy asset-liability maturity profile and keeps abundant liquidity in addition to meeting various regulatory requirements, viz. Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR), as prescribed by the RBI. The liquidity management and resource mobilisation strategy achieved significant efficiency in BFL's sourcing of funds with an optimal mix of deposits and borrowings from banks and markets. It ensured that despite tight systemic liquidity conditions during FY2025, enough liquidity was available to meet its debt service obligations and business growth requirements.

At a consolidated level, BFL maintained an average liquidity buffer of ₹ 17,211 crore in FY2025, representing 5.26% of its average outstanding borrowings in FY2025. It had a consolidated liquidity buffer of ₹ 18,754 crore as on 31 March 2025, representing 5.19% of outstanding borrowings.

In FY2025, BFL raised approximately US\$ 1 billion of fully hedged ECB as term loans from multiple lenders. Additionally, BFL has extended the borrowing profile during the FY2025 through securitisation (Pass Through Certificates) for the first time. During FY2025, BFL started raising Priority Sector Lending (PSL) financing from banks for on-lending towards Small and Marginal Farmers (SMF) and Non-SMF borrowers under the PSL guidelines prescribed by the RBI. These additional channels of resource raising helped BFL to further diversify its borrowing profile as part of its Asset Liability Management.

The Company exceeds the regulatory requirement of Liquidity Coverage Ratio (LCR) introduced by the RBI in FY2020. This stipulates that all deposit taking NBFCs are required to maintain sufficient liquidity surplus in the form of High-Quality Liquid Assets (HQLAs) on an ongoing basis to withstand any potential liquidity disruption event. Such HQLAs are to be maintained as a percentage of cash outflows in a stressed scenario. BFL maintains HQLAs primarily in the form of treasury bills, government securities and cash.

BFL operationalised its Subsidiary General Ledger (SGL) account during FY2025. Consequently, it can transact directly in government securities rather than facilitating through Constituents Subsidiary General Ledger (CSGL). Henceforth, BFL shall hold all government securities which are maintained for the purpose of liquidity management in the Subsidiary General Ledger (SGL) and securities maintained for the purpose of Statutory Liquidity Ratio (SLR) in Constituents Subsidiary General Ledger (CSGL).

At present, the LCR requirement for BFL and BHFL is at 100%. As on 31 March 2025, BFL maintained a LCR of 124.93% and BHFL maintained a LCR of 192.81%. Both are well above the RBI's stipulated norms.

Table 7 gives the behavioural maturity pattern of BFL's asset and liabilities and depicts its prudent approach towards ALM management. As can be seen, BFL has maintained significant positive ALM position in 1-7 days bucket against RBI permitted negative ALM mismatch of up to 10%. Similarly, in cumulative ALM buckets like 8-14 days and 15-30/31 days, BFL has maintained significant cumulative positive ALM balances against RBI permitted cumulative negative ALM mismatches of up to 10% and up to 20% respectively.

**Table 7: Behaviouralised ALM snapshot as on 31 March 2025**

(₹ in crore)

Statement of Structural Liquidity as on: - 31 March 2025	1 to 7 days (one month)	8 to 14 days (one month)	15 to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 years	Total
Capital and Reserves and Surplus	-	-	-	-	-	-	-	-	-	87,996	87,996
Deposits	870	489	1,516	2,433	3,102	8,037	14,976	34,890	5,052	-	71,366
Borrowings from Commercial Paper	-	-	6,064	5,935	4,088	2,738	2,531	-	-	-	21,356
Borrowings from Banks/FI	4,416	3	789	1,797	3,259	3,851	15,544	42,805	7,430	165	80,059
Borrowings from Debentures	185	-	387	942	1,705	2,461	11,767	26,835	20,790	28,387	93,458
TREPS/REPO	15,311	-	-	-	-	-	-	-	-	-	15,311
Other Outflows	2,477	699	3,407	400	290	766	1,003	1,922	2,628	1,605	15,198
<b>Total Outflows (A)</b>	<b>23,259</b>	<b>1,192</b>	<b>12,162</b>	<b>11,506</b>	<b>12,444</b>	<b>17,853</b>	<b>45,822</b>	<b>106,452</b>	<b>35,900</b>	<b>118,153</b>	<b>384,743</b>
<b>Cumulative Total Outflows (B)</b>	<b>23,259</b>	<b>24,451</b>	<b>36,613</b>	<b>48,119</b>	<b>60,563</b>	<b>78,416</b>	<b>124,238</b>	<b>230,690</b>	<b>266,590</b>	<b>384,743</b>	
Cash, Cash Equivalents & Investments	18,024	-	11,505	1,140	1,023	2,101	4,265	3,757	145	12,208	54,167
Advances (Receivables under financing activities)	10,813	2,887	6,889	17,518	14,969	37,228	56,798	111,798	31,903	24,050	314,854
Other inflows	6,274	115	625	1,144	191	314	782	982	1,976	3,320	15,722
<b>Total Inflows (C)</b>	<b>35,112</b>	<b>3,002</b>	<b>19,019</b>	<b>19,802</b>	<b>16,182</b>	<b>39,643</b>	<b>61,844</b>	<b>116,537</b>	<b>34,024</b>	<b>39,578</b>	<b>384,743</b>
<b>Cumulative Total Inflows (D)</b>	<b>35,112</b>	<b>38,114</b>	<b>57,133</b>	<b>76,935</b>	<b>93,118</b>	<b>132,760</b>	<b>194,605</b>	<b>311,141</b>	<b>345,166</b>	<b>384,743</b>	
<b>E. Mismatch (C - A)</b>	<b>11,853</b>	<b>1,811</b>	<b>6,857</b>	<b>8,296</b>	<b>3,738</b>	<b>21,790</b>	<b>16,022</b>	<b>10,084</b>	<b>(1,876)</b>	<b>(78,575)</b>	
<b>F. Cumulative mismatch (D-B)</b>	<b>11,853</b>	<b>13,664</b>	<b>20,520</b>	<b>28,816</b>	<b>32,555</b>	<b>54,344</b>	<b>70,367</b>	<b>80,451</b>	<b>78,575</b>	<b>-</b>	
<b>G. F as percentage of B</b>	<b>51%</b>	<b>56%</b>	<b>56%</b>	<b>60%</b>	<b>54%</b>	<b>69%</b>	<b>57%</b>	<b>35%</b>	<b>29%</b>	<b>0%</b>	

The assigned portfolio outstanding as on 31 March 2025 stood at ₹ 4,473 crore on a standalone basis and ₹ 8,817 crore on a consolidated basis. BFL's judicious strategy of maintaining a longer duration for liabilities than assets, coupled with an optimal mix of borrowings between banks, money markets, external commercial borrowings and deposits has helped BFL to effectively manage its net interest margin throughout FY2025.

## Human Resources

BFL is an equal-opportunity employer. People are its key assets and pillars of strength. The Company has adopted people practices that enable it to attract, nurture and grow talent in an increasingly competitive market. The Company's deeply embedded culture fosters an entrepreneurial mindset, humility to continuously learn enabled by an innovative mindset to ensure that consistent performance is delivered. BFL's policies and practices are designed to provide its talent with the best opportunities to contribute, learn and grow.

### Attract, Retain and Nurture Talent

To meet its talent needs, BFL hires a mix of campus and lateral hires, ensuring a balanced inflow of qualified candidates. Its innovative Talent Acquisition (TA) Underwriting Practice goes beyond traditional hiring metrics, focusing on cultural fit and values alignment. This strategy helps build a workforce that embodies the Company's mission and values and fosters performance orientation.

By prioritising cultural fit, Bajaj Finance attracts top-tier talent from across the country, including those who might not excel in conventional recruitment processes. This inclusive approach champions diversity, bringing in varied perspectives, diverse backgrounds and eclectic experiences that drive creativity and innovation. The TA Underwriting Practice not only benefits the organisation internally but also has a profound impact on the broader community. This transformative hiring strategy underscores the Company's commitment to leadership and its role in shaping a better future.



During the year, the Company added over 10,600 full time employees and over 44,600 Fixed Term Contract (FTC) employees, transitioning work that was previously outsourced to manpower agencies. This move is expected to result in lower attrition and better controllership for the Company. Additionally, it provides these FTC employees with the opportunity to transition into Full-Time Employees (FTE) based on their performance, allowing them the chance to work for the Company for a longer period.

## Employee Engagement

The Company has been actively working on enhancing employee engagement through various initiatives. These programmes are not only instrumental in enhancing trust but also serve as foundations upon which robust workplace cultures are built. They exemplify how structured communication frameworks can transform organisational dynamics, making these more transparent, inclusive and agile. The following initiatives reflect the Company's commitment to enhancing employee engagement.

- **Townhalls & Confluence** are crucial to BFL's communication approach. These addressed over 2,000 employee queries in FY2025. These initiatives foster transparency and open dialogue, with about 45% of employees participating virtually each quarter. Through "Confluence," senior leaders share crucial updates, strategies and financial insights, addressing queries openly. This enhances employees' understanding of BFL's organisational landscape and bridges communication gaps, making leadership more accessible. Quarterly town halls keep employees informed and engaged, providing insights into financial performance, strategic objectives and corporate updates, and ensure an open dialogue about future aspirations and challenges.
- The **"Own My Branch"** (OMB) programme exemplifies BFL's innovative approach to connecting leadership with employees across its extensive branch network. By facilitating interaction between senior management and branch employees, the OMB programme bridges the gap between the head office and regional branches. Each leader is tasked with overseeing two to three branches quarterly, ensuring a seamless execution of leadership vision and fostering trust among employees. Through this initiative, BFL has reached over 4,100 locations, engaging more than 1,000 leaders with nearly 48,000 employees.
- **"BOL"**, the Company's listening framework, is about Building Trust and Relationship, Open to Solve, and Listening to Understand. It has emerged as a remarkable channel for dialogue. The initiative's commitment to bridge communication gaps is demonstrated by its impressive engagement metrics. Connecting over 450 senior management team members with over 8,000 employees, "BOL" has facilitated a vast exchange of perspectives. The generation of over 4,000 feedback forms highlights its effectiveness in encouraging employees to share valuable insights and voice their concerns or suggestions for improvement. This level of connection creates a sense of belonging and empowerment among team members, who feel their voices are not only heard but also respected and acted upon.
- The launch of **BFL Social** on Viva Engage on 1 February 2023 marked a transformative step in how BFL, as an organisation, fosters communication, collaboration and celebration across its diverse workforce. Designed as an engagement platform, it serves as a dynamic hub, where over 52,000 employees engage, share ideas and recognise each other's contributions, transcending geographical boundaries and uniting us as a cohesive team. From its inception, BFL Social was intended to do more than just connect employees digitally; it was envisioned as a space that brings its vibrant organisational culture to life. BFL Social has created a sense of community that strengthens bonds and aligns its people with the Company's goals. It facilitates open dialogues on innovation, diversity, sustainability and more, enabling employees to learn, share their perspectives, insights and collaborate on problem solving initiatives. By blending work with play, BFL Social nurtures a workplace where collaboration is energised and enthusiasm is a daily experience.

## Employee benefits and well-being

BFL's comprehensive approach extends to cover medical, financial and emotional support for employees and family members. The Company provides medical and life covers through group insurance policies. Annual health check-ups arranged by the organisation had approximately 24,000 employees assess their health status. Additional financial support to employees and their families for medical and other emergencies is extended through the curated programmes like iCare fund (an employee and Company contributory scheme) and Money-On-Call. Emotional support is available for employees and family members through an employee assistance programme led by experts.

Recognising the importance of well-being in employee satisfaction and productivity, the Company has implemented comprehensive health initiatives:

- **Physical and Mental Wellness:** Programs such as the Annual Health Check-Up with an employee participation of approximately 24,000, Emotional Well-being Month and "Stepathon" walking challenge have encouraged employees to prioritise their health. Mental health sessions, such as "Mansik Swasthya" catering to over 18,000 participants, has focused on building emotional resilience and promoting mental well-being.
- **Empathy-Driven Support:** Policies like "I Care" provide financial aid during emergencies, while flexible salary options, including fortnightly payments, ensure financial stability. In FY2024, over 3,800 employees utilised the flexible salary option, reflecting BFL's commitment to their financial well-being.
- **Work-Life Integration:** Initiatives such as "Gift a Leave" promote a culture of mutual support and enable employees to balance personal and professional responsibilities effectively.

Over 500 employees have sought emotional support through the counselling initiatives. Periodic webinars and articles along with floor sessions are conducted to enable employees to meet their emotional needs. An emotional well-being assessment survey was conducted at the organisation level to observe emotional risk of employees which resulted in a participation of 6,464 employees. The outcomes led to curated programmes and help for employees where required.

### Culture Anchors

Since the Company's growth began in 2007, its people have exhibited certain behaviours that have been instrumental in its success. These behaviours, known as its Culture Anchors, have played a crucial role in shaping the Company's unique culture. This culture has provided BFL with a distinctive competitive advantage and is integral to the Company's identity and success.

Over the years the Company has identified 14 Culture Anchors which form 'The BFL Way'. They are the principles that guide on 'how we conduct ourselves', 'how we work with others' and 'the way we make decisions'. These principles apply to every single employee, at every level.

The Company is taking a bi-directional approach to take Culture to the last mile, executed through 4 strong pillars – Communicate, Role Model, Recognise and Build. BFL is driving this top down with its leaders and ensuring everyone on the ground can champion culture. Tenured employees with track record of displaying the right behaviour are chosen as Culture role holders (marshals, ambassadors, guru) across hierarchy. These role holders act as mentors to their teams and guide them in bringing these Culture Anchors to life, thus exemplifying living 'the BFL way'.

In addition, the senior leaders of the Company are guided by BFS Leadership Mindsets and Behaviours. These fuel the Company's purpose and form the DNA of the organisation and are deeply connected to the BFL Culture Anchors. For leaders at BFL, the leadership expectations are defined as Leadership Traits that encompass the essence of both the Culture Anchors and the BFS Leadership Mindset and Behaviours.

### Learning and Development

At BFL, learning is holistic and continuous, tailored to meet the needs of various employee segments such as New Joiners, First Time Managers, Leaders moving to Senior Management Roles, Senior Leaders, and Women Leaders.

New employees undergo a 15-day onboarding process, including a functional induction led by certified trainers, focusing on the Company's culture, policies, practices and technology platforms essential for their roles.

For existing employees, BFL offers targeted programmes addressing re-skilling needs and new initiatives. The Company has invested in 10 Regional Training Centres (RTCs) with guest house facilities for 400 participants. In FY2025, over 34,000 employees benefited from these programmes. BFL has over 2,150 certified trainers who delivered more than 2,200 training programmes.

BFL partners with platforms like Coursera, Go1, Percipio and Harvard University to offer diverse courses. The Distance Learning Program supports employees to enrol in company sponsored MBA courses. Average training hours increased to over 26 lakh in FY2025 from over 6 lakh in FY2024, enhancing talent retention and productivity.

### Diversity and Inclusion

BFL's Spectrum Program promotes Diversity, Equity and Inclusion with policies supporting a diverse workforce. Benefits include 1-to-1 counselling, extended paternity leave, day-care facilities, enhanced safety measures, additional health check-ups for female employees, extended work-from-home options, and travel allowances for expecting females and new mothers. Further, as on 31 March 2025, BFL has employed 24 people with disabilities and special needs.

BFL takes pride in fostering a culture where women are empowered to rise and lead with confidence. At the heart of this is its flagship initiative, the Navigator – Women Leadership Development Program, designed specifically for high-performing women in certain bands. This six-month programme focuses on enhancing leadership acumen, strategic thinking and emotional intelligence, equipping participants with the skills needed to excel in a dynamic corporate environment.

- The programme's growing success is reflected in the increasing participation, from 66 women in FY2024 to 82 in FY2025. Participants have reported significant growth in confidence, networking capabilities, public speaking skills, and the ability to effectively balance work-life priorities. Building on Navigator's impact, the Navigator Train-The-Trainer (TTT) Certification Program senior women leaders use this program to help and mentor younger women by sharing their experiences.
- In parallel, the Navigator Mentorship Program connects senior leaders with Navigator participants, creating a robust support network that fosters personal growth and accelerates career advancement. In FY2025 alone, 55 mentors guided over 100 mentees, underscoring the programme's effectiveness.
- Further enriching its inclusive culture is Karwaan – Leadership Panel Discussions, where sessions with industry experts and leaders address critical topics such as gender bias and thriving under pressure.

### Employee Celebrations

In FY2025, BFL celebrated regional festivals at Over 2,100 locations, with more than 11,000 employee families participating—reflecting its commitment to cultural inclusivity and community-building. The launch of BFL Social, an internal platform, further transformed employee engagement by connecting 43,000+ employees across geographies, fostering collaboration, recognition, and a stronger sense of belonging.

### Rewards and Recognition

BFL's Recognition and Rewards programmes aim to cultivate a culture of excellence by celebrating exceptional achievements across the organisation. Over 10,000 employees were recognised and rewarded in FY2025 for exemplary performances and for taking initiatives.

### Giving Back to Society

The Company's employees are socially conscious citizens and keen to support the community they live in. They have actively participated in a 'Joy of Giving' initiative called 'Daan Utsav' and donated over 130,750 items under four different categories: Nanhe Kadam (children focused donations), Anna Daan (food donations), women empowerment, and gifts for elderly. They also participated in blood donation camps organised by the Company. The employees have helped the environment by planting 200,000 trees across 60 locations in India.

### Awards and Recognition

During the year, BFL received the following awards for its people practices:

- 'Best Large NBFC' for FY2024 by Business Today at the Business Today Best Banks Awards held in February 2025.
- 'Best Large NBFC' at the 17th Edition of MINT BFSI Summit and Awards held in January 2025.

As on 31 March 2025, BFL, along with its subsidiaries, has 108,742 employees out of which 64,092 are full-time employees and 44,650 are fixed term contract employees. In FY2025, the group added 10,310 full time employees.

Subject to shareholders' approval, the Board of Directors, in their meeting held on 20 March 2025, has approved the elevation of Mr. Rajeev Jain to Vice Chairman in the capacity of Executive Director for a period of three years, effective 1 April 2025. Mr. Jain's current tenure as Managing Director concludes on 31 March 2025. Furthermore, Mr. Anup Kumar Saha, presently serving as Deputy Managing Director with a term extending to 31 March 2028, has been promoted to Managing Director, effective 1 April 2025.

### Internal control systems and their adequacy

BFL has robust internal control systems in place, driven through various procedures and policies which are reviewed and tested periodically across processes, units and functions. The Company's risk and credit teams have inbuilt processes to identify the existing and probable risks and to mitigate identified risks. Senior management also regularly monitors the mitigating measures. BFL has various committees including Risk Management Committee and the Asset and Liability Committee, with participation from various functions, which are designed to review and oversee critical aspects of BFL's operations.

The Company has instituted the “3 lines of defence” model, viz.

- First Line of Defence: Internal operations management and management controls.
- Second Line of Defence: Risk and Compliance function.
- Third Line of Defence: Internal audit function.

BFL has a dedicated team for testing the design and efficiency of Internal Control Over Financial Reporting (ICOFR) on a regular basis and timely remediation of control deficiencies identified, if any. Further, it monitors Information and Technology General Controls (ITGC) on a periodic basis. The Company has specialised units within IT and operations for carrying out regular checks to ensure that the processes set for these functions are complied with and gaps identified, if any, are set right on a regular basis. The control functions implement, review and monitor the standards and lay down policies and procedures by which the entity manages risks including compliance with regulatory guidelines and applicable laws, adherence to operational controls and relevant standards of conduct.

Compliance is a fundamental aspect of BFL’s business operations. The compliance philosophy is strict adherence to laws, regulations, and ethical standards to maintain the trust of the stakeholders i.e., regulators, customers, investors and employees. Keeping in mind this philosophy, BFL significantly augmented its headcount in the compliance function during FY2025.

BFL’s compliance philosophy revolves around the following principles:

- Regulatory Compliance: It is committed to comply with all applicable laws, regulations, and guidelines set by the regulatory authorities.
- Customer Protection: It prioritises the protection of its customers’ interests and data. Robust data protection measures are maintained, and privacy laws and regulations are strictly adhered to. BFL strives to provide fair and transparent financial products and services, ensuring that its customers make informed decisions.
- Ethical Conduct: BFL expects all its employees to uphold the highest ethical standards in their dealings with customers, partners and colleagues.
- Risk Management: BFL has implemented robust risk management frameworks and processes to identify, assess and mitigate risks associated with its operations.
- Employee Training and Awareness: Comprehensive training programmes have been rolled out to enhance the compliance knowledge and awareness of the Company’s employees.

BFL has a dedicated Chief Compliance Officer (CCO) and a robust compliance unit. Under the CCO’s supervision, the compliance function is responsible for identifying and assessing compliance risks, providing guidance on related matters, and monitoring and testing compliance across the organisation.

It has implemented controls through systems and processes ensuring a robust framework. In line with the RBI’s notification dated 3 February 2021, BFL and BHFL implemented Risk-Based Internal Audit (RBIA) with effect from 1 April 2021. The RBIA is linked to the overall risk management framework and provides an assurance to the Board of Directors and Senior Management on the quality and effectiveness of the organisation’s internal controls, risk management and governance related systems and processes.

The Internal Audit (IA) function reviews the business and functional units’ adherence to internal policies and regulatory requirements, thus providing timely feedback to management for taking necessary corrective and preventive steps.

In recent years, the IA team has created dedicated teams consisting of domain experts with respect to information security audit. Additionally, a concurrent review team has been established to monitor and assess critical parameters on an ongoing basis.

BFL’s Risk Management, Operational Risk Management, Information Technology and Cyber Security practices have been already elaborated in the earlier sections of this chapter.

The Audit Committee of the Board reviews the performance of the audit and compliance functions and the effectiveness of controls and compliance with regulatory guidelines. In the opinion of the Board and Senior Management, internal control systems are well placed and work in a satisfactory manner.

## Fulfilment of the RBI's norms and standards

BFL fulfils and often exceeds the applicable norms and standards laid down by the RBI relating to the recognition and provisioning of Stage III (qualifying non-performing) assets, capital adequacy, statutory liquidity ratio, liquidity coverage ratio etc. Table 8 below demonstrates BFL's and BHFL's prudent practices detailing its performance ratios compared to the minimum requirements of the RBI.

**Table 8: BFL and BHFL's regulatory ratios compared to the minimum requirements of the RBI**

Particulars	Bajaj Finance Limited		Bajaj Housing Finance Limited	
	As of 31 March 2025	RBI stipulation	As of 31 March 2025	RBI stipulation
Capital to Risk-weighted Assets Ratio (CRAR)	21.93%	15%	28.24%	15%
Of which Tier-I Ratio	21.09%	10%	27.72%	10%
Statutory Liquidity Ratio	15.78%	15%	NA	NA
Liquidity Coverage Ratio	124.93%	100%	192.81%	100%
Asset liability mismatch (cumulative)				
1-7 days	51%	(10%)	29%	(10%)
8-14 days	56%	(10%)	37%	(10%)
15-30 days	56%	(20%)	15%	(20%)

In FY2025, the RBI issued following important circulars: -

- *Key Facts Statement (KFS) for Loans and Advances*: These directions issued on 15 April 2024 harmonise the existing instructions on KFS relating to microfinance loans and digital lending which were applicable to all regulated entities and display of information by banks. These mandate KFS issuance to all retail and MSME loans sanctioned on or after 1 October 2024. *BFL is compliant with the requirements of the circular.*
- *Fair Practices Code for Lenders – Charging of Interest*: These directions issued on 29 April 2024 directed all Regulated Entities (REs) to review their practices regarding mode of disbursement of loans, application of interest and other charges and take corrective action, including system level changes, as may be necessary, to address the issues. *The practices followed by BFL are compliant with the requirements of the circular.*
- *Guidance Note on Operational Risk Management and Operational Resilience*: This note issued on 30 April 2024 provides an overarching guidance to Regulated Entities for improving and further strengthening their Operational Risk Management Framework (ORMF) and enhance their Operational Resilience given the interconnections and interdependencies, within the financial system, that result from the complex and dynamic environment in which the REs operate. *BFL has in place a Board-approved Operational Risk Management Policy which outlines the governance structure and processes for managing operational risk.*
- *Master Direction on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies)*: These directions issued on 15 July 2024 provide a framework to NBFCs for prevention, early detection and timely reporting of incidents of fraud to Law Enforcement Agencies and the RBI. *BFL has in place a Board-approved "Master Policy Document for Dealing with Frauds".*
- *Master Direction on Treatment of Wilful Defaulters and Large Defaulters*: These directions issued on 30 July 2024 serve as a comprehensive guideline delineating the regulatory framework and procedures for classification of borrowers as wilful defaulters. *BFL has in place a Board-approved "Policy for Treatment of Wilful Defaulters and Large Defaulters".*
- *Review of regulatory framework for HFCs and harmonisation of regulations applicable to HFCs and NBFCs*: These directions issued on 12 August 2024 harmonise the regulations applicable to HFCs and NBFCs. *The practices followed by BFL are compliant with the requirements of the circular.*
- *Amendment to the Master Direction – Know Your Customer (KYC) Directions, 2016*: These directions issued on 6 November 2024 align the instructions with the amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, 'Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967', and revises certain existing instructions. *BFL has updated its "Know Your Customer (KYC) Policy" in line with the requirements of the circular.*



- *Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025:* These directions issued on 6 January 2025 consolidate previously issued circulars/instructions to REs on reporting of credit information to Credit Information Companies (CICs). *BFL has in place a Board- approved “Credit Information to Credit Information Companies (CIC) Policy” to comply with the same.*

On 15 November 2023, the RBI directed BFL to stop sanction and disbursal of ‘eCom’ and ‘Insta EMI Card’ with immediate effect due to non-issuance of Key Fact Statements (KFS) to the borrowers under these two lending products and some deficiencies in the KFS issued in respect of other digital loans sanctioned by BFL. On 2 May 2024, considering the remedial actions taken by BFL, the RBI lifted the restrictions on sanction and disbursal of loans under ‘eCOM’ and ‘Insta EMI Card’ with immediate effect.

## Strengths, Risks and Opportunities

Analysis of BFL’s strengths, risks and opportunities are given below:

### Strengths

- **Diversified product suite:** BFL is the largest and most diversified NBFC in India, enabling an optimal balance between risk and profitability to deliver a sustainable business.
- **Geographic expansion:** Extensive geographical presence in 4,263 locations across the country accelerate customer acquisition, with BFL serving 101.82 million customers across India.
- **Technological adaptability:** Early adoption of emerging technologies enhances the cross-selling of loan products and services by improving customer experience and engagement.
- **Credit ratings:** BFL enjoys AAA/stable ratings from CRISIL, ICRA, CARE, and India Ratings for its long-term debt programme, and A1+ ratings from CRISIL, ICRA, and India Ratings for its short-term debt program. Its deposit program is also rated the highest with CRISIL AAA/Stable and ICRA AAA/Stable. Additionally, BFL has a ‘BBB-’ positive issuer rating from S&P Global, which has also assigned a standalone rating of ‘BBB’ to BFL.
- **Brand and financial performance:** Strong brand pedigree and consistent financial track record help diversify borrowings across banks, corporates, and retail customers at lower costs.
- **Debt management:** Robust debt management strategy ensures strong portfolio health.
- **Top management:** Experienced senior management team.

### Risks

- **Borrowing costs:** These are influenced by the economic cycle and liquidity position in the market, which in turn can impact net interest margins.
- **Credit costs:** These are affected by the country’s GDP growth rate, political uncertainties, and political actions.
- **Regulatory changes:** Such changes can temporarily affect the business during the transition period.

### Opportunities

- **Increase loan cross-sell:** There is an opportunity to enhance loan cross-selling by offering all products at all locations.
- **MSME segment:** Expand the MSME segment by providing financing solutions to MSMEs that face challenges accessing credit from traditional banks.
- **Scale up newly launched businesses:** Focus on growing new line of businesses such as Gold Loans, MFI, Vehicle Financing, Tractor Financing and Auto Leasing.
- **Implement more GenAI use cases:** Identify and implement additional Generative AI use cases to improve business efficiency and customer experience.



## Bajaj Housing Finance Limited (BHFL)

Bajaj Housing Finance Limited (BHFL), a subsidiary of Bajaj Finance Limited, is registered as a non-deposit taking housing finance company with the National Housing Bank (NHB) since September 2015 to carry on the business of housing finance and categorised as Upper Layer NBFC (NBFC-UL) under Scale Based Regulations (SBR) issued by the RBI.

BHFL started its lending operations from July 2017 and crossed the significant AUM milestone of ₹ 100,000 crore during the year to reach AUM of ₹ 114,684 crore as on 31 March 2025. Pursuant to the requirement under SBR, the Company got listed on the equity segment of the National Stock Exchange and BSE (formally known as Bombay Stock Exchange) with its IPO in September 2024 of ₹ 6,560 crore of which primary issue was ₹ 3,560 crore and an offer for sale by BFL amounting to ₹ 3,000 crore, resulting in dilution of BFL's shareholding from 100% to 88.75%.

BHFL offers a full mortgage product suite spanning across i) Home Loans, ii) Loans Against Property, iii) Lease Rental Discounting, iv) Developer Financing and, v) Partnership and Services

BHFL caters to various mortgage needs of salaried, self-employed, and professional customers, offering purchase, resale, self-construction, and balance transfer transactions for prime, near prime, and affordable segments. Its commercial products include construction finance and lease rental discounting for real estate developers, HNIs, REITs, sovereign wealth funds, and corporates.

BHFL holds the highest credit rating of AAA/stable from both CRISIL and India Ratings for its long-term debt program; and A1+ from CRISIL and India Ratings for its short-term debt program.

## ₹ 6,560 crore

**One of the most successful IPO and equity listing on NSE and BSE**

### BHFL Performance Highlights, FY2025

- Assets under management (AUM) increased by 26% to ₹ 114,684 crore
- Net interest income (NII) increased by 20% to ₹ 3,007 crore
- Net total income (NTI) grew by 23% to ₹ 3,597 crore
- Impairment on financial instruments rose by 31% to ₹ 80 crore
- Profit before tax (PBT) increased by 28% to ₹ 2,770 crore
- Profit after tax (PAT) grew by 25% to ₹ 2,163 crore
- Capital adequacy ratio as on 31 March 2025 was 28.24% (including Tier-II capital).

**Table 9: BHFL's Assets Under Management**

Particulars	(₹ in crore)		
	FY2025	FY2024	Change
Housing loans (including top ups)	64,447	52,819	22%
Loan against property	12,262	9,568	28%
Lease rental discounting	21,913	17,637	24%
Developer finance	14,346	9,599	49%
Other loans	1,716	1,747	(2%)
<b>Total</b>	<b>114,684</b>	<b>91,370</b>	<b>26%</b>

**Table 10: BHFL's Standalone financials**

Particulars	(₹ in crore)		
	FY2025	FY2024	Change
Total income	9,576	7,617	26%
Interest and finance charges	5,979	4,692	27%
<b>Net total income</b>	<b>3,597</b>	<b>2,925</b>	<b>23%</b>
Total operating expenses	747	703	6%
<b>Pre-impairment operating profit</b>	<b>2,850</b>	<b>2,222</b>	<b>28%</b>
Impairment on financial instruments	80	61	31%
<b>Profit before tax (PBT)</b>	<b>2,770</b>	<b>2,161</b>	<b>28%</b>
<b>Profit after tax (PAT)</b>	<b>2,163</b>	<b>1,731</b>	<b>25%</b>
Other comprehensive income/(expenses)	11	(1)	
<b>Total comprehensive income</b>	<b>2,174</b>	<b>1,730</b>	<b>26%</b>
Earnings per share (EPS) basic and diluted, in ₹	2.67	2.58	3%

### Bajaj Financial Securities Limited or Bajaj Broking

Bajaj Financial Securities Limited ('BFSL', 'BFinsec', 'Bajaj Broking') functions as a wholly-owned subsidiary of BFL. It is registered with the SEBI, both as a stockbroker and as a depository participant.

In FY2025, Bajaj Broking significantly broadened its reach to 46 locations and 48 branches, providing a comprehensive suite of services to over 9.7 lakh clients in retail and HNI, encompassing DP services, Broking, Margin Trading Facility, and Financing for Offers For Sale.

### Bajaj Broking: Performance Highlights, FY2025

- Customer franchise grew by 40% to over 979,000.
- Margin Trade Financing (MTF) book increased by 18% to ₹ 4,505 crore.
- Net interest income (NII) increased by 122% to ₹ 249 crore.
- Net total income (NTI) increased by 58% to ₹ 441 crore.
- Profit before tax (PBT) increased by 158% to ₹ 183 crore.
- Profit after tax (PAT) increased by 148% to ₹ 139 crore.

## ₹ 139 crore

**BFSL's PAT, up 148% YoY**

### HNI Demat and Broking

Bajaj Broking delivers Depository Participant (DP) and broking services designed to meet the needs of High Net Worth Individuals (HNIs). The commitment is to provide a seamless trading experience. This is reflected in a dedicated call-in-trade service, where experienced dealers ensure swift and efficient trade execution, offering clients the flexibility they require.

Recognising the diverse investment strategies of its HNI clientele, Bajaj Broking offers customised brokerage plans, enabling solutions that align with individual trading preferences. For those engaging in high-volume trading, it provides access to a trading terminal, enhancing efficiency and control over market transactions.

As of 31 March 2025, Bajaj Broking served a growing base of over 66,000 HNI clients, supported by 48 operational branches. With a strategic focus on expansion, it has strengthened its presence in Tier 2 and Tier 3 cities.

## Retail Demat and Broking

Bajaj Broking provides a comprehensive digital broking solution designed to meet the diverse needs of retail clients. With a variety of discount broking plans, clients have the flexibility to select an option that aligns with their trading preferences, whether they are active traders or long-term investors. These plans deliver economic value without compromising on service quality, ensuring clients can access a range of investment products including Stocks, F&O, Margin Trade Finance (MTF), IPOs, US Stocks, Bonds, and free research tools.

The platform offers seamless access through a web portal and a mobile app. Additionally, Bajaj Broking enhances the user experience with value-added features such as call-n-trade functionality, which allows clients to execute trades with the assistance of customer support. The platform is equipped with advanced tools to facilitate an efficient and smooth trading experience, ensuring accessibility and ease of use.

In FY2025, Bajaj Broking successfully onboarded 2.6 lakh new users, increasing its total client base to 9.2 lakh. The mobile app has been downloaded over 2.7 million times with an app rating of 4.2 out of 5.

## Proprietary Trading

Bajaj Broking has a Proprietary Trading (prop trading) division with the aim to generate superior risk adjusted returns compared to market returns. In FY2025, it has generated a return of 15% compared to Nifty 50 return of 3% along with better risk metrics compared to Nifty and half the average volatility. It has an allocated fund of ₹ 250 crore towards prop trading and is planning to scale up the book size. It is also building capabilities in quantitative and statistical arbitrage as this is highly scalable in the future. This will be done with the help of Machine Learning and Quantitative Analysis. BFSL will create quantitative trading models along with risk frameworks to automate execution efficiency.

## Margin Trading Facility (MTF)

Bajaj Broking provides MTF to HNIs and retail clients, enabling them to purchase security up to 4X of margin. This facility can be availed on more than 1,000 approved securities. Margin Trading Facility AUM grew by 18% to ₹ 4,505 crore as of 31 March 2025 versus ₹ 3,817 crore as of 31 March 2024.

Bajaj Broking has enhanced its online presence by upgrading both its website and mobile trading app, incorporating significant features and capabilities relating to (i) product feature enhancements, (ii) tool enhancements, and (iii) service enhancement.

Table 12 gives BFSL's financial performance.

**Table 12: BFSL's Financial Performance**

Particulars	(₹ in crore)		
	FY2025	FY2024	Change
AUM	4,505	3,817	18%
Total Revenue	800	486	65%
Profit Before Tax	183	71	158%
Profit After Tax	139	56	148%

## Update on performance of associates

### Snapwork Technologies Private Limited

Snapwork specialises in delivering innovative digital solutions with focus on digital transformation, cloud services, design led platform engineering, agile development, UI/UX design, and mobile app development. It has expertise in developing and delivering highly scalable mobile applications. Its solutions combine user-centered research, user interface design, process engineering and interface/mobile development with client's business objectives. It also conducts research and development activities. Snapwork has significant experience working with banking, financial services and insurance clients in providing development and technical manpower services.

Incorporated in 2008, Snapwork has some of the leading financial services companies in India as its clients. It has an excellent record of digital project execution for large organisations and banks/financial institutions; and has won impressive awards for its mobile apps from Google, IBM, Intel, Sequoia and Your Story.

Snapwork works closely with BFL to solve key technical priorities on scalability, experience and performance. It has developed the Bajaj Finserv App. BFL holds 41.5% stake in Snapwork on a fully diluted basis.

Financial performance highlights of Snapwork are given below:

Particulars	(₹ in crore)		
	FY2025	FY2024	Growth
Total revenue	82.70	68.87	20%
Total expenses	65.13	48.94	33%
PAT	13.53	15.00	(10%)
Net worth	126.87	113.92	11%

### Pennant Technologies Private Limited

Pennant Technologies is a fast-growing, innovative financial technology company that empowers global banks and financial institutions to transition into 'digital-first' enterprises. Pennant provides end-to-end lending solutions with products like Loan Origination System, Loan Management System, Collections, CRM, and key digital enablers. At the core of Pennant's offerings is the PennApps Lending Factory (PLF)—a comprehensive, highly configurable and scalable lending platform that streamlines the entire loan lifecycle.

Incorporated in 2005, Pennant has a proven track record with over 250 successful projects in the banking and financial services sector. Pennant has over 40 clients including top tier banks, NBFCs and housing finance companies. It has been acknowledged globally, with accolades such as Forrester's Global Banking Platform recognition, IDC Market Glance listing and the Asia Fintech Awards' 'Lendtech of the Year'.

Pennant has become a key Loan Management System provider to BFL with majority of the product portfolio on Pennant LMS. In FY2025, BFL successfully transitioned its B2B portfolio from an older platform to Pennant LMS. BFL holds 26.53% stake in Pennant on a fully diluted basis.

Financial performance highlights of Pennant are given below:

Particulars	(₹ in crore)		
	FY2025	FY2024	Growth
Total revenue	153.00	102.52	49%
Total expenses	92.32	75.67	22%
PAT	45.94	20.03	129%
Net worth	287.85	242.70	19%

### Concluding Comments

After prevailing over the COVID-19 years (FY2021 and FY2022), BFL has come back to its usual status of posting excellent operational and financial results in FY2025. Although there are some storm clouds on the horizon, there are reasons to believe that BFL is well placed to continue posting good results in FY2026, with the Company's omnichannel strategy becoming even more apparent across all relevant points of customer interface. BFL, therefore, expects to generate greater customer acquisition, higher customer loyalty, more profitable cross-selling and better margins for each of its businesses. Simply put, FY2026 should be at least as good as FY2025.

**Table 13: Consolidated key financial indicators: last 18 years**

Financials snapshot	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR
AUM	2,478	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	115,888	147,153	152,947	197,452	247,379	330,615	416,661	35%
Total income	503	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,500	26,386	26,683	31,648	41,418	54,983	69,725	34%
Interest expenses	170	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,623	9,473	9,414	9,754	12,560	18,725	24,771	34%
Net total income	332	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,877	16,913	17,269	21,894	28,858	36,258	44,954	33%
Operating expenses	193	220	320	460	670	850	1,151	1,428	1,898	2,564	3,270	4,197	5,662	5,308	7,587	10,142	12,325	14,926	29%
Loan losses & provision	109	164	261	205	154	182	258	385	543	804	1,030	1,501	3,929	5,969	4,803	3,190	4,631	7,966	29%
Profit before tax	30	51	134	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	7,322	5,992	9,504	15,528	19,310	22,080	47%
Profit after tax	21	34	89	247	406	591	719	898	1,279	1,837	2,496	3,995	5,264	4,420	7,028	11,508	14,451	16,779	48%

Ratios	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Opex to Net total income	58.1%	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%	33.5%	30.7%	34.7%	35.1%	34.0%	33.2%
Loan loss to avg. AUF/ loans	3.6%	4.9%	7.1%	3.6%	1.6%	1.3%	1.3%	1.4%	1.5%	1.6%	1.5%	1.6%	3.1%	4.1%	2.8%	1.5%	1.6%	2.2%
Return on assets	0.7%	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%	4.1%	3.1%	4.2%	5.3%	5.1%	4.6%
Return on equity	2.0%	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%	20.2%	12.8%	17.4%	23.5%	22.1%	19.1%
Net NPA	7.00%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%	0.65%	0.75%	0.68%	0.34%	0.37%	0.44%
Provision coverage ratio	30%	32%	55%	79%	89%	83%	76%	71%	77%	74%	70%	60%	60%	58%	58%	64%	57%	54%
CRAR (standalone)	40.7%	38.4%	25.9%	20.0%	17.5%	21.9%	19.1%	18.0%	19.5%	20.3%	24.7%	20.7%	25.0%	28.3%	27.2%	25.0%	22.5%	21.9%
Leverage ratio	2.6	2.5	3.8	5.9	6.4	5.3	6.2	6.8	6.3	6.6	5.4	6.3	5.1	4.7	4.9	5.1	4.9	4.7

Note 1: As per the RBI regulations, NNPA percentages upto FY2015 are at 6 months overdue, FY2016 is at 5 months overdue, FY2017 are at 4 months overdue and FY2018 are at 3 months overdue. Hence NPA across periods are not comparable.

Note 2: All figures till FY2017 are as per previous GAAP on standalone basis.

Note 3: All figures from FY2018 onwards are as per Ind AS and on consolidated basis.

## Cautionary Statement

Some statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied.