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). The Company is classified as NBFC-UL (upper layer) 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, MSMEs (Micro, Small, and Medium sized Enterprises) and commercial customers with deep 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, MSME lending, commercial lending, rural lending, partnership and services, payments and deposits. Over the years, Bajaj Finance has emerged as a leading player in the country's NBFC sector.

Bajaj Finance has two subsidiaries and two associate companies:

i) Bajaj Housing Finance Limited (BHFL or Bajaj Housing), which is registered with the National Housing Bank as a Housing Finance Company (HFC).

ii) Bajaj Financial Securities Limited (BFSL, BFinsec, or Bajaj Broking), which is registered with the Securities and Exchange Board of India (SEBI) as a Stock Broker and Depository Participant.

iii) Snapwork Technologies Private Limited (STPL), which provides digital transformation solutions with a focus on cloud, platform engineering, and scalable mobile apps for BFSI.

iv) Pennant Technologies Private Limited (PTPL), which provides loan management system for banks and financial institutions.

BFL at a glance:

- On a consolidated basis, BFL has a franchise of 119.33 million customers.
- Number of new loans booked crossed a milestone of 50 million in FY2026 and were 52.45 million.
- Its consolidated Assets Under Management (AUM) crossed a milestone of ₹ 5 trillion and stood at ₹ 509,975 crore as on 31 March 2026, a growth of 22%.
- Consolidated Profit After Tax (before one-time actions) of ₹ 20,689 crore for FY2026, a growth of 24%.
- Consolidated Profit After Tax (after one-time actions) of ₹ 19,332 crore for FY2026, a growth of 15%.
- BFL has a capital adequacy of 21.55% on a standalone basis, which is well above the RBI norms.
- Before one-time actions, Return on Average Assets (RoA) of 4.56% in FY2026 and Return on Average Equity (ROE) of 19.22%.
- After one-time actions, Return on Average Assets (RoA) of 4.26% in FY2026 and Return on Average Equity (ROE) of 18.05%.

52.45 million
New loans booked
Crossed a milestone of 50 million

₹ 509,975 crore
Assets Under Management (AUM)
Crossed a milestone of ₹ 5 trillion

Macroeconomic Overview

Global macroeconomic conditions remain broadly resilient but uneven, amid elevated policy and geopolitical uncertainty. According to the International Monetary Fund's (IMF) World Economic Outlook (April 2026), global growth is projected at 3.1% in 2026, improve marginally to 3.2% in 2027, under the assumption that the Middle East conflict remains limited in duration and scope. Global headline inflation is expected to increase to 4.4% in 2026 before declining to 3.7% in 2027, reflecting renewed commodity prices pressures, firmer inflation expectations and tighter financial conditions. However, the external environment remains fragile, with higher trade barriers, geopolitical fragmentation and renewed trade tensions continuing to shape risk sentiments, supply chains and capital flow.

Geopolitical risks have intensified, particularly due to escalating tensions in the Middle East, including Iran-related developments, which pose upside risks to energy prices and could reignite global inflationary pressures and may adversely affect trade flows as well as overall economic activity.

Simultaneously, US–China trade relations remain uncertain, shaped by selective tariff adjustments, export controls in strategic sectors such as semiconductors and rare earths and evolving bilateral arrangements. While recent truces have helped avert a broader escalation, the risk of renewed trade tensions remains material. Such tensions could weigh on global trade volumes, disrupt supply chains and tighten financial conditions, particularly for open economies and commodity-importing countries.

Against this backdrop, India continues to exhibit relative macroeconomic resilience. As per IMF projections, India's growth is expected to moderate to 6.5% in both 2026 and 2027, following an estimated 7.3% expansion in 2025. Domestically, the Second Advance Estimates released by the National Statistical Office (NSO) in February 2026 place real Gross Domestic Product (GDP) growth at 7.6% in FY2026, up from 7.1% in FY2025, driven by the twin engines of private consumption and investment.

Real GDP expanded to ₹ 322.6 trillion in FY2026, while real Gross Value Added (GVA) reached ₹ 294.4 trillion, supported by services-led growth and a recovery in manufacturing. India remains the fastest-growing major economy, underpinned by resilient domestic demand, with private final consumption expenditure accounting for nearly 55.7% of GDP.

Inflation dynamics in India have been benign, which has created space for calibrated monetary easing. Consumer Price Index (CPI) declined sharply through 2025, reaching a trough of 0.25% in October 2025 before inching up to 1.33% in December 2025, well below the inflation target band, aided by food price deflation and favourable base effects. In response, the RBI reduced the repo rate cumulatively from 6.50% in December 2024 to 5.25% by December 2025, while maintaining a neutral stance, reflecting limited but targeted policy space. On the external front, the current account deficit narrowed to 0.8% of GDP in the first half of FY2026, supported by strong services exports, providing a buffer against global volatility. Key risks stem from geopolitical led commodity price shocks and renewed trade disruptions, while low inflation, a narrowing Current Account Deficit (CAD), and robust domestic demand remain critical macroeconomic buffers.

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

	FY2023 (FE)	FY2024 (FE)	FY2025 (1^{st} FRE)	FY2026 (2^{nd} AE)
Real GDP (₹ in trillion)	261.2	280.0	299.9	322.6
Real GVA (₹ in trillion)	237.6	254.8	273.4	294.4
Real GDP growth*	NA	7.2%	7.1%	7.6%
Real GVA growth*	NA	7.2%	7.3%	7.7%

*The Ministry of Statistics and Programme Implementation (MoSPI) has released the New Series of Annual and Quarterly National Accounts Estimates with base year 2022–23, which replaces the previous series with base year of 2011–12. Therefore GDP and GVA growth are not populated for FY2023.

Source: Government of India, National Statistical Office (NSO). AE denotes advance estimate, FE denotes final estimate, FRE denotes first revised estimate and PE denotes provisional estimate.

Constructed upon baseline assumptions, survey indicators and model forecasts, real GDP growth is projected at 6.9% in FY2027. This reflects a gradual strengthening in economic momentum over the year. While the baseline outlook is supported by resilient domestic demand, the balance of risks remains tilted to the downside, primarily due to global economic uncertainty and commodity price volatility. However, higher crude oil prices than that estimated for baseline scenario real GDP growth is estimated at 6.7%.

NBFCs: An Industry Overview

NBFCs are key pillars of India's financial intermediation ecosystem. They complement scheduled commercial banks (SCBs) by extending credit to customer segments and geographies where conventional channels are less penetrated. Their specialised underwriting, product innovation and last-mile delivery capabilities — supported by increasing digital origination and servicing — have facilitated greater access to finance for micro and small enterprises, self-employed borrowers, affordable housing customers and microfinance-linked households, thereby advancing financial inclusion and supporting broad-based economic activity.

In line with this expanding role, NBFC credit as a proportion of GDP has increased steadily over the past decade from 8.9% in FY2015 to 14.6% in FY2025.

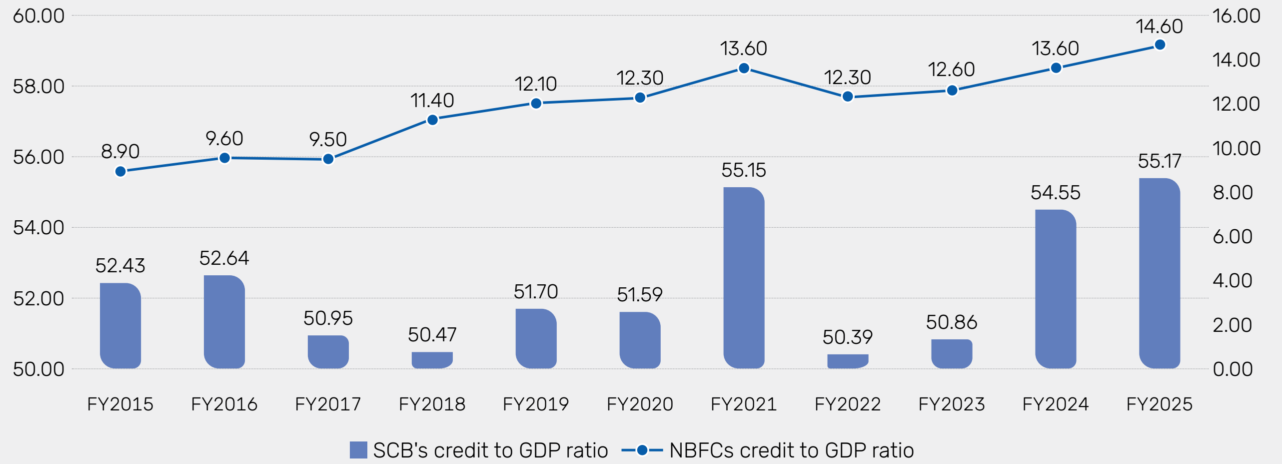
The regulatory landscape for NBFCs has continued to evolve towards a more proportionate, risk-aligned framework under the Reserve Bank of India's (RBI's) scale-based regulation (SBR), which applies differentiated requirements based on size, complexity, activity profile and systemic importance across base, middle, upper and top layers, with enhanced governance, prudential and disclosure expectations for upper-layer entities.

In addition to statutory oversight, greater emphasis is being placed on industry-led standard setting through self-regulation initiatives, intended to strengthen best practices, transparency and consumer protection. In May 2025, the RBI issued digital lending directions that formalise and consolidate regulatory expectations for the digital credit ecosystem. These measures reinforce conduct standards and customer safeguards by improving transparency, accountability and controls over data practices and servicing as digital first lending models expand.

During the year the Reserve Bank of India has undertaken a significant rationalisation of its regulatory framework, including the consolidation of over 9,000 regulatory instructions into 238 Master Directions out of which 35 Master Directions were issued for Non-Banking Finance Companies (NBFCs). The RBI further completed a similar consolidation exercise covering all supervisory instructions, reinforcing consistency and ease of compliance across regulated entities. This simplification enhances regulatory clarity, reduces interpretational complexity and supports more efficient engagement with the regulator. We view these measures as strengthening the operating environment for well-governed NBFCs and as being aligned with our disciplined approach to compliance, governance and risk management.

The NBFC sector performance indicators have remained supportive of GDP growth. Credit growth for NBFCs in the aggregate upper and middle layers reached 21.3% year-on-year as of September 2025. Asset quality has further improved, with the overall gross non-performing assets (GNPA) ratio declining to 2.9% as of September 2025 from 3.4% a year earlier — which reflects continued strengthening in portfolio performance, underwriting discipline and collection outcomes.

Chart A: NBFC and SCB Credit as a % of GDP



The Company

Bajaj Finance Limited ranks among the largest and most diversified NBFCs in India offering payments 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 and are subject to an enhanced regulatory framework by the RBI.

The Company is present in 4,098 locations across the country, including 2,571 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.

Bajaj Finance focuses on 11 broad categories. These are:

1. Consumer Lending
2. Personal Loans
3. MSME Lending (secured and unsecured)
4. Wheels Financing
5. Rural Lending
6. Gold Loans
7. Microfinance Business
8. Commercial Lending
9. Loan against Securities
10. Deposits; and
11. Partnerships and Services

The Company remains well capitalised with a Capital-to-Risk Weighted Asset ratio (CRAR) of 21.55% as on 31 March 2026, making it among the best capitalised large NBFCs in India.

BFL realised a gain of ₹ 1,416 crore (net of selling expenses) on sale of 166,600,000 equity shares of Bajaj Housing Finance Limited (BHFL), through the open market mechanism by executing a bulk deal in secondary market at an average price of ₹ 95.31 each on 2 December 2025 as a step towards achieving minimum public shareholding requirement in BHFL. Consequently, BFL's shareholding in BHFL reduced from 88.75% to 86.70%.

On the liability side, Bajaj Finance continues to maintain conservative liquidity buffers. The consolidated liquidity buffer was ₹ 15,020 crore as on 31 March 2026. As on 31 March 2026, BFL's consolidated borrowings stood at ₹ 435,112 crore. In FY2026, it raised approximately USD 615 million of fully hedged External Commercial Borrowings (ECB) as term loans from multiple banks.

BFL's consolidated average cost of funds for FY2026 was 7.54% and exit cost of funds as on 31 March 2026 was 7.41%.

As on 31 March 2026, BFL's consolidated gross NPA at 1.01% and net NPA at 0.41% were among the lowest in the industry. This validates BFL's deeply embedded risk culture and robust risk management practices which have ensured low NPA despite the volatile economic environment.

During the year, to enhance balance sheet resilience amidst a volatile global economic environment, the Company has further strengthened its provisioning framework by implementing a minimum Loss Given Default (LGD) floor across all businesses. As such an accelerated ECL provision of ₹ 1,406 crore was made.

Consolidated performance highlights, FY2026

- Customer franchise grew by 17% to 119.33 million.
- Number of new loans booked crossed a milestone of 50 million and were 52.45 million.
- Number of customers on Bajaj Finserv App was 86.63 million.
- Assets under management (AUM) crossed a milestone of ₹ 5 trillion and increased by 22% to ₹ 509,975 crore.
- Net interest income (NII) increased by 21% to ₹ 44,110 crore.
- Net total income (NTI) grew by 21% to ₹ 53,324 crore.
- Total operating expenses (Opex) grew by 19% to ₹ 17,776 crore.
- Opex to net total income (NTI) stood at 33%.
- Pre-impairment operating profit increased by 22% to ₹ 35,548 crore.
- Impairment on financial instruments increased by 34% to ₹ 9,482 crore.
- Profit before tax (PBT) increased by 17% to ₹ 25,817 crore.
- Profit after tax (PAT) increased by 15% to ₹ 19,332 crore.
- Adjusted for the additional ECL provision taken towards long-term resilience and the exceptional item, PBT grew by 23% to ₹ 27,630 crore and PAT grew by 24% to ₹ 20,689 crore.
- Adjusted for the additional ECL provision taken towards long-term resilience and the exceptional item, Return on Average Assets (RoA) was 4.56% in FY2026 and Return on Average Equity (ROE) was 19.22%.
- Return on Average Assets (RoA) of 4.26% in FY2026 and Return on Average Equity (ROE) of 18.05%.
- Loan loss to Average Assets under finance (AUF) 2.09%.
- Capital adequacy ratio (standalone) as on 31 March 2026 remains strong at 21.55%, including Tier-I capital of 20.67% which is 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 FY2027, BFL is optimistic about its growth potential in the future years.

1.01% Gross NPA | **0.41%** Net NPA

Among the lowest in the industry

86.63 million
Number of customers on Bajaj Finserv App

₹ 27,630 crore
Adjusted Profit Before Tax (PBT) growth of 23%

4.56% Adjusted ROA | **19.22%** Adjusted ROE

Long Range Strategy (LRS)

LRS FY2026–30

Execution outcomes of FY2025–29 LRS have expanded the product footprint, strengthened the platform and distribution ecosystem, and embedded AI-led transformation. These outcomes form the foundation for the FY2026–30 LRS, which is anchored on three strategic pillars: (i) building a customer-centric company serving all needs of the customer; (ii) establishing technology leadership in financial services through scaled data and AI capabilities; and (iii) positioning BFL as the lowest risk company through tighter risk tolerance across credit, fraud, compliance, operations and technology.

LRS FY2026–30 strategic snapshot

1. **Customer-centric company:**
    - Company aims to reposition itself from a product-centric organisation to a truly customer-centric company by embedding design thinking across the value chain and building a deeper understanding of customer needs, behaviours and lifetime potential.
    - This will be enabled through product propensity models, channel affinity models across Web, App, Social, Point of Sale (POS) and call centre.
    - Complete its product portfolio and launch wealth management.
    - A strong structured data information architecture, supported by multidisciplinary execution teams, and
    - A comprehensive rewards framework, will help deliver more personalised, relevant and long term engagement with customers.
    - The expected outcomes are higher wallet share, reduced credit cost, lower customer acquisition cost, higher product per customer (PPC of 6.5–7.5), and improved customer satisfaction.

2. **Technology leadership:**
    - Company seeks to establish technology leadership by building a robust AI and data-led digital foundation that supports scale, agility and innovation.
    - This includes creating capabilities for unstructured data discovery, tagging and labelling infrastructure, feature stores, vector databases and an enterprise knowledge graph to significantly expand data variables and improve decisioning.
    - On the consumer side, build a next-generation Consumer AI platform, offer products on AI platforms such as ChatGPT enabling chat-based loan origination and seamless transactions, enable multimodal AI experiences across our Digital Platforms (App and Web), and create a secure data exchange framework to power AI.
    - Across data, consumer, enterprise and agentic AI, as well as Finserv Intelligence and technology products, the objective is to drive scale, improve productivity, build robust compliance by design and stronger digital adoption.
    - By FY2030, this is expected to translate into significantly higher traffic and users on our digital platforms, 50% of total digital platform volumes from the new AI platform, lower credit costs, and 12%–15% productivity improvement.

3. **Lowest risk company:**
    - Company aims to become the lowest-risk company in its segment by embedding AI into risk, fraud, compliance, operations, service and debt management.
    - In risk, AI augmentation supported by AI-ready data architecture and risk agents will improve agility, strengthen underwriting and reduce analysis timelines from 10–15 days to 1 day, while also delivering meaningful improvement in credit costs.
    - In fraud, advanced anomaly detection, graph/network technologies and document fraud identification will strengthen prevention and detection capabilities.

- In operations and service, enable real-time data architecture and deploy hyper-personalised agentic AI platform with Voice of Customer (VOC)–led design. Integrating regulatory compliance using AI-driven observability, keeping human-in-the-loop will improve both efficiency and control.
- This integrated approach is expected to enable management of 100 million loans annually, reduce operations and service costs by 50% by FY2030, increase Do it yourself (DIY) adoption to 97%, and improve CSAT from 96% to 99%, while positioning debt management services as technology-led and scalable.

Key strategic measures

- Customer-centric execution through design thinking and propensity-led engagement, supported by channel affinity models and rewards-led retention.
- Data and AI foundations scaled through structured and unstructured dataset augmentation, feature stores, vector databases and knowledge graph development.
- New Consumer AI platform and distribution extension to third-party AI platforms, supported by secure data exchange frameworks.
- Enterprise and agentic AI deployment across workflows, with governance, auditability and human-in-the-loop controls.
- Build AI technology products to improve reusability, scalability and compliance-by-design.
- AI-enabled risk, fraud and compliance controls to support a lower risk posture alongside growth.

Table 2: LRS FY2030 Assessment

Metric	FY2026	FY2030
Customer franchise	119.33 MM	200–220 MM
Cross-sell franchise	75.51 MM	120–130 MM
India payments Gross Merchandise Value (GMV)	0.17%	0.4%–0.5%
Location presence	4,098	4,600–4,900
App – net installs	86.6 MM	160–180 MM
Web – visitors	611 MM	3,500–4,500 MM
Return on equity	18.1%	19%–21%
AUM per cross-sell franchise	₹ 67,500	₹ 85,000 - ₹ 90,000
PAT per cross-sell franchise	₹ 2,740	₹ 3,700 - ₹ 3,900
Profit per customer (PPC)	6.07	6.5–7.5

Progress update on LRS FY2025-29

LRS FY2025–29 envisaged transforming BFL into a FINAI company that would offer a full product suite to its 200 million customers by FY2029 as their pre-eminent choice. Its AI-enabled technology architecture was designed to integrate AI across all processes and deliver significant operating leverage and growth.

The Company remains committed to robust planning and rigorous execution. Key priorities progressed across business expansion, platform-led distribution and AI capabilities. Growth was supported by targeted scaling in secured and unsecured segments, deeper ecosystem reach and early-vintage monitoring. AI initiatives moved from development to deployment across origination, service, content and technology.

Key highlights

- Distribution expanded through strategic partnerships and platform integrations, strengthening customer acquisition and servicing.
- Business build-out progressed across MSME, mortgages, secured lending and rural portfolios, supported by dedicated operating constructs.
- Unsecured personal loan journeys strengthened through faster fulfilment, higher automation and continued product and channel refinement.
- AI adoption expanded across customer onboarding, engagement, content generation, operations, service, debt management services and technology delivery, supported by defined governance and security frameworks.
- Risk oversight strengthened through sharper early-vintage monitoring, disciplined operational risk execution and product-level threshold tracking.

LRS FY2025-29 execution snapshot-financial strategies

Strategic partnerships
9 Products went live on Airtel app; over 700,000 Airtel EMI Cards are now in force; loan over ₹ 700 crore disbursed.

MSME and mortgages
All mortgage loans brought under a Strategic Business Unit (SBU) to build the mortgage domain.

Personal loans
'EMI Card = PL' disbursed ₹ 4,662 crore; fastest SALPL with 27% STP and 53% same-day disbursal.

Gold loan
Opened 313 new branches during the year taking total branches to 1,507, AUM grew by 115% to ₹ 17,831 crore.

MFI
Total MFI Branches 447; AUM grew by 75% to ₹ 2,198 crore.

Open market Two-wheeler
Dealer count crossed 10,000; AUM grew by 36% to ₹ 6,136 crore.

Auto loans
Dealer count crossed 2,000; AUM grew by 60% to ₹ 8,245 crore; credit performance within threshold.

Payments
FASTag franchise count crossed 2.5 million in FY2026.

Green financing – solar
Established business in FY2026; achieved volume of 14,500 loans.

Corporate leasing
Business launched in FY2026. FY2027 will be the year to scale the business.

Risk and controls
3, 6, 9 Month on Book (MOB) 0+ positioned as core risk metrics; early MOB performance tracking in line with pre-Covid metrics.

Operational risk
206 Operational Risk Management (ORM) projects implemented in FY2026.

LRS FY2025-29 execution snapshot-AI and digital capabilities strategies

Conversational AI POD
27 conversational AI BOTs are live which resulted in disbursal of over ₹ 5,500 crore; Consumer AI BOT is live on App and Web.

Vision AI POD
43 documents live; 44% auto QC of documents; 70 Face recognition cameras installed across branches/partner stores.

Content AI POD
Created over 520,000 banners, 1.5 million videos and 126,000 pages across App, Web and Bajaj Mall.

Tech AI POD
Over 22,600 BRDs raised through ReqEase, 77,300+ test cases generated on TestGenie, and 24% developer efficiency via GitHub Copilot.

AI Data POD
5.2 crore voice logs converted to data enabling over ₹ 697 crore annual disbursal; over 2.3 million historical Personal Discussion (PD) notes converted into structured data.

Agentic AI POD
27 AI Agents are now live.

Custom AI POD
Framework for Custom AI model for Consumer lending (B2B) business established.

Responsible AI
Board approved AI policy established in January 2026; dedicated AI security team.

AI cloud infrastructure
Live with - Microsoft cloud for most AI workload; Google cloud platform for voice and data; Salesforce for native AI.

LRS FY2025-29 execution snapshot- FINAI outcome

During FY2026, the Company launched its FINAI initiatives, laying the foundation for accelerated value realisation in FY2027. A summary of the outcomes delivered under FINAI in FY2026 is presented in the table below:

S. No.	Stage	Metric	Unit	FY2026
1	People	Dedicated employees working in AI unit	#	203
2	Data for AI	Voice to data conversion for customer interactions	# in MM	52
		Text to data conversion for customer interactions	# in MM	2.3
		New loan offers generated from Voice and Text AI initiatives	# in MM	0.4
3	Product and service discovery	Videos generated	# in MM	1.5
		Banners generated	# in MM	0.5
		Podcasts	#	852
4	Customer engagement	Outbound and Inbound AI Voice BOTs live	# as of	10
		AI Text BOTs live	# as of	17
5	Branch and point-of-sale	Face recognition cameras in stores	# as of	60
		Face recognition cameras in branches	# as of	10
6	Customer onboarding	Documents processed for application	# in MM	69.1
		Existing customer face match	# in MM	12.2
7	Disbursement	Disbursal from leads generated by voice and text AI BOTs	₹ in crore	5,520
		Disbursal from leads generated through voice log processing	₹ in crore	697
8	Servicing	DIY Customers servicing through AI Voice and Text BOTs	%	65%
9	Debt management service	Receipts through AI Text BOTs	#	6,632
		Receipts through AI Voice BOTs	# in MM	0.3
10	Technology	Business Requirement Document (BRD) generated by AI	%	71%
		Test cases generated by AI	%	39%
		Software developer efficiency	%	24%
		AI Agents	# as of	27

Update on omnichannel strategy

Bajaj Finance Limited's strategy continues to remain anchored in being an 'omnipresent' financial services company, dominant across all vectors of consumer presence spanning physical, app, web and social. This omnichannel construct has reinforced the Company's shift from a product and process centric model to a customer first approach, with sustained investments over the last few years in building digital platforms (App, Web and Social) that have now scaled meaningfully in adoption and usage. BFL tracks omnipresence through a defined set of geography, digital and payments indicators to ensure that the physical network, digital platforms and payment rails expand in a coordinated manner and deliver a consistent customer experience across touchpoints.

Geographic expansion

Geographic expansion remains a foundational pillar of omnichannel execution, combining physical reach with digitally enabled origination, servicing and collections journeys. As at 31 March 2026, BFL's locations stood at 4,098. The growth in location count reflects calibrated footprint actions undertaken during the year, aligned to the Company's broader omnichannel design. Alongside the overall footprint, BFL continued to strengthen product specific physical presence, with standalone gold loan branches at 1,314 as at 31 March 2026 versus 964 as at 31 March 2025 — thus supporting deeper fulfilment capability in this secured product line.

Bajaj Finserv App and Website

- Digital platforms continue to serve as a critical growth engine, contributing 16.32% to overall business. During the period, these channels enabled disbursements of ₹ 40,142 crore, comprising ₹ 21,500 crore in personal loans, ₹ 3,900 crore in gold loans, and ₹ 1,300 crore in mortgage loans. The B2B lending platform facilitated 6.2 million transactions. Additionally, insurance premium collections reached ₹ 75 crore, and 150,000 demat accounts were opened. Engagement across ancillary services remained strong. Debt Management Services (DMS) recorded 31.69 million receipts, while flexi products enabled 9.06 million transactions through the Company's digital interfaces, including its website and mobile application. Digital channels also contributed to deposit mobilisation of ₹ 497 crore during the period.
- Bajaj Finance continued to improve its digital platforms by engaging with a net user base of over 86 million on its app, complemented by 611 million website visits. We continued to maintain our PlayStore rating at 4.8. We have now made the platform personalised and easier to use. The app and website will show more relevant content through a dynamic homepage and smarter personalisation, helping customers find the right products and services faster. Customer onboarding will become quicker and safer with face recognition and biometric verification.
- For engaging with users in the deeper geographies of the country, BFL will expand vernacular support to five more regional Indian languages in FY2027 along with the current offering in Hindi and English. This will allow users to browse, apply and get service in their preferred language.
- To improve intuitiveness, we now use AI capabilities to create and refresh the banners on the app at a much faster pace. We now refresh 60,000 banners across 8,000 banner slots within 5-6 hours. This has improved banner click rates by 2X.
- Our video generation platform was extended to dealers enabling them with a DIY solution to create personalised videos in their preferred language(s) with an onboarded celebrity, 1.5 million videos were created in FY2026.
- To further enhance customer experience, the platform will now integrate with 32 conversational AI BOTs to enable faster decision making and conversion. We would thus offer a conversational journey in addition to the traditional form-based journey to customers. Additionally, 99% of customer service queries raised via conversational AI BOTs are resolved successfully.
- The App is now enabled with a host of AI features like (i) AI overview/summary of the details of the various loan products; (ii) in-page search capabilities, and (iii) scan-to-prefill personal details on the form using vision AI capabilities.
- Social platforms will be used more actively to drive discovery, engagement and commerce through influencers and interactive content for driving digital business.
- In addition to our own digital platform, we have also extended the loan offerings on the Open Network for Digital Commerce (ONDC) network. Currently, personal loans and gold loans are offered through this platform. The offerings would be scaled up as and when the platform supports more loan products.

Payments

BFL has built a full-stack payments business across consumer payments and merchant acquiring encompassing UPI, Wallet, FASTag, Bharat Connect bill pay service, UPI QR and Soundbox, EDC and single payment gateway powering BFL businesses. Payments is central to deliver engagement of customers on BFL App, with 9.8 million monthly transacting users, 11.3 million monthly active users. The Company is on track to introduce the Central Bank Digital Currency (CBDC) wallet and commence the distribution of National Common Mobility Card (NCMC) in FY2027.

As of 31 March 2026, (i) 129.29 crore transactions processed across consumer payments and merchant acquiring; (ii) 37.08 million wallet customers; and (iii) 56.4 million UPI handles, (iv) 106.2 million bill payment transactions, (v) 22.29 million Bajaj Pay UPI loan mandates and (vi) FASTag issuance stood at 2.62 million.

On the merchant side; in partnership with PayU & Worldline, the Company has deployed payments acquiring at small, medium and large-format retail partners. As on 31 March 2026, it has portfolio of 4.06 million QR merchants and over 510,000 devices (Soundboxes and EDC) deployed.

Productivity Apps

Productivity apps continue to strengthen execution, engagement and controllership across the omnichannel ecosystem. BFL has suite of productivity apps — Sales One, DMS One, Merchant One and Partner One. These provide a unified operating layer for sales teams, DMS teams, merchants and sourcing partners; these also support digitised workflows, performance dashboards, training, and governance. The platforms are designed to improve productivity and standardise processes at scale, while enabling faster turnaround on customer journeys and tighter compliance controls.

Customer Data Platform (CDP)

Technology investments focused on building trust in customer data, strengthening regulatory compliance and enabling consistent engagement across channels. Centralised platforms were created to ensure data accuracy, transparency, and responsible use. Some examples are given below:

- **Centralised consent management:** A single enterprise-wide consent framework ensured customers' communication preferences and regulatory requirements were consistently honoured across all digital and messaging channels.
- **Improved credit bureau reporting:** Automated checks and standardised reporting improved accuracy and reduced rework, strengthening compliance and data quality.
- **Unified campaign execution:** Customer communication channels such as SMS, email, messaging apps and notifications were brought onto a single platform – unified campaign management — improving reach, multichannel coverage, reducing costs and enhancing personalised communication.
- **Customer data streaming:** Near real time data flows enabled faster insights, timely engagement and quicker decision making across digital journeys.
- **Data platform resilience:** Strong recovery and continuity capabilities ensured uninterrupted availability of critical analytics and data services, supporting seamless customer engagement and business operations.

Social platforms

Social media continues to be the go-to channel for both discovery and purchase decisions among consumers. Notably, 81% of consumers use Meta platforms during the discovery phase of financial products. In order to leverage this, BFL has expanded its community to 7.51 million followers and achieved over 514 million video views on social platforms in FY2026.

Table 3: Some Key Outcomes of the Omnipresent Strategy

Particulars		Unit	FY2026	FY2025
(i)	**Geography**			
	Locations as at 31 March	#	4,098*	4,263
	Standalone gold loan branches as at 31 March	#	1,314	964
(ii)	**App+Web metrics**			
	Downloads	# in MM	87.46	75.90
	Net installs as at 31 March	# in MM	86.63	70.57
	Total traffic on Web	# in MM	611	603
	Web domain authority	#	69	62
(iii)	**App payments metrics**			
	UPI handles till 31 March	# in MM	56.37	40.09
	Bill pay transactions	# in MM	28.89	32.66
	QRs at merchant Point of Sales (PoS) as at 31 March	# in MM	3.97	3.72
	Rewards issued	# in MM	95.6	106.44
(iv)	**App+Web business metrics**			
	EMI cards acquired	# in MM	0.64	0.91
	Personal loan disbursed	₹ in crore	21.2k	20k
	Flexi loan transactions	# in MM	12.10	11.62
	DMS receipts	# in MM	10.28	7.69

Particulars		Unit	FY2026	FY2025
(v)	**Digital EMI card metrics**			
	EMI cards acquired digitally	# in MM	3.51	3.63
	EMI cards acquired digitally – cards in force as at 31 March	# in MM	12.0	7.60
	B2B loans from digital EMI cards as at 31 March	# in MM	2.45	1.30

*Alongside our branch-led operating model, we leverage a franchise network to deepen customer reach, we proactively rationalised non-viable franchises through integration with nearby BFL branches to drive operational efficiency and strengthen service delivery.

Business Update

In FY2026:

- Number of new loans booked crossed a milestone of 50 million in FY2026 and were 52.45 million.
- BFL is present in 4,098 locations across the country, including 2,571 locations in rural/smaller towns and villages.
- It operates through more than 242,000 distribution points across India.
- It acquired a record 17.51 million new customers in FY2026 taking its existing customer franchise to 119 million as on 31 March 2026, a growth of 17% over 31 March 2025.

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, and (v) affordable mortgages.

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

BFL, through its Consumer Finance business is a leading lender for financing of discretionary spends across consumer electronics, furniture, digital products, two-wheelers, lifestyle products, lifecare services, retail products and e-commerce purchases in India.

This business is conducted under two verticals, viz. urban consumer finance and rural consumer finance. The volumes of which are tabulated below:

Table 4: Consumer finance volumes

(in million)

Particulars	FY2026	FY2025	Growth
Urban consumer finance	32.20	26.84	19.95%
Rural consumer finance	11.41	9.63	18.44%
Total consumer finance	**43.61**	**36.47**	**19.55%**

During the year Consumer Finance business witnessed an increase in loan ticket size due to increase in the underlying product prices. As a result, the disbursements grew by 24% to ₹ 115,161 crore as against the volume increase of 19.55%.

The Existing Member Identification (EMI) card base increased to 94.43 million cards-in-force in FY2026 from 58.91 million in FY2025, reflecting a growth of 60%. The PoS network for instant finance expanded to 222,500 in FY2026 from 210,300 in FY2025. EMI Card enabled financing contribution increased to 59% in FY2026 versus 58% in FY2025 of the overall Consumer Finance business.

Non-Bajaj two-wheeler financing volumes increased to over 534,000 units in FY2026 from over 454,000 units in FY2025, representing growth of approximately 18%. The business operated across 1,591 locations in FY2026. The retailer network expanded to 17,972 in FY2026 from over 14,000 in FY2025, while OEM coverage increased to 40 in FY2026 from 35 in FY2025.

Overall, Consumer Lending recorded healthy expansion in consumer finance volumes, supported by growth in both urban and rural channels and continued scaling of the existing member identification base and the PoS network. The portfolio also witnessed growth in non-Bajaj two-wheeler financing, alongside a recalibration in Bajaj Auto captive financing, reflecting diversification of product and channel mix during the year.

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. The business delivered a healthy performance in FY2026, supported by continued scale-up in customer franchise, digital sourcing, and process-led execution. During FY2026, PLCS disbursement grew by 20% to ₹ 40,102 crore. Assets Under Management (AUM) rose to ₹ 63,603 crore from ₹ 50,313 crore in the previous year, a growth of 26%, highlighting sustained demand momentum and deeper customer penetration.

The business continued to strengthen its digital capabilities during the year. AI driven voice initiative generated leads leading to disbursement of approximately ₹ 3,300 crore of personal loans, 8% of the overall business. Digital as a pull channel contributed 19% of the overall business, while 41% of the business was delivered through Straight-Through Processing (STP), highlighting our progress in automation, faster decision-making and improved operating efficiency.

The Salaried Personal Loans business caters to affluent salaried customers. Its Assets Under Management (AUM) stood at ₹ 38,962 crore as of 31 March 2026. During the year, BFL introduced a Straight-Through Processing (STP) framework for real-time eligibility assessment, enhancing customer convenience and operational efficiency, with 35% of salaried customers qualifying under the framework. The Company also improved turnaround time (TAT), with same-day disbursals increasing to 52% in FY2026 from 33% in FY2025. The Salaried Personal Loans business recorded a 16% growth in disbursements to ₹ 23,472 crore in FY2026.

In FY2027, the business will continue to prioritise digital simplification and process re-engineering to improve conversion and reduce friction across the customer journey. Continued focus on digital capabilities, STP-led fulfilment and customer experience is expected to further strengthen execution and support sustainable growth.

MSME Lending and Allied Businesses

MSME 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's MSME lending business continues to play a pivotal role in supporting the growth of MSMEs and self-employed professionals through a comprehensive suite of unsecured and secured loans. These offerings are tailored to meet diverse business requirements, including working capital and term loan needs of the borrowers. The secured loans are backed by immovable properties such as residential, commercial and mixed-use assets. The business operates on a robust, data-driven underwriting model that leverages comprehensive banking information across products. In addition, the use of the Account Aggregator framework enables consent-based access to customer transaction data, supporting sharper underwriting, more targeted product structuring and stronger credit monitoring.

The Company witnessed incipient stress in MSME business in first half of FY2026 and has responded with relevant remediation measures in the business by repivoting its Business Loan credit policies to further enhance its underwriting protocols. As a result, MSME lending portfolio registered a modest growth of 6% over to close FY2026 with AUM of ₹ 51,473 crore as against AUM of ₹ 48,583 crore in FY2025.

Business Loans to MSMEs

BFL's unsecured MSME loan products have a presence across 2,298 locations in India. The MSME portfolio began showing early signs of stress in the final quarter of FY2025. In view of this emerging trend, the Company adopted a risk-first approach, including tighter credit filters and a calibrated reduction in MSME loan originations, resulting in an overall volume decline of approximately 25%. These timely corrective actions helped mitigate portfolio stress and safeguard asset quality. As a result, the MSME segment closed FY2026 with an AUM of ₹ 33,458 crore, representing a modest year-on-year growth of 4%.

Professional Lending

BFL offers both secured and unsecured lending solutions to self-employed professionals, including doctors, chartered accountants, lawyers and professors, supporting their working capital and term loan requirements. The AUM grew by 7% to ₹ 17,542 crore in FY2026.

Secured Loans for MSMEs and Professionals

BFL provides secured loans against residential, commercial and mixed-use properties to MSMEs and self-employed professionals. This segment registered strong growth during the year, with AUM increasing by 25% to ₹ 12,606 crore in FY2026.

Affordable Housing Loans

Launched in FY2025, the Affordable Housing Loans business continued to scale up and has built a portfolio of ₹ 252 crore within two years of operations.

Equipment Financing

The MSME lending portfolio also includes financing solutions for both medical and industrial equipment. During the year, the Company carved out a dedicated Equipment Finance vertical catering to these segments, further strengthening its product suite for business customers. Supported by field distribution, Original Equipment Manufacturer (OEM) partnerships and dealer networks, the equipment financing business continued to scale up during FY2026. The portfolio grew by 30% to ₹ 1,108 crore in FY2026. BFL had launched dedicated Industrial Equipment Finance business in FY2025. It closed FY2026 with AUM of ₹ 405 crore.

Wheels Financing

Car Financing

The new car finance business is operational across 59 locations, covering over 3,000 dealer outlets and 24 automotive manufacturers. Corporate vehicle leasing, launched under the New Car Finance business in FY2025, continued to gain traction during FY2026, with the Company partnering with over 150 corporates. The vehicle leasing portfolio closed FY2026 at ₹ 260 crore, while the overall New Car Finance AUM stood at ₹ 8,644 crore, compared with ₹ 5,281 crore as of 31 March 2025.

In Used Car Finance, the focus was to increase the contribution of Sale Purchase (SP) financing as against refinancing. The business was able to achieve a SP mix of 90% by March 2026 up from 75% in March 2025. Used car financing is operational across 57 locations covering over 1,000 channels and dealer outlets. It ended FY2026 with an AUM of ₹ 6,368 crore.

Tractor Financing

Tractor loans are offered to individuals and businesses for purchase and refinance of new/used tractors, harvesters, and standalone Implements. In its second year, FY2026, the business continued to scale strongly while maintaining portfolio performance in line with expectations. AUM grew 117% to ₹ 1,529 crore from ₹ 705 crore in FY2025.

BFL now operates across nearly 400 locations in five states, compared with 200 locations in four states in the previous year. The Company has built relationships with eight OEMs and expanded its network to over 3,200 dealers and major aggregators, driving growth in both new and used tractor financing. BFL also offers financing across a wide range of farm equipment, providing an end-to-end agricultural financing solution. The new tractor industry grew 23% during the year, and the recent GST reduction on agricultural tractors is expected to support positive momentum going forward.

Commercial Vehicle Financing

The Company's Commercial Vehicle financing business provides funding solutions for both large fleet and small retail operators across new and pre-owned commercial vehicles. The commercial vehicle business today operates in 13 core markets with a network of 165 dealers. As of 31 March 2026, the portfolio stood at ₹ 2,352 crore, up 150% from ₹ 942 crore in FY2025.

Rural Lending

With operations across 2,571 rural locations in 22 states and 2 union territories as of 31 March 2026, the Rural Lending business remained a key driver of credit access in India's hinterland. While the physical footprint was rationalised to enhance operating efficiency and risk alignment, the underlying rural personal franchise delivered healthy growth momentum, recording year-on-year growth in disbursement of approximately 25%.

Calibrated optimisation of locations was accompanied by deeper market engagement and sharper portfolio selection. The business demonstrated a strong improvement in portfolio quality through the year enabling a steady acceleration in disbursements. The focus on controlled growth, supported by strengthened underwriting and collections, contributed to reduced loss metrics.

Rural Lending AUM grew by 27% to ₹ 35,793 crore as of 31 March 2026. A continued shift towards lower-ticket, affordable EMI segments further strengthened portfolio resilience and collection efficiency, reinforcing the long-term sustainability of the rural lending franchise.

Gold Loan

The Gold loan business recorded robust growth during the year, supported by accelerated branch expansion and disciplined execution. During the year, 350 standalone gold loan branches were added, taking the total standalone branch network to 1,314 as of 31 March 2026, versus 964 at the end of the previous year. Including branches offering gold loans as part of a broader product suite, the overall gold loan branch network increased to 1,507 branches. This expanded distribution footprint, combined with improved process efficiency and customer-centric offerings, translated into a significant scale-up of the portfolio.

Gold loan AUM grew by 115% to ₹ 17,831 crore as of 31 March 2026. Strong customer demand, prudent collateral management and robust operational controls, which supported profitable growth while maintaining risk discipline. The portfolio maintains a prudent average LTV of approximately 61%, providing adequate protection against short-term volatility in gold prices; further, effective 1 April 2026, RBI guidelines require LTV computation for gold loans with bullet repayment to be based on the maturity value inclusive of interest, thereby strengthening collateral coverage and offering additional insulation against adverse movements in gold prices.

The business remains fully aligned with the evolving regulatory framework. All regulatory and policy changes issued by the Reserve Bank of India were implemented in a timely manner, ensuring full compliance as of 31 March 2026. The Gold loan business remains well-positioned for responsible growth, supported by a strengthened branch network, robust governance standards and a continued emphasis on portfolio quality.

Microfinance Business

The Microfinance group lending business, launched its pilot in September 2023 across Uttar Pradesh and Karnataka, continued its strong expansion through FY2026. By year-end, operations have scaled to 11 states, covering 41,266 villages through 447 branches, with an AUM of ₹ 2,198 crore.

The business provides small-ticket group loans ranging from ₹ 20,000 to ₹ 100,000 to women in low-income households who are typically excluded from formal banking. The model supports income generation, primarily in agriculture allied activities in remote rural areas. All sourcing and collections are carried out by branch personnel at central village locations, ensuring high quality, transparent doorstep service, supported by communication in customers' preferred languages.

Customer protection remains a key focus, with robust mechanisms to assess household income and obligations and prevent over indebtedness. As of FY2026, close to 50% of customers were exclusively with BFL, while 31% had exposure to only one other lender.

Since inception, the business has disbursed over 700,000 loans totalling ₹ 3,577 crore, including approximately 395,000 loans amounting to ₹ 2,040 crore in FY2026 alone. Network expansion and portfolio growth remained strong, with villages covered rising 53%, disbursements up 43%, and AUM growing 75% year on year.

Portfolio quality remains healthy with GNPA at 0.55% and NNPA at 0.10% as of 31 March 2026, reflecting disciplined underwriting and a robust collections infrastructure.

Commercial Lending

Commercial Lending focuses on mid-sized corporates in sectors such as auto component manufacturing, light engineering, specialty chemicals, pharma, packaging, financial institutions, etc. It operates through four distinct verticals, viz, Mid-Corporate, Financial Institutions Group, Large Corporates and Emerging Corporates – each driven by dedicated teams. It offers term loans for general corporate purposes, capital expenditure, acquisition funding, structured transactions, lease rental discounting, etc. with sourcing led by relationship managers across India. The Company remained focused on acquiring quality corporate clients, maintaining disciplined portfolio management and delivering sustainable growth.

During FY2026, the business closed with AUM of ₹ 33,839 crore, reflecting a year-on-year growth of 20%.

Loan Against Securities

Loan against securities offers short to medium term financing against shares, bonds, mutual funds, insurance policies and deposits to customers across retail, High Net Worth Individuals (HNIs) and promoter categories. The business operates across 21 locations via physical branches and also delivers financing solutions through digital channels.

Along with its wholly owned subsidiary, Bajaj Financial Securities Limited, BFL offers an integrated product suite to its retail and HNI customer.

In FY2026, the business delivered healthy growth and with AUM rising by 23% to ₹ 25,576 crore.

Amid heightened market volatility driven by geopolitical developments, BFL strengthened portfolio risk management through tighter stock classification, continuous margin monitoring, and scenario-based stress testing. The diversified collateral pool helped absorb market movements, avoiding unusual or excessive margin calls.

Deposits

The Company accepts deposits from retail and corporate clients. In FY2026, deposit mobilisation was calibrated to optimise its borrowing mix and manage funding costs, given the relatively higher cost of deposits. As a result, the deposit book declined by 4%, from ₹ 71,403 crore in FY2025 to ₹ 68,533 crore in FY2026. As at 31 March 2026, deposits comprised 21% of standalone borrowings and 16% of consolidated borrowings.

Partnerships and Services

BFL offers a diverse suite of life, health, general insurance, and extended warranty products—individually or bundled—as value-added services during and post loan onboarding. As a registered Corporate Agent with the Insurance Regulatory and Development Authority of India (IRDAI), it distributes insurance products across categories.

As of FY2026, BFL had tie-ups with 9 general, 4 health, and 3 life insurers, enabling a broad range of solutions aligned to diverse customer needs. This enhances its cross-sell proposition by complementing core lending relationships with relevant risk protection offerings.

In FY2026, Bajaj Finance's strategic partnership with Bharti Airtel scaled meaningfully, with a suite of Bajaj Finance products now live on the Airtel Thanks App. These include the co-branded Insta EMI Card, Personal Loan, Gold Loan, Two-Wheeler Loan, Loan Against Mutual Funds, and Demat Accounts.

During FY2026, the partnership disbursed approximately ₹ 700 crore of loans and issued around 700,000 Insta EMI Cards, building a cumulative franchise of over 670,000 customers.

Assets Under Management (AUM): A Snapshot In FY2026

BFL crossed a milestone of ₹ 500,000 crore of consolidated AUM and closed FY2026 with an AUM of ₹ 509,975 crore versus ₹ 416,661 crore as at the end of FY2025, a growth of 22%.

Chart B depicts BFL's consolidated AUM over the last five years. Table 5 gives more granular data based upon lines of business.

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

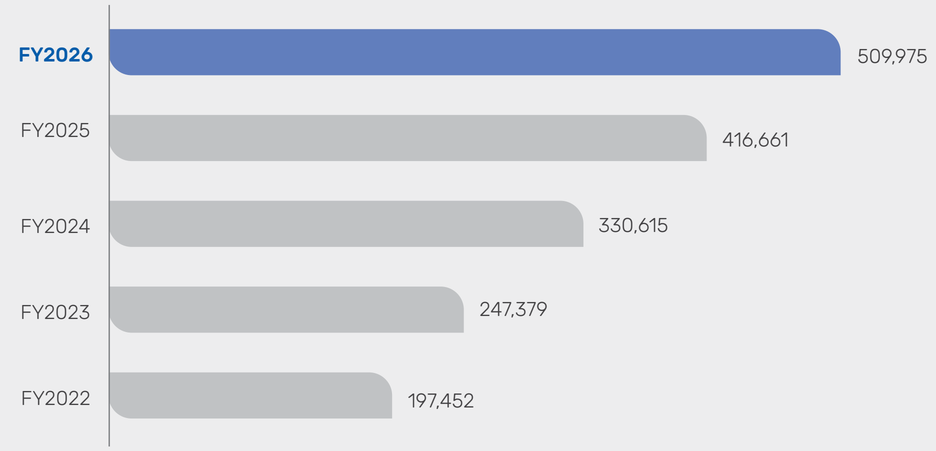


Table 5: Asset Under Management

(₹ in crore)

	Standalone			Consolidated		
Particulars	**FY2026**	**FY2025**	**Growth**	**FY2026**	**FY2025**	**Growth**
Captive 2W and 3W Finance	4,288	10,691	(60%)	4,288	10,691	(60%)
Open Market 2W and 3W Finance	8,325	6,628	26%	8,325	6,628	26%
Urban Consumer Finance	37,430	29,109	29%	37,430	29,109	29%
Urban Personal Loans	102,566	86,096	19%	104,485	87,696	19%
Rural Consumer Finance	10,559	7,944	33%	10,559	7,944	33%
Rural Personal Loans	25,234	20,209	25%	25,234	20,209	25%
MSME Lending	51,473	48,583	6%	51,570	48,698	6%
Loan Against Securities	25,576	20,872	23%	33,247	25,377	31%
Commercial Lending	33,839	28,285	20%	33,839	27,760	22%
Mortgages	34,775	27,327	27%	162,077	129,461	25%
Gold Loans	17,831	8,307	115%	17,831	8,307	115%
Car Loans	15,011	11,876	26%	15,011	11,876	26%
CV & Tractor Finance	3,881	1,647	136%	3,881	1,647	136%
MFI Business	2,198	1,258	75%	2,198	1,258	75%
Total	**372,986**	**308,832**	**21%**	**509,975**	**416,661**	**22%**

Financial Performance

Table 6 gives BFL's financial performance for FY2026 and FY2025.

Table 6: BFL's Financial Performance

(₹ in crore)

Particulars	Standalone			Consolidated		
	FY2026	FY2025	Growth	FY2026	FY2025	Growth
Interest income	61,357	51,549	19%	72,776	61,164	19%
Interest and finance charges	21,417	18,436	16%	28,666	24,770	16%
Net interest income (NII)	**39,940**	**33,113**	**21%**	**44,110**	**36,394**	**21%**
Fees and commission income	7,319	5,641	30%	7,754	5,983	30%
Net gain on fair value changes	337	344	(2%)	471	539	(13%)
Sale of services and Income on de-recognise loans	11	18	(39%)	16	27	(41%)
Income on derecognised (assigned) loans	364	459	(21%)	465	552	(16%)
Others	466	553	(16%)	508	582	(13%)
Net total income (NTI)	**48,437**	**40,128**	**21%**	**53,324**	**44,077**	**21%**
Employee benefit expenses	8,286	6,907	20%	8,979	7,508	20%
Depreciation and amortisation	942	822	15%	1,009	881	15%
Other expenses	7,413	6,240	19%	7,788	6,538	19%
Pre-impairment operating profit	**31,796**	**26,159**	**22%**	**35,548**	**29,150**	**22%**
Impairment on financial instruments	9,290	7,027	32%	9,482	7,088	34%
Share of profit from associates	-	-		16	18	(8%)
Exceptional Items	1,166	2,544	(54%)	(265)	-	
Profit before tax (PBT)	**23,672**	**21,676**	**9%**	**25,817**	**22,080**	**17%**
Profit after tax (PAT)	**17,804**	**16,662**	**7%**	**19,332**	**16,779**	**15%**
Other comprehensive income/ (expenses)	(39)	(78)	(50%)	(61)	(67)	(10%)
Total comprehensive income	**17,765**	**16,583**	**7%**	**19,272**	**16,712**	**15%**
Earnings per share (EPS) basic, in ₹	28.65	26.93	6%	30.60	26.89	14%
Earnings per share (EPS) diluted, in ₹	28.56	26.86	6%	30.51	26.82	14%
Book value per share, in ₹	165.85	142.09	17%	183.34	156.09	17%

Chart C depicts growth of BFL's consolidated PAT.

Chart C: Consolidated PAT (₹ in crore)

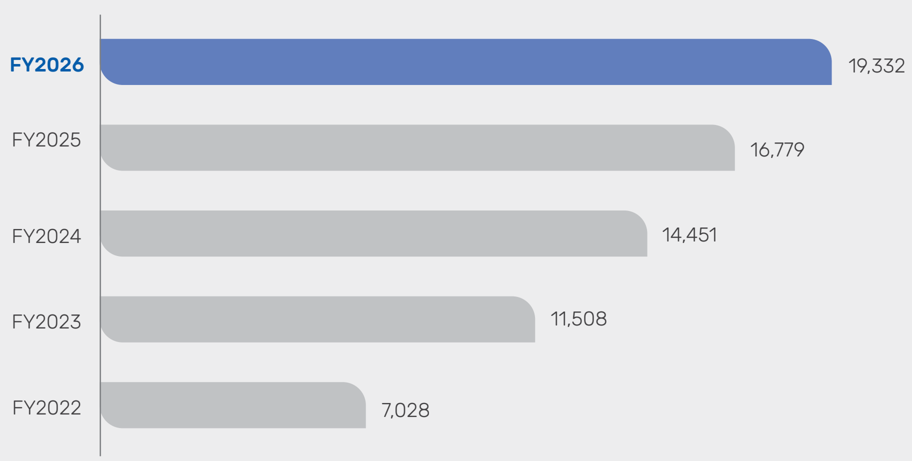


Chart D depicts consolidated return on average assets (ROA) and return on average equity (ROE) over the last 12 years.

Chart D: Consolidated ROA and ROE

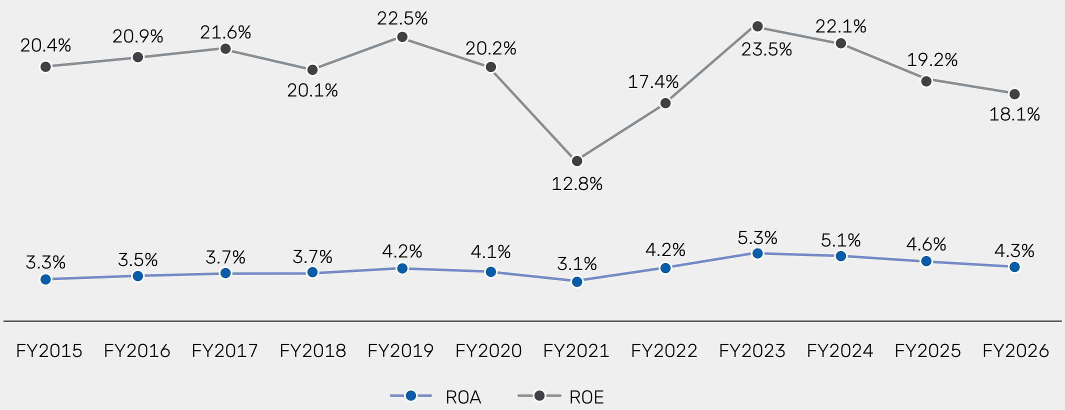


Table 7: Key Ratios on Consolidated basis

Ratios	FY2026	FY2025
Net interest income (NII) to average loans receivable	9.73%	9.91%
Total operating expenses to NTI	33.34%	33.86%
Adjusted return on average loans receivable (ROA)	4.56%	4.55%
Return on average loans receivable (ROA)	4.26%	4.57%
Adjusted return on average equity (ROE)	19.22%	19.11%
Return on average equity (ROE)	18.05%	19.19%
Capital to risk-weighted assets ratio (CRAR) *	21.55%	21.93%
Tier I *	20.67%	21.09%
Tier II *	0.88%	0.84%
Gross NPA	1.01%	0.96%
Net NPA	0.41%	0.44%
Provisioning coverage ratio (PCR)	60%	54%
EPS - Basic (₹)	30.60	26.89
Diluted (₹)	30.51	26.82

*These ratios are on standalone basis.

Risk Management, Debt Management and Portfolio Quality

Risk Management

As an NBFC, the Company is exposed to credit, liquidity, operational and market risks, and continues to invest in talent, processes and emerging technologies to strengthen its risk management capabilities. These efforts have supported stable risk metrics despite a challenging operating environment.

BFL promotes a strong risk culture across the organisation. At the highest level, the Board of Directors has constituted a Risk Management Committee (RMC), which assists the Board in overseeing risk management principles, policies, strategies, risk appetite, processes and controls.

During the year, inflationary trends, elevated leverage, higher interest rates, asset quality concerns and tighter systemic liquidity posed challenges. The Company has risk framework ensured that net interest income, NPAs and liquidity were not materially impacted. The Company has also maintained a robust asset-liability management framework and sufficient liquidity buffers to meet repayment obligations and emerging credit demand.

As per the RBI's Scale Based Regulation (SBR) framework, NBFCs in the middle and upper layers are required to undertake an internal assessment of capital adequacy commensurate with their risk profile under the Internal Capital Adequacy Assessment Process (ICAAP), aligned with Pillar 2 of Basel guidelines. Accordingly, BFL has institutionalised a Board-approved ICAAP policy and framework, covering the assessment of material risks and associated mitigation measures. The Company has completed its ICAAP for FY2025 in line with this policy.

Based on the assessment of material risks and the effectiveness of existing controls and mitigation frameworks, BFL is not required to maintain additional capital. Further details on the risk management framework are provided in note no. 49 of the standalone and consolidated financial statements.

Credit Risk

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

BFL has a robust governance framework, with the Board of Directors and its committees approving risk strategies and delegate appropriate credit authorities. Strong underwriting standards and continuous risk monitoring ensure portfolios remains within acceptable risk levels. The Company also has a Board approved 'Sustainable business strategy policy' which outlines its core business and risk management principles of the Company.

The Company has made deep investments in its risk organisation, with dedicated credit risk units for each business vertical, supported by specialised teams for underwriting, risk containment and fraud control, payment risk, horizontal risk analytics, business intelligence, and operational risk. It has also continued to strengthen its debt management services capacity.

The risk containment and fraud control function focuses on preventing fraud by customers, sourcing channels, and employees through strong preventive and deterrent measures. Advanced fraud control analytics are embedded within the loan origination system to ensure checks are completed prior to disbursal, with rules periodically updated based on emerging 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.

The Company's well-established risk management framework enabled early identification of incipient stress in the MSME business. Acting promptly, the Company pruned MSME loan originations to protect long-term asset quality and arrest potential losses.

During the year, the Company further strengthened its underwriting standards and discontinued lending to customers with multiple unsecured loans, reducing the risk of potential losses from such segments.

Loan loss provisions for FY2026 stood at ₹ 9,482 crore, versus ₹ 7,088 crore in FY2025.

During the year, in response to heightened global macroeconomic volatility and a continued focus on balance sheet resilience, the Company strengthened its provisioning framework by instituting a minimum Loss Given Default (LGD) floor across all businesses. Accordingly, an accelerated Expected Credit Loss (ECL) provision of ₹ 1,406 crore was recognised, increasing the Stage 3 provisioning coverage ratio from 54% in FY2025 to 60% in FY2026, and standard asset provisioning from 118 basis points to 144 basis points, thereby reinforcing prudential risk buffers.

Higher provisioning was driven by multiple factors, including AUM growth, emerging macroeconomic stress, losses from the wind-down of captive two- and three-wheeler portfolios, increased leverage in unsecured lending, and rising stress across the broader banking system.

To further enhance resilience against potential macroeconomic headwinds, the Company recognised an additional macroeconomic overlay of ₹ 67 crore at the consolidated level during the year, taking the total overlay to ₹ 134 crore.

The Company's balance sheet continues to diversify towards lower-risk products such as mortgages, auto loans and other secured segments. BFL also has a Board-approved policy defining exposure limits across the consumer retail portfolio, including unsecured segments, which are regularly reviewed by the Risk Management Committee.

A balanced portfolio approach, supported by rigorous reviews and advanced analytics, enables early identification of risk signals and timely corrective action, while maintaining strong new business portfolio quality.

BFL secures guarantee cover for its Personal loans, MSME and three-wheeler portfolios under the Credit Guarantee Fund Scheme for NBFCs (CGS-II) from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) governed by the SIDBI. Additionally, the Company is registered with the Credit Guarantee Fund for Micro Units (CGMFU) governed by National Credit Guarantee Trustee Company Limited (NCGTC) to extend guarantee cover for its Personal loans and MSME portfolio.

Liquidity Risk

BFL manages liquidity risk in line with its Board-approved Liquidity Risk Management Framework and ALM Policy, aligned with RBI guidelines. The framework and operational parameters are regularly reviewed by the Asset and Liability Management Committee (ALCO) to prevent material imbalances or concentration risks across the Balance Sheet.

The Company regularly monitors the gap between maturing assets and liabilities across time buckets and maintains adequate liquidity buffers to withstand stressed market conditions. Its liquidity management framework ensured adequate liquidity throughout the year to meet debt service obligations and support Balance Sheet growth even in a tight liquidity environment. As on 31 March 2026, the Liquidity Coverage Ratio (LCR) stood at 128%, compared to 125% as on 31 March 2025, and remained above the regulatory requirement of 100%. The liquidity buffer stood at ₹ 15,020 crore.

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

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, human factors or external events. BFL's operational risk framework is designed to identify, assess, monitor and mitigate such risks across its operations. 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 continues to follow a prudent, well-calibrated interest rate risk management framework that ensures interest rate volatility does not materially affect its investment portfolio or its net interest margin.

Price Risk

Quoted equity investments carry exposure to price risk. BFL manages this through periodic monitoring of the investment portfolio and performance of investee companies. Mark-to-market gains and losses are measured at each 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 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.

Emerging Risk

The Company continues to monitor emerging risks arising from geopolitical developments, macroeconomic conditions, climate-related factors and evolving technology adoption, including artificial intelligence. These risks may, over time, have implications for growth, asset quality, funding conditions and operational resilience. The Company remains focused on managing such risks through an appropriate governance and risk management framework. Following are the emerging risks that may have impact on Company and its operations:

Geopolitical Risk:

Geopolitical developments continue to evolve rapidly and may influence inflation, interest rates, liquidity conditions, capital flows and overall market confidence. Rising global tensions, policy realignments and disruptions in trade or commodity markets can create volatility that affects credit demand, funding costs and borrower repayment behaviour. The Company manages this risk through diversified funding, prudent treasury practices, strong liquidity and capital buffers, calibrated underwriting and a well-diversified portfolio across customer segments and geographies.

Macroeconomic Risk:

Macroeconomic conditions such as changes in economic growth, inflation, interest rates and global financial stability can influence credit demand, borrower cash flows, asset quality and funding costs. Economic slowdowns or inflationary pressures may weaken repayment capacity and compress margins. The Company mitigates these risks through a forward-looking risk management framework, strong capital and liquidity buffers, dynamic underwriting standards and integration of macroeconomic scenarios within the ECL framework.

Climate and ESG-Related Risk:

Climate-related physical and transition risks may impact borrower livelihoods, collateral values and sectoral credit profiles, particularly in regions vulnerable to extreme weather events. Transition risks arising from regulatory changes, technological shifts and evolving sustainability expectations may also affect counterparties. The Company incorporates climate risk considerations into its enterprise risk management framework through stress testing, vulnerability assessments and ongoing measures to enhance portfolio resilience in line with regulatory and sustainability requirements.

AI Risk:

The increasing adoption of AI introduces risks related to data quality, model bias, explainability, privacy, cybersecurity, and third-party dependencies. Unmanaged risks may lead to adverse customer outcomes, regulatory non-compliance and reputational impact. The Company has implemented a responsible AI governance framework encompassing strong oversight, risk-based classification of AI use cases, human-in-the-loop controls, robust model validation, monitoring and enhanced privacy and security safeguards.

Debt Management

Apart from risk management, the Company continues to focus on a robust debt management strategy to keep delinquent debt at minimal levels. Debt management forms an important part of the Company's portfolio management strategy, supported by a dedicated structure and strict servicing protocols for missed payments. BFL considers debt management as a customer service function aimed at enabling fair and ethical recovery of delinquent accounts and past-due payments.

BFL continues to invest in its debt management structure, service organisation, processes, employee and agency training, and compliance controls. It follows a strong governance model and ensures strict adherence to regulatory and internal policies, code of conduct and fair practice code. Customers are offered multiple payment channels, including digital options, branch walk-ins, retailer points and doorstep debt management services.

The debt management journey begins before an instalment falls due, with advance intimations sent five to six days prior to the due date. This helps customers maintain adequate balances and avoid unintentional defaults. The journey is further supported through post-overdue counselling to encourage stronger repayment behaviour.

BFL follows a graded communication approach across the delinquency lifecycle, clearly communicating the importance of timely payment, avoidance of penal charges, available payment channels and payment confirmation. These communications are delivered through SMS, e-mail, tele-calling in vernacular languages and in-person visits.

The Company has a dedicated servicing structure aligned with business verticals for customers with current month outstanding, early delinquency, and NPA/write-off stage accounts. It leverages internal employees, call centres, digital channels, field agencies and legal channels for debt management.

To support non-intrusive debt management, the Company provided 30 digital payment options in FY2026. These include NEFT, RTGS, BBPS, UPI, wallets and other payment mechanisms. Such digital channels, together with branch walk-ins, accounted for approximately 67% of debt management volume. BFL has also strengthened its physical service infrastructure, with dedicated debt management service desks across 38 branches.

In November 2022, the Company received accreditation from the Indian Institute of Banking and Finance (IIBF) to conduct Debt Recovery Agent (DRA) training. As part of its continued investment in certification and capability building, the number of employees certified under the DRA process increased to 43,628 in FY2026 from 32,258 in FY2025. It plans to add 20,000 trained agents and 15,000 DRA-certified agents.

BFL has established a structured learning ecosystem for its collection agents, comprising 223 situational training videos, with an additional 41 videos developed in 10 vernacular languages during FY2026. These are deployed through the DMSOne App to reinforce fair, compliant and customer-sensitive recovery practices. During the year, the Company further strengthened its debt management services (DMS) function by adding over 2,182 resources to enhance geographical reach and recovery effectiveness. For certain segment of delinquent customers physical interaction has been reduced and replaced by automated payment notifications to nudge them towards honouring their dues.

Portfolio Quality

BFL has lending and servicing experience across 119 million customers. Its business model remains focused on acquiring mass affluent customers who typically offer larger wallets, better cross-sell opportunities and more acceptable risk profiles.

- As of FY2026, the Company had a presence across 4,098 locations, including 2,571 rural and 1,527 urban locations.
- The portfolio mix continued to shift toward secured lending, with the secured pool accounting for 63% of consolidated AUM in FY2026, up from 61% in FY2025. Mortgages remained the largest secured contributor at ~31.78% of consolidated AUM in FY2026 (FY2025: ~31.07%). In parallel, the Company further reduced exposure to relatively higher-risk two- and three-wheeler finance, which declined to ~2.47% of consolidated AUM in FY2026 from ~4.16% in FY2025. Overall, this rebalancing underscores BFL's continued pivot toward lower-risk, collateral-backed assets and a more resilient portfolio profile.
- BFL continues to execute its 'acquire and cross-sell' strategy, anchored in the demonstrably lower credit risk of existing customers versus new-to-company customers, supporting stable portfolio risk outcomes across cycles. On a consolidated basis, gross NPA stood at 1.01% as on 31 March 2026 (31 March 2025: 0.96%), while net NPA improved to 0.41% (31 March 2025: 0.44%), reflecting sustained portfolio quality and disciplined risk management.

- Provision coverage on non NPA (standard) assets improved by 26 bps, increasing from 118 bps to 144 bps, primarily driven by the implementation of Loss Given Default (LGD) flooring during the year. In addition, the Company recognised an incremental management/macroeconomic overlay of ₹ 67 crore, taking the total macroeconomic overlay to ₹ 134 crore, further strengthening forward looking buffers against potential macroeconomic volatility.
- Overall, the Company's diversified portfolio, calibrated risk appetite, continued pivot toward lower risk asset classes, and disciplined portfolio monitoring remain key pillars underpinning resilient asset quality and sustainable long-term growth.
- The Company's provision coverage ratio (PCR) strengthened to 60% in FY2026 from 54% in FY2025, reflecting a more conservative and resilient provisioning stance.

Table 8: Business-group-wise snapshot of provisioning coverage is presented below

Business Group	Gross AR	GNPA	ECL Prov	NNPA	Std. Prov.	Standard Account mix%	Std. Prov%	GNPA%	NNPA%	PCR
Captive 2W & 3W Finance	4,726	678	322	356	116	85.65%	2.86%	14.37%	8.09%	46%
Open Market 2W & 3W Finance	8,506	138	62	76	120	98.38%	1.43%	1.62%	0.90%	45%
Urban Consumer Finance	38,090	161	139	22	521	99.58%	1.37%	0.42%	0.06%	86%
Urban Personal Loans	106,478	1,308	906	402	3,006	98.77%	2.86%	1.23%	0.38%	69%
MSME Lending	51,216	1,358	854	505	1,332	97.35%	2.67%	2.65%	1.00%	63%
CV & Tractor Finance	3,923	31	15	16	27	99.21%	0.70%	0.78%	0.41%	48%
Commercial Lending	33,890	26	13	13	38	99.23%	0.11%	0.08%	0.04%	51%
Loan Against Securities	33,574	7	3	4	10	99.98%	0.03%	0.02%	0.02%	21%
Mortgages	156,257	846	402	443	663	99.46%	0.43%	0.54%	0.28%	48%
Rural Consumer Finance	10,725	42	36	6	130	99.61%	1.21%	0.39%	0.05%	86%
Rural Personal Loans	26,601	250	218	32	1,149	99.06%	4.36%	0.94%	0.12%	87%
Gold Loans	17,837	58	3	55	3	99.67%	0.02%	0.33%	0.31%	5%
MFI Business	2,248	13	10	2	40	99.47%	1.80%	0.55%	0.10%	83%
Car Loans	15,173	203	74	130	88	98.66%	0.59%	1.34%	0.86%	36%
Total Consolidated	**509,244**	**5,119**	**3,057**	**2,062**	**7,243**	**98.99%**	**1.44%**	**1.01%**	**0.41%**	**60%**

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 Company has implemented the Operational Risk Management & Operational Resilience guidelines issued by RBI. The Company besides ensuring a robust implementation of board approved Risk Management Policy has also scaled up in the implementation of Operational Risk Management Policy approved by the Board. The execution of both the policies is in line with RBI's directions and ensures that the risk assessment and risk monitoring is done very closely.

The ORM Framework of BFL enables systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the operational risks. The Risk Management tools of RCSA and KRI Monitoring are being used regularly to ensure that the risks identified as a part of self-assessment and validation frame are being tracked and reported to the Top Management and the Board on regular intervals. Basis the risk processes identified, the Company is taking proactive steps by translating them into actionable to ensure improvement in the identified metrics. 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.

In the current financial year, the Company has also moved to an Integrated Risk Management Governance, Risk and Compliance(GRC) Platform, which acts as a central platform for operational risk management (ORM). The Company has enabled the operational risk management tools in the platform to ensure that assessment, measurement, monitoring, mitigation and reporting of the operational risks moves into a consolidated risk information, allowing for a 360-degree view of risk exposure across departments. The tool evaluates and provides valuation of inherent risks, control effectiveness, and residual risk. The monitoring of KRIs helps defining risk thresholds and monitors key risk indicators (KRIs) in real-time, preventing operational issues.

BFL uses '3 lines of defence model' as a key component to manage its operational risks. As per this regulatory frame -

- 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-to-day 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).
- Operational risks and controls are identified and assessed through Risk and Control Self-Assessments (RCSA).
- 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.

Operational Resilience

BFL applies a range of risk management practices to effectively manage operational risks and strengthen operational resilience. It has put in place policies and procedures governing key areas such as Business Continuity Planning (BCP), Change Management and Outsourcing Risk, which are overseen by the respective committees.

Technology

In FY2026, technology played a pivotal role in driving enterprise-wide transformation, resilience, and scale across BFL. The organisation modernised core platforms, strengthened cyber and operational resilience, and enabled data-driven, customer-centric digital journeys. Key programs focused on platform consolidation, cloud and API scalability, zero-trust security, real-time digital visibility, and AI-led personalisation. These resulted in faster time-to-market, improved customer experience, cost optimisation and stronger regulatory compliance. Collectively, these initiatives have established a secure, scalable, and future-ready technology foundation to support business growth and innovation.

Business Applications

During the year, core business applications were simplified and modernised to improve speed, reliability, and scalability. Several customer facing and internal journeys were redesigned to reduce turnaround time, enable straight through processing, and support growth without adding complexity.

- **Faster sourcing and servicing journeys:** B2B onboarding and sourcing journeys were redesigned with AI interventions and automations resulting in a 50% reduction in turnaround time—from 26 minutes to 13 minutes for both new and existing customers loan processing, improving overall experience.
- **Stronger integration and system connectivity:** System for hosting APIs for application integrations was upgraded to handle higher volumes securely and reliably to a new platform ensuring smooth data exchange between systems.
- **Modern enterprise workflow platform:** Core internal workflows were migrated to a unified cloud-based platform, improving process standardisation, audit readiness, and response time across teams. IT also manages entire lifecycle of outsourcing partners from onboarding to offboarding, enabling information availability in one platform.
- **Smart lease platform:** Developed leasing platform, enabling all business needs from onboarding of corporate customers to product journeys for new and used cars and lease transfers.
- **Real time digital visibility:** End-to-end visibility across mobile and web journeys has been delivered to a platform called Digital 360 that enables quicker detection of issues and faster resolution, thus reducing customer impact and improving service stability.
- **Platform consolidation:** Multiple core platforms have been consolidated into fewer, standardised systems — lowering operating costs, reducing duplication, and improving system performance and scalability.

50%

Faster loan processing
Enabled through AI-led onboarding and automation

Consumer APP & Web

Digital platforms have been enhanced to support faster content updates, improved discovery and better conversion across customer touchpoints. The emphasis is on agility, performance, and consistency.

- **Reusable digital components:** A shared library of standardised components enabled faster development and more consistent customer experience across applications and websites.
- **Independent and faster releases:** With componentisation, teams are able to launch updates independently without disrupting the full platform, improving release speed and flexibility.
- **Enhanced content management:** Content management system has been upgraded enabling increased and quicker content creation or updates, reducing dependence on large releases and enabling timely customer communication.
- **Bajaj Mall platform modernisation:** Improvements in scalability and discoverability helped support higher traffic, better performance, and improved customer engagement.

Tech Infrastructure

Infrastructure upgrades in FY2026 focused on building a resilient, scalable, and cost-efficient foundation, supporting business growth while ensuring uninterrupted availability of critical systems. A key area of differentiation during the year was a conscious move towards a true multi-cloud strategy, not only for scale but also for disaster recovery and long-term resilience.

- **Multi-cloud adoption at scale:** The organisation now operates a diversified computing footprint across multiple cloud service providers, enabling flexibility, vendor resilience, and optimised workload placement.
- **Cloud agnostic application strategy:** The goal is to distribute applications across multiple cloud platforms to reduce dependency on any single provider and improve resilience. 10 applications are live on a multi-cloud setup, with a further 6 applications currently in progress. This is effectively strengthening portability, recovery flexibility, and long-term operational resilience.
- **Network and access modernisation:** Office and branch connectivity upgrades have been implemented which have improved application performance and reliability while optimising infrastructure costs.

Cyber Security

Cyber security remained a priority, with strong emphasis on protecting customer data, strengthening system defences and improving threat monitoring. These involve:

- **Zero trust security model:** A comprehensive zero trust approach has been implemented across users, data, applications, networks, and devices, ensuring access is granted strictly based on identity and context.
- **Security Operations Centre (SOC):** Centralised security monitoring capabilities were strengthened to enable continuous threat detection, faster incident response and improved visibility across digital and cloud environments.
- **Multi-factor authentication (MFA):** Strong authentication controls were expanded across critical enterprise systems, significantly reducing the risk of unauthorised access.
- **Cyber insurance:** Cyber insurance has been revised with increased inclusions, enhanced coverage on account of our increased digital footprint.
- **Responsible use of AI:** Dedicated controls ensure that AI solutions are deployed responsibly, securely and in alignment with regulatory, ethical, and risk management expectations.

IT Compliance

Governance and compliance capabilities have been strengthened to ensure that systems operate responsibly, securely and in line with regulatory expectations. These involve:

- **Defined process ownership:** A dedicated process owner model has been implemented across key IT processes such as change management, access control, incident handling and vendor management, ensuring clear accountability, consistent execution, and stronger regulatory alignment.
- **Outsourcing governance:** Structured governance and oversight mechanisms have been established for outsourced technology services, strengthening third party risk management, compliance adherence and service continuity.
- **AI compliance and governance:** Dedicated AI compliance frameworks and controls have been established to ensure AI solutions meet regulatory, ethical, and risk management expectations, working closely with security and business teams to support responsible adoption at scale.

Technology Innovation & Collaboration Centre (TICC)

BFL's Technology Innovation & Collaboration Centre (TICC) strengthened its role as the organisation's innovation and technology acceleration hub. Over the year, it expanded start-up partnerships, global collaborations and OEM engagements, driving AI led digital transformation. TICC also emerged as a knowledge and thought leadership centre through curated content, innovation forums, and large scale tech showcases.

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. In December 2025, BFL introduced the 3.0 strategy, embarking on a transformative journey to become a FINAI 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.

Strategic AI Pillars: Enterprise, Consumer, Data, and Agentic

In the LRS FY2026-30, we have identified that technology leadership will be the primary catalyst to transition BFL into a truly customer-centric FINAI company. FINAI implementation is underway across each line of businesses and should start to reflect in costs and productivity benefits in the next 12-18 months. We are building an AI-native financial services institution where intelligence is embedded into every decision through the following strategic dimensions:

1. **Enterprise AI**

   70 use cases have been identified under the Enterprise AI framework, structured around specialised teams to drive focused execution and operational excellence. Voice AI, Text AI, Vision AI, Content AI, Tech AI, and AI for BI together form an end-to-end AI portfolio. These together enable human-like voice and text conversations, data extraction from images and documents, on-demand content creation, accelerated software development and testing, and intelligent, conversational enterprise analytics powered by autonomous agents.

2. **Consumer AI** is the use of AI technologies designed to power everyday products and experiences that make the consumers' life simpler, more personalised and transformational. The following initiatives are planned for FY2027 to further scale and embed Consumer AI capabilities.

   - Re-architect 22 business and 2 service journeys; inject AI features like AI-summaries, AI in-page search, AI vision for document scans on existing digital platforms.
   - Deploy AI-enabled experiences across App and Website covering all business and service journeys.
   - Enable customer discovery across leading AI platforms such as ChatGPT and Gemini build a new consumer AI platform with "Explore" as a core capability for business and service journeys.

3. **Agentic AI** represents the next frontier in automation, where autonomous, intelligent agents go beyond predefined workflows and rule-based automation. These agents can reason, plan, adapt, and collaborate across systems and processes. It enables a shift from process-centric automation to goal-oriented autonomy.

   - Dedicated 40-member multi-disciplinary team has been created across domains, technology and data in the Agentic AI team.
   - We have finalised two agentic platforms, with 27 agents deployed in FY2026 across 16 identified use cases spanning Service, Operations, HR, and IT.
   - For FY2027, over 100 use cases have been identified across businesses and functions with a total of over 600 agents to be created.
   - We will be creating Enterprise BLU - an AI powered enterprise assistant that can answer general purpose queries, personalised queries and help resolving transaction queries with respect to sales helpline requests, IT helpdesk and service desk requests, processing claims, applying leaves, analysing data and generating reports for all employees.

4. **Data AI**

   The Data AI, Data Tagging, and Custom Model AI together enable scalable data intelligence by transforming unstructured data into structured form, generating behavioural insights from digital and voice signals, and building custom models for credit risk, personalisation and propensity scoring.

AI Domain Team

The Company have a dedicated 200 plus member AI organisation, structured across domains – voice, text, vision, risk, ops and services – each with clear domain and AI ownership. Our technological architecture has been re-designed around these domains, so AI can be deployed across every customer touchpoint and operational workflow at scale.

Update on AI capabilities in FY2026

In FY2026 further investment would be made in building and usage of AI capabilities. A total of 131 high impact use cases across businesses and functions were identified, of which 84 went live in the same year, delivering the following benefits:

1. Conversational Voice and Text BOTs:
    - Through our Conversational AI BOTs (voice and text), we achieved over ₹ 5,520 crore in loan disbursals in FY2026.
    - Currently, 17 conversational text BOTs are live with a target of reaching 32 BOT in FY2027.
    - Nearly 65% of customer service resolutions across Interactive Voice Response (IVR) and Chat BOT were handled via AI in FY2026.
2. Data AI:
    - At the enterprise level, our Data AI is unlocking structural value. Over 52 million voice logs were converted into text, enabling ₹ 697 crore annual disbursals.
    - We also transformed 2.3 million of underwriter personal discussion notes into structured datasets. This foundational shift strengthened underwriting quality and cut turnaround time during the year.
3. Vision AI:
    - On processing automation, Vision AI is live across 43 document types. We are on track to cover all document types by FY2027.
    - This AI-enabled processing eliminated manual verification for over 6.9 crore documents, achieving 44% auto-QC in file processing.
4. Agentic AI:
    - It reflects the future of our operating model. In FY2026, 32% of service emails were autonomously processed through Customer Relationship Management (CRM) AI agents.
5. Tech AI:
    - AI-Coding assistant in Software Development Life Cycle (SDLC) helps us achieve 24% developer efficiency.
6. Content AI:
    - Generative AI for content creation resulted in creation of 520,000 banners and 1.5 million videos.

The Company now have a Board-approved AI governance framework in place that emphasises safety, fairness, transparency and accountability across the full model lifecycle.

Analytics

The Company continues to strengthen its risk analytics capabilities through a modern, scalable data platform built on Microsoft Azure and Databricks. The platform supports large-scale data processing, well-governed pipelines, and consistent access to high-quality enterprise data. It enables risk, analytics, and business teams to work on unified datasets and supports the disciplined development and deployment of analytical models and insights.

The Company draws on a wide range of customer-level data to improve credit risk assessment. Internal repayment behaviour, bureau credit histories, and consent-based banking data from the Account Aggregator ecosystem together provide a comprehensive view of customer creditworthiness. These are further enriched with demographic, transactional, and product-level attributes to create stronger predictive features. The integration of these data sources significantly improves risk differentiation, particularly for thin-file and new-to-credit customers.

Risk managers rely on these data assets for continuous portfolio monitoring and risk assessment. Cohort tracking, flow-rate analysis, and early detection of emerging stress signals help identify both resilient and vulnerable customer segments. These insights enable timely refinements to credit policies, including swap-in and swap-out decisions, eligibility criteria, and exposure strategies, supporting disciplined growth while protecting portfolio quality.

BFL has also advanced its credit risk models through modern machine learning techniques, particularly gradient boosting algorithms that capture complex interactions across bureau, banking, and behavioural variables. These models are used across acquisition and behavioural scorecards to improve predictive accuracy. The Company has also strengthened model explainability through techniques such as SHAP (SHapley Additive exPlanations) and feature contribution analysis, which provide clearer insight into model decisions and enhance stakeholder transparency.

All risk models operate under the Board-approved Model Risk Management (MRM) Policy and undergo rigorous validation by independent internal teams and external partners. Performance testing, stability checks, and regular monitoring help ensure that models remain robust, well controlled, and fully compliant with the MRM framework.

Further, at the enterprise level, Company's Data AI unlocked structural value, over 52 million voice logs were converted into text, enabling ₹ 697 crore annual disbursals.

Company also transformed 2.3 million of underwriter personal discussion notes into structured datasets. This foundational shift strengthened underwriting quality and cut turnaround time during the year.

Customer Service

BFL continues to focus on delivering superior customer experience by proactively addressing and reducing customer queries and complaints. As an omnipresent financial services organisation, the Company has significantly invested in automating customer journeys to deliver seamless, intuitive and consistent experiences across touchpoints. Artificial intelligence (AI) has been central to this transformation, with capabilities embedded across service journeys to enhance efficiency, accuracy and personalisation.

Dedicated teams manage customer resolution and automation initiatives, supported by continuous monitoring of key service parameters and systematic collection of Voice of Customer (VOC) feedback. The Company evaluates the performance of customer-facing channels through transactional Customer Satisfaction (CSAT) tracking across multiple service interactions. As at 31 March 2026, BFL received over 21.85 million responses and achieved a strong CSAT score of 95%, reflecting sustained service quality and customer satisfaction.

To ensure alignment between customer experience, compliance and governance, BFL has established a centralised Customer Centric & Compliance Office (CCCO). The CCCO ensures that customer experience design, product updates and technology changes are customer-focused, compliant from inception and governed consistently. This is particularly important as the Company expands its products, channels and partnerships within an increasingly complex regulatory environment.

Digital self-service

BFL continues to strengthen its digital self service capabilities, with over 29 service modules and over 345 service processes now available across the app and website. Initiatives taken during the year such as the launch of the "Seva Kendra" service section and enhanced informational pages have improved customer awareness and enabled faster self-resolution, contributing to an approximately 20% reduction in service requests.

During the year, the Company accelerated adoption of Generative AI to enhance both customer experience and operational efficiency. This included refreshing ~17,700 banners using image-based AI, launching a GenAI chat feature serving ~5.7 million monthly users and enabling a "Chat First" approach across 56 request and resolution types, which drove approximately 90% reduction in service volumes.

BFL's "App = Web = IVR" strategy enabled a unified servicing experience by standardising journeys across key channels, thereby reducing friction and improving ease of resolution. This supported a continued shift towards digital-first servicing, reflected in lower branch walk-ins (0.70% vs. 0.95%) and higher digital payment adoption at branches (94% in urban and 82% in rural locations). The organisation also deepened automation, enabling over 2.7 million customers to update demographic details digitally without human intervention. Further, vernacularisation initiatives such as offering No Due Certificate (NDC) and Foreclosure Letter (FCR) in 19 languages enhanced accessibility and inclusivity.

The Company strengthened customer data governance in line with the Digital Personal Data Protection (DPDP) Rules, 2025 by implementing a comprehensive digital consent management framework. This allows customers to manage privacy preferences, including consent revocation, data deletion and account closure, thereby enhancing transparency and trust. Additionally, servicing journeys were extended to co-applicants, ensuring consistent access to information.

BFL also enhanced its IVR channel, which handles approximately 19 million calls annually, by introducing 35 new Do-It-Yourself (DIY) modules, UPI-enabled collection capabilities (₹ 183 crore) and an AI-powered voice BOT. These initiatives led to a 94% DIY resolution rate, a reduction in agent transfers (from ~75,000 to ~31,000) and headcount optimisation (from 91 to 30 agents), while maintaining a strong voice channel CSAT of 93%.

Overall, self-service adoption remains robust at 96%, with 98% on the app, 95% on the web and 94% on IVR, reinforcing BFL's digital-first servicing strategy and delivering scalable efficiency alongside high customer satisfaction.

Fair Practice Code (FPC)

FPC is at the core of dealing with customer and to reinforce its commitment to regulatory compliance and customer-centricity. 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, tracks 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.

To further strengthened the Company's product approval governance framework, the Company instituted a comprehensive Product Approval Policy and governing committee(s) for the introduction, modification, and discontinuation of products. The Product Approval Committee (PAC) operates through a structured and well-documented process, supported by specialised sub-committees such as the Credit Risk Policy Committee (CRPC) and the Product Operations Process Committee (POPC), thereby ensuring oversight from risk, process, and customer fairness perspectives.

To promote transparency and informed customer choice, a separate OTP-based consent was implemented across all cross-sell and bundled product offerings. In line with its customer-centric approach, the Company discontinued various contingent fees and charges such as switch fees, duplicate NOC charges, EMI card annual fees, etc. A Concurrent Audit Framework has been implemented to mitigate exceptions in loan booking as against customer consented collaterals. This framework introduces enhanced controls and ensures the timely implementation of corrective and preventive actions for any identified issues.

The Company has a well-established process of half-yearly review of bottom-up pricing across PPG for timely transmission of interest rate and operating leverage benefits to customers. The bottom-up pricing is periodically reviewed by Product Approval Committee (PAC) and presented to Risk Management Committee (RMC) and also independently verified by Internal Audit.

RBI Ombudsman and Internal Ombudsman

Internal Ombudsman (IO)

BFL has implemented the Internal Ombudsman (IO) mechanism to provide an independent review of complaints that are wholly or partly rejected by the Regulated Entity (RE), in line with the RBI Master Direction.

In January 2026, the RBI issued revised directions for NBFCs — Reserve Bank of India (Non-Banking Financial Companies – Internal Ombudsman) Directions, 2026. The changes prescribed thereunder have been successfully implemented by BFL.

The Office of the Internal Ombudsman works closely with internal teams on complaints and escalations received and collaborates with relevant departments and stakeholders to ensure timely closure of actionable items identified during the review process.

BFL has three Internal Ombudsmen, supported by a dedicated secretarial team responsible for case screening, review support, secretarial coordination and examination of resolutions in cases falling within the IO framework.

All customer allegations and RBI escalations are reviewed and validated by the Internal Ombudsman before responses are issued to customers and submissions are made to the RBI Ombudsman offices, respectively. The IO referral process is managed through the BFL CRM system and is now fully automated. During the year, no decision of the Internal Ombudsman was overridden by BFL. The referral process is now fully automated within the CRM.

The Internal Ombudsmen are permanent invitees to the Customer Service Committee of the Board (CSCB) and to various internal review forums involving customer service and grievance redressal.

RBI Ombudsman

BFL has a dedicated team to manage customer complaints and escalations received from RBI offices, including the RBI Ombudsman, the Consumer Education and Protection Department (CEPD), and the Department of Supervision (DoS). The team ensures timely and appropriate responses to all such escalations in line with prescribed timelines.

The RBI escalation handling team comprises 11 members and is responsible for resolving customer escalations in a timely manner and liaising with the RBI Ombudsman offices to provide clarifications and supporting information for closure.

To strengthen responsiveness and coordination, BFL has established a localised presence in Chennai, Kolkata, Chandigarh, Hyderabad and Lucknow.

All 24 RBI Ombudsman offices are internally mapped to designated nodal officers within BFL to ensure seamless handling and timely resolution of escalations.

The team also focuses on reducing customer escalations through data analysis, customer interactions and root-cause identification.

In coordination with, and under the guidance of, the RBI Ombudsman offices, BFL also undertakes customer awareness and education programmes. During FY2026, five offline programmes were organised with participation of over 1,200 individuals.

Initiatives to Reduce Customer Complaints

- Complaint Root Cause Resolution (CRCR): A dedicated CRCR team has been operational since January 2021 on a suo motu basis to conduct detailed analyses of customer complaints, identify process and system gaps, and implement corrective and preventive actions.
- *Grahak Sampark:* Launched in April 2024 under the guidance of the Managing Director, this initiative has also been recommended on the RBI Daksh portal for monitoring the quality of grievance resolution by regulated entities, in line with RBI guidelines issued on 13 March 2025. In FY2026, 24 meetings were conducted across 117 branches, covering 229 customers.
- Customer Service Committee framework: During FY2026, meetings were conducted across 588 branches with participation from 6,597 customers, including 1,806 women and 218 senior citizens. The branch coverage included FD, urban, rural, gold loan and MFI locations.

Following are some of the BFL's processes initiated to meet RBI Expectations

- The Company converts all RBI directives into clearly identifiable actions and compare them against the process followed by the Company to ensure complete compliance with RBI directions.
- Constituted a Product and Process Approval Committee (PAC), supported by CRPC and POPC sub-committees, to evaluate and approve new products and changes to existing products/processes through a structured governance and review mechanism.
- Implemented a robust three-member Internal Ombudsman structure, backed by an expanded support team, to enable faster, more effective and impartial customer grievance resolution.
- Increased digital KYC penetration to ~94%, enabling a paperless, seamless and quicker onboarding experience while reducing identity fraud risk and improving overall customer experience.
- Digitisation and technology are leveraged for data analysis and continuous improvement in service quality.
- Customer awareness programmes and campaigns continue to be undertaken on an ongoing basis.

Customer Communication

BFL manages customer communications through a dedicated unit that continuously reviews, strengthens and governs communication content across the customer lifecycle, supported by self-service videos to encourage customers to resolve routine enquiries digitally and reduce reliance on assisted channels. In parallel, BFL has institutionalised an enterprise-wide communication governance model through a centralised team that standardises lifecycle communication content in line with governance standards and works closely with product, business, operations, service and debt management teams to ensure consistent, compliant communication across pre- and post-acquisition stages.

Key initiatives

- Recon setup for regulatory communications to ensure zero communication failure.
- B2B Message Centre improved communication delivery from 96% to 99%.
- Rollout of Statement of Account, Foreclosure Letter and Repayment Schedule communications are now available in 19 vernacular languages to enhance accessibility and customer understanding.

Online Educational Campaigns

During FY2026, BFL conducted extensive awareness campaigns across social media platforms such as Facebook, X, Instagram and YouTube, covering app adoption, the benefits of timely EMI payments, self-service options and cyber security awareness. Under RBI's seven customer awareness cohorts — Account Operations, Avenues of Redressal, Charter of Customer Rights, Digital Banking, Digital Frauds, Remittances/Facilities for Senior Citizens and Loans — 2,230 campaigns were rolled out, resulting in 3,459 posts comprising 825 static creatives and 2,634 videos. These initiatives generated approximately 1.7 million impressions and 2.2 million video views.

Customer Service Channels

Customers can connect with BFL through multiple assisted and self-service channels to access services, raise requests and register complaints relating to loans, products and services. These channels include the mobile app, My Account (website), e-mail, dedicated service branches, call centre, branch visits and chatbot.

Credit Rating and Asset Liability Management (ALM)

BFL continues to enjoy the highest credit ratings for its borrowing programmes, reflecting the confidence of rating agencies in the Company's financial strength, governance standards and liability management practices.

Its long-term debt programme is rated AAA/Stable by CRISIL, ICRA, CARE and India Ratings, while its short-term debt programme carries the highest A1+ rating from CRISIL, ICRA and India Ratings. BFL's deposits programme is also rated at the highest level, with CRISIL AAA/Stable and ICRA AAA/Stable.

AAA/Stable
CRISIL, ICRA, CARE and India Ratings in FY2026 long-term

A1+
Highest rating from CRISIL, ICRA and India Ratings short-term

Further strengthening its international credit profile, on 14 August 2025, S&P Global Ratings upgraded the Company's long-term issuer rating from BBB-/Positive to BBB/Stable and its short-term issuer rating from A-3 to A-2, following the upgrade in India's sovereign rating.

On 4 August 2025, Moody's Ratings assigned BFL a Baa3 Corporate Family Rating with a Stable outlook and simultaneously withdrew the earlier Baa3/P-3 long-term and short-term foreign and local currency issuer ratings.

Baa3
Moody's Corporate Family Rating assigned in FY2026

BBB/Stable
S&P Global Upgrades Company Rating in FY2026

BFL's consolidated borrowings stood at ₹ 435,112 crore as on 31 March 2026.

The Company's Asset Liability Committee (ALCO), constituted in line with RBI guidelines, continues to monitor asset-liability mismatches closely to ensure that there are no undue imbalances or concentration risks on either side of the balance sheet. BFL's business model inherently provides an ALM advantage, supported by steady EMI inflows from its short-tenor businesses, which place it in a favourable position to service near-term liabilities.

BFL meets its liquidity requirements through a diversified funding mix encompassing market instruments, bank borrowings, external commercial borrowings, securitisation and public deposits. In parallel, the Company maintains a prudent asset–liability maturity profile and preserves adequate on balance sheet liquidity buffers over and above statutory and regulatory requirements, including the RBI-prescribed Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR). As part of its liability diversification agenda, BFL is progressively scaling borrowings via Pass Through Certificates (PTCs) to complement conventional funding sources and also undertakes select portfolio assignments. This disciplined approach to liquidity management and resource mobilisation enabled the Company to comfortably meet debt servicing obligations and support business growth, even amid tight systemic liquidity conditions during FY2026.

At the consolidated level, BFL maintained an average liquidity buffer of ₹ 26,340 crore during FY2026, while the consolidated liquidity buffer as on 31 March 2026 also stood at ₹ 15,020 crore. These represented 3.77% of average outstanding borrowings and 3.45% of outstanding borrowings, respectively.

During FY2026, BFL also raised approximately USD 615 million of fully hedged external commercial borrowings (ECB) as term loans from multiple lenders and further strengthened alternate funding channels such as securitisation through pass-through certificates and resource mobilisation for Priority Sector Lending (PSL) on-lending. These further helped diversify the Company's borrowing profile and strengthened its overall asset liability management framework.

Reserve Bank of India has recently allowed inclusion of non-bank entities in the term money market. It is expected to deepen market liquidity while providing NBFCs with an additional avenue for short-term funding and improve liquidity management.

BFL continues to remain well above the regulatory requirement for Liquidity Coverage Ratio (LCR) applicable to deposit-taking NBFCs. As on 31 March 2026, BFL maintained an LCR of 128.38%, while BHFL maintained an LCR of 152.52%, both comfortably above the RBI's stipulated norm of 100%.

BFL maintains its stock of high-quality liquid assets primarily in the form of treasury bills, government securities and cash, enabling it to withstand potential liquidity stress events.

For liquidity and investment management, BFL operates through both Subsidiary General Ledger and Constituents' Subsidiary General Ledger accounts. These structures provide operational flexibility and improve the Company's ability to generate high-quality liquidity through repo operations. Government securities maintained for liquidity management are held in the Subsidiary General Ledger account, while securities maintained for Statutory Liquidity Ratio purposes are held through the Constituents' Subsidiary General Ledger account, thereby ensuring efficient monitoring and strong adherence to regulatory requirements applicable to a deposit-taking NBFC.

The behavioural maturity profile of BFL's assets and liabilities continues to reflect a prudent and conservative asset liability management stance. It has maintained a positive ALM position in the 1–7 days bucket against the RBI's permitted negative ALM mismatch of up to 10%. Likewise, in the cumulative buckets of 8–14 days and 15–30/31 days, BFL has maintained cumulative positive balances, as against the RBI's permitted cumulative negative ALM mismatches of up to 10% and 20%, respectively.

As on 31 March 2026, the assigned portfolio outstanding stood at ₹ 5,760 crore on a standalone basis and ₹ 11,425 crore on a consolidated basis. BFL's strategy of maintaining a relatively longer duration for liabilities than assets, together with an optimal mix of borrowings across banks, money markets, external commercial borrowings and deposits, has supported effective ALM management and helped the Company manage its net interest margin through FY2026.

Table 9: Behaviouralised ALM snapshot as on 31 March 2026

(₹ in crore)

Statement of Structural Liquidity as on: - 31 March 2026	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	-	-	-	-	-	-	-	-	-	103,122	103,122
Deposits	1,089	568	1,580	4,083	3,460	10,055	14,707	31,654	1,289	-	68,486
Borrowings from Commercial Paper	-	-	4,073	4,779	6,334	1,310	2,595	-	-	-	19,092
Borrowings from Banks/FI	3,582	3,916	1,653	1,167	5,936	6,669	26,957	48,179	11,520	173	109,753
Borrowings from Debentures	540	220	181	3,494	1,164	3,498	11,454	32,285	26,727	38,027	117,590
TREPS/REPO	14,988	-	-	-	-	-	-	-	-	-	14,988
Other Outflows	4,434	1,552	2,695	2,028	649	948	1,864	2,756	3,773	2,406	23,106
Total Outflows (A)	**24,632**	**6,256**	**10,183**	**15,550**	**17,543**	**22,481**	**57,578**	**114,874**	**43,309**	**143,729**	**456,137**
Cumulative Total Outflows (B)	**24,632**	**30,889**	**41,071**	**56,621**	**74,165**	**96,646**	**154,223**	**269,098**	**312,407**	**456,137**	
Cash, Cash Equivalents & Investments	11,082	40	12,605	18	3	2,668	8,162	1,572	493	14,531	51,174
Advances (Receivables under financing activities)	12,252	2,806	8,708	20,344	17,902	43,533	77,542	137,198	37,734	25,965	383,983
Other inflows	7,210	109	895	810	449	282	2,038	3,256	268	5,663	20,979
Total Inflows (C)	**30,545**	**2,955**	**22,208**	**21,172**	**18,354**	**46,483**	**87,742**	**142,026**	**38,494**	**46,159**	**456,137**
Cumulative Total Inflows (D)	**30,545**	**33,500**	**55,708**	**76,880**	**95,234**	**141,717**	**229,459**	**371,484**	**409,978**	**456,137**	
E. Mismatch (C - A)	**5,912**	**(3,301)**	**12,025**	**5,622**	**811**	**24,002**	**30,164**	**27,151**	**(4,816)**	**(97,571)**	
F. Cumulative mismatch (D-B)	**5,912**	**2,611**	**14,636**	**20,258**	**21,069**	**45,071**	**75,235**	**102,386**	**97,571**	**-**	
G. F as percentage Of B	**24%**	**8%**	**36%**	**36%**	**28%**	**47%**	**49%**	**38%**	**31%**	**-**	

Human Resources

BFL believes its people are its most important asset and a foundational source of long-term strength. As an equal-opportunity employer, the Company continues to strengthen people practices that help attract, develop and retain talent in a competitive environment. Its culture fosters entrepreneurial thinking, continuous learning and innovation, enabling employees to contribute meaningfully, grow and build fulfilling careers.

Attract, Retain and Nurture Talent

BFL continued to follow a balanced talent acquisition strategy focused on capability building, workforce expansion, early talent development and improved hiring outcomes. Campus and lateral hiring, supported by structured HR culture interviews, helped assess long-term potential and cultural alignment, attract diverse high-performing talent and strengthen the future leadership pipeline.

During FY2026, BFL onboarded approximately 7,473 full-time employees and transitioned 36,402 fixed-term contractual employees from outsourced roles into the organisation, improving controllership, reducing attrition and creating clearer pathways to full-time employment. Even as campus volumes moderated, the Company continued hiring Functional Trainees, Centre for Development of Advanced Computing (CDAC) IT freshers, Design Trainees from premier institutes and Management Trainees, while expanding AI and Data Science hiring. Improved post-offer engagement strengthened offered-to-joined conversion. BFL also plans to refine talent acquisition and HR culture interviews and launch a Field Management Trainee programme across megapolis and Tier 1 locations.

Employee Engagement

FY2026 deepened BFL's people promise — to listen actively, engage meaningfully, support employees holistically and create stronger growth pathways. BFL institutionalised Stay Interviews, conducting over 10,000 structured conversations every four months, supported by pulse connects, onboarding check-ins, skip-level interactions and E360 insights. The Stay Interview Blue Book standardised conversation quality and helped convert people insights into policies, leadership interventions and managerial practices.

BFL Social evolved as a vibrant internal digital workplace, with over 31,000 daily active users, 60,000 monthly active users, 73% engagement, more than 29,000 conversations, 340 active internal influencers against a target of 300, and approximately 3.68 million content views. Career mobility also remained a focus, with job rotation formalised organisation-wide for certain grades after specified tenure, strengthening capability depth, succession readiness and workforce agility.

Employee Benefits and Well-being

BFL continued to operate its Pure Life and Wellness ecosystem, integrating physical, mental and financial well-being into the employee experience. During the year, over 36,000 employees across India underwent annual health check-ups, and 10,075 employees with high or medium health risk enrolled in curated risk management programmes. Participation remained strong, with 7,203 stepathon participants, 1,858 marathon registrations, 23,585 yoga and Zumba attendees, mental health floor interactions with over 16,140 employees and 13,232 financial literacy webinar participants.

The wellbeing commitment was supported by a robust safety and crisis response framework. Through R.I.S.E. (Respect, Inclusivity and Safe Environment), standardised safety norms were implemented across 170 major locations, covering nearly 13,000 on-roll and contractual staff. Under CESD, BFL issued 215 safety advisories, coordinated insurance and ambulance support for 239 employees and family members, extended relocation and essential supply support to 120 colleagues, and completed 26 evacuations, backed by 24/7 multilingual assistance and the Guardian Angel protocol.

BFL's life-stage and care-oriented policies also evolved. Under SPECTRUM, the Company offers six months of post-maternity work-from-home support, reserved parking and travel allowances for expecting mothers. The iCare programme, supported by a 50% Company matching contribution, has crossed 65,000 registered contributors and extended critical financial support to over 195 employees, reinforcing psychological safety, empathy and institutional support.

Implementation of the new Labour Codes on 21 November 2025 marked a significant advancement in modernising India's employment framework by consolidating legacy labour laws and improving clarity, consistency and compliance. As rules are enforced, the framework is expected to promote workforce formalisation, stronger social security and welfare standards, and greater transparency. For BFL, this resulted in a one-time consolidated charge of ₹ 265 crore in FY2026, primarily due to increased gratuity liabilities. More than 44,500 employees were also newly covered under ESIC, supplementing the Company's existing medical coverage.

Culture: Strengthening "The BFL Way"

BFL's culture remains anchored in "The BFL Way", a distinct organisational differentiator. Its 15 culture anchors guide how employees work, collaborate and make decisions. During FY2026, the Company strengthened the last-mile cascade by integrating these anchors across four pillars — Communicate, Role Model, Recognise and Build — with over 900 Culture Marshals and Culture Ambassadors mentoring teams and modelling desired behaviours.

Recognising the importance of governance and regulatory discipline, BFL introduced its 15^{th} Culture Anchor, "Compliance First", in December 2025, reinforcing ethical conduct, operational discipline, transparency and decision-making rooted in regulatory rigour. The first The BFL Way Survey, covering around 52,000 employees, generated insights on cultural strengths, opportunities and alignment, now being used for role-holder interventions, targeted nudges and leadership development actions.

Learning and Development

At BFL, learning is continuous, inclusive and aligned to different employee segments, including new joiners, first-time managers, senior leaders and women leaders. During FY2026, 84 women employees were trained through Navigator and Ascent. The Company introduced On Demand Learning (ODL) on the internal social platform, enabling learning posts, short multilingual webinars and query resolution for an active community of 60,000 learners, supported by over 3,750 certified trainer influencers.

New employees undergo a seven-day onboarding process, including functional induction by certified trainers covering culture, policies, practices and technology platforms. Existing employees continued to receive technical, functional and soft-skill programmes, while prompt engineering capability was built for AI readiness. In FY2026, BFL translated more than 7.9 million words of learning and customer-facing content into six languages and launched organisational induction for all FTCEs effective 1 November 2026.

Overall, more than 68,000 employees benefited from Instructor Led Training (ILT), Virtual Instructor Led Training (VILT) and self-learning formats. By March 2026, BFL had over 2,150 certified trainers who delivered more than 11,437 sessions, and employees invested over 2.9 million learning hours. Partnerships with Coursera, Go1, Percipio and Harvard University, along with company-sponsored MBA programmes under the Distance Learning Programme, continued to strengthen capability building and career progression.

Diversity and Inclusion

BFL views diversity and inclusion as integral to growth and organisational resilience. Its diversified business model enables employees across identities, locations and life stages to access equitable opportunities for capability building and career advancement. During the year, transparent, merit-led systems included onboarding of 19,248 new employees, capability enhancement for over 7,400 colleagues, an internal job posting marketplace enabling 2,649 role transitions, and Auto-Promotion advancement for 7,953 employees using objective performance metrics.

Leadership interventions such as PROPEL, SUMMIT, 30 Under 30, the Group Young Leaders Programme and the Finance Associate Programme strengthened the future talent pipeline. Inclusion platforms such as Her Alliance, Dhvani, Spectrum and PwD enablement initiatives kept support systems accessible across the lifecycle. Navigator and Ascent supported 66 emerging women leaders and contributed to 18 career advancements among senior women leaders. Together with life-stage policies for post-maternity support and expecting mothers, these initiatives helped make inclusion a lived reality and supported a high-performance culture grounded in capability, care and fairness.

Employee Celebrations

BFL promoted community, belonging and cultural inclusivity through organisation-wide celebrations. In FY2026, it hosted 14 regional festivals across 30 states and 1,971 locations, drawing over 90,766 attendees, including over 19,411 family members. These celebrations strengthened connection across geographies and reflected the Company's commitment to performance and community. BFL Social further supported this by linking over 64,000 employees across India.

Rewards and Recognition

BFL's rewards and recognition programmes reinforced a culture of excellence by celebrating exceptional performance and initiative. In FY2026, more than 13,240 employees were recognised and rewarded for exemplary contributions, strengthening motivation, desired behaviours and acknowledgement of high-impact work across teams.

Giving Back to Society

BFL's commitment to society was reflected through employee-led environmental stewardship. Under Aranya, the Company contributed to the plantation of 202,000 trees across 53 cities. A behavioural change programme to reduce single-use plastics eliminated over 3.5 crore paper cups since April 2025, embedding sustainability into everyday employee behaviour across a workforce of over 69,000 people.

Awards and Recognition

In FY2026, the organisation received several prestigious recognitions across HR, Marketing and IT.

- Great Place to Work® (GPTW) recognition across six categories, strengthening employer brand and talent positioning.
- Won Gold at IAMAI 16th Digital Awards for Best AI-Powered Product/Service, highlighting AI-led innovation.
- Received marketing accolades for Best Use of AI/ML (Adgully) and Best Customer Experience Strategy (AFAQS! Bankfin 360), reflecting strong digital marketing and CX execution.
- Awarded Gold for Best Data Quality in the Commercial Segment (NBFC) by TransUnion CIBIL, underscoring robust data governance and quality standards.
- Best Large NBFC at the BT Best Banks Awards 2026.
- Best NBFC in BFSI Sector for "Face Authentication" by the Unique Identification Authority of India.

As of 31 March 2026, BFL and its subsidiaries employed 155,369 individuals, comprising 71,613 full-time employees and 83,756 fixed-term contract employees. During the year, the group increased its full-time workforce by 7,521 employees.

Internal control systems and their adequacy

BFL has robust internal control systems in place, underpinned by established procedures and policies that are periodically reviewed and tested across processes, units and functions. The Company's risk and credit teams have embedded processes to identify existing and emerging risks and to mitigate these. Senior management also regularly monitors the mitigation measures. BFL has various committees, including the Risk Management Committee and the Asset and Liability Committee, with participation from multiple functions, 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 regularly testing the design and operating effectiveness of Internal Control Over Financial Reporting (ICOFR), as well as ensuring timely remediation of control deficiencies identified, if any. Further, it monitors Information and Technology General Controls (ITGC) on a periodic basis. It has specialised units within IT and operations to carry out regular checks and ensure that the processes established for these functions are adhered to and that gaps identified, if any, are addressed on a timely basis. The control functions implement, review and monitor the standards, policies and procedures through which the entity manages risks, including compliance with regulatory guidelines and applicable laws, adherence to operational controls and relevant standards of conduct.

Compliance is fundamental to BFL's business operations. The compliance philosophy is centred on strict adherence to laws, regulations and ethical standards in order to maintain the trust of stakeholders, namely the regulators, customers, investors and employees.

BFL's compliance philosophy revolves around the following principles:

- **Regulatory Compliance:** It is committed to complying with all applicable laws, regulations and guidelines prescribed 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.
- **Ethical Conduct:** BFL expects all 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 employees' compliance knowledge and awareness.

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

The Company has implemented controls through well defined systems and processes. 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. RBIA is linked to the overall risk management framework and provides assurance to the Board of Directors and Senior Management regarding 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 adherence of business and functional units to internal policies and regulatory requirements, thereby providing timely feedback to management for taking necessary corrective and preventive actions.

The Company strengthened its Internal Audit (IA) function by establishing dedicated teams comprising domain experts for information security audits and setting up a concurrent review team to monitor and assess critical parameters on an ongoing basis. The scope of concurrent reviews was expanded to cover 12 additional areas, enhancing assurance over key operational aspects as well as scheme-related processes such as CGTMSE, CGFMU and PIDF. Technology continues to be leveraged extensively across business, functional and concurrent audits to improve audit coverage, efficiency, and timeliness of issue identification and remediation tracking. In addition, the IA function's capacity was augmented through team strengthening to support the expanded audit universe and heightened oversight requirements. The team also initiated rapid reviews in response to relevant industry events and triggers, enabling proactive assessment of BFL's position and readiness, and reinforcing the overall control environment and governance framework.

BFL's Risk Management, Operational Risk Management, Information Technology and Cyber Security practices have been already elaborated in earlier sections.

The Audit Committee of the Board reviews the performance of the audit and compliance functions, the effectiveness of controls, and compliance with regulatory guidelines. In the opinion of the Board and Senior Management, the internal control systems are adequately designed, effectively implemented and operating satisfactorily.

Fulfilment of the RBI's norms and standards

During the year, the RBI reinforced its commitment to customer centricity, transparency and robust governance. The Framework for Formulation of Regulations has enabled a structured and consultative rule-making process, incorporating impact assessments, periodic reviews and enhanced stakeholder engagement. In parallel, the RBI undertook regulatory rationalisation to improve clarity and eliminate overlaps, redundancies and duplications. Below are the few initiatives taken by RBI towards this:

- Public Directory of Digital Lending Apps (DLAs): The list of DLAs is being made available on RBI website for the purpose of aiding the customers in verifying the claim of a DLA's association with a RE.
- Consolidated Master Directions: RBI has consolidated the instructions administered by the Department of Regulation (DoR). The consolidation exercise will enhance clarity and ease of access, reduce compliance burden and improve ease of doing business.
- Weekly Credit Information submission: Effective 1 July 2026, RBI has directed transition to weekly credit information submission by Credit Institutions (CIs) to Credit Information Companies (CICs). This will ensure more frequent, accurate and timely reporting of credit information by CIs to CICs, thereby improving the quality and recency of credit information reports used in credit underwriting and monitoring.
- New Internal Ombudsman (IO) guidelines: The updated IO directions strengthen the Internal Grievance Redress mechanism within a Regulated Entity and ensure a speedy and meaningful resolution of customer complaints.

BFL not only meets but often surpasses RBI regulations regarding Stage III (qualifying non-performing) asset recognition and provisioning, capital adequacy, statutory liquidity ratio, and liquidity coverage ratio. The following Table 10 outlines BFL's and BHFL's careful practices by comparing their performance ratios with RBI's minimum requirements.

Table 10: BFL and BHFL's regulatory ratios compared to the minimum requirements of the RBI

	Bajaj Finance Limited		Bajaj Housing Finance Limited	
Particulars	**As of 31 March 2026**	**RBI stipulation**	**As of 31 March 2026**	**RBI stipulation**
Capital to Risk-weighted Assets Ratio (CRAR)	21.55%	15.00%	22.46%	15.00%
Of which Tier-I	20.67%	10.00%	22.01%	10.00%
Statutory Liquidity Ratio	15.11%	15%	NA	NA
Liquidity Coverage Ratio	128.38%	100%	152.52%	100%
Asset liability mismatch				
1-7 days	24%	(10%)	48%	(10%)
8-14 days	8%	(10%)	30%	(10%)
15-30 days	36%	(20%)	12%	(20%)

In FY2026, the RBI issued following important circulars

- RBI (Digital Lending) Directions, 2025 (Now consolidated under RBI (NBFC – Credit Facilities) Directions, 2025): These directions issued on 8 May 2025 consolidate the earlier instructions on Digital Lending and introduces certain new measures for arrangements involving Lending Service Providers partnering with multiple regulated entities, and for creation of a directory of digital lending apps. BFL has in place a Board-approved "Digital Lending Policy".

- RBI (Lending Against Gold and Silver Collateral) Directions, 2025 (Now consolidated under RBI (NBFC – Credit Facilities) Directions, 2025): These directions issued on 6 June 2025 have put in place a harmonised regulatory framework for lending against gold and silver collateral, address the concerns observed relating to some of the lending practices being followed, provide necessary clarity on certain aspects and strengthen the conduct-related aspects. BFL has in place a Board-approved "Loan Against Gold Collateral Policy".
- RBI KYC (Amendment) Directions, 2025 (Now consolidated under RBI (NBFC – Know Your Customer) Directions, 2025): These directions issued on 12 June 2025 require REs to give at least three advance intimations, including at least one intimation by letter, and at least three reminders, including at least one reminder by letter, at appropriate intervals, to customers for complying with the requirement of periodic updation of KYC. BFL has updated its Board-approved "Know Your Customer (KYC) Policy" in line with the requirements of the circular and Standard Operating Procedure (SOP) has been put in place for implementation of the same.
- RBI (Co-Lending Arrangements) Directions, 2025 (Now consolidated under RBI (NBFC - Transfer and Distribution of Credit Risk) Directions, 2025): These directions issued on 6 August 2025 provide specific regulatory clarity on the permissibility of Co-Lending arrangements, while addressing some of the prudential as well as conduct related aspects. BFL has in place a Board-approved "Co-Lending Policy".
- Consolidated Master Directions: RBI has issued 244 Master Directions on 28 November 2025 consolidating the instructions currently administered by Department of Regulation (DoR). These instructions have been issued separately for 11 types of regulated entities and are cohesively organised across various regulatory areas. For NBFCs, RBI DoR has consolidated regulatory instructions to 35 Master Directions, of which 25 Master Directions are applicable for BFL. BFL has in place/updated its Board-approved Policies in line with the requirements of the circular.
- RBI (NBFC – Credit Risk Management) Amendment Directions, 2026 (Directions on Lending to Related Parties): These directions issued on 5 January 2026 provides a harmonised, principle-based framework to be adopted by REs while lending to related parties. BFL has in place a Board-approved "Lending to Related Parties Policy".
- RBI (NBFC - Internal Ombudsman) Directions, 2026: These directions issued on 14 January 2026 strengthen the Internal Grievance Redress mechanism within a NBFC and ensure a speedy and meaningful resolution of customer complaints. BFL has in place a robust Internal Ombudsman framework.
- Reserve Bank of India (Non Banking Financial Companies – Prudential Norms on Capital Adequacy) Directions, 2025, notified on 28 November 2025, replaces the earlier logic of Tier I Capital by Common Equity Tier 1 (CET 1) and preference shares which are compulsorily convertible into equity. The said change has been implemented.

Strengths, Risks and Opportunities

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

Strengths

- Diversified scale and reach: As India's largest and most diversified NBFC, BFL leverages a comprehensive product suite and an extensive pan-India footprint (4,098 locations) to drive customer acquisition while maintaining an optimal balance between risk and profitability to support sustainable growth.
- AI and technology adoption: Early and strategic adoption of AI and emerging technologies enables the Company to deliver a superior customer experience to its 119 million customer franchise, strengthening engagement and significantly enhancing cross-sell across products and services.
- Strong 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/stable' issuer rating from S&P Global, which has also assigned a standalone rating of 'BBB' to BFL. Further, Moody's Ratings assigned BFL a Baa3 Corporate Family Rating with a Stable outlook.
- Brand and financial performance: Strong brand pedigree and consistent financial track record help diversify borrowings across banks, corporates, and retail customers at lower costs.
- Healthy profitability and capital buffer: Strong margins and capital position provide resilience to absorb market volatility and pursue growth opportunities.

- Debt management capabilities: A robust debt management framework and disciplined execution enable strong portfolio quality.
- Distinguished and seasoned leadership team: The Company benefits from a highly experienced and stable leadership team that drives strategic focus, operational excellence, and disciplined risk management, ensuring sustained performance through varying business cycles.

Risks

- Borrowing costs: These are influenced by macro-economic cycles and systemic liquidity conditions, which in turn can impact net interest margins.
- Credit costs: These are driven by a combination of internal factors—such as underwriting policies, portfolio mix and collection efficiency—and external factors including GDP growth, macroeconomic stability, and policy environment, which may affect asset quality and provisioning levels.
- Regulatory changes: Evolving regulatory frameworks may necessitate business and process adjustments, potentially resulting in transitional impacts on operations and profitability.
- Geopolitical risk: Global geopolitical developments may disrupt supply chains and drive inflationary pressures, including volatility in fuel and critical import prices, potentially leading to policy actions that could impact customer repayment capacity, credit demand and funding conditions.
- Climate and environmental risk: Climate variability and extreme weather events may disrupt operations and adversely impact certain geographies or customer segments, with consequent effects on portfolio performance.

Opportunities

- Cross-sell expansion: With BFL's share around 3% of India's overall credit market, there remains significant headroom to enhance cross-sell by offering a full suite of products across all customer touchpoints and geographies.
- MSME growth: Significant opportunity to expand in the MSME segment by delivering tailored financing solutions to businesses that face constraints in accessing credit from traditional banking channels.
- Scaling new businesses: Continued focus on building scale in new lines of businesses such as Gold Loans, Micro Finance Loans, Vehicle Financing, Tractor Financing and Auto Leasing, to drive incremental growth and diversification.
- GenAI-led transformation: Opportunity to accelerate adoption of Generative AI use cases to enhance operational efficiency, strengthen customer experience and enable more granular, data-driven risk management across segments.

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 offers a complete mortgage product suite spanning across:

i) Home Loans;

ii) Loans Against Property;

iii) Lease Rental Discounting;

iv) Developer Financing; and

v) Others, covering non-collateralised loans.

In its retail product suite, BHFL caters to all customer types, i.e. salaried, self-employed and professional across all customer segments (prime as well as non-prime) by offering all transaction types of purchase, resale, self-construction and balance transfer. The Company covers the entire spectrum of retail mortgage products.

In the commercial product suite, the Company offers Lease Rental Discounting (LRD) product on commercial, retail, warehousing and industrial properties to commercial clients spanning across developers, High Net worth Individuals ('HNI') and corporates; and Developer Financing (DF) product covers both residential as well as commercial construction finance offering to real estate developers. This product suite covers the entire spectrum of commercial real estate needs from greenfield assets to stabilised assets.

Prime home loans and LRD are the two anchor products of the Company which deliver scale as well as low risk with higher mix of low-risk salaried customers in home loans portfolio coupled with marquee and good rated customer mix in LRD portfolio spanning across REITs, sovereign wealth funds, large corporates and large commercial developers which enable lower GNPA at overall level.

Home Loans

Home loans are an anchor product of the Company for delivering scale as well as low risk construct from prime housing. The Company offers home loans for all transaction types namely purchase, resale, balance transfer and self-construction thus covering the entire spectrum of home loan needs of all customer types (salaried, self-employed and professionals) through its omnichannel sourcing strategy.

It leverages developer financing ecosystem to source under construction home loans from developer financing relationships coupled with Approved Project Finance (APF) base of over 9,400 projects which enables the Company to fast-track loan processing time for under construction purchase transactions.

Home loans are offered across 182 locations with an average loan value of ₹ 4.8 million and average customer salary of ₹ 1.50 million. Within home loans portfolio, salaried and professional customer segment comprises 84%. The Company offers home loans to both prime as well as non-prime customers. To have a dedicated focus and understanding the differentiated needs of non-prime customers, the Company operates through a dedicated SBU of Sambhav loans while also acting as a return enhancer for the Company.

Overall home loans AUM grew by 18% on year-on-year basis, reaching ₹ 76,055 crore as of 31 March 2026.

Sambhav Housing: Expanding BHFL reach to near prime and affordable customers

The Company incubated a dedicated business vertical for expanding its addressable customer segment to near prime and affordable customers through SBU. This SBU is currently operational across 73 urban locations and 72 tier-4/rural locations and is shaping up well in terms of current monthly disbursement run-rate.

This business has two parts – i) Near prime housing and ii) Affordable housing having separate differentiators and business approaches:

Particulars	Near Prime	Affordable
Operating markets	Top 36 markets	Deeper geographies of top 36 markets & tier-4/rural locations
Target ATS	40 – 60 Lakh	15 – 35 Lakh
Target yield	9 – 11%	11 – 13%
Front end team structure	Dedicated team	Dedicated team
Credit structure	Centralised hubs	Regional hubs
Operations structure	Regional hubs	Regional hubs

Dedicated teams are also deployed to diversify the sourcing funnel from existing B2C (intermediary sourcing) channel to B2B (developer ecosystem), direct to customer and LAP. Strategic investments in this SBU shall continue over the next one to two years to strengthen the structure and for geographical expansion.

Loan Against Property (LAP)

LAP product acts a return enhancer in the Company's overall strategic construct. The Company offers assessed income backed lending to self-employed, professionals and salaried customers against their residential as well as commercial properties. It leverages both sourcing channels i.e. intermediaries and direct-to-customer from 74 locations with average loan value of ₹ 8.8 million.

BHFL offers this product to diverse customer base right from prime customers to near prime and affordable customer segment. In terms of customer segmentation mix, higher composition comes from self-employed customers at 79% of overall portfolio. Moreover, this product has higher contribution of relatively low-risk self-occupied residential properties which constitute some 70% of the portfolio. As of 31 March 2026, LAP AUM grew 24%, reaching ₹ 15,191 crore.

Lease Rental Discounting (LRD)

LRD is the second anchor product of the Company which delivers scale, low risk and reasonable return. BHFL offers this across stabilised assets including office space, retail, warehousing and industrial properties with focus on grade-A commercial properties. This product is offered across 17 locations with an average loan value of ₹ 126 crore.

It has marquee and diversified customer base including sovereign wealth funds, real estate investment trusts (REITs), private equity, MNC funds, large corporates and large commercial developers who contribute ~67% of overall LRD portfolio. This product has diverse lessee base including MNCs and large Indian corporates with relationship-driven sourcing and servicing model.

This product delivers low risk since it has dual security of cash flow and collateral backed exposures while having nil collateral execution risk. The exposures are backed by an escrow mechanism for rental cash flows being received from the lessees. The Company has a dedicated portfolio monitoring team for periodic tracking of rentals, vacancy trends and portfolio performance.

As of 31 March 2026, lease rental discounting AUM stood at ₹ 31,531 crore, a year-on-year growth of 44%.

Developer Finance

Developer/Construction finance plays an important role in expanding funnel for retail home loans and enhancing returns for the Company. BHFL offers construction finance product to real estate developers through micro market approach wherein these developers are evaluated based on their proven track record of "ability to build and sell" in the respective micro market along with vintage and financial performance.

The Company follows relationship driven sourcing model across 15 locations with an average loan value of ₹ 54 crore. Construction finance book spans across 885 projects and 601 developers. Exposures under this product have pre-defined milestones linked to stage of construction, sales and collection for further release of any tranche which minimise execution risk. These milestones are tracked periodically by underwriting team as well as a dedicated portfolio monitoring team to assess any emanating concern area and implement corrective action.

Developer financing AUM grew 13%, reaching ₹ 16,226 crore as of 31 March 2026.

Partnerships and Services

The Company is registered as a corporate agent with the IRDAI for distribution of life and health insurance products. BHFL offers life insurance, general insurance and health insurance to its customers in partnership with various financial service providers. It currently has partnership with five insurance companies to enhance insurance penetration and fee income for the Company.

BHFL Performance Highlights, FY2026

- Assets under management (AUM) increased by 23% to ₹ 140,706 crore.
- Net interest income (NII) increased by 25% to ₹ 3,752 crore.
- Net total income (NTI) grew by 23% to ₹ 4,391 crore.
- Impairment on financial instruments rose by 229% to ₹ 191 crore.
- Profit before tax (PBT) increased by 20% to ₹ 3,320 crore.
- Profit after tax (PAT) grew by 18% to ₹ 2,560 crore.
- Capital adequacy ratio as on 31 March 2026 was 22.46% (including Tier-II capital).

Table 11: **BHFL's Assets Under Management**

(₹ in crore)

Particulars	FY2026	FY2025	Growth
Housing loans (including top ups)	76,055	64,447	18%
Loan against property	15,191	12,262	24%
Lease rental discounting	31,531	21,913	44%
Developer finance	16,226	14,346	13%
Other loans	1,703	1,716	(1%)
Total	**140,706**	**114,684**	**23%**

Table 12: **BHFL's Standalone financials**

(₹ in crore)

Particulars	FY2026	FY2025	Growth
Total income	11,151	9,554	17%
Interest and finance charges	6,760	5,979	13%
Net total income (NTI)	**4,391**	**3,575**	**23%**
Total operating expenses	867	747	16%
Pre-provisioning operating profit	**3,524**	**2,828**	**25%**
Impairment on financial instruments	191	58	229%
Exceptional Items	(13)	-	
Profit before tax (PBT)	**3,320**	**2,770**	**20%**
Profit after tax (PAT)	**2,560**	**2,163**	**18%**
Other comprehensive income/(expenses)	(19)	11	
Total comprehensive income	**2,541**	**2,174**	**17%**
Earnings per share (EPS) basic, in ₹	3.07	2.67	15%

Bajaj Financial Securities Limited or Bajaj Broking

Bajaj Financial Securities Limited (BFSL or 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 FY2026, Bajaj Broking sustained its strong growth momentum, with over 1.38 million retail and branch clients with a comprehensive suite of offerings, including broking, DP services, margin trade facility (MTF), IPO, and distribution of financial products. During the year, BFSL further strengthened its product portfolio with the introduction of ESOP financing.

Bajaj Broking: Performance Highlights, FY2026

- Customer franchise grew by 41% to over 1.38 million.
- Asset under finance increased by 77% to ₹ 7,984 crore.
- Net interest income (NII) increased by 53% to ₹ 380 crore.
- Net total income (NTI) increased by 31% to ₹ 578 crore.
- Profit before tax (PBT) increased by 49% to ₹ 273 crore.
- Profit after tax (PAT) increased by 46% to ₹ 203 crore.

Branch Broking

Bajaj Broking offers specialised broking services tailored to the needs of its customers. A dedicated call-and-trade service, supported by experienced dealers, ensures swift and efficient execution while providing clients with the flexibility they require. During FY2026, the branch business recorded steady customer additions of 24,000, increasing the total client base to approximately 90,000, supported by a branch network across 43 locations.

The Company also operates through an Authorised Partner channel, which helps expand its reach and serve clients across different locations. Partners are supported with technology and operational assistance to ensure smooth and consistent service delivery.

During the year, it launched Bajaj Broking Privé, a dedicated service for the Ultra High Net Worth Individual (UHNI) segment, aimed at providing curated investment solutions and personalised engagement.

Retail Broking

Bajaj Broking provides a comprehensive digital broking solution designed to meet the diverse needs of retail clients. Through flexible discount broking plans, it delivers economic value without compromising service quality, enabling clients to access a wide range of investment products, including stocks, F&O, margin trade facility (MTF), IPOs, US stocks, bonds and research tools.

In FY2026, the retail broking business successfully onboarded 0.38 million new users, increasing its total client base to 1.29 million. The mobile app has over 4 million downloads with an app rating of 4.6 out of 5.

Proprietary Trading

The Company operates a dedicated Proprietary Trading division focused on generating consistent risk-adjusted returns across market cycles through diversified, well-tested market strategies supported by disciplined risk management. The Company has allocated ₹ 251 crore of capital towards proprietary trading, aligned with market opportunities and internal risk parameters.

Margin Trade Facility (MTF)

Bajaj Broking provides Margin Trade Facility (MTF) to HNIs and retail clients, offering leverage up to 4X of margin. This facility can be availed on more than 1,000 approved securities. MTF book grew by 51% to ₹ 6,783 crore as of 31 March 2026 versus ₹ 4,505 crore as of 31 March 2025.

ESOP Financing

The Company provides ESOP financing to customers, secured against shares issued under their employer's ESOP plans, through a seamless and industry-leading process. As of 31 March 2026, the ESOP book stood at ₹ 1,201 crore within one year of launch.

Table 13: BFSL's Financial Performance

(₹ in crore)

Particulars	FY2026	FY2025	Growth
Asset under finance	7,984	4,505	77%
Total revenue	1,069	801	33%
Profit before tax	273	183	49%
Profit after tax	203	139	46%

Update on the performance of associates

Snapwork Technologies Private Limited

Snapwork is a digital solutions company offering capabilities across digital transformation, cloud services, platform engineering, agile development, UI/UX, and mobile application development, with a strong track record in scalable digital platforms for the BFSI sector. Incorporated in 2008, the company serves leading financial services institutions in India and has been recognised for its execution excellence and award-winning mobile applications. Snapwork continues to partner with BFL on key technology priorities, including scalability, user experience and performance, and has developed the Bajaj Finserv App. During FY2026, the company expanded its international footprint with the addition of new clients in the Philippines. BFL holds a 41.5% stake in Snapwork on a fully diluted basis.

Table 14: Financial performance highlights of Snapwork are given below

(₹ in crore)

Particulars	FY2026	FY2025	Growth
Total revenue	111	83	34%
Total expenses	95	65	46%
Profit after tax	13	14	(9%)
Net worth	140	127	10%

Pennant Technologies Private Limited

Pennant Technologies is a fast-growing financial technology company enabling banks and financial institutions to transition into digital-first enterprises. It provides end-to-end lending solutions across Loan Origination, Loan Management, Collections, CRM and digital enablers, with the PennApps Lending Factory (PLF) as a scalable, configurable platform that streamlines the full loan lifecycle.

Incorporated in 2005, Pennant has executed over 250 projects for more than 40 clients, including leading banks, NBFCs and housing finance companies. The Company has received global recognition through Forrester's Global Banking Platform recognition, IDC Market Glance and the Asia Fintech Awards' "Lendtech of the Year."

A key strategic focus is on AI-led innovation to enhance platform differentiation, scalability and efficiency. PenAppStudio 2.0 integrates AI co-worker capabilities to support developers in application design, workflow configuration, integration setup and automated documentation, improving productivity and accelerating development. Collections 2.0 leverages advanced analytics, automation and AI-driven delinquency management, including predictive prioritisation and intelligent workflows, to improve recovery outcomes and engagement.

Pennant is a key Loan Management System provider to BFL, with most of BFL's portfolio on its platform. In FY2026, BFL completed full migration to Pennant LMS. BFL holds a 26.53% stake, reflecting strong strategic alignment.

Table 15: Financial performance highlights of Pennant are given below

(₹ in crore)

Particulars	FY2026	FY2025	Growth
Total revenue	171	153	12%
Total expenses	112	92	22%
Profit after tax	42	46	(9%)
Net worth	329	288	14%

Table 16: Consolidated key financial indicators: last 19 years

Financials snapshot	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	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	509,975	25%
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	82,789	33%
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	24,770	28,666	33%
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	54,123	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	17,776	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	10,282	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	25,817	46%
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	19,332	46%

Ratios	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
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%	32.8%
Loan loss to avg. AUF	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%	2.3%
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%	4.3%
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%	19.2%	18.1%
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%	0.41%
Provision coverage ratio	30%	32%	55%	79%	89%	83%	76%	71%	77%	74%	70%	60%	60%	58%	58%	64%	57%	54%	60%
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%	21.6%
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	4.8

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.

Note 4: Numbers and ratios in the table have been presented prior to the change in presentation of 'recoveries on written-off financial assets' and 'net realisations from sale of written-off loans' from 'Other Operating Income' to 'Impairment of Financial Instruments'.

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.