

Management Discussion and Analysis

Bajaj Finserv Ltd. ('Bajaj Finserv', 'BFS' or 'the Company') is an unregistered core investment company (CIC) under Reserve Bank Regulations. It is the holding company for various financial services businesses under the Bajaj group. With a vision to be a diversified financial services group with a pan-India presence, it offers lifecycle financial solutions for its various customers. The mapping of financial lifecycle needs of the customers and offerings by BFS group along with the role BFS plays, beyond just a holding Company, has been detailed in the Chairman's letter forming part of this annual report.

As a core investment company (CIC) under the regulations of the RBI, Bajaj Finserv is required to invest at least 90% of its net assets in group companies, of which at least 60% should be in the form of equity investments. Investments outside the group can only be made in specified short-term securities like money market instruments. As Bajaj Finserv does not access public funds, it does not require registration with the Reserve Bank of India.

Bajaj Finserv has invested in renewable energy through 138 windmills in Maharashtra with an aggregate installed capacity of 65.2 MW. It generates more renewable energy than the energy BFS group consumes in aggregate annually. This helps BFS group fulfill its environmental obligations.

As required by regulation, the standalone and consolidated financial results of Bajaj Finserv are compliant with Indian Accounting Standards (Ind AS). The insurance companies are not covered under Ind AS. They prepare Ind AS financials only for the purpose of consolidation with Bajaj Finserv. Accordingly, the financials in the sections on Bajaj Allianz General Insurance Company Ltd. (BAGIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC) in this chapter are as per Indian Generally Accepted Accounting Principles (Indian GAAP) and regulations laid down by the Insurance Regulatory and Development Authority of India (IRDAI).

Performance of subsidiary companies is detailed in subsequent pages.

Given below are highlights during the year.

BFS: Highlights for FY2025

- BFS has signed Share Purchase Agreements (SPAs) to acquire 26% interest owned by Allianz SE in Bajaj Allianz General Insurance Company (BAGIC) and Bajaj Allianz Life Insurance Company (BALIC). This will increase the Bajaj group's ownership in BAGIC and BALIC to 100%.
- Bajaj Finance Ltd.'s (BFL) customer franchise surpassed a milestone of 100 million and consolidated assets under management (AUM) crossed ₹ 400,000 crore. BFL is now the largest NBFC in India in terms of AUM and PAT.
- Bajaj Housing Finance Ltd. (BHFL) successfully concluded its Initial Public Offer (IPO) of ₹ 6,560 crore.
- BAGIC continued to be the 3rd largest general insurer, measured by gross direct premium, ahead of three public sector insurers of significantly longer vintage.
- BALIC maintained 6th rank in individual rated new business premium among top 10 private players. BALIC's AUM crossed ₹ 120,000 crore.
- Bajaj Finserv Health entered hospitalisation claims management with the successful acquisition of 100% stake in Vidal Healthcare Services Pvt. Ltd.
- BFS AMC recorded AUM of ₹ 20,365 crore in its first full year of operation. It was the fastest in the industry to achieve this.

BFS

₹ 133,822 crore
ALL TIME HIGH CONSOLIDATED REVENUE

₹ 8,872 crore
ALL TIME HIGH CONSOLIDATED PROFIT

Macroeconomic Overview

According to the latest update of the IMF's World Economic Outlook (April 2025), global growth is projected at 2.8% in CY2025 and 3.0% in CY2026. This marks a sharp downward revision primarily driven by rapid escalation of trade tensions and persistently high levels of policy uncertainty, both of which are expected to significantly dampen global economic activity. Meanwhile, the global headline inflation is expected to ease to 4.3% in CY2025 and then to 3.6% in CY2026.

In a scenario where global growth was forecasted at 2.8% for CY2025, the IMF estimated India's real GDP growth in 2024-25 (FY2025) at 6.5% – which was significantly higher than all major countries including China. This was the case in the previous year; and the IMF expects it to remain the same in the next couple of years as well.

According to the Second Advance Estimates released by the National Statistical Office (NSO) on 28 February 2025, real GDP for FY2025 has been pegged at 6.5%; analogously, the growth of real gross value added (GVA) has been estimated at 6.4%. Though these growth rates are lower than those of the previous financial year – GDP growth at 6.5% versus 9.2% in FY2024, and GVA growth at 6.4% versus 8.6% in FY2024 – these are still creditable rates of growth.

The quarterly growth rates have also been commendable. Regarding real GDP, the first quarter (April-June 2024) saw a growth of 6.5% versus the same quarter of the previous year; Q2 (July-September) witnessed a sharp dip in growth to 5.6%; and then in Q3 (October-December), growth again recovered to 6.2%. The quarterly GVA growth rates were quite similar: 6.5% in Q1, followed by 5.8% in Q2 and then 6.2% in Q3.

In terms of real GVA across the three broad sectors:

- The primary sector (agriculture, livestock, forestry and fishing and mining and quarrying) has grown by 4.4% over the first three quarters of FY2025.
- The secondary sector (manufacturing, electricity, gas, water supply and other utility services and construction) has grown by 5.8%.
- The tertiary sector (trade, hotels, transport, communication and services related to broadcasting, financial, real estate and professional services and public administration, defence and other services) has grown by 7.3%.

The major drivers of growth have been the tertiary sector and construction, though these have grown at marginally lower levels compared to the previous year. The disappointment has been manufacturing, which has grown at 4.3% in the first three quarters of FY2025 versus 12.3% in the corresponding previous year.

Good news has been the continued moderation of price inflation. Starting from April 2024 for every month right up to February 2025, inflation based upon the Wholesale Price Index (WPI) has remained well under 4%. Indeed, for 10 of these 11 months, it has been at under 3%. Over the same period, inflation of the Consumer Price Index for Industrial Workers (CPI-IW) stayed between 2% and 4%, except for two months (September and October 2024) when it marginally exceeded 4%. Similarly, inflation based on the Consumer Price Index for Agricultural Labourers (CPI-AL) began with a high of just above 7% in April 2024 but then steadily fell over the period to a tad over 4% in February 2025. Thus, it would seem that inflation is under control.

Therefore, India has enjoyed creditable GDP and GVA growth without inflation raising its ugly head.

With respect to the current account deficit (CAD), India's CAD for Q3 of FY2025 (October-December 2024) stood at \$11.5 billion, or 1.1% of GDP. Though this was slightly higher than the \$10.4 billion (1.1% of GDP) deficit in the same period the previous year, it has moderated from the \$16.7 billion (1.8% of GDP) deficit in Q2 of FY2025. For an economy growing at no less than 6.5% real and with no near-term inflation risks, this is not a CAD that one should worry about.

The RBI has estimated real GDP growth for FY2025 at 6.5%. It has projected growth at the same percentage rate for FY2026; and has forecast CPI inflation at 4%. With no imminent fear of inflation, the RBI's Monetary Policy Committee, in its first meeting of FY2026, unanimously decided to reduce the policy repo rate by 25 basis points, bringing it down to 6 per cent with immediate effect.

Therefore, as it stands, the Indian economy seems to be in a good place. At 6.5%, it continues to clock the highest real GDP growth rate among all major countries in the world, including China. Both wholesale and consumer price inflation are under control. The CAD is reasonable given the size and growth of the economy. And the central bank has been confident enough to reduce the repo rate and inject further liquidity into the system. A key concern remains the recent escalation of US tariffs and policymakers will have to watch this very carefully in the coming months. Even so, it is probably fair to say that India can expect another excellent year of growth and income generation.

Overview of Consumer Finance and Lending

Structure and developments

Lending and borrowing money are critical to a country's financial health. Banks traditionally played the role of prime lenders in India, disbursing loans for both commercial and personal purposes. However, extensive due diligence and long processes resulted in individuals turning to the unorganised sector or traditional moneylenders who charged exorbitant interest rates. In recent years, however, the lending market in India has developed into a dynamic playfield of various non-banking financial companies (NBFC), fintech enterprises and digital lending platforms.

India's NBFCs continue to be instrumental in driving credit growth for the country's underserved segments. In the last few years, the contribution of NBFCs to India's gross domestic product (GDP) was well above 10% and these entities now account for more than 25% of credit, thus NBFCs role in driving consumption, investment, and financial inclusion make them a vital component of the country's economic engine.

NBFCs are critical to India's financial ecosystem, particularly in underserved segment such as rural and semi-urban areas where banks have limited reach. Their importance lies in:

- Financial inclusion: By providing credit to underserved regions.
- Faster services: With simplified processes and doorstep delivery.
- Priority sector lending: Addressing credit needs in agriculture, microfinance, and other unorganised sectors.
- Economic growth: Supporting sectors like housing, infrastructure and small enterprises through financing.

Outlook

NBFCs remain a cornerstone of India's financial system, particularly to promote financial inclusion and economic growth. They can address the credit needs of underserved segments, leverage new sources of funds and embrace technological advancements. By integrating these strategies, NBFCs play a pivotal role in driving universal and sustainable economic growth, and ensure that the benefits of financial inclusion and technological innovation are widely shared across the nation.

Chart A: India's rapid digitisation journey

India is digitising rapidly



Rising income



India stack powered the financial inclusion



1.4 billion Aadhaar generated



18.3 billion monthly transactions - March 2025



Investment in technology to reach USD 500 billion by 2030



Fintech market to reach USD 422 billion by 2029-CAGR of 27% during 2022-30



ONDC facilitated more than 200 million transactions till date



77 crore+ ABHA ID's

53 crore+ Health Linked Records

391K+ Verified HFR



Fintech \$1 trillion in AUM & \$200 billion in revenue by 2030



Insurance & insurtech \$88 billion in size by 2030

Ayushman Bharat Digital Mission

Source: NPCI | ABDM | Straits Research | Inc42.com | Deloitte | Goldman Sachs | BCG | UIDAI

The India digitisation story as depicted in Chart A, highlights the growing opportunity for the financial services businesses in India.

Risks and concerns

- Higher risk weights: Increased risk weights for loans from banks to NBFCs, making bank borrowing more expensive. However, effective 1 April 2025, the RBI has rolled back the higher risk weights previously assigned, and restored these to the pre-November 2023 levels.
- Funding constraints: Smaller NBFCs with lower credit ratings face a fund crunch due to rising borrowing costs and limited financing / refinancing options.
- Shallow bond market: India's debt market lacks depth and liquidity, limiting access to diversified domestic funding.
- Cost pressures: Rising credit costs may affect NBFCs' profitability.
- Overseas borrowing challenges: While attractive due to reduced hedging costs, overseas funding is still at a nascent stage for many NBFCs.

Overview of the Insurance Sector

Structure and developments

The Indian insurance market is the tenth largest in the world. There are 60 insurers registered with the Insurance and Regulatory Development Authority of India (IRDAI), comprising 26 life- and 34 non-life insurers. The industry continues to be underpenetrated compared to most developed and developing economies, with a penetration less than 4% (ratio of total insurance premiums to the country's nominal GDP).

For the insurance sector, FY2025 saw significant regulatory changes. On the one hand, these changes were aimed at bringing more transparency, efficiency, enhancing governance standards, streamlining regulations and prioritising policyholder interests. On the other, these contributed to muted premium growth for both life and non-life insurers especially during the second half of the year when most of these changes came in play.

During the year, existing regulations were consolidated into few ones, minimising the need for regulatory approvals and enhancing operational efficiency. The Board's involvement in regulatory matters has been heightened. Governance mechanisms have been fortified to uphold transparency and accountability. Crucial steps have been taken to safeguard policyholder interests by revising turnaround times with respect to various policy services, to simplify claim processes and to ensure timely claim settlements. These have been major steps in transforming the regulatory framework from a 'rule-based' to a 'principle-based' approach.

Despite operational challenges, there is now an enhanced focus on expanding insurance coverage to underserved areas by tagging rural obligations to the gram panchayat level; and the motor third party obligations require insurers to cover uninsured vehicles, so as to increase the number of insured vehicles. These reforms are expected to foster a more competitive and innovative insurance market, ultimately benefiting consumers through improved service delivery, enhanced product offerings and greater accessibility.

These were followed by proposed amendments to existing insurance laws to support 100% foreign direct investment (FDI), composite insurance and to insurers offering value added services, to name a few. The IRDAI has continued in its path of positive regulatory developments with an aim to attain its vision of 'Insurance for All' by 2047.

The second half of the year was more eventful with two regulations negatively impacting growth in short term. Life insurers were hit by the new surrender value regulations which assured higher surrender values to the customers which negatively impacted margins for insurers. This required the life insurers to modify their product structures as well as commercial terms with all distributors. Non-life insurers were hit by the change in accounting for long-term products, which required amortisation of long-term premium over the policy duration. Both these regulations impacted growth in H2 FY2025.

The industry continued its work on setting up the electronic insurance marketplace (Bima Sugam), a comprehensive life, general and health insurance product for the lower income segments (Bima Vistar) and a new form of intermediary for the rural market (Bima Vaahak).

On the investment front, FY2025 started on a positive note, as the Indian stock market indices scaled new lifetime highs. Stability in interest rates coupled with relatively moderate inflation led to excellent returns on

equity and debt investments in H1 FY2025. However, these gains were short-lived. H2 FY2025 saw large selloff on account of stretched valuations, weak earnings, heavy foreign capital outflow amid rising US bond yields and the dollar, as well as global uncertainty arising from geopolitical tensions and escalation of US tariffs.

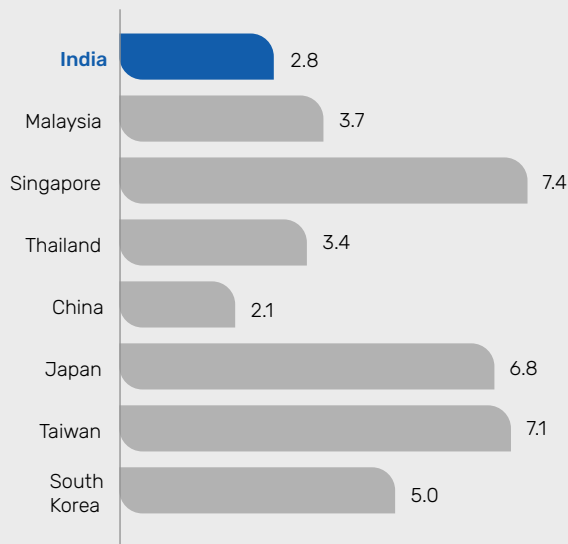
The general insurance sector was also impacted due to lower sale of new vehicles, limited volume growth in retail health policies and fall in premium rates in the fire business. Increasing incidence of losses from natural catastrophes ensured that claims for the general insurance sector remained elevated.

Outlook

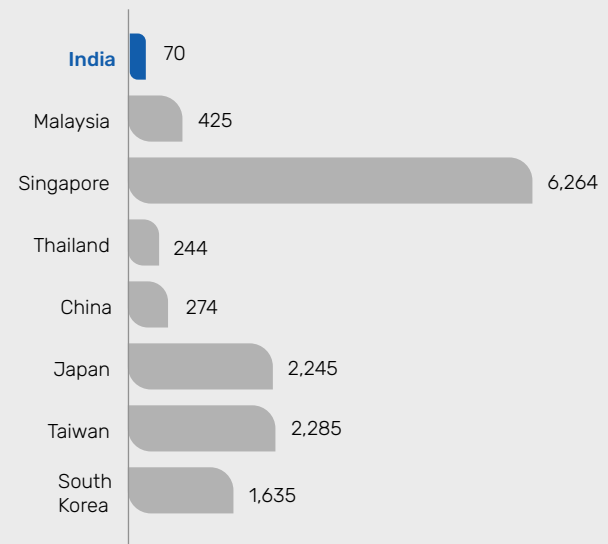
The Indian economy continues to witness strong fundamentals across sectors and will remain the fastest growing in the world. Such an economy backed by a favourable regulatory environment should drive insurance market growth in India. The insurance sector in India is hence expected to be among the fastest growing versus other economies. Lower insurance penetration and density (as depicted in Chart B), rising income levels, larger proportion of earning population, manufacturing growth and rapid infra development provide considerable scope for insurance and reinsurance in India in the immediate and near future.

Chart B: Insurance penetration and density*

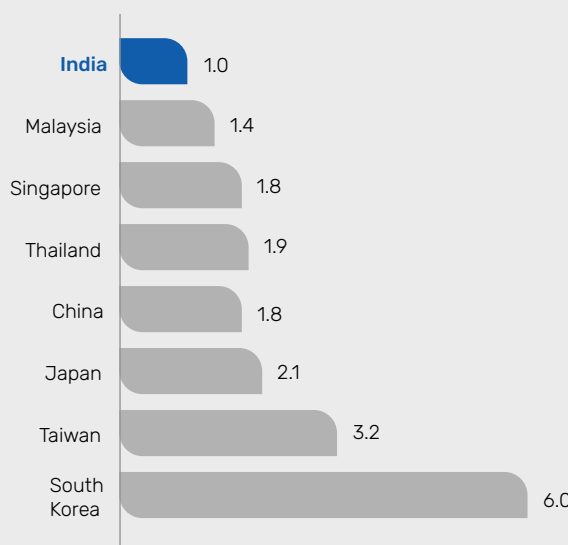
Life insurance penetration as a % of GDP



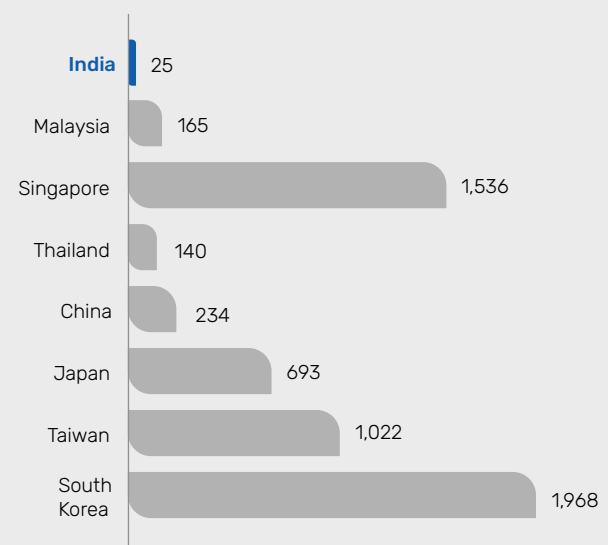
Life insurance density (US\$)



Non-life insurance penetration as a % of GDP



Non-life insurance density (US\$)



* Insurance penetration: total insurance premium/ gross domestic product (GDP)
Insurance density: average amount of insurance premium paid per person

Risks and concerns

Key risks for the sector include (a) growing number and impact of natural calamities due to global warming; (b) data and cyber security risk arising from high level of digitisation in the industry; (c) market risk arising from growing geopolitical tensions and trade wars; (d) technology disruptions; and (e) enhanced competition through new entrants with the sector opening up (with proposals for 100% FDI and lower capital requirements).

Consumer Finance and Lending

Bajaj Finance Ltd. (BFL)

BFL is one of India's largest non-banking financial companies (NBFCs). It is a customer-centric, digital-first enterprise with omnipresence across physical, mobile and web channels led by various payment platforms that combine different payment instruments. Focusing on India's mass affluent customers and above in both urban and rural, it uses a strategy of cross-selling with the smart use of state-of-the-art data, innovations and analytics to transform customer experience and create growth opportunities. It offers diversified financial services and optimises the mix of risk so as to regularly generate significant and sustainable profits.

BFL: Consolidated Performance Highlights for FY2025

- Customer franchise grew by 22% to 101.82 million.
- Number of new loans booked increased by 20% to 43.42 million.
- Number of customers on Bajaj Finserv App was 70.57 million.
- Assets under management (AUM) increased by 26% to ₹ 416,661 crore.
- Net total income (NTI) increased by 24% to ₹ 44,954 crore.
- Pre-provisioning operating profit grew by 25% to ₹ 30,028 crore.
- Profit after tax (PAT) grew by 15% to ₹ 16,638 crore.
- Return on average assets (RoA) of 4.6% and return on average equity of 19.2%.
- Capital adequacy ratio as on 31 March 2025 was 21.93%, Tier-I adequacy was 21.09% including a common equity tier 1 (CET1) ratio of 20.77% which are well above the RBI norms – making it one of the best capitalised large NBFCs in India.

BFL
101.82 million
CUSTOMER FRANCHISE
(↑ 22% YoY)
₹ 416,661 crore
AUM
(↑ 26% YoY)

Business update

BFL is present in 4,263 locations across India, including 2,681 in rural/smaller towns and villages. Geographical expansion, large customer franchise and rapid adoption of digital technology continue to be critical pillars of Bajaj Finance's growth. It focuses on 10 broad categories. These are: (i) consumer lending (sales finance); (ii) personal loans; (iii) SME lending; (iv) auto financing; (v) rural lending; (vi) gold loans; (vii) commercial lending; (viii) loan against securities; (ix) deposits; and (x) partnerships and services.

In FY2025:

- BFL operated through over 232,000 distribution points across India.
- It acquired a record 18.18 million new customers, taking its existing customer franchise to 101.82 million as on 31 March 2025, or a growth of 22% over 31 March 2024.

Table 1 gives a snapshot of BFL's AUM across its different businesses. Chart C depicts BFL's consolidated AUM over the years.

Table 1: BFL's assets under management

(₹ In Crore)

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

Chart C: BFL's Consolidated assets under management (₹ In Crore)

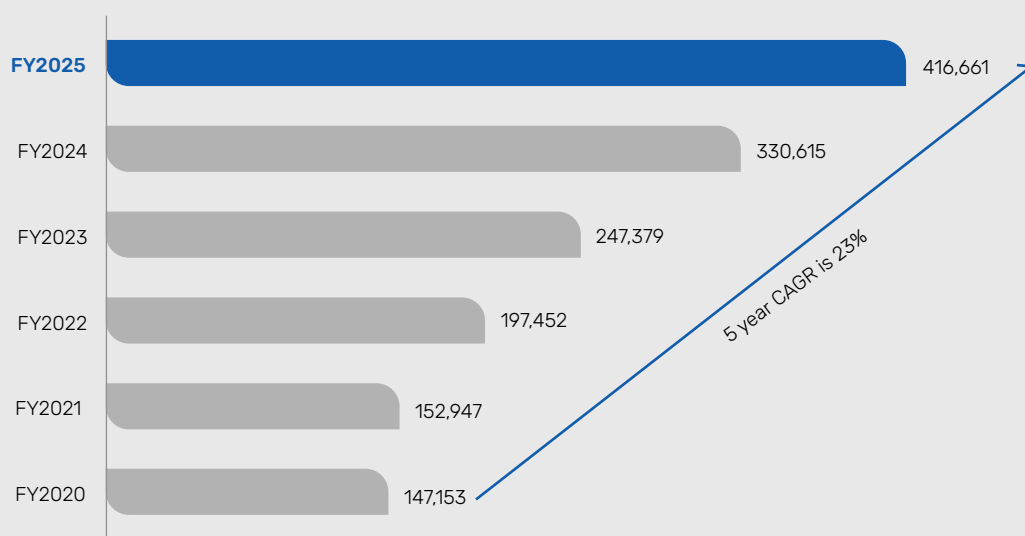


Table 2 gives BFL's standalone and consolidated financial performance; and Table 3 highlights the key ratios.

Table 2: BFL's financial performance

(₹ In Crore)

Particulars	Standalone			Consolidated		
	FY2025	FY2024	Change	FY2025	FY2024	Change
Interest income	51,549	40,783	26%	61,164	48,307	27%
Interest expenses	18,437	13,843	33%	24,771	18,725	32%
Net interest income (NII)	33,112	26,940	23%	36,393	29,582	23%
Other operating income	7,871	6,163	28%	8,561	6,676	28%
Net total income (NTI)	40,983	33,103	24%	44,954	36,258	24%
Operating expenses	13,968	11,478	22%	14,926	12,325	21%
Pre-provisioning operating profit	27,015	21,625	25%	30,028	23,933	25%
Loan losses and provisions	7,883	4,572	72%	7,966	4,631	72%
Share of profit from associates	-	-	-	18	8	125%
Exceptional items [#]	2,544	-	-	-	-	-
Profit before tax (PBT)	21,676	17,053	27%	22,080	19,310	14%
Profit after tax (PAT)	16,662	12,644	32%	16,779	14,451	16%
Profit after tax (PAT) attributable to Owners of the Company	16,662	12,644	32%	16,638	14,451	15%
Earnings per share (EPS) basic, in ₹	269.33	207.27	30%	268.94	236.89	14%
Earnings per share (EPS) diluted, in ₹	268.58	206.47	30%	268.20	235.98	14%
Book value per share, in ₹	1,420.93	1,168.31	22%	1,560.89	1,243.99	25%

[#] On 13 September 2024, the Company has sold 428,571,428 equity shares of BHFL at ₹ 70 each, aggregating to ₹ 3,000 crore, as part of BHFL's Initial Public Offer. This has resulted in a gain of ₹ 2,544 crore (net of issue expenses).

Table 3: BFL's key ratios on consolidated basis

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

* These ratios are on standalone basis.

Bajaj Housing Finance Ltd. (BHFL)

Ranked among the largest housing finance companies in India, Bajaj Housing Finance Ltd. (BHFL), a listed subsidiary of BFL, is registered as a non-deposit taking housing finance company with the National Housing Bank (NHB) since September 2015 to carry the business of housing finance. BHFL started its lending operations from July 2017. BHFL is regulated by the RBI and supervised by the NHB.

BHFL crossed two significant milestones during FY2025:

- In its eighth year of operations, it comfortably surpassed the AUM milestone of ₹ 100,000 crore.
- It got listed on the equity segment of the National Stock Exchange and the Stock Exchange, Mumbai (BSE) with its IPO in September 2024 – of ₹ 6,560 crore, of which the primary issue was ₹ 3,560 crore.

The Company offers full mortgage product suite spanning: (i) home loans; (ii) loans against property; (iii) lease rental discounting; (iv) developer financing; and (v) others, covering non-collateralised loans. Through this varied product suite, BHFL addresses the diverse mortgage needs of all retail customer segments, which include salaried individuals and self-employed professionals. It serves all sub-segments, including prime, near-prime, and affordable customers; and offers various transaction types such as purchase, resale, self-construction and balance transfer.

Through its commercial product suite, which includes construction finance and lease rental discounting, BHFL caters to a wide range of marquee clients, including real estate developers, high net worth individuals (HNIs), real estate investment trusts (REITs), sovereign wealth funds and corporations.

BHFL holds the highest credit rating of AAA/stable from both CRISIL and India Ratings for its long-term debt programme; and A1+ from CRISIL and India Ratings for its short-term debt programme. These ratings are supported by strong parent backing and reflect the Company's stable financial position and repayment capability.

A snapshot of BHFL's performance in FY2025 is given below.

BHFL: Performance Highlights for FY2025

- Assets under management (AUM): increased by 26% to ₹ 114,684 crore.
- Net total income (NTI): rose by 23% to ₹ 3,597 crore.
- Operating expenses (Opex): increased by 6% to ₹ 747 crore.
- The ratio of Opex to NTI improved to 20.8% for FY2025 from 24.0% in FY2024.
- Pre-provisioning operating profit grew by 28% to ₹ 2,850 crore.
- Profit after tax (PAT) rose by 25% to ₹ 2,163 crore.
- Capital adequacy ratio stood at 28.24% as of 31 March 2025. The Tier-1 ratio was 27.72%; both well above regulatory norms.

BHFL

₹ 114,684 crore

AUM

(↑ 26% YoY)

₹ 2,163 crore

PAT

(↑ 25% YoY)

Table 4 gives BHFL's assets under management(AUM) and Table 5 gives its standalone financial performance.

Table 4: BHFL's AUM across major business verticals

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

Table 5: BHFL's standalone financials

(₹ In Crore)			
Particulars	FY2025	FY2024	Change
Interest income	8,986	7,202	25%
Interest expenses	5,979	4,692	27%
Net interest income (NII)	3,007	2,510	20%
Other operating income	590	415	42%
Net total income (NTI)	3,597	2,925	23%
Operating expenses	747	703	6%
Pre-provisioning operating profit	2,850	2,222	28%
Loan losses and provisions	80	61	31%
Profit before tax (PBT)	2,770	2,161	28%
Profit after tax (PAT)	2,163	1,731	25%
Earnings per share (EPS) basic, in ₹	2.67	2.58	3%

Bajaj Financial Securities Ltd. or Bajaj Broking

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

In FY2025, Bajaj Broking significantly broadened its reach to 46 locations and 48 branches, providing a comprehensive suite of services to over 979,000 clients in retail and HNI, encompassing DP services, Broking, Margin Trading Facility, and Financing for Offers For Sale.

The performance highlights of Bajaj Broking for FY2025 are given below:

- Margin Trade Financing (MTF) book increased by 18% to ₹ 4,505 crore.
- Net interest income (NII) increased by 122% to ₹ 249 crore.
- Net total income (NTI) increased by 58% to ₹ 441 crore.
- Profit after tax (PAT) increased by 148% to ₹ 139 crore.

Bajaj Broking

Over 979,000
CUSTOMER FRANCHISE

(↑ 40% YoY)

₹ 139 crore
PAT

(↑ 148% YoY)

Associate Companies of Bajaj Finance Ltd.

There are two associate companies of BFL. These are:

- a) Snapwork Technologies Pvt. Ltd. which specialises in delivering innovative digital solutions, and where BFL holds a stake of 41.50% on a fully diluted basis; and
- b) Pennant Technologies Pvt. Ltd. which provides end-to-end lending solutions through its pennApps Lending Factory (PLF) – a comprehensive, highly configurable and scalable lending platform that streamlines the entire loan lifecycle. Here BFL holds a stake of 26.53% on a fully diluted basis.

Protection and Savings

Status of Joint Venture with Allianz SE

BFS has executed Share Purchase Agreements (SPAs) for the acquisition of 26% equity stake owned by Allianz in its insurance subsidiaries, viz. Bajaj Allianz General Insurance Company Ltd. (BAGIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC), with participation by the promoter and promoter group entities of BFS. The agreed consideration for 26% stake in BAGIC and BALIC is ₹ 13,780 crore and ₹ 10,400 crore, respectively, aggregating ₹ 24,180 crore.

The acquisition will be in one or more tranches, of which the first tranche shall be at least 6.1% stake. Upon completion of the first tranche, the joint venture agreements between the Company and Allianz SE will be terminated.

Pursuant to the above, BFS would be acquiring from Allianz, subject to approvals of the Competition Commission of India, Insurance Regulatory Development Authority of India and other customary approvals, 1.01% equity stake in each of the companies as a part of the first tranche of acquisition.

BFS has also executed Share Purchase Agreement (SPA) for the acquisition, subject to required regulatory approvals, of 50% equity stake owned by Allianz in Bajaj Allianz Financial Distributors Ltd. (BAFDL).

Once the joint ventures are terminated under the terms of the SPA, the Bajaj group and Allianz aim to independently pursue their insurance strategies in India.

The acquisitions mark a significant milestone. These bring the two insurance ventures entirely into the fold of the Bajaj group, one of India's most respected brands. Allianz and Bajaj are fully committed in ensuring a smooth transition such that interests of policyholders, intermediaries and other stakeholders are least affected. BFS and Allianz have also entered into agreements that will ensure continuity of reinsurance and other services during the transition.

**BAJAJ GROUP TO ACQUIRE ALLIANZ'S
26% STAKE in BAGIC and BALIC
AS PER THE SPAs**

₹ 24,180 crore
AGREED CONSIDERATION

General Insurance: Bajaj Allianz General Insurance Company Ltd. (BAGIC)

BAGIC is one of India's leading composite general insurers offering all types of general insurance products including motor, health as well as various forms of commercial lines of insurance such as fire, engineering, liabilities and marine. It also participates in the tender driven government health and crop insurance schemes run across various states. It has built a strong retail franchise and retained a leading position among insurers. Its business is based on the foundation of a quality product portfolio, supported by strong underwriting, multi-channel distribution and prudent financial management. In a market where many peers continue to chase market share, BAGIC has, since its inception, differentiated itself by focusing on a profitable and diversified portfolio, and by balancing growth with profitability. With a positioning of 'Caringly Yours', it remains one of the most respected brands in general insurance known for its customer service.

Industry update

The IRDAI has introduced a change in the accounting of premium for long-term products (i.e. where policy duration is of more than 12 months) through the Master Circular on 'Actuarial, Finance & Investment functions of Insurers' effective 1 October 2024. Accordingly, premium on all long-term policies is to be recognised over the contract duration (on 1/n basis where 'n' is the policy duration), which implies that only first year premium will be recognised as gross written premium (GWP) in the year of receipt and the balance collection will be reflected as Advance Premium to be accounted as GWP in the subsequent years. This defers premium recognition and negatively impacts the Combined Ratios (COR) for the year. Given these changes, the figures for FY2025 are not comparable with prior years. It should be noted that the change is purely an accounting one; the economics of insurance contracts remain unaffected.

The general insurance industry (private and public multi-line players) recorded gross direct premium income (GDPI) growth of 5.2% on 1/n basis (old basis 7.0%) in FY2025. The data for the industry and BAGIC are shown in Table 6.

Table 6: Gross direct premium in India – the general insurance industry*

It may be noted that given the change in accounting for long-term products effective 1 October 2024, numbers may not be comparable with previous periods.

(₹ In Crore)

Particulars	Gross direct premium		Gross direct premium excluding tender driven government schemes	
	FY2025	FY2024	FY2025	FY2024
BAGIC	21,417	20,473	16,090	14,910
Private sector	162,899	155,090	141,744	133,387
Public sector	95,221	90,252	86,706	80,622
Industry	258,120	245,343	228,450	214,010
Standalone health insurers (SAHI)	38,436	33,119	38,436	33,119
Industry including SAHI	296,555	278,462	266,886	247,129
Growth rates				
BAGIC	4.6%	33.5%	7.9%	20.4%
Private sector	5.0%	17.5%	6.3%	16.4%
Public sector	5.5%	9.0%	7.5%	8.5%
Industry	5.2%	14.2%	6.7%	13.3%
Standalone health insurers (SAHI)	16.1%	26.2%	16.1%	26.2%
Industry including SAHI	6.5%	15.5%	8.0%	14.9%

Source: GI Council figures, IRDA website and IRDA, Handbook of Insurance Statistics.

* Excluding specialised insurers.

Business update

- BAGIC posted a gross direct premium income (GDPI) growth rate of 4.6% in FY2025, versus industry growth of 5.2%. The impact of the new regulation is higher for BAGIC than the industry due to a higher proportion of long-term business. Excluding the impact of change in regulation on long-term insurance contracts, growth for BAGIC is 7.3% versus industry growth of 7.0%.
- During the year, BAGIC wrote premium of ₹ 2,067 crore (PY ₹ 2,795 crore) under the government crop insurance schemes and ₹ 3,260 crore (PY ₹ 2,767 crore) crore under the Ayushman Bharat Government Health Scheme, thus continuing its endeavour of financial inclusion.
- Excluding the volatile tender-driven crop insurance and government health business, BAGIC posted a GDPI growth rate of 7.9%. Excluding the impact of the change in regulation on long-term insurance contracts, BAGIC's GDPI grew by 11.6% versus industry growth at 8.8%.
- BAGIC continues to be among the most profitable general insurers in India. Its COR of 102.3% in FY2025 (COR on old accounting basis for long-term contracts would be 101.7%) is expected to be among the best in the industry, reflecting a sound balance between growth and profitability. BAGIC has achieved this by:
 - (a) robust and prudent underwriting practices driven by strong analytics based on past claims experience;
 - (b) diversified exposure across business lines and geographies;
 - (c) granular loss ratio modelling - geography, distribution, car make/model, vintage, etc.;
 - (d) robust investigation and loss management;
 - (e) generation of cash flows through strong retention of premium and judicious investments of the proceeds; and
 - (f) focus on high quality customer service.
- BAGIC has a diversified and among the largest multi-channel distribution network consisting of banks, NBFCs, individual agents, motor insurance service providers, point of sales persons, web-sales and its proprietary direct to customers' channel. It continued to expand the network of bancassurance partners including private banks, public sector banks, regional banks, small finance banks and cooperative banks. Indeed, BAGIC has one of the largest networks of bancassurance partners in general insurance.
- BAGIC has also embarked upon journey to expand its presence in tier 3 and below cities via its Geo channel to take the general and health insurance business to semi-urban and rural parts of the country. It opened nine new offices during FY2025 and continues to open new offices across the country.
- BAGIC continues to balance its product mix across retail and commercial lines depending on profit pools that it identifies from time to time.
- BAGIC continued to invest in technology and push towards enhanced digital services with capabilities like AI enabled BOT (called BOING), which serviced more than 2.12 million unique customers with over 176 million conversations. Its customer facing mobile app, Caringly Yours, crossed 5.37 million downloads. Its innovative mobile app for the farming community, *Farmitra*, saw more than 1.62 million downloads. BAGIC has also undertaken investments in Gen AI solutions.
- BAGIC's core policy administration system is being transformed to enhance agility. During the year, entire health (including group), crop insurance, surety bonds, motor third party insurance products went live in the system.

BAGIC: Performance Highlights for FY2025

- Gross written premium (GWP) stood at ₹ 21,583 crore in FY2025, or a growth of 5%. Excluding tender driven business of crop and government health insurance, BAGIC's growth was 8%. Excluding impact of new regulation on long-term insurance contracts, GWP growth was at 7% (excluding crop and government health at 12%). Impact of the regulation on GWP was ₹ 551 crore during FY2025.
- BAGIC's market share in the industry on GDPI basis, including standalone insurers, stood at 7.2% in FY2025.
- Net earned premium was ₹ 9,565 crore.
- The combined ratio was 102.3%. (Combined ratio on old accounting basis was 101.7%).
- Profit after tax for FY2025 was ₹ 1,832 crore with a growth of 18%.
- AUM was ₹ 33,115 crore.
- Highest solvency ratio among comparable industry players at 325%.
- 48 million policies were issued in the year, versus some 38 million in FY2024.
- 6.47 million claims were reported in the year, versus 5.97 million in FY2024.
- BAGIC's grievance ratio continue to be among the lowest in the industry and its NPS scores continue to outperform the market, reflecting strong customer trust.

BAGIC**48 million**
POLICIES ISSUED**₹ 1,832 crore**
PAT

(↑ 18% YoY)

Financial performance

BAGIC's financial performance for FY2025 is summarised in Table 7. Chart D plots BAGIC's PAT over the last five years.

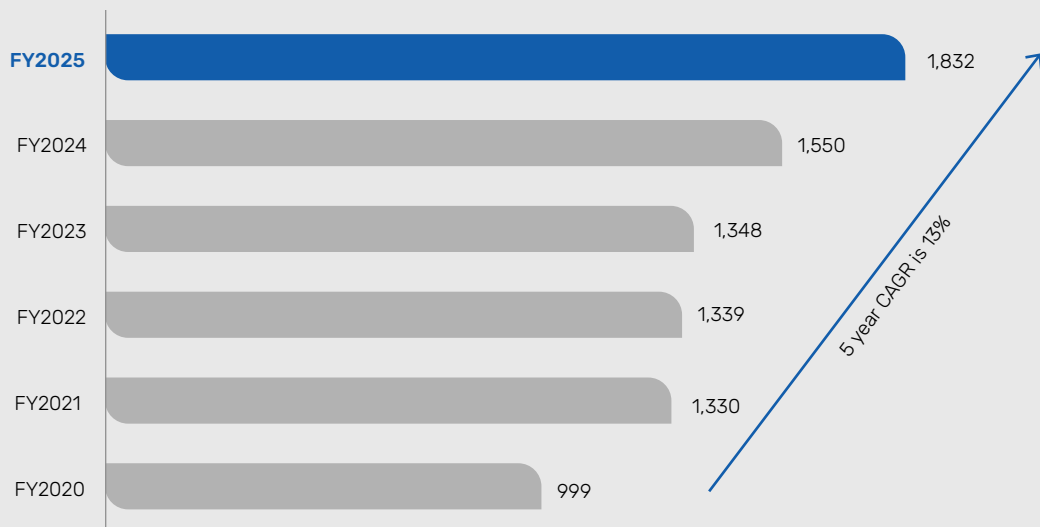
Table 7: BAGIC's financial performance

Particulars	FY2025	FY2024	(₹ In Crore) % Change
Gross written premium (GWP)	21,583	20,630	5%
GWP excluding crop and government health	16,256	15,068	8%
GWP excluding crop, government health & 1/n impact of long-term products	16,807	15,068	12%
Net earned premium	9,565	8,884	8%
Underwriting result	(77)	(166)	
Profit before tax	2,445	2,055	19%
Profit after tax	1,832	1,550	18%
Claims ratio	74.6%	73.8%	
Combined ratio*	102.3%	99.9%	
Combined ratio (excluding impact of new regulations)*	101.7%	99.9%	
Return on average equity ^	16.0%	15.2%	

* Combined ratio is calculated according to the Master Circular on 'Preparation of Financial Statements of General Insurance Business' issued by the IRDAI effective from 1 April 2013.

^ Excluding the surplus capital (at 200% solvency) the return on average Equity was 22.4%

Chart D: BAGIC's profit after tax (₹ In Crore)



Cash and investments

- BAGIC's cash and investments as on 31 March 2025 were ₹ 33,115 crore, versus ₹ 31,196 crore in the previous year. Cash flow generation continued to be strong.

Capital and solvency

- Paid-up capital, including share premium, stood at ₹ 277 crore as at 31 March 2025. No fresh capital was infused in the year.
- BAGIC continues to be one of the most efficient users of capital in the private sector – as measured by the ratio of GWP to share capital and by GWP to shareholders' equity.
- Shareholders' equity of BAGIC was ₹ 12,498 crore as on 31 March 2025, versus ₹ 11,474 crore a year earlier.
- As on 31 March 2025, BAGIC's solvency margin was at 325%, which is well above the normal regulatory requirement of 150%.

Life Insurance, Savings and Retirement: Bajaj Allianz Life Insurance Company Ltd. (BALIC)

With a brand positioning of getting Life Goals Done, BALIC is committed to offer value-packed and innovative products which are simple to understand and easy to buy. These are designed to meet long-term life goals of individual and group customers, ranging from protection, wealth creation to retirement solutions and more; and are backed by a well-diversified and strong multi-channel distribution network, data analytics, tech-enabled services and service touchpoints to ensure a simplified and personalised insurance experience with a 'Customer First' approach.

Over the last seven to eight years, BALIC has achieved significant growth and market share. As part of its journey towards profitable and sustainable growth, BALIC initiated a change in strategy which coincided with the new product regulations issued by the IRDAI, and resulted in lower growths in H2 FY2025. This new strategy aims to leverage the scale already achieved for further expansion of its margins.

Industry update

The life insurance industry recorded a growth of 10.5% in individual rated new business (IRNB) premium in FY2025 over FY2024 after changes introduced in the surrender value regulations which came into effect from 1 October 2024. Within the industry, private sector grew by 15.1%, while LIC grew by 0.7%. BALIC recorded growth in IRNB of 11.7% for FY2025. Par, retail term and ULIP product basket were the key growth drivers. Table 8 gives the data.

Table 8: New business premium in India – the life insurance industry

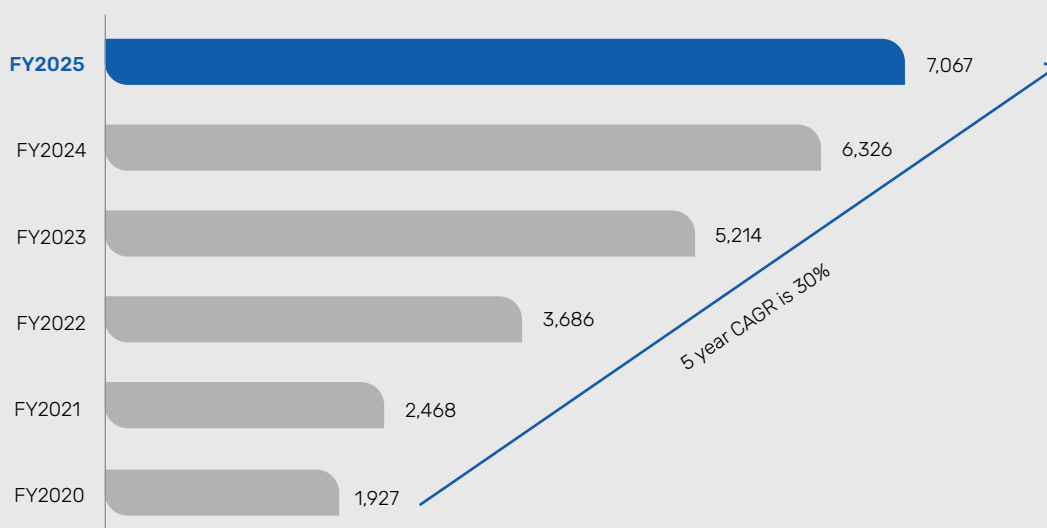
(₹ In Crore)

Particulars	Individual rated new business		New business (NB)	
	FY2025	FY2024	FY2025	FY2024
BALIC	7,067	6,326	12,293	11,494
Private sector	85,023	73,871	170,667	155,437
LIC	35,352	35,104	226,670	222,523
Industry	120,376	108,975	397,337	377,960
Growth rates				
BALIC	11.7%	21.3%	7.0%	7.0%
Private sector	15.1%	8.0%	9.8%	12.1%
LIC	0.7%	(1.3%)	1.9%	(4.0%)
Industry	10.5%	4.8%	5.1%	2.0%
Market share				
Private industry	70.6%	67.8%	43.0%	41.1%
LIC	29.4%	32.2%	57.0%	58.9%

Source: Life Council statistics. Note: Individual rated new business premium = (100% of first year premium and 10% of single premium excluding group products).

Business update

BALIC recorded gross written premium (GWP) of ₹ 27,160 crore and an AUM of ₹ 123,734 crore in FY2025. In terms of individual rated new business (IRNB) premium, a key focus area, BALIC registered a growth of 11.7%, while the industry grew at 10.5%. BALIC's growth is evident from the Chart E below, with a five year (FY2020-FY2025) compounded annual growth rate (CAGR) of 30%.

Chart E: BALIC's individual rated new business (IRNB) premium (₹ In Crore)

- BALIC registered a 10 basis points increase in market share from 5.8% in FY2024 to 5.9% in FY2025 on IRNB basis. Within the private industry, its market share de-grew by 30 basis points from 8.6% in FY2024 to 8.3% in FY2025.
- BALIC continued with its emphasis on a balanced and sustainable product mix. As a result, in the product mix measured on IRNB basis, the proportion of participating business was 24% in FY2025 (versus 27% in

FY2024); non-participating savings, annuity and protection products was 31% in FY2025 (34% in FY2024); and ULIP was 45% in FY2025 (39% in FY2024). Growth in ULIP products was due to buoyant equity markets.

- BALIC has a robust risk management framework. Products carrying financial guarantees are hedged against interest rate and cash flow risk through forward rate agreements with reputed banks within the framework of a Board-approved policy.
- Some other key achievements of FY2025 for BALIC are:
 - An increase in persistency across majority cohorts, lower customer grievances and improvement in claims settlement ratios.
 - Enhancement of product portfolio with launch of new products in various segments.
 - Balancing product mix between traditional and ULIP as well as between individual and group business. The product mix is well diversified across par, non-par savings, protection, annuity and ULIPs.
 - Continue to strengthen and build-up agency via an 'Add and Grow' strategy through new initiatives with higher proportion of variable cost channels to drive efficiencies. This has led to the BALIC building one of the largest agency channels in the private life insurance space with over 161,000 agents.
 - BALIC Direct which involves selling by BALIC's own staff increased its presence to 407 cities, with dedicated verticals for various customer segments such as Service to Sales, New to BALIC (NTB) and Defense.
 - Continued focus on reducing concentration risk in institutional business with addition of new bancassurance partners and developing new relations with quality partners in non-banking sector.
 - Customer First Programme: Increase in number of customers opting for auto-pay helped focusing on faster issuances, claim settlement and driving first time right (FTR). Introduced a revamped customer app and customer communication protocol for a hyper-personalised experience and seamless policy servicing.
 - Strong digital adoption with increase in unique customer logged in digital assets and customer transactions.

BALIC: Performance Highlights for FY2025

- Individual rated new business (IRNB) premium grew by 12% to ₹ 7,067 crore.
- New business premium grew by 7% to ₹ 12,293 crore.
- Renewal premium grew by 29% to ₹ 14,867 crore.
- Gross written premium (GWP) increased by 18% to ₹ 27,160 crore.
- PAT was ₹ 508 crore.
- Value of New Business (VNB), a key metric used to measure profitability of life insurance businesses, increased by 9% to ₹ 1,152 crore.
- The embedded value of BALIC at FY2025 stood at ₹ 23,805 crore up from ₹ 21,726 crore at FY2024.
- AUM was ₹ 123,734 crore.
- Highest solvency ratio in the industry: 359%.
- Covered 16.5 million group lives in FY2025.
- 13th month persistency* was at 82% and 61st month persistency* was at 54%.
- Retail Claims Settlement Ratio of 99.3% and Group Claims Settlement Ratio of 99.8% (FY2025).

*Policies issued in the March to February period of the relevant years.

BALIC

₹ 123,734 crore
AUM
(↑ 13% YoY)

99.3%
CLAIMS SETTLEMENT RATIO
(RETAIL CLAIMS)

Financial performance

BALIC's financial performance for FY2025 is summarised in Table 9.

Table 9: BALIC's financial performance

Particulars	(₹ In Crore)		
	FY2025	FY2024	% Change
Gross written premium (GWP)	27,160	23,043	18%
New business premium	12,293	11,494	7%
- Individual rated new business premium	7,067	6,326	12%
- Group protection new business premium	2,616	2,315	13%
Renewal premium	14,867	11,549	29%
Profit After Tax (PAT)	508	563	(10%)
- Policyholders' surplus	(420)	(247)	-
- Shareholders' profit after tax	928	810	15%
Value of New Business (VNB)	1,152	1,061	9%

Investments

As on 31 March 2025, BALIC's AUM was ₹ 123,734 crore, up by 13% from ₹ 109,829 crore on 31 March 2024. Table 10 provides the data.

Table 10: BALIC's assets under management

Particulars	(₹ In Crore)	
	FY2025	FY2024
Shareholders' funds	10,289	10,993
Policyholders' linked funds	47,261	43,744
Policyholders' non linked funds	66,184	55,092
Total	123,734	109,829

Capital and solvency

- Paid up capital, including share premium, stood at ₹ 1,211 crore as at 31 March 2025. No fresh capital was infused in FY2025.
- Including accumulated profit of ₹ 9,459 crore, the shareholders' net worth was ₹ 10,899 crore (FY2025). For the previous year, accumulated profits were ₹ 9,449 crore, and shareholders' net worth was ₹ 11,139 crore.
- BALIC has a strong solvency ratio of 359% as on 31 March 2025, which is well in excess of the minimum regulatory requirement of 150%.

Emerging Businesses

Bajaj Finserv Direct Ltd. (BFSD)

Bajaj Finserv Direct is an open architecture based diversified marketplace for financial services which attracts a large number of new-to-Finserv consumers, creates awareness and discovery of the Finserv brand and cross-sells products by leveraging technology and analytics. It also enhances the digital footprint of Bajaj Finserv through the offering of select digital technology services. Having started its journey in July 2018, it operates under two divisions, as explained below.

BFSI Marketplace (Bajaj Markets)

- It has two customer facing digital assets: (i) the 'Bajaj Markets Website' – which attracts some 237 million annual visits, and (ii) the 'Bajaj Markets mobile app' which is available on Android and iOS with total installs of some 32 million. Bajaj Markets operates under the concept of web is equal to app.

- It partners with some of the leading companies in the BFSI sector. It has onboarded 96 partners, with 37 products ranging across retail banking (loans and credit cards), life insurance, general insurance, health insurance and investments (fixed deposits, mutual funds, national pension scheme etc.).
- Open architecture offers a wide choice to customers. It has 55 lending partners including BFL.
- It is a corporate agent for distribution of insurance products; and has 19 partnerships across general, life and health insurance, including BAGIC and BALIC.
- It has integrated with ONDC through technology partnership and has started to offer electronics items. There are plans to foray into other similar fast moving consumer categories.

Bajaj Technology Services

- This focuses on building digital-first solutions for BFSI businesses, and reimagining customer experiences and operations by focusing on eight practices: (i) Digital Experience, (ii) Commerce, (iii) Data Engineering and Analytics, (iv) AI, (v) Cloud, (vi) CRM, (vii) Digital Agency and (viii) Engineering.
- Bajaj Finserv and its subsidiaries have demonstrated the use of relevant technology at scale across various segments of financial services like lending and insurance. Capitalising on this and the capabilities gained while building our own marketplace, the division seeks to offer technology-based services to prospective clients in the financial services ecosystem.
- Working with some of the leading global platforms like Salesforce, Adobe, Microsoft Azure and Amazon Web Services, Bajaj Technology Services helps customers in their digital transformation journey. It has developed real-world GenAI applications and AI accelerators designed to reduce time-to-market and maximise value of AI-powered solutions.
- Bajaj Technology Services plans to drive business through local clients, GCCs set up in India and international clients (largely in the Middle East and the United States).

Bajaj Markets recorded a revenue of ₹ 598 crore and a loss of ₹ 49 crore during FY2025 (₹ 475 crore and ₹ 73 crore respectively in FY2024). BFS and BFL have so far infused capital of ₹ 808 crore in this venture. However, no further capital was infused during the year. The Company has turned cash positive in FY2025.

BFS

237 million
ANNUAL VISITS ON BAJAJ
MARKETS WEBSITE

₹ 598 crore
REVENUE

Bajaj Finserv Health Ltd. (Bajaj Finserv Health)

Bajaj Finserv Health is health-tech venture that aims to transform the healthcare sector in India. It offers a range of healthcare solutions and services. The mission is to provide platforms for customers to manage their healthcare needs 360°, covering wellness, outpatient (OPD) and inpatient (IPD) services.

Through an efficient digital platform, Bajaj Finserv Health seeks to: a) connect providers of healthcare such as hospitals, doctors, labs, etc. with consumers of healthcare, and b) provide healthcare and claims management services to payers of healthcare expenditure such as insurance companies, employers and government.

In April 2024, Bajaj Finserv Health completed the acquisition of 100% stake in Vidal Healthcare Services Pvt. Ltd. (VHC) at an enterprise value of ₹ 310.70 crore. VHC has a subsidiary, Vidal Health Insurance TPA Pvt. Ltd. which is registered as a Third-Party Administrator (TPA) with the IRDAI and has vast experience in healthcare administration in India. The VHC acquisition significantly augments capabilities of the company in the healthcare space.

On a consolidated basis with Vidal, Bajaj Finserv Health has built a network of over 100,000 doctors, more than 5,000 diagnostic points and over 15,000 hospitals where outpatient (OP) transactions can be done on cashless basis. Over 10 million OPD health transactions have been processed and fulfilled in FY2025. Bajaj Finserv Health operates primarily through a consumer facing app which allows customers to manage their plans, access network of healthcare providers, book appointments and store their health records for future reference.

Bajaj Finserv Health will seek to further grow in the health-tech space by expanding distribution, increasing presence in managed care for employers, providing technology-based cognitive services to all insurance

companies and building on its wellness platform, which includes nutritionist, mental health counselling, fitness and other benefits.

Using Gen AI, Bajaj Finserv Health is building capabilities for healthcare ecosystem like fraud and abuse identification, automated claims management, document digitisation and more.

Bajaj Finserv Health is a Wave 1 partner of the Digital Health Mission of the National Health Authority.

During FY2025, Bajaj Finserv Health recorded a consolidated revenue of ₹ 892 crore and a loss of ₹ 168 crore; and standalone revenue of ₹ 676 crore and a loss of ₹ 138 crore (versus standalone revenue of ₹ 624 crore and loss of ₹ 154 crore in FY2024). BFS has so far infused capital of ₹ 1,126 crore in this health tech venture including ₹ 431 crore in FY2025.

Through BAGIC and Bajaj Finserv Health, Bajaj Finserv will have presence across the spectrum of healthcare through insurance, packaged products, wellness services, technology platforms and data and cognitive services for all segments.

BAJAJ FINSERV HEALTH

Over 10 million
OPD TRANSACTIONS PROCESSED

100%

STAKE ACQUIRED BY BAJAJ
FINSERV HEALTH IN VIDAL
HEALTHCARE SERVICES PVT. LTD.

Bajaj Finserv Asset Management Ltd. (BFS AMC)

Bajaj Finserv received its final registration from the Securities and Exchange Board of India (SEBI) on 1 March 2023 to commence its mutual fund operations under the name Bajaj Finserv Mutual Fund; with Bajaj Finserv Asset Management Ltd. (a 100% subsidiary of Bajaj Finserv Ltd.) to act as its Asset Management Company.

Guided by its distinctive investment philosophy – INQUBE – that adds behavioural finance insights (BE) to information (IN) and use of quantitative techniques (QU), BFS AMC integrates behavioural finance, information-driven insights and quantitative techniques to deliver superior market performance. With a national presence and continuous innovation, BFS AMC is poised for success in shaping India's investment landscape.

Key differentiators for BFS AMC are the identification of megatrends in its investment philosophy and the use of proprietary quant models to generate an alpha over benchmarks. In a crowded AMC market, BFS AMC has adopted the strategy to build from scratch than acquire, with the intent of being a differentiated entity.

It has already achieved an impressive milestone with an AUM of ₹ 20,365 crore as on 31 March 2025 – generating over 113% growth over the previous year. In less than two years since launching its first fund, BFS AMC has emerged as the 26th largest asset management company in India, serving over 675,000 investors and empowering over 35,000 distributors with innovative solutions, including a pioneering WhatsApp-based empanelment.

Bajaj Finserv has infused ₹ 550 crore into this venture, reinforcing its commitment to long-term growth and investor value creation.

BFS AMC

₹ 20,365 crore
AUM

**AMONGST INDIA'S FASTEST
GROWING AMCs in UNDER
2 YEARS**

Renewable Energy and Conservation of Environment

Bajaj Finserv owns and operates 138 windmills in Maharashtra with total installed capacity of 65.2 MW. During FY2025, the Company continued generating green energy, thereby contributing to conservation of the environment.

Due to unfavourable wind patterns and ageing equipment, the windmills generated 8.41 crore units of renewable power in FY2025 versus 9.04 crore units in FY2024. Revenue from renewable energy in FY2025 was ₹ 22 crore versus ₹ 23 crore in FY2024.

**BFS GENERATES MORE RENEWABLE ENERGY THAN WHAT
THE BFS GROUP CONSUMES ON AN ANNUAL BASIS.**

Bajaj Finserv ESG

Bajaj Finserv and its group companies are committed to integrating environmental, social, and governance (ESG) principles into the core fabric of its DNA which is built on the strong legacy of the Bajaj group. As a group, we have deeply integrated societal contribution. We trace our sustainability journey and legacy to our founder, Shri Jamnalal Bajaj, and the Gandhian philosophy that he inculcated. This legacy of responsible business practices and inclusive growth drives us to recognise that true sustainability lies in our dedication to create value for all, both for present and future generations. ESG priorities are integrated into our governance structures and risk management frameworks; into our product offerings and our customer engagement strategies. Our business responsibility strategy is mapped to our vision of responsible growth and implemented in our ESG objectives.

Our ESG initiatives are built upon eight key pillars, as enlisted below, each of which plays a major role in shaping our path of sustainable growth:

High standards of corporate governance

We uphold the highest ethical, transparent, fair, and accountable standards in our business conduct and governance. The Bajaj group's commitment to the highest standards of corporate governance predates the provisions of the SEBI Listing Regulations. It is also reflected in the strong culture of responsible conduct for building long-term businesses and providing sustainable growth and meeting the interests of its stakeholders. Besides adopting high standards of governance, the group remains committed to prudent practices to ensure that businesses are not exposed to undue risks.

Delivering financial services to millions of Indians

Our extensive pan-India presence, vast network of offices and points of presence continue to champion financial inclusion as a core value proposition of our businesses. We strive to provide access to relevant and innovative financial products and services that meet the diverse needs of the society in a fair and equitable manner. Our products and services empower individuals and communities to achieve their financial goals.

Preserving and protecting the environment

We are committed to adopting environmentally friendly practices and processes to minimise the impact of our operations on the environment. We have been implementing measures for increased renewable energy use, energy-efficient device adoption and carbon footprint reduction. Additionally, we offer financial products that support environmental preservation, promote sustainable development and encourage stakeholder adoption of eco-friendly practices.

Empowering society

Our CSR activities are focused on promoting social welfare initiatives that drive inclusive growth, equitable development and the well-being of society. The Company's social investments are directed towards areas of skilling, child education, child health, child protection and inclusion for persons with disabilities. We collaborate with several non-profit organisations, government, hospitals, institutions and training partners to implement programmes and deliver ground-level interventions. We also run a self-implemented skilling programme, the CPBFI (Certificate Programme in Banking, Finance, and Insurance), which is discussed subsequently.

**Customer
centricity**

We are constantly innovating and investing in products, technologies and processes that enhance customer experience and promote professional, fair and transparent dealings. Our aim remains to deliver personalised and seamless experiences that exceed our customers' expectations and build long-lasting relationships based on trust and transparency.

**Human capital
management**

Our people are our key assets. Creating a thriving safe, and inclusive workplace that fosters growth is a priority in line with our 'Founders' Ethos' of valuing and nurturing human capital. We continue to provide merit-based opportunities for professional development while ensuring equal opportunities for employment across gender and ethnic backgrounds. We invest in our employees' well-being, offering comprehensive benefits, training programmes and initiatives that promote diversity, equity and inclusion.

**Information and
cyber security
including fraud
management**

We remain vigilant in adopting robust information security, cyber security, and fraud management controls to protect our business operations and safeguard customer data. We continuously invest in state-of-the-art technologies, processes and training to stay ahead of evolving cyber threats and maintain the highest standards of data privacy and security.

**Stakeholders'
engagement**

We believe that periodic and regular engagement with our stakeholders is crucial to enhancing sustainable and responsible business practices. We actively seek feedback and insights and engage our customers, employees, investors, partners and communities to inform our decision-making and ensure that our ESG initiatives are aligned with their expectations and needs.

Details of the progress that we have made in these areas can be found in our Business Responsibility and Sustainability Report (BRSR) which is uploaded on our website at www.aboutbajajfinserv.com/about-us

The Company and all other listed entities within the group comply with the Business Responsibility and Sustainability Reporting related reporting requirements – as mandated by the SEBI. However, since FY2023, despite not being mandated, our non-listed material entities too have been complying with the BRSR requirements, as if these were listed entities, through separate ESG reports.

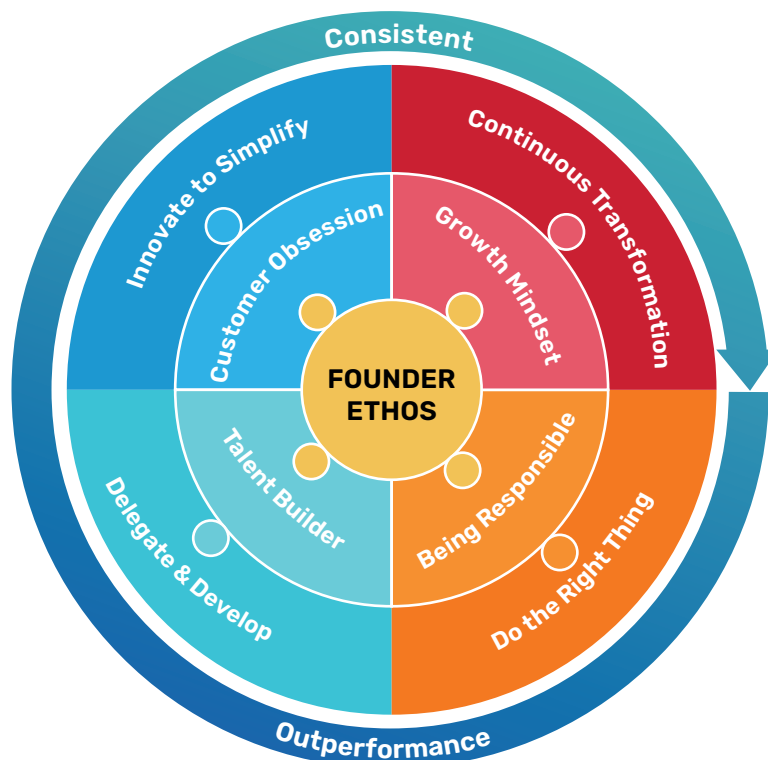
BALIC and BAGIC are among the few non-listed insurance companies in India that voluntarily report all ESG metrics, without exception, in line with the SEBI's BRSR requirements. Additionally, since FY2023, BAGIC and BALIC are also one of the first non-listed insurance companies in India to obtain limited assurance of the BRSR report and separate verification of GHG emissions (Scopes 1, 2 and 3).

One Finserv: A group-wide platform for human capital development

One Finserv is a major initiative adopted across the group companies to provide employees with opportunities for growth and career development across our businesses. Started a few years ago, the development of One Finserv has entailed:

- Creating a common job evaluation structure so that jobs can be easily compared or ported across our businesses.
- Creating a custom platform for internal job postings under which almost all vacancies are advertised across the group for employees to access, review and freely apply if eligible.
- The 'Bajaj Finserv Culture Wheel' is our means to bring alive our purpose and fuel our mission of consistent outperformance. Our culture wheel is anchored on our founder ethos and comprises leadership mindsets – namely, growth mindset, customer obsession, being responsible and talent builder. These complement leadership behaviours consisting of (i) continuous transformation, (ii) innovate to simplify, (iii) delegate and develop, and (iv) do the right thing. These form the basis of our talent management. All middle and senior management employees aspiring to be leaders are evaluated and developed on these dimensions.
- Preparation of talent cards for each employee which identifies potential growth opportunities within the group as well as potential internal successors.
- Creating learning and development journeys based on the talent cards focused on the leadership mindsets and behaviours are the means to improve the readiness of talent to handle expanded roles, transition to roles as part of the growth plan and enhance the succession bench strength.
- The senior and top management talent process is a once in two years exercise backed by annual review of the succession plans for CXOs and critical positions across the group.

Our purpose is to be - A place where innovation, agility and ownership thrives, creating responsible leaders who build long-term profitable businesses, to delight our customers.



Bajaj Finserv Culture Wheel

Bajaj Finserv's Skillserv

Skillserv is the in-house skilling initiative at Bajaj Finserv. Within the umbrella of Skillserv, we have different range of BFSI products on which we train youths to make them industry ready and financially independent. Skillserv covers a range of different products starting from financial services to Gold Loans and from Micro finance to Insurance. CPBFI is one of our flagship programmes that Bajaj has been running from last 7 years.

Continuing the strong tradition of giving back, the Bajaj group announced Bajaj Beyond - an initiative which commits ₹ 5,000 crore impacting over 2 crore Indians over the next 5 years, with a focus on skilling. This initiative aims to bridge the skill gap and empower the youth of India for a brighter future. India currently faces an enormous skill gap between industry demand and the skillset acquired through education and training.

CPBFI: The flagship skilling programme of Bajaj Finserv

CPBFI, a certificate programme in banking, finance and insurance is a flagship skilling programme that aims to enhance employability for the financial services sector by providing comprehensive skills training within the BFSI domain.

Primarily targeting first-generation graduates from smaller towns, the programme seeks to empower ambitious individuals by equipping them with industry relevant skills. Notably, 68% of participants are first-generation graduates, predominantly comprising of young aspirants from tier 2 or 3 cities, with a significant representation of women at 61%.

The 120-hour programme has been meticulously designed to offer a combination of experiential learning and insights from corporate trainers or finance domain experts. It thus offers a robust understanding of technical subjects in banking and insurance and enables students to acquire approximately 22 skills crucial for the workplace. Furthermore, HR workshops and mock interviews, conducted by Bajaj Finserv recruiters, enhance practical knowledge and industry readiness. CPBFI has trained over 100,000 students since inception and have certified 46,807 students in FY2025 spanning over 161 districts and 23 states of India.

CPBFI's commitment to excellence is underscored by its collaborations with national bodies such as National Skill Development Corporation (NSDC) and All India Council for Technical Education (AICTE) that enables students to earn a joint certification accredited by both Bajaj Finserv and Skill India. It has also launched Project Odiserv as a part of Ministry of Skill Development and Entrepreneurship that will further introduce CPBFI programme in 60 colleges across Odisha, spanning 11 cities and 10 districts. Additionally, Bajaj Finserv has received a recognition as a dual awarding body. This allows for further collaborations and engagements. The National Council of Vocational Education and Training (NCVET) dual body awarding status has enabled the training programme to have 4 credits as part of the overall credit-based system in their college academic curriculum. In FY2025 we did conduct few batches in the states of Uttarakhand, Assam, and Telangana with the NCVET mandate.

Collaborating with colleges and leveraging training partners, CPBFI delivers training modules co-designed and executed by expert trainers with extensive industry experience. With a nationwide presence across 400 colleges and collaboration with six training partners, the programme is facilitated by over 300 trainers. The programme has impacted the learners in either they are taking up jobs post their graduation within the BFSI industry or going for higher education since they are getting trained in the college campuses today.

Skillserv has expanded its range of BFSI offerings beyond CPBFI by piloting new offerings in the space of insurance, gold loans and micro finance. We are also building our library of digital programmes. Over time we will build an ecosystem of such offerings, leveraging our expertise and providing the opportunity to skill and upskill and thereby create economic and social opportunities for our citizens.

This is an important initiative of Bajaj group continuing its focus of giving back to society.

CPBFI

TRAINED OVER
100,000
STUDENTS

SPANNING OVER
161
DISTRICTS

23
STATES OF INDIA

Financials of Bajaj Finserv

BFS: Consolidated Performance Highlights for FY2025

All-time high...

- Consolidated revenue of ₹ 133,822 crore.
- Consolidated profit after tax (PAT) of ₹ 8,872 crore.
- BFL consolidated PAT of ₹ 16,638 crore.
- BAGIC PAT of ₹ 1,832 crore.
- BALIC value of new business (VNB) of ₹ 1,152 crore.

Standalone financials

Standalone financials of BFS are given in Table 11 and significant ratios in Table 12.

Table 11: Standalone financials of Bajaj Finserv

Particulars	(₹ In Crore)	
	FY2025	FY2024
A. Income from wind farm activity	22	24
Administrative expenses	11	11
Profit from wind farm activity	11	13
B. Income from investments and others*	2,277	1,710
Other expenses	238	186
Profit before tax (PBT)	2,050	1,537
Tax expense	491	367
Profit after tax (PAT)	1,559	1,170

* Includes dividend received from subsidiaries of ₹ 2,001 crore (Previous year : ₹1,508 crore).

Table 12: Significant standalone ratios of Bajaj Finserv

Particulars	FY2025	FY2024
Current ratio	1.0	1.3
Operating profit margin %	89.1%	88.6%
Net profit margin %	67.8%	67.5%
Return on net worth %	20.9%	19.8%

Consolidated financials

The consolidated financials are given in Table 13. These include the results of subsidiaries and joint venture and are prepared in accordance with the Ind AS.

Note on consolidated profit after tax

Under Ind AS, the insurance subsidiaries have chosen to hold a part of the equity securities portfolio as Fair Value Through Profit and Loss (FVTPL) and the balance as Fair Value Through Other Comprehensive Income (FVTOCI). This may cause temporary volatility in financial results due to unrealised mark to market (MTM) movements on the FVTPL portfolio. Further, the realised profit on FVTOCI equity portfolio is not routed to Profit and Loss Account.

Table 13: Consolidated financials of Bajaj Finserv**Segment revenue**

(₹ In Crore)

Particulars	FY2025	FY2024
Life insurance	32,139	27,673
General insurance	32,034	27,299
Windpower	22	24
Retail finance	69,725	54,983
Investments and others	4,006	3,190
	137,926	113,169
Less: inter-segment	4,104	2,786
Total	133,822	110,383

Segment results: profit after tax

(₹ In Crore)

Particulars	FY2025	FY2024
Life insurance	142	457
General insurance	1,147	1,021
Windpower	11	13
Retail finance	8,542	7,586
Investments and others	(527)	(848)
Profit before MTM gain	9,315	8,229
Unrealised MTM gain/(loss)	(225)	70
Realised MTM (gain) booked in OCI	(218)	(151)
Profit after MTM gain	8,872	8,148

Internal control systems and their adequacy

The internal controls of the Company are commensurate with the business requirements, its scale of operation and applicable statutes to ensure orderly and efficient conduct of business. These have been designed to provide a reasonable assurance with regard to maintaining proper accounting controls, safeguarding of assets, prevention, and detection of frauds and errors, ensuring operating effectiveness, reliability of financial reporting, and compliance with applicable regulations. The auditors opine on the adequacy and operating effectiveness of internal financial controls over financial reporting. Internal auditors periodically bring to the attention of the Audit Committee deficiencies and weaknesses in the internal control systems, if any. The Audit Committee reviews and monitors the remedial actions to ensure its overall adequacy and effectiveness. Statutory and Internal Auditors are also invited to the Audit Committee meetings to ascertain their views on the adequacy of internal control systems.

There have been no material changes in the process level controls or activities conducted in the financial statement closing process of the Company. The Company has been compliant with the requirements, prescribed under amendments in the Companies (Account) Rules, 2014, of using accounting software which has a feature of recording audit trail and creating an edit log of each change made in the books of account. Management believes that strengthening internal controls is a continuous process and it will, therefore, continue its efforts to keep pace with changing business needs and environment.

Awards and Recognition

During the year, the Company and its subsidiaries received several awards, some of which are given below.

BFS

Sanjiv Bajaj, Chairman and Managing Director, received the 'Maharashtrian of the Year 2025' award in March 2025 organised by Lokmat recognising his leadership, contribution to the financial services sector, and commitment to creating a positive impact on society.

BFL

- Business Today Award 2024 for Best Large NBFC.
- Best Large NBFC at Mint BFSI Summit and Awards.
- Best Listed NBFC by Fortune India and Grant Thornton for 2024.
- FE India's Best Banks Award 2024 for NBFC.

BAGIC

- Best General Insurance Company Award at InsureNext Global Conclave and Awards.
- Best AI-Powered Chatbot to enhance Customer Experience (CX) at the 4th edition CX Excellence Awards 2024 organised by Quantic India.
- CX Initiative of the Year Award at the India Insurance Summit and Awards 2024.
- Best Use of Data Analytics in Fraud Detection Award at the India Fraud Risk Management and Summit Awards 2024.

BALIC

- Sustainability Reporting Award 2024 under the category of Voluntary Disclosures - Service Sector by the Institute of Chartered Accountants of India (ICAI).
- Platinum Award at the 9th 'CII National Competition 2024' on Digitalisation, Robotics and Automation - Industry 4.0 organised by the Confederation of Indian Industry.
- Best Practice in Digital Transformation with innovations in 'Knowledge Bot' at the CII DX Awards 2024.
- Tarun Chugh, MD & CEO, BALIC, was recognised as one of 'The Most Promising Business Leaders of Asia 2024' by ET Edge.

Bajaj Finserv Direct

- Bronze award for 'Best Execution of Performance Campaign' at the 15th India Digital Awards 2025 by Internet and Mobile Association of India.
- D&I Employer of the Year at the 6th Edition of 'Diversity and Inclusion Summit and Awards 2024'.

Bajaj Finserv Health

- Best Fintech-Insurance Award at the Financial Express India's Best Banks Awards.

Bajaj Broking

- 'Excellence in Open API Integration 2024' by Quantic India.
- 'Prestigious Rising Brand of India - Broking Services 2024' by BARC Asia and Herald Global.

Cautionary Statement

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. Important factors that could make a difference to the Company's operations include global economy, political stability, stock performance on stock markets, changes in government regulations, tax regimes, economic developments and other incidental factors. Except as required by law, the Company does not undertake to update any forward-looking statements to reflect future events or circumstances. Investors are advised to exercise due care and caution while interpreting these statements.