

## Bajaj Finance: Scaling India's Retail Credit Engine

Bajaj Finance Limited (BFL) is one of India's largest and most diversified Non-Banking Financial Companies (NBFCs), focused on retail led, data driven lending across personal, consumer, SME and rural credit markets. The business model is supported by a strong digital ecosystem, low-cost funding access and a long track record of disciplined execution across credit cycles.

- Market leader in consumer finance, financing discretionary purchases across electronics, furniture, digital products and lifestyle.
- Diversified lending portfolio spanning consumer finance, personal loans, credit cards, SME and commercial lending and rural/agricultural finance.
- Retail heavy, granular loan book supported by data led underwriting and AI driven credit assessment.
- One of the largest customer franchises among Indian NBFCs, with over 100 million customers as of FY25.
- Large and growing fee-based ecosystem including deposits, insurance distribution, investments and payments via Bajaj Pay.

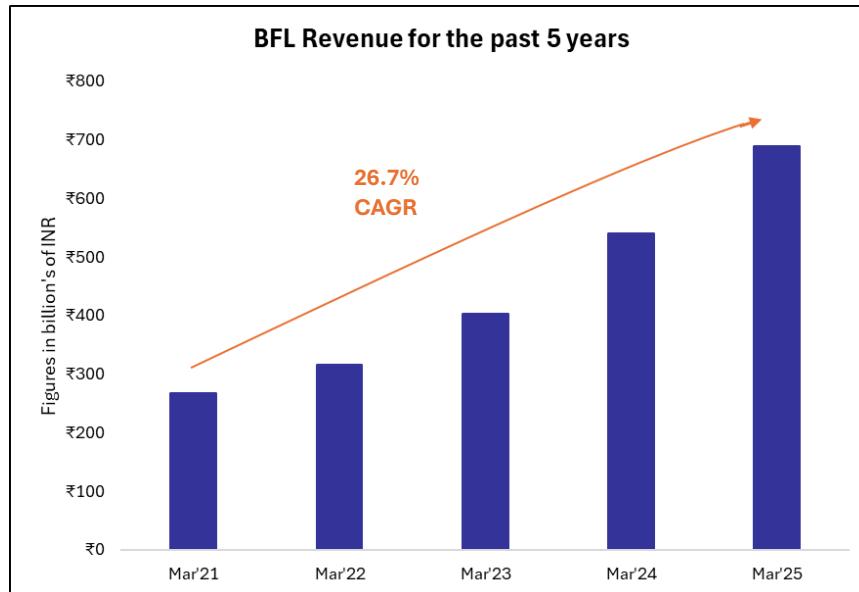


Figure 1: Source: FactSet, Bajaj Finance – Revenue Data, FY21-FY25

## Differentiators & Strategic Strengths

Bajaj Finance is supported by a set of structural competitive advantages that underpin its premium positioning within India's financial services sector:

- Strong asset quality: Non-Performing Assets (NPA) remain at an extremely low level of 0.6%, despite a predominantly retail and partially unsecured loan mix.
- Consistent high growth: AUM compounded at approximately 36% CAGR over the last 18 years, scaling from around 40 billion rupees in FY10 to 4.2 trillion rupees in FY25, demonstrating robust execution across multiple credit cycles.
- Scalable operating balance sheet: capital adequacy ratio of 21% provides significant headroom to fund growth while absorbing macro volatility.
- Data led underwriting: advanced analytics and AI adoption are driving productivity gains, improved credit selection and lower loss ratios across business.
- Capitalised balance sheet: capital adequacy ratio of 21% provides significant headroom to fund growth while absorbing.

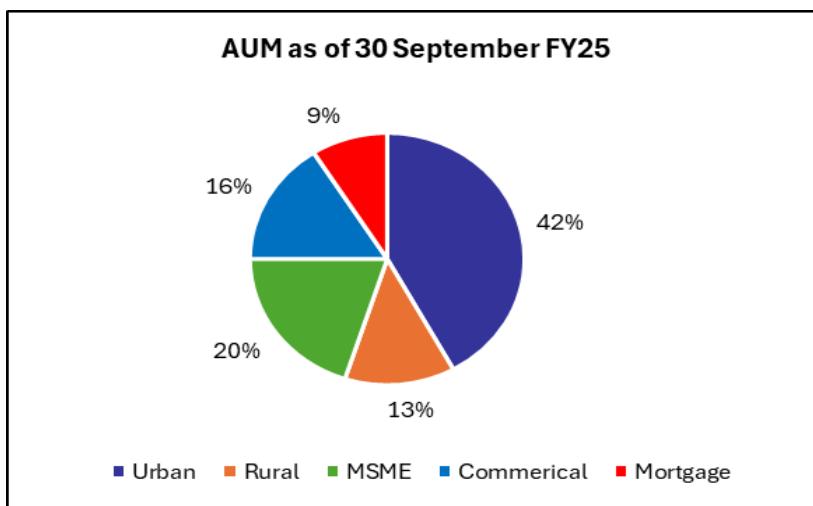


Figure 2: Source - Investor Presentation – Q2 FY26

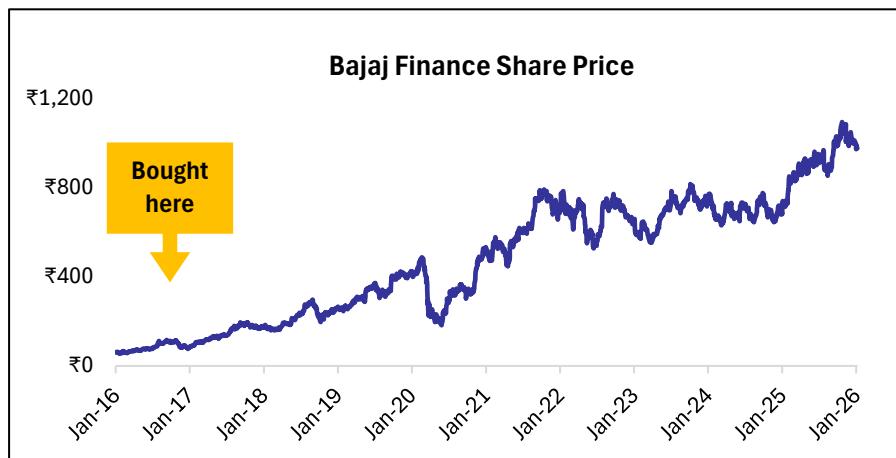
## Industry Landscape & Structural Trends

India's retail led credit market is undergoing a multi-year structural expansion, creating a favourable backdrop for large, diversified NBFCs such as Bajaj Finance.

- Consumption driven credit growth: Rising incomes, urbanisation, and formalisation are driving sustained demand for consumer and personal credit.
- Digitalisation of lending: UPI, digital KYC, account aggregation and credit bureau depth have structurally lowered underwriting and servicing costs.

- NBFC advantage in retail lending: NBFCs are structurally better positioned than banks in unsecured, small ticket and lifestyle lending due to speed, data and distribution.
- Industry consolidation: Regulators and customers are increasingly favouring large, well-capitalised lenders over smaller, weaker players.
- Cross-product ecosystems: Integrated offerings across lending, deposits, payments and insurance increase customer lifetime value and earnings resilience.

### Investment Rationale



The India Avenue team views Bajaj Finance as a high-quality compounder offering long-term exposure to India's structural consumption and credit growth:

- Sustained AUM growth: AUM grew 24% YoY to c.US\$53bn in FY25, reflecting broad-based momentum across consumer, personal, SME and rural lending.
- Structurally high returns: Delivers c. 19% ROE and 4.5% ROA in the long-run, supported by operating leverage and data-driven underwriting.
- Large and sticky customer franchise: 110 million customers with 65% cross-sell penetration improves earnings visibility and lowers incremental growth costs.
- Contained credit risk: Net NPAs remain low at 0.6% despite rapid growth and an unsecured retail mix.
- Taken together, Bajaj Finance represents a best-in-class NBFC with scale, execution capability and embedded optionality from India's formalising credit economy.

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