23 October 2026

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| To<br>The Manager<br>Listing Department<br>**BSE Limited**<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai - 400 001 | To<br>The Manager<br>Listing Department<br>**National Stock Exchange of India Limited**<br>Exchange Plaza, C-1. Block G,<br>Bandra - Kurla Complex, Bandra (East)<br>Mumbai - 400 051 |
| **SCRIP CODE: 500034** | **SCRIP CODE: BAJFINANCE – EQ** |

Dear Sir/Madam,

**Sub: Transcript of Conference Call held in respect of the Financial Results for the quarter ended 30 September 2026**

**Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') r/w Clause 15 of Part A of Schedule III to the SEBI Listing Regulations**

In furtherance of our letter dated 13 October 2026, the transcript of Q2 FY2027 investors conference call held on 19 October 2026 at 6:00 p.m. IST has been uploaded on the website of the Company at https://www.aboutbajajfinserv.com/finance-investor-relations-quarterly-earnings-call

Also, enclosed is the transcript (pdf) as attachment for ease of reference.

Kindly take the above on record.

Thanking you,
For **Bajaj Finance Limited**

R VIJAY
Digitally signed by R VIJAY
Date: 2026.10.23 11:54:24 +05'30'

**R. Vijay**
**Company Secretary**
Email ID: investor.service@bajajfinserv.in

Encl.: As above

# “Bajaj Finance Limited

# Q2 FY27 Earnings Conference Call”

# October 19, 2026

**MANAGEMENT:** **MR. RAJEEV JAIN – VICE CHAIRMAN AND MANAGING DIRECTOR – BAJAJ FINANCE LIMITED**
**MR. SANDEEP JAIN – CHIEF OPERATING OFFICER AND CHIEF FINANCIAL OFFICER – BAJAJ FINANCE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to Bajaj Finance Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone.

I'm pleased to welcome Mr. Rajeev Jain, Vice Chairman and Managing Director; and Mr. Sandeep Jain, COO and CFO; and other senior members of the management team. I now invite Mr. Rajeev Jain for his opening remarks, post which we will open the floor for the Q&A session. Thank you, and over to you, Mr. Jain.

**Rajeev Jain:** Thank you for hosting us. Very good evening to all of you, or good morning, depending on the geography you're in. Welcome to the BFL Q2 earnings call. The investor deck for Q2 has been uploaded on our website. I hope you had a chance to go through the same. I'll quickly focus on key updates for the quarter and our management assessment before Q&A. I expect to between 15 to 20 odd minutes.

Let's quickly jump to Panel 4 in terms of the quarter went by. Overall, I would say it is an excellent quarter with strong performance across all key metrics, of AUM, new customer addition, credit cost, profit growth, ROA and ROE. AUM, as you can see, grew by 26.5% to INR 5,84,624 crores, delivering net AUM addition of close to INR 38,000 crores in the quarter. PBT grew by 29% to INR 8,537 crores in Q2. This is before the macroeconomic provision that we've created of another INR 337 crores to grew by 34% to INR 8,874 crores.

PAT grew by 29% to INR6,367 crores. Before macro overlay provision, it grew by 34% to INR6,619 crores. In Q2, company booked just a tad below INR13.5 million new loans and added 4.5 million new customers. Overall customer franchise stood at just a tad below 129 million customers.

ROA for the quarter came in at 4.6% and ROE came in at 20.6%. Opex to total income was 33% and net NPA came in at 42 basis points. Overall, I would say, a pretty good quarter for the firm and first half for the firm.

In general, AUM growth was pretty secular. I'll quickly go through -- I've jumped actually to Panel 52. If you see, the growth is pretty secular, urban consumer finance grew by 43%, rural consumer finance by 63%. MFI grew on a low base, grew 54%, CV and Tractor on low base grew 89%, LAS grew 42%, captive book, as you're aware, as I've been talking for the last 2 quarters, continues to wind down and would create significant tailwinds for us in terms of credit costs as you move forward is now down to just INR2,400-odd crores.

MSME grew by 3%. It should now start to grow actually. So, we should start to see as we get in the second half, a double-digit kind of growth momentum in the business. Gold loan book portfolio continued to grow, it's now 4.1% of balance sheet. It was just a tad above INR24,000 crores as of Q2.

We added 320 odd gold loan branches during the quarter. Total network is now across 2,000 branches. It's at 2,022 branches, and we remain quite clear about ending the year with close to 2,800 on stand-alone gold branches.

The rest of the business, as you can see, grew in the corridor of 20% to 30%. So, overall pretty secular growth across all lines of business, in a way, if I look at the gross loan growth because capital book is dialing down, you should add another INR1,000-odd crores that's virtually INR39,000 crores of book growth that we are principally talking about. These are fascinating numbers even for me, I would say. I didn't imagine we'll be growing quarterly between INR38,000 crores and INR39,000 crores on a run rate basis because that's been the case for the last two quarters now.

I'll go back to panel 5, 6 and 7 to quickly give you highlights of the quarter. New loans grew 11% to 13.5 million. There is some level of noise in year-on-year number because last year's season was earlier this year's season is later. We are well on track to deliver between 60 million to 62 million new loans in FY27. We added, as I said, 4.42 million new customers during the quarter. We are clear about adding between 18 MM to 20 MM customers to the franchise in FY27.

Overall franchise I talked about, stood at 129 million and Cross-Sell franchise stood at 82 million. Liquidity buffer remained strong at just a tad below 20,000 crores. Cost of funds came down sequentially by 9 basis points and came in at 7.31%. Deposit book is 14%. We've increased rates in Q2. And hopefully, we will see some momentum here as we move forward. Opex to total income improved to 33%. And despite continued investments that we are making in gold loan branches, MFI branches and technology transformation.

We remain pretty comfortable place to deliver a 25 to 40 basis point improvement in FY27 on opex-to-NTI. Now on credit quality, loan loss to average AUF improved to 1.56% from 1.88% last year. As a measure of prudence, we recognized, as I said, a macroeconomic overlay of 337 crores. Excluding this provision, the loan losses and provisions actually declined year-on-year by 12% and loan loss to average AUF in the process would look to be like 1.32%.

You may see here that the Stage 2 and Stage 3 assets actually increased by 1,601 crores. It actually includes a 1,047 crores increase in Stage 2 in the gold loan business, due to the short tenure schemes that we have actually launched when the new RBI guidelines came out and that has had an impact. We have since August stopped doing short-tenor schemes as a firm. We don't see any credit cost impact

as a result of it already out of the 1,099 crores, which is close to 1,100 crores came from gold loan in Stage 2, 550 crores has already been resolved and has flown back to Stage 1. So, it's a transient movement for the quarter is really what we see it to be and don't see any impact on credit costs or even otherwise or in terms of auction and so on and so forth.

Vintage credit performance across our 3MOB, 6MOB, 9MOB continues to reflect significant and sustained improvement in the portfolio. And we are reasonably comfortable with the credit cost outlook for FY27. Of course, we remain in a VUCA world, so we'll take quarterly derived. GNPA and NNPA of course, if first quarter -- first half is to go by, we remain pretty comfortably placed on credit quality at this point in time for FY27. PCR remained pretty strong at 60%. GNPA and NNPA came in at 1.06 and 42 basis points. ROE, ROA I talked about 4.6% and 20.6%.

Let me just cover now on capital raised because that's something that we announced recently on October 1 as you're aware the Board approved subject to shareholder approval. 11,700 crores of QIP and preferential warrants by Bajaj Finserv to the tune of 5,800 crores in accordance of course, with subject to approvals by the shareholders.

The Board's decision of raising additional capital is principally driven by mainly growth story of India and of the company and its subsidiaries. That's the principal reason why we're raising capital. And we are very also clear that without having to dilute in any given manner, the sustainability of the medium-term goals of ROA and ROE that we have actually outlined to shareholders.

It's pretty much for growth that we are looking to raise capital as we move forward. Quickly, let me now cover panel 9 to 11. I won't cover too much, but we continue to double down on FINAI transformation. We now have scaled our AI unit to 328 odd people. Given the breadth and the depth of the work that we're doing, the facial recognition camera technology is now deployed in close to 534 stores and 1,163 service branches. We're getting a lot of learnings from these deployments. AI bots are now handling 75% of our DIY customer service volumes, disbursements, you can see the numbers, year-on-year 111%.

So, as we deepen our understanding of enterprise AI and deploy it, we get experience, we get learnings. We're becoming more and more effective, both in terms of cost and in terms of experience of the customer and of the employee. Overall company has no 130-odd agents and 65 agentic applications. We are well on track to deliver 180-odd agentic applications and 600-odd agents for the year.

So, I won't cover Panel 13 and 14, just the only point I'll cover on Panel 13 - 14 is that we've launched our first customer risk model from a risk management standpoint, we'll book 500,000 accounts in our B2B business, look at its 3MOB performance.

and based on that, start to evaluate that for other lines of businesses. So, it's in a testing phase.

Overall, from a modelling standpoint, it does show a 15% - 20% improvement in terms of our risk outcomes. Let's see how the models perform in reality and based on that, then we'll start to take review. We are working on our B2C model as well at this point in time, subject to the 3MOB performance we would launch our B2C model as well if the performance by January for our B2B business holds based on our assessment at this point in time.

Quickly, BHFL on subsidiaries, Panel 14, good quarter for them as well. Their disbursements in AUM grew 25%, Sambhav loans which are affordable loans crossed 500 crores in monthly disbursement. Opex-to-NTI continues to improve. We continue to make progress on a year-on-year basis, improved from 19.7% to 19.1%, and the PAT grew 18% despite very, very intense competitive environment that they continue to face and ROE improved as a result of improving leverage to 12.7% from 12.2% and their asset quality remains healthy. BFSL had a good quarter. PAT grew 36%. It added 121,000 customers.

To summarize and then open it up for questions. Overall, I would just say that the first half principally demonstrates the strength and scalability of our business model at this scale to grow 26% is I would say, good growth to be in while maintaining credit costs that, as I've said, that probably it's likely that in the 4 years, this is likely to be one of the lowest years on credit costs. We are well on track for that.

And FINAI is moving rapidly from individual deployments to enterprise-wide transformation, both for employees and for consumers as we move forward.

That's really from me. Just last point on portfolio quality, which is Panel 59 to 62, we principally remain green on all business metrics. You may see a gold loan variation there, but I've already explained the point. And as I said, 55-odd percent has already got resolved. So, it's a transient point. With that, I'm happy to take questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. First question is from Piran Engineer from CITIC International. Please go ahead.

**Piran Engineer:** Yes. Hi, team. Thanks for taking my question and congrats on the quarter. Just I may slip in two questions because they are short to answer. Firstly, on gold loans, why aren't you all offering short-term gold loans? Isn't that easier from an LTV perspective because you're discounting only, say, three months or six months of interest versus 12 months?

**Rajeev Jain:** Go ahead with the second one, Piran?

**Piran Engineer**: Yes. Sir, the second one is like historically, two-wheeler customers, you all have been uncomfortable cross-selling other loans to we were never part of the cross-sell franchise. Given the fact that our open market two-wheeler customers have significantly lower asset quality and significantly better asset performance. Do you consider them to be part of your cross-sell franchise?

**Rajeev Jain**: Fair, gold loan, Sandeep do you want to answer?

**Sandeep Jain:** The exact issue, what we faced in Q2, and that's the reason why Stage 2 has gone up to about INR 1,100 crores in golden business on account of shorter schemes. See, for customer to come every three months to the branch for making full payment/payment of interest coming for rollover become very, very cumbersome and accidentally, customer gets into delinquency. Once the customer gets in delinquency, the only way the customer can resolve the cases by making the full payment of principal interest, which is not necessarily the most appropriate thing for the customer.

So as a result, I think what is more appropriate, and we are working on that as Bajaj Finance is to offer a longer scheme, let's say of 12 months that we were offering always. But to set up customers who want to pay regular interest give them option of making monthly and quarterly interest payment as well as a additional option. This will solve boththe issues. One is customer can make frequent payment of interest and reduce obligation. At the same time, we not have to come to branches again and again for rollover of the loans.

**Rajeev Jain**: On two-wheeler answer is yes Piran. On two-wheeler answer is, yes, because we are clear, we want to run open architecture two-wheeler 30% - 35% of the credit cost. But the customer segment print really doesn't change. So, the in principle answer is yes, pool is likely to be low. That's how I would answer it. Sorry, you had a follow-up through question one, I think?

**Piran Engineer:** Yes. The only follow-through was what percentage of the gold loan customers would take bullet loans versus say, quarterly or monthly installment loans? Because I would presume bulk on that would be bullet.

**Sidhant Dadwal:** So, Piran, today, you're right, the bulk of them 99% of them are today under bullet repayment.

**Rajeev Jain**: So, they can continue to take bullet but take 9 months or 12 months. So, you can always come and prepay earlier prior because there's no friction...

**Sidhant Dadwal:** They can always move in 3 or 6 months.

**Rajeev Jain**: So, it's better not to push the customer into delinquency and then auction and so on and so forth. The wiser thing to do is to give him a longer tenure and has the

flexibility to repay rather than anything else. So that's at least our assessment and learning and we'll really stick to that.

**Moderator:** I'll request you to come back for a follow-up question. Next question is from the line of Chintan from Autonomous.

**Chintan:** Hi. Thank you. Can I ask one on the, I've got three, four actually, I'm just trying to prioritize. Let's go with asset quality. In MSME, you've seen GNPA continue to deteriorate. What book is driving that? And also broadly, GNPA going up 10 basis points in the quarter, which areas you've talked about gold but any other areas that we should be thinking of in terms of where stress might be building?

And related to that, broadly, how should we think about consumer debt-to-asset kind of capacity. And which areas do you think consumer leverage is still low enough that you could comfortably lend? Because it does feel that coming out of the half cycle, consumer leverage was high. It slowed down a bit, but like you highlighted in the last quarter, not a lot. So just wondering how you think about this philosophically?

**Rajeev Jain**: Look, so the first point is on asset quality. I mean, on MSME specifically, we're seeing it's nothing as for growth, there's no denominator growth. So, you should actually see this number as a peaking number. So it's a pure mathematics and anything else. That's how I would answer the MSME.

Flat growth, you're likely to see GNPA and we go up. When we look at the 3 MOB, 6 MOB, 9 MOB, we are looking at numbers principally closer to 2019, which is really I have articulated many times better than that as Sidhant is saying, you're seeing better than that actually. So, we are very comfortable with the MSME 3 MOB, 6 MOB, 9 MOB and 11 MOB book because we started to make changes in the nature of origination from last July onwards. So, I think that's just one. Just point number one on to your first point.

On your second point, we don't see at this juncture any blind spots. It is learning. We realized in August sometime that while in April, we launched based on the set of changes that came in from a regulatory standpoint. And the entire industry launched three months, we also launched three months. It's a learning we have taken and change track quickly. It's not an easy one. I must make that point to you because industry still continues to do three months. We are clear we don't want to push the customer into default/delinquency and the regulations and the guidelines are very clear.

If you flow into default, you have to pay fully otherwise, you don't come back into regularization and so on and so forth. There are other unintended consequences for a non-monoline company that I then cannot lend to their customer if it flows

into delinquency for any other product as well. So, we don't want to be in that space. On your third question, which was related to...

**Rajeev Jain**: Consumer leverage remains a consumer-to-consumer play rather than a generic point. As you are aware, we continue to see consumer debt to GDP grow a little slower but continue to move forward. We are in public domain over the last three years that 3PL is a single univariate metric that continues to trouble us. We have brought that down from 14% to 7% in terms of origination my mandate to the team is to bring that down to 3.5% in the 6 months' time. That's really where we are principally headed.

Despite, as I said, I'm looking at ultra-low credit metrics because we have seen that a customer who has multiple pieces of points of leverage that has a higher probability, tendency to flow into default. So, we will keep bringing down the 2PL, 3PL number business by business further. Further means by half or we'll half it by Feb again. So that's really what our proactive stance is it's bottoms-up customer-to-customer and leverage as a central dimension of our risk assessment process.

**Chintan:** That's fair. On the GNPA, the 10 basis point increase, it's in a number of areas that adding up to it. Now clearly, your target as is 1.4%. I don't have to make a big deal out of it, but there are a number of areas showing increase. That's why I asked a general question on that June.

**Sandeep Jain**: Chintan, I think the right metric from a comparison perspective as you do compare between Q1, Q2, Q3 and Q4 is to look at Stage-2 and Stages-3 together, which has actually improved from 1.9% to 188 basis points, excluding gold loan. It's what we have also communicated in the presentation.

The movement in the GNPA, it goes up in quarter two, mainly on account of number of days being higher in Q2 compared to Q1, which means that one additional month of GNPA flows in quarter one, quarter two always. And that has been the case always. If you look at past records also, that's how the numbers would show. This is mainly on a kind of number of days, nothing to do with portfolio quality or any kind of stress getting built up in the balance sheet.

**Rajeev Jain**: Fourth quarter is the lowest.

**Sandeep Jain:** Yes.

**Rajeev Jain**: Because number of days are lesser

**Chintan:** 90 days, yes. Thank you for that.

**Moderator:** Thank you. Next question is from the line of Kuntal Shah from Oaklane Capital Management.

**Kuntal Shah:** Hi team. Thanks for the call. My specific question is, what are the reasons you see this overlay? And how does it relate to earlier overlays or a permanent change in the ECL models basically because how do we think about frequency and size of discrete overlays going forward versus embedding them in ECL model assessment?

**Rajeev Jain:** This is over and above ECL model Kuntal. Point number one. That's why it's overlay. I think that's a first point to clarify, which means it remains available to the management to use. I think that's just first point from a clarification standpoint. I'll let Sandeep respond to.

**Kuntal Shah:** So, is it a policy to overlay good times to releasing bad time?

**Rajeev Jain:** I will just make a point before, Is it to build resilience? The answer is yes. Okay? So, the fundamental reason for creating overlay, let me articulate it not because we see stress building. I want us to remember always that this is bullet proofing of the business. It is for resilience.

We are a cyclical business. We will see credit costs go up marginally, credit costs go down marginally. It is for those marginal periods of when we go to two point, we went to a peak of from 1.75 to 2.15. Let me give you a cycle view of us as a firm. I mean that's a very low cycle view somebody could articulate argue that we go from 1.75% in a low period to historically.

Now the number would reduce further, as I've said, to 2.15%. That's really, if you see last two has been. That's really a cyclicality for us as a firm. We would like to further strengthen that, I would say, narrow the band further so that we can in a cyclical business, reduce cyclicality is the and which is what we call resilience is the way thinking about the business model. And Sandeep, do you want to add something else?

**Sandeep Jain:** Kuntal very clearly, we continue to rest our model on empirical data. which is what anybody would build a model on. That's point Number one. Point number two is, while we do look at forward economic factor and guidance to look at what kind of overlays one should have from a macro perspective, which is with the internal part of, I would say, ECL framework itself.

At times it fails to capture the potential effect of what's happening in the real world. So let me give a clear example, El Nino that we are seeing in the country, we are at 87% monsoon at this point in time or the oil price, which is now constantly hovering at USD100 to USD110 kind of price.

The cascading impact of this on the economy on the interest rate on the inflation is very difficult to factor in the macro model. And that's where the management

judgment comes into picture. Let me also be very clear. It's not a perfect science. It's an estimate of the management in terms of which portfolio could get impacted.

We believe it's point time unsecured businesses barring salary because salary may not get impacted so much because of oil price and inflation, but the sell-from customers could really get impacted. We have done stress testing on those set of customers and propose a higher provisioning on the customers who are in Stage 1 in the unsecured non-salary portfolio.

We've also done stress testing of Stage 2 outstanding of the customer and support additional provision on par. We did not do stress testing specifically on stage 3 because stage 3 if you remember last year in quarter 3, we have already introduced LGD flooring, which captures, I would say, a significant higher provisioning coverage than what is required for the kind of portfolio that we manage.

So, I think keeping in mind all those things, we keep doing this on a quarterly basis. And based on the evolving and emerging situation, we decided if there's a need for us to have overlay. The statistical modelling technically could argue the 60% floor probably needs to release today.

Let me make that point. So, I'll compound your point further you may say that means you have more than even this the answer is probably yes. But we have just spoken the resilience. I want to make one last one, Kuntal. Sometime very soon, we will cross the point where the largest nonbank merged into a bank.

We are seized one, we have product move, we'll be proud of that moment as and when it happens, but we are also seized of the importance of resilience in our balance sheet that is needed to continue to grow from there on and get to as per last as I say INR11 lakh crores number by FY30. So that's all I would just say from a last point standpoint.

**Kuntal Shah:** No. Thanks. This really helps. But can you just quantify what is the current stock as of today of macro and management overlay?

**Sandeep Jain:** The overall macro provision stands at about INR226 crores. Is my memory is correct that's a number. On the management overlay side, we have created a provision of INR512 crores, INR185 crores was taken in last quarter and INR327 crores we have taken in the current quarter.

Apart from that, the LGD flooring that we have created would also carry a number between INR350 crores to INR500 crores of additional provision that is already sitting in stage 1, 2, 3 assets, mainly because the actual number of the empire may suggest a lower number. But because we have applied the principle of LGD floor, we continue to make provisioning at a higher rate. So that number could be in the region of INR350 crores to INR500 crores is what our estimate at this point in time.

**Kuntal Shah:** Thanks. This is good conservative stance and thanks for this clarification. I will join the queue.

**Moderator:** Thank you very much. Next question is from the line of Kunal Shah from Citi. Please go ahead.

**Kunal Shah:** Yes. Hi, so the first question is on growth guidance. Last time you said like you review post the second quarter, you said it's very fascinating to see almost 26% growth plus the capital raise is also for the growth story. So, what would be the growth guidance here onwards for near and medium term? So that's the first question?

And second, in terms of the overall margins, cost of funds are down 9 basis points, but given that we are in the rate hike scenario, we had still seen some margin compression and NIMs on calculated basis appear to be down. So how do we see once cost of funds start to see up? What is the outlook on margins, yes?

**Rajeev Jain:** So, I would say FY27, two quarters gone. We're seeing the early onset of festival first 9, 10 days. I would say probably between 26%, 27% growth we should deliver now on a full year basis. I think that's just medium term, we maintain a guidance of 20% to 25% on a year lower here and a year higher there.

So that's the second point. On NIM, clearly, at this point in time, we are baking in two more increases in the current year that would take us to 6% kind of rates. You would see marginal moderation on NIM. As you move from here, we should be able to manage comfortably is what I would say in terms of NIM because part of that would come from opex to NTI. Part of this would come in from, of course, some credit costs as you're seeing. So overall profitability and return ratio, we should be able to continue to navigate is what I would say to you.

**Kunal Shah:** But moderation in NIM would be only marginal. That's what we are suggesting?

**Rajeev Jain:** Yes, at this point in time, yes. Answer is yes. You've seen, I think 10 - 12 basis points compression in Q1 to Q2.

**Sandeep Jain:** Yes. I think H1 NIM over March is about 5 basis points lower. The Q1 was marginally higher. Q2 was 10- 12 basis points lower than Q1. So, we are seeing moderation in NIM. It remains manageable.

**Kunal Shah:** From a Q2 level, not much of an impact on margins?

**Sandeep Jain:** I'm not saying that. That's what you are saying. I think we continue to remain in cost of fund increased environment. We do mindful of it. In the last quarter, we have done a significant amount of interest rate hedging that has brought down the cost of fund effectively in the last quarter at BFL and BHFL level.

And that's what you would have seen in BHFL as well. But as the repo rate goes up, it will also have its cascading impact coming in quarter 3 and quarter 4. I would break in at this point in time, a marginal additional compression versus what we had given as a guidance at the beginning of the year. So far, we are 5 basis points down over the beginning of the year on a first half basis. I had given a guidance of 10 to 15 basis point compression in the current year. I would say carry a marginal headwind to that number other than anything else.

**Kunal Shah:** Perfect. This is useful. Thanks for answering all the questions.

**Moderator:** Thank you. Next question is from the line of Viral from IIFL Capital. Please go ahead.

**Viral:** Yes, hi. Thanks for the opportunity. So, I had basically, I would say, two parts to this question. One is on the fee and the non-interest income. So currently, we are running at 20% growth run rate, significantly ahead of what we had last year. Now the other part to this is basically there are some, I would say, headwinds or overhang on this number may not be from maybe, say, this year's perspective.

One is basically some bit on say, maybe Flexi, most importantly on, say the insurance piece, which is there. How do you see this, say, from FY28 onwards, if the current insurance norms remain where it is? And given that we do have some benefit that can come through from the MDR on UPI as well, right? Given finally, we can monetize the entire network that we have built. So how should we think about this?

**Rajeev Jain:** Yes. So, I mean the H1 non-interest income has grown by 20%, right? In general, our guidance of 16% to 18%. But as we outlined in Q1 and same is true for Q2 because of stronger growth in our B2B business. I think that's this point number one.

Overall CVAs is diversified, includes some parts of discussion documents, which are in public domain, some parts of draft regulation. We are continuing to strategize. So, we remain comfortable in the longer term, we should be able to sustain a 15% to 18% fee income growth is what I would just say to you, Viral.

At this juncture, given that both for a regulatory nature, we have a set of strategic thought process that we are working on, which we'll deploy as the regulation comes through is what I would say. At this juncture, it's very premature. But we're working on it is management and have our plans ready.

**Viral**: Got it. And just one more follow-up on one of the previous questions, Rajeev, which is the gold loan. Now over there, I understand you are focusing on the longer term of product, keeping a customer interest in mind, but that will also effectively curtail our LTVs or rather the ticket size that we can offer to the customer, right? Because of the embedding of the entire interest in the loan, do you think that this can be a

challenge, say, from a customer acquisition standpoint in the near term given that competitors…

**Rajeev Jain**: See, we have to run a business keeping in mind interest of the customer, interest of the company and what is long-term sustainable, right? That's really how we have build businesses. We are very clear that a short tenor loan doesn't work for the customer, doesn't work for the company and is not sustainable.

We fundamentally remain focused on organic expansion. That's one part in terms of distribution expansion. Two mining or franchise. Three, as an articlulate last time focusing on our mining franchise through digital infrastructure, which is orientation is really how we have chosen to build the business.

We remain comfortable that it can navigate through the competitive intensity without compromising on the margin profile of the business. That's the last point. Given the intense competitor activity, there's significant noise on the pricing. This business is supposed to be fundamentally a profit builder. That's really the goal of the business, rather than an AUM builder.

So that's really how we have organized ourselves in terms of the business model, and that's what we intend to remain focused on, irrespective of the noise on what it means. We made the choices. I'm very clear about businesses that we build, that we make the choices, makes it a little harder, making a little longer to play through, we'll take the long route.

**Sandeep Jain:** And Viral, from a customer centricity perspective, that's something that we laid out very clearly as part of last year's LRS. We are very clear that we will do what is right for the customer. We believe that structurally, a long tenure tabulate return model. serve the customer better versus a short tenure, which may give more LTV, but eventually put the customer into default position, which is not necessarily the objective of working with the customers for gold loan business.

So, I think we are very clear irrespective of what market does, we would prefer offering a little longer than a scheme to the customer with a blend option the customer is used to. Even if it comes at a smaller slower growth. we are quite okay with that.

**Viral**: Got it. And just one last you mentioned about, I think we're just completing Kunal's question. I think Kunal asked you on growth and you responded on growth and margins. Just one piece that is remaining is on the credit cost front, right? Given that we are significantly, I would say, including the overlays also running closer to the lower end of your guidance. How do we kind of foresee the rest of this year?

**Rajeev Jain**: Rest of the year, we should look at it in the same corridor, is what I would just say to you. Similar corridor.

**Moderator:** Next question is from Avinash Singh from Emkay Global.

**Avinash Singh**: Good evening. So of course, on capital raise, you have outlined the growth at the underlying thing. But if I look, I mean, your profitability, also the possible stake sale from our subsidiary Bajaj Housing. And also, the timing in the past at your level when you speculate thing I mean, it looks, I would say, much of in advance or to prudent. So exactly, what kind of a growth, because you have too many questions, including your current Tier 1, so that is such a large capital raise plan at this earlier stage?

And second, on insurance thing, if at all, this regulation assuming it is were to come through, will you remain an open architecture or there will be some kind of a rethinking distributing your own group's product or irrespective of commission regulation, you remain an open architecture? Thanks.

**Rajeev Jain:** Yes. So I'll take the second one first. We'll wait for the final regulations to come to make a decision, is what I would just say. It's a discussion paper. It has to get converted into draft regulations and then regulations. No point in speculating at this point in time is what I would just say to you.

As I said earlier, we are creating multiple scenarios for us as a firm as to how will we navigate while protecting our fees and margin. So that's the only point I would make. We are clear about the medium-term guidance on fees and margins. So that's point number one.

Point number two, your question is principally on capital. As I said, it's principally for growth. As I said, we added close to INR38,500 crores in the quarter itself, 26.5% growth. I'm not changing, I must say to you, the longer-term growth guidance of 23% to 25%.

I think it's important to make that point clear because that's a good number to compound at the levels we are in. In a year, we may grow 27%, in a year, we may grow 23%. But long-term compounding is really what we are principally focused on coming from underlying quality of the business and the margin profile of the business, so just at a philosophical level, to make the point.

The third point, which is important, which I would like to highlight, and we've been covering that in our Investor Day for a long, long time, actually. And I'll break this into two parts, because as you said, we could use it to dilute or do dilution in BHFL rather than raising capital.

One, last 3 years ago, we raised INR10,000 crores Since then, exactly the balance sheet ending this year would have grown double. So in 3 years, we've actually doubled. So I should be rising 20. I'm raising or looking to 17.5, so I think that's point number one. So in absolute, the number may look large, but in terms of previous

raise to balance sheet growth, and during this period, we have continued to deliver if you take core ROE of between 19% and 20% on a 3-year basis. So size or the quantum is actually smaller than what we raised last time around.

We could very well raise part of this, you are right, from BHFL dilution. We have 3 years' time. That's point number one. And we are on track within that timeline. We have to do this.

So this would give BHFL some more time as well to transition their business model closer from super prime and prime to prime and near prime, and allow them to migrate their business, which would be eventually a lot more beneficial to BFL shareholders. Because at the end of the day, we intend to remain 75% holder, we today are 87% holder.

So when we take a longer-term view and look at the transition that BHFL is undergoing at this point in time, we think we want to give them a little more time to repivot the business, which they are very well on track to.

That's why I articulated that some of loans are now INR500-odd crores a month. I think exiting the year, they would be at INR800 crores a month, and should continue to probably get to INR1,300 crores, INR1,400 crores a month sometime by third quarter of next year. That's really how their plan is organized around.

Hopefully, that gives you answer to all the three questions in terms of quantum, one. Two, why not raise through BHFL dilution. And three, last point, leverage. I made the point and then I passed it. We show in our resilient business model that we have historically raised capital, we have kept bringing down the rate at which when do we raise capital, the leverage ratio has kept coming down. We used to raise at 6%. Last raise was at 5.4%. We think from a sustainability of the business model, given the size of the firm, we will probably start to raise at between 5.5%. So we'll lower the corridor from 5.5% to 6% to 5% to 5.5%. We are right now at 5.1%. So that's really the thought process in terms of wanting to raise capital, become more resilient, make the balance sheet really will approve is really the principal objective.

**Avinash Singh:** And on RBI revolver loan, I mean any update? And what would be I mean, based on that amendment described, what would be an exposure of your kind of falling under the definition of revolver?

**Rajeev Jain:** It's a draft, as you're aware, comments have been submitted by everybody. We hope that RBI would find a middle path, which benefits which creates sustainability. On one hand, protects the customer centricity on the other and helps innovation from a way forward standpoint for non-banks. Now that is my expectation, we'll see what it comes out to be.

Let's assume for a moment that RBI decides that is a complete ban. There will be a transient impact on AUM and a marginal compression in NIM and profitability. We will abide by what RBI has to state and work along. We're already launching a set of different variants of term loans on first of November, which do not allow of course withdrawal, but has some more attractive features to ensure that we can find a middle path in the term loan structure.

So that's something that we are looking to launch by first of November as well as the -- so we -- both insurance is, do you like to act as a firm rather than wait. List does is it creates greater diversification and more resilience. Most of it does is it augments growth. So, either way, I would say we are in a better place than just probably wait, is what I would just say. I hope I answered your question.

**Moderator:** Next question is from Abhishek from HSBC. Please go ahead.

**Abhishek:** Congrats for the quarter. So, one question on gold loan. I think one of your peers just said that in this Calendar year, around INR4.5 lakh crores of disbursement have happened to customers who are deeply delinquent, that is 90 DPD plus. What are you seeing if you've looked at this number. Second is our own disburse...

**Rajeev Jain:** Sorry, repeat the number, Abhishek.

**Abhishek:** INR4.7 lakh crores of disbursement. So far in the calendar year in gold loans. So, what are you seeing in your numbers? Are you using this in the overall industry numbers? And are you seeing a progression of your customers into, say, GS2 or even GS3, apart from the INR1,047 crores that you mentioned is short duration, etcetera. So underlying trend, is it worsening? Or are you seeing amount anything of that sort?

**Rajeev Jain:** Okay. So, Abhishek, the right metric is not disbursal in this business. The average book itself is 6, 7 months. I think that's the first point to remember. Disbursal is a vanity number. AUM is the rightful number.

If you ask me the better number from a core underlying growth is tonnage. We actually track tonnage. Is a tonnage growing or not, okay? So that I think the fundamental metric is tonnage, real metric because gold prices go up or down, what is the franchise value is tonnage or growth in tonnage to determine growth in business? Second is AUM. Disbursement doesn't matter. Disbursement is actually quite inconsequential.

Now coming to delay metrics, we don't see any. We are in that sense; this stage 2 movement is a little bit of learning for us. And that's why we've taken the -- what I would call of action that we've taken that this is how the business to be organized, whereas I must say Abhishek, this is for the record that in general, golden line are

not organized this way. They are very comfortable with Stage 2. They wait for things to go into stage 3 and then do auction.

In general, our assessment is that auction is not a rightful metric. Auction is not liked by any constituent is how I would simplify it. So, it's better to manage it through risk rather than manage it through, auction is how we have taken a position to be, and that's how we will build the business out. And we remain committed to continue to grow the business, as I said, organically and using our franchise and using our digital infrastructure.

**Abhishek:** Yes. I guess, Rajeev, the intent was to understand what kind of tonnage or what kind of customers getting the loan? Are they already leveraged somewhere else or so that you don't see any...

**Rajeev Jain:** No, we are not seeing any movement in that metric, the average ticket has remained between INR2.4 lakhs to INR2.5 lakhs. We are not seeing any structural change versus a year ago to today. At this point in time and during this time, gold has dropped off from 5,400 to 4,200, yes. We continue to hold LTV of 75% at this point in time.

**Management**: Inclusive of interest?

**Rajeev Jain**: Inclusive of interest, as Siddhant is clarifying.

**Abhishek:** Got it, got it. Rajeev, the second question is if I look forward into '28, '29, a couple of headwinds to revenues are there, right? I mean, maybe something on the revolver piece insurance piece, maybe even cost of funds wise, do you think you can protect this as the operating profitability level that is through maybe cost or yield? Or do you think you can lean on your credit cost, which is anywhere running below where you're guiding for this year? And that will come in use to protect your ROA. So which part of the ROA do you have more control on?

**Rajeev Jain**: No, I mean. So, one, as management, we are paid to deliver long-term guidance. I think that's why, number one, I must make to you. So far, we are supposed to find answers. I think let me simplify that point. Since COVID, there has been no dull moment. Either credit cost is going up or growth is stronger, our profit is stronger, or ROA is stronger or ROA is weaker.

So, I think there's no dull moment since COVID, we are now used to be – or all management should be used to no dull moment in building business or running businesses. For every action, there's a reaction. For every action, you have to find a strategy. we are committed to find a strategy. We'll hold to our long-term guidance. It may mean acceleration in top line. It may mean marginal slowdown in fee income. It may mean opex growth is slower.

It may mean never say never, loan loss go further down or it could have -- see, we have to deliver the long-term 20% to 25% profit growth to investors in 19% to 21% return on equity. We are reasonably agile as a firm. We will mobilize to deliver that. As long-term shareholders, you have to just wait for a little bit of time if action is very significant. It's all I would just say, you may say I'm talking philosophy. I'm not talking philosophy. I have the run the firm for 20 years, so trust me. I know what I'm saying…

**Abhishek:** Yes, of course. Thanks for answering and all the best for the future. Thank you.

**Moderator:** Thank you. Next question is from the line of Shreya Shivani from Nomura. Please go ahead.

**Shreya Shivani:** Yes. Thank you for the opportunity. I have just one question. It is on your rural book, both consumer finance and personal loan. Now the portfolio quality on the Slide 59, 60. I don't think there's a very dramatic change for September, a little bit of uptake in Stage 2 for rural consumer finance and a sequentially.

But any color around what is our thought process going into the second half for our customers from the deeper pockets given that we've heard some noise around droughts in certain states, etcetera. How are we thinking about disbursals in these segments? Probably geographies. Any color on that would be useful. Thank you.

**Rajeev Jain:** It's a fair question. We've been watching the LNO movement. We've been tracking all the 720 districts. We are aware of the districts across the country where drought is declared. We've been pruning business, watching the monsoon movement now for the last 3 months, 4 months. This includes reduction in MFI business in some of the districts.

It includes a reduction in business in our B2B business, not only rural, even urban because to us, urban is 500-plus cities anything after 125 cities, I would say to use rural at 1 level. At a fundamental level, if I make the point. So, actions have been -- wherever MOB starts to move, which means it starts to reflect the underlying pressure point we act. So, actions have been taken.

As I said, nodal moment. You see all this. Don't believe it's in cruise mode. We've been pruning back, as I said earlier, that we've taken a proactive call that CPL will drop from where it is today at 7% in terms of origination to half business in some business, zero where I have no margin will be zero is the decision management has made and we are going about it.

And we still think, given our relative size of the retail our total business in India, we can still continue to grow comfortably. So, we have acted. At this juncture, it does seem Maharashtra is probably most impacted. And Maharashtra is very large for every lender, whichever part of the business you take given the -- just the share

per capita and the GDP contribution to the country. There are certain parts which are more effective than otherwise.

We have acted in some, we are acting in some. We are continuing to take a whole host of actions to manage the prune business and navigate through that.

**Shreya Shivani:** Right. And 26%, 27%, would loan growth…

**Rajeev Jain:** Sorry, sorry. Thankfully, I would say it's still better than what we were originally estimated for months to that, I would just say it covered ground. June till June is looking much worse, quite honestly. So, coming in at 87% LPA is a much better number than it seemed as a 30-year biggest LNO. So, it's much better than it was expected to be. But some districts are much more affected than we would have liked them to be. Sorry, you had a point.

**Shreya Shivani:** Yes, I was just saying 26%, 27% loan growth guidance is inclusive of all these calibrations that you have already made and are planning to make?

**Rajeev Jain:** Yes.

**Shreya Shivani:** Thank you and all the best.

**Rajeev Jain:** Thank you.

**Moderator:** Thank you very much. Ladies and gentlemen, we'll take that as the last question. I will now hand the conference over to Mr. Rajeev Jain for closing comments.

**Rajeev Jain**: Yes, no. Thank you. Good night and talk soon at the end of Q3. Thank you. Thank you all. Thank you for patiently listening. Thank you for your question. Thank you.

**Moderator**: Thank you very much. On behalf of Bajaj Finance team, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.