

Harmonising Sustainability with Growth





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About the cover

The Company has taken a resolute approach to environmental sustainability and has balanced its business objectives with sustainable practices. The Company is focused to create an environment of growth which positively impacts the society and the planet. Sustainability and responsibility towards the society has been one of the core areas of focus for the Company over the course of its journey.



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About the Report¹

Reporting Boundary

Bajaj Housing Finance Limited ('BHFL', 'Bajaj Housing Finance', 'the Company') presents its Environmental, Social and Governance (ESG) Report. This Report provides insights on the ESG processes followed by the Company as it endeavors to deliver on the principles of responsible business conduct. The ESG Report primarily provides a holistic view of the key initiatives undertaken by the Company, driven by the triple bottom line attributes viz. environmental, social, and economic impact. The Report also narrates initiatives undertaken by BHFL towards ESG aspects. The Company has also published its Business Responsibility and Sustainability Report (BRSR) for FY2025 which forms part of its Annual Report.

¹GRI 2-2, 2-3

Reporting Period

1 April 2024 to 31 March 2025 (FY2025)

Frequency

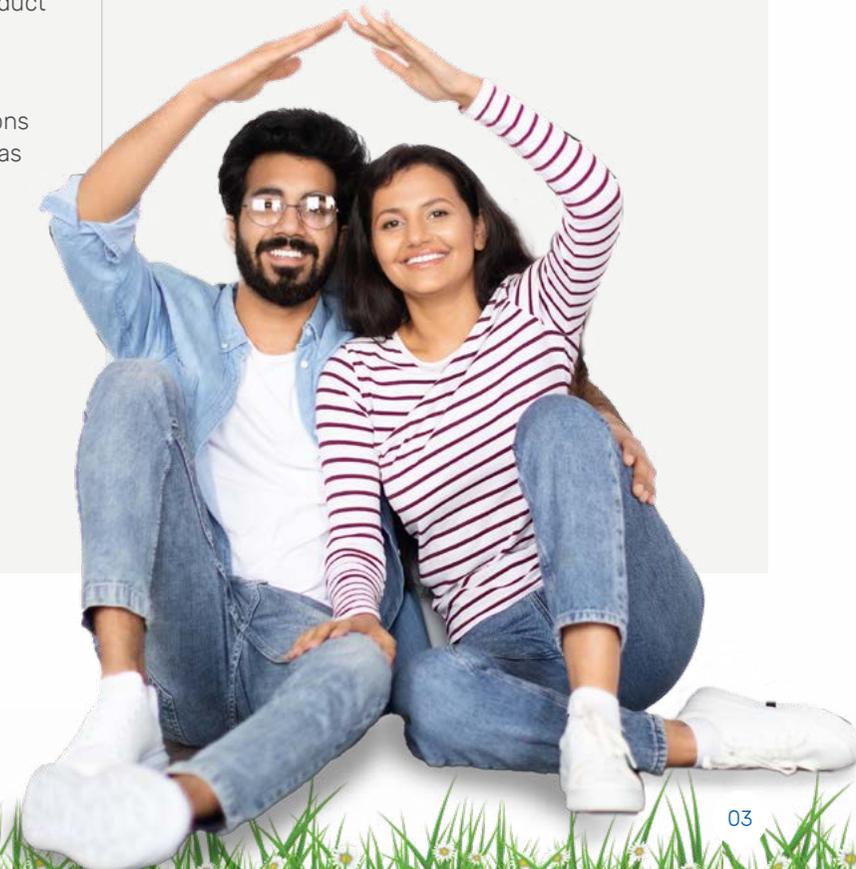
Annual

Standards Used

- National Guidelines on Responsible Business Conduct (NGRBCs)
- Business Responsibility and Sustainability Report (BRSR) requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

ESG Philosophy

The ESG philosophy of BHFL aims at adopting sustainable business practices that ensure long term success and have a positive impact on the environment and society. BHFL continuously strives to promote long term sustainable growth in the economy through business initiatives and responsible corporate citizenship.



About Bajaj Housing Finance Limited²

Bajaj Housing Finance Ltd., a subsidiary of Bajaj Finance Limited (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 and categorised as Upper Layer NBFC (NBFC-UL) under Scale Based Regulations (SBR) by the Reserve Bank of India. BHFL started its lending operations from July 2017.

The Company got listed on the equity segment of the National Stock Exchange and BSE with its IPO in September 2024. BHFL is the largest non-deposit taking HFC offering full suite of mortgage products spanning across:



Home Loans

- Self-Employed and Professional Prime Home Loans
- Salaried Prime Home Loans
- Near Prime and Affordable Home Loans



Loans Against Property

- Salaried Loan Against Property
- Self Employed and Professionals Loan Against Property



Lease Rental Discounting

- Commercial Lease Rental Discounting
- Retail Lease Rental Discounting



Developer Financing

- Residential Construction Finance
- Commercial Construction Finance



Others

- Non- collateralised loans



²GRI 2-1

Key Highlights - FY2025

Scalability

Loan Assets

₹ 99,513 Cr

AUM YoY Growth

26%

Assets Under Management (AUM)

₹ 1,14,684 Cr

Geographical Coverage

19/3 States/ UTs

216 Branches

174 Locations

Profitability

PBT

₹ 2,770 Cr

Opex to NTI

20.8%

PAT

₹ 2,163 Cr

RoA

2.42%*

RoE

13.44%*

Asset Quality and Adequacy

GNPA

0.29%

Credit Cost

0.09%*

NNPA

0.11%

CRAR

28.24%*

PBC

63.28%*

*annualised



Strategic Differentiators:

Scalable Balance Sheet

Focus on building scalable balance sheet through Prime Housing and Lease Rental Discounting as scale builders

Full Mortgage Product Suite

Offering all mortgage products to all customer segments across all transaction types and sub-segments (Prime and Non-prime)

Low Risk Business Model

Robust underwriting and risk management delivering low risk

Diversified Borrowing Mix

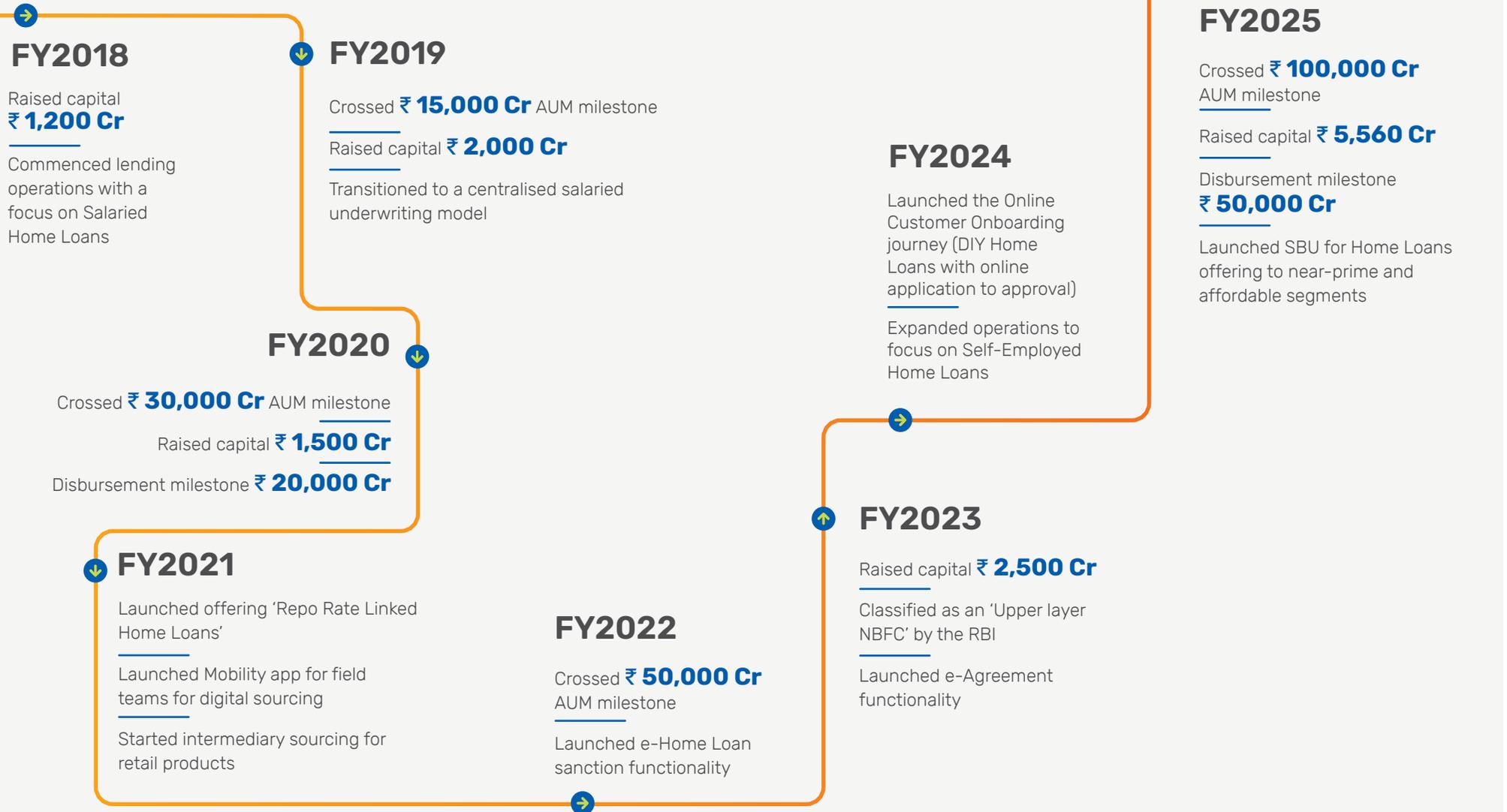
Diversified borrowings mix between Banks : Money market : NHB with focus on enhancing floating rate borrowing

Deliver Medium Return

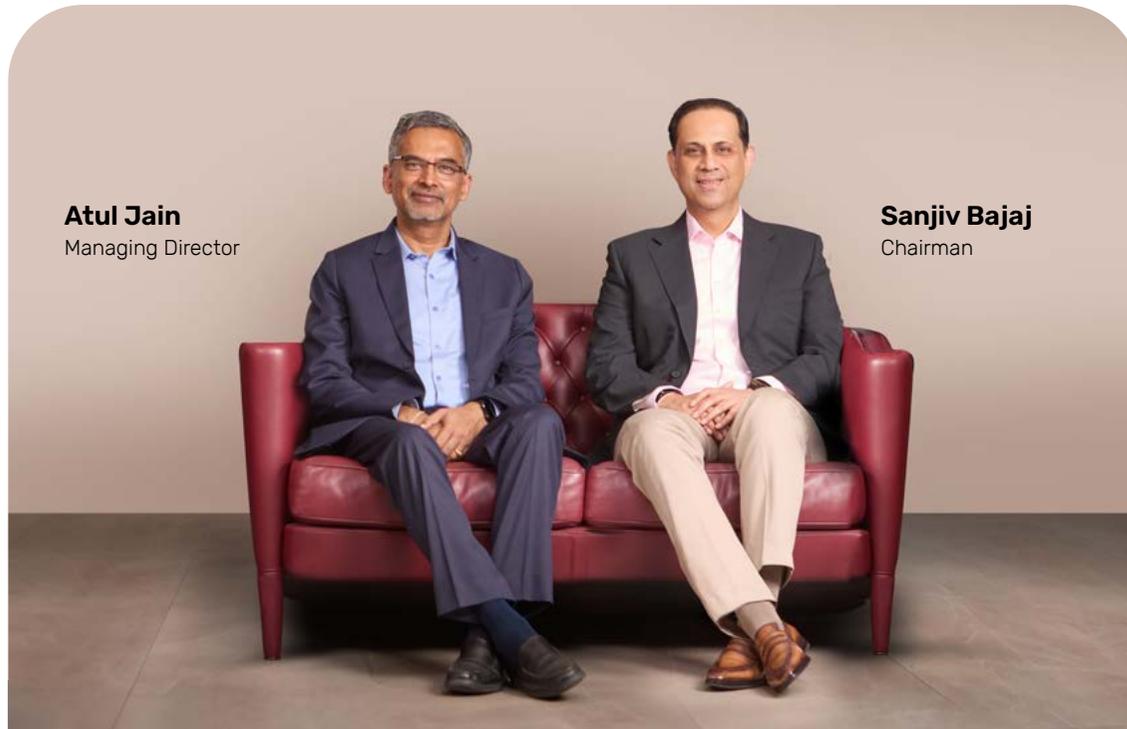
Balanced portfolio mix between operating businesses and sub-segments delivering medium return



Journey at a Glance:



Message from the Chairman and Managing Director³



Atul Jain
Managing Director

Sanjiv Bajaj
Chairman

“ A significant number of sustainability initiatives are intertwined with our business. We believe we can make the biggest impact by working with our customers to improve inclusion and address the financial challenges of society ”

The past year was one of transformation-led growth for Bajaj Housing Finance Limited (BHFL).

From our debut on the stock exchanges, crossing a milestone of ₹ 1 Lakh crore in AUM and digital initiatives, to new product lines and geographies, FY2025 is scripted as a compelling story in our corporate journey.

As a young company still laying the foundation of its sustainability initiatives, we have been steadily building an ESG focus into our businesses and preparing for the long haul. Our sustainability initiatives create value for communities and the environment, just as we do for our stakeholders.

FY2025 saw us empowering our customers across 174 locations, enabling them to buy or invest in a house - a symbol of stability, financial resilience, and an essential aspect of long-term sustainability.

Harmonising Growth with Sustainability

A significant number of sustainability initiatives are intertwined with our business. We believe we can make the biggest impact by working with our customers to improve inclusion and address the financial challenges of society.

Housing finance companies account for around 25% for housing loans as compared to around 75% by banks in India, dominated by public sector banks. This tells us that there is enough opportunity. As people continue to migrate to urban centres in search of employment opportunities, the demand for housing in metropolitan regions and peripheral areas has surged.

Given this, in FY2025, amid a historic equity capital market listing and achievement of an AUM milestone, we decided to set foot into the near prime and affordable housing segment. By doing so, we seek to meet the needs of underserved communities for whom an owned house has been a distant dream. A Special Business Unit (SBU) has been incubated during the year to offer home loans to near prime and affordable customer segments.

³GRI 2-14, 2-22

Digitalisation to Improve Green Initiatives

Digitalisation is reshaping customer experience while also having a positive impact on the environment. FY2025 saw significant effort by the Company on the digital front, through initiatives such as e-agreements, e-sanction letters including Key Fact Statements (KFS), video discussions and e-KYC. These steps help improve transparency and turnaround time.

It has enabled us to reduce paper consumption by approximately 15 lakh sheets, saving almost 180 trees. The Company planted over 10,000 saplings during the year, in addition to adopting an Environmental policy.

Customer-Oriented Mindset

Customers are at the core of our business philosophy at BHFL. To improve customer awareness in FY2025, we offered the Key Fact Statement (KFS) in seven different languages. While digitalisation enhanced customer experience and provided higher transparency, the Do It Yourself (DIY) home loan application improved the onboarding journey. Our App and portal empowered customers to download documents related to their loans and choose various payment options.

To safeguard customers in the face of growing cyber risk, our dedicated information security, cyber risk and fraud control unit continued to strengthen the IT governance structure. Several social media campaigns such as #SatarkSaturday and #ScamSeSafe were rolled out to spread awareness among customers about possible online frauds.

Making a Difference to Communities Around Us

In FY2025, the Company contributed over ₹ 31.76 crore as part of corporate social responsibility (CSR) towards meeting the pressing needs of society. Our programmes, driven under our Group's CSR initiative Bajaj Beyond, were largely in the areas of skilling, child education, child health, child protection and inclusion of Persons with Disabilities.

Through our flagship Certificate Programme in Banking, Finance, and Insurance (CPBFI), we collaborated with colleges and training partners to equip young graduates with the skills needed to make their mark in their first jobs. Several skilling initiatives empowered women, enabling them to be economically independent. More on this in the report.

Maintaining Robust Corporate Governance

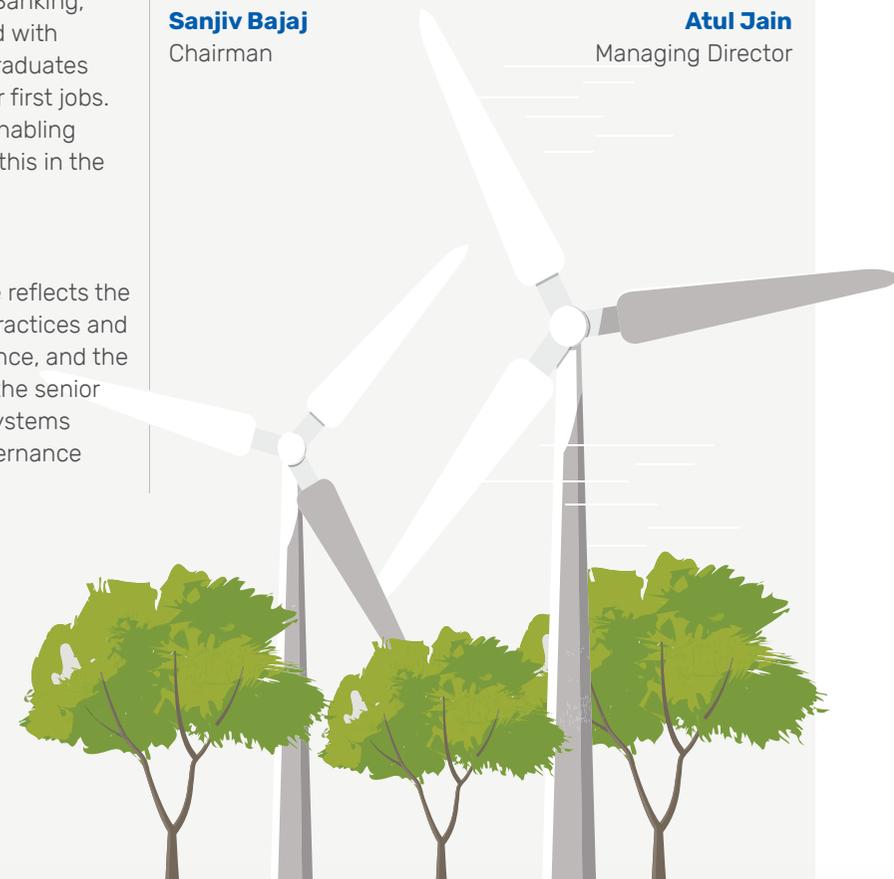
Corporate Governance at Bajaj Housing Finance reflects the high standards of disclosure, ethical business practices and transparency at our parent company, Bajaj Finance, and the holding company, Bajaj Finserv. The Board and the senior management regularly review internal control systems to align with the principles of our corporate governance framework.

In Closing

As we move forward, we are excited about the future. We invite you to read on to learn more about how our business is anchored in sustainability and how this makes life better for all. We thank our customers, employees and stakeholders for partnering us in our journey.

Sanjiv Bajaj
Chairman

Atul Jain
Managing Director



Key ESG Highlights

Corporate Governance

- 16** BOARD LEADERSHIP AND EFFECTIVENESS: Board empowered ESG Committee led by Managing Director and consisting of Senior Management.
- 12** INTEGRAL TO BUSINESS OPERATIONS and **10** GOVERNANCE: Board approved Responsible and Sustainable Business Conduct Policy consisting the essence of ESG and NGBRCs.
- 9** ENVIRONMENTAL RESPONSIBILITY and **10** GOVERNANCE: Comprehensive risk management framework across the organisation and across all risks, including ESG related risks.
- 8** ECONOMIC RESILIENCE AND **10** GOVERNANCE: Voluntary constitution of a Customer Service Committee of the Board, to strengthen the customer experience, engagement, and monitoring process.
- 16** BOARD LEADERSHIP AND EFFECTIVENESS: Robust internal controls system across all processes, units, and functions, driven by various well-formulated procedures and policies.
- 16** BOARD LEADERSHIP AND EFFECTIVENESS: Dedicated compliance function headed by a Chief Compliance Officer (CCO), which acts as second line of defense.
- 8** ECONOMIC RESILIENCE: Strong governance model for debt management services' practices.
- 16** BOARD LEADERSHIP AND EFFECTIVENESS: Code of Ethics and Personal Conduct for employees.
- 10** GOVERNANCE: Policy for Compensation of Key Managerial Personnel (KMP) and Senior Management contains provisions regarding deferral of variable pay as well as principles of malus and claw back provision.
- 12** INTEGRAL TO BUSINESS OPERATIONS: Annual review of policies by Board to ensure consistency with the regulatory/ operational changes.
- 16** BOARD LEADERSHIP AND EFFECTIVENESS: A comprehensive Tax Governance framework.

Financial Inclusion

Expanding customer segmentation to complete the mortgage offerings to retail customers across Prime, Near Prime and Affordable segments.

Preserving and Protecting the Environment

- 12** INTEGRAL TO BUSINESS OPERATIONS and **13** ENVIRONMENTAL RESPONSIBILITY: Adoption of Environmental policy.
- 9** ENVIRONMENTAL RESPONSIBILITY, **12** INTEGRAL TO BUSINESS OPERATIONS, and **13** ENVIRONMENTAL RESPONSIBILITY: Green initiative with a continuous focus on reducing consumption of papers through digital initiatives like e-agreements, e-sanction letters including Key Fact Statements (KFS), e-KYC etc.
- 12** INTEGRAL TO BUSINESS OPERATIONS and **13** ENVIRONMENTAL RESPONSIBILITY: Reduced consumption by around **15 lakh** paper sheets, saving approximately **180 trees** (1 tree = 8,333 sheets of paper).
- 13** ENVIRONMENTAL RESPONSIBILITY and **15** LIFE: Under its tree plantation drive, the Company planted over **10,000** saplings during the year.



Empowering Society

In FY2025, **25** projects were implemented with a CSR Spend of **31.76 crore** – towards areas of Skilling, Child Education, Child Health, Child Protection, and Inclusion for Persons with Disabilities.

- 1** PEOPLE, **8** ECONOMIC RESILIENCE, and **10** GOVERNANCE: **17,220** benefited through skilling through grant making programs
- 3** GOOD HEALTH AND WELL-BEING: **1,806** were supported through Health interventions
- 4** QUALITY EDUCATION: **20,857** benefited from Education related initiatives.
- 8** ECONOMIC RESILIENCE and **10** GOVERNANCE: **336** persons with disabilities were supported



Customer Obsession

- 10** **Customer Satisfaction** Key Fact Statement (KFS) offered to all customers across Home Loans and Loan Against Property are made available in seven different languages.
- 9** **Value Innovation** **16** **Quality Management** Digitalisation of various processes to improve customer experience and provided higher transparency.
- 9** **Value Innovation** **16** **Quality Management** Digital initiatives like video personal discussion, e-sanction and NESL Aadhar based e-agreement, use of account aggregators which facilitates quicker and transparent sanction and disbursement.
- 8** **Good Business Opportunities** **10** **Customer Satisfaction** Introduction of Do it Yourself (DIY) home loan application to transform customer onboarding journey and experience.
- 1** **People** **8** **Good Business Opportunities** Providing options to customers to download statements, interest certificates, NOC, loan agreement as well as increase EMI or reduce tenor.
- 1** **People** **8** **Good Business Opportunities** Customer portal and mobile app allowing customers to have flexible payment options be it advance EMI, part pre-payment, etc.
- 12** **Community Development** **13** **Good Jobs** Conducted various consumer awareness campaigns and educational videos.
- 4** **Good Jobs** **16** **Quality Management** **Service-related Campaigns**
 #ServiceAtYourFingertips
 Managing Mandates
 National Tech Day
 ITR Benefits
 Get Set Home
- Fraud and Cyber Awareness Campaigns**
 #SatarkSaturday
 #ScamSeSafe
 April Fool's Day
 World Password Day

Human Capital Management

- 5** **Gender Equality** **10** **Customer Satisfaction** Equal employment opportunities and nurturing diversity amongst employees.
- 5** **Gender Equality** **16** **Quality Management** Gender-Neutral Prevention of Sexual Harassment (POSH) Policy in place to ensure harassment free workplace.
- 3** **Good Jobs** **5** **Gender Equality** Introduction of Spectrum policy - providing several benefits to women employees relating to safety, flexible working hours, preferential transfer policy, maternity-linked benefits, crèche benefits, etc.
- 1** **People** **3** **Good Jobs** Emergency financial assistance to employees through **'i-Care programme'**
- 4** **Good Jobs** **100%** employee participation in at least one of the functional/skill upgradation trainings.

Information Security, Cyber Security and Fraud Controls

- 9** **Information Security** **16** **Quality Management** Information Technology Strategy Committee' consisting of Board members and Senior management. Well-established information security framework, cyber security policy, data privacy policy and Business Continuity Policy (BCP).
- 9** **Information Security** **16** **Quality Management** Dedicated information security, cyber risk, and fraud control unit.
- 9** **Information Security** **16** **Quality Management** Robust Data Loss Prevention (DLP) solutions.

- 9** **Information Security** **16** **Quality Management** Data security and information technology security systems compliant with ISO 27001:2022.
- 9** **Information Security** **16** **Quality Management** Regular internal security audits, vulnerability assessments and penetration testing of its systems, products and practices affecting user data, in compliance with ISO 27001 standards.
- 9** **Information Security** Strong IT governance structure.
- 16** **Quality Management** Robust framework/policy on fraud risk management in place, along with a pro-active fraud detection process.
- 16** **Quality Management** Dedicated Information Security function headed by Chief Information Security Officer.

Stakeholders' Engagement

- 16** **Quality Management** Strive to provide high standards of business information disclosure amongst financial services companies in India.
- 12** **Community Development** Adoption of Supplier's Code of Conduct
- 16** **Quality Management** **17** **Partnerships** Conducting ESG awareness campaigns for our stakeholders to encourage them for upholding the ESG values, and principles in their dealings.
- 17** **Partnerships** Participation in regional conferences, customer awareness townhalls and outreach programmes.
- 16** **Quality Management** Well-crafted Stakeholders Relationship Committee in place to review the grievances of shareholders and debenture holders of the Company.



Awards and Recognition

BHFL was awarded under the Enterprise Applications category for **BFSI Technology Awards 2024** by Express Computers, The Indian Express Group.



Our Focus Areas

The ambit of ESG is wide and evolving. In our Responsible and Sustainable Business Conduct policy, following areas of focus are identified which are aligned with NGBRCs as well as our NBFC business model.

To achieve our ESG objectives and have a greater impact, we are concentrating our efforts on these identified areas:

Corporate Governance

Conduct and govern business with integrity in a manner that is ethical, transparent, and accountable.



Financial Inclusion

Provide access to relevant and affordable financial products and services that meet the needs of larger society.



Preserving and Protecting Environment

Strive to adopt environmental practices and processes that minimize /eliminate the adverse impact on environment due to company operations.



Empowering Society

Promote social welfare activities for inclusive growth, equitable development, and well-being of society.



Customer Obsession

Innovate/invest in products, technologies and processes that enhance customer experience and promote professional, fair and transparent dealings.



Human Capital Management

Create a thriving, safe and inclusive workplace for employees and provide merit-based opportunities for professional development and growth.



Stakeholders' Engagement

Engage with relevant stakeholders for enhancing the sustainable and responsible business practices.



Information Security, Cyber Security and Fraud Controls

Adopt robust information security, cyber security, and fraud control practices.





Governance



Corporate Governance

The Corporate Governance philosophy of BHFL is built on a foundation of integrity, ethical business practices, transparency, and trust in dealing with all stakeholders to achieve the Company's vision and objectives.

A. Steering Growth through Robust Corporate Governance

As a part of the Bajaj Group, we are deeply ingrained with its nationalist ethos. The Group's commitment to stringent corporate governance predates the mandates of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and other applicable laws.

We are committed to integrating the values of Bajaj Group and contemporary business practices into our operations. BHFL embodies the values of ethics, transparency, accountability, and responsible business conduct. These values are diligently upheld in our day-to-day operations. Our corporate governance aligns with transparent disclosures about our performance and business, in strict adherence to all regulatory guidelines.



B. Board of Directors⁴

The Board comprises members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company. The Directors are persons of eminence in areas such as profession, business, industry, finance, law, administration, research, banking, etc. and bring with them experience/ skills which further contribute to enhance the performance of the Board. The Directors are selected purely based on merit with no discrimination on race, color, religion, gender, or nationality. The eminent Directors play a pivotal role in driving our success with their field expertise, adding value to the Board's performance.

In compliance with SEBI Listing Regulations, the Company has '**Board Diversity Policy**' in place. The Board, via the Nomination and Remuneration Committee, upholds the Board Diversity policy. Directors are chosen on merit without any discrimination to serve the Company's governance and strategic needs.

⁴GRI 2-17, 2-19, 2-20

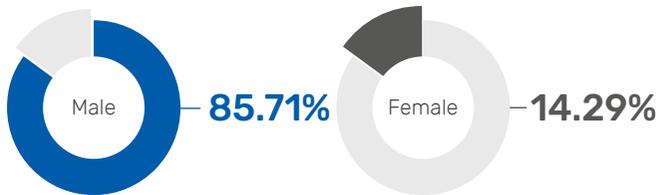


Board of Directors Composition as on 31 March 2025:

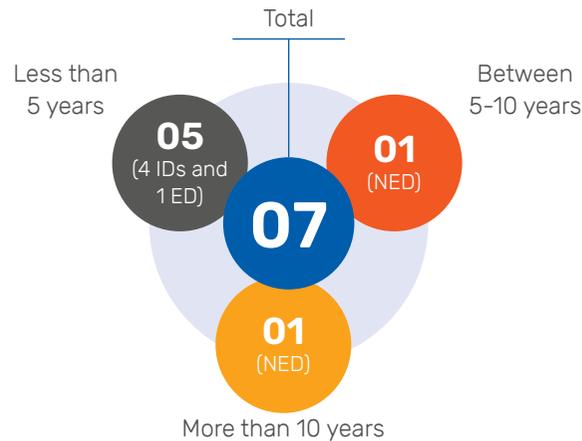
Particulars	Male	Female
Executive Directors	1	0
Non-Executive Directors (Non-Independent)*	2	0
Non-Executive Directors (Independent)	3	1
Total	6	1

*Includes Chairman of the Board

Board Diversity %



Average Tenure of Board of Directors:



Experience/expertise of Board of Directors:

As stipulated under Schedule V to the SEBI Listing Regulations, core skills/ expertise/ competencies as required in the context of the business and sector for it to function effectively and those available with the Board have been identified by the Board of Directors. The chart/ matrix of such core skills/ expertise/ competencies, along with the count of directors who possess such skills is given below:



Role of Key Committees:

Audit Committee

Oversees the Company’s financial reporting process and disclosure of financial information, reviews Related Party Transactions

Stakeholders Relationship Committee

Oversees General Meetings, addresses shareholder and investor grievances, and ensures timely servicing of interest and principal payment to debenture holders

Nomination & Remuneration Committee

Approves perks and performance related pay for executive below Board level, and manages positions and promotions for Senior Management Personnel

IT Strategy Committee

Ensuring accountability, effectiveness and efficiency of IT Governance and Information Security Governance structure

CSR Committee

Formulates and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken

Risk Management Committee

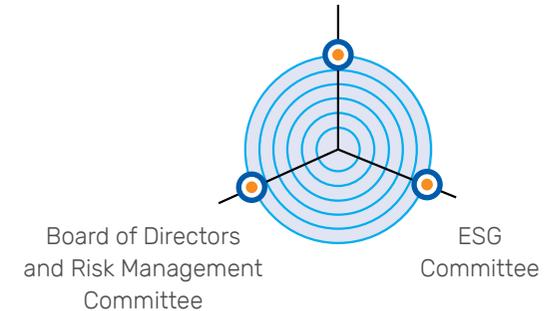
Reviews the risk management process involving risk assessment and minimisation procedure

ESG Committee

Responsible for driving Company’s ESG agenda and providing strategic direction, considering relevant risks and opportunities

ESG Governance Structure

Dedicated ESG team working under the guidance of Chief Financial Officer



C. Board’s ESG Oversight⁵

The Company has Board approved ESG committee of the Management, led by Managing Director, comprising key stakeholders including the Chief Financial Officer, and Heads of Compliance, Operations, Information Technology, Risk, Human Resource, Corporate Secretarial for implementing and monitoring ESG-related aspects.

The Risk Management Committee and the Board of the Company reviews ESG matters and are provided with updates on progress made on various ESG related initiatives at the Company.

The Board of Directors and the Risk Management Committee are apprised of the Company’s sustainability approach, targets, and key initiatives periodically.

We have devised a Responsible and Sustainable Business Conduct Policy and an Environmental Policy framework to align our ESG goals and strategy with ESG standards and guidelines as per relevant applicable laws. ESG Committee meeting held during the year and a presentation was made on overall ESG strategy and initiatives.



⁵GRI 2-14

D. Committing to Ethical Integrity⁶

A pillar of our corporate governance philosophy is our focus on ethics. The Board-approved Code of Ethics and Personal Conduct (CoEPC) encompasses a culture of good work and integrity norms. This code articulates the standards of professional conduct and ethics, we expect our employees to imbibe and guide them to adopt practices that promote anti-bribery, anti-money laundering, insider trading, discrimination, confidentiality of information, conflict of interest, whistle blower, environment, health, and safety among other aspects linked to ethics.

The Company has mechanisms in place to ensure effective implementation of its Code of Ethics and Personal Conduct. The comprehensive code includes provisions for Disciplinary Action Policy and Whistle-blower Policy, allowing directors, employees, business/vendor partners, and other stakeholders to report grievances, including harassment, fraud, unethical behavior, and process/policy violations to designated personnel in the Company. Our Disciplinary Action Committee (DAC), periodically reports significant incidents to the Managing Director (MD) and the Audit Committee, ensuring continuous monitoring of ethical behavior.

Key components of our CoEPC include a commitment to health, safety, and the environment, alongside a focus to comply with environmental regulations and standards applicable to its operations to minimize environmental pollution and to contribute to environmental protection.

Employee performance appraisal systems integrate compliance with Code of Conduct. Disciplinary actions taken on employees during the financial year impacts performance evaluation/rating of an employee. In FY2025, over 2000 employees were provided with training on CoEPC, a 100% coverage.

Ethical Conduct for Board of Directors and Leadership

BHFL has a separate Code of Conduct (CoC) for Directors and Senior Management. The CoC mandates that our top leadership shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgement.

All the Board members and Senior Management personnel have affirmed compliance with the Code for the year ended 31 March 2025. A declaration to this effect signed by the Managing Director forms a part of the Annual Report.

Zero Tolerance for Unethical Practices

- Zero-tolerance stance towards unethical business practices ensuring compliance of the CoEPC with respect to anti-bribery, conflict of interest, fraudulent activities, and the protection of Company assets and information, including customer data.
- Comprehensive policies addressing Code of Conduct, Prevention of Insider Trading, Prevention of Money Laundering, Prevention of Sexual Harassment at the Workplace, and the handling of Related Party Transactions.
- Board-approved “Know Your Customer” policy to ensure the effective establishment and implementation of Company culture opposing money laundering and terrorism financing. The same is based on RBI guidelines and in conformity with the Prevention of Money Laundering Act, 2002 (PMLA) and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (PML Rules) and UIDAI Guidelines.

Further, the said policy includes:

Customer due diligence (CDD)	Non-face-to-face CDD	Terrorist financing
Politically exposed persons (PEPs)	Senior management to sign off PEP customers	Record keeping for all anti-money-laundering/terrorism financing-related documents
Independent evaluation of the compliance functions of BHFL policies and procedures	Concurrent/Internal Audit system to verify the compliance with KYC/AML policies and procedures.	

- More than 2000 employees completed KYC training, a 100% coverage.
- Complete adherence to the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI). According to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, a Board-approved Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons laid down in connection to deal with our securities and that of our Promoter Companies. The Designated Persons and Insiders are informed about the contents of the Code from time to time and their trades are monitored continuously.
- Ensuring safeguard of employees against victimisation for reporting insider trading. The Board views any non-compliance seriously and initiates action commensurate with proven violations.

⁶GRI 2-15

E. Imbued with a Culture of Transparency⁷

- BHFL believes in adherence to transparency and fairness in dealings with customers in letter as well as in spirit. We ensure that none of our products withhold any relevant information needed by the customers to make informed choices. We provide Key Fact Statement (KFS) in the standardised format to all the borrowers availing retail or MSME term loan products before executing the loan contract. Along with other relevant details, it includes computation sheet of annual percentage rate, and the amortization schedule. Information relating to products is disclosed as per the regulatory requirements, and the same is available on the website of the Company at www.bajajhousingfinance.in.
- With our focus on transparency, we pursue a transparent and detailed communication protocol with stakeholders. This includes investor presentations, quarterly and event-based updates to stakeholders, publishing of earnings call transcripts, prompt dissemination of price-sensitive information, and updates on the half-yearly performance of the Company.
- We are focused on ensuring symmetry of information in line with the principles of fair and uniform disclosures. After the end of each quarter, the Company voluntarily provides provisional key financial metrics of that quarter to the stock exchanges within four days from end of the quarter.

- The senior management at BHFL conducts open Townhall sessions, as forums to engage with all employees to share the financial performance of the Company, updates on business, as well as new initiatives undertaken in HR, operations, and technology, amongst other things. Employees can also make suggestions, raise concerns, and seek direct responses from the senior management on any queries/concerns.
- BHFL respects its employee's opinion, views and involvement or contribution towards political affairs party or candidate of their choice. However, employees need to be completely apolitical and not indulge in any political activities such as canvassing for any party/position/person while at work or within the Company premises.
- No BHFL funds or any other asset may be used for political purposes. All corporate contributions to political candidates for public office must be made in strict compliance with governing law and with the prior approval of the Managing Director. The same is explicitly covered in our CoEPC.
- During the FY2025, BHFL did not make any contributions to and for political campaigns, political organisations and lobbying organisations.

F. Accountable Empowerment in Governance

At BHFL, empowerment and accountability go hand-in-hand. BHFL upholds the spirit of accountability. The Company is managed by competent and qualified professionals, while being proficiently overseen by Board of Directors.

Periodically, we benchmark the remuneration of senior management with appropriate peers, and remunerate them through a mix of fixed pay, annual variable payout, and long-term incentive in the form of stock options. Policy for Compensation of Key Managerial Personnel (KMP) and Senior Management also contains provisions regarding deferral of variable pay as well as principles of malus and claw back provision. All practices at BHFL maintain high standards of governance, which in certain cases extends beyond legal requirements.



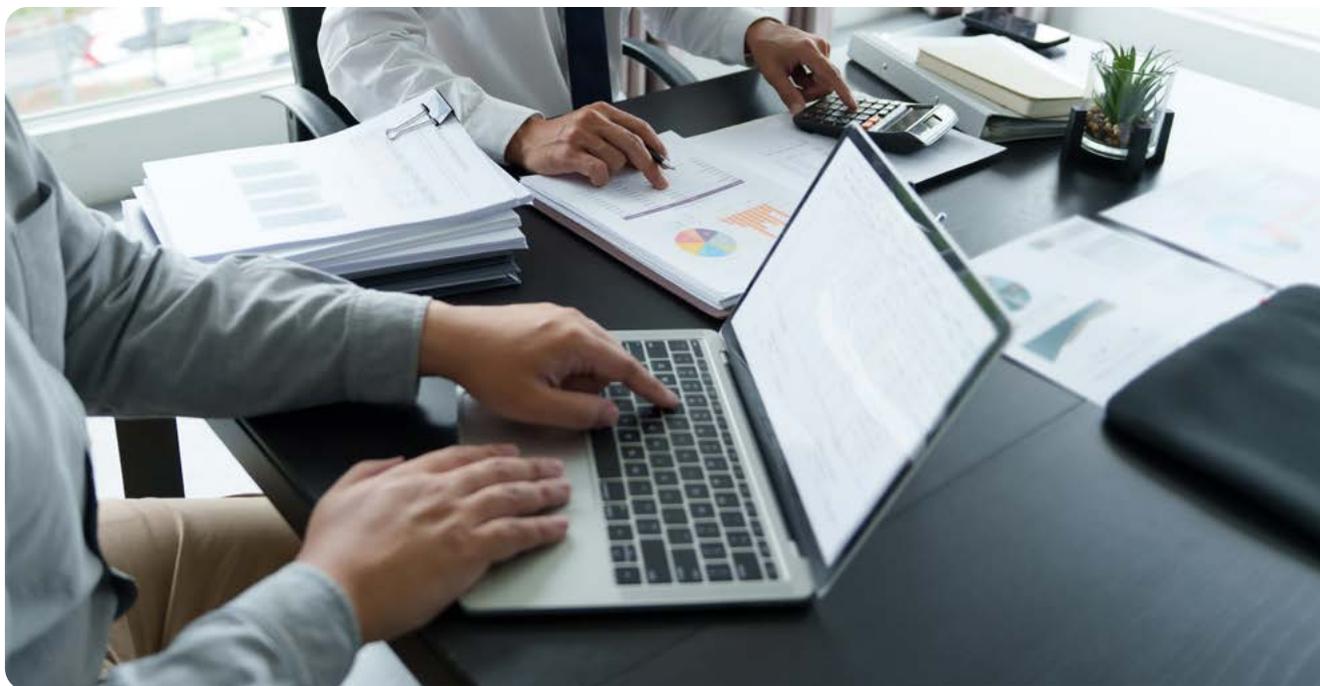
G. Initiatives and Practices⁸

- Voluntarily constituted a Customer Service Committee of the Board headed by an Independent Director, to strengthen the customer experience, engagement, and monitoring process.
- Number of Board and Committee meetings are more than the statutory requirement, including meetings dedicated for discussing strategy, operating plans, and risks.
- Company's board comprises of more directors than statutory requirements.
- Board comprises of Directors from diverse backgrounds and substantial experience, who can provide appropriate guidance to the executive management as required.
- Panel of independent directors with outstanding track records and reputation.
- Board and Company's Audit Committee comprises of majority of Independent Directors. All the major Committees are chaired by Independent Directors.
- Independent discussions by BHFL's respective Committees with Chief Internal Auditor, Chief Risk Officer, and Chief Compliance Officer without presence of Managing Director (including other members of senior management) on a quarterly basis.
- Separate meeting of independent directors without presence of Non-Independent Directors or executive management. Half-yearly communication from the Chairman to all shareholders/debenture holders of

the Company giving an update on the Company's performance.

- Pre-Committee meetings of the Committee's Chair with statutory auditors, internal auditor, Chief Risk Officer, Chief – Information Technology, and members of executive management who are the process owners.
- Complete and detailed information is provided to Board members in advance to enable them to review all matters carefully for meaningful discussions.
- Inclusion of sustainability (particularly, ESG-related risks) assessment and risk minimisation procedures in the risk management policy of the Company.

- Confidential Board evaluation process, where each Board member evaluates the performance of every Director, Committees of the Board, the Chairman of the Board, as well as the Board.
- Company through its familiarisation programme, endeavours to keep the Board including Independent Directors abreast with matters relating to the industry in which Company operates, its business model, risk metrics, its mitigation and management, governing regulations, ESG, information technology including cyber security, their roles, rights and responsibilities and major developments and updates on the Company, etc.



- Adoption of key governance policies in line with the best practices, which are made available to stakeholders for viewing from the Company’s website: [Policies and Documents](#)

These include⁹:

 Vigil Mechanism/ Whistle Blower Policy	 Policy on Materiality of and Dealing with Related Party Transactions	 Dividend Distribution Policy	 Policy on Prevention of Sexual Harassment at Workplace	 Fair Practices Code in English and all vernacular languages
 Employee Charter on Human rights	 Remuneration Policy	 Data Privacy Policy	 Responsible and Sustainable Business Conduct Policy	 Code of Ethics and Personal Conduct

- Board-approved policies are reviewed every year to ensure consistency with the regulatory/ operational changes. Further, all the policies (excluding board approved policies) are reviewed periodically or on a need basis by department heads, business heads, senior management personnel/ respective committees and placed before the Board of Directors as and when required. During this assessment, the efficacy of these policies is also reviewed and necessary changes to policies and procedures are implemented.

Full details of the Company’s Corporate Governance practices and procedures are presented separately in the Corporate Governance section of the Annual Report.

H. Tax Strategy and Governance¹⁰

BHFL is committed to comply with existing laws and regulations and have a policy of zero tolerance to non-compliance. BHFL endeavors to undertake all statutory tax compliances in all jurisdictions/states it operates within prescribed timelines. Technologies have been deployed to track the compliances within the timeframe provided with suitable escalations and reviews.

Through adoption of the Tax Governance framework, our approach to tax and governance processes is designed to achieve these goals. We manage our tax affairs taking into consideration building long term shareholder value and to maintain our reputation as a responsible taxpayer with tax authorities and regulators.



⁹GRI 2-23, 2-24

¹⁰GRI 207-1, 207-2

Risk Governance, Management Process and Culture¹¹

Risk Governance:

BHFL is exposed to various risks including major risks like credit, liquidity, market, operational, and interest rate risk. It continues to invest in talent, processes, and emerging technologies to build advanced risk management capabilities. The Company's sustained efforts to strengthen its risk framework have resulted in stable risk metrics.

The Company promotes a strong risk culture that is embedded across the organisation. At the highest level, the Board of Directors has established a Risk Management Committee (RMC), which assists the Board in maintaining oversight and review of the risk management principles and policies, strategies, risk appetite, processes, and controls. This is enabled by a robust governance system and review mechanisms which include quarterly risk management review

The terms and reference of RMC, inter alia, includes formulation of a detailed Risk Management Policy, reviewing and guiding the Management on reputational and market (investment) risk, ensuring that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company, monitoring, and overseeing implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems, appointment, removal, and terms of remuneration of the Chief Risk Officer. The Company has a risk management framework duly approved by the Board.

Please refer to  Page 73 of the Annual Report FY2025 for RMC composition.

A meeting of the Risk Management Committee is scheduled every quarter, and the scope of risk management includes credit risk, operations risk, debt management services, investment risk, financial risk, technology, and cyber risk, ESG risk, legal and compliance risk, fraud risk, reputational risk, and human resource (HR) risk. The RMC met four times in FY2025.

The Board has appointed a Chief Risk Officer (CRO) in line with the NHB and RBI guidelines on Risk Management System – Appointment of Chief Risk Officer (CRO) for HFCs.

The Board/Risk Management Committee (RMC) inter alia reviews the status and progress of the risks and risk management system on a regular basis.

The Company has a well-established Risk Management function headed by CRO who reports to the MD. The CRO is assisted by Risk Heads and Risk Managers. The function acts as second line of defense and is structurally independent of the business lines. The function is responsible for establishing policy, monitoring risk profiles, and forward-looking risk identification and management.

Every quarter, the CRO presents updates to the RMC and the Board on the risk exposure, performance against risk appetite and the risk profile. In addition, formal updates on various portfolios, latest-risk management practices and risk specific information/awareness are provided to the RMC and the Board periodically.

BHFL has a robust asset liability management framework and maintains enough liquidity buffer to meet its repayment obligation and emerging credit demand. By virtue of effective focus on capital and liquidity management, reduction in operating expenses, focus on debt management, servicing capability and strengthening of underwriting norms combined with a very sharp view on risk metrics, the Company ought to continue to show higher level of efficiencies in all parameters.

BHFL's risk framework ensures that, despite various risks, its net interest income, NPAs and liquidity management are not severely impacted.



¹¹GRI 207-2

Risk Management Process

Risk management is the process of identifying, prioritising, and responding to risks across an organisation. Risk management includes activities to realise opportunities while mitigating threats.

Our strong risk management framework is supported by a monthly review mechanism by the senior management team and quarterly review by a risk management committee. Furthermore, in compliance with RBI's "Scale Based Regulations (SBR): A Revised Regulatory Framework for NBFCs", our Board of Directors has approved an Internal Capital Adequacy Assessment Policy. This policy encapsulates an extensive framework for a rigorous internal evaluation of our capital needs in alignment with the risks, scale, and intricacies of our operations, further supporting the development of a resilient internal risk management system.

The Board of Directors have adopted a risk management policy for the Company which provides for ensuring that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated and managed, establishing a framework for the Company's risk management process and to ensure Companywide implementation, systematic and consistent approach to risk management across BHFL, fostering a culture that encourages open dialog about risk, establish a robust risk management system that supports decision making when setting objectives, prioritizing strategic alternatives, selecting and managing the appropriate course of action, and evaluating results.

BHFL has in place an internal Operational Risk Management (ORM) Framework to manage operational risk in an effective and efficient manner. This framework aims at assessing and measuring the magnitude of risks, its monitoring and mitigation.



Retail Risk Management

Our retail risk framework includes a fully digitised monthly portfolio monitoring process that reviews key indicators like bounce rates, portfolio health, product wise GNPA, customer segment mix and bureau checks to promptly identify and address emanating areas of concern. This proactive approach encompasses an early warning system that allows for swift corrective action even before loan disbursement. We perform continuous analysis of customer behavior which enables us to refine credit policies with additional risk controls and respond effectively to changes in the retail loan segment performance

Commercial Risk Management

Our centralised and specialised risk team is responsible for the oversight of commercial products, including lease rental discounting and developer financing. Our approach involves rigorous scrutiny of project level cash flows, rental agreements, and construction milestones to ensure alignment with sanctioned terms. For construction finance, we monitor project level construction, sales, collection milestone, sweep milestone, project performance as against sanctioned terms. The monitoring process extends to analyzing vacancy trends and rental transactions for lease rental discounting, supplemented with an annual review process to evaluate the financial health of all commercial clients.

Collateral and Fraud Risk Management

A dedicated collateral risk management team conducts thorough verification and multivariate analysis to ensure the accuracy and reliability of collateral valuations. Additionally, our risk containment unit proactively identifies and prevents fraud early in the loan process, utilizing both centralised and decentralised teams. This is achieved by relying on system-generated reports that highlight exceptions and early warning triggers.

The Company publicly reports in its Annual Report a summary of the major risks faced by the Company, its measurement, monitoring and management. Please refer to [Page No. 26](#) under section Risk Management of Annual Report FY2025.

Risk-Based Internal Audit

In line with RBI notification, BHFL had implemented Risk Based Internal Audit (RBIA) methodology from 1 April 2021. The RBIA is linked to the Company's overall risk management framework.

The Company has implemented controls through systems and processes ensuring a robust control framework. The scope of risk based internal audit of the Company also includes system and process audits in respect of all critical processes. The Internal Audit department and compliance function review the business unit's adherence to internal processes and procedures as well as to regulatory and legal requirements providing timely feedback to management for corrective action, including minimizing the design risk, if any.

The internal audit function provides an assurance to the Audit Committee/ Board of Directors and the Senior Management on the quality and effectiveness of the BHFL's internal controls, risk management and governance related systems and processes. At the beginning of each financial year, an audit plan is rolled out after approval of the Audit Committee. The Audit Committee on a quarterly basis reviews the internal audit reports based on the approved plan, which includes significant audit observations, corrective and preventive actions.

The Audit Committee of the Board also reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines. BHFL's Risk Management, Operational Risk Management, Information Technology and Cyber Security practices have been already elaborated in the Annual Report FY2025.

Risk Culture

BHFL promotes a strong risk culture that is embedded across the organisation. To promote and enhance an effective risk culture throughout the organisation, the Company has adopted following strategies:

- The Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by key members of Senior Management on important matters from time to time.

Directors have separate and independent access to the officers of the Company. In addition to items required to be placed before the Board for its noting and/or approval, information is provided on various significant items. In terms of quality and importance, the information supplied by Management to the Board is far ahead of the mandate under the Companies Act and SEBI Listing Regulation. Pursuant to the various regulatory requirements and considering business needs, the Board is apprised on various strategic, business, compliance, and regulatory matters.

- During FY2025 following information was provided to the Board: (i) Risk management system, Risk management policy and strategy followed by the Company (ii) Review of various policies framed by Company from time to time covering, amongst others, Code of Conduct for Directors and Senior Management, Whistle-blower policy, Fair Practices Code, IT-related policies, Risk management policy, etc.

Internal Controls

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

BHFL has instituted the three lines of defense model, viz



To further strengthen the second line of defense, The Company has appointed a Chief Compliance Officer (CCO). Under CCO's supervision, the compliance function shall, among others, be responsible for identification and assessment of compliance risks, provide guidance on related matters and monitor and test compliances across the organisation. BHFL has dedicated control functions for testing the design and efficiency of ICOFR on regular basis and timely remediation of control deficiencies identified, if any. Further, we monitor Information and Technology General Controls (ITGC) on a periodic basis.

The Company has formed specialised units within IT and operations function for carrying out regular checks to ensure that the processes set for these functions are complied with and gaps identified, if any, are set right on regular basis. The control functions implement, review and monitor the standards and lay down policies and procedures by which the functions manage risks including compliance with regulatory guidelines and applicable laws, adherence to operational controls and relevant standards of conduct.

Compliance is a fundamental aspect of our business operations. Compliance philosophy at BHFL is strict adherence to laws, regulations, and ethical standards to maintain the trust of the stakeholders i.e., regulators, customers, investors, and employees.

Our compliance philosophy revolves around the following principles:



Regulatory Compliance

BHFL is committed to comply with all applicable laws, regulations, and guidelines set by regulatory authorities.



Risk Management

BHFL has implemented robust risk management frameworks and processes to identify, assess, and mitigate risks associated with our operations.



Customer Protection

BHFL prioritises the protection of its customers' interests and data. Robust data protection measures maintained, and privacy laws and regulations are strictly adhered to. BHFL strives to provide fair and transparent financial products and services, ensuring that its customers make informed decisions.



Ethical Conduct

BHFL expects all its employees to uphold the highest ethical standards in their dealings with customers, partners and colleagues.



Employee Training and Awareness

Comprehensive training programmes have been rolled out to enhance the compliance knowledge and awareness of our employees.



Debt Management

BHFL focuses on a debt management strategy to ensure that its delinquent debt portfolio is kept at minimal levels. It accords debt management an important place in its portfolio management strategy; investing in its debt management service structure, service organisation, processes, and training of employees and agencies, with strict adherence to compliance requirements and controllership by leveraging technology to follow a non-intrusive collection mechanism. We follow a strong governance model for debt management service practices and ensure strict adherence to the regulatory and internal policies, code of conduct, and fair practice code.

Our debt management process for retail products is structured towards high collection efficiency, which contributes to maintaining a strong portfolio quality. Our in-house debt management teams, distributed across the operating locations, are further categorised by delinquency stages and customer segment, optimizing our collection performance. We complement traditional collection methods with digital tools and offer a variety of online payment options, such as electronic clearing system, direct debit, UPI, NEFT, RTGS, wallets, and our customer portal, to make transactions more convenient for customers.

Steering Sustainable Growth through Prudent Business Conduct

The focus at Bajaj Group is on building long-term businesses, while ensuring sustainable growth and returns for its stakeholders. Aligning themselves to this approach, BHFL has adopted high standards of governance, along with prudent business practices, central to their value proposition. We believe such practices safeguard businesses from undue risk exposure.

In FY2025, BHFL delivered

₹ 1,14,684 Cr

An AUM growth of 26% in FY2025 from ₹ 91,370 Cr in FY2024

₹ 2,163 Cr

Growth in profit after tax (PAT) of 25% in FY2025 from ₹ 1,731 Cr in FY2024

2.42%

Return on average assets (RoA)

13.44%

Return on average equity (RoE)

0.29%

GNPA

0.11%

NNPA

Exceeding Regulatory Standards

BHFL often surpasses regulatory norms related to non-performing assets, capital adequacy, statutory liquidity ratio, and liquidity coverage ratio. Prudent practices detailed in the table, demonstrate a commitment to maintaining high financial standards.

Particulars	As of 31 March 2025	RBI Stipulation
Capital to Risk-weighted Assets Ratio (CRAR)	28.24%	15%
Of which Tier-I	27.72%	10%
Principle Business Criteria		
IHL PBC*	51.72%	50%
Overall PBC#	63.28%	60%
Liquidity Coverage Ratio	192.81%	100%
Cumulative asset liability mismatch		
1-7 days	29%	(10%)
8-14 days	37%	(10%)
15-30/31 days	15%	(20%)

*Percentage of total assets towards housing finance for individuals.

#Percentage of total assets towards housing finance.





Social



Human Capital Management¹²

Committed to Employee Growth

At the heart of BHFL's corporate ethos lies the unwavering commitment to nurturing our most valuable asset – human capital. Our employees play a central role in our objectives of achieving sustained growth in a constantly changing business environment. Our commitment to our people is to create an atmosphere focused on holistic employee development and building workplace culture that reflects our values.

Advancing Employee Development

The Company remains committed to smooth onboarding, performance enhancement as well as skill improvement of its employees through structured initiatives. As a part of onboarding activity, the Company offers a comprehensive induction program named 'STEPS' and 'Corporate Induction' with detailed coverage on organisational overview, culture understanding, business policies, processes and practical training which enables new employees to understand nuances of the assigned role. Understanding the need of different leadership style required at different managerial role, the Company offers development programs across managerial roles which assist employees to enhance their leadership style as well as productivity metrics. The Company also offer skill-based learning platform to upskill its existing employees and cater specific functional needs based on individual development for respective role

Cultivating a Purposeful Culture

BHFL thrives to create responsible leaders who build long-term profitable business keeping in mind the best interest of all stakeholders and a workplace where innovation, agility and ownership prospers. Culture revolves around

the predominant patterns of behavior and interactions at the workplace. To enable the achievement of this culture, and to build a One Leadership DNA, we have defined a set of leadership mindsets and behaviors that encapsulate the target culture which will propel the Company to the desired future, in alignment with the purpose of the Company. We look at leadership as a practiced behavior and a choice and hence all employees are expected to display the leadership mindsets and behaviors

People at BHFL

Band	Count
Entry level	841
Junior level	818
Middle level	248
Senior level	70
Total*	1,977

Gender	Count
Male	1,844
Female	133

*All employees are permanent and full time.
* Closing figures as on 31st March 2025

Age	Count
Below 30 years	520
Between 30-50 years	1,445
Above 50 years	12



¹²GRI 2-7, 405-1

People Strategies in Action

1. Fair, safe and transparent workplace¹³

The Company aims to create a workspace where employee feels secure, Security implies both physical and emotional safety. A key feature of a safe environment is that it prioritises employee wellbeing. We provide employees with platforms where they can freely express their views.

Our commitment to employees is enshrined in our 'Employee Charter – Human Rights Statement, which sets out what employees can reasonably expect from the Company (Employee Rights), and the responsibilities and qualities that are expected from them while performing their duties (Employee Responsibilities). It also lays down the principles of equal opportunity and non-discrimination, transparency, safe, healthy, and harassment-free workplace, amongst others.

We have also adopted equal employment opportunity and non-discrimination practices as a part of Employee Charter, which is easily accessible to employees, through our internal portal. BHFL is committed to provide equal employment opportunities to all eligible individuals without any bias or discrimination on the ground of age, sex, color, caste, disability, marital status, ethnic origin, race, religion, sexual orientation, disease (viz. HIV/ AIDS) or any other status of individuals unrelated the individual's ability to perform work. We fully comply with all the United Nations Global Compact (UNGC) principles. This encompasses compliance with the ten principles covering human rights, labor practices, environmental protection, and anticorruption measures

We train our employees on safety protocols; by conducting periodic trainings on fire safety and evacuation drills for them. Fire drills are conducted on regular basis. We have also installed firefighting systems in the Company.

Spouse Working as a Consultant

BHFL encourages qualified spouses of the employees to work on special projects in the Company, on a flexible timing basis, to fulfil their career aspirations while balancing family demands at home. We also encourage full-time employment of spouse.

2. Pay, rewards and benefits¹⁴

At BHFL, rewards are designed ensuring that they are sufficient to attract, retain and motivate employees. We believe that to keep going, employees should be continuously motivated. To keep them motivated, appreciation and rewards play crucial role. Employee remuneration at BHFL consists of fixed pay, performance pay and long-term incentive plan (LTIP) (Monthly/Quarterly/Annually).

To support employees in times of financial distress due to a personal exigency, BHFL offers three options for financial support:

- a) Advance salary: Under this programme an employee can take up to three months of gross salary as advance and repay over two to three months; 8 employees availed this benefit in FY2025.
- b) 'Money on call' provides emergency funds within 24 hours to an employee which can be repaid within a month; more than 667 employees availed this benefit in FY 2025.
- c) BHFL offers a fortnightly salary option – over 176 employees availed this benefit in FY2025.

¹³GRI 403-1 ¹⁴GRI 2-19, 2-20

Spectrum Programme¹⁵

Spectrum Programme aims to promote wellbeing and enhance diversity, equity, and inclusion. This programme offers comprehensive benefits across employee groups, including males, females, expectant mothers, new mothers, LGBTQ+, PWD.

01

Leave Policy:

A generous leave policy and an option of flexible office timings enable employees to spend quality time with their families and leisure while managing work. Parental leave, including paternity and maternity leave, recognise the significance of family moments for important life events. BHFL offers up to 26 weeks of paid maternity leaves and 14 days of paid paternity leaves to employees. During the year, 16 and 56 employees availed the benefits of maternity leave and paternity leave respectively.

03

Creche Benefit:

The Company has a Creche policy in place. Employees can opt for the creche facility at their location as empaneled by the Company or choose the re-imbursment option. This benefit is for all employees. 17 employees have availed of this benefit.

05

Travel Allowance for Expecting Mothers:

The travel allowance is being offered to provide a comfortable and safe commute option for expecting mothers.

02

Preferential Transfer Policy:

All female employees, post marriage/change in job location of partner/post delivery, can request for a relocation to preferred city.

04

Reserved Parking:

Providing support and convenience to expecting mothers at Corporate Offices.

06

Flexibility:

Our organisation empowers women professionals by offering flexible work schedules, ease of return post maternity and work from home option to promote a healthy work-life balance tailored to individual preferences to promote a healthy work-life balance tailored to individual preferences.

BHFL has insured its employees under group accidental insurance policies. Company's has spent around ₹ 3.11 crore in FY2025 under these insurance policies

¹⁵GRI 401-2

Employee Engagement

BHFL's large workforce is spread out at various locations so, having a solid and lasting engagement model within the organisation is crucial. In FY2025, we conducted employee engagement drives engaging employees in social activities that would help them participate in social work within an institutionalised framework.

Festival



We believe that small gestures go a long way under Celebration Framework at BHFL, we establish meaningful connections with our employees and extend festival spirit to their families. We celebrate all festivities, employee milestones and achievements. In FY2025, we celebrated 8 regional festivals. Shifting from a centralised celebration framework to a regional one, we 'embrace and celebrate cultural diversity'.

Team Engagement Activities



To celebrate International Women's Day, we organized a vibrant and inclusive Drum Circle event at our head office. This activity aimed to foster team spirit, collaboration, and a sense of community among our employees. The event saw an impressive turnout, with around 200 employees joining in to create rhythmic music together. The Drum Circle not only provided a platform for creative expression but also highlighted our commitment to an inclusive Drum Circle event at our Head Office. This activity aimed to foster team spirit, collaboration, and a sense of promoting Diversity, Equity, and Inclusion within the workplace.

- #### Employee Satisfaction Survey

Employee satisfaction is the core of human capital management at the BHFL. Employee satisfaction survey includes various parameters such as pay structure etc. Accordingly, employee survey was conducted during FY2025: More than score for the company 1,621 employees participated in the survey and the overall engagement was 81%.

- #### Regional Town halls

Regional town halls are dynamic platforms fostering open interaction between employees and the leadership. These informal sessions contribute to a culture where employees, regardless of their roles, feel heard and valued.

- #### Daan Utsav

In December 2024, BHFL organized Daan Utsav across our pan-India branches, collecting 2,999 items including blankets, toys, clothes, groceries, books, and stationery. These contributions were distributed to underserved communities, showcasing the generosity and community spirit of our employees.

- #### Blood Donation Camp

In February 2025, we conducted blood donation camps in 8 major cities, with 441 employees donating 370 blood bags. This initiative reinforced BHFL's commitment to public health and community wellbeing.

Company reunion



In FY2025, BHFL hosted a company reunion in Goa, bringing together 943 employees for a day of team building and celebration. This event fostered stronger connections and highlighted the achievements of our team.

Company Family Day



Our BHFL Family Day in FY2025 welcomed 4,338 employees and their family members across 11 cities. The event celebrated the important role of families in supporting our workforce, offering a fun-filled day that strengthened our sense of community and work-life balance.

BHFL has an employee participatory financial assistance programme called 'i-Care' for emergency situations, whether medical or otherwise. It encourages employees to enrol and contribute a small amount from their monthly salaries, which is matched by BHFL contributing an equal amount.

Employee Engagement Campaigns:

Campaign

#BeAtBHFL

Goal

To create awareness around BHFL as an employer, highlighting the merits of working in the organisation

Campaign

unDElvided

Goal

To create positive awareness around the Company Policy specifics that serve DEI requisites

2

No. of Campaigns

14

No. of posts

625,000

Impressions



3. Talent Development and Retention¹⁶

We are committed to building a talent-rich organisation with a strong leadership pipeline for critical and strategic roles. Our learning interventions, anchored in Leadership Mindsets and Behaviours, provide high-potential employees with essential experiences through coaching, mentoring, action learning projects, workshops, and digital learning.

Employees can grow their careers through transparent Internal Job Posting (IJP) and Auto-Promotion policies. IJP enables employees to explore multidisciplinary roles,

while the Group IJP process facilitates movement across BFS group companies.

At BHFL, continuous performance assessments focus on structured development conversations. We invest significantly in training, ensuring employees stay ahead of industry trends and technology. During the year, over 2,000 employees participated in functional, managerial, or leadership skill enhancement programs, with all employees undergoing at least one functional or skill upgradation training.

Key Leadership Programmes at the Bajaj Group Level²:

BHFL participates in group-managed leadership programmes, including:

30 Under 30 Programme

Identifying and grooming young talent for future leadership

Group Finance Associate Programme

Developing future finance leaders across Bajaj Finserv companies



¹⁶ GRI 404-1, GRI 404-2

Employee Development Programmes

Name of the Program	Description and objective	Impact of the programme
Building Resilient Minds	<p>The objective of the Building Resilient Minds session is to enhance emotional intelligence by fostering resilience through key psychological principles. The session covers:</p> <ul style="list-style-type: none"> • The 3Ps of Optimism – Understanding Personalisation, Pervasiveness and Permanence to reframe challenges and build a positive mindset • Self-Awareness – Developing a deeper understanding of emotions, triggers and responses to improve decision-making and interpersonal effectiveness. <p>This holistic approach ensures that learning translates into action, encouraging long-term emotional resilience and continuous personal growth</p>	<p>Around 69% of the female employees during the year participated in this training FY2025.</p>
Financial Education	<p>The objective of the Financial Education Session is to equip young women professionals with the knowledge and skills to make informed financial decisions and build long-term financial security. The session covers:</p> <ul style="list-style-type: none"> • Financial Planning Essentials – Understanding the importance of setting financial goals, budgeting and managing expenses effectively • Systematic Investment Plan (SIP) – Introduction to SIPs as a disciplined approach to investing, ensuring steady wealth accumulation over time • Power of Compounding – Exploring how early and consistent investments can lead to exponential financial growth, emphasising the benefits of starting early. <p>This session aims to build financial confidence among young women professionals, empowering them to take charge of their financial future with smart and strategic planning.</p>	<p>Around 75% of the female employees during the year participated in this training FY2025.</p>

4. Ethics and compliance¹⁷

The Company has zero tolerance towards unethical practices. We have various policies across the Company such as the 'Code of Ethics and Personal Conduct' (CoEPC), 'Whistle Blower' and 'Mind Your Behavior' frameworks which act as grievance mechanisms for its employees and value-chain partners to report or raise their concerns confidentially and anonymously, and without fear of any retaliation.

We ensure timely compliance with all employee-related acts such as the Minimum Wages Act, 1948 and the Payment of Bonus Act, 1965. Further, In BHFL we did not receive any complaint related to child, forced or involuntary labor, or sexual harassment during the FY2025.

We enable our employees to work without fear of prejudice, gender discrimination and harassment.

We ensure that our employees are conversant with our compliance policies and process and adhere to the same. In FY2025, we conducted training programmes for employees covering topics like acceptable behavior, human rights, anti-corruption and bribery, anti-money laundering and facilitation payments, fraud prevention, insider trading, prevention of sexual harassment, etc

¹⁷ GRI 205-2

Empowering Society – BHFL 2025¹⁸

Backed by a strong legacy of community impact, Bajaj Finserv, through Bajaj Beyond, is dedicated to shaping a better future for ‘Youth of Today’ and ‘Youth of Tomorrow.’

The initiative spans key focus areas, including Skilling, Child Education, Child Health, Child Protection, and Inclusion for Persons with Disabilities. We work closely with grassroots organizations, partners, schools, institutions, and hospitals to drive meaningful change.

In FY2025, implemented 25 projects with a CSR spend of 31.76 crores, further strengthening its commitment to social impact.



Youth Skilling: Addressing the Skills Gap

Bajaj Finserv is committed to bridging the skills gap through skilling and employability programs, self-employment initiatives, and entrepreneurial support, with a focus on youth and women from disadvantaged backgrounds. 16662 individuals have been supported under the initiative

We also recognize that individuals with disabilities, including those with intellectual and developmental challenges such as autism, Down syndrome, and cerebral palsy, often face limited opportunities in the job market. Hence, we collaborate closely with our partners to design and implement skill development programs that cater to their unique needs and challenges. 558 individuals are being supported under this initiative.

17,220

Benefited through skilling through grant making programs

Note: Beneficiary estimates are based on the full project period and not just the financial year under consideration.



¹⁸GRI 413-1

Child: Comprehensive Child Development Approach

Investing in children's well-being is essential for long-term societal progress. We support initiatives in child health, education, protection, and inclusion for persons with disabilities, ensuring a holistic impact on their development.

Child Health

We are committed to providing holistic care for children under 18 facing critical health conditions through a combination of medical support, infrastructure enhancement, and community awareness. Our interventions are designed to offer comprehensive care, covering early diagnosis, treatment, surgeries, rehabilitation, and long-term support. 1806 children are being supported for congenital heart care and chronic and epilepsy treatments.

Child Education

We have implemented targeted interventions and collaborations to strengthen foundational literacy and numeracy, STEM education, and social-emotional learning among children. The initiatives are directed towards enhancing the lives of children by aligning with government programs and schemes. 20857 children are being supported for foundational learning & numeracy, night school and comprehensive education-led interventions.

Inclusion for Persons with Disabilities

We focus on the wellbeing of Persons with Disabilities (PwDs) by facilitating their inclusion into mainstream society. We address a variety of challenges, including intellectual, developmental, physical, and locomotor disabilities, with a strong emphasis on early identification, intervention, and counseling. 336 individuals are being supported for vocational training and capacity building of intellectually disabled and medical support for thalassemia affected children.

1,806

Were supported through Health interventions.

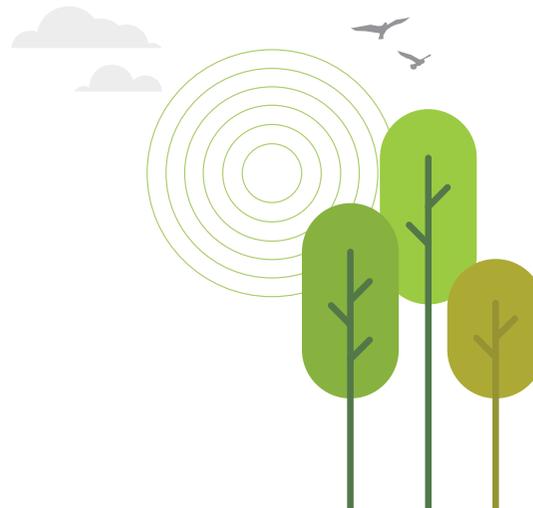
20,857

Benefited from Education related initiatives.

336

Persons with disabilities were supported

Note: Beneficiary estimates are based on the full project period and not just the financial year under consideration.



Impact Assessment

Bajaj Finserv is committed to making a positive impact on society through various CSR initiatives. Our CSR projects span across areas such as education, healthcare, livelihoods, skilling and People with Disabilities (PwD). We believe it is essential to assess the outcomes and effectiveness of these initiatives to ensure they align with our objectives and contribute meaningfully to the well-being of the communities we serve. With the impact assessment of our projects we aim to:

- Evaluate the effectiveness of our CSR projects in achieving their intended goals and objectives.
- Assess the sustainability of the outcomes generated by these projects.
- Identify strengths, weaknesses, opportunities, and challenges associated with our CSR Initiatives.
- Provide recommendations for improvement and optimization of future CSR endeavors.
- Enhance transparency and accountability in our CSR reporting and communication

In the FY2025 we conducted the assessment study of 5 CSR projects. The assessment exercise not only helped us understand the impact of our work on ground but also highlighted the challenges associated, feeding into our decision-making process and motivating us in continuing to engage in thoughtful learning and reflection.

Customer Obsession

At BHFL, we have ingrained the ethos of ‘Customer Obsession’ into our organisational culture to fulfil our vision of driving responsible growth. We prioritise our engagement with our customers and actively listening to their feedback across all aspects of our business operations. BHFL is committed to facilitating a comprehensive organisational transformation through customer-centric initiatives, aiming to provide a seamless experience throughout the customer lifecycle, from loan application to closure.

Imbibing Customer Obsession to Drive Responsible Growth

The customer-centric evolution of BHFL is driven by its profound insights into the evolving needs and aspirations of its customers. These insights are gathered through various channels, including regular collection of ‘Customer Feedback’ and ‘Employee Feedback’ on voice of customers. This approach allows us to simplify and streamline our processes, improve customer experience, and ensure ongoing customer satisfaction.

Customer-centric Approach

- Established several communication and service channels to engage with its customers, and to address their queries and requests promptly.
- Dedicated customer experience teams, within operations and across businesses, to drive our initiatives to measure customer experience, improve processes, and cultivate customer-centric culture.
- Constituted an internal committee of senior management to evaluate cases of death / critical illness of the customer with no insurance cover. Based on assessment, the committee recommends waiver on humanitarian grounds. During FY2025, the Company waived off varying amounts for 47 such cases.

Customer Service Practices

A glance at some of the initiatives driven by customer-obsession philosophy:

01
Digitalised various processes to improve customer experience and provided higher transparency.

02
Introduction of Do it Yourself (DIY) Home Loan Application to transform customer experience and enable consumers to enjoy a contact-free journey from the application stage to the approval

03
Use of digital initiatives like video personal discussion, e-sanction and NESL Aadhar based e-agreement, use of account aggregator which facilitates quicker and transparent sanction and disbursement.

04
Customer portal and mobile app allowing our customers to have flexible payment options be it advance EMI, part pre-payment, missed EMI through ECMS, UPI, bill desk payment gateway

05
Options provided to customers to download their statements, interest certificates, NOC, loan agreement as well as increase their EMI or reduce tenor.

Awareness Campaigns through Social platforms

Service Campaigns

We aim to educate our audience on various topics, including walkthrough of BHFL customer portal, educate audience with new NHB guidelines regarding mandate management, etc. Through campaigns, we strive to provide valuable information and assistance to our customers, enhancing their overall experience with our services

Campaign

#ServiceAtYourFingertips

Goal

To provide customers an easy walkthrough to utilise the Bajaj Housing Finance Customer Portal. Pointed video guides for downloading interest certificate, making payments, and adjusting repayment schedule

Campaign

Managing Mandates

Goal

To educate existing customers about the new NHB guidelines regarding Mandate Management via the Customer Portal

Campaign

National Tech Day

Goal

More so for a 'services available with BHFL' point of view, this video post aims to educate potential customers about the ease of applying for a Home Loan, utilizing BHFL's digital first platform – the Customer Onboarding Platform

Campaign

ITR Benefits

Goal

To create awareness for Target Audiences and Customers regarding the benefits of Home Loans in the Income Tax space

Social Media Platforms

4

No. of Campaigns

150,000+

Impressions

9

No. of posts

Scaling Customer Experience to the Next Level

At BHFL, our focus is on continuously evolving our business landscape to deliver our customers with seamless experience and service. BHFL is dedicated to enhancing its self-service infrastructure, to provide a superior experience, greater customer loyalty, and larger share of customers' financial services wallet.

In line with this approach, BHFL has instituted multiple cross-functional teams to identify areas requiring process simplification across businesses, operations, and collections to deliver superior customer experience. Accordingly, we undertake periodic process, policy, and system changes to propel enhanced customer experience.

Debt Management System

Our debt management process we utilise a proactive approach to debt management, sending digital reminders for upcoming EMI payments, which, along with our online payment facilities, encourages timely repayment. Our internal structure and focus on disciplined execution contribute to our debt management efficiency. A centralised team analyses customer behavior, including bounce trends and payment history, to assign customers to either centralised touch free collection unit or field collection units, increasing the likelihood of recovery.

For accounts that are significantly overdue, including delinquent accounts and non-performing assets, we have a dedicated team focused on early resolution and normalisation of accounts. Our field collection efforts are supported by a legal framework that facilitates recovery through legal notices and enforcement actions under SARFAESI, as needed.

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

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

The Company has a dedicated structure aligned with business verticals for servicing customers: (i) with current month outstanding; (ii) in early delinquency; and (iii) in NPA and write-off stage.

In case of dishonor of bank instrument, BHFL provides customers with over 15 different digital payment options such as NEFT, RTGS, Bharat Bill Payment Service (BBPS), Unified Payment Interface (UPI), Google Pay, etc. These digital channels, along with branch walk-ins, account for approximately 83% of debt management volume.

BHFL has invested in online DRA training infrastructure. After completion of online training, recovery personnel appear for a DRA certification test conducted by IIBF. The success rate to clear the exam is around 79%. As on 31 March 2025, more than 85 recovery personnel are DRA certified as per IIBF norms.

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

- Centralised call monitoring infrastructure for outsourced debt management services agency network to improve controllership. All agencies are required to make collection calls only through this infrastructure.
- All calls are being recorded and monitored periodically to ensure compliance of debt management code of conduct.
- Implemented a Debt Recovery Agent (DRA) certification process.
- Strengthened the compliance framework to ensure strict adherence by the debt management service agencies of its code of conduct policy and fair practice code. This framework lays down a penal staircase for non-compliance. BHFL investigates every customer complaint pertaining to debt management services and takes appropriate corrective and penal action.
- Mandatory CoC acceptance and acknowledgement for all agencies.
- BHFL's debt management agency monitoring framework helps review the performance of the Debt Management agency and enables us to take suitable action in terms of warning, penalty, and termination for deviations.

New Partners Onboarding Journey: It is crucial that new onboarded partners undergo an orientation and gain clear understating of our recovery and organisation processes. Trainings are provided once the agents are onboarded so that they can have sound knowledge on the critical aspects.

Protecting and Educating Customers

By collaborating with various agencies, BHFL promotes financial discipline among customers by keeping them informed about the various credit metrics that financiers evaluate. We also undertake several measures to raise customer awareness about devious schemes perpetrated by fraudsters, thereby protecting the interests of our customers.

4
No. of Campaigns

858,000+
Impressions

18
No. of posts

The Company has published various cautionary posts related to prevalent and popular online frauds, fake product offers, awareness around importance of encryption and password security, etc

Protecting Privacy of Customers' Personal Data

As a responsible corporate, we are fully committed to safeguarding our customers' personal data. We ensure such data protection through various concerted measures:

- All information related to customers is stored as per regulatory requirements.
- All loan details are stored in compliance with the extant regulatory guidelines.
- Customer's Personally Identifiable Information (PII) is stored in an encrypted format.

- Customer PII display is masked in the front-end applications and if required access is given as per approved policy.
- We ensure redaction of customers' KYC details, such as Aadhaar number.
- Access to customer PII is masked and restricted access is granted on a need-to-know basis, with due approval.
- Data Loss Prevention Solutions have been deployed to monitor and detect data loss incidents, if any.
- Periodic review and audit of information security processes by external audit firms. BHFL has received ISO 27001 (ISMS: Information Security Management Framework) certification for its IT security.

Grievance Redressal Mechanism

Timely and appropriate customer grievance redressal is imperative. In fact, we aim to reduce the grievances, learning from our experiences through root cause analysis. BHFL's dealings with its customers are professional, fair, and transparent. The Company has a Grievance Redressal Mechanism with defined turnaround time and hierarchy for escalation in case of non-resolution or delay in resolution of any complaint. The Company received 197 customer complaints in FY2025, amongst which no complaint is pending for resolution as on 31 March 2025



Fair Practice Code (FPC)

- Fair Lending practices are at the core of dealing with customers and BHFL ensures strict compliance with the guidelines.
- BHFL offers Key Fact Statement (KFS) to all customers, both digital and non-digital, across Home Loans and LAP. Every customer is required to review the KFS and provide explicit consent to the KFS through an 'I Agree' process for availing sanction from the Company. The Company has also introduced e-agreements and digital KFS to ensure faster and transparent processing of the loans.
- The Company also ensures there is no excess charging of interest from its borrowers.
- To enhance transparency, BHFL provides vital customer documents such as KFS cum Sanction letter, MITC, Loan agreement, etc. in vernacular languages.
- A copy of Fair Practice Code along with the latest MITC are also populated on the Company website for easy access of the customers and prospects to make informed choices.
- The Company also populates the list of Penal charges on the website and captures them in Bold in customer documentation for special attention of the borrowers.
- Constituted a Customer Service Committee of the Board.
- The BHFL has a "Contact US" tab on its website homepage for anyone to reach us in case of queries/concerns. The grievance resolution timeline, escalation matrix, etc. is publicly disclosed on this tab. These queries/concerns are manned by seasoned resources, equipped with good communication skills and product/process knowledge.
- BHFL has customer experience teams, within operations and across businesses, to drive our initiatives to measure customer experience, improve processes and build customer-centric culture.
- BHFL has in place a board approved Schedule of Fees and Charges segregating the levy of charges between Retail and Commercial customers.
- Constituted Penal Charges committee consisting of Senior Management.
- Internal Audit (IA) conducts quarterly review of customer experience, complaints received from online channels, along with their remedial measures.
- BHFL has created a citizen's charter to promote fair practices. It gives our customers a high degree of transparency with respect to our various financial products and service offerings.
- BHFL follows a strict Code of Conduct (CoC) for our collection agents. The CoC prescribes stringent guidelines, such as maintaining privacy of prospect and existing customers, providing accurate product information, telemarketing etiquettes etc.
- Net Promoter Score Measurement: Monitoring Net Promoter Score (NPS) scores for multiple service interactions enables the Company to review the effectiveness of its customer engagement initiatives. For FY2025, BHFL has received over 15000 responses.





Environment



Preserving and Protecting the Environment

The Company is dedicated to promoting a clean and sustainable environment by consistently enhancing its Environmental and Sustainability performance. The Company's Code of Ethics and Personal Conduct (CoEPC) underscores a commitment to environmental respect, waste elimination, and resource conservation as integral practices. BHFL emphasizes its robust environmental governance through its Environmental Policy that incorporates sustainable practices and governance systems into its daily operations, aiming to minimize environmental impacts.

As a Housing Finance Company (HFC), BHFL maintains a streamlined approach to resource utilisation, characterised by minimal consumption of raw materials. BHFL is not engaged in production of tangible goods. BHFL's core focus revolves around providing financial solutions to address diverse needs of its customers. BHFL fosters a conservation-oriented culture that involves vigilant monitoring of resource consumption and encourages innovative approaches to reduce reliance on natural resources.



A. Environmental Governance

In line with BHFL's dedication to environmental conservation, BHFL has implemented the Environmental Policy, exemplifying our unwavering commitment to sustainable practices and responsible corporate citizenship. Guided by a strong commitment to environmental stewardship, our Policy integrates sound eco-friendly principles and governance mechanisms into our operations, serving as a holistic approach to minimize our ecological footprint, foster resource conservation, and proactively address environmental challenges.

Through meticulous monitoring and continuous improvement initiatives, we endeavor to contribute meaningfully to a cleaner and more sustainable future, aligning our financial endeavors with the imperative of environmental responsibility. Environmental Policy sets out commitments of the Company to bring in environmental and social friendly practices in its system.

Our Environmental Policy Briefly Highlights the Company's Best Practices Towards



Navigating ESG: A Roadmap for Sustainable Growth

BHFL is dedicated to minimizing its environmental and social impact and fostering sustainable practices. As a part of our commitment, we have established a guide for our operations towards social and eco-friendly practices. For Mortgage self-employed business, we do not finance:

01

Businesses dealing in Plastic disposables (which includes PET bottles, Polythene carry bags, Thermocol products, plastic cutlery and disposables.)

02

Hukkah lounges/parlours

B. Greenhouse Gas Emissions¹⁹

At BHFL, we are committed to environmental responsibility by evaluating and managing our greenhouse gas (GHG) emissions. Our approach includes measuring emissions across Scope 1, Scope 2, and Scope 3, ensuring a comprehensive understanding of our carbon footprint.

Reporting Boundary and Standards

Our reporting boundary encompasses BHFL and its operations across India. We adhere to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, using emission factors from credible sources, including the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report, the UK Department for Environment, Food and Rural Affairs (Defra), the Central Electricity Authority (Government of India), and the India GHG Programme (2014).

Environmental Performance

As we expand our presence by opening new offices and branches to support business growth and talent acquisition, our overall energy consumption has increased. However, through efficiency measures, we have successfully reduced our emission intensity.

Scope 01

Emissions

Scope 1 emissions originate from direct sources under BHFL's operational control. These include diesel generator (DG) sets, company-owned vehicles, refrigerants used in air conditioning, and CO₂ extinguisher refilling.

Scope 02

Emissions

Scope 2 emissions result from purchased electricity used to power our operations. Managing energy efficiency remains a key priority in our sustainability efforts.

Scope 03

Emissions

Recognizing the importance of indirect emissions, BHFL also assesses Scope 3 emissions across various categories, including:

- **Business Travel:**
Air, train, cab and road travel, as well as hotel and guest house stays.
- **Purchased Goods and Services:**
Procurement of office supplies and housekeeping essentials.
- **Downstream Transportation and Distribution:**
Courier services and relocation of employees' goods.

¹⁹GRI 305-1, 305-2, 305-3



Total Emission FY2025 in (tCO₂e)

205.83

Scope - 1

2,160.11

Scope - 2

1,406.85

Scope - 3

Total emission intensity per crore of Total Revenue from Operations:

In managing Scope 1, Scope 2, and Scope 3 emissions, BHFL adopts holistic environmental management approach. Through continuous evaluation, strategic planning, and the implementation of sustainable practices, the Company aims to not only fulfill its financial objectives but also contribute positively to the broader environmental goals and foster a culture of responsible corporate citizenship.

Independent Assurance on GHG

BHFL is committed to constantly take steps towards enhancing the credibility and reliability of reported carbon footprints. Pursuant to the SEBI circular dated 10 May 2021 and amendment in SEBI Listing Regulations, top 1000 listed entities based on market capitalisation are required to submit Business Responsibility and Sustainability report with effect from FY2023. Accordingly, the Company has prepared BRSR for FY2025.

In compliance with SEBI guidelines which mandates top 250 listed entities to obtain reasonable assurance, BHFL obtained a reasonable assurance for Scope 1 and Scope 2 data and limited assurance for Scope 3



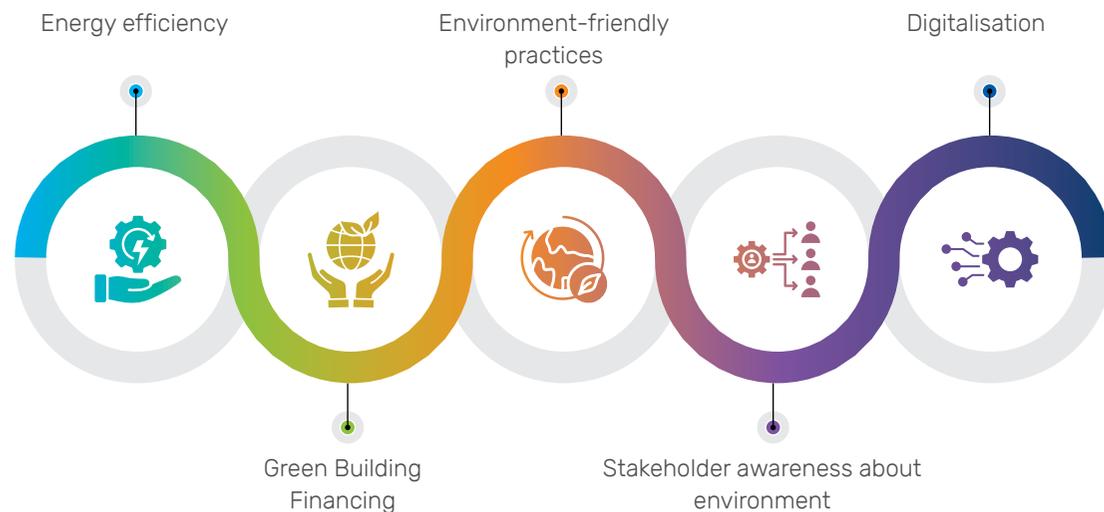
C. Waste Management²⁰

As BHFL's operations expand nationwide, there is an evolving need for the Company to track and report waste. BHFL is committed to preventing any of its waste ending up in landfills, thereby reducing the overall environmental footprint associated with its digital infrastructure. Total battery waste generated during FY2025: 6.25 MT.



D. Environmental Initiatives

Environmental initiatives encompass a wide range of actions, aimed at protecting, preserving, and restoring the natural world, and addressing various environmental challenges, including climate change, biodiversity loss, pollution, and resource depletion. Whether it's planting trees or implementing sustainable practices, BHFL's environmental initiatives make modest contributions to creating a healthier planet for generations.



²⁰GRI 306-3,306-4

Energy efficiency²¹

Energy efficiency is the smart choice for a sustainable future. We, at BHFL, by embracing energy efficiency in our daily lives and businesses, create a brighter, cleaner, and more sustainable world for all as we lower our impact on the environment. Total energy consumption in FY2025 13,208.35 (Gigajoules).

Advance illumination

LED fittings boast a long lifespan and consume significantly less electricity, saving both energy and the environment in the long run. Over 71 BHFL branches are provided with LED light fittings as a standard feature.

Daylighting

Selecting and designing offices to harness natural sources of light and brighten and illuminate interior environments, promoting a connection to the outdoors and providing various benefits such as energy savings and improved well-being.



²¹GRI 302-1, 302-4

Environment-friendly practices

Ozone-friendly Air Conditioning Systems

We use refrigerants in our air conditioning systems that are ozone-friendly. These refrigerants help prevent ozone depletion and reduce the risk of harmful UV radiation, utilising newer technologies that are more energy-efficient to lower electricity consumption and greenhouse gas emissions.



In line with our commitment to sustainability, BHFL collaborated with the Indian Army to plant over 10,000 trees in various defence areas across the country. The plantation activities were carried out in Nasik at the Deolali Army Camp, in Ajmer at the Nasirabad Military Station, and in Gujarat at the Gandhidham Military Station. This green initiative is a step towards mitigating the environmental impact and contributing to the beautification of these strategic locations. By actively participating in such initiatives, BHFL not only plays a role in safeguarding the environment but also honours the selfless service of our armed forces.

Digitalisation

In an increasingly digital world, BHFL is committed to leveraging technology to enhance efficiency, security, and sustainability across its operations. By adopting digital solutions, we aim to streamline processes, reduce environmental impact, and improve customer experiences. Our efforts focus on paperless operations, cloud-based infrastructure, and automation to drive innovation while aligning with our environmental responsibility goals.

Digitisation Initiatives

- Conducting meetings and training sessions through digital platforms.
- Utilizing cloud-based virtual servers to enhance energy efficiency and data security.
- As part of the ongoing 'Go Green' initiative by the Ministry of Corporate Affairs (MCA), BHFL ensures that key documents—such as notices for the annual general meeting, postal ballot notices, audited financial statements, Directors' Report, Auditors' Report – are sent electronically to members via email.



Reducing Paper Consumption

BHFL is actively committed to minimizing paper usage by integrating digital applications across its business operations. This shift not only enhances efficiency and reduces costs but also improves customer experience while significantly contributing to environmental sustainability.

Paper-Saving Operations

- New initiatives of e-agreement and online customer onboarding have shown encouraging results crossing penetration of 93% and 80% respectively in March 2025.
- Automating the loan application to loan disbursement process for self-employed loans.

Other Areas

- Transitioning from physical to electronic purchase orders.
- Replacing physical visiting cards with digital versions for employees.
- Adopting e-invoicing for a significant portion of invoice processing.
- Implementing a password-enabled centralized printing system to reduce paper waste.
- Accepting digital invoice copies from vendors.
- Introducing an e-mandate registration process for EMI repayment, with e-mandates now accounting for nearly 93% of new business.
- Encouraging the migration of all mandatory and voluntary customer communications to digital channels such as email and messaging apps

Reduced paper consumption by approximately

1.5 million

sheets during last year

180

Estimated tree Saved

Green building financing

The key metrics of IGBC (Indian Green Building Certificate) certification assessment include energy efficiency, use of renewable energy, water conservation, waste management, indoor air quality and sustainable sourcing of material, among others.

Overall, 21 Green building projects were approved during the year with sanctioned amount of 2,150.71 Cr.

Stakeholder awareness about environment

BHFL fosters positive social and environmental impacts through its business operations, conducted with responsibility, ethics, and inclusivity. Upholding our commitment to a clean and sustainable environment, we rigorously adhere to all relevant laws and regulation governing our activities, ensuring compliance in both letter and spirit.

Internal Stakeholder

- At BHFL, we believe in creating awareness among employees and management about the importance of environmental conservation and the impact of business activities on the planet.
- Internal awareness initiatives include training modules and regular communications to highlight environmental goals, initiatives, and best practices to cultivate a sense of ownership and commitment towards creating a more environmentally conscious workplace.

External Stakeholder

Through social media platforms, BHFL reaffirms its commitment to creating awareness of environmental outcomes for external stakeholders.



Stakeholders' Engagement²²

As a responsible corporate, we, at BHFL, are committed to effectively addressing expectations and concerns of our stakeholders. BHFL understands the impact of its policies, decisions, products and services, and associated operations on the stakeholders.

In line with its policies, practices, and processes, BHFL engages with its stakeholders and strives to resolve differences with them in a just, fair, equitable and consistent manner and where warranted takes corrective measures.



A. Engaging with Stakeholders Responsibly

Identifying and prioritizing stakeholders is essential for achieving our sustainability objectives and establishing trust with them. Individuals or a group of individuals, agencies, institutions who are interested or impacted by the activities of the company's businesses and vice versa now or in the future are identified as key stakeholders by the Company. The key stakeholders thus identified are customers, lenders, government, shareholders, investors, regulators, value chain partners, employees, and society

Stakeholder groups and frequency of engagement

We hold periodic and event-based interactions with all our stakeholders to understand the impact of BHFL's policies, decisions, products, and services and associated operations on the stakeholders. We have dedicated ourselves to upholding and protecting human rights of all our stakeholders. We ensure sustained compliance with all applicable laws pertaining to human rights

²²GRI 2-16, 2-29

Stakeholder Group	Whether Vulnerable and Marginalized Group?	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholder and Investor 	No	Multiple channels including: <ul style="list-style-type: none"> Quarterly investors' presentations and calls Press releases Disclosures on stock exchanges Participation in investor conferences Investors' grievance cell Social media Website Emails/letters, etc. 	<ul style="list-style-type: none"> Annual and quarterly Need based 	To inform about the performance, major developments, ESG initiatives and other relevant updates regarding BHFL
Customer 	No	Multiple channels including: <ul style="list-style-type: none"> Customer satisfaction surveys Customer feedback Regular interaction with customers Customer helpline Customer grievance cell Social Media channels Email /SMS Website/App 	<ul style="list-style-type: none"> Periodic On-going Need based 	Servicing across the lifecycle of the customer, redressal to queries / grievances that the customer may have, VOCs and surveys, product/ service offerings, ESG initiative and periodic communication to provide update on various lifecycle events over digital channel.
Government and Regulators 	No	Multiple channels including: <ul style="list-style-type: none"> Regulatory filings Compliance Statements Meetings, audits Letters E-mails 	<ul style="list-style-type: none"> Periodic Need based 	To provide recommendations or feedback on draft policies and make representations on various subjects before regulators and associations for advancement and improvement of financial services industry in India.

Stakeholder Group	Whether Vulnerable and Marginalized Group?	Channels of communication	Frequency of engagement	Purpose and scope of engagement including key topics and concerns raised during such engagement
<p>Employees</p> 	<p>No</p>	<p>Multiple channels including:</p> <ul style="list-style-type: none"> • ESAT survey • Human Resources Contact Centre (HRCC) • HR pulse assessments • Townhall • Performance appraisals, Rewards and recognition • Trainings, Awareness, Emails • Employee engagement initiative 	<ul style="list-style-type: none"> • On-going • Need based 	<p>To create a thriving, safe and inclusive workplace for its employees and provide merit-based opportunities for professional development and growth.</p> <p>Additionally, periodic communication to employees on ESG initiatives and awareness</p>
<p>Value chain Partner</p> 	<p>No</p>	<p>Multiple channels including:</p> <ul style="list-style-type: none"> • Physical and digital 	<ul style="list-style-type: none"> • On-going • Need based 	<p>To enhance the access and understanding of relevant financial products and services of the Company. Updates on ESG initiatives and disclosures</p>
<p>Society</p> 	<p>Yes</p>	<p>Multiple channels including:</p> <ul style="list-style-type: none"> • Media and Press Releases • Annual Reports • CSR initiatives • Financial Inclusion 	<ul style="list-style-type: none"> • Frequent • Need based 	<p>To promote social welfare activities for inclusive growth, fair and equitable development, and well-being of society through our business functioning.</p>

B. Our Corporate Communication Policy

Information on BHFL is actively sought by mainstream financial media, social media influencers, investors, and employees. It is important that the flow of information is managed in an efficient and transparent manner, leaving no room for misinterpretation.

Aligning to this virtue, BHFL has a 'Corporate Communication Policy' which defines the approach to communicate with media. The policy provides a framework and process for effective media engagement, both proactive and reactive.

This policy governs all disclosures in news and earning releases, senior management speeches, presentations, press releases, information on the Company's intranet and includes discussion in public and quasi-public areas where conversations may be picked up by the media.

The main objective of the Policy is to protect and safeguard the reputation of BHFL and mitigate risk to its reputation. The policy protects the interest of customer and shareholder, lays down a standard procedure for handling all communication with external and internal audiences and strengthen BHFL's image, ensures that all information shared with the media is aligned with BHFL's desired messaging and the direction of its management and complies with legal and regulatory requirements.



C. Shareholders and Investors

Our commitment to protecting the interests of our shareholders and investors is evident in the fact that we strive to maintain high standards of business information disclosure amongst financial services companies in India. We communicate with our shareholders, investors and lenders through quarterly investor presentations, earnings call, stock exchange announcements, investor conferences and non-deal roadshows.

We have in place a well-crafted Stakeholders Relationship Committee to review the grievances of debenture holders and shareholders of the Company. All complaints received from shareholders were suitably resolved.



Value Chain Partners²³

The Company follows omnichannel sourcing strategy, namely direct and indirect sourcing channels. For retail products, the Company originates from developer ecosystem, self-sourcing, and digital assets under the direct sourcing model whereas indirect sourcing channel comprises partnership with channel partners, aggregators, direct selling agents and connectors. In terms of commercial products which is predominantly a relationship-based direct sourcing model, while also sourcing through indirect channel through international property consultants, wealth management companies, aggregators, and direct selling agents. This omnichannel sourcing approach provides an enhanced sourcing funnel for the Company

BHFL follows micro market approach for home loan origination and aims to increase its home loans market share through.



Expanding

distribution network across intermediaries by deepening share with existing partners and activating new partners



Enhancing

home loan penetration at developer financing projects



Leveraging

data analytics to enhance funnel of refinance and new purchase proposition



Scaling

up near prime and affordable housing through its newly launched SBU



Expanding

geographic footprints.

For Commercial products, BHFL remains focused on building granular portfolio while maintaining strong risk management framework reflecting from healthy asset quality across commercial products. Both commercial businesses are deepening their relationship with existing partners and expanding origination funnel by onboarding new to Bajaj (NTB) customers.



²³GRI 2-6

Partnerships and Services:

In partnership with various financial service providers, BHFL offers life insurance, general insurance, health insurance, online primary healthcare assistance services and other financial services products to its customers. The Company received Corporate Agency license from the IRDAI in December 2023 with the aim of meeting the insurance needs of the customers while enhancing the fee income pool.

We strongly believe in the mutual and inclusive growth of our value chain partners. We ensure their compliance with the highest standards of ethics through our Supplier's Code of Conduct (CoC). Through this, BHFL monitors the performance of the value chain partners and takes suitable disciplinary action in terms of warning, penalty, and termination for deviations, if any.

We have integrated ESG clauses into our agreements with value chain partners, emphasizing ethical business practices, human rights, and environmental protection.

BHFL has invested in online DRA training infrastructure. After completion of online training, recovery personnel appear for a DRA certification test conducted by IIBF. The success rate to clear the exam is around 79%. As on 31 March 2025, 85 participants are DRA certified as per IIBF norms.

Government and Regulators

We proactively share our views on formulating new industry standards or regulatory developments pertaining to the HFC sector. In doing so, we strive to balance the interest of various stakeholders.

BHFL views engagement with regulators as an ongoing process rather than a one-time event. Such engagements help to build strong relationships, gain a deeper understanding of regulatory requirements, and adapt their compliance practices to meet evolving regulatory expectations. BHFL participated in regional conferences, customer awareness townhalls and outreach programmes.



Financial Inclusion²⁴

We, at BHFL firmly believe in the power of financial accessibility to all. Every individual and business need easy and seamless access to relevant and affordable financial products and services in a sustainable way.

The core of our offering comprises financial products and services that enable a wider and more sustainable growth of the economy. In line with this belief, we offer finance to individuals as well as corporate entities for the purchase and renovation of homes, or commercial spaces. It also provides loans against property for business or personal needs as well as working capital for business expansion purposes.

BHFL also offers finance to developers engaged in the construction of residential and commercial properties as well as lease rental discounting to developers and high-net-worth individuals.



Sambhav – Affordable Housing Scheme

BHFL has launched **Sambhav loans** to make possible the dream of owning a home. Our Affordable Housing product is designed to support homebuyers from underserved and unserved segments across urban and semi-urban markets

Sambhav Home Loan makes it Sambhav to provide Home Loans to all customer segments and profiles such as

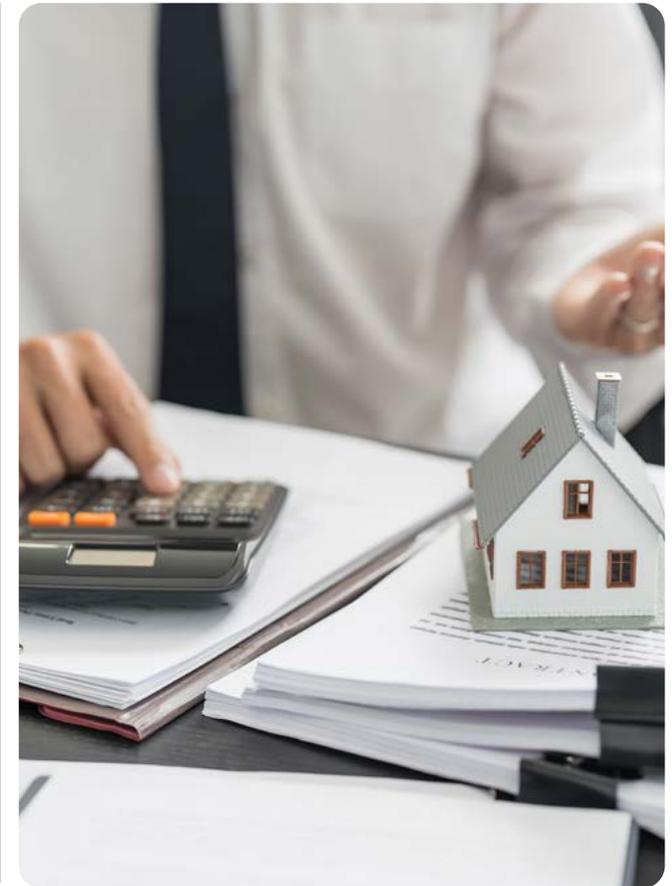
- Customer profile like blue collared, MSME segment etc
- Customers with temporary/ no business set up.
- With/ without business vintage proof
- With or without sharing any income proof

18,829

Count of Affordable loans disbursed as on 31 March 2025

₹ 2,977.7 Crore

Amount sanctioned towards Affordable loans as on 31 March 2025



²⁴GRI 201-1

Our experts help in assessing and providing tailored home loan solutions across customer segments and profiles.

Government is also promoting Affordable Housing and has launched various schemes like:

PMAY U2.0 which aims to provide all-weather Pucca house to all eligible urban households across the nation with the vision of 'Housing for All'. It seeks to address the affordable housing requirement in urban areas. Under this scheme, preference will be given to widows, single women, persons with disabilities, senior citizens, transgenders, persons belonging to Scheduled Castes/ Scheduled Tribes, minorities and other weaker and vulnerable sections of the society. Special focus will be given to Safai Karmi, Street Vendors identified under PMSVANidhi Scheme and different artisans under Pradhan Mantri-Vishwakarma Scheme, Anganwadi workers, building and other construction workers, residents of slums/chawls and other groups identified during operation of PMAY-U 2.0.

Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) scheme by National Credit Guarantee Trust company (NCGTC) which aims at providing credit guarantee to financial institutions for Low Income group (EWS & LIG segment) in case of default. This scheme encourages financial inclusions and help in expanding credit facilities to underserved communities.

We are currently operational in Urban and Semi Urban markets of Madhya Pradesh, Maharashtra, Gujarat, and Rajasthan. We have further expanded our presence in Andhra Pradesh and Telangana from April'25 bringing our housing finance solutions to even more homebuyers

Sambhav – Features and Benefits



Seamless Online Application

Applying for a home loan is easier than ever with our online journey, making the process smooth and hassle-free.



Housing for All

The Sambhav scheme supports homebuyers across customer segments and profiles. Whether the customer is a salaried individual, a kirana shop owner, a barber, a scrap shop owner, or a small business owner, Sambhav loans help them turn their homeownership dream into reality.



Homes at Every Stage

No matter where you choose to live—in a metro city or its outskirts—you can get a home loan based on your job profile and property details.

Our housing finance solutions cover:

- Fresh Purchase transactions
- Resale Purchase
- Self-constructed homes
- Construction on a plot you own.

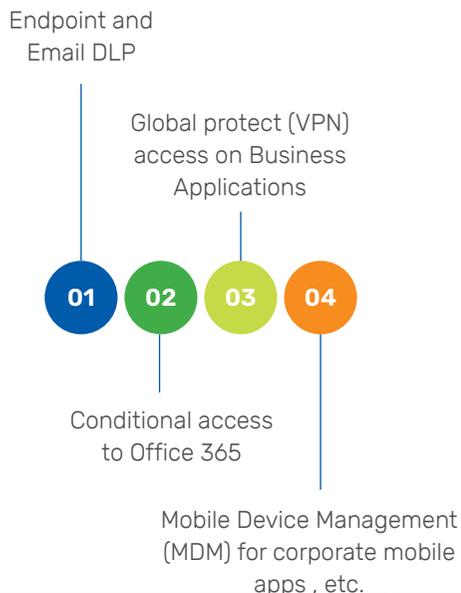


Information Security, Cyber Security and Fraud Controls

Information is a valuable asset, regardless of its source and nature. The importance of information security, cyber security and fraud controls cannot be over-emphasized in this technological age. The need for robust control over these areas finds a dominant place in the BHFL information technology framework. These controls obviate disruptions and security threats endangering loss of customer data and disruption in business operations.

BHFL has a robust IT framework that encompasses governance, policy, operations, security, audit, outsourcing, and Disaster Recovery (DR) to address challenges related to information security, cyber security, and fraud.

To protect systems and data against the threats in "remote work environment" BHFL has also implemented Data Loss Prevention (DLP) solutions such as:



All data protection controls are enhanced periodically and evaluated at least once in a year.

BHFL has defined and implemented policies such as IT Policy, Information Security policy, Cyber security policy and Data privacy policy as per applicable regulatory requirements.

A. Cyber Security

BHFL has institutionalized a cyber security policy to protect its information infrastructure on internet, prevent and respond to cyber threats; reduce vulnerabilities; and minimize damage from cyber incidents. This is achieved through a combination of dedicated teams, control processes and technology.

Some of the operational measures to monitor and respond to data breaches and cyber - attacks are:

- Security operations center managed by a reputed cyber security service provider that monitors infra logs 24x7.
- Managed endpoint detection and remediation (MDR) to detect any malicious activity on endpoint.
- Endpoint and cloud firewall to restrict traffic and internet access.
- Surface Web and Dark Web monitoring: carried out through different service providers.
- All our public facing applications are behind Web Application Firewall (WAF) which help in protecting them against various attacks such as DDoS, SQL-injection etc.



Key Automation Initiatives

01

Banking Automation System

BHFL internal banking automation system takes care of EMI presentation (both request and response) with all the banks, resubmission, special hits as well as reconciliation in the LMS system.

02

BHFL Internal Dedupe System

BHFL internal dedupe system checks new login customer with our existing customer as well as fraud database and store the match in loan origination system so that credit and risk can use the same for credit decisioning.

²⁵GRI 418-1



B. Data Security

Led by a strong commitment to protecting the privacy of personal data, we have formulated a well-structured Data Privacy Policy which incorporates:

- 01 Commitment to obtain user data through lawful and transparent means, with explicit consent of the data subject where required.

- 02 Clear terms involving the collection, use, sharing and retention of user data, including data transferred to third parties.

- 03 Collection and processing of user data that is limited to the stated purpose.

- 04 Commitment to notify data subjects in a timely manner in case of policy changes or data breach.

Privacy of Personal Information²⁵

BHFL is committed to safeguard customer’s personal data. It has adopted various measures to ensure security of customer’s personal information.

BHFL has zero-tolerance for breach of data confidentiality and privacy. Further, BHFL has defined disciplinary actions, ranging from suspension, to termination, penalty, legal action, etc., for noted instances of data breach.

During the year, there were no instances of data breaches involving personally identifiable information of customers across BHFL.



C. Audits and Assessments

BHFL conduct regular internal security audits, vulnerability assessments and penetration testing of its systems, products and practices affecting user data, in compliance with ISO 27001 standards.

BHFL conduct periodic application security assessment like pre-production, six monthly application security assessment and a structured exercise at various stages of its business enhancements, APIs, Bots etc.

Additionally, BHFL conducts six monthly external Vulnerability Assessment and Penetration Testing (VAPT) audit through a CERT-IN empaneled vendor.

BHFL systems, products and practices affecting user data goes through an extensive audit assessment by external experts wherever applicable, including:

- ISO 27001 surveillance audit from Certification body
- ISO 27001 internal audit
- Audit under the RBI’s Master Directions – “Information Technology Framework for the NBFC Sector”.
- Information technology governance, risk, and compliance audit by the internal auditors of the Company.

D. Incident Management

We have formal policy of Incident management. All our critical systems logs are integrated with Security Incident and Event Management (SIEM) tool which detects any security incidents in environment and report to IT team. Incident also may be reported by system owner, employees, vendors, or partners. Our information security team monitors dark web for any potential incident. Incidents are tracked and closed as per severity. For incident response

and resolution, we have internal framework which also includes a process to include learning from incident to improve incident response and recovery activities and capabilities.

E. Business Continuity Management

BHFL maintains a robust and resilient business continuity strategy and framework, fully compliant with regulatory requirements. Our Business Continuity Plan (BCP) envisages likely disruptive events, their probability and impact on business operations through business impact analysis. The primary aim of BCP is to eliminate or minimise potential disruption to critical business operations.

BCP includes Disaster Recovery (DR) procedures to quickly recover from an emergency. These plans encompass planning, developing, and implementing disaster recovery management for IT services. To guarantee the ongoing effectiveness of our IT recovery capabilities in light of evolving business processes, infrastructure, personnel, we conduct thorough DR drills on a half-yearly basis.

F. Governance Structure

All IT Security related projects and operations of BHFL are regularly reviewed by the Information Security Committee, IT Strategy Committee comprising Board members and/ or senior executives. The ITSC Committee meets on a quarterly frequency.

BHFL has dedicated information security units to manage cyber security programme and operations for all digital initiatives.

G. Awareness and Training

- BHFL creates Information security, Cyber security and Anti phishing awareness across its employees, as may be applicable through multiple channels such as training, emails, posters, brochures, social media etc.
- Trainings are imparted on security requirements, applications and other information processing facilities to employees and vendors who use customer facing application and assets. BHFL also conducts phishing drills periodically.
- To educate customers/ users on security awareness and confidentiality aspects, the BHFL run campaigns on NOT sharing password, fraud alerts, phishing emails, etc.

H. Fraud and Cyber Awareness

Overview: Rising instances of cyber fraud and increase in reports of users falling prey to fraudsters who are luring them on fictitious pretexts, such as alleged completion of KYC requirements, impersonating identities and websites of lenders and payment system operators, etc. are increasing day by day and is anticipated to rise further. The safety and security of customer data and digital transactions are of paramount importance to our customer base. We have actively undertaken digital awareness campaigns in social and Audio-Visual media.

850,000+

Impressions

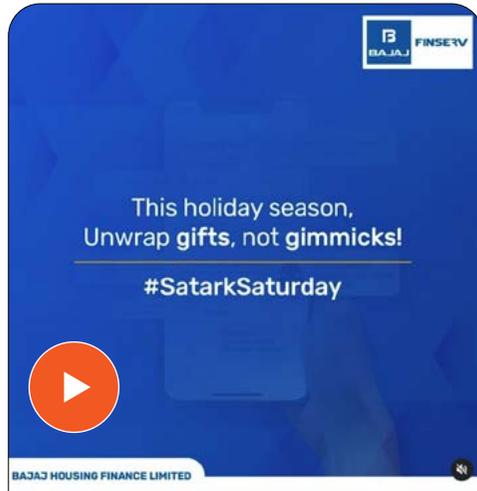
4

No. of Campaigns

18

No. of posts

About Campaigns



Campaign

#SatarkSaturday

Goal

To create awareness and a culture of caution regarding prevalent and popular online fraud mechanisms

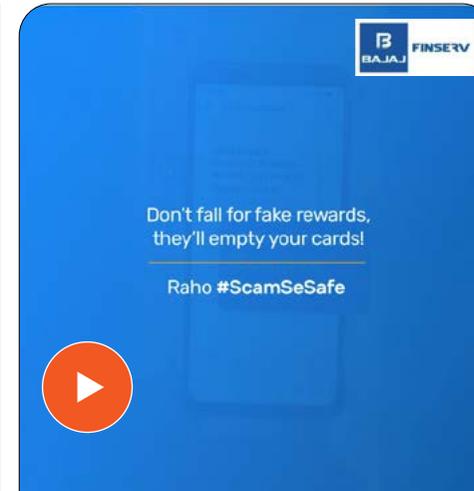


Campaign

April Fool's Day

Goal

To create awareness around fake product offers

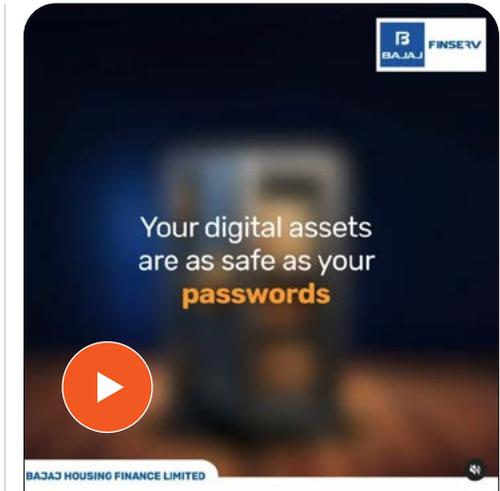


Campaign

#ScamSeSafe

Goal

To create awareness around specific online scams that can harm customers and social media audiences alike



Campaign

World Password Day

Goal

To create awareness around the importance of encryption and password security

Fraud Risk Management

To check any fraudulent activities across our business operations, we closely assess various fraud risks to which we are exposed. We have in place a robust framework/ policy on fraud risk management, along with a proactive fraud detection process. Our anti-fraud programme is crafted to prevent such risks. Our four pillars of Fraud Risk Strategy are:

i.

Prediction and Prevention

Our prediction and prevention strategy are structured around:

Fraud Framework

BHFL has in place a robust framework/ policy on fraud risk management, along with a proactive fraud detection process. It broadly covers:

- Board-approved policy.
- Roles and responsibilities.
- Technology set up for fraud identification, monitoring, verification disposition, and reporting.
- Operational process for fraud monitoring through centralized HO and decentralised field teams.
- Proactive monitoring and engagement with sourcing channels.
- Due diligence while onboarding partners.
- Scheduling meetings with relevant stakeholders periodically to keep them updated with emerging trends.
- Dedicated sales compliance framework in each business for distribution control.

Fraud Awareness

Our fraud awareness focus encompasses targeted initiatives and programmes covering customers and employees.

ii.

Detection

Predictive - Preventive Analysis

Deployed early warning signals through predefined rules, which provides an exception report of suspicious cases logged. This has helped in improving our agility to identify and curb frauds immediately on detection.

Early Warning Signals

By studying historical data of fraudulent cases, the early warning model have been created to highlight the high-risk instances/cases and further sent for field investigation.

Default Investigation

Investigation of early default cases to understand root cause of default and proactive involvement in case of frauds. Apart from RCU checking early default cases, a process has been created for debt management team and services team to flag off suspected fraud cases/ complaints to RCU for response.

iii.

Response

Investigations and Strict Consequence Management

- a. Conducting investigations on the suspicious profiles identified.
- b. Taking strict disciplinary action against distributors/ employees found involved in fraud.
- c. Ensuring confidentiality and security to individuals who report fraud through the whistle-blower mechanism.

FIRs and Police Complaints

The Company lodges FIRs and police complaints against fraudsters, creating deterrence.

iv.

Awareness and Training

Mandatory Awareness and Prompt Communication on email communications. Further, training on Anti-Phishing, Cyber Security, Information Security is mandatorily given to employees every year. During FY2025 over 2000 employees completed these trainings.

Looking Forward

Future Commitments

01

Building a tree plantations portfolio

02

Pure life initiative focusing physical, mental, and emotional wellness for employees.

03

Implementation of Environment, Health, and Safety (EHS) policy

04

ISO 14001 (Environmental Management System) & ISO 45001 (Occupational Health and Safety Management System) certifications

05

Distribution of improved cookstoves in phases to foster clean energy access.





BAJAJ HOUSING FINANCE LIMITED

Regd. Office: Bajaj Auto Limited Complex,
Mumbai-Pune Road, Akurdi,
Pune-411 035, Maharashtra, India.

www.bajajhousingfinance.in

