

# BAJAJ FINSERV BANKING AND FINANCIAL SERVICES FUND

An open ended equity scheme investing  
in Banking and Financial Services sector



# INDIA EXPECTED TO BECOME 3<sup>rd</sup> LARGEST ECONOMY

## TOP 10 ECONOMIES DECADE WISE (GDP IN USD TRILLION)



India is on track to become the world's third-largest economy with a projected **GDP of \$7.3 trillion by 2030.**

Source: PIB, Bloomberg, IMF, World Bank 2030 estimates from CEBR (The Centre for Economics and Business Research)

# MEGATRENDS DRIVING INDIA'S GROWTH...



**RAPID DIGITALIZATION & UPI**



**PHARMACY OF THE WORLD**



**69K KM OF RAIL ROUTES<sup>1</sup>  
31K KM LAID IN 10 YRS<sup>2</sup>**



**AGRO-TECHNOLOGY**



**BOOMING TECH INDUSTRY**



**MORE THAN 4 IN 10 PEOPLE  
IN INDIA ARE UNDER  
25 YEARS OLD<sup>3</sup>**



Citations: <sup>1</sup>The Hindu <sup>2</sup>Statement by Union Minister of Railways <sup>3</sup>UN Population Division



# ... BUT WITHOUT A SOUND FINANCIAL SYSTEM INDIA'S GROWTH CANNOT BE SUSTAINED



For GDP to grow to **\$30 Tn**, financial assets need to become **20x**

1. 2023 numbers for US, China, and Germany basis 2022 Financial Stability Board report

India's banking industry will need to add **\$4 Tn** in capital in the next 2 decades; which will in turn create the multiplier effect for the economy to reach **\$30 Tn GDP by 2047**

Source: RBI; Financial Stability Board; World Bank; Federal Reserve; Bundesbank; BCG analysis. P: Projected

# HOW IS BFSI POWERING INDIA'S ECONOMIC FUTURE?



## CAPITAL MOBILIZATION & ALLOCATION:

Credit disbursement to Priority Sectors Jumps **85%** from ₹23 Lakh Crores in 2019 to ₹42.7 Lakh Crores in 2024



## DIGITAL ACCESS AT SCALE:

UPI transaction value has increased **~5x** from ₹41t in FY21 to ₹236t in FY25



## INCLUSION DRIVES DEMAND:

Microfinance portfolios hit **₹3.75 lakh crore**, serving **~79 million** borrowers as of March 2025



## SAVINGS INTO CREDIT:

India's credit-to-deposit ratio stands at **~79%** (May 2025) – highlighting active reallocation of savings into economic growth



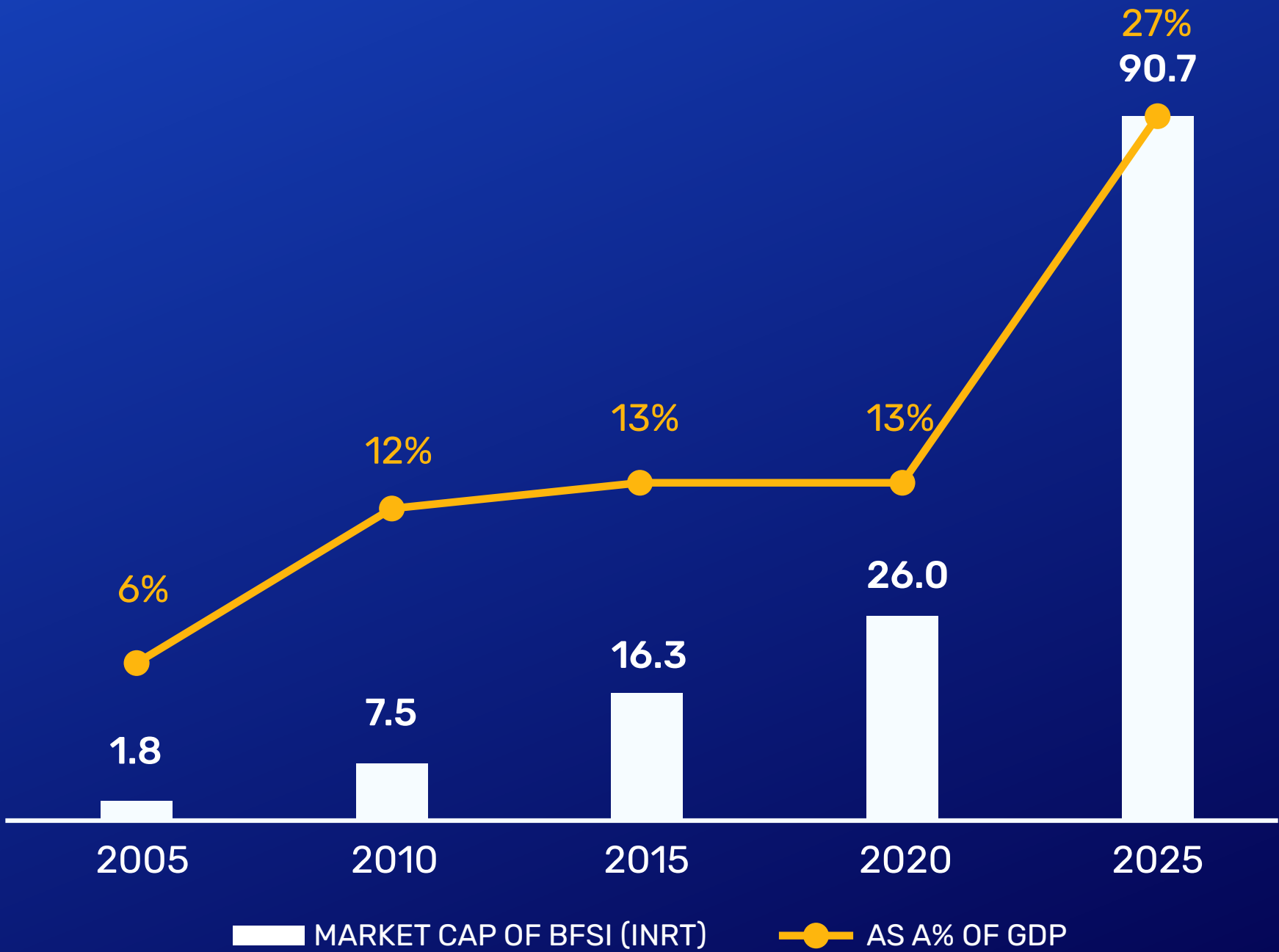
Source: Motilal Oswal, PIB, CareEdge

# INDIAN BFSI SECTOR EXPERIENCED >50X SURGE IN MARKET CAP OVER 20 YEARS

The market cap of the Indian BFSI sector expanded to ₹91 tn in 2025 from ₹1.8 tn in 2005, reflecting a CAGR of ~22%

The sector has undergone a profound transformation driven by financialization, regulatory reforms and demographic dividends

BFSI MARKET CAP AS A % OF GDP HAS GROWN SIGNIFICANTLY FROM 6% TO 27% IN 2025



## KEY OPPORTUNITIES IN BFSI



BANKS



NON BANKING FINANCIAL COMPANIES (NBFCs)



INSURANCE



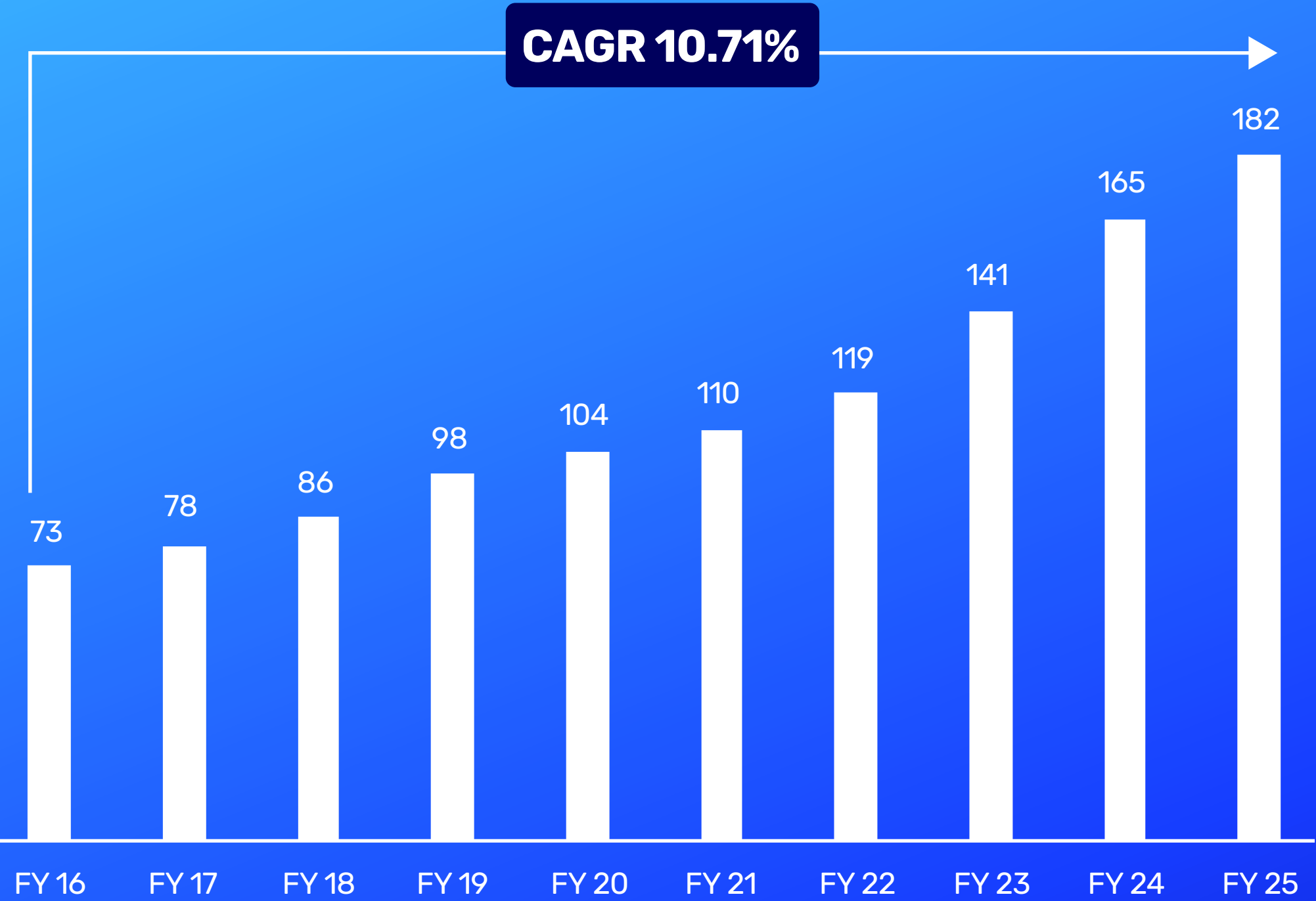
CAPITAL MARKETS, INTERMEDIARIES & ASSET MANAGEMENT

Source: MOFSL Report as published in April 2025

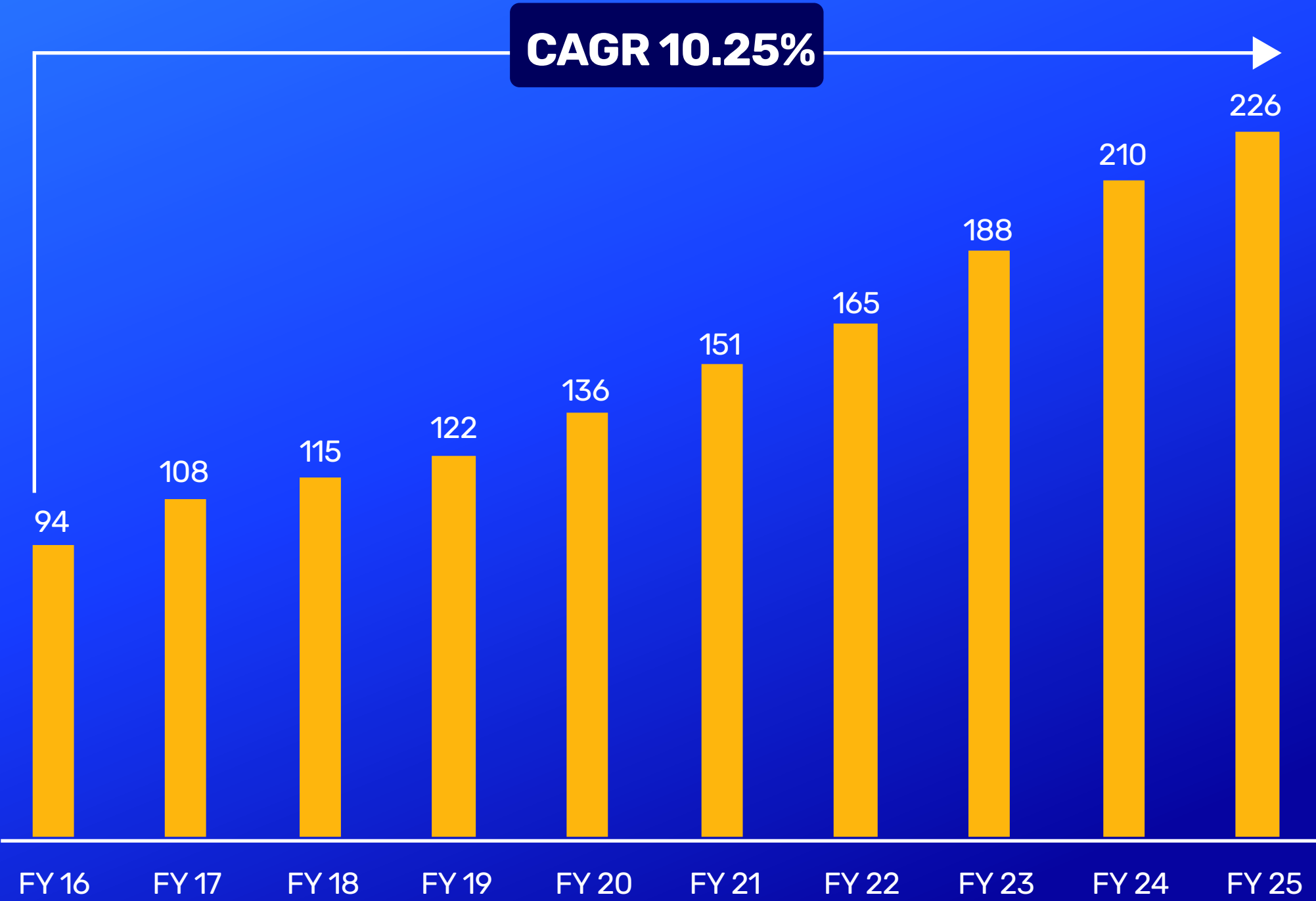


# INDIAN BANKING SECTOR HAS GROWN AT A HEALTHY PACE

GROWTH IN BANK CREDIT (US\$ BILLION)



GROWTH IN DEPOSITS (US\$ BILLION)





BANKS



NON BANKING FINANCIAL COMPANIES (NBFCs)



INSURANCE



CAPITAL MARKETS, INTERMEDIARIES & ASSET MANAGEMENT

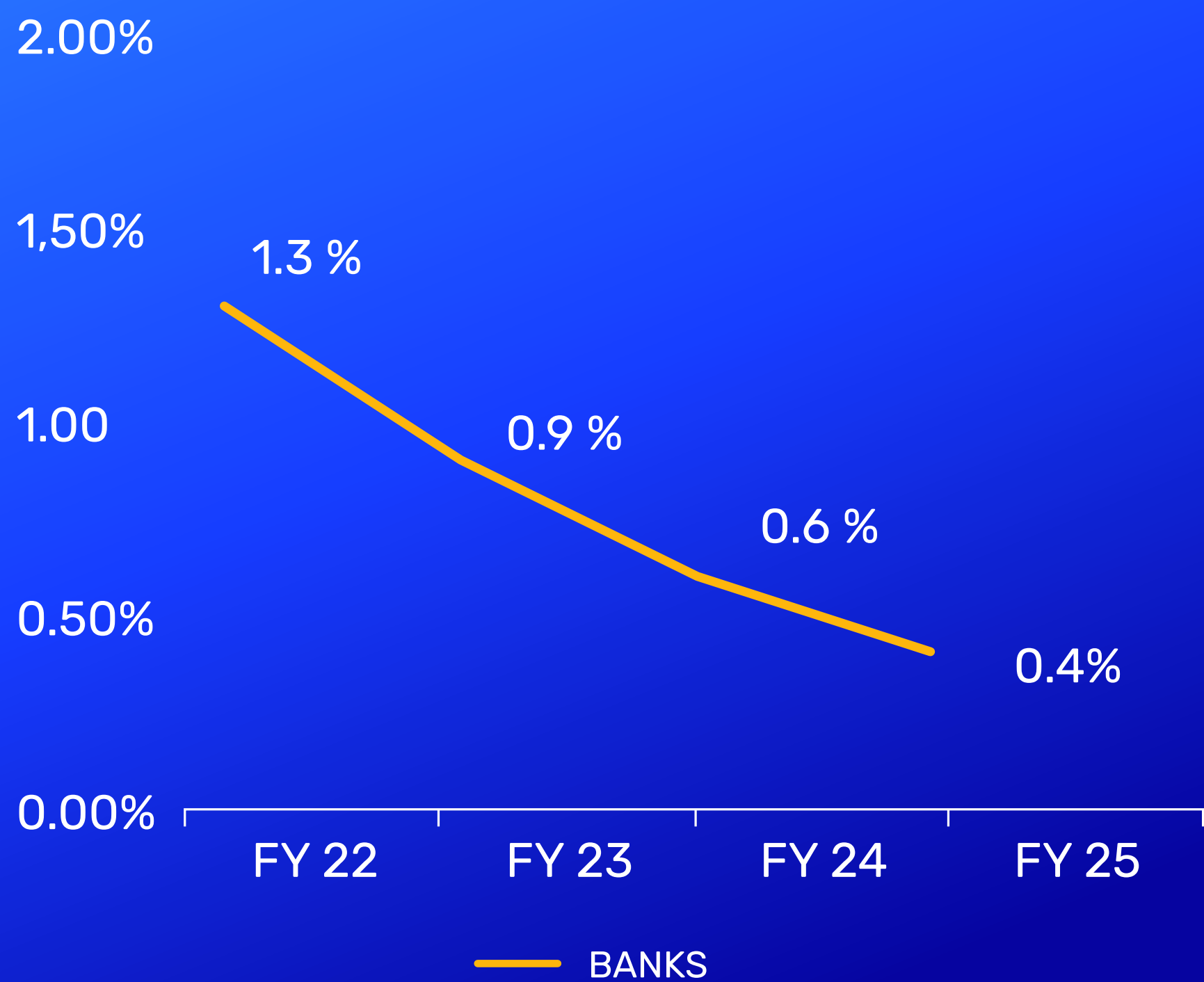
Source: RBI Documents

# BANKS DEMONSTRATE IMPROVING FUNDAMENTALS

GNPA SHARPLY DECLINING FROM 5.8% TO 2.2%



CREDIT COST FALLING FROM 1.3% TO 0.4%



BANKS



NON BANKING FINANCIAL  
COMPANIES (NBFCs)



INSURANCE



CAPITAL MARKETS,  
INTERMEDIARIES &  
ASSET MANAGEMENT

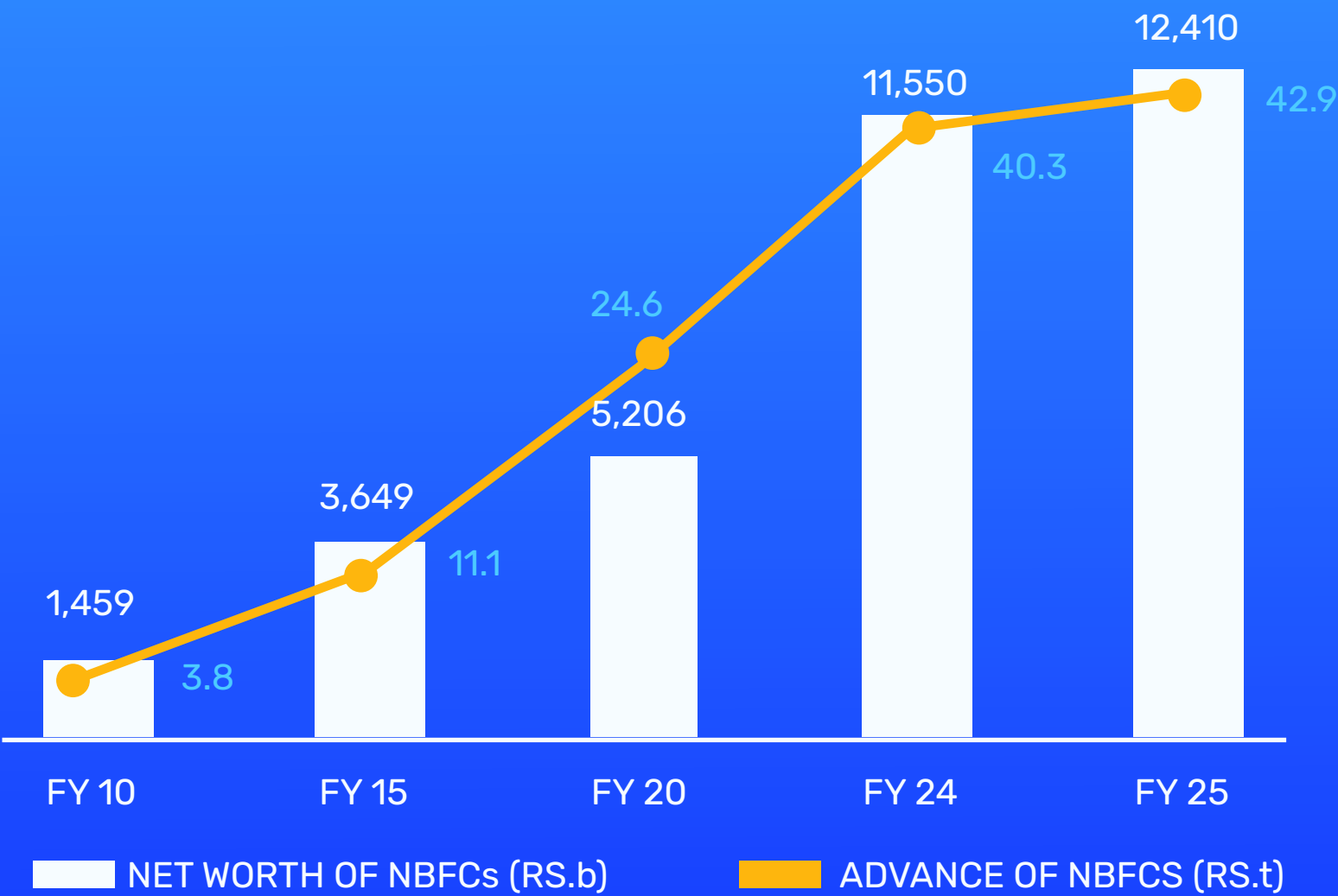
Source: RBI Documents, BCG Report

GNPA: Gross Non Performing Assets



# NBFCs HAVE WITNESSED SHARP GROWTH

NET WORTH OF NBFCs GREW BY ~15% (CAGR)



\*NET WORTH FOR FY10-20 IS EXCLUDING HDFC LTD



NBFCs have emerged as a major force, playing a critical role in promoting financial inclusion and serving the credit needs of underserved segments



BANKS



NON BANKING FINANCIAL COMPANIES (NBFCs)

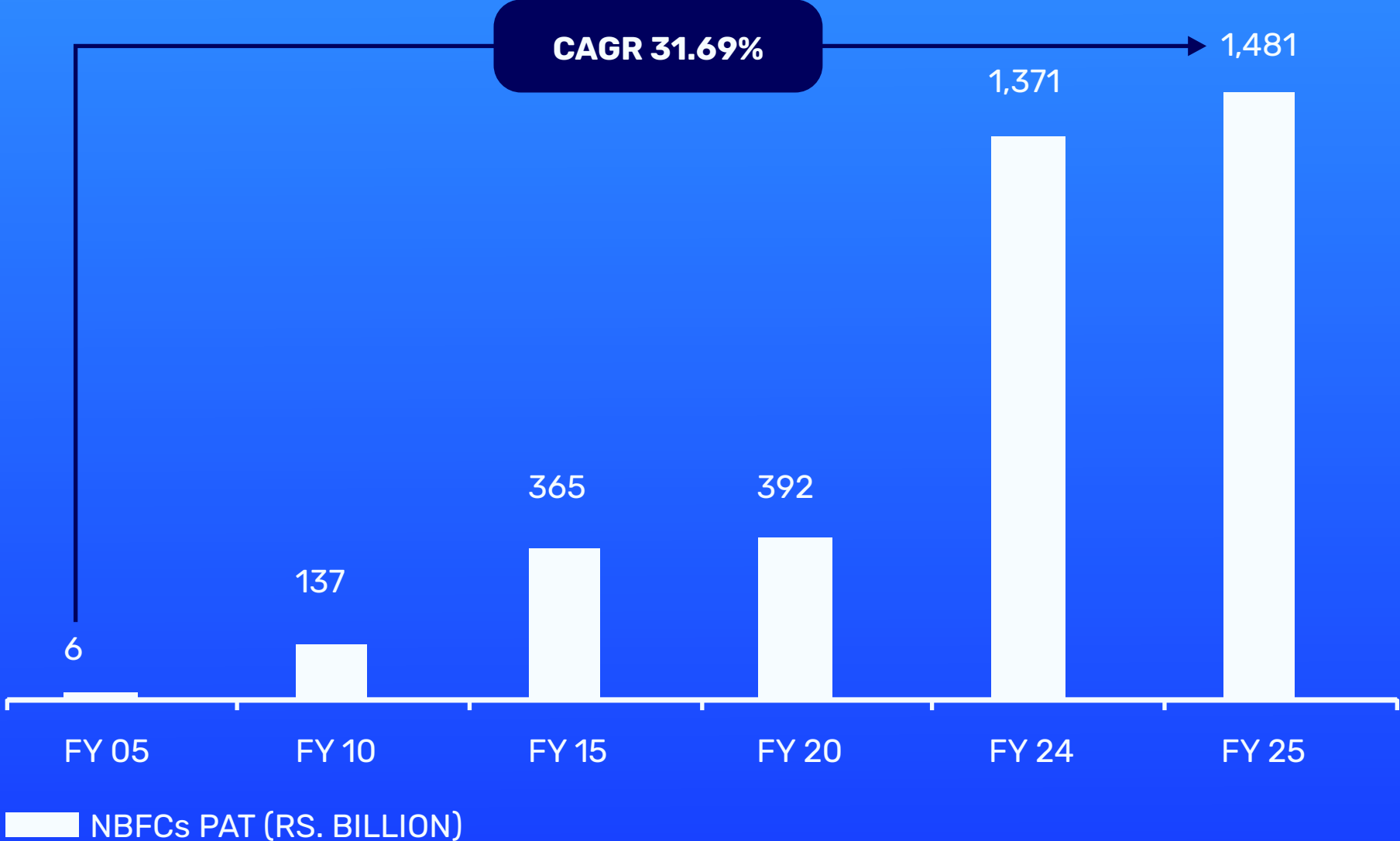


INSURANCE



CAPITAL MARKETS, INTERMEDIARIES & ASSET MANAGEMENT

PAT OF NBFCs GREW BY ~32% (CAGR)

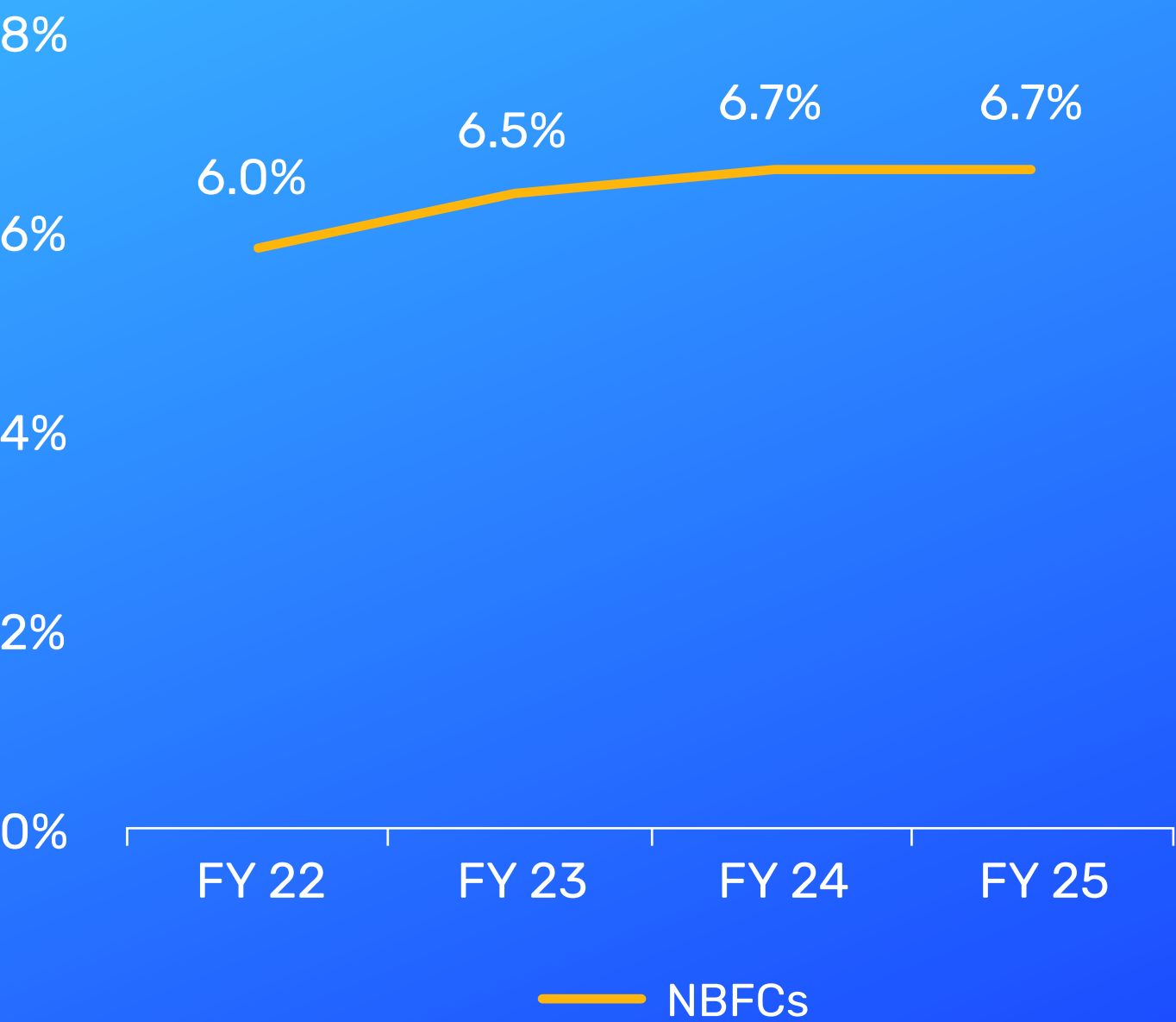


NBFCs account for 18% of total BFSI earnings in FY 24, highlighting their growing importance in retail lending and playing a critical role in promoting financial inclusion

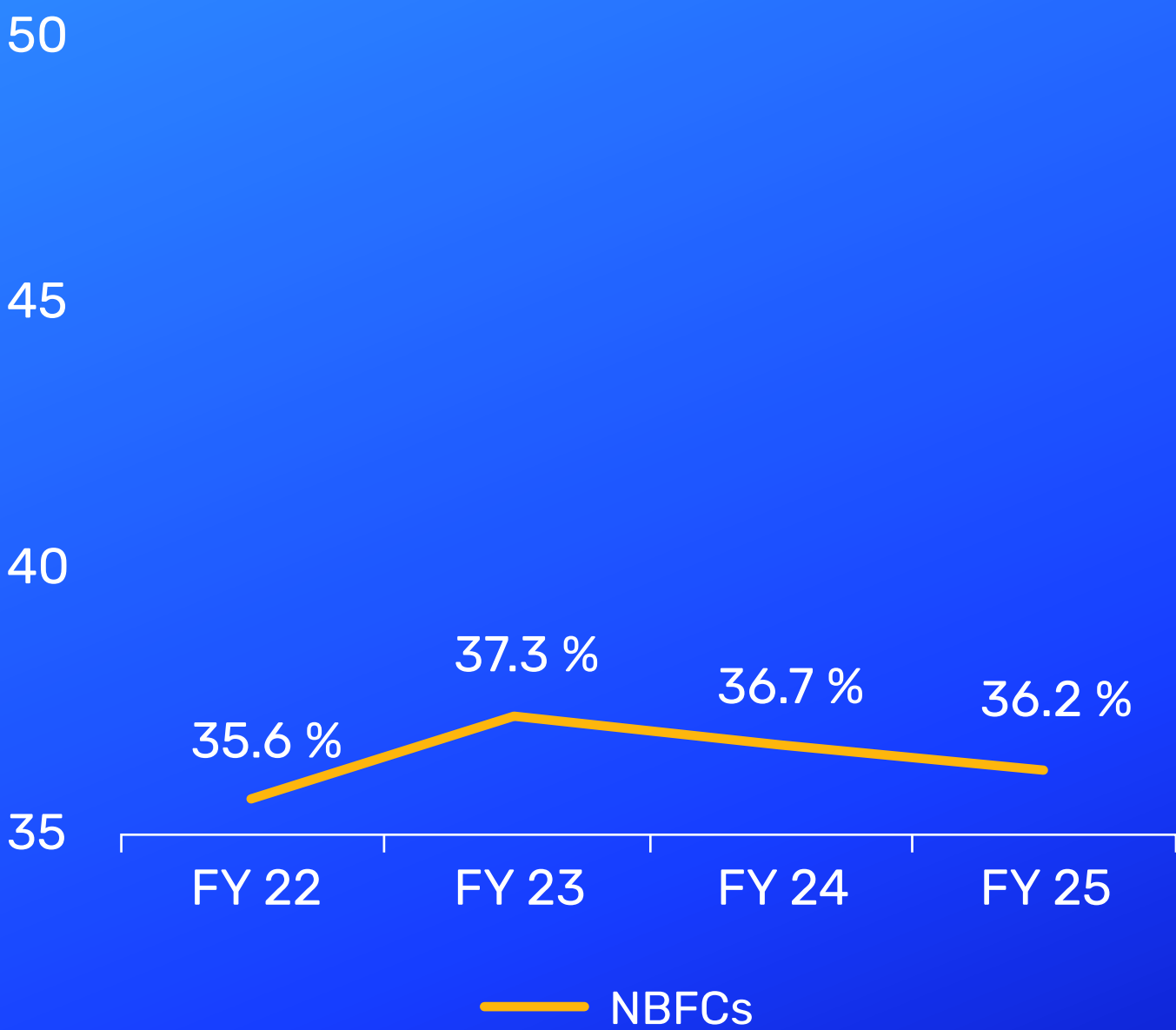
Source: MOFSL, RBI

# FUNDAMENTALS OF NBFCs STRENGTHEN

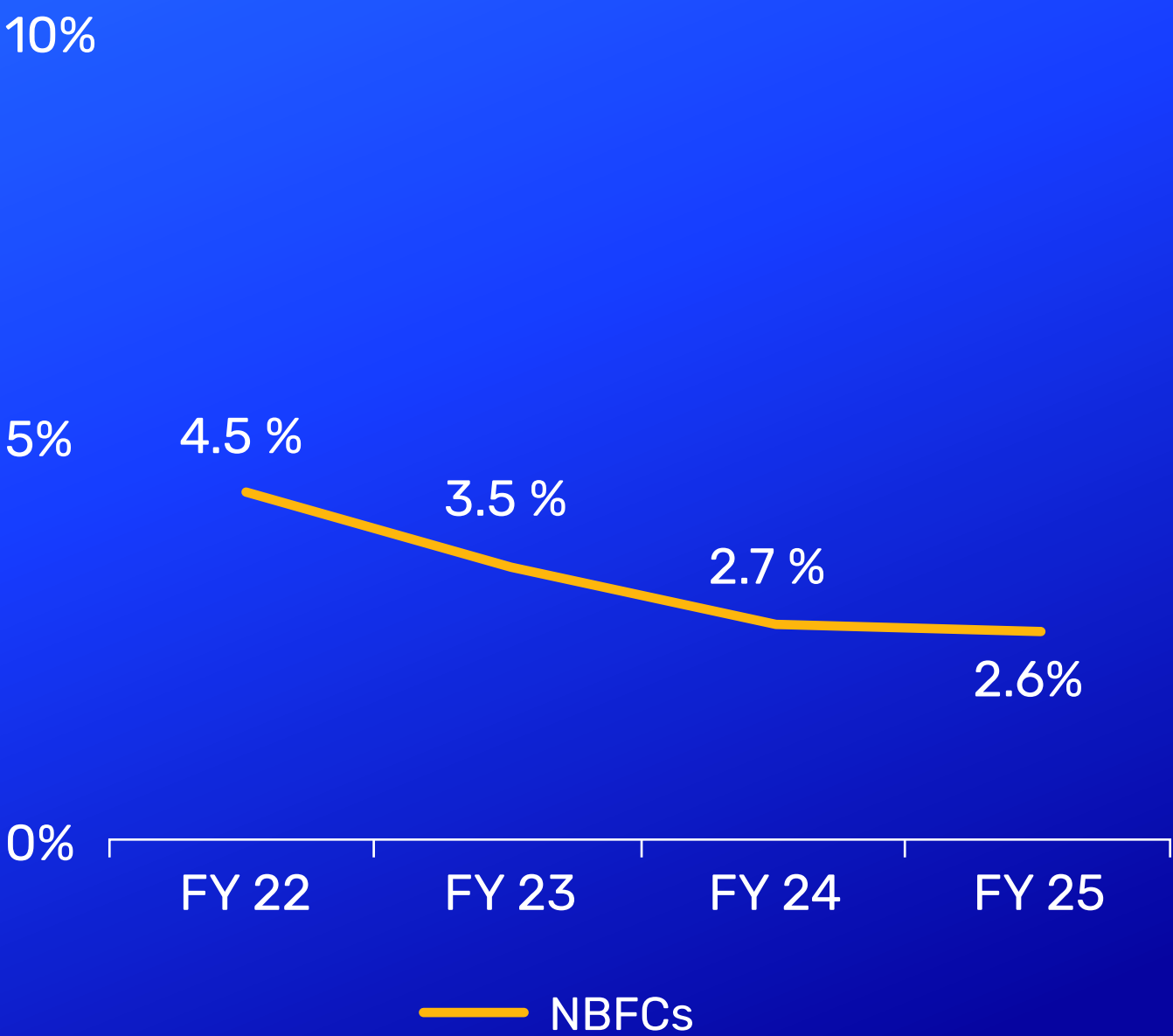
NET INTEREST MARGIN STEADY SINCE FY 2024



COST TO INCOME RATIO FELL MODERATELY FROM 37.3% TO 36.2%



GNPA FELL STEADILY SINCE FY 2022



NBFCs are emerging as key players in MSME lending, recording a 32% CAGR from FY21 to FY24

BANKS

NON BANKING FINANCIAL COMPANIES (NBFCs)

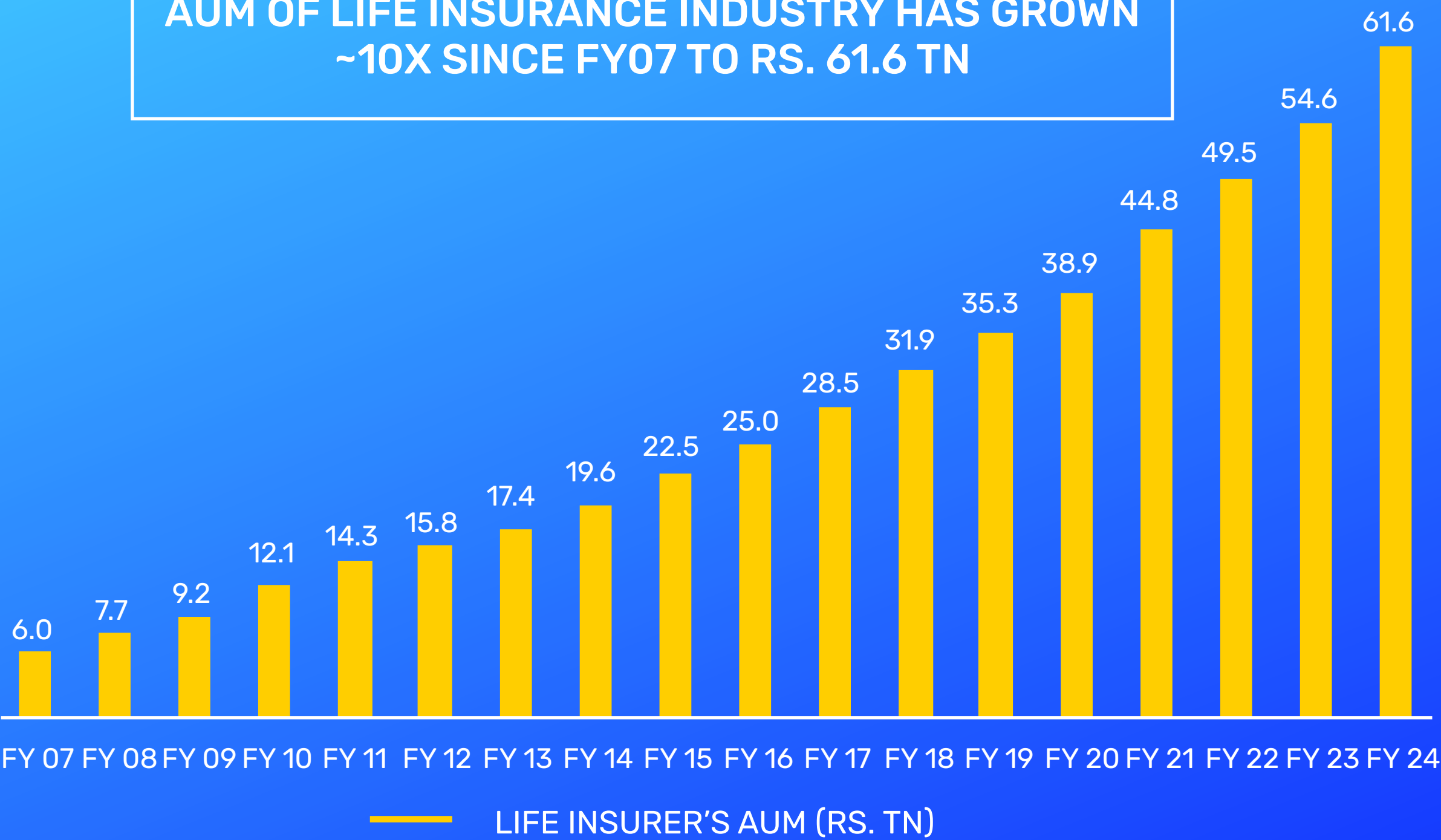
INSURANCE

CAPITAL MARKETS, INTERMEDIARIES & ASSET MANAGEMENT

Source: RBI Documents, BCG Report      GNPA: Gross Non Performing Assets

# INSURANCE INDUSTRY SCALING RAPIDLY

AUM OF LIFE INSURANCE INDUSTRY HAS GROWN  
~10X SINCE FY07 TO RS. 61.6 TN



India is projected to become the 6<sup>th</sup> largest insurance market in 2032, surpassing Italy, Canada, South Korea, and Germany.



BANKS



NON BANKING FINANCIAL  
COMPANIES (NBFCs)

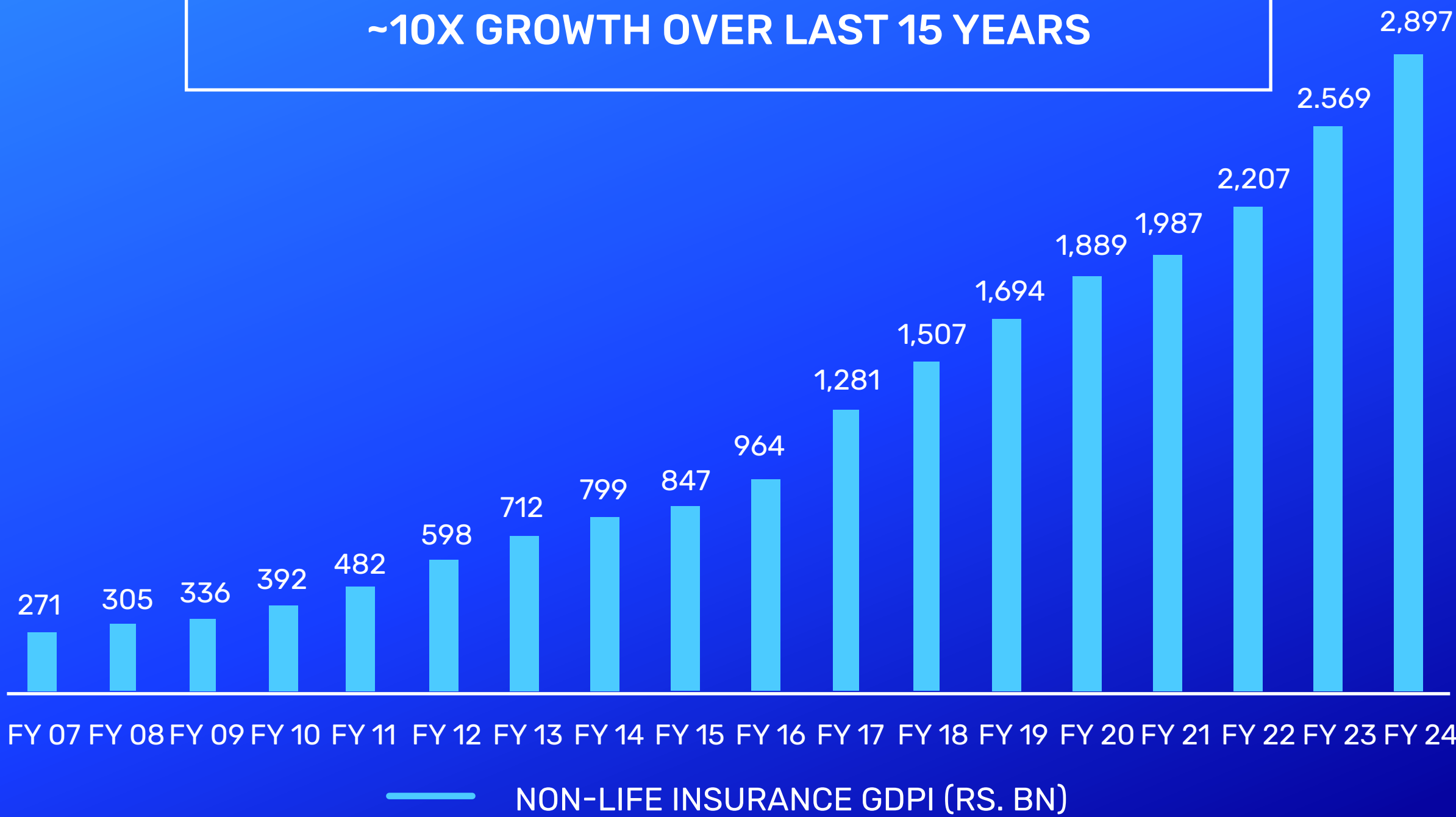


INSURANCE



CAPITAL MARKETS,  
INTERMEDIARIES &  
ASSET MANAGEMENT

GENERAL INSURANCE INDUSTRY HAS WITNESSED  
~10X GROWTH OVER LAST 15 YEARS



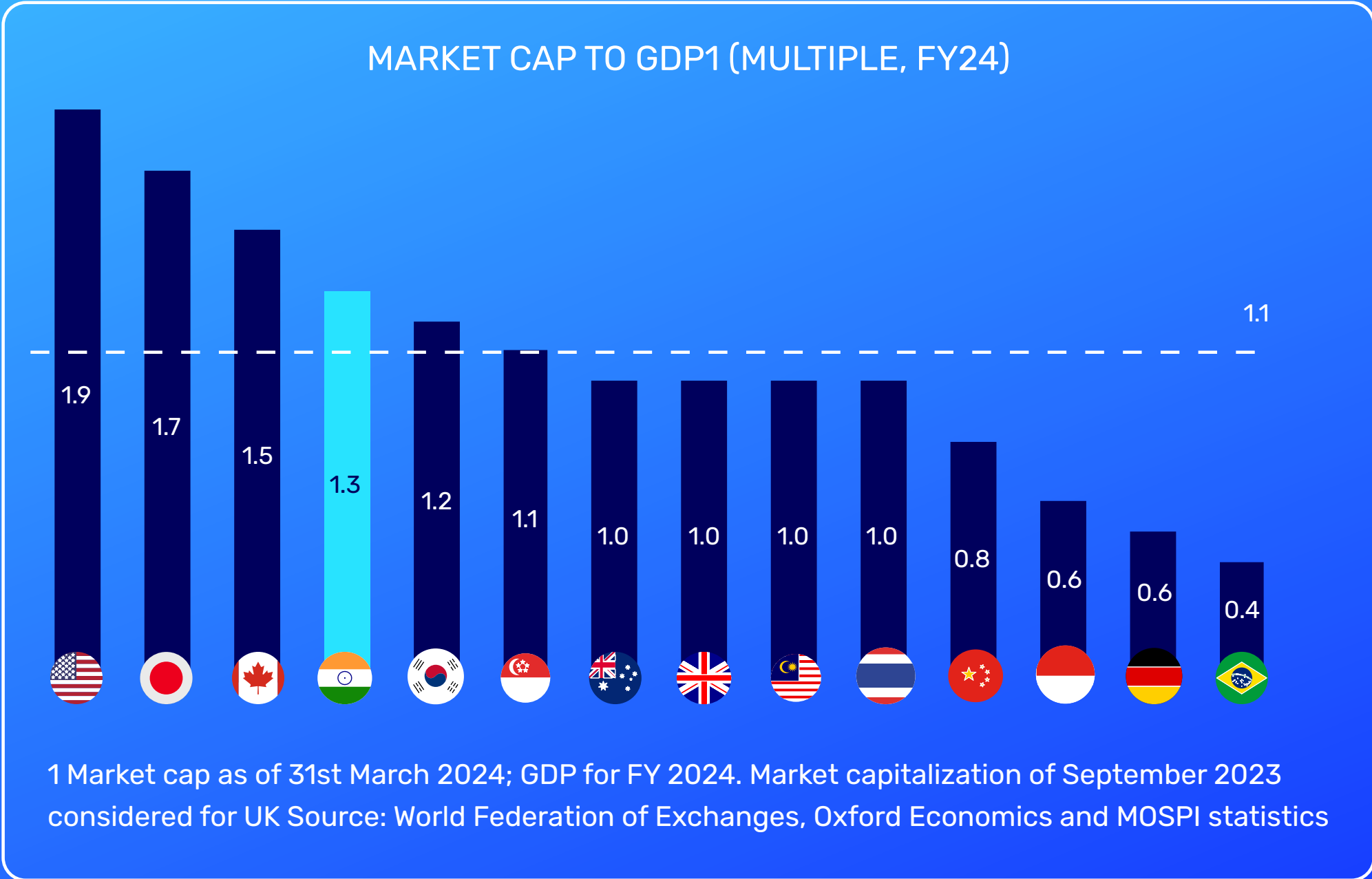
The insurance sector market cap surging to INR 10.6t, aided by increased financialization of savings and rising retail participation

Source: IRDAI, MOFSL, Swiss Re Sigma World Insurance Report, News Articles



# INDIAN CAPITAL MARKET MEETING THE GLOBAL PACE

## INDIA IS THE 4<sup>TH</sup> LARGEST BY MARKET CAPITALIZATION



Country wise, India is the 4th largest by market capitalization after the US, China and Japan

## INDIA'S LEADING POSITION IN CASH EQUITIES

CASH EQUITIES MARKET CAPITALIZATION RANKINGS (FY24)

RANK	EXCHANGE	MARKET CAPITALIZATION (US\$ BN)
1	 NEW YORK STOCK EXCHANGE	28,416
2	 NASDAQ - US	25,430
3	 EURONEXT	7,223
4	 JAPAN EXCHANGE GROUP	6,660
5	 SHANGHAI STOCK EXCHANGE	6,552
6	 NATIONAL STOCK EXCHANGE INDIA	4,610
7	 SHENZHEN STOCK EXCHANGE	4,099
8	 HONGKONG ECHANGES AND CLEARING	3,870
9	 LONDON STOCK EXCHANGE	3,423
10	 TMX GROUP	3,210



India is above the global average in terms of market capitalization penetration, touching a 1.3x multiple, outperforming other emerging market equities due to its promising growth



BANKS



NON BANKING FINANCIAL COMPANIES (NBFCs)



INSURANCE

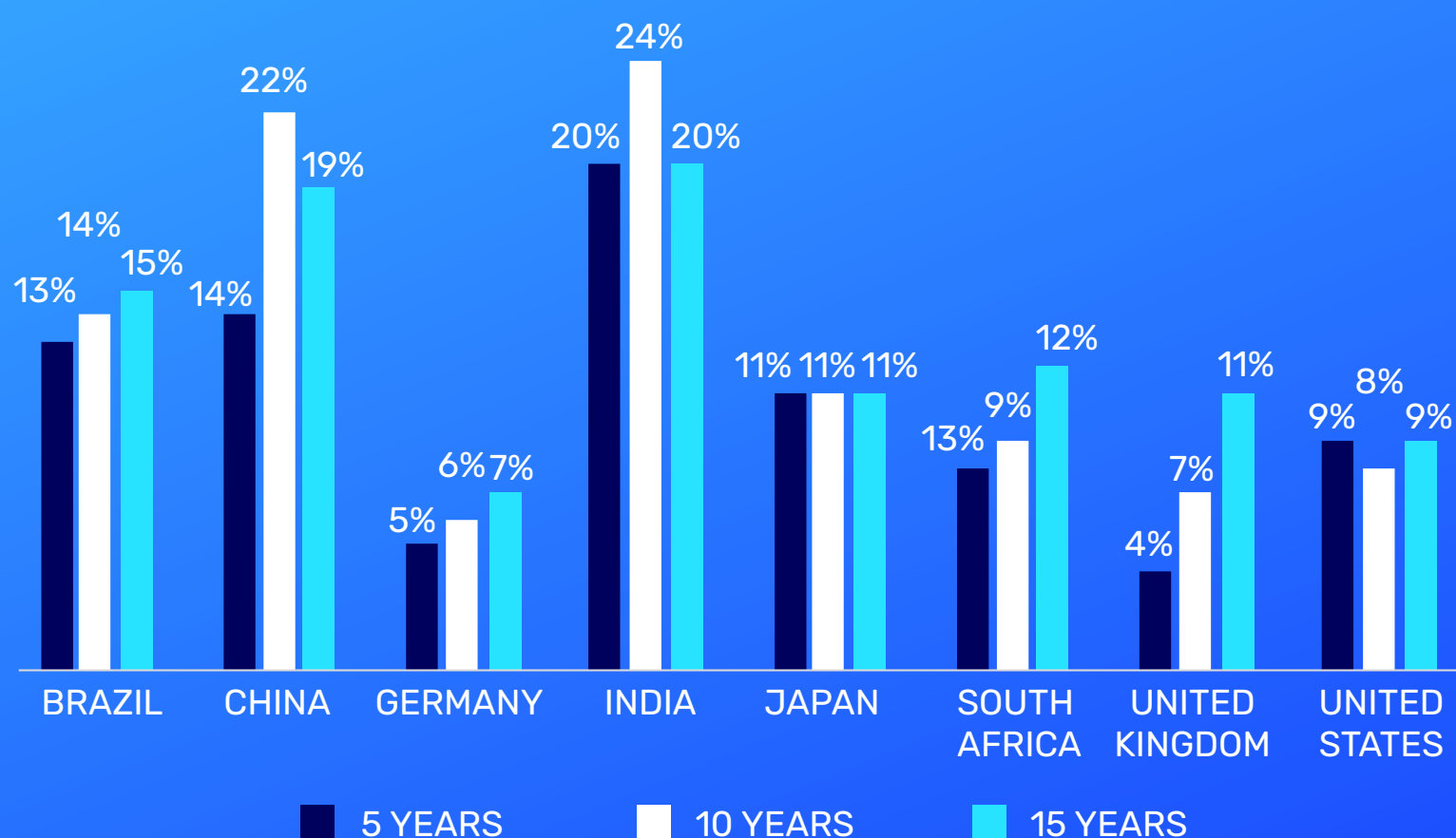


CAPITAL MARKETS, INTERMEDIARIES & ASSET MANAGEMENT

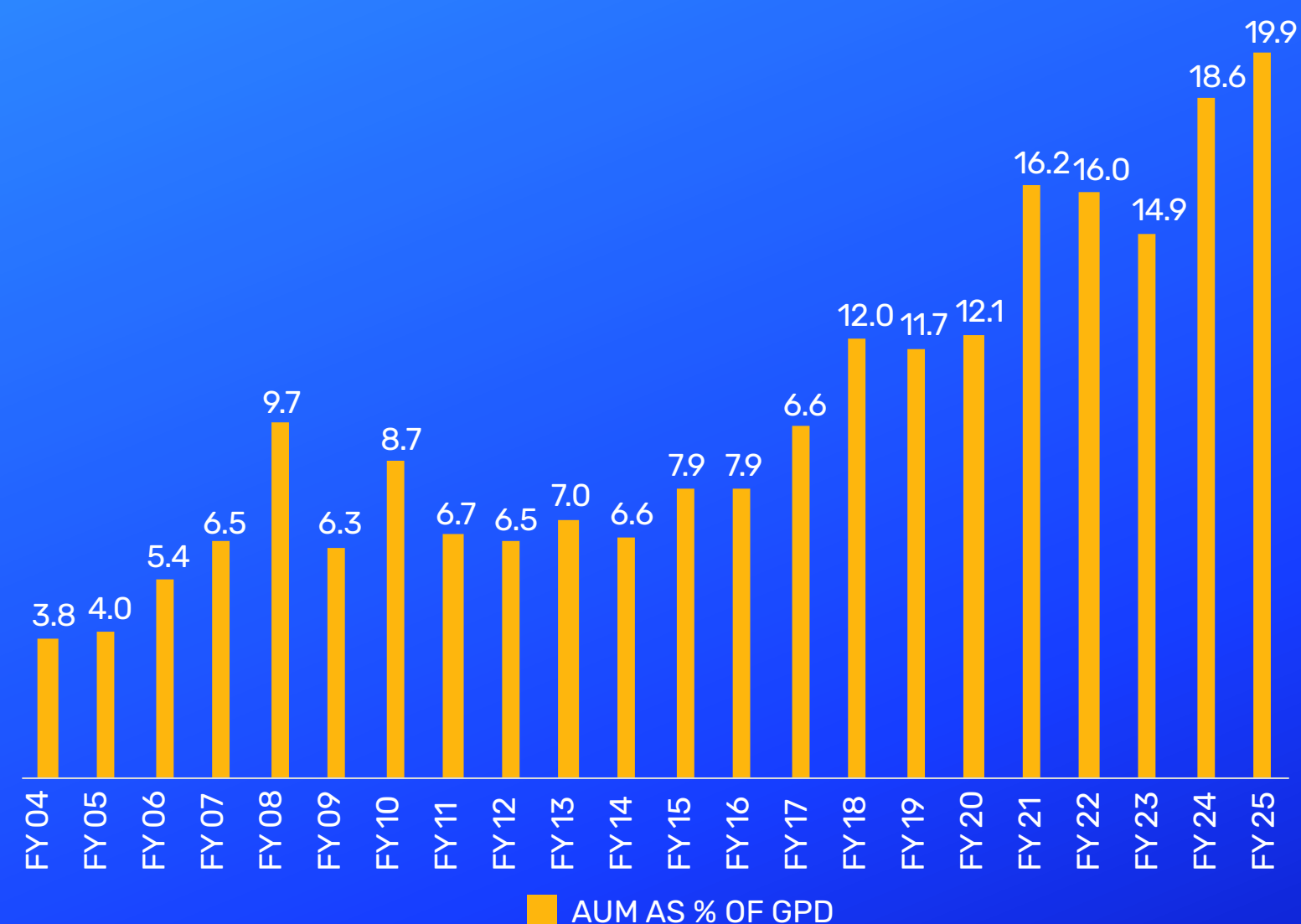
Source: NSE Report on Indian Capital Markets

# INDIA EMERGING AS GLOBAL MUTUAL FUND POWERHOUSE

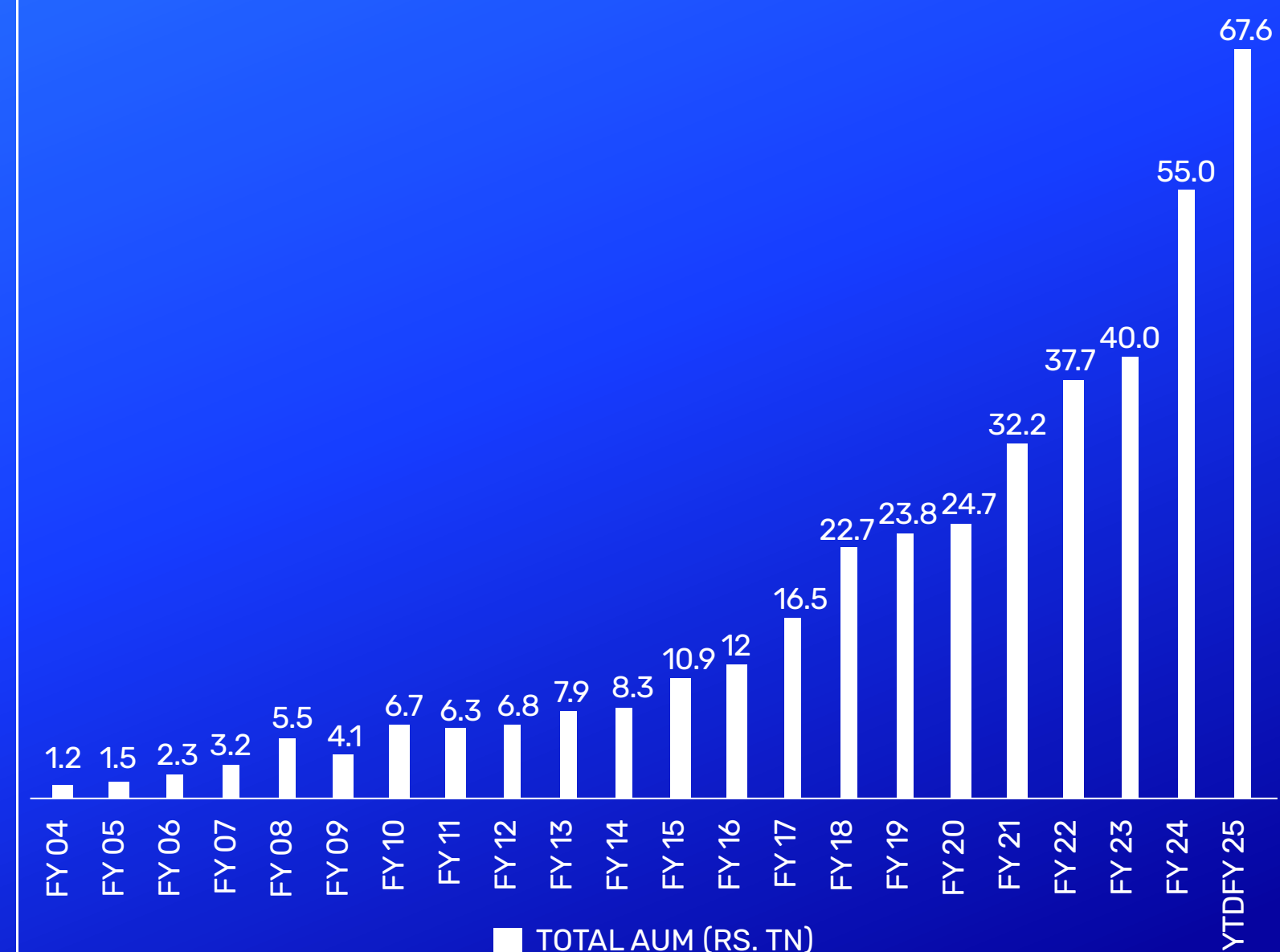
INDIAN MUTUAL FUND SAW THE HIGHEST GROWTH GLOBALLY IN 10 YEARS



AUM AS % OF GDP HAS GROWN TO ~19% FROM 7% A DECADE AGO



MF INDUSTRY AUM GREW BY ~45X OVER THE PAST TWO DECADES



India's MF AUM-to-GDP ratio has reached an all-time high of 19.9% of GDP as of March 2025.



Increased retail participation has helped the growth of the MF industry AUM with growing SIPs and unique investors



BANKS



NON BANKING FINANCIAL COMPANIES (NBFCs)



INSURANCE



CAPITAL MARKETS, INTERMEDIARIES & ASSET MANAGEMENT

Source: AMFI, PIB, MOFSL

# BUT BFSI IN INDIA HAS A LONG WAY TO GO...

PARAMETERS	INDIA	USA	CHINA	JAPAN	GERMANY	UK
TOTAL CREDIT TO HOUSEHOLDS (AS % OF GDP)	39%	73%	64%	66%	51%	78%
LIFE INSURANCE PREMIUM (AS % OF GDP)	3%	3%	2%	7%	2%	7%
NON-LIFE INSURANCE PREMIUM (AS % OF GDP)	1%	9%	2%	2%	3%	2%
MUTUAL FUNDS ASSETS (AS % OF GDP)	20%	132%	28%	60%	75%	63%
CREDIT CARD OWNERSHIP (AS % OF ADULT POPULATION)	5%	67%	38%	70%	57%	62%

Source: IRDAI, AMFI, World Bank Data as on CY 2024

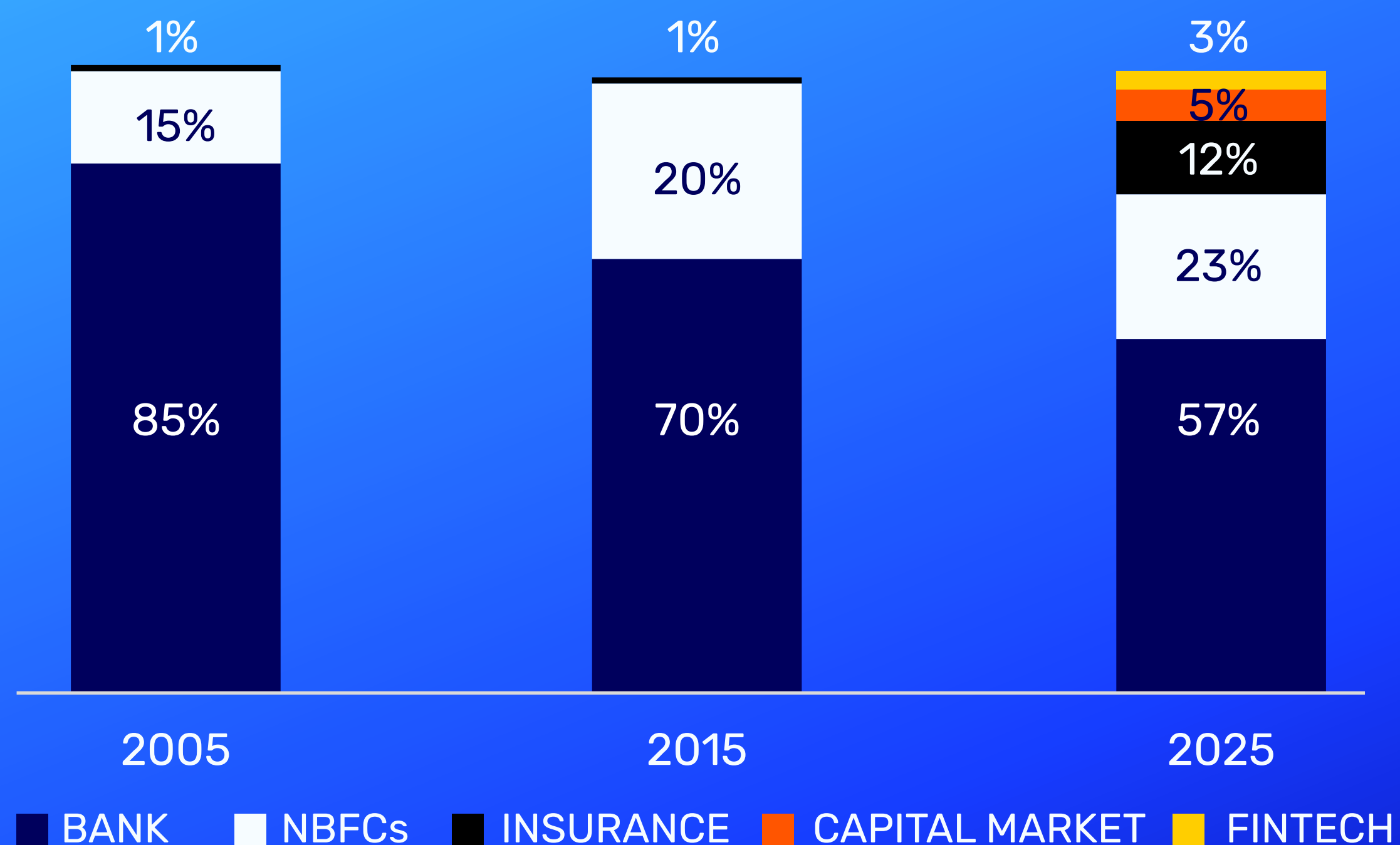


# Why invest in BFSI?



# BFSI ≠ JUST BANKS

BANKS NOW ACCOUNT FOR 57% OF SECTOR MARKET CAP VS 85% IN 2005



As of 2025, banks account for just **57% of BFSI's market cap**, down from 85% in 2005



This reflects the **rising business of NBFCs, fintechs, AMCs, and insurers** as major value drivers in the sector.



This transformation is **powered by digitization, fintech innovation, rising retail participation**, and growing demand for **diverse financial services**

Source: MOFSL Report as published in April 2025

# PROMINENT BUSINESS GROUPS HAVE MOVED BEYOND BANKS/ LENDING

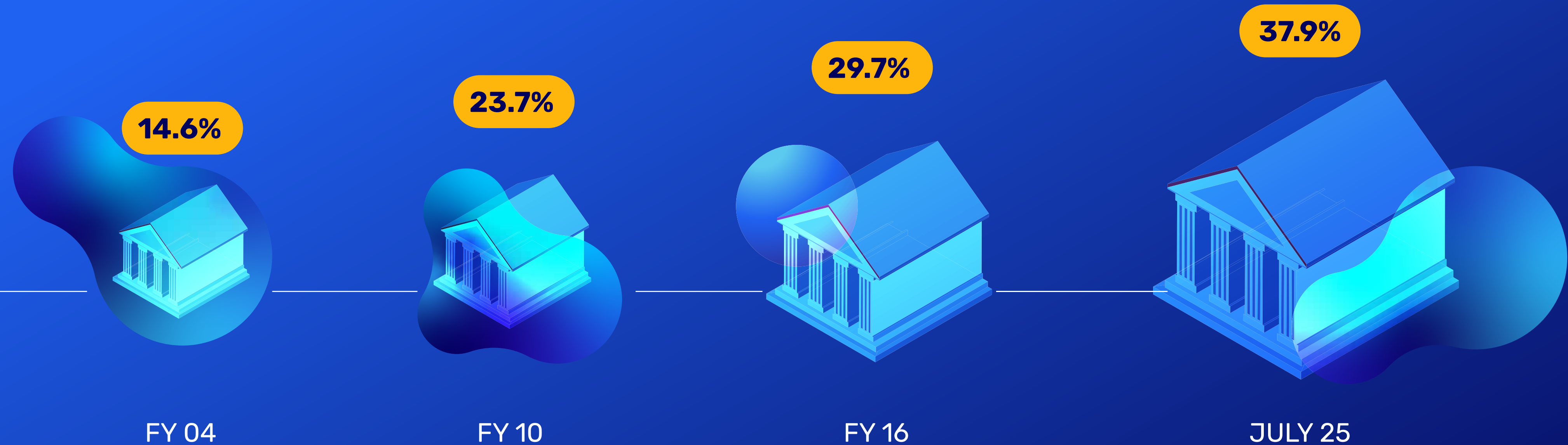
	BANKING	NBFCs	ASSET MANAGEMENT	INSURANCE	CAPITAL MARKET
HDFC	✓		✓	✓	✓
ICICI	✓		✓	✓	✓
KOTAK	✓		✓	✓	✓
BAJAJ		✓	✓	✓	✓
ADITYA BIRLA		✓	✓	✓	✓

This slide is used for illustrative purposes to show Indian conglomerates which have diverse businesses in the BFSI sector. There might be other companies apart from the ones mentioned in this slide which have diverse businesses across the BFSI sector. These companies may/may not form part of the portfolio and investors are advised to consult with their financial advisors before investing.



# BFSI's WEIGHT IN NIFTY 50 SURGED 2.6X OVER 20 YEARS

BFSI WEIGHT IN NIFTY 50 HAS INCREASED SIGNIFICANTLY TO 37.9% IN JUL'25 FROM 14.6% IN FY04



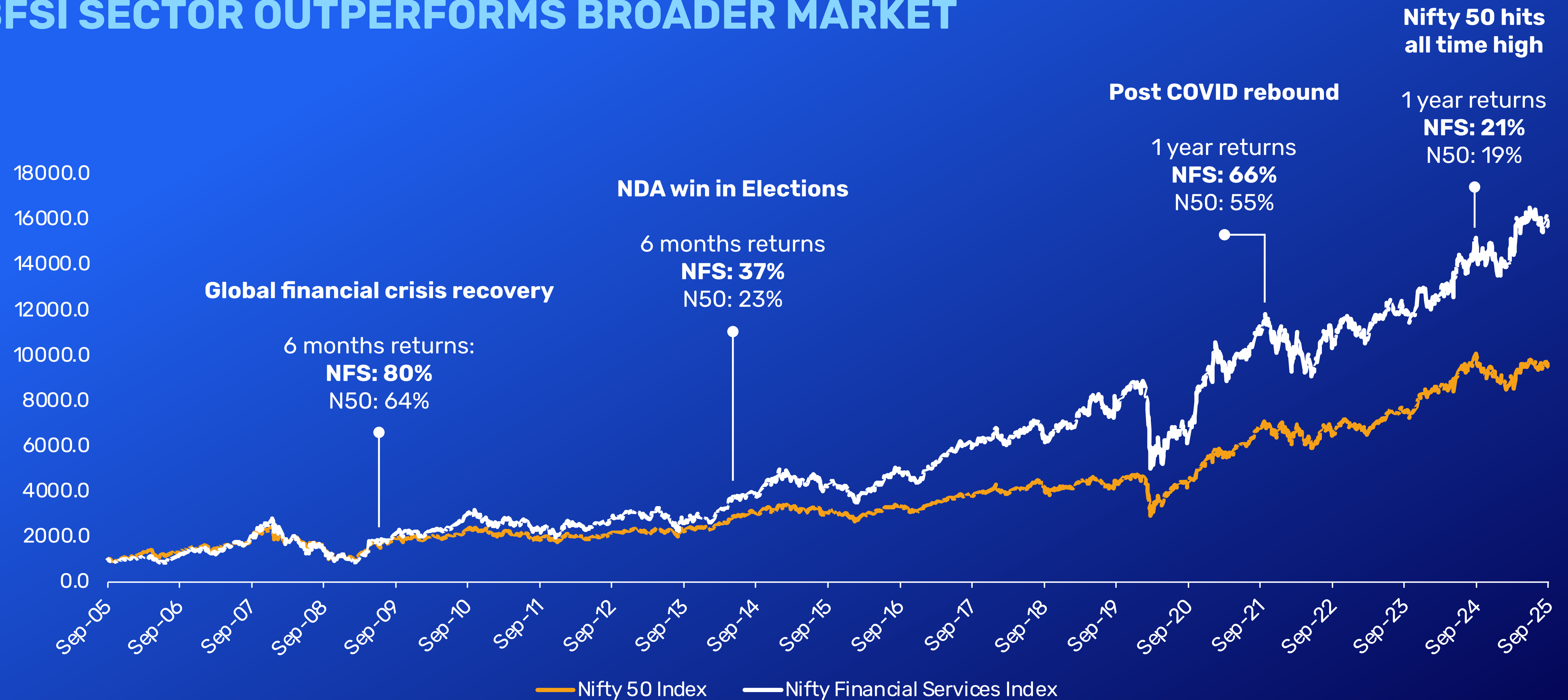
Additionally, there has been a 50X rise in BFSI's market cap – from ₹1.8trn to ₹91trn over two decades.



This signals a structural shift—driven by formalization, digitization, credit penetration, and strong investor confidence.

Source: MOFSL, NSE Data as on Jul 31, 2025

# BFSI SECTOR OUTPERFORMS BROADER MARKET

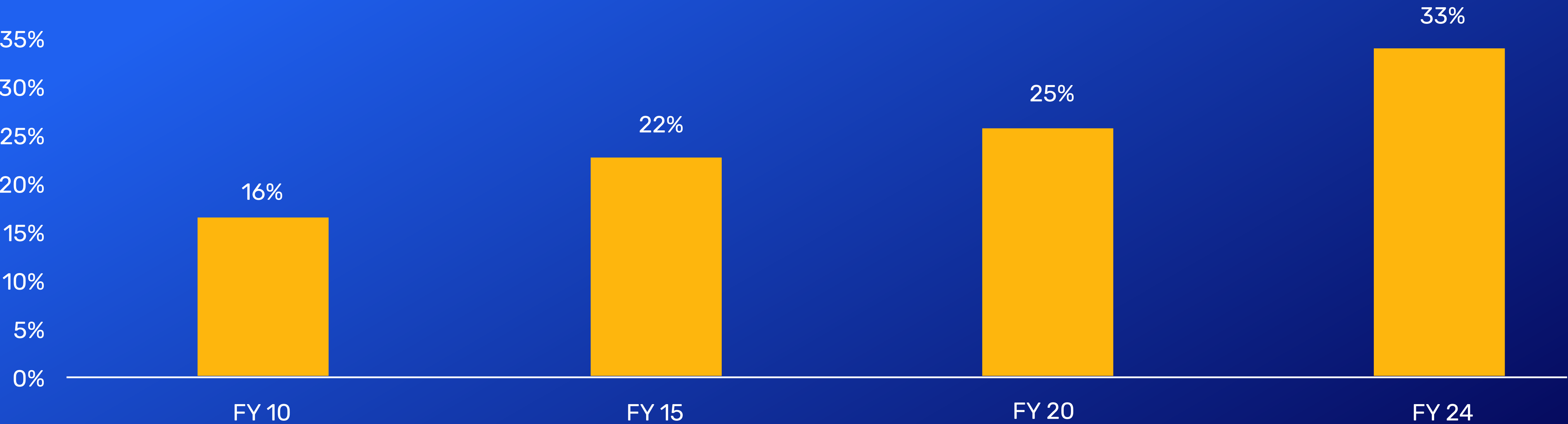


Source: ICRA MFI Explorer. Past performance may or may not be sustained in future  
Data as on Sep 30, 2025  
NFS: Nifty Financial Services Index, N50: Nifty 50 Index



# BFSI's PAT CONTRIBUTION IN NIFTY 50 ROSE BY 17% IN LAST 14 YEARS

PAT CONTRIBUTION HAS RISEN TO 33% IN FY24 FROM 16% IN FY10



The earnings have rebounded strongly after FY20 underpinned by a combination of improving asset quality, robust loan growth, and a steady decline in provisioning expenses.

Source: MOFSL Data as on Mar 31, 2024



Why invest in BFSI  
**NOW?**

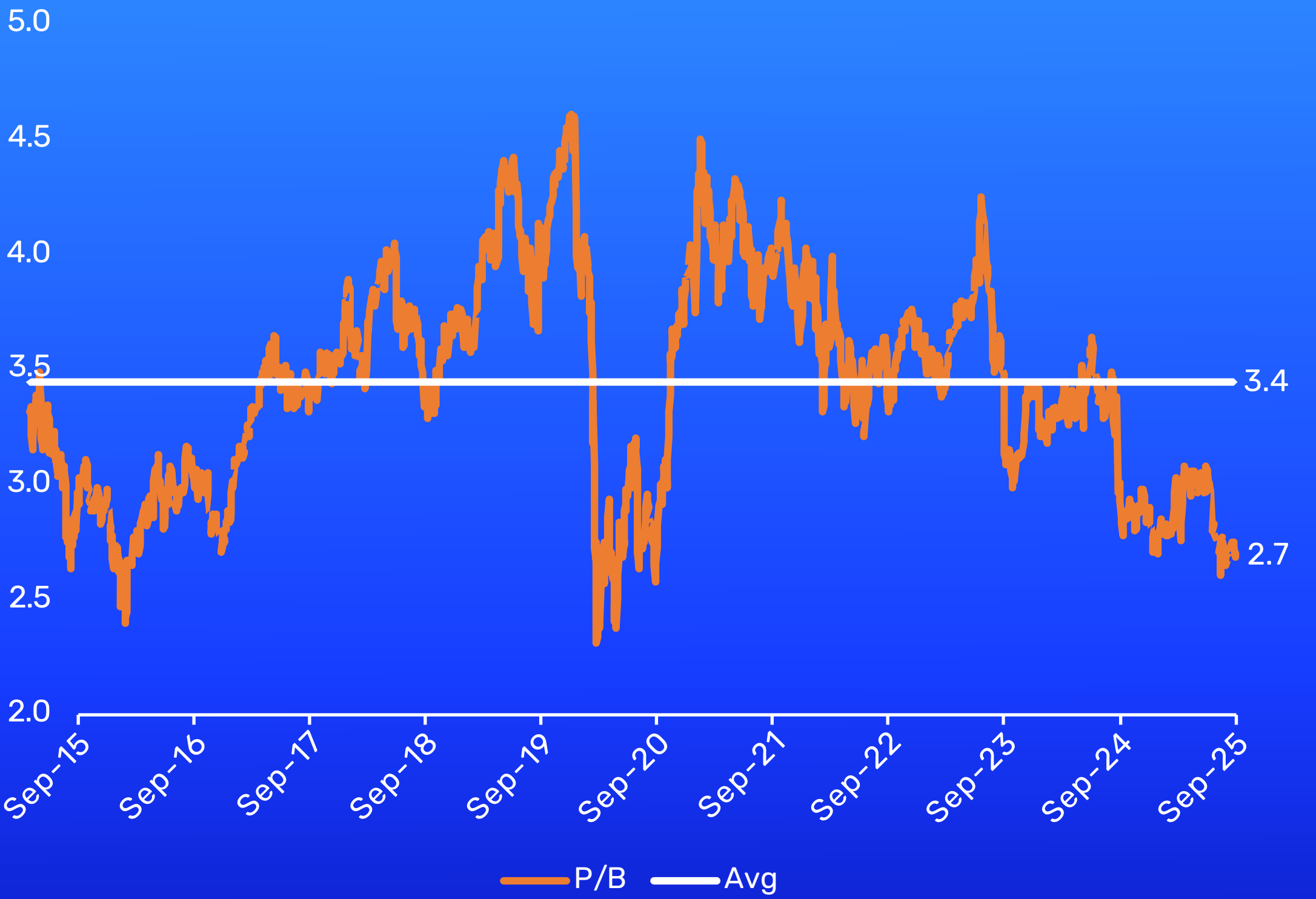


# VALUATIONS BELOW 14 YEAR AVERAGE

P/E RATIO OF NIFTY FINANCIAL SERVICES INDEX



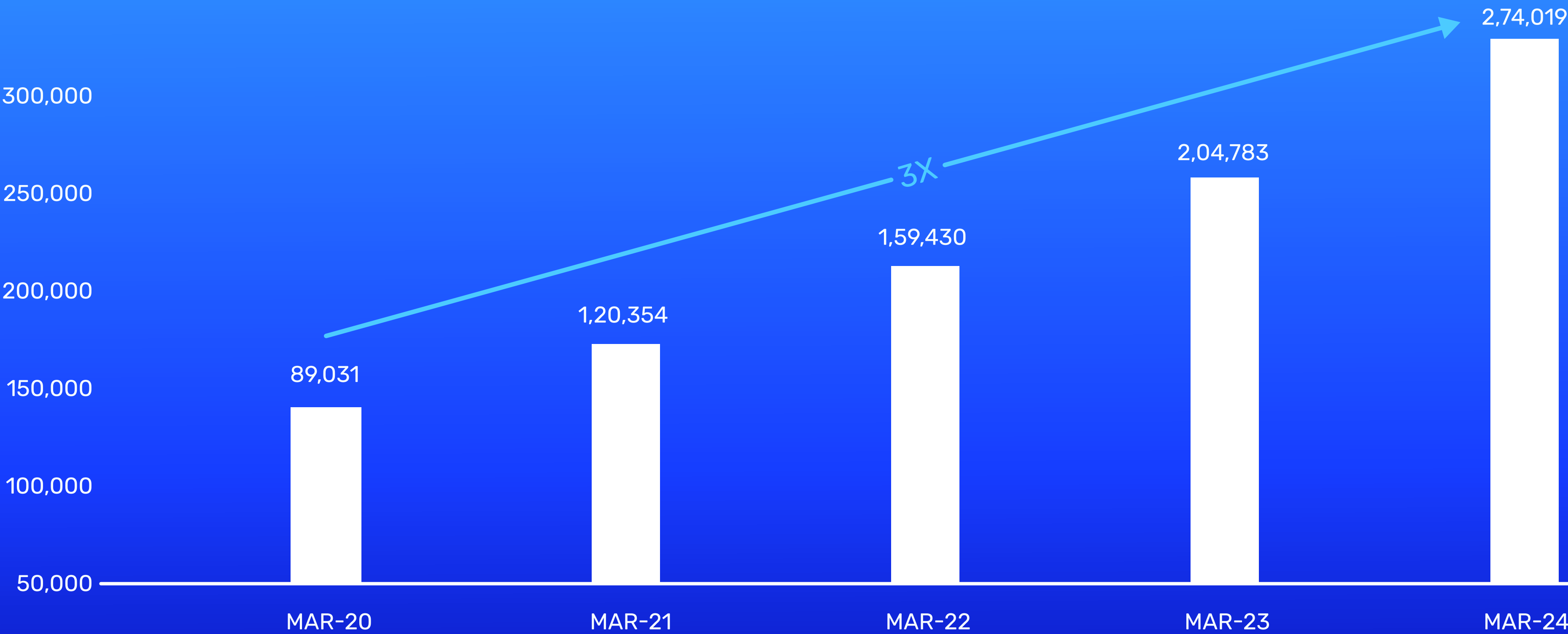
P/B RATIO OF NIFTY FINANCIAL SERVICES INDEX



Source: NSE Data as on Sep 30, 2025  
P/E Ratio: Price to Earnings Ratio, P/B Ratio: Price to Book Ratio

# HEALTHY PROFITABILITY & FUNDAMENTALS OF THE SECTOR

PAT OF NIFTY FINANCIAL SERVICES INDEX (IN RS. CRORE)

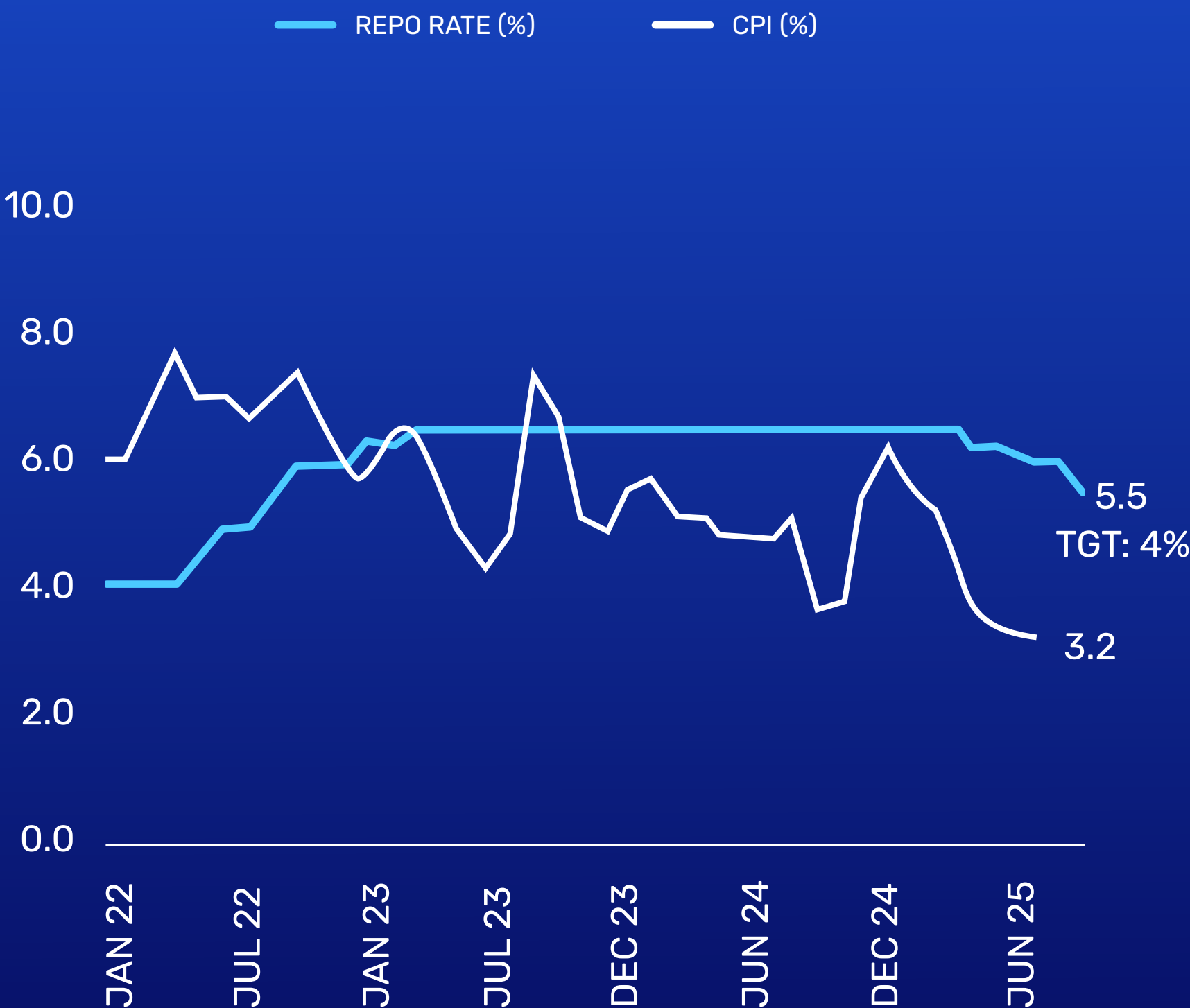


Past performance may or may not be sustained in future | Data as on Mar 31, 2024 | Source: ACE Equity PAT: Profit After Tax

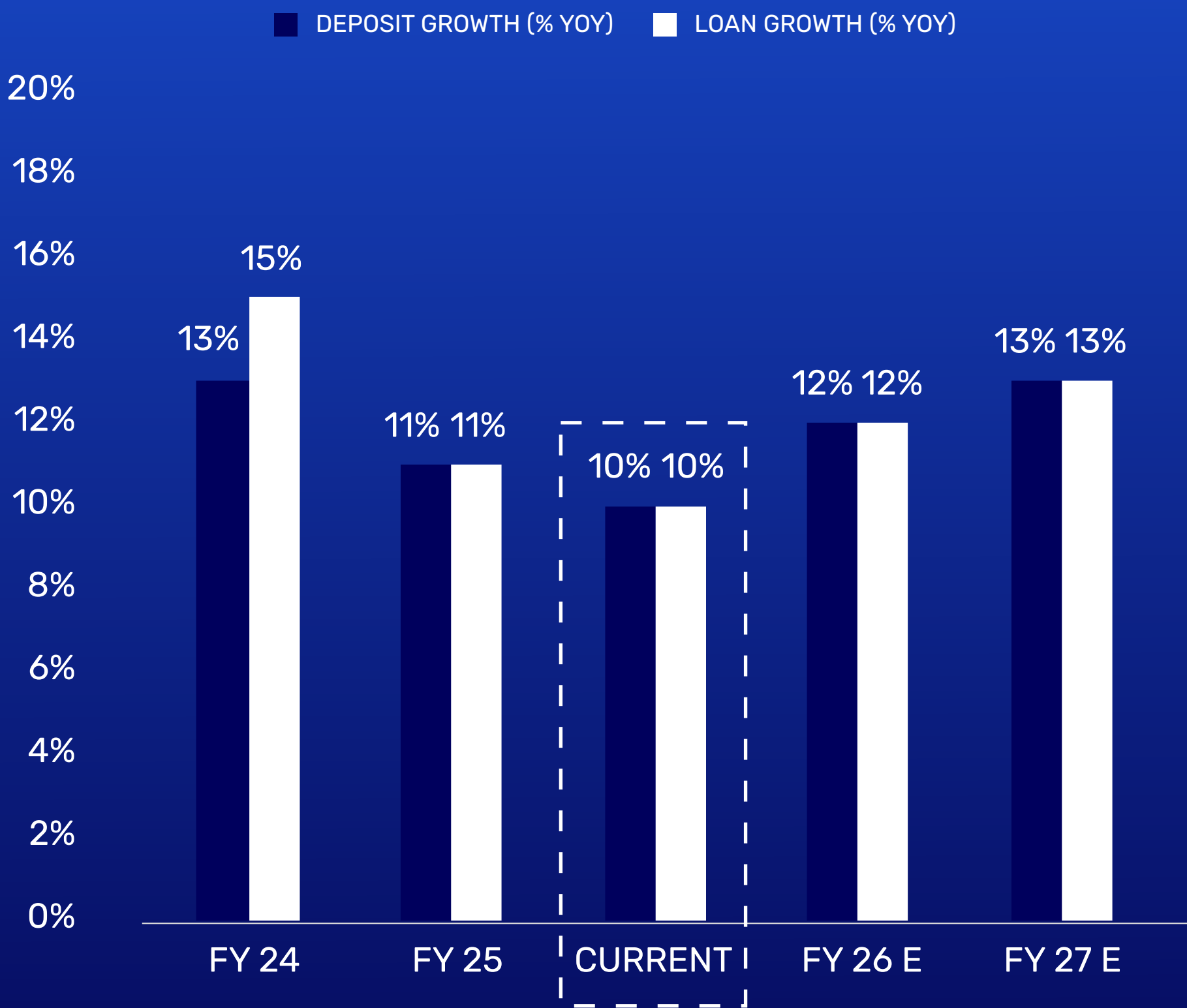


# BFSI SET TO REAP THE GAINS FROM RATE CUT EFFECTS

RBI MPC CUT REPO RATE BY 100BPS TO 5.5% IN PAST 4M



CREDIT GROWTH EXPECTED TO IMPROVE BY 150-200BPS OVER COMING 12 MONTHS WITH BETTER MACROS AND RBI EASING



RBI's rate cuts in FY26 will boost loan demand, widen interest spreads, and support treasury gains for banks and NBFCs



A drop in yields due to easing can further unlock higher treasury gains for banks



MUTUAL  
FUND

INTRODUCING

# BAJAJ FINSERV BANKING AND FINANCIAL SERVICES FUND

An open ended equity scheme investing in Banking and Financial Services sector





# INVESTING IN



## TECHNOLOGICAL

## REGULATORY

## ECONOMIC

NATURE

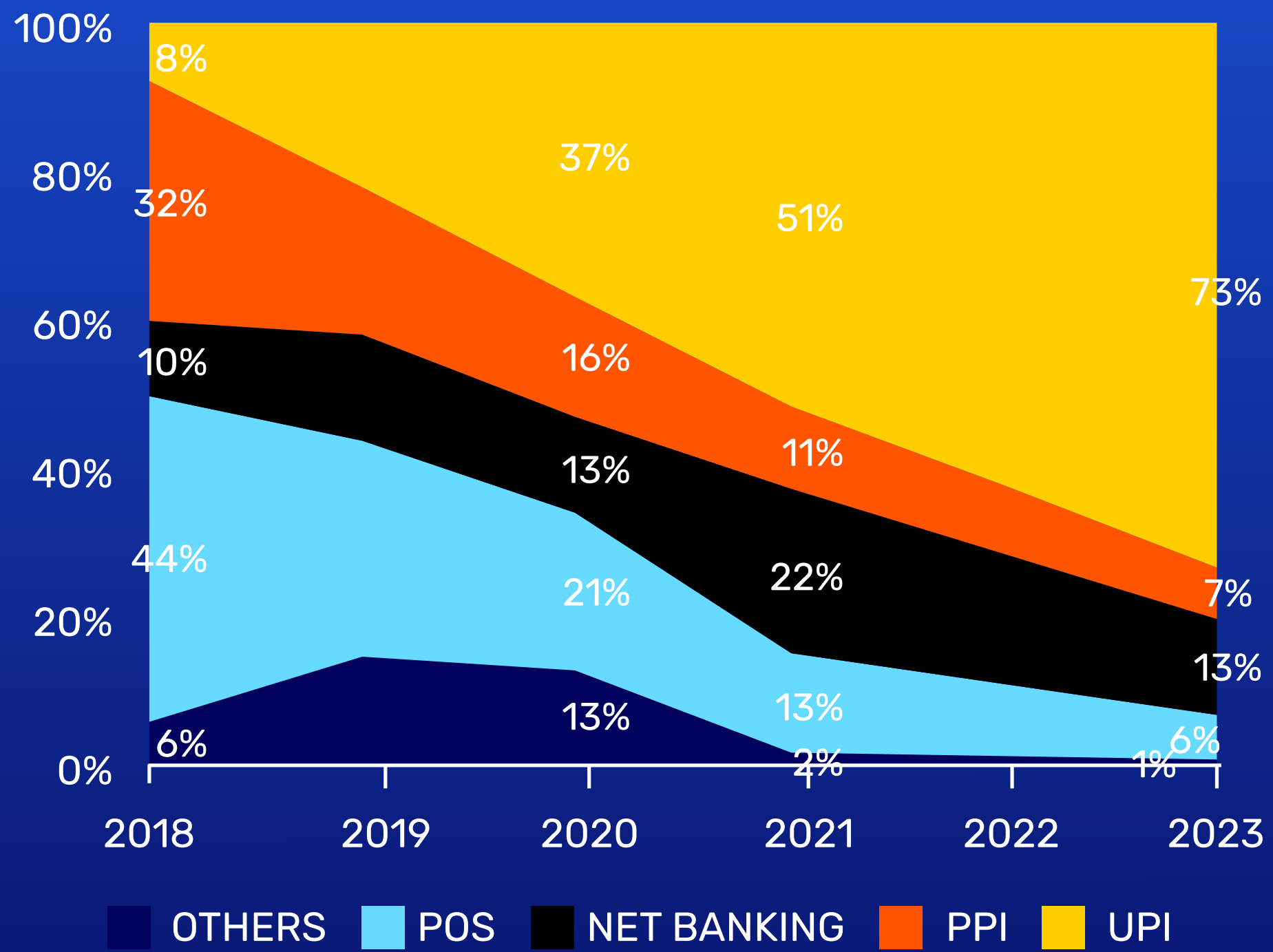
## DEMOGRAPHIC

## SOCIAL

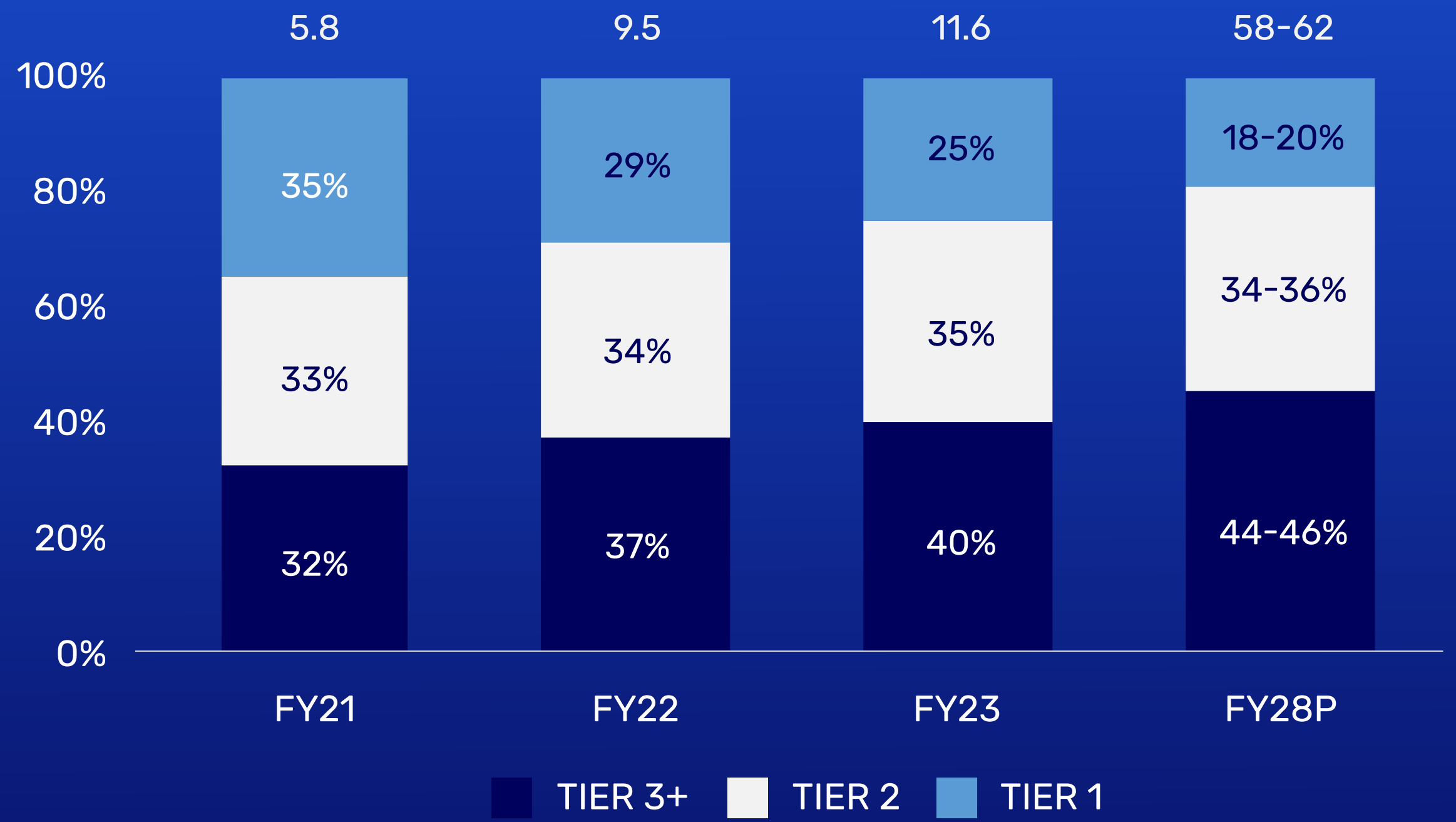


# TECHNOLOGY: UPI TO DISPLACE CASH AS THE PREFERRED PAYMENT MODE

NON CASH TXN SHARE IN INDIA - VOLUME



NON CASH TXN SHARE IN INDIA - VOLUME

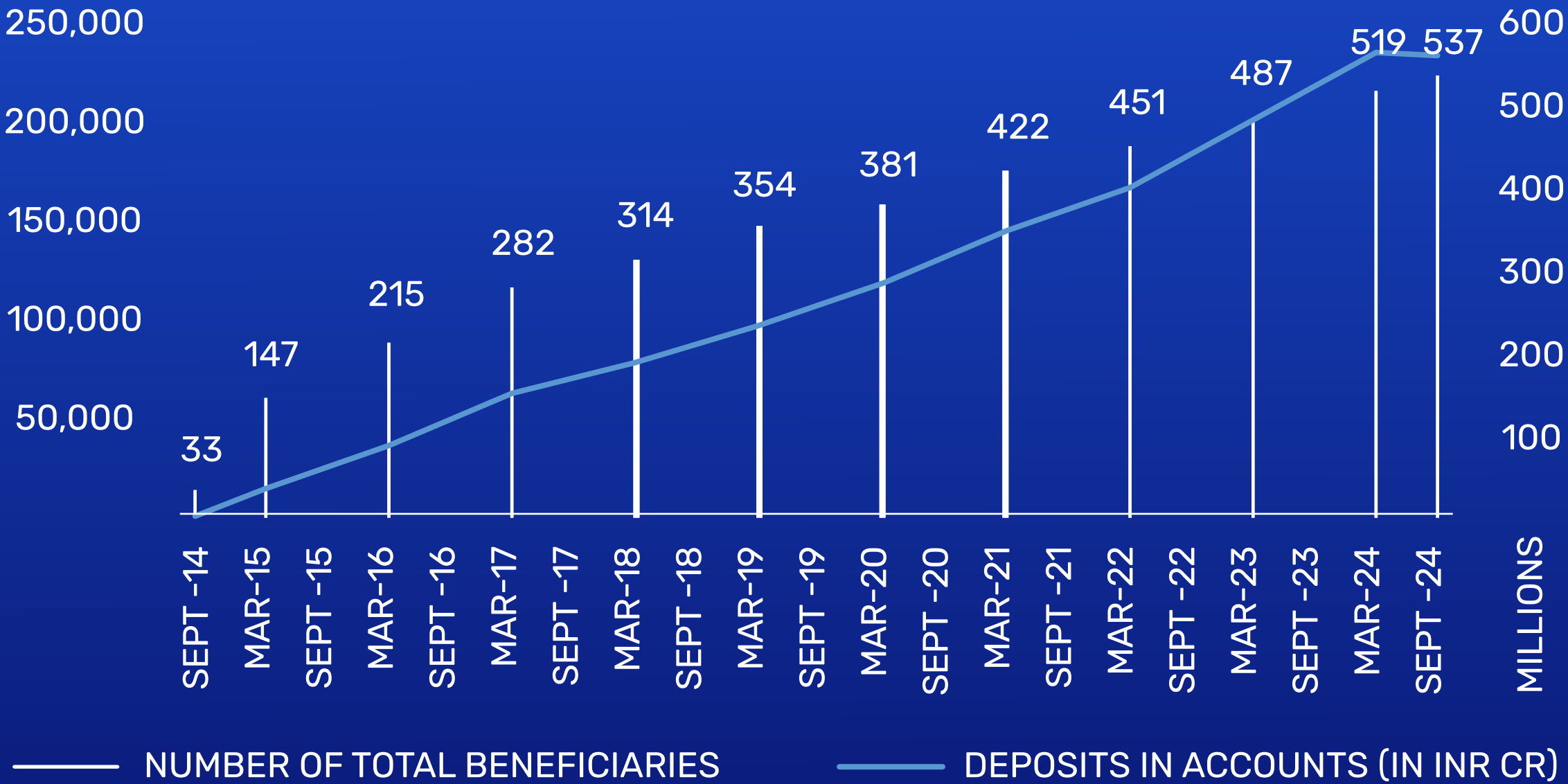


- Non-cash transactions for Indian households are expected to increase from 38% in FY23 to 62% in FY28
- Digitalization of Indian financial sector percolating into smaller cities as can be seen from trend and outlook of digital lending disbursements
- Tier 2 and smaller cities expected to account for 80%+ of the ~\$60bn digital lending disbursements by FY28 (estimates)

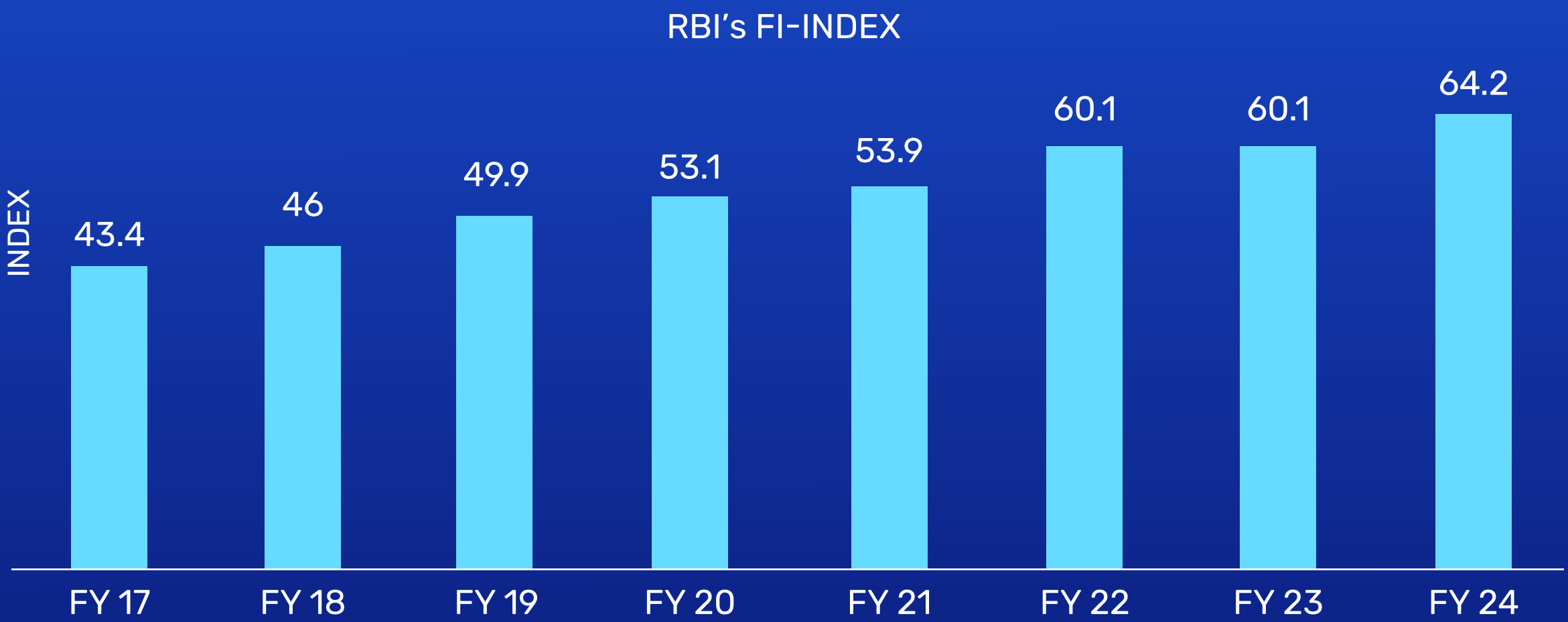
Source: Mobiquick RHP, Redseer, Internal

# ECONOMIC: JAN DHAN ACCOUNTS DRIVING FINANCIAL INCLUSION

JAN DHAN ACCOUNT BENEFICIARIES AND DEPOSITS



STEADY PROGRESS ON FINANCIAL INCLUSION IN INDIA

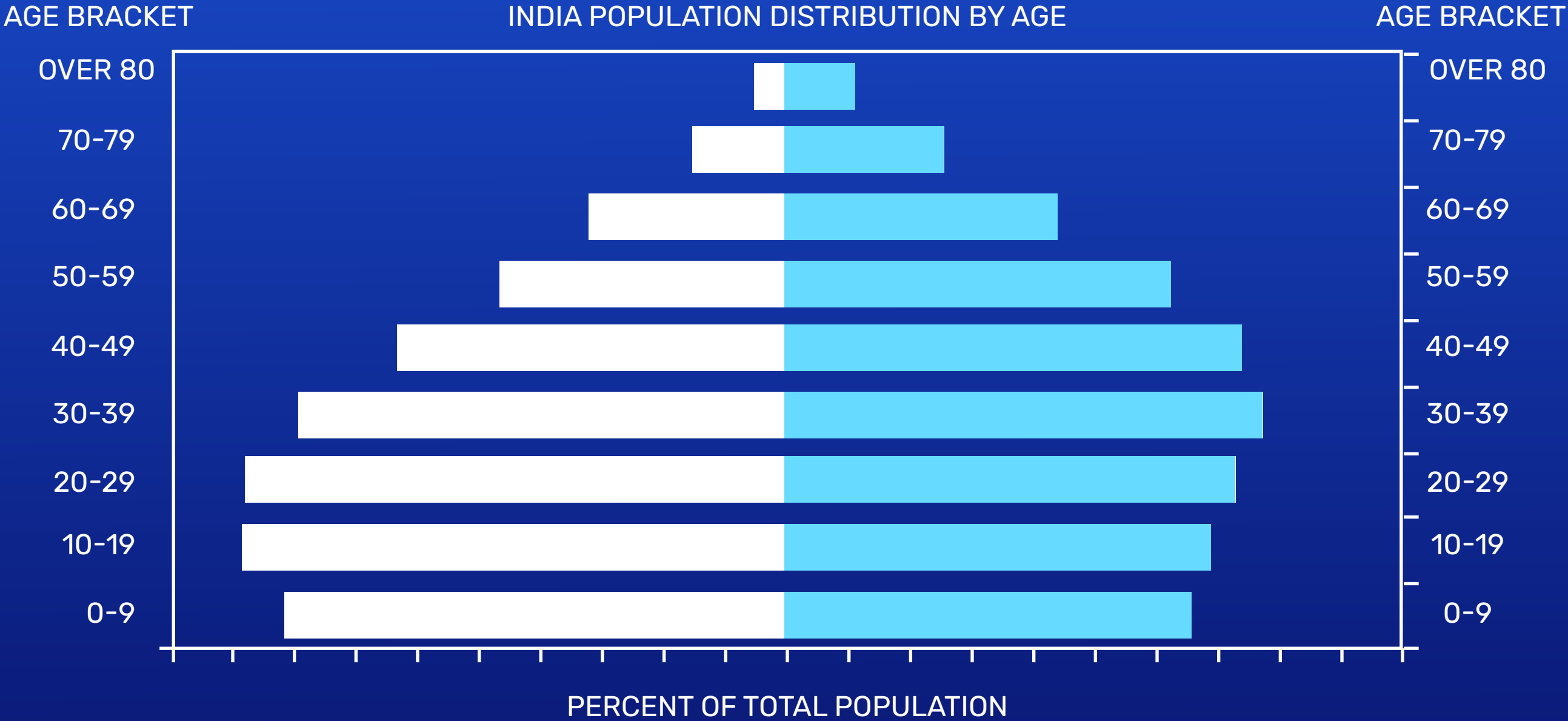


- Number of Jan dhan accounts over last 10 years has grown nearly 18 x from 33mn in FY14 to 540mn in FY24, driving the govt’s agenda of financial inclusion.
- These 540 mn Jan dhan accounts have garnered deposits of INR 2.3 trillion.
- Jan dhan accounts have been the foundation of the direct benefits that the central and state governments have transferred into the beneficiaries of various schemes, preventing leakages and corruption in the system.

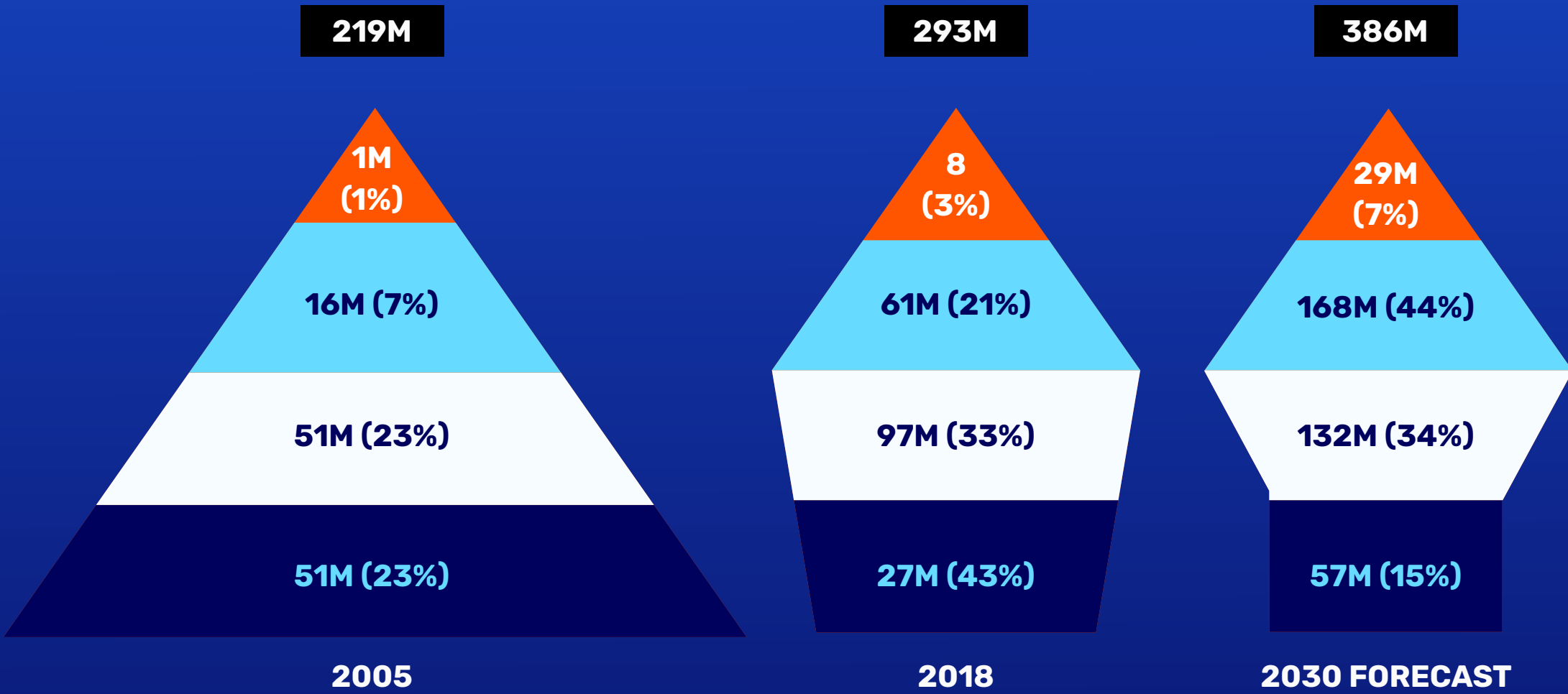
Sources: RBI, Periodic Labour Force Survey (2023), GSMA (2023)

# DEMOGRAPHIC: INDIA'S RISING WORKFORCE AND PROSPERITY TO DRIVE BFSI DEMAND

INDIA'S WORKING AGE POPULATION IS SET TO INCREASE OVER THE NEXT TWO DECADES



EVOLUTION OF THE HOUSEHOLD-INCOME PROFILE IN INDIA



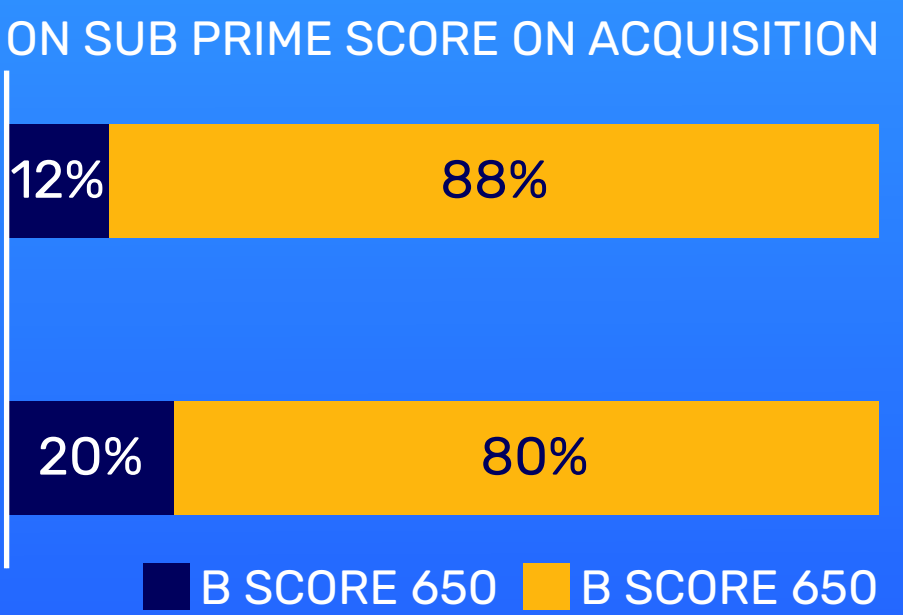
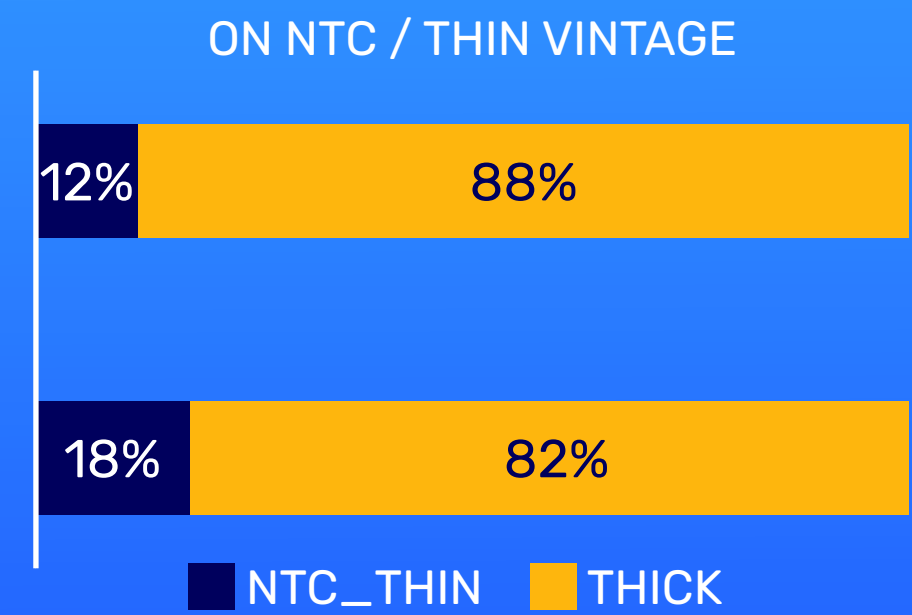
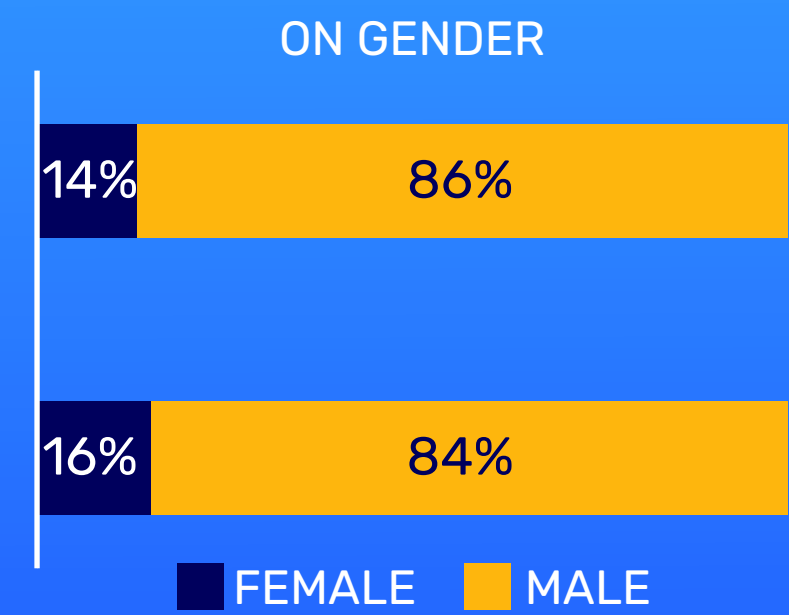
- India’s growing working-age population and rising incomes are expanding the market for credit, insurance, and investments.
- As 75% of households move into middle and high-income segments by 2030, BFSI demand is set to surge across urban and rural India.

Source: Jeffries  
Note: Low income: <\$4,000, Lower-mid: \$4,000-8,500, Upper-mid: \$8,500-40,000, High income: >\$40,000 basis income per household in real terms; Projections with annual GDP growth assumed at 7.5% Source: PRICE Projections based on ICE 360° Surveys (2014, 2016, 2018) Household income per annum in 2017-18 prices by income segment: Low < \$4k (<INR 2.5 lakhs), Lower-middle- \$4k-8.5k (INR 2.5-5.5 lakhs), Upper-middle- \$8.5k-40k (INR 5.5-27.5 lakhs), High: >\$40k (>INR 27.5 lakhs). Poverty line at <\$2 (< INR 125) per day per person

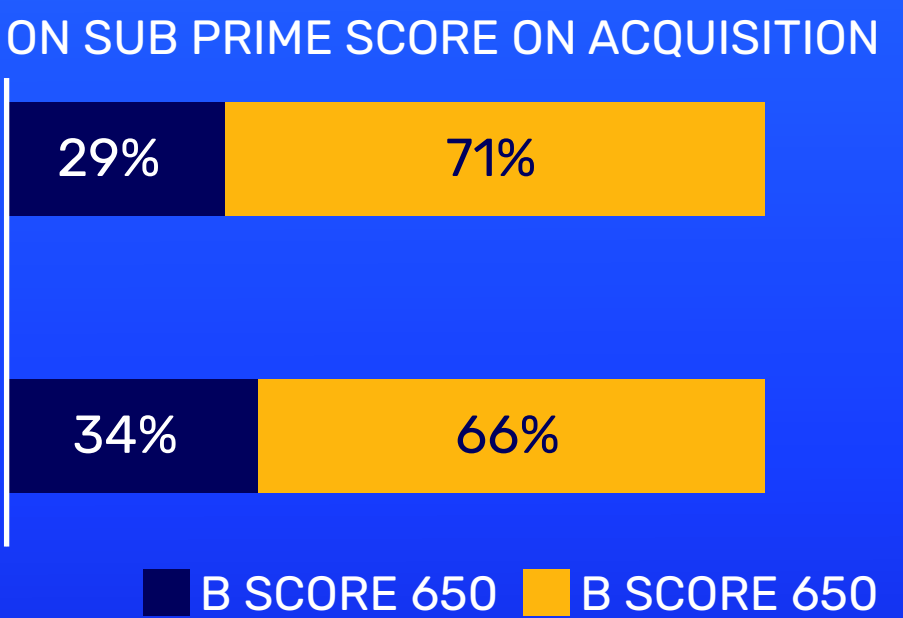
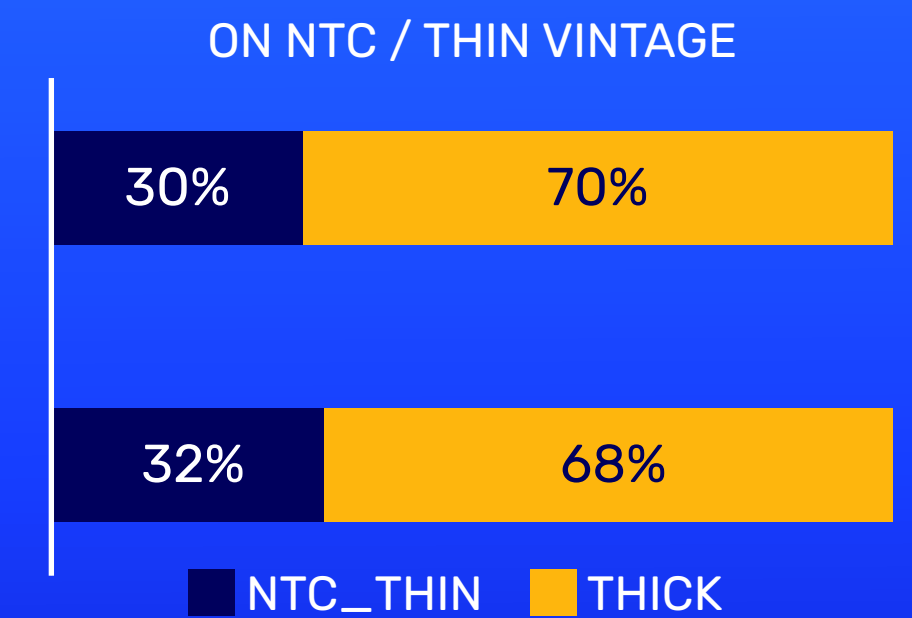
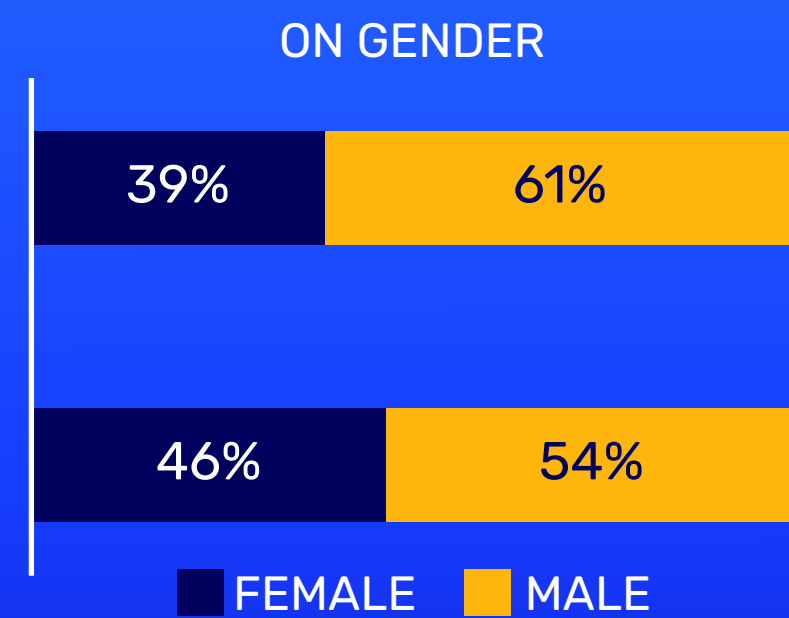


# SOCIAL: FINTECH INNOVATION DRIVING CREDIT ACCESS

## HIGHER PENETRATION OF FINTECH IN SEGMENTS WITH LOW CREDIT ACCESS



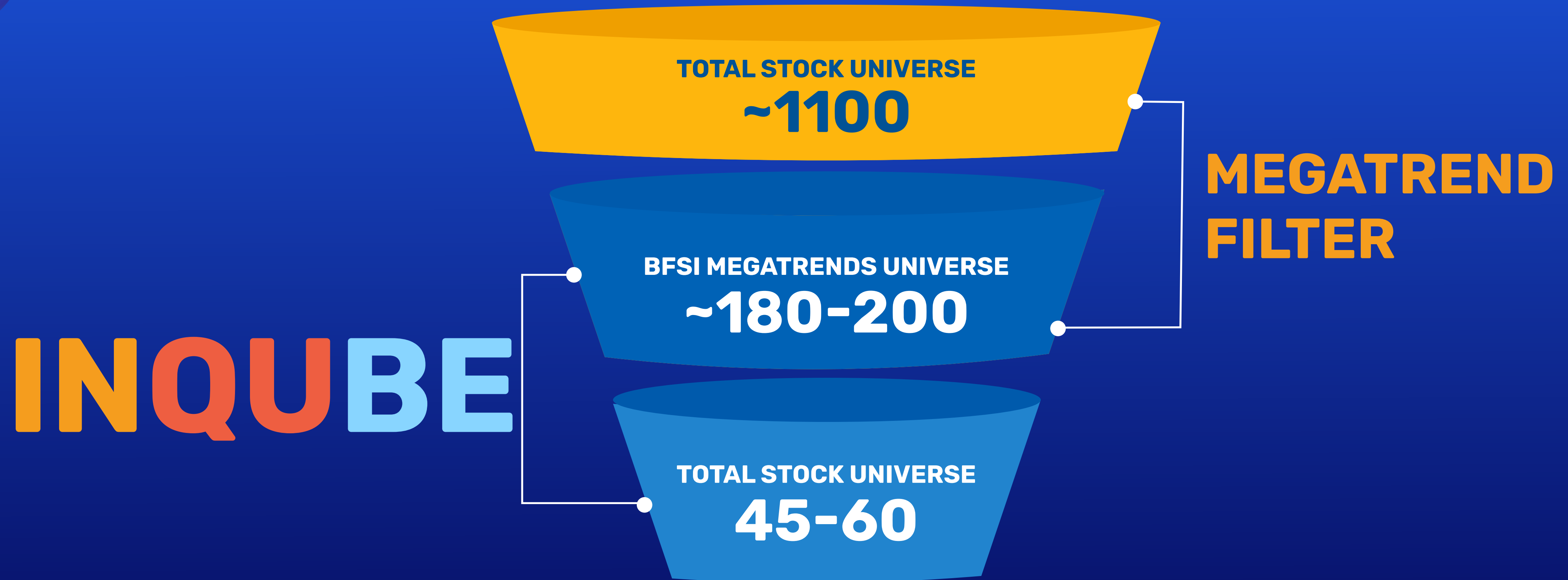
SOURCING DISTRIBUTION ACROSS MULTIPLE CATEGORIES (PL FOR FY 22, FY 23 AND FY24)



SOURCING DISTRIBUTION ACROSS MULTIPLE CATEGORIES (BL FOR FY 22, FY 23 AND FY24)

- Fintechs have brought new and innovative products to Indian consumers, especially to those who have limited credit history.
- Highest impact of fintechs can be seen in personal loans (PL) in people who are new to credit or have limited credit history or in people with low credit score. Fintechs also have higher exposure to women in business loans.
- Rapid rise in mobile internet, India stack and funding environment has led to increase in market share growth of fintech led lending in India

## PORTFOLIO CONSTRUCTION PROCESS



The portfolio count is indicative, and actual number will depend on market conditions at the time of making investment

# WHY INVEST IN BAJAJ FINSERV BANKING AND FINANCIAL SERVICES FUND?

## CURATED FROM STRUCTURAL SECTOR TRENDS

45–60 stocks shortlisted from  
~200 megatrends universe,  
aligned to long-term structural  
trends.

## ALIGNED WITH INDIA'S BFSI MEGATRENDS

Taps into digital finance,  
financial inclusion, and sector  
growth—driven by UPI, digital  
lending, Jan Dhan, and rising  
traction across NBFCs, mutual  
funds, and insurance.

## BROAD BASED EXPOSURE

Invests across banks, NBFCs,  
insurers, AMCs and other  
capital market  
participants—beyond just  
lending-focused BFSI.

## ATTRACTIVE ENTRY POINT

Valuations below 14-year  
averages with improving asset  
quality and earnings visibility.



# SCHEME FEATURES

Scheme ype	An open ended equity scheme investing in Banking and Financial Services sector
Plans	Regular Plan   Direct Plan
Option	Growth   IDCW
Minimum Application AMount	Rs. 500 (Plus multiples of Re.1)
Minimum Additional Application	Rs. 100 (Plus multiples of Re.1)
Entry Load	Not Applicable
Exit Load	If units are redeemed/ switched out: Within 3 months from the date of allotment - 1% of applicable NAV More than 3 months from the date of allotment - Nil
Fund Manager	Equity Portion: Mr. Nimesh Chandan & Mr. Sorbh Gupta Debt Portion: Mr. Siddharth Chaudhary
Benchmark Index	NIFTY Financial Services TRI
SIP / SWP / STP	Available

# BAJAJ FINSERV BANKING AND FINANCIAL SERVICES FUND

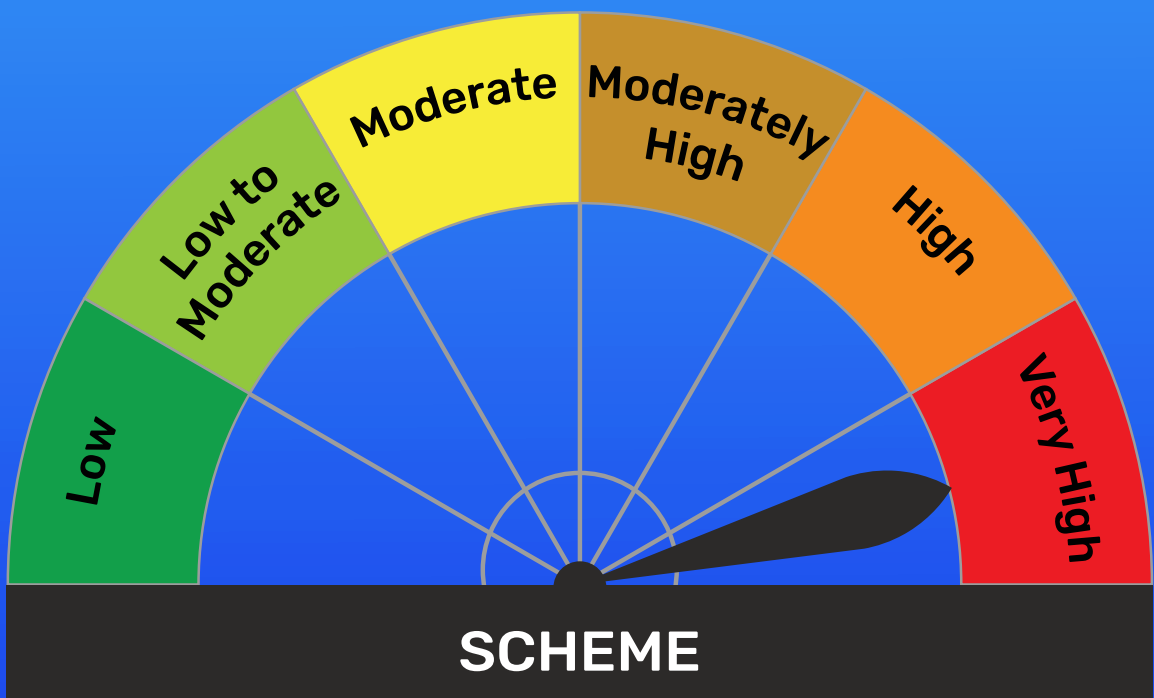
(An open ended equity scheme investing in Banking and Financial Services sector)

This product is suitable for investors who are seeking\*:

- Wealth creation over long term
- To invest predominantly in equity and equity related securities of companies engaged in banking and financial services

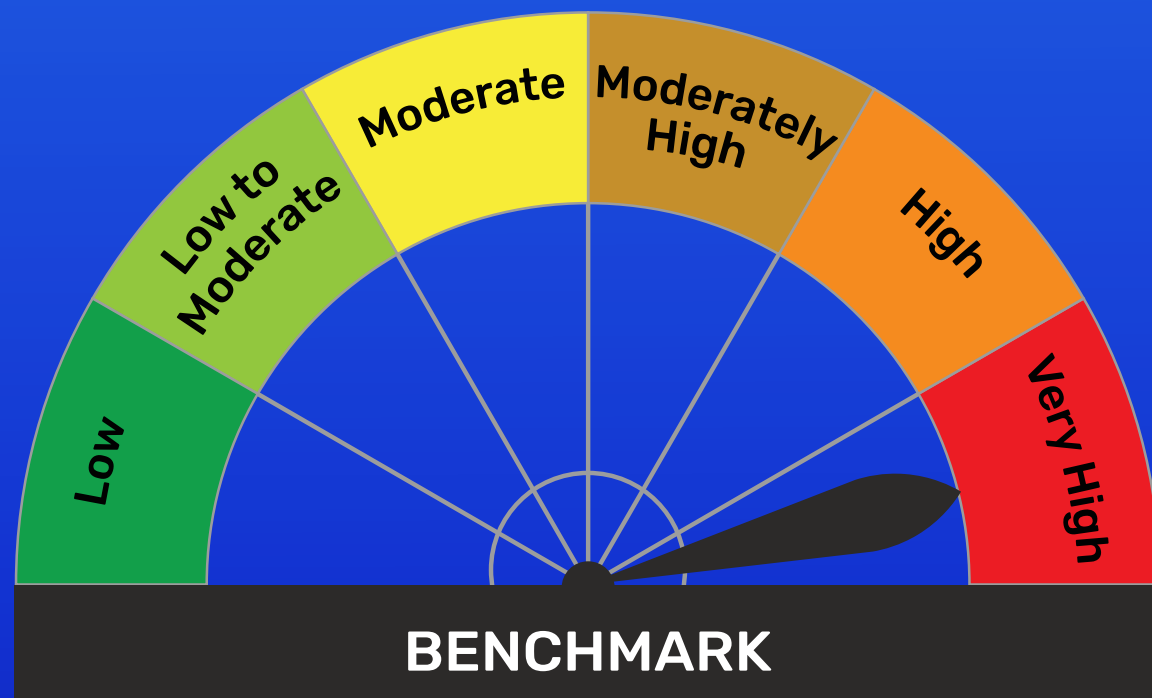
\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

## SCHEME RISK-O-METER#



The risk of the scheme is very high

## BENCHMARK RISK-O-METER#



The risk of the benchmark i.e. NIFTY Financial Services TRI is very high

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