

# BAJAJ FINANCE LIMITED

SEC/SE/166

13 April 2019

<b>THE MANAGER, BSE LIMITED DCS - CRD PHIROZE JEEJEEBHOY TOWERS DALAL STREET, MUMBAI - 400 001</b>	<b>THE MANAGER, LISTING DEPARTMENT NATIONAL STOCK EXCHANGE OF INDIA LTD. EXCHANGE PLAZA, C-1. BLOCK G, BANDRA - KURLA COMPLEX, BANDRA (EAST) MUMBAI - 400 051</b>
<b>SCRIP CODE:500034</b>	<b>SCRIP CODE: BAJFINANCE – EQ</b>

Dear Sir/ Madam,

**Sub.: Disclosure pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015)**

Pursuant to Regulation 30 of the SEBI Listing Regulations, 2015, read with Schedule III thereto, the schedule of the analyst/institutional investor meetings is as follows:

<b>Date</b>	<b>Venue</b>	<b>Particulars</b>
15 April 2019 to 16 April 2019	Singapore	Meeting with certain institutional investors, banks and analysts on debt side at a Non-Deal Road Show
17 April 2019	Hong Kong	
18 April 2019	Tokyo	

Further, please note that an investor presentation for the same is enclosed herewith.

This is for your information please.

Thanking you,

Yours faithfully,  
**For BAJAJ FINANCE LIMITED**

**R. VIJAY**  
**COMPANY SECRETARY**

Encl.: As above

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# Bajaj Finance Limited

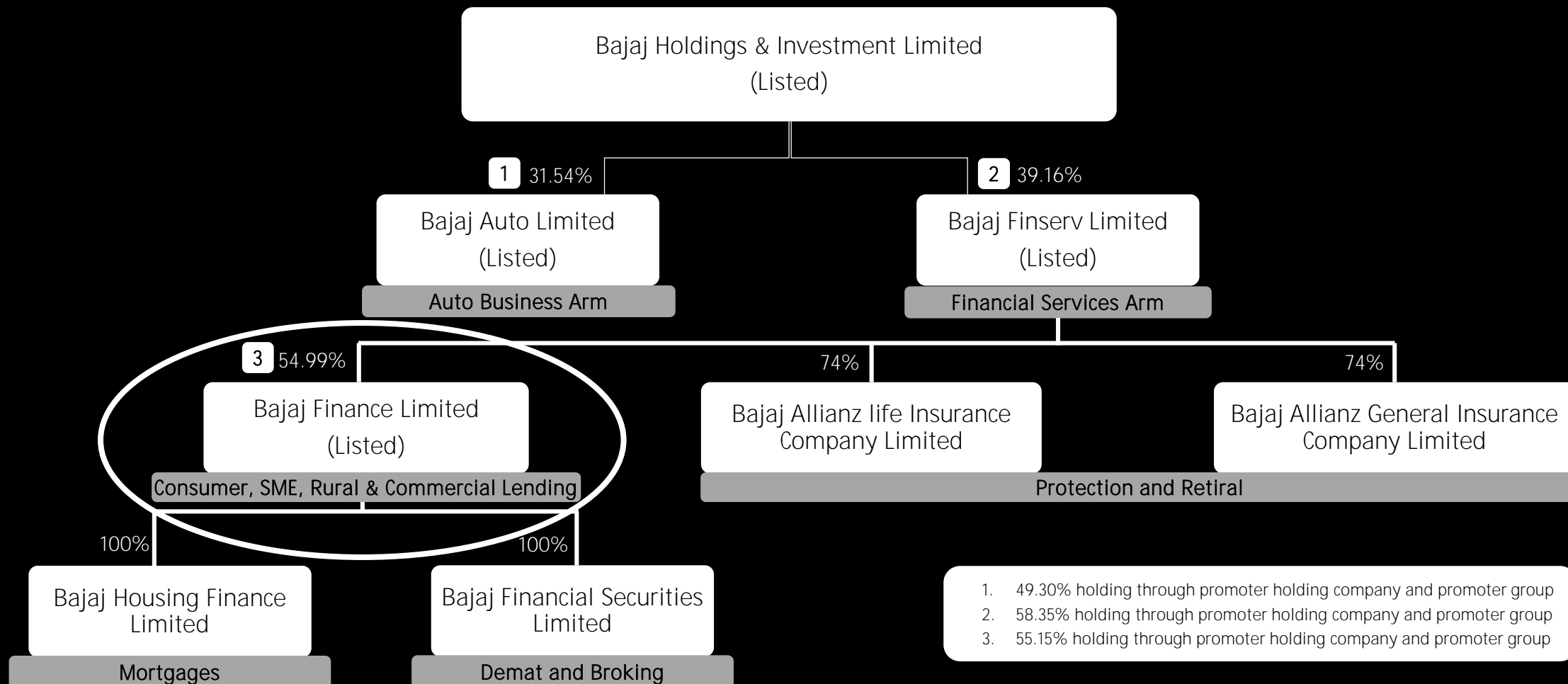
Q3 FY19 Investor Presentation

# Presentation Path

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# Section 01 – Bajaj Finance Limited overview

# Bajaj group structure



- 1. 49.30% holding through promoter holding company and promoter group
- 2. 58.35% holding through promoter holding company and promoter group
- 3. 55.15% holding through promoter holding company and promoter group



Bajaj Finserv is the financial services arm of the Bajaj group with business interest in “Lending” and “Protection and Retiral” through its various subsidiaries



Bajaj Finance Limited

- A 31 year old non bank finance company
- Diversified across Consumer, Payments, Rural, SME, Commercial & Mortgages segments
- Assigned an investment grade long term rating of BBB-/Stable & short term rating of A-3 by S&P Global
- Credit rating is AAA/Stable by CRISIL, India Ratings, CARE Ratings and ICRA
- Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA & India Ratings
- 867 urban locations and 869 rural locations with over 84,700+ distribution points



Bajaj Allianz General Insurance Limited

- 2nd largest private General insurer in India as of FY18
- Offers a wide range of General insurance products across retail and corporate segments
- Highest profit after tax of \$133 MM in FY18, amongst private players. ROE of 23% in FY18
- Combined ratio of 92.3% in FY18
- Recognized in the market for claims servicing
- AUM of \$2.1 BN
- Solvency ratio of 276% , well above regulatory solvency margin of 150%



Bajaj Allianz Life Insurance Limited

- Amongst top 5 private players as of FY18 on new business
- Deep pan India distribution reach of 600+ branches
- Diversified distribution mix consisting of agency, bank assurance, other partners, direct etc.
- AUM of over \$7.5 BN as of FY 18
- Net worth of \$1.3 BN as of 31st March 2018
- One of the most profitable private life insurers in India, with a PAT of \$104 MM
- Solvency ratio of 592%

**“Non bank with strategy & structure of a bank”**

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**“Focused on mass affluent & above clients with a strategy to cross sell”**

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**“Diversified financial services strategy envisages an optimal mix of risk and profit to deliver a sustainable business model”**

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**“Business construct to deliver a sustainable ROA of 3% and ROE of 18-20% in the medium term”**

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**“Focused on continuous innovation to transform customer experience to create growth opportunities...”**

# Key strategic differentiators

Part of the Bajaj Group – one of the oldest & most respected business houses

A trusted brand with strong brand equity

Focus on mass affluent and above clients

Overall franchise of 32.57 MM and cross sell client base of 19.69 MM

Strong focus on cross selling assets, insurance and wealth products to existing customer

Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity

A well diversified Balance Sheet

Consolidated lending AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 40% : 8% : 13% : 11% : 28%  
Consolidated borrowing Mix for Banks : Money Markets : Deposits stood at 35% : 53% : 12%

Highly agile & innovative

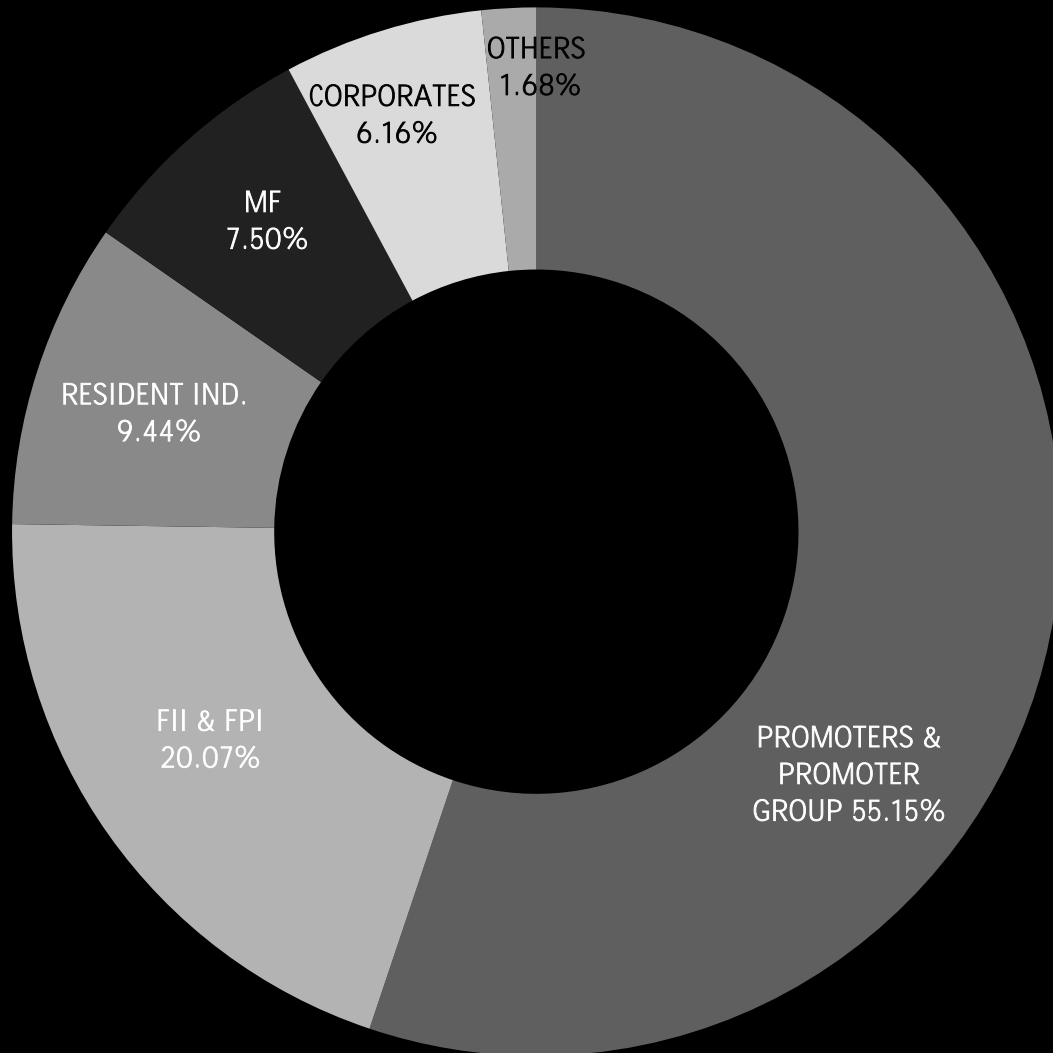
Continuous improvements in product features and digital technologies to maintain competitive edge

Deep investment in technology and analytics

Has helped establish a highly metricised company and manage risk & controllership effectively



## Top 20 investors & their holdings



S.No	Name of Shareholder	As on 31 Dec'18	As on 30 Sep'18	As on 31 Dec'17
1	BAJAJ FINSERV LTD	54.99%	54.99%	55.13%
2	GOVERNMENT OF SINGAPORE	3.70%	3.62%	3.94%
3	MAHARASHTRA SCOOTERS LTD.	3.28%	3.28%	3.29%
4	STEADVIEW CAPITAL MAURITIUS LTD.	1.17%	1.17%	0.52%
5	NEW HORIZON OPPORTUNITIES MASTER FUND	0.80%	0.80%	0.81%
6	AXIS LONG TERM EQUITY FUND	0.72%	0.68%	0.69%
7	NEW WORLD FUND INC.	0.62%	0.56%	0.56%
8	SMALLCAP WORLD FUND INC	0.56%	0.73%	1.06%
9	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.47%	0.47%	0.50%
10	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.45%	0.44%	0.41%
11	SBI LIFE INSURANCE CO. LTD.	0.41%	0.40%	0.26%
11	UTI EQUITY FUND	0.41%	0.44%	0.29%
12	SBI ETF NIFTY 50	0.40%	0.37%	0.29%
13	MOTILAL OSWAL FOCUSED MULTICAP 35 FUND	0.39%	0.40%	0.42%
14	NOMURA INDIA INVESTMENT MOTHER FUND	0.38%	0.38%	0.57%
15	AXIS FOCUSED 25 FUND	0.37%	0.26%	0.10%
16	SBI EQUITY HYBRID FUND	0.36%	0.36%	-
17	ISHARES INDIA INDEX MAURITIUS COMPANY	0.31%	0.31%	0.33%
18	ISHARE CORE EMERGING MARKET MAURITIUS CO	0.29%	0.27%	0.21%
20	HDFC STANDARD LIFE INSURANCE COMPANY LTD	0.28%	0.28%	0.28%

# Financial snapshot



Values in USD MM ( USD 1 = INR 69)

Financials snapshot <sup>@</sup>	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 <sup>@</sup> (Consol.)	YoY FY17 – FY18	CAGR (11 years)
Assets under management	359	368	584	1,098	1,900	2,539	3,487	4,697	6,410	8,724	12,179	40%	42%
Income from operations	73	87	133	204	315	451	590	785	1,063	1,448	1,952	35%	39%
Interest expenses	25	24	29	54	108	175	228	326	424	551	672	22%	39%
Net Interest Income (NII)	48	63	104	150	207	276	362	459	639	897	1,280	43%	39%
Operating Expenses	28	32	46	67	97	123	167	207	275	372	535	44%	34%
Loan Losses & Provision	16	24	38	30	22	26	37	56	79	117	151	30%	25%
Profit before tax	4	7	19	54	87	126	158	197	285	408	594	45%	64%
Profit after tax	3	5	13	36	59	86	104	130	185	266	388	46%	62%
Ratios	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18		
Opex to NII	58.1%	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	41.8%		
Return on assets	0.9%	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.9%		
Return on equity	2.0%	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.5%		
Net NPA *	7.05%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.36%		
NPA provisioning coverage	29%	32%	55%	79%	89%	83%	76%	71%	77%	74%	75%		

<sup>@</sup> All figures including those for FY18 are as per previous GAAP to facilitate comparability over multiple year period

\* As per the RBI regulations, NNPA numbers for upto FY15 are at 6 months overdue, FY16 are at 5 months overdue, FY17 are at 4 months overdue and FY18 are at 3 months overdue. Hence NPA across periods are not comparable

## BAJAJ FINANCE LIMITED

Consumer	SME	Commercial	Rural	Deposits	Partnerships & Services
<ul style="list-style-type: none"> <li>• Consumer Durable Loans</li> <li>• Digital Product Loans <sup>(1)</sup></li> <li>• Lifestyle Product Loans</li> <li>• Lifecare financing</li> <li>• EMI Cards</li> <li>• EMI cards - Retail Spend Financing</li> <li>• 2-Wheeler &amp; 3-Wheeler Loans</li> <li>• Personal Loan Cross-Sell</li> <li>• Salaried Personal Loans <sup>(1)</sup></li> <li>• E-Commerce - Consumer Finance</li> <li>• Used-car financing</li> <li>• Retailer Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Unsecured Working Capital Loans <sup>(1)</sup></li> <li>• Loans to Professionals <sup>(1)</sup></li> <li>• Secured Enterprise Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Securities Lending</li> <li>• Large Value Lease Rental Discounting</li> <li>• Auto Component Manufacturer Lending</li> <li>• Financial Institutions Lending</li> <li>• Light Engineering Lending</li> <li>• Specialty Chemicals Lending</li> <li>• Corporate Finance Loans</li> <li>• Warehouse Receipt Financing</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Durable Loans</li> <li>• Digital Product Loans</li> <li>• Lifestyle Product Loans</li> <li>• Personal Loans Cross Sell</li> <li>• Salaried Personal Loans</li> <li>• Gold Loans</li> <li>• Loans to Professionals</li> </ul>	<ul style="list-style-type: none"> <li>• Retail Term Deposits</li> <li>• Corporate Term Deposits</li> </ul>	<ul style="list-style-type: none"> <li>• Life Insurance Distribution</li> <li>• General Insurance Distribution</li> <li>• Health Insurance Distribution</li> <li>• Co-Branded Credit Card</li> <li>• Co-Branded Wallet</li> <li>• Financial Fitness Report</li> </ul>

## BAJAJ HOUSING FINANCE LIMITED

<ul style="list-style-type: none"> <li>• Salaried Home Loans <sup>(1)</sup></li> <li>• Salaried Loan Against Property</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Against Property</li> <li>• Self Employed Home Loans</li> <li>• Lease Rental Discounting</li> </ul>	<ul style="list-style-type: none"> <li>• Developer Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Against Property</li> <li>• Home Loans</li> <li>• Secured Enterprise Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Property search services</li> <li>• Property Fitness Report</li> </ul>
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<b>Overview</b>	<ul style="list-style-type: none"><li>• 31 year old non bank with a demonstrated track record of profitable growth</li><li>• Diversified financial services company focused on Consumer, Payments, Rural, SME, Commercial and Mortgages</li><li>• Strong focus on deposits acceptance and fee product distribution</li><li>• Focused on mass affluent client with a strategy to cross sell</li><li>• Present across 867 urban locations and 869 rural locations covering 1,736 locations in India with over 84,700+ distribution points</li><li>• Large customer franchise of 32.57 MM with loans cross sell franchise of 19.69 MM</li><li>• Consolidated AUM mix for Consumer : Rural : SME : Commercial : Mortgages stood at 40% : 8% : 13% : 11% : 28% as of 31 Dec 2018</li><li>• The company has \$15,932 MM of consolidated assets under management as of 31 Dec 2018 and it delivered a post tax profit of \$154 MM in Q3 FY19</li><li>• Amongst the largest new loan acquirers in India (6.77 MM in Q3 FY19)</li></ul>
<b>Subsidiaries</b>	<ul style="list-style-type: none"><li>• 100% shareholding in Bajaj Housing Finance Limited</li><li>• 100% shareholding in Bajaj Financial Securities Limited</li></ul>
<b>Treasury</b>	<ul style="list-style-type: none"><li>• Strategy is to create a balanced mix of wholesale and retail borrowings</li><li>• <b>The company's consolidated borrowings stood at \$13,462 MM with a mix of 35 : 53 : 12 between banks, money markets and deposits as of 31 Dec 2018</b></li></ul>
<b>Credit Quality</b>	<ul style="list-style-type: none"><li>• Consolidated Gross NPA and Net NPA as of 31 Dec 2018, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, stood at 1.55% and 0.62% respectively</li><li>• Provisioning coverage ratio stood at 60% as of 31 Dec 2018</li><li>• Standard assets provisioning was 88 bps as per ECL (stage 1 &amp; 2) provisioning in Ind AS versus 40 bps as per RBI prudential norms</li></ul>

<b>Overview</b>	<ul style="list-style-type: none"><li>• Focused on Consumer, Rural, SME and Commercial lines of businesses</li><li>• Strategic business unit organization design supported by horizontal common utility functions to drive domain expertise, scalability and operating leverage</li><li>• Strategy is to focus on cross sell, customer experience and product &amp; process innovations to create a differentiated &amp; profitable business model</li><li>• Standalone AUM mix for Consumer : Rural : SME : Commercial : Mortgage (residual) stood at 46% : 9% : 15% : 12% : 18% as of 31 Dec 2018</li><li>• The Company has \$13,949 MM of standalone assets under management as of 31 Dec 2018 and it delivered a post tax profit of \$148 MM for Q3 FY19</li><li>• Capital adequacy ratio (including Tier II capital) stood at 21.38%. The Tier I capital stood at 16.80%</li></ul>
<b>Consumer business</b>	<ul style="list-style-type: none"><li>• Present in 867 locations with 68,700+ active distribution point of sale</li><li>• Largest consumer electronics, digital products &amp; lifestyle products lender in India</li><li>• <b>Two wheeler financing business contributed to 52% of Bajaj Auto's domestic two wheeler sales in Q3 FY19, disbursed 333K accounts. Three wheeler financing business contributed to 41% of Bajaj Auto's three wheeler sales, disbursed 37K accounts.</b></li><li>• Amongst the largest personal loan lenders in India</li></ul>
<b>Payments</b>	<ul style="list-style-type: none"><li>• EMI Card franchise crossed 16.5 MM CIF (CIF - cards in force)</li><li>• Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 845K as of 31 Dec 2018</li><li>• Bajaj Finserv Mobikwik app has 6.5 MM active wallet users as at 31 Dec 2018 who have linked their EMI card to the wallet</li></ul>
<b>Rural business</b>	<ul style="list-style-type: none"><li>• Highly diversified lender in the rural locations offering 10 loan products in consumer and RSME business categories with a unique hub and spoke business model</li><li>• Geographic presence across 869 towns and villages with retail presence across 13,100+ stores</li></ul>

# Executive summary – Bajaj Finance Limited Standalone



USD 1 = INR 69

<b>SME Business</b>	<ul style="list-style-type: none"><li>• Focused on affluent SMEs with an average annual sales of \$1.5 - 2 MM with established financials &amp; demonstrated borrowing track records</li><li>• Offer a range of working capital products to SME &amp; self employed professionals</li><li>• Offer full range of growth &amp; working capital lending products to professionals (doctors, CAs &amp; engineers)</li><li>• Dedicated SME Relationship Management strategy to provide wide range of cross sell products to SME franchise</li></ul>
<b>Commercial business</b>	<ul style="list-style-type: none"><li>• Offer wholesale lending products covering short, medium and long term needs of auto component, light engineering and specialty chemical companies and financial institutions in India</li><li>• Offer a range of structured products collateralized by marketable securities or mortgage</li></ul>
<b>Treasury</b>	<ul style="list-style-type: none"><li>• Strategy is to create a balanced mix of wholesale and retail borrowings</li><li>• <b>The company's standalone borrowings stood at \$11,719 MM with a mix of 32 : 54 : 14 between banks, money markets and deposits as of 31 Dec 2018</b></li></ul>
<b>Credit Quality</b>	<ul style="list-style-type: none"><li>• Gross NPA and Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as of 31 Dec 2018 stood at 1.78% and 0.71% respectively</li><li>• Provisioning coverage ratio stood at 60% as of 31 Dec 2018</li><li>• Standard assets provisioning was 100 bps as per ECL (stage 1 &amp; 2) provisioning in Ind AS v/s 40 bps as per RBI prudential norms</li></ul>
<b>Credit Rating</b>	<ul style="list-style-type: none"><li>• Assigned an investment grade long term rating of BBB-/Stable &amp; short term rating of A-3 by S&amp;P Global</li><li>• Credit rating for Long Term Debt Program is AAA/Stable by CRISIL, ICRA, CARE &amp; India Ratings</li><li>• Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA &amp; India Ratings</li><li>• Credit rating for FD program is FAAA/Stable by CRISIL &amp; MAAA (Stable) by ICRA</li></ul>

## Section 02 – Ind AS financial performance – Q3 FY19

# Consolidated key performance highlights for Q3 FY19

- Customer franchise as of 31 Dec 2018 ↑ 31% to 32.57 MM from 24.81 MM as of 31 Dec 2017. During the quarter, the company acquired 2.5 MM new customers
- New loans booked during Q3 FY19 ↑ 49% to 6.77 MM from 4.54 MM in Q3 FY18
- AUM as of 31 Dec 2018 was ↑ 41% to \$15,932 MM from \$11,309 MM as of 31 Dec 2017. Despite difficult liquidity environment, the Company has added receivables of \$1,430 MM in Q3 FY19 – a highest ever quarterly increase in loan receivables
- Total income for Q3 FY19 ↑ 48% to \$724 MM from \$489 MM in Q3 FY18
- Operating expenses to Net interest income for Q3 FY19 was at 34.9% as against 38.9% in Q3 FY18
- Loan losses and provisions for Q3 FY19 were \$66 MM as against \$40 MM in Q3 FY18
- Profit after tax for Q3 FY19 ↑ 54% to \$154 MM from \$100 MM in Q3 FY18
- Return on Assets and Return on Equity, non annualized, for Q3 FY19 were 1.0% and 5.9% respectively
- Consolidated Gross NPA and Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as of 31 Dec 2018 stood at 1.55% and 0.62% respectively. The provisioning coverage ratio was 60%
- Standard assets provisioning was 88 bps as per ECL (stage 1 & 2) provisioning in Ind AS versus 40 bps as per RBI prudential norms
- Deposit book ↑ 71% to \$1,665 MM as of 31 Dec 2018 from \$976 MM as of 31 Dec 2017. Deposits contributed to 12% of the consolidated borrowings



# Financial Statement Summary – Consolidated

Values in USD MM (USD 1 = INR 69)

Financials snapshot	Q3 FY19	Q3 FY18	YoY	9m FY19	9m FY18	YoY	FY18
Assets under management	15,932	11,309	41%	15,932	11,309	41%	12,193
Total Interest & fee income	724	489	48%	1,918	1,344	43%	1,851
Interest expenses	259	171	51%	684	492	39%	670
Net Interest Income (NII)	465	318	46%	1,234	852	45%	1,181
Operating Expenses	162	124	31%	442	345	28%	474
ECL Stage 1 & 2 provision	15	9	78%	35	15	127%	19
ECL Stage 3 provision and write off	51	32	59%	124	101	22%	131
Profit before tax	237	154	54%	633	391	62%	557
Income Tax	83	54	54%	224	138	63%	195
Profit after tax	154	100	54%	409	253	61%	362
<b>Ratios</b>	<b>Q3 FY19</b>	<b>Q3 FY18</b>		<b>9m FY19</b>	<b>9m FY18</b>		<b>FY18</b>
Total Opex to NII	34.9%	38.9%		35.9%	40.4%		40.1%
Total Opex to Total Income	22.4%	25.3%		23.1%	25.6%		25.6%
Loan loss to AUM*	0.41%	0.36%		1.00%	1.03%		1.23%
Return on Average Assets*	1.0%	1.0%		3.0%	2.7%		3.6%
Return on Average Equity *	5.9%	4.7%		16.4%	14.5%		20.2%

\* Not annualized

# Reconciliation of consolidated profit with previous GAAP

Values in USD MM (USD 1 = INR 69)

Particulars	Q3 FY19	Q3 FY18	YoY	9m FY19	9m FY18	YoY	FY18
Profit before tax as per previous GAAP	266	171	56%	720	429	68%	594
<u>Ind AS adjustments increasing / (decreasing) profit :</u>							
Adoption of Effective Interest Rate (EIR) for financial assets recognised at amortised cost	(21)	(13)		(70)	(30)		(29)
Adoption of Effective Interest Rate (EIR) for financial liabilities recognised at amortised cost	5	1		8	2		2
Expected Credit Loss	(8)	(2)		(16)	(4)		1
Fair value of stock options as per Ind AS 102	(3)	(2)		(8)	(5)		(7)
Actuarial loss on employee defined benefit plan recognised in 'Other <b>comprehensive income</b> ' as per Ind AS 19	-	-		-	-		1
Gain/ (losses) on fair valuation of financial assets at fair value through profit and loss	0.1	(0.3)		0.4	(1.2)		(5.9)
Recognition of Servicing Asset on assignment transactions	(2)	-		(1)	-		-
Net profit before tax as per Ind AS	237	154	54%	633	391	62%	557
Tax expense (including current tax and deferred tax)	(83)	(54)		(224)	(138)		(195)
Net profit after tax as per Ind AS	154	100	54%	409	253	61%	362
Net profit after tax as per previous GAAP	173	111	55%	468	280	67%	388

# Section 03 – Non financial commentary

- Bajaj Financial Securities Limited (BFinsec) a 100% subsidiary of Bajaj Finance Limited is set to start its business. Its strategy is to offer a full product suite (demat & broking) to Loan Against Securities (LAS) clients and grow the profit pool of LAS business
- Bajaj Housing Finance Limited is progressing well and we are confident that the Company will deliver high growth along with threshold ROEs over the next few years
- Bajaj Finance Limited businesses continue to focus on granularity of the portfolio across products and geographies to reduce risk and augment profitability. It reflected in better margin, lower operating expenses and better risk metrics in Q3 FY19
- Opex **to NII came in at 34.9% in Q3 FY19 as against 38.9% in Q3 FY18, strongly aided by continued focus on expanding the company's** fee revenue pool and better opex management
- Company continued to manage its ALM very well with a judicious mix of borrowings between banks, money markets and deposits. The Company is well covered on ALM to manage any impact of liquidity hardening and higher interest rates on its P&L over short to medium term period
- Portfolio quality remained at its record best in Q3 FY19 adjusted for IL&FS exposure. With strong portfolio quality, the Company is well placed to grow its business rapidly
- Credit card business in partnership with RBL Bank is over 24 months old and has shaped up well on volume growth, spends, revolve metrics and portfolio credit quality. The business has 845,000 CIF as of 31 Dec 2018 and is well positioned to cross 1.0 MM CIF milestone by March / April 2019 demonstrating our franchise strength and cross sell capabilities

# Section 04 – Asset liability management

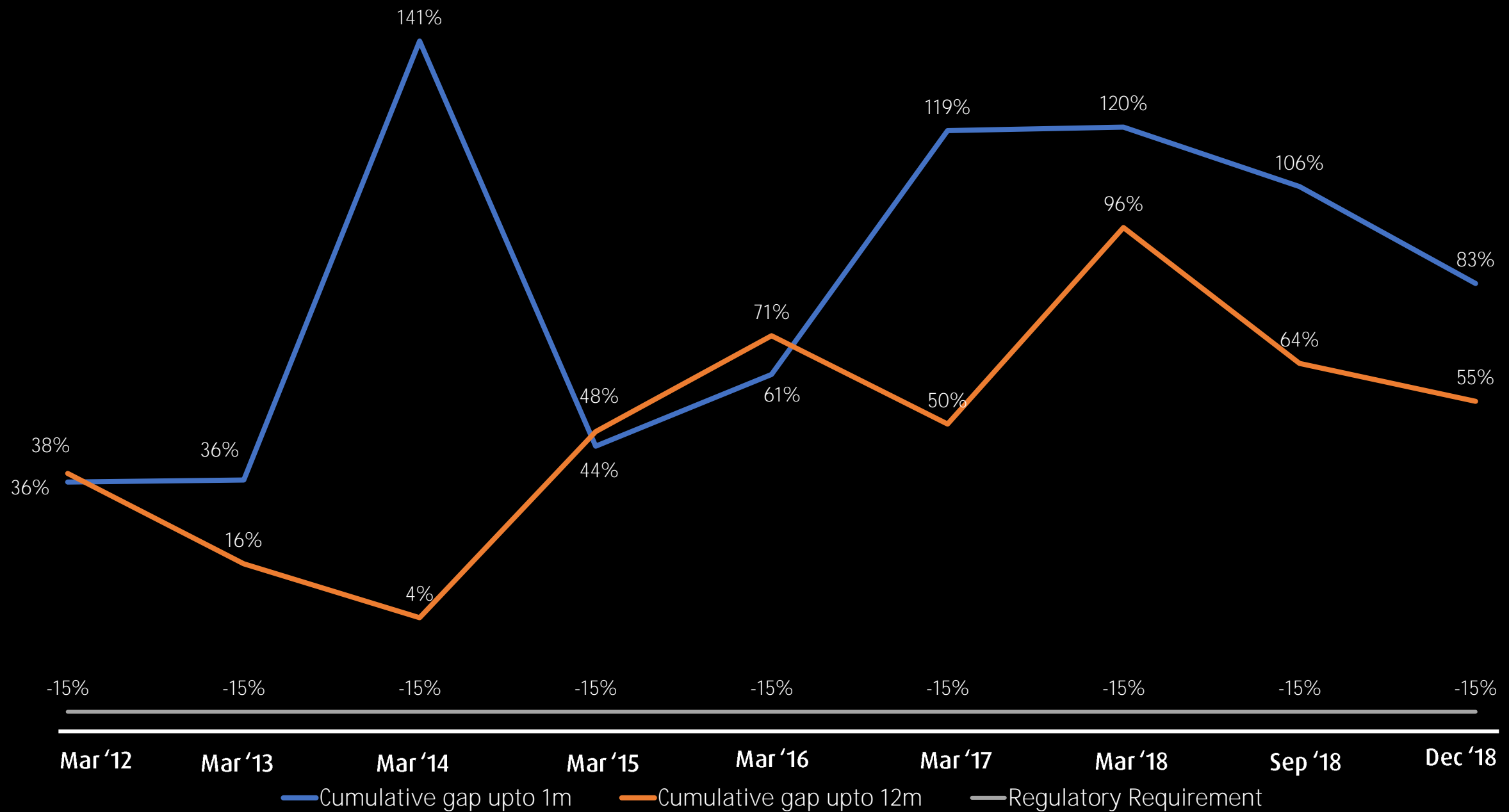
# Behaviouralized ALM snapshot as on 31 Dec 2018

Values in USD MM (USD 1 = INR 69)

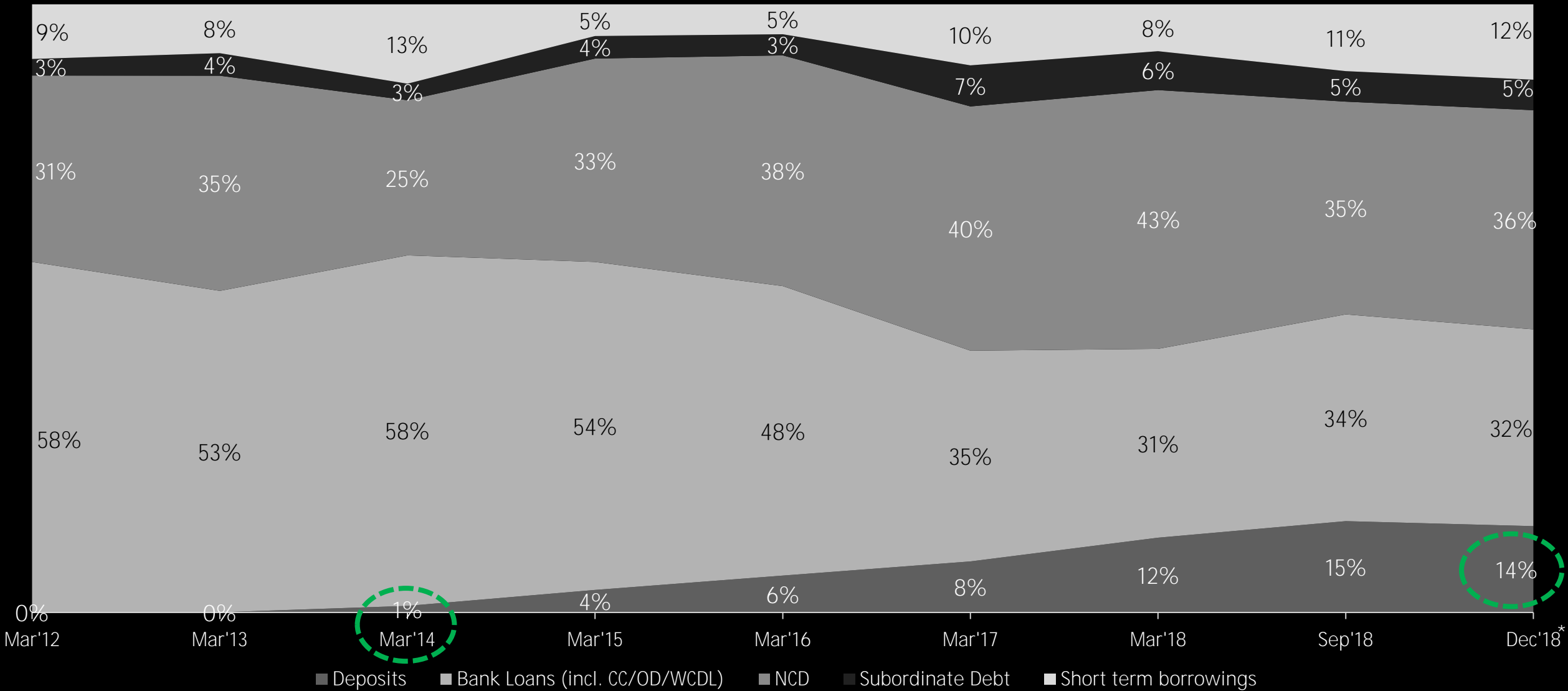
Particulars	1 m	>1 to 2 m	>2 to 3 m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Investments	752	0	0	1	1	46	13	461	1,274
Advances	1,143	785	800	1,807	2,426	4,359	1,504	770	13,594
Trade Receivable & Others	281	4	10	92	75	358	60	150	1,031
Total Inflows (A)	2,176	789	810	1,899	2,502	4,763	1,577	1,381	15,898
Cumulative Total Inflows (B)	2,176	2,965	3,776	5,675	8,177	12,940	14,517	15,898	-
Borrowings repayment	465	346	797	279	1,493	3,682	1,711	1,434	10,208
Capital Reserves and Surplus	-	-	-	-	-	-	-	2,822	2,822
Other Outflows	721	75	138	403	557	630	120	224	2,868
Total Outflows (C)	1,186	421	936	682	2,050	4,311	1,831	4,480	15,898
Cumulative Total Outflows (D)	1,186	1,608	2,543	3,225	5,275	9,587	11,418	15,898	-
E. GAP (A - C)	990	368	(125)	1,217	452	452	(254)	(3,099)	-
F. Cumulative GAP (B-D)	990	1,358	1,233	2,450	2,902	3,353	3,099	0	-
Cumulative GAP as % (F/D)	83%	84%	48%	76%	55%	35%	27%	0%	
Permissible cumulative GAP %	-15%				-15%				
Additional borrowings possible	1,374				4,343				

As per previous GAAP

# Disciplined ALM Management over the last 8 years



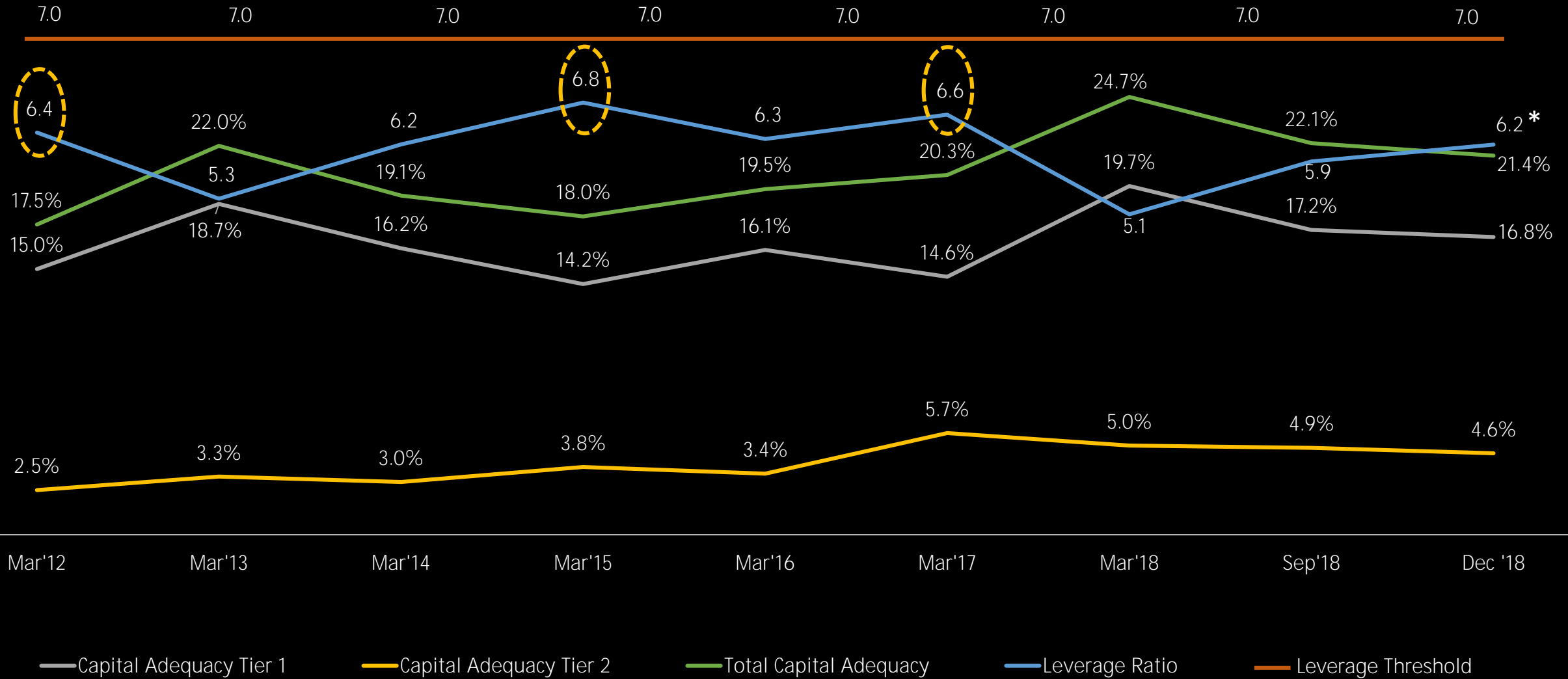
# Liability mix over the last 8 years..



\*Standalone borrowing mix



# Conservative leverage standards



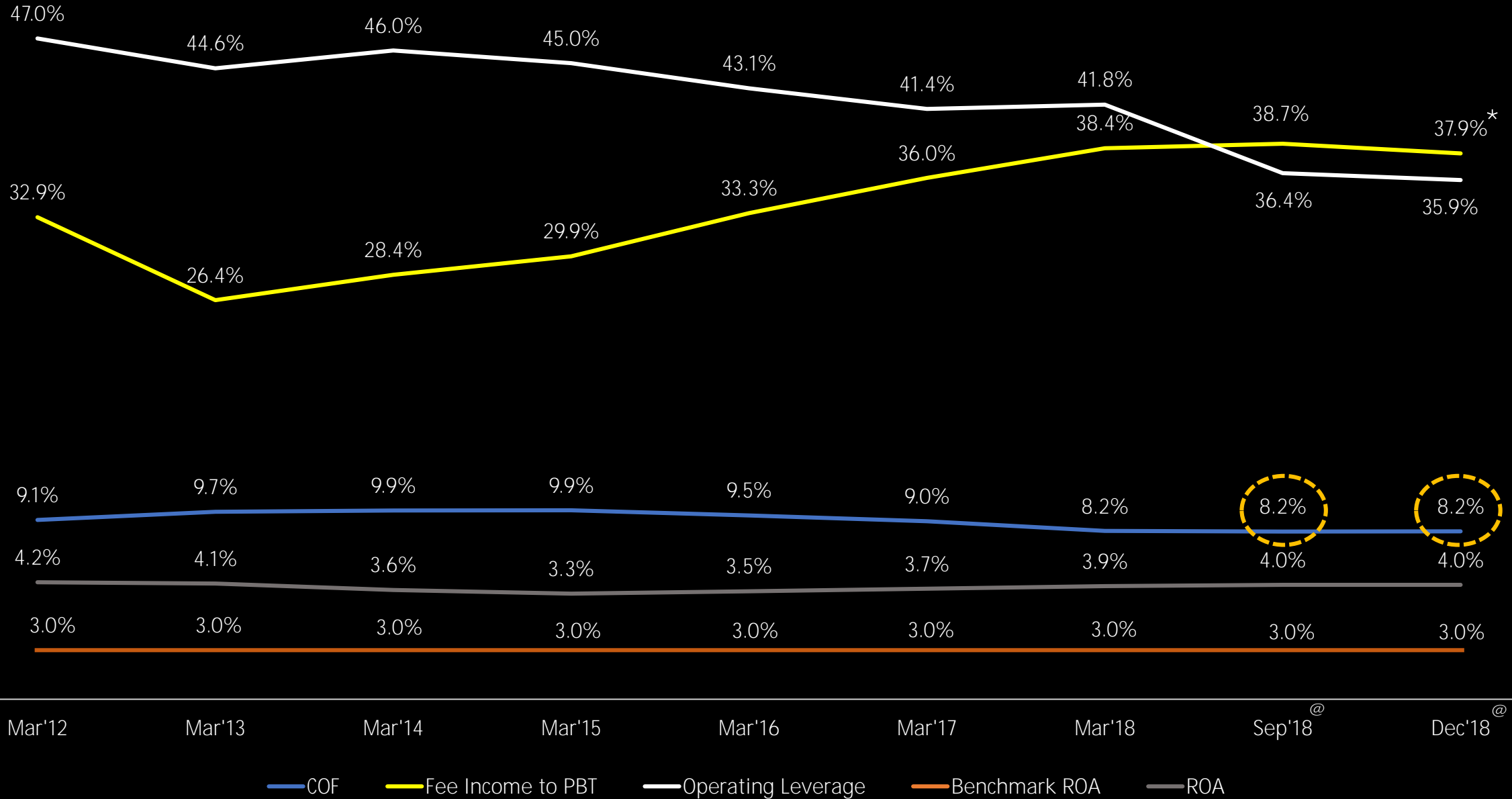
\* Standalone leverage is approximately 5.5X

 denotes point when the Company initiated its capital raising plan

# Key takeaways on liquidity

- The Company and its housing finance subsidiary (BHFL) have continued to maintain a strong ALM profile as of 31 Dec 2018.
- The Company delivered highest ever addition to its loan receivables book by \$1,430 MM in Q3 FY19, despite difficult liquidity environment in first 45 days of Q3.
- The Company has further strengthened its liquidity profile and maintained liquidity buffer (free cash and cash equivalents) of \$642 MM in BFL and \$117 MM in BHFL as of 31 Dec 2018. In addition, the company also has undrawn CC/OD and bank loan lines of \$214 MM and \$93 MM in BFL and BHFL respectively.
- Deposits book grew by \$121 MM sequentially. Retail deposits book continue to grow in a healthy manner. However, corporate deposits book witnessed compression due to pre mature withdrawals by corporate depositors caused by difficult liquidity situation. This has resulted in increase in the contribution of retail deposits & increase in weighted average tenor of the deposits book.
- LAS business acted as a natural hedge to the liquidity situation with lot of HNI customers prepaying their loans.
- New External Commercial Borrowing \$2,282 MM from money market & \$453 MM from bank loans. BHFL has raised \$519 MM from money market & \$464 MM from bank loans
- Pricing for short term paper has eased over the past 60 days. 90 days CP rates for the market participants moved down from ~8.50% in **Sept'18** to **~7.75% in Dec'18**

# Resilient business model

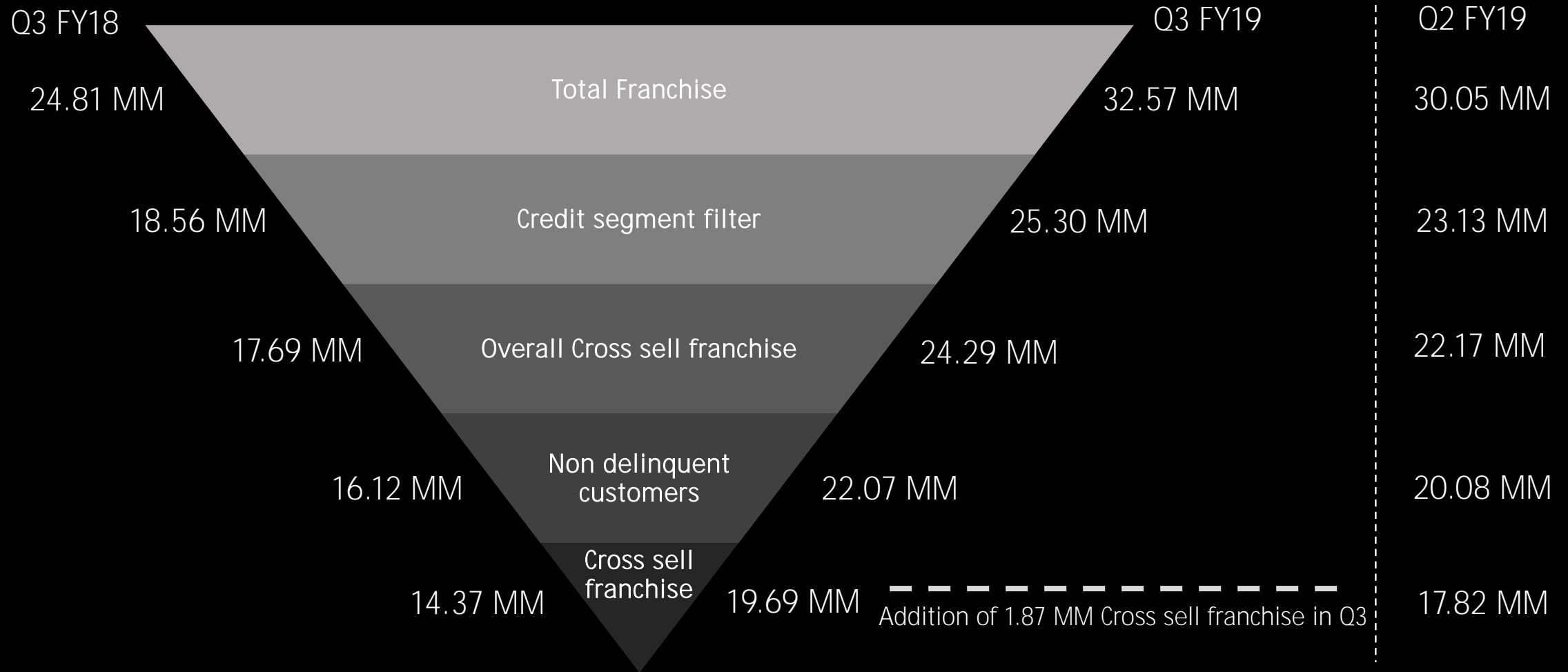


\* Fee Income includes Service and Admin charges, Penal Income, Foreclosure Income and Misc charges and receipts.

@ Sep '18 & Dec'18 numbers are as per Ind AS for H1 FY19 & 9M FY19 respectively.

# Section 05 – Customer franchise and distribution reach

# Customer franchise



## New to Bajaj Finance Customers



Growing customer cross sell franchise by 25-30% every year...

# Strong distribution reach

Geographic Presence	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Dec 2018
Urban	161	262	377	730	867
Rural	232	397	538	602	869
Of which Rural Lending branches	50	105	177	219	341
Of which Rural Lending franchisees	182	292	361	383	528
<b>Total Bajaj Finance presence</b>	<b>393</b>	<b>659</b>	<b>915</b>	<b>1,332</b>	<b>1,736</b>

Active distribution – point of sale	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Dec 2018
Consumer durable stores – Urban	7,000+	9,400+	14,000+	15,500+	18,600+
Consumer durable stores – Rural	1,500+	3,200+	5,500+	8,200+	13,100+
Digital product stores	2,650+	5,200+	5,900+	15,900+	21,500+
Lifestyle retail stores	1,150+	3,200+	3,900+	6,000+	7,100+
EMI card – retail spends stores	-	-	5,600+	12,100+	17,000+
Bajaj Auto dealers, sub-dealerships and ASSC	3,000+	3,000+	3,200+	3,900+	4,500+
Rural Authorized Sales & Services Centres	-	-	-	380+	470+
Direct Sales Agents	700+	800+	1,500+	2,100+	2,500+
<b>Overall active distribution network</b>	<b>16,000+</b>	<b>24,800+</b>	<b>39,600+</b>	<b>64,300+</b>	<b>84,700+</b>

## Section 06 – Business segment wise AUM

# Business segment wise AUM as of 31 Dec 2018



Values in USD MM (USD 1 = INR 69)

Assets Under Management	Standalone as of 31 Dec 2018	BHFL as of 31 Dec 2018	Consolidated as of 31 Dec 2018	Consolidated as of 31 Dec 2017	Growth	Composition as of 31 Dec 2018
Consumer B2B -Auto Finance Business	1,309	-	1,309	881	49%	8%
Consumer B2B - Sales Finance Businesses	2,051	-	2,051	1,520	35%	13%
Consumer B2C Businesses	2,992	52	3,043	2,066	47%	19%
Rural B2B Business	351	-	351	200	76%	2%
Rural B2C Business	931	-	931	541	72%	6%
SME Business	2,041	9	2,050	1,477	39%	13%
Securities Lending Business	897	-	897	850	6%	6%
Commercial Lending Business	824	-	824	499	65%	5%
Mortgages	2,554	1,974	4,476	3,276	37%	28%
<b>Total</b>	<b>13,949</b>	<b>2,035</b>	<b>15,932</b>	<b>11,309</b>	<b>41%</b>	<b>100%</b>
Credit Card – CIF			845 K	255 K	231%	
EMI Card – CIF			16.5 MM	11.4 MM	45%	
Wallets			6.5 MM	0.5 MM	-	



# Section 07 – Bajaj Housing Finance Limited Overview

## Bajaj Housing Finance Limited

- Bajaj Housing Finance Limited is a 100% subsidiary of Bajaj Finance Limited, registered with National Housing Banks as a Housing Finance Company
- It offers a full range of mortgage products such as home loans, loan against property and lease rental discounting to salaried & self employed customers. It also offers inventory finance and construction finance to developers
- Focused on mass affluent and above customer (salaried and self employed)
- The company has \$2,035 MM of assets under management as of 31 Dec 2018 and it delivered a post tax profit of \$5 MM for Q3 FY19
- Capital adequacy ratio of BHFL (including Tier II capital) stood at 22.79%

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## Home Loans

- Offers home loan with an average ticket size of approximately \$53–55K
- Focused on developing the B2B business in home loans by leveraging existing developer finance relationships and through tie-ups with new project launches
- Currently present across top 44 locations in India

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## Loan Against Property

- Offers loans to mass affluent and above self employed customers with an average ticket size of approximately \$39–40K
- Strategy is to sell LAP product to existing customers only via direct to customer channel
- Currently present across top 30 locations in India

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## Lease Rental Discounting

- Ticket size of lease rental discounting ranges from \$1 MM - \$15 MM with an average ticket size of approximately \$3 MM
- All LRD transactions are backed by rentals through escrow mechanism
- Currently present across top 8 locations in India (Mumbai, Delhi, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, Hyderabad)

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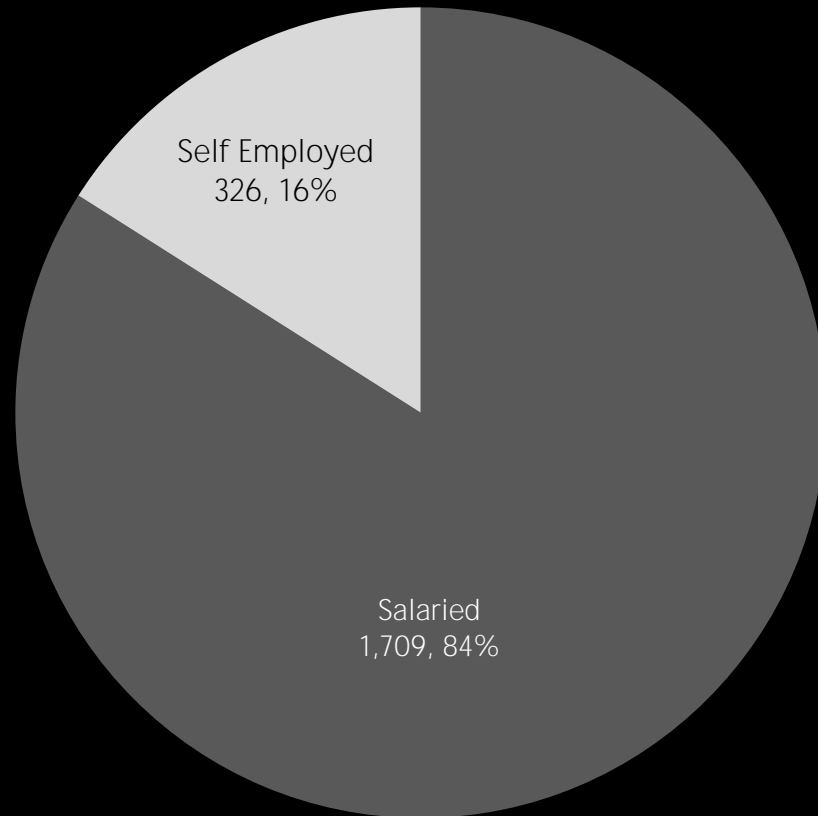
<b>Developer Finance</b>	<ul style="list-style-type: none"><li>• Offers construction finance and inventory finance mainly to Category A and A+ developers in India</li><li>• Currently present in 8 locations (Mumbai, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, Hyderabad, Surat)</li><li>• Average ticket size ranges between \$2 MM - \$3 MM</li></ul>
<b>Credit Quality</b>	<ul style="list-style-type: none"><li>• Gross NPA and Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as of 31 Dec 2018 stood at 0.03% and 0.02% respectively</li></ul>
<b>Treasury</b>	<ul style="list-style-type: none"><li>• Strategy is to create a balanced and sustained mix of borrowings</li><li>• Borrowings stood at \$1,743 MM with a mix of 52 : 48 between banks and money markets as of 31 Dec 2018</li></ul>
<b>Credit Rating</b>	<ul style="list-style-type: none"><li>• Credit rating for Long Term Debt Program is AAA/Stable by CRISIL &amp; India Ratings</li><li>• Credit rating for Short Term Debt Program is A1+ by CRISIL &amp; India Rating</li></ul>

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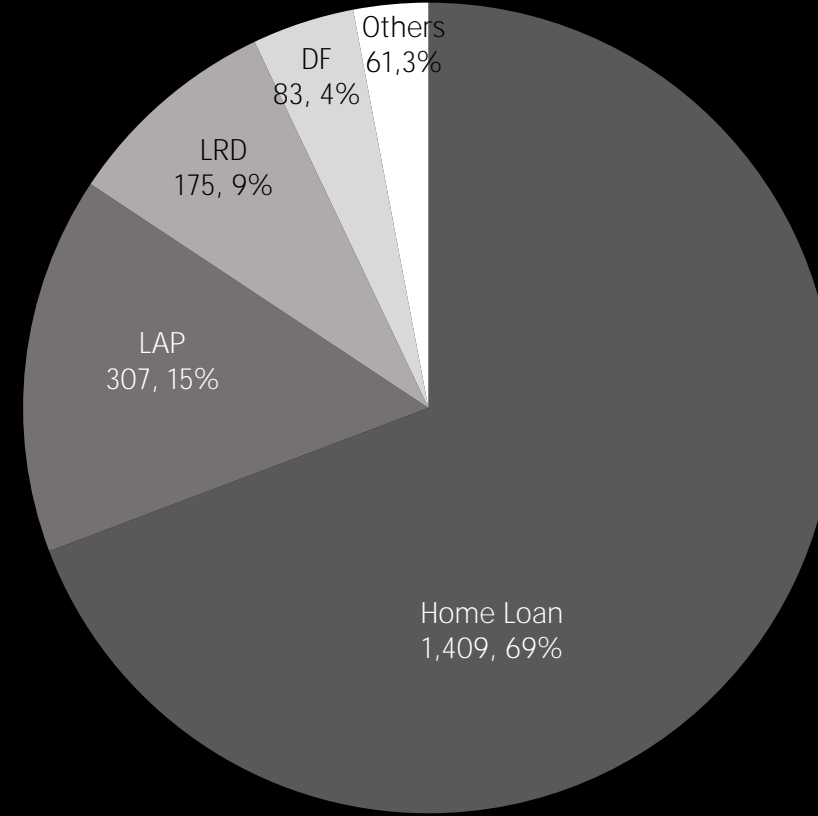
# Portfolio Composition as at 31 Dec 2018 - BHFL

Values in USD MM (USD 1 = INR 69)

## Customer Category



## Product Category



Salaried focused acquisition strategy, comprising 91% of the Q3 acquisition

USD 1 = INR 69

	Home Loan	Loan Against Property
Average Loan Size – Overall	\$53,600	\$39,100
Average Loan Size – Urban	\$55,000	\$63,800
Average Loan Size – Rural	\$24,600	\$16,000
LTV (at origination)	70%	50%
Average Loan Term – Overall	18 years	11 years
Average Customer Age	40 years	43 years
Primary Security	Mortgage of property financed	Mortgage of property financed
Repayment Type	Monthly amortizing	Monthly amortizing

# Financial Statement Summary – BHFL

Values in USD MM (USD 1 = INR 69)

Financials snapshot	Q3 FY19	Q3 FY18	9m FY19	9m FY18	FY18
Assets under management	2,035	229	2,035	229	520
Total Interest & fee income	49	4	105	6	15
Interest expenses	30	2	60	2	7
Net Interest Income (NII)	19	2	45	4	9
Operating Expenses	11	2	33	3	6
ECL Stage 1 and 2 provision	1	0	2	0	1
ECL Stage 3 provision and write off	0	0	0	0	-
Profit before tax	7	(1)	9	1	2
Income Tax	2	0	2	0	0
Profit after tax	5	(0.3)	7	1	1
<b>Ratios</b>	<b>Q3 FY19</b>	<b>Q3 FY18</b>	<b>9m FY19</b>	<b>9m FY18</b>	<b>FY18</b>
Total Opex to NII	58%	125%	74%	70%	75%
Total Opex to Total Income	22%	60%	32%	48%	42%
Loan loss to AUM*	0.0%	0.1%	0.1%	0.1%	0.1%
Return on Average Assets*	0.3%	(0.2%)	0.5%	0.8%	0.6%
Return on Average Equity*	1.4%	(0.6%)	2.3%	1.8%	1.1%

\* Not annualized

ECL categorization	Jun '18	Sep '18	Dec '18
Stage 1 & 2	100.00%	99.98%	99.97%
Stage 3	0.00%	0.02%	0.03%

## Summary of stage wise assets and ECL provisioning

Values in USD MM (USD 1 = INR 69)

Assets & ECL provision	Jun '18	Sep '18	Dec '18
Gross Stage 1 & 2 assets	1,054	1,552	2,034
ECL Provision Stage 1 & 2	1	2	3
Net Stage 1 & 2 assets	1,052	1,550	2,031
ECL Provision % Stage 1 & 2 assets	0.14%	0.13%	0.14%
Gross Stage 3 assets	0.04	0.32	0.59
ECL Provision Stage 3	0.01	0.07	0.16
Net Stage 3 assets	0.03	0.23	0.43
Coverage Ratio % Stage 3 assets	33.0%	25.0%	26.0%
ECL/Total Assets	0.14%	0.14%	0.15%

# Behaviouralized ALM snapshot as on 31 Dec 2018 - BHFL

Values in USD MM (USD 1 = INR 69)

Particulars	1 m	>1 to 2 m	>2 to 3 m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Investments	117	-	-	-	-	-	-	-	117
Advances	41	28	28	81	149	481	309	917	2,035
Trade Receivable & Others	300	-	-	0	-	3	-	3	306
<b>Total Inflows (A)</b>	<b>458</b>	<b>28</b>	<b>28</b>	<b>81</b>	<b>149</b>	<b>484</b>	<b>309</b>	<b>920</b>	<b>2,458</b>
<b>Cumulative Total Inflows (B)</b>	<b>458</b>	<b>486</b>	<b>514</b>	<b>595</b>	<b>744</b>	<b>1,229</b>	<b>1,538</b>	<b>2,458</b>	<b>-</b>
Borrowings repayment	130	201	72	17	135	722	414	124	1,815
Capital Reserves and Surplus	-	-	-	-	-	-	-	377	377
Other Outflows	20	0	9	1	1	233	0	1	266
<b>Total Outflows (C)</b>	<b>150</b>	<b>202</b>	<b>81</b>	<b>18</b>	<b>137</b>	<b>956</b>	<b>415</b>	<b>501</b>	<b>2,458</b>
<b>Cumulative Total Outflows (D)</b>	<b>150</b>	<b>351</b>	<b>432</b>	<b>450</b>	<b>587</b>	<b>1,542</b>	<b>1,957</b>	<b>2,458</b>	<b>-</b>
<b>E. GAP (A - C)</b>	<b>308</b>	<b>(173)</b>	<b>(53)</b>	<b>63</b>	<b>13</b>	<b>(471)</b>	<b>(106)</b>	<b>419</b>	<b>-</b>
<b>F. Cumulative GAP (B-D)</b>	<b>308</b>	<b>135</b>	<b>82</b>	<b>145</b>	<b>158</b>	<b>(313)</b>	<b>(419)</b>	<b>0</b>	<b>-</b>
<b>Cumulative GAP as % (F/D)</b>	<b>206%</b>	<b>38%</b>	<b>19%</b>	<b>32%</b>	<b>27%</b>	<b>(20%)</b>	<b>(21%)</b>	<b>0%</b>	
Permissible cumulative GAP %	-15%				-15%				
Additional borrowings possible	388				289				

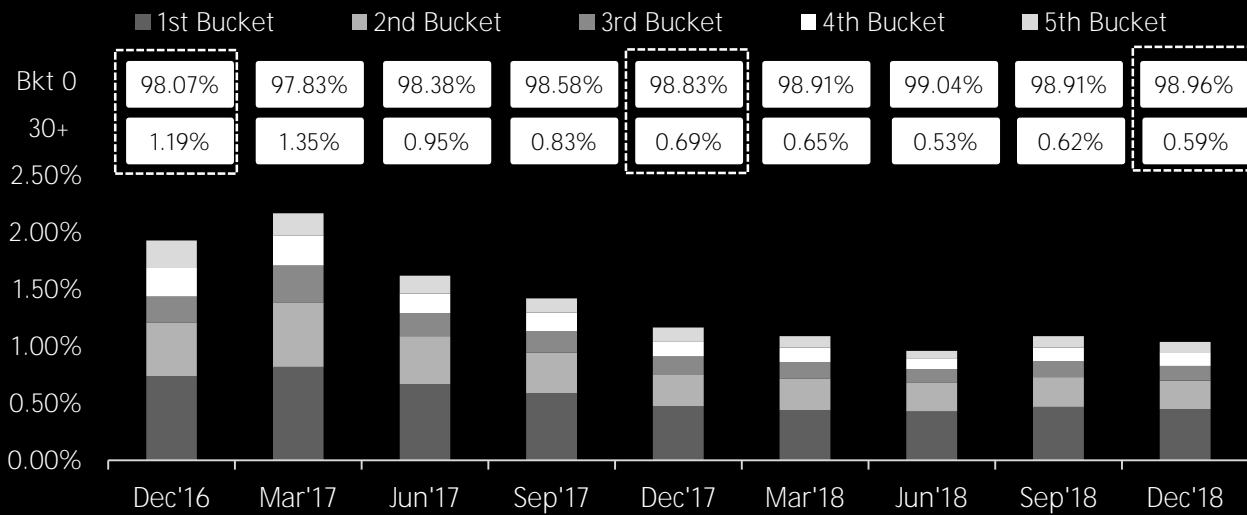
As per previous GAAP



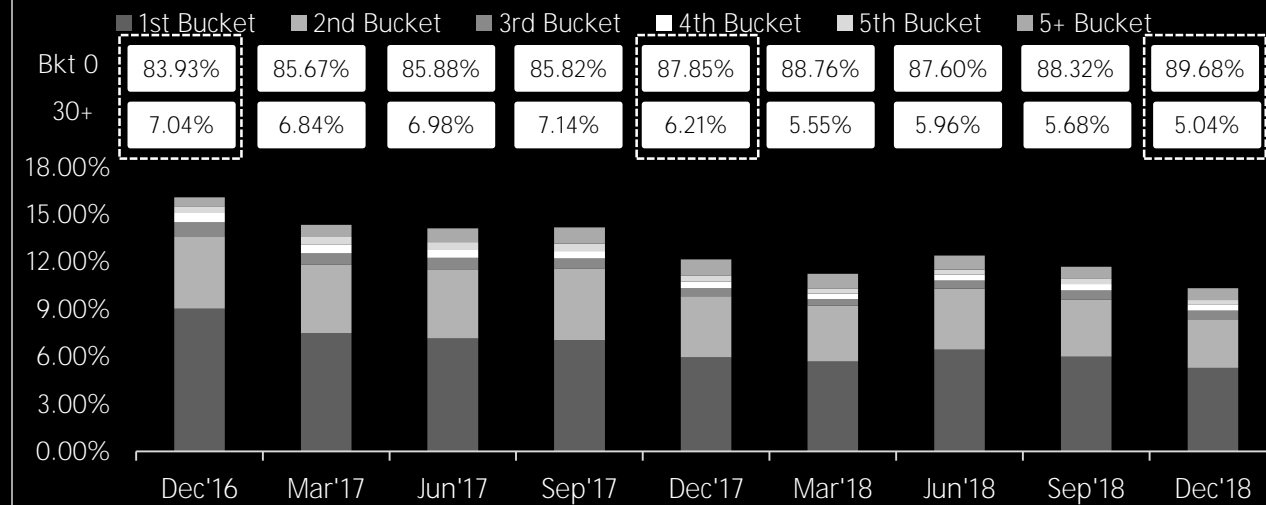
# Section 08 – Update on credit quality

# Credit quality – Portfolio composition

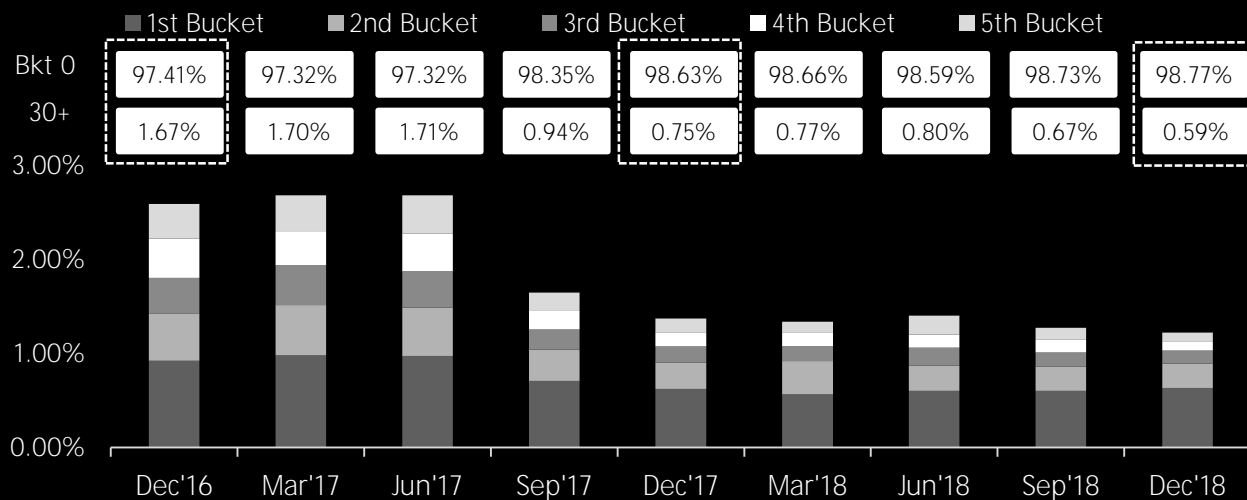
## Consumer Durable loan portfolio



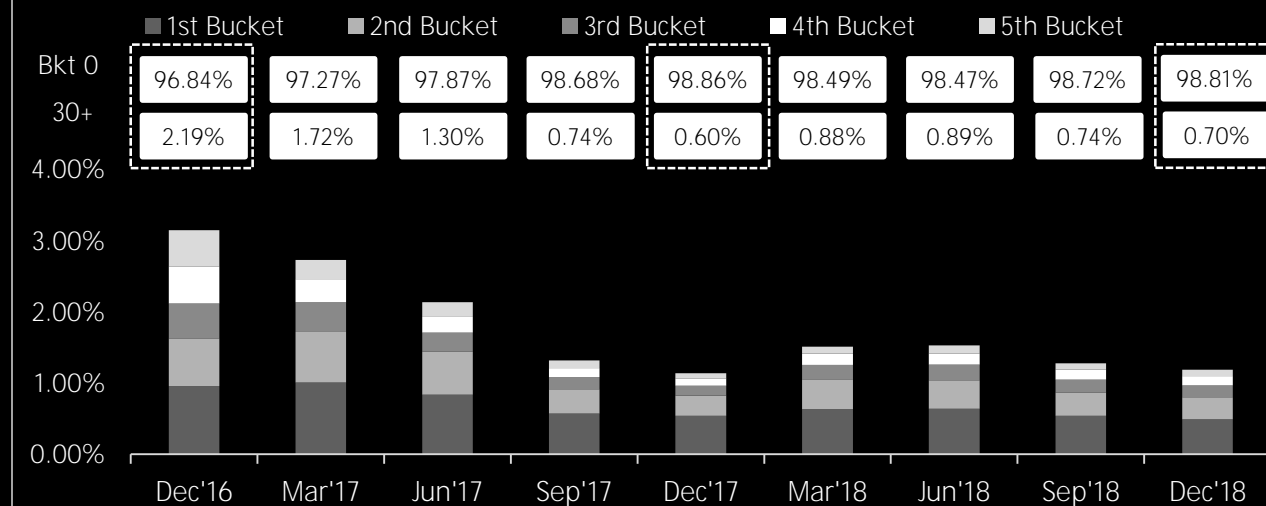
## Two & Three wheeler loan portfolio



## Lifestyle loan portfolio

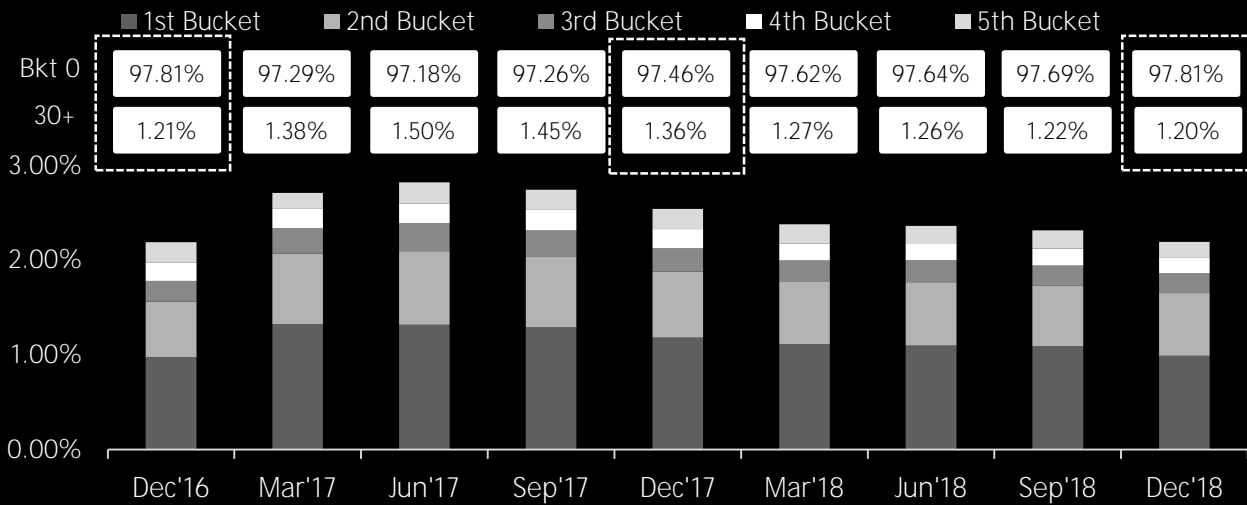


## Digital product loan portfolio

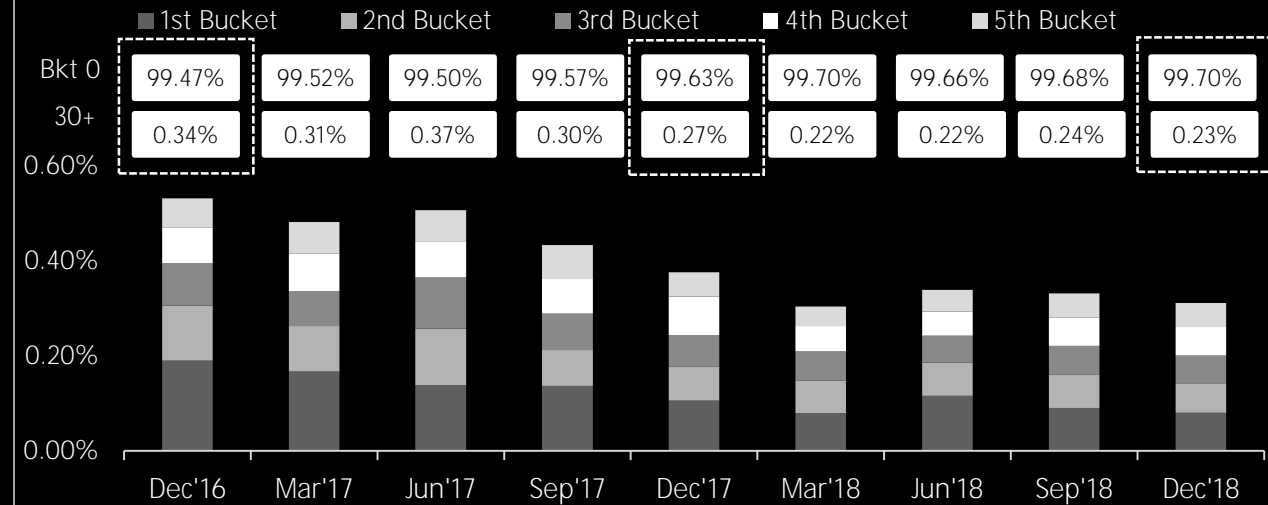


# Portfolio Credit quality – Including BHFL

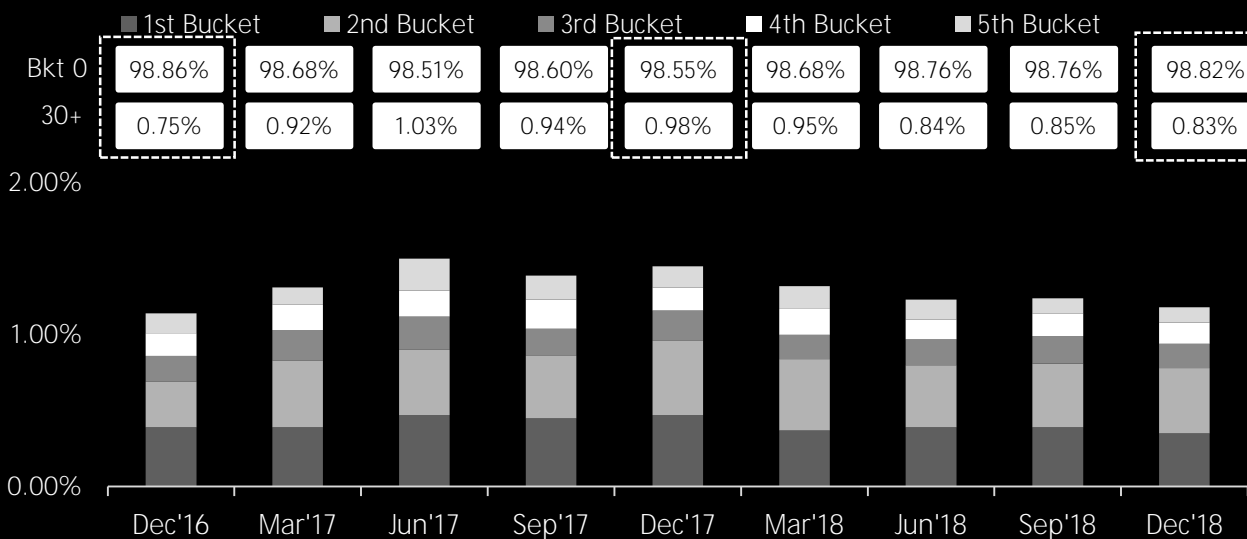
## Personal Loans Cross Sell portfolio



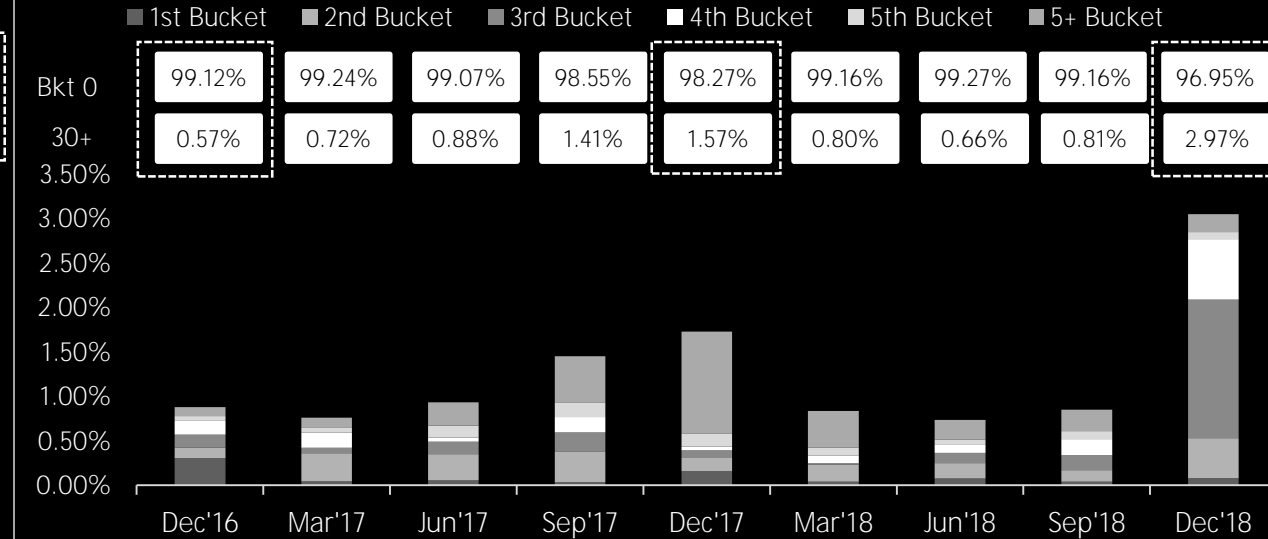
## Salaried Personal Loans portfolio



## Business & Professional Loans portfolio



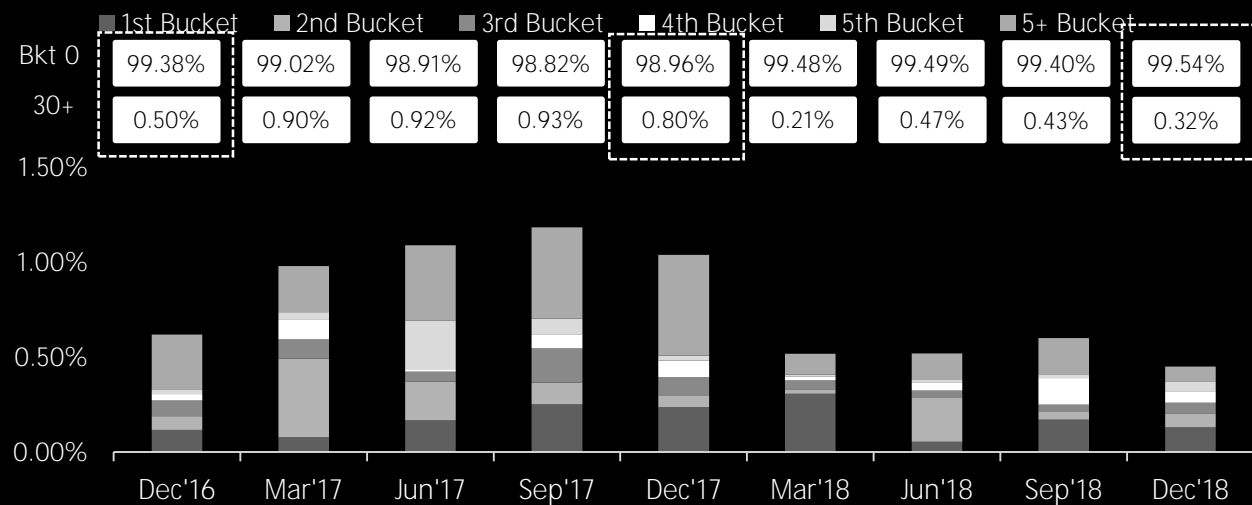
## Loan Against Property portfolio\*



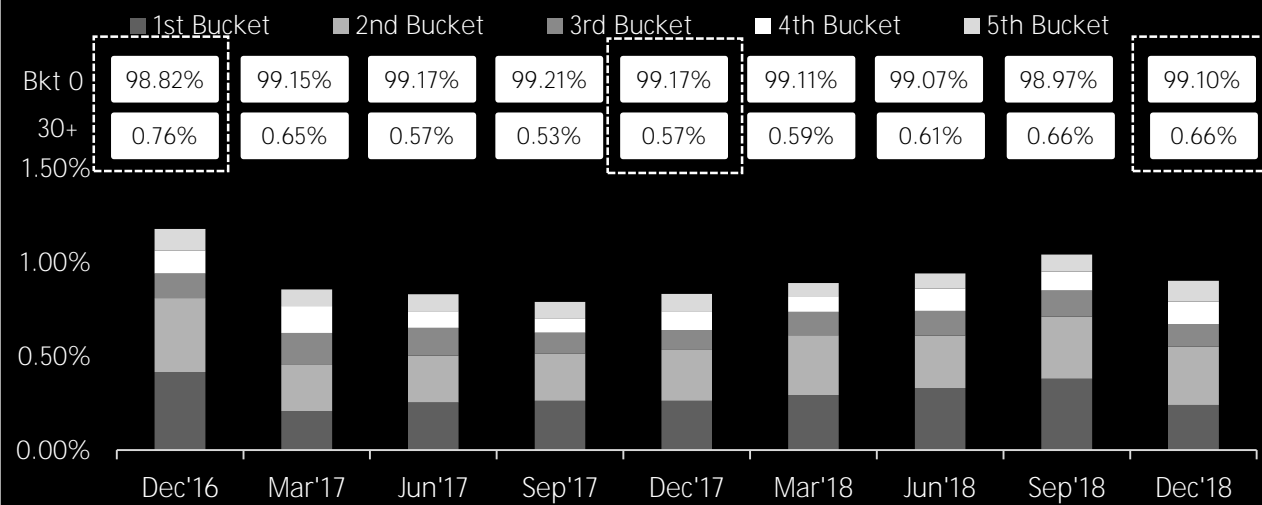
\* Adjusted for IL&FS, Dec '18 current portfolio is 99.34%

# Portfolio Credit quality – Including BHFL

## Home Loans portfolio



## Rural Lending portfolio



# Credit Quality – Provisioning Coverage

Values in USD MM (US\$ 1 = INR 69)

Assets Under Management	Consolidated AUM 31 Dec 18	GNPA	NNPA	PCR (%)	31 Dec 18 GNPA (%)	31 Dec 17 GNPA (%)	31 Dec 18 NNPA (%)	31 Dec 17 NNPA (%)
Consumer B2B -Auto Finance Business	1,309	73	28	62%	5.42%	6.14%	2.11%	2.63%
Consumer B2B - Sales Finance Businesses	2,051	19	6	70%	0.86%	1.03%	0.26%	0.20%
Consumer B2C Businesses	3,043	46	12	75%	1.49%	1.80%	0.38%	0.49%
Rural B2B Business	351	2	1	47%	0.60%	0.61%	0.32%	0.34%
Rural B2C Business	931	13	6	56%	1.42%	1.34%	0.63%	0.68%
SME Business	2,050	36	7	81%	1.75%	2.18%	0.34%	0.54%
Securities Lending Business	897	-	-	-	-	-	-	-
Commercial Lending Business	824	-	-	-	-	-	-	-
Mortgages	4,476	55	38	30%	1.38%	1.05%	0.96%	0.51%
Total	15,932	245	97	60%	1.55% ↓	1.63%	0.62% ↑	0.57%
Total (Net of IL&FS Exposure)	15,932	211	71	66%	1.34% ↓	1.63%	0.45% ↓	0.57%

# NPA movement - Consolidated

Values in USD MM (US\$ 1 = INR 69)

Particulars	Dec'17**	Mar'18**	Jun'18	Sep'18	Dec'18
Assets Under Management	11,300	12,179	13,524	14,524	15,932
Opening GNPA (A)	172	182	169	186	213
Roll Forward into NPA (i)	50	43	55	70	102
Restructuring (ii)	0	1	0	0	2
Total Slippages (B = i + ii)	51	44	55	70	104
Roll back to standard (iii)	14	20	17	20	26
Realisation on sale of NPA receivables (iv)	2	9	-	-	5
Write offs (v)	25	27	21	22	41
Total recoveries and write-offs (C = iii + iv + v)	41	57	38	42	72
Net addition to Gross NPA	10	(13)	17	28	32
Gross NPA (A+B-C)	182	169	186	213	245
GNPA %	1.63%	1.41%	1.39%	1.49%	1.55%
NNPA %*	0.57%	0.43%	0.44%	0.53%	0.62%
PCR %	65%	70%	69%	65%	60%

\*Dec '17 and March'18 numbers have been recast as per IndAS

# ECL summary - Consolidated

ECL categorization	Dec '17	Mar '18	Jun '18	Sep '18	Dec '18
Stage 1 & 2	98.37%	98.59%	98.61%	98.51%	98.45%
Stage 3	1.63%	1.41%	1.39%	1.49%	1.55%

## Summary of stage wise assets and ECL provisioning

Values in USD MM (USD 1 = INR 69)

Assets & ECL provision	Dec '17	Mar '18	Jun '18	Sep '18	Dec '18
Gross Stage 1 & 2 assets	10,959	11,781	13,131	14,115	15,521
ECL Provision Stage 1 & 2	103	104	118	122	137
Net Stage 1 & 2 assets	10,856	11,677	13,012	13,993	15,383
ECL Provision % Stage 1 & 2 assets	0.94%	0.89%	0.90%	0.86%	0.88%
Gross Stage 3 assets	182	169	186	213	245
ECL Provision Stage 3	119	117	128	138	148
Net Stage 3 assets	63	51	58	76	97
Coverage Ratio % Stage 3 assets	65%	70%	69%	65%	60%
ECL / Total assets	1.99%	1.86%	1.84%	1.81%	1.81%

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# BAJAJ FINANCE LIMITED

Q3 FY19 Investor Presentation

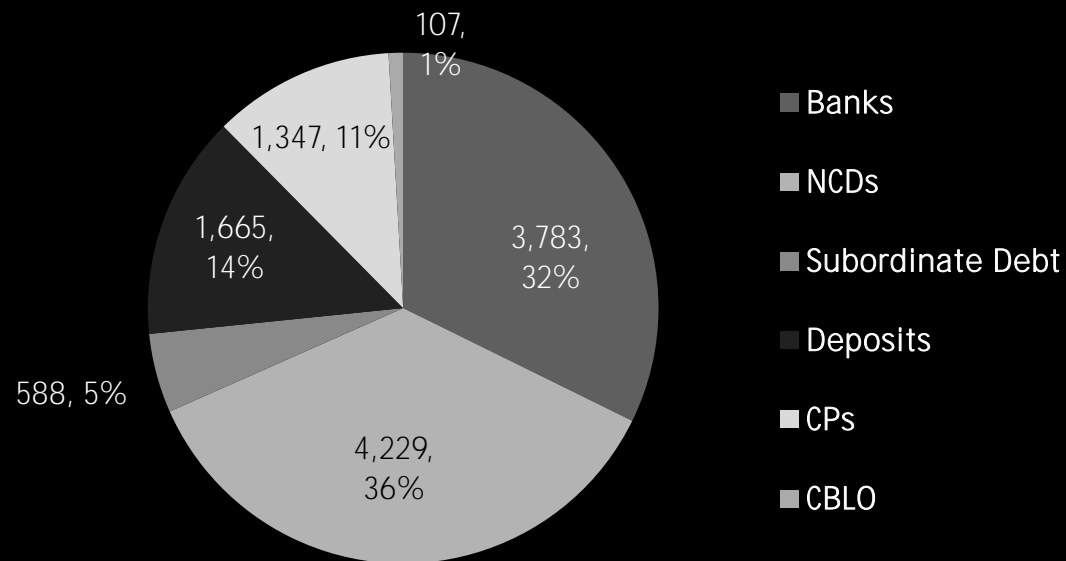
Thank You

# Annexures

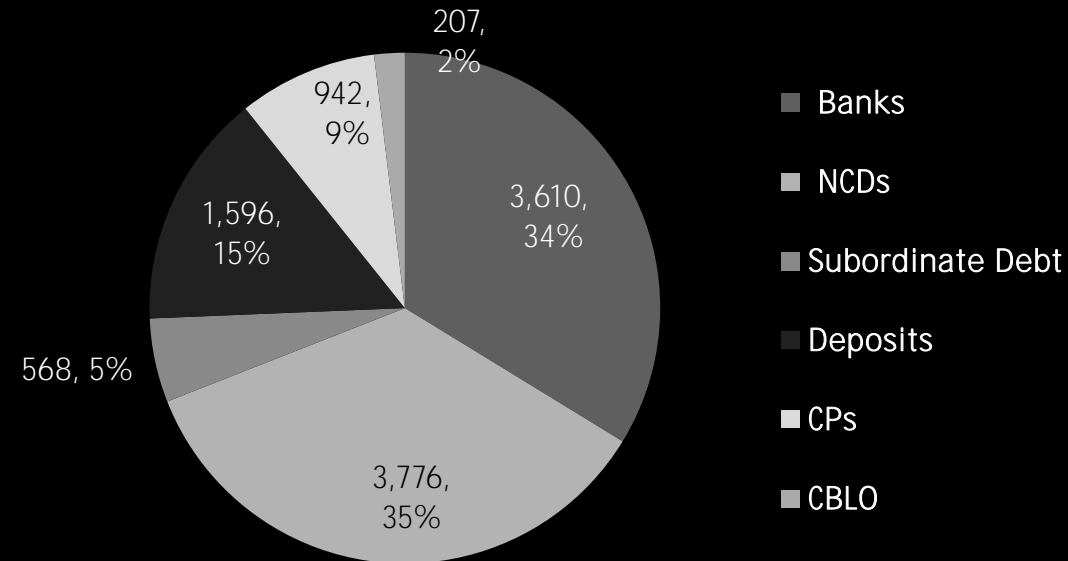
2W	Two Wheeler	IFA	Independent Financial Advisor
3W	Three Wheeler	IRR	Internal Rate of Return
ACMF	Auto Components Manufacturer Financing	LAP	Loan Against Property
ALM	Asset & Liability Management	LAS	Loan Against Securities
AR	Assets Receivable	MF	Mutual Fund
ARU	Activation, Retention & Usage	MM	Million
ASC	Authorized Service Centers	MSME	Micro, Small & Medium Enterprise
AUF	Assets Under Finance	NII	Net Interest Income
AUM	Assets Under Management	NNPA	Net Non Performing Assets
B2B	Business to Business	NTB	New to Bajaj Finance
B2C	Business to Customer	Opex	Operating Expenses
BHFL	Bajaj Housing Finance Ltd	PAT	Profit After Tax
BL	Business Loan	PBT	Profit Before Tax
CAGR	Compounded Annual Growth Rate	POS	Point of Sale
CIF	Cards in Force	PPC	Products Per Customer
CPI	Consumer Price Index	RBI	Reserve Bank of India
ECL	Expected Credit Loss	ROA	Return on Assets
EMI	Existing Member Identification	ROE	Return on Equity
EPS	Earnings Per Share	SE	Self Employed
FIG	Financial Institutions Group	SME	Small & Medium Enterprise
FII	Foreign Institutional Investor	TAT	Turn Around Time
FPI	Foreign Portfolio Investment	TTD	Through the Door
GNPA	Gross Non Performing Assets	WPI	Wholesale Price Index
HL	Home Loan		

# ALM Strategy (Standalone)

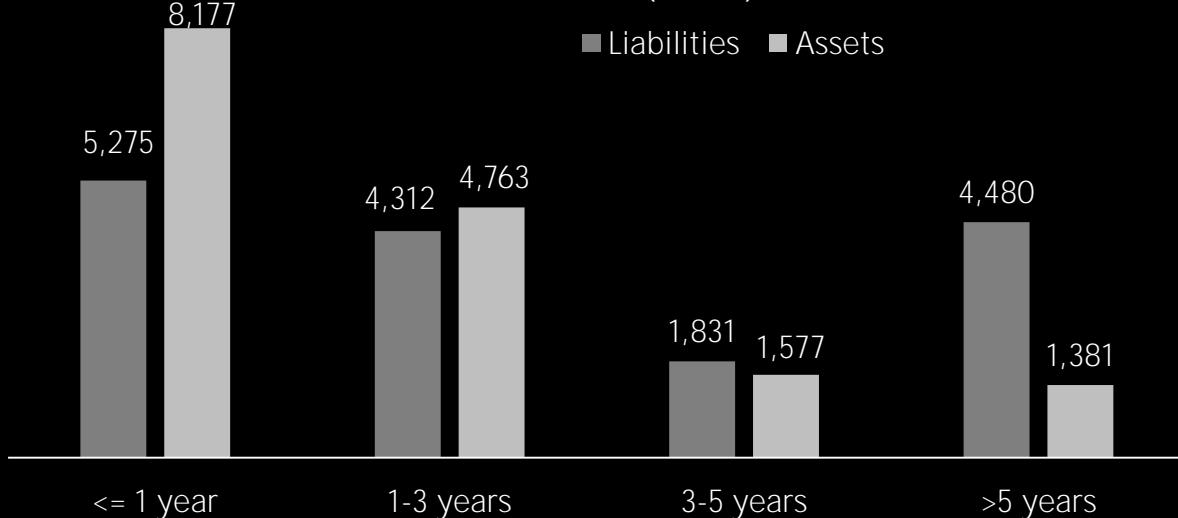
Borrowings – Dec '18 (\$11,719 MM)



Borrowings – Sept '18 (\$10,699 MM)



Behaviourilised ALM (\$ MM) – Dec '18



Behaviourilised ALM (\$ MM) – Sept '18

