

BAJAJ FINANCE LIMITED

SEC/SE/140

29 March 2018

| | |
|--|---|
| The Manager, BSE Limited DCS - CRD Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 | The Manager, Listing Department National Stock Exchange of India Ltd. Exchange Plaza, C-1. Block G, Bandra - Kurla Complex, Bandra (East) Mumbai - 400 051 |
| Scrip Code:500034 | Scrip Code: BAJFINANCE – EQ |

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:

| Date | Venue | Particulars |
|---|--------------|--|
| 1 st April 2019 to 2 nd April 2019 | Singapore | Meeting with certain institutional investors at a Non-Deal Road Show organized by Nomura Financial Advisory & Securities (India) Pvt. Ltd. |
| 2 nd April 2019 to 3 rd April 2019 | Hong Kong | |
| 3 rd April 2019 to 5 th April 2019 | Japan | |

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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Corporate ID No.:
L65910MH1987PLC042961

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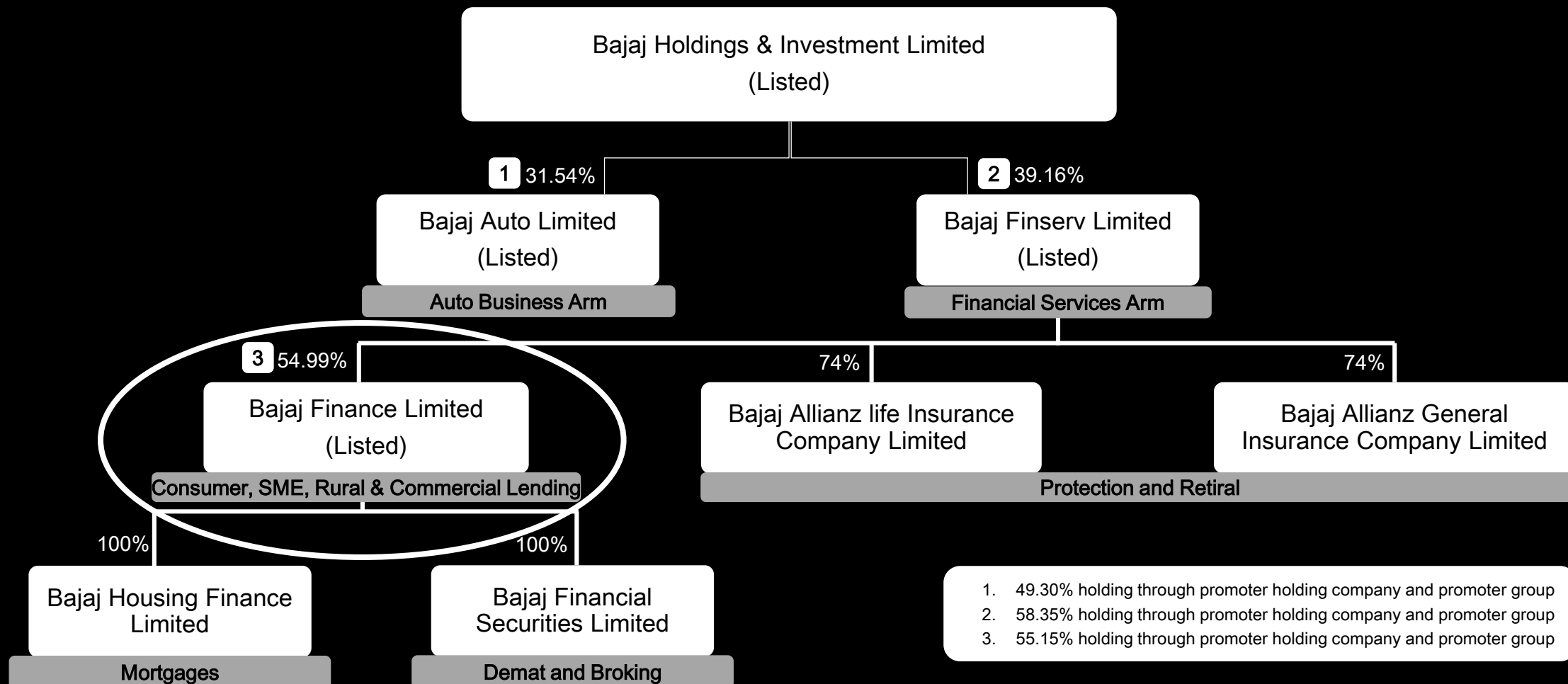
Bajaj Finance Limited

Q3 FY19 Investor Presentation

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Section 01 – Bajaj Finance Limited overview

Bajaj group structure





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



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”

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

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

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

“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

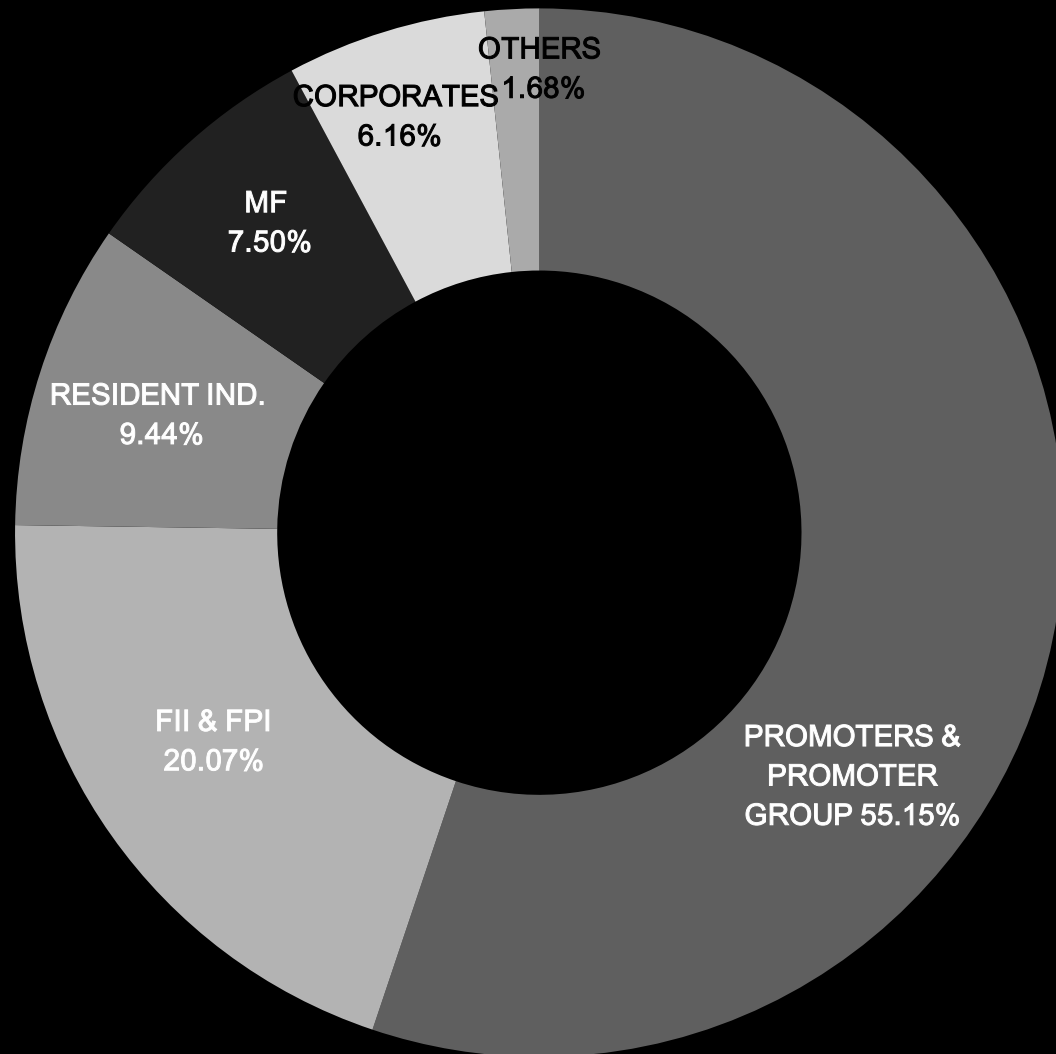
Consolidated lending AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 40% : 8% : 13% : 11% : 28%
Consolidated borrowing Mix for Banks : Money Markets : Deposits stood at 35% : 53% : 12%

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 @ | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18@ (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% | | |

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

BAJAJ HOUSING FINANCE LIMITED

| | | | | |
|--|---|---|---|---|
| <ul style="list-style-type: none"> • Salaried Home Loans ⁽¹⁾ • Salaried Loan Against Property | <ul style="list-style-type: none"> • Loan Against Property • Self Employed Home Loans • Lease Rental Discounting | <ul style="list-style-type: none"> • Developer Finance | <ul style="list-style-type: none"> • Loan Against Property • Home Loans • Secured Enterprise Loans | <ul style="list-style-type: none"> • Property search services • Property Fitness Report |
|--|---|---|---|---|

| | |
|-----------------------|--|
| Overview | <ul style="list-style-type: none">• 31 year old non bank with a demonstrated track record of profitable growth• Diversified financial services company focused on Consumer, Payments, Rural, SME, Commercial and Mortgages• Strong focus on deposits acceptance and fee product distribution• Focused on mass affluent client with a strategy to cross sell• Present across 867 urban locations and 869 rural locations covering 1,736 locations in India with over 84,700+ distribution points• Large customer franchise of 32.57 MM with loans cross sell franchise of 19.69 MM• Consolidated AUM mix for Consumer : Rural : SME : Commercial : Mortgages stood at 40% : 8% : 13% : 11% : 28% as of 31 Dec 2018• 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• Amongst the largest new loan acquirers in India (6.77 MM in Q3 FY19) |
| Subsidiaries | <ul style="list-style-type: none">• 100% shareholding in Bajaj Housing Finance Limited• 100% shareholding in Bajaj Financial Securities Limited |
| Treasury | <ul style="list-style-type: none">• Strategy is to create a balanced mix of wholesale and retail borrowings• 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 |
| Credit Quality | <ul style="list-style-type: none">• 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• Provisioning coverage ratio stood at 60% as of 31 Dec 2018• Standard assets provisioning was 88 bps as per ECL (stage 1 & 2) provisioning in Ind AS versus 40 bps as per RBI prudential |

Executive summary – Bajaj Finance Limited Standalone



USD 1 = INR
69

-
- Overview**
- Focused on Consumer, Rural, SME and Commercial lines of businesses
 - Strategic business unit organization design supported by horizontal common utility functions to drive domain expertise, scalability and operating leverage
 - Strategy is to focus on cross sell, customer experience and product & process innovations to create a differentiated & profitable business model
 - Standalone AUM mix for Consumer : Rural : SME : Commercial : Mortgage (residual) stood at 46% : 9% : 15% : 12% : 18% as of 31 Dec 2018
 - 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
 - Capital adequacy ratio (including Tier II capital) stood at 21.38%. The Tier I capital stood at 16.80%
-
- Consumer business**
- Present in 867 locations with 68,700+ active distribution point of sale
 - Largest consumer electronics, digital products & lifestyle products lender in India
 - 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.
 - Amongst the largest personal loan lenders in India
-
- Payments**
- EMI Card franchise crossed 16.5 MM CIF (CIF - cards in force)
 - Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 845K as of 31 Dec 2018
 - 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
-
- Rural business**
- 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
 - Geographic presence across 869 towns and villages with retail presence across 13,100+ stores

Executive summary – Bajaj Finance Limited Standalone

-
- SME Business**
- Focused on affluent SMEs with an average annual sales of \$1.5 - 2 MM with established financials & demonstrated borrowing track records
 - Offer a range of working capital products to SME & self employed professionals
 - Offer full range of growth & working capital lending products to professionals (doctors, CAs & engineers)
 - Dedicated SME Relationship Management strategy to provide wide range of cross sell products to SME franchise
-
- Commercial business**
- 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
 - Offer a range of structured products collateralized by marketable securities or mortgage
-
- Treasury**
- Strategy is to create a balanced mix of wholesale and retail borrowings
 - 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
-
- Credit Quality**
- 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
 - Provisioning coverage ratio stood at 60% as of 31 Dec 2018
 - Standard assets provisioning was 100 bps as per ECL (stage 1 & 2) provisioning in Ind AS v/s 40 bps as per RBI prudential norms
-
- Credit Rating**
- Assigned an investment grade long term rating of BBB-/Stable & short term rating of A-3 by S&P Global
 - Credit rating for Long Term Debt Program is AAA/Stable by CRISIL, ICRA, CARE & India Ratings
 - Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA & India Ratings
 - Credit rating for FD program is FAAA/Stable by CRISIL & MAAA (Stable) by ICRA

Section 02 – Ind AS financial performance – Q3 FY19

Consolidated key performance highlights for Q3 FY19

- Customer franchise as of 31 Dec 2018 \uparrow 31% to 32.57 MM from 24.81 MM as of 31 Dec 2017. During the quarter, the company acquired 2.5⁶⁹MM new customers
- New loans booked during Q3 FY19 \uparrow 49% to 6.77 MM from 4.54 MM in Q3 FY18
- AUM as of 31 Dec 2018 was \uparrow 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 \uparrow 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 \uparrow 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 \uparrow 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 |
| Ratios | Q3 FY19 | Q3 FY18 | | 9m FY19 | 9m FY18 | | FY18 |
| 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)

| Particulars | Q3 FY19 | Q3 FY18 | YoY | 9m FY19 | 9m FY18 | YoY ⁶⁹⁾ | 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 comprehensive income' 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

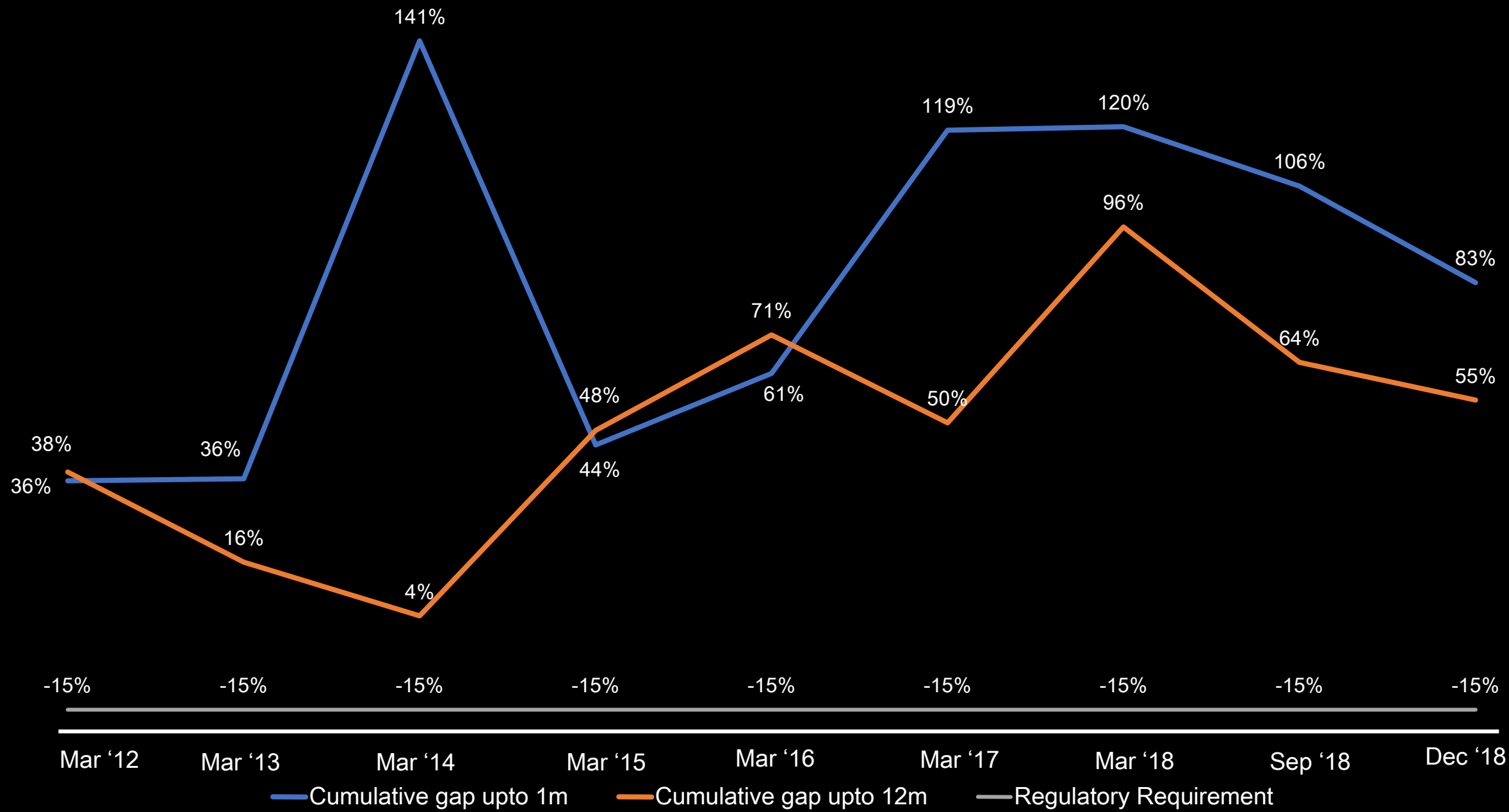
Values in USD MM (USD 1 = INR

⁶⁹⁾

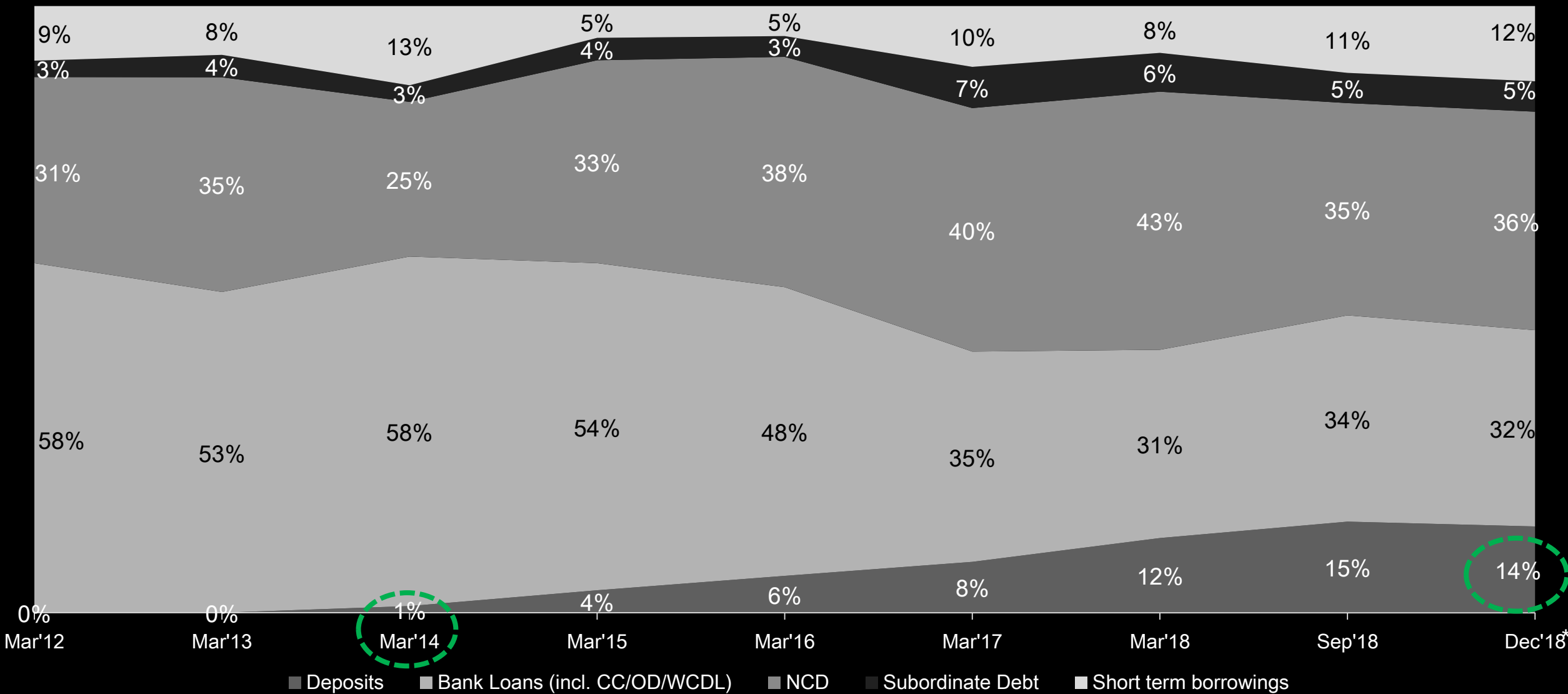
| Particulars | 1 m | >1 to 2 m | >2 to 3 m | >3 to 6m | >6m to 1 yr | >1 to 3 yr | >3 to 5 yr | >5 yr | Total |
|--------------------------------|-------|-----------|-----------|----------|-------------|------------|------------|---------|--------|
| Cash & Investments | 752 | 0 | 0 | 1 | 1 | 46 | 13 | 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

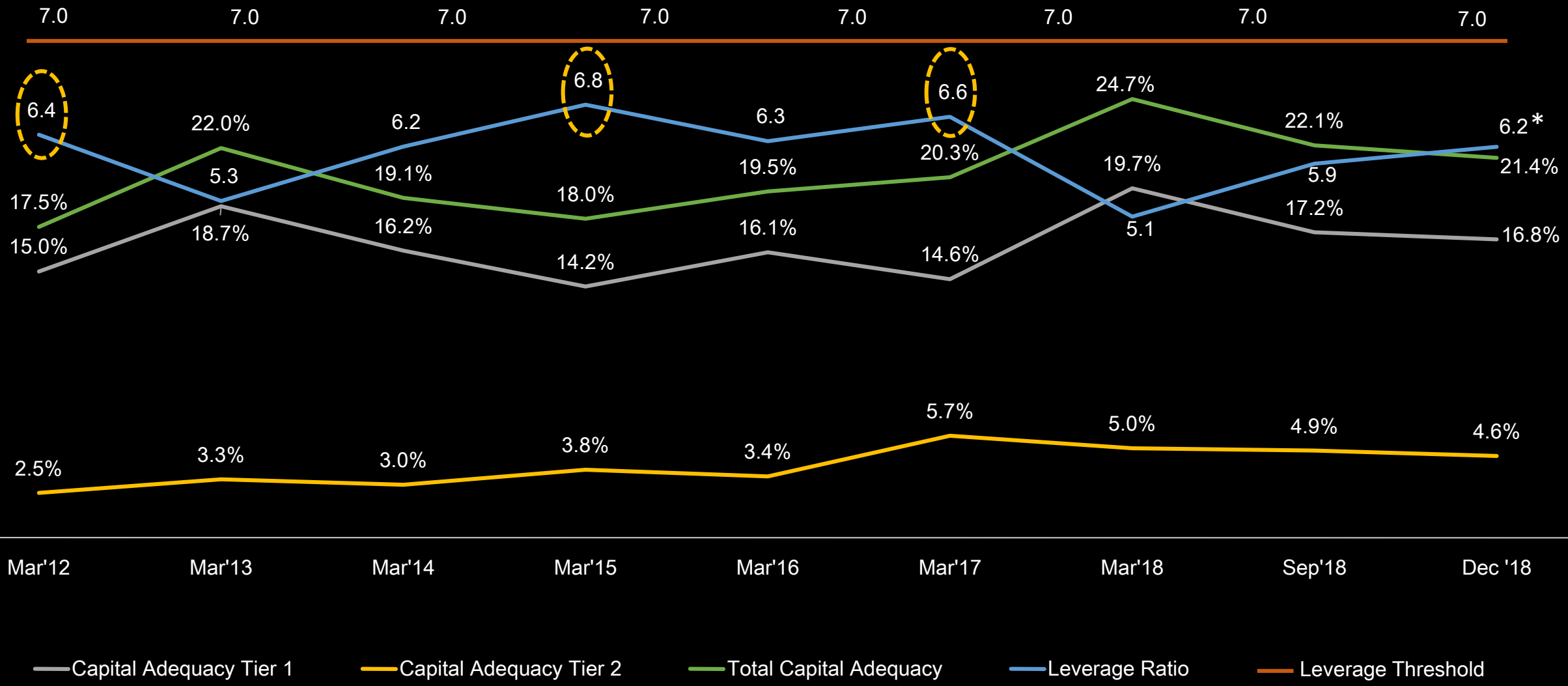


Liability mix over the last 8 years..



*Standalone borrowing mix

Conservative leverage standards



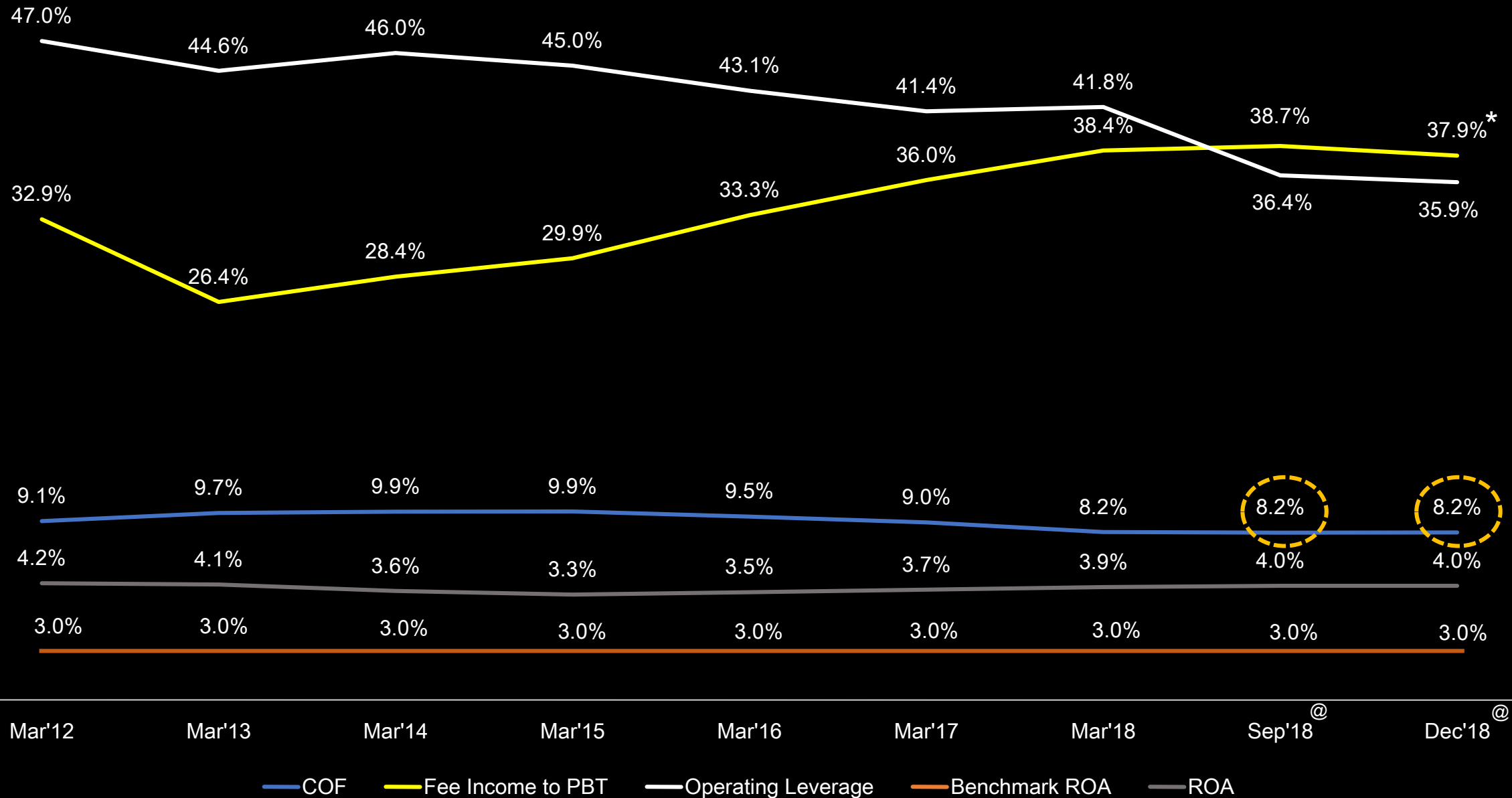
* Standalone leverage is approximately 5.5X

 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

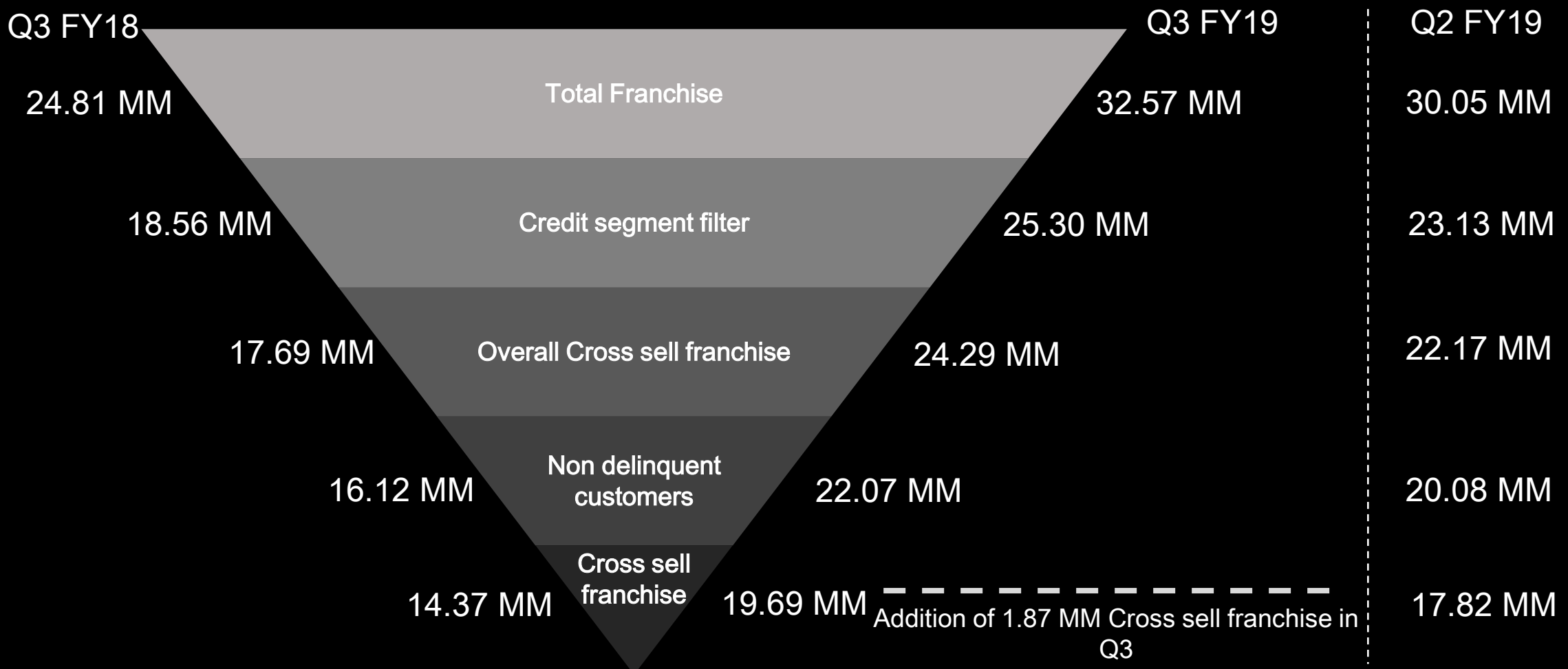


* Fee Income includes Service and Admin charges, Penal Income, Foreclosure Income and Misc charges and receipts.

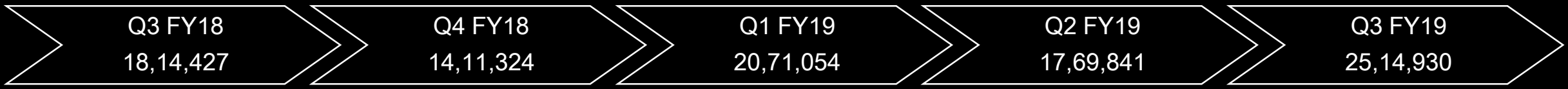
@ Sep '18 & Dec'18 numbers are as per Ind AS for H1 FY19 & 9M FY19 respectively.

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 |
| Total Bajaj Finance presence | 393 | 659 | 915 | 1,332 | 1,736 |

| 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+ |
| Overall active distribution network | 16,000+ | 24,800+ | 39,600+ | 64,300+ | 84,700+ |

Section 06 – Business segment wise AUM

Business segment wise AUM as of 31 Dec 2018

Values in USD MM (USD 1 = INR)

| 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 | ⁶⁹⁾ 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% |
| Total | 13,949 | 2,035 | 15,932 | 11,309 | 41% | 100% |
| 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%

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

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

Lease Rental Discounting

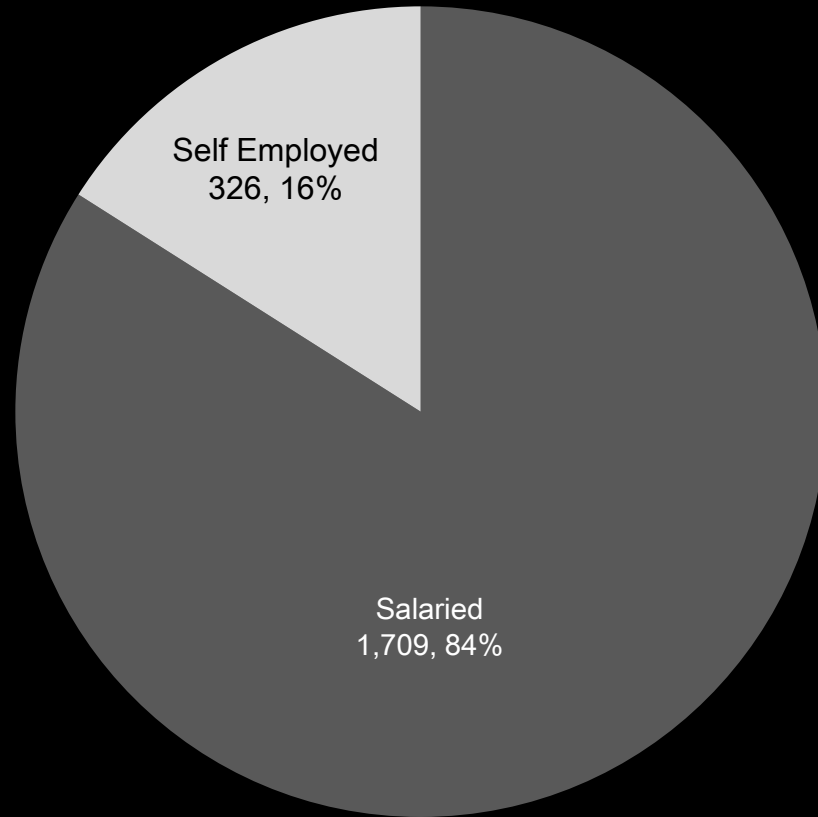
- Ticket size of lease rental discounting ranges from \$1 MM - \$15 MM with an average ticket size of approximately \$3 MM
- All LRD transactions are backed by rentals through escrow mechanism
- Currently present across top 8 locations in India (Mumbai, Delhi, Bangalore, Pune, Ahmedabad, Chennai, Kolkata,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

| | |
|--------------------------|--|
| Developer Finance | <ul style="list-style-type: none">• Offers construction finance and inventory finance mainly to Category A and A+ developers in India• Currently present in 8 locations (Mumbai, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, Hyderabad, Surat)• Average ticket size ranges between \$2 MM - \$3 MM |
| Credit Quality | <ul style="list-style-type: none">• 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 |
| Treasury | <ul style="list-style-type: none">• Strategy is to create a balanced and sustained mix of borrowings• Borrowings stood at \$1,743 MM with a mix of 52 : 48 between banks and money markets as of 31 Dec 2018 |
| Credit Rating | <ul style="list-style-type: none">• Credit rating for Long Term Debt Program is AAA/Stable by CRISIL & India Ratings• Credit rating for Short Term Debt Program is A1+ by CRISIL & India Rating |

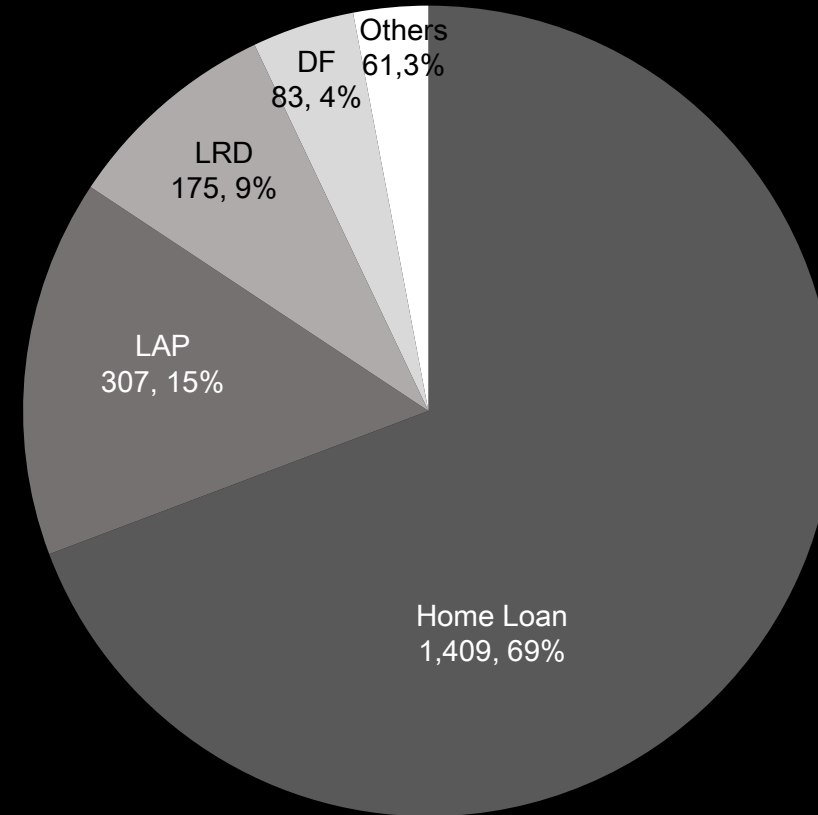
Portfolio Composition as at 31 Dec 2018 - BHFL

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

| | Home Loan | Loan Against Property ⁶⁹ |
|-----------------------------|-------------------------------|-------------------------------------|
| 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

| Financials snapshot | Q3 FY19 | Q3 FY18 | 9m FY19 | 9m FY18 | ⁶⁹⁾ 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 |
| Ratios | Q3 FY19 | Q3 FY18 | 9m FY19 | 9m FY18 | FY18 |
| 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)

| Assets & ECL provision | Jun '18 | Sep '18 | Dec '18 ⁶⁹⁾ |
|------------------------------------|---------|---------|------------------------|
| 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)

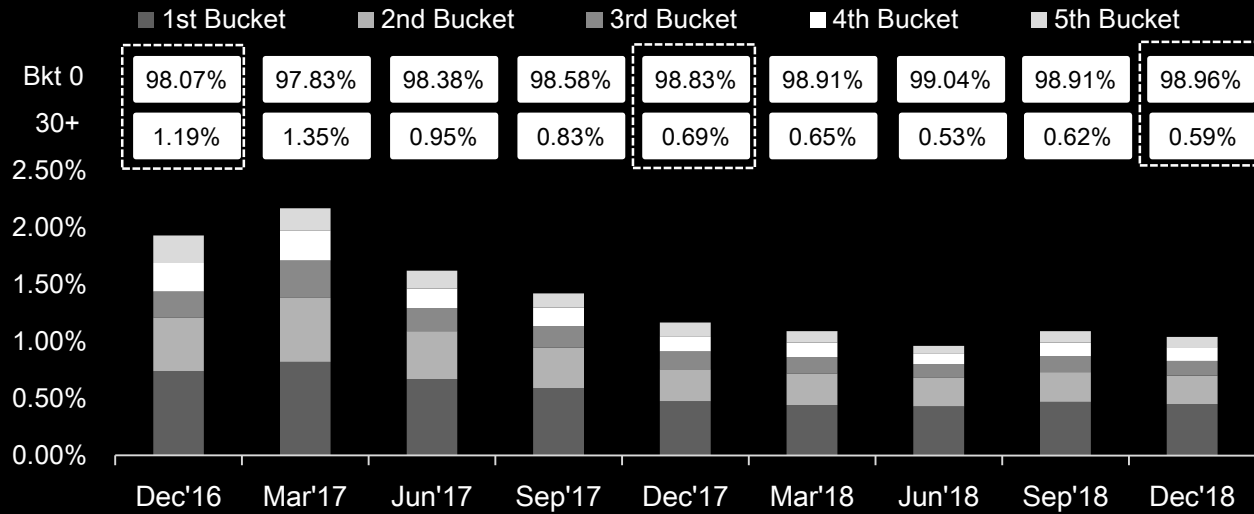
| Particulars | 1 m | >1 to 2 m | >2 to 3 m | >3 to 6m | >6m to 1 yr | >1 to 3 yr | >3 to 5 yr | >5 yr | Total |
|--------------------------------------|-------------|--------------|-------------|------------|-------------|--------------|--------------|--------------|--------------|
| Cash & Investments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

As per previous GAAP

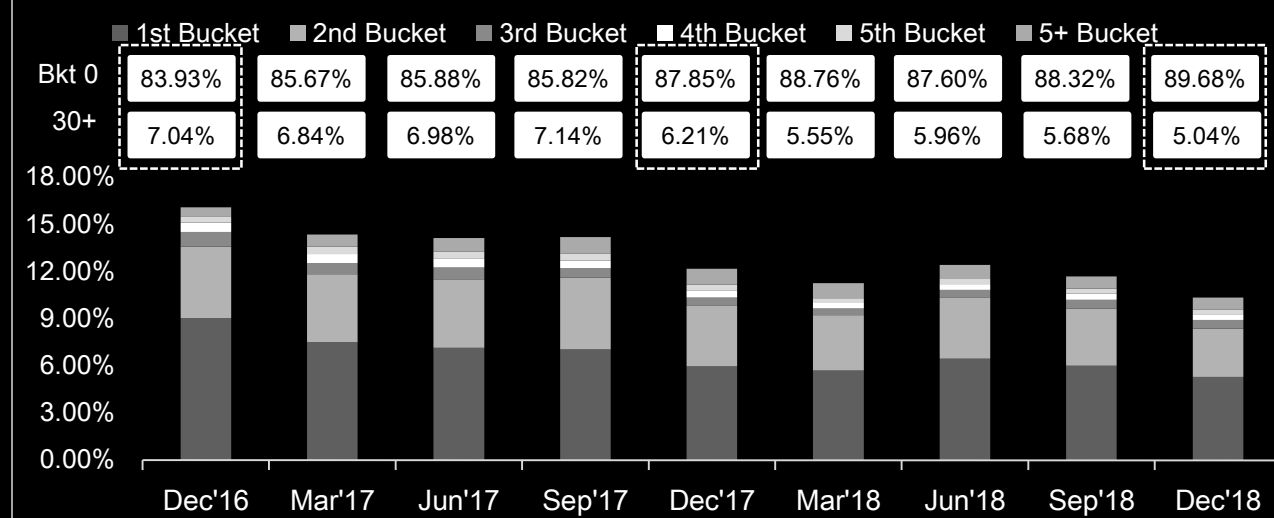
Section 08 – Update on credit quality

Credit quality – Portfolio composition

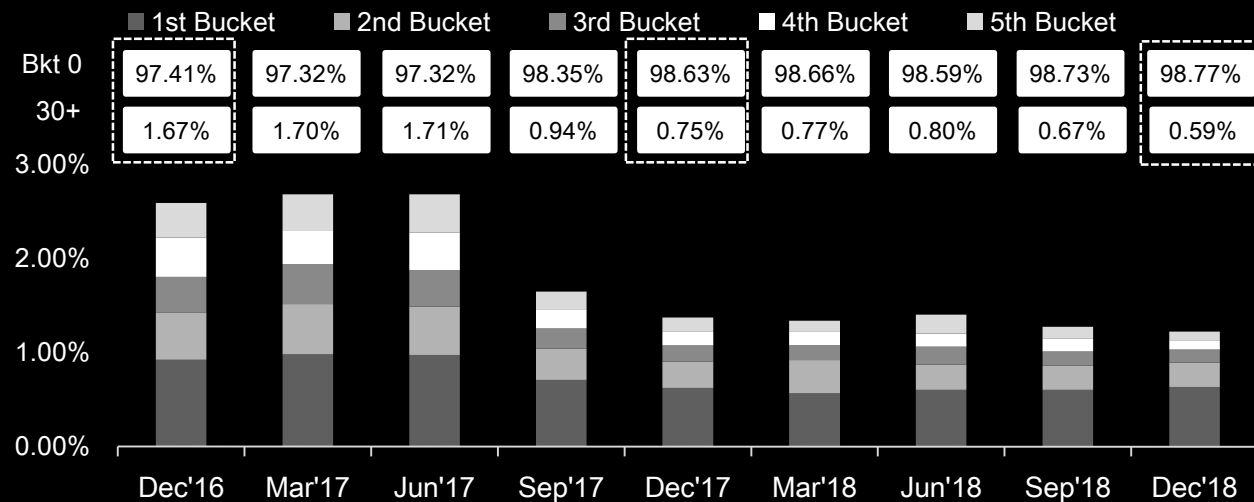
Consumer Durable loan portfolio



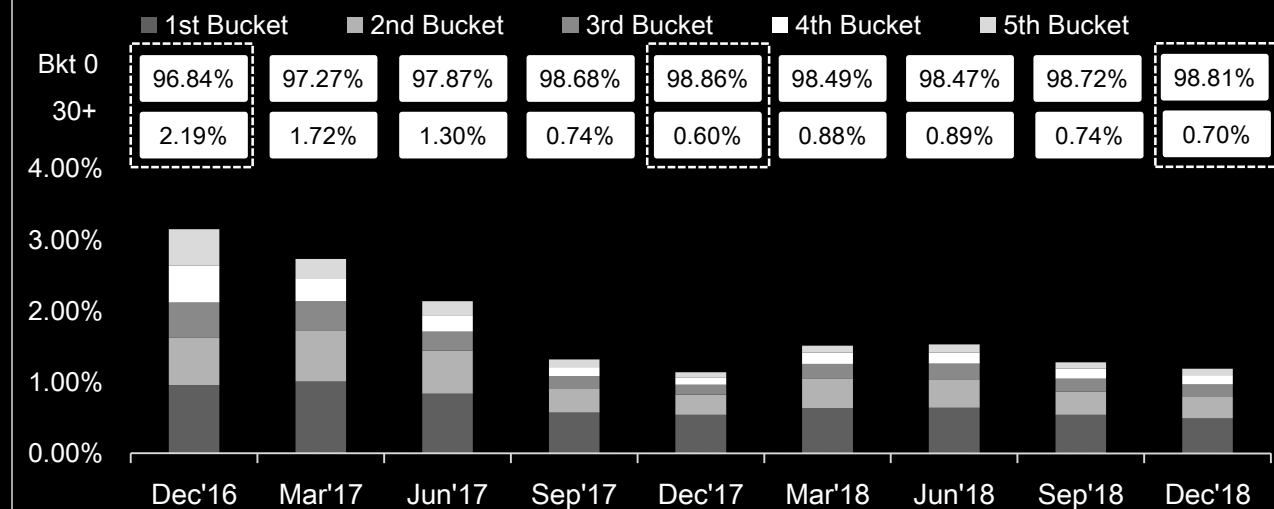
Two & Three wheeler loan portfolio



Lifestyle loan portfolio

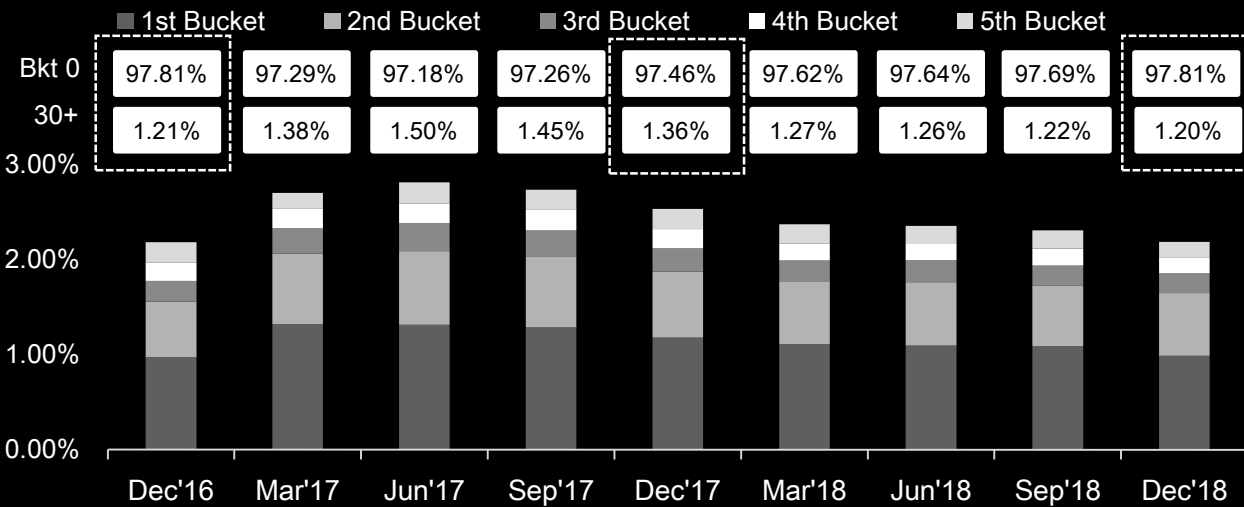


Digital product loan portfolio

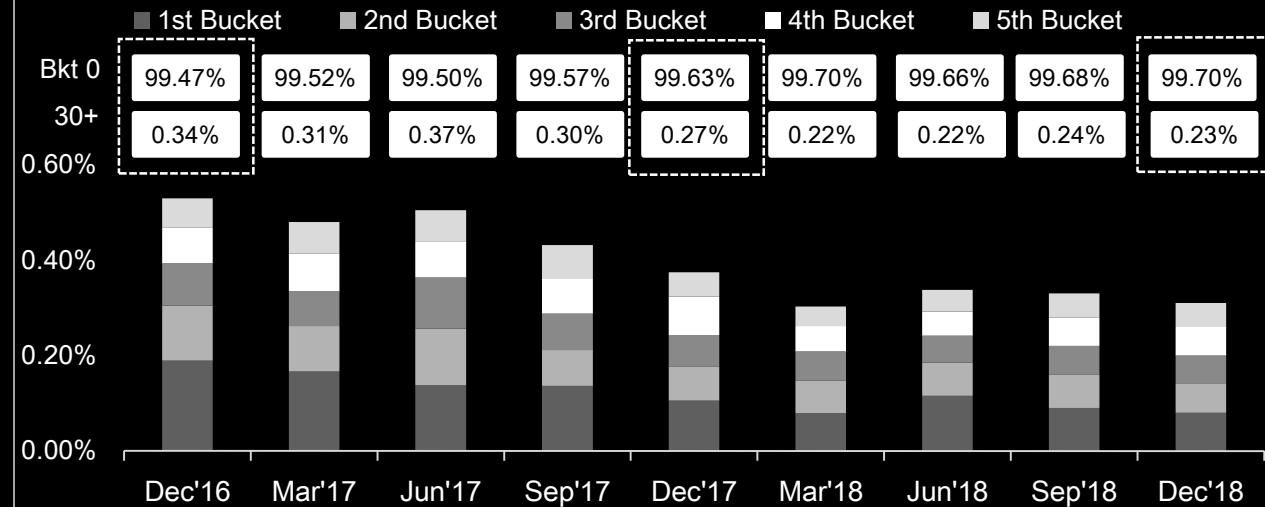


Portfolio Credit quality – Including BHFL

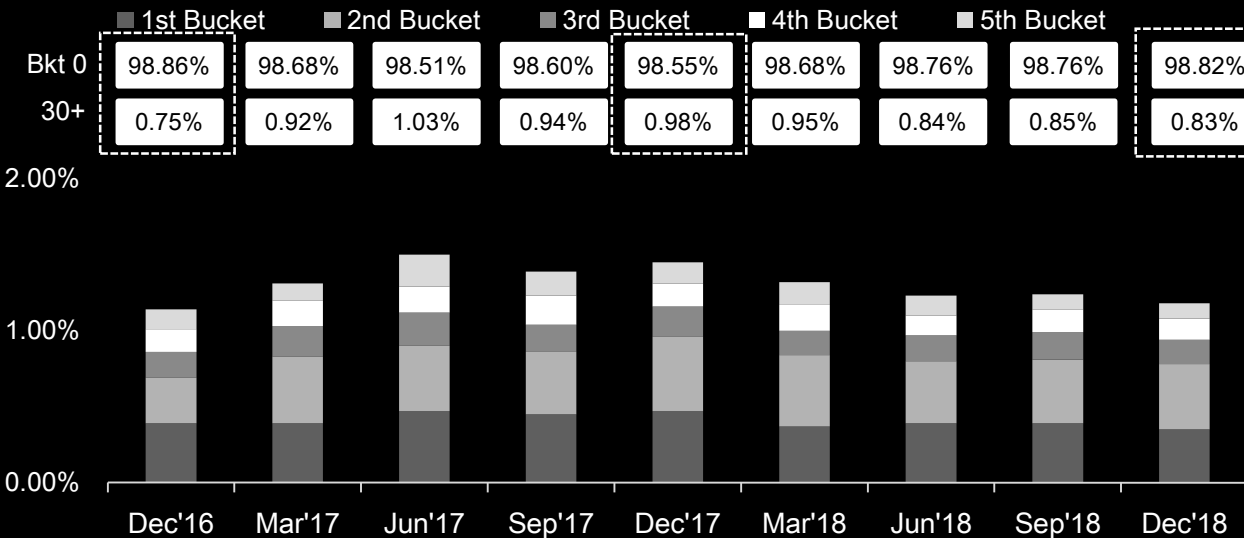
Personal Loans Cross Sell portfolio



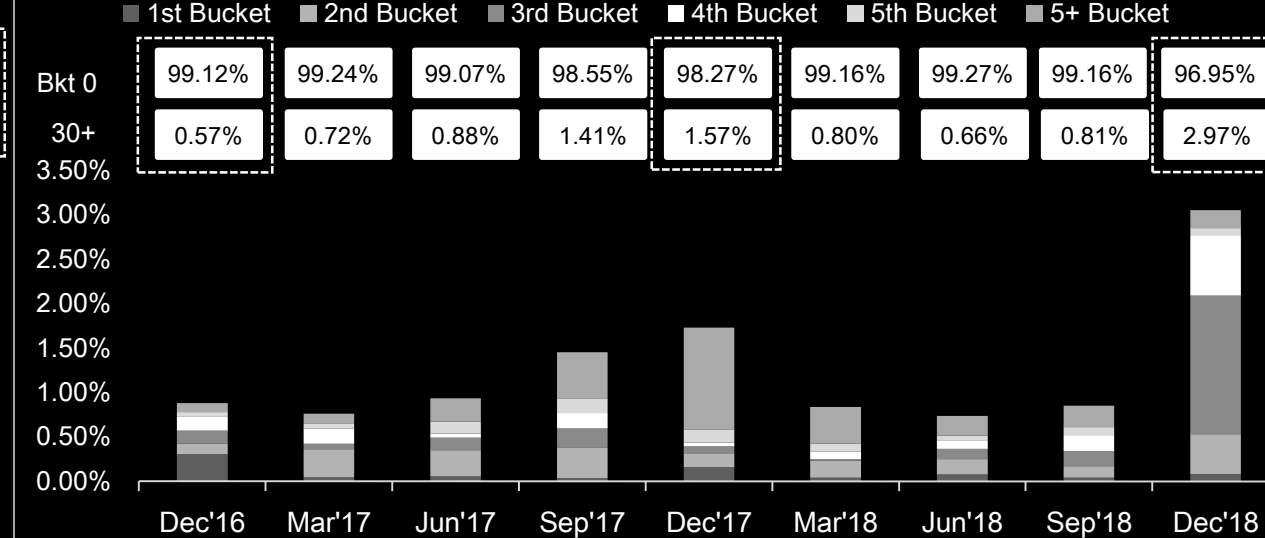
Salaried Personal Loans portfolio



Business & Professional Loans portfolio



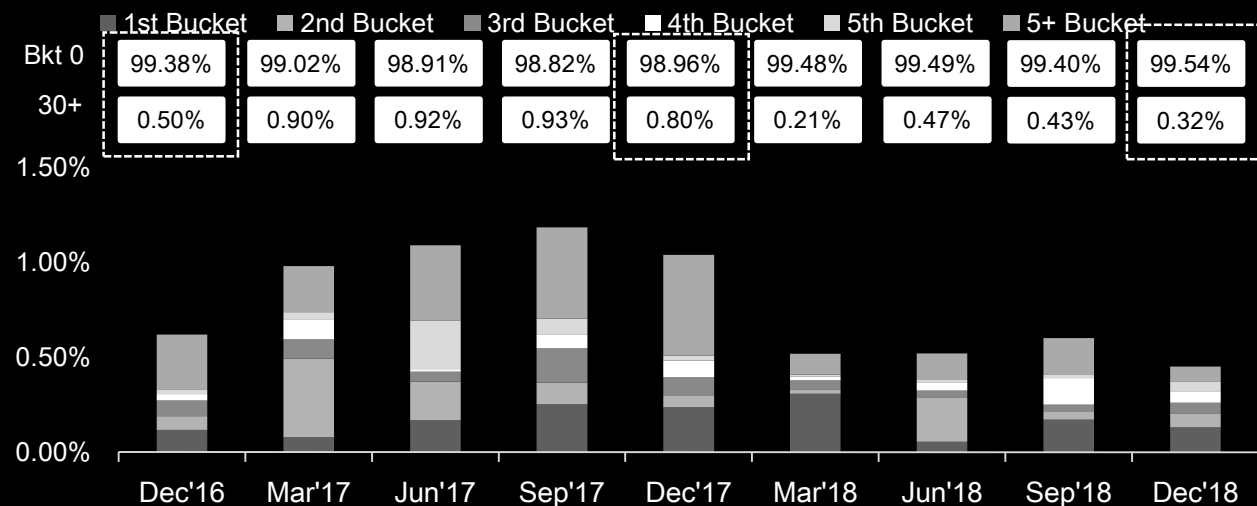
Loan Against Property portfolio*



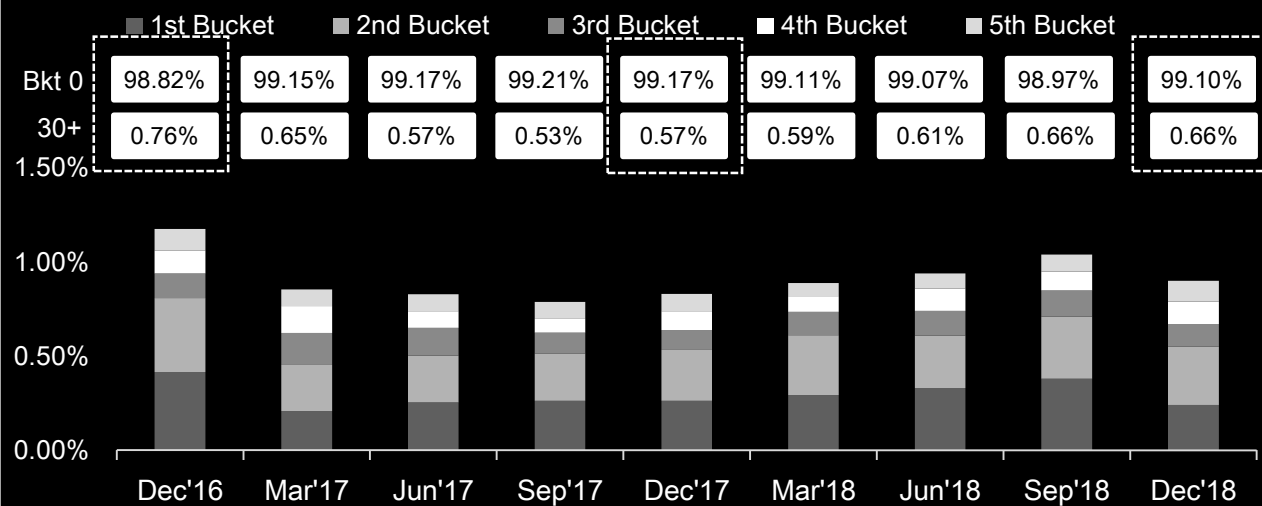
* Adjusted for IL&FS, Dec '18 current portfolio is 99.34%

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

| Assets & ECL provision | Dec '17 | Mar '18 | Jun '18 | Sep '18 | ⁶⁹ 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

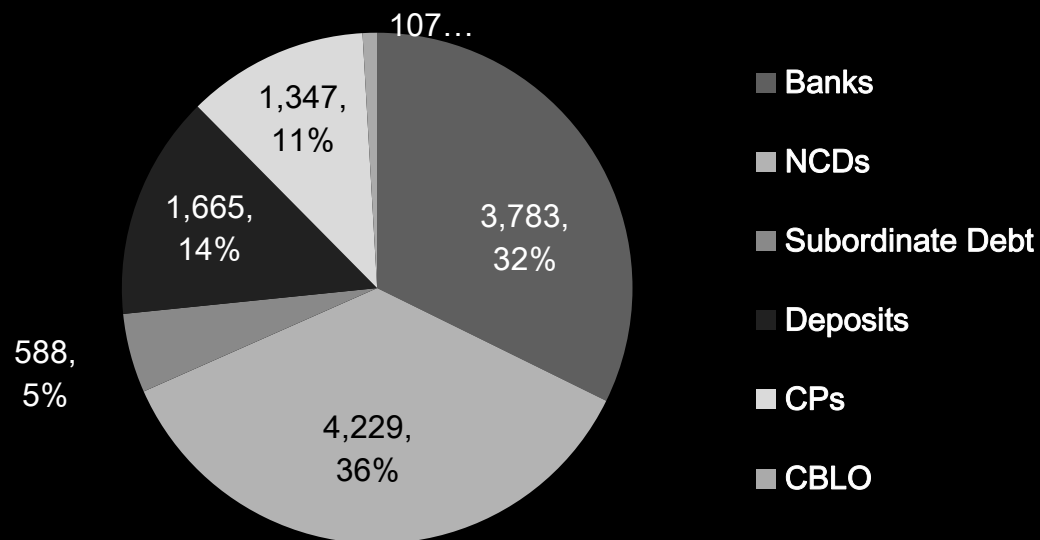
Thank You

Annexures

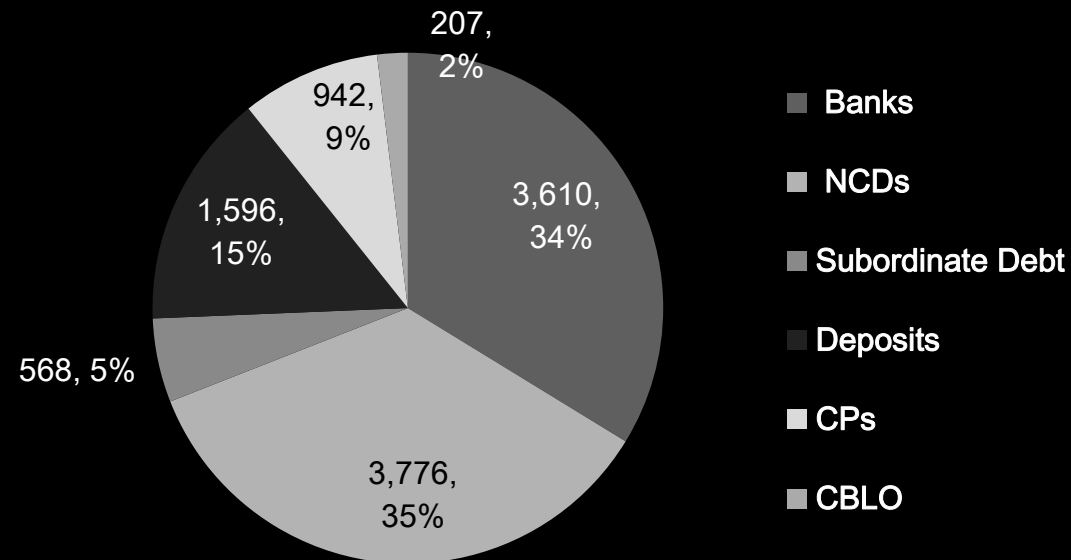
| | | | |
|------|--|------|----------------------------------|
| 2W | Two Wheeler | IFA | Independent Financial Advisor |
| 3W | Three Wheeler | IRR | Internal Rate of Return |
| ACMF | Auto Components Manufacturer Financing | LAP | Loan Against Property |
| ALM | Asset & Liability Management | LAS | 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)

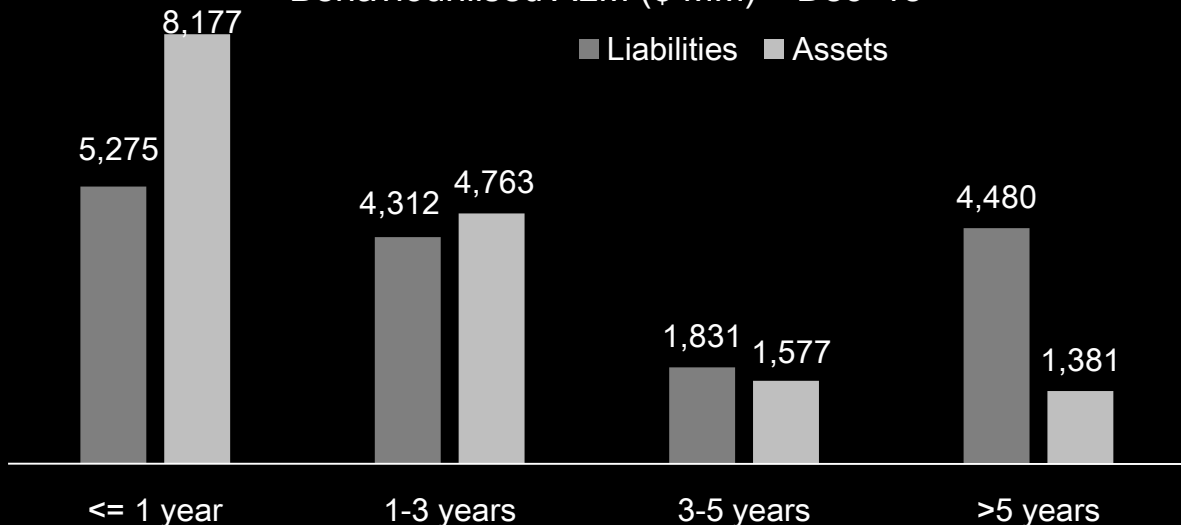
Borrowings – Dec '18 (\$11,719 MM)



Borrowings – Sept '18 (\$10,699 MM)



Behaviouralised ALM (\$ MM) – Dec '18



Behaviouralised ALM (\$ MM) – Sept '18

