

BAJAJ FINANCE LIMITED

SEC/BM/2019/44

29 January 2019

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: Investor Presentation for the quarter ended 31 December 2018


Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Investor Presentation for the quarter ended 31 December 2018.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For **BAJAJ FINANCE LIMITED**


R. VIJAY
COMPANY SECRETARY
Email ID: investor.service@bajajfinserv.in



Encl.: As above



Bajaj Finance Limited

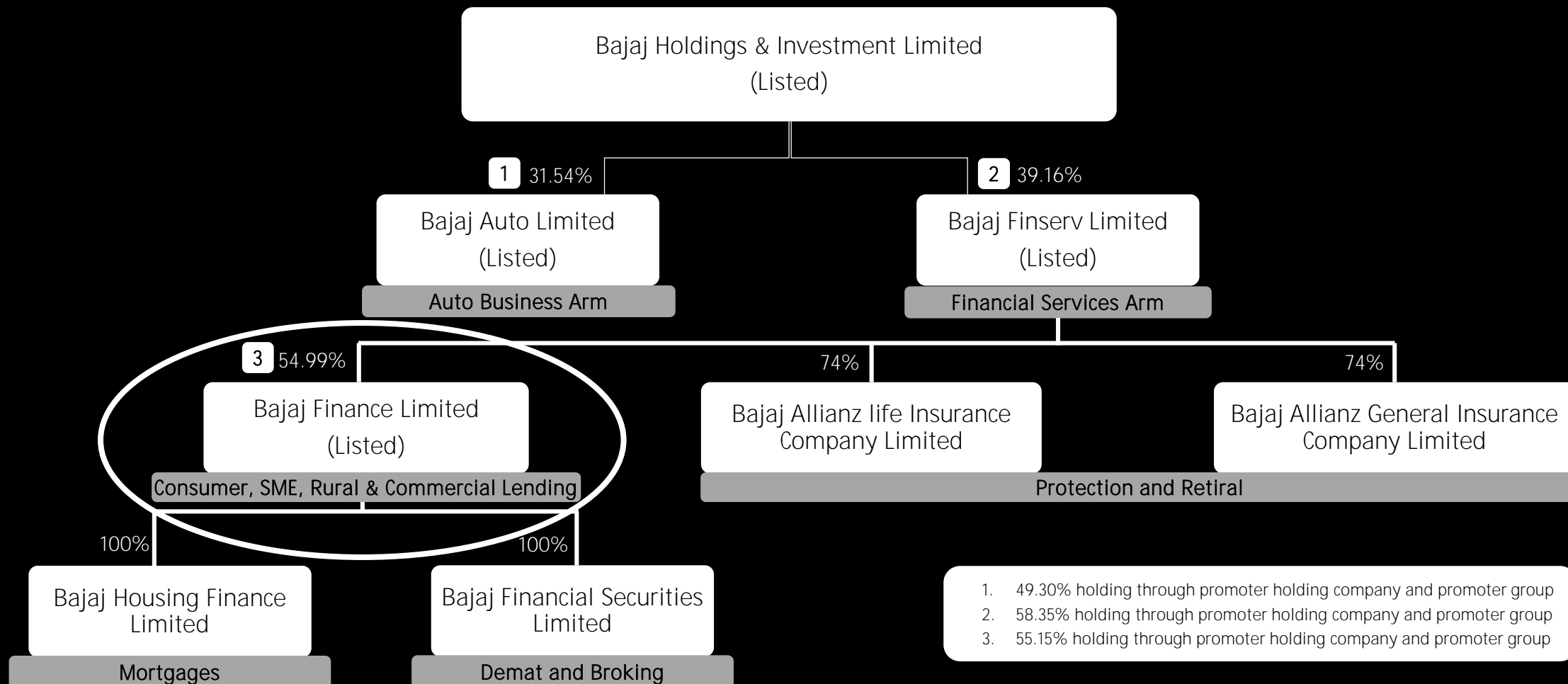
Q3 FY19 Investor Presentation

29 January, 2019

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Section 01 – Bajaj Finance Limited overview

Bajaj group structure



Above shareholding is as of 31 Dec 2018



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
- 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
- Large customer franchise of 32.57 MM
- 6.77 MM new loans booked in Q3 FY19



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 ₹ 921 crores 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 ₹ 14.8K crores
- 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 ₹ 51.9K crores as of FY 18
- Net worth of ₹ 9,218 crores as of 31st March 2018
- One of the most profitable private life insurers in India, with a PAT of ₹ 716 crores
- 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%

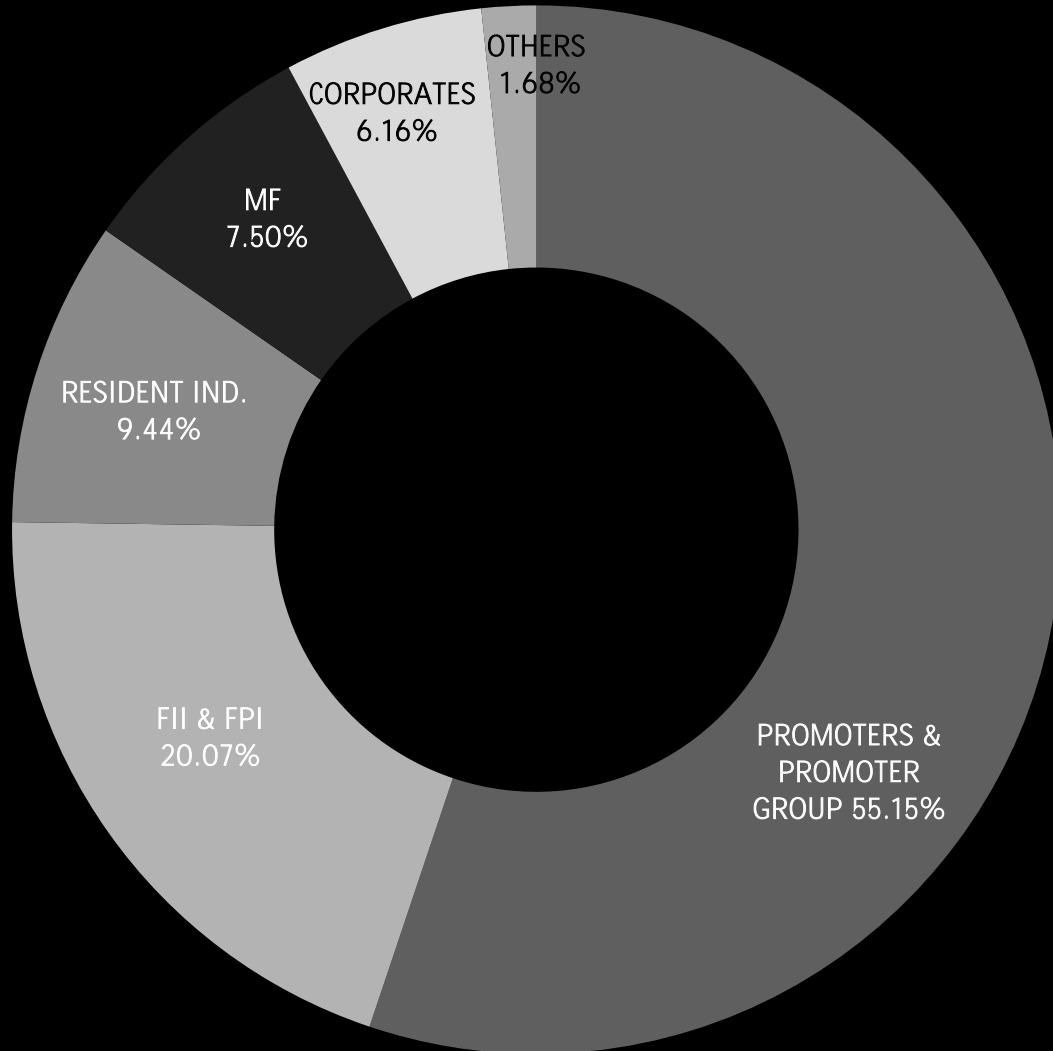
Highly agile & innovative

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

Financials snapshot [@]	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 [@] (Consol.)	YoY FY17 – FY18	CAGR (11 years)
Assets under management	2,478	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,196	84,033	40%	42%
Income from operations	503	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	13,466	35%	39%
Interest expenses	170	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,635	22%	39%
Net Interest Income (NII)	332	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,831	43%	39%
Operating Expenses	193	220	320	460	670	850	1,151	1,428	1,898	2,564	3,690	44%	34%
Loan Losses & Provision	109	164	261	205	154	182	258	385	543	804	1,045	30%	25%
Profit before tax	30	51	134	370	602	872	1,091	1,357	1,965	2,818	4,096	45%	64%
Profit after tax	21	34	89	247	406	591	719	898	1,279	1,837	2,674	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%		
Earning per share (Basic) - ₹	0.56	0.93	2.42	6.75	11.08	13.57	14.48	17.99	24.23	34.01	47.05		
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

^ EPS numbers across all years are adjusted for bonus and split for comparability

Product suite

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
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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 ₹ 1,09,930 crore of consolidated assets under management as of 31 Dec 2018 and it delivered a post tax profit of ₹ 1,060 crore 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 ₹ 92,889 crore 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 norms

Overview	<ul style="list-style-type: none">• 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 ₹ 96,248 crore of standalone assets under management as of 31 Dec 2018 and it delivered a post tax profit of ₹ 1,023 crore for Q3 FY19• Capital adequacy ratio (including Tier II capital) stood at 21.38%. The Tier I capital stood at 16.80%
Consumer business	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• EMI Card franchise crossed 16.5 MM CIF (CIF - cards in force)• Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 8.45 Lacs 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	<ul style="list-style-type: none">• 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

SME Business	<ul style="list-style-type: none">• Focused on affluent SMEs with an average annual sales of ₹ 10-12 Crores 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Strategy is to create a balanced mix of wholesale and retail borrowings• The company's standalone borrowings stood at ₹ 80,862 crore with a mix of 32 : 54 : 14 between banks, money markets and deposits as of 31 Dec 2018
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 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	<ul style="list-style-type: none">• 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 2.5 MM 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 ₹ 1,09,930 crore from ₹ 78,033 crore as of 31 Dec 2017. Despite tough liquidity environment, the Company has added receivables of ₹ 9,867 crore in Q3 FY19 – a highest ever quarterly increase in loan receivables
- Total income for Q3 FY19 \uparrow 48% to ₹ 4,995 crore from ₹ 3,374 crore 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 ₹ 454 crore as against ₹ 278 crore in Q3 FY18
- Profit after tax for Q3 FY19 \uparrow 54% to ₹ 1,060 crore from ₹ 690 crore 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 ₹ 11,489 crore as of 31 Dec 2018 from ₹ 6,735 crore as of 31 Dec 2017. Deposits contributed to 12% of the consolidated borrowings

Financial Statement Summary – Consolidated

₹ in crore

Financials snapshot	Q3 FY19	Q3 FY18	YoY	9m FY19	9m FY18	YoY	FY18
Assets under management	1,09,930	78,033	41%	1,09,930	78,033	41%	84,135
Total Interest & fee income	4,995	3,374	48%	13,233	9,274	43%	12,772
Interest expenses	1,786	1,179	51%	4,717	3,393	39%	4,622
Net Interest Income (NII)	3,209	2,195	46%	8,516	5,881	45%	8,150
Operating Expenses	1,119	853	31%	3,053	2,378	28%	3,272
ECL Stage 1 & 2 provision	105	59	78%	241	106	127%	129
ECL Stage 3 provision and write off	349	219	59%	854	698	22%	906
Profit before tax	1,636	1,064	54%	4,368	2,699	62%	3,843
Income Tax	576	374	54%	1,549	950	63%	1,347
Profit after tax	1,060	690	54%	2,819	1,749	61%	2,496
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%
Earning per share - Basic (₹) *	18.4	12.0		48.9	31.3		44.4
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

₹ in crore

Particulars	Q3 FY19	Q3 FY18	YoY	9m FY19	9m FY18	YoY	FY18
Profit before tax as per previous GAAP	1,832	1,178	56%	4,966	2,962	68%	4,096
<u>Ind AS adjustments increasing / (decreasing) profit :</u>							
Adoption of Effective Interest Rate (EIR) for financial assets recognised at amortised cost	(147)	(90)		(482)	(207)		(197)
Adoption of Effective Interest Rate (EIR) for financial liabilities recognised at amortised cost	36	5		52	13		13
Expected Credit Loss	(55)	(15)		(109)	(28)		9
Fair value of stock options as per Ind AS 102	(18)	(12)		(57)	(33)		(45)
Actuarial loss on employee defined benefit plan recognised in 'Other comprehensive income' as per Ind AS 19	-	-		-	-		8
Gain/ (losses) on fair valuation of financial assets at fair value through profit and loss	1	(2)		3	(8)		(41)
Recognition of Servicing Asset on assignment transactions	(13)	-		(5)	-		-
Net profit before tax as per Ind AS	1,636	1,064	54%	4,368	2,699	62%	3,843
Tax expense (including current tax and deferred tax)	(576)	(374)		(1,549)	(950)		(1,347)
Net profit after tax as per Ind AS	1,060	690	54%	2,819	1,749	61%	2,496
Net profit after tax as per previous GAAP	1,191	768	55%	3,231	1,929	67%	2,674

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 8.45 lacs 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

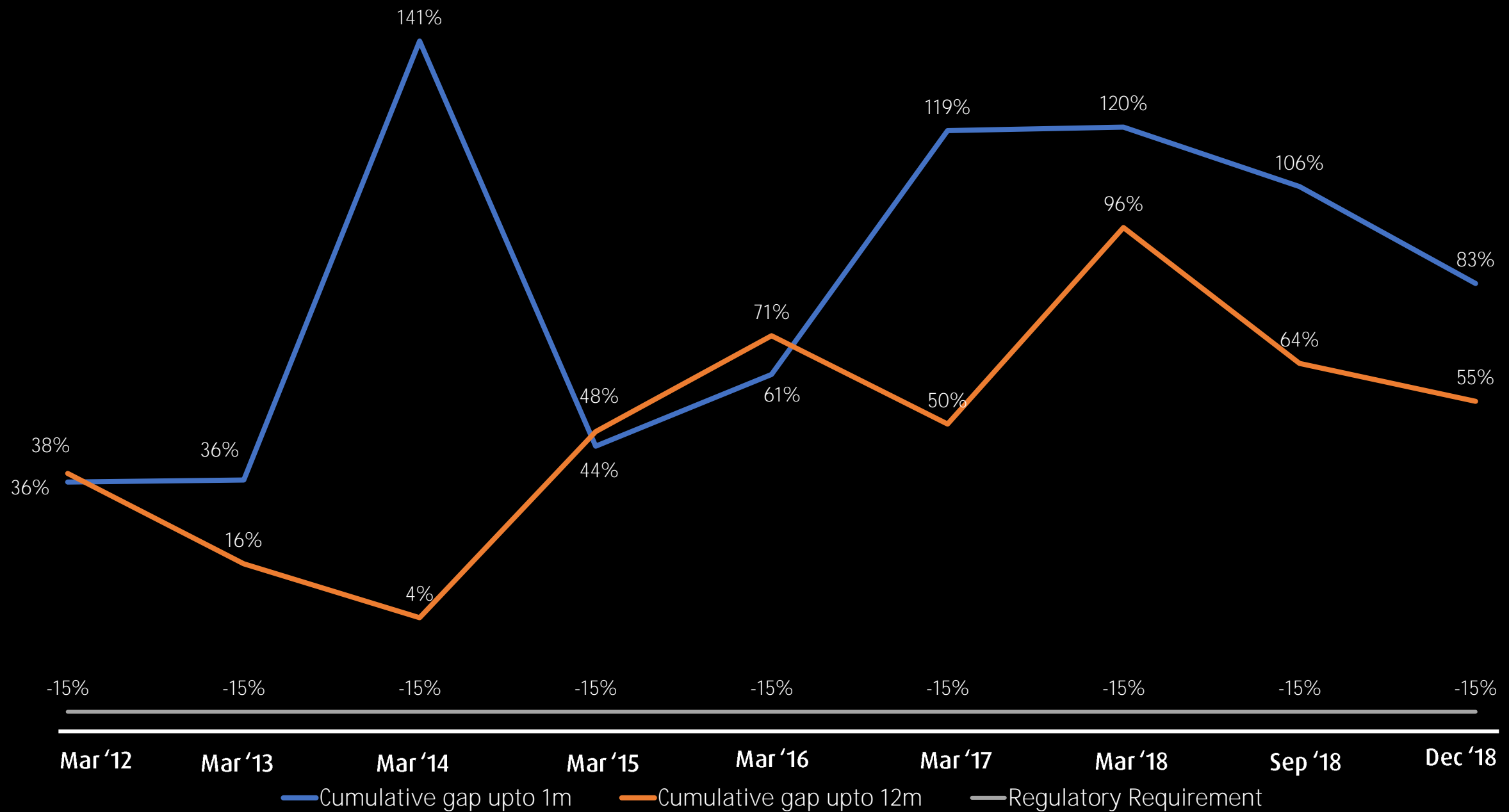
Section 04 – Asset liability management

Behaviouralized ALM snapshot as on 31 Dec 2018

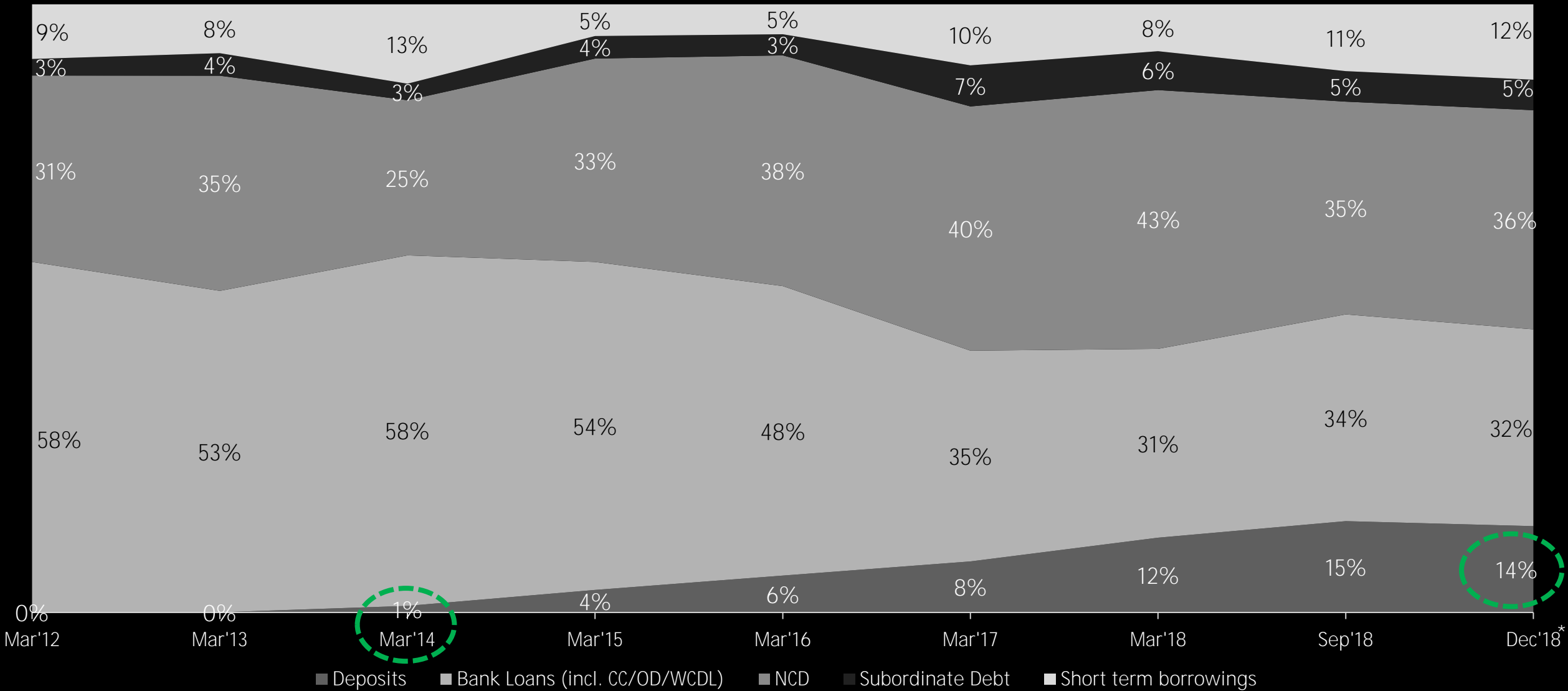
Particulars	1 m	>1 to 2 m	>2 to 3 m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Investments	5,189	1	1	4	6	320	88	3,181	8,790
Advances	7,888	5,416	5,523	12,466	16,736	30,075	10,380	5,311	93,796
Trade Receivable & Others	1,939	28	67	634	520	2,472	416	1,037	7,112
Total Inflows (A)	15,016	5,445	5,591	13,104	17,262	32,867	10,884	9,529	1,09,698
Cumulative Total Inflows (B)	15,016	20,461	26,052	39,156	56,418	89,285	1,00,169	1,09,698	
Borrowings repayment	3,211	2,386	5,501	1,928	10,303	25,405	11,805	9,896	70,435
Capital Reserves and Surplus	-	-	-	-	-	-	-	19,475	19,475
Other Outflows	4,975	519	954	2,780	3,841	4,344	831	1,544	19,788
Total Outflows (C)	8,186	2,905	6,455	4,708	14,144	29,749	12,636	30,915	1,09,698
Cumulative Total Outflows (D)	8,186	11,092	17,547	22,254	36,397	66,147	78,783	1,09,698	
E. GAP (A - C)	6,830	2,540	(864)	8,396	3,119	3,117	(1,752)	(21,386)	
F. Cumulative GAP (B-D)	6,830	9,369	8,506	16,902	20,021	23,138	21,386	0	
Cumulative GAP as % (F/D)	83%	84%	48%	76%	55%	35%	27%	0%	
Permissible cumulative GAP %	-15%				-15%				
Additional borrowings possible	9,480				29,970				

* As per previous GAAP

Disciplined ALM Management over the last 8 years

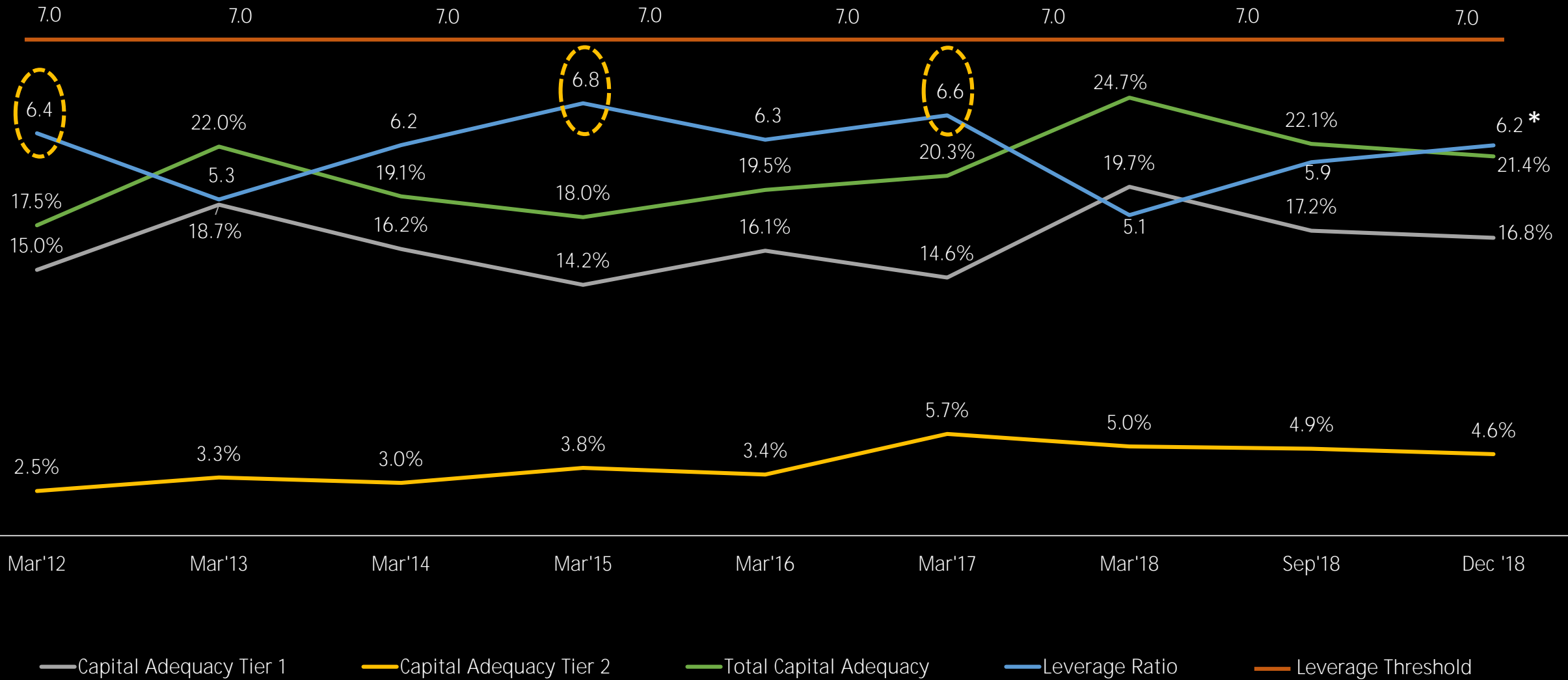


Liability mix over the last 8 years..



*Standalone borrowing mix

Conservative leverage standards



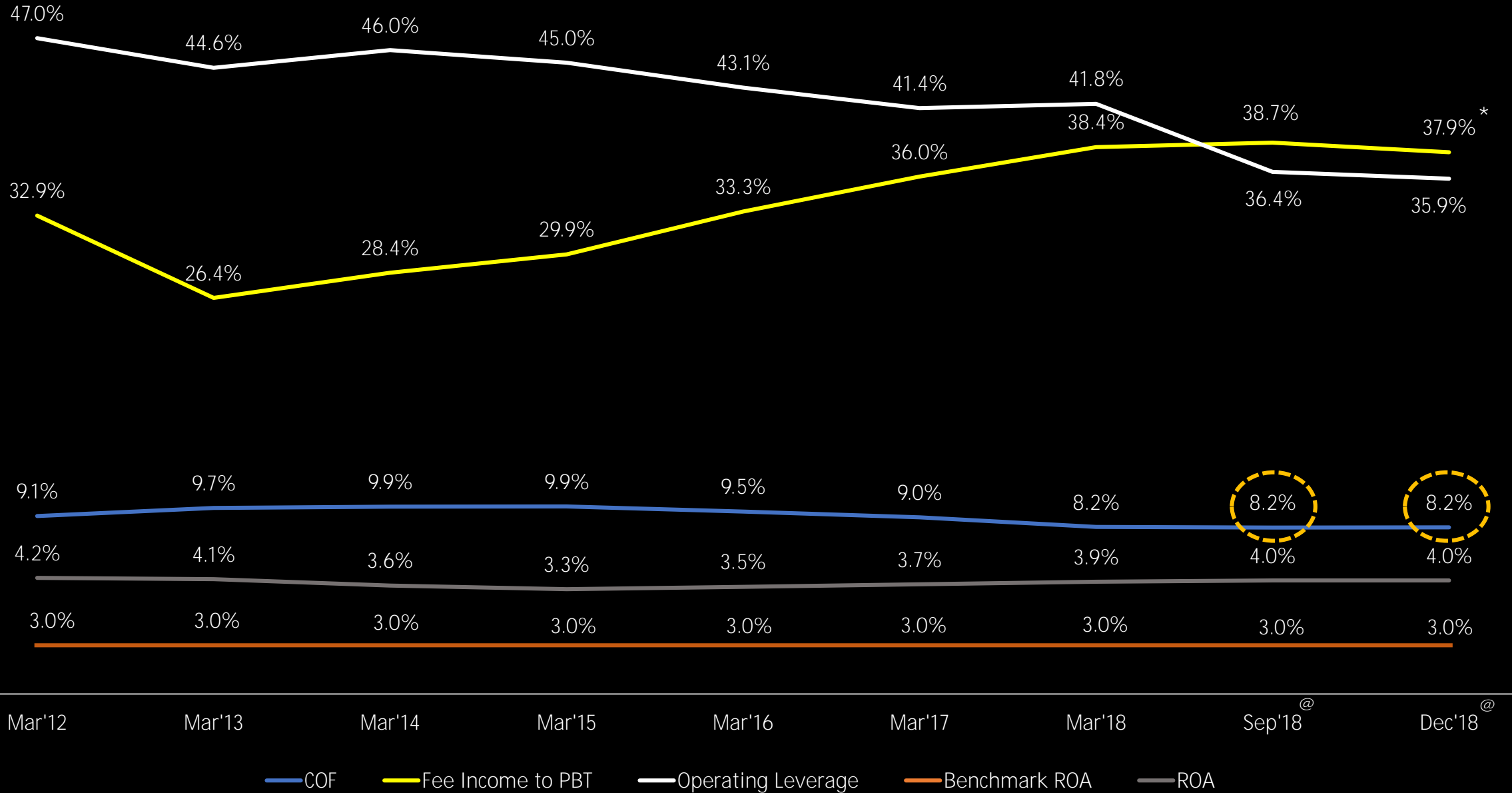
* Standalone leverage is approximately 5.5X

 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 9,867 cr in Q3 FY19, despite tough 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 ₹4,432 cr in BFL and ₹809 cr in BHFL as of 31 Dec 2018. In addition, the company also has undrawn CC/OD and bank loan lines of ₹1,475 cr and ₹644 cr in BFL and BHFL respectively.
- Deposits book grew by 838 Cr 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 (ECB) guidelines dated 16 Jan 2019, issued by RBI, now makes BFL eligible to raise funds in foreign currency through ECB. This would help us diversify our liability profile further.
- The Company continued to get access to funding from money markets, banks, retail and corporate depositors despite the challenges faced by the NBFC and HFC sector. In Q3 BFL has raised ₹15,748 Cr from money market & ₹3,125 Cr from bank loans. BHFL has raised ₹3,583 Cr from money market & ₹3,200 Cr 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

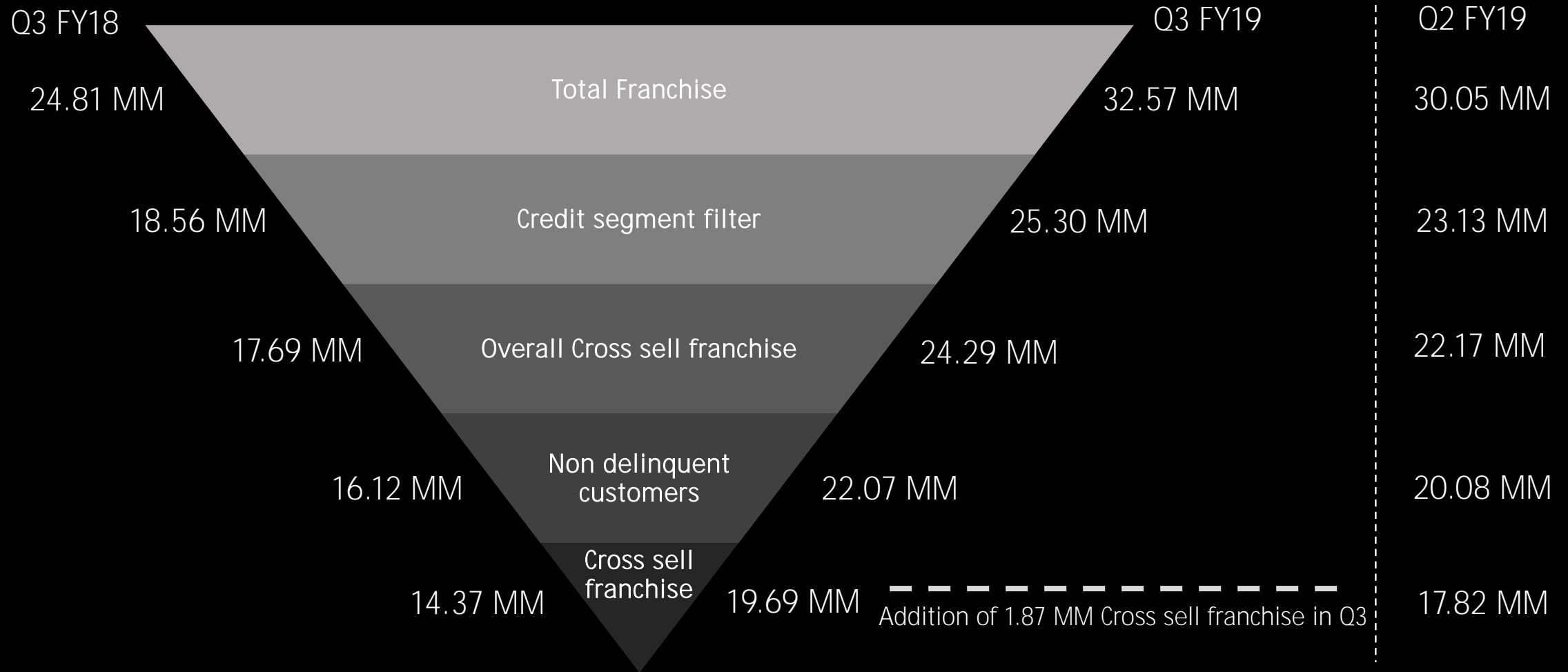


* Fee Income includes Service and Admin charges, Penal Income, Foreclosure Income and Misc charges and receipts.

@ 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

₹ crore

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	9,034	-	9,034	6,080	49%	8%
Consumer B2B - Sales Finance Businesses	14,150	-	14,150	10,487	35%	13%
Consumer B2C Businesses	20,642	358	21,000	14,254	47%	19%
Rural B2B Business	2,420	-	2,420	1,378	76%	2%
Rural B2C Business	6,421	-	6,421	3,734	72%	6%
SME Business	14,082	61	14,143	10,192	39%	13%
Securities Lending Business	6,192	-	6,192	5,864	6%	6%
Commercial Lending Business	5,684	-	5,684	3,442	65%	5%
Mortgages	17,623	13,621	30,886	22,602	37%	28%
Total	96,248	14,040	1,09,930	78,033	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 ₹ 14,040 crore of assets under management as of 31 Dec 2018 and it delivered a post tax profit of ₹ 36 crore 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 37 lacs
- 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 27 lacs
- 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

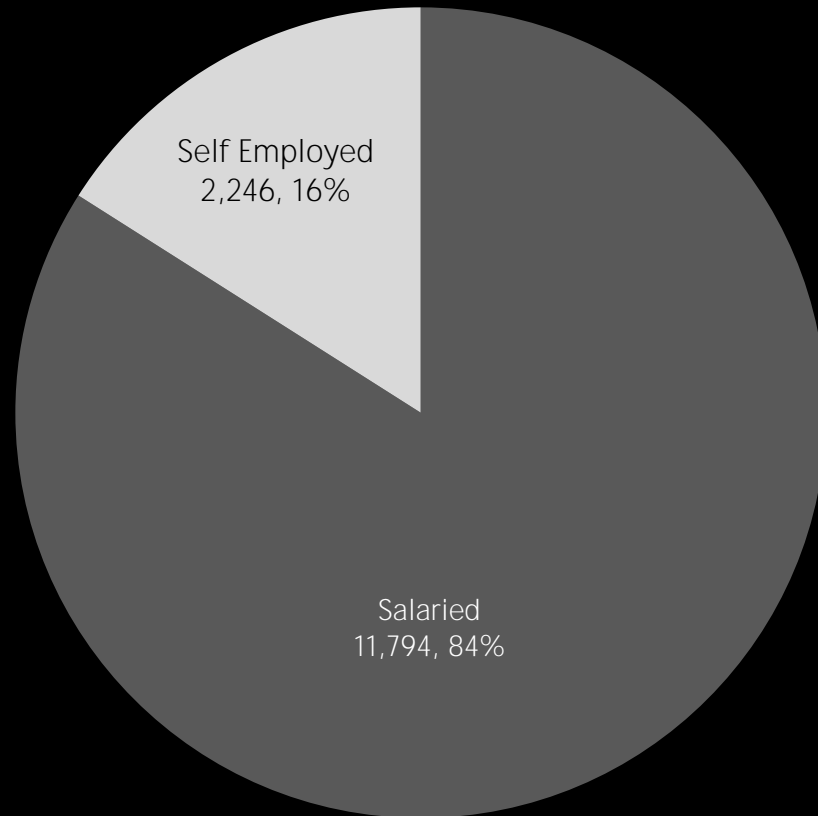
- Ticket size of lease rental discounting ranges from 5 - 100 crore with an average ticket size of approximately 20 crore
- All LRD transactions are backed by rentals through escrow mechanism
- Currently present across top 8 locations in India (Mumbai, Delhi, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, 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 15 crore – 20 crore
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 ₹ 12,027 crore 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

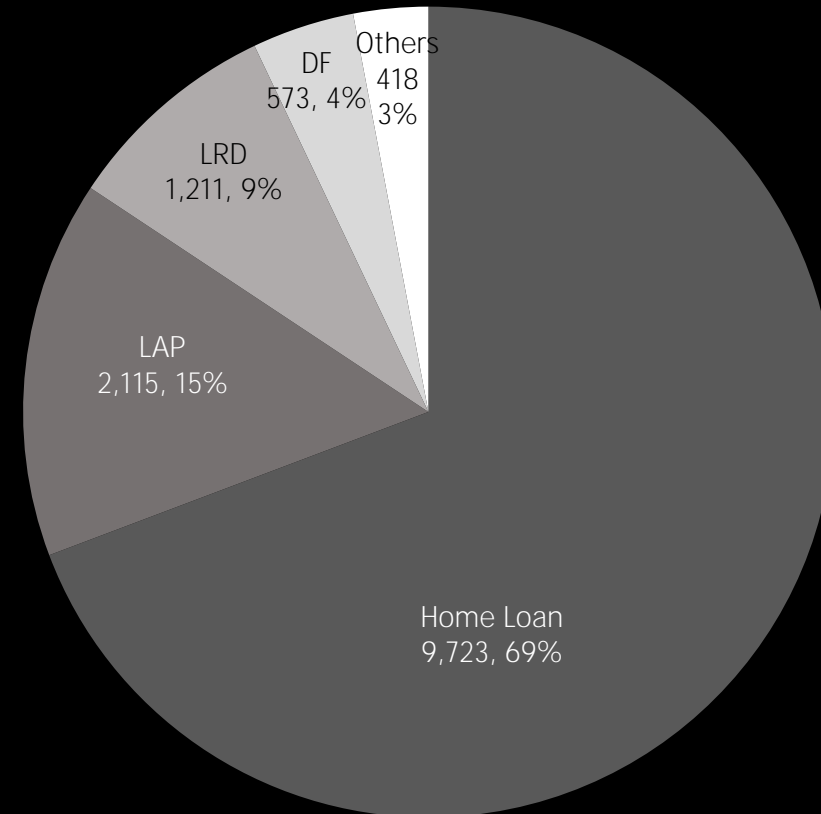
Portfolio Composition as at 31 Dec 2018 - BHFL

₹ in crore

Customer Category



Product Category



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

	Home Loan	Loan Against Property
Average Loan Size – Overall	37 Lacs	27 Lacs
Average Loan Size – Urban	38 Lacs	44 Lacs
Average Loan Size – Rural	17 Lacs	11 Lacs
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

	₹ in crore				
Financials snapshot	Q3 FY19	Q3 FY18	9m FY19	9m FY18	FY18
Assets under management	14,040	1,579	14,040	1,579	3,589
Total Interest & fee income	339	25	727	40	106
Interest expenses	207	13	416	13	47
Net Interest Income (NII)	132	12	311	27	59
Operating Expenses	76	15	231	19	44
ECL Stage 1 and 2 provision	5	1	15	2	4
ECL Stage 3 provision and write off	1	0	2	0	-
Profit before tax	50	-4	63	6	11
Income Tax	14	2	15	0	1
Profit after tax	36	-2	48	6	10
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

Assets & ECL provision	Jun '18	Sep '18	Dec '18
Gross Stage 1 & 2 assets	7,272	10,710	14,037
ECL Provision Stage 1 & 2	10	14	20
Net Stage 1 & 2 assets	7,262	10,696	14,017
ECL Provision % Stage 1 & 2 assets	0.14%	0.13%	0.14%
Gross Stage 3 assets	0.3	2.2	4.1
ECL Provision Stage 3	0.08	0.5	1.1
Net Stage 3 assets	0.2	1.6	3.0
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

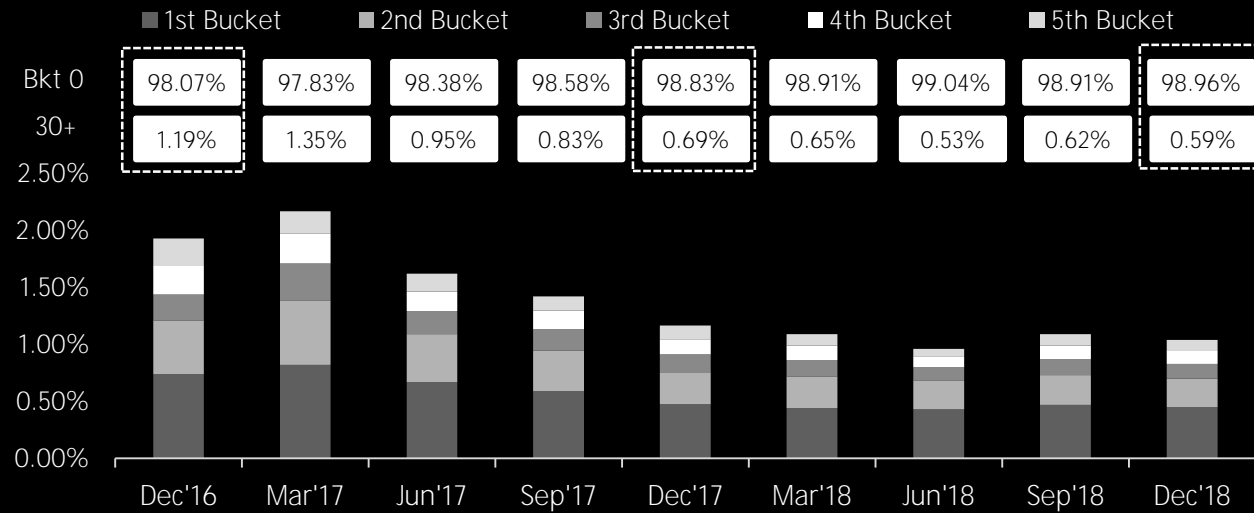
Particulars	1 m	>1 to 2 m	>2 to 3 m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Investments	809	-	-	-	-	-	-	-	809
Advances	280	196	193	558	1,031	3,322	2,133	6,328	14,041
Trade Receivable & Others	2,069	-	-	1	-	19	-	23	2,112
Total Inflows (A)	3,158	196	193	559	1,031	3,341	2,133	6,350	16,962
Cumulative Total Inflows (B)	3,158	3,355	3,548	4,106	5,137	8,478	10,612	16,962	
Borrowings repayment	896	1,389	494	116	934	4,982	2,859	856	12,526
Capital Reserves and Surplus	-	-	-	-	-	-	-	2,598	2,598
Other Outflows	137	2	64	7	9	1,611	3	4	1,838
Total Outflows (C)	1,033	1,391	558	123	943	6,594	2,862	3,458	16,962
Cumulative Total Outflows (D)	1,033	2,424	2,982	3,105	4,048	10,642	13,504	16,962	
E. GAP (A - C)	2,125	(1,195)	(364)	436	88	(3,253)	(729)	2,892	
F. Cumulative GAP (B-D)	2,125	930	566	1,002	1,090	(2,163)	(2,892)	0	
Cumulative GAP as % (F/D)	206%	38%	19%	32%	27%	(20%)	(21%)	0%	
Permissible cumulative GAP %	-15%				-15%				
Additional borrowings possible	2,680				1,995				

* As per previous GAAP

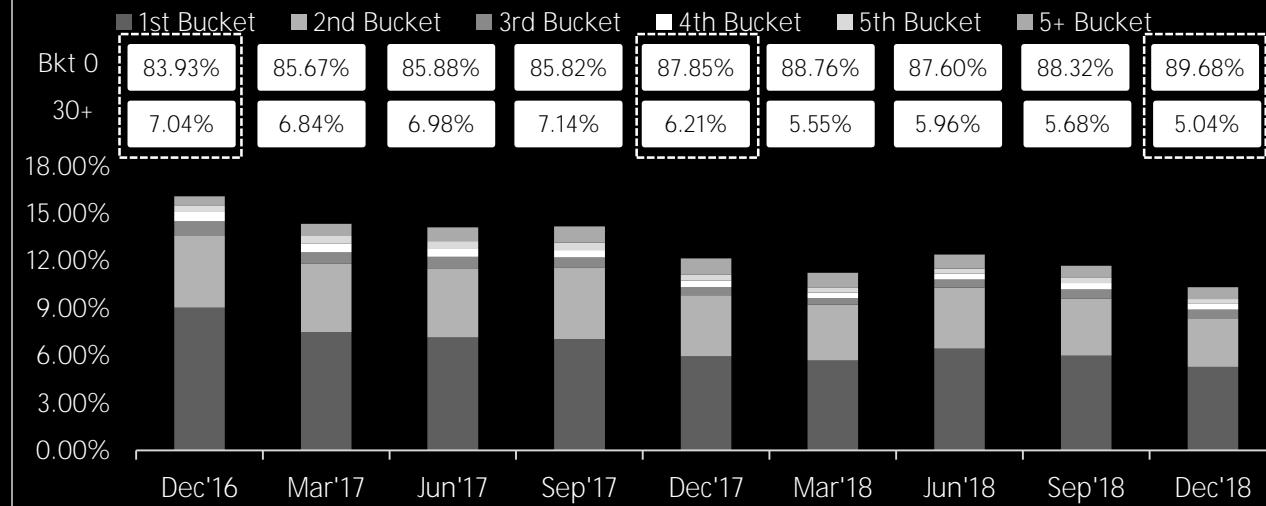
Section 08 – Update on credit quality

Credit quality – Portfolio composition

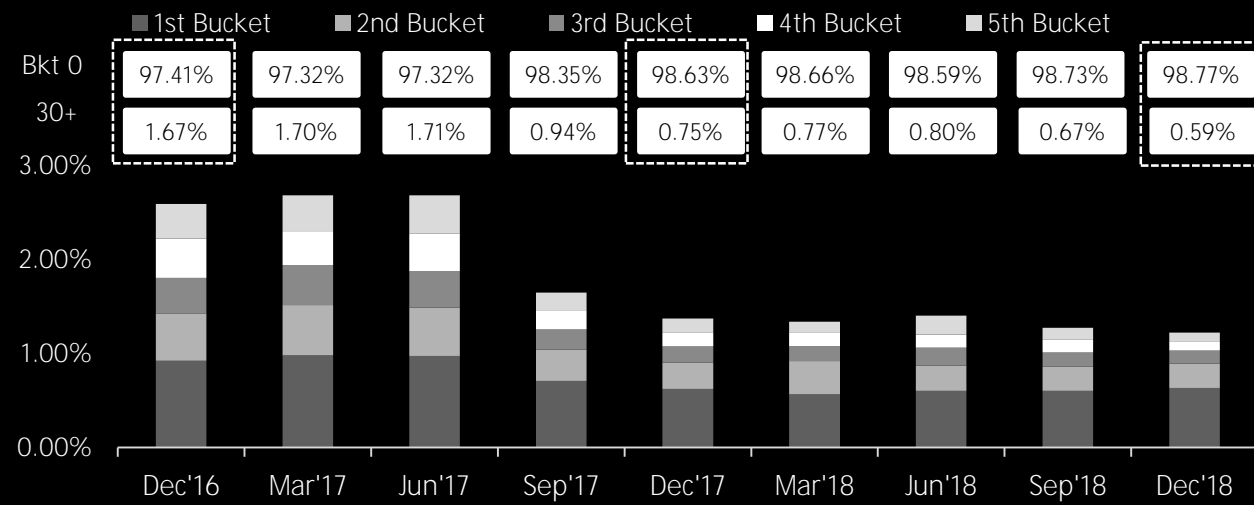
Consumer Durable loan portfolio



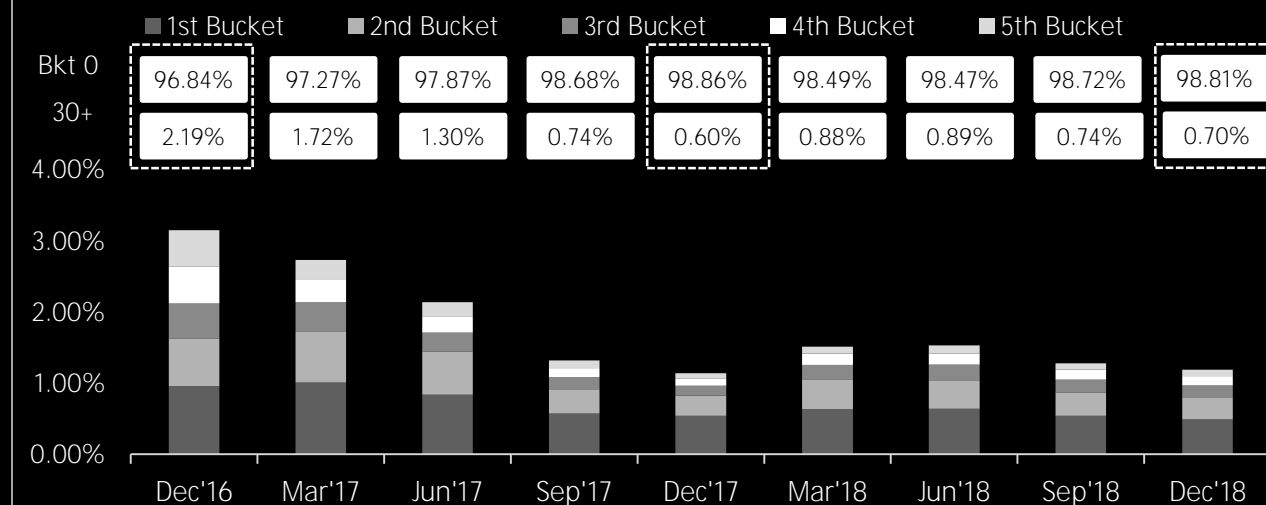
Two & Three wheeler loan portfolio



Lifestyle loan portfolio

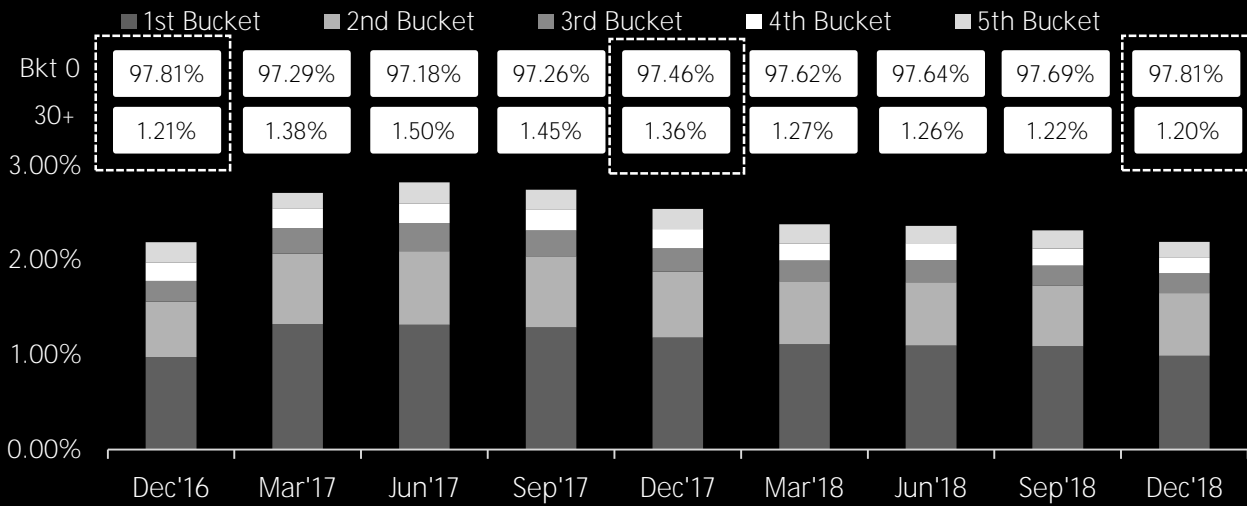


Digital product loan portfolio

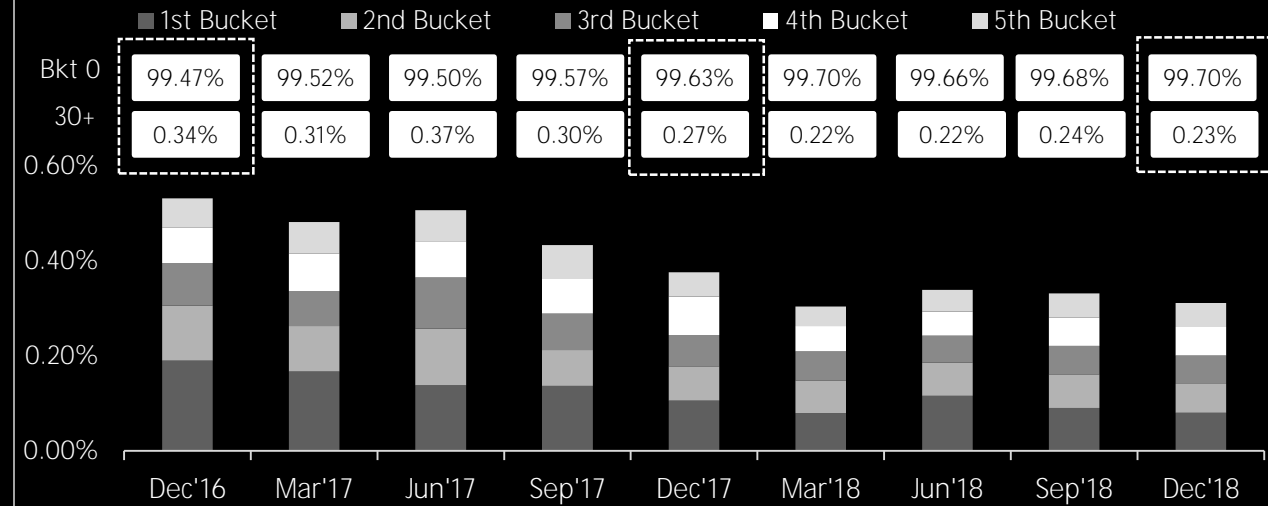


Portfolio Credit quality – Including BHFL

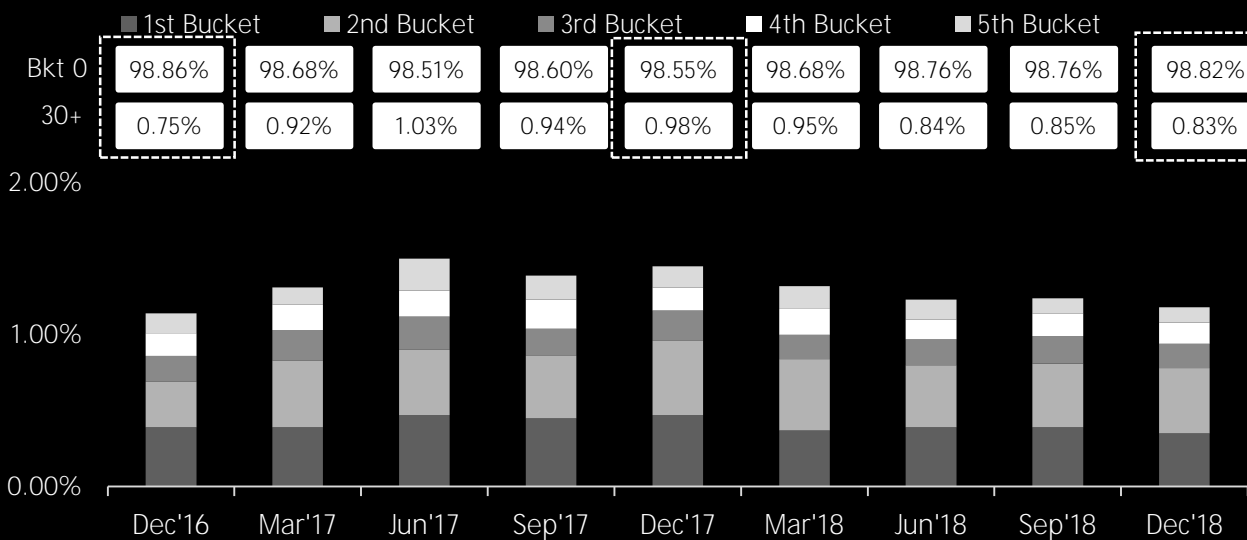
Personal Loans Cross Sell portfolio



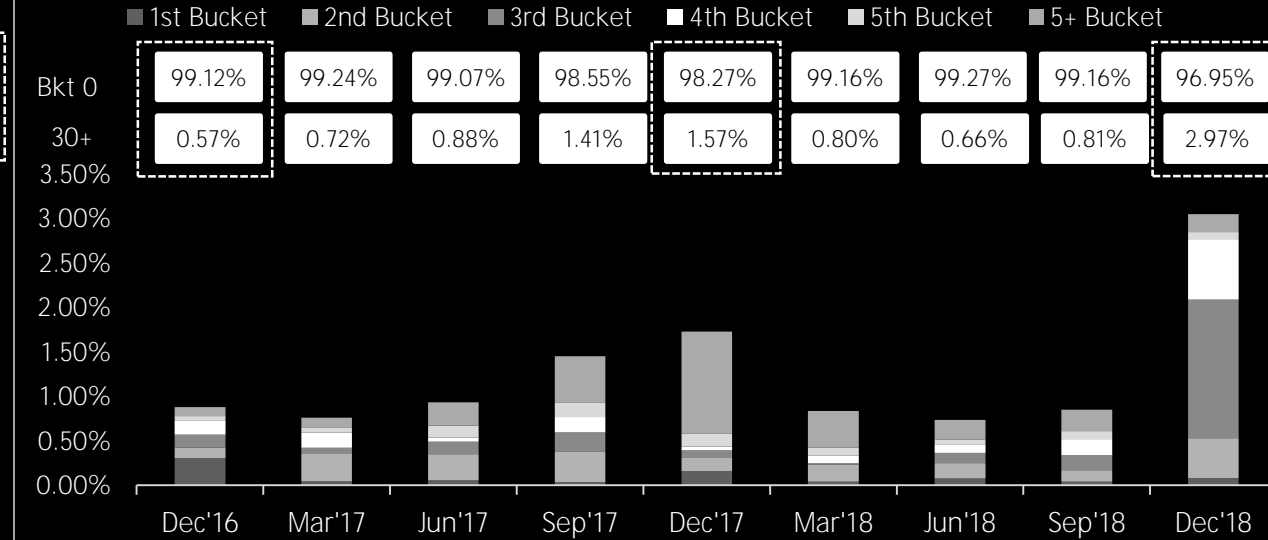
Salaried Personal Loans portfolio



Business & Professional Loans portfolio



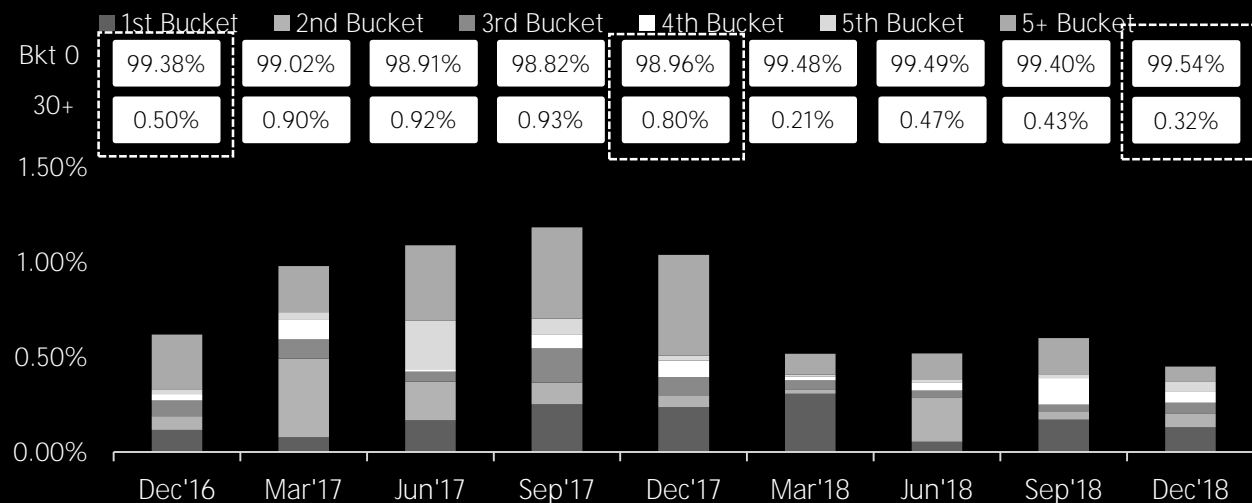
Loan Against Property portfolio*



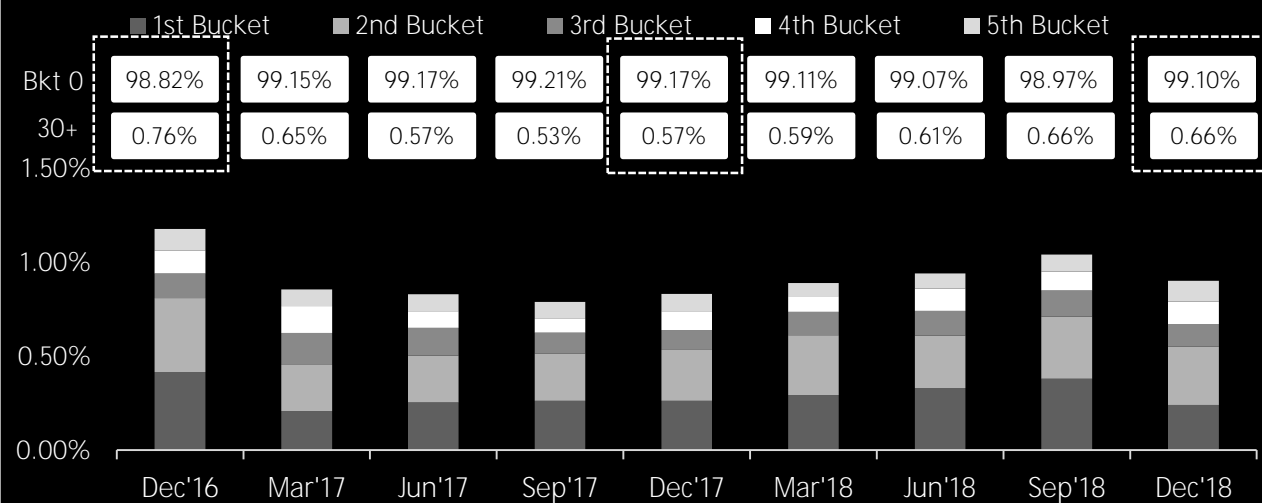
* Adjusted for IL&FS, Dec '18 current portfolio is 99.34%

Portfolio Credit quality – Including BHFL

Home Loans portfolio



Rural Lending portfolio



Credit Quality – Provisioning Coverage

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	9,034	506	190	62%	5.42%	6.14%	2.11%	2.63%
Consumer B2B - Sales Finance Businesses	14,150	133	40	70%	0.86%	1.03%	0.26%	0.20%
Consumer B2C Businesses	21,000	316	80	75%	1.49%	1.80%	0.38%	0.49%
Rural B2B Business	2,420	15	8	47%	0.60%	0.61%	0.32%	0.34%
Rural B2C Business	6,421	91	40	56%	1.42%	1.34%	0.63%	0.68%
SME Business	14,143	251	49	81%	1.75%	2.18%	0.34%	0.54%
Securities Lending Business	6,192	-	-	-	-	-	-	-
Commercial Lending Business	5,684	-	-	-	-	-	-	-
Mortgages	30,886	379	264	30%	1.38%	1.05%	0.96%	0.51%
Total	1,09,930	1,691	671	60%	1.55% ↓	1.63%	0.62% ↑	0.57%
Total (Net of IL&FS Exposure)	1,09,930	1,456	488	66%	1.34% ↓	1.63%	0.45% ↓	0.57%

NPA movement - Consolidated

(Values in ₹ Cr)

Particulars	Dec'17*	Mar'18*	Jun'18	Sep'18	Dec'18
Assets Under Management	77,970	84,033	93,314	1,00,217	1,09,930
Opening GNPA (A)	1,187	1,254	1,164	1,280	1,471
Roll Forward into NPA (i)	348	298	378	480	702
Restructuring (ii)	3	4	1	3	13
Total Slippages (B = i + ii)	351	302	379	483	715
Roll back to standard (iii)	96	140	117	141	177
Realisation on sale of NPA receivables (iv)	17	64	-	-	33
Write offs (v)	171	188	146	150	285
Total recoveries and write-offs (C = iii + iv + v)	284	392	263	291	495
Net addition to Gross NPA	67	(90)	116	191	220
Gross NPA (A+B-C)	1,254	1,164	1,280	1,471	1,691
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

Assets & ECL provision	Dec '17	Mar '18	Jun '18	Sep '18	Dec '18
Gross Stage 1 & 2 assets	75,615	81,292	90,601	97,395	1,07,094
ECL Provision Stage 1 & 2	708	721	815	842	947
Net Stage 1 & 2 assets	74,907	80,571	89,785	96,552	1,06,146
ECL Provision % Stage 1 & 2 assets	0.94%	0.89%	0.90%	0.86%	0.88%
Gross Stage 3 assets	1,254	1,164	1,280	1,471	1,691
ECL Provision Stage 3	820	810	880	950	1,020
Net Stage 3 assets	433	354	400	522	671
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

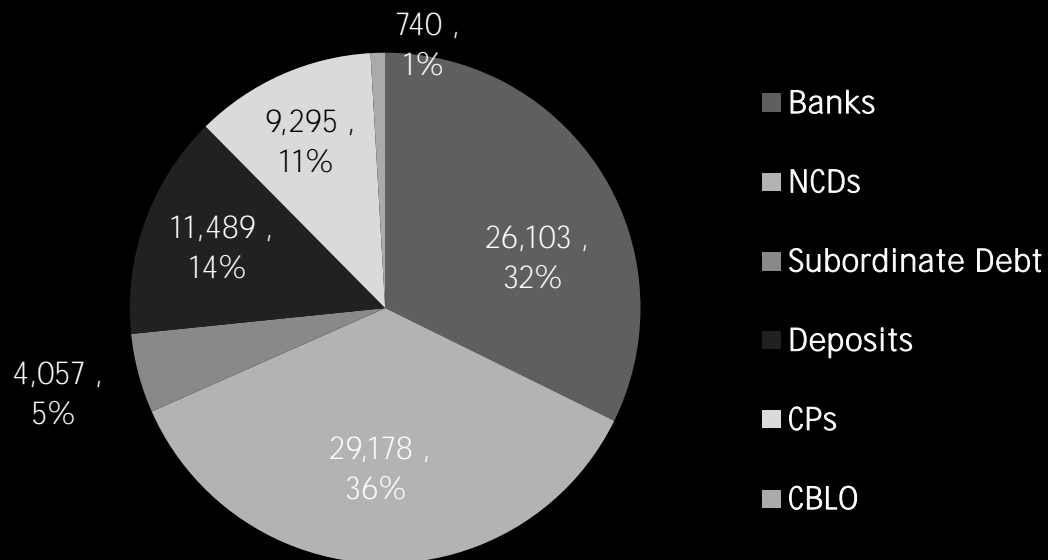
Thank You

Annexures

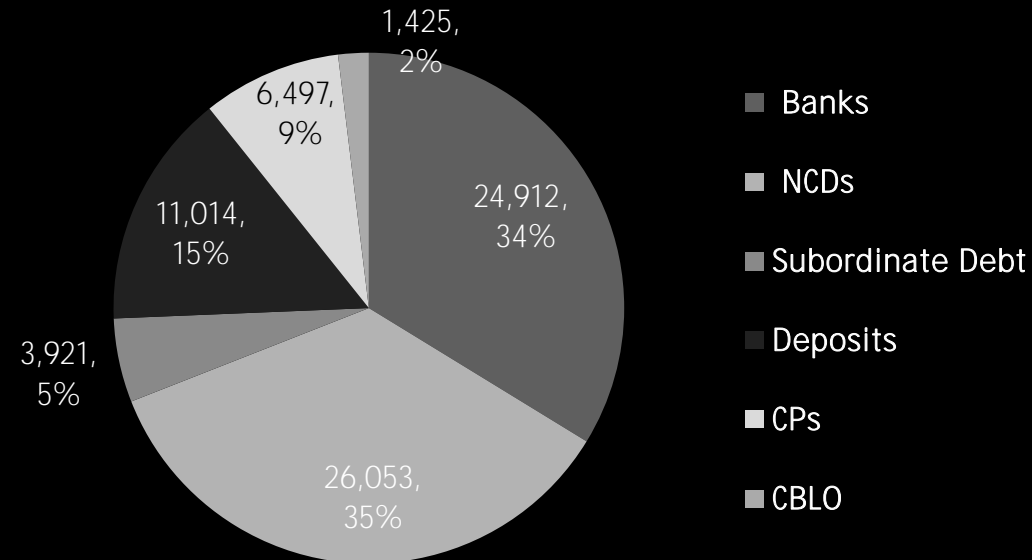
2W	Two Wheeler	IFA	Independent Financial Advisor
3W	Three Wheeler	IRR	Internal Rate of Return
ACMF	Auto Components Manufacturer Financing	LAP	Loan Against Property
ALM	Asset & Liability Management	LAS	Loan Against Securities
AR	Assets Receivable	MF	Mutual Fund
ARU	Activation, Retention & Usage	MM	Million
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)

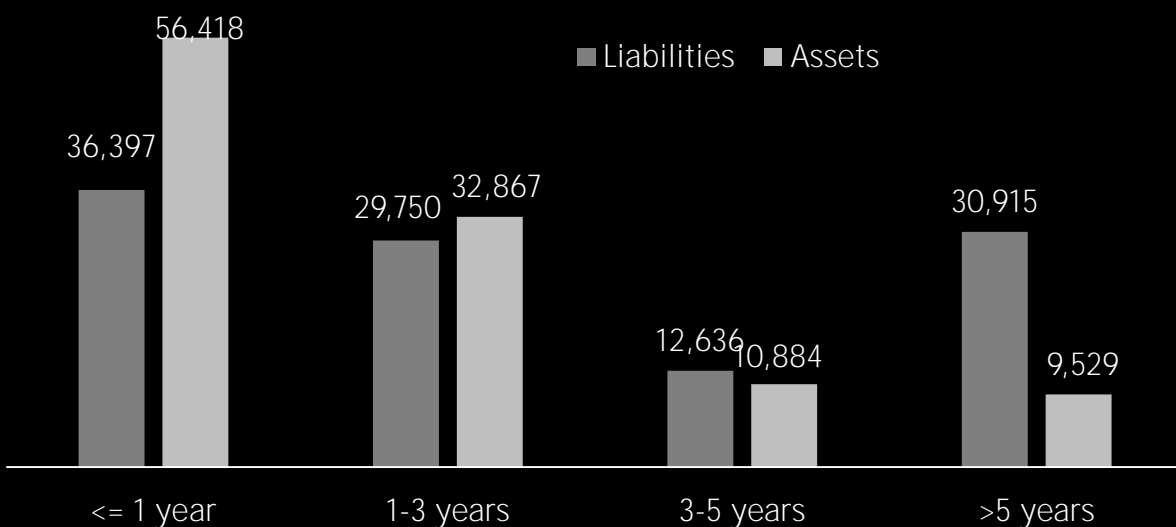
Borrowings – Dec '18 (₹ 80,862 Crs)



Borrowings – Sept '18 (₹ 73,822 Crs)



Behaviouralised ALM (₹ Crs) – Dec '18



Behaviouralised ALM (₹ Crs) – Sept '18

