

BAJAJ FINANCE LIMITED

SEC/2016/635

15 November 2016

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

Sub: Update on current impact of demonetization

Dear Sirs,

Please find enclosed herewith an update on current impact of demonetization on the Company.

The same is for your information.

Thanking you,

Yours faithfully,
For **BAJAJ FINANCE LIMITED**

ANANT DAMLE
COMPANY SECRETARY

Encl.: As above

BAJAJ FINANCE LIMITED

Update on current impact of Demonetization

15th November 2016

Management assessment impact on collections...

Sr. No	Product	Portfolio Contribution	Mode of disbursement	Mode of repayment	Extent of bounce	Current method of collection from Bounced customers	Proposed method of collection from Bounced customers	Assessment of impact on collections
1	2W and 3W finance	9%	Payment to dealer thru electronic transfer	Electronic clearing except Direct Cash Collection model (30%)	High	<ul style="list-style-type: none"> Representation of ECS instrument once in a month Cash collection due to small EMI amount 	<ul style="list-style-type: none"> Representation of ECS instrument 3-4 times in a month Continue to collect old currency in acceptable denomination and new 500 and 2000 denomination notes Also start accepting cheques 	Short term
2	Consumer Durable finance	13%		100% electronic clearing	Low			Short term
3	Digital Product finance	2%		Medium	Short term			
4	Lifestyle Product finance	1%		Low	Short term			
5	Personal Loans Cross Sell	9%	Electronic transfer	100% electronic clearing	Medium			Short term

Management assessment impact on collections...

Sr. No	Product	Portfolio Contribution	Mode of disbursement	Mode of repayment	Extent of Bounce	Current method of collection from bounced customers	Proposed method of collection from Bounced customers	Assessment of impact on collections
6	Salaried personal loans	6%	Electronic transfer	100% electronic clearing	Very Low	<ul style="list-style-type: none"> Representation of ECS instrument once in a month Enable customers to transfer payments electronically (touch free) 	<ul style="list-style-type: none"> Representation of ECS instrument 3-4 times in a month Enable customers to transfer payments electronically (touch free) Also start accepting cheques 	Low short term impact
7	Salaried – Home Loans	4%			Very Low			
8	Business Loans	10%			Medium			
9	Professional loans	3%			Very Low			
10	Loan against property	16%			Very Low			
11	Self employed – Home Loans	6%			Very Low			

Management assessment impact on collections...

Sr. No	Product	Portfolio Contribution	Mode of disbursement	Mode of repayment	Extent of bounce	Current method of collection from bounced customers	Proposed method of collection from Bounced customers	Assessment of impact on collections
12	LAS	6%	Electronic transfer	100% electronic clearing	NA	NA	NA	NA
13	Vendor financing	3%						
14	Financial institutions	1%						
15	Corporate finance	1%						
16	Infra financing	1%						
17	Relationship management business	4%	Electronic transfer	100% electronic clearing	Low	Same as SME businesses	Same as SME businesses	Non material impact

Management assessment impact on collections...

Sr. No	Product	Portfolio Contribution	Mode of disbursement	Mode of repayment	Extent of bounce	Current method of collection from bounced customers	Proposed method of collection from Bounced customers	Assessment of impact on collections
18	Rural lending	4%	Electronic transfer except Gold loans where option is given to the customer to receive disbursement in cash	Electronic clearing except Gold loans where customer has an option to choose cash as a repayment mode	Medium	Same as CD business	Same as CD business	CD & Digital business in Rural markets will see a short term impact
19	BFS Direct	2%	Electronic transfer	100% electronic clearing	Low	Same as other SME businesses	No change	Non material impact

Management assessment impact on disbursement...

Sr. No.	Business segment group	Business segment	Assessment of impact
1	Consumption	<ol style="list-style-type: none"> 2W and 3W finance Consumer durable finance Lifestyle product finance Salaried home loans Rural lending BFS direct 	<ol style="list-style-type: none"> Being discretionary consumption, these businesses will have a negative impact in the short term Finance penetration likely to go up Financing business will see positive uptick in the medium term
2	Personal	<ol style="list-style-type: none"> Personal Loan cross sell Salaried personal loans Rural Lending BFS direct 	<ol style="list-style-type: none"> Business as usual Likely to see a cut in interest rates leading to a significant spur in demand in the medium term
3	Business	<ol style="list-style-type: none"> Business loans Professional loans Loan against property Self employed home loans Rural lending 	<ol style="list-style-type: none"> Business as usual A big positive in medium term as financialization of business will increase significantly Likely to see a cut in interest rates leading to a significant spur in demand in the medium term
4	Commercial	<ol style="list-style-type: none"> Vendor financing Financial institution group Corporate finance 	<ol style="list-style-type: none"> Business as usual Very low base Opportunity is immense

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Update on current impact of Demonetization

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