

# BAJAJ FINANCE LIMITED

SEC/BM/2018/268

19 July 2018

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

Dear Sir/Madam,

**Sub: Investor Presentation for the quarter ended 30 June 2018**

Please find enclosed herewith Investor presentation for the quarter ended 30 June 2018.

Thanking you,

Yours faithfully,

For **BAJAJ FINANCE LIMITED**



**ANANT DAMLE  
COMPANY SECRETARY**



Encl.: As above



# Bajaj Finance Limited

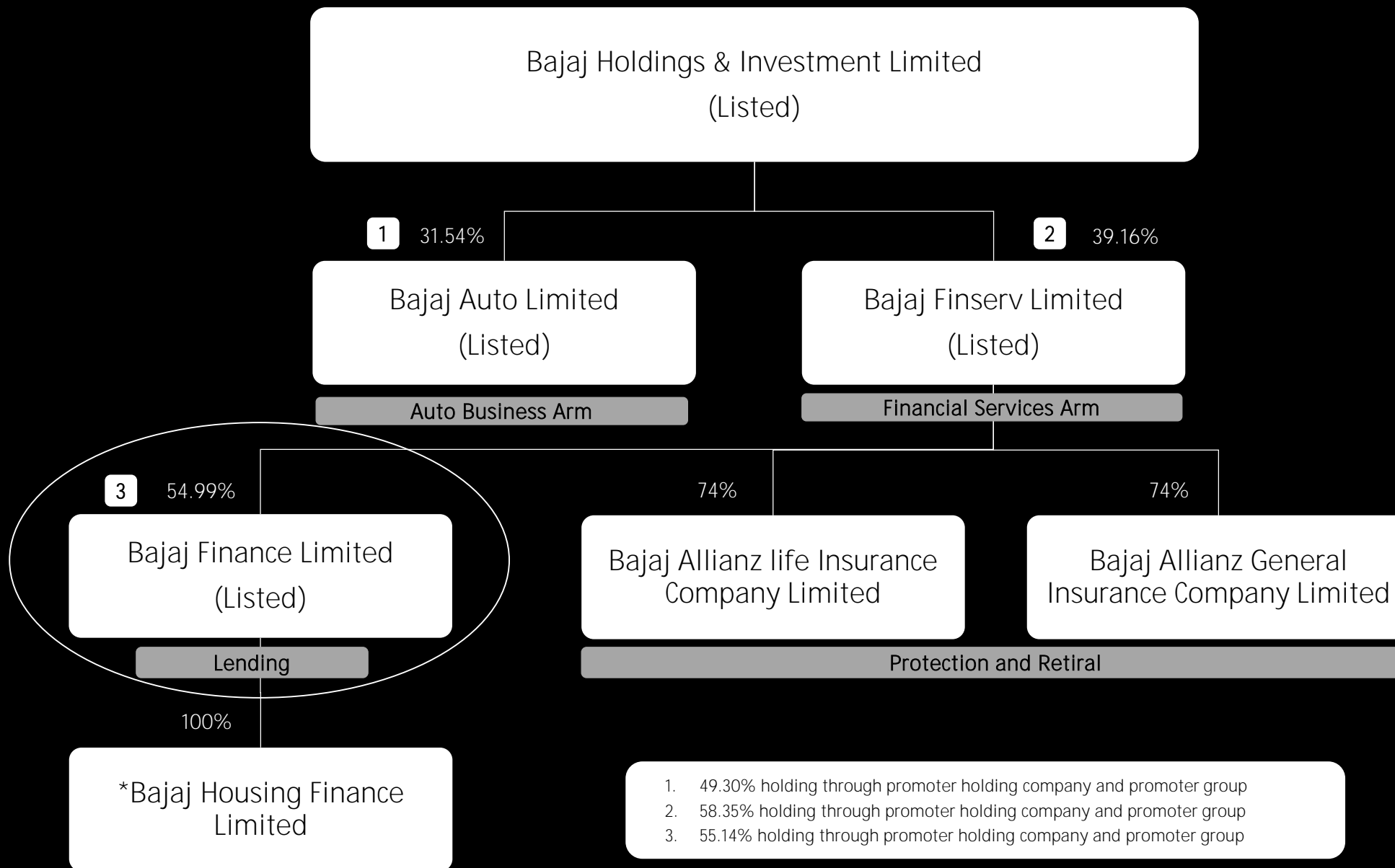
Q1 FY19 Investor Presentation

19 July 2018

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# 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. 55.14% holding through promoter holding company and promoter group

Above shareholding is as of 30 June 2018

\*W.e.f Nov 2014 . Bajaj Housing Finance Limited has a 100% subsidiary named Bajaj Financial Securities Limited which does not have any operations



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 Consumer, Rural, SME, Commercial & Mortgages lender in India
- 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
- 793 urban locations and 693 rural locations with over 69,600+ distribution points
- Large customer franchise of 28.28 MM
- 5.63 MM new loans booked in Q1 FY19



Bajaj Allianz General Insurance Company

- 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 Company

- 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”**

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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 28.28 MM and Cross sell client base of 16.55 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

Diversified lending strategy

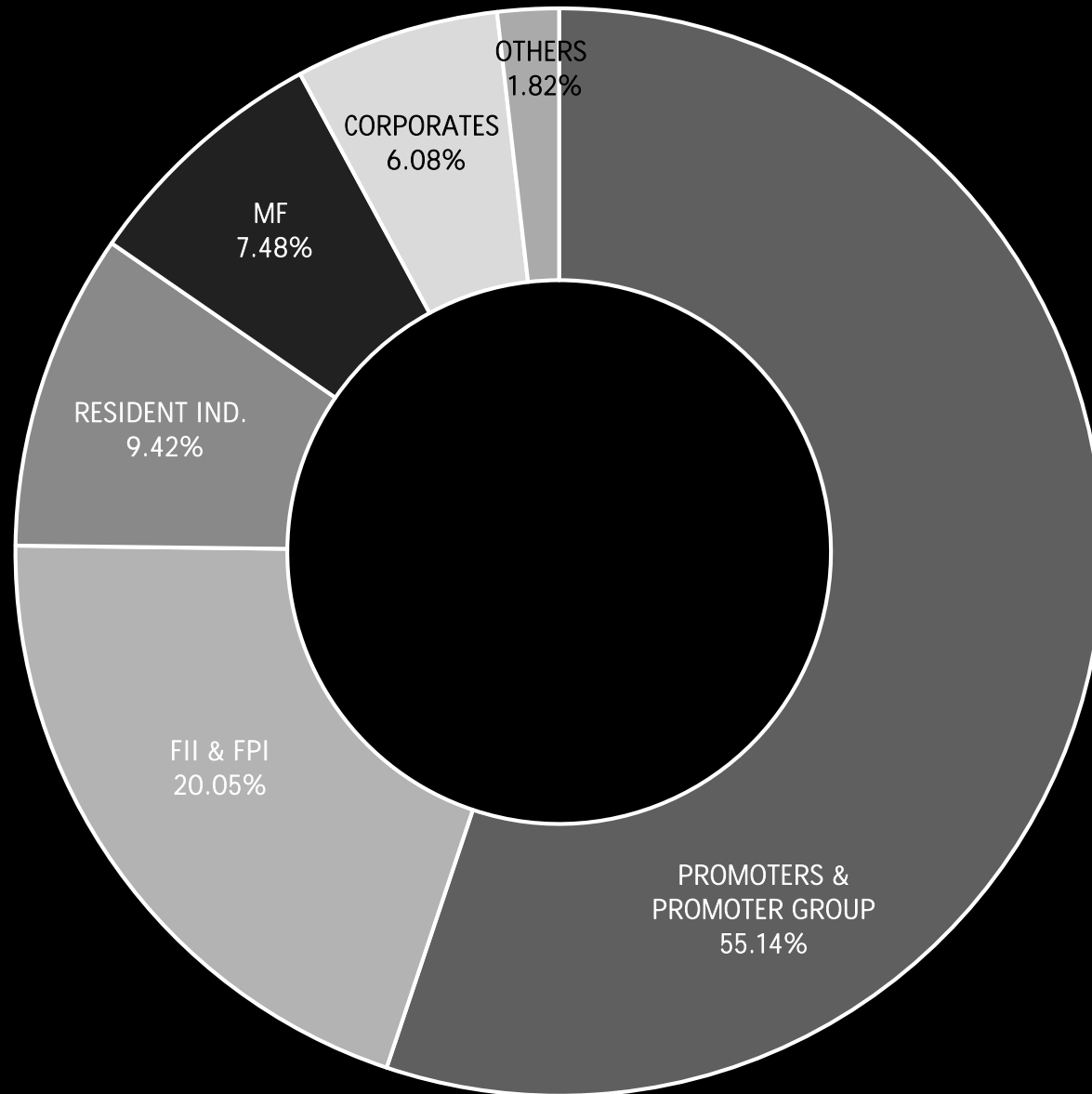
Consolidated AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 39% : 7% : 13% : 13% : 28%

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 30 Jun'18	As on 31 Mar'18	As on 30 Jun'17
1	BAJAJ FINSERV LTD	54.99%	54.99%	57.80%
2	GOVERNMENT OF SINGAPORE	3.54%	3.81%	2.49%
3	MAHARASHTRA SCOOTERS	3.28%	3.28%	3.45%
4	STEADVIEW CAPITAL MAURITIUS LTD.	0.96%	0.63%	0.39%
5	SMALLCAP WORLD FUND INC.	0.91%	0.91%	1.11%
6	NEW HORIZON OPPORTUNITIES MASTER FUND	0.80%	0.80%	0.89%
7	AXIS LONG TERM EQUITY FUND	0.66%	0.78%	0.96%
8	NEW WORLD FUND INC.	0.56%	0.56%	0.55%
9	NOMURA INDIA INVESTMENT FUND MOTHER FUND	0.56%	0.62%	-
10	MOTILAL OSWAL FOCUSSED MULTICAP 35 FUND	0.50%	0.48%	0.46%
11	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.48%	0.50%	0.51%
12	UTI EQUITY FUND	0.45%	0.32%	-
13	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.42%	0.41%	0.37%
14	BFL EMPLOYEE WELFARE TRUST	0.38%	0.49%	0.42%
15	SBI LIFE INSURANCE CO. LTD.	0.36%	0.28%	-
16	SBI ETF NIFTY 50	0.35%	0.32%	-
17	SBI EQUITY HYBRID FUND	0.34%	-	-
18	ISHARES INDIA INDEX MAURITIUS COMPANY	0.32%	0.35%	0.36%
19	<b>ST JAMES'S PLACE EMERGING MARKETS EQUITY UNIT TRUST MANAGED BY WASATCH ADVISORS</b>	0.31%	0.33%	-
20	KOTAK STANDARD MULTICAP FUND	0.30%	0.30%	-



# Financial snapshot

₹ in Crs

Financials snapshot <sup>@</sup>	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%

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

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) - <sup>^</sup>	0.56	0.93	2.42	6.75	11.08	13.57	14.48	17.99	24.23	34.01	47.05
Net NPA <sup>*</sup>	7.05%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.38%
NPA provisioning coverage	29%	32%	55%	79%	89%	83%	76%	71%	77%	74%	75%

<sup>\*</sup> 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

<sup>^</sup> EPS numbers adjusted for bonus and split

## BAJAJ FINANCE

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> </ul>	<ul style="list-style-type: none"> <li>• Securities Lending</li> <li>• Large Value Lease Rental Discounting</li> <li>• Vendor Financing</li> <li>• Financial Institutions Lending</li> <li>• Light Engineering Lending</li> <li>• Specialty Chemicals Lending</li> <li>• Corporate Finance Loans</li> <li>• Warehouse 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

<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> </ul>	<ul style="list-style-type: none"> <li>• Property search services</li> <li>• Property Fitness Report</li> </ul>
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(1) Also available through digital channels

## Bajaj Finance

- 31 year old non bank with a demonstrated track record of profitability
- Focused on Consumer, Rural, SME, Commercial and Mortgage lines of businesses
- Consolidated AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 39% : 7% : 13% : 13% : 28%
- 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

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## Consumer business

- Present in 793 locations with 59,000+ active distribution point of sale
- Amongst the largest new loan acquirers in India (5.63 MM in Q1 FY19)
- **Two wheeler financing business contributed to 34% of Bajaj Auto's domestic two wheeler sales in Q1 FY9, disbursed 198K accounts. Three wheeler financing business contributed to 33% of Bajaj Auto's three wheeler sales, disbursed 31K accounts.**
- Largest consumer electronics, digital products & lifestyle products lender in India
- Amongst the largest personal loan lenders in India

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## Payments

- EMI Card franchise crossed 14.2 MM cards (CIF)
- Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 5.08 Lacs as of 30 Jun 2018
- Bajaj Finserv - Mobikwik has 2.2 MM active wallet users as at 30 Jun 2018 who have linked their EMI card to the wallet

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## Rural business

- Highly diversified lender in the rural locations offering 9 loan products in consumer and RSME business categories with a unique hub and spoke business model
- Geographic presence across 693 towns and villages with retail presence across 10,100+ stores

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- |                            |  |
|----------------------------|--|
| <b>SME Business</b>        | <ul style="list-style-type: none"><li>• Focused on affluent SMEs with an average annual sales of ₹ 10-12 Crores 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 ₹ 67,425 crore</b> with a mix of 30 : 56 : 14 between banks, money markets and deposits as of 30 Jun 2018</li></ul>  |
| <b>Credit Quality</b>      | <ul style="list-style-type: none"><li>• 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 30 June 2018 stood at 1.39% and 0.44% respectively</li><li>• Provisioning coverage ratio stood at 69% as of 30 June 2018</li><li>• Coverage on standard assets has increased from 40 bps to 89 bps on transition to Ind AS</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, 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>  |
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## 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 has become fully operational effective February 2018, with all new mortgage business now being done through it
- It offers a full range of mortgage products such as Home Loans, Loan against property and Lease Rental Discounting to salaried and & self employed customers
- It also offers inventory finance and construction finance to developers
- The company has ₹ 7,272 crore of assets under management as of 30 June 2018, with a post tax profit of ₹ 2 crore for Q1 FY19. BHFL added ₹ 3,683 crore of assets under management in Q1 FY19. Capital adequacy ratio of BHFL (including Tier II capital) stood at 28.54%

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## Credit Quality

- BHFL has zero GNNPA & NNPA as of 30 June 2018

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## Treasury

- Strategy is to create a balanced and sustained mix of borrowings
- Borrowings stood at ₹ 5,411 crore with a mix of 41 : 59 between banks and money markets as of 30 Jun 2018

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## Credit Rating

- 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

# Section 01 - Previous GAAP financial performance - Q1 FY19

Disclaimer: Given the first time adoption of Indian Accounting Standard, we have also provided financials as per previous GAAP for the quarter ended 30 June 2018. These previous GAAP financials are based on management reports and have not been subjected to review by auditors. The purpose of these previous GAAP financials is merely to provide an update on business performance.

- Customer franchise as of 30 June 2018 ↑ 30% to 28.28 MM from 21.69 MM as of 30 June 2017. During the quarter, the company acquired 2.07 MM new customers
- New loans booked during Q1 FY19 ↑ 49% to 5.63 MM from 3.77 MM in Q1 FY18
- AUM as of 30 June 2018 was ↑ 35% to ₹ 93,197 crore from ₹ 68,883 crore as of 30 June 2017. Adjusted for short term IPO financing book of ₹ 2,021 crore in AUM of 30 June 2017, the overall AUM growth was 39%.
- Total income for Q1 FY19 ↑ 37% to ₹ 4,276 crore from ₹ 3,120 crore in Q1 FY18
- Net Interest income for Q1 FY19 ↑ 42% to ₹ 2,904 crore from ₹ 2,042 crore in Q1 FY18
- Loan losses and provisions for Q1 FY19 ↑ 1% to ₹ 284 crore as against ₹ 282 crore in Q1 FY18
- Total Slippages for the quarter were ₹ 379 crore
- Profit after tax for Q1 FY19 grew by 69% to ₹ 1,018 crore from ₹ 602 crore in Q1 FY18.
- **Consolidated Gross NPA and Net NPA, recognized as per extant RBI prudential norms and provisioned as per Company's policy** which is more stringent than RBI prudential norms, as of 30 June 2018 stood at 1.39% and 0.37% respectively as against 1.70% and 0.53% respectively as of 30 June 2017. The provisioning coverage ratio was at 74% as of 30 June 2018 as against 69% as of 30 June 2017.
- Return on Assets and Return, non annualised, on Equity for Q1 FY19 were 1.2% and 6.0% respectively.

# Reconciliation of consolidated profit with previous GAAP

Particulars	Q1 FY19	Q1 FY18	Growth	FY18	(₹ in crore)
Profit before tax as per previous GAAP	1,562	925	69%	4,096	Remarks
<u>Ind AS adjustments increasing / (decreasing) profit :</u>					
Adoption of Effective Interest Rate (EIR) for financial assets recognised at amortised cost	(221)	(186)		(197)	On account of amortisation of upfront fees, interest subsidy and acquisition cost
Adoption of Effective Interest Rate (EIR) for financial liabilities recognised at amortised cost	8	5		13	On account of amortisation of cost incurred on raising of funds through borrowings & deposits
Expected Credit Loss	(37)	(13)		9	New way of measuring the loan losses in P&L. Lifetime loan loss provisioning has been done for loans < 12 months.
Fair value of stock options as per Ind AS 102	(17)	(9)		(45)	Required to be recognised through P&L
Actuarial loss on employee defined benefit plan recognised <b>in 'Other comprehensive income' as per Ind AS 19</b>	-	-		8	Gain / (losses) on actuarial valuation of retirement benefits to employees
Gain/ (losses) on fair valuation of financial assets at fair value through profit and loss	2	(9)		(41)	MTM gain/(losses) on investments recognised in P&L or transferred to other comprehensive income
Net profit before tax as per Ind AS	1,297	713	82%	3,843	
Tax expense (including current tax and deferred tax)	(461)	(252)		(1,347)	
Net profit after tax as per Ind AS	836	461	81%	2,496	FY18 saw an impact of 6.65% on PAT due to Ind AS transition
Net profit after tax as per previous GAAP	1,018	602	69%	2,674	



## Section 02 – Ind AS financial performance – Q1 FY19

# Consolidated key performance highlights for Q1 FY19

- Customer franchise as of 30 June 2018 ↑ 30% to 28.28 MM from 21.69 MM as of 30 June 2017. During the quarter, the company acquired 2.07 MM new customers
- New loans booked during Q1 FY19 ↑ 49% to 5.63 MM from 3.77 MM in Q1 FY18
- AUM as of 30 June 2018 was ↑ 35% to ₹ 93,314 crore from ₹ 68,945 crore as of 30 June 2017. Adjusted for short term IPO financing book of ₹ 2,021 crore in AUM of 30 June 2017, the overall AUM growth was 39%.
- Net Interest income for Q1 FY19 ↑ 46% to ₹ 2,578 crore from ₹1,761 crore in Q1 FY18
- Loan losses and provisions for Q1 FY19 ↑ 7% to ₹ 327 crore as against ₹ 305 crore in Q1 FY18
- Total slippages for the quarter were ₹ 379 crore
- Profit after tax for Q1 FY19 ↑ 81% to ₹ 836 crore from ₹ 461 crore in Q1 FY18
- Return on Assets and Return on Equity, non annualized, for Q1 FY19 were 1.0% and 5.2% 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 30 June 2018 stood at 1.39% and 0.44% respectively. The provisioning coverage ratio was 69%.

As a result of implementation of Expected Credit Loss (ECL) provisioning under Ind AS, provisioning coverage on Standard Assets, as defined in RBI prudential norms, increased from 40 bps to 89 bps.

- Capital adequacy ratio, including Tier-II capital, stood at 23.04%. The Tier-I capital stood at 17.92%
- Deposit book stood at ₹ 9,427 crore as of 30 June 2018 which was a growth of 85% from ₹ 5,095 crore as of 30 June 2017. Deposits contributed to 14% of the standalone borrowings.
- **The Company has been ranked as one of the “Best Companies to Work for” in India by the Great Places to Work Institute. This was the sixth year in a row that the Company received this ranking**

# Consolidated Profit & Loss statement – Q1 FY19

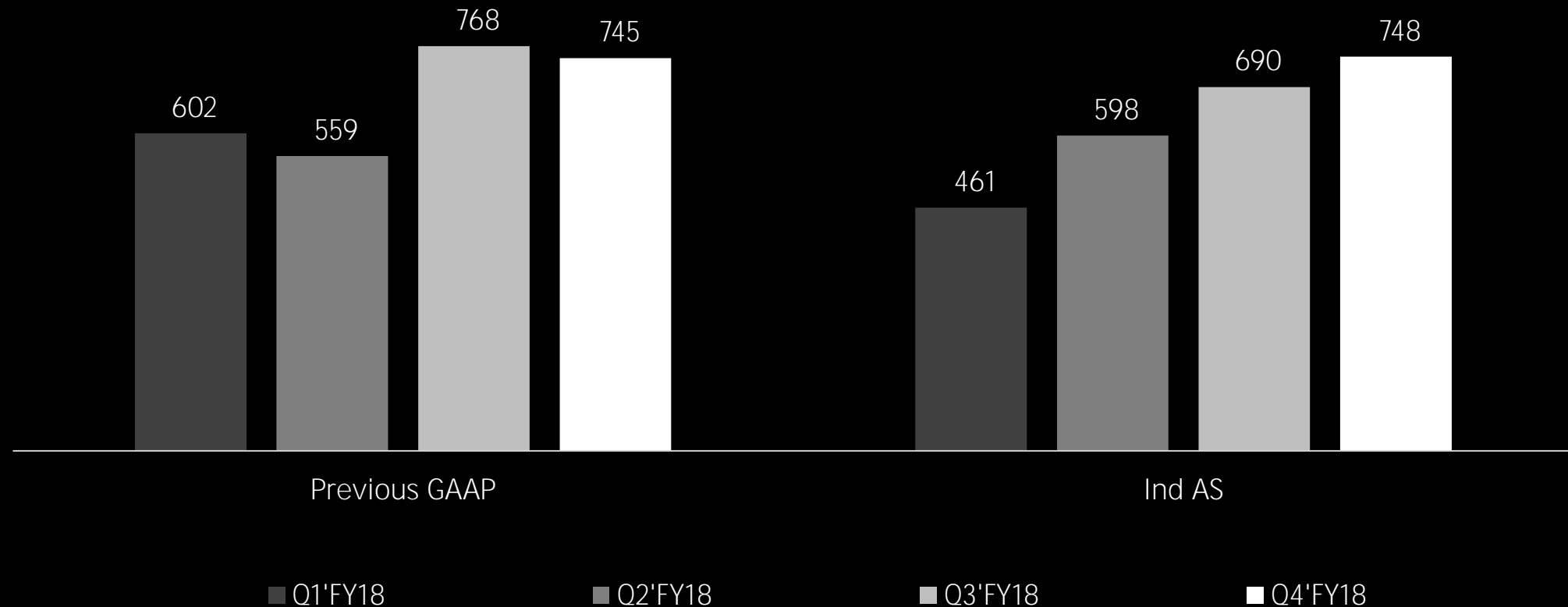
Financials snapshot	Q1 FY19	Q1 FY18	YoY	FY18	Remarks
Assets under management	93,314	68,945	35%	84,135	
Total Interest & fee Income	3,941	2,834	39%	12,772	- Very strong traction in fee revenue pool in Q1 FY19 - Loan acquisition costs amortised along with income
Interest expenses	1,363	1,073	27%	4,622	- Lower cost of funds and benefit of capital raise
Net Interest Income (NII)	2,578	1,761	46%	8,150	
Operating Expenses	954	743	28%	3,272	- Delivered significant operating leverage in Q1 FY19 - Q1 FY18 had about 35-40 crore of one-time expenses
Loan Losses & Provision	327	305	7%	1,035	- Provisioning on NPAs went down under Ind AS due to more stringent provisioning policy followed by BFL earlier - Standard assets provision moved up from 40 bps to 89 bps
Profit before tax	1,297	713	82%	3,843	
Profit after tax	836	461	81%	2,496	
<b>Ratios</b>					
Total Opex to NII	37.0%	42.2%		40.1%	Strong traction in fee revenue pool in Q1 FY19 coupled with significant operating leverage. Unlike Q1 FY18, Q1 FY19 did not have any major one-time expenses to the tune of ₹ 25-30 Crs. Adjusted for it Opex to NIM for Q1 FY18 would have been 40.4%. Benefit of lower COF compared to last year (32bps) and benefit of cost clean up done in mortgages business as part of transition to BHFL
Total Opex to Total Income	24.2%	26.2%		25.6%	
Loan loss to AUM, non annualised	0.35%	0.44%		1.23%	
Earning per share - Basic (Rs.)	14.5	8.4		44.4	
Return on Average Assets, non annualized	1.0%	0.8%		3.6%	
Return on Average Equity, non annualized	5.2%	5.0%		20.2%	

# One-time transition impact on opening Reserves & Surplus as of 1 April 2017

Particulars	April 01, 2017	(₹ in crore)
Opening Reserves & Surplus balance as per previous GAAP	9,491	Remarks
<u>Ind AS adjustments increasing / (decreasing) Reserves &amp; Surplus (Pre tax):</u>		
Adoption of Effective Interest Rate (EIR) for financial assets recognised at amortised cost	(797)	Impact on the reserve on account of amortisation of upfront fees and interest subsidy net of loan acquisition cost
Adoption of Effective Interest Rate (EIR) for financial liabilities recognised at amortised cost	79	Increase in Reserves & Surplus due to amortisation of cost incurred on raising of borrowings & deposits
Expected Credit Loss	(270)	Primarily on account of increased ECL provisioning on standard assets - moved up from 40 bps to approximately 89 bps
Gain/ (losses) on fair valuation of financial assets at fair value through profit and loss	46	Unrecognised MTM gain on investments as of 31 March 2017
Total impact on Reserves & Surplus (Pre Tax)	(943)	
Net Deferred tax on above	331	Net deferred tax asset created on transition
Net impact on Reserves & Surplus (Post tax)	(612)	Approximately 6.5% reduction in opening Reserves & Surplus
Opening Reserves & Surplus balance as per previous GAAP	8,879	

# Quarterly profit trend for FY18 – Previous GAAP vs Ind AS

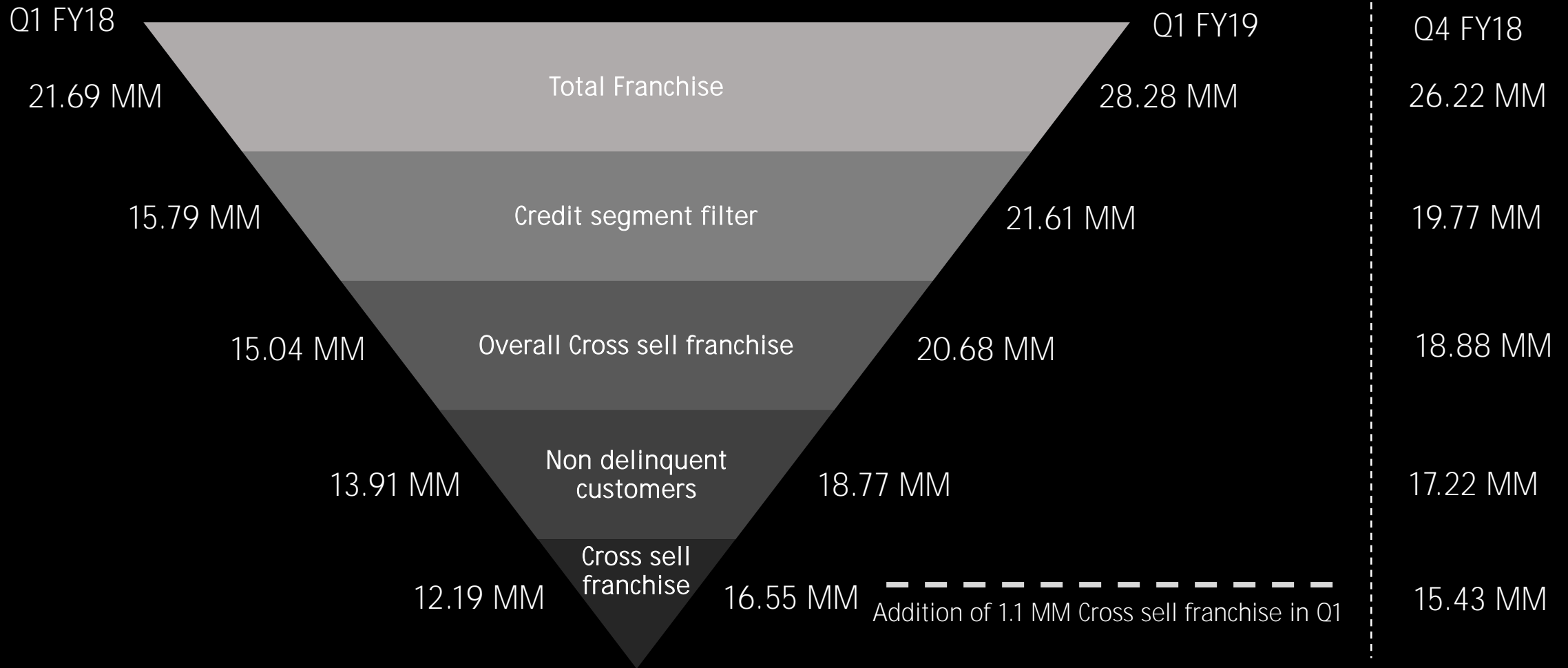
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## Section 03 – Other important updates

- It is one of the strongest start of our first quarter in the last few years
- Bajaj Housing Finance Limited has become fully operational from February 2018. BHFL is progressing well and we are confident that business will deliver high growth along with threshold ROEs
- Bajaj Finance Limited businesses continue to focus on granularity of the portfolio across product and geographies to reduce risk and augment profitability. It reflected in better margin, lower costs and better risk metrics in Q1 FY19
- The Company has expanded its presence in the current quarter and is now present in 1,486 locations. It expects geographic expansion to continue at 15%-20% annualized growth rate
- Opex to NIM came in very strong aided by stronger fee momentum and better cost management
- Company continued to manage its ALM well with a judicious mix of borrowings between banks, money markets and deposits. Liquidity and interest rates have hardened over last 90 days. Company is well covered on ALM to manage any impact on P&L over short to medium term period
- Portfolio quality remained at its record best in Q1 FY19. With strong portfolio quality, the company is well placed to grow its business rapidly
- Company continues to expand user adoption of its Bajaj Finserv – Mobikwik wallet to increase engagement with customers and increase repeat purchase rate. Bajaj Finserv – Mobikwik wallet has 2.2 MM active wallet users as of 30 June 2018, with their EMI card linked to the wallet
- The board of directors has approved purchase of 100% stake of Bajaj Financial Securities Limited (BFINSEC), a 100% subsidiary of Bajaj Housing Finance Limited and an indirect 100% subsidiary of Bajaj Finance Limited. The strategy is to offer full product suite (demat & broking) to Loan **Against Securities' clients and grow profit pool of LAS business**

# Customer franchise



## New to Bajaj Finance Customers



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



# Strong distribution reach

Geographic presence					
Business Line	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	30 Jun 2018
Urban	161	262	377	730	793
Rural	232	397	538	602	693
Of which Rural Lending branches	50	105	177	219	291
Of which Rural Lending franchisees	182	292	361	383	402
<b>Total Bajaj Finance presence</b>	<b>393</b>	<b>659</b>	<b>915</b>	<b>1,332</b>	<b>1,486</b>

Active distribution – point of sale					
Distribution Network	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	30 Jun 2018
Consumer durable stores – Urban	7,000+	9,400+	14,000+	15,500+	16,600+
Consumer durable stores – Rural	1,500+	3,200+	5,500+	8,200+	10,100+
Digital product stores	2,650+	5,200+	5,900+	15,900+	17,400+
Lifestyle retail stores	1,150+	3,200+	3,900+	6,000+	6,400+
EMI card – retail spends stores	-	-	5,600+	12,100+	12,100+
Bajaj Auto dealers, sub-dealerships and authorised service centres	3,000+	3,000+	3,200+	3,900+	4,100+
Rural Authorized Sales & Services Centres	-	-	-	380+	380+
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>69,600+</b>

# Business segment wise AUM

₹ crore

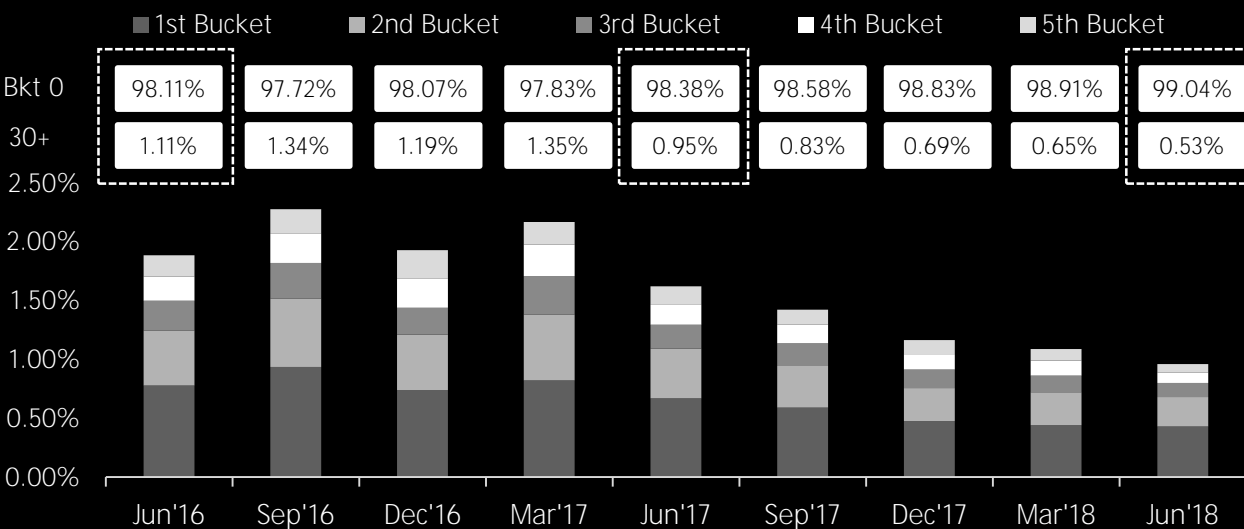
Assets Under Management	As of 30 Jun 2018			BFL Consolidated as of 30 Jun 2017	Growth
	BFL Standalone	BHFL Standalone	BFL Consolidated		
Consumer B2B Businesses	19,131	-	19,131	15,114	27%
Consumer B2C Businesses	17,195	126	17,321	11,808	47%
Rural Business	6,674	-	6,674	3,821	75%
SME Business	12,116	17	12,133	8,571	42%
Commercial Lending	12,008	-	12,008	*9,118	32%
Mortgages	18,918	7,129	26,047	20,513	27%
<b>Total</b>	<b>86,042</b>	<b>7,272</b>	<b>93,314</b>	<b>68,945</b>	<b>#35%</b>

\*Includes short term IPO financing book of ₹ 2,021 crore – adjusted for this AUM growth of commercial lending business is 69%

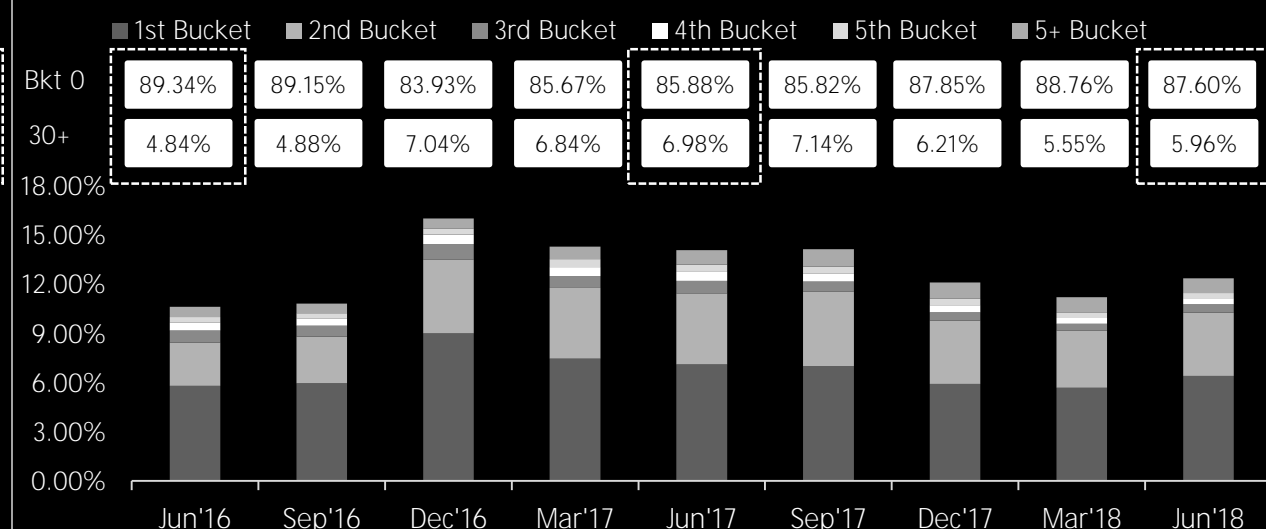
# Adjusted for short term IPO financing book of ₹ 2,021 crore – total AUM growth is 39%

# Credit quality – Portfolio composition

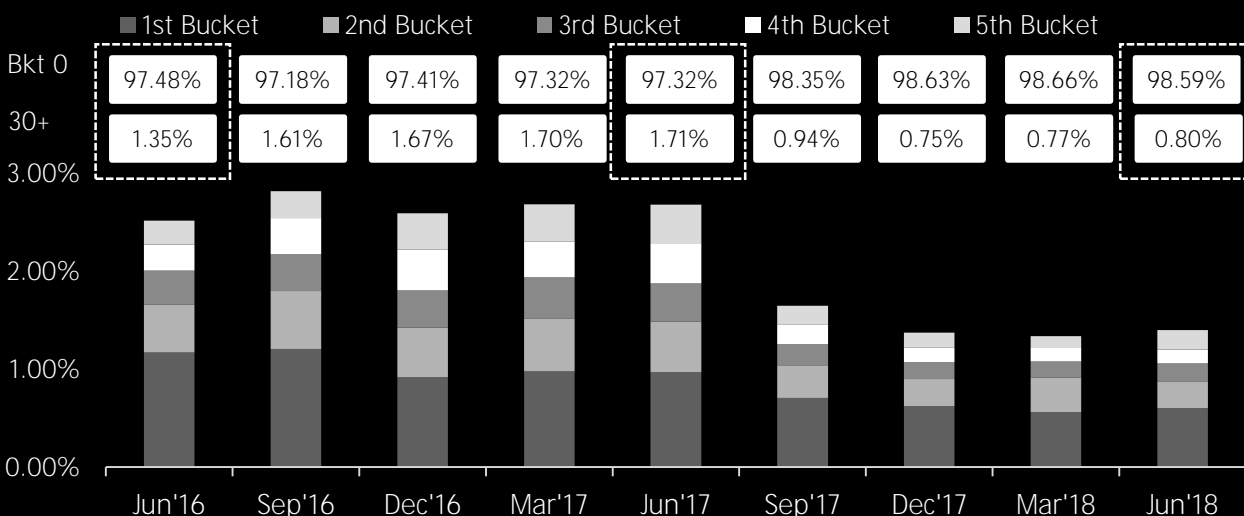
## CD loan portfolio



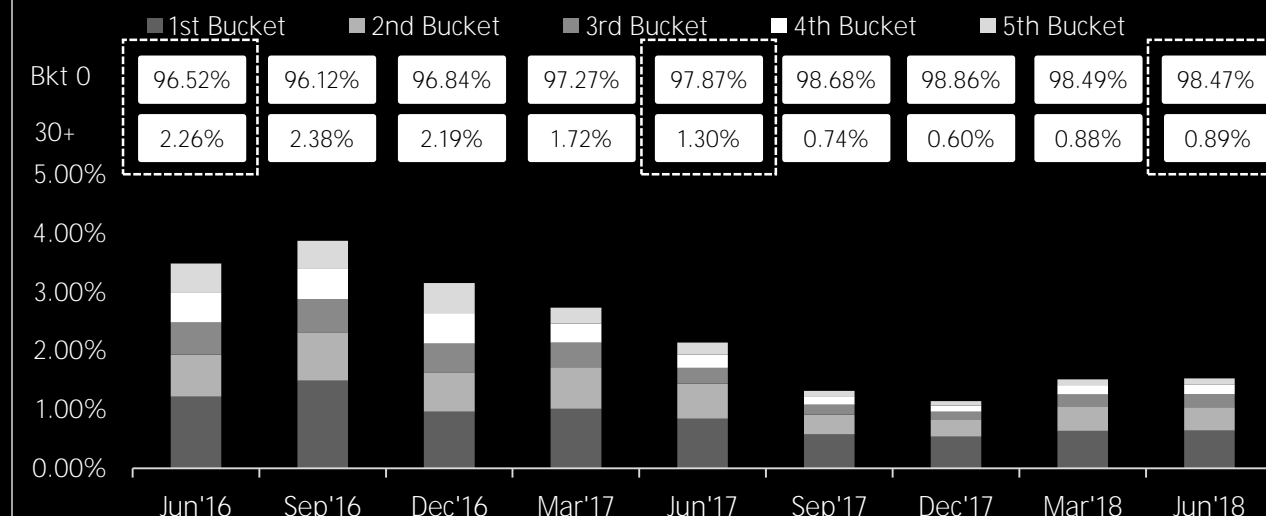
## Two & Three wheeler loan portfolio



## Lifestyle finance loan portfolio

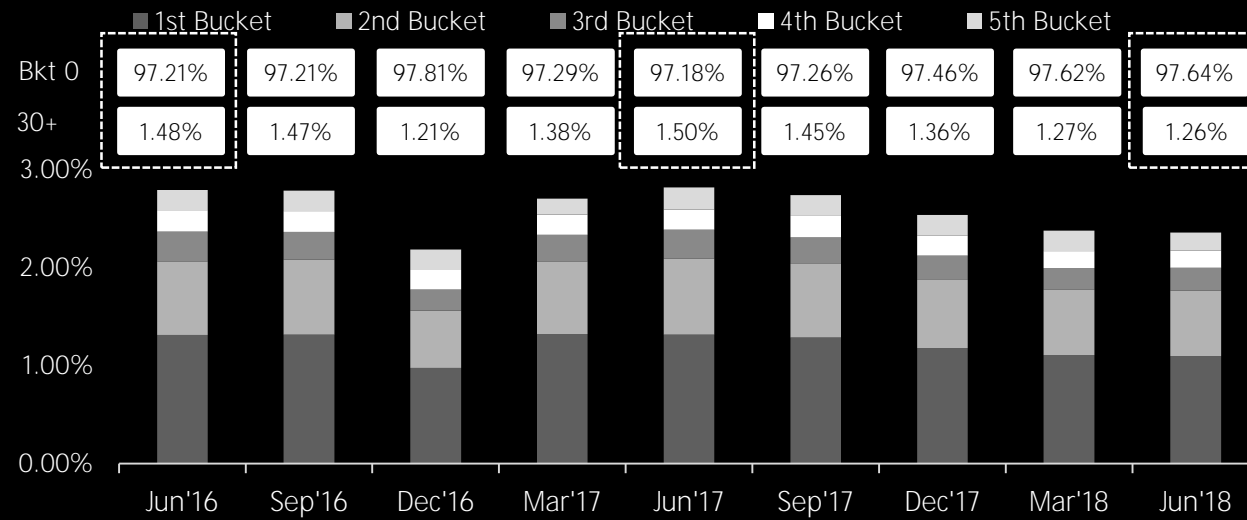


## Digital product finance loan portfolio

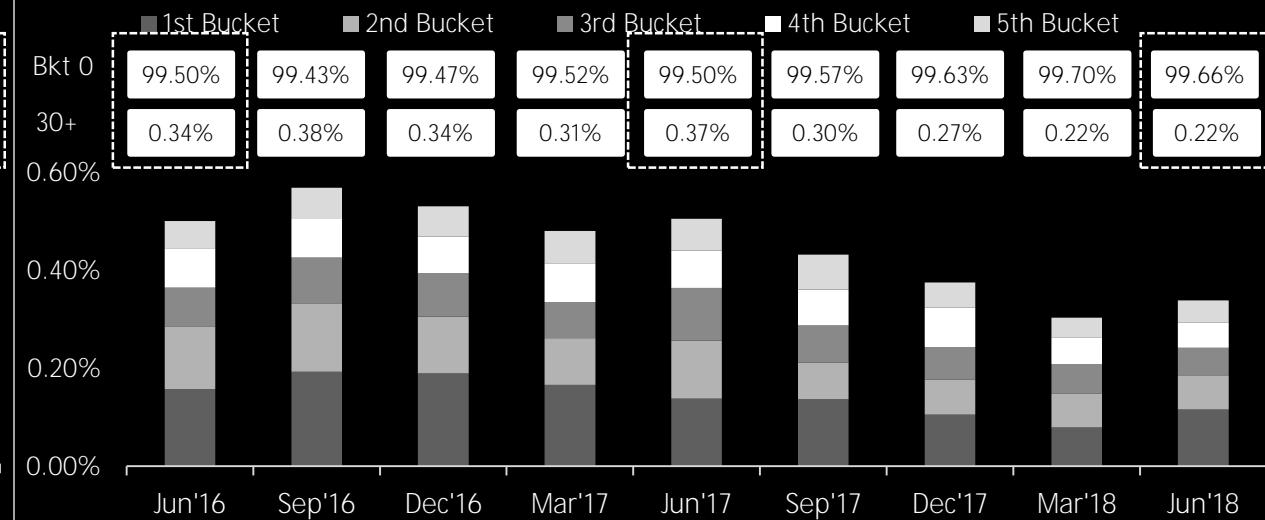


# Portfolio Credit quality – Including BHFL

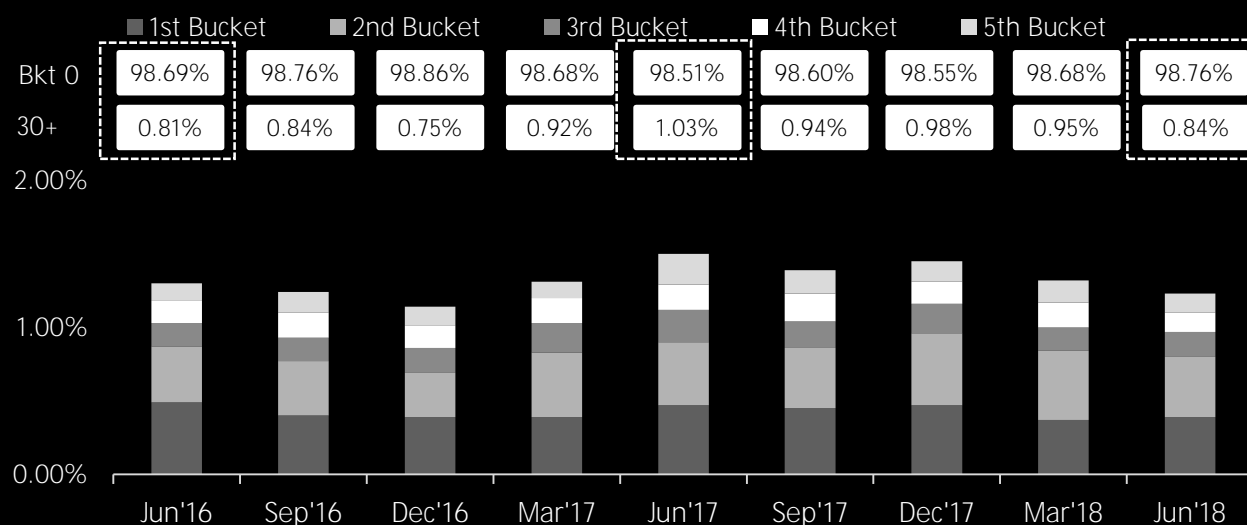
## Personal Loans Cross Sell portfolio



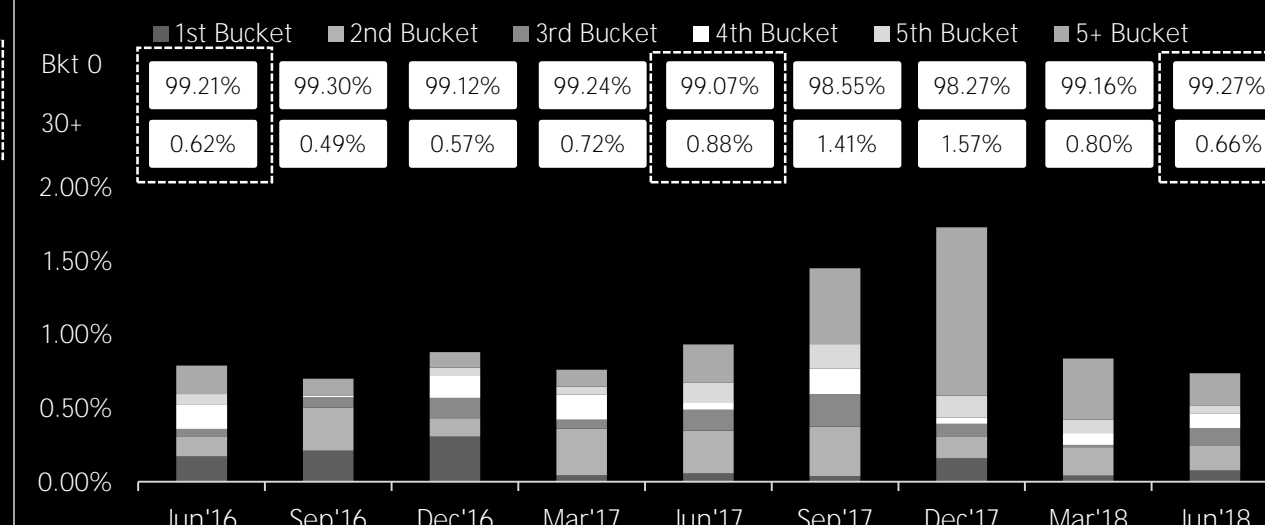
## Salaried Personal Loans portfolio



## Business Loans portfolio \*



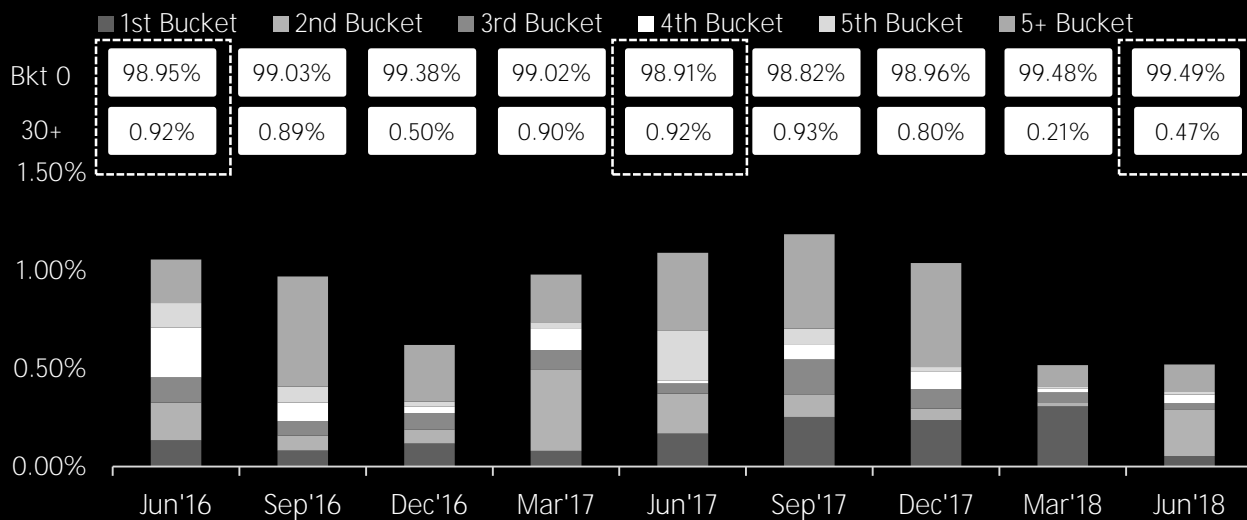
## Loan Against Property portfolio



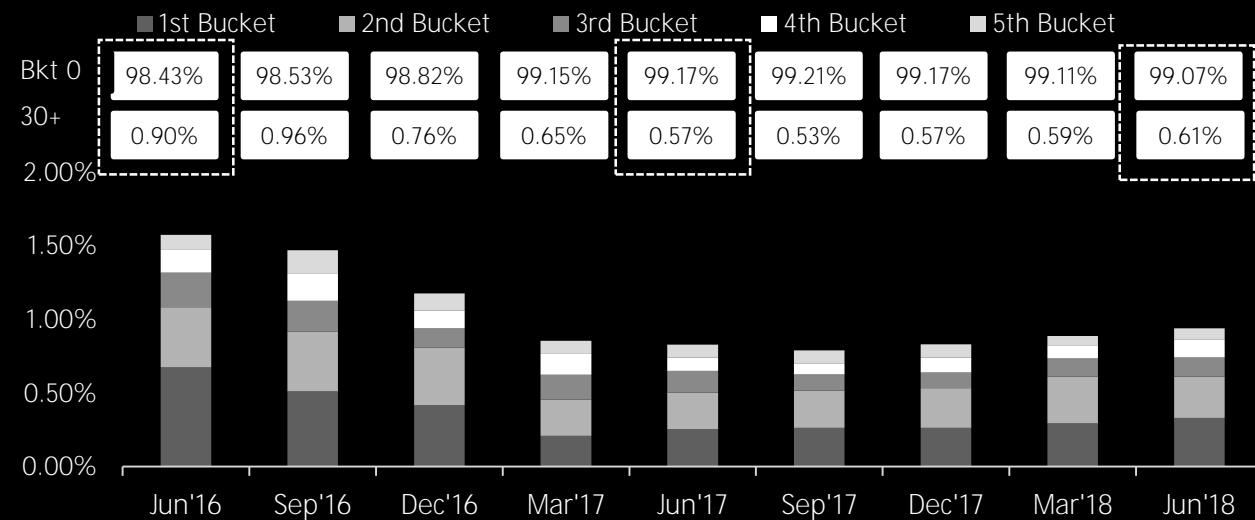
\* Number restated as Business Loans to professionals added

# Portfolio Credit quality – Including BHFL

## Home Loans portfolio



## Rural Lending portfolio



# Credit quality – Provisioning coverage – Ind AS

Business Segment (Values in ₹ Cr)	Consolidated AUM (Cr.)	GNPA (Cr.)	ECL Provision (Cr.)	NNPA (Cr.)	PCR (%)	GNPA	NNPA
Consumer B2B Business	19,131	542	368	174	68%	2.73%	0.89%
Consumer B2C Business	17,321	300	217	83	72%	1.64%	0.46%
Rural Business	6,674	91	46	44	51%	1.25%	0.61%
SME Unsecured	12,133	232	180	52	78%	1.84%	0.42%
Commercial Business	12,008	-	-	-	-	-	-
Mortgages	26,047	115	69	46	60%	0.56%	0.22%
<b>Total</b>	<b>93,314</b>	<b>1,280</b>	<b>880</b>	<b>400</b>	<b>69%</b>	<b>1.39%</b>	<b>0.44%</b>

(Values in ₹ Cr)

Particulars	Jun'17	Sep'17	Dec'17	Mar'18	Jun'18
<b>Assets Under Management ('000 Cr)</b>	68,883	72,139	77,970	84,033	93,314
Opening GNPA (A)	982	1,136	1,187	1,254	1,164
Roll Forward into NPA (a)	412	300	348	298	378
Restructuring (b)	19	17	3	4	1
<b>Total Slippages (B=a+b)</b>	431	317	351	302	379
Roll back to standard (c)	86	96	96	140	117
Realisation on sale of NPA receivables (d)	-	-	17	64	-
Write offs (e)	191	170	171	188	146
<b>Total recoveries and write-offs (C=c+d+e)</b>	277	266	284	392	263
Net addition to Gross NPA	154	51	67	(90)	116
<b>Gross NPA (A+B-C)</b>	1,136	1,187	1,254	1,164	1,280
GNPA %	1.70%	1.68%	1.67%	1.48%	1.39%
NNPA %*	0.53%	0.51%	0.53%	0.38%	0.44%
PCR %	69%	70%	68%	75%	69%

\*June'18 NNPA % is as per Ind AS

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# BAJAJ FINANCE LIMITED

Q1 FY19 Investor Presentation

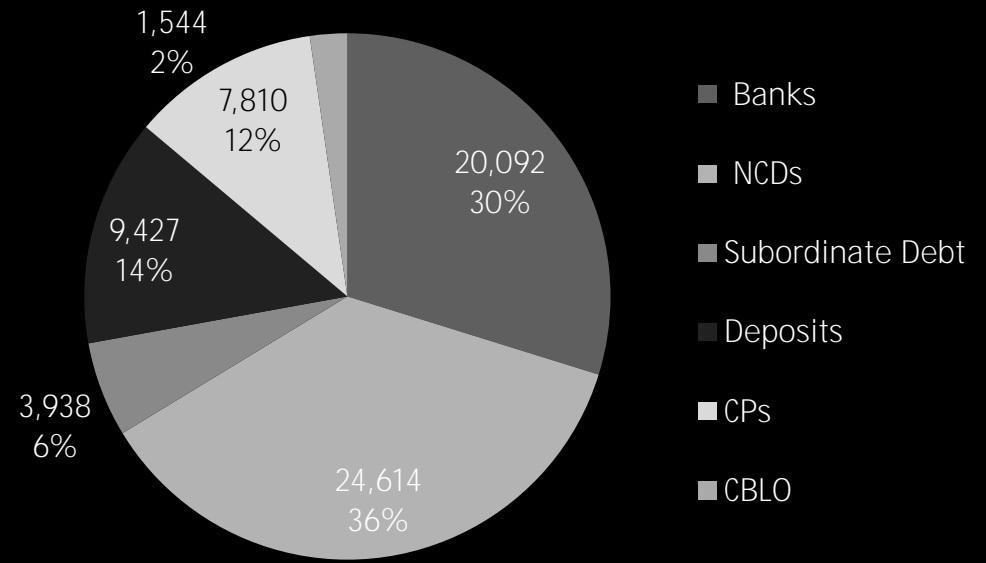
Thank You

# ANNEXURES

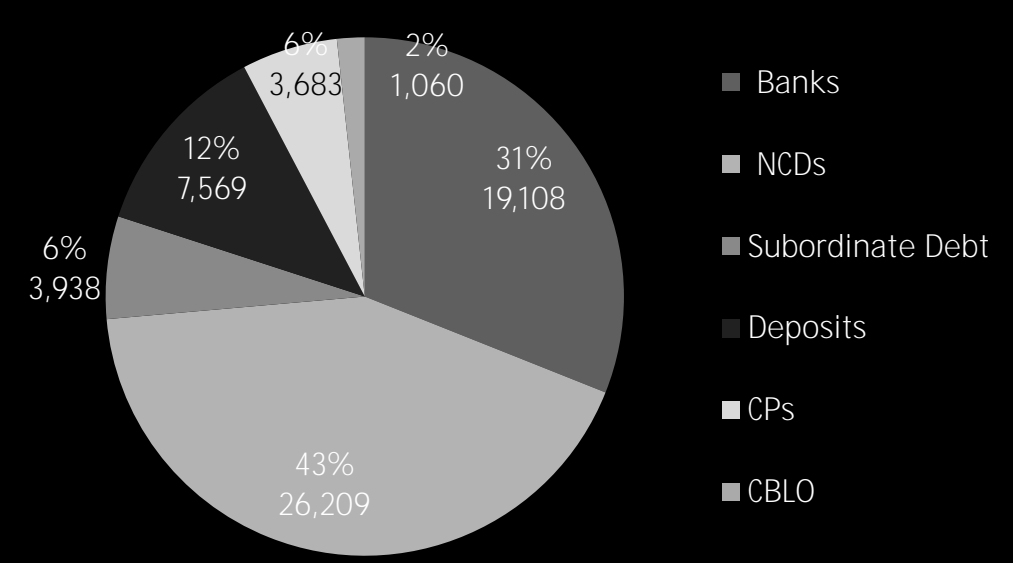
2W	Two Wheeler	IRR	Internal Rate of Return
3W	Three Wheeler	LAP	Loan Against Property
ACMF	Auto Components Manufacturer Financing	LAS	Loan Against Securities
ALM	Asset & Liability Management	MF	Mutual Fund
AR	Assets Receivable	MM	Million
ARU	Activation, Retention & Usage	MSME	Micro, Small & Medium Enterprise
ASC	Authorized Service Centers	NII	Net Interest Income
AUF	Assets Under Finance	NNPA	Net Non Performing Assets
AUM	Assets Under Management	NTB	New to Bajaj Finance
B2B	Business to Business	Opex	Operating Expenses
B2C	Business to Customer	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
EMI	Existing Member Identification	ROA	Return on Assets
EPS	Earnings Per Share	ROE	Return on Equity
FIG	Financial Institutions Group	SE	Self Employed
FII	Foreign Institutional Investor	SME	Small & Medium Enterprise
FPI	Foreign Portfolio Investment	TAT	Turn Around Time
GNPA	Gross Non Performing Assets	TTD	Through the Door
HL	Home Loan	WPI	Wholesale Price Index
IFA	Independent Financial Advisor		

# ALM Strategy (Standalone)

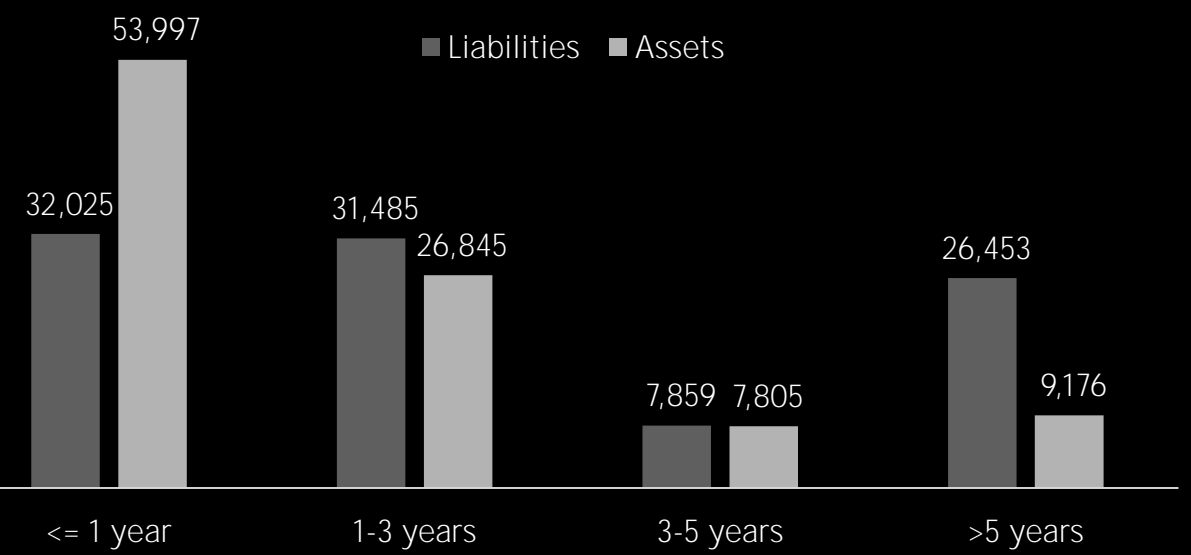
Borrowings – Jun '18 (₹ 67,425 Crs)



Borrowings – Mar '18 (₹ 61,567 Crs)



Behaviouralised ALM (₹ Crs) – Jun'18



Behaviouralised ALM (₹ Crs) – Mar'18

