



Bajaj Finance Limited

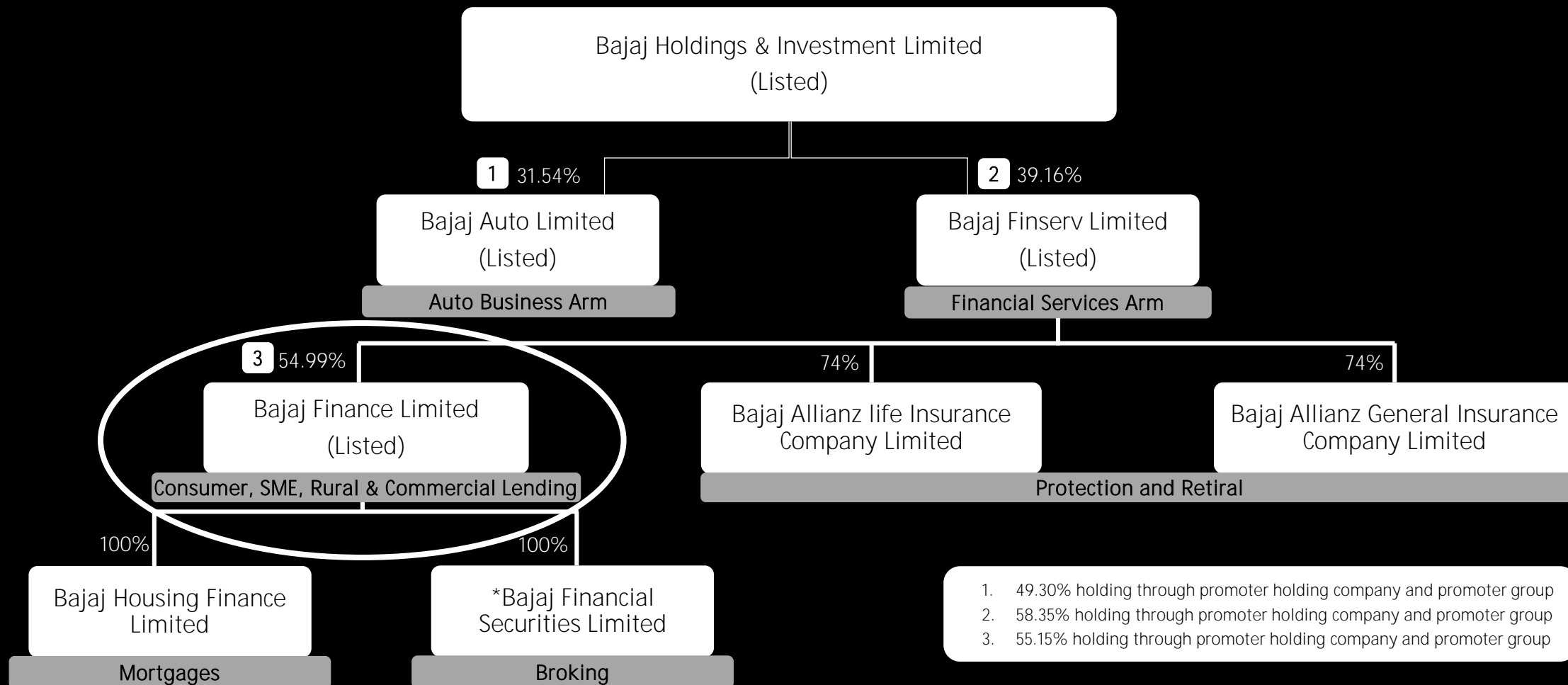
Q2 FY19 Investor Presentation

23 October 2018

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Section 01 – Bajaj Finance Limited overview

Bajaj group structure



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

Above shareholding is as of 30 September 2018

*On 10th August 2018, Bajaj Finance Ltd has acquired 100% shares of Bajaj Financial Securities Limited (BFinsec) from its wholly owned subsidiary Bajaj Housing Finance Limited.



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
- 862 urban locations and 751 rural locations with over 75,000+ distribution points
- Large customer franchise of 30.05 MM
- 5.26 MM new loans booked in Q2 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 30.05 MM and Cross sell client base of 17.82 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 39% : 7% : 13% : 12% : 29%
Consolidated borrowing Mix for Banks : Money Markets : Deposits stood at 34% : 52% : 14%

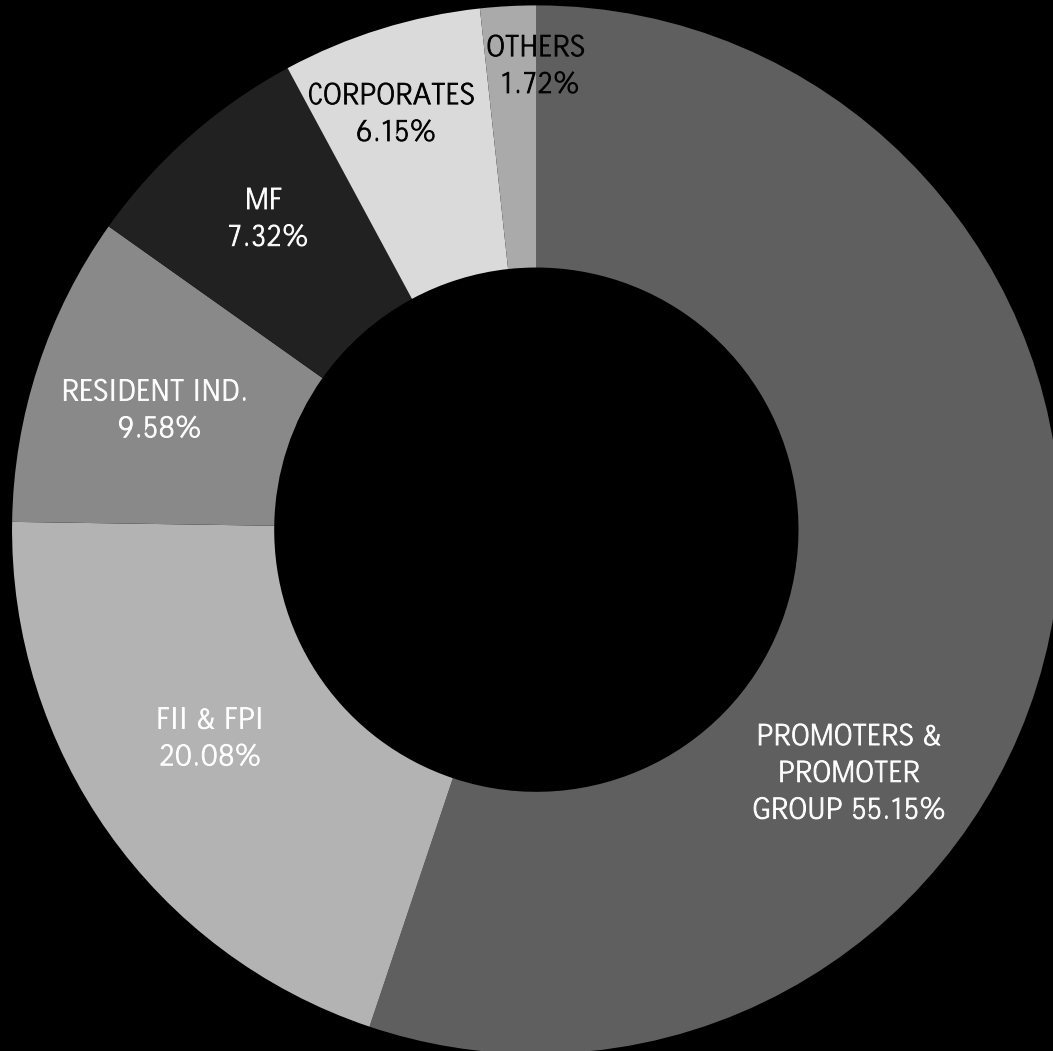
Highly agile & innovative

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 Sep'18	As on 30 Jun'18	As on 30 Sep'17
1	BAJAJ FINSERV LTD	54.99%	54.99%	55.13%
2	GOVERNMENT OF SINGAPORE	3.62%	3.54%	3.99%
3	MAHARASHTRA SCOOTERS	3.28%	3.28%	3.29%
4	STEADVIEW CAPITAL MAURITIUS LTD.	1.17%	0.96%	0.44%
5	NEW HORIZON OPPORTUNITIES MASTER FUND	0.80%	0.80%	0.84%
6	SMALLCAP WORLD FUND INC	0.73%	0.91%	1.06%
7	AXIS LONG TERM EQUITY FUND	0.68%	0.66%	0.69%
8	NEW WORLD FUND INC.	0.56%	0.56%	0.61%
9	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.47%	0.48%	0.50%
10	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.44%	0.42%	0.36%
11	UTI EQUITY FUND	0.44%	0.45%	-
12	SBI LIFE INSURANCE CO. LTD.	0.40%	0.36%	0.24%
13	MOTILAL OSWAL FOCUSED MULTICAP 35 FUND	0.40%	0.50%	0.47%
14	NOMURA INDIA INVESTMENT FUND MOTHER FUND	0.38%	0.56%	0.37%
15	SBI ETF NIFTY 50	0.37%	0.35%	-
16	SBI EQUITY HYBRID FUND	0.36%	0.34%	-
17	ISHARES INDIA INDEX MAURITIUS COMPANY	0.31%	0.32%	0.34%
18	KOTAK STANDARD MULTICAP FUND	0.30%	0.30%	0.28%
19	ST JAMES'S PLACE EMERGING MARKETS EQUITY UNIT TRUST MANAGED BY WASATCH ADVISORS	0.29%	0.31%	0.27%
20	HDFC STANDARD LIFE INSURANCE COMPANY LTD	0.28%	0.28%	0.20%

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%	0.38%		
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

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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(1) Also available through digital channels

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, Rural, SME, Commercial and Mortgages lending• Strong focus on deposits acceptance and fee product distribution• Focused on mass affluent client with a strategy to cross sell• Present across 862 urban locations and 751 rural locations covering 1,613 locations in India with over 75,000+ distribution points• Large customer franchise of 30.05 MM with loans cross sell franchise of 17.82 MM• Consolidated AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 39% : 7% : 13% : 12% : 29% as of 30 Sep 2018• The company has ₹ 1,00,217 crore of consolidated assets under management as of 30 September 2018 and it delivered a post tax profit of ₹ 923 crore in Q2 FY19• Amongst the largest new loan acquirers in India (5.26 MM in Q2 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 ₹ 81,844 crore with a mix of 34 : 52 : 14 between banks, money markets and deposits as of 30 September 2018
Credit Quality	<ul style="list-style-type: none">• Consolidated Gross NPA and Net NPA as of 30 September 2018, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, stood at 1.49% and 0.53% respectively• Provisioning coverage ratio stood at 65% as of 30 September 2018• Standard assets provisioning as at 30 September 2019 was 86 bps as per ECL (stage 1 & 2) provisioning in Ind AS versus 40 bps as per RBI prudential norms

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- 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 43% : 8% : 15% : 13% : 21% as of 30 Sep 2018
 - The company has ₹ 89,876 crore of standalone assets under management as of 30 September 2018 and it delivered a post tax profit of ₹ 920 crore for Q2 FY19
 - Capital adequacy ratio (including Tier II capital) stood at 22.13%. The Tier I capital stood at 17.17%
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- Consumer business**
- Present in 862 locations with 63,000+ active distribution point of sale
 - **Two wheeler financing business contributed to 32% of Bajaj Auto's domestic two wheeler sales in Q2 FY19, disbursed 224K accounts. Three wheeler financing business contributed to 31% of Bajaj Auto's three wheeler sales, disbursed 34K accounts.**
 - Largest consumer electronics, digital products & lifestyle products lender in India
 - Amongst the largest personal loan lenders in India
-
- Payments**
- EMI Card franchise crossed 15.4 MM cards (cards in force - CIF)
 - Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 6.63 Lacs as of 30 September 2018
 - Bajaj Finserv Mobikwik app has 3.3 MM active wallet users as at 30 September 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 751 towns and villages with retail presence across 11,000+ 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 ₹ 73,822 crore with a mix of 34 : 51 : 15 between banks, money markets and deposits as of 30 September 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 30 September 2018 stood at 1.67% and 0.60% respectively• Provisioning coverage ratio stood at 65% as of 30 September 2018• Standard assets provisioning was 86 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

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 and & 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 ₹ 10,712 crore of assets under management as of 30 September 2018 and it delivered a post tax profit of ₹ 9 crore for Q2 FY19
- Capital adequacy ratio of BHFL (including Tier II capital) stood at 30.75%

Home Loans

- Offers home loan with an average ticket size of approximately 36 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 45 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 30 September 2018 stood at 0.02% 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 ₹ 8,022 crore with a mix of 40 : 60 between banks and money markets as of 30 September 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

Section 02 – Ind AS financial performance – Q2 FY19

Consolidated key performance highlights for Q2 FY19

- Customer franchise as of 30 September 2018 \uparrow 31% to 30.05 MM from 22.99 MM as of 30 September 2017. During the quarter, the company acquired 1.77 MM new customers
- New loans booked during Q2 FY19 \uparrow 63% to 5.26 MM from 3.23 MM in Q2 FY18
- AUM as of 30 September 2018 crossed a milestone of 1,00,000 crore and was \uparrow 38% to ₹ 1,00,217 crore from ₹ 72,669 crore as of 30 September 2017
- Total income for Q2 FY19 \uparrow 40% to ₹ 4,296 crore from ₹ 3,066 crore in Q2 FY18
- Loan losses and provisions for Q2 FY19 were ₹ 315 crore as against ₹ 221 crore in Q2 FY18
- Profit after tax for Q2 FY19 \uparrow 54% to ₹ 923 crore from ₹ 598 crore in Q2 FY18
- Return on Assets and Return on Equity, non annualized, for Q2 FY19 were 1.0% and 5.4% 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 September 2018 stood at 1.49% and 0.53% respectively. The provisioning coverage ratio was 65%
- Standard assets provisioning was 86 bps as per ECL (stage 1 & 2) provisioning in Ind AS versus 40 bps as per RBI prudential norms
- Deposit book crossed a milestone of 10,000 crore and was \uparrow 93% to ₹ 10,651 crore as of 30 September 2018 from ₹ 5,517 crore as of 30 September 2017. Deposits contributed to 14% of the consolidated borrowings

Financial Statement Summary – Consolidated (Ind AS)

₹ in crore

Financials snapshot	Q2 FY19	Q2 FY18	YoY	H1 FY19	H1 FY18	YoY	FY18
Assets under management	1,00,217	72,669	38%	1,00,217	72,669	38%	84,135
Total Interest & fee income	4,296	3,066	40%	8,238	5,900	40%	12,772
Interest expenses	1,567	1,141	37%	2,931	2,214	32%	4,622
Net Interest Income (NII)	2,729	1,925	42%	5,307	3,686	44%	8,150
Operating Expenses	979	781	25%	1,934	1,524	27%	3,272
Loan Losses & Provision	315	221	43%	641	526	22%	1,035
Profit before tax	1,435	923	55%	2,732	1,636	67%	3,843
Income Tax	512	325	58%	973	577	69%	1,347
Profit after tax	923	598	54%	1,759	1,059	68%	2,496
Ratios	Q2 FY19	Q2 FY18		H1'19	H1'18		FY18
Total Opex to NII	35.9%	40.6%		36.4%	41.3%		40.1%
Total Opex to Total Income	22.8%	25.5%		23.5%	25.8%		25.6%
Loan loss to AUM*	0.31%	0.30%		0.64%	0.72%		1.23%
Earning per share - Basic (₹) *	16.0	10.8		30.6	19.2		44.4
Return on Average AUM*	1.0%	0.9%		2.0%	1.7%		3.6%
Return on Average Equity *	5.4%	5.0%		10.6%	9.0%		20.2%

* Not annualized

Reconciliation of consolidated profit with previous GAAP

₹ in crore

Particulars	Q2 FY19	Q2 FY18	YoY	H1 FY19	H1 FY18	YoY	FY18
Profit before tax as per previous GAAP @	1,572	858	83%	3,134	1,784	76%	4,096
<u>Ind AS adjustments increasing / (decreasing) profit :</u>							
Adoption of Effective Interest Rate (EIR) for financial assets recognised at amortised cost	(115)	70		(335)	(116)		(197)
Adoption of Effective Interest Rate (EIR) for financial liabilities recognised at amortised cost	9	4		16	8		13
Expected Credit Loss	(17)	-		(54)	(13)		9
Fair value of stock options as per Ind AS 102	(22)	(12)		(39)	(21)		(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	-	3		2	(6)		(41)
Recognition of Servicing Asset on assignment transactions	8	-		8	-		-
Net profit before tax as per Ind AS	1,435	923	55%	2,732	1,636	67%	3,843
Tax expense (including current tax and deferred tax)	(512)	(325)		(973)	(577)		(1,347)
Net profit after tax as per Ind AS	923	598	54%	1,759	1,059	66%	2,496
Net profit after tax as per previous GAAP @	1,022	559	83%	2,041	1,161	76%	2,674

@ Amounts as per previous GAAP for Q2 & H1 FY19 are based on management estimates and are not reviewed by auditors.

Section 03 – Non financial commentary

- On 10 August 2018, the Company has acquired 100% shares of Bajaj Financial Securities Limited (BFinsec) from its wholly owned subsidiary Bajaj **Housing Finance Limited. The acquisition is intended to support the Company's existing Loan Against Securities (LAS) business** where the Company currently avails the services of external depository participants (DP) and stock brokers
- 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 Q2 FY19
- The Company continued to expand its presence in the current quarter as well and is now present in 1,613 locations. It expects geographic expansion to continue at 15%-20% annualized growth rate
- Opex **to NII came in very strong 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. Liquidity and interest rates have hardened over last 90 days. BFL 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 Q2 FY19. With strong portfolio quality, the company is well placed to grow its business rapidly
- Credit card business in partnership with RBL Bank is over 21 months old and has shaped up well on volume growth, spends and revolve metrics and portfolio credit quality. The business has 6.63 lacs cards in force as of 30 September 2018 and is well positioned to cross 1.0 MM CIF milestone by March / April 2019 demonstrating our franchise strength and cross sell capabilities

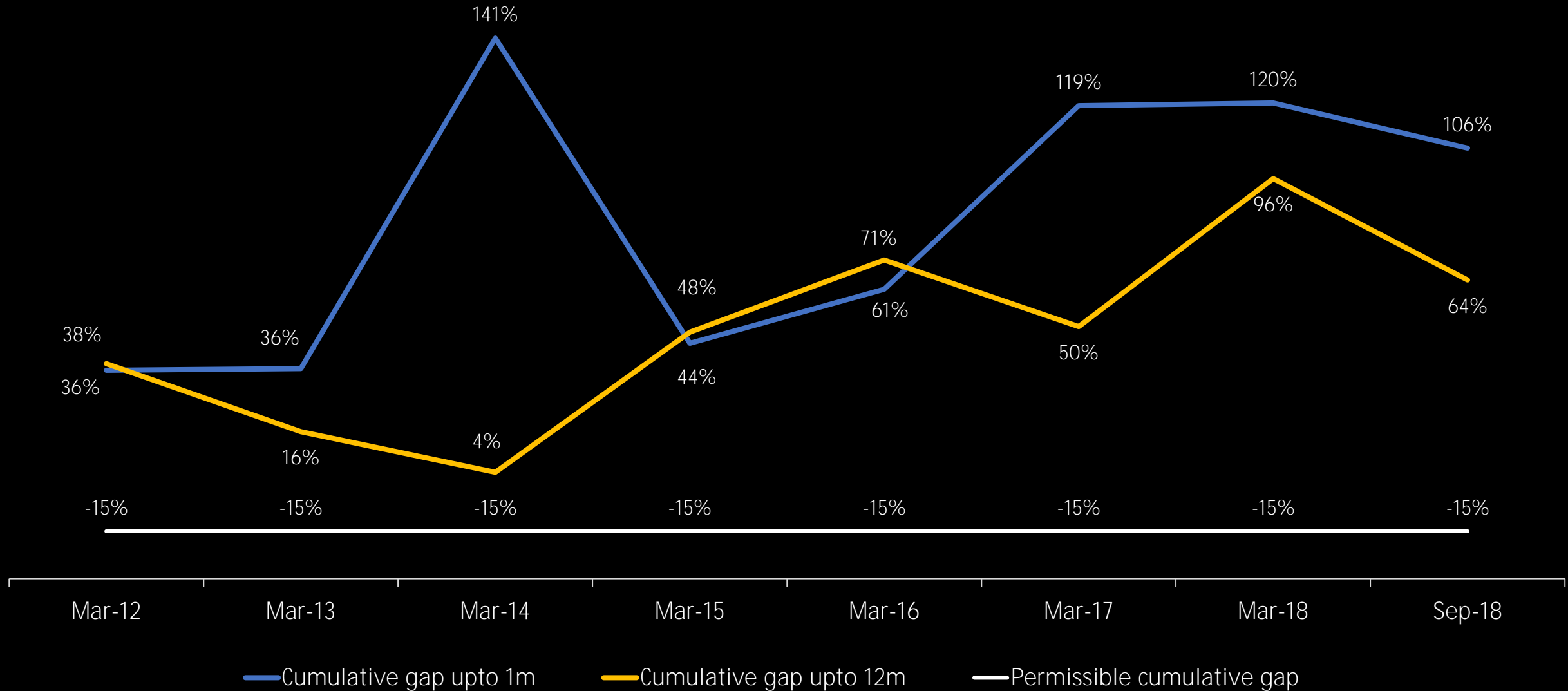
Section 04 – Asset liability management

Behaviouralized ALM snapshot as on 30th September 2018

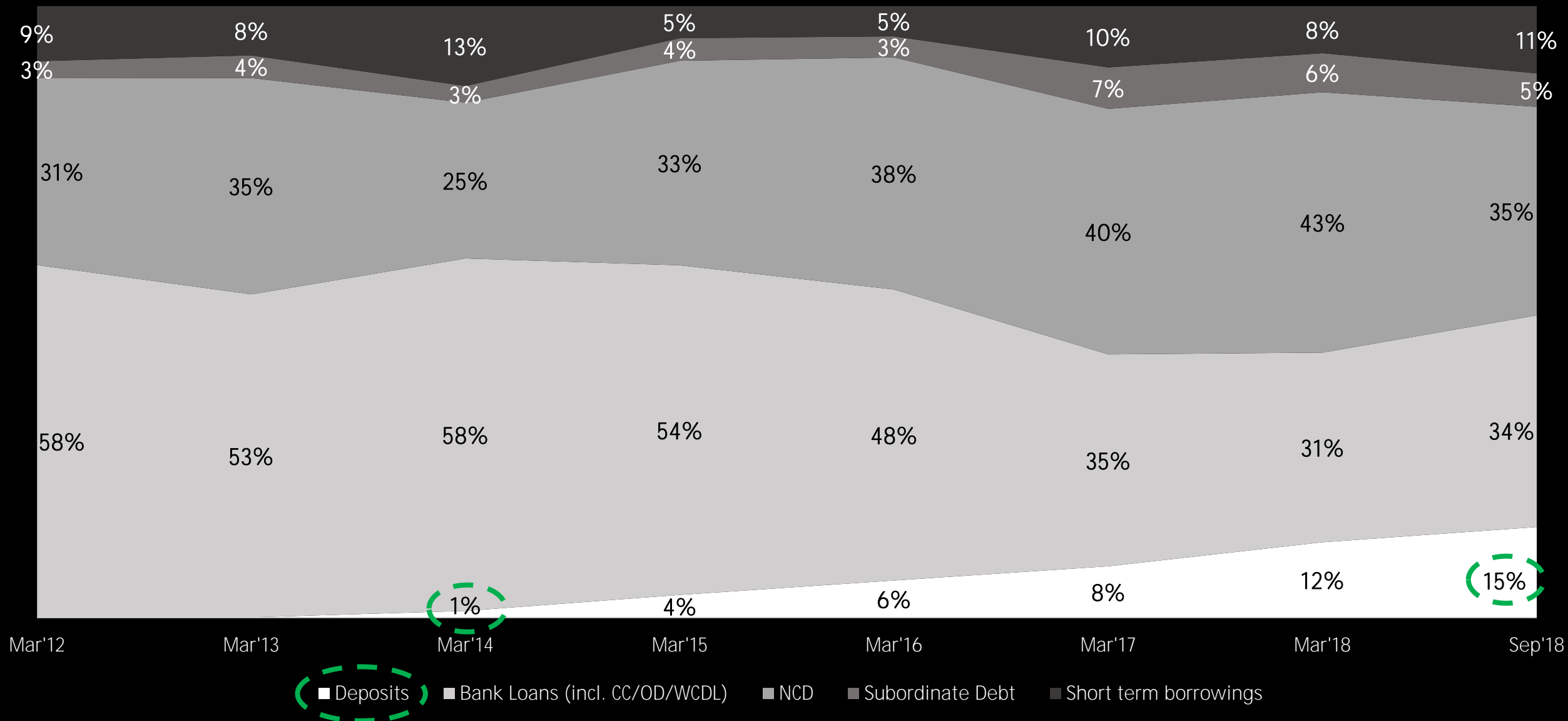
Particulars	1 m	>1 to 2 m	>2 to 3 m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash & Investments	3,967	1	1	196	238	264	61	2,773	7,503
Advances	7,586	5,169	5,126	11,793	16,850	27,939	7,731	5,136	87,328
Trade Receivable & Others	2,035	51	9	538	201	1,830	57	1,023	5,744
Total Inflows (A)	13,588	5,221	5,136	12,527	17,289	30,033	7,848	8,932	1,00,575
Cumulative Total Inflows (B)	13,588	18,809	23,945	36,472	53,762	83,795	91,643	1,00,575	
Borrowings repayment	2,047	3,046	4,728	4,264	12,621	30,071	9,719	7,526	74,023
Capital Reserves and Surplus	0	0	0	0	0	0	0	18,311	18,311
Other Outflows	4,339	158	254	584	450	917	38	1,502	8,241
Total Outflows (C)	6,386	3,204	4,982	4,849	13,071	30,988	9,757	27,339	1,00,575
Cumulative Total Outflows (D)	6,386	9,590	14,572	19,420	32,491	63,479	73,236	1,00,575	
E. GAP (A - C)	7,202	2,017	154	7,678	4,218	(955)	(1,909)	(18,407)	
F. Cumulative GAP (B-D)	7,202	9,219	9,373	17,052	21,270	20,315	18,407	0	
Cumulative GAP as % (F/D)	113%	96%	64%	88%	65%	32%	25%	0%	
Permissible cumulative GAP %	-15%				-15%				
Additional borrowings possible	9,600				30,755				

* As per previous GAAP

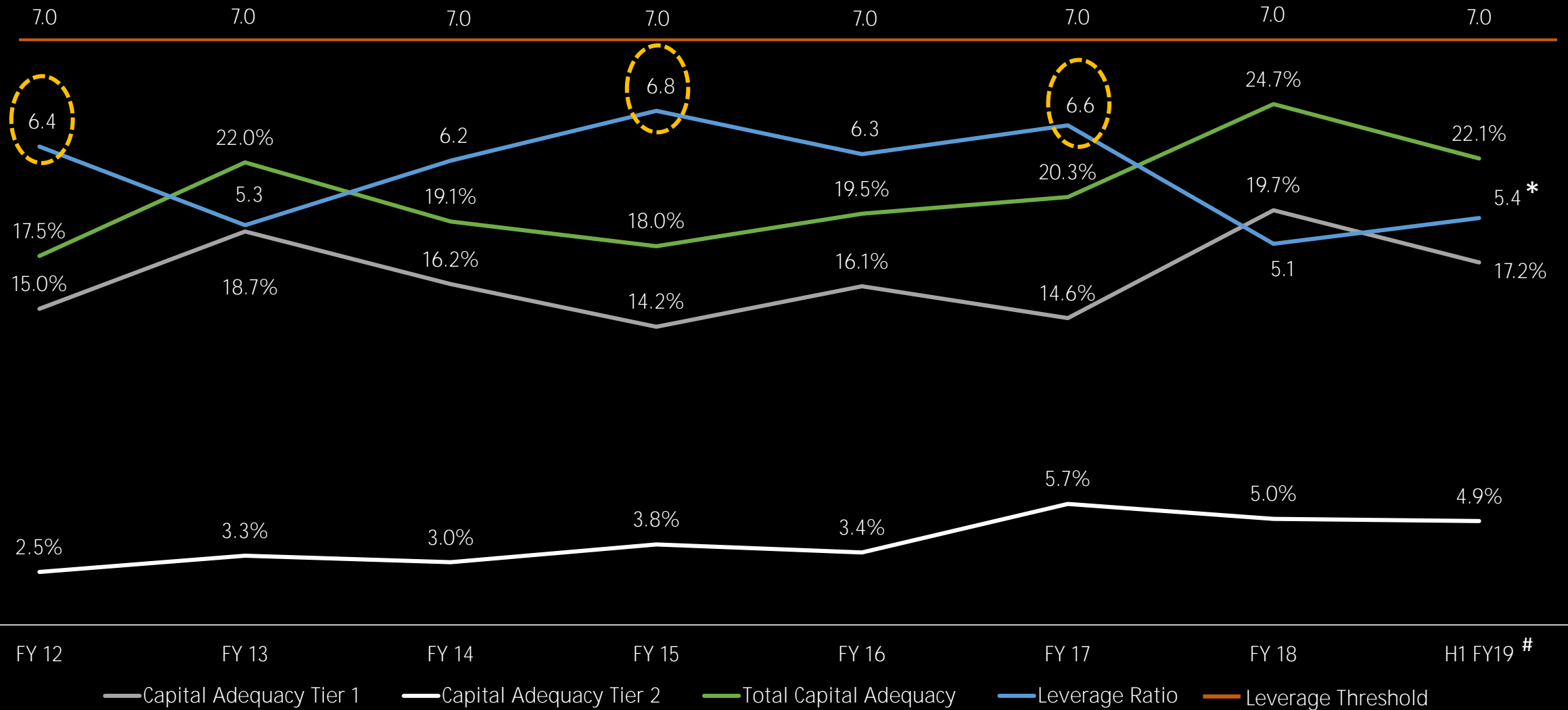
Disciplined ALM Management over the last 8 years



Liability mix over the last 8 years..



Conservative leverage standards



* Consolidated leverage is approximately 5.9 X
 # H1 FY19 numbers

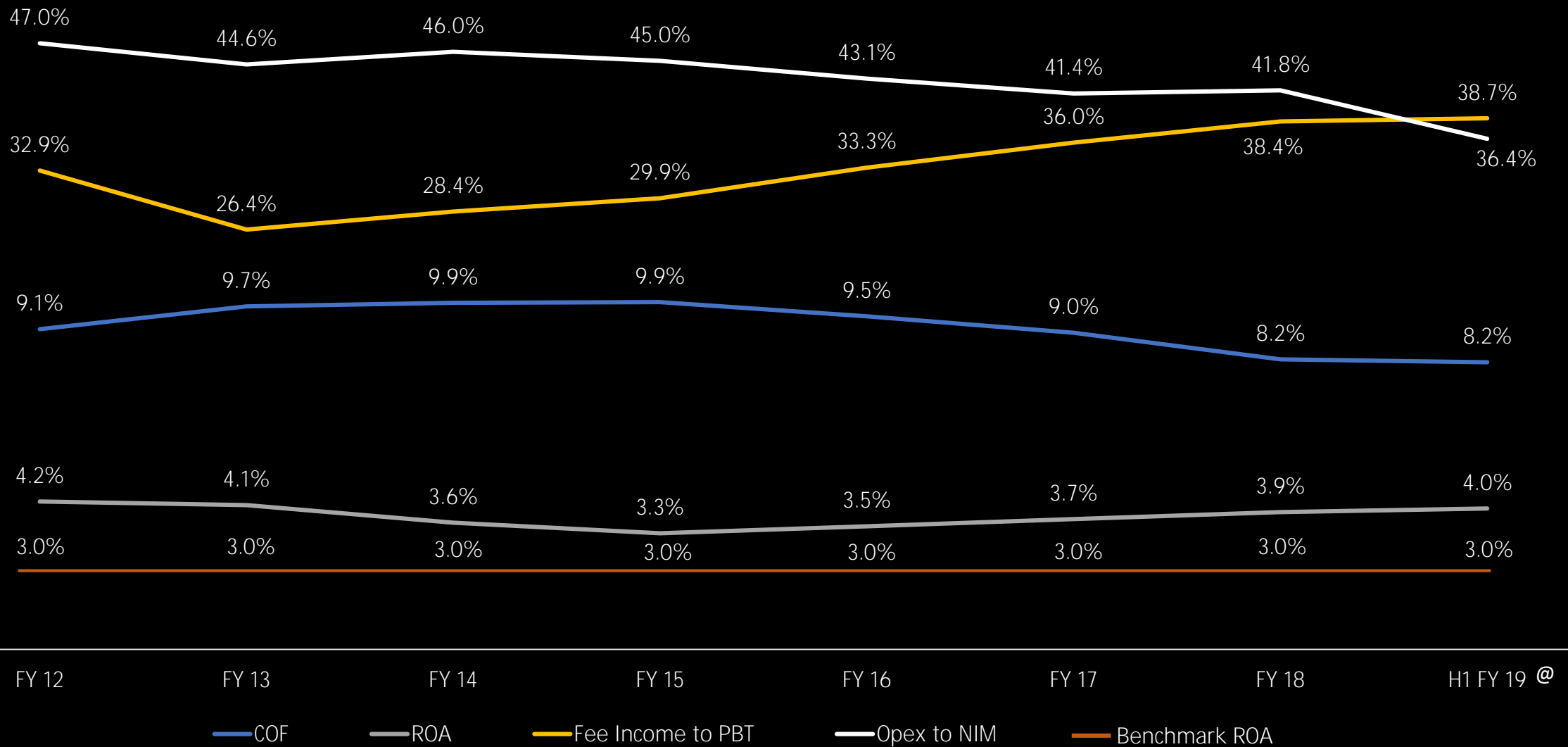
denotes point when the Company initiated its capital raising plan

Key takeaways on liquidity

- Company is very well covered on ALM across all maturities.
- Company has a natural hedge of ALM due to its diversified product portfolio where the tenors range from 1 month (Purchase Order and Retailer finance) to 3 months (EMI spends financing) to 8 months (B2B) to 12 months (loan against securities) to 24 / 36 months (2 wheeler, Personal loans, unsecured SME) to 60 months (Commercial Lending) and to 180-240 months (Mortgages).
- Liquidity crisis of August / September 2013 demonstrated the strategic importance of liquidity buffer and diversified liability profile. Since then BFL has been, in general, maintaining 4-6% of its borrowings in liquid mutual funds and G-**Sec based on its ALCO's assessment**.
- In the last 5 years, BFL has invested and built a retail and corporate deposits business. Retail and corporate deposits now contribute to 15% of the standalone borrowings of BFL and 13% of consolidated borrowings. Company is well on course to grow this to 23-25% by 2020.
- Capital adequacy ratio, as of 30th September 2018 was 22.13% against regulatory norms of 15%. Tier I capital was 17.17% as against regulatory requirement of 10%. Company has always maintained its Tier I Capital above 14%
- Leverage ratio (Assets / Equity) has been consciously maintained below 7 times. BFL has always considered Tier II borrowings as a source of structural liquidity to strengthen its ALM
- Subsidiarization of Housing Finance business has increased access of funding on consolidated basis from money markets and banks
- Company continues to get access to funding from money markets, banks, retail and corporate depositors. In the first 3 weeks of Q3, BFL and BHFL have collectively raised over ₹5,395 Cr in money markets and ₹2,900 Cr from banks
- The overall liquidity outlook remains comfortable and BFL remains open for business across all its lines of businesses
- Given the natural hedge of the portfolio, focus on granularization of borrowing mix, strong credit performance, we do not foresee borrowings to **constrain the medium term outlook for Company's growth**

Section 05 – Resilience to manage higher interest rate cycles

Resilient business model



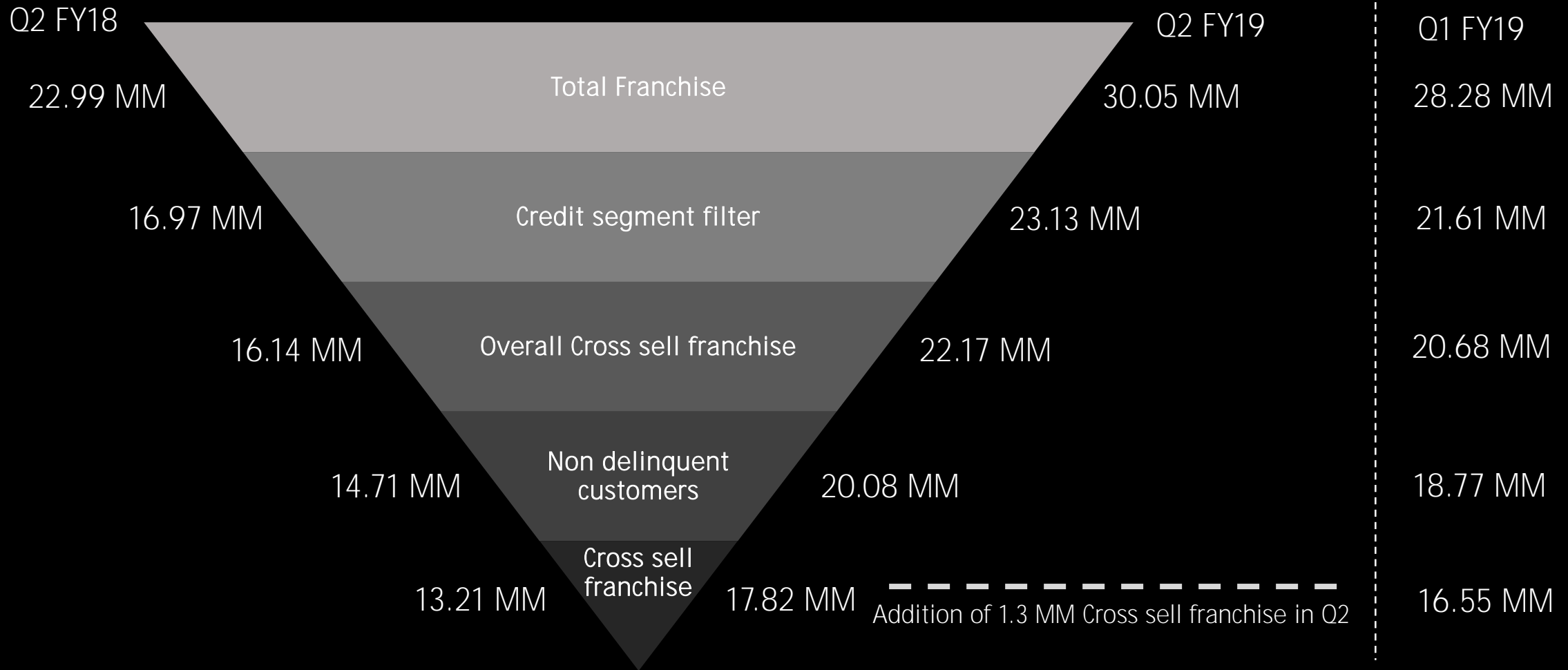
* Fee Income includes Service and Admin charges, Penal Income, Foreclosure Income and Misc charges and receipts.
 @ H1 FY19 numbers are as per Ind AS.

Key takeaways on Resilience of business model

- Operating leverage has improved every year over the last 8 years despite continued investment in new product launches, distribution, geo expansion and technology. Opex to NII has gone down from 44.6% in FY13 to 36.5% in H1 FY19
- Focus on fee revenue driven by new product introductions like Flexi, EMI card, credit card, efficient penal collection, insurance distribution, financial counselling has improved resilience of business model. Fees as a % of PBT has moved from 26.4% in FY13 to 38.7% in H1 FY19
- Company has built its model to sustain a high interest rate regime. As against 8.2% average cost of fund in FY18 and H1 FY19, the **company's COF** between FY12 to FY17 remained between 9.0% to 9.9% and despite that it has been able to sustainably deliver ROA of 3.3% to 4.0%
- **Given BFL's focus on longer tenor liability profile, we foresee it's cost of funds to remain below 9.0% for next 4-5 quarters**
- The company has implemented gradual price increase of 10-15 bps on existing portfolio and 20-50 bps for new acquisitions in the last 45 days

Section 06 – 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	30 Sep 2018
Urban	161	262	377	730	862
Rural	232	397	538	602	751
Of which Rural Lending branches	50	105	177	219	308
Of which Rural Lending franchisees	182	292	361	383	443
Total Bajaj Finance presence	393	659	915	1,332	1,613

Active distribution – point of sale	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018	30 Sept 2018
Consumer durable stores – Urban	7,000+	9,400+	14,000+	15,500+	17,400+
Consumer durable stores – Rural	1,500+	3,200+	5,500+	8,200+	11,000+
Digital product stores	2,650+	5,200+	5,900+	15,900+	19,800+
Lifestyle retail stores	1,150+	3,200+	3,900+	6,000+	6,500+
EMI card – retail spends stores	-	-	5,600+	12,100+	15,000+
Bajaj Auto dealers, sub-dealerships and ASSC	3,000+	3,000+	3,200+	3,900+	4,300+
Rural Authorized Sales & Services Centres	-	-	-	380+	430+
Direct Sales Agents	700+	800+	1,500+	2,100+	2,500+
Overall active distribution network	16,000+	24,800+	39,600+	64,300+	76,900+

Section 07 – Business segment wise AUM

Business segment wise AUM as of 30 September 2018

₹ crore

Assets Under Management	Consolidated as of 30 Sept 2017	Standalone as of 30 Sep 2018	BHFL as of 30 Sep 2018	Consolidated as of 30 Sept 2018	Growth	Composition
Consumer B2B -Auto Finance Business	5,398	7,676	-	7,676	42%	8%
Consumer B2B - Sales Finance Businesses	9,583	12,437	-	12,437	30%	12%
Consumer B2C Businesses	12,973	18,684	-	18,684	44%	19%
Rural Business	4,343	7,439	-	7,439	71%	7%
SME Business	10,052	13,370	-	13,370	33%	13%
Securities Lending Business	5,606	6,472	-	6,472	15%	6%
Commercial Lending Business	2,919	5,288	-	5,288	81%	5%
Mortgages	21,795	18,510	10,712	28,851	32%	29%
Total	72,669	89,876	10,712	1,00,217	38%	100%

Mortgages and Commercial business AUM breakup

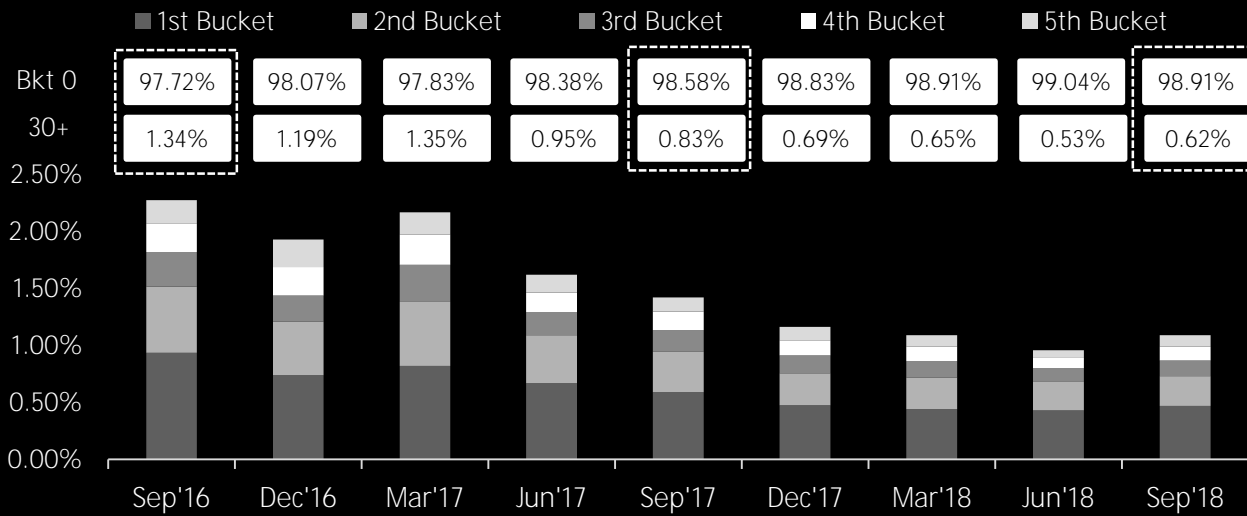
Mortgages Assets Under Management break up	30 Sep 2017	30 Sep 2018	Growth	Composition (% of Consolidated AUM)
Home Loan	10,043	14,685	46%	15%
Loan Against Property	8,936	9,469	6%	10%
Lease Rental Discounting	1,957	3,355	71%	3%
Developer Finance	859	1,342	56%	1%
Total	21,795	28,851	32%	29%

Commercial Business Assets Under Management break up	30 Sep 2017	30 Sep 2018	Growth	Composition (% of Consolidated AUM)
Auto Component Manufacturer Finance	1,949	3,170	63%	3.2%
Financial Institutions Group Lending	563	1,096	95%	1.1%
Light Engineering Finance	311	664	114%	0.7%
Corporate Finance	9	237	-	0.2%
WRF and Residual Infra portfolio	87	121	39%	0.1%
Total	2,919	5,288	81%	5.3%

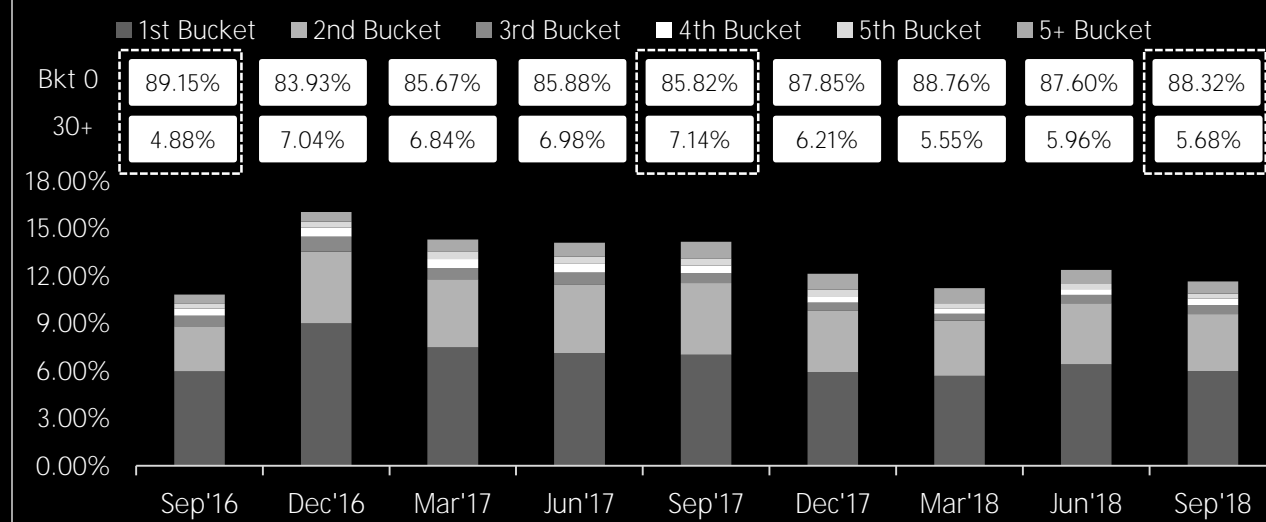
Section 08 – Update on credit quality

Credit quality – Portfolio composition

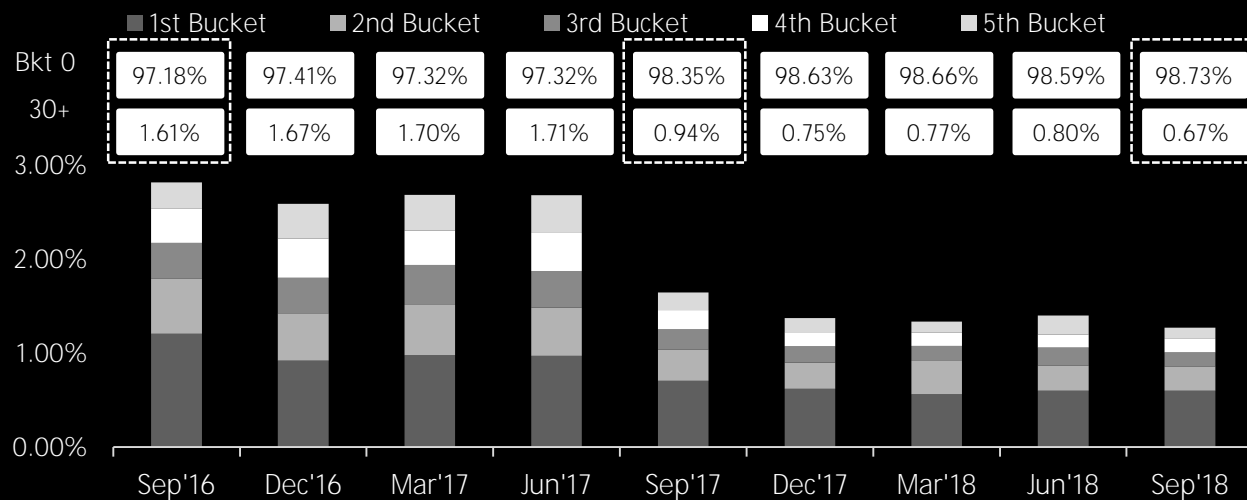
CD loan portfolio



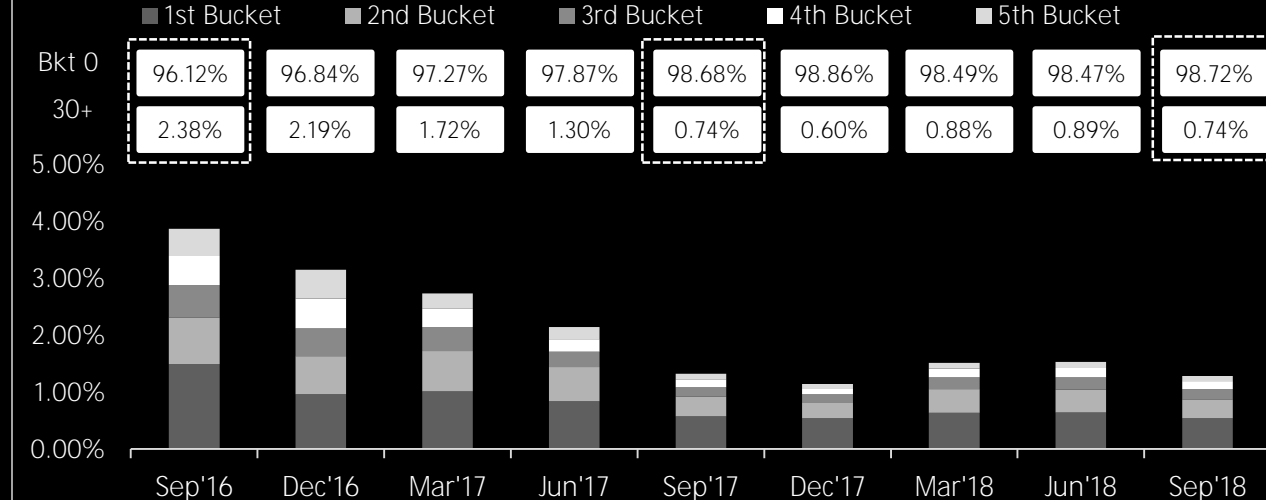
Two & Three wheeler loan portfolio



Lifestyle finance loan portfolio

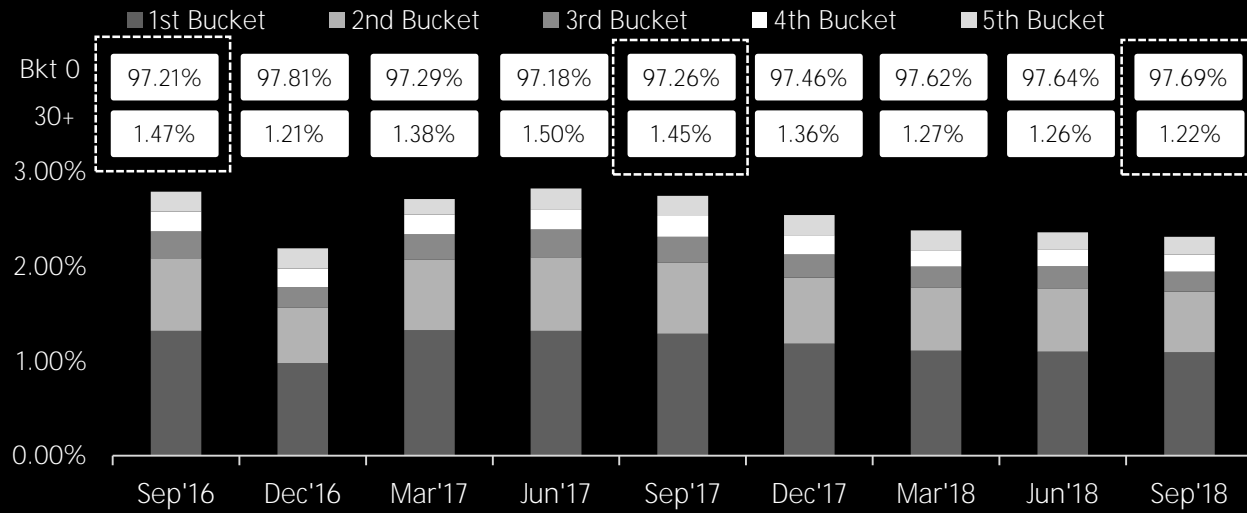


Digital product finance loan portfolio

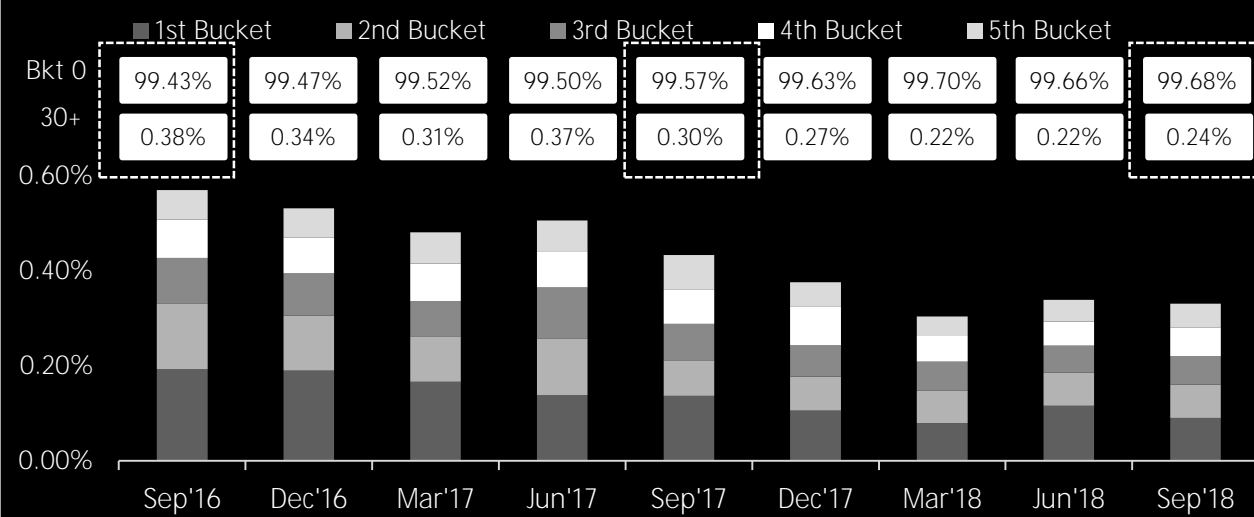


Portfolio Credit quality – Including BHFL

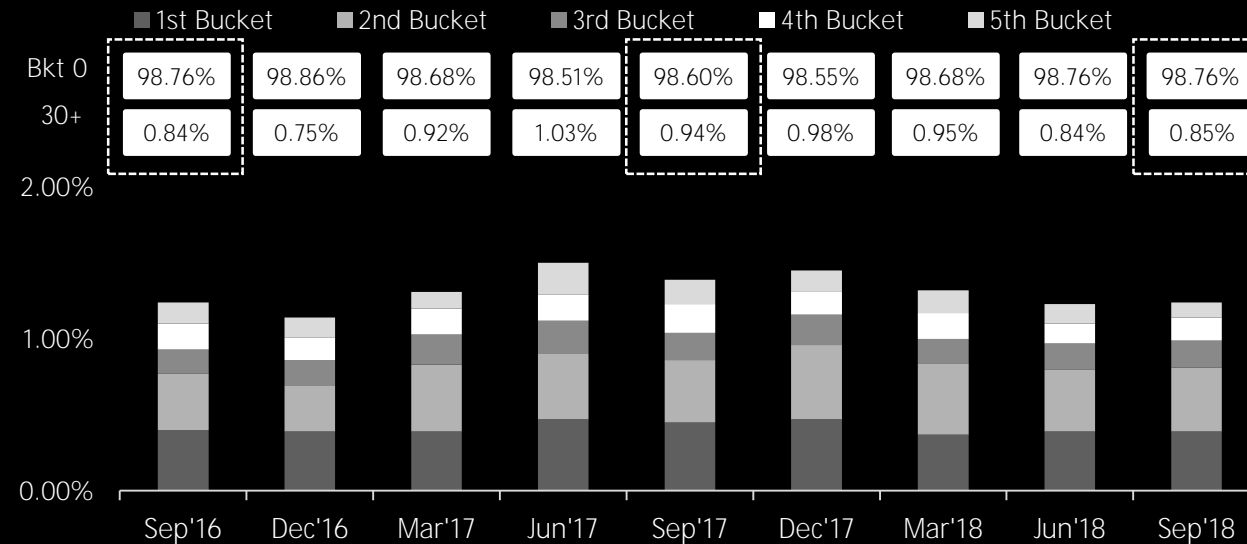
Personal Loans Cross Sell portfolio



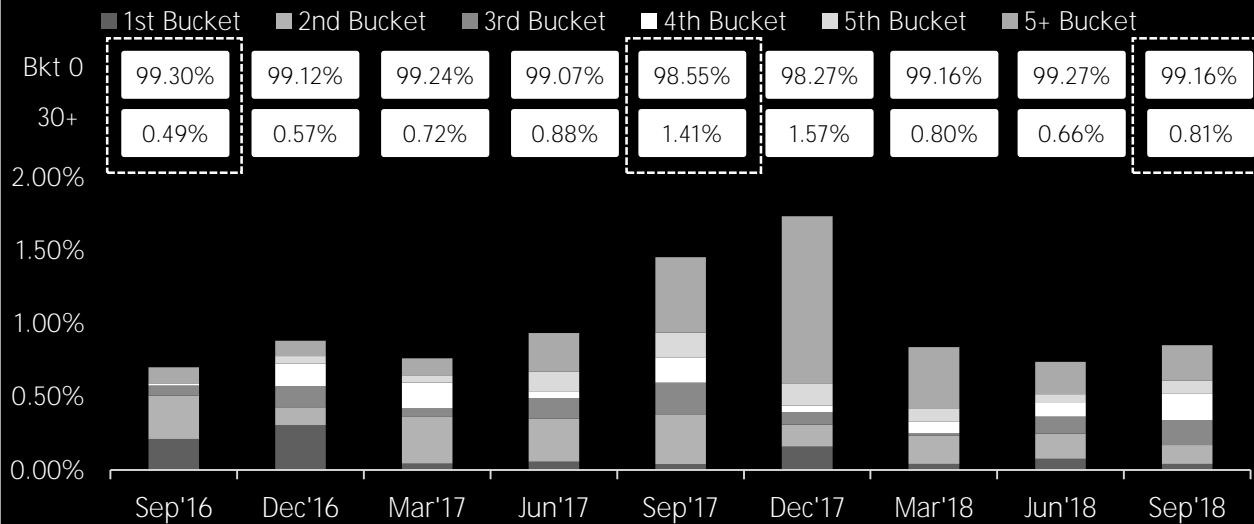
Salaried Personal Loans portfolio



Business Loans portfolio *



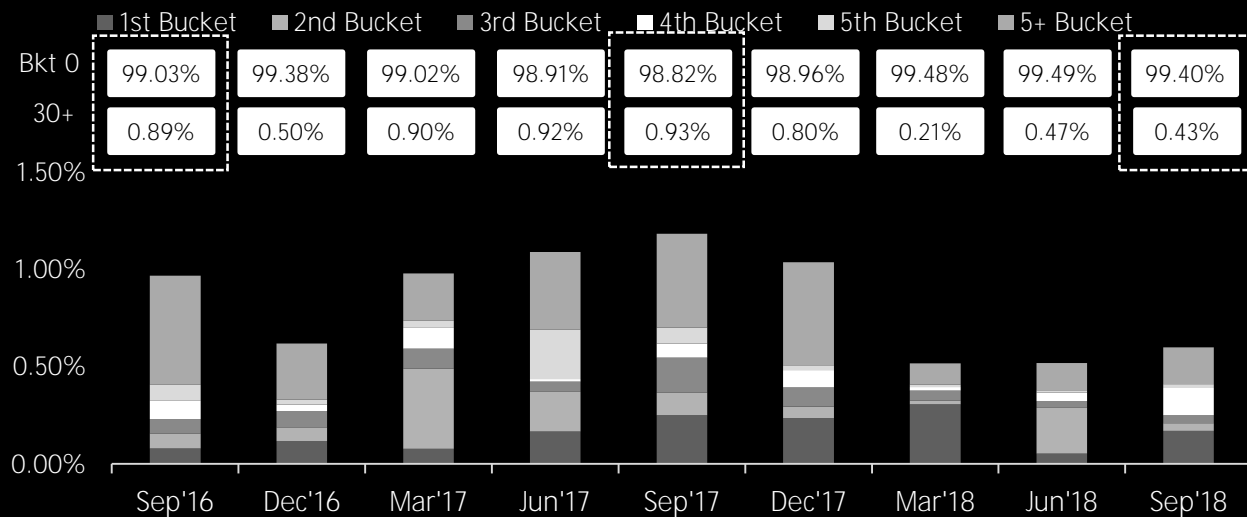
Loan Against Property portfolio



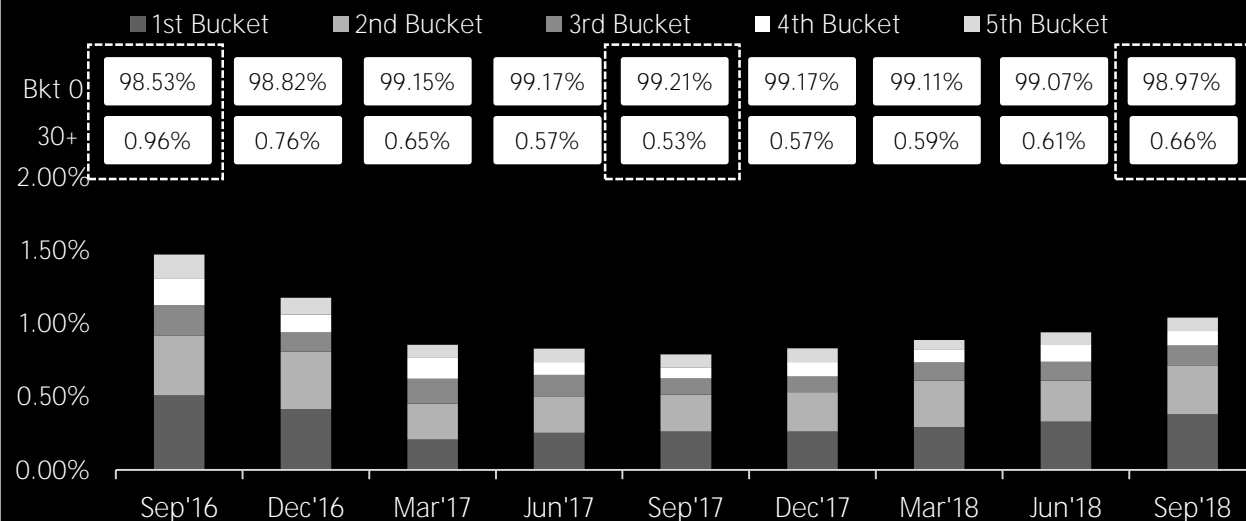
* Number restated as Business Loans to professionals added

Portfolio Credit quality – Including BHFL

Home Loans portfolio



Rural Lending portfolio



Credit Quality – Provisioning Coverage

Assets Under Management	Consolidated AUM 30 Sep 18	GNPA	NNPA	PCR (%)	30 Sep 17 GNPA* (%)	30 Sep 18 GNPA (%)	30 Sep 17 NNPA* (%)	30 Sep 18 NNPA (%)
Consumer B2B -Auto Finance Business	7,676	457	172	63%	6.50%	5.76%	2.73%	2.24%
Consumer B2B - Sales Finance Businesses	12,437	147	40	73%	1.22%	1.08%	0.16%	0.30%
Consumer B2C Businesses	18,684	320	87	73%	1.69%	1.66%	0.18%	0.46%
Rural Business	7,439	94	48	49%	0.78%	1.26%	0.17%	0.64%
SME Business	13,370	256	60	77%	1.92%	1.88%	0.25%	0.44%
Securities Lending Business	6,472	-	-	-	-	-	-	-
Commercial Lending Business	5,288	-	-	-	-	-	-	-
Mortgages	28,851	197	115	42%	1.29%	0.79%	0.74%	0.46%
Total	1,00,217	1,471	522	65%	1.68%	1.49% ↓	0.51%	0.53% ↑

* As per previous GAAP

NPA movement - Consolidated

(Values in ₹ Cr)

Particulars	Sep'17	Dec'17	Mar'18	Jun'18*	Sep'18*
Assets Under Management ('000 Cr)	72,139	77,970	84,033	93,314	1,00,217
Opening GNPA (A)	1,136	1,187	1,254	1,164	1,280
Roll Forward into NPA (i)	300	348	298	378	480
Restructuring (ii)	17	3	4	1	3
Total Slippages (B = i + ii)	317	351	302	379	483
Roll back to standard (iii)	96	96	140	117	141
Realisation on sale of NPA receivables (iv)	-	17	64	-	-
Write offs (v)	170	171	188	146	150
Total recoveries and write-offs (C = iii + iv + v)	266	284	392	263	291
Net addition to Gross NPA	51	67	(90)	116	191
Gross NPA (A+B-C)	1,187	1,254	1,164	1,280	1,471
GNPA %	1.68%	1.67%	1.48%	1.39%	1.49%
NNPA %*	0.51%	0.53%	0.38%	0.44%	0.53%
PCR %	70%	68%	75%	69%	65%

*June'18 & Sep'18 NNPA % is as per Ind AS

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BAJAJ FINANCE LIMITED

Q2 FY19 Investor Presentation

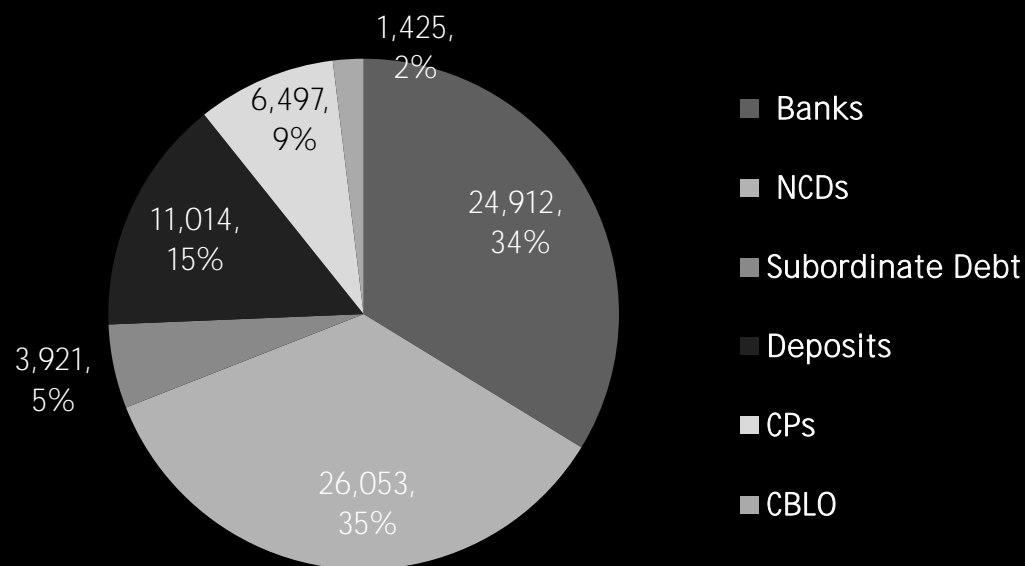
Thank You

Annexures

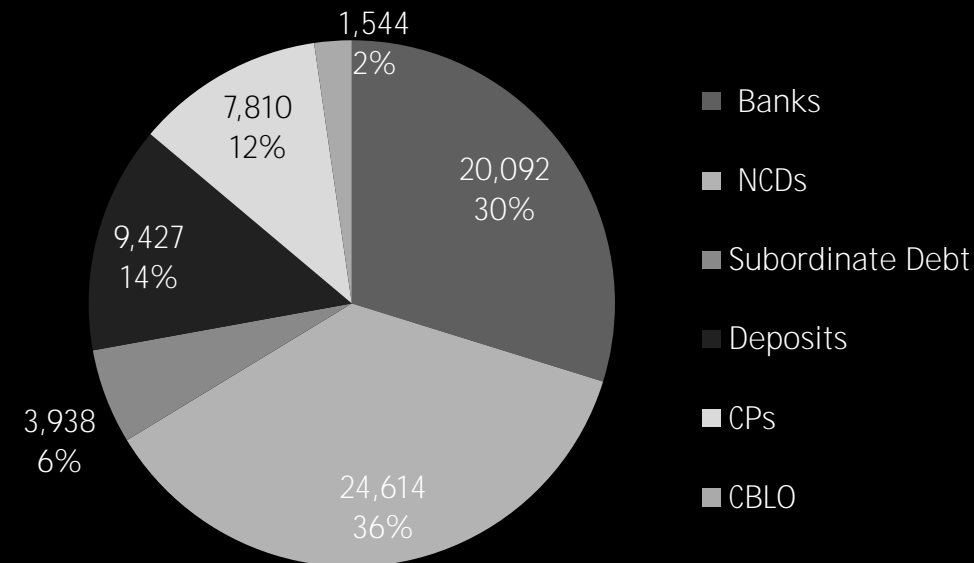
2W	Two Wheeler	IRR	Internal Rate of Return
3W	Three Wheeler	LAP	Loan Against Property
ACMF	Auto Components Manufacturer Financing	LAS	Loan Against Securities
ALM	Asset & Liability Management	MF	Mutual Fund
AR	Assets Receivable	MM	Million
ARU	Activation, Retention & Usage	MSME	Micro, Small & Medium Enterprise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

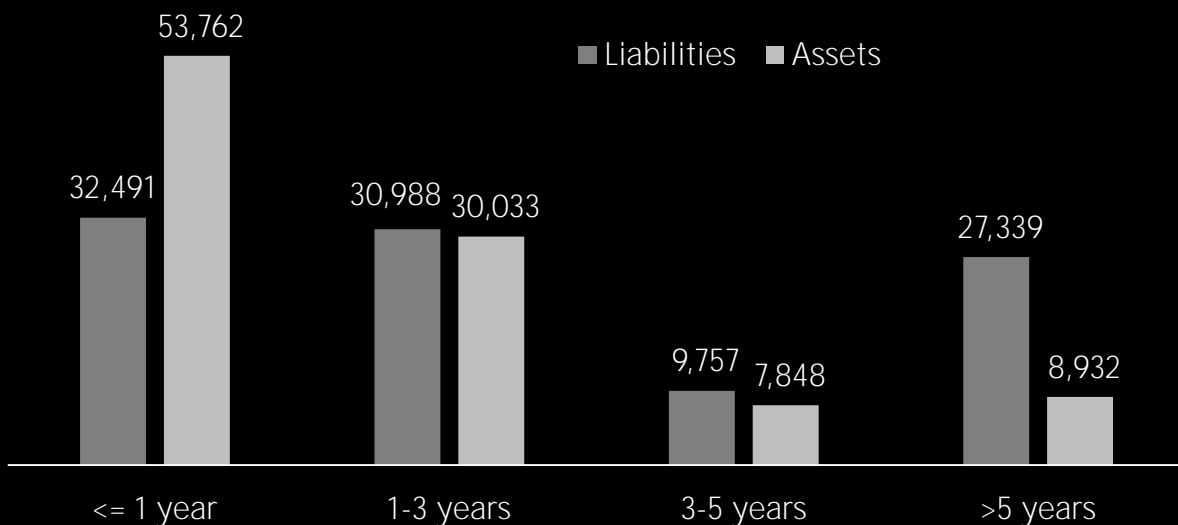
Borrowings – Sept '18 (₹ 73,822 Crs)



Borrowings – Jun '18 (₹ 67,425 Crs)



Behaviouralised ALM (₹ Crs) – Sept'18



Behaviouralised ALM (₹ Crs) – Jun'18

