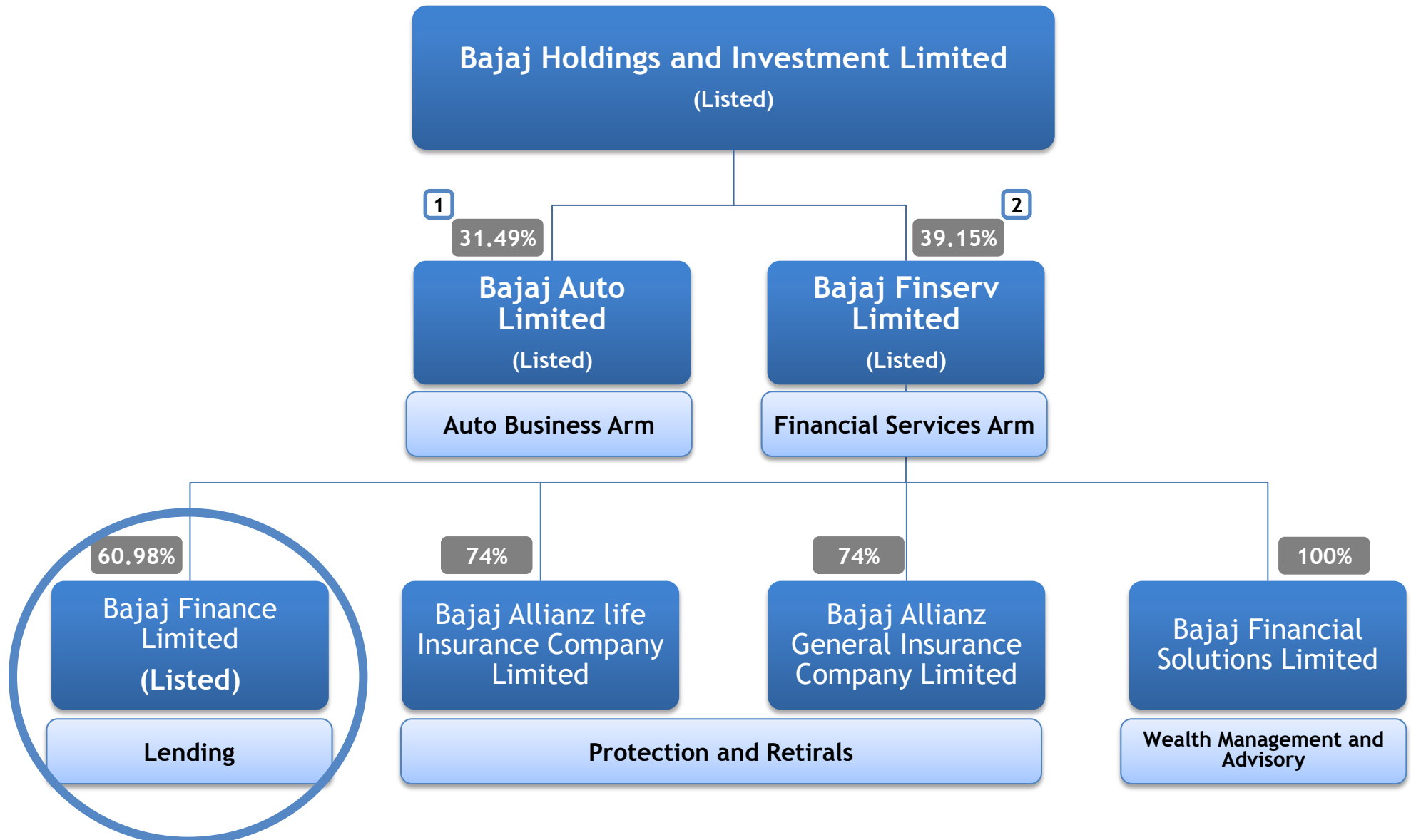




Bajaj Finance Limited Q1'13 presentation

17th July 2012

Bajaj Group structure



1. 50.02% holding through promoter holding company & promoter group
2. 58.88% holding through promoter holding company & promoter group



- A 25 year old non bank finance company
- Diversified consumer, SME & commercial lender in India.
- Credit rating of AA+ with (+) outlook by CRISIL & ICRA for over 6 years.
- 82 cities presence with over 4,200 distribution franchise.
- Large customer franchise with 22.2 lac clients acquired in FY12.



Bajaj Finserv is the financial services arm of the Bajaj group with business interest in "Lending", "Protection", and "Wealth management" through its various subsidiaries



- 2nd largest policy acquirer amongst private insurers. 10.5 lac policies in FY12
- 4th largest private sector life insurer in India on new business & gross premium.
- 2nd highest AUM amongst private players. AUM of ₹ 39K crores as of FY12
- 2nd largest profitable life insurer in private sector in FY12.
- 1,044 Branches with over 173K agents.



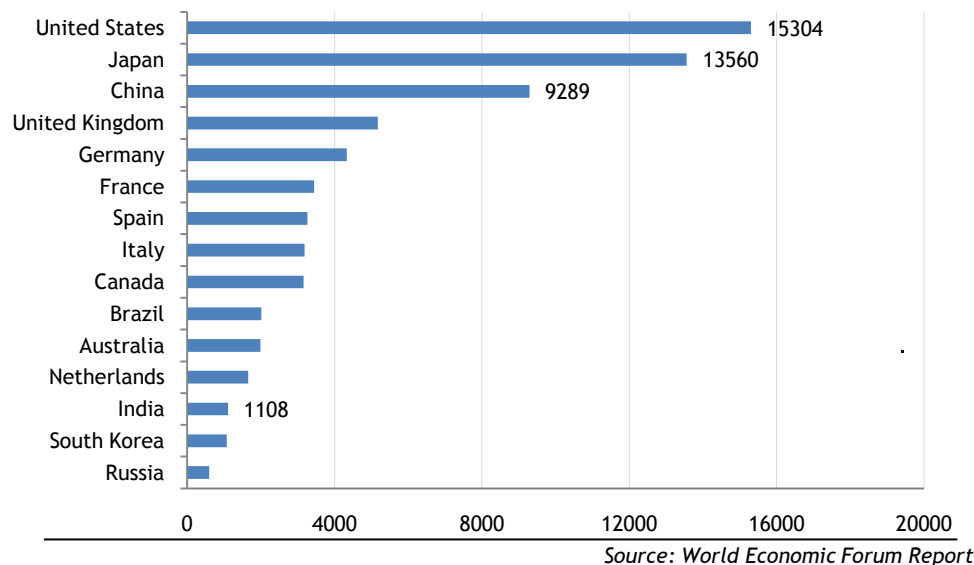
- 2nd largest private General insurer in India.
- Offer wide range of General insurance viz. Motor, Health & Corporate in India.
- Profitable non-life insurer since its first full year of operation.
- Best combined ratio in the industry.
- Strong franchise built on fast & efficient customer service.



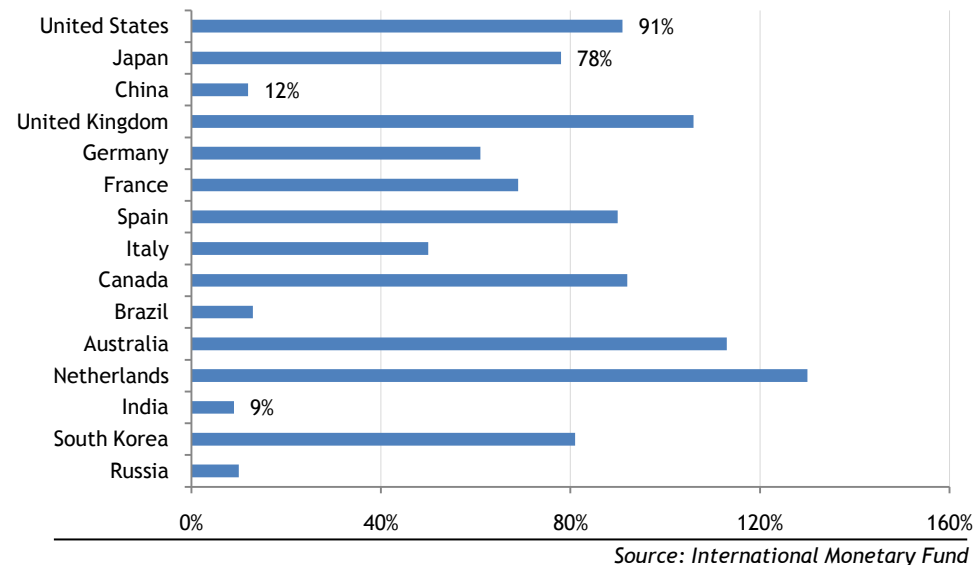
- A new business diversification for BFS.
- Launched retail financial advisory business in 04 cities in FY11.
- Retail financial advisory business intends to build on a key client need gap of providing financial planning to retail clients in a profitable way.
- Received SEBI approval to launch mutual fund business. Proposed JV with Allianz.

Lending Industry - Opportunity

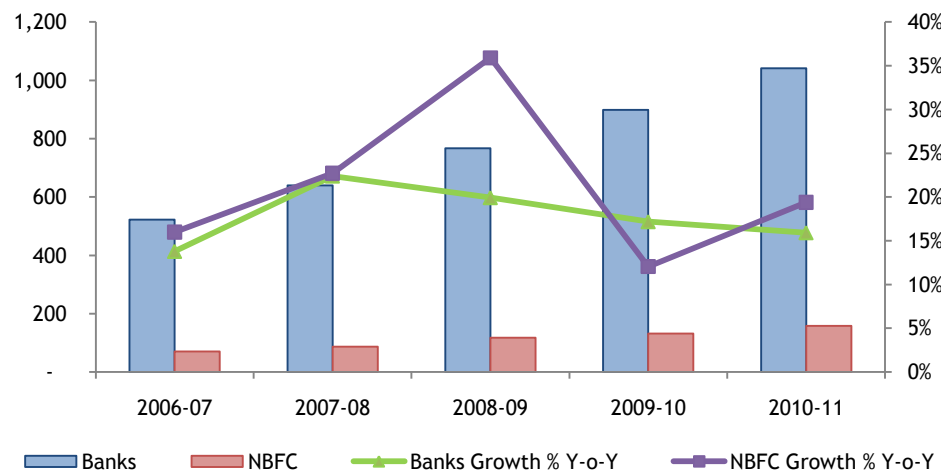
India vs. Advanced Economies - Banking Assets (US\$ Bn)



India vs. Advanced Economies - Consumer Debt/GDP (%)

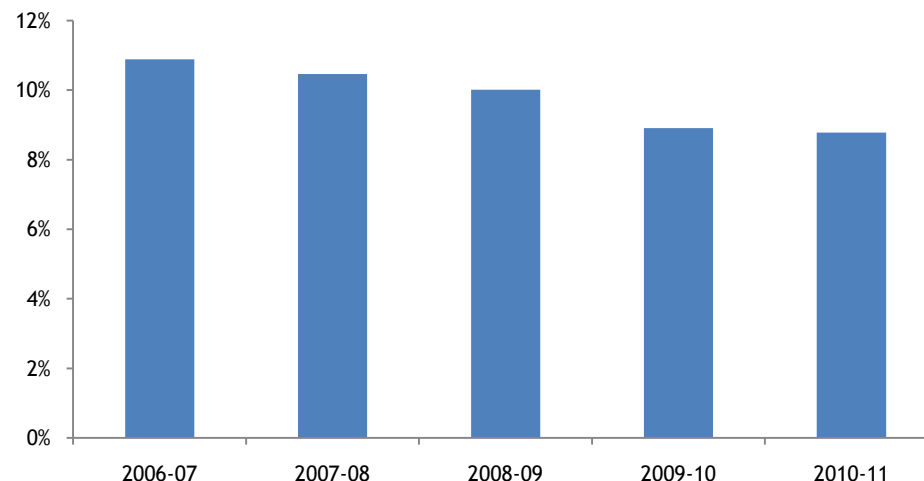


India - Banks & NBFC Assets (US\$ Bn)



Source: Reserve Bank of India

India - Consumer Debt/GDP (%)



Source: Reserve Bank of India

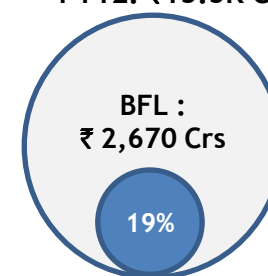
- A 25 year old non bank with a demonstrated track record of profitability.
- Focused on Consumer, SME and Commercial lines of businesses spread across nine product lines.
- Strategic business unit organization design supported by horizontal common utility support functions to drive domain expertise, scalability and operating leverage.
- Strategy is to focus on cross sell, customer experience and product & process innovations to create a differentiated & profitable business model.
- As at the end of Q1 FY13, the company has ₹14,485 crores of Asset under management with a net NPA of 0.10% and a capital adequacy of 16.8%. The company in Q1 FY13 has delivered a post tax profit of ₹ 139 crores at a ROE of 6.6%, not annualised.

Consumer lines of businesses :

- Largest Two wheeler lender in India focused on semi-urban & rural markets. We contribute 24% of Bajaj Auto's domestic sales. (chart depicts finance market size and our market share)
- Largest Consumer electronics lender in India. Focused on affluent consumers. LCD industry market share at 20% and LED industry market share at 30% of units sold in India. (chart depicts market size and our market share)
- Amongst a few non banks with an active co-branded Credit Card.
- Amongst the largest new client acquirers in India (7.52 lacs in Q1 FY13).

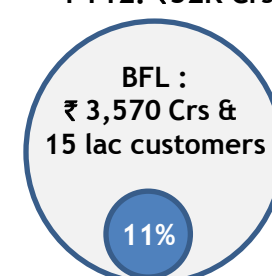
Two wheeler Finance *

FY12: ₹13.5K Crs



Consumer electronics Finance *

FY12: ₹32K Crs



SME lines of business :

- Focused on high net worth SMEs with an average annual sales of ₹25 crores with established financials & demonstrated borrowing track records.
- Offer a range of working capital and growth capital products. 85% of the business is secured by mortgages and marketable securities.

Small Business Loans *

FY12 : ₹13K Crs



Loans Against Property *

FY12 : ₹ 20K Crs



Commercial lines of business:

- Focused on high growth infrastructure sector in India with a mix of Asset backed financing and Corporate financing solutions.
- Offer wholesale lending products covering short, medium and long term needs of Top 50 vendors of Bajaj Auto Limited.

Asset liability management:

- Strategy is to borrow wholesale and lend retail. Current mix of bank & debt markets is at 58:42.

Credit Quality :

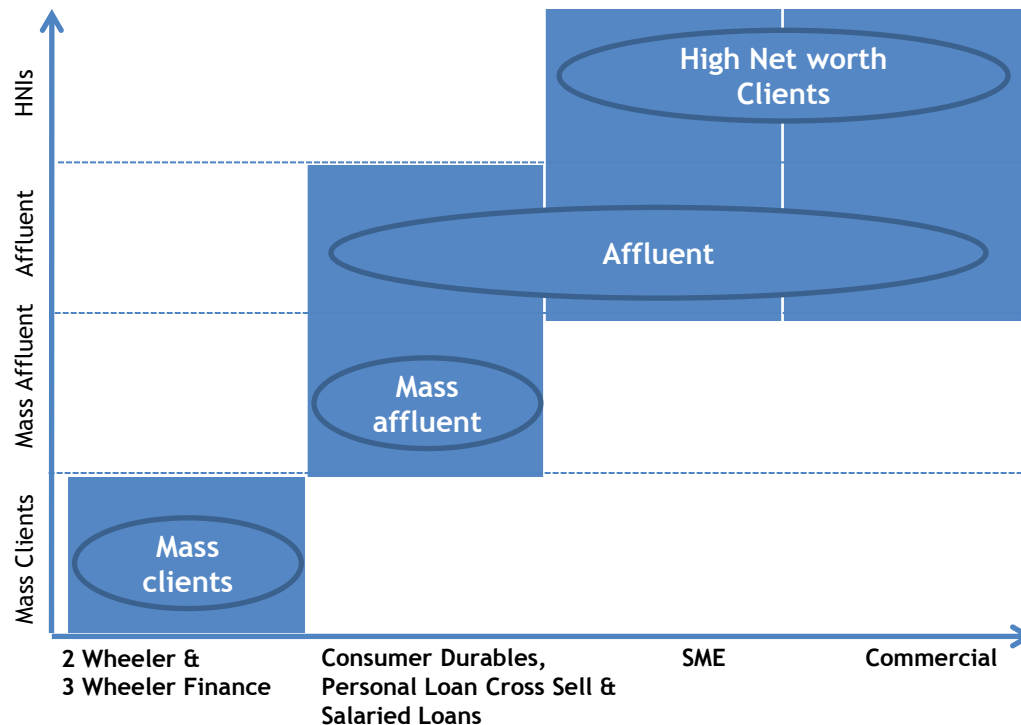
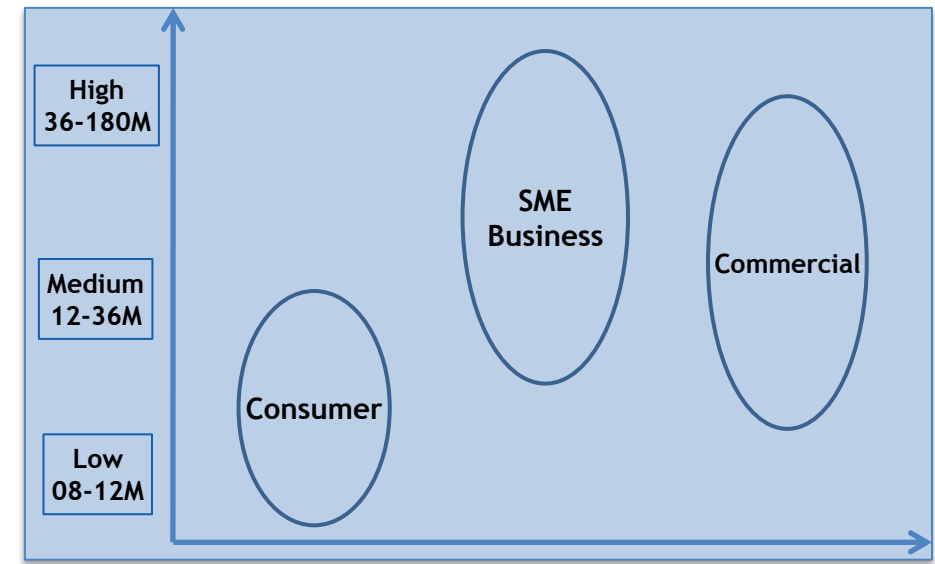
- Net NPA of 0.10% is amongst the lowest in banking & non banking space. Gross NPA is 1.1%.

Credit Rating :

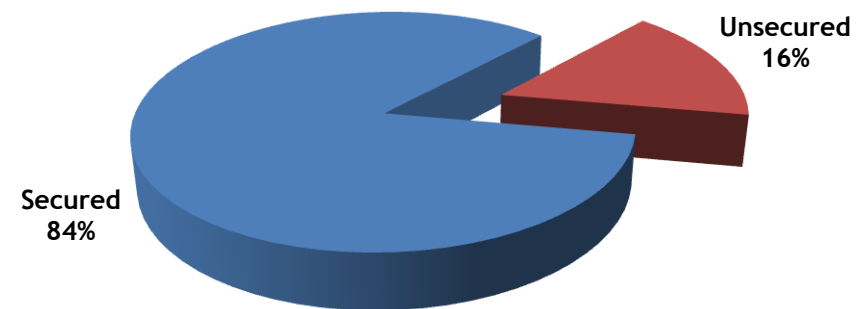
- Consistently holding AA+/stable and LAA+ stable rating from CRISIL & ICRA over last 6 years, with a positive outlook.

Products and Key characteristics

Product	Consumer	SME	Commercial
	Consumer Durable Financing	Mortgage - LAP & HL	Construction Equipment Finance
	2 Wheeler & 3 Wheeler Finance	Loan Against Securities	Infrastructure Finance
	Personal Loan Cross sell & Salaried Loans	Small Business Loans	Secured Auto vendor Finance
Cross sell - Life/General Insurance, Extended Warranty & Credit Card			

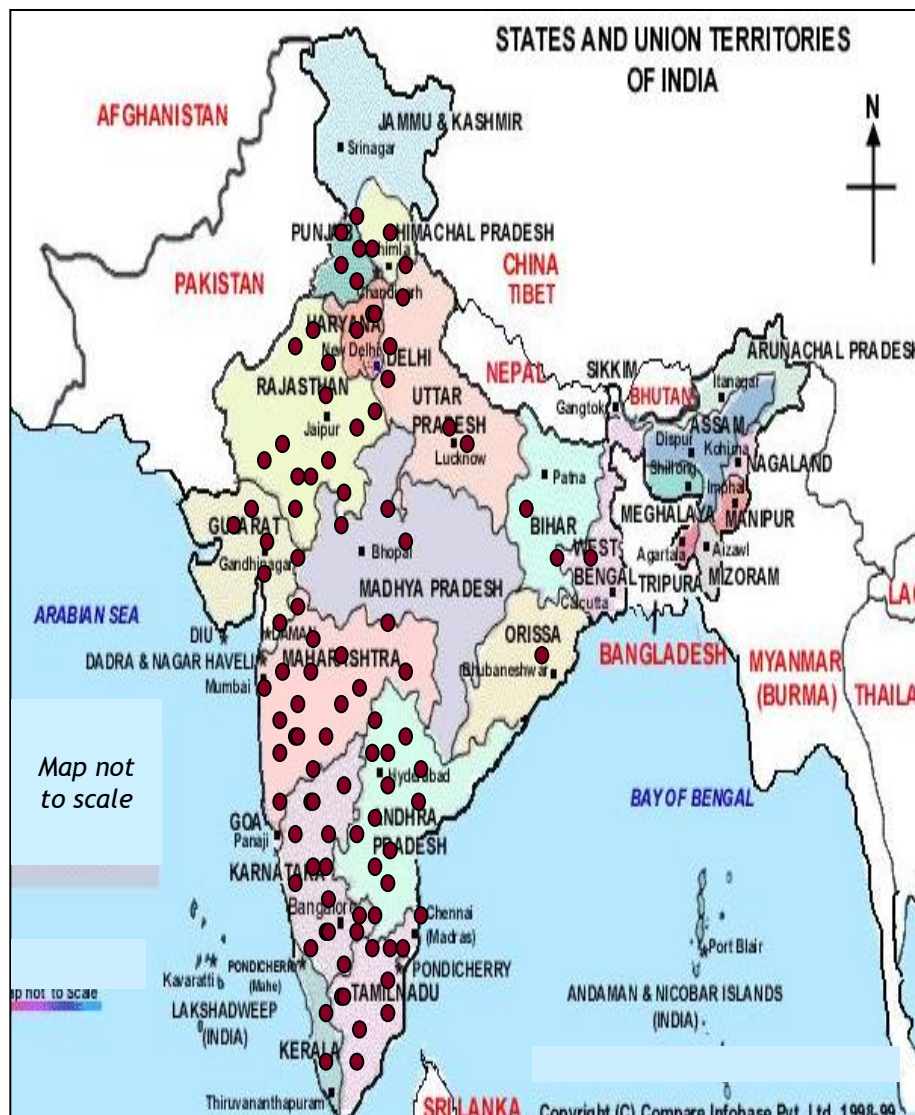


Portfolio composition - Q1 FY13



Segment	Mar'11	Jun'11	Sep'11	Dec'11	Mar'12	Jun'12
Consumer Finance	44%	42%	41%	40%	38%	39%
SME Business	44%	44%	45%	43%	43%	45%
Commercial	12%	14%	14%	17%	19%	16%

Strong distribution reach



Geographic presence

Business Line	FY09	FY10	FY11	FY12	FY13*
Sales Finance	87	79	79	82	82
2W - Hubs	55	54	54	54	54
2W - Spokes	200	150	150	150	150
Small Businesses	15	15	23	31	31

Distribution

Business Line	FY09	FY10	FY11	FY12	FY13*
Sales Finance - Dealer	4,500+	2,000+	2,500+	2,800+	2800+
2W- Dealer/ASCs	1,400+	1,275+	1,400+	1,400+	1400+
Small Businesses - Partner	175+	225+	250+	250+	250+
Small Businesses - Support	175+	225+	275+	275+	275+

of New loans disbursed ('000s)

Business Line	FY09	FY10	FY11	FY12	FY13*
Sales Finance	352	515	1,038	1,551	581
2W	219	378	522	654	167
Small Businesses	3.5	5	9	16	5
Total	574	897	1,560	2,221	752

Assets under management (₹ Crores)

	FY09	FY10	FY11	FY12	FY13*
AUM	2,539	4,032	7,571	13,107	14,485

* as at / Year to date for the quarter ending

Deep distribution, sizeable acquisition engine and growing balance sheet

- **Strong start to FY13** aided by strong volume momentum and strong credit performance across Consumer and SME product lines.
- **Consumer businesses continued to outperform** due to high replacement demand for ACs, benign competitive environment and growing need of finance to stimulate sales. Given the high entry barriers to the business, the management continues to remain confident about its consumer business. The company estimates its market share at 12.5% in Q1 against 11% in FY12. **Two Wheeler** business maintained its market share at ~24% of Bajaj Auto's domestic sales. **Personal loan cross sell and Salaried loans business** remained strong. No geographic expansion was undertaken during the quarter.
- **SME businesses** (Mortgages, Business loans & Loans against securities) continued to grow in a healthy manner due to the company's sharp focus on customer segmentation. The company estimates that it is now among the top 04 new loan originators in loans against property and business loans in India. It is now operational in 31 cities. No geographic expansion was undertaken during the quarter.
- **Commercial businesses are in a cautious mode.** **Construction Equipment** business YoY disbursements were slowed by 30% due to the company's cautious outlook on the sector currently. Overall equipment demand has also slowed considerably in Q1. **Infrastructure Financing** loan book has also slowed. There were no new sanctions in infra financing business in Q1. It was a stable quarter for **Vendor Financing business**. The company continues to remain focused on top 50 Bajaj Auto vendors.

- **Interest cost for the company** continues to remain significantly lower amongst NBFC peers due to its conservative ALM in earlier years. The cost of funds curve for the company is trending to a steady/declining mode. During this quarter, the company received new term loan sanctions of ₹ 1,900 Crores from banks.
- **Gross and Net NPA** stood at 1.1% and 0.1% respectively, amongst the lowest in the industry. Portfolio metrics across businesses except Construction Equipment continued to remain steady in Q1. Construction Equipment book saw its current receivables portfolio deteriorated by 150 bps sequentially. The business is on a “hold AR” mode for the near term. We have managed to hold the deteriorated book in 01 installment outstanding in Q1.

Key performance highlights for the quarter

- **Clients** acquired during Q1 FY13 **↑** 38% to 7,52,231 from 5,43,092 in Q1 FY12.
- **EMI cards** sourced during Q1 FY13 are 3,12,534.
- **Deployments** during Q1 FY13 **↑** 32% to ₹ 4,728 Crores from ₹ 3,588 Crores in Q1 FY12.
- **Total income** for Q1 FY13 **↑** 56% to ₹ 703 Crores from ₹ 452 Crores in Q1 FY12.
- **Profit after tax** for Q1 FY13 **↑** 53% to ₹ 139 Crores from ₹ 91 Crores in Q1 FY12.
- **Loan losses and provisions** for Q1 FY13 **↓** 6% at ₹ 32 Crores as against ₹ 34 Crores in Q1 FY12. The provisioning coverage ratio stands at 91% as of Q1 FY13 against 78% as of Q1 FY12.
- **Net NPA** for Q1 FY13 stood at 0.10% against 0.46% in Q1 FY12. The Net NPA for Q1 FY13 is the lowest for the Company in the last 5 years.
- **Capital adequacy** ratio as at Q1 FY13 (including Tier-II capital) stood at 16.8%. The Company continues to be well capitalized to support its growth trajectory.

Summary financial statement

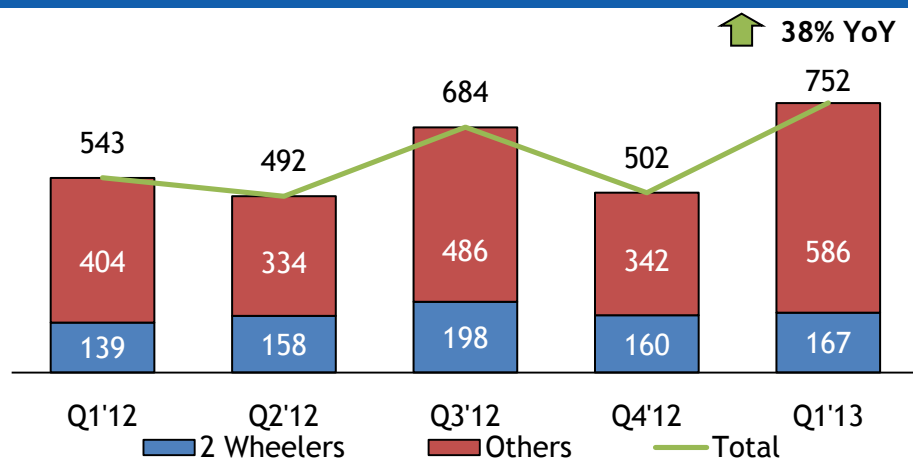
₹ in Crores						
Financials snapshot	Q1'13	Q1'12	YoY	FY12	FY11	YoY
Deployments	4,728	3,588	32%	15,797	9,435	67%
Assets under finance	13,750	8,528	61%	12,283	7,272	69%
Assets under management (AUM)	14,485	9,025	60%	13,107	7,573	73%
Total Interest & fee Income	703	452	56%	2,172	1,406	54%
Interest expenses	264	141	87%	746	371	101%
Net Interest Income (NII)	439	311	41%	1,426	1,035	38%
Operating Expenses	201	142	42%	670	460	46%
Loan Losses & Provision	32	34	-6%	154	205	-25%
Profit before tax	206	135	53%	602	370	63%
Income tax	68	44	54%	196	123	59%
Profit after tax	139	91	53%	406	247	65%

Ratios	Q1'13	Q1'12	FY12	FY11
Total Opex to NII	45.8%	45.7%	47.0%	44.5%
Loan loss to Assets under finance *	0.2%	0.4%	1.3%	2.8%
Return on Average Asset under finance *	1.1%	1.2%	4.2%	4.4%
Earning per share - Basic (Rs.) *	33.6	24.8	110.8	67.5
Return on Average Equity *	6.6%	6.5%	23.5%	19.7%

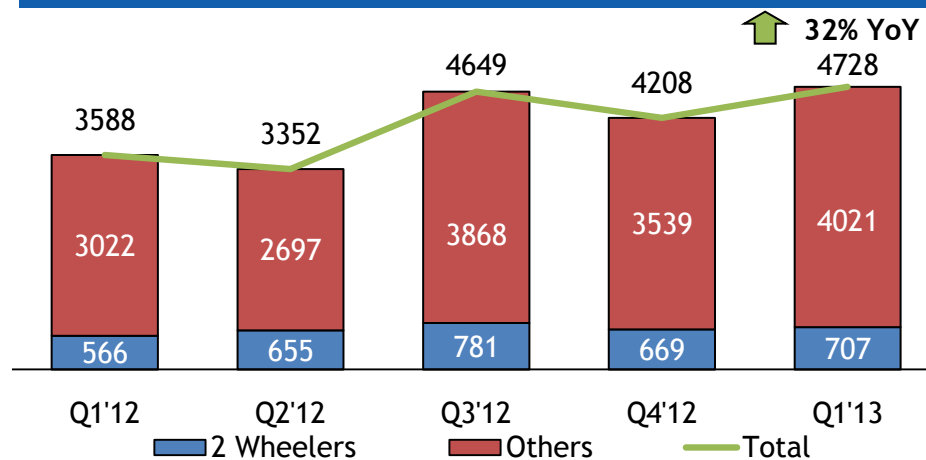
* Quarterly numbers are not annualized

Financial performance trends Q1-FY13

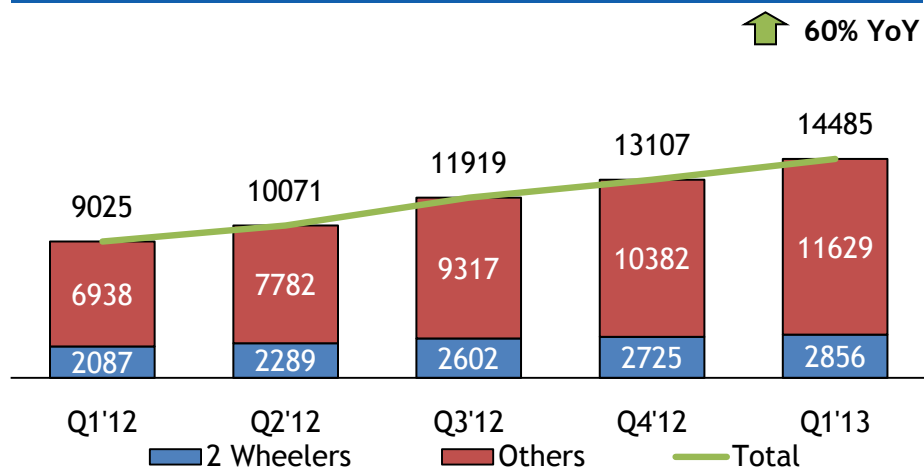
of Loans Disbursed ('000)



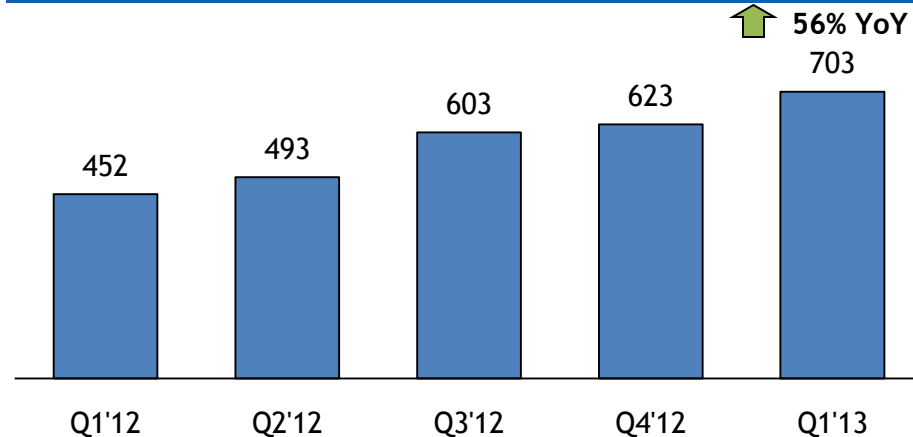
Disbursements (₹ Crores)



AUM (₹ Crores)

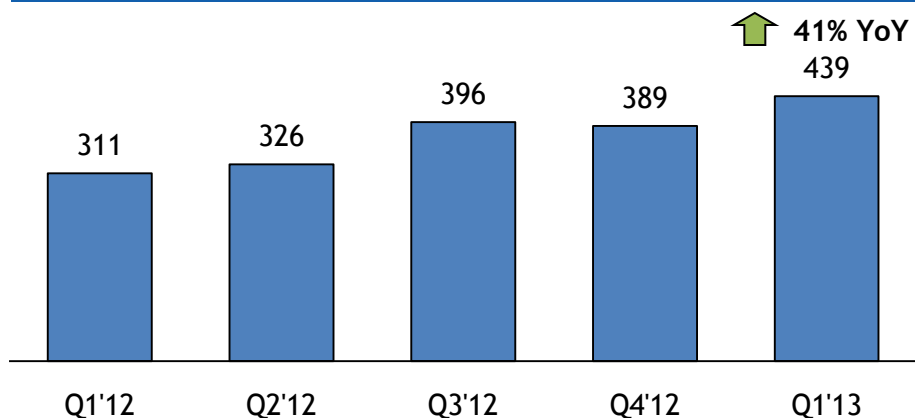


Revenue (₹ Crores)

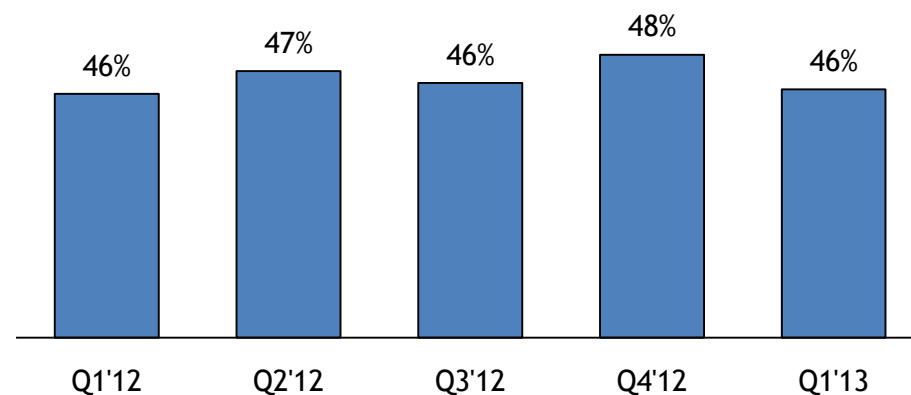


Financial performance trends Q1-FY13

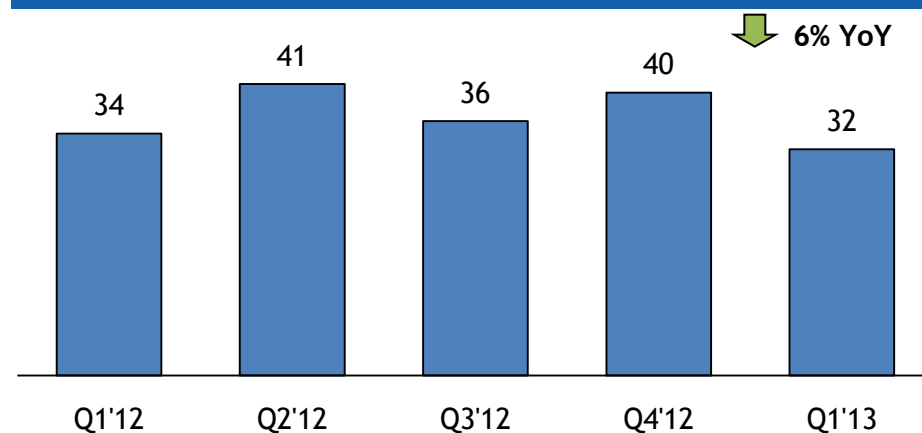
NII (₹ Crores)



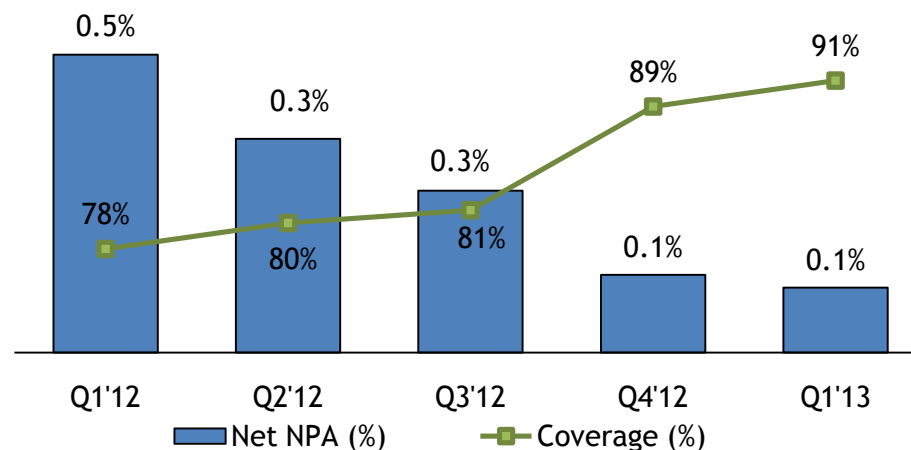
Operating Expenses % of NII



Loss provision (₹ Crores)



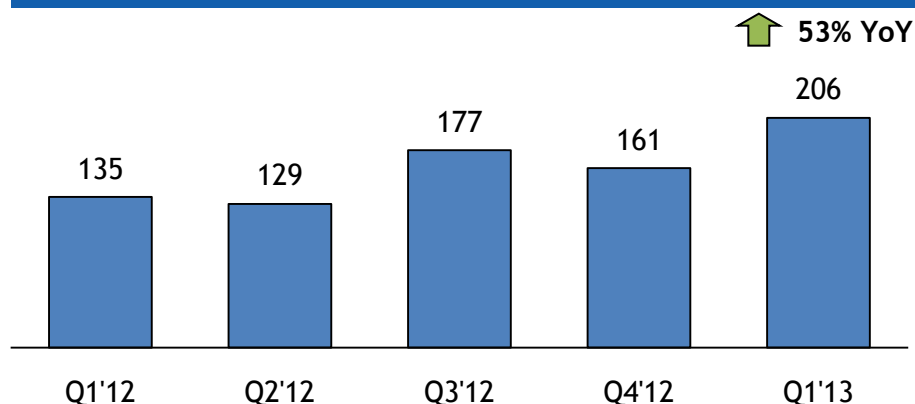
Net NPA & provisioning coverage



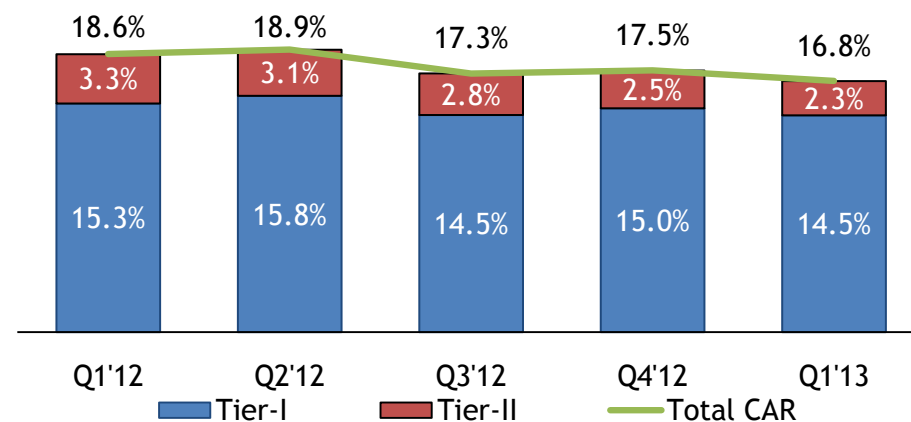
* Q2'12 includes one time accelerated provisioning of ₹ 5.4 Crores
Q4'12 includes one time accelerated provisioning of ₹ 14.6 Crores

Financial performance trends Q1-FY13

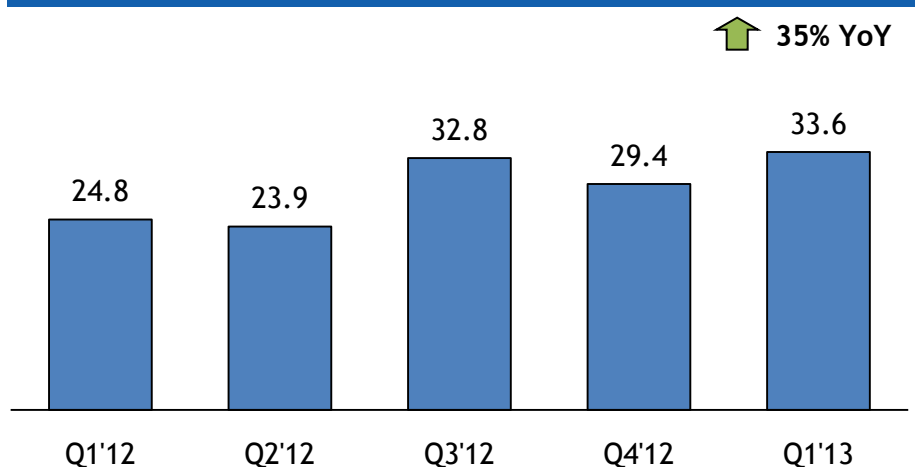
Pre-tax profit (₹ Crores)



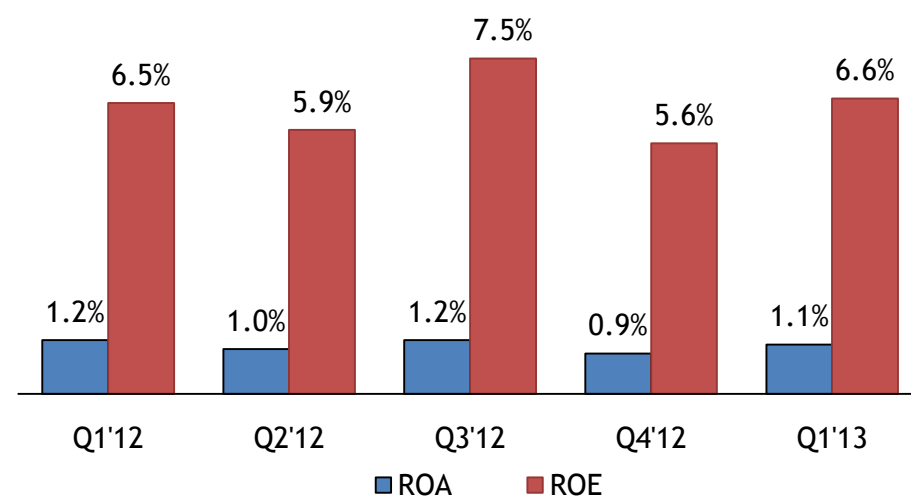
Capital adequacy



Earnings per share - Basic (₹)

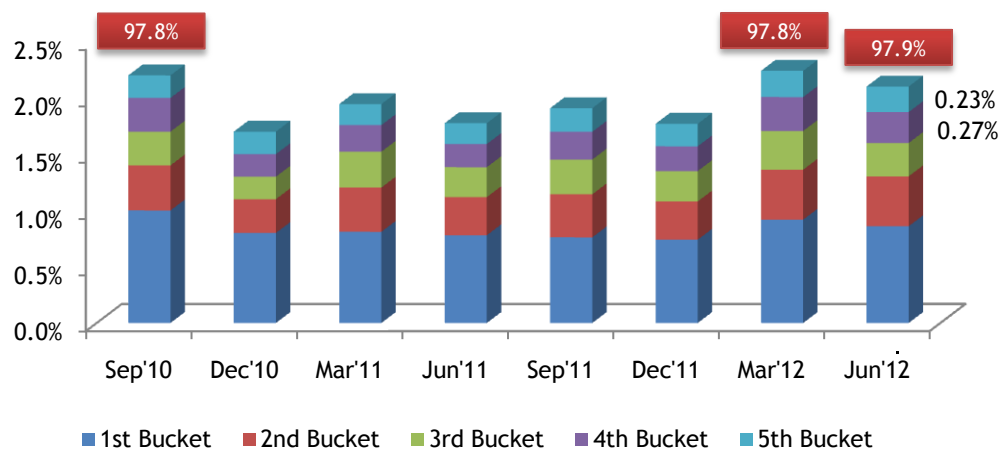


Return on average Assets under finance & Equity

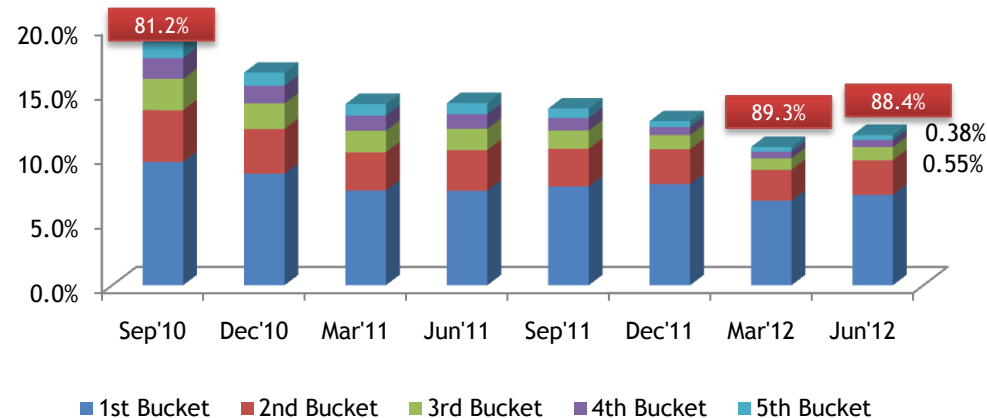


Credit Quality of Bajaj Finance customers across products - Portfolio composition

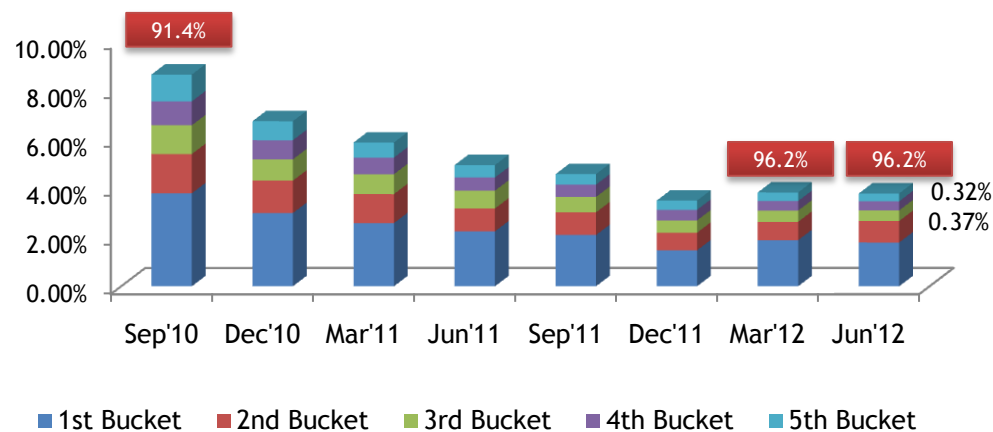
Consumer durable loan portfolio



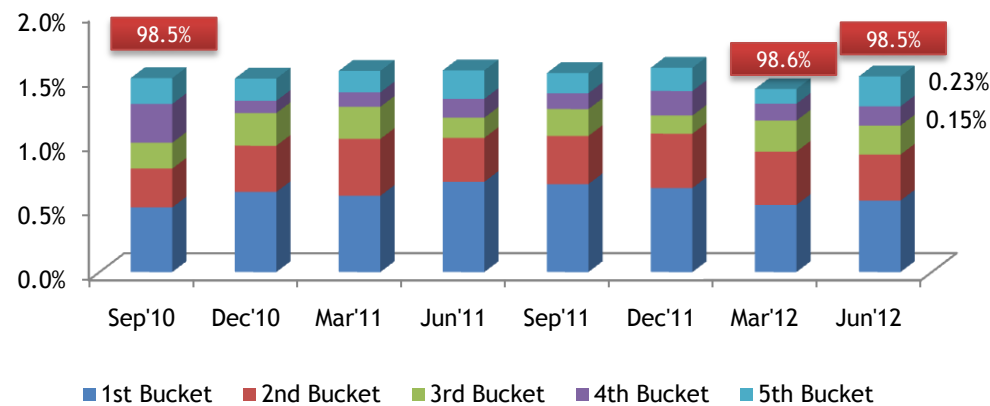
Two wheeler loan portfolio



Personal loan cross sell portfolio

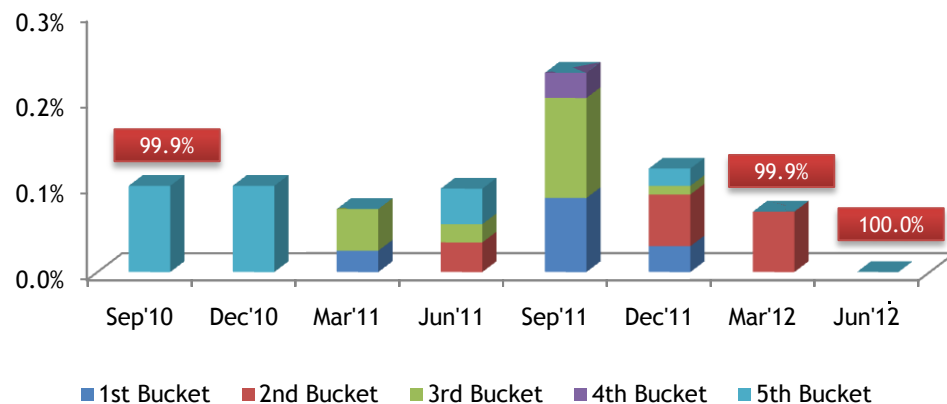


Small Business loan portfolio

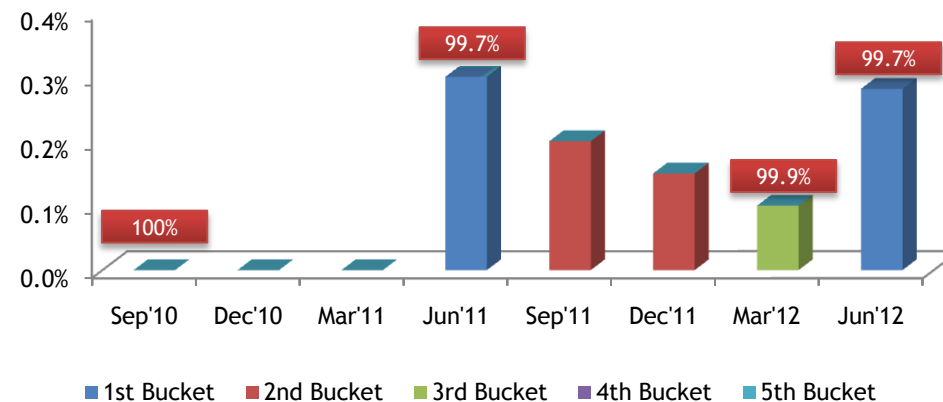


Credit Quality of Bajaj Finance customers across products - Portfolio composition

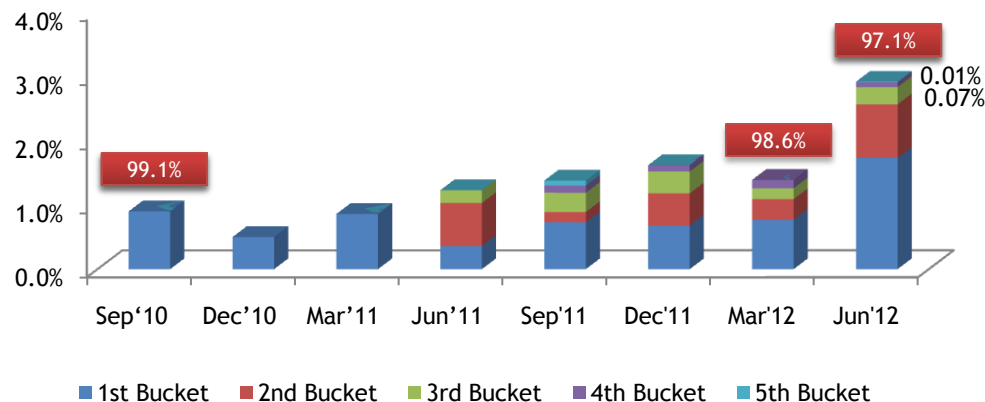
Loan against property portfolio



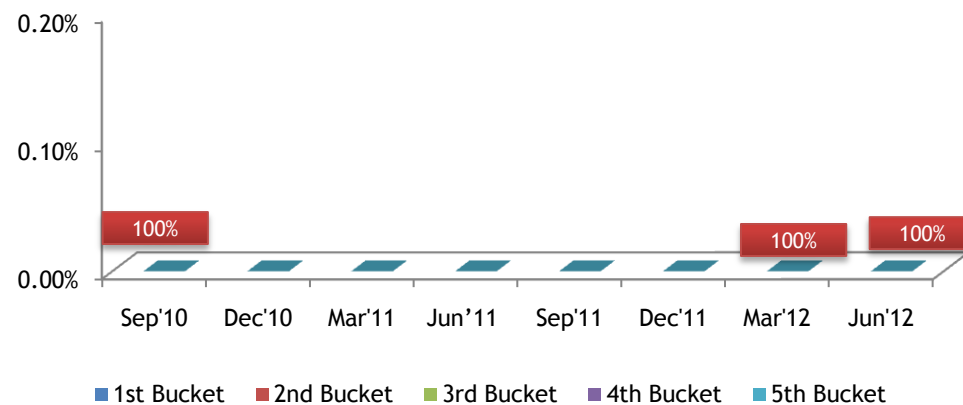
Home loan portfolio



Construction equipment financing portfolio



Loan against securities portfolio



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Q1'13 presentation
Thank you

17th July 2012