



# BAJAJ FINANCE LIMITED

## Q1 FY17 Presentation

26<sup>th</sup> July 2016



# GLOSSARY

|      |  |
|------|--|
| 2W   | Two Wheeler                            |
| 3W   | Three Wheeler                          |
| ACMF | Auto Components Manufacturer Financing |
| AR   | Assets Receivable                      |
| ARU  | Activation, Retention & Usage          |
| ASC  | Authorized Service Centers             |
| AUF  | Assets Under Finance                   |
| AUM  | Assets Under Management                |
| B2B  | Business to Business                   |
| B2C  | Business to Customer                   |
| BL   | Business Loan                          |
| CAGR | Compounded Annual Growth Rate          |
| CIF  | Cards in Force                         |
| CPI  | Consumer Price Index                   |
| EMI  | Existing Member Identification         |
| EPS  | Earning Per Share                      |
| FIG  | Financial Institutions Group           |
| FII  | Foreign Institutional Investor         |
| FPI  | Foreign Portfolio Investment           |
| GNPA | Gross Non Performing Assets            |
| HL   | Home Loan                              |
| IFA  | Independent Financial Advisor          |

|      |                                  |
|------|----------------------------------|
| IIP  | Index of Industrial Production   |
| IRR  | Internal Rate of Return          |
| LAP  | Loan Against Property            |
| LAS  | Loan Against Securities          |
| MF   | Mutual Fund                      |
| MM   | Million                          |
| MSME | Micro, Small & Medium Enterprise |
| NII  | Net Interest Income              |
| NNPA | Net Non Performing Assets        |
| NTB  | New to Bajaj Finance             |
| Opex | Operating Expenses               |
| POS  | Point of Sale                    |
| PPC  | Products per Customer            |
| RBI  | Reserve Bank of India            |
| ROA  | Return on Assets                 |
| ROE  | Return on Equity                 |
| SME  | Small & Medium Enterprise        |
| TAT  | Turn Around Time                 |
| TTD  | Through the Door                 |
| WPI  | Wholesale Price Index            |

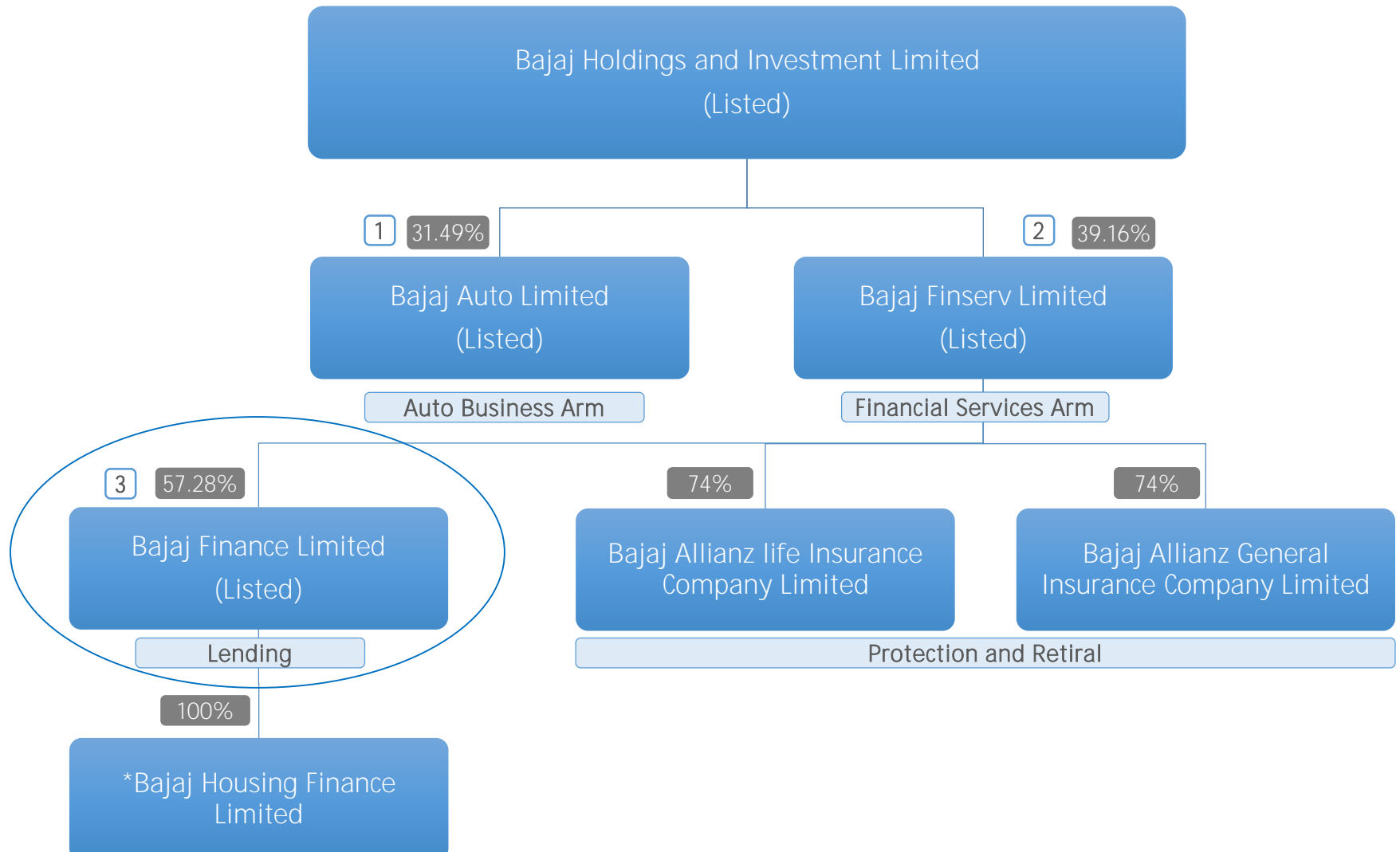


# PRESENTATION PATH

|  |    |
|--|----|
| • Bajaj group structure                                      | 4  |
| • Bajaj Finserv group - Executive summary                    | 5  |
| • What do we stand for                                       | 6  |
| • Key strategic differentiators                              | 7  |
| • Bajaj Finance – Shareholder profile                        | 8  |
| • Financial snapshot   | 9  |
| • Bajaj Finance Limited product suite                        | 10 |
| • Business/Product launch journey                            | 11 |
| • Executive summary  | 12 |
| • Customer franchise   | 14 |
| • Key portfolio metrics                                      | 15 |
| • Strong distribution reach                                  | 16 |
| • Key performance highlights for Q1 FY17                     | 17 |
| • Summary financial statement                                | 18 |
| • Management discussion                                      | 19 |
| • Financial performance trends Q1 FY17                       | 29 |
| • Credit quality – Portfolio composition                     | 32 |
| • Credit quality – Provisioning coverage (120 dpd & 150 dpd) | 35 |
| • PR coverage highlights for the quarter                     | 37 |
| • Awards & accolades   | 39 |
| • Disclaimer   | 40 |



# BAJAJ GROUP STRUCTURE



1. 49.29% holding through promoter holding company and promoter group
2. 58.35% holding through promoter holding company and promoter group
3. 57.35% holding through promoter holding company and promoter group

Above shareholding is as of 30. June 2016

\*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 GROUP - EXECUTIVE SUMMARY



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



Bajaj Finance Limited

- A 29 year old non bank finance company
- Diversified Consumer, SME, Rural & Commercial lender in India
- Credit rating of AAA/Stable by India Ratings and AAA by CARE Ratings
- Credit rating of AA+/Positive by CRISIL & AA+/Stable by ICRA
- 272 consumer branches and 481 rural locations with over 29,000+ distribution points
- Large customer franchise of 17.18 MM
- **6.83 MM new loans acquired in FY'16**



Bajaj Allianz General Insurance Company\*

- 2nd largest private General insurer in India as of FY16
- Offers a wide range of General insurance products across retail and corporate segments
- Highest Profit After Tax among private players in FY 16. ROE of 22.5% in FY16
- Combined ratio of 99.3% in FY16
- Recognized in the market for claims servicing
- FY16 PAT of ₹ 564 crores



Bajaj Allianz Life Insurance Company\*

- Amongst top 4 private players as of FY16 on new business
- Deep pan India distribution reach
- Diversified distribution mix consisting of agency, bancassurance, other partners, direct etc.
- AUM of over 44K crores as of FY 16
- Net worth of ₹ 7,631 cr at 31st March 2016
- One of the most profitable private life insurers in India.
- FY16 PAT of ₹879 Crs



# WHAT DO WE STAND FOR

**“A non bank with strategy, structure and support model of a bank.”**

**“Our diversified financial services strategy envisages an optimal mix of risk and profit to deliver a sustainable business model.”**

**“The business construct is to deliver a sustainable ROA of 3% and ROE of 18-20% in the medium term”**



# KEY STRATEGIC DIFFERENTIATORS

Part of the Bajaj Group – one of the oldest & most respected business houses

Strong brand equity has helped build a 2600 Crs retail deposit book in less than 2 years

Focus on mass affluent and above clients

Cross sell client base of 9.24 MM

Strong focus on cross selling assets, insurance and wealth products to existing customer

Consumer PPC of 2.88 and SME PPC of 3.76

Diversified lending strategy

AUM mix for Consumer : SME : Commercial : Rural stood at 44% : 40% : 12% : 3.4%

Highly agile & highly innovative

Continuous improvements in features of products & timely transitions to maintain competitive edge

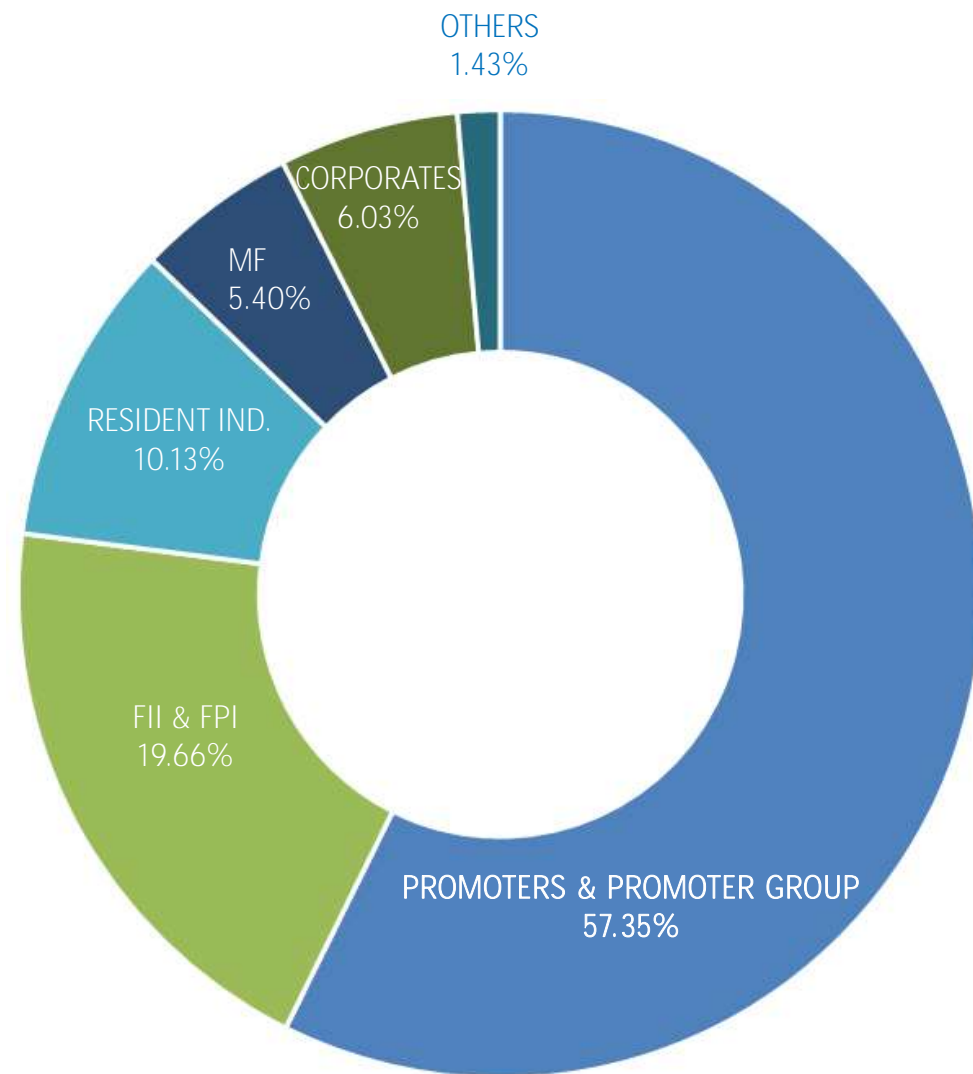
Deep investment in technology and analytics

Has helped establish a highly metricised company



# BAJAJ FINANCE – SHAREHOLDER PROFILE

## Top 20 investors & their holdings



| S.No | Name of Shareholder  | As on Mar'16 | As on June'16 |
|------|--|--------------|---------------|
| 1    | BAJAJ FINSERV LTD  | 57.28%       | 57.28%        |
| 2    | MAHARASHTRA SCOOTERS LIMITED   | 3.52%        | 3.52%         |
| 3    | GOVERNMENT OF SINGAPORE  | 2.37%        | 2.65%         |
| 4    | SMALLCAP WORLD FUND, INC   | 1.13%        | 1.13%         |
| 5    | MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.   | 0.61%        | 0.96%         |
| 6    | ACACIA PARTNERS, LP  | 1.13%        | 0.71%         |
| 7    | HDFC MID - CAP OPPORTUNITIES FUND  | 0.92%        | 0.71%         |
| 8    | HDFC STANDARD LIFE INSURANCE COMPANY   | 0.73%        | 0.68%         |
| 9    | AXIS LONG TERM EQUITY FUND   | 0.55%        | 0.59%         |
| 10   | ACACIA INSTITUTIONAL PARTNERS, LP  | 0.71%        | 0.58%         |
| 11   | VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND | 0.44%        | 0.45%         |
| 12   | BFL EMPLOYEE WELFARE TRUST   | 0.60%        | 0.45%         |
| 13   | ACACIA BANYAN PARTNERS   | 0.48%        | 0.45%         |
| 14   | ACACIA CONSERVATION FUND LP  | 0.59%        | 0.45%         |
| 15   | PINEBRIDGE INVESTMENTS GF MAURITIUS LIMITED  | 0.44%        | 0.44%         |
| 16   | GOLDMAN SACHS INDIA FUND LIMITED   | 0.61%        | 0.44%         |
| 17   | WF ASIAN SMALLER COMPANIES FUND LIMITED  | 0.48%        | 0.36%         |
| 18   | BIRLA SUN LIFE TRUSTEE COMPANY   | 0.36%        | 0.36%         |
| 19   | ISHARES INDIA INDEX MAURITIUS COMPANY  | -            | 0.35%         |
| 20   | VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND  | 0.31%        | 0.32%         |



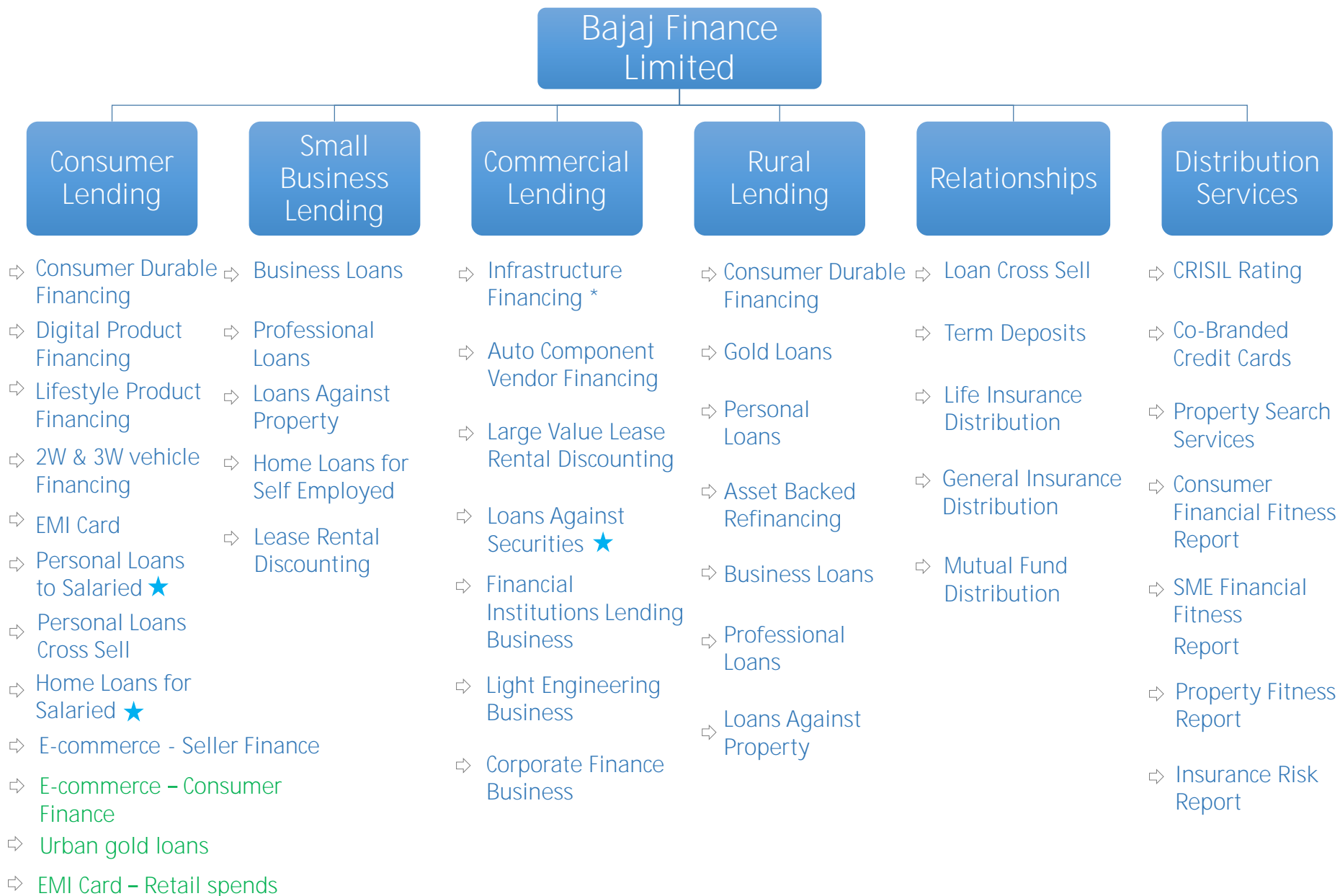
# FINANCIAL SNAPSHOT

|                               |       |       |       |        |        |        |        |        | ₹ in Crore         |                   |
|-------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------------------|-------------------|
| Financials snapshot           | FY09  | FY10  | FY11  | FY12   | FY13   | FY14   | FY15   | FY16   | YoY<br>FY15 – FY16 | CAGR<br>(8 years) |
| Assets under management       | 2,539 | 4,032 | 7,573 | 13,107 | 17,517 | 24,061 | 32,410 | 44,229 | 36%                | 50%               |
| Income from operations        | 599   | 916   | 1,406 | 2,172  | 3,110  | 4,073  | 5,418  | 7,384  | 36%                | 43%               |
| Interest expenses             | 164   | 201   | 371   | 746    | 1,206  | 1,573  | 2,248  | 2,927  | 30%                | 51%               |
| Net Interest Income (NII)     | 435   | 715   | 1,035 | 1,426  | 1,904  | 2,500  | 3,170  | 4,457  | 41%                | 39%               |
| Operating Expenses            | 220   | 320   | 460   | 670    | 850    | 1,151  | 1,428  | 1,949  | 36%                | 37%               |
| Loan Losses & Provision       | 164   | 261   | 205   | 154    | 182    | 258    | 385    | 543    | 41%                | 19%               |
| Profit before tax             | 51    | 134   | 370   | 602    | 872    | 1,091  | 1,357  | 1,965  | 45%                | 68%               |
| Profit after tax              | 34    | 89    | 247   | 406    | 591    | 719    | 898    | 1,279  | 42%                | 68%               |
|                               |       |       |       |        |        |        |        |        |                    |                   |
| Ratios                        | FY09  | FY10  | FY11  | FY12   | FY13   | FY14   | FY15   | FY16   |                    |                   |
| Return on assets              | 1.4%  | 2.8%  | 4.4%  | 4.2%   | 4.1%   | 3.6%   | 3.3%   | 3.5%   |                    |                   |
| Return on equity              | 3.2%  | 8.0%  | 19.7% | 24.0%  | 21.9%  | 19.5%  | 20.4%  | 20.9%  |                    |                   |
| Earning per share (Basic) - ₹ | 9.3   | 24.2  | 67.5  | 110.8  | 135.7  | 144.8  | 179.9  | 242.3  |                    |                   |
| Net NPA                       | 5.50% | 2.20% | 0.80% | 0.12%  | 0.19%  | 0.28%  | 0.45%  | *0.28% |                    |                   |
| NPA provisioning coverage     | 32%   | 55%   | 79%   | 89%    | 83%    | 76%    | 71%    | 77%    |                    |                   |

\*The net NPA & provisioning coverage numbers for FY16 are at 150 days over-due while the same for previous years are at 180 days over-due

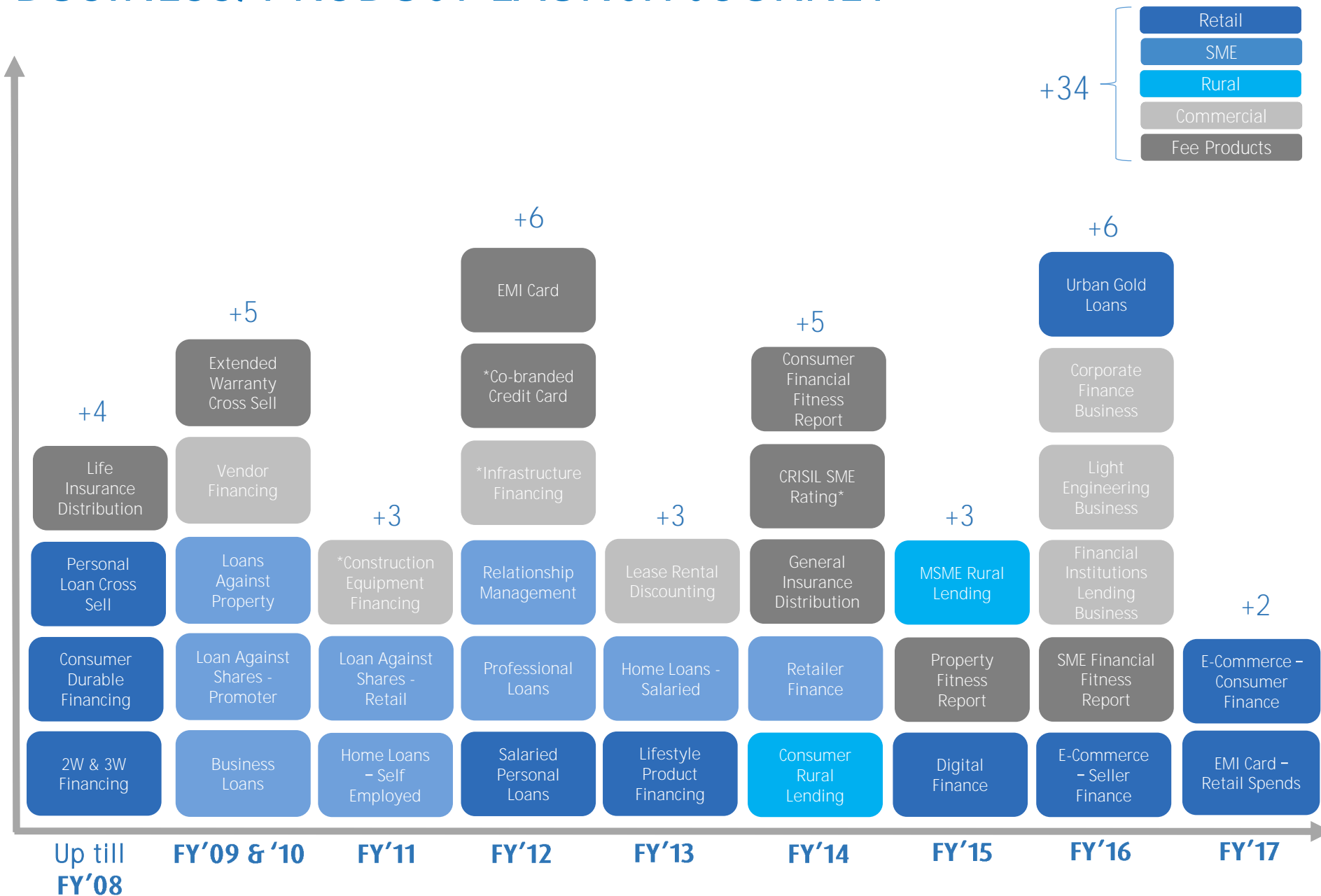


# BAJAJ FINANCE LIMITED PRODUCT SUITE





# BUSINESS/PRODUCT LAUNCH JOURNEY



\* Closed



# EXECUTIVE SUMMARY

## Bajaj Finance

- 29 year old non bank with a demonstrated track record of profitability
- Focused on Consumer, Rural, SME & Commercial lines of businesses
- Portfolio mix for Consumer : SME : Commercial : Rural stands at 44% : 40% : 12% : 3.4%
- 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
- The company has ₹ 49,608 Crores of Assets under Management with a net NPA of 0.41% and a capital adequacy of 17.82% as of 30 June 2016. The company in Q1 FY17 has delivered a pre tax profit of ₹ 652 Crores and a post tax profit of ₹ 424 Crores at an ROA<sup>1</sup> of 0.9% and ROE<sup>1</sup> of 5.5%

---

## Consumer business

- Amongst the top three 2W lender in India focused on semi-urban & rural markets. Currently **contributes to 32.3% of Bajaj Auto's domestic 2W sales**
- Largest consumer electronics lender in India, focused on affluent consumers
- Amongst the largest personal loan lenders in India
- EMI (Existing Membership Identification) Card franchise crossed 6.1 MM cards (CIF)
- Amongst the largest new loans acquirers in India (6.83 MM in FY16)

---

## Rural business

- Highly diversified lender in the rural eco system offering over 12 products in consumer and MSME business categories with a unique hub and spoke business model
- Geographic presence across 481 towns and villages and retail presence across 3,300+ stores

<sup>1</sup> Not Annualised



# EXECUTIVE SUMMARY (CONTD.)

## SME 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 & growth capital products and mortgage (Loan against property, Lease Rental Discounting & Home Loans) products to SME & self employed professionals
- Offer full range of growth & working capital lending products to professionals (Doctors & CA's)
- Built a dedicated SME Relationship Management channel to provide wide range of cross sell products to our SME franchise
- Mortgage product strategy is to sell to existing customers only

## Commercial business

- Offer wholesale lending products covering short, medium and long term needs of Auto component & light engineering vendors and financial institutions in India
- Offer a range of structured products collateralized by marketable securities or mortgage

## Treasury

- Strategy is to create a balanced mix of wholesale and retail borrowings
- Current mix of banks, money markets and deposits is at 45:48:07

## Credit Quality

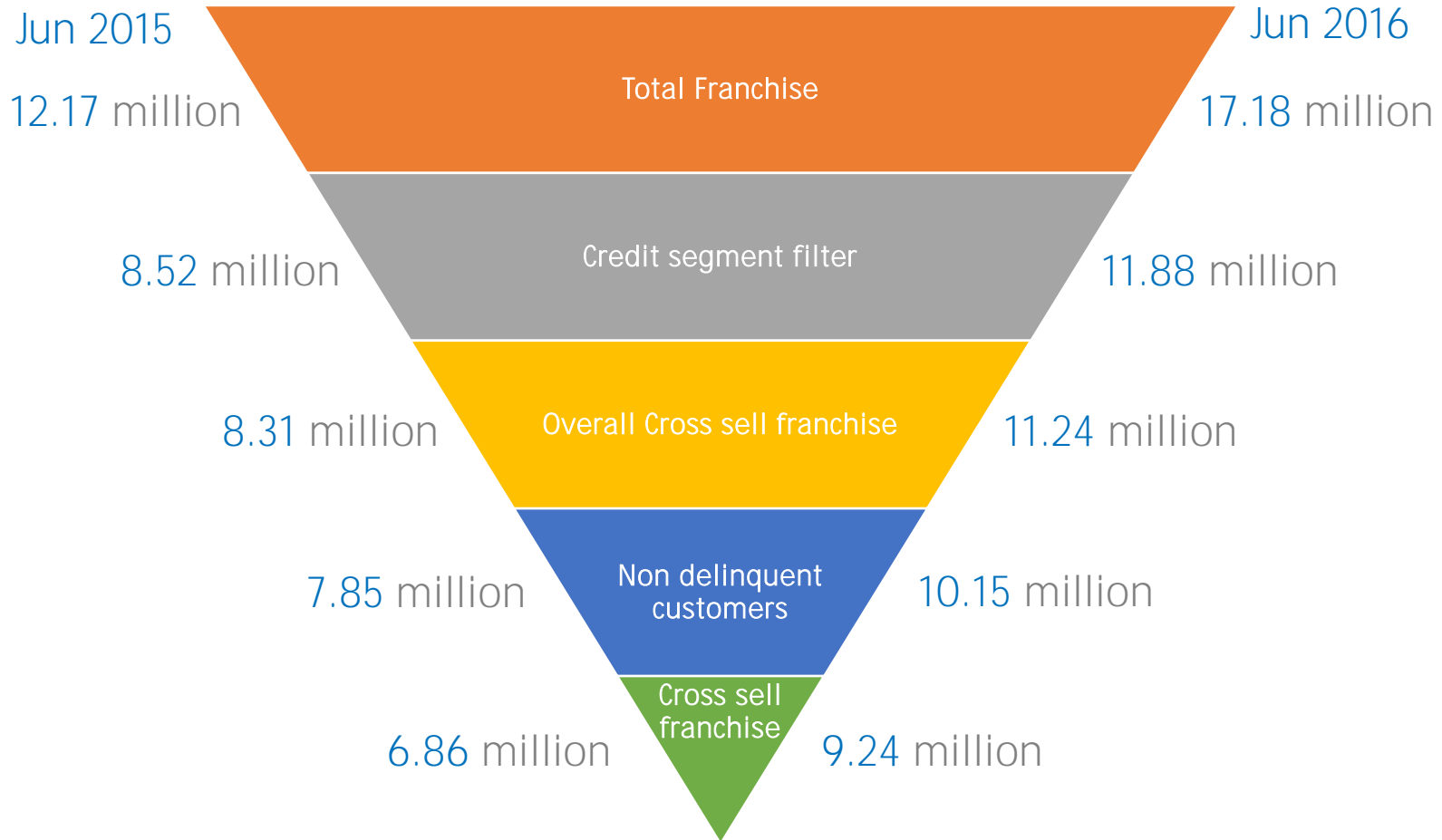
- Gross NPA of 1.47% & Net NPA of 0.41%. During the quarter ended 30 June 2016, as required by RBI guidelines, the Company has moved its NPA recognition policy from 150 days overdue to 120 days overdue. Comparable Gross and Net NPA at 150 days stood at 1.25% and 0.30% respectively
- Provisioning coverage ratio improved from 68% in Q1 FY16 to 73% in Q1 FY17

## Credit Rating

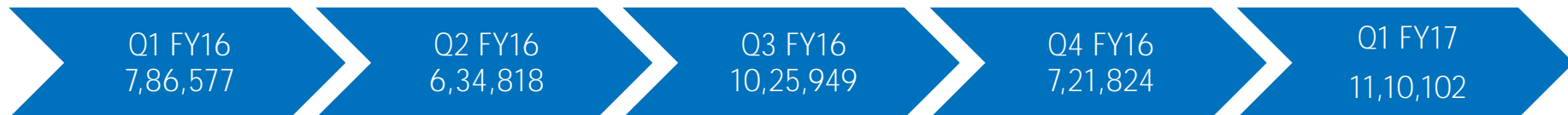
- Credit rating of AAA/Stable by India Ratings, AA+/Positive by CRISIL & AA+/Stable by ICRA
- Credit rating of AAA by CARE Ratings
- Credit rating of A1+ for Short term debt program by CRISIL & ICRA
- Fixed deposit program has been rated FAAA/Stable by CRISIL and MAAA/Stable by ICRA



# CUSTOMER FRANCHISE



New to Bajaj customers



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



# KEY PORTFOLIO METRICS

| Business Segment                 | AUM (₹ Crores) |          |          |         |       | Deployments | IRR (%)   | Ticket (Lacs) | Quarter gone by |
|----------------------------------|----------------|----------|----------|---------|-------|-------------|-----------|---------------|-----------------|
|                                  | Q2 FY16        | Q3 FY 16 | Q4 FY 16 | Q1 FY17 | YoY   | Q1 FY17     | Range     |               |                 |
| 1. 2W & 3W finance               | 3,387          | 3,647    | 3,773    | 4,080   | 23%   | 1,059       | 22.0-28.0 | 0.56          |                 |
| 2. Consumer durable finance      | 4,916          | 5,935    | 5,556    | 6,783   | 32%   | 5,020       | 24.0-26.0 | 0.28          |                 |
| 3. Digital product finance       | 409            | 587      | 637      | 816     | 130%  | 646         | 24.0-26.0 | 0.26          |                 |
| 4. Lifestyle product finance     | 275            | 366      | 379      | 386     | 83%   | 235         | 24.0-26.0 | 0.49          |                 |
| 5. Personal loans cross sell     | 3,058          | 3,524    | 3,860    | 4,392   | 60%   | 997         | 16.0-33.0 | 1.41          |                 |
| 6. Salaried personal loans       | 2,529          | 2,921    | 2,614    | 2,764   | 24%   | 656         | 14.0-16.0 | 5.04          |                 |
| 7. Salaried – Home Loans         | 1,096          | 1,339    | 1,477    | 1,786   | 90%   | 386         | 9.6-10.5  | 33            |                 |
| 8. Business loans (BL)           | 3,320          | 4,146    | 4,309    | 4,866   | 59%   | 1,344       | 17.0-20.0 | 14            |                 |
| 9. Professional loans            | 845            | 985      | 1,112    | 1,265   | 72%   | 371         | 14.0-17.0 | 12            |                 |
| 10. Loan against property (LAP)  | 8,985          | 8,890    | 8,332    | 8,661   | 3%    | 1,132       | 11.0-12.0 | 147           |                 |
| 11. Self employed – Home Loans   | 3,094          | 3,238    | 3,089    | 3,286   | 7%    | 557         | 10.0-10.7 | 71            |                 |
| 12. Loan against securities      | 1,704          | 2,352    | 2,659    | 2,975   | 96%   | -           | 10.8-12.0 | -             |                 |
| 13. Vendor financing             | 1,322          | 1,472    | 1,394    | 1,545   | 16%   | -           | 10.0-12.5 | -             |                 |
| 14. Financial institutions group | 60             | 236      | 429      | 433     | -     | 20          | 10.5-12.0 | -             |                 |
| 15. Corporate finance            | 247            | 314      | 338      | 459     | -     | 120         | 10.5-12.0 | -             |                 |
| 16. Infrastructure lending       | 355            | 312      | 311      | 306     | (23%) | -           | NA        | NA            | **              |
| 17. RM Business (LAP, HL, BL)    | 1,572          | 1,844    | 1,887    | 2,136   | 57%   | 504         | 10.0-12.0 | 70            |                 |
| 18. Rural lending                | 661            | 1,159    | 1,339    | 1,688   | 223%  | 795         | 14.0-35.0 | -             |                 |
| 19. BFS Direct (HL, PL)          | -              | -        | 576      | 721     | -     | 244         | -         | -             |                 |

\*\* Paused



# STRONG DISTRIBUTION REACH

## Geographic Presence (No. of branches)

| Business Line                | FY13 | FY14 | FY15 | FY16 | FY17* |
|------------------------------|------|------|------|------|-------|
| Consumer presence            | 91   | 114  | 161  | 193  | 272   |
| SME presence                 | 57   | 80   | 119  | 262  | 283   |
| Rural presence               | -    | 70   | 232  | 397  | 481   |
| Total Bajaj Finance presence | 91   | 184  | 393  | 590  | 753   |

## Active Distribution (Points of sale)

| Business Line       | FY13   | FY14   | FY15    | FY16    | FY17*   |
|---------------------|--------|--------|---------|---------|---------|
| CD retailer         | 3,500+ | 4,900+ | 7,000+  | 9,400+  | 10,800+ |
| Digital retailer    | 850+   | 1,600+ | 2,650+  | 5,200+  | 7,000+  |
| Lifestyle retailer  |        |        | 1,150+  | 3,200+  | 2,500+  |
| Retail EMI retailer | -      | -      | -       | -       | 2,400+  |
| 2W-Dealer/ASCs      | 2,600+ | 2,600+ | 3,000+  | 3,000+  | 3,100+  |
| SME – DSA           | 400+   | 700+   | 700+    | 800+    | 800+    |
| Rural retailer      | -      | -      | 1,500+  | 3,200+  | 3,300+  |
| Total reach         | 7,000+ | 9,000+ | 16,000+ | 24,000+ | 29,000+ |

## # of New loans disbursed ('000s)

| Business Line       | FY13  | FY14  | FY15  | FY16  | FY17* |
|---------------------|-------|-------|-------|-------|-------|
| Consumer Loans      | 1,908 | 2,450 | 3,623 | 4,690 | 1,806 |
| Lifestyle & Digital | 37    | 109   | 374   | 723   | 292   |
| Personal Loans      | 116   | 137   | 206   | 299   | 83    |
| 2W & 3W             | 736   | 651   | 561   | 626   | 187   |
| Rural Finance       | -     | 22    | 131   | 448   | 159   |
| SME/Commercial      | 11    | 20    | 30    | 48    | 14    |
| Total               | 2,808 | 3,389 | 4,924 | 6,834 | 2,541 |







## Assets Under Management (₹ Crores)

| Business Line      | FY13   | FY14   | FY15   | FY16   | FY17*  | Mix   |
|--------------------|--------|--------|--------|--------|--------|-------|
| Consumer Lending   | 7,138  | 9,328  | 13,202 | 18,996 | 21,933 | 44.2% |
| SME Lending        | 7,750  | 12,009 | 15,551 | 18,692 | 19,986 | 40.3% |
| Commercial Lending | 2,629  | 2,674  | 3,324  | 5,202  | 6,001  | 12.1% |
| Rural Lending      | -      | 50     | 333    | 1,339  | 1,688  | 3.4%  |
| Total AUM          | 17,517 | 24,061 | 32,410 | 44,229 | 49,608 | 100%  |

\* As at/ Year to date for the quarter ending



# KEY PERFORMANCE HIGHLIGHTS FOR Q1 FY17

- Customers acquired during Q1 FY17  48% to 25,40,540 from 17,19,125 in Q1 FY16
- Assets under Management (AUM) as of 30 June 2016 was  40% to ₹ 49,608 crore from ₹ 35,557 crore as of 30 June 2015
- Total income for Q1 FY17  39% to ₹2,301 Crores from ₹1,656 Crores in Q1 FY16
- Profit before tax for Q1 FY17  55% to ₹652 Crores from ₹422 Crores in Q1 FY16
- Profit after tax for Q1 FY17  54% to ₹424 Crores from ₹276 Crores in Q1 FY16
- Loan losses and provisions for Q1 FY17  75% to ₹180 Crores as against ₹103 Crores in Q1 FY16. The Company continued to strengthen its provisioning policy. During the quarter, the Company made an additional provision of ₹19.1 crore in its Mortgage portfolio. Adjusted for this, loan losses and provisions have grown by 56%
- Return on Assets and Return on Equity for Q1 FY17 were 0.9% and 5.5% (not annualized) respectively
- Gross NPA and Net NPA as of 30 June 2016 stood at 1.47% and 0.41% respectively. The provisioning coverage ratio stood at 73% as of 30 June 2016. The Company continues to provide for loan losses in excess of RBI requirements.
- During the quarter ended 30 June 2016, as required by RBI guidelines, the Company has moved its NPA recognition policy from 150 days overdue to 120 days overdue. The comparable Gross and Net NPA at 150 days stood at 1.25% and 0.30% respectively
- Capital adequacy ratio (including Tier-II capital) as of 30 June 2016 stood at 17.82%. The Tier-I capital stood at 14.81%. The Company continues to be well capitalized to support its growth trajectory



# SUMMARY FINANCIAL STATEMENT

|                                   | ₹ in Crores |        |     |        |        |       |
|-----------------------------------|-------------|--------|-----|--------|--------|-------|
| Financials snapshot               | Q1'17       | Q1'16  | YoY | FY'16  | FY'15  | YoY   |
| Assets under finance (AUF)        | 47,923      | 34,095 | 40% | 42,756 | 31,199 | 36%   |
| Assets under management (AUM)     | 49,608      | 35,557 | 40% | 44,229 | 32,410 | 36%   |
| Total Interest & fee Income       | 2,301       | 1,656  | 39% | 7,384  | 5,418  | 36%   |
| Interest expenses                 | 883         | 677    | 30% | 2,927  | 2,248  | 30%   |
| Net Interest Income (NII)         | 1,418       | 979    | 45% | 4,457  | 3,170  | 41%   |
| Operating Expenses                | 586         | 454    | 29% | 1,949  | 1,428  | 36%   |
| Loan Losses & Provision           | 180         | 103    | 75% | 543    | 385    | 41%   |
| Profit before tax                 | 652         | 422    | 55% | 1,965  | 1,357  | 45%   |
| Income tax                        | 228         | 146    | 56% | 686    | 459    | 49%   |
| Profit after tax                  | 424         | 276    | 54% | 1,279  | 898    | 42%   |
|                                   |             |        |     |        |        |       |
| Ratios                            | Q1'17       | Q1'16  |     | FY'16  | FY'15  | FY'14 |
| Total Opex to NII                 | 41.3%       | 46.4%  |     | 43.7%  | 45.1%  | 46.0% |
| Total Opex to Total Income        | 25.5%       | 27.4%  |     | 26.4%  | 26.4%  | 28.3% |
| Loan loss to AUF*                 | 0.4%        | 0.3%   |     | 1.3%   | 1.2%   | 1.1%  |
| Return on Average AUF*            | 0.9%        | 0.9%   |     | 3.5%   | 3.3%   | 3.6%  |
| Earning per share - Basic (Rs.) * | 78.7        | 54.3   |     | 242.3  | 179.9  | 144.8 |
| Return on Average Equity *        | 5.5%        | 4.9%   |     | 20.9%  | 20.4%  | 19.5% |

\* Not annualized



# MANAGEMENT DISCUSSION

## Market Assessment :

- Economic indicators

| Parameters | April '16 | May'16 | Jun'16 |
|------------|-----------|--------|--------|
| IIP        | -1.3%     | 1.2%   | -      |
| CPI        | 5.39%     | 5.76%  | 5.77%  |
| WPI        | 0.34%     | 0.79%  | 1.62%  |

- Consumer durables and Consumer non-durables have a recorded growth of 6% and 2.2% percent respectively, with the overall growth in Consumer goods being 1.1 % in May 2016
- As of June 24, 2016 projected gross bank credit of scheduled commercial banks amounted to ₹72.56 lac Crs registering an increase of 9.43% during the year as against an increase of 8.78% in the previous year.
- As per **RBI's 'Financial Stability Report'** published in June 2016, Gross non-performing advances (GNPAs) of Scheduled Commercial Banks as a percentage of gross advances increased to 7.6% from 5.1% between September 2015 and March 2016 after the Asset Quality Review (AQR). Stressed advances ratio increased to 11.5 % from 11.3% during the same period. PSBs recorded the highest level of stressed assets at 14.5% followed by Private banks and Foreign banks at 4.5%.

## Auto sector (Q1 FY17)

|              | Overall | PV    | CV     | 2W     | 3W     | Scooters | Motorcycles |
|--------------|---------|-------|--------|--------|--------|----------|-------------|
| YoY growth % | 11.74%  | 6.66% | 12.99% | 14.26% | 23.39% | 27.12%   | 8.87%       |



# MANAGEMENT DISCUSSION (CONTD.)

## 2 Wheeler & 3 Wheeler Financing

Disbursed: 1,059 Crs  
(51% YoY)

- 2 Wheeler financing business disbursed 175K accounts in the quarter (30% YoY)
- 3 Wheeler financing business disbursed 12K accounts in the quarter (106% YoY)
- **2 Wheeler financing penetration of Bajaj Auto's domestic 2 Wheeler sales** improved to 32.3% from 28.1% in Q1 FY16
- **3 Wheeler financing penetration of Bajaj Auto's domestic 3 Wheeler sales in Q1 FY17** improved to 17% from 15.4% in Q1 FY16

## Consumer Durables

Disbursed: 17.75 lac  
accounts  
(Growth: 37% YoY)

- CD had a good summer with highest ever disbursement of #7.47 lac in May 2016
- **Business did 6.28 lac AC's in Q1 FY17 which was a growth of 55% over previous year**
- Launched 76 new locations in Q1 FY17
- Retailer finance business, which is key to consumer durable business ecosystem disbursed 1,655 Crs. (49% YOY)

## Digital Product Finance

Disbursed: 244 K  
accounts  
(Growth: 154% YoY)

- Business had the best ever quarter led by higher penetration & new tie-ups
- Business has crossed a big milestone of 1 lac accounts in June 2016
- Geographic presence increased from 75 to 100 cities. New location contribution was 11%
- Launched bundled financing product for Reliance Jio



# MANAGEMENT DISCUSSION (CONTD.)

|   |  |
|---|--|
| <div data-bbox="28 118 401 225"> <b>Lifestyle Finance</b> </div> <div data-bbox="28 225 401 505"> <p>Disbursed: 47 K accounts<br/>(Growth: 70% YoY)</p> </div>        | <ul style="list-style-type: none"> <li>Life care finance segment delivered about 3.9 K cases in Q1 FY17. Dental care was the largest contributor with 33% volumes followed by Stem cell &amp; Hair restoration</li> <li>Business continues to expand into life care financing space. It added more than 450 clinics across India in Q1 FY17 taking the total count of clinics to 860</li> <li>Overall furniture sales remains very slow. Furniture contribution was 65% in Q1 FY17</li> <li>Structured a strategic partnership with Future Group for HomeTown</li> </ul>   |
| <div data-bbox="28 539 401 648"> <b>REMI</b> </div> <div data-bbox="28 648 401 933"> <p>Disbursed: 6.8K accounts<br/>Avg. ticket size - 10K<br/>6.1 MM CIF</p> </div> | <ul style="list-style-type: none"> <li>EMI financing enabled in apparels (Benetton, US Polo, Arrow, Pepe), footwear (Reebok, Puma), eyewear (GKB, Lawrence &amp; Mayo), travel (Cox &amp; Kings) &amp; power backup (Sukam)</li> <li>Currently in 15 cities with presence in 2,400+ stores</li> <li>Business announced a strategic EMI financing partnership with Future group. It now offers EMI financing options across various formats of Future group including Big Bazaar, Food Bazaar, Central, Brand Factory, easyday, Foodhall, fabfurnish.com etc. Pioneered financing in groceries and apparels in India</li> </ul> |
| <div data-bbox="28 968 401 1076"> <b>Personal Loan Cross Sell</b> </div> <div data-bbox="28 1076 401 1366"> <p>Disbursed: 997 Crs<br/>(Growth: 58% YoY)</p> </div>    | <ul style="list-style-type: none"> <li>Loan on phone model (TBPL) scaled up – Approval in 10 mins and loan disbursal through paperless process. 120 Crs disbursal in Q1 FY17</li> <li>Business invested in analytics &amp; technology capabilities of geo spatial mapping &amp; campaign management tools which will improve cross sell efficiency</li> </ul>  |



# MANAGEMENT DISCUSSION (CONTD.)

## Urban Gold Loans

Disbursed: 82 Crs

- Business crossed 100 Crs AUM
- Currently present in 60 urban branches
- New streams of revenue in terms of fee income & insurance cross sell initialized
- New capabilities are being built to reduce customer TAT and provide flexibility of repeat transactions

## Salaried Personal Loans

Disbursed: 656 Crs  
(Growth: 20% YoY)

- Expanded presence to 72 cities with addition of 17 new locations in Q1 FY17
- Business is facing intense competition from private sector banks who are offering personal loans at low rates
- Pure Flexi product has started gaining traction – only NBFC to offer this in India

## Salaried Home Loans

Disbursed: 386 Crs  
(Growth: 146% YoY)

- Increased traction on retail business. Currently present in 20 locations
- Strengthened customer proposition with offering like EMI Holiday & Pure-Flexi
- Streamlined & simplified processes to enhance customer experience



# MANAGEMENT DISCUSSION (CONTD.)

## Ecommerce

- Ecommerce Consumer Finance was launched with Flipkart in the quarter gone by
- Currently financing on Flipkart is available on brands like Apple, Mircromax, LG, LeEco etc.

## EMI Cards

Sourced: 727 K

- 6.1 MM Cards In Force
- NTB (New To Bajaj) program for non-financed customers sourced 10k+ cards in the initial 2 months. Journey has been reversed from Loans to Cards to Cards to Loans with this initiative

## Rural Lending Consumer Business

RB2B: 1.31 lac  
accounts  
RB2C: 317 Crs

- Business has given good dividends with implementation of Break to Grow strategy
- Now present in 445 location with 109 branches and 336 spokes. Launched 19 new branches and 22 spokes in Q1 FY17 in Tamil Nadu and Andhra Pradesh
- Plans to launch more branches in Andhra Pradesh in Q2 FY17
- Business is being run with close monitoring and precautions in view of the current monsoon and its possible impact.



# MANAGEMENT DISCUSSION (CONTD.)

## MSME Rural

Disbursed 38.5 Crs

- Realigning business strategy towards higher proportion of secured lending
- Tightened unsecured loan policy due to stress in agri business

## Business Loans

Disbursed: 1,344 Crs  
(Growth: 62% YoY)

- Business continues to grow well with strong portfolio quality
- **‘Break 2 Grow’ strategy is helping to diversify & balance risk across portfolio**
- Pure Flexi is shaping out to be strong product proposition for customers. It has delivered 131 Crs of business in the quarter gone by

## Professional Loans

Disbursed: 371 Crs  
(Growth: 58% YoY)

- Doctor loan EMI card being introduced to increase engagement with doctors
- **‘Mortgage to Doctors’ initiated as a separate structure to** fulfill mortgage needs of doctors



# MANAGEMENT DISCUSSION (CONTD.)

## Loan Against Property

Disbursed: 1,132 Crs  
(De-growth of 3% YoY)

- Homogeneity of SME customers across secured & unsecured businesses have enabled to reengineer existing processes and provide a better proposition for customers
- 100% D2C transition has lowered business volume

## Home Loans – Self employed

Disbursed: 557 Crs

- Homogeneity of SME customers across secured & unsecured businesses have enabled to reengineer existing processes and provide a better proposition for customers (O/1 MOB)
- 100% D2C transition lowered business volumes
- **‘Developer Finance’ business has been initiated as a separate business**

## Loan Against Securities

Net AR addition: 284 Crs

- A very strong quarter for LAS. Business with highest ever monthly AR growth of 354 Crs
- Disbursement under B2B2C Framework crossed 200 Cr along with addition of 200 clients
- Deepening relationships with leading Broking Houses



# MANAGEMENT DISCUSSION (CONTD.)

## ACMF

Net AR addition: 25  
Crs

- ACMF book grew 16% YoY in Q1 FY17
- Elevated competitive intensity seen from major private/foreign banks due to improving credit profile of several auto ancillaries
- Credit performance of portfolio continues to hold well

## Corporate Finance, FIG & Light Engg.

Disbursed 140 Crs

- AUM of nearly 900 Crs across these businesses within 1 year of launch
- Good traction on new client acquisition.

## Infrastructure Finance & CE

- Infra financing business continues to remain in pause mode due to sectoral stress
- Outstanding portfolio of 306 Crs, of which 54 Crs has been provided for
- Construction equipment finance business now has an outstanding of 38 Crs and is winding down as per plan



# MANAGEMENT DISCUSSION (CONTD.)

|   |  |
|---|--|
| <div>Relationship Management</div> <div>Disbursed: 504 Crs<br/>(Growth: 83% YoY)</div>                              | <ul style="list-style-type: none"> <li>Customer Lifecycle model being created to map customer lifecycle journey across life insurance, general insurance, loan products and investments.</li> <li><b>Customer servicing done by RM's to increase engagement. Investment and wealth management products added to product suites</b></li> </ul>  |
| <div>Fixed Deposits &amp; IFA</div> <div>Addition of 665 Crs<br/>Total book: 2,924 Crs<br/>(Growth: 161% YoY)</div> | <ul style="list-style-type: none"> <li>Fixed deposit program has been rated FAAA/Stable by CRISIL and MAAA/Stable by ICRA</li> <li>Corporate Liabilities launched to service investment needs of large corporates</li> <li>Online FD origination launched for existing customers</li> <li><b>IFA channel now has 948 IFA's, added 216 in Q1 FY17. Total business of 114 Crs from this channel in Q1 FY17 spread across, Fixed Deposits, Lending &amp; Mutual Funds.</b></li> <li>Average deposit size is at 3.3 lacs with a weighted tenor of 26.6 months</li> </ul> |
| <div>Portfolio Metrics</div>  | <ul style="list-style-type: none"> <li>GNPA – 1.47% (120 dpd) as of 30 June 2016 as compared to 1.69% (150 dpd) last year</li> <li>NNPA – 0.41% (120 dpd) as of 30 June 2016 as compared to 0.48% (150 dpd) last year</li> <li>Provisioning coverage ratio stood at 73%.</li> <li>As required by RBI guidelines, the Company has moved its NPA reporting from 150 days overdue to 120 days overdue. The comparable GNPA and NNPA at 150 days stood at 1.25% and 0.30% respectively</li> </ul>  |



# MANAGEMENT DISCUSSION (CONTD.)

## Interest Cost

- Interest cost for the company continues to remain significantly lower amongst its NBFC peers
- Borrowing mix - 45:48:07 between banks, money markets and deposits
- Credit rating of AAA/Stable by India Ratings (Fitch), AA+/Positive by CRISIL & AA+/Stable by ICRA
- Credit rating of A1+ for Short term debt program by CRISIL & ICRA

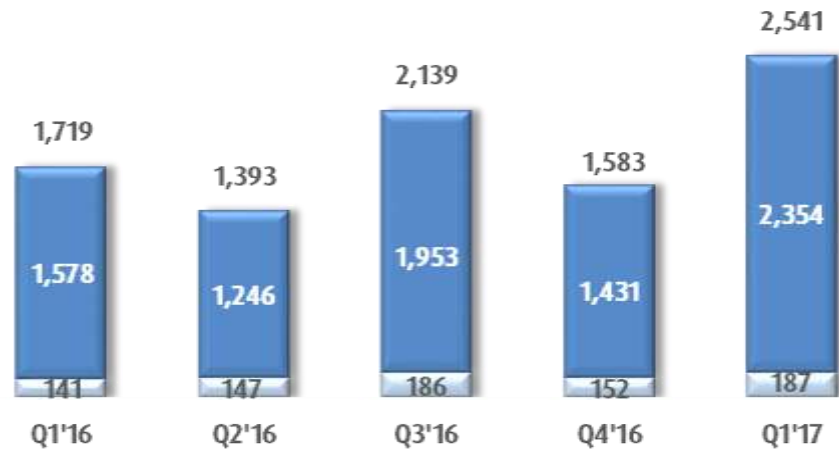


# FINANCIAL PERFORMANCE TRENDS – Q1 FY17

## # of Loans Disbursed ( '000)

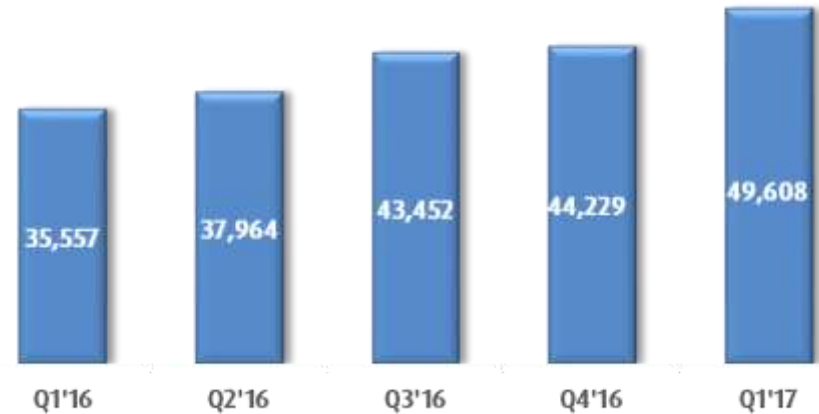
↑ 48% YoY

■ 2 Wheelers ■ Others



## AUM (₹ Crore)

↑ 40% YoY



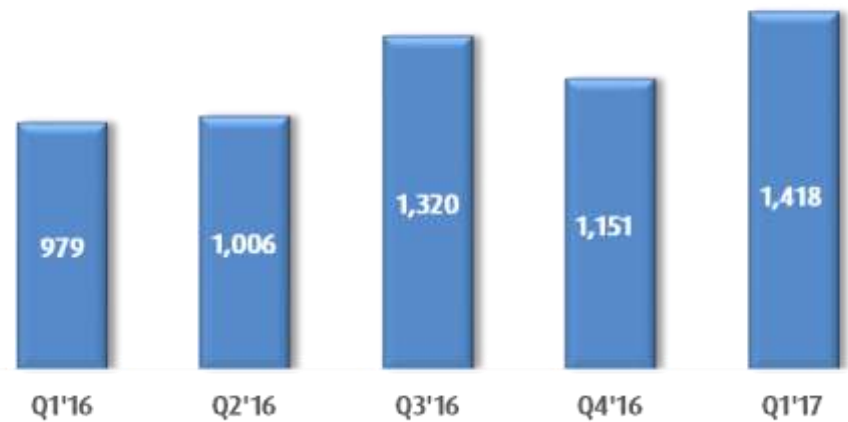
## Revenue (₹ Crore)

↑ 39% YoY



## Net Interest Income (NII) (₹ Crore)

↑ 45% YoY





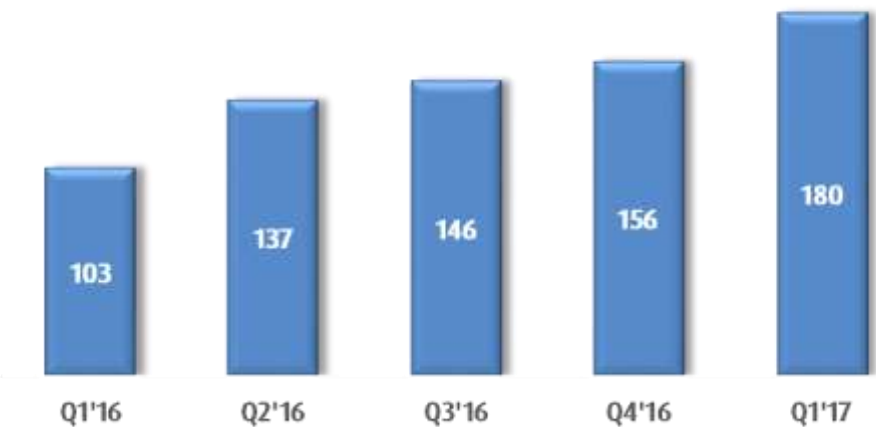
# FINANCIAL PERFORMANCE TRENDS – Q1 FY17

Operating expenses % of NII

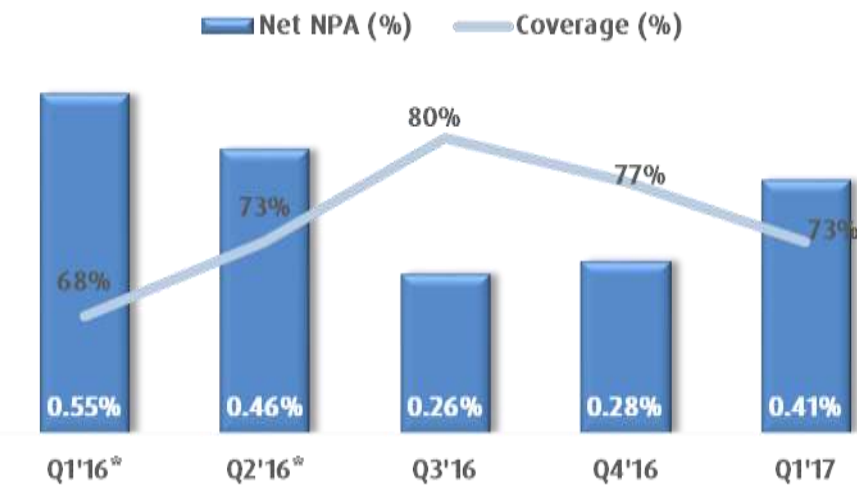


Loan loss provision (₹ Crore)

↑ 74% YoY

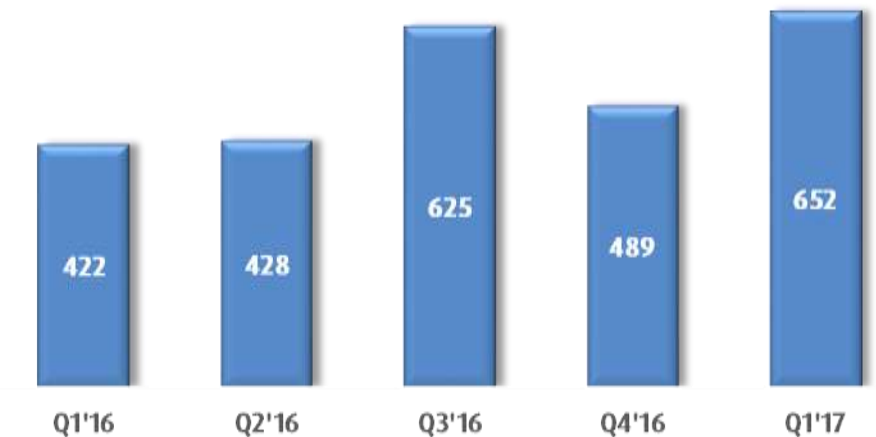


Net NPA & Provisioning coverage\*



Profit Before Tax (₹ Crore)

↑ 55% YoY

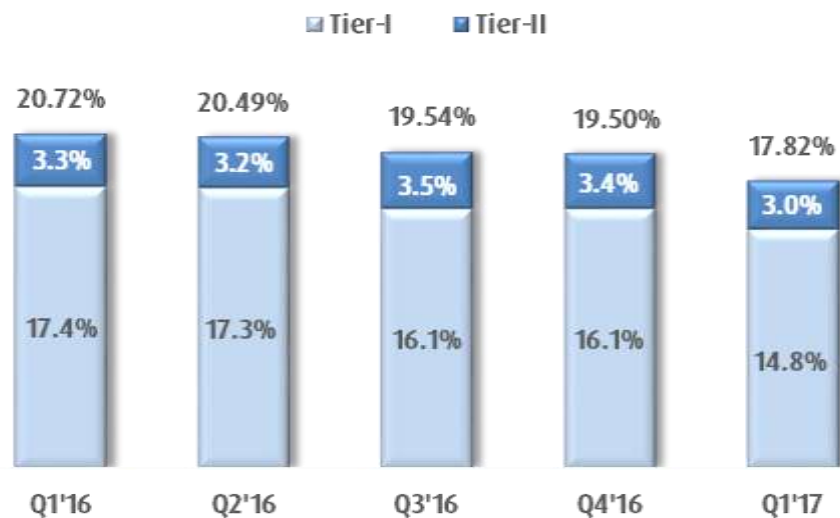


\*The net NPA & provisioning coverage numbers for Q1 FY17 are at 120 days over-dues while the same for previous quarters are at 150 days over-due.



# FINANCIAL PERFORMANCE TRENDS – Q1 FY17

## Capital adequacy ratio

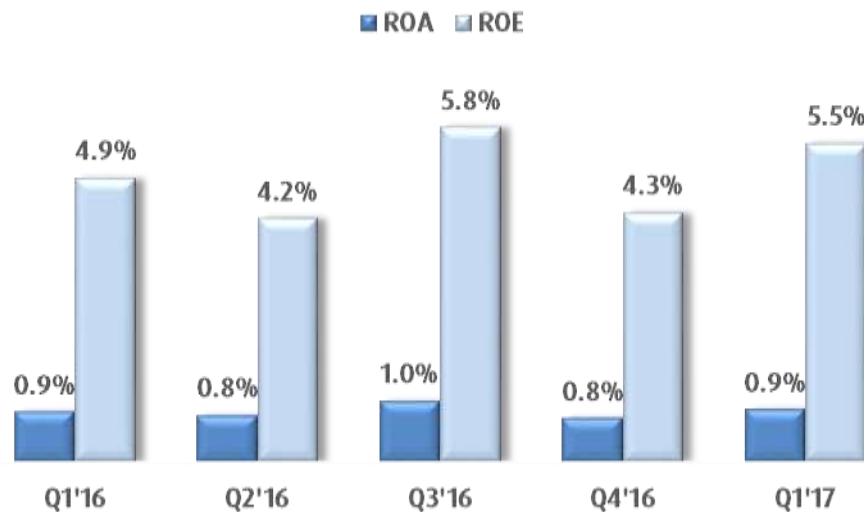


## Earnings per share – Basic (₹)

↑ 46% YoY



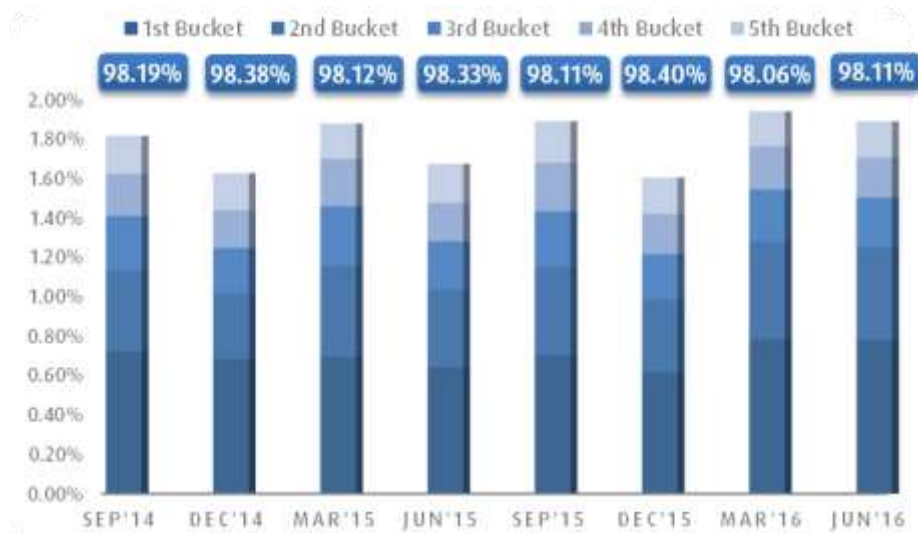
## Return on avg. assets under finance & Equity



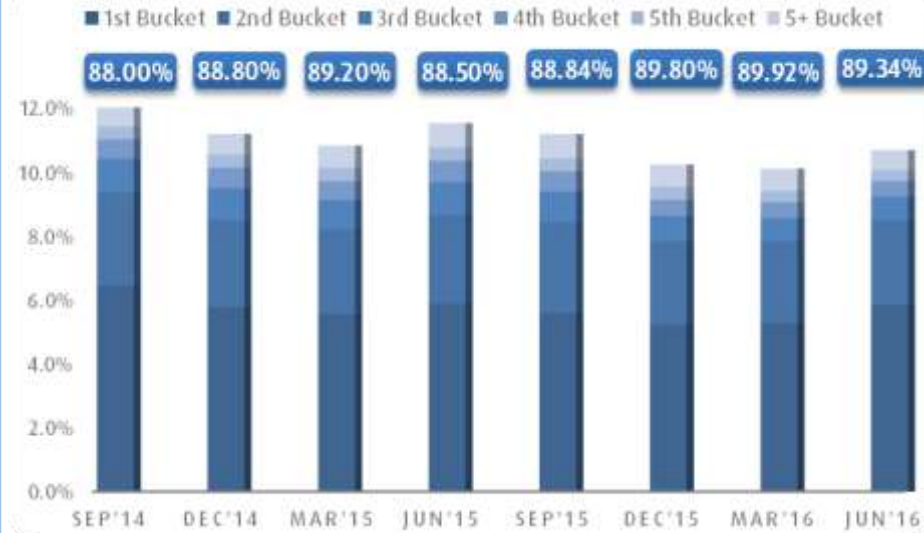


# CREDIT QUALITY – PORTFOLIO COMPOSITION

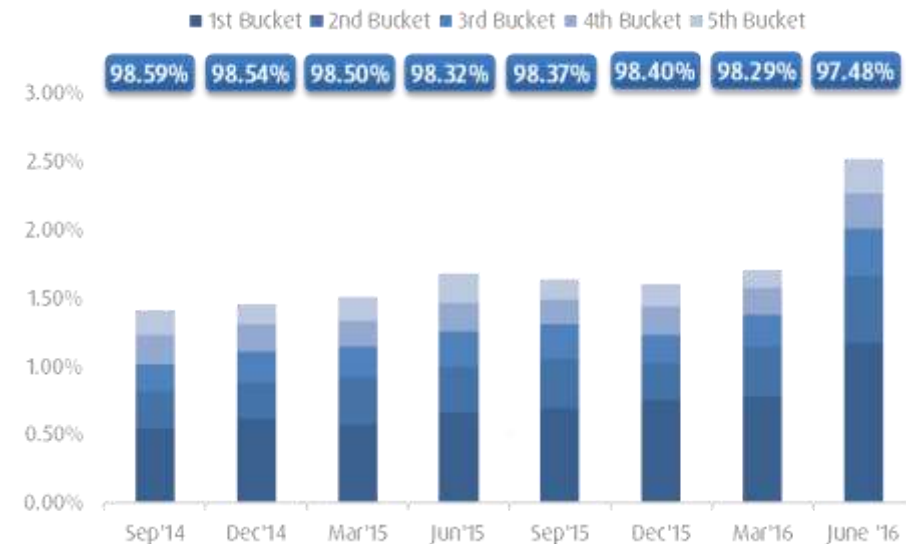
## Consumer durable loan portfolio



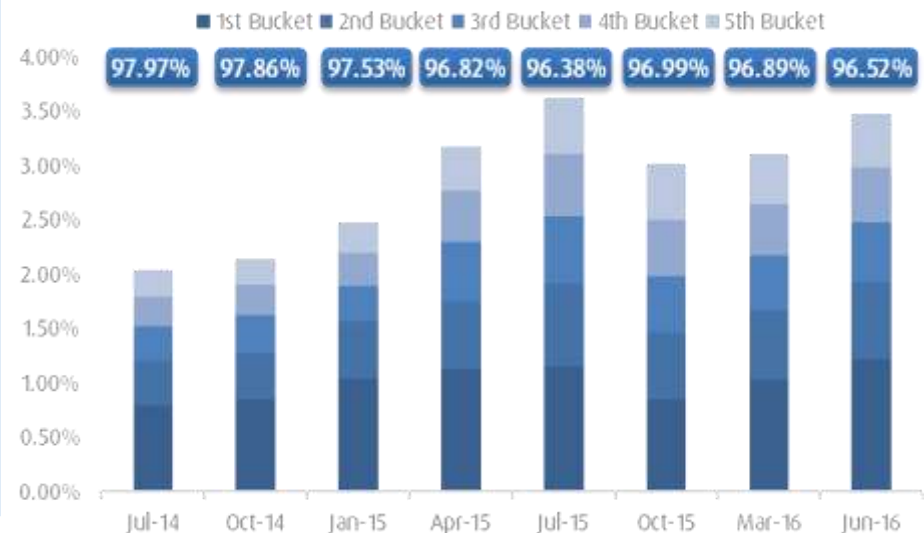
## Two & Three wheeler loan portfolio



## Lifestyle finance loan portfolio



## Digital product finance loan portfolio



Legends indicate customers who are current/ no dues as of the month.

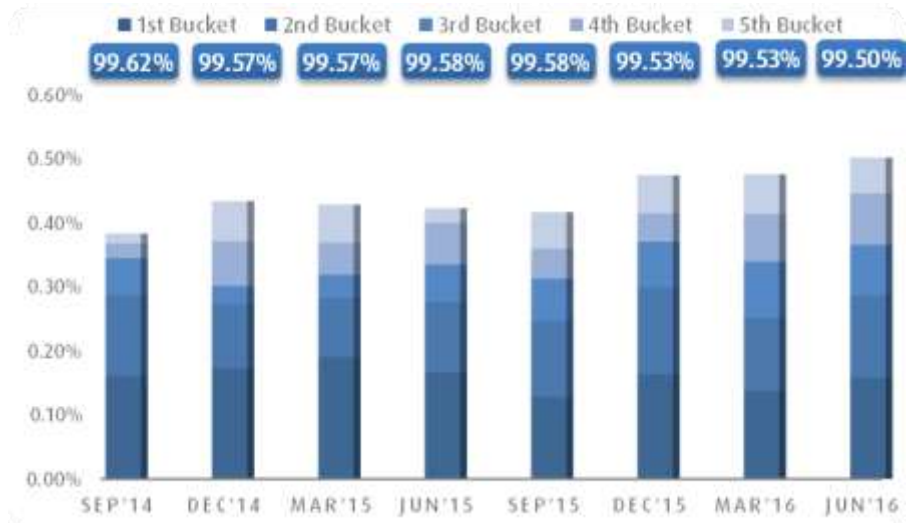


# CREDIT QUALITY – PORTFOLIO COMPOSITION

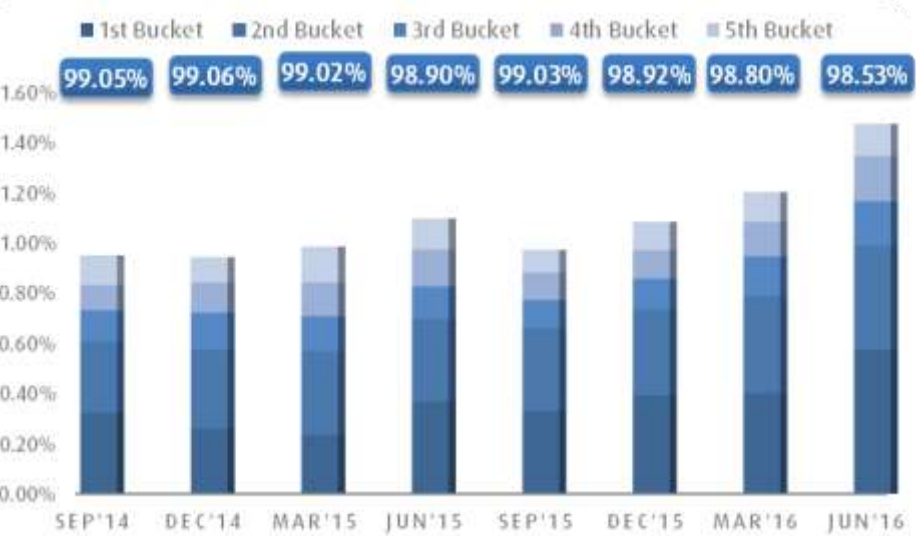
## Personal loan cross sell portfolio



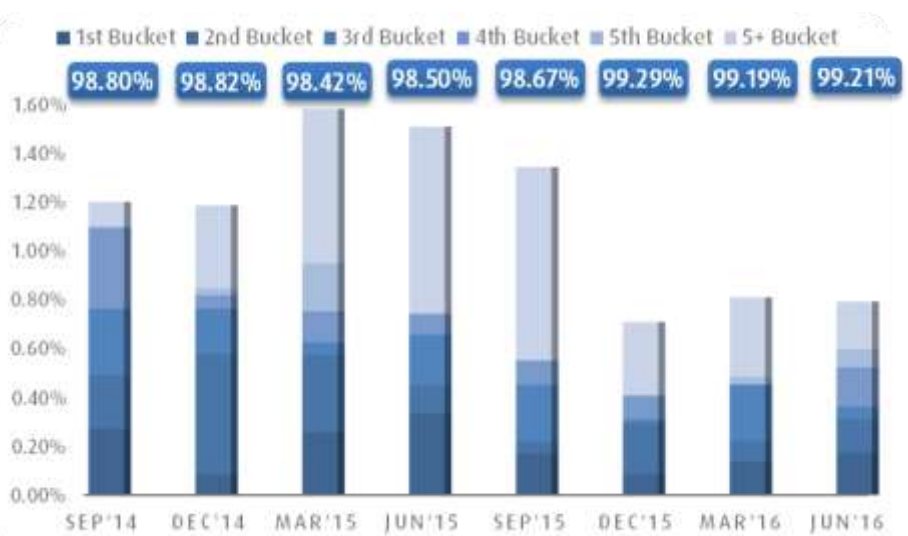
## Salaried personal loan portfolio



## Small business loan portfolio



## Loan against property portfolio

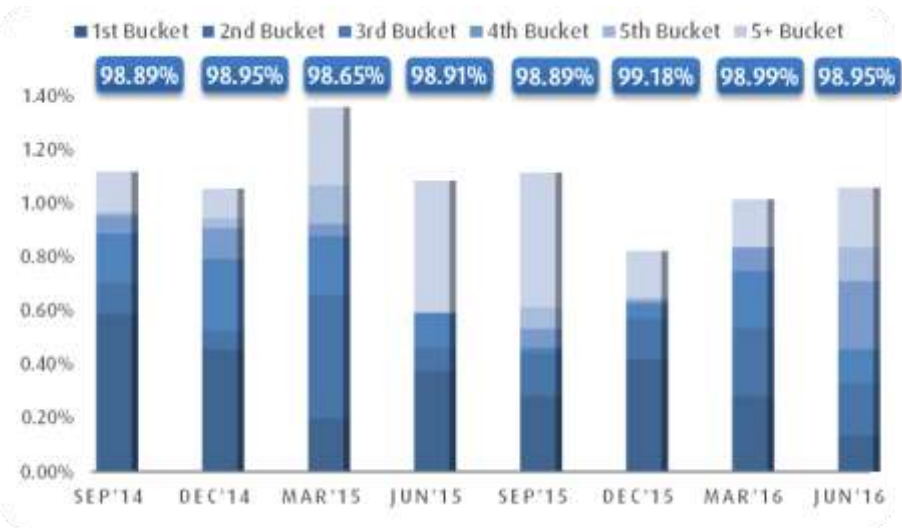


Legends indicate customers who are current/ no dues as of the month.



# CREDIT QUALITY – PORTFOLIO COMPOSITION

Home loans portfolio



Rural Lending portfolio



Legends indicate customers who are current/ no dues as of the month.



# CREDIT QUALITY – PROVISIONING COVERAGE (120 DPD)

| Business Segment<br>(Values in ₹ Crs) |                              | AUM<br>Q1 FY17 | GNPA | NNPA | PCR<br>(%) | GNPA<br>(%) | NNPA<br>(%) |   | Remarks               |
|---------------------------------------|------------------------------|----------------|------|------|------------|-------------|-------------|---|-----------------------|
| 1.                                    | 2W & 3W finance              | 4,080          | 191  | 59   | 69%        | 4.69%       | 1.50%       | ● | Repossessable asset   |
| 2.                                    | Consumer durable finance     | 6,783          | 115  | 9    | 93%        | 1.80%       | 0.14%       | ● |                       |
| 3.                                    | Digital product finance      | 816            | 13   | 2    | 85%        | 1.61%       | 0.24%       | ● |                       |
| 4.                                    | Lifestyle product finance    | 386            | 4    | 1    | 81%        | 0.91%       | 0.17%       | ● |                       |
| 5.                                    | Personal loans cross sell    | 4,392          | 104  | 7    | 93%        | 2.32%       | 0.17%       | ● |                       |
| 6.                                    | Salaried personal loans      | 2,764          | 22   | 3    | 86%        | 0.79%       | 0.11%       | ● |                       |
| 7.                                    | Salaried – Home Loans        | 1,786          | 2    | 2    | 7%         | 0.14%       | 0.13%       | ● | 1.25 X property cover |
| 8.                                    | Business loans (BL)          | 4,866          | 86   | 15   | 83%        | 1.75%       | 0.30%       | ● |                       |
| 9.                                    | Professional loans           | 1,265          | 8    | 1    | 82%        | 0.60%       | 0.11%       | ● |                       |
| 10.                                   | Loan against property (LAP)  | 8,661          | 85   | 49   | 42%        | 1.03%       | 0.60%       | ● | 1.5 X property cover  |
| 11.                                   | Self employed – Home Loans   | 3,286          | 42   | 29   | 31%        | 1.72%       | 1.19%       | ● | 1.4 X property cover  |
| 12.                                   | Loan against securities      | 2,975          | 0    | 0    | -          | 0.00%       | 0.00%       | ● |                       |
| 13.                                   | Vendor financing             | 1,545          | 0    | 0    | -          | 0.00%       | 0.00%       | ● |                       |
| 14.                                   | Financial institutions group | 433            | 0    | 0    | -          | 0.00%       | 0.00%       | ● |                       |
| 15.                                   | Corporate finance            | 459            | 0    | 0    | -          | 0.00%       | 0.00%       | ● |                       |
| 16.                                   | Infrastructure lending       | 306            | 11   | 8    | 21%        | 3.46%       | 2.74%       | ● |                       |
| 17.                                   | RM Business (LAP, HL, BL)    | 2,136          | 12   | 6    | 54%        | 0.62%       | 0.29%       | ● |                       |
| 18.                                   | Rural lending                | 1,688          | 10   | 2    | 81%        | 0.57%       | 0.11%       | ● |                       |
| 19.                                   | BFS Direct                   | 721            | 2    | 0    | 85%        | 0.29%       | 0.04%       | ● |                       |
| Bajaj Finance                         |                              | 49,608         | 722  | 198  | 73%        | 1.47%       | 0.41%       |   |                       |



# CREDIT QUALITY – PROVISIONING COVERAGE (150 DPD)

| Business Segment<br>(Values in ₹ Crs) |                              | AUM<br>Q1 FY17 | GNPA | NNPA | PCR<br>(%) | GNPA<br>(%) | NNPA<br>(%) |   | Remarks               |
|---------------------------------------|------------------------------|----------------|------|------|------------|-------------|-------------|---|-----------------------|
| 1.                                    | 2W & 3W finance              | 4,080          | 163  | 40   | 76%        | 4.00%       | 1.00%       | ● | Repossessable asset   |
| 2.                                    | Consumer durable finance     | 6,783          | 93   | 4    | 95%        | 1.45%       | 0.07%       | ● |                       |
| 3.                                    | Digital product finance      | 816            | 9    | 1    | 90%        | 1.15%       | 0.12%       | ● |                       |
| 4.                                    | Lifestyle product finance    | 386            | 2    | 0    | 87%        | 0.64%       | 0.08%       | ● |                       |
| 5.                                    | Personal loans cross sell    | 4,392          | 94   | 4    | 96%        | 2.10%       | 0.08%       | ● |                       |
| 6.                                    | Salaried personal loans      | 2,764          | 20   | 2    | 88%        | 0.70%       | 0.08%       | ● |                       |
| 7.                                    | Salaried – Home Loans        | 1,786          | 2    | 2    | 7%         | 0.13%       | 0.12%       | ● | 1.25 X property cover |
| 8.                                    | Business loans (BL)          | 4,866          | 77   | 12   | 84%        | 1.57%       | 0.26%       | ● |                       |
| 9.                                    | Professional loans           | 1,265          | 7    | 1    | 82%        | 0.57%       | 0.10%       | ● |                       |
| 10.                                   | Loan against property (LAP)  | 8,661          | 71   | 40   | 43%        | 0.86%       | 0.49%       | ● | 1.5 X property cover  |
| 11.                                   | Self employed – Home Loans   | 3,286          | 34   | 22   | 35%        | 1.42%       | 0.93%       | ● | 1.4 X property cover  |
| 12.                                   | Loan against securities      | 2,975          | 0    | 0    | -          | 0.00%       | 0.00%       | ● |                       |
| 13.                                   | Vendor financing             | 1,545          | 0    | 0    | -          | 0.00%       | 0.00%       | ● |                       |
| 14.                                   | Financial institutions group | 433            | 0    | 0    | -          | 0.00%       | 0.00%       | ● |                       |
| 15.                                   | Corporate finance            | 459            | 0    | 0    | -          | 0.00%       | 0.00%       | ● |                       |
| 16.                                   | Infrastructure lending       | 306            | 11   | 8    | 21%        | 3.46%       | 2.74%       | ● |                       |
| 17.                                   | RM Business (LAP, HL, BL)    | 2,136          | 7    | 3    | 56%        | 0.34%       | 0.15%       | ● |                       |
| 18.                                   | Rural lending                | 1,688          | 7    | 1    | 87%        | 0.41%       | 0.05%       | ● |                       |
| 19.                                   | BFS Direct                   | 721            | 2    | 8    | 86%        | 0.27%       | 0.04%       | ● |                       |
| Bajaj Finance                         |                              | 49,608         | 614  | 145  | 76%        | 1.25%       | 0.30%       |   |                       |



## Bajaj to launch online consumer finance EMI

**Geeta Nair**

**Pune, April 20:** After credit cards and cash on delivery, here comes EMI to buy from online retailers. Sanjiv Bajaj, vice-chairman, Bajaj Finserv and Bajaj Finance, said the company is close to launching the product with a leading e-tailer. By choosing the EMI option, the buyers will be able to convert their purchase into a loan. This solution will go live in May, Bajaj said without naming the company.

This will expand the com-

**By choosing the EMI option, the buyers will be able to convert their purchase into a loan**

pany's consumer finance business and will take it to the online market place while it will help the retailers reduce returns and the cost incurred on it, Bajaj said while speaking at the TieCon Pune 2016 in Pune recently.

Bajaj participates in the lending business through its NBFC, Bajaj Finance Limited.

While there has been an explosion in the e-commerce space with the likes of Amazon, Flipkart and Snapdeal, Bajaj said India had less than 20 million credit card holders and the average limit on these cards are Rs 50,000. The cash on delivery model had grown the business dramatically but this had also led to a high return ratio of around 60% and his company will be tak-

ing this value proposition to them to use the EMI option, he said.

The company already has an EMI card product which enables them to offer instant loan sanctions. They had been building on these technologies to take their consumer finance business online. The company has innovated in the back end to reduce lending time using CIBIL data, algorithms and fraud detection capabilities to make sanctions in a few seconds to enable it to offer this EMI service online.



# PR COVERAGE HIGHLIGHTS IN Q1 FY17 (CONTD.)

## Store credit card: Future Group teams up with Bajaj Finance

OUR BUREAU

Mumbai, June 21

In a bid to spur consumption through credit, the Future Group has entered into a strategic partnership with Bajaj Finance for easy EMIs to buy goods ranging from apparel and grocery to high-end consumer durables. Through a co-branded store card, the EMI financing scheme can be availed on a minimum invoice of ₹5,000, going up to ₹3 lakh, with a loan tenure ranging from three months to two years.

Future Group CEO Kishore Biyani said: "The next big wave of consumption in this country will happen through credit only. We have a vision to have one crore customers shopping for ₹1 lakh annually at our stores."

To begin with the facility for easy EMI be offered to existing EMI cardholders of Bajaj Finserv, which is being used across 17,500 stores. The co-branded store card with the same EMI facility will be launched in 45 days for custom-



**Retail tie-up** Bajaj Finance Vice-Chairman Sanjiv Bajaj Future Group CEO Kishore Biyani at a press conference in Mumbai on Tuesday PAUL NORONHA

ers of Future Group across all its store formats ranging from Big Bazaar to Central, Home Town and online platform FabFurnish.

Future Group had earlier tried to enter the consumer finance business through group company Future Capital, which it subsequently sold to US-based PE play-

er Warburg Pincus. "We had attempted this consumer finance business but it was too early for us to enter and we had to sell it off.

"But now, by partnering with the Bajaj family, we expect this business to have the potential to become bigger," added Biyani.

Publication date: June 21, 2016, The Hindu Business Line

Article access: <http://www.thehindubusinessline.com/companies/store-credit-card-future-group-teams-up-with-bajaj-finance/article8756704.ecees.com/industry/services/retail/bajaj-finance-future-group-to-provide-easy-emi-to-customers-on-groceries/articleshow/52853805.cms>



# AWARDS & ACCOLADES

- Bajaj Finance Limited has been ranked 12th 'Best Company to Work For in India' by the Great Places to Work Institute. It was also recognized as 2nd 'Best Company to Work For in India' under financial services sector, for the second year in a row by the Great Places to Work Institute



# DISCLAIMER

This presentation has been prepared by and is the sole responsibility of Bajaj Finance Limited (together with its subsidiaries, referred to as the “Company” or “Bajaj Finance”). By accessing this presentation, you are agreeing to be bound by the trailing restrictions.

This presentation does not constitute or does not intend to constitute or form part of any offer or invitation or inducement to sell, or any solicitation of any offer or recommendation to purchase, any securities of the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment therefor. In particular, this presentation is not intended to be a prospectus or offer document under the applicable laws of any jurisdiction, including India. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. There is no obligation to update, modify or amend this communication or to otherwise notify the recipient if information, opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. However, the Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes.

These materials are being given solely for your information and may not be copied, reproduced or redistributed to any other person in any manner. The distribution of these materials in certain jurisdictions may be restricted by law and persons into whose possession these materials comes should inform themselves about and observe any such restrictions. Certain statements contained in this presentation that are not statements of historical fact constitute “forward-looking statements.” You can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “goal”, “plan”, “potential”, “project”, “pursue”, “shall”, “should”, “will”, “would”, or other words or phrases of similar import. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the **Company’s** actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, among others: (a) material changes in the regulations governing the **Company’s** businesses; (b) the Company's ability to comply with the capital adequacy norms prescribed by the RBI; (c) decreases in the value of the Company's collateral or delays in enforcing the Company's collateral upon default by borrowers on their obligations to the Company; (d) the Company's ability to control the level of NPAs in the Company's portfolio effectively; (e) internal or external fraud, operational errors, systems malfunctions, or cyber security incidents; (f) volatility in interest rates and other market conditions; and (g) any adverse changes to the Indian economy.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. The information contained in this presentation is only current as of its date and the Company does not undertake any obligation to update the information as a result of new information, future events or otherwise.





# BAJAJ FINANCE LIMITED

## Q1 FY17 Presentation

THANK YOU

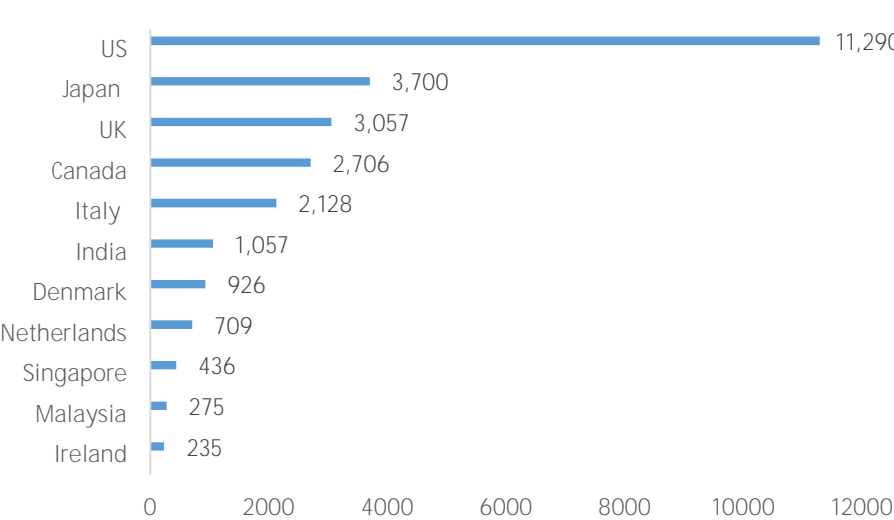


# ANNEXURE

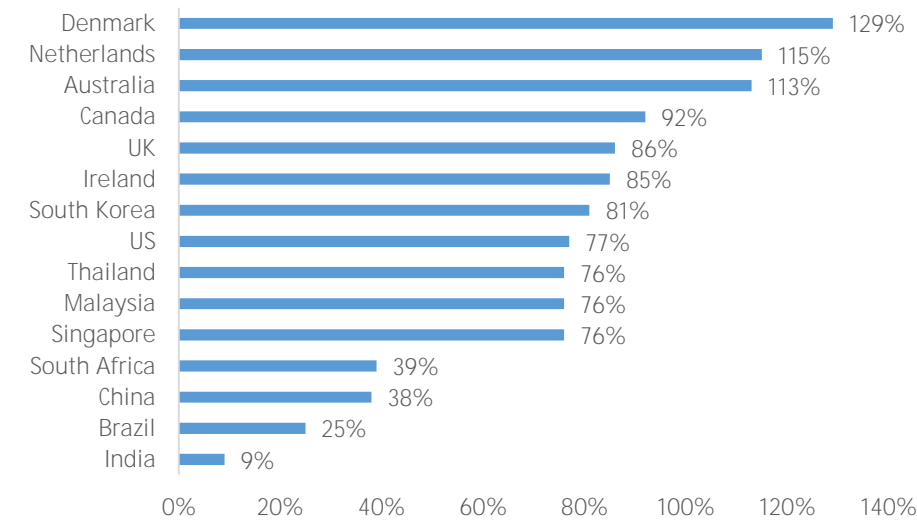


# LENDING INDUSTRY OPPORTUNITY

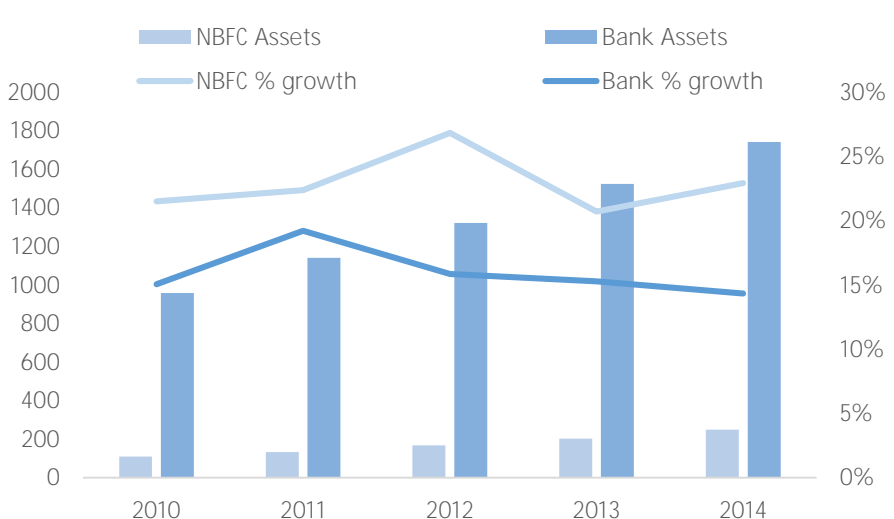
India vs. Advanced Economies – Bank Credit (US \$ Bn)



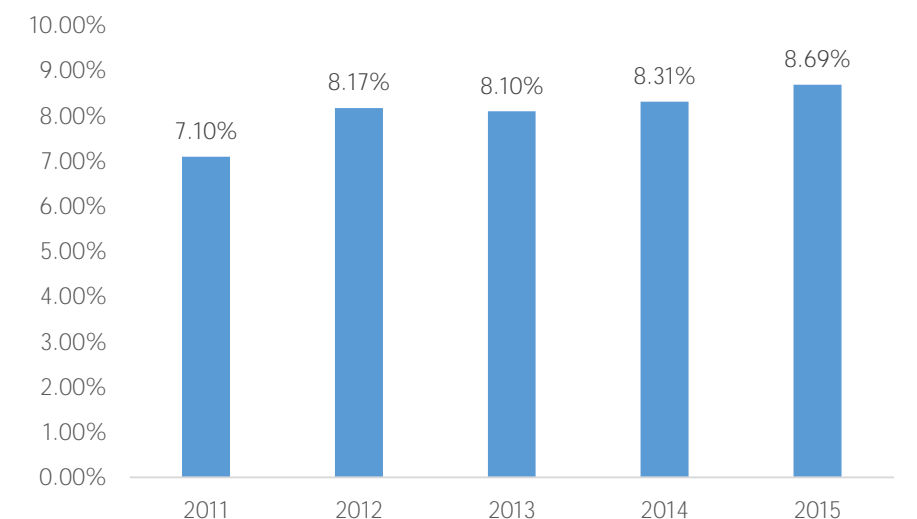
India vs. Advanced Economies - Household Debt/GDP (%)



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



India – Household Debt/GDP (%)



\* Source: Internal research, RBI reports, Bloomberg reports, Industry research reports



# A FEW INITIATIVES IN THE LAST 24 MONTHS...

1 Low ticket high velocity collection capability (~250K accounts per month)

3 Centre of Excellence for Analytics across Sales, Pricing, Risk, Marketing, Collection & Service

5 Flexi Loan to SME customers – Flexibility to prepay & withdraw

7 Launched Retail EMI category

9 EMI Financing option on Flipkart platform

11 Launched MSME rural lending business

13 Co-branded EMI card with Ezone

2 Work flow based underwriting for SME businesses on cloud.

4 Direct cash collection model for unbanked rural customers

6 **India's only E2E online salaried** personal loan and business loan

8 Strategic partnership with Future Group for EMI financing

10 **'Best Employer' awards by GPTW & Aon Hewitt**

12 Co-branded EMI card with Vijay Sales

14 Launched CD Mobile APP – Bajaj Finserv Experia



# PRODUCT PER CUSTOMER (PPC)

Product per Customer (PPC) is a measure of cumulative products bought by a customer over his/her lifetime.

## Consumer

| Products offered | PPC Benchmark | PPC (12 MOB) | PPC (18 MOB) | PPC (24 MOB) |
|------------------|---------------|--------------|--------------|--------------|
| 16               | 3             | 2.55*        | 2.72*        | 2.88*        |

## Product offerings – Consumer

### Loan Products

- Consumer durable finance, Digital finance, Lifestyle finance, Personal Loan, Salaried Personal Loans, Salaried Home Loans

### Fee Products

- EMI Card, Credit Card, EMI Card – Preferred, Life Insurance, Health Insurance, Mutual Fund, Fixed Deposit, Extended Warranty Insurance, Credit Vidya, Retail Financial Fitness report

## SME

| Products offered | PPC Benchmark | PPC (12 MOB) | PPC (18 MOB) | PPC (24 MOB) |
|------------------|---------------|--------------|--------------|--------------|
| 14               | 5             | 3.75*        | 3.69*        | 3.76*        |

## Product offerings – SME

### Loan Products

- Business loans, Loan against property, Home loans, Construction equipment loans, Loan against securities

### Fee Products

- EMI Card, EMI Card – Preferred, Life Insurance, Health Insurance, Mutual Fund, CRISIL ratings, Property search services, Property fitness report, SME financial fitness report

\* Base product is included in the PPC calculation

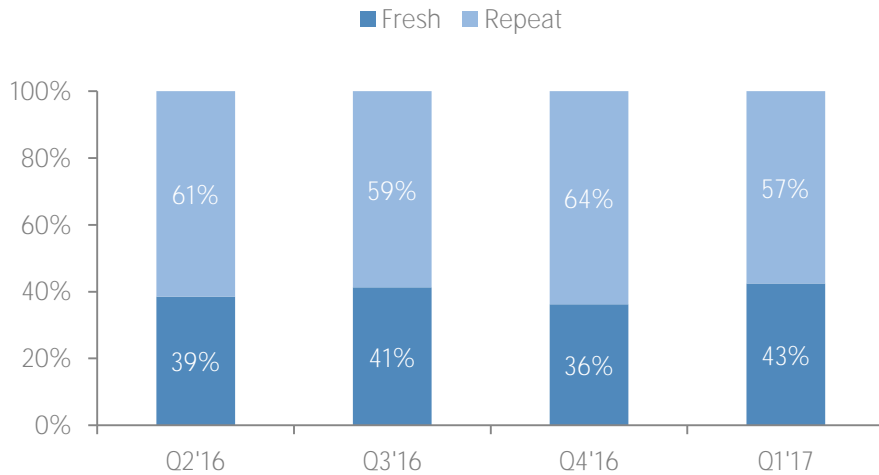
\* PPC does not include short tenor & renewable loans (viz. PO, LAS & Retailer finance), TW, infra and Rural lending sourcing



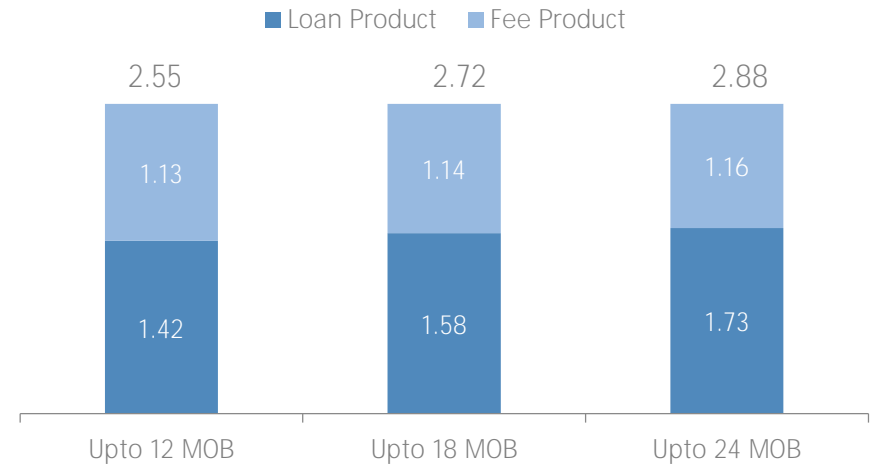
# PRODUCT PER CUSTOMER (PPC)

## Consumer

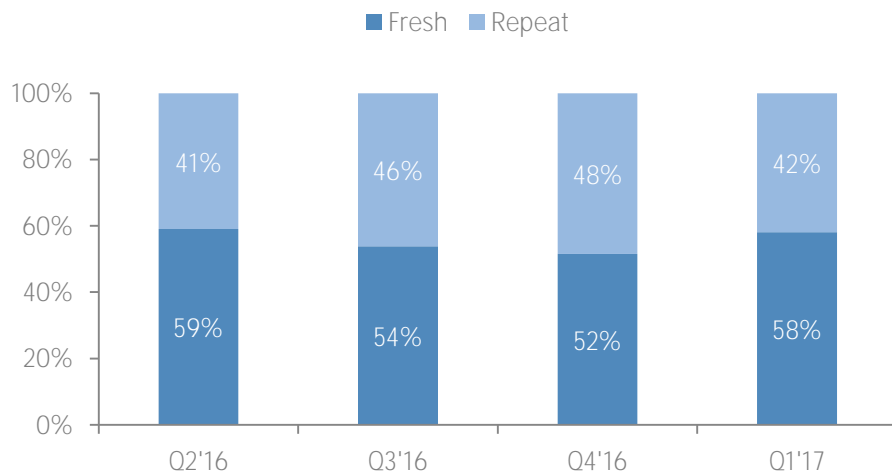
Disbursed Value (₹ Crore) – Fresh v/s Repeat Mix



Product Per Customer (PPC)

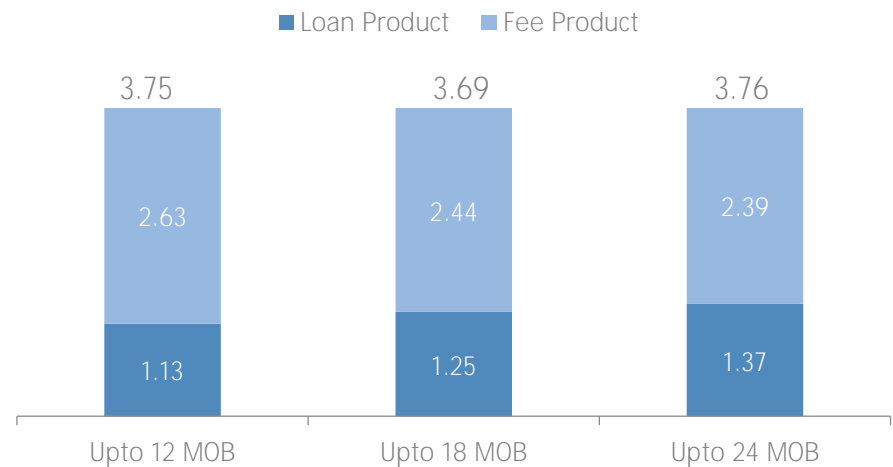


Disbursed Value (₹ Crore) – Fresh v/s Repeat Mix



## SME

Product Per Customer (PPC)



\* Base product is included in the PPC calculation

\* PPC does not include short tenor & renewable loans (viz. PO, LAS & Retailer finance), TW, Infra and Rural lending sourcing



# EMI CARD FRANCHISE

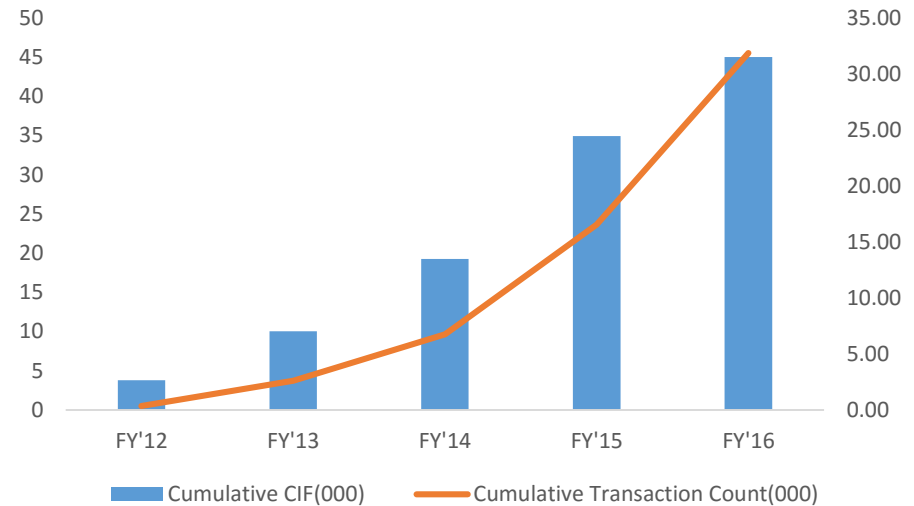
## What is EMI Card

- EMI Card refers to Existing Member Identification Card.
- The EMI card can be used to purchase consumer durables & lifestyle products, by availing a loan from BFL without any documents.
- Customers simply have to Swipe & Sign to buy using an EMI card.
- Total volume for Q1'FY17 – 9,14,500**
- Average line assigned per EMI card (Amount in Rs):
  - Per issued card – 1,08,154
  - Per active card – 1,13,045
- Activation rate of delivered EMI cards:
  - 0-6 MOB- 25%, 0-9 MOB – 33%, 0-12 MOB - 40%

## Key milestones

- Launch of EMI Card Pilot: **May 2011**
- 1 Mn Cards Milestone: **November 2012**
- EMI Card New Design Launch: **July 2013**
- 3 Mn Cards Delivered Milestone : **Nov 2014**
- 1.5 Lac Transactions Milestone : **Nov 2014**
- 1 Mn Active cards milestone crossed : **Feb 2015**
- First co-branded card launched with Vijay Sales : **May 2015**
- Second co-branded card launched with Ezone : **Dec 2015**
- 2 Mn Active cards milestone crossed – **Mar 2016**.
- 3.4 Lac Transactions in single month : **May 2016**.

## Progress till date



## EMI Card Old & New design



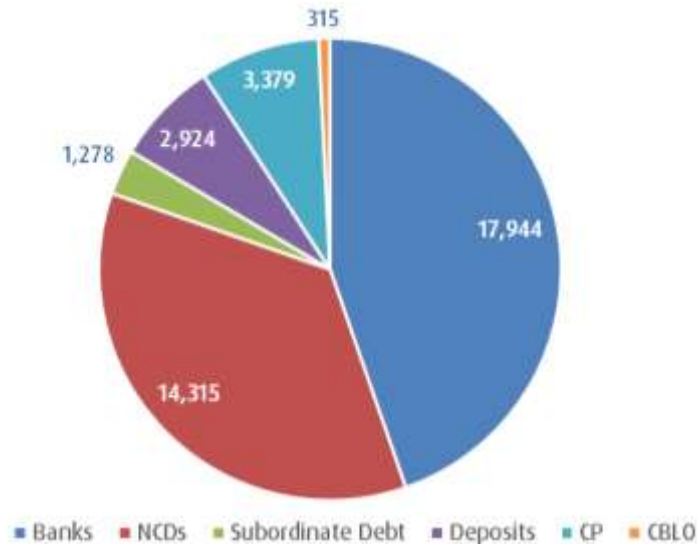
*Old EMI Card design (May 2011 to June 2013)*

*New EMI Card design (July 2013 onwards)*

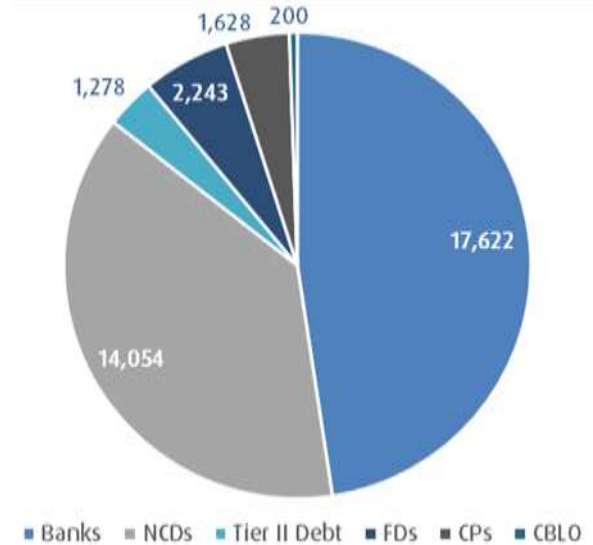


# ALM STRATEGY

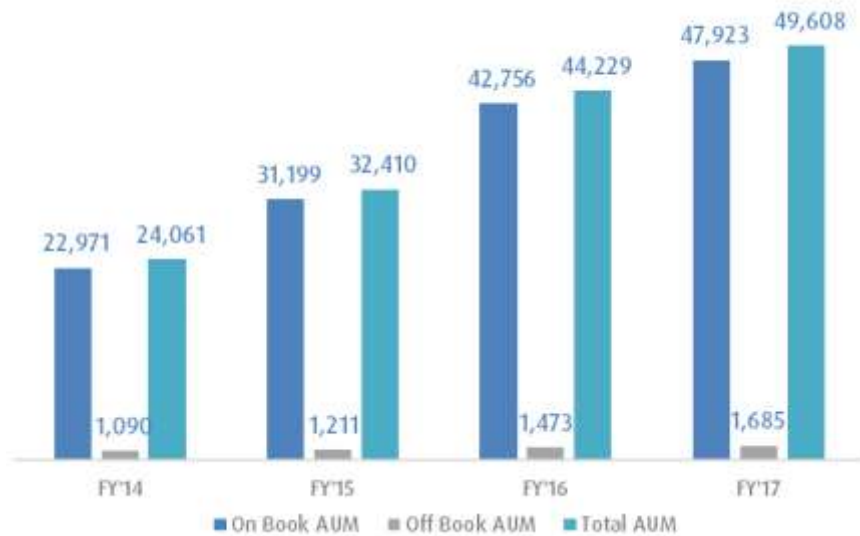
Borrowings – June'16 (₹ 40,155 Crs)



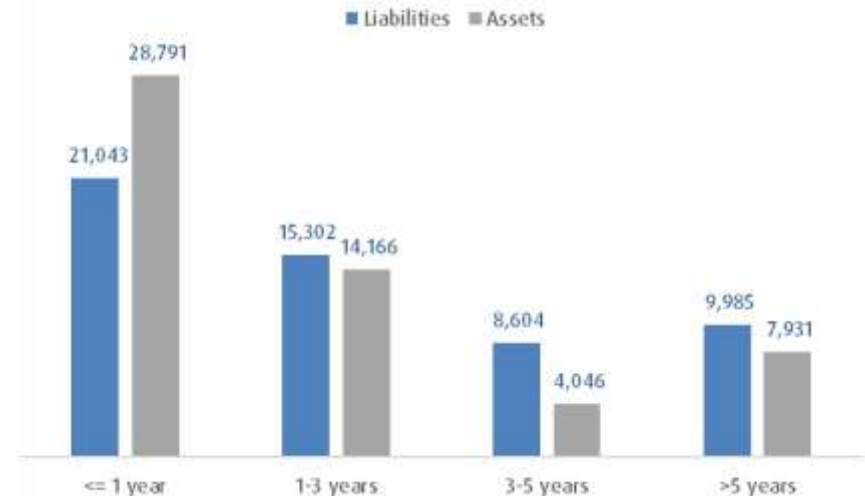
Borrowings – March'16 (₹ 37,025 Crs)



Loan Book (₹ Crs)



Behaviouralised ALM (₹ Crs)





# NPA PROVISIONING STANDARDS

Bajaj Finance provides a general provision of 0.40% on all standard assets (0.50% on Mortgages) against RBI's requirement of 0.25% (from FY16 0.30%)

## Consumer Finance provision coverage

- Consumer Durables :
  - 3-5 Bucket - 75%
  - Above 5 - 100%
- 2 and 3 Wheeler :
  - 3 - 5 Bucket - 30%
  - 6 - 12 Bucket - 60%
  - Above 12 - 100%
- Personal Loan Cross Sell :
  - 3 - 5 Bucket - 60%
  - Above 5 - 100%
- Salaried Personal Loan :
  - 3 - 5 Bucket - 75%
  - Above 5 - 100%

## SME Finance provision coverage

- Home Loan / Loan against Property :
  - 4-5 Bucket - 15%
  - 6-12 Bucket - 25%
  - 13-18 Bucket - 40%
  - 18-24 Bucket - 60%
  - Above 24 - 100%
- Working Capital Loans :
  - 3-5 Bucket - 70%
  - Above 5 - 100%
- Loan against Securities :
  - Above 5 - 100%

## Commercial Lending provision coverage

- Construction Equipment Finance :
  - 4 -5 Bucket - 15%
  - 6 - 9 Bucket - 30%
  - 10 - 12 Bucket - 60%
  - Above 12 - 100 %
- Auto Component Finance :
  - 6 - 12 Bucket - 10%
  - 12 - 18 Bucket - 20%
  - 18 - 24 Bucket - 30%
  - Above 24 - 100%
  - Graded provision on secured portfolio

Bajaj Finance provisioning standards are substantially stringent than RBI norms applicable for NBFC's.