



# BAJAJ FINANCE LIMITED

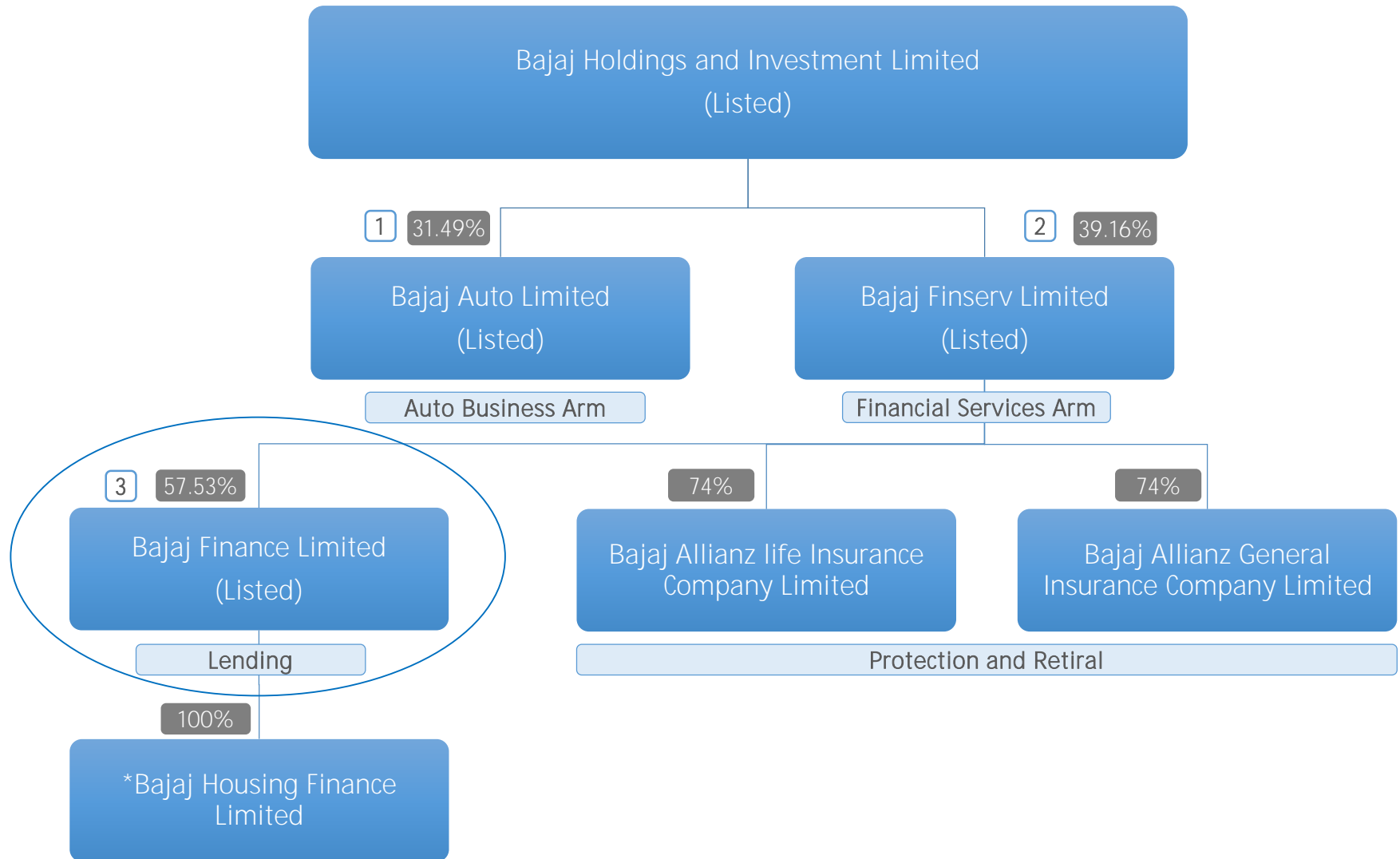
## Q2 FY16 Presentation

20<sup>th</sup> October 2015

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# BAJAJ GROUP STRUCTURE



1. 49.29% holding through promoter holding company & promoter group
2. 58.35% holding through promoter holding company & promoter group
3. 57.60% holding through promoter holding company & promoter group

Above shareholding is as of 30 September 2015

\*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 28 year old non bank finance company
- Diversified consumer, SME & commercial lender in India
- Credit rating of AAA/Stable by India Ratings
- Credit rating of AA+/Stable by CRISIL & ICRA
- 193 consumer branches and 272 rural locations with over 18,000+ distribution points
- Large customer franchise of 12.8 MM
- 4.92 MM **clients acquired in FY'15**



Bajaj Allianz General Insurance Company

- 2nd largest private General insurer in India as of FY15
- Offers a wide range of General insurance products across retail and corporate segments
- One of the most profitable General insurance companies in India. ROE of 28.9% in FY15
- Industry leading combined ratios (96.7% in FY15)
- Recognized in the market for claims servicing



Bajaj Allianz Life Insurance Company

- Amongst top 4 private players as of FY15 on new business
- Diversified distribution mix consisting of agency, bancassurance, other partners, direct etc.
- AUM of over 43K crores as of FY 15
- One of the most profitable private life insurers in India.
- 120K + individual agents and 750 offices across India (FY15)

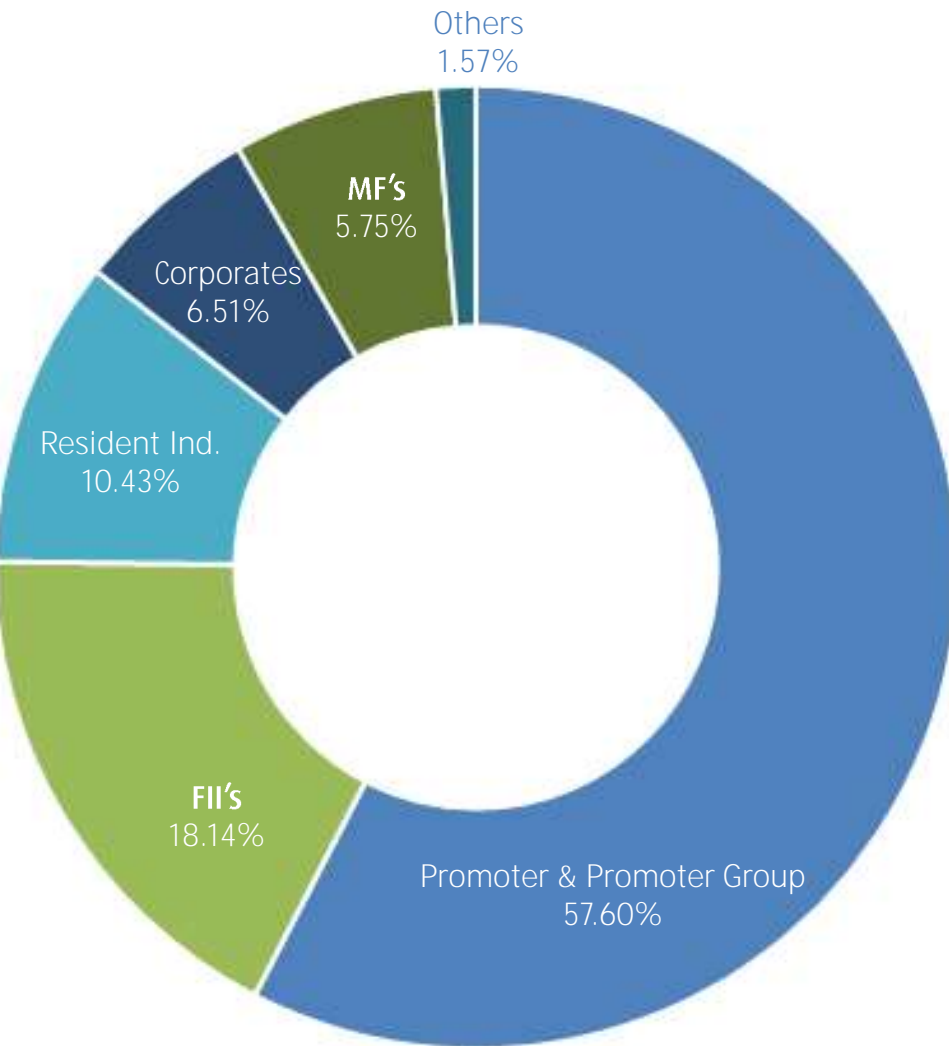
# WHAT DO WE STAND FOR

**“A non bank with strategy, structure & 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% & ROE of 18-20% in the medium term”**

# BAJAJ FINANCE – SHAREHOLDER PROFILE



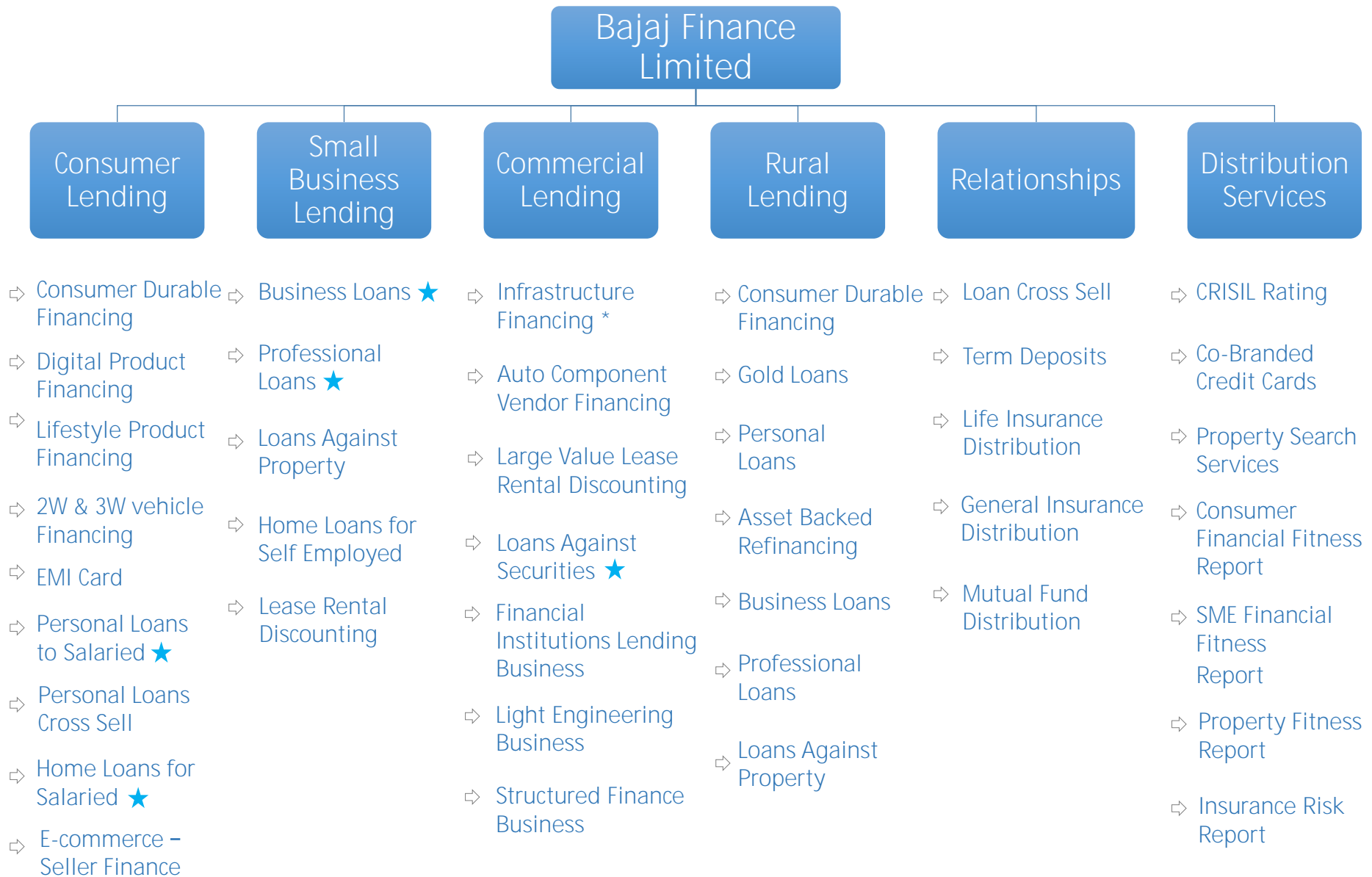
## Top 20 investors & their holdings

Sr. No	Name of Shareholder	As on Mar'15	As on Sep'15
1	BAJAJ FINSERV LTD	62.53%	57.53%
2	MAHARASHTRA SCOOTERS LIMITED	3.78%	3.54%
3	GOVERNMENT OF SINGAPORE	-	2.51%
4	SMALLCAP WORLD FUND INC	-	1.13%
5	ACACIA PARTNERS LP	1.21%	1.13%
6	HDFC MID – CAP OPPORTUNITIES FUND	1.26%	1.07%
7	MACQUARIE BANK LIMITED	0.93%	0.84%
8	HDFC STANDARD LIFE INSURANCE CO. LTD.	0.41%	0.79%
9	ACACIA INSTITUTIONAL PARTNERS LP	0.77%	0.72%
10	GOLDMAN SACHS INDIA FUND LIMITED	0.65%	0.61%
11	ACACIA CONSERVATION FUND LP	0.64%	0.60%
12	PINEBRIDGE INVESTMENTS GF MAURITIUS LTD	1.10%	0.51%
13	WF ASIAN SMALLER COMPANIES FUND LTD	0.62%	0.48%
14	ACACIA BANYAN PARTNERS	0.51%	0.48%
15	AXIS MUTUAL FUND	0.45%	0.45%
16	PARVEST EQUITY INDIA	0.39%	0.39%
17	SUNDARAM SELECT MID CAP	0.54%	0.37%
18	SBI MAGNUM TAXGAIN SCHEME	0.48%	0.37%
19	SBI LIFE INSURANCE CO. LTD	0.26%	0.33%
20	BIRLA SUNLIFE TRUSTEE COMPANY PVT. LTD.	0.28%	0.32%

# FINANCIAL SNAPSHOT

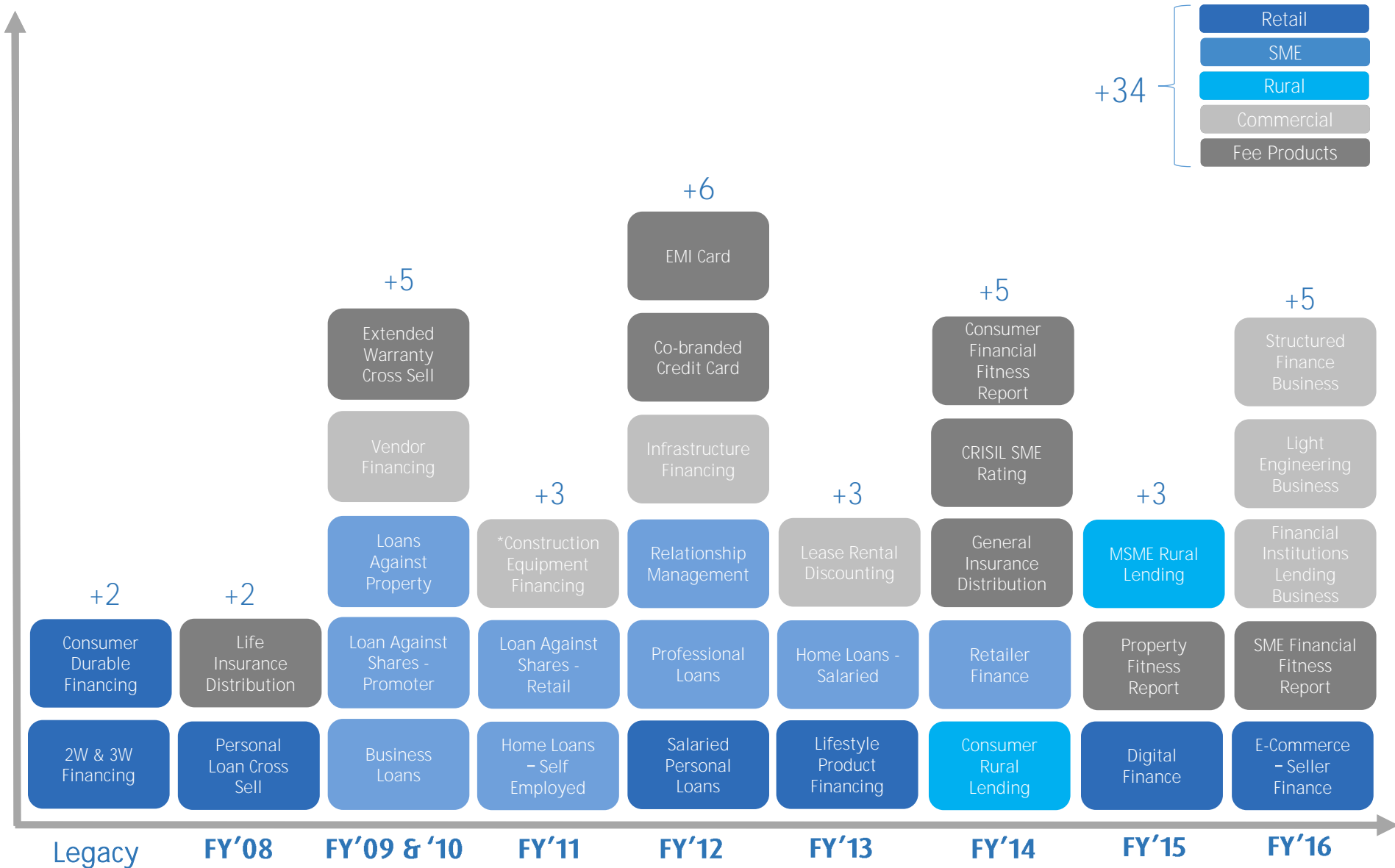
								₹ in Crore	
Financials snapshot	FY09	FY10	FY11	FY12	FY13	FY14	FY15	YoY (FY14 – FY15)	CAGR
Assets under management	2,539	4,032	7,573	13,107	17,517	24,061	32,410	35%	31%
Total interest & fee income	599	916	1,406	2,172	3,110	4,073	5,418	33%	44%
Interest expenses	164	201	371	746	1,206	1,573	2,248	43%	55%
Net interest income (NII)	435	715	1,035	1,426	1,904	2,500	3,170	27%	39%
Operating expenses	220	320	460	670	850	1,151	1,428	24%	37%
Loan losses & provision	164	261	205	154	182	258	385	49%	15%
Profit before tax	51	134	370	602	872	1,091	1,357	24%	73%
Profit after tax	34	89	247	406	591	719	898	25%	73%
Ratios	FY09	FY10	FY11	FY12	FY13	FY14	FY15		
Return on assets	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%		
Return on equity	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%		
Earning per share (Basic) - ₹	9.3	24.2	67.5	110.8	135.7	144.8	179.9		
Net NPA	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%		
NPA provisioning coverage	32%	55%	79%	89%	83%	76%	71%		

# BAJAJ FINANCE LIMITED PRODUCT SUITE





# BUSINESS/PRODUCT LAUNCH JOURNEY



\* Closed

# EXECUTIVE SUMMARY

## Bajaj Finance

- 28 year old non bank with a demonstrated track record of profitability.
- Focused on Consumer, SME & Commercial lines of businesses.
- 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 ₹ 37,964 Crores of Assets under Management with a net NPA of 0.46% and a capital adequacy of 20.49% as at September 2015. The company in Q2 FY16 has delivered a pre tax profit of ₹ 428 Crores and a post tax profit of ₹ 279 Crores at a ROA<sup>1</sup> of 0.8% and ROE<sup>1</sup> of 4.2%.

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## Consumer business

- Amongst the top three Two Wheeler lender in India focused on semi-urban & rural markets.  
**Currently contributes to 30% of Bajaj Auto's domestic Two Wheeler sales.**
- Largest Consumer Electronics lender in India, focused on affluent consumers.
- Amongst the largest personal loan lenders in India.
- Amongst a few non banks with an active co-branded Credit Card.
- EMI Card (Existing Membership Card) franchise crossed 4.1 MM cards.
- Amongst the largest new loans acquirers in India (3.39 MM in FY14 and 4.92 MM in FY15).

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## 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 272 towns and villages and retail presence across 2200+ 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.
- Offer full range of mortgage (Loan against property, Lease Rental Discounting & Home Loans) and working capital 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.

## 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 bank, debt markets and retail deposits is at 47:48:05.

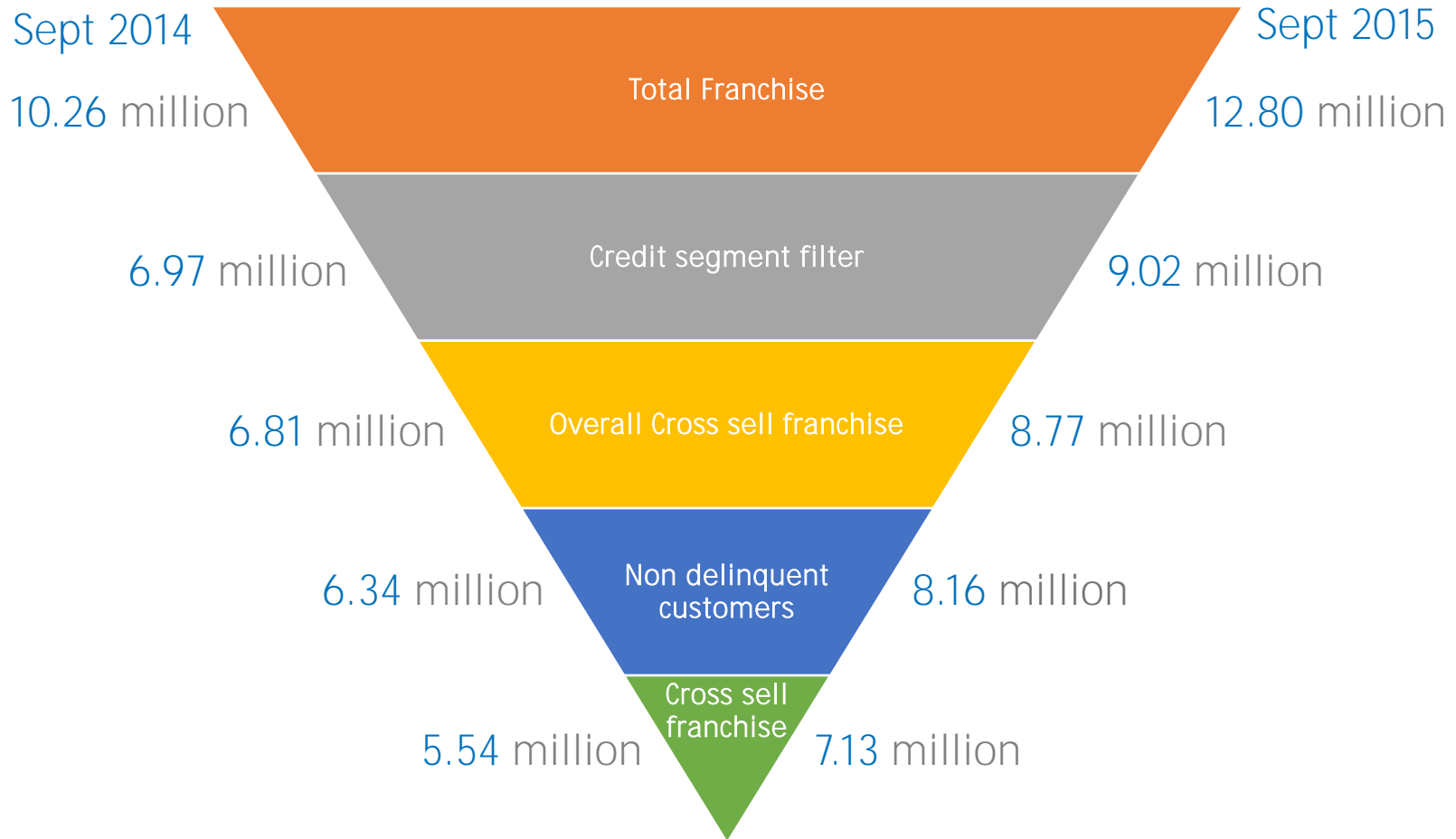
## Credit Quality

- Gross and Net NPA of 1.67% and 0.46% respectively with a provisioning coverage of 73%. The company continued to provide for losses in excess of RBI requirements.
- Provisioning coverage ratio improved from 67% in Q2 FY15 to 73% in Q2 FY16.

## Credit Rating

- Credit rating of AAA from India Ratings (Fitch).
- Credit rating of AA+/stable & AA+(stable) from CRISIL & ICRA respectively.
- 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 20-25% every year...

# KEY PORTFOLIO METRICS

Business Segment	AUM (₹ Crores)				Deploy-ments	IRR		Ticket (Lacs)	Quarter gone by
	Q2 FY15	Q1 FY16	Q2 FY16	YoY		Q2 FY16	Range		
1. 2W & 3W finance	3,387	3,315	3,387	0%	780	22.0%	28.0%	0.50	
2. Consumer durable finance	3,447	5,147	4,916	42%	2,465	24.0%	26.0%	0.29	
3. Digital product finance	160	354	409	156%	334	24.0%	26.0%	0.28	
4. Lifestyle product finance	139	211	275	98%	194	24.0%	26.0%	0.52	
5. Personal loans cross sell	1,928	2,741	3,058	59%	667	16.0%	33.0%	1.17	
6. Salaried personal loans	1,320	2,231	2,529	92%	691	14.0%	16.0%	4.50	
7. Business loans (BL)	2,168	3,058	3,320	53%	829	17.0%	20.0%	15	
8. Professional loans	463	737	845	83%	252	14.0%	17.0%	16	
9. Loan against property (LAP)	7,765	8,424	8,985	16%	1,303	11.0%	12.0%	175	
10. Home loans (Self employed - HL)	2,463	3,063	3,094	26%	287	10.0%	10.7%	100	
11. Home loans (Salaried - HL)	633	938	1,096	73%	245	9.6%	10.5%	36	
12. Loan against securities	1,207	1,516	1,704	41%	-	10.8%	12.0%	200	
13. RM Business (LAP, HL, BL)	984	1,360	1,572	60%	383	10.0%	20.0%	53	
14. Vendor financing	972	1,333	1,322	37%	-	10.0%	12.5%	-	
15. Financial institutions group	-	-	60	-	60	10.5%	12.0%	-	
16. Structured finance	-	75	247	-	245	10.5%	12.0%	-	
17. Infrastructure lending	514	398	355	(31%)	-	NA	NA	NA	**
18. Rural lending	134	522	661	393%	328	14.0%	35.0%	0.40	

\*\* Paused

# STRONG DISTRIBUTION REACH

## Geographic Presence (No. of branches)

Business Line	FY12	FY13	FY14	FY15	FY16*
Consumer durable branches	82	91	114	161	193
SME business branches	31	57	80	119	157
Rural Branches	-	-	14	50	68
Rural Spokes	-	-	56	182	204
Total Rural locations	-	-	70	232	272

## Distribution (Points of sale)

Business Line	FY12	FY13	FY14	FY15	FY16*
Consumer durable	2,800+	3,500+	4,900+	7,000+	8,000+
Digital	-	850+	1,600+	2,650+	3,100+
Lifestyle				1,150+	1,700+
2W-Dealer/ASCs	2,200+	2,600+	2,600+	3,000+	3,000+
SME – Partner	250+	400+	700+	700+	800+
Rural Consumer Durable	-	-	-	1,500+	2,200+

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

Business Line	FY12	FY13	FY14	FY15	FY16*
Consumer Loans	1,465	1,908	2,450	3,623	2,215
Lifestyle & Digital	-	37	109	374	288
Personal Loans	90	116	137	206	142
2W & 3W	654	736	651	561	288
Rural Finance	-	-	22	131	158
SME/Commercial	12	11	20	30	21
Total	2,221	2,808	3,389	4,924	3,112

## \*\*Assets Under Management (₹ Crores)

Business Line	FY12	FY13	FY14	FY15	FY16*	Mix
Consumer Lending	4,979	7,138	9,328	13,202	15,691	41%
SME Lending	5,270	7,750	12,009	15,551	17,820	47%
Commercial Lending	2,858	2,629	2,674	3,324	3,792	10%
Rural Lending	-	-	50	333	661	2%
Total AUM	13,107	17,517	24,061	32,410	37,964	100%

\*\* LAS portfolio regrouped from SME Lending business to Commercial Lending business and Salaried Home Loans portfolio regrouped from SME Lending business to Consumer Lending business in Q1

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

# KEY PERFORMANCE HIGHLIGHTS FOR Q2 FY16

- **Profit before tax** for Q2 FY16 ↑ 43% to ₹ 428 Crores from ₹ 299 Crores in Q2 FY15
- **Profit after tax** for Q2 FY16 ↑ 42% to ₹ 279 Crores from ₹ 197 Crores in Q2 FY15.
- **Assets Under Management** during Q2 FY16 ↑ 36% to ₹ 37,964 Crores from ₹ 28,004 Crores in Q2 FY15.
- **Deployments** during Q2 FY16 ↑ 51% to ₹ 9,236 Crores from ₹ 6,115 Crores in Q2 FY15. \*
- **Total income** for Q2 FY16 ↑ 37% to ₹ 1,701 Crores from ₹ 1,242 Crores in Q2 FY15.
- **New loans** acquired during Q2 FY16 ↑ 42% to 13,93,309 from 9,78,174 in Q2 FY15.
- **Loan losses and provisions** for Q2 FY16 ↑ 71% to ₹ 137 Crores as against ₹ 80 Crores in Q2 FY15. The company made accelerated provisioning of ₹ 31 Crs in Q2 FY16. Adjusted for this, loan losses and provisions growth is 33% YoY.
- **Return on Assets and Return on Equity** for Q2 FY16 were 0.8% and 4.2% (not annualized) respectively. ROE is adjusted for capital raised by the company through QIP issue of ₹ 1,400 crores during Q1 FY16.
- **Gross NPA and Net NPA** as of 30 September 2015 stood at 1.67% and 0.46% respectively. The provisioning coverage ratio (PCR) stood at 73% as of 30 September 2015. Net NPA & provisioning coverage ratios stood at 0.48% and 67% respectively as of 30 September 2014 and have shown improvement in the corresponding period of the current year.
- **Capital adequacy ratio** (including Tier-II capital) stood at 20.49%. The tier – I capital stood at 17.32%. The Company continues to be well capitalized to support its growth trajectory.

\* Gross deployment number is excluding revolving loans viz. Auto Component Manufacturer Financing, Loan Against Securities & Retailer financing

# SUMMARY FINANCIAL STATEMENT

₹ in Crores

Financials snapshot	Q2'16	Q2'15	YoY	H1'16	H1'15	YoY	FY'15
Assets under finance (AUF)	36,515	26,751	36%	36,515	26,751	36%	31,199
Assets under management (AUM)	37,964	28,004	36%	37,964	28,004	36%	32,410
Total Interest & fee Income	1,701	1,242	37%	3,356	2,488	35%	5,418
Interest expenses	695	544	28%	1,372	1,044	31%	2,248
Net Interest Income (NII)	1,006	697	44%	1,985	1,444	37%	3,170
Operating Expenses	441	319	38%	894	661	35%	1,428
Loan Losses & Provision	137	80	71%	240	163	47%	385
Profit before tax	428	299	43%	850	619	37%	1,357
Income tax	149	102	46%	295	211	40%	459
Profit after tax	279	197	42%	555	409	36%	898
Ratios	Q2'16	Q2'15		H1'16	H1'15		FY'15
Total Opex to NII	43.9%	45.7%		45.1%	45.8%		45.1%
Total Opex to Total Income	25.9%	25.7%		26.6%	26.6%		26.4%
Loan loss to AUF*	0.4%	0.3%		0.7%	0.6%		1.2%
Return on Average AUF*	0.8%	0.7%		1.6%	1.6%		3.3%
Earning per share - Basic (Rs.) *	52.4	39.5		106.6	82.0		179.9
Return on Average Equity *	4.2%	4.6%		9.5%	9.7%		20.4%

\* Quarterly & half yearly numbers are not annualized

\* ROE is adjusted for capital raised by the company through QIP issue of ₹ 1,400 crores during Q1 FY16



# BALANCE SHEET

	₹ in Crores			
Balance Sheet as on	30-Sep-15	30-Sep-14	31-Mar-15	31-Mar-14
<b><u>Equity and Liabilities</u></b>				
Share capital	53	50	50	50
Reserves and surplus	6,699	4,364	4,750	3,941
Money received against warrants	102	-	-	-
<b><u>Total Shareholders' funds</u></b>	<b>6,854</b>	<b>4,413</b>	<b>4,800</b>	<b>3,991</b>
Long-term borrowings	21,195	13,037	18,274	10,478
Other Long term liabilities	289	60	136	57
Long-term provisions	176	124	152	110
<b><u>Total Non-current liabilities</u></b>	<b>21,659</b>	<b>13,220</b>	<b>18,561</b>	<b>10,646</b>
Short-term borrowings	4,581	5,146	4,314	5,473
Trade payables	302	206	269	196
Other current liabilities	5,148	5,838	4,700	4,187
Short-term provisions	110	73	167	126
<b><u>Total Current liabilities</u></b>	<b>10,142</b>	<b>11,263</b>	<b>9,450</b>	<b>9,982</b>
<b>Total liabilities</b>	<b>38,655</b>	<b>28,896</b>	<b>32,811</b>	<b>24,618</b>

# BALANCE SHEET (CONTD.)

	₹ in Crores			
Balance Sheet as on	30-Sep-15	30-Sep-14	31-Mar-15	31-Mar-14
<b><u>Assets</u></b>				
Fixed assets	253	225	249	220
Non-current investments	236	76	175	-
Deferred tax assets (net)	260	175	212	139
Receivables under financing activity	21,449	15,918	18,120	13,852
Long-term loans and advances	88	87	89	112
<b><u>Total Non-current assets</u></b>	<b>22,287</b>	<b>16,481</b>	<b>18,845</b>	<b>14,324</b>
Current investments	488	571	157	28
Receivables under financing activity	15,066	10,833	13,080	9,119
Cash and bank balances	158	521	220	777
Short-term loans and advances	304	352	344	292
Other current assets	352	138	166	79
<b><u>Total Current assets</u></b>	<b>16,368</b>	<b>12,415</b>	<b>13,966</b>	<b>10,294</b>
<b>Total assets</b>	<b>38,655</b>	<b>28,896</b>	<b>32,811</b>	<b>24,618</b>

# MANAGEMENT DISCUSSION

## Market Assessment :

- Economic indicators showed some improvement

Parameters	Jul '15	Aug '15	Sept'15
IIP	4.2%	6.4%	-
CPI	3.69%	3.74%	4.41%
WPI	-4.05%	-4.95%	-4.54%

- Consumer durables and Consumer non-durables have recorded growth of 17.0% and 0.4% respectively, with the overall growth in Consumer goods being 6.8%.
- As of September 18, 2015 projected gross bank credit of scheduled commercial banks amounted to ₹67.06 lac crores registering an increase of 9.61% during the year as against an increase of 9.21% in the previous year. On a sequential basis there was a 1.14% growth in the July-September quarter from June.
- As per **RBI's 'Financial Stability Report'** published in June 2015, stressed assets accounted for 11.1% of loans in the **country's** banking system as of 31 March, the highest since 2002. **PSB's** recorded the highest level of stressed assets at 13.5% of total advances as of March 2015.
- Auto sector (H1 FY16)

	Overall	PV	CV	2 Wheeler	3 Wheeler	Scooter /Other
YoY growth %	1.16%	6.22%	7.18%	(0.36)%	(10.05)%	9.92%

- Housing market inventory continued to rise to record levels amid weak sales due to unaffordable prices and despite developers offering bigger discounts, freebies and innovative financing schemes to attract buyers.
- Developers are increasingly struggling to raise funds for their new projects or for completing their ongoing ones due to inventory over supply.

# MANAGEMENT DISCUSSION (CONTD.)

## Business Commentary :

- Overall a strong quarter for the company with granular growth across all lines of businesses of the company.
- **Two wheeler and Three wheeler financing business** disbursed 780 Crs (20% YoY) during the quarter. Two Wheeler financing business disbursed 139K accounts in the quarter (11% YoY). Three Wheeler financing business disbursed 8K accounts in the quarter (21% YoY). Two Wheeler financing penetration of Bajaj **Auto's** domestic Two Wheeler sales increased to 30% from 28% in the previous quarter. Three wheeler financing penetration of Bajaj **Auto's** domestic Three Wheeler sales in Q2 was at 16%.
- **Consumer Durable business** had a strong quarter disbursing 908 K accounts (36% YoY). Independence day momentum led to increased sales for manufacturers and retailers, boosting sentiments before festival season. Existing customer penetration continued to remain strong. The business launched its first co brand EMI Card proposition with Vijay Sales – the second largest retailer in India .
- Retailer finance business & extended warranty cross sell for consumer durable business remained strong, disbursing 930 Crs (83% YoY) & 45 Crs. Our extended warranty volume penetration crossed 16% in September 2015 from a low of 7.5% in the previous year.
- **Digital product finance business** disbursed 126 K accounts (102% YoY) during the quarter. Business crossed 50K accounts for the first time in the month of August 2015. The business continued to deepen relationships with leading manufacturers like Samsung & Apple and continues to expand its manufacturer relationships across mobile and laptop eco-system. Business is also exploring partnership opportunities with wireless carriers for financing packaged products.

# MANAGEMENT DISCUSSION (CONTD.)

- **Digital product finance business** - Launched a partnership model called '**Digital Activate**' by combining strengths of the retailer and Bajaj Finance Limited. In this model Bajaj Finance is bringing the strength of its technology & franchise and retailers are committing the last mile delivery of mobile to create a distinct business model to grow volumes. As part of this initiative, Bajaj Finance has pre-approved 4 MM of its customers with a mobile or laptop offer with a 3 hour delivery commitment powered by retailer.
- **Lifestyle finance business** disbursed 38k accounts (92% YoY). The business continues to focus on identifying new categories like mattresses etc. New category additions should help the business accelerate growth in second half.
- **Salaried personal loans** continued its strong run during the quarter and disbursed 715 Crs (88% YoY). The medium term strategy for the business is to grow direct business and deepen geographic penetration as these will make the business disproportionately profitable. '**Direct to Customer**' contribution in Q2 was 57% as compared to 51% in the previous year. Business added 15 new locations during the quarter to deepen its geographic footprint.
- **Salaried home loans** disbursed 246 Crs (119% YoY). The business launched Developer Finance product during the quarter. The salaried home loans business is growing rapidly with strong volume traction month on month. HFC license would further augment the delivery of its strategy.
- **E-Commerce finance business** launched in June 2015 with a '**Seller Finance**' offering for sellers of Flipkart and Snapdeal disbursed 49 Crs across more than 140 sellers in Q2.
- **Rural lending business** continued to be the fastest growing business in Q2 as well. It disbursed 361 Crs (284% YoY) in Q2. The business added 18 new branches across states of Madhya Pradesh, Karnataka, Maharashtra and Gujarat during the quarter. The business is now present in 272 towns and villages in less than 3 years of its launch. The diversified business model pursued has delivered rich dividends.

# MANAGEMENT DISCUSSION (CONTD.)

- **MSME Rural business**, disbursed 48 Crs in Q2 but is going through its launch pain and should stabilise in the current quarter
- **Business Loans** had a strong quarter disbursing 1,020 Crs (58% YoY). Portfolio performance continues to hold well across all parameters. A first of its kind decision support system for SME was launched in Q2 which will reduce cost of processing by 50%. An added benefit would be higher volume growth as a result of ease of processing for channels.
- **Professional Loans** continued to grow very well and disbursed 251 Crs in Q2 (128% YoY). Our pre-approved model to lend to **'Doctors'** has been highly disruptive in nature and it is being extended to the **'Chartered Accountant's'** segment from Q3.
- **Loan against property** business continued to remain in hyper competitive state. The business disbursed 1,262 Cr in Q2 (13% YoY). The organization structure in the mortgages business was realigned and right sized in the quarter. Transition to **'Direct to Customer'** strategy has been accelerated to address increased margin & attrition pressure in the business.
- **Self-employed home loan** business disbursed 325 Crs in Q2 (de-growth of 26% YoY). The de-growth was on account of transition to a 100% **'Direct to Customer'** model in order to build a low cost and sustainable ROE business. The strategy has already begun to deliver on a better ROE promise based on current acquisition trends and drivers.
- **Infra financing business** continued to remain in pause mode due to sectoral stress. The outstanding portfolio reduced by 90 Crs as a result of repayments in 2 accounts. The portfolio is now down to 355 Crs consisting of 6 accounts.

# MANAGEMENT DISCUSSION (CONTD.)

- **Retail construction equipment finance business** now has receivables of less than 90 Crs. This business had 1,100 crores of receivables at its peak. Due to timely exit from the business, we have managed to come out with no capital loss over the 5 years of this business. Incremental provisions are expected to be non-material and the business is expected to fully wind down in the next 9 months time.
- **LAS business** had a good quarter with a net assets addition of 159 Crs (80% YoY) catalyzed by growth in its retail segment. The business despite tremendous volatility continued to hold its portfolio performance well.
- **Auto component financing** businesses continued to grow well in this quarter as well.
- **Structured Finance, Financial Institutions (FIG) lending business & Light Engineering Vendor Financing business** are beginning to grow well and disbursed 310 Crs in Q2 (195 Crs in Structured Finance, 105 Crs in FIG & 10 Crs in Light Engineering).
- **Relationship management (RM)** strategy launched this year has started to deliver on growth momentum. RM business disbursed 376 Crs in Q2 (61% YoY).
- Fixed deposit business garnered 413 Crs of new fixed deposits during the quarter taking the total deposit book to 1,467 Crs (233% YoY). The average deposit amount stood at 3.3 lacs with a weighted tenor of greater than 24 months.
- IFA channel strategy to diversify our fixed deposit business is moving well with business empaneling 560 **IFAs** during the quarter in partnership with BAGIC & HDFC Life.

# MANAGEMENT DISCUSSION (CONTD.)

- **Gross NPA and Net NPA** as of 30 September 2015 stood at 1.67% and 0.46% respectively. The provisioning coverage ratio (PCR) stood at 73% as of 30 September 2015. Net NPA & provisioning coverage ratios were at 0.48% and 67% respectively as of 30 September 2014 and have shown improvement in the corresponding period of the current year.
- **Interest cost** for the company continues to remain significantly lower amongst its NBFC peers. Borrowing mix at the quarter end stood at 47:48:05 between banks, money markets and retail deposits respectively.



# OTHER KEY INITIATIVES

## Key Developments in Q2:

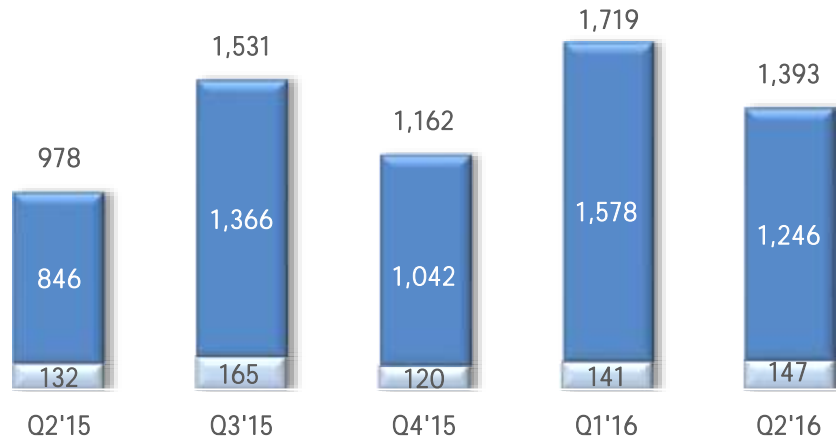
- Bajaj Housing Finance Limited, the wholly owned subsidiary of Bajaj Finance Limited, has received a certificate of registration dated 24 September 2015 from National Housing Bank to carry on the business of housing finance. The license is a non-deposit taking HFC license.
- During the quarter, Bajaj finance received ASA (Authentication Service Agency) license from UIDAI. This will enable the company to get customers KYC (Aadhar) information electronically. This will help in delivering a superior buying experience to customers across all lines of businesses.
- The company launched a first of its kind consumer durable mobile app for its customers in October 2015. This mobile app will provide the customer with ease and comfort of anytime anywhere loan approval with minimal data entry. The mobile app is available to the customers on '**IOS**' and '**Android**' platforms.
- In Sep 15, the company received a credit rating of '**IND AAA**' with Stable Outlook from India Ratings (Fitch).
- Company has launched '**Sparkling Diwali**', a company wide initiative to capture a greater share of festival demand across its Consumer, Rural & SME businesses. This initiative is supported by a strong 360 degree marketing campaign.

# FINANCIAL PERFORMANCE TRENDS - Q2 FY16

## # of Loans Disbursed ( '000)

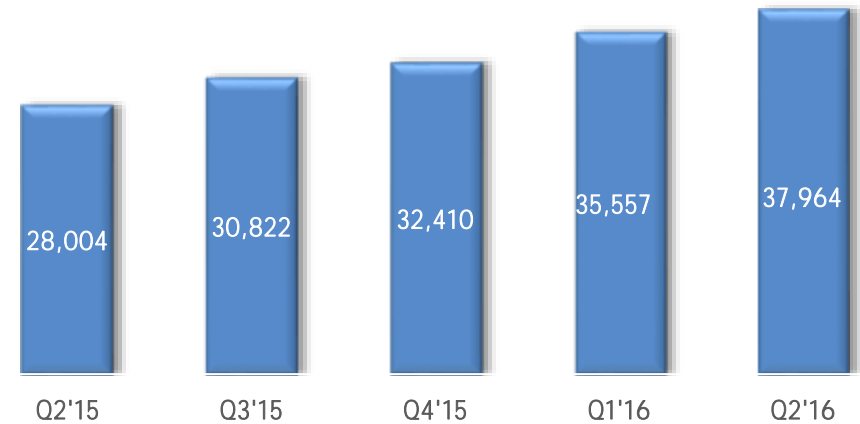
↑ 42% YoY

■ 2 Wheelers ■ Others



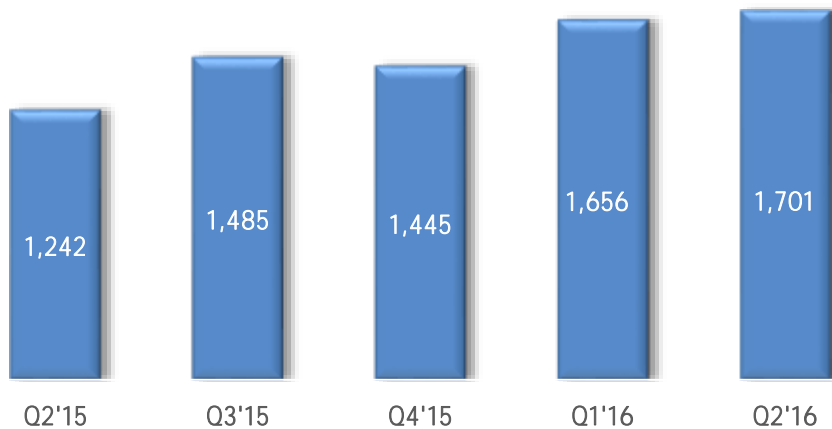
## AUM (₹ Crore)

↑ 36% YoY

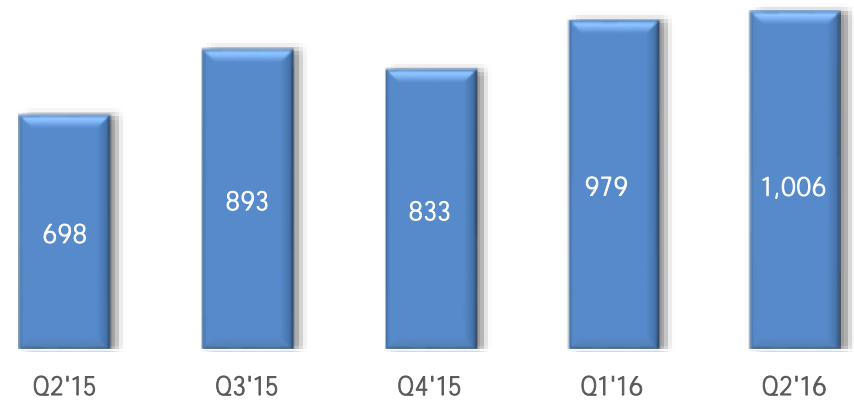


## Revenue (₹ Crore)

↑ 37% YoY

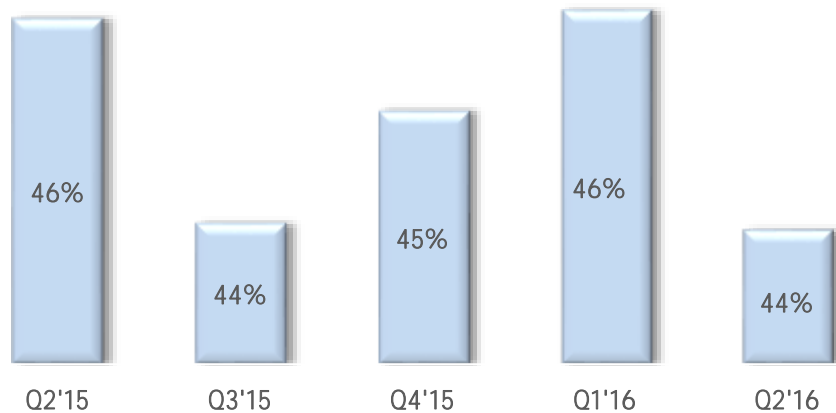


## Net Interest Income (NII) (₹ Crore) ↑ 44% YoY



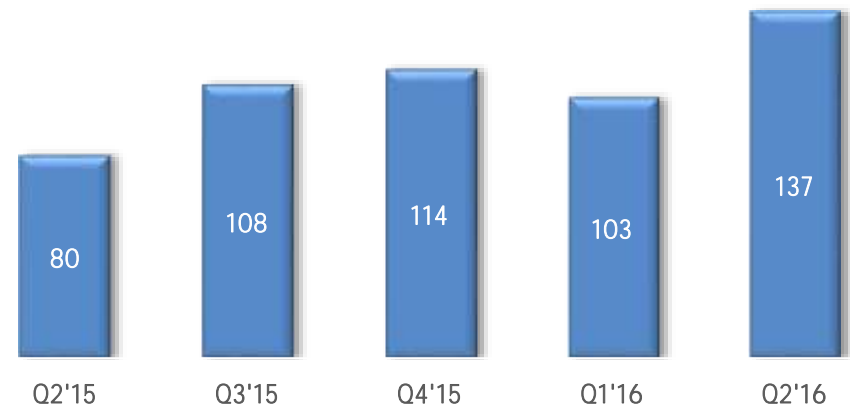
# FINANCIAL PERFORMANCE TRENDS - Q2 FY16

## Operating expenses % of NII

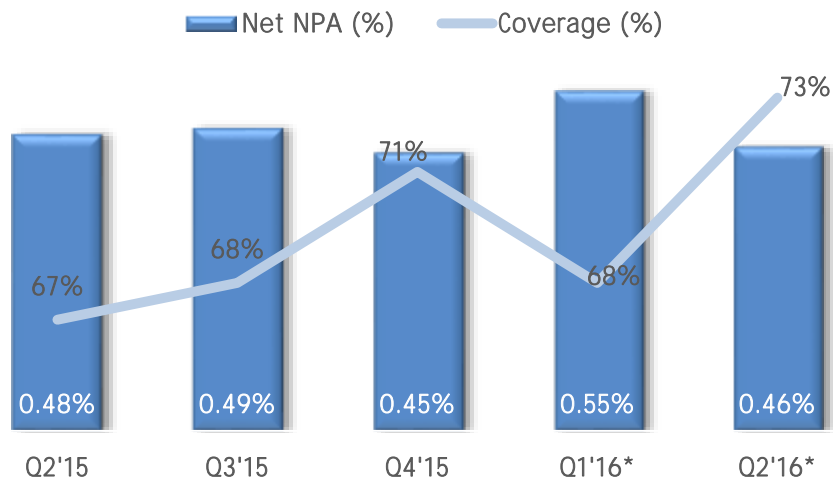


## Loan loss provision (₹ Crore)

↑ 71% YoY

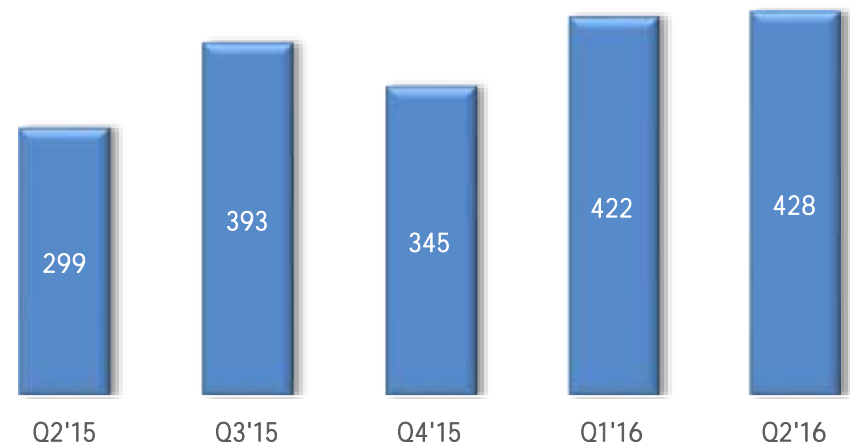


## Net NPA & Provisioning coverage



## Pre Tax Profit (₹ Crore)

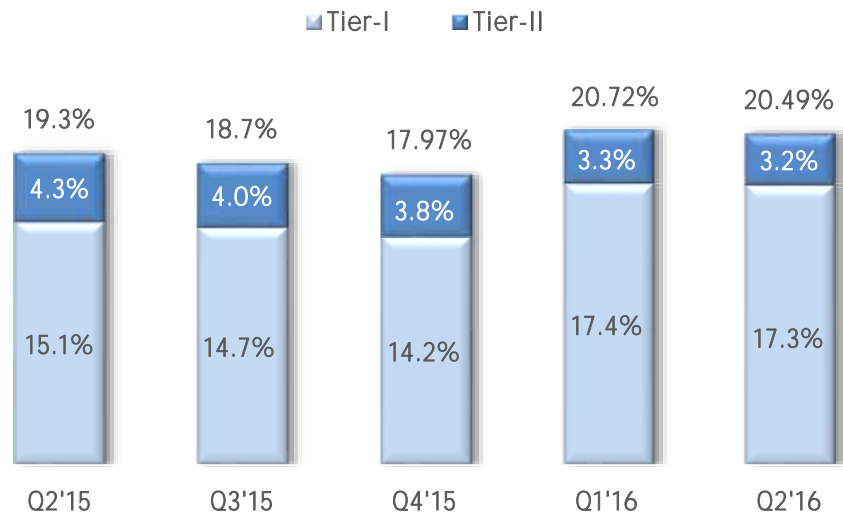
↑ 43% YoY



\*The net NPA & provisioning coverage numbers for Q1FY16 are at 150 days over-dues while the same for previous quarters are at 180 days over-due.

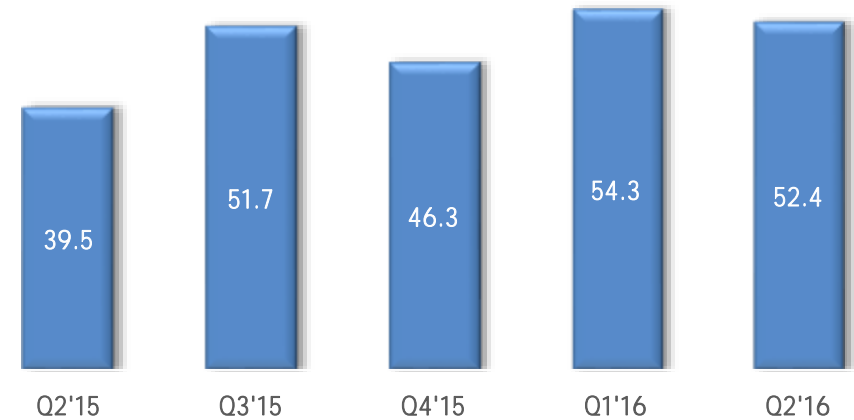
# FINANCIAL PERFORMANCE TRENDS - Q2 FY16

## Capital adequacy ratio

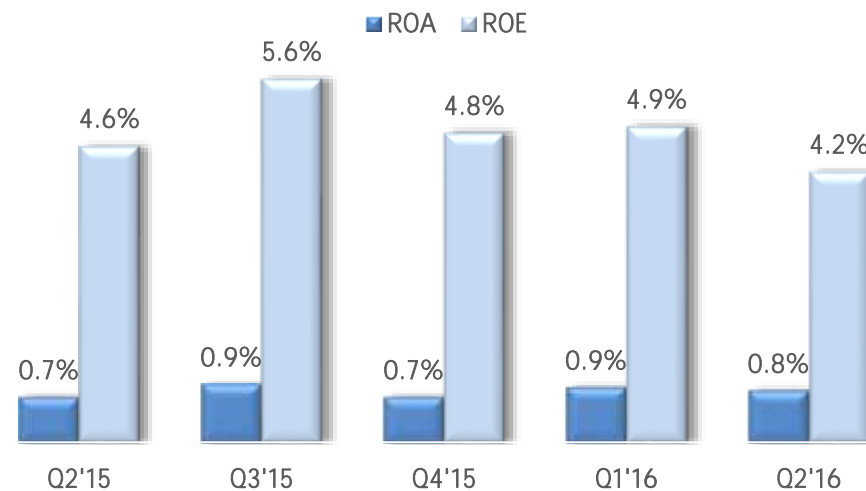


## Earnings per share – Basic (₹)

↑ 33% YoY

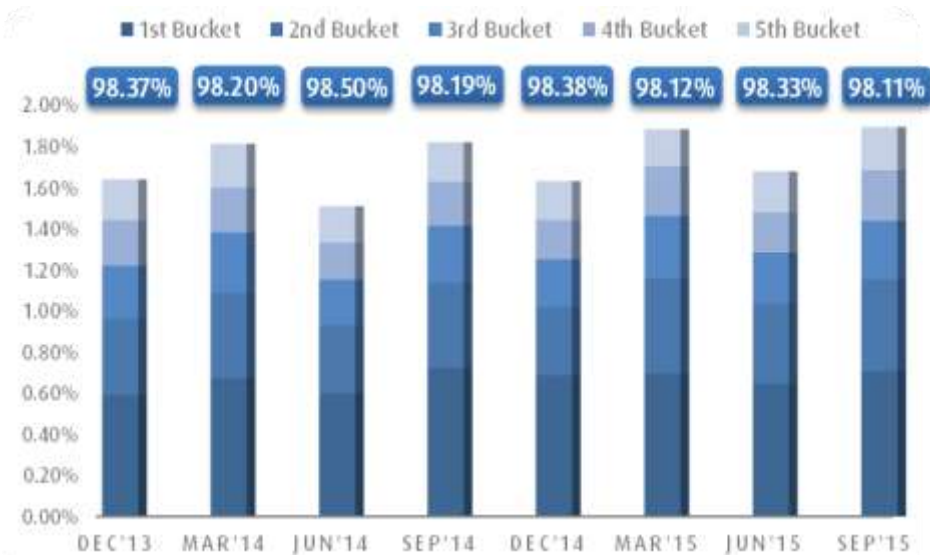


## Return on avg. assets under finance & Equity

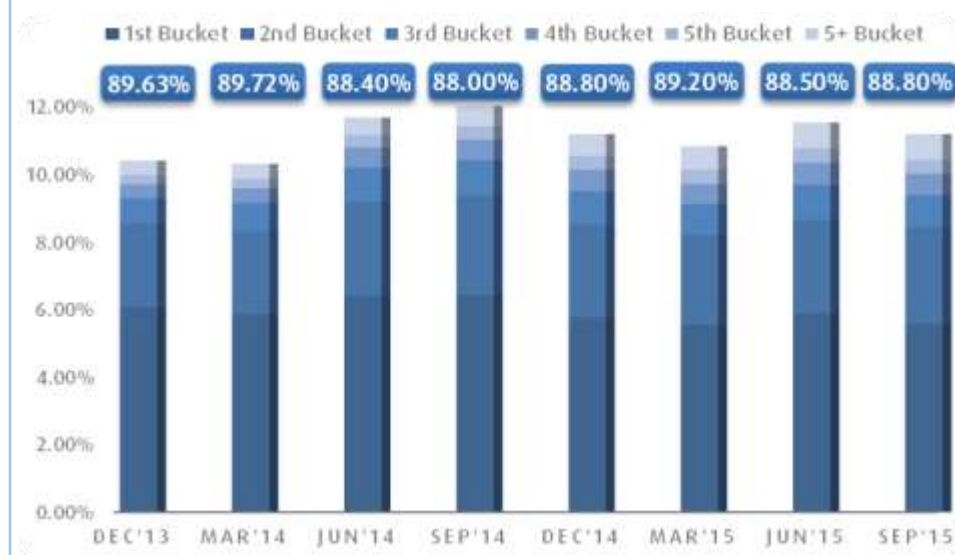


# CREDIT QUALITY – PORTFOLIO COMPOSITION

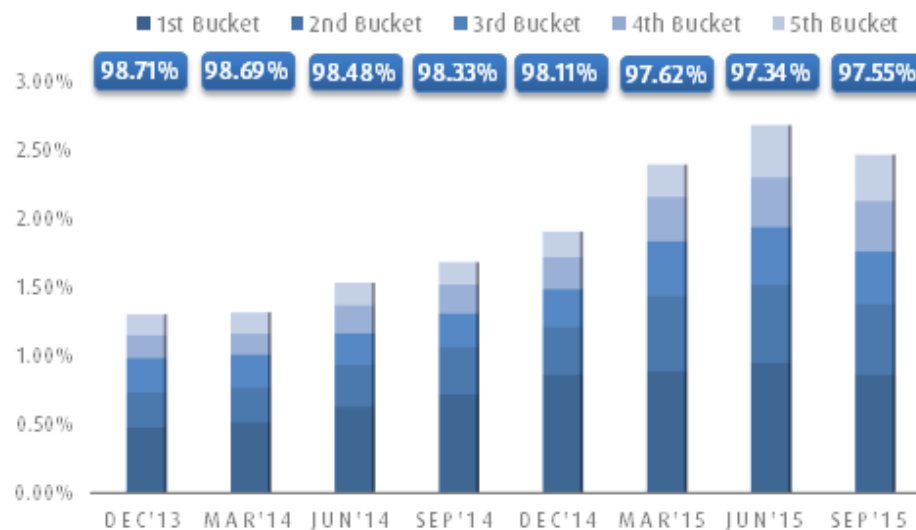
## Consumer durable loan portfolio



## Two & Three wheeler loan portfolio



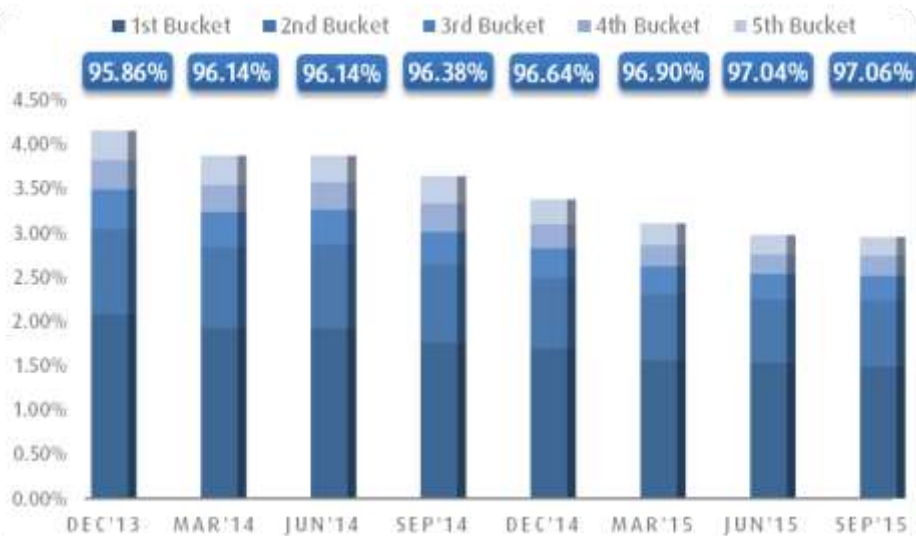
## Lifestyle & Digital finance loan portfolio



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

# CREDIT QUALITY – PORTFOLIO COMPOSITION

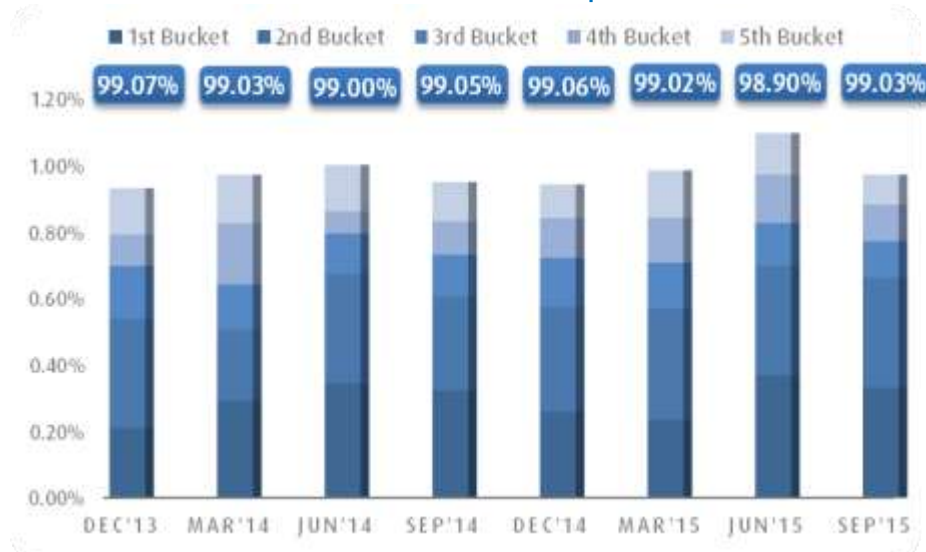
## Personal loan cross sell portfolio



## Salaried personal loan portfolio



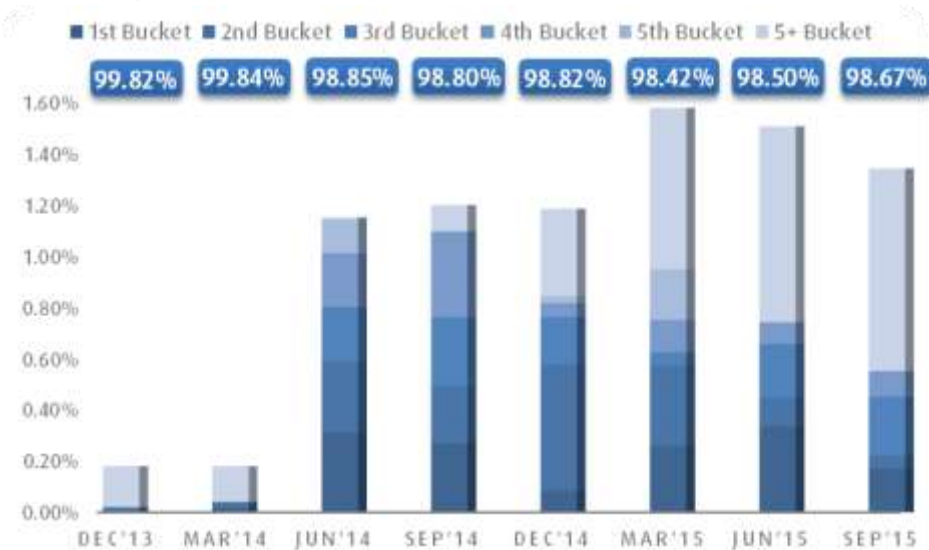
## Small business loan portfolio



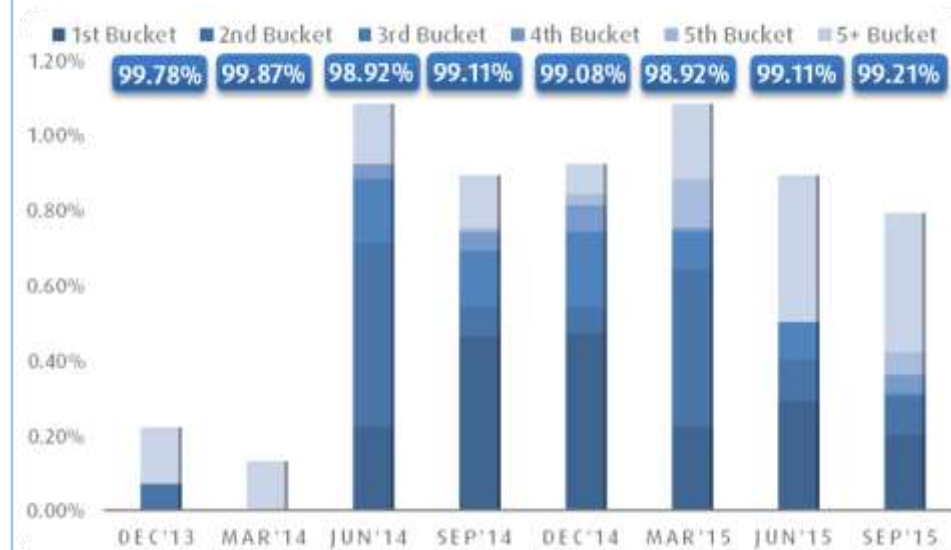
Legends indicate customers who are current/ no dues as of the month.

# CREDIT QUALITY – PORTFOLIO COMPOSITION

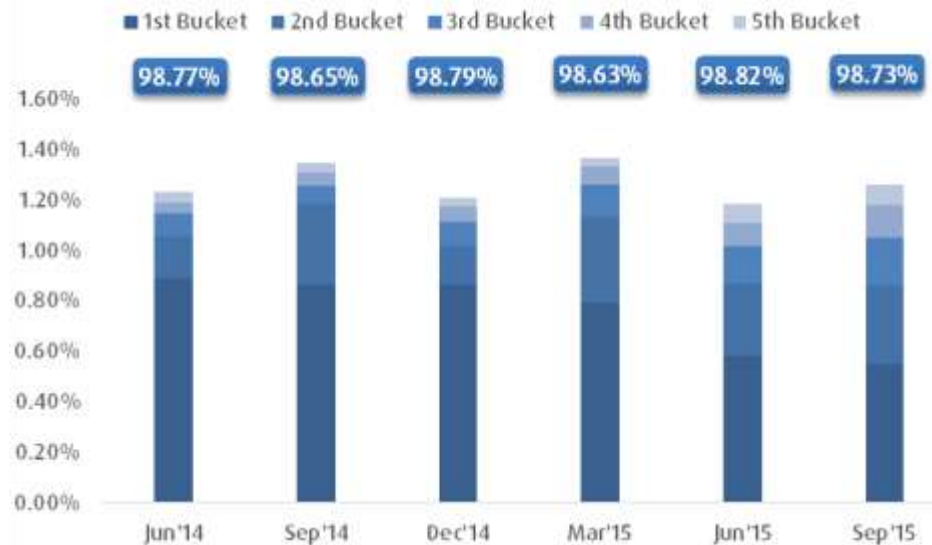
## Loan against property portfolio



## Home loans portfolio



## Rural Lending portfolio



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



# PR COVERAGE HIGHLIGHTS IN Q2 FY16

## ‘There is systematic shift of consumers from Internet to mobile’

Occasion: A Nxtent

*Bajaj Finance, a major player among non-banking financial companies is planning to profitably raise consumer, SME, commercial, rural lending and fee-based product distribution, and offer a mix of secured and unsecured assets. Rajesh Jain, Managing Director, Bajaj Finance, will be at a e-meet interview with The Hindu about the company's prospects. Edited excerpts.*

**How is 2015-16 panning out so far for the financial services industry as well as Bajaj Finance, given that we are in the last month of the first half?**

**T**he finance industry in India is presently witnessing a revolve that by adopting disruptive technology, their business, smartphones, Aadhar identification, e-sign, payments banks, NBFC and other technology-enabled products - some mandated, some design based, some market created in a large market like India, there are always opportunities to grow if a win-win value proposition is created. We at Bajaj Finance continue to work on the same and we quite happy with our progress so far. Our diversified business model is quite helpful in sustaining growth as we refer to customers across consumer, SME and commercial clients. Our technology platform provides us value over competition as we have not only been able to successfully implement technology, but also ensure that all components of clients are taken into consideration to ease the process for them.

**Banks have also progressed on retail lending business and given their reputation in the segment, do they now pose a big challenge for NBFCs? If yes, what is your strategy?**

India is a very big market with ample opportunity for all and there cannot be dearth of opportunity. We have set a 35-38 per cent growth trajectory for us as a company and we do not see any challenges at this point in time in achieving this objective. Our strategy is to strike a balance between existing customers and new customers. A significant part of our business growth continues to come from existing customers, where we borrow our technology and knowledge to offer cheap products. We believe we can do a lot of things to increase wallet share of our own customers which will be the major contributor for our growth expectations.

Our focus is to profitably raise consumer, SME, commercial, rural lending and fee-based product distribution, as well as offer a mix of secured and unsecured assets. Our deep geographic distribution also helps us leverage large and growing consumer franchise, as we attract, train and retain talent - we are regularly expanding as to cater to more and more customers.

**Do you see any pick-up in the consumer loans this festive season, given the overall sluggishness in the retail end?**

**The company is focused on high net worth SMEs with an average annual sales of Rs.25 crore with established financials and demonstrated borrowing track records. In the first quarter, our SME business witnessed steady growth and on an average maintained over 60 per cent Y-o-Y growth**

**slowdown in GDP growth?**

Rural finance sector is a hot item in recent months. We do not see any deviation this year too, though commercial business led to some challenges from April to July. Seasonal deficit in some parts of rural and unsecured credit environment is indicative of changes in consumer mind. For example, having said this, Independence day weekend (August 15), which is a very big event in the region, we saw a spike in sales. Further, September events will shape how consumer mind pans out.

**Banks are engaging their customers on the mobile/digital platform in a very big way. How is Bajaj Finance engaging its large customer base on the digital side?**

Innovation and convenience are key to survival in this digital era. We have a very large volume of business and hence, it is also as well as essential for us to leverage digital platforms. We have been leveraging the digital platform from quite some time now. For instance, we adopted cloud computing since 2009, we service our customers with loan details as well as any queries they have on self-service loans from our website from long. We have 2.5 million active traffic on our website each month, we started 200 per cent digital loan approval process 5 years ago and are quite encouraged with our progress.

We offer loan products to be serviced exclusively digitally and this channel contributes as high as 35-38 per cent of our monthly volume of loans of these businesses.

We are also seeing operational movement of resources from Internet to mobile. For example, on our online platform as easy as two-click customers can initiate business.

Hence, this feature makes us play to leverage the mobile channel quite effectively. We are working on creating capabilities which will ease the process of loan taking for our customers from their mobile phones. We are quite excited with this project.

**Bajaj Finance has exited infrastructure financing. Why have you taken such a step, when it's still priority as**

**expected by Prime Minister Narendra Modi in the developing physical infrastructure?**

We have always ventured into a business after careful evaluation with right proposition, similar for sustained growth.

We believe in presence in selected segments where we have best of our financial power. Given the dynamics of the infrastructure business in terms of competitive positioning or from credit performance, we do not feel we can get to needed momentum in the infrastructure sector, we have decided to exit financing infrastructure segment.

**How is your SME lending and commercial lending business segment performing in this fiscal, so far? What is your outlook for this year?**

Our biggest differentiator in the SME business is our fast approval, fast-onboard time and loan level underwriting on cloud platform.

The use of new technology on cloud level number of our customers is making a real difference in the business. Bajaj Finance is focused on high net worth SMEs with an average annual sales of Rs.25 crore with established financials and demonstrated borrowing track records. In the first quarter this year, our SME business witnessed steady growth and on an average maintained over 60 per cent Y-o-Y growth.

**Bajaj Finance is quite robust about rural lending business. Given your focus on consumer durable loans, lifestyle product loans, do you think you would see continued success in the rural lending segment, given that monsoon has played havoc in rural territories and significant parts of Maharashtra?**

We believe that the most product categories rural India offers great opportunities. As we rolled out new business models in the 12 years ago, we have gained some experience in the business. We are quite upbeat with the progress and feel that rural India offers great opportunity for all our products.

Yes, climate monsoon is a material concern, however, its impact will be different in different parts of the country.

**Given our relatively small size in the overall rural lending space, we do not foresee significant challenges to our rural growth strategy.**

We need to keep in mind that both rural customers and business owners have the same expectations as urban and hence, they need financial service products as much as urban. If we will continue to grow in this business.

**Bajaj Finance raised some Rs.1,400 crore earlier in 2015, how do you intend to deploy funds and to which segment? What are your expansion plans?**

We have used growth rates of over 25 per cent and that needs capital to be deployed.

We also have a strong pipeline of products as well as product extension besides planned strategic expansion.

Hence, we intend to continue the growth momentum and raise capital.

**Bajaj Finance missed getting universal banking licence, and you did not apply for other small finance bank or payments bank licence. So, what's next for Bajaj Finance?**

Given our business context, we feel that universal bank licence is the right model for us rather than the payments bank model.

When given a choice, we would definitely want to apply for a universal bank licence as well as other like other application under universal bank licence framework.

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## Banking plans give a boost to Bajaj Finance's aspirations

Though Bajaj Finance failed to get a banking licence, the process of applying for it has given the company a fresh five-year road map for growth

SPECIAL BUREAU  
New, 28 September

**B**ajaj Finance may have failed to get a banking licence in the first round last year, but Sanjeev Bajaj, its vice-chairman, believes that the process of applying for the licence did have a positive rub-off. It made the company a "non-banking bank".

Thus, the preparation helped it build-up its balance sheet, expand its rural and SME presence, strengthen its back-end operations and exploit opportunities to cross-sell products.

"We realised that there were interesting opportunities that we had not looked at. For instance, the rural business plan came from this exercise, along with the cross-selling opportunities," says Bajaj. "The robustness in our back-end operations improved because we benchmarked existing systems with those that a bank would need. It gave us a fresh five-year road map for business, which we are implementing now."

Bajaj Finance Managing Director Rajeev Jain adds the quest made the company follow stringent financial norms and governance standards. For instance, it started to maintain liquid investments in the range of 4-7 per cent of the average loan book — much like banks and less like NBFCs.

The company has not given up its hope of brokering a bank. Jain says whenever the Reserve Bank of India invites applications for new licences, Bajaj Finance would be interested.

Even then, Bajaj has aggressive growth plans. Thus, he wants to take his balance sheet to \$100,000 crore over the next five years, up from \$27,300 crore now. A large chunk of this growth will come from the SME and rural businesses with a clear mandate to increase opportunities to cross-sell.

For Bajaj Finance, both the businesses have been growing at a fast clip. For instance, assets under management for the rural sector grew to \$522 crore in the quarter ended June 30, from \$25 crore in the year-ago quarter. However, in these segments, Bajaj Finance is bound to face competition from not just banks (including the new small finance banks) but also large NBFCs like Reliance Capital, Edelweiss Capital and L&T Finance.

Reliance Capital, another bank aspirant, has a huge SME focus. The company claims that 85 per cent of its customers are self-employed or SMEs. For L&T Finance,

rural lending formed 24 per cent of its loan book, while the share of SME lending stood at 12 per cent.

Jain is not deterred by competition. "We grew 35 per cent last year. Our CAGR for seven years is around 40-45 per cent. This is all organic growth." He further adds, "Every one of the asset class will keep growing by 20-25 per cent for a foreseeable period, whether it's consumer business, small business, commercial business or the rolling business, subject to disciplined risk management."

### On the growth track

This confidence stems from the fact that over the last seven to eight years, Bajaj

**"Every one of the asset class will keep growing by 20-25 per cent for a foreseeable period, whether it's consumer business, small business, commercial business or the rolling business."**

RAJEEV JAIN  
MD, Bajaj Finance



**"We realised that there were interesting opportunities that we had not looked at. The rural business plan came from this exercise, along with the cross-selling opportunity."**

SANJEEV BAJAJ  
Vice-Chairman, Bajaj Finance



Finance has diversified at a fast pace. In 2008, 85-90 per cent of its portfolio consisted of automobile finance. Today, it is down to just 6-9 per cent. From a mere two-product player, Bajaj Finance has diversified into 33 products such as loan against property, home loans, personal loans, business loans, loan against securities, commercial lending and, SME lending, amongst others.

Bajaj Finance, however, has been selective about the segments it takes part in. Take, for instance, Bajaj Finance's foray into the gold finance segment. Several NBFCs that were bullish on gold finance and expanded fast burnt their fingers, as gold prices dropped. Bajaj Finance took a more cautious approach. Its smaller

presence in the gold loan segment was the key reason it did not feel the pain of falling gold prices.

"We do gold loans in rural markets. We are now testing gold loan in 10 urban markets in South India where it is popular. We are present in 475 branches," says Jain. "We think gold loan is a large asset class for banking industry, especially for financial inclusion and SMEs. It's a great model to offer to your branch walk-in customer." Bajaj Finance's smaller presence in the gold loan segment was the key reason it did not feel the pain of the falling gold prices.

Jain claims that Bajaj Finance has been choosy about the people it works for. "We are here to create a commercially profitable business venture, and risk is central to the strategy of the lending business. One of the key learnings of the 2007-08 crisis in India was that dealing with the mass and below mass consumers is fraught with much higher risks," he says. "As a result, one of the calls we took was to deal with mass affluent customers. Even they are not highly penetrated. This also works with our cross-sell strategy."

Bajaj Finance also took the help of technology to increase its penetration. It has made use of data warehousing, analytics, data churning, among others to mine customer information. Six years ago, the company embarked on the journey to adopt cloud computing. This allowed the company to crunch time for loan application approval from a few days to three minutes.

For loyal customers, it came up with loyalty cards that allow them to just swipe the card and get access to consumer loans.

For Bajaj, Bajaj Finance is already a bank. "We need hundreds of innovations in the banking space to effectively deliver banking services throughout India, by issuing out two or three licences every 10 years, RBI is creating scarcity. I understand that there is a risk of failure when a licence is given but there is a much bigger risk to our economy by not trying," he says.

# PR COVERAGE HIGHLIGHTS IN Q2 FY16 (CONTD.)

**MAGIC TOUCH**

## Why Sanjiv Bajaj is Obsessed with GE Cap

Bajaj went against the grain by creating a diversified non-banking finance company. But over a decade, his strategy has yielded results — just like GE Capital, and the financial supermarket he created is more valuable than the parent, say **Bajju Kalesh & Shilpy Sinha**



**I**F YOU'RE wondering why Sanjiv Bajaj is so successful in 2015, Bajaj Finance may have been the first part of the answer. The value of the company has risen from a mere ₹100 crore in 2005 to ₹1,000 crore in 2015. Bajaj Finance is now a ₹1,000 crore company, a fact that is not lost on the company's management. Bajaj Finance is now a ₹1,000 crore company, a fact that is not lost on the company's management. Bajaj Finance is now a ₹1,000 crore company, a fact that is not lost on the company's management.

**Raking in Returns**

**PROFITS OF DIFFERENT BUSINESSES**

As of 31.03.2015, ₹ Crores

Business	Profit (₹ Crores)
Bajaj Finance	100
Bajaj Auto	50
Bajaj Electricals	20
Bajaj Finserv	10
Bajaj Capital	5

**BAJAJ FINSERV**

- Bajaj Auto Capital Finance Company
- Bajaj Auto Life Insurance Company
- Bajaj Finance
- Bajaj Finserv
- Bajaj Finance
- Bajaj Finance

**SHARE PRICE OF BAJAJ AUTO FINANCE**

As of 31.03.2015, ₹ Crores

Year	Share Price (₹)
2005	100
2010	200
2015	1000

**SHARE PRICE OF BAJAJ FINSERV**

As of 31.03.2015, ₹ Crores

Year	Share Price (₹)
2005	100
2010	200
2015	1000

Publication date: October 7, 2015, Economic Times – Multiple editions

Article access: <http://economictimes.indiatimes.com/news/company/corporate-trends/how-sanjiv-bajaj-has-created-financial-services-supermarket/articleshow/49249643.cms>

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# BAJAJ FINANCE LIMITED

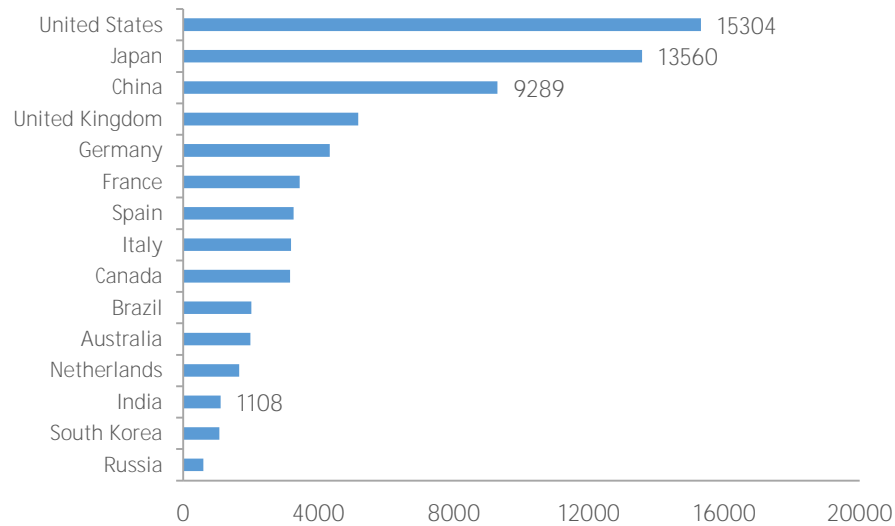
## Q2 FY16 Presentation

THANK YOU

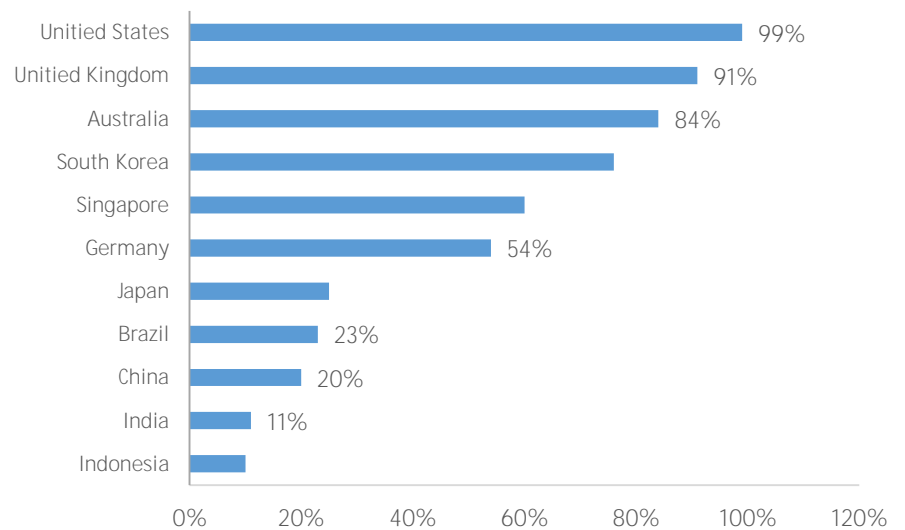
# ANNEXURE

# LENDING INDUSTRY OPPORTUNITY

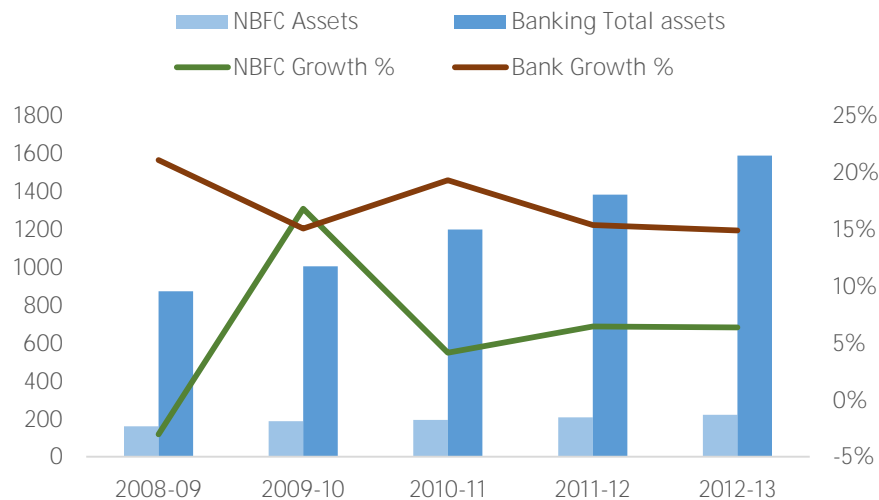
## India vs. Advanced Economies – Banking Assets (\$ Bn)



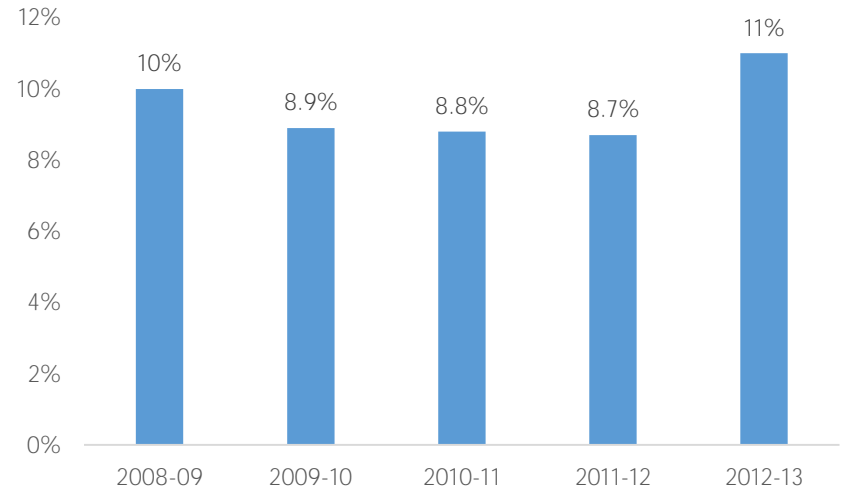
## India vs. Advanced Economies - Consumer Debt/GDP (%)



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



## India – Consumer Debt/GDP (%)





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

1

Last mile connectivity through cloud platform at 10,000+ retailers

2

Work flow based underwriting for SME businesses on cloud.

3

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

4

Direct cash collection model for unbanked rural customers

5

Flexi Loan to SME customers – Flexibility to prepay & withdraw

6

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

7

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

8

98% customer resolution in 02 working days

9

Property Fitness Report (Property Dossier)

10

**'Best Employer' awards by GPTW & Aon Hewitt 3 years in a row**

11

Dedicated Digital Finance business carved out

12

Launched MSME rural lending business

13

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.

## Retail

Products offered	PPC Benchmark	PPC (12 MOB)	PPC (18 MOB)	PPC (24 MOB)
16	3	2.24*	2.39*	2.48*

### Product offerings – Retail

#### 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	2.71*	2.92*	3.14*

### 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

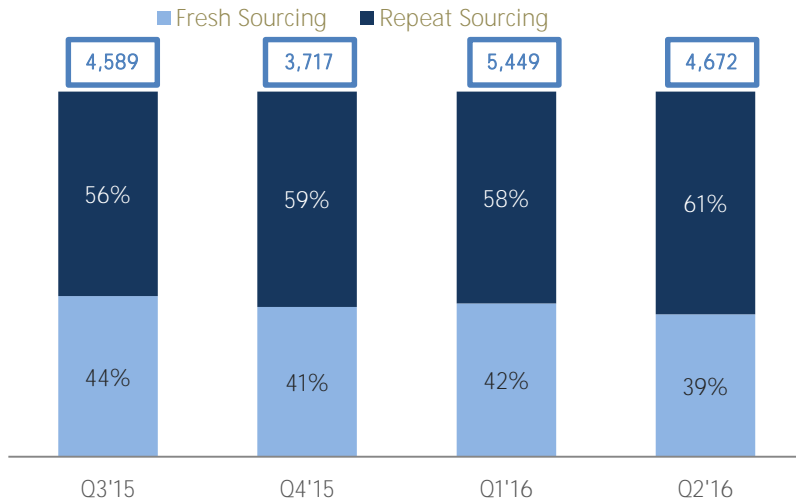
\* Base product is included in the PPC calculation

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



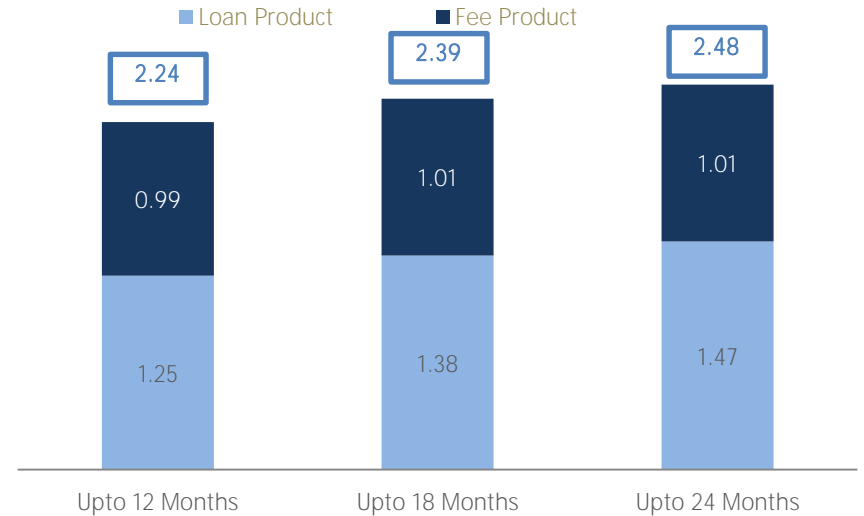
# PRODUCT PER CUSTOMER (PPC)

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



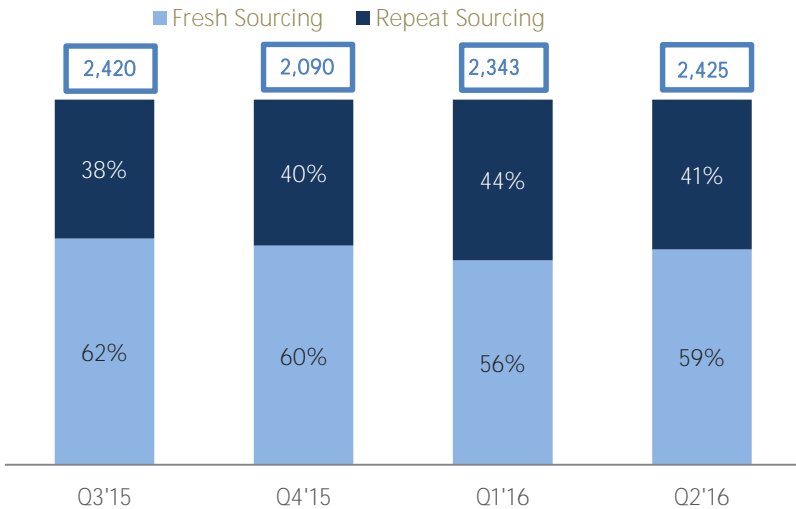
## Retail

Product Per Customer (PPC)

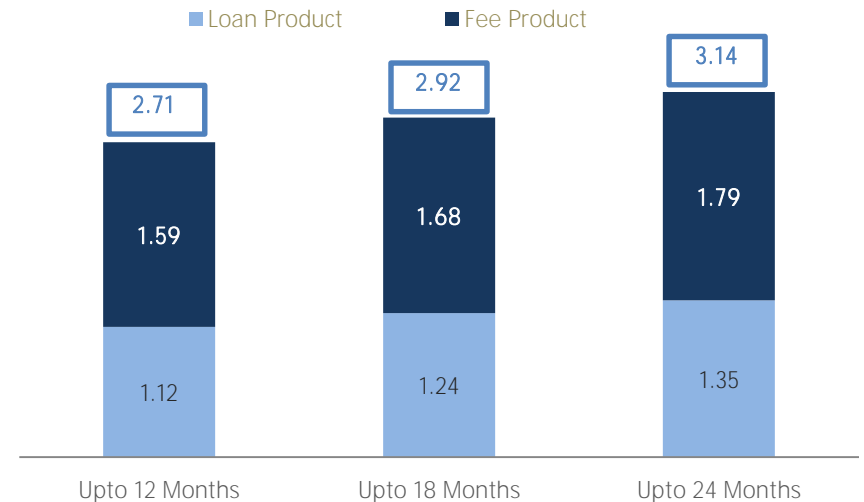


## SME

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



Product Per Customer (PPC)



\* Base product is included in the PPC calculation

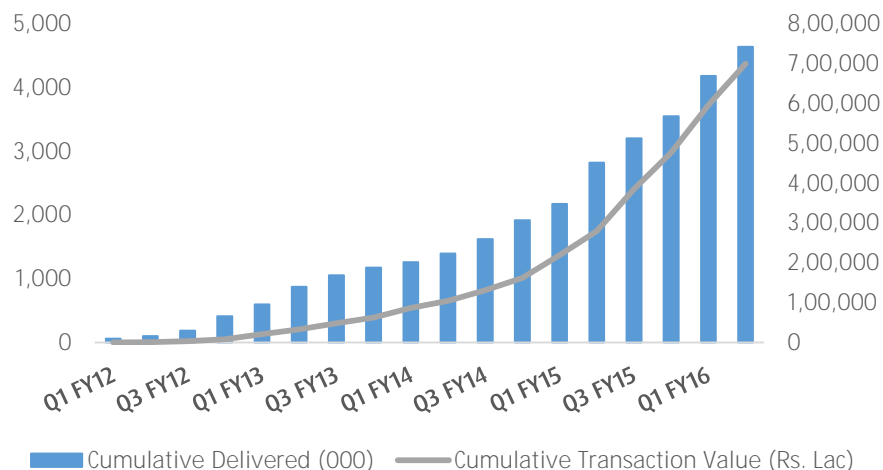
\* PPC does not include short tenor & renewable loans (viz. PO, LAS & Retailer finance), TW, Infra and Rural lending sourcing

# 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 **Q2'FY16** – 4,33,000
- Average line assigned per EMI card (Amount in Rs):
  - Per issued card – 71,863
  - Per active card – 73,428
- Activation rate of delivered EMI cards:
  - 0-6 MOB- 26%, 0-9 MOB – 34%, 0-12 MOB - 38%

## Progress till date



## Key milestones

- Launch of EMI Card Pilot: **May 2011**
- 1 Lac Transactions Milestone: **June 2012**
- 1 Mn Cards Milestone: **November 2012**
- EMI Card New Design Launch: **July 2013**
- 5 Lac transactions milestone: **October 2013**
- 1.5 Mn Cards Delivered Milestone: **November 2013**
- 2.4 Lac Transactions in single month : **Oct 2011**
- 3 Mn Cards Delivered Milestone : **Nov 2014**
- 15 lac Transactions Milestone : **Nov 2014**
- 1 Mn Active cards milestone crossed : **Feb 2015**
- First co-branded card launched with Vijay Sales : **May 2015**

## EMI Card Old & New design

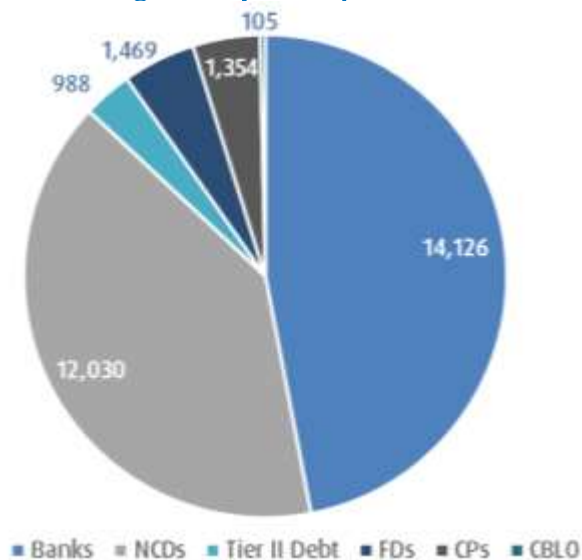


*Old EMI Card design (May 2011 to June 2013)*

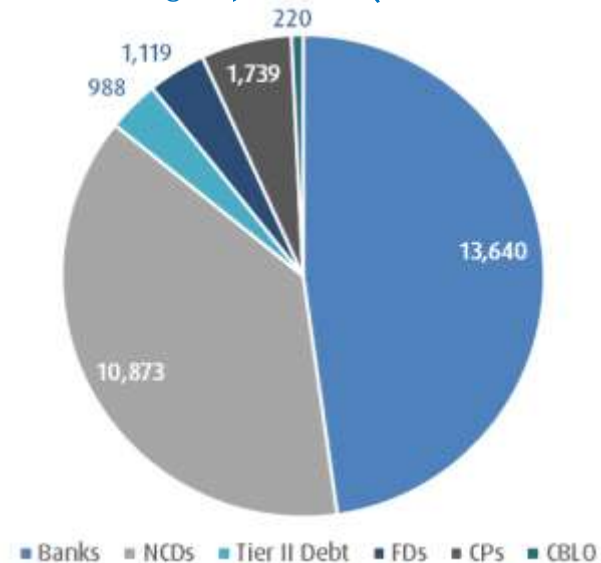
*New EMI Card design (July 2013 onwards)*

# ALM STRATEGY

Borrowings – Sept '15 (₹ 30,071 Crs)



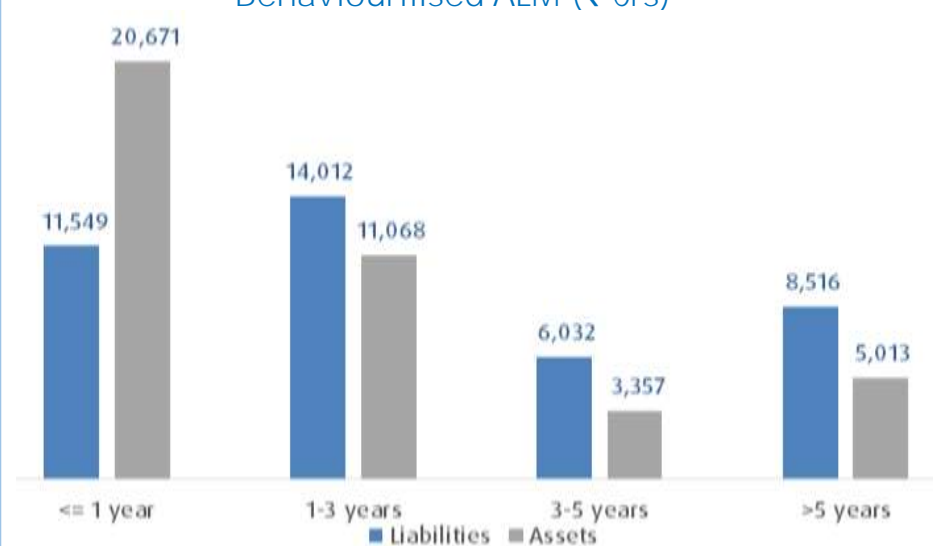
Borrowings – June '15 (₹ 28,579 Crs)



Loan Book (₹ Crs)



Behaviouralised ALM (₹ Crs)



# BAJAJ FINSERV EXPERIA APP – PRINT AD



## ONE APP, THREE STEPS

AND A VERY HAPPY DIWALI!



BAJAJ FINSERV

### Introducing India's first EMI Finance App



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BAJ FINSERV

# 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 - 55%
  - Above 5 - 100%
- Salaried Personal Loan :
  - 3 - 5 Bucket - 70%
  - 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**.