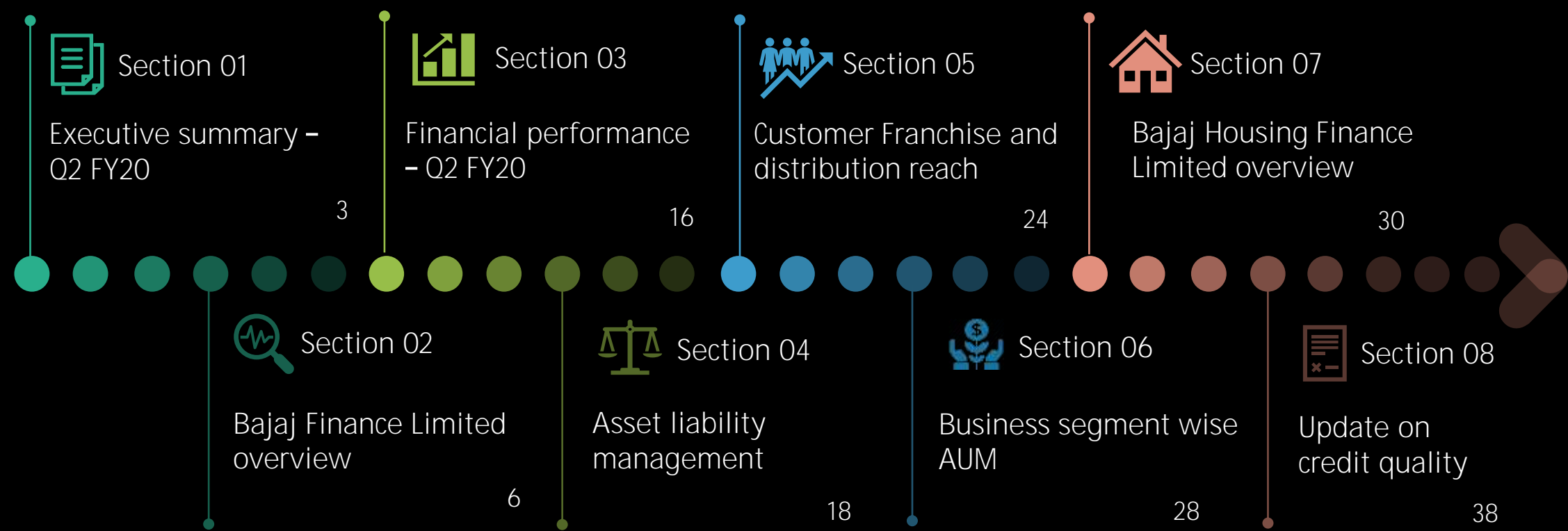




Bajaj Finance Limited

Q2 FY20 Investor Presentation

22 October 2019



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Section 01



Executive summary – Q2 FY20



Executive summary – Q2 FY20

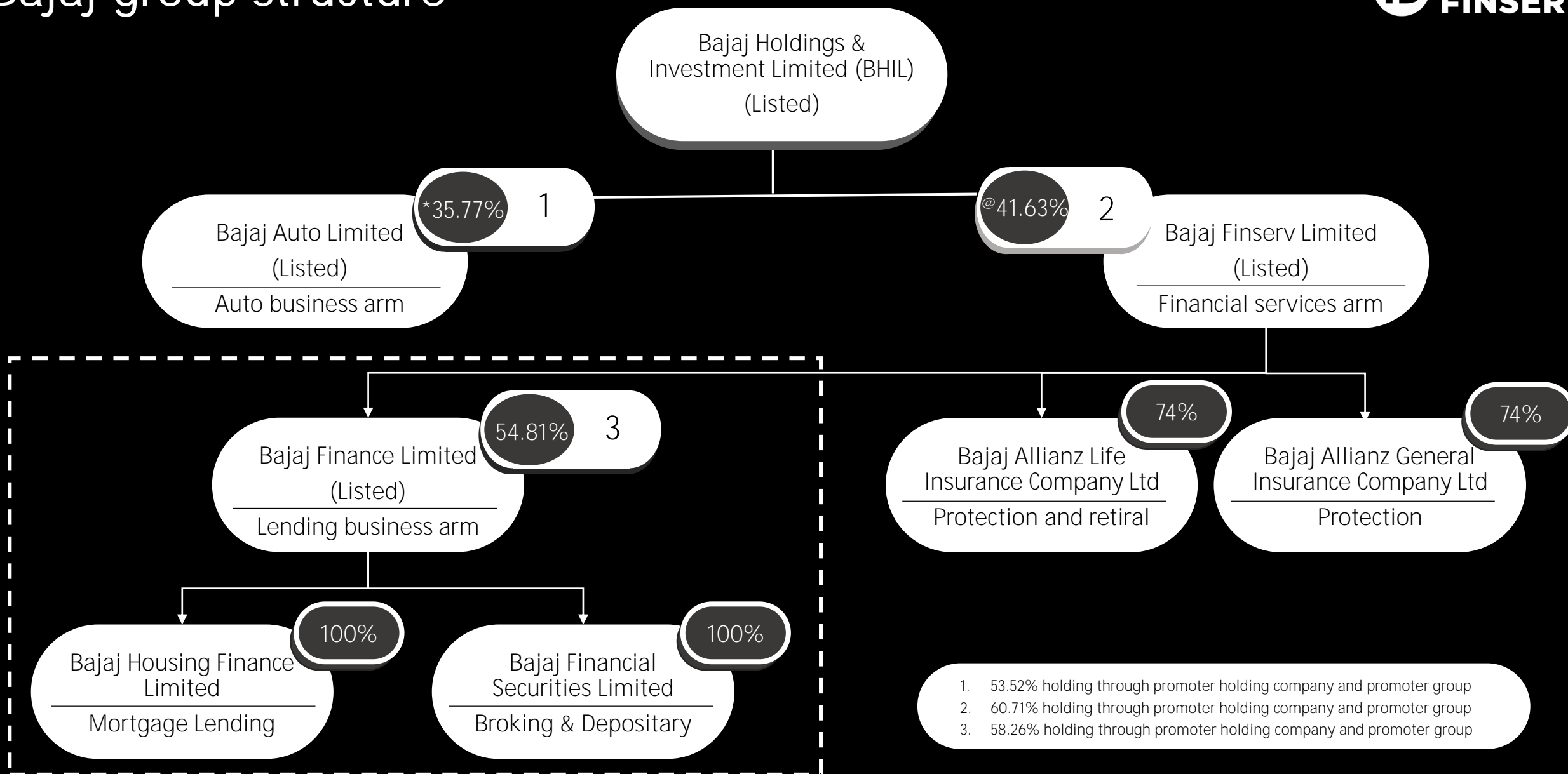
1. We continued to remain focused on growth, profitability & sustainability. We continued to strengthen our business model in Q2 FY20 as well.
2. AUM grew by 38% YoY to ₹ 135,533 crore as of 30 September 2019. New loans booked grew by 23% YoY to 6.47 MM. Overall, Q2 FY20 has been slower than Q1 FY20 on demand outlook.
3. AUM growth was granular for most lines of businesses in the company (YoY growth for Consumer B2B sales finance – 19%, Consumer B2C – 46%, Rural B2B – 35%, Rural B2C – 62%, SME – 34%, Mortgages – 43%, Auto Finance – 61%, Commercial excluding Securities lending – 18%, Securities lending – 11%).
4. New customer acquisition momentum for the quarter remained strong at 1.92 MM. Total customer franchise stood at 38.70 MM as of 30 September 2019, a growth of 29% YoY. Cross sell franchise stood at 22.78 MM as of 30 September 2019. Strategy remains to grow wallet share of these 22.78 MM clients.
5. Existing customers contributed to 70% of new loans booked during Q2 FY20 versus 66% in Q2 FY19. Existing customer share was higher due to tightening of credit standards across most sales finance businesses in Q2 FY20.
6. We added 102 locations in Q2 FY20 taking our geographic presence to 1,997 locations in India as of 30 September 2019.
7. Overall cost of funds at consolidated level has sequentially improved by 11 bps to 8.38% in Q2 FY20 from 8.49% in Q1 FY20. Reduction in cost of funds is majorly due to good ALM management, strong liquidity position and incremental borrowings being sourced at much lower cost.
8. Consolidated liquidity buffer (free cash and liquid investments) stood at ₹ 7,978 crore as of 30 September 2019. We remain very comfortably placed on liquidity.
9. During the quarter, the Company entered into facility agreement with various banks to avail ECB loans upto USD 575 MM in one or more tranches. First tranche of USD 276 MM (equivalent to ₹ 1,959 crore) was drawn on 17 October 2019.
10. Deposits book stood at ₹ 17,633 crore, a growth of 60% YoY. Its contribution to consolidated balance sheet stood at 14.8% as of 30 September 2019. We continue to increase investments in new channels to grow retail deposits. We now have over 7 different channels to grow deposits.
11. We continued to maintain strong focus on growing our fees and commission revenue pools. Our fees and commission income in Q2 FY20 grew by 66% YoY.

12. Loan loss and provisions (expected credit loss) grew by 89% YoY in Q2 FY20. Loan loss to average asset under finance (AUF) stood at 1.86% in Q2 FY20 in line with Q1 FY20.
13. Consolidated operating expenses to net interest Income improved to 34.6% in Q2 FY20 as against 35.4% in Q2 FY19.
14. Overall NIM remained strong in Q2 FY20 as well.
15. Gross NPA & Net NPA stood at 1.61% and 0.65% as of 30 September 2019. Sequentially, the movement in GNPA and NNPA is 1 bps and 1 bps respectively. Adjusted for IL&FS exposure, GNPA and NNPA stood at 1.44% and 0.52% as of 30 September 2019.
16. Consolidated profit before tax for the quarter grew by 41% YoY to ₹ 2,022 crore. Consolidated profit after tax for the quarter grew by 63% YoY to ₹ 1,506 crore owing to 41% YoY growth in PBT and benefit of reduced corporate tax rate from 34.94% to 25.17%. The consolidated profit after tax for the quarter includes a net gain of ₹ 1 crore for previous periods which consists of a benefit of ₹ 183 crore due to lower corporate tax rate pertaining to Q1 FY20 and a charge of ₹ 182 crore on account of re-measurement of deferred tax asset.
17. Annualized Return on Assets for the quarter was 4.71% and Return on Equity was 28.00%.
18. Capital adequacy ratio stood at 19.68% as of 30 September 2019. Tier 1 capital stood at 15.86%. Consolidated leverage stood at 6.6X.
19. On 17 September 2019, the Board of Directors has approved, subject to the approval of shareholders, issue of securities for an aggregate amount up to ₹ 8,500 crore through Qualified Institutions Placement to Qualified Institutional Buyers in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.
20. Standard assets provisioning was at 91 bps (ECL stage 1 & 2) under Ind AS as against requirement of ~40 bps as per RBI and NHB.
21. Bajaj Housing Finance Ltd continued to grow in a robust manner delivering a profit after tax of ₹ 130 crore in Q2 FY20
22. Bajaj Financial Securities Ltd has commenced its broking and depositary service business during Q2 FY20.

Section 02

● ● ● ● ● ● Bajaj Finance Limited overview ● ● ● ● ● ●

Bajaj group structure



Above shareholding is as of 30 September 2019

*BHIL has a direct stake in Bajaj Auto Limited of 33.43% and an additional stake of 2.34% through its subsidiary, Maharashtra Scooters Limited

@BHIL has a direct stake in Bajaj Finserv Limited of 39.29% and an additional stake of 2.34% through its subsidiary, Maharashtra Scooters Limited

“Non-bank with strategy & structure of a bank”

“Focused on mass affluent & above clients with a strategy to cross sell”

“Diversified financial services strategy envisages an optimal mix of risk and profit to deliver a sustainable business model”

“Business construct to deliver a sustainable ROA and ROE in the medium term”

“Focused on continuous innovation to transform customer experience to create growth opportunities”

Key strategic differentiators

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

A trusted brand with strong brand equity

Focus on mass affluent and above clients

Total customer franchise of 38.70 MM and cross sell franchise of 22.78 MM

Strong focus on cross selling assets, payments, insurance and deposit products to existing customers

Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity. Strong cross sell culture and obsessed with reducing friction

A well diversified balance sheet

Consolidated AUM mix for Consumer: Rural: SME: Commercial: Mortgages stood at 39%: 8%: 13%: 10%: 30% and consolidated borrowing mix for Banks: Money Markets: Deposits stood at 38%: 47%: 15% as on 30 Sep 2019

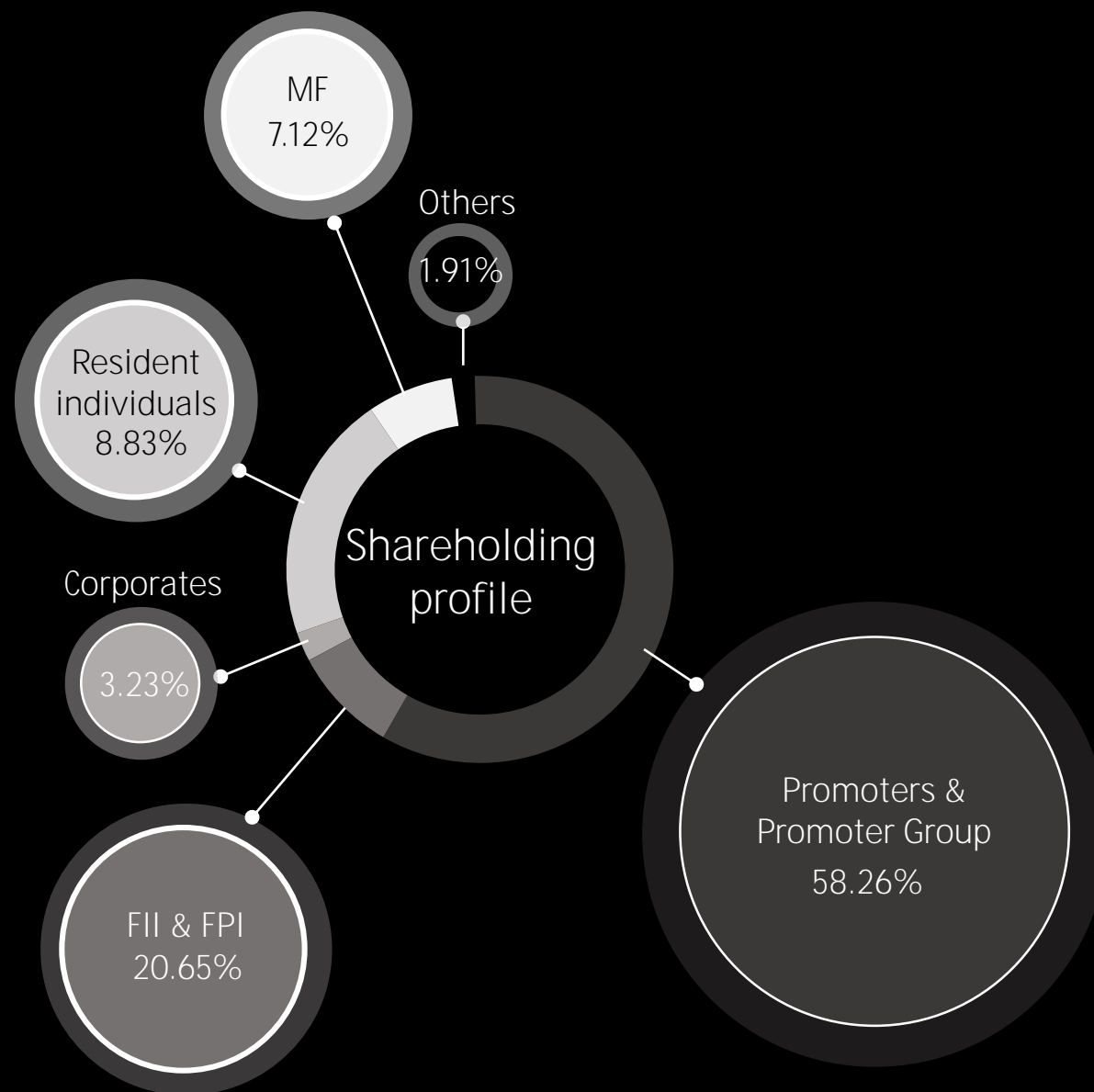
Highly agile & innovative

Continuous improvements in product features and digital technologies to maintain competitive edge

Deep investment in technology and analytics

Has helped achieve multi product cross sell and manage risk & controllership effectively

Our Shareholder profile

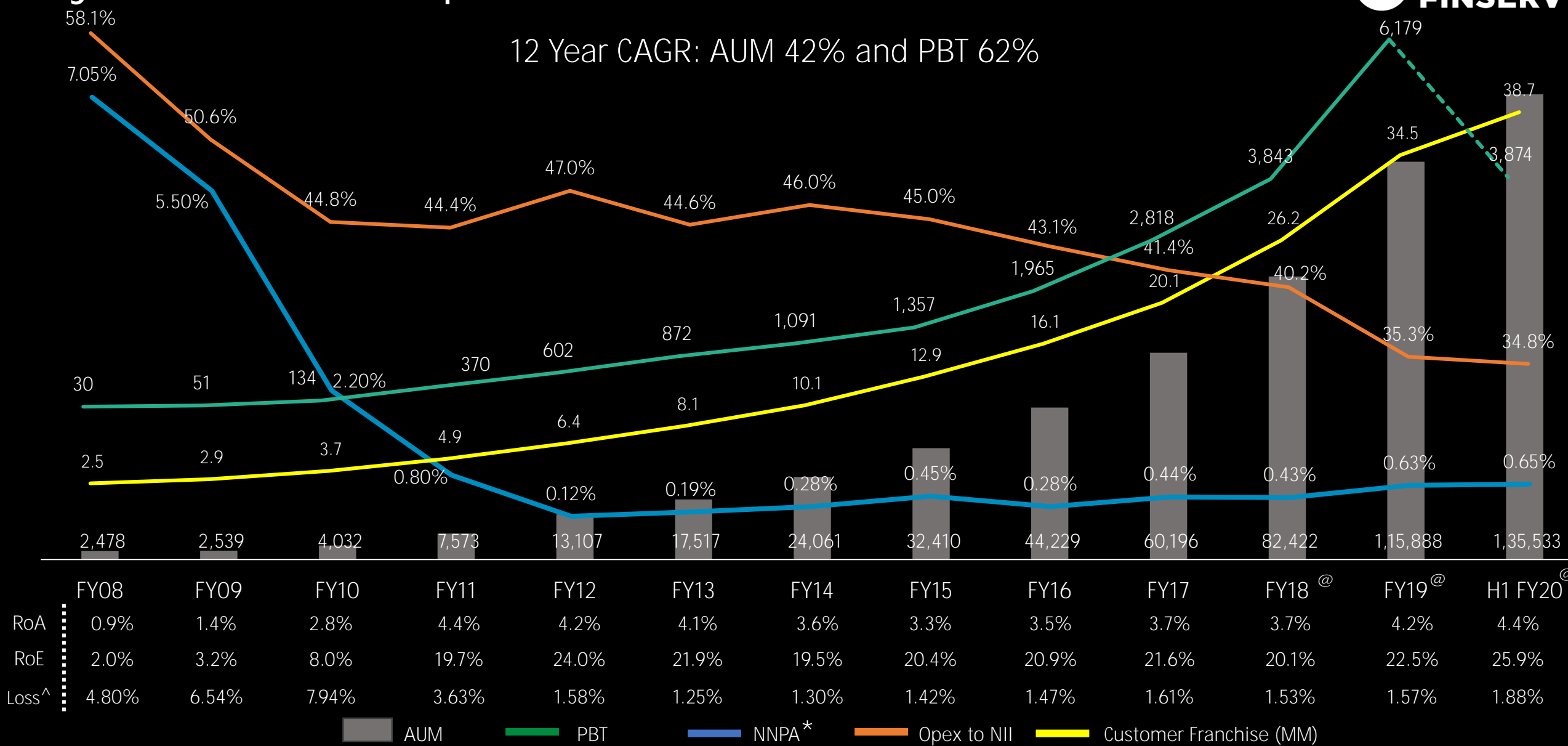


Top 20 investors & their holdings

S.No	Name of Shareholder	As on 30 Sep 19	As on 31 Mar 19	As on 30 Sep 18
1	BAJAJ FINSERV LTD	54.81%	54.99%	54.99%
2	GOVERNMENT OF SINGAPORE	3.71%	3.68%	3.62%
3	MAHARASHTRA SCOOTERS LTD.	3.27%	3.28%	3.28%
4	STEADVIEW CAPITAL MAURITIUS LTD.	1.14%	1.26%	1.17%
5	AXIS LONG TERM EQUITY FUND	0.83%	0.87%	0.68%
6	NEW HORIZON OPPORTUNITIES MASTER FUND	0.80%	0.80%	0.80%
7	NEW WORLD FUND INC.	0.58%	0.62%	0.56%
8	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	0.58%	0.23%	0.09%
9	SMALL CAP WORLD FUND INC	0.56%	0.56%	0.73%
10	SBI ETF NIFTY 50	0.51%	0.45%	0.37%
11	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.48%	0.46%	0.44%
12	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.45%	0.48%	0.47%
13	SBI EQUITY HYBRID FUND	0.43%	0.43%	0.36%
14	SBI LIFE INSURANCE CO. LTD	0.38%	0.41%	0.40%
15	NOMURA INDIA INVESTMENT FUND	0.38%	0.38%	0.38%
16	BFL EMPLOYEE WELFARE TRUST	0.37%	0.19%	0.26%
17	AXIS FOCUSED 25 FUND	0.36%	0.37%	0.26%
18	UTI – EQUITY FUND	0.34%	0.40%	0.44%
19	ISHARES INDIA INDEX MAURITIUS COMPANY	0.32%	0.31%	0.31%
20	GOVERNMENT PENSION FUND GLOBAL	0.31%	0.22%	0.09%

12 year financial snapshot

12 Year CAGR: AUM 42% and PBT 62%



[@] All figures upto FY17 are as per previous GAAP, whereas those for FY18, FY19 and H1 FY20 are as per Ind AS. ROA, ROE and Loss numbers for H1 FY20 are annualized for the purpose of comparison
[^] Represents loan losses and provisions to average AUF under previous GAAP and Impairment of financial assets to average Loans book under Ind AS.
* As per the RBI regulations, NNPA numbers for upto FY15 are at 6 months overdue, FY16 are at 5 months overdue, FY17 are at 4 months overdue and FY18 are at 3 months overdue. Hence NPA across periods are not comparable. For definition of NNPA, please refer to slide no. 39

Product suite

BAJAJ FINANCE LIMITED

Consumer	SME	Commercial	Rural	Deposits	Partnerships & Services
<ul style="list-style-type: none"> • Consumer Durable Loans • Digital Product Loans ^(E) • Lifestyle Product Loans • Lifecare financing • EMI Cards • Retail Spend Financing • 2-Wheeler & 3-Wheeler Loans • Personal Loan Cross-Sell • Salaried Personal Loans ^(E) • E-Commerce - Consumer Finance • Retailer Finance 	<ul style="list-style-type: none"> • Unsecured Working Capital Loans ^(E) • Loans to self employed and Professionals ^(E) • Secured Enterprise Loans • Used-car financing 	<ul style="list-style-type: none"> • Loan against securities • Large Value Lease Rental Discounting • Vendor financing to auto component manufacturers • Financial Institutions Lending • Light Engineering Lending • Specialty Chemicals Lending • Corporate Finance Loans 	<ul style="list-style-type: none"> • Consumer Durable Loans • Digital Product Loans • Lifestyle Product Loans • Personal Loans Cross Sell • Salaried Personal Loans • Gold Loans • Loans to Professionals 	<ul style="list-style-type: none"> • Retail Term Deposits • Corporate Term Deposits 	<ul style="list-style-type: none"> • Life Insurance Distribution • General Insurance Distribution • Health Insurance Distribution • Pocket Insurance • Co-Branded Credit Card • Co-Branded Wallet • Financial Fitness Report

BAJAJ HOUSING FINANCE LIMITED

<ul style="list-style-type: none"> • Salaried Home Loans ^(E) • Salaried Loan Against Property 	<ul style="list-style-type: none"> • Loan Against Property • Self Employed Home Loans • Lease Rental Discounting 	<ul style="list-style-type: none"> • Developer Finance 	<ul style="list-style-type: none"> • Loan Against Property • Home Loans • Secured Enterprise Loans 	<ul style="list-style-type: none"> • Property search services • Property Fitness Report
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Executive summary – Consolidated

Overview	<ul style="list-style-type: none"> • 32 year old non bank with a demonstrated track record of profitable growth • Diversified financial services company focused on Consumer, Rural, SME, Commercial, Mortgages and Payments • Focused on mass affluent client with a strategy to cross sell • Strong focus on deposits acceptance and fee product distribution • Present in 956 urban locations and 1,041 rural locations in India with over 1,02,600+ points of sale as of 30 September 2019 • Large customer franchise of 38.70 MM with loans cross sell franchise of 22.78 MM as of 30 September 2019 • Consolidated AUM mix of Consumer: Rural: SME: Commercial: Mortgages stood at 39%: 8%: 13%: 10%: 30% as of 30 September 2019 • Consolidated AUM of ₹ 1,35,533 crore as of 30 September 2019 and a post tax profit of ₹ 1,506 crore in Q2 FY20. • Acquired 6.47 MM new loans in Q2 FY20 • Capital adequacy ratio (including Tier II capital) stood at 19.68% as of 30 September 2019. Tier I capital stood at 15.86%
Subsidiaries	<ul style="list-style-type: none"> • 100% shareholding in Bajaj Housing Finance Limited • 100% shareholding in Bajaj Financial Securities Limited
Treasury	<ul style="list-style-type: none"> • Strategy is to create a balanced mix of wholesale and retail borrowings • Consolidated borrowings of ₹ 1,19,539 crore (excluding lease liability) with a mix of 38: 47: 15 between banks, money markets and deposits as of 30 Sep 2019
Credit Quality	<ul style="list-style-type: none"> • Consolidated Gross and Net NPA as of 30 September 2019 stood at 1.61% and 0.65%, respectively • Provisioning coverage ratio of 59.9% as of 30 September 2019 • Standard assets provisioning of 91 bps (ECL stage 1 & 2) under Ind AS as against requirement of ~40 bps as per RBI and NHB regulations for standard assets prior to introduction for IndAS

Executive summary – Standalone

Overview	<ul style="list-style-type: none"> • Focused on Consumer, Rural, SME, Commercial and Payments lines of businesses • Strategic business unit organization design supported by horizontal common utility functions to drive domain expertise, scalability and operating leverage • Focused on cross sell, customer experience and product & process innovations to create a differentiated & profitable business model • AUM mix of Consumer: Rural: SME: Commercial: Mortgage (residual) stood at 47%: 10%: 16%: 12%: 15% as of 30 September 2019 • AUM of ₹ 1,10,946 crore as of 30 September 2019 and a post tax profit of ₹ 1,377 crore in Q2 FY20
Consumer business	<ul style="list-style-type: none"> • Present in 956 locations with 83,200+ active distribution points of sale as of 30 September 2019 • Largest consumer electronics, digital products & lifestyle products lender in India • Financed ~52% of Bajaj Auto's domestic two-wheeler sales in Q2 FY20 – disbursed 271K accounts • Financed ~46% of Bajaj Auto's three-wheeler sales in Q2 FY20 - disbursed 49K accounts • Largest unsecured personal loan book amongst the listed private sector NBFCs
Payments	<ul style="list-style-type: none"> • EMI Card franchise crossed 20.0 MM cards in force (CIF) as of 30 September 2019 • Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 1.5 MM as of 30 September 2019 • Bajaj Finserv Mobikwik app has 11.8 MM active users as of 30 September 2019 who have linked their EMI card to the wallet
Rural business	<ul style="list-style-type: none"> • Highly diversified lender in rural markets offering 10 loan products across consumer, SME & mortgages business categories. • Operates with a unique hub and spoke business model • Geographic presence across 1,041 towns and villages with retail presence across 16,400+ points of sale as of 30 September 2019

Executive summary – Standalone

SME Business	<ul style="list-style-type: none">• Offers unsecured working capital loans to SME and self-employed professionals• Secured offerings include enterprise loans against property and financing against used car• Focused on affluent SMEs (average sales of ₹15 to 17 crore) with established financials & demonstrated borrowing track record
Commercial business	<ul style="list-style-type: none">• Offers short, medium and long term financing to mid market corporates• Offers a range of structured products collateralized by marketable securities or mortgage• Offers financing against shares, mutual funds, insurance policies and deposits
Treasury	<ul style="list-style-type: none">• Strategy is to create a balanced mix of wholesale and retail borrowings with a focus on long term borrowings• Borrowings stood at ₹ 97,597 crore with a mix of 34: 48: 18 between banks, money markets and deposits as of 30 September 2019
Credit Quality	<ul style="list-style-type: none">• Gross and Net NPA as of 30 September 2019 stood at 1.93% and 0.78%, respectively• Provisioning coverage ratio of 60.0% as of 30 September 2019• Standard assets provisioning of 1.07% (ECL stage 1 & 2) under Ind AS as against requirement of ~40 bps as per RBI regulation for standard assets prior to the introduction of IndAS
Credit Rating	<ul style="list-style-type: none">• Investment grade long term issuer credit rating of BBB-/Stable & short term rating of A-3 by S&P Global Ratings• Credit rating for long term borrowing is AAA/Stable by CRISIL, ICRA, CARE & India Ratings• Credit rating for short term borrowing is A1+ by CRISIL, ICRA & India Ratings• Credit rating for FD program is FAAA/Stable by CRISIL & MAAA (Stable) by ICRA



Section 03

Financial performance – Q2 FY20



Financial statement summary – Consolidated

₹ in crore

Financials snapshot	Q2 FY20	Q2 FY19	Y-o-Y	H1 FY20	H1 FY19	Y-o-Y	FY19
Assets under management	1,35,533	98,013	38%	1,35,533	98,013	38%	115,888
Assets under finance	1,30,790	94,478	38%	1,30,790	94,478	38%	1,12,513
Interest income	5,462	3,795	44%	10,563	7,305	45%	16,349
Fee and other income	860	478	80%	1,568	906	73%	2,153
Total Income	6,322	4,273	48%	12,131	8,211	48%	18,502
Interest expenses	2,323	1,565	48%	4,437	2,925	52%	6,624
Net Interest Income	3,999	2,708	48%	7,694	5,286	46%	11,878
Operating Expenses	1,383	958	44%	2,675	1,913	40%	4,198
Loan losses and provisions (ECL stage 1 & 2)	129	56	130%	258	150	72%	260
Loan losses and provisions (ECL stage 3 & write off)	465	259	80%	887	491	81%	1,241
Profit before tax	2,022	1,435	41%	3,874	2,732	42%	6,179
Profit after tax	1,506	923	63%	2,702	1,759	54%	3,995
Ratios							
Operating expenses to Net Interest Income	34.6%	35.4%		34.8%	36.2%		35.3%
Loan loss to average AUF*	0.46%	0.35%		0.94%	0.74%		1.57%
Earning per share - Basic (₹) *	26.1	16.0		46.8	30.6		69.3
Return on Average Assets*	1.2%	1.0%		2.2%	2.0%		4.2%
Return on Average Equity *	7.0%	5.4%		12.9%	10.6%		22.5%

* Not annualized

A green icon of a balance scale, symbolizing justice or equity.

Section 04



Asset liability management



Behaviouralized ALM snapshot as of 30 September 2019 – BFL

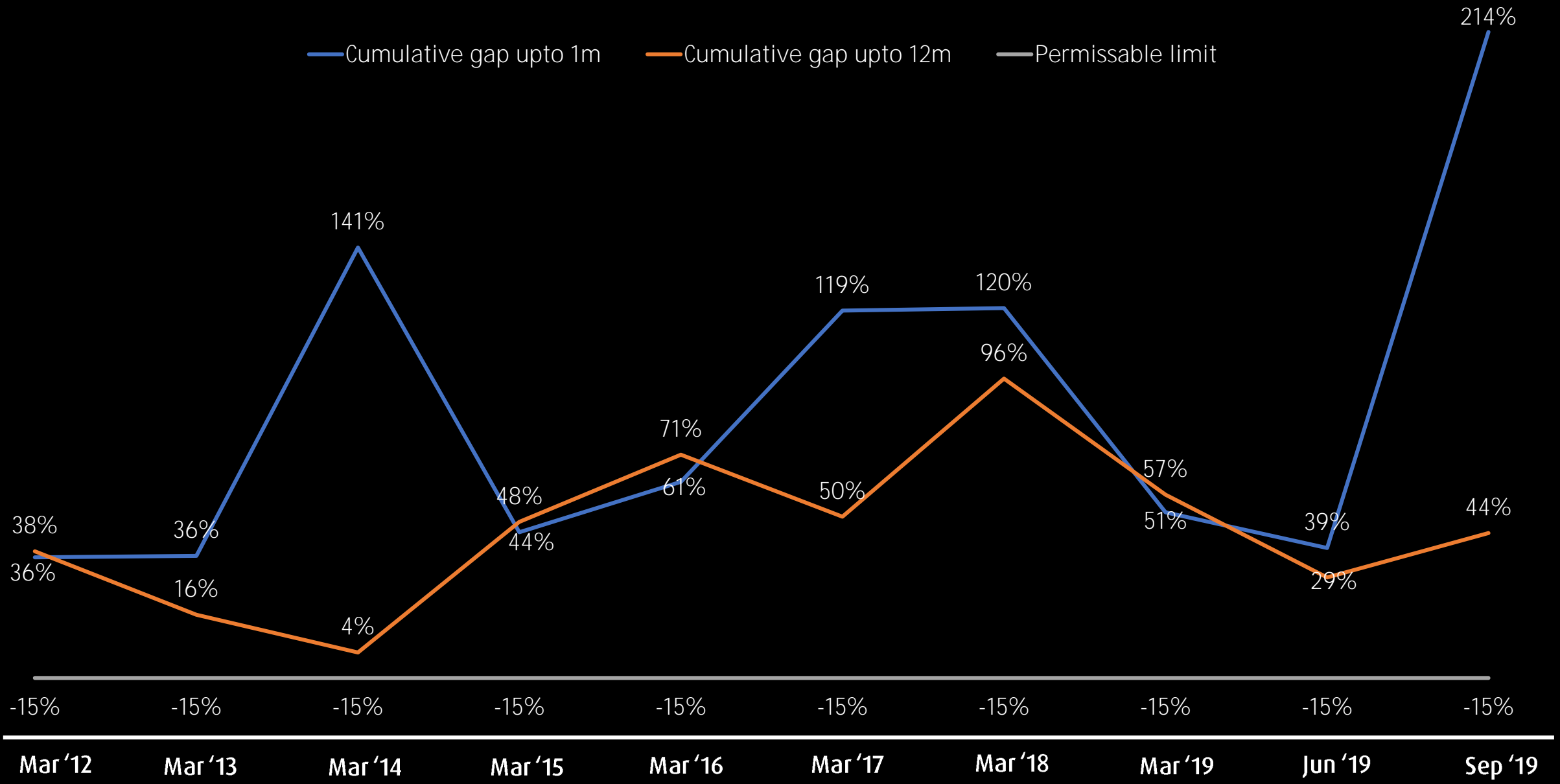
Particulars	1m	>1 to 2m	>2 to 3m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 yr	Total
Cash, Cash Equivalents & Investments	5,135	1	1	4	83	423	1,248	3,932	10,829
Advances	8,551	6,412	6,220	14,555	18,718	38,282	13,270	4,105	1,10,113
Other inflows	8,794	983	84	346	205	4,574	1,072	1,249	17,307
Total Inflows (A)	22,480	7,397	6,306	14,905	19,006	43,279	15,590	9,287	1,38,249
Cumulative Total Inflows (B)	22,480	29,876	36,182	51,087	70,094	1,13,372	1,28,962	1,38,249	
Borrowings	1,584	5,868	4,480	5,579	22,767	35,741	18,080	12,077	1,06,177
Capital and Reserves and Surplus	-	-	-	-	-	-	-	22,989	22,989
Other Outflows	5,585	371	347	1,236	858	560	44	82	9,083
Total Outflows (C)	7,170	6,240	4,827	6,815	23,625	36,301	18,124	35,147	1,38,249
Cumulative Total Outflows (D)	7,170	13,409	18,236	25,051	48,676	84,977	1,03,102	1,38,249	
E. Mismatch (A-C)	15,310	1,157	1,480	8,089	(4,618)	6,978	(2,534)	(25,861)	
F. Cumulative mismatch (B-D)	15,310	16,467	17,946	26,036	21,417	28,395	25,861	0	
Cumulative Gap as a % (F/D)	214%	123%	98%	104%	44%	33%	25%	0%	
Permissible cumulative GAP %	-15%				-15%				
Additional short term borrowings possible	19,277				33,785				

*Other inflows include line of credit committed by other institutions including ECB, current and long term assets, tax paid in advance & interest and income receivable

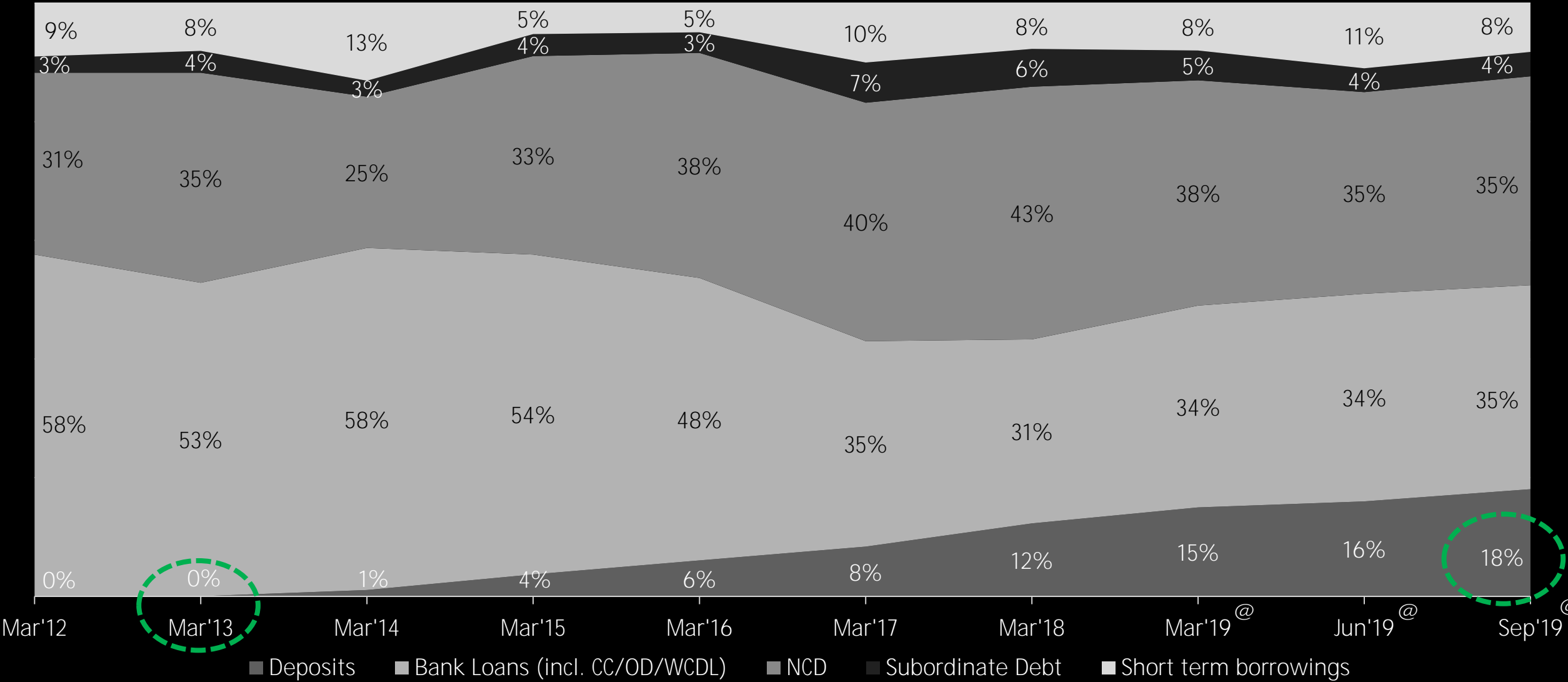
* As per previous GAAP

*Other outflows include loan commitments pending disbursal, lines of credit committed to other institutions, interest payable on bonds / deposits & sundry creditors

Disciplined ALM Management over the last 8 years

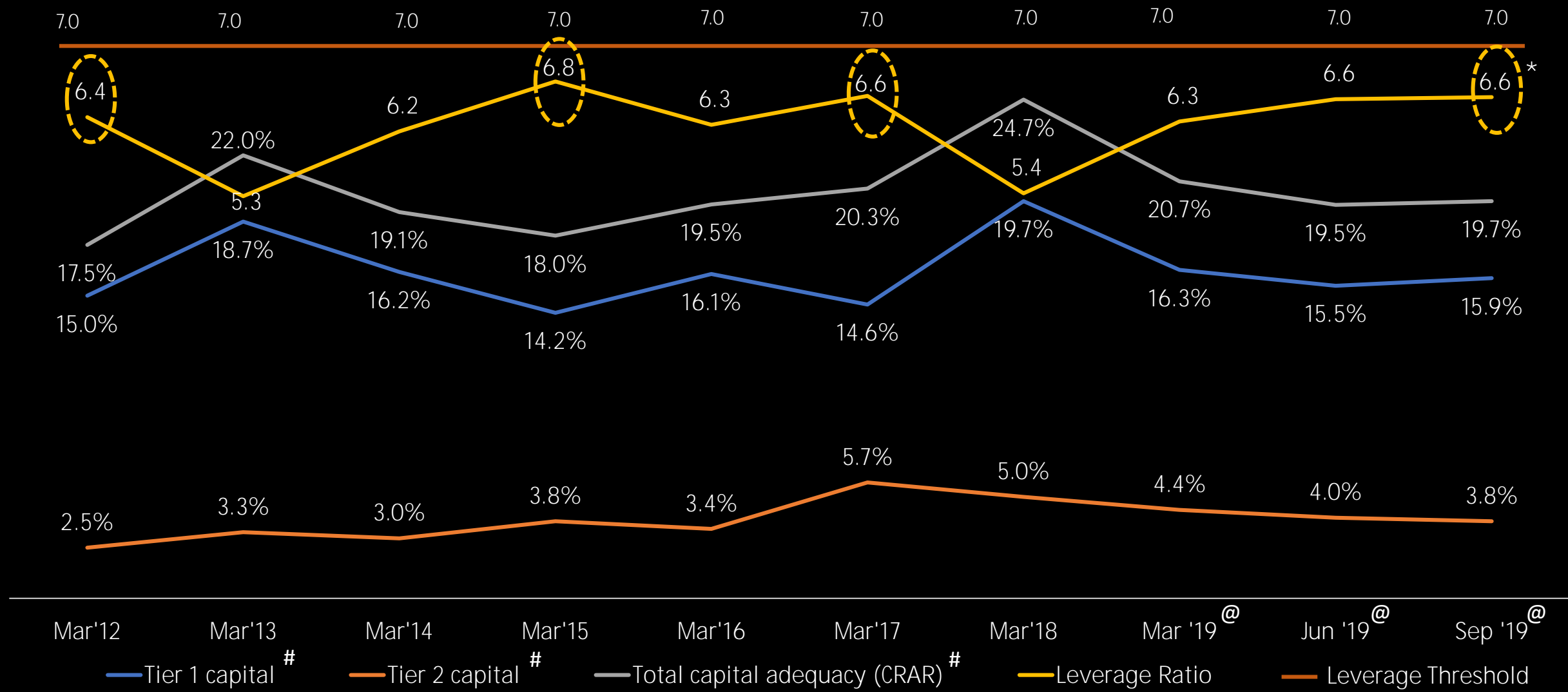


Liability mix over the last 8 years..



[@] March '19, June '19 and Sep '19 numbers are as per Ind AS

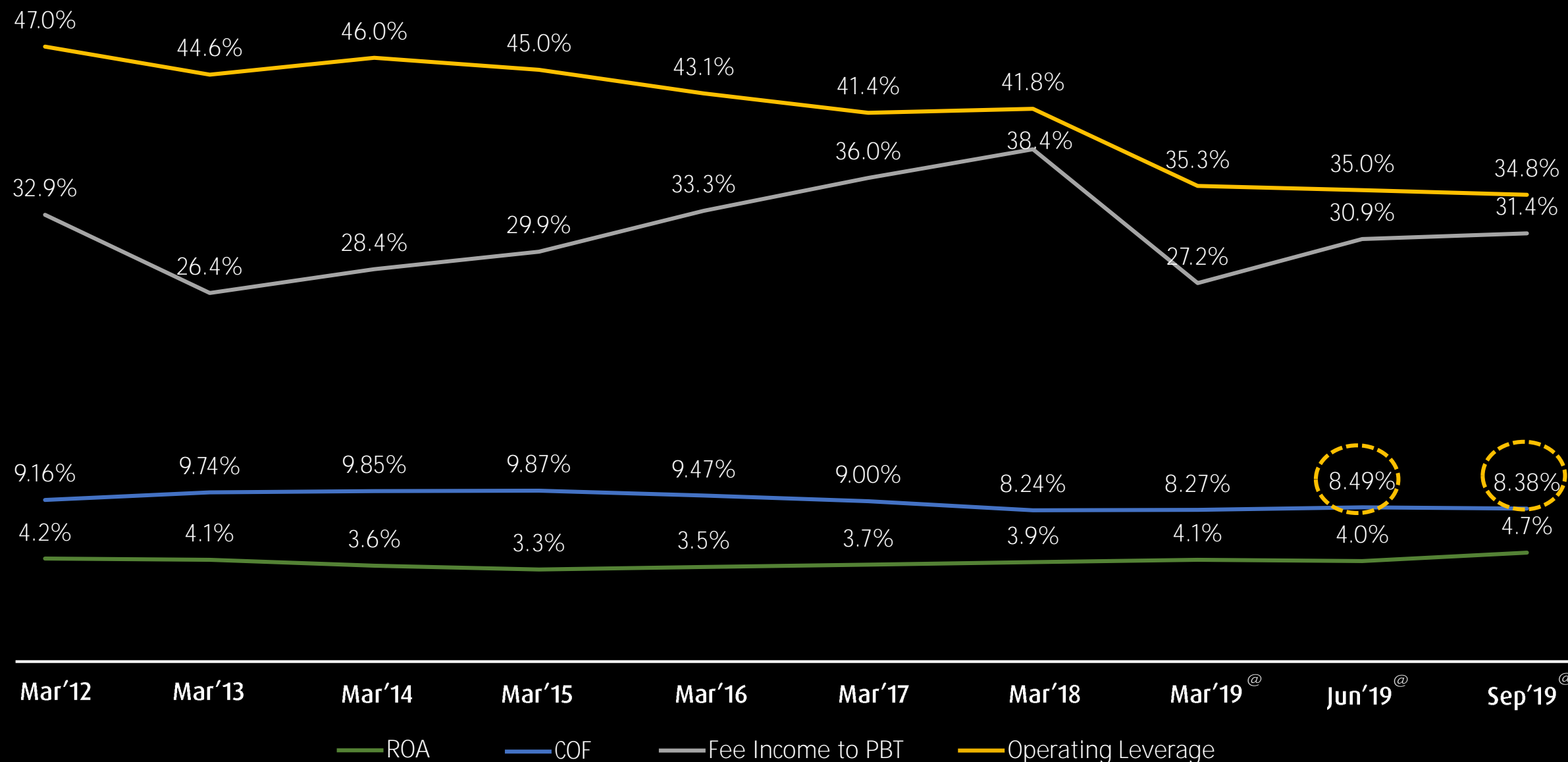
Conservative leverage standards



*Standalone leverage is approximately 5.7X as of 30 September 2019
 #Tier 1 capital, Tier 2 capital and Total Capital Adequacy (CRAR) are on standalone basis
 @ March '19, June '19 and Sep '19 numbers are as per Ind AS
 Leverage threshold denotes a point below which the Company has raised capital in last 8 years

denotes point at which the Company initiated its capital raising plan in last 8 years

Resilient business model



[@] Mar '19, Jun'19 and Sep'19 numbers are as per Ind AS. June '19 and September '19 numbers are for respective quarters
 Post Ind AS, Fee income to PBT represents non-loan fees and commission income as a % of Profit Before Tax

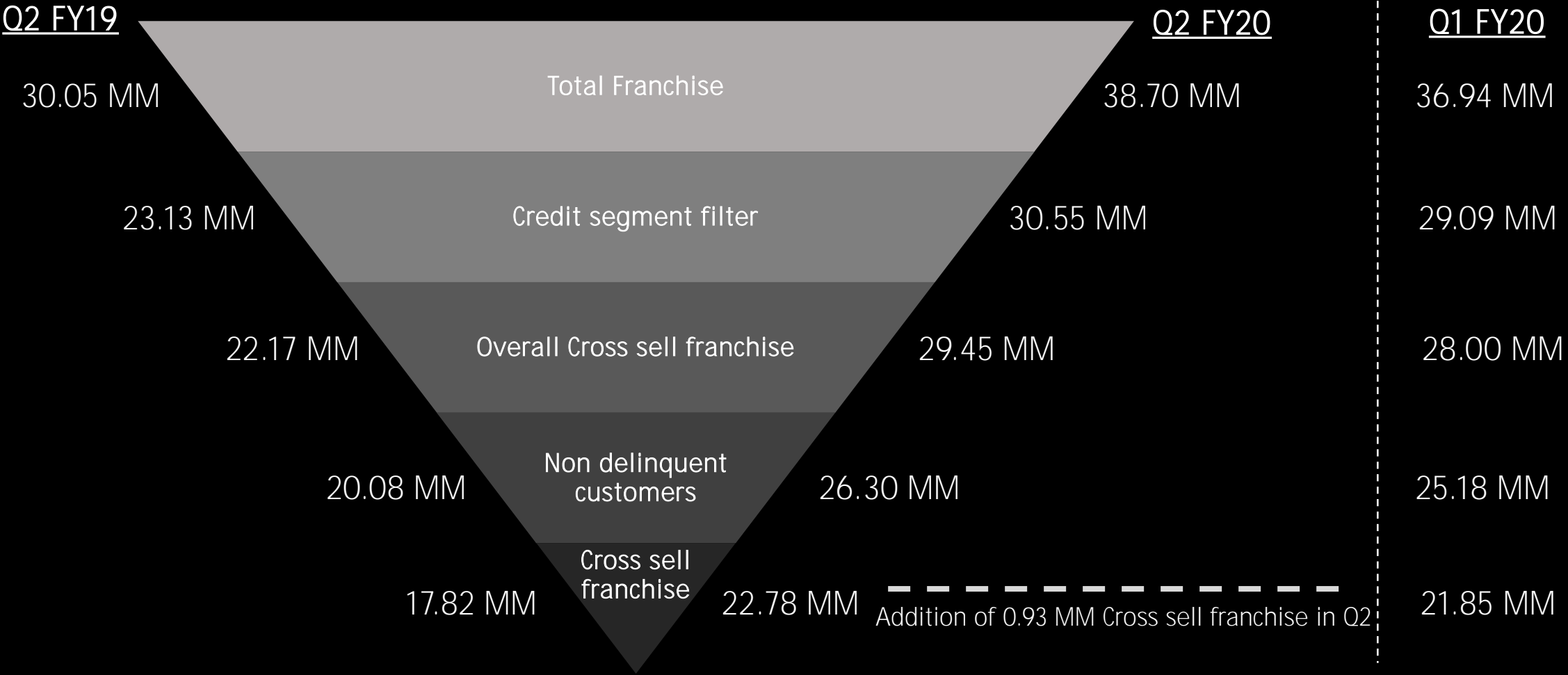


Section 05

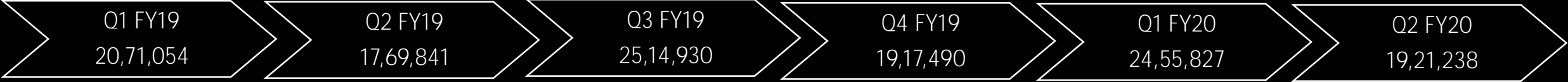
Customer franchise and distribution reach



Customer franchise

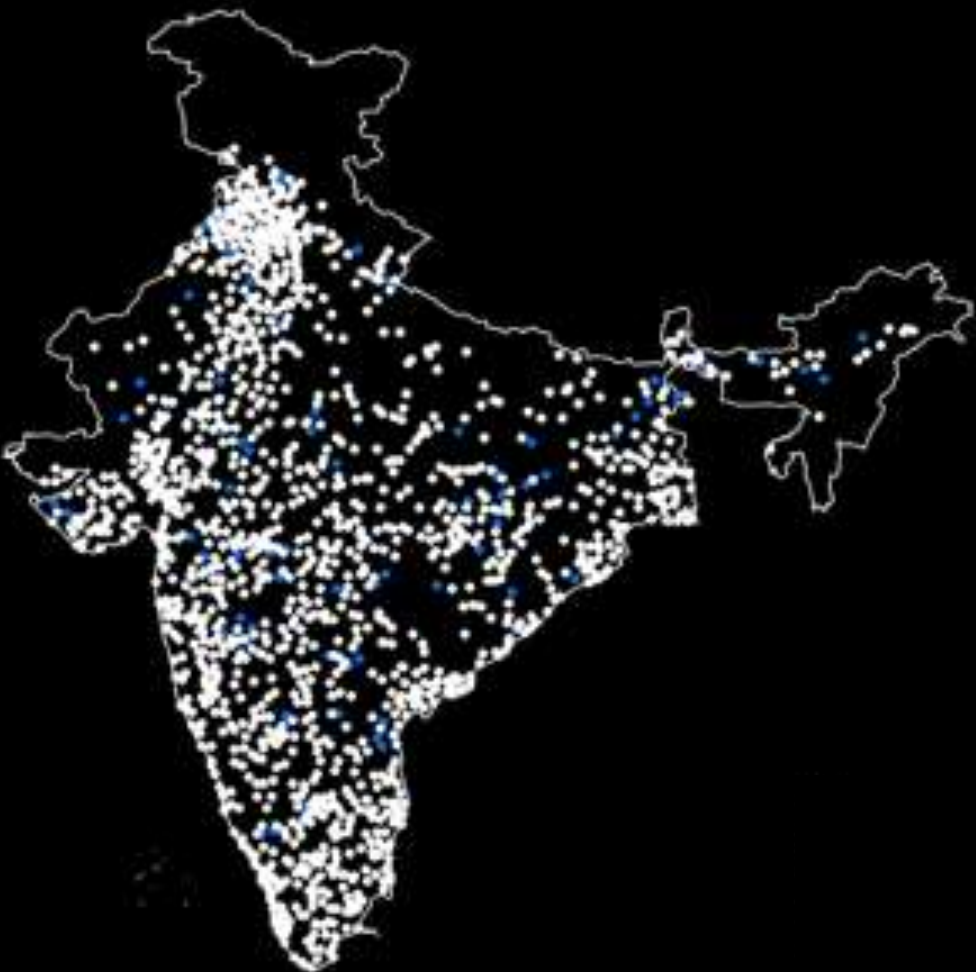


New to Bajaj Finance Customers



Overall customer franchise grew by 29% YoY

Geographic presence



Map not to scale

Geographic Presence	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	30 Jun 2019	30 Sep 2019
Urban	262	377	730	927	944	956
Rural	397	538	602	903	951	1,041
Of which rural lending branches	105	177	219	347	385	427
Of which rural lending franchise	292	361	383	556	566	614
Total Bajaj Finance presence	659	915	1,332	1,830	1,895	1,997

Strong distribution reach

Active distribution – points of sale	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	30 Jun 2019	30 Sep 2019
Consumer durable stores – Urban	9,400+	14,000+	15,500+	20,400+	22,000+	22,900+
Consumer durable stores – Rural	3,200+	5,500+	8,200+	14,500+	15,200+	16,400+
Digital product stores	5,200+	5,900+	15,900+	22,500+	23,100+	24,200+
Lifestyle retail stores	3,200+	3,900+	6,000+	7,700+	8,300+	8,700+
EMI card – retail spends stores	-	5,600+	12,100+	19,100+	20,700+	22,200+
Bajaj Auto dealers, sub-dealerships and ASSC	3,000+	3,200+	3,900+	4,600+	4,900+	5,200+
Direct Sales Agents	800+	1,500+	2,100+	2,800+	2,800+	3,000+
Overall active distribution network	24,800+	39,600+	64,300+	91,700+	97,000+	1,02,600+

An icon showing two hands holding a dollar sign, symbolizing finance or investment.

Section 06

● ● ● ● ● ● Business segment wise AUM ● ● ● ● ● ●

Business segment wise AUM as of 30 September 2019

Assets Under Management	Standalone as of 30 Sep 2019	BHFL as of 30 Sep 2019	Consolidated as of 30 Sep 2019	Consolidated as of 30 Sep 2018	Growth	Composition as of 30 Sep 2019
Consumer B2B -Auto Finance Business	11,867	-	11,867	7,377	61%	9%
Consumer B2B - Sales Finance Businesses	13,676	-	13,676	11,507	19%	10%
Consumer B2C Businesses	26,334	672	27,006	18,509	46%	20%
Rural B2B – Sales Finance Business	2,240	-	2,240	1,664	35%	2%
Rural B2C Business	8,929	-	8,929	5,526	62%	6%
SME Business	17,789	119	17,908	13,324	34%	13%
Securities Lending Business	7,186	-	7,186	6,471	11%	5%
Commercial Lending Business	6,229	-	6,229	5,273	18%	5%
Mortgages	16,696	24,924	40,492	28,362	43%	30%
Total	1,10,946	25,714	1,35,533	98,013	38%	100%
Credit Card – CIF			1,496 K	663 K	126%	
EMI Card – CIF			20.0 MM	15.4 MM	30%	
Wallets			11.8 MM	3.3 MM	-	

Section 07

Bajaj Housing Finance Limited Overview

Bajaj Housing Finance Limited

- A 100% subsidiary of Bajaj Finance Limited, registered with National Housing Bank as a Housing Finance Company
- Offers full range of mortgage products such as home loans, loan against property and lease rental discounting to salaried & self employed customers. It also offers inventory finance and construction finance to credit worthy developers
- Focused on mass affluent and above customer (salaried and self employed)
- AUM of ₹ 25,714 crore as of 30 September 2019 and a post tax profit of ₹ 130 crore for Q2 FY20
- Capital adequacy ratio (including Tier II capital) stood at 19.95% as of 30 September 2019

Home Loans

- Offers home loan with an average ticket size of approximately 41 lakhs
- Focused on developing B2B business by leveraging existing developer finance relationships and through tie-ups with new project launches
- Currently present across 39 locations in India

Loan Against Property

- Offers loan to mass affluent and above self employed customers with an average ticket size of approximately 46 lakhs
- Strategy is to sell LAP product to existing customers only via direct to customer channel
- Currently present across 30 locations in India

Rural

- Offers home loans and loans against property to salaried and self-employed customers with an average ticket size of approximately 18 lakhs for home loans and 12 lakhs for loan against property
- Hub and spoke strategy through branch network and ASSC tie ups
- Currently present across 75 locations in India

Executive summary – Bajaj Housing Finance Limited



Lease Rental Discounting

- Offers loan against lease rentals to high net worth individuals and developers on commercial property leased mainly to corporate tenants
- All LRD transactions are backed by rentals through escrow mechanism
- Ticket size of lease rental discounting ranges from 5 - 100 crore with an average ticket size of approximately 25 crore
- Currently present across 8 locations in India (Mumbai, Delhi, Bangalore, Pune, Ahmedabad, Chennai, Kolkata and Hyderabad)

Developer Financing

- Offers construction finance and inventory finance mainly to category A and A+ developers in India
- Average ticket size ranges between 15 – 35 crore
- Currently present in 8 locations (Mumbai, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, Hyderabad and Surat)

Credit Quality

- Gross NPA and Net NPA, recognized as per extant NHB prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as of 30 September 2019 stood at 0.06% and 0.03% respectively

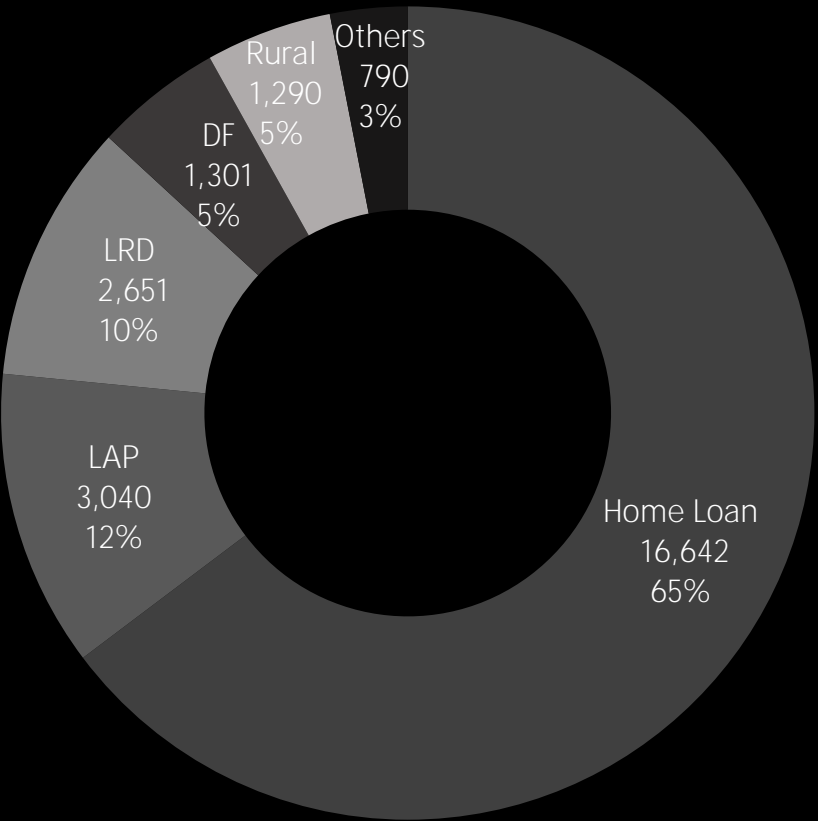
Treasury

- Strategy is to create a balanced and sustained mix of borrowings
- Borrowings stood at ₹ 21,942 crore (excluding lease liability) with a mix of 56 : 44 between banks and money markets as of 30 September 2019

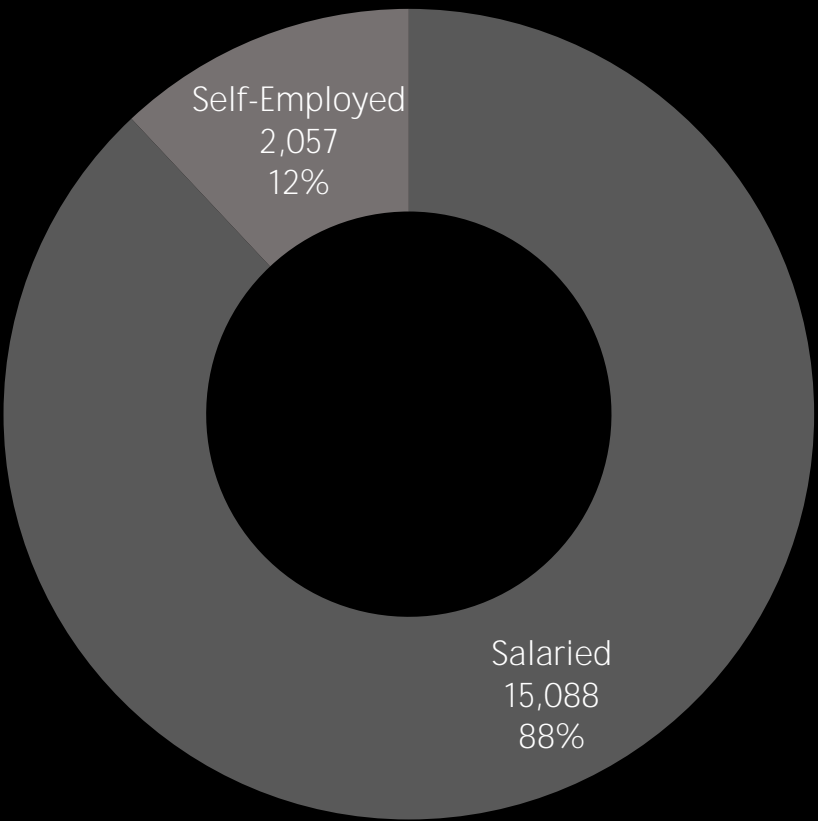
Credit Rating

- Credit rating for long term borrowing is AAA/Stable by CRISIL & IND AAA/Stable by India Ratings
- Credit rating for short term borrowing is A1+ by CRISIL & IND A1+ by India Rating

Product Category



Home Loan Portfolio
Customer Categorisation



Salaried focused home loans acquisition strategy (93% of Q2 FY20 acquisition)

Customer Profile – Bajaj Housing Finance Limited

	Home Loan	Loan Against Property
Average Loan Size – Overall	39 lakhs	28 lakhs
Average Loan Size – Urban	41 lakhs	46 lakhs
Average Loan Size – Rural	18 lakhs	12 lakhs
LTV (at origination)	70%	47%
Average Loan Term – Overall	18 years	11 years
Average Customer Age	39 years	42 years
Primary Security	Mortgage of property financed	Mortgage of property financed
Repayment Type	Monthly amortizing	Monthly amortizing

Financial statement summary – Bajaj Housing Finance Limited



₹ in Crore

Financials snapshot	Q2 FY20	Q2 FY19	H1 FY20	H1 FY19	FY19
Assets under management	25,714	10,653	25,714	10,653	17,562
Assets under finance	22,875	10,653	22,875	10,653	17,332
Interest income	539	204	996	319	998
Fee and other income	96	37	154	68	158
Total Income	635	241	1,150	387	1,156
Interest expenses	371	139	688	209	685
Net Interest Income	264	102	462	178	471
Operating Expenses	88	85	170	155	297
Loan losses and provisions (ECL stage 1 & 2)	4	4	12	9	21
Loan losses and provisions (ECL stage 3 & write off)	9	1	10	1	4
Profit before tax	163	12	270	13	149
Profit after tax	130	9	200	11	110
Ratios					
Operating expense to Net Interest Income	33.3%	83.3%	36.8%	87.1%	63.1%
Loan loss to Average AUF*	0.06%	0.05%	0.11%	0.15%	0.24%
Return on Average Assets*	0.6%	0.1%	1.0%	0.2%	1.1%
Return on Average Equity*	3.4%	0.5%	5.3%	0.6%	4.2%

* Not annualized

ECL summary – Bajaj Housing Finance Limited

ECL categorization	Sep '18	Dec '18	Mar'19	Jun'19	Sep'19
Stage 1 & 2 (represents standard assets)	99.98%	99.97%	99.95%	99.94%	99.94%
Stage 3 (represents GNPA)	0.02%	0.03%	0.05%	0.06%	0.06%

Summary of stage wise assets and ECL provisioning

₹ in Crore

Financial Assets & ECL provision	Sep '18	Dec '18	Mar'19	Jun'19	Sep'19
Gross Stage 1 & 2 assets* (A)	10,746	14,061	17,435	20,601	23,481
ECL Provision Stage 1 & 2 (B)	14	20	26	34	37
Net Stage 1 & 2 assets (C = A-B)	10,731	14,041	17,409	20,567	23,443
ECL Provision % Stage 1 & 2 assets (D = B/A)	0.13%	0.14%	0.15%	0.16%	0.16%
Gross Stage 3 assets@ (E)	2.3	4.5	9.5	13.1	13.3
ECL Provision Stage 3 (F)	0.5	1.0	3.4	4.2	6.0
Net Stage 3 assets (G = E-F)	1.8	3.5	6.1	8.9	7.3
Coverage Ratio % Stage 3 assets (H= F/E)	23.1%	23.1%	35.4%	32.3%	45.4%
ECL/Total Assets	0.14%	0.15%	0.17%	0.18%	0.18%

*Gross stage 1 & 2 assets represent loans balance as per Ind AS after adjusting for the impact of amortisation of fees earned and acquisition cost incurred including other assets like security deposits, receivable from related parties, capital advances etc

@ Gross Stage 3 assets represents Loans balance as per Ind AS after adjusting for the impact of (i) amortisation of fees earned and acquisition cost incurred and (ii) overdue interest considered recoverable under Ind AS and other receivables considered as non-performing as at the end of respective periods.

Behaviouralized ALM snapshot as of 30 September 2019 - BHFL

Particulars	1 m	>1 to 2 m	>2 to 3 m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 to 7 yr	>7 to 10 yr	>10 yr	Total
Cash & Investments	2,843	-	-	-	-	-	-	-	-	-	2,843
Advances	374	217	217	643	1,275	4,797	3,598	2,744	3,143	5,998	23,007
Other inflows	6,138	-	-	-	-	6	-	-	-	72	6,215
Total Inflows (A)	9,355	217	217	643	1,275	4,803	3,598	2,744	3,143	6,069	32,065
Cumulative Total Inflows (B)	9,355	9,572	9,790	10,432	11,707	16,510	20,109	22,852	25,996	32,065	
Borrowings repayment	498	2,433	1,193	128	1,586	11,063	6,313	1,268	-	-	24,482
Capital Reserves and Surplus	-	-	-	-	-	-	-	-	-	3,807	3,807
Other Outflows	726	7	28	-	28	2,882	-	0	-	105	3,776
Total Outflows (C)	1,224	2,440	1,221	128	1,614	13,945	6,313	1,268	-	3,912	32,065
Cumulative Total Outflows (D)	1,224	3,663	4,885	5,013	6,627	20,572	26,885	28,153	28,153	32,065	
E. GAP (A - C)	8,131	(2,223)	(1,004)	514	(339)	(9,142)	(2,715)	1,476	3,143	2,158	
F. Cumulative GAP (B-D)	8,131	5,909	4,905	5,419	5,080	(4,062)	(6,777)	(5,301)	(2,157)	0	
Cumulative GAP as % (F/D)	665%	161%	100%	108%	77%	-20%	-25%	-19%	-8%	0%	
Permissible cumulative GAP %	-15%				-15%						
Additional short term borrowings possible	9,781				7,147						

*Other inflows include line of credit committed by other institutions, current and long term assets, tax paid in advance & interest and income receivable

*Other outflows include loan commitments pending disbursal, lines of credit committed to other institutions, interest payable on bonds & sundry creditors

*As per previous GAAP

37

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Section 08



Update on credit quality



Credit Quality – Provisioning Coverage

Values in ₹ Cr

Assets Under Management	Consolidated AUM 30 Sep 2019	GNPA	NNPA	PCR (%)	GNPA %			NNPA %		
					30 Sep 18	30 Jun 19	30 Sep 19	30 Sep 18	30 Jun 19	30 Sep 19
Auto Finance Business	11,867	704	289	58.9%	5.76%	5.19%	5.57%	2.24%	2.14%	2.36%
Sales Finance Business	13,676	191	46	76.0%	1.08%	1.16%	1.08%	0.30%	0.27%	0.26%
Consumer B2C Business	27,006	415	113	72.6%	1.66%	1.63%	1.49%	0.46%	0.45%	0.41%
Rural B2B Business	2,240	28	9	68.8%	0.77%	0.97%	1.15%	0.41%	0.31%	0.36%
Rural B2C Business	8,929	130	41	68.6%	1.42%	1.63%	1.41%	0.72%	0.61%	0.45%
SME Business	17,908	274	63	77.1%	1.86%	1.64%	1.49%	0.44%	0.35%	0.34%
Securities Lending Business	7,186	-	-	-	-	-	-	-	-	-
Commercial Lending Business	6,229	36	14	60.3%	-	0.61%	0.58%	-	0.26%	0.23%
Mortgages	40,492	435	313	28.2%	0.81%	1.19%	1.20%	0.47%	0.86%	0.87%
Total	1,35,533	2,213	888	59.9%	1.49%	1.60%	1.61%	0.53%	0.64%	0.65%
Total (excluding IL&FS)	1,35,533	1,979	714	63.9%	1.49%	1.42%	1.44%	0.53%	0.50%	0.52%

GNPA increased by 1 bps on a sequential quarter basis and 12 bps on YoY; NNPA increased by 1 bps on a sequential quarter basis and 12 bps on YoY

- GNPA (Gross NPA) represents Loans balance as per Ind AS after adjusting for the impact of (i) amortisation of fees earned and acquisition cost incurred and (ii) overdue interest considered recoverable under Ind AS and other receivables considered as non-performing as at the end of respective periods.
- NNPA (Net NPA) represents GNPA less Impairment loss allowance provided on Stage 3 Assets under Ind AS as at the end of respective periods

NPA movement - consolidated

Values in ₹ Cr

Particulars	Sep'18	Dec'18	Mar '19	Jun '19	Sep '19
Assets Under Management	98,013	1,07,508	1,15,888	1,28,898	1,35,533
Opening GNPA (A)	1,280	1,471	1,691	1,804	2,094
Roll Forward into NPA (i)	480	702	593	697	779
Restructuring (ii)	3	13	14	5	7
Total Slippages (B = i + ii)	483	715	607	702	786
Roll back to standard (iii)	141	177	204	216	361
Realisation on sale of NPA receivables (iv)	-	33	19	-	13
Write offs (v)	150	285	270	196	293
Total recoveries and write-offs (C = iii + iv + v)	291	495	494	412	667
Net slippages (B - C)	191	220	113	290	119
Gross NPA (A + B - C)	1,471	1,691	1,804	2,094	2,213
GNPA %	1.49%	1.55%	1.54%	1.60%	1.61%
NNPA %	0.53%	0.62%	0.63%	0.64%	0.65%
PCR %	64.6%	60.3%	59.7%	60.7%	59.9%

ECL summary - consolidated

Assets categorization	Sep '18	Dec '18	Mar '19	Jun '19	Sep '19
Stage 1 & 2 (represents standard assets)	98.51%	98.45%	98.46%	98.40%	98.39%
Stage 3 (represents GNPA)	1.49%	1.55%	1.54%	1.60%	1.61%

Summary of stage wise assets and provision for impairment allowance

Assets and impairment allowance	Sep '18	Dec '18	Mar '19	Jun '19	Sep '19
Gross Stage 1 & 2 assets* (A)	97,395	1,07,094	1,15,438	1,28,570	1,35,552
ECL Provision Stage 1 & 2 (B)	871	947	981	1,111	1,239
Net Stage 1 & 2 assets (C = A-B)	96,524	1,06,146	1,14,458	1,27,459	1,34,312
ECL Provision % Stage 1 & 2 assets (D = B/A)	0.89%	0.88%	0.85%	0.86%	0.91%
Gross Stage 3 assets@ (E)	1,471	1,691	1,804	2,094	2,213
ECL Provision Stage 3 (F)	950	1,020	1,077	1,270	1,325
Net Stage 3 assets (G = E-F)	522	671	727	824	888
Coverage Ratio % Stage 3 assets (H= F/E)	65%	60%	60%	61%	60%
Overall coverage ratio	1.84%	1.81%	1.75%	1.82%	1.86%

*Gross stage 1 & 2 assets represent loans balance as per Ind AS after adjusting for the impact of amortisation of fees earned and acquisition cost incurred including other assets like security deposits, advance to dealer, receivable from related parties, capital advances etc

@ Gross Stage 3 assets represents loans balance as per Ind AS after adjusting for the impact of (i) amortisation of fees earned and acquisition cost incurred and (ii) overdue interest considered recoverable under Ind AS and other receivables considered as non-performing as at the end of respective periods.

BAJAJ FINANCE LIMITED

Q2 FY20 Investor Presentation

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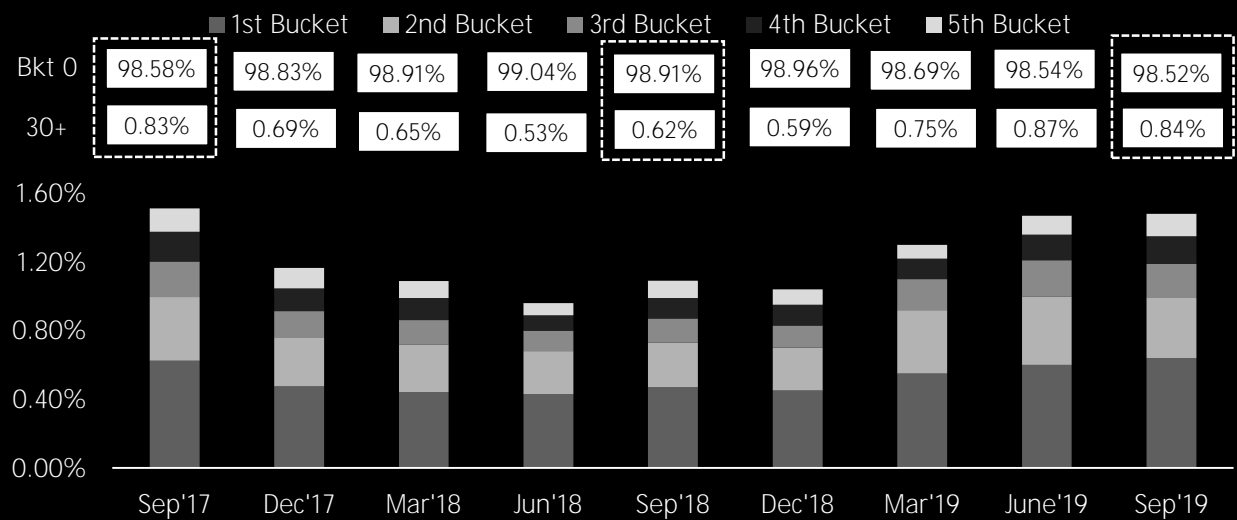
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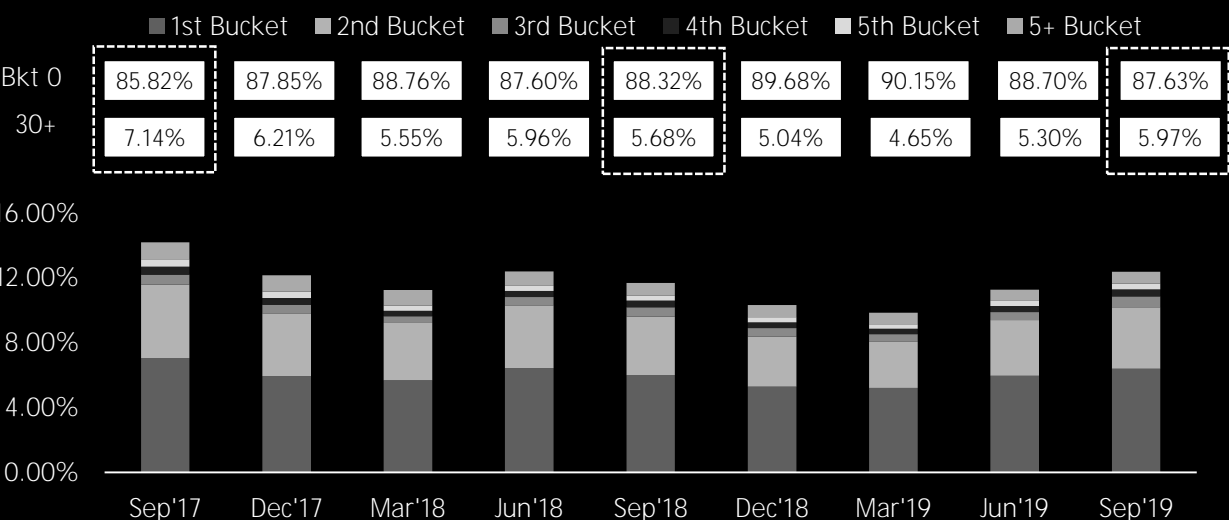
Annexures

Credit quality – Portfolio composition

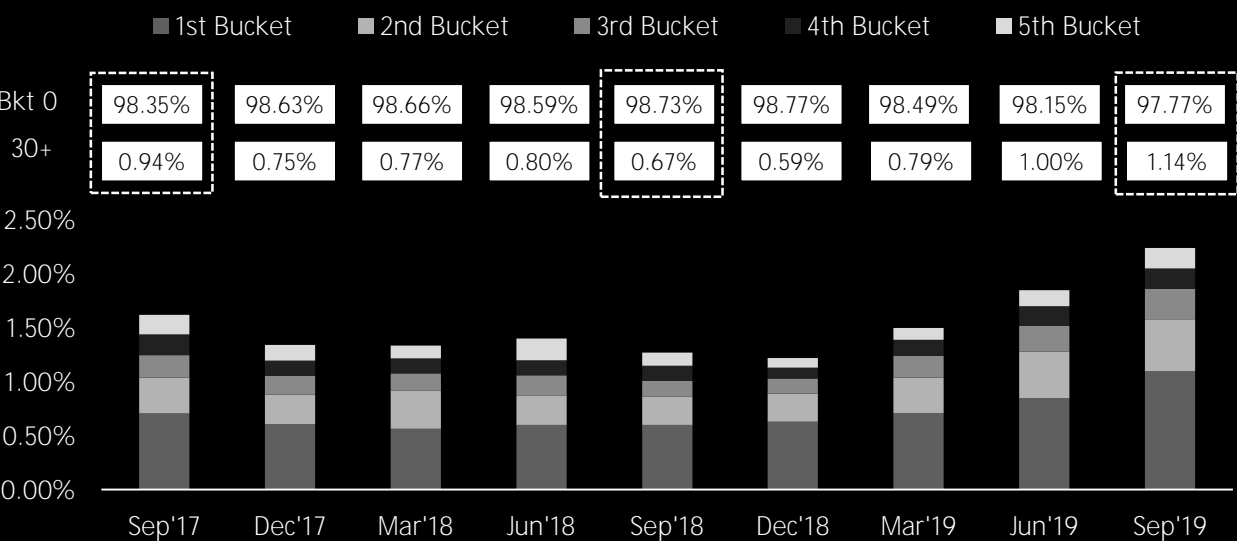
Consumer durable



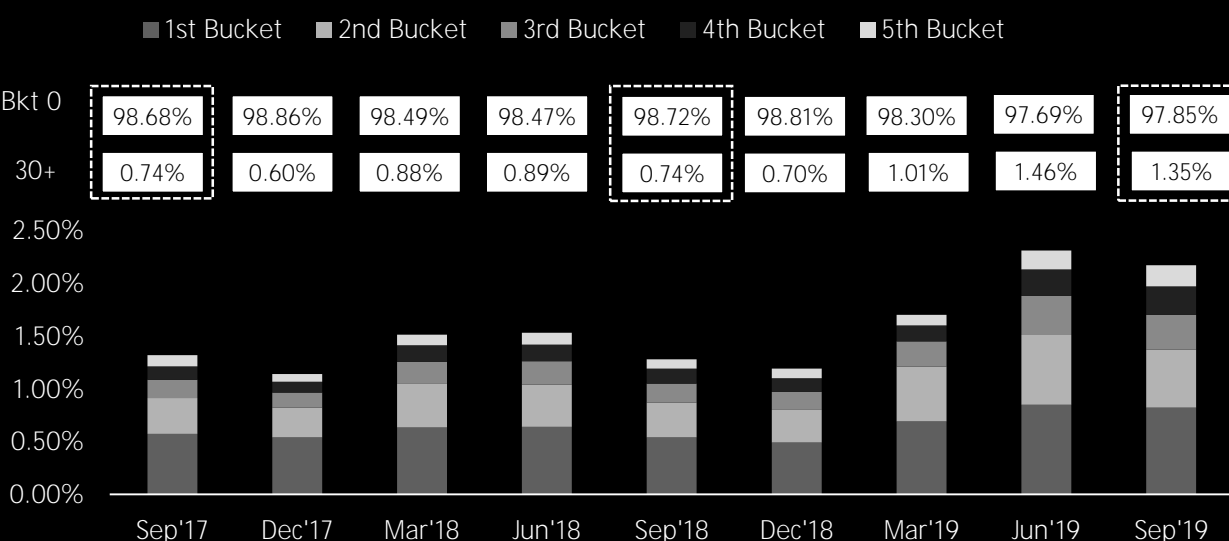
Two & three wheeler



Lifestyle

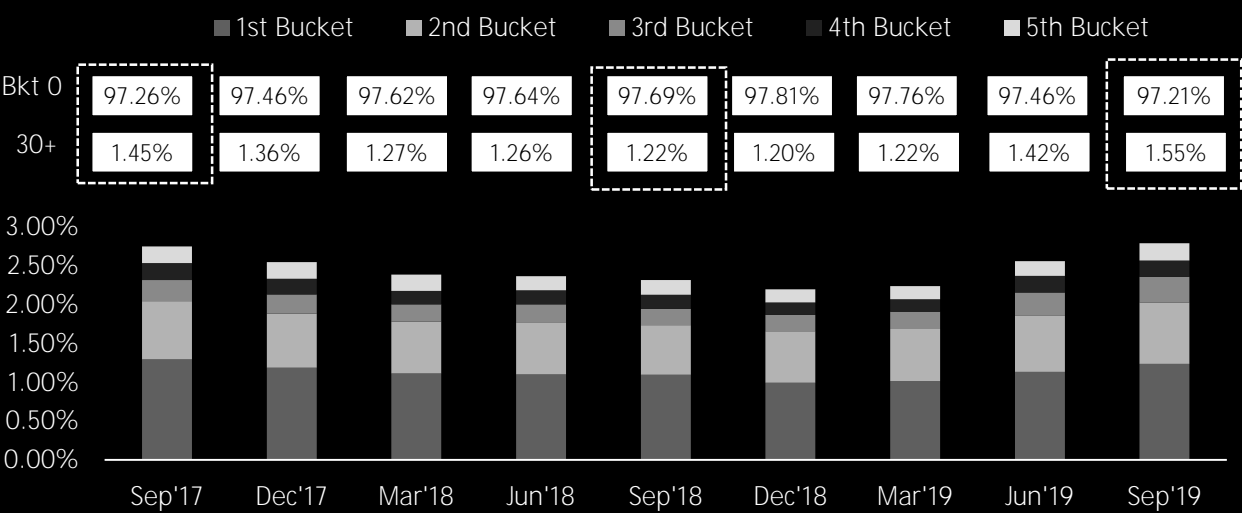


Digital product

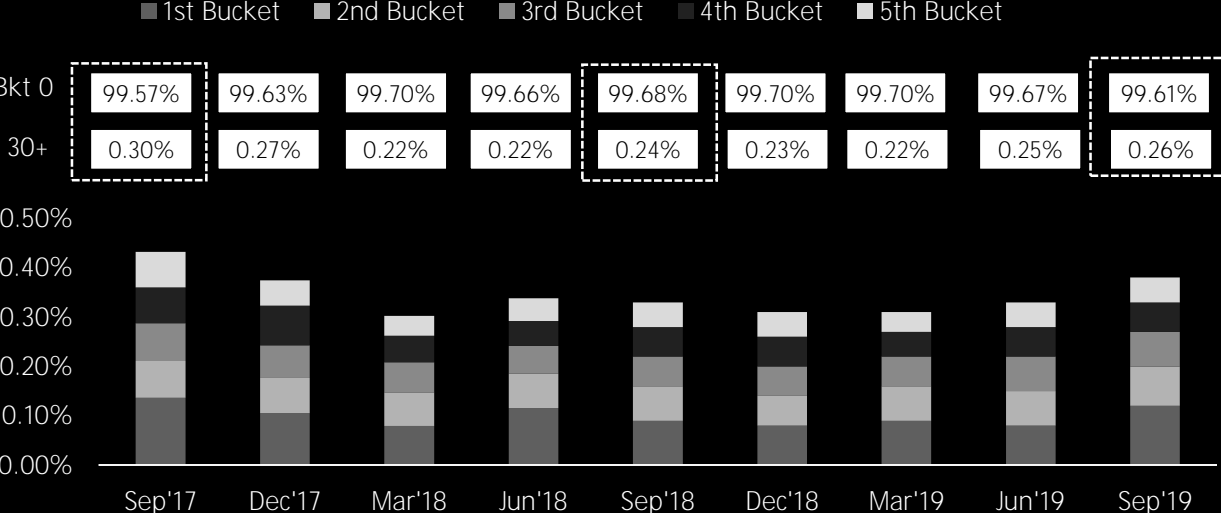


Portfolio Credit quality – Including BHFL

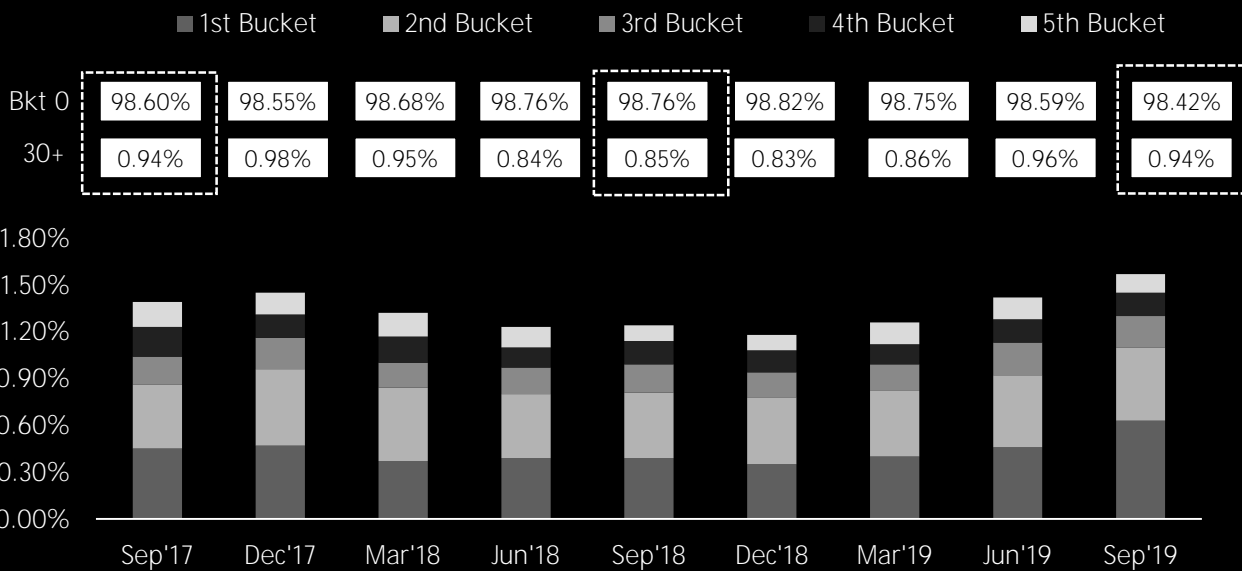
Personal loans cross sell



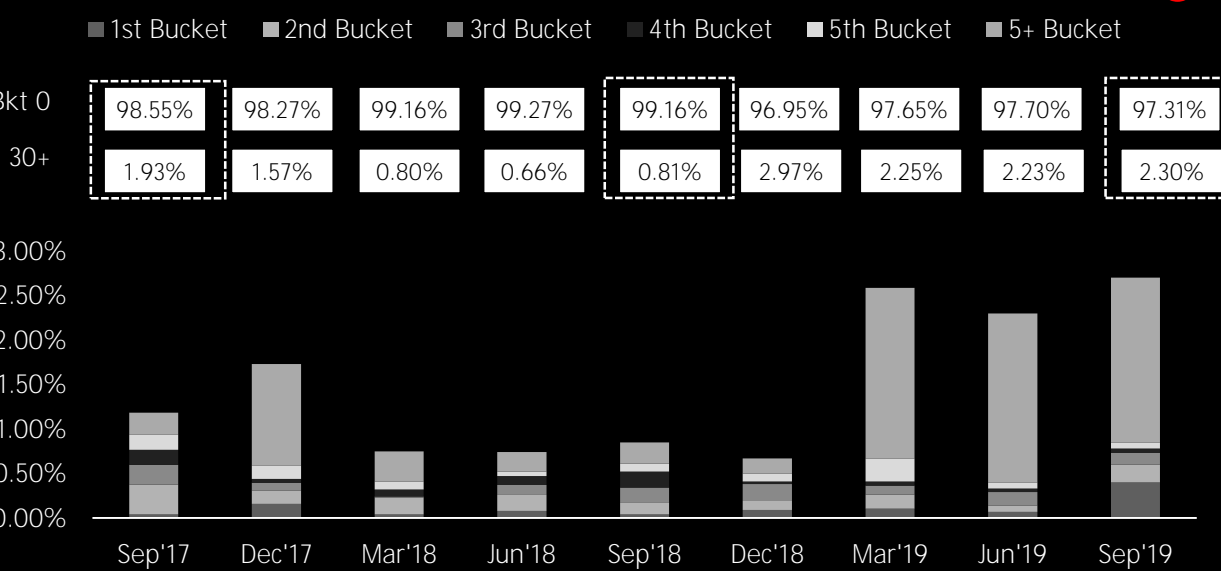
Salaried personal loans



Business & professional



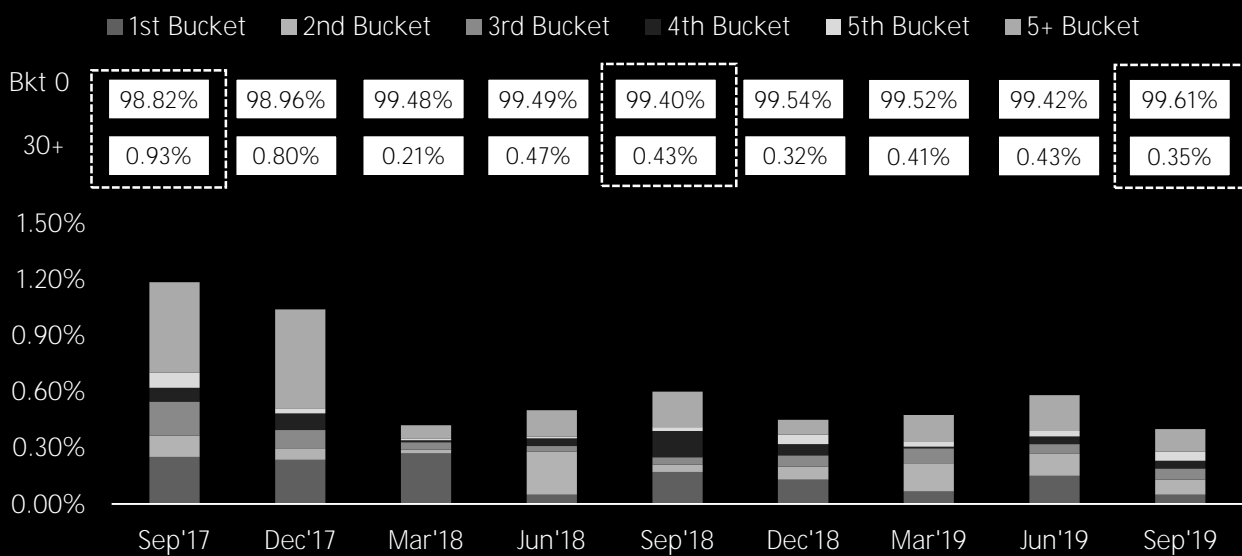
Loan against property*



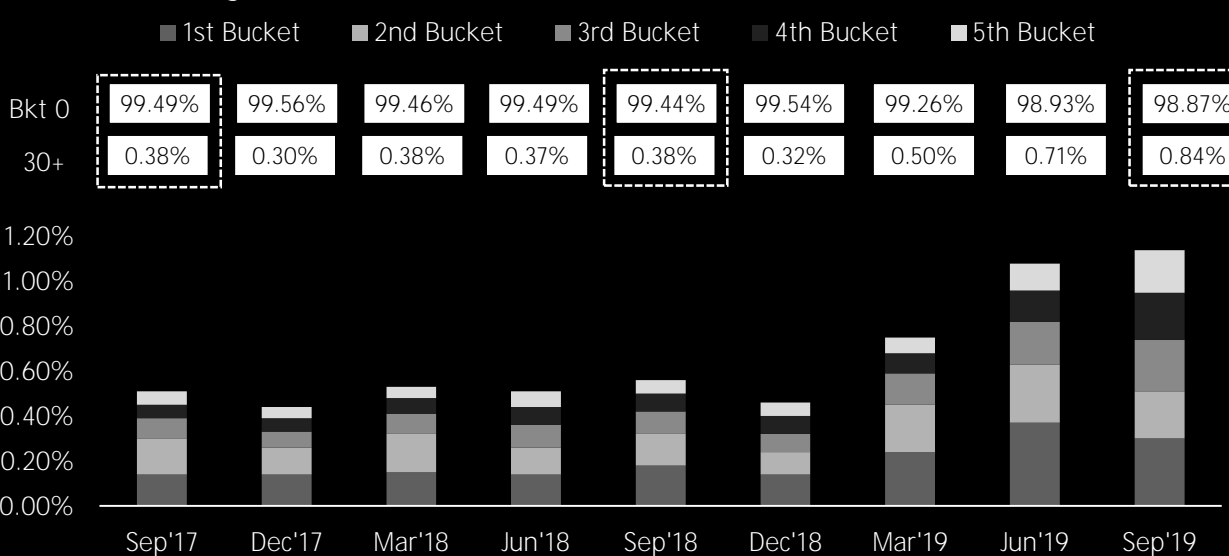
*Adjusted for IL&FS, Sep'19 current portfolio is 98.79%

Portfolio Credit quality – Including BHFL

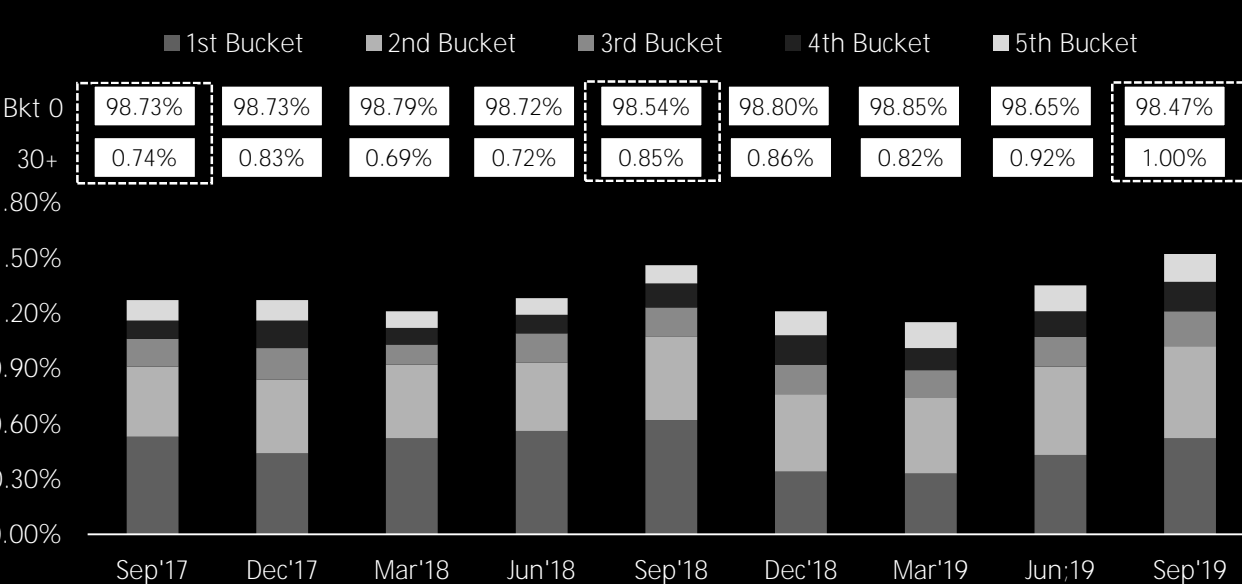
Home loans



Rural Lending B2B



Rural lending B2C



- Commercial lending business has only one NPA account of ₹ 36 crore, of which ₹ 21 crore has been provided for.
- Securities lending portfolio is 100% current
- As articulated in Q1 FY20, digital product finance, auto finance and SME businesses continuous to remain in cautious mode.

Financials snapshot @	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 [@] (Consol.)	FY19 [@] (Consol.)	YoY (FY18-FY19)	CAGR (12 yrs)
Assets under management	2,478	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	1,15,888	41%	42%
Income from operations	503	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,502	45%	39%
Interest expenses	170	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,624	44%	40%
Net Interest Income (NII)	332	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,878	46%	38%
Operating Expenses	193	220	320	460	670	850	1,151	1,428	1,898	2,564	3,270	4,198	28%	32%
Loan Losses & Provision (ECL)	109	164	261	205	154	182	258	385	543	804	1,030	1,501	46%	27%
Profit before tax	30	51	134	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	61%	62%
Profit after tax	21	34	89	247	406	591	719	898	1,279	1,837	2,496	3,995	60%	61%

Ratios	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Opex to NII	58.1%	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%
Return on assets	0.9%	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%
Return on equity	2.0%	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%
Net NPA *	7.05%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%
NPA provisioning coverage	29%	32%	55%	79%	89%	83%	76%	71%	77%	74%	70%	60%

@ All figures till including FY17 are as per previous GAAP, whereas for FY18 and FY19 are as per IndAS

* As per the RBI regulations, NNPA numbers for upto FY15 are at 6 months overdue, FY16 are at 5 months overdue, FY17 are at 4 months overdue and FY18 onwards are at 3 months overdue. Hence NPA across periods are not comparable

Glossary

2W	Two Wheeler
3W	Three Wheeler
ACMF	Auto Components Manufacturer Financing
ALM	Asset & Liability Management
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
BHFL	Bajaj Housing Finance Ltd
BL	Business Loan
CAGR	Compounded Annual Growth Rate
CIF	Cards in Force
CPI	Consumer Price Index
ECL	Expected Credit Loss
EMI	Existing Member Identification
EPS	Earnings 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
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
PAT	Profit After Tax
PBT	Profit Before Tax
POS	Point of Sale
PPC	Products Per Customer
RBI	Reserve Bank of India
ROA	Return on Assets
ROE	Return on Equity
SE	Self Employed
SME	Small & Medium Enterprise
TAT	Turn Around Time
TTD	Through the Door
WPI	Wholesale Price Index