

23 October 2018

To Corporate Relations Department. <b>BSE Limited</b> 1 <sup>st</sup> Floor, New Trading Ring, Rotunda Building, P J Tower, Dalal Street, Mumbai 400 001	To Corporate Listing Department. <b>National Stock Exchange of India Ltd</b> Exchange Plaza, 5 <sup>th</sup> Floor Plot No.C-1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
<b>BSE Code: 532978</b>	<b>NSE Code: BAJAJFINSV</b>

**Subject: Investor Presentation for financial results of the second quarter ended 30 September 2018**

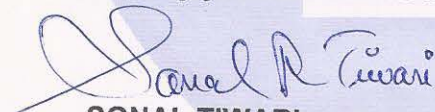
Dear Sir/Madam,

Further to our letter dated 16 October 2018, please find enclosed Investor Presentation for financial results of the second quarter ended 30 September 2018 under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule III thereto.

This is for your information please.

Thanking you,

Yours faithfully,  
**For Bajaj Finserv Limited**



**SONAL TIWARI**  
**COMPANY SECRETARY**

Encl: as above



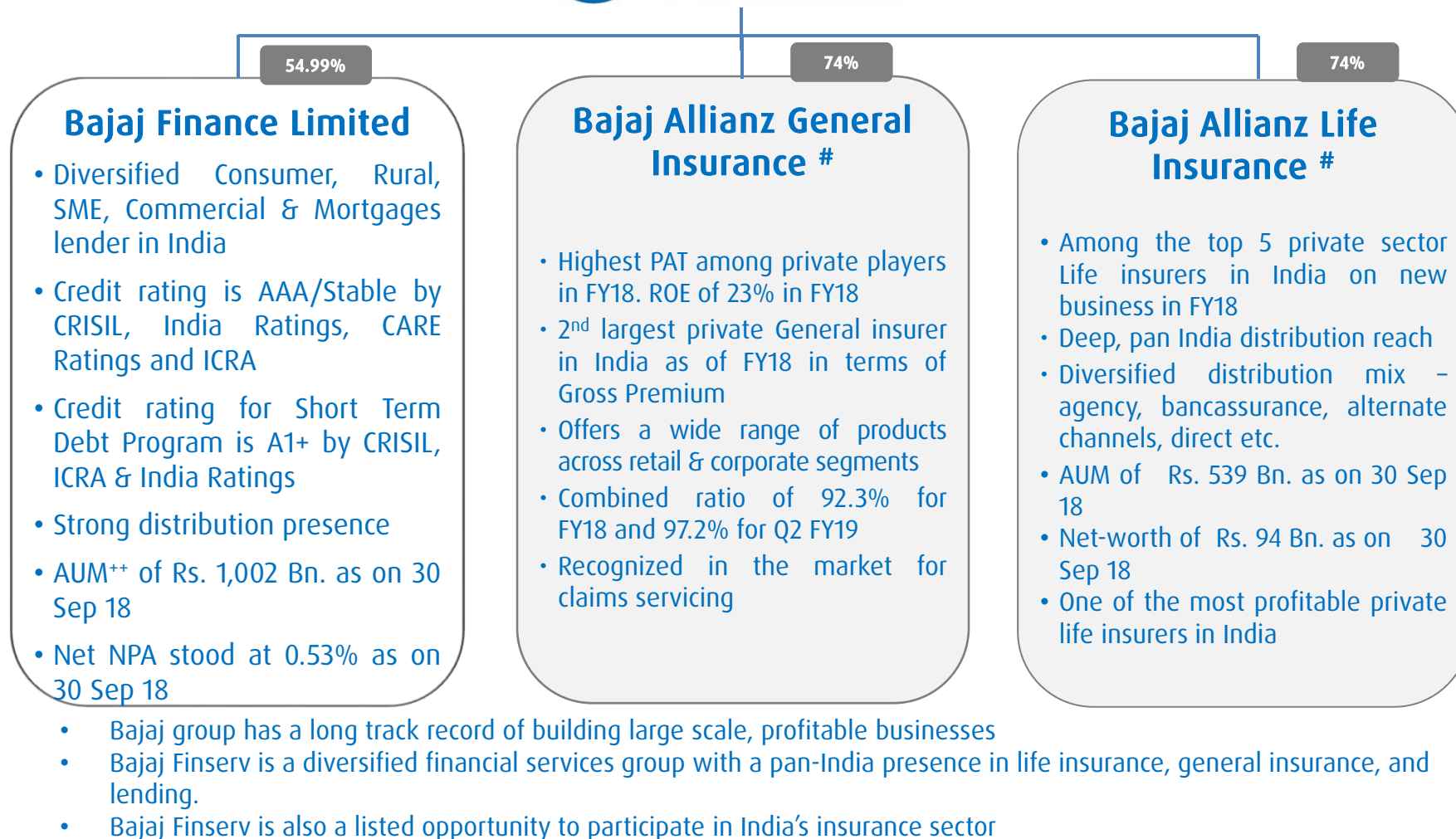


# BAJAJ FINSERV LIMITED

Investor Presentation – Q2 FY19\*

\* Financial year 2018-19

# Bajaj Finserv – A diversified financial services group



\*BFS shareholding in BFL as at 31 March 2018 was 54.99%.

<sup>++</sup> Includes AUM of Rs.107 Bn of Bajaj Housing Finance Limited. BHFL is a 100% subsidiary of BFL which became fully operational in Feb 2018

Shareholding is as of 30 Sep 2018. Chart shows only major subsidiaries.

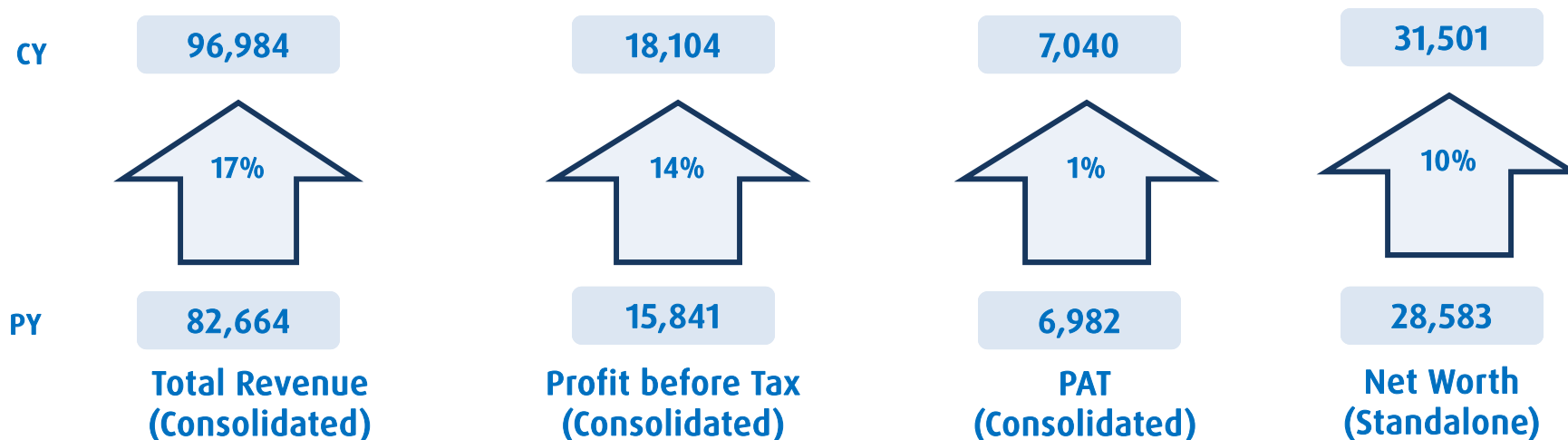
# Not listed

# Bajaj Finserv performance highlights



All Figures in Rs Million

## Performance Highlights of Q2 FY19 over Q2 FY18 (Ind AS)



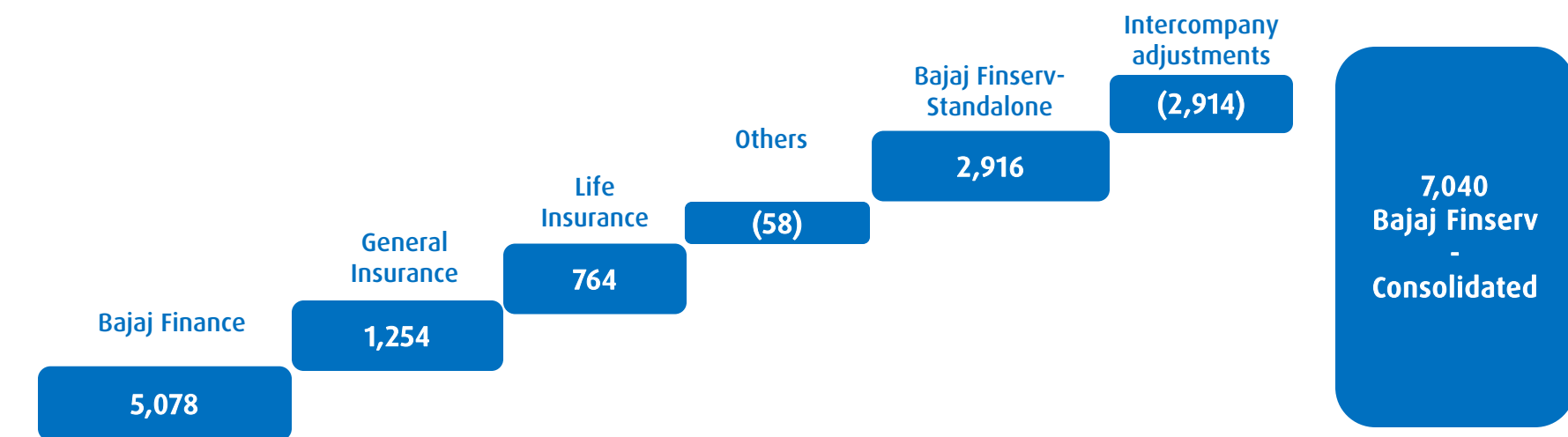
- Bajaj Finserv remains a debt free company. Bajaj Finserv's surplus funds (Excluding Group Investments) stood at Rs. 8.4 Bn as on 30 Sep 2018 (Rs. 6.5 Bn. as on 30 Sep 2017)
- Consolidated Net Worth stood at Rs. 215 Bn. (Rs. 195 Bn. as on 30 Sep 2017) and Consolidated Book Value Per Share at Rs. 1,352 as on 30 Sep 2018 (Rs.1,227 as on 30 Sep 2017)

# Consolidated profit components

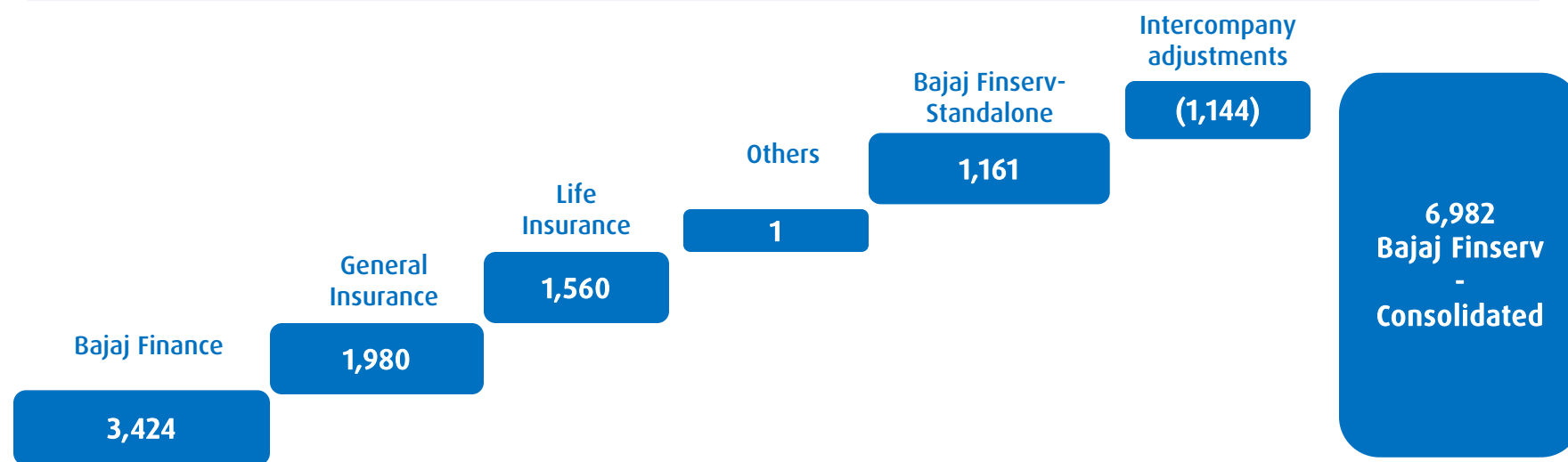


All Figures in Rs Million

## Consolidated profit components for Q2 FY19 (Ind AS)



## Consolidated profit components for Q2 FY18 (Ind AS)



# Adoption of Ind AS Accounting standards



- Bajaj Finserv has adopted Indian Accounting Standards (Ind AS) with effect from 1<sup>st</sup> April 2018
- Insurance companies' stand-alone numbers are as per Indian GAAP as Ind AS is not applicable to them. However, for consolidation purposes, they have provided Ind AS compliant financial statements
- Figures in respect of BFL are as per Ind AS
- Consolidated figures for Q2 & H1, FY 19 are compliant with Ind AS
- Corresponding figures for FY 18 (Q2, H1 and FY) have been restated to be compliant with Ind AS
- Figures in the business presentation of insurance companies are based on their stand alone Indian GAAP numbers

# Bajaj Finserv : Reconciliation of Consolidated profit as per Ind AS with Indian GAAP



All Figures in Rs Million

Particulars	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18	FY2018
Net Profit after Tax as per IGAAP	7,890	6,523	16,780	13,074	27,414
Ind AS Adjustments : Increase / (decrease)					
Adoption of Effective Interest Rate (EIR) for financial assets recognised at amortised cost*	(429)	285	(1,182)	(421)	(706)
Adoption of Effective Interest Rate (EIR) for financial liabilities recognised at amortised cost*	50	11	88	30	46
Fair Valuation of Investments	(411)	310	(34)	434	37
Expected Credit Loss	(94)	6	(296)	(44)	57
Fair Valuation of ESOP	(124)	(65)	(217)	(115)	(247)
Others	158	(88)	159	(131)	(98)
Net Profit after Tax as per Ind AS	7,040	6,982	15,298	12,827	26,503

Note : Indian GAAP for Q2 and H1 FY19 are un-audited figures | \* Net of Deferred tax impact or adjustments



# H1 FY19 Highlights



All Figures in Rs Million



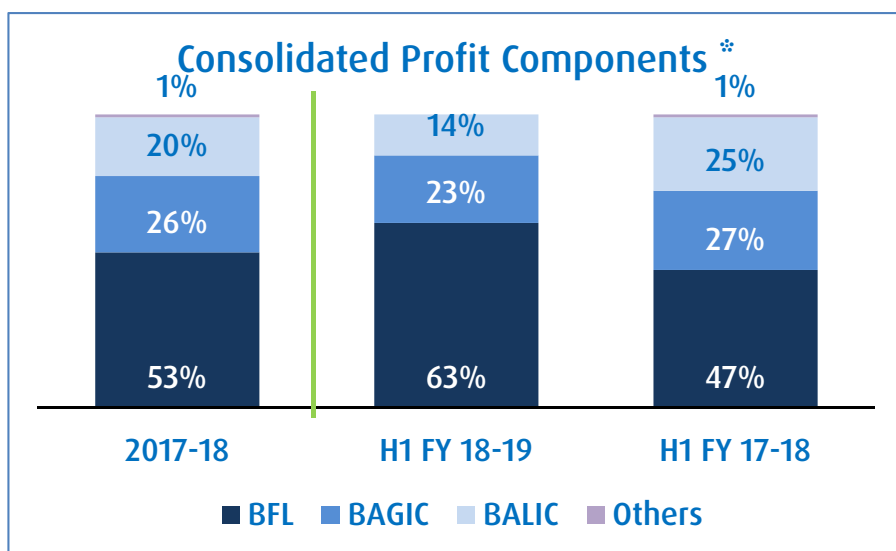
## Highlights of Group Companies

BAJAJ FINSERV\$	H1 FY19	H1 FY18	Growth
Total Revenue	184,695	158,020	17%
Net worth (Cons)	215,187	195,193	10%
PAT	15,298	12,827	19%

\$ Ind AS

BAJAJ FINANCE\$#	H1 FY19	H1 FY18	Growth
AUM	1,002,168	726,687	38%
Total Income	82,377	58,999	40%
PAT	17,594	10,588	66%

#Consolidated | \$ Ind AS



BAGIC	H1 FY19	H1 FY18	Growth
GWP	51,477	48,301	7%
Investments	148,869	121,000	23%
PAT	4,731	4,729	-

BALIC	H1 FY19	H1 FY18	Growth
GWP	34,440	31,691	9%
Investments	539,223	510,878	6%
PAT	2,777	3,821	-27%

- Bajaj Finserv and Bajaj Finance figures are as per Ind AS
- BAGIC and BALIC figures are as per IRDAI & the Indian Accounting Standard framework

\*Others includes Bajaj Finserv Standalone, and all remaining components.





**Bajaj Finance Limited**

## Business Construct

- ❑ Non-bank with strategy & structure of a bank with consistent track record of profitability
- ❑ Focused on mass affluent & above clients with strong cross sell orientation
- ❑ Diversified financial services strategy seeks to optimise risk and profit to deliver a sustainable business model
- ❑ Business construct is to deliver a superior ROE and ROA
- ❑ Focused on continuous innovation to transform customer experience to create growth opportunities

# Bajaj Finance – Overview



## DIFFERENTIATORS

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

Focus on mass affluent and above customers

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

Diversified lending strategy

Highly agile and innovative

Deep investment in technology and analytics

- ❑ A trusted brand with strong brand equity
- ❑ Overall franchise of 30.05 Mn. and Cross sell client base of 17.82 Mn.
- ❑ Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity
- ❑ AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 39% : 7% : 13% : 12% : 29%
- ❑ Continuous improvement in features of products & timely transitions to maintain competitive edge
- ❑ Has helped establish a highly metricised company and manage risk & controllership effectively

# Bajaj Finance's businesses

## BAJAJ FINANCE

### Consumer

- Largest consumer electronics, digital products & furniture lender in India
- Presence in 862 locations with 63,000+ active points of sale
- Amongst the largest personal loan lenders
- EMI (Existing Member Identification) Card franchise of over 15.4 Mn
- Among the largest new loans acquirers in India (5.26 Mn in Q2 FY19, 15.32 Mn in FY18)
- Bajaj Finserv – Mobikwik active wallet users stood at 3.3 Mn as on 30 Sep 2018 who have linked EMI card to wallet

### SME

- Focused on affluent SMEs with an average annual sales of around Rs. 10-12 Crores with established financials & demonstrated borrowing track records
- Offer a range of working capital & growth capital products to SME & self employed professionals
- Dedicated SME Relationship management approach to cross sell

### Commercial

- Wholesale Lending products covering short, medium and long term financing needs of selected sectors viz.
  - ✓ Auto component and ancillary manufacturers
  - ✓ Light engineering vendors
  - ✓ Financial institutions
- Structured products collateralized by marketable securities or mortgage

### Rural

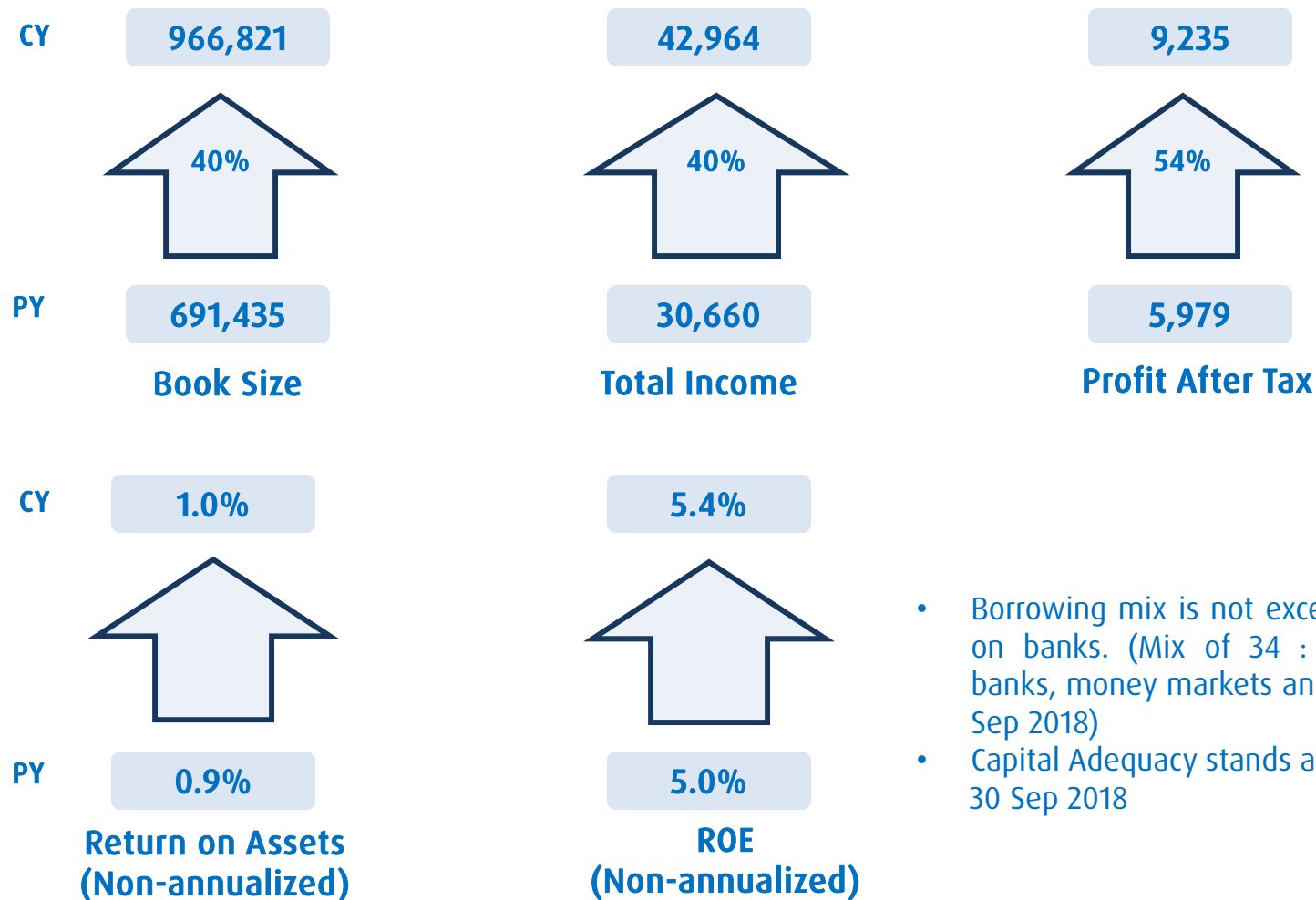
- Unique hub-and-spoke model in 751 locations and retail presence across 11,000+ points of sale
- Diversified rural lending model with 10 product lines for consumer and MSME segments

# Bajaj Finance – Q2 highlights



All Figures in Rs Million

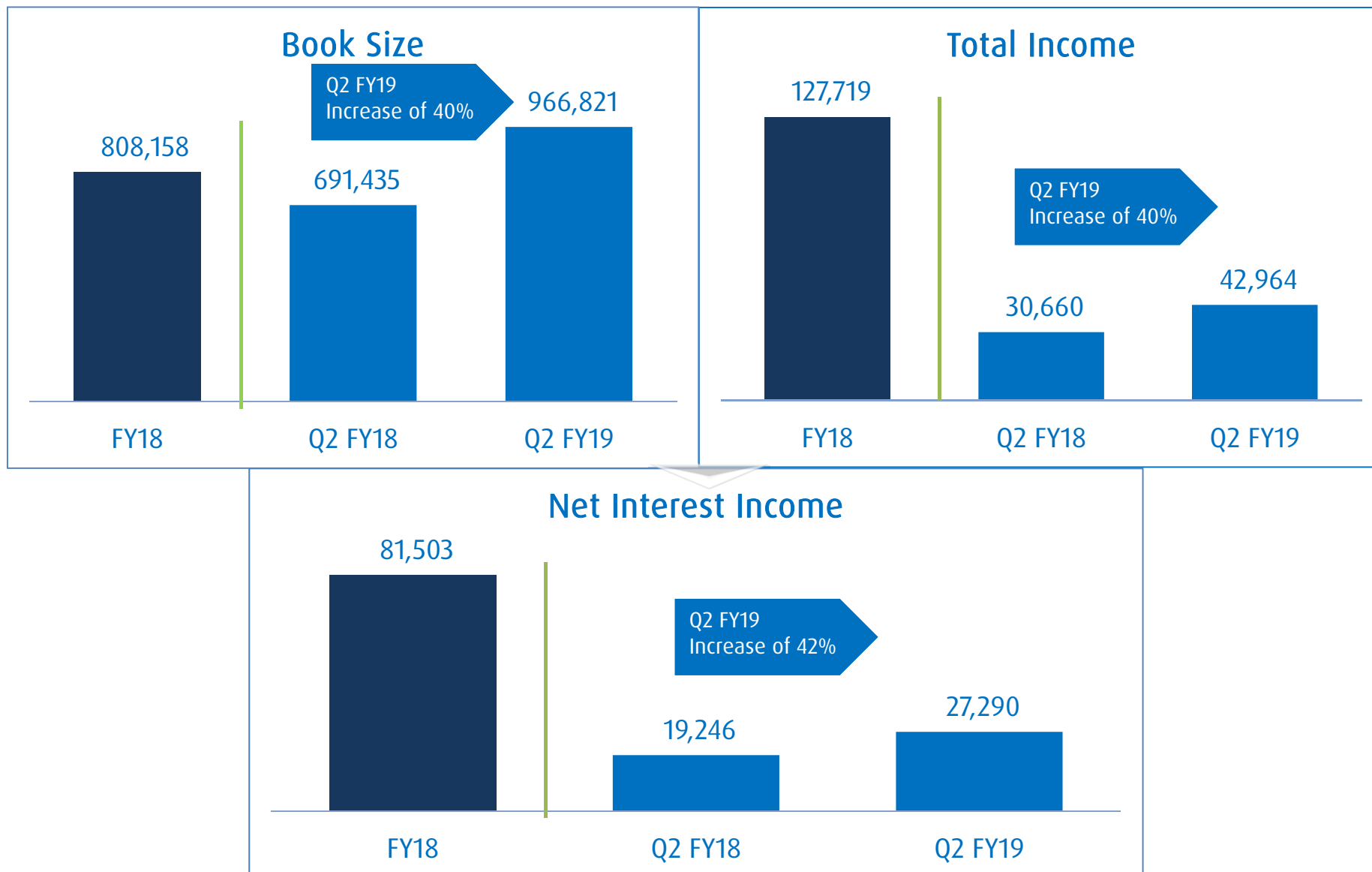
## Performance Highlights of Q2 FY19 over Q2 FY18 (Ind AS)



- Borrowing mix is not excessively dependent on banks. (Mix of 34 : 52 : 14 between banks, money markets and deposits as of 30 Sep 2018)
- Capital Adequacy stands at 22.13% as of 30 Sep 2018

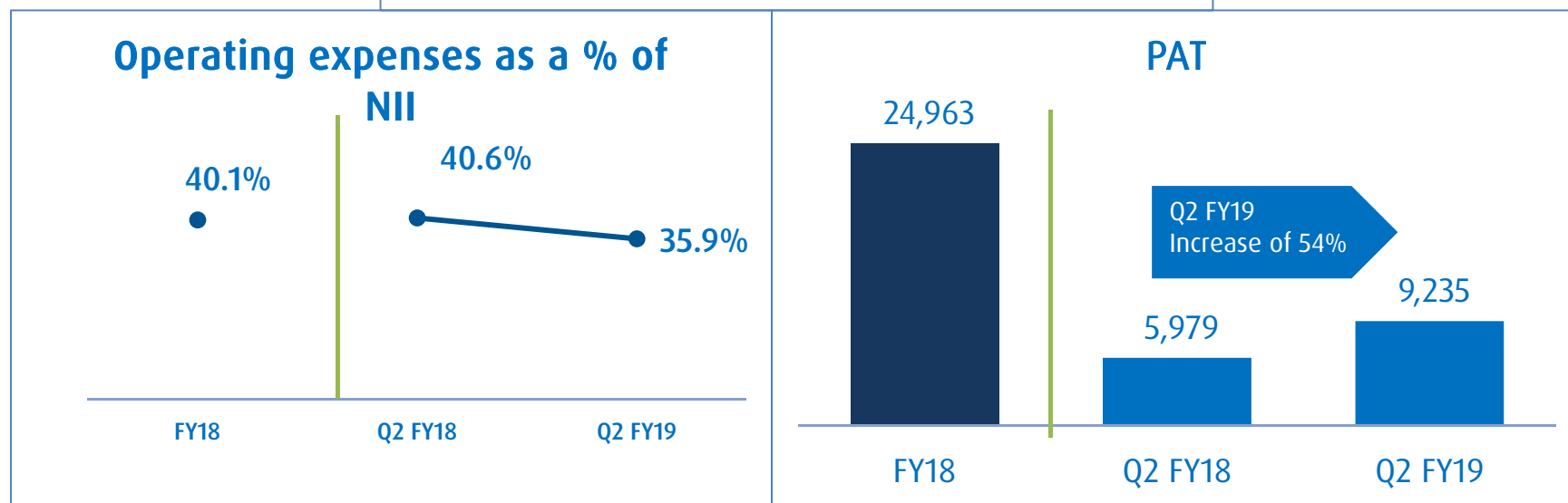
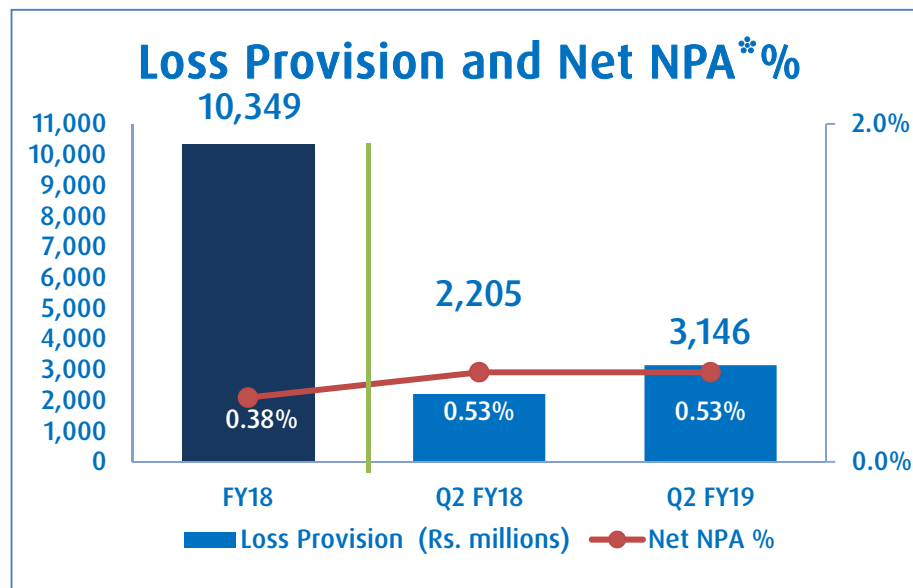
# Bajaj Finance has clocked healthy growth in revenues

All Figures in Rs Million



Bajaj Finance Consolidated results are as per Ind AS, previous years figures have been re-stated for comparability

# Portfolio quality continues to be good, operating costs remain under control with profitability



\*Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS





**Relationship Beyond Insurance**

# **Bajaj Allianz General Insurance**

# BAGIC - Key Strategic Differentiators

## STRATEGY

Strategy is to focus on retail product lines, with diversified distribution supported by prudent underwriting and strong cash flow generation, while delivering excellence in customer service.

## DIFFERENTIATORS

**Strong selection of Risk & prudent underwriting**

Industry leading combined ratios consistently over time - BAGIC's Combined Ratio stood at 92.3% FY18  
Business construct is to deliver superior ROE

**Disruptive innovation**

In-house Health Administration, Geographical Expansion through Virtual Points of Sale

**Focused on Segmentation**

Focused on retail segments – mass, mass affluent and HNI while maintaining strong position in institutional business

**Balanced distribution mix**

Multi channel distribution network with multi-line agents, strong bancassurance network, D2C, etc. in retail and corporate segments.

**Excellent claims servicing**

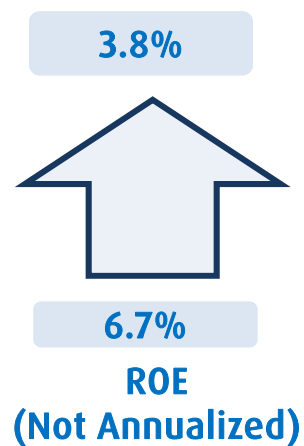
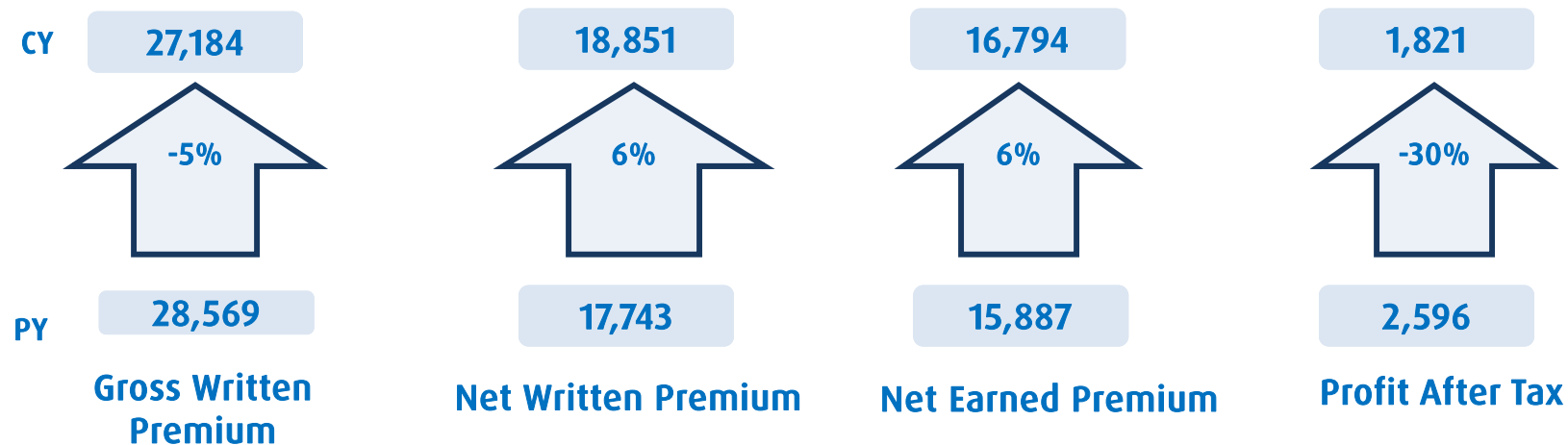
Has a consistent track record of excellence in claims servicing

# Bajaj Allianz General – Q2 highlights



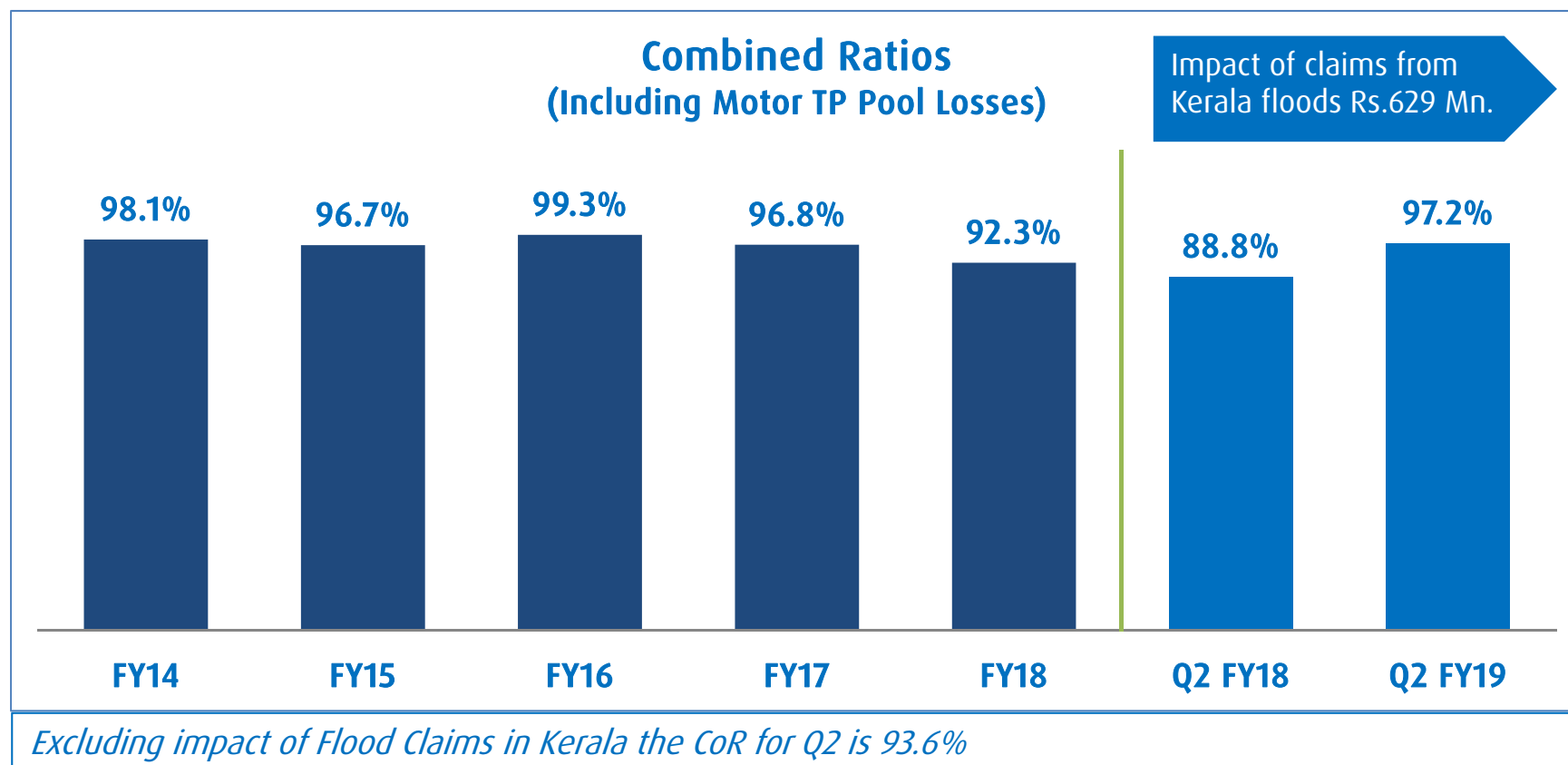
All Figures in Rs Million

## Performance Highlights of Q2 FY19 over Q2 FY18



- Ex Crop GWP was Rs. 22,430 Mn in Q2 FY19 (Rs.17,115 Mn Q2 FY18) a growth of 31%
- Solvency Ratio was 286% as against regulatory requirement of 150% as of 30 Sep 2018

## BAGIC has maintained Combined ratio, below 100% on a sustained basis

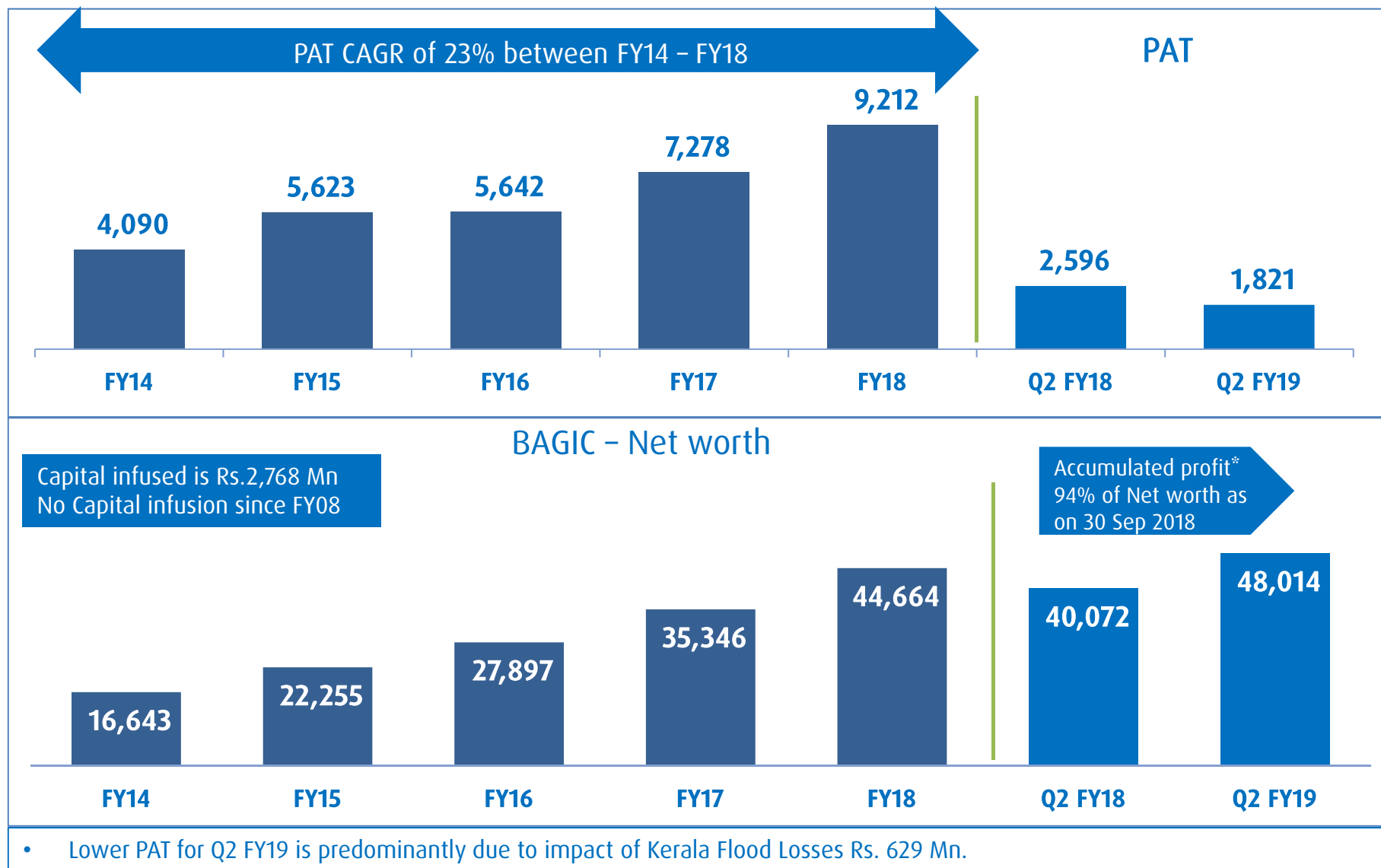


1. Combined Ratios are in accordance with the Master Circular on 'Preparation of Financial statements of General Insurance Business' issued by IRDA effective from 1<sup>st</sup> April, 2013. (Net claims incurred divided by Net Earned Premium) + ( Expenses of management including net Commission divided by Net Written Premium). Pool losses, wherever applicable, include the impact of the erstwhile IMTPIP and Declined Risk Pool.

2. Combined ratio ex Motor Third Party Pool for BAGIC for FY14 was 94.2%.

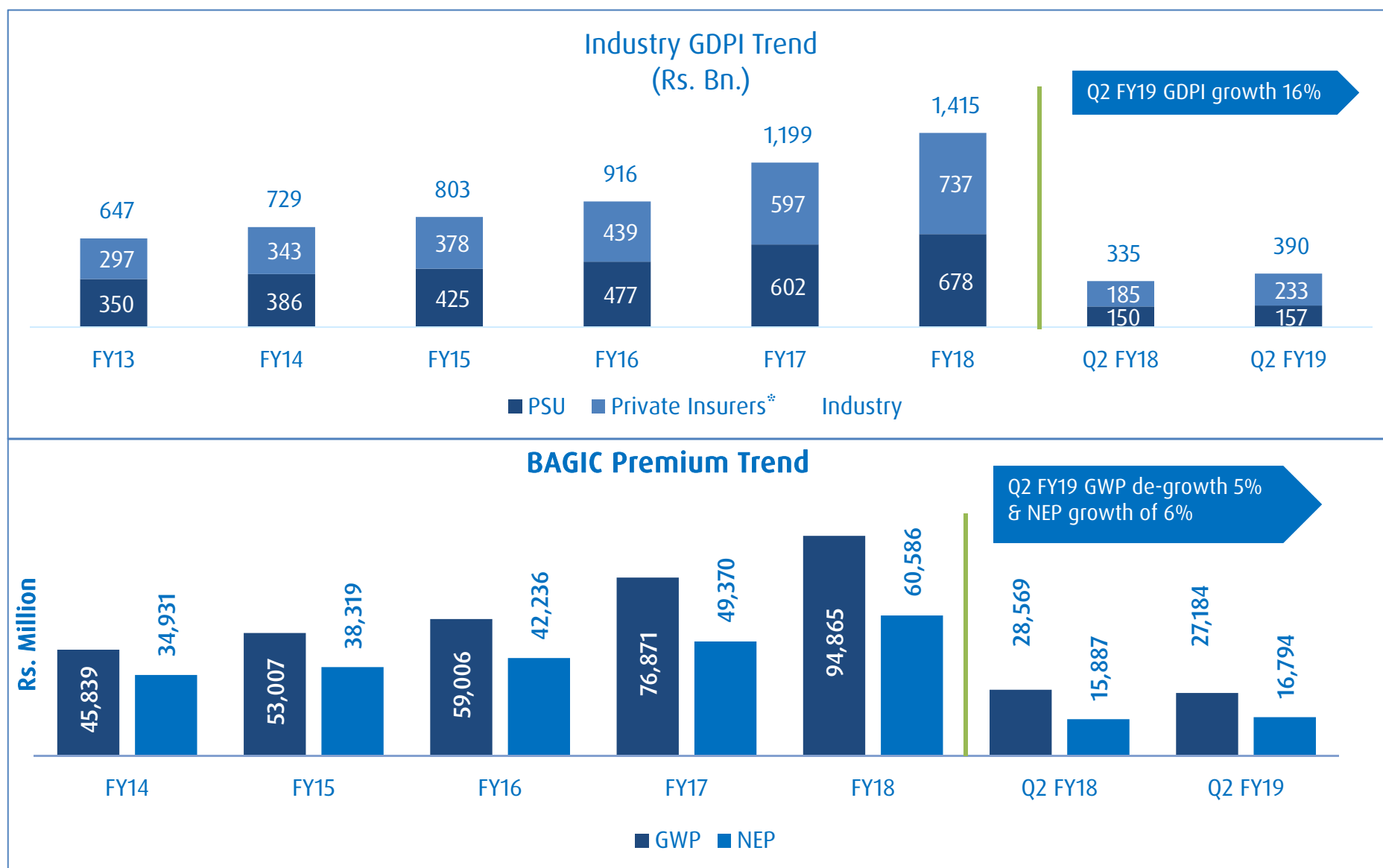
# Strong profit growth resulting in high efficiency of capital

All Figures in Rs Million

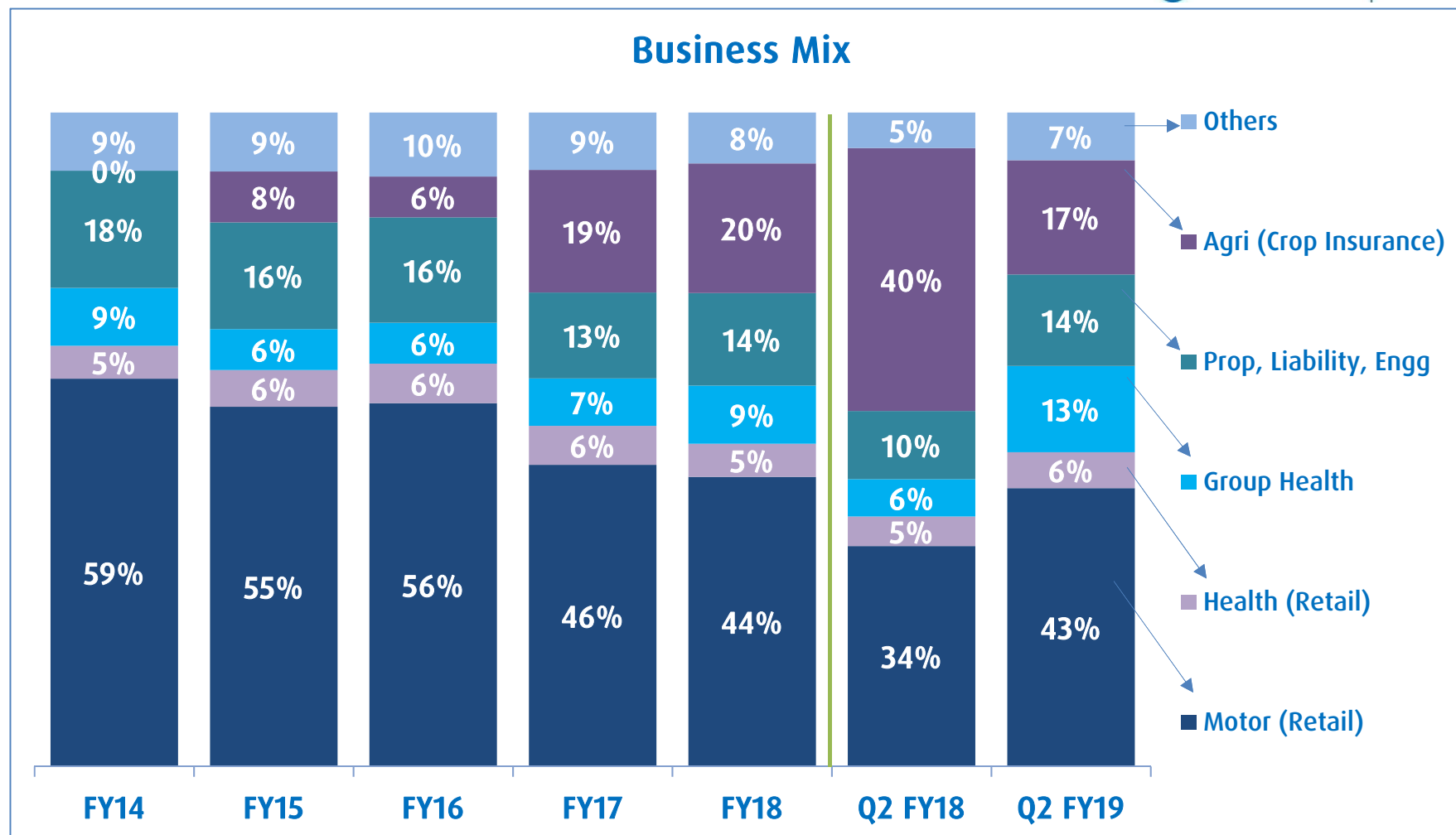


\*Accumulated profit includes reserves

# BAGIC retains its position among top 2 private insurers in terms of Gross Premium



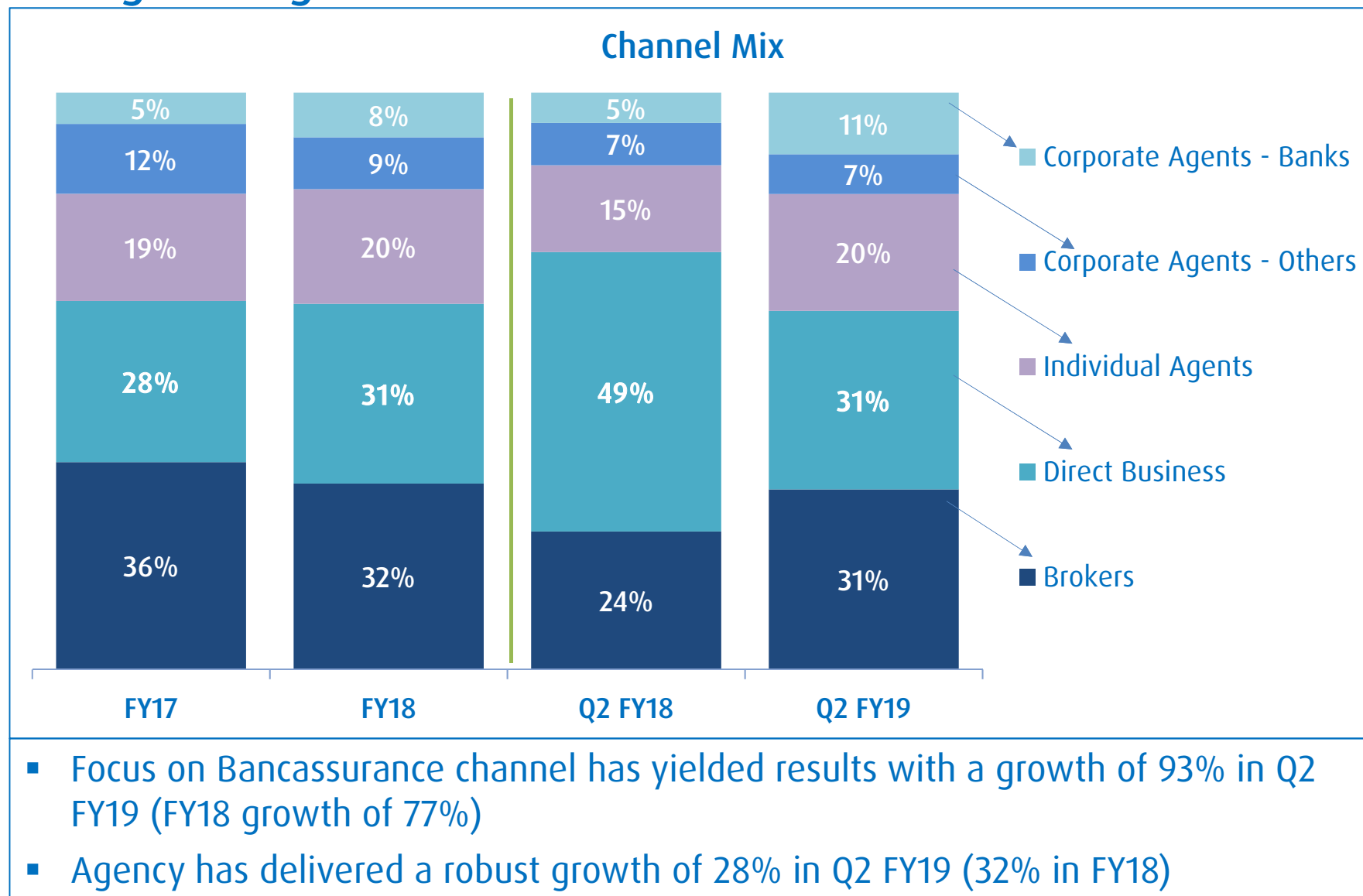
# BAGIC has a well balanced product mix



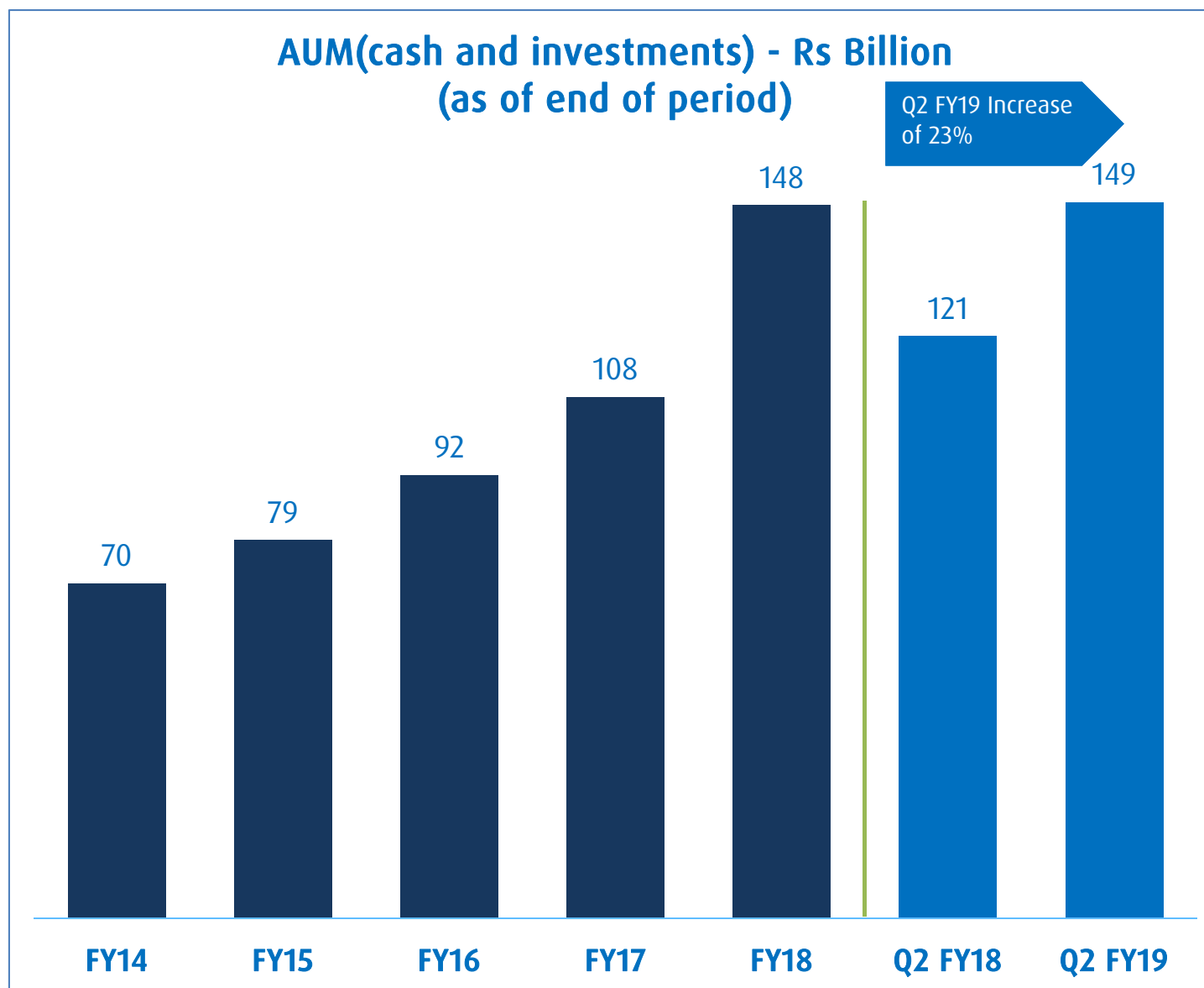
- Business mix is retail focused
- Ex Crop GWP Growth for Q2 FY19 was 31% and for FY18 was 23%



# BAGIC's Channel Mix : Bancassurance strengthening



# Asset Under Management



BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

LIFE GOALS. **DONE.**



**Bajaj Allianz Life Insurance**

# BALIC – KEY STRATEGIC DIFFERENTIATORS

## STRATEGY

- Balance growth with balanced product mix, seeking steady increase in market share.
- Business construct is to balance customer value with shareholder returns, focusing on New Business Value

## DIFFERENTIATORS

### Focused on segmentation

- Focused on retail segments – mass, and mass affluent customers

### Large Proprietary Agency Force

- Large pan-India proprietary agency force 3<sup>rd</sup> highest agency premium amongst private players.
- Lean support structure

### Financial Inclusion

- In terms of lives covered in group schemes BALIC leads the private sector, with about 30% share of lives covered in FY18

### Sustainable product mix

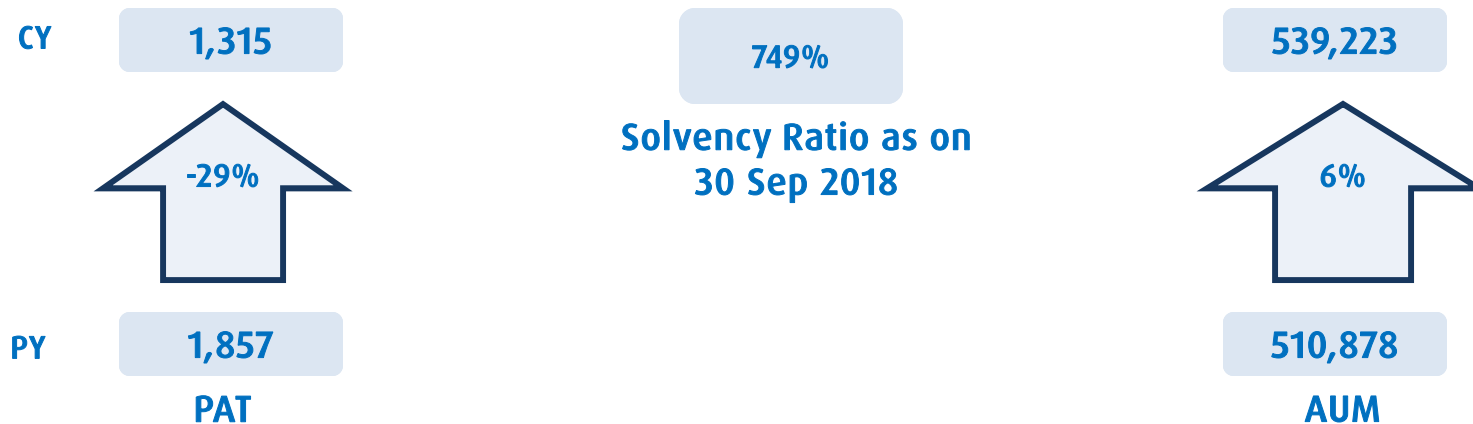
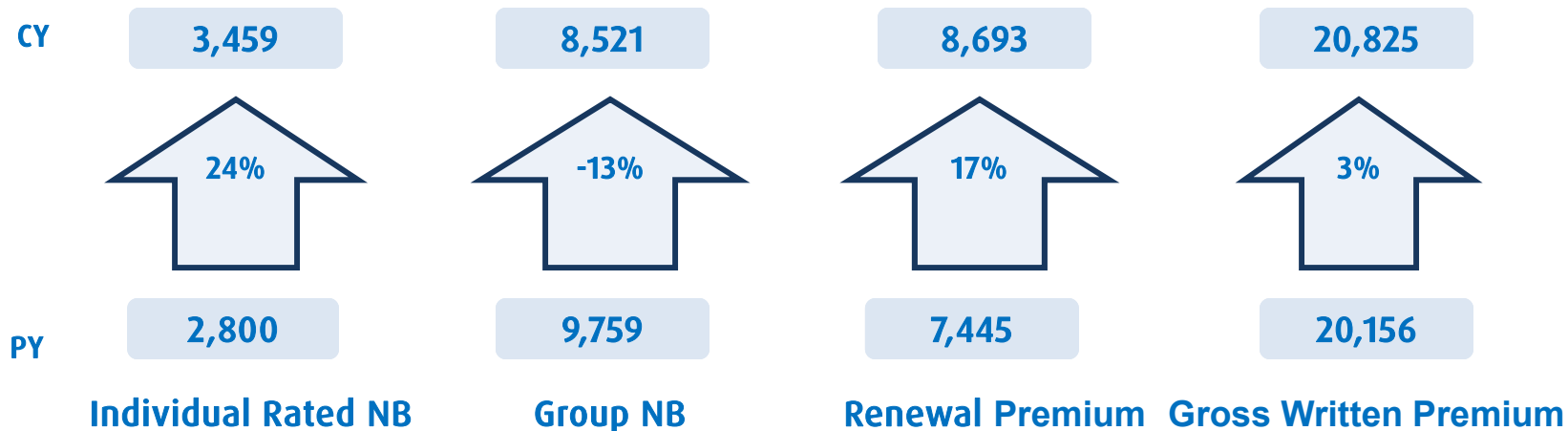
- Balanced product mix between Unit-Linked Insurance Plans (ULIP) and Traditional products

# Bajaj Allianz Life – Q2 highlights



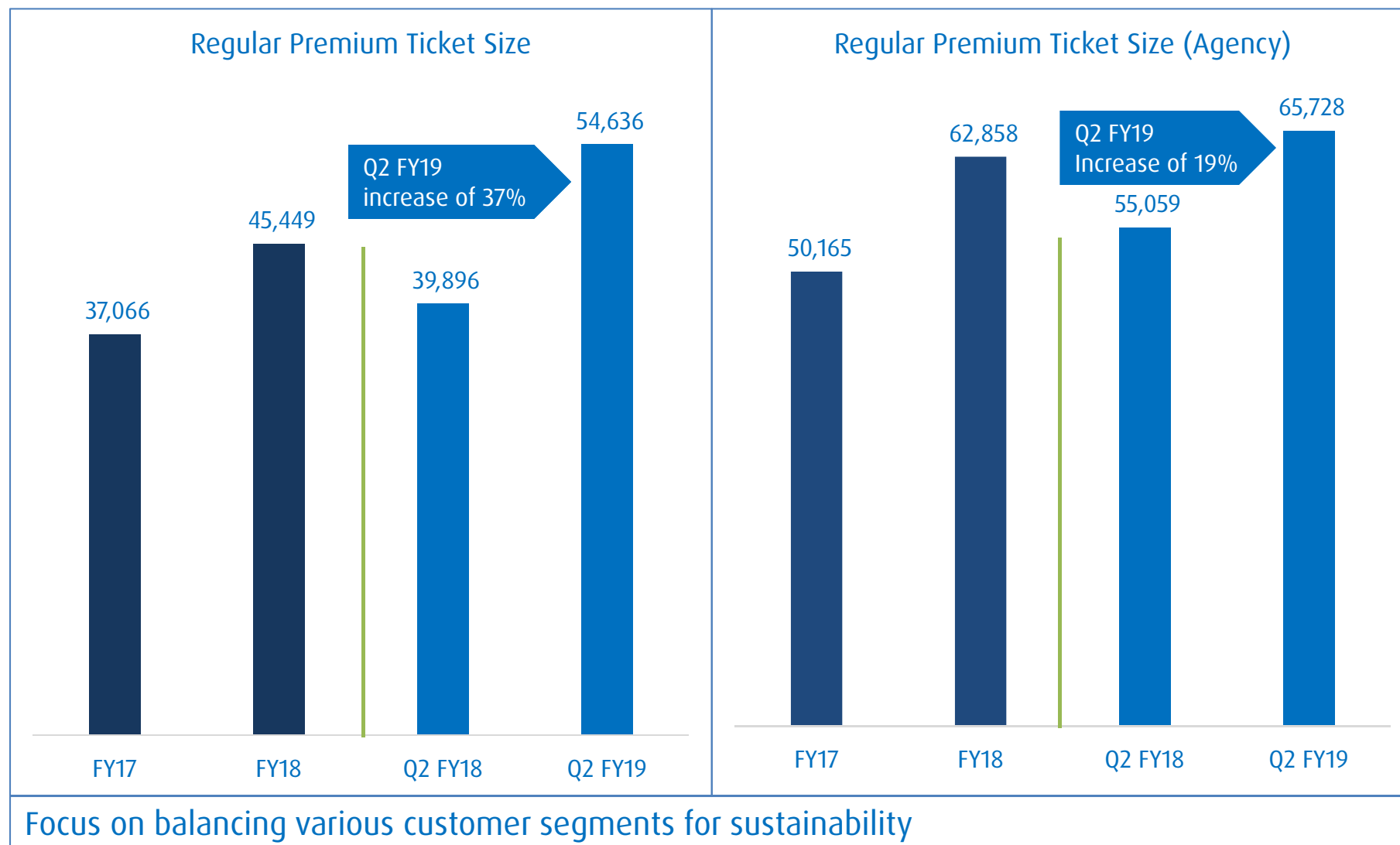
All Figures in Rs. Million

## Performance Highlights of Q2 FY19 over Q2 FY18

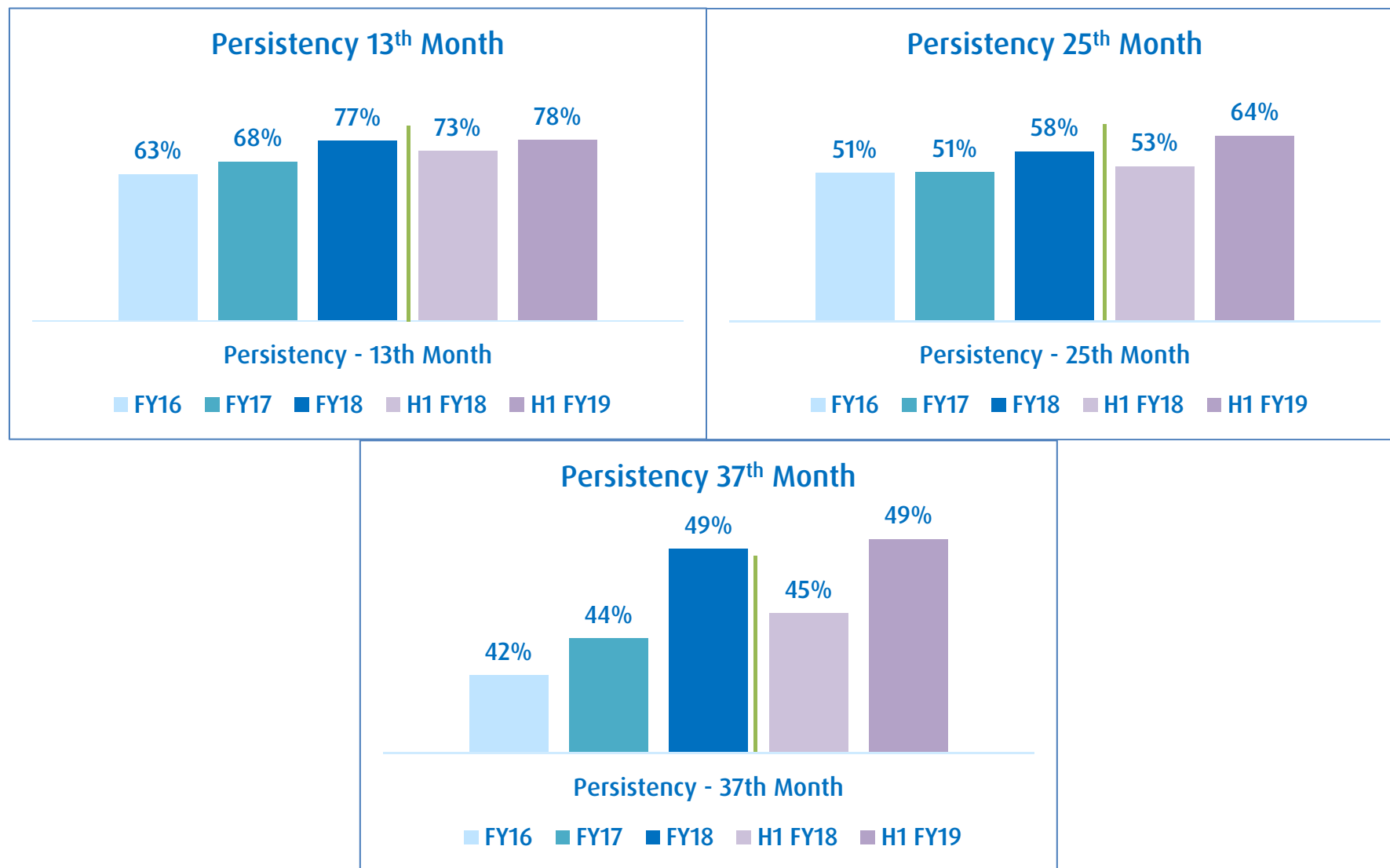


# Productivity has improved strongly

All Figures in Rs.



# Efforts to improve Persistency paying off

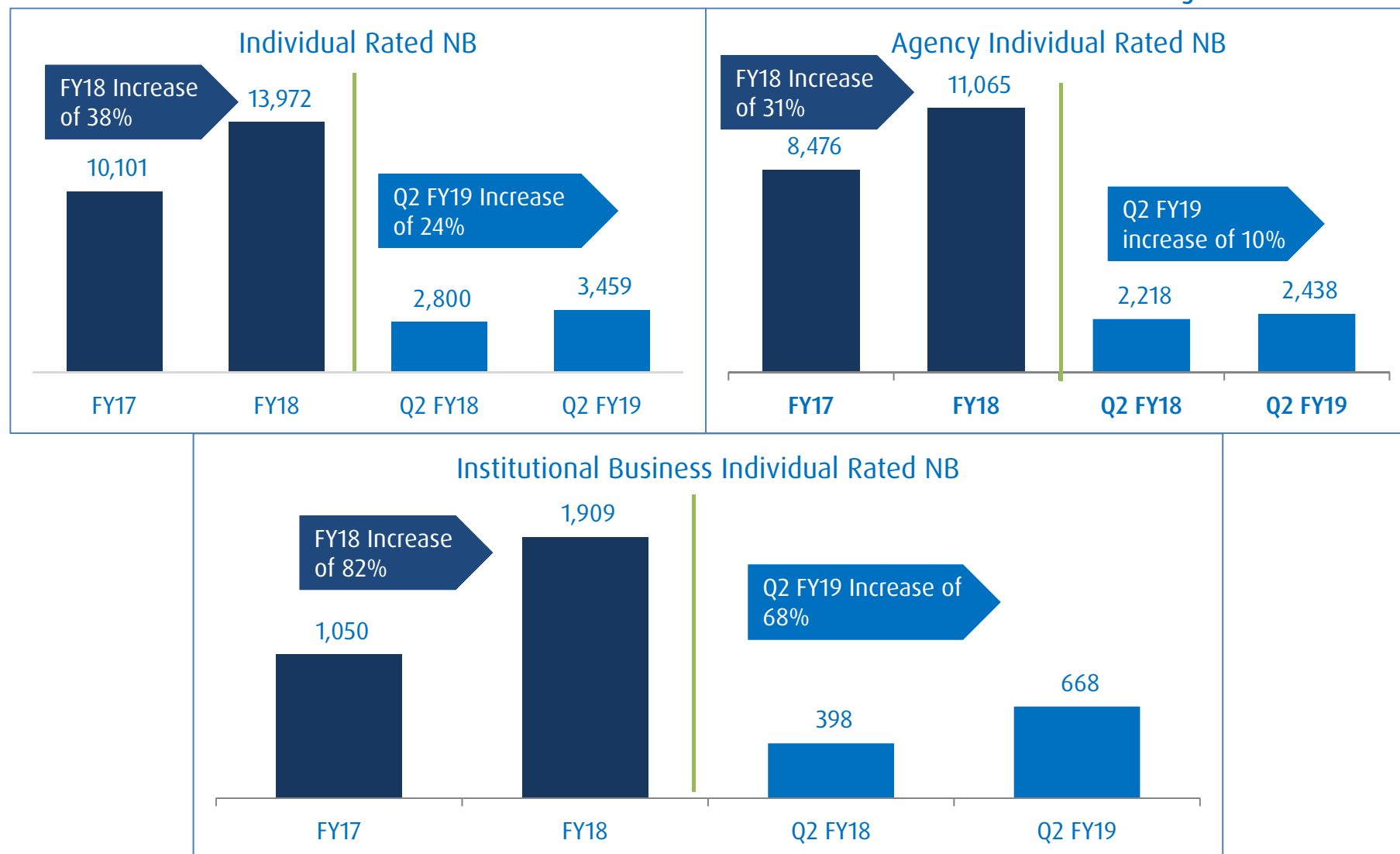


Note : Persistency for H1 FY19 is measured as per IRDAI framework for the period Apr'18 to Aug'18 measured in Sep 2018



# BALIC's Individual Rated premiums

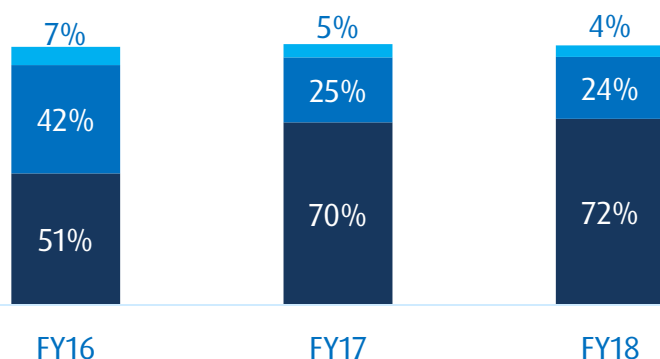
All Figures in Rs Million



Rated individual NB = (100% of first year premium & 10% of single premium excluding group products)

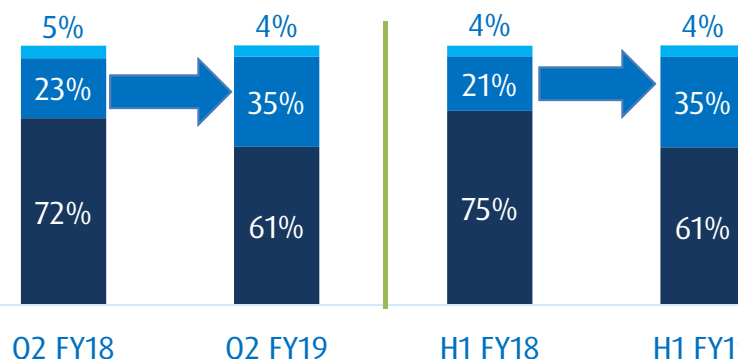
# Diversified product mix

Individual Rated Mix (Annual)



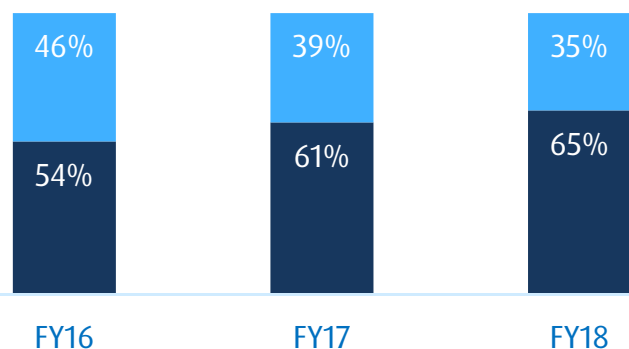
■ Individual - Unit Linked ■ Individual - Par ■ Individual - Non Par

Individual Rated Mix (Quarterly & Half Yearly)



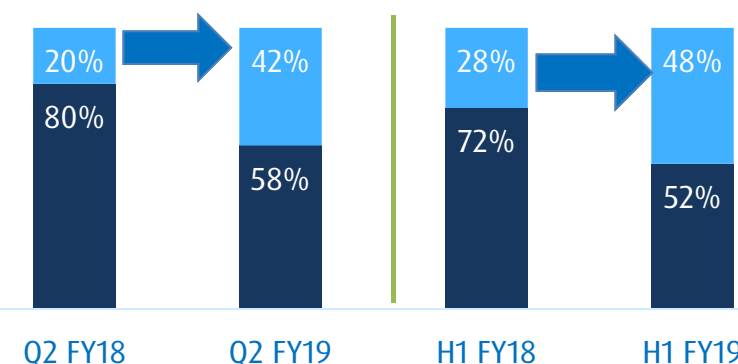
■ Individual - Unit Linked ■ Individual - Par ■ Individual - Non Par

Group NB Mix (Annual)



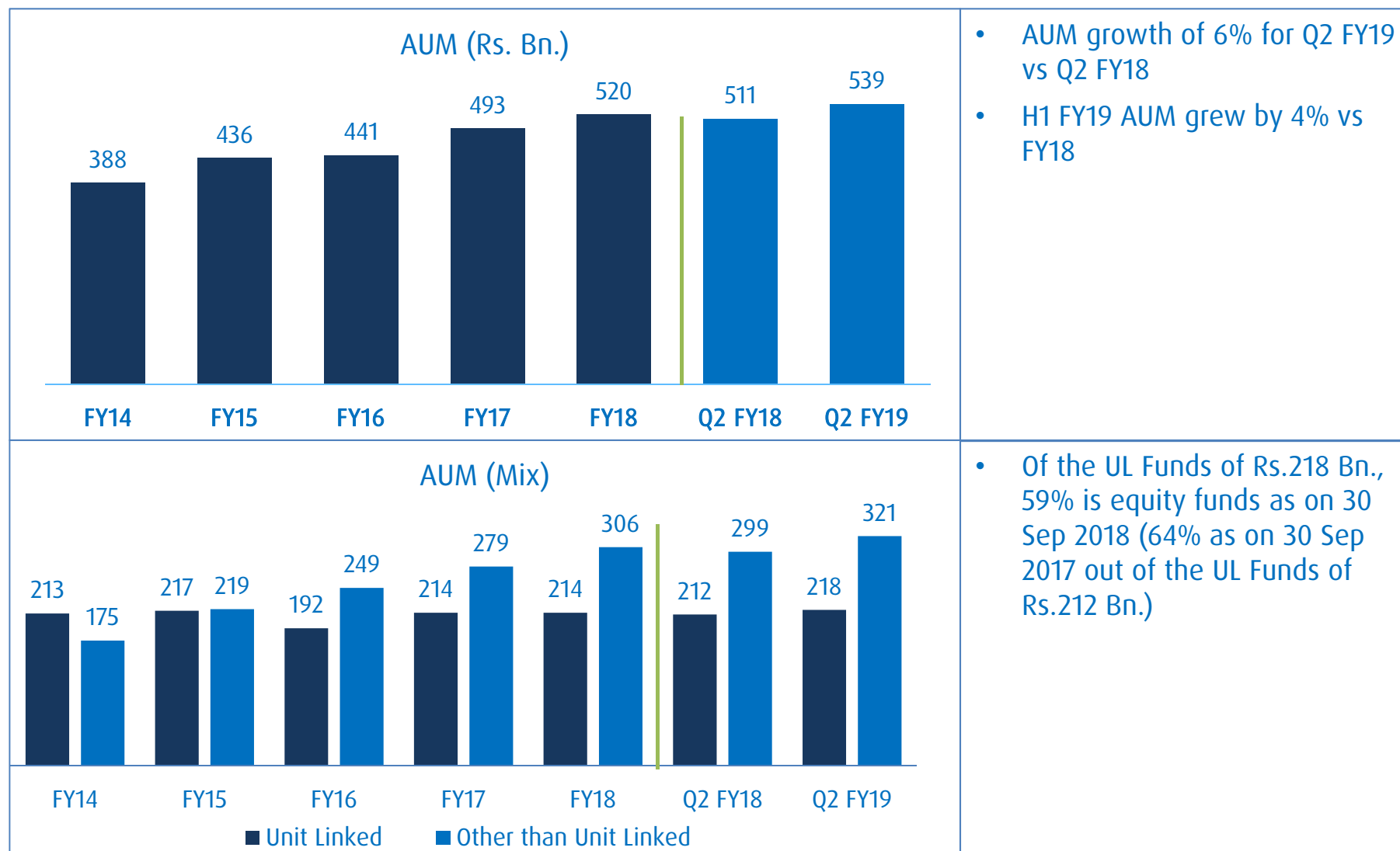
■ Group Fund NB ■ Group Protection NB

Group NB Mix (Quarterly & Half Yearly)



■ Group Fund NB ■ Group Protection NB

# Assets Under Management

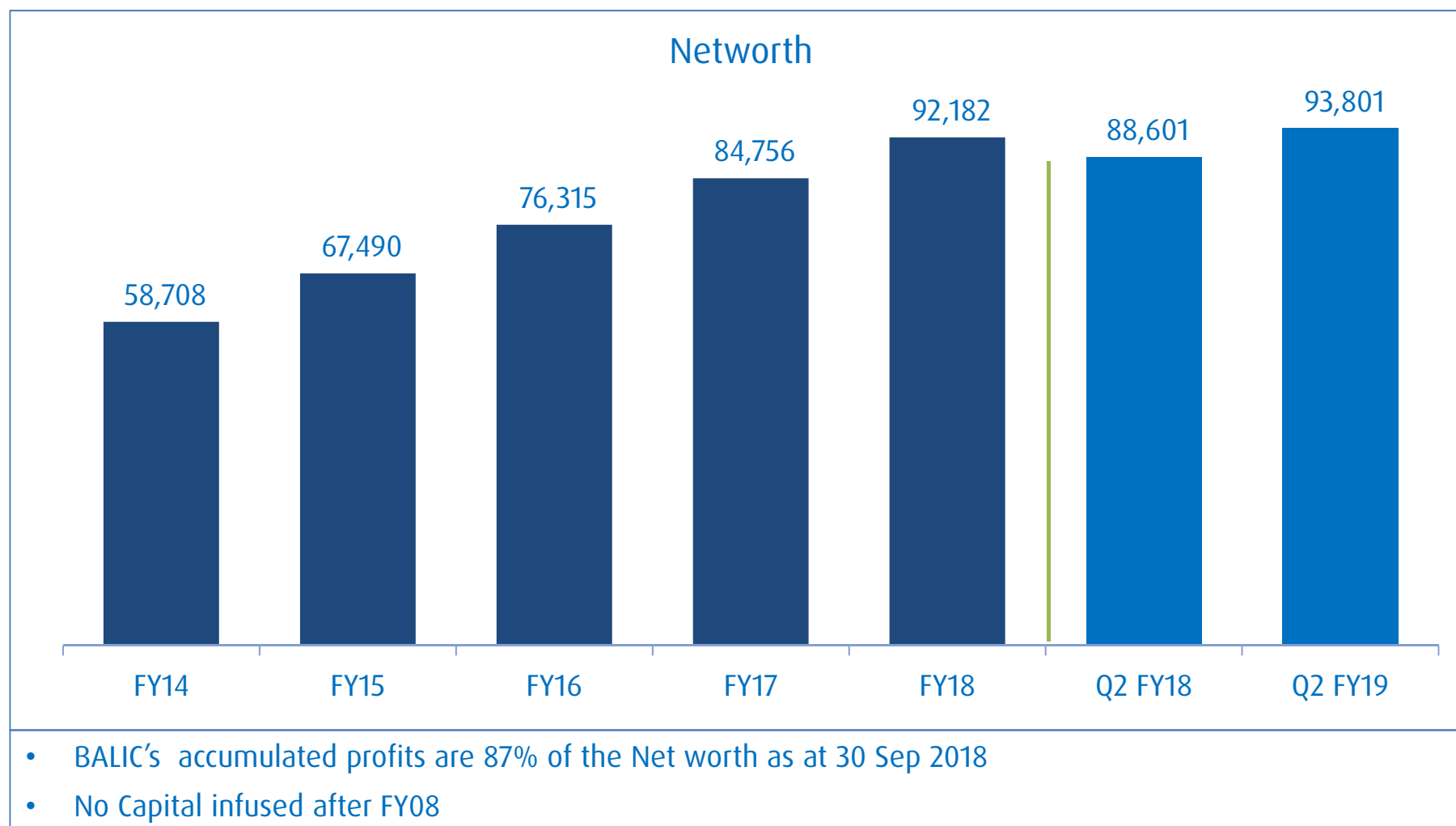


\*Accumulated profit includes reserves

# BALIC is amongst the most capital efficient private insurers



All Figures in Rs Million



\*Accumulated profit includes reserves

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