

BAJAJ FINANCE LIMITED

SEC//2017/289

17 May 2017

The Manager, BSE Limited DCS - CRD Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001	The Manager, Listing Department National Stock Exchange of India Ltd. Exchange Plaza, C-1. Block G, Bandra - Kurla Complex, Bandra (East) Mumbai - 400 051
Scrip Code:500034	Scrip Code : BAJFINANCE - EQ

Sir/Madam

Sub: Investor Presentation for the quarter ended 31 March 2017

Please find enclosed herewith Investor presentation for the quarter ended 31 March 2017.

Thanking you,

Yours sincerely,

For Bajaj Finance Limited



Anant Damle
Company Secretary

Encl: As above



BAJAJ FINANCE LIMITED

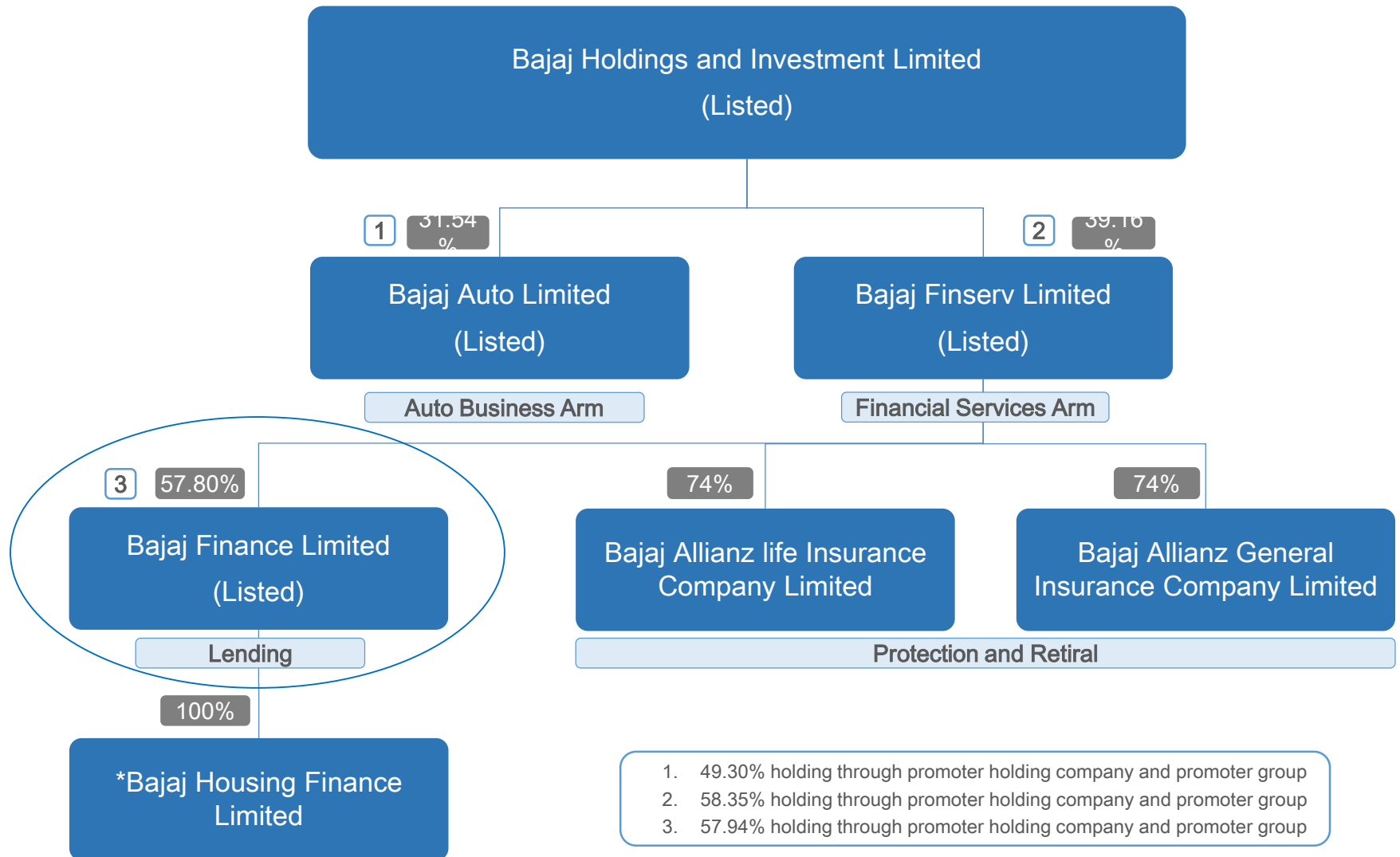
Q4 FY17 Presentation

17 May 2017

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BAJAJ GROUP STRUCTURE



Above shareholding is as of 31 March 2017

*W.e.f Nov 2014 . Bajaj Housing Finance Limited has a 100% subsidiary named Bajaj Financial Securities Limited which does not have any operations

BAJAJ FINSERV GROUP - EXECUTIVE SUMMARY



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



Bajaj Finance Limited

- A 29 year old non bank finance company
- Diversified Consumer, SME, Rural & Commercial lender in India
- Credit rating is AAA/Stable by CRISIL, India Ratings & CARE Ratings and AA+/Positive by ICRA
- Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA & India Ratings
- 318 consumer branches and 538 rural locations with over 38,000+ distribution points
- Large customer franchise of 20.13 MM
- 10.09 MM new loans acquired in FY17



Bajaj Allianz General Insurance Company

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



Bajaj Allianz Life Insurance Company

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

WHAT DO WE STAND FOR

“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 of 3% and ROE of 18-20% 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

Overall franchise of 20.13 MM and Cross sell client base of 11.0 MM

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

Consumer PPC of 3.23 and SME PPC of 4.71 vs corresponding Consumer PPC of 2.82 and SME PPC of 3.59 last year

Diversified lending strategy

AUM mix for Consumer : SME : Commercial : Rural stood at 45% : 36% : 14% : 5%

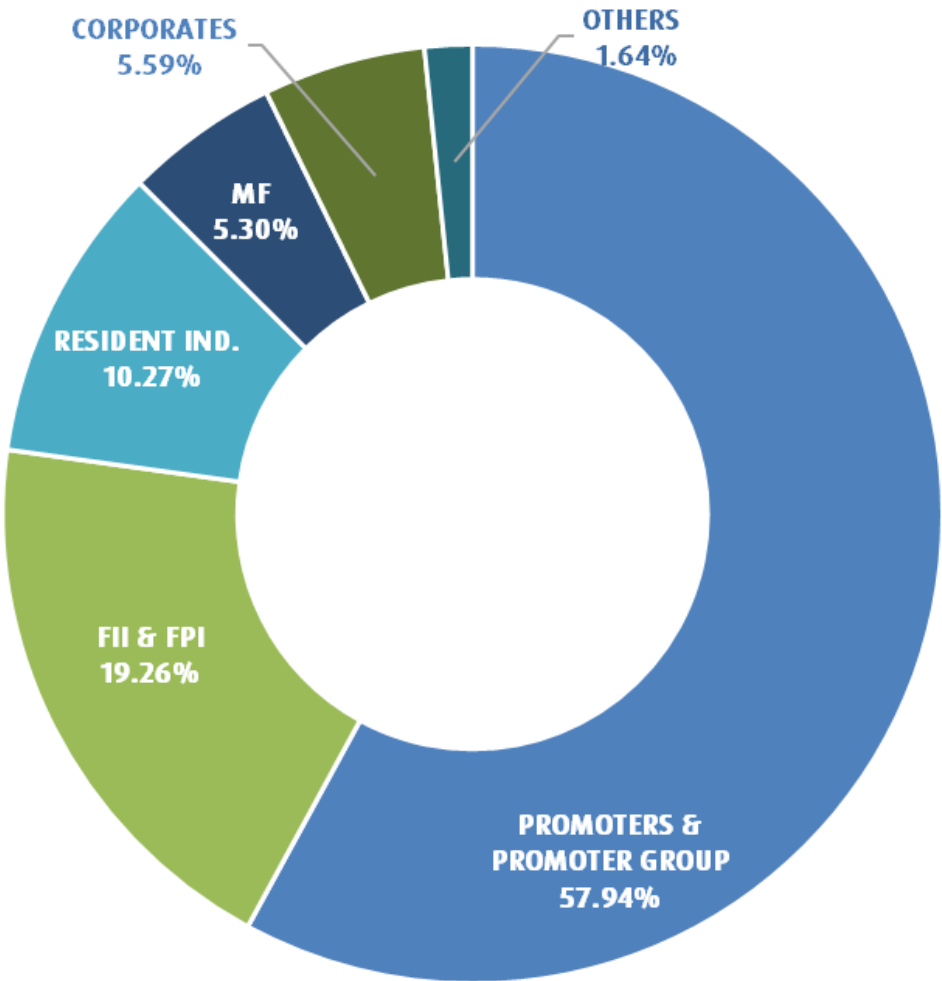
Highly agile & highly innovative

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

Deep investment in technology and analytics

Has helped establish a highly metricised company and manage risk & controllership effectively

BAJAJ FINANCE – SHAREHOLDER PROFILE



Top 20 investors & their holdings

S.No	Name of Shareholder	As on 31 Mar'16	As on 31 Mar'17
1	BAJAJ FINSERV LTD	57.28%	57.80%
2	MAHARASHTRA SCOOTERS LIMITED	3.52%	3.45%
3	GOVERNMENT OF SINGAPORE	2.37%	2.56%
4	SMALLCAP WORLD FUND, INC	1.13%	1.11%
5	NEW HORIZON OPPORTUNITIES MASTER FUND	-	0.89%
6	AXIS LONG TERM EQUITY FUND	0.55%	0.82%
7	BFL EMPLOYEE WELFARE TRUST	0.60%	0.56%
8	NEW WORLD FUND INC.	-	0.55%
9	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.44%	0.49%
10	MOTILAL OSWAL MULTICAP FUND	0.11%	0.43%
11	GOLDMAN SACHS INDIA FUND LIMITED	0.61%	0.39%
12	STEADVIEW CAPITAL MAURITIUS LTD.	-	0.39%
13	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.31%	0.36%
14	WF ASIAN SMALLER COMPANIES FUND LTD.	0.48%	0.36%
15	ISHARES INDIA INDEX	-	0.36%
16	ACACIA PARTNERS, LP	1.13%	0.35%
17	HDFC TRUSTEE COMPANY LTD-MID CAP FUND	0.92%	0.34%
18	BIRLA SUN LIFE FRONTLINE EQUITY FUND	0.36%	0.34%
19	COPTHALL MAURITIUS INVESTMENT LTD.	0.18%	0.33%
20	TVF FUND LTD.	0.31%	0.33%

FINANCIAL SNAPSHOT

Financials snapshot	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	₹ in Qs	
										YoY FY16 – FY17	CAGR (9 years)
Assets under management	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,194	36%	49%
Income from operations	599	916	1,406	2,172	3,110	4,073	5,418	7,333	10,003	36%	42%
Interest expenses	164	201	371	746	1,206	1,573	2,248	2,927	3,803	30%	48%
Net Interest Income (NII)	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,200	41%	39%
Operating Expenses	220	320	460	670	850	1,151	1,428	1,898	2,564	35%	36%
Loan Losses & Provision	164	261	205	154	182	258	385	543	818	51%	22%
Profit before tax	51	134	370	602	872	1,091	1,357	1,965	2,818	43%	65%
Profit after tax	34	89	247	406	591	719	898	1,279	1,837	44%	65%
Ratios	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17		
Return on assets	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%		
Return on equity	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%		
Earning per share (Basic) - ₹	0.93	2.42	6.75	11.08	13.57	14.48	17.99	24.23	34.01		
Net NPA	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	*0.28%	**0.44%		
NPA provisioning coverage	32%	55%	79%	89%	83%	76%	71%	77%	74%		

As per the RBI regulations, NBFCs were required to transition to 150 dpd by March 2016 and 120 dpd by March 2017. Hence NPA numbers are not comparable

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

**The net NPA & provisioning coverage numbers for FY17 are at 120 days over-due

^ EPS numbers adjusted for bonus and split

BAJAJ FINANCE LIMITED PRODUCT SUITE



EXECUTIVE SUMMARY

Bajaj Finance

- 29 year old non bank with a demonstrated track record of profitability
- Focused on Consumer, Rural, SME & Commercial lines of businesses
- Portfolio mix for Consumer : SME : Commercial : Rural stands at 45% : 36% : 14% : 5%
- 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 ₹ 60,194 Crs of Assets under Management with a net NPA of 0.44% and a capital adequacy of 20.30% as of 31 Mar 2017. The company in Q4 FY17 has delivered a post tax profit of ₹ 449 Crs which is a 43% growth at an ROA¹ of 0.8% and ROE¹ of 4.8%
- The company in FY17 has delivered a post tax profit of ₹ 1,837 Crs which is a 44% growth at an ROA of 3.7% and ROE of 21.6%

Consumer business

- Amongst the top three 2W lender in India focused on semi-urban & rural markets. Currently contributes to 37% of Bajaj Auto's domestic 2W sales
- Present in 318 locations with 29,000+ active distribution point of sale
- Largest consumer electronics, digital products & furniture lender in India, focused on affluent consumers
- Amongst the largest personal loan lenders in India
- EMI (Existing Membership Identification) Card franchise crossed 6.9 MM cards (CIF)
- Amongst the largest new loans acquirers in India (10.09 MM in FY17)

Rural business

- Highly diversified lender in the rural eco system offering 11 products in consumer and MSME business categories with a unique hub and spoke business model
- Geographic presence across 538 towns and villages and retail presence across 5,500+ stores

EXECUTIVE SUMMARY (CONTD.)

SME Business

- Focused on high net worth SMEs with an average annual sales of ₹ 15 Crores with established financials & demonstrated borrowing track records
- Offer a range of working capital & growth capital products and mortgage (Loan against property, Lease Rental Discounting & Home Loans) products to SME & self employed professionals
- Offer full range of growth & working capital lending products to professionals (Doctors & CA's)
- Built a dedicated SME Relationship Management channel to provide wide range of cross sell products to our SME franchise
- Mortgage product strategy is to sell to existing customers only

Commercial business

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

Treasury

- Strategy is to create a balanced mix of wholesale and retail borrowings
- The company's total borrowings stood at ₹ 49,250 Crs with a mix of 35 : 57 : 08 between banks, money markets and retail deposits

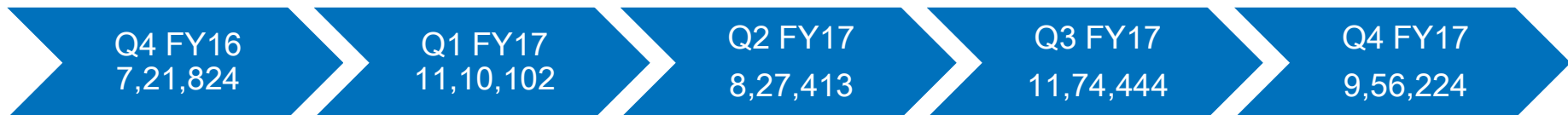
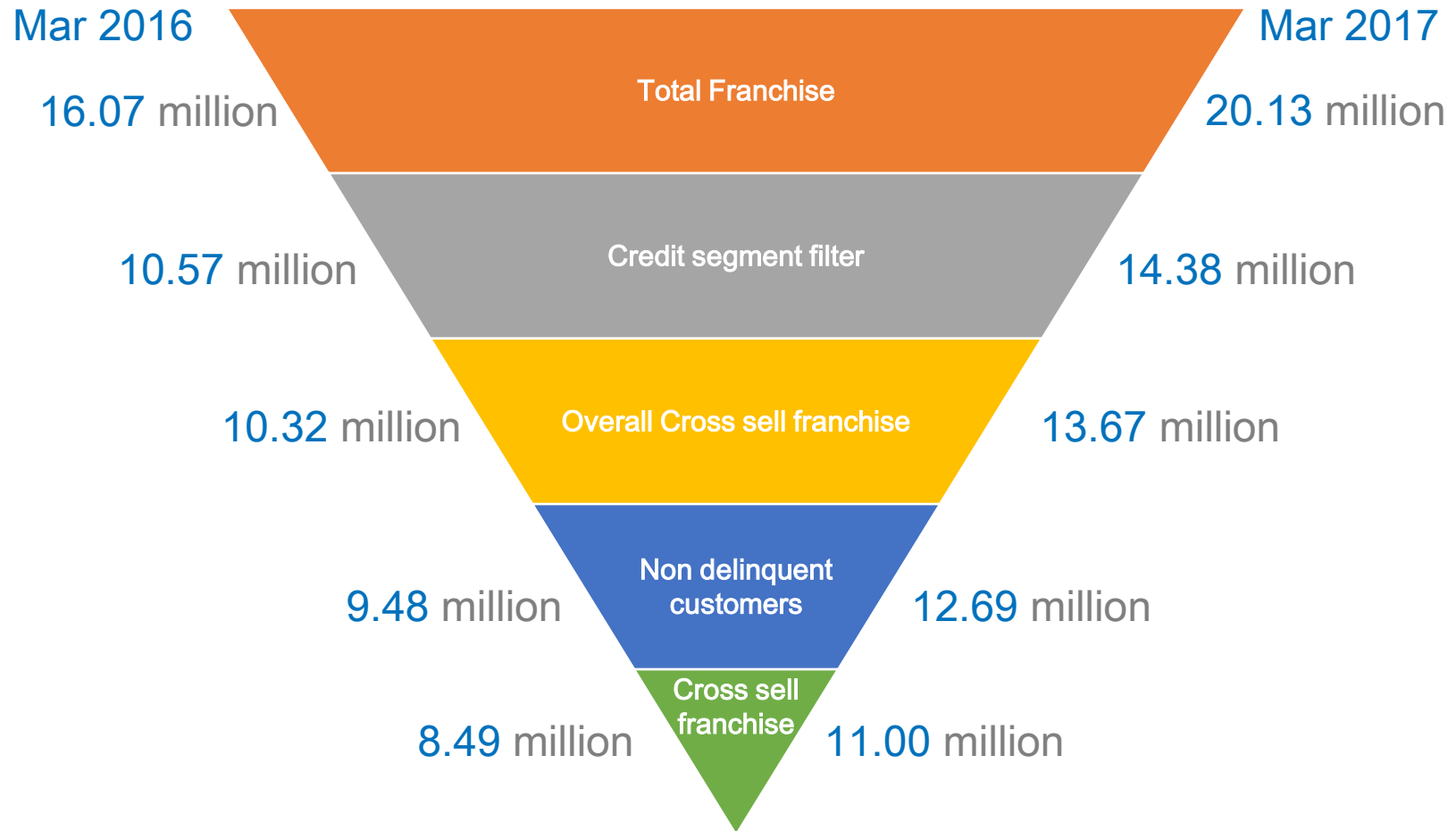
Credit Quality

- Gross NPA of 1.68% & Net NPA of 0.44% as of 31 Mar 2017 vs GNPA of 1.36% and NNPA of 0.34% as of 31 Mar 2016 at 120 dpd
- Provisioning coverage ratio stands at 74% as of 31 Mar 2017

Credit Rating

- Credit rating for Long Term Debt Program is AAA/Stable by CRISIL, India Ratings & CARE Ratings and AA+/Positive by ICRA
- Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA & India Ratings
- Credit rating for FD program is FAAA/Stable by CRISIL & MAAA (Stable) by ICRA

CUSTOMER FRANCHISE



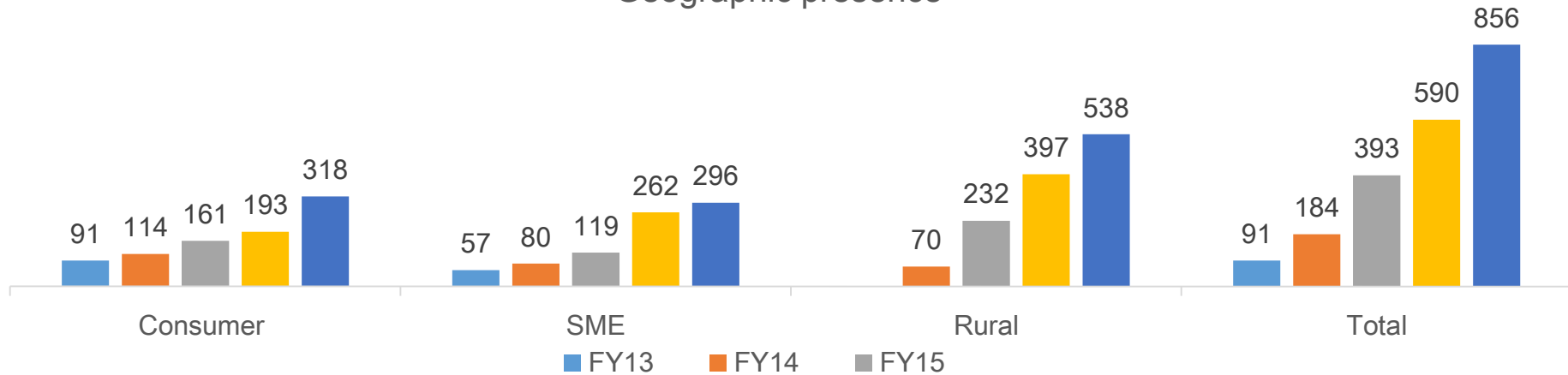
Growing customer cross sell franchise by 25-30% every year...

KEY PORTFOLIO METRICS

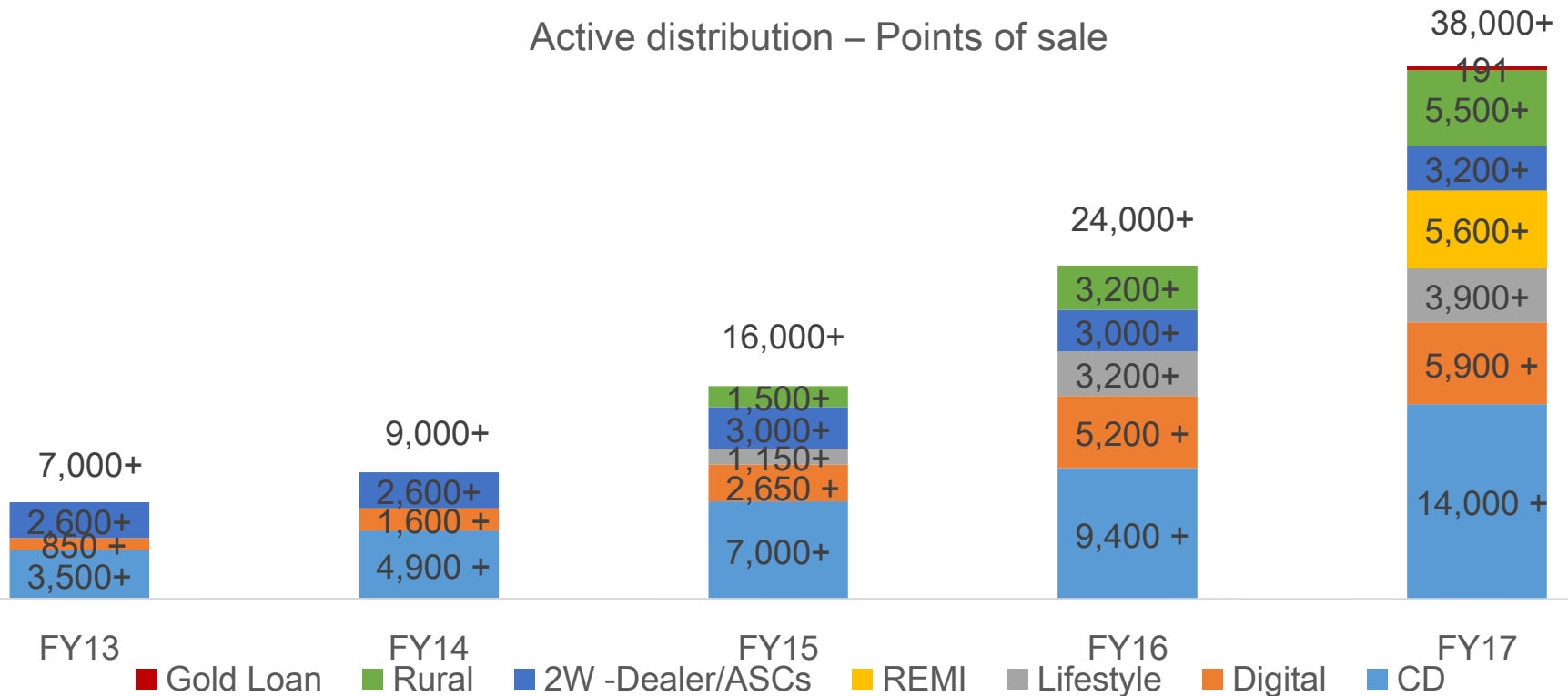
Business Segment		AUM (₹ Crores)				Disb. YoY	Indicative IRR (%) Range	Ticket (Lacs)		
		Q1 FY17	Q2 FY 17	Q3 FY 17	Q4 FY17					
Consumer Businesses										
1.	2W & 3W finance	4,080	4,466	4,961	5,057	34%	995	22.0-26.0	0.59	
2.	Consumer durable finance	6,783	6,937	7,258	6,594	19%	3,957	23.0-25.0	0.27	
3.	Digital product finance	816	950	1,002	1,038	63%	791	23.0-25.0	0.23	
4.	Lifestyle product finance	386	420	493	491	30%	283	23.0-25.0	0.48	
5.	Personal loans cross sell	4,392	4,938	5,613	6,159	60%	1,217	16.0-26.0	1.50	
6.	Salaried personal loans	2,764	2,947	3,274	3,500	34%	793	14.0-16.0	5.35	
7.	Salaried – Home Loans	1,786	2,093	2,513	2,844	93%	560	8.5-9.5	37	
8.	BFS Direct (HL, PL)	721	843	1,110	1,325	130%	353	-	-	
SME Businesses										
9.	Business loans (BL)	4,866	5,057	5,483	5,640	31%	994	17.0-20.0	13	
10.	Professional loans	1,265	1,421	1,573	1,734	56%	424	14.0-17.0	11	
11.	Loan against property (LAP)	8,661	8,536	8,575	8,423	1%	904	10.50	91	
12.	Self employed – Home Loans	3,286	3,252	3,539	3,615	17%	655	8.8-10.5	63	
13.	RM Business	2,136	2,126	2,261	2,250	19%	218	-	-	
Commercial Businesses										
14.	Loan against securities	2,975	3,107	3,511	3,984	50%	-	10.0-11.5	-	
15.	Vendor financing	1,545	1,551	1,817	1,835	32%	-	10.0-12.5	-	
16.	Financial institutions group	433	438	622	673	57%	110	9.5-12.0	-	
17.	Corporate finance	459	578	488	763	126%	195	10.0-12.0	-	
18.	Infrastructure lending	306	305	298	301	(3%)	-	NA	NA	
Rural Business										
19.	Rural lending	1,688	1,948	2,575	3,072	129%	1,126	14.0-26.0	-	

STRONG DISTRIBUTION REACH

Geographic presence



Active distribution – Points of sale



KEY PERFORMANCE HIGHLIGHTS FOR Q4 FY17

- New loans booked during Q4 FY17 ↑ 58% to 2,495,888 from 1,582,954 in Q4 FY16
- Total income for Q4 FY17 ↑ 38% to ₹ 2,673 Crs from ₹ 1,943 Crs in Q4 FY16
- Loan losses and provisions for Q4 FY17 ↑ 86% to ₹ 290 Crs as against ₹ 156 Crs in Q4 FY16. The company continued to strengthen its provisioning policy. During the quarter, the company took an additional charge of ₹ 70 Crs on account of demonetization and non recurring provisions. Adjusted for this additional charge loan loss & provision has increased by 41%.
- Profit after tax for Q4 FY17 ↑ 43% to ₹ 449 Crs from ₹ 315 Crs in Q4 FY16

KEY PERFORMANCE HIGHLIGHTS FOR FY17

- Customer franchise as of 31 Mar 2017 ↑ 25% to 20.13 MM from 16.07 MM as of 31 Mar 2016. During the quarter, the company acquired 0.96 MM new customers
- New loans booked during FY17 ↑ 48% to 10,092,588 from 6,834,762 in FY16
- AUM as of 31 Mar 2017 was ↑ 36% to ₹ 60,194 Crs from ₹ 44,229 Crs as of 31 Mar 2016
- Total income for FY17 ↑ 36% to ₹ 10,003 Crs from ₹ 7,333 Crs in FY16
- Loan losses and provisions for FY17 ↑ 51% to ₹ 818 Crs as against ₹ 543 Crs in FY16. The company continued to strengthen its provisioning policy. During the year, the company took an additional charge of ₹ 89 Crs on account of demonetization and non recurring provisions. Adjusted for this additional charge loan loss & provision has increased by 34%.
- Profit after tax for FY17 ↑ 44% to ₹ 1,837 Crs from ₹ 1,279 Crs in FY16
- Return on Assets and Return on Equity for FY17 were 3.7% and 21.6% respectively
- Gross NPA and Net NPA as of 31 Mar 2017 stood at 1.68% and 0.44% respectively. The provisioning coverage ratio stood at 74% as of 31 Mar 2017. The Company follows NPA recognition policy of 120 days overdue as required by RBI guidelines. The comparable Gross and Net NPA for last year stood at 1.36% and 0.34% respectively.
- Capital adequacy ratio (including Tier II capital) as of 31 Mar 2017 stood at 20.30%. Tier I capital stood at 14.56%. During the year, the company raised ₹ 2,060 Crs by way of Tier II capital to augment its capital base. The Company continues to be well capitalized to support its growth trajectory

FINANCIAL STATEMENT SUMMARY

Financials snapshot							₹ in Crores
	Q4'17	Q4'16	YoY	FY 17	FY 16	YoY	FY 15
Assets under finance (AUF)	56,832	42,756	33%	56,832	42,756	33%	31,199
Assets under management (AUM)	60,194	44,229	36%	60,194	44,229	36%	32,410
Total Interest & fee Income	2,673	1,943	38%	10,003	7,333	36%	5,418
Interest expenses	984	806	22%	3,803	2,927	30%	2,248
Net Interest Income (NII)	1,689	1,137	49%	6,200	4,406	41%	3,170
Operating Expenses	709	492	44%	2,564	1,898	35%	1,428
Loan Losses & Provision	290	156	86%	818	543	51%	385
Profit before tax	690	489	41%	2,818	1,965	43%	1,357
Income tax	241	174	39%	981	686	43%	459
Profit after tax	449	315	43%	1,837	1,279	44%	898
Ratios	Q4'17	Q4'16		FY 17	FY 16		FY 15
Total Opex to NII	42.0%	43.3%		41.4%	43.1%		45.0%
Total Opex to Total Income	26.5%	25.3%		25.6%	25.9%		26.4%
Loan loss to AUF*	0.5%	0.4%		1.4%	1.3%		1.2%
Return on Average AUF*	0.8%	0.8%		3.7%	3.5%		3.3%
Earning per share - Basic (Rs.) *	8.2	5.9		34.0	24.2		18.0
Return on Average Equity *	4.8%	4.3%		21.6%	20.9%		20.4%

* Not annualized

MACRO ECONOMIC INDICATORS

Parameters	Jan '17	Feb '17	Mar '17
IIP	2.7%	-1.2%	-
CPI	3.17%	3.65%	3.81%
WPI	5.25%	6.55%	5.70%

- Consumer durables and Consumer non-durables have recorded de-growth of 0.9% and 8.6% respectively, with the overall de-growth in Consumer goods being 5.6% in February 2017.
- As of 31 March 2017, projected gross bank credit of scheduled commercial banks amounted to ₹ 78.8 lac Crs registering an increase of 5.08% during the year as against an increase of 10.26% in the previous year.
- As per RBI's 'Financial Stability Report' published in December 2016, Gross non-performing advances (GNPAs) ratio of Scheduled Commercial Banks increased to 9.1% in September 2016 from 7.8% in March 2016. Stressed advances ratio increased to 12.3 % from 11.5% during the same period. PSBs continue to register the highest GNPA ratio at 11.8% followed by Foreign banks at 4.1% and Private banks at 3.2%

Auto sector (FY17)

	Overall	PV	CV	2W	3W	Scooters	Motorcycles
YoY growth %	5.41%	9.23%	4.16%	6.89%	(4.93%)	11.39%	3.68%

MANAGEMENT DISCUSSION

2 Wheeler & 3 Wheeler Financing

Disbursed: 995 Crs
(16% YoY)

- 2 Wheeler financing business disbursed 152 K accounts in the quarter (6% YoY)
- 3 Wheeler financing business disbursed 12K accounts in the quarter (31% YoY)
- 2 Wheeler financing penetration of Bajaj Auto's domestic 2 Wheeler sales improved to 37.1% in Q4 FY17 from 30.9% in Q4 FY16
- 3 Wheeler financing penetration of Bajaj Auto's domestic 3 Wheeler sales improved to 25.6% in Q4 FY17 from 14.0% in Q4 FY16

Consumer Durables

Disbursed: 12.99
lac accounts
(Growth: 30% YoY)

- CD business disbursed 3,289 Crs of commerce in Q4 FY17
- Business is now live in 318 locations with active presence in 14,000+ stores
- 26% growth during Republic Day weekend reflecting a normalization in volume momentum post – demonetization

Digital Product Finance

Disbursed: 3.97 lac
accounts
(Growth: 148%
YoY)

- DPF business disbursed 791 Crs of commerce in Q4 FY17
- Business started operations in 25 new locations, taking overall coverage to 155 locations
- Business tie-ups remain strong with finance schemes on smartphones and laptops across all major OEMs

MANAGEMENT DISCUSSION (CONTD.)

Lifestyle Finance

Disbursed: 61.8 K
accounts
(Growth: 35% YoY)

- 10K cases disbursed in Life Care finance leading to an increased contribution of 20% to total business volume
- Partnered with Apollo Hospitals to provide EMI finance facility at their multi- specialty hospitals
- Added 380 new clinics in the quarter, increasing coverage to 2,500+ clinics
- Tied up with Sleepwell for EMI financing of mattresses

REMI

Disbursed: 96 K
accounts

- Tied up with brands like GAP, Turtle, The Raymond Shop, Color Plus, Made to Measure, Park Avenue in apparel segment
- Tied up with Via.com, SOTC & Thomas Cook in tours & travels category ;Singer, Symphony & USHA in small appliances and Talwalkar's & Snap Fitness in Gym & fitness category in Q4 FY17
- Increased distribution footprint to over 10K+ stores with more than 2K enrolments in Q4 FY17 in top 35 markets

Ecommerce

Disbursed: 35 K
accounts

- Flipkart activated more categories resulting 22K cases disbursed in Q4
- Business has partnered with leading offline to online fashion brand Zodiac
- Closed the financial year with 167 K accounts

MANAGEMENT DISCUSSION (CONTD.)

<div>Credit Cards</div>	<ul style="list-style-type: none"> • 30K+ RBL Bank cobrand credit cards have been issued to existing BFL customers in Q4 FY17 • Co-branded credit cards have a set of unique customer value propositions including no-cost EMI options at PoS, accelerated rewards for high savings & industry first features like no interest on cash withdrawals upto 50 days and interest free personal loan up to cash limit for 90 days once in a year
<div>EMI Cards</div> <div>6.9 MM CIF</div>	<ul style="list-style-type: none"> • Business has achieved YoY 1.4x transactions in Q4 FY17 with total count of 9.5 Lacs across all categories (CD, Digital, Lifestyle, Ecommerce & REMI) • Sourced 7.5 lac cards in Q4 FY17 • EMI card transactions contributed to 49% of the overall Sales Finance transactions in Q4 FY17. • Strengthened customer lifecycle management model under Activation, Retention and Usage (ARU) capability for EMI carded customers, to drive sales and stimulate EMI card base
<div>Personal Loan Cross Sell</div> <div>Disbursed: 1,217 Crs (Growth: 58% YoY)</div>	<ul style="list-style-type: none"> • Business is present in 257 locations • Business continues its geographic expansion by deepening structure in tier 3 & tier 4 markets • Loan on phone model wherein loan is disbursed through a paperless process gained traction

MANAGEMENT DISCUSSION (CONTD.)

Gold Loans

Disbursed: 203 Crs

Net AUM growth of
72 Crs

- Currently present in 60 urban branches and 131 rural branches
- Business growth has been impacted due to demonetization
- New capabilities are being built to reduce customer TAT and provide flexibility of repeat transactions

Salaried Personal Loans

Disbursed: 793 Crs
(Growth: 36% YoY)

- Over 66% of business done in Q4 FY17 was through direct channel
- Business increased geographic coverage from 72 locations to 110 locations. Tier 2 business contribution is at 19%
- Business continues to face intense competition on pricing and volume from private sector banks however is prepared to differentiate itself in the market through the Line of Credit (interest only product) offering.

Salaried Home Loans

Disbursed: 560 Crs
(Growth: 131%
YoY)

- Business is now present in 36 locations with the addition of 10 new locations in the quarter gone by
- Focus is on increasing Tier 2 penetration
- “BFL Home and Loans” launched - A property market place to enable its customers to buy homes. The platform offers choice of properties and a bundled home loan proposition to customers
- Continue to adopt a cautious approach in developer finance

MANAGEMENT DISCUSSION (CONTD.)

BFS Direct	<ul style="list-style-type: none">• Business now has an AUM of 1,325 Crs• Business' 1st end to end digital initiative delivered 353 Crs volume in Q4 FY17• Business has seen good traction in its Home Loans business in Q4 FY17. Bookings grew by 26% over Q3• New platform to deliver end-to-end digital lifecycle experience along with new capabilities is being developed
Disbursed 353 Crs (Growth: 114% YoY)	
Business Loans	<ul style="list-style-type: none">• Market has shown signs of recovery post demonetization in Q3 FY17. Business has grown due to growth in Tier II markets• Pure Flexi contribution is 50% for March'17 .• D2C business contribution at 23% in Q4 FY17
Disbursed: 994 Crs (Growth: 12% YoY)	
Professional Loans	<ul style="list-style-type: none">• Engineer segment pre-approved program launched in March'17 and 27,000 pre-approved offers have been rolled out across the country• 'Mortgage to Doctors' (DLRM) channel has shown strong growth & delivered 160 Crs of business in Q4 FY17• 'Mobility App' launched in March'17 to improve velocity and customer experience• Business expanded its geographic footprint from 115 to 140 locations
Disbursed: 424 Crs (Growth: 35% YoY)	

MANAGEMENT DISCUSSION (CONTD.)

Loan Against Property	<ul style="list-style-type: none">• D2C transition has settled in and momentum is building as evident from 92% YOY growth• Mortgage re-engineering has gone live in all locations and is expected to deliver lower costs and higher velocity in next fiscal
Disbursed: 904 Crs (Growth: 92% YoY)	
Home Loans – Self employed	<ul style="list-style-type: none">• D2C model has transformed the business and enabled high growth• Mortgage re-engineering has gone live in all locations and is expected to deliver lower costs and higher velocity in next fiscal
Disbursed: 655 Crs (Growth: 167% YoY)	
Rural Lending Consumer Business	<ul style="list-style-type: none">• RB2B business is now present in 538 locations with 150 branches and 388 spokes. RB2C business is present in 519 locations with 131 branches and 388 spokes• RB2B business Launched 19 new locations in Q4 FY17. Significant growth given by the locations opened in FY17• Credit metrics of RB2C business improved significantly, with improved secured mix. Further investments to focus on each product are being made, to scale business
RB2B: 222K RB2C: 536 Crs	

MANAGEMENT DISCUSSION (CONTD.)

RSME Rural	<ul style="list-style-type: none">• Strong growth momentum in the business• Change management initiated on multiple areas of product , process and policies• Secured loan penetration is high at 68% as per business strategy• 20 new branches launched for RSME in the existing Rural locations
Disbursed: 100 Crs	
Commercial Lending	<ul style="list-style-type: none">• A strong quarter for Commercial Businesses• ACMF AUM grew by 18 Crs over Q3 FY17• Elevated competitive intensity seen from major private / foreign banks due to improving credit profile of BFL target segments• Credit performance of portfolio continues be very strong.• Disbursed 194 Crs in corporate finance, 110 Crs in financial institutional group and 73 Crs in light engineering in Q4 FY17
Loan Against Securities	<ul style="list-style-type: none">• Scaled IPO Financing product line which has helped to grow the fee based income for the business and complete product suite coverage• Launched Loan Against Insurance product to serve retail customers
Net AUM growth of - 473 Crs	

MANAGEMENT DISCUSSION (CONTD.)

Fixed Deposits & IFA

Total book – 4,128 Crs
Growth on book (84% YoY)

- Credit rating for FD programme is FAAA/Stable by CRISIL & MAAA (Stable) by ICRA
- Corporate liabilities continues to have healthy contribution on the overall book with 185 actively engaged corporates relationships
- Average retail deposit size is at 3.3 lacs with a weighted tenor of 23.88 months
- IFA channel now has 1,409 IFAs, activated 256 in Q4 FY17. This channel did a total business of 92 Crs in Q4 FY17

Portfolio Metrics

- GNPA – 1.68% as of 31 Mar 2017. Similarly, GNPA was 1.36% last year
- NNPA – 0.44% as of 31 Mar 2017. Similarly, NNPA was 0.34% last year
- Provisioning coverage ratio stood at 74%

Interest Cost

- Interest cost for the company continues to remain significantly lower amongst its NBFC peers
- Borrowing mix of 35:57:08 between banks, money markets and fixed deposits
- Company maintains adequate liquidity buffer that ranges from 5% to 7% of two months average borrowing book

MANAGEMENT DISCUSSION (CONTD.)

Credit Ratings

- Credit rating for Long Term Debt Program is AAA/Stable by CRISIL, India Ratings & CARE Ratings and AA+/Positive by ICRA
- Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA & India Ratings
- Credit rating for FD program is FAAA/Stable by CRISIL & MAAA (Stable) by ICRA

Awards & Accolades

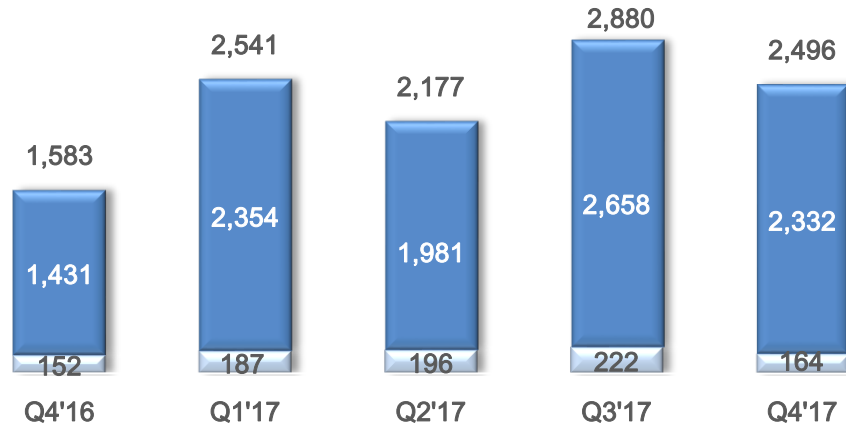
- Bajaj Finance Ltd. has once again been recognized “Amongst Top 19 Employers in India” by AON Hewitt. It is the 4th time in a row that the company has received this recognition.
- Bajaj Finance is one of the only 3 companies to make it to the list for four years in a row

FINANCIAL PERFORMANCE TRENDS – Q4 FY17

of Loans Disbursed ('000)

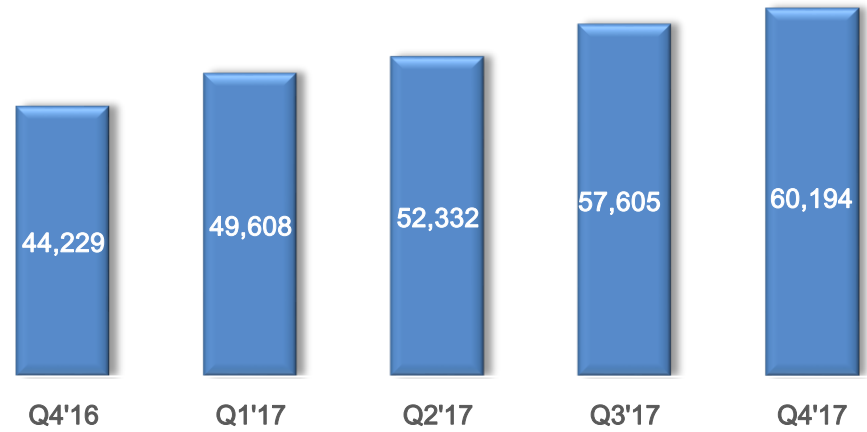
↑ 58% YoY

■ 2 Wheelers ■ Others



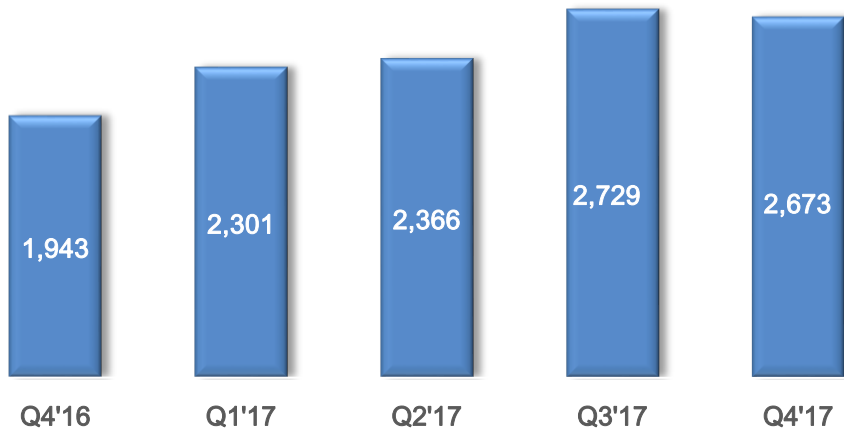
AUM (₹ Crore)

↑ 36% YoY



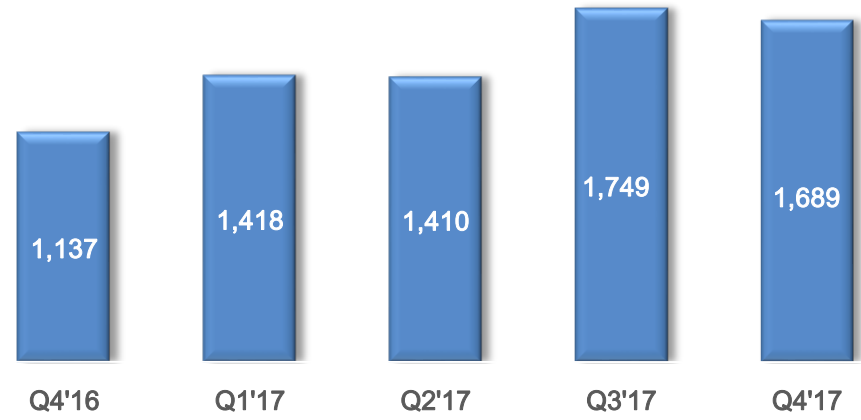
Revenue (₹ Crore)

↑ 38% YoY



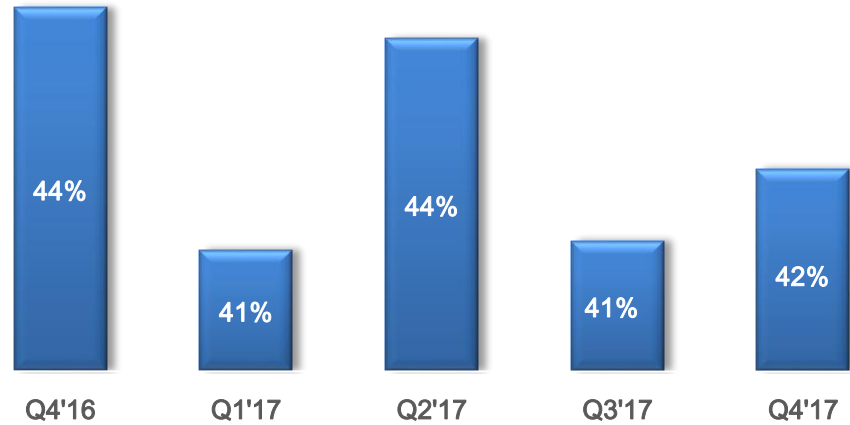
Net Interest Income (NII) (₹ Crore)

↑ 49% YoY



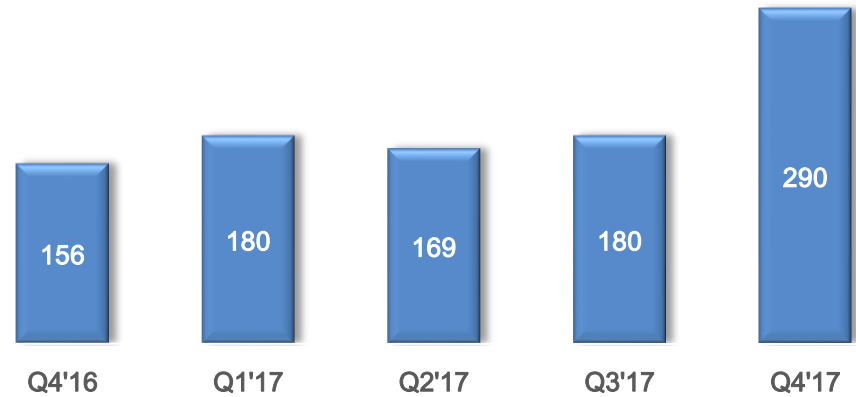
FINANCIAL PERFORMANCE TRENDS – Q4 FY17

Operating expenses % of NII

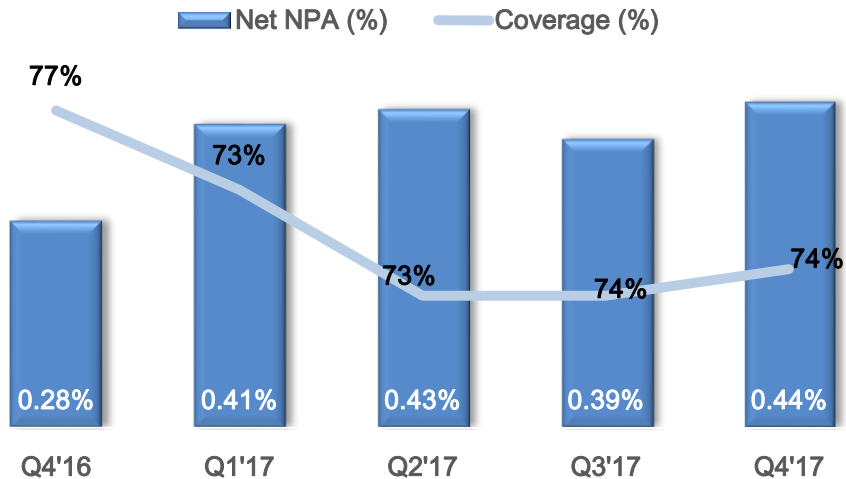


Loan loss provision (₹ Crore)

↑ 86% YoY

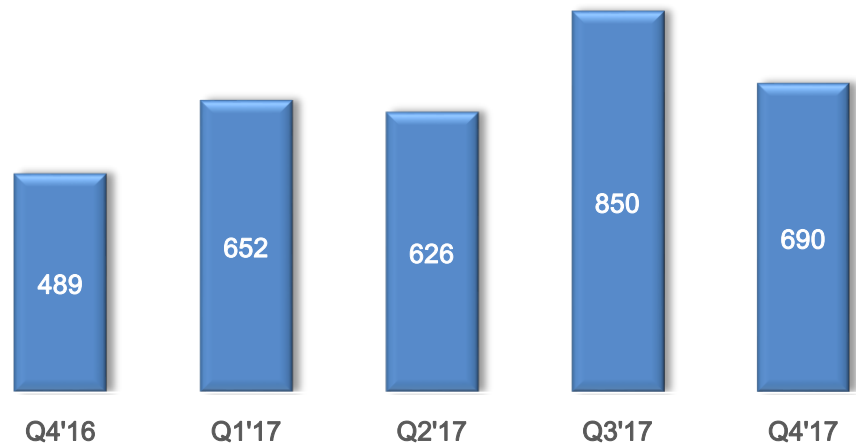


Net NPA & Provisioning coverage*



Profit Before Tax (₹ Crore)

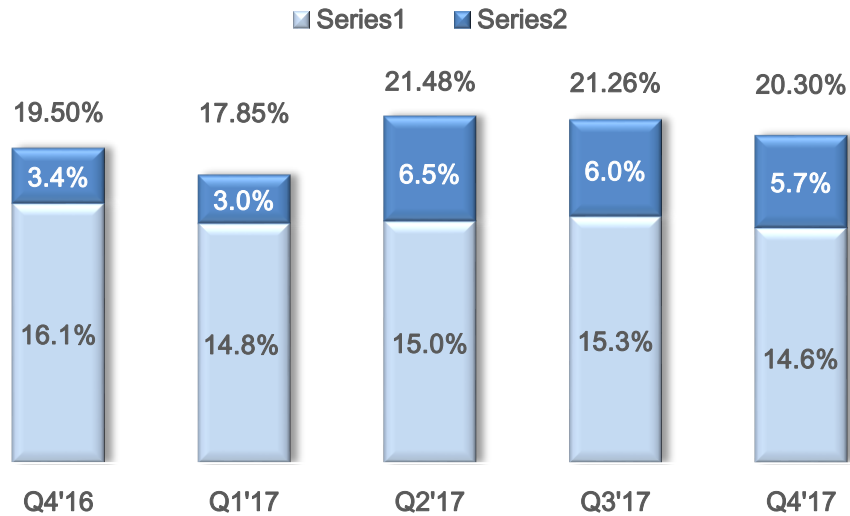
↑ 41% YoY



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

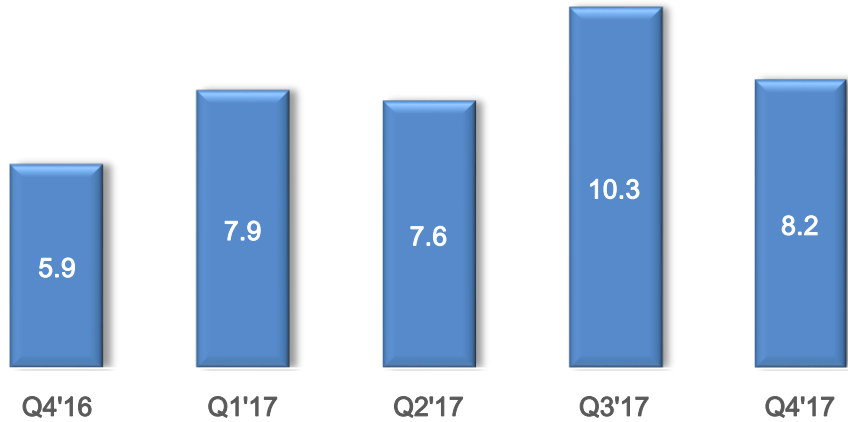
FINANCIAL PERFORMANCE TRENDS – Q4 FY17

Capital adequacy ratio



Earnings per share – Basic (₹)

↑ 42% YoY

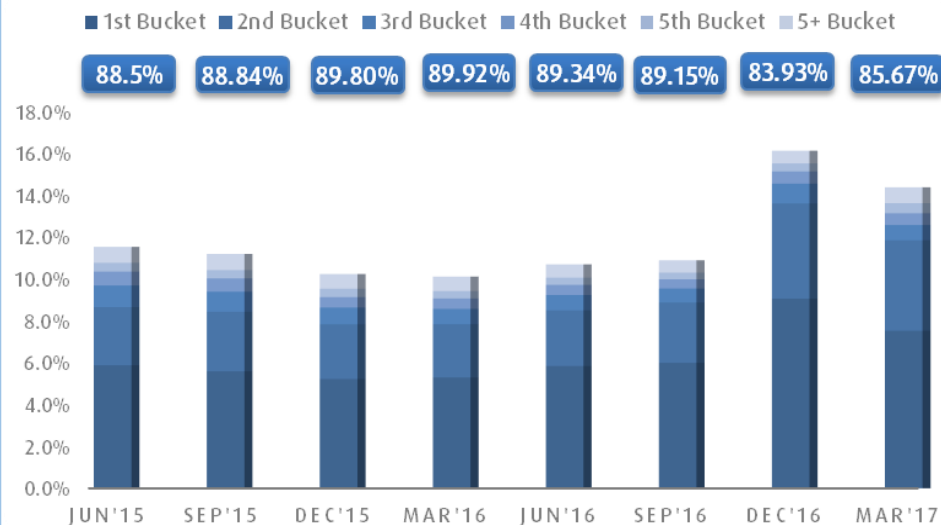
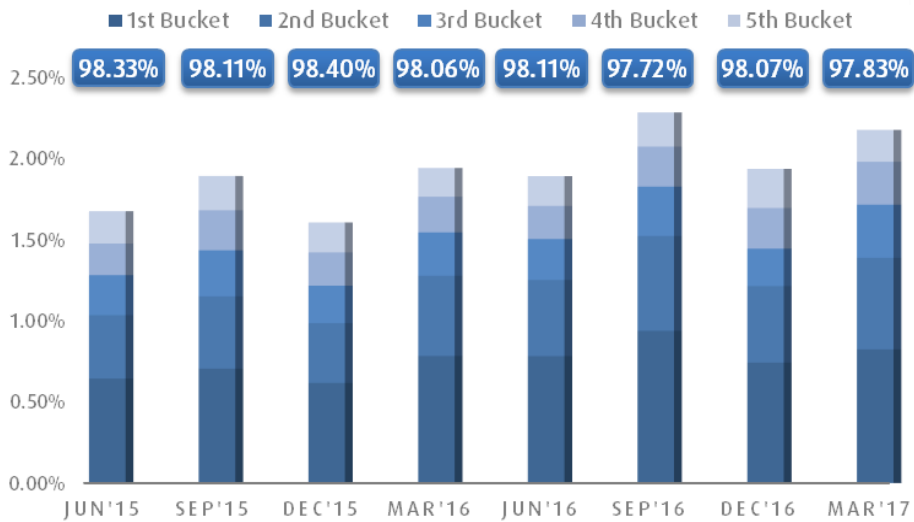


CREDIT QUALITY – PORTFOLIO COMPOSITION

CD loan portfolio



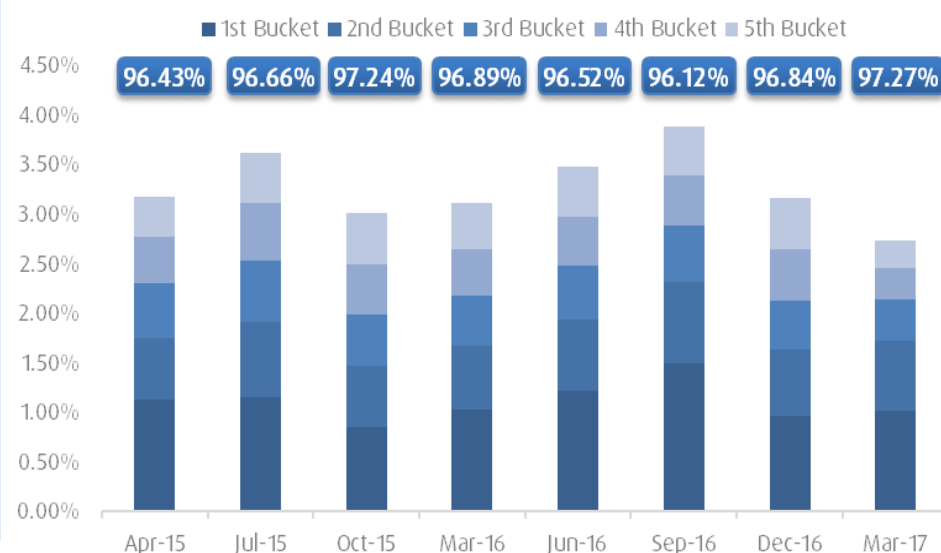
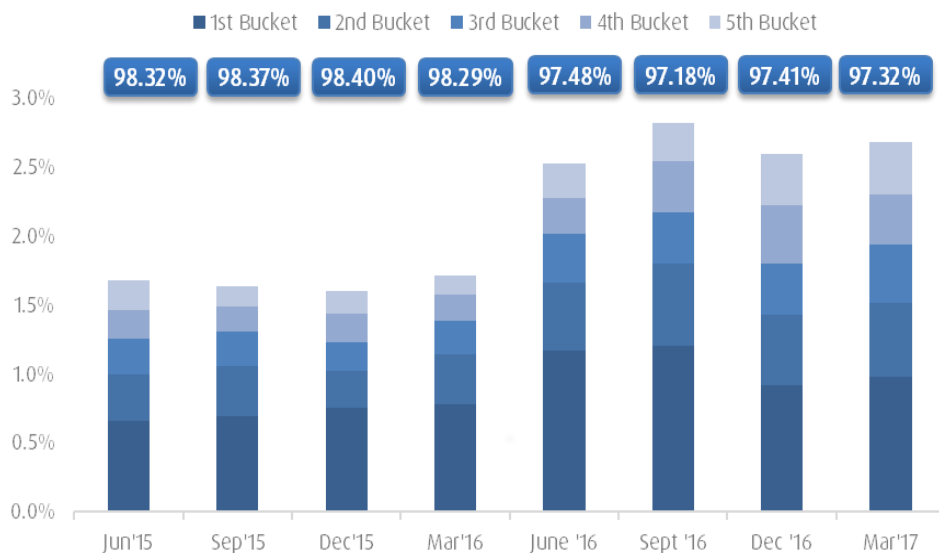
Two & Three wheeler loan portfolio



Lifestyle finance loan portfolio



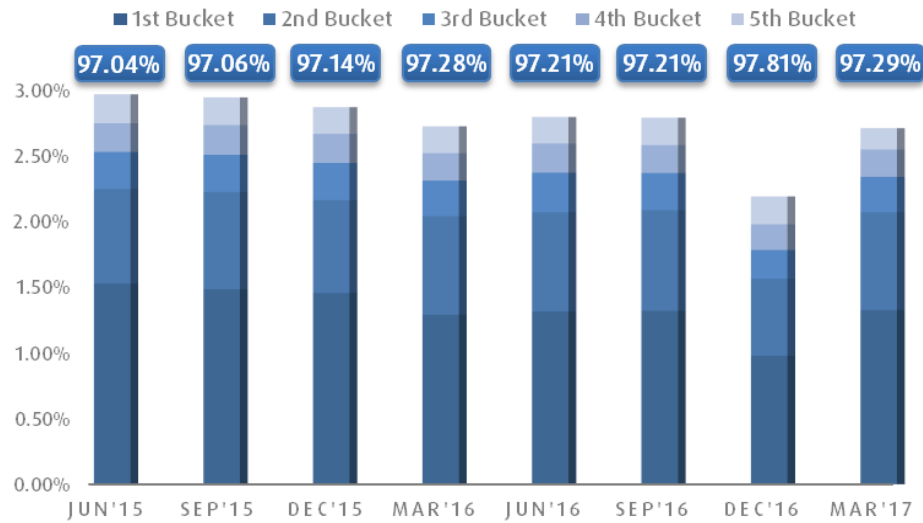
Digital product finance loan portfolio



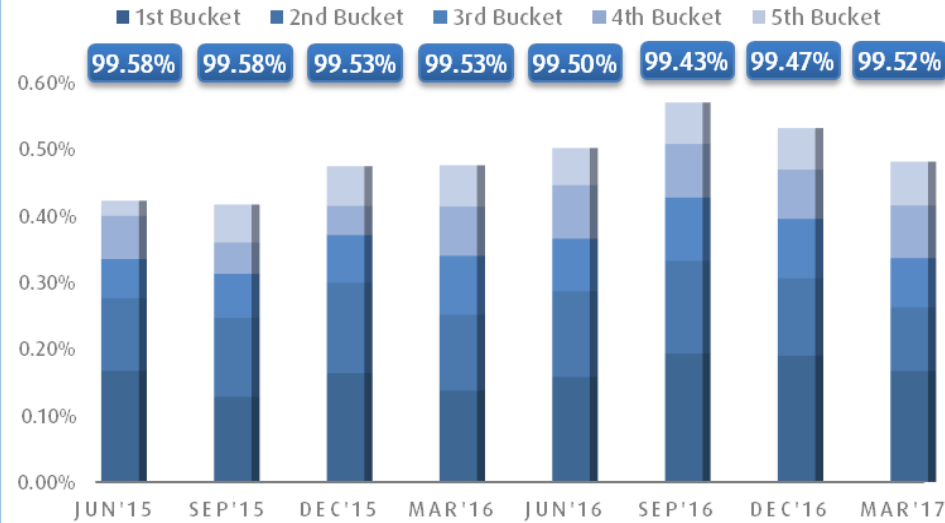
Legends indicate customers who are current/ no dues as of the month.

CREDIT QUALITY – PORTFOLIO COMPOSITION

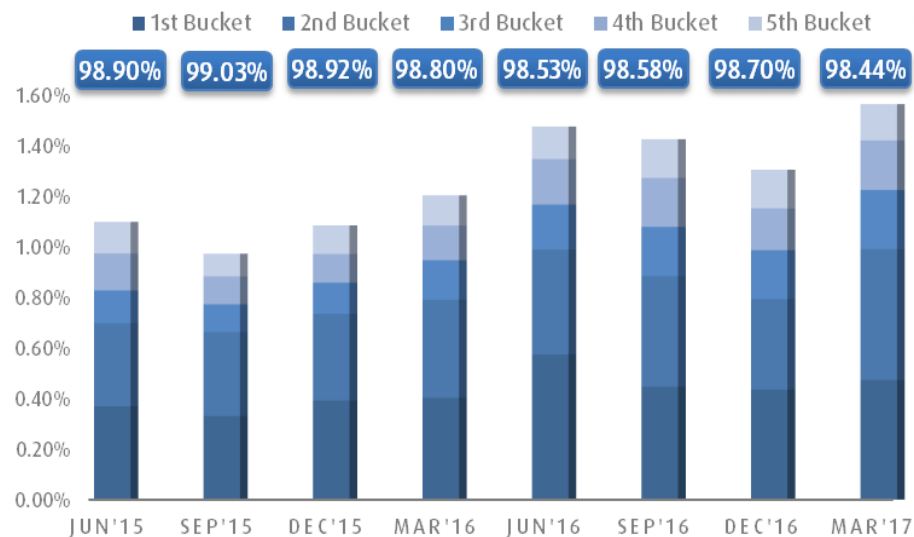
Personal loan cross sell portfolio



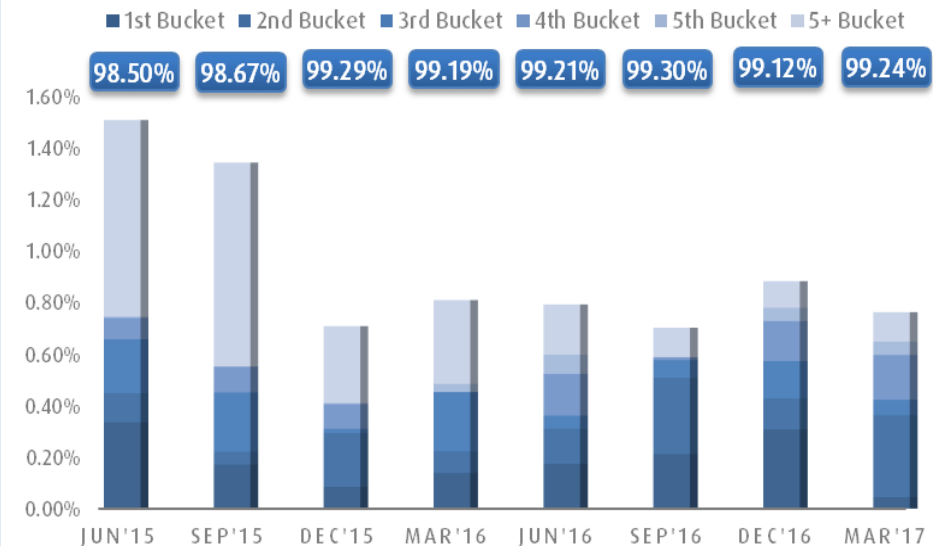
Salaried personal loan portfolio



Small business loan portfolio



Loan against property portfolio

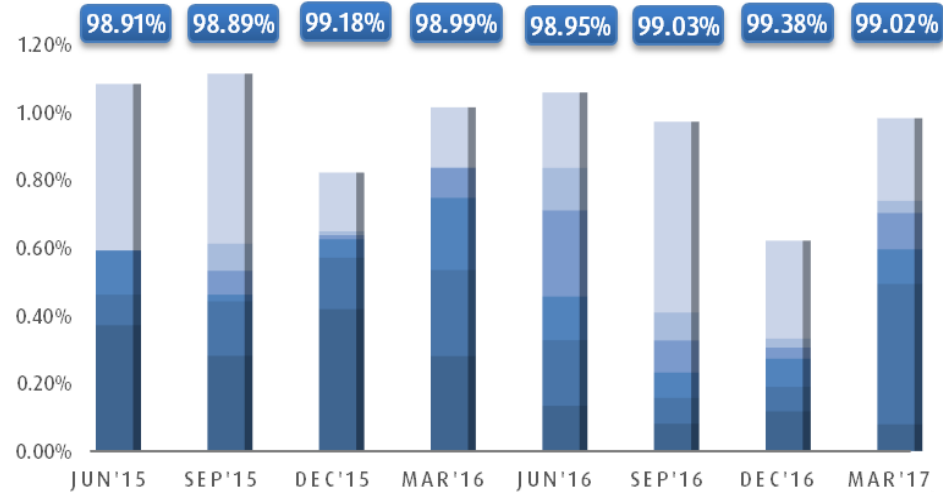


Legends indicate customers who are current/ no dues as of the month.

CREDIT QUALITY – PORTFOLIO COMPOSITION

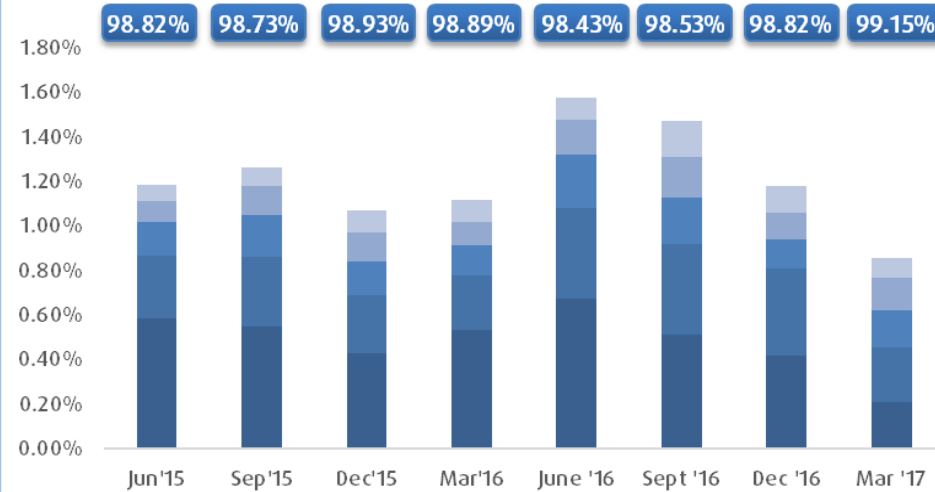
Home loans portfolio

■ 1st Bucket ■ 2nd Bucket ■ 3rd Bucket ■ 4th Bucket ■ 5th Bucket ■ 5+ Bucket



Rural Lending portfolio (Basket of 10 products)

■ 1st Bucket ■ 2nd Bucket ■ 3rd Bucket ■ 4th Bucket ■ 5th Bucket



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

CREDIT QUALITY – PROVISIONING COVERAGE

Business Segment (Values in ₹ Crs)	AUM (Crs.)	GNPA (Crs.)	NNPA	PCR (%)	GNPA	NNPA
Consumer Business	27,144	629	134	79%	2.31%	0.50%
SME Business	21,646	319	117	63%	1.65%	0.61%
Commercial Business	8,332	8	3	70%	0.10%	0.03%*
Rural Business	3,072	22	2	85%	0.71%	0.10%
Bajaj Finance	60,194	982	256	74%	1.68%	0.44%

PCR – Provisioning Coverage Ratio

* Residual construction equipment financing portfolio

‘Diversified Lending Strategy Helped Bajaj Finserv Beat Cash Crunch’



In an interview to ET NOW, **Sanjiv Bajaj**, MD, Bajaj Finserv, says the company's strategy to diversify lending across segments and products has helped tide over demonetisation. Edited excerpts:

Your group has managed to navigate the December quarter disruptions really well. How is that?

It is a result of our diversified lending strategy. We have 32 different business lines across four different segments. You do not see any impact of demonetisation because you are still seeing very strong growth



numbers whether top line or bottom line. We have consciously slowed down our mortgage business not in the last two months but a couple of quarters earlier; we slowed down some of our consumer durable business. If you look at the additional provisions in this quarter, it is about

₹20 crore more primarily because of demonetisation. So, there is impact but our strategy helps.

Our general insurance business has grown very smartly in this quarter and this is largely because of crop insurance.

Are you sufficiently capitalised for both NBFC, insurance businesses?

In our estimate, we would not need capital for between three and four years, after that we may need it based on growth rate. So, some time in 2018 or 2019, depending on how we grow. But this is for Bajaj Finance. Our life and non-life insurance companies are very adequately capitalised.

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BAJAJ FINANCE LIMITED

Q4 FY17 Presentation

THANK YOU

ANNEXURE

GLOSSARY

2W	Two Wheeler
3W	Three Wheeler
ACMF	Auto Components Manufacturer Financing
AR	Assets Receivable
ARU	Activation, Retention & Usage
ASC	Authorized Service Centers
AUF	Assets Under Finance
AUM	Assets Under Management
B2B	Business to Business
B2C	Business to Customer
BL	Business Loan
CAGR	Compounded Annual Growth Rate
CIF	Cards in Force
CPI	Consumer Price Index
EMI	Existing Member Identification
EPS	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

IIP	Index of Industrial Production
IRR	Internal Rate of Return
LAP	Loan Against Property
LAS	Loan Against Securities
MF	Mutual Fund
MM	Million
MSME	Micro, Small & Medium Enterprise
NII	Net Interest Income
NNPA	Net Non Performing Assets
NTB	New to Bajaj Finance
Opex	Operating Expenses
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
SME	Small & Medium Enterprise
TAT	Turn Around Time
TTD	Through the Door
WPI	Wholesale Price Index

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	2.75*	3.04*	3.23*

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	5.05*	4.86*	4.71*

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

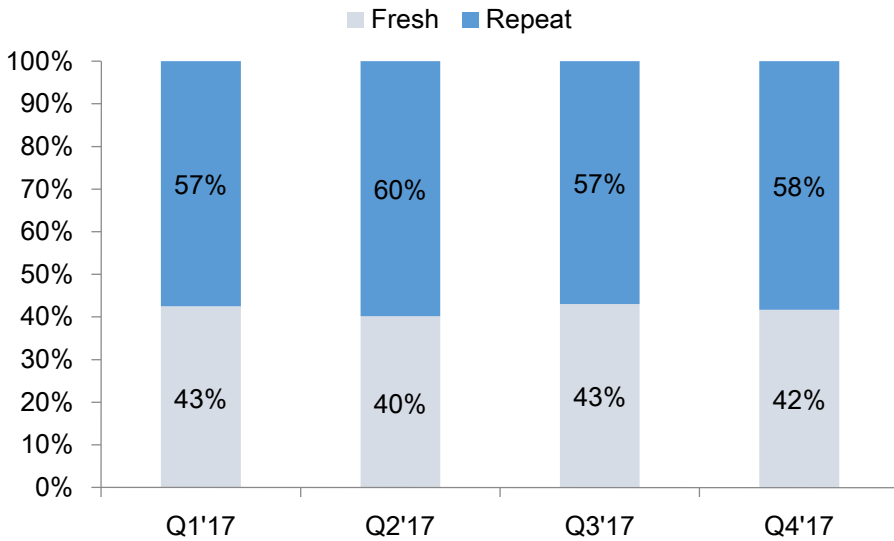
* Base product is included in the PPC calculation

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

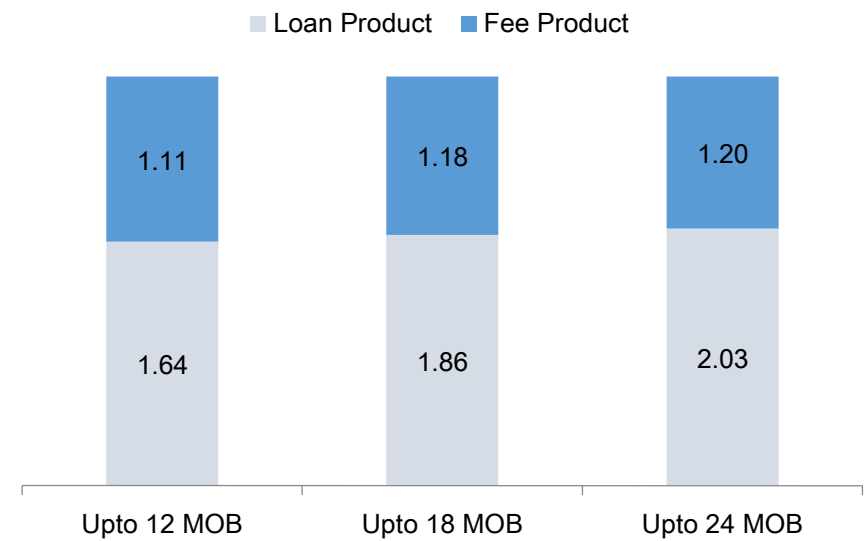
PRODUCT PER CUSTOMER (PPC)

Retail

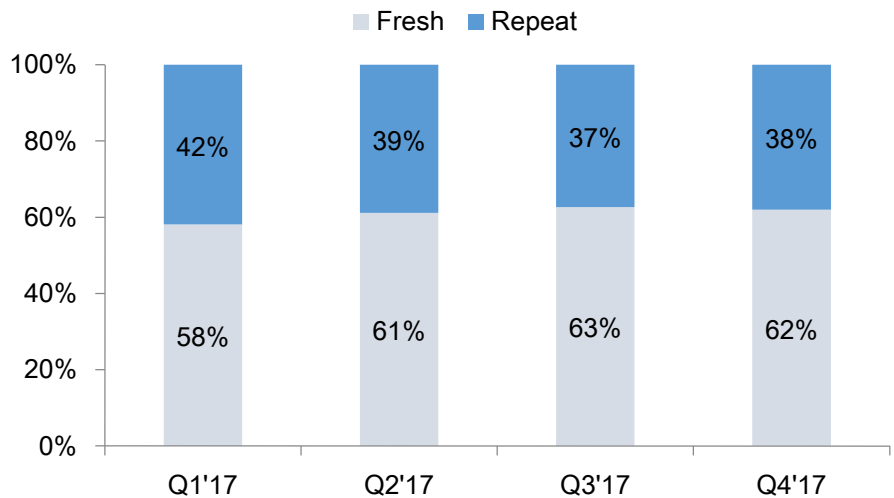
Disbursed Value (` Crore) – Fresh v/s Repeat Mix



Product Per Customer (PPC)

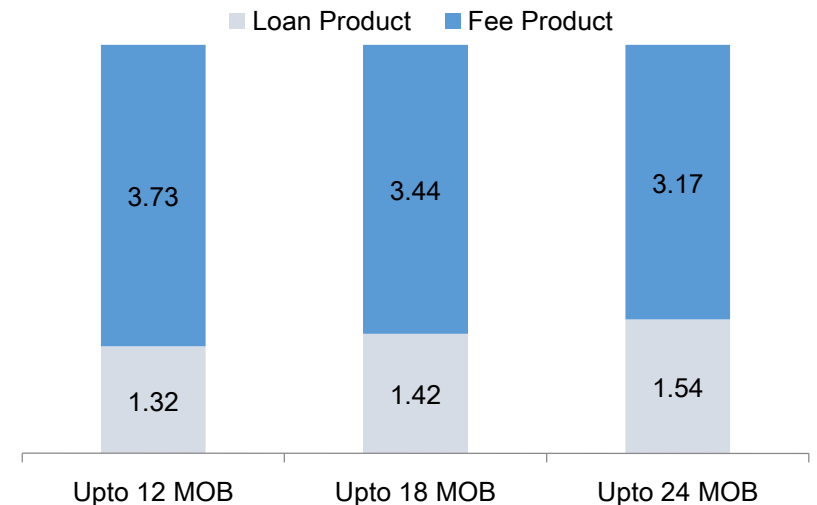


Disbursed Value (` Crore) – Fresh v/s Repeat Mix



SME

Product Per Customer (PPC)

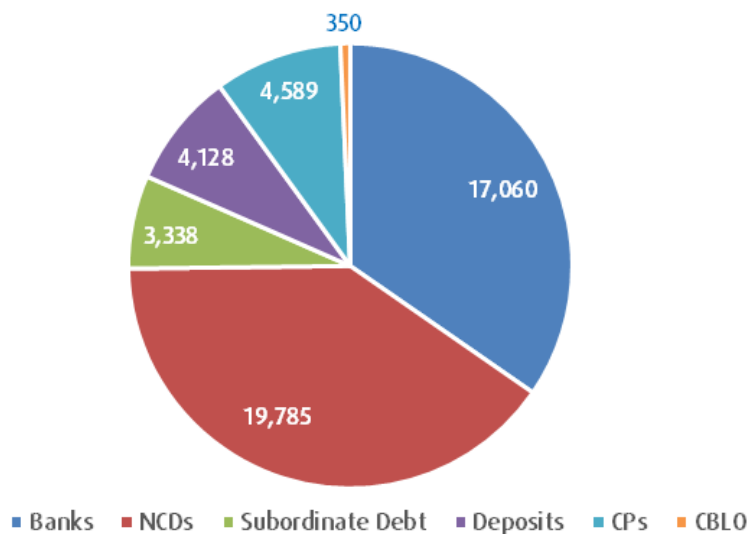


* Base product is included in the PPC calculation

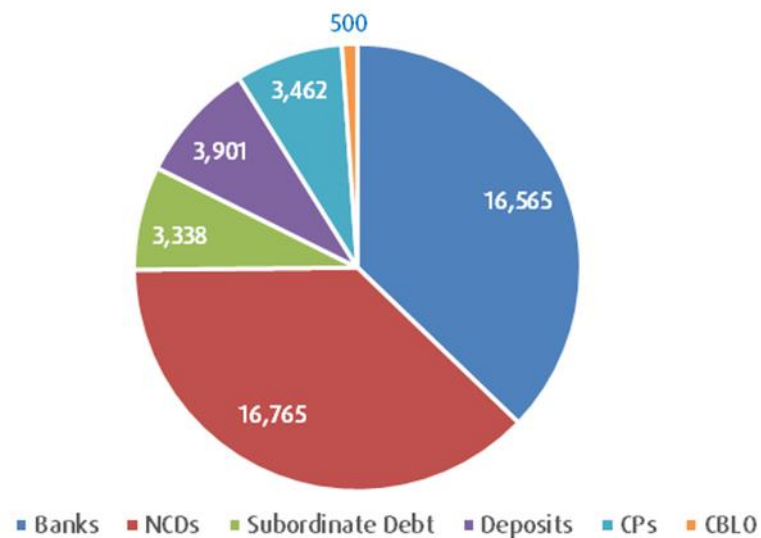
* PPC does not include short tenor & renewable loans (viz. PO, LAS & Retailer finance), TW, Infra and Rural lending sourcing

ALM STRATEGY

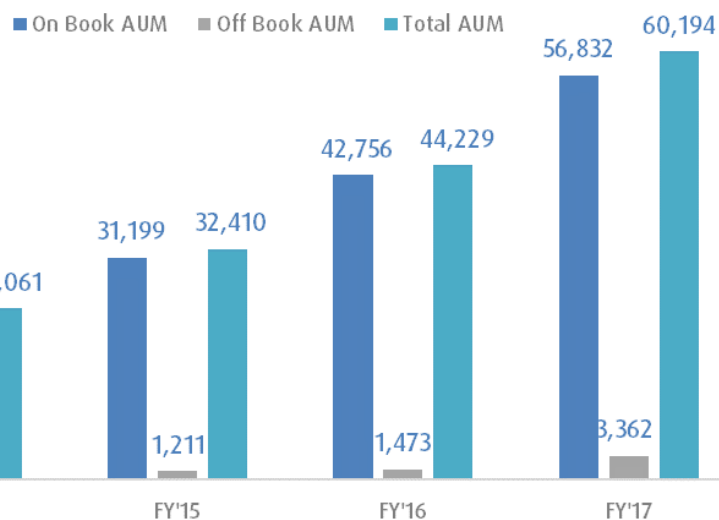
Borrowings – Mar '17 (₹ 49,250 Crs)



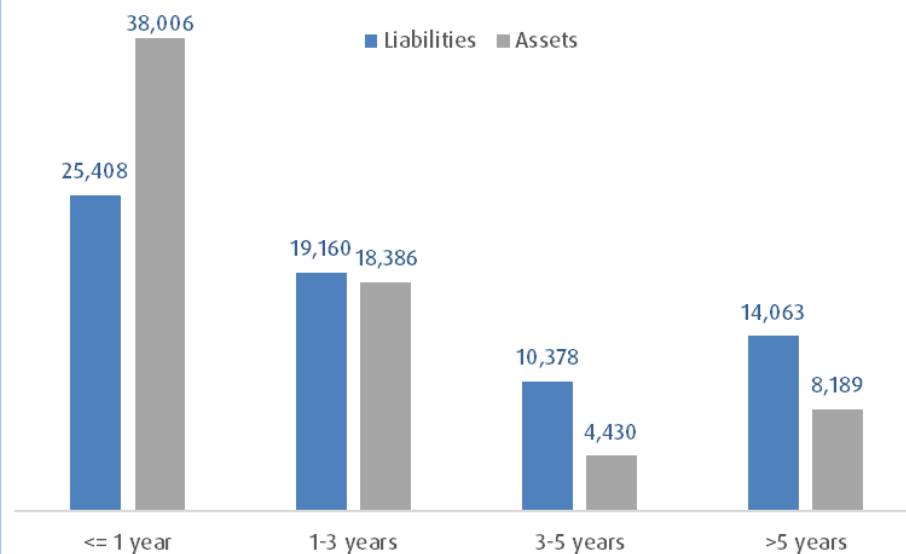
Borrowings – Dec '16 (₹ 44,531 Crs)



Loan Book (₹ Crs)



Behaviouralised ALM (₹ Crs)



NPA PROVISIONING STANDARDS

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

Consumer Finance provision coverage

- **Consumer Durables :**
 - 3-5 Bucket - 75%
 - Above 5 - 100%
- **2 and 3 Wheeler :**
 - 3 – 5 Bucket – 40%
 - 6 - 12 Bucket - 60%
 - Above 12 - 100%
- **Personal Loan Cross Sell :**
 - 3 - 5 Bucket - 75%
 - Above 5 - 100%
- **Salaried Personal Loan :**
 - 3 - 5 Bucket – 75%
 - Above 5 - 100%

SME Finance provision coverage

- **Home Loan / Loan against Property :**
 - 3-5 Bucket - 15%
 - 6–12 Bucket - 25%
 - 13-18 Bucket – 40%
 - 18-24 Bucket – 60%
 - Above 24 - 100%
- **Unsecured Business & Professional Loans :**
 - 3-5 Bucket – 70%
 - Above 5 – 100%
- **Loan against Securities :**
 - Above 5 - 100%

Commercial Lending provision coverage

- 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.