

# BAJAJ FINANCE LIMITED

25 July 2019

<b>THE MANAGER, BSE LIMITED DCS - CRD PHIROZE JEEJEEBHOY TOWERS DALAL STREET, MUMBAI - 400 001</b>	<b>THE MANAGER, LISTING DEPARTMENT NATIONAL STOCK EXCHANGE OF INDIA LTD. EXCHANGE PLAZA, C-1. BLOCK G, BANDRA - KURLA COMPLEX, BANDRA (EAST) MUMBAI - 400 051</b>
<b>SCRIP CODE: 500034</b>	<b>SCRIP CODE: BAJFINANCE – EQ</b>

Dear Sir / Madam,

**Sub: Investor Presentation for the quarter ended 30 June 2019**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Investor Presentation for the quarter ended 30 June 2019.

Please access the link to view live webcast of conference call scheduled to be held on 26 July 2019 at 9.00 a.m. IST:

<https://78449.choruscall.com/dataconf/productusers/bajajfinance/mediaframe/31449/indexr.html>

Kindly take the same on record.

Thanking you,  
Yours faithfully,  
For **BAJAJ FINANCE LIMITED**

**R. VIJAY**  
**COMPANY SECRETARY**  
Email ID: [investor.service@bajajfinserv.in](mailto:investor.service@bajajfinserv.in)

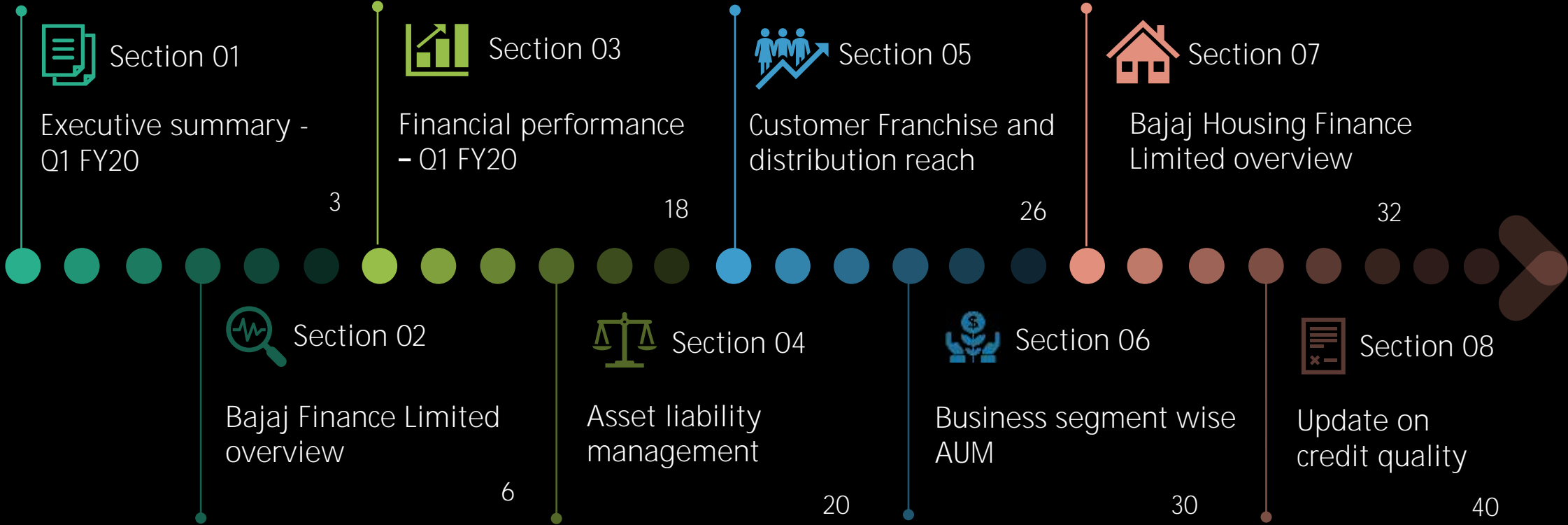
Encl.: As above



# Bajaj Finance Limited

Q1 FY20 Investor Presentation

25 July 2019



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## Section 01



Executive summary - Q1 FY20



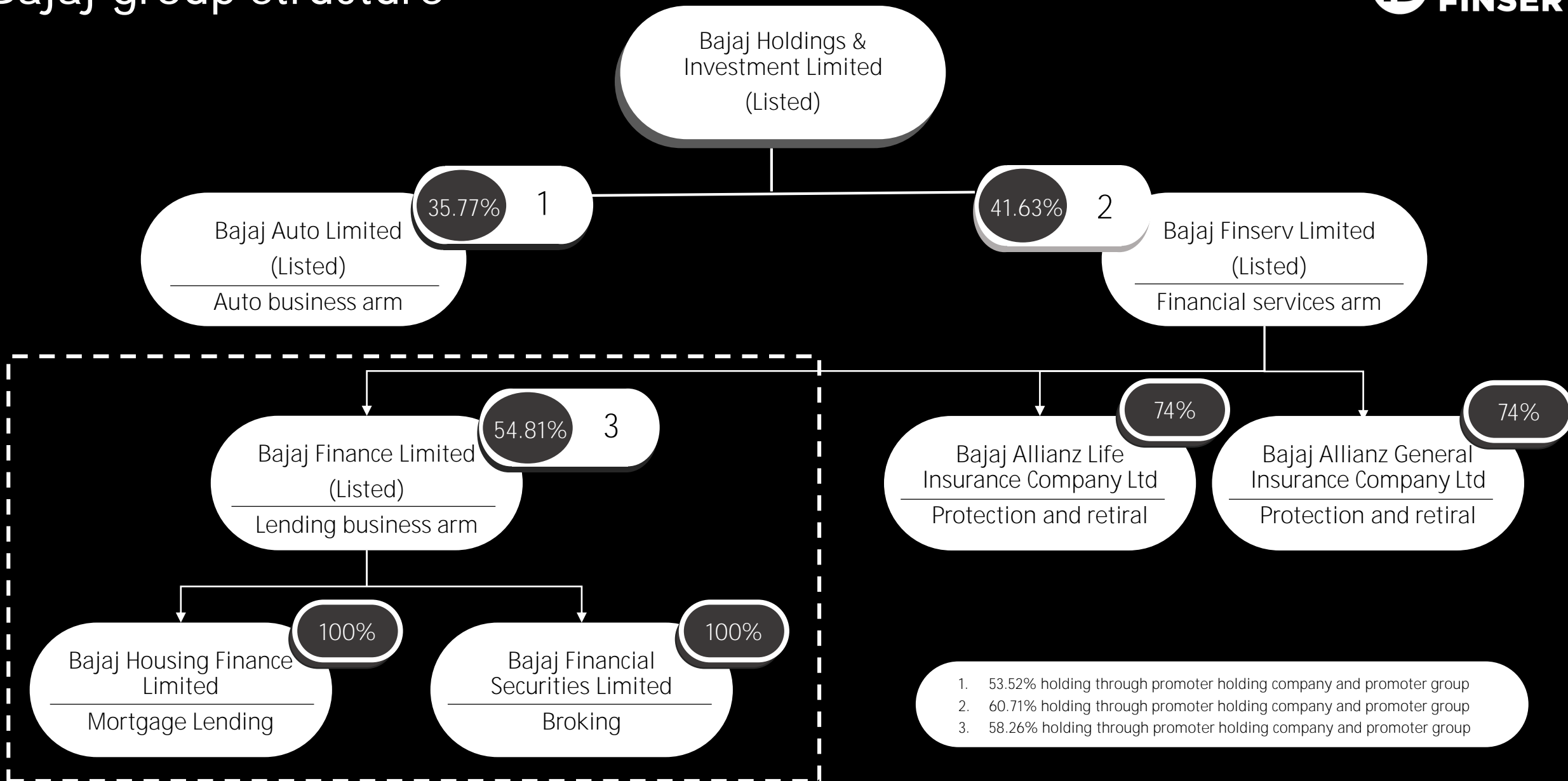
1. We continued to remain focused on growth, profitability & sustainability. We continued to strengthen our business model in Q1 FY20 as well.
2. AUM grew by 41% to ₹ 1,28,898 crore as of 30 June 2019. Adjusted for IPO financing book, AUM grew by 38% to ₹ 1,26,340 YoY. New loans booked grew by 29% YoY to 7.3 MM. Overall, we have maintained a strong growth momentum despite a perceptibly slowing economy.
3. AUM growth was granular for most lines of businesses in the company (Consumer B2B – 24%, Consumer B2C – 48%, Rural B2B – 48%, Rural B2C – 65%, SME – 36%, Mortgages – 45%, Auto Finance – 62%, Commercial – 18%).
4. New customer acquisition momentum for the quarter remained strong at 2.46 MM. Overall franchise stood at 36.94 MM, a growth of 31% YoY. Cross sell franchise stood at 21.85 MM. Strategy remains to grow wallet share of these 21.85 MM clients.
5. Existing customers contributed to 66% of new loans booked during Q1 FY20 versus 63% in Q1 FY19.
6. We added 65 locations in last quarter taking our geographic presence to 1,895 locations in India. We are well on course to cross 2,000 location presence by March 2020.
7. Overall cost of funds remained very steady at 8.5% owing to good ALM management and strong liquidity position. Incremental borrowings are now being sourced at much lower cost.
8. Consolidated liquidity buffer (free cash and liquid investments) stood at ₹ 6,343 crore as of 30 Jun 2019. We remain very comfortably placed on liquidity.
9. During the quarter, we established a secured Euro Medium Term Note (MTN) Programme for program value of USD 1.50 billion on Singapore Stock Exchange. We intend to raise \$ 750 MM through ECB, as allowed under automatic route, to diversify and strengthen our liability profile by March 2020.
10. Fixed deposit book stood at ₹ 15,084 crore, a growth of 55% YoY. Its contribution to consolidated balance sheet stood at 13.4%. We are well on course to cross 16-17% contribution by March 2020. We continue to increase investments in new channels to grow retail deposits. We now have over 6 different channels to grow retail deposit.
11. We continued to maintain strong focus on growing our fee revenue pools. Our fee revenue pool grew by 65% YoY.

12. Loan loss and provisions grew by 69% in Q1 FY20. Loan losses are in line with last 3 quarters of loan losses and provisions trajectory (Q1 FY19 – 7%, Q2 FY19 – 43%, Q3 FY19 – 63%, Q4 FY19 – 80%).
13. Consolidated total opex to Net interest Income improved to 35% in Q1 FY20 as against 37% in Q1 FY19.
14. Overall NIMs across products remained steady in Q1 FY20.
15. Gross NPA & Net NPA stood at 1.60% and 0.64% as at 30 June 2019. Adjusted for IL&FS exposure, GNPA and NNPA stood at 1.42% and 0.50%. Sequentially, the movement in GNPA and NNPA is 6 bps and 1 bps respectively.
16. Consolidated profit after tax for the quarter grew by 43% to ₹ 1,195 crore.
17. Annualized Return on Assets for the quarter was 4.0% and Return on Equity was 23.5%.
18. Capital adequacy stood at 19.48% as of 30<sup>th</sup> June 2019. Tier 1 CAR stood at 15.48%. Consolidated leverage stood at 6.6X.
19. Standard assets provisioning was at 86 bps (ECL stage 1 & 2) under Ind AS as against requirement of ~40 bps as per RBI and NHB.
20. Bajaj Housing Finance Ltd continued to grow in a robust manner delivering a profit after tax of ₹ 70 crore in Q1 FY20
21. Bajaj Financial Securities Ltd has received all requisite approvals and has commenced business.

## Section 02

 Bajaj Finance Limited overview 

# Bajaj group structure






- 1. 53.52% holding through promoter holding company and promoter group
- 2. 60.71% holding through promoter holding company and promoter group
- 3. 58.26% holding through promoter holding company and promoter group





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

 Bajaj Finance Limited	 Bajaj Allianz General Insurance Limited	 Bajaj Allianz Life Insurance Limited
<ul style="list-style-type: none"> <li>• A 32 year old non bank finance company</li> <li>• Diversified across consumer, payments, rural, SME, commercial &amp; mortgage lending</li> <li>• 944 urban locations and 951 rural locations with over 97,000+ distribution points</li> <li>• Investment grade long term issuer credit rating of BBB-/Stable and short term rating of A-3 by S&amp;P Global Ratings</li> <li>• Credit rating of AAA/Stable by CRISIL, India Ratings, CARE Ratings and ICRA</li> <li>• Credit rating for short term debt program is A1+ by CRISIL, ICRA &amp; India Ratings</li> <li>• Customer franchise of 36.94 MM</li> </ul>	<ul style="list-style-type: none"> <li>• 2nd largest private general insurer in India as of FY19</li> <li>• Consistently profitable amongst the private players. ROE of 16.2% in FY19</li> <li>• Multi-channel distribution supported by a wide range of products across all retail &amp; corporate segments</li> <li>• Offers a wide range of general insurance products across retail and corporate segments</li> <li>• Combined ratio of 96.7% for FY19 and 103.9% for Q4 FY19</li> <li>• Recognized in the market for claims servicing</li> <li>• AUM of ₹ 17.2K crore</li> <li>• Solvency ratio of 255% , well above regulatory solvency margin of 150%</li> </ul>	<ul style="list-style-type: none"> <li>• Amongst top 5 private players as of FY19 on new business</li> <li>• Diversified distribution mix consisting of agency, bank assurance, other partners, direct etc.</li> <li>• Deep pan India distribution reach of 600+ branches</li> <li>• AUM of ₹ 56.6K crore as on 31 March 19</li> <li>• Networth of ₹ 9.65K crore as on 31 March 19</li> <li>• One of the most profitable private life insurers in India</li> <li>• Solvency ratio of 804%</li> </ul>

“Non bank with strategy & structure of a bank”

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

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

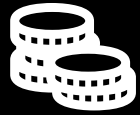
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“**Business construct to deliver** a sustainable ROA of 3% and ROE of 18-20% in the medium term”

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

# Our general long term guidance on financial metrics



AUM growth  
in corridor of  
25%-27%



Profit growth  
in corridor of  
22%-23%



GNPA  
in corridor of  
1.4%-1.7%



NNPA  
in corridor of  
0.4%-0.7%



Return on assets  
in corridor of  
3.3%-3.5%



Return on equity  
in corridor of  
18%-20%

# 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 36.94 MM and cross sell client base of 21.85 MM

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

Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity

A well diversified balance sheet

Consolidated lending AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 39%: 8%: 13%: 11%: 29%  
Consolidated borrowing mix for Banks: Money Markets: Deposits stood at 37%: 50%: 13%

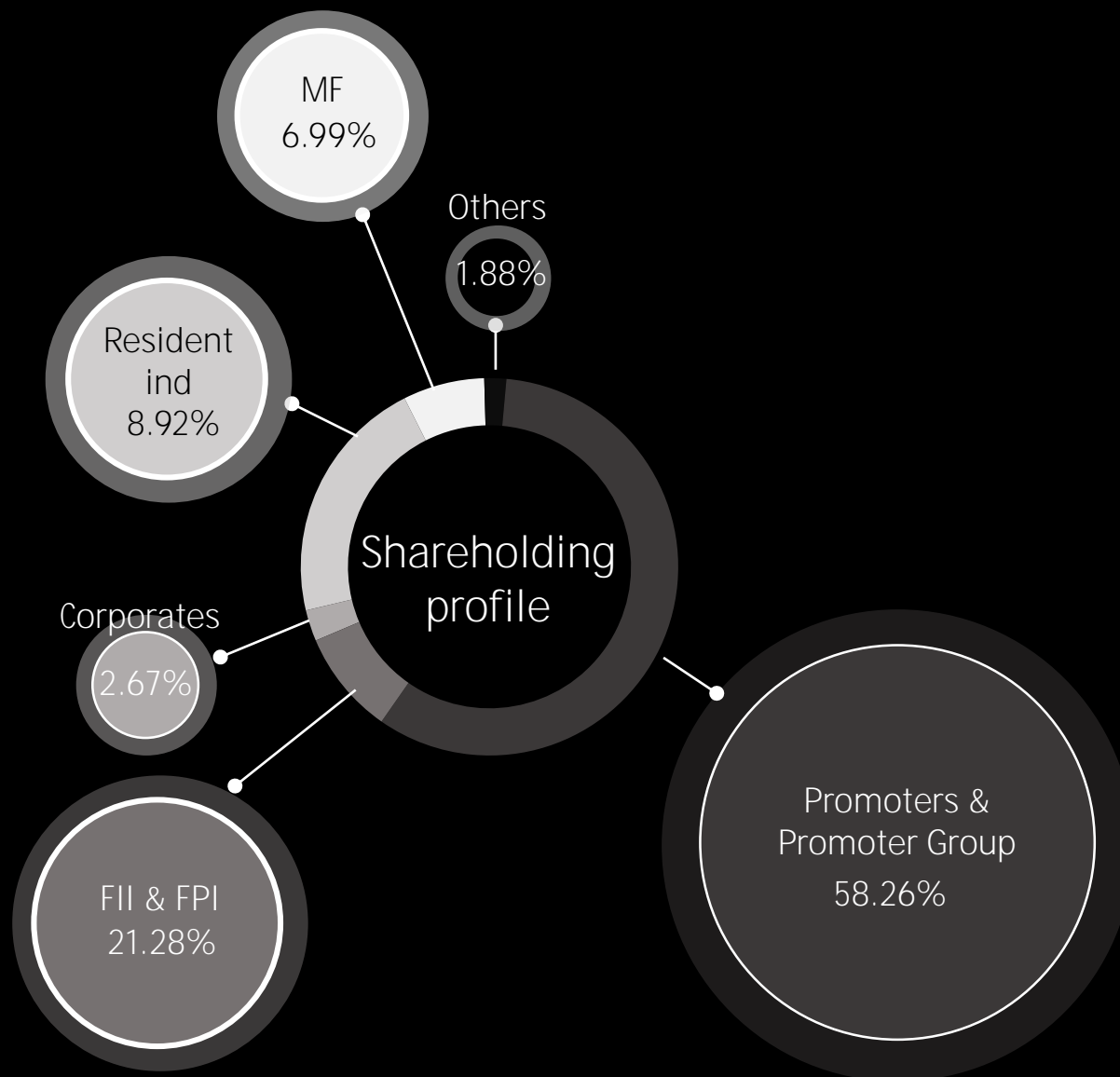
Highly agile & innovative

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

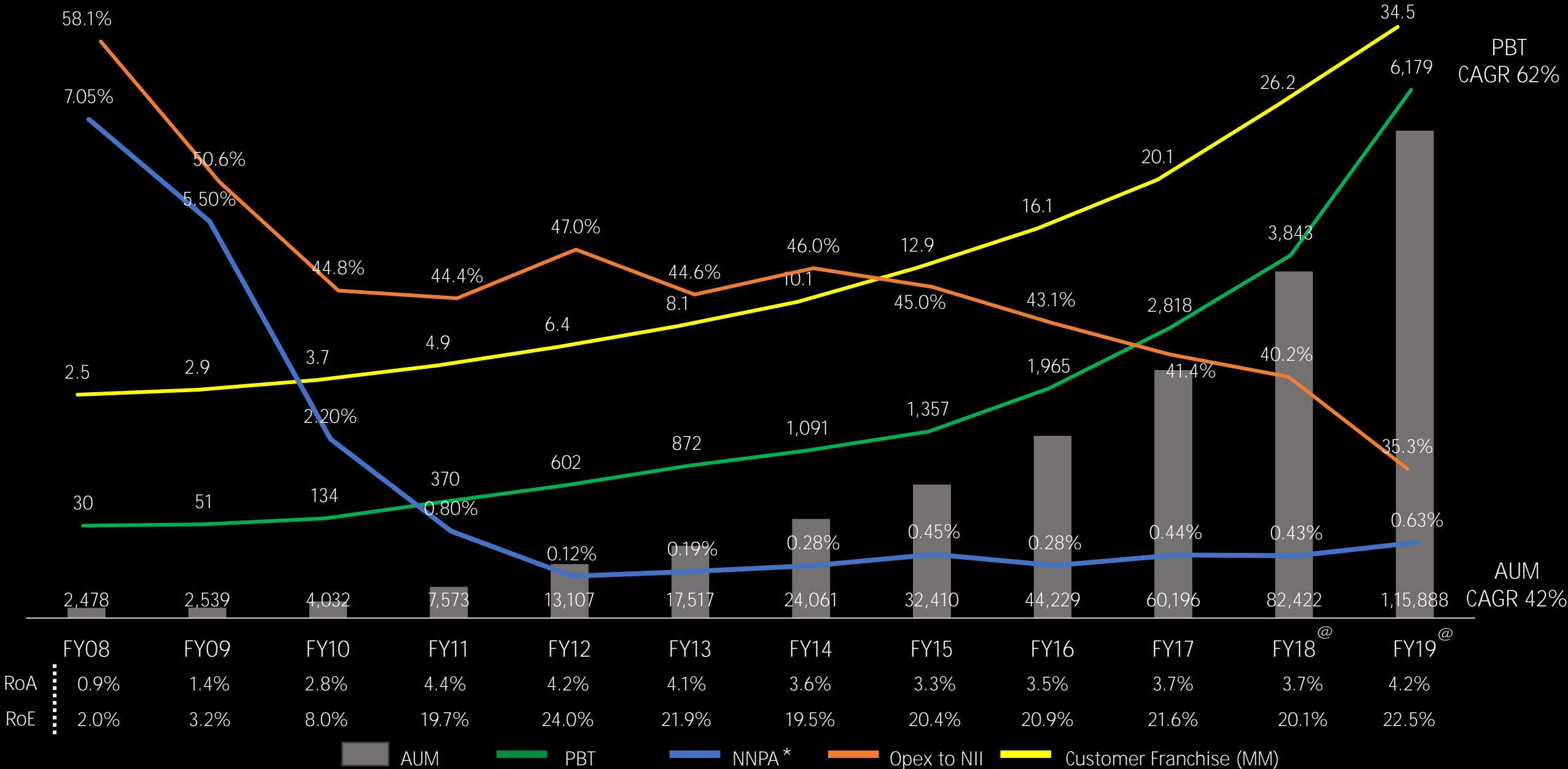
# Our Shareholder profile



## Top 20 investors & their holdings

S.No	Name of Shareholder	As on 30 Jun 19	As on 31 Mar 19	As on 30 Jun 18
1	BAJAJ FINSERV LTD	54.81%	54.99%	54.99%
2	GOVERNMENT OF SINGAPORE	3.74%	3.68%	3.54%
3	MAHARASHTRA SCOOTERS LTD.	3.27%	3.28%	3.28%
4	STEADVIEW CAPITAL MAURITIUS LTD.	1.26%	1.26%	0.96%
5	AXIS LONG TERM EQUITY FUND	0.89%	0.87%	0.66%
6	NEW HORIZON OPPORTUNITIES MASTER FUND	0.80%	0.80%	0.80%
7	NEW WORLD FUND INC.	0.58%	0.62%	0.56%
8	SMALLCAP WORLD FUND INC	0.56%	0.56%	0.91%
9	SBI ETF NIFTY 50	0.47%	0.45%	0.35%
10	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.47%	0.46%	0.42%
11	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.47%	0.48%	0.48%
12	SBI EQUITY HYBRID FUND	0.43%	0.43%	0.34%
13	BFL EMPLOYEE WELFARE TRUST	0.42%	0.19%	0.38%
14	NOMURA INDIA INVESTMENT FUND	0.38%	0.38%	0.56%
15	SBI LIFE INSURANCE CO. LTD	0.36%	0.41%	0.36%
16	UTI – EQUITY FUND	0.35%	0.40%	0.45%
17	GOVERNMENT PENSION FUND GLOBAL	0.33%	0.22%	0.09%
18	ISHARES INDIA INDEX MAURITIUS COMPANY	0.32%	0.31%	0.32%
19	MOTILAL OSWAL MOST FOCUSED MULTICAP 35 FUND	0.31%	0.31%	0.50%
20	AXIS FOCUSED 25 FUND	0.31%	0.37%	0.19%

# 12 year financial snapshot



<sup>@</sup> All figures including FY17 are as per previous GAAP, whereas for FY18 and FY19 are as per 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

## BAJAJ FINANCE LIMITED

Consumer	SME	Commercial	Rural	Deposits	Partnerships & Services
<ul style="list-style-type: none"> <li>• Consumer Durable Loans</li> <li>• Digital Product Loans <sup>(E)</sup></li> <li>• Lifestyle Product Loans</li> <li>• Lifecare financing</li> <li>• EMI Cards</li> <li>• EMI cards - Retail Spend Financing</li> <li>• 2-Wheeler &amp; 3-Wheeler Loans</li> <li>• Personal Loan Cross-Sell</li> <li>• Salaried Personal Loans <sup>(E)</sup></li> <li>• E-Commerce - Consumer Finance</li> <li>• Retailer Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Unsecured Working Capital Loans <sup>(E)</sup></li> <li>• Loans to Professionals <sup>(E)</sup></li> <li>• Secured Enterprise Loans</li> <li>• Used-car financing</li> </ul>	<ul style="list-style-type: none"> <li>• Securities Lending</li> <li>• Large Value Lease Rental Discounting</li> <li>• Auto Component Manufacturer Lending</li> <li>• Financial Institutions Lending</li> <li>• Light Engineering Lending</li> <li>• Specialty Chemicals Lending</li> <li>• Corporate Finance Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Durable Loans</li> <li>• Digital Product Loans</li> <li>• Lifestyle Product Loans</li> <li>• Personal Loans Cross Sell</li> <li>• Salaried Personal Loans</li> <li>• Gold Loans</li> <li>• Loans to Professionals</li> </ul>	<ul style="list-style-type: none"> <li>• Retail Term Deposits</li> <li>• Corporate Term Deposits</li> </ul>	<ul style="list-style-type: none"> <li>• Life Insurance Distribution</li> <li>• General Insurance Distribution</li> <li>• Health Insurance Distribution</li> <li>• Co-Branded Credit Card</li> <li>• Co-Branded Wallet</li> <li>• Financial Fitness Report</li> </ul>

## BAJAJ HOUSING FINANCE LIMITED

<ul style="list-style-type: none"> <li>• Salaried Home Loans <sup>(E)</sup></li> <li>• Salaried Loan Against Property</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Against Property</li> <li>• Self Employed Home Loans</li> <li>• Lease Rental Discounting</li> </ul>	<ul style="list-style-type: none"> <li>• Developer Finance</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Against Property</li> <li>• Home Loans</li> <li>• Secured Enterprise Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Property search services</li> <li>• Property Fitness Report</li> </ul>
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Overview	<ul style="list-style-type: none"><li>• 32 year old non bank with a demonstrated track record of profitable growth</li><li>• Diversified financial services company focused on Consumer, Payments, Rural, SME, Commercial and Mortgages</li><li>• Focused on mass affluent client with a strategy to cross sell</li><li>• Strong focus on deposits acceptance and fee product distribution</li><li>• Present in 944 urban locations and 951 rural locations in India with over 97,000+ distribution points</li><li>• Large customer franchise of 36.94 MM with loans cross sell franchise of 21.85 MM</li><li>• Consolidated AUM mix of Consumer: Rural: SME: Commercial: Mortgages stood at 39%: 8%: 13%: 11%: 29% as of 30 June 2019</li><li>• Consolidated AUM of ₹ 1,28,898 crore as of 30 June 2019 and a post tax profit of ₹ 1,195 crore in Q1 FY20.</li><li>• Amongst the largest new loan acquirers in India (7.27 MM in Q1 FY20)</li><li>• Capital adequacy ratio (including Tier II capital) stood at 19.48% as of 30 June 2019. Tier I capital stood at 15.48%</li></ul>
Subsidiaries	<ul style="list-style-type: none"><li>• 100% shareholding in Bajaj Housing Finance Limited</li><li>• 100% shareholding in Bajaj Financial Securities Limited</li></ul>
Treasury	<ul style="list-style-type: none"><li>• Strategy is to create a balanced mix of wholesale and retail borrowings</li><li>• Consolidated borrowings of ₹ 1,12,172 crore with a mix of 37: 50: 13 between banks, money markets and deposits as of 30 June 2019</li></ul>
Credit Quality	<ul style="list-style-type: none"><li>• Consolidated Gross and Net NPA as of 30 June 2019 stood at 1.60% and 0.64%, respectively</li><li>• Provisioning coverage ratio of 61% as of 30 June 2019</li><li>• Standard assets provisioning of 86 bps (ECL stage 1 &amp; 2) under Ind AS as against requirement of ~40 bps as per RBI and NHB</li></ul>



## Overview

- Focused on Consumer, Payments, Rural, SME and Commercial 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 46%: 9%: 15%: 14%: 16% as of 30 June 2019
- AUM of ₹ 1,07,949 crore as of 30 June 2019 and a post tax profit of ₹ 1,125 crore in Q1 FY20

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## Consumer business

- Present in 944 locations with 79,000+ active distribution point of sale
- Largest consumer electronics, digital products & lifestyle products lender in India
- **Financed 51% of Bajaj Auto's domestic two-wheeler sales** in Q1 FY20 – disbursed 307K accounts
- **Financed 51% of Bajaj Auto's three-wheeler sales** in Q1 FY20 - disbursed 43K accounts
- Amongst the largest personal loan lender in India

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## Payments

- EMI Card franchise crossed 19.8 MM cards in force (CIF)
- Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 1.28 MM as of 30 June 2019
- Bajaj Finserv Mobikwik app has 10 MM active users as at 30 June 2019 who have linked their EMI card to the wallet

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## Rural business

- Highly diversified lender in rural markets offering 10 loan products across consumer and professional business categories.
- Operates with a unique hub and spoke business model
- Geographic presence across 951 towns and villages with retail presence across 15,200+ stores

- SME Business**
- Offers unsecured working capital loans to SME & self employed professionals
  - Secured offerings include enterprise loans against property and financing against used car
  - Focused on affluent SMEs (average sales of ₹ 10-12 crore) with established financials & demonstrated borrowing track record
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- Commercial business**
- 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**
- Strategy is to create a balanced mix of wholesale and retail borrowings with a focus on long term borrowings
  - Borrowings stood at ₹ 94,462 crore with a mix of 33: 51: 16 between banks, money markets and deposits as of 30 June 2019
- 

- Credit Quality**
- Gross and Net NPA as of 30 June 2019 stood at 1.89% and 0.75%, respectively
  - Provisioning coverage ratio of 61% as of 30 June 2019
  - Standard assets provisioning of 100 bps (ECL stage 1 & 2) under Ind AS as against requirement of 40 bps as per RBI
- 

- Credit Rating**
- 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 Debt Program is AAA/Stable by CRISIL, ICRA, CARE & India Ratings
  - 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



## Section 03

# Financial performance – Q1 FY20



# Financial Statement Summary – Consolidated

Financials snapshot	Q1 FY20	Q1 FY19	Y-o-Y	FY19	FY18	Y-o-Y
Assets under management	1,28,898	91,287	41%	1,15,888	82,422	41%
Assets under finance	1,25,113	87,877	42%	1,12,513	79,103	42%
Interest income	5,101	3,510	45%	16,349	11,586	41%
Fee and other income	707	428	65%	2,153	1,171	84%
<b>Total Income</b>	<b>5,808</b>	<b>3,938</b>	<b>47%</b>	<b>18,502</b>	<b>12,757</b>	<b>45%</b>
Interest expenses	2,113	1,359	55%	6,624	4,614	44%
<b>Net Interest Income</b>	<b>3,695</b>	<b>2,579</b>	<b>43%</b>	<b>11,878</b>	<b>8,143</b>	<b>46%</b>
Operating Expenses	1,293	955	35%	4,198	3,270	28%
Loan losses and provisions (ECL stage 1 & 2)	130	93	40%	260	129	102%
Loan losses and provisions (ECL stage 3 & write off)	421	234	80%	1,241	901	38%
<b>Profit before tax</b>	<b>1,851</b>	<b>1,297</b>	<b>43%</b>	<b>6,179</b>	<b>3,843</b>	<b>61%</b>
<b>Profit after tax</b>	<b>1,195</b>	<b>836</b>	<b>43%</b>	<b>3,995</b>	<b>2,496</b>	<b>60%</b>
<b>Ratios</b>						
Total Opex to Net Interest Income	35.0%	37.0%		35.3%	40.2%	
Loan loss to AUM*	0.43%	0.36%		1.30%	1.25%	
Earning per share - Basic (₹) *	20.7	14.5		69.3	44.4	
Return on Average Assets*	1.0%	1.0%		4.2%	3.7%	
Return on Average Equity *	5.9%	5.1%		22.5%	20.1%	

\* Not annualized

 Section 04



Asset liability management



# Behaviouralized ALM snapshot as on 30 June 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	5,586	2	2	5	84	208	1,108	4,175	11,171
Advances	10,134	5,845	5,586	13,967	18,288	35,013	13,328	4,694	1,06,854
Other inflows	1,961	62	62	527	818	3,964	698	1,345	9,436
<b>Total Inflows (A)</b>	<b>17,681</b>	<b>5,909</b>	<b>5,650</b>	<b>14,499</b>	<b>19,190</b>	<b>39,185</b>	<b>15,133</b>	<b>10,214</b>	<b>1,27,460</b>
<b>Cumulative Total Inflows (B)</b>	<b>17,681</b>	<b>23,590</b>	<b>29,240</b>	<b>43,739</b>	<b>62,929</b>	<b>1,02,114</b>	<b>1,17,247</b>	<b>1,27,460</b>	
Borrowings	6,253	4,856	1,942	2,916	16,095	26,140	12,034	11,311	81,547
Capital and Reserves and Surplus	-	-	-	-	-	-	-	21,917	21,917
Other Outflows	6,446	909	849	3,897	4,775	5,758	1,301	62	23,996
<b>Total Outflows (C)</b>	<b>12,699</b>	<b>5,766</b>	<b>2,792</b>	<b>6,812</b>	<b>20,870</b>	<b>31,898</b>	<b>13,335</b>	<b>33,290</b>	<b>1,27,460</b>
<b>Cumulative Total Outflows (D)</b>	<b>12,699</b>	<b>18,464</b>	<b>21,256</b>	<b>28,069</b>	<b>48,938</b>	<b>80,836</b>	<b>94,170</b>	<b>1,27,460</b>	
E. Mismatch (A-C)	4,983	143	2,858	7,687	(1,680)	7,287	1,799	(23,076)	
F. Cumulative mismatch (B-D)	4,983	5,125	7,984	15,670	13,991	21,278	23,076	0	
Cumulative Gap as a % (F/D)	39%	28%	38%	56%	29%	26%	25%	0%	
Permissible cumulative GAP %	-15%					-15%			
Additional borrowings possible	8,102					25,083			

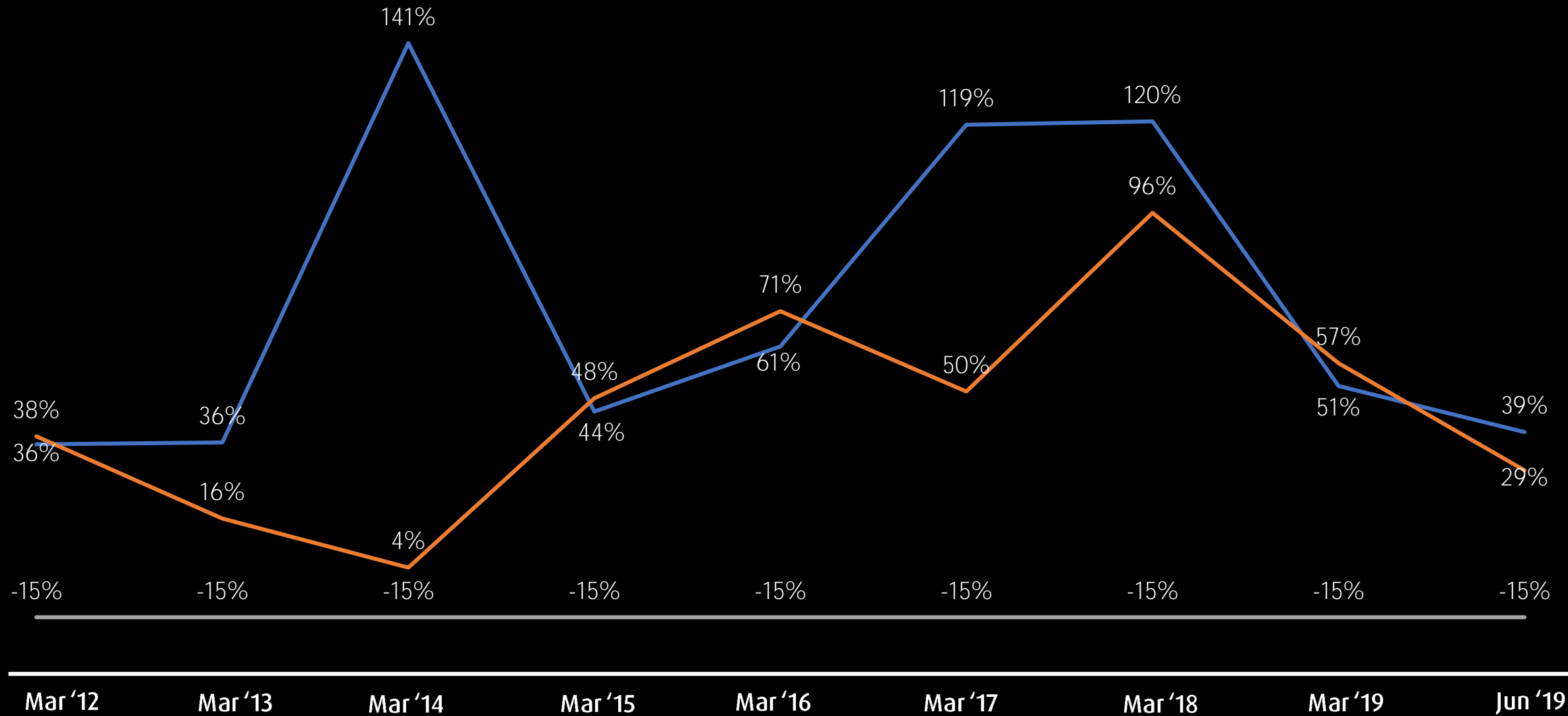
As per previous GAAP

\*Other inflows include fixed assets, tax paid in advance, interest and income receivable, line of credit committed by other institutions

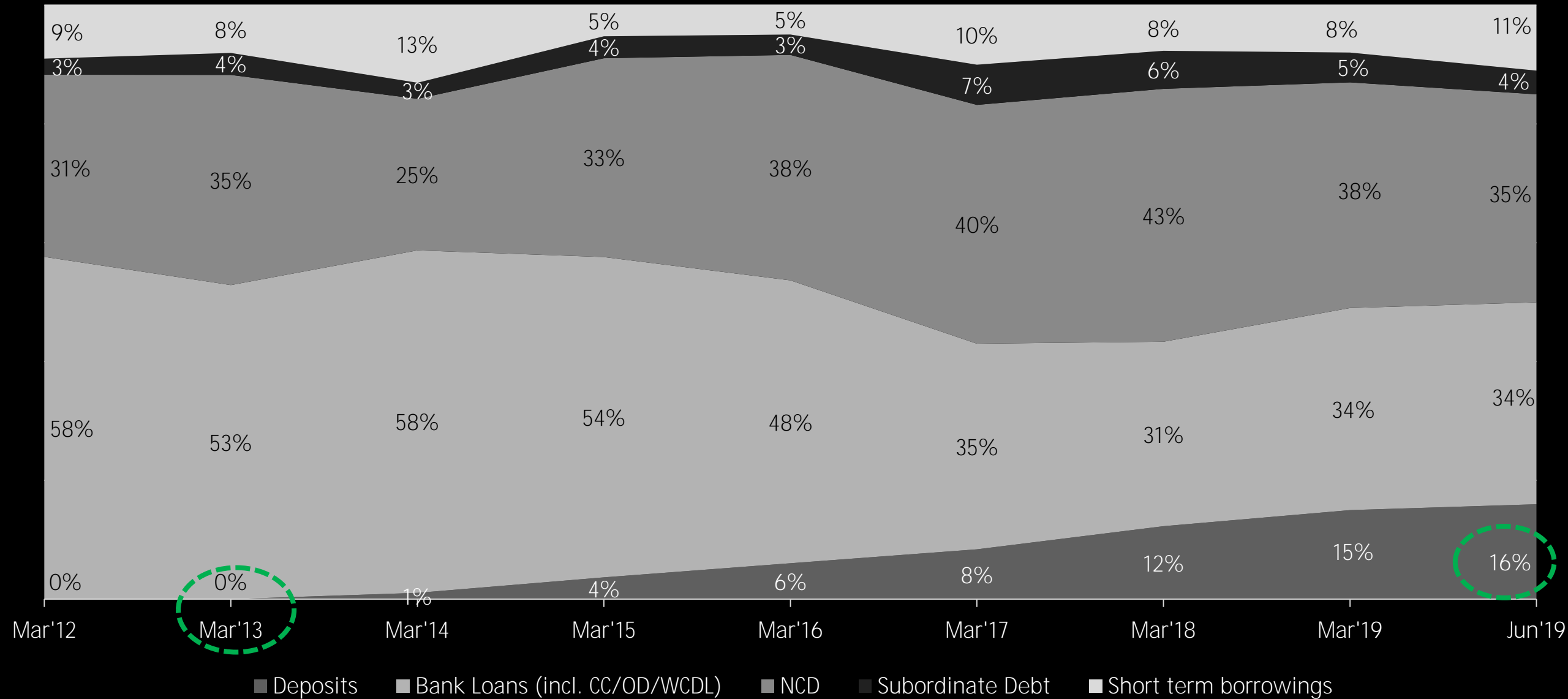
\*Other outflows include deposits, sundry creditors, interest payable on bonds / deposits, loan commitments pending disbursement, lines of credit committed to other institutions

# Disciplined ALM Management over the last 8 years

— Cumulative gap upto 1m    — Cumulative gap upto 12m    — Permissable limit



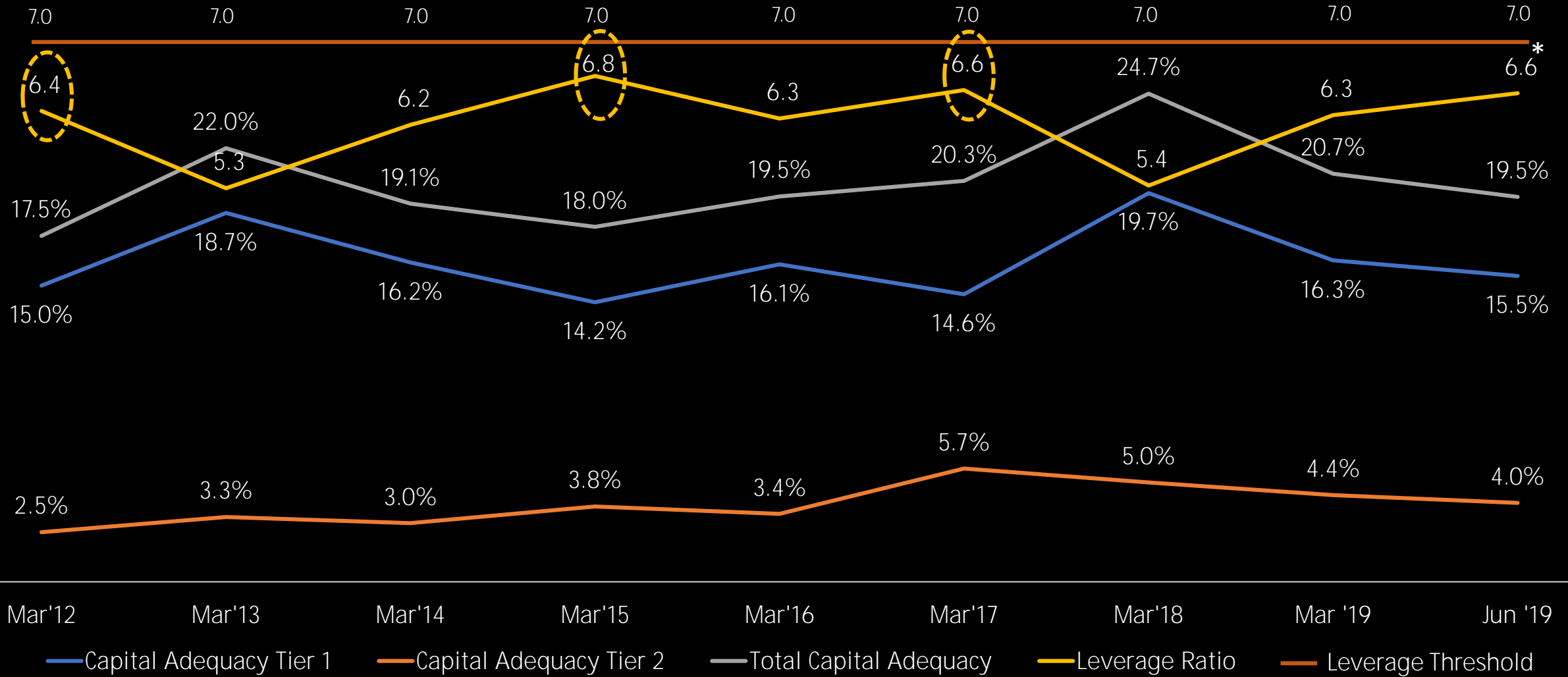
# Liability mix over the last 8 years..



\*Standalone borrowing mix



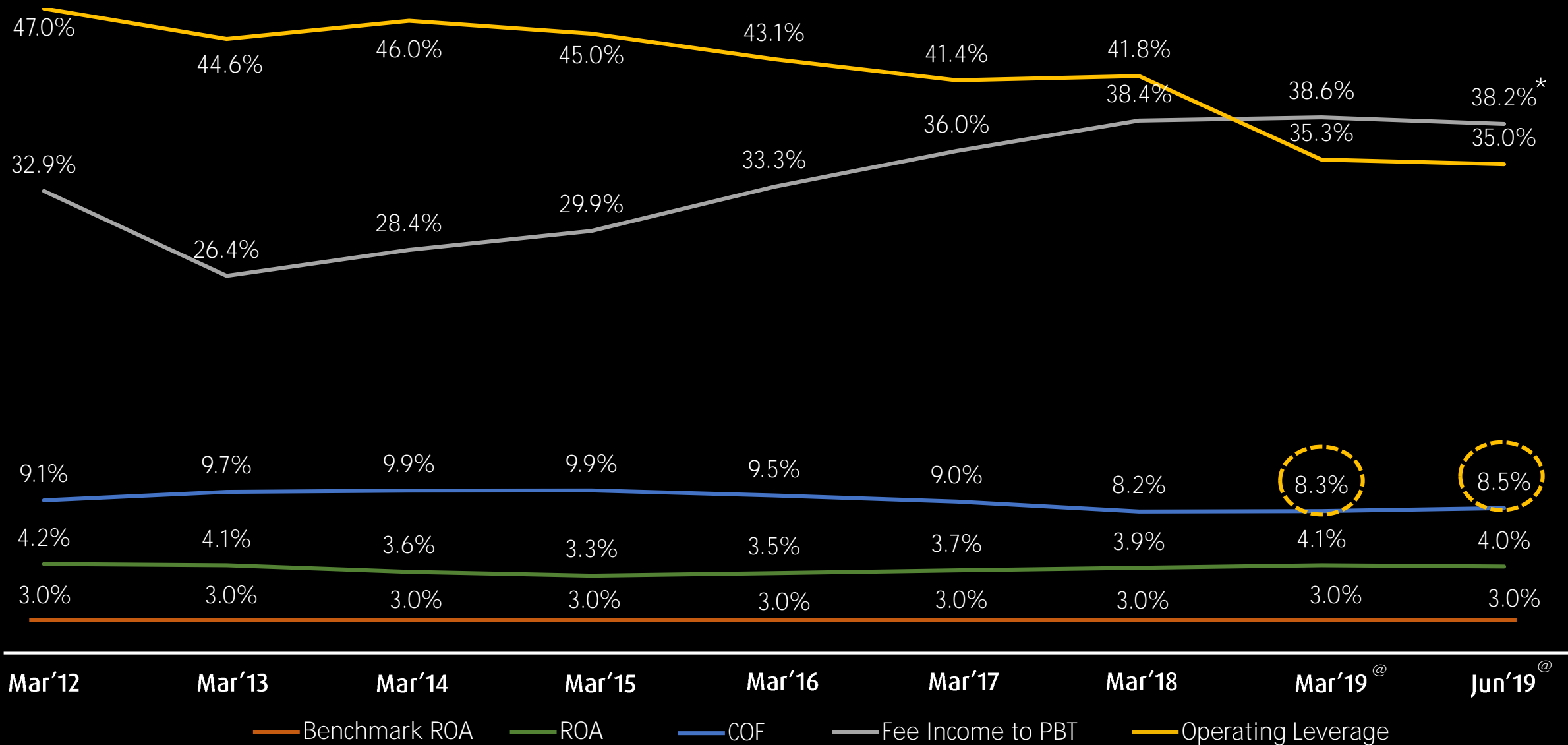
# Conservative leverage standards



\* Standalone leverage is approximately 5.8X

 denotes point when the Company initiated its capital raising plan

# Resilient business model



\* Fee Income includes Service and Admin charges, Penal Income, Foreclosure Income and Misc charges and receipts  
 @ Mar'19 & Jun'19 numbers are as per Ind AS for FY19 & 3M FY20 respectively



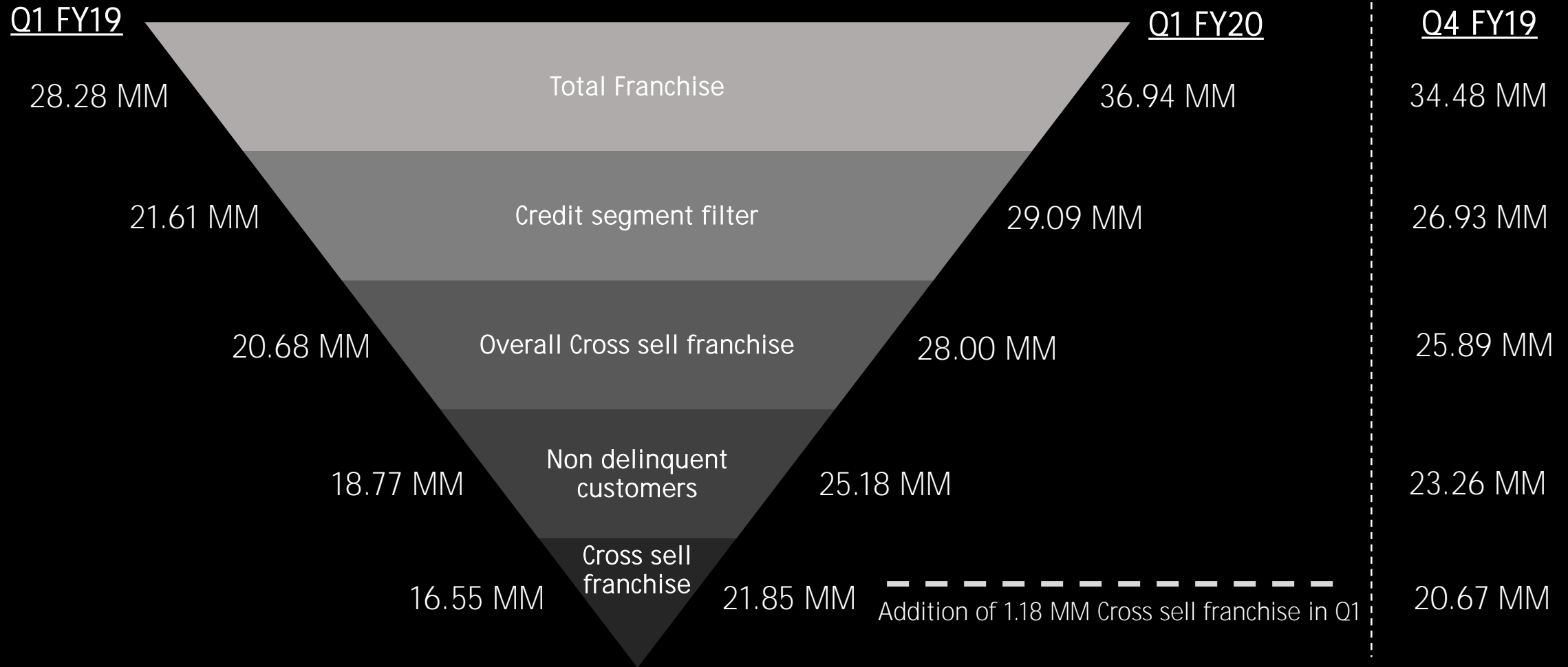
## Section 05



# Customer franchise and distribution reach



# Customer franchise

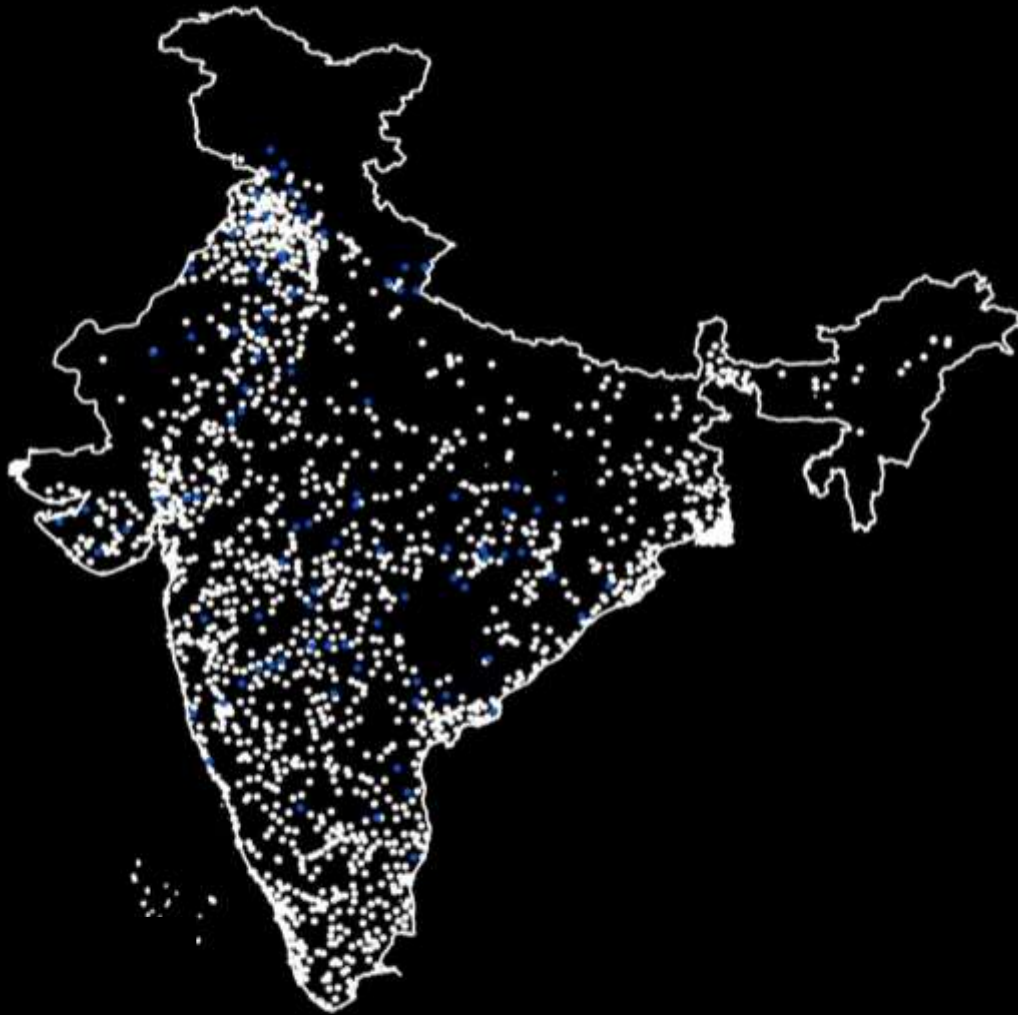


## New to Bajaj Finance Customers



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

# Geographic presence



Map not to scale

Blue dots represent newly opened locations

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

# Strong distribution reach

Active distribution – point of sale	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	30 Jun 2019
Consumer durable stores – Urban	9,400+	14,000+	15,500+	20,400+	22,000+
Consumer durable stores – Rural	3,200+	5,500+	8,200+	14,500+	15,200+
Digital product stores	5,200+	5,900+	15,900+	22,500+	23,100+
Lifestyle retail stores	3,200+	3,900+	6,000+	7,700+	8,300+
EMI card – retail spends stores	-	5,600+	12,100+	19,100+	20,700+
Bajaj Auto dealers, sub-dealerships and ASSC	3,000+	3,200+	3,900+	4,600+	4,900+
Direct Sales Agents	800+	1,500+	2,100+	2,800+	2,800+
Overall active distribution network	24,800+	39,600+	64,300+	91,700+	97,000+
Fixed deposit - independent financial advisors	300+	560+	1,000+	2,300+	2,900+

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

## Section 06

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

# Business segment wise AUM as of 30 June 2019

Assets Under Management	Standalone as of 30 Jun 2019	BHFL as of 30 Jun 2019	Consolidated as of 30 Jun 2019	Consolidated as of 30 Jun 2018	Growth	Composition as of 30 Jun 2019
Consumer B2B -Auto Finance Business	10,908	-	10,908	6,749	62%	8%
Consumer B2B - Sales Finance Businesses	14,086	-	14,086	11,392	24%	11%
Consumer B2C Businesses	24,303	586	24,889	16,874	48%	19%
Rural B2B Business	2,383	-	2,383	1,613	48%	2%
Rural B2C Business	7,961	-	7,961	4,835	65%	6%
SME Business	16,229	105	16,334	12,012	36%	13%
Securities Lending Business	9,085	-	9,085 <sup>#</sup>	7,006	30%	7%
Commercial Lending Business	5,878	-	5,878	4,983	18%	5%
Mortgages	17,116	21,054	37,374	25,823	45%	29%
<b>Total</b>	<b>1,07,949</b>	<b>21,745</b>	<b>1,28,898*</b>	<b>91,287</b>	<b>41%</b>	<b>100%</b>
Credit Card – CIF			1,285 K	508 K	153%	
EMI Card – CIF			19.8 MM	14.2 MM	39%	
Wallets			10 MM	2.2 MM	-	

\*Adjusted for IPO financing book of ₹ 2,558 crore, AUM stood at ₹ 1,26,340 crore with a growth of 38%

# Adjusted for IPO financing book of ₹ 2,558 crore, securities lending book stood at ₹ 6,527 with a degrowth of 7%



 Section 07

 Bajaj Housing Finance Limited  
Overview

## Bajaj Housing Finance Limited

- Bajaj Housing Finance Limited is a 100% subsidiary of Bajaj Finance Limited, registered with National Housing Bank as a Housing Finance Company
- It 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 developers.
- Focused on mass affluent and above customer (salaried and self employed)
- The company has ₹ 21,745 crore of assets under management as of 30 June 2019 and it delivered a post tax profit of ₹ 70 crore for Q1 FY20
- Capital adequacy ratio of BHFL (including Tier II capital) stood at 23.17%

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## Home Loans

- Offers home loan with an average ticket size of approximately 37 lakhs
- Focused on developing the B2B business in home loans by leveraging existing developer finance relationships and through tie-ups with new project launches
- Currently present across top 44 locations in India

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## Loan Against Property

- Offers loans to mass affluent and above self employed customers with an average ticket size of approximately 27 lakhs
- Strategy is to sell LAP product to existing customers only via direct to customer channel
- Currently present across top 30 locations in India

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## Lease Rental Discounting

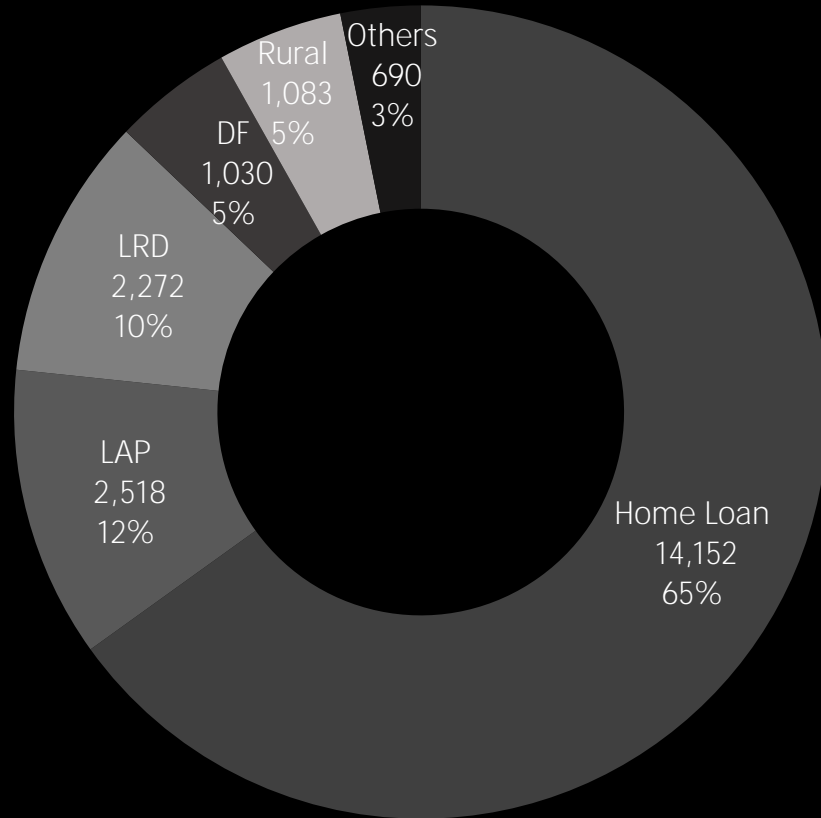
- Offers loan against lease rentals on commercial property to high net worth individuals and developers and all LRD transactions are backed by rentals through escrow mechanism
- Ticket size of lease rental discounting ranges from 5 - 100 crore with an average ticket size of approximately 20 crore
- Currently present across top 8 locations in India (Mumbai, Delhi, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, Hyderabad)

Developer Finance	<ul style="list-style-type: none"><li>• Offers construction finance and inventory finance mainly to category A and A+ developers in India</li><li>• Average ticket size ranges between 15 – 35 crore</li><li>• Currently present in 8 locations (Mumbai, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, Hyderabad, Surat)</li></ul>
Credit Quality	<ul style="list-style-type: none"><li>• 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 June 2019 stood at 0.06% and 0.04% respectively</li></ul>
Treasury	<ul style="list-style-type: none"><li>• Strategy is to create a balanced and sustained mix of borrowings</li><li>• Borrowings stood at ₹ 17,710 crore with a mix of 52 : 48 between banks and money markets as of 30 June 2019</li></ul>
Credit Rating	<ul style="list-style-type: none"><li>• Credit rating for Long Term Debt Program is AAA/Stable by CRISIL &amp; Ind AAA/Stable by India Ratings</li><li>• Credit rating for Short Term Debt Program is A1+ by CRISIL &amp; Ind A1+ by India Rating</li></ul>

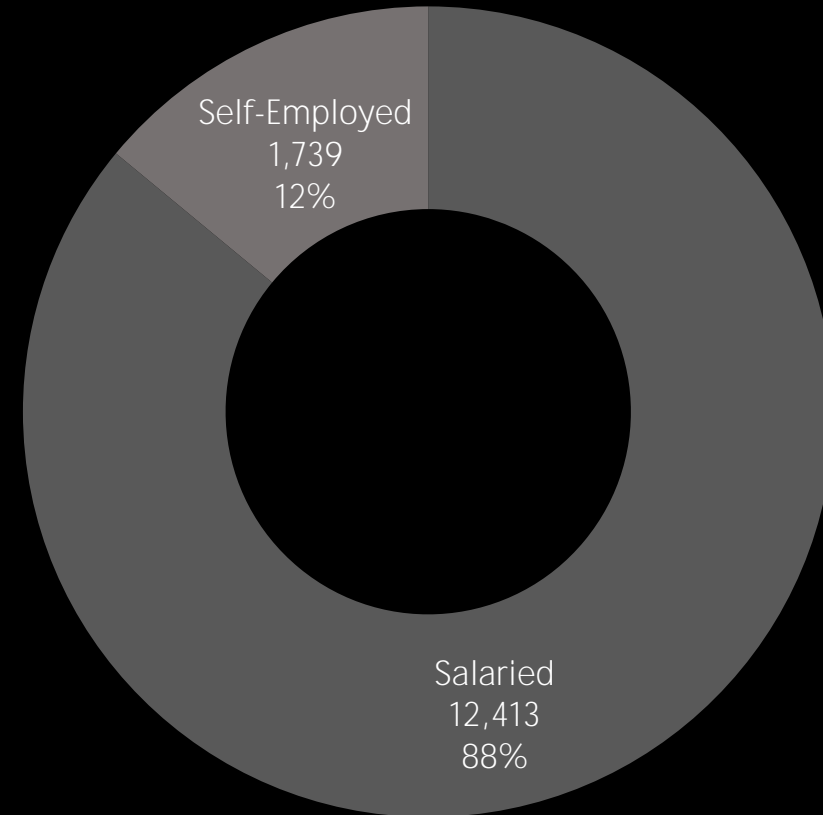
# Portfolio Composition – Bajaj Housing Finance Limited

₹ in Crore

## Product Category



## Home Loan Portfolio Customer Categorisation



Salaried focused Home Loans acquisition strategy (93% of Q1 FY20 acquisition)

# Customer Profile – Bajaj Housing Finance Limited

	Home Loan	Loan Against Property
Average Loan Size – Overall	37 lakhs	27 lakhs
Average Loan Size – Urban	39 lakhs	45 lakhs
Average Loan Size – Rural	18 lakhs	11 lakhs
LTV (at origination)	69%	49%
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	Q1 FY20	Q1 FY19	FY19	FY18
Asset under management	21,745	7,232	17,562	3,570
Asset under financing	20,449	7,232	17,332	3,570
Interest income	457	115	998	74
Fees and other income	57	31	158	32
<b>Total Income</b>	<b>514</b>	<b>146</b>	<b>1,156</b>	<b>106</b>
Interest expenses	316	69	685	47
<b>Net Interest income (NII)</b>	<b>198</b>	<b>77</b>	<b>471</b>	<b>59</b>
Operating expenses	82	70	297	44
Loan losses and provisions (ECL stage 1 & 2)	8	6	21	4
Loan losses and provisions (ECL stage 3 & write off)	1	0	4	0
<b>Profit before tax</b>	<b>107</b>	<b>1</b>	<b>149</b>	<b>11</b>
<b>Profit after tax</b>	<b>70</b>	<b>2</b>	<b>110</b>	<b>10</b>
<b>Ratios</b>	<b>Q1 FY20</b>	<b>Q1 FY19</b>	<b>FY19</b>	<b>FY18</b>
Total Opex to Net Interest Income	41.4%	90.9%	63.1%	74.0%
Loan loss to AUM*	0.0%	0.1%	0.1%	0.1%
Return on Average Assets*	0.4%	0.0%	1.1%	0.5%
Return on Average Equity*	1.9%	0.1%	4.2%	1.1%

\* Not annualized

# ECL summary – Bajaj Housing Finance Limited

ECL categorization	Jun '18	Sep '18	Dec '18	Mar'19	Jun'19
Stage 1 & 2 (represents standard assets)	100.00%	99.98%	99.97%	99.95%	99.94%
Stage 3 (represents GNPA)	0.00%	0.02%	0.03%	0.05%	0.06%

## Summary of stage wise assets and ECL provisioning

₹ in Crore

Assets & ECL provision	Jun '18	Sep '18	Dec '18	Mar'19	Jun'19
Gross Stage 1 & 2 assets	7,260	10,701	14,004	17,363	20,517
ECL Provision Stage 1 & 2	10	14	20	26	34
Net Stage 1 & 2 assets	7,250	10,687	13,984	17,337	20,483
ECL Provision % Stage 1 & 2 assets	0.14%	0.13%	0.14%	0.15%	0.16%
Gross Stage 3 assets	0.3	2.1	4.0	9.5	12.0
ECL Provision Stage 3	0.1	0.5	1.0	3.4	4.2
Net Stage 3 assets	0.2	1.6	3.0	6.1	7.8
Coverage Ratio % Stage 3 assets	33.33%	23.80%	25.00%	35.79%	35.00%
ECL/Total Assets	0.14%	0.14%	0.15%	0.17%	0.18%

# Behaviouralized ALM snapshot as on 30 June 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	1,396	-	-	-	-	-	-	-	-	-	1,396
Advances	350	208	204	603	1,140	4,107	2,854	2,092	2,595	6,411	20,565
Trade Receivable & Others	3,366	-	-	-	-	33	-	-	-	41	3,440
<b>Total Inflows (A)</b>	<b>5,113</b>	<b>208</b>	<b>204</b>	<b>603</b>	<b>1,140</b>	<b>4,140</b>	<b>2,854</b>	<b>2,092</b>	<b>2,595</b>	<b>6,452</b>	<b>25,401</b>
<b>Cumulative Total Inflows (B)</b>	<b>5,113</b>	<b>5,321</b>	<b>5,525</b>	<b>6,128</b>	<b>7,268</b>	<b>11,408</b>	<b>14,262</b>	<b>16,355</b>	<b>18,950</b>	<b>25,401</b>	
Borrowings repayment	1,541	842	1,020	304	1,154	8,086	4,607	356	-	-	17,909
Capital Reserves and Surplus	-	-	-	-	-	-	-	-	-	3,718	3,718
Other Outflows	830	-	27	6	14	2,804	-	0	-	93	3,774
<b>Total Outflows (C)</b>	<b>2,370</b>	<b>842</b>	<b>1,047</b>	<b>310</b>	<b>1,168</b>	<b>10,890</b>	<b>4,607</b>	<b>356</b>	<b>0</b>	<b>3,811</b>	<b>25,401</b>
<b>Cumulative Total Outflows (D)</b>	<b>2,370</b>	<b>3,212</b>	<b>4,259</b>	<b>4,569</b>	<b>5,737</b>	<b>16,627</b>	<b>21,234</b>	<b>21,590</b>	<b>21,590</b>	<b>25,401</b>	
<b>E. GAP (A - C)</b>	<b>2,742</b>	<b>(633)</b>	<b>(843)</b>	<b>293</b>	<b>(28)</b>	<b>(6,750)</b>	<b>(1,752)</b>	<b>1,736</b>	<b>2,595</b>	<b>2,641</b>	
<b>F. Cumulative GAP (B-D)</b>	<b>2,742</b>	<b>2,109</b>	<b>1,266</b>	<b>1,559</b>	<b>1,531</b>	<b>(5,220)</b>	<b>(6,972)</b>	<b>(5,236)</b>	<b>(2,641)</b>	<b>0</b>	
<b>Cumulative GAP as % (F/D)</b>	<b>116%</b>	<b>66%</b>	<b>30%</b>	<b>34%</b>	<b>27%</b>	<b>(31%)</b>	<b>(33%)</b>	<b>(24%)</b>	<b>(12%)</b>	<b>0%</b>	
Permissible cumulative GAP %	-15%				-15%						
Additional borrowings possible	3,629				2,812						

As per previous GAAP

\*Other inflows include fixed assets, tax paid in advance, interest and income receivable, line of credit committed by other institutions

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



## Section 08

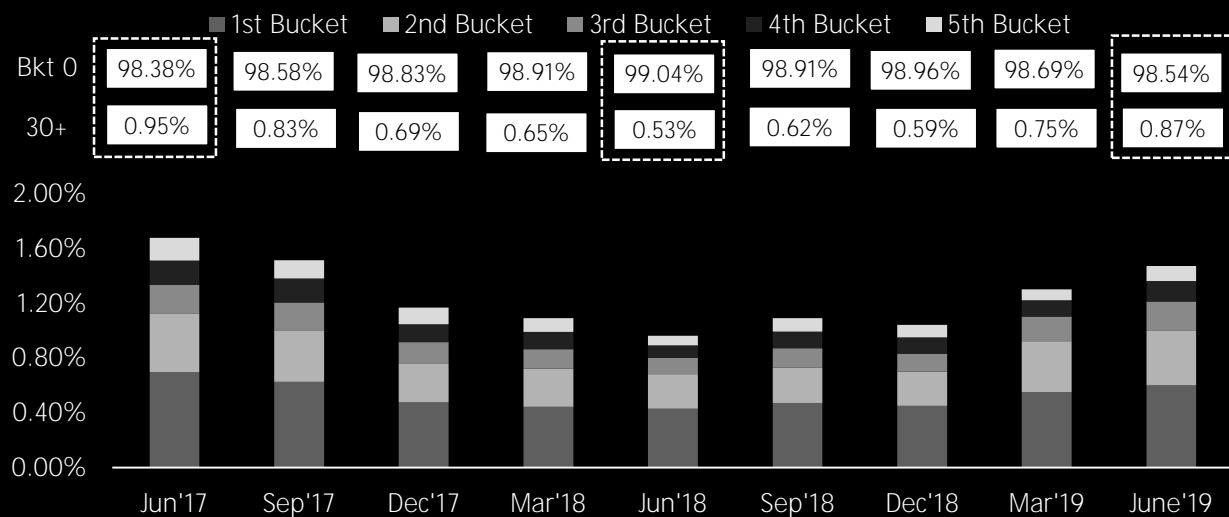


Update on credit quality

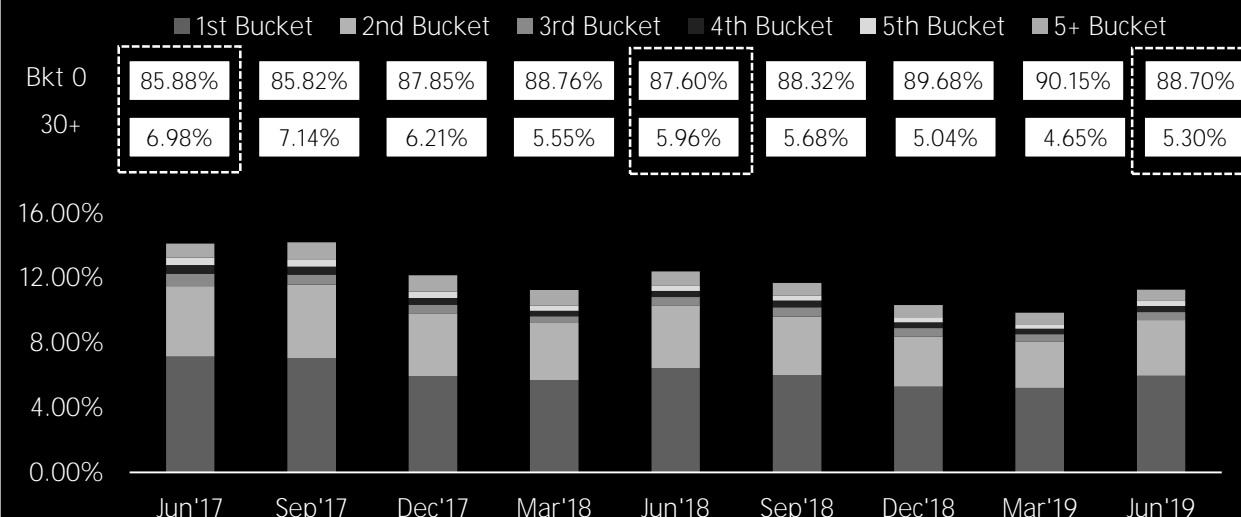


# Credit quality – Portfolio composition

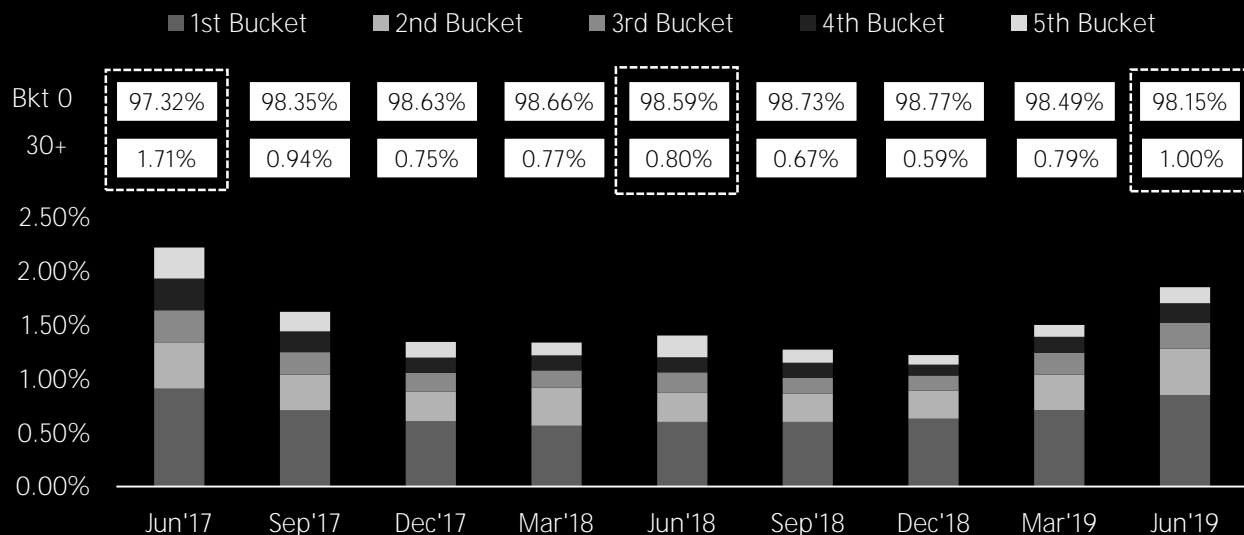
## Consumer durable



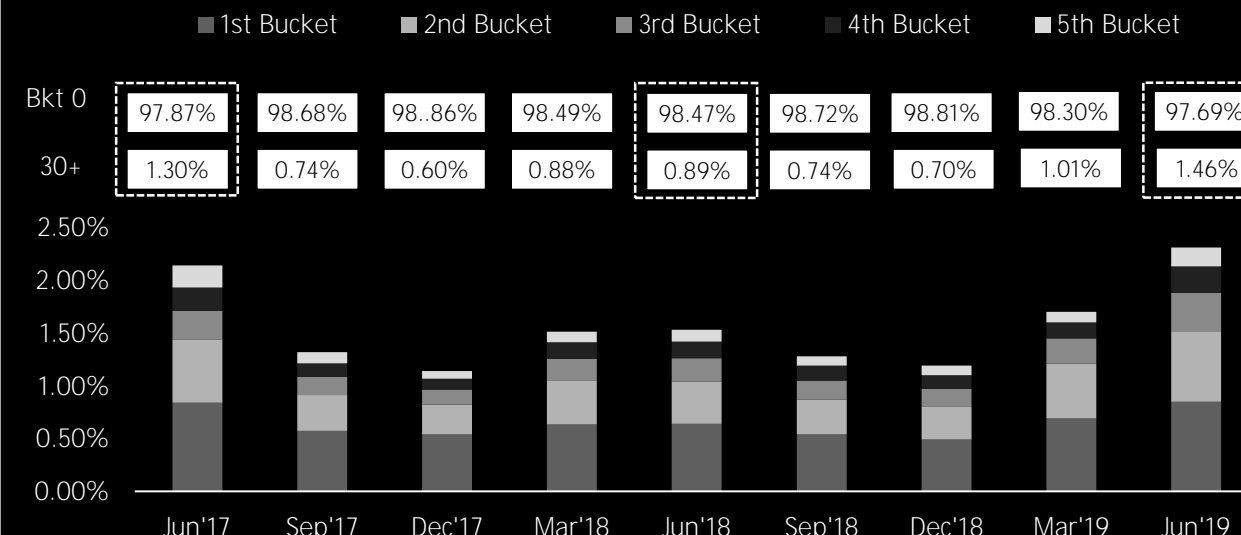
## Two & three wheeler



## Lifestyle

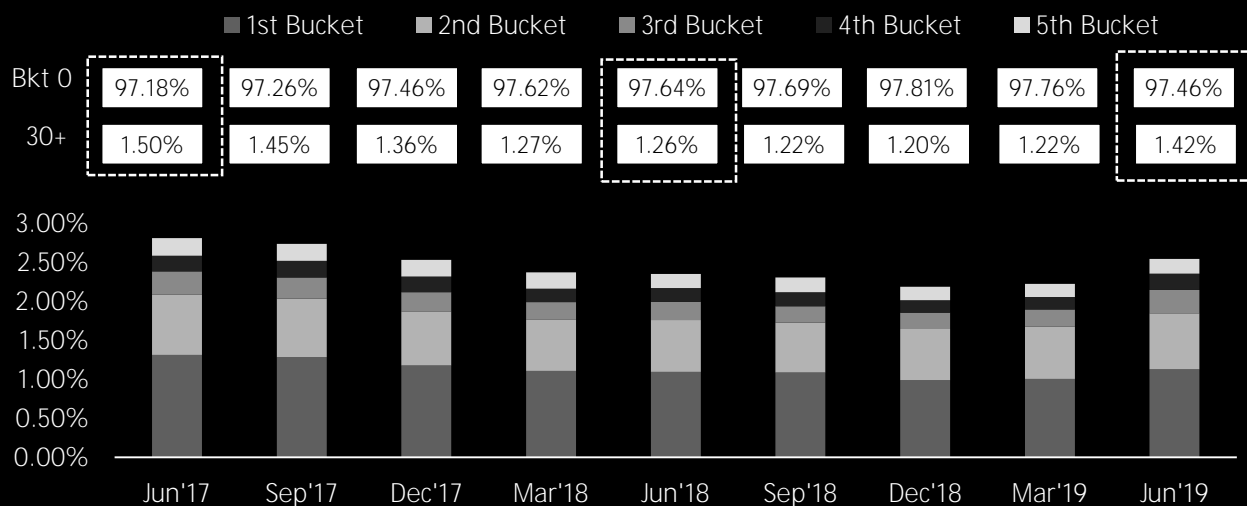


## Digital product

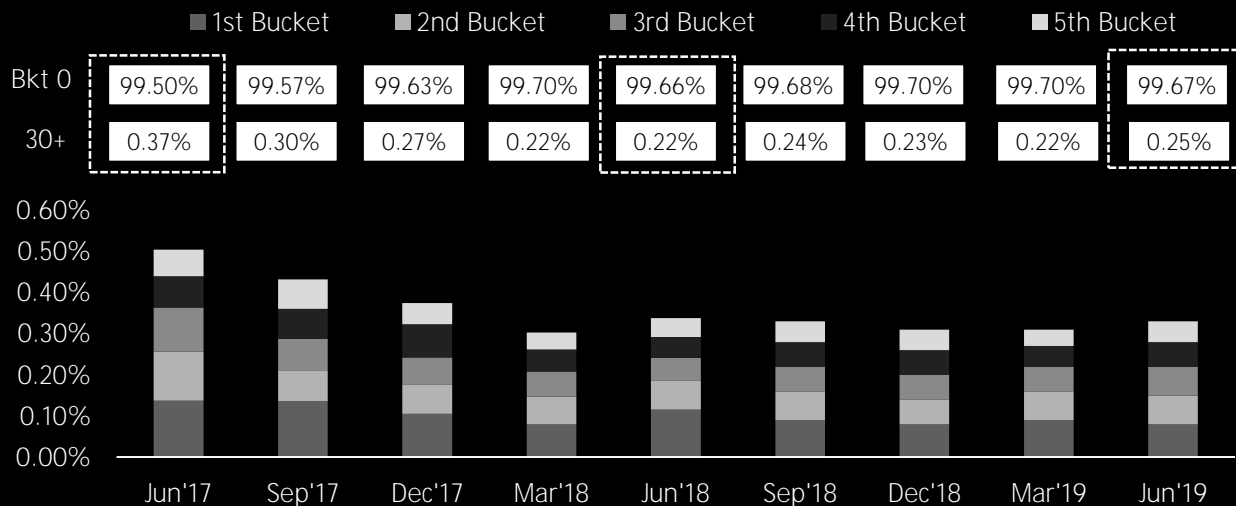


# Portfolio Credit quality – Including BHFL

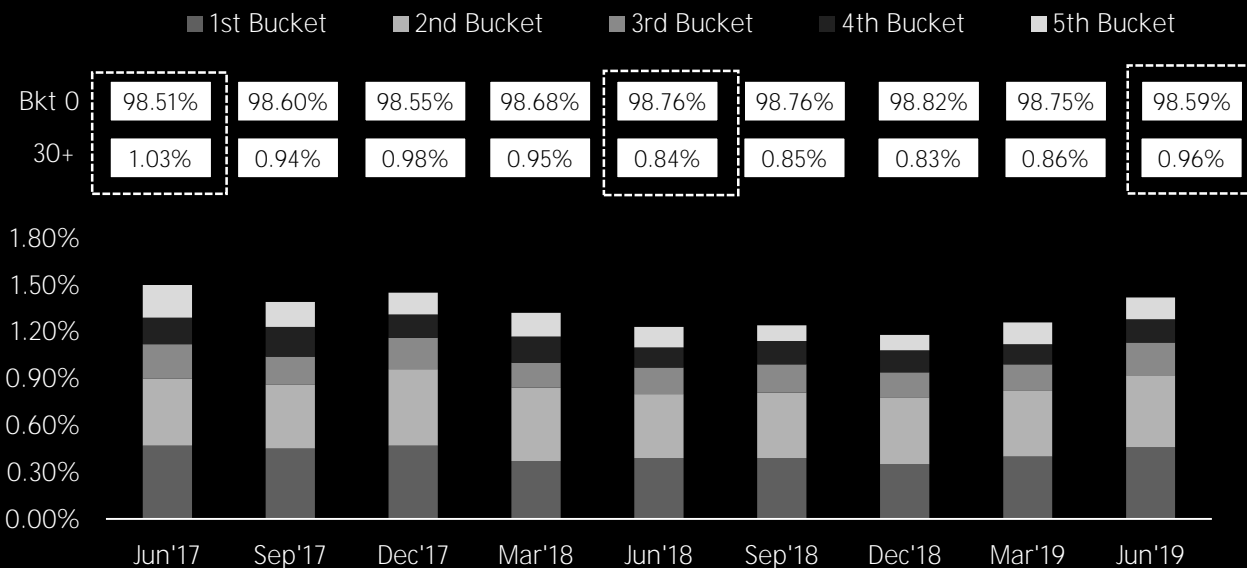
## Personal loans cross sell



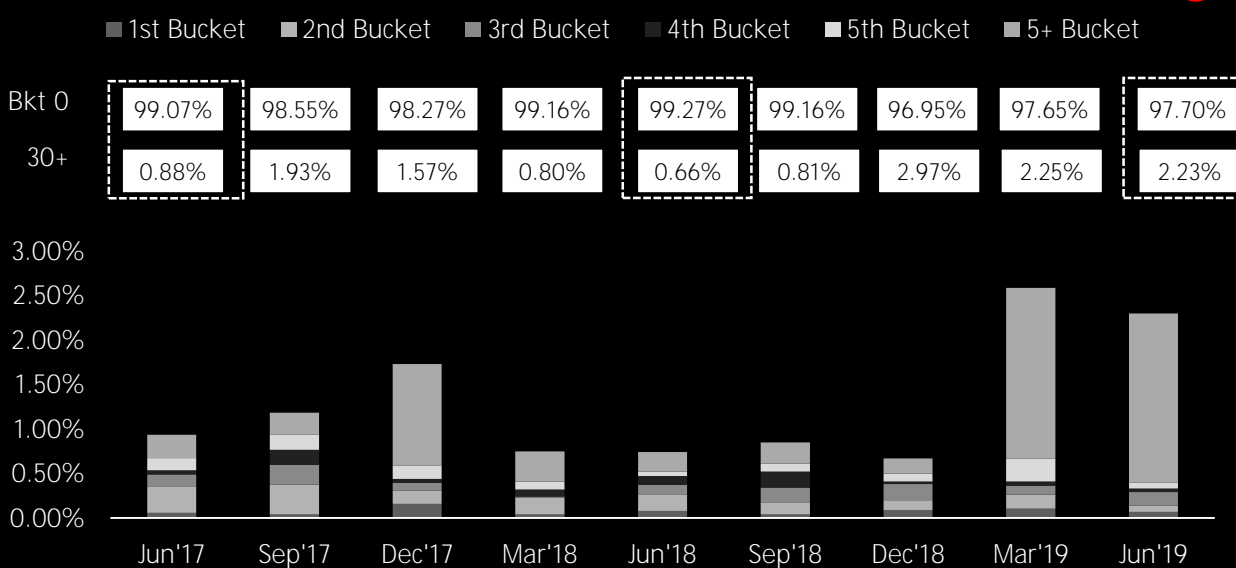
## Salaried personal loans



## Business & professional



## Loan against property\*



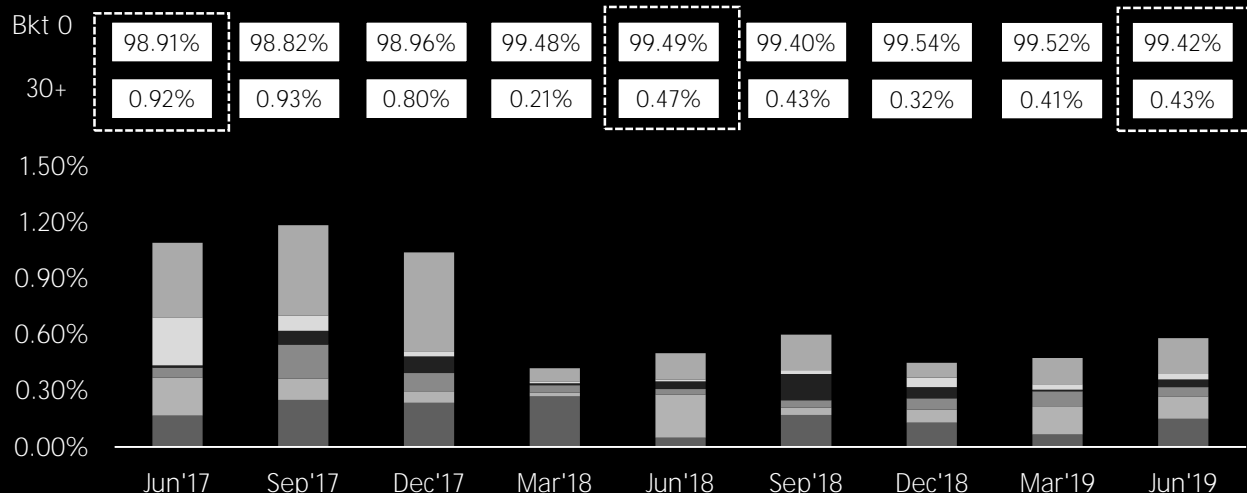
\*Adjusted for IL&FS, Jun '19 current portfolio is 99.27%

# Portfolio Credit quality – Including BHFL

## Home loans



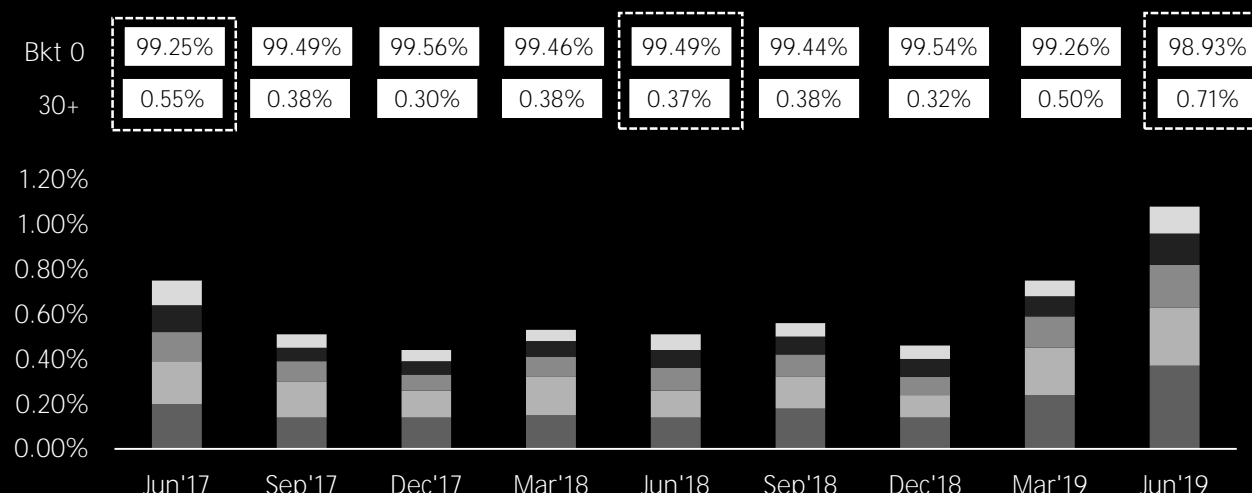
■ 1st Bucket ■ 2nd Bucket ■ 3rd Bucket ■ 4th Bucket ■ 5th Bucket ■ 5+ Bucket



## Rural Lending B2B



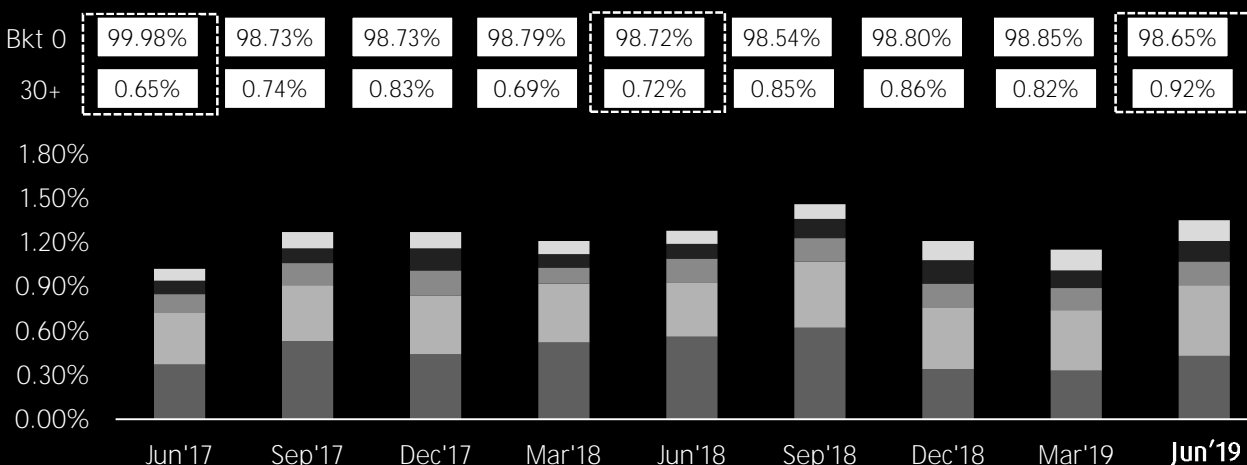
■ 1st Bucket ■ 2nd Bucket ■ 3rd Bucket ■ 4th Bucket ■ 5th Bucket



## Rural lending B2C



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



- 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 a measure of prudence, we have tightened underwriting standards in digital product financing in urban and rural business leading to approx. 15-18% cut in new disbursements
- As a measure of prudence, we have tightened underwriting standards in SME and B2C business in certain select geographies in India leading to approx. 10-12% cut in new disbursements
- As a measure of prudence, we have tightened underwriting standards in Auto Finance business given high market share

# Credit Quality – Provisioning Coverage

Assets Under Management	Consolidated AUM 30 Jun 2019	GNPA	NNPA	PCR (%)	GNPA			NNPA		
					30 Jun 18 %	31 Mar 19 %	30 Jun 19 %	30 Jun 18 %	31 Mar 19 %	30 Jun 19 %
Auto Finance Business	10,908	602	241	60%	5.70%	5.12%	5.19%	2.27%	2.06%	2.14%
Sale Finance Business	14,086	196	45	77%	1.03%	1.05%	1.16%	0.13%	0.26%	0.27%
Consumer B2C Business	24,889	420	116	73%	1.67%	1.40%	1.63%	0.47%	0.38%	0.45%
Rural B2B Business	2,383	25	8	68%	0.82%	0.93%	0.97%	0.47%	0.36%	0.31%
Rural B2C Business	7,961	134	50	63%	1.31%	1.53%	1.63%	0.62%	0.61%	0.61%
SME Business	16,334	276	59	79%	1.87%	1.49%	1.64%	0.43%	0.32%	0.35%
Securities Lending Business	9,085	-	-	-	-	-	-	-	-	-
Commercial Lending Business	5,878	36	15	58%	-	0.64%	0.61%	-	0.29%	0.26%
Mortgages	37,374	405	290	28%	0.55%	1.23%	1.19%	0.23%	0.89%	0.86%
<b>Total</b>	<b>1,28,898</b>	<b>2,094</b>	<b>824</b>	<b>61%</b>	<b>1.39%</b>	<b>1.54%</b>	<b>1.60%</b>	<b>0.44%</b>	<b>0.63%</b>	<b>0.64%</b>
<b>Total (excluding IL&amp;FS)</b>	<b>1,28,898</b>	<b>1,859</b>	<b>647</b>	<b>65%</b>	<b>1.39%</b>	<b>1.34%</b>	<b>1.42%</b>	<b>0.44%</b>	<b>0.47%</b>	<b>0.50%</b>

GNPA has increased by 6 bps QoQ and 21 bps YoY; NNPA has increased by 1 bps QoQ and 20 bps YoY

# NPA movement - consolidated

Values in ₹ Cr

Particulars	Jun'18	Sep'18	Dec'18	Mar '19	Jun '19
Assets Under Management	91,287	98,013	1,07,508	1,15,888	1,28,898
Opening GNPA (A)	1,164	1,280	1,471	1,691	1,804
Roll Forward into NPA (i)	378	480	702	593	697
Restructuring (ii)	1	3	13	14	5
Total Slippages (B = i + ii)	379	483	715	607	702
Roll back to standard (iii)	117	141	177	204	216
Realisation on sale of NPA receivables (iv)	-	-	33	19	-
Write offs (v)	146	150	285	270	196
Total recoveries and write-offs (C = iii + iv + v)	263	291	495	494	412
Net slippages (B - C)	116	191	220	113	290
Gross NPA (A + B - C)	1,280	1,471	1,691	1,804	2,094
GNPA %	1.39%	1.49%	1.55%	1.54%	1.60%
NNPA %	0.44%	0.53%	0.62%	0.63%	0.64%
PCR %	69%	65%	60%	60%	61%

# ECL summary - consolidated

Assets categorization	Jun '18	Sep '18	Dec '18	Mar '19	Jun '19
Stage 1 & 2 (represents standard assets)	98.61%	98.51%	98.45%	98.46%	98.40%
Stage 3 (represents GNPA)	1.39%	1.49%	1.55%	1.54%	1.60%

## Summary of stage wise assets and provision for impairment allowance

Assets and impairment allowance	Jun '18	Sep '18	Dec '18	Mar '19	Jun '19
Gross stage 1 & 2 assets*	90,601	97,395	1,07,094	1,15,438	1,28,570
Impairment allowance stage 1 & 2	815	871	947	981	1,111
Net stage 1 & 2 assets	89,785	96,524	1,06,146	1,14,458	1,27,459
Coverage ratio stage 1 & 2 assets	0.90%	0.89%	0.88%	0.85%	0.86%
Gross stage 3 assets	1,280	1,471	1,691	1,804	2,094
Impairment allowance stage 3	880	950	1,020	1,077	1,270
Net stage 3 assets	400	522	671	727	824
Coverage ratio stage 3 assets	69%	65%	60%	60%	61%
Overall coverage ratio	1.84%	1.84%	1.81%	1.75%	1.82%

\* Includes other assets like security deposits, advance to dealer, receivable from related parties, capital advances etc

# BAJAJ FINANCE LIMITED

Q1 FY20 Investor Presentation

Thank You



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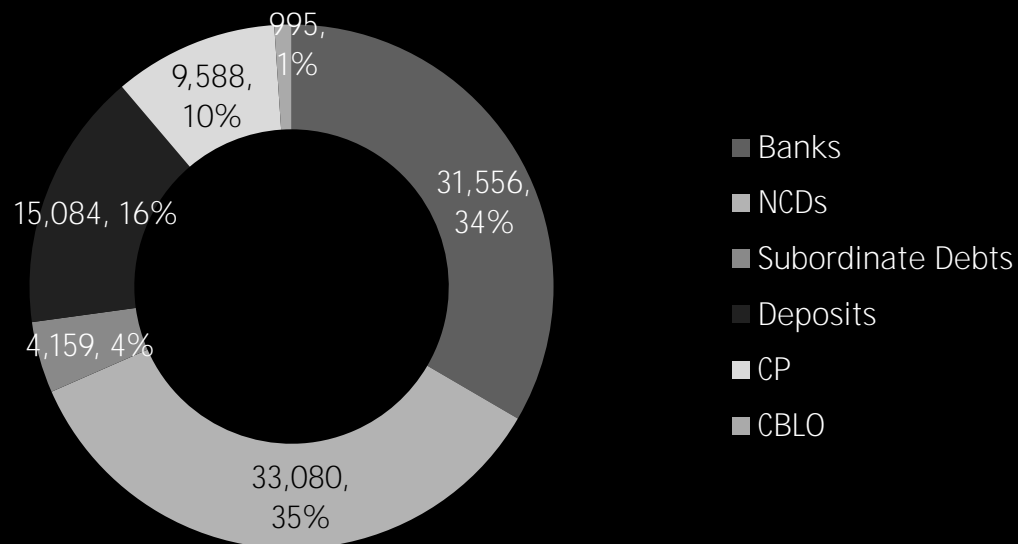
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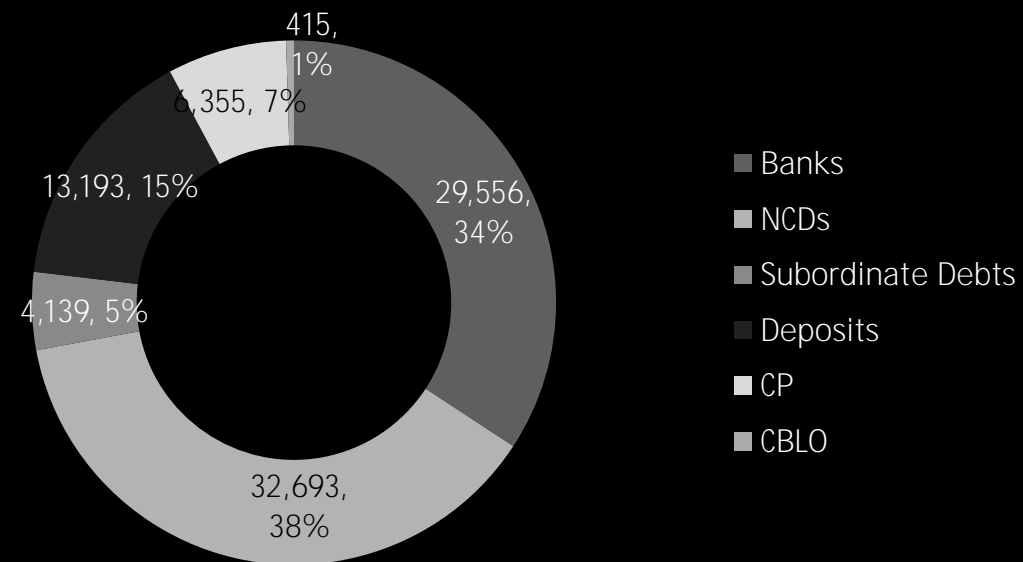
# Annexures

# ALM strategy (standalone)

Borrowings – Jun '19 (₹ 94,462 Crs)



Borrowings – Mar '19 (₹ 86,352 Crs)



Behaviouralised ALM (₹ Crs) – Jun '19



Behaviouralised ALM (₹ Crs) – Mar '19



# Financial snapshot

₹ in Crores

Financials snapshot <sup>@</sup>	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 <sup>@</sup> (Consol.)	FY19 <sup>@</sup> (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	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%		

<sup>@</sup> 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

2W	Two Wheeler	IFA	Independent Financial Advisor
3W	Three Wheeler	IRR	Internal Rate of Return
ACMF	Auto Components Manufacturer Financing	LAP	Loan Against Property
ALM	Asset & Liability Management	LAS	Loan Against Securities
AR	Assets Receivable	MF	Mutual Fund
ARU	Activation, Retention & Usage	MM	Million
ASC	Authorized Service Centers	MSME	Micro, Small & Medium Enterprise
AUF	Assets Under Finance	NII	Net Interest Income
AUM	Assets Under Management	NNPA	Net Non Performing Assets
B2B	Business to Business	NTB	New to Bajaj Finance
B2C	Business to Customer	Opex	Operating Expenses
BHFL	Bajaj Housing Finance Ltd	PAT	Profit After Tax
BL	Business Loan	PBT	Profit Before Tax
CAGR	Compounded Annual Growth Rate	POS	Point of Sale
CIF	Cards in Force	PPC	Products Per Customer
CPI	Consumer Price Index	RBI	Reserve Bank of India
ECL	Expected Credit Loss	ROA	Return on Assets
EMI	Existing Member Identification	ROE	Return on Equity
EPS	Earnings Per Share	SE	Self Employed
FIG	Financial Institutions Group	SME	Small & Medium Enterprise
FII	Foreign Institutional Investor	TAT	Turn Around Time
FPI	Foreign Portfolio Investment	TTD	Through the Door
GNPA	Gross Non Performing Assets	WPI	Wholesale Price Index
HL	Home Loan		