

# BAJAJ FINANCE LIMITED

SEC/BM/2018/201

17 May 2018

<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 31 March 2018**

Please find enclosed herewith Investor presentation for the quarter ended 31 March 2018.

Thanking you,

Yours faithfully,

For **BAJAJ FINANCE LIMITED**



**ANANT DAMLE**

**COMPANY SECRETARY**



Encl.: As above





# BAJAJ FINANCE LIMITED

Q4 FY18 Investor Presentation

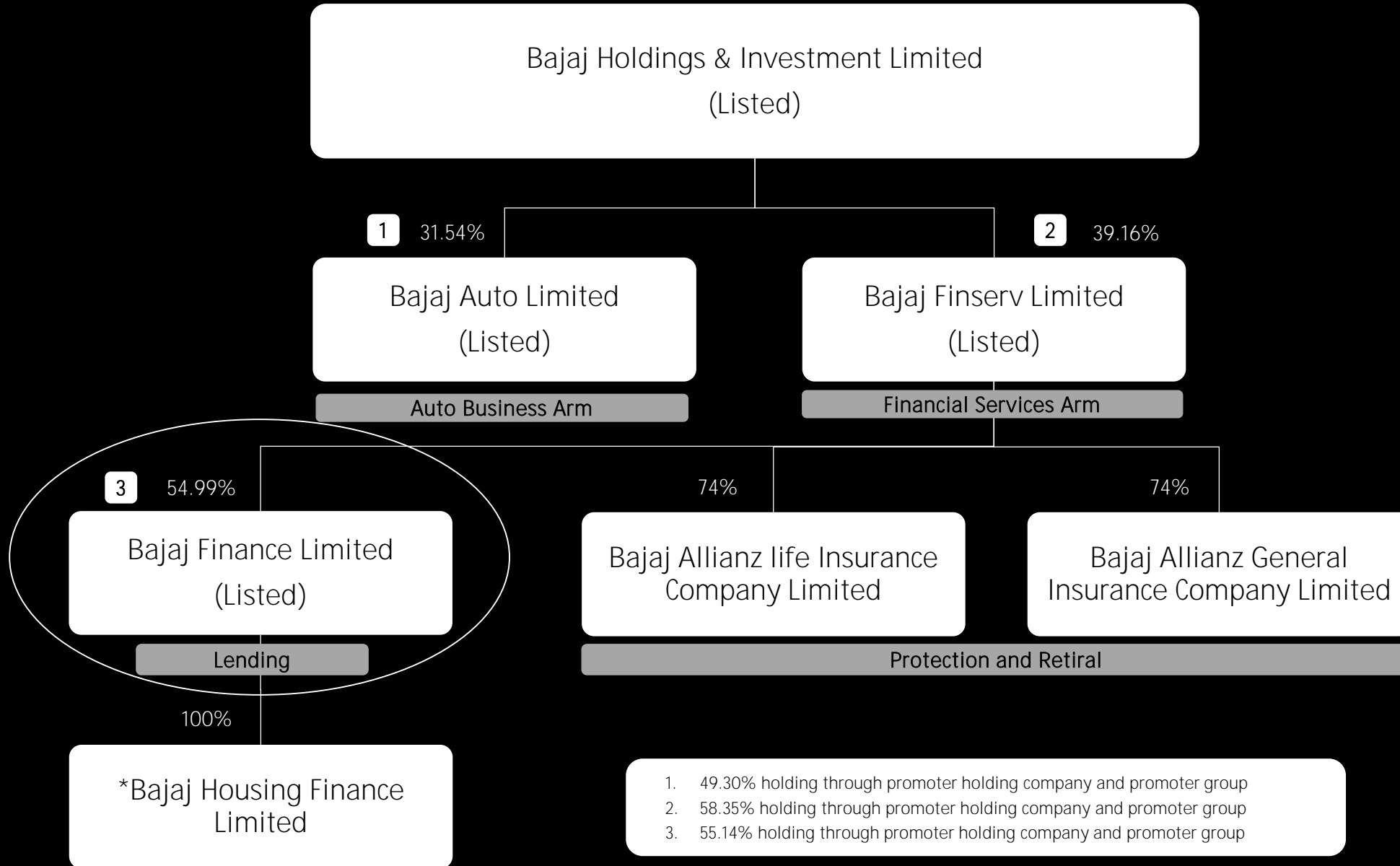
17 May 2018

# PRESENTATION PATH



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# BAJAJ GROUP STRUCTURE



- 1. 49.30% holding through promoter holding company and promoter group
- 2. 58.35% holding through promoter holding company and promoter group
- 3. 55.14% holding through promoter holding company and promoter group

Above shareholding is as of 31 March 2018  
 \*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 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 30 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 ICRA
- Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA & India Ratings
- 730 urban locations and 602 rural locations with over 64,300+ distribution points
- Large customer franchise of 26.22 MM
- 15.32 MM new loans booked in FY18



Bajaj Allianz General Insurance Company

- 2nd largest private General insurer in India as of FY17
- Offers a wide range of General insurance products across retail and corporate segments
- Highest profit after tax among private players in FY17. ROE of 23% in FY17
- Combined ratio of 96.8% in FY17
- Recognized in the market for claims servicing
- FY17 PAT of ₹ 728 crores



Bajaj Allianz Life Insurance Company

- Amongst top 5 private players as of FY17 on new business
- Deep pan India distribution reach
- Diversified distribution mix consisting of agency, bank assurance, other partners, direct etc.
- AUM of over 49K crores as of FY 17
- Net worth of ₹ 8,476 cr as of 31st March 2017
- One of the most profitable private life insurers in India.
- FY17 PAT of ₹ 836 Crs

“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...”

# 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 26.22 MM and Cross sell client base of 15.43 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

Diversified lending strategy

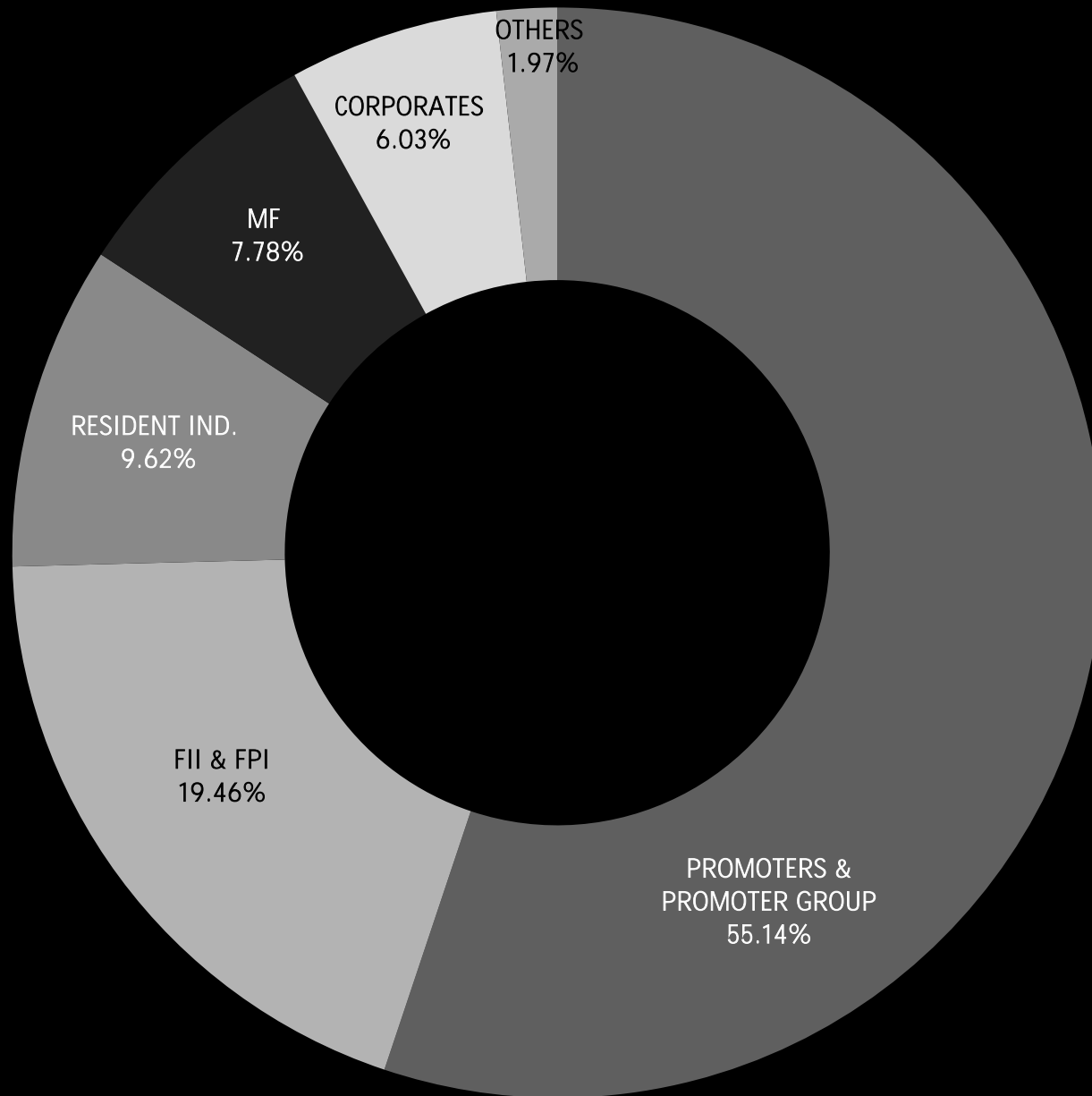
Consolidated AUM mix for Consumer : SME : Commercial : Rural stood at 47% : 31% : 15% : 7%

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



## Top 20 investors & their holdings

S.No	Name of Shareholder	As on 31 Mar'17	As on 30 Dec'17	As on 31 Mar'18
1	BAJAJ FINSERV LTD	57.80%	55.13%	54.99%
2	GOVERNMENT OF SINGAPORE	2.56%	3.94%	3.81%
3	MAHARASHTRA SCOOTERS	3.45%	3.29%	3.28%
4	SMALLCAP WORLD FUND, INC	1.11%	1.06%	0.91%
5	NEW HORIZON OPPORTUNITIES MASTER FUND	0.89%	0.81%	0.80%
6	AXIS LONG TERM EQUITY FUND	0.82%	0.69%	0.78%
7	STEADVIEW CAPITAL MAURITIUS LTD.	0.39%	0.52%	0.63%
8	NOMURA INDIA INVESTMENT MOTHER FUND	-	0.57%	0.62%
9	NEW WORLD FUND	0.55%	0.56%	0.56%
10	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0.49%	0.50%	0.50%
11	BFL EMPLOYEE WELFARE TRUST	0.56%	0.28%	0.49%
12	MOTILAL OSWAL FOCUSSED MULTICAP 35 FUND	0.43%	0.42%	0.48%
13	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.36%	0.41%	0.41%
14	ISHARES INDIA INDEX MAURITIUS COMPANY	0.36%	0.33%	0.35%
15	BNY MELLON TRUST AND DEPOSITARY LTD.	0.19%	0.31%	0.33%
16	SBI MAGNUM BALANCED FUND	0.24%	0.23%	0.33%
17	UTI EQUITY FUND	-	0.29%	0.32%
18	SBI ETF NIFTY	-	0.29%	0.32%
19	GOLDMAN SACHS INDIA LTD.	0.39%	0.32%	0.32%
20	KOTAK SELECT FOCUS FUND	0.29%	0.28%	0.30%



# FINANCIAL SNAPSHOT

Financials snapshot	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 (Consol.)	YoY FY17 – FY18	CAGR (11 years)
Assets under management	2,478	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,196	84,033	40%	42%
Income from operations	503	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	13,466	35%	39%
Interest expenses	170	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,635	22%	39%
Net Interest Income (NII)	332	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,831	43%	39%
Operating Expenses	193	220	320	460	670	850	1,151	1,428	1,898	2,564	3,690	44%	34%
Loan Losses & Provision	109	164	261	205	154	182	258	385	543	804	1,045	30%	25%
Profit before tax	30	51	134	370	602	872	1,091	1,357	1,965	2,818	4,096	45%	64%
Profit after tax	21	34	89	247	406	591	719	898	1,279	1,837	2,674	46%	62%

Ratios	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Opex to NII	58.1%	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	41.8%
Return on assets	0.9%	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.9%
Return on equity	2.0%	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.5%
Earning per share (Basic) - ^	0.56	0.93	2.42	6.75	11.08	13.57	14.48	17.99	24.23	34.01	47.05
Net NPA	7.05%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	*0.28%	**0.44%	***0.38%
NPA provisioning coverage	29%	32%	55%	79%	89%	83%	76%	71%	77%	74%	75%

As per the RBI regulations, NBFCs were required to transition to 5 months overdue by March 2016 and 4 months overdue by March 2017. Hence NPA numbers are not comparable

\*The net NPA & provisioning coverage numbers for FY16 are at 5 months overdue while the same for previous years are at 6 months overdue

\*\*The net NPA & provisioning coverage numbers for FY17 are at 4 months overdue

\*\*\* The net NPA & provisioning coverage numbers for FY18 are at 3 months overdue

^ EPS numbers adjusted for bonus and split

# PRODUCT SUITE

## BAJAJ FINANCE

Consumer	SME	Commercial	Rural	Deposits	Partnerships & Services
<ul style="list-style-type: none"> <li>• Consumer Durable Loans</li> <li>• Digital Product Loans <sup>(1)</sup></li> <li>• Lifestyle Product Loans</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>(1)</sup></li> <li>• E-Commerce - Consumer Finance</li> <li>• Retailer Finance</li> <li>• Urban Gold Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Unsecured Working Capital Loans <sup>(1)</sup></li> <li>• Loans to Professionals <sup>(1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Securities Lending</li> <li>• Large Value Lease Rental Discounting</li> <li>• Vendor Financing</li> <li>• Financial Institutions Lending</li> <li>• Light Engineering Lending</li> <li>• Corporate Finance Loans</li> <li>• Warehouse Financing</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer Durable Loans</li> <li>• Digital Product Loans</li> <li>• Personal Loans Cross Sell</li> <li>• Salaried Personal Loans</li> <li>• Gold Loans</li> <li>• Unsecured Working Capital 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>• Co-Branded Credit Card</li> <li>• Co-Branded Wallet</li> <li>• Financial Fitness Report</li> </ul>

## BAJAJ HOUSING FINANCE

<ul style="list-style-type: none"> <li>• Salaried Home Loans</li> <li>• Loan Against Property to Salaried</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Against Property</li> <li>• Home Loans to Self Employed</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> </ul>
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(1) Also available through digital channels

# EXECUTIVE SUMMARY

## Bajaj Finance

- 30 year old non bank with a demonstrated track record of profitability
- Focused on Consumer, Rural, SME & Commercial lines of businesses
- Consolidated AUM mix for Consumer : SME : Commercial : Rural stood at 47% : 31% : 15% : 7%
- Strategic business unit organization design supported by horizontal common utility 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 ₹ 84,033 Crs of consolidated Assets Under Management with net NPA of 0.38% (3 months overdue) and a capital adequacy of 24.71% as of 31 Mar 2018. The company in Q4 FY18 has delivered a standalone post tax profit of ₹ 721 Crs which is a 61% growth at an ROA\* of 1.0% and ROE\* of 4.5%

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## Consumer business

- **Two wheeler financing business contributed to 33% of Bajaj Auto's domestic two wheeler sales in Q4 FY18, disbursed 162K accounts. Three wheeler financing business contributed to 28% of Bajaj Auto's three wheeler sales, disbursed 34K accounts**
- Present in 730 locations with 57,000+ active distribution point of sale
- Largest consumer electronics, digital products & furniture lender in India
- Amongst the largest personal loan lenders in India
- EMI Card franchise crossed 12.9 MM cards (CIF)
- Bajaj Finance Limited and RBL Bank co-branded credit card CIF stood at 382 K as of 31 Mar 2018
- Bajaj Finserv – Mobikwik has 1.3 MM active wallet users as at 31 Mar 2018
- Amongst the largest new loan acquirers in India (3.78 MM in Q4 FY18 & 15.32 MM in FY18)

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## Rural business

- Highly diversified lender in the rural locations offering 9 loan products in consumer and RSME business categories with a unique hub and spoke business model
- Geographic presence across 602 towns and villages with retail presence across 8,200+ stores

# EXECUTIVE SUMMARY

SME Business	<ul style="list-style-type: none"><li>• Focused on affluent SMEs with an average annual sales of ₹ 10-12 Crores with established financials &amp; demonstrated borrowing track records</li><li>• Offer a range of working capital &amp; growth capital products and mortgage (Loan against property, Lease Rental Discounting &amp; Home Loans) products to SME &amp; self employed professionals</li><li>• Offer full range of growth &amp; working capital lending products to professionals (doctors, CAs &amp; engineers)</li><li>• Dedicated SME Relationship Management strategy to provide wide range of cross sell products to SME franchise</li></ul>
Commercial business	<ul style="list-style-type: none"><li>• Offer wholesale lending products covering short, medium and long term needs of Auto component &amp; Light Engineering companies and Financial institutions in India</li><li>• Offer a range of structured products collateralized by marketable securities or mortgage</li></ul>
Treasury	<ul style="list-style-type: none"><li>• Strategy is to create a balanced mix of wholesale and retail borrowings</li><li>• <b>The company's standalone borrowings stood at ₹ 61,567 Crs</b> with a mix of 31 : 57 : 12 between banks, money markets and deposits as of 31 Mar 2018</li></ul>
Credit Quality	<ul style="list-style-type: none"><li>• Gross NPA and Net NPA as of 31 Mar 2018 stood at 1.48% and 0.38% respectively. The comparable Gross &amp; Net NPA on 4 months overdue stood at 1.28% &amp; 0.29% respectively as against 1.68% &amp; 0.44% respectively as of 31 Mar 2017</li><li>• Provisioning coverage ratio stood at 75% as of 31 Mar 2018.</li></ul>
Credit Rating	<p><b>Bajaj Finance Limited</b></p> <ul style="list-style-type: none"><li>• Credit rating for Long Term Debt Program is AAA/Stable by CRISIL, ICRA, CARE &amp; India Ratings</li><li>• Credit rating for Short Term Debt Program is A1+ by CRISIL, ICRA &amp; India Ratings</li><li>• Credit rating for FD program is FAAA/Stable by CRISIL &amp; MAAA (Stable) by ICRA</li></ul> <p><b>Bajaj Housing Finance Limited</b></p> <ul style="list-style-type: none"><li>• Credit rating for Long Term Debt Program is AAA/Stable by CRISIL &amp; India Ratings</li><li>• Credit rating for Short Term Debt Program is A1+ by CRISIL &amp; India Rating</li></ul>

# KEY PERFORMANCE HIGHLIGHTS FOR Q4 FY18

- Customer franchise as of 31 Mar 2018  $\uparrow$  30% to 26.22 MM from 20.13 MM as of 31 Mar 2017. The company has acquired 1.41 MM new customers during the quarter.
- New loans booked during Q4 FY18  $\uparrow$  51% to 3.78 MM from 2.50 MM in Q4 FY17
- Total Income for Q4 FY18  $\uparrow$  33% to ₹ 3,557 crore as against ₹2,670 crore in Q4 FY17
- Loan losses and provisions for Q4 FY18  $\downarrow$  5% to ₹274 crore as against ₹287 crore in Q4 FY17
- Profit after tax for Q4 FY18  $\uparrow$  61% to ₹721 crore from ₹449 crore in Q4 FY17
- Gross NPA and Net NPA as of 31 Mar 2018 stood at 1.48% and 0.38% respectively. The provisioning coverage ratio stood at 75% as of 31 Mar 2018. The Company continues to provide for loan losses in excess of RBI requirements.

As required by RBI guidelines, the Company has moved its NPA recognition policy from 4 months overdue to 3 months overdue in this financial year. The comparable Gross and Net NPA at 4 months overdue stood at 1.28% and 0.29% respectively as against 1.68% and 0.44% respectively as of 31 Mar 2017

- Capital adequacy ratio (including Tier-II capital) as of 31 Mar 2018 stood at 24.71%. The Tier-I capital stood at 19.68%.
- Deposit book stood at ₹ 7,569 crore as of 31 Mar 2018 – at 12% of the standalone borrowings.

# KEY PERFORMANCE HIGHLIGHTS FOR FY18

- Customer franchise as of 31 Mar 2018 ↑ 30% to 26.22 MM from 20.13 MM as of 31 Mar 2017. The company has acquired 6.1 MM new customers in FY18.
- New loans booked during FY18 ↑ 52% to 15.32 MM from 10.09 MM in FY17.
- AUM as of 31 Mar 2018 was ↑34% to ₹ 80,444 crore from ₹ 60,196 crore as of 31 Mar 2017  
A 100% subsidiary of Bajaj Finance, Bajaj Housing Finance Limited (BHFL), has an AUM of ₹ 3,589 crore as of 31 Mar 2018  
Consolidated AUM of Bajaj Finance as of 31 Mar 2018 was ↑40% to ₹ 84,033 crore from ₹ 60,196 crore as of 31 Mar 2017
- Net Interest income for FY18 ↑41% to ₹ 8,744 crore from ₹ 6,186 crore in FY17
- Loan losses and provisions for FY18 ↑28% to ₹1,030 crore as against ₹804 crore in FY17
- Profit after tax for FY18 ↑ 44% to ₹2,647 crore from ₹1,837 crore in FY17
- Return on Assets and Return on Equity for FY18 are 3.95% and 20.27% respectively
- The Board of Directors has recommended a dividend of ₹ 4.00 per equity share of the face value of ₹ 2 (200%) for FY18 (Previous year ₹ 3.60 per equity share of the face value of ₹ 2 i.e. 180%)

- Bajaj Housing Finance Ltd. has become fully operational from February 2018. Atul Jain, formerly Enterprise Risk Officer for Bajaj Finance Ltd., has been appointed as Chief Executive Officer of Bajaj Housing Finance Limited
- The Company has expanded its presence in 215 new locations in the current quarter and is now present in 1,332 locations. It expects the geographic expansion to continue at 15%-20% annual growth rate.
- Management of costs (Opex to NIM) to mitigate margin compression. Company has invested deeply over the last 18 months and is well invested in talent and technology to drive growth and operating leverage in medium term, while delivering better Opex to NIM
- Company has managed its ALM well with continued focus on raising long term debts and a judicious mix of borrowings between banks, money markets and deposits. Liquidity and interest rates have hardened over last 60 days. Company is well covered on ALM to manage any impact on P&L over short to medium term period.
- Portfolio quality is at its record best in the current fiscal, except some pressures in self employed mortgages (LAP & SEHL). With strong portfolio quality, the Company is well placed to grow its business rapidly.
- The Company is rapidly expanding user base on its Bajaj Finserv – Mobikwik wallet to increase engagement with customers and increase repeat purchase rate. Bajaj Finserv – Mobikwik wallet has 1.3 MM active wallet users as at 31 Mar 2018.

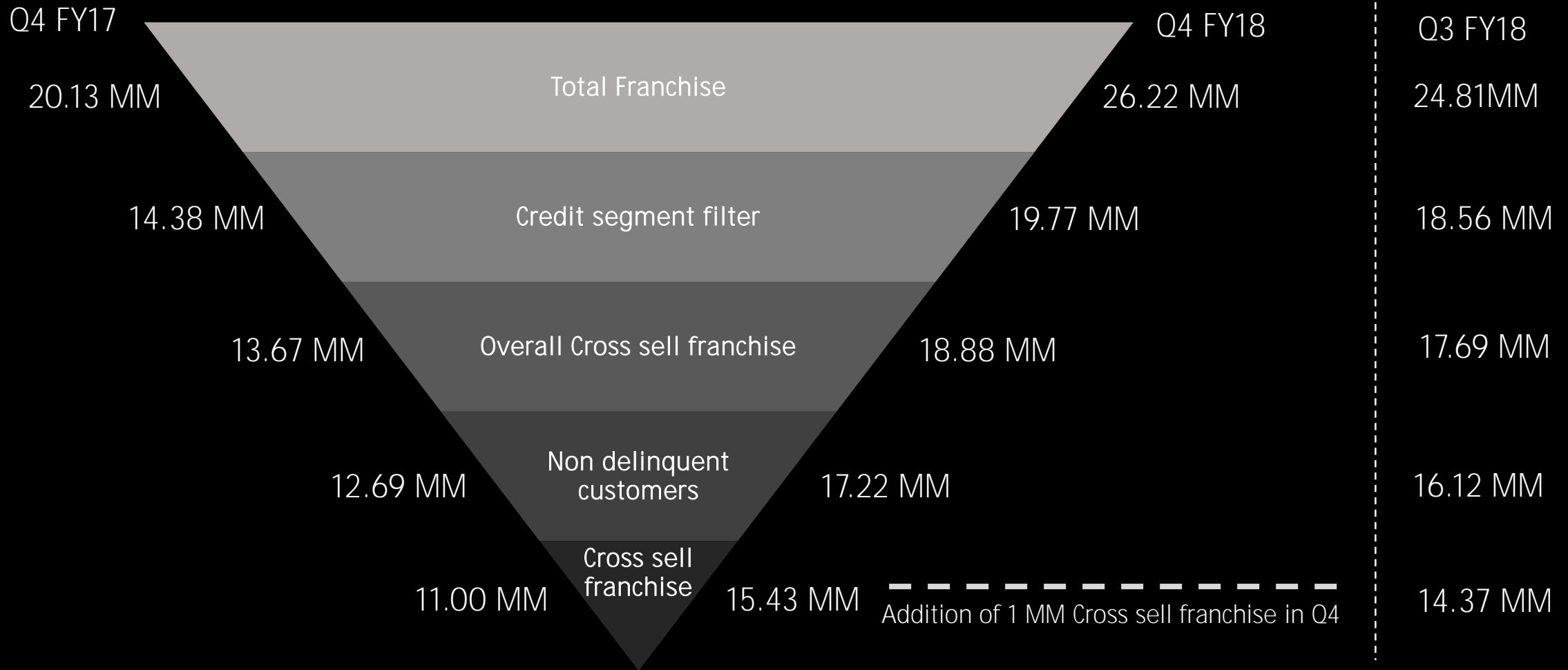
# BUSINESS SEGMENT WISE AUM

₹ crore

Assets Under Management	As of 31 Mar 2018			BFL Consolidated as of 31 Mar 2017	Growth
	BFL Standalone	BHFL Standalone	BFL Consolidated		
Consumer B2B Businesses	16,381	-	16,381	13,181	24%
Consumer B2C Businesses	20,349	2,431	22,780	13,978	63%
SME Businesses	25,320	1,046	26,366	22,082	19%
Commercial Businesses	12,375	-	12,375	7,883	57%
Rural Business	6,019	112	6,131	3,072	100%
<b>Total</b>	<b>80,444</b>	<b>3,589</b>	<b>84,033</b>	<b>60,196</b>	<b>40%</b>
Mortgages	20,229	3,589	23,818	18,861	26%



# CUSTOMER FRANCHISE



## New to Bajaj Finance Customers



Added 6.1 MM new customers in FY18

# STRONG DISTRIBUTION REACH

Geographic presence				
Business Line	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018
Urban	161	262	377	730
Rural	232	397	538	602
Of which Rural Lending branches	50	105	177	219
Of which Rural Lending franchisees	182	292	361	383
<b>Total Bajaj Finance presence</b>	<b>393</b>	<b>659</b>	<b>915</b>	<b>1,332</b>

Active distribution – point of sale				
Distribution Network	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Mar 2018
Consumer durable stores – Urban	7,000+	9,400+	14,000+	15,500+
Consumer durable stores – Rural	1,500+	3,200+	5,500+	8,200+
Digital product stores	2,650+	5,200+	5,900+	15,900+
Lifestyle retail stores	1,150+	3,200+	3,900+	6,000+
EMI card – retail spends stores	-	-	5,600+	12,100+
Bajaj Auto dealers, sub-dealerships and authorised service centres	3,000+	3,000+	3,200+	3,900+
Rural Authorized Sales & Services Centres	-	-	-	380+
Direct Sales Agents	700+	800+	1,500+	2,100+
<b>Overall active distribution network</b>	<b>16,000+</b>	<b>24,800+</b>	<b>39,600+</b>	<b>64,300+</b>

# FINANCIAL STATEMENT SUMMARY - STANDALONE



₹ in crore

Financials snapshot	Q4 FY18	Q4 FY17	YoY	FY'18	FY'17	YoY	FY16
Assets under management (Standalone)	80,444	60,196	34%	80,444	60,196	34%	44,229
Total Interest & fee Income	3,557	2,670	33%	13,329	9,989	33%	7,333
Interest expenses	1,192	984	21%	4,585	3,803	21%	2,927
Net Interest Income (NII)	2,365	1,686	40%	8,744	6,186	41%	4,406
Operating Expenses	992	709	40%	3,658	2,564	43%	1,898
Loan Losses & Provision	274	287	(5%)	1,030	804	28%	543
Profit before tax	1,099	690	59%	4,056	2,818	44%	1,965
Income Tax	378	241	57%	1,409	981	44%	686
Profit after tax	721	449	61%	2,647	1,837	44%	1,279

Ratios	Q4 FY18	Q4 FY17	FY18	FY'17	FY16
Total Opex to NII	41.9%	42.1%	41.8%	41.4%	43.1%
Total Opex to Total Income	27.9%	26.6%	27.4%	25.7%	25.9%
Loan loss to AUF*	0.4%	0.5%	1.3%	1.4%	1.3%
Earning per share - Basic (Rs.) *	12.5	8.2	47.1	34.0	24.2
Return on Average AUF*	1.0%	0.8%	4.0%	3.7%	3.5%
Return on Average Equity *	4.5%	4.8%	20.3%	21.6%	20.9%

\* Not annualized

# FINANCIAL STATEMENT SUMMARY – CONSOLIDATED

Financials snapshot	FY'18	FY'17	YoY
Assets under management	84,033	60,196	40%
Total Interest & fee Income	13,466	9,992	35%
Interest expenses	4,635	3,804	22%
Net Interest Income (NII)	8,831	6,188	43%
Operating Expenses	3,690	2,567	44%
Loan Losses & Provision	1,045	804	30%
Profit before tax	4,096	2,817	45%
Income Tax	1,422	981	45%
Profit after tax	2,674	1,836	46%

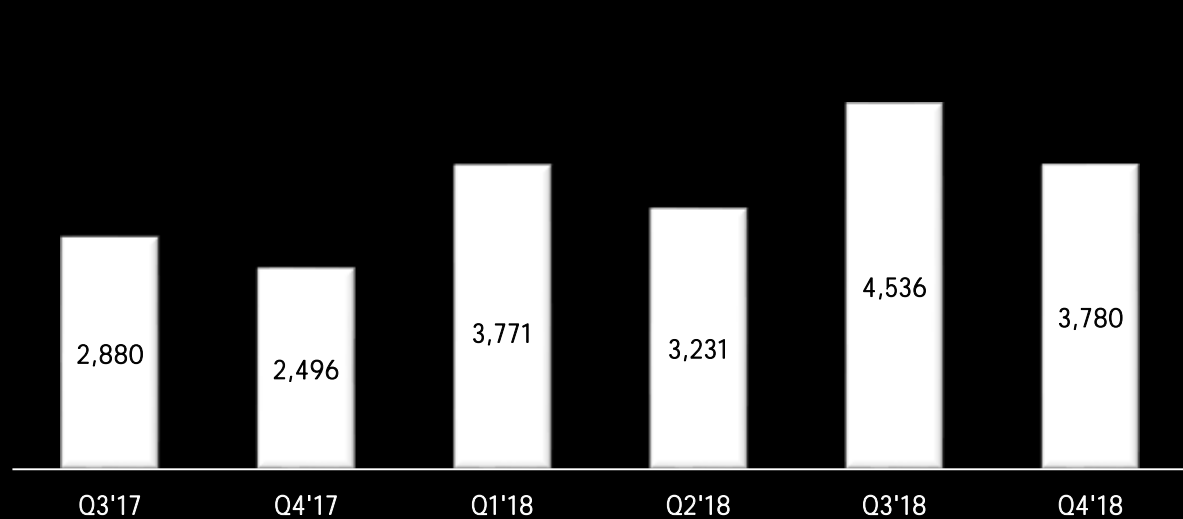
Ratios			
Total Opex to NII	41.8%	41.5%	
Total Opex to Total Income	27.4%	25.7%	
Loan loss to AUF*	1.3%	1.4%	
Return on Average AUF*	3.9%	3.7%	
Return on Average Equity *	20.5%	21.6%	

\* Not annualized

# FINANCIAL PERFORMANCE TRENDS – Q4 FY18

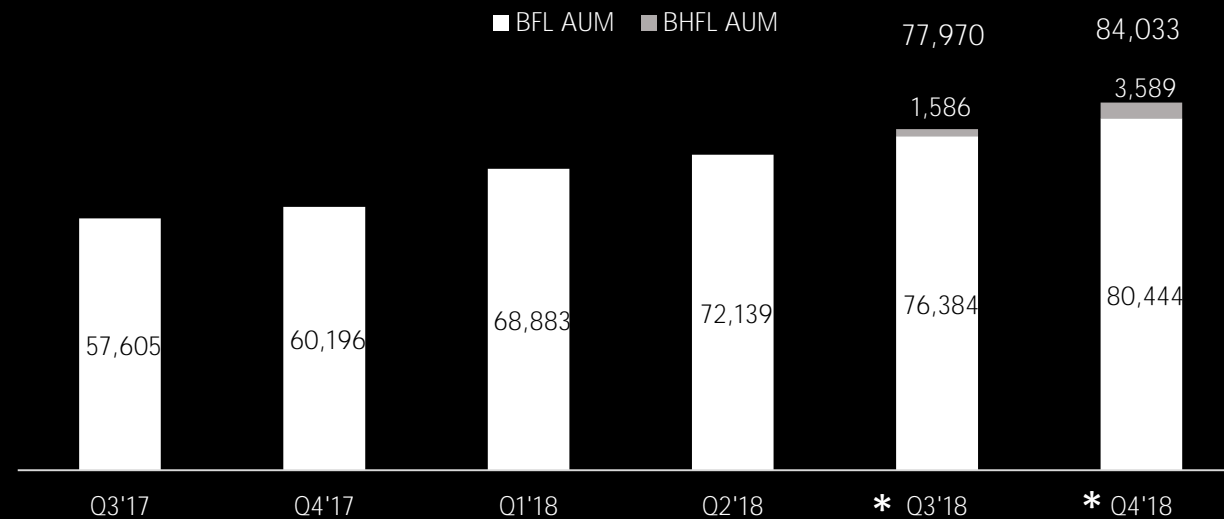
## # of Loans Disbursed ( '000)

↑ 51% YoY



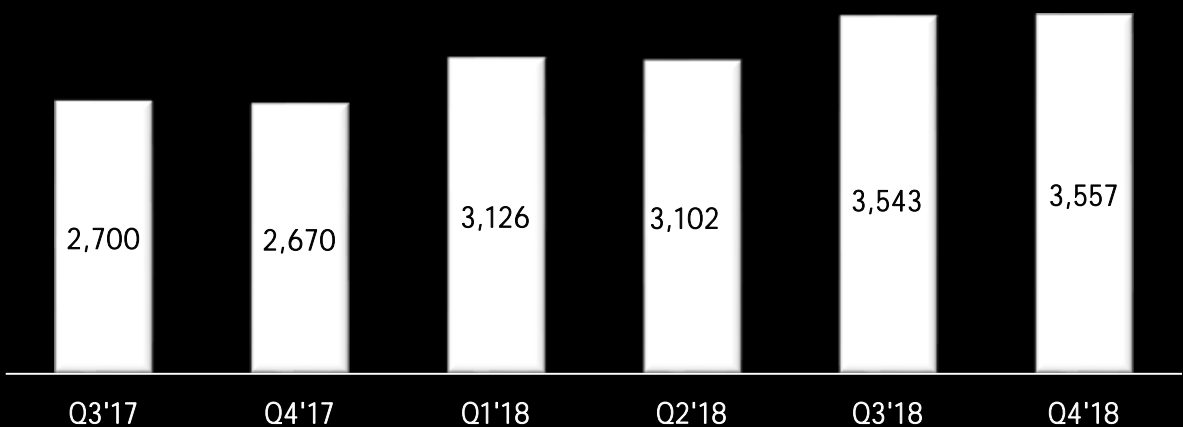
## AUM ( ` crore) \* Consolidated for Q4 FY18

↑ 40% YoY



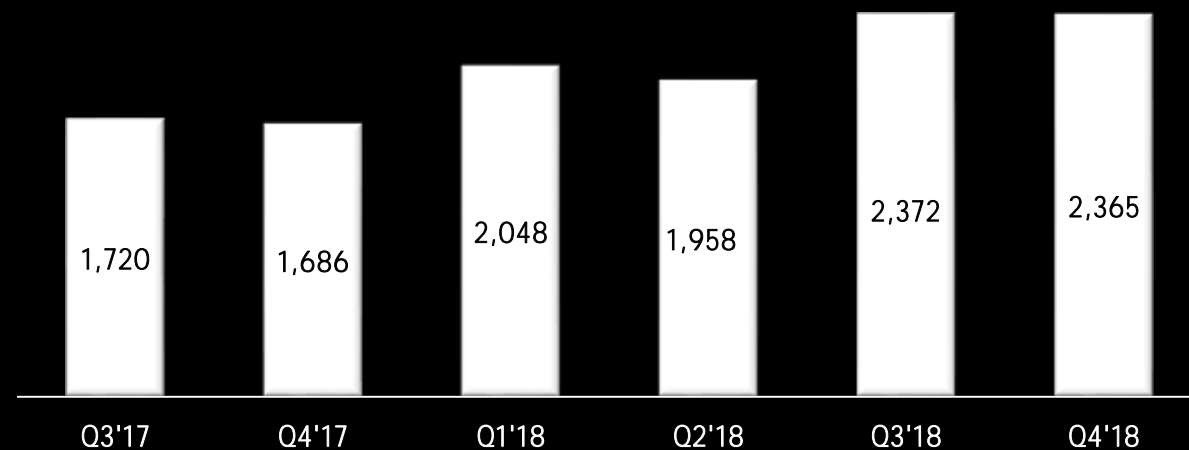
## Revenue ( ` crore)

↑ 33% YoY



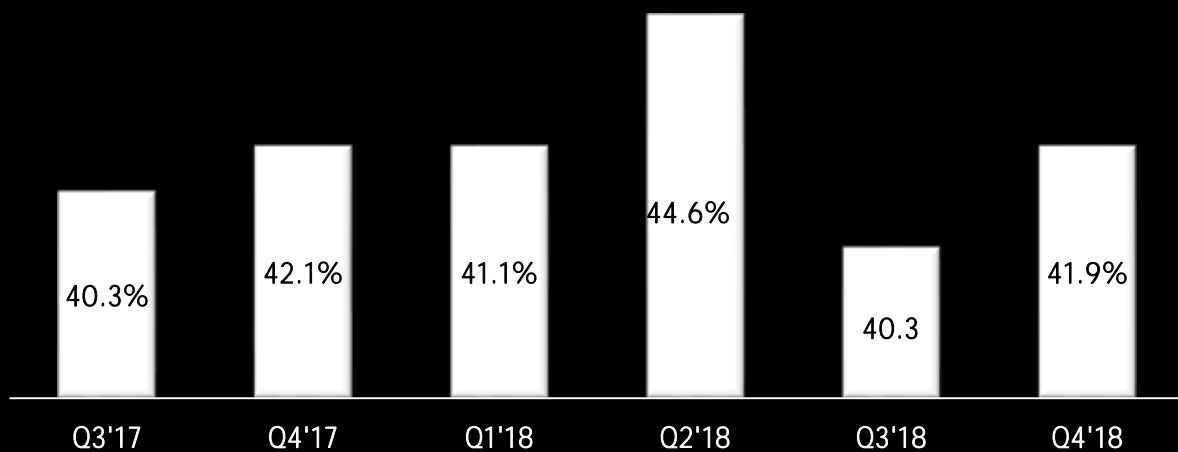
## Net Interest Income (NII) ( ` crore)

↑ 40% YoY



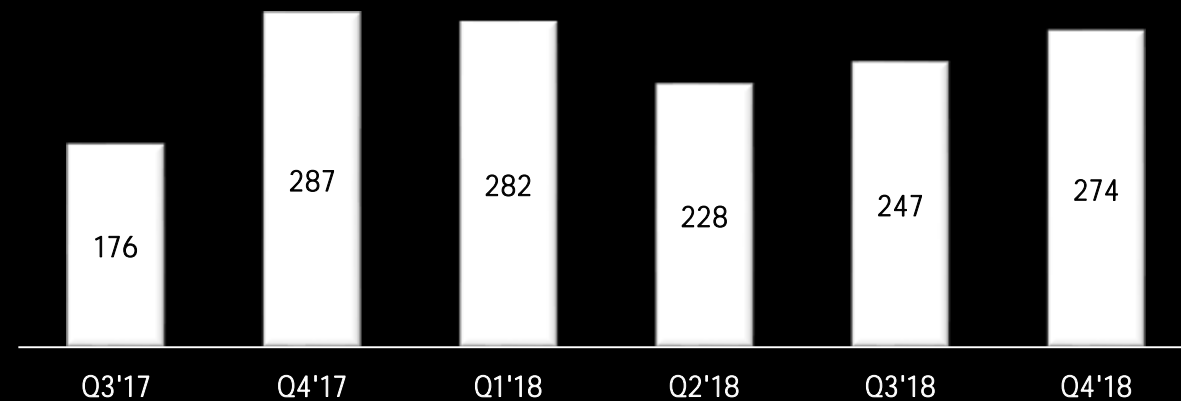
# FINANCIAL PERFORMANCE TRENDS – Q4 FY18

## Operating Expenses % of NII

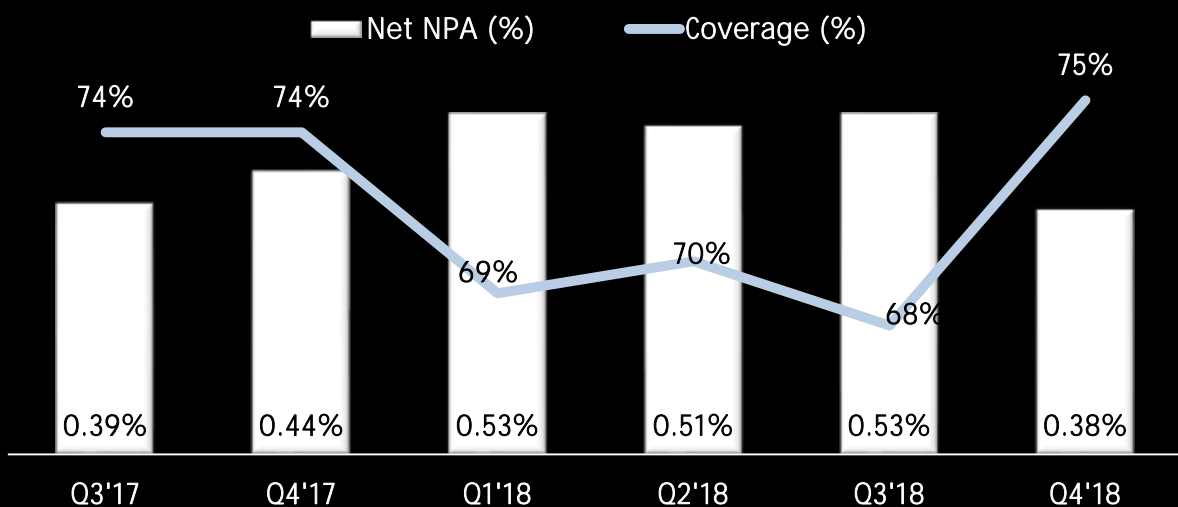


## Loan Loss Provision (` crore)

↑ (5%) YoY

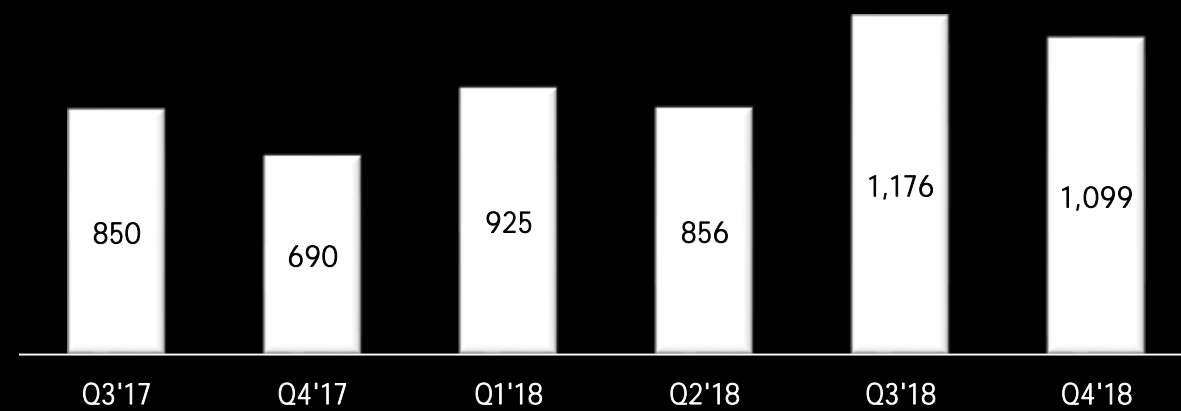


## Net NPA & Provisioning Coverage\*



## Profit Before Tax (` crore)

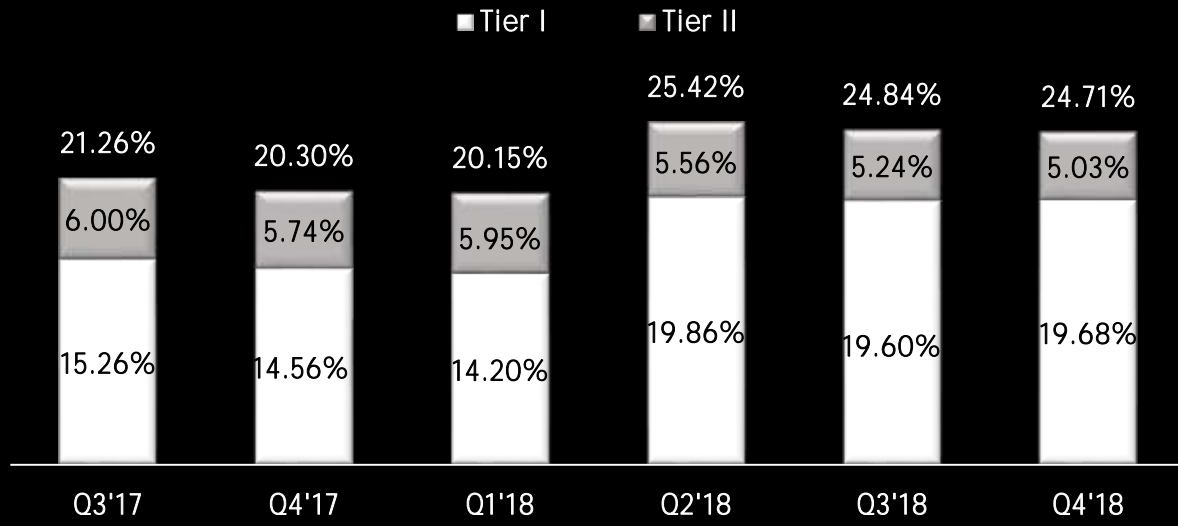
↑ 59% YoY



\*The net NPA & provisioning coverage numbers from Q1 FY18 are at 3 months overdue while the same for previous quarters are at 4 months overdue.

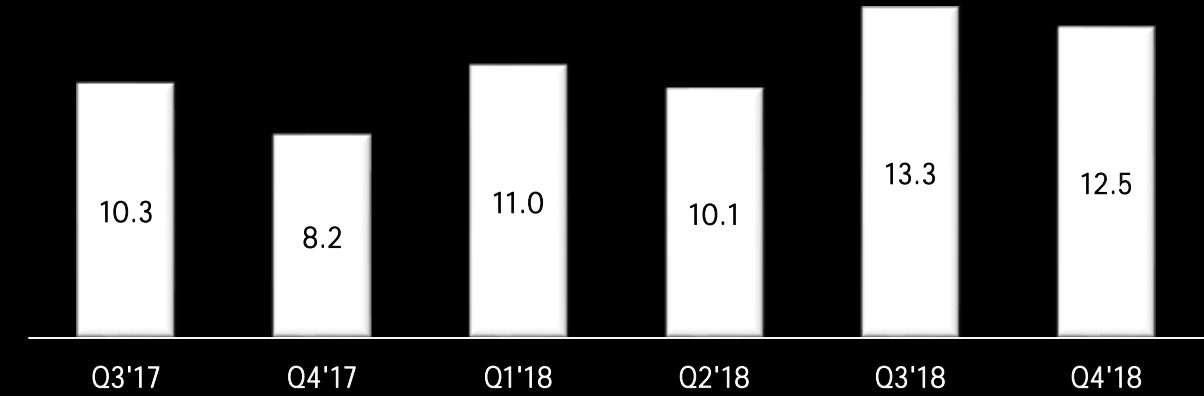
# FINANCIAL PERFORMANCE TRENDS – Q4 FY18

Capital Adequacy Ratio



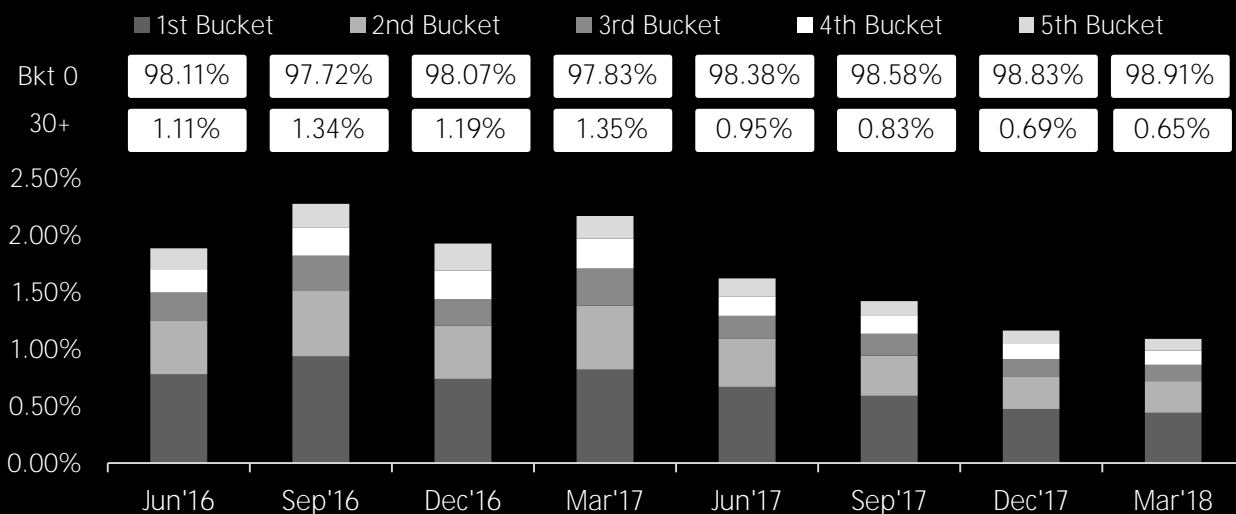
Earnings per share – Basic (₹)

↑ 53% YoY

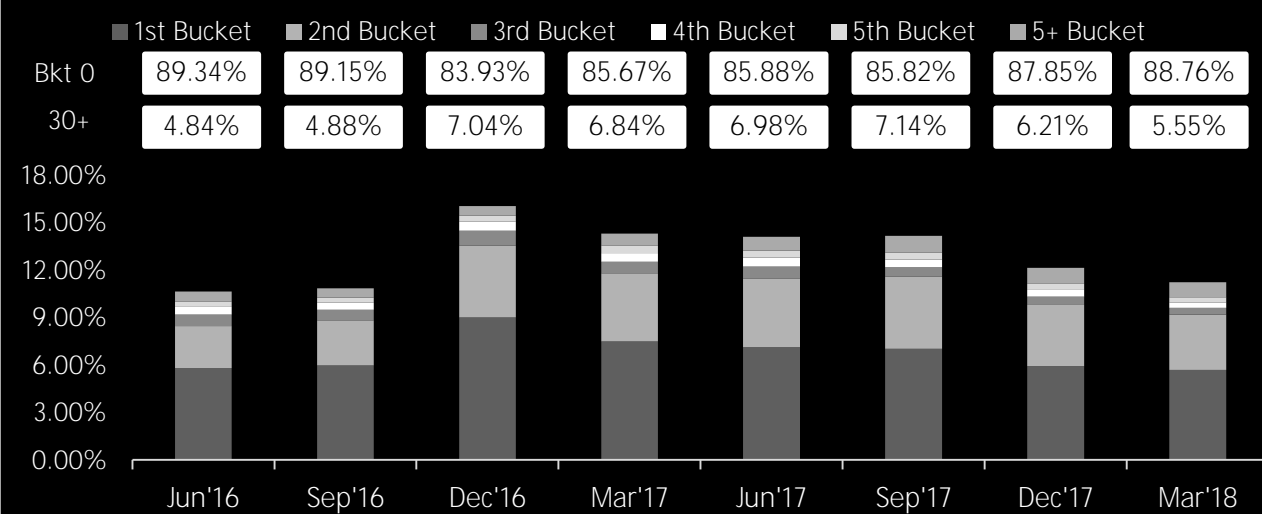


# CREDIT QUALITY – PORTFOLIO COMPOSITION

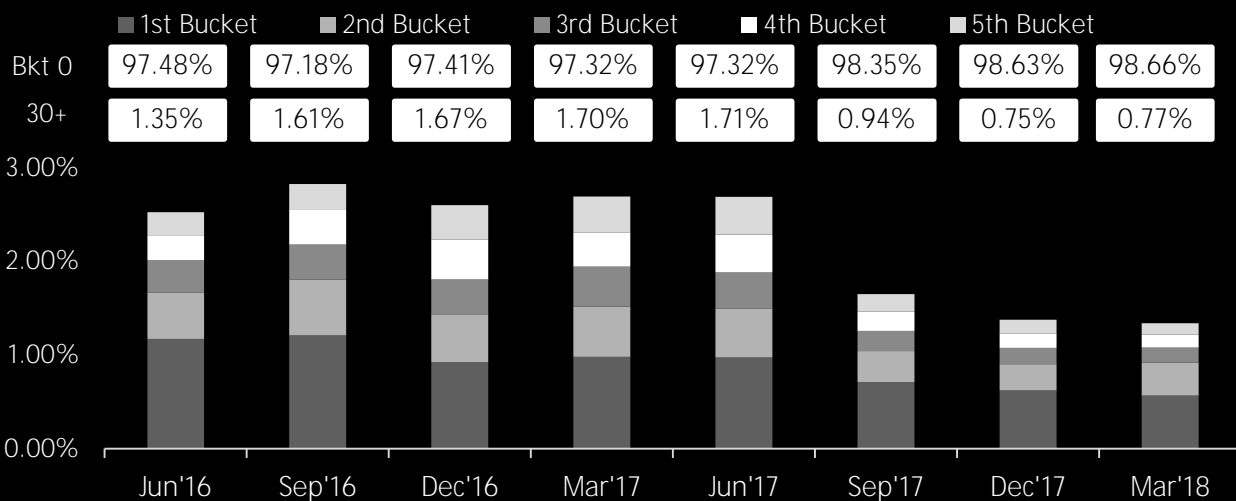
## CD loan portfolio



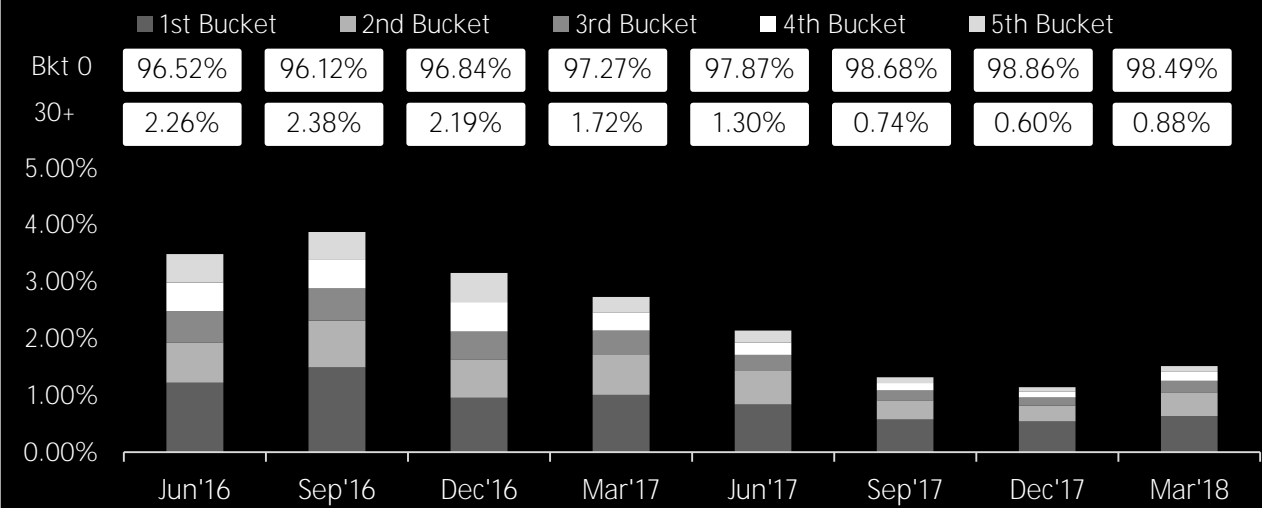
## Two & Three wheeler loan portfolio



## Lifestyle finance loan portfolio



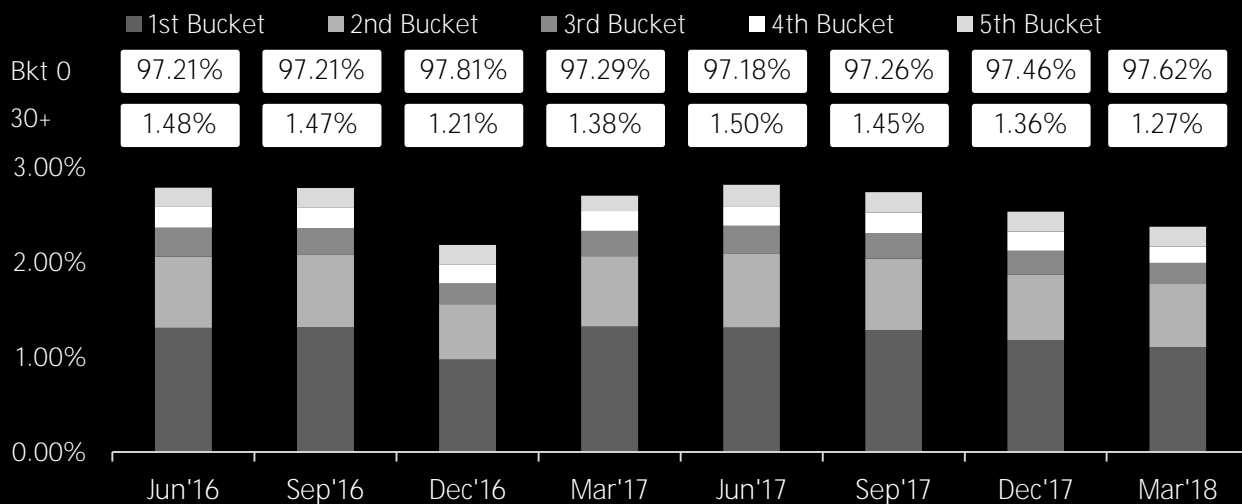
## Digital product finance loan portfolio



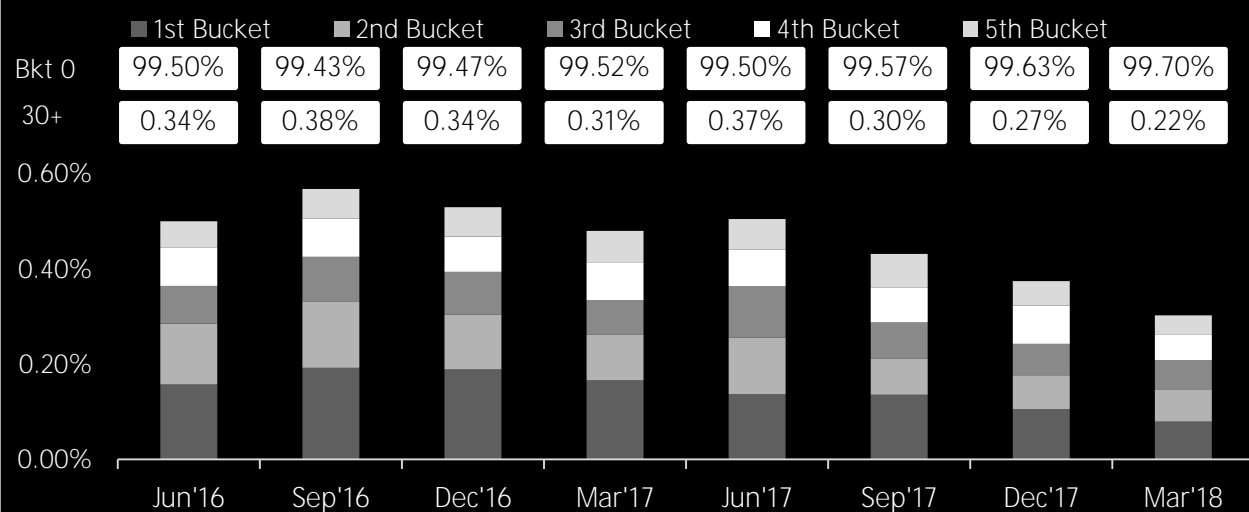


# CREDIT QUALITY – PORTFOLIO COMPOSITION

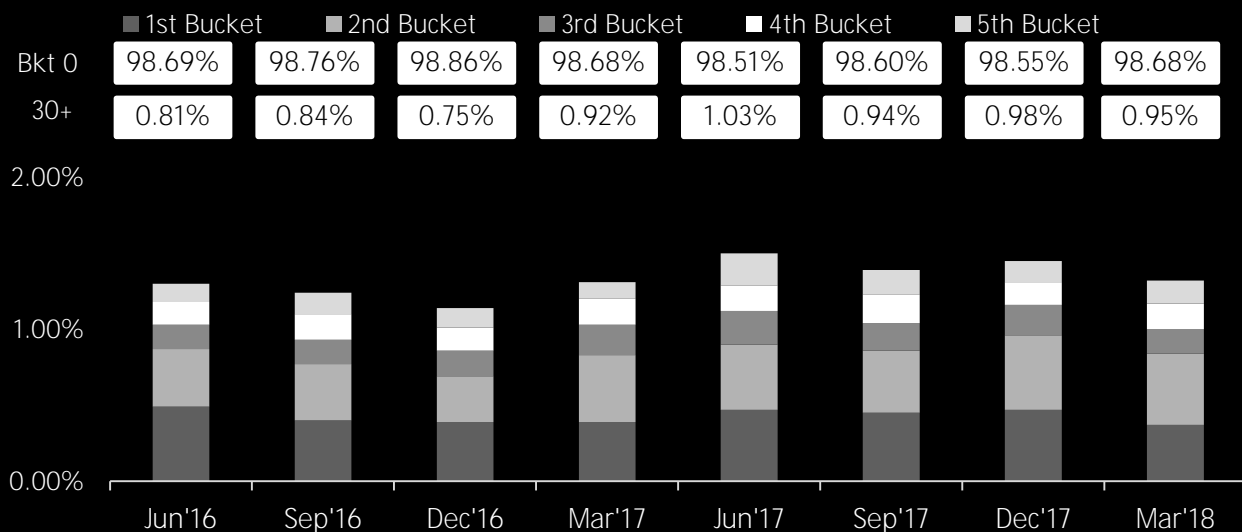
## Personal Loans Cross Sell portfolio



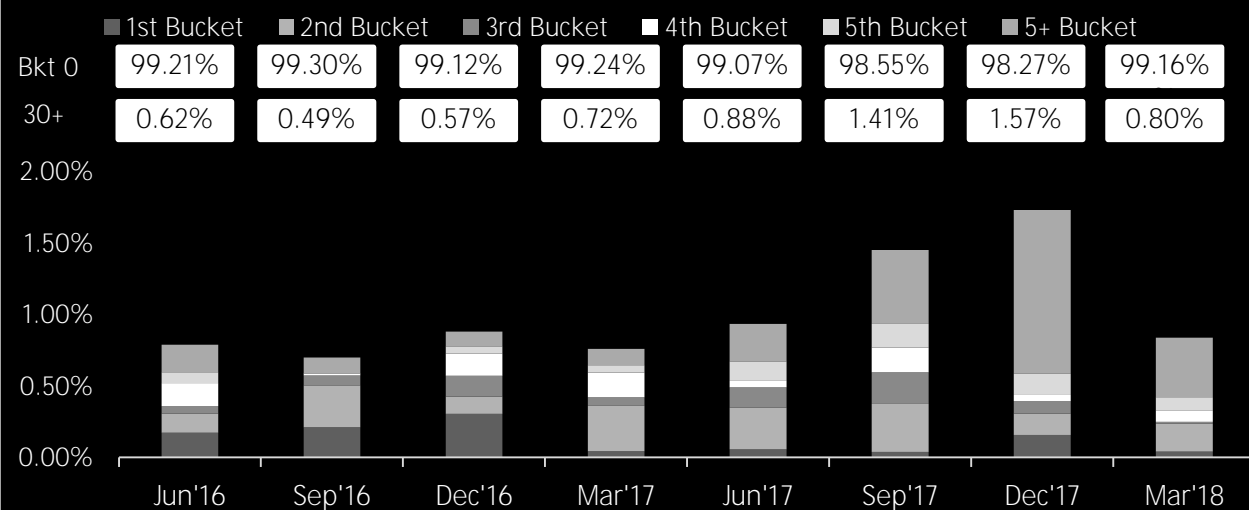
## Salaried Personal Loans portfolio



## Business Loans portfolio \*



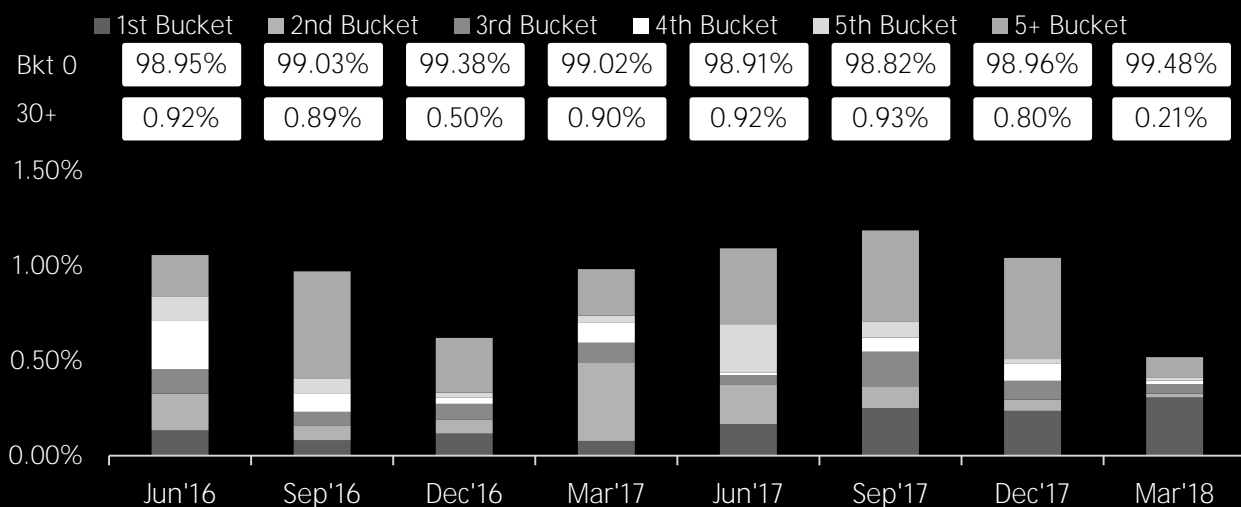
## Loan Against Property portfolio



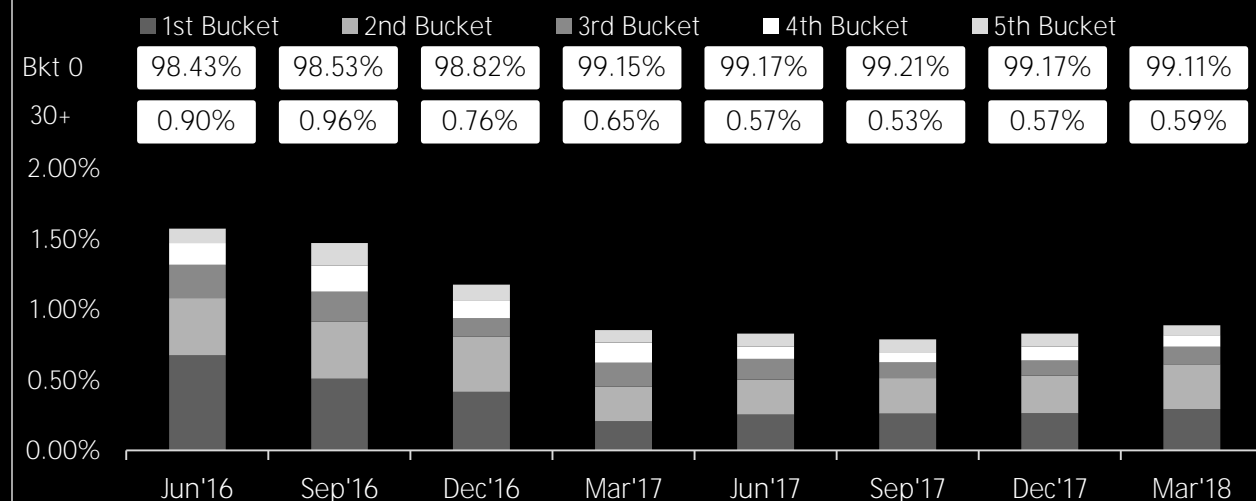
\* Number restated as Business Loans to professionals added

# CREDIT QUALITY – PORTFOLIO COMPOSITION

## Home Loans portfolio



## Rural Lending portfolio



# CREDIT QUALITY – PROVISIONING COVERAGE

Business Segment (Values in ₹ Cr)	Consolidated AUM (Cr.)	GNPA (Cr.)	NNPA (Cr.)	PCR (%)	GNPA	NNPA
Consumer Business	39,161	804	216	73.07%	2.09%	0.57%
SME Business	26,366	288	53	81.41%	1.31%	0.25%
Commercial Business	12,375	2	1	48.17%	-	-
Rural Business	6,131	70	26	63.53%	1.17%	0.43%
Bajaj Finance	84,033	1,164	297	74.51%	1.48%	0.38%

# NPA MOVEMENT

(Values in ₹ Cr)

Particulars	Jun'17			Sep'17	Dec'17	Mar'18
	As per FY17 Prudential norms	Impact of revised prudential norms	As per revised prudential norms			
Opening GNPA (A)	982	-	982	1,136	1,187	1,254
Roll Forward into NPA (a)	243	169	412	300	348	298
Restructuring (b)	19	-	19	17	3	4
Total Slippages (B=a+b)	262	169	431	317	351	302
Roll back to standard (c)	86	-	86	96	96	140
Realisation on sale of NPA receivables (d)	-	-	-	-	17	64
Write offs (e)	191	-	191	170	171	188
Total recoveries and write-offs (C=c+d+e)	277	-	277	266	284	392
Net addition to Gross NPA	(15)	169	154	51	67	(90)
Gross NPA (A+B-C)	967	169	1,136	1,187	1,254	1,164
GNPA %	1.44%	0.26%	1.70%	1.68%	1.67%	1.48%
Provisions thereon, other than standard assets provisioning	689	95	784	831	857	867
Net NPA	278	74	352	356	397	297
NNPA %	0.42%	0.11%	0.53%	0.51%	0.53%	0.38%
PCR%	71%	56%	69%	70%	68%	75%
Standard assets provisioning, not considered for PCR			274	288	305	326

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# BAJAJ FINANCE LIMITED

Q4 FY18 Investor Presentation

Thank You

# ANNEXURES

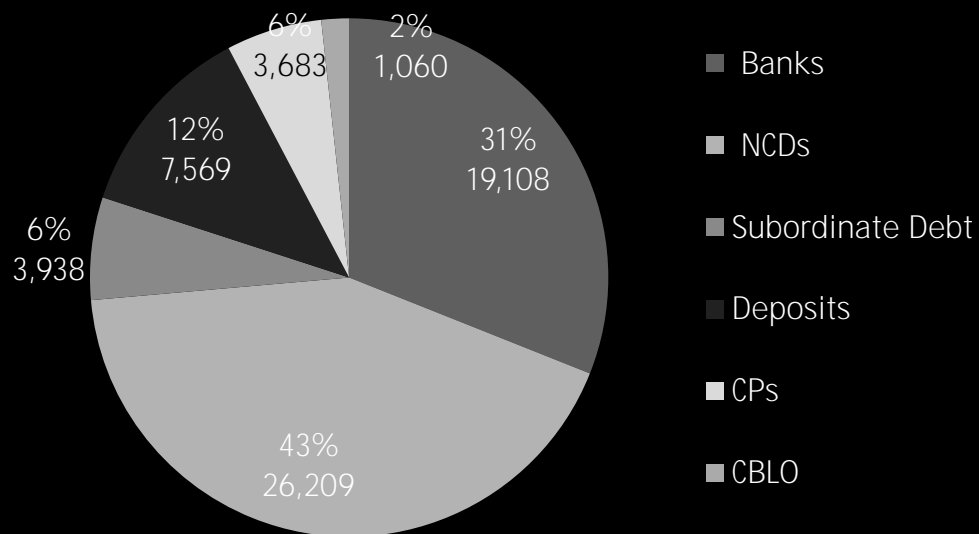
# GLOSSARY

2W	Two Wheeler	IRR	Internal Rate of Return
3W	Three Wheeler	LAP	Loan Against Property
ACMF	Auto Components Manufacturer Financing	LAS	Loan Against Securities
ALM	Asset & Liability Management	MF	Mutual Fund
AR	Assets Receivable	MM	Million
ARU	Activation, Retention & Usage	MSME	Micro, Small & Medium Enterprise
ASC	Authorized Service Centers	NII	Net Interest Income
AUF	Assets Under Finance	NNPA	Net Non Performing Assets
AUM	Assets Under Management	NTB	New to Bajaj Finance
B2B	Business to Business	Opex	Operating Expenses
B2C	Business to Customer	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
EMI	Existing Member Identification	ROA	Return on Assets
EPS	Earnings Per Share	ROE	Return on Equity
FIG	Financial Institutions Group	SE	Self Employed
FII	Foreign Institutional Investor	SME	Small & Medium Enterprise
FPI	Foreign Portfolio Investment	TAT	Turn Around Time
GNPA	Gross Non Performing Assets	TTD	Through the Door
HL	Home Loan	WPI	Wholesale Price Index
IFA	Independent Financial Advisor		

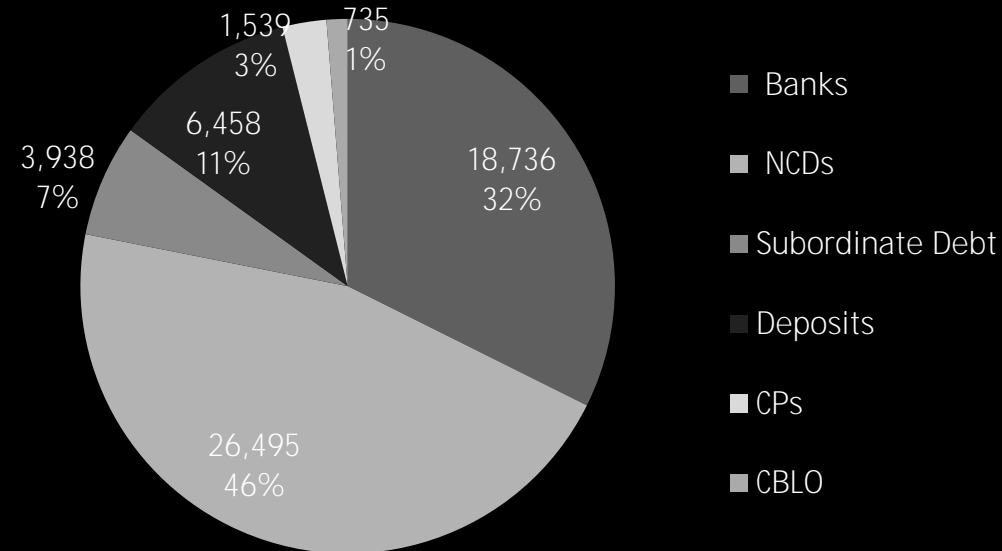


# ALM STRATEGY (Standalone)

Borrowings – Mar '18 (₹ 61,567 Crs)



Borrowings – Dec '17 (₹ 57,901 Crs)



Behaviouralised ALM (₹ Crs) – Mar'18



Behaviouralised ALM (₹ Crs) – Dec'17



# NPA PROVISIONING STANDARDS

MOD - Months overdue

## Consumer Lending

Consumer Durable Loans, EMI Cards – Retail Spends Financing, and Digital Product Loans:

- 3 – 5 MOD – 75%
- Above 5 MOD – 100%

Lifestyle loans:

- 3 – 5 MOD – 65%
- Above 5 MOD – 100%

2 and 3 Wheeler Loans:

- 3 – 5 MOD - 40%
- 6 – 12 MOD – 60%
- Above 12 MOD 100%

Personal Loan Cross-Sell and Salaried Personal Loans:

- 3 – 5 MOD - 75%
- Above 5 MOD – 100%

Salaried Home Loans:

- Please see “SME Lending – Home Loans, Loans against Property, Lease Rental Discounting”.

## SME Lending

Home Loans, Loans against Property, Lease Rental Discounting:

- 3–5 MOD - 15%
- 6 – 12 MOD – 25%
- 13 – 18 MOD – 40%
- 19 – 24 MOD – 60%
- Above 24 MOD – 100%

Working Capital Loans/ Loans to Professionals:

- 3 – 5 MOD – 75%
- Above 5 MOD – 100%

## Commercial Lending

Vendor Financing:

- 3 – 8 MOD – 10%
- 9 – 14 MOD – 20%
- Above 14 MOD - 100%
- Graded provision on secured portfolio

Infrastructure Finance, Securities Lending, Financial Institution Lending, Light Engineering Lending and Corporate Finance Loans:

- As per RBI norms
- Additionally, we assess impairment in the value of securities & provide for the uncovered portion, where considered necessary.

Construction Equipment Finance:

- 3 – 5 MOD - 15%
- 6 – 9 MOD - 30%
- 10 – 12 MOD - 60%
- Above 12 MOD - 100%

## Rural Lending

Consumer Durable Loans and Digital Product Loans:

- 3 – 5 MOD – 75%
- Above 5 MOD – 100%

Personal Loan Cross-Sell and Salaried Personal Loans:

- 3 – 5 MOD 75%
- Above 5 MOD – 100%

Working Capital Loans, and Loans to Professionals:

- 3 – 5 MOD – 75%
- Above 5 MOD – 100%

Loans Against Property and Home Loans:

- Please see “SME Lending – Home Loans/Loans against Property/Lease Rental Discounting”.

We provide a general provision of 0.40% on all standard assets (0.50% on Loan against property, Lease rental discounting and Developer Finance)

Some of our provisioning standards exceed RBI norms applicable for NBFC's.