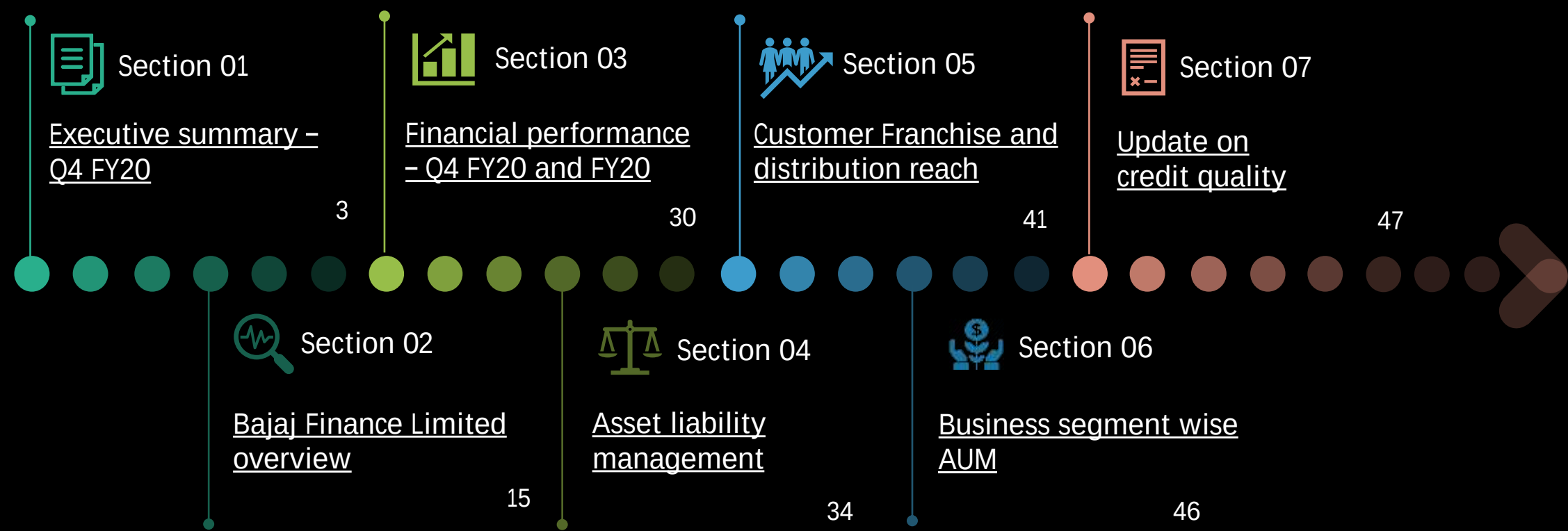




Bajaj Finance Limited

Q4 FY20 Investor Presentation

19 May 2020





Section 01

Executive summary – Q4 FY20

1.1

Quarter gone by

1.2

Executive summary on Covid-19

1.3

Executive summary on Q4 FY20

1.4

Executive summary FY20

Quarter gone by

Start of Q4 FY20 was quite promising aided by various fiscal measures implemented by the GOI in Q2-Q3 supported by good monsoon. Economy was clearly on the mend in Q4. However, due to sudden and unprecedented Covid-19 pandemic, India was under full lockdown and thus the company lost 7-8 productive days of March. Despite this, Q4 was a good quarter with growth in assets, new loans, new customer acquisition and franchise



[#] Adjusted for contingency provision of ₹ 900 crore, profit for the quarter was up 38% and for the year was up 49%.

[#] Adjusted for lower acquisition due to lockdown, AUM would have grown 31% to ~ ₹1,51,700 crore

*Not annualized

In these unprecedented times, Company is focused on capital preservation, balance sheet protection and operating expenses management. Company has healthy capital adequacy, strong liquidity position, low gross and net NPA, access to retail deposits, large mass affluent customer franchise, diversified portfolio mix, granular geographical distribution and strong risk management orientation. As a result, Company is confident of navigating the challenges posed by Covid-19. More details on these including actions taken by the company are covered in subsequent slides.

Balance Sheet and Franchise:

1. Admist Covid-19, the Company has taken a cautious stance, and has tightened underwriting and LTV norms across all businesses till July 2020. It is currently open for business in 1,926 urban and rural locations.
2. There was no lending in B2B businesses in April 2020 on account of nationwide lockdown. B2B businesses in green and orange zones have resumed operations in May. The Company is currently open for its B2B businesses in 1,583 urban and rural locations. Other business lines are being restarted gradually.
3. There was no lending in auto finance business in April 2020. Similar to B2B, auto finance business has also started sourcing in green and orange zones in May.
4. For B2C business, the Company took a cautious stance to not lend till lockdown is lifted. It may evaluate gradual reopening in green and orange zones.
5. For SME business, the Company took a cautious stance to not lend till lockdown is lifted. It may evaluate gradual reopening in green and orange zones.
6. B2B in Rural has resumed operations. Rural B2C, similar to urban will be gradually reopened. Rural is likely to recover the fastest as most of the locations are in green zones. Gold loan business is expected to see increased demand and Company has organised itself to capture incremental business opportunity.
7. Mortgage business is present in top 30 cities and since most of these cities are in Red zone, it is likely to take longer time to gain momentum.
8. Commercial lending is currently in pause mode except for lending to select existing customers.
9. LAS business remains open but low on activity due to volatility.

Liquidity Management

10. As on 15 May 2020, company had consolidated liquidity buffer of ₹ 20,900 crore and SLR investments of Rs. 3,310 crore. This represents 18.6% of its total borrowing. Given the environment, Company will continue to run high liquidity buffer, despite an impact on cost of funds in the short term.
11. Company has stress tested its liquidity model and is comfortably placed to meet its repayment obligations and business growth for a foreseeable period. [\(Refer Page 37\)](#)
12. Company continued to attract sizable retail deposits in April 2020. Company reduced rates for its retail deposit program by 25 bps in May 2020. Company has reduced its rates significantly for corporate deposits to improve its Retail : Corporate mix. As of April 2020 the mix of Retail : Corporate is 67 : 33.

Operating Expenses Management

13. Company has strong control over its operating expenses with modularity built across various line items. In addition, its variable cost approach for sourcing and loan processing leads to self balancing of expenses in line with volume movement.
14. Company has frozen all incremental and replacement hiring till September 2020, except for certain strategic positions.
15. Company has a modular compensation structure, with high weight to variable incentive. In times of lower growth, this modularity will result in reasonable reduction in salary costs.
16. Company has frozen advertising and promotion, travel, training and all other discretionary expenses till September 2020.
17. Company has reviewed its temporary workforce and has optimized it in light of lower demand.
18. Company has temporarily suspended all new branch expansion till September 2020.

19. Company has initiated a “Zero based costing” exercise to reimagine its cost structure across businesses and functions in a post Covid-19 environment.

Credit Costs

20. Most portfolios of the Company remained strong as of February 2020. Only 2 out of 13 portfolios are either yellow or red, rest all are green. The Company believes that it has sufficient pre-provision profitability to navigate through the potential risks emerging from Covid-19. [\(Refer Page 54\)](#)

21. Company has started to prepare itself for potential Covid-19 impact. It took one-time provision amounting to ₹ 1,419 crore in Q4. The break-up is as follows:

- Took ₹ 129 crore of additional provision from recalibration of ECL model in Q4,
- Took ₹ 900 crore of contingency provision for Covid-19 based on moratorium, bounce behavior of customers in April and May and expected worsening in macro environment.
- Took ₹ 390 crore charge off for two large identified stressed accounts.

22. As of 31 March 2020, Company has standard assets provisioning of 159 bps as against 85 bps in March '19 and 101 bps in Dec'19. [\(Refer Page 52\)](#)

23. As of 30 April 2020, 27% of the consolidated AUM was under moratorium. Of customers under moratorium, 68% have no recent bounce history with us. [\(Refer Page 58\)](#)

24. Company has built multiple scenarios on potential Covid-19 credit cost impact. These scenarios take into account various factors including, phasing of lockdown, behavior of moratorium customers, collection capacity management, changes in regulatory forbearances and response of the economy post lockdown.

25. Company has a rigorous and granular collections capacity planning model. Company has committed significant investments and is currently executing significant ramp up of its collections capacity to manage Covid-19 bounce portfolio.
26. Gross NPA & Net NPA stood at 1.61% and 0.65% as of 31 March 2020. **Company has offered moratorium to all its non NPA customers basis request or on a suo-moto basis.** However, as a matter of prudence, Company decided that a set of customers with 60 days overdue and high likelihood of moving into NPA should not be offered moratorium. Had Company chosen to offer moratorium to all such customers as well, GNPA and NNPA would have been 1.38% and 0.51%, respectively.

Profitability

27. Consolidated PAT for the quarter contracted by 19% to ₹ 948 crore. However, adjusted for contingency provision of ₹ 900 crore for Covid-19, profit after tax was up 38%. Pre-provision profitability remained strong. ([Refer Page 31](#))
28. Company is re-evaluating its margin profile in certain businesses in light of expected elevated credit costs. It will however be subject to competitive intensity.
29. Company is mining its 42.6 MM customer franchise to increase penetration of fee products like health card, health insurance etc.
30. Return on Assets for the quarter was 0.7% and Return on Equity was 2.9% due to contingency provision of ₹ 900 crore for Covid-19. Adjusted for this provision, ROA for the quarter was 1.2% and ROE was 5.0%.

Capital:

31. Capital adequacy remained strong at 25.01% ([Refer Page 35](#)). Book value of the equity share of the company as on 31 March 2020 was ₹ 538.4 vs ₹ 341.4 as on 31 March 2019, growth of 58%.

Balance Sheet and Franchise:

1. AUM grew by 27% YoY to ₹ 1,47,153 crore as of 31 March 2020. Adjusted for lower acquisition due to lockdown, AUM would have grown by 31% to approximately ₹ 1,51,700 crore.
2. New loans booked increased by 3% to 6.03 MM in Q4 FY20 from 5.83 MM in Q4 FY19. Adjusted for lower acquisition due to lockdown, new loans booked would have grown by 21% to approximately 7.03 MM.
3. AUM growth was reasonably granular across the company with most businesses continued to grow well. (YoY growth for Consumer B2B sales finance – 3%, Consumer B2C – 36%, Rural B2B – 25%, Rural B2C – 50%, SME – 23%, Mortgages – 36%, Auto Finance – 35%, Commercial lending – 13%, Securities lending book contracted by 24%).
4. We acquired 1.90 MM new customers in the current quarter. Adjusted for lower customer acquisition due to lockdown, this number would have been approximately 2.25 MM. Total customer franchise stood at 42.60 MM as of 31 March 2020, a growth of 24% YoY. Cross sell franchise stood at 24.13 MM as of 31 March 2020. Strategy remains to grow wallet share of these 24.13 MM clients. *
5. Existing customers contributed to 68% of new loans booked during Q4 FY20.
6. We added 213 new locations in Q4 FY20 taking our total geographic presence to 2,392 locations in India as of 31 March 2020.

Liquidity Management

7. Consolidated borrowing mix for Money Markets: Banks: Deposits: ECB stood at 42%: 38%: 17%: 3%. Cost of funds at consolidated level has sequentially increased by 8 bps to 8.37% in Q4 FY20 from 8.29% in Q3 FY20 due to Company's conservative stance of borrowing long term monies.
8. Our liquidity position remains very strong with overall liquidity surplus of ₹ 15,725 crore as of 31 March 2020 on consolidated basis. The Company's liquidity surplus as of 15 May 2020 was ₹ 20,900 crore.

9. Deposits book stood at ₹ 21,427 crore, a growth of 62% YoY. Its contribution to consolidated balance sheet was 17% as of 31 March 2020. Retail deposits contributed to ~63% to the deposits book.

Operating Efficiencies

10. Overall NIM remained strong in Q4 FY20 as well. NIM for Q4 FY20 was up 38% to ₹ 4,684 crore from ₹ 3,385 crore in Q4 FY19.
11. We continued to maintain strong focus on growing our fees and other income. Our fees and other income in Q4 FY20 grew by 45% YoY to ₹ 929 crore in Q4 FY20 from ₹ 642 crore in Q4 FY19.
12. Opex to NII improved to 31.0% in Q4 FY20 as against 34.4% in Q4 FY19. ★

Credit Cost

13. Loan losses and provisions (expected credit loss) for Q4 FY20 was ₹ 1,954 crore as against ₹ 409 crore in Q4 FY19. During the quarter, the Company has taken an accelerated charge of ₹ 390 crore for two identified large accounts, an additional provision of ₹ 129 crore on account of recalibration of its ECL model and a contingency provision of ₹ 900 crore for Covid-19. Adjusted for these one-time provisions of ₹ 1,419 crore, loan losses and provisions for Q4 FY20 was ₹ 535 crore.
14. Gross NPA & Net NPA stood at 1.61% and 0.65% as of 31 March 2020. Sequentially, GNPA is flat & NNPA has moved down by 5 bps.
15. Standard assets provisioning (ECL stage 1 and 2) including contingency provision of ₹ 900 crore for COVID-19 stood at 159 bps and excluding contingency provision stood at 97 bps under Ind AS.

Profitability and Capital:

16. Consolidated profit after tax for the quarter contracted by 19% to ₹ 948 crore. Adjusted for ₹ 900 crore of contingency provision for Covid-19, profit after tax was up 38%.
17. Return on Assets for the quarter was 0.7% and Return on Equity was 2.9% due to ₹ 900 crore of contingency provision for Covid-19. Adjusted for this provision, ROA for the quarter would be 1.2% and ROE would be 5.0%.

Subsidiaries:

18. Bajaj Housing Finance Ltd (BHFL) continued to grow in a robust manner delivering profit after tax growth of 47% to ₹ 91 crore in Q4 FY20 vs ₹ 62 crore in Q4 FY19. This PAT was after taking a contingency provision of ₹ 50 Crore for Covid-19.
19. BHFL AUM grew by 86% to ₹ 32,705 crore as of 31 March 2020 from ₹ 17,562 crore as of 31 March 2019. Adjusted for lower acquisition due to lockdown, AUM would have grown by 93% to approximately ₹ 33,900.
20. BHFL Net Interest Income for Q4 FY20 was up by 75% to ₹ 283 crore from ₹ 162 crore in Q4 FY19
21. BHFL Opex to NII improved to 25.4% in Q4 FY20 as against 42.0% in Q4 FY19.
22. During the quarter, BFL has invested ₹ 1,500 crores in BHFL by subscribing to 133.33 crore equity shares of face value of ₹ 10 for cash at ₹ 11.25 (including premium of ₹ 1.25), offered on rights basis.

Balance Sheet and Franchise:

1. New loans booked increased by 17% to 27.44 MM from 23.50 MM in FY19. Adjusted for lower acquisition due to lockdown, new loans acquisition would have grown by 21% to approximately 28.44 million.
2. Customer franchise increased by 24% to 42.60 MM on 31 March 2020 from 34.48 MM on 31 March 2019. Adjusted for lower customer acquisition due to lockdown, customer franchise increased by 25% to 42.95.

Operating Efficiencies

3. Net Interest Income for FY20 was up by 42% to ₹ 16,913 crore from ₹ 11,877 crore in FY19.
4. Opex to NII for FY20 was 33.5% against 35.3% in FY19.

Credit Cost

5. Loan losses and provisions (expected credit loss) for FY20 were ₹ 3,929 crore as against ₹ 1,501 crore in FY19. During the year, the Company has taken an accelerated charge of ₹ 483 crore for two identified large accounts, an additional provision of ₹ 129 crore on account of recalibration of its ECL model and a contingency provision of ₹ 900 crore for Covid-19. Adjusted for these one-time provisions of ₹ 1,512 crore, loan losses and provisions for FY20 was ₹ 2,417 crore.

Profitability and Capital

6. Profit after tax for FY20 grew by 32% to ₹ 5,264 crore from ₹ 3,995 crore in FY19.
7. Capital adequacy ratio (including Tier-II capital) as of 31 March 2020 stood at 25.01%. Tier-I capital stood at 21.27%. Consolidated leverage was 5.1X. The Company remains one of the most capitalised companies in financial sector amongst large companies.
8. Company successfully completed ₹ 8,500 crores of capital raise through Qualified Institutions Placement in November 2019. [Back](#)

9. The Board of Directors has not recommended any final dividend. The interim dividend of ₹ 10 per equity share of the face value of ₹ 2 (500%) declared by Board of Directors, at its meeting held on 21 February 2020, shall be considered as the final dividend for the FY20. Thus, the total dividend for FY20 remains ₹ 10 per equity share (previous year ₹ 6 per equity share).
10. Annualized Return on Assets for the year was 4.1% and Return on Equity was 20.2%.

Subsidiaries:

11. BHFL Profit after tax for FY20 was up by 283% to ₹ 421 crore from ₹ 110 crore in FY19.
12. BHFL Net Interest Income grew by 119% in FY20 to ₹ 1,030 crore against ₹ 471 crore in FY19.
13. BHFL Opex to NII improved to 32.9% in FY20 as against 63.1% in FY19.
14. BHFL Capital adequacy ratio (including Tier-II capital) as of 31 March 2020 stood at 25.15%
15. Bajaj Financial Securities Limited commenced operations from August 2019. Its total Income for FY20 was ₹ 11 crore and Profit after tax for FY20 was ₹ 2 crore.

Section 02 Bajaj Finance Limited overview

2.1

Bajaj group structure

2.2

Bajaj Finserv group - Executive summary

2.3

What do we stand for

2.4

Our Shareholder profile

2.5

12 year financial snapshot

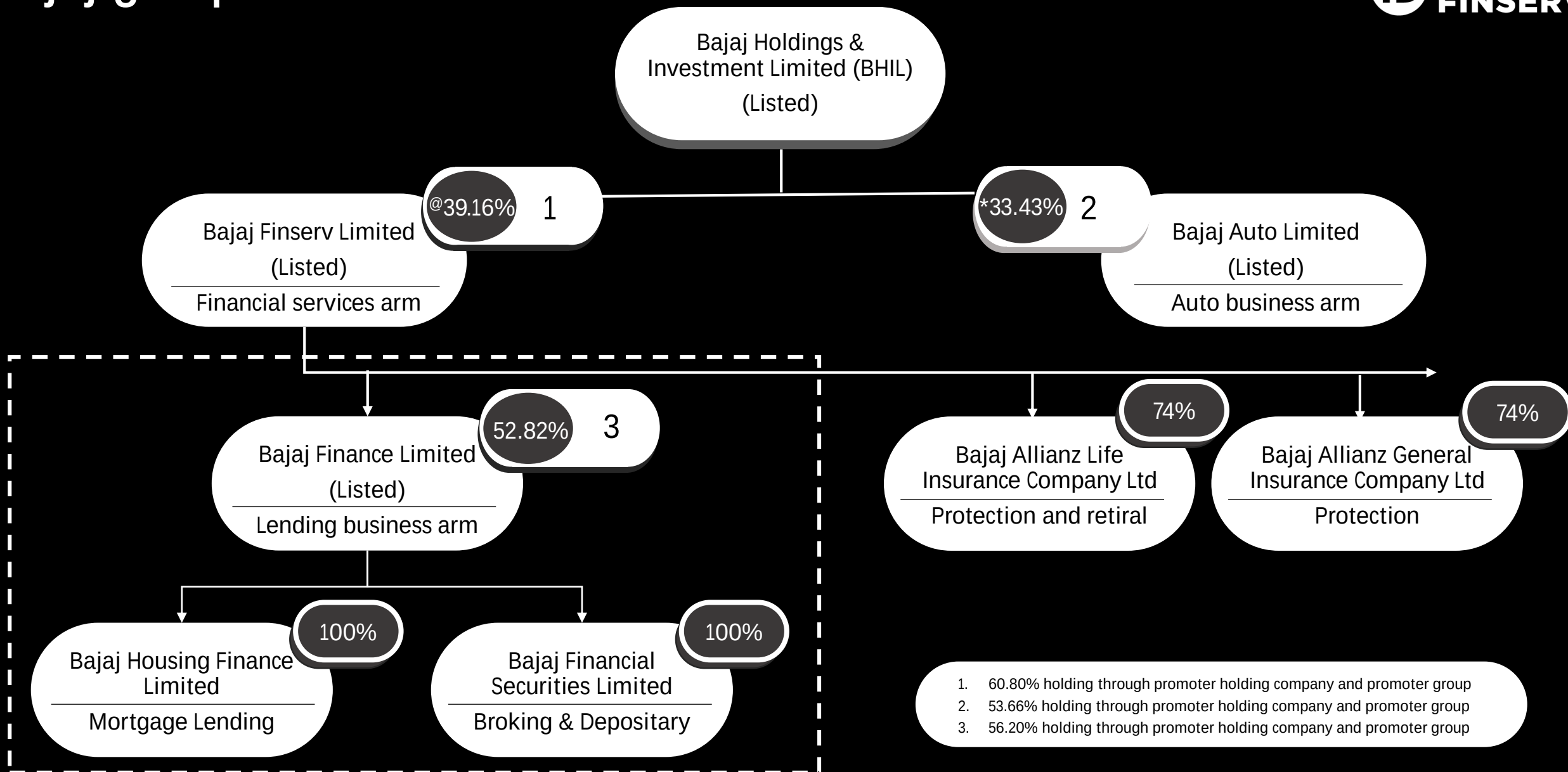
2.6

Product suite

2.7

Executive summary

Bajaj group structure



1. 60.80% holding through promoter holding company and promoter group
2. 53.66% holding through promoter holding company and promoter group
3. 56.20% holding through promoter holding company and promoter group

Above shareholding is as of 31 March 2020

*BHIL has an additional stake of 2.34% through its subsidiary, Maharashtra Scooters Limited

@BHIL has an additional stake of 2.34% through, Maharashtra Scooters Limited, and 0.13% through Bajaj Auto Holdings Limited, subsidiaries of BHIL



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
• A 33 year old non bank finance company • Diversified across consumer, payments, rural, SME, commercial & mortgage lending • 1,035 urban locations and 1,357 rural locations with over 1,14,400+ distribution points • Credit rating of AAA/Stable by CRISIL, ICRA, CARE & India Ratings. • Credit rating for short term borrowing is A1+ by CRISIL, ICRA & India Ratings • Credit rating for FD program is FAAA/ Stable by CRISIL & MAAA (Stable) by ICRA • Investment grade long term issuer credit rating of BBB-/Negative and short term rating of A-3 by S&P Global • Customer franchise of 42.60 MM	• 2nd largest private general insurer in India as of FY19 • Consistently profitable amongst the private players. ROE of 16.2% in FY19 • Multi-channel distribution supported by a wide range of products across all retail & corporate segments • Offers a wide range of general insurance products across retail and corporate segments • Combined ratio of 96.7% for FY19 and 103.9% for Q4 FY19 • Recognized in the market for claims servicing • AUM of ₹ 17.2K crore • Solvency ratio of 255% , well above regulatory solvency margin of 150%	• Amongst top 5 private players as of FY19 on new business • Diversified distribution mix consisting of agency, bank assurance, other partners, direct etc. • Deep pan India distribution reach of 600+ branches • AUM of ₹ 56.6K crore as on 31 March 19 • Networth of ₹ 9.65K crore as on 31 March 19 • One of the most profitable private life insurers in India • Solvency ratio of 804%

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

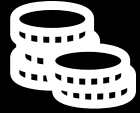
“Focused on mass affluent & above clients with a strategy to cross sell”

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

“Business construct to deliver a sustainable ROA of 3.3-3.5% and ROE of 19-21% in the long term”

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

Our general long-term guidance on financial metrics



AUM growth
in corridor of
25%-27%



Profit growth
in corridor of
23%-24%



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
19%-21%

Key strategic differentiators

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

A trusted brand with strong brand equity

Focus on mass affluent and above clients

Total customer franchise of 42.60 MM and cross sell franchise of 24.13 MM

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

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

A well diversified balance sheet

Consolidated lending AUM mix for Consumer: Rural: SME: Commercial: Mortgages stood at 39%: 9%: 13%: 8%: 31%
Consolidated borrowing mix for Money Markets :Banks: Deposits: ECB stood at 42%: 38%: 17%: 3%

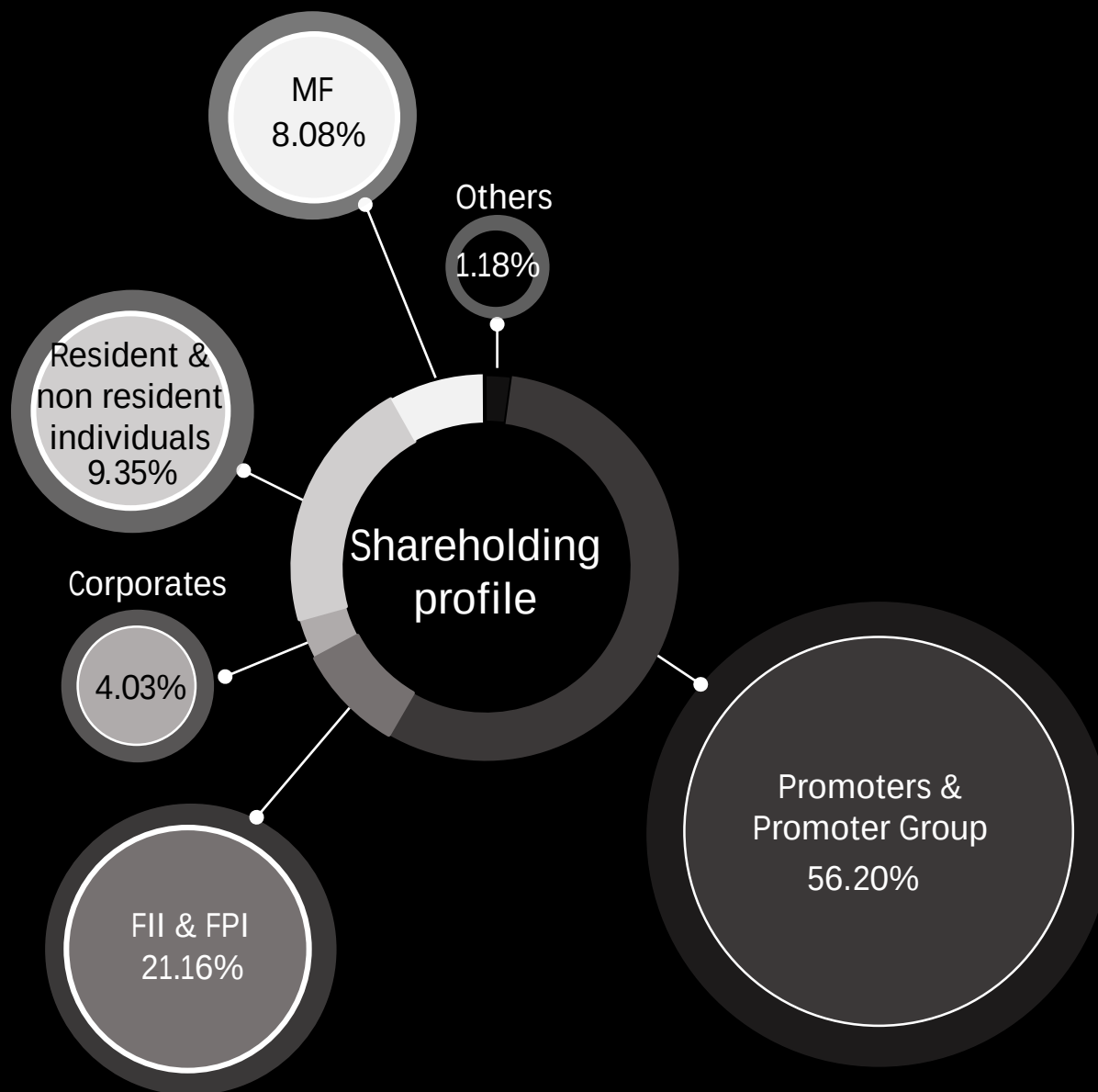
Highly agile & innovative

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

Deep investment in technology and analytics

Has helped achieve multi product cross sell and manage risk & controllership effectively. Obsessed to deliver frictionless experience to customer

Our Shareholder profile



Top 20 investors & their holdings

S.No	Name of Shareholder	As on 31 Mar 20	As on 31 Dec 19	As on 31 Mar 19
1	BAJAJ FINSERV LTD	52.82%	52.82%	54.99%
2	GOVERNMENT OF SINGAPORE	4.46%	4.62%	3.68%
3	MAHARASHTRA SCOOTERS LTD.	3.15%	3.15%	3.28%
4	STEADVIEW CAPITAL MAURITIUS LTD.	0.79%	0.89%	1.26%
5	NEW HORIZON OPPORTUNITIES MASTER FUND	0.77%	0.77%	0.80%
6	AXIS LONG TERM EQUITY FUND	0.76%	0.77%	0.87%
7	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD	0.68%	0.56%	0.23%
8	SBI ETF NIFTY 50	0.65%	0.57%	0.45%
9	NEW WORLD FUND INC.	0.56%	0.56%	0.62%
10	SMALL CAP WORLD FUND INC	0.54%	0.54%	0.56%
11	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.52%	0.48%	0.46%
12	SBI LIFE INSURANCE CO. LTD	0.48%	0.43%	0.41%
13	NOMURA INDIA INVESTMENT FUND	0.48%	0.46%	0.38%
14	SBI EQUITY HYBRID FUND	0.45%	0.42%	0.43%
15	VANGUARD EMERGING MARKET STOCK INDEX FUND	0.44%	0.44%	0.48%
16	AXIS BLUECHIP FUND	0.41%	0.31%	0.25%
17	AXIS FOCUSED 25 FUND	0.36%	0.32%	0.37%
18	GOVERNMENT PENSION FUND GLOBAL	0.33%	0.33%	0.22%
19	UTI – EQUITY FUND	0.32%	0.30%	0.40%
20	PEOPLE’S BANK OF CHINA	0.32%	0.30%	0.25%

Above shareholding is as of 31 March 2020

Financial snapshot

₹ in Crores

Financials snapshot @	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 [@] (Consol.)	FY19 [@] (Consol.)	FY20 [@] (Consol.)	YoY (FY19-FY20)	CAGR (12 yrs)
Assets under management	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	1,15,888	1,47,153	27%	45%
Income from operations	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,500	26,386	43%	41%
Interest expenses	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,623	9,473	43%	45%
Net Interest Income (NII)	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,877	16,913	42%	39%
Operating Expenses	220	320	460	670	850	1,151	1,428	1,898	2,564	3,270	4,197	5,662	35%	34%
Loan Losses & Provision (ECL)	164	261	205	154	182	258	385	543	804	1,030	1,501	3,929	162%	33%
Profit before tax	51	134	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	7,322	18%	57%
Profit after tax	34	89	247	406	591	719	898	1,279	1,837	2,496	3,995	5,264	32%	58%

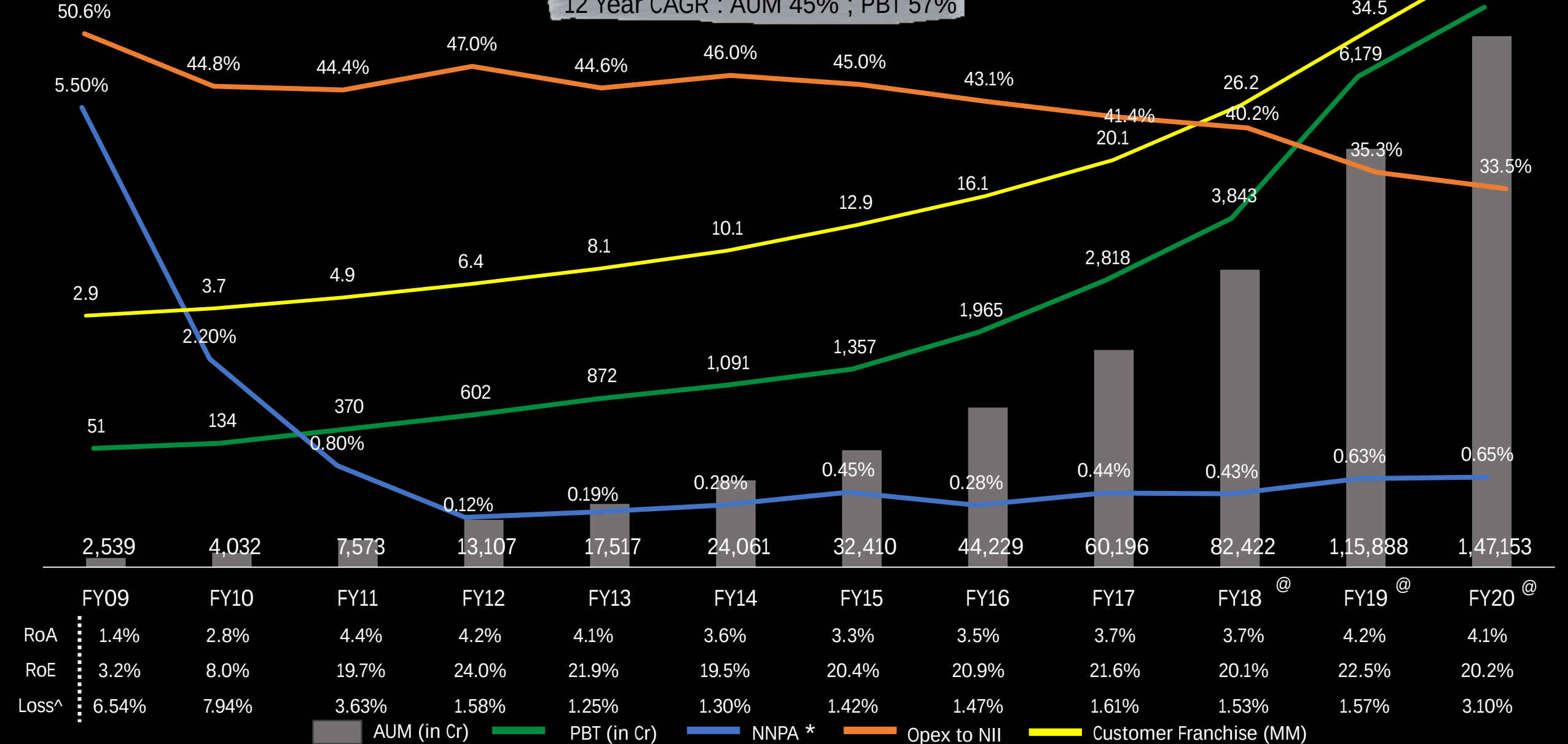
Ratios	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Opex to NII	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%	33.5%
Return on assets	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%	4.1%
Return on equity	3.2%	8.0%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%	20.2%
Net NPA *	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%	0.65%
NPA provisioning coverage	32%	55%	79%	89%	83%	76%	71%	77%	74%	70%	60%	60%

@ All figures till including FY17 are as per previous GAAP, whereas for FY18 onwards 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.

12-year financial snapshot

12 Year CAGR : AUM 45% ; PBT 57%



^ Represents loan losses and provisions to average AUF under previous GAAP and Impairment of financial assets to average Loans book under Ind AS.

@ All figures including FY17 are as per previous GAAP, whereas from FY18 onwards 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.

Product suite

BAJAJ FINANCE LIMITED					
Consumer	SME	Commercial	Rural	Deposits	Partnerships & Services
1. Consumer Durable Loans	1. Unsecured Working Capital Loans ^(E)	1. Loan against securities	1. Consumer Durable Loans	1. Retail Term Deposits	1. Life Insurance Distribution
2. Digital Product Loans ^(E)		2. IPO financing	2. Digital Product Loans	2. Corporate Term Deposits	2. General Insurance Distribution
3. Lifestyle Product Loans	2. Loans to self employed and Professionals ^(E)	3. ESOP financing	3. Lifestyle Product Loans		3. Health Insurance Distribution
4. Lifecare financing		4. Vendor financing to auto component manufacturers	4. Personal Loans Cross Sell		4. Pocket Insurance ^(E)
5. EMI Cards	3. Secured Enterprise Loans	5. Financial Institutions Lending	5. Salaried Personal Loans		5. Co-Branded Credit Card
6. Retail Spend Financing	4. Used-car financing	6. Light Engineering Lending	6. Gold Loans		6. Co-Branded Wallet
7. 2-Wheeler & 3-Wheeler Loans		7. Specialty Chemicals Lending	7. Loans to Professionals		7. Financial Fitness Report
8. Personal Loan Cross-Sell					
9. Salaried Personal Loans ^(E)					
10. E-Commerce - Consumer Finance					
11. Retailer Finance					
BAJAJ HOUSING FINANCE LIMITED					
1. Salaried Home Loans ^(E)	1. Loan Against Property	1. Developer Finance	1. Loan Against Property		1. Property search services
2. Salaried Loan Against Property	2. Self Employed Home Loans		2. Home Loans		2. Property Fitness Report
	3. Lease Rental Discounting		3. Secured Enterprise Loans		
BAJAJ FINANCIAL SECURITIES LIMITED					
1. Depository services					
2. Margin Trading Facility					
3. Spread Financing					
4. Brokerage account					

(E) Also available through digital channels [Back](#)

Executive summary – Consolidated

Overview	• 33-year-old non bank with a demonstrated track record of profitable growth • Diversified financial services company focused on Consumer, Rural, SME, Commercial, Mortgages and Payments • Focused on mass affluent client with a strategy to cross sell • Strong focus on deposits acceptance and fee product distribution • Present in 1,035 urban locations and 1,357 rural locations in India with over 1,14,400+ points of sale • Large customer franchise of 42.60 MM with loans cross sell franchise of 24.13 MM • Amongst the largest new loan acquirers in India (27.44 MM in FY20) • AUM mix of Consumer: Rural: SME: Commercial: Mortgages stood at 39%: 9%: 13%: 8%: 31% as of 31 March 2020 • AUM of ₹ 1,47,153 crore as of 31 March 2020 and a post tax profit of ₹ 5,264 crore in FY20. • Capital adequacy ratio (including Tier II capital) stood at 25.01% as of 31 March 2020. Tier I capital stood at 21.27%
Subsidiaries	• 100% shareholding in Bajaj Housing Finance Limited • 100% shareholding in Bajaj Financial Securities Limited
Treasury	• Strategy is to create a balanced mix of wholesale and retail borrowings • Borrowings of ₹ 129,806 crore with a mix of 42: 38: 17: 3 between money markets, banks, deposits & ECB as of 31 March 2020
Credit Quality	• Consolidated Gross and Net NPA as of 31 March 2020 stood at 1.61% and 0.65%, respectively • Provisioning coverage ratio of 60% as of 31 March 2020 • Standard assets provisioning of 159 bps (ECL stage 1 & 2) under Ind AS as against requirement of ~40 bps as per RBI and NHB. This includes contingency provision of ₹ 900 crores for COVID-19. Excluding the same, standard assets provisioning stood at 97 bps.

Overview	• Focused on Consumer, Rural, SME, Commercial and Payments lines of businesses • Strategic business unit organization design supported by horizontal common utility functions to drive domain expertise, scalability and operating leverage • Focused on cross sell, customer experience and product & process innovations to create a differentiated & profitable business model • AUM mix of Consumer: Rural: SME: Commercial: Mortgage (residual) stood at 48%: 11%: 17%: 10%: 14% as of 31 March 2020 • AUM of ₹ 1,16,102 crore as of 31 March 2020 and a post tax profit of ₹ 4,881 crore in FY20
Consumer business	• Present in 1,035 locations with 89,900+ active distribution points of sale as of 31 March 2020 • Largest consumer electronics, digital products & lifestyle products lender in India • Financed ~54% of Bajaj Auto's domestic two-wheeler sales in BFL's operational locations in FY20 – disbursed 11.11 Lac accounts • Financed ~51% of Bajaj Auto's domestic three-wheeler sales in BFL's operational locations in FY20 - disbursed 1.87 Lac accounts • Amongst the largest personal loan lenders in India
Payments	• EMI Card franchise stood at 21.98 MM cards in force (CIF) • Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 1.84 MM as of 31 March 2020 • Bajaj Finserv Mobikwik app has 15.2 MM users as of 31 March 2020 who have linked their EMI card to the wallet
Rural business	• Highly diversified lender in rural markets offering 10 loan products across consumer, SME & mortgages business categories. • Operates with a unique hub and spoke business model • Geographic presence across 1,357 towns and villages with retail presence across 19,600+ points of sale

SME Business	• Offers unsecured working capital loans to SME and self-employed professionals • Secured offerings include enterprise loans against property and financing against used car • Focused on affluent SMEs (average sales of ₹15 to 17 crore) with established financials & demonstrated borrowing track record
Commercial business	• 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 ₹ 1,04,206 crore with a mix of 45: 30: 21: 4 between money markets, banks, deposits & ECB as of 31 March 2020
Credit Quality	• Gross and Net NPA as of 31 March 2020 stood at 1.98% and 0.79%, respectively • Provisioning coverage ratio of 61% as of 31 March 2020 • Standard assets provisioning (ECL stage 1 and 2) including accelerated charge of ₹ 390 crore for two identified large accounts and a contingency provision of ₹ 850 crore for Covid-19, stood at 1.89% under Ind AS as against requirement of ~40 bps as per RBI.
Credit Rating	• Investment grade long term issuer credit rating of BBB-/Negative & short term rating of A-3 by S&P Global Ratings • Credit rating for long term borrowing is AAA/Stable by CRISIL, ICRA, CARE & India Ratings • Credit rating for short term borrowing is A1+ by CRISIL, ICRA & India Ratings • Credit rating for FD program is FAAA/Stable by CRISIL & MAAA (Stable) by ICRA

Bajaj Housing Finance Limited

- A 100% subsidiary of Bajaj Finance Limited, registered with National Housing Bank as a Housing Finance Company
- Offers full range of mortgage products such as home loans, loan against property and lease rental discounting to salaried & self employed customers. It also offers construction finance and inventory finance to credit worthy developers
- Focused on mass affluent and above customers (salaried and self employed)
- AUM of ₹ 32,705 crore as of 31 March 2020 and a post tax profit of ₹ 91 crore for Q4 FY20 and ₹ 421 crore for full year FY20
- Capital adequacy ratio (including Tier II capital) stood at 25.15% as of 31 March 2020

Home Loans

- Offers home loans to salaried customers for an average ticket size of approximately 42 lakhs
- Focused on developing B2B business by leveraging existing developer finance relationships and through tie-ups with new project launches
- Currently present across 32 locations in India

Loan Against Property

- Offers loan to mass affluent and above self employed customers for an average ticket size of approximately 48 lakhs
- Strategy is to sell LAP product to existing customers only via direct to customer channel
- Currently present across 15 locations in India

Rural

- Offers home loans and loans against property to salaried and self-employed customers with an average ticket size of approximately 18 lakhs for home loans and 12 lakhs for loan against property
- Hub and spoke strategy through branch network and ASSC tie ups
- Currently present across 73 locations in India

Executive summary – Bajaj Housing Finance Limited

Lease Rental Discounting	• Offers loan against lease rentals to high net worth individuals and developers on commercial property leased mainly to corporate tenants • All lease rental discounting transactions are backed by rentals through escrow mechanism • Ticket size of lease rental discounting ranges from 5 - 125 crore with an average ticket size of approximately 25 crore • Currently present across 8 locations in India (Mumbai, Delhi, Bangalore, Pune, Ahmedabad, Chennai, Kolkata and Hyderabad)
Developer Financing	• Offers construction finance and inventory finance mainly to category A and A+ developers in India • Average ticket size ranges between 15 – 35 crore • Currently present in 8 locations (Mumbai, Bangalore, Pune, Ahmedabad, Chennai, Kolkata, Hyderabad and Surat)
Credit Quality	• Gross NPA and Net NPA, recognized as per extant NHB prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as of 31 March 2020 stood at 0.08% and 0.05% respectively
Treasury	• Strategy is to create a balanced and sustained mix of borrowings • Borrowings stood at ₹ 25,600 crore with a mix of 69 : 31 between banks and money markets as of 31 March 2020
Credit Rating	• Credit rating for long term borrowing is AAA/Stable by CRISIL & IND AAA/Stable by India Ratings • Credit rating for short term borrowing is A1+ by CRISIL & IND A1+ by India Ratings



Section 03

Financial performance –Q4 FY20 and FY20

3.1

Financial statement summary –
Consolidated

3.2

Financial statement summary –
Bajaj Finance Limited

3.3

Financial statement summary –
Bajaj Housing Finance Limited

Financial statement summary – Consolidated

Financials snapshot	Q4 FY20	Q4 FY19	YoY	FY20	FY19	YoY
Assets under management	1,47,153	1,15,888	27%	1,47,153	1,15,888	27%
Assets under finance	1,41,376	1,12,513	26%	1,41,376	1,12,513	26%
Interest income	6,302	4,656	35%	22,970	16,349	40%
Fee and other income	929	642	45%	3,416	2,151	59%
Total Income	7,231	5,298	36%	26,386	18,500	43%
Interest expenses	2,547	1,913	33%	9,473	6,623	43%
Net Interest Income	4,684	3,385	38%	16,913	11,877	42%
Operating Expenses	1,452	1,164	25%	5,662	4,197	35%
Loan losses and provisions (ECL stage 1 & 2)	856	34	2418%	1,318	260	407%
Loan losses and provisions (ECL stage 3 & write off)	1,098	375	193%	2,611	1,241	110%
Profit before tax	1,278	1,812	(29%)	7,322	6,179	18%
Profit after tax	948	1,176	(19%)	5,264	3,995	32%
Profit after tax (adjusted for Covid-19 provision)	1,622	1,176	38%	5,937	3,995	49%
Ratios						
Operating expenses to Net Interest Income	31.0%	34.4%		33.5%	35.3%	
Loan loss to average AUF*	1.39%	0.38%		3.10%	1.57%	
Earning per share - Basic (₹) *	15.8	20.4		89.8	69.3	
Return on Average Assets*	0.7%	1.1%		4.1%	4.2%	
Return on Average Equity *	2.9%	6.2%		20.2%	22.5%	

Adjusted for contingency provision of ₹ 900 crore for Covid-19, Loan losses and provisions (ECL stage 1 and 2) growth for Q4 FY'20 is (229)% and for FY'20 is 61%.

* Not annualized

Financial statement summary – Bajaj Finance Limited

₹ in Crore

Financials snapshot	Q4 FY20	Q4 FY19	YoY	FY20	FY19	YoY
Assets under management	1,16,102	98,671	18%	1,16,102	98,671	18%
Assets under finance	1,13,417	95,181	19%	1,13,417	95,181	19%
Interest income	5,616	4,273	31%	20,668	15,346	35%
Fee and other income	899	610	47%	3,166	2,053	54%
Total Income	6,515	4,883	33%	23,834	17,399	37%
Interest expenses	2,056	1,644	25%	7,857	5,939	32%
Net Interest Income	4,459	3,239	38%	15,977	11,460	39%
Operating Expenses	1,389	1,112	25%	5,364	3,949	36%
Loan losses and provisions (ECL stage 1 & 2)	788	28	2714%	1,233	239	416%
Loan losses and provisions (ECL stage 3 & write off)	1,077	373	189%	2,572	1,237	108%
Profit before tax	1,205	1,726	(30%)	6,808	6,035	13%
Profit after tax	892	1,114	(20%)	4,881	3,890	25%
Profit after tax (adjusted for Covid-19 provision)	1,528	1,114	37%	5,517	3,890	42%
Ratios						
Operating expense to Net Interest Income	31.1%	34.3%		33.6%	34.5%	
Loan loss to Average AUF*	1.64%	0.43%		3.65%	1.73%	
Return on Average Assets*	0.8%	1.2%		4.7%	4.6%	
Return on Average Equity*	2.8%	5.9%		19.0%	22.0%	

* Not annualized

Financial statement summary – Bajaj Housing Finance Limited

₹ in Crore

Financials snapshot	Q4 FY20	Q4 FY19	YoY	FY20	FY19	YoY
Assets under management	32,705	17,562	86%	32,705	17,562	86%
Assets under finance	27,975	17,332	61%	27,975	17,332	61%
Interest income	687	382	80%	2,303	998	131%
Fee and other income	87	49	78%	343	158	117%
Total Income	774	431	80%	2,646	1,156	129%
Interest expenses	491	269	83%	1,616	685	136%
Net Interest Income	283	162	75%	1,030	471	119%
Operating Expenses	72	68	6%	339	297	14%
Loan losses and provisions (ECL stage 1 & 2)	69	6	1050%	86	21	310%
Loan losses and provisions (ECL stage 3 & write off)	20	2	900%	38	4	750%
Profit before tax	122	86	42%	567	149	281%
Profit after tax	91	62	47%	421	110	283%
Profit after tax (adjusted for Covid-19 provision)	128	62	107%	458	110	317%
Ratios						
Operating expense to Net Interest Income	25.4%	42.0%		32.9%	63.1%	
Loan loss to Average AUF*	0.33%	0.05%		0.55%	0.24%	
Return on Average Assets*	0.3%	0.4%		1.9%	1.1%	
Return on Average Equity*	1.9%	2.0%		9.1%	4.2%	

* Not annualized



Section 04

Asset liability management

4.1

Conservative leverage standards –
Bajaj Finance Limited

4.2

Resilient business model –
Consolidated

4.3

Behaviouralized ALM as of March 31st –
Bajaj Finance Limited

4.4

Behaviouralized ALM as of March 31st –
Bajaj Housing Finance Limited

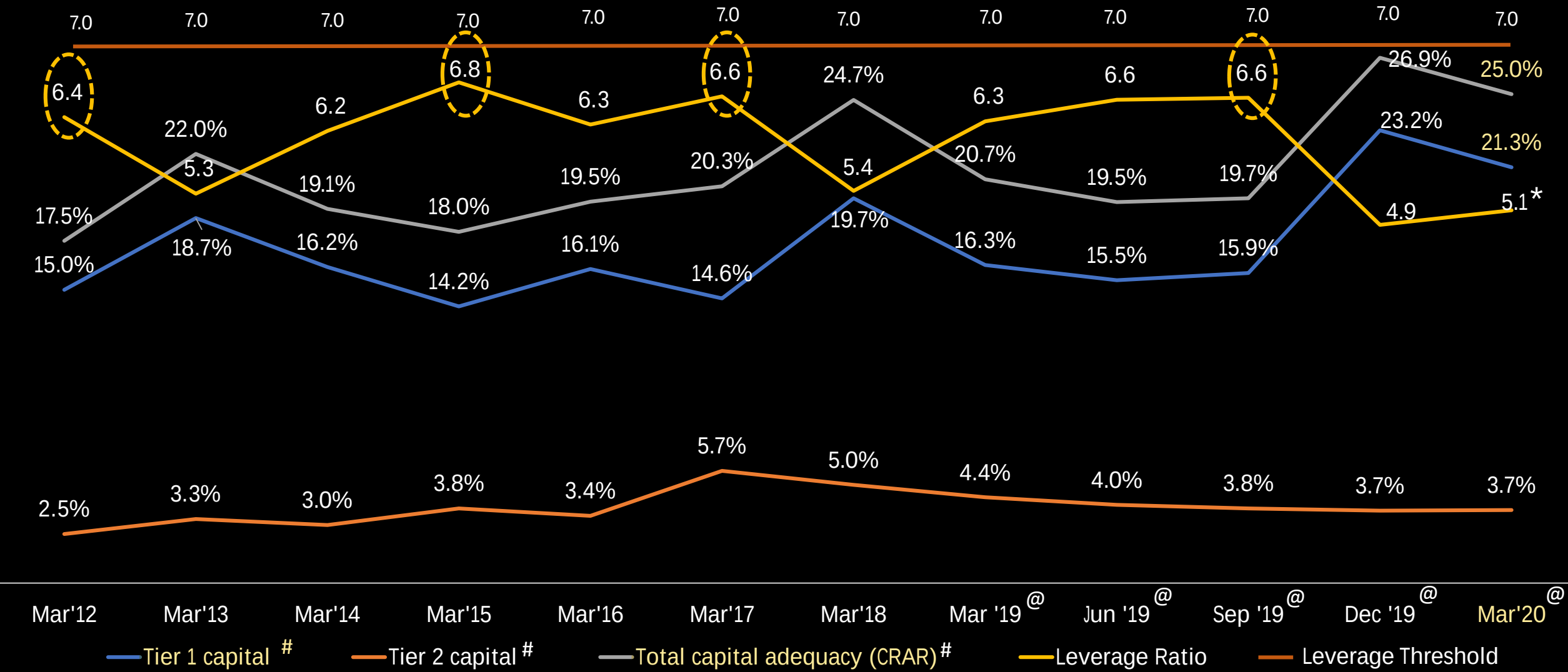
4.4

Disciplined ALM Management –
Bajaj Finance Limited

4.5

Liability mix over the last 9 years –
Bajaj Finance Limited

Conservative leverage standards – Bajaj Finance Limited



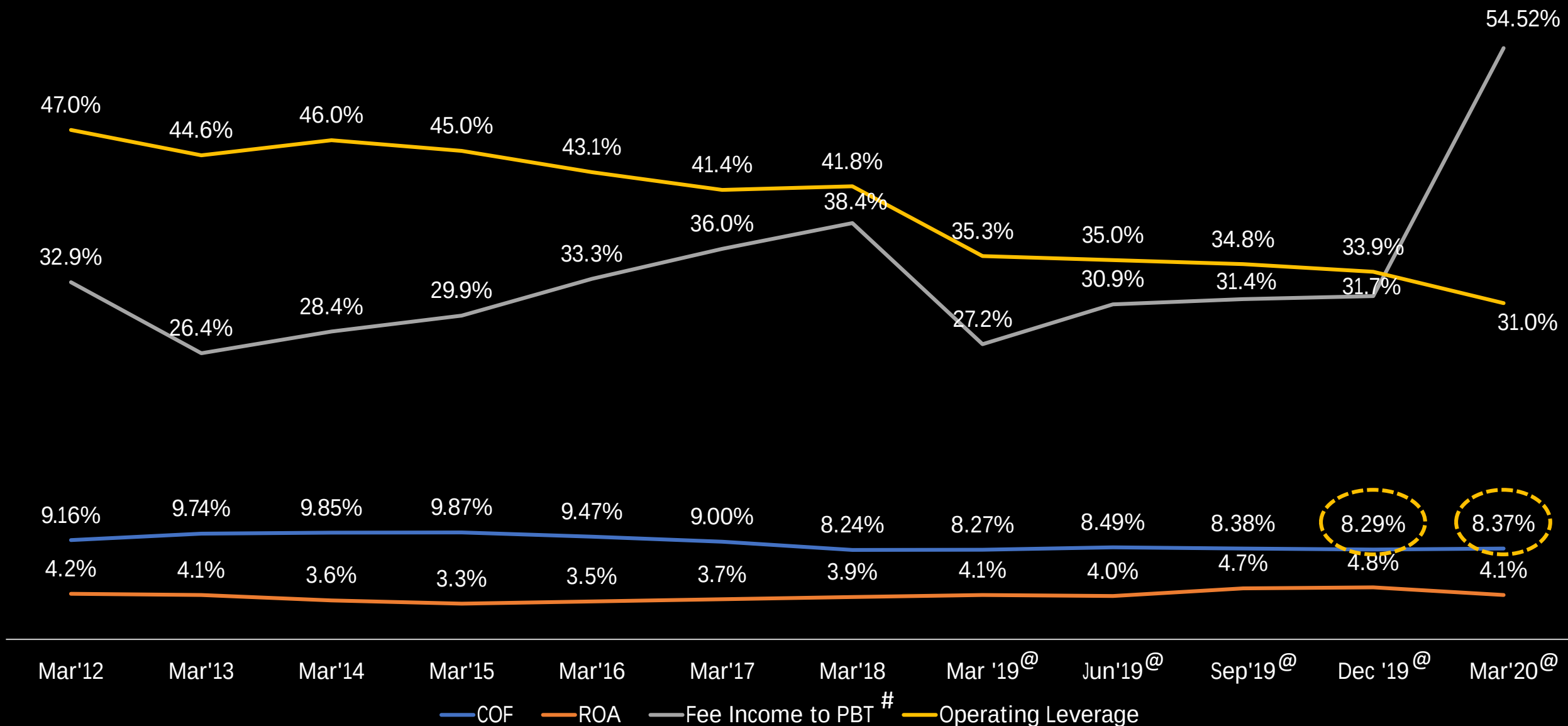
*Standalone leverage is approximately 4.3X as of 31 March 2020

#Capital Adequacy Ratios (CRAR) are on standalone basis

@ March '19 onwards numbers are as per Ind AS

denotes point at which the Company initiated its capital raising plan in last 9 years

Resilient business model – Consolidated



@ Mar '19 onwards numbers are as per Ind AS. June '19, September '19, December '19 and March'20 numbers are for respective quarters

Post Ind AS, Fee income to PBT represents non-loan fees and commission income as a % of Profit Before Tax

Behaviouralized ALM as of 31 March 2020 – 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	12,517	1	1	4	120	2,115	437	5,561	20,755
Advances	6,583	4,115	6,262	13,863	19,566	42,699	16,116	7,851	1,17,057
Other inflows	4,620	59	807	60	915	4,605		1,606	12,672
Total Inflows (A)	23,721	4,176	7,071	13,927	20,601	49,419	16,553	15,018	1,50,484
Cumulative Total Inflows (B)	23,721	27,896	34,967	48,894	69,494	1,18,913	1,35,467	1,50,484	
Borrowings	3,546	3,418	5,739	9,858	15,939	43,982	14,170	11,789	1,08,441
Capital and Reserves and Surplus								33,053	33,053
Other Outflows	3,878	376	890	754	587	1,095	50	1,362	8,990
Total Outflows (C)	7,424	3,794	6,629	10,611	16,526	45,077	14,220	46,204	1,50,484
Cumulative Total Outflows (D)	7,424	11,218	17,846	28,458	44,984	90,060	1,04,281	1,50,484	
Mismatch (E = A-C)	16,297	382	442	3,316	4,075	4,342	2,333	(31,186)	
Cumulative mismatch (F= B-D)	16,297	16,678	17,120	20,436	24,551	28,853	31,186	(0)	
Cumulative mismatch as a % (F/D)	220%	149%	96%	72%	54%	32%	30%	0%	
Permissible cumulative GAP %	-15%				-15%				
Additional borrowings possible	19,855				34,934				

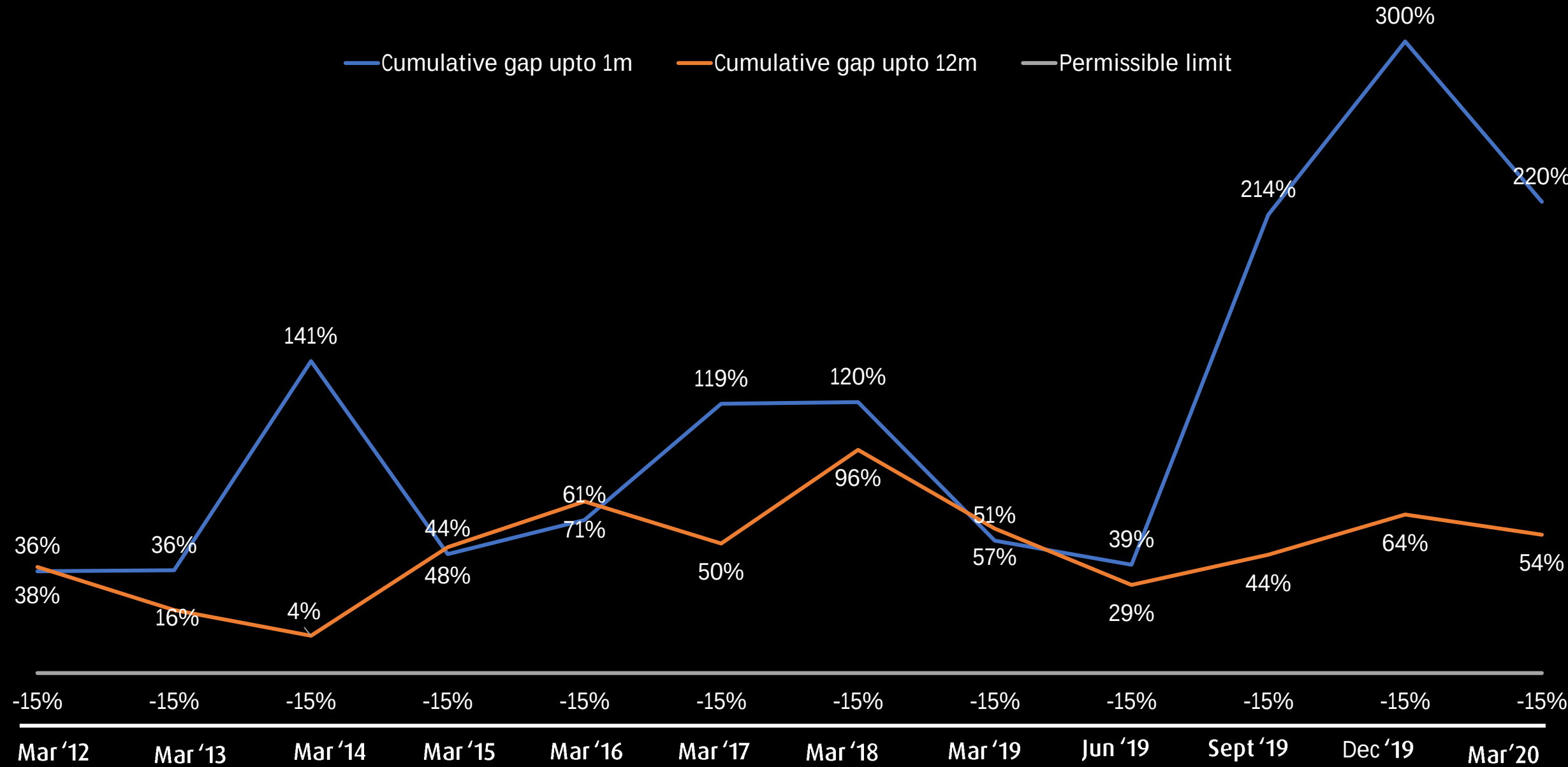
* As per previous GAAP

Behaviouralized ALM as of 31 March 2020 – BHFL

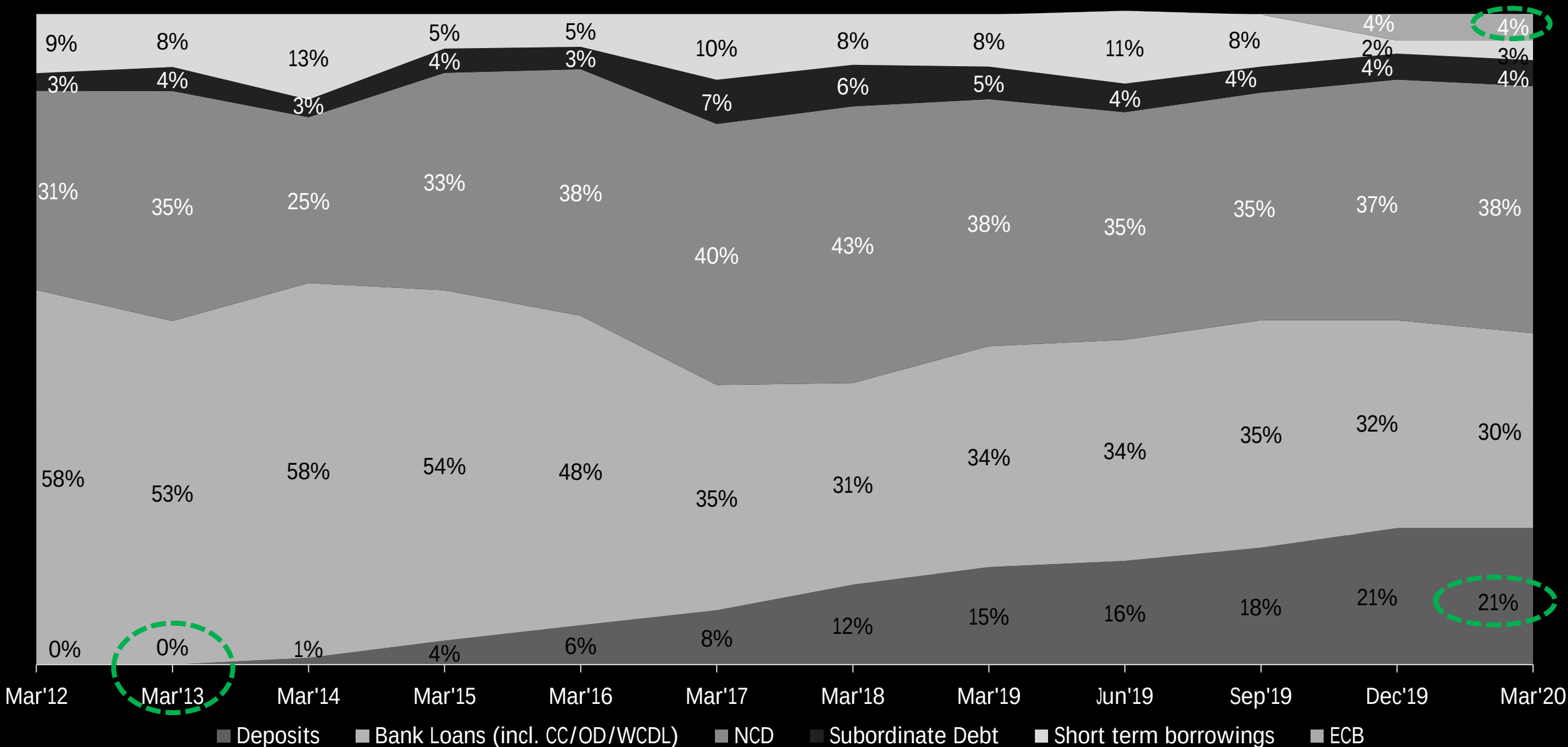
Particulars	1 m	>1 to 2 m	>2 to 3 m	>3 to 6m	>6m to 1 yr	>1 to 3 yr	>3 to 5 yr	>5 to 7 yr	>7 to 10 yr	>10 yr	Total
Cash & Investments	1,659	500	1,000	-	-	-	-	-	-	-	3,159
Advances	527	384	387	1,114	2,067	6,422	4,506	3,433	3,742	5,640	28,222
Other inflows	590	4	8	10	175	3,083	590	454	61	198	5,173
Total Inflows (A)	2,776	888	1,394	1,124	2,242	9,505	5,097	3,887	3,803	5,838	36,554
Cumulative Total Inflows (B)	2,776	3,664	5,059	6,182	8,425	17,930	23,027	26,913	30,716	36,554	
Borrowings	39	20	321	683	3,124	12,530	6,968	1,512	154	1,800	27,151
Capital Reserves and Surplus										5,531	5,531
Other Outflows	414	32	40	160	70	503		2,500		154	3,872
Total Outflows (C)	453	51	361	844	3,194	13,033	6,968	4,012	154	7,484	36,544
Cumulative Total Outflows (D)	453	504	865	1,709	4,903	17,936	24,904	28,916	29,070	36,554	0
Mismatch (E = A - C)	2,323	837	1,033	280	(952)	(3,528)	(1,871)	(125)	3,649	(1,646)	
Cumulative mismatch (F = B-D)	2,323	3,160	4,193	4,474	3,522	(6)	(1,877)	(2,003)	1,646	0	
Cumulative mismatch as % (F/D)	513%	627%	485%	262%	72%	0%	-8%	-7%	6%	0%	
Permissible cumulative GAP %	-15%				-15%						
Additional borrowings possible	2,740				4,786						

* As per previous GAAP

Disciplined ALM Management – Bajaj Finance Limited



Liability mix over the last 9 years – Bajaj Finance Limited



*Standalone borrowing mix



Section 05

Customer franchise and distribution reach

5.1

Customer franchise

5.2

Geographic presence

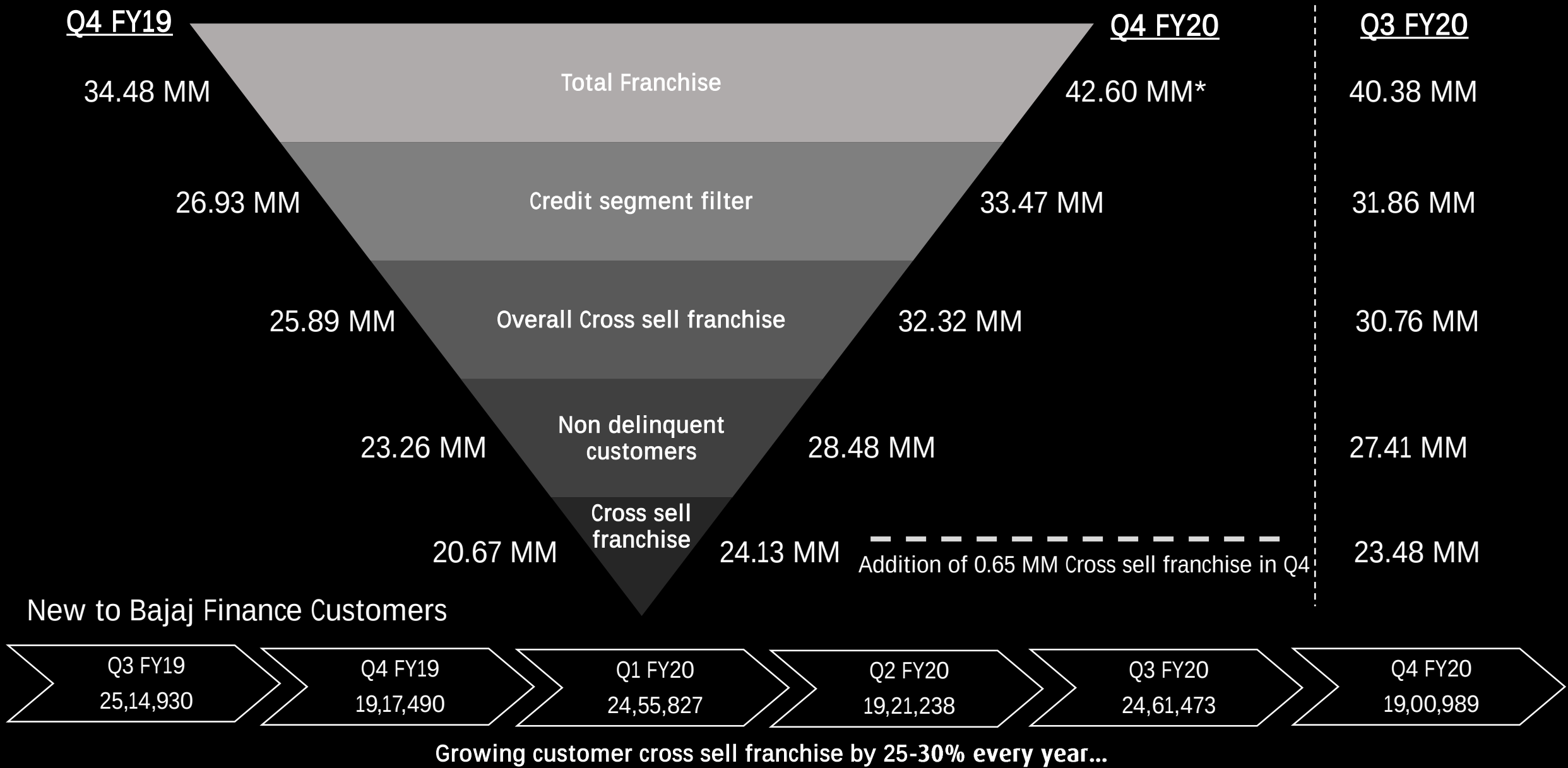
5.3

Geographic presence – Covid Zones

5.4

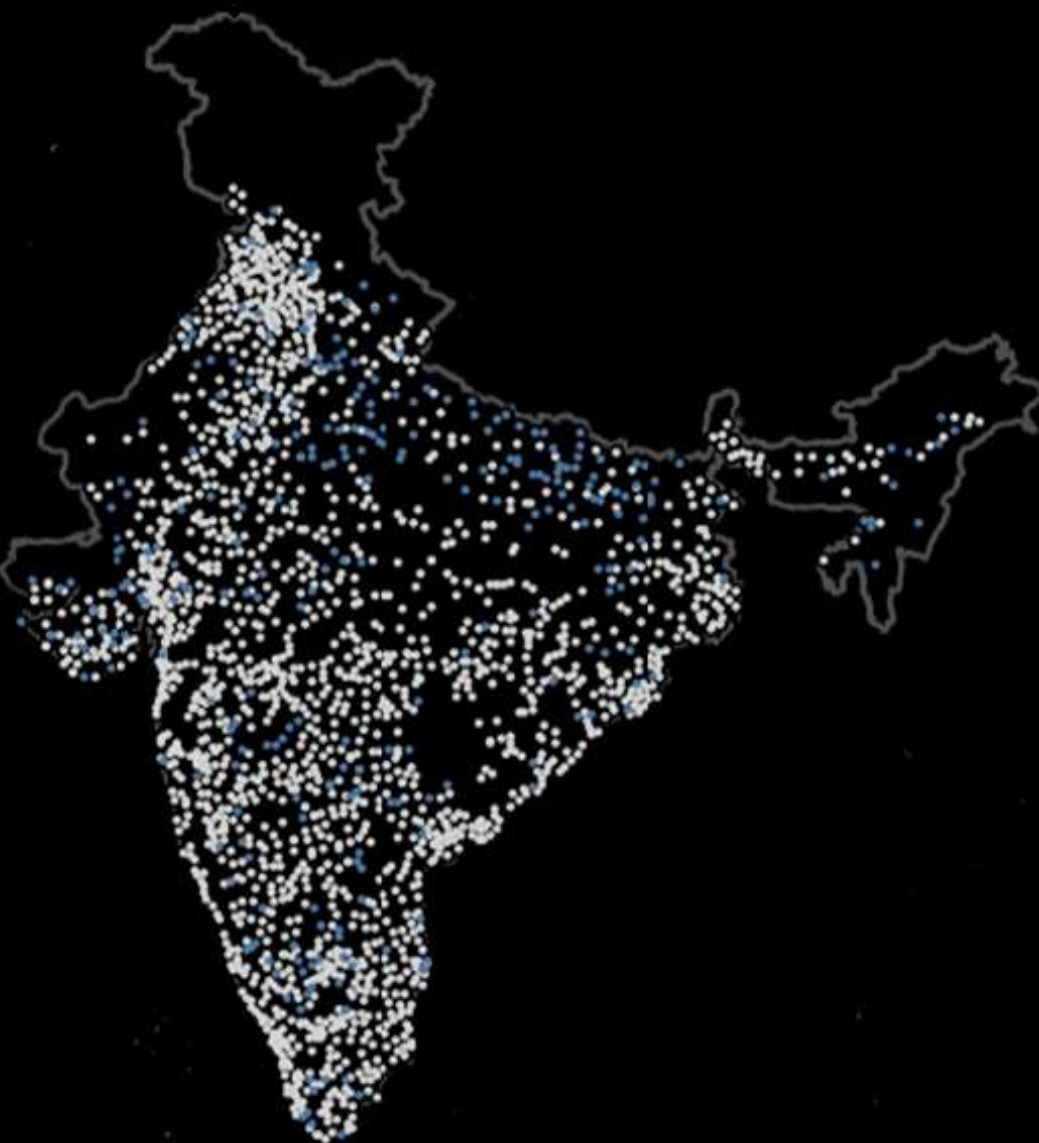
Strong distribution reach

Customer franchise



*There is an addition of 0.32 MM in customer franchise due to inclusion of New to Bajaj FD and Credit card customers in customer franchise which were earlier not included. [Back](#) 42

Geographic presence

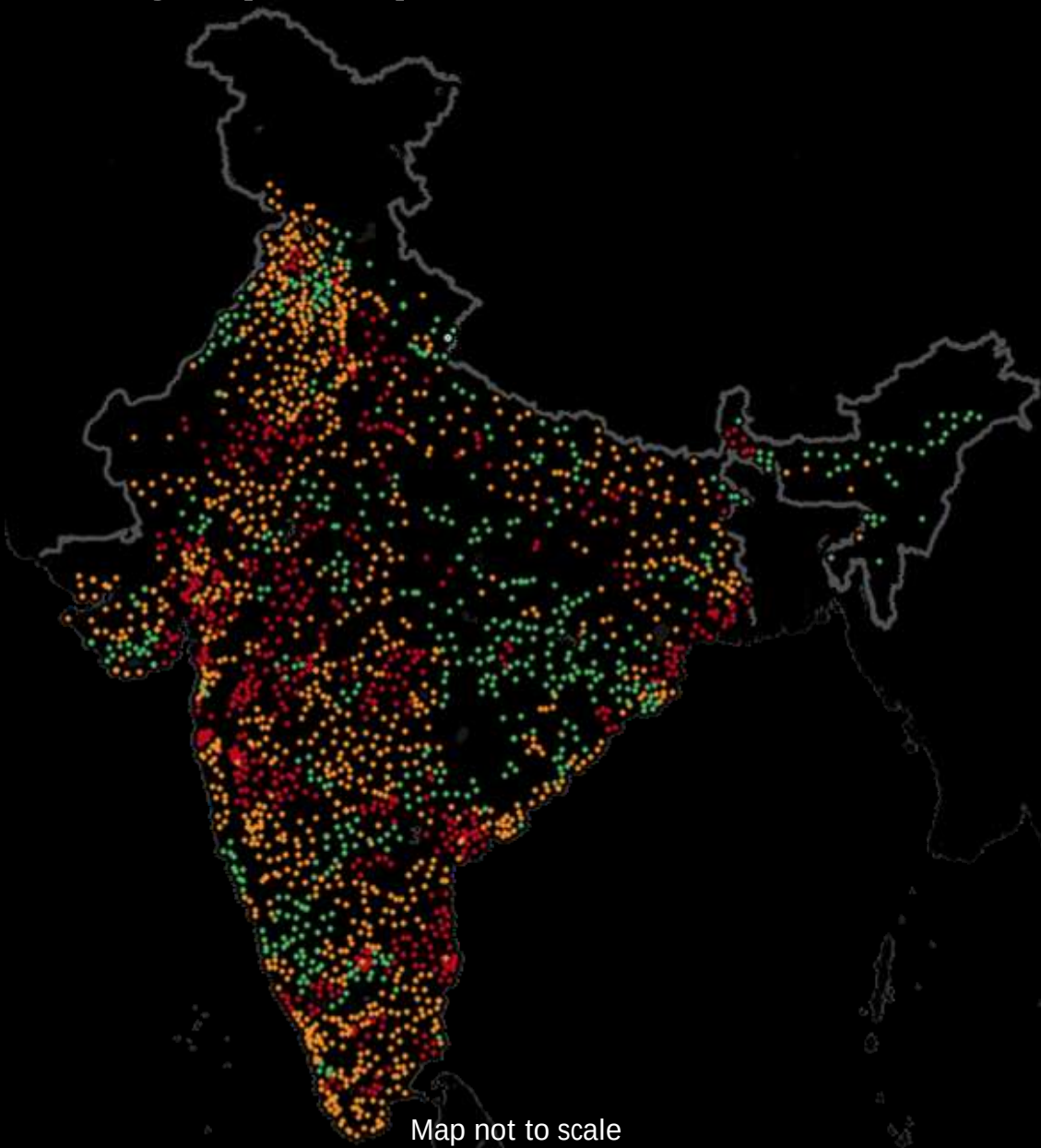


Map not to scale

Geographic Presence	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020
Urban	262	377	730	927	1,035
Rural	397	538	602	903	1,357
Of which rural lending branches	105	177	219	347	527
Of which rural lending franchise	292	361	383	556	830
Total Bajaj Finance presence	659	915	1,332	1,830	2,392

Blue dots indicates newly opened locations in Q4 FY20

Geographic presence – Covid-19 locations as of 15 May 2020



Geographic Presence	31 Mar 2020	Green	Orange	Red
Urban	1,035	201	504	330
Rural	1,357	345	679	333
Of which rural lending branches	527	139	270	119
Of which rural lending franchise	830	207	409	214
Total Bajaj Finance presence	2,392	546	1,183	663

Dots are for indicative purpose denoting BFL locations

Strong distribution reach

Active distribution – points of sale	31 Mar 2016	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020
Consumer durable stores – Urban	9,400+	14,000+	15,500+	20,400+	24,200+
Consumer durable stores – Rural	3,200+	5,500+	8,200+	14,500+	19,600+
Digital product stores	5,200+	5,900+	15,900+	22,500+	26,400+
Lifestyle retail stores	3,200+	3,900+	6,000+	7,700+	9,500+
EMI card – retail spends stores	-	5,600+	12,100+	19,100+	24,300+
Bajaj Auto dealers, sub-dealerships and ASSC	3,000+	3,200+	3,900+	4,600+	5,500+
Direct Sales Agents	800+	1,500+	2,100+	2,800+	4,900+
Overall active distribution network	24,800+	39,600+	64,300+	91,700+	1,14,400+



Section 06

Business segment wise AUM

6.1

Business segment wise AUM as of March 31st
- Consolidated

6.2

Business wise AUM as of March 31st –
Bajaj Housing Finance Ltd

Business segment wise AUM as of 31 March 2020 - Consolidated



₹ crore

Assets Under Management	Standalone as of 31 Mar 2020	BHFL as of 31 Mar 2020	Consolidated as of 31 Mar 2020	Consolidated as of 31 Mar 2019	Growth	Composition as of 31 Mar 2020
Consumer B2B Auto Finance Business	13,085	-	13,085	9,726	35%	9%
Consumer B2B Sales Finance Businesses	12,657	-	12,657	12,261	3%	9%
Consumer B2C Businesses	30,513	742	31,255	23,002	36%	21%
Rural B2B Sales Finance Business	2,669	-	2,669	2,142	25%	2%
Rural B2C Business	10,659	-	10,659	7,101	50%	7%
SME Business	19,256	189	19,429	15,759	23%	13%
Securities Lending Business	4,819	-	4,822	6,359	(24%)	3%
Commercial Lending Business	6,411	-	6,411	5,667	13%	5%
Mortgages	16,033	31,774	46,166	33,871	36%	31%
Total	1,16,102	32,705	1,47,153	1,15,888	27%	100%
Credit Card – CIF			1,839 K	1,053 K	75%	
EMI Card – CIF			21.98 MM	18.7 MM	18%	
Wallets			15.2 MM	8.3 MM	83%	

Break-up of Mortgages AUM as of 31 March 2020

Assets Under Management	Bajaj Housing Finance Limited			Consolidated			
	31 Mar 2020	31 Mar 2019	Growth	31 Mar 2020	31 Mar 2019	Growth	Composition as of 31 Mar 2020
Home Loans	21,435	11,584	85%	26,724	18,100	48%	58%
Loan against property	3,996	2,177	84%	11,742	10,987	7%	25%
Lease rental development	2,940	1,705	72%	3,763	2,242	68%	8%
Developer Finance	1,774	704	152%	1,866	1,123	66%	4%
Rural	1,629	861	89%	2,071	1,419	46%	5%
Total	31,774	17,031	87%	46,166	33,871	36%	100%

Home loan portfolio customer categorisation	Bajaj Housing Finance Limited			Consolidated			
	31 Mar 2020	31 Mar 2019	Growth	31 Mar 2020	31 Mar 2019	Growth	Composition as of 31 Mar 2020
Home Loan to Salaried	19,689	10,116	95%	22,960	14,000	64%	83%
Home Loan to Self Employed	1,282	1,095	17%	3,247	3,696	-12%	12%
Home Loan to Professional	1,157	690	68%	1,554	1,129	38%	5%

Salaried focused home loans acquisition strategy (91% of Q4 FY20 acquisition)



Section 07

Update on credit quality

2.1

Provisioning Coverage -
consolidated

2.2

NPA movement - consolidated

2.3

ECL summary – consolidated

2.4

ECL summary – Bajaj Housing
Finance Limited

2.5

Portfolio credit metrics

2.6

Covid-19 Moratorium portfolio bounce
performance

2.7

FY20 Leverage risk update

Provisioning Coverage - Consolidated

Assets Under Management	Consol AUM 31 Mar 2020	GNPA	NNPA	PCR (%)	GNPA %			NNPA %		
					31 Mar 19	31 Dec 19	31 Mar 20	31 Mar 19	31 Dec 19	31 Mar 20*
Auto Finance Business	13,085	912	419	54%	5.12%	5.68%	6.47%	2.06%	2.61%	3.08%
Sales Finance Business	12,657	191	49	74%	1.05%	0.92%	1.33%	0.26%	0.18%	0.35%
Consumer B2C Business	31,255	522	157	70%	1.40%	1.34%	1.62%	0.38%	0.38%	0.49%
Rural B2B Business	2,669	15	3	82%	0.93%	0.59%	0.55%	0.36%	0.12%	0.10%
Rural B2C Business	10,659	168	56	67%	1.53%	1.33%	1.53%	0.61%	0.44%	0.51%
SME Business	19,429	337	111	67%	1.49%	1.41%	1.70%	0.32%	0.36%	0.56%
Securities Lending Business	4,822	-	-	-	-	-	-	-	-	-
Commercial Lending Business	6,411	2	2	10%	0.64%	0.60%	0.03%	0.29%	0.25%	0.03%
Mortgages	46,166	217	141	35%	1.23%	1.36%	0.53%	0.89%	0.99%	0.34%
Total	1,47,153	2,363	938	60%	1.54%	1.61%	1.61%	0.63%	0.70%	0.65%

*The Company, pursuant to RBI Notification dated 13 March 2020 on "Implementation of Ind AS", has revised its calculation methodology of GNPA & NNPA. In the revised calculation, GNPA is grossed up by unprovided interest provision and netted off by unamortized income and expenditure (forming part of EIR calculation). This has resulted into a higher GNPA by 6 bps and a higher NNPA by 5 bps in FY20.

NPA movement - Consolidated

Values in ₹ Cr

Particulars	Mar '19	Jun '19	Sep '19	Dec '19	Mar '20
Assets Under Management	1,15,888	1,28,898	1,35,533	1,45,092	1,47,153
Opening GNPA (A)	1,691	1,804	2,094	2,213	2,354
Roll Forward into NPA (i)	593	697	779	924	994
Restructuring (ii)	14	5	7	12	43
Total Slippages (B = i + ii)	607	702	786	936	1,037
Roll back to standard (iii)	138	161	200	192	321
Recoveries (iv)	67	54	65	58	18
Realisation on sale of NPA receivables* (v)	19	-	24	18	7
Write offs as per policy (vi)	183	196	185	380	668
Write offs on sale of NPA receivables (vii)	87	-	193	147	13
Total recoveries and write-offs (C = iii + iv + v + vi + vii)	494	412	667	795	1,028
Net slippages (B - C)	113	290	119	141	9
Gross NPA (A + B - C)	1,804	2,094	2,213	2,354	2,363
GNPA %	1.54%	1.60%	1.61%	1.61%	1.61%
NNPA %	0.63%	0.64%	0.65%	0.70%	0.65%
PCR %	60%	61%	60%	57%	60%

*Portfolio sale is on cash basis

ECL summary – Consolidated

Assets categorization	Mar '19	Jun '19	Sep '19	Dec '19	Mar'20
Stage 1 & 2 (represents standard assets)	98.46%	98.40%	98.39%	98.39%	98.39%
Stage 3 (represents GNPA)	1.54%	1.60%	1.61%	1.61%	1.61%

Summary of stage wise assets and provision for impairment allowance

Assets and impairment allowance	Mar '19	Jun '19	Sep'19	Dec '19	Mar '20
Gross Stage 1 & 2 assets* (A)	1,15,438	1,28,570	1,35,552	1,43,534	1,44,199
ECL Provision Stage 1 & 2 (B)	981	1,111	1,239	1,443	2,299
Net Stage 1 & 2 assets (C = A-B)	1,14,458	1,27,459	1,34,312	1,42,091	1,41,900
ECL Provision % Stage 1 & 2 assets (D = B/A)	0.85%	0.86%	0.91%	1.01%	1.59%
Gross Stage 3 assets@ (E)	1,804	2,094	2,213	2,354	2,363
ECL Provision Stage 3 (F)	1,077	1,270	1,325	1,335	1,425
Net Stage 3 assets (G = E-F)	727	824	888	1,019	938
Coverage Ratio % Stage 3 assets (H= F/E)	60%	61%	60%	57%	60%
Overall coverage ratio	1.75%	1.82%	1.86%	1.90%	2.54%

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

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

ECL summary – Bajaj Housing Finance Limited

ECL categorization	Mar'19	Jun'19	Sep'19	Dec'19	Mar'20
Stage 1 & 2 (represents standard assets)	99.95%	99.94%	99.94%	99.93%	99.92%
Stage 3 (represents GNPA)	0.05%	0.06%	0.06%	0.07%	0.08%

Summary of stage wise assets and ECL provisioning

₹ in Crore

Financial Assets & ECL provision	Mar'19	Jun'19	Sep'19	Dec'19	Mar'20
Gross Stage 1 & 2 assets* (A)	17,435	20,601	23,481	26,532	28,199
ECL Provision Stage 1 & 2 (B)	26	34	37	43	112
Net Stage 1 & 2 assets (C = A-B)	17,409	20,567	23,443	26,488	28,088
ECL Provision % Stage 1 & 2 assets (D = B/A)	0.15%	0.16%	0.16%	0.16%	0.40%
Gross Stage 3 assets@ (E)	9.5	13.1	13.3	19.9	23.7
ECL Provision Stage 3 (F)	3.4	4.2	6.0	6.3	9.0
Net Stage 3 assets (G = E-F)	6.1	8.9	7.3	13.6	14.7
Coverage Ratio % Stage 3 assets (H= F/E)	35%	32%	45%	32%	38.0%
ECL / Total Assets	0.17%	0.18%	0.18%	0.19%	0.43%

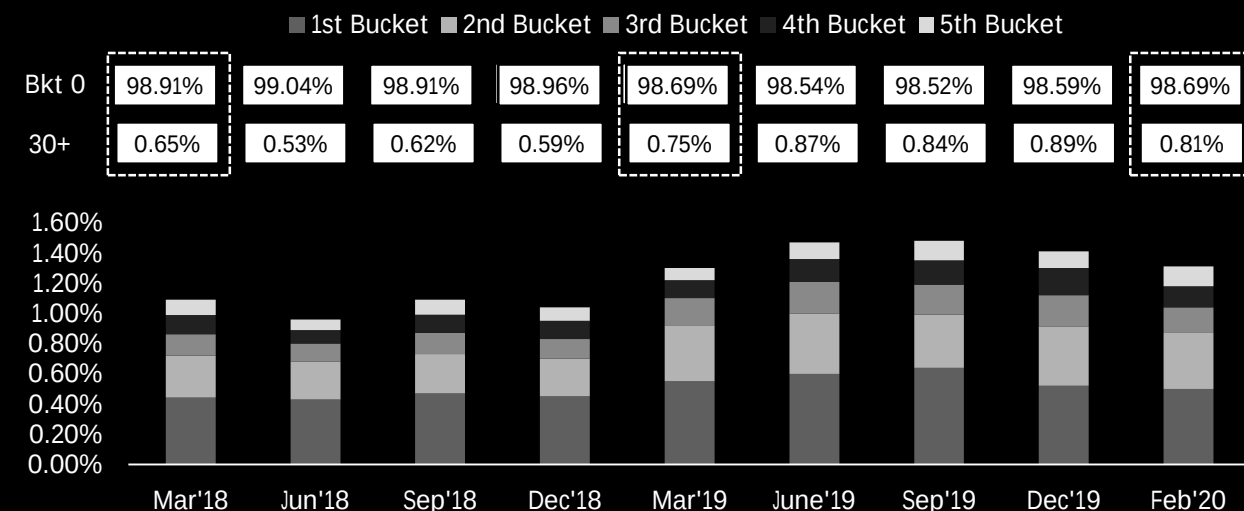
*Gross stage 1 & 2 assets represent loans balance as per Ind AS after adjusting for the impact of amortisation of fees earned and acquisition cost incurred including other assets like security deposits, receivable from related parties, capital advances etc

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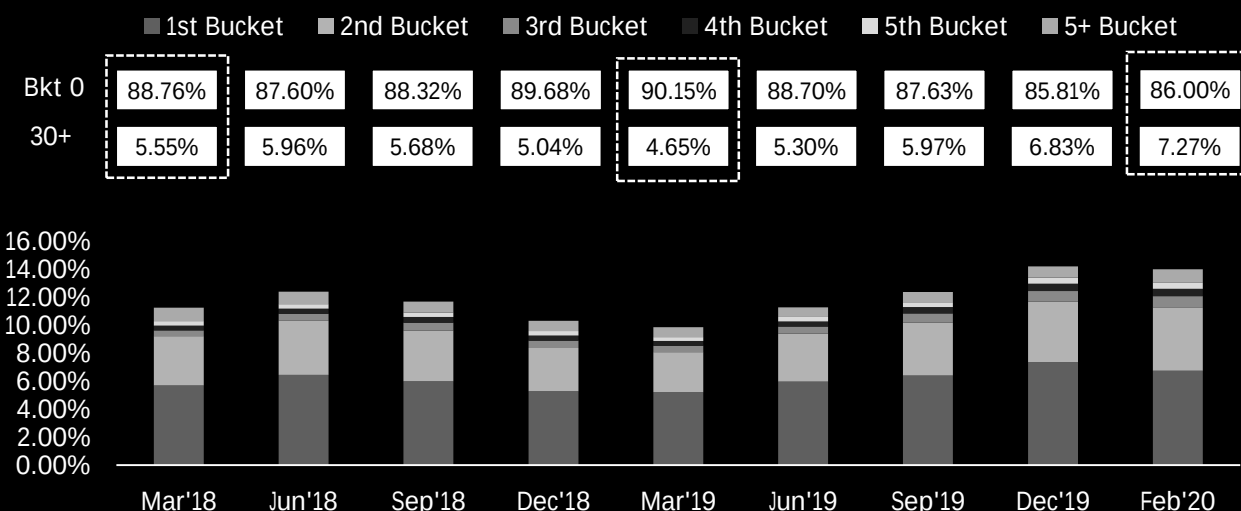
Portfolio credit metrics - Consolidated

Portfolio credit metric is not shown for March'20 due to Moratorium. Instead, it is shown for Feb'20 to make it comparable with previous data.

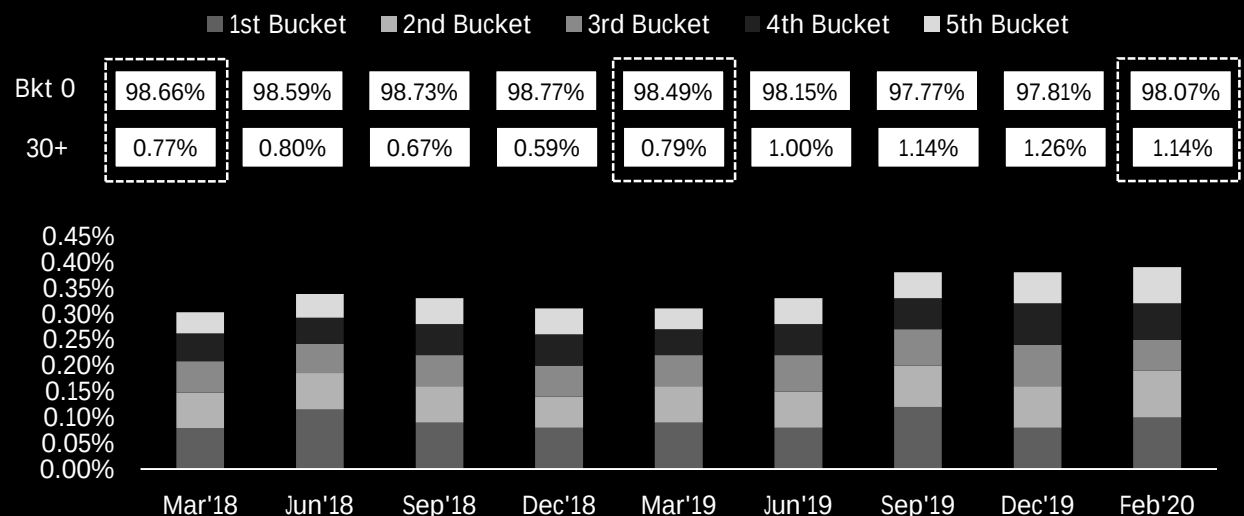
Consumer durable



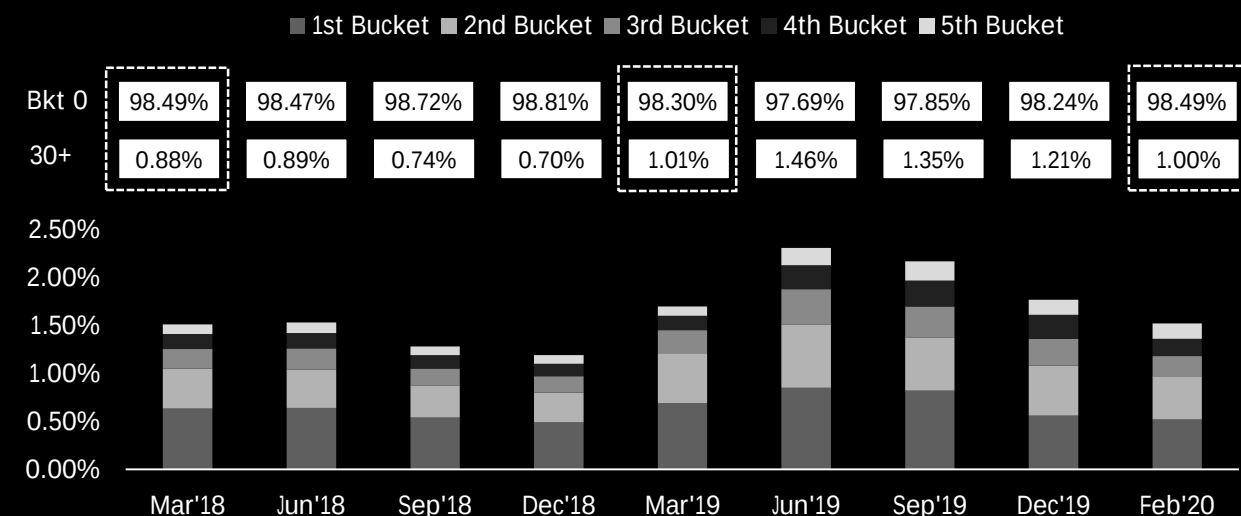
Two & three wheeler



Lifestyle



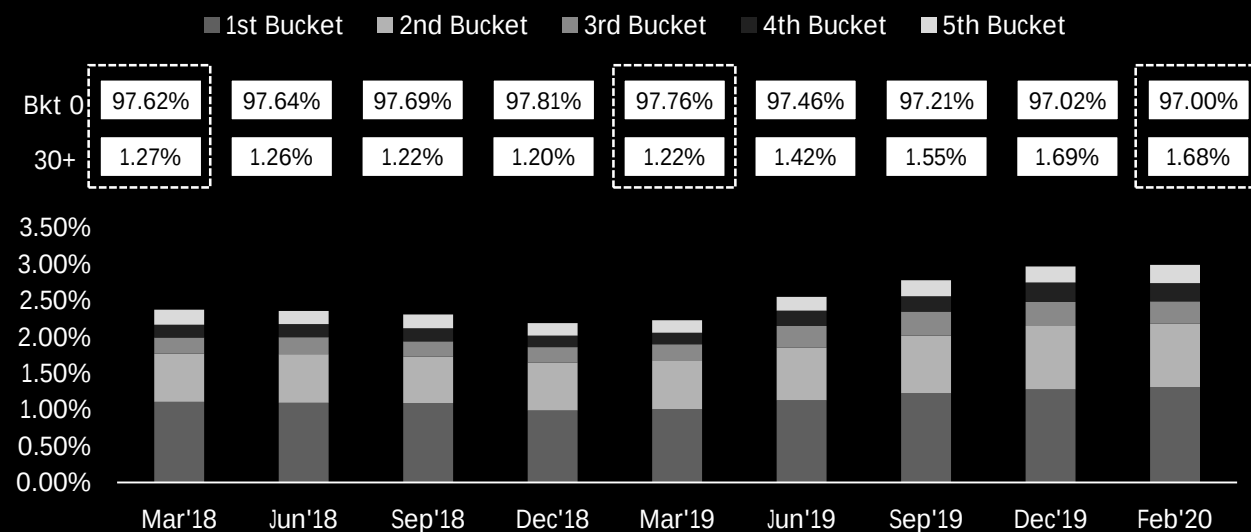
Digital product



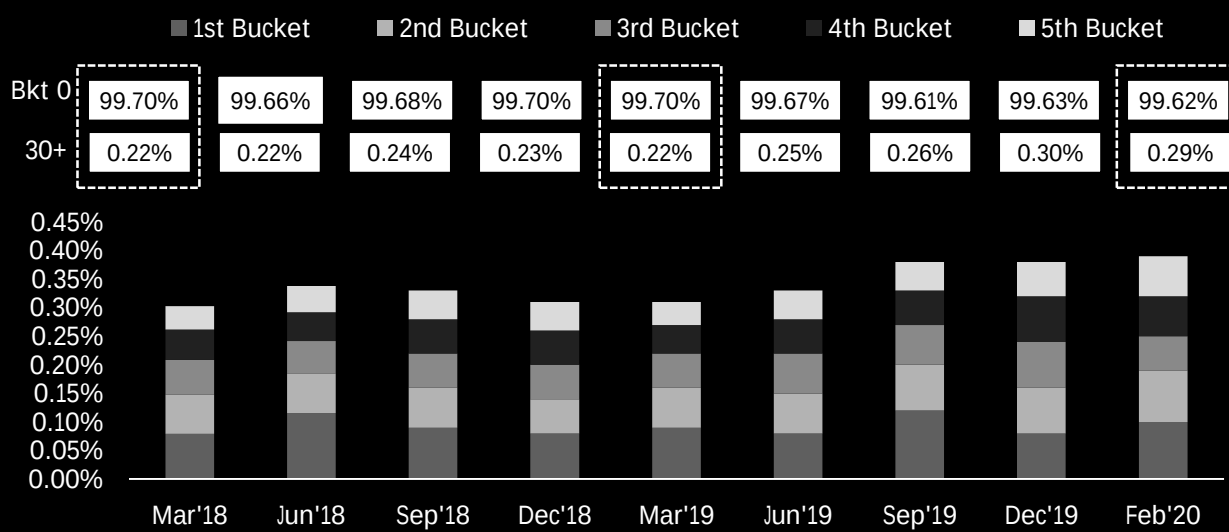
Portfolio credit metrics - Consolidated

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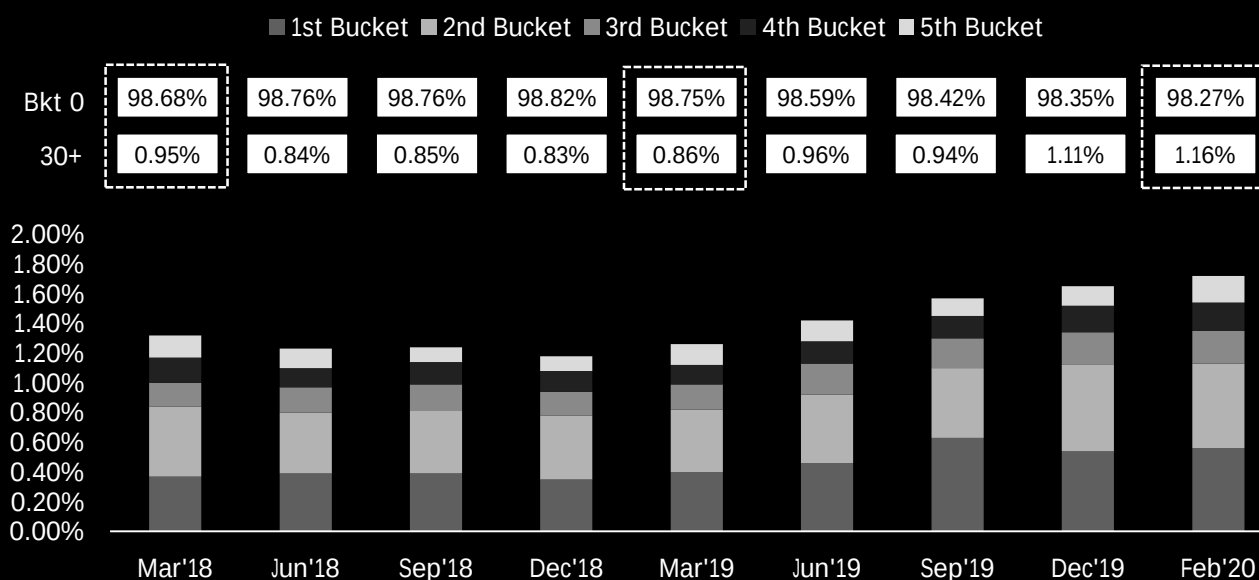
Personal loans cross sell



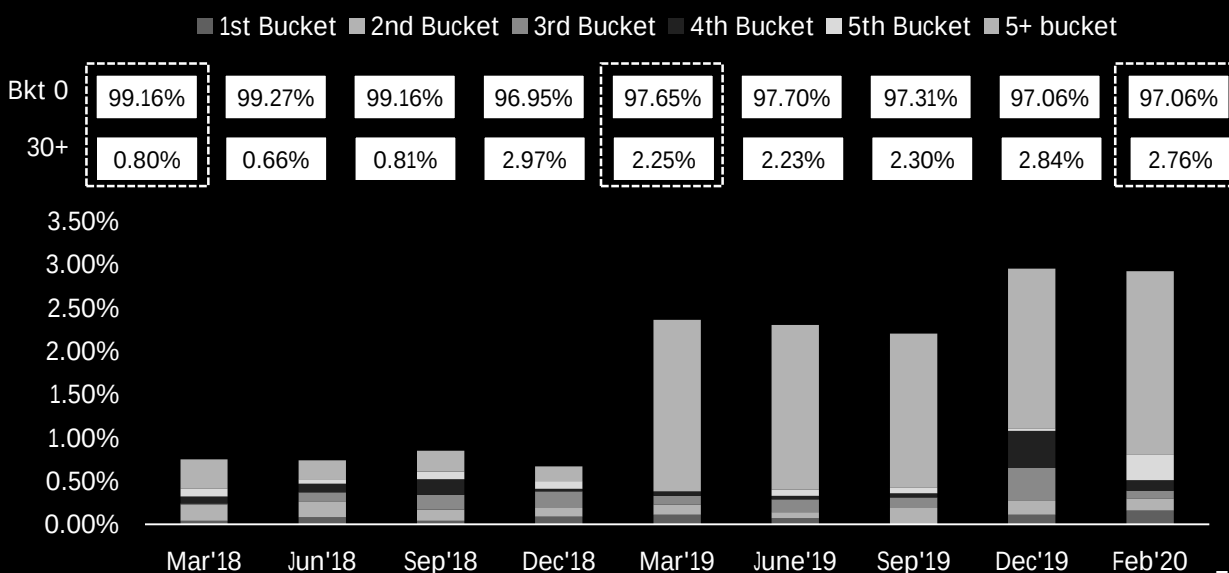
Salaried personal loans



Business & professional



Loan against property

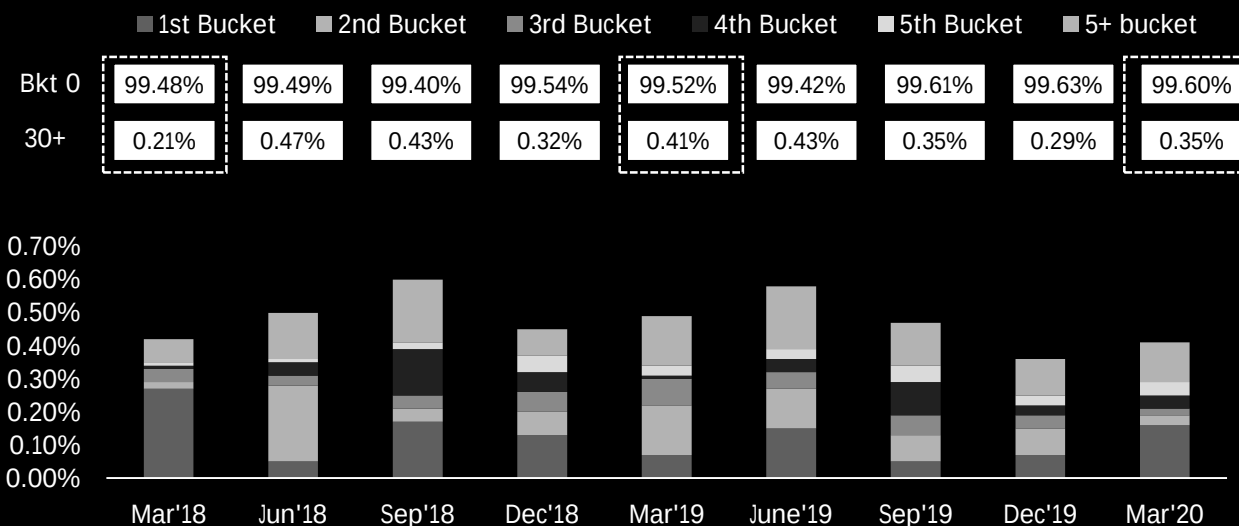


*Adjusted for IL&FS charge off, Feb'20 current portfolio is 98.94%

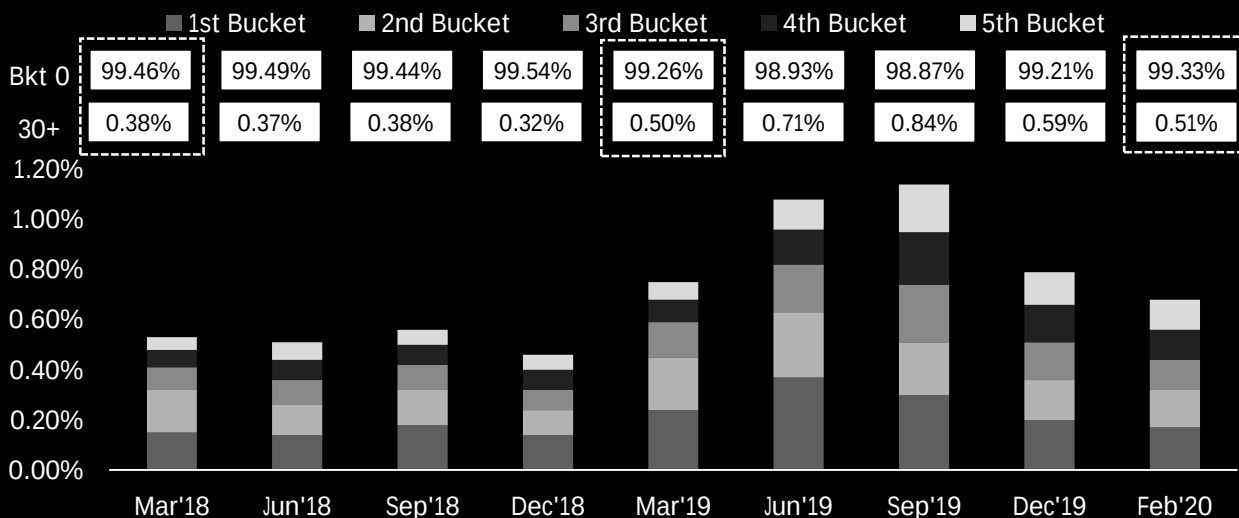
Portfolio credit metrics - Consolidated

Portfolio credit metric is not shown for March'20 due to Moratorium. Instead, it is shown for Feb'20 to make it comparable with previous data.

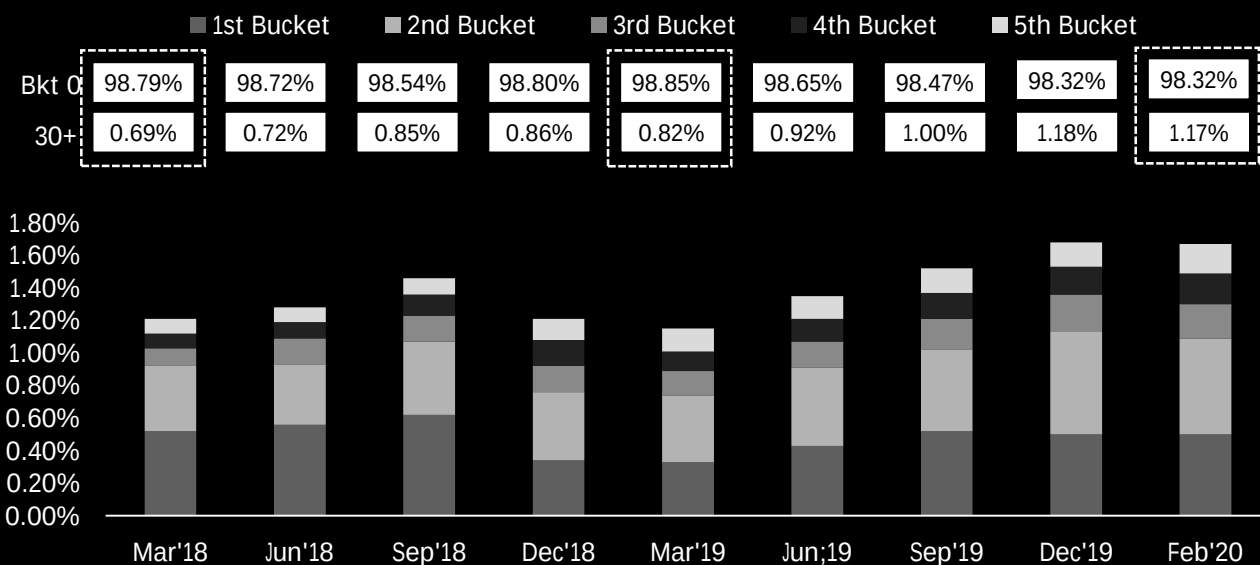
Home loans



Rural Lending B2B



Rural lending B2C



- Management assurance for LAP portfolio has turned green as, IL&FS with principal outstanding of ₹ 234 crore is now fully charged off and a coffee conglomerate account with principal outstanding of ₹ 91 crore is regularized.
- A broking company account with an exposure of 321 crore has been fully charged off.
- Management assurance for Digital Product Finance portfolio has changed to green considering continued significant improvement in its portfolio health in last 3 quarters
- We remain in cautious mode in auto finance, unsecured personal loan and business loans businesses.

Covid-19 portfolio bounce performance

Covid-19 portfolio bounce performance

Business Segment	AUM as of 30 Apr	AUM under Moratorium	% of AUM under Morat	Average bounce rate of JFM	Bounce rate of April '20	Bounce rate of May '20	% of loans with no recent bounce	Covid Provision amount	Provision as % of Morat book
Auto Finance * Business	13,726	9,611	70%	24.2%	68.2%	67.8%	69%	209	2.18%
Sales Finance Business	10,600	2,742	26%	9.0%	27.5%	30.0%	70%	63	2.30%
Consumer B2C Business	30,505	8,771	29%	12.5%	39.7%	39.8%	67%	251	2.86%
Rural B2B Business	2,326	688	30%	14.5%	36.7%	37.0%	64%	10	1.55%
Rural B2C Business	10,650	3,020	28%	19.2%	47.3%	46.4%	56%	96	3.17%
SME Business	19,048	5,708	30%	10.5%	32.1%	25.6%	65%	174	3.05%
Securities Lending Business	4,037	13	0.3%	-	-	-	-	-	-
Commercial Lending Business	6,215	1,527	25%	-	-	-	-	26	1.68%
Mortgages	45,960	6,518	14%	4.5%	19.4%	20.5%	74%	71	1.09%
BFL Consolidated	1,43,067	38,599	27%	12.0%	35.3%	36.9%	68%	900	2.33%

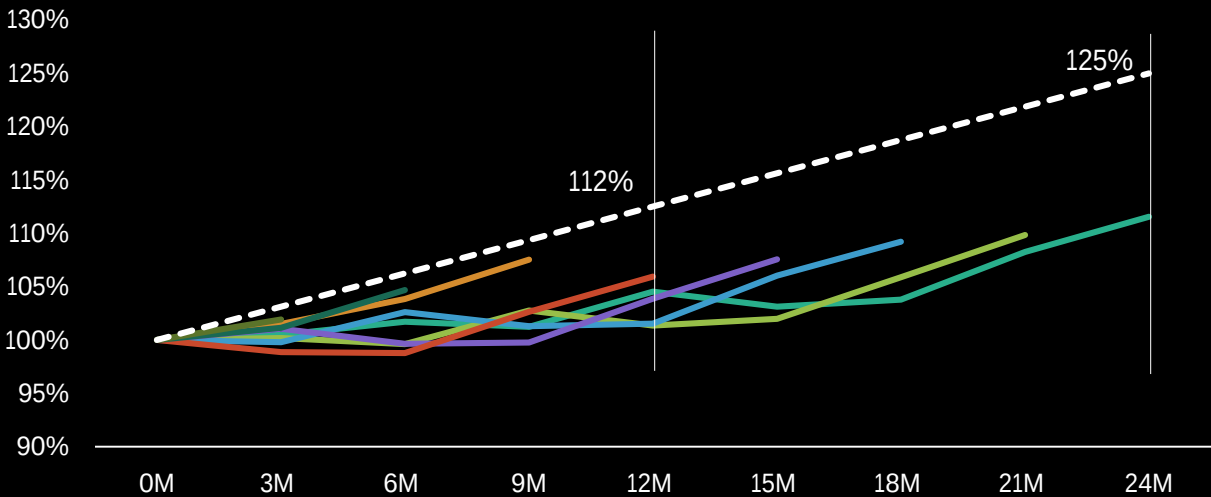
* ~40% of auto finance business comes from direct cash collection (DCC) mode. Due to complete lockdown and inability of customer to pay by cash, bounce rate of DCC increased from an average of 19% in JFM to ~86% in April and May. However, bounce rate of NDCC book increased from an average of 28% in JFM to ~54% in April and May.

FY20 Leverage risk update

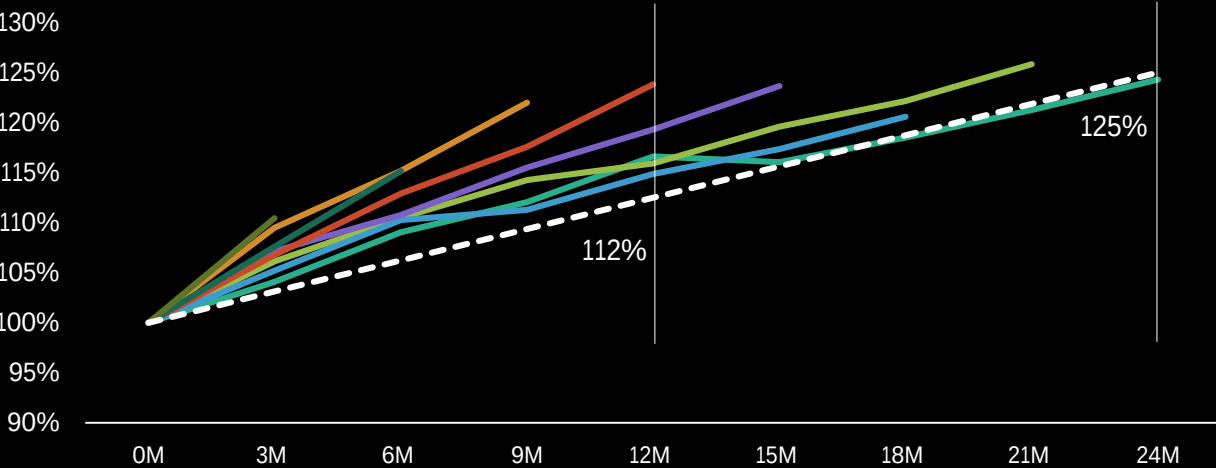
- Methodology used to calculate leverage risk of unsecured portfolios (Personal loan cross sell, Salaried personal loans, Business loans, Professional loans, Rural lending unsecured loans)
 - X axis represents the vintage of portfolio basis quarter of origination. For example, loans sourced in Q4FY18 has 0 month (0M) vintage in Q4 FY18 and 24 months (24M) vintage in Q4 FY20
 - Y axis represents the percentage growth in average outstanding unsecured exposure (on-us and off-us) of customers through the vintage period (0M to 24M).
 - Vintage lines within the graph represent the average outstanding unsecured exposure of BFL customers (on-us and off-us) baselined to 100 in the quarter of origination.
 - **For example, for salaried personal loans portfolio, all loans sourced by BFL in Q4 FY18, customer's average unsecured outstanding exposure has been calculated on-us and off-us and is based to 100 for '0M' vintage. Vintage line represents movement of average unsecured outstanding exposure over a period of 24M. To illustrate, average outstanding exposure of salaried personal loan customers originated in Q4 FY18 has grown by 5% in '12M' and 12% in '24M' as shown in second graph.**
- Nominal GDP growth is at ~11.5%. Hence, if the average unsecured exposure on-us and off-us has grown by ~12% in '12M' & ~25% in '24M', then we consider the leverage is in line

Leverage risk assessment of unsecured portfolios

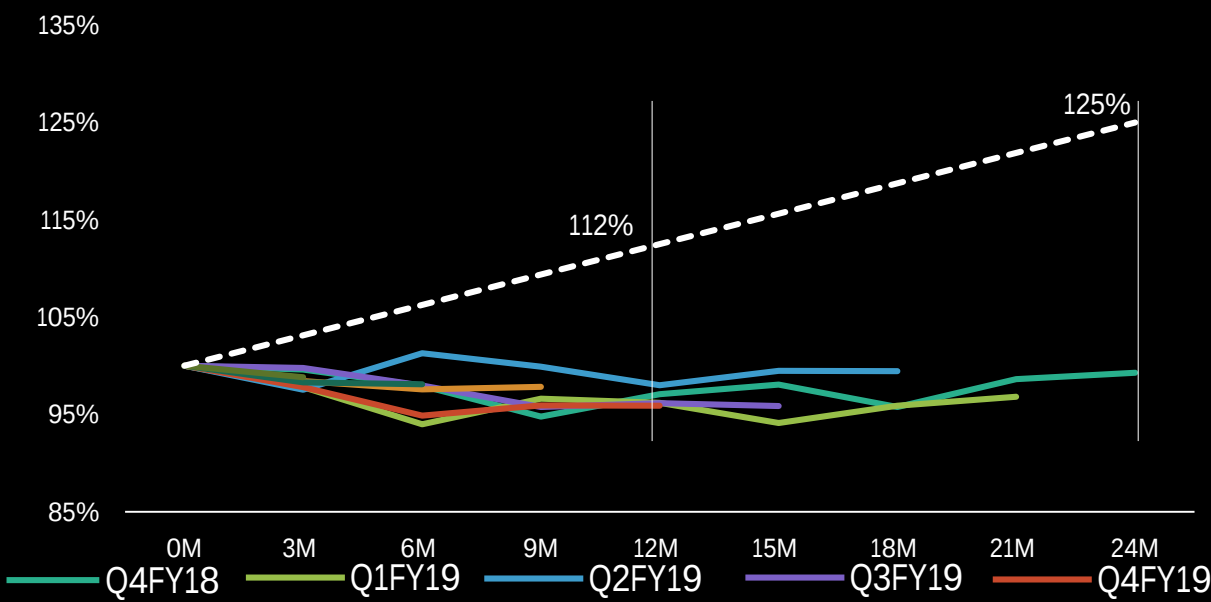
Personal Loans cross sell



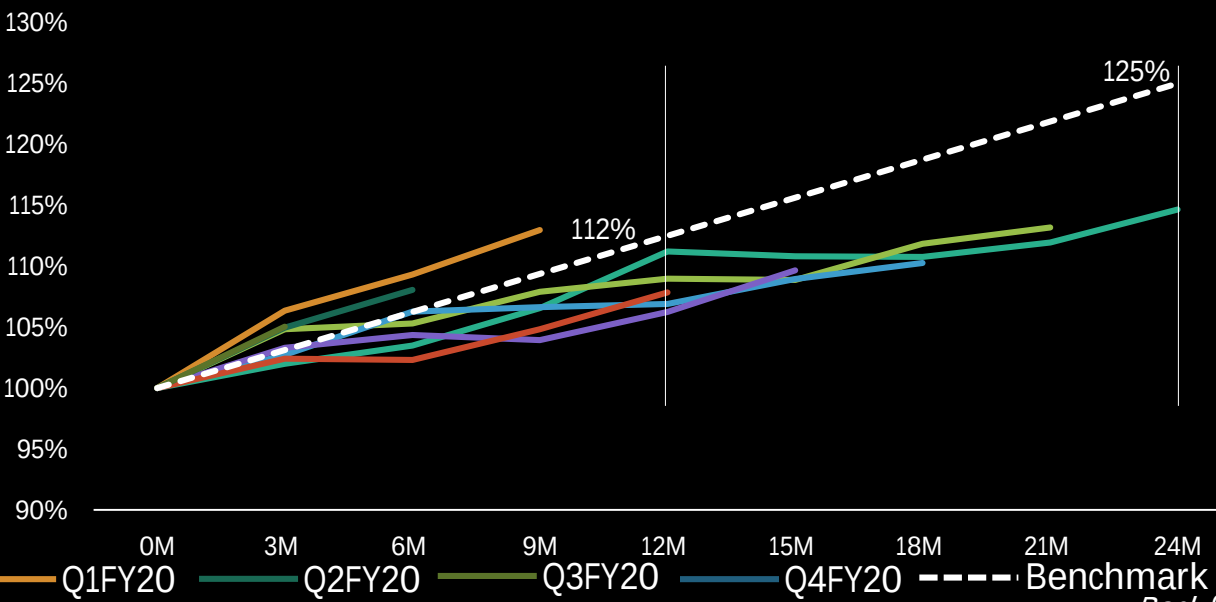
Salaried Personal Loans



Rural Personal Loans cross sell

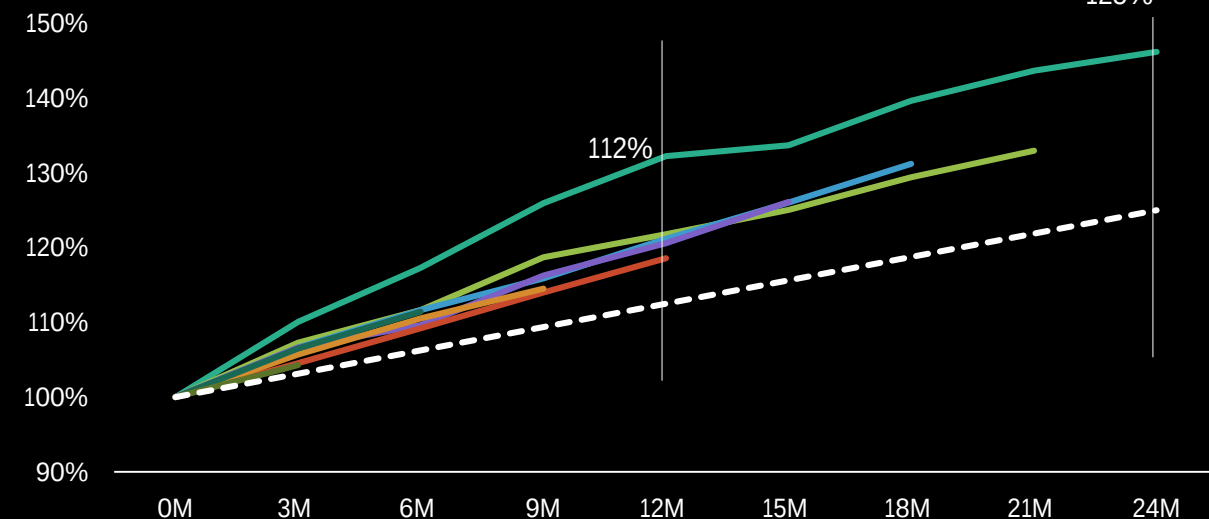


Rural Salaried Personal Loans

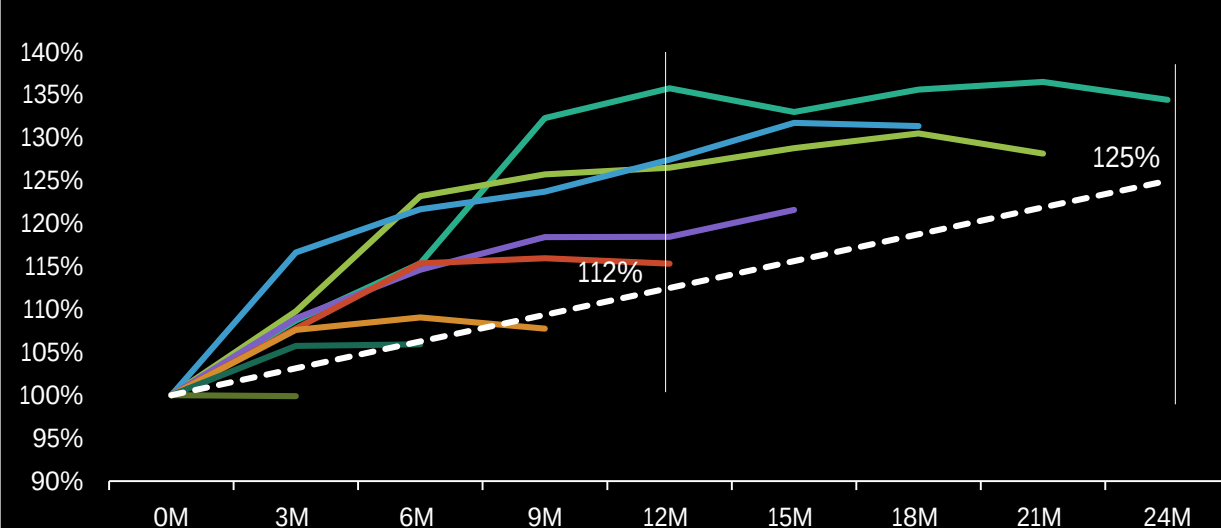


Leverage risk assessment of unsecured portfolios

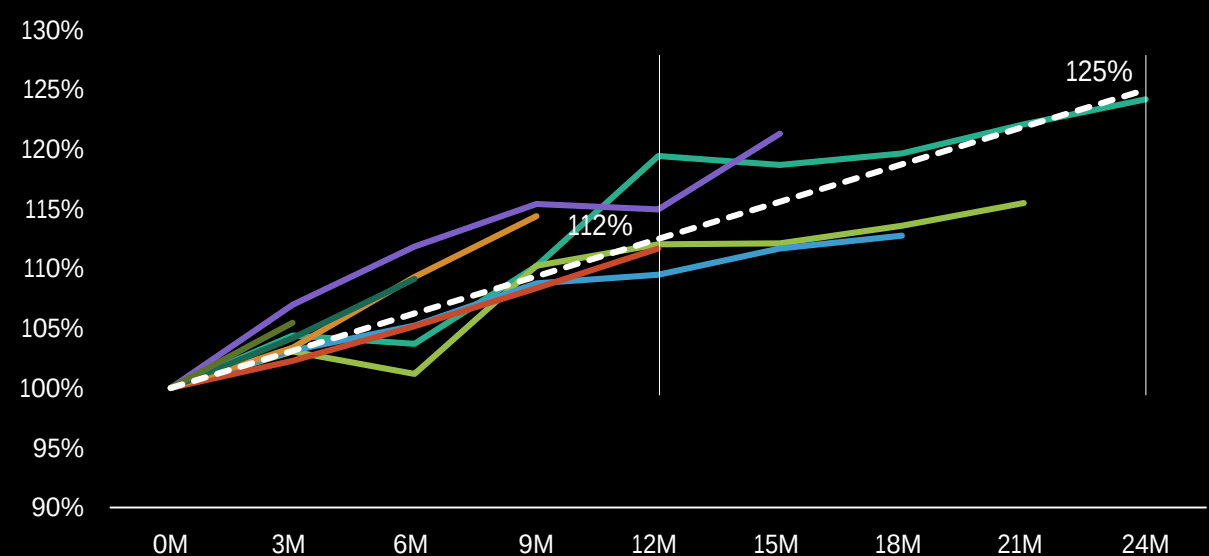
Professional Loans



Business loans



Rural Professional Loans



- Personal loan cross sell and rural unsecured businesses continue to be significantly low on leverage.
- Professional loan portfolio is higher than our benchmark across vintages. This business continues to remain one of the safest lending portfolios over cycles.
- Business loan leverage continues to remain higher than benchmark. It has reflected in higher loan losses on this portfolio in last 2 years. However recent vintages are showing early signs of improvement.
- In Salaried personal loans, the early vintages are higher due to empirical very good performance of this portfolio. It is being put under watch mode

— Q4FY18
 — Q1FY19
 — Q2FY19
 — Q3FY19
 — Q4FY19
 — Q1FY20
 — Q2FY20
 — Q3FY20
 — Q4FY20
 - - - - Benchmark

BAJAJ FINANCE LIMITED

Q4 FY20 Investor Presentation

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