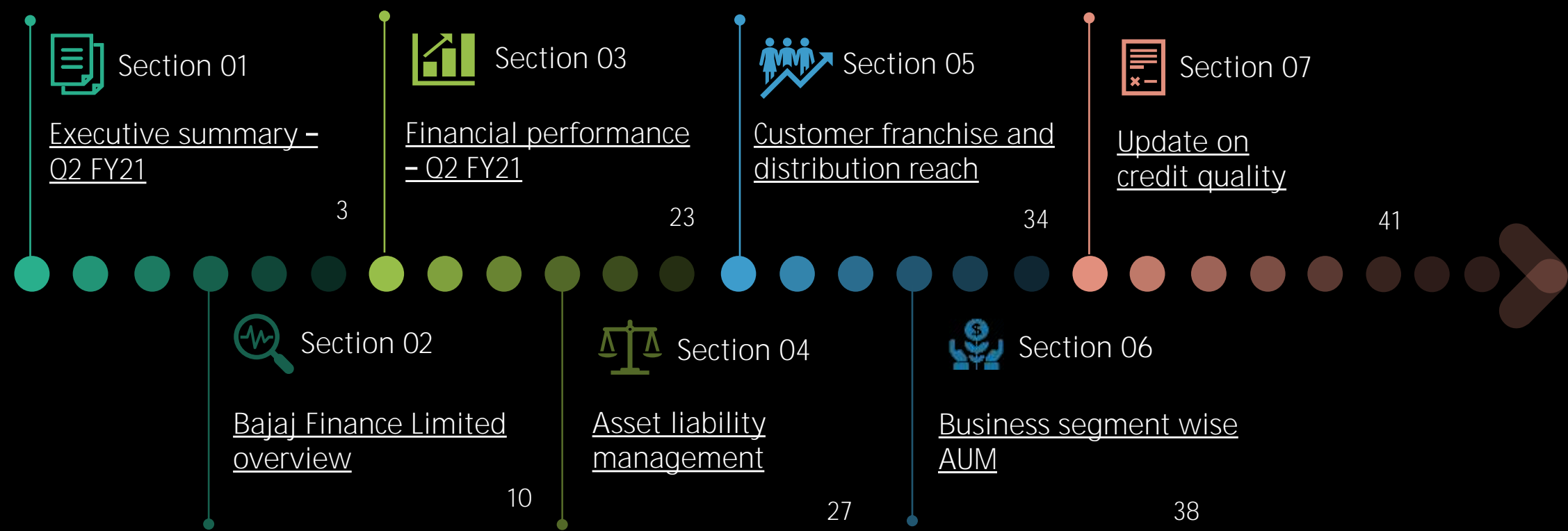




Bajaj Finance Limited

Q2 FY21 Investor Presentation

21 October 2020





Section 01

Executive summary – Q2 FY21

1.1

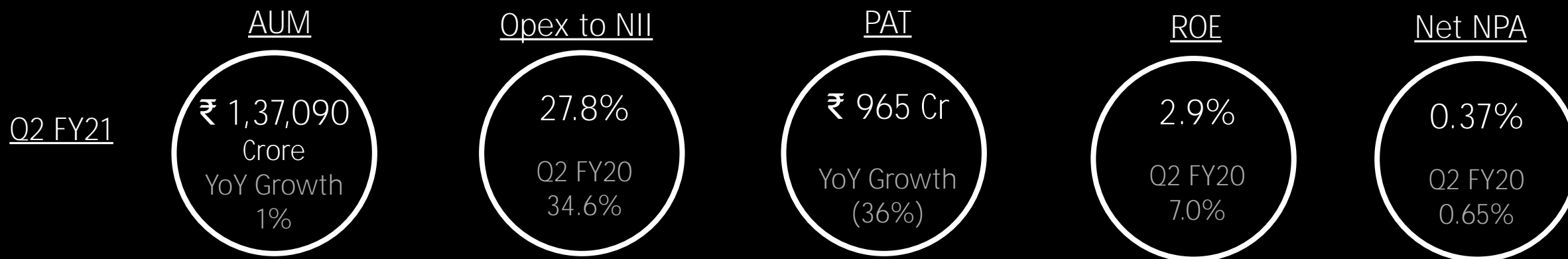
Quarter gone by

1.2

Executive summary on Q2 FY21

Quarter gone by

Q2 was all about gradual unlocking of the economy. Our focus, as a **company, was on restarting all businesses, creating 'back to growth' plans,** continuous risk modelling to refine loss estimates, collections capacity augmentation and begin implementation of our business transformation keeping in mind a smaller aggregate economy over the next 12-18 months.



*Not annualized

Balance Sheet and Franchise:

1. The Company has restarted origination across all businesses except REMI (452K accounts - 6.9%) and wallet loans (152K accounts - 2.3%) which are on pause mode till January and March respectively. The Company booked 3.62 MM new loans during Q2 FY21 as against 6.47 MM in Q2 FY20. We are currently witnessing MoM improvement in volumes across all businesses.
2. The Company continued to maintain a conservative stance on volumes till August, given extended moratorium and absence of updated bureau data. From September, the Company has started to accelerate volumes across all businesses. Bureau information is expected to be fully onstream by November which should further aid volume momentum.
3. In September, versus previous year, urban consumption businesses (B2B) were at 72%, rural consumption business (B2B) at 91%, **credit card origination at 73%, ecommerce at 75% and auto finance business was at 54% of last year's volume.**
4. **In September, loan disbursements (B2C, SME, Rural B2C, Mortgages) were at 62% of last year's volume.**
5. The Company acquired 1.22 MM new customers in the current quarter. Total customer franchise stood at 44.11 MM as of 30 September 2020, a growth of 14% YoY. Cross sell franchise stood at 23.87 MM.
6. Existing customers contributed to 66% of new loans booked during Q2 FY21.
7. AUM growth moderated to 1% YoY. It stood at ₹ 1,37,090 crore in Q2 FY21. The Company estimates AUM growth for FY21 at 6-7%. If the momentum by Q4 is stronger, there may be a potential upside.
8. So far, risk metrics of new volumes originated across businesses are tracking better than pre-COVID-19 origination.

9. In Q2 FY21, the Company has converted ₹ 1,750 crore of term loans into flexi loans to provide customers the flexibility of lower repayment and higher prepayment.
10. The **Company's plan is to achieve Feb 20 (Pre-COVID-19)** loan originations by March / April 21. This would position the Company to take advantage of a strong economic upturn in FY22.

Liquidity Management

11. As of 20 October 2020, the Company had consolidated liquidity buffer of ₹ 24,775 crore and SLR investments of Rs. 2,582 crore. This represents 21.9% of its total borrowing. The carry cost of total liquidity in Q2 was ₹ 220 crore as against ₹ 47 crore in Q2 FY20.
12. Given favorable market conditions, the Company will slowly dial down its liquidity buffer over the next 6 months and expects to revert closer to pre-COVID-19 liquidity buffer by March 21. It will also ensure that the cost of excess liquidity normalizes by Q4.
13. Deposits book stood at ₹ 21,669 crore, a growth of 23% YoY. Its contribution to consolidated balance sheet was 17% as of 30 September 2020. The Company continued to attract sizable retail deposits in Q2. The Retail : Corporate mix stood at 75 : 25 in Q2 FY21 as against 56 : 44 in Q2 FY20 in line with its strategy of reducing its reliance on corporate deposits.

Operating expense management

14. Given COVID-19, in April, the Company had a choice to make. Significantly cut cost or grow volumes over the next 6 months. We chose to cut costs. In Q2, despite higher fees and commission cost to the tune of ₹25 crore, the overall opex is down by ₹224 crore. As a result, NII grew by 4% but opex de-grew by 16%. Opex to NII improved to 27.8% in Q2 FY21 as against 34.6% in Q2 FY20.
15. Some of these cost cuts are structural in nature and some are transient. As we get back to growth and parallelly implement our transformation plan, the overall Opex to NII will be much lower.

16. The Company has now started to gradually roll back some of its actions of operating expense management. The Company has reinstated its quarterly incentive plans for its staff from Q3 onwards. However, call center optimization, freeze on travel, advertising & promotion and deferred physical trainings etc will continue in Q3 as well.

Credit Costs

17. Loan loss and provisions estimates for FY21 are based on lifetime loss estimates on account of COVID-19. This also means that the Company is accounting for additional losses that may otherwise occur in FY22.
18. FY22 onwards, loan losses and provisions should revert to pre-COVID-19 levels of 160-180 bps of average assets. If recoveries are better in FY22 against provisions taken in FY21, we may experience lower net loan loss to average assets.
19. During the quarter, the Company has further increased its provisioning coverage for stage 1 and 2 assets by ₹ 1,370 crore taking it to ₹ 5,099 crore as of 30 September 2020 ([refer page 44](#)).
20. The Company experienced continued improvement in portfolio quality in Q2. Against 15.7% of moratorium book in June 2020, stage 2 (1 and 2 installments overdue) book as of 30 September 2020 stood at 8.0% versus 2.3% in Q2 FY20 ([refer page 46](#)).
21. The Company last provided an update on its credit cost scenario model on 21 July 2020. As of September 2020, the Company is holding its credit costs estimate at ₹6,000-6,300 crore for FY21 in addition to 1,150 Cr (900 Cr of COVID-19 provision & 250 Cr of estimated write off recovery) provisioned in Q4 FY20. Our loan loss models are currently projecting an improvement to this estimate. The Company continues to roll forward its loan loss forecast every month by each of its portfolio.
22. So far, the Company has taken a loan loss provision of ₹ 3,386 crore against its credit cost estimate of ₹6,000-6,300 crore for FY21. Based on current risk estimates, the Company has to residually take ₹ 2,600 - 2,900 crore in H2 FY21.
23. Pursuant to the RBI resolution framework for COVID-19 related stress dated 6 August 2020, the Company has provided resolution plan on assets worth ₹ 252 crore (₹ 214 crore in Mortgages & ₹ 38 crore in Consumer) as of 30 September 2020.

24. Additionally, as a matter of prudence, the Company has reversed capitalized interest amounting to ₹142 crore on loans under moratorium. Overall amount of interest income reversed in H1 FY21 stood at ₹ 361 crore.
25. **Based on Hon'ble Supreme Court's interim order of not classifying customers as NPA after 31 August, GNPA & NNPA for the quarter** stood at 1.03% & 0.37% respectively. Adjusted GNPA and NNPA stood at 1.34% and 0.56% respectively.

Profitability

26. Consolidated PBT for Q2 contracted by 35% to ₹ 1,305 crores after taking additional provisions for stage 1 and 2 of ₹ 1,370 crore, cost of additional liquidity of ₹ 173 crore and interest income reversal of ₹ 142 crore. The Company has strong pre provisioning profitability.

Capital:

27. The Company continues to remain well capitalised with CRAR of 26.6% as of 30 September 2020. Tier-1 capital was 23.0%.

Update on Business transformation project:

28. **The objective of business transformation is to become a 'moment of truth' Company across all our products and services and deliver financial services products to all our customers in a frictionless manner.**
29. The Company has significantly accelerated its 3rd transformation journey. The Company is in the middle of significantly strengthening its technology, data science, app design and content design teams. The Company is working towards delivering a transformed customer experience model for its 105 MM customers and prospects by June-July 21.
30. Once implemented, this transformation should lead to significantly higher velocity at much lower cost.

Subsidiaries

- 31. Bajaj Housing Finance Ltd (BHFL) profit after tax contracted by 36% to ₹ 83 crore in Q2 FY21 against ₹ 130 crore in Q2 FY20.
- 32. **BHFL's** AUM increased by 30% to ₹ 33,463 crore as of 30 September 2020 from ₹ 25,714 crore as of 30 September 2019.
- 33. **BHFL's Net Interest Income for Q2 FY21 contracted by 6% to ₹ 248 crore from ₹ 264 crore in Q2 FY20.**
- 34. **BHFL's Opex to NII improved to 28.2% in Q2 FY21 as against 33.3% in Q2 FY20.**
- 35. During the quarter, BHFL has further increased its provision on stage 1 and 2 assets by ₹ 64 crore taking the overall contingency provision to ₹ 220 crore as of 30 September 2020.
- 36. Bajaj Financial Securities Ltd (BFinsec) made a net profit of ₹ 2 crore in Q2 FY21.

Section 02 Bajaj Finance Limited overview

2.1

Bajaj group structure

2.2

What do we stand for

2.3

Our shareholder profile

2.4

10-year financial snapshot

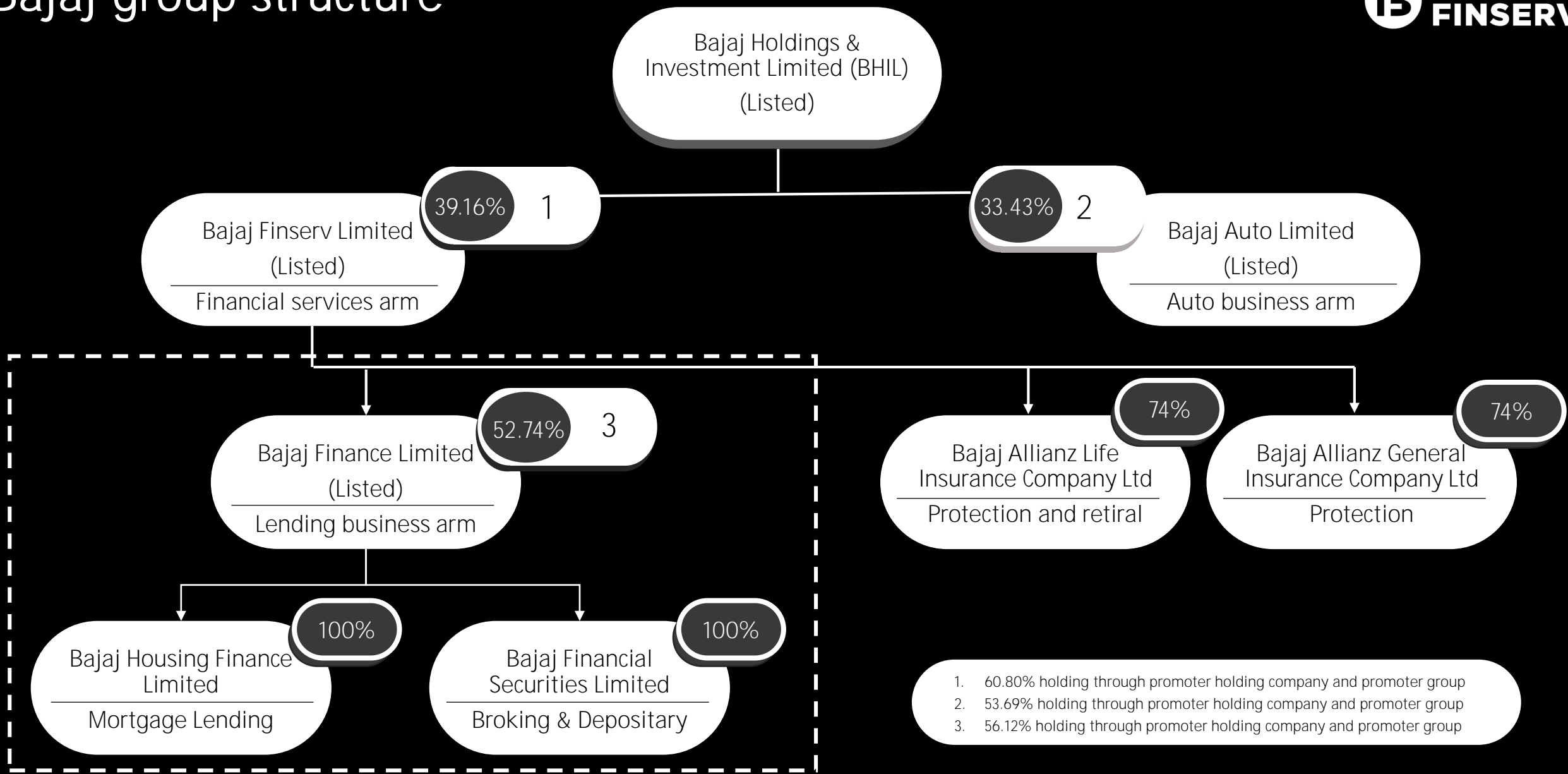
2.5

Product suite

2.6

Executive summary

Bajaj group structure



- 1. 60.80% holding through promoter holding company and promoter group
- 2. 53.69% holding through promoter holding company and promoter group
- 3. 56.12% holding through promoter holding company and promoter group

Above shareholding is as of 30 September 2020

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

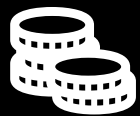
“Focused on mass affluent & above clients with a strategy to cross sell”

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

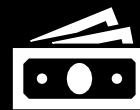
“Business construct to deliver a sustainable ROA of 3.3-3.5% and ROE of 19-21% in the long term”

“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 44.11 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 36%: 9%: 13%: 9%: 33%
Consolidated borrowing mix for Money Markets :Banks: Deposits: ECB stood at 42%: 37%: 17%: 4%

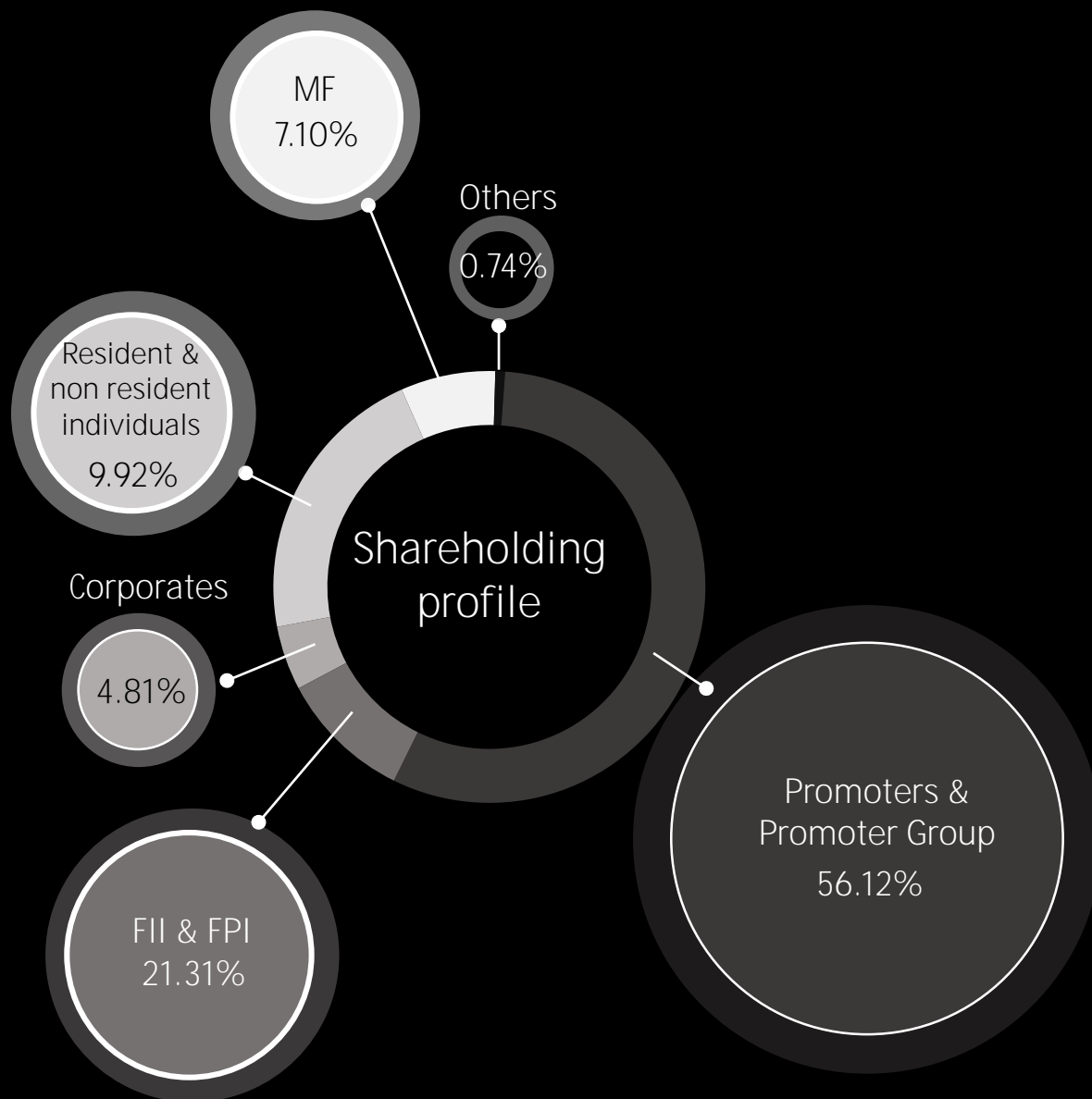
Highly agile & innovative

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



Above shareholding is as of 30 September 2020

Top 20 investors & their holdings

S.No	Name of Shareholder	As on 30 Sept 20	As on 31 March 20	As on 30 Sept 19
1	BAJAJ FINSERV LTD	52.74%	52.82%	54.81%
2	GOVERNMENT OF SINGAPORE	4.20%	4.46%	3.71%
3	MAHARASHTRA SCOOTERS LTD.	3.15%	3.15%	3.27%
4	LIFE INSURANCE CORPORATION OF INDIA	0.94%	0.15%	0.10%
5	AXIS LONG TERM EQUITY FUND	0.93%	0.76%	0.83%
6	NEW HORIZON OPPORTUNITIES MASTER FUND	0.77%	0.77%	0.80%
7	STEADVIEW CAPITAL MAURITIUS LTD.	0.77%	0.79%	1.14%
8	SBI ETF NIFTY 50	0.68%	0.65%	0.51%
9	AXIS BLUECHIP FUND	0.64%	0.41%	0.29%
10	NEW WORLD FUND INC.	0.56%	0.56%	0.58%
11	SBI EQUITY HYBRID FUND	0.55%	0.45%	0.43%
12	SMALL CAP WORLD FUND INC	0.54%	0.54%	0.56%
13	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	0.53%	0.52%	0.48%
14	AXIS FOCUSED 25 FUND	0.46%	0.36%	0.36%
15	ST. JAMES'S PLACE EMERGING MARKETS EQUITY UNIT TRUST MANAGED BY WASATCH ADVISORS INC	0.46%	0.23%	0.23%
16	VANGUARD EMERGING MARKET STOCK INDEX FUND	0.43%	0.44%	0.45%
17	SBI LIFE INSURANCE CO. LTD	0.39%	0.48%	0.38%
18	DF INTERNATIONAL PARTNERS	0.38%	0.22%	0.30%
19	LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	0.37%	0.02%	0.01%
20	UTI – EQUITY FUND	0.34%	0.32%	0.34%

10-year financial snapshot

₹ in crore

Financials snapshot @	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 [@] (Consol.)	FY19 [@] (Consol.)	FY20 [@] (Consol.)	YoY (FY19-FY20)	CAGR (10 yrs)
Assets under management	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	1,15,888	1,47,153	27%	39%
Income from operations	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,500	26,386	43%	39%
Interest expenses	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,623	9,473	43%	43%
Net Interest Income (NII)	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,877	16,913	42%	36%
Operating Expenses	460	670	850	1,151	1,428	1,898	2,564	3,270	4,197	5,662	35%	32%
Loan Losses & Provision (ECL)	205	154	182	258	385	543	804	1,030	1,501	3,929	162%	39%
Profit before tax	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	7,322	18%	39%
Profit after tax	247	406	591	719	898	1,279	1,837	2,496	3,995	5,264	32%	40%

Ratios	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Opex to NII	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%	33.5%
Return on assets	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%	4.1%
Return on equity	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%	20.2%
Net NPA *	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%	0.65%
NPA provisioning coverage	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.

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			
3. Lifestyle Product Loans	2. Loans to self employed and Professionals ^(E)	3. ESOP financing	2. Digital Product Loans	2. Corporate Term Deposits	2. General Insurance Distribution
4. Lifecare financing		4. Vendor financing to auto component manufacturers	3. Lifestyle Product Loans	3. Systematic Deposit Plan	3. Health Insurance Distribution
5. EMI Cards	3. Secured Enterprise Loans		4. Personal Loans Cross Sell		4. Pocket Insurance ^(E)
6. Retail Spend Financing	4. Used-car financing	5. Financial Institutions Lending	5. Salaried Personal Loans		5. Co-Branded Credit Card
7. 2-Wheeler & 3-Wheeler Loans		6. Light Engineering Lending	6. Gold Loans		6. Co-Branded Wallet
8. Personal Loan Cross-Sell		7. Specialty Chemicals Lending	7. Loans to Professionals		7. Financial Fitness Report
9. Salaried Personal Loans ^(E)					
10. E-Commerce - Consumer Finance					
11. Retailer Finance					
12. Health EMI Card					

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

Executive summary – Consolidated

Overview	<ul style="list-style-type: none">• 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 1,134 urban locations and 1,507 rural locations in India with over 1,14,400+ points of sale• Large customer franchise of 44.11 MM• Amongst the largest new loan acquirers in India (3.62 MM in Q2 FY21)• AUM mix of Consumer: Rural: SME: Commercial: Mortgages stood at 36%: 9%: 13%: 9%: 33% as of 30 September 2020• AUM of ₹ 1,37,090 crore as of 30 September 2020 and a post tax profit of ₹ 965 crore in Q2 FY21• Capital adequacy ratio (including Tier II capital) stood at 26.6% as of 30 September 2020. Tier I capital stood at 23.0%
Subsidiaries	<ul style="list-style-type: none">• 100% shareholding in Bajaj Housing Finance Limited• 100% shareholding in Bajaj Financial Securities Limited
Treasury	<ul style="list-style-type: none">• Strategy is to create a balanced mix of wholesale and retail borrowings• Borrowings of ₹ 124,900 crore with a mix of 42: 37: 17: 4 between money markets, banks, deposits & ECB as of 30 September 2020
Credit Quality	<ul style="list-style-type: none">• Consolidated Gross and Net NPA as of 30 September 2020 stood at 1.03% and 0.37%, respectively• Provisioning coverage ratio as of 30 September 2020 was 64%• Provisioning coverage on stage 1 & 2 stood at 369 bps as of 30 September 2020 versus 273 bps as of 30 June 2020. This was 90-100 bps during pre-pandemic situation.

Overview	<ul style="list-style-type: none">• 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 46%: 12%: 17%: 11%: 14% as of 30 September 2020• AUM of ₹ 1,04,986 crore as of 30 September 2020 and a post tax profit of ₹ 877 crore in Q2 FY21
Consumer business	<ul style="list-style-type: none">• Present in 1,134 locations with 89,900+ active distribution points of sale as of 30 September 2020• Largest consumer electronics, digital products & lifestyle products lender in India• 2-wheeler financing business disbursed 158K accounts in the quarter (degrowth of 42% YOY)• 3-wheeler financing business disbursed 13K accounts in the quarter (degrowth of 72% YOY)• Amongst the largest personal loan lenders in India
Payments	<ul style="list-style-type: none">• EMI Card franchise stood at 20.6 MM cards in force (CIF)• Bajaj Finserv - RBL Bank co-branded credit card CIF stood at 1.87 MM as of 30 September 2020• Bajaj Finserv Mobikwik app has 16.8 MM users as of 30 September 2020 who have linked their EMI card to the wallet
Rural business	<ul style="list-style-type: none">• Highly diversified lender in rural markets offering 10 loan products across consumer and SME business categories• Operates with a unique hub and spoke business model• Geographic presence across 1,507 towns and villages with retail presence across 19,800+ points of sale

SME Business	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Strategy is to create a balanced mix of wholesale and retail borrowings with a focus on long term borrowings• Borrowings stood at ₹ 99,246 crore with a mix of 44: 29: 22: 5 between money markets, banks, deposits & ECB as of 30 September 2020
Credit Quality	<ul style="list-style-type: none">• Gross and Net NPA as of 30 September 2020 stood at 1.29% and 0.46% respectively• Provisioning coverage ratio as of 30 September 2020 was 65%• Provisioning coverage on stage 1 & 2 stood at 451 bps as of 30 September 2020 versus 273 bps as of 30 June 2020.
Credit Rating	<ul style="list-style-type: none">• 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• Long term issuer credit rating of BB+/Stable and short-term rating of B by S&P Global

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 ₹ 33,463 crore as of 30 September 2020 and a post tax profit of ₹ 83 crore for Q2 FY21
- Capital adequacy ratio (including Tier II capital) stood at 25.97% as of 30 September 2020

Home Loans

- Offers home loans to salaried customers for an average ticket size of approximately 43 lakhs
- Focused on developing sales finance 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 49 lakhs
- Strategy is to sell LAP product to existing customers as well as focus on building distribution network
- Currently present across 14 locations in India

Rural

- Offers home loans and loans against property to salaried and self-employed customers with an average ticket size of approximately 17 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 78 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 - 200 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 30 September 2020 stood at 0.08% and 0.05% respectively

Treasury

- Strategy is to create a balanced and sustained mix of borrowings
- Borrowings stood at ₹ 25,603 crore with a mix of 69 : 31 between banks and money markets as of 30 September 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 – Q2 FY21

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

₹ in crore

Financials snapshot	Q2 FY21	Q2 FY20	YoY	H1 FY21	H1 FY20	YoY	FY20
Assets under management	1,37,090	1,35,533	1%	1,37,090	1,35,533	1%	1,47,153
Assets under finance	1,31,765	1,30,790	1%	1,31,765	1,30,790	1%	1,41,376
Interest income	5,763	5,463	5%	11,556	10,564	9%	22,970
Fee and other income	619	724	(14%)	1,212	1,348	(10%)	2,879
Net gain on fair value changes on investment	141	136	4%	405	219	85%	537
Total Income	6,523	6,323	3%	13,173	12,131	9%	26,386
Interest expenses	2,358	2,323	2%	4,856	4,437	9%	9,473
Net Interest Income	4,165	4,000	4%	8,317	7,694	8%	16,913
Operating Expenses	1,160	1,384	(16%)	2,316	2,675	(13%)	5,662
Loan losses and provisions	1,700	594	186%	3,386	1,145	196%	3,929
On ECL stage 1 & 2	1,370	129	962%	2,800	258	985%	1,318
ECL stage 3 & write off	330	465	(29%)	586	887	(34%)	2,611
Profit before tax	1,305	2,022	(35%)	2,615	3,874	(32%)	7,322
Profit after tax	965	1,506	(36%)	1,927	2,702	(29%)	5,264
Ratios							
Operating expenses to Net Interest Income	27.8%	34.6%		27.8%	34.8%		33.5%
Loan loss to average AUF*	1.29%	0.46%		2.48%	0.94%		3.10%
Earning per share - Basic (₹) *	16.1	26.1		32.1	46.8		89.8
Return on Average Assets*	0.7%	1.2%		1.4%	2.2%		4.1%
Return on Average Equity *	2.9%	7.0%		5.8%	12.9%		20.2%

* Not annualized

Financial statement summary – Bajaj Finance Limited

Financials snapshot	Q2 FY21	Q2 FY20	YoY	H1 FY21	H1 FY20	YoY	FY20
Assets under management	1,04,986	1,10,946	(5%)	1,04,986	1,10,946	(5%)	1,16,102
Assets under finance	1,02,525	1,07,915	(5%)	1,02,525	1,07,915	(5%)	1,13,417
Interest income	5,066	4,924	3%	10,168	9,566	6%	20,668
Fee and other income	600	652	(8%)	1,163	1,243	(6%)	2,706
Net gain on fair value changes on investment	124	122	2%	361	194	86%	460
Total Income	5,790	5,698	2%	11,692	11,003	6%	23,834
Interest expenses	1,868	1,952	(4%)	3,853	3,750	3%	7,857
Net Interest Income	3,922	3,746	5%	7,839	7,253	8%	15,977
Operating Expenses	1,101	1,305	(16%)	2,194	2,526	(13%)	5,364
Loan losses and provisions	1,635	581	181%	3,275	1,123	192%	3,805
On ECL stage 1 & 2	1,306	125	945%	2,691	247	989%	1,233
ECL stage 3 & write off	329	456	(28%)	584	876	(33%)	2,572
Profit before tax	1,186	1,860	(36%)	2,370	3,604	(34%)	6,808
Profit after tax	877	1,377	(36%)	1,746	2,501	(30%)	4,881
Ratios							
Operating expense to Net Interest Income	28.1%	34.8%		28.0%	34.8%		33.6%
Loan loss to Average AUF*	1.58%	0.55%		3.03%	1.11%		3.65%
Return on Average Assets*	0.9%	1.3%		1.6%	2.5%		4.7%
Return on Average Equity*	2.6%	6.5%		5.3%	12.1%		19.0%

* Not annualized

Financial statement summary – Bajaj Housing Finance Limited



₹ in Crore

Financials snapshot	Q2 FY21	Q2 FY20	YoY	H1 FY21	H1 FY20	YoY	FY20
Assets under management	33,463	25,714	30%	33,463	25,714	30%	32,705
Assets under finance	29,200	22,875	28%	29,200	22,875	28%	27,975
Interest income	696	539	29%	1,387	996	39%	2,303
Fee and other income	26	85	(69%)	64	131	(51%)	269
Net gain on fair value changes on Investments	16	11	45%	43	23	87%	74
Total Income	738	635	16%	1,494	1,150	30%	2,646
Interest expenses	490	371	32%	1,003	688	46%	1,616
Net Interest Income	248	264	(6%)	491	462	6%	1,030
Operating Expenses	70	88	(20%)	143	170	(16%)	339
Loan losses and provisions	65	13	400%	111	22	405%	124
On ECL stage 1 & 2	64	4	1500%	109	12	808%	86
ECL stage 3 & write off	1	9	(89%)	2	10	(80%)	38
Profit before tax	113	163	(31%)	237	270	(12%)	567
Profit after tax	83	130	(36%)	175	200	(13%)	421
Ratios							
Operating expense to Net Interest Income	28.2%	33.3%		29.1%	36.8%		32.9%
Loan loss to Average AUF*	0.23%	0.06%		0.39%	0.11%		0.55%
Return on Average Assets*	0.3%	0.6%		0.6%	1.0%		1.9%
Return on Average Equity*	1.5%	3.4%		3.1%	5.3%		9.1%

* 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 30 September–
Bajaj Finance Limited

4.4

Behaviouralized ALM as of 30 September–
Bajaj Housing Finance Limited

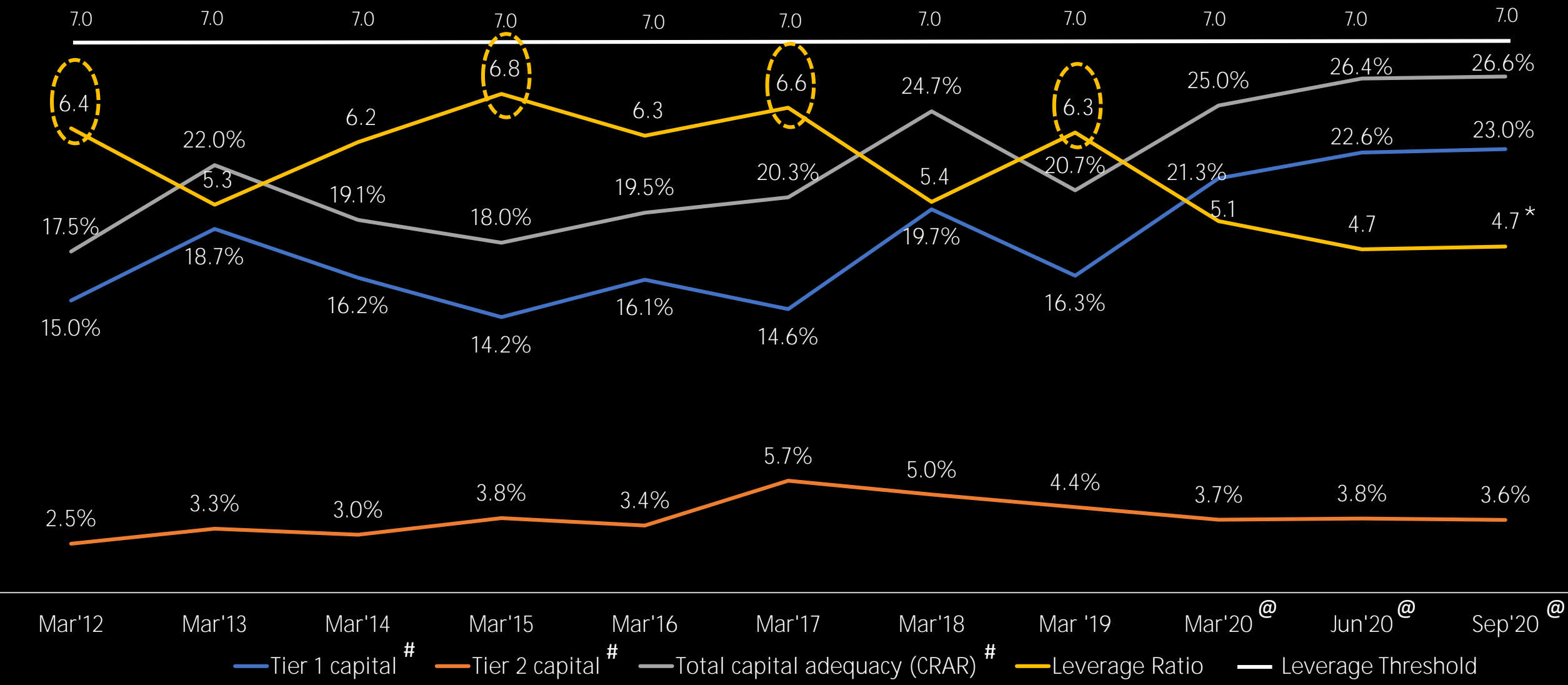
4.5

Disciplined ALM Management –
Bajaj Finance Limited

4.6

Liability mix over the last 9 years –
Bajaj Finance Limited

Conservative leverage standards – Bajaj Finance Limited



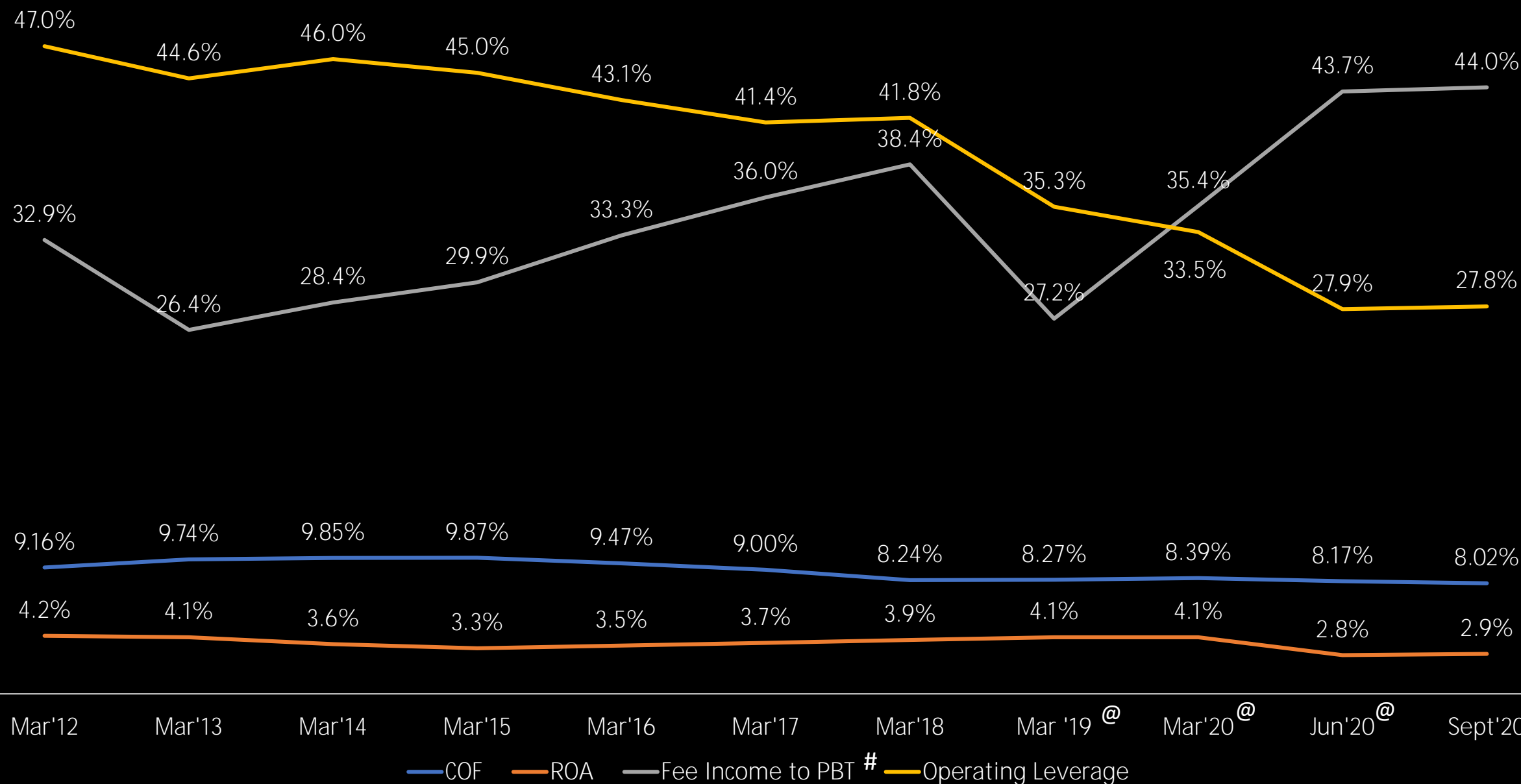
*Standalone leverage is approximately 4.0X as of 30 September 2020

#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. Jun'20 & Sept'20 number is for the quarter

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

Behaviouralized ALM as of 30 September 2020 – BFL

Particulars	1 - 7 D	8 - 14 D	15 - 30 D	> 1 - 2 M	> 2 - 3 M	> 3 - 6 M	> 6M - 1Y	> 1 - 3Y	> 3 - 5 Y	> 5 Y	Total
Cash & Investments	19,441	-	-	1	751	118	1,169	1,048	383	5,571	28,483
Advances	2,963	1,086	2,231	4,939	5,136	12,125	17,917	36,227	14,958	7,460	1,05,043
Other inflows	242	363	3,999	951	435	45	208	2,129	-	4,745	13,117
Total Inflows (A)	22,646	1,449	6,230	5,892	6,322	12,289	19,294	39,404	15,342	17,777	1,46,644
Cumulative Total Inflows (B)	22,646	24,095	30,325	36,217	42,539	54,828	74,122	1,13,526	1,28,867	1,46,644	
Borrowings	4,972	163	1,662	2,401	3,999	5,143	14,403	47,991	10,661	11,350	1,02,745
Capital Reserves and Surplus	-	-	-	-	-	-	-	-	-	34,436	34,436
Other Outflows	3,222	205	331	473	413	1,426	591	1,168	1,072	560	9,462
Total Outflows (C)	8,195	368	1,994	2,873	4,412	6,569	14,994	49,159	11,733	46,347	1,46,644
Cumulative Total Outflows (D)	8,195	8,562	10,556	13,430	17,842	24,411	39,405	88,564	1,00,297	1,46,644	
Mismatch (E = A - C)	14,451	1,081	4,236	3,018	1,910	5,719	4,300	(9,756)	3,609	(28,570)	
Cumulative mismatch (F = B-D)	14,451	15,533	19,769	22,787	24,697	30,417	34,717	24,961	28,570	0	
Cumulative mismatch as % (F/D)	176%	181%	187%	170%	138%	125%	88%	28%	28%	0%	
Permissible cumulative GAP %	-10%	-10%	-20%				-15%				
Additional borrowings possible	16,968	1,243	9,140				20,447				

* As per previous GAAP

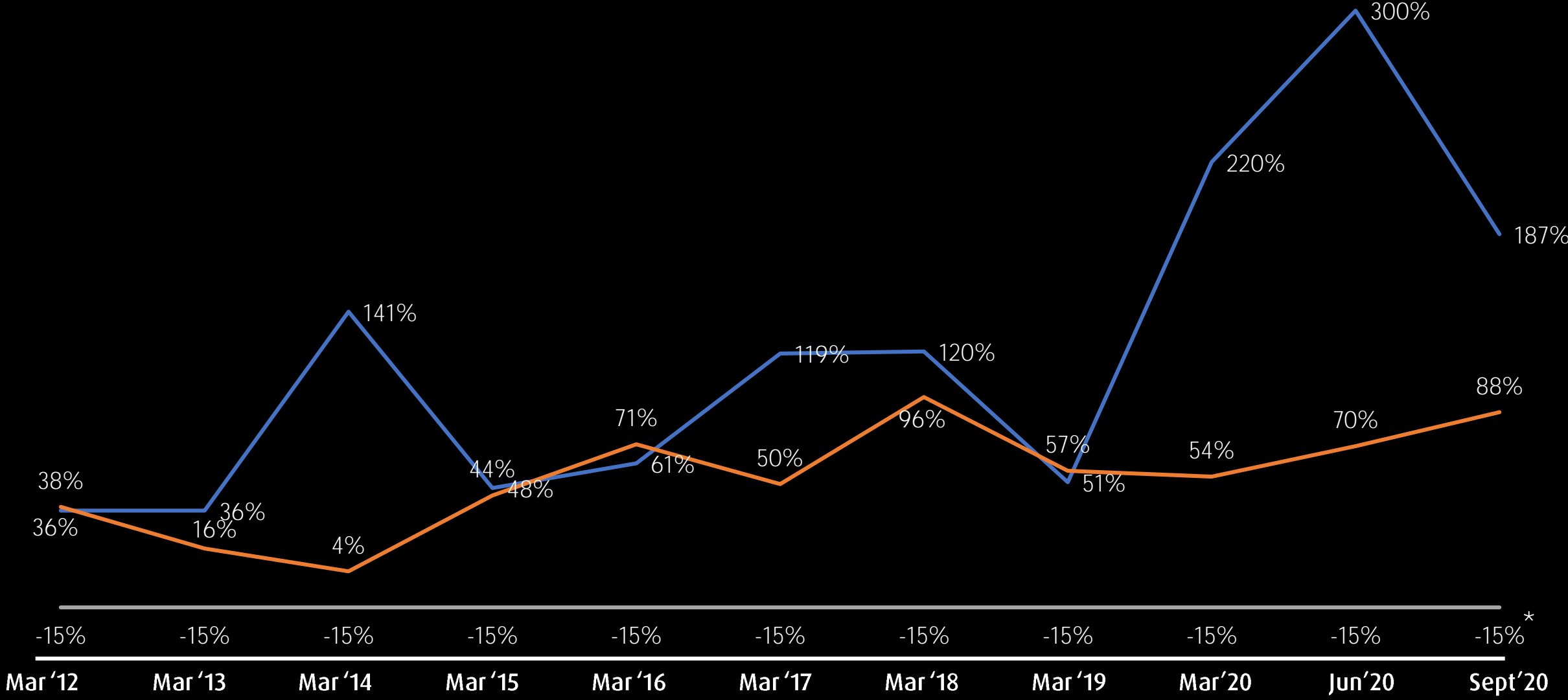
Behaviouralized ALM as of 30 September 2020 – BHFL

Particulars	1 -14 D	15-30 D	>1 - 2 M	>2 - 3 M	>3 - 6 M	>6M - 1 Y	>1 - 3 Y	> 3 - 5 Y	> 5 - 7 Y	> 7 - 10 Y	> 10 Y	Total
Cash, Cash Equivalents & Investments	797	500	-	750	-	-	-	-	-	-	-	2,047
Advances	337	337	488	498	1,431	2,587	8,281	5,227	3,585	3,462	3,340	29,572
Other inflows	91	518	2	7	160	2,543	748	802	546	151	620	6,187
Total Inflows (A)	1,225	1,355	490	1,255	1,591	5,130	9,028	6,029	4,130	3,613	3,960	37,806
Cumulative Total Inflows (B)	1,225	2,580	3,070	4,324	5,915	11,045	20,073	26,102	30,232	33,845	37,806	
Borrowings	-	51	235	879	1,370	5,483	11,224	4,782	1,159	-	1,800	26,937
Capital and Reserves and Surplus	-	-	-	-	-	-	-	-	-	-	5,739	5,739
Other Outflows	428	394	238	196	416	544	133	-	-	2,500	279	5,129
Total Outflows (C)	428	445	474	1,075	1,786	5,982	11,357	4,782	1,159	2,500	7,818	37,806
Cumulative Total Outflows (D)	428	873	1,347	2,422	4,208	10,190	21,547	26,328	27,487	29,987	37,806	
Mismatch (E = A-C)	797	910	16	179	(196)	(852)	(2,328)	1,247	2,971	1,113	(3,858)	
Cumulative mismatch (F= B-D)	797	1,707	1,723	1,902	1,707	855	(1,474)	(226)	2,745	3,858	0	
Cumulative mismatch as a % (F/D)	186%	204%	128%	79%	41%	8%	-7%	-1%	10%	13%	0%	
Permissible cumulative GAP %	-15%	-15%				-15%						
Additional borrowings possible	1,013	1,148				642						

Disciplined ALM Management – Bajaj Finance Limited

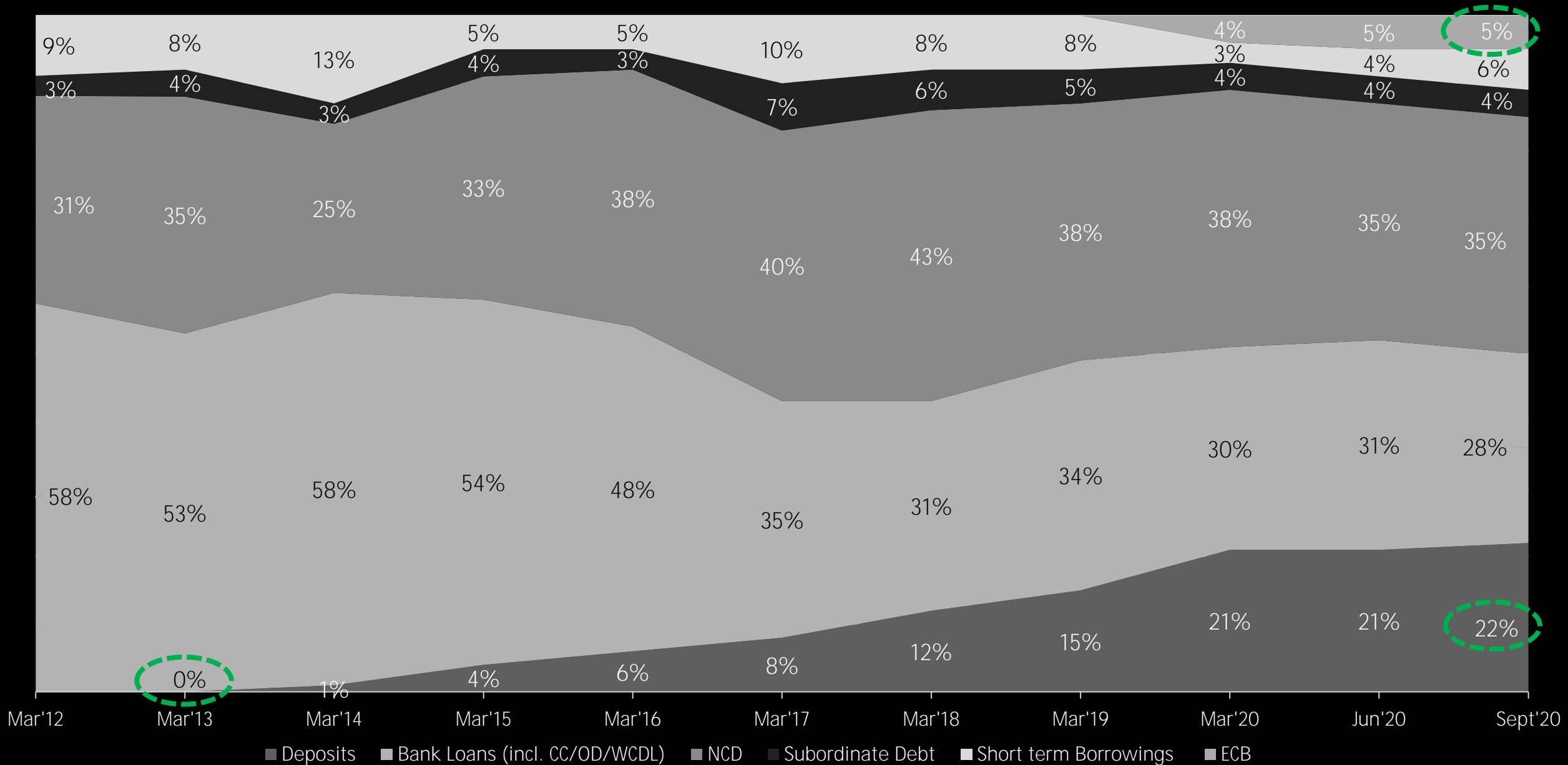


Cumulative gap upto 1 month Cumulative gap upto 12 month Permissible limit



*RBI has changed permissible limit for cumulative gap up to 1-month bucket to -20% from September'20 onwards.

Liability mix over the last 9 years – Bajaj Finance Limited



*Standalone borrowing mix



Section 05

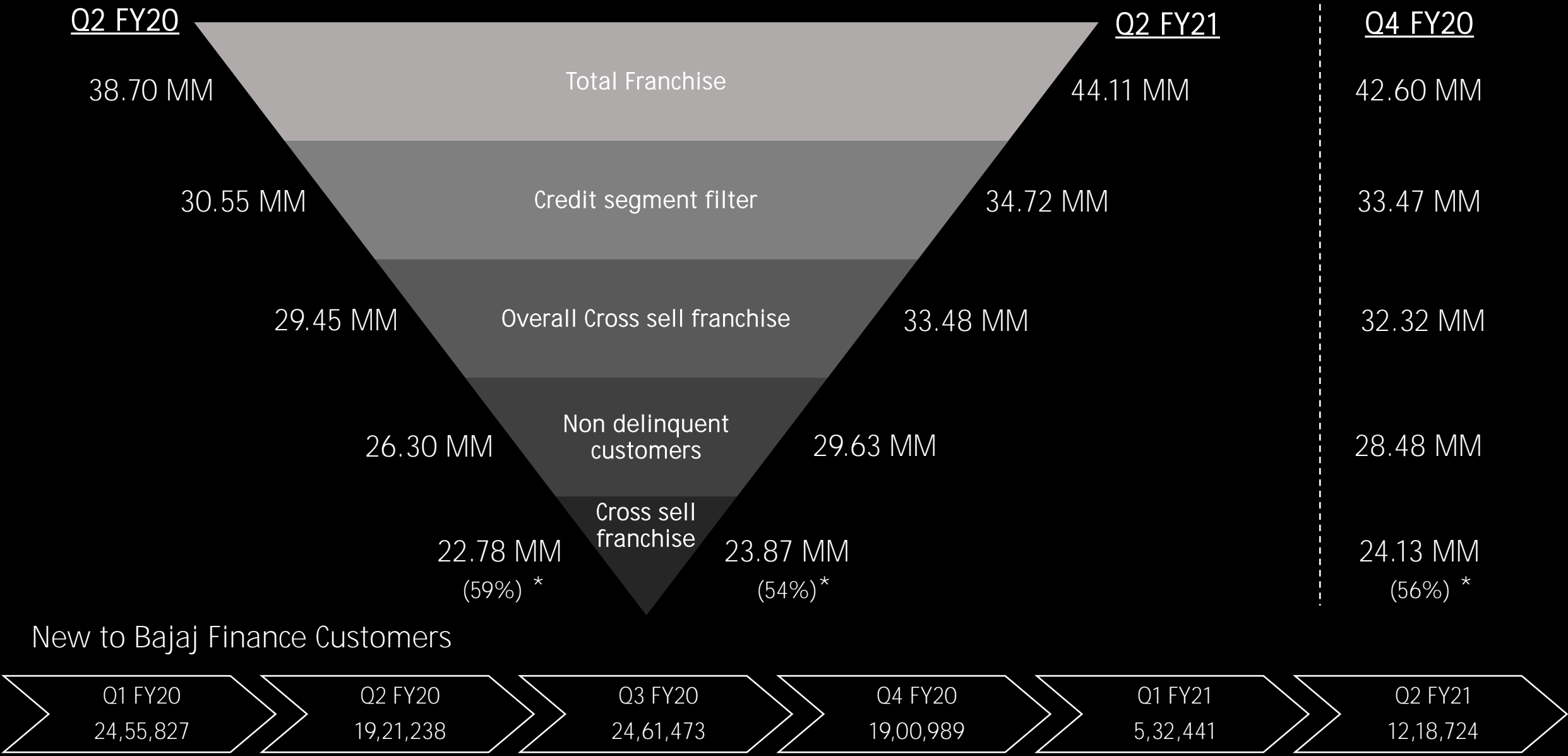
Customer franchise and distribution reach

5.1 Customer franchise

5.2 Geographic presence

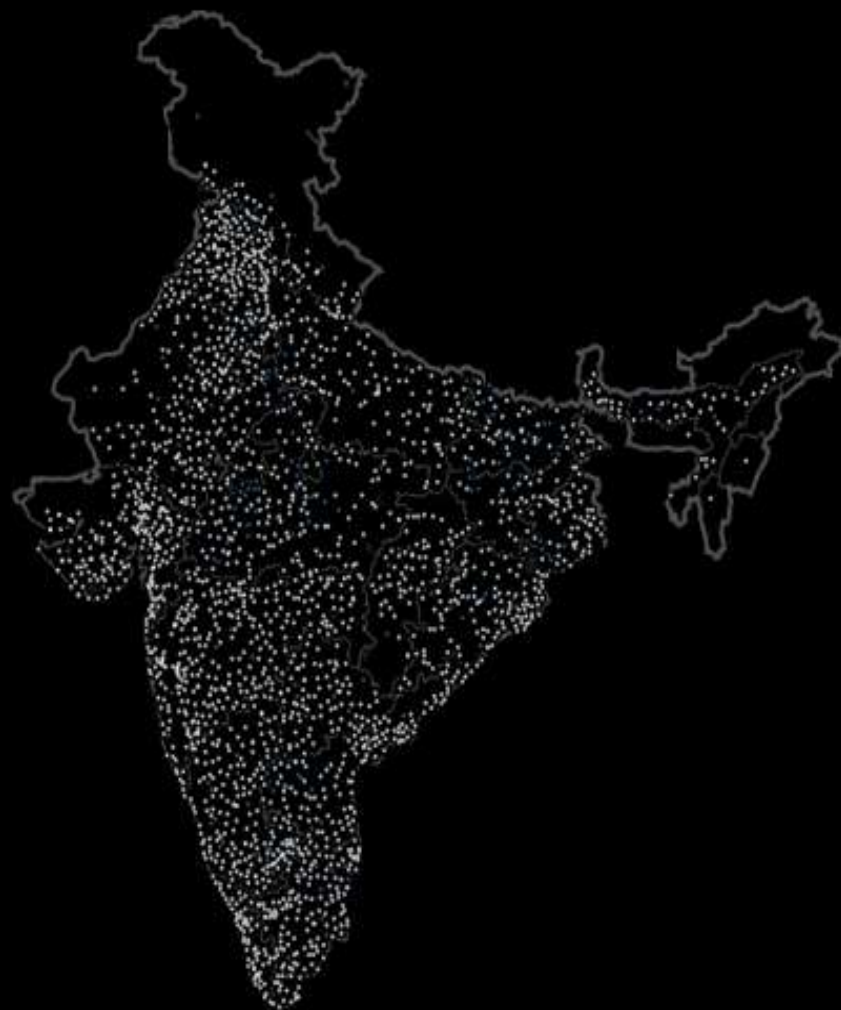
5.3 Strong distribution reach

Customer franchise



*Represents cross sell franchise as a % of total franchise

Geographic presence



Map not to scale

Geographic Presence	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	30 Jun 2020	30 Sept 2020
Urban	377	730	927	1,035	1,049	1,134
Rural	538	602	903	1,357	1,359	1,507
Of which rural lending branches	177	219	347	527	527	527
Of which rural lending franchise	361	383	556	830	832	980
Total Bajaj Finance presence	915	1,332	1,830	2,392	2,408	2,641

Blue dots indicates newly opened locations in Q2 FY21

Strong distribution reach

Active distribution – points of sale	31 Mar 2017	31 Mar 2018	31 Mar 2019	31 Mar 2020	30 Jun 2020	30 Sept 2020
Consumer durable stores – Urban	14,000+	15,500+	20,400+	24,200+	24,200+	24,200+
Consumer durable stores – Rural	5,500+	8,200+	14,500+	19,600+	19,600+	19,600+
Digital product stores	5,900+	15,900+	22,500+	26,400+	26,400+	26,400+
Lifestyle retail stores	3,900+	6,000+	7,700+	9,500+	9,500+	9,500+
EMI card – retail spends stores	5,600+	12,100+	19,100+	24,300+	24,300+	24,300+
Bajaj Auto dealers, sub-dealerships and ASSC	3,200+	3,900+	4,600+	5,500+	5,500+	5,500+
Direct Sales Agents	1,500+	2,100+	2,800+	4,900+	4,900+	4,900+
Overall active distribution network	39,600+	64,300+	91,700+	1,14,400+	1,14,400+	1,14,400+



Section 06

Business segment wise AUM

6.1

Business segment wise AUM as of 30
September

6.2

Business segment wise AUM as of 30
September – Mortgages

Business segment wise AUM as of 30 Sept 2020

₹ in crore

Assets Under Management	Standalone as of 30 Sept 2020	BHFL as of 30 Sept 2020	Consolidated as of 30 Sept 2020	Consolidated as of 30 Sept 2019	Growth	Composition as of 30 Sept 2020
Auto Finance Business	12,687	-	12,687	11,867	7%	9%
Sales Finance Business	7,918	-	7,918	13,676	-42%	6%
Consumer B2C Business	27,551	711	28,262	27,006	5%	21%
Rural Sales Finance Business	1,808	-	1,808	2,240	-19%	1%
Rural B2C Business	10,291	-	10,291	8,929	15%	8%
SME Lending Business	18,079	174	18,253	17,908	2%	13%
Securities Lending Business	5,282	-	5,327	7,186	-26%	4%
Commercial Lending Business	6,555	-	6,555	6,229	5%	5%
Mortgages	14,815	32,578	45,989	40,492	14%	33%
Total	1,04,986	33,463	1,37,090	1,35,533	1%	
Credit Card – CIF			1.87 MM	1.5 MM	25%	
EMI Card – CIF			20.6 MM	20.0 MM	3%	
Wallets			16.8 MM	11.8 MM	42%	

Break-up of Mortgages AUM as of 30 September 2020

Assets Under Management	Bajaj Housing Finance Limited			Mortgage - All			Composition as of 30 Sept 2020
	30 Sept 2020	30 Sept 2019	Growth	30 Sept 2020	30 Sept 2019	Growth	
Home Loans	21,456	16,647	29%	26,165	22,531	16%	57%
Loan against property	4,205	3,035	39%	11,520	11,475	0%	25%
Lease rental development	3,396	2,651	28%	4,309	3,251	33%	9%
Developer Finance	1,809	1,300	39%	1,878	1,591	18%	4%
Rural	1,712	1,290	33%	2,117	1,645	29%	5%
Total	32,578	24,923	31%	45,989	40,492	14%	100%

Home loan portfolio customer categorisation	Bajaj Housing Finance Limited			Mortgage - All			Composition as of 30 Sept 2020
	30 Sept 2020	30 Sept 2019	Growth	30 Sept 2020	30 Sept 2019	Growth	
Home Loan to Salaried	19,830	15,045	32%	22,471	18,323	23%	83%
Home Loan to Self Employed	1,258	1,203	5%	3,038	3,458	-12%	11%
Home Loan to Professional	1,134	902	26%	1,477	1,313	13%	6%

Salaried focused home loans acquisition strategy (89% of Q2 FY21 acquisition)

Section 07

Update on credit quality

7.1

Provisioning Coverage - consolidated

7.2

NPA movement - consolidated

7.3

ECL summary – consolidated

7.4

ECL summary – Bajaj Housing Finance Limited

7.5

Portfolio stagewise provisioning

7.6

Portfolio credit quality - Consolidated

Provisioning Coverage - Consolidated

Assets Under Management	Consol AUM 30 Sept 2020	GNPA	NNPA	PCR (%)	GNPA %			NNPA %		
					30 Sept 19	30 Jun 20	30 Sept 20	30 Sept 19	30 Jun 20	30 Sept 20
Auto Finance Business	12,687	631	216	66%	5.57%	5.80%	4.45%	2.36%	2.21%	1.57%
Sales Finance Business	7,918	31	5	84%	1.08%	1.03%	0.30%	0.26%	0.33%	0.05%
Consumer B2C Business	28,262	241	59	76%	1.49%	1.24%	0.80%	0.41%	0.30%	0.20%
Rural Sales Finance Business	1,808	3	1	80%	1.15%	0.33%	0.14%	0.36%	0.06%	0.03%
Rural B2C Business	10,291	95	23	75%	1.41%	1.30%	0.88%	0.45%	0.42%	0.22%
SME Lending Business	18,253	207	61	71%	1.49%	1.42%	1.08%	0.34%	0.41%	0.32%
Securities Lending Business	5,327	-	-	-	-	-	-	-	-	-
Commercial Lending Business	6,555	1	1	10%	0.58%	0.04%	0.02%	0.23%	0.03%	0.01%
Mortgages	45,989	230	149	35%	1.20%	0.50%	0.56%	0.87%	0.32%	0.36%
Total	1,37,090	1,439	515	64%	1.61%	1.40%	1.03%	0.65%	0.50%	0.37%

Note:

Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020, has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Company has not classified any accounts which were not NPA as of 31 August 2020, as per RBI norms, as NPA after 31 August 2020. However, if the Company had classified borrower accounts NPA after 31 August 2020, the **Company's** Gross NPA and Net NPA ratio would have been 1.34% and 0.56% respectively.

NPA movement - Consolidated

₹ in Crore

Particulars	Sept'19	Dec'19	Mar'20	Jun'20	Sept'20
Assets Under Management	1,35,533	1,45,092	1,47,153	1,38,055	1,37,090
Opening GNPA (A)	2,094	2,213	2,354	2,363	1,938
Roll Forward into NPA (i)	779	924	994	138	283
Restructuring (ii)	7	12	43	2	1
Total Slippages (B = i + ii)	786	936	1,037	140	284
Roll back to standard (iii)	200	192	321	123	289
Recoveries (iv)	65	58	18	43	23
Realisation on sale of NPA receivables* (v)	24	18	7	-	-
Write offs as per policy (vi)	185	380	668	399	471
Write offs on sale of NPA receivables (vii)	193	147	13	-	-
Total recoveries and write-offs (C = iii + iv + v + vi + vii)	667	795	1,028	565	783
Net slippages (B - C)	119	141	9	(425)	(499)
Gross NPA (A + B - C)	2,213	2,354	2,363	1,938	1,439
GNPA %	1.61%	1.61%	1.61%	1.40%	1.03%
NNPA %	0.65%	0.70%	0.65%	0.50%	0.37%
PCR %	60%	57%	60%	65%	64%

*Portfolio sale is on cash basis

ECL summary – Consolidated

Assets categorization	Sept'19	Dec '19	Mar'20	Jun'20	Sept'20
Stage 1 & 2 (represents standard assets)	98.39%	98.39%	98.39%	98.60%	98.66%
Stage 3 (classified as NPA)	1.61%	1.61%	1.61%	1.40%	1.03%
Stage 3 (not classified as NPA)	-	-	-	-	0.31%

Summary of stage wise assets and provision for impairment allowance

₹ in Crore

Assets and impairment allowance	Sept'19	Dec '19	Mar '20	Jun'20	Sept '20
Gross Stage 1 & 2 assets* (A)	1,35,552	1,43,534	1,44,199	1,36,461	1,38,035
ECL Provision Stage 1 & 2 (B)	1,239	1,443	2,299	3,729	5,099
Net Stage 1 & 2 assets (C = A-B)	1,34,312	1,42,091	1,41,900	1,32,732	1,32,936
ECL Provision % Stage 1 & 2 assets (D = B/A)	0.91%	1.01%	1.59%	2.73%	3.69%
Gross Stage 3 assets@ (E)	2,213	2,354	2,363	1,938	1,873
ECL Provision Stage 3 (F)	1,325	1,335	1,425	1,257	1,102
Net Stage 3 assets (G = E-F)	888	1,019	938	681	771
Coverage Ratio % Stage 3 assets (H= F/E)	60%	57%	60%	65%	59%
Overall coverage ratio	1.86%	1.90%	2.54%	3.60%	4.43%

*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, 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	Sept'19	Dec'19	Mar'20	Jun'20	Sept'20
Stage 1 & 2 (represents standard assets)	99.94%	99.93%	99.92%	99.92%	99.91%
Stage 3 (classified as NPA)	0.06%	0.07%	0.08%	0.08%	0.08%
Stage 3 (not classified as NPA)	-	-	-	-	0.01%

Summary of stage wise assets and provision for impairment allowance

₹ in Crore

Financial Assets & ECL provision	Sept'19	Dec'19	Mar'20	Jun'20	Sept'20
Gross Stage 1 & 2 assets* (A)	23,481	26,532	28,199	28,739	29,601
ECL Provision Stage 1 & 2 (B)	37	43	112	156	220
Net Stage 1 & 2 assets (C = A-B)	23,443	26,488	28,088	28,582	29,381
ECL Provision % Stage 1 & 2 assets (D = B/A)	0.16%	0.16%	0.40%	0.54%	0.74%
Gross Stage 3 assets@ (E)	13.3	19.9	23.7	24.1	26.9
ECL Provision Stage 3 (F)	6.0	6.3	9.0	9.3	10.1
Net Stage 3 assets (G = E-F)	7.3	13.6	14.7	14.8	16.8
Coverage Ratio % Stage 3 assets (H= F/E)	45%	32%	38%	38%	38%
Overall Coverage ratio	0.18%	0.19%	0.43%	0.58%	0.78%

*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

@ 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.

Portfolio stagewise provisioning

	Gross Assets Receivable			Stagewise Provision			PCR %		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Auto Finance Business	9,864	3,508	818	223	809	471	2.3%	23.0%	57.6%
Sales Finance Business	7,788	833	46	214	497	37	2.8%	59.6%	82.2%
Consumer B2C Business	26,833	2,870	348	435	1,124	231	1.6%	39.2%	66.3%
Rural Sales Finance Business	1,794	147	5	40	94	4	2.2%	64.0%	73.2%
Rural B2C Business	9,733	993	162	144	345	108	1.5%	34.8%	66.6%
SME Lending Business	17,701	1,142	257	228	451	168	1.3%	39.5%	65.3%
Securities Lending Business	5,327	4	0	3	0	0	0.1%	5.3%	0.0%
Commercial Lending Business	6,529	92	1	63	4	0	1.0%	4.5%	9.7%
Mortgages	39,611	1,323	238	222	203	83	0.6%	15.4%	35.0%
Total (Q2 FY21)	1,25,180	10,913	1,873	1,571	3,528	1,102	1.3%	32.3%	58.8%
Total (Q2 FY20)	1,28,130	3,020	2,204	711	528	1,325	0.6%	17.5%	60.1%

	Gross Assets receivables	Provision	Net Assets receivables
Total (Q2 FY21)	1,37,966	6,201	1,31,765
Total (Q2 FY20)	1,33,355	2,565	1,30,790

Stage 1 - Customer with no overdue on reporting date;

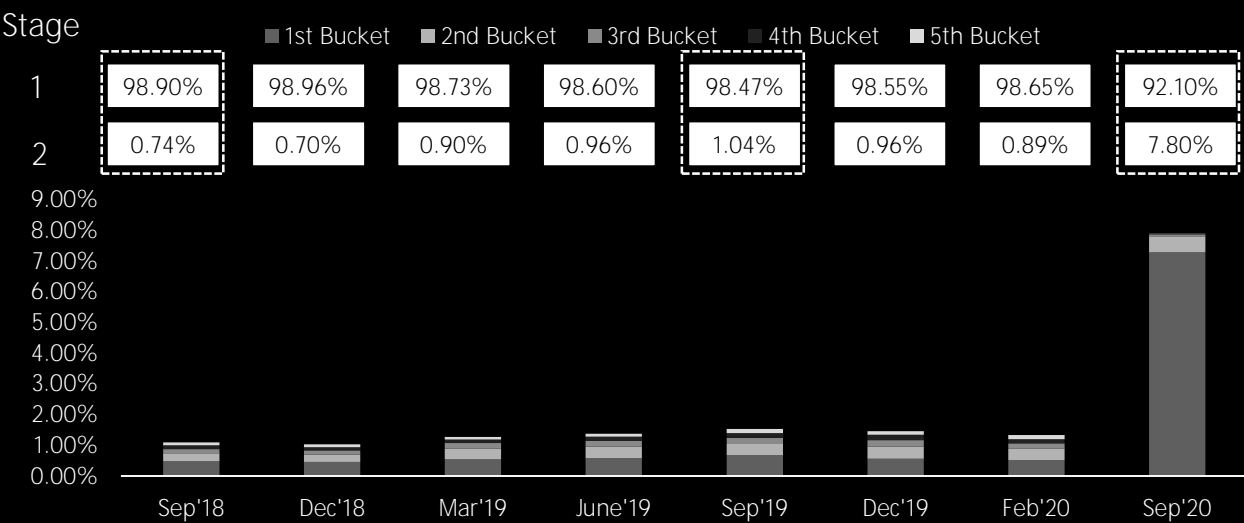
Stage 2 - Customer with 1 & 2 instalments overdue, including weak accounts without any overdue;

Stage 3 - Customer with 3 & above instalments overdue

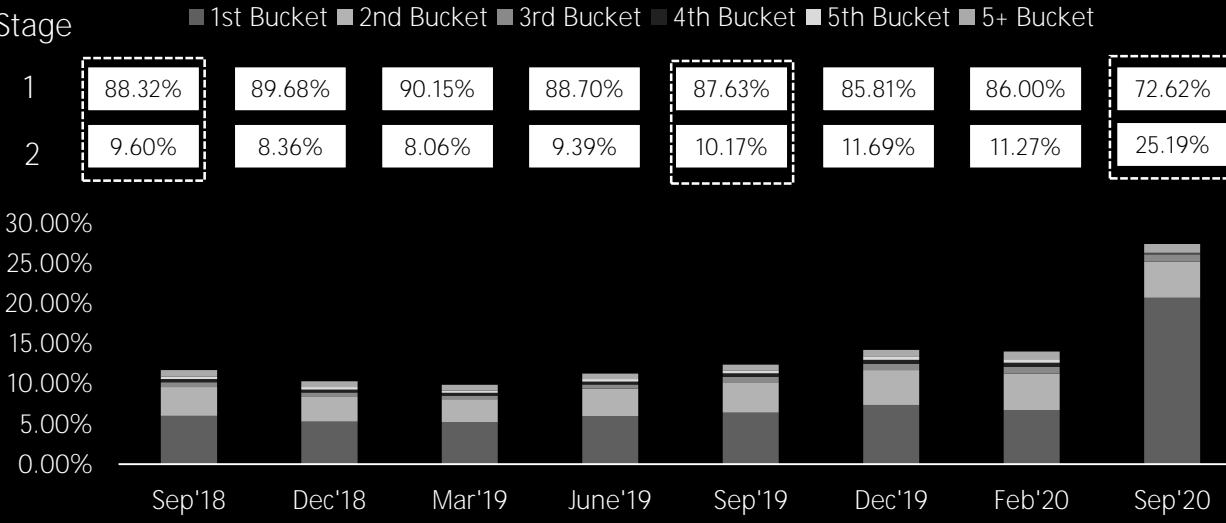
Portfolio credit quality – Consolidated



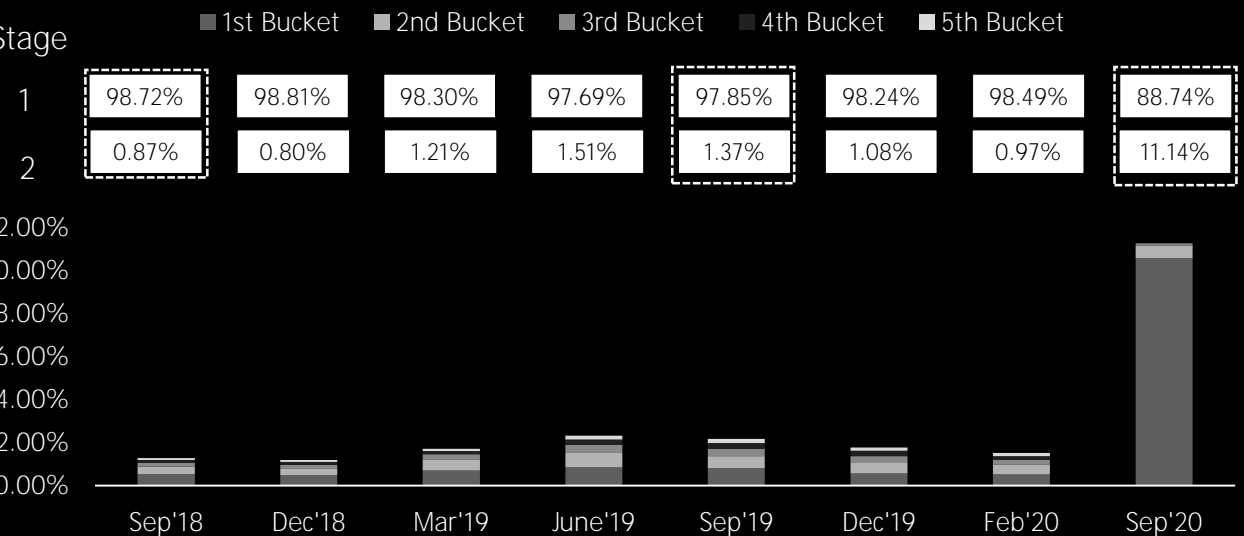
Consumer durable + Lifestyle



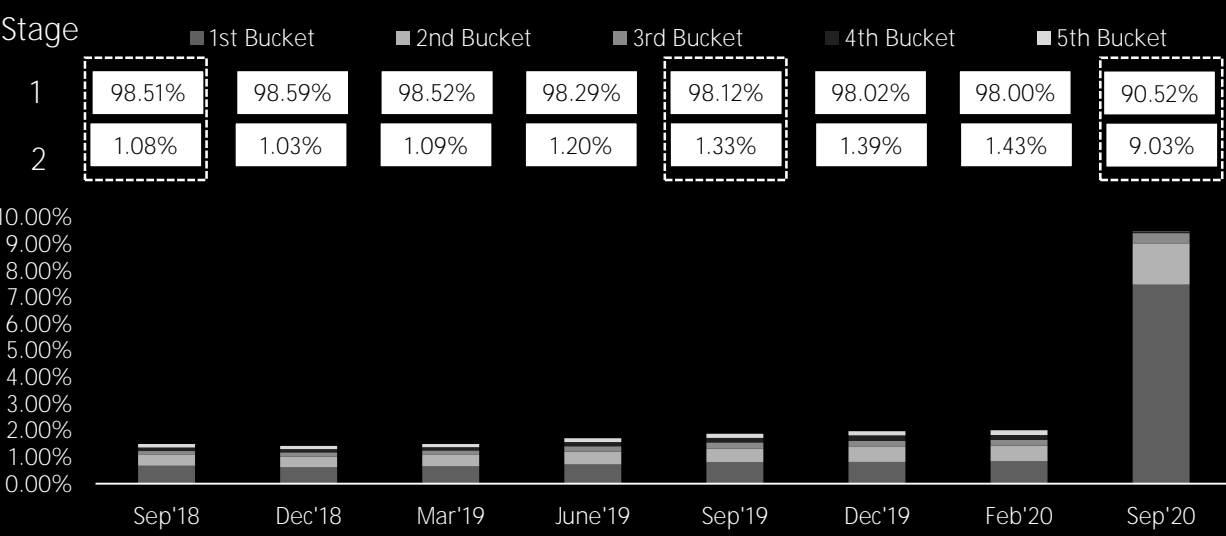
Two & three-wheeler



Digital product

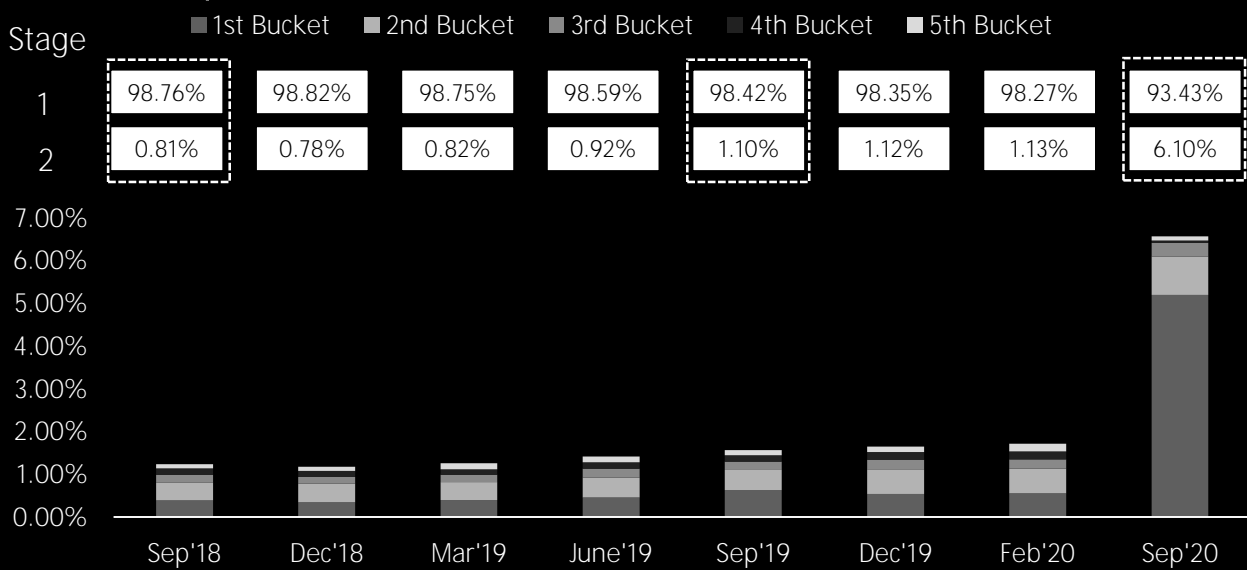


B2C loans

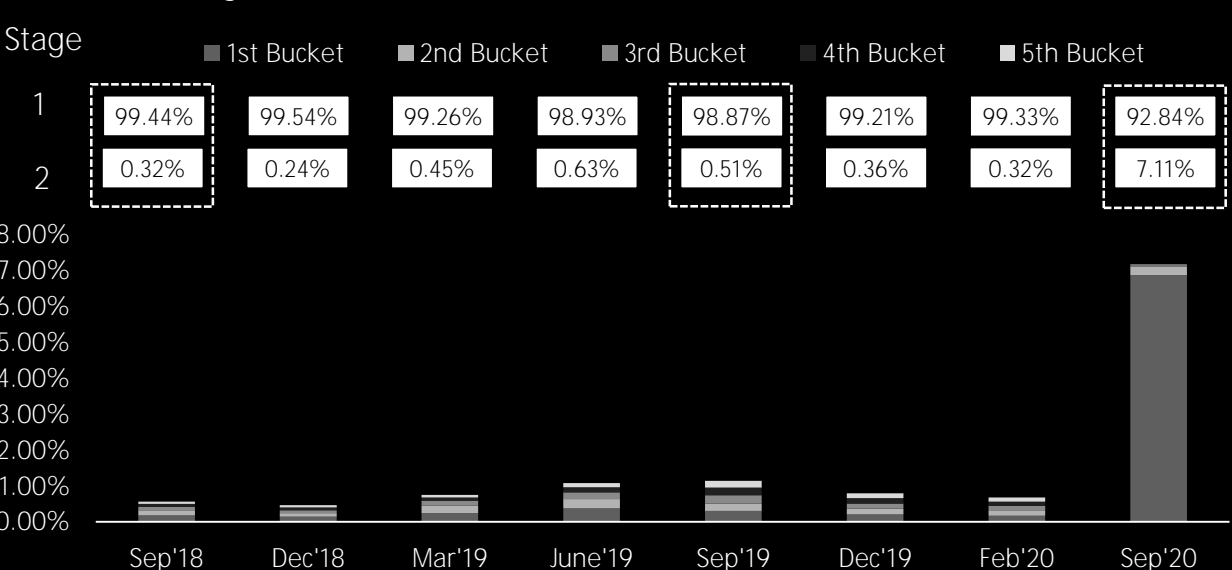


Portfolio credit quality – Consolidated

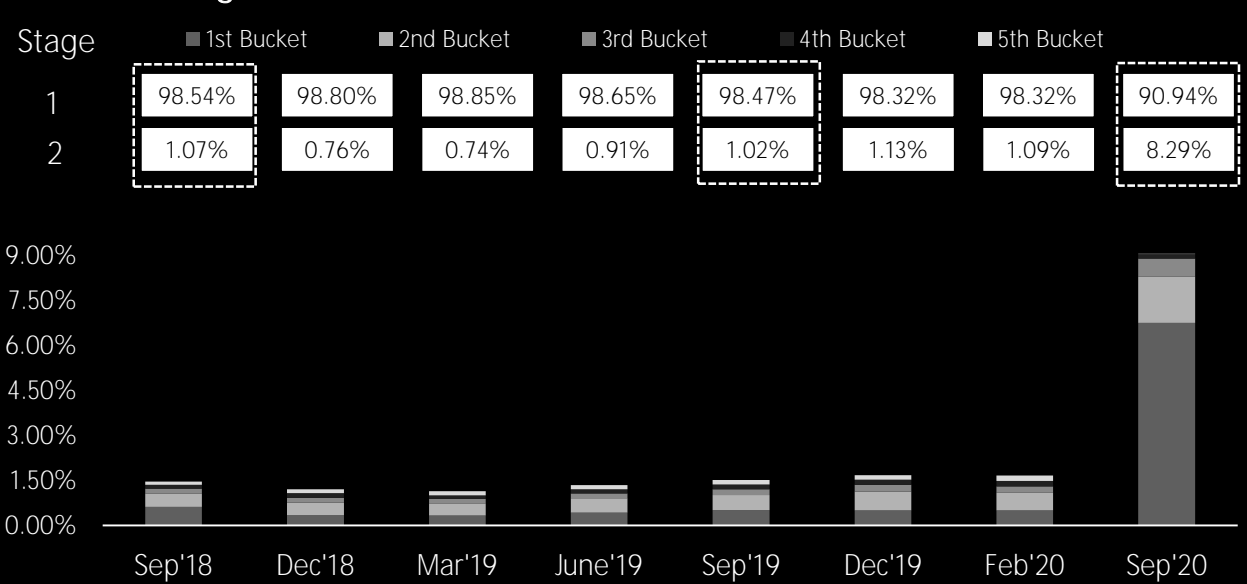
Business & professional loans



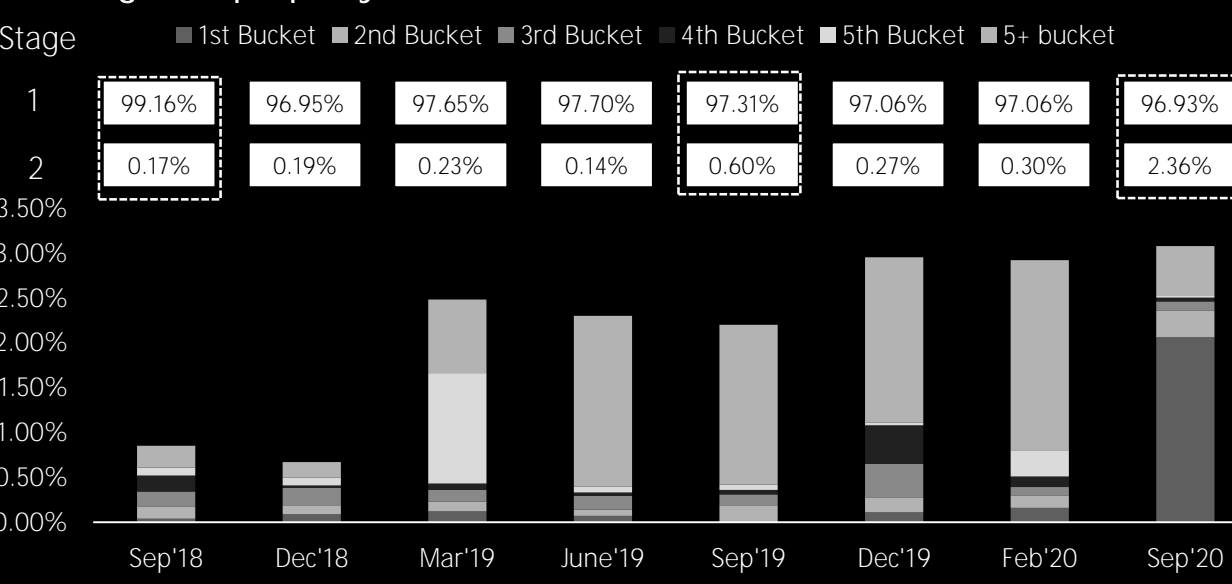
Rural Lending B2B



Rural lending B2C

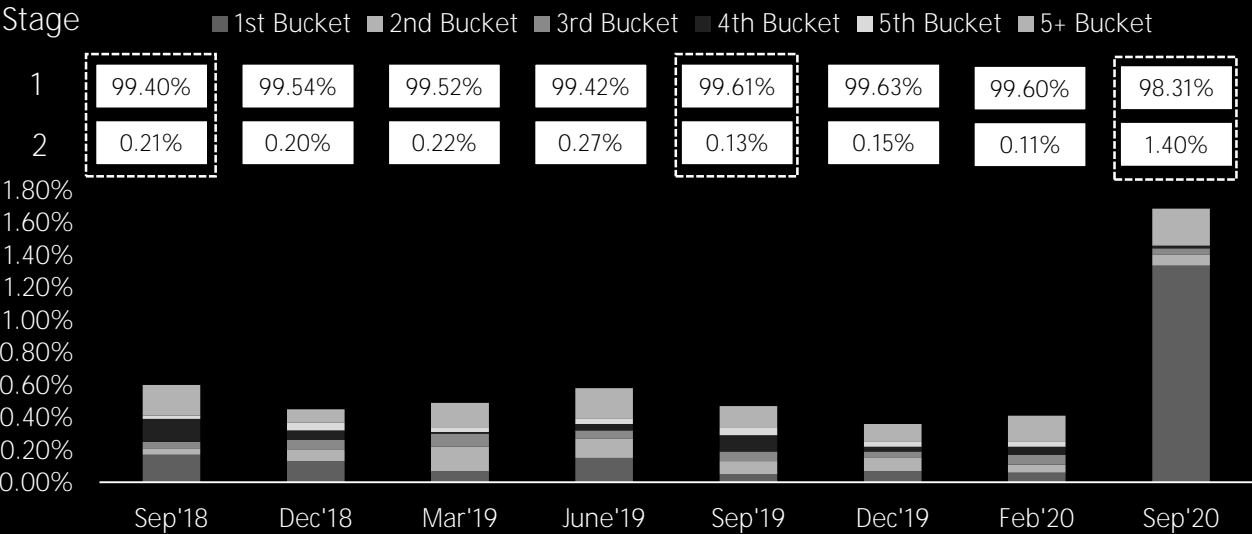


Loan against property



Portfolio credit quality – Consolidated

Home loans



BAJAJ FINANCE LIMITED

Q2 FY21 Investor Presentation

Thank You

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