

29 January 2020

|   |  |
|---|--|
| To<br>Corporate Relations Department.<br><b>BSE Limited</b><br>1 <sup>st</sup> Floor, New Trading Ring,<br>Rotunda Building, P J Tower,<br>Dalal Street, Mumbai 400 001 | To<br>Corporate Listing Department.<br><b>National Stock Exchange of India Ltd</b><br>Exchange Plaza, 5 <sup>th</sup> Floor<br>Plot No.C-1, G Block,<br>Bandra-Kurla Complex,<br>Bandra (East), Mumbai 400 051 |
| <b>BSE Code: 532978</b>   | <b>NSE Code: BAJAJFINSV</b>  |

**Subject: Investor Presentation for the financial results of the third quarter ended 31 December 2019- Regulation 30**

Dear Sir/Madam,

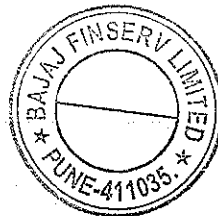
Further to our letter dated 17 January 2020, please find enclosed Investor Presentation for the financial results of the third quarter ended 31 December 2019 under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule III thereto.

This is for your information please.

Thanking you,

Yours faithfully,  
**For Bajaj Finserv Limited**

  
**Sonal R Tiwari**  
**Company Secretary**



Encl: as above

Page 1 of 1

**Bajaj Finserv Limited**

Corporate Office: 6th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road,  
Viman Nagar, Pune - 411 014, Maharashtra, India  
Registered Office: Mumbai - Pune Road, Akurdi, Pune - 411 035, Maharashtra, India

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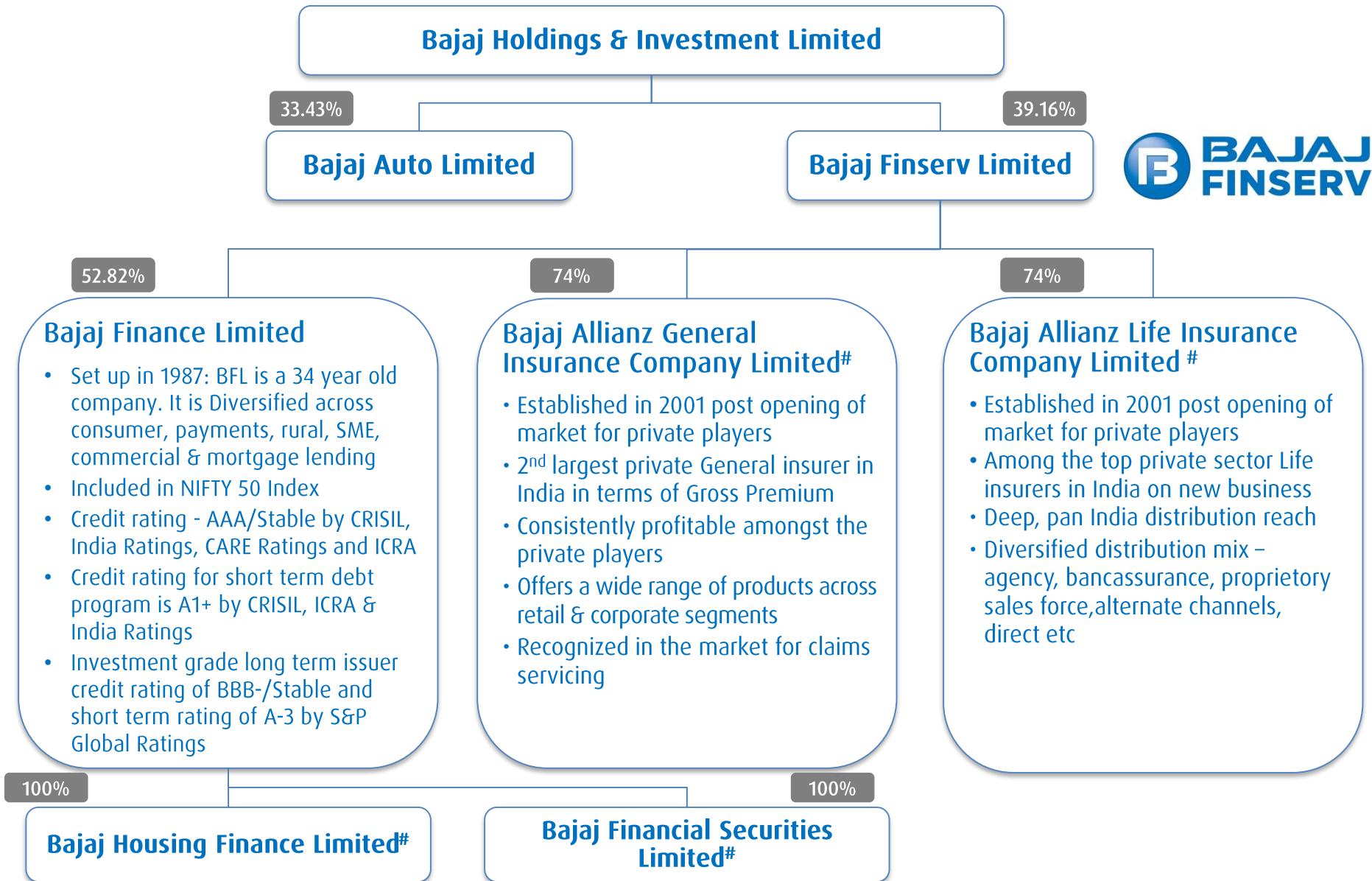
[www.bajajfinserv.in](http://www.bajajfinserv.in)  
Corporate ID No: L65923PN2007PLC130075



# **BAJAJ FINSERV LIMITED**

**Investor Presentation – Q3 FY20<sup>\*</sup>**

# Bajaj Group Structure

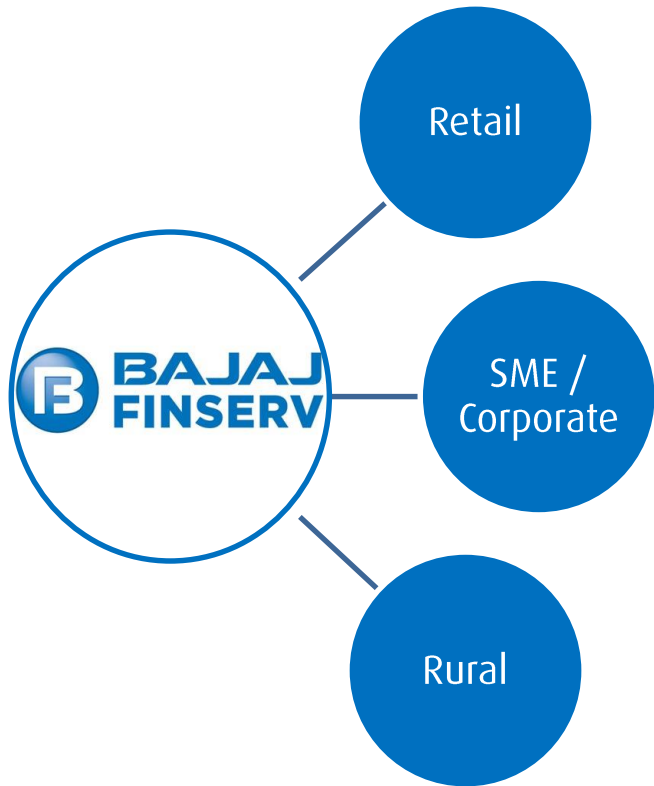
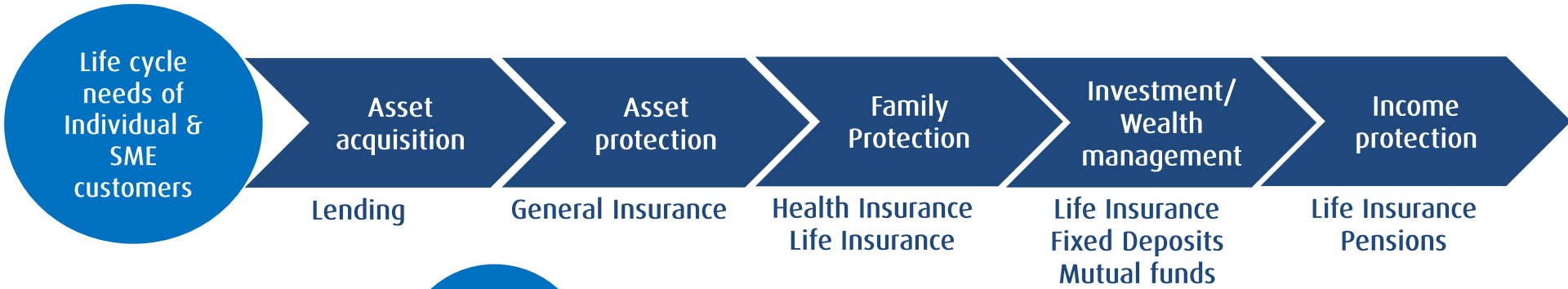


BFS shareholding in BFL was 54.99% as on 31 Mar 2019 . BHFL is a 100% subsidiary of BFL which became fully operational in Feb 2018

Note: Shareholding is as of 31 Dec 2019. Only major subsidiaries shown in this chart.

# - Not Listed

# Bajaj Finserv's Vision – A diversified financial services group with a pan-India presence



Diversified across products and markets, with a strong retail core

### Retail Consumer:

All Bajaj Finserv's businesses have a strong emphasis on the retail segment with a pan-India brand presence. Retail consumer is served through D2C (Direct to Customer) at Point of Sale, online, dealers for consumer lending, bancassurance and insurance agents.

### SME and Corporate:

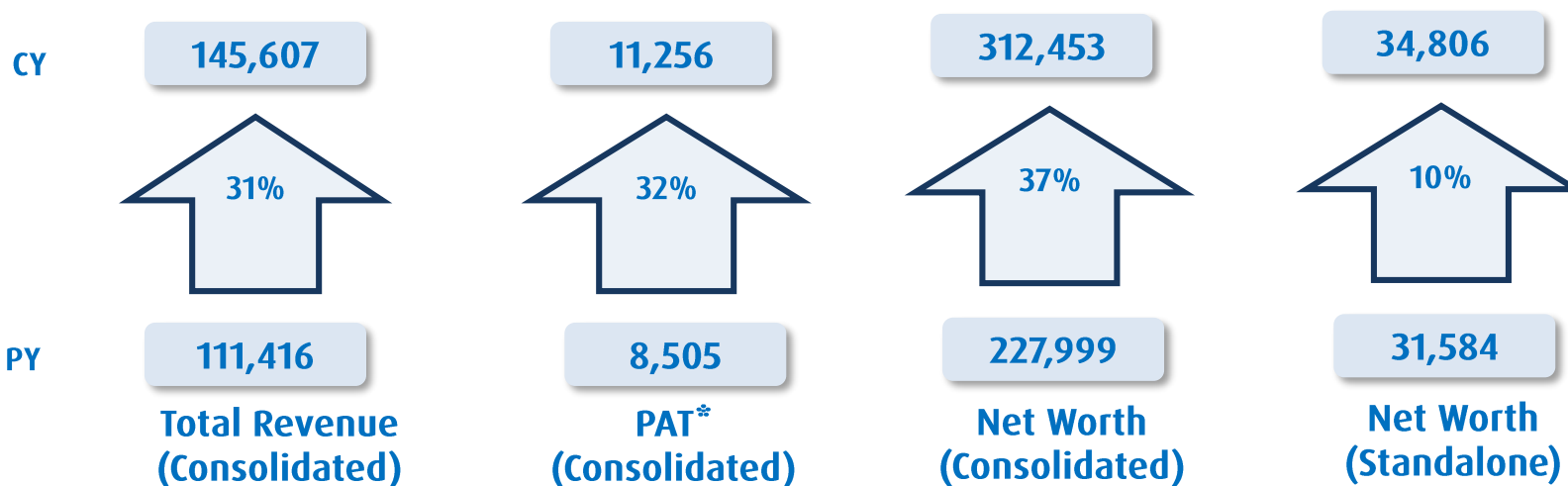
Bajaj Finance provides working & growth capital in the high net worth SME space. The insurance companies serve these segments through a suite of corporate and group insurance products

### Rural Focus:

Bajaj Allianz Life is a leading player among private insurers in this space through its branches and business partners. Bajaj Finance has a highly diversified portfolio in the rural locations offering a wide range of products in consumer and RSME business categories under a unique hub and spoke business model. Bajaj Allianz General has penetrated rural markets through its virtual points of presence.

All Figures in Rs Million

## Performance Highlights of Q3 FY20 over Q3 FY19 (Ind AS)



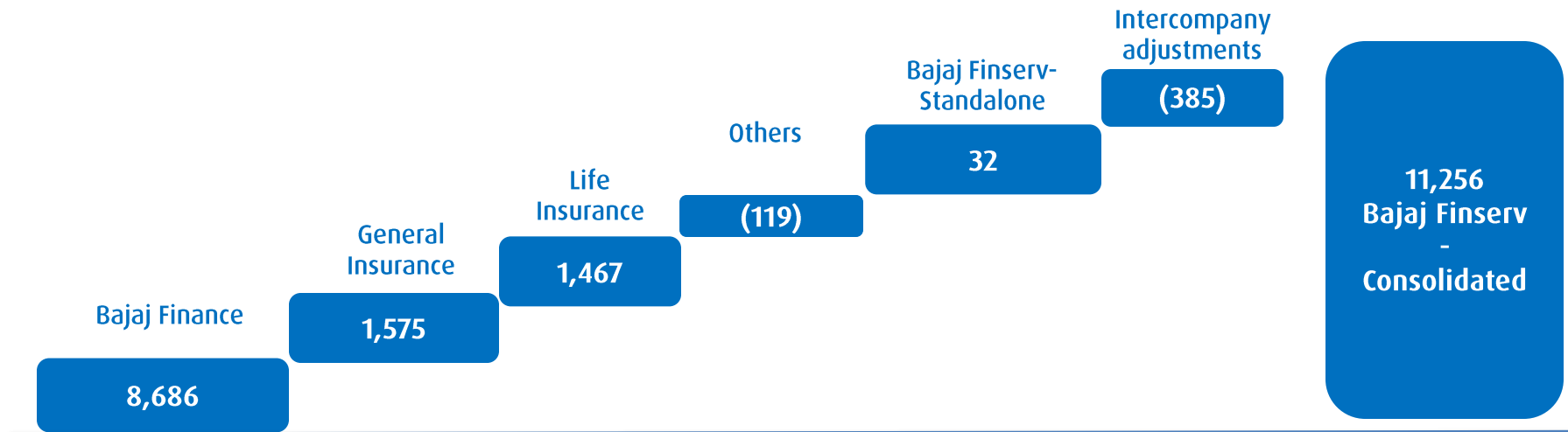
- Bajaj Finserv remains a debt free company. Bajaj Finserv's surplus funds (Excluding Group Investments) stood at Rs. 9.1 Bn as on 31 Dec 2019 (Rs. 8.3 Bn. as on 31 Dec 2018)
- Consolidated Book Value Per Share at Rs. 1,963 as on 31 Dec 2019 (Rs.1,433 as on 31 Dec 2018)

Note : \*PAT attributable to owners of the company

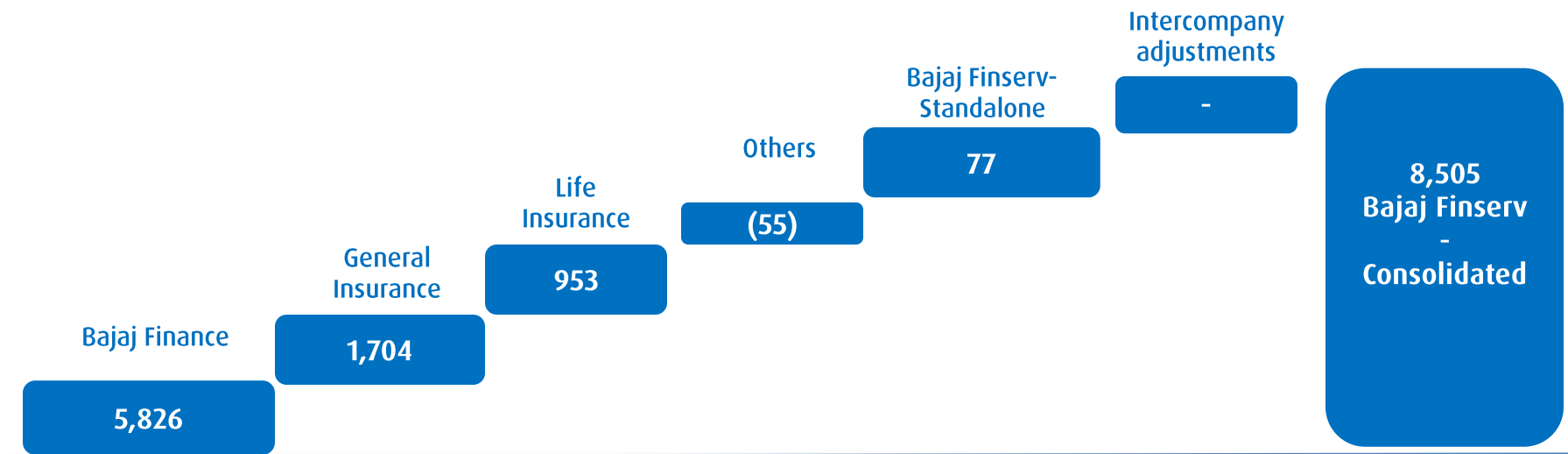
# Consolidated profit components – Q3 FY20

All Figures in Rs Million

## Consolidated profit components for Q3 FY20 (Ind AS)



## Consolidated profit components for Q3 FY19 (Ind AS)



# 9M FY20 Highlights

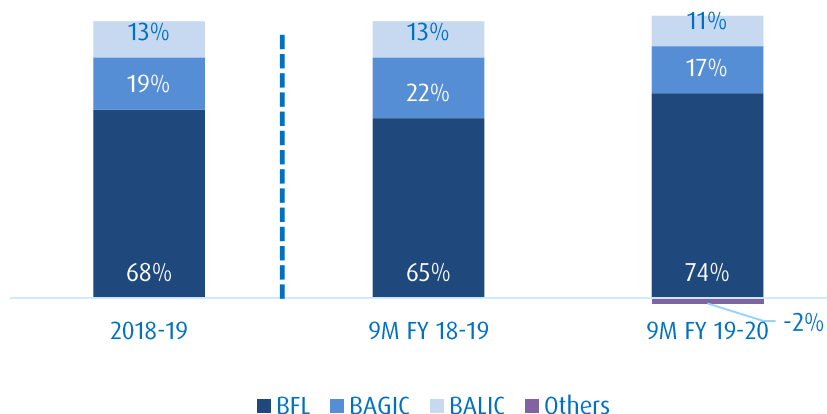
All Figures in Rs Million



| BAJAJ FINSERV# | 9M FY20 | 9M FY19 | Growth |
|----------------|---------|---------|--------|
| Total Revenue  | 410,572 | 296,112 | 39%    |
| Net worth      | 312,453 | 227,999 | 37%    |
| PAT            | 31,747  | 23,803  | 33%    |

#Consolidated | Ind AS

## Consolidated Profit Components\*



## Highlights of Group Companies

| BAJAJ FINANCE# | 9M FY20   | 9M FY19   | Growth |
|----------------|-----------|-----------|--------|
| AUM            | 1,450,917 | 1,075,073 | 35%    |
| Total Income   | 191,568   | 132,031   | 45%    |
| PAT            | 43,157    | 28,189    | 53%    |

#Consolidated | Ind AS

| BAGIC       | 9M FY20 | 9M FY19 | Growth |
|-------------|---------|---------|--------|
| GWP         | 101,776 | 76,947  | 32%    |
| Investments | 186,039 | 162,785 | 14%    |
| PAT         | 6,947   | 6,968   | 0%     |

| BALIC       | 9M FY20 | 9M FY19 | Growth |
|-------------|---------|---------|--------|
| GWP         | 66,242  | 55,672  | 19%    |
| Investments | 607,892 | 546,874 | 11%    |
| PAT+        | 4,118   | 3,900   | 6%     |

- Bajaj Finserv and Bajaj Finance figures are as per Ind AS
- BAGIC and BALIC figures are as per IRDAI Regulations (Indian GAAP) & the Indian Accounting Standard framework is used only for consolidated numbers

\*Others includes Bajaj Finserv Standalone, and all remaining components.



**Bajaj Finance Limited**



## STRATEGY

- Diversified financial services strategy seeking to optimise risk and profit, to deliver a sustainable business model and deliver a superior ROE and ROA
- Focused on continuous innovation to transform customer experience to create growth opportunities.

## DIFFERENTIATORS

Focus on mass affluent and above clients

Overall customer franchise of 40.38 Mn. and Cross sell client base of 23.48 Mn.

Strong focus on cross selling to existing customers

Centre of Excellence for each business vertical to bring efficiencies across businesses and improve cross sell opportunity. 68% of new loans in Q3 were to existing clients

Highly agile & highly innovative

Continuous improvement in features of products & timely transitions to maintain competitive edge

Deep investment in technology and analytics

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

Diversified asset mix supported by strong ALM and broad-based sources of borrowings

Consolidated lending AUM mix for Consumer : Rural : SME : Commercial : Mortgage stood at 39%: 9%: 13%: 9%: 30% as of 31<sup>st</sup> December 2019  
Consolidated borrowing mix for Banks: Money Markets: Deposits: ECB stood at 38%: 42%: 17%: 3%

## BAJAJ FINANCE

### Consumer

- Largest consumer electronics, digital products & furniture lender in India
- Presence in 986 locations with 85,700+ active points of sale
- Amongst the largest personal loan lenders
- EMI Card franchise of over 20.5 Mn. cards in force
- Among the largest new loans acquirers in India 7.67 Mn in Q3 FY20
- Bajaj Finserv – Mobikwik active wallet users stood at 13.5 Mn as on 31 December 2019 who have linked EMI card to wallet

### SME

- Focused on affluent SMEs with an average annual sales of around Rs. 15-17 Crores with established financials & demonstrated borrowing track records
- Offer a range of working capital & growth capital products to SME & self employed professionals
- Dedicated SME Relationship management approach to cross sell

### Commercial

- Wholesale Lending products covering short, medium and long term financing needs of selected sectors viz.
  - ✓ Auto component and ancillary manufacturers
  - ✓ Light engineering
  - ✓ Financial institutions
- Structured products collateralized by marketable securities or mortgage

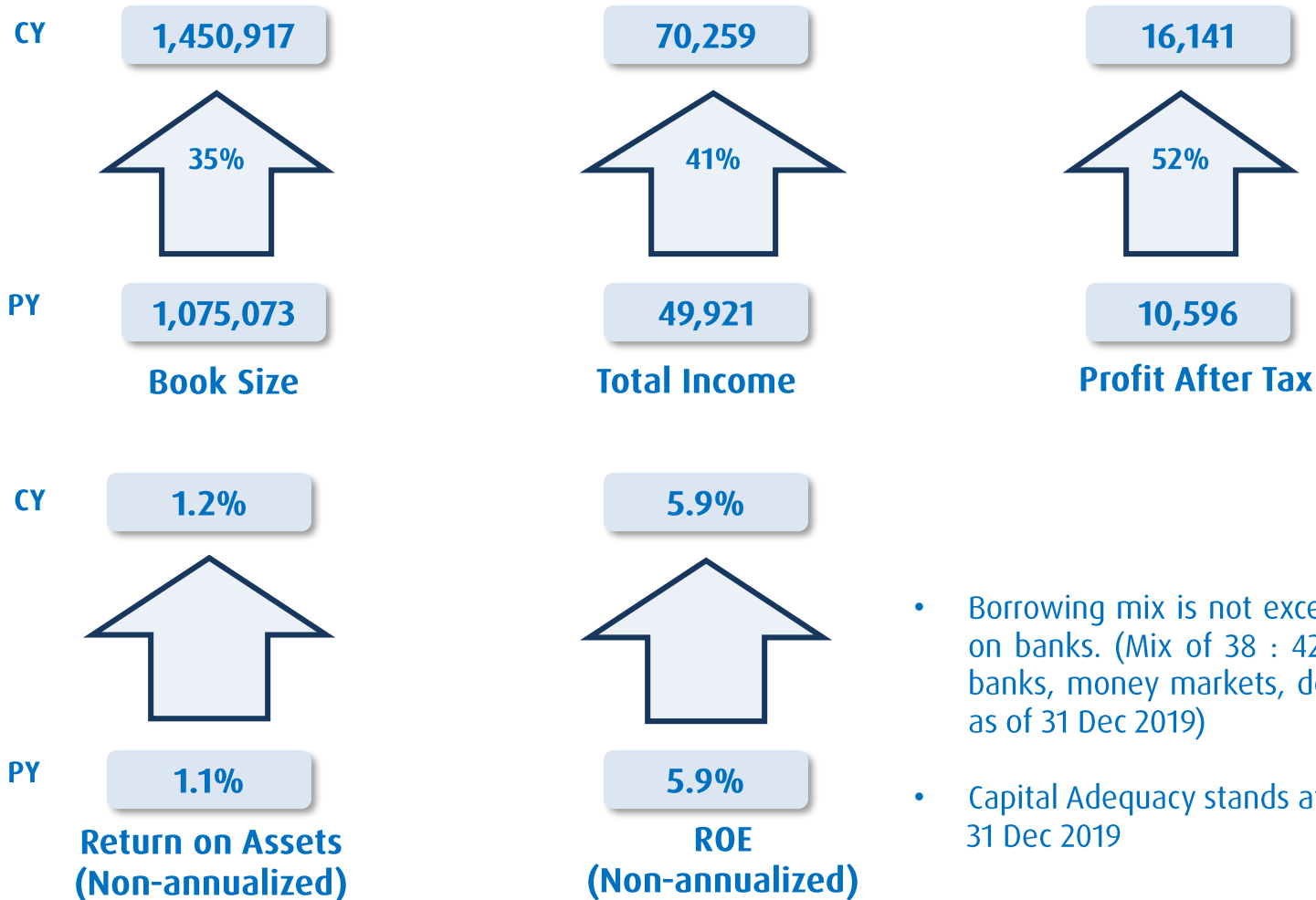
### Rural

- Unique hub-and-spoke model in 1,193 locations and retail presence across 17,900+ points of sale
- Diversified rural lending model with 10 product lines across consumer and professional business categories

- ❑ **Strong AUM growth YoY** across all lines of businesses in the company
  - ❑ YoY growth for Consumer B2B sales finance 7%, Consumer B2C 43%, Rural B2B 21%, Rural B2C – 58%, SME 32%, Mortgages 44%, Commercial excluding securities lending 15%, Securities lending 5%.
- ❑ **New customer acquisition** for the quarter remained robust at 2.46 MM. Overall franchise stood at 40.38 MM, a growth of 24% YoY.
- ❑ **Q3 FY20 Profit growth of 52% YoY** supported by strong operating performance and risk management.
- ❑ **Overall cost of funds at consolidated level has sequentially improved** by 9 bps to 8.29% in Q3 FY20 from 8.38% in Q2 FY20.
- ❑ During the quarter, has drawn down the entire funds of \$575 Mn (₹ 4,083 Cr) under the ECB facility agreement with various banks. In addition, the Company has completed raising equity of ₹ 8,500 crores by way of Qualified Institutional Placement in Nov '19.
- ❑ **Gross NPA & Net NPA** stood at 1.61% and 0.70% as of 31 December 2019.
  - ❑ Adjusted for IL&FS exposure, GNPA & NNPA stood at 1.45% and 0.59% as of 31 Dec 2019.

All Figures in Rs Million

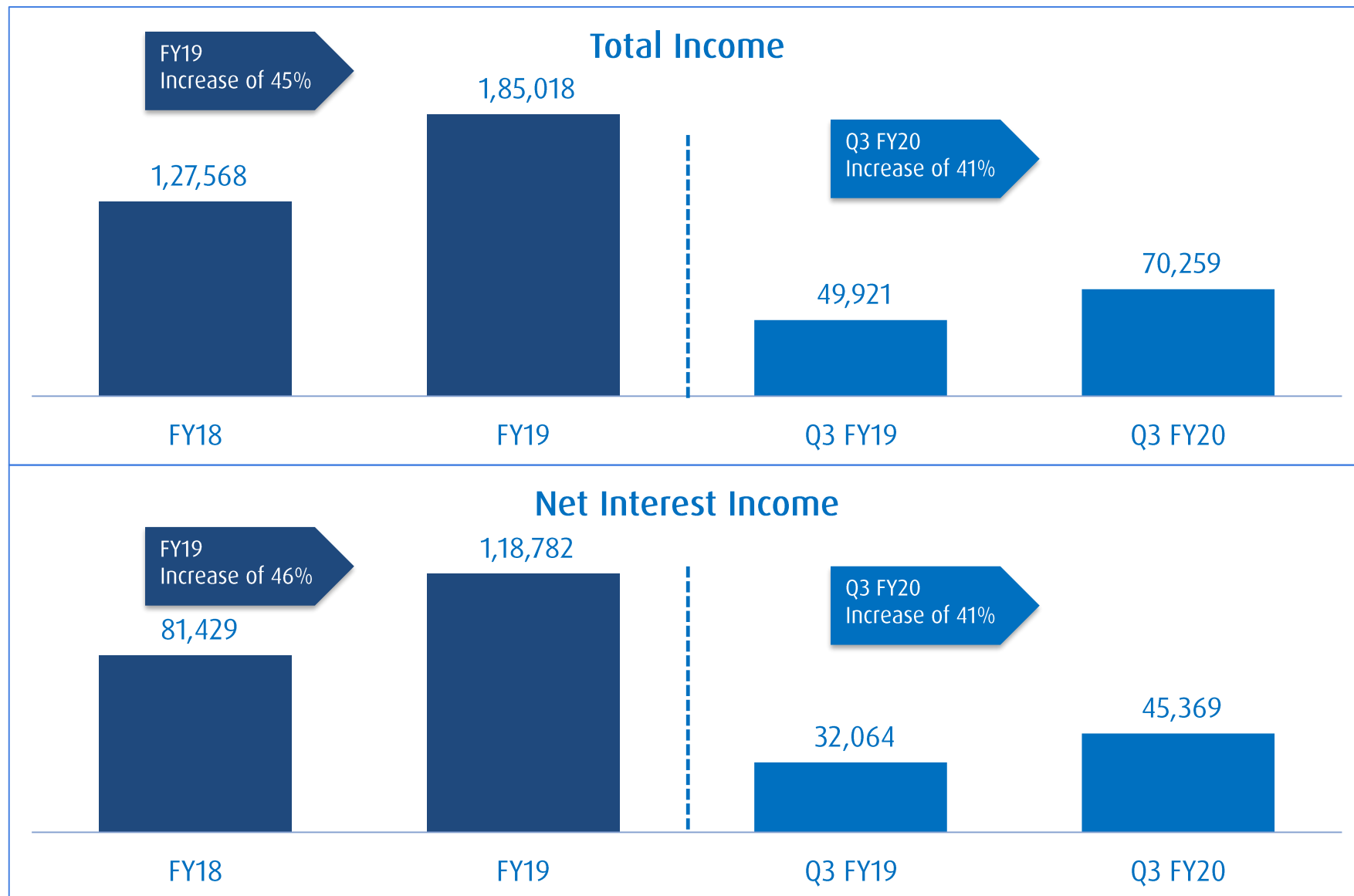
## Performance Highlights of Q3 FY20 over Q3 FY19 (Ind AS)



- Borrowing mix is not excessively dependent on banks. (Mix of 38 : 42 : 17 : 3 between banks, money markets, deposits and others as of 31 Dec 2019)
- Capital Adequacy stands at 26.87% as of 31 Dec 2019

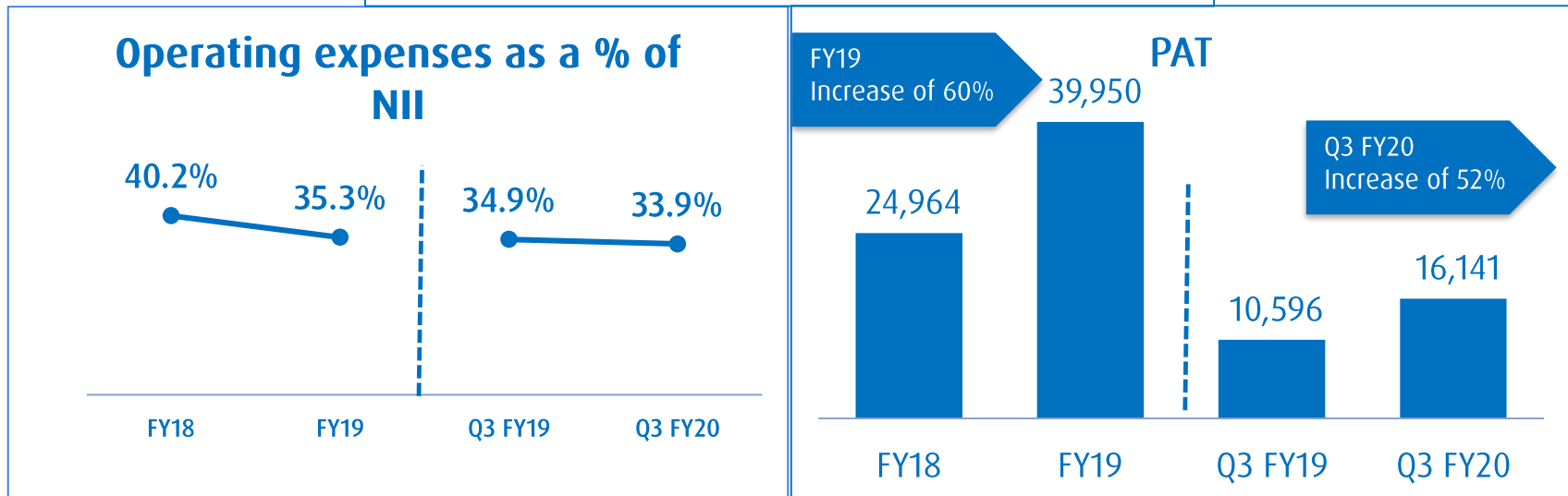
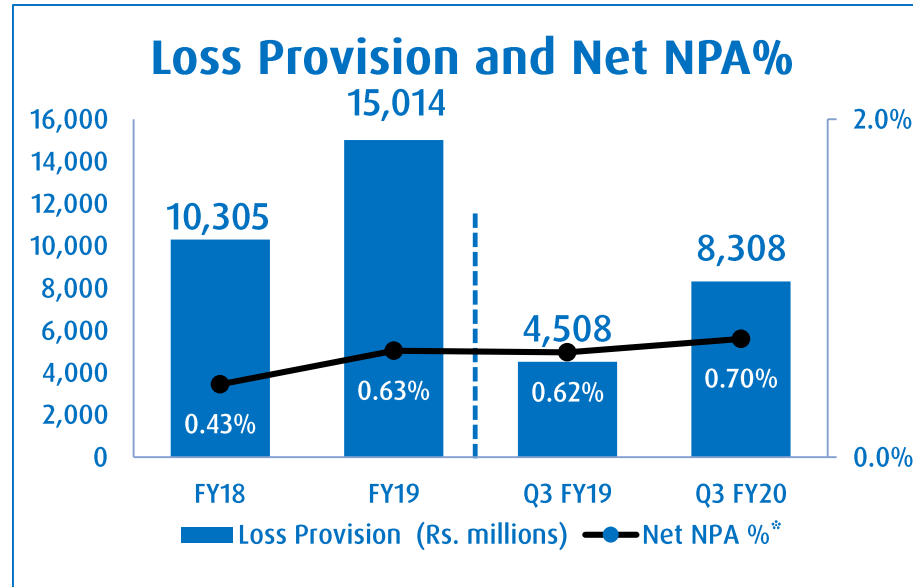
# BFL : growth momentum continues

All Figures in Rs Million



Bajaj Finance Consolidated results are as per Ind AS, previous years figures have been re-casted for comparability

# BFL : Strong profit growth aided by low NPA and control on Opex



\*Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS.

# **Bajaj Allianz General Insurance**

## STRATEGY

Strive for market share growth in chosen segments through a well-diversified product portfolio and multi-channel distribution supported by prudent underwriting

## DIFFERENTIATORS

**Strong selection of Risk & prudent underwriting**

- Industry leading combined ratios consistently over time - BAGIC's Combined Ratio stood at 96.7% FY19
- Business construct is to deliver superior ROE

**Balanced Product Mix**

- Offers a wide range of general insurance products across retail and corporate segments
- Continuous improvements in product features & investments in digital technologies to maintain competitive edge

**Deep and wide distribution**

Multi channel distribution network encompassing broking, direct, multi-line agents, bancassurance network serving retail and corporate segments

**Retail orientation**

Focused on retail segments – mass, mass affluent and HNI while maintaining strong position in institutional business



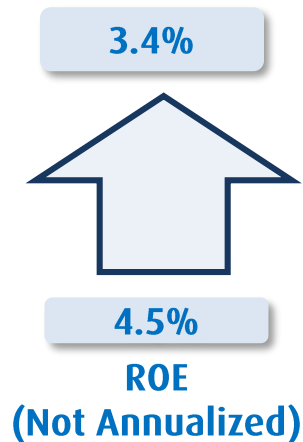
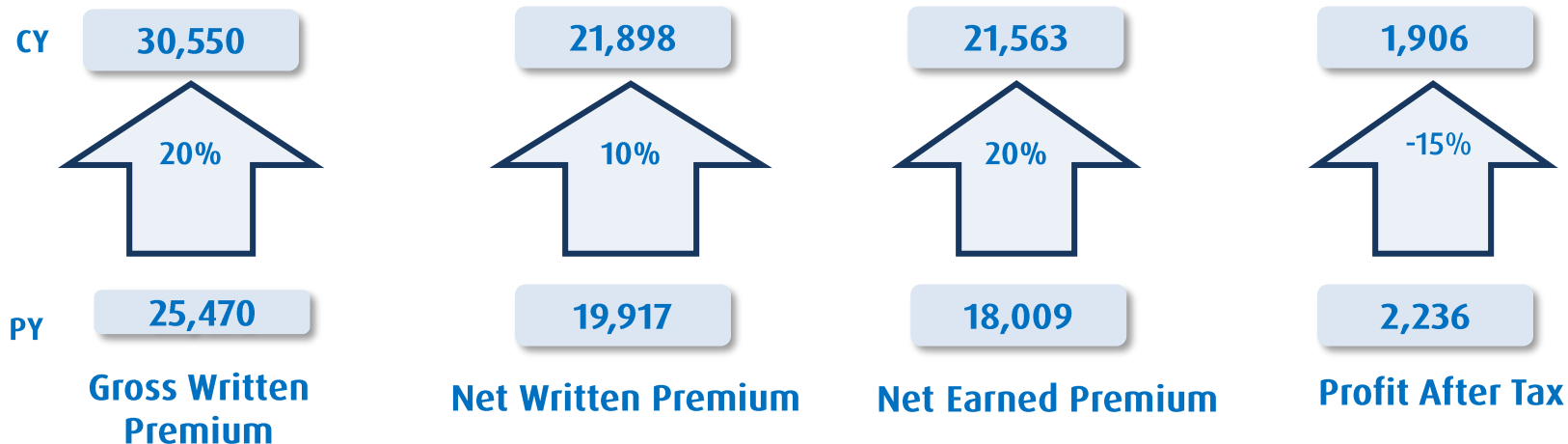
## FY 2019-20

- ❑ **Industry beating YoY GDPI growth of 20% in Q3 FY20 vs Industry growth of 10%.**
  - ❑ 32% growth in 9M FY20 vs industry growth of 15% (excluding specialized insurers).
  - ❑ Ex-Crop growth was 10% during Q3 FY20 and 12% during 9M FY20
- ❑ **Combined ratio** stood at 103.6% in Q3FY20 v/s 94.2% in Q3FY19 due to increase in overall claims ratio.
  - ❑ The increase in claim ratio includes losses from crop business in Madhya Pradesh and Maharashtra as well as higher claim ratio in Motor OD.
- ❑ **Profit after tax for Q3 FY20 decreased by 15% YoY to Rs.1,906 Mn vs Rs. 2,236 Mn in Q3 FY19**
- ❑ **Investment & Other income for Q3 FY20 increased by 31.6% to Rs. 359 crore v/s Rs. 273 crore in Q3 FY19.**
  - ❑ Includes capital gains booked Rs. 58 crore v/s Rs. 18 crore in Q3 FY19

# BAGIC : Q3 FY20 highlights

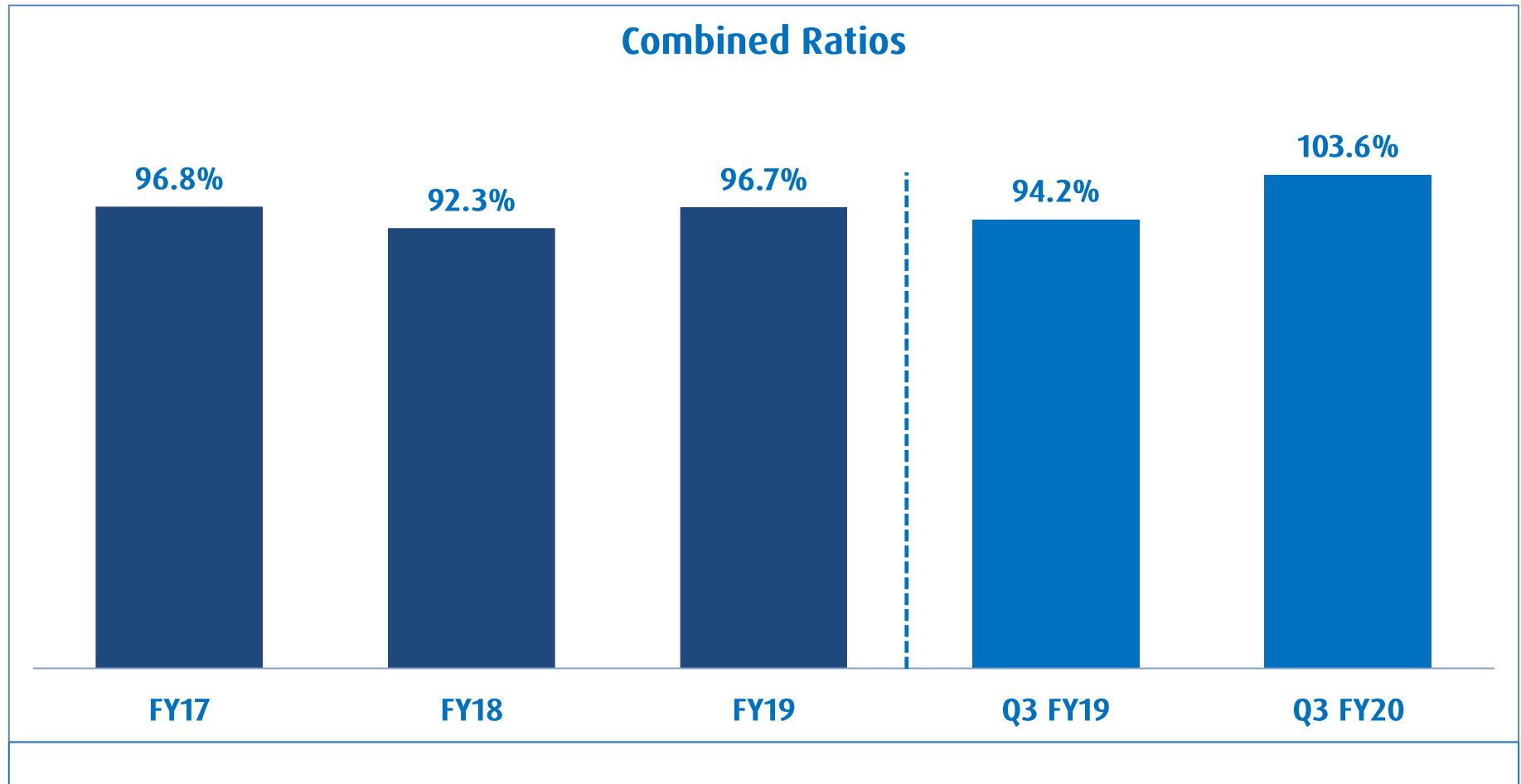
All Figures in Rs Million

## Performance Highlights of Q3 FY20 over Q3 FY19



- Ex Crop GWP was Rs. 26,632 Mn in Q3 FY20 (Rs.24,219 Mn Q3 FY19) a growth of 10%
- Solvency Ratio was 236% as against regulatory requirement of 150% as of 31 Dec 2019

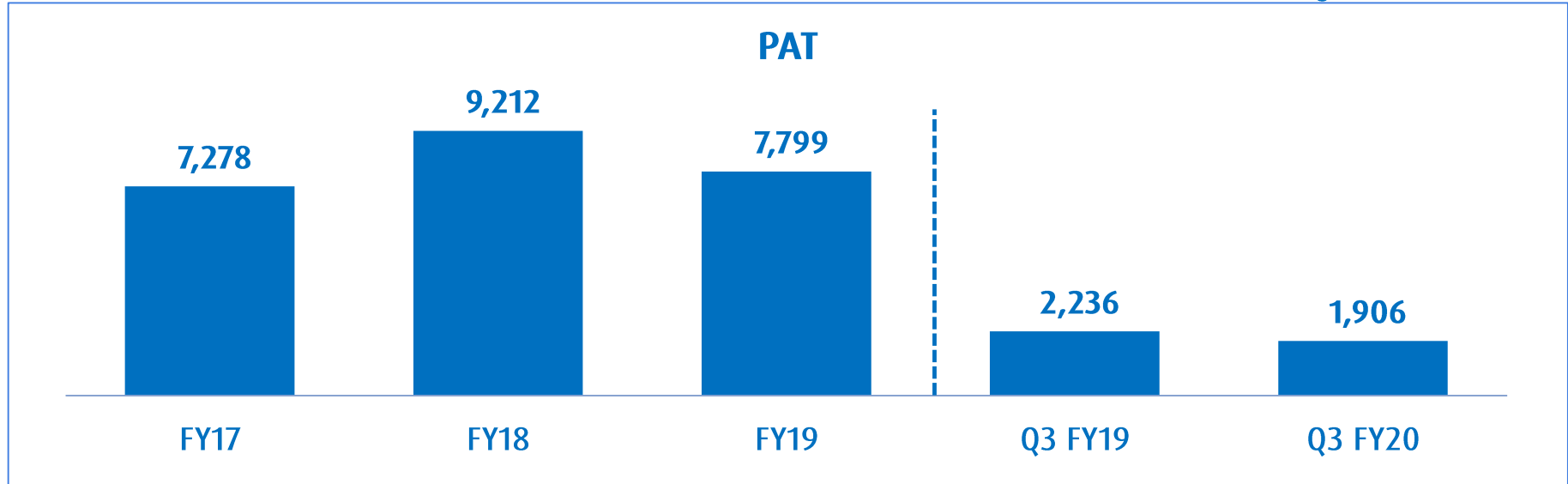
# BAGIC : Combined Ratio trend



1. Combined Ratios are in accordance with the Master Circular on 'Preparation of Financial statements of General Insurance Business' issued by IRDA effective from 1<sup>st</sup> April, 2013. (Net claims incurred divided by Net Earned Premium) + ( Expenses of management including net Commission divided by Net Written Premium).

# BAGIC : Profit after tax and capital efficiency

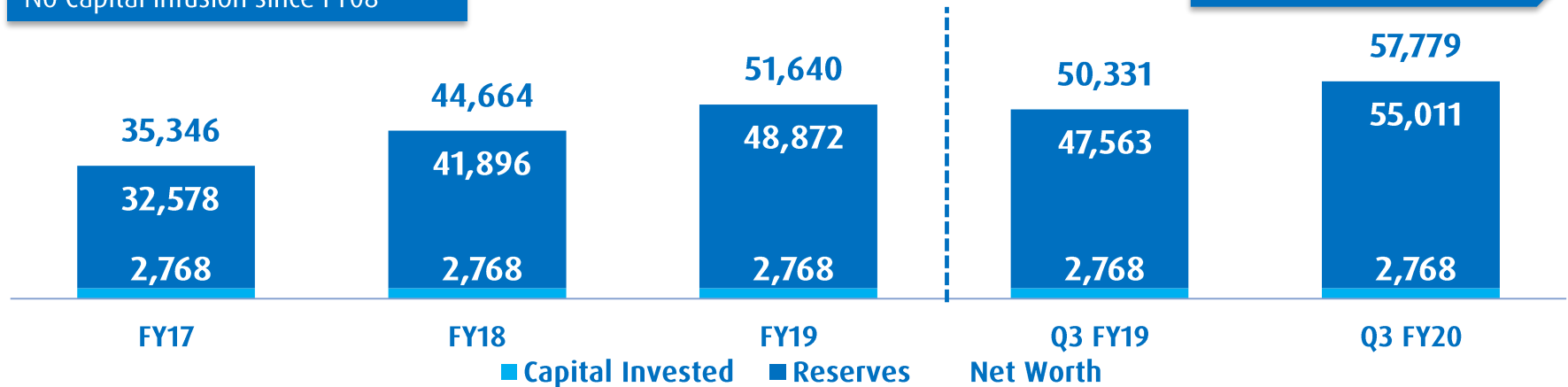
All Figures in Rs Million



Total Capital infused is Rs.2,768 Mn  
No Capital infusion since FY08

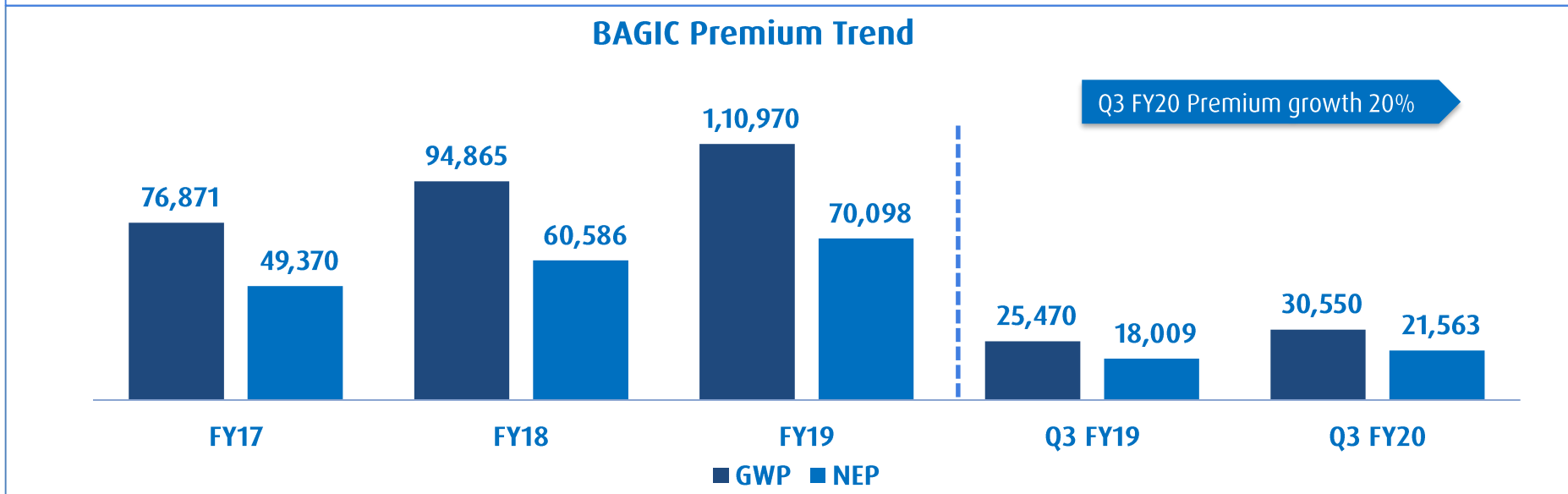
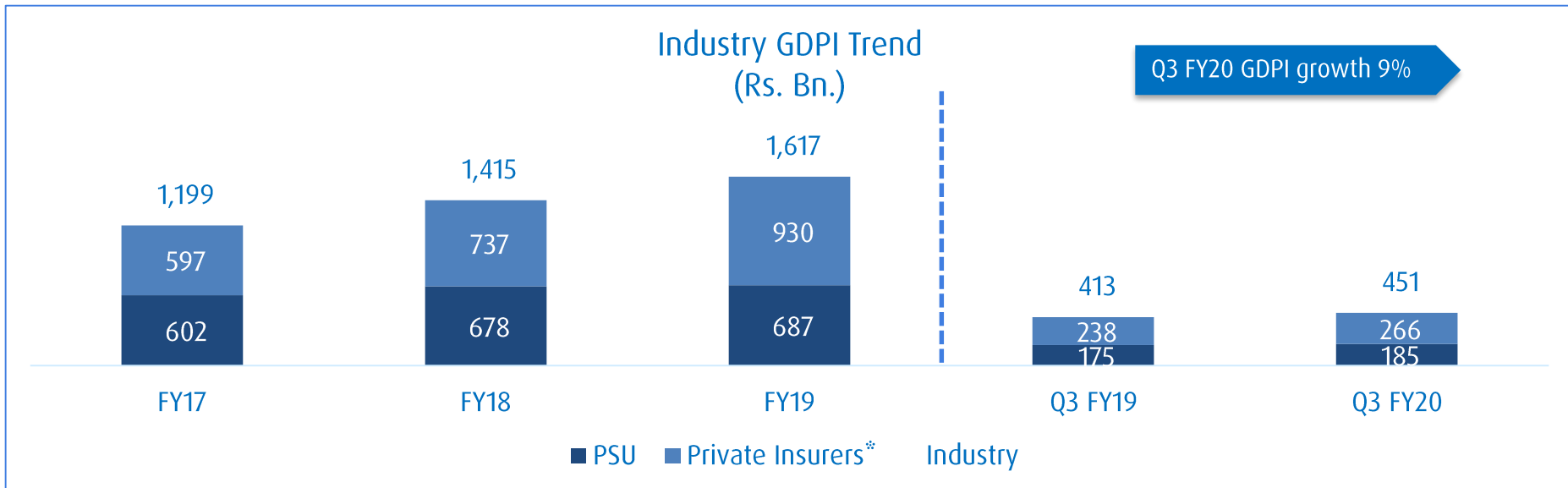
## BAGIC - Capital Invested - Networth

Accumulated profit\* 95% of  
Net worth as on 31 Dec 2019



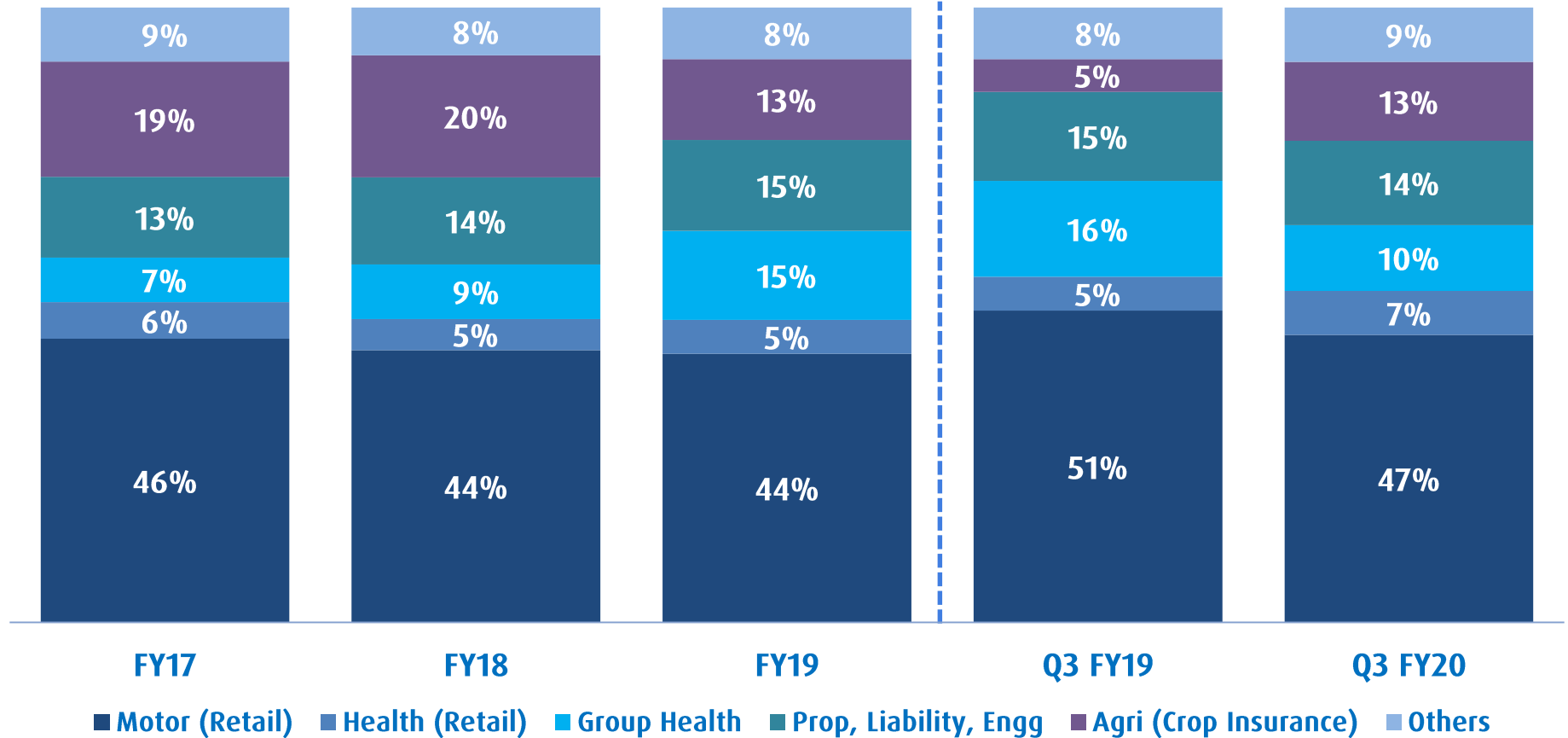
\*Accumulated profit includes reserves

# BAGIC : Consistently amongst top 2 private insurers in terms of Gross Premium



# BAGIC : Balanced product mix

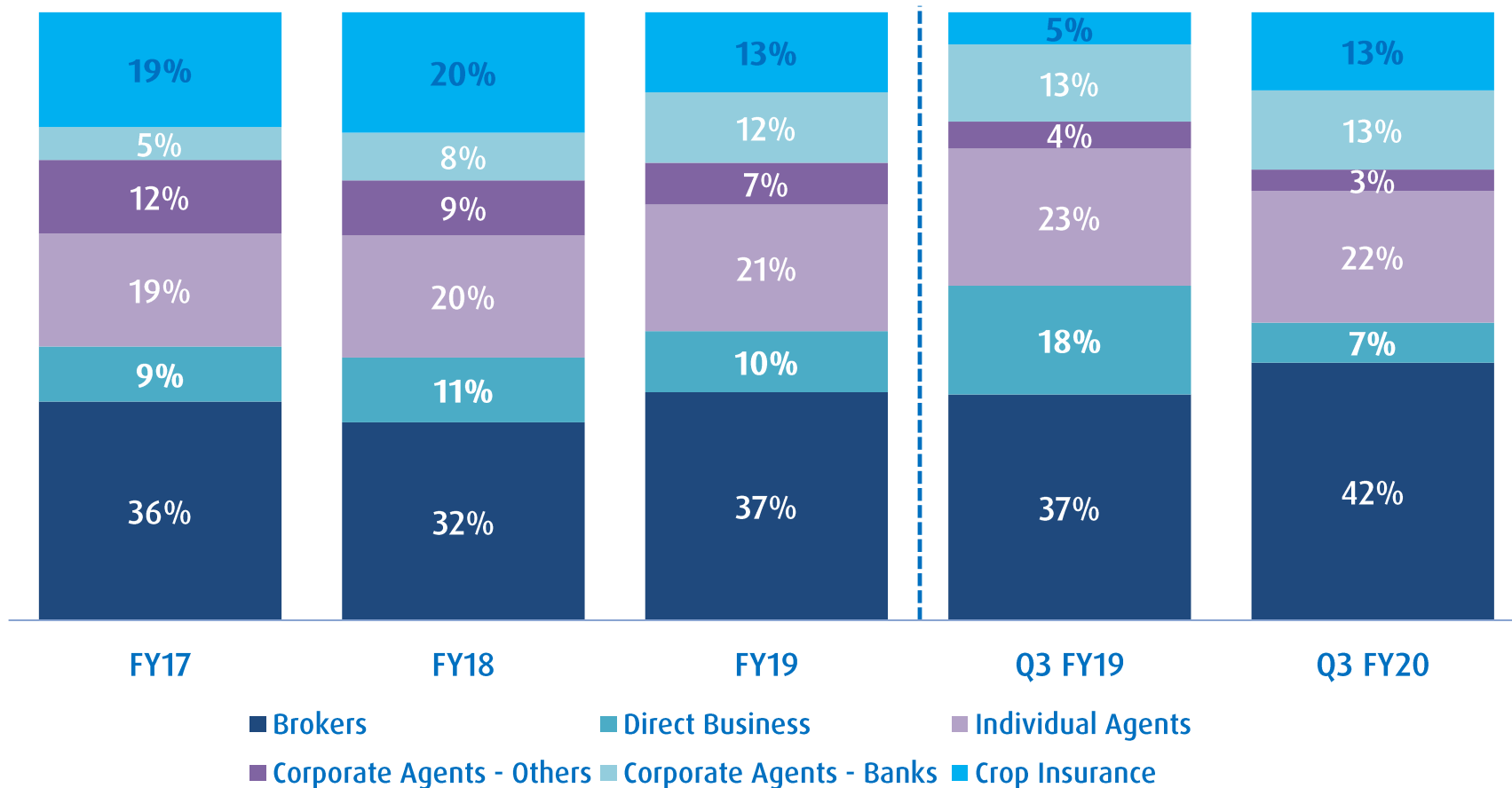
## Business Mix



- Ex Crop GWP Growth for Q3 FY20 was 10% and for 9M FY20 was 12%

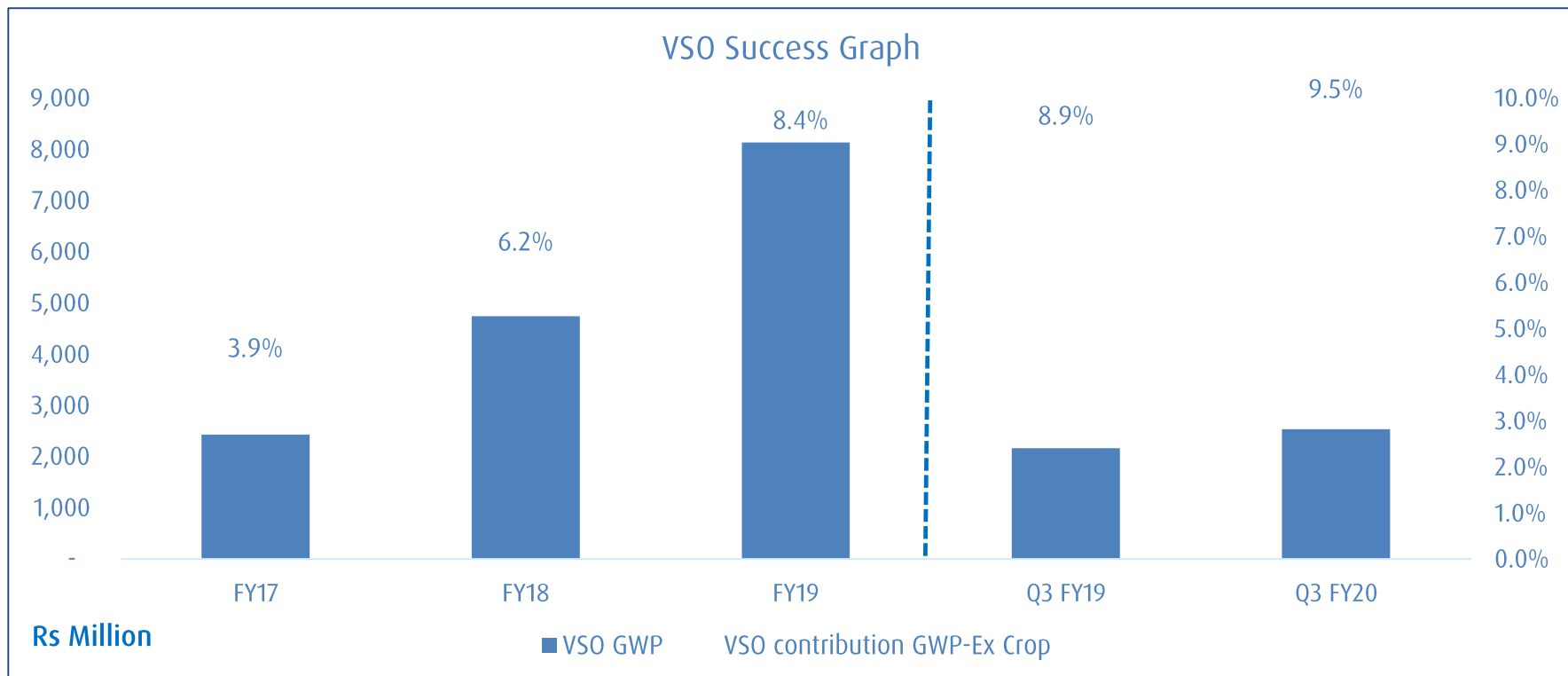
# BAGIC: Diversified Channel Mix

Channel Mix



- With over 75 corporate agent bancassurance tie-ups, this channel has recorded consistent growth of 20% in Q3 FY20 (FY19 growth of 75%);
- Some of the major relationships are : Citi Bank, HDFC Bank, Bajaj Finance Ltd., Canara Bank, J&K Bank, IDBI Bank, United Bank of India, KVB, RBL, Union Bank, Karnataka Bank, Bandhan Bank & PNB

# BAGIC - VIRTUAL POINTS OF PRESENCE

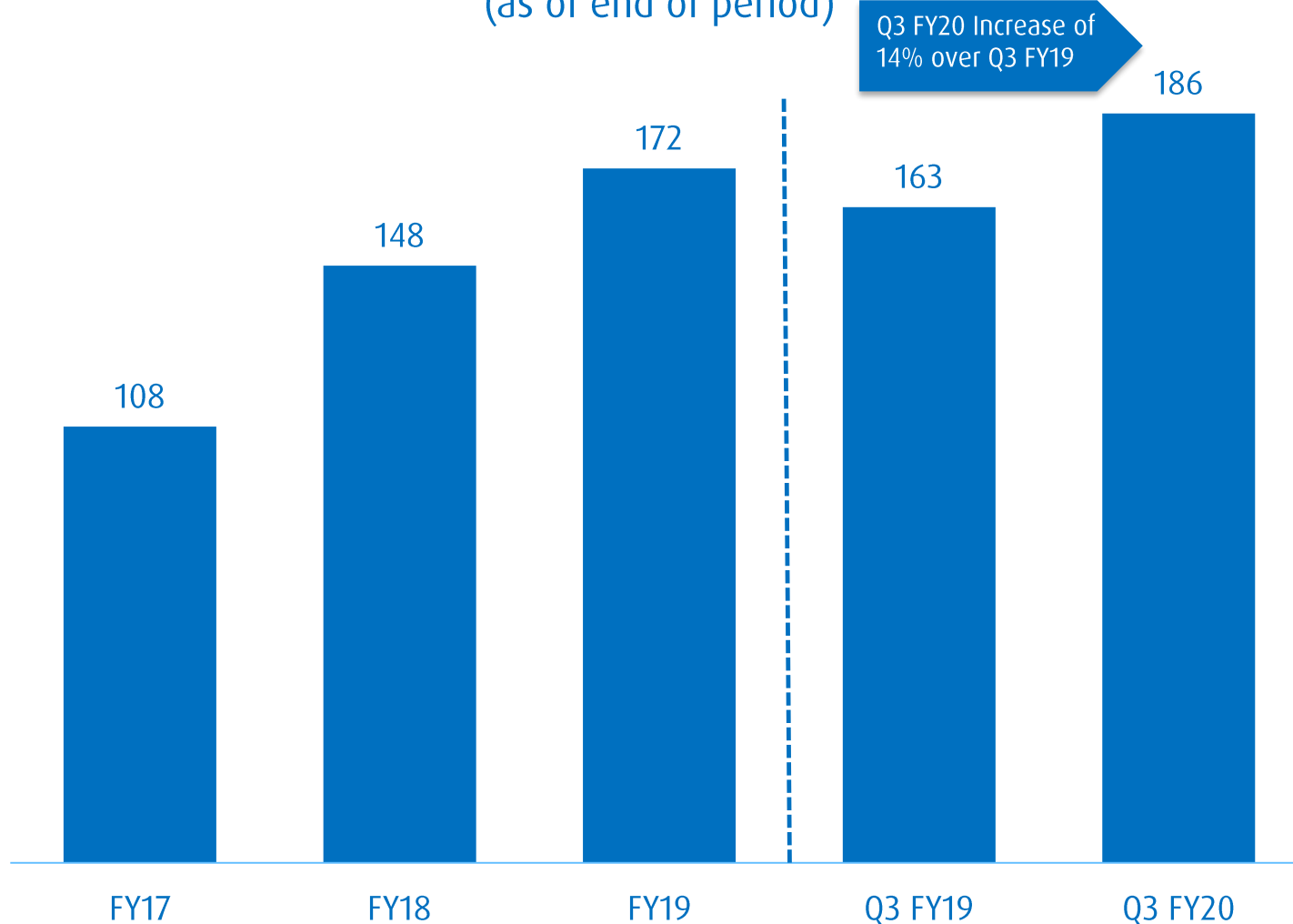


- Initiated in August 2014 and has grown exponentially to approx. 1,800 locations as of Q3 FY20
- Q3 FY20 GWP growth of 17%
- Ensures a virtual point of presence with minimum sunk costs
- Approx. 0.7 Mn policies issued in Q3 FY20 (Over 2.4 Mn policies in FY19)



# BAGIC : Assets Under Management continue to grow

AUM(cash and investments) - Rs Billion  
(as of end of period)



BAGIC continues to grow its AUM strongly

Investments are largely in fixed income securities

Investment Leverage of 3.2x as on 31 Dec 2019

# **Bajaj Allianz Life Insurance**

# BALIC - KEY STRATEGIC DIFFERENTIATORS

## STRATEGY

- Balance growth with balanced product mix, seeking steady increase in market share of individual business
- Business construct is to balance customer benefit with shareholder returns, focusing on New Business Value

## DIFFERENTIATORS

### Diversified Distribution

- Focus on all retail segments – mass and mass affluent customers. Deep pan India distribution reach with presence over 582 locations
- Diverse channels – Agency, Banca, Proprietary sales
- Strong Online Presence

### Strong proprietary channels

- Large pan-India agency force : 3<sup>rd</sup> highest agency premium amongst private players in FY19.
- Dedicated proprietary sales channel

### Innovative products and Sustainable product mix

- Balanced product mix between Unit Linked and Traditional Plans
- Differentiated product propositions like ROMC\*, 36 critical illness and Pension

### Efficient Operations

- Lean support structure
- Leverage technology to drive efficiencies

\*ROMC : Return of Mortality Charge

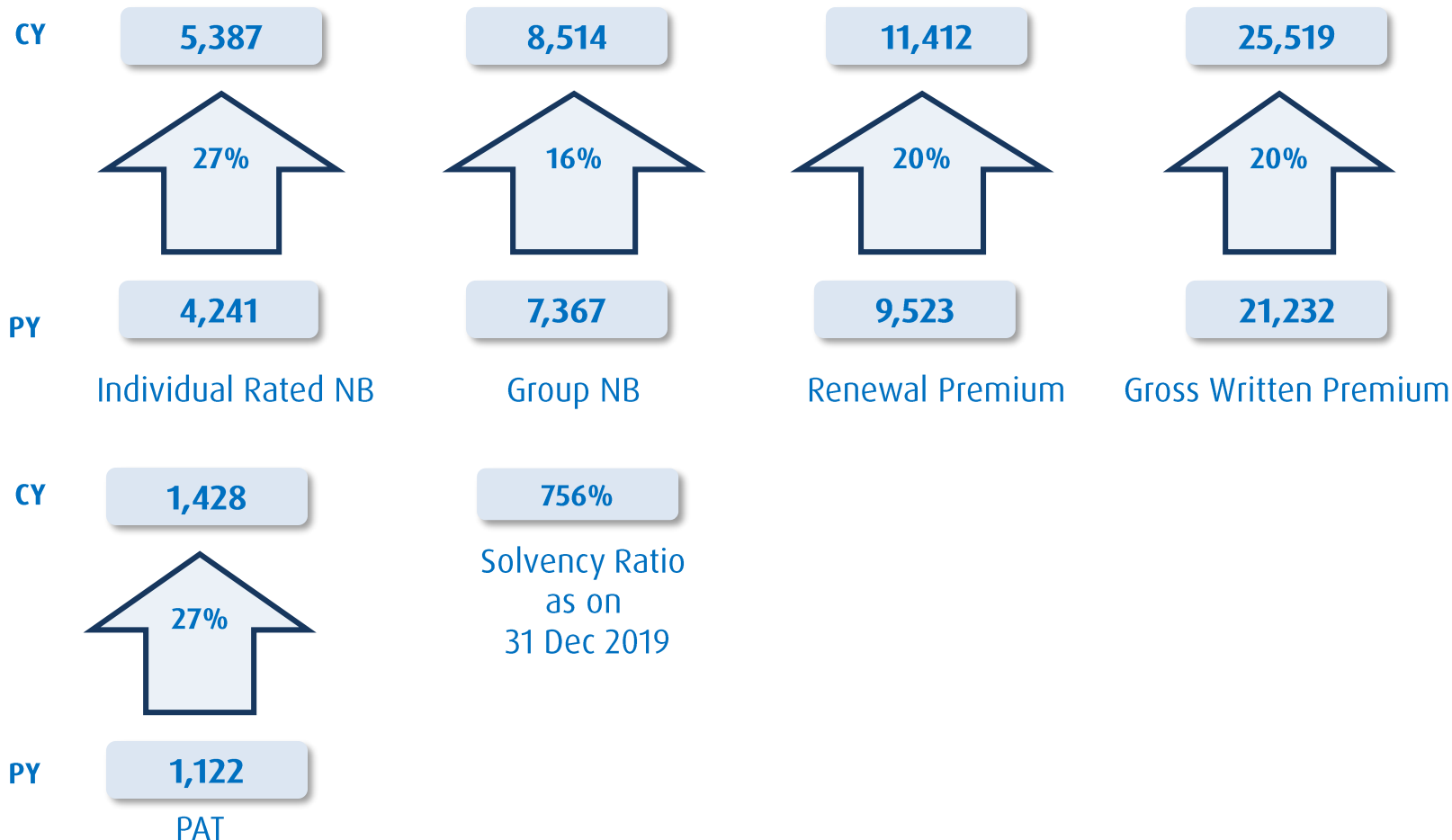
2019-20

- ❑ Industry beating Individual Rated Premium growth for 9M FY20 at 25% vs Industry growth of 17% (Ex-LIC Industry growth of 16%)
- ❑ Profit after tax for Q3 FY20 increased by 27% to Rs.1,428 Mn vs Rs. 1,122 Mn in Q3 FY19, due to higher investment income and lower tax expense
- ❑ Average ticket size increased by 16% for 9M FY20
- ❑ Policy issuance increased by around 8% during 9M FY20
- ❑ New competitive retail term product Bajaj Allianz Life Smart Protect Goal launched in Q3 FY20

# BALIC – Q3 FY20 highlights

All Figures in Rs. Million

## Performance Highlights of Q3 FY20 over Q3 FY19

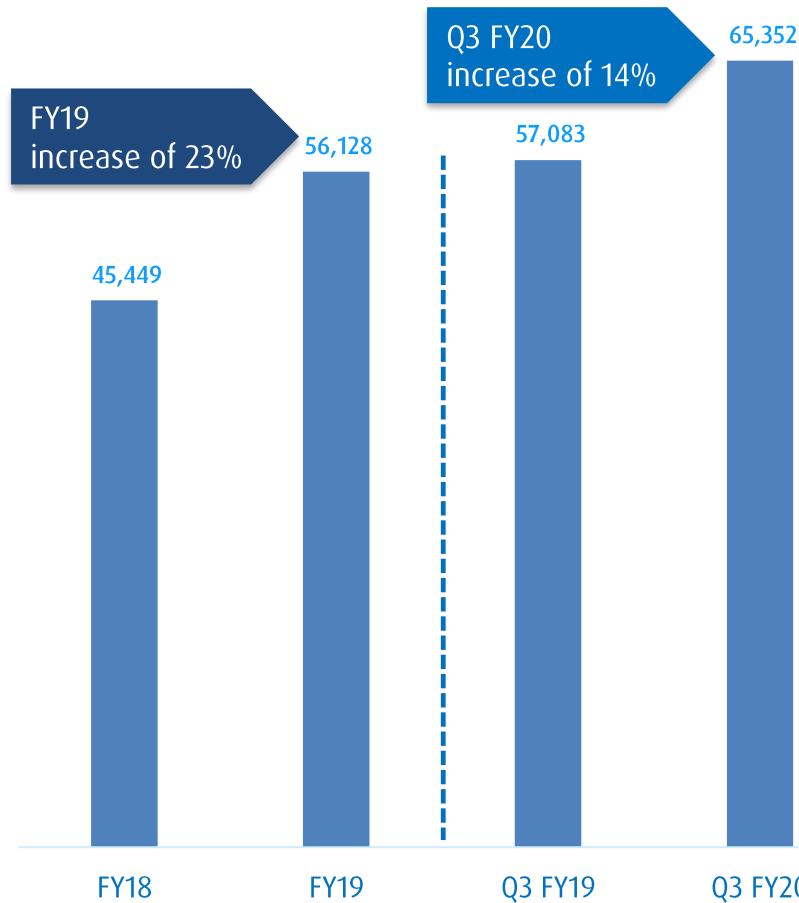


Individual Rated NB = (100% of first year premium & 10% of single premium excluding group products)

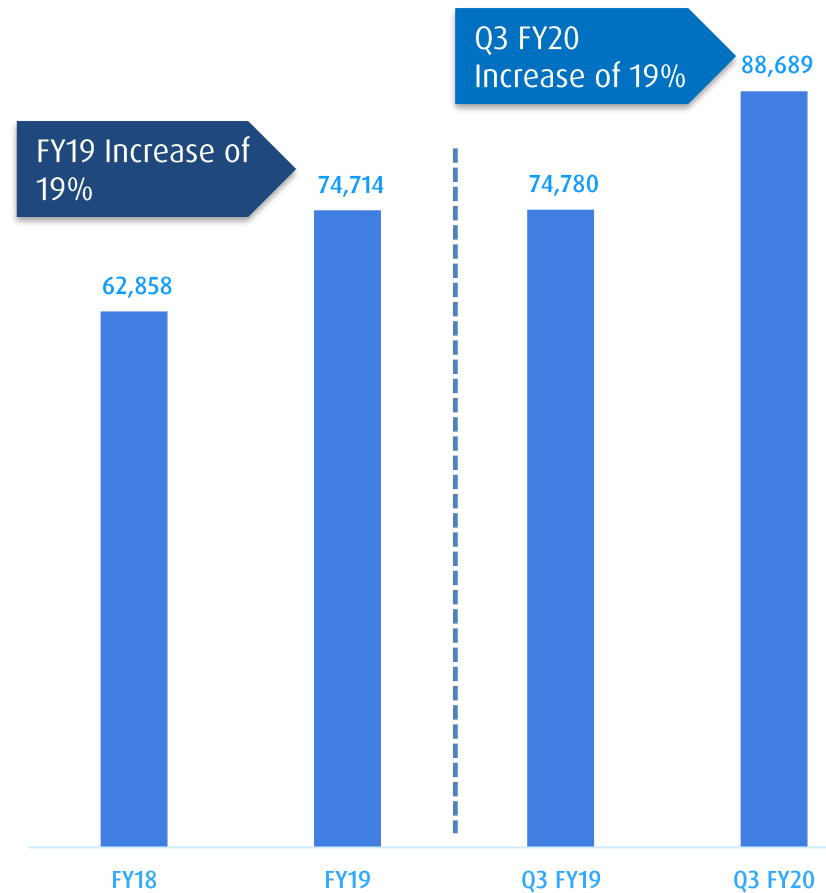
# BALIC : Growing ticket size

All Figures in Rs.

## Regular Premium Ticket Size



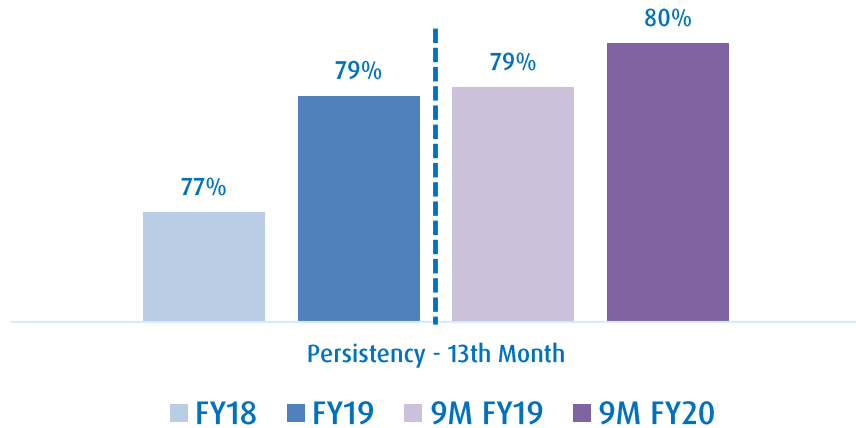
## Regular Premium Ticket Size (Agency)



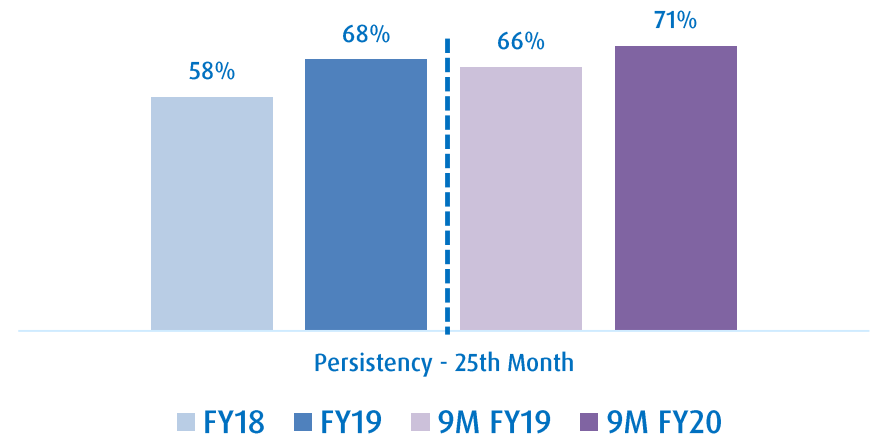
Focus on balancing various customer segments for sustainability

# BALIC : Persistency trend

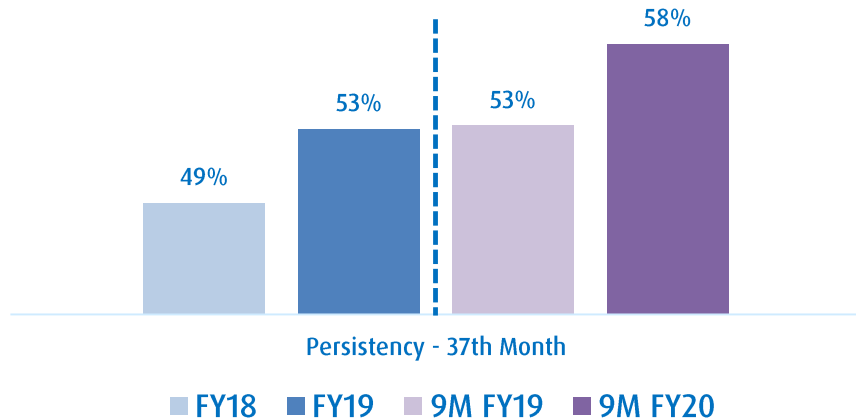
## Persistency 13<sup>th</sup> Month



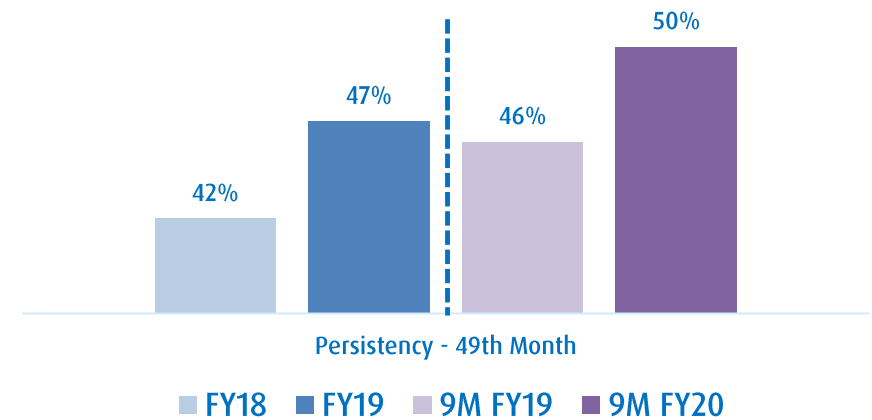
## Persistency 25<sup>th</sup> Month



## Persistency 37<sup>th</sup> Month

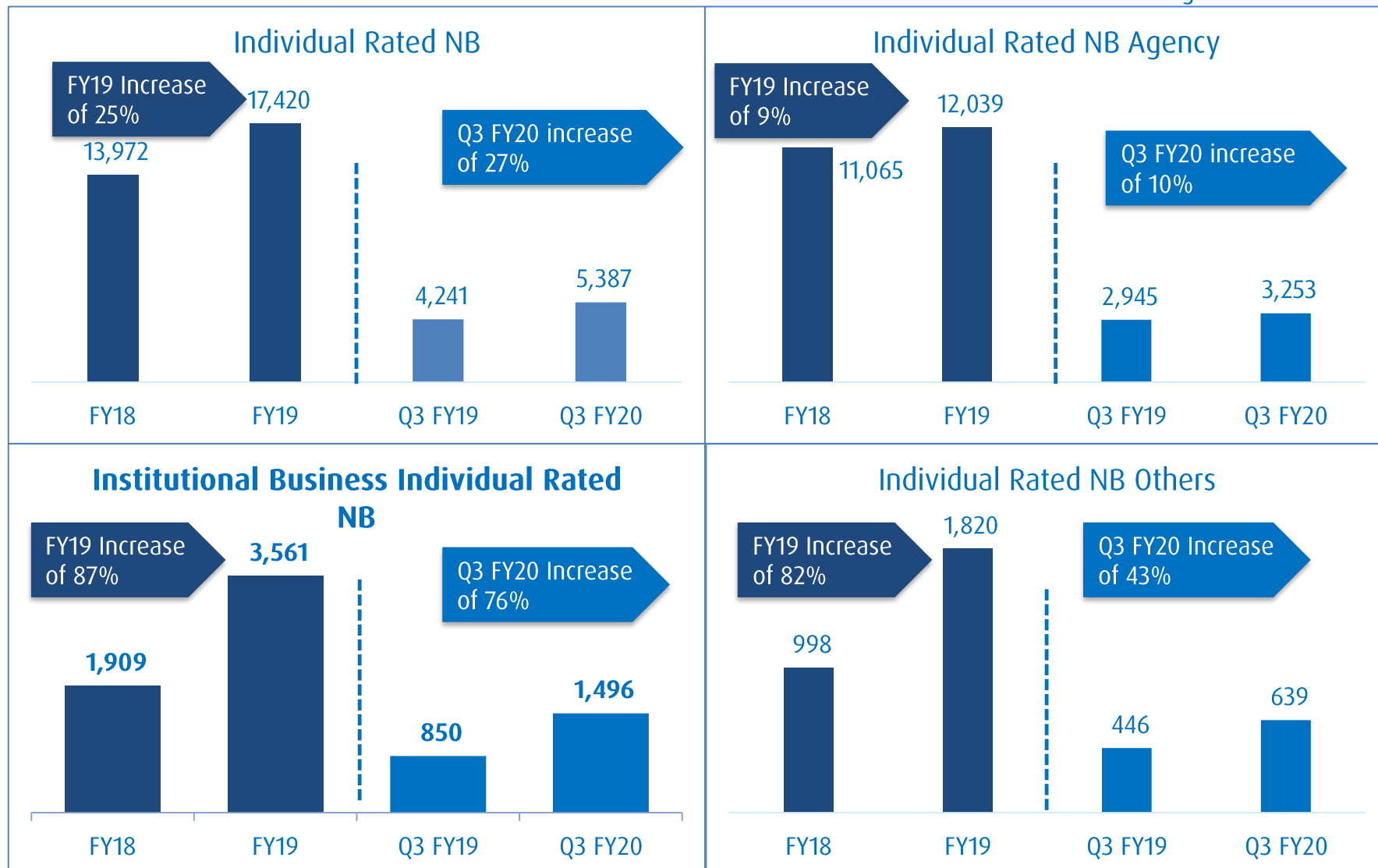


## Persistency 49<sup>th</sup> Month



# BALIC : Individual Rated premiums

All Figures in Rs Million



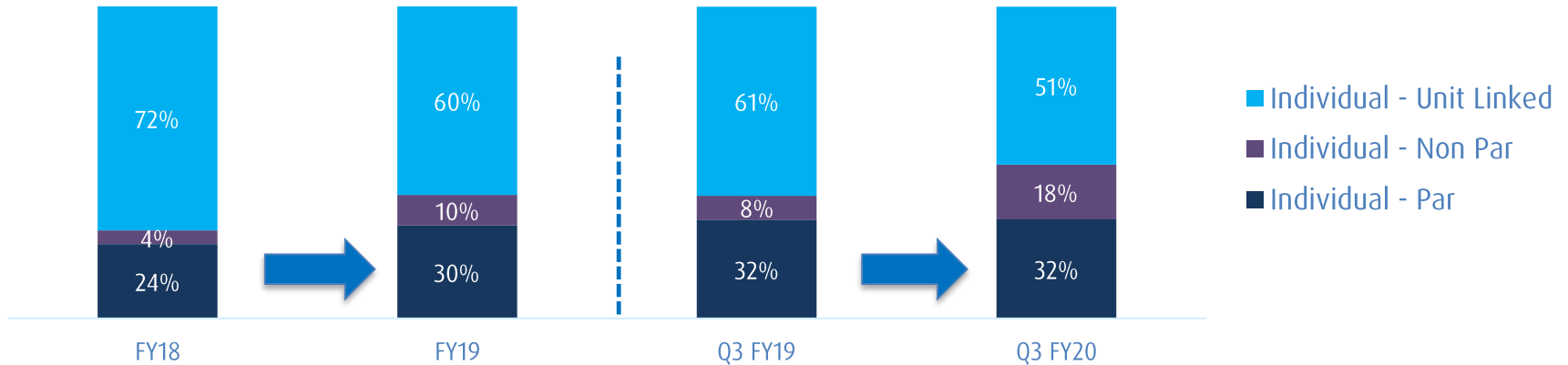
Individual Rated NB = (100% of first year premium & 10% of single premium excluding group products)



# BALIC : Balanced product mix

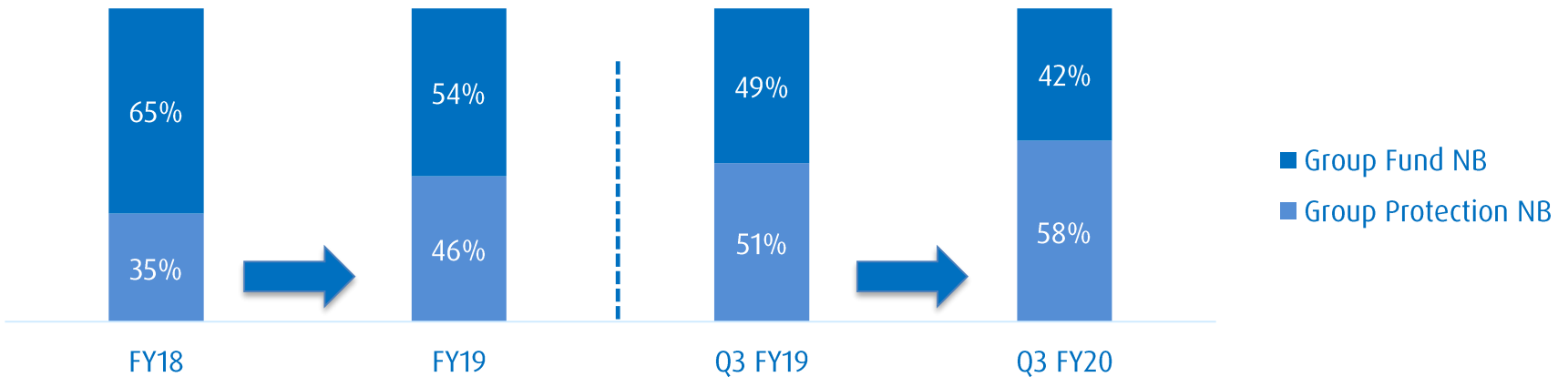
## Individual Rated Mix

Share of Non-ULIP business in individual business increasing



## Group NB Mix

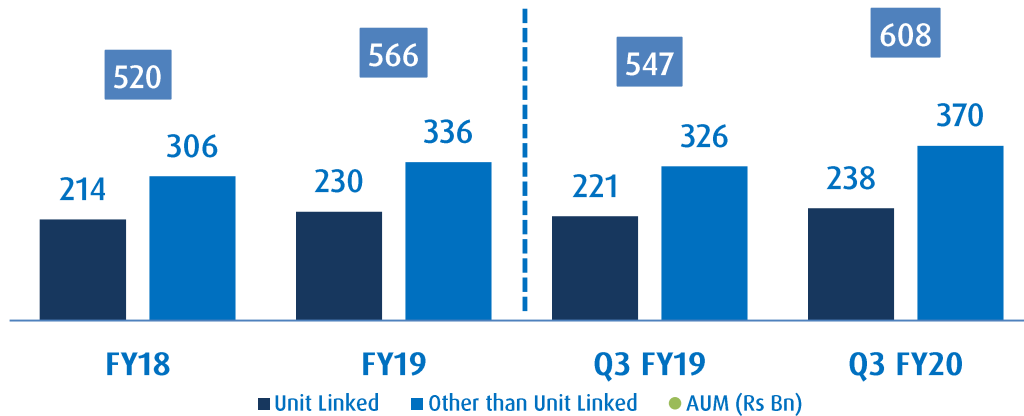
Share of protection business in group increasing



Protection Business (Group) new business in Q3 FY20 Rs.4,918 Mn (Q3 FY19 Rs.3,731 Mn)

# BALIC : Assets Under Management cross Rs. 600 bn

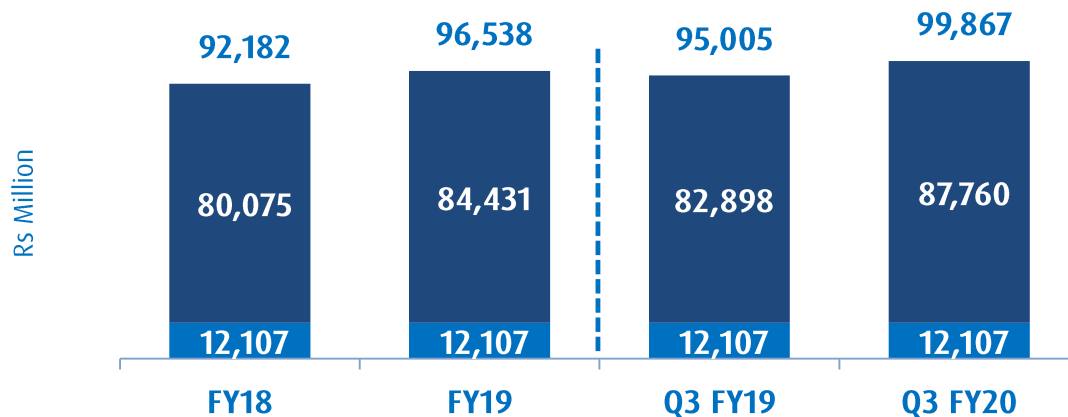
**AUM (Mix)**



- AUM growth of 11% for Q3 FY20 over Q3 FY19
- Of the UL Funds of Rs.238 Bn., 59% is equity funds as on 31 Dec 2019 (60% as on 31 Mar 2019 out of the UL Funds of Rs.230 Bn.)

Total Capital infused is Rs.12,107 Mn  
No Capital infusion since FY08

**Net worth**



- BALIC's accumulated profits are 88% of the Net worth as at 31 Dec 2019

\* Accumulated profit includes reserves

# Annexure

# BAGIC : LOB wise Net Claim ratio (Major LOBs)

| Line of Business       | Net Claim Ratio |              |              |              |              |
|------------------------|-----------------|--------------|--------------|--------------|--------------|
|                        | Q3 FY20         | Q3 FY19      | 9M FY20      | 9M FY19      | FY19         |
| Fire                   | 13.4%           | 40.4%        | 74.5%        | 80.1%        | 74.4%        |
| Marine Cargo           | 42.1%           | 67.1%        | 70.2%        | 90.5%        | 94.0%        |
| Motor OD               | 72.9%           | 59.3%        | 68.2%        | 58.3%        | 60.0%        |
| Motor TP               | 67.1%           | 66.0%        | 66.3%        | 68.5%        | 64.5%        |
| <b>Motor Total</b>     | <b>69.5%</b>    | <b>62.9%</b> | <b>67.1%</b> | <b>63.6%</b> | <b>62.4%</b> |
| Engineering            | 7.9%            | 28.8%        | 47.0%        | 54.2%        | 43.5%        |
| PA                     | 65.5%           | 31.2%        | 55.3%        | 46.4%        | 50.2%        |
| Health                 | 85.8%           | 89.0%        | 86.5%        | 87.3%        | 89.5%        |
| Crop                   | 111.5%          | -52.7%       | 109.9%       | -26.5%       | 74.9%        |
| <b>Total</b>           | <b>72.6%</b>    | <b>64.3%</b> | <b>73.5%</b> | <b>66.0%</b> | <b>68.6%</b> |
| <b>Total (Ex Crop)</b> | <b>68.9%</b>    | <b>66.5%</b> | <b>70.6%</b> | <b>68.8%</b> | <b>68.4%</b> |

# Exposure to Downgraded Investments (Debt) : BALIC & BAGIC

## BALIC

| Sr. No. | Type of Fund (BALIC)<br>(Amt in Rs. Mn) | Total exposure as<br>of 31 Dec 2019 | Of which performing | Of which<br>(non performing) | Impairment<br>Provided for |
|---------|---|-------------------------------------|---------------------|------------------------------|----------------------------|
| 1       | PAR                                     | 3,879                               | 3,288               | 590                          | 349                        |
| 2       | N-PAR                                   | 1,346                               | 1,199               | 147                          | 88                         |
| 3       | ULIP                                    | 1,925                               | 743                 | 1,182                        | 903                        |
| 4       | SH                                      | 4,621                               | 1,965               | 2,656                        | 2,094                      |
|         | Total                                   | 11,771                              | 7,195               | 4,576                        | 3,434                      |

## BAGIC

| Sr. No. | Type of Fund (BAGIC)<br>(Amt in Rs. Mn) | Total exposure as<br>of 31 Dec 2019 | Of which performing | Of which (non<br>performing) | Impairment<br>Provided for |
|---------|---|-------------------------------------|---------------------|------------------------------|----------------------------|
| 1       | Total                                   | 7,134                               | 5,905               | 1,229                        | 742                        |

\*Performing : Interest and / principal payment of the security is regular as per term sheet | All exposure is shown at face value & accrued interest.

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