

Dear shareholders, a very good afternoon and a warm welcome once again to AGM 2023.

Agenda



Section 01

Q1 FY24 results and 16-year journey

03





Section 02

Year gone by - FY23 highlights

07





Section 03

Medium term outlook - Long range strategy

24



Excellent quarter – volumes, AUM, portfolio quality and profitability

AUM of ₹ 2.7 lakh crore (32%), NII of ₹ 8,398 crore (26%) and PAT of ₹ 3,437 crore (32%). Annualized ROE of 24.5%

Lowest ever GNPA of 0.87% and NNPA of 0.31%

Disbursed a record 9.94 MM loans in Q1

Highest ever quarterly customer addition of 3.84 MM

Strong quarter for BHFL – AUM, portfolio quality and profitability

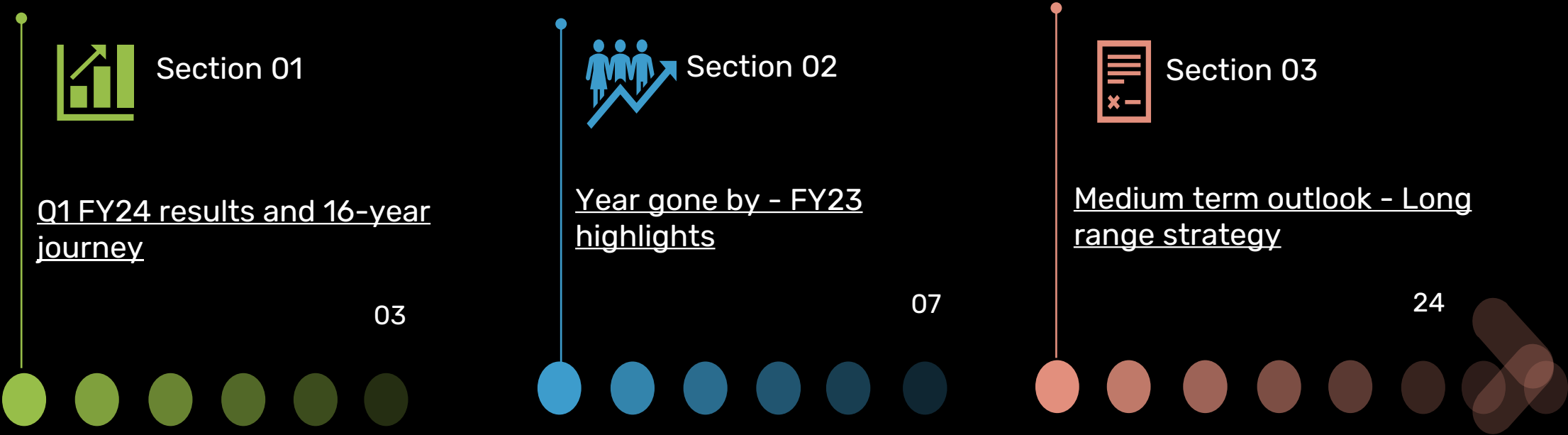
AUM of ₹ 74K crore (29%), NII of ₹ 702 crore (18%) and PAT of ₹ 462 crore (46%). Annualized ROE of 14.5%

GNPA and NNPA of 0.23% and 0.08%

BFSL delivered PAT of ₹ 5 crore. A young Company. Continue to invest in building BFSL

16-years consolidated financial snapshot												BAJAJ FINANCE LIMITED						₹ in crore	
Financials snapshot [@]	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (16 yrs.)		
Loans booked (MM)	1.0	0.6	0.9	1.6	2.2	2.8	3.4	4.9	6.8	10.1	15.3	23.5	27.4	16.9	24.7	29.6	25%		
Customer franchise (MM)	0.8	1.2	1.9	3.0	4.7	6.7	9.3	12.9	16.1	20.1	26.2	34.5	42.6	48.6	57.6	69.1	35%		
AUM	2,478	2,539	4,032	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	1,15,888	1,47,153	152,947	1,97,452	2,47,379	36%		
Total income	503	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,500	26,386	26,683	31,648	41,415	34%		
Interest expenses	170	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,623	9,473	9,414	9,754	12,560	33%		
Net Interest Income (NII)	332	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,877	16,913	17,269	21,894	28,855	35%		
Operating Expenses	193	220	320	460	670	850	1,151	1,428	1,898	2,564	3,270	4,197	5,662	5,308	7,587	10,139	30%		
Loan Losses & Provision	109	164	261	205	154	182	258	385	543	804	1,030	1,501	3,929	5,969	4,803	3,190	25%		
Profit before tax	30	51	134	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	7,322	5,992	9,504	15,528	52%		
Profit after tax	21	34	89	247	406	591	719	898	1,279	1,837	2,496	3,995	5,264	4,420	7,028	11,508	52%		
Ratios	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23			
Opex to NII	58.1%	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%	33.5%	30.7%	34.7%	35.1%			
Loan loss to avg. AUF	3.58%	4.89%	7.05%	3.63%	1.58%	1.25%	1.30%	1.42%	1.47%	1.61%	1.50%	1.55%	3.10%	4.14%	2.84%	1.47%			
Return on assets	0.7%	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%	4.1%	3.1%	4.2%	5.3%			
Return on equity	2.0%	3.2%	8%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%	20.2%	12.8%	17.4%	23.5%			
Net NPA *	7%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%	0.65%	0.75%	0.68%	0.34%			
Provision coverage ratio	30%	32%	55%	79%	89%	83%	76%	71%	77%	74%	70%	60%	60%	58%	58%	64%			
CRAR (standalone)	40.7%	38.4%	25.9%	20.0%	17.5%	21.9%	19.1%	18.0%	19.5%	20.3%	24.7%	20.7%	25.0%	28.3%	27.2%	25.0%			
Leverage ratio	2.6	2.5	3.8	5.9	6.4	5.3	6.2	6.8	6.3	6.6	5.4	6.3	5.1	4.7	4.9	5.1			
@ All figures till FY17 are as per previous GAAP on standalone basis. All figures from FY18 onwards are as per Ind AS and on consolidated basis.																			
* As per the RBI regulations, NNPA numbers up to FY15 are at 6 months overdue, FY16 are at 5 months overdue, FY17 are at 4 months overdue, FY18 to Nov'21 are at 3 months overdue and Dec'21 onwards are at 91 days past due. Hence NPA across periods are not comparable.																			
5																			

Agenda - Section 02



India's GDP growth for FY23 is 7.2%.
Fastest growing major economy in the world

Structural reforms and significant investments in infrastructure
by Govt making India competitive and a preferred choice

Optimistic about India's prospects. Projected GDP growth rate
is 6%-6.5%

Company remains well positioned to capture growth momentum

The biggest global challenge for FY23

All Central banks raised interest rates multiple times to rein in inflation

India's CPI peaked at 7.79% in April 2022 & ended at 5.66% in March 2023

Gol and RBI's swift actions sustained CPI

CPI to be in the corridor of 5%-5.3% in FY24.
Monsoon, a key determinant

All Central banks, increased interest rates multiple times to rein in inflation and reduce excess liquidity

RBI increased repo rate by 250 *bps* and reduced systemic liquidity

Your Company gradually transmitted interest rates while also optimizing opex, protecting margins and growth

Remained agile, innovative and frugal while providing formal financial services to millions of Indians

Successfully navigated 4 large events and maintained strong performance

Remain optimistic about the prospects of NBFCs

Scale-based regulation effective October 2022 onwards to make the sector sound and more resilient

BFL and BHFL have been independently classified as upper layer NBFCs

Believe that enhanced compliances and supervision will make NBFC sector lot more resilient in years to come

Will facilitate financial services to millions of Indians and help in growing India

Financials snapshot	Q1 FY24	Q1 FY23	Y-o-Y	FY23	FY22	Y-o-Y
Assets under management	2,70,097	2,04,018	32%	2,47,379	1,97,452	25%
Total Income	12,501	9,286	35%	41,415	31,648	31%
Interest expenses	4,103	2,646	55%	12,560	9,754	29%
Net Interest Income	8,398	6,640	26%	28,855	21,894	32%
Operating Expenses	2,855	2,382	20%	10,139	7,587	34%
Loan losses and provisions	995	755	32%	3,190	4,803	(34%)
Share of profit of associate	3	-	-	2	-	-
Profit before tax	4,551	3,503	30%	15,528	9,504	63%
Profit after tax	3,437	2,596	32%	11,508	7,028	64%
Ratios						
Operating expenses to Net Interest Income	34.0%	35.9%		35.1%	34.7%	
Annualized Return on Average AUF	5.42%	5.33%		5.31%	4.16%	
Annualized Return on Average Equity	24.47%	23.07%		23.46%	17.43%	
GNPA	0.87%	1.25%		0.94%	1.60%	
NNPA	0.31%	0.51%		0.34%	0.68%	

Financial statement summary – BHFL

Financials snapshot	Q1 FY24	Q1 FY23	Y-o-Y	FY23	FY22	Y-o-Y
Assets under management	74,124	57,425	29%	69,228	53,322	30%
Total Income	1,765	1,223	44%	5,665	3,767	50%
Interest expenses	1,063	629	69%	3,211	2,155	49%
Net Interest Income	702	594	18%	2,454	1,612	52%
Operating Expenses	169	159	6%	630	471	34%
Loan losses and provisions	7	7	-	124	181	(31%)
Profit before tax	526	428	23%	1,700	960	77%
Profit after tax	462	316	46%	1,258	710	77%
Ratios						
Operating expenses to Net Interest Income	24.1%	26.8%		25.7%	29.2%	
Annualized Return on Average AUF	2.88%	2.62%		2.32%	1.78%	
Annualized Return on Average Equity	17.21%	15.51%		14.59%	11.12%	
GNPA	0.23%	0.27%		0.22%	0.31%	
NNPA	0.08%	0.11%		0.08%	0.14%	

BAJAJ FINANCE LIMITED						
Consumer	SME	Commercial	Rural	Deposits	Payments	Partnerships & Services
1. Consumer Durable Loans	1. Unsecured Working Capital Loans	1. Loan against securities	1. Consumer Durable Loans	1. Retail Term Deposits	Issuance	1. Life Insurance Distribution
2. Digital Product Loans		2. IPO financing	2. Digital Product Loans	2. Corporate Term Deposits	1. PPI	2. General Insurance Distribution
3. Lifestyle Product Loans	2. Loans to self employed and Professionals	3. ESOP financing	3. Lifestyle Product Loans	3. Systematic Deposit Plan	2. UPI	3. Health Insurance Distribution
4. Lifecare financing		4. Vendor financing to auto component manufacturers	4. Personal Loans Cross Sell		3. BBPS	4. Pocket Insurance
5. EMI Cards	3. Secured Enterprise Loans	5. Financial Institutions Lending	5. Salaried Personal Loans		Acquiring 1. Merchant QR	5. RBL Co-Branded Credit Card
6. Retail spend financing	4. Used-car financing	6. Light Engineering Lending	6. Gold Loans			6. DBS Co-Branded Credit Card
7. 2W and 3W financing	5. Medical equipment financing	7. Specialty Chemicals Lending	7. Loans to Professionals			7. Financial Fitness Report
8. Personal Loan Cross-Sell	6. New car financing	8. Emerging corporate lending	8. Microfinance			
9. Salaried Personal Loans			9. Tractor financing			
10. E-Commerce financing						
11. Retailer finance						
12. Health EMI Card						
BAJAJ HOUSING FINANCE LIMITED						
1. Salaried Home Loans	1. Loan Against Property	1. Developer Finance	1. Loan Against Property			
2. Salaried Loan Against Property	2. Self Employed Home Loans	2. Commercial Construction Finance	2. Home Loans			
3. Affordable housing finance	3. Lease Rental Discounting	3. Corporate Lease Rental Discounting				
BAJAJ FINANCIAL SECURITIES LIMITED						
1. Trading Account	4. HNI Broking	7. Mutual Funds				
2. Depository Services	5. Retail Broking	8. Distribution of PMS				
3. Margin Trading Financing	6. IPOs and OFS	9. Proprietary Trading				
					New product launches in FY23 New product launches in FY24	

Steady AUM mix over the last 6 years

Assets Under Management (Businesses)	FY18	FY19	FY20	FY21	FY22	FY23
AUM (in ₹ crore)	82,422	1,15,888	1,47,153	152,947	1,97,452	2,47,379
Two & Three wheeler Finance	8%	8%	9%	8%	5%	5%
Urban Sales Finance	11%	11%	9%	8%	8%	7%
Urban B2C	19%	20%	21%	20%	20%	21%
Rural Sales Finance	2%	2%	2%	2%	2%	2%
Rural B2C	5%	6%	7%	8%	8%	8%
SME Lending	14%	14%	13%	13%	12%	13%
Loan Against Securities	8%	5%	3%	4%	5%	6%
Commercial Lending	5%	5%	4%	5%	6%	6%
Mortgages	29%	29%	31%	32%	31%	31%
Core AUM	100%	100%	100%	100%	97%	100%
IPO Financing	-	-	-	-	3%	-
Total AUM	100%	100%	100%	100%	100%	100%

5th largest downloads in Google playstore (finance section)
51.9 MM downloads and 35.5 MM net installs

App=Web strategy went live in FY23

Present in 3,733 locations. Added 229 new locations in FY23

Launch 2 new platforms – Rewards in Q4 FY24 and Social commerce in Q2 FY25 to create more channels

On track to add 100-120 MM consumers in the medium term

Strong risk culture

Enhanced risk management capabilities across financial, credit, portfolio, liquidity, operational, market and reputation risk

'Risk-first' approach

9 key elements of risk

BFL risk management (1/3)...

①

Credit Risk

- Lowest ever consolidated GNPA of 0.94% and NNPA of 0.34%
- Lowest ever stage 2 assets at 122 *bps* versus pre-Covid quarter of 250 *bps* (Q3 FY20)
- Management and macro-economic overlay of ₹ 960 crore

②

Liquidity Risk

- * Strong capital position at 24.97%
- Highest credit rating for long term and short-term debt program and deposits
- * Investment grade rating (BBB-) for ECB program
- * 5-8% of borrowings as liquidity surplus at any point in time. Liquidity surplus of ₹ 11,852 crore as of March 2023
- * Strong LCR position at 113%

③

Market Risk

- * Prudent investment policy for all investment decisions
- * Surpluses are invested in GSEC, liquid funds and deposits with leading banks only
- Prudent interest rate risk management ensured no material mark to market impact

BFL risk management (2/3)...

④

Interest rate Risk

- * Diversified borrowing mix. Money Market: Banks: Deposits: ECB - 45%: 33%: 21%: 1%
- * Deposits program now contributes to 21% of consolidated borrowings
- * Average cost of funds moved up by only 23 *bps* as against 250 *bps* increase in repo rate
- * A well-balanced fixed and floating assets & liabilities provides natural hedge to interest rate risk

⑤

Debt Management Risk

- * Banked 266 MM number of EMLs in FY23
- * Delivered debt management services to 41.5 MM customers in FY23
- * Digital channels and branches contributed to 45% of DMS volumes in FY23. Was 35% in FY20
 - Investment in social media listening tool and a 24x7 resolution team helped 97% of customers' queries resolution in less than 90 minutes
- * Continue to make deep investments in structure, processes & trainings to enhance controllership

⑥

Technology Risk

- Scale ready for upto 100 MM downloads with 13K+ KPIs
- Multi cloud strategy with 80%+ workloads running on cloud
- * Deep Investments in security operations centre, vulnerability Management, cyber resilience, third party risk assessment, phishing simulation
- Provisioned DR and High Availability for all critical applications
- * Investments in consent architecture like do not call, right to forget, etc

BFL risk management (3/3)...

7

Customer Service

- * Customer franchise stood at 69.1 MM as of March 2023. Added 11.6 MM customers in FY23
- * Customer complaints reduced from 7,538 to 7,426, despite a rapidly growing franchise
- * Digital channels (App & Web) have 26 service modules with 270 distinct service journeys. It led to significant reduction in branch walk-ins from 2.42% in FY20 to 1.31% in Q1 FY24
 - Continue to increase investment in service channels to dramatically improve service standards
- * Do not call framework is live. Customers can register to not receive calls from authorised channels.

8

Human Resource

- Consolidated employee head count grew from 35,425 to 43,147 in FY23. Added 7,722 employees
- * Employee attrition reduced to 13.5% in FY23 from 28% in FY22, a drop of 14.5%
- * Amongst the only 3 companies in India recognized as Laureate by GPTW for 10 years of consistent great workplace
- * 90%+ employee trust Index score is amongst the highest in the industry

9

ESG

- * Financed over 17 MM new-to-credit customers in the last 5 years
- * Provided financing access to 9.5 MM women borrowers in the last 5 years
 - Reduced paper consumption by an estimated 412 crore paper sheets, saving 4.9 lakh trees in 3 years
- * Continuing to make progress in all areas related to diversity, green energy transition and disclosure standards

Agenda – Section 03



Section 01

Q1 FY24 results and 16-year journey

03



Section 02

FY23 highlights

07



Section 03

Long range strategy of your Company

24



Very disciplined and rigorous strategic planning approach

Disciplined planning & strong execution enabled your Company
achieve sustainable & profitable growth

6 key pillars of strategic framework

BFL business construct (1/2)...

①

Ambition

To be a leading payments and financial services company in India. Dominate with 100-120 MM consumers, market share of 3% of payments GMV, 3-4% of total credit and 4-5% of retail credit in India.

②

Strategy

To be an omnipresent financial services company dominant across all consumer platforms – physical (branches), app, web, social, rewards and virtual.

③

Approach

To acquire & cross-sell across payments, assets, deposits, insurance, investments and broking products to Consumer, MSME, Commercial and Rural consumers.

BFL business construct (2/2)...

④

Philosophy

To build businesses with a 10-year view anchored on prudence and risk management to deliver 'through the cycle' 21-23% shareholder returns.

⑤

Market share

Every business of the company to be amongst top 5 in their respective product.

⑥

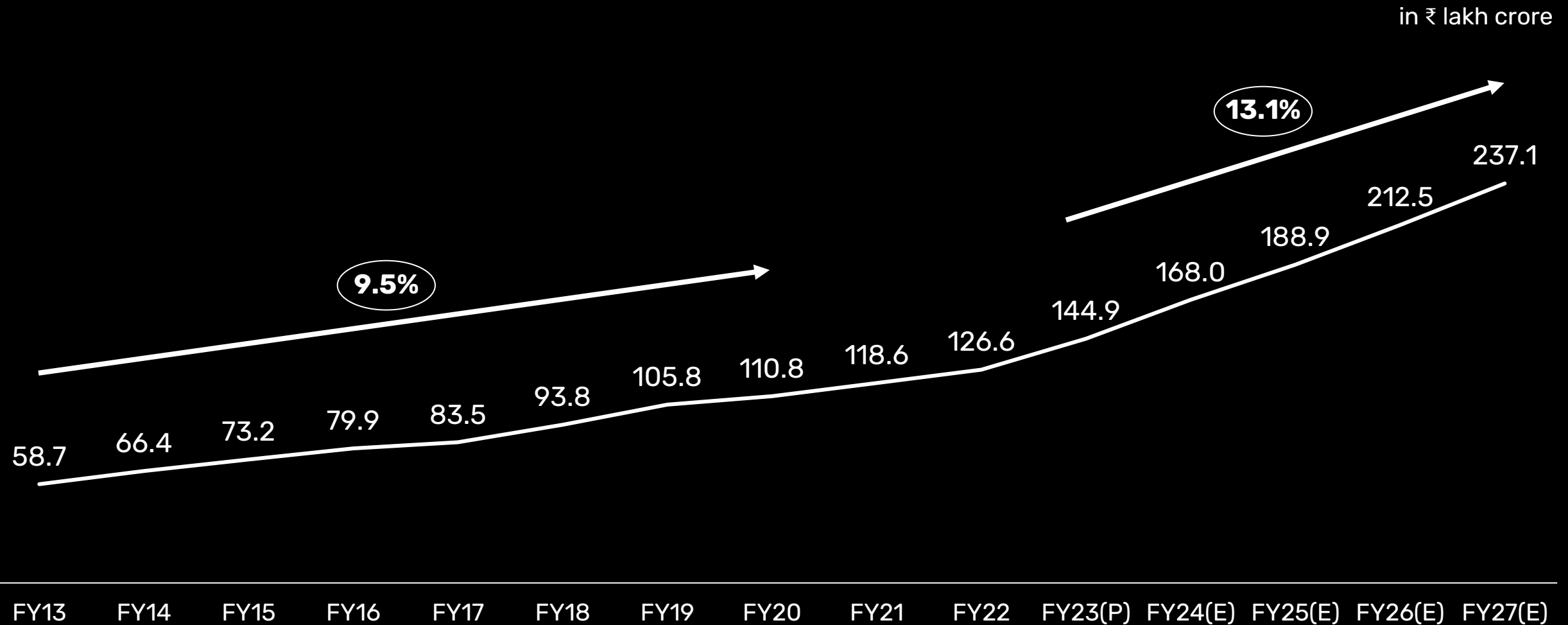
Profit share

To be amongst top 20 profit-making companies in India and amongst top 5 to 6 profit-making financial services companies in India.

Analyses macro, industry outlook, megatrends, megatrends and benchmarking company

Let's go through the same briefly

India's total credit market is forecasted to grow from ₹ 145 lakh crore to ₹ 237 lakh crore between FY23 to FY27, at an average growth rate of 13.1%

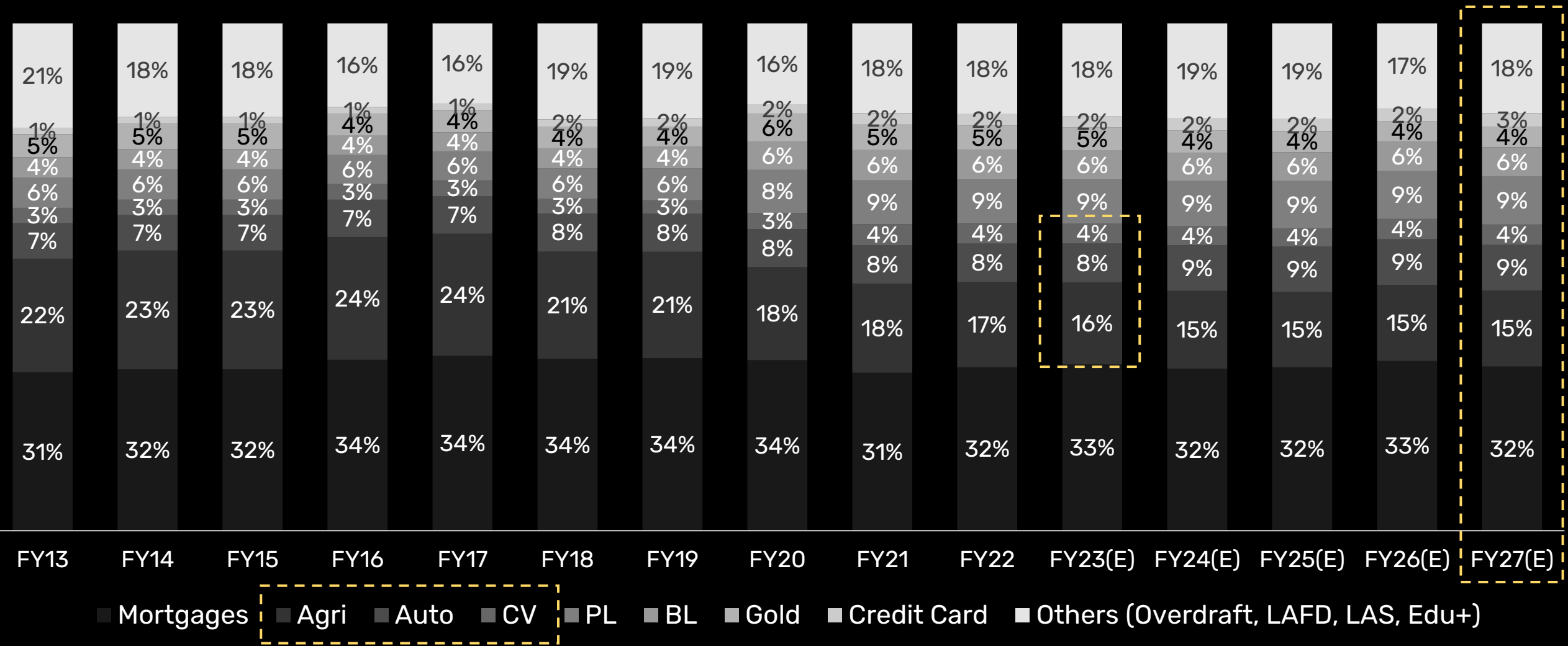


Source : RBI Statistical Tables; Gross Deployment of Bank Credit – RBI, Financial Stability report – RBI

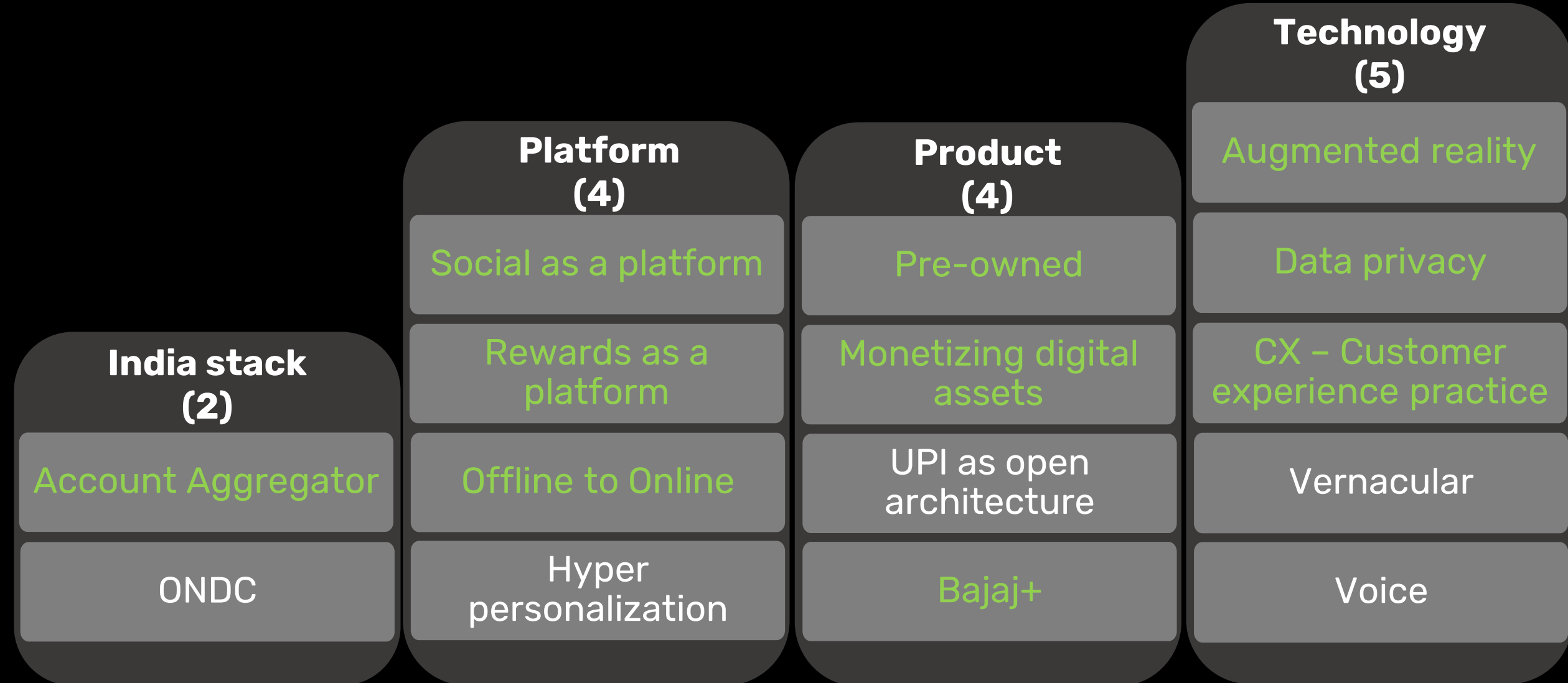
Total Credit = Bank Credit – Advances outside India – Advances to NBFC + NBFC Credit

Assumptions – Growth rate for bank credit is taken in the range of 11% – 13% and for NBFC it is taken in the range of 13% – 15% for FY23 – 27

India's retail credit mix is forecasted to remain steady. Your Company is currently not present in 28% of retail categories namely - Auto, CV and Agri



Your Company Identified 15 Megatrends in FY23. It has made good progress on committing investments on **10** Megatrends with extensive use cases and 5 megatrends are in a wait and watch mode.



Strategic construct – 5 blocks of strategy

① Products (12)

Be amongst the top 5 players in each product line

Megatrends – Pre-owned, UPI as Open architecture

New Product Lines – Auto, MFI, Tractor, CV, Emerging corporate

New Product Innovations – B2B on QR, B2B on EDC, Bajaj+, Flexi on QR, Insta PL card

③ Platforms (10)

Dominate all platforms of consumer presence & generate 50% of business from digital platforms

Megatrends – Social & Reward platforms

Consumer App – Hyper personalization, AR, CX

Consumer Web – Discoverability, CX, Video, Vernacular

Marketplace – Bajaj Mall 2.0

② Geography (3)

जहाँ BAJAJ FINSERV वहाँ BAJAJ FINSERV के सारे products

Megatrends – Win U.P, Bihar and North East

Domestic – Geography 2.0, All products in all locations

⑤ Subsidiaries

Grow and dominate in their respective industries

Leverage BFL platforms and customer franchise to originate Mortgages and broking accounts for subsidiaries.

Contribute 12-15% of retail mortgages and 20-25% of broking accounts

④ Horizontal functions (9)

Pursue operational excellence and deliver robust controls and compliance

Megatrends – Account Aggregator, data privacy

Risk – Know everyone

DMS – readiness for 6 MM receipts per month

Operations – STP across all products

Service – FPC, self-service

Technology – Consumerization of technology stack

Treasury – Diversified liability profile

LRS Outcomes by FY27

Sr. No.	Basic construct	Target Metric	FY23	FY27 (E)
1	Customer Franchise (MM)	100	69.1	* 110-120
2	Cross-sell Franchise (MM)	60	40.6	65-70
3	India payments GMV	3%	0.04%	1-1.25%
4	Share of total credit	3-4%	1.70%	* 2.5-2.75%
5	Share of retail credit	4-5%	2.62%	* 3.5-3.75%
6	Location presence	4,300-4,500	3,733	* 4,300-4,500
7	App – Net installs (MM)	60	35.5	* 70-80
8	Web – Visitors (Bn)	NA	247	* 1.1-1.2
9	Return on Equity	21-23%	23.5%	* 21-23%
10	AUM per cross sell franchise	100K	60.9K	85-90K
11	PAT per cross sell franchise	4K	2.8K	3.5-3.7K

India represents tremendous opportunity

Your Company is very well positioned to seize it

Thank you