



BAJAJ HOUSING FINANCE LIMITED

Debt Investor Presentation
Q2 FY24

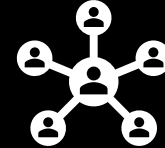
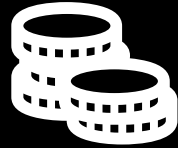


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Company Overview





₹ in Crore

~3,500

81,215

2,793

186

Avg. Monthly Acquisition

**Asset
Under Management**
(as of September 30, 2023)

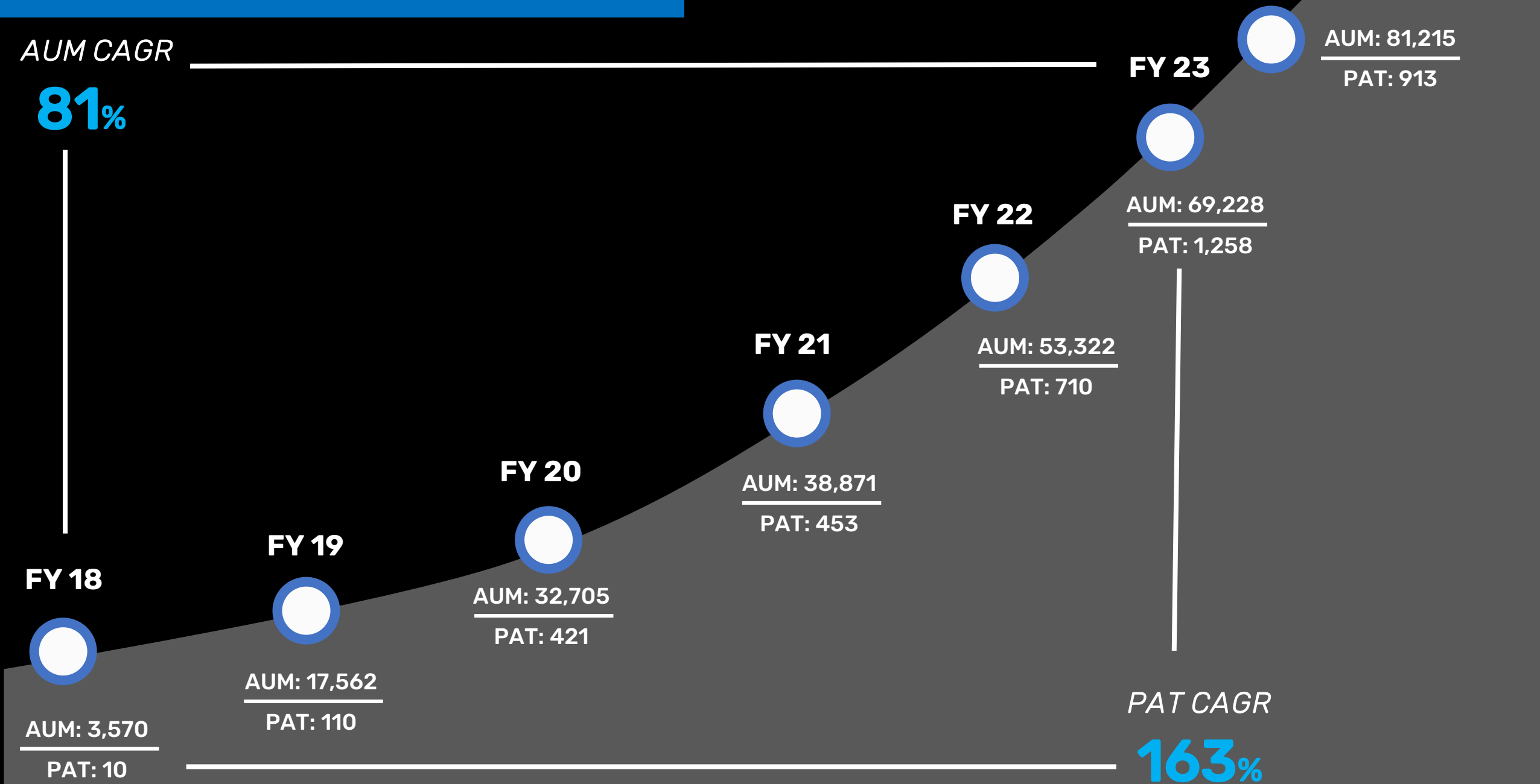
Employees

Locations
(Urban-77; Rural-109)

Bajaj Housing Finance Ltd. (BHFL):

- ❖ is registered with National Housing Bank (NHB) as a Housing Finance Company (HFC), regulated by the Reserve Bank of India (RBI). The RBI through its press release dated 30 Sept 2022, has categorized the Company as "Upper Layer NBFC" (NBFC-UL) under the Scale Based Regulations
- ❖ is a 100% subsidiary of Bajaj Finance Ltd. (BFL) – a Bajaj Finserv Group Company
- ❖ started full-fledged operations from January 2018 with dedicated sales, operations, collections, branch & IT infrastructure. The Company operates as a completely independent entity with no common linkages with parent company
- ❖ has completed 6 years of operations and has been profitable since inception – the Company delivered PAT of 12 Cr in FY18, 104 Cr in FY19, 421 Cr in FY20, 453 Cr in FY21, 710 Cr in FY22 and 1,258 Cr in FY23

BHFL Growth Journey

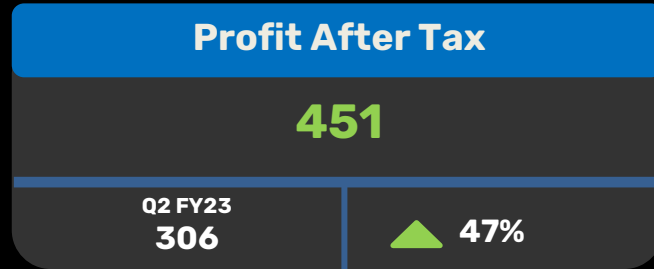
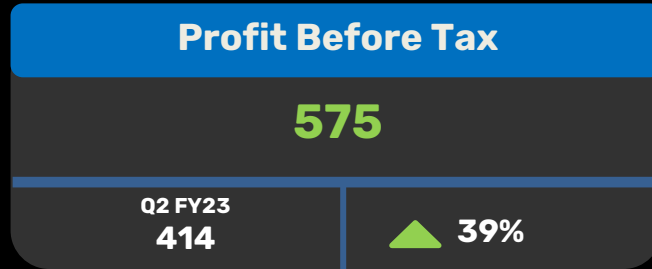
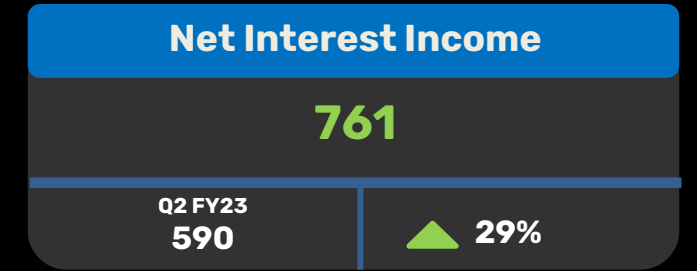
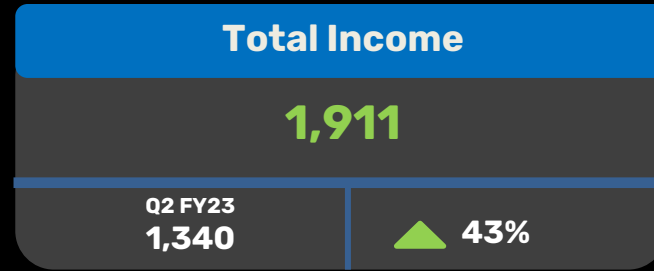
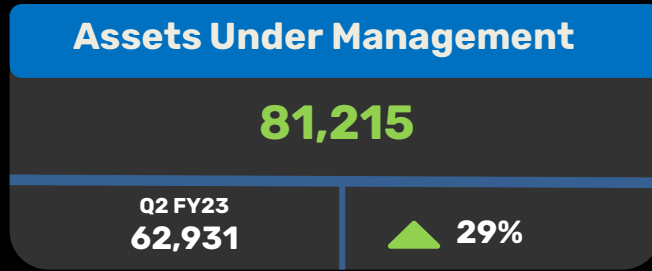




Executive Summary



₹ in Crore



- » AUM of the Company grew 29% at ₹ 81,215 Cr as of 30 September 2023 as against ₹ 62,931 Cr as of 30 September 2022. Home Loans AUM grew by 20%, Loan against property by 4%, Lease Rental Discounting by 64%, Developer Finance by 88% and Rural mortgages grew by 19%.
- » AR as of 30 September 2023 grew by 29% at ₹ 70,954 Cr as against ₹ 54,939 Cr as of 30 September 2022.
- » Disbursements were ₹ 12,154 Cr during Q2 FY24 as against ₹ 8,624 Cr in Q2 FY23, a growth of 41% YoY.
- » The Company delivered profit before tax of ₹ 575 Cr in Q2 FY24 as against ₹ 414 Cr in Q2 FY23; a growth of 39%.
- » The Company delivered profit after tax of ₹ 451 Cr in Q2 FY24 as against ₹ 306 Cr in Q2 FY23; a growth of 47%.
- » Cost of funds for Q2 FY24 stood at 7.64% as against 7.67% in Q1 FY24, a drop of 3 bps. The Company continued to carry sufficient liquidity buffer during the quarter and ended at ₹ 2,803 Cr as of 30 September 2023.
- » Capital adequacy remained comfortable at 22.64% as of 30 September 2023 with Tier -1 capital at 21.94%.
- » Borrowing mix - Banks : Money market : NHB : Assignment stood at 45% : 34% : 7% : 14% as of 30 September 2023.

- » In Q2 FY24, average liquidity coverage ratio remained comfortable at 106.51%; above regulatory requirement of 60%.
- » Opex to NII further improved to 22.1% in Q2 FY24 as against 24.7% in Q2 FY23.
- » GNPA at 0.24% as of 30 September 2023 as against 0.24% as of 30 September 2022, NNPA at 0.09% as of 30 September 2023 as against 0.11% as of 30 September 2022.
- » Impairment of financial instruments for the quarter was ₹ 18 Cr as against ₹ 30 Cr in Q2 FY23. The Company continues to hold management overlay provision of 176 Cr as of 30 September 2023.
- » Overall stage 2 exposure stood at ₹ 309 Cr as of 30 September 2023 dropping sequentially from ₹ 346 Cr as of 30 June 2023.
- » Overall stage 3 exposure stood at ₹ 171 Cr (0.24%) as of 30 September 2023 as against ₹ 152 crore (0.23%) as of 30 June 2023.



Financial & Credit Quality Highlights



₹ in Crore

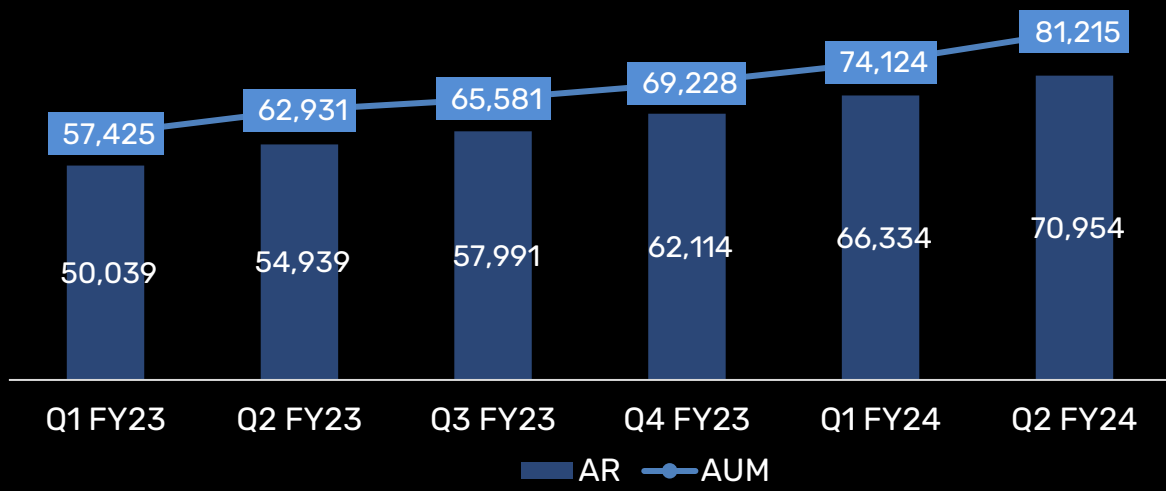
Financials snapshot	FY18	FY19	FY20	FY21	FY22	FY23	CAGR (6 yrs.)
AUM	3,570	17,562	32,705	38,871	53,322	69,228	81%
Total income	106	1,156	2,646	3,155	3,767	5,665	122%
Interest expenses	47	685	1,616	1,966	2,155	3,211	133%
Net Interest Income (NII)	59	471	1,030	1,189	1,612	2,454	111%
Operating Expenses	44	297	339	329	471	630	70%
Loan Losses & Provision	4	25	124	247	181	124	99%
Profit before tax	11	149	567	613	960	1,700	174%
Profit after tax	10	110	421	453	710	1,258	163%
Key Ratios:	FY18	FY19	FY20	FY21	FY22	FY23	
Opex to NII	74.6%	63.1%	32.9%	27.7%	29.2%	25.7%	
Loan loss to avg. AUF	0.22%	0.24%	0.55%	0.80%	0.45%	0.23%	
Return on assets	0.6%	1.1%	1.9%	1.5%	1.8%	2.3%	
Return on equity	1.1%	4.2%	9.1%	7.8%	11.1%	14.6%	
Gross NPA	0.00%	0.05%	0.08%	0.35%	0.31%	0.22%	
Net NPA	0.00%	0.04%	0.05%	0.22%	0.14%	0.08%	
Provision coverage ratio	-	35%	38%	38%	54%	64%	
CRAR (standalone)	45.12%	25.81%	25.15%	21.33%	19.71%	22.97%	
Leverage ratio	3.03	5.26	5.62	6.28	7.20	6.16	
Capital infusion*	1,200	2,000	1,500	-	-	2,500	

* Capital infusion of ₹ 328 crore prior to FY18

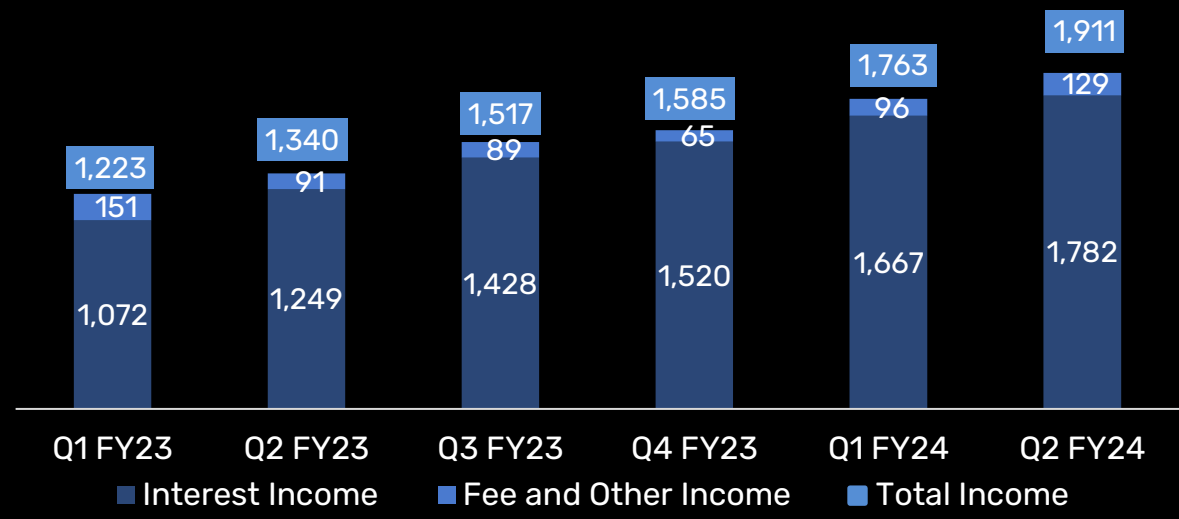
₹ in Crore

Financials snapshot	Q2 FY24	Q2 FY23	YoY	H1 FY24	H1 FY23	HoH
Assets under management (AUM)	81,215	62,931	29%	81,215	62,931	29%
Assets under finance (AR/AUF)	70,954	54,939	29%	70,954	54,939	29%
Interest income	1,782	1,248	43%	3,449	2,321	49%
Fee and other income	129	92	40%	226	242	(6%)
Total Income	1,911	1,340	43%	3,675	2,563	43%
Interest expenses	1,150	750	53%	2,213	1,379	60%
Net Interest Income	761	590	29%	1,462	1,184	23%
Operating Expenses	168	146	15%	336	307	9%
Loan losses and provisions	18	30	(40%)	25	36	(31%)
Profit before tax	575	414	39%	1,101	841	31%
Profit after tax	451	306	47%	913	622	47%
Ratios						
Operating expenses to Net Interest Income	22.1%	24.7%		23.0%	25.9%	
Annualized Loan Loss to Average AUF	0.10%	0.23%		0.08%	0.14%	
Annualized Return on Average AUF	2.63%	2.33%		2.74%	2.45%	
Annualized Return on Average Equity	16.12%	12.61%		16.66%	14.98%	
Earning per share - Basic (₹) *	0.67	0.46		1.36	0.94	

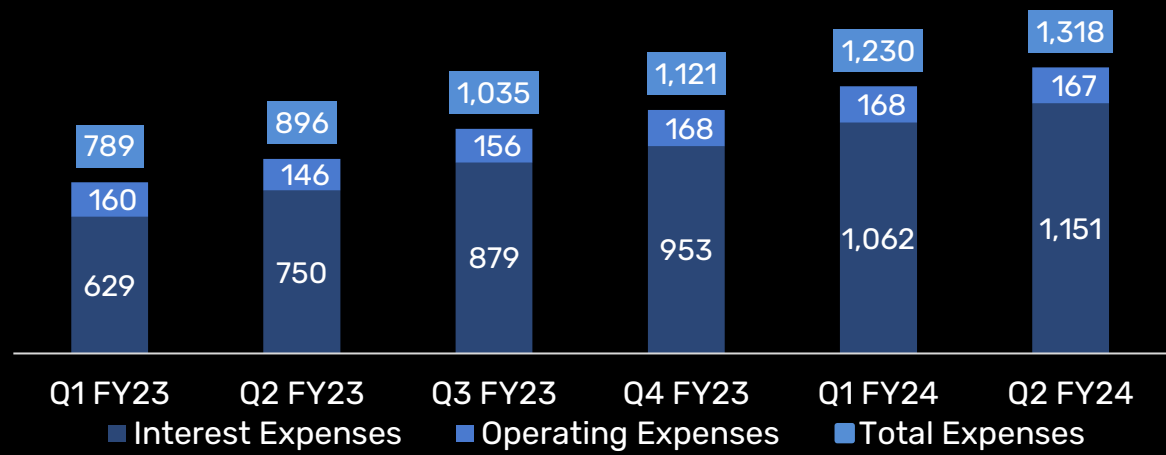
Assets Trend



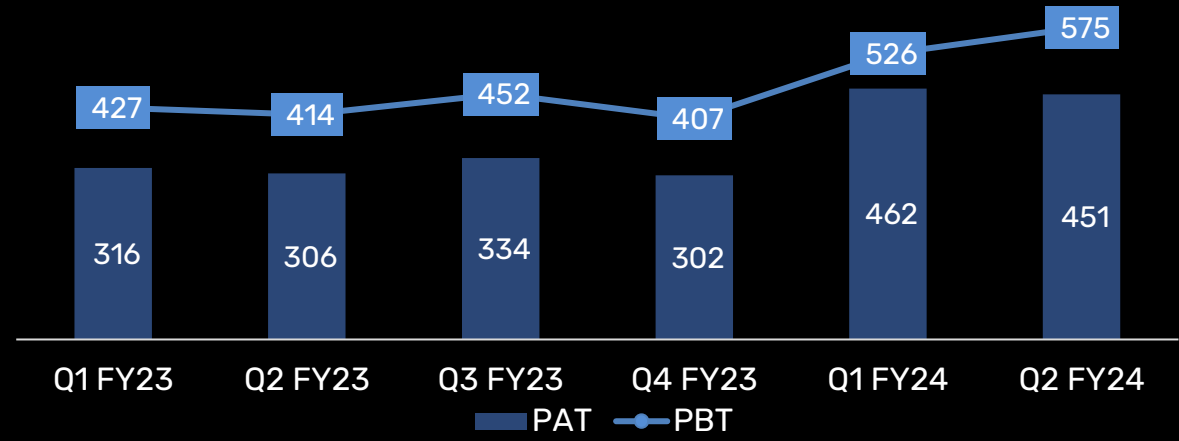
Income Trend



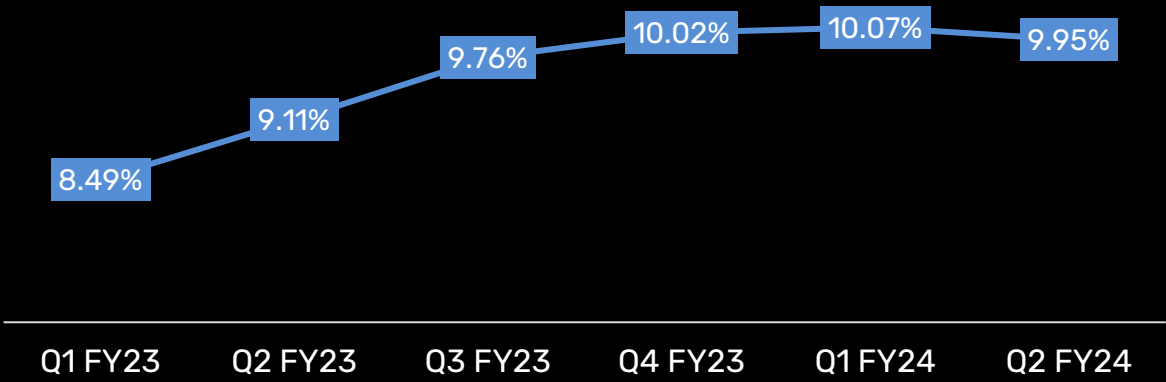
Expense Trend



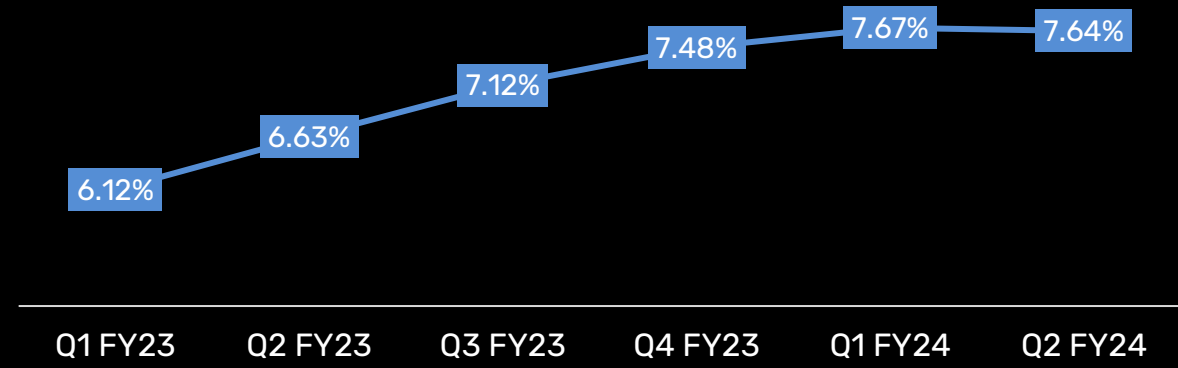
Profitability Trend



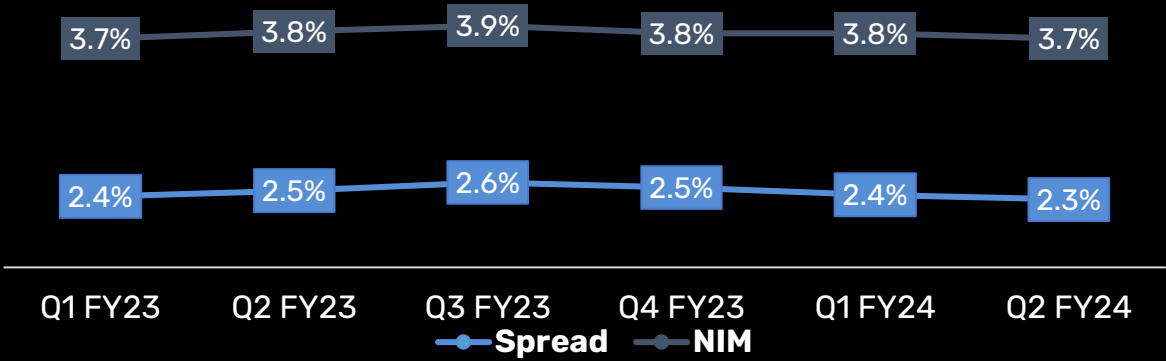
Portfolio Yield Trend



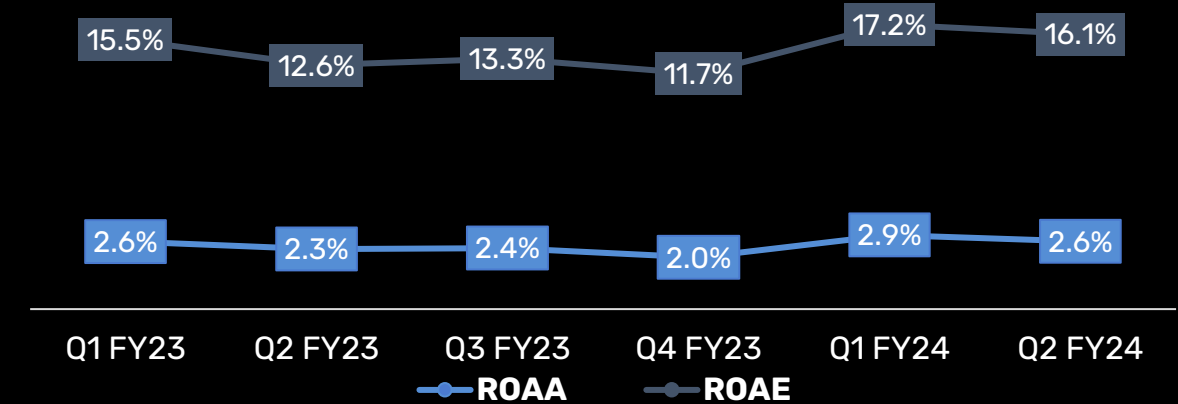
Cost of Funds Trend



NIM and Spread Trend



ROAA and ROAE Trend



Asset categorization	Sep'22	Dec'22	Mar'23	Jun'23	Sept'23
Stage 1 & 2 (represents standard assets)	99.76%	99.77%	99.78%	99.77%	99.76%
Stage 3 (represents GNPA)	0.24%	0.23%	0.22%	0.23%	0.24%

Summary of stage wise assets and provision for impairment allowance

₹ in Crore

Assets and impairment allowance	Sep'22	Dec'22	Mar'23	Jun'23	Sept'23
Gross Stage 1 & 2 assets* (A)	55,286	58,346	62,502	66,711	71,301
ECL Provision Stage 1 & 2 (B)	407	416	438	428	414
Net Stage 1 & 2 assets (C = A-B)	54,878	57,930	62,064	66,283	70,887
ECL Provision% Stage 1 & 2 assets (D = B/A)	0.74%	0.71%	0.70%	0.64%	0.58%
Gross Stage 3 assets@ (E)	131.2	134.6	137.3	151.5	171.1
ECL Provision Stage 3 (F)	70.9	73.6	87.3	99.9	103.9
Net Stage 3 assets (G = E-F)	60.3	61.1	50.0	51.6	67.1
Coverage Ratio % Stage 3 assets (H= F/E)	54%	55%	64%	66%	61%
ECL/Total Assets	0.86%	0.84%	0.84%	0.79%	0.72%

*Gross stage 1 & 2 assets represent loans balance as per Ind AS after adjusting for the impact of amortization of fees earned and acquisition cost incurred.

@ Gross Stage 3 assets represents loans balance as per Ind AS after adjusting for the impact of (i) amortization 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.

Particulars	Gross Assets Receivable			ECL Provision			PCR %		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Home Loans	41,443	164	97	155	34	57	0.37%	20.79%	58.29%
Loan against property	5,945	85	37	35	16	21	0.59%	18.55%	58.23%
Lease rental discounting	11,451	0	0	80	0	0	0.70%	0.00%	0.00%
Developer Finance	8,049	0	0	57	0	0	0.71%	0.00%	0.00%
Rural Mortgages	2,342	52	24	12	10	16	0.50%	19.04%	64.74%
Other loans	1,761	9	13	13	3	10	0.73%	29.46%	79.41%
Total as of 30 Sept 2023	70,992	309*	171	352	62[^]	104	0.50%	20.12%	60.76%
Total as of 30 Jun 2023	66,365	346	152	357	71	100	0.54%	20.60%	65.93%
Total as of 31 Mar 2023	62,142	360	137	360	78	87	0.58%	21.77%	63.60%

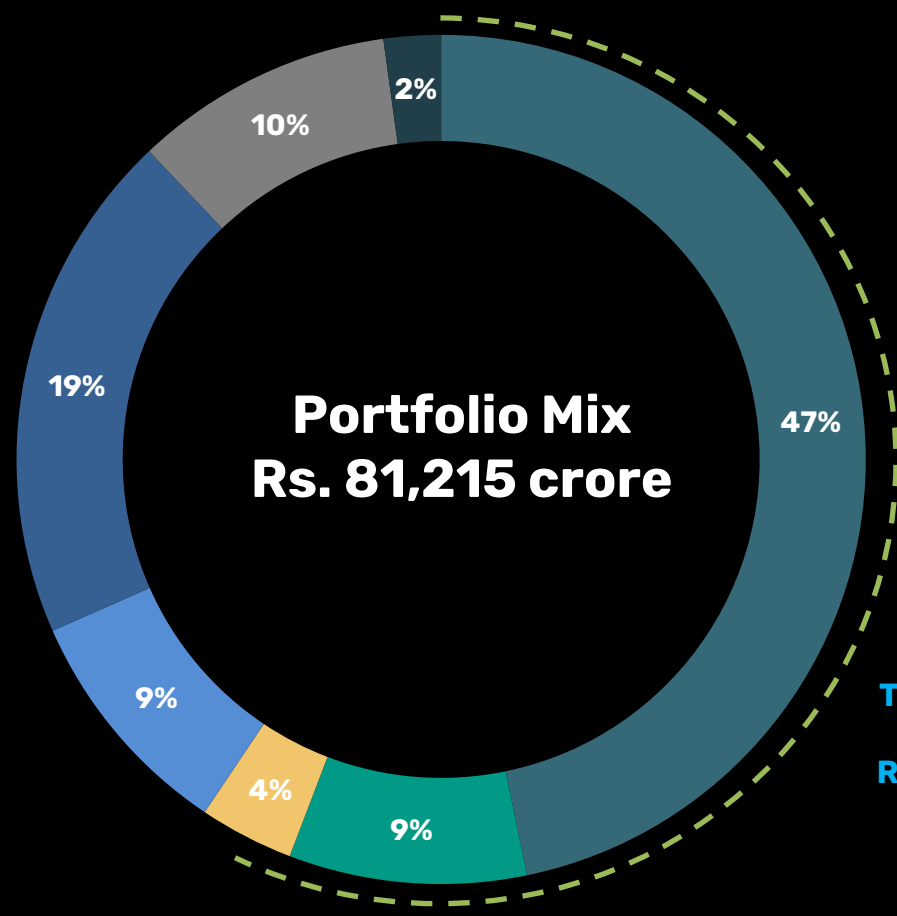
* Includes ₹ 0.18 Cr non overdue OTR assets classified as Stage 2 | [^] Includes ₹ 0.03 Cr ECL provision on OTR assets

Portfolio performance – Provisioning Coverage

₹ in Crore

Particulars	AUM 30 Sept 23	GNPA	NNPA	PCR (%)	GNPA %			NNPA %		
					31 Mar 23	30 Jun 23	30 Sept 23	31 Mar 23	30 Jun 23	30 Sept 23
Home Loans	45,514	97	41	58%	0.20%	0.22%	0.23%	0.07%	0.08%	0.10%
Loan against property	7,264	37	15	59%	0.56%	0.51%	0.60%	0.23%	0.17%	0.25%
Lease rental discounting	15,782	0	0	0%	-	-	-	-	-	-
Developer Finance	7,992	0	0	0%	-	-	-	-	-	-
Rural Mortgages	2,905	24	8	65%	1.15%	1.19%	1.00%	0.43%	0.40%	0.35%
Other loans	1,758	13	3	80%	0.50%	0.58%	0.72%	0.15%	0.17%	0.15%
Total	81,215	171	67	61%	0.22%	0.23%	0.24%	0.08%	0.08%	0.09%

● ● ● ● ● ● **Portfolio & Treasury Update** ● ● ● ● ● ●

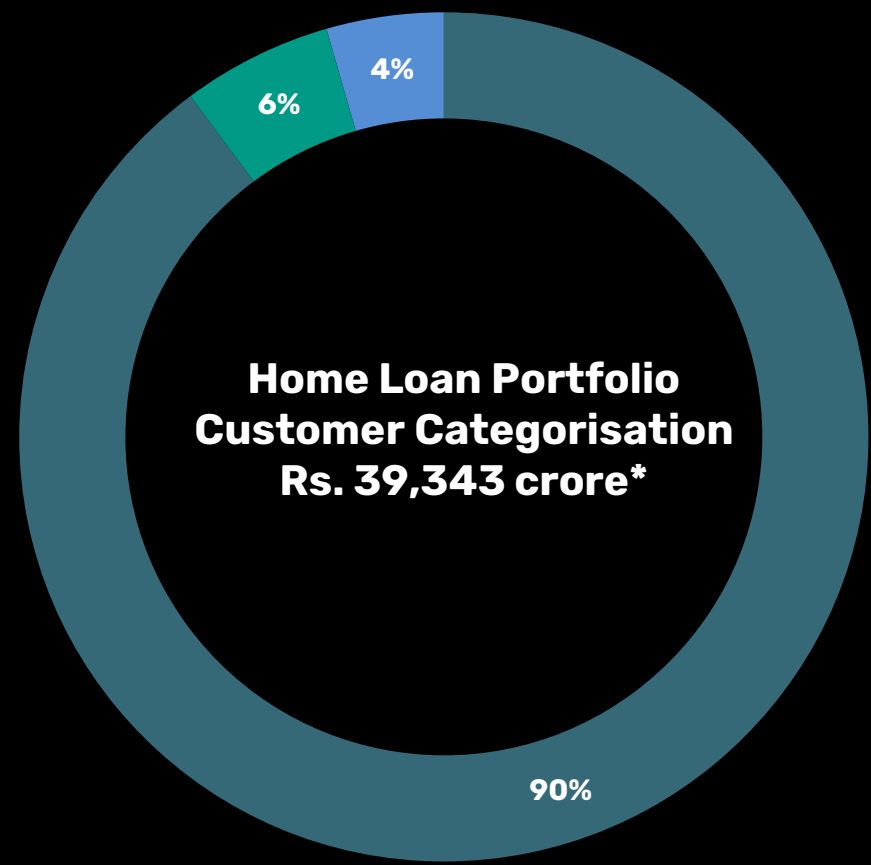


Total Home loan incl. top-up: Rs. 47,469 crore (58%)

■ Home Loan ■ HL Top Up ■ Rural ■ LAP ■ LRD ■ DF ■ Others

A well diversified portfolio with dominant share of Home Loan

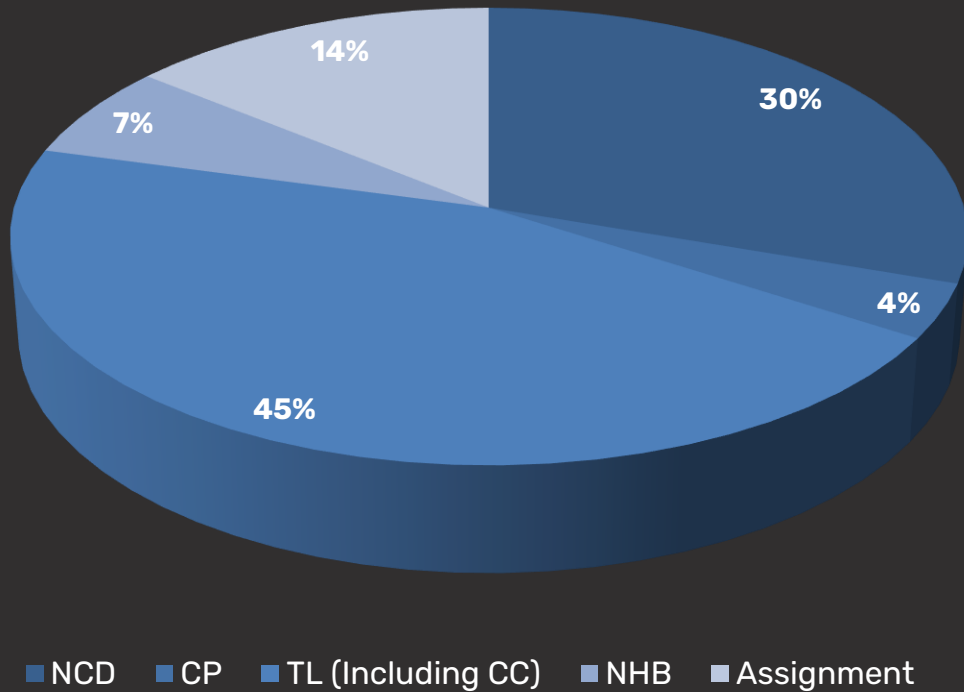
BAJAJ HOUSING FINANCE LIMITED



■ Salaried ■ Professionals ■ Self-Employed

Focus on low-risk, fast growing Salaried Home Loan customer

*Represents home loans portfolio excl. Top ups & incl. rural home loans



September 2023

- ✔ Money market liquidity to support growth over 15-18 months
- ✔ Continued focus on longer tenor borrowings. Rebalancing borrowing with higher money market mix
- ✔ Maturity of book to open avenues for sub-debt and NCD borrowing supporting ALM
- ✔ Enhance NHB refinance mix to diversify borrowings and support ALM mismatch
- ✔ Assignments to drive balance sheet growth and address ALM mismatch

Behaviouralized ALM snapshot

(as of 30 September 2023)



FINSERV

₹ in Crore

Particulars	1-7 D	8-14 D	15-30 D	>1-2 M	>2-3 M	>3-6 M	>6 M-1 Y	>1-3 Y	>3-5 Y	>5 Y	Total
Cash & Investments	722	31	515	50	9	780	522	-	174	-	2,803
Advances	523	703	854	1,576	1,537	4,325	7,659	20,730	12,250	20,798	70,954
Other inflows	0	-	513	846	1,420	2,090	1,829	4,611	1,879	7,599	20,786
Total Inflows (A)	1,245	734	1,882	2,472	2,966	7,194	10,010	25,340	14,302	28,396	94,543
Cumulative Total Inflows (B)	1,245	1,979	3,862	6,333	9,300	16,494	26,504	51,845	66,147	94,543	
Borrowings	0	-	590	1,675	2,149	5,124	8,237	20,590	15,845	8,196	62,406
Capital Reserves and Surplus	-	-	-	-	-	-	-	-	-	11,416	11,416
Other Outflows	438	468	781	593	737	1,905	4,812	6,562	455	3,969	20,721
Total Outflows (C)	438	468	1,372	2,268	2,886	7,029	13,049	27,152	16,300	23,581	94,543
Cumulative Total Outflows (D)	438	906	2,278	4,546	7,432	14,461	27,510	54,663	70,962	94,543	
Mismatch (E = A - C)	807	266	510	204	80	165	(3,039)	(1,812)	(1,998)	4,816	
Cumulative mismatch (F = B-D)	807	1,073	1,584	1,788	1,868	2,033	(1,006)	(2,818)	(4,816)	-	
Cumulative mismatch as % (F/D)	184%	119%	70%	39%	25%	14%	-4%	-5%	-7%	0%	
Permissible cumulative gap %	(10%)	(10%)	(20%)								
Additional borrowings possible			2,544								



Key Drivers



TOP MORTGAGE ORIGINATOR

- » In 6 years of operations, BHFL is among one of the top private mortgage originators within HFCs in India as of September 2023
- » Aim to be amongst the top mortgage originators in the country in the NBFC space

BUILD A LOW-RISK BUSINESS MODEL

- » To create a low-risk sustainable balance sheet.
- » Focus largely on salaried home loan opportunity

FOCUS ON CROSS SELL

- » Focus on customer data enrichment to create right propositions
- » Lower risk

DIVERSIFIED HL FOCUSED BUSINESS MIX

- » Entire suite of products available to meet customer mortgage requirements
- » Home loans to contribute 60%-65% of portfolio
- » Risk based business mix to ensure low risk portfolio contribution

FOCUS ON FEE INCOME

- » Mortgage is a highly competitive & low margin business with minimal pricing width available for prime/salaried customers
- » Focus on cross-sell income through cross-selling / up-selling customized VAS products & services

FOCUS ON MASS AFFLUENT (+) CLIENTS

- » Focus on mass affluent and above customer segment
- » Average age of 35-40 years and average salary of ₹ 10-20 lakhs



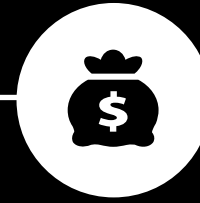
BRAND NAME

Bajaj group is one of the most reputed & vintage groups in the country. Bajaj is a well-regarded business house.



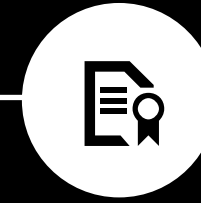
CAPITAL

₹ 2,500 Cr capital infused in FY23 taking total infusion to 7,550 Cr till date with Net worth in excess of ₹ 11,400 Cr. Mortgages remain strategic to the group



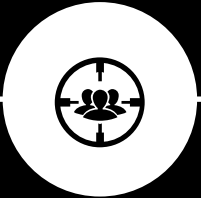
COMMITTED LINE

BHFL has a committed credit line from BFL available on tap



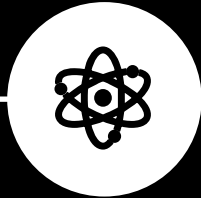
CREDIT RATING

Agency	Long-term	Short-term
CRISIL	AAA (Stable)	A1+
India Ratings	IND AAA (Stable)	A1+



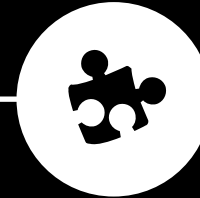
CUSTOMER BASE

BHFL gets customers through organic channels (incl. digital channels) as well as inorganic channels (incl. prospect) to cross sell mortgages.



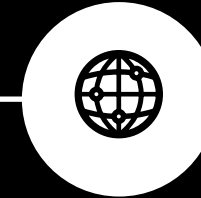
ANALYTICS ORIENTATION

BHFL mines customer base for eligibility & offer computation through analytical models.



FULL PRODUCT SUITE

Mortgage products for Retail as well as Commercial customers with customized VAS products & services for cross sell / up sell



DEBT MANAGEMENT

Dedicated and well-staffed Debt Management unit for both urban and rural markets

Retail Loans Underwriting

(Home Loans & Loan Against Property)

- » Separate dedicated underwriting structures for salaried and self-employed loans
- » Salaried loans follow a hub model while self-employed loans are underwritten across all locations to address business and collateral related nuances
- » Tele-PD for all salaried loans while physical PD with underwriter mandatory for all self-employed loans
- » Legal and technical evaluation of collateral though in-house collateral team and empaneled vendors as per the regulatory norms
- » Checkpoints / hind-sighting processes over the life-cycle of the loan

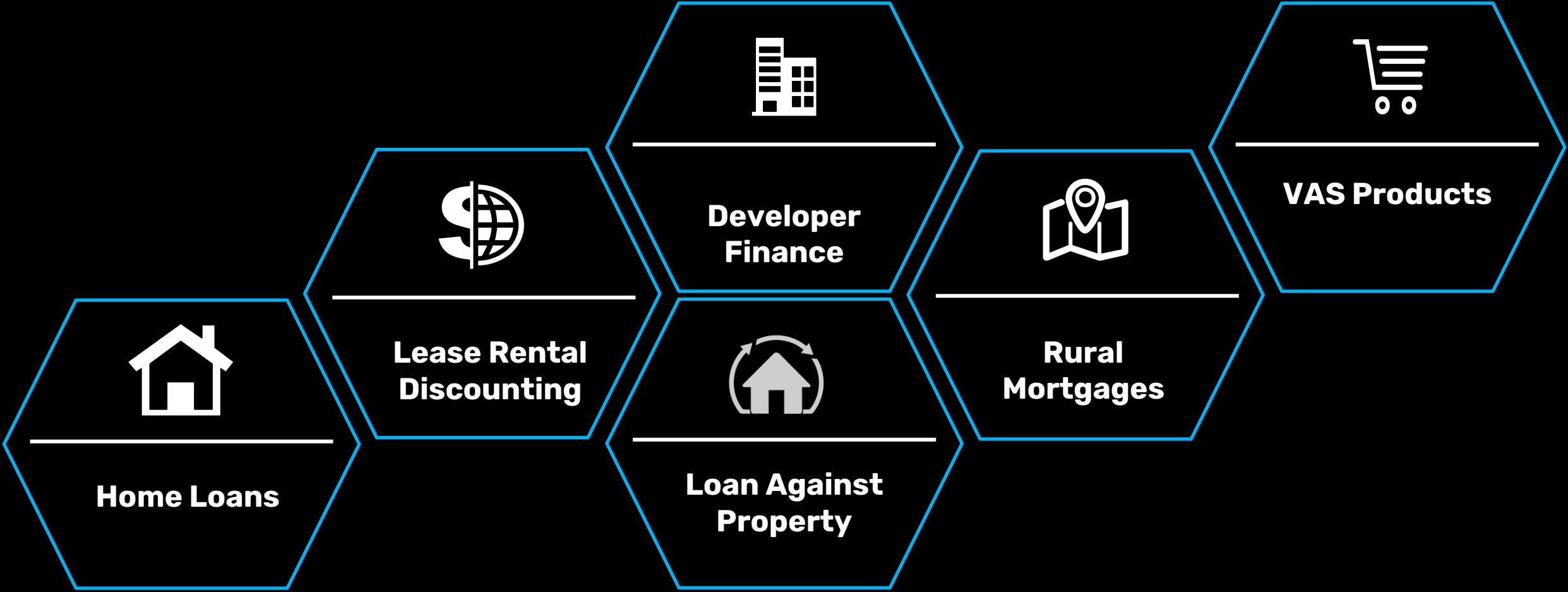
Commercial Loans Underwriting

(Developer Finance & Lease Rental Discounting)

- » Dedicated underwriting structure of subject matter experts with relevant domain experience
- » For LRD transactions: In-depth assessment of customer's borrowing requirement, credit history, financials, market stature, borrowing entity structure, collateral site, credibility of lessee's, lock-in period
- » For DF transactions: Detailed assessment of developers' history, project site, approvals, cash flows, existing projects performance
- » Use of sophisticated practices for preparation of Credit Approval Memo (CAM) for each commercial transaction
- » Centralized disbursement of all commercial transaction for better controllership

Debt Management Approach

- » Dedicated debt management structure for all Retail loans – urban as well as rural
- » Debt management is done through in-house debt management team – no external agencies
- » Backed by a robust legal structure focused on SARFAESI wherever needed
- » Dedicated team in place for efficient resolution of legal cases at different stages



Full suite of mortgages products and services for retail and corporate customers

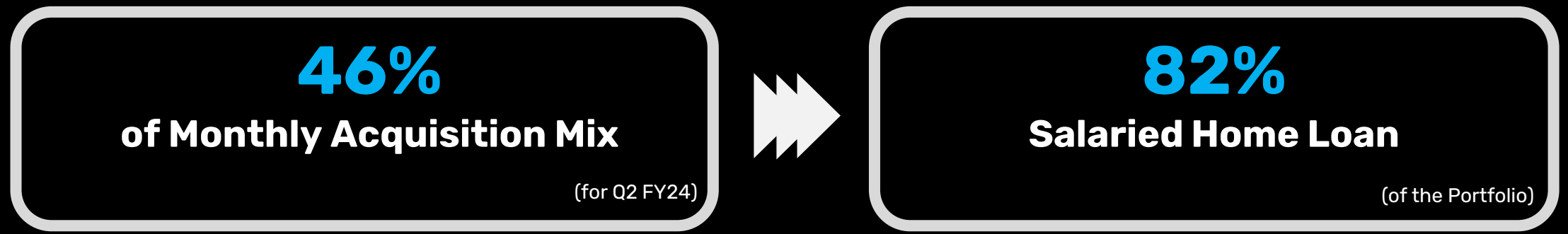


Business Wise Update



45,514 Cr

Asset Under Management



38%
**Existing Customer
base sourcing**

60%
FOIR

70%
LTV at origination

13.4 Lakhs
Avg. Customer salary

77%
**Customers with
750+ CIBIL**

50 Lakhs
Avg. Ticket Size

B2C

52%



Appx. 35-40% customers are having prior relationship with Bajaj



Data-analytics based offer generation approach for better risk management



8%
Contribution

Customer sourcing on digital channels across Bajaj Finserv assets



4-5
Years

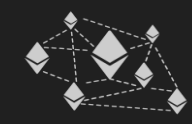
Behaviouralized maturity of loan



Higher cross-sell opportunity in B2C channel



Combination of field and regional underwriting processes for balancing TAT and Risk



6
Markets

Micro-Market approach basis customer spread



7-8
Years

Behaviouralized maturity of loan



BHFL caters to majorly Elite, A+, A category developers



Focused on DF funded projects for scale, relationship and risk mitigation



Build large array of partners to build scale going ahead



Only defined, selected, risk-approved projects allowed for sourcing

Continue to leverage the vast existing customer base to grow and expand distribution network as an additional funnel

Focus on the huge market opportunity in B2B. Less risky and highly stable portfolio

7,264 Cr

41%

55%

Asset Under Management

Existing Customer mix

LTV at Origination

- ▶▶▶ Operative in 36 locations with average ticket size of 70 Lakhs. Focused on mass affluent and above salaried/ self-employed customers
- ▶▶▶ Continued focused on direct to customer strategy along with expansion of intermediary business
- ▶▶▶ AUM mix is 28% from salaried, 13% from self-employed professionals and 59% from self-employed
- ▶▶▶ Business focused on Fresh LAP with faster turn-around-time of 72-120 hours
- ▶▶▶ Self occupied residential property (SORP) constitutes 68% of the total book. Max LTV exposure restricted at 75%

2,904 Cr

Asset Under Management

20 L

Average Ticket Size
(On Portfolio)

128

Locations

- ▶▶▶ Hub and spoke model with presence across 128 upcountry locations as HUB and 190 locations as Spoke through ASSC tie-ups
- ▶▶▶ Average Home Loan LTV of 65% and average Loan against Property LTV of 42%
- ▶▶▶ 67% of portfolio is HL and 33% is LAP with continued focus on increasing the Home loan mix
- ▶▶▶ Adequate standards of controllership across all products supported by adequate spread

15,782 Cr

Asset Under Management

92 Cr

Average Ticket Size
(On Portfolio)

13

Locations

- ▶▶▶ Offers lease rental discounting to high net-worth individuals (HNI) and developers primarily for leased out office spaces
- ▶▶▶ Lessees include Fortune 500 companies. The properties are relatively easier to lease out later as well
- ▶▶▶ Conservative discounting and comfortable LTVs (~55%)
- ▶▶▶ All transactions are backed by rentals through ESCROW mechanism with exclusive charge
- ▶▶▶ Continuous monitoring of each transaction on a monthly basis by a dedicated risk team structure

7,992 Cr

Asset Under Management

Business Approach

- » Focus on building a granular book
- » Focused on end unit price <1 Cr other than Mumbai and <1.5 Cr in Mumbai
- » No land financing
- » Operative in 14 locations
- » Focus on converting DF exposure to retail low risk HL exposures and CCF exposure to lease rental discounting

525

Number of Active Projects (In Portfolio)

Developer Profile

- » Developer should have built minimum 0.75 - 1 million sq. ft. in past 7-10 years
- » Developer not to have more than 3-4 live projects
- » Low leverage
- » Developer should be large in the concerned micro-market

36 Cr

Average Ticket Size

Operating Model

- » Centralized underwriting
- » Disbursal only after RERA and Building approvals
- » Deferred disbursement basis stage of construction and sales milestones
- » Interest servicing mandatory to be done on a monthly basis with no moratorium

Thank You

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