

BFL/NSE/2012/288

Date: 3 May 2012

National Stock Exchange of India Limited,
Exchange Plaza, Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 001.

Dear Sir,

Sub: Press Release
Ref: NSE Scrip Code BAJFINANCE-EQ

Please find enclosed herewith a copy of 'Q & A' which has appeared in today's DNA Money for your information and records please.

Kindly acknowledge receipt.

Thanking you,

Yours faithfully,

For **Bajaj Finance Limited**



Anant Damle
Company Secretary

Encl: As above

Bajaj Finance Limited

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'Bajaj Finserv Lending can notch up a 25-30% growth rate'

Consumer durable lenders need to go beyond financing television sets and air conditioners, believes Rajeev Jain, chief executive officer, Bajaj Finserv Lending. In an interview with Vishwanath Nair, he talks about the industry, the need for more competitors and lending towards lifestyle products. Edited excerpts:

How has the response been towards your 0% interest rate schemes?

The 0% interest rate schemes have been around for close to 10-12 years. It is offered to clients, and the subvention for this is paid to us by manufacturers. It has become prominent now because we now have 11-12% of the consumer durable industry's sales now happen through this. Retailers and manufacturers are looking at it as a great way to upgrade customers and stimulate sales. The total size of the consumer durable industry would be around ₹37,000 crore of which we have done around ₹4,000 crore of financing.

According to the monthly data put out by the Reserve Bank of India, the consumer durable segment has seen a slowdown. How do you see the industry growing? What are your growth plans?

The industry growth in FY12 has been much slower than FY11 and FY10. This was because the last financial year was a bad season for air conditioners. Air conditioners constitute nearly 25-30% of the total consumer durable industry. So, if that large pie has a soft season, then the other 65%

cannot make up for the growth. Otherwise, LCD and plasma televisions continue to grow. We will see increased competitive activity in the industry because it has been benign for too long. We will see some leading private banks coming into the business. Consumer credit is too large a revenue pool to actually be left to a very few people. This year's headline start has been so good that the RBI has cut lending rates. If macroeconomic factors are supportive, we are confident of growing 25-30% on receivables and profit year on year.

One of the important factors when it comes to consumer durable loans is the turnaround time. How do you manage that?

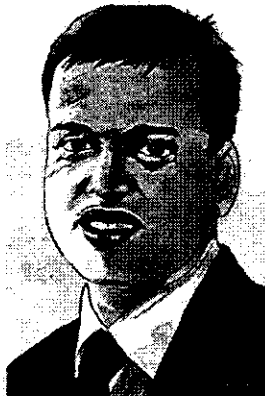
Fundamentally, a loan is about two things — price and process. A whole lot of focus is normally given to only price whereas an equal amount is required for the process. Very shortly, we are also launching an online personal loan product which will be for premium salaried clients. So, if you have a salary of ₹10 lakh and above, you could get an approval within one hour.

Are there particular parts of the country from where there is more demand?

It is a very well-distributed and spread out business. The west and southern parts of the country would account for over 50% of the business. We have grown about 50-60% in the last three years on an average.

How is the unsecured part of your business performing?

For the year, the net non-performing assets of our business would be around 25 ba-



Q&A
Rajeev Jain

sis points (0.25%). All our businesses are doing well, whether secured or unsecured. Unsecured loans constitute about 10-12% of our book and are a very stable business for

us. We have just launched a co-branded credit card with Standard Chartered Bank. It's at very early stages, we are growing that business in a very steady manner. We are essentially targeting consumer durable customers who have repaid well and have a clean credit history.

A lot of lenders had shied away from unsecured lending in the recent past. How do you see this business, going ahead?

It is not about a good or bad business, it is about how you do a business. This is unless and until the business goes through a cycle like in western countries, something which India will not go through because of the low leverage of consumer credit in the country. I think there are at least 10-15 years before we go through such a cycle. Otherwise, these are all wrong credit being acquired, which will trouble you.

You have also entered into lending for lifestyle products, how is it panning out? What are your plans with that business?

We were so far doing 0% finance on consumer durables. There are more products sitting in the house where we have an opportunity to lend at 0%. In April, we have launched a line of furniture loans, loans for premium watches and high-end music systems, all at 0%. These are targeted at our old and new customers as of now. We have tied up with 500 stores across the country. The size of this business with these three products right now is three times the size of the consumer durable industry. So, if we do reasonably strong execution, we can build it into a very strong business. We would like to acquire about 70,000-80,000 clients in the first year and grow this aggressively.

We will see increased competitive activity in the industry because it has been benign for too long. We will see some leading private banks coming into the business. Consumer credit is too large a revenue pool to actually be left to a very few people.

