

# BAJAJ FINANCE LIMITED

03 November 2021

<b>THE MANAGER, BSE LIMITED DCS - CRD PHIROZE JEEJEBHOY TOWERS DALAL STREET, MUMBAI - 400 001</b>	<b>THE MANAGER, LISTING DEPARTMENT NATIONAL STOCK EXCHANGE OF INDIA LTD. EXCHANGE PLAZA, C-1. BLOCK G, BANDRA - KURLA COMPLEX, BANDRA (EAST), MUMBAI - 400 051</b>
<b>SCRIP CODE:500034</b>	<b>SCRIP CODE: BAJFINANCE – EQ</b>

Dear Sir/Madam,

**Sub: Submission of half-yearly communication sent to shareholders**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of communication on financial performance of the Company for the half year ended 30 September 2021. The same has been circulated to the members through electronic mode.

Copy of Communication is also placed on the Company's website at <https://www.bajajfinserv.in/finance-investor-relation-annual-reports>

Kindly take the same on record.

Thanking you,

Yours sincerely,

For **BAJAJ FINANCE LIMITED**

**R. VIJAY**  
**COMPANY SECRETARY**  
Email ID: investor.service@bajajfinserv.in

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[www.bajajfinserv.in/corporate-bajaj-finance](http://www.bajajfinserv.in/corporate-bajaj-finance)

A vibrant field of sunflowers stretches towards a horizon where the sun is setting. The sky is a mix of deep blue and golden orange, with scattered white clouds. The sunflowers in the foreground are in sharp focus, showing their bright yellow petals and green leaves. The overall scene is bright and optimistic.

**BAJAJ FINANCE  
LIMITED**

**HALF  
YEARLY  
REPORT**  
2021-22



Dear Shareholder,

“ The last year and a half have been the most challenging times in recent memory for society, individuals and corporates alike. Following the discovery of new variants of COVID-19, India experienced a second wave of the COVID-19 pandemic which started in mid-March 2021 and started to subside by end of May 2021. Surge in cases led to re-imposition of lockdowns at regional level, which were gradually lifted as the count of cases subsided. ”

The impact of first and second wave of COVID-19, resultant changes in customer behavior and pandemic fears as well as restrictions on business and individual activities, led to significant volatility in economic activities. The disruptions following the outbreak have impacted loan originations and debt management efficiencies which in turn resulted in increase in customer defaults and consequent increase in provisions. To reduce the financial hardship of second wave on borrowers, RBI introduced Resolution Framework - 2.0 in May 2021 - giving them some breathing space for meeting their repayment obligations. With the reopening of the country post the second wave, the economic activity also started gaining momentum in Q2 FY22 as evidenced by various high frequency indicators. Given the economic momentum, I am optimistic about the second half of the year.

Under these testing times, your Company has focused on managing risk with a calibrated approach to growth while maintaining strong liquidity, preserving capital, augmenting debt management capacity, implementation of a business transformation exercise including but not restricted to looking at 'new ways of doing business' and ensuring safety of its employees.

I am happy to share with you the financial results of your Company for the half year ended 30 September 2021. The consolidated results of your Company include the results of its wholly owned subsidiaries viz., Bajaj Housing Finance Limited and Bajaj Financial Securities Limited.

## Consolidated Performance Highlights of H1 FY22 vs H1 FY21

- ✓ Consolidated assets under management - ₹ 166,937 crore v/s ₹ 137,090 crore
- ✓ Consolidated profit after tax - ₹ 2,483 crore v/s ₹ 1,927 crore
- **New loans booked** during H1 FY22 were 10.96 MM as against 5.37 MM in H1 FY21.
- **Assets under management** grew by 22% to ₹ 166,937 crore as of 30 September 2021 from ₹ 137,090 crore as of 30 September 2020.
- **Net interest income** for H1 FY22 increased by 18% to ₹ 9,824 crore from ₹ 8,314 crore in H1 FY21. Interest income reversal was ₹ 772 crore as compared to ₹ 522 crore in H1 FY21.
- **Total operating expenses to net interest income** for H1 FY22 was 34.6% as against 27.8% in H1 FY21.
- **Loan losses and provisions** for H1 FY22 was ₹ 3,051 crore as against ₹ 3,386 crore in H1 FY21. Like in past, the Company continued to make prudent provisioning and write-offs. The Company holds a management and macro-economic overlay of ₹ 832 crore as of 30 September 2021.
- **Profit before tax** for H1 FY22 increased by 29% to ₹ 3,370 crore from ₹ 2,651 crore in H1 FY21.
- **Profit after tax** for H1 FY22 increased by 29% to ₹ 2,483 crore from ₹ 1,927 crore in H1 FY21.
- **Gross NPA and Net NPA** as of 30 September 2021 stood at 2.45% and 1.10% respectively. The Company has provisioning coverage ratio of 55% on stage 3 asset and 155 bps on stage 1 and stage 2 assets as of 30 September 2021. In absence of a severe third wave, the Company estimates its Gross NPA at pre COVID levels of 1.7-1.8% and Net NPA of 0.7-0.8% by 31 March 2022.
- **Capital adequacy ratio** (including Tier-II capital) as of 30 September 2021 stood at 27.68%. The Tier-I capital was 24.90%.

## A synopsis of performance of subsidiaries is given below:

### Bajaj Housing Finance Limited (BHFL)

- **Assets under management** grew by 33% to ₹ 44,429 crore as of 30 September 2021 from ₹ 33,463 crore as of 30 September 2020.
- **Net interest income** for H1 FY22 grew by 49% to ₹ 731 crore from ₹ 491 crore in H1 FY21.
- **Loan losses and provisions** for H1 FY22 was ₹ 87 crore as against ₹ 111 crore in H1 FY21. BHFL holds a management and macro-economic overlay of ₹ 166 crore as of 30 September 2021.
- **Profit after tax** for H1 FY22 increased by 87% to ₹ 327 crore from ₹ 175 crore in H1 FY21.
- **Gross NPA and Net NPA** as of 30 September 2021 stood at 0.35% and 0.21% respectively. BHFL has provisioning coverage ratio of 40% on stage 3 assets and 83 bps on stage 1 and stage 2 assets as of 30 September 2021.
- **Capital adequacy ratio** (including Tier II capital) as of 30 September 2021 stood at 20.26%.

## **Bajaj Financial Securities Limited (BFinsec)**

- Customer franchise as of 30 September 2021 stood at approximately 204,000. During the half year BFinsec opened approximately 161,000 HNI and Retail demat and broking accounts.
- Margin trade financing (MTF) book stood at ₹ 564 crore as of 30 September 2021 as against ₹ 45 crore as of 30 September 2020.
- Total income for H1 FY22 was ₹ 47 crore as against ₹ 11 crore in H1 FY21.
- Profit after tax for H1 FY22 was ₹ 0.17 crore.

## **During the period, the Company undertook the following initiatives:**

- Grew customer franchise by 20% to 52.8 MM as of 30 September 2021 from 44.1 MM as of 30 September 2020.
- Expanded geographic reach from 2,641 locations as at 30 September 2020 to 3,329 locations as at 30 September 2021.
- Expanded the EMI Network from nearly 104,000 stores as at 30 September 2020 to more than 106,500 stores as at 30 September 2021.
- Grew deposits book by 33% to ₹ 28,720 crore as of 30 September 2021 – contributing 27% of BFL's standalone borrowings book.
- Existing Member Identification (EMI) card franchise stood at 25.7 MM Cards in force (CIF) as of 30 September 2021.
- The Company has nearly 2.19 MM co-brand credit cards in partnership with RBL bank as of 30 September 2021.
- The Company has significantly accelerated the propagation and download of its "Experia App". It has 12.9 MM active users as of 30 September 2021.
- The Company has 21.3 MM active Bajaj Finserv Mobikwik wallet users as of 30 September 2021, with their EMI card linked to the wallet.
- The Company launched its own wallet business on 1 July 2021 and has onboarded nearly 3.1 MM customers as of 24 October 2021.
- The Company has the highest credit rating of AAA/Stable from CRISIL, ICRA, CARE and India Rating for its long-term debt programme and A1+ from CRISIL, ICRA and India Ratings for its short-term debt programme. The Company's deposit programme is also rated the highest with credit rating of FAAA/Stable from CRISIL and MAAA (Stable) from ICRA.
- The Company has long-term issuer credit rating of 'BB+/Stable' and a short-term issuer credit rating of 'B' by S&P Global Ratings for its external commercial borrowing (ECB) programme.
- The Company prudently manages its ALM with a strategy of raising long-term borrowings and maintaining a judicious mix of borrowings between banks, bond markets, ECB and deposits. The Company maintained a healthy liquidity surplus of ₹ 16,842 crore as of 30 September 2021.

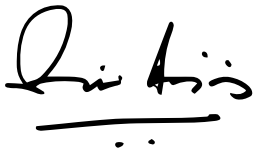
Summary of consolidated financial results is given in **Annexure A**.

The Company remains focused on sustainable profitable growth. With signs of normalcy being evident across many sectors, your Company will seek to grow in the second half of this year and enter FY23 with a positive outlook.

On this optimistic note, I would like to thank you for your continued support, and I wish you and your family a very happy Diwali and a prosperous New Year.

Stay safe.

With my very best,

A handwritten signature in black ink, appearing to read "Sanjiv Bajaj", with a horizontal line underneath and two dots below the line.

Sanjiv Bajaj  
Chairman  
26 October 2021

## Annexure A

### Highlights of the consolidated financial results for H1 FY22

(₹ In Crore)

Particulars	H1 FY22	H1 FY21	Growth HoH %	FY21
New loans booked (nos. in MM)	10.96	5.37	104%	16.88
Assets under management	166,937	137,090	22%	152,947
Receivables under financing activity	160,808	131,765	22%	146,687
Interest income	12,642	11,556	9%	23,304
Fees, commission and other income	1,665	1,212	37%	2,788
Net gain on fair value changes on investments	168	402	(58%)	591
<b>Total income</b>	<b>14,475</b>	<b>13,170</b>	<b>10%</b>	<b>26,683</b>
Interest and finance charges	4,651	4,856	(4%)	9,414
<b>Net interest income</b>	<b>9,824</b>	<b>8,314</b>	<b>18%</b>	<b>17,269</b>
Total operating expenses	3,403	2,313	47%	5,308
Loan losses and provisions	3,051	3,386	(10%)	5,969
- on stage 1 and 2	(181)	2,800	(106%)	414
- on stage 3 and write-off	3,232	586	452%	5,555
<b>Profit before tax</b>	<b>3,370</b>	<b>2,615</b>	<b>29%</b>	<b>5,992</b>
<b>Profit after tax</b>	<b>2,483</b>	<b>1,927</b>	<b>29%</b>	<b>4,420</b>
Earnings per share (face value ₹ 2):				
Basic (₹)	41.24	32.10		73.58
Diluted (₹)	40.95	31.92		73.00

### Bajaj Finance Limited

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