

BAJAJ FINANCE LIMITED

25 October 2019

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

Dear Sir/Madam,

Sub: Submission of half yearly communication to shareholders for H1/FY 2019-20

Pursuant to Regulation 30(2) read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we submit herewith a copy of the half yearly communication to the shareholders for H1/FY 2019-20.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For BAJAJ FINANCE LIMITED


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

Encl.: As above





Dear Shareholder,

I am pleased to share with you the consolidated financial results of your Company for the half year ended 30 September 2019.

The Company produced its **highest ever half yearly profit of ₹ 2,702 crore.**

This outstanding performance was despite the tight liquidity conditions for NBFCs and HFCs and only companies with stronger balance sheets and prudent asset liability management (ALM) were favoured by banks and investors. In the wake of economic conditions continuing to be sluggish with Q1 FY20 GDP growth coming in at 5%, the Government and the RBI announced a series of measures to boost the economy. The RBI reduced the repo rate by 85 basis points (bps) in H1 FY20 and further by 25 bps on 4 October 2019. The Government to stimulate the economy, along-with other important measures, announced a sharp reduction in corporate income tax rate from 34.94% to 25.17%. It is under these difficult conditions that your Company has been able to record significant increase in revenue and profit after tax, supported by strong performance across most metrics.

Bajaj Housing Finance Ltd. (BHFL), a wholly owned subsidiary of the Company, continued to grow in a robust manner delivering a profit after tax of ₹ 200 crore in H1 FY20. Bajaj Financial Securities Ltd. (BFinsec), a wholly owned subsidiary, has started its broking and depository services business in H1 FY20.

The consolidated results of the Company (BFL) include the results of its wholly owned subsidiaries viz., BHFL and BFinsec.

Consolidated Performance Highlights of H1 FY20 versus H1 FY19:

- **New Loans booked** during H1 FY20 ↑ 26% to 13.7 million from 10.9 million in H1 FY19.
- **Assets under Management** ↑ 38% to ₹ 135,533 crore as of 30 September 2019 from ₹ 98,013 crore as of 30 September 2018.
- **Total income** for H1 FY20 ↑ 48% to ₹ 12,131 crore from ₹ 8,211 crore in H1 FY19.
- **Profit after tax** for H1 FY20 ↑ 54% to ₹ 2,702 crore from ₹ 1,759 crore in H1 FY19.
- **Gross NPA and Net NPA**, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as of 30 September 2019 stood at 1.61% and 0.65% respectively. The provision coverage ratio stood at 60%.
- **Capital adequacy ratio** (including Tier-II capital) stood at 19.68% as of 30 September 2019. The Tier-I capital stood at 15.86%.

A synopsis of performance of Bajaj Housing Finance Ltd.:

- AUM as of 30 September 2019 was ₹ 25,714 crore, crossing the milestone of ₹ 25,000 crore.
- Profit after tax for H1 FY20 was ₹ 200 crore.
- Capital adequacy ratio (including Tier II capital) as of 30 September 2019 stood at 19.95%.

BHFL is progressing well and I am confident that it will deliver high growth along with industry benchmarked return on equity in the coming years.

During the period, the Company undertook the following initiatives to support its growth:

- Grew customer franchise by 29% from 30.05 million as of 30 September 2018 to 38.70 million as of 30 September 2019.
- Expanded its geographic reach in India from 1,613 locations as at 30 September 2018 to 1,997 locations as at 30 September 2019.
- Expanded its distribution reach from more than 74,000 points of sale as at 30 September 2018 to almost 100,000 points of sale as at 30 September 2019.
- Deposits book stood at ₹ 17,633 crore as of 30 September 2019 – contributing approximately 15% of the Company’s consolidated borrowings book.
- Existing Member Identification (EMI) card franchise crossed 20.0 million cards in force (CIF) as of 30 September 2019.

- On 3 September 2019, the Company invested ₹ 100 crore in the equity shares of BFinsec to support its business plans.
- The Company has nearly 1.5 million co-brand credit cards in partnership with RBL Bank as of 30 September 2019.
- The Company continued to expand user adoption of its Bajaj Finserv Mobikwik wallet to increase engagement with customers and repeat purchase rate. It has over 11.8 million active wallet users as of 30 September 2019, with their EMI card linked to the wallet.
- The Company has entered into a facility agreement with various banks to avail External Commercial Borrowings of USD 575 million in one or more tranches. The first tranche of USD 276 million (equivalent to ₹ 1,959 crore) was drawn on 17 October 2019.
- To support the growth of the business over the next few years, on 17 September 2019, the Board of Directors has approved, subject to the approval of shareholders, raising of capital through a Qualified Institutions Placement for an amount not exceeding ₹ 8,500 crore by issue of equity shares and/or eligible securities in accordance with applicable SEBI regulations and other laws.
- The Company continues to enjoy the highest credit rating of AAA/Stable from CRISIL, ICRA, CARE and India Rating for its Long Term Debt Programme and highest short term rating of A1+ from CRISIL, ICRA and India Ratings for its Short Term Debt programme. The Company also enjoys the highest rating of FAAA/Stable and MAAA (Stable) from CRISIL and ICRA respectively for its Deposits programme.
- The Company, for its foreign currency borrowings program, has been assigned a long-term issuer credit rating of 'BBB-' with a stable outlook and short-term issuer credit rating of 'A-3' by S&P Global Ratings.
- The Company runs a positive ALM across all the time buckets on a cumulative basis and ensures a judicious mix between short term and long term funding. As at 30 September 2019, the Company on a consolidated basis maintained a liquidity surplus of ₹7,978 crore in cash and liquid investments. This places the Company comfortably on the liquidity front to manage any liquidity crunch in the near term.

The following Awards and Accolades were received by the Company during the period:

- The Company has received Economic Times Awards for 'Corporate Excellence FY2018-19 - Company of the Year'.
- The Company has received FE India's 'Best NBFC of the Year 2017-18' under Best Banks Awards category.

- The Company has featured as one of the 'Best Companies to Work for' in India by Great Place to Work Institute. This was the seventh year in a row that the Company received this ranking.
- The Company has featured as one of the 'Best Organisations with more than 10,000 employees' and one of the 'Best in NBFC industry' in India by Great Place to Work Institute.
- The Company has featured among the 'Best Employers in India 2019' by Aon Hewitt. This was the sixth year in a row that the Company received this ranking.

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

On this happy note, I wish you and your family a very happy Diwali and a prosperous New Year.



Rahul Bajaj
Chairman
22 October 2019

Annexure A

Highlights of the consolidated financial results for H1 FY20

1. Summary of consolidated financial results

(₹ In Crore)

Particulars	H1 FY20	H1 FY19	Growth HoH %	FY19
Total Income	12,131	8,211	48	18,502
Interest Expenses	4,437	2,925	52	6,624
Net Interest Income (NII)	7,694	5,286	46	11,878
Operating Expenses	2,675	1,913	40	4,198
Loan Losses and Provisions (ECL Stage 1 & 2)	258	150	72	260
Loan Losses and Provisions (ECL Stage 3)	887	491	81	1,241
Profit before tax	3,874	2,732	42	6,179
Profit after tax	2,702	1,759	54	3,995
Earnings per share (face value ₹ 2):				
Basic (₹)	46.79	30.56		69.33
Diluted (₹)	46.43	30.29		68.75

2. Key financial figures

(₹ In Crore)

Particulars	H1 FY20	H1 FY19	Growth HoH %	FY19
New Loans Booked (nos. in million)	13.74	10.90	26	23.50
Assets Under Management	135,533	98,013	38	115,888
Deposits	17,633	11,014	60	13,193

Bajaj Finance Limited

CIN: L65910MH1987PLC042961

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