

25 October 2019

To Corporate Relations Department. BSE Limited 1 st Floor, New Trading Ring, Rotunda Building, P J Tower, Dalal Street, Mumbai 400 001	To Corporate Listing Department. National Stock Exchange of India Ltd Exchange Plaza, 5 th Floor Plot No.C-1, G Block Bandra-Kurla Complex Bandra (East), MUMBAI 400 051
BSE Code: 532978	NSE Code: BAJAJFINSV

Subject: Submission of half-yearly communication sent to shareholders under Regulation 30(2)

Dear Sir/Madam,


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 communication letter sent to the shareholders for the half-year ended 30 September 2019.

Kindly take the same on record.

Thanking you,

Yours faithfully,

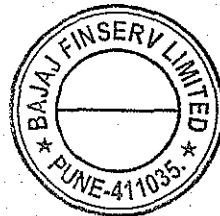
For Bajaj Finserv Limited



Sonal R Tiwari

Company Secretary

Encl: as above.



Bajaj Finserv Limited





Dear Shareholder,

This is my first letter to you as Chairman of your Company, a position that I assumed on 17 May 2019. I am truly proud of how well Bajaj Finserv Ltd. has fared over the last 12 years since its inception and I am pleased to have been associated with the Company in my capacity as an independent director through its journey.

I must place on record, my acknowledgment and appreciation for the invaluable leadership of Mr. Rahul Bajaj, our previous Chairman, in whose tenure your Company has risen to be one of the leading financial services groups in India, and also a member of the Nifty 50 index of top companies in India. I am pleased to inform you that he has consented to continue as Chairman Emeritus of your Company.

Let me now move on to the performance of your Company for the half year ended 30 September 2019.

As you are aware, Bajaj Finserv Ltd. (BFS) is the holding company for the various financial services businesses under the Bajaj group. It serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life insurance, health insurance, retirement and savings solutions.

BFS participates in the financing business through its 54.81% holding in Bajaj Finance Ltd. (BFL) and in the protection & savings businesses through its 74% holding in two unlisted subsidiaries, Bajaj Allianz General Insurance Company Ltd. (BAGIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC). Bajaj Housing Finance Ltd. (BHFL), which does mortgage lending business, is a wholly-owned subsidiary of Bajaj Finance Ltd.

BFS reports its results under the Indian Accounting Standards (Ind AS). The insurance companies are not covered by Ind AS. However, for the purpose of consolidation, they provide Ind AS compatible financial statements. The standalone numbers of the insurance companies shown below are, therefore, under the non-Ind AS financials (Indian GAAP) as applicable to them.

During the first half of the year, liquidity conditions continued to be tight for NBFCs and HFCs. Only companies with stronger balance sheets have been favoured by lending banks and investors. With economic conditions continuing to be sluggish and Q1/2019-20 GDP growth coming in at 5%, the Government and the RBI announced a series of measures to boost the economy. The RBI has reduced the repo rate by 0.85% in H1/2019-20, and further by 0.25% on 4 October 2019. The Government also announced a sharp reduction in corporate income tax rates from 34.94% to 25.17%. Under these difficult conditions too, your Company has been able to record significant increase in consolidated revenue and profit after tax, supported by strong performance from all the three main subsidiaries (BFL, BAGIC and BALIC).

Key highlights of the half year are:

- All three companies – BFL, BAGIC and BALIC recorded strong growth in revenues/premiums.
- BFL continued its stellar performance, recording its highest ever half yearly consolidated profit after tax, boosted by strong growth and a solid operating performance. BFL's profit growth in H1 was also aided by the lower corporate tax rate.
- Supported by higher profit on sale of investments and a lower corporate tax rate, BAGIC's profit after tax recorded a positive growth. This growth was achieved despite higher claim ratios including losses from cyclone Fani on India's east coast, floods in Kerala and Maharashtra affecting the underwriting results and provision for impairment of its holdings in fixed income securities of Dewan Housing Finance Ltd. (DHFL).
- BALIC recorded a marginal decrease in profit after tax mainly due to a provision for impairment of its holdings of DHFL's fixed income securities. Excluding this provision, BALIC has also recorded growth in profit after tax supported by higher profit on sale of investments.

Highlights of H1/2019-20 v/s H1/2018-19

Particulars	₹ In Crore)		
	H1 2019-20	H1 2018-19	% Change
Consolidated total income	26,496	18,469	↑ 43%
Consolidated profit after tax	2,049	1,530	↑ 34%
Bajaj Finance, consolidated profit after tax	2,702	1,759	↑ 54%
General insurance, profit after tax	504	473	↑ 7%
Life insurance, shareholders' profit after tax	269	278	↓ 3%

A synopsis on the performance of the individual subsidiary companies is given below:

A. Bajaj Finance Ltd. (BFL) – Consolidated - Ind AS

- The Company's strong momentum in acquiring customers continued as it booked 13.7 million loans in H1/2019-20 compared to 10.9 million loans in H1/2018-19 – an increase of 26%.
- Assets Under Management (AUM) stood at ₹ 135,533 crore as on 30 September 2019 v/s ₹ 98,013 crore as on 30 September 2018 – an increase of 38%. This includes AUM of ₹ 25,714 crore of its housing finance subsidiary, BHFL, which recorded a growth of 141% on AUM as on 30 September 2018.
- Total income was ₹ 12,131 crore in H1/2019-20 v/s ₹ 8,211 crore during H1/2018-19 – an increase of 48%.
- Profit after tax increased by 54% to ₹ 2,702 crore for H1/2019-20 from ₹ 1,759 crore for H1/2018-19.
- Net NPA under the Expected Credit Loss methodology for H1/2019-20 stood at 0.65%.
- To support the growth of the business over the next few years, on 17 September 2019, the Board of Directors of BFL approved, subject to approval of its shareholders, raising of capital through a Qualified Institutional Placement (QIP) for an amount up to ₹ 8,500 crore by issue of equity shares and/or eligible securities in accordance with applicable SEBI regulations and other laws.
- In a proud moment for the Company, BFL won the prestigious Economic Times Awards as 'Company of the Year – for Corporate Excellence 2019'.

B. Bajaj Allianz General Insurance Company Ltd. (BAGIC) – Indian GAAP

- Gross written premium for H1/2019-20 increased by 38% to ₹ 7,123 crore v/s ₹ 5,148 crore in H1/2018-19.
Gross written premium from core business (excluding crop) for H1/2019-20 increased by 13% to ₹ 5,275 crore v/s ₹ 4,662 crore in H1/2018-19.
- Net earned premium for H1/2019-20 stood at ₹ 4,078 crore v/s ₹ 3,292 crore in H1/2018-19 – an increase of 24%.
- Claims ratio was higher at 73.9% in H1/2019-20 v/s 67.0% in H1/2018-19.
- Combined ratio, which measures the performance of the insurance business excluding investment income, was 102.8% in H1/2019-20 v/s 93.8% in H1/2018-19.
- Profit after tax stood at ₹ 504 crore during H1/2019-20 v/s ₹ 473 crore in H1/2018-19 - an increase of 7%.

- Assets Under Management (AUM), represented by cash and investments as on 30 September 2019 stood at ₹ 18,139 crore v/s ₹ 14,887 crore as on 30 September 2018 – a healthy increase of 22%.

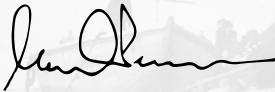
C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) – Indian GAAP

- BALIC signed a corporate agency agreement with Axis Bank Ltd., which will strengthen its distribution in the coming years.
- Since last few years, BALIC shifted its focus towards selling more individual regular premium. BALIC's rated individual new business premium for H1/2019-20 was ₹ 782 crore v/s ₹ 629 crore in H1/2018-19 - an increase of 24%.
- Total new business premium for H1/2019-20 was ₹ 2,249 crore v/s ₹ 1,934 crore in H1/2018-19 - an increase of 16%.
- Renewal premium for H1/2019-20 was ₹ 1,823 crore v/s ₹ 1,510 crore in H1/2018-19 – an increase of 21%.
- Gross written premium for H1/2019-20 was ₹ 4,072 crore v/s ₹ 3,444 crore in H1/2018-19 – an increase of 18%.
- Profit after tax during H1/2019-20 was ₹ 269 crore v/s ₹ 278 crore in H1/2018-19.
- Assets Under Management (AUM) represented by total investments stood at ₹ 58,273 crore as on 30 September 2019 v/s ₹ 53,922 crore as on 30 September 2018 – an increase of 8%.

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

I am also pleased to inform you that your Managing Director, Sanjiv Bajaj was chosen as the Banker of the Year by the Financial Express at the FE Best Banks Awards. In September 2019, Forbes released its list of Top 250 Best Regarded Companies globally in which your Company was ranked 143rd.

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



Nanoo Pamnani
Chairman
22 October 2019

Annexure A

The consolidated financial results include results of the following major companies:

Name of the company	% shareholding	Segment	Consolidated as
a. Bajaj Allianz Life Insurance Company Ltd.	74%	Insurance - life	Subsidiary
b. Bajaj Allianz General Insurance Company Ltd.	74%	Insurance - general	Subsidiary
c. Bajaj Finance Ltd. (including 100% interest in Bajaj Housing Finance Ltd.)	54.81%	Retail financing	Subsidiary

Summarised unaudited consolidated financial results for the half year ended 30 September 2019:

Particulars	₹ In Crore)		
	H1 2019-20	H1 2018-19	Full Year 2018-19
A. Consolidated financial results			
Total income	26,496	18,469	42,606
Total expenses	21,614	14,668	34,451
Profit before tax	4,882	3,801	8,155
Tax expense	1,406	1,282	2,781
Profit after tax	3,476	2,519	5,374
Less: Profit attributable to non-controlling interest	1,427	989	2,155
Profit for the period	2,049	1,530	3,219
B. Segment profit before tax			
Life insurance	324	345	771
General insurance	714	738	1,256
Retail finance	3,958	2,771	6,265
Investments, windpower and others	(114)	(53)	(137)
Profit before tax	4,882	3,801	8,155
C. Earnings per share (₹) (face value ₹ 5)	128.8	96.1	202.3



Bajaj Finserv Limited

CIN: L65923PN2007PLC130075

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