

BAJAJ FINANCE LIMITED

SEC/SE /2018/406

6 November 2018

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 sent to shareholders

Pursuant to Regulation 30 (read with part A of schedule III) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of communication being sent to the shareholders for the half year ended 30 September 2018.

Kindly take the same on record.

Thanking you,

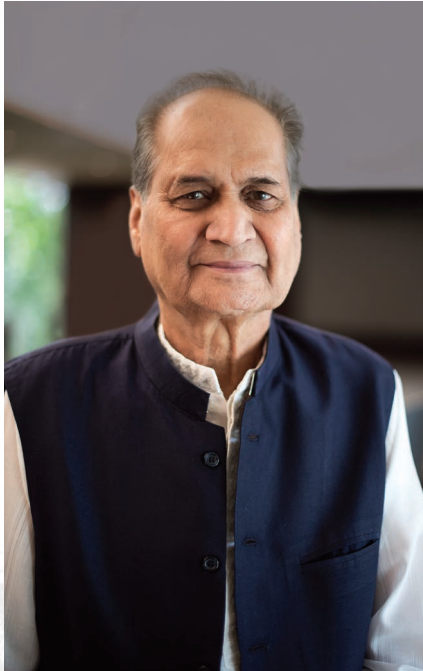
Yours faithfully,
For **BAJAJ FINANCE LIMITED**


R VIJAY
COMPANY SECRETARY



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 2018.

The Company produced its **highest ever half yearly profit of ₹ 1,759 crore and crossed important milestones of ₹ 1,00,000 crore of assets under management and ₹ 10,000 crore of deposits book in H1 FY19.**

This outstanding performance was despite increase in repo rate by 50 basis points (bps) to 6.5% by the Reserve Bank of India during the half year and added to that, default by a large financial institution in September that resulted in tightening of liquidity in the money markets. While yields on the 10-year Government bond increased by 62 bps, corporate bond yields across tenors moved up even higher by 90 ~ 130 bps.

Bajaj Finance Ltd. (BFL) now conducts its mortgage business through a 100% subsidiary called Bajaj Housing Finance Ltd. (BHFL) which is registered with National Housing Bank as a Housing Finance Company.

As part of a strategy to offer a full product suite (demat & broking) to Loan Against Securities (LAS) clients and grow LAS business, on 10 August 2018, the Company has acquired 100% shares of Bajaj Financial Securities Ltd. (BFinsec) from its wholly owned subsidiary Bajaj Housing Finance Ltd.

The Company has adopted **Indian Accounting Standards (Ind AS)** for FY19 with Ind AS compliant comparatives for FY18. Accordingly, figures for previous year/periods have been recast and reviewed by statutory auditors as per new accounting standards.

The consolidated results of the Company include the results of its wholly owned subsidiaries viz. BHFL and the newly acquired wholly owned subsidiary BFinsec.

Performance highlights of H1 FY19 vs H1 FY18

- **New loans booked** during H1 FY19 ↑56% to 10.90 million from 7.00 million in H1 FY18.
- **Assets under management (AUM)** crossed a milestone of ₹ 1,00,000 crore in H1 FY19 and were ↑38% to ₹ 1,00,217 crore as of 30 September 2018 from ₹ 72,669 crore as of 30 September 2017.
- **Total income** for H1 FY19 ↑40% to ₹ 8,238 crore from ₹ 5,900 crore in H1 FY18.
- **Profit after tax** for H1 FY19 ↑66% to ₹ 1,759 crore from ₹ 1,059 crore in H1 FY18.
- **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 2018 stood at 1.49% and 0.53% respectively. The provisioning coverage ratio stood at 65%.
- **Capital adequacy ratio** (including Tier-II capital) stood at 22.13% as on 30 September 2018. The Tier-I capital stood at 17.17%. The Company continues to be well capitalized to support its strong growth.

A synopsis of performance of Bajaj Housing Finance Ltd. (BHFL)

- **AUM** as of 30 September 2018 was ₹ 10,712 crore, crossing the milestone of ₹ 10,000 crore.
- **Profit after tax** for H1 FY19 was ₹ 11 crore.
- **Capital adequacy ratio** (including Tier-II capital) as of 30 September 2018 stood at 30.49%.
- BHFL is progressing well and I am confident that it will deliver high growth along with industry benchmarked return on equity over the next few years.

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

- Expanded its geographic reach in India from 1,031 locations in H1 FY18 to 1,613 in H1 FY19.
- Expanded the EMI Network from more than 46,000 stores as at 30 September 2017 to almost 70,000 stores as at 30 September 2018.
- Deposits book crossed a milestone of ₹ 10,000 crore and stood at ₹ 10,651 crore as of 30 September 2018 – contributing 15% of BFL's standalone borrowings book.
- Grew customer franchise by 31% from 23 million as of 30 September 2017 to 30 million as of 30 September 2018.
- Existing Member Identification (EMI) card franchise crossed 15.4 million CIF (cards in force) as of 30 September 2018.
- The Company has further invested ₹ 1,000 crore in BHFL in H1 FY19. Together with this investment the Company has so far invested over ₹ 2,500 crore in BHFL.
- Co-brand Credit card business in partnership with RBL Bank has 663 thousand cards in force (CIF) as of 30 September 2018 and is well positioned to cross a milestone of 1 million CIF by April 2019 demonstrating Company's franchise strength and cross sell capabilities.
- The Company continued to expand user adoption of its Bajaj Finserv Mobikwik wallet to increase engagement with customers and repeat purchase rate. It has 3.3 MM active wallet users as of 30 September 2018, with their EMI card linked to the wallet.
- The Company continued to enjoy highest credit rating of AAA/Stable from CRISIL, ICRA, CARE and India Rating. Ratings of AAA/Stable indicate, according to the ratings methodology of the respective rating agencies, the highest degree of safety with regard to timely payment of financial obligations.
- The Company continued to perform its asset liability management (ALM) in a prudent manner with a judicious mix of borrowings between banks, money markets and deposits. BFL is well protected on ALM to manage any impact of liquidity hardening and higher interest rates on its profitability in a short to medium term period.
- The Company has been ranked as one of the "Best Companies to Work for" in India by Great Places to Work Institute. 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
23 October 2018

Annexure A

Highlights of the consolidated financial results for H1 FY19

1. Summary of financial statements

Particulars	(₹ In Crore)		
	H1 FY19	H1 FY18	FY18
Total income	8,238	5,900	12,772
Interest expenses	2,931	2,214	4,622
Net interest income	5,307	3,686	8,150
Operating expenses	1,934	1,524	3,272
Loan losses and provisions	641	526	1,035
Profit before tax	2,732	1,636	3,843
Profit after tax	1,759	1,059	2,496
Earnings per share (face value ₹ 2)			
Basic (₹)	30.56	19.24	44.38
Diluted (₹)	30.29	19.05	43.92

2. Key financial figures

Particulars	(₹ In Crore)		
	H1 FY19	H1 FY18	FY18
New loans booked (nos. in million)	10.90	7.00	15.34
Assets under management	1,00,217	72,669	84,135
Receivables under financing activity	96,682	69,144	80,816

Bajaj Finance Limited

CIN: L65910MH1987PLC042961

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Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411 014

Website: www.bajajfinserv.in/finance