

PRESS RELEASE

Financial results for Q2 FY21

Bajaj Finance reports quarterly consolidated profit after tax of ₹ 965 crore for the quarter ended 30 September 2020

A meeting of the Board of Directors of Bajaj Finance Limited (BFL) was held today to consider and approve the unaudited standalone and consolidated results for the quarter ended 30 September 2020.

The consolidated results of BFL include the results of its wholly owned subsidiaries viz. Bajaj Housing Finance Limited (BHFL) and Bajaj Financial Securities Limited (BFinsec).

CONSOLIDATED PERFORMANCE HIGHLIGHTS

Consolidated assets under management	- ₹ 137,090 crore	v/s	₹ 135,533 crore
Consolidated profit after tax	- ₹ 965 crore	v/s	₹ 1,506 crore

CONSOLIDATED PERFORMANCE HIGHLIGHTS – Q2 FY21

- **New loans booked** during Q2 FY21 were 3.62 million as against 6.47 million in Q2 FY20.
- **Customer franchise** as of 30 September 2020 stood at 44.11 million as against 38.70 million as of 30 September 2019.
- **Assets under management (AUM)** as of 30 September 2020 **grew by 1%** to ₹ 137,090 crore from ₹ 135,533 crore as of 30 September 2019.
- **Liquidity surplus** as of 30 September 2020 stood at ₹ 22,414 crore as against ₹ 8,107 crore as of 30 September 2019. The cost of liquidity surplus for Q1 FY21 was approximately ₹ 220 crore as against ₹ 47 crore in Q2 FY20. The Company's liquidity position remains very strong.
- **Net Interest Income** for Q2 FY21 was **up by 4%** to ₹ 4,165 crore from ₹ 4,000 crore in Q2 FY20. During the quarter, as a measure of prudence, the Company has reversed capitalised interest of ₹ 142 crore. The total amount of interest income reversed in H1 FY21 was ₹ 361 crore.
- **Total operating expenses to net interest income** for Q2 FY21 was 27.8% as against 34.6% in Q2 FY20. With the onset of COVID-19 pandemic, the Company had taken significant measures to reduce operating expenses in April 2020. As a result, total operating expenses for Q2 FY21 was **down by 16%** to ₹ 1,160 crore from ₹ 1,384 crore. Total operating expenses for Q2 FY21 were lower by 224 crore on year on year basis.
- **Loan losses and provisions** for Q2 FY21 was ₹ 1,700 crore as against ₹ 594 crore in Q2 FY20. Consequent to the ongoing pandemic, the Company has further increased its provisions on stage 1 and 2 assets by ₹ 1,370 crore to ₹ 5,099 crore as of 30 September 2020 as against ₹ 3,729 crore as of 30 June 2020. The Company has strong pre-provisioning profitability to manage loan losses arising out of COVID-19.



1 of 5

- **Profit before tax** for Q2 FY21 was ₹ 1,305 crore after accounting for additional loan losses and provisions (ECL) on stage 1 and 2 assets amounting to ₹ 1,370 crore, cost of additional liquidity in Q2 FY21 over Q2 FY20 of ₹ 173 crore and reversal of capitalised interest of ₹ 142 crore.
 - **Profit after tax** for Q2 FY21 was ₹ 965 crore as against ₹ 1,506 crore in Q2 FY20.
 - **Gross NPA and Net NPA** as of 30 September 2020 stood at 1.03% and 0.37% respectively, as against 1.61% and 0.65% as of 30 September 2019. The provisioning coverage ratio as of 30 September 2020 was 64%. Provisioning coverage on stage 1 and 2 assets was 369 bps as of 30 September 2020 versus 273 bps as of 30 June 2020 and as against 90-100 bps during pre-pandemic situation.
- Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated 3 September 2020, has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly, the Company has not classified any accounts which were not NPA as of 31 August 2020, as per RBI norms, as NPA after 31 August 2020. However, if the Company had classified borrower accounts as NPA after 31 August 2020, the Company's Gross NPA and Net NPA ratio would have been 1.34% and 0.56% respectively.
- **Capital adequacy ratio** (including Tier-II capital) as of 30 September 2020 stood at 26.64%. The Tier-I capital stood at 23.01%.

A – Breakup of consolidated AUM and deposits book

AUM	As of 30 September 2020			Consolidated as of 30 September 2019	Growth
	BFL Standalone	BHFL	BFL Consolidated		
Consumer B2B	20,605	-	20,605	25,543	(19)%
Consumer B2C	27,551	711	28,262	27,006	5%
Rural B2B	1,808	-	1,808	2,240	(19)%
Rural B2C	10,291	-	10,291	8,929	15%
SME lending	18,079	174	18,253	17,908	2%
Commercial lending	11,837	-	11,882	13,415	(11)%
Mortgage lending	14,815	32,578	45,989	40,492	14%
Total AUM	104,986	33,463	137,090	135,533	1%

	As of 30 September 2020	As of 30 September 2019	Growth
Deposits			
Deposits book	21,669	17,633	23%

@ Approximately 17% of the consolidated borrowings and 22% of the standalone borrowings.

B – Summary of consolidated financial results

(₹ In Crore)

Particulars	Q2'21	Q2'20	QoQ	H1'21	H1'20	HoH	FY'20
New loans booked (numbers in million)	3.62	6.47	(44)%	5.37	13.74	(61)%	27.44
Assets under management	137,090	135,533	1%	137,090	135,533	1%	147,153
Receivables under financing activity	131,765	130,790	1%	131,765	130,790	1%	141,376
Interest income	5,763	5,463	5%	11,556	10,564	9%	22,970
Fees, commission and other income	619	724	(14)%	1,212	1,348	(10)%	2,879
Net gain on fair value changes on investments	141	136	4%	405	219	85%	537
Total income	6,523	6,323	3%	13,173	12,131	9%	26,386
Interest expenses	2,358	2,323	2%	4,856	4,437	9%	9,473
Net interest income (NII)	4,165	4,000	4%	8,317	7,694	8%	16,913
Total operating expenses	1,160	1,384	(16)%	2,316	2,675	(13)%	5,662
Loan losses and provisions	1,700	594	186%	3,386	1,145	196%	3,929
- on stage 1 and 2	1,370	129	962%	2,800	258	985%	1,318
- on stage 3 and write off	330	465	(29)%	586	887	(34)%	2,611
Profit before tax	1,305	2,022	(35)%	2,615	3,874	(32)%	7,322
Profit after tax	965	1,506	(36)%	1,927	2,702	(29)%	5,264

STANDALONE PERFORMANCE HIGHLIGHTS

- **Assets under management (AUM)** as of 30 September 2020 was ₹ 104,986 crore as against ₹ 110,946 crore as of 30 September 2019.
- **Net Interest Income** for Q2 FY21 was **up by 5%** to ₹ 3,922 crore from ₹ 3,746 crore in Q2 FY20. During the quarter, as a measure of prudence, the Company has reversed capitalised interest of ₹ 129 crore. The total amount of interest income reversed in H1 FY21 was ₹ 341 crore.
- **Loan losses and provisions** for Q2 FY21 was ₹ 1,635 crore as against ₹ 581 crore in Q2 FY20. Consequent to the ongoing pandemic, the Company has further increased its provisions on stage 1 and 2 assets by ₹ 1,306 crore to ₹ 4,879 crore as of 30 September 2020 as against ₹ 3,573 crore as of 30 June 2020.
- **Profit after tax** for Q2 FY21 was ₹ 877 crore as against ₹ 1,377 crore in Q2 FY20.

C - Summary of standalone financial results of Bajaj Finance Limited

(₹ In Crore)

Particulars	Q2'21	Q2'20	QoQ	H1'21	H1'20	HoH	FY'20
New loans booked (numbers in million)	3.61	6.45	(44)%	5.36	13.70	(61)%	27.35
Assets under management	104,986	110,946	(5)%	104,986	110,946	(5)%	116,102
Receivables under financing activity	102,525	107,915	(5)%	102,525	107,915	(5)%	113,417
Interest income	5,066	4,924	3%	10,168	9,566	6%	20,668
Fees, commission and other income	600	652	(8)%	1,163	1,243	(6)%	2,706
Net gain on fair value changes on Investments	124	122	2%	361	194	86%	460
Total income	5,790	5,698	2%	11,692	11,003	6%	23,834
Interest expenses	1,868	1,952	(4)%	3,853	3,750	3%	7,857
Net interest income (NII)	3,922	3,746	5%	7,839	7,253	8%	15,977
Total operating expenses	1,101	1,305	(16)%	2,194	2,526	(13)%	5,364
Loan losses and provisions	1,635	581	181%	3,275	1,123	192%	3,805
- on stage 1 and 2	1,306	125	945%	2,691	247	989%	1,233
- on stage 3 and write off	329	456	(28)%	584	876	(33)%	2,572
Profit before tax	1,186	1,860	(36)%	2,370	3,604	(34)%	6,808
Profit after tax	877	1,377	(36)%	1,746	2,501	(30)%	4,881

PERFORMANCE HIGHLIGHT OF SUBSIDIARIES

Bajaj Housing Finance Limited

- **Assets under management (AUM)** as of 30 September 2020 **increased by 30%** to ₹ 33,463 crore from ₹ 25,714 crore as of 30 September 2019.
- **Net Interest Income** for Q2 FY21 was ₹ 248 crore as against ₹ 264 crore in Q2 FY20. During the quarter, as a measure of prudence, the Company has reversed capitalised interest of ₹ 13 crore. The total amount of interest income reversed in H1 FY21 was ₹ 21 crore.
- **Loan losses and provisions** for Q2 FY21 was ₹ 65 crore as against ₹ 13 crore in Q2 FY20. Consequent to the ongoing pandemic, the Company has further increased its provisions on stage 1 and 2 assets by ₹ 64 crore to ₹ 220 crore as of 30 September 2020 as against ₹ 156 crore as of 30 June 2020.
- **Profit after tax** for Q2 FY21 was ₹ 83 crore as against ₹ 130 crore in Q2 FY20.
- **Gross NPA and Net NPA** as of 30 September 2020 stood at 0.08% and 0.05% respectively, as against 0.06% and 0.03% as of 30 September 2019. The provisioning coverage ratio as of 30 September 2020 was 39%. Provisioning coverage on stage 1 and 2 assets was 74 bps as of 30 September 2020 versus 54 bps as of 30 June 2020 and as against 15-16 bps during pre-pandemic situation.
- **Capital adequacy ratio** (including Tier-II capital) as of 30 September 2020 stood at 25.97%

4 of 5



D - Summary of standalone financial results of Bajaj Housing Finance Limited

(₹ In Crore)

Particulars	Q2'21	Q2'20	QoQ	H1'21	H1'20	HoH	FY'20
Assets under management	33,463	25,714	30%	33,463	25,714	30%	32,705
Receivables under financing activity	29,200	22,875	28%	29,200	22,875	28%	27,975
Interest income	696	539	29%	1,387	996	39%	2,303
Fees, commission and other income	26	85	(69)%	64	131	(51)%	269
Net gain on fair value changes on Investments	16	11	45%	43	23	87%	74
Total Income	738	635	16%	1494	1150	30%	2,646
Interest Expenses	490	371	32%	1,003	688	46%	1,616
Net Interest Income (NII)	248	264	(6)%	491	462	6%	1,030
Operating Expenses	70	88	(20)%	143	170	(16)%	339
Loan losses and provisions	65	13	400%	111	22	405%	124
- on stage 1 and 2	64	4	1500%	109	12	808%	86
- on stage 3 and write off	1	9	(89)%	2	10	(80)%	38
Profit before tax	113	163	(31)%	237	270	(12)%	567
Profit after tax	83	130	(36)%	175	200	(13)%	421

Bajaj Financial Securities Limited (BFinsec)

- Total Income for Q2 FY21 was ₹ 8.48 crore.
- BFinsec made a net profit of ₹ 2.07 crore in Q2 FY21.

Pune
21 October 2020



For Bajaj Finance Limited

Rajeev Jain
Rajeev Jain
Managing Director