

BAJAJ FINANCE LIMITED

PRESS RELEASE

Financial results for Q1 FY21

Bajaj Finance reports quarterly consolidated profit after tax of ₹ 962 crore for the quarter ended 30 June 2020 despite contingency provision of ₹ 1,450 crore for COVID-19

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 June 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	- ₹ 138,055 crore	v/s	₹ 128,898 crore	↑ 7%
Consolidated profit after tax	- ₹ 962 crore	v/s	₹ 1,195 crore	↓ 19%

Q1 FY21 was a pandemic quarter. During the quarter, the Company focused on employee safety, capital preservation, liquidity management, business scenario planning, operating expenses management, collections capacity augmentation, customer propositions, business transformation framework and lastly but most importantly calibrated restart of business as the country started to reopen.

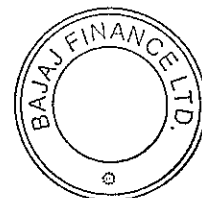
The Company's business operations in Q1 FY21 were considerably impacted due to COVID-19 pandemic and the consequent lockdowns which remained for most of Q1 FY21. It has resulted in significantly lower business acquisition and constraints on recovery of overdues from customers.

The Company restarted its urban B2B, rural B2B, auto finance, gold loans and loan against securities businesses from 10 May 2020 with stringent loan to value (LTV) and underwriting norms and focus on existing customers. The Company restarted its home loans and credit card distribution businesses from June 2020. The Company deferred restart of other businesses viz. loan against property, SME, urban B2C, rural B2C and commercial businesses to July 2020 due to extension of moratorium.

Consolidated moratorium book has reduced to ₹ 21,705 crore (or 15.7% of AUM) from ₹ 38,599 crore (or 27% of AUM) as of 30 April 2020 owing to reduction in bounce rate coupled with better collection efficiency. During the quarter, the Company made an additional contingency provision for COVID-19 of ₹ 1,450 crore taking the overall contingency provision for COVID-19 to ₹ 2,350 crore as of 30 June 2020. The contingency provision for COVID-19 is now at 10.8% of consolidated moratorium book. This contingency provision together with existing expected credit loss provision of ₹ 623 crore provides an overall provisioning coverage of 13.7% on the consolidated moratorium book. Additionally, as a matter of prudence, the Company has also reversed ₹ 220 crore of interest income from the interest capitalised during moratorium period.

The Company continues to remain very well capitalised with CRAR of 26.40% as at 30 June 2020. It remains one of the best capitalised large NBFCs in India.

The Company's liquidity position remains very strong with overall liquidity surplus of approximately ₹ 17,700 crore as of 30 June 2020 on consolidated basis. The Company's liquidity surplus as of 20 July 2020 was approximately ₹ 20,590 crore.



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CONSOLIDATED PERFORMANCE HIGHLIGHTS – Q1 FY21

- **New loans booked** during Q1 FY21 **declined by 76%** to 1.75 million from 7.27 million in Q1 FY20.
- **Customer franchise** as of 30 June 2020 **increased by 16%** to 42.95 million from 36.94 million as of 30 June 2019.
- **Assets under management (AUM)** as of 30 June 2020 **grew by 7%** to ₹ 138,055 crore from ₹ 128,898 crore as of 30 June 2019.
- **Net Interest Income** for Q1 FY21 was **up by 12%** to ₹ 4,152 crore from ₹ 3,694 crore in Q1 FY20.
- **Total operating expenses to net interest income** for Q1 FY21 was 27.9% against 35.0% in Q1 FY20.
- **Loan losses and provisions** for Q1 FY21 was ₹ 1,686 crore as against ₹ 551 crore in Q1 FY20. During the quarter, the Company made an additional contingency provision of ₹ 1,450 crore for COVID-19 taking the overall contingency provision for COVID-19 to ₹ 2,350 crore as of 30 June 2020.
- **Profit after tax** for Q1 FY21 **declined by 19%** to ₹ 962 crore from ₹ 1,195 crore in Q1 FY20.
- **Gross NPA and Net NPA** as of 30 June 2020 stood at 1.40% and 0.50% respectively, as against 1.60% and 0.64% as of 30 June 2019. The provisioning coverage ratio as of 30 June 2020 was 65%. Standard assets provisioning (ECL stage 1 and 2) stood at 273 bps including contingency provision for COVID-19 and 101 bps excluding contingency provision.
- **Capital adequacy ratio** (including Tier-II capital) as of 30 June 2020 stood at 26.40%. The Tier-I capital stood at 22.56%.

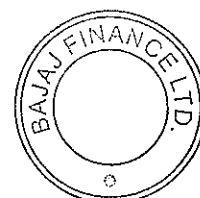
A – Breakup of consolidated AUM and deposits book

AUM	As of 30 June 2020			(₹ In Crore)	
	BFL Standalone	BHFL	BFL Consolidated	Consolidated as of 30 June 2019	Growth
Consumer B2B	22,033	-	22,033	24,994	(12)%
Consumer B2C	28,497	722	29,219	24,888	17%
Rural B2B	2,089	-	2,089	2,383	(12)%
Rural B2C	10,281	-	10,281	7,961	29%
SME lending	18,096	184	18,277	16,334	12%
Commercial lending	10,031	-	10,032	12,405	(19)%
IPO financing	-	-	-	2,558	
Mortgage lending	15,557	32,076	46,124	37,375	23%
Total AUM	106,584	32,982	138,055	* 128,898	7%

*Includes short term IPO financing book of ₹ 2,558 crore – adjusted for this total AUM growth is 9%.

Deposits	As of 30 June 2020	As of 30 June 2019	Growth
Deposits book	20,061	15,084	33%

@ Approximately 17% of the consolidated borrowings and 21% of the standalone borrowings.



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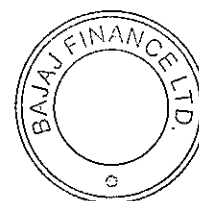
B – Summary of consolidated financial results

(₹ In Crore)				
Particulars	Q1 FY'21	Q1 FY'20	QoQ	FY'20
New loans booked (number in million)	1.75	7.27	(76)%	27.44
Assets under management	138,055	128,898	7%	147,153
Receivables under financing activity	132,368	125,113	6%	141,376
Interest income	5,793	5,101	14%	22,970
Fees, commission and other income	593	624	(5)%	2,879
Net gain on fair value changes on investments	264	83	218%	537
Total income	6,650	5,808	14%	26,386
Interest expenses	2,498	2,113	18%	9,473
Net interest income (NII)	4,152	3,694	12%	16,913
Total operating expenses	1,156	1,292	(11)%	5,662
Loan losses and provisions (stage 1 and 2)	1,430	130	1000%	1,318
Loan losses and provisions (stage 3 and write off)	256	421	(39)%	2,611
Profit before tax	1,310	1,851	(29)%	7,322
Profit after tax	962	1,195	(19)%	5,264

- The Company is ranked 5 amongst “Best Companies to Work for” in India by Great Place to Work (GPTW) Institute.

STANDALONE PERFORMANCE HIGHLIGHTS

- **Assets under management (AUM)** as of 30 June 2020 **declined by 1%** to ₹ 106,584 crore from ₹ 107,949 crore as of 30 June 2019.
- **Net Interest Income** for Q1 FY21 was **up by 12%** to ₹ 3,917 crore from ₹ 3,507 crore in Q1 FY20.
- **Loan losses and provisions** for Q1 FY21 was ₹ 1,641 crore as against ₹ 542 crore in Q1 FY20. During the quarter, the Company made contingency provision of ₹ 1,406 crore for COVID-19 taking the overall contingency provision for COVID-19 to ₹ 2,256 crore as of 30 June 2020.
- **Profit after tax** for Q1 FY21 **declined by 23%** to ₹ 870 crore from ₹ 1,125 crore in Q1 FY20.



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C - Summary of standalone financial results of Bajaj Finance Ltd.

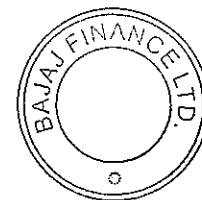
(₹ In Crore)

Particulars	Q1 FY'21	Q1 FY'20	QoQ	FY'20
New loans booked (number in million)	1.75	7.25	(76)%	27.35
Assets under management	106,584	107,949	(1)%	116,102
Receivables under financing activity	103,950	104,664	(1)%	113,417
Interest income	5,101	4,642	10%	20,668
Fees, commission and other income	564	591	(5)%	2,706
Net gain on fair value changes on Investments	237	71	234%	460
Total income	5,902	5,304	11%	23,834
Interest expenses	1,985	1,797	10%	7,857
Net interest income (NII)	3,917	3,507	12%	15,977
Total operating expenses	1,092	1,221	(11)%	5,364
Loan losses and provisions (stage 1 and 2)	1,386	122	1035%	1,233
Loan losses and provisions (stage 3 and write off)	255	420	(39)%	2,572
Profit before tax	1,184	1,744	(32)%	6,808
Profit after tax	870	1,125	(23)%	4,881

PERFORMANCE HIGHLIGHT OF SUBSIDIARIES

Bajaj Housing Finance Limited

- **Assets under management (AUM)** as of 30 June 2020 **increased by 52%** to ₹ 32,982 crore from ₹ 21,745 crore as of 30 June 2019.
- **Net Interest Income** for Q1 FY21 was **up by 23%** to ₹ 243 crore from ₹ 198 crore in Q1 FY20.
- **Loan losses and provisions** for Q1 FY21 was ₹ 45 crore as against ₹ 9 crore in Q1 FY20. During the quarter, the Company made contingency provision of ₹ 44 crore for COVID-19 taking the overall contingency provision for COVID-19 to ₹ 94 crore as of 30 June 2020.
- **Profit after tax** for Q1 FY21 **grew by 31%** to ₹ 92 crore from ₹ 70 crore in Q1 FY20.
- **Gross NPA and Net NPA** as of 30 June 2020 stood at 0.08% and 0.05% respectively, as against 0.06% and 0.04% as of 30 June 2019. The provisioning coverage ratio as of 30 June 2020 was 39%. Standard assets provisioning (ECL stage 1 and 2) stood at 54 bps including contingency provision for COVID-19 and 22 bps excluding contingency provision.
- **Capital adequacy ratio** (including Tier-II capital) as of 30 June 2020 stood at 25.94%



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

(₹ In Crore)				
Particulars	Q1 FY'21	Q1 FY'20	QoQ	FY'20
Assets under management	32,982	21,745	52%	32,705
Receivables under financing activity	28,423	20,449	39%	27,975
Interest income	691	457	51%	2,303
Fees, commission and other income	38	47	(19)%	269
Net gain on fair value changes on Investments	27	11	145%	74
Total Income	756	515	47%	2,646
Interest Expenses	513	317	62%	1,616
Net Interest Income (NII)	243	198	23%	1,030
Operating Expenses	74	82	(10)%	339
Loan losses and provisions (stage 1 and 2)	44	8	450%	86
Loan losses and provisions (stage 3 and write off)	1	1	(0)%	38
Profit before tax	124	107	16%	567
Profit after tax	92	70	31%	421

Bajaj Financial Securities Limited (BFinsec)

Total Income for Q1 FY21 was ₹ 2.52 crore. BFinsec made a net loss of ₹ 1.82 crore in Q1 FY21.

Pune
21 July 2020



For Bajaj Finance Limited

Rajeev Jain
Rajeev Jain
Managing Director