

# BAJAJ FINANCE LIMITED

## PRESS RELEASE

### Financial results for Q4 and FY20

**Bajaj Finance reports quarterly consolidated profit of ₹ 948 crore post a contingency provision of ₹ 900 crore for Covid-19. Adjusted for this provision, profit was up by 38% at ₹ 1,622 crore. Consolidated profit for FY20 was highest ever at ₹ 5,264 crore – a growth of 32% over FY19.**

A meeting of the Board of Directors of Bajaj Finance Limited (BFL) was held today to consider and approve the audited standalone and consolidated results for the quarter and year ended 31 March 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).

### PERFORMANCE FOR Q4 FY20 AND FY20

Consolidated assets under management	- ₹ 147,153 crore	v/s	₹ 115,888 crore	↑ 27%
Consolidated profit after tax for Q4 FY20	- ₹ 948 crore	v/s	₹ 1,176 crore	↓ 19%
Consolidated profit after tax for FY20	- ₹ 5,264 crore	v/s	₹ 3,995 crore	↑ 32%

Due to Covid-19 pandemic and the consequent lockdown, the Company lost 10 productive days in Q4 FY20 resulting in lower acquisition of nearly 1.0 million loan accounts and lower AUM of approximately ₹ 4,500 crore. Adjusted for the impact of lockdown, AUM growth would have been 31%.

The Company is well capitalised with CRAR of 25.01% as at 31 March 2020. The Company remains one of the most capitalised amongst large NBFCs in India.

The Company's liquidity position remains very strong with overall liquidity surplus of approximately ₹ 15,725 crore as of 31 March 2020 on consolidated basis. The Company's liquidity surplus as of 15 May 2020 was approximately ₹ 20,900 crore.

In accordance with the RBI guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020, the Company has offered EMI moratorium to its customers based on requests as well as on a suo-moto basis. The Company remains committed to help its customers navigate through this difficult time.

The Company, at this juncture, is focused on capital preservation, balance sheet protection and operating expenses management. Given its healthy capital adequacy, strong liquidity position, low gross NPA and net NPA, access to retail deposits, large customer franchise, diversified portfolio mix, granular geographical distribution and strong risk metrics, the Company is confident of successfully dealing with challenges posed by Covid-19.

### CONSOLIDATED PERFORMANCE HIGHLIGHTS – Q4 FY20

- **New loans booked** during Q4 FY20 **increased by 3%** to 6.03 million from 5.83 million in Q4 FY19. Adjusted for lower acquisition due to lockdown, new loans booked would have grown by 21% to approximately 7.03 million.
- **Net Interest Income** for Q4 FY20 was **up by 38%** to ₹ 4,684 crore from ₹ 3,385 crore in Q4 FY19.

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- **Total operating expenses to net interest income** for Q4 FY20 was 31.0% as against 34.4% in Q4 FY19.
- **Loan losses and provisions (expected credit loss)** for Q4 FY20 was ₹ 1,954 crore as against ₹ 409 crore in Q4 FY19. During the quarter, the Company has taken an accelerated charge of ₹ 390 crore for two identified large accounts, an additional provision of ₹ 129 crore on account of recalibration of its ECL model and a contingency provision of ₹ 900 crore for Covid-19. Adjusted for these additional provisions of ₹ 1,419 crore, loan losses and provisions for Q4 FY20 was ₹ 535 crore.
- **Profit after tax** for Q4 FY20 was ₹ 948 crore as compared to ₹ 1,176 crore in Q4 FY19. Adjusted for contingency provision of ₹ 900 crore for Covid-19, profit for the quarter was up by 38% at ₹ 1,622 crore. From the current financial year, the Company and one of its subsidiary viz. BHFL has opted for reduced rate of 25.17% for computation of income tax as per recently inserted Section 115BAA of the Income Tax Act, 1961.
- **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 31 March 2020 stood at 1.61% and 0.65% respectively. The provisioning coverage ratio was 60%. Standard assets provisioning (ECL stage 1 and 2) including contingency provision of ₹ 900 crore for Covid-19 stood at 159 bps and 97 bps excluding contingency provision under Ind AS.

## CONSOLIDATED PERFORMANCE HIGHLIGHTS – FY20

- **New loans booked** during FY20 **increased by 17%** to 27.44 million from 23.50 million in FY19. Adjusted for lower acquisition due to lockdown, new loans acquisition would have grown by 21% to approximately 28.44 million.
- **Customer franchise increased by 24%** to 42.60 million as of 31 March 2020 from 34.48 million as of 31 March 2019.
- **Assets under management (AUM) grew by 27%** to ₹ 147,153 crore as of 31 March 2020 from ₹ 115,888 crore as of 31 March 2019. Adjusted for lower acquisition due to lockdown, AUM would have grown by 31% to approximately ₹ 151,700 crore.
- **Net Interest Income** for FY20 was **up by 42%** to ₹ 16,913 crore from ₹ 11,877 crore in FY19.
- **Total operating expenses to net interest income** for FY20 was 33.5% as against 35.3% in FY19.
- **Loan losses and provisions (expected credit loss)** for FY20 were ₹ 3,929 crore as against ₹ 1,501 crore in FY19. During the year, the Company has taken an accelerated charge of ₹ 483 crore for two identified large accounts, an additional provision of ₹ 129 crore on account of recalibration of its ECL model and a contingency provision of ₹ 900 crore for Covid-19. Adjusted for these additional provisions of ₹ 1,512 crore, loan losses and provisions for FY20 was ₹ 2,417 crore.
- **Profit after tax** for FY20 **grew by 32%** to ₹ 5,264 crore from ₹ 3,995 crore in FY19.
- **Capital adequacy ratio** (including Tier-II capital) as of 31 March 2020 stood at 25.01%. The Tier-I capital stood at 21.27%. During the year, the Company raised equity capital of approximately ₹ 8,500 crore through QIP route.

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- The Board of Directors has not recommended any final dividend. The interim dividend of ₹ 10 per equity share of the face value of ₹ 2 (500%) declared by Board of Directors, at its meeting held on 21 February 2020, shall be considered as the final dividend for the FY20. Thus, the total dividend for FY20 remains ₹ 10 per equity share (previous year ₹ 6 per equity share).

## A – Breakup of consolidated AUM and deposits book

(₹ In Crore)

AUM	As of 31 March 2020			Consolidated as of 31 March 2019	Growth
	BFL Standalone	BHFL	BFL Consolidated		
Consumer B2B	25,742	-	25,742	21,987	17%
Consumer B2C	30,513	742	31,255	23,002	36%
Rural lending	13,328	-	13,328	9,243	44%
SME lending	19,256	189	19,429	15,759	23%
Commercial lending	11,230	-	11,233	12,026	(7)%
Mortgage lending	16,033	31,774	46,166	33,871	36%
<b>Total AUM</b>	<b>116,102</b>	<b>32,705</b>	<b>147,153</b>	<b>115,888</b>	<b>27%</b>

Deposits	As of 31 March 2020			Consolidated as of 31 March 2019	Growth
	BFL Standalone	BHFL	BFL Consolidated		
Deposits book @	21,427	-	21,427	13,193	62%

@ Deposits contribute to approximately 17% of the consolidated borrowings and 21% of the standalone borrowings.

## B – Summary of consolidated financial results

(₹ In Crore)

Particulars	Q4 FY'20	Q4 FY'19	QoQ	FY'20	FY'19	YoY
New loans booked (number in million)	6.03	5.83	3%	27.44	23.50	17%
Assets under management	147,153	115,888	27%	147,153	115,888	27%
Receivables under financing activity	141,376	112,513	26%	141,376	112,513	26%
Interest income	6,302	4,656	35%	22,970	16,349	40%
Fees and other income	929	642	45%	3,416	2,151	59%
<b>Total income</b>	<b>7,231</b>	<b>5,298</b>	<b>36%</b>	<b>26,386</b>	<b>18,500</b>	<b>43%</b>
Interest expenses	2,547	1,913	33%	9,473	6,623	43%
<b>Net interest income (NII)</b>	<b>4,684</b>	<b>3,385</b>	<b>38%</b>	<b>16,913</b>	<b>11,877</b>	<b>42%</b>
Total operating expenses	1,452	1,164	25%	5,662	4,197	35%
Loan losses and provisions (ECL stage 1 and 2)	856	34	2418%	1,318	260	407%
Loan losses and provisions (ECL stage 3 and write off)	1,098	375	193%	2,611	1,241	110%
<b>Profit before tax</b>	<b>1,278</b>	<b>1,812</b>	<b>(29)%</b>	<b>7,322</b>	<b>6,179</b>	<b>18%</b>
<b>Profit after tax</b>	<b>948</b>	<b>1,176</b>	<b>(19)%</b>	<b>5,264</b>	<b>3,995</b>	<b>32%</b>

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- During the quarter, the Company has invested an amount of ₹ 1,500 crore in BHFL by subscribing to 133.33 crore equity shares of face value of ₹ 10 for cash at ₹ 11.25 (including premium of ₹ 1.25), offered on rights basis.

## **STANDALONE PERFORMANCE HIGHLIGHTS**

### **Bajaj Finance Limited - Q4 FY20**

- **Net Interest Income** for Q4 FY20 was **up by 38%** to ₹ 4,459 crore from ₹ 3,239 crore in Q4 FY19.
- **Loan losses and provisions (expected credit loss)** for Q4 FY20 was ₹ 1,865 crore as against ₹ 401 crore in Q4 FY19. During the quarter, the Company has taken an accelerated charge of ₹ 390 crore for two identified large accounts, an additional provision of ₹ 123 crore on account of recalibration of its ECL model and a contingency provision of ₹ 850 crore for Covid-19. Adjusted for these additional provisions of ₹ 1,363 crore, loan losses and provisions for Q4 FY20 was ₹ 502 crore.
- **Profit after tax** for Q4 FY20 was ₹ 892 crore compared to ₹ 1,114 crore in Q4 FY19.

### **Bajaj Finance Limited - FY20**

- **Assets under management (AUM)** grew by **18%** to ₹ 116,102 crore as of 31 March 2020 from ₹ 98,671 crore as of 31 March 2019. Adjusted for lower acquisition due to lockdown, AUM would have grown by 21% to approximately ₹ 119,400 crore.
- **Net Interest Income** for FY20 was **up by 39%** to ₹ 15,977 crore from ₹ 11,460 crore in FY19.
- **Loan losses and provisions (expected credit loss)** for FY20 was ₹ 3,805 crore as against ₹ 1,476 crore in FY19. During the year, the Company has taken an accelerated charge of ₹ 483 crore for two identified large accounts, an additional provision of ₹ 123 crore on account of recalibration of its ECL model and a contingency provision of ₹ 850 crore for Covid-19. Adjusted for these additional provisions of ₹ 1,456 crore, loan losses and provisions for FY20 was ₹ 2,349 crore.
- **Profit after tax** for FY20 grew by **25%** to ₹ 4,881 crore from ₹ 3,890 crore in FY19.

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## C - Summary of standalone financial results of Bajaj Finance Limited.

(₹ In Crore)

Particulars	Q4'FY20	Q4' FY19	QoQ	FY'20	FY'19	YoY
New loans booked (number in million)	6.01	5.78	4%	27.35	23.43	17%
Assets under management	116,102	98,671	18%	116,102	98,671	18%
Receivables under financing activity	113,417	95,181	19%	113,417	95,181	19%
Interest income	5,616	4,273	31%	20,668	15,346	35%
Fee and other income	899	610	47%	3,166	2,053	54%
<b>Total income</b>	<b>6,515</b>	<b>4,883</b>	<b>33%</b>	<b>23,834</b>	<b>17,399</b>	<b>37%</b>
Interest expenses	2,056	1,644	25%	7,857	5,939	32%
<b>Net interest income (NII)</b>	<b>4,459</b>	<b>3,239</b>	<b>38%</b>	<b>15,977</b>	<b>11,460</b>	<b>39%</b>
Total operating expenses	1,389	1,112	25%	5,364	3,949	36%
Loan losses and provisions (ECL stage 1 and 2)	788	28	2714%	1,233	239	416%
Loan losses and provisions (ECL stage 3 and write off)	1,077	373	189%	2,572	1,237	108%
<b>Profit before tax</b>	<b>1,205</b>	<b>1,726</b>	<b>(30)%</b>	<b>6,808</b>	<b>6,035</b>	<b>13%</b>
<b>Profit after tax</b>	<b>892</b>	<b>1,114</b>	<b>(20)%</b>	<b>4,881</b>	<b>3,890</b>	<b>25%</b>

## PERFORMANCE HIGHLIGHT OF SUBSIDIARIES

### Bajaj Housing Finance Limited - Q4 FY'20

- **Net Interest Income** for Q4 FY20 was **up by 75%** to ₹ 283 crore from ₹ 162 crore in Q4 FY19.
- **Profit after tax** for Q4 FY20 was **up by 47%** to ₹ 91 crore from ₹ 62 crore in Q4 FY19.

### Bajaj Housing Finance Limited - FY'20

- **Assets under management (AUM)** grew by **86%** to ₹ 32,705 crore as of 31 March 2020 from ₹ 17,562 crore as of 31 March 2019. Adjusted for lower acquisition due to lockdown, AUM would have grown by 93% to approximately ₹ 33,900.
- **Net Interest Income** for FY20 was **up by 119%** to ₹ 1,030 crore from ₹ 471 crore in FY19.
- **Profit after tax** for FY20 was **up by 283%** to ₹ 421 crore from ₹ 110 crore in FY19.
- **Capital adequacy ratio** (including Tier-II capital) as of 31 March 2020 stood at 25.15%

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

(₹ In Crore)

Particulars	Q4' FY20	Q4' FY19	QoQ	FY20	FY'19	YoY
Assets under management	32,705	17,562	86%	32,705	17,562	86%
Receivables under financing activity	27,975	17,332	61%	27,975	17,332	61%
Interest income	687	382	80%	2,303	998	131%
Fees and other income	87	49	78%	343	158	117%
<b>Total Income</b>	<b>774</b>	<b>431</b>	<b>80%</b>	<b>2,646</b>	<b>1,156</b>	<b>129%</b>
Interest Expenses	491	269	83%	1,616	685	136%
<b>Net Interest Income (NII)</b>	<b>283</b>	<b>162</b>	<b>75%</b>	<b>1,030</b>	<b>471</b>	<b>119%</b>
Operating Expenses	72	68	6%	339	297	14%
Loan losses and provisions (ECL stage 1 and 2)	69	6	1050%	86	21	310%
Loan losses and provisions (ECL stage 3 and write off)	20	2	900%	38	4	750%
<b>Profit before tax</b>	<b>122</b>	<b>86</b>	<b>42%</b>	<b>567</b>	<b>149</b>	<b>281%</b>
<b>Profit after tax</b>	<b>91</b>	<b>62</b>	<b>47%</b>	<b>421</b>	<b>110</b>	<b>283%</b>

### Bajaj Financial Securities Limited - FY'20

Bajaj Financial Securities Limited has become operational from August 2019. Total Income for FY20 was ₹ 11 crore and Profit after tax for FY20 was ₹ 2 crore.

Pune  
19 May 2020

For Bajaj Finance Limited

*Rajeev Jain*

Rajeev Jain  
Managing Director