



HALF YEARLY REPORT **2022-23**

BAJAJ FINSERV LIMITED

Dear Shareholder,

I am pleased to share with you the financial results of Bajaj Finserv Ltd. (BFS) for the half year ended 30 September 2022.

Details about BFS, the businesses carried by its subsidiaries, its group structure and GAAP followed are included at the end of this letter.

On the macro-economic front, inflation has emerged as a key global challenge in the backdrop of a surge in energy prices, food and non-food commodities, disruption in global supply chains and rising freight costs. To rein in rising inflation rates, central banks across the world have started adopting monetary tightening viz., raising interest rates and curbing liquidity. The RBI, too, increased

policy rates from 4% in May 2022 to 5.9% now and has sharply reduced systemic liquidity.

The impact of these inflationary pressures on the economy of India has been mixed. There is increase in automobile sales and improvement in credit growth. However, rural economy has been somewhat sluggish.

Increase in policy rates has resulted in higher cost of funds for lenders. The general insurance sector was characterised by intense price competition in the motor segment, while the life insurance sector recorded growth of 19% in individual rated new business. In this environment, our companies continued to do well.

“As you are aware, BFS increased its Authorised share capital from ₹ 100 crore to ₹ 200 crore. The Company completed sub-division of equity shares of face value of ₹ 5 each to ₹ 1 each and issue of one fully paid bonus equity share of the face value of ₹ 1 each against one equity share of the face value of ₹ 1 each.”

Sanjiv Bajaj

Chairman & Managing Director

Key highlights of the half year are given below:

- BFL recorded highest ever half yearly consolidated profit after tax of ₹ 5,377 crore in H1/2022-23. Its wholly owned subsidiary, Bajaj Housing Finance Ltd. (BHFL) recorded profit after tax of ₹ 622 crore – an increase of 90%. Its AUM crossed a milestone of ₹ 200,000 crore.

It has made significant progress on new features on its digital platform seeking to provide customers with an integrated, seamless experience across all channels.

- BAGIC's gross written premium, excluding bulky tender-driven crop and government health business, grew by 16%.

- BALIC recorded an industry beating growth of 51% in individual rated new business (IRNB) premium during H1/2022-23 along with a solid growth in New Business Value, the key metric of profitability for life insurance companies. BALIC's market share of the private sector in terms of IRNB increased from 6.2% to 7.7%.

Highlights of H1/2022-23 v/s H1/2021-22*

✓ Consolidated total income	–	₹ 36,692 crore	v/s	₹ 31,958 crore	↑ 15%
✓ Consolidated profit after tax@	–	₹ 2,866 crore	v/s	₹ 1,955 crore	↑ 47%
✓ Bajaj Finance, consolidated profit after tax	–	₹ 5,377 crore	v/s	₹ 2,483 crore	↑ 117%
✓ General insurance, profit after tax	–	₹ 747 crore	v/s	₹ 788 crore	↓ 5%
✓ Life insurance, shareholders' profit after tax	–	₹ 283 crore	v/s	₹ 188 crore	↑ 51%

* All figures under Ind AS except for general and life insurance which are as per Indian GAAP

@Under Ind AS, the insurance subsidiaries have chosen to hold a large part of the equity securities portfolio as Fair Value Through Profit and Loss Account. Unrealised Mark-to-Market (MTM) gain on investments (post tax) included in consolidated profit are explained below.

(₹ In Crore)			
Particulars	H1 2022-23	H1 2021-22	Change YoY
Consolidated profit after tax	2,866	1,955	47%
Less: Unrealised MTM gain/(loss) of insurance subsidiaries included above, net of tax	(304)	130	
Consolidated profit after tax, excluding MTM gain/(loss)	3,170	1,825	74%

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

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

- Customer franchise increased by 19% to 62.91 million as of 30 September 2022.
- Assets Under Management (AUM) grew by 31% to ₹ 218,366 crore as on 30 September 2022 v/s ₹ 166,937 crore as on 30 September 2021. This includes AUM of its 100% mortgage subsidiary, BHFL, of ₹ 62,931 crore, which recorded a growth of 42%.
- Total income increased by 33% to ₹ 19,257 crore in H1/2022-23 v/s ₹ 14,480 crore during H1/2021-22.
- Profit after tax increased by 117% to ₹ 5,377 crore in H1/2022-23 v/s ₹ 2,483 crore in H1/2021-22.
- Net Non-Performing Assets (NPA) for H1/2022-23 stood at 0.44%.
- The capital adequacy ratio (including Tier-II capital) as of 30 September 2022 stood at 25.13%.

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

- Gross written premium for H1/2022-23 increased by 5% to ₹ 7,900 crore v/s ₹ 7,529 crore in H1/2021-22. Excluding tender-driven crop and government health insurance premium, BAGIC's gross written premium increased by 16% to ₹ 6,097 crore in H1/2022-23 from ₹ 5,261 crore in H1/2021-22.
- Underwriting result stood at a loss of ₹ 78 crore for H1/2022-23 v/s a profit of ₹ 19 crore in H1/2021-22.
- Combined ratio, which measures the performance of the insurance operations, stood at 102% in H1/2022-23 v/s 100.5% in H1/2021-22. Significant sequential improvement is seen in Q2/2022-23 with combined ratio moving down to 99.8% even with one time impact from the court order in respect to Osmanabad Kharif 2020 crop season.
- Profit after tax stood at ₹ 747 crore during H1/2022-23 v/s ₹ 788 crore in H1/2021-22.
- Assets Under Management (AUM), represented by cash and investments stood at ₹ 26,052 crore as on 30 September 2022 v/s ₹ 24,070 crore as on 30 September 2021 – an increase of 8%.
- Solvency ratio stood at a healthy 362% as on 30 September 2022.

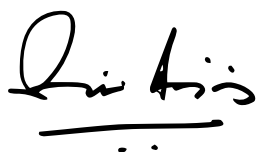
C. Bajaj Allianz Life Insurance Company Ltd. (BALIC) – Indian GAAP

- BALIC's individual rated new business premium for H1/2022-23 was ₹ 1,967 crore v/s ₹ 1,306 crore in H1/2021-22 – an increase of 51%.
- Gross written premium for H1/2022-23 was ₹ 8,524 crore v/s ₹ 6,329 crore in H1/2021-22 – an increase of 35%.
- Profit after tax during H1/2022-23 was ₹ 283 crore v/s ₹ 188 crore in H1/2021-22.
- Assets Under Management (AUM), represented by total investments stood at ₹ 86,907 crore as on 30 September 2022 v/s ₹ 81,429 crore as on 30 September 2021 – an increase of 7%.
- Net New Business Value (NBV), which is the metric used to measure profitability of life insurance business, doubled to ₹ 325 crore in H1/2022-23 v/s ₹ 161 crore in H1/2021-22.
- Solvency ratio stood at a solid 532% as on 30 September 2022.

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

As you are aware, BFS increased its Authorised share capital from ₹ 100 crore to ₹ 200 crore. The Company completed sub-division of equity shares of face value of ₹ 5 each to ₹ 1 each and issue of one fully paid bonus equity share of the face value of ₹ 1 each against one equity share of the face value of ₹ 1 each.

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



Sanjiv Bajaj
Chairman & Managing Director
21 October 2022

About BFS:

Bajaj Finserv Ltd. is the holding company for the various financial services businesses under the Bajaj group. Its vision is to provide financial solutions for retail and SME customers through their life cycle. These involve: (i) asset acquisition and lifestyle enhancement through financing, (ii) asset protection through general insurance, (iii) family protection through life and health insurance, (iv) providing healthcare needs for the family, (v) offering savings products, (vi) wealth management, and (vii) retirement planning and annuities. Through these businesses that offer various attractive solutions, BFS serves millions of customers.

BFS participates in the financing business through its 52.49% holding in Bajaj Finance Ltd. (BFL) and in the life, general and health insurance businesses through its 74% holding in two unlisted subsidiaries, Bajaj Allianz General Insurance Company Ltd. (BAGIC) and Bajaj Allianz Life Insurance Company Ltd. (BALIC).

BFS has an 80.13% stake in Bajaj Finserv Direct Ltd. (BFSD), which is a digital marketplace for financial services products from loans to insurance, mutual funds, investments, lifestyle products, payments and e-commerce. The balance 19.87% is held by BFL.

Bajaj Finserv Health Ltd. (BFHL), which is a health tech venture seeking to create a digital preventive, personalised and pre-paid health solution is a wholly-owned subsidiary of BFS.

Bajaj Finserv Ventures Ltd., Bajaj Finserv Asset Management Ltd. and Bajaj Finserv Mutual Fund Trustee Ltd. are wholly-owned subsidiaries of BFS. Bajaj Finserv Asset Management Ltd. is awaiting final approval from the Securities and Exchange Board of India for commencement of the mutual fund business.

Bajaj Housing Finance Ltd. (BHFL), which is a profitable and fast growing enterprise engaged in various aspects of housing finance and development and Bajaj Financial Securities Ltd. (BFinsec), which is a stockbroker that provides its clients a full suite of investment products and services in an all-in-one digital platform, are wholly-owned subsidiaries of Bajaj Finance Ltd.

Both BFS and BFL are included in the benchmark BSE Sensex and Nifty 50 index of large cap stocks.

The results of these subsidiaries are reflected in the consolidated results of the Company.

As required by regulation, BFS has adopted Indian Accounting Standards (Ind AS). The insurance companies are not covered under Ind AS. They have prepared Ind AS financials only for the purpose of consolidation. Accordingly, standalone numbers relating to BAGIC and BALIC reported above are based on non-Ind AS accounting standards (Indian GAAP) as applicable to insurance companies.

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. and Bajaj Financial Securities Ltd.)	52.49%	Retail financing	Subsidiary

Summarised unaudited consolidated financial results for the half year ended 30 September 2022

(₹ In Crore)

Particulars	H1 2022-23	H1 2021-22	Full Year 2021-22
A. Consolidated financial results			
Total income	36,692	31,958	68,439
Total expenses	28,840	27,399	57,168
Profit before tax	7,852	4,559	11,271
Tax expense	2,278	1,128	2,957
Profit after tax	5,574	3,431	8,314
Less: Profit attributable to non-controlling interest	2,708	1,476	3,757
Profit for the period	2,866	1,955	4,557
B. Segment profit before tax			
Life insurance	23	154	43
General insurance	635	1,097	1,735
Retail finance	7,556	3,550	10,000
Investments, windpower and others	(362)	(242)	(507)
Profit before tax	7,852	4,559	11,271
C. Earnings per share (₹) (face value ₹ 1)	18.0	12.3	28.6

Bajaj Finserv Limited

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