

# MANAGEMENT DISCUSSION AND ANALYSIS

Bajaj Finserv Ltd. ('Bajaj Finserv', 'BFS' or 'the Company') is an unregistered core investment company (CIC) under RBI regulations 2020 and 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 crores of customers.

As an unregistered CIC, the Company is required to invest at least 90% of its net assets in group companies, of which at least 60% should be in the form of equity investments. Investments outside the group can only be made in specified short-term securities like money market instruments.

BFS participates in various businesses through controlling stakes. These are:

- The financing business through its 52.49% holding in **Bajaj Finance Ltd. (BFL)**, a large, well recognised and highly profitable listed enterprise.
  - In turn, BFL has a 100% unlisted subsidiary called **Bajaj Housing Finance Ltd. (BHFL)**, which is a profitable and fast growing enterprise engaged in various aspects of housing finance and development.
  - BFL also has another 100% unlisted subsidiary called **Bajaj Financial Securities Ltd. (BFinsec)**, which is registered with the Securities and Exchange Board of India (SEBI) as a stockbroker and depository participant. BFinsec is a stockbroker that provides its clients a full suite of investment products and services in an all-in-one digital platform.
- Life, general and health insurance businesses through its 74% holding in two unlisted subsidiaries, namely:
  - **Bajaj Allianz Life Insurance Company Ltd. (BALIC)**; and
  - **Bajaj Allianz General Insurance Company Ltd. (BAGIC)**.
- The mutual fund and asset management businesses through **Bajaj Finserv Asset Management Ltd.**, a 100% subsidiary of BFS. Having obtained an in-principle approval to set up the asset management company, it is in the process of completing the requirements for the final licence.
- **Bajaj Finserv Direct Ltd.** (Bajaj Markets): Another subsidiary of BFS, this is a digital marketplace for financial services products from loans to cards to insurance, mutual funds, investments, lifestyle products, payments and e-commerce. The idea is to attract new-to-Finserv customers by creating awareness and discovery of the Finserv brand in a seamless digital medium.
- **Bajaj Finserv Health Ltd.:** Also a 100% subsidiary of BFS, this is a health tech venture which aims to transform healthcare in India by integrating a fragmented healthcare delivery ecosystem with technology and financial services on a digital platform to bring quality healthcare closer to consumers' reach through products, networks and technology. As an example, it introduced 'Aarogya Care', an industry-first product, offering a wide range of personalised, preventive and prepaid healthcare packages such as OPD care, telemedicine, and other services.
- **Bajaj Finserv Ventures Ltd.:** A 100% subsidiary of BFS, this is an investment platform for alternate assets.
- Bajaj Finserv also has **investments in renewable energy** in the form of 138 windmills situated in Maharashtra with an aggregate installed capacity of 65.2 MW.

As required by regulation, the standalone and consolidated financial results of BFS are compliant with Indian Accounting Standards (Ind AS). The insurance companies are not covered under Ind AS. They prepare Ind AS financials only for the purpose of consolidation. Accordingly, the financials in the sections on BAGIC and BALIC in this chapter are as per Indian Generally Accepted Accounting Principles (Indian GAAP) and the regulations laid down by the Insurance Regulatory and Development Authority of India (IRDAI).

## The Covid-19 pandemic

Financial year 2021-22 (FY2022) was once again dominated by Covid as new waves of infection swept across countries. In India, the second wave ('Delta') proved far more deadly than the first. After a shaky start in some places, the roll-out of vaccines in India began in dead earnest. The eventual success of nation-wide vaccination across this far flung sub-continent played a large role in curbing hospitalisation.

The advent of the highly transmissible variant 'Omicron' arrived in early January 2022. In this third wave, India's daily number of reported cases peaked to nearly 350,000 in January 2022 and the active case load was over 22 million. Fortunately, while highly transmissible, Omicron was nowhere as clinically deadly as Delta. So, while many got infected, almost all got well again within a week or so, without hospitalisation and morbidity. India did not see a re-run of lockdowns and a massive drop in GDP as witnessed in FY2021. Thanks to a huge vaccination drive, the earlier strong link between Covid waves and fall in GDP growth was considerably reduced.

It is too early to opine on the matter, but it would seem that India has got used to Covid. So long as the new variants are like Omicron, we should have less to worry about mass hospitalisations, huge excess morbidity, multiple lockdowns and lower growth.

There can be no doubt that Covid has inflicted enormous pain and suffering to individuals and corporates alike across the globe. Equally, it gave the world an opportunity to reinvent itself to adapt to new ways of life and business. This pandemic was a real test of resilience and agility of businesses across all sectors, be it manufacturing, service, real estate, entertainment sector and others. Corporates that successfully adapted and survived the challenges thrown by Covid have generally become resilient and agile organisations who are now future ready to weather such a massive disruption.

## Macroeconomic Overview

The Indian economy had been staging a recovery since the second half of FY2021. Thus, FY2022 began with an expectation that we would soon see GDP surpass the pre-pandemic level of the 2019-20 (FY2020). That has just about been the case, as Chart A shows. Nevertheless, the fact is that we as a nation have effectively lost two years of GDP growth.

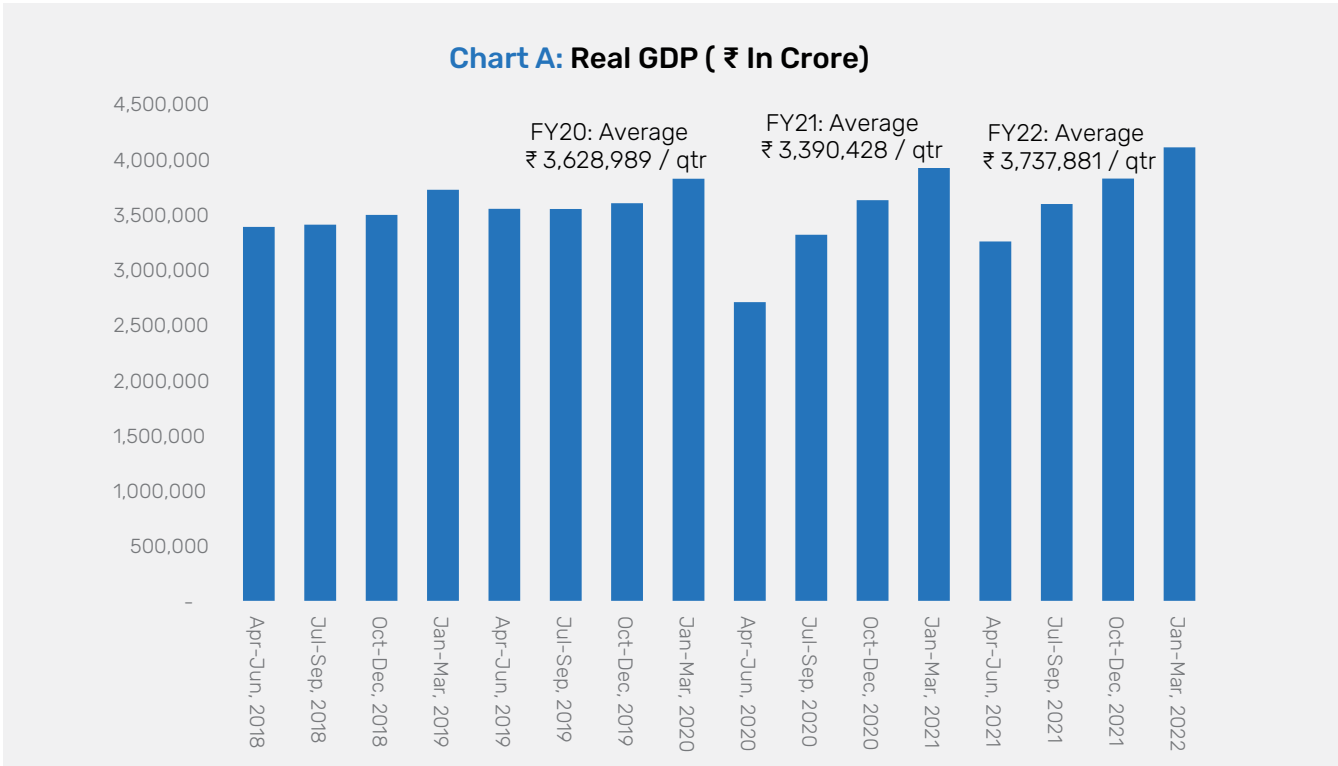
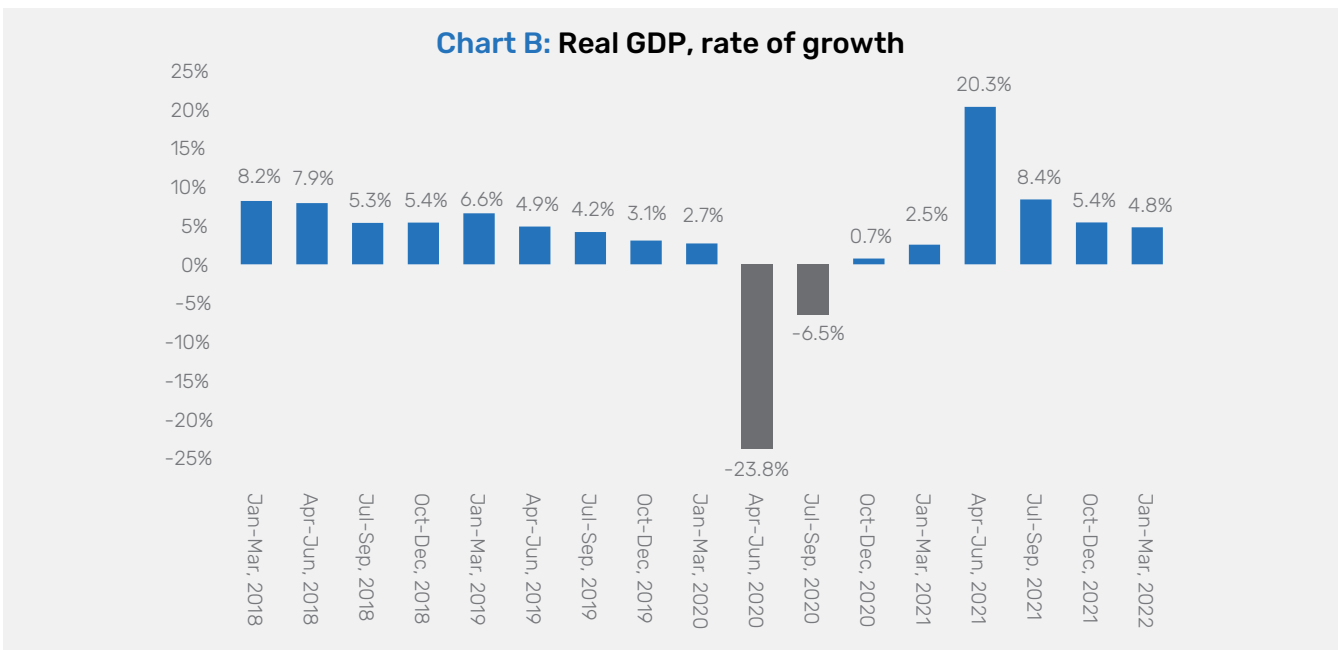


Chart B depicts India’s real GDP growth over the same period.



The second advance estimates of national income for FY2022 released by the Central Statistics office (CSO) on 28 February 2022 pegs GDP growth in FY2022 to be 8.9%. Table 1 gives the data on real GDP and real Gross Value Added (GVA) growth for the last four financial years.

**Table 1: Growth in real GDP and GVA, India**

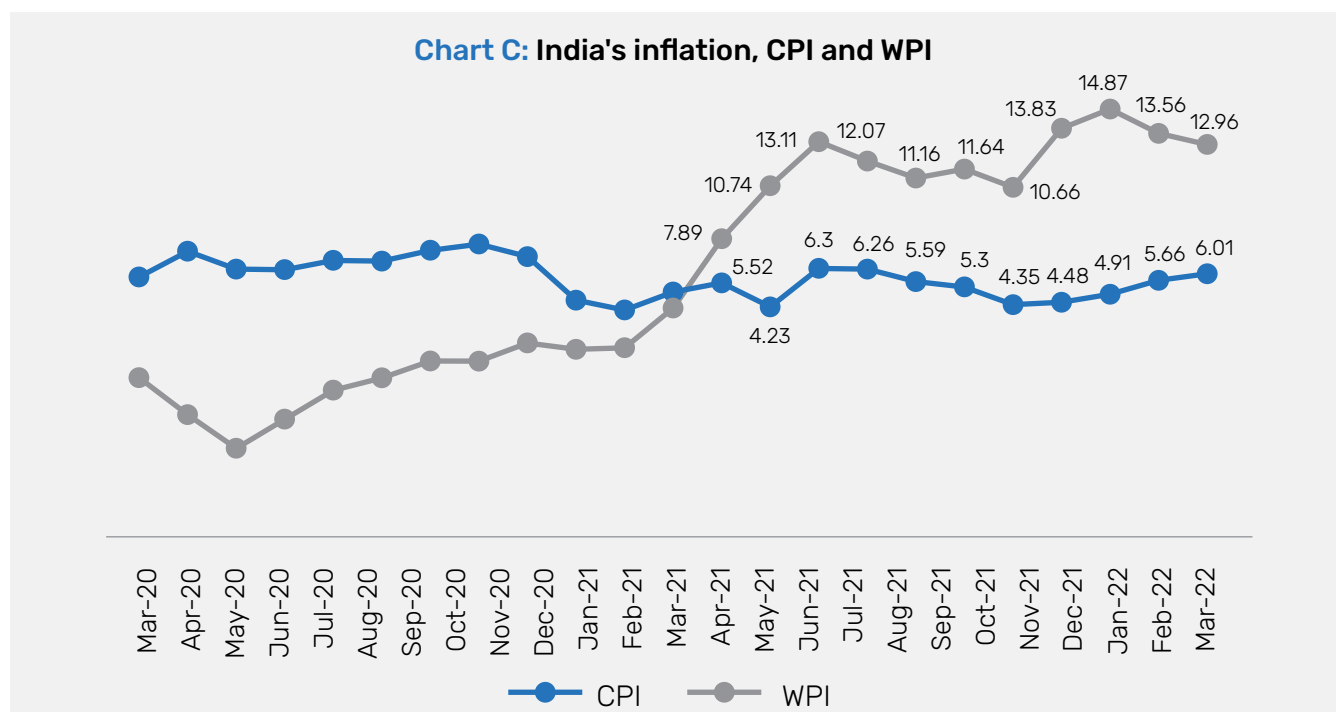
	FY2019 (2 <sup>nd</sup> RE)	FY2020 (1 <sup>st</sup> RE)	FY2021 (2 <sup>nd</sup> RE)	FY2022 (2 <sup>nd</sup> AE)
Real GDP growth	6.5%	4.0%	(6.6%)	8.9%
Real GVA growth	5.9%	4.1%	(6.2%)	8.6%

Source: Government of India, CSO. AE denotes Advance Estimate and RE denotes Revised Estimate.

The Government of India announced a growth oriented and expansionary budget for the financial year 2022-23 (FY2023) with a big bet on investment push to lift economic growth. The compound annual growth rate for capital expenditure of FY2023 over FY2020 is projected at 28% while revenue expenditure is contained at 12%. The budget's expectation was that such capex-led growth would take India on a growth path even at the cost of higher fiscal deficit.

Unfortunately, the conflict in Ukraine and the sanctions unleashed by the western countries on Russia have led to chaos in global commodity markets. While the crude prices have settled at below US\$ 100 after reaching a high of US\$ 139, India will have to deal with a larger oil import bill. This has already impacted the exchange rate, with the Indian ₹ crossing ₹ 77 to the US dollar on 7 March 2022 before settling at below ₹ 76 at the end of March 2022. How these increased commodity prices will unfold is yet to be seen. What is sure, however, is that there will be a considerable impact on inflation which was already becoming a cause of concern.

Inflation has emerged as a global challenge both in advanced economies and emerging economies. Surge in energy prices, non-food commodities, input price disruptions of global supply chains and rising freight cost have stoked global inflation. In India, retail inflation measured by the Consumer Price Index (CPI) edged up to 6.01% y-o-y in January 2022 from 5.66% in December 2021 due to large adverse base effects. Chart C depicts the India's Inflation rates based on the CPI and the wholesale price index (WPI).



On balance, we believe that India can now counter the threats it may face on account of further mutations of the Covid virus. The inflation challenge needs to be tackled, but without resorting to sharp interest rate hikes, which will choke off the recovery and effectively throw the baby out with the bath water. The other serious risk relates to major disruptions in the global supply chains. These are mostly emanating from China; and, more recently, with the Ukraine conflict, from Russia. It is difficult to predict how these will play out; but it is likely that global supply chain disruptions will have a longer life than the other challenges.

## Consumer Finance and Lending

### Bajaj Finance Ltd. (BFL)

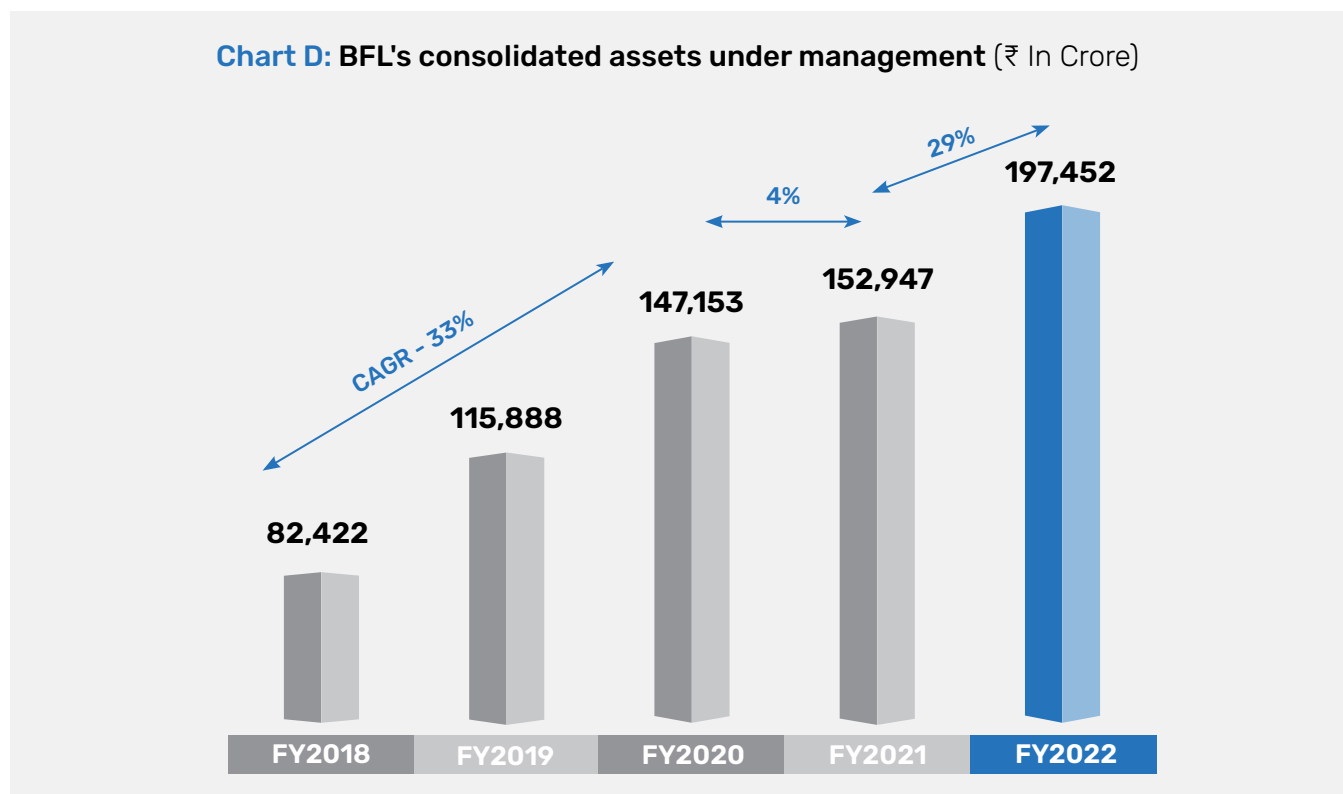
As mentioned earlier, Bajaj Finance Ltd. ('BFL' or 'Bajaj Finance') is a deposit-taking Non-Banking Financial Company (NBFC) registered with the RBI. It is a subsidiary of Bajaj Finserv Ltd., and is engaged in the business of lending and acceptance of deposits. BFL has a diversified lending portfolio across retail, SMEs and commercial customers with significant presence in urban and rural India. It accepts public and corporate deposits and offers variety of financial services products to its customers.

In turn, BFL has two 100% subsidiaries. These are: (i) Bajaj Housing Finance Ltd. ('BHFL' or 'Bajaj Housing') which is registered with National Housing Bank as a Housing Finance Company (HFC); and (ii) Bajaj Financial Securities Ltd. ('BFinsec'), which is registered with the Securities and Exchange Board of India (SEBI) as a stock broker and depository participant.

#### BFL: Consolidated Performance Highlights for FY2022

- Number of new loans booked: up by 46% to 24.7 million.
- Assets under management (AUM): increased by 29% to ₹ 197,452 crore.
- Total income: increased by 19% to ₹ 31,640 crore.
- Net interest income (NII): rose by 27% to ₹ 21,892 crore.
- Operating expenses to NII stood at 34.6%.
- Impairment on financial instruments: decreased by 20% to ₹ 4,803 crore.
- Profit before tax (PBT): increased by 59% to ₹ 9,504 crore.
- Profit after tax (PAT): increased by 59% to ₹ 7,028 crore.
- Capital adequacy ratio as of 31 March 2022 was 27.22%, which is well above the RBI norms. Tier I adequacy was 24.75%.

Chart D gives a snapshot of BFL's consolidated AUM over the last five years. Table 2 gives data on the consolidated AUM across the various business categories.





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**CONSUMER FINANCE**

- Consumer Durable Loan
- Digital Product Loan
- Lifestyle Product Loan
- Lifecare Finance
- 2-Wheeler & 3-Wheeler Loan
- Personal Loan
- Home Loan
- Loan Against Property
- Gold Loan

**PAYMENTS**

- EMI Network Card
- Health EMI Card
- Co-branded Credit Card
- Co-branded Wallet
- PPI, UPI, BBPS

**SME FINANCE**

- Working Capital Loan
- Loan to Self-employed and Professionals
- Secured Enterprise Loan
- Used-car Finance
- Medical Equipment Finance

**INSURANCE**

- Life, General & Health Insurance
- Distribution
- Pocket Insurance

**INVESTMENTS**

- Systematic Deposit Plan
- Mutual Fund
- Term Deposit

**COMMERCIAL LENDING**

- Loan Against Securities
- IPO Finance
- ESOP Finance
- Vendor Finance
- Financial Institutions Lending
- Light Engineering Lending
- Specialty Chemicals Lending

**SECURITIES**

- Trading Account
- Depository Services
- Margin Trading Finance
- HNI Broking
- Retail Broking

**Table 2: BFL's assets under management**

(₹ In Crore)

Particulars	Standalone			Consolidated		
	FY2022	FY2021	Change	FY2022	FY2021	Change
Consumer B2B - auto finance business	10,194	12,111	(16%)	10,194	12,111	(16%)
Consumer B2B - sales finance	14,977	11,526	30%	14,977	11,526	30%
Consumer B2C businesses	37,302	29,310	27%	38,772	30,450	27%
SME Lending	24,896	20,057	24%	24,979	20,217	24%
Rural B2B - sales finance businesses	4,129	2,883	43%	4,129	2,883	43%
Rural B2C businesses	15,301	11,822	29%	15,301	11,822	29%
Commercial lending business	11,498	8,293	39%	11,498	8,293	39%
Loans against securities	9,816	5,705	72%	10,536	5,889	79%
IPO financing	5,365	165	NA	5,365	165	NA
Mortgages	13,265	13,546	(2%)	61,701	49,591	24%
<b>Total</b>	<b>146,743</b>	<b>115,418</b>	<b>27%</b>	<b>197,452</b>	<b>152,947</b>	<b>29%</b>

**Business Update**

In FY2022, BFL disbursed 24.7 million loans, representing a growth of 46% over FY2021. And it acquired over 9 million new customers, taking its existing customer franchise to 57.6 million as on 31 March 2022, a growth of 19% over 31 March 2021.

**Consumer lending**

- BFL continues to be the dominant lender for consumer electronics, furniture and digital products in India. It financed 12.7 million consumer electronics and digital products purchases in FY2022.
- BFL's unique Existing Member Identification (EMI) card, with about 29.9 million cards in force, enables customers to avail instant finance after the first purchase across more than 122,000 points of sale. In FY2022, EMI cards enabled BFL to finance over 13.1 million purchases in consumer electronics, digital products, lifestyle products, lifecare, e-commerce and other retail spends
- BFL remained the largest financier of Bajaj Auto motorcycles and three-wheelers in FY2022. During the year, it financed over 637,000 two-wheelers and about 72,000 three-wheelers. This constituted 37% of domestic sale of Bajaj two-wheelers and 44% of Bajaj three-wheelers. Going forward, BFL will finance the purchase of other motorcycles as well.
- Personal Loan Cross Sell (PLCS) is a pre-approved loan origination programme for existing customers of BFL. BFL launched a three-click self-service 'get it now' disbursement process for customers.

**SME lending**

- Offers unsecured and secured loans – such as working capital loans and term facilities – to SMEs, MSMEs and professionals. This segment saw disruptions on account of the pandemic induced slowdown. While demand for SME loans bounced back from the second quarter in FY2022, the second wave of pandemic had an adverse impact on the loan losses.
- AUM from unsecured loans to businesses for working and growth capital, secured loans to SME and MSME customers against their residential property or used four-wheeler and loans to professionals such as doctors and chartered accountants grew by 24% to ₹ 24,896 crore.

### Rural lending

- BFL offers all its lending and deposits products in small towns and villages through its rural lending business. At the end of FY2022, it was present in over 2,136 locations across 21 states and union territories. It also opened 50 financial inclusion branches in unbanked rural centres. The rural lending business recorded an AUM growth of 32% and closed with an AUM of ₹ 19,430 crore as on 31 March 2022.

### Commercial lending

- This consists of lending to auto component manufacturers and the light engineering industry, loans to financial institutions, to specialty chemical and pharma industry and other mid-market companies. BFL has a sharp focus on acquiring quality corporate clients, deepen relationship with them and ensure value add by offering products in the form of working and growth capital loans. Commercial lending recorded an AUM growth of 39% to ₹ 11,498 crore.

### Loan against securities

- This business offers medium-term and short-term financing against shares, bonds, mutual funds, insurance policies and deposits to customer across retail, high net worth individuals (HNIs) and promoter categories. BFL has a complete product suite for its retail and HNI wealth customers through its 100% subsidiary, BFinsec, which offers various investment services like demat services, broking, margin trade financing and financing of offer for sale. The business grew strongly in FY2022 and closed the financial year with an AUM of ₹ 10,536 crore. This was excluding the short-term IPO financing AUM which stood at ₹ 5,365 crore as of 31 March 2022.

### Deposits

- BFL accepts deposits from retail and corporate clients. The deposits book as on 31 March 2022 stood at ₹ 30,800 crore, representing a growth of 19% y-o-y. The deposit book now contributes to 25% of its standalone borrowings and 19% of its consolidated borrowings as on 31 March 2022. Retail deposits account for 69% of total deposits.

### Partnerships and services

- In partnership with various financial service providers, BFL offers a variety of products to its customers which includes life insurance, health insurance, extended warranty, comprehensive asset care, co-branded credit card, co-branded wallet and financial fitness reports. These partnerships and products have enabled BFL to provide value added services to its customers and grow its fee-based income.
- In partnership with the RBL Bank, BFL's co-branded credit card business continued to grow robustly in FY2022. These credit cards are now offered across 400+ locations; and the number of cards-in-force stood at over 2.8 million as on 31 March 2022. The credit card alliance agreement with RBL Bank has been further renewed for a period of 60 months.
- On 19 January 2021, BFL received approval of the RBI for issuance of co-branded credit card in association with DBS Bank (India) Ltd. ('DBS Bank'). The company launched a co-branded credit card with DBS Bank on 5 April 2022.

### Financial Performance

Table 3 gives BFL's consolidated financial performance for FY2022. Table 4 gives the key ratios.



**Table 3: BFL's standalone and consolidated financial performance**

(₹ In Crore)

	Standalone			Consolidated		
	FY2022	FY2021	Change	FY2022	FY2021	Change
Total income	27,871	23,546	18%	31,640	26,683	19%
Interest and finance charges	7,573	7,446	2%	9,748	9,414	4%
<b>Net interest income (NII)</b>	<b>20,298</b>	<b>16,100</b>	<b>26%</b>	<b>21,892</b>	<b>17,269</b>	<b>27%</b>
Employee benefit expenses	3,222	2,243	44%	3,590	2,499	44%
Depreciation and amortisation	355	302	18%	385	325	18%
Other expenses	3,513	2,471	42%	3,610	2,484	45%
<b>Pre-impairment operating profit</b>	<b>13,208</b>	<b>11,084</b>	<b>19%</b>	<b>14,307</b>	<b>11,961</b>	<b>20%</b>
Impairment on financial instruments	4,622	5,721	(19%)	4,803	5,969	(20%)
Profit before tax (PBT)	8,586	5,363	60%	9,504	5,992	59%
<b>Profit after tax (PAT)</b>	<b>6,350</b>	<b>3,956</b>	<b>61%</b>	<b>7,028</b>	<b>4,420</b>	<b>59%</b>
Total comprehensive income	6,385	3,898	64%	7,063	4,363	62%
Earnings per share (EPS) basic, in ₹	105.39	65.85		116.64	73.58	
Earnings per share (EPS) diluted, in ₹	104.63	65.33		115.79	73.00	
Book value per share, in ₹	699.34	597.85		726.71	614.11	

**Table 4: BFL's key ratios on a consolidated basis**

Ratios	FY2022	FY2021
Net interest income to average loans receivable	12.95%	11.99%
Total operating expenses to net interest income	34.65%	30.74%
Return on average loans receivable (ROA)	4.16%	3.07%
Return on average equity (ROE)	17.43%	12.77%
Capital to risk-weighted assets ratio (CRAR) *	27.22%	28.31%
Tier I *	24.75%	25.11%
Tier II *	2.47%	3.20%
Gross NPA	1.60%	1.79%
Net NPA	0.68%	0.75%
Provisioning coverage ratio (PCR)	58%	58%

\* These ratios are on standalone basis.

**Provisions for expected credit losses**

- BFL saw elevated level of loan losses of ₹ 4,803 crore in FY2022 owing to disruption caused by the second wave. While the gross and net NPAs have reverted to pre-Covid levels, BFL chose to carry a higher management overlay loan loss provision of ₹ 1,060 crore as on 31 March 2022 versus ₹ 840 crore as on 31 March 2021 to account for any tail risk which may emerge from the pandemic.
- Despite such accelerated provisioning, BFL delivered a consolidated pre-tax profit of ₹ 9,504 crore, registering a growth of 59%. In doing so, it once again demonstrated the resilience of its business model which generates strong pre-impairment profitability to absorb higher losses emanating from a crisis.

### Asset Liability Management (ALM)

- BFL's consolidated total borrowing was ₹ 165,232 crore as on 31 March 2022. Its Asset Liability Committee (ALCO), set up in line with the guidelines issued by the RBI, monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the balance sheet. Its robust liquidity management framework has ensured that enough liquidity was available throughout FY2022 to meet its debt service obligations and business growth requirements.
- At a consolidated level, BFL maintained an average liquidity buffer of ₹ 13,052 crore in FY2022, representing 9% of its average outstanding borrowings in FY2022. It had a consolidated liquidity surplus of ₹ 10,110 crore as on 31 March 2022, representing 6% of outstanding borrowings.

### Bajaj Housing Finance Limited (BHFL)

Bajaj Housing Finance Ltd. (BHFL), a 100% subsidiary of BFL, started its lending operation from July 2017. It offers the following products to its customers: (i) home loans; (ii) loan against property; (iii) lease rental discounting; and (iv) developer financing. It also has a dedicated vertical offering home loans and loan against property to rural individuals and MSME customers. Table 5 gives BHFL's standalone financials; and Table 6 gives its AUM.

**Table 5: BHFL's financial performance**

Particulars	(₹ In Crore)		
	FY2022	FY2021	Change
Total income	3,767	3,155	19%
Interest and finance charges	2,155	1,966	10%
<b>Net interest income</b>	<b>1,612</b>	<b>1,189</b>	<b>36%</b>
Total operating expenses	471	329	43%
<b>Pre-impairment operating profit</b>	<b>1,141</b>	<b>860</b>	<b>33%</b>
Impairment on financial instruments	181	247	(27%)
Profit before tax (PBT)	960	613	57%
<b>Profit after tax (PAT)</b>	<b>710</b>	<b>453</b>	<b>57%</b>
Total comprehensive income	709	454	56%
Earnings per share (EPS) basic, in ₹	1.45	0.93	

**Table 6: BHFL's assets under management**

Particulars	(₹ In Crore)		
	FY2022	FY2021	Change
Housing loans (including top ups)	33,515	23,943	40%
Loan against property	6,181	4,753	30%
Lease rental discounting	7,224	4,838	49%
Developer finance	2,875	2,057	40%
Rural mortgage loans	1,923	1,980	(3%)
Other loans	1,604	1,300	23%
<b>Total</b>	<b>53,322</b>	<b>38,871</b>	<b>37%</b>

## Bajaj Financial Securities Ltd. (BFinsec)

BFinsec, a 100% subsidiary of BFL, is registered with the SEBI as a stockbroker and depository participant. It started its business operations from August 2019 to ring fence Loan Against Securities (LAS) customers of BFL by providing them a full suite of investment products and services. It offers demat, broking, margin trade financing and financing for offer for sale to retail and HNI clients. It offers spread financing to its customers through BFL. With a view to provide better trading experience to its customers, BFinsec upgraded its website and mobile trading app to add several major capabilities including multiple charts, E-Collect feature for hassle-free fund addition etc.

With a base of approximately 331,000 customers as of 31 March 2022, BFinsec offers demat and broking services to HNIs with high level of customisation, demat and broking for retail customers with multiple means of digital access apart from call-in-trade and Margin Trade Financing for both HNI and retail clients.

During the year, BFL infused ₹ 400 crore of additional share capital in BFinsec to finance its near-term growth plans. BFinsec generated total income of ₹ 124 crore and profit after tax of ₹ 17 crore in FY2022.

## Protection and Savings

### General Insurance: Bajaj Allianz General Insurance Company Ltd. (BAGIC)

BAGIC is one of India's leading composite general insurers offering all types of general insurance including motor, health, crop, marine, and various forms of commercial lines of insurance. It has built a strong retail franchise and retained a leading position among private insurers.

Its business is built on the foundation of a quality product portfolio, supported by strong underwriting, multi-channel distribution and prudent financial management. In a market where most peers continue to chase market share, BAGIC has differentiated itself by focusing on a profitable and diversified portfolio, and balancing growth with profitability. It is one of the most respected brands in general insurance.

### Industry Update

After recording approximately 12% CAGR in Gross Written Premium (GWP) in the last five years, FY2022 saw India's general insurance industry facing a difficult environment amid resurgence of the Covid pandemic. Multiple waves of Covid spread across the country accompanied by localised lockdowns in many states, and massive hospitalisations. Sales of consumer durables and motor vehicles were also badly affected in many states. Consequently, risk levels remained elevated during the year.

In addition, FY2022 saw the auto industry showing a declining trend for most of the year owing to shortage of critical components and low demand for two-wheelers. This led to lower sales of passenger vehicles during festive seasons of FY2022.

On claims front too, it was a difficult year for the general insurance industry. After regional lockdowns were lifted during Q1 FY2022, motor own damage claims ratio, which had dropped in FY2021 due to lower mobility on account of lockdowns, increased to pre-Covid levels. Moreover, in the health segment, both Covid and non-Covid claims became highly elevated – both in their frequency and severity. Subsequent waves of Covid during the year impacted claims further, as these affected people of lower ages as well. Further, the industry witnessed various natural catastrophes such as cyclones and heavy rain across various states which further impacted the bottom line of general insurers. On the motor third party segment, where the price is fixed by means of a tariff, there was no increase in premium rates granted in FY2022.

Despite these challenging circumstances, the industry posted growth of 8.8% in FY2022. This was largely driven by growth in health and commercial lines of business. Growth rates in gross direct premium in India (GWP less reinsurance accepted) for the industry, and for BAGIC, are shown in the Table 7.

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**Table 7: Gross direct premium in India – the general insurance industry\***

(₹ In Crore)

Particulars	Gross direct premium	
	FY2022	FY2021
<b>BAGIC</b>	<b>13,689</b>	<b>12,570</b>
Private sector	109,748	98,001
Public sector	75,117	71,844
Industry	184,865	169,845
Standalone health insurers (SAHI)	20,866	15,755
Industry including SAHI	205,731	185,600
<b>Growth rates</b>		
<b>BAGIC</b>	<b>8.9%</b>	<b>(1.6%)</b>
Private sector	12.0%	5.1%
Public sector	4.6%	(2.0%)
Industry	8.8%	2.0%
Standalone health insurers (SAHI)	32.4%	31.5%
Industry including SAHI	10.8%	4.0%

Source: GI Council figures, IRDA website and IRDA, Handbook of Insurance Statistics.

\* excluding specialised insurers.

Recently, the IRDAI has proposed an increase in the rates of motor third party insurance considering the rise in third party claims. This revision has come after three years. The increase in rates, which is expected to impact new cars and two wheelers the most, is more modest than past price increases.

### Business Update

- Under challenging circumstances for the industry, BAGIC maintained its market position and underwriting discipline along with a sharp focus on managing risk and protecting capital consistent with calibrated growth.
- Notwithstanding these challenges, BAGIC posted a growth rate of 8.9% in FY2022, which was in line with the industry growth rate of composite insurers.
- It continued to do well on commercial lines (fire, marine, engineering and liability), where the growth rate was 16.5%. During the year, BAGIC also wrote ₹ 845 crore premium of the state of Gujarat under the Ayushman Bharat government health scheme and ₹ 2,081 crore premium under the government crop insurance schemes.
- BAGIC continues to be among the more profitable general insurers vis-a-vis peers in the public and private sectors of comparable size. Its combined ratio of 99.6% in FY2022 is expected to be among the best in the industry, reflecting a sound balance between growth and profitability. BAGIC continues to achieve this feat by: (a) robust and prudent underwriting practices; (b) generation of cash flows through strong retention of premium and judicious investments of the proceeds; and (c) focus on high quality customer service.
- BAGIC has a diversified multi-channel distribution network consisting of banks, NBFCs, individual agents, motor insurance service providers, point of sales persons and its proprietary Virtual Sales Offices. It continued to expand network of independent bancassurance partners including private banks, public sector banks, regional banks, small finance banks and cooperative banks. BAGIC has one of the largest network of bancassurance partners in the general insurance industry. During the year, BAGIC introduced

a unique health insurance rider - Health prime for select retail and group health customers. This rider covers 24x7 unlimited tele consultation, 90,000+ doctors for tele-consultations, investigation, pathology and radiology expenses and annual preventive health check-up cover.

- BAGIC continued its push towards enhanced digital services with capabilities like AI enabled BOT (BOING) – which serviced 7.55 lakh unique customers with over 12 lakh conversations. Its customer facing mobile app, Caringly Yours, crossed 1.9 million downloads. Its innovative mobile app for the farming community, Farmitra, saw 5.34 lakh downloads; some 1.34 lakh farmer claims were processed through the app.
- Its new core policy administration system has accelerated the growth in travel business. During the year, the retail health insurance module has also been launched.

#### BAGIC: Performance Highlights for FY2022

- Gross written premium (GWP) stood at ₹ 13,788 crore in FY2022, a growth of 9%.
- BAGIC maintained its market share in the industry, including standalone insurers, at 6.7% in FY2022.
- Net earned premium was ₹ 7,779 crore.
- The combined ratio was 99.6%.
- Profit after tax for FY2022 was ₹ 1,339 crore – which was mainly impacted due to overall higher claims on account second wave of Covid and lower investment yields due to low interest rates.
- Some 22 million policies were issued in the year, versus about 25 million in FY2021.
- 4,562,051 claims were reported in the year, versus 3,771,501 in FY2021.

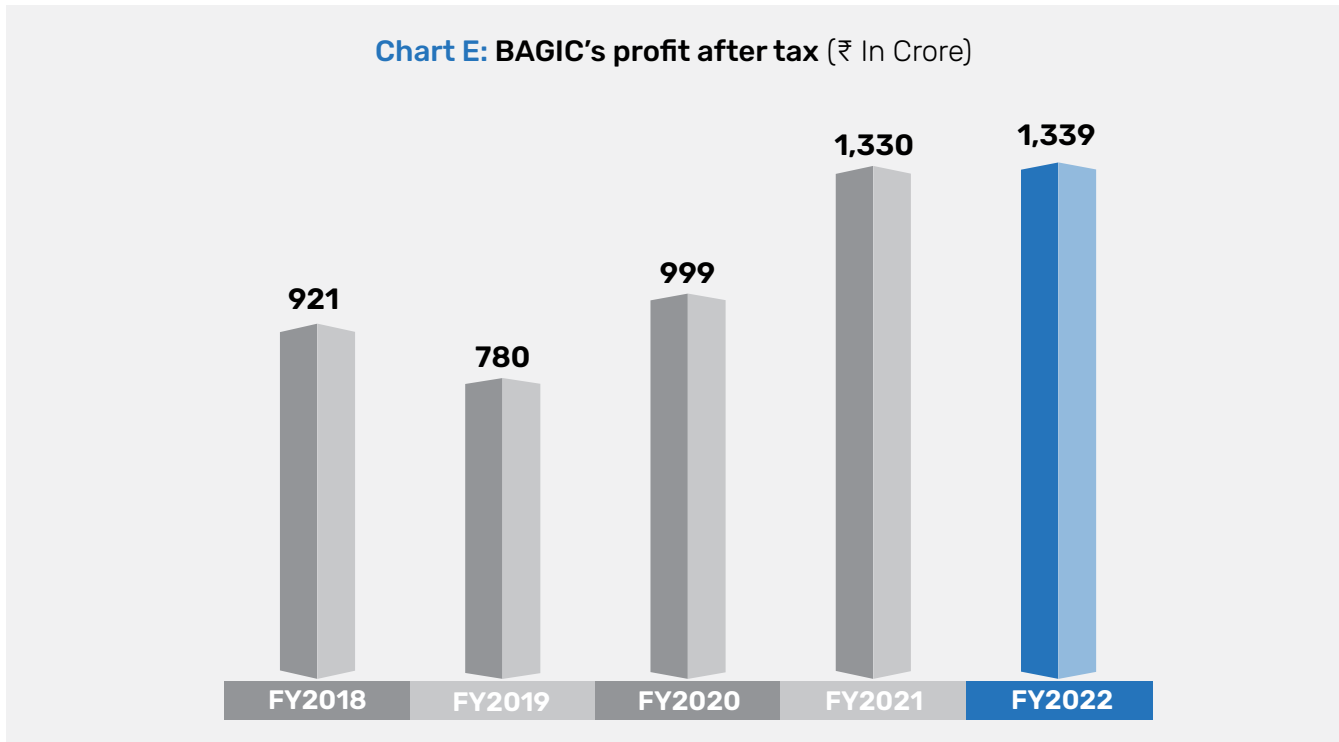
#### Financial Performance

BAGIC's financial performance for FY2022 is summarised in Table 8. Chart E plots the Company's PAT over the last five years.

**Table 8: BAGIC's financial performance**

Particulars	₹ In Crore		
	FY2022	FY2021	% Change
<b>Gross written premium</b>	<b>13,788</b>	<b>12,624</b>	<b>9%</b>
Net earned premium	7,779	7,436	5%
Underwriting result	33	237	
Profit before tax	1,793	1,769	1%
<b>Profit after tax</b>	<b>1,339</b>	<b>1,330</b>	<b>1%</b>
Claims ratio	73.0%	68.5%	
<b>Combined ratio*</b>	<b>99.6%</b>	<b>96.9%</b>	
Return on average equity	17.3%	20.3%	

\* Combined ratio is calculated according to the Master Circular on 'Preparation of Financial Statements of General Insurance Business' issued by the IRDAI effective from 1 April 2013.



#### Cash and investments

- BAGIC's cash and investments as on 31 March 2022 were ₹ 24,633 crore, versus ₹ 23,150 crore in the previous year. Cash flow generation continued to be strong.

#### Capital and solvency

- Paid-up capital, including share premium, stood at ₹ 277 crore as at 31 March 2022. No fresh capital was infused in the year.
- BAGIC completed 14 consecutive years since the last capital infusion and continues to be one of the most efficient users of capital in the private sector – as measured by the ratio of GWP to share capital and by GWP to shareholders' equity.
- Shareholders' equity of BAGIC was ₹ 8,822 crore as on 31 March 2022, versus ₹ 7,524 crore a year earlier.
- As on 31 March 2022, BAGIC's solvency margin was at 344%, which is well above the normal regulatory requirement of 150%.

BAGIC's excellent solvency, large AUM in relation to its premium, liquidity, prudent underwriting, stable management team and strong brand positions have helped it in these challenging times. As these should help it to come out of the crisis and make most of various opportunities.

### Life Insurance, Savings and Retirement: Bajaj Allianz Life Insurance Company Ltd. (BALIC)

BALIC is one of India's leading life insurers offering all types of life insurance, savings and annuity products. It has built a strong multi-channel retail franchise spread across India.

Over the last few years, BALIC has transformed several aspects of its business focusing on industry-leading products, broadening and deepening of its channels and enhanced customer experience with high levels of digitisation. Results of the steps taken towards transformation over the last few years have been visible through growth of new business and market share, improvement in persistency, a revamped product portfolio, several technological advancements in serving the customers and distributors and brand enrichment.

# GET 100% GUARANTEED<sup>1</sup>, TAX-FREE<sup>2</sup> SECOND INCOME.

Bajaj Allianz Life

## ASSURED WEALTH GOAL

A Non linked, Non Participating, Individual, Life Insurance Savings Plan



**GET<sup>4</sup>**

**₹2.95 Lakh<sup>5</sup> p.a.**  
for 30 years from  
15<sup>th</sup> policy year  
+  
Return of invested amount  
at the end of policy term  
**₹24 Lakh**  
Total **₹1.12 Crore<sup>6</sup>**

**PAY**

**₹2 Lakh p.a.**  
for 12 years  
Total **₹24 Lakh**

Vacation cum work-from-home Life Goal

- Guaranteed' income for up to 30 years<sup>7</sup>**
- Tax benefit u/s 80C<sup>2</sup>**
- Life Cover**

SCAN TO BUY

**☎ : 1800 209 4040**  
**CONTACT YOUR INSURANCE CONSULTANT**



**YE BHI SAHI HAI**

<sup>4</sup>Above illustration considering male | Aged 30 years | Variant - Second Income | Policy Term 44 years | Deferment Period - 2 years | Existing customer | Online channel | Income Period 30 years starting from 15<sup>th</sup> policy year | Auto Pay opted | Return of premium opted payable at the end of the income period | Death benefit at 1<sup>st</sup> policy year will be ₹25,00,000. | The premium mentioned above are exclusive of any extra premium loading and Goods & Service Tax/any other applicable tax levied, subject to changes in tax laws. | The Income payouts will be paid in arrears as per chosen payout frequency.

**Bajaj Allianz Life Insurance Co. Ltd. Risk Factors and Warning Statements:** Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz Life Assured Wealth Goal are the names of the company and the product respectively and do not in any way indicate the quality of the product and its future prospects or returns. For more details on risk factors, terms and conditions, please read sales brochure & policy document (available on www.bajajallianzlife.com) carefully before concluding a sale. Bajaj Allianz Life Assured Wealth Goal is A Non linked, Non Participating, Individual, Life Insurance Savings Plan. Regd. Office Address: Bajaj Allianz House, Airport Road, Yerawada, Pune-411006, Reg. No.: 116, CIN: U66010PN2001PLC015959, Call us on toll free No.: 1800 209 7272, Mail us: customercare@bajajallianz.co.in, Fax No: 02066026789, Bajaj Allianz Life Assured Wealth Goal (UIN: 116N170V03), The Logo of Bajaj Allianz Life Insurance Co. Ltd. is provided on the basis of license given by Bajaj Finserv Ltd. to use its "Bajaj" Logo and Allianz SE to use its "Allianz" logo. All charges / taxes, as applicable, will be borne by the Policyholder.

<sup>1</sup>Conditions Apply - The Guaranteed benefits are dependent on policy term, premium payment term availed along with other variable factors. For more details please refer to sales brochure. <sup>5</sup>Amount = ₹2,95,500 starting from 15<sup>th</sup> policy year | <sup>6</sup>Total = ₹1,12,65,000. Assuming the policy holder survived till end of policy term | <sup>7</sup>Product features mentioned above are dependent on variant chosen

<sup>2</sup>Tax benefits as per prevailing Income tax laws shall apply. Please check with your tax consultant for eligibility.

**BEWARE OF SPURIOUS PHONE CALLS AND FICTITIOUS / FRAUDULENT OFFERS - IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.**



## Industry Update

- At the beginning of the financial year, the industry witnessed the outbreak of second Covid wave. Partial lock-down across the various states in Q1 FY2022 had a bearing on the industry's growth. The industry witnessed higher demand for term insurance among customers led by fear of Covid and increased awareness; equally, there were supply side constraints at insurers' end in terms of stricter underwriting norms and rate hikes by reinsurers.
- Higher volatility in equity markets and increased risk perception resulted in greater demand for guaranteed return plans. However, with the recovery in equity markets, the industry again saw a revival in demand for unit-linked insurance plans in Q3 FY2022.
- Protection business continued to be slow as the leading players continued to remain cautious with strict underwriting guidelines and calibrated risk approach, which was accentuated by multiple rounds of tightening of terms by reinsurers. Annuity business witnessed an upsurge, as insurers started to foray into this untapped segment. Annuity, guaranteed products and ULIPs helped in propelling growth across the industry.
- Industry recorded growth of 16% in individual rated new business (IRNBP) in FY2022. Within the industry, private sector grew by 22%, while LIC grew by 7%. BALIC recorded strong growth in IRNBP of 49% for FY2022.
- Of the total growth experienced by the industry, individual new business grew by 10%; and group new business by 15% in FY2022.

Table 9 gives the industry-wide data, along with BALIC.

**Table 9: Premium in India – the life insurance industry**

(₹ In Crore)

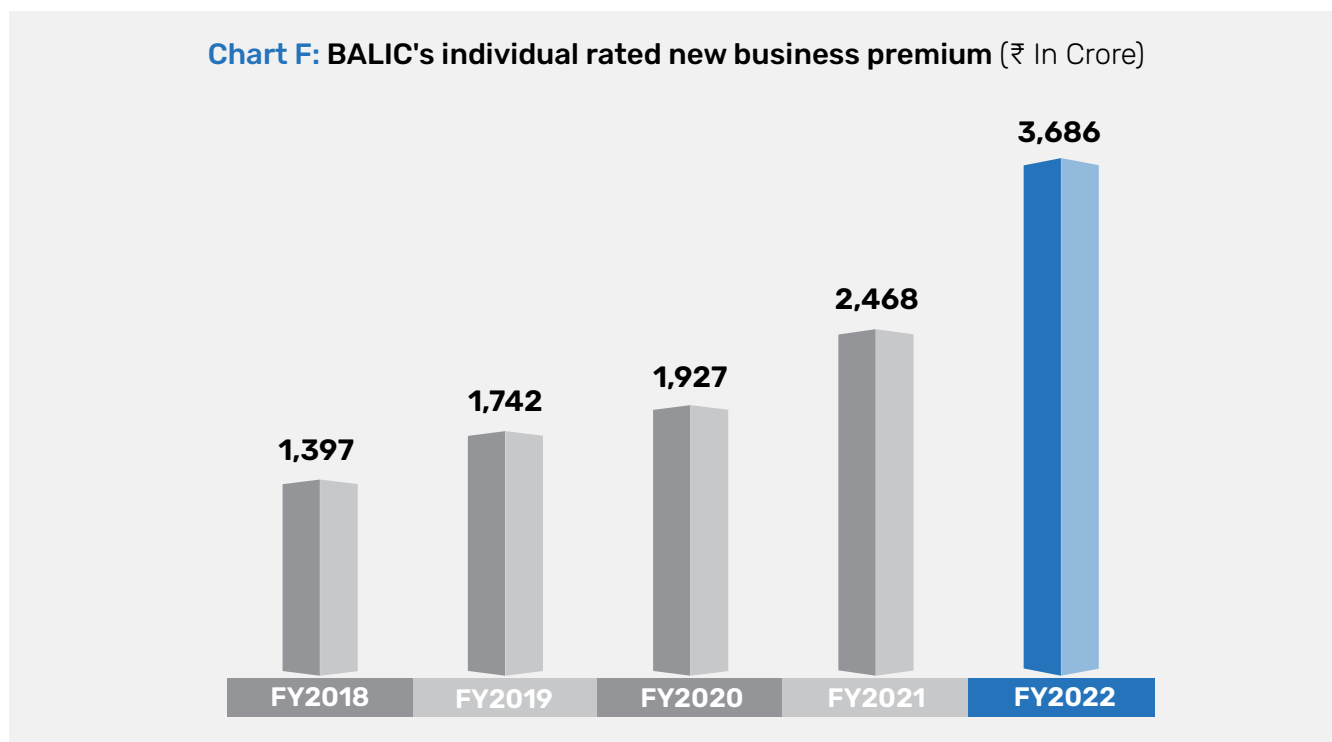
Particulars	Individual rated new business		New business (NB)	
	FY2022	FY2021	FY2022	FY2021
<b>BALIC</b>	<b>3,686</b>	<b>2,468</b>	<b>9,136</b>	<b>6,313</b>
Private sector	55,077	45,192	115,503	94,103
LIC	32,496	30,466	198,760	184,175
Industry	87,573	75,658	314,263	278,278
<b>Growth rates</b>				
<b>BALIC</b>	<b>49.4%</b>	<b>28.0%</b>	<b>44.7%</b>	<b>21.9%</b>
Private sector	21.9%	7.5%	22.7%	16.3%
LIC	6.7%	-3.1%	7.9%	3.5%
Industry	15.7%	3.0%	12.9%	7.5%
<b>Market Share</b>				
Private industry	62.9%	59.7%	36.8%	33.8%
LIC	37.1%	40.3%	63.2%	66.2%

Source: Life Council statistics. Note: Individual rated new business premium = (100% of first year premium and 10% of single premium excluding group products).

## Business Update

BALIC recorded its highest ever Gross Written Premium (GWP) of ₹ 16,127 crore and an AUM of ₹ 85,623 crore in FY2022. With the country unlocking itself from second wave of Covid and lower base effect of last year, the industry was able to report better numbers from Q2 FY2022. BALIC recorded excellent growth – well above that of the industry.

In terms of rated individual new business premium, BALIC registered a growth of 49%, which was significantly higher than the industry growth rate of 16%. The growth of BALIC is evident in the Chart F, with a CAGR for four years at 27%.



- BALIC registered increase in market share from 3.3% in FY2021 to 4.2% in FY2022 on IRNBP basis. Within the private industry, its market share grew from 5.5% in FY2021 to 6.7% in FY2022.
- BALIC continued with its emphasis on a balanced and sustainable product mix, with a view of de-risking its business from volatile market movements. As a result, the proportion of Unit-Linked Insurance Plans (ULIPs), in the product mix measured on individual rated new business, stood at 39% in FY2022 as against 41% in FY2021. Its share of annuity, non-participating guaranteed savings and protection products increased to approximately 41% for FY2022 versus around 36% in FY2021
- Some of the other key achievements of FY2022 for BALIC are:
  - o An increase in persistency across different vintages, lower customer grievances and improvement in claims settlement ratios.
  - o Enhancement of product portfolio with products like the Bajaj Allianz Assured Wealth Goal in the annuity segment.
  - o Strengthening of agency via an 'Add and Grow' strategy in agency through new initiatives with higher variable costs
  - o Introduction of Go Digital, a consolidated digital service offering through QR code to let customers choose their preferred medium for servicing; Launch of WhatsApp servicing with enhanced digital offering to enable customers get response on a click and enabling self-service at nine Shoppe branches via Kiosks.

**BALIC: Performance Highlights for FY2022**

- Individual rated new business premium grew by 49% in FY2022 to ₹ 3,686 crore.
- Group protection new business premium grew by 43% to ₹ 2,287 crore.
- New business premium grew by 45% to ₹ 9,136 crore.
- Renewal premium grew by 22% to ₹ 6,991 crore.
- Gross written premium (GWP) increased by 34% in FY2022 to ₹ 16,127 crore. BALIC registered its highest ever GWP during the year.
- PAT was ₹ 324 crore, primarily due to lower realised investment income, higher new business strain/higher overruns .
- New Business Value (NBV), a key metric used to measure profitability of life insurance businesses, increased by 72% to ₹ 621 crore.
- 13<sup>th</sup> month persistency\* saw a marginal improvement to 81.6% in FY2022, from 79.8% in FY2021, and 49<sup>th</sup> month persistency\* improved significantly to 62.0% in FY2022 from 54.3% in FY2021. All other cohorts registered growth over FY2022
- Customer grievances per 10,000 policies saw a decline of 9% in FY2022 versus FY2021, to all time low of 40 grievances per 10,000 new policies issued .
- The embedded value of the Company at FY2022 stood at ₹ 17,249 crore up from ₹ 15,534 crore at FY2021.
- AUM was ₹ 85,623 crore.

\*Policies issued in the March to February period of the relevant years.

**Financial Performance**

BALIC's financial performance for FY2022 is summarised in Table 10.

**Table 10: BALIC's financial performance**

Particulars	(₹ In Crore)		
	FY2022	FY2021	% Change
<b>Gross written premium (GWP)</b>	<b>16,127</b>	<b>12,025</b>	<b>34%</b>
New business premium	9,136	6,313	45%
- Individual rated new business premium	3,686	2,468	49%
- Group protection new business premium	2,287	1,597	43%
Renewal premium	6,991	5,712	22%
Policyholders' surplus	(355)	(69)	
Shareholders' profit after tax	324	580	(44%)
<b>New Business Value (NBV)</b>	<b>621</b>	<b>361</b>	<b>72%</b>

**Investments**

As on 31 March 2022, BALIC's AUM was ₹ 85,623 crore – up by 16% from ₹ 73,773 crore on 31 March 2021, reflecting a significant improvement in equity markets. Table 11 provides the data.

**Table 11: BALIC's assets under management**

(₹ In Crore)

Particulars	FY2022	FY2021
Shareholders' funds	11,001	10,058
Policyholders' linked funds	33,427	28,855
Policyholders' non linked funds	41,195	34,860
<b>Total</b>	<b>85,623</b>	<b>73,773</b>

**Capital and solvency**

- Paid up capital, including share premium, stood at ₹ 1,211 crore as at 31 March 2022. No fresh capital was infused in FY2022.
- Including accumulated profit of ₹ 9,264 crore and mark-to-market profit on equity investments of ₹ 412 crore as on 31 March 2022, the shareholders' net worth was ₹ 10,939 crore. For the previous year, accumulated profits were ₹ 9,076 crore, and shareholders' net worth was ₹ 10,735 crore.
- BALIC has a strong solvency ratio of 581% as on 31 March 2022, which is well in excess of the minimum regulatory requirement of 150%.

Towards the close of the year, the life insurance industry witnessed healthy growth driven by guaranteed products and annuity segment. Protection business continued to be slow as the leading players continue to remain cautious with strict underwriting guidelines and calibrated risk approach. Demand for guaranteed business continued to remain strong in FY2022.

**Emerging businesses****Bajaj Finserv Direct Ltd. (Bajaj Markets)**

Bajaj Markets started its journey in July 2018. It is a unique and diversified marketplace for financial services and e-commerce. In financial services, its multi-provider open architecture platform currently offers over 100 financial product variants across loans, cards, insurance, investments and payments. Through its e-commerce business, it offers electronics, mobiles and lifestyle products in India.

**Bajaj Markets**

- partners with some of the companies in the BFSI sector and has onboarded over 18 lending partners, including BFL, providing a range of products in both unsecured and secured lending on its platform.
- offers BFL, its strategic partner, end-to-end lending, insurance and investment platform services.
- is a corporate agent for distribution of insurance products. It has currently 8 partnerships across general, life and health insurance including BAGIC and BALIC.
- offers the Bajaj Markets cards platform with 5 credit card partners including State Bank of India, Axis Bank Ltd., ICICI Bank Ltd., RBL Bank Ltd. and Citibank.

Bajaj Markets offers mainly 3 customer-facing digital assets, offering the entire range of its products from its partners:

- The Bajaj MARKETS online portal on its website.
- The Bajaj MARKETS mobile app which is available on most popular app stores.
- The Customer portal on its app and website that caters to servicing needs of its customers.

Bajaj Markets recorded a revenue of ₹ 207 crore and a loss of ₹ 88 crore during FY2022 (₹ 102 crore and ₹ 44 crore respectively in FY2021). BFS has so far infused capital of ₹ 525 crore in this fintech venture. During FY2022, BFL took a stake of 19.9% in Bajaj Markets by infusing ₹ 283 crore.

## Bajaj Finserv Health Ltd. (Bajaj Finserv Health)

Bajaj Finserv Health provides technology-based products, which takes care of end to end customer needs – from products on Do-It-Yourself basis to fulfilment of order to utilisation of benefits. Bajaj Finserv Health is in a phase, where it is investing in technology for seamless integration of its products with providers and payers for enhanced customer experience.

Bajaj Finserv Health

- has built easy-to-access digital platforms that offer
  - its customers access to healthcare through prepaid, preventive and personalised covers for doctor appointments, outpatient services and discounted services from network hospitals. The Bajaj Finserv Health application is available on most popular mobile app stores.
  - a practice management software for doctors who are part of its network. It has built a robust network of doctors, hospitals and laboratories across India.
- has been selected as wave 1 partner of NHA for Unified Health Interface of Ayushman Bharat Digital Mission.

Bajaj Finserv Health recorded a revenue of ₹ 88 crore and a loss of ₹ 129 crore during FY2022 (₹ 10 crore and ₹ 63 crore respectively in FY2021). BFS has so far infused capital of ₹ 240 crore in this health tech venture.

## Renewable Energy and Conservation of Environment

Bajaj Finserv owns and operates 138 windmills in Maharashtra with total installed capacity of 65.2 MW. During FY2022, the Company continued generating green energy, thereby contributing to conservation of the environment. Apart from revenue from sale of power generated by these wind farms, BFS also earns revenue from Renewable Energy Certificates (RECs).

Due to favourable winds, the windmills generated 764 lakh units in FY2022, which was 7% higher than the FY2021 generation of 716 lakh units. Revenue generated from renewable energy in FY2022 was ₹ 29 crore versus ₹ 24 crore in the previous year, due to resumption of REC trade by regulatory authorities during FY2022.

## Financials of Bajaj Finserv

### BFS: Consolidated Performance Highlights for FY2022

Despite a roller-coaster year impacted by Covid, following all-time highs were registered:

- Consolidated revenue of ₹ 68,439 crore.
- Consolidated profit after tax of ₹ 4,557 crore.
- BFL consolidated profit after tax of ₹ 7,028 crore.
- BAGIC gross written premium of ₹ 13,788 crore.
- BALIC gross written premium of ₹ 16,127 crore.

### Standalone Financials

Standalone financials of the Company are given in Table 12 and the significant ratios in Table 13.

**Table 12: Standalone financials of Bajaj Finserv**

(₹ In Crore)

Particulars	FY2022	FY2021
A. Income from wind farm activity	29	24
Administrative expenses	22	20
Profit from wind farm activity	7	4
B. Income from investments and others*	700	368
Other expenses	144	127
Profit before tax (PBT)	563	245
Tax expense	139	66
Profit after tax (PAT)	424	179

\*Includes dividend received from subsidiaries of ₹ 511 crore (Previous year : ₹ 233 crore).

**Table 13: Significant standalone ratios of Bajaj Finserv**

(₹ In Crore)

Particulars	FY2022	FY2021
Current ratio	1.6	4.2
Operating profit margin %	77.2%	62.5%
Net profit margin %	58.2%	45.6%
Return on net worth %	10.4%	4.9%

## Consolidated Financials

The consolidated financials are given in Table 14. These include the results of subsidiaries and joint venture and are prepared in accordance with the Ind AS.

### Note on consolidated profit after tax:

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

**Table 14: Consolidated financials of Bajaj Finserv**

(₹ In Crore)

Segment revenue			Segment results: profit after tax		
Particulars	FY2022	FY2021	Particulars	FY2022	FY2021
Life insurance	17,469	16,215	Life insurance	244	426
General insurance	19,612	17,961	General insurance	987	984
Windfarm	29	24	Windfarm	7	4
Retail finance	31,640	26,683	Retail finance	3,700	2,332
Investments and others	996	480	Investments and others	(383)	(168)
	<b>69,746</b>	<b>61,363</b>	<b>Profit before MTM gain</b>	<b>4,555</b>	<b>3,578</b>
Less: inter-segment	1,307	771	MTM gain	2	892
<b>Total</b>	<b>68,439</b>	<b>60,592</b>	Profit after MTM gain	4,557	4,470

## Awards and Recognition

During the year, the Company, its subsidiaries and key personnel received several prestigious awards, some of which are given below.

### BFS

Late Rahul Bajaj, Chairman Emeritus of Bajaj group, was conferred with the 'Hall of Fame' honour at the CNBC-TV18 India Business Leader Awards (IBLA), 2022 for his extraordinary leadership over the years.

### BFL

Rajeev Jain, Managing Director, Bajaj Finance Ltd., was conferred with the 'Champion of Champions' honour in the prestigious Business Today-PwC India's Best CEOs rankings.

Bajaj Finance bagged Gold for 'Digital Marketing Excellence in Financial Services' for its Fixed Deposit digital campaign at the DIGIXX 2019 Awards by Adgully.

### BAGIC

'General Insurance Company of the Year' at India Insurance Summit & Awards 2022.

'Gold Award in the Non-Life Insurance Provider of the Year' at the 20<sup>th</sup> edition of the Outlook Money Awards.

### BALIC

Bajaj Allianz Life won under the 'Highest Growth' category at the ASSOCHAM 13<sup>th</sup> Global Insurance E-Summit & Awards.

Bajaj Allianz Life won Kincentric 'Best Employer Award' 2021.

Won accolades for revolutionary digital platform Smart Assist, including ET BFSI Excellence Awards 2021 under 'Best Digital Customer Experience Initiative [Insurance]'.

### Bajaj Markets

Recognised as the 'Dream Employer of the Year' at the Dream Companies to Work for Awards by The World HRD Congress 2022.

Won the coveted 'The Economic Times Innovation Awards 2020' for their Business Model Innovation in creating a diversified financial services marketplace for consumers.

Won the 'Best Lending Tech Award', in the Payment and Fintech category at the 10<sup>th</sup> India Digital Summit, 2020.

## Cautionary Statement

*Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global economy, political stability, stock performance on stock markets, changes in government regulations, tax regimes, economic developments and other incidental factors. Except as required by law, the Company does not undertake to update any forward-looking statements to reflect future events or circumstances. Investors are advised to exercise due care and caution while interpreting these statements.*