

Press release

Financial results – Q3 FY17

Gross revenue ↑ 27% | Profit after tax ↑ 41%

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q3 FY17.

Bajaj Finserv Limited (BFS) is the holding company for the various financial services businesses under the Bajaj group. It serves millions of customers in the financial services space by providing solutions for asset acquisition through financing, asset protection through general insurance, family protection and income protection in the form of life and health insurance and retirement and savings solutions.

BFS participates in the financing business through its 58% holding in Bajaj Finance Limited (BFL) and in the protection business through its 74% holding in Bajaj Allianz General Insurance Company Limited (BAGIC) and Bajaj Allianz Life Insurance Company Limited (BALIC). During the quarter, BFS exercised 9,250,000 warrants convertible into equity shares of BFL and thus increased its holding in BFL from 57.28% to 58%.

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

The Government demonetized high value currency notes on 8 November 2016, which had some adverse impact on our general insurance and financing businesses. However, our companies were able to overcome the effect of this and BFS has been able to deliver yet another robust performance in Q3 FY17 as reflected in numbers given below:

Highlights – Q3 FY17 v/s Q3 FY16

✓ Consolidated gross revenue	– ₹ 6,834 crore	v/s ₹ 5,396 crore	↑ 27%
✓ Consolidated income from operations	– ₹ 3,293 crore	v/s ₹ 2,444 crore	↑ 35%
✓ Consolidated profit after tax	– ₹ 614 crore	v/s ₹ 437 crore	↑ 41%
✓ Bajaj Finance, profit after tax	– ₹ 556 crore	v/s ₹ 408 crore	↑ 36%
✓ General insurance, profit after tax	– ₹ 197 crore	v/s ₹ 68 crore	↑ 190%
✓ Life insurance, shareholders' profit after tax	– ₹ 192 crore	v/s ₹ 191 crore	

Highlights – 9M FY17 v/s 9M FY16

✓ Consolidated gross revenue	– ₹ 19,416 crore	v/s ₹ 15,408 crore	↑ 26%
✓ Consolidated income from operations	– ₹ 9,205 crore	v/s ₹ 6,879 crore	↑ 34%
✓ Consolidated profit after tax	– ₹ 1,727 crore	v/s ₹ 1,345 crore	↑ 28%
✓ Bajaj Finance, profit after tax	– ₹ 1,387 crore	v/s ₹ 963 crore	↑ 44%
✓ General insurance, profit after tax	– ₹ 563 crore	v/s ₹ 356 crore	↑ 58%
✓ Life insurance, shareholders' profit after tax	– ₹ 638 crore	v/s ₹ 647 crore	

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

Bajaj Finserv Limited

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1. Performance

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

A. Bajaj Finance Limited (BFL)

Despite slow credit demand across the country especially after demonetization during November and December 2016, BFL has continued its stellar growth.

- i) Total income for Q3 FY17 **increased** by **32%** to **₹ 2,729 crore** v/s ₹ 2,069 crore in Q3 FY16.
- ii) During Q3 FY17, BFL recorded its **highest ever quarterly profit after tax (PAT)** of **₹ 556 crore** v/s ₹ 408 crore in Q3 FY16 – an **increase** of **36%**.

Also **BFL's 9M FY17 PAT** at **₹ 1,387 crore** is **higher than** the **PAT** of **₹ 1,279 crore** for the **whole** of **FY16**.

- iii) Assets under management stood at **₹ 57,605 crore** as on 31 December 2016 v/s ₹ 43,452 crore as on 31 December 2015 - an **increase** of **33%**.
- iv) Net NPA as on 31 December 2016 stood at 0.39%.
- v) Capital adequacy ratio as on 31 December 2016 stood at a healthy **21.26%** as against the minimum regulatory requirement of 15%.

Summary of financial results is given in **Annexure B**.

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

BAGIC reported yet another **robust performance** in Q3 FY17. It registered its **highest ever nine monthly gross written premium** and **profit after tax**.

- i) Gross written premium for Q3 FY17 **increased** by **28%** to **₹ 1,722 crore** v/s ₹ 1,348 crore in Q3 FY16.
- ii) During Q3 FY17, BAGIC wrote **crop insurance** of **₹ 240 crore** v/s ₹ 28 crore in Q3 FY16.
- iii) Profit after tax for Q3 FY17 **increased** by **190%** to **₹ 197 crore** v/s ₹ 68 crore in Q3 FY16.
- iv) Net earned premium for Q3 FY17 stood at **₹ 1,259 crore** v/s ₹ 1,037 crore in Q3 FY16 – an **increase** of **21%**.
- v) Underwriting result was **₹ Nil** for Q3 FY17 v/s underwriting loss of **₹ 116 crore** in Q3 FY16. Underwriting result for Q3 FY16 had impact of Chennai floods of ~ ₹ 82 crore.
- vi) Investment and other income for Q3 FY17 **increased** by **40%** to **₹ 295 crore** from ₹ 211 crore in Q3 FY16.
- vii) Claim ratio stood at **70.8%** in Q3 FY17 v/s 77.3% in Q3 FY16.
- viii) Combined ratio stood at **99.6%** in Q3 FY17 v/s 108.7% in Q3 FY16.
- ix) As on 31 December 2016, solvency ratio stood at **258%**, which is well above the normal regulatory requirement of 150%.
- x) Cash and investments as on 31 December 2016 stood at **₹ 10,473 crore** v/s ₹ 9,090 crore as on 31 December 2015 - an **increase** of **15%**.

Summary of financial results and key ratios is given in **Annexure C**.

C. Bajaj Allianz Life Insurance Company Limited (BALIC)

During the current year, BALIC has shifted its focus towards selling more individual regular premium. BALIC's **individual rated premium** grew by **62%** in Q3 FY17 as against the industry growth of 23%. **BALIC achieved its highest growth rate during 9M FY17** on individual rated new business and rated new business basis **since FY08**.

- i) Gross written premium **increased** by **21%** to **₹ 1,485 crore** in Q3 FY17 v/s ₹ 1,225 crore in Q3 FY16.
- ii) New business premium **increased** by **45%** to **₹ 782 crore** in Q3 FY17 v/s ₹ 538 crore in Q3 FY16.
 - a) Rated individual new business was **₹ 285 crore** in Q3 FY17 v/s ₹ 176 crore in Q3 FY16 – an **increase of 62%**.
 - b) Group new business was **₹ 483 crore** in Q3 FY17 v/s ₹ 322 crore in Q3 FY16 – an **increase of 50%**.
- iii) Renewal premium for Q3 FY17 was **₹ 703 crore** v/s ₹ 687 crore in Q3 FY16.
- iv) Shareholders' profit after tax during Q3 FY17 was **₹ 192 crore** v/s ₹ 191 crore in Q3 FY16.
- v) Solvency ratio stood at a healthy **771%** as on 31 December 2016 as against the minimum regulatory requirement of 150%.
- vi) Total investments stood at **₹ 46,806 crore** as on 31 December 2016 v/s ₹ 43,361 crore as on 31 December 2015 - an **increase of 8%**.

Summary of financial results is given in **Annexure D**.

2. Exercise of BFL warrants

On 23 November 2016, the Company exercised its right to convert 9,250,000 warrants of Bajaj Finance Limited into equity at an exercise price of ₹ 441.20 per warrant upon payment of balance 75% amount aggregating to ₹ 306.08 crore. 25% of the subscription amount aggregating to ₹ 102.03 crore had already been paid at the time of allotment of warrants in June 2015. Consequently, the Company's shareholding in Bajaj Finance Limited increased from 57.28% to 58%.

Sanjiv Bajaj
Managing Director
30 January 2017

Annexure A - Consolidated results of BFS

(₹ In Crore)		Q3 FY17	Q3 FY16	9M FY17	9M FY16	FY16
	Gross revenue					
	i. Gross written premium					
	a) Life insurance - Bajaj Allianz Life Insurance Co. Ltd.	1,484.66	1,225.21	3,935.49	3,478.74	5,897.31
	b) General insurance - Bajaj Allianz General Insurance Co. Ltd.	1,721.64	1,348.37	5,427.55	4,170.48	5,900.65
	ii. Gross income - Bajaj Finance Ltd.	2,729.11	2,069.67	7,399.05	5,426.14	7,383.66
	iii. Income from windpower generation - Bajaj Finserv Ltd.	7.42	10.37	58.30	47.68	58.37
	iv. Investment income (excluding accretions on unit linked investment)	881.19	708.49	2,554.36	2,188.17	2,996.09
	v. Others	10.33	33.78	41.48	96.89	127.52
	Total	6,834.35	5,395.89	19,416.23	15,408.10	22,363.60
1	Income					
	(a) Income from operations	3,249.99	2,395.24	8,920.06	6,667.39	9,134.96
	(b) Transfer from policyholders' account	43.47	48.64	284.91	211.98	311.44
	Total income from operations (net)	3,293.46	2,443.88	9,204.97	6,879.37	9,446.40
2	Expenses					
	(a) Transfer to policyholders' account	13.55	7.26	126.53	32.09	43.57
	(b) Employee benefits expense	266.92	206.95	720.18	570.67	768.04
	(c) Marketing and other commission	117.46	117.90	326.15	289.15	385.83
	(d) Recovery cost	72.00	58.04	211.84	169.40	233.15
	(e) Loan losses and provisions	179.70	146.18	528.51	386.31	542.85
	(f) Depreciation and amortisation	18.09	15.47	52.54	40.34	57.72
	(g) Other expenses	286.57	204.14	729.52	527.05	734.58
	Total expenses	954.29	755.94	2,695.27	2,015.01	2,765.74
3	Profit from operations before other income, finance costs and exceptional items (1-2)	2,339.17	1,687.94	6,509.70	4,864.36	6,680.66
4	Other income	0.11	0.02	0.38	0.19	0.34
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	2,339.28	1,687.96	6,510.08	4,864.55	6,681.00
6	Finance costs	961.11	733.78	2,756.10	2,087.44	2,876.95
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	1,378.17	954.18	3,753.98	2,777.11	3,804.05
8	Exceptional items	-	-	-	-	-
9	Profit from ordinary activities before tax (7+8)	1,378.17	954.18	3,753.98	2,777.11	3,804.05
10	Tax expense	426.90	276.00	1,122.99	769.38	1,029.51
11	Net profit from ordinary activities after tax (9-10)	951.27	678.18	2,630.99	2,007.73	2,774.54
12	Add : Tax (debits)/credits pertaining to earlier years	-	-	-	-	0.02
13	Add: Share of profit after tax of associates	-	-	-	-	-
14	Less: Minority interest in net income of subsidiaries	337.51	240.89	903.97	662.41	911.29
15	Net profit after tax, minority interest and share of profit of associates (11+12+13-14)	613.76	437.29	1,727.02	1,345.32	1,863.27
16	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57	79.57	79.57
17	Reserves excluding revaluation reserves					13,305.24
18	Basic and diluted earnings per share (₹) before and after extraordinary items (not annualised)	38.6	27.5	108.5	84.5	117.1

Annexure B - Summary financial results of BFL

₹ In Crore	Q3 FY17	Q3 FY16	9M FY17	9M FY16	FY16
Total income	2,729	2,069	7,396	5,426	7,384
Interest expenses	980	749	2,820	2,121	2,927
Net interest income	1,749	1,320	4,576	3,305	4,457
Operating expenses	719	549	1,920	1,443	1,949
Loan losses and provisions	180	146	528	386	543
Profit before tax	850	625	2,128	1,476	1,965
Profit after tax	556	408	1,387	963	1,279

Annexure C - Summary financial results of BAGIC

₹ In Crore	Q3 FY17	Q3 FY16	9M FY17	9M FY16	FY16
Gross written premium	1,722	1,348	5,428	4,170	5,901
Net earned premium	1,259	1,037	3,637	3,098	4,224
Underwriting result	-	(116)	29	(95)	(65)
Investment and other income	295	211	802	609	836
Profit before tax	295	95	831	514	771
Profit after tax	197	68	563	356	564

Key ratios

Claim ratio	70.8%	77.3%	71.6%	72.9%	72.3%
Combined ratio	99.6%	108.7%	98.3%	101.2%	99.3%

Annexure D - Summary financial results of BALIC

₹ In Crore	Q3 FY17	Q3 FY16	9M FY17	9M FY16	FY16
Gross written premium	1,485	1,225	3,936	3,479	5,897
New business premium	782	538	2,144	1,672	2,885
Rated individual new business premium*	285	176	624	402	717
Group new business premium	483	322	1,485	1,137	1,994
Renewal premium	703	687	1,792	1,807	3,012
Shareholders' profit	162	150	480	467	611
Amount transferred from the policyholders' account to the shareholders' account (net)	30	41	158	180	268
Total shareholders' profit after tax	192	191	638	647	879

* Rated new business premium = 100% of Regular premium + 10% of Single premium policies sold.