

Press release

Financial results – Q3 FY18

Total revenue ↑ 21% | Profit after tax ↑ 22%

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q3 FY18.

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 55.13% 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).

Yet again, BFL and BAGIC recorded their higher ever quarterly profit after tax. Both, BFL and BAGIC crossed their full previous year's profit during current 9 months. These results are reflected in the consolidated results of BFS.

Highlights – Q3 FY18 v/s Q3 FY17

✓ Consolidated total revenue	– ₹ 7,666 crore	v/s ₹ 6,317 crore	↑ 21%
✓ Consolidated profit after tax	– ₹ 749 crore	v/s ₹ 614 crore	↑ 22%
✓ Bajaj Finance, profit after tax	– ₹ 767 crore	v/s ₹ 556 crore	↑ 38%
✓ General insurance, profit after tax	– ₹ 262 crore	v/s ₹ 197 crore	↑ 33%
✓ Life insurance, shareholders' profit after tax	– ₹ 163 crore	v/s ₹ 192 crore	

Highlights – 9M FY18 v/s 9M FY17

✓ Consolidated total revenue	– ₹ 21,770 crore	v/s ₹ 17,468 crore	↑ 25%
✓ Consolidated profit after tax	– ₹ 2,056 crore	v/s ₹ 1,727 crore	↑ 19%
✓ Bajaj Finance, profit after tax	– ₹ 1,926 crore	v/s ₹ 1,387 crore	↑ 39%
✓ General insurance, profit after tax	– ₹ 735 crore	v/s ₹ 563 crore	↑ 31%
✓ Life insurance, shareholders' profit after tax	– ₹ 545 crore	v/s ₹ 638 crore	

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

Bajaj Finserv Limited

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

A. Bajaj Finance Limited (BFL)

Despite slow credit demand across the industry, BFL has continued its **stellar growth** and **yet again** recorded its **highest ever quarterly profit after tax**.

- i) Total revenue for Q3 FY18 **increased** by **31%** to **₹ 3,543 crore** v/s ₹ 2,700 crore in Q3 FY17.
- ii) **Profit after tax (PAT)** for Q3 FY18 **increased** by **38%** to **₹ 767 crore** v/s ₹ 556 crore in Q3 FY17.
BFL's 9M FY18 PAT at ₹ 1,926 crore has crossed **PAT of ₹ 1,837 crore** for the **whole of FY17**.
- iii) Assets under management (AUM) stood at **₹ 76,384 crore** as on 31 December 2017 v/s ₹ 57,605 crore as on 31 December 2016 - an **increase of 33%**.

Bajaj Housing Finance Limited (BHFL), a 100% housing finance subsidiary of Bajaj Finance, which started its operations in July 2017 has become fully operational in Q3 FY18. Its AUM as on 31 December 2017 stood at **₹ 1,586 crore**.

Consolidated AUM of BFL as on 31 December 2017 **increased** by **35%** to **₹ 77,970 crore** from ₹ 57,605 crore as on 31 December 2016.

- iv) Net NPA as on 31 December 2017 stood at 0.53% after moving NPA recognition policy from 4 months to 3 months overdue, as required by RBI guidelines.
- v) The capital adequacy ratio as at 31 December 2017 (including Tier-II capital) stood at 24.84%. The Tier-I capital stood at 19.60%.

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 FY18 and **yet again** it too registered its **highest ever quarterly profit after tax**.

- i) Gross written premium (excluding crop) for Q3 FY18 **increased** by **23%** to **₹ 1,818 crore** v/s ₹ 1,482 crore in Q3 FY17.

During Q3 FY18, BAGIC wrote **crop insurance** of **₹ 74 crore** v/s ₹ 240 crore in Q3 FY17.

Consequently, overall gross written premium for Q3 FY18 **increased** by **10%** to **₹ 1,892 crore** v/s ₹ 1,722 crore in Q3 FY17.

- ii) Net earned premium for Q3 FY18 stood at **₹ 1,486 crore** v/s ₹ 1,259 crore in Q3 FY17 – an **increase of 18%**.
- iii) Underwriting profit for Q3 FY18 **increased significantly** to **₹ 113 crore** v/s ₹ Nil in Q3 FY17.
- iv) Investment and other income for Q3 FY18 stood at **₹ 269 crore** v/s ₹ 295 crore in Q3 FY17. Investment income for Q3 FY18 dropped on account of lower profit on sale of investments by ₹ 30 crore in Q3 FY18 as compared to Q3 FY17.
- v) Profit after tax (PAT) for Q3 FY18 **increased** by **33%** to **₹ 262 crore** v/s ₹ 197 crore in Q3 FY17.
BAGIC's 9M FY18 PAT at ₹ 735 crore is **higher than the PAT of ₹ 728 crore** for the **whole of FY17**.
- vi) Claim ratio improved to **62.4%** in Q3 FY18 v/s 70.8% in Q3 FY17.
- vii) Combined ratio improved to **92.1%** in Q3 FY18 v/s 99.6% in Q3 FY17.

viii) As on 31 December 2017, solvency ratio stood at **313%**, which is well above the minimum regulatory requirement of 150%.

ix) Cash and investments as on 31 December 2017 stood at **₹ 13,258 crore** v/s ₹ 10,473 crore as on 31 December 2016 – a healthy **increase** of **27%**.

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

C. Bajaj Allianz Life Insurance Company Limited (BALIC)

BALIC has continued its focus towards selling more individual regular premium policies. BALIC's **rated individual new business premium grew** by **28%** in Q3 FY18 as against industry growth of 24%.

i) New business premium stood at **₹ 944 crore** in Q3 FY18 v/s ₹ 785 crore in Q3 FY17 – an **increase** of **20%**.

a) Rated individual new business premium was **₹ 365 crore** in Q3 FY18 v/s ₹ 285 crore in Q3 FY17 – an **increase** of **28%**.

b) Group new business was **₹ 568 crore** in Q3 FY18 v/s ₹ 486 crore in Q3 FY17 – an **increase** of **17%**.

ii) Renewal premium for Q3 FY18 was **₹ 795 crore** v/s ₹ 700 crore in Q3 FY17 – an **increase** of **14%**.

iii) Gross written premium stood at **₹ 1,739 crore** in Q3 FY18 v/s ₹ 1,485 crore in Q3 FY17 – an **increase** of **17%**.

iv) Shareholders' profit after tax during Q3 FY18 was **₹ 163 crore** v/s ₹ 192 crore in Q3 FY17. The shareholders' profit was affected by higher death claims.

v) Solvency ratio stood at a healthy **600%** (based on amended regulations) as on 31 December 2017 as against the minimum regulatory requirement of 150%. In addition to this, BALIC had a fund of **₹ 2,397 crore** held beyond required solvency margin forming part of shareholders' investments.

vi) Total investments stood at **₹ 52,401 crore** as on 31 December 2017 v/s ₹ 46,806 crore as on 31 December 2016 - an **increase** of **12%**.

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

Sanjiv Bajaj

MD & CEO

1 February 2018

Annexure A - Consolidated results of BFS

(₹ In Crore)		Q3 FY18	Q3 FY17	9M FY18	9M FY17	FY17
1	Revenue					
	(a) Revenue from operations	3,598.51	2,709.70	9,880.27	7,400.40	10,090.53
	(b) Premium and other operating income from insurance business	4,066.89	3,607.34	11,889.32	10,066.77	14,416.68
	(c) Other income	0.11	0.11	0.47	0.38	0.55
	Total revenue	7,665.51	6,317.15	21,770.06	17,467.55	24,507.76
2	Expenses					
	(a) Employee benefits expense	392.49	266.92	1,072.10	720.18	1,000.73
	(b) Claims incurred pertaining to insurance business	2,821.65	2,256.78	8,606.68	6,878.58	9,676.11
	(c) Commission, operating and other expenses pertaining to insurance business	669.74	832.05	1,594.17	1,627.71	2,720.96
	(d) Finance costs	1,167.84	961.11	3,335.05	2,756.10	3,716.28
	(e) Loan losses and provisions	251.36	175.79	762.72	517.40	803.89
	(f) Depreciation and amortisation	27.12	18.09	73.78	52.54	72.63
	(g) Other expenses	571.78	428.24	1,630.25	1,161.06	1,592.63
	Total expenses	5,901.98	4,938.98	17,074.75	13,713.57	19,583.23
3	Profit before tax (1-2)	1,763.53	1,378.17	4,695.31	3,753.98	4,924.53
4	Tax expense					
	Current tax	573.64	402.13	1,523.70	1,129.27	1,566.01
	Deferred tax	(13.56)	24.77	(54.44)	(6.28)	(91.19)
	Total tax expense	560.08	426.90	1,469.26	1,122.99	1,474.82
5	Profit after tax (3-4)	1,203.45	951.27	3,226.05	2,630.99	3,449.71
6	Less: Minority interest in net income of subsidiaries	454.86	337.51	1,170.07	903.97	1,187.79
7	Net profit for the period after minority interest (5-6)	748.59	613.76	2,055.98	1,727.02	2,261.92
8	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57	79.57	79.57
9	Reserves excluding revaluation reserves					15,724.47
10	Basic and diluted earnings per share (₹) before and after extraordinary items (not annualised)	47.0	38.6	129.2	108.5	142.1

Annexure B - Summary financial results of BFL

₹ In Crore	Q3 FY18	Q3 FY17	9M FY18	9M FY17	FY17
Total revenue	3,543	2,700	9,772	7,319	9,989
Interest expenses	1,171	980	3,393	2,820	3,803
Net interest income	2,372	1,720	6,379	4,499	6,186
Operating expenses	949	694	2,666	1,854	2,564
Loan losses and provisions	247	176	756	517	804
Profit before tax	1,176	850	2,957	2,128	2,818
Profit after tax	767	556	1,926	1,387	1,837

Annexure C - Summary financial results of BAGIC

₹ In Crore	Q3 FY18	Q3 FY17	9M FY18	9M FY17	FY17
Gross written premium	1,892	1,722	6,722	5,428	7,687
Net earned premium	1,486	1,259	4,409	3,637	4,937
Underwriting result	113	-	262	29	64
Investment and other income	269	295	817	802	1,014
Profit before tax	382	295	1,079	831	1,078
Profit after tax	262	197	735	563	728

Key ratios

Claim ratio	62.4%	70.8%	66.3%	71.6%	70.4%
Combined ratio	92.1%	99.6%	91.9%	98.3%	96.8%

Annexure D - Summary financial results of BALIC

₹ In Crore	Q3 FY18	Q3 FY17	9M FY18	9M FY17	FY17
New business premium	944	785	2,897	2,177	3,338
Rated individual new business premium*	365	285	923	624	1,010
Group new business premium	568	486	1,935	1,518	2,273
Renewal premium	795	700	2,011	1,758	2,845
Gross written premium	1,739	1,485	4,908	3,935	6,183
Shareholders' profit	126	162	417	480	609
Amount transferred from the policyholders' account to the shareholders' account (net)	37	30	128	158	227
Total shareholders' profit after tax	163	192	545	638	836

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