

**Press release**  
**Financial results – Q3 FY19**

**Consolidated profit after tax : ₹ 851 crore ↑ 16%**

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q3 FY19.

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 54.99% holding in Bajaj Finance Limited (BFL) and in the protection business through its 74% holding in two unlisted subsidiaries, Bajaj Allianz General Insurance Company Limited (BAGIC) and Bajaj Allianz Life Insurance Company Limited (BALIC).

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) for FY19 which require Ind AS compliant comparatives for FY18. Accordingly, figures for previous year / period have been recast and reviewed by statutory auditors as per new accounting standards.

The insurance companies are not covered under Ind AS. They have prepared Ind AS financials only for the purpose of consolidation. Accordingly, for BAGIC and BALIC, standalone numbers reported below are based on non-Ind AS accounting standards (Indian GAAP) as applicable to insurance companies.

This quarter witnessed a situation of volatile interest rates, widening credit spreads and unusually tight liquidity conditions for NBFCs and HFCs in the aftermath of a default by a large financial institution. Notwithstanding this, BFL produced its best ever quarterly profit after tax, recording a 41% YOY growth in its assets under management. BAGIC and BALIC recorded strong growth in premiums; however, their profit after tax was adversely affected, mainly, due to provision for impairment of an investment.

**Highlights – Q3 FY19 v/s Q3 FY18**

✓ Consolidated total income	– ₹ 11,142 crore	v/s ₹ 8,005 crore	↑ 39%
✓ Consolidated profit after tax	– ₹ 851 crore	v/s ₹ 731 crore	↑ 16%
✓ Bajaj Finance, consolidated profit after tax	– ₹ 1,060 crore	v/s ₹ 690 crore	↑ 54%
✓ General insurance, profit after tax	– ₹ 224 crore	v/s ₹ 262 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 112 crore	v/s ₹ 163 crore	

**Bajaj Finserv Limited**

### Highlights – 9M FY19 v/s 9M FY18

✓ Consolidated total income	– ₹ 29,611 crore	v/s ₹ 23,807 crore	↑ 24%
✓ Consolidated profit after tax	– ₹ 2,380 crore	v/s ₹ 2,013 crore	↑ 18%
✓ Bajaj Finance, consolidated profit after tax	– ₹ 2,819 crore	v/s ₹ 1,749 crore	↑ 61%
✓ General insurance, profit after tax	– ₹ 697 crore	v/s ₹ 735 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 390 crore	v/s ₹ 545 crore	

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

A synopsis of the **quarterly performance** of the individual companies is given below:

#### **A. Bajaj Finance Limited (BFL) – Consolidated- Ind AS**

BFL enjoyed yet another strong quarter.

- Total income for Q3 FY19 increased by 48% to ₹ 4,995 crore v/s ₹ 3,374 crore in Q3 FY18.
- Profit after tax (PAT)** for Q3 FY19 increased by 54% to ₹ 1,060 crore v/s ₹ 690 crore in Q3 FY18. **BFL's 9M FY19 PAT at ₹ 2,819 crore has surpassed PAT of ₹ 2,496 crore for the whole of FY18.**
- AUM as at 31 December 2018 was ₹ 109,930 crore v/s ₹ 78,033 crore as at 31 December 2017 - an **increase of 41%**.
- Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as on 31 December 2018 stood at 0.62%.  
The capital adequacy ratio of BFL Standalone as at 31 December 2018 (including Tier-II capital) stood at 21.38%. The Tier-I capital stood at 16.80%.  
For its housing finance subsidiary, BHFL, the capital adequacy ratio (including Tier-II capital) stood at 22.79%.

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

#### **B. Bajaj Allianz General Insurance Company Limited (BAGIC) – Indian GAAP**

BAGIC's core business registered robust growth during the quarter.

- Gross written premium from core business (excluding crop)** for Q3 FY19 increased by 33% to ₹ 2,422 crore v/s ₹ 1,818 crore in Q3 FY18.  
During Q3 FY19, BAGIC wrote **crop insurance** of ₹ 125 crore v/s ₹ 74 crore in Q3 FY18.  
Consequently, overall gross written premium for Q3 FY19 increased by 35% to ₹ 2,547 crore v/s ₹ 1,892 crore in Q3 FY18.

- ii) Net earned premium for Q3 FY19 stood at ₹ 1,801 crore v/s ₹ 1,486 crore in Q3 FY18 – an increase of 21%.
- iii) Underwriting profit for Q3 FY19 was ₹ 48 crore v/s ₹ 113 crore in Q3 FY18 primarily due to higher claims and costs incurred to support the strong growth in its retail channels.
- iv) Investment and other income for Q3 FY19 stood at ₹ 273 crore v/s ₹ 269 crore in Q3 FY18. Realised gains were lower by ₹ 33 crore in Q3 FY19.
- v) Profit after tax for Q3 FY19 stood at ₹ 224 crore v/s ₹ 262 crore in Q3 FY18 mainly on account of provision of ₹ 25 crore against expected losses from an investment. Including the provision of ₹ 12 crore in Q2 of FY19, the total provision as at 31 December 2018 was ₹ 37 crore.
- vi) Claim ratio stood at 64.3% in Q3 FY19 v/s 62.4% in Q3 FY18.
- vii) Combined ratio stood at 94.2% in Q3 FY19 v/s 92.1% in Q3 FY18.
- viii) As on 31 December 2018, solvency ratio was 281%, which is well above the minimum regulatory requirement of 150%.
- ix) Cash and investments as on 31 December 2018 stood at ₹ 16,278 crore v/s ₹ 13,258 crore as on 31 December 2017 – a healthy increase of 23%.

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

#### **C. Bajaj Allianz Life Insurance Company Limited (BALIC) – Indian GAAP**

BALIC recorded strong growth in rated individual new business premium while focussing on a sustainable product mix, balancing traditional products with unit-linked products. During the quarter, the share of traditional business in BALIC's individual new business premium was 39% as compared to 28% in Q3 of the previous year.

- i) New business premium for Q3 FY19 was ₹ 1,171 crore v/s ₹ 943 crore in Q3 FY18 - an increase of 24%.
  - a) Rated individual new business premium was ₹ 424 crore in Q3 FY19 v/s ₹ 365 crore in Q3 FY18 – an increase of 16%.
  - b) Group new business was ₹ 737 crore in Q3 FY19 v/s ₹ 568 crore in Q3 FY18 - an increase of 30%.
- ii) Renewal premium for Q3 FY19 was ₹ 952 crore v/s ₹ 796 crore in Q3 FY18 – an increase of 20%.
- iii) Gross written premium stood at ₹ 2,123 crore in Q3 FY19 v/s ₹ 1,739 crore in Q3 FY18 – an increase of 22%.
- iv) Shareholders' profit after tax during Q3 FY19 stood at ₹ 112 crore v/s ₹ 163 crore in Q3 FY18, mainly on account of provision of ₹ 66 crore against expected losses from an investment. Including the provision of ₹ 31 crore in Q2 of FY19, the total provision as at 31 December 2018 was ₹ 97 crore.

- v) Solvency ratio stood at a healthy **767%** as on 31 December 2018 as against the minimum regulatory requirement of 150%.
- vi) Total investments stood at **₹ 54,687 crore** as on 31 December 2018 v/s ₹ 52,401 crore as on 31 December 2017 – an increase of 4%.

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

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**Sanjiv Bajaj**  
**Managing Director & CEO**  
29 January 2019

**Annexure A - Consolidated results of BFS – (Ind-AS)**

<b>(₹ In Crore)</b>		<b>Q3 FY19</b>	<b>Q3 FY18</b>	<b>9M FY19</b>	<b>9M FY18</b>	<b>FY18</b>
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations	4,987.21	3,357.70	13,220.45	9,301.19	12,855.58
	(b) Premium and other operating income from insurance business	6,153.84	4,647.61	16,389.41	14,505.74	20,022.83
	(c) Other income	0.55	0.11	1.19	0.47	0.54
	<b>Total income</b>	<b>11,141.60</b>	<b>8,005.42</b>	<b>29,611.05</b>	<b>23,807.40</b>	<b>32,878.95</b>
<b>2</b>	<b>Expenses</b>					
	(a) Employee benefits expense	1,003.34	721.44	2,757.18	1,999.40	2,767.78
	(b) Claims paid	2,394.56	2,596.18	7,522.13	7,695.38	10,791.40
	(c) Net change in insurance / investment contract liabilities	1,291.98	(68.11)	2,009.29	628.85	894.68
	(d) Reinsurance ceded	633.23	605.05	1,947.27	1,921.56	2,727.20
	(e) Finance costs	1,781.99	1,163.00	4,656.32	3,321.74	4,538.71
	(f) Loan losses and provisions	453.77	278.21	1,095.08	803.84	1,034.92
	(g) Depreciation and amortisation expense	59.88	41.84	154.92	112.13	159.91
	(h) Other expenses	1,299.30	958.53	3,444.60	2,772.20	3,866.91
	<b>Total expenses</b>	<b>8,918.05</b>	<b>6,296.14</b>	<b>23,586.79</b>	<b>19,255.10</b>	<b>26,781.51</b>
<b>3</b>	Share of profits of joint venture	0.47	0.23	0.41	0.44	1.29
<b>4</b>	<b>Profit before tax (1-2+3)</b>	<b>2,224.02</b>	<b>1,709.51</b>	<b>6,024.67</b>	<b>4,552.74</b>	<b>6,098.73</b>
<b>5</b>	<b>Tax expense</b>					
	(a) Current tax	754.97	576.37	1,983.75	1,535.20	1,995.49
	(b) Deferred tax	48.25	(26.88)	101.01	(109.89)	(73.11)
	<b>Total tax expense</b>	<b>803.22</b>	<b>549.49</b>	<b>2,084.76</b>	<b>1,425.31</b>	<b>1,922.38</b>
<b>6</b>	<b>Profit after tax (4-5)</b>	<b>1,420.80</b>	<b>1,160.02</b>	<b>3,939.91</b>	<b>3,127.43</b>	<b>4,176.35</b>
<b>7</b>	Profit attributable to non-controlling interests	570.28	429.52	1,559.61	1,114.20	1,526.09
<b>8</b>	<b>Profit for the period (6-7)</b>	<b>850.52</b>	<b>730.50</b>	<b>2,380.30</b>	<b>2,013.23</b>	<b>2,650.26</b>
<b>9</b>	<b>Other comprehensive income, net of tax</b>					
	(a) Items that will not be reclassified to profit or loss	(3.14)	0.84	(9.86)	(2.52)	(7.06)
	(b) Items that will be reclassified to profit or loss	575.07	(478.15)	(1.51)	(512.00)	(619.73)
	<b>Total other comprehensive income, net of tax</b>	<b>571.93</b>	<b>(477.31)</b>	<b>(11.37)</b>	<b>(514.52)</b>	<b>(626.79)</b>
<b>10</b>	<b>Total comprehensive income (6+9)</b>	<b>1,992.73</b>	<b>682.71</b>	<b>3,928.54</b>	<b>2,612.91</b>	<b>3,549.56</b>
<b>11</b>	<b>Profit attributable to:</b>					
	Owners of the company	850.52	730.50	2,380.30	2,013.23	2,650.26
	Non-controlling interests	570.28	429.52	1,559.61	1,114.20	1,526.09
<b>12</b>	<b>Total comprehensive income attributable to:</b>					
	Owners of the company	1,270.63	379.12	2,370.83	1,634.41	2,189.76
	Non-controlling interests	722.10	303.59	1,557.71	978.50	1,359.80
<b>14</b>	<b>Paid-up equity share capital (Face value of ₹ 5)</b>	<b>79.57</b>	<b>79.57</b>	<b>79.57</b>	<b>79.57</b>	<b>79.57</b>
<b>15</b>	<b>Other equity</b>					<b>20,403.37</b>
<b>16</b>	<b>Earnings per share (₹) (not annualised)</b>					
	Basic	53.4	45.9	149.6	126.5	166.5
	Diluted	53.4	45.9	149.6	126.5	166.5

**Annexure B - Summary financial results of BFL(consolidated) – (Ind-AS)**

₹ In Crore	Q3 FY19	Q3 FY18	9M FY19	9M FY18	FY18
Total income	4,995	3,374	13,233	9,274	12,772
Interest expenses	1,786	1,179	4,717	3,393	4,622
<b>Net interest income</b>	<b>3,209</b>	<b>2,195</b>	<b>8,516</b>	<b>5,881</b>	<b>8,150</b>
Operating expenses	1,119	853	3,053	2,378	3,272
Loan losses and provisions	454	278	1,095	804	1,035
<b>Profit before tax</b>	<b>1,636</b>	<b>1,064</b>	<b>4,368</b>	<b>2,699</b>	<b>3,843</b>
<b>Profit after tax</b>	<b>1,060</b>	<b>690</b>	<b>2,819</b>	<b>1,749</b>	<b>2,496</b>

**Annexure C - Summary financial results of BAGIC – (Indian GAAP)**

₹ In Crore	Q3 FY19	Q3 FY18	9M FY19	9M FY18	FY18
<b>Gross written premium</b>	<b>2,547</b>	<b>1,892</b>	<b>7,695</b>	<b>6,722</b>	<b>9,487</b>
Net earned premium	1,801	1,486	5,092	4,409	6,059
Underwriting result	48	113	164	262	293
Investment and other income	273	269	866	817	1,060
<b>Profit before tax</b>	<b>321</b>	<b>382</b>	<b>1,030</b>	<b>1,079</b>	<b>1,353</b>
<b>Profit after tax</b>	<b>224</b>	<b>262</b>	<b>697</b>	<b>735</b>	<b>921</b>

**Key ratios**

Claim ratio	64.3%	62.4%	66.0%	66.3%	66.7%
Combined ratio	94.2%	92.1%	94.0%	91.9%	92.3%

**Annexure D - Summary financial results of BALIC – (Indian GAAP)**

₹ In Crore	Q3 FY19	Q3 FY18	9M FY19	9M FY18	FY18
<b>New business premium</b>	<b>1,171</b>	<b>943</b>	<b>3,105</b>	<b>2,897</b>	<b>4,291</b>
Rated individual new business premium*	424	365	1,053	923	1,397
Group new business premium	737	568	2,013	1,935	2,835
<b>Renewal premium</b>	<b>952</b>	<b>796</b>	<b>2,462</b>	<b>2,011</b>	<b>3,287</b>
<b>Gross written premium</b>	<b>2,123</b>	<b>1,739</b>	<b>5,567</b>	<b>4,908</b>	<b>7,578</b>
Shareholders' profit	77	125	317	417	524
Amount transferred from the policyholders' account to the shareholders' account (net)	35	38	73	128	192
<b>Total shareholders' profit after tax</b>	<b>112</b>	<b>163</b>	<b>390</b>	<b>545</b>	<b>716</b>

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