



Press release
Financial results – Q3 FY20

Total income ↑ 31% | Profit after tax ↑ 32%

A meeting of the Board of Directors of Bajaj Finserv Limited was held today i.e. 29 January 2020, to consider and approve the results for Q3 FY20.

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 52.82% 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). Bajaj Housing Finance Limited (BHFL), which does mortgage business, is a wholly-owned subsidiary of Bajaj Finance Limited. During the quarter, BFL completed raising of capital from Qualified Institutional Buyers, consequent to which shareholding of BFS reduced from 54.81% to 52.82%.

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) from FY19 and the previous period figures are comparable.

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.

Economic conditions in the quarter continued to be weak with GDP growth dropping to 4.5% in Q2 FY20. Weak consumer demand in some pockets, unseasonal rainfall and volatile bond markets also contributed to difficult market environment for our businesses. The repo rate was further reduced by 0.25% in Q3 FY20 ending the quarter at 5.15%. However, longer term bond yields remained range bound. Even as economic conditions remained difficult, all the three businesses performed well, and the Company has been able to record significant increases in consolidated revenue and profit after tax.

- BFL continued its stellar performance, recording its highest ever quarterly consolidated profit after tax with its 9M FY20 consolidated profit surpassing the annual profit for FY19. This was boosted by strong growth in most verticals and solid operating performance.
- BAGIC and BALIC recorded strong growth in premium. BALIC's Assets Under Management crossed ₹60,000 crore in the quarter. BAGIC's profit, however, was affected by continued unseasonal rainfall which extended well into Q3.

Bajaj Finserv Limited

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Highlights – Q3 FY20 v/s Q3 FY19

✓ Consolidated total income	– ₹ 14,561 crore	v/s ₹ 11,142 crore	↑ 31%
✓ Consolidated profit after tax	– ₹ 1,126 crore	v/s ₹ 851 crore	↑ 32%
✓ Bajaj Finance, consolidated profit after tax	– ₹ 1,614 crore	v/s ₹ 1,060 crore	↑ 52%
✓ General insurance, profit after tax	– ₹ 191 crore	v/s ₹ 224 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 143 crore	v/s ₹ 112 crore	↑ 28%

Highlights – 9M FY20 v/s 9M FY19

✓ Consolidated total income	– ₹ 41,057 crore	v/s ₹ 29,611 crore	↑ 39%
✓ Consolidated profit after tax	– ₹ 3,175 crore	v/s ₹ 2,380 crore	↑ 33%
✓ Bajaj Finance, consolidated profit after tax	– ₹ 4,316 crore	v/s ₹ 2,819 crore	↑ 53%
✓ General insurance, profit after tax	– ₹ 695 crore	v/s ₹ 697 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 412 crore	v/s ₹ 390 crore	↑ 6%

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

- i) Total income for Q3 FY20 increased by 41% to ₹ 7,026 crore v/s ₹ 4,992 crore in Q3 FY19.
- ii) During Q3 FY20, BFL recorded its **highest ever quarterly consolidated profit after tax (PAT)** of ₹ 1,614 crore v/s ₹ 1,060 crore in Q3 FY19 – an increase of 52%. This includes the impact of lower corporate tax rate.
- iii) Assets under management (AUM) stood at ₹ 145,092 crore as on 31 December 2019 v/s ₹ 107,507 crore as on 31 December 2018 - an increase of 35%. This includes AUM of ₹ 30,035 crore of its housing finance subsidiary, BHFL, which recorded a growth of 115% over the AUM as on 31 December 2018.
- iv) Gross NPA and 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 2019 stood at 1.61% and 0.70% respectively.
- v) During the quarter, BFL has fully drawn ECB loans of USD 575 million (equivalent to ₹ 4,083 crore) under the facility agreement with various banks.
- vi) After the equity capital raising of ₹ 8,500 crore, capital adequacy ratio of BFL Standalone as at 31 December 2019 (including Tier-II capital) stood at 26.87%. The Tier-I capital was 23.16%.
For Bajaj Housing Finance Limited (BHFL), a 100% mortgage subsidiary of BFL, the capital adequacy ratio (including Tier-II capital) stood at 18.91%, as at 31 December 2019.

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

B. Bajaj Allianz General Insurance Company Limited (BAGIC)- Indian GAAP

BAGIC's GWP registered robust growth during the quarter.

- i) Gross written premium for Q3 FY20 **increased** by 20% to ₹ 3,055 crore v/s ₹ 2,547 crore in Q3 FY19.
Excluding the crop segment, the Gross written premium for Q3 FY20 **increased** by 10% to ₹ 2,663 crore v/s ₹ 2,422 crore in Q3 FY19.
- ii) Net earned premium for Q3 FY20 stood at ₹ 2,156 crore v/s ₹ 1,801 crore in Q3 FY19 – an **increase** of 20%.
- iii) Claim ratio stood at **72.6%** in Q3 FY20 v/s 64.3% in Q3 FY19. The increase in claim ratio includes losses from crop business in Madhya Pradesh and Maharashtra as well as higher claim ratio in Motor OD business.
- iv) Combined ratio stood at **103.6%** in Q3 FY20 v/s 94.2% in Q3 FY19.
- v) Underwriting **loss** for Q3 FY20 was ₹ 87 crore v/s a profit of ₹ 48 crore in Q3 FY19. The higher underwriting loss was mainly due to the higher claim ratio.
- vi) Investment and other income for Q3 FY20 stood at ₹ 359 crore v/s ₹ 273 crore in Q3 FY19. Profit on sale of investments were higher by ₹ 41 crore (before tax).
- vii) Profit after tax for Q3 FY20 decreased to ₹ 191 crore v/s ₹ 224 crore in Q3 FY19, mainly on account of higher claims.
- viii) As on 31 December 2019, solvency ratio stood at **236%**, which is well above the minimum regulatory requirement of 150%.
- ix) Assets Under Management (AUM), represented by cash and investments as on 31 December 2019 stood at ₹ 18,604 crore v/s ₹ 16,278 crore as on 31 December 2018 – a healthy **increase** of 14%.

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

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

- i) New business premium **increased** by 20% to ₹ 1,411 crore in Q3 FY20 v/s ₹ 1,171 crore in Q3 FY19.
 - a) Rated individual new business premium **increased** by 27% to ₹ 539 crore in Q3 FY20 v/s ₹ 424 crore in Q3 FY19.
 - b) Group protection new business premium **increased** by 32% to ₹ 492 crore in Q3 FY20 v/s ₹ 373 crore in Q3 FY19.
- ii) Renewal premium for Q3 FY20 **increased** by 20% to ₹ 1,141 crore v/s ₹ 952 crore in Q3 FY19.
- iii) Gross written premium **increased** by 20% to at ₹ 2,552 crore in Q3 FY20 v/s ₹ 2,123 crore in Q3 FY19.
- iv) Shareholders' profit after tax during Q3 FY20 **increased** by 28% to ₹ 143 crore v/s ₹ 112 crore in Q3 FY19.

- v) Solvency ratio stood at a healthy **756%** as on 31 December 2019 as against the minimum regulatory requirement of 150%.
- vi) Assets Under Management (AUM) represented by total investments stood at **₹ 60,789 crore** as on 31 December 2019 v/s **₹ 54,687 crore** as on 31 December 2018 – an **increase of 11%**.

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

S Sreenivasan
CFO

29 January 2020

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

(₹ In Crore)		Q3 FY20	Q3 FY19	9M FY20	9M FY19	FY19
1	Income					
	Interest income	6,698.72	5,134.82	18,585.06	13,770.87	18,776.29
	Dividend income	7.51	9.03	44.39	47.50	61.30
	Rental income	1.11	1.31	3.12	3.90	5.20
	Fees and commission income	594.42	356.34	1,811.80	841.76	1,681.87
	Net gain on fair value change	818.24	1,040.56	2,406.87	1,416.10	1,978.10
	Sale of energy generated and Services	51.61	13.15	142.70	126.68	147.25
	Premium and other operating income from insurance business	6,248.82	4,557.04	17,847.57	13,266.77	19,857.32
	Others	138.49	28.80	210.93	136.28	96.67
	Total revenue from operations	14,558.92	11,141.05	41,052.44	29,609.86	42,604.00
	Other income	1.82	0.55	4.78	1.19	1.57
	Total income	14,560.74	11,141.60	41,057.22	29,611.05	42,605.57
2	Expenses					
	Employee benefits expenses	1,293.28	1,003.34	3,637.35	2,757.18	3,801.77
	Finance costs	2,419.41	1,781.99	6,786.20	4,656.32	6,540.03
	Fees and commission expense	557.29	425.90	1,533.02	1,191.13	1,692.77
	Impairment of financial instruments - lending assets	830.73	453.77	1,975.70	1,095.08	1,501.35
	Impairment of financial instruments - investments	(1.84)	102.66	164.73	131.95	187.32
	Claims paid	3,198.44	2,394.56	8,473.40	7,522.13	10,663.70
	Reinsurance ceded	1,163.51	633.23	3,605.20	1,947.27	3,119.33
	Net change in insurance / investment contract liabilities	1,378.32	1,291.98	4,186.16	2,009.29	3,701.96
	Depreciation, amortisation and impairment	116.19	59.88	329.70	154.92	226.09
	Other expenses	978.44	770.74	2,856.53	2,121.52	3,017.87
	Total expenses	11,933.77	8,918.05	33,547.99	23,586.79	34,452.19
3	Share of profits of joint venture	0.19	0.47	(0.47)	0.41	1.36
4	Profit before tax (1-2+3)	2,627.16	2,224.02	7,508.76	6,024.67	8,154.74
5	Tax expense					
	Current tax	615.15	754.97	1,945.19	1,983.75	2,737.84
	Deferred tax	33.96	48.25	110.08	101.01	43.05
	Total tax expense	649.11	803.22	2,055.27	2,084.76	2,780.89
6	Profit after tax (4-5)	1,978.05	1,420.80	5,453.49	3,939.91	5,373.85
7	Profit attributable to non-controlling interests	852.41	570.28	2,278.79	1,559.61	2,154.81
8	Profit for the period (6-7)	1,125.64	850.52	3,174.70	2,380.30	3,219.04
9	Other comprehensive income, net of tax					
	(a) Items that will not be reclassified to profit or loss	1.79	(3.14)	0.70	(9.86)	(16.67)
	(b) Items that will be reclassified to profit or loss	42.88	575.07	445.58	(1.51)	160.23
	Total other comprehensive income, net of tax	44.67	571.93	446.28	(11.37)	143.56
10	Total comprehensive income (6+9)	2,022.72	1,992.73	5,899.77	3,928.54	5,517.41
11	Profit attributable to:					
	Owners of the company	1,125.64	850.52	3,174.70	2,380.30	3,219.04
	Non-controlling interests	852.41	570.28	2,278.79	1,559.61	2,154.81
12	Total comprehensive income attributable to:					
	Owners of the company	1,157.89	1,270.63	3,501.94	2,370.83	3,325.07
	Non-controlling interests	864.83	722.10	2,397.83	1,557.71	2,192.34
13	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57	79.57	79.57
14	Other equity					23,686.35
15	Earnings per share (₹) (not annualised)					
	Basic	70.7	53.4	199.5	149.6	202.3
	Diluted	70.7	53.4	199.5	149.6	202.3

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

₹ In Crore	Q3 FY20	Q3 FY19	9M FY20	9M FY19	FY19
Total income	7,026	4,992	19,157	13,203	18,502
Interest expenses	2,489	1,786	6,926	4,710	6,624
Net interest income	4,537	3,206	12,231	8,493	11,878
Operating expenses	1,536	1,119	4,211	3,033	4,198
Loan losses and provisions	831	451	1,976	1,092	1,501
Profit before tax	2,170	1,636	6,044	4,368	6,179
Profit after tax	1,614	1,060	4,316	2,819	3,995

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

₹ In Crore	Q3 FY20	Q3 FY19	9M FY20	9M FY19	FY19
Gross written premium	3,055	2,547	10,178	7,695	11,097
Net earned premium	2,156	1,801	6,234	5,092	7,010
Underwriting result	(87)	48	(169)	164	18
Investment and other income	359	273	1,131	866	1,134
Profit before tax	272	321	962	1,030	1,152
Profit after tax	191	224	695	697	780

Key ratios

Claim ratio	72.6%	64.3%	73.5%	66.0%	68.6%
Combined ratio	103.6%	94.2%	103.1%	94.0%	96.7%

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

₹ In Crore	Q3 FY20	Q3 FY19	9M FY20	9M FY19	FY19
New business premium	1,411	1,171	3,660	3,105	4,923
Rated individual new business premium*	539	424	1,321	1,053	1,742
Group protection new business premium	492	373	1,318	990	1,450
Renewal premium	1,141	952	2,964	2,462	3,934
Gross written premium	2,552	2,123	6,624	5,567	8,857
Shareholders' profit	133	77	433	317	398
Amount transferred from the policyholders' account to the shareholders' account (net)	10	35	(21)	73	104
Total shareholders' profit after tax	143	112	412	390	502

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