

Press release

Financial results – Q1 FY18

Total revenue ↑ 26% | 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 Q1 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 57.80% 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).

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

Highlights – Q1 FY18 v/s Q1 FY17

✓ Consolidated total revenue	– ₹ 6,581 crore	v/s ₹ 5,234 crore	↑ 26%
✓ Consolidated profit after tax	– ₹ 655 crore	v/s ₹ 538 crore	↑ 22%
✓ Bajaj Finance, profit after tax	– ₹ 602 crore	v/s ₹ 424 crore	↑ 42%
✓ General insurance, profit after tax	– ₹ 213 crore	v/s ₹ 132 crore	↑ 62%
✓ Life insurance, shareholders' profit after tax	– ₹ 196 crore	v/s ₹ 244 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 industry, BFL has continued its stellar growth and **yet again** recorded its **highest ever quarterly profit after tax**.

- i) Total revenue for Q1 FY18 **increased** by **39%** to **₹ 3,165 crore** v/s ₹ 2,282 crore in Q1 FY17.
- ii) **Profit after tax** for Q1 FY18 was **₹ 602 crore** v/s ₹ 424 crore in Q1 FY17 – an **increase** of **42%**.
- iii) Assets under management stood at **₹ 68,883 crore** as on 30 June 2017 v/s ₹ 49,608 crore as on 30 June 2016 - an **increase** of **39%**.
- iv) Net NPA as on 30 June 2017 stood at 0.53% after moving NPA recognition policy from 120 days to 90 days overdue, as required by RBI guidelines.
- v) Capital adequacy ratio as on 30 June 2017 (including Tier-II capital) stood at 20.15%. The Tier-I capital stood at 14.20%.
- vi) During the quarter, BFL received AAA rating from ICRA. The Company has now AAA rating from CRISIL, ICRA, CARE and India Rating.

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

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

BAGIC continued to maintain a sound balance between growth and profitability and has reported **yet another robust performance** in Q1 FY18.

- i) Gross written premium for Q1 FY18 **increased** by **29%** to **₹ 1,973 crore** v/s ₹ 1,527 crore in Q1 FY17.
- ii) During Q1 FY18, BAGIC wrote **crop insurance** of **₹ 36 crore** v/s ₹ 9 crore in Q1 FY17.
- iii) Net earned premium for Q1 FY18 stood at **₹ 1,334 crore** v/s ₹ 1,138 crore in Q1 FY17 – an **increase** of **17%**.
- iv) Underwriting profit for Q1 FY18 stood at **₹ 12 crore** v/s underwriting loss of ₹ 28 crore in Q1 FY17.
- v) Investment and other income for Q1 FY18 stood at **₹ 300 crore** v/s ₹ 218 crore in Q1 FY17 – an **increase** of **38%**.
- vi) Profit after tax for Q1 FY18 **increased** by **62%** to **₹ 213 crore** v/s ₹ 132 crore in Q1 FY17.
- vii) Claim ratio improved to **68.7%** in Q1 FY18 v/s 72.4% in Q1 FY17.
- viii) Combined ratio improved to **95.8%** in Q1 FY18 v/s 101.2% in Q1 FY17.
- ix) As on 30 June 2017, solvency ratio stood at **277%**, which is well above the normal regulatory requirement of 150%.
- x) Cash and investments as on 30 June 2017 stood at **₹ 11,687 crore** v/s ₹ 10,053 crore as on 30 June 2016 – a healthy **increase** of **16%**.

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. BALIC's **rated individual new business premium** grew by **120%** in Q1 FY18 as against industry growth of 29%.

- i) New business premium stood at **₹ 683 crore** in Q1 FY18 v/s ₹ 580 crore in Q1 FY17 – an **increase of 18%**.
 - a) Rated individual new business premium was **₹ 278 crore** in Q1 FY18 v/s ₹ 127 crore in Q1 FY17 – an **increase of 120%**.
 - b) Group new business was **₹ 391 crore** in Q1 FY18 v/s ₹ 445 crore in Q1 FY17.
- ii) Renewal premium for Q1 FY18 was **₹ 471 crore** v/s ₹ 424 crore in Q1 FY17 – an **increase of 11%**.
- iii) Gross written premium stood at **₹ 1,154 crore** in Q1 FY18 v/s ₹ 1,004 crore in Q1 FY17 – an **increase of 15%**.
- iv) Shareholders' profit after tax during Q1 FY18 was **₹ 196 crore** v/s ₹ 244 crore in Q1 FY17.
- v) Solvency ratio stood at a healthy **598%** (based on amended regulations) as on 30 June 2017 as against the minimum regulatory requirement of 150%. In addition to this, BALIC had a fund of **₹ 2,309 crore** held beyond required solvency margin forming part of shareholders' investments.
- vi) Total investments stood at **₹ 49,998 crore** as on 30 June 2017 v/s ₹ 45,729 crore as on 30 June 2016 - an **increase of 9%**.

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

2. Capital raising by Bajaj Finance

The Board of Directors of Bajaj Finance Limited has approved, subject to the approval of its shareholders, issue of securities for an aggregate amount up to **₹ 4,500 crore** through Qualified Institutional Placement to Qualified Institutional Buyers in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Sanjiv Bajaj
Managing Director
19 July 2017

Annexure A - Consolidated Results of BFS

(₹ In Crore)		Q1 FY18	Q1 FY17	FY17
1	Revenue			
	(a) Revenue from operations	3,183.54	2,319.54	10,104.83
	(b) Premium and other operating income from insurance business	3,397.75	2,914.27	14,416.68
	(c) Other income	0.02	0.10	0.55
	Total revenue	6,581.31	5,233.91	24,522.06
2	Expenses			
	(a) Employee benefits expense	327.25	225.46	1,000.73
	(b) Claims incurred pertaining to insurance business	2,570.57	2,093.75	9,676.11
	(c) Commission, operating and other expenses pertaining to insurance business	299.42	362.43	2,720.96
	(d) Finance costs	1,055.18	852.50	3,716.28
	(e) Loan losses and provisions	285.60	179.71	818.19
	(f) Depreciation and amortisation	22.24	16.34	72.63
	(g) Other expenses	558.18	360.53	1,592.63
	Total expenses	5,118.44	4,090.72	19,597.53
3	Profit before tax (1-2)	1,462.87	1,143.19	4,924.53
4	Tax expense			
	Current tax	458.94	346.18	1,566.01
	Deferred tax	(11.78)	(19.29)	(91.19)
	Total tax expense	447.16	326.89	1,474.82
5	Profit after tax (3-4)	1,015.71	816.30	3,449.71
6	Less: Minority interest in net income of subsidiaries	360.62	278.79	1,187.79
7	Net profit for the period after minority interest (5-6)	655.09	537.51	2,261.92
8	Paid-up equity share capital (Face value of ₹ 5)	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)	41.2	33.8	142.1

Annexure B - Summary financial results of BFL

₹ In Crore	Q1 FY18	Q1 FY17	FY17
Total revenue	3,165	2,282	10,003
Interest expenses	1,078	883	3,803
Net interest income	2,087	1,399	6,200
Operating expenses	876	567	2,564
Loan losses and provisions	286	180	818
Profit before tax	925	652	2,818
Profit after tax	602	424	1,837

Annexure C - Summary financial results of BAGIC

₹ In Crore	Q1 FY18	Q1 FY17	FY17
Gross written premium	1,973	1,527	7,687
Net earned premium	1,334	1,138	4,937
Underwriting result	12	(28)	64
Investment and other income	300	218	1,014
Profit before tax	312	190	1,078
Profit after tax	213	132	728

Key ratios

Claim ratio	68.7%	72.4%	70.4%
Combined ratio	95.8%	101.2%	96.8%

Annexure D - Summary financial results of BALIC

₹ In Crore	Q1 FY18	Q1 FY17	FY17
New business premium	683	580	3,290
Rated individual new business premium*	278	127	1,010
Group new business premium	391	445	2,225
Renewal premium	471	424	2,893
Gross written premium	1,154	1,004	6,183
Shareholders' profit	154	169	609
Amount transferred from the policyholders' account to the shareholders' account (net)	42	75	227
Total shareholders' profit after tax	196	244	836

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