

Press release

Financial results – Q1 FY19

Total income ↑ 16% | 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 Q1 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. On 2 April 2018, BFS became a member of the Nifty 50 index of large cap stocks.

BFS participates in the financing business through its 54.99% holding in Bajaj Finance Limited (BFL), also a member of the Nifty 50 index, 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.

Highlights – Q1 FY19 v/s Q1 FY18

✓ Consolidated total income	– ₹ 8,771 crore	v/s ₹ 7,536 crore	↑ 16%
✓ Consolidated profit after tax	– ₹ 826 crore	v/s ₹ 585 crore	↑ 41%
✓ Bajaj Finance, consolidated profit after tax	– ₹ 836 crore	v/s ₹ 461 crore	↑ 81%
✓ General insurance, profit after tax	– ₹ 291 crore	v/s ₹ 213 crore	↑ 37%
✓ Life insurance, shareholders' profit after tax	– ₹ 146 crore	v/s ₹ 196 crore	

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

Bajaj Finserv Limited

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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 aided by a diversified product mix, robust volume growth, prudent operating cost and effective risk management.

- i) Total income for Q1 FY19 **increased by 39% to ₹ 3,941 crore** v/s ₹ 2,834 crore in Q1 FY18.
- ii) **Profit after tax** for Q1 FY19 **increased by 81% to ₹ 836 crore** v/s ₹ 461 crore in Q1 FY18.
- iii) Assets under management (AUM) stood at **₹ 93,314 crore** as on 30 June 2018 v/s ₹ 68,945 crore as on 30 June 2017 - an **increase of 35%**.
- iv) Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as on 30 June 2018 stood at 0.44%.

The capital adequacy ratio of **BFL Standalone** as at 30 June 2018 (including Tier-II capital) stood at 23.04%. The Tier-I capital stood at 17.92%.

For its housing finance subsidiary, BHFL, the capital adequacy ratio (including Tier-II capital) stood at 28.54%.

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

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

BAGIC continues to be amongst the most profitable general insurance companies.

- i) Gross written premium (excluding crop) for Q1 FY19 **increased by 25% to ₹ 2,419 crore** v/s ₹ 1,937 crore in Q1 FY18.
During Q1 FY19, BAGIC wrote **crop insurance** of **₹ 10 crore** v/s ₹ 36 crore in Q1 FY18.
Consequently, overall gross written premium for Q1 FY19 **increased by 23% to ₹ 2,429 crore** v/s ₹ 1,973 crore in Q1 FY18.
- ii) Net earned premium for Q1 FY19 stood at **₹ 1,612 crore** v/s ₹ 1,334 crore in Q1 FY18 – an **increase of 21%**.
- iii) Underwriting profit for Q1 FY19 increased substantially to **₹ 128 crore** v/s ₹ 12 crore in Q1 FY18.
- iv) Investment and other income for Q1 FY19 stood at **₹ 307 crore** v/s ₹ 300 crore in Q1 FY18.
- v) Profit after tax for Q1 FY19 **increased significantly by 37% to ₹ 291 crore** v/s ₹ 213 crore in Q1 FY18.
- vi) Claim ratio improved to **65.7%** in Q1 FY19 v/s 68.7% in Q1 FY18.
- vii) Combined ratio improved to **90.2%** in Q1 FY19 v/s 95.8% in Q1 FY18.
- viii) As on 30 June 2018, solvency ratio stood at **288%**, which is well above the minimum regulatory requirement of 150%.
- ix) Cash and investments as on 30 June 2018 stood at **₹ 14,973 crore** v/s ₹ 11,687 crore as on 30 June 2017 – a healthy **increase of 28%**.

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

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

BALIC's focus has been to achieve a sustainable product mix, balancing traditional products with unit-linked products. During the quarter, share of traditional business in BALIC's individual new business premium was **39%** as compared to 22% in Q1 of the previous year.

- i) New business premium for Q1 FY19 was **₹ 721 crore** v/s ₹ 683 crore in Q1 FY18.
 - a) Rated individual new business premium was **₹ 283 crore** in Q1 FY19 v/s ₹ 278 crore in Q1 FY18
 - b) Group new business was **₹ 425 crore** in Q1 FY19 v/s ₹ 391 crore in Q1 FY18
- ii) Renewal premium for Q1 FY19 was **₹ 640 crore** v/s ₹ 471 crore in Q1 FY18 – an **increase of 36%**.
- iii) Gross written premium stood at **₹ 1,361 crore** in Q1 FY19 v/s ₹ 1,154 crore in Q1 FY18 – an **increase of 18%**.
- iv) Shareholders' profit after tax during Q1 FY19 stood at **₹ 146 crore** v/s ₹ 196 crore in Q1 FY18, mainly on account of lower realised gains on sale of investments.
- v) Solvency ratio stood at a healthy **770%** as on 30 June 2018 as against the minimum regulatory requirement of 150%.
- vi) Total investments stood at **₹ 53,219 crore** as on 30 June 2018 v/s ₹ 49,998 crore as on 30 June 2017.

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

Sanjiv Bajaj
Managing Director & CEO
19 July 2018

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

₹ In Crore)		Q1 FY19	Q1 FY18	FY18
1	Income			
	(a) Revenue from operations	3,943.55	2,838.96	12,855.58
	(b) Premium and other operating income from insurance business	4,826.18	4,696.58	20,023.76
	(c) Other income	1.33	0.02	0.54
	Total income	8,771.06	7,535.56	32,879.88
2	Expenses			
	(a) Employee benefits expense	845.04	632.17	2,767.78
	(b) Claims paid	2,493.12	2,651.75	10,791.40
	(c) Net change in insurance / investment contract liabilities	209.68	257.98	894.68
	(d) Reinsurance ceded	556.38	463.32	2,727.20
	(e) Finance costs	1,334.05	1,049.99	4,538.71
	(f) Loan losses and provisions	326.75	305.11	1,034.92
	(g) Depreciation and amortisation expense	42.97	33.45	159.91
	(h) Other expenses	972.96	882.82	3,867.84
	Total expenses	6,780.95	6,276.59	26,782.44
3	Share of profits of joint venture	0.15	0.13	1.29
4	Profit before tax (1-2+3)	1,990.26	1,259.10	6,098.73
5	Tax expense			
	(a) Current tax	606.16	447.90	1,995.49
	(b) Deferred tax	55.58	(78.17)	(73.11)
	Total tax expense	661.74	369.73	1,922.38
6	Profit after tax (4-5)	1,328.52	889.37	4,176.35
7	Profit attributable to non-controlling interests	502.75	304.84	1,526.09
8	Profit for the period (6-7)	825.77	584.53	2,650.26
9	Other comprehensive income, net of tax			
	(a) Items that will not be reclassified to profit or loss	(1.47)	(0.31)	(7.06)
	(b) Items that will be reclassified to profit or loss	(491.75)	93.08	(619.73)
	Total other comprehensive income, net of tax	(493.22)	92.77	(626.79)
10	Total comprehensive income (6+9)	835.30	982.14	3,549.56
11	Profit attributable to:			
	Owners of the company	825.77	584.53	2,650.26
	Non-controlling interests	502.75	304.84	1,526.09
12	Total comprehensive income attributable to:			
	Owners of the company	462.74	652.66	2,189.76
	Non-controlling interests	372.56	329.48	1,359.80
13	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57
14	Basic and diluted earnings per share (₹) (not annualised)	51.9	36.7	166.5

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

₹ In Crore	Q1 FY19	Q1 FY18	FY18
Total income	3,941	2,834	12,772
Interest expenses	1,363	1,073	4,622
Net interest income	2,578	1,761	8,150
Operating expenses	954	743	3,272
Loan losses and provisions	327	305	1,035
Profit before tax	1,297	713	3,843
Profit after tax	836	461	2,496

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

₹ In Crore	Q1 FY19	Q1 FY18	FY18
Gross written premium	2,429	1,973	9,487
Net earned premium	1,612	1,334	6,059
Underwriting result	128	12	293
Investment and other income	307	300	1,060
Profit before tax	435	312	1,353
Profit after tax	291	213	921

Key ratios

Claim ratio	65.7%	68.7%	66.7%
Combined ratio	90.2%	95.8%	92.3%

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

₹ In Crore	Q1 FY19	Q1 FY18	FY18
New business premium	721	683	4,291
Rated individual new business premium*	283	278	1,397
Group new business premium	425	391	2,835
Renewal premium	640	471	3,287
Gross written premium	1,361	1,154	7,578
Shareholders' profit	125	154	524
Amount transferred from the policyholders' account to the shareholders' account (net)	21	42	192
Total shareholders' profit after tax	146	196	716

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