

Press release
Financial results – Q1 FY20
Profit after tax : ₹ 845 crore

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q1 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 54.81% 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.

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.

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.

During this quarter, the tight liquidity conditions witnessed in the aftermath of a default by IL&FS did not show signs of abatement and companies with stronger balance sheets were favoured by lending banks and investors. This quarter also witnessed default by Dewan Housing Finance Limited (DHFL), a housing finance company, on a part of its commercial paper dues. In this difficult environment, it is heartening to see BFL continue to deliver excellent results. While both BAGIC and BALIC recorded strong growth in premiums, their profits were adversely impacted by provision for impairment on their holdings of DHFL's fixed income securities. BAGIC's underwriting result was also negatively impacted by losses from cyclone Fani which hit India's east coast in the quarter.

Highlights – Q1 FY20 v/s Q1 FY19

✓ Consolidated total income	– ₹ 12,272 crore	v/s ₹ 8,771 crore	↑ 40%
✓ Consolidated profit after tax *	– ₹ 845 crore	v/s ₹ 826 crore	
✓ Bajaj Finance, consolidated profit after tax	– ₹ 1,195 crore	v/s ₹ 836 crore	↑ 43%
✓ General insurance, profit after tax	– ₹ 210 crore	v/s ₹ 291 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 62 crore	v/s ₹ 146 crore	

*Excluding provision for impairment on DHFL, the consolidated profit after tax would have been ₹ 962 crore, an increase of 16%.

Bajaj Finserv Limited

Corporate Office: 6th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road,
Viman Nagar, Pune - 411 014, Maharashtra, India
Registered Office: Mumbai - Pune Road, Akurdi, Pune - 411 035, Maharashtra, India

Tel: +91 20 30405700
Fax: +91 20 30405792

www.bajajfinserv.in
Corporate ID No: L65923PN2007PLC130075

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 Q1 FY20 **increased** by **47%** to **₹ 5,808 crore** v/s ₹ 3,938 crore in Q1 FY19.
- ii) **Profit after tax** for Q1 FY20 **increased** by **43%** to **₹ 1,195 crore** v/s ₹ 836 crore in Q1 FY19.
- iii) Assets under management (AUM) stood at **₹ 128,898 crore** as on 30 June 2019 v/s ₹ 91,287 crore as on 30 June 2018 - an **increase** of **41%**. This includes AUM of ₹ 21,745 crore of its housing finance subsidiary, BHFL.
- 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 30 June 2019 stood at 1.60% and 0.64% respectively.
- v) The capital adequacy ratio of BFL Standalone as at 30 June 2019 (including Tier-II capital) stood at 19.48%. The Tier-I capital stood at 15.48%.

For BHFL, the capital adequacy ratio (including Tier-II capital) stood at 23.17%.

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

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

- i) Gross written premium for Q1 FY20 **increased** by **17%** to **₹ 2,843 crore** v/s ₹ 2,429 crore in Q1 FY19.
Gross written premium from core business (excluding crop) for Q1 FY20 **increased** by **13%** to **₹ 2,724 crore** v/s ₹ 2,419 crore in Q1 FY19.
- ii) Net earned premium for Q1 FY20 stood at **₹ 1,946 crore** v/s ₹ 1,612 crore in Q1 FY19 – an **increase** of **21%**.
- iii) Underwriting profit for Q1 FY20 stood at **₹ 9 crore** v/s ₹ 128 crore in Q1 FY19 primarily due to higher claims which included provisions for ₹ 30 crore of claims arising out of the cyclone Fani.
- iv) Investment and other income for Q1 FY20 stood at **₹ 310 crore** v/s ₹ 307 crore in Q1 FY19.
- v) Profit after tax for Q1 FY19 stood at **₹ 210 crore** v/s ₹ 291 crore in Q1 FY19 mainly on account of lower underwriting profit and a provision for impairment of ₹ 76 crore (₹ 50 crore after tax), representing 60% of the outstanding amount in respect of fixed income investments in DHFL.
- vi) Claim ratio stood at **72.8%** in Q1 FY20 v/s 65.7% in Q1 FY19.
- vii) Combined ratio stood at **103.1%** in Q1 FY20 v/s 90.2% in Q1 FY19.
- viii) As on 30 June 2019, solvency ratio stood at **249%**, which is well above the minimum regulatory requirement of 150%.
- ix) Cash and investments as on 30 June 2019 stood at **₹ 17,466 crore** v/s ₹ 14,973 crore as on 30 June 2018 – a healthy **increase** of **17%**.

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 for Q1 FY20 **increased** by **41%** to ₹ **1,014 crore** v/s ₹ 721 crore in Q1 FY19.
 - a) Rated individual new business premium **increased** by **17%** to ₹ **332 crore** in Q1 FY20 v/s ₹ 283 crore in Q1 FY19
 - b) Group new business **increased** by **57%** to ₹ **668 crore** in Q1 FY20 v/s ₹ 425 crore in Q1 FY19
- ii) Renewal premium for Q1 FY20 **increased** by **29%** to ₹ **823 crore** v/s ₹ 640 crore in Q1 FY19.
- iii) Gross written premium **increased** by **35%** to at ₹ **1,837 crore** in Q1 FY20 v/s ₹ 1,361 crore in Q1 FY19.
- iv) Shareholders' profit after tax during Q1 FY20 stood at ₹ **62 crore** v/s ₹ 146 crore in Q1 FY19. The shareholders' profit after tax was adversely affected by a provision for impairment of ₹ 126 crore (₹ 108 crore after tax), representing 60% of the outstanding amount in respect of fixed income investments in DHFL.
- v) Solvency ratio stood at a healthy **790%** as on 30 June 2019 as against the minimum regulatory requirement of 150%.
- vi) Total investments stood at ₹ **57,860 crore** as on 30 June 2019 v/s ₹ 53,219 crore as on 30 June 2018 – an **increase** of **9%**.

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

S Sreenivasan
CFO

25 July 2019

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

(₹ In Crore)		Q1 FY20	Q1 FY19	FY19
1	Income			
	Interest income	5,740.37	4,170.44	18,776.29
	Dividend income	17.02	20.33	61.30
	Rental income	1.10	1.26	5.20
	Fees and commission income	589.01	226.06	1,681.87
	Net gain on fair value change	883.21	182.41	1,978.10
	Sale of Services	24.44	35.60	147.25
	Premium and other operating income from insurance business	4,989.41	4,076.92	19,857.32
	Others	27.10	57.65	96.67
	Total revenue from operations	12,271.66	8,770.67	42,604.00
	Other income	0.60	0.39	1.57
	Total income	12,272.26	8,771.06	42,605.57
2	Expenses			
	Employee benefits expenses	1,142.52	845.04	3,801.77
	Finance costs	2,053.55	1,334.05	6,540.03
	Fees and commission expense	466.45	361.29	1,692.77
	Impairment of financial instruments - lending assets	550.74	326.45	1,501.35
	Impairment of financial instruments - investments	201.14	0.18	187.32
	Claims paid	2,309.35	2,493.12	10,663.70
	Reinsurance ceded	843.04	556.38	3,119.33
	Net change in insurance / investment contract liabilities	1,455.30	209.68	3,701.96
	Depreciation, amortisation and impairment	97.48	42.97	226.09
	Other expenses	897.41	611.79	3,017.87
	Total expenses	10,016.98	6,780.95	34,452.19
3	Share of profits of joint venture	(0.04)	0.15	1.36
4	Profit before tax (1-2+3)	2,255.24	1,990.26	8,154.74
5	Tax expense			
	Current tax	947.89	606.16	2,737.84
	Deferred tax	(146.86)	55.58	43.05
	Total tax expense	801.03	661.74	2,780.89
6	Profit after tax (4-5)	1,454.21	1,328.52	5,373.85
7	Profit attributable to non-controlling interests	608.87	502.75	2,154.81
8	Profit for the period (6-7)	845.34	825.77	3,219.04
9	Other comprehensive income, net of tax			
	(a) Items that will not be reclassified to profit or loss	(1.84)	(1.47)	(16.67)
	(b) Items that will be reclassified to profit or loss	311.03	(491.75)	160.23
	Total other comprehensive income, net of tax	309.19	(493.22)	143.56
10	Total comprehensive income (6+9)	1,763.40	835.30	5,517.41
11	Profit attributable to:			
	Owners of the company	845.34	825.77	3,219.04
	Non-controlling interests	608.87	502.75	2,154.81
12	Total comprehensive income attributable to:			
	Owners of the company	1,073.47	462.74	3,325.07
	Non-controlling interests	689.93	372.56	2,192.34
13	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57
14	Other equity			23,686.35
15	Earnings per share (₹) (not annualised)			
	Basic	53.1	51.9	202.3
	Diluted	53.1	51.9	202.3

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

₹ In Crore	Q1 FY20	Q1 FY19	FY19
Total income	5,808	3,938	18,502
Interest expenses	2,113	1,359	6,624
Net interest income	3,695	2,579	11,878
Operating expenses	1,293	955	4,198
Loan losses and provisions	551	327	1,501
Profit before tax	1,851	1,297	6,179
Profit after tax	1,195	836	3,995

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

₹ In Crore	Q1 FY20	Q1 FY19	FY19
Gross written premium	2,843	2,429	11,097
Net earned premium	1,946	1,612	7,010
Underwriting result	9	128	18
Investment and other income	310	307	1,134
Profit before tax	319	435	1,152
Profit after tax	210	291	780

Key ratios

Claim ratio	72.8%	65.7%	68.6%
Combined ratio	103.1%	90.2%	96.7%

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

₹ In Crore	Q1 FY20	Q1 FY19	FY19
New business premium	1,014	721	4,923
Rated individual new business premium*	332	283	1,742
Group new business premium	668	425	3,122
Renewal premium	823	640	3,934
Gross written premium	1,837	1,361	8,857
Shareholders' profit	92	125	398
Amount transferred from the policyholders' account to the shareholders' account (net)	(30)	21	104
Total shareholders' profit after tax	62	146	502

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