

Press release

Financial results – Q1 FY22

A meeting of the Board of Directors of Bajaj Finserv Limited was held today i.e. 21 July 2021 to consider and approve the results for Q1 FY22.

Details about BFS, the businesses carried by its subsidiaries, its group structure and GAAP followed, are indicated separately at the bottom of this release.

After a brief recovery in Q4 of FY21, economic conditions worsened in Q1 FY22 as the second wave of COVID spread across the country accompanied by localised lockdowns in many states. Sales of consumer durables and motor vehicles were affected in many states and, consequently, risk levels remained elevated in the quarter.

Under these challenging times, our businesses focussed on managing risk with a calibrated approach to growth. The life insurance business, in particular recorded strong growth in Q1 FY22, well above the industry growth.

1. **Highlights - Q1 FY22 v/s Q1 FY21 (under Indian Accounting Standard except general and life insurance)**

✓ Consolidated total income	- ₹ 13,949 crore	v/s ₹ 14,192 crore
✓ Consolidated profit after tax*	- ₹ 833 crore	v/s ₹ 1,215 crore
✓ Bajaj Finance, consolidated profit after tax	- ₹ 1,002 crore	v/s ₹ 962 crore
✓ General insurance, profit after tax	- ₹ 362 crore	v/s ₹ 395 crore
✓ Life insurance, shareholders' profit after tax	- ₹ 84 crore	v/s ₹ 130 crore

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

*Under Ind AS, the insurance subsidiaries have chosen to hold a large part of the equity securities portfolio as Fair Value Through Profit and Loss Account. Unrealised Mark-to-market gain on investments (post tax) included in consolidated profit was ₹ 25 crore for Q1 FY22 v/s ₹ 330 crore for Q1 FY21. During Q1 FY21, equity markets had recorded very strong growth after steep fall in Q4 of FY20.

Bajaj Finserv Limited

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Significant items included in consolidated financials - Q1 FY22

- i) Loan losses and provisions for BFL in Q1 FY22 including expected credit loss was ₹ 1,750 crore v/s ₹ 1,686 crore in Q1 FY21. BFL holds a management overlay and macro provision of ₹ 483 crore as of 30 June 2021.
- ii) BAGIC results include pre-tax impact of COVID-19 claims of ₹ 283 crore in Q1 FY22 v/s ₹ 14 crore in Q1 FY21 (post tax impact on BFS Q1 FY22 profit ₹ 157 crore).
- iii) BALIC results include pre-tax impact of COVID-19 claims of ₹ 288 crore in Q1 FY22 v/s ₹ 1 crore in Q1 FY21 and reversal of tax provision on the basis of favourable income tax orders for earlier years of ₹ 161 crore in Q1 FY22 (net post tax impact on BFS Q1 FY22 profit ₹ 70 crore).

2. Performance of material subsidiaries

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 FY22 stood at **₹ 6,743 crore** v/s ₹ 6,650 crore in Q1 FY21.
- ii) Profit after tax for Q1 FY22 increased by 4% YoY to ₹ 1,002 crore v/s ₹ 962 crore in Q1 FY21. Pre-provision profitability remained strong and adequate to cover expected credit losses.
- iii) Assets Under Management (AUM) as at 30 June 2021 was ₹ 159,057 crore v/s ₹ 138,055 crore as at 30 June 2020 - an **increase** of 15%. This includes AUM of ₹ 40,941 crore of its housing finance subsidiary, BHFL, which recorded a growth of 24% over the AUM as on 30 June 2020.
- iv) Gross NPA and Net NPA (ECL Stage 3), recognized as per extant RBI prudential norms and provisioned applying the expected credit loss (ECL) method prescribed in Ind AS, as of 30 June 2021 stood at 2.96% and 1.46% respectively.
- v) Capital adequacy ratio (including Tier-II capital) as of 30 June 2021 stood at **28.57%**. The Tier-I capital stood at 25.41%.

For Bajaj Housing Finance Limited (BHFL), a 100% mortgage subsidiary of BFL, the capital adequacy ratio (including Tier-II capital) stood at **22.07%**.

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 FY22 **increased** by 9% to **₹ 2,494 crore** v/s ₹ 2,289 crore in Q1 FY21. BAGIC did not write any crop insurance business during the quarter.
- ii) Net earned premium for Q1 FY22 was **₹ 1,815 crore** v/s ₹ 1,818 crore in Q1 FY21.
- iii) Claim ratio increased to 75.9% in Q1 FY22 v/s 68.1% in Q1 FY21, mainly due to 14.8% higher COVID claim ratio.
- iv) Combined ratio stood at 103.4% in Q1 FY22 v/s 97.6% in Q1 FY21.
- v) Underwriting profit stood at **₹ 15 crore** for Q1 FY22 v/s ₹ 175 crore in Q1 FY21, despite higher COVID-19 claims.
- vi) Investment and other income (net) for Q1 FY22 increased by 34% to **₹ 470 crore** v/s ₹ 352 crore in Q1 FY21.

- vii) Profit after tax for Q1 FY22 stood at ₹ 362 crore v/s ₹ 395 crore in Q1 FY21.
- viii) As on 30 June 2021, the solvency ratio was 340%, which is well above the minimum regulatory requirement of 150%.
- ix) Assets Under Management (AUM), represented by cash and investments as on 30 June 2021 stood at ₹ 23,505 crore v/s ₹ 19,611 crore as on 30 June 2020 – an increase of 20%.

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 FY22 was ₹ 1,296 crore v/s ₹ 742 crore in Q1 FY21 – an increase of 75%
 - a) Individual rated new business premium was ₹ 493 crore in Q1 FY22 v/s ₹ 331 crore in Q1 FY21 – an increase of 49%.
 - b) Group protection new business was ₹ 326 crore in Q1 FY22 v/s ₹ 89 crore in Q1 FY21. Q1 FY21 was impacted due to lower disbursements by Banks and NBFCs.
- ii) Renewal premium for Q1 FY22 was ₹ 1,220 crore v/s ₹ 958 crore in Q1 FY21 – an increase of 27%.
- iii) Gross written premium increased by 48% to ₹ 2,516 crore in Q1 FY22 v/s ₹ 1,700 crore in Q1 FY21.
- iv) Shareholders' profit after tax during Q1 FY22 stood at ₹ 84 crore v/s ₹ 130 crore in Q1 FY21, mainly due to COVID-19 claims.
- v) Solvency ratio stood at a healthy 648% as on 30 June 2021 as against the minimum regulatory requirement of 150%.
- vi) Assets Under Management (AUM), represented by total investments stood at ₹ 77,270 crore as on 30 June 2021 v/s ₹ 60,968 crore as on 30 June 2020 – an increase of 27%.

Summary of financial results is given in Annexure D.

3. BFS approach on COVID-19

With signs of the second wave ebbing, all our businesses will pursue opportunities to grow while maintaining focus on risk. At the same time, we remain cognisant and vigilant of a possible third wave.

Backed by strong solvency, well above the required capital supported by healthy liquidity, continued focus on risk and collections, digitised processes and improved cost structures, we manoeuvre through these times.

S Sreenivasan

CFO

21 July 2021

About BFS:

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 52.65% 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 and Bajaj Financial Securities Limited (BFinsec), which does broking business, are wholly-owned subsidiaries of Bajaj Finance Limited.

Bajaj Finserv Direct Limited (BFSD), which has a long term goal of creating a digital marketplace offering full range of financial products and Bajaj Finserv Health Limited (BFHL), which is a digital healthcare venture seeking to create a digital preventive, personalised and pre-paid health solution are wholly-owned subsidiaries of BFS.

Both BFS and BFL are included in the benchmark BSE Sensex and Nifty 50 index of large cap stocks.

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, standalone numbers relating to BAGIC and BALIC reported below are based on non-Ind AS accounting standards (Indian GAAP) as applicable to insurance companies.

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

(₹ In Crore)		Q1 FY22	Q1 FY21	FY21
1	Income			
	Interest income	6,937.32	6,614.69	26,933.22
	Dividend income	39.31	12.90	87.50
	Rental income	1.17	1.40	4.94
	Fees and commission income	560.17	566.56	2,387.11
	Net gain on fair value change	543.40	1,893.87	4,828.31
	Sale of energy generated and services	54.13	24.14	283.78
	Premium and other operating income from insurance business	5,579.76	5,043.98	25,759.83
	Others	234.19	32.45	306.51
	Total revenue from operations	13,949.45	14,189.99	60,591.20
	Other income	-	2.02	0.37
	Total income	13,949.45	14,192.01	60,591.57
2	Expenses			
	Employee benefits expenses	1,238.31	993.56	4,698.34
	Finance costs	2,190.46	2,395.23	9,141.28
	Fees and commission expense	590.47	441.24	2,614.37
	Impairment of financial instruments - lending assets	1,750.32	1,685.73	5,968.58
	Impairment of financial instruments - investments	29.75	(3.92)	10.27
	Claims paid	2,774.45	2,105.76	11,864.43
	Reinsurance ceded	923.36	772.96	4,854.81
	Net change in insurance / investment contract liabilities	1,760.85	2,457.43	7,976.05
	Depreciation, amortisation and impairment	132.15	125.38	498.46
	Other expenses	792.05	650.31	3,102.46
	Total expenses	12,182.17	11,623.68	50,729.05
3	Share of profit/(loss) of joint venture	(0.18)	(0.25)	(0.18)
4	Profit before tax (1-2+3)	1,767.10	2,568.08	9,862.34
5	Tax expense			
	Current tax	578.79	952.83	2,322.24
	Deferred tax	(244.34)	(306.97)	172.72
	Total tax expense	334.45	645.86	2,494.96
6	Profit after tax (4-5)	1,432.65	1,922.22	7,367.38
7	Profit attributable to non-controlling interests	599.88	707.07	2,896.92
8	Profit for the period (6-7)	832.77	1,215.15	4,470.46
9	Other comprehensive income, net of tax			
	(a) Items that will not be reclassified to profit or loss	10.49	(0.16)	(5.39)
	(b) Items that will be reclassified to profit or loss	(265.08)	478.07	(161.14)
	Total other comprehensive income, net of tax	(254.59)	477.91	(166.53)
10	Total comprehensive income (6+9)	1,178.06	2,400.13	7,200.85
11	Profit attributable to:			
	Owners of the company	832.77	1,215.15	4,470.46
	Non-controlling interests	599.88	707.07	2,896.92
12	Total comprehensive income attributable to:			
	Owners of the company	646.18	1,580.16	4,360.32
	Non-controlling interests	531.88	819.97	2,840.53
13	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57
14	Other equity			35,750.43
15	Earnings per share (₹) (not annualised)			
	Basic	52.3	76.4	280.9
	Diluted	52.3	76.4	280.9

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

₹ In Crore	Q1 FY22	Q1 FY21	FY21
Total income	6,743	6,650	26,683
Interest expenses	2,254	2,498	9,414
Net interest income	4,489	4,152	17,269
Operating expenses	1,373	1,156	5,308
Loan losses and provisions*	1,750	1,686	5,969
Profit before tax	1,366	1,310	5,992
Profit after tax	1,002	962	4,420

*also referred as Impairment on financial assets

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

₹ In Crore	Q1 FY22	Q1 FY21	FY21
Gross written premium	2,494	2,289	12,624
Net earned premium	1,815	1,818	7,436
Underwriting result	15	175	237
Investment and other income (net)	470	352	1,532
Profit before tax	485	527	1,769
Profit after tax	362	395	1,330

Key ratios

Claim ratio	75.9%	68.1%	68.5%
Combined ratio	103.4%	97.6%	96.9%

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

₹ In Crore	Q1 FY22	Q1 FY21	FY21
New business premium	1,296	742	6,313
Individual rated new business premium*	493	331	2,468
Group protection new business premium	326	89	1,597
Renewal premium	1,220	958	5,712
Gross written premium	2,516	1,700	12,025
Shareholders' profit	196	182	649
Amount transferred from the policyholders' account to the shareholders' account (net)	(112)	(52)	(69)
Total shareholders' profit after tax	84	130	580

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