

Press release

Financial results – Q4 and FY16 Highest ever annual profit ! Again !!

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q4 and FY16.

An interim dividend of ₹ 1.75 per equity share (35%) was declared on 9 March 2016 and paid on 23 March 2016. The said amount is to be treated as final dividend for FY16. The total amount of dividend for FY16 is ₹ 27.85 crore, same as previous year.

During the year, Bajaj Finserv Limited (BFS) became a Core Investment Company (CIC) under the regulations of the Reserve Bank of India. It 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 57.28% 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). BFS holds 925,000 warrants convertible into equity shares of BFL on or before 1 December 2016. When exercised, the holding of BFS in BFL will increase from 57.28% to 58%.

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

Highlights – Q4 FY16 v/s Q4 FY15

✓ Consolidated gross revenue	– ₹ 6,956 crore	v/s ₹ 6,157 crore	↑ 13%
✓ Consolidated income from operations	– ₹ 2,567 crore	v/s ₹ 2,406 crore	↑ 7%
✓ Consolidated profit after tax*	– ₹ 518 crore	v/s ₹ 707 crore	
✓ Bajaj Finance, profit after tax	– ₹ 315 crore	v/s ₹ 231 crore	↑ 36%
✓ General insurance, profit after tax	– ₹ 208 crore	v/s ₹ 144 crore	↑ 44%
✓ Life insurance, shareholders' profit after tax*	– ₹ 232 crore	v/s ₹ 559 crore	

Highlights – FY16 v/s FY15

✓ Consolidated gross revenue	– ₹ 22,364 crore	v/s ₹ 19,589 crore	↑ 14%
✓ Consolidated income from operations	– ₹ 9,446 crore	v/s ₹ 7,587 crore	↑ 25%
✓ Consolidated profit after tax	– ₹ 1,863 crore	v/s ₹ 1,690 crore	↑ 10%
✓ Bajaj Finance, profit after tax	– ₹ 1,279 crore	v/s ₹ 898 crore	↑ 42%
✓ General insurance, profit after tax	– ₹ 564 crore	v/s ₹ 562 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 879 crore	v/s ₹ 876 crore	

* See note C (iv)

Bajaj Finserv Limited

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

Bajaj Finance Limited and **Bajaj Allianz General Insurance** Limited have **recorded** their **second successive highest annual profit after tax**; so did **Bajaj Finserv** Limited on a **consolidated** basis.

A synopsis on the performance of the individual companies is given below:

A. Bajaj Finance Limited (BFL)

Despite relatively sluggish credit demand across the country, BFL has performed extraordinarily well and has been able to continue the stellar growth that it has been delivering over the past few years.

- i) Total income for Q4 FY16 **increased** by **35%** to **₹ 1,957 crore** v/s ₹ 1,445 crore in Q4 FY15.
- ii) The Company recorded **profit after tax** of **₹ 315 crore** in Q4 FY16 v/s ₹ 231 crore in Q4 FY15 – an **increase** of **36%**.
- iii) Assets under management stood at **₹ 44,229 crore** as on 31 March 2016 v/s ₹ 32,410 crore as on 31 March 2015 - an **increase** of **36%**.
- iv) Net NPA as on 31 March 2016 stood at 0.28%.
- v) Capital adequacy ratio as on 31 March 2016 stood at a healthy **19.61%** as against the minimum regulatory requirement of 15%.

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

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

The conditions remain tough in the general insurance industry. Despite this, BAGIC has performed well. BAGIC is ranked 2nd among all private sector general insurers in terms of its top-line and 1st in profits.

- i) Gross written premium for Q4 FY16 **increased** by **18%** to **₹ 1,730 crore** v/s ₹ 1,465 crore in Q4 FY15.
- ii) Profit after tax for Q4 FY16 **increased** by **44%** to **₹ 208 crore** v/s ₹ 144 crore in Q4 FY15.
- iii) Net earned premium for Q4 FY16 stood at **₹ 1,126 crore** v/s ₹ 1,000 crore in Q4 FY15 – an **increase** of **13%**.
- iv) Underwriting profit was **₹ 30 crore** for Q4 FY16 v/s ₹ 20 crore in Q4 FY15.
- v) Investment and other income for Q4 FY16 **increased** by **28%** to **₹ 227 crore** from ₹ 177 crore in Q4 FY15.
- vi) Claim ratio stood at **70.7%** in Q4 FY16 v/s 70.9% in Q4 FY15.
- vii) Combined ratio stood at **94.3%** in Q4 FY16 v/s 95.4% in Q4 FY15.
- viii) As on 31 March 2016, solvency ratio stood at **251%**, which is well above the normal regulatory requirement of 150%.
- ix) Cash and investments as on 31 March 2016 stood at **₹ 9,211 crore** v/s ₹ 7,859 crore as on 31 March 2015 - an **increase** of **17%**.

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

C. Bajaj Allianz Life Insurance Company Limited (BALIC)

BALIC's growth has been positive, though lower than the industry. With savings rates being lower than the historical peaks, growth has tended to favour bank-sponsored insurance companies who have a natural advantage of bundling insurance with their loan and savings products through bancassurance. Even so, BALIC has performed creditably.

- i) Gross written premium was ₹ 2,419 crore in Q4 FY16 v/s ₹ 2,379 crore in Q4 FY15.
- ii) New business premium was ₹ 1,213 crore in Q4 FY16 v/s ₹ 1,127 crore in Q4 FY15 – an **increase** of 8%.
- iii) Renewal premium for Q4 FY16 was ₹ 1,206 crore v/s ₹ 1,252 crore in Q4 FY15.
- iv) Shareholders' profit during Q4 FY16 was ₹ 232 crore v/s ₹ 559 crore in Q4 FY15. This is due to transfer of policyholders' surplus to shareholders' account on quarterly basis in FY16 as against on annual basis till FY15. For **full year**, shareholders' profit after tax stood at ₹ 879 crore v/s ₹ 876 crore.
- v) Solvency ratio stood at a healthy **793%** as on 31 March 2016 as against the minimum regulatory requirement of 150%.
- vi) Total investments remained stable at ₹ 44,108 crore as on 31 March 2016 v/s ₹ 43,554 crore as on 31 March 2015.

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

Sanjiv Bajaj
Managing Director
24 May 2016

Annexure A - Consolidated results of BFS

(₹ In Crore)		Q4 FY16	Q4 FY15	FY16	FY15
	Gross revenue				
	i. Gross written premium				
	a) Life insurance - Bajaj Allianz Life Insurance Co. Ltd.	2,418.57	2,379.05	5,897.31	6,017.30
	b) General insurance - Bajaj Allianz General Insurance Co. Ltd.	1,730.17	1,464.99	5,900.65	5,300.66
	ii. Gross income - Bajaj Finance Ltd.	1,957.52	1,444.96	7,383.66	5,418.28
	iii. Income from windpower generation - Bajaj Finserv Ltd.	10.69	6.98	58.37	50.31
	iv. Investment income (excluding accretions on unit linked investment)	807.92	833.60	2,996.09	2,685.38
	v. Others	30.63	27.56	127.52	117.33
	Total	6,955.50	6,157.14	22,363.60	19,589.26
1	Income				
	(a) Income from operations	2,467.57	1,917.93	9,134.96	7,099.12
	(b) Transfer from policyholders' account	99.46	487.89	311.44	487.89
	Total income from operations (net)	2,567.03	2,405.82	9,446.40	7,587.01
2	Expenses				
	(a) Transfer to policyholders' account	11.48	67.56	43.57	116.25
	(b) Employee benefits expense	197.37	147.49	768.04	578.02
	(c) Marketing and other commission	96.68	61.32	385.83	269.62
	(d) Recovery cost	63.75	55.79	233.15	204.35
	(e) Loan losses and provisions	156.54	113.76	542.85	384.56
	(f) Depreciation and amortisation	17.38	9.94	57.72	38.15
	(g) Other expenses	207.53	147.12	734.58	523.70
	Total expenses	750.73	602.98	2,765.74	2,114.65
3	Profit from operations before other income, finance costs and exceptional items (1-2)	1,816.30	1,802.84	6,680.66	5,472.36
4	Other income	0.15	0.83	0.34	3.37
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,816.45	1,803.67	6,681.00	5,475.73
6	Finance costs	789.51	602.75	2,876.95	2,229.58
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	1,026.94	1,200.92	3,804.05	3,246.15
8	Exceptional items	-	-	-	-
9	Profit from ordinary activities before tax (7+8)	1,026.94	1,200.92	3,804.05	3,246.15
10	Tax expense	260.13	227.03	1,029.51	841.94
11	Net profit from ordinary activities after tax (9-10)	766.81	973.89	2,774.54	2,404.21
12	Add : Tax (debits)/credits pertaining to earlier years	0.02	4.96	0.02	4.96
13	Add: Share of profit after tax of associates	-	-	-	-
14	Less: Minority interest in net income of subsidiaries	248.88	271.73	911.29	719.38
15	Net profit after tax, minority interest and share of profit of associates (11+12+13-14)	517.95	707.12	1,863.27	1,689.79
16	Basic and diluted earnings per share (₹) before and after extraordinary items (not annualised)	32.5	44.4	117.1	106.2

Annexure B - Summary financial results of BFL

₹ In Crore	Q4 FY16	Q4 FY15	FY16	FY15
Total income	1,957	1,445	7,384	5,418
Interest expenses	806	612	2,927	2,248
Net interest income	1,151	833	4,457	3,170
Operating expenses	506	374	1,949	1,428
Loan losses and provisions	156	114	543	385
Profit before tax	489	345	1,965	1,357
Profit after tax	315	231	1,279	898

Annexure C - Summary financial results of BAGIC

₹ In Crore	Q4 FY16	Q4 FY15	FY16	FY15
Gross written premium	1,730	1,465	5,901	5,301
Net earned premium	1,126	1,000	4,224	3,832
Underwriting result	30	20	(65)	83
Investment and other income	227	177	836	694
Profit before tax	257	197	771	777
Profit after tax	208	144	564	562

Key ratios

Claim ratio	70.7%	70.9%	72.3%	71.9%
Combined ratio	94.3%	95.4%	99.3%	96.7%

Annexure D - Summary financial results of BALIC

₹ In Crore	Q4 FY16	Q4 FY15	FY16	FY15
Gross written premium	2,419	2,379	5,897	6,017
New business premium	1,213	1,127	2,885	2,702
Renewal premium	1,206	1,252	3,012	3,315
Shareholders' profit	133	71	568	388
Amount transferred from the policyholders' account to the shareholders' account	* 99	* 488	311	488
Total shareholders' profit	* 232	* 559	879	876

* Policyholders' distributable surplus has been transferred to shareholders' account on quarterly basis in FY16 as against on annual basis till FY15. Consequently, the numbers for the quarter are not comparable.