

Press release

Financial results – Q4 and FY19

Highest ever annual profit . Fifth time in a row !

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q4 and FY19.

The Board of Directors recommended a dividend of ₹ 2.50 per share – 50% (previous year – 35%). The total amount of dividend and tax thereon amounts to ₹ 39.79 crore (previous year ₹ 27.85 crore).

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 54.99% 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).

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.

BFS and BFL are both members of the bellwether Nifty 50 index of large cap stocks while BFL is a member of the BSE's Sensex 30 index of top 30 companies.

During the year, the three key companies have operated well. As before, BFL performed brilliantly. Though BAGIC's profit was adversely affected due to floods in Kerala, it recorded industry beating growth. BALIC recorded all round improvement with industry beating growth in individual premiums supported by improvements in persistency and new business value. Consequently, the consolidated total income and profit after tax are also the highest ever for the Company.

Bajaj Finserv Limited

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Highlights – Q4 FY19 v/s Q4 FY18

✓ Consolidated total income	– ₹ 12,995 crore	v/s ₹ 9,055 crore	↑ 44%
✓ Consolidated profit after tax	– ₹ 839 crore	v/s ₹ 637 crore	↑ 32%
✓ Bajaj Finance, consolidated profit after tax	– ₹ 1,176 crore	v/s ₹ 748 crore	↑ 57%
✓ General insurance, profit after tax	– ₹ 83 crore	v/s ₹ 187 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 112 crore	v/s ₹ 171 crore	

Highlights – FY19 v/s FY18

✓ Consolidated total income	– ₹ 42,606 crore	v/s ₹ 32,863 crore	↑ 30%
✓ Consolidated profit after tax	– ₹ 3,219 crore	v/s ₹ 2,650 crore	↑ 21%
✓ Bajaj Finance, consolidated profit after tax	– ₹ 3,995 crore	v/s ₹ 2,496 crore	↑ 60%
✓ General insurance, profit after tax	– ₹ 780 crore	v/s ₹ 921 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 502 crore	v/s ₹ 716 crore	

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

- **Bajaj Finserv Limited** has recorded its **fifth successive highest annual profit after tax** on a consolidated basis.
- **Bajaj Finance Limited** continues its outstanding **growth story** and has again recorded its **highest annual total income and profit after tax**.
- **BAGIC** crossed **₹ 10,000 crore** in terms of **gross written premium** by significantly improving on the record numbers delivered in the previous year.
- **BALIC** has also done reasonably well for FY19, recording **strong growth in new business**.

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

- Total income for Q4 FY19 **increased by 52%** to **₹ 5,308 crore** v/s ₹ 3,492 crore in Q4 FY18.
- Profit after tax (PAT)** for Q4 FY19 **increased by 57%** to **₹ 1,176 crore** v/s ₹ 748 crore in Q4 FY18.
- AUM as at 31 March 2019 was ₹ 115,888 crore v/s ₹ 82,422 crore as at 31 March 2018 - an **increase of 41%**.
- Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as on 31 March 2019 stood at 0.63%.

The capital adequacy ratio of BFL Standalone as at 31 March 2019 (including Tier-II capital) stood at 20.66%. The Tier-I capital stood at 16.27%.

For its housing finance subsidiary, BHFL, the capital adequacy ratio (including Tier-II capital) stood at 25.81%.

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 top profitable general insurance companies.

- i) Gross written premium for Q4 FY19 increased by 23% to ₹ 3,402 crore v/s ₹ 2,764 crore in Q4 FY18.

BAGIC wrote crop insurance of ₹ 851 crore in Q4/FY19 v/s ₹ 580 crore in Q4 FY18 – an increase of 47%.

Gross written premium from core business (excluding crop) for Q4 FY19 increased by 17% to ₹ 2,551 crore v/s ₹ 2,184 crore in Q4 FY18.

- ii) Net earned premium for Q4 FY19 stood at ₹ 1,917 crore v/s ₹ 1,650 crore in Q4 FY18 – an increase of 16%.
- iii) Underwriting result for Q4 FY19 was a loss of ₹ 146 crore v/s a profit of ₹ 30 crore in Q4 FY18 primarily due to provisioning from crop insurance in the Rabi season of ₹ 115 crore and investments in technology and costs incurred to support the strong growth in its retail channels.
- iv) Investment and other income for Q4 FY19 increased by 10% to ₹ 268 crore v/s ₹ 244 crore in Q4 FY18. Realised gains were lower by ₹ 18 crore in Q4 FY19.
- v) Profit after tax for Q4 FY19 stood at ₹ 83 crore v/s ₹ 187 crore in Q4 FY18 mainly on account of higher underwriting losses and provision of ₹ 20 crore against expected losses from impairment of investments. Including the provision of ₹ 37 crore in 9 months of FY19, the total provision as at 31 March 2019 stood at ₹ 57 crore.
- vi) Claim ratio stood at 75.5% in Q4 FY19 v/s 67.9% in Q4 FY18.
- vii) Combined ratio stood at 103.9% in Q4 FY19 v/s 93.4% in Q4 FY18.
- viii) As on 31 March 2019, solvency ratio was 255%, which is well above the minimum regulatory requirement of 150%.
- ix) Cash and investments as on 31 March 2019 stood at ₹ 17,237 crore v/s ₹ 14,823 crore as on 31 March 2018 – 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) – Indian GAAP

BALIC recorded strong growth in rated individual new business premium while focussing on a sustainable product mix, balancing traditional products with unit-linked products. During the quarter, the share of traditional business in BALIC's individual new business premium was 40% as compared to 32% in Q4 of the previous year.

- i) New business premium for Q4 FY19 was ₹ 1,818 crore v/s ₹ 1,394 crore in Q4 FY18 - an increase of 30%.
 - a) Rated individual new business premium was ₹ 689 crore in Q4 FY19 v/s ₹ 474 crore in Q4 FY18 – an increase of 45%.
 - b) Group new business was ₹ 1,109 crore in Q4 FY19 v/s ₹ 900 crore in Q4 FY18 - an increase of 23%.
- ii) Renewal premium for Q4 FY19 was ₹ 1,472 crore v/s ₹ 1,276 crore in Q4 FY18 – an increase of 15%.

- iii) Gross written premium stood at ₹ 3,290 crore in Q4 FY19 v/s ₹ 2,670 crore in Q4 FY18 – an increase of 23%.
- iv) Shareholders' profit after tax during Q4 FY19 stood at ₹ 112 crore v/s ₹ 171 crore in Q4 FY18, mainly on account of new business strain due to strong growth and provision of ₹ 40 crore against expected losses from impairment of investments. Including the provision of ₹ 95 crore in 9 months of FY19, the total provision as at 31 March 2019 stood at ₹ 135 crore.
- v) Solvency ratio stood at a healthy 804% as on 31 March 2019 as against the minimum regulatory requirement of 150%.
- vi) Total investments stood at ₹ 56,620 crore as on 31 March 2019 v/s ₹ 51,970 crore as on 31 March 2018 – an increase of 9%.

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

The Boards of BAGIC and BALIC have declared dividends of 100% and 70% respectively for FY19, same as last year.

Sanjiv Bajaj
Managing Director & CEO
16 May 2019

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

(₹ In Crore)		Q4 FY19	Q4 FY18	FY19	FY18
1	Income				
	Interest income	5,005.42	3,519.29	18,776.29	13,736.25
	Dividend income	13.80	8.80	61.30	43.92
	Rental income	1.30	1.15	5.20	3.98
	Fees and commission income	779.93	430.27	1,681.87	808.11
	Net gain on fair value change	562.00	97.33	1,978.10	1,588.48
	Sale of Services	20.57	33.13	147.25	139.61
	Premium and other operating income from insurance business	6,590.55	4,945.13	19,857.32	16,425.50
	Others	20.57	20.12	96.67	116.52
	Total revenue from operations	12,994.14	9,055.22	42,604.00	32,862.37
	Other income	0.38	0.04	1.57	0.29
	Total income	12,994.52	9,055.26	42,605.57	32,862.66
2	Expenses				
	Employee benefits expense	1,044.59	745.43	3,801.77	2,744.83
	Finance costs	1,883.71	1,209.26	6,540.03	4,531.00
	Fees and commission expense	501.64	472.96	1,692.77	1,281.52
	Impairment of financial instruments	461.64	225.47	1,688.67	1,034.89
	Claims paid	3,141.57	3,096.01	10,663.70	10,791.39
	Reinsurance ceded	1,172.06	805.66	3,119.33	2,727.22
	Net change in insurance / investment contract liabilities	1,692.67	265.83	3,701.96	894.68
	Depreciation and amortisation expense	71.17	47.76	226.09	159.89
	Other expenses	896.35	641.76	3,017.87	2,599.82
	Total expenses	10,865.40	7,510.14	34,452.19	26,765.24
3	Share of profits of joint venture	0.95	0.85	1.36	1.29
4	Profit before tax (1-2+3)	2,130.07	1,545.97	8,154.74	6,098.71
5	Tax expense				
	(a) Current tax	754.09	460.28	2,737.84	1,995.48
	(b) Deferred tax	(57.96)	36.77	43.05	(73.12)
	Total tax expense	696.13	497.05	2,780.89	1,922.36
6	Profit after tax (4-5)	1,433.94	1,048.92	5,373.85	4,176.35
7	Profit attributable to non-controlling interests	595.20	411.89	2,154.81	1,526.09
8	Profit for the period (6-7)	838.74	637.03	3,219.04	2,650.26
9	Other comprehensive income, net of tax				
	(a) Items that will not be reclassified to profit or loss	(6.81)	(4.34)	(16.67)	(6.86)
	(b) Items that will be reclassified to profit or loss	161.74	(107.93)	160.23	(619.93)
	Total other comprehensive income, net of tax	154.93	(112.27)	143.56	(626.79)
10	Total comprehensive income (6+9)	1,588.87	936.65	5,517.41	3,549.56
11	Profit attributable to:				
	Owners of the company	838.74	637.03	3,219.04	2,650.26
	Non-controlling interests	595.20	411.89	2,154.81	1,526.09
12	Total comprehensive income attributable to:				
	Owners of the company	954.24	555.35	3,325.07	2,189.76
	Non-controlling interests	634.63	381.30	2,192.34	1,359.80
14	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57	79.57
15	Other equity			23,686.35	20,403.37
16	Earnings per share (₹) (not annualised)				
	Basic	52.7	40.0	202.3	166.5
	Diluted	52.7	40.0	202.3	166.5

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

₹ In Crore	Q4 FY19	Q4 FY18	FY19	FY18
Total income	5,308	3,492	18,502	12,757
Interest expenses	1,913	1,227	6,624	4,614
Net interest income	3,395	2,265	11,878	8,143
Operating expenses	1,174	894	4,198	3,270
Impairment on financial assets	409	227	1,501	1,030
Profit before tax	1,812	1,144	6,179	3,843
Profit after tax	1,176	748	3,995	2,496

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

₹ In Crore	Q4 FY19	Q4 FY18	FY19	FY18
Gross written premium	3,402	2,764	11,097	9,487
Net earned premium	1,917	1,650	7,010	6,059
Underwriting result	(146)	30	18	293
Investment and other income	268	244	1,134	1,060
Profit before tax	122	274	1,152	1,353
Profit after tax	83	187	780	921

Key ratios

Claim ratio	75.5%	67.9%	68.6%	66.7%
Combined ratio	103.9%	93.4%	96.7%	92.3%

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

₹ In Crore	Q4 FY19	Q4 FY18	FY19	FY18
New business premium	1,818	1,394	4,923	4,291
Rated individual new business premium*	689	474	1,742	1,397
Group new business premium	1,109	900	3,122	2,835
Renewal premium	1,472	1,276	3,934	3,287
Gross written premium	3,290	2,670	8,857	7,578
Shareholders' profit	81	107	398	524
Amount transferred from the policyholders' account to the shareholders' account (net)	31	64	104	192
Total shareholders' profit after tax	112	171	502	716

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