



Press release
Financial results – Q4 and FY20
Highest ever annual profit . Sixth 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 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 52.82% 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. During the year, BFL completed raising of capital from Qualified Institutional Buyers, consequent to which shareholding of BFS reduced from 54.81% to 52.82%.

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.

An interim dividend of ₹ 5 per equity share (100%) was declared on 21 February 2020 and paid on 9 March 2020. The said amount has been declared as final dividend for FY20 (previous year – 50%). The total amount of dividend and tax thereon amounts to ₹ 79.57 crore (previous year – ₹ 39.79 crore).

Even without the terrible effects of the COVID-19 pandemic, India's GDP growth had shown clear signs of slowing down. To fight COVID-19 impact, RBI unveiled significant measures of repo rate reduction of 0.75%, CRR reduction by 1% and targeted long term repo operations (TLTRO) in March 2020. Even as economic conditions remained difficult, all the three businesses performed well till February 2020. However, the nationwide lockdown enforced from 25 March 2020 and the moratorium on loan instalments for customers of banks and NBFCs, announced by RBI impacted performance for the month of March 2020. As new car sales came to a standstill and since IRDAI provided customers time till 15 May 2020 to pay renewal premiums for policies expiring after 24 March 2020, growth of general insurance industry was affected in March. The life insurance industry also recorded a steep fall in new business in the month of March as a substantial amount of business seasonally is written in the last few days of March.

Despite these challenges, the Company has been able to record its highest ever annual consolidated total income and profit after tax.

Bajaj Finserv Limited

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1. COVID-19 impact on Q4 and FY20 results

The spread of the COVID-19 pandemic resulted in a sudden and steep fall in the value of shares traded on the stock exchanges. In Q4 FY20 the Nifty 50 Index and the BSE 200 index lost 29%. Under Ind AS, the insurance subsidiaries have chosen to hold equity securities as Fair Value Through Profit and Loss Account and therefore, the insurance companies had an unrealised mark-to-market (MTM) pre-tax loss of ₹ 768 crore in the consolidated financials.

Additionally, BFL made a pre-tax provision of ₹ 900 crore in the form of contingency provision on account of the impact of COVID-19.

The MTM adjustment and the contingency provision, together considered as COVID-19 impact, after adjusting for tax and the Company's interest in those subsidiaries have impacted consolidated profit after tax of BFS for Q4 and FY20 by ₹ 807 crore.

2. Highlights

Q4 FY20 v/s Q4 FY19

✓ Consolidated total income	– ₹ 13,294 crore	v/s ₹ 12,995 crore
✓ Consolidated profit after tax	– ₹ 194 crore	v/s ₹ 839 crore
✓ Consolidated profit after tax, excluding COVID-19 impact	– ₹ 1,001 crore	v/s ₹ 839 crore
✓ Bajaj Finance, consolidated profit after tax	– ₹ 948 crore	v/s ₹ 1,176 crore
✓ General insurance, profit after tax	– ₹ 304 crore	v/s ₹ 83 crore
✓ Life insurance, shareholders' profit after tax	– ₹ 38 crore	v/s ₹ 112 crore

FY20 v/s FY19

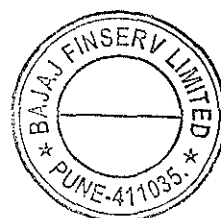
✓ Consolidated total income	– ₹ 54,351 crore	v/s ₹ 42,606 crore
✓ Consolidated profit after tax	– ₹ 3,369 crore	v/s ₹ 3,219 crore
✓ Consolidated profit after tax, excluding COVID-19 impact	– ₹ 4,176 crore	v/s ₹ 3,219 crore
✓ Bajaj Finance, consolidated profit after tax	– ₹ 5,264 crore	v/s ₹ 3,995 crore
✓ General insurance, profit after tax	– ₹ 999 crore	v/s ₹ 780 crore
✓ Life insurance, shareholders' profit after tax	– ₹ 450 crore	v/s ₹ 502 crore

Summary of consolidated results is given in Annexure A.

3. Performance

For FY20,

- Bajaj Finserv Limited has recorded its sixth 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 recorded its highest annual profit after tax.
- BALIC recorded growth well above market in individual rated new business and strong growth in new business value, further moving ahead in its transformation that started a few years ago.



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 despite loss of business due to the lock-down in last week of March 2020.

- i) Total income for Q4 FY20 increased by 36% to ₹ 7,231 crore v/s ₹ 5,298 crore in Q4 FY19.
- ii) After considering the ₹ 900 crore contingency provision for COVID-19 (after tax ₹ 673 crore), profit after tax (PAT) for Q4 FY20 stood at ₹ 948 crore v/s ₹ 1,176 crore in Q4 FY19. Excluding this contingency provision, profit increased by 38%.
- iii) Assets Under Management (AUM) as at 31 March 2020 was ₹ 147,153 crore v/s ₹ 115,888 crore as at 31 March 2019 - an increase of 27%. This includes AUM of ₹ 32,705 crore of its housing finance subsidiary, BHFL, which recorded a growth of 86% over the AUM as on 31 March 2019.
- iv) Gross NPA and Net NPA (ECL Stage 3), recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as on 31 March 2020 stood at 1.61% and 0.65% respectively. This excludes standard assets provisioning (ECL Stage1 and 2) and contingency provision for COVID-19.

After the equity capital raising of ₹ 8,500 crore in November 2019, the capital adequacy ratio of BFL Standalone as at 31 March 2020 (including Tier-II capital) stood at 25.01%. The Tier-I capital stood at 21.27%.

For Bajaj Housing Finance Limited (BHFL), a 100% mortgage subsidiary of BFL, the capital adequacy ratio (including Tier-II capital) stood at 25.15%.

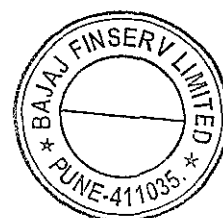
Summary of financial results is given in Annexure B.

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 for Q4 FY20 stood at ₹ 2,655 crore v/s ₹ 3,402 crore in Q4 FY19.
BAGIC wrote crop insurance of ₹ 241 crore in Q4 FY20 v/s ₹ 851 crore in Q4 FY19.
Gross written premium from core business (excluding crop) for Q4 FY20 was ₹ 2,414 crore v/s ₹ 2,551 crore in Q4 FY19.
- ii) Net earned premium for Q4 FY20 was ₹ 1,972 crore v/s ₹ 1,917 crore in Q4 FY19.
- iii) Claim ratio reduced to 62.1% in Q4 FY20 v/s 75.5% in Q4 FY19, largely due to lower crop claims and decline in commercial activity due to the lockdown.
- iv) Combined ratio improved to 93.8% in Q4 FY20 v/s 103.9% in Q4 FY19.
- v) Underwriting profit jumped to ₹ 159 crore for Q4 FY20 v/s a loss of ₹ 146 crore in Q4 FY19. The higher underwriting profit was mainly due to the lower claim ratio.
- vi) Investment and other income for Q4 FY20 stood at ₹ 255 crore v/s ₹ 268 crore in Q4 FY19. During Q4 FY20, the Company has recognised provision for impairment in respect of some corporate bonds by a further ₹ 53 crore. The total provision for impairment for FY20 was ₹ 129 crore.
- vii) Profit after tax for Q4 FY20 increased significantly to ₹ 304 crore v/s ₹ 83 crore in Q4 FY19, mainly on account of higher underwriting profits.
- viii) As on 31 March 2020, solvency ratio was 254%, which is well above the minimum regulatory requirement of 150%.
- ix) Assets Under Management (AUM), represented by cash and investments as on 31 March 2020 stood at ₹ 18,746 crore v/s ₹ 17,237 crore as on 31 March 2019 – an increase of 9%.

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



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

- i) After recording 24.8% growth in individual rated new business premium till February 2020, BALIC ended the year with a growth of 10.6% as against the private sector growth of 4.8%.
- ii) New business premium for Q4 FY20 was ₹ 1,519 crore v/s ₹ 1,818 crore in Q4 FY19.
 - a) Rated individual new business premium was ₹ 606 crore in Q4 FY20 v/s ₹ 689 crore in Q4 FY19.
 - b) Group protection new business was ₹ 553 crore in Q4 FY20 v/s ₹ 460 crore in Q4 FY19.
- iii) Renewal premium for Q4 FY20 was ₹ 1,610 crore v/s ₹ 1,472 crore in Q4 FY19 – an increase of 9%.
- iv) Gross written premium stood at ₹ 3,129 crore in Q4 FY20 v/s ₹ 3,290 crore in Q4 FY19.
- v) Shareholders' profit after tax during Q4 FY20 stood at ₹ 38 crore v/s ₹ 112 crore in Q4 FY19, mainly due to lower policyholders' surplus arising from higher group claims and lower investment income. During Q4 FY20, the Company has recognised provision for impairment in respect of some corporate bonds by a further ₹ 224 crore, of which ₹ 47 crore impacted the shareholders' profit before tax. The total provision for impairment for FY20 was ₹ 390 crore, of which ₹ 135 crore impacted the shareholders' profit before tax.
- vi) New Business Value (NBV), which is the metric used to measure profitability of life insurance businesses, increased by 48% to ₹ 228 crore in FY20 v/s ₹ 154 crore in FY19.
- vii) Solvency ratio stood at a healthy 745% as on 31 March 2020 as against the minimum regulatory requirement of 150%.
- viii) Assets Under Management (AUM), represented by total investments stood at ₹ 56,085 crore as on 31 March 2020 v/s ₹ 56,620 crore as on 31 March 2019, reflecting an impact of decline in equity markets.

Summary of financial results is given in Annexure D.

4. BFS approach on COVID-19

Faced with COVID-19 and the lockdown, the Company and its subsidiaries took immediate steps to handle this force majeure situation. Some of the initiatives were activating business continuity plans, ensuring employee safety, operating work from home, setting up virtual private network on IT infrastructure, continuing business digitally and reaching out to customers to meet their servicing requirements.

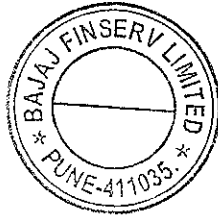
The situation is still evolving and it is difficult to hazard a guess on how this pandemic will evolve. The Company and its subsidiaries will be focusing on profitability over growth, seeking to conserve cash, borrowing long-term, strengthening collections, reducing overheads and preserving capital adequacy.



S Sreenivasan
CFO

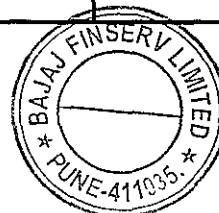
21 May 2020

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

(₹ in Crore)		Q4 FY20	Q4 FY19	FY20	FY19
1	Income				
	Interest income	7,919.31	5,005.42	26,504.37	18,776.29
	Dividend income	16.45	13.80	60.84	61.30
	Rental income	1.05	1.30	4.17	5.20
	Fees and commission income	664.54	779.93	2,476.34	1,681.87
	Net gain on fair value change	(2,073.50)	562.00	333.37	1,978.10
	Sale of Services	44.99	20.57	187.69	147.25
	Premium and other operating income from insurance business	6,650.99	6,590.55	24,498.56	19,857.32
	Others	70.42	20.57	281.35	96.67
	Total revenue from operations	13,294.25	12,994.14	54,346.69	42,604.00
	Other income	-	0.38	4.78	1.57
	Total Income	13,294.25	12,994.52	54,351.47	42,605.57
2	Expenses				
	Employee benefits expense	1,117.76	1,044.59	4,755.11	3,801.77
	Finance costs	2,552.33	1,883.71	9,338.53	6,540.03
	Fees and commission expense	673.08	501.64	2,206.10	1,692.77
	Impairment of financial instruments - lending assets	1,953.78	406.27	3,929.48	1,501.35
	Impairment of financial instruments - investments	26.16	55.37	190.89	187.32
	Claims paid	4,038.77	3,141.57	12,512.17	10,663.70
	Reinsurance ceded	915.47	1,172.06	4,520.67	3,119.33
	Net change in insurance / investment contract liabilities	167.71	1,692.67	4,353.87	3,701.96
	Depreciation and amortisation expense	127.09	71.17	456.79	226.09
	Other expenses	930.33	896.35	3,786.86	3,017.87
	Total expenses	12,502.48	10,865.40	46,050.47	34,452.19
3	Share of profits of joint venture	1.13	0.95	0.66	1.36
4	Profit before tax (1-2+3)	792.90	2,130.07	8,301.66	8,154.74
5	Tax expense				
	Current tax	611.93	754.09	2,557.12	2,737.84
	Deferred tax	(359.14)	(57.96)	(249.06)	43.05
	Total tax expense	252.79	696.13	2,308.06	2,780.89
6	Profit after tax (4-5)	540.11	1,433.94	5,993.60	5,373.85
7	Profit attributable to non-controlling interests	345.68	595.20	2,624.47	2,154.81
8	Profit for the period (6-7)	194.43	838.74	3,369.13	3,219.04
9	Other comprehensive income, net of tax				
	(a) Items that will not be reclassified to profit or loss	(99.72)	(6.81)	(99.02)	(16.67)
	(b) Items that will be reclassified to profit or loss	314.96	161.74	760.54	160.23
	Total other comprehensive income, net of tax	215.24	154.93	661.52	143.56
10	Total comprehensive income (6+9)	755.35	1,588.87	6,655.12	5,517.41
11	Profit attributable to:				
	Owners of the company	194.43	838.74	3,369.13	3,219.04
	Non-controlling interests	345.68	595.20	2,624.47	2,154.81
12	Total comprehensive income attributable to:				
	Owners of the company	380.53	954.24	3,882.47	3,325.07
	Non-controlling interests	374.82	634.63	2,772.65	2,192.34
14	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57	79.57
15	Other equity			31,221.68	23,660.50
16	Earnings per share (₹) (not annualised)				
	Basic	12.2	52.7	211.7	202.3
	Diluted	12.2	52.7	211.7	202.3



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

₹ In Crore	Q4 FY20	Q4 FY19	FY20	FY19
Total income	7,231	5,298	26,386	18,500
Interest expenses	2,547	1,913	9,473	6,623
Net interest income	4,684	3,385	16,913	11,877
Operating expenses	1,452	1,164	5,662	4,197
Impairment on financial assets	1,954	409	3,929	1,501
Profit before tax	1,278	1,812	7,322	6,179
Profit after tax	948	1,176	5,264	3,995

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

₹ In Crore	Q4 FY20	Q4 FY19	FY20	FY19
Gross written premium	2,655	3,402	12,833	11,097
Net earned premium	1,972	1,917	8,206	7,010
Underwriting result	159	(146)	(11)	18
Investment and other income	255	268	1,387	1,134
Profit before tax	414	122	1,376	1,152
Profit after tax	304	83	999	780

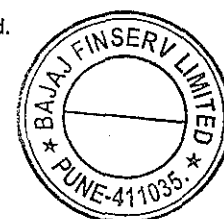
Key ratios

Claim ratio	62.1%	75.5%	70.7%	68.6%
Combined ratio	93.8%	103.9%	100.8%	96.7%

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

₹ In Crore	Q4 FY20	Q4 FY19	FY20	FY19
New business premium	1,519	1,818	5,179	4,923
Rated individual new business premium*	606	689	1,927	1,742
Group protection new business premium	553	460	1,872	1,450
Renewal premium	1,610	1,472	4,574	3,934
Gross written premium	3,129	3,290	9,753	8,857
Shareholders' profit	27	81	460	398
Amount transferred from the policyholders' account to the shareholders' account (net)	11	31	(10)	104
Total shareholders' profit after tax	38	112	450	502

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



21 May 2020

To Corporate Relations Department. BSE Limited 1st Floor, New Trading Ring Rotunda Building, P J Tower, Dalal Street, Fort, Mumbai 400 001.	To Corporate Listing Department. National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor Plot No.C-1, G Block, Bandra-Kurla Complex, Bandra (East), MUMBAI 400 051.
BSE CODE: 532978	NSE CODE: BAJAJFINSV

Subject: Declaration in terms of Regulation 33(3)(d) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

In terms of the second proviso to Regulation 33(3)(d) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we declare that S R B C & CO LLP, Statutory Auditors of the Company have submitted the Audit Reports with unmodified opinion(s) for Annual Audited Financial results (standalone and consolidated) of the Company for the financial year ended 31 March 2020.

Thanking you,

Yours faithfully,
For Bajaj Finserv Limited


S Sreenivasan
Chief Financial Officer

