

Press release

Financial results – Q4 and FY21

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q4 and FY21.

The Board of Directors recommended a dividend of ₹ 3 per share – 60 %. The total amount of dividend amounts to ₹ 47.74 crore.

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

Given the impact of the COVID-19 pandemic, FY21 was expected to be an extremely demanding year and so it turned out to be. In fact, the negative growth in GDP was much larger than expected in Q1 FY21 as GDP contracted by 24.4%, followed by a further 7.3% contraction in Q2 FY21. Thankfully, we began to witness resumption of economic activity in the second half of the year wherein Q3 FY21 recorded a GDP growth of 0.4% and Q4 FY21 is expected to show relatively robust growth. The second advance estimates of national income for FY21 released by the Central Statistical Office (CSO) indicates a negative GDP growth of 8% for FY21.

Under these challenging times, our businesses shifted focus in the second half to regaining growth while continuing to tightly manage risk.

- After near standstill in first two quarters of the year, new loans booked by BFL during Q3 and Q4 FY21 were 6.04 million and 5.47 million respectively as against 7.67 million and 6.03 million in Q3 and Q4 FY20 – a significant improvement in H2 over H1. In FY21, it recorded **an all-time high annual pre-provisioning operating profit** of ₹ 11,961 crore and made loan loss provisions including expected losses of ₹ 5,969 crore as compared to ₹ 3,929 crore. BFL continued to balance growth vis a vis risk and collections, while maintaining strong liquidity and capital adequacy.
- BAGIC recorded **an all-time high annual profit** and continued to deliver robust improvement in its underwriting result.
- BALIC registered an **all-time high annual gross written premium** in FY21 at ₹ 12,025 crore. Its **Assets Under Management** reached an **all-time high** level of ₹ 73,773 crore at year end.
- As a result, Bajaj Finserv had satisfactory profit growth on a consolidated basis, in an extremely demanding year.

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

1. Highlights - Q4 FY21 v/s Q4 FY20*

✓ Consolidated total income	- ₹ 15,387 crore	v/s ₹ 13,294 crore
✓ Consolidated profit after tax (see note below)	- ₹ 979 crore	v/s ₹ 194 crore
✓ Bajaj Finance, consolidated profit after tax	- ₹ 1,347 crore	v/s ₹ 948 crore
✓ General insurance, profit after tax	- ₹ 273 crore	v/s ₹ 304 crore
✓ Life insurance, shareholders' profit after tax	- ₹ 234 crore	v/s ₹ 38 crore

Highlights - FY21 v/s FY20*

✓ Consolidated total income	- ₹ 60,592 crore	v/s ₹ 54,351 crore
✓ Consolidated profit after tax (see note below)	- ₹ 4,470 crore	v/s ₹ 3,369 crore
✓ Bajaj Finance, consolidated profit after tax	- ₹ 4,420 crore	v/s ₹ 5,264 crore
✓ General insurance, profit after tax	- ₹ 1,330 crore	v/s ₹ 999 crore
✓ Life insurance, shareholders' profit after tax	- ₹ 580 crore	v/s ₹ 450 crore

*All figures under Ind AS except for general and life insurance which are as per Indian GAAP

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

Note on consolidated profit after tax:

The consolidated profit figures for the current quarter and year ended may not be directly comparable with those of the corresponding previous periods for the reasons mentioned below.

- i) 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. The spread of the COVID-19 pandemic resulted in a significantly larger than normal fall in the value of shares traded on the stock exchanges in Q4 FY20. As on 31 March 2021, the BSE Sensex has rebounded by over 68% from 31 March 2020 levels, resulting in higher than normal mark-to-market gain on investments of insurance subsidiaries during FY21. This has resulted in an increase in consolidated profit after tax of ₹ 892 crore for FY21 compared to decrease of ₹ 451 crore in Q4 and FY20. The mark-to-market adjustment for Q4 FY21 was not significant.
- ii) Consequent to the ongoing pandemic, BFL has as a matter of prudence, written off/provided for principal and interest of potentially unrecoverable loans, by also utilising the available expected credit loss provision. **BFL continues to hold a management overlay of ₹ 840 crore in provisions, given the dynamic and evolving nature of the pandemic along with other variables.**

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 Q4 FY21 stood at ₹ 6,855 crore v/s ₹ 7,231 crore in Q4 FY20.
- ii) Profit after tax for Q4 FY21 increased by **42% YoY** to ₹ **1,347 crore** v/s ₹ 948 crore in Q4 FY20. Pre-provision profitability remained strong and adequate to cover expected credit losses.
- iii) Assets Under Management (AUM) as at 31 March 2021 was ₹ 152,947 crore v/s ₹ 147,153 crore as at 31 March 2020 - an **increase of 4%**. This includes AUM of ₹ 38,871 crore of its housing finance subsidiary, BHFL, which recorded a growth of 19% over the AUM as on 31 March 2020.
- 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 2021 stood at 1.79% and 0.75% respectively. Stage 1 and 2 assets provisioning stood at 1.81% as against approximately 1% during pre-pandemic condition.
- v) Capital adequacy ratio (including Tier-II capital) as of 31 March 2021 was very strong at **28.34%**. The Tier-I capital stood at 25.10%.

For Bajaj Housing Finance Limited (BHFL), a 100% mortgage subsidiary of BFL, the capital adequacy ratio (including Tier-II capital) stood at 21.33%.

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

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

- i) Gross written premium for Q4 FY21 **increased by 5%** to ₹ **2,787 crore** v/s ₹ 2,655 crore in Q4 FY20. BAGIC wrote crop insurance of ₹ 124 crore in Q4 FY21 v/s ₹ 241 crore in Q4 FY20. Gross written premium excluding crop insurance for Q4 FY21 **increased by 10%** to ₹ **2,663 crore** v/s ₹ 2,414 crore in Q4 FY20.
- ii) Net earned premium for Q4 FY21 was ₹ **1,794 crore** v/s ₹ 1,972 crore in Q4 FY20, due to higher charge for unearned premium reserve which will get released in FY22
- iii) Claim ratio increased to **64.3%** in Q4 FY21 v/s 62.1% in Q4 FY20, mainly due to strengthening of reserves for third party motor claims.
- iv) Combined ratio stood at **96.6%** in Q4 FY21 v/s 93.8% in Q4 FY20, reflecting an excellent underwriting performance.
- v) Underwriting profit stood at ₹ 6 crore for Q4 FY21 v/s ₹ 159 crore in Q4 FY20. Lower underwriting profit in Q4 FY21 was mainly due to higher claims provisioning. However, underwriting profit increased to ₹ 237 crore in FY21 from a loss of ₹ 11 crore in FY20.
- vi) Investment and other income for Q4 FY21 **increased by 38%** to ₹ **353 crore** v/s ₹ 255 crore in Q4 FY20 due to higher capital gains.
- vii) Profit after tax for Q4 FY21 stood at ₹ 273 crore v/s ₹ 304 crore in Q4 FY20. However, Profit after tax **increased by 33%** from ₹ 999 crore in FY20 to ₹ 1,330 crore in FY21, **an all-time high**.
- viii) As on 31 March 2021, solvency ratio was **345%**, which is well above the minimum regulatory requirement of 150%.
- ix) Assets Under Management (AUM), represented by cash and investments as on 31 March 2021 stood at ₹ **23,150 crore** v/s ₹ 18,746 crore as on 31 March 2020 – a **healthy increase of 23%**.

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 Q4 FY21 was **₹ 2,493 crore** v/s ₹ 1,519 crore in Q4 FY20 – an **increase of 64%**.
 - a) Individual rated new business premium was **₹ 989 crore** in Q4 FY21 v/s ₹ 606 crore in Q4 FY20 – a market beating growth of **63%**.
 - b) Group protection new business was **₹ 739 crore** in Q4 FY21 v/s ₹ 553 crore in Q4 FY20 – an **increase of 34%**, as loan disbursements by banks started picking up pace in Q4 FY21.
- ii) Renewal premium for Q4 FY21 was **₹ 2,008 crore** v/s ₹ 1,610 crore in Q4 FY20 – an **increase of 25%**.
- iii) Gross written premium for Q4 FY21 **increased by 44%** to ₹ 4,501 crore from ₹ 3,129 crore in Q4 FY20. Also, Gross written premium for FY21 was **₹ 12,025 crore** higher than previous record high of ₹ 11,420 crore in FY10.
- iv) Shareholders' profit after tax during Q4 FY21 **increased significantly** to **₹ 234 crore** v/s ₹ 38 crore in Q4 FY20, mainly due to higher capital gains.
- v) New Business Value (NBV), which is the metric used to measure profitability of life insurance businesses, **increased by 59%** to **₹ 361 crore** in FY21 v/s ₹ 227 crore in FY20.
- vi) Solvency ratio stood at a healthy **666%** as on 31 March 2021 as against the minimum regulatory requirement of 150%.
- vii) Assets Under Management (AUM), represented by total investments **increased by 32%** to **₹ 73,773 crore** as on 31 March 2021 v/s ₹ 56,085 crore as on 31 March 2020, reflecting an impact of rebound in equity markets as well as strong inflows.

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

3. **BFS approach on COVID-19**

India is swamped by a massive second wave of COVID-19 with daily infection rates of the kind not seen in the first wave. It is difficult to predict how long this second wave will last and with what intensity; and when will it subside to manageable levels. Risk of this is expected to remain elevated in Q1 and Q2 of FY22. With strong solvency, well above the required capital supported by healthy liquidity, continued focus on risk and collections, digitised processes and improved cost structures, we are in a better shape than we were last year to face any adverse event.

S Sreenivasan
CFO

28 April 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 52.74% 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.

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)		Q4 FY21	Q4 FY20	FY21	FY20
1	Income				
	Interest income	6,999.14	7,919.31	26,933.22	26,504.37
	Dividend income	20.85	16.45	87.50	60.84
	Rental income	0.81	1.05	4.94	4.17
	Fees and commission income	591.82	664.54	2,387.11	2,476.34
	Net gain/(loss) on fair value change	137.98	(2,073.50)	4,828.31	333.37
	Sale of energy generated and services	112.09	44.99	283.78	187.69
	Premium and other operating income from insurance business	7,432.81	6,650.99	25,759.83	24,498.56
	Others	91.38	70.42	306.51	281.35
	Total revenue from operations	15,386.88	13,294.25	60,591.20	54,346.69
	Other income	0.37	-	0.37	4.78
	Total income	15,387.25	13,294.25	60,591.57	54,351.47
2	Expenses				
	Employee benefits expense	1,460.49	1,117.76	4,698.34	4,755.11
	Finance costs	2,147.43	2,552.33	9,141.28	9,338.53
	Fees and commission expense	839.90	673.08	2,614.37	2,206.10
	Impairment of financial instruments - lending assets	1,230.77	1,953.78	5,968.58	3,929.48
	Impairment of financial instruments - investments	29.86	26.16	10.27	190.89
	Claims paid	3,861.24	4,038.77	11,864.43	12,512.17
	Reinsurance ceded	1,092.39	915.47	4,854.81	4,520.67
	Net change in insurance / investment contract liabilities	1,326.93	167.71	7,976.05	4,353.87
	Depreciation, amortisation and impairment	135.23	127.09	498.46	456.79
	Other expenses	904.69	930.33	3,102.46	3,786.86
	Total expenses	13,028.93	12,502.48	50,729.05	46,050.47
3	Share of profits/(loss) of joint venture	0.18	1.13	(0.18)	0.66
4	Profit before tax (1-2+3)	2,358.50	792.90	9,862.34	8,301.66
5	Tax expense				
	Current tax	409.64	611.93	2,322.24	2,557.12
	Deferred tax	203.82	(359.14)	172.72	(249.06)
	Total tax expense	613.46	252.79	2,494.96	2,308.06
6	Profit after tax (4-5)	1,745.04	540.11	7,367.38	5,993.60
7	Profit attributable to non-controlling interests	765.98	345.68	2,896.92	2,624.47
8	Profit for the period (6-7)	979.06	194.43	4,470.46	3,369.13
9	Other comprehensive income, net of tax				
	(a) Items that will not be reclassified to profit or loss	(28.73)	(99.72)	(5.39)	(99.02)
	(b) Items that will be reclassified to profit or loss	(640.29)	314.96	(161.14)	760.54
	Total other comprehensive income, net of tax	(669.02)	215.24	(166.53)	661.52
10	Total comprehensive income (6+9)	1,076.02	755.35	7,200.85	6,655.12
11	Profit attributable to:				
	Owners of the company	979.06	194.43	4,470.46	3,369.13
	Non-controlling interests	765.98	345.68	2,896.92	2,624.47
12	Total comprehensive income attributable to:				
	Owners of the company	492.14	380.53	4,360.32	3,882.47
	Non-controlling interests	583.88	374.82	2,840.53	2,772.65
13	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57	79.57
14	Other equity			35,750.43	31,221.68
15	Earnings per share (₹) (not annualised)				
	Basic	61.5	12.2	280.9	211.7
	Diluted	61.5	12.2	280.9	211.7

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

₹ In Crore	Q4 FY21	Q4 FY20	FY21	FY20
Total income	6,855	7,231	26,683	26,385
Interest expenses	2,196	2,547	9,414	9,473
Net interest income	4,659	4,684	17,269	16,912
Operating expenses	1,605	1,452	5,308	5,661
Loan losses and provisions	1,231	1,954	5,969	3,929
Profit before tax	1,823	1,278	5,992	7,322
Profit after tax	1,347	948	4,420	5,264

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

₹ In Crore	Q4 FY21	Q4 FY20	FY21	FY20
Gross written premium	2,787	2,655	12,624	12,833
Net earned premium	1,794	1,972	7,436	8,206
Underwriting result	6	159	237	(11)
Investment and other income (net)	353	255	1,532	1,387
Profit before tax	359	414	1,769	1,376
Profit after tax	273	304	1,330	999

Key ratios

Claim ratio	64.3%	62.1%	68.5%	70.7%
Combined ratio	96.6%	93.8%	96.9%	100.8%

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

₹ In Crore	Q4 FY21	Q4 FY20	FY21	FY20
New business premium	2,493	1,519	6,313	5,179
Rated individual new business premium*	989	606	2,468	1,927
Group protection new business premium	739	553	1,597	1,872
Renewal premium	2,008	1,610	5,712	4,574
Gross written premium	4,501	3,129	12,025	9,753
Shareholders' profit	189	27	649	460
Amount transferred from the policyholders' account to the shareholders' account (net)	45	11	(69)	(10)
Total shareholders' profit after tax	234	38	580	450

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