

Press release

Financial results – Q2 FY18

Total revenue ↑ 28% | Profit after tax ↑ 13%

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q2 FY18.

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 55.13% 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). During the quarter, BFL completed raising of capital from Qualified Institutional Buyers, consequent to which the shareholding of BFS reduced from 57.80% to 55.13%.

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

Highlights – Q2 FY18 v/s Q2 FY17

✓ Consolidated total revenue	– ₹ 7,561 crore	v/s ₹ 5,920 crore	↑ 28%
✓ Consolidated profit after tax	– ₹ 652 crore	v/s ₹ 576 crore	↑ 13%
✓ Bajaj Finance, profit after tax	– ₹ 557 crore	v/s ₹ 408 crore	↑ 37%
✓ General insurance, profit after tax	– ₹ 260 crore	v/s ₹ 234 crore	↑ 11%
✓ Life insurance, shareholders' profit after tax	– ₹ 186 crore	v/s ₹ 202 crore	

Highlights – H1 FY18 v/s H1 FY17

✓ Consolidated total revenue	– ₹ 14,105 crore	v/s ₹ 11,150 crore	↑ 27%
✓ Consolidated profit after tax	– ₹ 1,307 crore	v/s ₹ 1,113 crore	↑ 17%
✓ Bajaj Finance, profit after tax	– ₹ 1,159 crore	v/s ₹ 832 crore	↑ 39%
✓ General insurance, profit after tax	– ₹ 473 crore	v/s ₹ 366 crore	↑ 29%
✓ Life insurance, shareholders' profit after tax	– ₹ 382 crore	v/s ₹ 446 crore	

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

Bajaj Finserv Limited

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1. Performance

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

A. Bajaj Finance Limited (BFL)

Despite slow credit demand across the industry, BFL has continued its **stellar growth**.

- i) Total revenue for Q2 FY18 **increased by 33% to ₹ 3,102 crore** v/s ₹ 2,341 crore in Q2 FY17.
- ii) **Profit after tax** for Q2 FY18 **increased by 37% to ₹ 557 crore** v/s ₹ 408 crore in Q2 FY17.
- iii) Assets under management stood at **₹ 72,139 crore** as on 30 September 2017 v/s ₹ 52,332 crore as on 30 September 2016 - an **increase of 38%**.
- iv) Net NPA as on 30 September 2017 stood at 0.51% after moving NPA recognition policy from 4 months to 3 months overdue, as required by RBI guidelines.
- v) After equity capital raising of ₹ 4,500 crore, capital adequacy ratio as on 30 September 2017 (including Tier-II capital) stood at 25.42%. The Tier-I capital stood at 19.86%.

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

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

During the quarter, BAGIC reported one of its best combined ratio and possibly the best in General insurance industry. It recorded its **highest ever quarterly gross written premium and profit after tax** in Q2 FY18.

- i) Gross written premium for Q2 FY18 **increased by 31% to ₹ 2,857 crore** v/s ₹ 2,179 crore in Q2 FY17.
- ii) During Q2 FY18, BAGIC wrote **crop insurance** of **₹ 1,145 crore** v/s ₹ 737 crore in Q2 FY17 – an **increase of 55%**.
- iii) Net earned premium for Q2 FY18 stood at **₹ 1,589 crore** v/s ₹ 1,240 crore in Q2 FY17 – an **increase of 28%**.
- iv) During the quarter, BAGIC registered **robust operating performance**. Underwriting profit for Q2 FY18 **more than doubled to ₹ 138 crore** v/s ₹ 57 crore in Q2 FY17.
- v) Investment and other income for Q2 FY18 stood at **₹ 247 crore** v/s ₹ 290 crore in Q2 FY17. Investment income for Q2 FY18 dropped on account of lower profit on sale of investments by ₹ 59 crore in Q2 FY18 as compared to Q2 FY17.
- vi) Profit after tax for Q2 FY18 **increased by 11% to ₹ 260 crore** v/s ₹ 234 crore in Q2 FY17.
- vii) Claim ratio improved to **67.9%** in Q2 FY18 v/s 71.6% in Q2 FY17.
- viii) Combined ratio improved to **88.8%** in Q2 FY18 v/s 94.3% in Q2 FY17.
- ix) As on 30 September 2017, solvency ratio stood at **288%**, which is well above the normal regulatory requirement of 150%.
- x) Cash and investments as on 30 September 2017 stood at **₹ 12,100 crore** v/s ₹ 10,360 crore as on 30 September 2016 – a healthy **increase of 17%**.

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

C. Bajaj Allianz Life Insurance Company Limited (BALIC)

BALIC has continued its focus towards selling more individual regular premium. BALIC's **rated individual new business premium** grew by 32% in Q2 FY18 as against industry growth of 23%.

- i) New business premium stood at **₹ 1,271 crore** in Q2 FY18 v/s ₹ 800 crore in Q2 FY17 – an **increase of 59%**.
 - a) Rated individual new business premium was **₹ 280 crore** in Q2 FY18 v/s ₹ 212 crore in Q2 FY17 – an **increase of 32%**.
 - b) Group new business was **₹ 976 crore** in Q2 FY18 v/s ₹ 575 crore in Q2 FY17.
- ii) Renewal premium for Q2 FY18 was **₹ 745 crore** v/s ₹ 647 crore in Q2 FY17 – an **increase of 15%**.
- iii) Gross written premium stood at **₹ 2,016 crore** in Q2 FY18 v/s ₹ 1,447 crore in Q2 FY17 – an **increase of 39%**.
- iv) Shareholders' profit after tax during Q2 FY18 was **₹ 186 crore** v/s ₹ 202 crore in Q2 FY17.
- v) Solvency ratio stood at a healthy **608%** (based on amended regulations) as on 30 September 2017 as against the minimum regulatory requirement of 150%. In addition to this, BALIC had a fund of **₹ 2,348 crore** held beyond required solvency margin forming part of shareholders' investments.
- vi) Total investments stood at **₹ 51,088 crore** as on 30 September 2017 v/s ₹ 46,880 crore as on 30 September 2016 - an **increase of 9%**.

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

2. Equity capital raising by Bajaj Finance

During the quarter, Bajaj Finance Limited raised **₹ 4,500 crore** through Qualified Institutional Placement from Qualified Institutional Buyers by issuing equity shares of face value ₹ 2 each at a premium of **₹ 1,688 per share**.

Sanjiv Bajaj
Managing Director
16 October 2017

Annexure A - Consolidated results of BFS

(₹ In Crore)		Q2 FY18	Q2 FY17	H1 FY18	H1 FY17	FY17
1	Revenue					
	(a) Revenue from operations	3,136.36	2,374.70	6,281.76	4,690.70	10,090.53
	(b) Premium and other operating income from insurance business	4,424.68	3,545.16	7,822.43	6,459.43	14,416.68
	(c) Other income	0.34	0.17	0.36	0.27	0.55
	Total revenue	7,561.38	5,920.03	14,104.55	11,150.40	24,507.76
2	Expenses					
	(a) Employee benefits expense	352.36	227.80	679.61	453.26	1,000.73
	(b) Claims incurred pertaining to insurance business	3,214.46	2,528.05	5,785.03	4,621.80	9,676.11
	(c) Commission, operating and other expenses pertaining to insurance business	625.01	433.23	924.43	795.66	2,720.96
	(d) Finance costs	1,112.03	942.49	2,167.21	1,794.99	3,716.28
	(e) Loan losses and provisions	229.71	165.44	511.36	341.61	803.89
	(f) Depreciation and amortisation	24.42	18.11	46.66	34.45	72.63
	(g) Other expenses	534.48	372.29	1,058.47	732.82	1,592.63
	Total expenses	6,092.47	4,687.41	11,172.77	8,774.59	19,583.23
3	Profit before tax (1-2)	1,468.91	1,232.62	2,931.78	2,375.81	4,924.53
4	Tax expense					
	Current tax	491.12	380.96	950.06	727.14	1,566.01
	Deferred tax	(29.10)	(11.76)	(40.88)	(31.05)	(91.19)
	Total tax expense	462.02	369.20	909.18	696.09	1,474.82
5	Profit after tax (3-4)	1,006.89	863.42	2,022.60	1,679.72	3,449.71
6	Less: Minority interest in net income of subsidiaries	354.59	287.67	715.21	566.46	1,187.79
7	Net profit for the period after minority interest (5-6)	652.30	575.75	1,307.39	1,113.26	2,261.92
8	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57	79.57	79.57
9	Reserves excluding revaluation reserves					15,724.47
10	Basic and diluted earnings per share (₹) before and after extraordinary items (not annualised)	41.0	36.2	82.2	70.0	142.1

Annexure B - Summary financial results of BFL

₹ In Crore	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17	FY17
Total revenue	3,102	2,341	6,229	4,619	9,989
Interest expenses	1,144	956	2,222	1,839	3,803
Net interest income	1,958	1,385	4,007	2,780	6,186
Operating expenses	874	594	1,717	1,160	2,564
Loan losses and provisions	228	165	509	342	804
Profit before tax	856	626	1,781	1,278	2,818
Profit after tax	557	408	1,159	832	1,837

Annexure C - Summary financial results of BAGIC

₹ In Crore	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17	FY17
Gross written premium	2,857	2,179	4,830	3,706	7,687
Net earned premium	1,589	1,240	2,923	2,378	4,937
Underwriting result	138	57	150	29	64
Investment and other income	247	290	547	507	1,014
Profit before tax	385	347	697	536	1,078
Profit after tax	260	234	473	366	728

Key ratios

Claim ratio	67.9%	71.6%	68.3%	72.0%	70.4%
Combined ratio	88.8%	94.3%	92.0%	97.6%	96.8%

Annexure D - Summary financial results of BALIC

₹ In Crore	Q2 FY18	Q2 FY17	H1 FY18	H1 FY17	FY17
New business premium	1,271	800	1,953	1,393	3,338
Rated individual new business premium*	280	212	558	338	1,010
Group new business premium	976	575	1,366	1,032	2,273
Renewal premium	745	647	1,216	1,058	2,845
Gross written premium	2,016	1,447	3,169	2,451	6,183
Shareholders' profit	137	148	292	318	609
Amount transferred from the policyholders' account to the shareholders' account (net)	49	54	90	128	227
Total shareholders' profit after tax	186	202	382	446	836

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