

**Press release**  
**Financial results – Q2 FY19**  
**Consolidated profit after tax : ₹ 704 crore**

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q2 FY19.

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.

Rising interest rates and default by a large financial institution in September resulted in difficult conditions for NBFCs. Despite this, BFL produced its best ever quarterly profit after tax while recording a 38% growth in its Assets Under Management. BAGIC and BALIC have also recorded strong growth in their core businesses; however, losses from floods in Kerala affected the profit after tax of BAGIC.

The Company's consolidated profit after tax under the Indian GAAP prior to adoption of Ind AS would have resulted in a profit growth in Q2 of FY19 of 21% over Q2 of FY18. Under Ind AS, consolidated profit after tax, however, recorded a modest growth of 1%.

**Highlights – Q2 FY19 v/s Q2 FY18**

✓ Consolidated total income	– ₹ 9,698 crore	v/s ₹ 8,266 crore	↑ 17%
✓ Consolidated profit after tax	– ₹ 704 crore	v/s ₹ 698 crore	
✓ Bajaj Finance, consolidated profit after tax	– ₹ 923 crore	v/s ₹ 598 crore	↑ 54%
✓ General insurance, profit after tax	– ₹ 182 crore	v/s ₹ 260 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 132 crore	v/s ₹ 186 crore	

**Bajaj Finserv Limited**

### Highlights – H1 FY19 v/s H1 FY18

✓ Consolidated total income	– ₹ 18,469 crore	v/s ₹ 15,802 crore	↑ 17%
✓ Consolidated profit after tax	– ₹ 1,530 crore	v/s ₹ 1,283 crore	↑ 19%
✓ Bajaj Finance, consolidated profit after tax	– ₹ 1,759 crore	v/s ₹ 1,059 crore	↑ 66%
✓ General insurance, profit after tax	– ₹ 473 crore	v/s ₹ 473 crore	
✓ Life insurance, shareholders' profit after tax	– ₹ 278 crore	v/s ₹ 382 crore	

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

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. Its assets under management (AUM) crossed a milestone of ₹ 100,000 crore.

- Total income for Q2 FY19 **increased by 40% to ₹ 4,296 crore** v/s ₹ 3,066 crore in Q2 FY18.
- Profit after tax** for Q2 FY19 **increased by 54% to ₹ 923 crore** v/s ₹ 598 crore in Q2 FY18.
- AUM stood at **₹ 100,217 crore** as on 30 September 2018 v/s ₹ 72,669 crore as on 30 September 2017 - an **increase of 38%**.
- Net NPA, recognized as per extant RBI prudential norms and provisioned as per Expected Credit Loss (ECL) method prescribed in Ind AS, as on 30 September 2018 stood at 0.53%.

The capital adequacy ratio of BFL Standalone as at 30 September 2018 (including Tier-II capital) stood at 22.13%. The Tier-I capital stood at 17.17%.

For its housing finance subsidiary, BHFL, the capital adequacy ratio (including Tier-II capital) stood at 30.49%.

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

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

BAGIC's core business registered robust growth during the quarter.

- Gross written premium from core business (excluding crop)** for Q2 FY19 **increased by 31% to ₹ 2,243 crore** v/s ₹ 1,712 crore in Q2 FY18.

During Q2 FY19, BAGIC wrote a lesser quantum of **crop insurance** of ₹ 475 crore v/s ₹ 1,145 crore in Q2 FY18, mainly due to unfavourable pricing in the Kharif Season.

Consequently, overall gross written premium for Q2 FY19 **decreased by 5% to ₹ 2,718 crore** v/s ₹ 2,857 crore in Q2 FY18.

- ii) Net earned premium for Q2 FY19 stood at ₹ 1,679 crore v/s ₹ 1,589 crore in Q2 FY18 – an increase of 6%. Excluding crop insurance, net earned premium would have increased by 20 %.
- iii) Claims from unusually extensive floods in Kerala impacted the underwriting result adversely by ₹ 63 crore.
- iv) As a result of, lower crop insurance and impact of Kerala floods, underwriting result for Q2 FY19 was a loss of ₹ 12 crore v/s profit of ₹ 138 crore in Q2 FY18.
- v) Investment and other income for Q2 FY19 stood at ₹ 286 crore v/s ₹ 247 crore in Q2 FY18 – an increase of 16%.
- vi) Consequently, profit after tax for Q2 FY19 stood at ₹ 182 crore v/s ₹ 260 crore in Q2 FY18.
- vii) Claim ratio stood at 68.2% in Q2 FY19 v/s 67.9% in Q2 FY18.
- viii) Combined ratio stood at 97.2% in Q2 FY19 v/s 88.8% in Q2 FY18. Excluding effect of Kerala floods, the combined ratio would have been 93.6%.
- ix) As on 30 September 2018, solvency ratio stood at 286%, which is well above the minimum regulatory requirement of 150%.
- x) Cash and investments as on 30 September 2018 stood at ₹ 14,887 crore v/s ₹ 12,100 crore as on 30 September 2017 – 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**

BALIC recorded strong growth in rated individual premium while focussing on a sustainable product mix, balancing traditional products with unit-linked products. During the quarter, share of traditional business in BALIC's individual new business premium was 39% as compared to 28% in Q2 of the previous year.

- i) New business premium for Q2 FY19 was ₹ 1,213 crore v/s ₹ 1,271 crore in Q2 FY18.
  - a) Rated individual new business premium was ₹ 346 crore in Q2 FY19 v/s ₹ 280 crore in Q2 FY18 – an increase of 24%.
  - b) Group new business was ₹ 852 crore in Q2 FY19 v/s ₹ 976 crore in Q2 FY18. While group protection business grew strongly, the fund-based group business showed a de-growth in Q2 FY19.
- ii) Renewal premium for Q2 FY19 was ₹ 870 crore v/s ₹ 744 crore in Q2 FY18 – an increase of 17%.
- iii) Gross written premium stood at ₹ 2,083 crore in Q2 FY19 v/s ₹ 2,015 crore in Q2 FY18.
- iv) Shareholders' profit after tax during Q2 FY19 stood at ₹ 132 crore v/s ₹ 186 crore in Q2 FY18, mainly on account of lower realised gains on sale of investments of ₹ 21 crore and provision of ₹ 30 crore against expected losses from investments.

- v) Solvency ratio stood at a healthy **749%** as on 30 September 2018 as against the minimum regulatory requirement of 150%.
- vi) Total investments stood at **₹ 53,922 crore** as on 30 September 2018 v/s ₹ 51,088 crore as on 30 September 2017 – an **increase of 6%**.

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

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**Sanjiv Bajaj**  
**Managing Director & CEO**  
23 October 2018

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

(₹ In Crore)		Q2 FY19	Q2 FY18	H1 FY19	H1 FY18	FY18
1	<b>Income</b>					
	Interest income	4,465.61	3,382.87	8,636.05	6,526.88	14,037.72
	Dividend income	18.14	14.86	38.47	28.47	43.92
	Rental income	1.33	0.76	2.59	1.51	3.98
	Fees and commission income	259.36	89.59	485.42	213.04	455.36
	Net gain on fair value change	193.13	457.34	375.54	1,240.38	1,592.60
	Sale of Services	77.93	45.19	113.53	76.70	139.78
	Premium and other operating income from insurance business	4,632.81	4,242.79	8,709.73	7,656.07	16,425.49
	Others	49.83	32.68	107.48	58.57	179.56
	Total revenue from operations	9,698.14	8,266.08	18,468.81	15,801.62	32,878.41
	Other income	0.25	0.34	0.64	0.36	0.54
	<b>Total income</b>	<b>9,698.39</b>	<b>8,266.42</b>	<b>18,469.45</b>	<b>15,801.98</b>	<b>32,878.95</b>
2	<b>Expenses</b>					
	Finance costs	1,540.28	1,108.75	2,874.33	2,158.74	4,538.71
	Fees and commission expense	403.94	259.83	765.23	505.17	1,262.40
	Impairment of financial instruments	343.97	223.27	670.60	529.86	1,039.32
	Claims paid	2,634.45	2,447.45	5,127.57	5,099.20	10,791.40
	Net change in insurance / investment contract liabilities	507.63	438.98	717.31	696.96	894.68
	Reinsurance ceded	757.66	853.19	1,314.04	1,316.51	2,727.20
	Employee benefits expense	908.80	645.79	1,753.84	1,277.96	2,767.78
	Depreciation and amortisation expense	52.07	36.84	95.04	70.29	159.91
	Other expenses	738.99	668.27	1,350.78	1,304.27	2,600.11
	<b>Total expenses</b>	<b>7,887.79</b>	<b>6,682.37</b>	<b>14,668.74</b>	<b>12,958.96</b>	<b>26,781.51</b>
3	Share of profits of joint venture	(0.21)	0.08	(0.06)	0.21	1.29
4	<b>Profit before tax (1-2+3)</b>	<b>1,810.39</b>	<b>1,584.13</b>	<b>3,800.65</b>	<b>2,843.23</b>	<b>6,098.73</b>
5	Tax expense					
	Current tax	622.62	510.93	1,228.78	958.83	1,995.49
	Deferred tax	(2.82)	(4.84)	52.76	(83.01)	(73.11)
	Total tax expense	619.80	506.09	1,281.54	875.82	1,922.38
6	<b>Profit after tax (4-5)</b>	<b>1,190.59</b>	<b>1,078.04</b>	<b>2,519.11</b>	<b>1,967.41</b>	<b>4,176.35</b>
7	Profit attributable to non-controlling interest	486.58	379.84	989.33	684.68	1,526.09
8	<b>Profit for the period (6-7)</b>	<b>704.01</b>	<b>698.20</b>	<b>1,529.78</b>	<b>1,282.73</b>	<b>2,650.26</b>
9	<b>Other comprehensive income, net of tax</b>					
	(a) Items that will not be reclassified to profit or loss	(5.25)	(3.05)	(6.72)	(3.36)	(7.06)
	(b) Items that will be reclassified to profit or loss	(84.83)	(126.93)	(576.58)	(33.85)	(619.73)
	<b>Total other comprehensive income, net of tax</b>	<b>(90.08)</b>	<b>(129.98)</b>	<b>(583.30)</b>	<b>(37.21)</b>	<b>(626.79)</b>
10	<b>Total comprehensive income (6+9)</b>	<b>1,100.51</b>	<b>948.06</b>	<b>1,935.81</b>	<b>1,930.20</b>	<b>3,549.56</b>
11	<b>Profit attributable to:</b>					
	Owners of the company	704.01	698.20	1,529.78	1,282.73	2,650.26
	Non-controlling interests	486.58	379.84	989.33	684.68	1,526.09
12	<b>Total comprehensive income attributable to:</b>					
	Owners of the company	637.46	602.63	1,100.20	1,255.29	2,189.76
	Non-controlling interest	463.05	345.43	835.61	674.91	1,359.80
14	Paid-up equity share capital (Face value of ₹ 5)	79.57	79.57	79.57	79.57	79.57
15	Other equity					20,403.37
16	<b>Earnings per share (₹) (not annualised)</b>					
	Basic	44.2	43.9	96.1	80.6	166.5
	Diluted	44.2	43.9	96.1	80.6	166.5

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

₹ In Crore	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18	FY18
Total income	4,296	3,066	8,238	5,900	12,772
Interest expenses	1,567	1,141	2,931	2,214	4,622
<b>Net interest income</b>	<b>2,729</b>	<b>1,925</b>	<b>5,307</b>	<b>3,686</b>	<b>8,150</b>
Operating expenses	979	781	1,934	1,524	3,272
Loan losses and provisions	315	221	641	526	1,035
<b>Profit before tax</b>	<b>1,435</b>	<b>923</b>	<b>2,732</b>	<b>1,636</b>	<b>3,843</b>
<b>Profit after tax</b>	<b>923</b>	<b>598</b>	<b>1,759</b>	<b>1,059</b>	<b>2,496</b>

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

₹ In Crore	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18	FY18
<b>Gross written premium</b>	<b>2,718</b>	<b>2,857</b>	<b>5,148</b>	<b>4,830</b>	<b>9,487</b>
Net earned premium	1,679	1,589	3,292	2,923	6,059
Underwriting result	(12)	138	116	150	293
Investment and other income	286	247	593	547	1,060
<b>Profit before tax</b>	<b>274</b>	<b>385</b>	<b>709</b>	<b>697</b>	<b>1,353</b>
<b>Profit after tax</b>	<b>182</b>	<b>260</b>	<b>473</b>	<b>473</b>	<b>921</b>

**Key ratios**

Claim ratio	68.2%	67.9%	67.0%	68.3%	66.7%
Combined ratio	97.2%	88.8%	93.8%	92.0%	92.3%

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

₹ In Crore	Q2 FY19	Q2 FY18	H1 FY19	H1 FY18	FY18
<b>New business premium</b>	<b>1,213</b>	<b>1,271</b>	<b>1,934</b>	<b>1,954</b>	<b>4,291</b>
Rated individual new business premium*	346	280	629	558	1,397
Group new business premium	852	976	1,277	1,366	2,835
<b>Renewal premium</b>	<b>870</b>	<b>744</b>	<b>1,510</b>	<b>1,215</b>	<b>3,287</b>
<b>Gross written premium</b>	<b>2,083</b>	<b>2,015</b>	<b>3,444</b>	<b>3,169</b>	<b>7,578</b>
Shareholders' profit	114	137	239	292	524
Amount transferred from the policyholders' account to the shareholders' account (net)	18	49	39	90	192
<b>Total shareholders' profit after tax</b>	<b>132</b>	<b>186</b>	<b>278</b>	<b>382</b>	<b>716</b>

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