



BAJAJ FINSERV

BAJAJ FINSERV LIMITED

HALF YEARLY REPORT 2015-16



Dear Shareholder,

I am happy to share with you the financial results of your Company for the half year ended 30 September 2015.

As you are aware, your Company is, essentially, the holding company for the financial services businesses of the Bajaj group with interests in consumer, SME and commercial financing and general and life insurance businesses. Your Company participates in the insurance business through Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz General Insurance Company Limited, in both of which it has a 74% holding and in the financing business through Bajaj Finance Limited, a listed company, in which it had a 57.53% stake as at 30 September 2015. During this half year, Bajaj Finance Limited issued equity shares to Qualified Institutional Investors and equity warrants to your Company, consequent to which your Company's holding in Bajaj Finance Limited became 57.53% (31 March 2015 – 61.53%). Your Company holds 925,000 warrants of Bajaj Finance Limited, convertible into equal number of equity shares on or before 2 December 2016, against which 25% (amounting ₹ 102 crore) has been paid during this half year. If these warrants were to be converted into equity shares at 30 September 2015, your Company's holding in Bajaj Finance Limited would have been 58.25%.

During the half year ended 30 September 2015, there were many positive developments in the external environment such as reduced inflation resulting in the Reserve Bank lowering interest rates by 0.75%, lower oil and commodity prices and an improving fiscal position for India. These were, however, offset by poor monsoons in many parts of the country and uncertainties arising from global factors such as the slowdown in China, uncertainty in Europe and worries about a rise in US interest rates. Overall conditions for financial services sector in India, remained challenging as factors like credit growth and sales of durable goods were muted.

I am pleased to report that, during this half year, your Company's gross consolidated revenue crossed ₹ 10,000 crore. This is the highest first half revenue for your Company. The profit after tax on a consolidated basis, after minority interests, **increased by 43%** to **₹ 908 crore**. The profit for H1/2015-16 includes your Company's share of the policyholders'

profits of Bajaj Allianz Life Insurance, which has been transferred during this half year as allowed by the regulations. Until the previous year, such profits were transferred only at the end of the year, in the last quarter. Excluding this, the consolidated profit after tax would have been **higher** by **24%** during H1/2015-16. With this, Bajaj Finserv declared its **best ever H1 results**, both in terms of top-line and bottom-line.

Highlights of H1/2015-16 v/s H1/2014-15

Particulars	(₹ In Crore)		
	H1 2015-16	H1 2014-15	% Increase
Consolidated gross revenue	10,012	8,630	↑ 16%
Consolidated profit after tax	908	635	↑ 43%
Bajaj Finance, profit after tax	555	409	↑ 36%
General insurance, profit after tax	288	275	↑ 5%
Life insurance, shareholders' profit*	457	218	

* Note: Life insurance profits for H1/2015-16 includes ₹ 163 crore being profit transferred from policyholders' account to shareholders' account (previous year H1 - Nil), as against the previous practice of transferring such profits at the end of the year.

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

A. Bajaj Finance Limited (BFL)

- The Company's momentum in acquiring customers continued as it added 3.1 million customers in H1/2015-16.
- Assets under management stood at ₹ **37,964 crore** as on 30 September 2015 as compared to ₹ 32,410 crore as on 31 March 2015.
- Total income was ₹ **3,356 crore** in H1/2015-16 as compared to ₹ 2,488 crore during H1/2014-15 – an **increase of 35%**.
- Loan losses and provisions increased by 47% from ₹ 163 crore for H1/2014-15 to ₹ **240 crore** during current half year. Net NPA for H1/2015-16 stood at **0.46%**.
- The Company's profit after tax **increased** by **36%** to ₹ **555 crore** for H1/2015-16 from ₹ 409 crore for H1/2014-15.

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

- The Company's gross written premium **increased** by **6%** to ₹ **2,822 crore** for H1/2015-16 from ₹ 2,653 crore for H1/2014-15. BAGIC maintained its second position amongst private companies in H1 of 2015/16.
- Net earned premium for H1/2015-16 was ₹ **2,060 crore** as compared to ₹ **1,874 crore** in H1/2014-15 – an **increase of 10%**.
- Combined ratio for H1/2015-16 was **97.4%** as compared to 96.4% in H1/2014-15. Combined ratio is among the best in the industry.
- Claims ratio was **70.6%** in H1/2015-16, lower than the ratio of 73.4% in H1/2014-15.
- Profit after tax **grew** by **5%** from ₹ 275 crore for H1/2014-15 to ₹ **288 crore** during H1/2015-16.

C. Bajaj Allianz Life Insurance Company Limited (BALIC)

- During the current half year, the life insurance industry witnessed a growth of 14.5% in new business premium.
- The Company's new business premium for the current half year was ₹ **1,133 crore** v/s ₹ 1,003 crore in H1/2014-15, which is a **growth of 13%**.
- Renewal premium for the current half year was ₹ **1,120 crore** v/s ₹ 1,193 crore in H1/2014-15.
- Gross written premium for the current half year was ₹ **2,253 crore** v/s ₹ 2,196 crore in H1/2014-15.
- Profit after tax during the current half year was ₹ **457 crore** v/s ₹ 218 crore in H1/2014-15, including ₹ 163 crore being transfer of profits from policyholders' account to shareholders' account during the half year. It may be noted that, with effect from 1 April of the current year, BALIC has started transferring profits from policyholders' account to shareholders' account on a quarterly basis, as approved by regulation. Until the end of the previous year, BALIC was transferring such profits for the year only at the year end.
- Total investments as at 30 September 2015 stood at ₹ **42,954 crore** as compared to ₹ 43,554 crore at 31 March 2015.

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

Bajaj Housing Finance Limited

I am further pleased to announce that, on 24 September 2015, Bajaj Housing Finance Limited, the wholly-owned subsidiary of Bajaj Finance Limited has received the certificate of registration from the National Housing Bank, entitling it to commence housing finance operations. This is a significant step for Bajaj Finance Limited as it will provide the platform for it to increase its share of the home loan market.

There is a mood of cautious optimism as we enter the second half. There are expectations that the lower interest rates and revival of Government investments will help start the investment cycle in the quarters to come, which should help offset any external global shocks.

I take this opportunity to wish all our shareholders a happy and safe Diwali and a prosperous New Year.



Rahul Bajaj
Chairman
20 October 2015

Annexure A

The consolidated financial results include results of the following companies:

Name of the company	% shareholding	Segment	Consolidated as
a. Bajaj Allianz Life Insurance Company Limited	74%	Insurance - life	Subsidiary
b. Bajaj Allianz General Insurance Company Limited	74%	Insurance - general	Subsidiary
c. Bajaj Finance Limited	57.53%	Retail financing	Subsidiary
d. Bajaj Financial Holdings Limited	100%	Others	Subsidiary
e. Bajaj Allianz Financial Distributors Limited	50%	Others	Joint venture

Summarised unaudited consolidated financial results for the half year ended 30 September 2015:

Particulars	(₹ In Crore)		
	H1 2015-16	H1 2014-15	Full Year 2014-15
A. Revenue			
Gross written premium - life insurance	2,254	2,196	6,017
Gross written premium - general insurance	2,822	2,653	5,301
Gross income - retail finance	3,356	2,488	5,418
Investment income, windpower and others	1,580	1,293	2,853
Gross revenue	10,012	8,630	19,589
B. Consolidated financial results			
Income from operations	4,273	3,277	7,099
Transfer from policyholders' account*	163	-	488
Total income	4,436	3,277	7,587
Total expenses	1,259	942	2,115
Profit from operations before other income, finance costs	3,177	2,335	5,472
Other income	-	2	4
Finance costs	1,354	1,040	2,230
Profit before tax	1,823	1,297	3,246
Tax expense	493	376	842
Profit after tax	1,330	921	2,404
Less: Minority interest in net income of subsidiaries and others	422	286	714
Net profit	908	635	1,690
C. Segment profit before tax			
Life insurance*	505	275	1,007
General insurance	419	375	777
Retail finance	858	619	1,368
Investments, windpower and others	41	28	94
Profit before tax	1,823	1,297	3,246
D. Basic and diluted earnings per share (₹) (face value ₹ 5)	57.1	39.9	106.2

* During the current half year, Bajaj Allianz Life Insurance Company Limited has transferred the surplus in the policyholders' revenue account based on its audited interim financial statements, to the extent permissible under the applicable regulations. Until the end of the previous year such transfer was made only at the end of the year, in the last quarter. Consequently, the figures for the corresponding periods are not comparable.



Bajaj Finserv Limited

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