

Press Release

Financial Results – Q3 FY14

Gross revenue ↑ 10%; 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 Q3 FY14.

Bajaj Finserv Limited (BFS), a holding company, represents Bajaj Group's interests in the financial services space through its subsidiaries, whose results it consolidates. Bajaj Finserv participates in the insurance business through - 74% holding in Bajaj Allianz Life Insurance Company Ltd. and Bajaj Allianz General Insurance Company Ltd. and in the lending business through - 61.99% holding in Bajaj Finance Ltd.

In a challenging economic environment of slow growth, high inflation and high interest rates, the Company has performed well.

HIGHLIGHTS – Q3 FY14 v/s Q3 FY13

| | | | |
|--|-----------------|-------------------|-------|
| ✓ Consolidated gross revenue | – ₹ 4,091 crore | v/s ₹ 3,724 crore | ↑ 10% |
| ✓ Consolidated income from operations | – ₹ 1,393 crore | v/s ₹ 1,120 crore | ↑ 24% |
| ✓ Consolidated profit after tax | – ₹ 281 crore | v/s ₹ 249 crore | ↑ 13% |
| ✓ Bajaj Finance, profit after tax | – ₹ 194 crore | v/s ₹ 160 crore | ↑ 21% |
| ✓ General insurance, profit after tax | – ₹ 95 crore | v/s ₹ 91 crore | ↑ 4% |
| ✓ Life insurance, shareholders' profit after tax | – ₹ 115 crore | v/s ₹ 100 crore | ↑ 15% |

HIGHLIGHTS – 9M FY14 v/s 9M FY13

| | | | |
|--|------------------|--------------------|-------|
| ✓ Consolidated gross revenue | – ₹ 11,613 crore | v/s ₹ 10,697 crore | ↑ 9% |
| ✓ Consolidated income from operations | – ₹ 3,971 crore | v/s ₹ 3,055 crore | ↑ 30% |
| ✓ Consolidated profit after tax | – ₹ 836 crore | v/s ₹ 661 crore | ↑ 26% |
| ✓ Bajaj Finance, profit after tax | – ₹ 537 crore | v/s ₹ 428 crore | ↑ 25% |
| ✓ General insurance, profit after tax | – ₹ 308 crore | v/s ₹ 233 crore | ↑ 32% |
| ✓ Life insurance, shareholders' profit after tax | – ₹ 337 crore | v/s ₹ 263 crore | ↑ 28% |

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

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

A. Bajaj Finance Limited (BFL)

- Total income for Q3 FY14 **increased** by 31% to **₹ 1,082 crore** v/s ₹ 828 crore in Q3 FY13.
- Profit after tax for Q3 FY14 **increased** by 21% to **₹ 194 crore** v/s ₹ 160 crore in Q3 FY13.
- Deployments **increased** by 45% to **₹ 7,532 crore** in Q3 FY14 v/s ₹ 5,200 crore in Q3 FY13.
- Assets under management stood at **₹ 22,461 crore** as on 31 December 2013 v/s ₹ 17,517 crore as on 31 March 2013.
- Net NPA for Q3 FY14 stood at **0.23%**.
- Capital adequacy ratio stood at a healthy **19.5%**.

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

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

- Gross written premium (excluding motor pool) for Q3 FY14 **increased** by 13% to **₹ 1,073 crore** v/s ₹ 950 crore in Q3 FY13.
- Profit after tax stood at **₹ 95 crore** in Q3 FY14 v/s ₹ 91 crore in Q3 FY13.
- Net earned premium (excluding motor pool) for Q3 FY14 stood at **₹ 899 crore** v/s ₹ 694 crore in Q3 FY13 – an **increase** of **30%**.
- Underwriting profit for Q3 FY14 (before motor pool losses of past) was **₹ 30 crore** v/s ₹ 62 crore in Q3 FY13.

Investment income for Q3 FY14 **increased** by 22% to **₹ 149 crore** from ₹ 122 crore.

- Claim ratio (including motor pool losses) stood at **71.9%** in Q3 FY14 v/s 68.0% in Q3 FY13.
- Combined ratio (including motor pool losses) was **100.9%** in Q3 FY14 v/s 95.3% in Q3 FY13.
- Cash and investments as on 31 December 2013 stood at **₹ 6,500 crore**.

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

C. Bajaj Allianz Life Insurance Company Limited (BALIC)

- New business premium for Q3 FY14 was **₹ 678 crore** v/s ₹ 669 crore in Q3 FY13.
- Shareholders' profit during the current quarter was **₹ 115 crore** v/s ₹ 100 crore in Q3 FY13 – an increase of **15%**.
- Renewal premium for Q3 FY14 was **₹ 707 crore** v/s ₹ 839 crore in Q3 FY13.
- Gross written premium was **₹ 1,385 crore** in Q3 FY14 v/s ₹ 1,508 crore in Q3 FY13.
- Solvency ratio stood at a healthy **733%** as on 31 December 2013 as against the minimum regulatory requirement of 150%.
- Total investments as at 31 December 2013 stood at **₹ 38,314 crore**.

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

Sanjiv Bajaj
Managing Director
15 January 2014

Annexure A - Consolidated results of BFS

| (₹ In Crore) | | Q3 FY14 | Q3 FY13 | 9M FY14 | 9M FY13 | FY13 |
|--------------|--|-----------------|-----------------|------------------|------------------|------------------|
| | Gross revenue | | | | | |
| | i. Gross written premium | | | | | |
| | a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd. | 1,385.25 | 1,508.04 | 3,702.94 | 4,311.58 | 6,892.70 |
| | b) General Insurance - Bajaj Allianz General Insurance Co. Ltd. | 1,074.29 | 949.69 | 3,315.57 | 2,903.43 | 4,109.39 |
| | ii. Gross income - Bajaj Finance Ltd. | 1,081.90 | 828.23 | 2,978.31 | 2,267.91 | 3,111.37 |
| | iii. Income from windpower generation - Bajaj Finserv Ltd. | 10.34 | 11.60 | 59.58 | 66.27 | 73.38 |
| | iv. Investment income (excluding accretions on unit linked investment) | 518.30 | 405.97 | 1,489.83 | 1,089.22 | 1,548.72 |
| | v. Others | 21.35 | 20.38 | 66.52 | 58.30 | 77.97 |
| | Total | 4,091.43 | 3,723.91 | 11,612.75 | 10,696.71 | 15,813.53 |
| 1 | Income | | | | | |
| | (a) Income from operations | 1,392.53 | 1,119.60 | 3,970.95 | 3,054.91 | 4,154.95 |
| | (b) Transfer from Policyholders' Account | - | - | - | - | 917.48 |
| | Total income from operations (net) | 1,392.53 | 1,119.60 | 3,970.95 | 3,054.91 | 5,072.43 |
| 2 | Expenses | | | | | |
| | (a) Transfer to Policyholders' Account | (2.92) | (0.22) | 3.25 | 1.72 | 2.35 |
| | (b) Employee benefits expense | 112.78 | 87.06 | 321.32 | 250.43 | 334.28 |
| | (c) Marketing and other commission | 63.61 | 49.06 | 173.71 | 135.13 | 182.66 |
| | (d) Recovery cost | 43.78 | 31.30 | 121.12 | 88.43 | 119.58 |
| | (e) Loan losses and provisions | 79.45 | 51.32 | 195.65 | 136.72 | 181.75 |
| | (f) Depreciation | 6.50 | 4.12 | 16.32 | 11.50 | 17.27 |
| | (g) Other expenses | 104.53 | 77.44 | 323.42 | 227.68 | 325.31 |
| | Total expenses | 407.73 | 300.08 | 1,154.79 | 851.61 | 1,163.20 |
| 3 | Profit from operations before other income, finance costs and exceptional items (1-2) | 984.80 | 819.52 | 2,816.16 | 2,203.30 | 3,909.23 |
| 4 | Other income | 1.28 | 1.11 | 3.15 | 1.85 | 2.46 |
| 5 | Profit from ordinary activities before finance costs and exceptional items (3+4) | 986.08 | 820.63 | 2,819.31 | 2,205.15 | 3,911.69 |
| 6 | Finance costs | 405.74 | 320.83 | 1,116.64 | 877.12 | 1,203.58 |
| 7 | Profit from ordinary activities after finance costs but before exceptional items (5-6) | 580.34 | 499.80 | 1,702.67 | 1,328.03 | 2,708.11 |
| 8 | Exceptional items | | | | | |
| | Provision for loss of Renewable Energy Certificates (RECs) (See note 5) | - | - | (7.24) | - | - |
| 9 | Profit from ordinary activities before tax (7+8) | 580.34 | 499.80 | 1,695.43 | 1,328.03 | 2,708.11 |
| 10 | Tax expense | 170.88 | 138.69 | 487.34 | 370.93 | 493.94 |
| 11 | Net Profit from ordinary activities after tax (9-10) | 409.46 | 361.11 | 1,208.09 | 957.10 | 2,214.17 |
| 12 | Add: Share of Profit after tax on Investments in Associates | - | - | - | - | - |
| 13 | Less: Minority Interest in Net Income of subsidiaries | 128.35 | 112.40 | 371.64 | 296.32 | 640.53 |
| 14 | Net Profit after taxes, minority interest and share of profit / (loss) of associates (11+12-13) | 281.11 | 248.71 | 836.45 | 660.78 | 1,573.64 |
| 15 | Basic and Diluted Earnings Per Share (₹) (not annualised) before and after extraordinary items | 17.7 | 15.8 | 52.6 | 43.8 | 103.0 |

Annexure B - Summary financial results of BFL

| ₹ In Crore | Q3 FY14 | Q3 FY13 | 9M FY14 | 9M FY13 | FY13 |
|--------------------------------------|------------|------------|--------------|--------------|--------------|
| Total income | 1,082 | 828 | 2,978 | 2,268 | 3,111 |
| Interest expenses | 410 | 321 | 1,123 | 879 | 1,205 |
| Net interest income | 672 | 507 | 1,855 | 1,389 | 1,906 |
| Operating expenses | 298 | 219 | 845 | 619 | 852 |
| Loan losses and provisions | 79 | 51 | 196 | 137 | 182 |
| Profit before tax | 295 | 237 | 814 | 633 | 872 |
| Profit after tax | 194 | 160 | 537 | 428 | 591 |
| Earnings per share (EPS), basic, ₹ | 39.0* | 37.3* | 107.9* | 100.2* | 135.7 |
| Earnings per share (EPS), diluted, ₹ | 38.8* | 37.0* | 107.2* | 99.5* | 134.7 |

*Not annualised

Annexure C - Summary financial results of BAGIC

| ₹ In Crore | Q3 FY14 | Q3 FY13 | 9M FY14 | 9M FY13 | FY13 |
|---|------------|------------|------------|------------|------------|
| Gross written premium * | 1,073 | 950 | 3,314 | 2,866 | 4,063 |
| Net earned premium * | 899 | 694 | 2,595 | 1,934 | 2,709 |
| Underwriting profit excluding motor pool losses | 30 | 62 | 123 | 172 | 180 |
| Provision for motor pool losses | -42 | -53 | -112 | -177 | -235 |
| Investment income | 149 | 122 | 432 | 339 | 477 |
| Profit before tax | 137 | 131 | 443 | 334 | 422 |
| Profit after tax | 95 | 91 | 308 | 233 | 295 |

Key ratios

| | | | | | |
|--|--------|-------|-------|-------|-------|
| Claim ratio (excluding pool losses) | 67.4% | 60.4% | 67.1% | 58.8% | 62.0% |
| Claim ratio (including pool losses) | 71.9% | 68.0% | 71.0% | 68.4% | 72.4% |
| Combined ratio (excluding pool losses) | 96.4% | 87.7% | 94.1% | 86.8% | 89.4% |
| Combined ratio (including pool losses) | 100.9% | 95.3% | 98.1% | 95.9% | 99.5% |

* Figures are excluding inward reinsurance premiums from motor pool

Claim ratios and Combined ratios for Q3 FY13, 9M FY13 and FY13 are re-stated in accordance with the Master Circular on 'Preparation of Financial statements of General Insurance Business' issued by IRDA effective from 1 April 2013.

Pool losses include the impact of the erstwhile IMTPIP and Declined Risk Pool.

Annexure D - Summary financial results of BALIC

| ₹ In Crore | Q3 FY14 | Q3 FY13 | 9M FY14 | 9M FY13 | FY13 |
|---|---------|---------|---------|---------|-------|
| Gross written premium | 1,385 | 1,508 | 3,703 | 4,312 | 6,893 |
| New business premium | 678 | 669 | 1,775 | 1,804 | 2,988 |
| Renewal premium | 707 | 839 | 1,928 | 2,508 | 3,905 |
| Policyholders' surplus* | 183 | 231 | 509 | 665 | 863 |
| Shareholders' profit | 115 | 100 | 337 | 263 | 368 |
| Total profit (policyholders' + shareholders') | 298 | 331 | 846 | 928 | 1,231 |
| Total shareholders' profit | | | | | 1,286 |

* Policyholders' surplus, if any, will be transferred to shareholders' account in Q4 FY14 after audited accounts.