

Press Release – Q1/2010-11 Financial Results

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for 1st quarter of FY 2010-11.

Bajaj Finserv, through its subsidiaries and associates, currently participates in the **insurance** – life & general and **retail financing** space.

The company is now set to start a new line of business - financial product advisory & distribution through its wholly owned subsidiary - **Bajaj Financial Solutions Limited** in second half of this year. This company aims to provide financial advisory services coupled with a quality transaction execution platform to further the cause of promoting investments for all categories of investors across the country.

HIGHLIGHTS – Q1/2010-11 v/s Q1/2009-10

✓ Life insurance, business profit	– Rs. 169 crores	v/s	Rs. 68 crores
✓ General insurance, profit after tax	– Rs. 31 crores	v/s	Rs. 27 crores
✓ Bajaj Auto Finance, profit after tax	– Rs. 47 crores	v/s	Rs. 15 crores
✓ Consolidated profit after tax	– Rs. 66 crores	v/s	Rs. 42 crores

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

The strong results are due to the performance of the underlying subsidiaries and associate companies, each of which have reported robust numbers.

A brief write up on the performance of the individual companies is given below:

A. Bajaj Allianz Life Insurance Company Limited (BALIC)

- Continuing with its strategy of focussing on growth without compromising on profitability, BALIC's overall profit for Q1/2010-11 was **Rs. 169 crores** as compared to profit of Rs. 68 crores in Q1/2009-10.
- New business premium for Q1/2010-11 increased to **Rs. 603 crores** as compared to Rs.578 crores in Q1/2009-10 – growth of 4%.
- Renewal premium for Q1/2010-11 was **Rs. 1242 crores** as against Rs. 1423 crores during the Q1/2009-10. The drop is partly attributed to some policyholders surrendering the policies, after expiry of the mandatory three years' lock in period.
- Gross written premium (GWP) for Q1/2010-11 was **Rs. 1845 crores** as compared to Rs. 2001 crores in Q1/2009-10.
- Solvency ratio stood at a healthy **286%** as on 30th June 2010 as against the minimum regulatory requirement of 150%.
- Total investments as at 30th June 2010 stood at **Rs.34694 crores**.

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

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

- During the current quarter, the company posted a profit after tax of **Rs. 31** crores as against Rs. 27 crores during Q1/2009-10.
- The growth momentum witnessed in Q4/2009-10 continued into Q1/2010-11. Gross written premium for Q1/2010-11 increased to **Rs. 718 crores** as compared to Rs. 635 crores in the Q1/2009-10 – rise of 13%.
- Net earned premium for Q1/2010-11 was **Rs. 454 crores** as compared to Rs. 432 crores in Q1/2009-10 – reflecting the strong policy retention capabilities of the company.
- Cash and investments as on 30th June 2010 stood at **Rs.3308** crores.
- BAGIC ranks **second** among the private insurers with a market share of 6.6%.

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

C. Bajaj Auto Finance Limited (BAFL)

- Profit after tax has more than tripled & stood at **Rs. 47** crores in Q1/2010-11 as compared to Rs. 15 crores in Q1/2009-10.
- Deployments were **Rs. 2047** crores in Q1/2010-11 as compared to Rs. 1046 crores during Q1/2009-10 – growth of **96%**.
- Total income was **Rs. 297** crores in Q1/2010-11 as compared to Rs. 190 crores during Q1/2009-10 – an increase of **56%**.
- Capital adequacy ratio stood at a healthy **23%**.
- During Q1/2010-11, the company has launched two new business lines – construction equipment financing and retail loan against shares.

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

As on 5th July, 2010, Bajaj Finserv Limited increased its shareholding in Bajaj Auto Finance Limited (BAFL) from 44.64% to 50.43%, thereby making BAFL its subsidiary.

Sanjiv Bajaj
Managing Director
21st July 2010

Annexure A - Summary of Consolidated results of Bajaj Finserv Limited


Bajaj Finserv Limited
Mumbai - Pune Road, Akurdi, Pune 411 035

CONSOLIDATED RESULTS

(Rs. in crores)

Particulars	Q1 2010-11	Q1 2009-10	FY 2009-10
KEY BUSINESS STATISTICS OF CONSOLIDATED ENTITIES			
i. Gross written premium			
a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd.	1845	2001	11420
b) General Insurance - Bajaj Allianz General Insurance Co. Ltd.	718	635	2725
ii. Funds deployed - Bajaj Auto Finance Ltd.	2047	1046	4585
iii. Wind energy generated - Bajaj Finserv Limited	10	11	43
Income from operations	124	106	460
Transfer from Policyholders's Account	-	-	524
TOTAL INCOME	124	106	984
Expenditure :			
a) Transfer to Policyholders' Account	19	10	69
b) Employees Cost	14	12	47
c) Depreciation	3	7	22
d) Other expenditure	7	10	55
e) Total	43	39	193
Profit from Operations before Other Income and Interest	81	67	791
Other Income	-	-	1
Profit before Interest	81	67	792
Interest	-	-	-
Profit / (Loss) from ordinary activities before tax and share of profit on Investments in Associates	81	67	792
Add: Share of Profit after tax on Investments in Associates	21	6	38
Profit / (Loss) from ordinary activities before tax	102	73	830
Tax expense	24	22	99
Profit / (Loss) from ordinary activities after tax	78	51	731
Less: Minority Interest in Net Income of subsidiaries	12	9	172
Net Profit / (Loss) before deferred tax adjustments	66	42	559
Adjustments on revaluation of deferred tax assets	-	-	(4)
Net Profit / (Loss) for the period	66	42	555
Basic and Diluted Earnings Per Share (Rs.) (not annualised)			
before and after extraordinary items	4.6	2.9	38.6

Annexure B - Summary financial results of BALIC

Rs. in crores	Q1 2010-11	Q1 2009-10	FY 2009-10
Gross written premium	1845	2001	11420
New business premium	603	578	4451
Renewal premium	1242	1423	6969
Policyholders' Surplus*	155	60	427
Total Profit (Shareholders'+Policyholders')	169	68	542

*Policyholders' surplus, if any, will be transferred to shareholders' account only in Q4/2010-11 after audited accounts.

Annexure C - Summary financial results of BAGIC

Rs. in crores	Q1 2010-11	Q1 2009-10	FY 2009-10
Gross Written Premium *	718	635	2516
Net Earned Premium *	454	432	1671
Underwriting profit/(loss) including Motor pool losses	-17	-16	-50
Interest and dividend income/others	60	56	221
Capital gains	3	2	9
Profit before tax	46	42	180
Profit after tax	31	27	121

KEY RATIOS

Loss Ratio	68.6%	67.6%	66.4%
Combined ratio (including pool losses)**	103.7%	103.7%	102.7%

* Figures are excluding inward reinsurance premiums from motor pool

** (Net claims incurred + Net commission income + operating expenses) / Net earned premium

Annexure D - Summary financial results of Bajaj Auto Finance Ltd

Rs. in crores	Q1 2010-11	Q1 2009-10	FY 2009-10
Total income	297	190	916
Interest and finance charges	73	42	202
Net interest income	224	148	714
Operating expenses	93	71	320
Loan losses & provisions	60	54	260
Profit before tax (PBT)	71	23	134
Profit after tax (PAT)	47	15	89
Earnings per share (EPS), basic and diluted, Rs.	12.8*	4.2*	24.4

*Not annualised