

## Press Release

### Financial Results – Q1 FY14

Gross revenue ↑ 7%; Profit after tax ↑ 43%

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q1 FY14.

**Bajaj Finserv – a holding company**, is the financial services arm of the Bajaj group with business interest in “Protection”, “Lending” and “Financial advisory and Wealth management” through its subsidiary companies.

#### 1. PERFORMANCE

The challenging economic conditions that prevailed in the previous year continued in this quarter as well. Increased current account deficit, high interest rates and a depreciating rupee continued to impact the business environment. In this challenging environment, the Company has performed well.

#### HIGHLIGHTS – Q1 FY14 v/s Q1 FY13

✓ Consolidated gross revenue	– ₹ 3,465 crore	v/s	₹ 3,252 crore	↑ 7%
✓ Consolidated income from operations	– ₹ 1,270 crore	v/s	₹ 927 crore	↑ 37%
✓ Consolidated profit after tax	– ₹ 279 crore	v/s	₹ 195 crore	↑ 43%
✓ Bajaj Finance, profit after tax	– ₹ 176 crore	v/s	₹ 139 crore	↑ 27%
✓ General insurance, profit after tax	– ₹ 100 crore	v/s	₹ 64 crore	↑ 56%
✓ Life insurance, shareholders' profit after tax	– ₹ 115 crore	v/s	₹ 74 crore	↑ 55%

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 Q1 FY14 **increased** by 33% to ₹ 932 crore v/s ₹ 703 crore in Q1 FY13.
- The Company recorded its **highest ever quarterly profit after tax** of ₹ 176 crore in Q1 FY14 v/s ₹ 139 crore in Q1 FY13 – an **increase** of 27%.
- Deployments **increased** by 32% to ₹ 6,250 crore in Q1 FY14 v/s ₹ 4,728 crore in Q1 FY13.
- Assets under management stood at ₹ 19,229 crore as on 30 June 2013 v/s ₹ 17,517 crore as on 31 March 2013.
- Net NPA for Q1 FY14 stood at 0.25%.
- Capital adequacy ratio stood at a healthy 21.5%.

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

#### B. Bajaj Allianz General Insurance Company Limited (BAGIC)

- Gross written premium (excluding motor pool) for Q1 FY14 **increased** by 17% from ₹ 940 crore to ₹ 1,098 crore.
- Net earned premium (excluding motor pool) for Q1 FY14 stood at ₹ 816 crore v/s ₹ 601 crore in Q1 FY13 – an **increase** of 36%.
- Underwriting profit for Q1 FY14 was ₹ 36 crore v/s ₹ 61 crore in Q1 FY13.  
However, investment income for Q1 FY14 **increased** by 39% from ₹ 100 crore to ₹ 139 crore.
- Profit after tax **increased** by 56% to ₹ 100 crore in Q1 FY14 v/s ₹ 64 crore in Q1 FY13.
- **Claim ratio** (including motor pool losses) stood at 71.0% in Q1 FY14 v/s 68.1% in Q1 FY13.
- **Combined ratio** (excluding motor pool losses) stood at 95.5% in Q1 FY14 v/s 89.8% in Q1 FY13.  
However, **combined ratio** (including motor pool losses) stood at a healthy 99.8% in Q1 FY14 v/s 101.3% in Q1 FY13.
- Cash and investments as on 30 June 2013 stood at ₹ 6,237 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 Q1 FY14 was ₹ 438 crore v/s ₹ 484 crore in Q1 FY13.
- Renewal premium for Q1 FY14 was ₹ 446 crore v/s ₹ 727 crore in Q1 FY13.
- Gross written premium was ₹ 884 crore in Q1 FY14 v/s ₹ 1,211 crore in Q1 FY13.
- Shareholders' profit during Q1 FY14 was ₹ 115 crore v/s ₹ 74 crore in Q1 FY13.

- Solvency ratio stood at a healthy **704%** as on 30 June 2013 as against the minimum regulatory requirement of 150%.
- Total investments as at 30 June 2013 stood at **₹ 37,654 crore**.

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

## **2. APPLICATION FOR BANKING LICENCE**

The Company has submitted its Application to Reserve Bank of India on 26 June 2013 for a Licence to commence banking business in terms of section 22 of the Banking Companies Act, 1949. It is proposed to do this by converting its subsidiary Bajaj Finance Ltd. into a Bank in terms of RBI Guidelines for Licensing of New Banks in the Private Sector.

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Sanjiv Bajaj  
Managing Director  
18 July 2013

Annexure A - Consolidated results of BFS

(₹ In Crore)		Q1 FY14	Q1 FY13	FY13
	<b>Gross revenue</b>			
	i. Gross written premium			
	a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd.	884.13	1,211.44	6,892.70
	b) General Insurance - Bajaj Allianz General Insurance Co. Ltd.	1,097.87	977.33	4,109.39
	ii. Gross income - Bajaj Finance Ltd.	932.43	703.02	3,111.37
	iii. Income from windpower generation - Bajaj Finserv Ltd.	21.91	21.46	73.38
	iv. Investment income (excluding accretions on unit linked investment)	504.77	319.92	1,548.72
	v. Others	24.23	18.75	77.97
	<b>Total</b>	<b>3,465.34</b>	<b>3,251.92</b>	<b>15,813.53</b>
<b>1</b>	<b>Income</b>			
a.	Income from operations	1,269.81	927.48	4,154.95
b.	Transfer from Policyholders' Account	-	-	917.48
	<b>Total income from operations (net)</b>	<b>1,269.81</b>	<b>927.48</b>	<b>5,072.43</b>
<b>2</b>	<b>Expenses</b>			
(a)	Transfer to Policyholders' Account	6.79	2.27	2.35
(b)	Employee benefits expense	105.59	79.78	334.28
(c)	Marketing and other commission	57.49	45.49	182.66
(d)	Recovery cost	35.84	27.80	119.58
(e)	Loan losses and provisions	63.88	32.02	181.75
(f)	Depreciation	4.42	3.62	17.27
(g)	Other expenses	107.38	75.19	325.31
	<b>Total expenses</b>	<b>381.39</b>	<b>266.17</b>	<b>1,163.20</b>
<b>3</b>	<b>Profit from operations before other income, finance costs and exceptional items (1-2)</b>	<b>888.42</b>	<b>661.31</b>	<b>3,909.23</b>
<b>4</b>	<b>Other income</b>	<b>1.06</b>	<b>0.45</b>	<b>2.46</b>
<b>5</b>	<b>Profit from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>889.48</b>	<b>661.76</b>	<b>3,911.69</b>
<b>6</b>	<b>Finance costs</b>	<b>331.05</b>	<b>263.10</b>	<b>1,203.58</b>
<b>7</b>	<b>Profit from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>558.43</b>	<b>398.66</b>	<b>2,708.11</b>
<b>8</b>	<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Profit from ordinary activities before tax (7+8)</b>	<b>558.43</b>	<b>398.66</b>	<b>2,708.11</b>
<b>10</b>	<b>Tax expense</b>	<b>156.85</b>	<b>113.28</b>	<b>493.94</b>
<b>11</b>	<b>Net Profit from ordinary activities after tax (9-10)</b>	<b>401.58</b>	<b>285.38</b>	<b>2,214.17</b>
<b>12</b>	<b>Add: Share of Profit after tax on Investments in Associates</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>13</b>	<b>Less: Minority Interest in Net Income of subsidiaries</b>	<b>122.78</b>	<b>90.15</b>	<b>640.53</b>
<b>14</b>	<b>Net Profit after taxes, minority interest and share of profit / (loss) of associates (11+12-13)</b>	<b>278.80</b>	<b>195.23</b>	<b>1,573.64</b>
<b>15</b>	<b>Basic and Diluted Earnings Per Share (₹) (not annualised) before and after extraordinary items</b>	<b>17.5</b>	<b>13.2</b>	<b>103.0</b>

## Annexure B - Summary financial results of BFL

₹ In Crore	Q1 FY14	Q1 FY13	FY13
Total income	932	703	3,111
Interest expenses	331	264	1,205
<b>Net interest income</b>	<b>601</b>	<b>439</b>	<b>1,906</b>
Operating expenses	270	201	852
Loan losses and provisions	41	28	157
General provisions on standard assets	23	4	25
<b>Profit before tax</b>	<b>267</b>	<b>206</b>	<b>872</b>
<b>Profit after tax</b>	<b>176</b>	<b>139</b>	<b>591</b>
Earnings per share (EPS), basic, ₹	35.3*	32.6*	135.7
Earnings per share (EPS), diluted, ₹	35.1*	32.3*	134.7

\*Not annualised

## Annexure C - Summary financial results of BAGIC

₹ In Crore	Q1 FY14	Q1 FY13	FY13
<b>Gross written premium *</b>	<b>1,098</b>	<b>940</b>	<b>4,063</b>
Net earned premium *	816	601	2,709
Underwriting profit excluding motor pool losses	36	61	180
Provision for motor pool losses	-34	-69	-235
Investment income	139	100	477
<b>Profit before tax</b>	<b>141</b>	<b>92</b>	<b>422</b>
<b>Profit after tax</b>	<b>100</b>	<b>64</b>	<b>295</b>

### Key ratios

Claim ratio (excluding pool losses)	66.8%	56.6%	62.0%
Claim ratio (including pool losses) **	71.0%	68.1%	72.4%
Combined ratio (excluding pool losses)	95.5%	89.8%	93.4%
Combined ratio (including pool losses)**	99.8%	101.3%	101.9%

\* Figures are excluding inward reinsurance premiums from motor pool

\*\* (Net claims incurred + net commission income + operating expenses) / Net earned premium. Pool losses include the impact of the erstwhile IMTPIP and Declined Risk Pool.

## Annexure D - Summary financial results of BALIC

₹ In Crore	Q1 FY14	Q1 FY13	FY13
<b>Gross written premium</b>	<b>884</b>	<b>1,211</b>	<b>6,893</b>
New business premium	438	484	2,988
Renewal premium	446	727	3,905
Policyholders' surplus *	181	213	863
Shareholders' profit	115	74	368
Total profit (policyholders' + shareholders')	296	287	1,231
<b>Total shareholders' profit **</b>			<b>1,286</b>

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

\*\*Shareholders' profit for the year comprises of profit for the year - ₹ 368 crore, distribution of surplus from policyholders' account - ₹ 833 crore and release from "reserve for lapsed unit linked policies unlikely to be revived" - ₹ 85 crore.