

Press Release

A Rewarding Year

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for FY11.

The Board of Directors recommended a dividend of ₹ 1.25 per share - 25% (previous year – 20%). The total amount of dividend amounts to ₹ 18.09 crores.

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 various associate and subsidiary companies.

The year witnessed major regulatory changes in the Life insurance business, adverse impact on General insurance business due to significant upward revision in the Motor Pool Loss Reserves and above all rising cost of funds. In this challenging environment, each of the underlying companies has performed remarkably well – in top-line and bottom-line, surpassing benchmarks set in the past.

The company's **consolidated gross revenues** stood at ₹ 14712 crores while consolidated **profit after tax** nearly **doubled** to ₹ 1115 crores.

HIGHLIGHTS for the year

✓ Consolidated income from operations	– ₹ 2443 crores	v/s ₹ 984 crores;	↑ 148%
✓ Consolidated profit before tax	– ₹ 1670 crores	v/s ₹ 830 crores;	↑ 101%
✓ Consolidated profit after tax	– ₹ 1115 crores	v/s ₹ 559 crores;	↑ 99%
✓ Life insurance, shareholders profit after tax	– ₹ 1057 crores	v/s ₹ 542 crores;	↑ 95%
✓ General insurance, profit after tax	– ₹ 43 crores	v/s ₹ 121 crores;	
✓ Bajaj Finance, profit after tax	– ₹ 247 crores	v/s ₹ 89 crores;	↑ 178%

Summary of consolidated results is given in Annexure A.

During the year, Bajaj Finserv Limited increased its shareholding in Bajaj Finance Ltd (BFL) to 55.98%, thereby making BFL its subsidiary w.e.f 5th July 2010.

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

A. Bajaj Finance Limited

- Deployments ↑ 106%; ₹ 9435 crores in FY11 as compared to ₹ 4585 crores during the previous year.
- Assets under management at ₹ 7571 crores as on 31st March 2011 as compared to ₹ 4032 crores during the previous year.
- Total income ↑ 53%; ₹ 1406 crores in FY11 as compared to ₹ 916 crores during the previous year.
- Profit after tax ↑ 178%; ₹ 247 crores in FY11 as compared to ₹ 89 crores in the previous year – highest ever in its history.
- Capital adequacy ratio stood at 20% as on 31st March 2011, well above the RBI norm of 12%
- The company started its foray in infrastructure finance business towards the end of FY11 – sanctioned loans worth ₹ 250 crores.

Summary of financial results is given in Annexure B.

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

- Gross written premium ↑ 15%; ₹ 2905 crores in FY11 as compared to ₹ 2516 crores in the previous year.
- Net earned premium ↑ 16%; ₹ 1931 crores in FY11 as compared to ₹ 1671 crores in the previous year.
- Under IRDA directive, provision for Motor Pool losses made at 153% as against 126% in the past – impact of additional provisioning was ₹ 199 crores.
- Despite the above, BAGIC continued to show profits; Profit after tax – ₹ 43 crores in FY11 as against ₹ 121 crores during the previous year. BAGIC has been declaring profits from the very first full year of operations. Profit before tax and additional provisioning for Motor Pool Losses ↑ 45%; ₹ 261 crores in FY11 as compared to ₹ 180 crores in the previous year.
- Cash and investments as on 31st March 2011 stood at ₹ 3975 crores.
- Combined ratio (excluding motor pool losses) improved from 99.6% to 98.6% in FY11.

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

C. Bajaj Allianz Life Insurance Company Limited (BALIC)

IRDA has introduced a host of changes in FY11, largely for the benefit of the policyholders and greater transparency. Major changes were introduced in capping of expenses, lock-in period, minimum guaranteed return on pension products and capping of surrender charges.

In this challenging environment, BALIC is the **most profitable** life insurance company amongst the private players and is successful in pursuing **profitable growth** with returns to all stake holders.

- Shareholders' profit ↑ 95%; ₹ 1057 crores in FY11 as compared to ₹ 542 crores in the previous year.
- Past losses have been recouped and accumulated profits as on 31st March 2011 stood at ₹ 1039 crores while Net worth stood at ₹ 2249 crores.
- Company strategically chose not to chase new business at high costs. Consequently,
 - Gross written premium – ₹ 9610 crores in FY11 as compared to ₹ 11420 crores in the previous year.
 - New business premium for FY11 was ₹ 3466 crores as compared to ₹ 4451 crores in the previous year.
 - Renewal premium for the year was ₹ 6144 crores as against ₹ 6969 crores during the previous year.
- Solvency ratio was a healthy 366% as on 31 March 2011 as against the minimum regulatory requirement of 150%.
- Total investments as at 31st March 2011 stood at ₹ 39330 crores.

Summary of financial results is given in Annexure D

D. Exceptional item

- During Q4, sales tax deferral incentive / loan has been prepaid at a discounted value of ₹ 172 crores under rule 84 of Maharashtra Value Added Tax rules, 2005 thereby resulting in a surplus of ₹ 139 crores. The said sum has been reflected as an exceptional item in the Profit and Loss account.

Sanjiv Bajaj
Managing Director
17th May 2011.


Bajaj Finserv Limited

Mumbai - Pune Road, Akurdi, Pune 411 035

AUDITED CONSOLIDATED FINANCIAL AND SEGMENT-WISE RESULTS OF BAJAJ FINSERV LIMITED AND ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES FOR THE QUARTER AND YEAR ENDED MARCH 31, 2011

(₹ In Crores)				
Particulars	QUARTER ENDED 31.03.2011 (Audited)	QUARTER ENDED 31.03.2010 (Audited)	YEAR ENDED 31.03.2011 (Audited)	YEAR ENDED 31.03.2010 (Audited)
Gross revenues				
i. Gross written premium				
a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd.	3,203	4,144	9,610	11,420
b) General Insurance - Bajaj Allianz General Insurance Co. Ltd.	1,035	924	3,129	2,725
ii. Interest and finance charges - Bajaj Finance Ltd.	394	-	1,110	-
iii. Income from windpower generation - Bajaj Finserv Ltd.	6	5	42	43
iv. Investment income (excluding accretions on unit linked investment)	178	205	766	635
v. Others	15	11	55	43
	4,831	5,289	14,712	14,866
Income from operations	382	128	1508	460
Transfer from Policyholders's Account	935	524	935	524
TOTAL INCOME	1317	652	2443	984
Expenditure :				
a) Transfer to Policyholders' Account	(22)	13	32	69
b) Employees Cost	63	12	177	47
c) Marketing & Other Commission	33	-	85	-
d) Recovery Commission	12	-	38	-
e) Provision for Doubtful Debts net and Bad Debts written off	38	-	144	-
f) Depreciation	5	4	20	22
g) Other expenditure	36	19	133	55
h) Total	165	48	629	193
Profit from Operations before Other Income, Interest & Exceptional Item	1152	604	1814	791
Other Income	-	1	1	1
Profit before Interest & Exceptional Item	1152	605	1815	792
Interest	118	-	305	-
Profit after Interest but before Exceptional Item	1034	605	1510	792
Exceptional item				
Surplus on pre-payment of sales tax deferral incentive/loan liability (See note 3)	139	-	139	-
Profit / (Loss) from ordinary activities before tax and share of profit on Investments in Associates	1173	605	1649	792
Add: Share of Profit after tax on Investments in Associates	-	11	21	38
Profit / (Loss) from ordinary activities before tax	1173	616	1670	830
Tax expense	25	30	178	99
Profit / (Loss) from ordinary activities after tax	1148	586	1492	731
Less: Minority Interest in Net Income of subsidiaries	275	148	377	172
Net Profit / (Loss) before deferred tax adjustments	873	438	1115	559
Adjustments on revaluation of deferred tax assets	-	(5)	-	(4)
Net Profit / (Loss) for the period	873	434	1115	555
Basic and Diluted Earnings Per Share (₹) (not annualised)				
before and after extraordinary items	60.3	30.3	77.0	38.6

Annexure B - Summary financial results of Bajaj Finance Ltd

₹ in crores	2010-11	2009-10
Total income	1406	916
Interest and finance charges	378	202
Net interest income	1028	714
Salary cost	145	99
Marketing and other commissions	56	28
Dealer incentives	47	26
Recovery commission	49	56
Loan loss and provisions	205	261
Depreciation	12	7
Other expenses	144	103
Profit before tax (PBT)	370	134
Profit after tax (PAT)	247	89
Earnings per share (EPS), basic and diluted, ₹	67.5	24.4

Annexure C - Summary financial results of BAGIC

₹ in crores	YTD 31st March 2011	YTD 31st March 2010
Gross Written Premium *	2905	2516
Net Earned Premium *	1931	1671
Underwriting profit/(loss) excluding Motor pool losses	27	6
Provision for Motor Pool losses	-246	-56
Interest and dividend income/others	279	221
Capital gains	2	9
Profit before tax	62	180
Profit after tax	43	121

KEY RATIOS

Loss Ratio	63.4%	66.4%
Combined Ratio (excluding pool losses) **	98.6%	99.6%
Combined ratio (including pool losses)	110.2%	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 BALIC

₹ in crores	YTD 31st March 2011	YTD 31st March 2010
Gross written premium	9610	11420
New business premium	3466	4451
Renewal premium	6144	6969
Profit / (Loss) for the year	962	427
Total Shareholder's Profit **	1057	542

** After distribution of Surplus from the revenue account to the Shareholders, shareholders' profit stands at ₹ 946 crores. In addition to the distribution of surplus to the shareholders, there has been a release of ₹ 111 crores from "Reserve for Lapsed unit linked policies unlikely to be revived". The total Shareholders' profit after tax thus stands at ₹1057 crores.