

Press Release – Q2/2010-11 Financial Results

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for 2nd quarter of FY 2010-11.

Bajaj Finserv Limited is essentially a holding company. It operates through its subsidiaries & joint ventures. All business segments of the company – **Life insurance, General insurance & Retail finance** have performed well.

Bajaj Auto Finance Limited, company's retail finance arm, is now renamed as Bajaj Finance Limited & has become a subsidiary of the company w.e.f. 5th July 2010.

HIGHLIGHTS –

Q2/2010-11 v/s Q2/2009-10

✓ Life insurance, business profit	– Rs. 199 crores	v/s	Rs. 125 crores
✓ General insurance, profit after tax	– Rs. 35 crores	v/s	Rs. 27 crores
✓ Bajaj Finance, profit after tax	– Rs. 53 crores	v/s	Rs. 22 crores
✓ Consolidated profit after tax	– Rs. 69 crores	v/s	Rs. 44 crores

H1/2010-11 v/s H1/2009-10

✓ Life insurance, business profit	– Rs. 369 crores	v/s	Rs. 193 crores
✓ General insurance, profit after tax	– Rs. 66 crores	v/s	Rs. 54 crores
✓ Bajaj Finance, profit after tax	– Rs. 100 crores	v/s	Rs. 37 crores
✓ Consolidated profit after tax	– Rs. 135 crores	v/s	Rs. 86 crores

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

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

A. Bajaj Allianz Life Insurance Company Limited (BALIC)

- Gross written premium (GWP) declined by 9% from Rs. 2520 crores in Q2/2009-10 to **Rs. 2306 crores** for Q2/2010-11.
- However, New business premium registered a growth of 5% from Rs. 864 crores in Q2/2009-10 to **Rs. 908 crores** for Q2/2010-11.

- Renewal premium for Q2/2010-11 was **Rs. 1398 crores** as against Rs. 1656 crores during the Q2/2009-10.
- In this challenging environment, the company focussed on cost rationalisation initiatives. Ratio of total commission expenses to GWP for the quarter came down from 8.86% to 7.52%. Ratio of operating expenses to GWP was also brought down from 17.55% to 16%.
- As a result, BALIC's business profit for Q2/2010-11 was **Rs.199 crores** as compared to profit of Rs.125 crores in Q2/2009-10 – growth of **59%**.
- Solvency ratio stood at a healthy **298%** as on 30th September 2010 as against the minimum regulatory requirement of 150%.
- Total investments as at 30th September 2010 stood at **Rs.38760 crores**. The investments of the company grew by 16% since 31st March 2010.
- New Unit Linked guidelines have been implemented w.e.f. 1st September 2010. The company has launched two new products under the new guidelines.

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

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

- Driven by strong auto sales, capital expenditure by corporates and generally strong economic conditions, General Insurance industry grew by over 20% in H1/2010-11(Apr-10 to Aug-10). Gross written premium of the company increased by 20% from Rs. 583 crores for Q2/2009-10 to **Rs. 702 crores** for Q2/2010-11.
- Net earned premium for Q2/2010-11 was **Rs. 475 crores** as compared to Rs. 417 crores in Q2/2009-10 – reflecting the strong policy retention capabilities of the company.
- The company continued to focus largely on retail product segments - motor & property.
- Improvement in the claim ratio and higher investment income helped profit after tax to increase from Rs. 27 crores for Q2/2009-10 to **Rs. 35 crores** during Q2/2010-11 – growth of **30%**.
- Combined ratio (including motor pool provision) for Q2/2010-11 stood at **101.8%** as against 103.8% for Q2/2009-10.
- BAGIC continues to be second largest general insurer in private sector with a market share of 6.9%.

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

C. Bajaj Finance Limited (BFL)

- Shareholding of Bajaj Finserv Limited in BFL has increased from 44.64% (as at 31st March 2010) to **55.10%** (including 5.78% stake purchased from group companies), thereby making BFL its subsidiary w.e.f. 5th July 2010.
- Aided by strong volume growth in consumer and SME business lines, deployment increased by **112%**, from Rs. 1003 crores in Q2/2009-10 to **Rs. 2128 crores** in Q2/2010-11.
- Receivables under finance stood at **Rs. 5773 crores** as on 30th September 2010 as compared to Rs. 4026 crores as on 31st March 2010.
- Total income was **Rs. 326** crores in Q2/2010-11 as compared to Rs. 220 crores during Q2/2009-10 – an increase of **48%**.
- The company's investment over last three years in people, processes and technology have begun to yield operating leverage benefits resulting in improved margins.
- In line with its conservative approach, the company continues to strengthen its provisioning norms beyond the Reserve Bank of India regulations. Consequently, the additional estimated provision was Rs. 19.4 Crores for the quarter.
- In spite of the additional NPA provision, profit after tax more than doubled from Rs. 22 crores in Q2/2009-10 to **Rs. 53 crores** in Q2/2010-11. Profit after tax for H1/2010-11 of **Rs. 100 crores** exceeded the full previous year's profit of Rs. 89 crores.
- Capital adequacy ratio (including Tier II capital and excluding current year's profits) stood at a healthy 21%.

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

Sanjiv Bajaj
Managing Director
18th October 2010


Bajaj Finserv Limited

Mumbai - Pune Road, Akurdi, Pune 411 035

UNAUDITED CONSOLIDATED FINANCIAL AND SEGMENT-WISE RESULTS OF BAJAJ FINSERV LIMITED AND ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES FOR THE QUARTER ENDED SEPTEMBER 30, 2010

(Rs. In crores)

Particulars	QUARTER ENDED 30.09.2010 (Unaudited)	QUARTER ENDED 30.09.2009 (Unaudited)	HALF YEAR ENDED 30.09.2010 (Unaudited)	HALF YEAR ENDED 30.09.2009 (Unaudited)	YEAR ENDED 31.03.2010 (Audited)
KEY BUSINESS STATISTICS OF CONSOLIDATED ENTITIES					
i. Gross written premium					
a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd.	2306	2520	4151	4521	11420
b) General Insurance - Bajaj Allianz General Insurance Co. Ltd.	702	583	1420	1218	2725
ii. Funds deployed - Bajaj Finance Ltd.	2128	1003	4175	2049	4585
iii. Wind energy generated - Bajaj Finserv Limited	19	20	29	30	43
Income from operations	464	107	588	213	460
Transfer from Policyholders's Account	-	-	-	-	524
TOTAL INCOME	464	107	588	213	984
Expenditure :					
a) Transfer to Policyholders' Account	32	12	51	22	69
b) Employees Cost	49	11	62	22	47
c) Marketing & Other Commission	21	-	21	-	-
d) Recovery Commission	11	-	11	-	-
e) Provision for Doubtful Debts net and Bad Debts written off	61	-	61	-	-
f) Depreciation	6	6	9	13	22
g) Other expenditure	43	10	51	21	55
h) Total	223	39	266	78	193
Profit from Operations before Other Income, Interest & Exceptional Items	241	68	322	135	791
Other Income	7	-	7	-	1
Profit before Interest & Exceptional Items	248	68	329	135	792
Interest	83	-	83	-	-
Profit after Interest but before Exceptional Items	165	68	246	135	792
Exceptional item	-	-	-	-	-
Profit / (Loss) from ordinary activities before tax and share of profit on Investments in Associates	165	68	246	135	792
Add: Share of Profit after tax on Investments in Associates	-	9	21	15	38
Profit / (Loss) from ordinary activities before tax	165	77	267	150	830
Tax expense	59	24	83	46	99
Profit / (Loss) from ordinary activities after tax	106	53	184	104	731
Less: Minority Interest in Net Income of subsidiaries	37	9	49	18	172
Net Profit / (Loss) before deferred tax adjustments	69	44	135	86	559
Adjustments on revaluation of deferred tax assets	-	-	-	-	(4)
Net Profit / (Loss) for the period	69	44	135	86	555
Basic and Diluted Earnings Per Share (Rs.) (not annualised) before and after extraordinary items	4.8	3.0	9.4	5.9	38.6

Annexure B - Summary financial results of BALIC

Rs. in crores	Q2 2010-11	Q2 2009-10	H1 2010-11	H1 2009-10	FY 2009-10
Gross Written Premium	2306	2520	4151	4521	11420
New Business Premium	908	864	1511	1441	4451
Renewal Premium	1398	1656	2640	3080	6969
Policyholders' surplus*	192	119	348	178	427
Total Profit (Shareholders'+Policyholders')	199	125	369	193	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	Q2 2010-11	Q2 2009-10	H1 2010-11	H1 2009-10	FY 2009-10
Gross Written Premium *	702	583	1420	1218	2516
Net Earned Premium *	475	417	929	849	1671
Underwriting profit/(loss) including Motor pool losses	-9	-16	-26	-32	-50
Interest and dividend income/others	61	55	121	111	221
Capital gains	1	2	4	4	9
Profit before tax	53	41	99	83	180
Profit after tax	35	27	66	54	121

KEY RATIOS

Loss Ratio	65.1%	67.6%	66.8%	67.6%	66.4%
Combined ratio (including pool losses)**	101.8%	103.8%	102.7%	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 BFL

Rs. in crores	Q2 2010-11	Q2 2009-10	H1 2010-11	H1 2009-10	FY 2009-10
Total income	326	220	623	410	916
Interest and finance charges	83	46	156	88	202
Net interest income	243	174	467	322	714
Operating expenses	104	83	196	154	320
Loan losses & provisions	61	58	122	112	260
Profit before tax (PBT)	78	33	149	56	134
Profit after tax (PAT)	53	22	100	37	89
Earnings per share (EPS), basic and diluted, Rs.	14.4*	5.9*	27.2*	10.1*	24.4

*Not annualised