

Press Release

Financial Results – Q2 FY14

Gross revenue ↑ 9%; Profit after tax ↑ 28%

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for Q2 FY14.

Bajaj Finserv Limited (BFS), a holding company, represents Bajaj Group 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 – Q2 FY14 v/s Q2 FY13

✓ Consolidated gross revenue	– ₹ 4,056 crore	v/s	₹ 3,721 crore	↑ 9%
✓ Consolidated income from operations	– ₹ 1,309 crore	v/s	₹ 1,008 crore	↑ 30%
✓ Consolidated profit after tax	– ₹ 277 crore	v/s	₹ 217 crore	↑ 28%
✓ Bajaj Finance, profit after tax	– ₹ 167 crore	v/s	₹ 129 crore	↑ 30%
✓ General insurance, profit after tax	– ₹ 113 crore	v/s	₹ 78 crore	↑ 45%
✓ Life insurance, shareholders' profit after tax	– ₹ 107 crore	v/s	₹ 89 crore	↑ 20%

HIGHLIGHTS - H1 FY14 v/s H1 FY13

✓ Consolidated gross revenue	– ₹ 7,521 crore	v/s	₹ 6,973 crore	↑ 8%
✓ Consolidated income from operations	– ₹ 2,578 crore	v/s	₹ 1,935 crore	↑ 33%
✓ Consolidated profit after tax	– ₹ 555 crore	v/s	₹ 412 crore	↑ 35%
✓ Bajaj Finance, profit after tax	– ₹ 343 crore	v/s	₹ 267 crore	↑ 28%
✓ General insurance, profit after tax	– ₹ 213 crore	v/s	₹ 142 crore	↑ 50%
✓ Life insurance, shareholders' profit after tax	– ₹ 222 crore	v/s	₹ 163 crore	↑ 36%

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 Q2 FY14 **increased** by 31% to **₹ 964 crore** v/s ₹ 737 crore in Q2 FY13.
- Profit after tax for Q2 FY14 **increased** by 30% to **₹ 167 crore** v/s ₹ 129 crore in Q2 FY13.
- Deployments **increased** by 20% to **₹ 5,199 crore** in Q2 FY14 v/s ₹ 4,334 crore in Q2 FY13.
- Assets under management stood at **₹ 19,829 crore** as on 30 September 2013 v/s ₹ 17,517 crore as on 31 March 2013.
- Net NPA for Q2 FY14 stood at **0.26%**.
- Capital adequacy ratio stood at a healthy **20.9%**.

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

B. Bajaj Allianz General Insurance Company Limited (BAGIC)

- Gross written premium (excluding motor pool) for Q2 FY14 **increased** by 17% to **₹ 1,143 crore** v/s ₹ 976 crore in Q2 FY13.
- Profit after tax **increased** by 45% to **₹ 113 crore** in Q2 FY14 v/s ₹ 78 crore in Q2 FY13.
- Net earned premium (excluding motor pool) for Q2 FY14 stood at **₹ 881 crore** v/s ₹ 639 crore in Q2 FY13 – an **increase** of 38%.
- Underwriting profit for Q2 FY14 was **₹ 56 crore** v/s ₹ 49 crore in Q2 FY13 – an **increase** of 14%.
Investment income for Q2 FY14 **increased** by 23% from ₹ 117 crore to **₹ 144 crore**.
- Claim ratio (including motor pool losses) stood at **70.2%** in Q2 FY14 v/s 67.5% in Q2 FY13.
- Combined ratio (including motor pool losses) was **95.8%** in Q2 FY14 v/s 96.2% in Q2 FY13.
- Cash and investments as on 30 September 2013 stood at **₹ 6,339 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 Q2 FY14 was ₹ 659 crore v/s ₹ 651 crore in Q2 FY13.
- Shareholders' profit during the current quarter was ₹ 107 crore v/s ₹ 89 crore in Q2 FY13 – an increase of 20%.
- Renewal premium for Q2 FY14 was ₹ 775 crore v/s ₹ 941 crore in Q2 FY13.
- Gross written premium was ₹ 1,434 crore in Q2 FY14 v/s ₹ 1,592 crore in Q2 FY13.
- Solvency ratio stood at a healthy 710% as on 30 September 2013 as against the minimum regulatory requirement of 150%.
- Total investments as at 30 September 2013 stood at ₹ 36,961 crore.

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

Sanjiv Bajaj
Managing Director
15 October 2013

Annexure A - Consolidated results of BFS

(₹ In Crore)		Q2 FY14	Q2 FY13	H1 FY14	H1 FY13	FY13
	Gross revenue					
	i. Gross written premium					
	a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd.	1,433.56	1,592.10	2,317.69	2,803.54	6,892.70
	b) General Insurance - Bajaj Allianz General Insurance Co. Ltd.	1,143.41	976.41	2,241.28	1,953.74	4,109.39
	ii. Gross income - Bajaj Finance Ltd.	963.98	736.66	1,896.41	1,439.68	3,111.37
	iii. Income from windpower generation - Bajaj Finserv Ltd.	27.33	33.21	49.24	54.67	73.38
	iv. Investment income (excluding accretions on unit linked investment)	466.76	363.33	971.53	683.25	1,548.72
	v. Others	20.94	19.17	45.17	37.92	77.97
	Total	4,055.98	3,720.88	7,521.32	6,972.80	15,813.53
1	Income					
a.	Income from operations	1,308.61	1,007.83	2,578.42	1,935.31	4,154.95
b.	Transfer from Policyholders' Account	-	-	-	-	917.48
	Total income from operations (net)	1,308.61	1,007.83	2,578.42	1,935.31	5,072.43
2	Expenses					
	(a) Transfer to Policyholders' Account	(0.62)	(0.33)	6.17	1.94	2.35
	(b) Employee benefits expense	102.95	83.59	208.54	163.37	334.28
	(c) Marketing and other commission	52.61	40.58	110.10	86.07	182.66
	(d) Recovery cost	41.50	29.33	77.34	57.13	119.58
	(e) Loan losses and provisions	52.32	53.38	116.20	85.40	181.75
	(f) Depreciation	5.40	3.76	9.82	7.38	17.27
	(g) Other expenses	111.51	75.05	218.89	150.24	325.31
	Total expenses	365.67	285.36	747.06	551.53	1,163.20
3	Profit from operations before other income, finance costs and exceptional items (1-2)	942.94	722.47	1,831.36	1,383.78	3,909.23
4	Other income	0.81	0.29	1.87	0.74	2.46
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	943.75	722.76	1,833.23	1,384.52	3,911.69
6	Finance costs	379.85	293.19	710.90	556.29	1,203.58
7	Profit from ordinary activities after finance costs but before exceptional items (5-6)	563.90	429.57	1,122.33	828.23	2,708.11
8	Exceptional items					
	Provision for loss of Renewable Energy Certificates (RECs)	(7.24)	-	(7.24)	-	-
9	Profit from ordinary activities before tax (7+8)	556.66	429.57	1,115.09	828.23	2,708.11
10	Tax expense	159.61	118.96	316.46	232.24	493.94
11	Net Profit from ordinary activities after tax (9-10)	397.05	310.61	798.63	595.99	2,214.17
12	Add: Share of Profit after tax on Investments in Associates	-	-	-	-	-
13	Less: Minority Interest in Net Income of subsidiaries	120.51	93.77	243.29	183.92	640.53
14	Net Profit after taxes, minority interest and share of profit / (loss) of associates (11+12-13)	276.54	216.84	555.34	412.07	1,573.64
15	Basic and Diluted Earnings Per Share (₹) (not annualised) before and after extraordinary items	17.4	14.7	34.9	27.9	103.0

Annexure B - Summary financial results of BFL

₹ In Crore	Q2 FY14	Q2 FY13	H1 FY14	H1 FY13	FY13
Total income	964	737	1,896	1,440	3,111
Interest expenses	382	295	713	558	1,205
Net interest income	582	442	1,183	882	1,906
Operating expenses	277	199	547	400	852
Loan losses and provisions	52	53	116	85	182
Profit before tax	253	190	520	397	872
Profit after tax	167	129	343	267	591
Earnings per share (EPS), basic, ₹	33.6*	30.2*	68.9*	62.9*	135.7
Earnings per share (EPS), diluted, ₹	33.4*	29.8*	68.4*	61.9*	134.7

*Not annualised

Annexure C - Summary financial results of BAGIC

₹ In Crore	Q2 FY14	Q2 FY13	H1 FY14	H1 FY13	FY13
Gross written premium *	1,143	976	2,241	1,916	4,063
Net earned premium *	881	639	1,697	1,240	2,709
Underwriting profit excluding motor pool losses	56	49	93	110	180
Provision for motor pool losses	-34	-54	-69	-123	-235
Investment income	144	117	283	217	477
Profit before tax	166	112	307	204	422
Profit after tax	113	78	213	142	295

Key ratios

Claim ratio (excluding pool losses)**	66.7%	59.0%	66.9%	57.8%	62.0%
Claim ratio (including pool losses)**	70.2%	67.5%	70.6%	68.6%	72.4%
Combined ratio (excluding pool losses)***	92.2%	87.6%	92.9%	86.2%	89.4%
Combined ratio (including pool losses)***	95.8%	96.2%	96.6%	96.2%	99.5%

* Figures are excluding inward reinsurance premiums from motor pool

** (Net claims incurred divided by Net Earned Premium).

*** (Net claims incurred divided by Net Earned Premium) + (Expenses of management including net Commission divided by Net Written Premium).

Claim ratios and Combined ratios for Q2 FY13, H1 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	Q2 FY14	Q2 FY13	H1 FY14	H1 FY13	FY13
Gross written premium	1,434	1,592	2,318	2,804	6,893
New business premium	659	651	1,097	1,135	2,988
Renewal premium	775	941	1,221	1,669	3,905
Policyholders' surplus*	145	220	326	433	863
Shareholders' profit	107	89	222	163	368
Total profit (policyholders' + shareholders')	252	309	548	596	1,231
Total shareholders' profit **					1,286

** 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.