



Bajaj Finserv Limited

PRESS RELEASE

3rd QUARTER RESULTS: FINANCIAL YEAR 2009-10

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the financial results for the 3rd quarter FY 2009-10.

All business segments of the company – Life insurance, General insurance & Retail finance have delivered excellent results.

1. HIGHLIGHTS:

Q3 v/s Q3:

- ✓ Life insurance business – Net profit of Rs.154 crores v/s. profit of Rs.30 crores ↑ 413%
- ✓ General insurance – Net profit Rs.29 crores v/s. Rs.17 crores ↑ 70%
- ✓ Bajaj Auto Finance – Net profit Rs.27 crores v/s. Rs.11 crores ↑ 145%
- ✓ Bajaj Finserv (Consolidated) – Net Profit Rs.35 crores v/s. Rs.12 crores ↑ 192%

9 months v/s 9 months:

- ✓ Life insurance business – Net profit of Rs.347 crores v/s. Rs.4 crores.
- ✓ General insurance – Net profit Rs.83 crores v/s. Rs.49 crores ↑ 69%
- ✓ Bajaj Auto Finance – Net profit Rs.64 crores v/s. Rs.19 crores ↑ 237%
- ✓ Bajaj Finserv (Consolidated) – Net Profit Rs.121 crores v/s. (loss) Rs.36 crores

2. ASSOCIATES, SUBSIDIARIES & JOINT VENTURES

A brief write up on the performance of insurance companies and retail finance arm of Bajaj Finserv is given hereunder.

A. Bajaj Allianz Life Insurance Company Limited

- The key operating results are as under:
 - ✓ **Gross Written Premium (GWP)** – The GWP for the current quarter grew by **14%** from Rs. 2420 crores to **Rs.2755 crores..**
 - ✓ **Renewal Premium** – The company continued its focus on renewal premium resulting in an increase of **16%** in the current quarter. Renewal premium has increased to **Rs.1668 crores** from Rs.1432 crores during Q3/2008-09.
 - ✓ **New Business Premium (NBP)** – The decline in new business premium during last two quarters has been arrested. During this quarter NBP grew by **10%** to **Rs. 1088 crores** from Rs.987 crores in Q3/2008-09.
 - ✓ **Expense ratios** – Ratio of Total commission expenses to GWP has come down from 11% for Q3/2008-09 to 9% for Q3/2009-10. Ratio of Operating expenses to GWP has dropped from 20% for Q3/2008-09 to 19% for Q3/2009-10.
 - ✓ **Capital efficiency** – The share capital (including share premium) as at 31st December 2009 was Rs.1211 crores. The solvency as at 31st December 2009 stands at 260% against the required solvency of 150%. No capital infusion was necessary in this period.
 - ✓ **Results** – As a result of the above, company posted a total surplus for the quarter of **Rs.154 crores** versus Rs.30 crores for Q3/2008-09. During nine months ended 31st December 2009, the surplus was **Rs. 347 crores** versus Rs. 4 crores during corresponding nine months of previous year.
- With Asset under Management of **Rs. 30591 crores** as at 31st December 2009 (Rs. 17157 crores as at 31st March 2009), the company is one of India's largest fund managers.
- The Company continues to maintain its number three position amongst private life insurers in terms of new business premium, with overall market share of 3.8% for the period ended 30th November 2009.

- Summarised financial performance is given below:

Rs. in crores	Q3 2009-10	Q3 2008-09	9M 2009-10	9M 2008-09	FY 2008-09
Revenue Account(Policyholders' A/c)					
Gross Written Premium	2755	2420	7276	6744	10625
Net Earned Premium	2748	2414	7252	6726	10601
Investment income	919	-1856	9328	-3569	-3102
Contribution from Shareholders (Contra)	34	47	56	221	164
Total income	3701	605	16636	3379	7663
Expenditures & provisions	-3545	-553	-16302	-3224	-7547
Surplus for the period	156	52	334	155	116
Profit & Loss A/c (Shareholders' A/c)					
Investment income (Net)	30	25	71	70	93
Contribution to Policyholders' A/c (Contra)	-34	-47	-56	-221	-164
Profit before tax	-4	-22	15	-151	-71
Profit after tax	-2	-22	13	-151	-71
Total Surplus (Shareholders + Policyholders)	154	30	347	4	45

B. Bajaj Allianz General Insurance Company Limited

- General economic conditions improved in Q3 with strong growth in automobile sales and a rise in business confidence across most sectors. However, corporate rates continued to be low while discounting in the Motor segment increased.
- In this environment, the company continued its policy of prudent selection of product mix and its effort to seek better than average pricing. The company has reduced exposure to loss making businesses & has concentrated on cost control & profitability
- The Company maintained its number two position amongst private insurers in terms of Gross Written Premium with a market share at 7.2% for the quarter ended 31st December 2009.

The key operating results are as under:

- ✓ **Gross Written Premium (GWP)** – The GWP for the current quarter was **Rs. 583 crores** versus Rs. 581 crores during Q3/2008-09.
- ✓ **Net Earned Premium (NEP)** – The NEP for the current quarter was **Rs. 414 crores** versus Rs. 438 crores during Q3/2008-09.

- ✓ **Underwriting Results** – In the prevalent environment where underwriting profit has been a challenge, the company has made **an underwriting profit** (excluding losses from Motor Pool) of **Rs. 4.4 crores** for the current quarter as against loss of Rs. 9.9 crores during Q3/2008-09.
- ✓ **Results** – A favourable underwriting result combined with strong investment income helped boost the **Profit after tax** for the quarter to **Rs. 29 crores** as against Rs. 17 crores during Q3/2008-09, an increase of 70%.
- ✓ **Key Ratios** – Despite deterioration in margins caused by price deflation, the Company has been able to **maintain its combined ratio below 100%** for this quarter as well. Key ratios are given below:

	Q3 2009-10	Q3 2008-09	9M 2009-10	9M 2008-09	FY 2008-09
Loss Ratio	65.7%	68.8%	67.0%	68.3%	66.0%
Combined Ratio (excluding Motor pool provision)*	98.9%	102.3%	99.4%	102.0%	101.2%
Combined ratio (including Motor pool provision)*	103.1%	106.4%	103.5%	105.8%	103.8%

*(Net claims incurred+ Net commission income+ operating expenses) divided by Net Earned premium.

- As at 31st December 2009, the Company's investment surplus, including cash, was **Rs. 2680 crores** (31st March 2009, Rs.2479 crores), - an increase of Rs.201 crores during 9M/2009-10.
- No capital infusion was necessary in this period.
- Summarised financial performance is given below:

Rs. in crores	Q3 2009-10	Q3 2008-09	9M 2009-10	9M 2008-09	FY 2008-09
Gross Written Premium	583	581	1800	1997	2866*
Net Earned Premium	414	438	1263	1271	1891*
Underwriting profit/(loss) excluding Motor pool losses	4	-10	7	-25	-19
Provision for Motor Pool losses **	-17	-18	-51	-48	-53
Interest and dividend income	55	54	164	151	206
Capital gains	4	-2	8	6	16
Profit before tax	46	24	130	75	150
Profit after tax	29	17	83	49	95

* Includes Inward premium from Motor third party pool

** Estimated provision

C. Bajaj Auto Finance Limited

- During the quarter ended 31st December 2009, the company deployed **Rs.1210 crores** as against Rs.612 crores during the corresponding quarter of the previous year, an increase of **97%**.
- Total income for the Q3/2009-10 was **Rs.250 crores** as against Rs.158 crores during the corresponding quarter of the previous year, an increase of **58%**.
- The profit after tax for Q3/2009-10 increased to **Rs.27 crores**, as compared to Rs.11 crores for Q3/2008-09, an increase of **145%**.
- This has been an exceptional quarter for the company aided by robust volume growth during the festive season, lower cost of funds, better operating cost management and improvement in portfolio quality across businesses.
- Summarised financial performance is given below:

Rs. in crores	Q3 2009-10	Q3 2008-09	9M 2009-10	9M 2008-09	FY 2008-09
Total income	250	158	660	424	599
Total expenditure	152	100	418	268	384
Interest and finance charges	55	42	143	128	164
Profit before taxation	43	16	99	28	51
Profit after taxation	27	11	64	19	34

Sanjiv Bajaj
Managing Director
12th January 2010