



## Bajaj Finserv Limited

### PRESS RELEASE

#### 3<sup>rd</sup> QUARTER RESULTS ; FINANCIAL YEAR 2008-09

A meeting of the Board of Directors of Bajaj Finserv Limited was held today to consider and approve the results for the 3<sup>rd</sup> quarter of 2008-09.

The **consolidated** highlights of Bajaj Finserv Limited are given as below

Rs. in crores

	Q3 2008-09	Q3 2007-08	9 Months 2008-09	9 Months 2007-08	FY 2007-08
<b>Gross written premium</b>					
a) Bajaj Allianz Life Insurance	2420	2168	6744	5228	9725
b) Bajaj Allianz General Insurance	581	554	1997	1677	2578
Funds deployed – Bajaj Auto Finance	612	835	1799	2324	3036
<b>Net earned premium</b>					
Life Insurance	2414	2164	6727	5220	9712
General Insurance	437	350	1271	953	1415
<b>Segment wise profit / (loss) : Pre-tax</b>					
Life Insurance	-22	-117	-151	-133	-214
General Insurance	24	50	75	113	168
total	2	-67	-76	-20	-46
Retail financing	4	3	8	6	8
Investment and others	15	20	47	49	60
<b>Profit before taxation</b>	<b>21</b>	<b>-44</b>	<b>-21</b>	<b>35</b>	<b>22</b>
Provision for taxation (including deferred tax)	10	30	42	65	83
<b>Net profit / (loss) for the year</b>	<b>11</b>	<b>-74</b>	<b>-63</b>	<b>-30</b>	<b>-61</b>
Less: Minority Interest in Net Income of subsidiaries	-1	-23	-27	-18	-28
<b>Net Profit / (Loss) for the period</b>	<b>12</b>	<b>-51</b>	<b>-36</b>	<b>-12</b>	<b>-33</b>

The summarised financial results (**standalone**) of Bajaj Finserv Limited are as given below:

Rs. in crores					
	Q3 2008-09	Q3 2007-08	9 Months 2008-09	9 Months 2007-08	FY 2007-08
<b>Income from operations and other income</b>	30	29	89	83	106
<b>Gross Profit before depreciation and tax</b>	22	27	72	76	95
Depreciation (primarily of windmills)	7	7	22	22	30
<b>Profit before tax</b>	15	20	50	54	65
Provision for tax	4	8	15	18	21
<b>Net profit for the year</b>	11	12	35	36	44

Bajaj Finserv Limited has significant presence in the insurance business through its 74% holding in Bajaj Allianz Life Insurance Company Limited and Bajaj Allianz General Insurance Company Limited. Bajaj Finserv Limited has a 40.53% holding in Bajaj Auto Finance Limited.

A brief write up on the performance of these companies is given herein below.

## **1. Bajaj Allianz Life Insurance Company Limited**

### **1.1 Business Performance:**

- In the 3<sup>rd</sup> quarter (Oct – Nov) of 2008-09, New Business Premium for the industry showed a negative growth of 7% as compared to a negative growth of 20% for same period in previous year. The drop in New Business Premium, for LIC was 8% and for Private sector was 6%.
- Premiums and market share on New Business Premium basis is as under:

**Amount in Rs crores.**

Company	Apr – Nov 08	Market Share Apr-Nov 08	Apr – Nov 07	Market Share Apr-Nov 07
Bajaj Allianz	2670	5.9%	3101	6.9%
<b>Private Total</b>	<b>20117</b>	<b>44.4%</b>	<b>15294</b>	<b>34.2%</b>
LIC	25221	55.6%	29402	65.8%
<b>Total Industry</b>	<b>45338</b>	<b>100%</b>	<b>44696</b>	<b>100%</b>

Source : IRDA website

- In the 3<sup>rd</sup> quarter (Oct – Nov) of 2008-09, on an annualized premium basis (giving 10% weightage to single premium and 100% weightage to regular premium), the life industry had a positive growth of 2.6% over corresponding period of last year.
- The Company's market share on an annualized premium basis for April to Nov 2008 was 8.4% as compared to 9.7% in the corresponding period of previous year.

## 1.2 Financial Performance:

Rs. in crores

	Q3 2008-09	Q3 2007-08	9 Months 2008-09	9 Months 2007-08	FY 2007-08
<b>Revenue A/c</b>					
New Business Premiums	987	1515	3003	3780	6674
Gross Written Premium	2420	2168	6744	5228	9725
Investment Income	39	29	117	71	100
<b>Surplus for the period (Policyholders')</b>	<b>52</b>	<b>82</b>	<b>155</b>	<b>187</b>	<b>198</b>
Profit & Loss A/c (Shareholders')	-22	-117	-151	-133	-214
<b>Overall profit / (loss)</b>	<b>30</b>	<b>-35</b>	<b>4</b>	<b>54</b>	<b>-16</b>

- The Gross Written Premium for 3<sup>rd</sup> quarter of 2008-09 is Rs. 2420 crores as compared to Rs. 2168 crores in the same quarter of the previous year - growth of 12%. New business premium for 3<sup>rd</sup> quarter of 2008-09 is Rs. 987 crores as compared to Rs. 1515 crores in the same quarter of the previous year. Annualised Premium for 3<sup>rd</sup> quarter of 2008-09 is Rs 893 crores as compared to Rs. 1347 crores in the same quarter of the previous year.
- The profit after tax was Rs. 30 crores for the 3<sup>rd</sup> quarter of 2008-09 as compared to a loss of Rs. 35 crores in the same quarter of the previous year. This was due to lower acquisition expenses and management costs.
- The share capital (including share premium) was Rs.1211 crores as at 31<sup>st</sup> December 2008. The solvency as at 31<sup>st</sup> December 2008 stands at 261 % (required solvency is 150%).
- Total investments as at 31<sup>st</sup> December 2008 was Rs. 13892 crores as compared to Rs. 14295 crores on 30<sup>th</sup> September 2008 and Rs. 13569 crores on 31<sup>st</sup> March 2008.

## 2. Bajaj Allianz General Insurance Company Limited

### 2.1 Business Performance:

- The General insurance industry saw lower growth in the 3<sup>rd</sup> quarter of 2008-09 as compared to the previous quarters. Industry and Bajaj Allianz growth rates are shown below:

	<b>Q 1 2008-09</b>	<b>Q2 2008-09</b>	<b>Q3 2008-09*</b>	<b>YTD 2008-09*</b>	<b>FY 2007-08</b>
Market	13.4%	10.7%	1.7%	9.6%	12.6%
Private sector	22.4%	16.5%	2.4%	15.2%	28.9%
Public Sector	7.7%	7.0%	1.1%	5.9%	3.9%
<b>Bajaj Allianz</b>	<b>27.9%</b>	<b>24.4%</b>	<b>-1.8%</b>	<b>18.9%</b>	<b>33.3%</b>

\* Q3 2008-09 figures for the market, public and private sectors are for Oct-Nov 2008 only

- During April to Nov 2008 there was no significant change in market shares of private and public players. The market share of Bajaj Allianz and the private sector is shown below:

	<b>Bajaj Allianz</b>	<b>Private sector</b>
Upto Nov 2008	8.9%	41.8%
Upto Nov 2007	8.2%	39.7%
FY 2007-08	8.5%	39.9%

- Bajaj Allianz' business mix consciously continues to be largely retail. During the 3<sup>rd</sup> quarter of 2008-09, Motor and Retail Health constituted 69% of the gross premiums (previous year 3<sup>rd</sup> quarter – 68%) and the share of predominantly corporate lines (viz. Fire, Marine, Engineering, Aviation, Group Health etc.) was 23% (previous year 3<sup>rd</sup> quarter - 26%).

## 2.2 Financial Performance:

Rs. in crores

	Q3 2008-09	Q3 2007-08	9 Months 2008-09	9 Months 2007-08	FY 2007-08
<b>Gross Written Premium**</b>	<b>581</b>	<b>554</b>	<b>1997</b>	<b>1677</b>	<b>2404</b>
<b>Net Earned Premium**</b>	<b>437</b>	<b>350</b>	<b>1271</b>	<b>953</b>	<b>1327</b>
<b>Underwriting profit/(loss) excluding Motor pool losses</b>	<b>-10</b>	<b>-7</b>	<b>-25</b>	<b>-6</b>	<b>20</b>
Provision for Motor Pool losses *	-18	-9	-48	-27	-36
Interest and dividend income	54	36	150	100	140
Capital gains	-2	30	-6	46	50
<b>Profit before tax</b>	<b>24</b>	<b>50</b>	<b>75</b>	<b>113</b>	<b>168</b>
<b>Profit after tax</b>	<b>17</b>	<b>29</b>	<b>49</b>	<b>67</b>	<b>106</b>

\* Estimated provision – results for 2007-08 restated for comparability.

\*\* excludes Motor pool inward business, pool losses are shown as separate line item.

- Gross written premium in the 3<sup>rd</sup> quarter of 2008-09 grew 5% to Rs. 581 crores reflecting the industry slowdown and the company's focus towards profit making business lines.
- The profit after tax for the 3<sup>rd</sup> quarter of 2008-09 was Rs. 17 crores as against Rs. 29 crores in the same quarter of the previous year.
- During the 3<sup>rd</sup> quarter of 2008-09, the combined ratio stood at 102.3% (excluding pool losses) as compared to 102.1% in the same quarter of the previous year. The loss ratio for the quarter was 68.8% as compared to 60.9% in the same quarter of the previous year.
- Interest and dividend income rose to Rs. 54 crores in the 3<sup>rd</sup> quarter of 2008-09, from Rs. 36 crores in the same quarter of the previous year, aided by cash generation and high interest yields. Capital gains of Rs. 30 crores recorded in 3<sup>rd</sup> quarter of previous year could not, however, be replicated due to changed market conditions.
- As on 31<sup>st</sup> December 2008, the company's invested surplus was Rs. 2346 crores, up by Rs. 298 crores. The company has limited exposure to equity markets (investment at book value Rs. 13 crores representing 0.55% of the invested surplus).

## 3. Bajaj Auto Finance Limited

### 3.1 Business Performance:

- The company launched the "Loan against Property" business in 11 markets across India, offering loan amounts from Rs.25 lakhs to Rs.10 crores on residential and commercial properties for tenor up to 15 years.
- The company now offers a Free Extended Warranty on all Bajaj Two wheelers that it finances. A first in the Industry, this benefit is not available to any other customer of Bajaj bikes, including those who buy in cash, thereby positioning BAFL on a unique platform.

- It embarked on migrating to new fully integrated state of the art lending platform. The new technology platform will deliver benefits like online web based interface, and a single platform across origination, lending and collection functions, which are key pillars of a lending business.
- Auto financing has now moved closer to the customer with company employed sales managers covering 320 Bajaj dealerships across 261 cities and towns. Each of the dealerships with the new technology platform operates as a virtual branch thereby increasing service levels and reducing cost. As a part of an ongoing branch network rationalization of the Consumer finance branches, on the basis of branch profitability model, the company pruned its number of branches and attached locations. The company now operates in 51 branches and 8 attached locations through its branch network.

### 3.2 Financial Performance:

	Rs. in crores				
	Q3 2008-09	Q3 2007-08	9 Months 2008-09	9 Months 2007-08	FY 2007-08
Total income	158	132	424	361	503
Total expenditure	100	80	268	217	302
Interest and finance charges	42	42	128	121	171
Profit before taxation	16	10	28	23	30
Profit after taxation	<b>11</b>	<b>8</b>	<b>19</b>	<b>16</b>	<b>20</b>

- Deployments for the quarter were at Rs. 612 crores as against Rs. 835 crores during the corresponding quarter of the previous year reflecting the general industry slowdown.
- However, through the launch of new business lines and transformation of existing ones, the total income grew by 19% to Rs. 158 crores.
- Profit before tax was up 57% to Rs. 16.28 crores while Profit after tax was up 39% to Rs. 11.28 crores.
- Assets under finance and other receivables as of 31<sup>st</sup> December 2008 stood at Rs. 3232 crores.

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**Sanjiv Bajaj**  
**Managing Director**  
 15<sup>th</sup> January 2009