



Bajaj Finserv Limited

PRESS RELEASE

BAJAJ FINSERV RESULTS: 1st QUARTER ; 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 1st quarter of 2008-09.

Bajaj Finserv has in its portfolio 74% holding in the two insurance companies – Bajaj Allianz Life Insurance company limited and Bajaj Allianz General Insurance company limited, 50% holding in Bajaj Allianz Financial Distributors limited, 40.53% in Bajaj Auto Finance limited and 100% holding in Bajaj Financial Solutions limited.

Bajaj Allianz Life Insurance Company Limited

- (a) The Gross Written Premium was Rs. 1847 crores in Q1/2008-09 as compared to Rs. 1060 crores in Q1/2007-08 - growth of 74%.
- (b) New business premiums was Rs. 764 crores in Q1/2008-09 as compared to Rs. 658 crores in Q1/2007-08 - growth of 16%.
- (c) The Company's overall market share for the period ended 31st May 2008 was 5.98% (previous quarter 5.57% and previous year 7.0%) of the life insurance market.
- (d) On an Annualised Premium basis the company was at number two position among private Life Insurance Companies with market share of 8.12% as compared to 6.75% in the previous period.
- (e) During the quarter, intense competition amongst private players has resulted in increased payout of commission to agents. BALIC has adopted a wait and watch policy and not increased any commission, so as to safeguard long term profitability. This is reflected in the slow growth reported during the quarter.
- (f) The Company posted a loss of Rs. 3 crores for the period ended 30th June 2008 as compared to a profit of Rs. 31 crores in the corresponding period of the previous year. The policyholder surplus is Rs 67 crores (corresponding period of previous year: Rs. 71 crores) and the shareholders' loss stands at Rs. 70 crores (corresponding period of previous year: Rs. 40 crores).

(g) Total investments are as under:

Rs. in crores	30 June 2008	31 March 2008
Unit linked investments	10392	10954
Traditional policyholder investments	1705	1469
Shareholder investments	1004	1146
Total	13101	13569

Overall investments of the Company have decreased by 3.45% mainly due to decrease in unit linked investments by 5.13% because of the downturn in equity markets in the current quarter.

(h) The share capital (including share premium) is Rs. 1211 crores as at 30th June 2008. The solvency as at 30th June 2008 stands at 216 % (required solvency is 150%).

Bajaj Allianz General Insurance Company Limited

- (a) The Gross Written Premiums was Rs. 734 crores in Q1/2008-09 as against Rs. 574 crores in Q1/2007-08 - growth of 28%.
- (b) As at 31st May 2008, the Company maintained its number two position in the market in terms of Gross Written Premium. The Company's market share was 8.5% (compared to 7.4% as at 30 June 07, and 8.5% at 31 March 2008) of the general insurance market and 19.9 % of the private insurer's share of the market. (30 June 07: 19.1%).
- (c) Due to heavy discounting in the corporate lines, the Company's focus has moved more towards retail. Accordingly, Motor insurance constituted 57% (previous year 48%) of the total portfolio. Property & Engineering 18% (Previous year 27%)
- (d) Retail lines like Motor (51% growth), Individual health (72% growth), Product Liability (27%) were main drivers of growth.

- (e) The Company had an underwriting loss of Rs 24 crores in the first three months of 2008-09 as against a profit of Rs 3 crores in the same period last year. The major reason for this is the increase in the loss ratio arising mainly out of certain large losses in the first two months of the year.
- (f) The retention has increased from 65.9% to 71.9 % due to the higher mix of retail business and due to the reduction in the compulsory cession to GIC to 10% from 15% (with effect from 01 April 2008).
- (g) The combined ratio for April-June 08 was 105.8% as against 98.9% for same period last year.
- (h) Profit after tax was Rs. 7 crores in Q1/2008-09 v/s Rs.13 crores during Q1/2007-08.

Bajaj Auto Finance Limited

- (a) The summarised financial results are

Rs. in crores	Quarter ended	
	30.06.2008	30.06.2007
Total income	128.23	105.20
Total expenditure	79.24	60.94
Interest and finance charges	43.44	37.84
Depreciation	1.04	0.50
Profit before taxation	4.51	5.92
Profit after taxation	3.01	4.11

- (b) During the quarter ended 30th June, 2008, the Company disbursed under various financing scheme Rs.493 crores and made other deployments of Rs.139 crores totalling Rs.632 crores as against Rs.743 crores during the corresponding quarter of the previous year.

- (c) The total income for the quarter ended 30th June, 2008 was Rs.128 crores as against Rs.105 crores during the corresponding quarter of the previous year, an increase of 22%.
- (d) The assets under finance and other receivables as of 30th June 2008 were Rs. 3306 crores.
- (e) Profit after tax was Rs. 3.01 crores in Q1/2008-09 as against Rs. 4.11 crores in Q1/2007-08.

FINANCIALS - Bjjaj FinServ : standalone

Rs. in crores	Q1 2008-09	Q1 2007-08	FY 2007-08
Income from operations and other income	27	21	106
Gross Profit before depreciation and taxation	22	18	95
Depreciation (primarily of windmills)	7	7	30
Profit before taxation	15	11	65
Provision for taxation (including deferred tax)	5	4	21
Net profit for the year	10	7	44
Earnings per share (Rs.) not annualised	0.7	0.6	3.1

FINANCIALS - Bajaj FinServ : Consolidated

Rs. in crores	Q1 2008-09	Q1 2007-08	FY 2007-08
KEY BUSINESS STATISTICS OF CONSOLIDATED ENTITIES			
Gross written premium			
a) Bajaj Allianz Life Insurance	1847	1060	9725
b) Bajaj Allianz General Insurance	734	574	2578
Funds deployed – Bajaj Auto Finance	632	743	3036
Wind energy generated – Bajaj Finserv	12	7	35
Other revenues	16	14	73
Segmentwise revenue			
Insurance			
Net earned premium	2249	1342	11127
Investment and other income	-1325	664	995
Subtotal	924	2006	12122
Windmill	12	7	35
Investment and others	16	14	68
	952	2027	12225
Segmentwise profit / (loss)			
Insurance	-58	-5	-46
Windmill	2	-2	-3
Retail financing	1	2	8
Investment and others	12	13	63
Profit before taxation	-43	8	22
Provision for taxation (including deferred tax)	10	18	83
Net profit / (loss) for the year	-53	-10	-61
Less: Minority Interest in Net Income of subsidiaries	-17	-5	-28
Net Profit / (Loss) for the period	-36	-5	-33

Sanjiv Bajaj
Managing Director
9th July 2008