



Bajaj Finserv Limited

PRESS RELEASE

1ST 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 1st quarter of 2009-10.

1. HIGHLIGHTS

- ✓ Consolidated income from operations –Rs. 106 crores V/s. Rs. 67 crores.
- ✓ Consolidated result – Net Profit Rs. 42 crores v/s. loss Rs. 36 crores.
- ✓ Life Insurance business posts profit of Rs. 68 crores v/s. loss of Rs. 3 crores.
- ✓ General Insurance – Net profit Rs. 27 crores v/s. Rs. 7 crores.
- ✓ Bajaj Auto Finance – Net profit Rs. 15 crores v/s. Rs. 3 crores.

2. FINANCIALS

On a consolidated basis, the company has posted a profit of Rs.42 crores as against loss of Rs.36 crores in Q1/2008-09. The Combined insurance ventures registered a healthy profit of Rs.36 crores v/s a loss of Rs.63 crores in Q1/2008-09.

Summarised consolidated financial results are given below:

Rs. in crores	Q1 2009-10	Q1 2008-09	FY 2008-09
Income from operations	106	67	385
Profit before tax and Share of profit on investment in associates	67	-44	140
Share of profit on investment in associates	6	1	14
Profit before tax	73	-43	154
Profit after tax	42	-36	71

Segmentwise consolidated financial results of Bajaj Finserv Limited:

Rs. in crores	Q1 2009-10	Q1 2008-09	FY 2008-09
Segment revenue			
Insurance:			
General Insurance			
Net earned premium	432	406	1891
Investment & other income	58	37	251
Life Insurance			
Net earned premium	1994	1843	10601
Investment & other income*	4777	-1362	-3007
Insurance (Subtotal)	7261	924	9736
Investments & Others	32	16	95
Windmills	11	12	42
Segment Profit / (loss) : Pre-tax			
General Insurance	42	12	150
Life Insurance	10	-70	-71
Insurance (subtotal)	52	-58	79
Investments & other income	18	12	60
Retail financing	6	1	14
Windmill	-3	2	1
Profit before tax	73	-43	154
*Includes unrealised gain on revaluation/change in fair value of investments	4009	-1409	-1919

Summarised stand-alone financial results of Bajaj Finserv Limited:

Rs. in crores	Q1 2009-10	Q1 2008-09	FY 2008-09
Income from operations and other income	33	27	114
Gross Profit before depreciation and tax	21	22	93
Depreciation (primarily of windmills)	7	7	30
Profit before tax	14	15	63
Provision for tax	5	5	22
Net profit for the year	9	10	41

The detailed financial results (stand-alone and consolidated) of Bajaj Finserv Limited are given in Annexure I.

3. ASSOCIATES, SUBSIDIARIES & JOINT VENTURES

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

A. Bajaj Allianz Life Insurance Company Limited

- The Company's overall market share for the period ended 31st May 2009 on Annualised Premium basis was 5.8% of the life insurance market as against 8.1% for previous year.
- The company continues to focus on growing total premium, reducing cost, improving profitability & its capital efficiency. The results are reflected below:
 - ✓ **Gross Written Premium** - The Gross Written Premiums for the period ended 30th June 2009 is **Rs.2001 crores** as compared to Rs.1847 crores in the corresponding previous period – growth of 8%. Renewal premium is **Rs.1423 crores** (71% of Gross Written Premium) v/s Rs.1018 crores (55% of Gross Written premium).
New business premiums for the period ended 30th June 2009 is **Rs.577 crores** as compared to Rs.828 crores in the previous period.
 - ✓ **Cost control** - Ratio of first year commission to new Business Premium which was 23.28 % last year has dropped to 21.85% .Total commission expenses to GWP have also come down from 12.92% to 8.88%. Operating expenses to GWP has come down from 20.75% to 18.88%.
 - ✓ **Profitability** - The Company posted a profit of **Rs.68 crores** for the period ended 30th June 2009 as compared to a loss of Rs.3 crores in the corresponding period of the previous year.
 - ✓ **Capital efficiency** - The share capital (including share premium) as at 30th June 2009 was Rs.1211 crores. The solvency as at 30th June 2009 stands at 235% against the required solvency of 150%.
- Total investment under management is as under:

Rs. in crores	As at 30-Jun-09	As at 31-Mar-09
Unit linked investments	19606	14065
Traditional Policyholders' investments	2708	2322
Shareholders' investments	822	770
Total	23136	17157

With Rs.15529 crores of equities under management, the company is one of India's largest equity fund managers.

B. Bajaj Allianz General Insurance Company Limited

- The challenging market conditions prevalent in 2008-09 continued in 2009-10 for the general insurance industry. The General insurance market saw a further slackening of growth in Q1/2009-10. The corporate renewal season in April saw discounting levels for major corporates increasing with aggression from PSUs.
- In this environment, the company has consciously focussed on reducing 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%. The Gross Written Premium declined by 13.5% as compared to corresponding quarter of the previous year.
- The company has made an underwriting profit (excluding losses from Motor Pool) of **Rs.55 lakhs** for the current quarter as against loss of Rs.23 crores in Q1/2008-09.
- The Profit after tax for the quarter is **Rs.27 crores** as against Rs.7 crores in Q1/2008-09.
- Combined ratio excluding Motor pool losses for Q1/2009-10 is **99.9%** as compared to 105.8% in Q1/2008-09. Including pool losses, the combined ratio is 103.7% in Q1/2009-10 as against 108.7%.

Summarised financial performance is given below:

Rs. in crores	Q1 2009-10	Q1 2008-09	FY 2008-09
Gross Written Premium	635	734	2649
Net Earned Premium*	432	406	1696
Underwriting profit/(loss) excluding Motor pool losses	1	-23	-19
Provision for Motor Pool losses **	-16	-12	-53
Interest and dividend income	55	48	206
Capital gains	2	-1	16
Profit before tax	42	12	150
Profit after tax	27	7	95

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

** estimated provision

- As at 30th June 2009, the Company's investment surplus, including cash, was Rs. 2596 crores (31st March 2009, Rs.2479 crores), - an increase of Rs.117 crores during the quarter.

C. Bajaj Auto Finance Limited

- During the quarter ended 30th June, 2009, the company deployed **Rs.1046 Crores** as against Rs.632 Crores during the corresponding quarter of the previous year, an increase of **65%**.
- Total income for the quarter ended 30th June, 2009 was **Rs.190 Crores** as against Rs.128 Crores during the corresponding quarter of the previous year, an increase of **48%**.
- The profit before tax of the company increased to **Rs.23.33 Crores** from Rs.4.51 Crores, an increase of **417%**. The increase in profit was contributed by lower borrowing costs and increased contribution of higher margin product lines.
- Given the stress in the external environment, the company has also experienced increased loan losses provisions from its current and legacy portfolios. Provision for Doubtful Debts and Bad debts written off together with recovery commission for the quarter ended 30th June, 2009 grew to Rs.66 Crores from Rs.41 Crores for the corresponding quarter of the previous year.
- The company continues to rationalize its cost base. As a percentage of net interest income, the operating costs excluding recovery commission and provision for doubtful debts and bad debts written off, for the quarter stood at 39% as against 46% for the corresponding quarter of previous year.

Summarised financial performance is given below:

Rs. in crores	Q1 2009-10	Q1 2008-09	FY 2008-09
Total income	190	128	599
Total expenditure	125	80	384
Interest and finance charges	42	43	164
Profit before taxation	23	5	51
Profit after taxation	15	3	34

Sanjiv Bajaj
Managing Director
 15th July 2009

BAJAJ**Bajaj Finserv Limited**

Mumbai - Pune Road, Akurdi, Pune 411 035

UNAUDITED STAND-ALONE FINANCIAL RESULTS OF BAJAJ FINSERV LIMITED FOR THE QUARTER ENDED JUNE 30, 2009

(Rs. In Lakhs)

Particulars	QUARTER ENDED 30.06.2009 (Unaudited)	QUARTER ENDED 30.06.2008 (Unaudited)	YEAR ENDED 31.03.2009 (Audited)
Income from Operations	3244	2680	11203
EXPENDITURE :			
a) Employees Cost	142	78	343
b) Depreciation	682	743	2977
c) Other expenditure	990	448	1717
d) Total	1814	1269	5037
Profit from Operations before Other Income and Interest	1430	1411	6166
Other Income	29	41	168
Profit before Interest	1459	1452	6334
Interest	-	-	1
Profit / (Loss) from ordinary activities before tax	1459	1452	6333
Tax expense	520	486	2197
Net Profit / (Loss) for the period	939	966	4136
Paid up Equity Share Capital (Face value of Rs. 5/-)	7234	7234	7234
Reserves excluding Revaluation Reserves			113321
Basic and Diluted Earnings Per Share (Rs.) (not annualised) before and after extraordinary items	0.6	0.7	2.9
Public shareholding			
No. of shares	65,810,185	71,167,007	65,805,185
Percentage of Shareholding	45.49%	49.19%	45.48%
Promoters & Promoter Group Shareholding			
(a) Pledged/Encumbered			
No. of shares	1,627,086	NA	6,320,111
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	2.07%	NA	8.03%
Percentage of shares (as a % of the total share capital of the company)	1.12%	NA	4.37%
(b) Non-Encumbered			
No. of shares	77,049,464	NA	72,356,439
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	97.93%	NA	91.97%
Percentage of shares (as a % of the total share capital of the company)	53.25%	NA	50.01%

UNAUDITED CONSOLIDATED FINANCIAL AND SEGMENT-WISE RESULTS OF BAJAJ FINSERV LIMITED AND ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES FOR THE QUARTER ENDED JUNE 30, 2009			
Particulars	QUARTER	QUARTER	YEAR
	ENDED 30.06.2009 (Unaudited)	ENDED 30.06.2008 (Unaudited)	ENDED 31.03.2009 (Audited)
(Rs. in Lakhs)			
KEY BUSINESS STATISTICS OF CONSOLIDATED ENTITIES			
i. Gross written premium			
a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd.	200087	184706	1062452
b) General Insurance - Bajaj Allianz General Insurance Co. Ltd.	63468	73354	286618
ii. Funds deployed - Bajaj Auto Finance Ltd.	104589	63220	245093
iii. Wind energy generated - Bajaj Finserv Limited	1059	1178	4160
Income from operations	10621	6708	38530
Expenditure :			
a) Transfer to Policyholders' Fund	986	9447	16391
b) Employees Cost	1156	128	2745
c) Depreciation	683	743	2981
d) Other expenditure	1107	801	2373
e) Total	3932	11119	24490
Profit from Operations before Other Income and Interest	6689	(4411)	14040
Other Income	-	-	-
Profit before Interest	6689	(4411)	14040
Interest	-	-	2
Profit / (Loss) from ordinary activities before tax and share of profit on Investments in Associates	6689	(4411)	14038
Add: Share of Profit after tax on Investments in Associates	639	122	1397
Profit / (Loss) from ordinary activities before tax	7328	(4289)	15435
Tax expense	2188	978	7668
Profit / (Loss) from ordinary activities after tax	5140	(5267)	7767
Less: Minority Interest in Net Income of subsidiaries	926	(1643)	636
Net Profit / (Loss) for the period	4214	(3624)	7131
Paid up Equity Share Capital (Face value of Rs. 5/-)	7234	7234	7234
Reserves excluding Revaluation Reserves			201560
Basic and Diluted Earnings Per Share (Rs.) (not annualised) before and after extraordinary items	2.9	(2.5)	4.9
Public shareholding			
No. of shares	65,810,185	71,167,007	65,805,185
Percentage of Shareholding	45.49%	49.19%	45.48%
Promoters & Promoter Group Shareholding			
(a) Pledged/Encumbered			
No. of shares	1,627,086	NA	6,320,111
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	2.07%	NA	8.03%
Percentage of shares (as a % of the total share capital of the company)	1.12%	NA	4.37%
(b) Non-Encumbered			
No. of shares	77,049,464	NA	72,356,439
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	97.93%	NA	91.97%
Percentage of shares (as a % of the total share capital of the company)	53.25%	NA	50.01%

SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED			
	(Rs. In Lakhs)		
Particulars	QUARTER ENDED 30.06.2009 (Unaudited)	QUARTER ENDED 30.06.2008 (Unaudited)	YEAR ENDED 31.03.2009 (Audited)
Segment Revenue			
Insurance			
General Insurance			
Net earned premium	43214	40639	189109
Investment & Other Income	5818	3702	25075
subtotal	<u>49032</u>	<u>44341</u>	<u>214184</u>
Life Insurance			
Net earned premium	199443	184316	1060107
Investment & Other Income (See note 2)	477641	(136226)	(300695)
subtotal	<u>677084</u>	<u>48090</u>	<u>759412</u>
total	<u>726116</u>	<u>92431</u>	<u>973596</u>
Investments & Others	3205	1574	9483
Windmill	1059	1178	4160
Total	730380	95183	987239
Segment Profit/(Loss) before Tax, Interest			
Insurance			
General Insurance	4209	1149	14959
Life Insurance	1018	(6978)	(7067)
total	<u>5227</u>	<u>(5829)</u>	<u>7892</u>
Investments & Others	1828	1217	6082
Retail financing - Share of Income from associate	639	122	1397
Windmill	(366)	201	66
Total	7328	(4289)	15437
Less: Interest		-	2
Total Profit Before Tax	7328	(4289)	15435
Capital Employed			
Insurance			
General Insurance	67305	56347	65609
Life Insurance	63760	64680	63121
total	<u>131065</u>	<u>121027</u>	<u>128730</u>
Investments & Others	90394	87556	88762
Retail financing	46721	43393	46083
Windmill	7098	8627	7737
Unallocable	(1429)	(1884)	(1299)
Total	273849	258719	270013

NOTE:

The consolidated financial results include results of the following companies:

Name of the company	% shareholding and voting power of Bajaj Finserv Limited	Segment	Consolidated as
a. Bajaj Allianz General Insurance Company Limited	74%	Insurance - general	Subsidiary
b. Bajaj Allianz Life Insurance Company Limited	74%	Insurance - life	Subsidiary
c. Bajaj Allianz Financial Distributors Limited	50%	Others	Joint venture
d. Bajaj Auto Finance Limited	42%	Retail Financing	Associate
e. Bajaj Financial Solutions Limited	100%	Others	Subsidiary

Notes:

- For the purpose of consolidated financials the surplus of the insurance business revenue accounts together with shareholders income in accordance with the reporting framework of IRDA, amounting to Rs. 6357 lakhs for the quarter ended 30 June 2009, has been recognised as "income from operations" (corresponding previous year quarter surplus of Rs. 3956 lakhs & previous year surplus of Rs. 24887 lakhs). Transfers to Policyholders' revenue accounts is recognised as an expense. For reporting segment information, segment revenues for both insurance businesses represent the premiums earned and other income.
- As per accounting regulations prescribed by IRDA in respect of investments corresponding to unit linked policyholders' fund, mark to market gains / losses have to be accounted for. Accordingly, segment revenues from Investment & Other Income in respect of the life insurance business, includes an unrealised gain of Rs. 400872 lakhs for the quarter ended 30 June 2009 (corresponding previous year quarter unrealised loss of Rs. 140931 lakhs & previous year unrealised loss of Rs. 191895 lakhs).
- Items exceeding 10% of aggregate expenditure: Other Expenditure includes a) repairs to windmill of Rs. 174 lakhs for quarter ending 30 June 2009 (corresponding previous year quarter - Rs. 183 lakhs , corresponding previous year - Rs. 733 lakhs); b) wheeling & transmission charges of Rs. 308 lakhs for quarter ending 30 June 2009 (corresponding previous year quarter - Rs. Nil , corresponding previous year - Rs. 225 lakhs)
- Tax expense has been provided for, based on the Finance (No. 2) Bill, 2009.
- The company did not have any investor complaints pending as on 1 April 2009 and as on 30 June 2009. There were no investors' complaints received and disposed of during the quarter ended 30 June 2009.
- The company is a "Non Banking Finance Company" (NBFC). The Company has preferred an application for Registration as a "NBFC", which is pending before the Reserve Bank of India. On registration the company intends to seek exemptions from the prudential norms as regards concentration of Investments. The company has complied with the other aspects of the prudential norms as applicable.
- The Company has opted to publish consolidated financial results, pursuant to option made available as per Clause 41 of the Listing Agreement. The stand alone financial results are available on the company's website viz. www.bajajfinserv.in and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).
- Figures for previous year / period have been regrouped wherever necessary.
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors in the meeting held on 15 July 2009.

BY ORDER OF THE BOARD OF DIRECTORS
FOR BAJAJ FINSERV LIMITED

Pune
Date: 15 July 2009

RAHUL BAJAJ
Chairman