

BAJAJ

Bajaj Finserv Limited

PRESS RELEASE

2nd 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 2nd quarter of 2009-10.

All the business segments – Life insurance, General insurance & Retail finance have performed remarkably well during this quarter with the half year profits of both Life insurance & Retail finance exceeding that of the previous full year.

1. HIGHLIGHTS:

Q2/2009-10 v/s Q2/2008-09:

- ✓ Life insurance business posts profit of Rs. 125 crores v/s. (loss) of Rs. 24 crores.
- ✓ General insurance – Net profit Rs. 27 crores v/s. Rs. 25 crores.
- ✓ Bajaj Auto Finance – Net profit Rs. 22 crores v/s. Rs. 5 crores.
- ✓ Consolidated result – Net Profit Rs. 44 crores v/s. (loss) Rs. 12 crores.

H1/2009-10 v/s H1/2008-09:

- ✓ Life insurance business posts profit of Rs. 193 crores v/s. (loss) of Rs. 27 crores.
- ✓ General insurance – Net profit Rs. 54 crores v/s. Rs. 32 crores.
- ✓ Bajaj Auto Finance – Net profit Rs. 37 crores v/s. Rs. 8 crores.
- ✓ Consolidated result – Net Profit Rs. 86 crores v/s. (loss) Rs. 48 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 company continues its focus on growing total premium, reducing cost, improving profitability & its capital efficiency. As a result of these efforts, the Company posted a **profit of Rs.125 crores** for Q2/2009-10 as compared to a **loss of Rs. 24 crores** in Q2/2008-09.

The key operating results are as under:

- ✓ **Gross Written Premium** - The Gross Written Premiums for the quarter ended 30th September 2009 grew to **Rs. 2520 crores** as compared to Rs.2477 crores in the corresponding previous year quarter.
- ✓ **Renewal Premium** – Company's focus on renewal premium resulted in increase of 28% in the premium for Q2/2009-10 as compared to corresponding quarter of the previous year. Renewal Premium for Q2/2009-10 was Rs.1656 crores (66% of Gross Written Premium) as compared to Rs.1290 crores (52% of Gross Written Premium) during Q2/2008-09.
- ✓ **New business premium** for Q2/2009-10 was Rs. 864 crores as compared to Rs.1188 crores in Q2/2008-09 as the company continued its focus on writing high quality business.
- ✓ **Expenses** – Ratio of Total commission expenses to Gross Written Premium has come down from 12% for Q2/2008-09 to 9% for Q2/2009-10. Ratio of Management expenses to Gross Written Premium has dropped from 21% for Q2/2008-09 to 19% Q2/2009-10.
- ✓ **Capital efficiency** - The share capital (including share premium) as at 30th September 2009 was Rs.1211 crores. The solvency as at 30th September 2009 stands at 249% against the required solvency of 150%. No capital infusion was necessary in this period.

- Summarised financial performance is given below:

Rs. in crores	Q2 2009-10	Q2 2008-09	H1 2009-10	H1 2008-09	FY 2008-09
Revenue Account(Policyholders' A/c)					
Gross Written Premium	2520	2477	4521	4324	10625
Net Earned Premium	2510	2469	4505	4313	10601
Investment income	3653	-324	8408	-1713	-3102
Contribution from Shareholders (Contra)	12	80	22	175	164
Total income	6175	2225	12935	2775	7663
Expenditures & provisions	-6057	-2189	-12757	-2672	-7547
Surplus for the period	118	36	178	103	116

Rs. in crores	Q2 2009-10	Q2 2008-09	H1 2009-10	H1 2008-09	FY 2008-09
Profit & Loss A/c (Shareholders' A/c)					
Investment income (Net)	21	20	41	45	93
Contribution to Policyholders' A/c (Contra)	-12	-80	-22	-175	-164
Profit before tax	9	-60	19	-130	-71
Profit after tax	7	-60	15	-130	-71
Total Surplus (Shareholders + Policyholders)	125	-24	193	-27	45

B. Bajaj Allianz General Insurance Company Limited

- The market conditions in the general insurance industry for private players continue to be challenging with both corporate and motor segments being subject to intense price competition. The public sector companies as well as smaller private ones are intensely competing on discounts.
- In this environment, the company has consciously 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 7.5% for the quarter year ended 30th September 2009 versus 8.6% for FY 2008-09. The Gross Written Premium declined by 14.6% as compared to corresponding quarter of the previous year.
- The Profit after tax for the quarter was **Rs.27 crores** as against Rs.25 crores in Q2/2008-09.
- In the market environment where the underwriting profit was very difficult to obtain, the company has made an **underwriting profit** (excluding losses from Motor Pool) of **Rs.2.2 crores** for the current quarter as against profit of Rs.8.1 crores in Q2/2008-09.
- Combined ratio excluding Motor pool losses for Q2/2009-10 was **99.5%** as compared to 98.1% in Q2/2008-09. Including pool losses, the combined ratio was 103.8% in Q2/2009-10 as against 102.3% for Q2/2008-09. Combined ratio excluding Motor pool losses for H1/2009-10 was 99.7% as compared to 101.8% in H1/2008-09. Including pool losses, the combined ratio was 103.7% in H1/2009-10 as against 105.4% for H1/2008-09.
- No capital infusion was necessary in this period.

- Summarised financial performance is given below:

Rs. in crores	Q2 2009-10	Q2 2008-09	H1 2009-10	H1 2008-09	FY 2008-09
Gross Written Premium	583	683	1218	1416	2866
Net Earned Premium	417	427	849	833	1891
Underwriting profit/(loss) excluding Motor pool losses	2	8	3	-15	-19
Provision for Motor Pool losses *	-18	-18	-35	-30	-53
Interest and dividend income	55	50	110	97	206
Capital gains	2	-2	4	-4	16
Profit before tax	41	40	84	52	150
Profit after tax	27	25	54	32	95

* Estimated provision

C. Bajaj Auto Finance Limited

- During the quarter ended 30th September 2009, the company deployed **Rs.1003 crores** as against Rs.555 crores during the corresponding quarter of the previous year, an increase of **81%**.
- Total income for the Q2/2009-10 was **Rs.220 crores** as against Rs.137 crores during the corresponding quarter of the previous year, an increase of **60%**.
- The profit after tax for Q2/2009-10 increased to **Rs.22 crores**, an increase of **375%**.
- The increase in profit was contributed by volume growth across businesses, lower cost of funds, better operating cost management and improvement in portfolio quality across businesses.

- Summarised financial performance is given below:

Rs. in crores	Q2 2009-10	Q2 2008-09	H1 2009-10	H1 2008-09	FY 2008-09
Total income	220	137	410	266	599
Total expenditure	141	87	266	168	384
Interest and finance charges	46	43	88	86	164
Profit before taxation	33	7	56	12	51
Profit after taxation	22	5	37	8	34

Sanjiv Bajaj
Managing Director
 15th October 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 SEPTEMBER 30, 2009

(Rs. in Lakhs)

Particulars	QUARTER	QUARTER	HALF YEAR	HALF YEAR	YEAR
	ENDED	ENDED	ENDED	ENDED	ENDED
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Income from Operations	3721	3152	6965	5832	11203
EXPENDITURE :					
a) Employees Cost	98	58	240	136	343
b) Depreciation	609	742	1291	1485	2977
c) Other expenditure	939	312	1929	760	1717
d) Total	1646	1112	3460	2381	5037
Profit from Operations before Other Income and Interest	2075	2040	3505	3451	6166
Other Income	34	41	63	82	168
Profit before Interest	2109	2081	3568	3533	6334
Interest	-	1	-	1	1
Profit / (Loss) from ordinary activities before tax	2109	2080	3568	3532	6333
Tax expense	760	657	1280	1143	2197
Net Profit / (Loss) for the period	1349	1423	2288	2389	4136
Paid up Equity Share Capital (Face value of Rs. 5/-)	7234	7234	7234	7234	7234
Reserves excluding Revaluation Reserves					113321
Basic and Diluted Earnings Per Share (Rs.) (not annualised) before and after extraordinary items	0.9	1.0	1.6	1.7	2.9
Public shareholding					
No. of shares	65,811,485	71,167,007	65,811,485	71,167,007	65,805,185
Percentage of Shareholding	45.49%	49.19%	45.49%	49.19%	45.48%
Promoters & Promoter Group Shareholding					
(a) Pledged/Encumbered					
No. of shares	956,206	NA	956,206	NA	6,320,111
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	1.22%	NA	1.22%	NA	8.03%
Percentage of shares (as a % of the total share capital of the company)	0.66%	NA	0.66%	NA	4.37%
(b) Non-Encumbered					
No. of shares	77,720,344	NA	77,720,344	NA	72,356,439
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	98.78%	NA	98.78%	NA	91.97%
Percentage of shares (as a % of the total share capital of the company)	53.72%	NA	53.72%	NA	50.01%

Notes:

1. Items exceeding 10% of aggregate expenditure: Other Expenditure includes a) repairs to windmill of Rs. 186 lakhs for the current quarter and Rs. 360 lakhs for the half year ending 30 September 2009 (corresponding previous year quarter - Rs. 158 lakhs, corresponding previous half year - Rs. 341 lakhs & previous year - Rs. 733 lakhs); b) wheeling & transmission charges of Rs. 139 lakhs for the current quarter and Rs. 447 lakhs for the half year ending 30 September 2009 (corresponding previous year quarter - Rs. Nil, corresponding previous half year - Rs. Nil & previous year - Rs. 225 lakhs); c) windmill income revaluation expenses of Rs. 245 lakhs for the current quarter and Rs. 245 lakhs for the half year ending 30 September 2009 (corresponding previous year quarter - Rs. Nil, corresponding previous half year - Rs. Nil & previous year - Rs. Nil)
2. The company did not have any investor complaints pending as on 1 July 2009 and as on 30 September 2009. There were two investors' complaints received and disposed of during the quarter ended 30 September 2009.
3. 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.
4. The Company has opted to publish consolidated financial results, pursuant to option made available as per Clause 41 of the Listing Agreement. These stand alone financial results, which have been subjected to a limited review by the auditors, 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).
5. Figures for previous year / period have been regrouped wherever necessary.
6. The above results have been reviewed by the Audit Committee, approved by the Board of Directors in the meeting held on 14 October 2009 and subjected to a limited review by the auditors.

BY ORDER OF THE BOARD OF DIRECTORS
FOR BAJAJ FINSERV LIMITED

Pune
Date: 14 October 2009

RAHUL BAJAJ
Chairman

BAJAJ

Bajaj Finserv Limited
Mumbai - Pune Road, Akurdi, Pune 411 035

UNAUDITED CONSOLIDATED FINANCIAL AND SEGMENT-WISE RESULTS OF BAJAJ FINSERV LIMITED AND ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES FOR THE QUARTER ENDED SEPTEMBER 30, 2009

Particulars	(Rs. In Lakhs)				
	QUARTER ENDED 30.09.2009 (Unaudited)	QUARTER ENDED 30.09.2008 (Unaudited)	HALF YEAR ENDED 30.09.2009 (Unaudited)	HALF YEAR ENDED 30.09.2008 (Unaudited)	YEAR ENDED 31.03.2009 (Audited)
KEY BUSINESS STATISTICS OF CONSOLIDATED ENTITIES					
i. Gross written premium					
a) Life Insurance - Bajaj Allianz Life Insurance Co. Ltd.	251990	247696	452077	432402	1062452
b) General Insurance - Bajaj Allianz General Insurance Co. Ltd.	58306	68261	121774	141615	286618
ii. Funds deployed - Bajaj Auto Finance Ltd.	100349	55489	204938	118709	245093
iii. Wind energy generated - Bajaj Finserv Limited	1952	1442	3011	2620	4160
Income from operations	10673	9237	21294	15945	38530
Expenditure :					
a) Transfer to Policyholders' Fund	1169	8017	2155	17464	16391
b) Employees Cost	1081	494	2237	622	2745
c) Depreciation	610	742	1293	1485	2981
d) Other expenditure	1006	109	2113	901	2373
e) Total	3866	9353	7798	20472	24490
Profit from Operations before Other Income and Interest	6807	(116)	13496	(4527)	14040
Other Income	-	-	-	-	-
Profit before Interest	6807	(116)	13496	(4527)	14040
Interest	-	1	-	1	2
Profit / (Loss) from ordinary activities before tax and share of profit on Investments in Associates	6807	(117)	13496	(4528)	14038
Add: Share of Profit after tax on Investments in Associates	911	185	1550	307	1397
Profit / (Loss) from ordinary activities before tax	7718	68	15046	(4221)	15435
Tax expense	2461	2173	4649	3151	7668
Profit / (Loss) from ordinary activities after tax	5257	(2105)	10397	(7372)	7767
Less: Minority Interest in Net Income of subsidiaries	862	(918)	1788	(2561)	636
Net Profit / (Loss) for the period	4395	(1187)	8609	(4811)	7131
Paid up Equity Share Capital (Face value of Rs. 5/-)	7234	7234	7234	7234	7234
Reserves excluding Revaluation Reserves					201560
Basic and Diluted Earnings Per Share (Rs.) (not annualised) before and after extraordinary items	3.0	(0.8)	5.9	(3.3)	4.9
Public shareholding					
No. of shares	65,811,485	71,167,007	65,811,485	71,167,007	65,805,185
Percentage of Shareholding	45.49%	49.19%	45.49%	49.19%	45.48%
Promoters & Promoter Group Shareholding					
(a) Pledged/Encumbered					
No. of shares	956,206	NA	956,206	NA	6,320,111
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	1.22%	NA	1.22%	NA	8.03%
Percentage of shares (as a % of the total share capital of the company)	0.66%	NA	0.66%	NA	4.37%
(b) Non-Encumbered					
No. of shares	77,720,344	NA	77,720,344	NA	72,356,439
Percentage of shares (as a % of the total shareholding of promoters & promoter group)	98.78%	NA	98.78%	NA	91.97%
Percentage of shares (as a % of the total share capital of the company)	53.72%	NA	53.72%	NA	50.01%

SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED					
Particulars	QUARTER	QUARTER	HALF YEAR	HALF YEAR	YEAR
	ENDED	ENDED	ENDED	ENDED	ENDED
	30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(Rs. In Lakhs)					
Segment Revenue					
Insurance					
General Insurance					
Net earned premium	41704	42695	84918	83334	189109
Investment & Other Income	5904	3050	11722	6752	25075
subtotal	47608	45745	96640	90086	214184
Life Insurance					
Net earned premium	251018	246947	450461	431263	1060107
Investment & Other Income (See note 2)	367467	(30472)	845108	(166698)	(300695)
subtotal	618485	216475	1295569	264565	759412
total	666093	262220	1392209	354651	973596
Investments & Others	2451	1942	5656	3516	9483
Windmill	1952	1442	3011	2620	4160
Total	670496	265604	1400876	360787	987239
Segment Profit/(Loss) before Tax, Interest					
Insurance					
General Insurance					
	4143	4018	8352	5167	14959
Life Insurance					
	873	(6029)	1891	(13007)	(7067)
total	5016	(2011)	10243	(7840)	7892
Investments & Others	1235	1368	3063	2585	6082
Retail financing - Share of Income from associate	911	185	1550	307	1397
Windmill	556	527	190	728	66
Total	7718	69	15046	(4220)	15437
Less: Interest	-	1	-	1	2
Total Profit Before Tax	7718	68	15046	(4221)	15435
Capital Employed					
Insurance					
General Insurance					
	70836	58532	70836	58532	65609
Life Insurance					
	85362	54753	85362	54753	63121
total	156198	113285	156198	113285	128730
Investments & Others	90764	87585	90764	87585	88762
Retail financing	47273	43405	47273	43405	46083
Windmill	6699	8040	6699	8040	7737
Unallocable	(3)	(193)	(3)	(193)	(1299)
Total	300931	252122	300931	252122	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. 12627 lakhs for the half year ended 30 September 2009, has been recognised as "income from operations" (corresponding previous half year surplus of Rs. 9809 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. 266760 lakhs for the current quarter and Rs. 667632 lakhs for the half year ended 30 September 2009 (corresponding previous year quarter unrealised loss of Rs. 12872 lakhs, corresponding previous half year unrealised loss of Rs. 153803 lakhs & previous year unrealised loss of Rs. 191895 lakhs).
- The company did not have any investor complaints pending as on 1 July 2009 and as on 30 September 2009. There were two investors' complaints received and disposed of during the quarter ended 30 September 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. These stand alone financial results, which have been subjected to a limited review by the auditors, 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 14 October 2009.

BY ORDER OF THE BOARD OF DIRECTORS
FOR BAJAJ FINSERV LIMITED

Pune

Date: 14 October 2009

RAHUL BAJAJ
Chairman