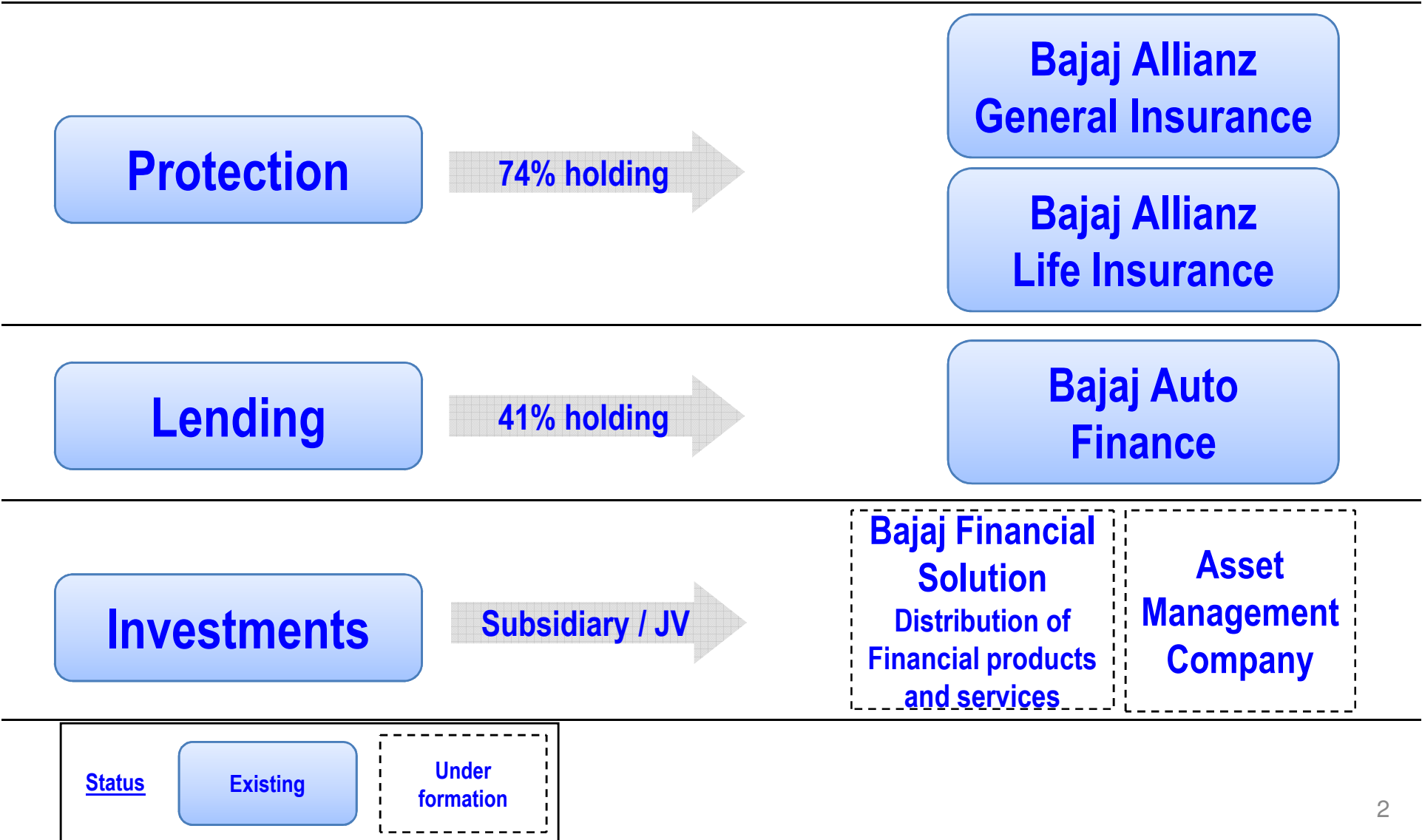


BAJAJ

Bajaj FinServ Limited

Bajaj Finserv Ltd.



Bajaj Allianz General Insurance Co.

A. Industry highlights – 9 months

- ✓ General slowdown in economy with slowing in sales reported across all sectors
- ✓ Market conditions for general insurance continued to be extremely challenging with
 - ❖ High discounts on corporate business
 - ❖ Intense competition in retail business
 - ❖ Slow-down in acquisition of assets, a reflection of economic activity
 - ❖ Depressed equity market conditions
- ✓ Economic conditions worsened in the 3rd quarter of 2008-09 resulting in further slackening of growth
- ✓ Aggressive strategy to gain market share adopted by private players has not paid dividends
- ✓ Market conditions will continue to remain challenging

B. Our Focus and Initiatives

- ✓ In this challenging environment, the company **has** and **will** concentrate on **preserving profitability**, while trying to maintain market share
- ✓ Actions initiated :-
 - Greater focus on retail lines of business
 - Slowing down on loss making business, mainly group health insurance and other corporate lines
 - Improving risk selection through tight underwriting – focus on profitability
 - Review and weeding out unprofitable relationships
 - Rationalizing acquisition costs – improving realization net of acquisition costs
 - Maintain high standard of service

C. Performance - Highlights

- ✓ Recorded a growth of 19% during Apr – Dec 08 viz-a-viz growth of 9.6% by the industry and 15% by private players
- ✓ Market share by and large the same, currently at 8.9%
- ✓ Business mix continues to be largely retail

GWP	Apr – Dec 08	2007-08
Retail		
- Motor	58%	58%
- Health	8%	5%
sub-total	66%	63%
Corporate	32%	34%
Others	2%	3%

- ✓ Aided by strong cash generation and high yields, interest income for Apr - Dec 08 stood at Rs. 1,507 million as against Rs. 1,001 million during April to Dec 07 and Rs.1,403 million during Apr – Mar 08

Summary results

Rs. in million	Apr – Dec 08	Apr – Dec 07	Growth	FY 2007-08
Gross Written Premium	19,973	16,768	19%	25,780
Net earned premium	12,709	9,528	33%	14,154
Underwriting profit/(loss) excluding motor pool loss	-253	-64		-198
Interest & dividend income	1,507	1,001		1,403
Capital gains	-58	464		500
Profit before tax	752	1,132	-34%	1,679
Profit after tax	487	662	-26%	1,056

Key highlights

- ✓ **Underwriting loss** (excluding pool loss) - Rs. 253 million v/s Rs. 64 million during Apr – Dec 07
- ✓ Major losses include
 - Aircraft loss - Rs. 70 million
 - Floods in Tamil Nadu - Rs. 120 million (net of re-insurance)
 - Share in terrorism pool- Rs. 50 million (26/11 terror attack)
- ✓ **Pool loss** * - Rs.480 million v/s Rs.270 million during April–Dec

* Provision for pool losses estimated for CY. Previous year figures re-stated to reflect pool losses on pro-rata basis

Key highlights

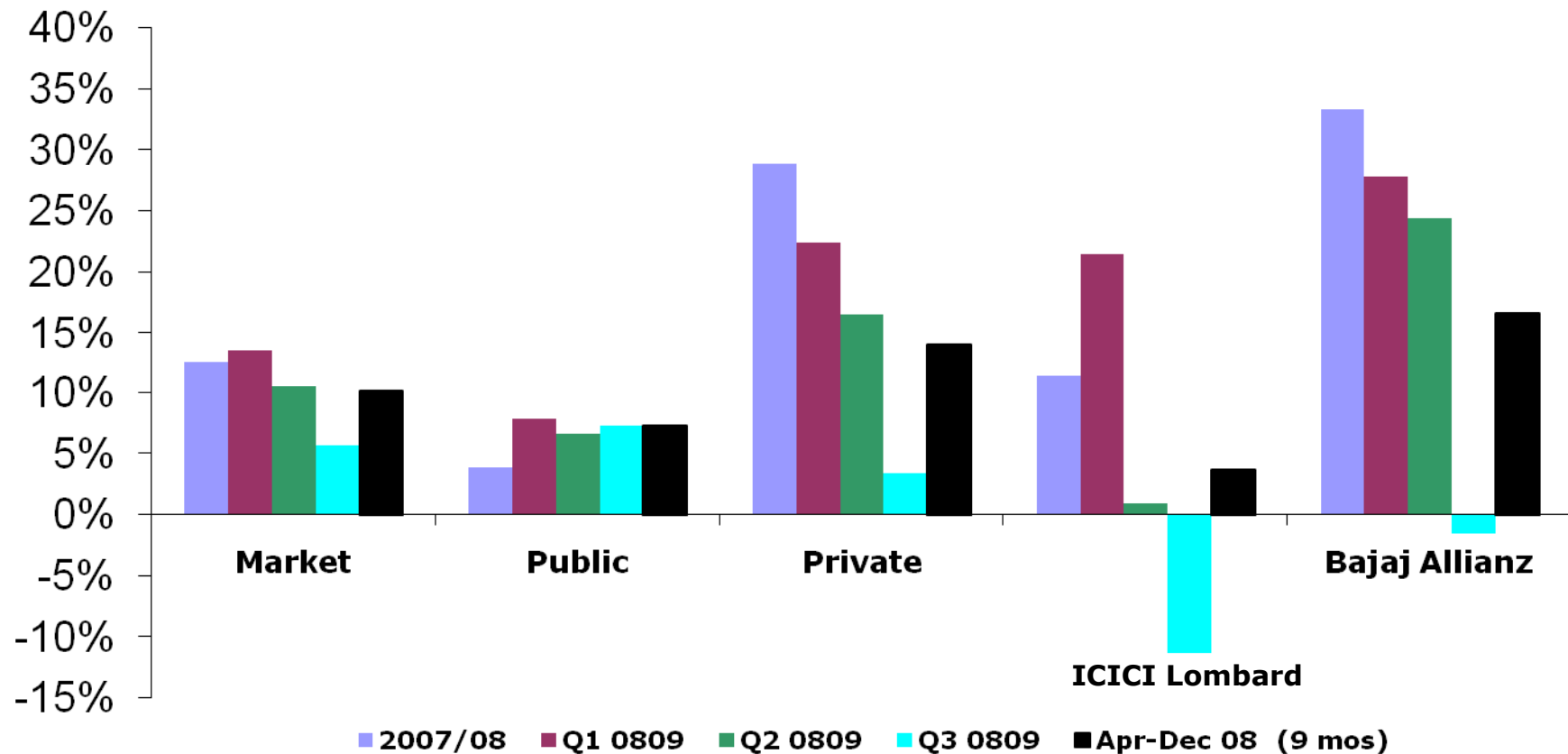
Rs. in million	As on 31-Dec-08	As on 31-Mar-08
Investment in shares	125	399
Bonds, cash, mutual funds etc.	23,333	20,084
Total Cash and investments	23,458	20,483
Share Capital + premium	2,768	2,768
Total shareholders' equity	6,260	5,773

- ✓ *With strong cash flows, invested surplus increased by Rs 2975 million*
- ✓ *Minimal exposure to equity (Rs. 125 million - 0.53% of invested surplus)*
- ✓ *No fresh capital introduced during the year*

Key Ratios

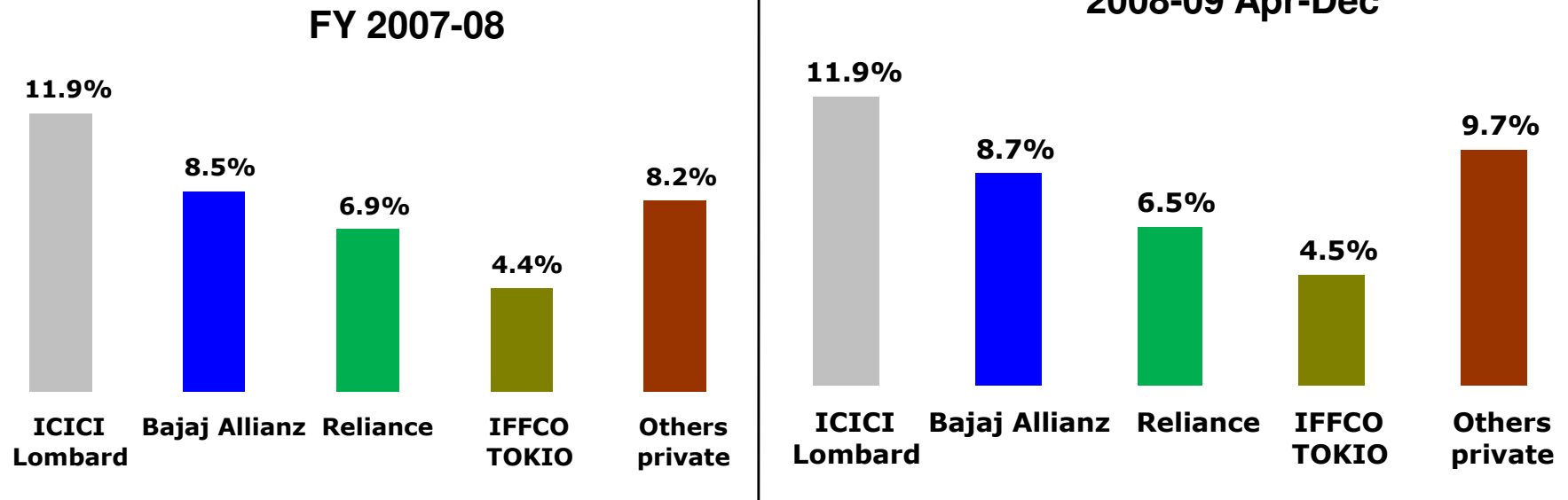
	Apr – Dec 08	Apr – Dec 07	FY 2007-08
Loss ratio (excluding pool losses)	68%	65%	63%
Combined ratio excluding pool losses	102%	101%	99%
Combined ratio including pool losses	106%	104%	102%
Retention ratio	70.6%	67.5%	68.0%
Expense ratio	21.7%	25.7%	22.1%

Market growth slowing down quarter on quarter



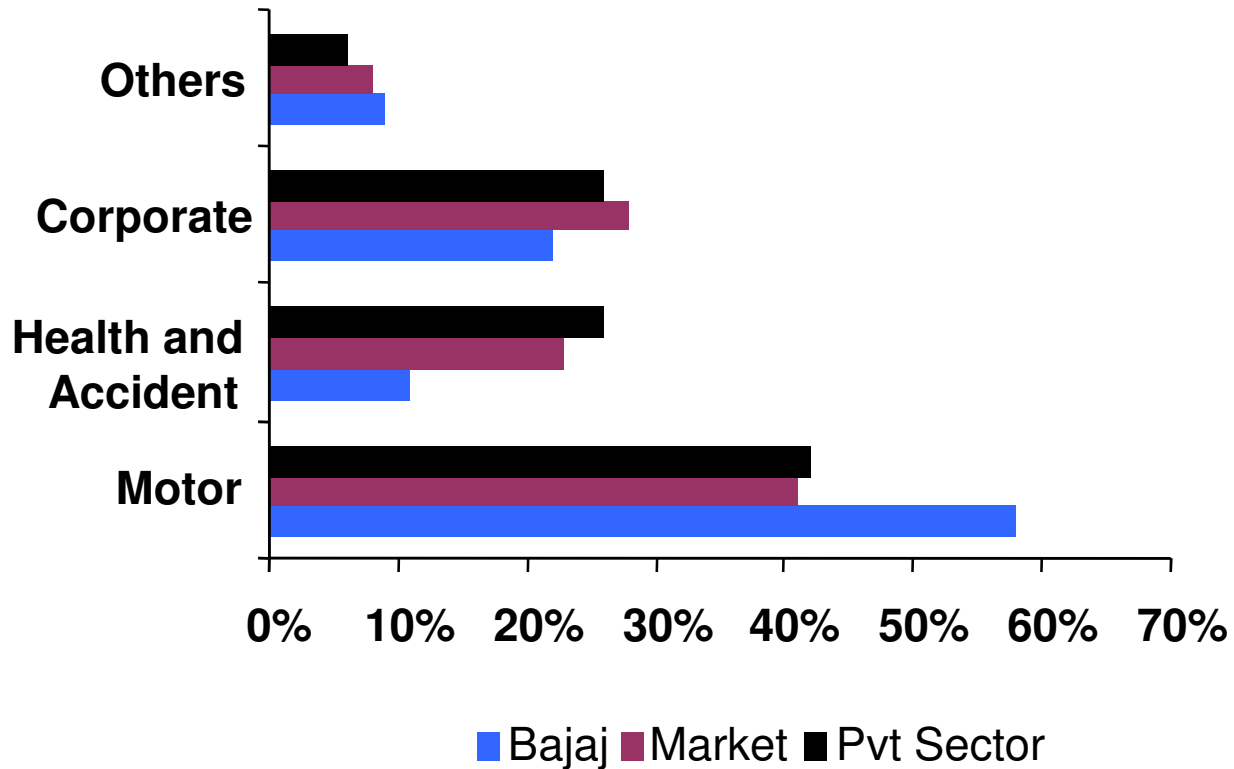
Market growth rates have fallen QoQ, mainly due to lower growth from large private players like ICICI, Reliance and Bajaj Allianz

Market Share



- *Private sector share increased from 40 % to 41.4%*
- *Share of top 3 companies dropped from 68.5% to 65.6% of the private sector market.*

Business mix



- *Bajaj Allianz is overweight Motor and underweight corporate and group health*
- *Corporate and Group health business suffering from high discounting / poor pricing.*

Bajaj Allianz Life Insurance Co.

A. Industry highlights – 9 months

- ✓ General slowdown in economy coupled with volatile equity market weighing heavily on life industry
- ✓ Sales still largely driven by Unit Linked Products
- ✓ Launch of guaranteed products - guaranteed returns and capital protection
- ✓ Launch of low allocation products to allow higher acquisition costs
- ✓ Mutual Funds been allowed to bundle insurance products with SIP
- ✓ New Business premium de-grew by 2.4% during Apr – Dec 08
- ✓ Market share of private players improved substantially

New Business Premium	Apr – Dec 08	Apr – Dec 07
Private Insurers	43.7%	35.4%
Public	56.3%	64.6%

- ✓ Guidelines issued by IRDA relaxing solvency requirement for traditional and Unit Linked Business, applicable from 31st Dec 2008
- ✓ Improving persistency ratio & productivity of sales force, a challenge

B. Our Focus and Initiatives

- ✓ To balance **growth** with **fair return** for all stake holders
- ✓ Improving channel productivity. Monitoring productivity measure per office and per relationship

Channel wise Sales force Productivity *on APE** (INR Mn)	Apr – Dec 08	Apr – Dec 07
Agency	1.72	1.69
Bancassurance	3.36	3.26
Alternate	9.19	3.15
DM	0.20	0.20

- ✓ Diversified product mix - reduced dependence on any single product
- ✓ Control on commission cost – NB commission down to 20% during Apr to Dec 08, from 27% during Apr to Dec 07
- ✓ Separate renewal vertical to focus on improving persistency
- ✓ Focus on training of sales staff, setting-up of zonal training centers

**Annualized Premium (APE) = 10% of Single Premium and 100% of First Premium

*Channel wise Productivity = APE / No of Sales force

C. Performance - Highlights

- ✓ Gross Written Premium (Apr - Dec 08) – **↑** 29% Rs. 67 billion v/s Rs. 52 billion in corresponding previous year
- ✓ New business premium (Apr – Dec 08) - Rs. 30 billion v/s Rs. 37 billion in corresponding period previous year
- ✓ Renewal premium (Apr – Dec 08) - Rs. 37 billion v/s Rs. 14 billion in corresponding period previous year
- ✓ New Business Achieved Profit (NBAP) for 9 Months ended at Rs. 5,173 million and for Q3 at Rs 1,687 million

NBAP trend	Rs in million
2008 – 09 : 9 months	5,173
2007 – 08 : 9 months	7,455
2007 - 08	12,029
2006 – 07	7,036

NBAP comparison with other life companies might not be very relevant as actuarial assumptions and methodology used are likely to vary from company to company, in the absence of any agreed common process.

Performance – Highlights (contd.)

- ✓ Market share Apr-Dec 08 – 5.7% **v/s** 7.1% in P. Yr on New Business Premium basis & 8.8% **v/s** 10.4% in P. Yr on APE* basis
- ✓ Slow growth in investments mainly due to minimal increase in ULIP's, a reflection of down turn in equity markets

Rs. in million	31 Dec 08	31 Mar 08
Unit linked investments	110,239	109,542
Policyholders investment	21,287	14,687
Shareholders investment	7,395	11,459
Total	138,921	135,688

- ✓ Realized yield on traditional funds was 9.2% annualized
- ✓ Solvency ratio of the Company as on Dec 08 was 262% as against the minimum requirement of 150%
- ✓ Company operates out of 1,138 offices as at 31st Dec 08

* Annualized Premium (APE) = 10% of Single Premium and 100% of First Premium

BALIC – Performance Summary

Rs. in billion	9M 08-09	9M 07-08	FY 2007-08
Gross written premium	67.4	52.3	97.2
New business premium	30.0	37.8	66.7
Renewal premium	37.4	14.5	30.5
APE *	27.5	33.8	60.0
Policyholder surplus/(deficit)	1.6	1.9	1.9
Shareholder Profit/(Loss)	(1.5)	(1.3)	(2.1)
Profit / (Loss)	0.1	0.5	(0.2)
Net contribution to policy holders account	2.2	1.9	2.9

- Reported a profit of Rs. 36 million during Apr – Dec 08 as against Rs. 536 million during Apr – Dec 07
- Number of policies underwritten – 1.8 million during Apr – Dec 08 as against 2.4 million during Apr – Dec 07
- Number of policies in force – 7 million as at 31st Dec 08

* Annualized Premium (APE) = 10% of Single Premium and 100% of First Premium

Shareholders funds

Rs. in million	As on Dec 08	As on Mar 08
Share Capital	1,507	1,507
Share premium	10,600	10,600
sub-total	12,107	12,107
Balance in P & L account	(6,414)	(4,899)
Total	5,693	7,208

No fresh capital infused during the period Apr – Dec 08

Key figures

	Apr - Dec 08	Apr – Dec 07
Commission on new business	20%	27%
Operating expenses to GWP	20%	26%
Strength	22,129	20,764

Capital Position

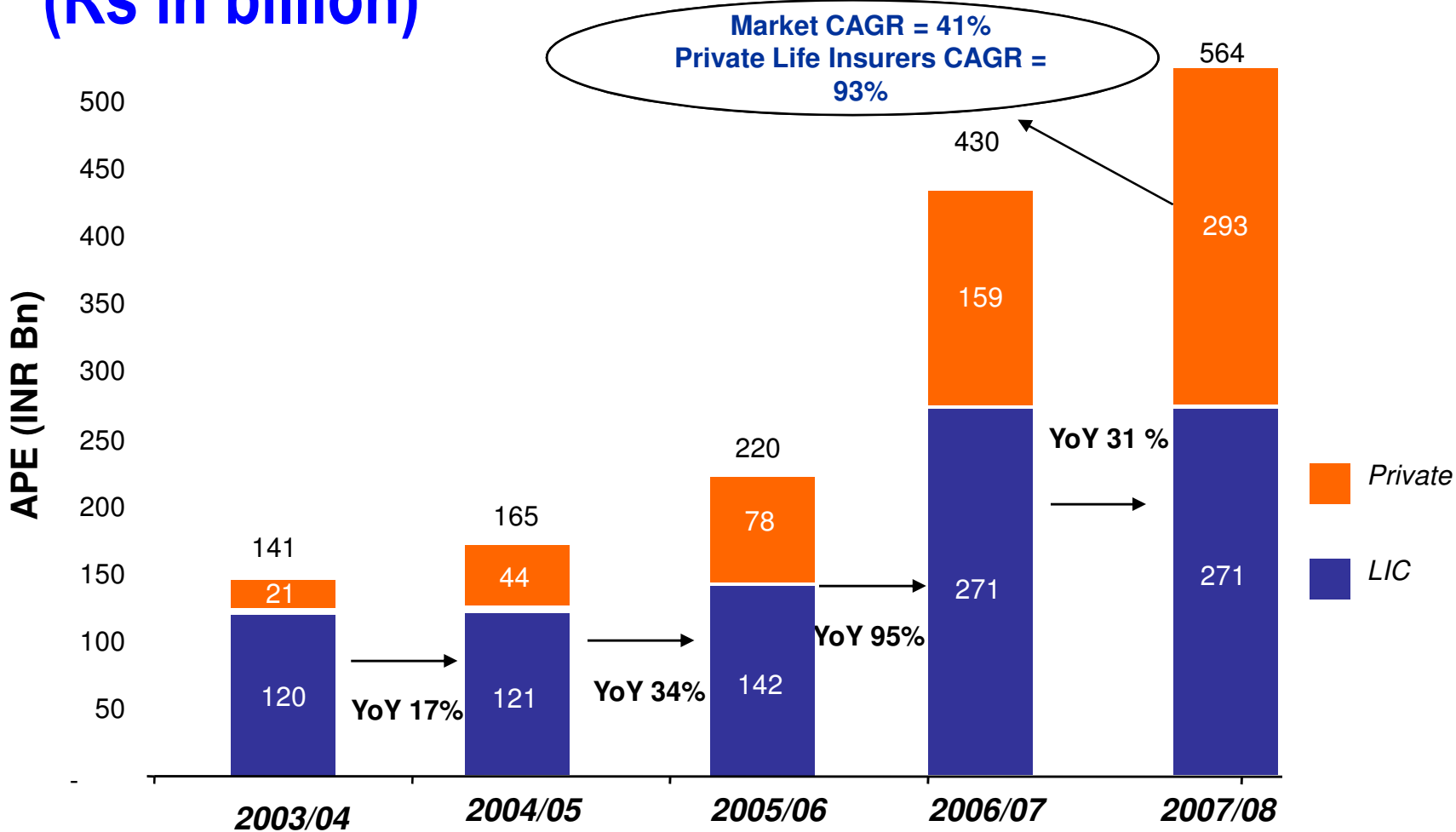
Private players

Rs. in million

Insurers	GWP Apr – Dec 08	Capital as at 31 st Dec 08	GWP Apr – Mar 08	Capital as at 31 st Mar 08	Profit / (Loss) for year ended 31 st Mar 08
ICICI Prudential	99,180	47,800	135,611	37,720	(10,699)
SBI Life	46,000	10,000	56,221	10,000	1,159
Bajaj Allianz	67,436	12,107	97,253	12,107	(159)
Reliance Life		25,300	27,528	13,240	
Birla Sun life		18,000	32,722	12,750	(3,934)

Source – Company Financial statements, websites and press releases.

Life insurance market (Rs in billion)

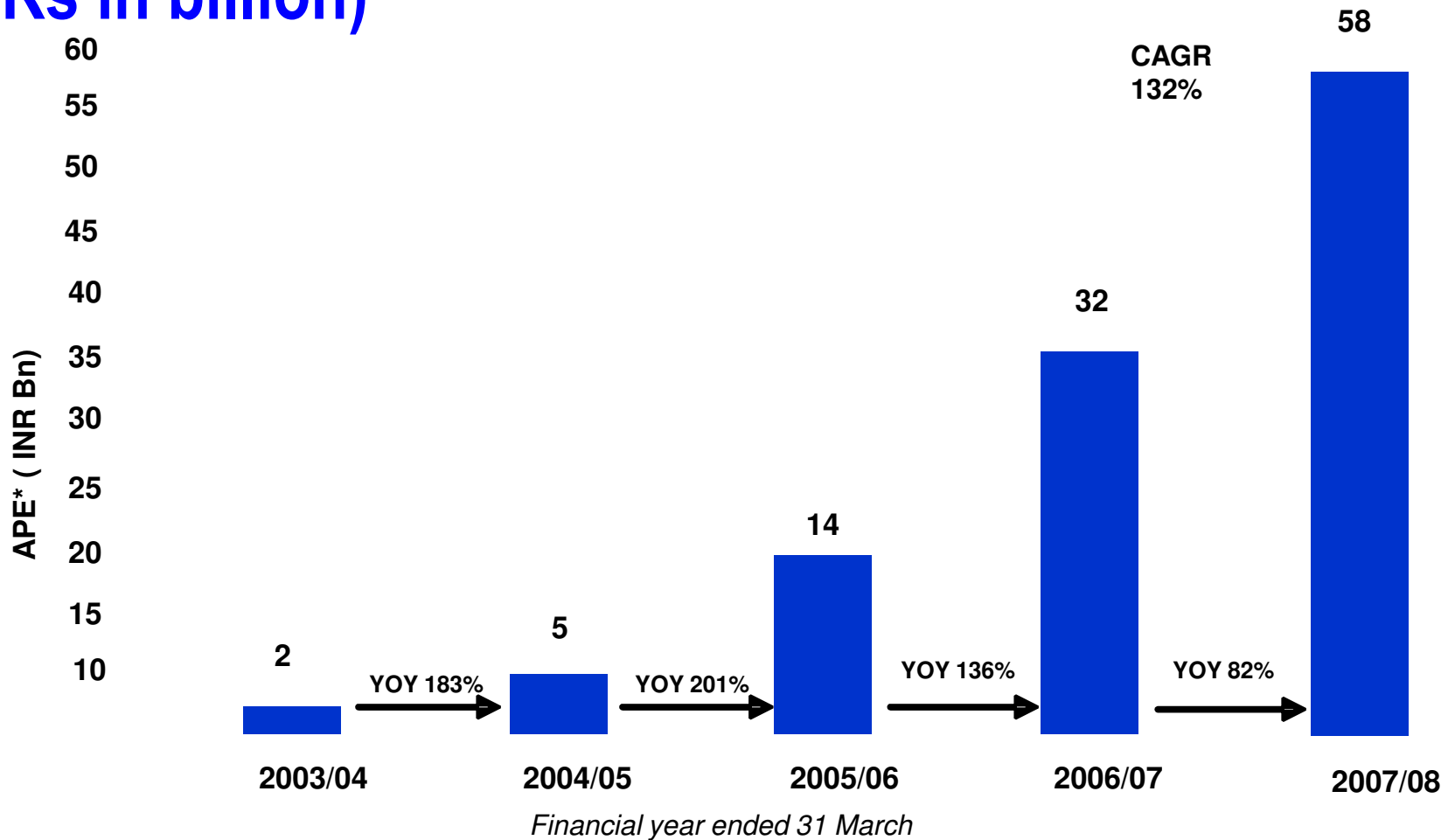


Fiscal year ending 31 March 2008

Private insurer's share on APE basis increased from 15% to 52 % in 5 years

*Source: IRDA website.
*APE = 10% of Single Premium + 100% of First Premium

Bajaj Allianz Life - the growth story (Rs in billion)



4 year CAGR at 132% against market CAGR of 41%

*Source: IRDA website.

*APE = 10% of Single Premium + 100% of First Premium

Market Share

Rs. in million		New Business Premium (NB) *				Individual (APE) **			
S. No.	INSURER	Apr – Dec 08	Market Share	Apr – Dec 07	Market Share	Apr – Dec 08	Market Share	Apr – Dec 07	Market Share
1	ICICI Prudential	46,766	8.9%	48,159	9.0%	36,463	12.0%	39,941	12.4%
2	SBI Life	36,904	7.1%	23,552	4.4%	18,768	6.2%	13,370	4.1%
3	Bajaj Allianz	30,030	5.7%	37,802	7.1%	26,795	8.8%	33,586	10.4%
4	Reliance Life	23,030	4.4%	13,875	2.6%	19,548	6.5%	10,594	3.3%
5	Birla Sun life	17,887	3.4%	10,973	2.0%	16,061	5.3%	10,123	3.1%
6	Other Pvt insurers	73,801	14.1%	55,451	10.3%	64,737	21.4%	47,437	14.7%
	Total Private Insurers	228,417	43.7%	189,811	35.4%	182,371	60.2%	155,051	48.1%
7	LIC	294,571	56.3%	345,956	64.6%	120,664	39.8%	167,575	51.9%
	Industry	522,989	100.0%	535,767	100.0%	303,035	100.0%	322,626	100%

*Source: IRDA website.

**APE = 10% Single Premium + 100% First premium

Individual APE does not include Group premium

Bajaj Auto Finance Ltd.

A. Industry highlights – 9 months

- ✓ Industry dynamics undergoing changes
- ✓ Pain experienced
 - ❖ Spiraling cost
 - ❖ Poor credit checks
 - ❖ Increase in interest burden
- ✓ Liquidity crunch – frozen credit lines and money market yet to experience full impact of monetary policy actions
- ✓ Non Performing Assets
- ✓ Players withdrawing
- ✓ Rising cost of acquisition, collection and commissions
- ✓ Slowdown in demand across industry
- ✓ Challenges persist on credit checks & verification, dependence on outside agencies, cost of collection, cash collection & productivity

B. Our Focus and Initiatives

- ✓ Created separate verticals for
 - Auto finance (AF)
 - Consumer finance (CF)
- ✓ AF more aligned to requirements of Bajaj Auto
- ✓ AF re-orienting itself to be closer to its customer base and operating out of Bajaj Auto dealerships
- ✓ CF business is purely market driven
- ✓ CF embarks on fresh business initiatives while consolidating its hold on traditional sales finance business lines
- ✓ As key objectives of the verticals are different, each is equipped with its own team for market analysis, credit control and collections
- ✓ Result - better focus and effective monitoring

Our Focus and Initiatives (contd.)

- ✓ Moving closer to its customer, AF operates from 320 locations across 261 cities and towns
- ✓ CF currently operates from 50 cities – critical size being built with “go deep ” market strategy
- ✓ CF - sales finance concentrated on key drivers of revenue – volumes, ticket size and subvention
- ✓ Closure of non-profitable locations
- ✓ Broadening our banking relationship – comfortable liquidity position

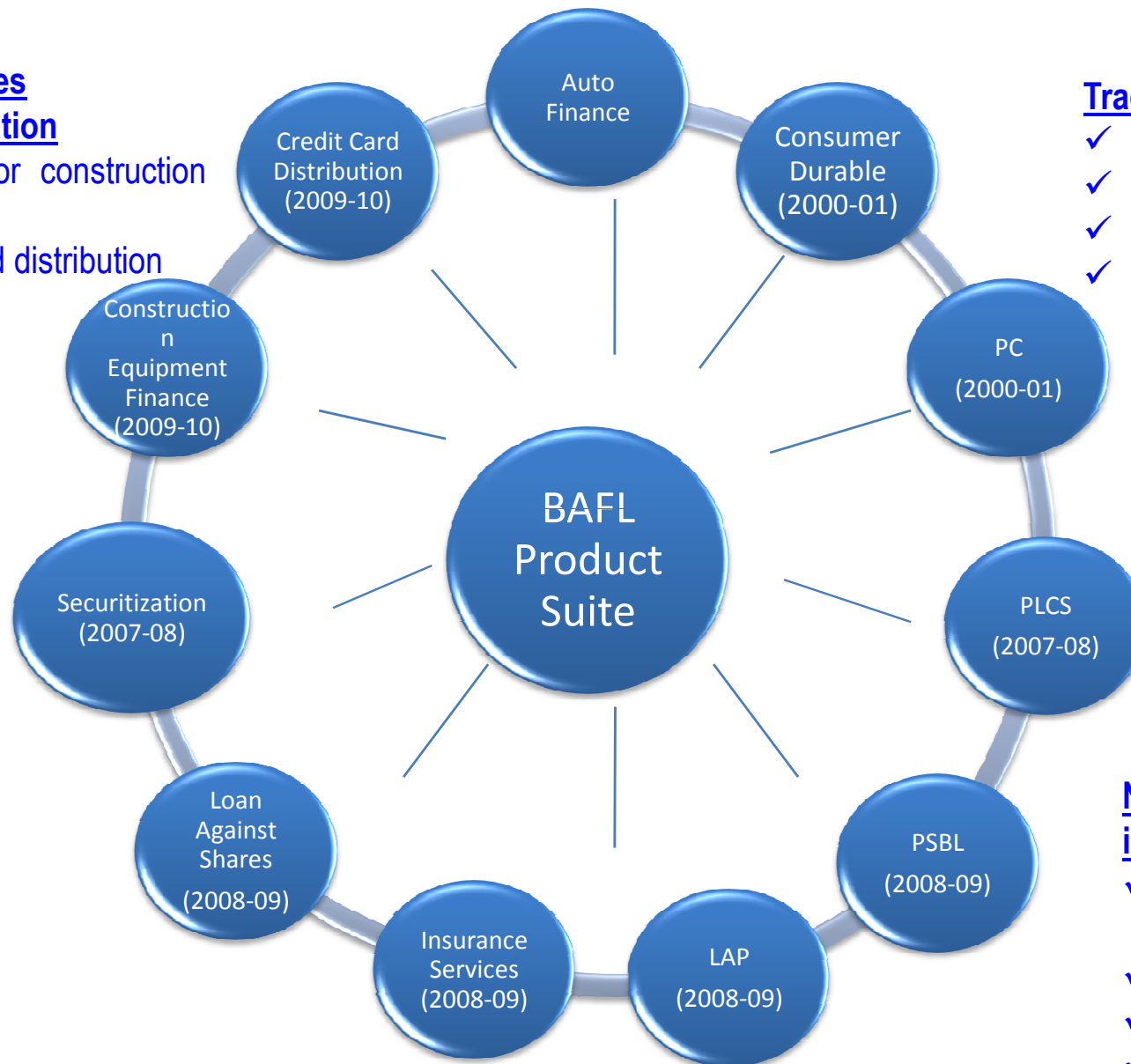
Rs. in million	No	Limits	Utilized
Existing bankers	6	13,140	5,680
Fresh bankers	7	4,100	-
Others	2	7,970	7,970
Total	15	25,210	13,650

- ✓ Migrated to a new technology platform to deliver E2E business process integration from Jan 09

Our product suite

Business lines under evaluation

- ✓ Finance for construction equipment
- ✓ Credit card distribution



Traditional Business

- ✓ Auto finance
- ✓ Consumer durable
- ✓ Personal Computer
- ✓ Personal Loan Cross Sell

New Business lines implemented

- ✓ Personal and small business loan
- ✓ Loan against property
- ✓ Loan against security
- ✓ Insurance services
- ✓ Securitization

C. Performance – Highlights - 9 months

- ✓ Favorable cost to income ratio though loss to revenue line ratio still to improve

	Apr – Dec 08	Apr – Dec 07	2007-08
Cost to net interest income	52.7%	59.3%	58.3%
Loan loss to net interest income	37.9%	31.3%	32.7%

- ✓ Net interest income increased by 23% while operating expense increased by 10%. Management initiatives and cost control delivering significant savings
- ✓ Net Interest Margin increased to 13% during Apr – Dec 08 as against 11% during Apr – Mar 08
- ✓ Weighted average cost of funds ~11%
- ✓ Capital adequacy ratio - 42% (RBI norm - 12%)
- ✓ EPS : Rs. 5.2 in 9M/FY09 as against Rs. 4.4 in 9M/FY08 and Rs. 5.7 in 2007-08
- ✓ Loan losses continue to be a pressure point

Business Indicators

Deployments

Rs. in million	Auto finance	Consumer finance	Total
9M / 2008-09	5,874	12,120	17,994
2007 – 08	14,844	15,519	30,363
2006 - 07	15,652	10,662	26,314

Gross Book size

Rs. in million	Auto finance	Consumer finance	Total
9M / 2008-09	17,272	16,288	33,560
2007 – 08	21,574	11,746	33,320
2006 - 07	20,079	7,542	27,621

Summary results

Rs. in million	9M/0809	9M/0708	Change	2007-08
# No of cases done	463170	836447	-45%	1017953
# Disbursements	17994	23236	-23%	30363
# Net Closing AR	25430	23670	7%	24492
Profitability analysis				
Operating Income	4236	3610	17%	5036
Interest expense	1282	1214	6%	1703
Net Interest income	2954	2396	23%	3333
Operating expenses	1556	1420	10%	1941
Salaries	528	374	41%	500
DMA Costs	202	340	-41%	421
Dealer Incentives	79	114	-31%	150
Recovery commissions	335	258	29%	372
Other expenses	413	333	24%	498
Profit before taxation and Loan Losses	1398	975	43%	1391
Loan losses & provisions	1119	750	49%	1091
Profit before taxation	279	225	24%	300

Bajaj FinServ Ltd

Financial Results

Financials - Standalone

Rs in million	9M/FY09	9M/FY08	FY08	Rs in million	as on Dec 08	as on Dec 07	as on March 08
Total Income	886	828	1,064	Sources of funds			
Employee cost	20	15	21	Share capital	723	723	723
Depreciation	223	224	297	Reserves and surplus	11,437	11,173	11,088
Other expenses	144	57	96	Total shareholders funds	12,160	11,896	11,811
Total Expenses	387	296	414	SICOM (on windmill)	3,108	3,108	3,108
Profit before tax	499	532	650		15,268	15,004	14,919
Provision for tax	150	178	210	Application of funds			
Profit after tax	349	354	440	Fixed assets (net)	784	1,073	999
				Investments at cost	14,034	13,407	13,469
EPS (weighted average)	2.4	2.6	3.1	Net current assets	350	509	425
Dividend			20%	Defered tax adjustment	100	15	26
					15,268	15,004	14,919
				Book value per share	84.1	82.2	81.6

Ownership

Consolidated entities

Subsidiaries & associates	<u>% holding</u>	
✓ Bajaj Allianz Life Insurance	74.0%	
✓ Bajaj Allianz General	74.0%	
✓ Bajaj Auto Finance	40.5%	
✓ Bajaj Allianz Financial	50.0%	
Distributors		
✓ Bajaj Financial Solutions	100.0%	
	<u>Cost</u>	<u>Market Value</u>
➤ Other investments	14,034	12,403

<i>Rs in million</i>		9M / FY09	9M / FY08	FY 08
Key Business Statistics				
Gross Written Premium	Bajaj Allianz Life Insurance	67,436	52,285	97,253
Gross Written Premium	Bajaj Allianz General Insurance	19,973	16,768	25,780
Funds Deployed	Bajaj Auto Finance	17,994	23,236	30,363
Wind energy generated	Bajaj FinServ Ltd	354	317	348

All values in Rs million unless specified otherwise

Consolidated segment financials

<i>Rs in million</i>	9M / FY09	9M / FY08	FY 08
Segment revenue			
General Insurance			
Net premium earned	12,709	9,528	14,155
Investment & Other Income	1,494	1,232	2,001
subtotal	14,203	10,760	16,156
Life Insurance			
Net premium earned	67,264	52,194	97,120
Investment & Other Income	-34,981	31,563	7,948
subtotal	32,283	83,757	105,068
	46,486	94,517	121,224
Windmill	354	317	348
Investments & others	632	473	682
Total	47,472	95,307	122,254

Consolidated segment financials

<i>Rs in million</i>	9M / FY09	9M / FY08	FY 08
Segment Profit / (Loss)			
Insurance - General	752	1,132	1679
- Life	(1,515)	(1,332)	(2139)
subtotal	(763)	(200)	(460)
Windmill	31	40	(27)
Retail financing	76	64	83
Investments & others	446	448	628
Profit before tax	(210)	352	224
Profit after tax & minority interest	(358)	(122)	(327)

Thank you

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