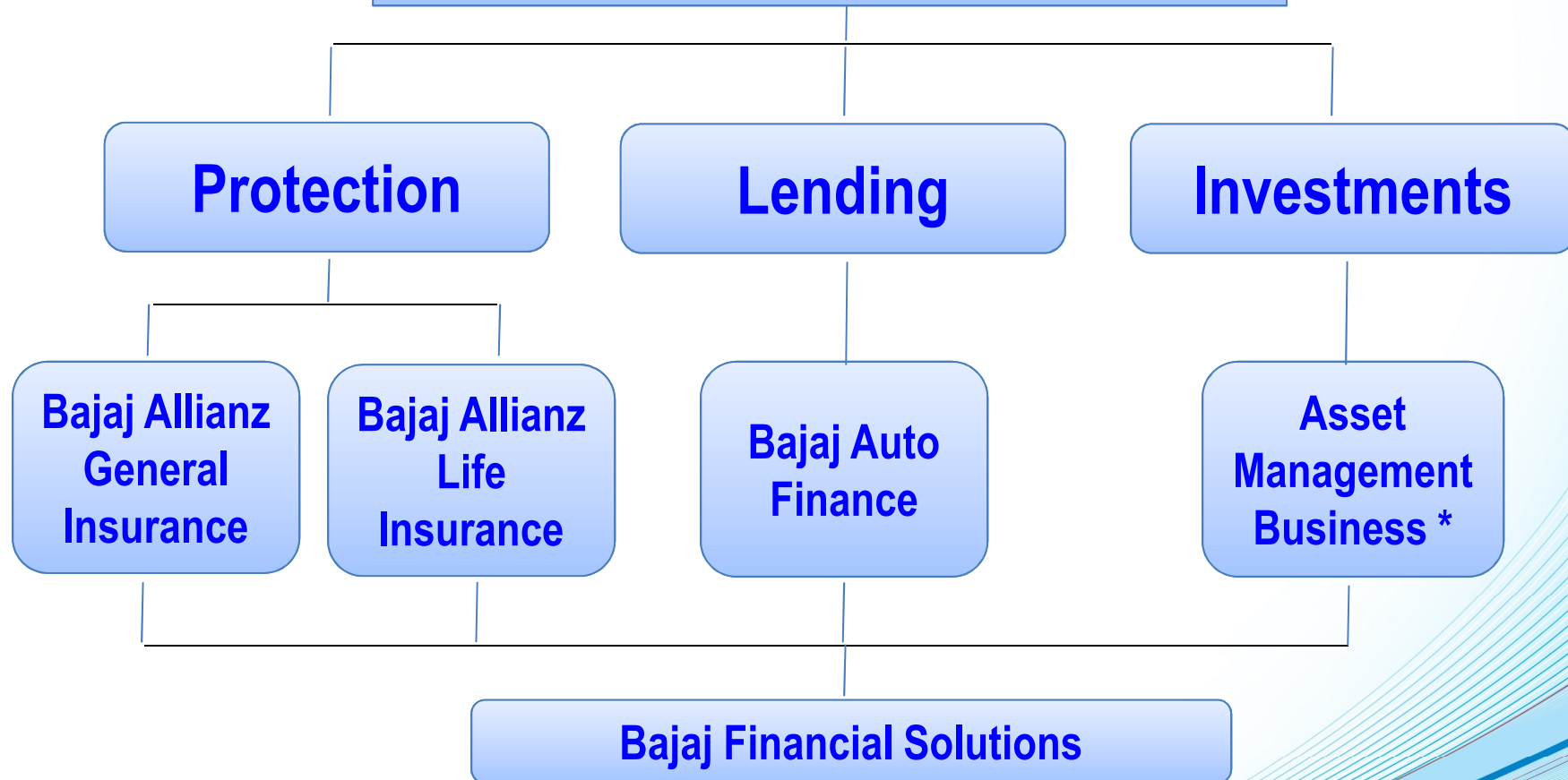




Bajaj Finserv Ltd



BFSL is a **holding** company under which various businesses of Protection, Consumer Lending, Investment management (AMC) and Advisory services reside

* Application papers filed with regulatory bodies

Highlights – 2009-10



- Consolidated **revenues** :
Rs. **237.8** billion v/s Rs. 98.7 billion during previous year
- Consolidated **profit after tax** :
Rs. **5,591** million v/s Rs. 713 million during previous year
- **Life** insurance, shareholders profit after tax : (its first ever profits)
Rs. **5,423** million v/s loss of 707 million during previous year
- **General** insurance, profit after tax : **↑ 27%**
Rs. **1,208** million v/s 952 million during previous year
- **Bajaj Auto Finance**, profit after tax : **↑ 164%**
Rs. **894** million v/s Rs. 339 million during previous year

Focus on customer service quality and operational efficiency to build sustainable revenues; reflected in the best ever performance for all subsidiaries and associates.

Bajaj Finserv has unveiled its new **brand identity**, reflecting its values of **Reliability, Innovation** and **Efficiency**.

Bajaj Finserv Ltd – a sum of



Rs. in million Name of the company	Standalone Profits		Current share-holding	Share of BFSL	
	FY 2009-10	FY 2008-09		FY 2009-10	FY 2008-09
Bajaj Finserv	340	414		340	414
Bajaj Allianz General Insurance	1,208	952	74%	894	704
Bajaj Allianz Life Insurance	5,423	(707)	74%	4,013	(523)
Bajaj Allianz Financial Distributors	26	(13)	50%	13	(7)
Bajaj Auto Finance	894	339	44.64%	382	140
Bajaj Financial Solutions	(20)	-	100%	(20)	-
				5,622	728
Less : Inter-company eliminations				31	15
Consolidated profit for BFSL				5,591	713

Bajaj Finserv Ltd – Consolidated results



(Rs in million)	Q4 2009-10	Q4 2008-09	FY 2009-10	FY 2008-09
Revenue:				
General Insurance	7,136	7,215	21,528	21,418
Life Insurance	48,059	43,616	214,582	75,900
Insurance (subtotal)	55,195	50,831	236,110	97,318
Investment & Others	352	317	1,270	948
Windmill	49	62	431	416
Total Revenue	55,596	51,210	237,811	98,682
Profit / (loss): Pre-tax				
General Insurance	500	744	1,796	1,496
Life Insurance	5,422	808	5,570	(707)
Insurance (subtotal)	5,922	1,552	7,366	789
Investments & Others	174	163	583	608
Retail financing	112	63	382	140
Windmill	(47)	(25)	(28)	7
Profit Before Tax	6,161	1,753	8,303	1,544
Provision for taxation (including deferred tax)	303	351	988	767
Net profit / (loss) for the year	5,858	1,402	7,315	777
Less: Minority Interest in Net Income of subsidiaries	1,476	331	1,724	64
Net profit / (loss) for the period	4,382	1,071	5,591	713

Update

Bajaj Finserv Wealth Management

- Management team in place
- Launch in 5 cities planned by end of 2010

Asset Management Company

- Joint Venture with Allianz
- In-principle license from SEBI (regulator in India) awaited

Bajaj Allianz Life Insurance Co.

Industry Highlights

- The Market grew on New Business Premium basis by 25% as compared to a fall of 6% in previous year.
- Growth picked up in the 2nd half of the year: H2 growth 34% & H1 growth 13%.
- LIC continued to be the market leader with consistent growth in single premium.
- Private sector grew by 12% for the year.
- Increased focus on profitable growth – top private companies reported healthy profits for the year.

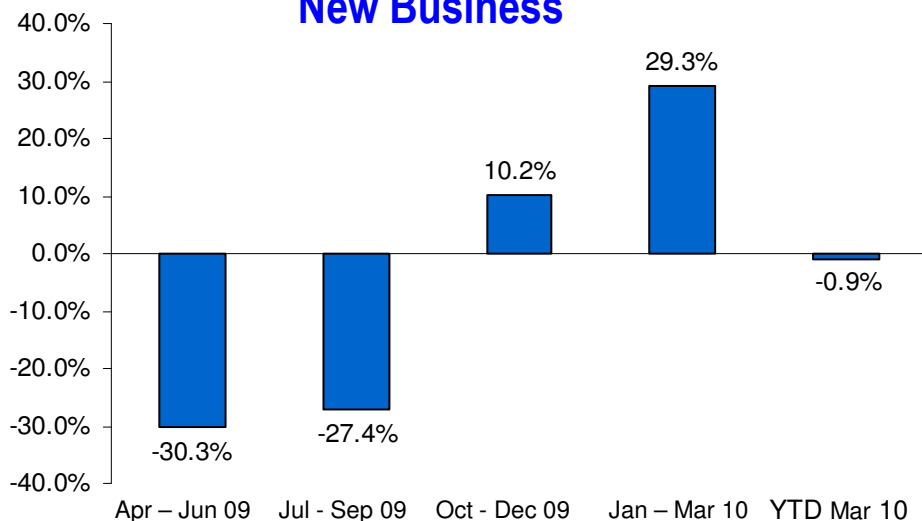
BALIC's Focus and Initiatives

- Introduction of new product like – Max Gain, Wealth Gain, Shield Plus and reduce dependence on few products.
- Increased share of non-unit linked business in current year.
- Focus on Micro Insurance product with small premium size to cater to the demands of customer in the lower income segment.
- Expense management and control by reduction in acquisition and management expense.
- Separate renewal vertical to focus on renewal collections.
- Conservation ratio for the year is 68.7% as compared to 68.4% corresponding previous year.

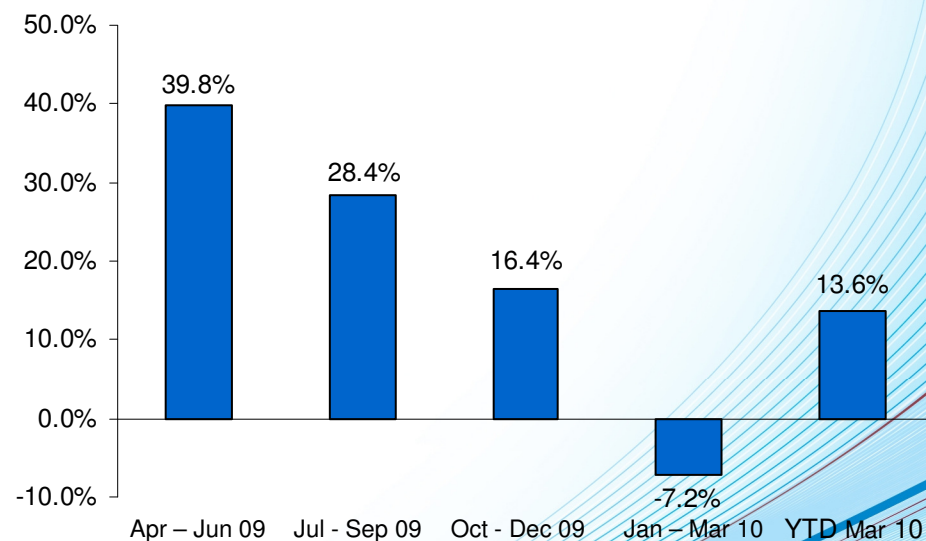
BALIC Premium – Growth rate



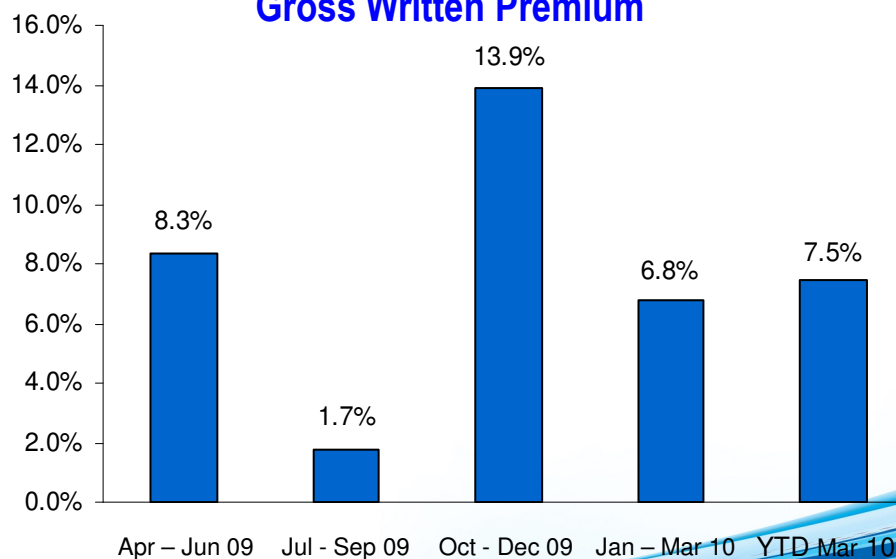
New Business



Renewal

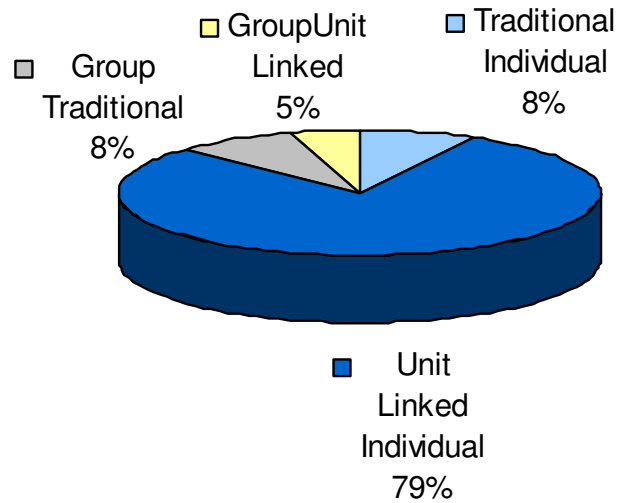


Gross Written Premium

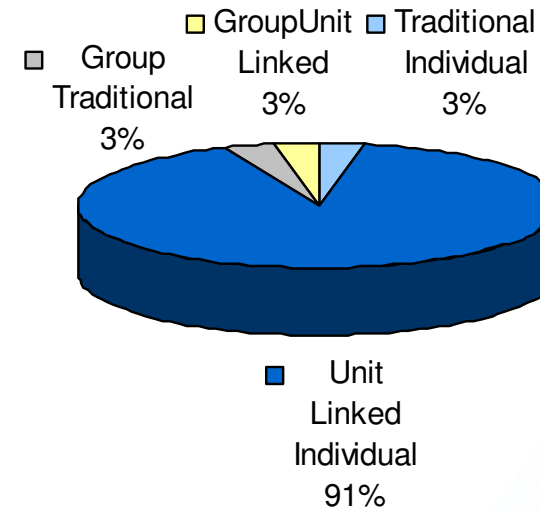


BALIC New Business Share

YTD Mar 10



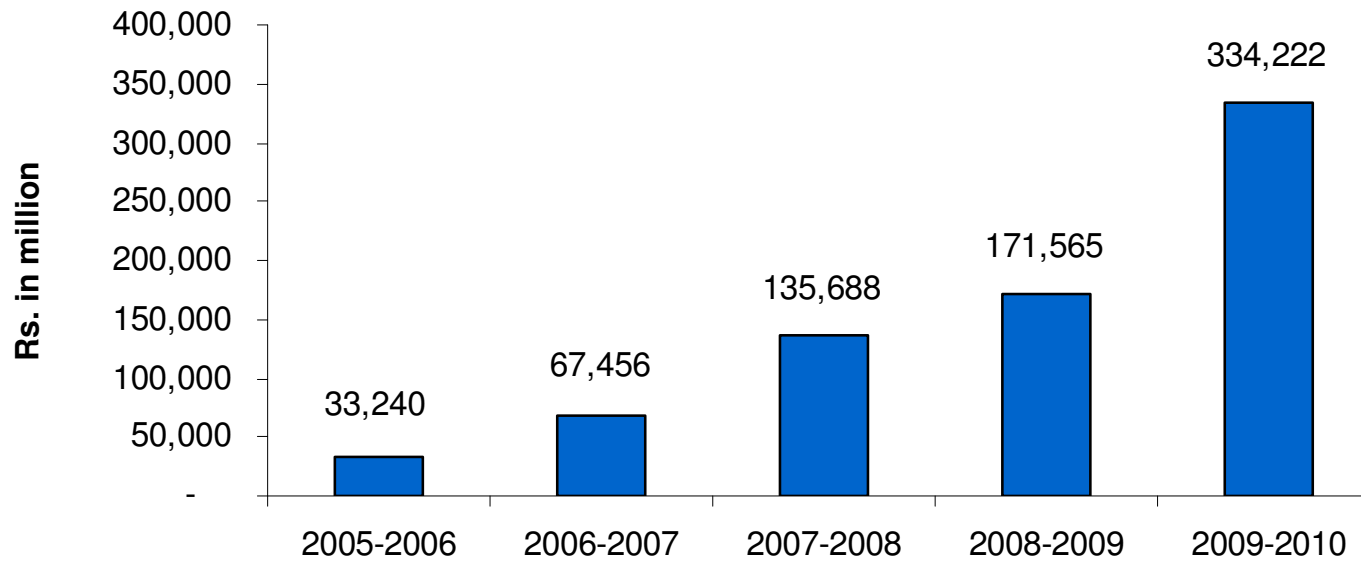
YTD Mar 09



Rs. in million

Particulars	FY 2009-10	FY 2008-09
Traditional Individual	3,513	1,414
Unit Linked Individual	35,340	40,590
Group Traditional	3,510	1,529
Group Unit Linked	2,148	1,381
Total	44,511	44,914

BALIC Investment – Growth



Rs. in million	2005-06	2006-07	2007-08	2008-09	2009-10
Investments	33,240	67,456	135,688	171,565	334,222
Growth	254.6%	102.9%	101.2%	26.4%	94.8%

Summary Results

Rs. in millions	Q4 2009-10	Q4 2008-09	FY 2009-10	FY 2008-09
Gross written premium	41,435	38,809	114,197	106,245
New business premium	19,221	14,882	44,511	44,914
Renewal premium	22,214	23,927	69,686	61,331
Profit / (Loss) after tax	801	370	4,274	407
Shareholder Profit/(Loss)*	5,293	808	5,423	(707)

Shareholders' profit for the year is Rs 5,423 million - this comprises of current year distribution of surplus to shareholder of Rs 4,170 million and a transfer of Rs1,253 million from Funds for Future Appropriation (including Rs 1,100 million is on account of release from "Reserve for Lapsed unit linked policies unlikely to be revived")

- Best in class operating efficiencies as reflected in the operating expense ratios
- BALIC's focus is on improving profitability by diversifying the product mix and reducing operating and commission expenses

	FY 2009-10	FY 2008-09
NB Comm ratio	16.6%	18.6%
Comm to GWP	8.5%	9.9%
Opex ratio	14.4%	16.2%

NB comm ratio = New Business Commission/New Business premium

Opex Ratio = Operating expenses/Gross Written Premium.

Operating expense is net of service tax borne by policyholders

Comm to GWP = Total Commission/Gross Written Premium

Summary Results – New Business Achieved Profit (NBAP)

Period	NBAP*	Annualised Premium
	Rs. in billion	Rs. in billion
FY 2009-10	6.08	33.08
FY 2008-09	7.21	38.79
FY 2007-08	12.03	59.99
FY 2006-07	7.04	31.97

* NBAP is for Individual policies

NBAP Comparison with other Life Companies might not be very relevant as actuarial Assumptions & methodology used are likely to vary from Company to Company, in the absence of any common agreed process.

Challenges

- Regulatory challenges
- Improving conservation ratio
- Improving agent productivity
- Control on acquisition and operating expenses
- Withdrawals after 3 years.

Bajaj Allianz General Insurance Co.

Industry - post de-tariffication

- ✓ Mounting underwriting losses – Underwriting losses of industry increased from Rs 26 billion in 2006-07 to Rs 53 billion in 2008-09
- ✓ Combined ratios increased from 116% in 2006-07 to 123% in 2008-09
- ✓ Industry Return on shareholders' funds fell from 7.5% in 2006-07 to 1% in 2008-09
- ✓ Losses from Motor Pool over Rs 18 billion in the first three years
- ✓ The main reasons for fall in profitability are
 - High discounting post removal of tariff in Fire, Engineering, Motor own damage
 - Sharing of losses from Motor pool in proportion to market share – this means growth in market share comes with higher share of such losses
 - Increased intensity of competition with more new players
 - Higher tax on realized profits on sale of investments from 01 April 2010 will hurt those companies which have high reliance on such profits

Industry highlights

- ✓ Market grew by 13.4% as compared to 9% in previous year
 - ❖ Private sector : 12.8%
 - ❖ Public sector : 13.8%
- ✓ Top 4 private companies lost market share as they sought to improve combined ratios
- ✓ New smaller companies and public sector pushing for top line.
- ✓ Aggressive growth strategies carry cost of losing on bottom line and has not paid dividends
- ✓ High discounts on corporate business continues – intense price competition in retail business.
- ✓ Two new companies licensed will add to competitive pressures

Our Focus and Initiatives

- ✓ In this challenging environment, we have sought to focus on:
 - Improving profitability through better selection of business
 - Focus on improving renewal ratios where we have information advantage
 - Not underwriting lines or relationships which have high loss ratios.

- ✓ Key areas which contributed to profitability :-
 - Improved risk selection— focus on customers, channels and risks which meet benchmark of profitability
 - Reduction in losses from Group health through centralized underwriting
 - Chasing profitable renewals more aggressively
 - Reduction in operating expenses.

Performance - Highlights

- ✓ Improved underwriting result with an underwriting profit
 - Combined Ratio - YTD combined ratio at 99.6% (PY 101.2%)
- ✓ PBT - YTD up 20% Y-O-Y.
- ✓ Maintained market position – after negative growth in Q1,Q2 and flat Q3, we grew 9.7% in Q4
- ✓ Market share at 7.2% in FY10 as against 8.6% in FY09
- ✓ Business mix continues to be largely retail

GWP	Apr – Mar10	Apr-Mar09
Retail		
- Motor	57.5%	59.8%
- Health	7.7%	8.6%
sub-total	65.2%	68.4%
Corporate	27.6%	24.6%
Others	7.2%	7.0%

Summary Results 2009-10

<i>Rs in million</i>	Q4 2009-10	Q4 2008-09	FY 2009-10	FY 2008-09	Change YoY
Gross Written Premium*	7,150	6,518	25,155	26,491	-5.0%
Net Earned Premium*	4,079	4,250	16,710	16,960	-1.5%
Underwriting results excluding losses from Motor Pool	-13	57	59	-196	-129.9%
Provision for Motor Pool losses	-46	-52	-561	-532	
Interest/dividend	550	518	2,207	2,061	7.1%
Capital gains	11	221	93	164	-43.2%
Profit before tax (PBT)	502	745	1,798	1,498	20.1%
Profit after tax (PAT)	383	464	1,208	952	27.0%

* Premiums exclude inward reinsurance premiums from Motor Pool

Balance sheet highlights

Rs. in million	As on 31-Mar-10	As on 31-Mar-09
Investment in shares	28	NIL
Bonds, cash, mutual funds etc.	28,251	24,786
Total Cash and investments	28,279	24,786
Share Capital + premium	2,768	2,768
Total shareholders' equity	7,928	6,725

- ✓ *Invested surplus increased by Rs 3,493 million in Current year .*
- ✓ *No fresh capital introduced during the year*

Key Ratios

	2009-10	2008-09
Loss Ratio	66.4%	66.0%
Combined Ratio excluding pool losses	99.6%	101.2%
Combined Ratio including pool losses	102.7%	103.8%

Challenges and way forward

- ✓ Competitive pressures likely to continue as smaller companies, new companies and public sector push for top line
- ✓ Growth environment improved but prudent selection and economic pricing will continue to drive our strategy.
- ✓ We will continue our focus on
 - Maximizing net realization after acquisition costs
 - Retaining and growing profitable relationships on the retail segment
 - Maintaining strong profitability bias in underwriting and selection

Bajaj Auto Finance

2009-10 Overview

■ A year of records

Record **deployment** : Rs. **45,851** million; Record total **income** : Rs. **9,162** million

Record **Profit** after tax : Rs. **894** million

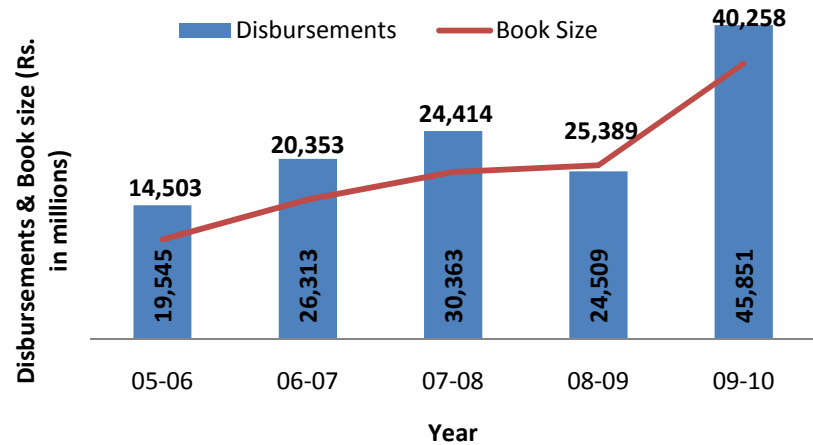
- **Full year PAT** growth of **213%** to Rs. **1063** million, if adjusted for one time provisioning impact of Rs. 257 million.
- Continued **strong momentum** in consumer businesses viz. Two-wheeler & Durables financing. Strong recovery in small businesses viz. Personal & small business loan and Loan against property.
- Borrowings in longer tenor during the year (Rs. 16,500 million) has strengthened ALM
- **Improvement** in portfolio quality across businesses.
- **Capital adequacy** ratio stood at **26%**, well above RBI norm of 12%
- Holding **credit ratings** at FAA+, P1+ and FAAA.
- **Launched** Construction equipment financing and Retail loan against shares in April 10.

Summary Income Statement

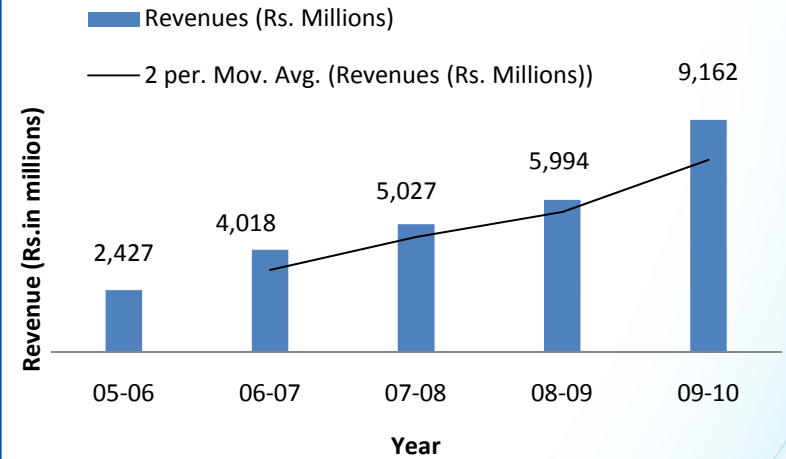
Rs. in million	Q4 2009-10	Q4 2008-09	FY 2009-10	FY 2008-09	Change YoY
Income from operations	2,245	1,580	8,097	5,095	59%
Other operating income	324	178	1,065	899	
Total income	2,569	1,758	9,162	5,994	53%
Interest & other finance charges	587	362	2,017	1,644	23%
Net interest income	1,982	1,396	7,145	4,350	64%
Operating expenses	610	520	2,635	1,741	51%
Recovery commission	132	128	561	463	21%
Provision for bad & doubtful debts	887	517	2,606	1,636	59%
Provision for doubtful debts + recovery commission	1,019	645	3,167	2,099	51%
Profit before tax	353	231	1,343	510	163%
Tax expense	101	80	449	171	
Profit after tax	252	151	894	339	
Earnings per share	6.88	4.12	24.43	9.27	
Operating expenses (including recovery commission) as a % of NII	38%	46%	45%	51%	

Key statistics

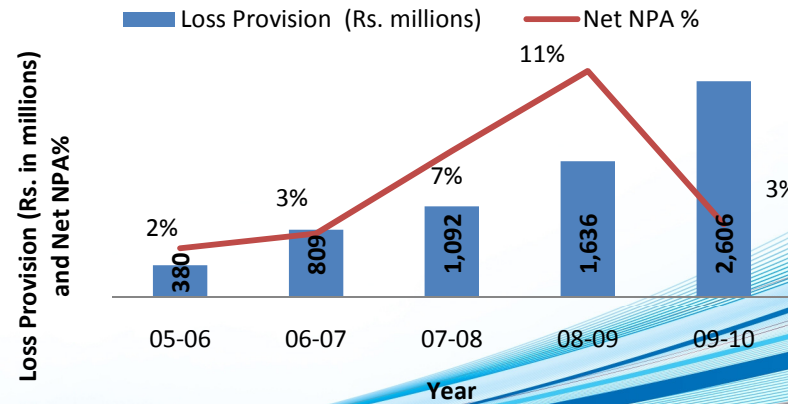
Disbursements and book size



Revenues

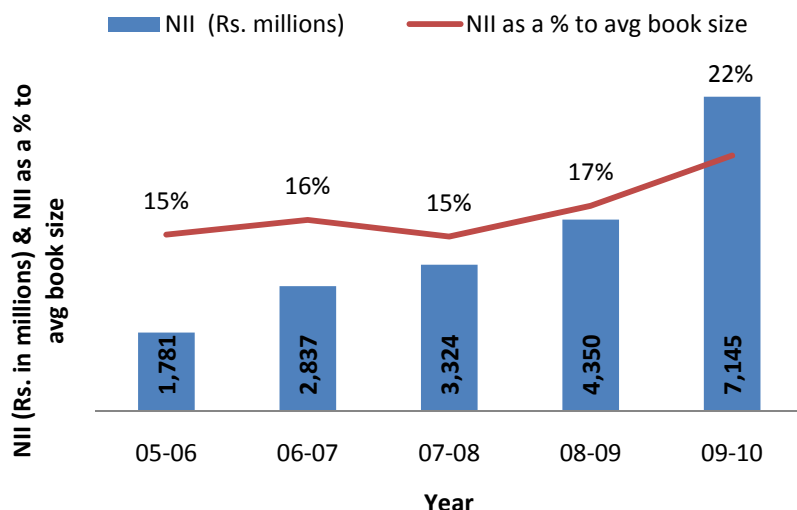


Loss provision and Net NPA %

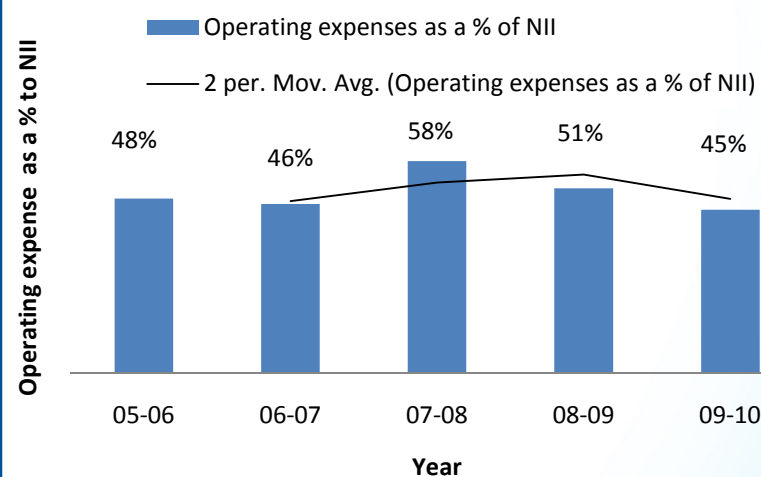


Key statistics

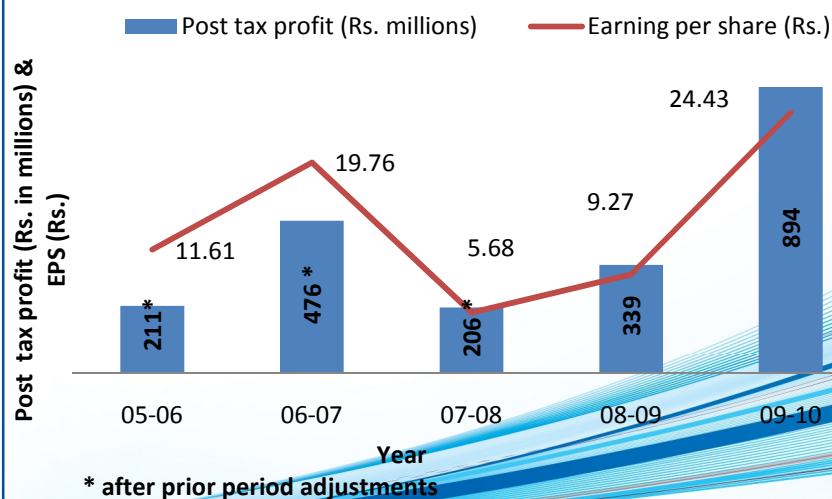
NII and NII as a % to book size



Operating Expenses % of NII



Post-tax profit and Basic Earning per share



Thank you

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