



26th July 2010



Recent Updates



Bajaj Finance

- Bajaj Auto Finance is now renamed as Bajaj Finance.
- Bajaj Finserv increased its shareholding in Bajaj Finance to **50.43%** from 44.64%, thereby making Bajaj Finance its subsidiary (as on 5th July 10).

Wealth Management

- Bajaj Financial Solutions, a 100% subsidiary of Bajaj Finserv, formed to provide financial advisory services and quality transaction execution platform.
- Bajaj Financial Securities, 100% subsidiary of Bajaj Financial Solutions, formed to provide a capital market execution platform as well as license to act as depository participant.
- Registered as a Mutual Fund Advisor with AMFI.
- Empanelled with 22 asset management companies.
- BFinSec has received SEBI registration for BSE to act as Trading and Clearing member. Initiated process of applying to NSE for its membership.
- 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 Finserv – Q1 : Consolidated results



| (Rs in million) | Q1 2010-11 | Q1 2009-10 | FY 2009-10 | FY 2008-09 |
|---|---------------|---------------|---------------|---------------|
| Revenue: | | | | |
| General Insurance | 5,169 | 4,903 | 21,528 | 21,418 |
| Life Insurance | 27,635 | 67,708 | 214,582 | 75,900 |
| Insurance (subtotal) | 32,804 | 72,611 | 236,110 | 97,318 |
| Investment & Others | 302 | 321 | 1,270 | 948 |
| Windmill | 103 | 106 | 431 | 416 |
| Profit / (loss): Pre-tax | | | | |
| General Insurance | 461 | 421 | 1,796 | 1,496 |
| Life Insurance | 169 | 102 | 5,570 | (707) |
| Insurance (subtotal) | 630 | 523 | 7,366 | 789 |
| Investments & Others | 142 | 183 | 583 | 608 |
| Retail financing | 209 | 64 | 382 | 140 |
| Windmill | 38 | (37) | (28) | 7 |
| Profit Before Tax | 1,019 | 733 | 8,303 | 1,544 |
| Provision for taxation (including deferred tax) | 241 | 219 | 988 | 767 |
| Net profit / (loss) for the year | 778 | 514 | 7,315 | 777 |
| Less: Minority Interest in Net Income of subsidiaries | 117 | 93 | 1,724 | 64 |
| Net profit / (loss) for the period | 661 | 421 | 5,591 | 713 |

Bajaj Allianz Life Insurance Co.

Industry Highlights

- The Market grew on New Business Premium basis by 61% as compared to 7% for the period April – May 10.
- LIC continued to be the market leader with consistent growth in single premium.
- Private sector grew by 18% for the period April – May 10.
- Increased focus on profitable growth – for top private companies.

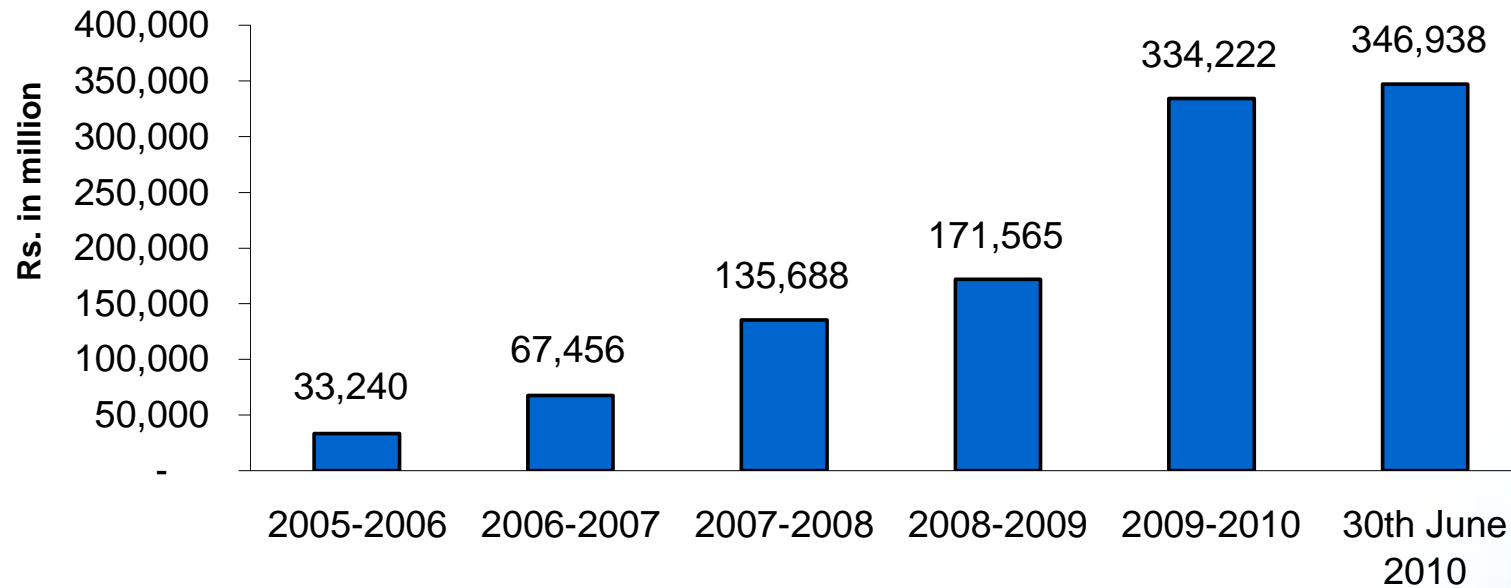
BALIC's Focus & Initiatives

- Continuing with its strategy of focussing on growth without compromising profitability
- Reduced dependence on ULIP products. Share of unit linked business for Q1 / 2010-11 is **73%** as compared to 86% in Q1 / 2009-10.
- Increased focus on reducing costs, controlling of acquisition and management costs.

BALIC Highlights – Q1 / 2010-11

- Overall profit for Q1 / 2010-11 was **Rs. 1,695** million as compared to profit of Rs. 684 million in Q1 / 2009-10.
- New business premium for Q1 / 2010-11 increased to **Rs. 6,027** million as compared to Rs.5,775 million in Q1 / 2009-10 – growth of 4%.
- Renewal premium for Q1 / 2010-11 was **Rs. 12,424** million as against Rs. 14,233 million during the Q1 / 2009-10.
- Gross written premium (GWP) for Q1 / 2010-11 was **Rs. 18,451** million as compared to Rs. 20,009 million in Q1 / 2009-10.
- Solvency ratio stood at a healthy **286%** as on 30th June 2010 as against the minimum regulatory requirement of 150%.
- Total investments as at 30th June 2010 stood at **Rs.346,938** million.

BALIC Investment – Growth



| Rs. in million | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 30 th June 2010 |
|----------------|---------|---------|---------|---------|---------|----------------------------|
| Investments | 33,240 | 67,456 | 135,688 | 171,565 | 334,222 | 346,938 |
| Growth | | 254.6% | 102.9% | 101.2% | 26.4% | 94.8% |

Summary Results

| Rs. in millions | Q1 2010-11 | Q1 2009-10 | FY 2009-10 | FY 2008-09 |
|-----------------------------|---------------|---------------|---------------|---------------|
| Gross written premium | 18,451 | 20,009 | 114,197 | 106,245 |
| New business premium | 6,027 | 5,775 | 44,511 | 44,914 |
| Renewal premium | 12,424 | 14,233 | 69,686 | 61,331 |
| Profit / (Loss) after tax | 1,695 | 684 | 4,274 | 407 |
| Shareholder Profit/(Loss) | 146 | 88 | * 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

| | Q1 2010-11 | Q1 2009-10 | FY 2009-10 | FY 2008-09 |
|---------------|---------------|---------------|---------------|---------------|
| NB Comm ratio | 17.1% | 21.8% | 16.6% | 18.6% |
| Comm to GWP | 7.6% | 8.9% | 8.5% | 9.9% |
| Opex ratio | 19.0% | 18.0% | 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 and Cenvat reversal

Comm to GWP = Total Commission/Gross Written Premium

Bajaj Allianz General Insurance Co.

Industry highlights

- Market grew by 21.8% in Q1 / 2010-11 v/s 13.4% in 2009-10.
 - ❖ Private sector : 21.6%
 - ❖ Public sector : 21.9%
- Top 4 private companies lost market share as they sought to improve combined ratios.
- High discounts on corporate business continues – intense competition in retail business.
- Two new companies licensed will add to competitive pressures

BAGIC's Focus & Initiatives

- Improving profitability through better selection of business.
- Improve renewal ratios where we have information advantage. Chasing profitable renewals more aggressively.
- Reduction in losses from Group health through centralized underwriting.
- Reduction in operating expenses.

BAGIC Highlights – Q1 / 2010-11

- Posted a profit after tax of **Rs. 307** million as against Rs. 268 million during Q1 / 2009-10.
- Growth momentum witnessed in Q4 / 2009-10 continued. Gross written premium for Q1 / 2010-11 increased to **Rs. 7,181** million as against to Rs. 6,347 million in Q1 / 2009-10.
- Net earned premium for Q1 / 2010-11 was **Rs. 4,538** million as compared to Rs. 4,321 million in Q1 / 2009-10 – reflecting the strong policy retention capabilities of the company.
- Maintained underwriting results; Combined Ratio – **103.7%**
- Cash and investments as on 30th June 2010 stood at **Rs.33,074** million.
- BAGIC ranks **second** among the private insurers with a market share of 6.3%.

Summary Results

| <i>Rs in million</i> | Q1 2010-11 | Q1 2009-10 | Change QoQ | FY 2009-10 | FY 2008-09 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Gross Written Premium* | 7,181 | 6,347 | 13% | 25,155 | 26,491 |
| Net Earned Premium* | 4,538 | 4,321 | 5% | 16,710 | 16,960 |
| Underwriting results | -168 | -159 | | -502 | -727 |
| Interest/dividend | 602 | 557 | 8% | 2,207 | 2,061 |
| Capital gains | 27 | 23 | | 93 | 164 |
| Profit before tax (PBT) | 461 | 421 | 10% | 1,798 | 1,498 |
| Profit after tax (PAT) | 307 | 268 | 15% | 1,208 | 952 |

* Premiums exclude inward reinsurance premiums from Motor Pool

Balance sheet highlights

| <i>Rs. in million</i> | As on 30-Jun-10 | As on 31-Mar-10 | As on 31-Mar-09 |
|-----------------------------------|--------------------|--------------------|--------------------|
| Investment in shares | 29 | 28 | NIL |
| Bonds, cash, mutual funds etc. | 33,045 | 28,251 | 24,786 |
| Total Cash and investments | * 33,074 | 28,279 | 24,786 |
| Share Capital + premium | 2,768 | 2,768 | 2,768 |
| Total shareholders' equity | 8,235 | 7,928 | 6,725 |

* includes investments on behalf of motor pool of Rs. 2.8 billion

Business Mix

| GWP | Q1 / 2010-11 | 2009-10 | 2008-09 |
|------------------|--------------|--------------|--------------|
| Retail | | | |
| - Motor | 57.3% | 57.5% | 59.8% |
| - Health | 6.5% | 7.7% | 8.6% |
| sub-total | 63.8% | 65.2% | 68.4% |
| Corporate | 29.5% | 27.6% | 24.6% |
| Others | 6.7% | 7.2% | 7.0% |

Key Ratios

| | Q1 2010-11 | FY 2009-10 | FY 2008-09 |
|--------------------------------------|---------------|---------------|---------------|
| Loss ratio | 68.6% | 66.4% | 66.0% |
| Combined ratio including pool losses | 103.7% | 102.7% | 103.8% |

Bajaj Finance

Highlights – Q1 / 2010-11

- **A record performance delivered**

Profit after tax : tripled to Rs. **468** million v/s Rs. 152 million during Q1 / 2009-10.

Deployment : Rs. **20,466** million v/s Rs. 10,459 million during Q1 / 2009-10.

Total income : Rs. **2,967** million v/s Rs. 1,898 million during Q1 / 2009-10.

Return on assets (annualized) stand at **4.2%** v/s 2.0% during Q1 / 2009-10.

- **Strong momentum** in consumer and SME business lines.

- Borrowings in longer tenor has further strengthened ALM.

- **Improvement** in overall portfolio quality across businesses.

- **Capital adequacy** ratio stood at **23%**, 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 – deployments were Rs. 1,311 million.

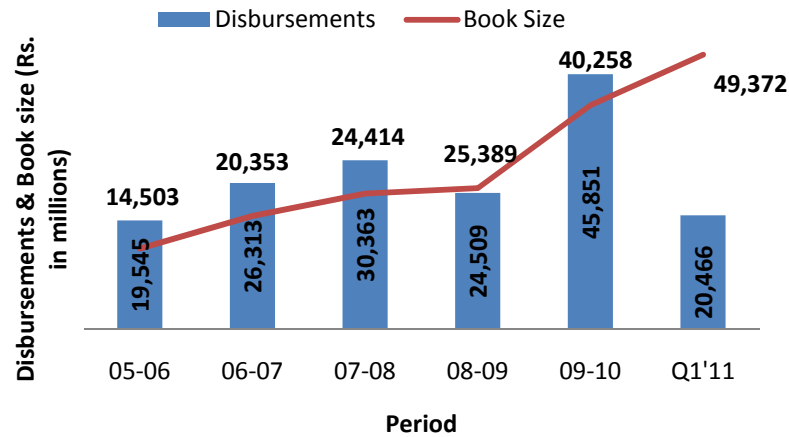
- Launched web enabled **B2B** and **B2C** initiatives; an enabler to superior process and customer service experience.

Summary Income Statement

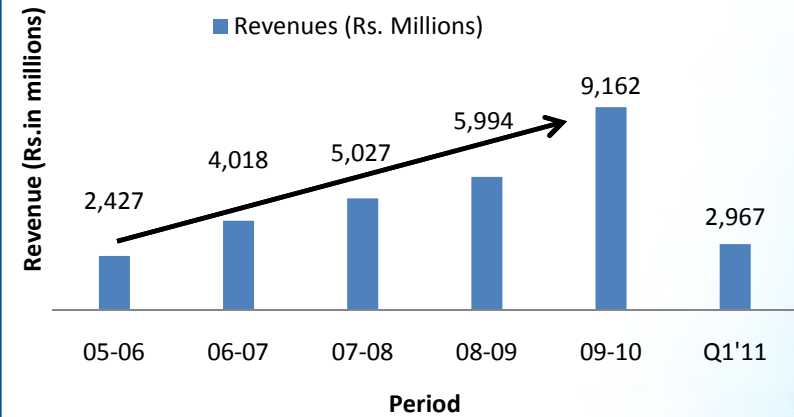
| Rs. in million | Q1 2010-11 | Q1 2009-10 | Change QoQ | FY 2009-10 |
|---|---------------|---------------|---------------|---------------|
| Book size | 49,372 | 28,951 | 71% | 40,258 |
| Income from operations | 2,701 | 1,649 | 64% | 8,097 |
| Other income | 266 | 249 | 7% | 1,065 |
| Total income | 2,967 | 1,898 | 56% | 9,162 |
| Interest & other finance charges | 727 | 416 | 75% | 2,017 |
| Net interest income | 2,240 | 1,482 | 51% | 7,145 |
| Operating expenses | 815 | 586 | 39% | 2,635 |
| Recovery commission | 113 | 127 | -11% | 561 |
| Provision for bad & doubtful debts | 606 | 536 | 13% | 2,606 |
| Profit before tax | 706 | 233 | 203% | 1,343 |
| Tax expense | 238 | 81 | | 449 |
| Profit after tax | 468 | 152 | 208% | 894 |
| Earnings per share | 12.78 | 4.16 | | 24.43 |
| Opg exp (including recovery commission) as a % of NII | 41% | 48% | | 45% |

Key statistics

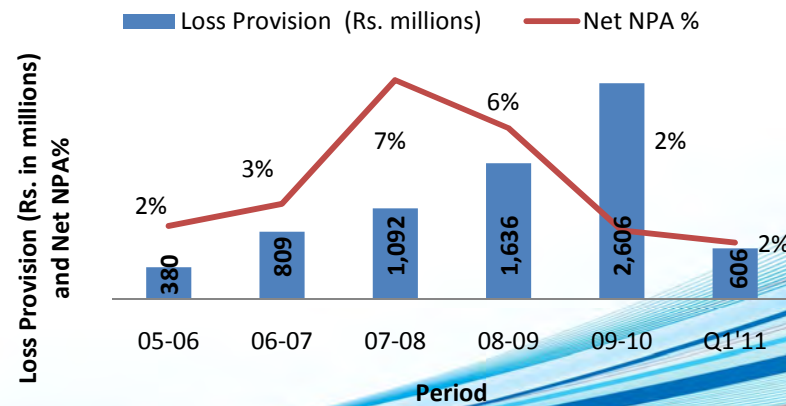
Disbursements and book size



Revenues

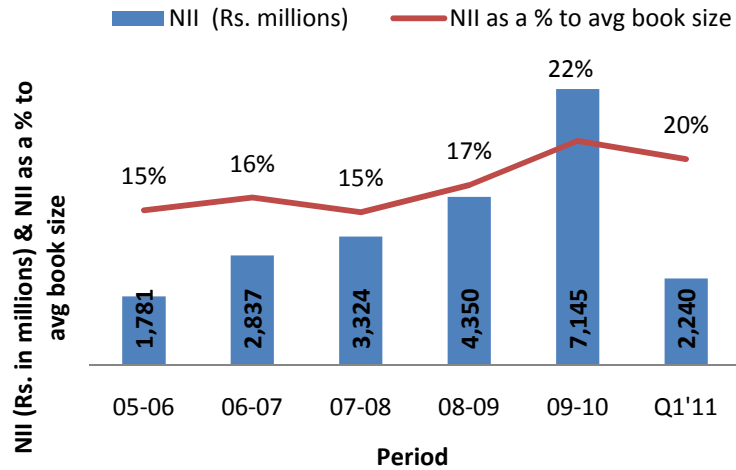


Loss provision and Net NPA %

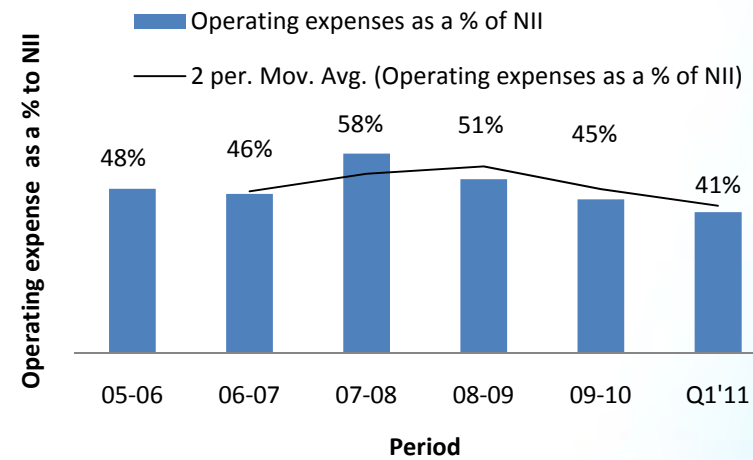


Key statistics

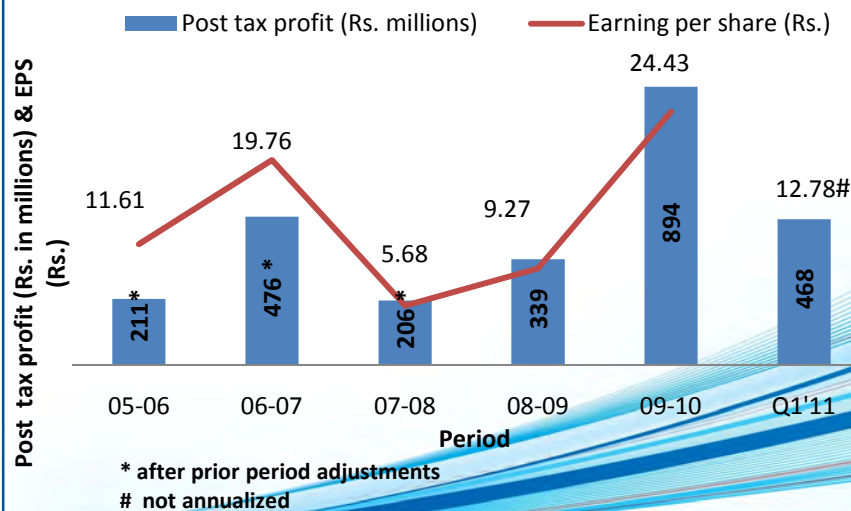
NII and NII as a % to book size



Operating Expenses % of NII



Post-tax profit and Basic Earning per share



Thank you

No part of this presentation is to be circulated, quoted, or reproduced for any distribution without prior written approval from Bajaj FinServ Limited, Mumbai-Pune Road, Akurdi, Pune-411 035, India.

Certain part of this presentation describing estimates, objectives and projections may be a “forward looking statement” within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Undue reliance should not be placed on such statements & values because by their nature, they are subject to known and unknown risks and uncertainties and can be affected by numerous factors that could cause actual results to differ materially. This material was used by Bajaj FinServ Limited during an oral presentation; it is not a complete record of the discussion.