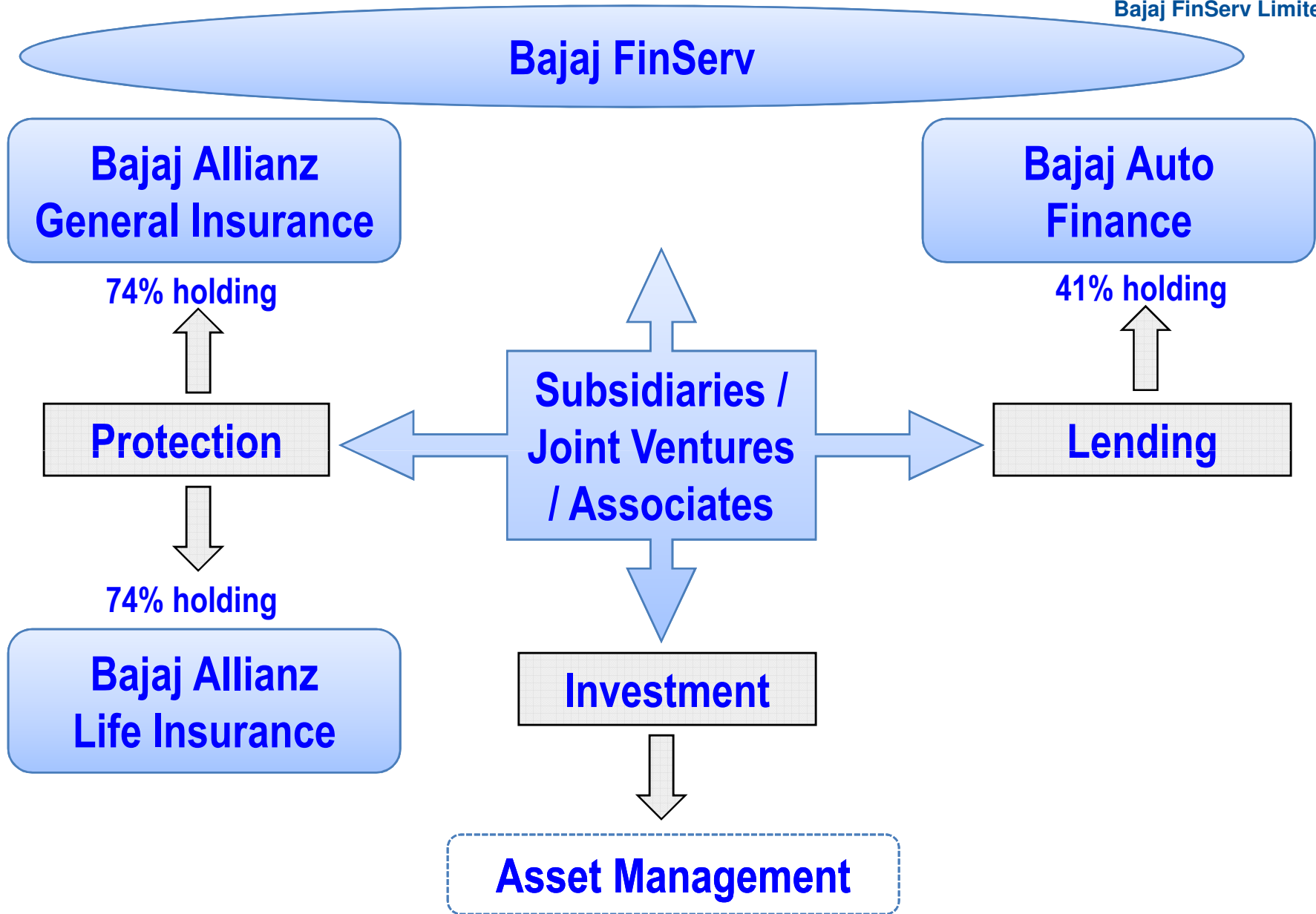


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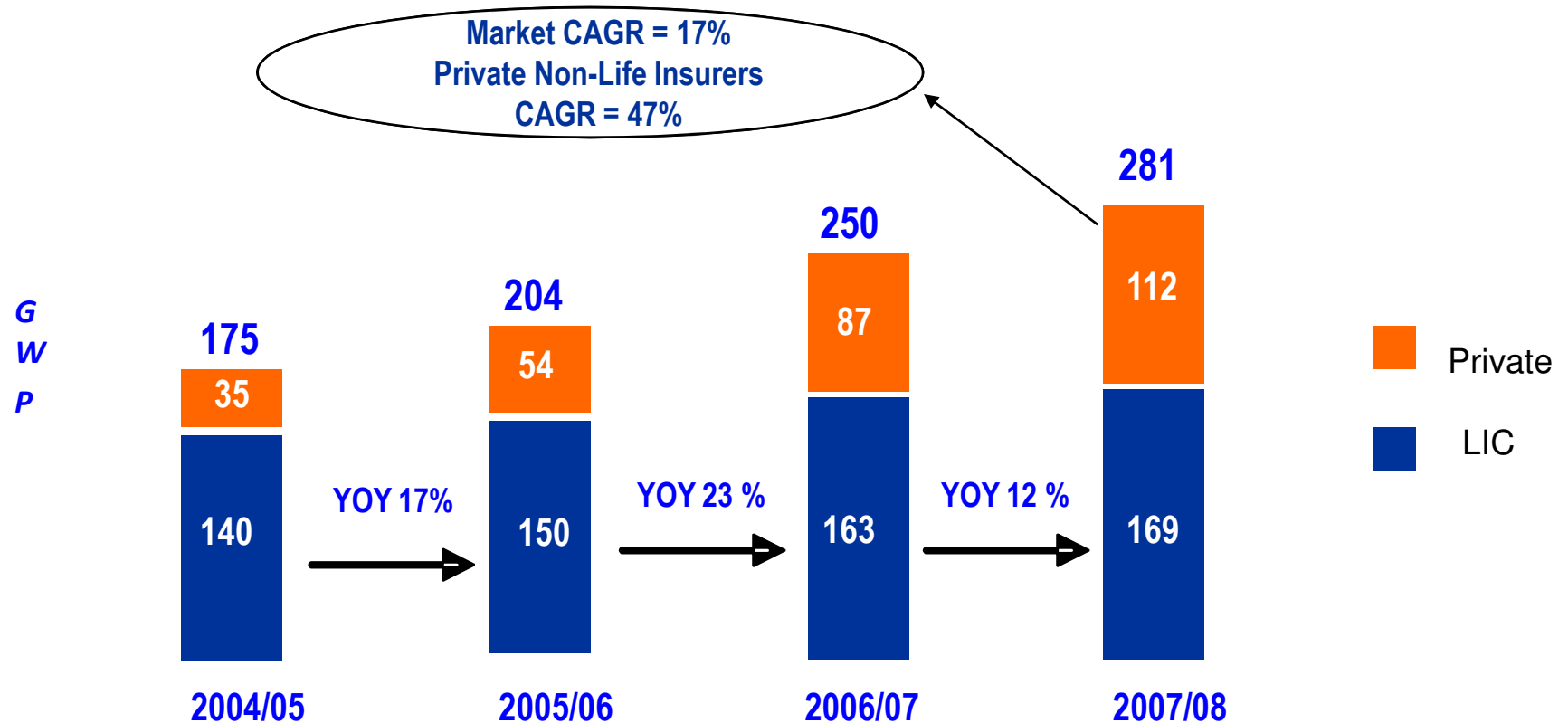
Bajaj FinServ Limited

Model



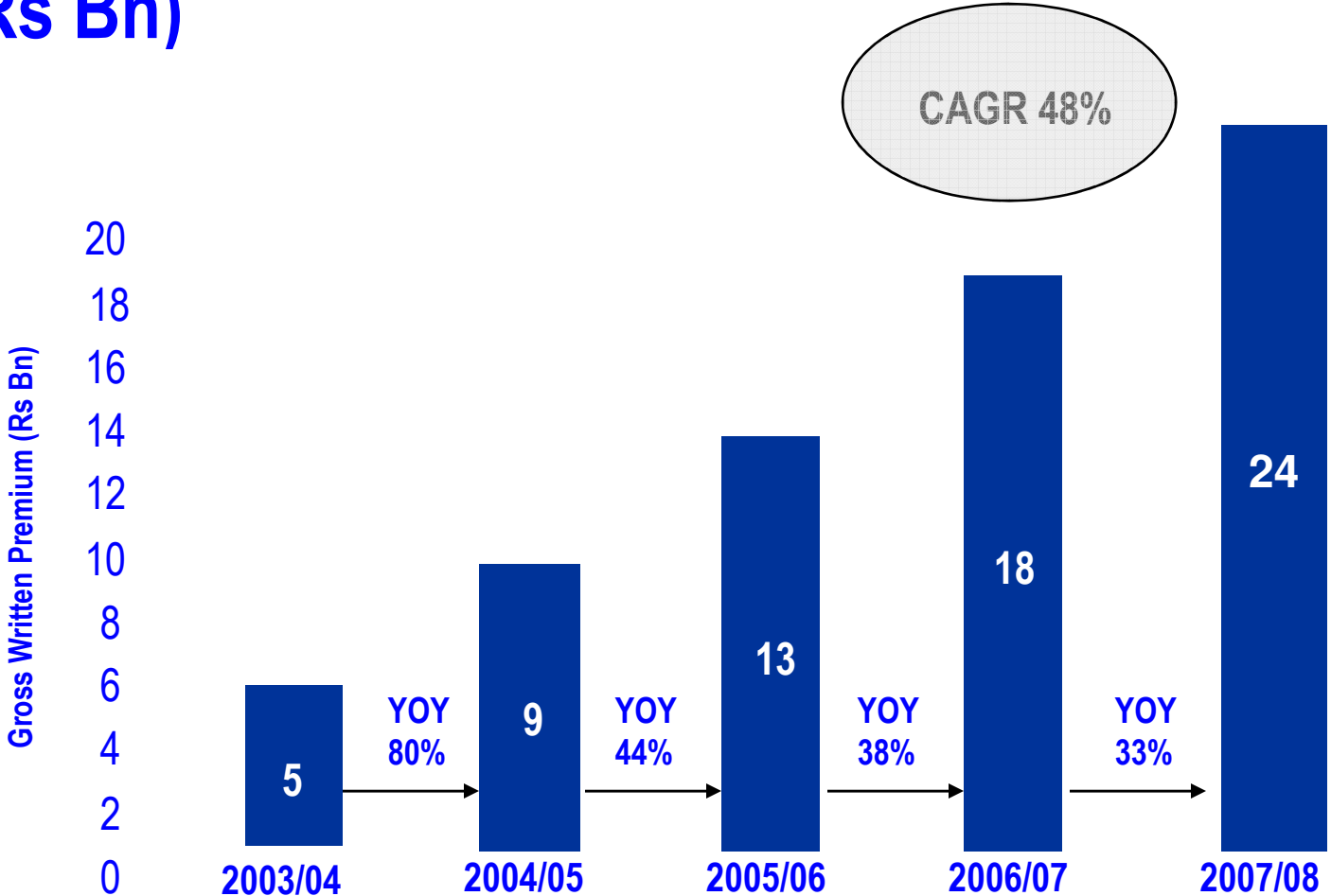
Bajaj Allianz General Insurance Co.

Non-Life Insurance Market Growth (Rs Bn)



Private sector insurer's share increased from 20% to 40% in 4 years

Bajaj Allianz General – the growth story (Rs Bn)



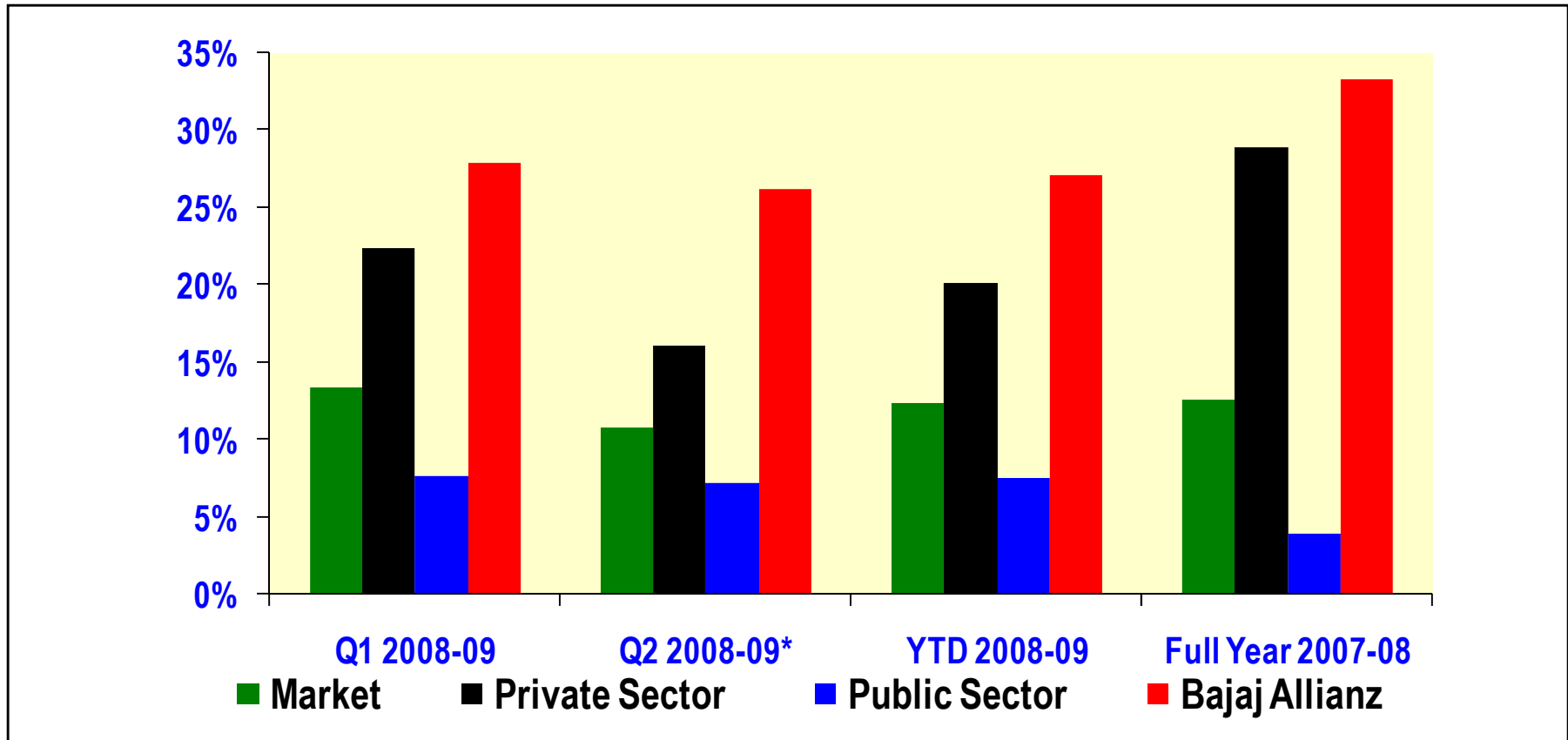
Consistently ranked number 2 in pvt. Sector with 4 year CAGR at 48% against market CAGR of 15%

Bajaj Allianz General (H1/FY09)

	Apr-Aug 2008	Full Year 2007-08
Private Sector	41.9%	39.9%
Public Sector	58.1%	60.1%
Bajaj Allianz	9.1%	8.5%

✓ Bajaj Allianz's market share in the general insurance sector increased by 0.6% in the first half of the current year

Growth



- ✓ The General insurance market and the private sector saw a further slackening of growth in the 2nd quarter of 2008-09 as compared to the 1st quarter and the previous year
- ✓ Bajaj Allianz continued to grow well above market & the private sector

*Q2 2008-09 figures for the market ,public and private sectors for July-August'08 only – All figures per IRDA website

Business Environment and Key challenges

- **De-tariffing in General Insurance sector**

 - Phase I – Partial De-tariffing – From 1st January 2007

 - Phase II – Complete De-tariffing – From 1st January 2008

- **Few large competitors focusing solely on top line and market share**

- **Heavy discounting in Property, Engineering and Motor business**

- **Impact of losses from Motor Third Party Pool**

- **General slowdown in economic environment**

Bajaj Allianz Strategy

➤ **Focus on both – Top line and Bottom line**

Aiming at

Tight Underwriting

Strong cash flow generation

Better than average pricing

➤ **Focus on retail business and strong relationship with business partners**

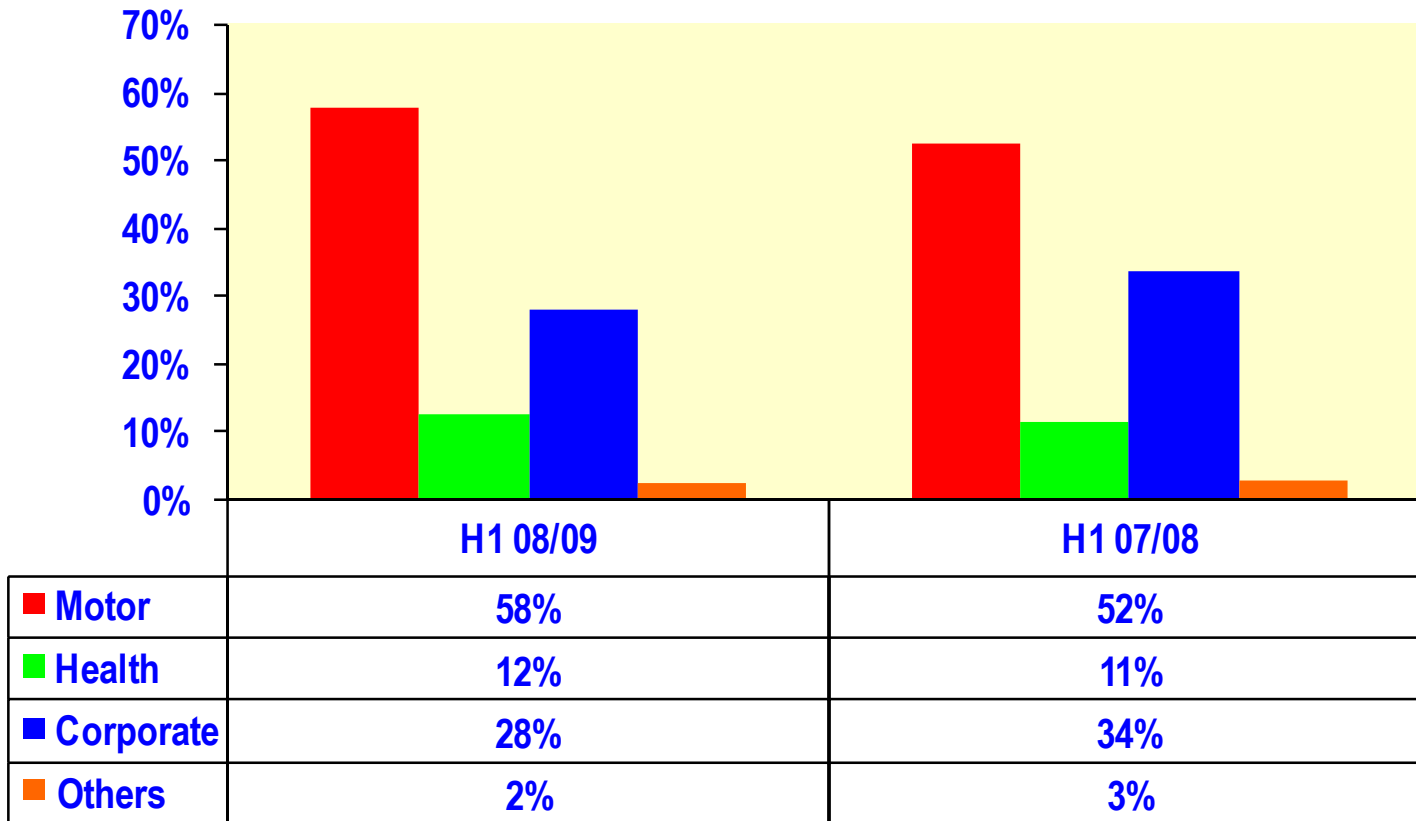
➤ **Continue strong focus on low cost operations**

➤ **Separate vertical set up for renewal tracking**

➤ **Ensuring service becomes key differentiator for growth**

➤ **Responsive claims settlement**

Business Mix



- ✓ The Motor and Health accounted for 70% of the business up from 63% last year
- ✓ Bajaj Allianz continued to grow well above market & the private sector

*H1 2008-09 figures for the market ,public and private sectors for April-August'08 only – All figures per IRDA website

Combined and Retention Ratio

- One of the few companies consistently having Combined Ratio close to 100%
- Strong Retention Ratio

	Combined ratio		Retention ratio
2006-07	98.1%	2006-07	57.7%
2007-08	98.5%	2007-08	68.0%
H1/2007-08	99.9%	H1/2007-08	66.7%
H1/2008-09	101.8%*	H1/2008-09	69.4%

*Q1 - 105.8% & Q2 - 98.1%

Healthy Investment pattern

- Exposure to equity markets less than 1% of investment assets.
- Invested surplus grew by Rs 2.8 billion aided by strong cash flows.
- High capital efficiency

Rs. In Million	As at 30-Sep-08	As at 31-Mar-08
Investment in shares	172	399
Bonds, cash, mutual funds etc.	23,126	20,084
Total Cash and investments	23,298	20,483
Share Capital + premium	2,768	2,768
Total shareholders' equity (including fair value reserve)	6,060	5,748

Profit & loss - Summary

- The Company continues to remain profitable under challenging market conditions.
- Decline in profit is attributed to third party pool losses

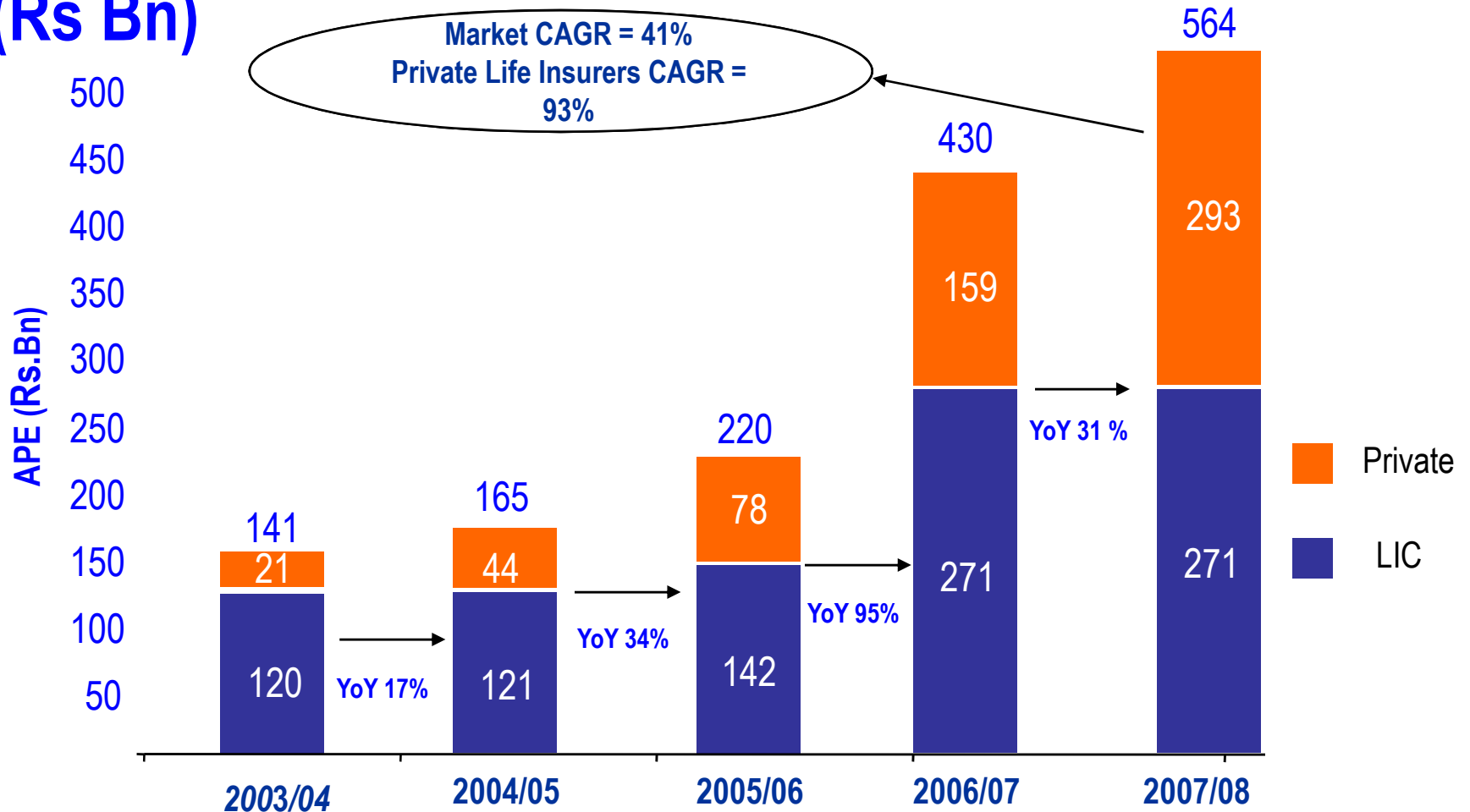
Rs. in million	Q2 FY09	Q2 FY08	Change	H1 FY09	H1 FY08	Change
Gross written premium	6,827	5,488	24.4%	14,162	11,225	26.2%
Net earned premium	4,269	3,193	33.7%	8,333	6,031	38.2%
Underwriting result before pool losses	81	-23		-154	8	
Underwriting result after pool losses	-99	-113		-454	-172	
Investment income	481	481		935	804	
Profit Before tax	402	370	8.6%	517	634	-18.5%
Profit after tax	250	217	15.2%	316	377	-16.2%

Key Highlights (H1/FY09)

- **GWP – ↑ 26%**, Rs.14.2 billion v/s Rs.11.2 billion in H1/FY08
- Market share – ↑ 9.1%** v/s 8.0% (Sep 07) and 8.5% full year '08
- **Net premium earned – ↑ 38%** to Rs.8.3 billion v/s Rs.6.0 billion in H1/FY08
- **Underwriting profit** (before Motor pool losses) of Rs 81 Mn in Q2/FY09.
- **Profit before Tax Rs 517 Mn** after providing for Rs 300 Mn of estimated losses from Motor Pool
- **AUM Rs 23.3 Bn** → Rs 2.8 Bn added in H1 09
- **Number of policies** sold – 4.0 million v/s 2.9 million in H1/FY08
- **Equity exposure less than 1% of total AUM**
- Maintained **number 2 position** in private sector in terms of GWP
- Awarded as “Business Leader in General Insurance” by NDTV Profit

Bajaj Allianz Life Insurance Co.

Life Insurance Market Growth (Rs Bn)



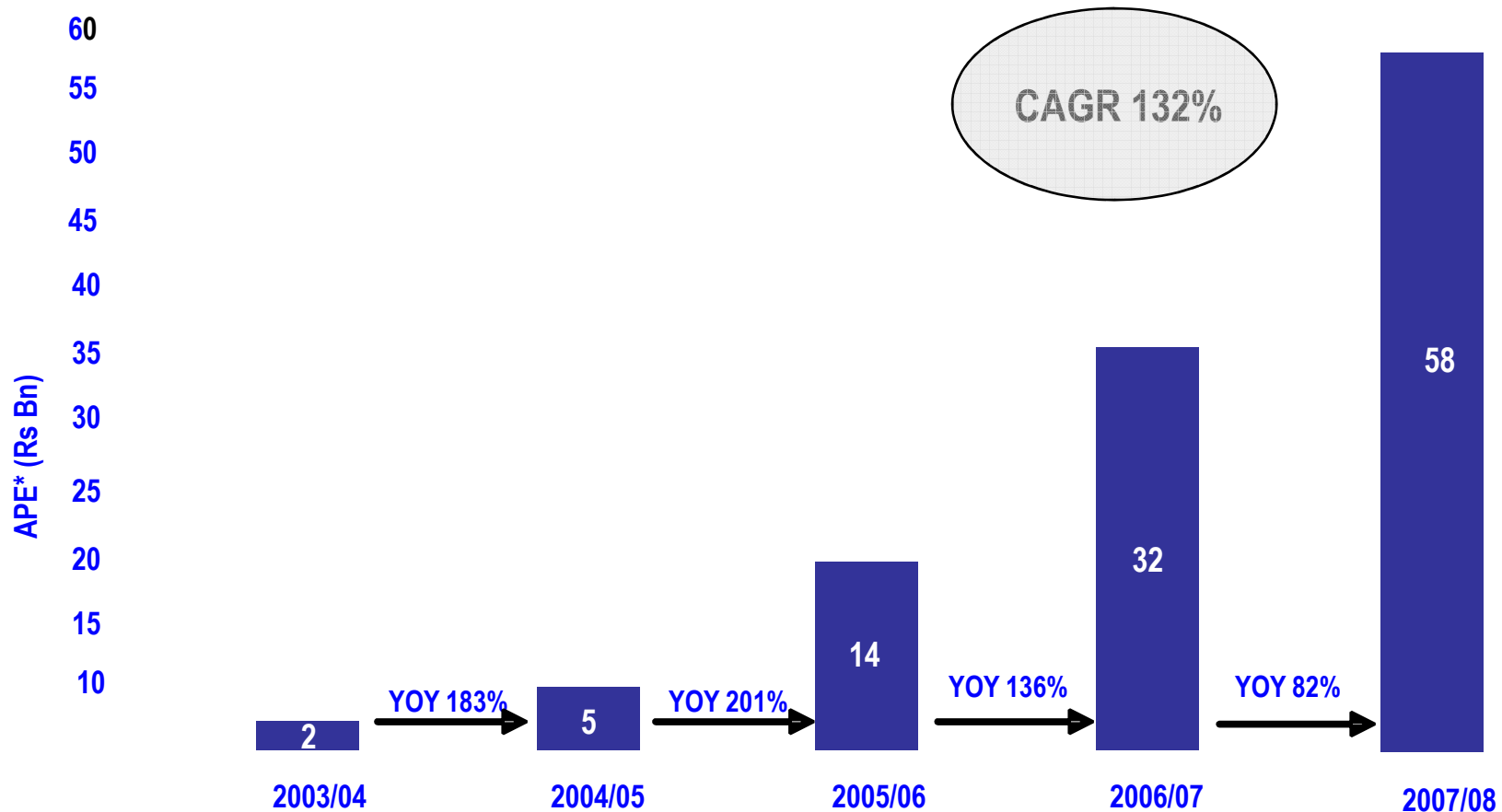
*Source: IRDA website.

*APE = 10% of Single Premium

+ 100% of First Premium

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

Bajaj Allianz Life - the growth story (Rs Bn)



Consistently ranked number 2 in pvt. Sector with 4 year CAGR at 132% against market CAGR of 41%

*Source: IRDA website.

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

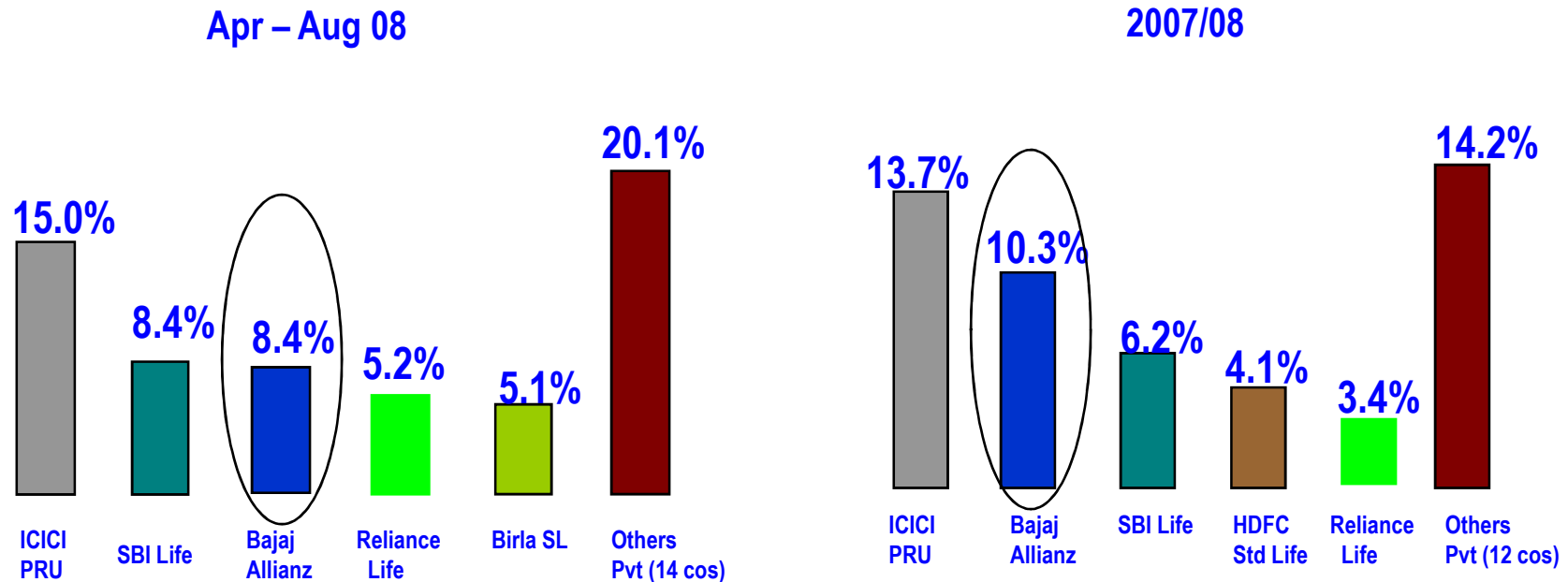
Life Insurance Industry Scenario

- ✓ Industry grew at -5% on New Business Premium (NB) basis for H1/09
- ✓ Growth rate on Annualised premium Equivalent (APE)* basis is -3.2%.
- ✓ Total NB Premium YTD Aug 08 Rs. 264 bn v/s Rs. 279 bn YTD Aug 07
- ✓ APE Premium YTD Aug 08 Rs. 174 bn v/s Rs. 179 bn YTD Aug 07
- ✓ Q2** industry growth rate on NB basis was -21% and APE* basis was -19%. LIC market share in Q2 at 38.7% v/s 37.2% in Q1
- ✓ Bajaj Allianz has YTD Aug 08 market share of 8.4% v/s 10.3% in FY08.
- ✓ 3 new entries in Life Insurance Industry in F.Y. 2008-2009: Canara HSBC Oriental Bank of Commerce, Aegon Religare and DLFPramerica.

*APE = 10% of Single Premium and 100% of First year Premium

**Q2 is Jul – Aug 08

Bajaj Allianz Life - Market Share on APE** basis



LIC's market share is 38% for YTD Aug 08 as compared to 48% as on 31st March ,2008

Source: IRDA website.

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

Business Environment and Key challenges

- ✓ The global financial crisis has affected the Indian financial market majorly during 2nd quarter
- ✓ The insurance industry is likely to be affected by this financial crisis as sales mainly being driven by Unit Linked Products.
- ✓ Mutual Funds allowed to bundle insurance products along with SIPs.
- ✓ Increasing persistency ratio is a challenge.
- ✓ Increased network of pan India branches could result in increase in general and administrative overheads.
- ✓ Focus is still on growing New Business without much focus on associated costs.

Bajaj Allianz Strategy

Distribution

- Increase Agent Activation
- Agency Training initiatives:- Focus would be to retain & step up Per Person Productivity.
- With a view to optimizing cost, no major infrastructure expansion planned in current year

Business Focus

- Diversification of product mix has reduced dependence on any one single product.
- Control new business expenses along with the allowance
- Additional focus on renewal collection and persistency

Branding

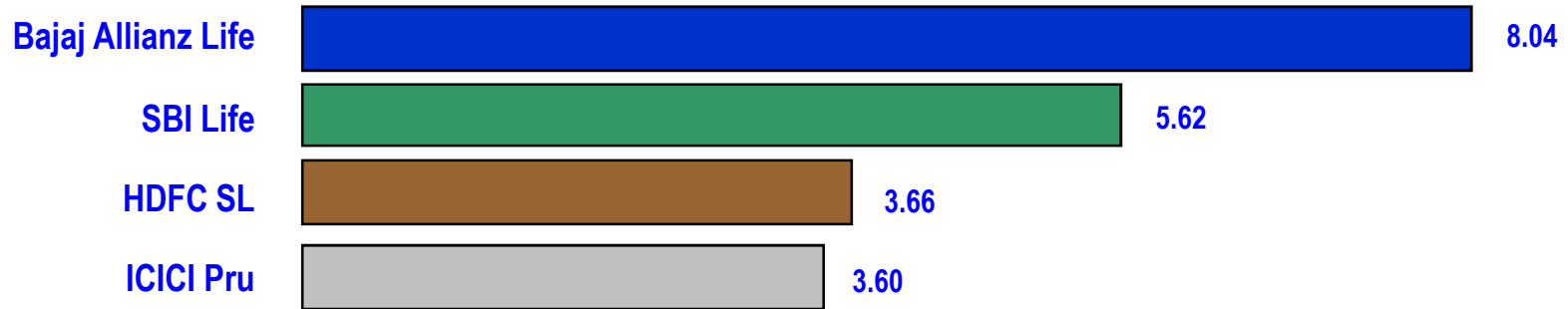
- Bajaj Allianz got associated with Indian Premier League T20 Cricket Tournament

Employee Attrition

- Roll out of Employee Induction Initiative for facilitating induction of new employees
- Significantly enhanced focus on the development of employees through several new initiatives in the areas of Learning & Development.

Efficient Capital Management

Gross Written Premium to Share Capital 2007/08



Shareholders' fund

Rs. in million	As on Sep 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	(6,199)	(4,899)
Total	5,908	7,208

Investment Overview

Rs. in million	As on Sep 08	As on Mar 08
Shareholders	8,915	11,459
Traditional Policyholders	19,037	14,687
Unit Linked Policyholders	114,996	109,542
Total	142,948	135,688

New Business Achieved Profit (NBAP) trend

Rs. In million	APE*	NBAP
H1 2008/09	18,658	3,485
H1 2007/08	20,421	4,421
FY 2007/08	59,952	12,029
FY 2006/07	32,032	7,036

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.

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

Performance Summary

Rs. In million	Q2 09	HY 09	Q2 08	HY 08	FY 08
Policyholder surplus/(deficit)	366	1035	337	1046	1980
Shareholder Profit/(Loss)	(603)	(1301)	240	(163)	(2139)
Profit / (Loss)	(237)	(266)	577	883	(159)
Net contribution to policy holders account	801	1746	(58)	501	2952

Rs. In billion	Q2 09	HY 09	Q2 08	HY 08	FY 08
Gross written premium	24.8	43.2	20.1	30.6	97.2
New business premium	11.9	20.1	15.4	22.6	66.7
Annualized premium equivalent *	11.1	18.7	13.8	20.4	60.0

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

Key Highlights (H1/FY09)

- ✓ Amongst private insurers ... during H1/FY09
 - Third** largest in new business premium
 - Second** position on number of policies issued
- ✓ Gross Written Premium – **↑** 41%
 - Rs. 43 billion **v/s** Rs. 31 billion in P. Yr
- ✓ Market share YTD Aug 08 – **↑** 8.4% **v/s** 7.3% in P. Yr on APE* basis
- ✓ Q2/09** Market share on APE basis -**↑** to 8.9% v/s 8% in Q1
- ✓ 3 major products launched during Q2/09
 - Fortune Plus, Family Assure and Family Care First (Health product)

* APE = 10% of Single Premium and 100% of First year Premium

**Q2 is Jul – Aug 08

Bajaj Auto Finance Retail Financing

Current Industry scenario

- ✓ Exit of key players in vehicle and consumer durable financing
- ✓ A slow down in unsecured lending in the market

This -

- Provides a unique opportunity to Bajaj Finance
- Enables strategic tie up with manufacturers and key retail dealers in the rationalized competitive environment
- Makes BAFL one of the few large players in this space

BAFL plans

- ✓ Currently re-orienting itself into a full service consumer lender
- ✓ This years focus on restructuring existing businesses, business systems and launching new businesses. Resultant profitability may be depressed due to additional investments
- ✓ New business model focused on finding and exploiting profitable opportunities

Business Performance

Rs. in million	Q2/ FY09	H1/ FY09	Q2/ FY08	H1/ FY08	FY08
Automobiles	1510	3,580	3910	7,495	14,844
Consumer Durables	827	2,151	1722	4,066	6,307
Personal Computers	499	1,111	1512	2,910	4,628
Personal Loans	1483	2,397	308	414	1,627
Securitized retail asset pool	860	1,360	-	-	2,957
Loan against shares	370	1,272	-	-	-
Total Disbursals	5549	11,871	7452	14,885	30,363

Financial Performance

Total Income	1374	2,656	1234	2,286	5,027
Interest & Finance charges	429	864	411	789	1,704
Other Expenses	862	1,653	751	1,361	2,975
Depreciation	12	23	9	14	48
Provision for tax	25	40	25	43	99
Profit for the period	46	76	38	79	201

Key Highlights (H1/FY09)

- Asset base of Rs. 25 billion
- Total Income (Including other income) Rs. 1373.6 Mn
- Profit after tax ↑ 21%
Q2/FY 09 Rs. 45.7 Mn v/s Q2/FY 08 Rs. 37.8 Mn
- Assets under finance & other receivables as at
30 Sept 08 – Rs. 32263 Mn
- Deployments ↓ 20% to Rs. 11871 Mn
- New initiatives launched in Q2/FY 09 –
Personal & Small Business loans vertical
Extended warranty program for durable & personal computer customers
- Operating from 84 branches & 204 attached locations

Bajaj FinServ Ltd

Financial Results

Financials - Standalone

Rs in million	H1/FY09	H1/FY08	FY08
Total Income	591	534	1,064
Employee cost	13	10	21
Depreciation	149	149	297
Other expenses	76	39	96
Total Expenses	238	198	414
Profit before tax	353	336	650
Provision for tax	114	97	210
Profit after tax	239	239	440
EPS (weighted average)	1.7	1.8	3.1
Dividend			20%

Rs in million	as on Sept 08	as on Sept 07	as on March 08
Sources of funds			
Share capital	723	723	723
Reserves and surplus	11,327	11,057	11,088
Total shareholders funds	12,050	11,780	11,811
SICOM (on windmill)	3,108	2,900	3,108
	15,158	14,680	14,919
Application of funds			
Fixed assets (net)	850	1,146	999
Investments at cost	13,916	13,491	13,469
Net current assets	316	54	425
Defered tax adjustment	76	(11)	26
	15,158	14,680	14,919
Book value per share	83.3	81.5	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 Distributors	50.0%
✓ Bajaj Financial Solutions	100.0%
(Rs. In million)	<u>Cost</u> <u>Market Value</u>
➤ Other investments	8,249 8,055

Rs. in million		H1 / FY09	H1 / FY08	FY 08
Key Business Statistics				
Gross Written Premium	Bajaj Allianz Life Insurance	43,240	30,607	97,253
Gross Written Premium	Bajaj Allianz General Insurance	14,162	11,225	25,780
Funds Deployed	Bajaj Auto Finance	11,871	14,885	30,363
Wind energy generated	Bajaj FinServ Ltd	262	195	348

Consolidated segment financials

Rs. in million	H1 / FY09	H1 / FY08	FY 08
Segment revenue			
General Insurance			
Net premium earned	8,334	6,031	14,155
Investment & Other Income	675	649	2,001
subtotal	9,009	6,680	16,156
Life Insurance			
Net premium earned	43,126	30,555	97,120
Investment & Other Income	(16,670)	16,145	7,947
subtotal	26,456	46,700	105,068
	35,465	53,380	121,224
Windmill	262	195	348
Investments & others	352	299	682
Total	36,079	53,874	122,254

Consolidated segment financials

Rs. in million	H1 / FY09	H1 / FY08	FY 08
Segment Profit / (Loss)			
Insurance - General	517	634	1679
- Life	(1,301)	(163)	(2139)
subtotal	(784)	471	(460)
Windmill	73	10	(27)
Retail financing	31	31	83
Investments & others	258	283	628
Profit before tax	(422)	796	224
Profit after tax & minority interest	(481)	386	(327)

Thank you

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