BAJAJ

Bajaj FinServ Limited

Corporate Structure

Bajaj FinServ

Protection

Bajaj Allianz Life Insurance

Bajaj Allianz General Insurance

Lending

Bajaj Auto Finance

Wealth Management

Wealth Management

Asset Management

* Asset Management

Status

Existing

Under formation

*Application with SEBI

Existing Brand Structure

BAJAJ

Bajaj FinServ Limited

Protection	BAJAJ Allianz
Lending	BAJAJ FINANCE
Wealth Management	Wealth Management
Asset Management	* Asset Management

*Application with SEBI

Status

Existing

Under formation

BAJAJ FINSERV IDENTITY

New Brand Structure

Protection

Lending

Wealth Management

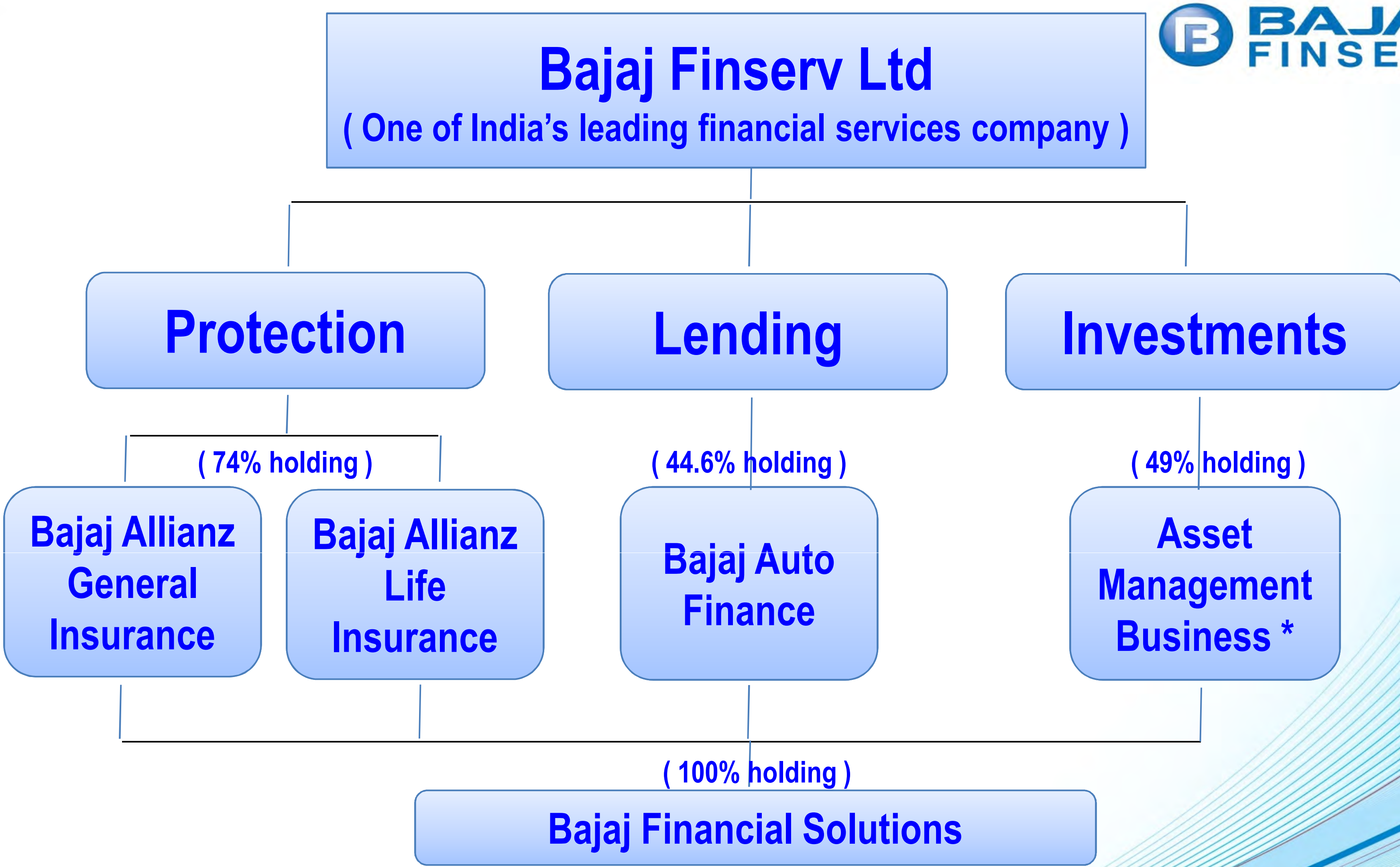
Asset Management

* Asset Management

*Application with SEBI

Status

Under formation



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

- ✓ Consolidated **revenues** :
  Rs. **23781** crores v/s Rs. 9868 crores during previous year
- ✓ Consolidated **profit after tax** :
  Rs. **559** crores v/s Rs. 71 crores during previous year
- ✓ **Life** insurance, shareholders profit after tax : **(its first ever profits)**
  Rs. **542** crores v/s loss of 71 crores during previous year
- ✓ **General** insurance, profit after tax : ⬆ 27%
  Rs. **121** crores v/s 95 crores during previous year
- ✓ **Bajaj Auto Finance**, profit after tax : ⬆ 164%
  Rs. **89** crores v/s Rs. 34 crores during previous year

Philosophy to " focus on customer service, productivity, efficiency and profits and then on revenue " thus reflected in the best ever performance for all its 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 crores	Standalone Profits		Current share-holding	Share of BFSL	
Name of the company	**FY 2009-10**	**FY 2008-09**		**FY 2009-10**	**FY 2008-09**
Bajaj Finserv	34	41		34	41
Bajaj Allianz General Insurance	121	95	74%	90	70
Bajaj Allianz Life Insurance	542	(71)	74%	401	(52)
Bajaj Allianz Financial Distributors	3	(1)	50%	1	(1)
Bajaj Auto Finance	89	34	44.64%	38	14
Bajaj Financial Solutions	(2)	-	100%	(2)	-
				562	**72**
Less : Inter-company eliminations				3	1
Consolidated profit for BFSL				**559**	**71**

Bajaj Finserv Ltd – Consolidated results

(Rs in crores)	FY 2009-10	FY 2008-09
Revenue:		
General Insurance	2153	2142
Life Insurance	21458	7590
Insurance (subtotal)	23611	9732
Investment & Others	127	95
Windmill	43	41
Total Revenue	**23781**	**9868**
Profit / (loss): Pre-tax		
General Insurance	180	150
Life Insurance	557	(71)
Insurance (subtotal)	737	79
Investments & Others	58	60
Retail financing	38	14
Windmill	(3)	1
Profit Before Tax	**830**	**154**
Provision for taxation (including deferred tax)	99	77
Net profit / (loss) for the year	731	77
Less: Minority Interest in Net Income of subsidiaries	172	6
Net profit / (loss) for the period	**559**	**71**

Bajaj Allianz
Life Insurance Co.

Our New Brand Identity

BAJAJ | Allianz

is now

BAJAJ | Allianz

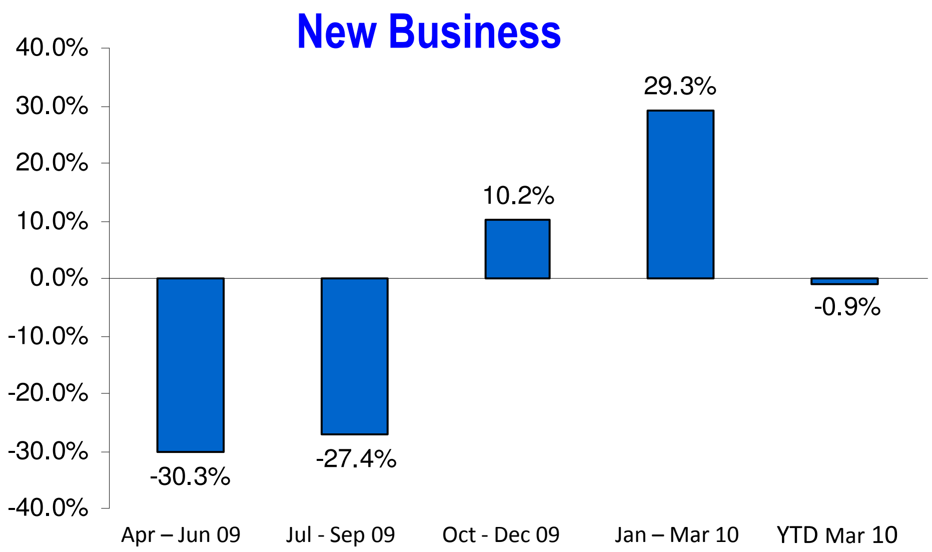
Industry Highlights

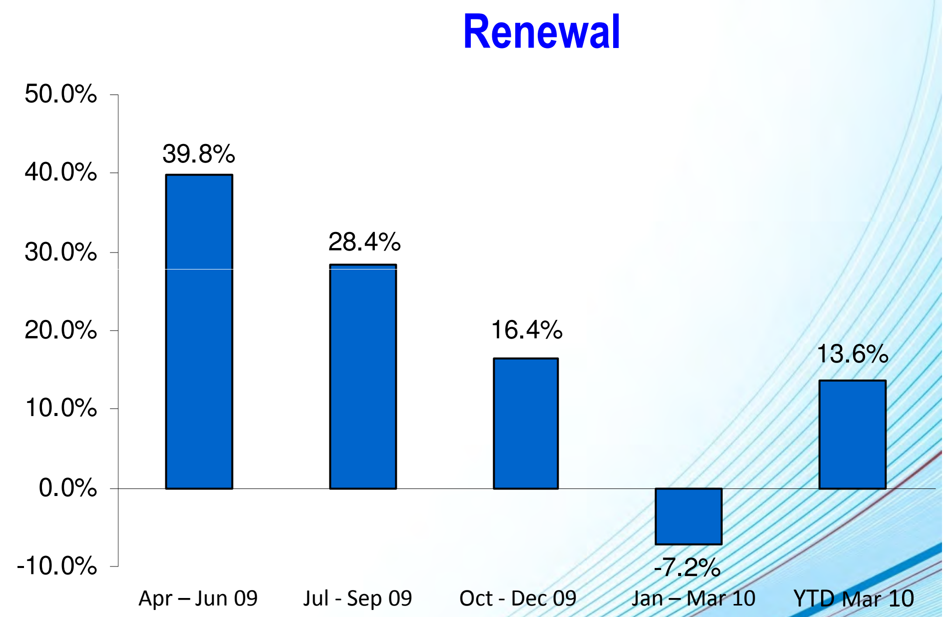
- The Market grew on New Business Premium basis by 25% as compared to -6% corresponding previous year.
- Growth picked up in the 2nd half of the year: H2 growth 34% & H1 growth 13%.
- LIC continued to be the market leader with consistent growth in single premium.
- Private sector grew by 12% for the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

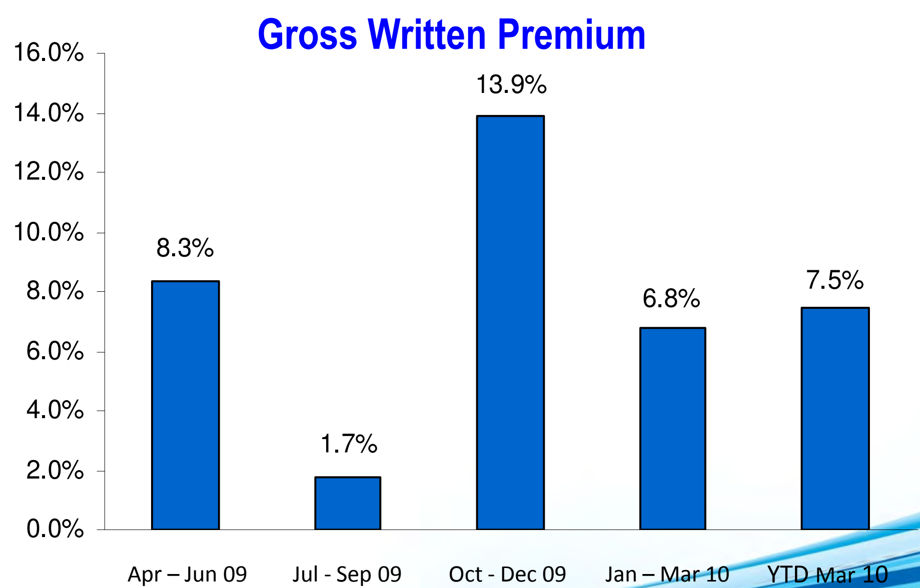
BALIC's Focus and Initiatives

- 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.

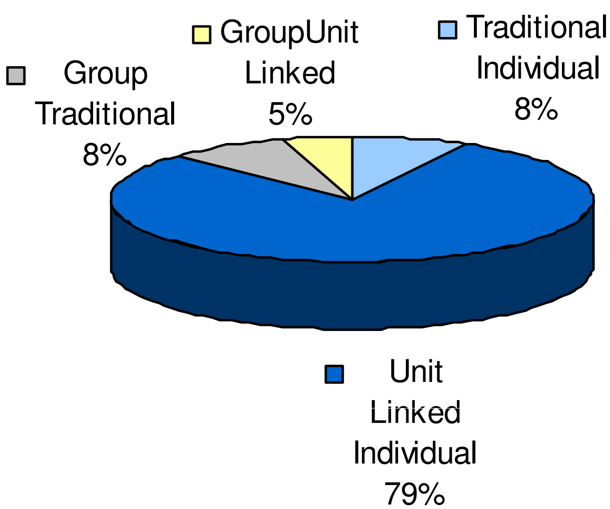
BALIC Premium – Growth rate

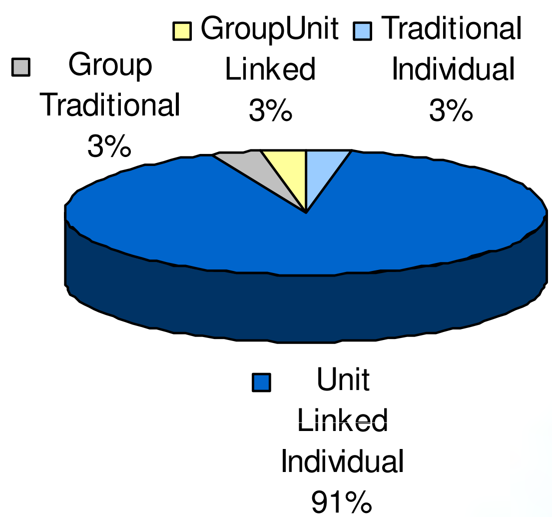






BALIC New Business Share

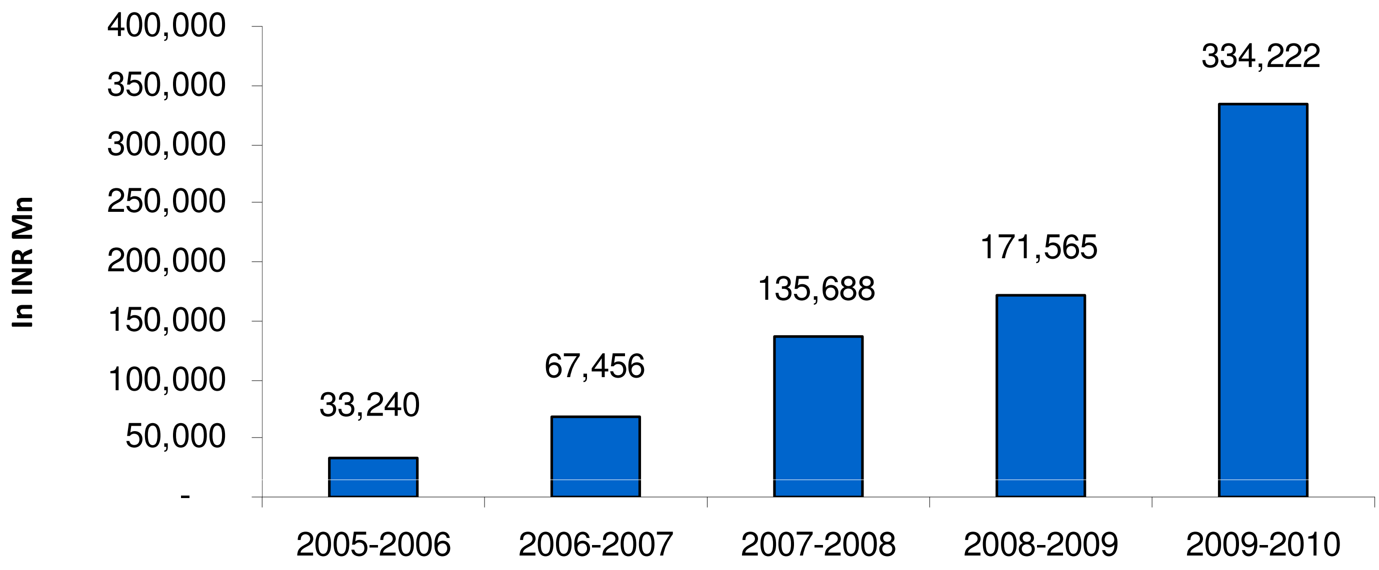




(In INR Mn)

Particulars	YTD Mar '10	YTD March '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



In INR Mn	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	FY 2009-10	FY 2008-09
Gross written premium	114,197	106,245
New business premium	44,511	44,914
Renewal premium	69,686	61,331
Profit / (Loss) after tax	4,274	407
Shareholder Profit/(Loss)*	5,423	(707)

•Shareholders' profit for the year is Rs 5,423mn - this comprises of current year distribution of surplus to shareholder of Rs 4,170 mn and a transfer of Rs1,253 mn from Funds for Future Appropriation (including Rs 1,100 mn 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 2009-2010	FY 2009-2008
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. Bn	Rs. Bn
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 persistency ratio
- Improving agent productivity
- Control on acquisition and operating expenses
- Withdrawals after 3 years.

Bajaj Allianz
General Insurance Co.

Our New Brand Identity

is now

A. Industry - post de-tariffication

- ✓ Mounting underwriting losses – Underwriting losses of industry increased from Rs 26 Bn in 06-‘07 to Rs 53 Bn in 08-09
- ✓ Combined ratios increased from 116% in 06-’07 to 123% in 08-’09
- ✓ Industry Return on shareholders’ funds fell from 7.5% in 06-’07 to 1% in 08-’09
- ✓ Losses from Motor Pool over Rs 18 Bn 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
  - ➢ Business profits tax on realised profits on sale of investments from 01 April 2010 will hurt those companies which have high reliance on such profits

Data source: IRDA handbook of insurance statistics 2008-09

B. Industry highlights

- ✓ Market growth picked up in Q4 at 23.6%
  - ❖ Private sector – 27.2%
  - ❖ Public sector -21.1%
- ✓ 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

C. Our Focus and Initiatives

- ✓ In this challenging environment, we have sought to focus on:
  - Improving profitability through better selection
  - Focus on improving renewal ratios where we have information advantage
  - Sacrificing 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 centralised underwriting
  - Chasing profitable renewals more aggressively
  - Reduction in operating expenses.

D. 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 FY 2010
- ✓ 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%

E. Summary Results FY 2010

Rs Mn	**YTD CY**	**YTD PY**	**Change YOY**
Gross Written Premium*	**25,155**	**26,491**	-5.0%
Net Earned Premium*	16,710	16,960	-1.5%
Underwriting results excluding losses from Motor Pool	**59**	-196	-129.9%
Provision for Motor Pool losses	-561	-532	
Interest/dividend	2,207	2,061	7.1%
Capital gains	93	164	-43.2%
Profit before tax (PBT)	**1,798**	**1,498**	20.1%
Profit after tax (PAT)	**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

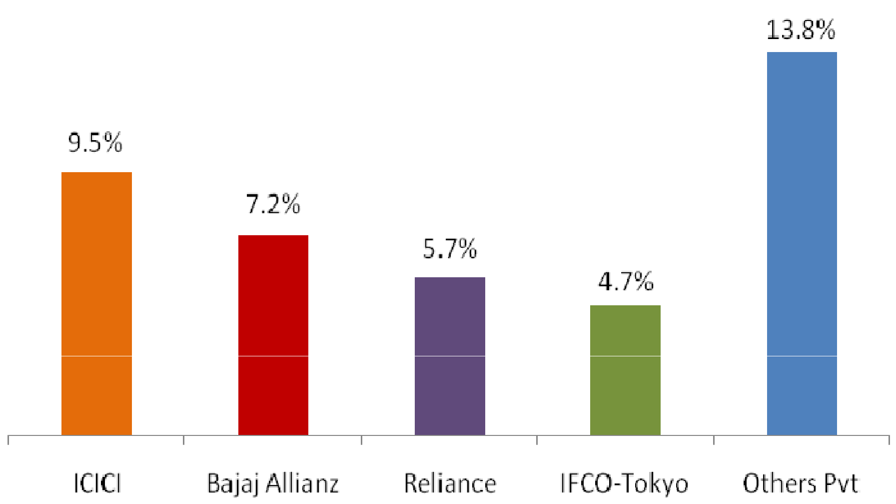
- ✓ *Invested surplus increased by Rs 3,493 million in Current year .*
- ✓ *No fresh capital introduced during the year*

Key Ratios

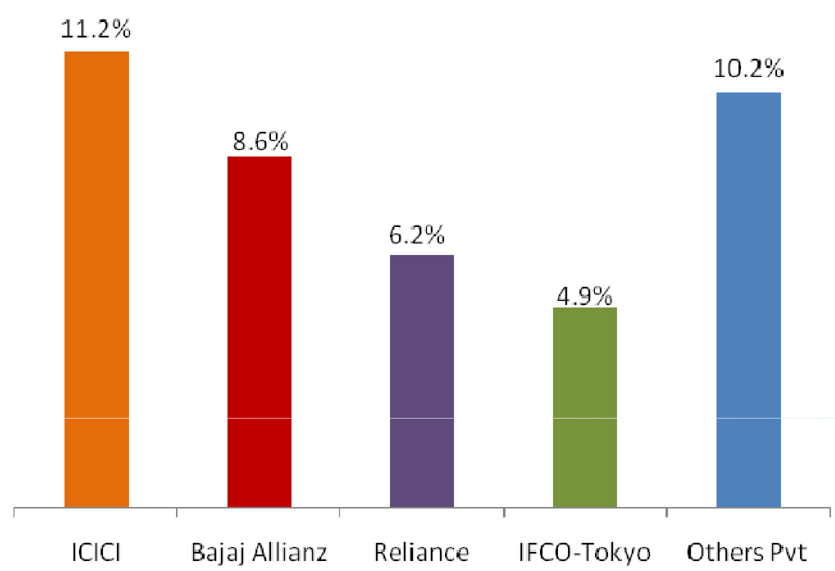
	Q4CY	Q4 PY	FY 2010	FY 2009
Loss Ratio	64.7%	58.9%	66.4%	66.0%
Combined Ratio excluding pool losses	100.3%	98.6%	99.6%	101.2%
Combined Ratio including pool losses	101.4%	99.9%	102.7%	103.8%

Market Share

YTD (Apr-Mar 10)



YTD (Apr-Mar 09)



- ***Top 4 private companies have lost 3.8% market share***
- ***Smaller private companies and PSUs have gained market share***

Based on GWP excluding specialised companies

G. 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

BAJAJ FINSERV | LENDING

Our New Brand Identity

BAJAJ FINANCE

is now

BAJAJ FINSERV | LENDING

Q4'10 Overview

- Excellent quarter for the company. **Q4 PAT** growth of **67%** to **25.18** Crores.
- **Full year PAT** growth of **213%** to **106.34** Crs. if adjusted for one time provisioning impact of 25.67 Crs.
- Continued **strong momentum** in consumer businesses viz. Two-wheeler financing & Durables financing. Strong recovery in small businesses viz. Personal & small business loan and Loans against property.
- **Launched** Construction equipment financing and Retail loans against shares on April 01' 2010.
- **Cost** of funds continue to remain benign. Have strengthened ALM in FY09.
- **Improvement** in portfolio metrics across businesses. New vintages performing superior.
- Holding **credit ratings** at FAA+, P1+ and FAAA.

Summary Annual Income Statement

BAJAJ FINSERV | LENDING

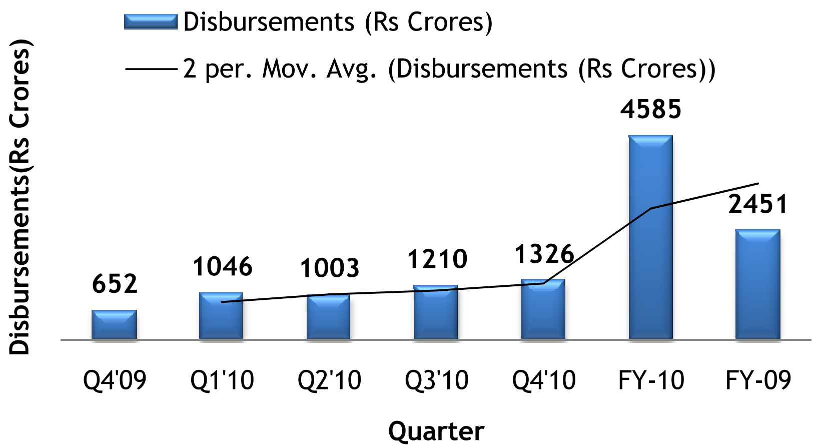
(Rs Crores , except EPS)	FY 10	FY 09	%▲
Income from operations	809.7	509.5	59%
Other operating income	106.5	89.9	18%
Total Income	916.2	599.4	53%
Interest & other finance charges	201.6	164.4	22%
Net interest income	714.6	435.0	64%
Operating expenses	263.6	174.1	51%
Recovery commission	56.1	46.3	21%
Provision for doubtful debts & bad debts	260.6	163.6	59%
Provision for doubtful debts + Recovery commission	316.7	209.9	51%
Profit from ordinary activities before tax	134.3	51.0	163%
Tax Expenses (including Deferred Taxes & FBT)	44.9	17.1	163%
Net Profit/(loss) from ordinary activities after tax	89.4	33.9	164%
Paid up Equity Share Capital	36.60	36.60	
EPS before and after Extraordinary item a)Basic(Rs) b)Diluted(Rs)	24.43	9.27	164%
Operating expenses(including recovery commission) as a % of NII	45%	51%	

Summary Income Statement Q4'10

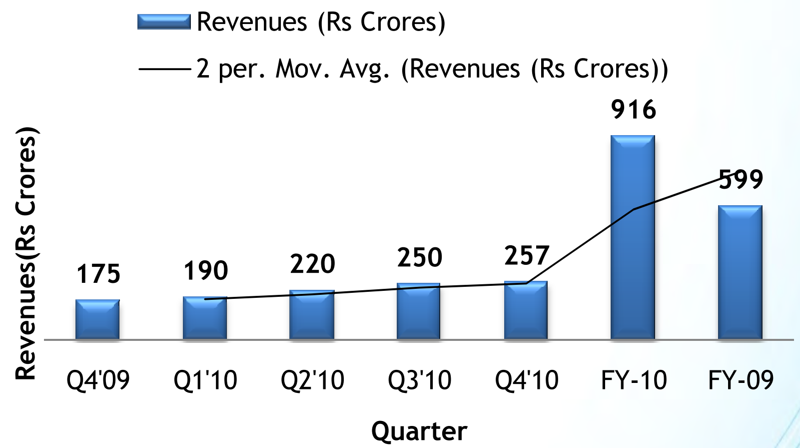
(Rs Crores , except EPS)	Q4' 10	Q4'09	%▲
Income from operations	224.5	158.0	42%
Other operating income	32.4	17.8	82%
Total Income	256.9	175.8	46%
Interest & other finance charges	58.7	36.2	62%
Net interest income	198.2	139.6	42%
Operating expenses	61	52	17%
Recovery commission	13.2	12.8	3%
Provision for doubtful debts & bad debts	88.6	51.7	71%
Provision for doubtful debts + Recovery commission	101.9	64.5	58%
Profit from ordinary activities before tax	35.3	23.1	53%
Tax Expenses (including Deferred Taxes & FBT)	10.1	8.0	26%
Net Profit/(loss) from ordinary activities after tax	25.2	15.1	67%
Paid up Equity Share Capital	36.6	36.6	
EPS before and after Extraordinary item a)Basic(Rs) b)Diluted(Rs)	6.88	4.12	67%
Operating expenses(including recovery commission) as a % of NII	38%	46%	

Snapshot – Q4'10

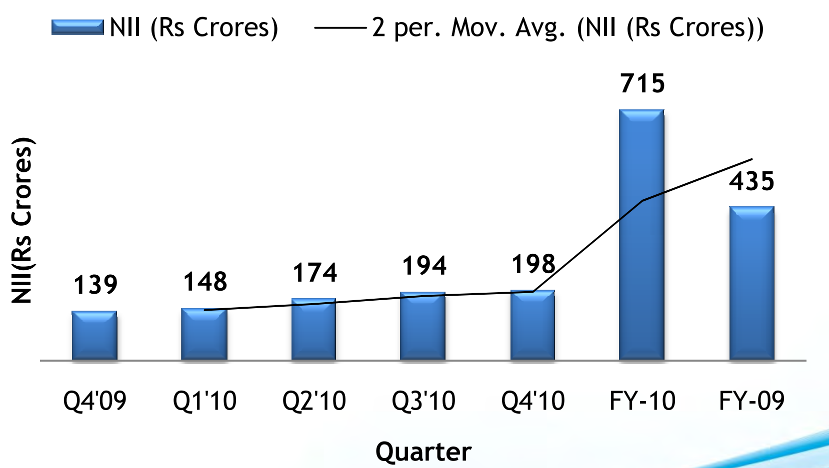
Disbursements ↑103% QoQ ↑87% YoY



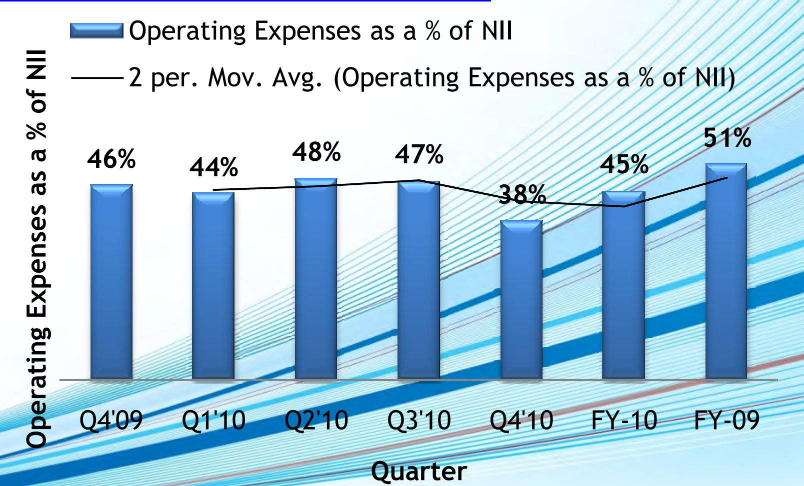
Revenues ↑47% QoQ ↑53% YoY



NII ↑42% QoQ ↑64% YoY

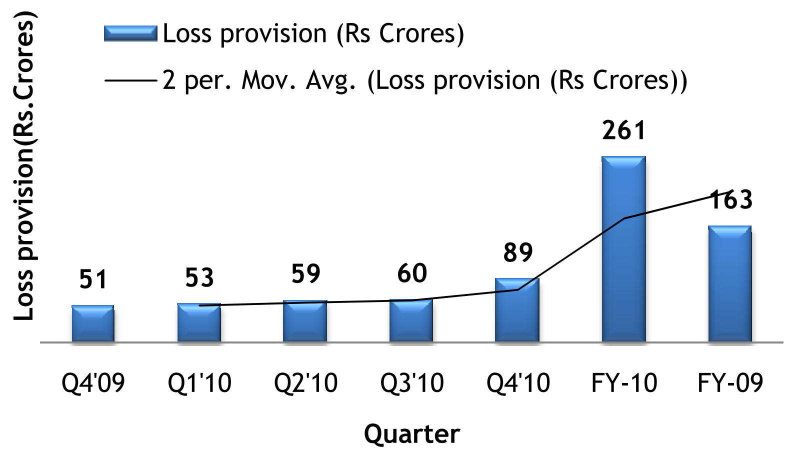


Operating Expenses % of NII

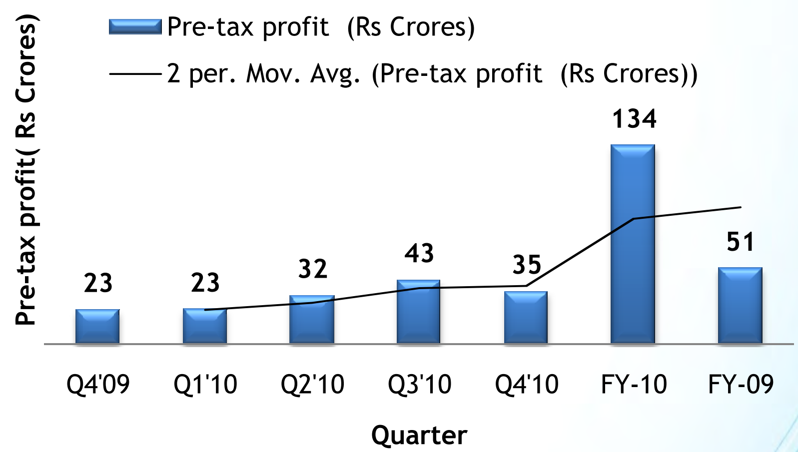


Snapshot – Q4'10

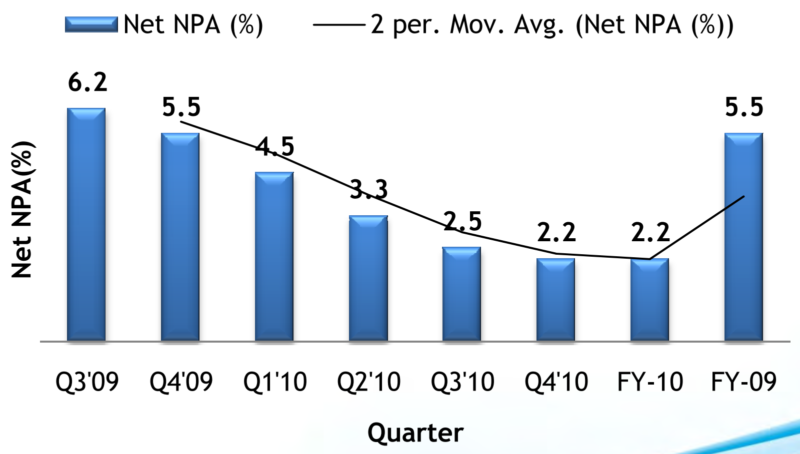
Loss provision ↑74% QoQ ↑ 60% YoY



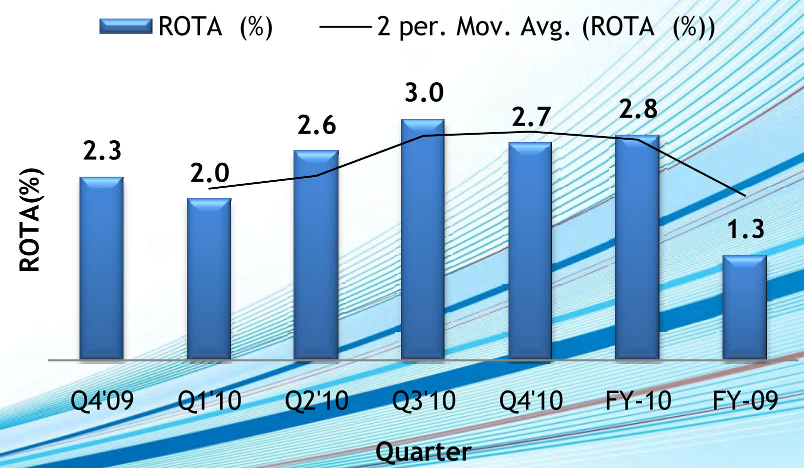
Pre-tax profit ↑ 54% QoQ ↑163% YoY



Net NPA Reducing NPA

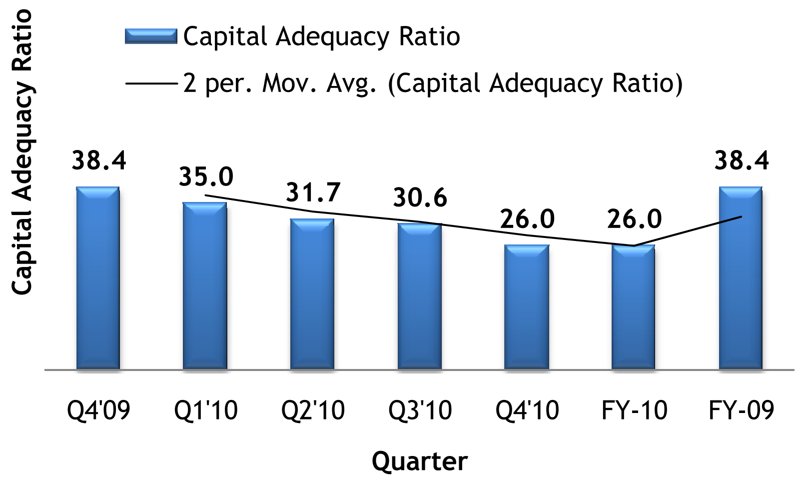


ROTA(%) Stable & Growing ROTA

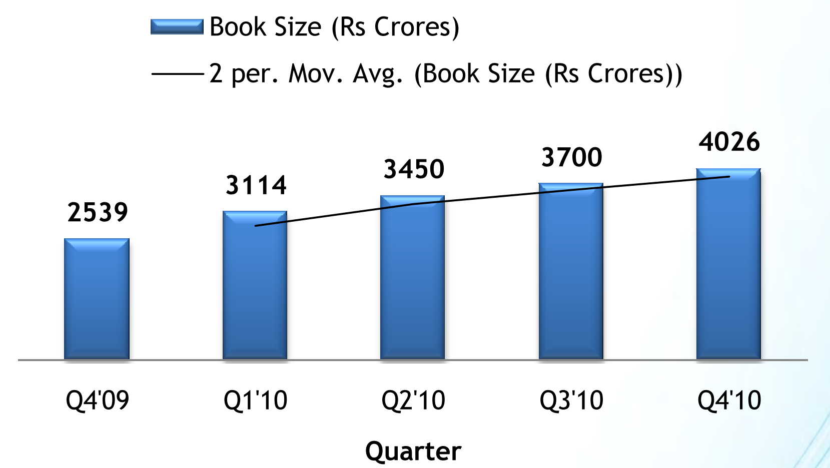


Snapshot – Q4’10

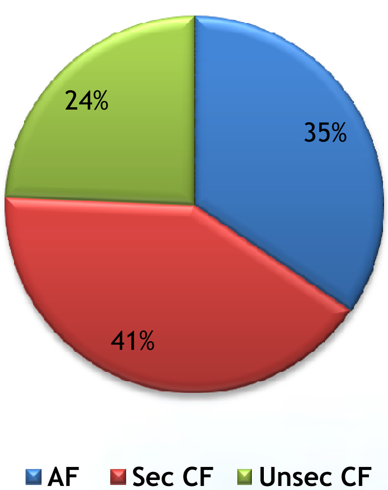
Capital adequacy increasing leverage



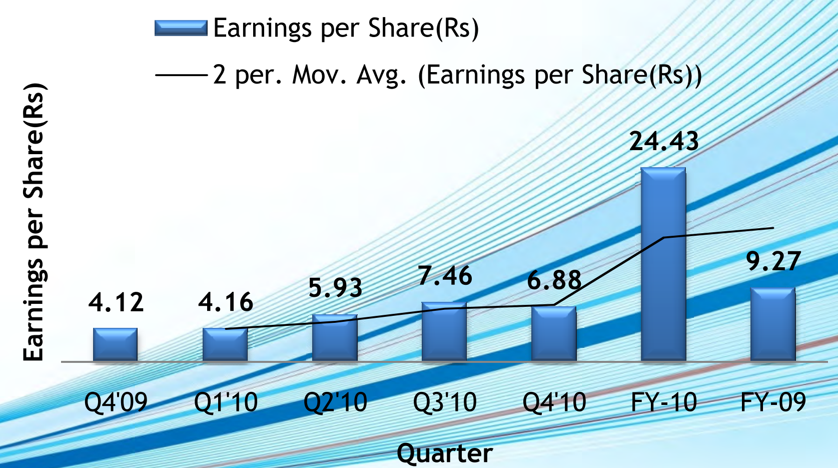
Book Size increasing book size



Portfolio Mix



Earnings per share ⬆67 % QoQ ⬆164 % YoY



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