



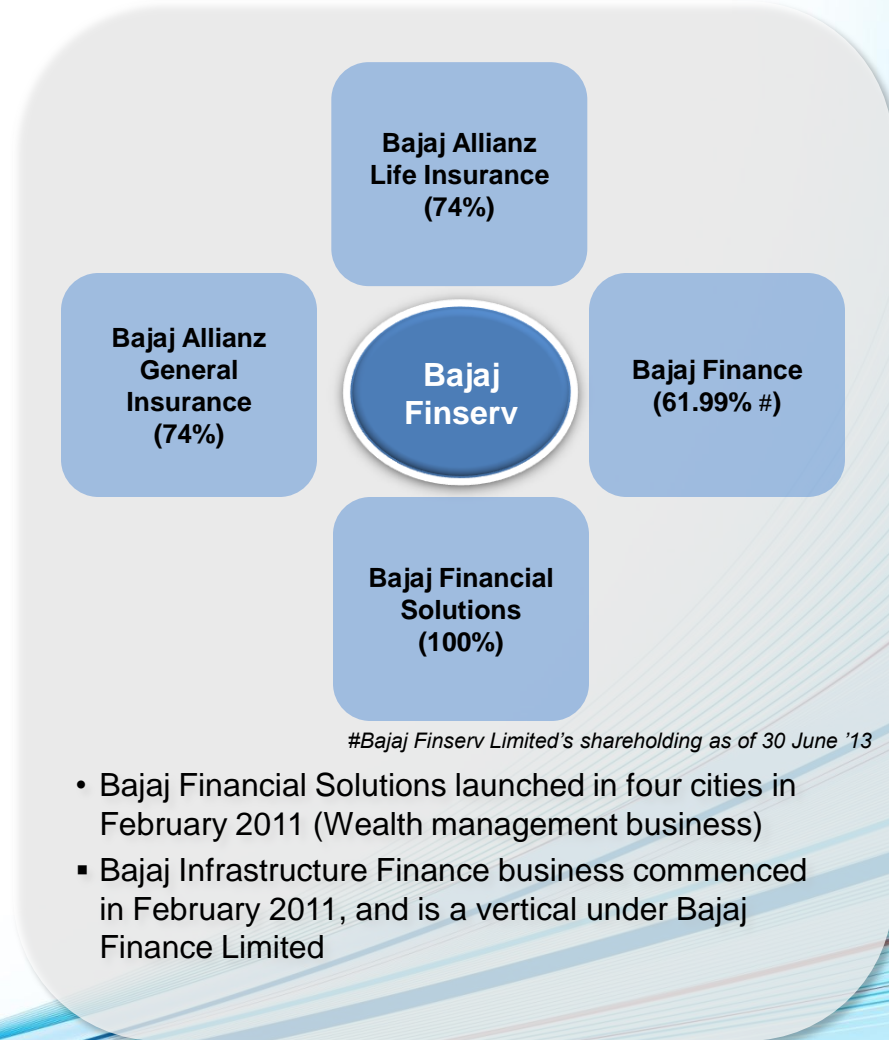
Bajaj Finserv Limited

Investor Presentation Q1FY14

July 2013



- Diversified financial services holding company with presence across lending, insurance and investment management businesses with a strong focus on the fast growing retail and SME segments
- Bajaj Group has a track record of building large scale, profitable and sustainable businesses, led by professional management teams.
- Bajaj Finserv aims to be a Pan-India financial services business focused on sustainable profitable growth
- Bajaj Finserv is a listed opportunity to participate in India's insurance growth story.





Bajaj Finance Limited

Diversified NBFC present in consumer finance, SME, & commercial lending. Deployments over Rs 193 Bn as of FY13. Market leader in consumer durables financing, & motorcycle financing.

Bajaj Allianz General Insurance

A leading brand, and number 2 private non-life insurer in India. One of the most profitable private non life insurers as of FY13, consistently having one of the best combined ratios.

Bajaj Allianz Life Insurance

One of the most profitable life insurers in India. A top 5 player. Reported PAT of Rs 12.9 Bn, with a live policy base of over 7 Mn, and AUM of Rs 380 Bn in FY13.

Bajaj Finserv Wealth Management

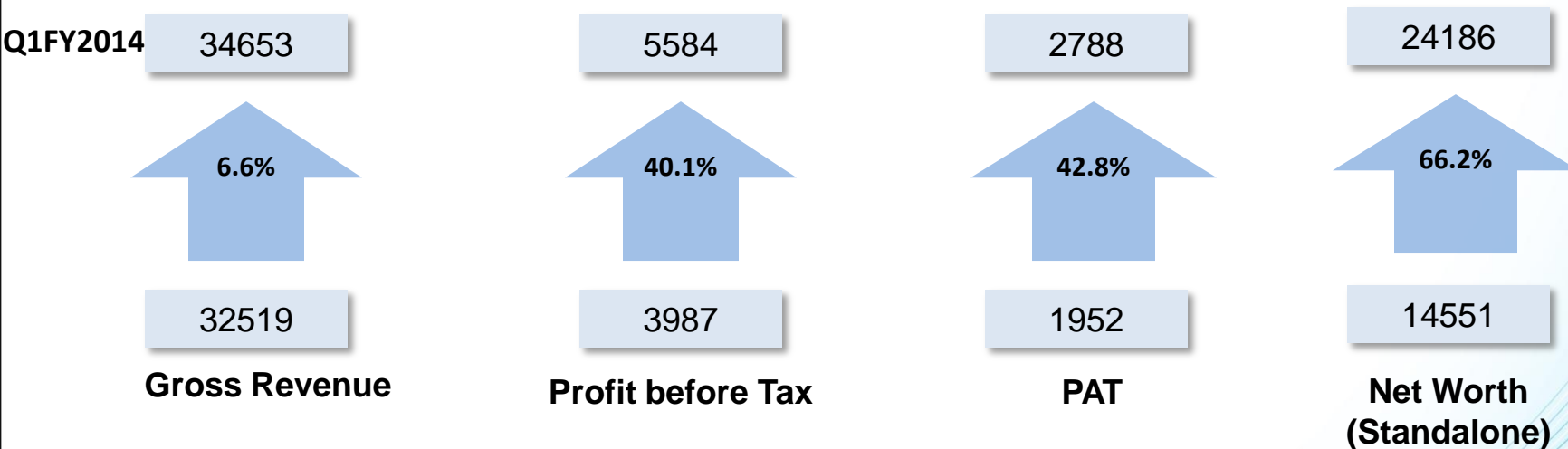
Focus is on cross-selling financial advisory and wealth management services to existing customers.

In principle license received from SEBI in Jan 2011 for setting up AMC as a JV with Allianz Global Investors AG.

Bajaj Finserv performance highlights for Q1FY 2014 over Q1FY 2013

All Figures in Rs Million

Performance Highlights of Q1FY 2014 over Q1 FY2013

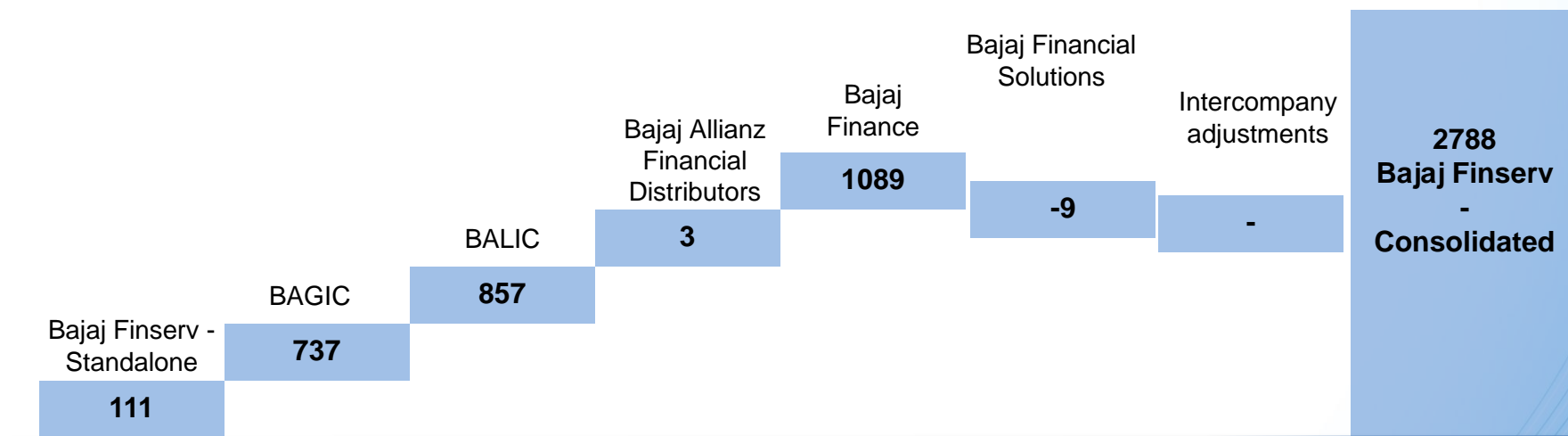


- Bajaj Finserv remains a debt free company
- Bajaj Finserv's surplus funds stood at Rs. 6620 million as on June 30, 2013

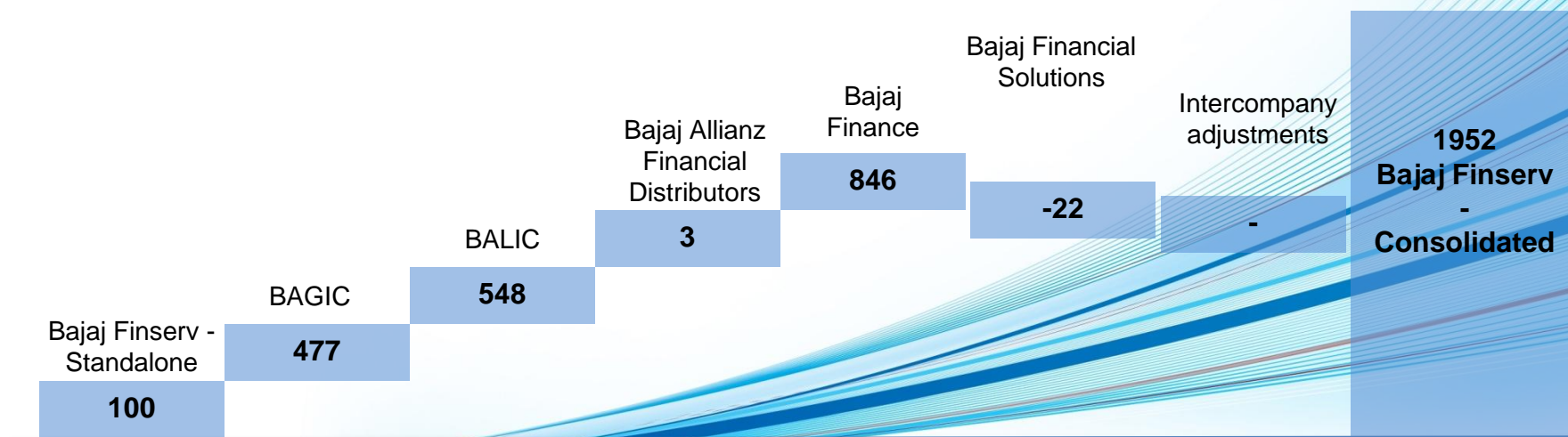
Bajaj Finance has become an important contributor to group profits. Life & General insurance profits remain significant.

All Figures in Rs Million

Consolidated profit components for Q1 FY2014



Consolidated profit components for Q1 FY2013



Bajaj Allianz Life Insurance



Industry Growth Trend

- New Business grew at a CAGR of 5% from FY09 to FY13 to Rs 1070 Bn. Private players de-grew at -3% in the same period to Rs 308 Bn.
- Industry de-grew 6% in FY13 versus FY12
- Total Premium stood at Rs 2,871 Bn in FY12
- Growth rates since 2008 have been muted due to
 - Lackluster equity market performance following the financial crisis
 - Cap on ULIP charges in 2010
 - Indian household preference for physical assets like gold and real estate over financial assets in recent years

Regulatory Perspective

- New product guidelines announced around linked and non-linked products in late FY13 will require re-filing of many products
- Full impact will be known by second half of FY14

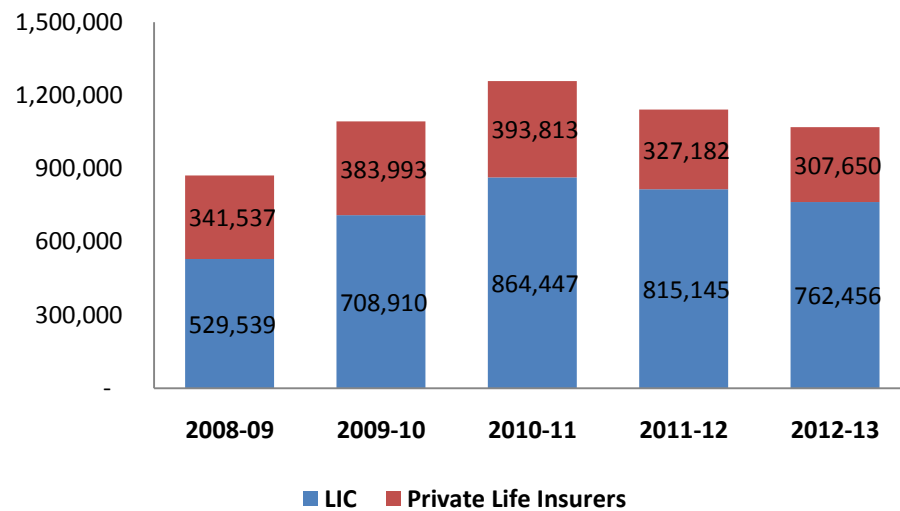
BALIC's Strategic Focus Areas

- **Agency:** Strengthen agency channel by focusing on quality
- **Costs:** Continued focus on rationalization of costs
- **Customer Retention:** Increase focus on persistency

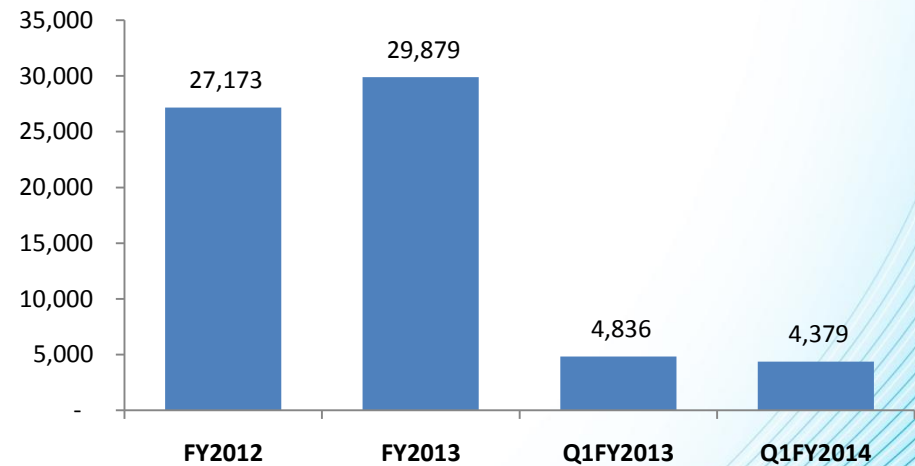
During 2012-13 , the life insurance industry de-grew, while BALIC grew moderately

All Figures in Rs Million

Industry New Business Premium



New Business - BALIC

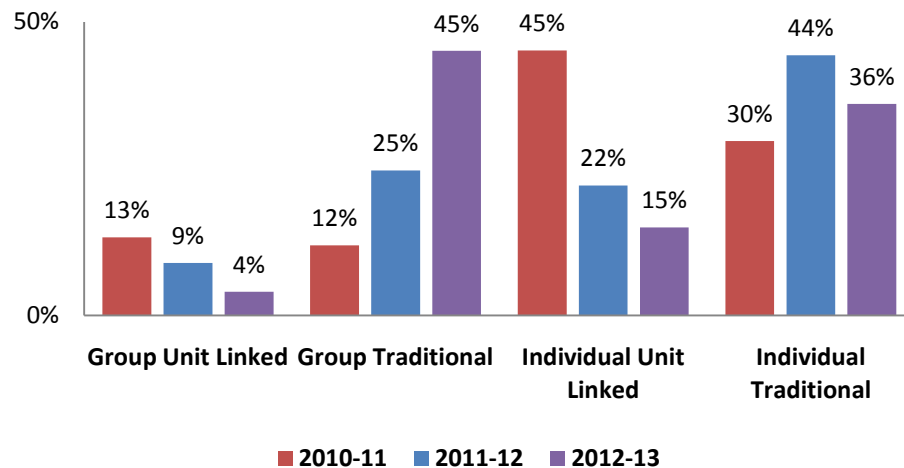


- BALIC has grown new business by 10% in FY13 to Rs 29,879 Mn
- Q1FY14 is down 9% at Rs 4379 Mn compared to last year

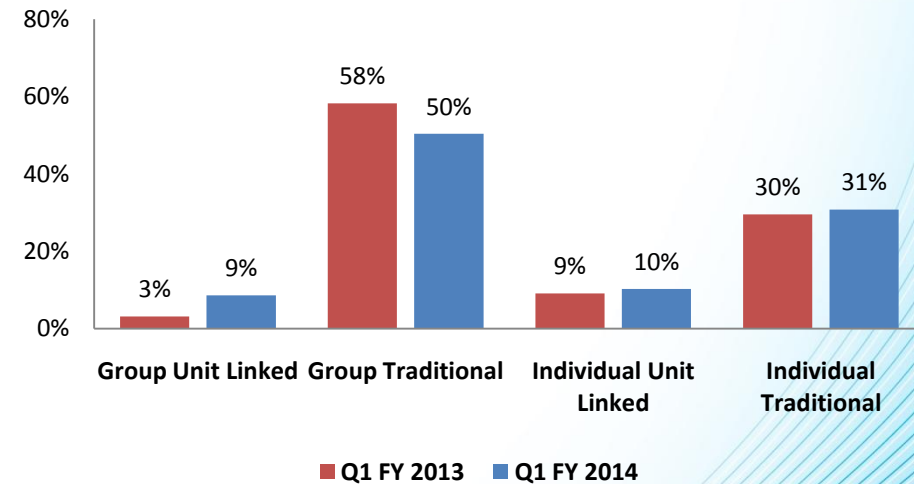
Bajaj Allianz Life's dependence of ULIPs has reduced significantly, with increase in share of traditional products

All Figures in Rs Million

New Business Premium - Product Mix



New Business Premium - Product Mix

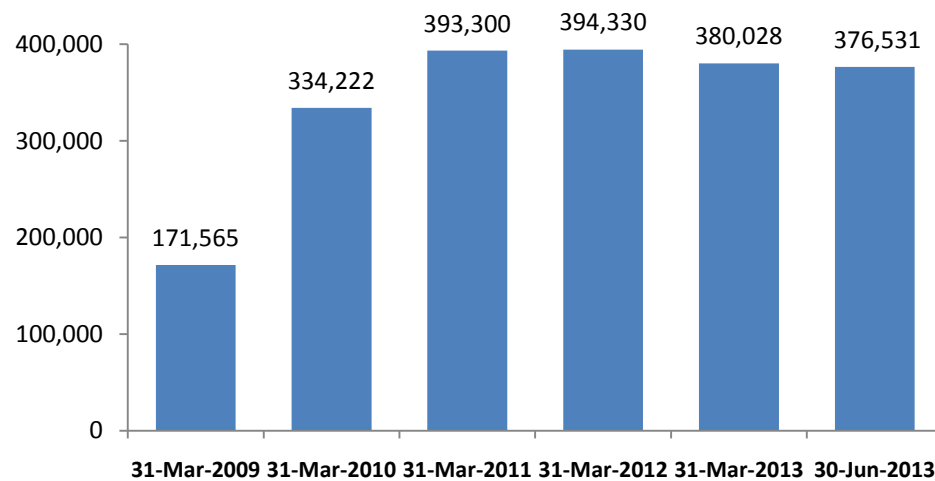


- Unit linked business was at 19% in FY13, and 19% in Q1FY14 versus 12% in Q1FY13

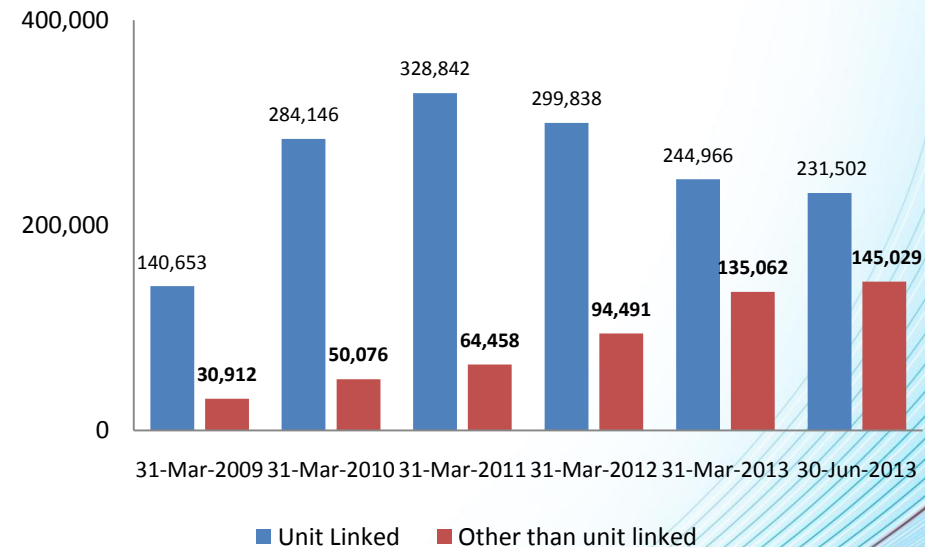
With a live policy base of over 6.5 million, assets under management are significant

All Figures in Rs Million

Investments Growth



Assets Under Management

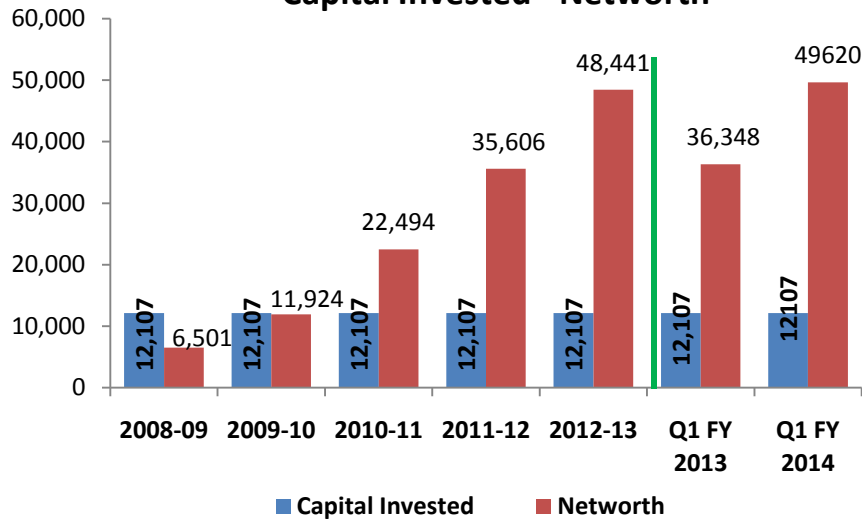


- Assets under management remain resilient
- Assets are primarily from unit linked funds. Of the linked funds, Rs 168,922 Mn were in equity funds

Bajaj Allianz Life is one of the most profitable life insurers in the private sector

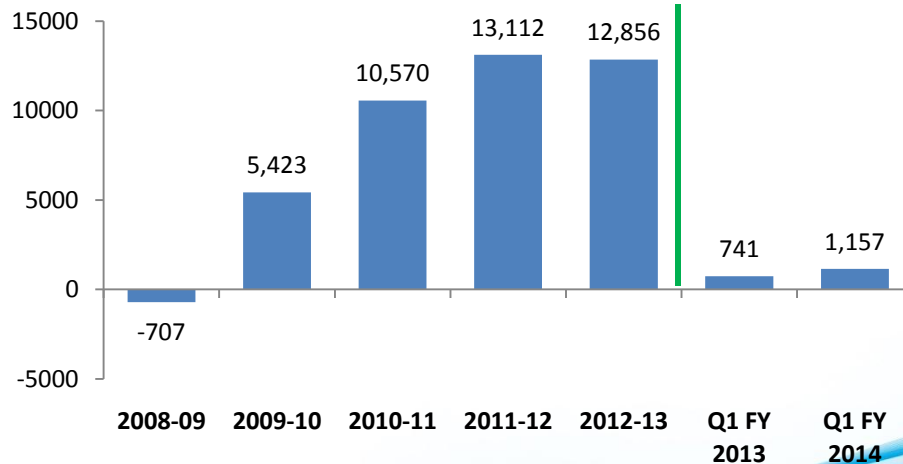
All Figures in Rs Million

Capital Invested - Networth



Net Worth currently stands at Rs. 49,620 Mn

Shareholders' profits

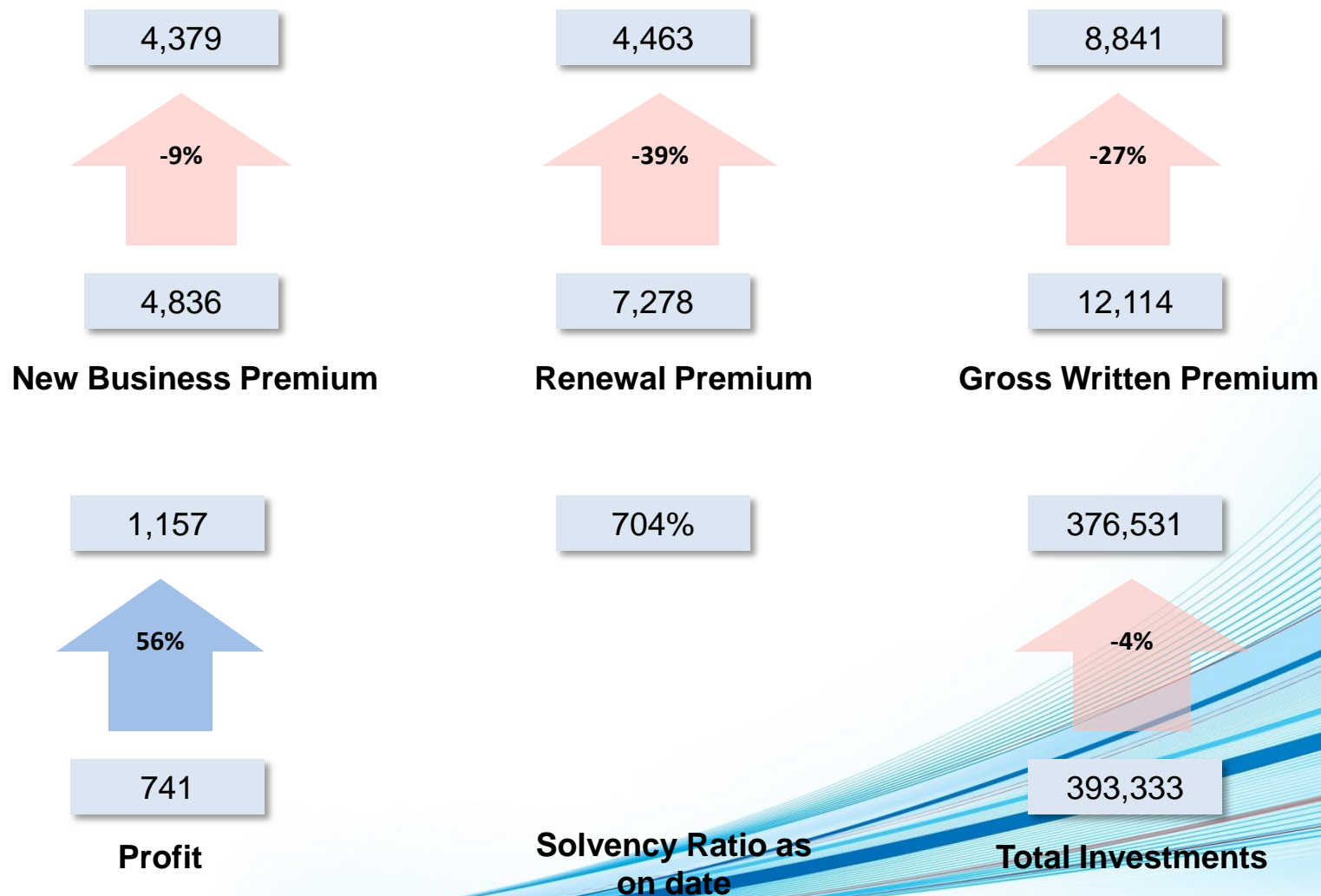


Shareholders' profit grew 56% to Rs 1,157 Mn in Q1FY14 versus Q1FY13

Note: Shareholders' share of policyholders' surplus are transferred at the end of the year, consistent with past practice.

All Figures in Rs Million

Performance Highlights of Q1 FY2014 over Q1 FY2013



* Total investments includes assets held to cover discontinued funds

Bajaj Allianz General Insurance



Industry Growth Trend

- Industry has grown at a CAGR of 20% from FY09 to FY13 to Rs 629 Bn, with private players growing at 22%*
- In FY13, industry grew 19%, while private players grew 24%*

Regulatory Perspective

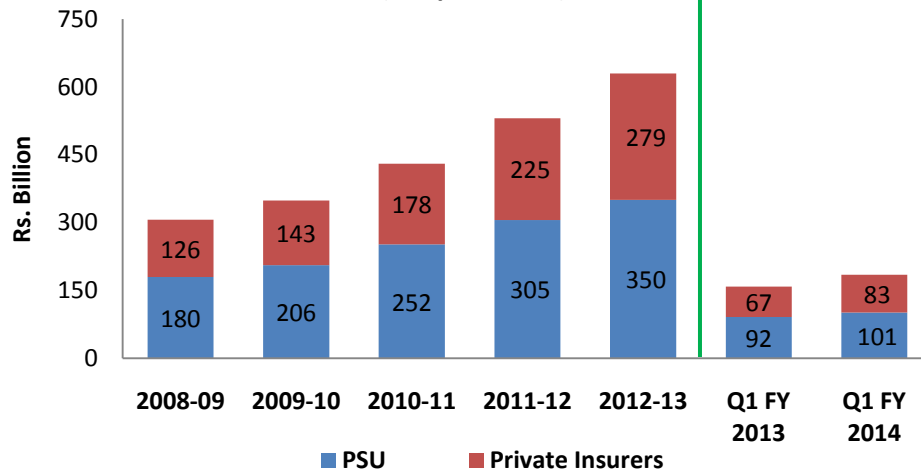
- Old Motor Pool disbanded with effect from 01 April 2012. Bajaj Allianz's share of total pre-tax pool losses were to be written off over FY 12,13 and 14. New Declined Pool of much smaller size has come into effect from FY 13.
- On a pre-tax basis, Rs 1,200 Mn remains to be written off in FY14, of which Rs 300 Mn was written off in Q1FY14.

BAGIC's Strategic Focus Areas

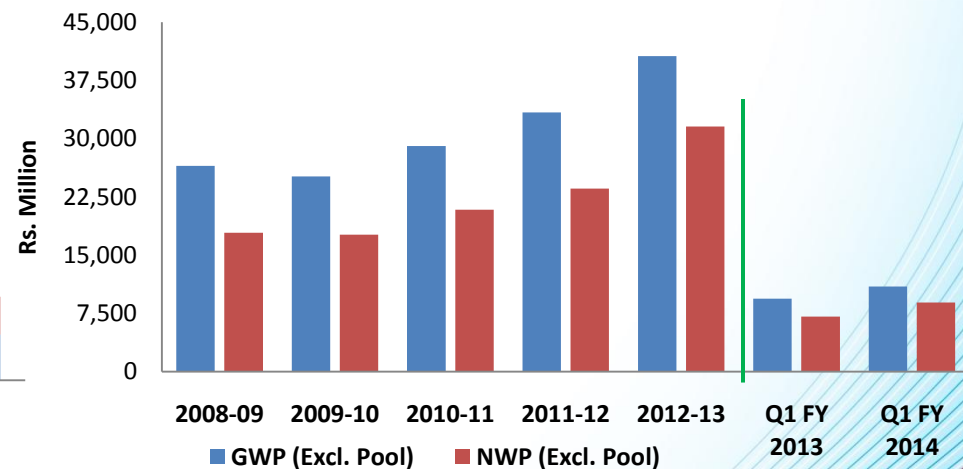
- **Prudent Underwriting:** BAGIC has industry leading combined ratios (101.9%including pool, and 93.4% ex pool in FY13, and Loss Ratio of 62% in FY13)
- **Continue to grow profitable segments:** Grow retail, particularly health.
- **Develop Marine Cargo Business**

BAGIC has retained its second position amongst private sector general insurers

**Industry Premium Trends
(Ex Specialized)**



BAGIC Premium Trend

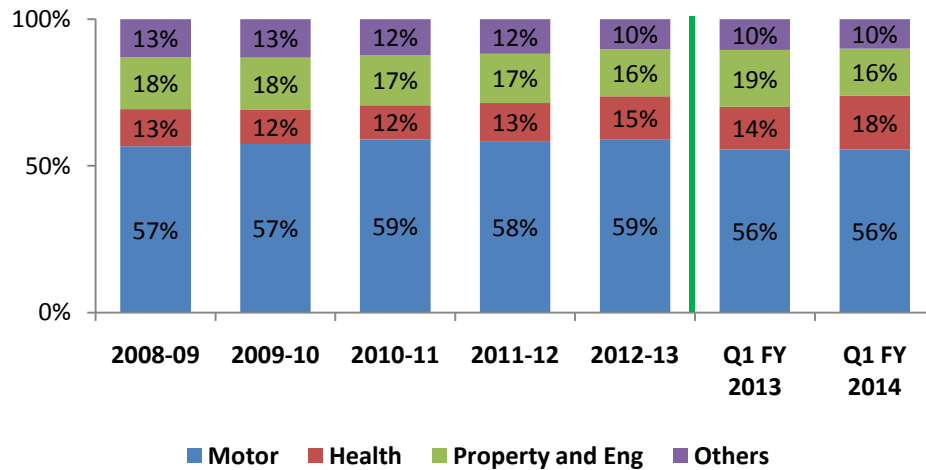


- BAGIC grew GWP (ex Pool) in Q1 by 17% to Rs 10,979 Mn compared to the corresponding period last year

A healthy and profitable business mix - leading to a steady growth in investments – has added stability to revenues

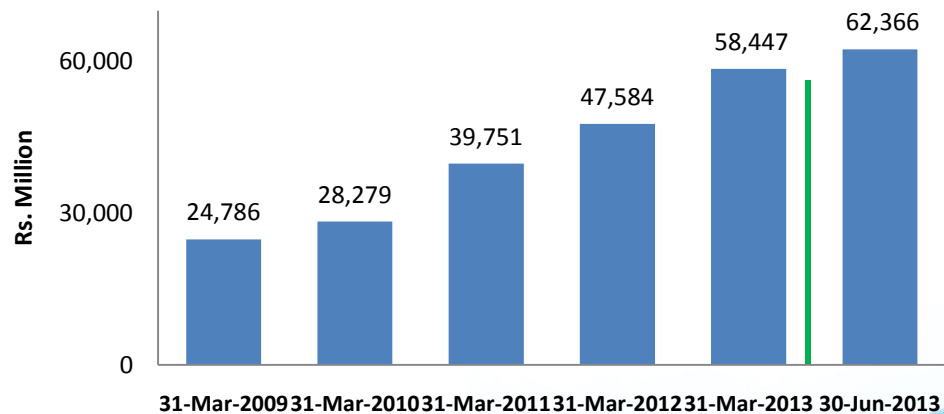
All Figures in Rs Million

Business Mix



Business mix is retail focused. Motor continues to lead the business mix followed by health and property

Investment Growth



Strong cash generation has helped grow the investment book

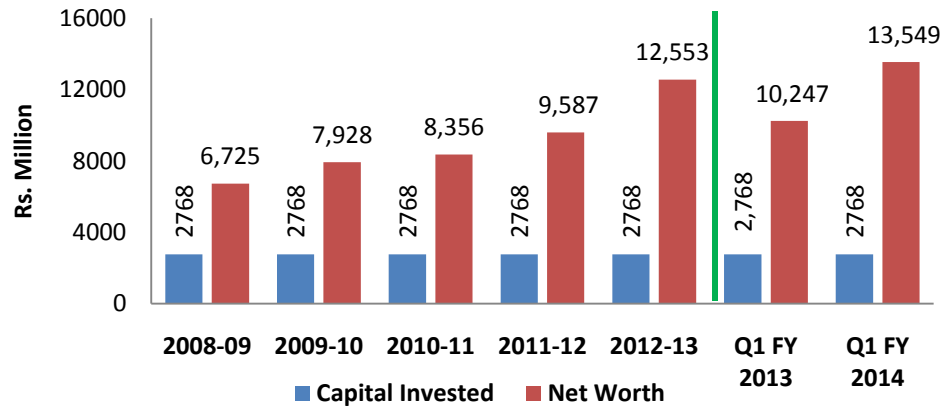
Investments largely in fixed income securities

Investment book is 4.6 times Shareholders' funds at 30th June 2013

BAGIC has a high capital efficiency coupled with a very good combined ratio (excluding motor pool losses)

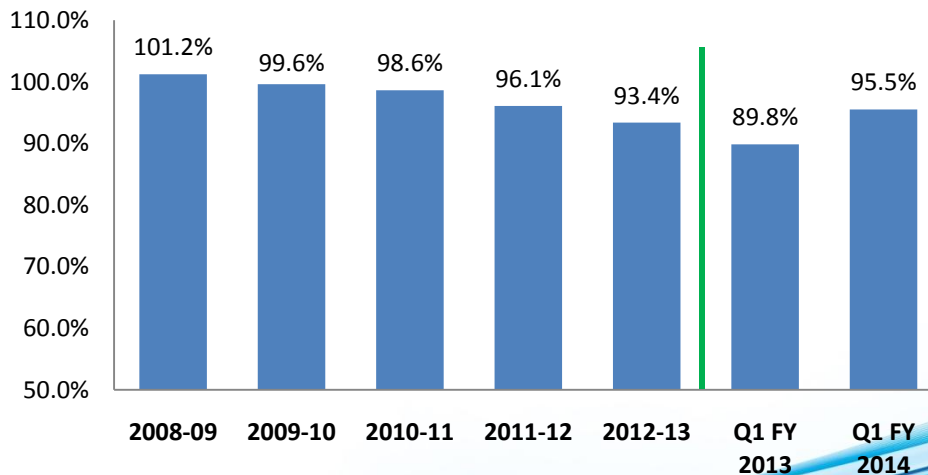
All Figures in Rs Million

BAGIC - Capital Invested - Networth



BAGIC's net worth now stands at Rs 13,549 Mn

Combined Ratios (Excluding Motor Pool)

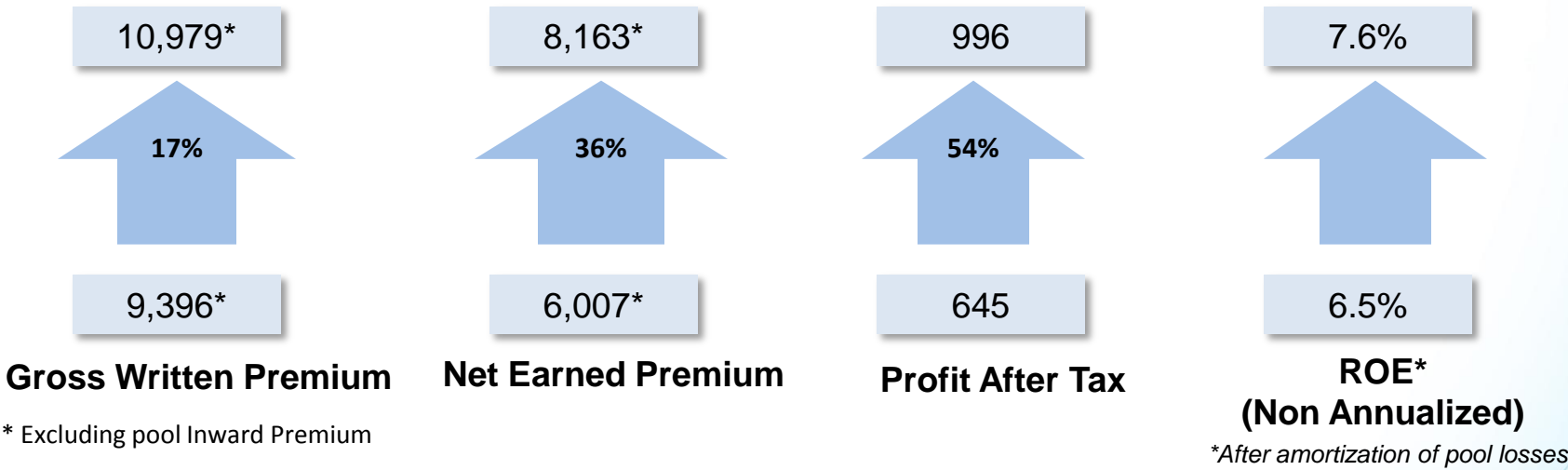


Combined ratio stood at 95.5% ex pool, and 99.8% including pool as of Q1FY14

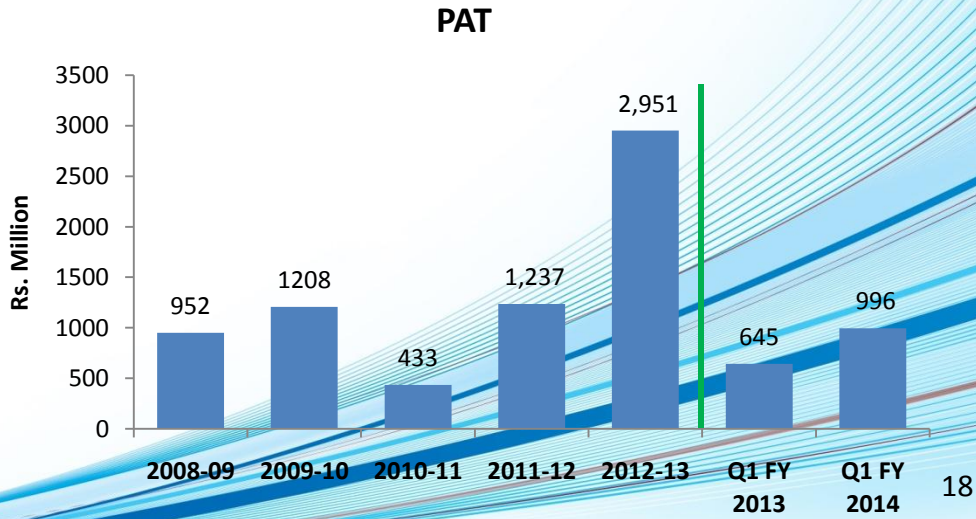
Bajaj Allianz General remains one of the most profitable non-life insurers

All Figures in Rs Million

Performance Highlights of Q1 FY2014 over Q1 FY2013



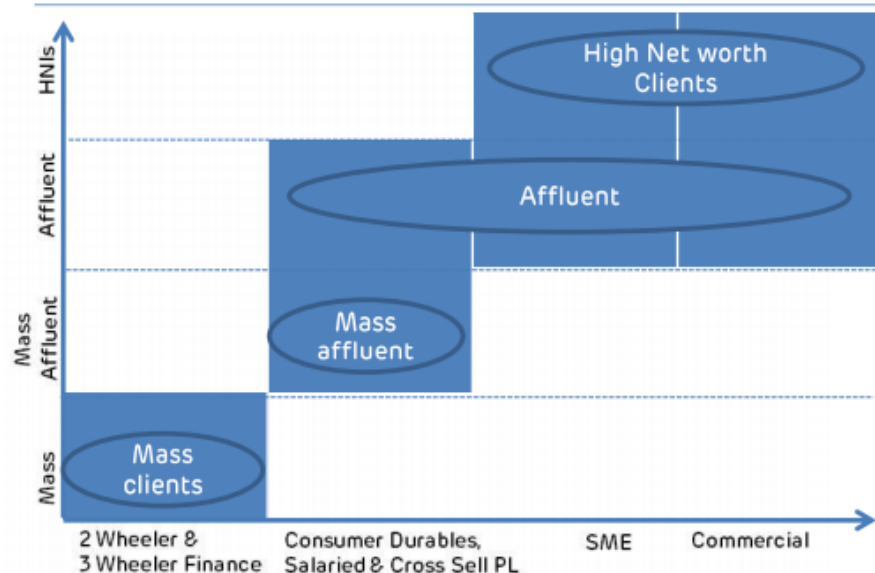
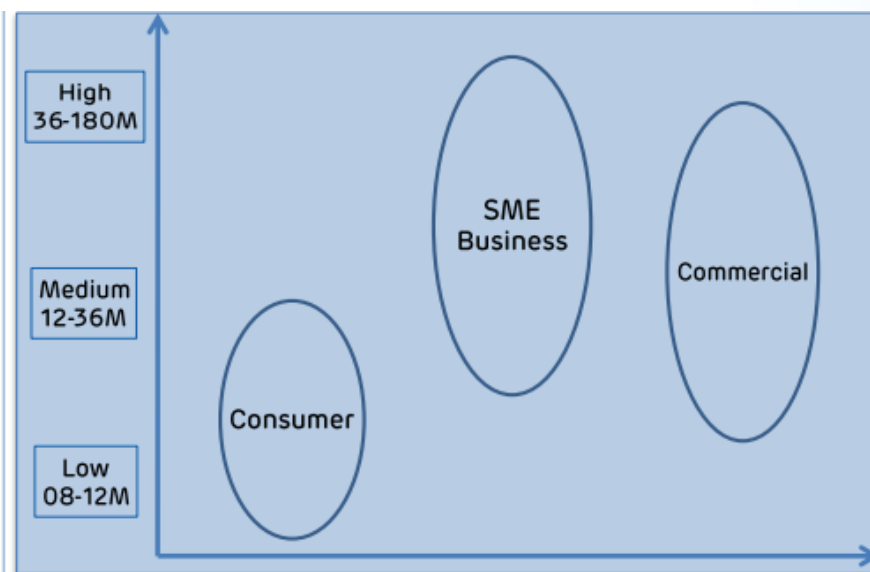
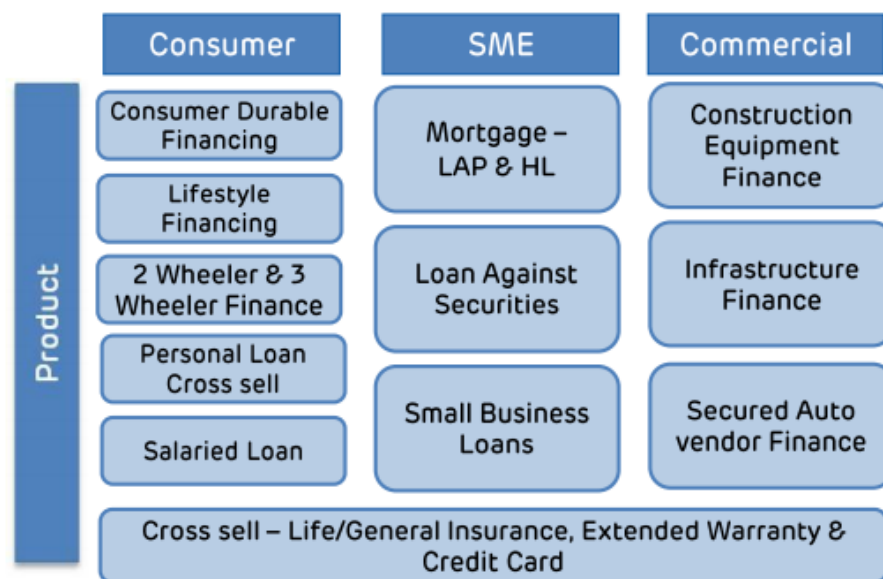
Solvency Ratio was 186% as against regulatory requirement of 150% as of 30th June 2013



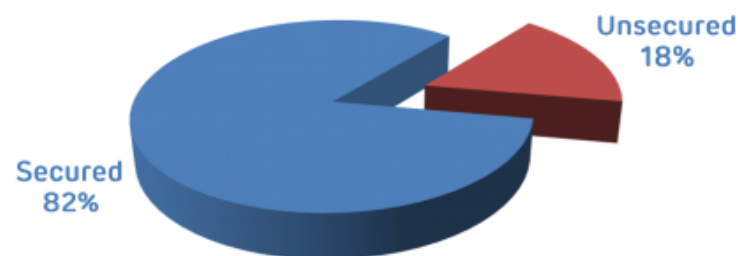
Bajaj Finance



Bajaj Finance is a diversified NBFC present in consumer finance, SME and commercial lending



Portfolio composition Q1- FY14

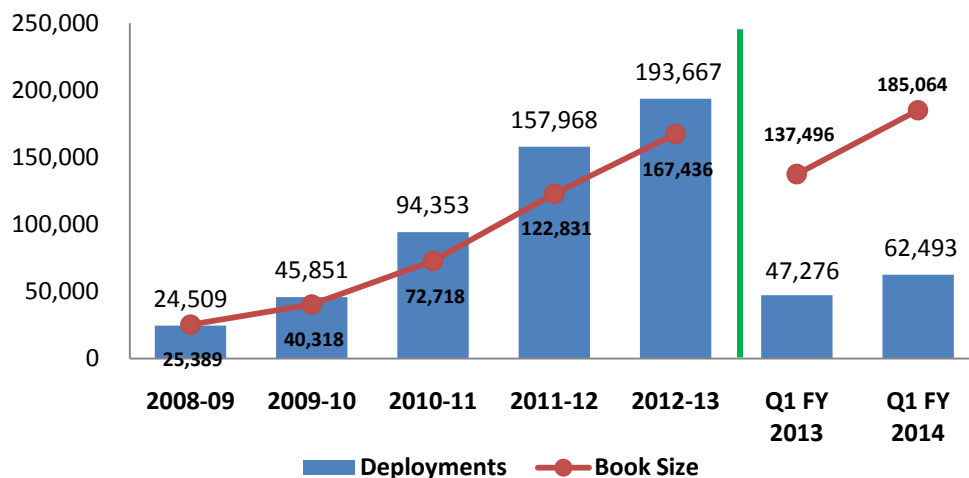


Segment	Dec'11	Mar'12	Jun'12	Sep'12	Dec'12	Mar'13	Jun'13
Consumer Finance	40%	38%	39%	39%	41%	40%	42%
SME Business	43%	43%	45%	45%	46%	48%	49%
Commercial	17%	19%	16%	16%	13%	12%	9%

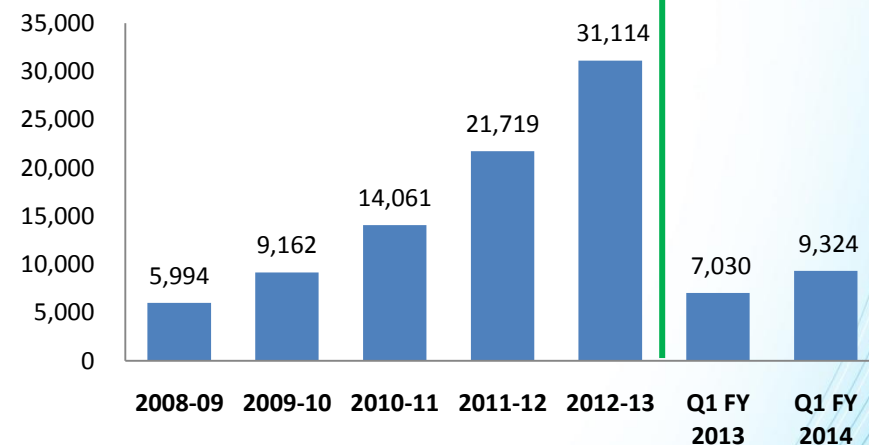
Bajaj Finance has clocked strong growth in disbursements while maintaining healthy NIMs

All Figures in Rs Million

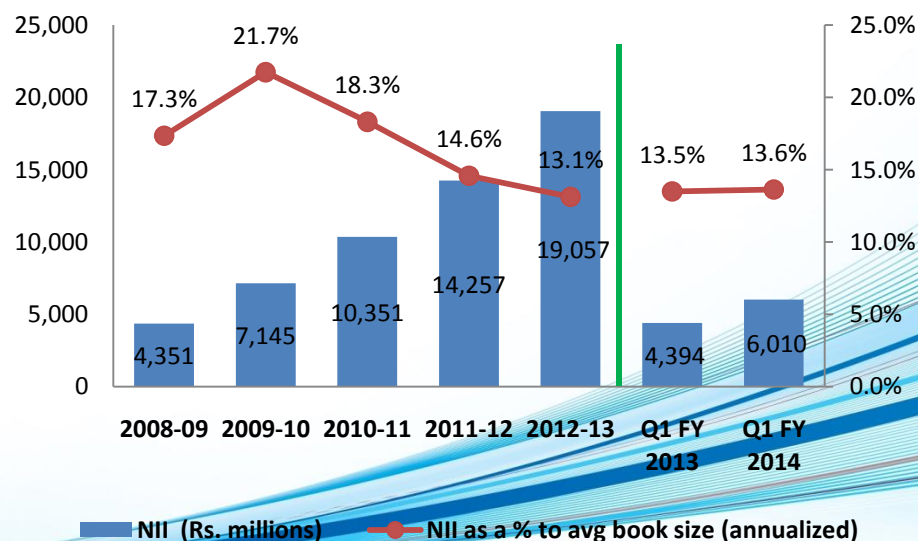
Deployments and Book Size



Revenues



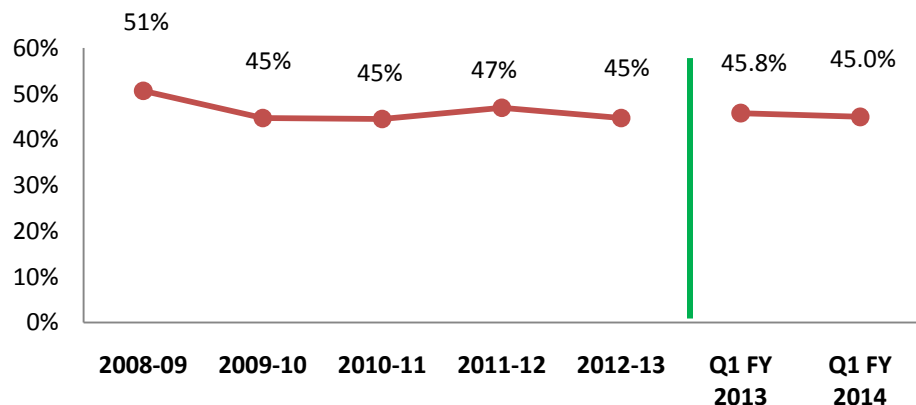
NII and NII as % to average book size



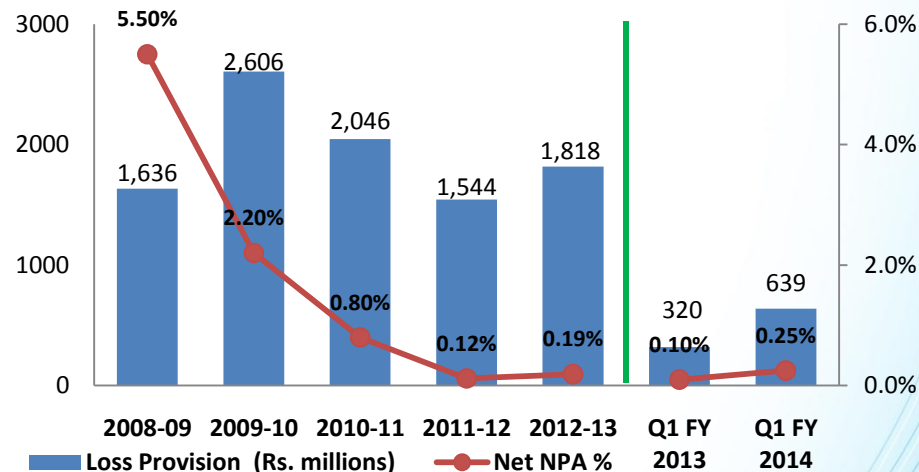
Quality of assets has improved and operating costs remain under control

All Figures in Rs Million

Operating expenses as a % of NII

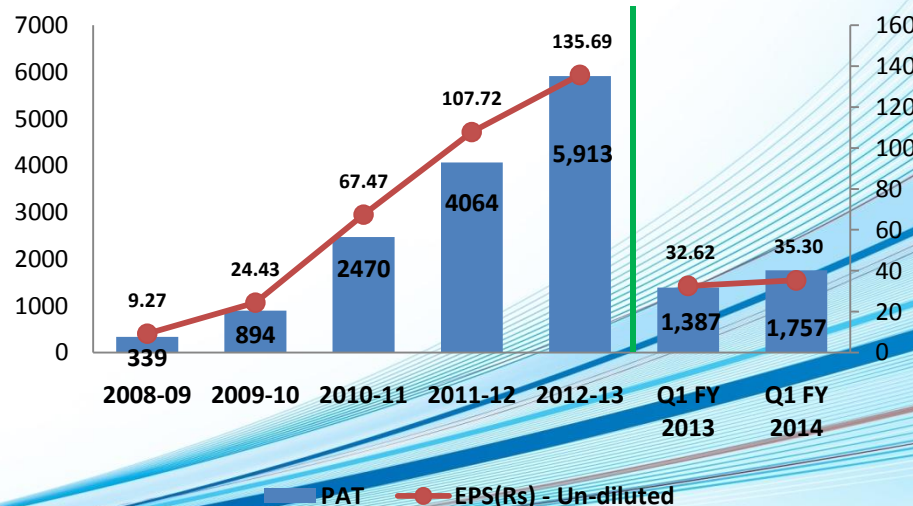


Loss Provision and Net NPA%



Stable operating expenses coupled with low NPAs are contributing to PAT and EPS

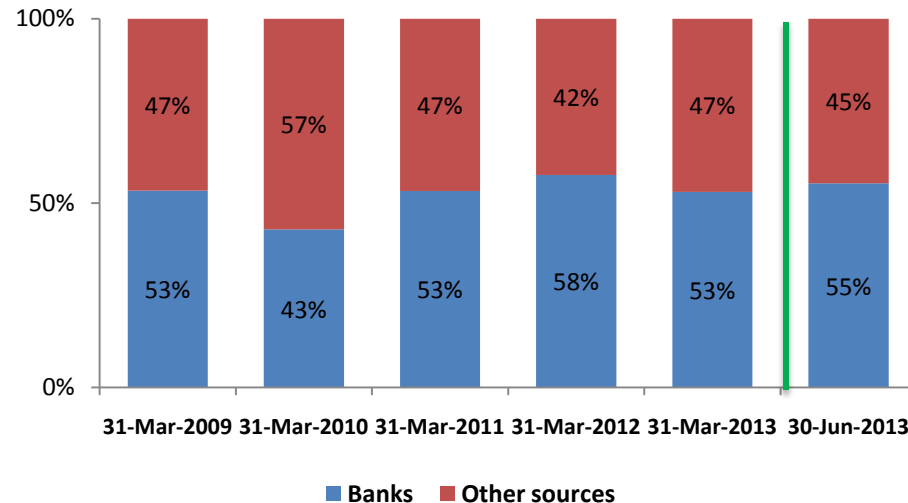
PAT and EPS



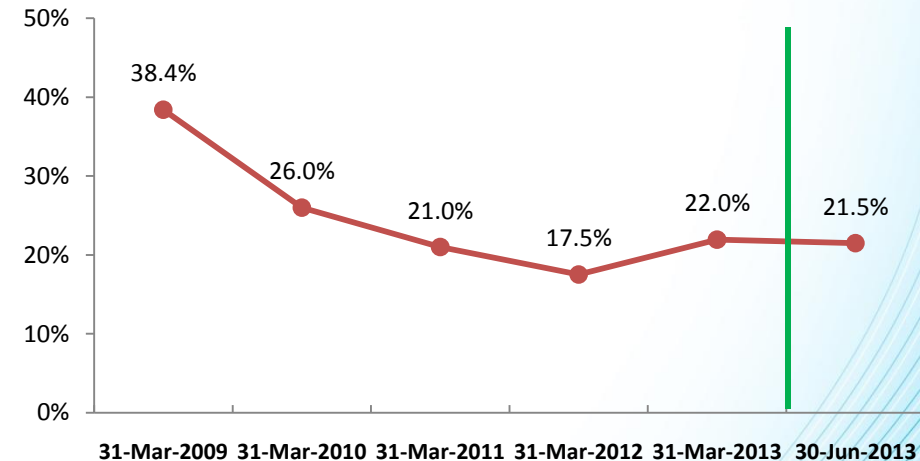
The company is not excessively dependent on bank lines. Capital adequacy is well above regulatory norms.

All Figures in Rs Million

Borrowing Mix



Capital Adequacy Ratio

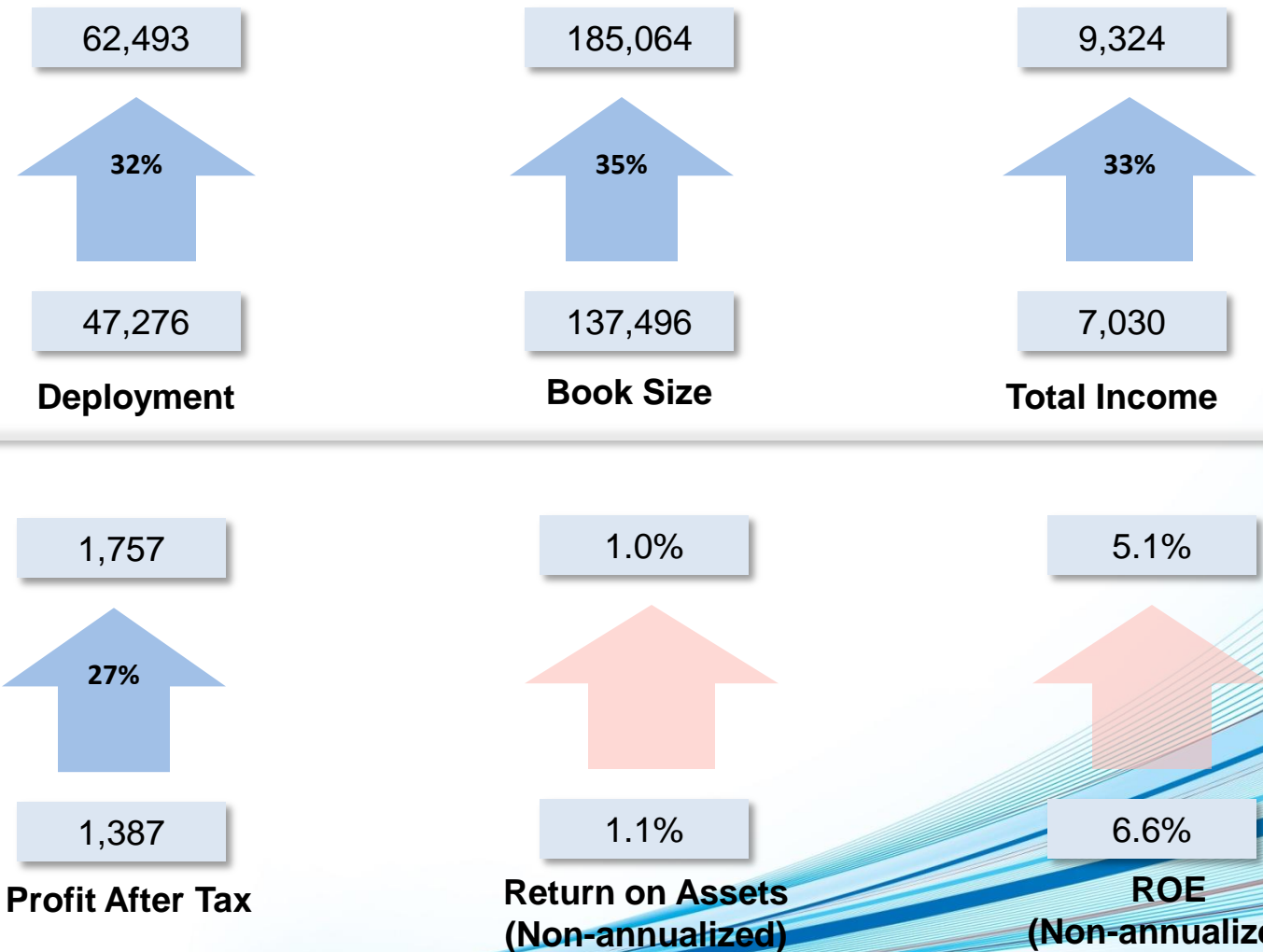


To augment the capital base for the purpose of capital adequacy requirements, Bajaj Finance Limited raised Rs 7435.18 Mn through rights issue of equity shares during FY13. 6,759,258 equity shares of the face value of Rs 10 each were issued at a premium of Rs 1090 per share to the existing eligible shareholders in the ratio of 3:19. Allotment of the shares was done on 2 March 2013 and these shares commenced trading on BSE and NSE effective from 6 March 2013

Bajaj Finance is now one of the leading NBFCs in the country by size and profits

All Figures in Rs Million

Performance Highlights of Q1 FY2014 over Q1 FY2013



Infrastructure Finance

- **Major Sectors – Roads**
 - Focus on NHAI/State highways with select developers
- **Products-** Corporate Finance/Project Finance to Infra sector
- **Deal size (BFS exposure) -** Rs. 0.25 billion to 1.5 billion
- **Tenor -** from Short term (upto 12 months) to Long term (>10-14 years)
- **Gross Disbursement during Q1 FY 2014 -** Rs. 110 million
- **Closing Assets as on June 30th 2013 -** Rs. 4,320 million
- **Team size -** 11
- Given the present uncertainty and slowdown in the economy and more so in regulatory processes in the Infra sector, we continue to closely review and monitor our portfolio. Focus is on collection/recovery. In the first quarter of FY 2014 we have collected Principal ~ Rs. 17 Crores. No new loans were sanctioned during FY 2014.

Thank You

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