



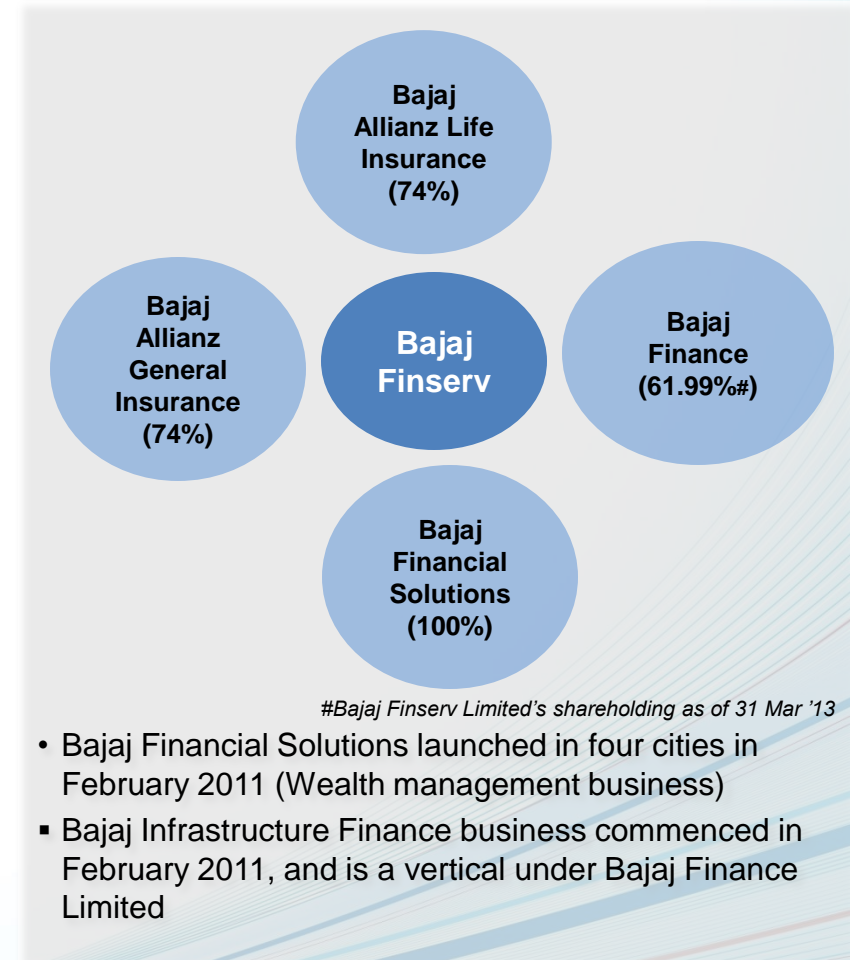
Bajaj Finserv Limited

Investor Presentation Q4FY13

May 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

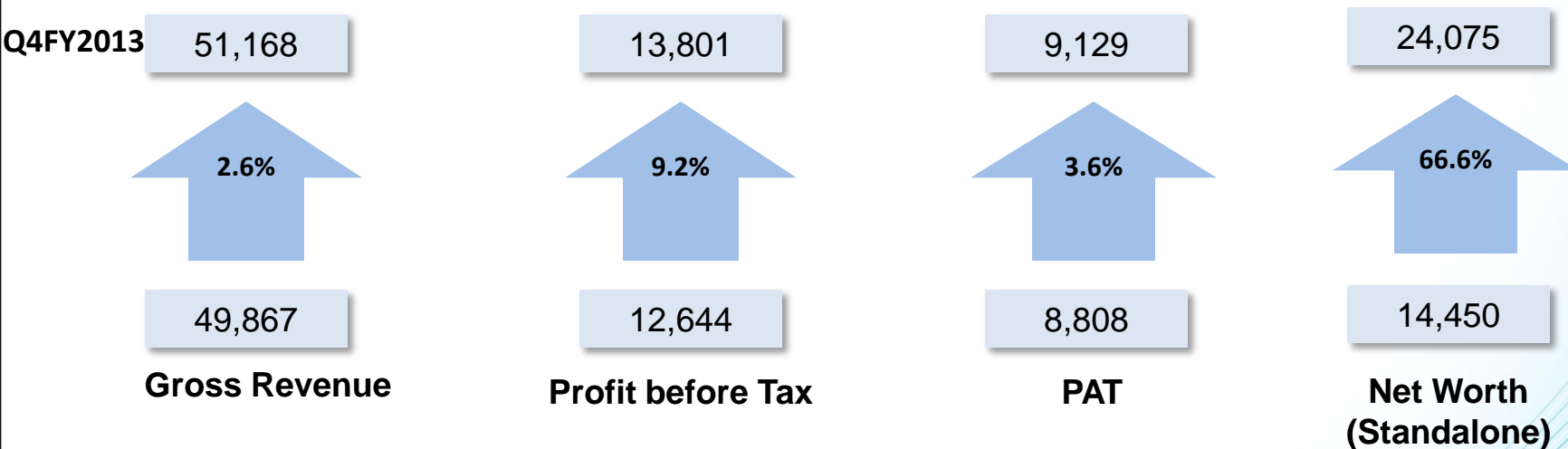
Focus is on cross-selling financial advisory and wealth management services to existing customers.

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 Q4FY 2013 over Q4FY 2012

All Figures in Rs Million

Performance Highlights of Q4FY 2013 over Q4 FY2012

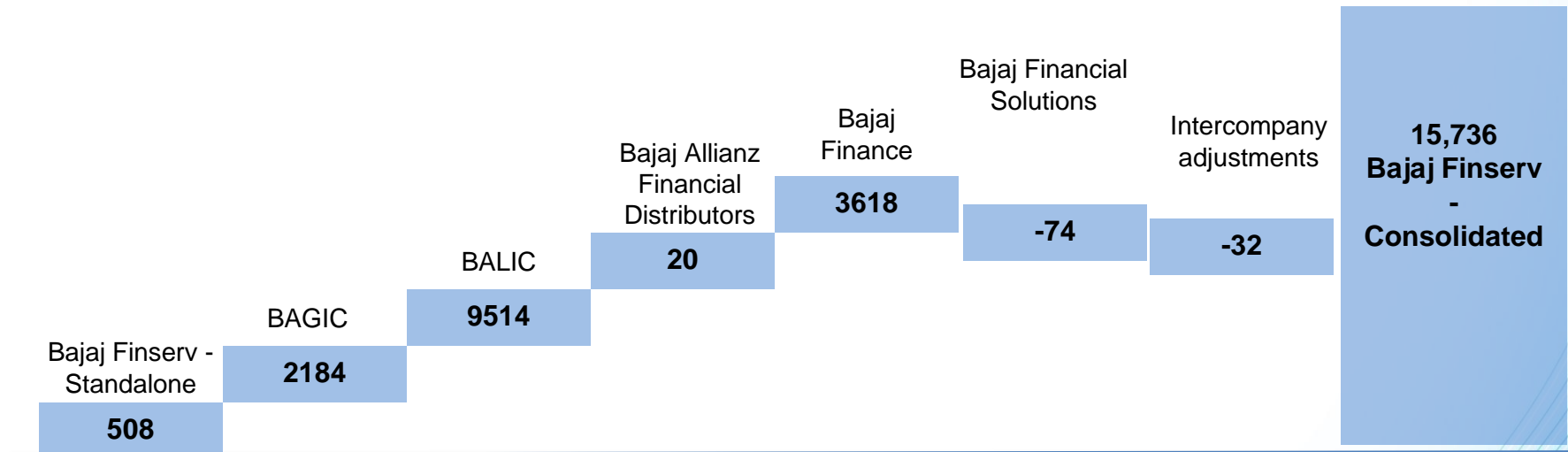


- Bajaj Finserv remains a debt free company
- Bajaj Finserv's surplus funds stood at Rs. 6578 million as on Mar 31, 2013

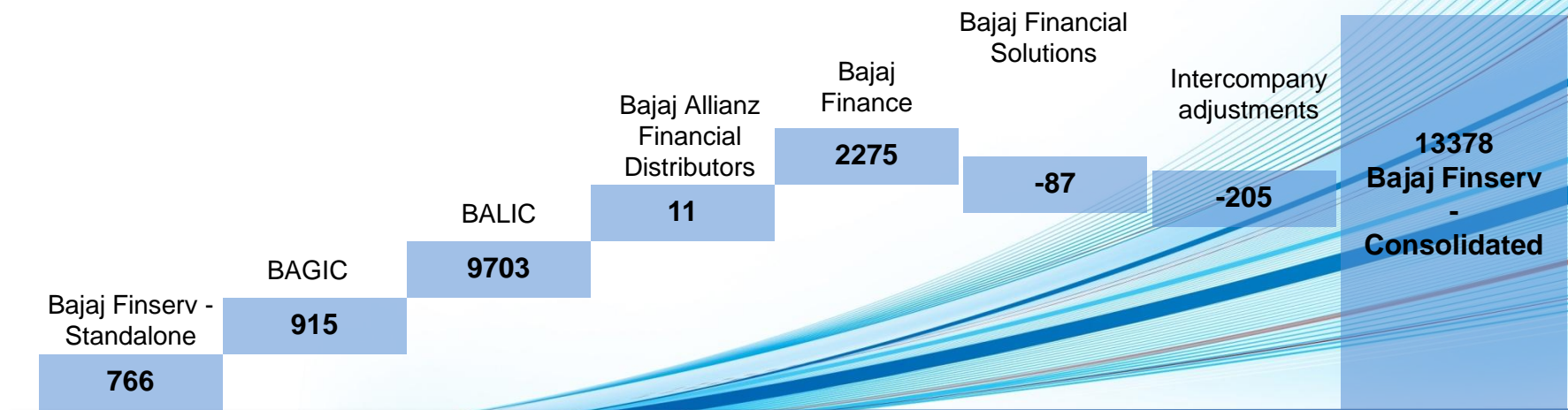
Bajaj Finance has become an important contributor to group profits. Life insurance profits remain significant.

All Figures in Rs Million

Consolidated profit components for FY2013



Consolidated profit components for FY2012



Full Year Highlights

All Figures in Rs Million

BAJAJ FINSERV	FY2012	FY2013	Growth
Gross Revenue	145,264	158,135	9%
PBT	22,262	27,081	22%
PAT	13,378	15,736	18%

Group Company Highlights

BALIC	FY2012	FY2013	Growth
GWP	74,838	68,927	-8%
Total Investments	394,330	380,028	-4%
PAT	13,112	12,856	-2%

BAGIC	FY2012	FY2013	Growth
GWP (ex Pool)	33,376	40,626	22%
NEP (ex Pool)	21,955	27,085	23%
PAT	1,237	2,951	139%

BAJAJ FINANCE	FY2012	FY2013	Growth
Deployment	157,968	193,667	23%
Book Size	122,831	167,436	36%
PAT	4,064	5,913	45%

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

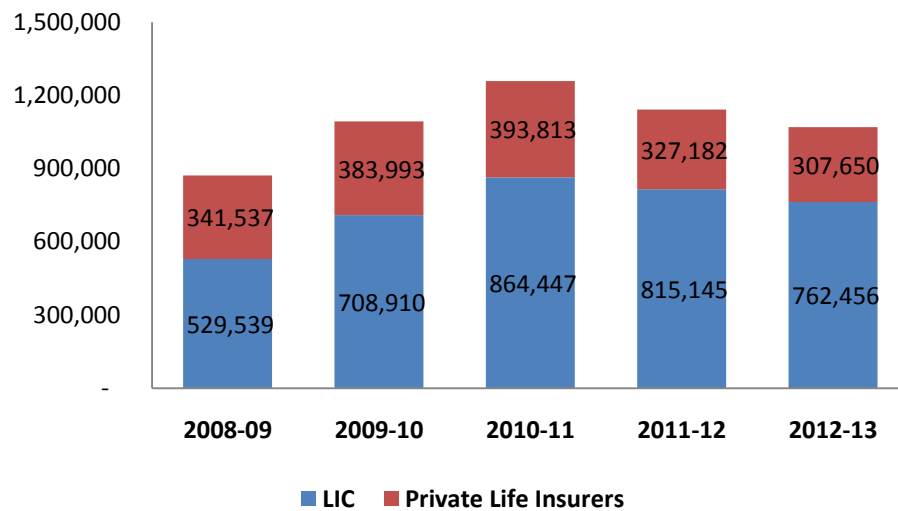
BALIC's Strategic Focus Areas

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

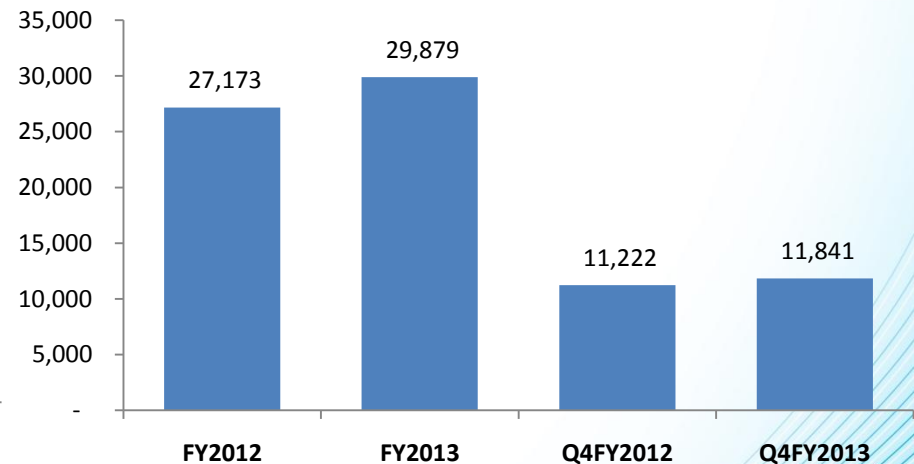
During 2012-13 , the life insurance industry de-grew, while BALIC grew moderately

All Figures in Rs Million

Industry New Business Premium



New Business - BALIC

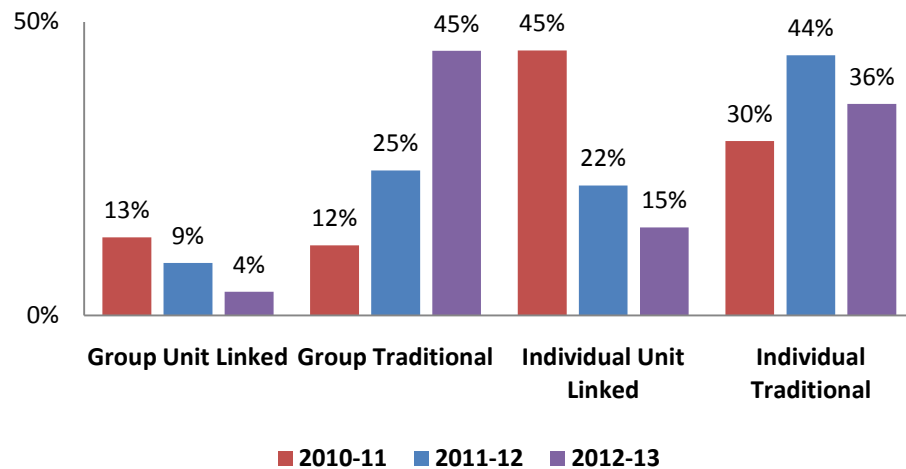


- BALIC has grown new business by 10% in FY13 to Rs 29,879 Mn compared to last year, and 6% in Q4 FY13 to Rs 11,841 Mn
- Industry de-grew 11% in Q4 versus last year, and 6% annually

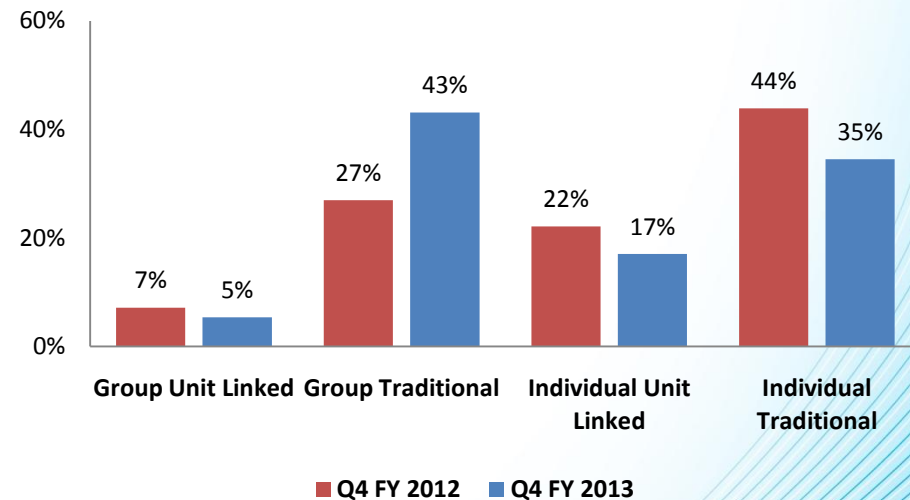
Bajaj Allianz Life's dependence of ULIPs has reduced significantly, with increase in share of traditional products

All Figures in Rs Million

New Business Premium - Product Mix



New Business Premium - Product Mix

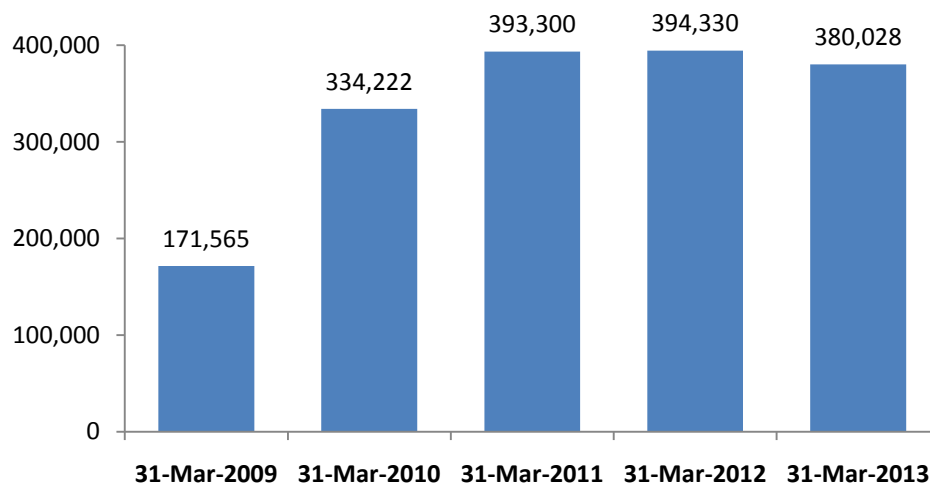


- Unit linked business was at 19% in FY13, and 22% in Q4

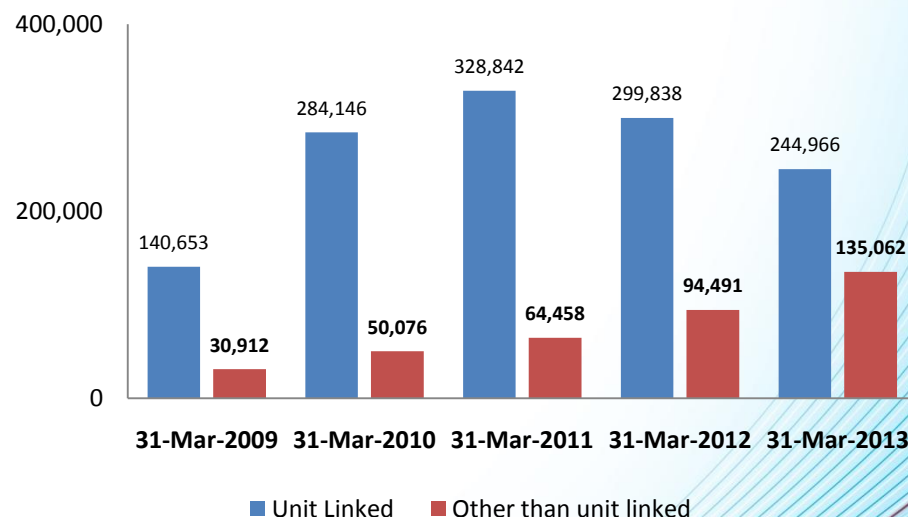
With a live policy base of more than 7 million, assets under management are significant

All Figures in Rs Million

Investments Growth



Assets Under Management

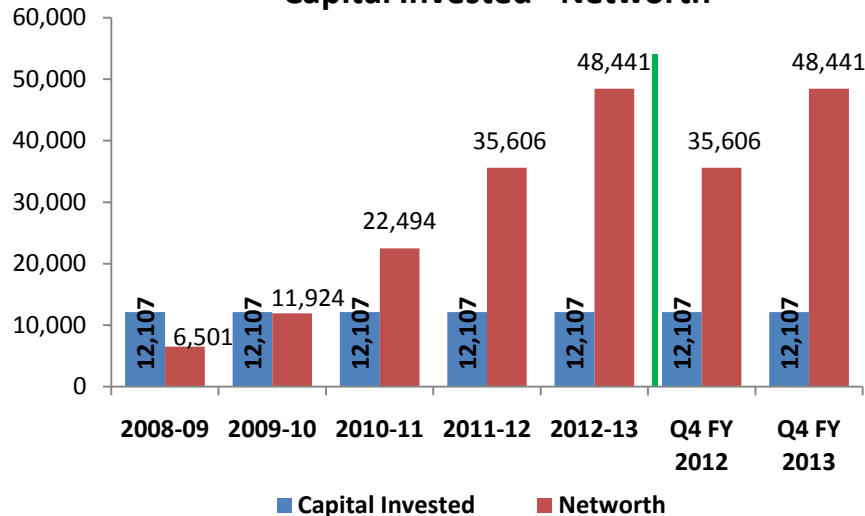


- Assets under management remain resilient
- Assets are primarily from unit inked funds. Of the linked funds, Rs 179,624 Mn were in equity funds

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

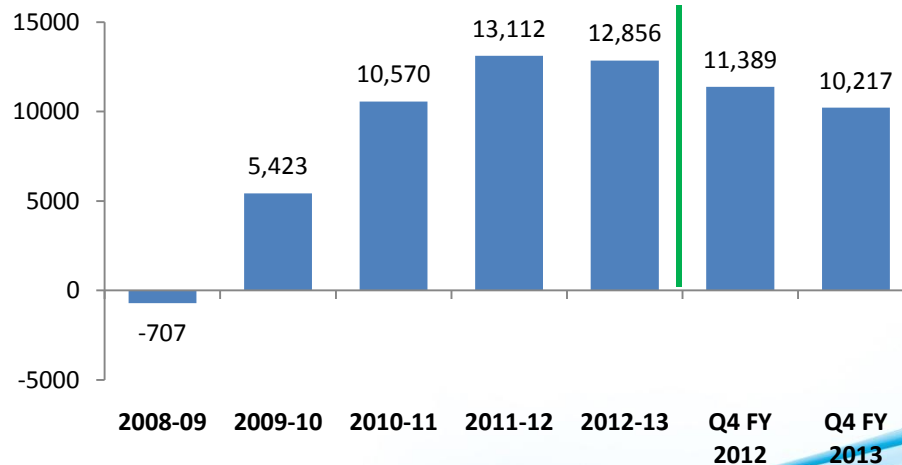
All Figures in Rs Million

Capital Invested - Networth



Net Worth currently stands at Rs. 48,441 Mn

Shareholders' profits

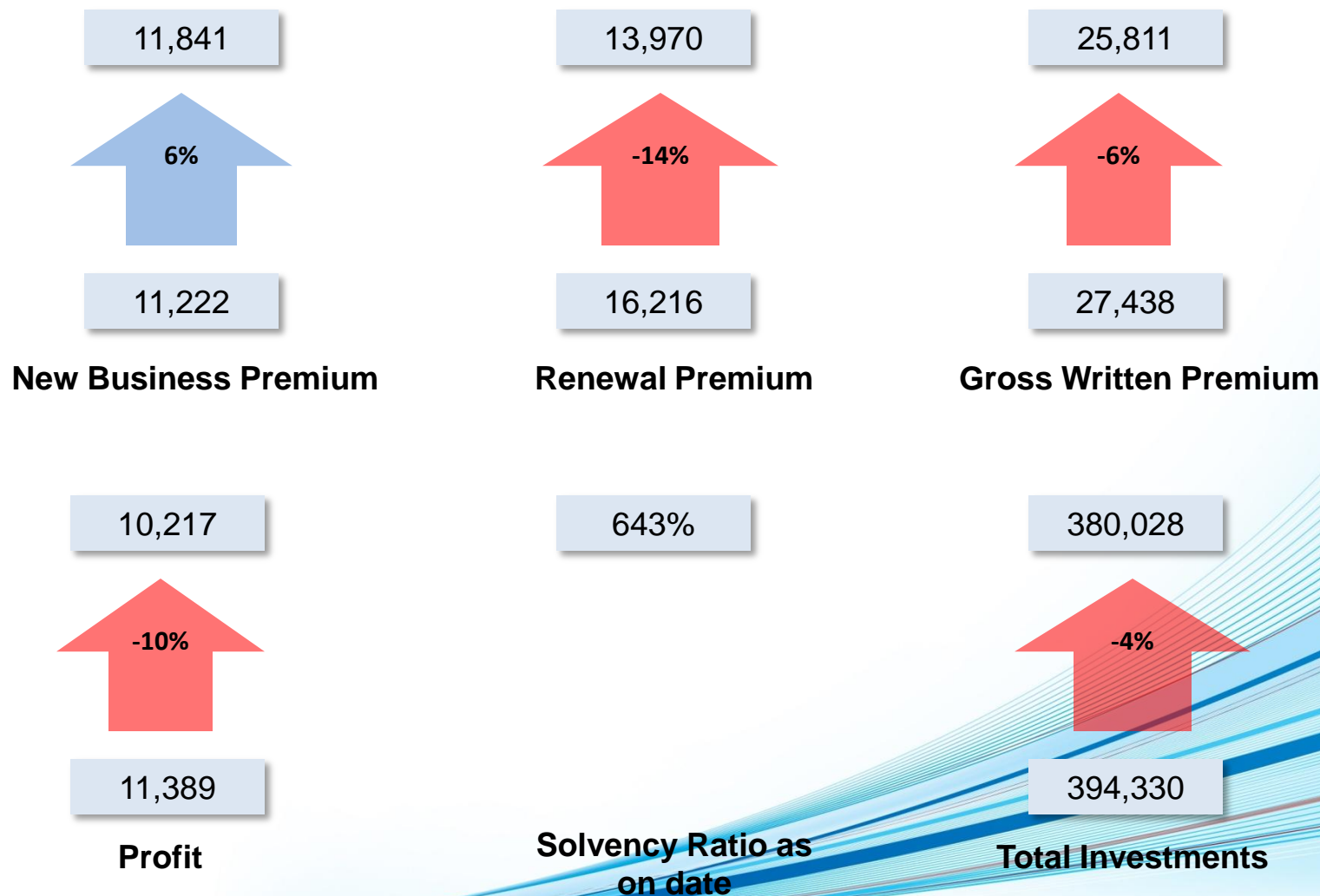


Shareholders' profit de-grew 2% in FY13 over FY12.

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 Q4 FY2013 over Q4 FY2012



* Total investments includes assets held to cover discontinued funds

Bajaj Allianz Life continues to grow its Embedded Value

All Figures in Rs Mn

Parameter	FY 12	FY 13
Annualized Premium** (ANP)	17,201	16,513
New Business Value* (NBV)	2,148	1,910
Implied Margins on ANP	12.5%	11.6%
Embedded Value++ (EV)	67,758	76,529

- Embedded Value is after absorbing expense over-runs/(under-runs) as follows

	FY 12	FY 13
Expense over-run/(under-run)	(314)	1,756

- One-year forward rates derived from the risk free yield curve are used for discounting cash flows. Allowance for risk is provided in computing cash flows for various risks and the cost of risk capital. Investment returns are derived from the risk free yield curve. Currently applicable tax rate of 14.16% is assumed.
- Results not audited or reviewed externally but methodology is in line with APS 10 of the Institute of Actuaries of India.

* **New Business Value** represents discounted present value of expected net cash flows from new business written during the year

** **Annualised Net premium** excludes ANP from Group Fund based business, top-ups and riders representing 15.67% (PY 19.4%) of aggregate New Business ANP for the year.

++ **On Market consistent basis**

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%*
- Industry growth could be viewed as being in line with nominal GDP growth

Regulatory Perspective

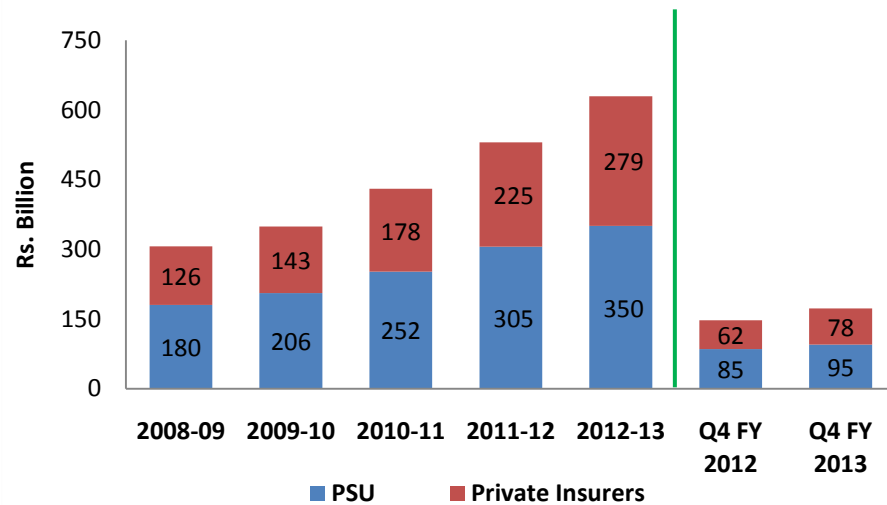
- Old Motor Pool disbanded with effect from 01 April 2012. Bajaj Allianz's share of total pre-tax pool losses were to be written off over FY 12,13 and 14. New Declined Pool of much smaller size has come into effect from FY 13.
- On a pre-tax basis, Rs 2,350 Mn (including Rs 55.86 Mn relating to the new declined pool) was absorbed in FY 13 and Rs 1,200 Mn remains to be written off in FY14

BAGIC's Strategic Focus Areas

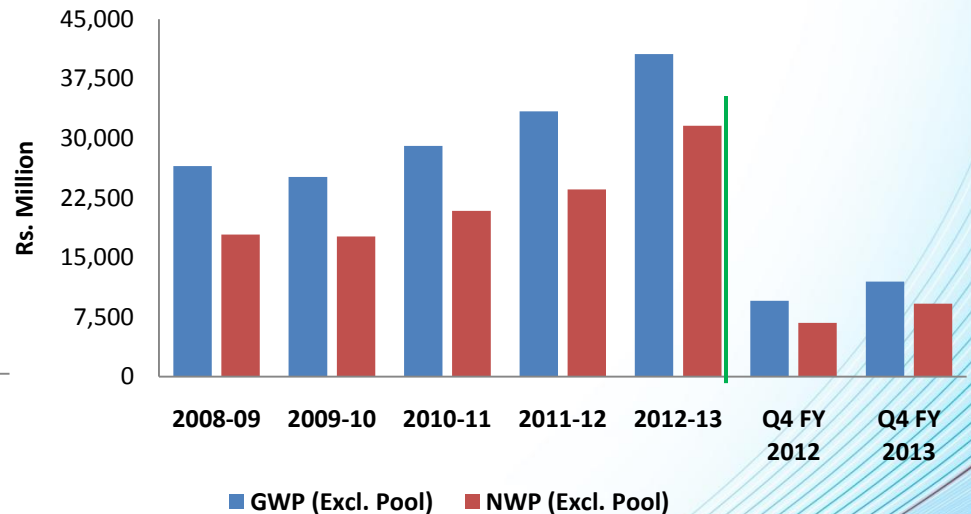
- **Prudent Underwriting:** BAGIC has industry leading combined ratios (101.9% including pool, and 93.4% ex pool in FY13, and Loss Ratio of 62% in FY13)
- **Grow profitable segments:** Grow retail, particularly health.
- **Increase share of direct business**

BAGIC has retained its second position amongst private sector general insurers

Industry Premium Trends (ex Specialized)



BAGIC premium growth

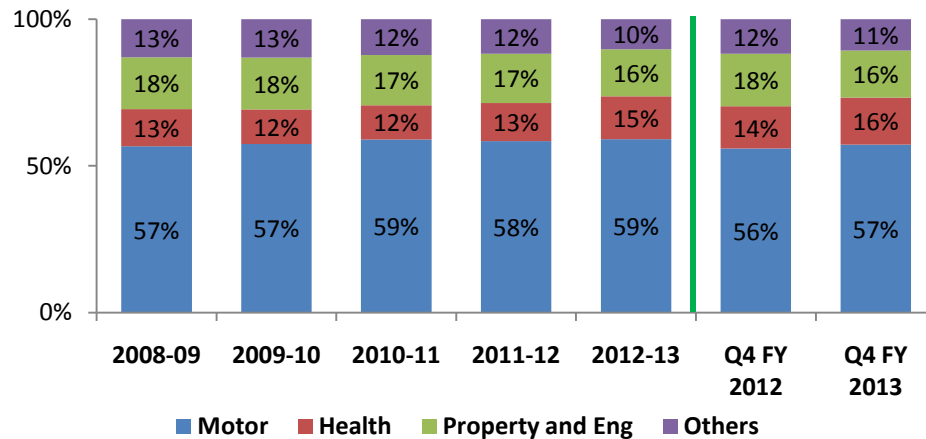


- BAGIC grew GWP (ex Pool) in Q4 by 26% to Rs 11,969 Mn over the corresponding period last year
- BAGIC grew GWP (ex Pool) by 22% in FY13 to Rs 40,626 Mn over last year

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

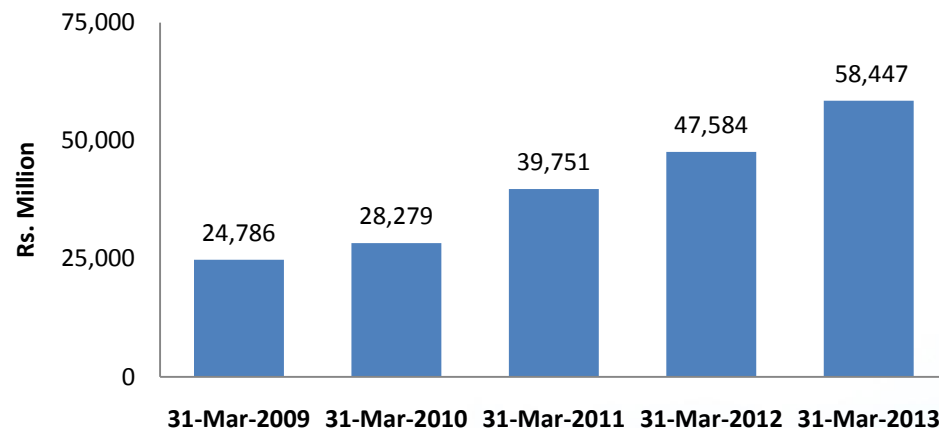
All Figures in Rs Million

Business Mix



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

Investment Growth

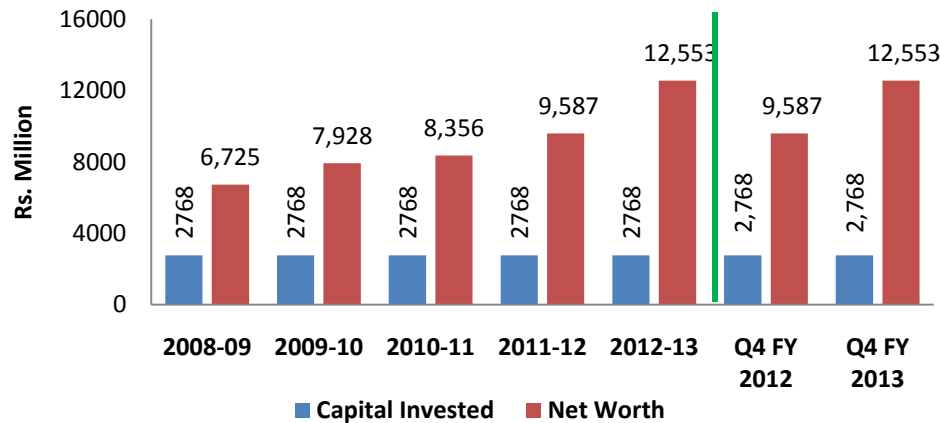


Strong cash generation has helped grow the investment book
Investments largely in fixed income securities
Investment book is 4.7 times Shareholders' funds at 31st Mar 2013

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

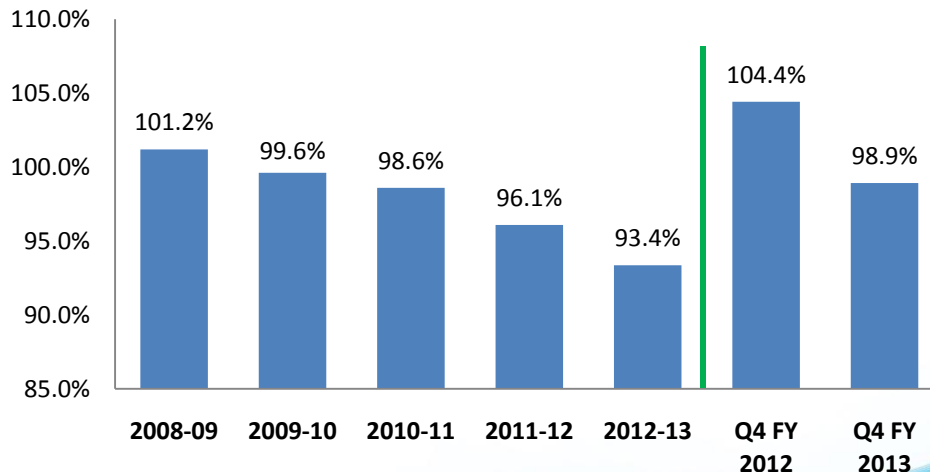
All Figures in Rs Million

BAGIC - Capital Invested - Networth



BAGIC's net worth now stands at Rs 12,553 Mn

Combined Ratios (Excluding Motor Pool)



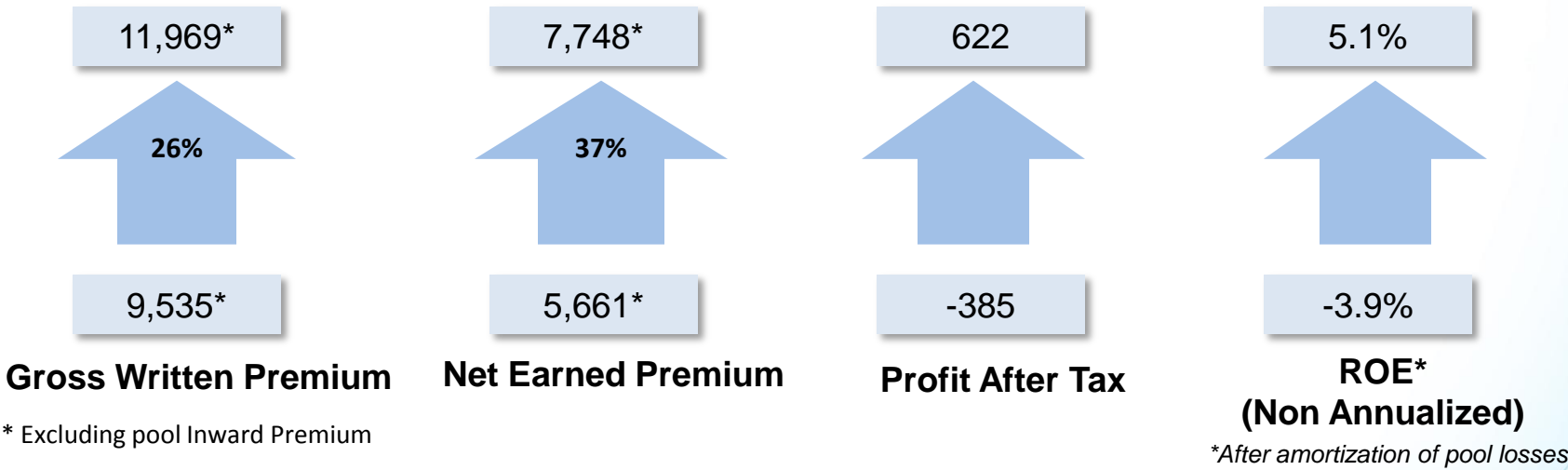
BAGIC continues to have one of the best combined ratios.

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

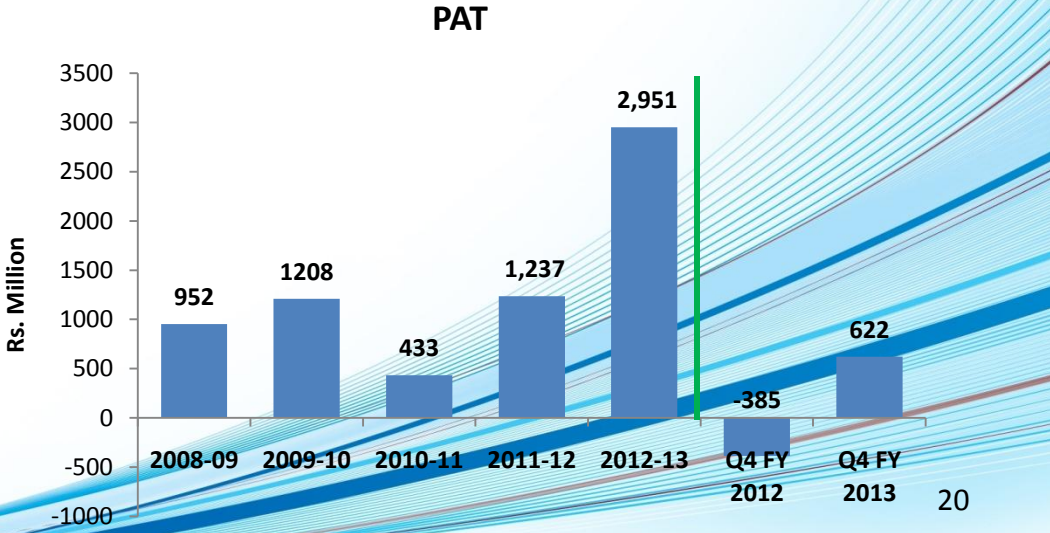


All Figures in Rs Million

Performance Highlights of Q4 FY2013 over Q4 FY2012



Solvency Ratio was 179% as against regulatory requirement of 140% as of 31st March 2013

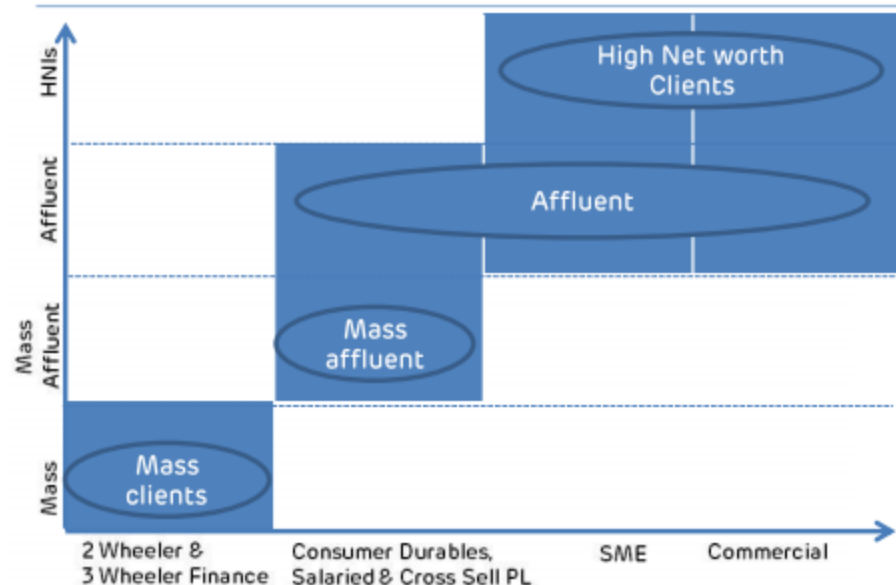
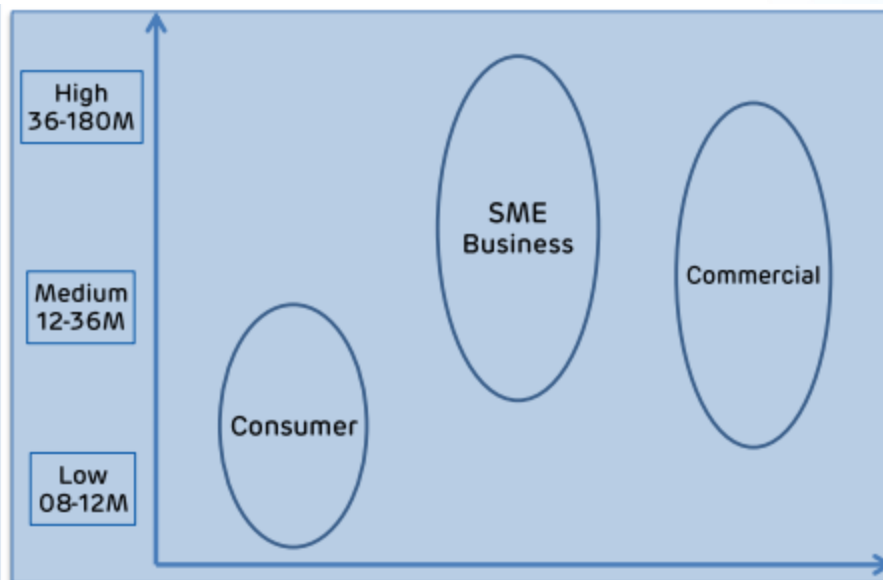


Bajaj Finance



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

	Consumer	SME	Commercial
Product	Consumer Durable Financing	Mortgage – LAP & HL	Construction Equipment Finance
	Lifestyle Financing		
	2 Wheeler & 3 Wheeler Finance	Loan Against Securities	Infrastructure Finance
	Personal Loan Cross sell		
	Salaried Loan	Small Business Loans	Secured Auto vendor Finance
	Cross sell – Life/General Insurance, Extended Warranty & Credit Card		



Portfolio composition Q4- FY13

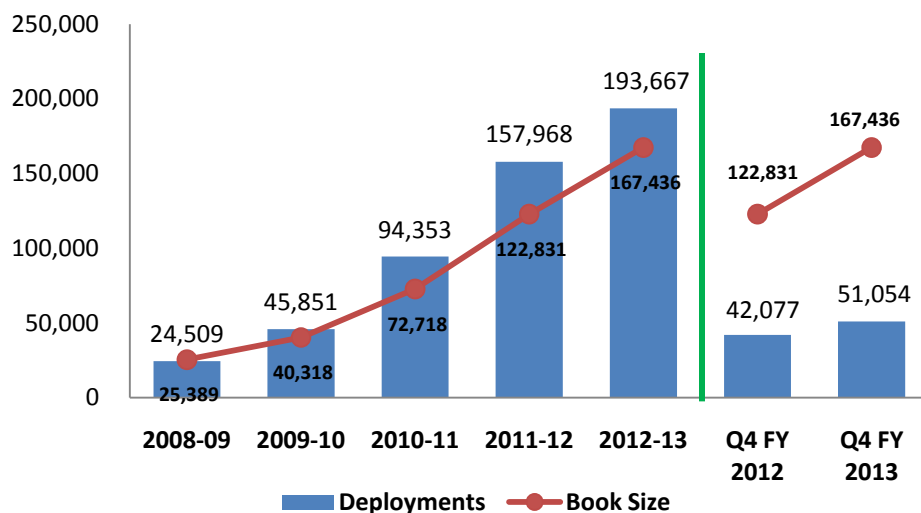


Segment	Sep'11	Dec'11	Mar'12	Jun'12	Sep'12	Dec'12	MAR'13
Consumer Finance	41%	40%	38%	39%	39%	41%	40%
SME Business	45%	43%	43%	45%	45%	46%	48%
Commercial	15%	17%	19%	16%	16%	13%	12%

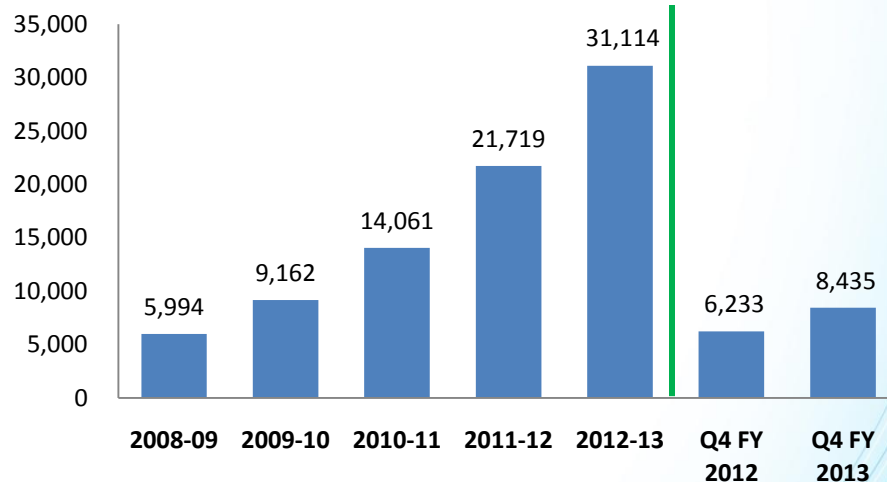
Bajaj Finance has clocked strong growth in disbursements while maintaining healthy NIMs

All Figures in Rs Million

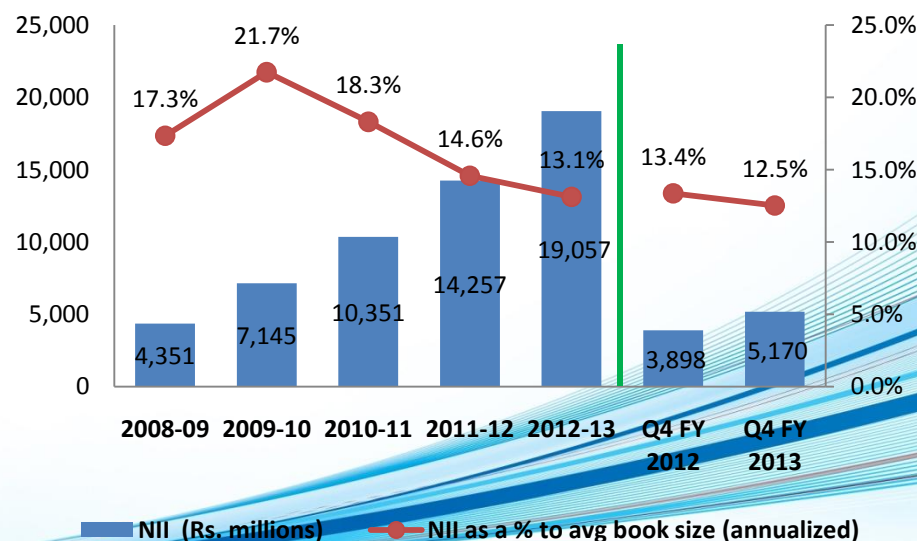
Deployments and Book Size



Revenues



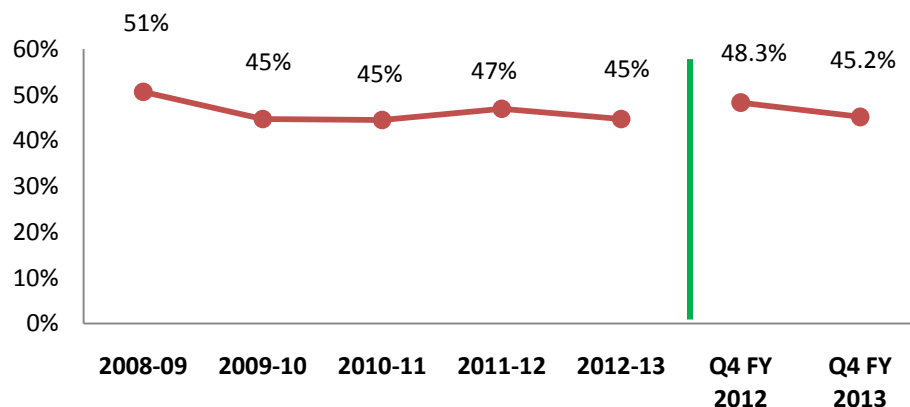
NII and NII as % to average book size



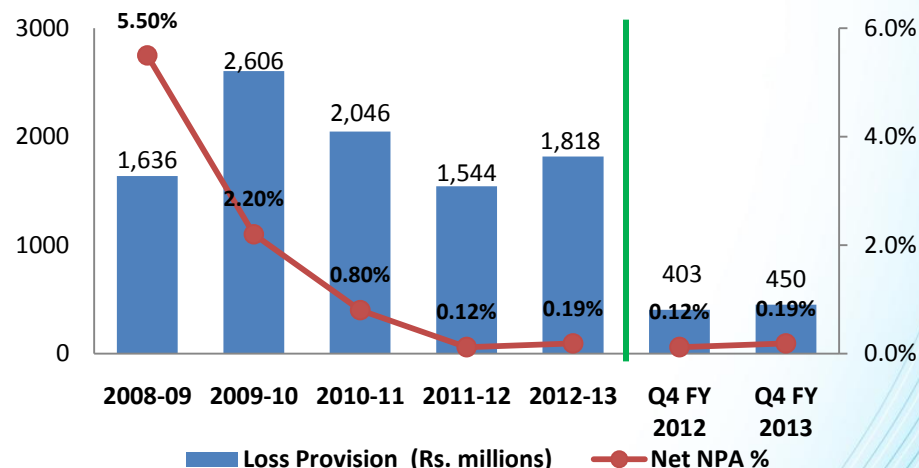
Quality of assets has improved and operating costs remain under control

All Figures in Rs Million

Operating expenses as a % of NII

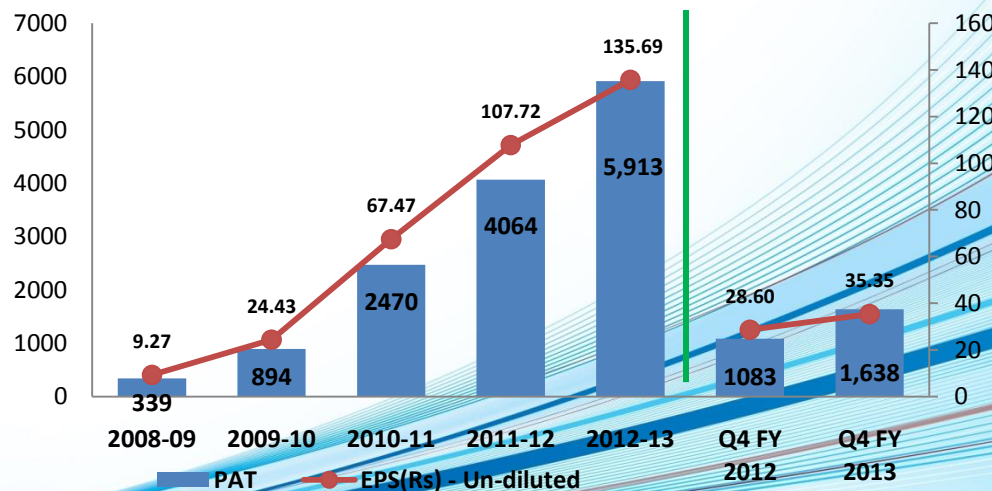


Loss Provision and Net NPA%



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

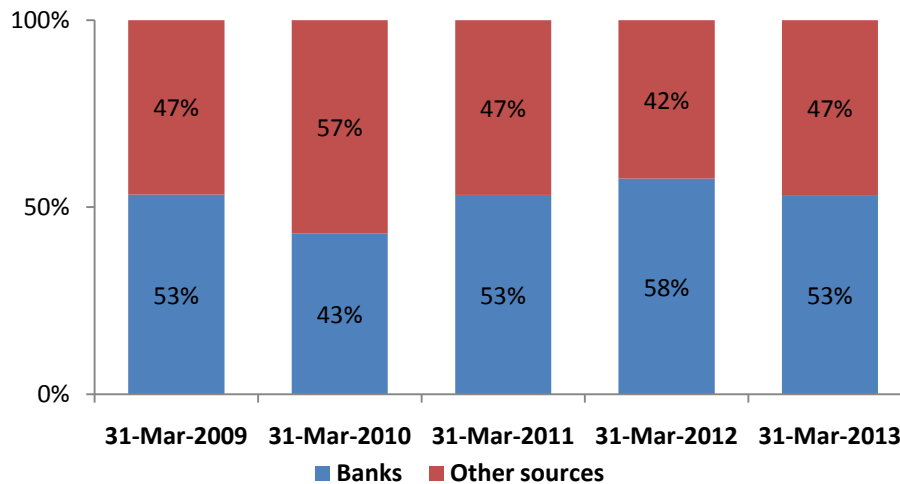
PAT and EPS



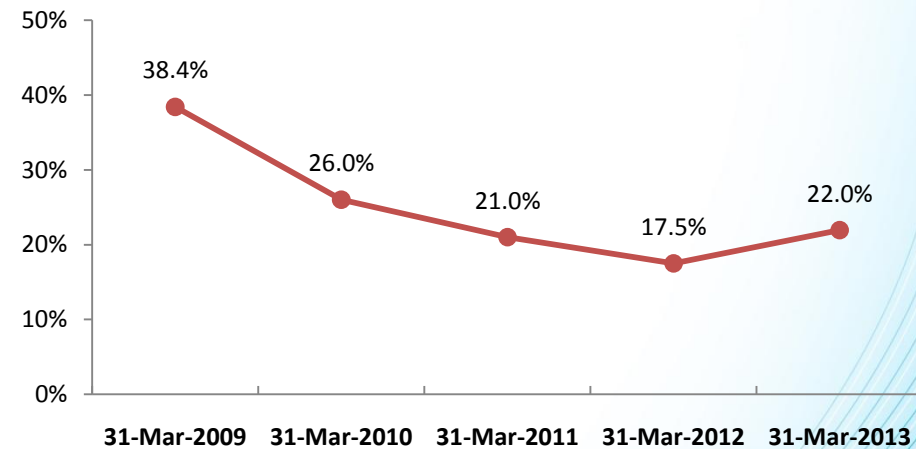
The company is not excessively dependent on bank lines. Capital adequacy is well above regulatory norms.

All Figures in Rs Million

Borrowing Mix



Capital Adequacy Ratio

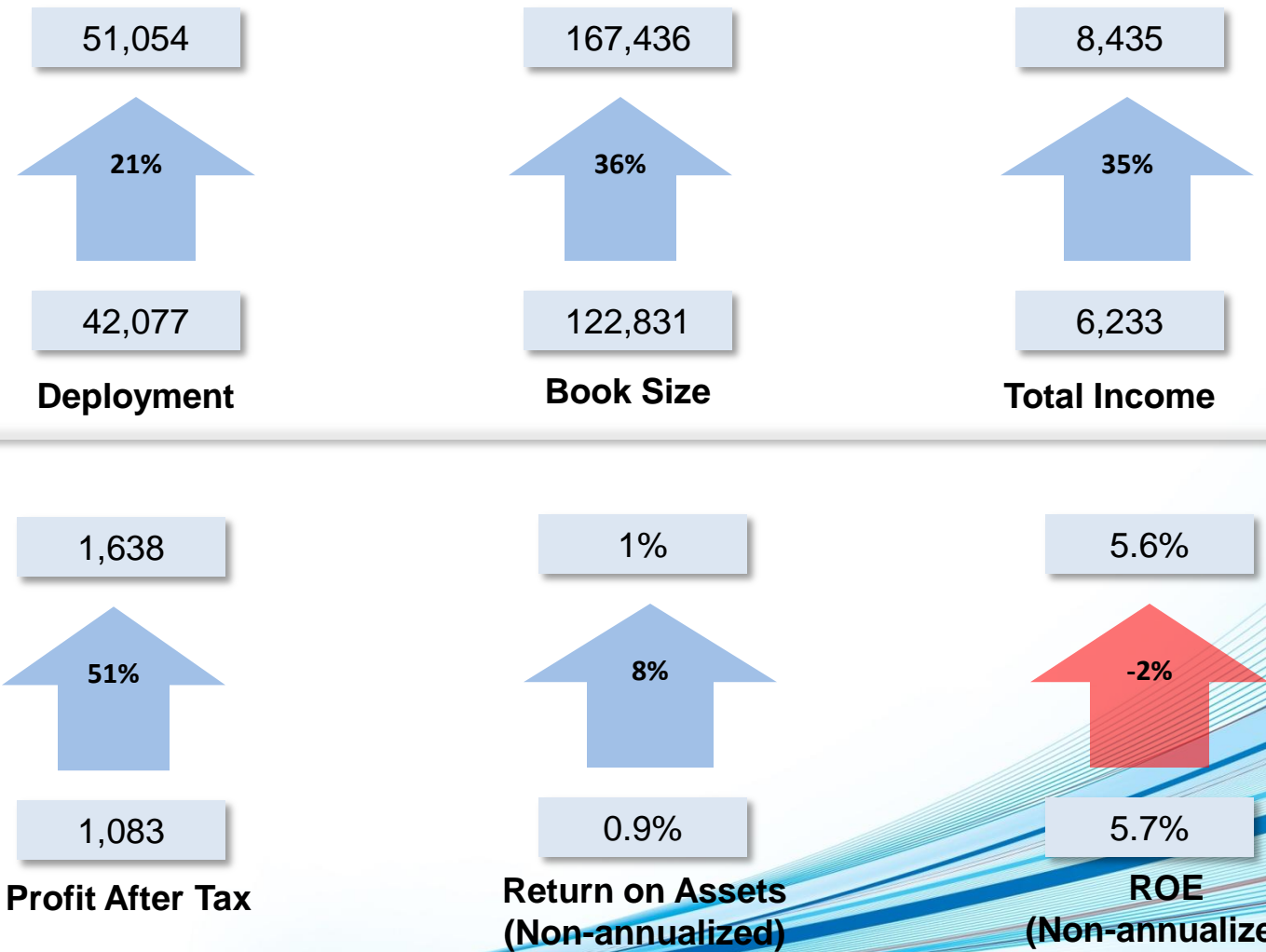


To augment the capital base for the purpose of capital adequacy requirements, Bajaj Finance Limited raised Rs 7435.18 Mn through rights issue of equity shares during FY13. 6,759,258 equity shares of the face value of Rs 10 each were issued at a premium of Rs 1090 per share to the existing eligible shareholders 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 Q4 FY2013 over Q4 FY2012



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 Q4 FY 2013** - Rs. 510 million
- **Gross Disbursement during FY 2013** - Rs.1,790 million (excludes Rs. 1,380 millions of non-fund based exposure as on Mar 31, 2013)
- **Closing Assets as on Mar 31 , 2013** - Rs. 4,290 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 last 12 months we have collected Principal ~ Rs. 4.7 bn. During Q4 FY13 one account (Exposure – Rs 0.33 bn) was restructured. No NPLs are expected. No new loans were sanctioned during FY 2013.

Thank You

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