

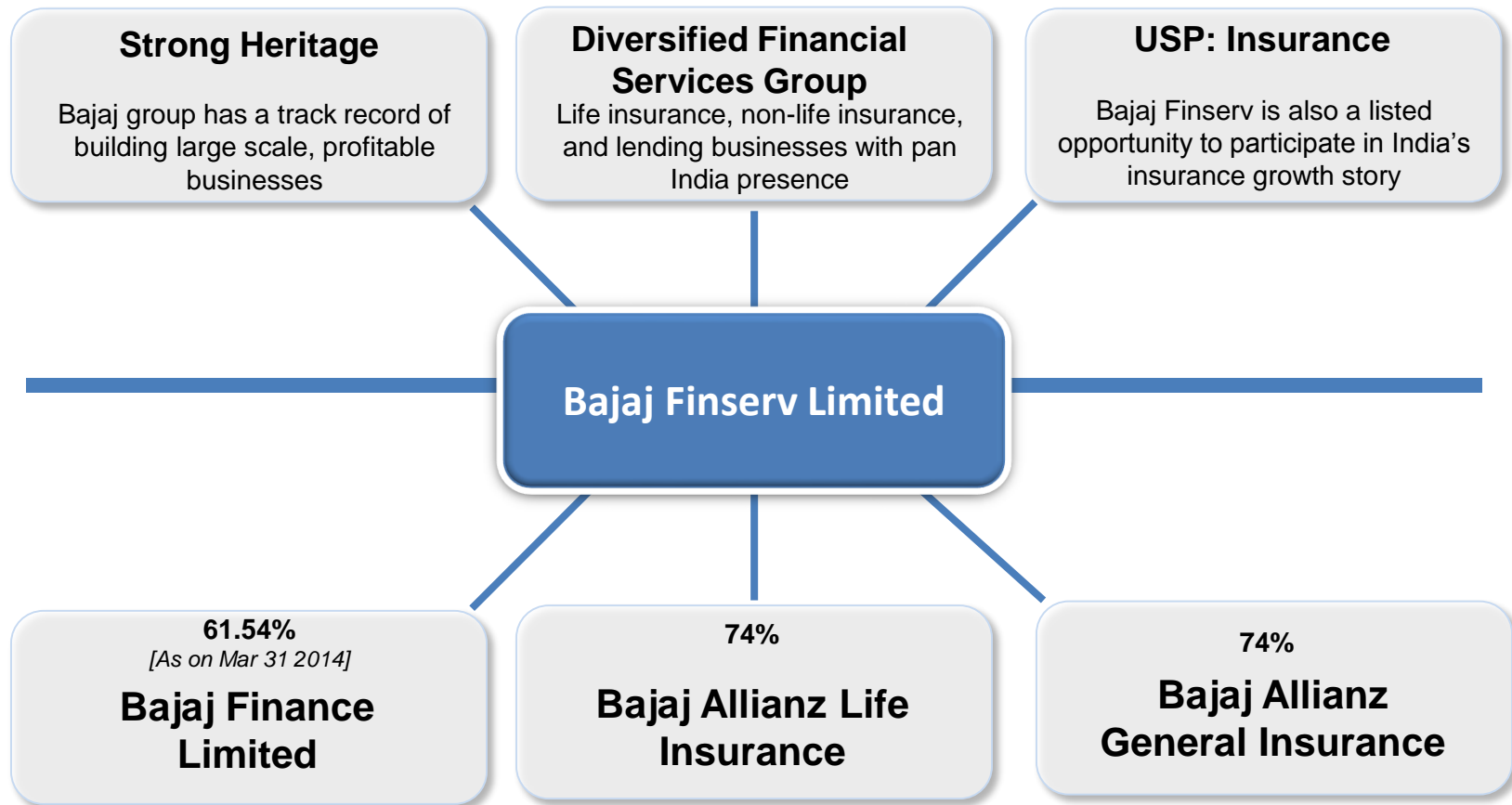


Bajaj Finserv Limited

Investor Presentation Q4FY14

May 2014

Bajaj Finserv – A diversified financial services group



Note: Chart only shows major subsidiary companies

Bajaj Finance Limited

- Diversified NBFC present in consumer finance, SME, & commercial lending. Deployments over Rs 260 Bn as of FY14.
- Market leader in consumer durables financing and motorcycle financing.

Bajaj Allianz General Insurance

- Number 2 private non-life insurer in India.
- One of the most profitable private non life insurers as of FY14, consistently having one of the best combined ratios.
- Investment book stood at over Rs 69 Bn as of FY14. Net-worth at Rs 16,643 Mn as of FY14.

Bajaj Allianz Life Insurance

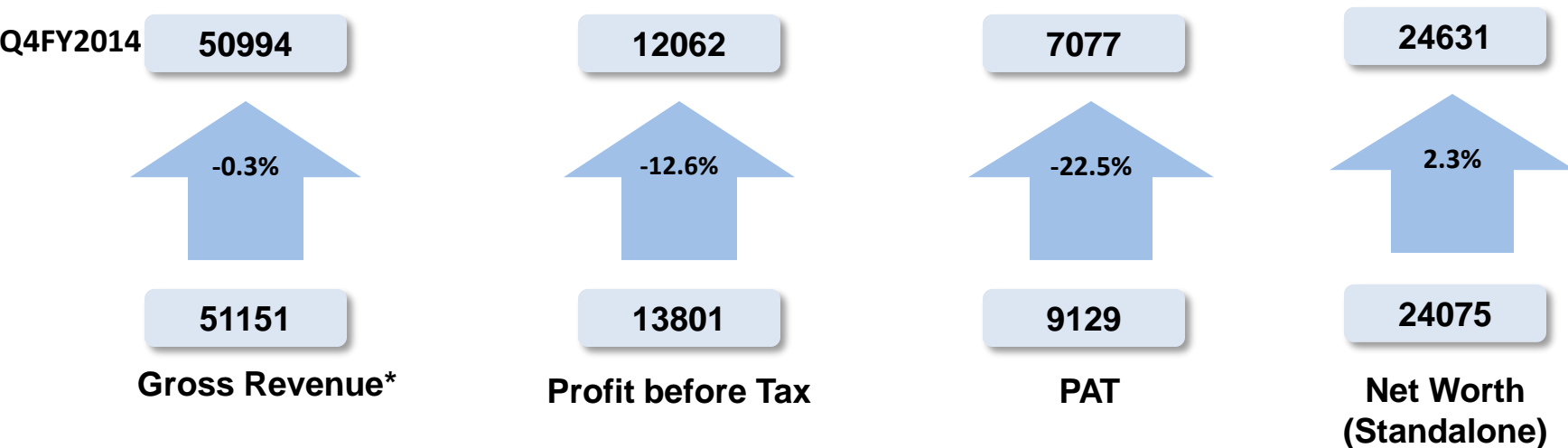
- One of the most profitable life insurers in India.
- A top 5 player. Live policy base of over 5.5 Mn, and AUM of Rs 388 Bn in FY14.
- Net-worth of Rs 58,708 Mn as of FY14

Bajaj Finserv performance highlights for Q4FY 2014 over Q4FY 2013



All Figures in Rs Million

Performance Highlights of Q4FY 2014 over Q4 FY2013

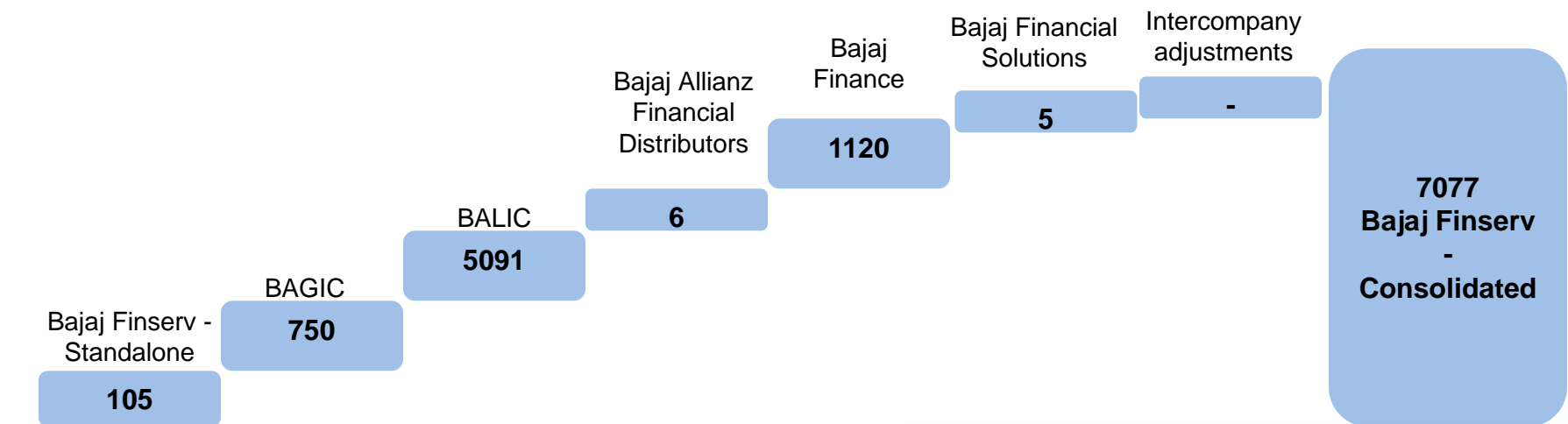


- Bajaj Finserv remains a debt free company
- Bajaj Finserv's surplus funds stood at Rs. 7152 million as on Mar 31, 2014

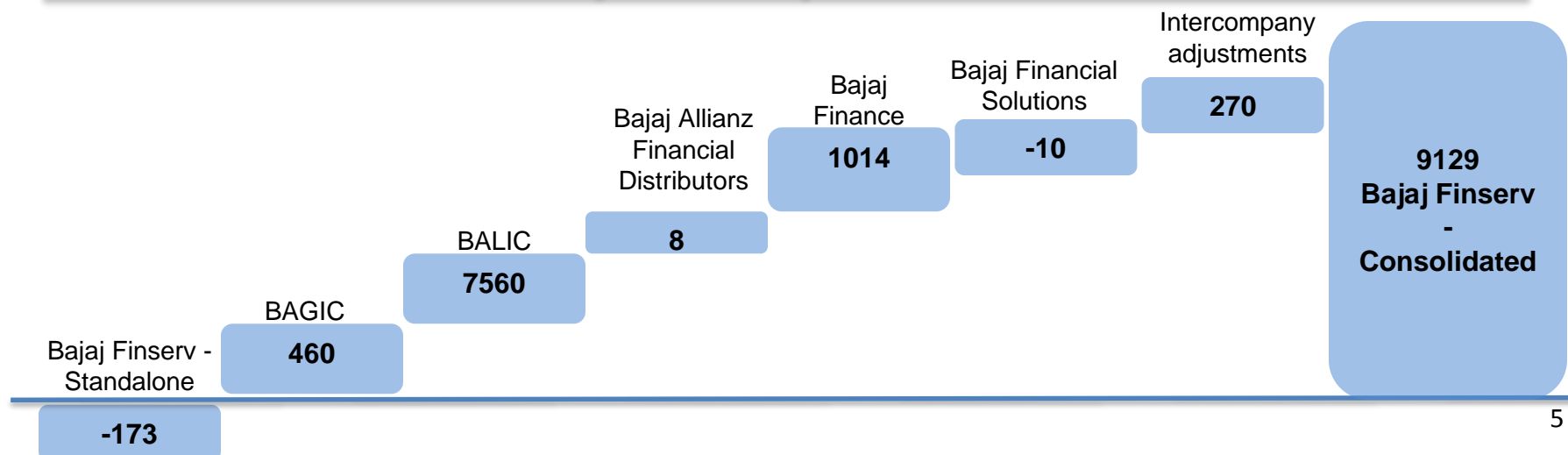
Bajaj Finance has become an important contributor to group profits. Life & General insurance profits remain significant.

All Figures in Rs Million

Consolidated profit components for Q4 FY2014



Consolidated profit components for Q4 FY2013



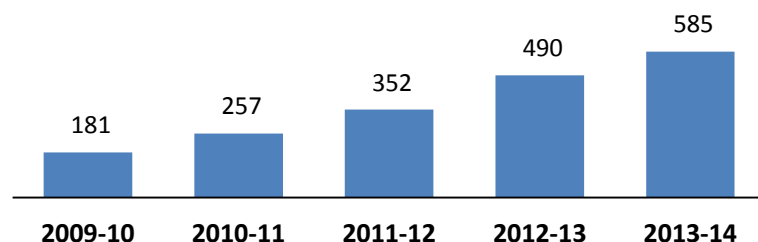
Full Year Highlights



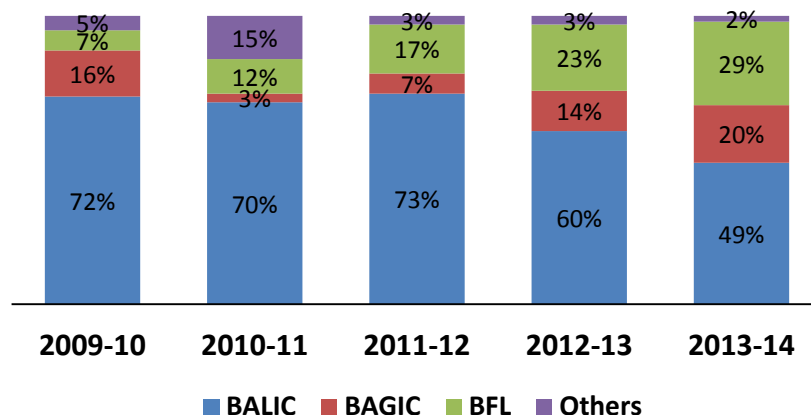
All Figures in Rs Million

BAJAJ FINSERV	FY14	FY13	Growth
Gross Revenue	167,121	158,118	6%
Net worth (Cons)	93,112	78,015	19%
PAT	15,441	15,736	-2%

Consolidated Book Value Per Share (Rs)



Consolidated Profit Components*



Group Company Highlights

BALIC	FY14	FY13	Growth
GWP	58,431	68,927	-15%
Total Investments	387,798	380,028	2%
PAT	10,246	12,856	-20%

BAGIC	FY14	FY13	Growth
GWP (ex Pool)	45,802	40,626	13%
Investments	69,669	58,447	19%
PAT	4,090	2,951	39%

BAJAJ FINANCE	FY14	FY13	Growth
Deployment	260,236	193,667	34%
Book Size	229,710	167,436	37%
PAT	7,190	5,913	22%



Bajaj Allianz Life Insurance

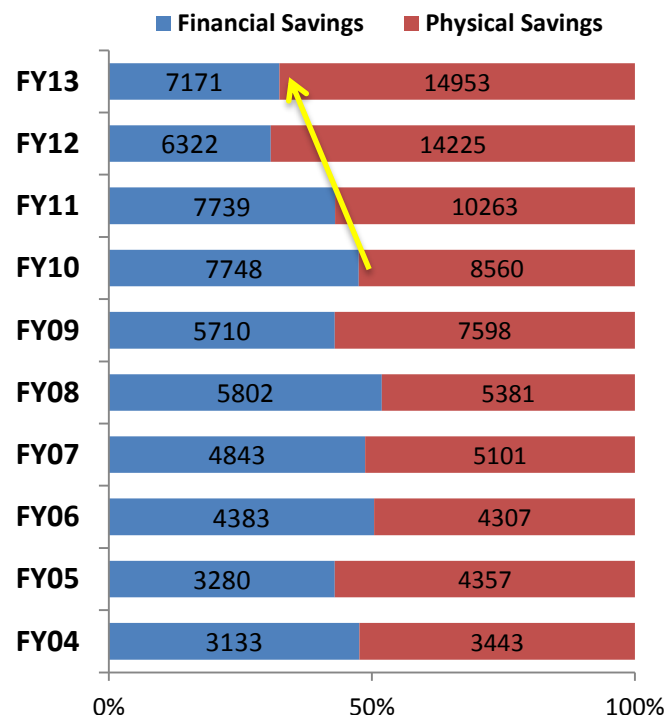
Industry Growth Trend

- New Business grew at a CAGR of 2% from FY10 to FY14 to Rs 1196 Bn. Private players shrunk at a CAGR of -6% in the same period to Rs 295 Bn.
- Industry NB is up 12% in FY14, while private players are down 4% compared to FY13
- Growth rates since 2008 have been muted due to
 - Indian household preference for physical assets like gold and real estate over financial assets in recent years
 - Lackluster equity market performance following the financial crisis
 - Cap on ULIP charges in 2010

Regulatory Perspective

- New product guidelines announced around linked and non-linked products in late FY13
- Guidelines around group products have become applicable on 1st Aug 2013, while those on Individual products have become applicable from 1st Jan 2014

Households have preferred physical assets in recent years (Household Sector Savings (Rs Bn))



Source: Sector wise domestic savings (at current prices), RBI

Strategy

The strategy is to balance growth with profitability, and steadily increase market share. This will be done through an efficient operating cost model, diversified distribution channels and a balanced product mix.

Key Focus Areas

Return to sustained growth in new business premiums as financial savings once again find favour amongst Indian households (versus recent preference for physical assets)

Build a balanced portfolio with higher contribution from non-Par

Improve agency productivity

Improve persistency

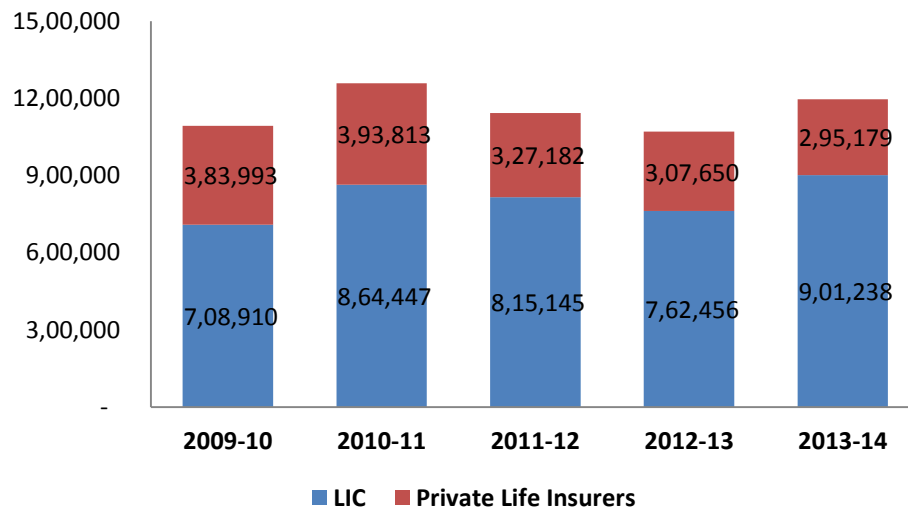
Manage operating costs – acquisition and management

Focus on investment performance in UL as well as traditional funds

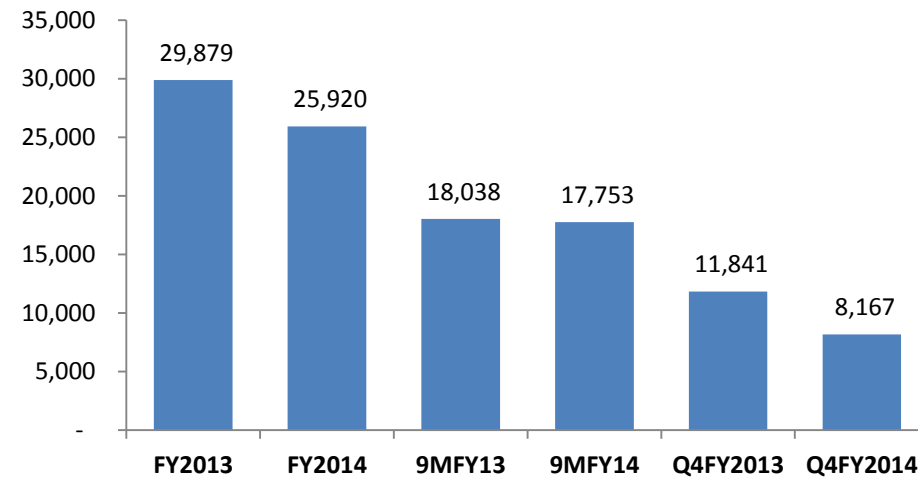
Impact of new product regulations was felt by the industry in FY14

All Figures in Rs Million

Industry New Business Premium



New Business - BALIC

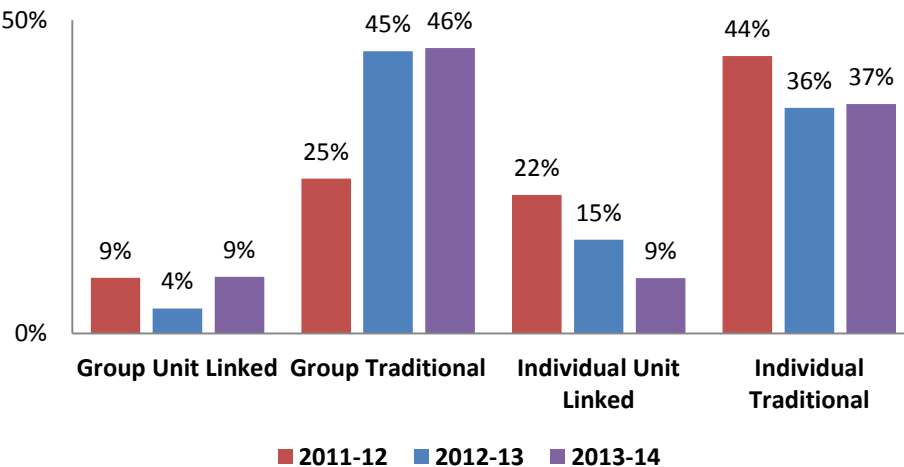


- For BALIC, 9MFY14 new business was down 2%, and Q4FY14 was down 31% compared to similar periods last year. FY14 was down 13% compared to FY13
- New product regulations around Individual products came into force in the beginning of Q4FY14

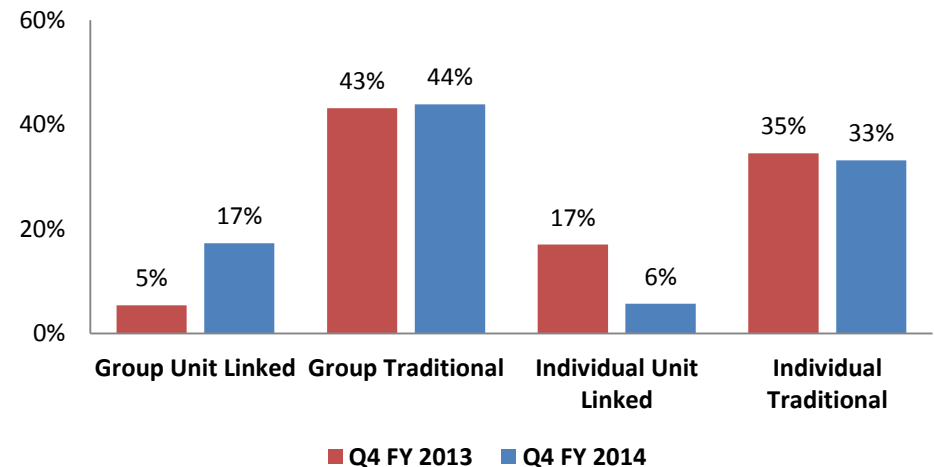
Currently, the product mix is predominantly traditional

All Figures in Rs Million

New Business Premium - Product Mix



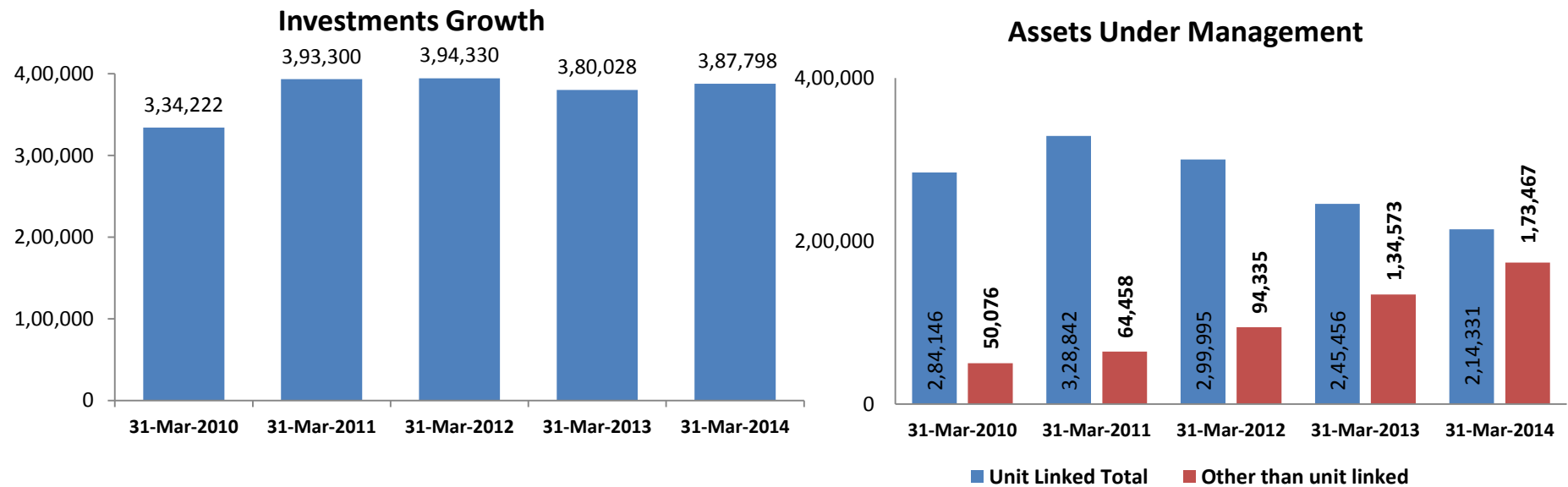
New Business Premium - Product Mix



- Unit linked business share was 18% for FY14 and 23% in Q4FY14
- Within group business FY14 non-fund business stood at 67% versus 64% in FY13

Assets under management are significant

All Figures in Rs Million

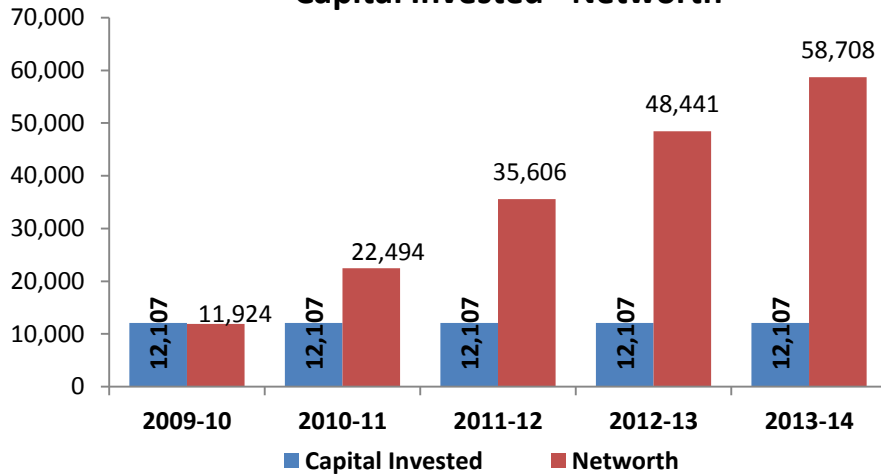


- Assets are a mix of linked and non-linked funds. Of the linked funds, Rs 155,567 Mn were in equity funds

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

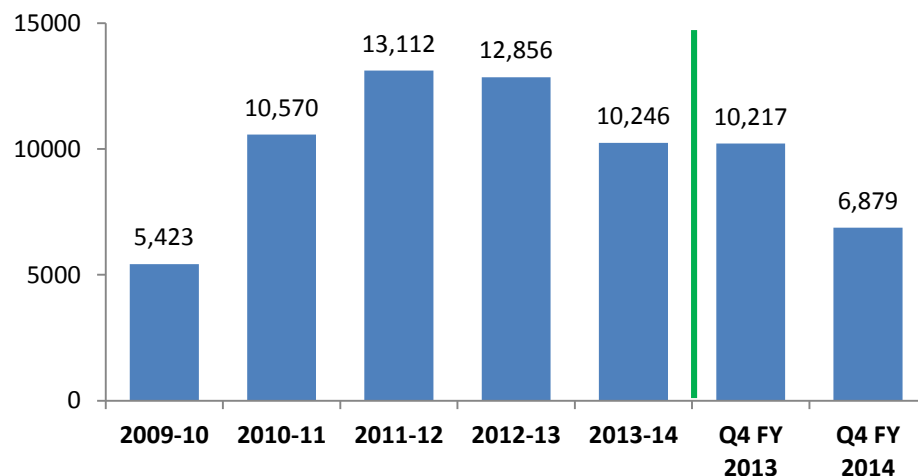
All Figures in Rs Million

Capital Invested - Networth



Net Worth currently stands at Rs. 58,708 Mn

Shareholders' profits



Shareholders' profit is down 20% in FY14.

Policyholders surplus as of FY14 stood at Rs 6,490 Mn, compared to Rs 8,625 Mn in FY13

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

Bajaj Allianz Life – Embedded Value Update

All Figures in Rs Mn

Parameter	FY 13	FY14
Annualized Premium** (ANP)	16,513	13,320
New Business Value* (NBV)	1,910	1,487
Implied Margins on ANP	11.6%	11.2%
Embedded Value++ (EV)	76,529	76,010

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

	FY 13	FY 14
Expense over-run/(under-run) after tax	1,756	1764

- 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

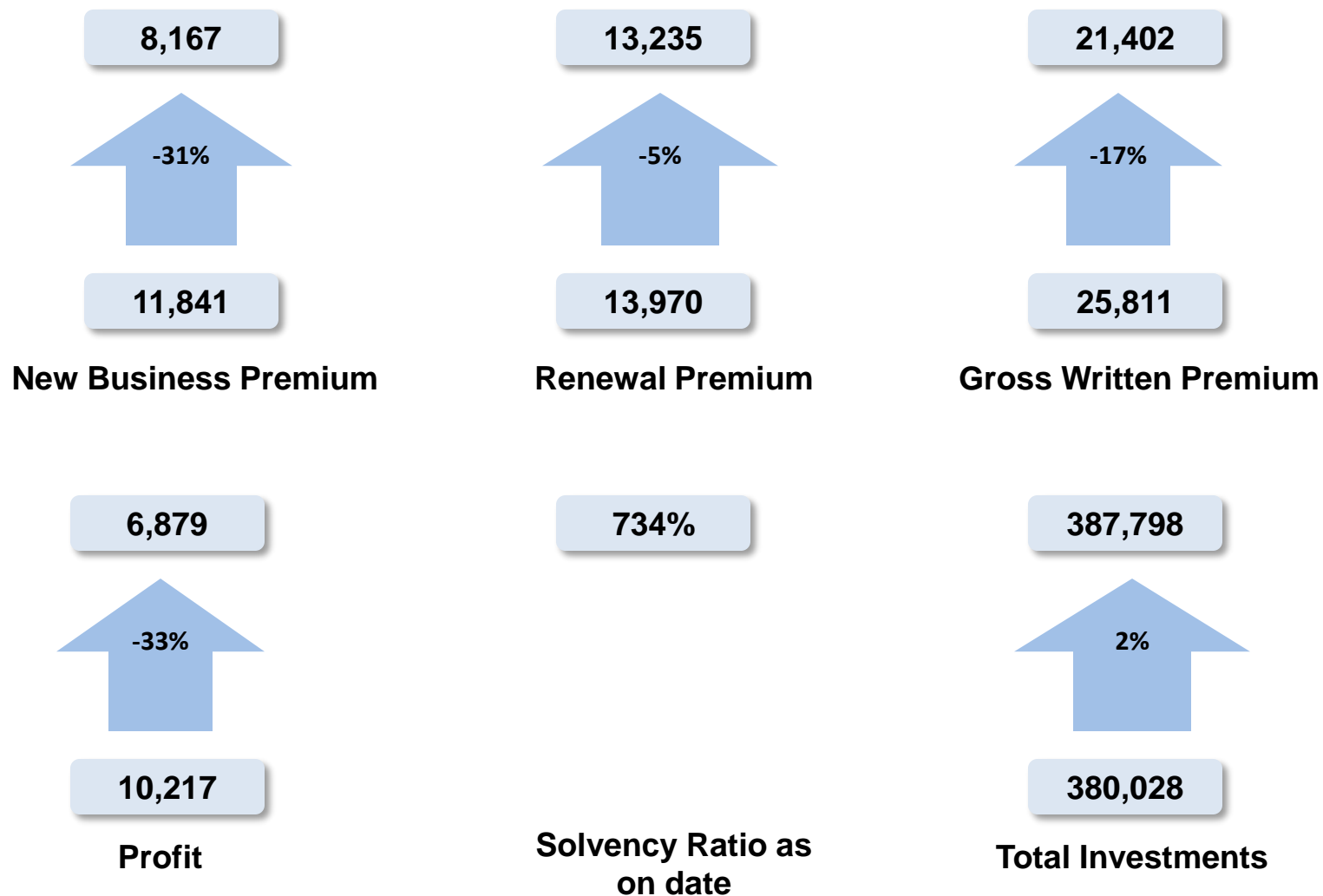
** Annualised Net premium excludes ANP from Group Fund based businesses for Q1 of FY 14 and from top-ups for the whole of FY 14. This represents 1.18% of aggregate New Business ANP for the year. For FY14, Group Fund business was treated as SP and only 10% of the premium was recognized as ANP.

For FY 13, 15.67% of aggregate New Business ANP consisting of Group Fund business, top-ups and riders was excluded.

++On Market consistent basis

All Figures in Rs Million

Performance Highlights of Q4 FY2014 over Q4 FY2013



* Total investments includes assets held to cover discontinued funds



Bajaj Allianz General Insurance

Industry Growth Trend

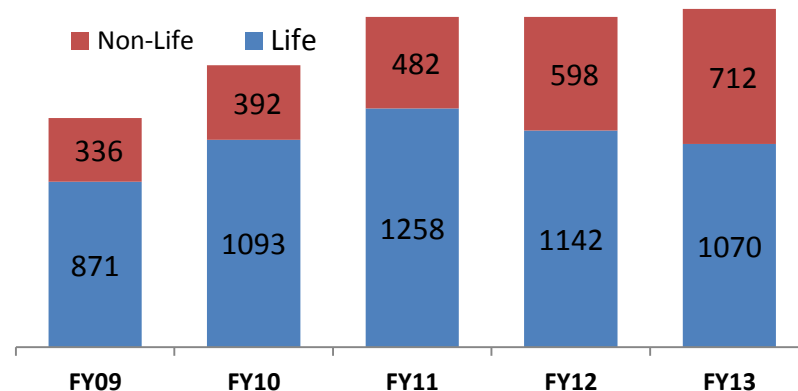
- Industry has grown at a CAGR of 19% from FY10 to FY14 to Rs 706 Bn, with private players growing at a CAGR of 22% to Rs 320 Bn *
- In FY14, industry grew 12%, while private players grew 15%*

Regulatory Perspective

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

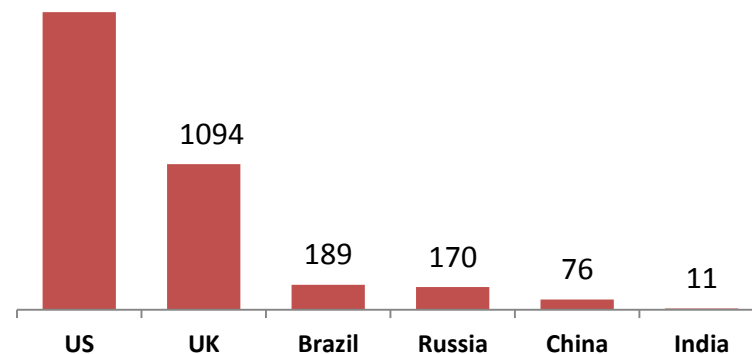
New Business Trend - Non-life contribution to the insurance industry is rising**

(Including Specialized Players, Rs Bn)



Non-life insurance Per Capita remains low

(USD, 2012, Source: 'World Insurance in 2012', by Swiss Re)
2239



*IRDA data. Excludes Specialized players. Note that FY14 industry figures are GDPI while periods prior to FY12 are GWP basis

** Non-life is on GDP basis(within & outside India) from IRDA 's annual report

Strategy

Strategy is to focus predominantly on retail product lines, with diversified distribution channels, and profitable underwriting to deliver excellence in customer service, and steadily increase market share and profit.

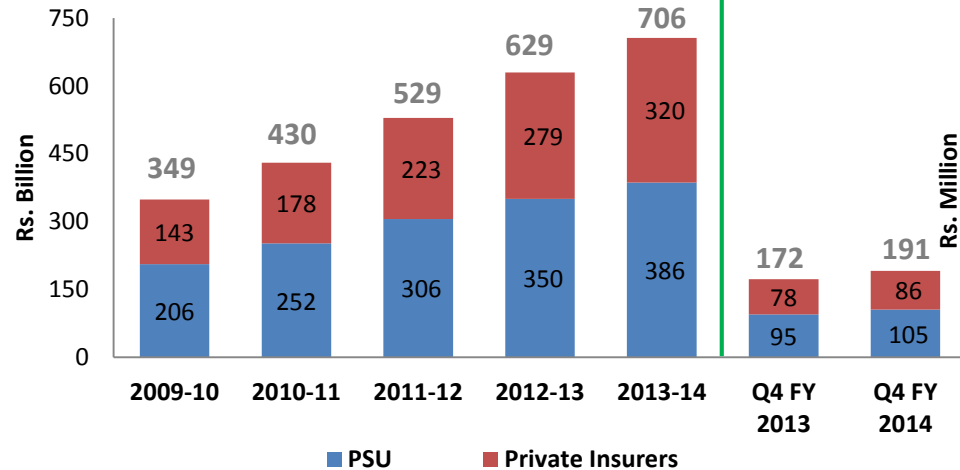
Key Focus Areas

- **Prudent Underwriting:** BAGIC has industry leading combined ratios* (98.1% including pool, and 94.2% ex pool in FY14, and Loss Ratio of 68.3% ex-Pool in FY14)
- **Continue to grow profitable segments:** Grow retail, particularly health.
- **Develop Marine Cargo Business**
- **Strengthen Direct channels**

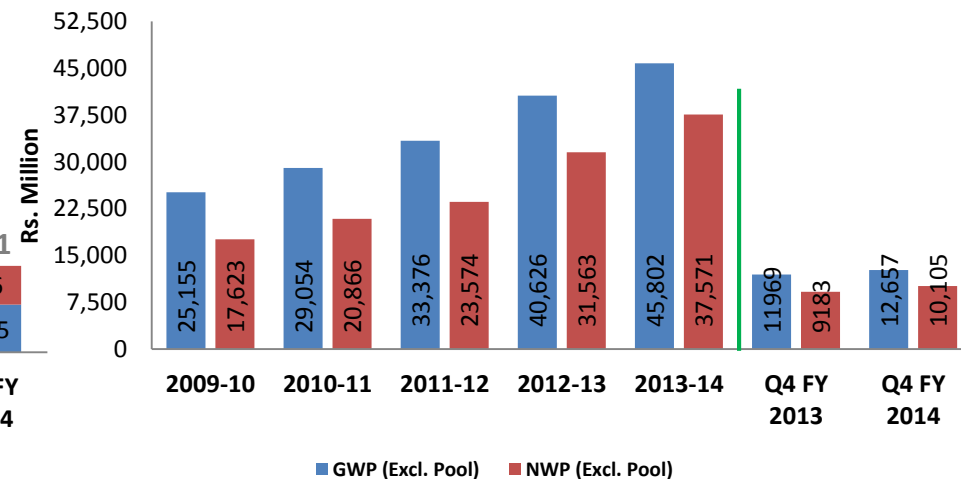
* Claim Ratios and Combined Ratios in accordance with the Master Circular on 'Preparation of Financial statements of General Insurance Business' issued by IRDA effective from 1st April, 2013.

BAGIC has retained its second position amongst private sector general insurers

**Industry Premium Trends
(Ex Specialized)**



BAGIC Premium Trend

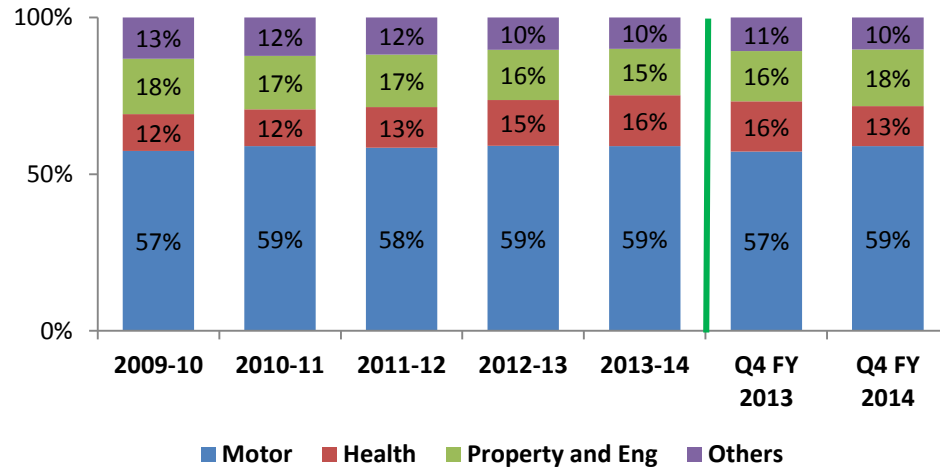


BAGIC grew GWP (ex Pool) in Q4 by 6% compared to the corresponding period last year

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

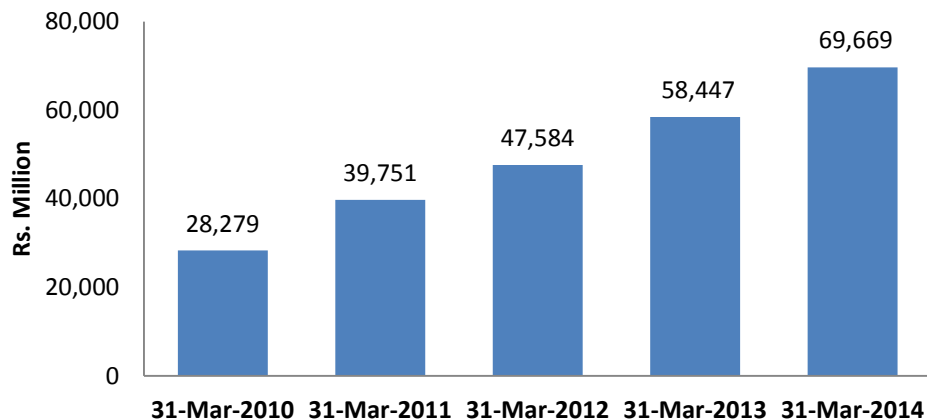
All Figures in Rs Million

Business Mix



Business mix is retail focused. Motor continues to lead the business mix. Health and Property are significant lines too.

Investment Growth



Strong cash generation has helped grow the investment book

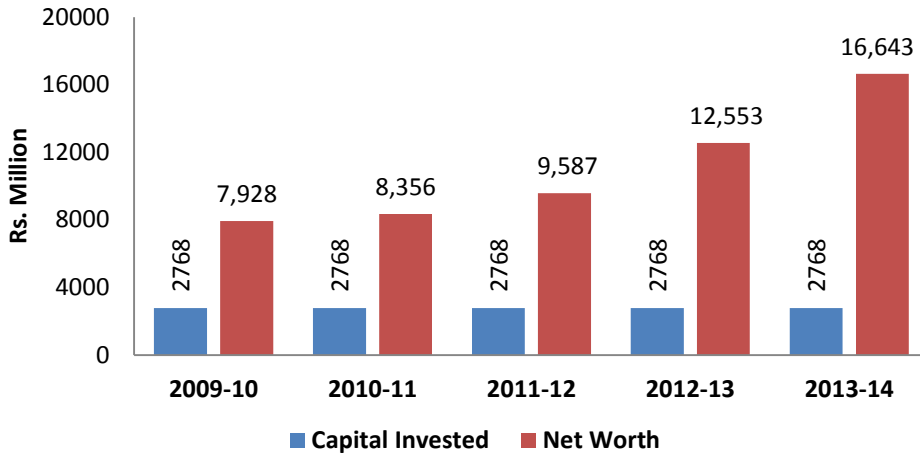
Investments largely in fixed income securities

Investment book is 4.2 times Shareholders' funds at 31 March 2014

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

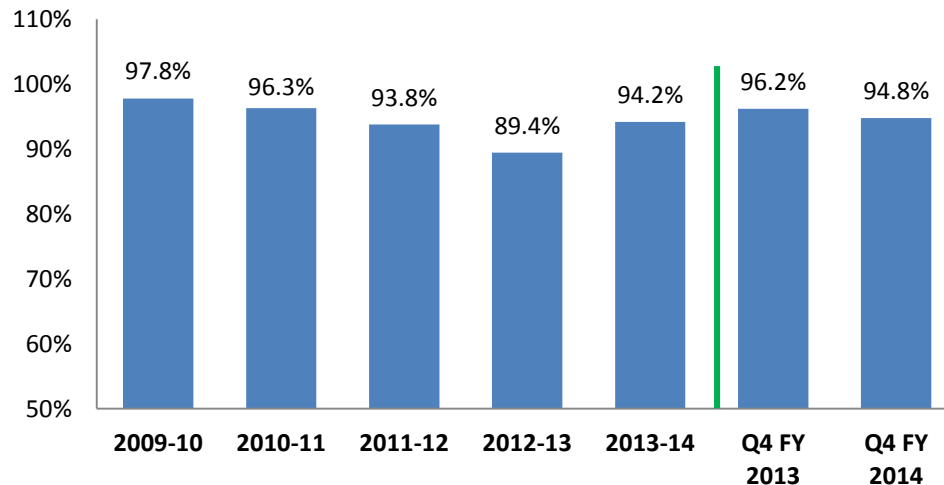
All Figures in Rs Million

BAGIC - Capital Invested - Networth



BAGIC's net worth now stands at Rs 16,643 Mn

Combined Ratios (Excluding Motor Pool)*



Combined ratios stood at 94.8% ex pool, and 98.6% including pool in Q4FY14*

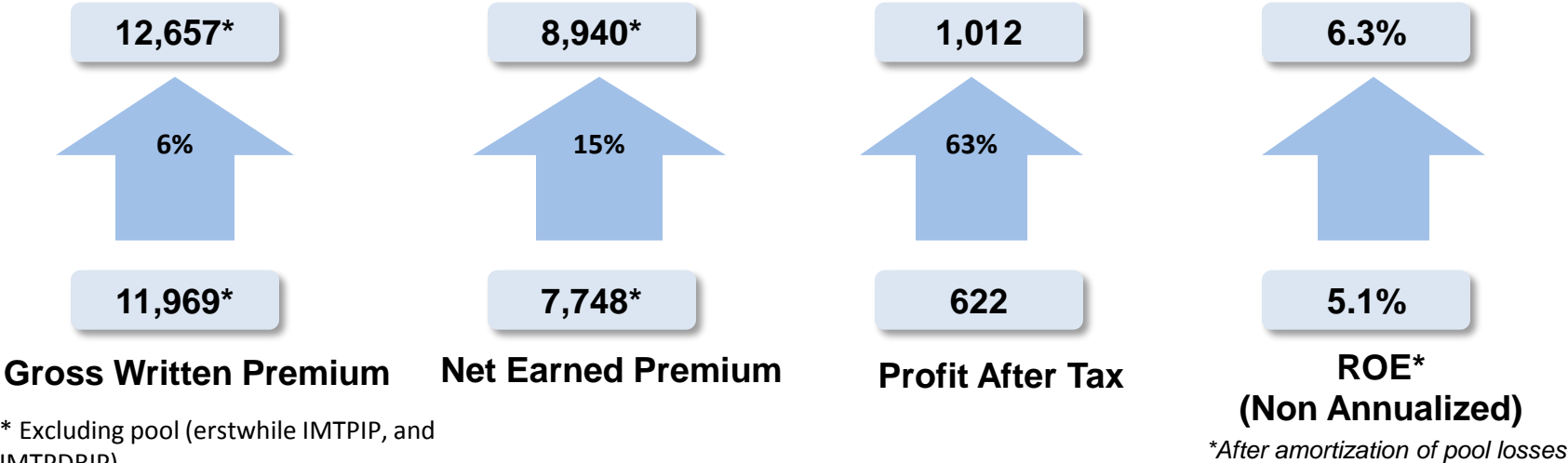
*** Note on Combined Ratio:** Combined Ratios are re-stated in accordance with the Master Circular on 'Preparation of Financial statements of General Insurance Business' issued by IRDA effective from 1st April, 2013. (Net claims incurred divided by Net Earned Premium) + (Expenses of management including net Commission divided by Net Written Premium). Pool losses include the impact of the erstwhile IMTPIP and Declined Risk Pool.

Bajaj Allianz General performance highlights

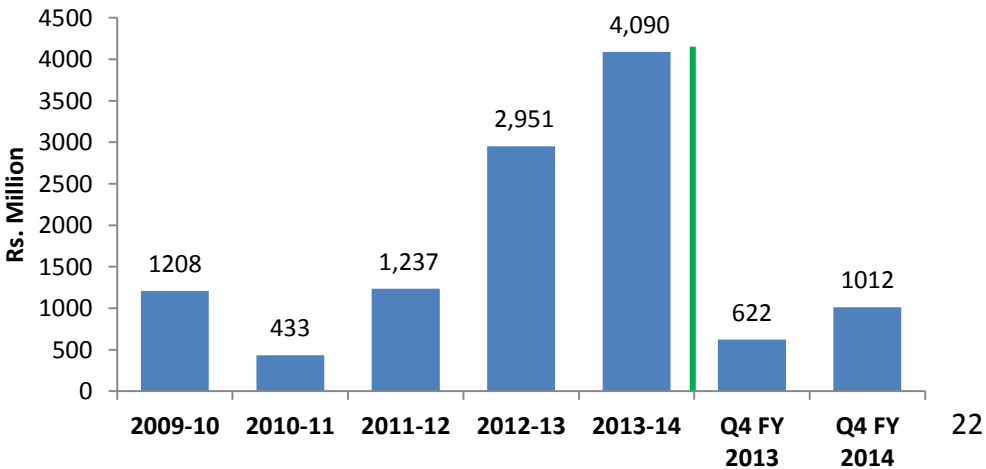


All Figures in Rs Million

Performance Highlights of Q4 FY2014 over Q4 FY2013



PAT Trend

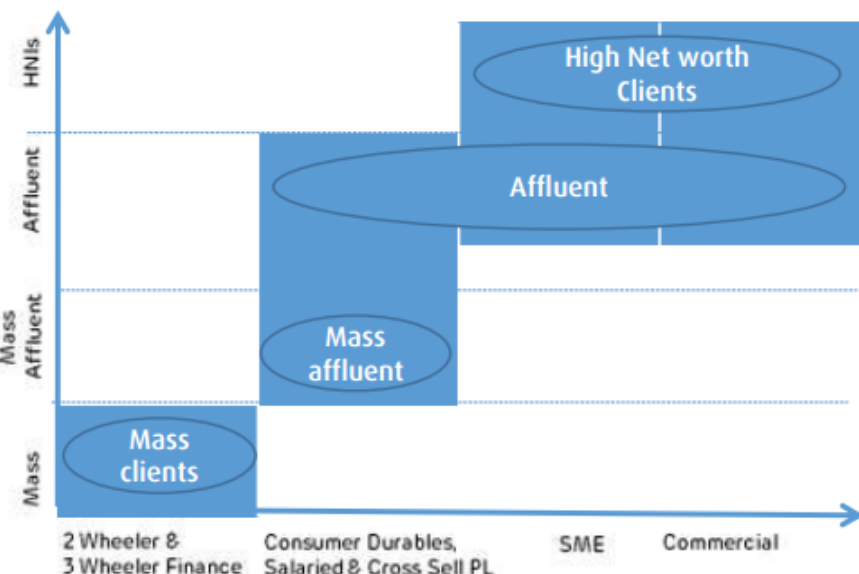
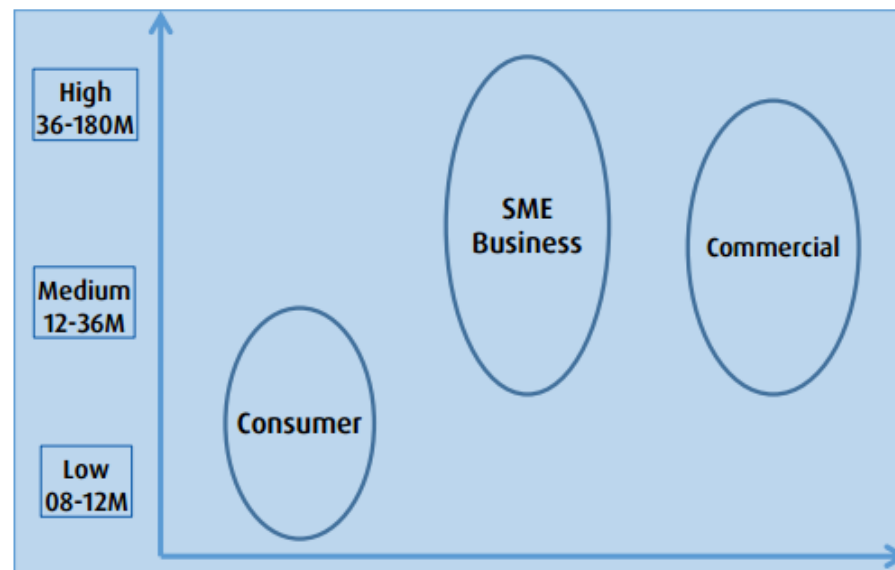
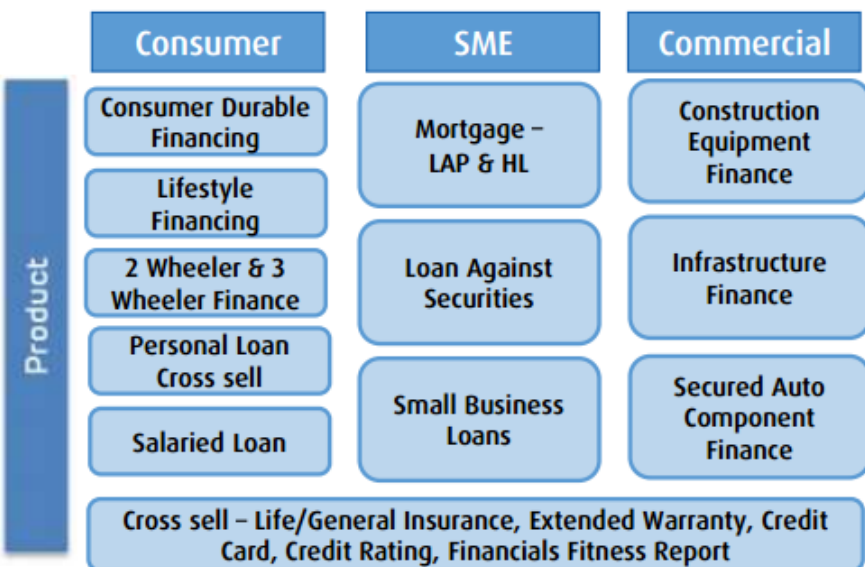


Solvency Ratio was 196% as against regulatory requirement of 150% as of 31st Mar 2014

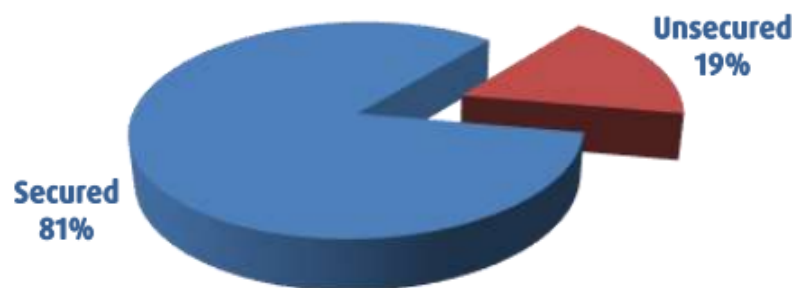


Bajaj Finance

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



Portfolio composition Q4- FY14

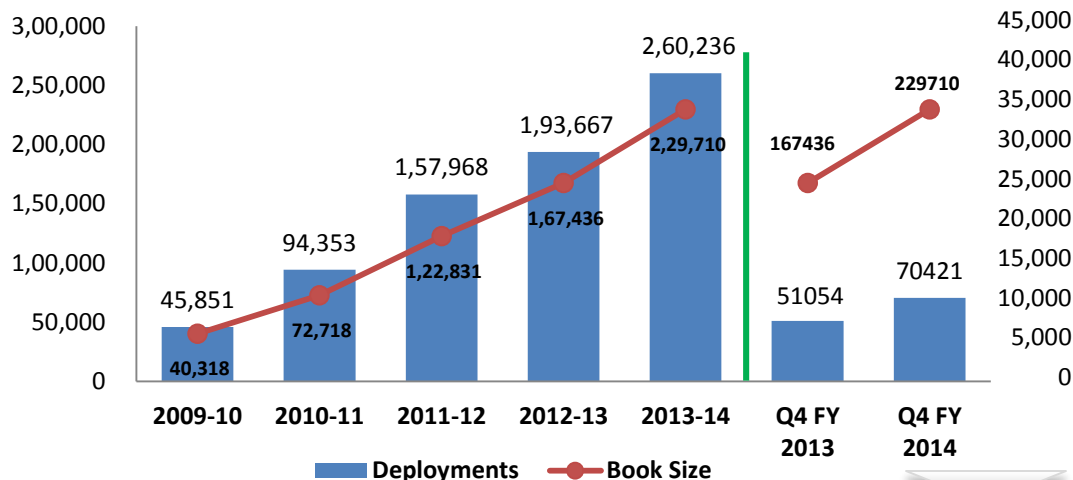


Segment	Sep'12	Dec'12	Mar'13	Jun'13	Sep'13	Dec'13	Mar'14
Consumer Finance	39%	41%	40%	42%	41%	40%	39%
SME Business	45%	46%	48%	49%	50%	52%	53%
Commercial	16%	13%	12%	9%	9%	8%	8%

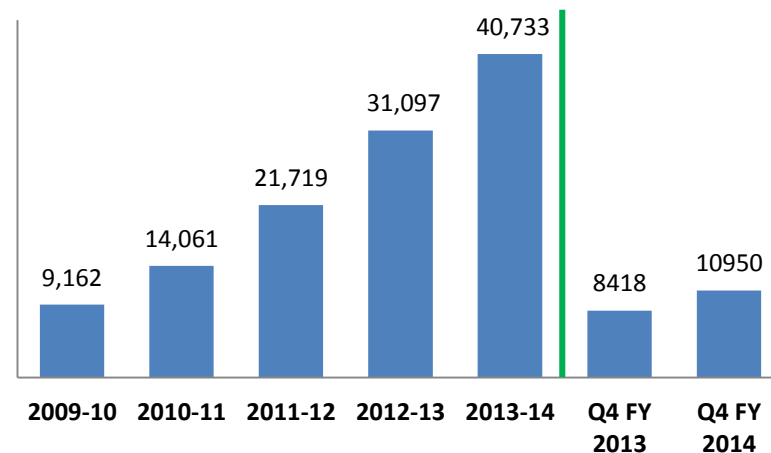
Bajaj Finance has clocked strong growth in disbursements while maintaining healthy NIMs

All Figures in Rs Million

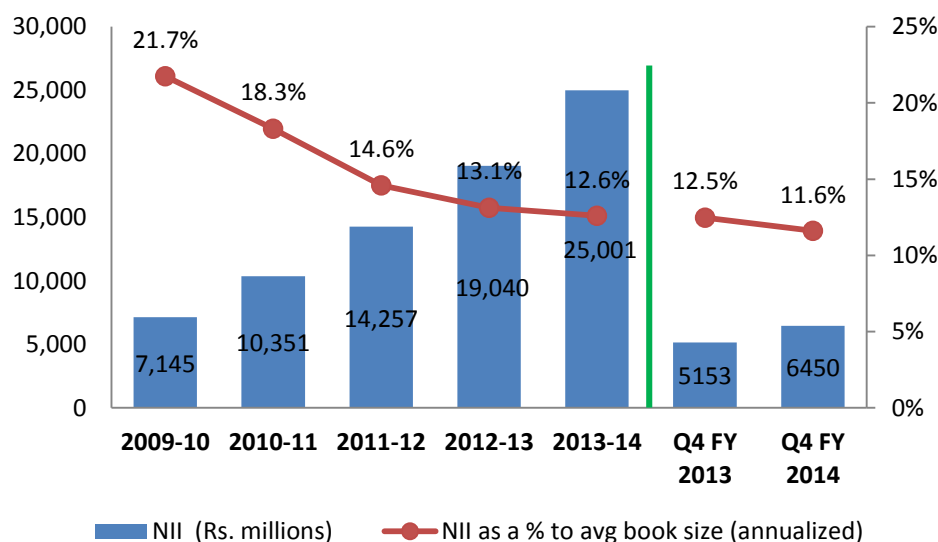
Deployments and Book Size



Revenues



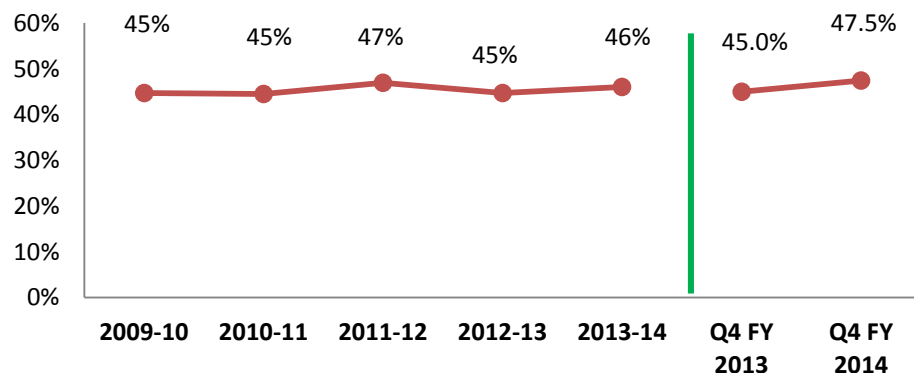
NII and NII as % to average book size



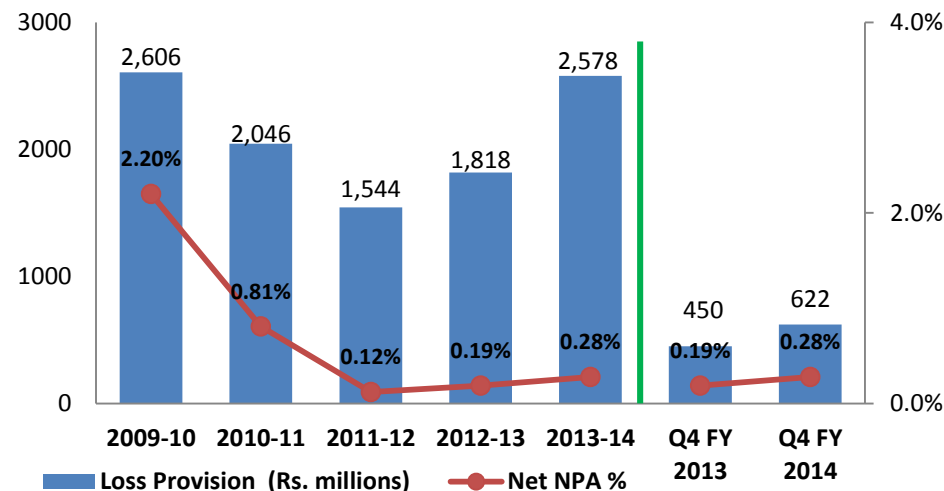
Quality of assets has improved and operating costs remain under control

All Figures in Rs Million

Operating expenses as a % of NII

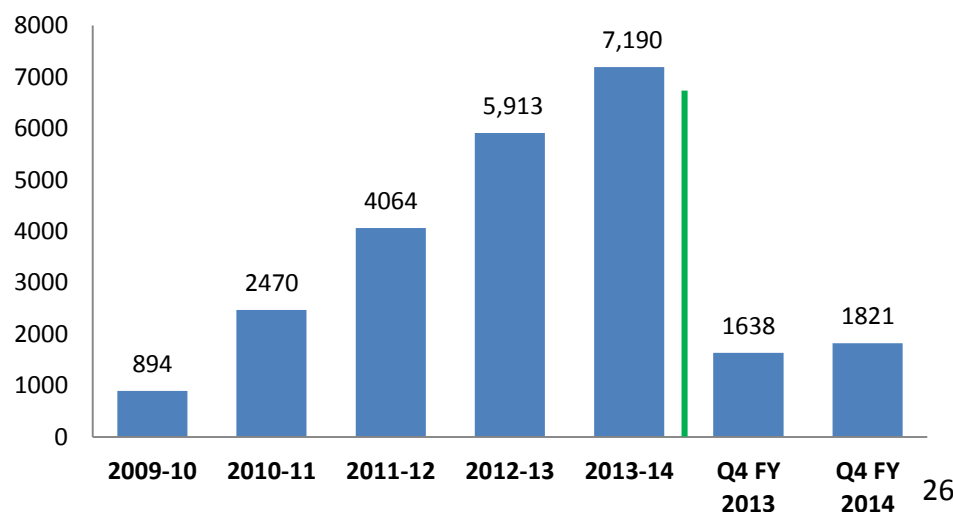


Loss Provision and Net NPA%



Stable operating expenses coupled with low NPAs are contributing to PAT

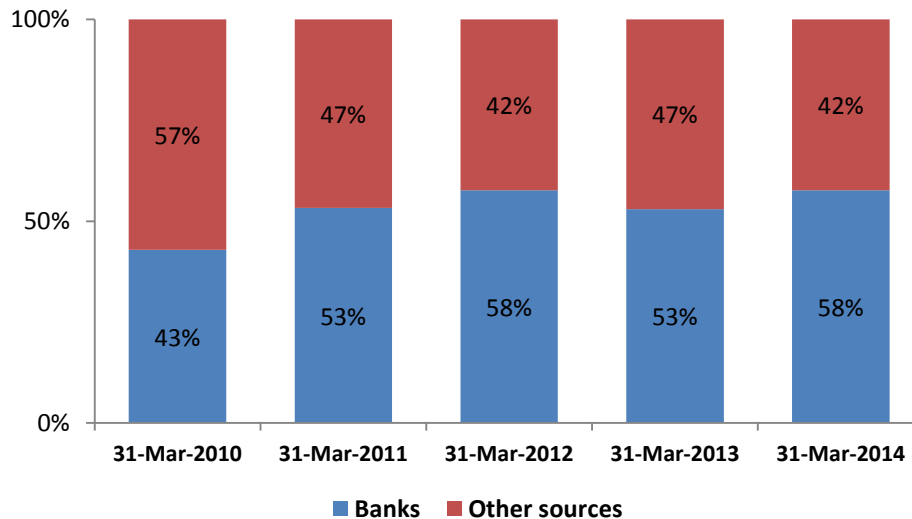
PAT



The company is not excessively dependent on bank lines

All Figures in Rs Million

Borrowing Mix

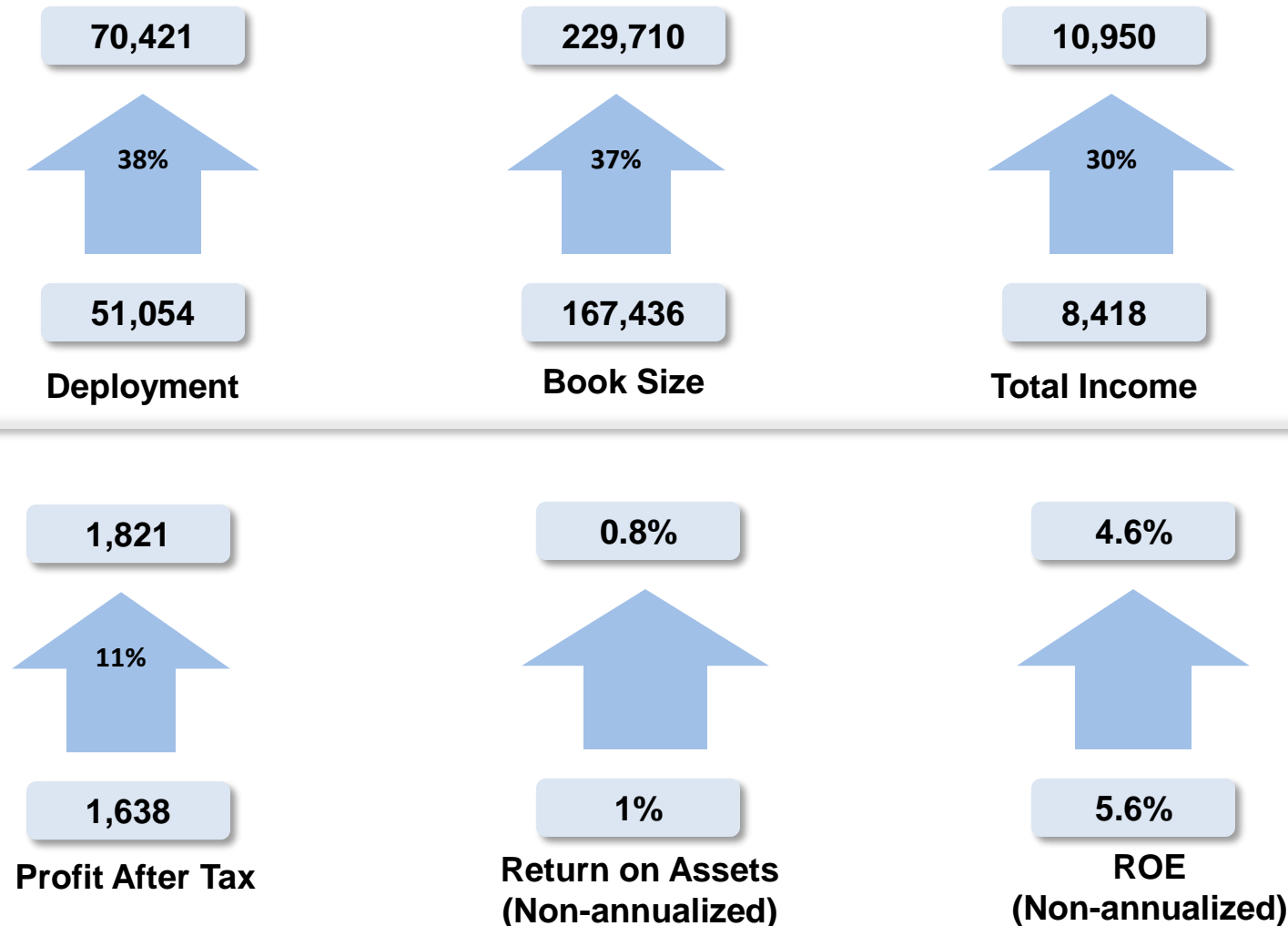


- Capital Adequacy Ratio (including Tier-II capital) stood at 19.13%.
- The company continues to be well capitalized to support its growth trajectory.

Bajaj Finance performance highlights

All Figures in Rs Million

Performance Highlights of Q4 FY2014 over Q4 FY2013



Thank You

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