



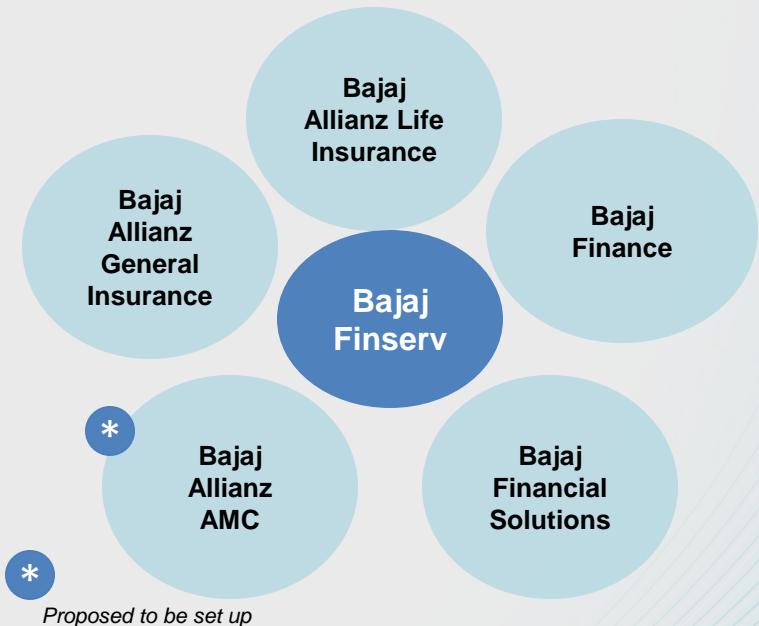
# Bajaj Finserv Limited

**Investor Presentation Q3FY13**

**January 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 Finserv at the group level has an existing customer base of 16million+ customers and presence in over 1000+ locations through its subsidiaries (FY12)
- In principle license received from SEBI in Jan 2011 for setting up AMC as a joint venture with Allianz GI
- Bajaj Financial Solutions launched in four cities in February 2011
- Bajaj Infrastructure Finance business commenced in February 2011, and is housed in Bajaj Finance Limited

# Bajaj Finserv – Introduction to group companies

*Bajaj Finserv is focused on long term, sustainable, profitable growth.*

## Bajaj Finance Limited

Diversified NBFC present in consumer finance, SME, & commercial lending. Deployments over Rs 157 Bn as of FY12. Market leader in consumer durables financing, & motorcycle financing.

## Bajaj Allianz Life Insurance

One of the most profitable life insurers in India. A top 5 player. Reported PAT of Rs 13,112 Mn, with a live policy base of over 8Mn, and AUM of Rs 394,173 Mn in FY12

## Bajaj Allianz General Insurance

The number 2 private non-life insurer in India, with the lowest combined ratio (excl motor pool). One of the most profitable private non life insurers as of FY12.

## Bajaj Finserv Wealth Management

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

## Bajaj Allianz AMC (Proposed to be set up)

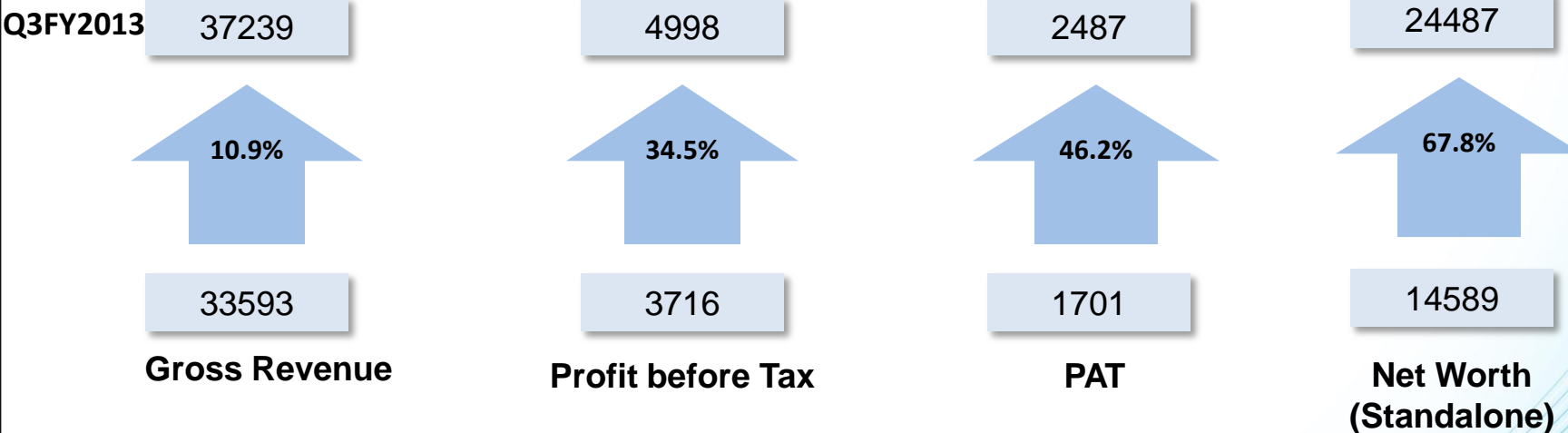
In principle license received from SEBI in Jan 2011 for setting up AMC as a joint venture with Allianz Global Investors AG



# Bajaj Finserv performance highlights for Q3FY 2013 over Q3FY 2012

All Figures in Rs Million

## Performance Highlights of Q3FY 2013 over Q3 FY2012

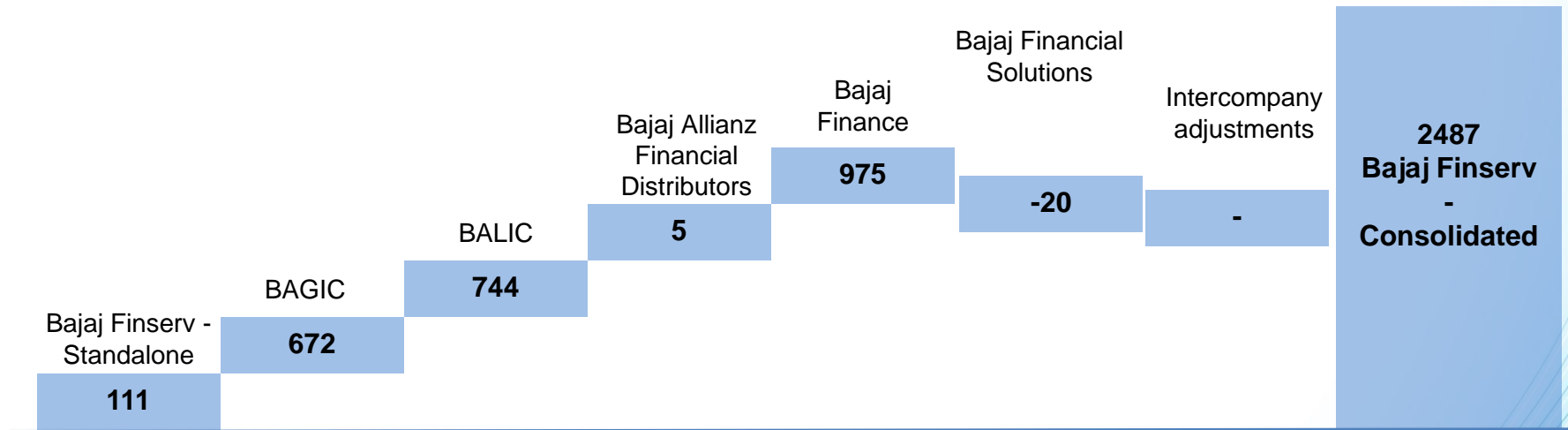


- Bajaj Finserv remains a debt free company
- Bajaj Finserv's surplus funds stood at Rs. 11,146 million as on Dec 31, 2012

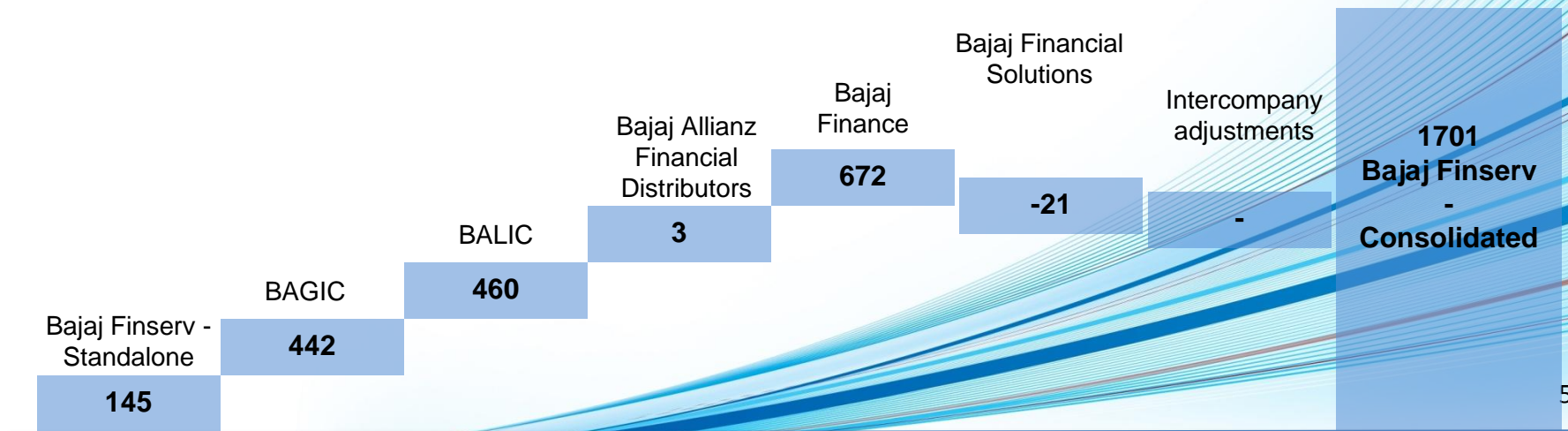
Bajaj Finance has become an important contributor to group profits. Life insurance profits remain significant.

All Figures in Rs Million

### Consolidated profit components for Q3 FY2013



### Consolidated profit components for Q3 FY2012



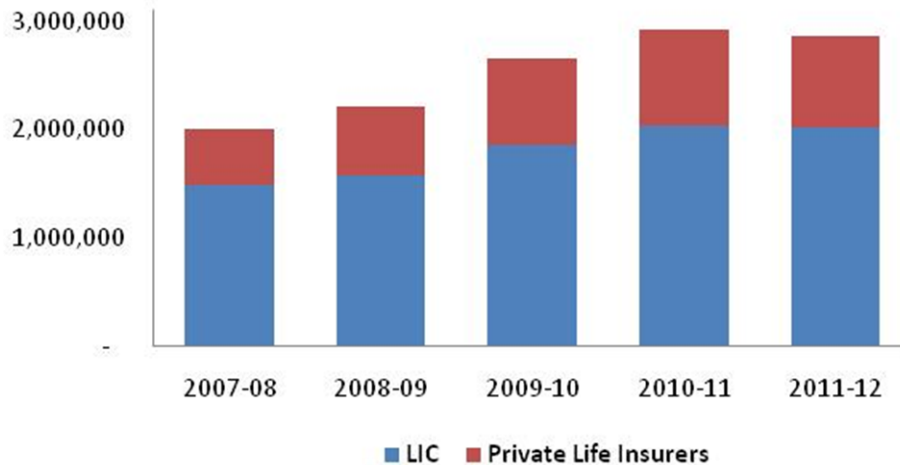
# Bajaj Allianz Life Insurance



# During 2011-12 , the life insurance industry experienced a slow down

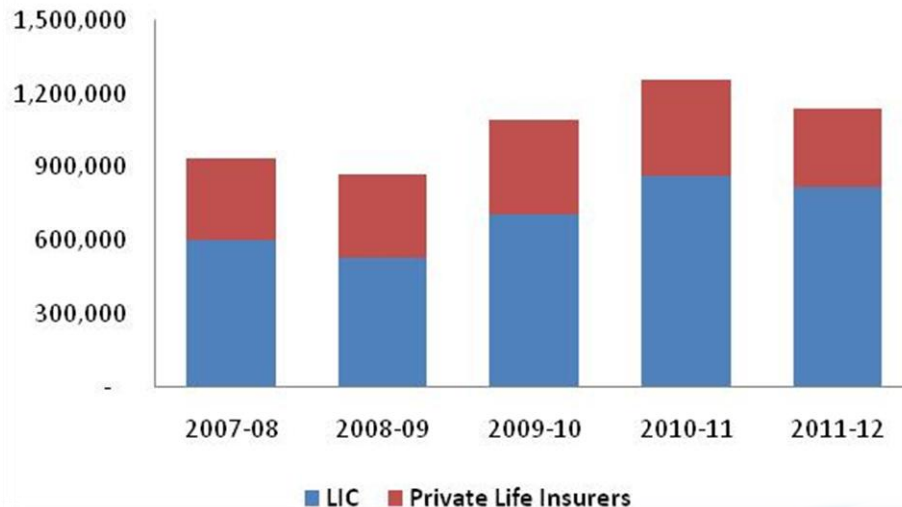
All Figures in Rs Million

Industry Total Premium



The CAGR for Insurance industry (FY 07-12) was 13%, with private insurers growing at 24%, compared to LIC which grew at 10%. BALIC in the same period clocked a growth of 7%.

Industry New Business Premium



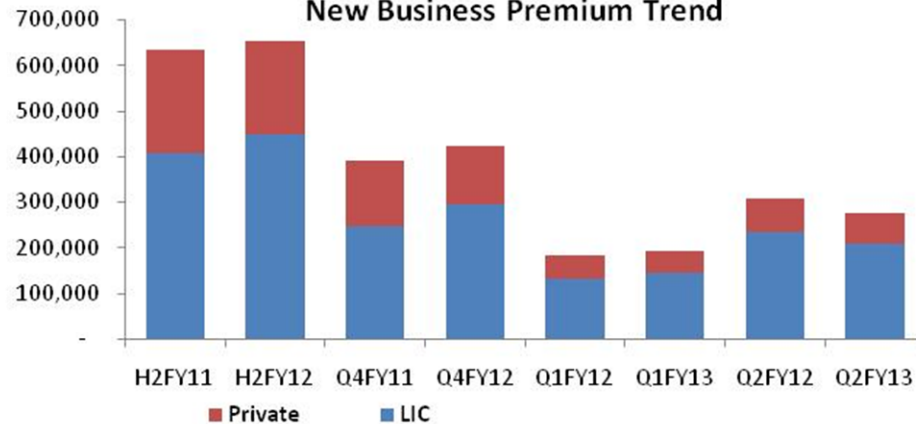
The CAGR for Insurance industry (FY 07-12) was 9%, with private insurers growing at 11%, compared to LIC which grew at 8%. BALIC in same period experienced negative growth of 9%.



# However, industry appears to be recovering from the de-growth phase, but Q2 has been down

All Figures in Rs Million

New Business Premium Trend

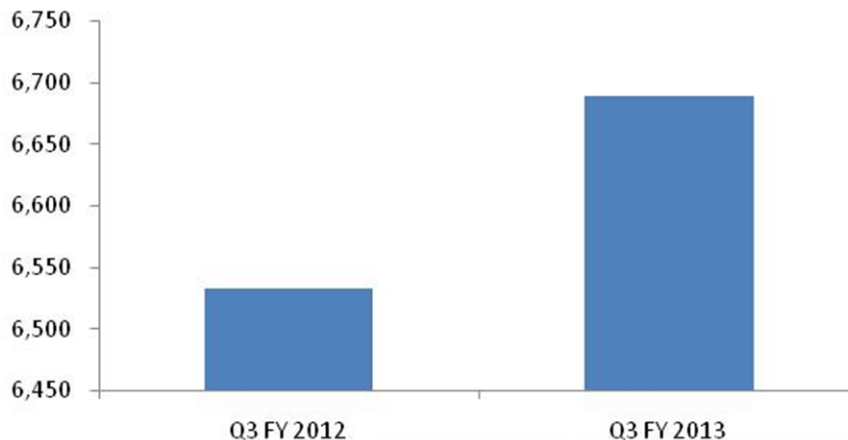


Compared to H2 FY11, the new business premium for H2 FY12 was up 3% for the industry. In Q4 FY12, the industry grew 8%, compared to Q4FY11

In Q1 FY13, industry grew by 6%, with LIC growing 8% and private players growing 1% compared to Q1 FY12

In Q2FY13, industry de-grew 11%, with LIC down 11% and private down 10% over Q2FY12

New Business Premium - BALIC



BALIC had a strong Q2, growing by 15% in this period over Q2 FY12.

In Q3FY13 BALIC grew 2% over Q3FY12

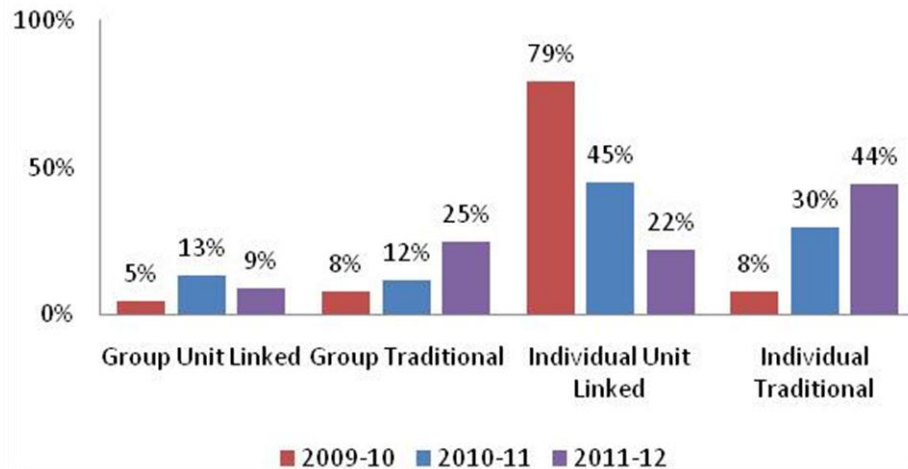
9MFY13 premium grew 13% over 9MFY12



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

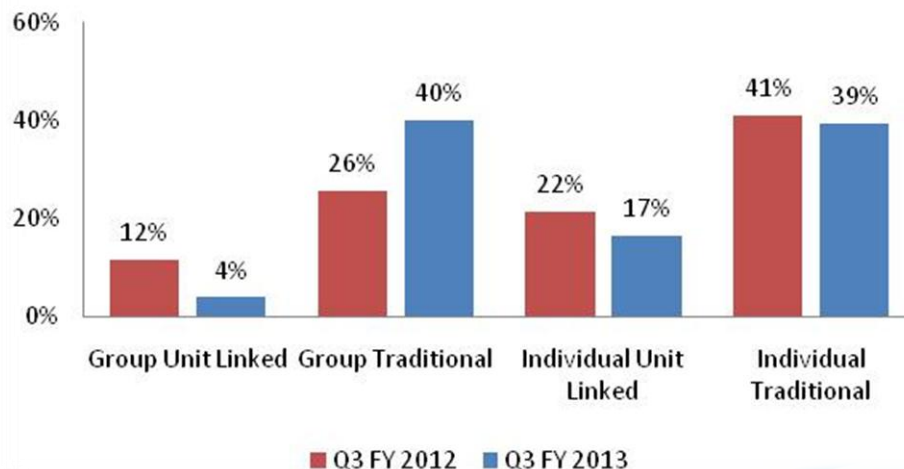
All Figures in Rs Million

**New Business Premium - Product Mix**



In FY 2012 share of Unit Linked products was 31%

**New Business Premium - Product Mix**



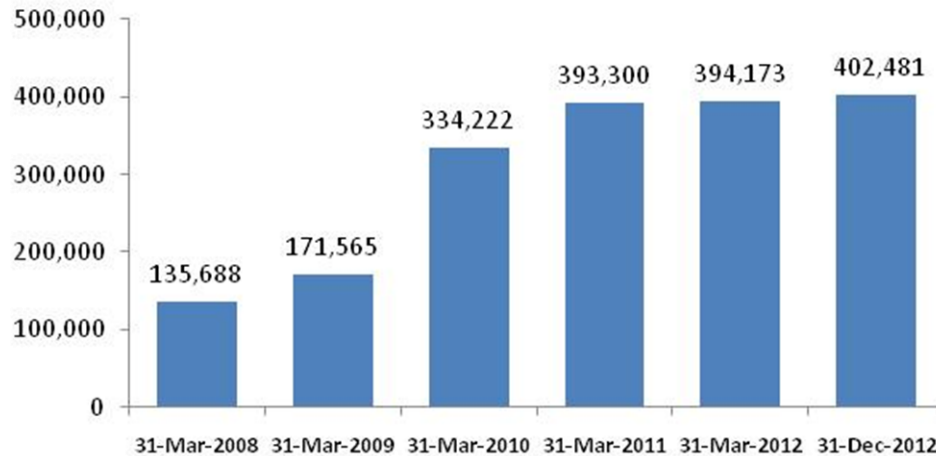
In Q3FY13, share of traditional was 79%. In Q1FY13 and Q2FY13 the shares were 88% and 84% respectively.

9MFY13 traditional mix stands at 83%

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

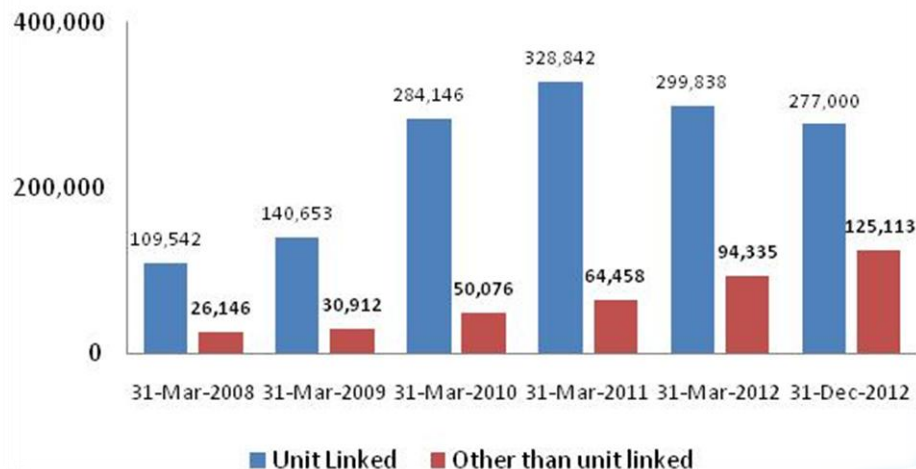
All Figures in Rs Million

### Investments Growth



AUM continues to be strong.

### Assets Under Management



Assets under management are primarily from unit linked funds. Of the linked funds, Rs 220,258 Mn were in equity funds as on 31<sup>st</sup> Dec 2012

# Bajaj Allianz Life Insurance intends to focus on these key areas under the changed market conditions

## Focus Areas

- Strengthen Agency Distribution on coverage , penetration and premiums.
- Continued focus on rationalisation of fixed costs.
- Strengthening Bancassurance Relationships.
- Customer Retention - Focusing on improving persistency and AUM Retention

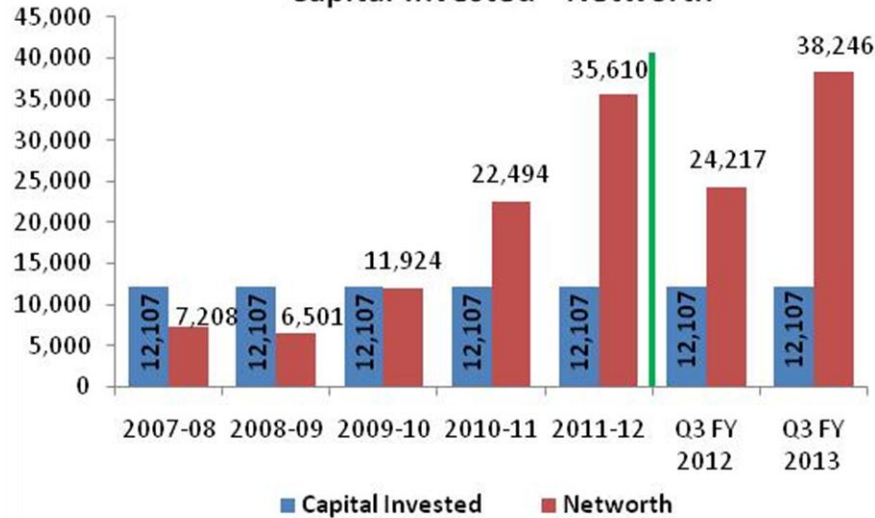
## Challenges

- Proposed Product Regulations in respect of Non linked and Group Savings

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

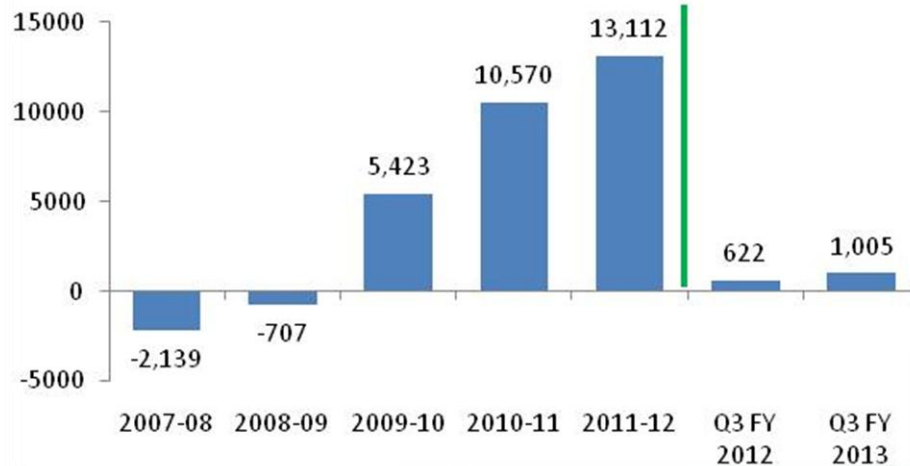
All Figures in Rs Million

**Capital Invested - Networth**



Net Worth currently stands at Rs. 38,246 Mn

**Shareholders' profits**



As on March 31, 2012, all past losses have been recouped and accumulated profits stood at Rs. 23499 million

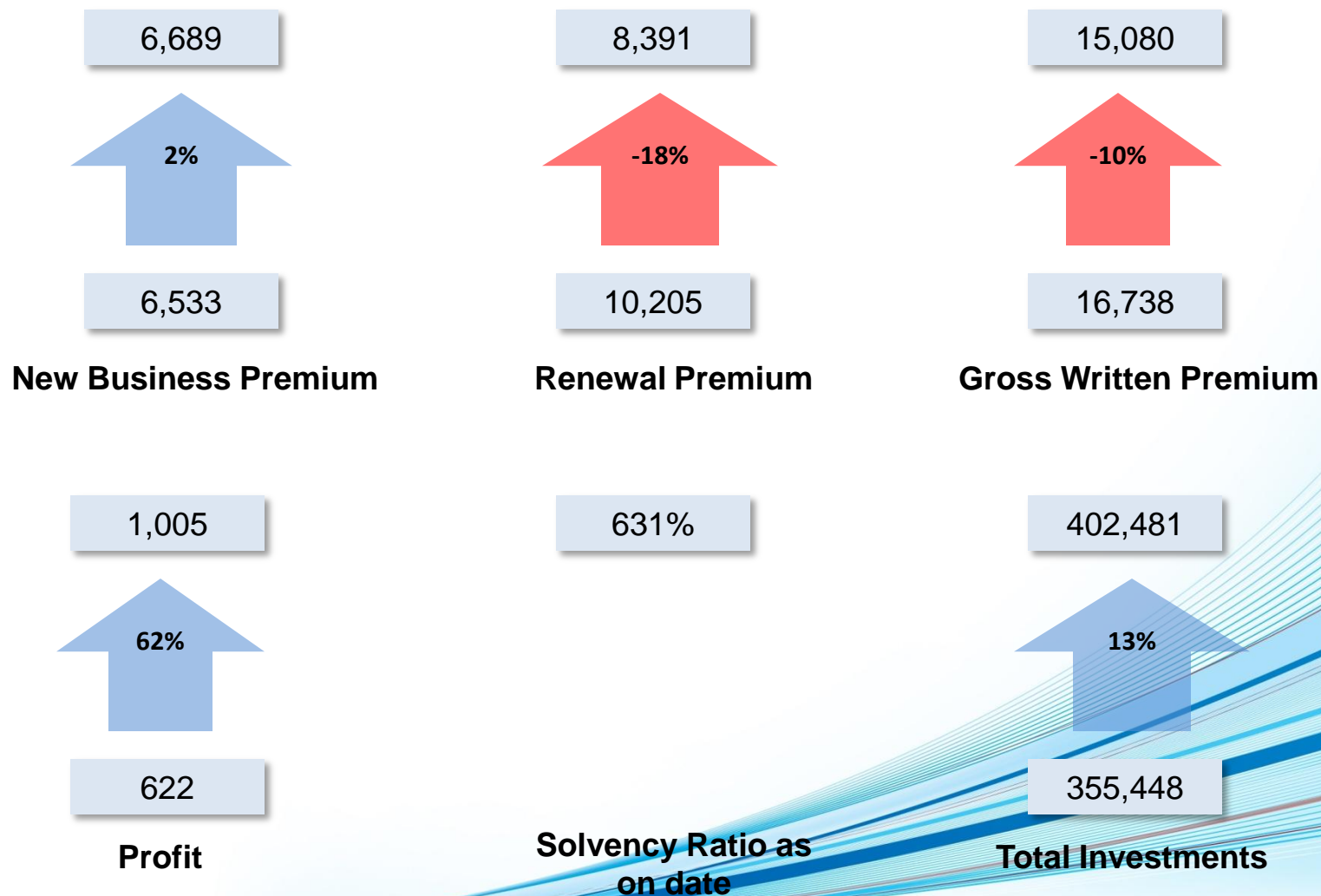
Shareholders' profit grew 62% to Rs 1,005 Mn in Q3FY13 compared to Q3FY12.

*Note: Shareholders' share of policyholders' surplus for FY13 will be transferred at the end of the year, consistent with past practice.*



All Figures in Rs Million

## Performance Highlights of Q3 FY2013 over Q3 FY2012



# Bajaj Allianz General Insurance



# In a continued competitive pricing environment, BAGIC has grown through better selection of business

## Industry Highlights

- Market grew by 23.3% in FY12 over FY11\*
  - Private Sector: 26.1%
  - Public Sector: 21.4%
- Market grew by 19.7% during 9M FY13 over FY12\*\*
  - Private Sector: 24.6%
  - Public Sector: 16.1%

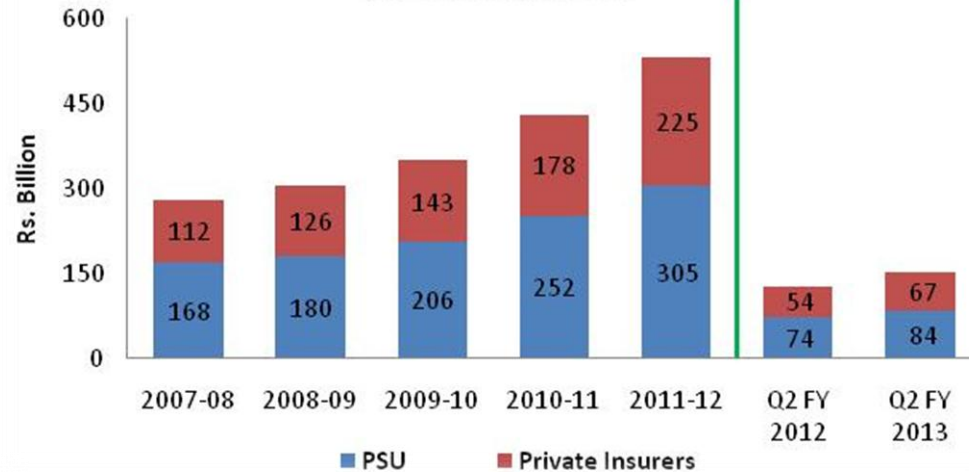
- Existing Motor Pool disbanded with effect from 01 April 2012. Bajaj Allianz share of total pre-tax losses were Rs 6,042 Mn, of which losses relating to the years 2009-10 to 2011-12 will be written off over 3 years.
- New Declined Pool of much smaller size has come into effect from FY 13.

## BAGIC's Initiatives to Manage the Challenges

- BAGIC growth for FY12 over FY11 was 14.9% \*
  - Growth during YTD FY13 is 19.9% over FY12\*\*. Maintained Second position in the private sector.
  - Focus is to grow in profitable segments. Strong growth in Health, and Corporate Businesses.
  - Increase share of direct business
  - Special focus on renewals
- 
- Prudent underwriting and selection of risks with a focus on combined ratio, leading to better average pricing. As a consequence
    - Loss Ratios have improved from 63.4% in FY 2011 to 62.3% in FY 2012 and further to 58.9% in 9M FY 13.
    - Combined Ratio (Excl Pool) improved from 98.6% in FY 11 to 96.1% in FY 12 and further to 91.1% in 9M FY 13.
    - Combined Ratio (Incl Pool) improved from 110.2% in FY 11 to 107.2% in FY 12 and further to 100.2% in 9M FY 13.
  - Pool losses of Rs.2,637 Mn have been absorbed in FY 12 and Rs.1,764 Mn in 9M FY13. The balance (pre tax) losses of Rs.498 Mn will be absorbed in Q4 FY13 and Rs.1,199 Mn to be absorbed in FY 14
  - Solvency ratio at 186% at 31<sup>st</sup> Dec 2012. This is above minimum mandated; no capital infusion required in the near future.

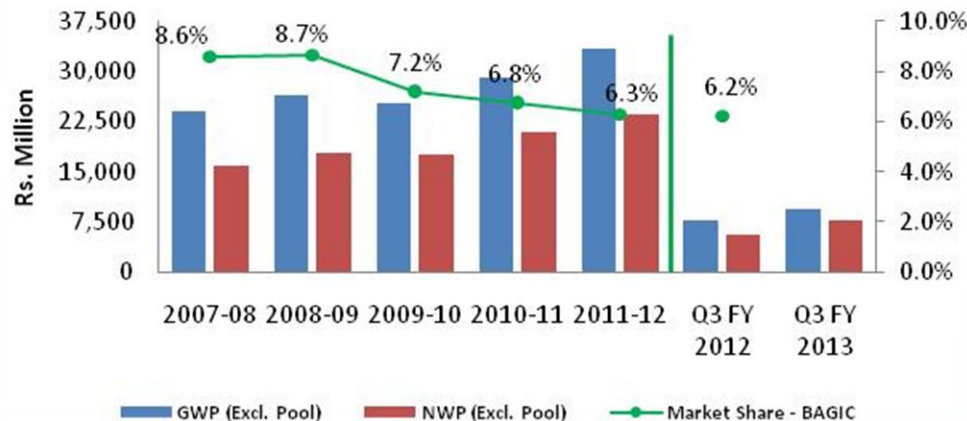
# BAGIC has retained its second position amongst private sector general insurers

**Industry Gross Premium Underwritten**  
(Excl Specialized Players)



Industry CAGR from FY08-12 was 17.3%. Private sector grew 19.1% in the same period and Public Sector grew at 16.1%.

**BAGIC premium growth**



BAGIC GWP CAGR for FY08-12 was 8.5% .

In Q3 FY13 BAGIC has grown GWP (ex Pool) by 22% vs. Q3FY12.

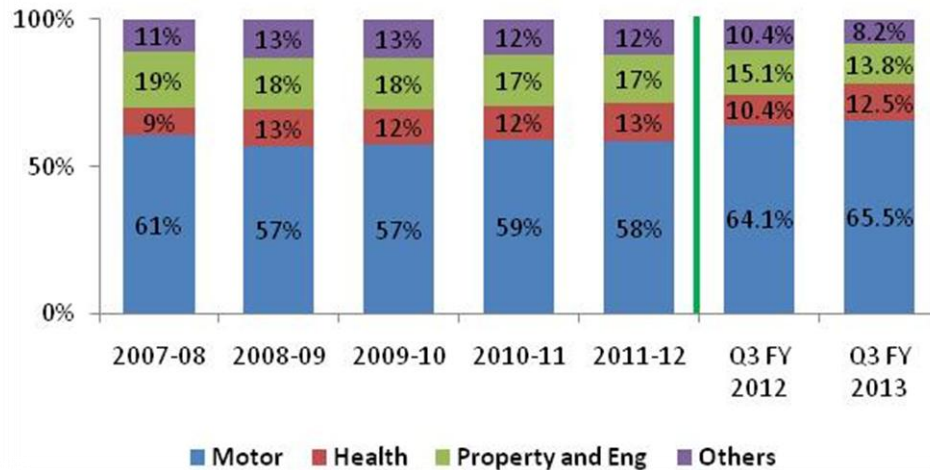
Q3 FY 13 growth in Health has been 47.8%



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

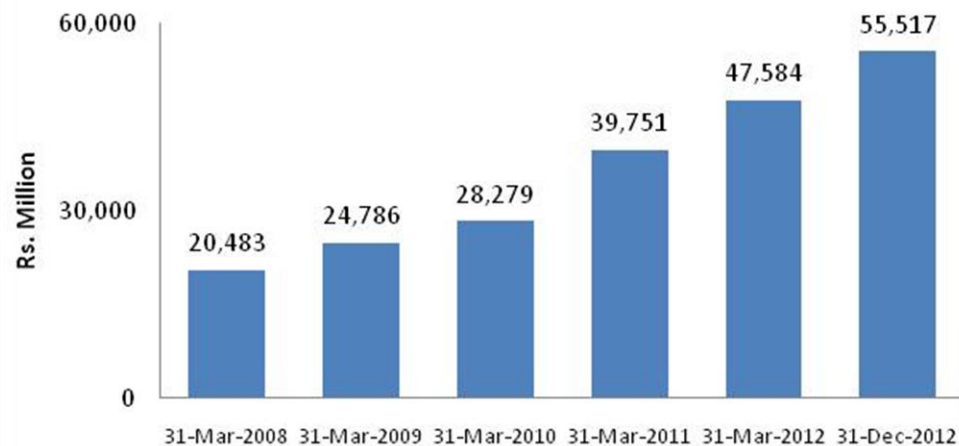
All Figures in Rs Million

**Business Mix**



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

**Investment Growth**

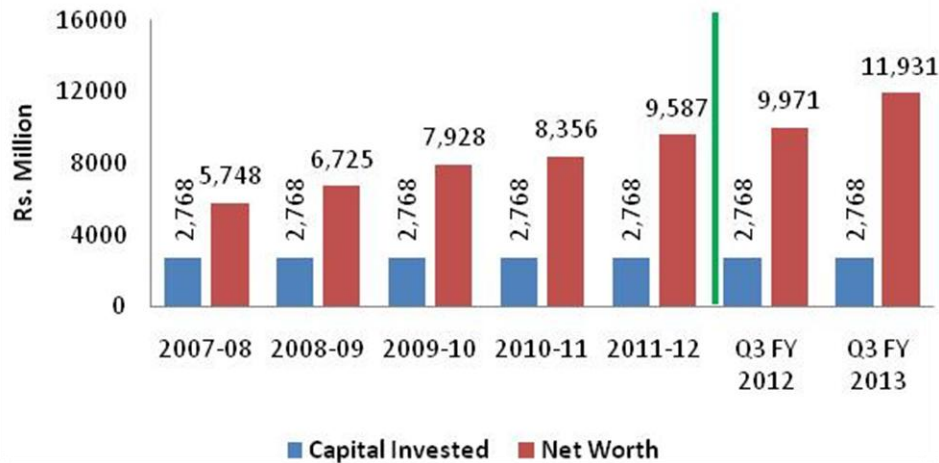


Strong cash generation has helped grow the investment book  
Investments largely in fixed income securities  
Investment book is 4.7 times Shareholders' funds at 31<sup>st</sup> Dec 2012

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

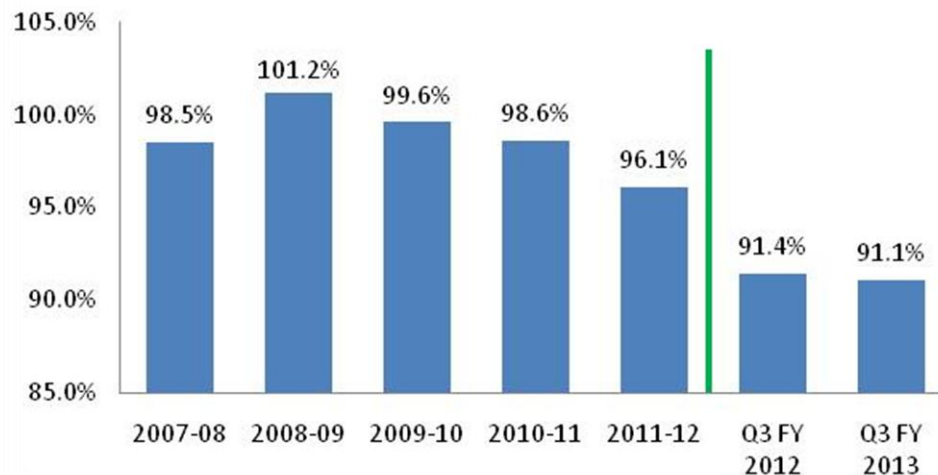
All Figures in Rs Million

**BAGIC - Capital Invested - Networth**



BAGIC's net worth now stands at Rs 11,931 Mn

**Combined Ratios (Excluding Motor Pool)**

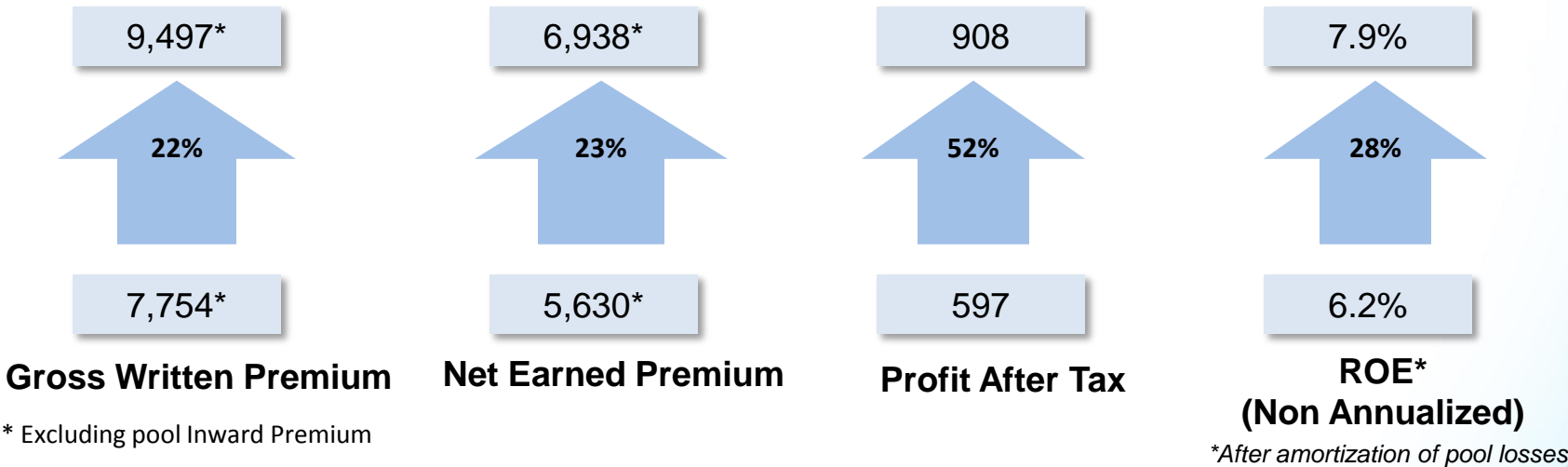


BAGIC continues to have one of the best combined ratios.

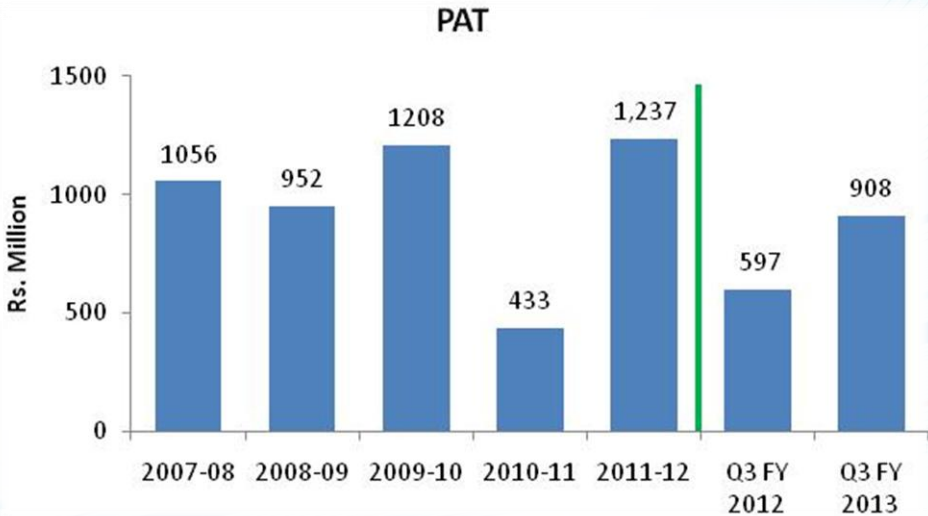
# Bajaj Allianz General remains one of the most profitable non-life insurers

All Figures in Rs Million

## Performance Highlights of Q3 FY2013 over Q3 FY2012



Solvency Ratio was 186% as against regulatory requirement of 140%



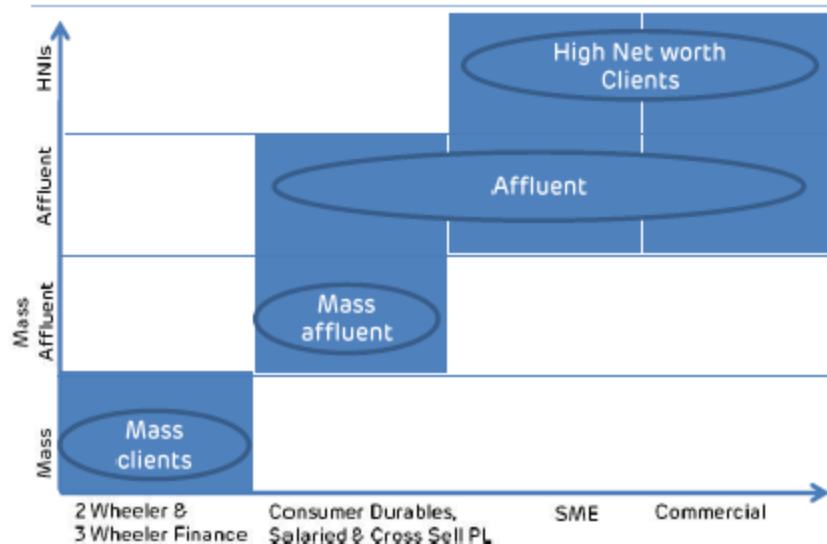
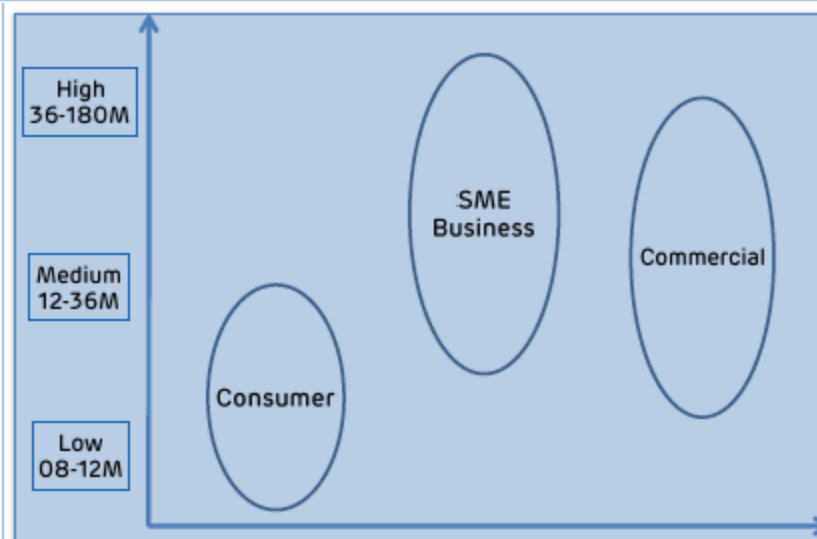
# Bajaj Finance





# 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
	2 Wheeler & 3 Wheeler Finance	Loan Against Securities	Infrastructure Finance
	Personal Loan Cross sell & Salaried Loans	Small Business Loans	Secured Auto vendor Finance
	Cross sell – Life/General Insurance, Extended Warranty & Credit Card		



Portfolio composition Q3-FY13

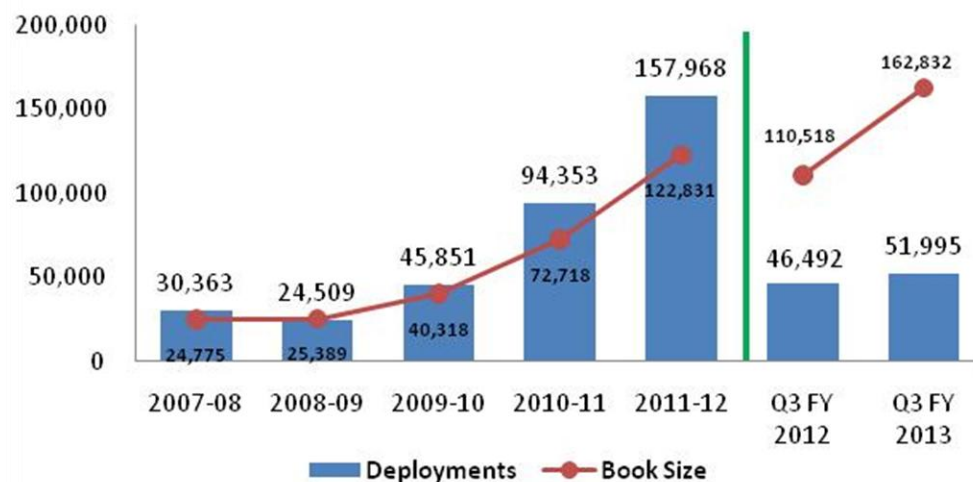


Segment	Jun'11	Sep'11	Dec'11	Mar'12	Jun'12	Sep'12	Dec'12
Consumer Finance	42%	41%	40%	38%	39%	39%	41%
SME Business	44%	45%	43%	43%	45%	45%	46%
Commercial	13%	15%	17%	19%	16%	16%	13%

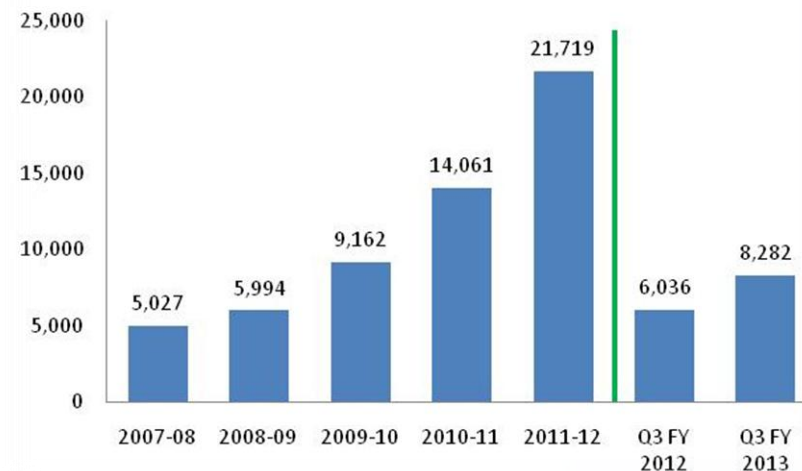
# Bajaj Finance has clocked strong growth in disbursements while maintaining healthy NIMs

All Figures in Rs Million

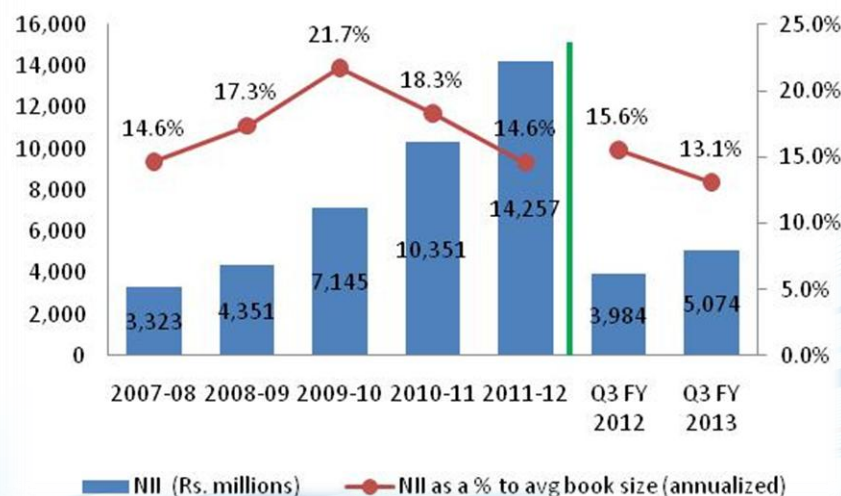
### Deployments and Book Size



### Revenues



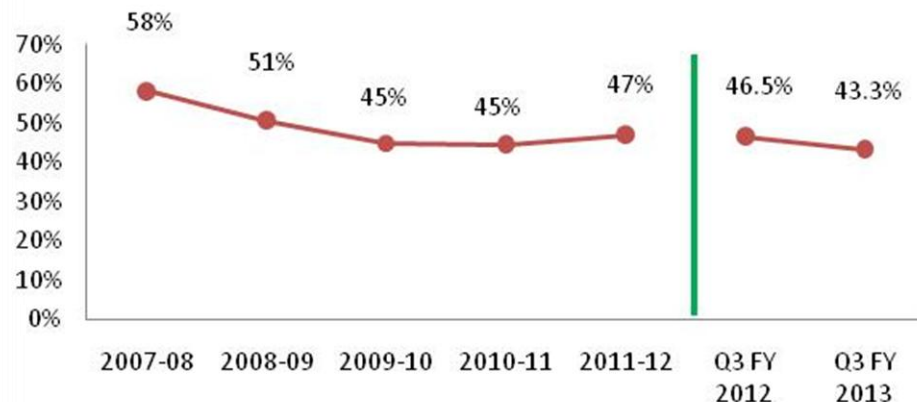
### NII and NII as % to average book size



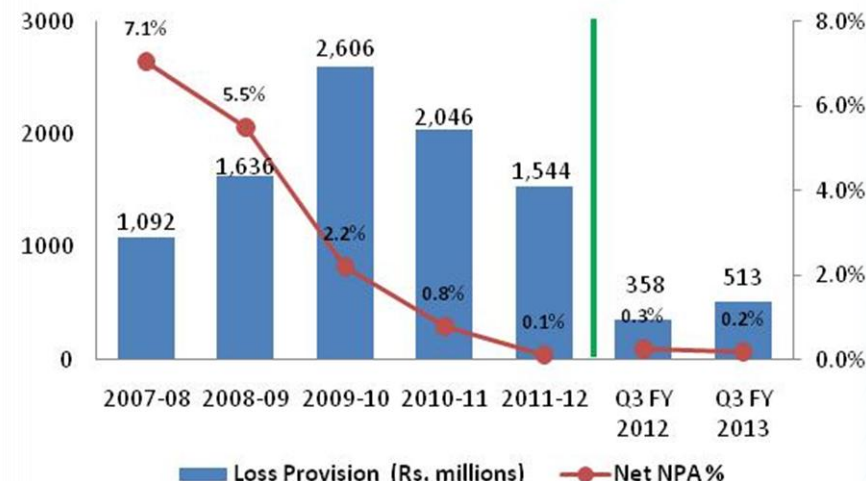
# Quality of assets has improved and operating costs remain under control

All Figures in Rs Million

Operating expenses as a % of NII

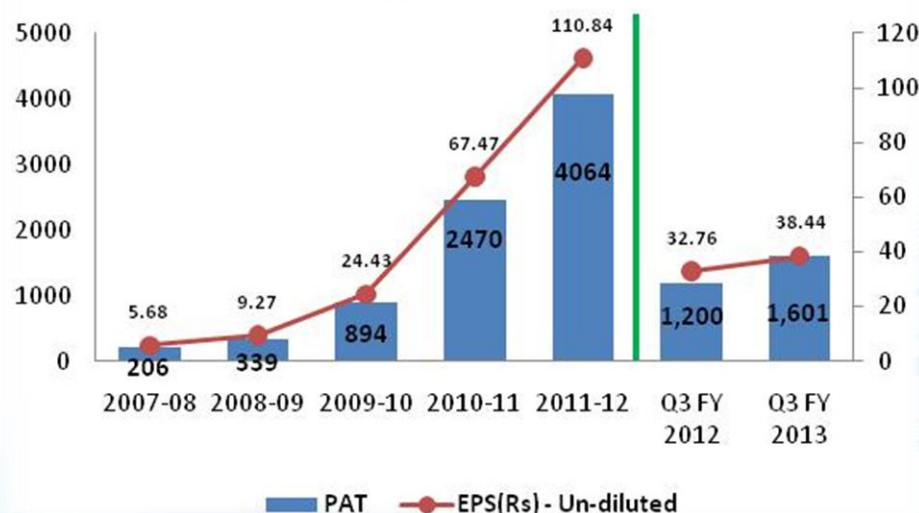


Loss Provision and Net NPA%



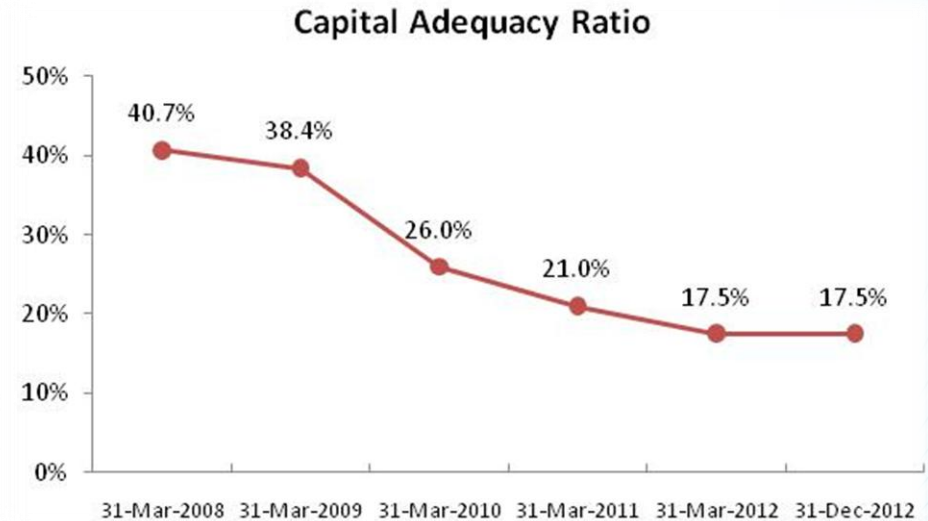
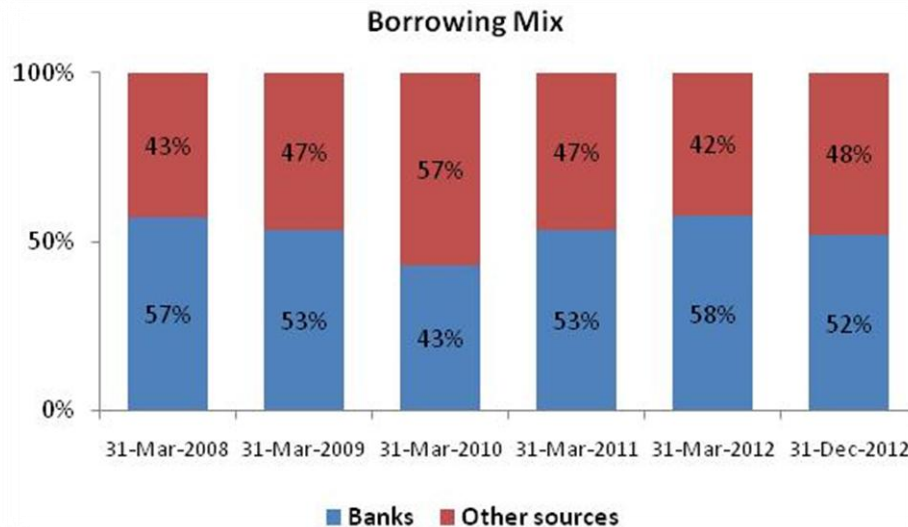
**Stable operating expenses coupled with lower NPAs are giving a higher PAT and EPS**

PAT and EPS



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

All Figures in Rs Million



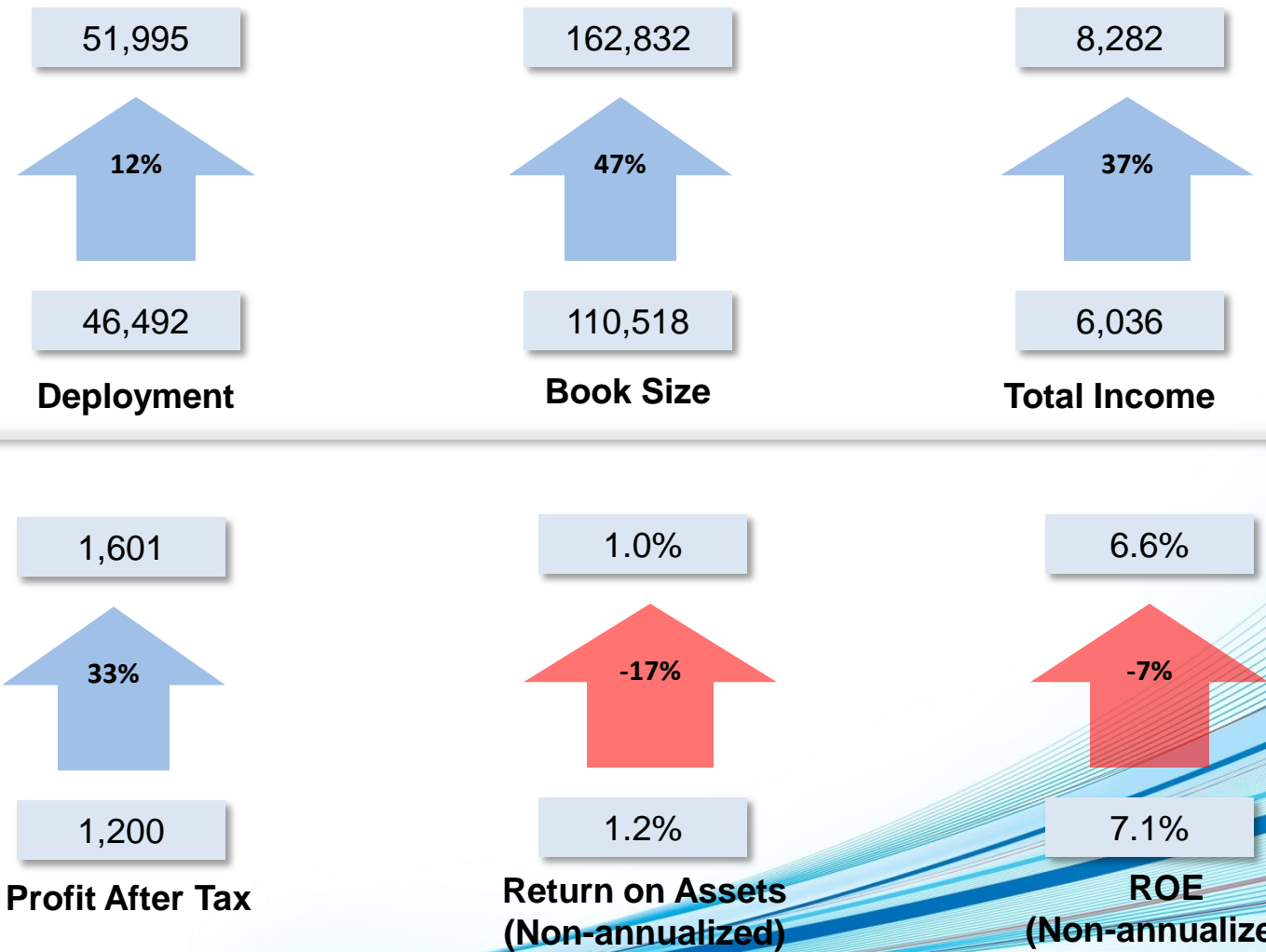
- 6,000,000 preferential warrants convertible into equivalent number of equity shares of Rs 10/- each had been issued to Bajaj Finserv Limited (promoter) by the Company on 28 July 2011 from whom 25% of the issue price amounting to Rs 97.65 Crores had been received in advance entitling the warrant holder to apply for an equivalent number of equity shares on payment of balance 75% of the issue price within 18 months from the date of allotment of warrants.
- Bajaj Finserv Limited had exercised its option to convert 4,690,000 warrants against which an equivalent number of equity shares of Rs 10/- each at a premium of Rs 641/- per share ranking pari passu with the existing equity shares of the Company had been allotted on 29 March 2012. As of 31 March 2012, the balance 1,310,000 warrants were outstanding and an equivalent number of equity shares were reserved for issue against the same. The balance amount against these outstanding warrants amounted to Rs 21.32 Crores.
- **Q3 Update:** During Q3 FY13, Bajaj Finserv Limited exercised the option to convert the balance 13,10,000 warrants out of 60,00,000 warrants issued on preferential basis and accordingly 13,10,000 equity shares of the face value of ` 10/- each were allotted to Bajaj Finserv Limited on 11 December 2012 at a premium of ` 641/- per equity share.



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

All Figures in Rs Million

## Performance Highlights of Q3 FY2013 over Q3 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 Q3 FY 2013** - Rs. 470 million
- **Gross Disbursement during 9MFY 2013** - Rs.1,280 million (excludes Rs. 1,160 millions of non-fund based exposure as on Dec 31, 2012)
- **Closing Assets as on Dec 31<sup>st</sup>, 2012** - Rs. 5,620 million
- **Team size** - 12 persons
- 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 9 months we have collected Principal ~ Rs. 3.0 bn. One account (Exposure –Rs.0.5 bn) has undergone restructuring under CDR. No NPLs are expected. No new loans were sanctioned during the period from Apr to Dec 2012.

# Thank You



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