

RATING

| | |
|------------|-------|
| Business | ★★★★★ |
| Management | ★★★★★ |
| Valuation | ★★★★★ |
| Financial | ★★★★ |

Ranking 1 to 5, denoting lowest and 5 highest


FIN2RESEARCH
Investment Advisor Pvt. Ltd.

BAJAJ FINSERV LIMITED


DATE: 27-09-2024

BUY RANGE: @ 2009-2000

TARGET : @ 2450

RATING : BUY

Research Report

| Stock Info | Amount |
|----------------------|-------------|
| Mkt Cap(cr) | 3,19,931.00 |
| 52-weeks high | 2005.00 |
| 52-weeks low | 1419.00 |
| No. of eq shares(cr) | 160.80 |
| Face Value | 1.00 |
| Bse Code | 532978 |
| Nse Code | BAJAJFINSV |
| Free Float Mcap(cr) | 108657.00 |

Source : BSE,NSE

| Particulars | ShareHolding |
|------------------|----------------|
| Promoter Holding | 60.64% |
| DIs Holding | 7.60% |
| FIs Holding | 8.39% |
| Public | 23.37% |
| Total | 100.00% |

Source : BSE,NSE

(In cr)

| Particulars | FY2023 | FY2024 |
|---------------------------------|--------|--------|
| NII to average loans receivable | 10.6% | 10.4% |
| CRAR | 24.97% | 22.52% |
| Tier 1 | 23.2% | 21.5% |
| Tier 2 | 1.8% | 1.7% |
| Gross NPA | 0.94% | 0.85% |
| Net NPA | 0.34% | 0.37% |
| Return on equity | 23.46% | 22.05% |
| Provisioning coverage ratio | 64.00% | 57.00% |
| EPS | 189.6 | 236.0 |

Source : Annual Report



Source : Company Report

About:

Bajaj Finserv Limited is one of India's largest non-banking financial companies (NBFCs), strategically designed with the structure of a bank and focused on transforming into a digital-first, customer-centric enterprise. The company provides a wide range of diversified financial services, targeting mass affluent customers in both urban and rural markets. Through its omnipresent approach across physical, mobile, and web platforms, Company leverages state-of-the-art data, innovations, and analytics to enhance customer experiences. Its focus on cross-selling and optimizing risk has enabled the company to consistently generate sustainable profits while positioning itself as a leader in India's financial sector.

Key Highlights:

- Bajaj Finserv Limited delivered a robust consolidated performance in FY2024, marked by significant growth across key metrics. The customer franchise expanded by 21%, reaching 83.64 million customers, while 36.20 million new loans were booked during the year. A notable achievement was the 52.41 million customers using the Bajaj Finserv App, reflecting a successful digital engagement strategy.
- Assets under management (AUM) saw a substantial increase of 34%, rising to ₹330,615 crore. Alongside this, net total income grew by 26%, amounting to ₹36,258 crore, with profit after tax (PAT) also witnessing a 26% rise, reaching ₹14,451 crore. The capital adequacy ratio stood strong at 22.52% as of 31 March 2024, with Tier-I adequacy at 21.51%, well above RBI norms.
- With a presence in 4,145 locations, including 2,576 rural and smaller towns, geographical expansion remains a critical growth driver. The omnichannel focus, large customer base, and rapid adoption of digital technology continue to enhance growth. The business spans eight broad categories: consumer lending, personal loans, SME lending, commercial lending, loan against securities, rural lending, deposits, and partnerships and services.
- In FY2024, 36.20 million loans were disbursed, marking a 22% growth over the previous year. Operations were supported by over 198,000 distribution points across the country. Additionally, a record 14.50 million new customers were acquired, contributing to the 21% growth in the customer franchise.
- On a consolidated basis, AUM growth reached 34%, increasing from ₹247,379 crore to ₹330,615 crore, while PAT grew by 26%, from ₹11,508 crore to ₹14,451 crore. The return on average assets (RoA) stood at 5.08%, and the return on average equity (RoE) was 22.05%, reflecting strong financial performance for FY2024.
- The profit after tax (PAT) for company in Q1 FY25 includes an unrealized mark-to-market (MTM) gain of ₹16 crore on equity investments measured at fair value through profit and loss from Bajaj Allianz Life Insurance Company (BALIC) and Bajaj Allianz General Insurance Company (BAGIC). This is a significant improvement compared to an MTM loss of ₹30 crore in Q1 FY24. Excluding the impact of MTM adjustments, the PAT growth for the quarter stood at 8%, reflecting stable underlying business performance.

Key Risks:

- **Climate Change Risk:** The impact of climate change poses significant risks, as it can lead to higher-than-expected claim frequency and severity in non-life insurance, as well as increased mortality rates in life insurance. Additionally, the inability to meet stakeholder expectations regarding climate-related disclosures and initiatives could result in reputational damage for the Group.
- **Customer Experience Risk:** Given the Group's vast customer base, providing financial services to millions of clients, any undesirable customer experience could lead to a loss of clientele and potential reputational harm. Ensuring consistent customer satisfaction remains critical to mitigating this risk.
- **Financial Inclusion Opportunity:** Expanding financial services in India's underserved areas offers a key growth opportunity for enhanced financial inclusion.

Disclaimer

RATING SCALE: DEFINITION OF RATINGS

- **BUY** – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- **ACCUMULATE** – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- **REDUCE** – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- **SELL** – We expect the stock to deliver negative returns over the next 9 months.
- **NR** – Not Rated. Fin2Research is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- **NOTE** – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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