

# FIN 2 RESEARCH

SHUBH SAMAY NIVESH

# RATING Business Management Valuation Financial





**BAJAJ FINSERV LIMITED** 

Ranking 1 to 5, denoting lowest and 5 highest

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

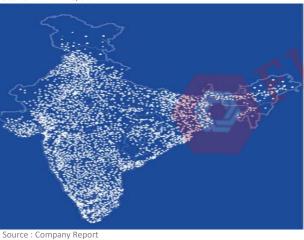
Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	60.64%
DIIs Holding	7.60%
FIIs Holding	8.39%
Public	23.37%
Total	100.00%

Source : BSE,NSE (In

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



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# 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.

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**Research Report** 

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### 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.
- RS Rating Suspended. Fin2Research has suspended the investment rating and price target for this stock, either because there is not a Sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
- NA Not Available or Not Applicable. The information is not available for display or is not applicable.
- NM Not Meaningful. The information is not meaningful and is therefore excluded.
- NOTE Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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