INVasset Corporate Insights

BAJAJ FINSERV

22nd March, 2024

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Bajaj Finserv's Ecosystem: Diversification and Dynamic Growth

Transforming Revenue Streams in Financial Services: Bajaj Finserv Ltd. has witnessed a strategic transition in its revenue mix over four years, pivoting from a dominant life insurance share to a more balanced portfolio. Life insurance's slice of the revenue pie shrank to 25% in FY22 from a substantial 55% in FY18, while general insurance emerged as a solid revenue stream, constituting 28%. Retail Financing slightly bolstered its share to 45%, indicating its stable appeal and potential for growth, despite a minor dip in investment income.

Comprehensive Insurance and Lending Solutions: Rooted in the financial fabric of India, Bajaj Finserv, through its subsidiaries including the robust Bajaj Allianz and Bajaj Finance Limited, offers an extensive suite of insurance and financial products catering to a variety of customer needs. Bajaj Allianz remains a stronghold in the general insurance market with a well-balanced product mix, while Bajaj Finance Limited has shown commendable asset quality, highlighted by its GNPA and NNPA metrics, signifying its lending prowess and risk management.

Vast Network Spanning India's Financial Landscape: Bajaj Finserv's distribution network is expansive, encompassing a multitude of bank partners, agents, and sales points, creating a formidable presence across the nation. This extensive network underpins the company's ability to reach a diverse customer base, ensuring deep market penetration and accessibility of financial services.

Pioneering Digital Marketplaces and Health Solutions: With an eye on the future, Bajaj Finserv has launched Bajaj Finserv Direct Ltd., ambitiously aspiring to establish a comprehensive digital marketplace for financial products. Concurrently, Bajaj Finserv Health Ltd. ventures into the health-tech sector, aiming to revolutionize healthcare delivery through innovative solutions like 'Aarogya Care', which signals the company's dedication to contributing positively to the healthcare ecosystem.

Strategic Alliances Bolstering Market Position: Bajaj Finserv's strategic partnerships, such as those with RBL Bank and Mobikwik, have yielded fruitful co-branded initiatives, engaging millions of customers through credit cards and digital wallets. These alliances signify the company's adaptability and foresight in cultivating relationships that augment customer value and loyalty.

Strategic Expansion via New Subsidiaries: The formation of Bajaj Finserv Ventures Limited and Bajaj Finserv Asset Management Limited represents Bajaj Finserv's strategic foresight to diversify and tap into novel financial domains, signaling growth and the exploration of new business frontiers.

Investment in BFS-D: Strengthening the Financial Ecosystem: The co-investment in Bajaj Finserv Direct Ltd. (BFS-D), alongside Bajaj Finance Limited (BFL), marks a significant step towards subsidiary diversification. It not only broadens the company's portfolio but also underlines its commitment to shaping a robust financial ecosystem that caters to evolving consumer needs and market demands.

Stock Data	
CMP (22-03-2024)	1587.55
52 Week High/Low	1741/1215
Face Value	1.00
Market Cap (In Crs)	2,53,595
Enterprise Value (In Crs)	4,96,404
NSE	BAJAJFINSV
BSE	532978
Bloomberg	BJFIN:IN
Sector	Finance & Instruments

Shareholding Pattern (in %)		
	DEC 23	SEPT 23
Promoter	60.69%	60.69%
FII	7.91%	7.66%
DII	7.48%	7.09%
Public	23.70%	24.31%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-0.32	10.80	29.80
Bajaj Finserv	-0.93	2.23	27.51

Key Ratios	
P/E	32.5
P/S	2.48
P/B	5.02
Debt To Equity	4.94
ROE	14.8%
ROCE	11.3%
Dividend Yield	0.05%

Q3 FY 24 Result Update

Q3 FY24 Result Comparison (In Rs Cr)					
	Q3 FY24	Q2 FY24	Q3 FY23	QOQ	YOY
Sales	29,038	26,023	21,755	11.59%	33.48%
EBITDA	10,440	9,950	7,832	4.92%	33.30%
EBIT	10,208	9,741	7,660	4.79%	33.26%
Net Profit	4,045	3,756	3,300	7.69%	22.58%
EPS	13.52	12.09	11.19	11.83%	20.82%

Result Highlights

Bajaj Finserv Q3 FY24 Financial Highlights Capturing Growth Across the Board

Accelerated Sales Momentum: In Q3 FY24, the company's sales reached a formidable Rs 29,038 Cr, showcasing not only an impressive quarterly upswing of 11.59% but also a significant year-over-year increase of 33.48%. This remarkable jump in sales highlights the company's successful strategies and strong customer engagement, driving a vigorous revenue stream that reflects their leading position in the market and the effective capture of emerging opportunities.

EBITDA: Demonstrating Robust Operational Excellence: The company's EBITDA, a key indicator of operational performance, registered Rs 10,440 Cr for Q3 FY24, marking a substantial increase that indicates a strong quarter-over-quarter growth of 4.92% and an even more noteworthy annual increase of 33.30%. This growth in EBITDA is indicative of the company's streamlined operations and its commitment to cost-effective management, even as it scales its business operations.

EBIT: Reflecting Continued Profitability: With EBIT standing at Rs 10,208 Cr, the company has recorded a solid growth trajectory, demonstrating a 4.79% increase from the previous quarter and a significant year-over-year growth of 33.26%. These figures signal the company's robust profitability and the successful execution of strategies that enhance its earnings capacity.

Net Profit: Marking Steady Financial Growth: The company's net profit witnessed an impressive increase to Rs 4,045 Cr in Q3 FY24. The net profit swelled by 7.69% compared to the previous quarter and saw a considerable year-over-year increase of 22.58%, underscoring the company's strong financial health and its ability to translate revenues into actual earnings efficiently.

EPS: Signifying Value Enhancement for Shareholders: Earnings Per Share (EPS) for Q3 FY24 stood at 13.52, indicating an 11.83% increase over the preceding quarter and a healthy 20.82% rise compared to the same quarter in the previous year. This rise in EPS is a clear demonstration of the company's ongoing focus on value creation, resulting in enhanced profitability per share that benefits its shareholders.

Conclusion: In the financial landscape of Q3 FY24, the company emerged as a formidable player, with its sales figures soaring to Rs 29,038 Cr, embodying an impressive quarter-on-quarter surge of 11.59% and a substantial year-on-year growth of 33.48%. Such a sales performance underlines a successful market strategy and a robust connection with the customer base. Concurrently, EBITDA demonstrated significant growth, amounting to Rs 10,440 Cr, which is a testament to the company's operational proficiency and cost-effectiveness, manifesting a 4.92% growth from the previous quarter and a remarkable 33.30% from the same period last year. EBIT followed this upward trend, affirming the company's enduring profitability with a 4.79% QOQ and 33.26% YOY increase. Furthermore, net profit for the quarter impressively climbed by 7.69% QOQ and 22.58% YOY, reaching Rs 4,045 Cr, indicating a translation of revenue into tangible profit while maintaining financial health. The EPS also saw a noteworthy rise to 13.52, ascending by 11.83% over the last quarter and 20.82% over the prior year, marking a period of genuine shareholder value enhancement. Together, these figures not only represent the company's financial success but also its strategic agility in navigating the dynamic business environment to deliver exceptional value to its stakeholders.

Concall Highlights

Bajaj Finserv: Impressive Q3 Growth with Robust Financials: Bajaj Finserv showcased strong Q3 FY24 results, marked by a 33% jump in consolidated total revenue to ₹29,038 crore from the previous year's ₹21,755 crore. The company's consolidated PAT (Profit After Tax) also rose by 21% to ₹2,158 crore, with consolidated net worth up by 20% at ₹57,307 crore. Standalone net worth grew by 25%, reaching ₹6,524 crore. The company remains debt-free, with surplus funds increasing to ₹2,284 crore. Additionally, the book value per share increased to ₹360, with PAT including ₹103 crore in unrealized MTM gains.

Stellar Performance with Notable Profit Surge: Bajaj Finserv's consolidated profit components for Q3 FY24 illustrate a significant boost across its business segments. Bajaj Finance spearheaded the growth with a 22% increase in profits, amounting to ₹1,911 crore. The life insurance sector saw an impressive 76% hike, contributing ₹148 crore. General insurance also performed robustly, with a 7% rise to ₹236 crore. Despite intercompany adjustments costing ₹39 crore, the consolidated profit after tax (PAT) surged by 21% to ₹2,158 crore. Adjustments included unrealized mark-to-market gains on investments in BAGIC and BALIC of ₹24 crore and ₹79 crore, respectively. The figures reflect a robust financial performance, underscoring Bajaj Finserv's resilience and growth trajectory.

Sustaining Growth Across Segments in 9M Fy24: Bajaj Finserv posted robust growth in the first nine months of FY24, with a 34% increase in total revenue to ₹78,341 crore, and a 20% rise in net worth to ₹57,307 crore. PAT grew by 30% to ₹6,029 crore. Bajaj Finance contributed significantly with a 35% growth in AUM and a 27% increase in PAT to ₹10,627 crore. BAGIC reported a 34% rise in GWP and a 14% increase in PAT to ₹1,171 crore. BALIC showed steady growth with a 26% rise in PAT and a substantial increase in investments. The group's strategic focus and diversified business model continue to drive financial success.

Robust Growth Amidst Slight Profitability Pressure: Bajaj Finance Limited (BFL) demonstrated significant growth in Q3 FY24, with its book size surging 36% year-over-year to ₹3,06,389 crore. Customer franchise also grew by 22%, reaching 8.04 crore customers. The company's net total income increased by 25% to ₹9,298 crore, which bolstered its profit after tax (PAT) by 22% to ₹2,973 crore. However, there was a slight contraction in returns with return on assets (ROA) decreasing to 1.2% and return on equity (ROE) to 5.5%. Capital adequacy improved to 23.87%, well above the regulatory requirement, indicating a solid financial base and operational resilience.

Expanding Horizons and Digital Prowess: Bajaj Finance Ltd (BFL) continued its aggressive growth trajectory in Q3 FY24, with a 35% year-over-year increase in Assets Under Management (AUM) to ₹3,10,968 crore. The period saw the booking of 98.6 lakh new loans and the acquisition of a record 38.5 lakh new customers, reflecting a 22% growth in the customer franchise. BFL expanded its physical footprint, adding 158 new locations, bringing the total to 4,092, and enhanced its digital presence with the Bajaj Finserv App reaching 4.9 crore net users. Net Interest Income (NII) soared to ₹7,655 crore, while operational efficiency improved, as evidenced by the improved Opex to NTI ratio. With a robust deposit book growth and a commitment to technological integration, BFL is poised for continued success.

Growth Amid Regulatory Changes: In Q3 FY24, Bajaj Finance Limited (BFL) reported a rise in loan losses and provisions to ₹1,248 crore from ₹841 crore in the previous year, while releasing ₹150 crore from overlay provisions due to improving macro-economic conditions. The company maintained strong profitability with PAT increasing by 22% to ₹3,639 crore despite a gradual NII softening and higher credit costs influenced by regulatory changes. The asset quality improved with lower GNPA and NNPA ratios at 0.95% and 0.37% respectively. The capital adequacy stood firm at 23.87%, with a robust Tier-1 capital ratio of 22.80%. Additionally, BFL fortified its capital base by issuing warrants and equity shares to raise funds, underpinning its commitment to long-term financial stability and growth.

Upward Momentum: A Snapshot of Fiscal Health in Q3 Fy24: Bajaj Finance Limited (BFL) demonstrated strong fiscal health in Q3 FY24, marked by a book size swell of 36% year-over-year to ₹3,06,389 crore. This expansion was accompanied by a robust 25% increase in net total income, reaching ₹9,298 crore. Net Interest Income also reflected growth, with a 29% rise to ₹7,655 crore. Despite an uptick in loss provisions to ₹1,248 crore, the company improved its net NPA percentage to a mere 0.37%. Operational efficiencies gained traction, with operating expenses accounting for 33.9% of the net total income. The growth is underlined by a healthy provisioning coverage ratio and an improved portfolio composition, setting a resilient tone for future performance.

Bajaj Finserv Health Expands Its Reach with Vidal Health Acquisition: Bajaj Finserv Health (EBH) Ltd is set to significantly expand its healthcare footprint by acquiring Vidal Health Care Services (VHC), with VHC and its subsidiaries sla ted to become wholly owned entities under EBH. VHC is acclaimed as a premier health services management company and among the top third-party administrators in India. With Vidal Health Insurance TPA Pvt. Ltd servicing 130 million lives and managing a premium base of ₹5000 crore in FY'23, the acquisition underscores EBH's commitment to providing extensive provider networks and digital cashless healthcare solutions. The deal, valued at ₹325 crore in cash, promises to reinforce EBH's position in corporate and retail insurance, government health schemes, and extends its reach with KPO services in the Middle East, marking a strategic step in Bajaj's expansion in the health sector.

Financial Snapshot: Bajaj AMC's Strides and Slides.: Dive into the fiscal dynamics of Bajaj Asset Management Company with our latest financial briefing! Witness a significant leap in total income, skyrocketing from a modest ₹0.97 crore in Q3 FY23 to a robust ₹5.04 crore in Q3 FY24. Despite this surge, the Profit After Tax (PAT) reveals a contrasting story, delving into the red with ₹(44.11) crore, a deeper plunge from the previous year's ₹(6.95) crore. Strategic financial moves are evident with ₹300 crore capital infusion, bolstering the net worth to ₹119.84 crore as of 31 Dec 2023. Zooming into their mutual fund arena, the Equity Funds have flourished, blooming to an Assets Under Management (AUM) of ₹3,142 crore.

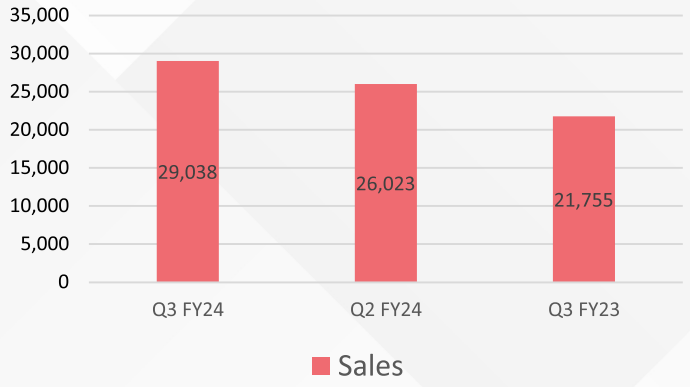
Fiscal Triumph – Striking Growth Fy24: Elevate your understanding of Bajaj Finserv's financial performance with a glimpse at their 9-month mark for FY24! Celebrating a formidable 34% surge in total revenue, Bajaj Finserv has triumphantly climbed from ₹58,447 crore to a staggering ₹78,348 crore. In parallel, the Profit After Tax (PAT) has enjoyed a hearty 30% growth, ascending from ₹8,874 crore to ₹11,511 crore. The financial health, measured by net worth, reflects a steadfast 20% growth in the consolidated figure, reaching ₹57,307 crore, and a notable 25% rise in standalone net worth, standing at ₹6,524 crore. It's important to note that the PAT includes unrealized mark-to-market (MTM) losses on equity investments. Even after accounting for an MTM loss of ₹1 crore in FY24 against a larger MTM loss in the previous year, PAT growth for the 9-month period in FY24 is a robust 26%. Bajaj Finserv's numbers herald a period of robust financial vigor and resilience.

A Robust 9-Month Rally: Bajaj Finance Limited boasts a remarkable 9-month growth in FY24, with its financial indicators in an upbeat tune. The book size has bloomed by a substantial 36% YOY, reaching a grand ₹3,06,389 crore. This growth is harmonized by a 22% increase in customer franchise, tallying at 8.04 crore. The income symphony continues with a 26% ascend in total income, now at a grand ₹26,541 crore. The crescendo peaks with Profit After Tax swelling by 27%, striking a note at ₹10,627 crore. However, the performance composition has its moderato movements as well, with ROA slightly to 3.9%, and Return on Equity marginally down to 16.7%. The capital adequacy section, though, maintains a strong fortissimo, standing at 23.87% and surpassing regulatory requirements.

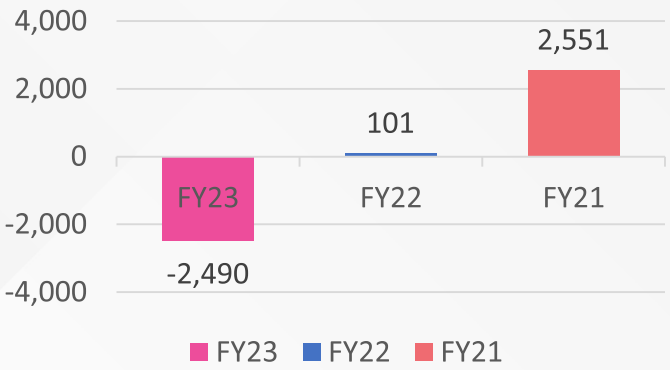
Bajaj Allianz General Insurance (BAGIC) Q3 Performance: Growth Triumphs Amid Challenges.
BAGIC's Q3 FY 2024 results are a testament to robust growth outpacing the industry. The Gross Direct Premium Income (GDPI) surged by an impressive 18.7%, significantly higher than the private sector's 16.2% and industry's 11.2%. This uptick was driven by substantial gains in Commercial lines and Group health insurance, while a dip in crop insurance partially countered this rise. Notably, the firm outperformed market growth rates in almost all segments, despite a motor segment expansion of only 5%. The company's selective focus on preferred business lines resulted in varied segment growth. The claim ratio climbed to 72.9% from the previous year's 72.1% primarily due to natural catastrophe claims, but the underlying claim ratio improved to 69.5%. The Combined Operating Ratio (COR) experienced a slight uptick to 102.9%, influenced by catastrophic events, yet adjusting for these, the COR stood at a healthier 99.5%. PAT presented a mix of fortunes with a slight increase to ₹287 crore from ₹278 crore in the previous year, influenced by natural catastrophe claims and fluctuating investment realizations. Nevertheless, the solvency ratio stood strong at 355%, underlining a solid capital position.

Bajaj Finance Limited (BFL) Q3 Update: Navigating Through Credit Waves with Fortitude In the Q3 of FY 2024, Bajaj Finance Limited (BFL) showcased resilience amid financial tides. Credit costs saw an uptick with loan losses and provisions reaching ₹1,248 crore, up from ₹841 crore in the same quarter of the previous fiscal year. BFL has fortified its position with a management and macro-economic overlay provision of ₹590 crore. The annualized loan loss ratio edged up to 1.69%, marking a slight increase from the previous year's 1.54%. The Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA) ratios also experienced a slight rlse, now at 0.95% and 0.37%, respectively. The PAT for Q3 soared by 22% due to a gradual decline of Net Interest Margins and impacting profit growth by about 5-6%. BFL's capital adequacy remained at 23.87%, with a Tier-1 capital ratio of 22.80%. Adjusting for this regulatory change, the CAR would have been 26.77%.

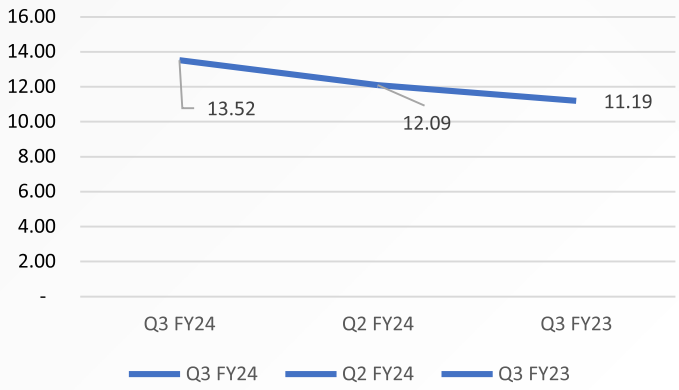
Revenue (In Cr)



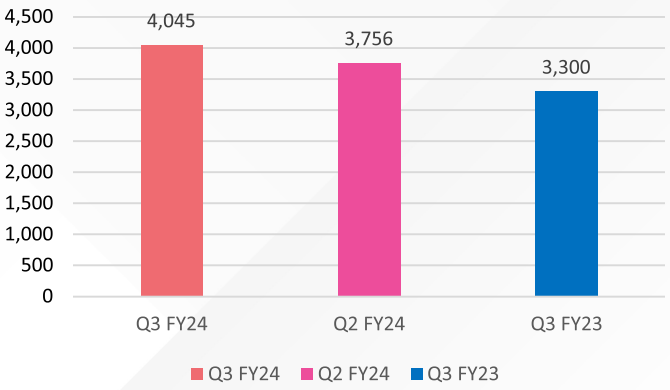
Cashflow (In Cr)



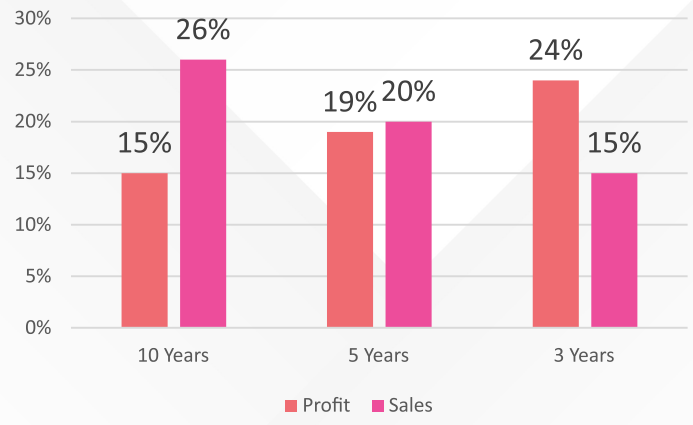
EPS



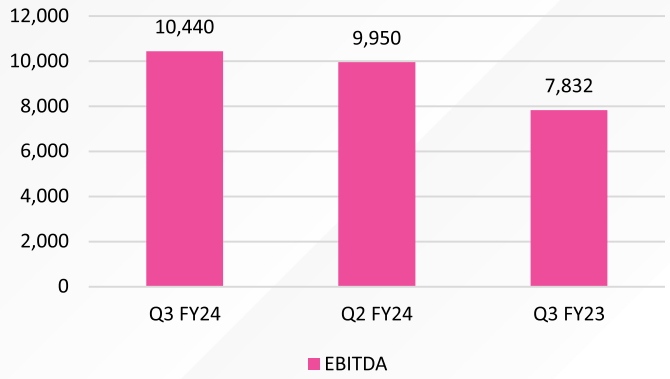
PAT (In Cr)



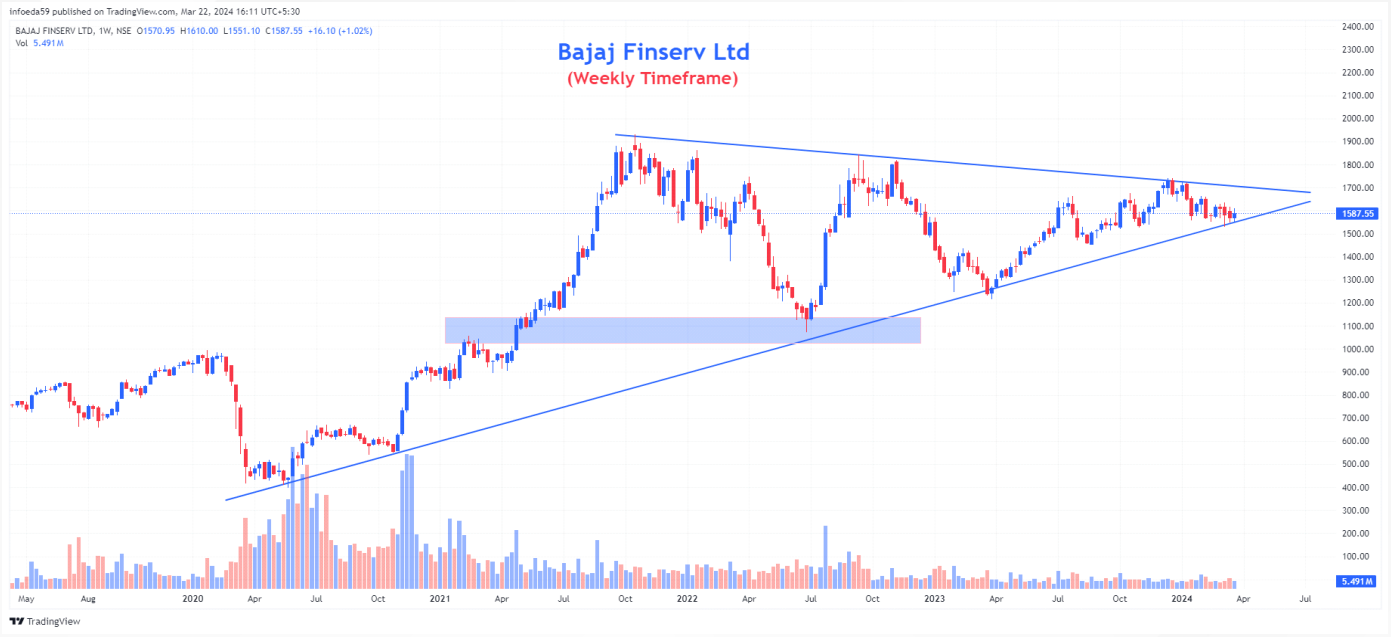
Compounded Growth (In %)



EBITDA (In Cr)



Technical Outlook



The chart of Bajaj Finserv Ltd on a shows that the stock has a steady uptrend marked by a blue ascending support line since early 2020. The price experienced volatility within a defined range, indicated by horizontal blue zones. Despite occasional pullbacks, the overall trend remains bullish. As of the latest data point, the stock trades just above the support line with a slight downward movement, as reflected by the red candlestick. Trading volume shows no unusual spikes, suggesting a relatively stable trading environment with overall outlook as bullish.

The SMA and EMA data for Bajaj Finserv indicate a narrow range of movement, suggesting a consolidating trend without significant price swings. Short-term averages (5 and 10 days) show the EMAs slightly higher than the SMAs. Mid to long-term averages (50 to 200 days) are closely aligned, with the 100-day SMA notably higher than the EMA, which could indicate a resistance to upward movement.

RSI values are near neutral, with daily at 49.28 and weekly at 48.50, suggesting a balance between buying and selling pressures without clear overbought or oversold signals.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	1583.5	1587.5
10	1582.9	1584.9
20	1589.3	1587.3
50	1597.5	1600.5
100	1624.6	1603.1
200	1588.1	1580.1

Pivot Levels : FIBONACCI		
R1 1610.70	Pivot 1601.35	S1 1593.25
R2 1618.80		S2 1583.90
R3 1628.15		S3 1575.80

	Daily	Weekly
Relative Strength Index (RSI)	49.28	48.50

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