

May 19, 2017

₹ 4290

Bajaj Finserv (BAFINS)

Growth on all fronts to drive earnings...

- Consolidated PBT came in at ₹ 1170.6 crore, lower than our estimate, primarily led by lower-than-expected PBT in the insurance business
- Led by strong advances growth, the commercial finance business continued to see traction with 48% YoY growth in topline at ₹ 1689 crore, providing a boost to the consolidated performance. PBT also increased 42% YoY at ₹ 708.5 crore, above our estimate
- General insurance premium growth remained healthy at 31% YoY to ₹ 2260 crore, led by higher crop insurance. However, PAT declined 21% YoY at ₹ 165 crore, owing to lower profit from sale of investments and inclusion of tax credit of ₹ 30 crore in Q4FY16 PAT
- Life insurance premium de-grew 7% YoY, led by a slowdown in group premium. Growth in individual new business premium remained healthy at 23% YoY. PBT was at ₹ 210.9 crore, a decline of 19% YoY

Strong brand name enhances sustainability, reliability

Bajaj Finserv, a financial conglomerate under the flagship brand of Bajaj and leadership of Sanjeev Bajaj, witnessed a sharp surge in earnings in all three key business segments. In general insurance, it is the most profitable and efficient player among competitors. Bajaj Finance, a niche consumer durable lender, reported a 4x increase in loan book in FY11-15 while earnings surged at 38% CAGR. BALIC enjoys a market share of ~6.8%. We expect consolidated revenue and PAT to grow at a CAGR of 19.7% and ~32% to ₹ 35140 crore and ₹ 4000 crore, respectively, over FY18-19E.

Niche in general insurance; superior return ratios compared to peers

It is a strong business model generating RoE in excess of 24%, reporting underwriting profit on <100% combined ratio & extensive retail focus, enabling a market share of ~6.7% in gross written premium (GWP). Prudent underwriting with ~77% of net earned premium in retail segment (motor, health insurance) stays a key rationale for sustained profit, net worth growth. We expect the growth momentum to continue at a steady rate and have factored NEP, PAT growth at 22.2%, 22.5% CAGR to ₹ 8192 crore, ₹ 1161 crore, respectively in FY18-19E.

Higher share in consolidated P/L led by strong profitability in finance

A distinguished business model in consumer durables portfolio boosted advances growing 36% YoY to ₹ 60194 crore in FY17 while asset quality sustained despite weak economic environment. Margins sustained ~10% due to higher IRR. PAT surged at 40% CAGR in FY11-17 with contribution bulging to 42% from 25% earlier. We expect healthy PAT growth of 34% CAGR to ₹ 3279 crore.

Life insurance business to improve gradually

Bajaj Allianz Life Insurance posted its first profit since FY10 of ₹ 542 crore & is now earning PAT of ₹ 836 crore (FY17). Post regulatory overhang on Ulip etc, fading now, business is expected to pick up gradually. FY18-19E NBP, PAT may grow at 10.4%, 10.3% CAGR to ₹ 3766 crore, ₹ 961 crore.

Finance, GI remain strong; LI to pick up; maintain target price, rating

We stay positive on the stock due to 1) sustained healthy performance of Bajaj Finance 2) strong growth in general insurance business & 3) gradual traction in individual new business premium. Therefore, we maintain our target price at ₹ 4900/share, based on SOTP valuation, implying a multiple of 19.5x on FY19E consolidated earnings. The stock is available at P/E valuation of 17.2x FY19E earnings. Consequently, we maintain **BUY**. Dividend from the insurance business can be an upside risk.

Rating matrix

Rating	Buy
Target	₹ 4900
Target Period	12 months
Potential Upside	13%

What's Changed?

₹ Crore	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ(%)
Income from oper.	2444	1904	28.3	2224	9.9
Total expenditure	1490	1156	28.8	1326	12.3
PBT	954	748	27.6	898	6.3
Tax + Minority	517	401	29.0	457	13.2
PAT	437	347	25.9	441	-0.9

Quarterly Performance

₹ Crore	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ(%)
Income from oper.	2444	1904	28.3	2224	9.9
Total expenditure	1490	1156	28.8	1326	12.3
PBT	954	748	27.6	898	6.3
Tax + Minority	517	401	29.0	457	13.2
PAT	437	347	25.9	441	-0.9

Key Financials

₹ Crore	FY16E	FY17E	FY18E	FY19E
Revenue	20,683.1	24,522.2	28,931.8	34,940.4
PBT	3,837.1	4,890.6	6,247.9	7,870.5
Net Profit	1,869.9	2,262.8	3,202.1	3,984.0
EPS (₹)	117.5	142.2	201.2	250.4

Valuation summary

	FY16E	FY17E	FY18E	FY19E
P/E	36.7	30.4	21.4	17.2
Target P/E	41.7	34.5	24.3	19.5
P/ABV	5.4	4.6	3.8	3.1
Target P/ABV	6.1	5.2	4.3	3.5
RoE	15.7	16.2	19.3	19.8
RoA	1.9	1.9	2.4	2.5

Stock data

Particular	Amount
Market Capitalization	₹ 70193 crore
Net worth	₹ 14499 crore
52 week H/L (₹)	4697/1725
Equity capital	₹ 80 Crore
Face value	₹ 5
DII Holding (%)	5.8
FII Holding (%)	6.1

Price performance (%)

	1M	3M	6M	12M
Bajaj Finserv Ltd	9.9	26.5	35.6	50.1
HDFC Ltd	9.1	39.3	83.9	108.8
Reliance Capital Ltd	11.3	9.1	42.5	61.6

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Variance analysis

	Q4FY17	Q4FY17E	Q4FY16	YoY (%)	Q3FY17	QoQ (%)	Comments
General Insurance	2259.5	1,989.7	1,730.2	30.6	1,721.6	31.2	General insurance premium growth came in strong led by higher crop insurance
Life Insurance	2247.8	2,709	2,418.6	-7.1	1,485	51.4	New business premium declined 6% YoY led by slowdown in group business
Net premium earned	2247.8	2,708.8	2,418.6	-7.1	1,484.7	51.4	
Investment and other income	833.8	957	808	3.2	887	-6.0	
Reinsurance Ceded	734.6	564	480	53.1	463	58.7	
Reserve for unexpired risk	238.4	90	141	69.5	16	1,399.6	
Total Insurance	4368.1	5,001.9	4,336.3	0.7	3,614.4	20.9	
Retail financing	2673.2	2,592	1,958	36.6	2,729	-2.0	Topline traction continued due to healthy growth in AUM at 36% YoY
Windmill	12.0	11.2	10.7	12.4	7.4	62.0	
Investment and others	25.9	115	105	-75.3	28	-8.3	
Total	7043.4	7,644	6,337	11.2	6,356	10.8	
Interest and Finance Charges	960.2	664.6	789.5	21.6	961.1	-0.1	
Other Exp	4912.7	5,685.6	4,520.3	8.7	4,016.3	22.3	
Total Expenses	5872.9	6,350.2	5,309.8	10.6	4,977.5	18.0	
PBT	1170.6	1,294.0	1,026.9	14.0	1,378.2	-15.1	Muted traction in life and general insurance business impacted traction in PBT
PAT	534.9	624.2	517.9	3.3	613.8	-12.8	Lower PBT and higher tax outgo led to muted PAT growth

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY18E			FY19E		
	Old	New	% Change	Old	New	% Change
Total Income	27,348.3	28,740.7	5.1	33,686.0	34,501.3	2.4
PBT	5,886.8	6,058.5	2.9	7,323.0	7,448.0	1.7
PAT	3,179.1	3,134.4	-1.4	3,767.0	3,806.3	1.0
ABV (₹)	954.4	805.4	-15.6	1,379.8	949.1	-31.2

Source: Company, ICICIdirect.com Research

Assumptions

	Current			Earlier	
	FY17E	FY18E	FY19E	FY18E	FY19E
Commercial Finance growth (%)	33.3	31.5	30.5	32.0	31.7
Life Ins Premium growth (%)	4.9	8.4	11.1	3.0	6.2
General Ins GWP growth (%)	30.3	20.0	20.0	15.0	13.5

Source: Company, ICICIdirect.com Research

Company Analysis

Business interests...

Bajaj Finserv is a financial conglomerate engaged in life insurance, general insurance, consumer finance and other financial products. Apart from financial services, the company has an operational wind energy asset. The portfolio of the company includes 74% in the two insurance companies viz. **Bajaj Allianz Life Insurance Company (BALIC)** and **Bajaj Allianz General Insurance Company (BAGIC)**, 50% holding in Bajaj Allianz Financial Distributors, 57.6% in Bajaj Finance and 100% holding in Bajaj Financial Solutions.

Consolidated revenues grew at ~8.3% CAGR in FY10-17 from ₹ 13997 crore to ₹ 24522 crore. Within the same, the contribution of insurance was ~57% while that of Bajaj Finance was 46% in FY17. Improving profitability from the life insurance segment compared to loss in FY08 of ₹ 213 crore to PBT of ₹ 1349 crore in FY12, led PBT to grow at 31.3% CAGR in FY10-15 to ₹ 3246 crore. With new IRDA guidelines, from FY13, the life insurance segment deteriorated while the Bajaj Finance business picked up from FY11 (10x rise in PBT from ₹ 38 crore to ₹ 310 crore) started contributing higher proportion to PBT. General insurance also normalised from FY13. Going ahead, we estimate consolidated revenues will grow at 19.7% CAGR in FY18-19E to ₹ 35140 crore. Owing to increasing profitability in the finance segment and steady performance on general insurance, the bottomline is seen growing at a faster pace at ~32.9% CAGR in FY18-19E to ₹ 4000 crore.

Strong traction in commercial finance and general insurance boosted the topline. The life insurance business is showing signs of a pick-up with continued traction in the individual business. General insurance, remaining at no underwriting profit/loss in previous quarter, has turned to positive led by a decline in claims during the quarter.

Exhibit 1: Consolidated profit summary

Particulars	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q4FY17	Q1FY17	Q3FY17	Q4FY17
General Insurance	1183	1465	1322	1500	1348	1730	1527	1527	1722	2260
Life Insurance	1442	2379	1082	1172	1225	2419	1004	1004	1485	2248
Total Insurance	3027	4134	2773	2966	2955	4336	2932	2932	3614	4368
Investments & others	49	100	59	103	54	105	40	40	28	26
Windmill	10	7	14	23	10	11	24	24	7	12
Retail financing	1486	1445	1656	1701	2070	1958	2304	2304	2729	2673
Less: Inter-segment revenue	12	11	15	63	20	73	34	34	24	36
Total revenue	4560	5675	4487	4730	5069	6337	5265	5265	6356	7043
Interest and Finance Charges	588	603	665	689	734	790	853	853	961	960
Other Exp	3224	3872	2897	3143	3381	4520	3269	3269	4016	4913
Total Expenses	3812	4474	3562	3832	4115	5310	4122	4122	4977	5873
PBT	748	1201	925	898	954	1027	1143	1143	1378	1171
PAT	347	707	467	441	437	518	538	538	614	535

Source: Company, ICICIdirect.com Research

Bajaj Finance is the highest profit making segment with PAT growing at 40% CAGR in FY11-17 to ₹ 1837 crore

Healthy traction in finance book to continue in FY18-19E

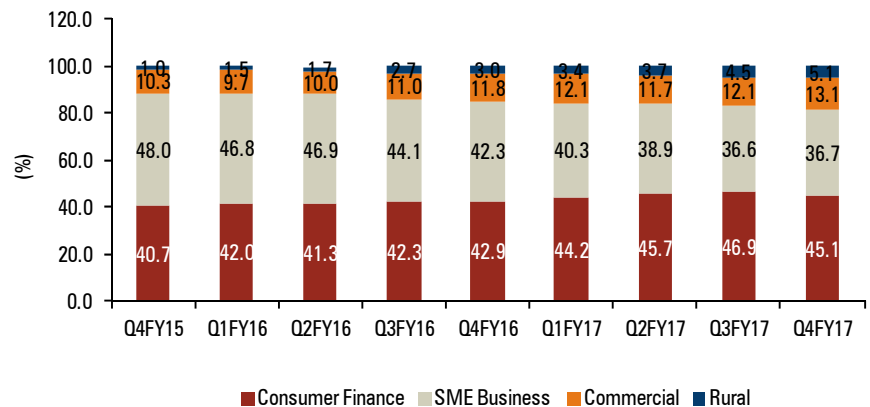
Bajaj Finance is the highest profit making segment with PAT growing at 40% CAGR in FY11-17 to ₹ 1837 crore in FY17. NII CAGR has been 35% in FY10-17 while in the past three years it has been maintained above 30% at 37% to ₹ 5507 crore as on FY17. Margins, on an average, have been above 10% over the past three to five years. Strong traction on the advances front of 36% CAGR in the past five years and three years has helped maintain NII traction.

Strong growth in PAT was seen at 43% YoY in Q4FY17 to ₹ 450 crore led by strong NII growth at 48% YoY to ₹ 1477 crore. Strong growth in AUM

was maintained at 36% YoY (vs. estimate of 34% YoY) to ₹ 60194 crore led by consumer finance segment.

Leadership position in under penetrated & growing segments like CD financing, lifestyle product financing, two-wheeler financing, LAP, etc (which account for ~50% of its portfolio) provide a robust growth opportunity. Going ahead, we expect overall advances traction at 31% CAGR in FY17-19E to ₹ 98206 crore driven by CF segment driven by CD financing business. Enhanced competition and growing risks in the LAP segment may keep traction in the SME segment a bit lower at 30% CAGR. NII is expected to grow at 31% CAGR in FY17-19E to ₹ 9498 crore. Over FY17-19E, we expect PAT CAGR to moderate compared to the past but still stay healthy at 34% CAGR to ₹ 3279 crore by FY19E driven by a steady operating performance, strong growth & margins and controlled asset quality & credit cost.

Exhibit 2: Consumer finance & SME to remain major contributor



Source: Company, ICICIdirect.com Research

Exhibit 3: Strong AUM traction boost performance in Q4FY17

₹ crore	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
NII	824	741	895	897	1222	996	1283	1224	1523	1477
Total income	893	833	979	1006	1320	1138	1418	1410	1724	1689
Total expenses	392	375	453	441	549	492	587	614	694	709
Provision	108	114	103	137	147	157	180	169	180	290
PBT	393	345	422	428	625	489	652	626	850	691
Loan outstanding	30822	32410	35557	37964	43452	44229	49608	52332	57605	60194

Source: Company, ICICIdirect.com Research

Individual premium has witnessed higher growth in Q4FY17 at ~22% YoY forming ~33.6% of NBP

Life insurance business to stabilise in two or three years

Bajaj Allianz Life Insurance (BALIC), a 74:26 JV between Bajaj Finserv and Allianz SE recorded its first profit since FY10 of ₹ 542 crore. The company is now earning higher PAT of ₹ 836 crore, after touching peaks of ₹ 1311 crore. First year new business premium (NBP) growth has been under pressure from FY09 onwards due to a slowing economy while declining traction in Ulip from FY10 further impacted total premiums, to reach ₹ 5844 crore in FY14 from over ₹ 10600 crore in FY09. Going ahead, we expect the life insurance business to pick up gradually with share of individual business improving post FY17-19E. Hence, we expect the premium to grow at 9.7% CAGR to ₹ 7442 crore in FY18-19E.

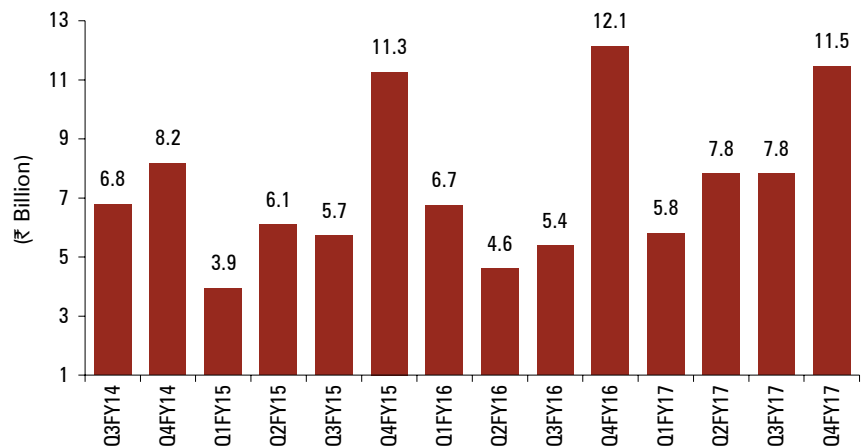
Life insurance premium growth remained muted with de-growth at 7% YoY to ₹ 2248 crore, lower than our estimate of ₹ 2709 crore. New business premium growth remained strong QoQ, however, on YoY basis,

new business premium declined 6% YoY to ₹ 1146 crore. Growth in individual new business premium remained healthy at 23% YoY, though group business remain tepid at ₹ 740 crore in Q4FY17 vs. ₹ 857 crore in Q4FY16. Consequently, PBT came in at ₹ 210.9 crore; decline of 19% YoY and below our estimate of ₹ 298 crore.

We factor in an improvement in the scenario with NBP from growing at 10.4% CAGR to ₹ 3766 crore and APE seen growing at 11.1% CAGR (on lower base) to ₹ 2418 crore over FY18-19E.

Gross written premium (GWP) has de-grown at 20% CAGR from FY12-15 to ₹ 6017 crore, on account of a decline in linked premium led by surrenders. BALIC's linked premium share in total premium declined from highs of 94% in FY09 (₹ 9986 crore) to 29% (₹ 1746 crore) in FY15. On an NBP basis, it declined from 99% to 19% in FY15. Regulatory changes in September 2010 and a market correction led to an increase in surrenders from ₹ 4464 crore in FY11 to ₹ 7250 crore in FY14. Accordingly, AUM fell from ₹ 32880 crore in FY11 to ₹ 21287 crore in FY14. Going ahead, an expected rise in AUM will assist interest income while lower surrenders will boost persistency ratios. Therefore, after witnessing a decline in PAT from FY13 to FY15 due to declining AUM, we expect PAT to remain in positive territory ahead. However, in anticipation of gradual pick up in new business and renewal premium ahead, we expect PAT growth to pick up gradually continuing at ~10.3% CAGR in FY18-19E to ₹ 961 crore.

Exhibit 4: Life insurance premium (NBP)



Source: Company Quarterly Presentation, ICICIdirect.com Research

With an APE decline, new business achieved profit (NBAP) margins moderated from 14.3% to 11% in FY13 but surged again to 18% in FY15 on a lower APE base (APE excludes group superannuation business) that slid to 16.6% and 12.9% in FY16 and FY17, respectively (as expected). We believe NBAP margins will stabilise around 13-14% in the next two years.

Exhibit 5: Life business growth to pick up gradually

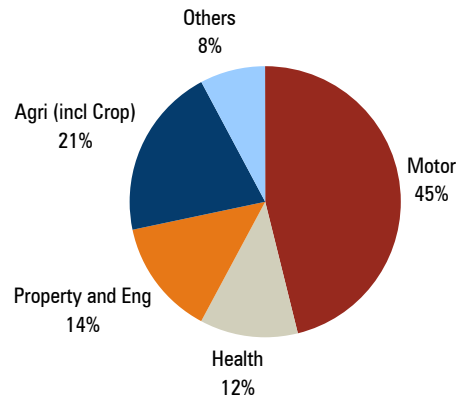
	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Total premium	1442	2379	1082	1172	1225	2419	1004	1447	1485	2248
New business premium	572	1127	674	460	538	1213	580	782	782	1146
Renewal premium	870	1252	408	712	687	1206	424	665	703	1102
Policyholder profits	76	71	142	151	49	88	75	54	30	69
Shareholder profits*	99	488	99	65	142	144	169	148	162	129
Total profits	175	559	241	216	191	232	244	202	192	198
Solvency ratio (%)	782	761	788	809	797	793	817	784	771	582

Source: Company, ICICIdirect.com Research

Retail consists of ~70% of overall business while majority comprises the motor business, which remains the core strength of BAGIC

General insurance growth to remain steady

Exhibit 6: General insurance business mix, share of retail segment remains at ~70%



Source: Company Quarterly Presentation, ICICIdirect.com Research

BAGIC has consistently grown over the last decade with gross direct premium (GWP) growing at 18.2% CAGR in FY05-14, surpassing industry growth of 15.1% during the same period. In FY15, BAGIC had GWP of ₹ 5230 crore, growing at 14% YoY vs. 10.1% for industry and 9.7% for private players. For FY16, growth has been at 11.3%, marginally behind industry growth of 12.4%. However, in FY17, the topline regained growth at 30% YoY. The primary focus of the company is on the retail segment with motor and health insurance forming a major pie contributing ~70% of overall business. Motor continues to form 46% of business mix.

With prudent underwriting practices and focus on preserving profitability, BAGIC was able to report a steady improvement in combined ratio from 111% in FY11 to 96.7% in FY15, which led to underwriting profits of ₹ 83 crore in FY15. In FY16, the combined ratio witnessed an up-tick at 99.3%, owing to higher claims related to floods in Chennai. The combined ratio has improved at 96.8% in FY17. Also, provision due to third party motor pool claims and exceptional provisioning for 'Motor Decline Risk' pool has been fully taken in FY14. This had impacted FY12 and FY13 profitability leading to losses (₹ 240 crore of transitional liability).

General insurance premium growth remained healthy at 31% YoY to ₹ 2260 crore, above our estimate, led by higher crop insurance. However, PBT remained muted at -4% YoY to ₹ 247 crore, below our estimate of ₹ 318 crore, owing to lower profit from sale of investments. In addition, inclusion of tax credit of ₹ 30 crore in Q4FY16 earnings led to 21% YoY decline in Q4FY17 PAT at ₹ 165 crore. Combined ratio improved at 92.7% in Q4FY17 vs. 94.3% in Q4FY16 and 99.6% in Q3FY16, which led to underwriting profit at ₹ 35 crore for the quarter. Going ahead, we expect the growth momentum to continue at a steady rate and have factored in NEP, PAT growth at 22.2%, 22.5% CAGR to ₹ 8192 crore, ₹ 1161 crore, respectively in FY18-19E.

Exhibit 7: Claim reduction leads to underwriting profit								₹ crore
	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Gross Premium	1322	1500	1348	1730	1527	2179	1722	2260
Net Earned Premium	999	1061	1037	1126	1138	1240	1259	1300
Underwriting profit	28	-8	-116	30	-28	57	0	35
Investment income	186	213	211	227	218	290	295	212
PBT	214	205	95	257	190	347	295	247
PAT	147	141	68	208	132	234	197	165
Claim Ratio (%)	68	73	77	71	72	72	71	67
Combined Ratio (%)	96	99	109	94	101	94	100	93

Source: Company, ICICIdirect.com Research

Outlook and valuation

Given Bajaj's strong leadership in the domestic market and presence in growing business verticals, we expect the entity to continue its focus on improvement in earnings growth and sustenance of a healthy balance sheet. Both insurance companies are yet to pay dividend. In case of payouts, consolidated profits can see further upside not factored in estimates. The same can improve return ratios further for the consolidated entity. Going ahead, we expect consolidated revenue and PAT to grow at a CAGR of 19.7% and ~32% to ₹ 35140 crore and ₹ 4000 crore, respectively, over FY18-19E.

We remain positive on the stock owing to 1) sustained healthy performance of Bajaj Finance 2) strong growth in general insurance business and 3) increasing traction in life insurance. Therefore, we maintain our target price at ₹ 4900 per share, based on SOTP valuation, which implies a multiple of 19.5x on FY19E consolidated earnings. The stock is available at P/E valuation of 17.2x FY19E earnings. Consequently, we continue maintain our **BUY** rating on the stock. Dividend from the insurance business can be an upside risk.

Exhibit 8: Valuation on SOTP basis

Business	Basis	Stake (%)	Business Value	Value of stake (₹ crore)	Value/ share after 10% discount (₹)
Bajaj Allianz Life Insurance	2x EV	74	29779	22004	1245
Bajaj Allianz General Insurance	20x PAT	74	23223	17185	972
Bajaj Finance	25x EPS	57.3	82050	46998	2658
Windmill	₹6 per mw	100	397	397	25
Total					4900

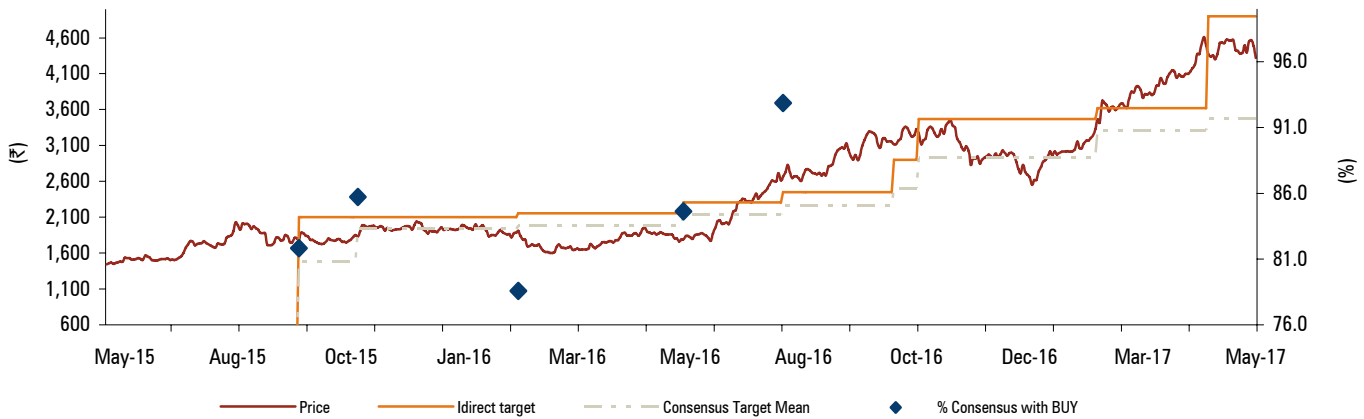
Source: ICICIdirect.com Research

Exhibit 9: Valuation summary

(Year-end March)	FY14	FY15	FY16E	FY17E	FY18E	FY19E
Net Profit (₹ crore)	1,547.7	1,689.8	1,869.9	2,262.8	3,211.2	3,999.7
EPS (₹)	97.3	106.2	117.5	142.2	201.8	251.4
Growth (%)	(1.6)	9.2	10.7	21.0	41.9	24.6
P/E (x)	44.4	40.7	36.7	30.4	21.4	17.2
Price /Book (x)	7.4	6.3	5.4	4.6	3.8	3.1
RoA (%)	2.2	2.0	1.9	1.9	2.4	2.5
RoE (%)	18.1	16.7	15.7	16.2	19.3	19.8

Source: Company, ICICIdirect.com Research

Recommendation history vs. consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
FY07	De-merger of erstwhile Bajaj Auto in 2007 and formation of Bajaj Finserv, the financial services arm of Bajaj Group
FY07	Induction of new management personnel from leading multinational companies
FY08	Diversification of lending portfolio begins vs. earlier legacy business of two & three wheeler financing and consumer durable financing
FY08	Launch of personal loan cross sell business and life insurance distribution business
FY10	Bajaj Allianz Life Insurance records its first profit of ₹ 542 crore in FY10
FY11	General insurance business performance impacted by high motor claims. Construction equipment financing business launched
FY14	Introduction of new regulation by IRDA impacts life insurance profitability
FY15	General insurance business reports underwriting profit of ₹ 83 crore

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Bajaj Group of Industries	31-Mar-17	0.54	86.6	0.0
2	Firodia Group of Industries	31-Mar-17	0.04	6.4	0.0
3	ICICI Prudential Asset Management Co. Ltd.	31-Mar-17	0.03	4.3	0.0
4	Life Insurance Corporation of India	31-Mar-17	0.02	3.2	0.0
5	Bajaj (Niraj)	31-Mar-17	0.01	1.8	0.0
6	Bajaj (Rahul Kumar)	31-Mar-17	0.01	1.7	0.0
7	The Vanguard Group, Inc.	31-Mar-17	0.01	1.2	0.0
8	BlackRock Institutional Trust Company, N.A.	30-Apr-17	0.01	1.0	0.0
9	Bajaj (Madhur)	20-Dec-16	0.01	1.0	0.1
10	Dimensional Fund Advisors, L.P.	28-Feb-17	0.00	0.8	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	58.4	58.4	58.4	58.3	58.3
FII	7.1	6.7	6.7	6.1	7.9
DII	8.3	8.4	8.3	5.8	4.4
Others	26.3	26.5	26.6	29.8	29.4

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
China Asset Management Co., Ltd.	4.80m	0.11m	Norges Bank Investment Management (NBIM)	-22.09m	-0.52m
Bajaj (Madhur)	3.20m	0.08m	DSP BlackRock Investment Managers Pvt. Ltd.	-18.20m	-0.42m
Canara Robeco Asset Management Company Ltd.	4.31m	0.06m	Bajaj (Shekhar P)	-6.52m	-0.15m
William Blair & Company, L.L.C.	3.08m	0.05m	Lyxor Asset Management	-9.18m	-0.15m
RAM Active Investments S.A.	2.08m	0.05m	HSBC Global Asset Management (India) Private Limited	-3.92m	-0.09m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement					₹ Crore
(Year-end March)	FY16E	FY17E	FY18E	FY19E	
Revenue					
Life Insurance	5896	6183	6700	7442	
General Insurance	5901	7687	9225	11070	
Total	11796	13871	15925	18512	
Less: Reinsurance ceded	1351	2386	2256	2695	
Reserve for unexpired risk	348	430	277	332	
Net Insurance Premium Earned	10097.2	11054.0	13392.3	15484.8	
Investment and other income	2935	3408.1	2521.8	2677.8	
Total Insurance Income	13032	14462.1	15914.1	18162.6	
Investment and others	307	147.1	220.7	275.9	
Retail financing	7369	10043.8	12987.5	16732.0	
Windmill	57	70.3	80.8	92.9	
Total	20765	24723.3	29203.2	35263.4	
Less: Inter-segment revenue	82	201.1	120.7	123.1	
Total revenue	20683	24522	29082	35140	
Pre-tax profit					
General Insurance	771	1106	1412	1659	
Life Insurance	983	913	1004	1105	
Total Insurance	1754	2019	2417	2763	
Retail financing	1965	2819	3754	5022	
Investments & others	86	10	44	55	
Windmill	32	43	46	53	
Total PBIT	3837	4891	6261	7893	
Less: Interest	86	10	44	55	
Profit before tax	3837	4891	6261	7893	
Tax	-1052	-1436	-1607	-2097	
Net profit before minority	2785	3455	4654	5797	
Minority and deferred tax adjustments	915	1192	1443	1797	
Net profit	1870	2263	3211	4000	

Source: Company, ICICIdirect.com Research

Key Ratio				
(Year-end March)	FY16E	FY17E	FY18E	FY19E
CMP	4317.8	4317.8	4317.8	4317.8
No. of shares in mn	159.1	159.1	159.1	159.1
EPS	117.5	142.2	201.8	251.4
BV	805.4	945.8	1145.9	1395.5
RoA	1.9	1.9	2.4	2.5
RoE	15.7	16.2	19.3	19.8
P/BV	5.4	4.6	3.8	3.1
P/E	36.7	30.4	21.4	17.2

(Year-end March) - Growth ratios	FY16E	FY17E	FY18E	FY19E
Gross Written Premium				
- Life	-2.0	4.9	8.4	11.1
- General	11.3	30.3	20.0	20.0
Loan book Bajaj Finance	39	33	32	31
Consol Network	17	17	21	22
Consol Revenues	15	19	19	21
Consol PAT	11	21	42	25

Source: Company, ICICIdirect.com Research

Balance sheet					₹ Crore
(Year-end March)	FY16E	FY17E	FY18E	FY19E	
Sources of Funds					
Shareholders' Funds	1282	1505	1823	2221	
- Share capital	80	80	80	80	
- Reserves & Surplus	12736	14971	18154	22126	
Policy liabilities	17026	19104	16327	16980	
Provision for linked liabilities	21449	20332	24490	25470	
Funds for future appropriation in policyholders' account	341	358	376	395	
Minority interest	5176	6368	7811	9608	
Loan funds	37024	49250	64059	83667	
Deferred tax liability (net)	11	11	11	12	
Current liabilities	13603	14215	14855	15523	
Provisions	195	203	211	219	
Total liabilities	107640	124892	146373	174079	
Applications of Funds					
Fixed assets	1648	1819	1862	2024	
Goodwill on investments in associates	429	429	429	429	
Investments	17302	23702	25750	28408	
Policyholders' Investments	16685	18722	20380	22057	
Assets held to cover linked liabilities	21449	20332	21713	23345	
Deferred Tax Assets (net)	198	207	218	229	
Current assets	6658	1997	170	-1401	
- Receivable under financing activity	43272	57682	75852	98987	
Misc Expenditure	0	0	0	0	
Total Assets	107640	124892	146373	174079	

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (NBFC)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			P/ABV (x)			RoA (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
LIC Housing Finance (LICHF)	683	750	Buy	32,170	32.9	38.3	46.9	20.8	17.8	14.6	3.9	3.2	2.6	1.4	1.4	1.5	19.6	19.1	19.4
Reliance Capital (RELCAP)	663	740	Buy	15,590	38.3	42.7	58.9	17.3	15.6	11.3	1.3	1.3	1.2	1.6	1.6	1.9	6.7	6.8	8.8
HDFC (HDFC)	1,530	1,750	Buy	245,250	45.0	46.9	52.0	34.0	32.7	29.4	7.2	6.2	5.6	2.6	2.4	2.3	21.8	20.2	20.0
PTC India Financial Services (PTCIND)	47	42	Hold	3,070	7.0	6.1	6.0	6.8	7.8	7.9	1.7	1.4	1.3	5.0	4.0	3.0	24.7	18.8	14.7
CARE (CARE)	1,520	1,750	Buy	4,533	40.0	51.5	58.6	38.0	29.5	25.9	10.9	9.0	8.9	40.9	36.5	41.3	28.8	30.4	34.3
Bajaj Finserv (BAFINS)	4,293	4,900	Buy	71,505	117.5	142.2	201.8	36.5	30.2	21.3	5.3	4.5	3.7	1.9	1.9	2.4	15.7	16.2	19.3
Bajaj Finance (BAJFI)	1,323	1,500	Buy	69,261	24.7	34.0	44.6	53.5	39.0	29.7	9.4	7.5	6.1	3.2	3.3	3.3	21.1	21.8	22.9

Source: Company, ICICIdirect.com Research

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