

Rating matrix	
Rating	Buy
Target	₹ 6500
Target Period	12 months
Potential Upside	17%

What's Changed?	
Target	Changed from ₹ 6000 to ₹ 6500
EPS FY19E	Changed from ₹ 229 to ₹ 231
EPS FY20E	Changed from ₹ 302 to ₹ 304
Rating	Unchanged

Quarterly Performance					
₹ Crore	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ(%)
Income from oper.	8829	7043	25.4	7666	15.2
Total expenditure	7214	5873	22.8	5902	22.2
PBT	1615	1171	38.0	1764	-8.4
Tax + Minority	929	636	46.2	1015	-8.4
PAT	686	535	28.2	749	-8.4

Key Financials				
₹ Crore	FY17E	FY18E	FY19E	FY20E
Revenue	24,508	30,773	37,846	46,913
PBT	4,925	6,310	8,102	10,723
Net Profit	2,262	2,741	3,679	4,844
EPS (₹)	142	172	231	304

Valuation summary				
	FY17E	FY18E	FY19E	FY20E
P/E	39.2	32.3	24.1	18.3
Target P/E	45.7	37.7	28.1	21.4
P/ABV	5.6	4.3	3.6	3.0
Target P/ABV	6.5	5.0	4.2	3.5
RoE	15.5	15.0	16.3	18.1
RoA	1.9	1.9	2.0	2.2

Stock data	
Particular	Amount
Market Capitalization	₹ 90225 crore
Net worth	₹ 20747 crore
52 week H/L (₹)	5835/3796
Equity capital	₹ 80 Crore
Face value	₹ 5
DII Holding (%)	7.0
FII Holding (%)	7.8

Price performance (%)				
	1M	3M	6M	12M
Bajaj Finserv Ltd	6.8	23.4	15.6	56.0
HDFC Ltd	(0.8)	3.3	9.9	20.8
Reliance Capital Ltd	(11.4)	(18.8)	(9.5)	(31.1)

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Bajaj Finserv (BAFINS)

₹ 5567

Growth on all fronts to drive fundamentals...

- Consolidated revenue grew 25% YoY to ₹ 8829 crore, primarily led by healthy growth in finance business. LI and GI posted healthy growth in premium at 19% and 22% YoY. Consolidated PAT grew 28% YoY to ₹ 686 crore, led lending business, partly offset by life insurance
- Continued strong growth at 34% YoY in AUM and 36.5% in topline, supported consolidated PAT. Asset quality continue to remain steady
- Post slower Q3FY18, growth in GI revived at 22% YoY to ₹ 2764 crore with crop insurance at ₹ 580 crore. However, PBT growth remained slower at 11% YoY to ₹ 274 crore, led by 70 bps YoY increase in combined ratio at 93.4%. Underwriting profit came in at ₹ 30 crore
- LI premium growth came in at 19% YoY to ₹ 2670 crore. New business premium grew 20% YoY to ₹ 1394 crore, led by 23% YoY increase in individual rated business to ₹ 474 crore and 19% YoY increase in group new business to ₹ 900 crore. Shareholder's PAT was at ₹ 171 crore vs. ₹ 198 crore in Q4FY17, due to higher expenses

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 among competitors. Bajaj Finance, a niche consumer durable lender, reports earnings growth at 33-36% CAGR. BALIC enjoys a market share of ~6%. We expect consolidated revenue, PAT to grow at a CAGR of 23.5%, ~32.9% to ₹ 46913 crore, ₹ 4844 crore, respectively, in FY19-20E.

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 ~7.1% 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 growth momentum to continue with crop premium surging. Therefore, we factor in GWP, PAT growth at 21.5%, 21.8% CAGR to ₹ 14004 crore, ₹ 1367 crore, respectively, in FY19-20E.

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

A distinguished business model in the consumer durables portfolio boosted advances growing 34% YoY to ~₹ 80444 crore in FY18 while asset quality sustained despite a weak economic environment. Margins sustained at ~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 ~37% CAGR to ₹ 4975 crore in FY19-20E.

Life insurance business starts reporting healthy growth

Bajaj Allianz Life Insurance posted its first profit since FY10 of ₹ 542 crore and is now earning PAT of ₹ 836 crore (FY17). Post the regulatory overhang on Ulip, etc, fading business is picking up firmly now. We expect premium to grow 14% CAGR to ₹ 9843 crore in FY19-20E.

Sustained traction in finance, GI; LI witnesses pick up; maintain BUY rating

We remain positive on the stock due to 1) continued traction in AUM with control on opex and asset quality, 2) strong and profitable growth in general insurance and 3) growth in new business premium, especially in individual segment. Factoring in fundamental strength, we revise our target to ₹ 6500 (₹ 6000), based on SOTP valuation, implying a multiple of 21.4x on FY20E consolidated earnings. Consequently, we maintain **BUY**.

Variance analysis

	Q4FY18	Q4FY18E	Q4FY17	YoY (%)	Q3FY18	QoQ (%)	Comments
General Insurance	2764.1	2764.3	2,259.5	22.3	1,892.4	46.1	General insurance growth revived post slow Q3FY18 led by crop insurance
Life Insurance	2670.0	2670.0	2,247.8	18.8	1,739	53.5	New business premium growth came in at 20% YoY to ₹ 1394 crore, led by 23% YoY increase in individual rated business to ₹ 474 crore and 19% YoY increase in group new business to ₹ 900 crore
Net premium earned	5434.1	5434.3	4,507.3	20.6	3,631.6	49.6	
Investment and other income	879.5	823.8	834	5.5	862	2.0	
Reinsurance Ceded	824.8	1195.5	735	12.3	404	104.2	
Reserve for unexpired risk	305.5	90.0	238	28.1	17	1,646.5	
Total Insurance	5183.3	5357.3	4,368.1	18.7	4,072.2	27.3	
Retail financing	3648.9	3610.8	2,673	36.5	3,579	1.9	Robust growth of 34% YoT in AUM and control on cost and asset quality led healthy growth in finance segment
Windmill	16.7	16.7	12.0	38.9	17.6	-5.3	
Investment and others	29.1	29.1	26	12.0	28	2.6	
Total	8829.4	8965.2	7,043	25.4	7,666	15.2	
Interest and Finance Charges	1216.4	664.6	960.2	26.7	1,167.8	4.2	
Other Exp	5998.1	6685.8	4,912.7	22.1	4,734.1	26.7	
Total Expenses	7214.5	7350.4	5,872.9	22.8	5,902.0	22.2	
PBT	1614.9	1614.8	1,170.6	38.0	1,763.5	-8.4	
PAT	685.5	685.4	534.9	28.1	748.6	-8.4	Finance segment provide impetus to bottomline growth. General and life insurance remained slower

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	FY19E			FY20E		
	Old	New	% Change	Old	New	% Change
Total Income	36,970.0	37,845.8	2.4	45,395.0	46,912.9	3.3
PBT	7,678.0	8,102.3	5.5	10,117.0	10,723.0	6.0
PAT	3,648.0	3,679.5	0.9	4,811.0	4,844.1	0.7
ABV (₹)	1,398.3	1,531.6	9.5	1,698.9	1,834.2	8.0

Source: Company, ICICI Direct Research

Assumptions

	Current				Earlier	
	FY17E	FY18E	FY19E	FY20E	FY19E	FY20E
Commercial Finance growth (%)	33.3	41.5	26.1	33.0	33.4	31.5
Life Ins Premium growth (%)	4.8	22.6	14.0	13.9	12.7	11.9
General Ins GWP growth (%)	30.3	23.4	22.0	21.0	22.0	21.0

Source: Company, ICICI Direct 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 23.5% CAGR over FY19-20E to ₹ 46913 crore as we broadly maintained. Owing to increasing profitability in the finance segment, steady performance on general insurance and gradual improvement in life insurance business, the bottomline is seen growing at a faster pace at ~32.9% CAGR in FY19-20E to ₹ 4844 crore.

Strong traction in finance and life insurance boosted the topline. The life insurance business is improving with continued traction in the individual business. The finance business is witnessing healthy growth in profitability. General insurance continued to make underwriting profit led by lower claims during the quarter.

Exhibit 1: Consolidated profit summary

Particulars	Q4FY16	Q4FY17	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
General Insurance	1730	1527	1527	2179	1722	2260	1973	2857	1892	2764
Life Insurance	2419	1004	1004	1447	1485	2248	1154	2016	1739	2670
Total Insurance	4336	2932	2932	3549	3614	4368	3410	4445	4072	5183
Investments & others	105	40	40	53	28	26	29	143	28	29
Windmill	11	24	24	27	7	12	15	23	18	17
Retail financing	1958	2285	2285	2366	2700	2673	3165	3111	3579	3649
Less: Inter-segment revenue	73	46	46	38	33	36	38	161	32	49
Total revenue	6337	5234	5234	5957	6317	7043	6581	7561	7666	8829
Interest and Finance Charges	790	853	853	942	961	960	1055	1144	1168	1216
Other Exp	4520	3238	3238	3782	3978	4913	4063	4949	4734	5998
Total Expenses	5310	4091	4091	4725	4939	5873	5118	6093	5902	7214
PBT	1027	1143	1143	1233	1378	1171	1463	1469	1764	1615
PAT	518	538	538	576	614	535	655	652	749	685

Source: Company, ICICI Direct Research

Healthy traction in finance book to continue in FY19-20E

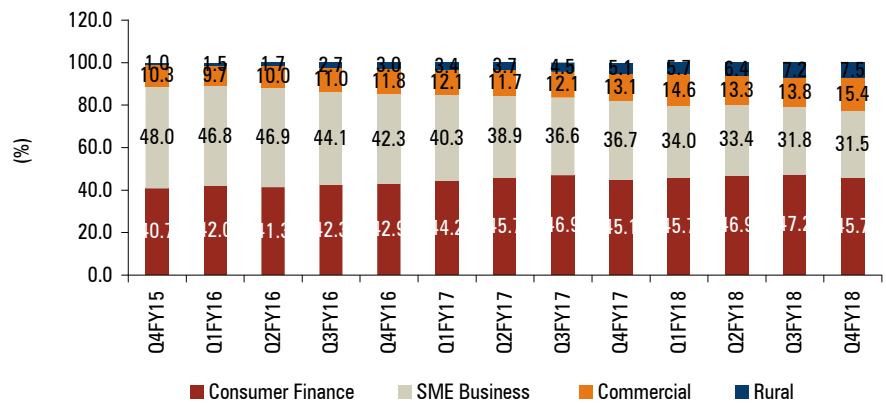
Bajaj Finance is the highest profit making segment with PAT growing at 40% CAGR in FY11-17 to ₹ 1837 crore in FY17. NII CAGR has been 35% in FY10-17 while in the past three years it has been maintained above 30% at 37% to ₹ 5507 crore as on FY17. On an average, margins have been above 10% over the past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

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

For Q4FY18, strong growth continued in AUM of the commercial finance business, growing 34% YoY with 36.5% YoY growth in topline at ₹ 3649 crore, supporting consolidated performance. Percolating to the bottom, robust growth was witnessed in PBT at 59% YoY to ₹ 1099 crore. Asset quality continued to remain robust with net NPA ratio at 0.38%, post shifting NPA recognition to 90 days.

Leadership position in under penetrated and 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 AUM growth at 33.2% CAGR to ₹ 142832 crore in FY19-20E, led by the CF segment that will be driven by the CD financing business. Enhanced competition and growing risks in the LAP segment may keep traction in the SME segment a bit lower. NII is expected to grow at 30.7% CAGR in FY19-20E to ₹ 13364 crore. In FY19-20E, we expect PAT traction to remain strong at ~37% CAGR to ₹ 4975 crore, 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, ICICI Direct Research

Exhibit 3: Strong AUM traction continue to boost performance

₹ crore	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
NII	1222	996	1283	1224	1523	1477	1883	1742	2115	2083
Total income	1320	1138	1418	1410	1724	1689	2087	1959	2372	2365
Total expenses	549	492	587	614	694	709	876	875	949	992
Provision	147	157	180	169	180	290	286	228	247	274
PBT	625	489	652	626	850	691	925	856	1176	1099
Loan outstanding	43452	44229	49608	52332	57605	60194	68883	72139	76384	80444

Source: Company, ICICI Direct Research

Individual rated premium continued to witness healthy growth in Q4FY18 at ~23% YoY

Life insurance business seeing growth uptick

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.

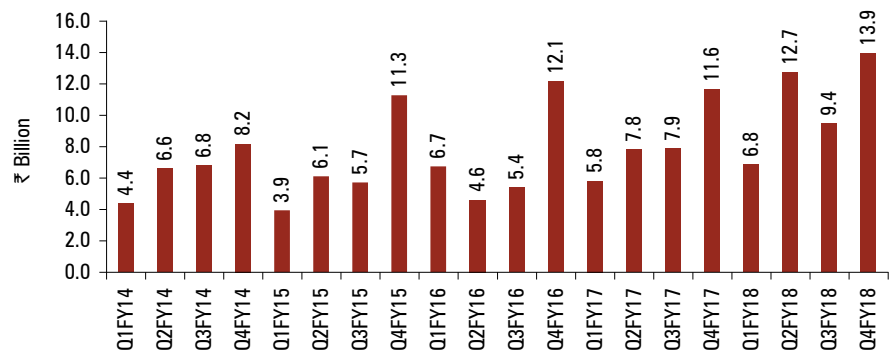
Going ahead, we factor in the life insurance business pick-up seen now with share of the individual business improving. We expect the premium to grow at 14% CAGR to ₹ 9843 crore in FY19-20E.

Life insurance premium growth came in at 19% YoY to ₹ 2670 crore, led by 20% YoY growth in new business premium and 17% YoY increase in the renewal business. New business premium growth came in at 20% YoY to ₹ 1394 crore, led by 23% YoY increase in individual rated business to ₹ 474 crore and 19% YoY increase in group new business to ₹ 900 crore. Shareholder's PAT came in at ₹ 171 crore vs. ₹ 198 crore in Q4FY17, due to higher expenses.

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 a gradual pick-up in new business and renewal premium ahead, expense overrun can stay higher. Hence, we expect PAT growth to continue at ~13% CAGR in FY19-20E to ₹ 881 crore.

Exhibit 4: Life insurance premium (NBP) growth continue to remain healthy in Q4FY18



Source: Company Quarterly Presentation, ICICI Direct 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: Pick-up in life business to continue ahead

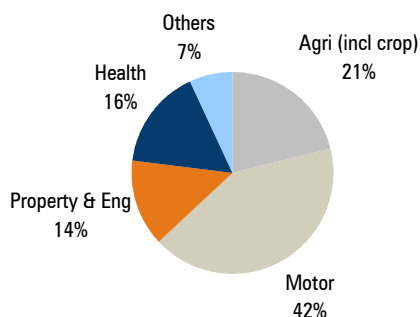
	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Total premium	2419	1004	1447	1485	2248	1154	2016	1739	2670
New business premium	1213	580	782	785	1161	683	1271	944	1394
Renewal premium	1206	424	665	700	1087	471	745	795	1276
Policyholder profits	88	75	54	30	69	42	49	37	64
Shareholder profits*	144	169	148	162	129	154	137	126	107
Total profits	232	244	202	192	198	196	186	163	171
Solvency ratio (%)	793	817	784	771	582	598	608	600	592

Source: Company, ICICI Direct 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 healthy

Exhibit 6: General insurance business mix, agri business gaining incrementally



Source: Company Quarterly Presentation, ICICI Direct 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 ~40% of the business mix post crop surge.

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, combined ratio witnessed an up-tick at 99.3%, owing to higher claims related to floods in Chennai. The combined ratio improved at 96.8% and 92.3% in FY17 and FY18, respectively. 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). Post slower growth in Q3FY18, led by crop insurance, growth in general insurance in Q4FY18 revived at 22% YoY to ₹ 2764 crore. Crop insurance written was at ₹ 580 crore vs. ₹ 464 crore in Q4FY17. However, PBT growth remained slower at 11% YoY to ₹ 274 crore, led by increase of 70 bps YoY in combined ratio at 93.4%. Underwriting profit came in at ₹ 30 crore compared to ₹ 35 crore in Q4FY17. Higher investment income led overall GI profit at ₹187 crore vs. ₹ 165 crore YoY. Going ahead, we expect the growth momentum to continue and factor in GWP, PAT growth at 21.5%, 21.8% CAGR to ₹ 14004 crore, ₹ 1367 crore, respectively, in FY19-20E.

Exhibit 7: Claim below 95% leads to underwriting profit

	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Gross Premium	1527	2179	1722	2260	1973	2857	1892	2764
Net Earned Premium	1138	1240	1259	1300	1334	1589	1486	1650
Underwriting profit	-28	57	0	35	12	138	113	30
Investment income	218	290	295	212	300	247	269	244
PBT	190	347	295	247	312	385	382	274
PAT	132	234	197	165	213	260	262	185
Claim Ratio (%)	72	72	71	67	69	68	62	68
Combined Ratio (%)	101	94	100	93	96	89	92	93

Source: Company, ICICI Direct 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. Life and general insurance companies have announced dividends for the first time, which is seen to add to the return ratios.

We factor in healthy growth in premiums and AUM, along with rising overruns in life insurance and opex in finance. Overall, we broadly maintain estimates. Going ahead, we expect consolidated revenue and PAT to grow at a CAGR of 23.5% and ~32.9% to ₹ 46913 crore and ₹ 4844 crore, respectively, in FY19-20E.

We stay positive on the stock due to 1) continued traction in AUM along with focus on cost and asset quality in finance business, 2) strong and profitable growth in general insurance and 3) improvement in new premium growth, especially on individual segment. Therefore, we assign a target of ₹ 6500/share, based on SOTP valuation, implying a multiple of 21.4x on FY20E consolidated earnings. The stock is available at P/E valuation of 18.3x FY20E earnings. Consequently, we maintain **BUY**.

Exhibit 8: Valuation on SOTP basis

Business	Basis	Stake (%)	Business Value	Value of stake (₹ crore)	Value/ share after 15% discount (₹)
Bajaj Allianz Life Insurance	2.0x EV	74	30089	22233	1188
Bajaj Allianz General Insurance	22x PAT	74	30077	22257	1189
Bajaj Finance	28x EPS	55.8	137494	76722	4098
Windmill	₹6 per mw	100	397	397	25
Total					6500

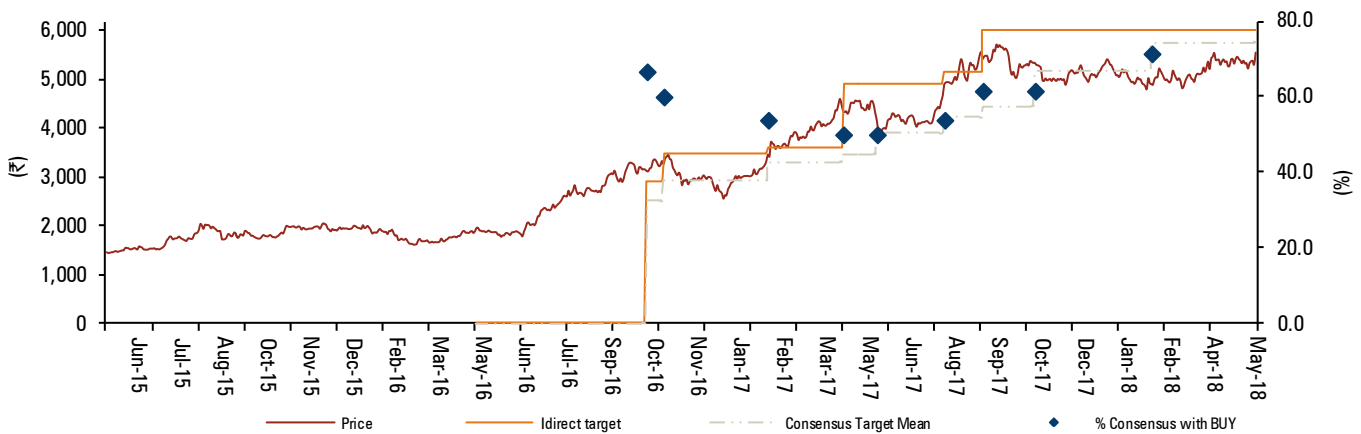
Source: ICICI Direct Research

Exhibit 9: Valuation summary

(Year-end March)	FY14	FY15	FY16E	FY17E	FY18E	FY19E	FY20E
Net Profit (₹ crore)	1,547.7	1,689.8	1,863.3	2,261.9	2,741.4	3,679.5	4,844.1
EPS (₹)	97.3	106.2	117.1	142.2	172.3	231.2	304.4
Growth (%)	(1.6)	9.2	10.3	21.4	21.2	34.2	31.7
P/E (x)	57.2	52.4	47.5	39.2	32.3	24.1	18.3
Price/Book (x)	9.5	8.1	6.6	5.6	4.3	3.6	3.0
RoA (%)	2.2	2.1	1.9	1.9	1.9	2.0	2.2
RoE (%)	18.1	16.7	15.3	15.5	15.0	16.3	18.1

Source: Company, ICICI Direct Research

Recommendation history vs. consensus



Source: Bloomberg, Company, ICICI Direct 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, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Bajaj Group of Industries	31-03-2018	54.47%	86.69M	+0.06M
2	Firodia Group of Industries	31-03-2018	3.78%	6.02M	+0.00M
3	Life Insurance Corporation of India	31-03-2018	2.70%	4.30M	0
4	ICICI Prudential Asset Management Co. Ltd.	31-03-2018	1.31%	2.08M	+0.06M
5	Bajaj (Niraj)	31-03-2018	1.15%	1.83M	0
6	Bajaj (Rahul Kumar)	31-03-2018	1.04%	1.66M	0
7	The Vanguard Group, Inc.	30-04-2018	0.86%	1.37M	+0.00M
8	SBI Funds Management Pvt. Ltd.	30-04-2018	0.83%	1.33M	+0.14M
9	BlackRock Institutional Trust Company, N.A.	30-04-2018	0.79%	1.25M	-0.01M
10	Bajaj (Madhur)	10-01-2018	0.68%	1.09M	-0.36M

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Promoter	58.3	58.3	58.4	58.4	58.4
FII	7.9	8.2	8.2	7.9	7.8
DII	4.4	4.0	6.4	6.8	7.0
Others	29.4	29.5	27.0	27.0	26.9

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Bajaj (Kiran)	+56.42M	+0.74M	Bajaj (Madhur)	-27.52M	-0.36M
SBI Funds Management Pvt. Ltd.	+11.80M	+0.14M	Axis Asset Management Company Limited	-9.73M	-0.12M
Norges Bank Investment Management (NBIM)	+7.68M	+0.09M	AllianceBernstein L.P.	-7.31M	-0.09M
Pictet Asset Management Ltd.	+6.60M	+0.09M	Kotak Mahindra Asset Management Company Ltd.	-5.04M	-0.06M
ICICI Prudential Asset Management Co. Ltd.	+4.70M	+0.06M	Robeco Institutional Asset Management B.V.	-4.61M	-0.06M

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement					₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E	
Revenue					
<i>Life Insurance</i>	6183	7578	8638	9843	
<i>General Insurance</i>	7688	9487	11574	14004	
Total	13871	17065	20212	23847	
Less: Reinsurance ceded	2447	2815	3413	3978	
Reserve for unexpired risk	364	674	-231	-140	
Net Insurance Premium Earned	11059.9	13577.0	17029.7	20009.0	
Investment and other income	3403.7	3708.4	3472.3	3842.3	
Total Insurance Income	14463.6	17285.3	20502.0	23851.4	
Investment and others	147.2	229.4	286.7	358.4	
Retail financing	9992.2	13465.9	17266.2	22914.2	
Windmill	70.3	72.0	75.5	79.3	
Total	24673.3	31052.6	38130.5	47203.3	
Less: Inter-segment revenue	164.9	279.1	284.7	290.4	
Total revenue	24508	30773	37846	46913	
Pre-tax profit					
<i>General Insurance</i>	1105	1346	1666	1981	
<i>Life Insurance</i>	914	793	904	1013	
Total Insurance	2018	2139	2570	2994	
Retail financing	2877	4170	5432	7612	
Investments & others	-13	-28	57	72	
Windmill	43	30	43	45	
Total PBIT	4925	6310	8102	10723	
Less: Interest	-13	-28	57	72	
Profit before tax	4925	6310	8102	10723	
Tax	-1475	-1970	-2527	-3383	
Net profit before minority	3450	4340	5575	7340	
Minority and deferred tax adjustments	1188	1598	1895	2495	
Net profit	2262	2741	3679	4844	

Source: Company, ICICI Direct Research

Balance sheet					₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E	
Sources of Funds					
Shareholders' Funds	1582	2072	2437	2919	
- Share capital	80	80	80	80	
- Reserves & Surplus	15737	20639	24291	29107	
Policy liabilities	19149	19659	23303	27354	
Provision for linked liabilities	20400	29488	36448	44630	
Funds for future appropriation in policyholders' account	322	436	484	508	
Minority interest	7201	11047	12943	15438	
Loan funds	39385	52862	80357	105874	
Deferred tax liability (net)	9	7	7	8	
Current liabilities	25463	24001	22801	21661	
Provisions	873	908	944	982	
Total liabilities	128617	159126	201657	245640	
Applications of Funds					
Fixed assets	960	1090	1877	1897	
Goodwill on investments in associates	689	689	689	689	
Investments	9397	10369	29482	40781	
Policyholders' Investments	28258	33001	33486	34594	
Assets held to cover linked liabilities	20838	20778	24386	26776	
Deferred Tax Assets (net)	433	440	462	485	
Current assets	10359	11160	8415	3613	
- Receivable under financing activity	57683	81600	102861	136805	
Misc Expenditure	0	0	0	0	
Total Assets	128617	159126	201657	245640	

Source: Company, ICICI Direct Research

Key Ratio				
(Year-end March)	FY17	FY18E	FY19E	FY20E
CMP	5567.8	5567.8	5567.8	5567.8
No. of shares in mn	159.1	159.1	159.1	159.1
EPS	142.2	172.3	231.2	304.4
BV	994.0	1302.1	1531.6	1834.2
RoA	1.9	1.9	2.0	2.2
RoE	15.5	15.0	16.3	18.1
P/BV	5.6	4.3	3.6	3.0
P/E	39.2	32.3	24.1	18.3

(Year-end March) - Growth ratios	FY17	FY18E	FY19E	FY20E
Gross Written Premium				
- Life	4.8	22.6	14.0	13.9
- General	30	23	22	21
Loan book Bajaj Finance	33	41	26	33
Consol Network	18	31	18	20
Consol Revenues	19	26	23	24
Consol PAT	21	21	34	32

Source: Company, ICICI Direct Research

ICICI Direct Research coverage universe (NBFC)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			P/ABV (x)			RoA (%)			RoE (%)		
	(₹)	TP(₹)			FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
LIC Housing Finance (LICHF)	491	600	Hold	24,884	39.4	46.0	55.7	12.5	10.7	8.8	2.1	1.8	1.5	1.2	1.3	1.3	16.7	16.9	17.4
Reliance Capital (RELCAP)	391	660	Buy	9,907	48.7	58.9	69.0	8.0	6.6	5.7	0.7	0.6	0.7	9.0	10.0	1.9	0.0	0.0	9.7
HDFC (HDFC)	1,861	2,250	Buy	314,431	60.5	69.5	60.5	30.8	26.8	30.8	5.0	4.5	5.0	2.4	2.4	2.4	16.9	17.7	16.9
CARE (CARE)	1,277	1,750	Buy	3,772	51.8	55.7	64.0	24.7	22.9	20.0	9.2	7.5	6.6	40.9	36.4	36.0	28.8	30.5	28.7
Bajaj Finserv (BAFINS)	5,568	6,500	Buy	88,613	142.2	178.6	229.3	39.2	31.2	24.3	5.6	4.8	4.0	1.9	1.9	2.0	15.5	16.5	17.8
Bajaj Finance (BAJFI)	2,139	2,400	Buy	119,420	61.6	85.8	61.6	34.7	24.9	34.7	5.9	4.8	6.0	3.7	4.0	3.7	19.0	21.5	19.0

Source: Company, ICICI Direct Research

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Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



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