



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗
+ Positive	= Neutral	- Negative	

What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✓	↔	✓
RV	✓	↔	✓

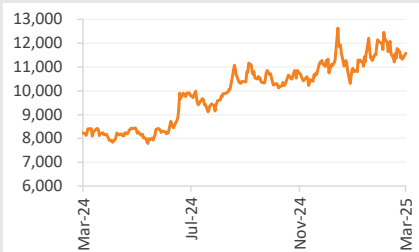
Company details

Market cap:	Rs. 1,28,767 cr
52-week high/low:	Rs. 13,238/7,660
NSE volume: (No of shares)	0.7 lakh
BSE code:	500490
NSE code:	BAJAJHLDNG
Free float: (No of shares)	4.3 cr

Shareholding (%)

Promoters	51.5
FII	10.7
DII	7.1
Others	30.8

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-3.5	3.5	7.2	40.9
Relative to Sensex	-2.7	9.5	16.4	37.4

Source: Mirae Asset Sharekhan Research, Bloomberg

Bajaj Holdings & Investment Ltd

Consolidating the group investments, eyeing superior returns in future

Diversified	Sharekhan code: BAJAJHLDNG		
Reco/View: Buy	↔	CMP: Rs. 11,570	Price Target: Rs. 14,346 ↑
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- We maintain a Buy on Bajaj Holdings, with a revised SOTP-based PT of Rs. 14,346, factoring the upside in valuations of its key associate companies and new investments.
- Allianz SE has decided to exit the JV with Bajaj Finserv. It would sell its entire ~26% stake in both Bajaj Allianz Life and Bajaj Allianz General Insurance to the promoter group companies.
- Bajaj Holdings will acquire a ~20% stake in each insurance companies and balance to be acquired by other promoter entities.
- The next key trigger would be the IPO of both the insurance business, resulting in value unlocking.

Bajaj Holdings & Investment Limited (BHIL) holds Bajaj Group's key investments in two flagship companies – Bajaj Auto Limited (BAL – 34.21% stake) and Bajaj Finserv (BFS – 39.03% stake). BFS has three key subsidiaries, namely Bajaj Finance Limited (BFL), Bajaj Allianz General Insurance Co. (BAGIC), and Bajaj Allianz Life Insurance Co. (BALIC). Allianz SE has decided to sell its entire 26% stake in Bajaj Allianz Life and Bajaj Allianz General Insurance to Bajaj group companies. Bajaj Finserv will acquire a ~1% stake in each business to increase its shareholding to ~75% while promoter entities - Bajaj Holdings will acquire ~20% stake in each insurance companies and Jamnalal Sons will acquire the balance ~5% stake in each insurance companies. The deal is likely to be closed by early FY26. Then, the company may look at listing of its insurance businesses a few years down the line, resulting in value unlocking.

Purchase consideration: Bajaj Holdings & Investment Limited will aggregately pay Rs 18,553 crore to Allianz SE as cash for a 19.95% stake in both life insurance and general insurance arms. For Bajaj Allianz Life Insurance, the deal is valued at 1.6x/1.4x FY26E/27E EV and for Bajaj Allianz General Insurance, the deal is valued at 22x/20x FY26E/27E EPS. The deal is likely to be closed by early FY26. Then, the company may look at listing of its insurance businesses a few years down the line, resulting in value unlocking.

Funding of acquisition: The company may liquidate some of the equity investments to fund the acquisition or may have to raise short-term debt.

Two key associates driving BHIL's valuations: Currently BHIL's performance depends upon the performance of its two key associate companies – BFS and BAL, which are ultimately driving the valuations. The business outlook continues to remain steady.

Our Call

Valuation: Maintain Buy with a revised SOTP-based PT of Rs. 14,346: BHIL's performance depends upon the performance of its key group companies, which ultimately drive its valuations. Most of the key associates are performing well. We believe a healthy outlook for all businesses would drive strong earnings growth resulting in a healthy dividend income for BHIL. We maintain our Buy rating on BHIL with a revised SOTP-based PT of Rs. 14,346, factoring the upside in valuations of its key associate companies and new investments. The next key trigger would be IPO of both the insurance businesses, resulting in value unlocking.

Key Risks

Deterioration in the performance of its key associate companies.

SOTP Valuation

Particulars	Holding	Rationale	Value per share (Rs.)
Bajaj Finserv	39.0%	Based on SOTP	13,158
Bajaj Auto	34.2%	Based on TP	10,803
Bajaj Allianz Life Insurance	20.0%	Based on TP	1,134
Bajaj Allianz General Insurance	20.0%	Based on TP	1,317
Maharashtra Scooter	51.0%	Based on Current market cap	493
Other Investments		Cost	404
Total			27,308
Value post holding co discount			13,856
Cash and Liquid Investment			490
BHIL's SOTP-based Target Price			14,346
Upside (%)			23%

Source: Company; Mirae Asset Sharekhan estimates

Outlook and Valuation

■ Sector Outlook – Large opportunity pool

Retail credit growth continues to remain healthy. We believe retail segments have a long structural growth runway, as India's credit delivery diversifies and penetration increases. In the insurance space, the opportunity is again very large. There is a strong demand for protection, health, and savings products. We believe tailwinds such as a large protection gap and expanding per capita income are key long-term growth drivers for the sector. Growth momentum in auto sector is expected to be supported by government's expenditure on the infrastructure segment coupled with increased preference for personal transport/new product launches/adoption of EV which are expected to improve volumes.

■ Company Outlook – Consolidating key group investments to emerge stronger

Most key group investments are performing well and have a structural long-term growth path ahead. The company continues to be on path to consolidate its key group investments. Allianz SE has decided to exit the JV with Bajaj Finserv. It would sell its entire ~26% stake in both Bajaj Allianz Life and Bajaj Allianz General Insurance to the promoter group companies. Bajaj Holdings will acquire a ~20% stake in each insurance companies and balance to be acquired by other promoter entities.

■ Valuation – Maintain Buy with a revised SOTP-based PT of Rs. 14,346

BHIL's performance depends upon the performance of its key group companies, which ultimately drive its valuations. Most of the key associates are performing well. We believe a healthy outlook for all businesses would drive strong earnings growth resulting in a healthy dividend income for BHIL. We maintain our Buy rating on BHIL with a revised SOTP-based PT of Rs. 14,346, factoring the upside in valuations of its key associate companies and new investments. The next key trigger would be IPO of both the insurance businesses, resulting in value unlocking.

About company

BHIL is essentially a holding and investment company. BHIL holds Bajaj Group's investments in two flagship companies – Bajaj Auto Limited and Bajaj Finserv. In addition to the above, BHIL holds investments in other equity and fixed income instruments.

Investment theme

Most of the key group investments are performing well and have a structural long-term growth path ahead. The company continues to be on path to consolidate its key group investments. Allianz SE has decided to exit the JV with Bajaj Finserv. It would sell its entire ~26% stake in both Bajaj Allianz Life and Bajaj Allianz General Insurance to the promoter group companies. Bajaj Holdings will acquire ~20% stake in each insurance companies and balance to be acquired by other promoter entities.

Key Risks

- ♦ Deterioration in the performance of its key associate companies.

Additional Data

Key management personnel

Management	Designation
Shekhar Bajaj	Chairman
Niraj Bajaj	Vice Chairman
Rajiv Bajaj	Vice Chairman
Sanjiv Bajaj	MD and CEO

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Jamnalal Sons Pvt Ltd	18.01
2	Jaya Hind Industries Pvt Ltd	5.31
3	NIRAJ BAJAJ NIRAV TRUST	4.83
4	PPFAS Asset Management	4.78
5	Bajaj Shekhar	4.64
6	Bachhraj & Co Pvt Ltd	3.77
7	SANJIVNAYAN BAJAJ TRUST	3.69
8	RAJIVNAYAN BAJAJ RISHAB TRT	3.64
9	Bajaj Sevashram Pvt Ltd	3.45
10	Bajaj Holdings & Investment Ltd	3.14

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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