

Bajaj FinServ | BUY

Management meet Takeaways

We met the management of Bajaj Finserv and its key subsidiaries in Pune. The interactions underlined that the company is not a holding company but a group of businesses, all in the Financial Services domain, supporting each other. We have highlighted key takeaways from meetings with insurance subs (BAGIC – Bajaj Allianz General Insurance Company, and BALIC – Bajaj Allianz Life Insurance Company) and platform businesses (Bajaj Finserv Health and Bajaj Finserv Direct). At CMP, implied holdco discount of 17% for Bajaj Finance is lower than 5 year average of 22%. We value the company using SOTP to get a revised Target Price of INR 2,250 (up from INR 2,150). We ascribe INR 255 per share for the life insurance subsidiary, INR 322 per share for the general insurance sub, INR 1,607 per share for Bajaj Finserv's 51.3% stake in BAF and INR 66 for the new initiatives. We maintain BUY.

- **Insurance subsidiaries:** The insurance subsidiaries do not see any material adverse impact from Allianz's exit – in terms of technology, underwriting or reinsurance support. With the growth slowdown in 2HFY25, Bajaj Allianz Life Insurance Company (BALIC) has revamped the entire bouquet of its product offerings and relooked at its cost structures to enhance VNB (Value of New Business) margins even as it remains competitive with other larger life insurers, in terms of customer benefits and pricing. No partner, except Axis Bank, provides >5% of its new business APE, which provides resilience. Similarly, Bajaj Allianz General Insurance Company (BAGIC) remains focused on profitability and customer service. With its strong solvency, the company will continue to look for profitable opportunities in tender-driven businesses. Both the companies will undergo a thorough rebranding exercise once Allianz SE is no longer a promoter (after the first stage of the transaction with Bajaj group acquiring >6% of the stake).
- **New initiatives:** Bajaj Finserv Direct has scaled its lending business with its strong understanding of risk side of lending, beyond simply sourcing. In recent quarters, growth in disbursements and credit card issuances have been subdued as the broader unsecured lending space has seen asset quality concerns. With the strong domain expertise, the company is also exporting technology services. Parallely, Bajaj Finserv Health is establishing itself at the centre of money flow in the healthcare domain by onboarding clinics, servicing retail and group health clients through its TPA (Third Party Administrator) - Vidal Healthcare, and working with manufacturers in both health and life insurance to offer OPD (Outdoor Patient) and wellness benefits.
- **Valuations and view:** At CMP, implied holdco discount of 17% for Bajaj Finance is lower than 5 year average of 22%. We value Bajaj Finserv using SOTP to get a revised Target Price of INR 2,250 (up from INR 2,150). We ascribe INR 255 per share for the life sub, INR 322 per share for general sub, INR 1,607 per share for Bajaj Finserv's 51.3% stake in BAF and INR 66 for the new initiatives. We maintain BUY.

SOTP		(INR)		
	Holding (%)	Valuation	Value/share	Contribution to TP (%)
BALIC	74.0%	1.7x FY27E EV	255	11.3%
BAGIC	74.0%	30x FY27E EPS	322	14.3%
BAF	51.3%	Target Price -15% holdco disc.	1,607	71.4%
New initiatives	-	10% AUM for AMC, 7x rev for dig. businesses	66	3.0%
Total			2,250	100%

Source: Company data, JM Financial. Note: Valuations as of 27 Jun 2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,250
Upside/(Downside)	10.1%
Previous Price Target	2,150
Change	4.6%

Key Data – BJFIN IN

Current Market Price	INR2,044
Market cap (bn)	INR3,265.9/US\$38.2
Free Float	33%
Shares in issue (mn)	1,592.8
Diluted share (mn)	
3-mon avg daily val (mn)	INR4,283.6/US\$50.1
52-week range	2,135/1,523
Sensex/Nifty	84,059/25,638
INR/US\$	85.5

Price Performance

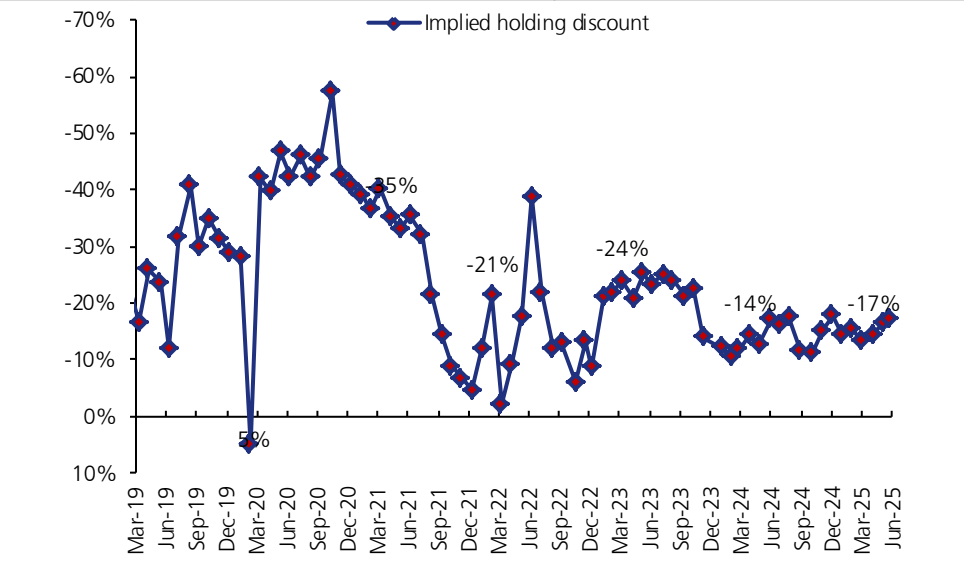
%	1M	6M	12M
Absolute	1.1	29.4	28.7
Relative*	-2.1	20.3	21.0

* To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Implied holdco discount of 17% is below 5 year mean of 22%

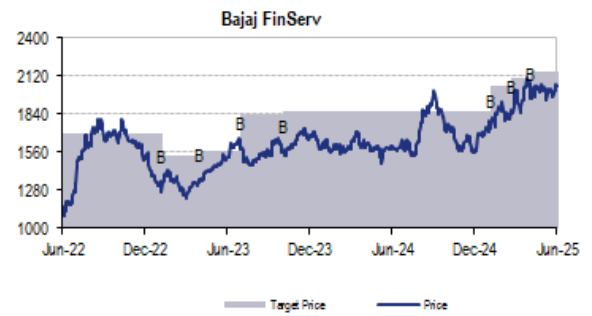


Source: Company, Bloomberg, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
29-Jan-20	Buy	1,100	
22-May-20	Buy	587	-46.6
22-Jul-20	Buy	870	48.2
22-Sep-20	Buy	870	0.0
22-Oct-20	Buy	867	-0.3
21-Jan-21	Buy	1,185	36.7
28-Apr-21	Buy	1,233	4.1
22-Jul-21	Buy	1,415	14.8
29-Oct-21	Buy	1,800	27.2
21-Jan-22	Buy	1,835	1.9
4-May-22	Buy	1,700	-7.4
31-Jan-23	Buy	1,535	-9.7
28-Apr-23	Buy	1,575	2.6
28-Jul-23	Buy	1,840	16.8
30-Oct-23	Buy	1,860	1.1
2-Feb-25	Buy	2,050	10.2
20-Mar-25	Buy	2,100	2.4
1-May-25	Buy	2,150	2.4

Recommendation History



APPENDIX I

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