

# Bajaj Finance Limited

**BUY**

Sector: NBFC

14<sup>th</sup> May, 2026

<b>Key Changes</b>	<b>Target</b> ▼	<b>Rating</b> ●	<b>Earnings</b> ▲	<b>Target</b>	<b>Rs. 1,045</b>
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	BAF:IN	75,399	BAJFINANCE	500034	12 Months
				<b>CMP</b>	<b>Rs. 912</b>
				<b>Return</b>	<b>+15%</b>

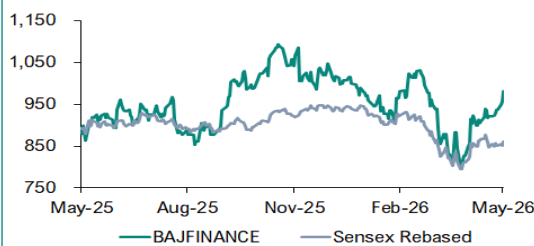
Data as of: 14-May-2026, 16:00 hrs

Company Data	
Market Cap (Rs. cr)	567,496
52 Week High — Low (Rs.)	1,102 - 788
Outstanding Shares (cr)	622.2
Free Float (%)	42.7
Dividend Yield (%)	0.6
6m average volume (cr.)	0.9
Beta	1.0
Face value (Rs. )	1.0

Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	54.7	54.7	54.7
FII's	21.8	21.5	21.3
MFs/Insti	14.3	14.9	15.2
Public	7.5	7.6	7.5
Others	1.8	1.3	1.3
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-0.1%	-5.9%	11.5%
Absolute Sensex	-6.7%	-6.4%	-3.3%
Relative Return	6.6%	0.6%	14.8%

## \*over or under performance to benchmark index



Y.E March (cr)	FY26A	FY27E	FY28E
Net Interest Income	44,591	55,263	68,457
Growth (%)	20.6	23.9	23.9
NIM (%)	9.2	9.4	9.5
Pre-Provision Profit	35,564	42,382	51,391
Net Profit	19,598	25,599	31,940
Growth (%)	16.8	30.6	24.8
Adj. EPS	31.5	41.1	51.3
Growth (%)	16.6	30.6	24.8
BVPS	188	223	268
P/E	25.4	23.8	19.1
P/B	4.3	4.4	3.7
RoE (%)	18.2	20.0	20.9
RoA (%)	3.8	4.2	4.3

## Growth momentum strengthens

**Bajaj Finance Ltd (BFL) is a leading non-banking financial company (NBFC) in India that lends to retail, small and medium enterprises, and commercial customers. It also accepts public and corporate deposits.**

- Consolidated total income grew 18.0% YoY to Rs. 21,607cr in Q4FY26, on healthy rise in assets under management (AUM) and growth in key lending segments.
- Consolidated AUM stood at Rs. 509,975cr as of Q4FY26, up 22.4% YoY, aided by growth in the customer base and geographical footprint.
- In Q4FY26, net interest income rose 19.0% YoY to Rs. 11,837cr, while cost of funds was at 7.41% vs 7.45% in Q4FY25.
- Reported profit after tax increased 22.2% YoY to Rs. 5,553cr in Q4FY26, supported by strong business growth and drop in loans losses and provisioning expense on improving asset quality.
- Gross non-performing asset (NPA) ratio rose to 1.01% in Q4FY26 from 0.96% in Q4FY25, but net NPA ratio improved to 0.41% from 0.44% over the same period.
- Provisioning coverage ratio on Stage 3 assets was 60% in Q4FY26 as against 54% in Q4FY25.

## Outlook & Valuation

BFL delivered a strong performance, with double-digit AUM growth and robust profitability, supported by traction across key lending segments and diversified product portfolio. The management highlighted improving portfolio quality, stable margin and continued operating leverage, with increasing contribution from segments such as gold loans, vehicle finance and MSME loans to the overall mix. BFL is also strengthening its position through an accelerated AI-led transformation in underwriting, collection, customer engagement and operating processes, which could boost efficiency and customer experience. Hence, **we retain our BUY rating on the stock, based on 3.9x FY28E BVPS, with a rolled forward target price of Rs. 1,045.**

## Quarterly Financials Consolidated

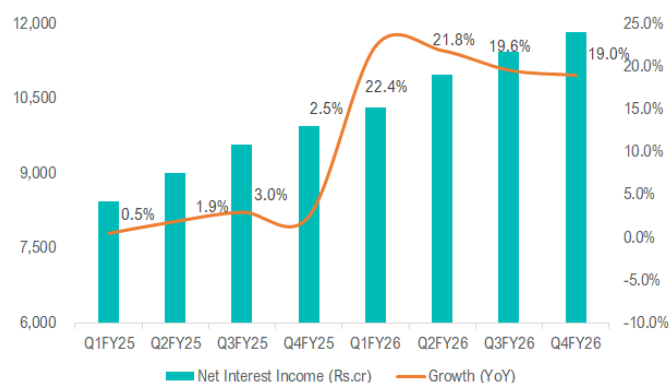
Rs. cr	Q4FY26	Q4FY25	YoY Growth (%)	Q3FY26	QoQ Growth (%)	FY26	FY25	YoY Growth (%)
Income from operations	19,236	16,502	16.6	18,783	2.4	73,257	61,743	18.6
Net Interest Income	11,837	9,951	19.0	11,444	3.4	44,591	36,973	20.6
Total Income	21,607	18,306	18.0	21,014	2.8	81,990	68,847	19.1
Total Expenditure	12,189	10,492	16.2	12,158	0.3	46,691	39,679	17.7
Pre-provisioning profit	9,417	7,814	20.5	8,856	6.3	35,299	29,168	21.0
PBT	7,410	5,647	31.2	5,431	36.4	25,817	22,080	16.9
Rep. PAT	5,553	4,546	22.2	4,066	36.6	19,332	16,779	15.2
Rep. EPS (Rs.)	8.8	7.2	21.4	6.4	37.3	30.5	26.8	13.8



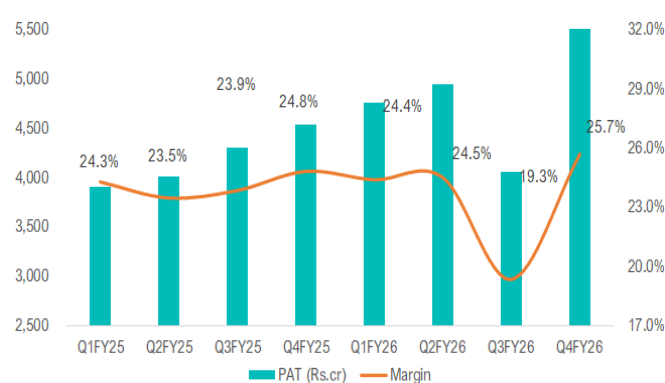
## Key Concall Highlights

- For FY27, the management expects AUM growth of 22-24%, 15-17 million new customers, RoA (Return on asset) of 4.4-4.6% and RoE (Return on equity) of 19-20%, while expecting some moderation in the NIM. It also expects opex to net total income improvement of 25-40 basis points (bps), and credit cost of 1.45-1.60% (subject to easing geopolitical uncertainty and macroeconomic stability).
- In Q4FY26, BFL's gold loan book grew 115% YoY to Rs. 17,831cr (about 3.5% of AUM). It also added 138 branches in the quarter (network at 1,507) and the management expects gold loans to scale to ~5% of the total AUM by FY27.
- MSME/business loans remained muted (~6% YoY) due to proactive risk actions since Q2FY26, with the management expecting a return to double-digit growth around H2FY27.
- The management also expects accelerated AI rollout across functions in FY27, scaling the dedicated team to ~363 by June 2027 from 203 people and deploying more than 800 autonomous agents.
- The captive two-wheeler and three-wheeler portfolio is now less than 1% of AUM, but contributed 13% of GNPA and around 5% of Q4FY26 credit costs. The management expects it to fall below Rs. 1,500cr by September 2026, which should improve the GNPA ratio and reduce credit costs in FY27.

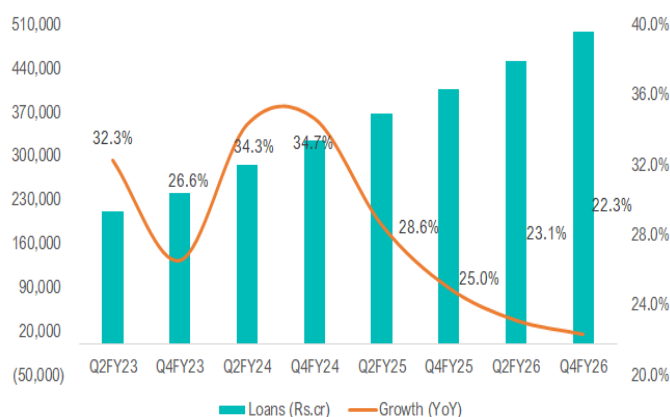
## Net Interest Income



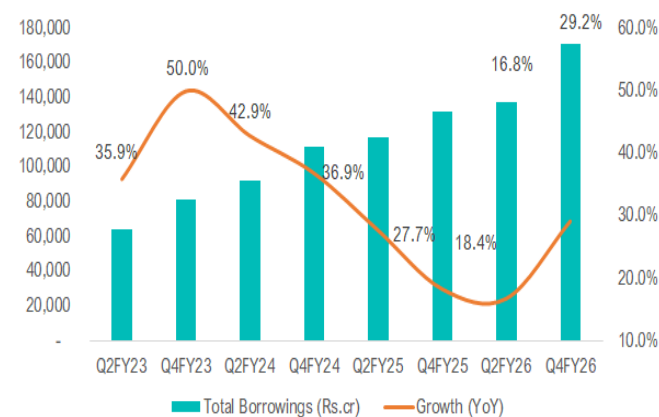
## PAT



## Loans\*



## Total Borrowings\*



\*comparison is between half-yearly and annual data as quarterly data not available

## Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Interest Income	49,964	-	55,263	68,457	10.6	-
Net Interest Margin	8.9	-	9.4	9.5	50bps	-
Pre-Provision Profit	37,975	-	42,382	51,391	11.6	-
Net Profit	24,228	-	25,599	31,940	5.7	-
EPS	38.9	-	41.1	51.3	5.8	-



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Income from operations	48,370	61,743	73,257	90,124	112,130
Interest Expense	18,725	24,770	28,666	34,862	43,673
<b>Net Interest Income</b>	<b>29,645</b>	<b>36,973</b>	<b>44,591</b>	<b>55,263</b>	<b>68,457</b>
% Change	28.6	24.7	20.6	23.9	23.9
Non-Interest Income	6,613	7,104	8,732	8,558	8,729
<b>Net Income</b>	<b>36,258</b>	<b>44,077</b>	<b>53,324</b>	<b>63,820</b>	<b>77,186</b>
<b>Total Income</b>	<b>54,983</b>	<b>68,847</b>	<b>81,990</b>	<b>98,682</b>	<b>120,859</b>
Operating Expenses	12,318	14,909	17,760	21,439	25,794
<b>Total Expenditure</b>	<b>31,042</b>	<b>39,679</b>	<b>46,426</b>	<b>56,300</b>	<b>69,467</b>
Pre-Provisioning Profit	23,940	29,168	35,564	42,382	51,391
Provisions	4,631	7,088	9,482	7,789	8,230
<b>Profit Before Tax</b>	<b>19,310</b>	<b>22,080</b>	<b>26,082</b>	<b>34,593</b>	<b>43,162</b>
Tax	4,858	5,300	6,484	8,994	11,222
Tax Rate (%)	25.2	24.0	24.9	26.0	26.0
<b>Net Profit</b>	<b>14,451</b>	<b>16,779</b>	<b>19,598</b>	<b>25,599</b>	<b>31,940</b>
% Change	25.6	16.1	16.8	30.6	24.8
No. of Shares (cr)	619	621	622	622.2	622.2
<b>Adj. EPS (Rs.)</b>	<b>23.3</b>	<b>27.0</b>	<b>31.5</b>	<b>41.1</b>	<b>51.3</b>
% Change	22.5	15.7	16.6	30.6	24.8
DPS	3.6	5.6	6.0	6.5	7.0

### Balance Sheet

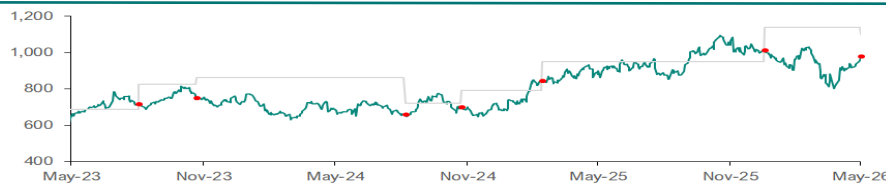
Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash & Balances	4,035	3,642	1,897	2,090	2,693
Investments	30,881	34,441	30,578	31,036	31,657
<b>Advances</b>	<b>326,293</b>	<b>407,844</b>	<b>498,944</b>	<b>613,701</b>	<b>757,920</b>
Fixed Assets	2,384	2,716	2,913	3,059	3,364
Other Assets	12,149	17,484	25,621	23,290	25,675
<b>Total Assets</b>	<b>375,742</b>	<b>466,127</b>	<b>559,952</b>	<b>673,175</b>	<b>821,310</b>
Capital	124	124	622	622	622
Reserves & Surplus	76,572	98,813	116,364	138,229	166,124
<b>Deposits</b>	<b>60,151</b>	<b>71,403</b>	<b>68,533</b>	<b>82,925</b>	<b>99,510</b>
Borrowings	229,617	286,742	363,774	439,880	542,308
Other Liabilities	9,278	9,045	10,660	11,520	12,747
<b>Total Liabilities</b>	<b>375,742</b>	<b>466,127</b>	<b>559,952</b>	<b>673,175</b>	<b>821,310</b>
<b>BVPS</b>	<b>124</b>	<b>159</b>	<b>188</b>	<b>223</b>	<b>268</b>
% Change	37.6	28.5	18.1	18.7	20.1

### Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
<b>Valuation</b>					
P/E	31.0	33.1	25.4	23.8	19.1
P/BV	5.8	5.6	4.3	4.4	3.7
Div. Yield	0.5	0.6	0.7	0.7	0.7
<b>Profitability &amp; Return (%)</b>					
Yield on Funds	17.0	16.8	16.2	16.2	16.4
Cost of Funds	7.4	7.6	7.3	7.3	7.5
Spreads (%)	9.6	9.2	8.9	8.9	8.9
NIM	9.5	9.2	9.2	9.4	9.5
ROE	22.1	19.1	18.2	20.0	20.9
ROA	4.4	4.0	3.8	4.2	4.3
<b>Asset Quality (%)</b>					
GNPA	0.9	1.0	1.0	1.1	1.1
NNPA	0.4	0.4	0.4	0.5	0.5
<b>Operating Ratios (%)</b>					
Cost/ Income	34.0	33.8	33.3	33.6	33.4



## Recommendation Summary - (Last 3 years)



Dates	Rating	Target
06-Feb-23	BUY	687
08-Aug-23	BUY	825
27-Oct-23	BUY	863
12-Aug-24	HOLD	722
29-Oct-24	BUY	792
18-Feb-25	BUY	952
24-Dec-25	BUY	1,138
14-May-26	BUY	1,045

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
<b>Buy</b>	Upside is above 10%	Upside is above 15%	Upside is above 20%
<b>Accumulate</b>	-	Upside is between 10%-15%	Upside is between 10%-20%
<b>Hold</b>	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
<b>Reduce/sell</b>	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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