

07 December 2025

India | Equity Research | Company Update

Bajaj Finance

Financial Services

Retail credit market share may improve to ~4% led by strategic priority towards customer centricity and AI-enabled process

Bajaj Finance's (BFL) FY26-30 strategic roadmap not only focuses on sustaining high growth but also emphasises on improving profitability. AI-enabled business process and product offerings are key strategic priorities with clear deliverables like – a) opex to NIM improvement to 31% from ~33% as on Sep'25, b) GNPA of <1.2% and NNPA of <0.4% vs. earlier guidance of 1.2-1.4% and NNPA of 0.4-0.5%, and c) 15-20bps improvement in credit cost by FY30. The same reinforces our view that BFL could sustain its leadership position within NBFC space and continue to deliver >20% growth and RoE in the medium term. Maintain **HOLD** with an unchanged TP of INR 1,050 – standalone business valued at 4.5x Mar'27E BVPS and INR 165 towards housing subs.

Strategic shift from 'product centric' to 'customer centric'

While BFL has been at the forefront in customer acquisition over the past decade, as reflected in 12.5% market share in total loan booked, it is now shifting focus towards improving customer wallet market share. It plans to increase product per customer to 6.5x-7.5x from current level of 6.05x. Similarly, it expects retail credit market share to increase to 3.5-4% by FY30 from 2.8% currently. New approach would provide an opportunity to scale disbursement from INR 8bn/ month to INR 80bn/ month with lower credit cost and customer acquisition cost. While it offers 27 products, it continues to further augment its offering and plans to launch wealth management business. BFL is building a product propensity model to offer right product at right channel, i.e., web, app, social, POS, call centre and also comprehensive reward framework to build engagement and long-term relationships.

Sharp focus on AI implementation across business process with clear objective to improve profitability and scale

Management highlighted that it plans to extensively use AI-enabled business process across its product lines and also build capabilities which can pre-empt business trends, drive transformation and reshape business models to be future ready. Overall, it expects AI-enabled business model to help improve productivity by 12-15%, and thus, aims for opex to NIM to improve to 31% from >33% currently. It also expects 5% reduction in credit cost, going forward.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Interest Income (NII)	269,393	331,112	399,506	489,665
PAT (INR mn)	126,441	166,614	178,782	221,513
EPS (INR)	20.5	26.8	28.8	35.7
% Chg YoY	20.1	31.2	7.3	23.9
P/E (x)	35.1	26.8	26.2	21.2
P/BV (x)	6.2	5.1	4.6	3.9
Gross Stage - 3 (%)	1.1	1.2	1.2	1.2
Dividend Yield (%)	-	-	-	-
RoA (%)	4.9	5.0	4.4	4.5
RoE (%)	20.5	20.8	18.8	19.8

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Market Data

Market Cap (INR)	6,521bn
Market Cap (USD)	72,503mn
Bloomberg Code	BAF IN
Reuters Code	BJFN.BO
52-week Range (INR)	1,103 /668
Free Float (%)	42.0
ADTV-3M (mn) (USD)	90.6

Price Performance (%)	3m	6m	12m
Absolute	11.8	17.3	53.2
Relative to Sensex	5.6	12.1	48.4

ESG Score	2024	2025	Change
ESG score	78.8	78.7	(0.1)
Environment	67.2	73.5	6.3
Social	82.1	82.2	0.1
Governance	80.2	77.5	(2.7)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
PAT	-	-

Previous Reports

11-11-2025: [Q2FY26 results review](#)

25-07-2025: [Q1FY26 results review](#)

Product-wise market share reflects ample opportunities for BFL to improve wallet share and sustain growth momentum

While BFL acknowledges that its diversified product offerings and low market share across many lines of businesses would help it in compounding at 17-19%, it aspires for higher sustainable growth. Its strategic imperative is to touch 20% active households by FY30 (as per Census India, no. of HH to reach 302mn by 2029) and expand customer franchise to 200-220mn by FY30. Further, it notes that, in key product segments, industry-wide disbursements to customers within BFL ecosystem are significantly higher than BFL's current disbursements. This underscores a compelling market opportunity for BFL to enhance its customer engagement and expand its customer wallet share.

Out of its total 27 product offerings, BFL commands market leadership position only in two products, i.e., consumer loans (54% market share) and professional loans (45% market share). In rest of its key lending products, BFL currently has 1-9% market share vs. industry market share of 18-62% (on BFL's customer franchise). For example: total disbursements market stands at INR 363trn and BFL commands only 1% market share as on Mar'25. However, industry disbursal on BFL's existing customer base is 35.9% as on Mar'25. The same reflects ample opportunity for BFL to increase its market share in new car financing going ahead.

AUM / PAT likely to grow at >20% with RoE at 19-21% driven by AI-enabled business process and customer-centric approach

BFL's FY26-30 business roadmap revolves around its increased focus on leveraging its strong ecosystem – product offerings, customer franchise and revamped AI-enabled tech stack. It aims to sustain >20% AUM and PAT growth in medium term despite being one of the largest NBFCs in terms of AUM as on Mar'25. It aims at expanding total customer franchise to 200-220mn by FY30 with cross-sell franchise of 120-130mn. BFL believes its strategic priority towards customer-centric approach and 27 product lines will help it improve retail credit market share to 3.6-4% by FY30 from 2.8% in Mar'25. Notably, it not only focuses on scale but also emphasises on improving profitability – overall it plans to deliver 19-21% RoE over FY25-30 with likely AUM at INR 10-12trn by FY30 from INR 4.2trn as on Mar'25 (implying 20-23% AUM CAGR over FY25-30). It expects AUM per cross-sell franchise to improve to INR 85,000-90,000 from INR 64,800 currently. Similarly, PAT per cross-sell franchise is expected to improve to INR 3,700-3,900 from current level of INR 1,362.

Focus on building low-risk company with extensive use of AI

In BFL's FY26-30 business roadmap, one of its key strategic priorities is to build a low-risk organisation - not only low credit risk but also low tolerance across all other business risks like operational, fraud, compliance and reputation risk. It plans to automate data preparation, segmentation and impact simulations powered by AI. This will reduce turnaround from weeks to hours, enabling proactive risk actions and improving risk performance and resilience. The same will drive the reduction in analysis timelines to 1 day from 10-15 days currently.

Overall, it expects steady state GNPA/NNPA to settle at <1.2% and <0.4% vs. guided range of 1.2-1.4% and 0.4-0.5% GNPL / NNPL, respectively. It also expects 15-20bps reduction in credit cost from current level of 185-195bps.

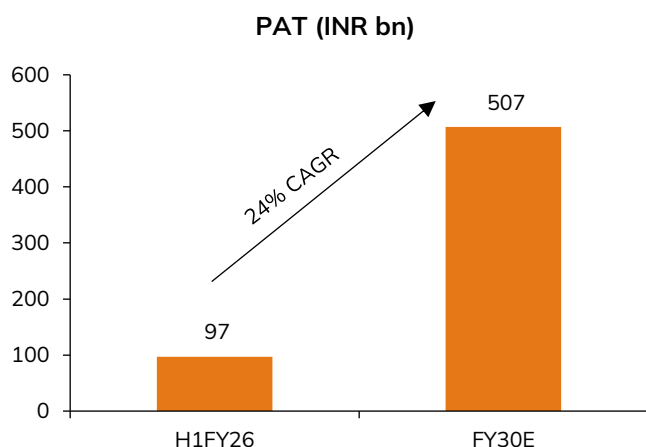
Upside risk: FY26 ending with AUM growth of above 25%, which is the upper end of BFL's guided range. **Downside risk:** Credit cost settling above its guided range of 185-195bps for FY26.

Exhibit 1: Likely outcome of LRS FY26-30 vs. current levels

Sr No	Basic Construct	H1FY26	LRS FY30	CAGR
1	Customer Franchise (MM)	110.6	200-220	15%
2	Cross Sell Franchise (MM)	71.3	120-130	13%
3	India payments GMV	0.17%	0.4-0.5%	
4	Share of total credit	2.32%	3.2-3.5%	
5	Share of retail credit	2.81%	3.6-4.0%	
6	Location Presence	4,039	4,600-4,900	4%
7	App - Net installs (MM)	78	160-180	19%
8	Web - Visitors (MM)	305	3,500-4,500	77%
9	Return on Equity	19.20%	19-21%	
10	AUM per Cross Sell Franchise (INR)	64.8k	85k-90k	8%
11	PAT per Cross Sell Franchise (INR)	1,362	3.7k-3.9k	26%
12	Product per customer (PPC)	6.05	6.5-7.5	

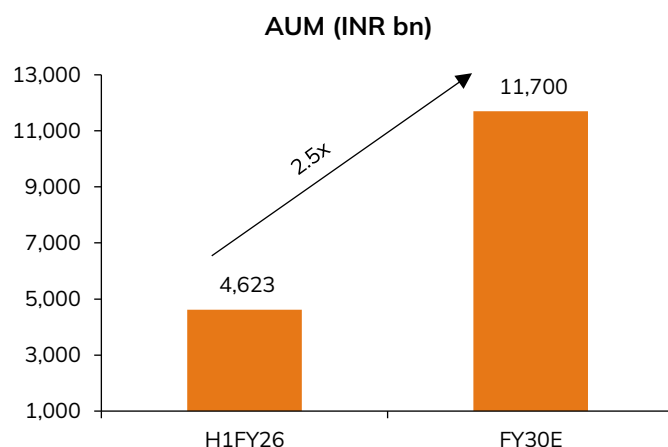
Source: I-Sec research, Company data

As part of its LRS FY30 strategy, BFL aims to compound >17-19% over long-term. It expects AUM to expand ~2.5x by FY30 from current levels, while PAT is likely to grow at 24% CAGR over 1HFY26-FY30 from current levels. The same will be driven by faster than industry credit growth, thereby, improving Retail credit market share. It expects to reach credit market share of 3.2-3.5% by FY30 vs. 2.32% currently and retail market share is also expected to reach 3.6-4.0% vs. 2.81% currently over the same timeframe.

Exhibit 2: PAT likely to compound at ~24% CAGR...**Exhibit 3: ...largely mirroring AUM growth of ~23% CAGR until FY30**

Source: I-Sec research, Company data

Note: FY30 PAT is calculated using No of Cross sell Franchise and PAT per Cross sell franchise (at the upper end of the range)

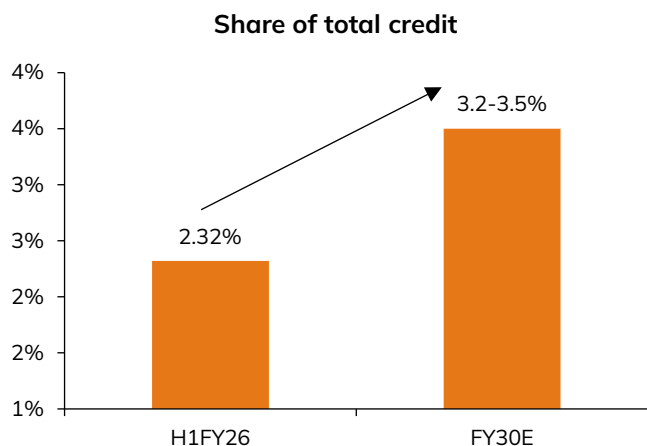


Source: I-Sec research, Company data

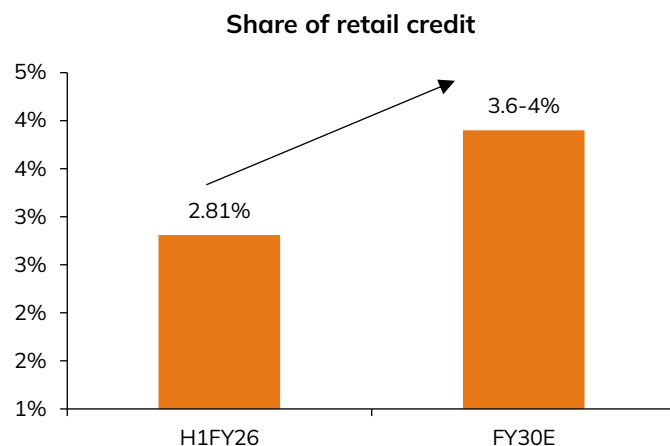
Note: FY30 AUM is calculated using No of Cross sell Franchise and AUM per Cross sell franchise (at the upper end of the range)

Exhibit 4: Total credit market share likely to expand by >100bps in next 4.5 years...

Exhibit 5: ...while retail credit market share is also expected to grow in the range of 80-120bps



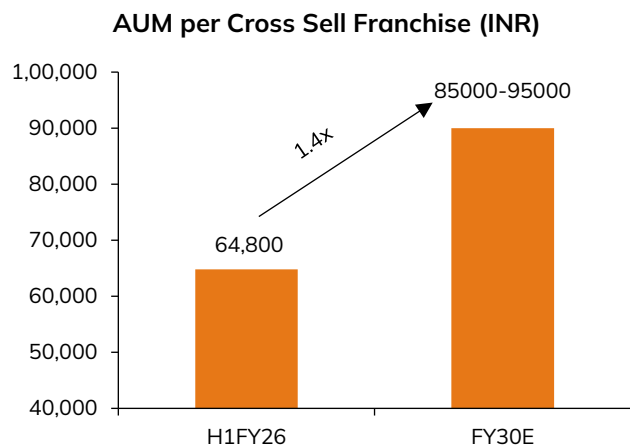
Source: I-Sec research, Company data



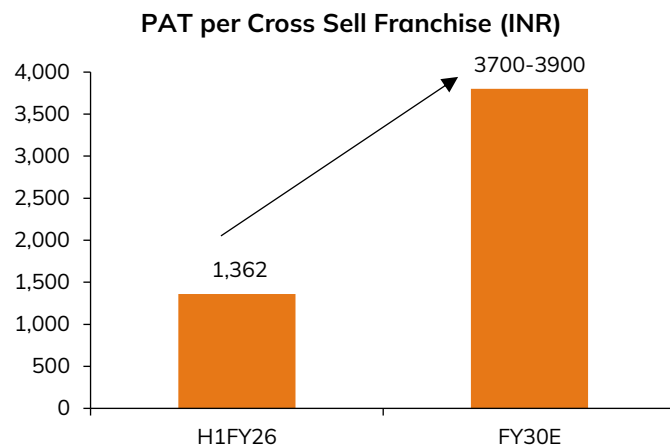
Source: I-Sec research, Company data

Exhibit 6: AUM per cross-sell franchise to reach ~INR 85k-95k by FY30 vs. INR 64.8k currently...

Exhibit 7: ...similarly, PAT per cross-sell franchise to improve to INR 3.7k-3.9k by FY30 vs. INR 1.4k for H1FY26



Source: I-Sec research, Company data



Source: I-Sec research, Company data

Bajaj has successfully delivered growth as well as profitability in its 18-year of journey from FY08-FY25. It is now embarking on next phase of its transformation journey with customer centricity and AI at the forefront of its strategy. By customer centricity, it means focusing on experience, long-term relationships, products and processes designed for customer satisfaction. With this backdrop, it is transitioning from being product centric to customer centric, and hence shifting its approach from what company wants to what customer needs.

In its FY26-30 business roadmap, incrementally it focuses on improving customer wallet share given strong >100mn customer franchise as on Sep'25. Currently, BFL books almost 1 in 8 retail loans in India, but its share is just 2.8% of retail AUM. Hence, with a view to accelerate its growth momentum, it will transition from being product centric to customer-centric strategy.

Exhibit 8: - BFL's 18-year long successful business journey reflects in steady increase in credit market share and RoE; >100x growth in AUM / customers over FY08-25

Financials snapshot @	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	CAGR
Loans booked (MM)	1.0	0.6	0.9	1.6	2.2	2.8	3.4	4.9	6.8	10.1	15.3	23.5	27.4	16.9	24.7	29.6	36.2	43.4	25%
Customer franchise (MM)	0.8	1.2	1.9	3.0	4.7	6.7	9.3	12.9	16.1	20.1	26.2	34.5	42.6	48.6	57.6	69.1	83.6	101.8	33%
AUM (₹ '000 crore)	2.5	2.5	4.0	7.6	13.1	17.5	24.1	32.4	44.2	60.2	82.4	115.9	147.2	152.9	197.5	247.4	330.6	416.7	35%
Total income	503	599	916	1,406	2,172	3,110	4,073	5,418	7,333	9,989	12,757	18,500	26,386	26,683	31,648	41,418	54,983	69,725	34%
Interest expenses	170	164	201	371	746	1,206	1,573	2,248	2,927	3,803	4,614	6,623	9,473	9,414	9,754	12,560	18,725	24,771	34%
Net total income (NTI)	332	435	715	1,035	1,426	1,904	2,500	3,170	4,406	6,186	8,143	11,877	16,913	17,269	21,894	28,858	36,258	44,954	33%
Operating expenses	193	220	320	460	670	850	1,151	1,428	1,898	2,564	3,270	4,197	5,662	5,308	7,587	10,142	12,325	14,926	29%
Loan losses & provision	109	164	261	205	154	182	258	385	543	804	1,030	1,501	3,929	5,969	4,803	3,190	4,631	7,966	29%
Profit before tax	30	51	134	370	602	872	1,091	1,357	1,965	2,818	3,843	6,179	7,322	5,992	9,504	15,528	19,310	22,080	47%
Profit after tax	21	34	89	247	406	591	719	898	1,279	1,837	2,496	3,995	5,264	4,420	7,028	11,508	14,451	16,779	48%
Ratios	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	
Opex to NTI	58.1%	50.6%	44.8%	44.4%	47.0%	44.6%	46.0%	45.0%	43.1%	41.4%	40.2%	35.3%	33.5%	30.7%	34.7%	35.1%	34.0%	33.2%	
Loan loss to avg. AUF	3.58%	4.89%	7.05%	3.63%	1.58%	1.25%	1.30%	1.42%	1.47%	1.61%	1.50%	1.55%	3.10%	4.14%	2.84%	1.47%	1.63%	2.17%	
Return on assets	0.7%	1.4%	2.8%	4.4%	4.2%	4.1%	3.6%	3.3%	3.5%	3.7%	3.7%	4.2%	4.1%	3.1%	4.2%	5.3%	5.1%	4.6%	
Return on equity	2.0%	3.2%	8%	19.7%	24.0%	21.9%	19.5%	20.4%	20.9%	21.6%	20.1%	22.5%	20.2%	12.8%	17.4%	23.5%	22.1%	19.2%	
Net NPA *	7%	5.50%	2.20%	0.80%	0.12%	0.19%	0.28%	0.45%	0.28%	0.44%	0.43%	0.63%	0.65%	0.75%	0.68%	0.34%	0.37%	0.44%	
Provisioning coverage	30%	32%	55%	79%	89%	83%	76%	71%	77%	74%	70%	60%	60%	58%	58%	64%	57%	54%	
CRAR (standalone)	40.7%	38.4%	25.9%	20.0%	17.5%	21.9%	19.1%	18.0%	19.5%	20.3%	24.7%	20.7%	25.0%	28.3%	27.2%	25.0%	22.5%	21.9%	
Leverage ratio	2.6	2.5	3.8	5.9	6.4	5.3	6.2	6.8	6.3	6.6	5.4	6.3	5.1	4.7	4.9	5.1	4.9	4.7	

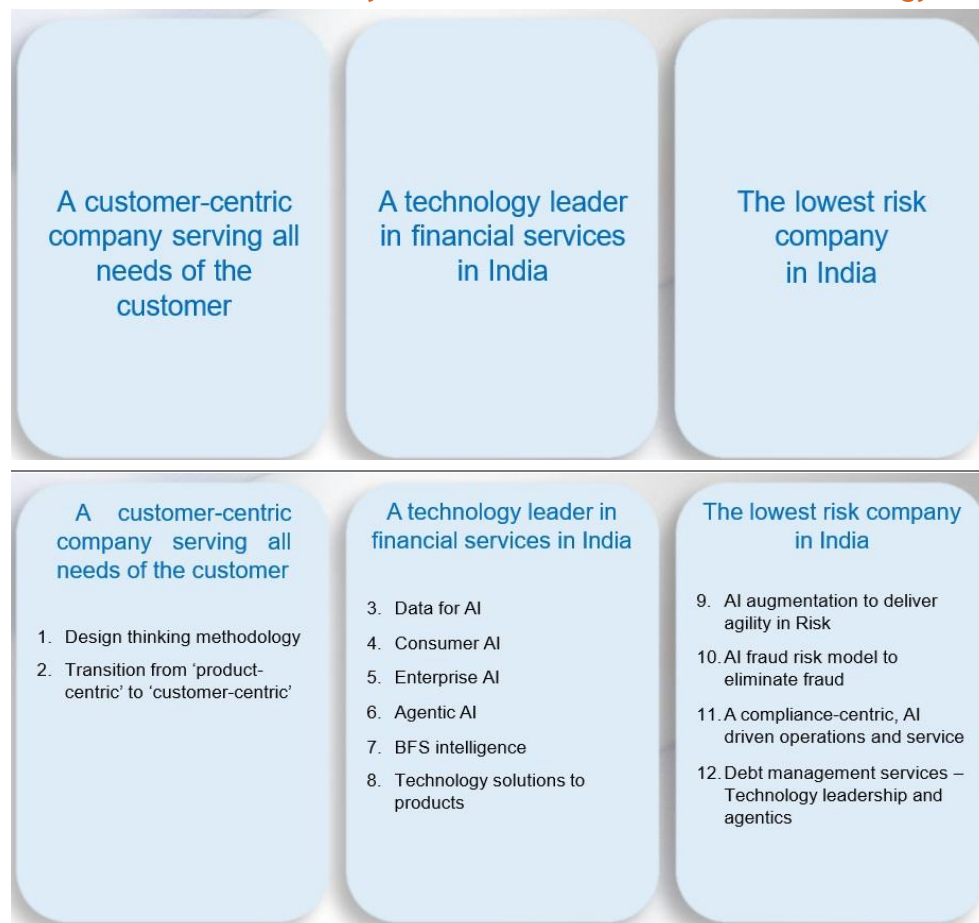
REAR VIEW

18-YEAR JOURNEY

STRATEGY

Source: Company data, I-Sec research

Exhibit 9: Customer centricity and AI to be at the forefront of its strategy



Source: Company data, I-Sec research

Exhibit 10: Expected outcome of shifting approach from product-centric to customer-centric and AI initiatives

Outcomes of Customer centric and AI driven approach

Outcome of product-centric to customer-centric

- Grow disbursement from INR 8bn to INR 80bn (10x) per month
- Reduce credit costs
- Reduce cost of acquisition
- Grow product per customer to 6.5 to 7.5
- Highest CSAT (customer satisfaction score) in the industry

Outcome of data for AI

- 1,000 data variable expansion
- Deliver 5% of annual volumes
- Reduce credit cost by 5%
- Improve Productivity by 12-15%
- Deliver hyper personalisation

Outcome of consumer AI

- 3.5 - 4.5 bn Web visitors
- 160-180 mn App net users
- 50% of total digital platform volumes from new AI platform by FY30
- 90% reduction in service requests and queries

Outcome of AI augmentation to deliver agility in risk

- Deliver 15-20 bps improvement in credit cost + Strong AUM growth
- Reduction in analysis timelines from 10-15 days to 1 day

Outcome of customer-centric. AI driven and compliant operations and service

- Ability to manage 100mn loans annually
- Zero escalations, zero branch walk-ins and flawless compliance
- 50% reduction in operations and service cost by FY30
- Achieve 97% DIY adoption and faster resolutions
- Highest CSAT in industry (96% to 99%)

Source: I-Sec research, Company data;

BFL's undisrupted growth and scale since 2008 is also underpinned by its ability to pre-empt the business cycle, understand & adopt the changing customer behaviour and closely track the emerging trends that could change the economy, business and society. They are structural shifts for long term and generally have irreversible consequences for businesses. Similarly, BFL identified the 28 megatrends and it is progressing well on 24 of them while 2 of them are in WIP. It has dropped 2 megatrends namely "Insurance for All" and "Plastic as form factor".

Exhibit 11: Progressing well on 24 megatrends; 2 WIP and 2 dropped

1. Digital Rupee (CBDC) <ul style="list-style-type: none"> Go Live in Dec'25 	2. Account Aggregator <ul style="list-style-type: none"> 40 MM one-time consents 39 MM recurring consents 	3. ONDC <ul style="list-style-type: none"> Buyer app - 1 lakh Orders in Nov'25 Seller app - ₹ 30 crore monthly disbursement 	4. Social as a Platform <ul style="list-style-type: none"> Soft launch done 2,000 creators listed 	5. Rewards as a Platform <ul style="list-style-type: none"> 110 MM rewards in FY26 32 MM unique customers rewarded -FY26 	6. Offline to Online <ul style="list-style-type: none"> All products by Mar'26 with 8-10 O2O integrations on App
7. Personalization <ul style="list-style-type: none"> Live on 102 components Dynamic homepage by FY27 	8. Green Finance <ul style="list-style-type: none"> Solar 2.0 launched 50k+ loans and ₹ 750 crore disbursement in FY27 	9. Insurance for All <ul style="list-style-type: none"> Dropped 	10. Credit on UPI <ul style="list-style-type: none"> Regulatory approval -WIP 	11. Plastic as form factor <ul style="list-style-type: none"> Dropped 	12. Future of Device <ul style="list-style-type: none"> 3 Sound Boxes 2 EDC variants launched
13. Pre-owned <ul style="list-style-type: none"> 2.61 lac used phone financed in FY26 32k used car financed in FY26 	14. Monetizing digital assets <ul style="list-style-type: none"> 70+ ad placements 40 crore revenue in FY27 	15. UPI as Open Architecture <ul style="list-style-type: none"> Own switch Wallet UPI Jan'26 Full UPI migration FY'27 	16. Bajaj+ <ul style="list-style-type: none"> Regulatory approval- WIP 	17. Multi-Cloud <ul style="list-style-type: none"> 3 applications migrated 15 applications WIP 	18. Zero Trust <ul style="list-style-type: none"> 39 projects LIVE 12 projects in WIP
19. Generative AI to AI <ul style="list-style-type: none"> 7 PODs Live 147-member AI unit created 	20. Cyber Security <ul style="list-style-type: none"> Protectt.ai, Zscaler, Cloud HSM etc. implemented Cyber insurance: ₹1,200 crore 	21. Digital Fraud <ul style="list-style-type: none"> Protectt.ai for App security LIVE Ashield onboarded for secure UPI 	22. Blockchain <ul style="list-style-type: none"> 60MM+ UPI Autopay transactions done 2.4MM+ policies with 100% accuracy synced 	23. Augmented Reality <ul style="list-style-type: none"> Launched 30+ templates of AR/VR Overall 100+ games live 	24. Data Privacy <ul style="list-style-type: none"> Securiti.ai live for data discovery Data localized & stored in India for compliance
25. CX <ul style="list-style-type: none"> Practice established 	26. Vernacular <ul style="list-style-type: none"> BFL App live in Hindi 5 more languages live by May'26 	27. Voice <ul style="list-style-type: none"> ₹ 4,500 crore Disbursement via Voice AI 	28. Climate Risk <ul style="list-style-type: none"> Climate Vulnerability Index Live. RBI Pilot WIP: Impact of Climate Risk on NPAs 		

Source: I-Sec research, Company data;

Exhibit 12: Progress update on 21 FINAL strategies (1/2)

1. Strategic Partnerships <ul style="list-style-type: none"> Products live on Airtel app: 9 Airtel EMI Card CIF: 7 lakh+ Disbursement: ₹ 700-800 crore 	2. MSME <ul style="list-style-type: none"> Strategic Business Unit (SBU) – Jan'25 Affordable Housing Finance – Jan'25 All mortgages under SBU – Oct'25 	3. PL from 50K to 50 lacs <ul style="list-style-type: none"> "EMI Card = PL": disbursed ₹ 4,600 crore (7%) SALPL pref.: disbursed ₹ 1,000 crore (5%) Fastest SALPL: 35% STP and 52% same day disbursement
4. Gold Loan <ul style="list-style-type: none"> Branches: 1,592 AUM: ₹ 16,340 crore (up 97%) Current market position: 5th 	5. MFI <ul style="list-style-type: none"> Branches: 447 Disbursement: ₹ 2,147 crore (up 51%) AUM: ₹ 2,317 crore (up 84%) 	6. Two-Wheeler <ul style="list-style-type: none"> Dealer count: 10,000+ Volume: 5.3 lakh loans (up 17%) AUM: ₹ 6,220 crore (up 36%)
7. Auto Loans <ul style="list-style-type: none"> Dealer count: 2,000+ Disbursement: ₹ 4,300 crore AUM: ₹ 8,400 crore (up 60%) Credit performance: within threshold 	8. Payments <ul style="list-style-type: none"> A viable payments business strategy created and actioned. Break-even by FY29 FASTag franchise: #2MM+ 	9. Green Financing – Solar <ul style="list-style-type: none"> Establish POC in FY26 Volume: 5,700 loans FY27 target: 50,000+ loans
10. Leasing <ul style="list-style-type: none"> Tool for trade leasing launched Fully digital corporate leasing platform – Apr'26 Deliver category expansion in LRS FY26-30 	11. Back to basics - Risk <ul style="list-style-type: none"> 3, 6, 9 MOB 0+ are the new core risk metrics Early MOB performance across products is tracking in line with pre-covid metrics 	12. Operational Risk <ul style="list-style-type: none"> ORM projects implemented: 206

Figures: FY26 estimates

Source: I-Sec research, Company data;

Exhibit 13: Progress update on 21 FINAL strategies (2/2)

13. Conversational AI POD <ul style="list-style-type: none"> ₹ 5,300 crore disbursal via voice BOT- FY26 9 Chat BOTs Live All 29 Chat BOTs - Mar'26 RUFUS live on App - Mar'26 	14. Vision AI POD <ul style="list-style-type: none"> 30 Documents Live, 42 by Mar'26 50% Auto QC for files processing 323 branches/partner stores with face recognition cameras - Mar'26 	15. Content AI POD <ul style="list-style-type: none"> 5.04L+ banners created 10.5k+ videos created 1.27L+ pages across App, Web and Bajaj Mall
16. Tech AI POD <ul style="list-style-type: none"> 11k+ BRDs raised via ReqEase 40k+ Test cases generated on TestGenie 25% Github co-pilot efficiency 	17. AI Data POD <ul style="list-style-type: none"> 9 crore voice logs converted to text, enabling ₹2,400 crore annual disbursal 48 lakh historical PD Notes converted into structured data 	18. Agentic AI POD <ul style="list-style-type: none"> 68% email resolution by co-pilot service agents. 90% by Mar'26 Agentic AI strategy in LRS FY26-30
19. Custom Model AI POD <ul style="list-style-type: none"> Custom model strategy in LRS FY26-30 Augmented Risk Intelligence for B2B by Feb'26 Propensity model - Oct'26 	20. Responsible AI <ul style="list-style-type: none"> Free AI board policy by Jan'26 Dedicated AI security team with Deputy CISO - Mar'26 Observability and security platform - Oct'26 	21. AI Cloud infrastructure <ul style="list-style-type: none"> Google cloud platform for voice and data -Live Salesforce for native AI – Live Multi-cloud infrastructure strategy for AI in LRS FY26-30

Source: I-Sec research, Company data

In post festive business update, BFL had mentioned that structural reforms in income tax and GST by the government have helped lift consumer sentiment and boosted consumption, which has resulted in strong festive season performance for consumption loans. This will aid BFL to deliver sustained growth momentum. By FY26 end, it expects to cross INR 5trn in AUM (up 8% vs INR 4.6trn currently) and expects to disburse 50mn loans in FY26 (26mn loans disbursed in H1FY26).

Exhibit 14: Well on track to disburse 50mn loans and cross INR 5trn AUM in FY26

Particulars	FY08	FY25	6M FY26
Product Lines	4	27	27
Loans Disbursed (MM)	1	43	26
Customer Franchise (MM)	0.8	101.8	110.6
AUM (₹ crore)	2,500	4.17 lakh	4.62 lakh
PBT (₹ crore)	30	22,080	12,976
Share of total credit (bps)	10	219	232
Share of retail credit (bps)	-	274	281
Profit Ranking in India	722	24	-
No. of Companies	1	3	3

Source: Company data, I-Sec research

Exhibit 15: Capability stack built in last 18 years has been one of the strongest across industry peers

Franchise
110.6MM Customers 71.3MM Cross-sell customers 6.05 PPC per customer 42MM NTC
Geography
4,039 BFL locations 1,272 Gold Loan branches 416 MFI branches 242k Active distribution points
Technology and Data
03 Multi-cloud infrastructure 500k Data tables 5.5PB data 74MM UPI autopay on Blockchain
AI
09 AI BOTS 5.3k crore PL disbursement 37% Service by AI 42% Banners & 100% Videos generated 250 Member AI unit- Jun'26
Platform
78.3MM App installs 650 MM Web visitors in FY26 6.2MM Social followers 59MM rewards 1L monthly transactions on ONDC
People
67k Employees 53k Fixed-term contract (FTC) 17.8% Employee attrition

Source: Company data, I-Sec research

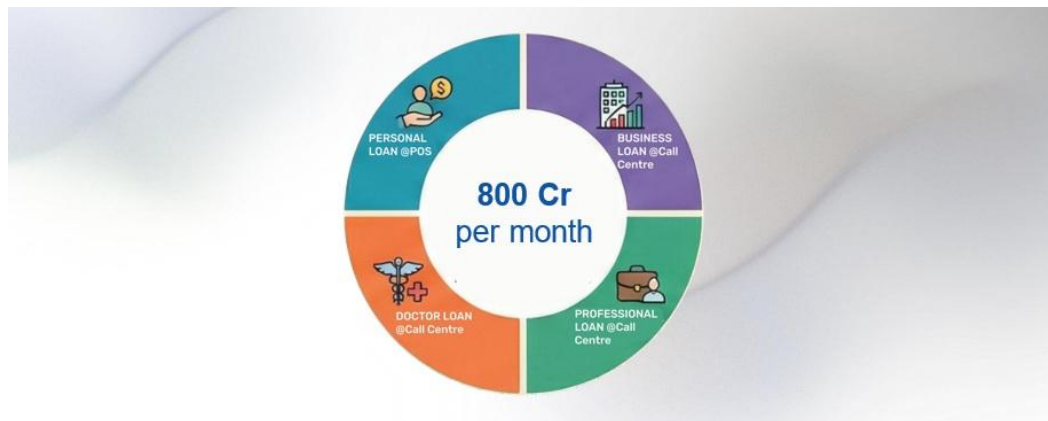
Exhibit 16: Product-wise market share reflects ample opportunities for BFL to improve wallet share and sustain growth momentum

Product	Industry Disbursal (in crore)	BFL Disbursal (in crore)	BFL Market Share %	Industry disbursal on BFL Franchise	Industry disbursal on BFL Franchise %
Consumer	158,494	92,021	54%	22,533	14.00%
Personal Loans	884,360	73,320	8%	2,64,109	29.86%
Unsecured BL	400,980	17,518	4%	2,49,619	62.25%
BL Secured + LAP	665,709	5,196	1%	3,55,642	53.42%
Prof Loans	22,209	9,931	45%	5,434	24.47%
Used Car Finance	62,694	3,351	5%	32,207	51.37%
New Car Finance	363,231	4,085	1%	1,30,492	35.93%
Two-wheeler (AF+OA)	108,862	4,223	4%	24,418	22.43%
Gold Loan	1,744,821	16,628	1%	3,18,614	18.26%
LAS	201,124	18,968	9%	39,667	19.72%
Commercial Lending	1,03,59,366	13,933	0.1%	-	-

Source – CIBIL Bureau

Source: Company data, I-Sec research, CIBIL Bureau

Currently, BFL is disbursing INR 8bn/month across its four products namely business loans, personal loans, doctor loans and professional loans. However, going ahead, with its focus on customer-centric approach and with the help of AI-driven initiatives, it will expand its product offerings. Moreover, it will offer its products across various channels, thereby expanding its distribution network, and enlarge its ecosystem via offering products across lending, insurance, wealth payments and deposits. With these initiatives, BFL's product propensity is likely to improve and it is aiming to grow its disbursements by 10x to INR 80bn from INR 8bn currently for the above mentioned four products.

Exhibit 17: BFL's current product-centric orientation

Source: Company data, I-Sec research

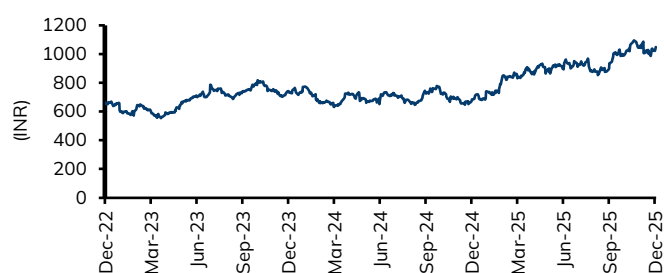
Exhibit 18: BFL aims to offer all products to all customers across all channels via its customer-centric approach

Source: Company data, I-Sec research

Exhibit 19: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	54.7	54.7	54.7
Institutional investors	35.4	35.3	35.3
MFs and others	9.0	8.9	8.9
FIs/Banks	0.2	0.2	0.2
Insurance	4.8	4.6	4.3
FII's	21.5	21.7	22.0
Others	9.9	9.9	10.0

Source: Bloomberg

Exhibit 20: Price chart

Source: Bloomberg

Financial Summary

Exhibit 21: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Interest Income	407,828	515,486	622,836	757,821
Net gain on fair value changes	1,389	11,073	13,825	17,203
Interest Expenses	(138,434)	(184,374)	(223,330)	(268,155)
Net Interest Income (NII)	269,393	331,112	399,506	489,665
Other Income	61,632	78,713	94,475	113,392
Total Income (net of interest expenses)	331,025	409,825	493,980	603,057
Employee benefit expenses	(58,495)	(69,073)	(88,095)	(104,161)
Depreciation and amortization	(6,291)	(8,220)	(8,640)	(10,752)
Fee and commission expenses	(19,591)	(25,998)	(30,105)	(37,462)
Other operating expenses	(30,396)	(36,386)	(42,016)	(49,420)
Total Operating Expense	(114,773)	(139,677)	(168,857)	(201,794)
Pre Provisioning Profits (PPoP)	216,253	270,148	325,123	401,263
Provisions and write offs	(45,722)	(78,829)	(85,757)	(104,684)
Profit before tax (PBT)	170,531	216,760	239,367	296,578
Total tax expenses	(44,090)	(50,146)	(60,585)	(75,066)
Profit after tax (PAT)	126,441	166,614	178,782	221,513

Source Company data, I-Sec research

Exhibit 22: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Share capital	1,236	1,242	1,242	1,242
Reserves & surplus	718,869	878,715	1,022,764	1,211,133
Shareholders' funds	720,105	879,957	1,024,006	1,212,374
Borrowings	2,203,787	2,710,268	3,283,131	4,030,287
Provisions & Other Liabilities	42,253	88,471	97,318	107,049
Total Liabilities and Stakeholder's Equity	2,966,145	3,678,696	4,404,454	5,349,711
Cash and balance with RBI	94,323	124,554	48,312	60,356
Fixed assets	31,025	36,139	39,752	43,728
Loans	2,433,344	3,043,592	3,786,740	4,731,827
Investments	371,534	417,162	466,676	444,529
Deferred tax assets (net)	9,267	10,441	11,486	12,634
Other Assets	26,652	46,808	51,489	56,638
Total Assets	2,966,145	3,678,696	4,404,454	5,349,711

Source Company data, I-Sec research

Exhibit 23: Key Ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
AUM and Disbursements (INR mn)				
AUM	2,448,260	3,088,320	3,823,983	4,777,310
On-book Loans	2,448,260	3,088,320	3,823,983	4,777,310
Growth (%):				
Total AUM (%)	35.3	26.1	23.8	24.9
Loan book (on balance sheet) (%)	35.3	26.1	23.8	24.9
Total Assets (%)	37.0	24.0	19.7	21.5
Net Interest Income (NII) (%)	33.5	22.9	20.7	22.6
Non-interest income (%)	0.3	12.3	19.2	19.3
Total Income (net of interest expenses) (%)	25.4	23.8	20.5	22.1
Operating Expenses (%)	21.5	21.7	20.9	19.5
Employee Cost (%)	28.2	18.1	27.5	18.2
Non-Employee Cost (%)	21.5	19.7	15.5	17.6
Pre provisioning operating profits (PPoP) (%)	27.5	24.9	20.3	23.4
Provisions (%)	49.1	72.4	8.8	22.1
PBT (%)	22.8	27.1	10.4	23.9
PAT (%)	22.8	31.8	7.3	23.9
EPS (%)	20.1	31.2	7.3	23.9
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	12.8	12.1	11.7	11.5
NIM on IEA (%)	12.3	11.5	11.3	11.2
NIM on AUM (%)	12.7	12.0	11.6	11.4
Yield on loan assets (%)	19.3	18.8	18.2	17.8
Yield on IEA (%)	18.6	17.9	17.6	17.4
Yield on AUM (%)	19.2	18.6	18.0	17.6
Cost of borrowings (%)	7.2	7.5	7.5	7.3
Interest Spreads (%)	12.1	11.3	10.8	10.5
Operating efficiencies				
Non-interest income as % of total income	57.4	55.7	55.7	56.2
Cost to income ratio	34.7	34.1	34.2	33.5
Op.costs/avg assets (%)	4.5	4.2	4.2	4.1
Op.costs/avg AUM (%)	5.4	5.0	4.9	4.7
Salaries as % of non-interest costs (%)	51.0	49.5	52.2	51.6
Capital Structure				
Average gearing ratio (x)	3.1	3.1	3.2	3.3
Leverage (x)	4.1	4.2	4.3	4.4
CAR (%)	22.5	25.1	24.4	23.1
Tier 1 CAR (%)	21.5	24.1	23.5	23.1
RWA (estimate) - INR mn	2,783,893	3,434,269	4,089,783	4,940,759
RWA as a % of loan assets	114.4	112.8	108.0	104.4

Source Company data, I-Sec research

	FY24A	FY25A	FY26E	FY27E
Asset quality and provisioning				
GNPA (%)	1.1	1.2	1.2	1.2
NNPA (%)	0.5	0.6	0.5	0.5
GNPA (INR mn)	26,000	36,780	44,768	54,963
NNPA (INR mn)	11,321	17,210	20,500	24,619
Coverage ratio (%)	56.5	53.2	54.2	55.2
Credit Costs as a % of avg AUM (bps)	215	285	248	243
Credit Costs as a % of avg on book loans (bps)	215	285	248	243
Return ratios				
RoAA (%)	4.9	5.0	4.4	4.5
RoAE (%)	20.5	20.8	18.8	19.8
ROAAUM (%)	5.9	6.0	5.2	5.2
Dividend Payout ratio (%)	-	-	-	-
Valuation Ratios				
No of shares	6,180	6,209	6,209	6,209
No of shares (fully diluted)	6,180	6,209	6,209	6,209
ESOP Outstanding	-	-	-	-
EPS (INR)	20.5	26.8	28.8	35.7
EPS fully diluted (INR)	20.5	26.8	28.8	35.7
Price to Earnings (x)	35.1	26.8	26.2	21.2
Price to Earnings (fully diluted) (x)	35.1	26.8	26.2	21.2
Book Value (fully diluted)	117	142	165	195
Adjusted book value	115	140	162	192
Price to Book	6.2	5.1	4.6	3.9
Price to Adjusted Book	6.2	5.1	4.6	3.9
DPS (INR)	-	-	-	-
Dividend yield (%)	-	-	-	-

Source Company data, I-Sec research

Exhibit 24: Key Metrics

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
DuPont Analysis				
Average Assets (INR mn)	2,565,696	3,322,420	4,041,575	4,877,083
Average Loans (INR mn)	2,112,158	2,738,468	3,415,166	4,259,284
Average Equity (INR mn)	617,518	800,031	951,981	1,118,190
Interest earned (%)	15.9	15.5	15.4	15.5
Net gain on fair value changes (%)	0.1	0.3	0.3	0.4
Interest expended (%)	5.4	5.5	5.5	5.5
Gross Interest Spread (%)	10.5	10.0	9.9	10.0
Credit cost (%)	1.8	2.4	2.1	2.1
Net Interest Spread (%)	8.7	7.6	7.8	7.9
Operating cost (%)	3.7	3.4	3.4	3.4
Lending spread (%)	5.0	4.2	4.3	4.5
Non-interest income (%)	2.3	2.0	2.0	2.0
Operating Spread (%)	7.4	6.2	6.3	6.5
Tax rate (%)	25.9	23.1	25.3	25.3
ROAA (%)	4.9	5.0	4.4	4.5
Effective leverage (AA/ AE)	4.2	4.2	4.2	4.4
RoAE (%)	20.5	20.8	18.8	19.8

Source Company data, I-Sec research

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