BUY (Maintain)

CMP: **INR 1,115** Target Price: **INR 1,350 (INR 1,250)** ▲ 21%

ICICI Securities Limited is the author and distributor of this report

12 November 2026

India | Equity Research | Company Update

Bajaj Finance

Financial Services

H1FY27 growth momentum strong; capital raise to support near-term earnings

Bajaj Finance (BFL) stands out in the NBFC space for its effective capital utilisation and strong cross-cycle returns – it has delivered 34%/46% AUM/PAT CAGRs with an average 18% RoE over FY08–26. BFL recently raised INR 175bn through a QIP and promoter warrants, which is projected to drive an 8–10% accretion in FY27–28E BVPS. Unlike past capital raises, executed at over 5x leverage, the current round occurs at under 5x leverage while sustaining an RoE of ~20%, thus signalling structurally improved profitability. BFL aims for retail credit market share expansion to 3.5–4% by FY30, from 2.8% currently, implying 23–25% AUM/PAT CAGRs each and RoE of 19–21%.

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 the medium term, despite being one of the largest NBFCs in terms of AUM as on Sep'26. BFL also seeks to expand its 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 could help the company improve its retail credit market share to 3.5–4% by FY30, from 2.8% current.

Notably, BFL not only focuses on scale but also emphasises on improving profitability – overall, it plans to deliver 19–21% RoE over FY25–30. 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 the 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 gain market share in new car financing.

Maintain **BUY** with a revised TP to INR 1,350 (earlier INR 1,250), valuing BFL at 4.5x on consolidated Sep'27E BVPS.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Interest Income (NII)	3,63,938	4,41,101	5,44,702	6,75,092
PAT (INR mn)	1,67,795	1,93,324	2,58,665	3,13,547
EPS (INR)	27.0	31.1	40.4	49.0
% Chg YoY	15.6	15.0	30.0	21.2
P/E (x)	41.3	35.9	27.6	22.8
P/BV (x)	7.0	5.9	4.5	3.8
Gross Stage - 3 (%)	1.0	1.0	1.1	1.1
RoA (%)	4.0	3.8	4.1	4.0
RoE (%)	19.1	17.9	18.8	18.0

Renish Bhuva
renish.bhuva@icicisecurities.com
+91 22 6807 7465

Gaurav Toshniwal
gaurav.toshniwal@icicisecurities.com

Market Data

Market Cap (INR)	6,942bn
Market Cap (USD)	73,860mn
Bloomberg Code	BAF IN
Reuters Code	BJFN.BO
52-week Range (INR)	1,178 /787
Free Float (%)	43.0
ADTV-3M (mn) (USD)	79.9

Price Performance (%)	3m	6m	12m
Absolute	1.9	23.4	10.1
Relative to Sensex	(3.2)	13.5	13.1

ESG Score	2025	2026	Change
ESG score	78.7	78.7	0.0
Environment	73.5	63.6	(9.9)
Social	82.2	81.2	(1.0)
Governance	77.5	82.1	4.6

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

Source: SES ESG, I-sec research

Previous Reports

20-10-2026: Q2FY27 results review

31-07-2026: Q1FY27 results review

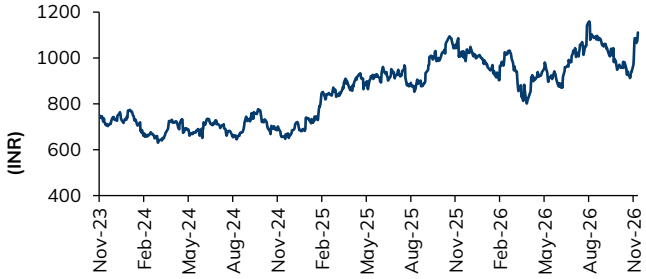
Key risks: 1) Credit cost above company guidance; and 2) AUM growth below company guidance.

Exhibit 1: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	54.7	54.7	54.7
Institutional investors	36.6	36.7	36.8
MFs and others	10.7	11.6	10.3
FIs/Banks	0.0	0.1	0.4
Insurance	4.6	4.8	6.3
FIIs	21.3	20.2	19.8
Others	8.7	8.6	8.5

Source: Bloomberg, I-Sec research

Exhibit 2: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 3: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Interest Income	6,11,636	7,27,760	9,03,370	11,37,470
Interest Expenses	(2,47,698)	(2,86,660)	(3,58,668)	(4,62,378)
Net Interest Income (NII)	**3,63,938**	**4,41,101**	**5,44,702**	**6,75,092**
Total Income (net of interest expenses)	**4,40,772**	**5,33,236**	**6,47,333**	**7,92,994**
Employee benefit expenses	(75,083)	(89,785)	(1,08,454)	(1,29,337)
Depreciation and amortization	(8,810)	(10,090)	(13,621)	(15,664)
Other operating expenses	(65,379)	(77,888)	(93,175)	(1,12,862)
Total Operating Expense	**(1,49,272)**	**(1,77,763)**	**(2,15,250)**	**(2,57,864)**
Pre Provisioning Profits (PPoP)	**2,91,501**	**3,55,473**	**4,32,083**	**5,35,131**
Provisions and write offs	(70,882)	(94,819)	(86,823)	(1,16,580)
Profit before tax (PBT)	**2,20,796**	**2,58,167**	**3,45,424**	**4,18,715**
Total tax expenses	(53,002)	(64,843)	(86,759)	(1,05,167)
Profit after tax (PAT)	**1,67,795**	**1,93,324**	**2,58,665**	**3,13,547**

Source Company data, I-Sec research

Exhibit 4: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Share capital	1,242	6,218	6,399	6,399
Reserves & surplus	9,88,127	11,63,638	15,72,861	18,92,008
Shareholders' funds	**9,89,369**	**11,69,855**	**15,79,260**	**18,98,407**
Borrowings	36,12,487	43,51,125	53,42,603	68,25,234
Provisions & Other Liabilities	59,413	78,543	94,252	1,13,102
Total Liabilities and Stakeholder's Equity	**46,61,269**	**55,99,524**	**70,16,116**	**88,36,743**
Cash and balance with RBI	36,425	1,89,690	2,36,621	2,95,776
Loans	**40,78,442**	**49,89,436**	**63,36,583**	**79,20,729**
Investments	3,44,408	3,05,778	3,16,829	4,75,244
Other Assets	2,01,994	1,14,620	1,26,082	1,44,995
Total Assets	**46,61,269**	**55,99,524**	**70,16,116**	**88,36,743**

Source Company data, I-Sec research

Exhibit 5: Key Ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
AUM and Disbursements (INR mn)				
AUM	41,66,610	50,99,750	64,76,683	80,95,853
On-book Loans	40,78,442	49,89,436	63,36,583	79,20,729
Off-book Loans	88,169	1,10,315	1,40,100	1,75,124
Growth (%):				
Total AUM (%)	26.0	22.4	27.0	25.0
Loan book (on balance sheet) (%)	25.0	22.3	27.0	25.0
Total Assets (%)	24.1	20.1	25.3	25.9
Net Interest Income (NII) (%)	23.0	21.2	23.5	23.9
Non-interest income (%)	15.1	19.9	11.4	14.9
Total Income (net of interest expenses) (%)	21.6	21.0	21.4	22.5
Operating Expenses (%)	21.1	19.1	21.1	19.8
Employee Cost (%)	17.4	19.6	20.8	19.3
Non-Employee Cost (%)	24.6	19.1	19.6	21.1
Pre provisioning operating profits (PPoP) (%)	21.8	21.9	21.6	23.8
Provisions (%)	53.1	33.8	(8.4)	34.3
PBT (%)	14.3	16.9	33.8	21.2
PAT (%)	16.1	15.2	33.8	21.2
EPS (%)	15.6	15.0	30.0	21.2
Yields, interest costs and spreads (%)				
NIM on loan assets (%)	9.9	9.7	9.6	9.5
NIM on IEA (%)	9.6	9.3	9.1	8.9
NIM on AUM (%)	9.7	9.5	9.4	9.3
Yield on loan assets (%)	16.7	16.1	16.0	16.0
Yield on IEA (%)	16.1	15.3	15.1	15.1
Yield on AUM (%)	16.4	15.7	15.6	15.6
Cost of borrowings (%)	7.6	7.2	7.4	7.6
Interest Spreads (%)	9.1	8.9	8.6	8.4
Operating efficiencies				
Non interest income as % of total income	52.9	53.8	54.1	53.8
Cost to income ratio	33.9	33.3	33.3	32.5
Op.costs/avg assets (%)	3.5	3.5	3.4	3.3
Op.costs/avg AUM (%)	4.0	3.8	3.7	3.5
No of employees (estimate) (x)	64,092	71,613	80,207	88,227
No of branches (x)	4,263	4,098	4,590	5,049
Salaries as % of non-interest costs (%)	50.3	50.5	50.4	50.2
NII /employee (INR mn)	5.7	6.2	6.8	7.7
AUM/employee(INR mn)	65.0	71.2	80.8	91.8
AUM/ branch (INR mn)	977.4	1,244.4	1,411.1	1,603.5
Capital Structure				
Average gearing ratio (x)	3.7	3.7	3.4	3.6
Leverage (x)	4.7	4.8	4.4	4.7
CAR (%)	21.9	21.6	27.7	26.7
Tier 1 CAR (%)	21.1	20.7	26.8	25.8
Tier 2 CAR (%)	0.8	0.9	0.9	0.9
RWA (estimate) - INR mn	38,99,811	46,33,234	58,93,022	73,66,278
RWA as a % of loan assets	95.6	92.9	93.0	93.0

Source Company data, I-Sec research

	FY25A	FY26A	FY27E	FY28E
Asset quality and provisioning				
GNPA (%)	1.0	1.0	1.0	1.0
NNPA (%)	0.4	0.4	0.4	0.4
GNPA (INR mn)	39,650	51,190	63,670	80,149
NNPA (INR mn)	18,350	20,630	25,468	32,060
Coverage ratio (%)	53.7	59.7	60.0	60.0
Credit Costs as a % of avg AUM (bps)	190	205	150	160
Credit Costs as a % of avg on book loans (bps)	193	209	153	164
Return ratios				
RoAA (%)	4.0	3.8	4.1	4.0
RoAE (%)	19.1	17.9	18.8	18.0
ROAAUM (%)	4.5	4.2	4.5	4.3
Valuation Ratios				
No of shares	6,209	6,218	6,399	6,399
No of shares (fully diluted)	6,209	6,218	6,399	6,399
EPS (INR)	27.0	31.1	40.4	49.0
EPS fully diluted (INR)	27.0	31.1	40.4	49.0
Price to Earnings (x)	41.3	35.9	27.6	22.8
Price to Earnings (fully diluted) (x)	41.3	35.9	27.6	22.8
Book Value (fully diluted)	159	188	247	297
Adjusted book value	157	186	244	293
Price to Book	7.0	5.9	4.5	3.8
Price to Adjusted Book	7.1	6.0	4.6	3.8

Source Company data, I-Sec research

Exhibit 6: Key Metrics

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
DuPont Analysis				
Average Assets (INR mn)	42,09,342	51,30,396	63,07,820	79,26,430
Average Loans (INR mn)	36,70,687	45,33,939	56,63,009	71,28,656
Average Equity (INR mn)	8,78,161	10,79,612	13,74,558	17,38,834
Interest earned (%)	14.5	14.2	14.3	14.4
Interest expended (%)	5.9	5.6	5.7	5.8
Gross Interest Spread (%)	**8.6**	**8.6**	**8.6**	**8.5**
Credit cost (%)	1.7	1.8	1.4	1.5
Net Interest Spread (%)	**7.0**	**6.7**	**7.3**	**7.0**
Operating cost (%)	3.5	3.5	3.4	3.3
Lending spread (%)	**3.4**	**3.3**	**3.8**	**3.8**
Non interest income (%)	1.8	1.8	1.6	1.5
Operating Spread (%)	**5.2**	**5.1**	**5.5**	**5.3**
Tax rate (%)	24.0	25.1	25.1	25.1
ROAA (%)	**4.0**	**3.8**	**4.1**	**4.0**
Effective leverage (AA/ AE)	4.8	4.8	4.6	4.6
RoAE (%)	**19.1**	**17.9**	**18.8**	**18.0**

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com and Kadambari_balachandran@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Renish Bhuva, CFA (ICFAI); Gaurav Toshniwal, CA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report.

SEBI Guidelines for Research Analyst (RA) requires all RAs to disclose terms and conditions pertaining to Research Services to all clients. Please go through the "Mandatory terms and conditions" and "Most Important Terms and Conditions. (Link)

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address** : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122