



STOCK UPDATE

Result Update - Q3FY2026

SECTOR

NBFC

COMPANY DETAILS

Market cap:	Rs. 5,99,598 cr
52-week high/low:	Rs. 1102 / 788
NSE volume: (No of shares)	71.4 lakh
BSE code:	500034
NSE code:	BAJFINANCE
Free float: (No of shares)	264 cr

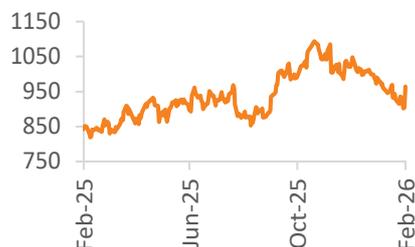
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	54.7
FII	21.5
DII	14.9
Others	8.9

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-1.5	-8.8	8.9	13.7
Relative to Sensex	0.4	-9.2	5.5	7.0

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **BUY**

CMP: **Rs. 964**

Price Target: **Rs. 1,125**

Quick Snapshot

- Reported PAT fell due to one-off expenses (ECL and labor code), APAT surged 23.4% y-o-y and 7.4% q-o-q to Rs. 5,317 crore.
- NII rose 20.6% y-o-y and 4.9% q-o-q to Rs. 11,318 crore, despite a slight fall in NIM.
- Annualised credit cost surged to 2.99% (of AUM) up by 94 bps y-o-y and 103 bps q-o-q due to creating one-time provisions of Rs. 1,406 crore related to ECL to strengthen balance sheet, excluding which it came in at 1.83% down by 22 bps y-o-y and 13 bps q-o-q. Asset quality improved.
- We maintain a Buy rating with an unchanged PT of Rs. 1,125. The stock trades at 4.5x and 3.7x of its FY27 and FY28 BV.

Result overview

- NII, in line with estimates, grew 20.6% y-o-y and 4.9% q-o-q to Rs. 11,318 crore. NIM fell by 8 bps y-o-y due to higher drop in yield than cost of funds, though it was almost flat q-o-q.
- Other income rose by 11.7% y-o-y and 7.3% q-o-q to Rs. 2,558 crore led by strong growth in fee income (up by 29.8% y-o-y and 10.2% q-o-q).
- Opex/AUM came at 3.76% (annualized), down by 13 bps, but higher by 4 bps due to one-time employee expenses related to labor code. PPOP rose by 19.4% y-o-y and 5.1% q-o-q to Rs. 9,322 crore.
- Annualised credit cost stood at 2.99% (of AUM) up by 94 bps y-o-y and 103 bps q-o-q due to creating additional provisions of Rs. 1,406 crore for ECL. The management considers such expenses as one-time which will strengthen the balance sheet. Without this, it came in at 1.83% down by 22 bps y-o-y and 13 bps q-o-q.
- Operational performance was healthy however which could not reflect into the reported PAT growth due to creating additional provisions for ECL and one time expenses related to the new labour code, thus PAT fell by 5.6% y-o-y and 17.8% q-o-q, though adjusted PAT rose by 23.4% and 7.5% q-o-q to Rs. 5,317 crore.
- Asset quality improved, as GNPA reduced by 3 bps q-o-q to 1.21% while net NPA fell 1 bps y-o-y and 13 bps q-o-q as the company created additional provisions, thus driving up PCR. Stage-2 & 3 assets fell Rs. 93 crore q-o-q.
- AUM grew by 21.7% y-o-y and 4.8% q-o-q to Rs. 484,477 crore, in line with estimates. Growth is driven by gold, car, mortgages, rural, urban and commercial loans. Two/three wheeler loans dropped by 28.4% y-o-y 4.8% q-o-q due to running down captive business while SME loans dropped by 1.1% q-o-q due to focus on asset quality over growth as experiencing higher stress.

Our Call

Q3FY26 was in line with expectation barring one-offs. The company is targeting 22% AUM growth for FY26 despite running down captive two/three wheeler business and focusing on asset quality for the SME segment. Other income is also expected to grow at 18-20% from FY27 (as against ~13-14% for FY26). Management expects credit costs at 165-175 bps for FY27 including additional provisions for ECL. Besides, it has also created additional provisions for ECL in Q3 which has strengthen balance sheet. AUM growth for SME business is expected to improve post 2-3 quarters. We expect an AUM/PAT CAGR of 23%/24% over FY25-FY28 with RoA/RoE >21% and 4% in FY28. Hence, we maintain our Buy rating with an unchanged PT of Rs. 1,125. The stock trades at 4.5x and 3.7x of its FY27 and FY28 BV.

Key Risks

Asset quality risks and continued weak demand from MSME segments.

Valuation

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Interest Income	29,584	36,393	44,108	54,490	67,290
Net profit	14,451	16,780	19,435	25,339	31,998
EPS (Rs)	23.3	26.8	31.3	40.8	51.5
P/E (x)	41.5	36.0	30.9	23.7	18.7
P/BV (x)	7.8	6.2	5.3	4.5	3.7
RoE (%)	22.0%	19.3%	18.5%	20.4%	21.5%
RoA (%)	4.4%	4.0%	3.8%	4.1%	4.2%

Source: Company; Mirae Asset Sharekhan estimates

Note: CMP as on Feb 04, 2026

Concall highlights

AUM and Disbursement growth

- AUM grew by 21.7% y-o-y and 4.8% q-o-q to Rs. 4,84,877 crore. Further Management guided for 22%–23% AUM growth for FY2026. This calibrated guidance accounts for two specific reasons: the intentional winding down of the captive two-wheeler book and a temporary deceleration in the MSME segment.
- SME business reported a modest 8.9% growth y-o-y. Management expects a “U-shaped” recovery for the segment, projecting another 2–3 quarters before it returns to a historical 20%+ growth trajectory.
- The company aims to become a 200 million customer company within the next 3 to 4 years.
- By FY30, the firm envisions processing 100 million loans annually, reaching approximately 20% of the active households in India.
- A fundamental shift in the company’s growth model is the transition from a “hunting” (new customer acquisition) focus to a “farming” (existing customer retention and cross-selling) focus. The Shift: The current ratio of 60% hunting and 40% farming is expected to flip to 40% hunting and 60% farming over the next three to four year.
- FY26 customer additions are expected to be at 17-18 million, with the overall franchise on track to exceed 120 million customers in the current year.
- Gold loan business is expected to continue strong growth (20%+) through sustained distribution expansion, with existing branches morphing into gold loan branches and new branches being added.
- Vehicle finance business is likely to grow organically in the 20s, with new car finance growing in the early 30s and used car growth improving in the second half of the year. CV and tractor segments are projected to grow 30-40%.

Other Income

- Fee income growth is expected to normalize to between 17% and 20% y-o-y from FY27 onwards.

NII and NIM

- The underlying health of the business remains strong, with Net Interest Income (NII) growing by 21% y-o-y.
- NIMs remained steady throughout the quarter, signaling effective pricing power and cost-of-funds management despite the volatile competitive landscape.
- Cost of funds is projected to be between 7.55%-7.6% by the end of the FY26.

Opex

- Bajaj Finance incurred a one-time exceptional charge of Rs. 265 crores in Q3 due to increased actuarial liability from the new labor code, with an expected annualized impact of Rs. 100-125 crore in the next fiscal.
- The company continues to demonstrate positive operating leverage. The opex-to-NII ratio improved to 32.8%, reflecting streamlined internal processes and a successful effort to contain costs while scaling the core business.

Asset quality and credit cost

- Asset quality improved in the quarter.
- Management has implemented a mandatory Loss Given Default (LGD) floor across all business lines. This board-ratified shift is a permanent structural change—not a temporary overlay—designed to “shockproof” the balance sheet against global macroeconomic volatility.
- Credit cost for the next fiscal year (FY’27) is foreseen to be in the range of 165 to 175 bps, including the impact of permanent provisioning changes.

RoE

- Adjusting for one-time headwinds, the core operating ROE stood at 19.6%. This figure—calculated before the impact of accelerated ECL provisions and new labor-related charges—highlights the company’s ability to maintain near-20% returns through its fundamental lending operations.

Results Table

	Rs cr				
Particulars	Q3FY26	Q3FY25	Y-o-Y	Q2FY26	Q-o-Q
Interest Earned	18,656	15,768	18.3%	17,796	4.8%
Interest Expended	7,339	6,386	14.9%	7,011	4.7%
NII	11,318	9,383	20.6%	10,785	4.9%
Other Income	2,558	2,290	11.7%	2,385	7.3%
Total Income	13,876	11,673	18.9%	13,169	5.4%
Operating Expenditure	4,554	3,867	17.8%	4,296	6.0%
Pre- Prov Operating Profit	9,322	7,806	19.4%	8,874	5.1%
P&C	3,625	2,043	77.4%	2,269	59.8%
PBT	5,696	5,762	-1.1%	6,605	-13.8%
Tax	1,365	1,457	-6.3%	1,661	-17.8%
Net Profit	4,066	4,308	-5.6%	4,947	-17.8%
AUM	4,84,477	3,98,043	21.7%	4,62,261	4.8%
Core Provisioning	2,219	2,043	8.6%	2,269	-2.2%
Exceptional one-time employee	265	0		0	
Increased provisioning	1,406	0		0	
Adjusted PAT	5,317	4,308	23.4%	4,947	7.5%

Source: Company; Mirae Asset Sharekhan Research

Key Ratios

Particulars	Q3FY26	Q3FY25	Y-o-Y (bps)	Q2FY26	Q-o-Q (bps)
NII as % of AUM	9.34%	9.43%	-8.4	9.33%	1.2
Fee income % of AUM	2.11%	2.30%	-18.9	2.06%	4.8
Opex as % of AUM	3.76%	3.89%	-12.6	3.72%	4.3
Prov as % of AUM	2.99%	2.05%	94.0	1.96%	103.0
Tax Rate % of AUM	1.13%	1.46%	-33.7	1.44%	-31.0

Source: Company; Mirae Asset Sharekhan Research

Asset quality (%)

Particular (%)	Q3FY26	Q3FY25	Y-o-Y (bps)	Q2FY26	Q-o-Q (bps)
GS-3	1.21%	1.12%	9.0	1.24%	-3.0
NS-3	0.47%	0.48%	-1.0	0.60%	-13.0

Source: Company; Mirae Asset Sharekhan Research

Additional Data**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	Bajaj Finserv Ltd	51.32
2	Maharashtra Scooters Ltd	3.05
3	Life Insurance Corp of India	2.38
4	SBI Funds Management Ltd	2.28
5	Republic of Singapore	2.16
6	Vanguard Group Inc/The	1.96
7	Blackrock Inc	1.85
8	FMR LLC	1.39
9	NPS Trust A/c Uti Retirement Solut	1.37
10	UTI Asset Management Co Ltd	1.14

Source: Bloomberg

Key management personnel

Name	Designation
Rajeev Jain	MD
Sandeep Jain	CFO & COO
Sanjiv Bajaj	Chairman

Source: Company Website

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