MIRAE ASSET Sharekhan

Bajaj Finserv Ltd

One-offs hit bottomline, respectable on growth front

Reco/View: **BUY**	CMP: **Rs. 2,007**	Price Target: **Rs. 2,450**

BAJAJ FINSERV

STOCK UPDATE

Result Update - Q3FY2026

SECTOR

NBFC

COMPANY DETAILS

Market cap:	Rs. 3,20,633 cr
52-week high/low:	Rs. 2,195 / 1,728
NSE volume: (No of shares)	10.8 lakh
BSE code:	532978
NSE code:	BAJAJFINSV
Free float: (No of shares)	57.0 cr

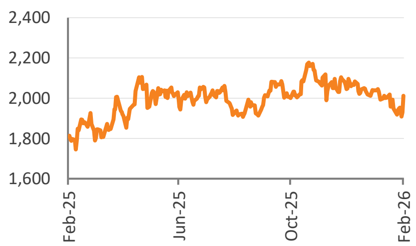
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	58.8
FII	8.1
DII	10.7
Others	22.4

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-1.0	-2.6	1.3	11.4
Relative to Sensex	0.9	-3.0	-2.2	4.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- Consolidated PAT was flat y-o-y at Rs. 2,229 crore, affected by the new labor code and high ECL provisions. Excluding these two, net profit would have risen 32% y-o-y.
- Bajaj General Insurance's GWPs grew 12% y-o-y to Rs 7,389 crore. Ex-crop GWP growth was at 17%.
- Bajaj Life's new business premium rose 27% to Rs3,501 crore, while GWPs rose 23% y-o-y. NBM margins rose 390 bps y-o-y to 19%.
- Results bode well for growth and we maintain a Buy rating with an unchanged PT of Rs. 2450.

Result overview

- Bajaj Finserv + promoter group acquired Allianz's 23% additional stake in Bajaj Life & Bajaj General. BFS now holds 75.01% in each business. The Bajaj Group collectively holds 97% equity stake in each of the two insurance subsidiaries.
- Bajaj Finance implemented a minimum LGD floor across all businesses, resulting in an accelerated ECL provision of Rs. 1,406 crore. Additionally, BFS and subsidiaries recorded a one-time charge of Rs. 379 crore for the New Labour Code.
- General insurance business' GWP rose 12% y-o-y to Rs. 7,389 crore and excluding tender driven businesses like crop and government health, it was up 17% y-o-y. Motor and retail health were key drivers up 22.6% and 23.3% y-o-y.
- Claims ratio improved to 75.1% in Q3FY26 versus 77.7% y-o-y due to better claims experience and owing to this Combined ratio improved to 97.9% versus 101.1% y-o-y. PAT stood at Rs 399 crore. Excluding one-time charge of New Labour Codes, PAT for general insurance was up by 8% Rs 430 crore.
- Life insurance business delivered strong growth, with new business premium rising 27% y-o-y to Rs. 3,501 crore. Retail-weighted received premium (RWRP) increased 20%, while group protection new business grew 29. Renewal premium also rose 21% y-o-y to Rs. 4,353 crore reflecting robust persistency and overall business expansion across individual and group segments.
- VNB rose 59% y-o-y to Rs. 405 , led by product restructuring, improved product mix, and cost optimisation initiatives. New business margin was up 390 basis points to 19% in Q3. The insurer recorded a loss of Rs. 31 crore, versus a profit of Rs. 222 crore y-o-y. The loss was primarily due to the loss of GST input tax credit and the one-time charge related to the New Labour Code.

Our Call

Q3 numbers were masked by two one-offs, but underlying growth momentum stays healthy. The Allianz stake acquisition is a strategic move that cements Bajaj Finserv's control over two highly potent, capital-light insurance franchises and will add to future consolidated earnings accretion. We remain constructive on the stock and maintain our BUY rating with SOTP based PT of Rs. 2450.

Key Risks

Incremental stress in certain pockets could drive up credit cost.

SOTP Valuation

Particulars	Holding	Rationale	Value per share
BALIC	75%	2.1x Average EV for FY27-28E	335
BAGIC	75%	30x Average EPS for FY27-28E	299
Bajaj Finance	51%	4.7x Average BVPS for FY27-FY28E	2,247
Less: Holding Co Discount	15%		432
Total			2,450

Source: Company; Mirae Asset Sharekhan estimates

Concall Highlights

General insurance

- Maintained its lead as the top private player on a GDPI basis for Q3.
- Motor growth was primarily driven by increased market share in new motor vehicle insurance, specifically in the two-wheeler and four-wheeler segments.
- Despite growth, the motor OD loss ratio remains elevated across the industry due to pricing pressures and a drop in Insured Declared Value (IDV) following GST collection changes.
- The Net Earned Premium (NEP) growth appeared lower this quarter due to a change in the seeding percentage of government health business; excluding this, NEP growth would have been approximately 5% to 6%.
- AUM reached Rs. 36,417 crores, a 12% increase y-o-y.

Life insurance

- Under the "Bajaj Life 2.0" strategy, the company achieved its highest ever value of new business (VNB) and new business margins on a YTD basis over the last decade. For the quarter, VNB grew 59% to Rs. 405 crore, with margins rising to 19%. However, management expects VNB margin expansion to taper down in the future as the base effect kicks in.
- **GST Impact:** The company faced a 450 bps impact from GST changes.
- **Product and Channel Strategy:**
  - Product mix was balanced: ULIPs (44%), PAR (23%), Non-PAR savings (14%), Annuities (11%), and Term (9%).
  - Annuity mix increased following new product interventions, though management noted the deferred annuity market remains intensely competitive. Retail protection grew by 47%.
  - Persistency dips were observed across a few cohorts, following broader industry trends.
  - For the agency channel, management is prioritising the bottomline and VNB over topline growth.

Lending Businesses

- **Bajaj Finance:** Net total income grew 19% to Rs. 13,817 crores. GNPA and NNPA stood at 1.2% and 0.5% respectively.
- **Bajaj Housing Finance:** Net interest income grew 19% to Rs. 1,153 crores. Asset quality remained strong with GNPA at 0.27% and NNPA at 0.11%.
- **Profitability:** Excluding one-off impacts (such as the new Labor Code and accelerated ECL provisions), PAT for BFL grew 23.3% and PAT for BHFL grew 23.2%.

Emerging companies

- **Bajaj Finserv Health:** The company saw significant scaling, carrying out 6.2 million healthcare transactions, compared to 2.1 million in the same quarter last year.
- **Bajaj Finserv AMC:** This business became the fastest to cross Rs. 30,000 crores in AUM (in 2.5 years) and plans to launch Alternative Investment Funds (AIF) by the end of FY27.

Bajaj Finserv (Concolidated) — **Rs cr**

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Total Income	**39,708**	**32,042**	**23.9**	**37,403**	**6.2**
Total Expenses	33,404	26,233	27.3	30,581	9.2
Profit Before Exceptional Item & Tax	**6,304**	**5,808**	**8.5**	**6,822**	**-7.6**
Exceptional Item (New Labour Codes)	379	-		-	
Profit Before Tax	5,926	5,812	2.0	6,825	-13.2
PAT before minority interest	4,368	4,412	-1.0	4,746	-8.0
Net Profit	**2,229**	**2,231**	**-0.1**	**2,244**	**-0.7**

Source: Company; Mirae Asset Sharekhan Research

Bajaj Finance (Consolidated) Rs cr

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Interest income	18,656	15,768	18.3	17796	4.8
Interest expenses	7,339	6,386	14.9	7011	4.7
Net interest income	**11,317**	**9,382**	**20.6**	**10785**	**4.9**
Other operating income	2,558	2,291	11.7	2385	7.3
Net total income	13,875	11,673	18.9	13170	5.4
Operating expenses	4,556	3,868	17.8	4296	6.1
Pre-provisioning operating profit	**9,319**	**7,805**	**19.4**	**8874**	**5.0**
Loan losses and provisions	2,219	2,043	8.6	2269	-2.2
Accelerated ECL provision	1,406				
One-time charge of New Labour Codes	265				
Profit before tax	5,431	5,765	-5.8	6608	-17.8
Profit after tax	**3,978**	**4,246**	**-6.3**	**4876**	**-18.4**

Source: Company; Mirae Asset Sharekhan Research

General Insurance Rs cr

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Gross Written Premium	**7,389**	**6,626**	**11.5**	**6413**	**15.2**
Net Earned Premium	2,456	2,403	2.2	2404	2.2
Underwriting Result	-137	-43	-	-92	-
Investment and Other Income (Net)	667	577	15.6	788	-15.4
Profit Before Tax	530	534	-0.7	696	-23.9
Profit After Tax	**399**	**400**	**-0.2**	**517**	**-22.8**
Claim Ratio	75.10%	77.70%		75.80%	
Combined Ratio	97.90%	101.10%		102.30%	
Combined Ratio (excl. 1/n)	97.30%	100.20%		101.40%	

Source: Company; Mirae Asset Sharekhan Research

Life insurance Rs cr

Particulars	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
New Business Premium	**3,501**	**2,761**	**26.8**	**4012**	**-12.7**
Retail Weighted Received Premium	1,857	1,549	19.9	1850	0.4
Group Protection New Business Premium	785	609	28.9	750	4.7
Group Fund New Business Premium	620	496	25.0	1231	-49.6
Renewal Premium	**4,353**	**3,600**	**20.9**	**4354**	**0.0**
Gross Written Premium	7,854	6,361	23.5	8366	-6.1
Net Value of New Business (VNB)	405	254	59.4	367	10.4
Profit/(Loss) After Tax	**-31**	**222**	**-**	**13**	**-**

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Bajaj Holdings & Investment Ltd	38.35
2	Jamnalal Sons Pvt Ltd	8.56
3	Jaya Hind Industries Pvt Ltd	3.93
4	SBI Funds Management Ltd	2.72
5	Maharashtra Scooters Ltd	2.37
6	Life Insurance Corp of India	1.81
7	Bajaj Sevashram Pvt Ltd	1.67
8	ICICI Prudential Asset Management	1.54
9	Bachhraj & Co Pvt Ltd	1.46
10	Bajaj Niraj	1.33

Source: Bloomberg

Key management personnel

Name	Designation
Sanjiv Bajaj	Chairman & MD
Ramandeep Singh Sahni	CFO

Source: Company Website

SOMIL RAMESH MEHTA

Digitally signed by SOMIL RAMESH MEHTA
Date: 2026.02.05 16:30:28 +05'30'

DISCLAIMER

This research report ("Report") has been issued by Sharekhan Limited ("**Mirae Asset Sharekhan**"), and is intended for use only by the person or entity to which it is addressed to. This Report may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited unless specifically permitted by Mirae Asset Sharekhan. This Report is subject to change without prior notice.

Recommendation in reports is based on technical and derivatives analysis and based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/ documents focused on technical and derivatives research and shall not apply to reports/ documents/ information focused on fundamental research.

This Report does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same without discrimination, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers only by virtue of their receiving this Report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavor to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("**Affiliates**") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This Report is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this Report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this Report should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this Report (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of, and/ or other individual analysts employed by Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this Report. The reports may reflect different assumptions, views and analytical methods of the analysts who prepared them. Mirae Asset Sharekhan may make investment or other decisions that are inconsistent with the opinions and views expressed in this Report. The views and opinions expressed in this Report may vary from or contradict with the report, views, estimates, rating, and target price if any provided/ issued by entity(ies) within or outside the group or other team(s) within Mirae Asset Sharekhan basis various factors including but not limited to rating criteria, valuation methodologies, assumptions, accounting methodologies, etc.

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 Mirae Asset Sharekhan 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 a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this Report accurately reflect his or her personal views about the subject company or companies and its or their securities. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan or their associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the Report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan and their associates have not served as officers, directors or employees of the subject company. The analyst and Mirae Asset Sharekhan or its associates may have managed or co-managed the public offerings of the company. Mirae Asset Sharekhan, or its associates, or analysts may have received compensation for investment banking, merchant banking, brokerage services or received compensation for products or services other than investment banking, merchant banking or brokerage services from the subject company or from a third party in the past twelve months in connection with the Report, or received any other compensation or benefits from the subject company or other third party in connection with this Report. Mirae Asset Sharekhan or its associates have not been debarred/ suspended by the Securities and Exchange Board of India ("**SEBI**") or any other regulatory authority for accessing/ dealing in securities market. Mirae Asset Sharekhan or its associates or research analyst or his/her relatives may have financial interest or any other material conflict of interest in the subject company of this research report at the time of publication of the research report or at the time of public appearance. Further, please note that Mirae Asset Sharekhan or its research analysts or their associate(s) have not used artificial intelligence tools in providing research services.

Either Mirae Asset Sharekhan or its Affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities of the subject company or related securities referred to in this Report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Mirae Asset Sharekhan and its Affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/ investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market is subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asia money Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges on www.sharekhan.com

Most Important Terms and Conditions (MITC) for MASK research services can be viewed on Sharekhan website under

https://www.sharekhan.com/MediaGalary/Common/MITC_Sharekhan.pdf

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address: Gigaplex IT Park, Unit No 1001, 10th Floor, Building No. 9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200 / 022-61151111.