



3R MATRIX

	+	=	-
Right Sector (RS)	✓	■	■
Right Quality (RQ)	✓	■	■
Right Valuation (RV)	✓	■	■

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	■	↔	■
RQ	■	↔	■
RV	■	↔	■

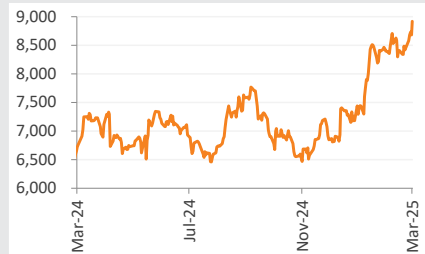
Company details

Market cap:	Rs. 5,52,000 cr
52-week high/low:	Rs. 9070/6377
NSE volume: (No of shares)	11.24 lakh
BSE code:	500034
NSE code:	BAJFINANCE
Free float: (No of shares)	26.04 cr

Shareholding (%)

Promoters	54.7
FII	20.8
DII	15.0
Others	9.5

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	6.2	30.2	17.6	32.8
Relative to Sensex	4.1	31.7	24.9	26.9

Source: Mirae Asset Sharekhan Research, Bloomberg

Bajaj Finance Ltd.

Leadership continuity, steady outlook bode well

NBFC	Sharekhan code: BAJFINANCE		
Reco/View: Buy	↔	CMP: Rs. 8,918	Price Target: Rs. 10,500
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- Mr. Rajeev Jain (MD) has been elevated as Vice Chairman for three years.
- Mr. Anup Saha, the deputy MD has been promoted as the MD, for three years.
- Succession has been executed well, continuity of the leadership reinforces the investors' confidence.
- We maintain a Buy with a revised PT of Rs. 10,500 as focus now shifts to core fundamentals of the franchise which are intact. At CMP, the stock trades at 4.7x/4.0x FY2026E/FY2027E BV estimates.

Bajaj Finance's board has promoted Mr. Rajeev Jain (MD & CEO) to as vice chairman, in the capacity of an executive director for three years with effect from 1 April 2025. Besides, Mr Anup Saha (deputy MD) has been promoted as MD. The continuity of the management is likely to play a key role for achieving strategic growth plans laid out in the long-range strategies (LRS). It also enhances investor confidence as succession plan is executed well and leadership continuity will play key role. Mr. Jain has been with Bajaj Finance since 2007 and took over as managing director in 2015, has been instrumental in transforming the company from a single-product franchise to a diversified financial services powerhouse with 25 product suites and an impressive track record of a 35% CAGR in the loan book during FY2009-24.

Stable leadership reinforces LRS: Mr Jain has steered the business exceptionally well, after joining the Board in 2007. He would continue to shape and oversee the business strategy of the company, especially its LRS 2029, wherein it expects to double its customer franchise to 190-210 million from the current level of about 97 million thereby increasing the market share pie. Mr. Anup Saha would continue to report to Mr. Jain.

Steady earnings outlook: The company has guided for 25-27% loan growth for FY2026E. We find tailwinds from likely peaking of credit costs in FY2025E, lower funding cost due to policy rate cuts and strong opex measures, including curtailing new workforce expansion. It is expected to outperform peers in terms of growth and return ratio trajectory.

Our Call

Valuation - Maintain Buy with a revised PT of Rs. 10,500: Succession has been executed well, continuity of the leadership reinforces investors' confidence. Overall, we expect strong AUM /PAT CAGR of 25%/26% for FY25-27. Growth is expected to translate into the strong return ratios RoA >4%, / RoE>21% in FY27E. It is expected to outperform peers in terms of growth / return ratios and this makes an interesting play in quality large cap space. We retain a Buy rating with a revised PT of Rs. 10,500. At CMP, the stock trades at 4.7x/ 4.0x its FY2026E/ FY2027E BV.

Key Risks

Intensifying competition in retail lending space; Asset quality risk; Regulatory headwinds.

Valuation

Particulars	FY23	FY24	FY25E	FY26E	FY27E
NII	22,990	29,584	36,258	45,833	57,333
PAT	11,508	14,451	16,656	20,712	26,547
EPS (Rs)	189.7	235.1	271.0	337.0	431.9
RoA (%)	4.7	4.4	3.9	3.9	4.1
RoE (%)	23.5	22.0	19.3	19.6	21.0
P/E (x)	46.9	37.9	32.8	26.4	20.6
P/BV (x)	9.9	7.1	5.6	4.7	4.0

Source: Company; Mirae Asset Sharekhan estimates

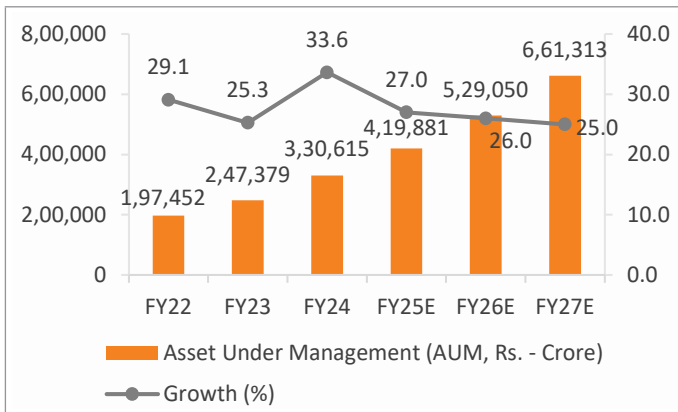
Rajeev Jain as MD - Bajaj Finance Performance (consolidated)

Particulars	FY15	FY24	CAGR
AUM (Rs. Crore)	32,400	330,600	29.4%
PAT (Rs. Crore)	898	14451	36.2%
RoA (%)	3.3	5.1	180 bps
RoE (%)	20.4	22.1	170 bps

Source: Company; Mirae Asset Sharekhan Research

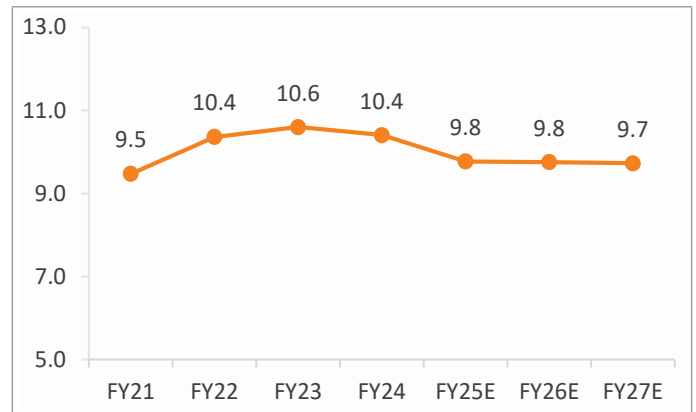
Financials in charts

Strong AUM Growth



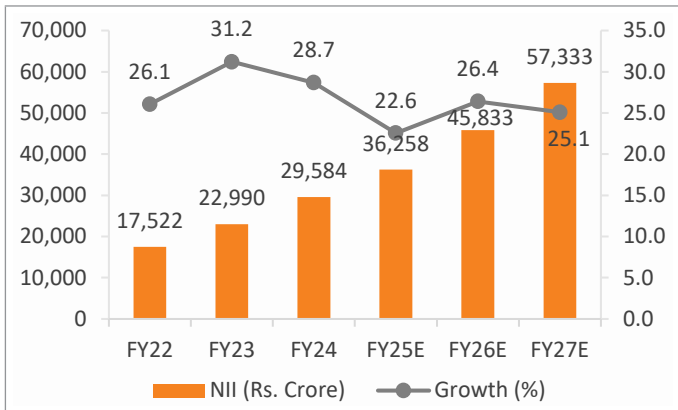
Source: Company; Mirae Asset Sharekhan Research

NIM Trend



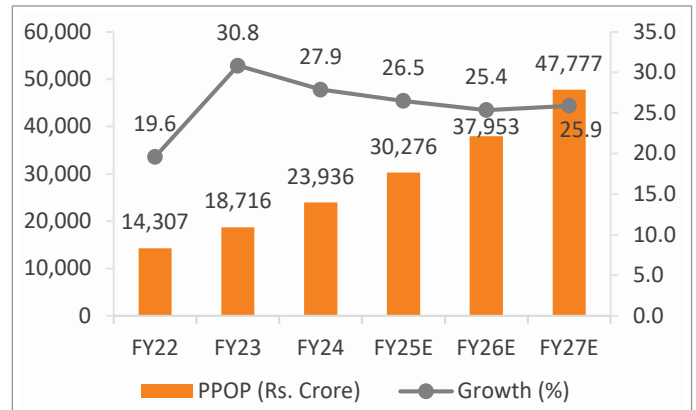
Source: Company; Mirae Asset Sharekhan Research

NII Growth Trend



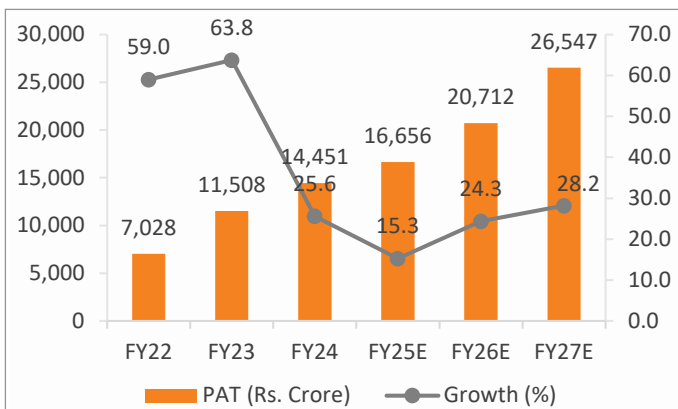
Source: Company; Mirae Asset Sharekhan Research

PPOP Growth Trend



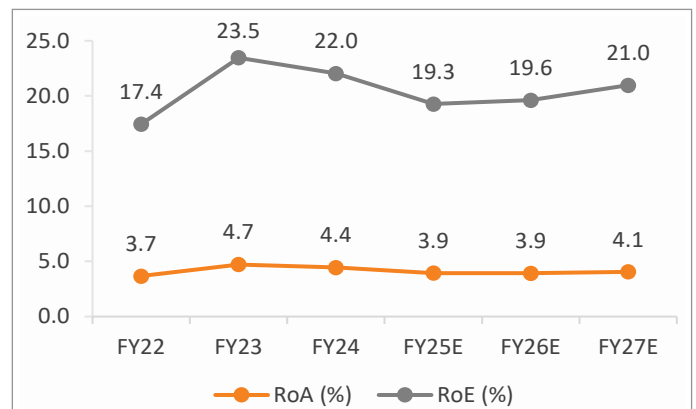
Source: Company; Mirae Asset Sharekhan Research

PAT Growth Trend



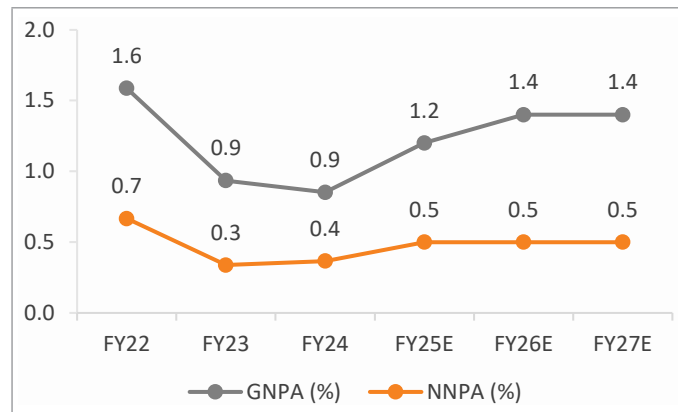
Source: Company; Mirae Asset Sharekhan Research

Robust Return Ratios - RoA/RoE Trend



Source: Company; Mirae Asset Sharekhan Research

Continue Healthy Outlook for Asset Quality



Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – A large opportunity pool

NBFCs have become important constituents of India's financial sector and have been recording higher credit growth than scheduled commercial banks (SCBs) over the past few years. They continue to leverage their superior understanding of regional dynamics and customised products and services to expedite financial inclusion. Lower transaction costs, innovative products, quick decision making, customer orientation and prompt service standards have typically differentiated NBFCs from banks. Considering the reach and expanse of NBFCs, these are well-suited to bridge the financing gap in a large country like India. Systemically important NBFCs have demonstrated agility, innovation and frugality to provide formal financial services to millions of Indians.

■ Company Outlook – Remain constructive on franchise

BAF continues to derive benefits from a diverse loan portfolio, wide distribution network, effective execution and a strong management team. BAF has significantly strengthened its technology, digital platforms and product offerings. The company is reasonably confident that earnings growth is expected to gradually converge with asset growth, led by a moderation in credit costs and stability in NIMs in FY26.

■ Valuation – Maintain Buy with a revised PT of Rs. 10,500

Succession has been executed well, continuity of the leadership reinforces investors' confidence. Overall, we expect strong AUM / PAT CAGR of 25%/26% for FY25-27. Growth is expected to translate into the strong return ratios RoA >4%, / RoE>21% in FY27E. It is expected to outperform peers in terms of growth / return ratios and this makes an interesting play in quality large cap space. We retain a Buy rating with a revised PT of Rs. 10,500. At CMP, the stock trades at 4.7x/ 4.0x its FY2026E/ FY2027E BV.

Peer valuation

Particulars	CMP (Rs / Share)	MCAP (Rs Cr)	P/E(x)		P/BV(x)		RoA (%)		RoE (%)	
			FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Bajaj Finance	8,918	5,52,000	26.4	20.6	4.7	4.0	3.9	4.1	19.6	21.0
Cholamandalam Investment & Finance	1,540	1,29,500	22.7	17.3	4.2	3.3	2.6	2.8	21.6	22.8

Source: Company; Mirae Asset Sharekhan Research

About company

BAF is one of India's largest and well-diversified NBFC. The company provides loans for two wheelers, consumer durables, housing, SME & MSME businesses etc. BAF undertook business and organisational restructuring in FY2008 and re-defined small business loans and consumer financing as its key niches. BAF has an AUM of ~Rs 4.0 lakh crore at of December 2025, serves more than 97.12 million clients and offers a wide range of lending services to retail, SME and commercial customers across urban and rural India. BAF continues to be the largest consumer durables lenders in India. As a business entity, BAF continues to deliver steady performance and superior asset-quality performance.

Investment theme

BAF enjoys a dominant position in the retail finance space. BAF's dominance in the market is seen in its consistent growth and steady operational performance that has been maintained by the company across cycles. Superior asset quality is indicative of the company's high focus on risk management and robust credit underwriting capability and collections.

Key Risks

- ◆ Intensifying competition in retail lending space; Asset quality risk; Regulatory headwinds.

Additional Data

Key management personnel

Management	Designation
Mr. Rajeev Jain	Managing Director (Vice Chairman, from April 1, 2025)
Mr. Anup Saha	Deputy MD (MD from April 1, 2025)
Mr. Sandeep Jain	CFO

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Bajaj Finserv Ltd	51.27
2	Maharashtra Scooters Ltd	3.06
3	Republic of Singapore	3.02
4	Life Insurance Corp of India	2.84
5	SBI Funds Management Ltd	2.61
6	Vanguard Group Inc/The	1.85
7	Blackrock Inc	1.63
8	FMR LLC	1.06
9	Axis Asset Management Co Ltd/India	1.04
10	UTI Asset Management Co Ltd	1.03

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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