

Bajaj Finance

Best-in-class franchise, charting new milestones

Bajaj Finance's (BAF) consistent outperformance with an ever-expanding product portfolio has led it to scale up its AUM from INR 40bn in FY10 to INR 4,166bn in FY25 (36% CAGR). With a superior execution engine and management succession in place, BAF aims to double its customer base and cross-sell franchise and reach an AUM of INR 9-10trn by FY29, along with sustained RoE of 20-22%. While FY25 profitability was impacted by higher-than-expected credit costs, we believe BAF is poised to continue delivering strong growth and profitability outcomes. Near-term tailwinds such as improving operating efficiency, marginal reflation in NIMs, and moderation in credit costs are likely to drive reflation in RoA/RoE during FY26-FY27E. However, strong outperformance in the past four quarters (33% vs. 5% for Nifty 50) caps the upside from these levels. We marginally tweak our estimates and maintain BUY with a revised RI-based target price of INR 985 (implied 4.4x Mar-27 ABVPS; 25x FY27 EPS).

- **Multiple levers to drive healthy medium-term growth:** BAF's long-range strategy (LRS) FY25-FY29 envisages a customer base of ~200mn by FY29 from 102mn in FY25 through strategic partnerships (Airtel, etc.) and sustained strong organic customer acquisition engine. Further, it will continue to expand its product suite, with a focus on cross-selling in order to improve customer unit profitability. While competitive intensity across segments is unlikely to ease, BAF's strong execution engine with seamless processes is likely to drive it closer to these outcomes, implying ~24% AUM CAGR.
- **Diversified fee income pools to partly offset fee income headwinds:** BAF's strong and industry-leading fee income remains robust on the back of multiple revenue pools. The near-term headwinds such as termination of co-branded credit card partnerships and RBI's circular on prepayment charges on floating rate loans is likely to impact the fee income marginally during FY26-FY27E. However, multiple streams such as insurance commission income and value-added products is likely to partly cushion the earnings impact.
- **BHFL—home loans to cap the overall loan growth:** Bajaj Housing Finance (BHFL) has rapidly emerged as the second-largest HFC with an AUM of INR 1.1trn as of Mar-25. However, BHFL is increasingly facing constraints on loan growth with strong robust demand in the wholesale portfolio (CF, LRD) while home loans growth remains relatively low. Subsequently, BHFL's individual home loans portfolio continues to hover around the RBI threshold of 50%.
- **Signs of peaking out of credit costs:** BAF's asset quality hit a speed bump in FY25, with adjusted credit costs at 2.2% (including utilization of management overlay) as overall collections remained challenging. We expect delinquencies to gradually improve by Q2FY26, on the back of tightening of credit filters as well as improving liquidity. However, BAF's steady state credit costs are likely to be marginally higher than pre-pandemic levels.

Financial Summary (Consolidated)

(INR bn)	FY22	FY23	FY24	FY25	FY26E	FY27E
NII	175	230	296	364	453	565
PPOP	143	187	239	300	377	474
PAT	70	115	145	166	214	270
EPS (INR)	116	190	234	268	34	44
ROAE (%)	17.4%	23.5%	22.1%	18.9%	19.8%	20.9%
ROAA (%)	3.7%	4.7%	4.4%	4.0%	4.1%	4.2%
ABVPS (INR)	703	885	1,221	1,564	184	222
P/ABV (x)	13.4	10.6	7.7	6.0	5.1	4.2
P/E (x)	80.6	49.4	40.2	35.0	27.2	21.6

Source: Company, HSIE Research

BUY

CMP (as on 09 Jul 2025)	INR 941
Target Price	INR 985
NIFTY	25,476

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 951	INR 985
EPS %	FY26E	FY27E
	0.2%	-0.1%

KEY STOCK DATA

Bloomberg code	BAF IN
No. of Shares (mn)	6,214
MCap (INR bn) / (\$ mn)	5,845/68,219
6m avg traded value (INR mn)	10,541
52 Week high / low	INR 979/642

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	7.8	29.4	33.3
Relative (%)	(5.3)	21.8	29.3

SHAREHOLDING PATTERN (%)

	Dec-24	Mar-25
Promoters	54.7	54.7
FIs & Local MFs	15.2	14.9
FPIs	20.8	21.5
Public & Others	9.3	8.8
Pledged Shares	-	-

Source: BSE

Pledged shares as % of total shares

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Best-in-class franchise enroute to new milestones

Bajaj Finance's (BAF) consistent outperformance with an ever-expanding product portfolio has led it to scale up its AUM from INR 40bn in FY10 to INR 4,166bn in FY25 (36% CAGR). With a superior execution engine and management succession in place, BAF aims to double its customer base and cross-sell franchise and reach an AUM of INR 9-10trn by FY29, along with sustained RoE of 20-22%. While FY25 profitability was impacted by higher-than-expected credit costs, we believe BAF is poised to continue to deliver strong growth and profitability outcomes.

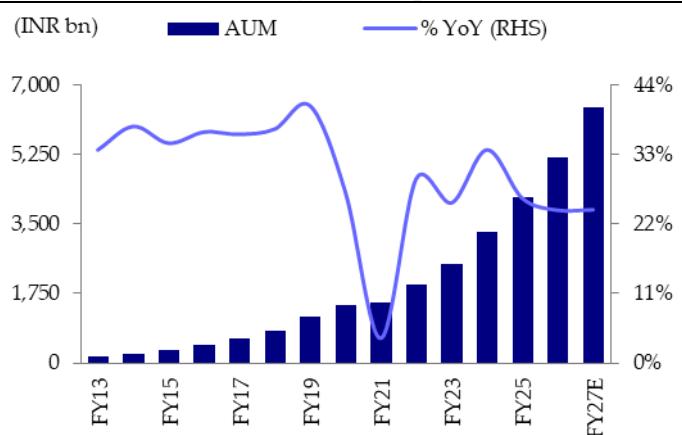
- **Multiple levers to drive growth:** BAF's long-range strategy (LRS) FY25-FY29 envisages a customer base of 190mn- 210mn by FY29 from 102mn in FY25 through strategic partnerships (Airtel, etc.) and sustained strong organic customer acquisition engine. Further, it will continue to expand its product suite, with a focus on cross-selling to drive higher customer unit level profitability. While competitive intensity across segments is unlikely to ease, BAF's strong execution engine with seamless processes is likely to drive it closer to these outcomes.

Exhibit 1: BAF's LRS (FY25-FY29) - ambitious goal

LRS 2025-29	FY25	FY29		CAGR	
		Lower end	Upper end	Lower end	Upper end
Customers (mn)	102	190	210	17%	20%
Cross-sell franchise (mn)	64	115	125	16%	18%
Locations (x)	4,263	5,200	5,500	5%	7%
App - net installs (mn)	71	150	170	21%	25%
ROE (%)	18.9%	20.0%	22.0%	NA	NA
AUM per cross-sell franchise (INR' 000)	65	80	85	5.5%	7.1%
PAT per cross-sell franchise (INR' 000)	2.6	3.8	4.0	9.9%	11.3%
AUM (INR bn)	4,167	9,200	10,625	22%	26%
PAT (INR bn)	168	437	500	27%	31%

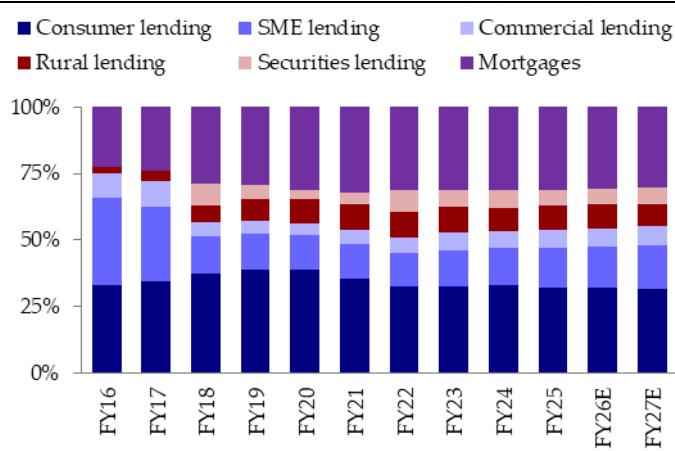
Source: Company, HSIE Research

Exhibit 2: Steady AUM growth expected in FY26-FY27E



Source: Company, HSIE Research

Exhibit 3: AUM mix has remained largely steady



Source: Company, HSIE Research

Bajaj Finance: Company Update

- **Expanding product suite to drive growth over the medium term:** BAF continues to expand its product offerings in order to sustain its growth momentum over the medium term. The company has added five new products in FY25 (CV financing, tractor financing, affordable home loans, industrial equipment financing, and auto leasing) and is now looking to extend green financing for solar and EV. Further, ramp-up in recently-launched products such as gold loans, auto loans, and medical equipment is likely to augment loan growth in the medium term.

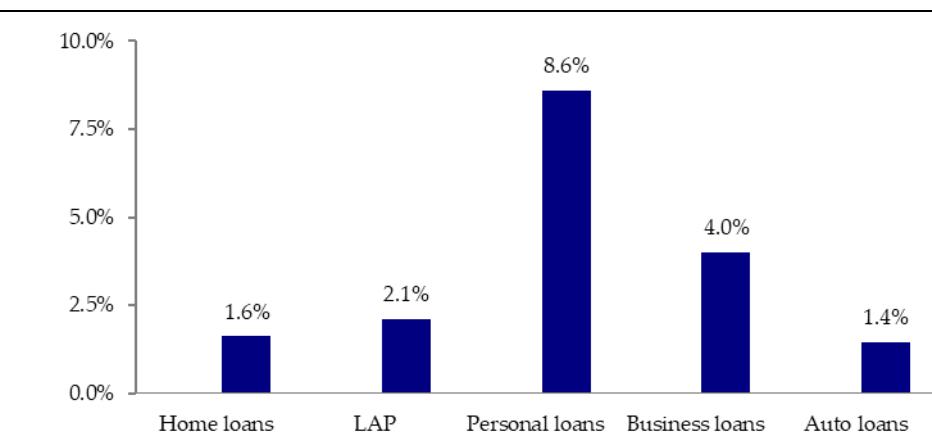
Exhibit 4: Lending products of Bajaj Finance

AUM – Mar-25 (INR bn)	FY20	FY21	FY22	FY23	FY24	FY25	3 yr CAGR %	% of AUM
Auto B2B	131	121	102	130	197	173	19%	4.2%
Sales Finance	153	144	191	224	297	371	25%	8.9%
PL Cross-sell	192	172	214	290	376	503	33%	12.1%
Salaried PL	113	121	160	195	263	358	31%	8.6%
Unsecured BL	119	114	142	189	250	320	31%	7.7%
Loans to professionals	73	80	94	119	130	164	20%	3.9%
Medical equipment				3	5	9	NA	0.2%
Tractors financing					0	7	NA	0.2%
CV financing						9	NA	0.2%
New cars					17	53	NA	1.3%
Used cars		6	12	28	54	66	78%	1.6%
Secured BL	8	12	18	36	79	114	85%	2.7%
Gold loans			20	28	46	83	59%	2.0%
Commercial	64	83	115	158	220	278	34%	6.7%
Securities lending	48	61	159	151	220	254	17%	6.1%
Home loans	267	275	353	441	541	655	23%	15.7%
LAP	117	116	126	150	209	269	29%	6.5%
LRD	38	59	81	126	187	227	41%	5.4%
CF	19	21	31	60	96	143	66%	3.4%
Others	129	144	156	145	119	111	NA	2.7%
TOTAL	1,471	1,529	1,975	2,474	3,306	4,167	28%	100.0%

Source: Company, HSIE Research

- **Significant room for market share gains across products:** BAF has significant room for improving its market share across products. Currently, it has reasonable market share in sales finance, personal loans, and unsecured business loans, where it is among the top 5 industry players. With increasing penetration of new products in existing geographies, BAF is expected to continue gaining market share across most products.

Exhibit 5: BAF's market share in select products (Mar-25)

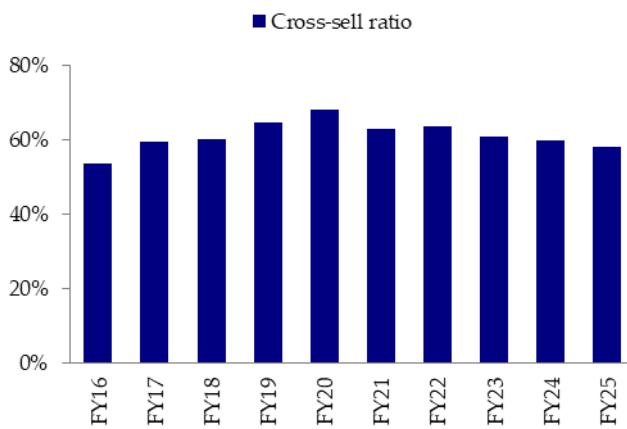


Source: CRIF Highmark, Company, HSIE Research

Bajaj Finance: Company Update

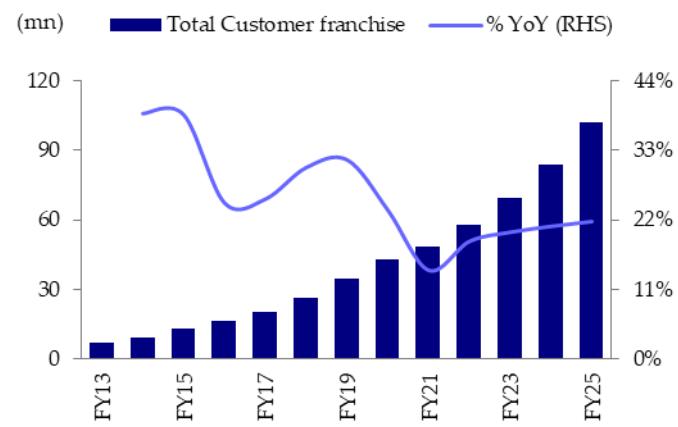
- **Steady cross-sell engine; next leg of customer acquisitions to drive growth:** BAF's cross-sell ratio (number of loans disbursed to existing borrowers as a percentage of total loans disbursed) has remained steady at ~60%, although it is slightly moderating.

Exhibit 6: Cross-sell ratio moderated post pandemic



Source: Company, HSIE Research | Note: Cross-sell ratio: No. of loans disbursed – no. of new customers acquired as a % of total loans disbursed

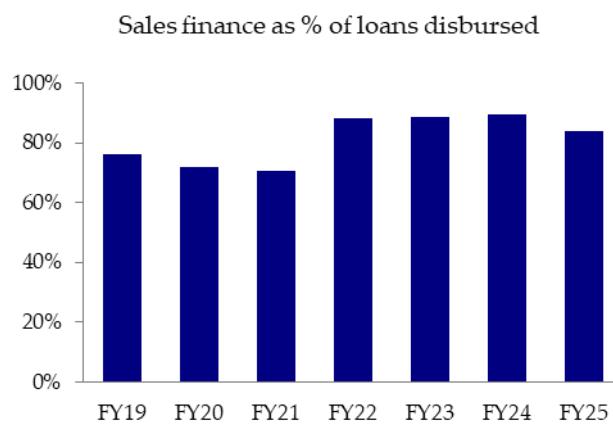
Exhibit 7: Customer base growing at a steady pace



Source: Company, HSIE Research

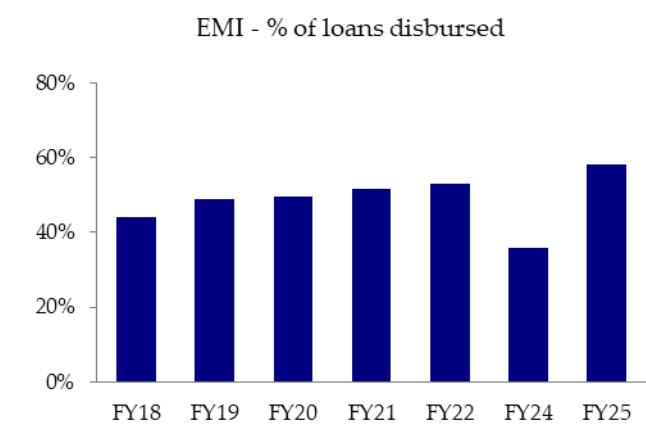
Sales finance remains a cornerstone for customer acquisition and cross-selling, contributing to ~85% of loans disbursed in terms of volumes. EMI card loan volumes for FY24 were impacted due to RBI embargo on insta-EMI and e-commerce loans, which was lifted in May-24. However, a strong cross-sell engine, alongside shift toward higher-ticket-sized loans (mortgages, wholesale lending, etc.), has led to declining share of sales finance in overall AUM.

Exhibit 8: Share of sales finance in loans volumes steady



Source: Company, HSIE Research

Exhibit 9: Percentage of loans disbursed through EMI card remained high

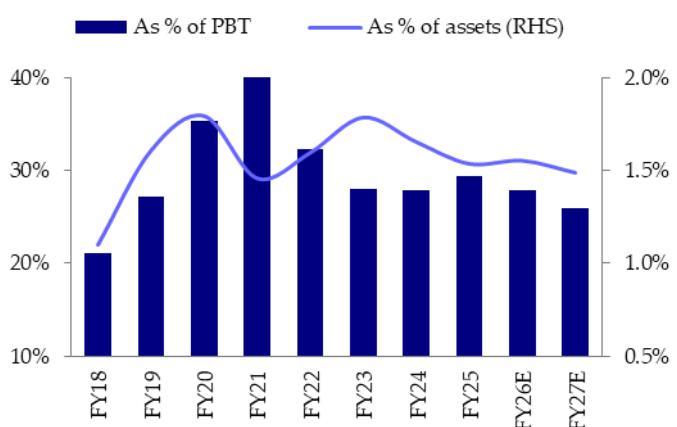


Source: Company, HSIE Research

Diversified fee income pool to offset near-term headwinds

BAF's strong and industry-leading fee income remains robust on the back of multiple revenue pools. Near-term headwinds such as termination of co-branded credit card partnerships and RBI's circular on prepayment charges on floating rate loans are likely to impact the fee income marginally during FY26-FY27E. However, multiple income streams through insurance commissions and value-added products are likely to partly cushion the earnings impact.

Exhibit 10: Steady fee income pool



Source: Company, HSIE Research | Note: Fee income adjusted for marketing, branding and allied services from FY23

Exhibit 11: Diversifying fee income pool

% of total fee income	FY21	FY22	FY23	FY24	FY25
Services & administration charges	54%	38%	34%	33%	33%
Fees on value added services & products	15%	15%	14%	12%	14%
Foreclosure income	6%	7%	7%	8%	8%
Distribution income	25%	39%	43%	43%	36%
Brokerage income	0%	1%	1%	2%	2%
Marketing, branding & allied services	0%	0%	0%	2%	8%

Source: Company, HSIE Research

As per our analysis, income from co-branded credit cards contributed to ~3-4% at PBT level, including sourcing fee, spends-based fee and collection fee. However, the attrition levels for the co-branded credit card portfolio remained high (>~30%) and we expect the trail income (spends-based etc.) to run down in the near term.

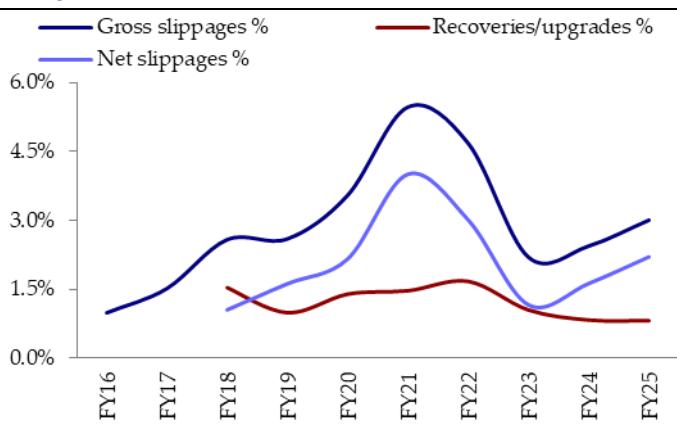
The impact of RBI's circular on prepayment charges on floating rate loans is likely to be limited. Foreclosure income contributed to ~2.3% of PBT (~0.12% of assets) and includes fixed rate as well as floating rate loans. However, this circular is likely to trigger higher BT-outs in the LAP portfolio (6.5% of AUM).

Asset quality likely to stabilize

BAF's asset quality witnessed some deterioration in FY25, leading to adjusted credit costs of ~2.2% (including management overlay), largely due to unsecured loans. Recoveries and upgrades have remained muted compared to previous years, post the sharp uptick in gross slippages. With the tightening of credit filters and improving liquidity in the system, credit costs are expected to improve in FY26.

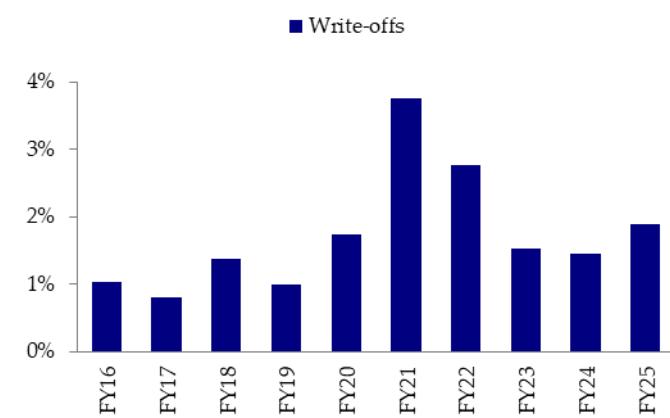
However, steady state credit costs for BAF are likely to remain higher compared to pre-pandemic levels. This is largely an outcome of elevated competitive environment, leading to overleveraging as well as different collections environment.

Exhibit 12: Sharp uptick in net slippages in FY24 and FY25



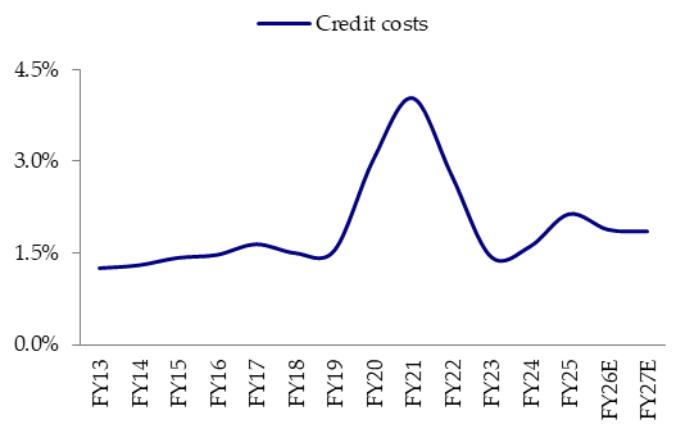
Source: Company, HSIE Research | As % of gross advances

Exhibit 13: Write-offs higher than pre-pandemic levels



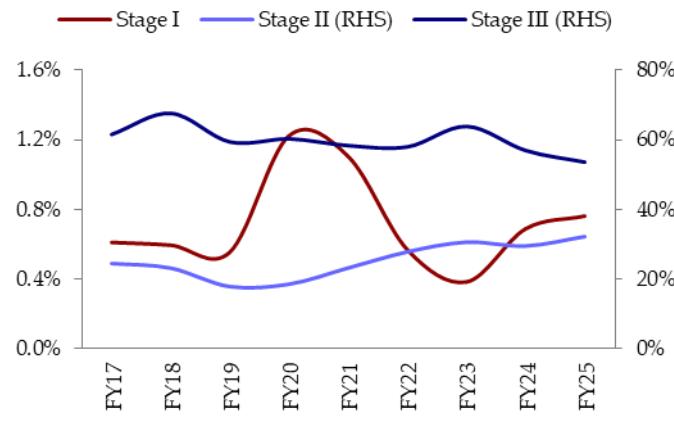
Source: Company, HSIE Research

Exhibit 14: Uptick in credit costs in FY25



Source: Company, HSIE Research

Exhibit 15: Provisioning coverage ratio

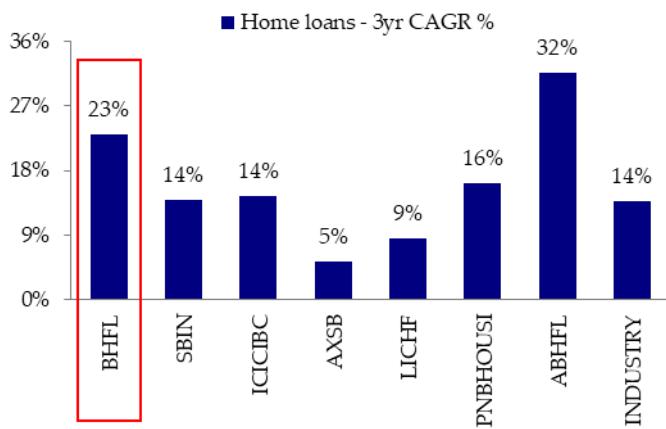


Source: Company, HSIE Research

Bajaj Housing Finance | Balancing growth

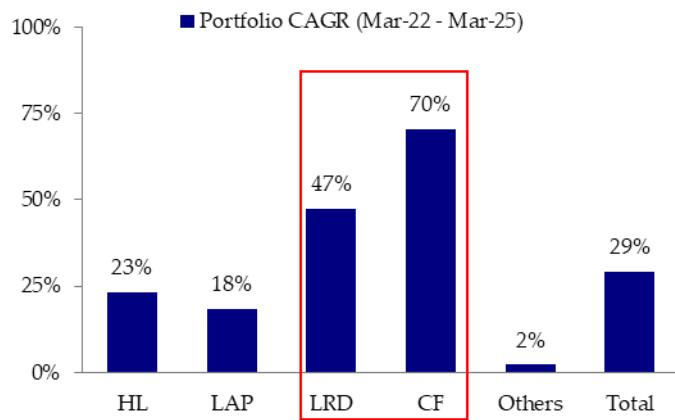
Bajaj Housing Finance (BHFL) has rapidly emerged as the second-largest HFC with an AUM of INR 1.1trn, as of Mar-25 on the back of a robust execution engine on the retail side and industry tailwinds on the wholesale side with easing of competitive intensity.

Exhibit 16: Home loans growth for BHFL well ahead of the industry



Source: Company, CRIF Highmark, HSIE Research

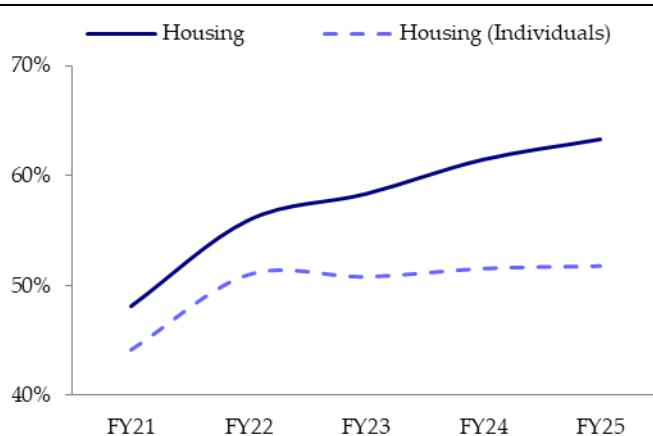
Exhibit 17: BHFL's CF and LRD grew at a rapid pace vs. home loans and LAP over FY22-FY25



Source: Company, HSIE Research

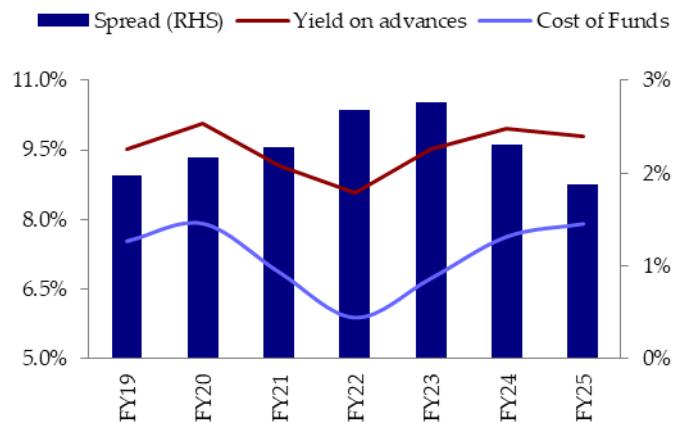
- **Home loans growth to constrain overall loan growth:** BHFL is facing the dilemma of balancing the loan growth, margins and regulatory threshold for home loans. The wholesale portfolio (construction finance and LRD) continues to grow at a strong pace with robust demand and negligible delinquencies. However, BHFL's individual home loans portfolio continues to hover around the RBI's minimum threshold of 50% (as a percentage of total assets). Moderation in housing demand, along with pressure on NIMs, is likely to cap loan growth. While BHFL has ventured into affordable home loans in FY25, its near-term contribution of this business is likely to remain limited.

Exhibit 18: BHFL's housing loans as % of total assets



Source: Company, HSIE Research

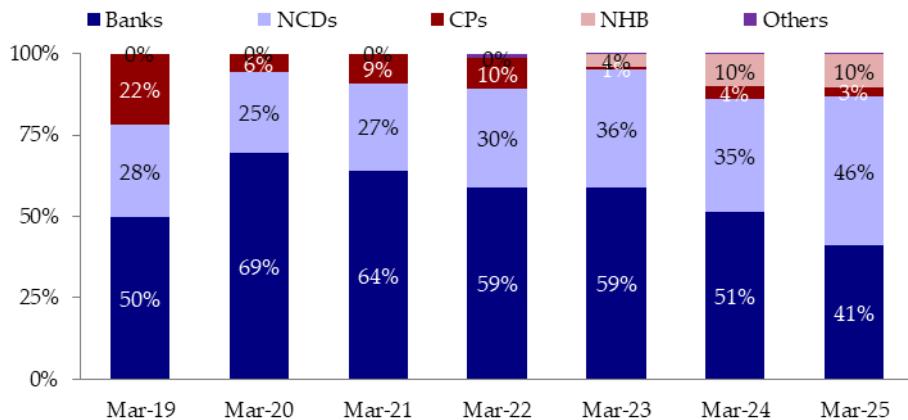
Exhibit 19: Core spread likely to remain under pressure in current rate cut environment



Source: Company, HSIE Research

Bajaj Finance: Company Update

Exhibit 20: BHFL's borrowings mix – pivoting towards debt securities



Source: Company, HSIE Research

- Operating efficiency likely to improve further: BHFL's operating efficiency metrics are likely to improve further with the sweating of the existing distribution network. Further, the rationalization of employees towards the off-payroll structure is likely to be more cost efficient.

Exhibit 21: BHFL's operating efficiency metrics on an improving trend

	FY22	FY23	FY24	FY25
Cost to income ratio				
BHFL	29%	26%	24%	21%
LICHF	18%	15%	13%	16%
PNBHOUSING	22%	20%	24%	26%
Opex to assets (%)				
BHFL	1.1%	1.1%	1.0%	0.8%
LICHF	0.4%	0.4%	0.4%	0.5%
PNBHOUSING	0.7%	0.8%	1.0%	1.0%
Opex to disbursements (%)				
BHFL	1.8%	1.8%	1.6%	1.5%
LICHF	1.7%	1.5%	1.9%	2.2%
PNBHOUSING	4.2%	3.6%	3.8%	3.7%
(HL + LAP) AUM/branch (INR mn)				
BHFL	2,614	2,471	2,950	3,560
LICHF	7,243	8,973	9,107	9,506
PNBHOUSING	4,469	3,649	2,726	2,331
(HL + LAP) AUM/employee (INR mn)				
BHFL	139	156	242	353
LICHF	835	1,025	1,108	1,188
PNBHOUSING	394	382	361	321

Source: Company, HSIE Research

Bajaj Finance: Company Update

Exhibit 22: Bajaj Housing Finance annual report dashboard

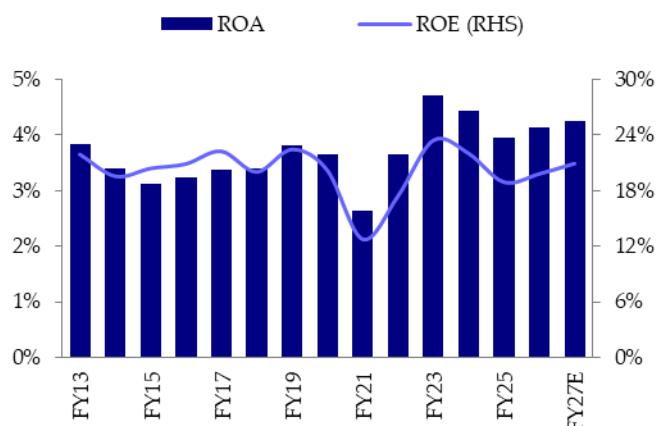
BHFL IN (INR mn)	Units	FY20	FY21	FY22	FY23	FY24	FY25
AUM (INR bn)	INR bn	327	389	533	692	914	1,147
As % of gross advances							
CRE exposure	%	16%	21%	21%	31%	33%	34%
Capital market exposure	%	0%	0%	0%	0%	0%	0%
Secured	%	97%	96%	97%	97%	97%	98%
RWA as % of assets	%	72%	74%	70%	71%	70%	68%
Productivity (per month)							
AUM/branch	INR mn	3,115	3,239	2,653	3,328	4,250	5,309
AUM/employee	INR mn	136	166	144	248	385	580
Disbursements/branch	INR mn	170	112	136	140	176	197
Disbursements/employee	INR mn	9	5	7	9	14	19
% YoY							
AUM/branch	%	NA	4%	-18%	25%	28%	25%
AUM/employee	%	37%	22%	-13%	73%	55%	51%
Disbursements/branch	%	NA	-34%	21%	3%	26%	12%
Disbursements/employee	%	-25%	-38%	35%	22%	64%	35%
Concentration metrics							
Top 20 - % of advances	%	4.9%	7.1%	8.5%	9.0%	8.5%	7.8%
Top 20 - % of exposure	%	4.9%	7.0%	8.1%	8.9%	10.0%	7.6%
Top 10 - % GNPA	%	31.4%	11.1%	10.9%	11.1%	16.0%	10.2%
Liabilities							
Borrowings mix							
Banks - Term loans	%	69%	64%	59%	59%	50%	40%
Banks - CC/OD	%	0%	0%	0%	0%	1%	1%
ECB	%	0%	0%	0%	0%	0%	0%
Debentures	%	25%	27%	30%	36%	35%	46%
CPs	%	6%	9%	10%	1%	4%	3%
Tier II	%	0%	0%	0%	0%	0%	0%
Deposits	%	0%	0%	1%	0%	0%	0%
Securitisation	%	0%	0%	0%	0%	0%	0%
NHB	%	0%	0%	0%	4%	10%	10%
Others	%	0%	0%	0%	0%	0%	0%
Cost of funds	%	7.9%	6.9%	5.9%	6.7%	7.6%	7.9%
Debt securities	%	8.4%	6.5%	5.4%	6.1%	7.4%	7.8%
Other borrowings	%	7.6%	7.0%	6.3%	7.1%	7.8%	8.0%
Tier II	%	NA	NA	NA	NA	NA	9.0%
Deposits	%	NA	NA	2.9%	6.2%	7.1%	7.9%
LCR %	%			108%	131%	192%	193%
Employees							
Employee attrition rate %	%			41%	49%	39%	40%
Asset Quality							
GS II %	%	1.0%	2.0%	1.3%	0.6%	0.4%	0.3%
GS III %	%	0.1%	0.4%	0.3%	0.2%	0.3%	0.3%
Write-offs (%)	%	0.1%	0.0%	0.2%	0.1%	0.1%	0.0%
Gross Slippages (%)	%	0.7%	0.5%	0.4%	0.3%	0.3%	0.2%
Upgrades & recoveries (%)	%	0.4%	0.1%	0.1%	0.2%	0.1%	0.1%
Net Slippages (%)	%	0.3%	0.4%	0.3%	0.1%	0.2%	0.1%
PCR - Stage I %	%	0.3%	0.4%	0.6%	0.6%	0.4%	0.3%
PCR - Stage II %	%	7.7%	20.0%	21.2%	21.7%	23.4%	22.2%
PCR - Stage III %	%	38.0%	37.9%	54.3%	63.4%	63.4%	60.3%
Portfolio mix							
% assets (net of intangibles)							
Housing	%	NA	48%	56%	58%	61%	63%
Housing (Individuals)	%	NA	44%	51%	51%	51%	52%
GNPA (reported)							
% GNPA - Housing (Individuals)	%	0.1%	0.3%	0.3%	0.2%	0.2%	0.3%
% GNPA - Projects (Housing)	%	0.0%	0.1%	0.0%	0.0%	0.2%	0.1%
% GNPA - Non-Housing (Individuals)	%	0.1%	0.6%	0.6%	0.5%	0.6%	0.7%

Source: Company, HSIE Research

Remains our top pick; upside getting capped

BAF has consistently demonstrated best-in-class operating performance across cycles. However, the strong outperformance in stock price during last year limits the upside potential from current levels. We marginally tweak our estimates and maintain BUY with a revised RI-based target price of INR 985 (implying 4.4x Mar-27 ABVPS).

Exhibit 23: Strong profitability across cycles; expected to improve during FY26-FY27E



Source: Company, HSIE Research

Exhibit 24: BAF is trading at a discount to its historical P/BV



Source: Bloomberg, HSIE Research

Change in estimates

INR bn	FY26E			FY27E		
	Old	New	Chg	Old	New	Chg
AUM	5,173	5,173	0.0%	6,425	6,425	0.0%
NIM (%)	8.8	8.8	1 bps	8.9	8.9	1 bps
NII	453.0	453.4	0.1%	565.3	565.1	0.0%
PPOP	376.8	377.2	0.1%	473.0	473.6	0.1%
PAT	213.7	214.2	0.2%	270.6	270.4	-0.1%
ABVPS (INR)	185	184	-0.1%	222	222	-0.1%

Source: Company, HSIE Research

Bajaj Finance: Company Update

Financials (Consolidated)

Income Statement

(INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Interest earned	272,698	355,502	483,066	611,636	751,858	929,678
Interest expended	97,482	125,599	187,247	247,708	298,455	364,608
Net interest income	175,215	229,903	295,819	363,928	453,403	565,069
Other income	43,703	58,555	66,759	85,612	100,948	119,445
Total income	218,918	288,458	362,578	449,540	554,351	684,514
Operating expenditure	75,850	101,300	123,252	149,261	177,158	210,959
Pre-provisioning operating profit	143,068	187,158	239,326	300,279	377,193	473,555
Non-tax provisions	48,034	31,897	46,307	79,660	87,139	107,697
Profit before tax	95,034	155,262	193,019	220,618	290,054	365,858
Share of net profit of associates and joint ventures	0	0	76	178	0	0
Exceptional gain/(loss)	0	0	0	0	0	0
Tax expenditure	24,756	40,202	48,584	53,002	73,094	92,196
Profit attributable to non-controlling interests	0	-17	0	1,417	2,772	3,240
Profit after tax	70,278	115,077	144,512	166,378	214,189	270,422
Adjusted Profit after tax	70,278	115,077	144,512	166,378	214,189	270,422

Source: Company, HSIE Research

Balance Sheet

(INR mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Share capital	1,207	1,210	1,236	1,242	6,214	6,214
Reserves and surplus	431,945	536,956	758,602	956,180	1,131,189	1,368,081
Net worth	437,127	543,721	766,953	989,369	1,172,122	1,412,254
Borrowings	1,652,319	2,166,905	2,933,458	3,612,487	4,449,740	5,514,133
Other liabilities and provisions	35,608	41,661	57,004	59,413	91,203	113,370
Total equity and liabilities	2,125,054	2,752,287	3,757,416	4,661,268	5,713,065	7,039,756
Cash and cash equivalents	36,803	43,045	106,240	135,435	170,817	168,038
Investments	122,455	227,518	308,807	344,408	348,846	418,026
Advances	1,914,233	2,422,689	3,262,933	4,078,441	5,066,836	6,298,306
Fixed assets	17,472	23,842	32,901	38,182	46,582	56,830
Other assets	34,091	35,192	46,536	64,801	79,983	98,557
Total assets	2,125,054	2,752,287	3,757,416	4,661,268	5,713,065	7,039,756

Source: Company, HSIE Research

Bajaj Finance: Company Update

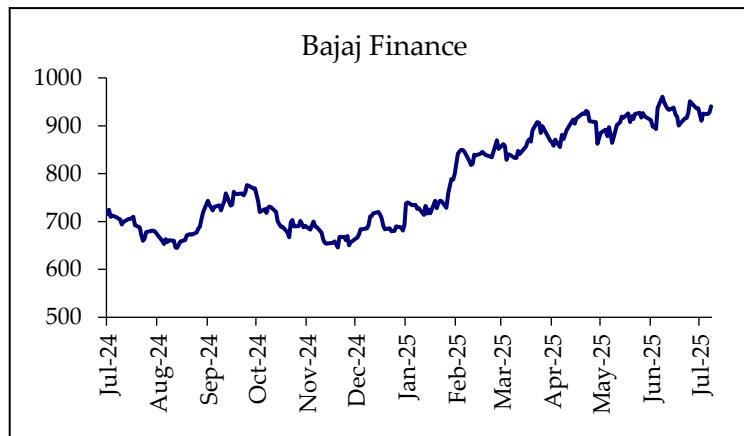
Key Ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E
VALUATION RATIOS						
EPS (INR)	116.5	190.2	233.8	268.0	34.5	43.5
Earnings Growth (%)	59.0%	63.7%	25.6%	15.1%	28.7%	26.3%
BVPS (ex reval.) (INR)	725	899	1,241	1,594	189	227
Adj. BVPS (ex reval. & 100% cover) (INR)	703	885	1,221	1,564	184	222
ROAA (%)	3.7%	4.7%	4.4%	4.0%	4.1%	4.2%
ROAE (%)	17.4%	23.5%	22.1%	18.9%	19.8%	20.9%
P/E (x)	80.6	49.4	40.2	35.0	27.2	21.6
P/ABV (x)	13.4	10.6	7.7	6.0	5.1	4.2
P/POP (x)	39.6	30.3	24.2	19.4	15.5	12.3
Dividend yield (%)	0.2%	0.3%	0.4%	0.6%	0.6%	0.7%
PROFITABILITY (%)						
Yield on Advances (%)	15.5%	15.7%	16.1%	15.7%	15.7%	15.7%
Cost of Funds (%)	6.6%	6.6%	7.3%	7.6%	7.4%	7.3%
Core Spread (%)	8.9%	9.2%	8.8%	8.1%	8.3%	8.4%
NIM (%)	9.1%	9.5%	9.2%	8.7%	8.8%	8.9%
OPERATING EFFICIENCY						
Cost to average AUM ratio (%)	4.3%	4.6%	4.3%	4.0%	3.8%	3.6%
Cost-income ratio (%)	34.6%	35.1%	34.0%	33.2%	32.0%	30.8%
BALANCE SHEET STRUCTURE RATIOS						
Loan growth (%)	30.5%	26.6%	34.7%	25.0%	24.2%	24.3%
AUM growth (%)	29.1%	25.3%	33.6%	26.0%	24.1%	24.2%
Borrowing growth (%)	25.5%	31.1%	35.4%	23.1%	23.2%	23.9%
Debt/Equity (x)	3.8	4.0	3.8	3.7	3.8	3.9
Equity/Assets (%)	20.6%	19.8%	20.4%	21.2%	20.5%	20.1%
Equity/Loans (%)	22.8%	22.4%	23.5%	24.3%	23.1%	22.4%
Total Capital Adequacy Ratio (CAR) (%)	25.9%	24.6%	22.3%	22.9%	21.8%	20.8%
Tier I CAR (%)	23.7%	23.0%	21.4%	22.1%	21.1%	20.3%
ASSET QUALITY						
GS III (INR mn)	31,335	23,128	28,160	39,647	54,010	71,663
NS III (INR mn)	13,149	8,366	12,103	18,345	25,942	34,009
Slippages (%)	4.7%	2.2%	2.4%	3.0%	2.9%	2.7%
GS III (%)	1.6%	0.9%	0.8%	1.0%	1.0%	1.1%
NS III (%)	0.7%	0.3%	0.4%	0.4%	0.5%	0.5%
Coverage Ratio (%)	58.0%	63.8%	57.0%	53.7%	52.0%	52.5%
Provision/AUM (%)	2.7%	1.4%	1.6%	2.1%	1.9%	1.9%
Provision/Gross advances (%)	2.8%	1.4%	1.6%	2.1%	1.9%	1.9%
(% of average assets)						
Interest earned	14.2%	14.6%	14.8%	14.5%	14.5%	14.6%
Interest expended	5.1%	5.2%	5.8%	5.9%	5.8%	5.7%
Net interest income	9.1%	9.4%	9.1%	8.6%	8.7%	8.9%
Non-interest income	2.3%	2.4%	2.1%	2.0%	1.9%	1.9%
Operating expenses	4.0%	4.2%	3.8%	3.5%	3.4%	3.3%
Pre-provisioning profit	7.5%	7.7%	7.4%	7.1%	7.3%	7.4%
Non-tax provisions	2.5%	1.3%	1.4%	1.9%	1.7%	1.7%
Others	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%
Provision for tax	1.3%	1.6%	1.5%	1.3%	1.4%	1.4%
ROAA						
Average assets/Average equity (x)	4.8	5.0	5.0	4.8	4.8	4.9
ROAE						
	17.4%	23.5%	22.1%	18.9%	19.8%	20.9%

Source: Company, HSIE Research

Bajaj Finance: Company Update

1 Yr. Price History



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

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