

December 8, 2025

## Analyst Meet Update

☑ Change in Estimates | ☑ Target | ☑ Reco

### Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
<b>Rating</b>	<b>ACCUMULATE</b>		<b>HOLD</b>	
<b>Target Price</b>	<b>1,125</b>		<b>1,030</b>	
NII (Rs.)	6,60,249	8,11,419	6,60,249	8,11,419
% Chng.	-	-	-	-
PPoP (Rs.)	4,63,087	5,72,560	4,62,087	5,69,499
% Chng.	0.2	0.5	0.2	0.5
EPS (Rs.)	43.7	54.7	43.6	54.3
% Chng.	0.3	0.7	0.3	0.7

### Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Int.Inc. (Rs m)	4,29,548	5,37,579	6,60,249	8,11,419
Growth (%)	23.0	25.1	22.8	22.9
Op. Profit (Rs m)	3,00,457	3,73,569	4,63,087	5,72,560
PAT (Rs m)	1,67,795	2,11,461	2,71,163	3,39,489
EPS (Rs.)	27.0	34.1	43.7	54.7
Gr. (%)	14.7	26.0	28.2	25.2
DPS (Rs.)	2.7	3.4	4.4	5.5
Yield (%)	0.3	0.3	0.4	0.5
Margin (%)	9.7	9.7	9.6	9.5
RoAE (%)	19.0	19.5	20.8	21.4
RoAA (%)	4.0	4.2	4.3	4.4
PE (x)	38.8	30.8	24.0	19.2
P/BV (x)	6.5	5.5	4.6	3.7
P/ABV (x)	6.7	5.7	4.7	3.8

### Key Data BJFN.BO | BAF IN

52-W High / Low	Rs.1,103 / Rs.668
Sensex / Nifty	85,712 / 26,186
Market Cap	Rs.6,521bn/ \$ 72,463m
Shares Outstanding	6,222m
3M Avg. Daily Value	Rs.8151.54m

### Shareholding Pattern (%)

Promoter's	54.66
Foreign	21.97
Domestic Institution	15.41
Public & Others	7.96
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(0.9)	17.3	53.2
Relative	(3.5)	11.5	46.1

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## LRS 2026-30: Betting big on FINAI

BAF outlined its long-term strategic framework (LRS 2026-30). Key themes revolved around customer centricity, AI adoption and risk management. Company aims to grow disbursements 10x by launching new products and leverage technology as a catalyst to drive growth (100 mn loans/ 3.5- 4.5 bn web visitors/ 160-180 mn app downloads) and reduce operating cost (Opex to NIM ratio of 31% by FY30). It expects to maintain a resilient asset quality profile with GNPA/ NNPA below 1.2%/ 0.4% over the long-term. While BAF has lowered its FY26 growth guidance to ~23%, it is seeing strong traction in new verticals (Cars, Gold, MFI) and new customer addition. We expect AUM growth of 24%/ 23% in FY27E/ FY28E led by new product lines and higher cross-sell. We expect BAF to deliver an RoA/ RoE of 4.4%/ 21.4% by FY28E. Upgrade to ACCUMULATE with a TP of Rs 1,125 (4.6x Sep-27 P/ABV vs. 4.2x earlier) on improved long-term growth outlook and cost profile. Elevated credit cost remains a near-term drag.

- **Moving to a customer-centric model:** Company aims to transition from a product-centric approach to a customer-centric model by focusing on experience, long-term relationships and products/ processes designed for customer satisfaction. It is planning to launch a wealth management business and increase Product Per Customer (PPC) to 7.5 products vs. ~6 products currently. By launching new products and offering all these products to all customers across all channels (Web, App, Social, POS and call-center), it expects to grow disbursements by 10x- from Rs 8bn per month to Rs 80bn.
- **To be a technology leader in financial services:** BAF continues to leverage technology as a catalyst to drive innovation, anticipate trends and re-shape business models. It has identified two main strategies for this goal- (1) Data for AI (organize structured and unstructured data) (2) Consumer AI to transform customer experience (a dedicated new consumer AI platform). With these initiatives, it expects to (1) reach 100 mn loans (2) increase net users (3.5- 4.5 bn web visitors/ 160-180 mn app downloads) (3) boost digital contribution to 30% (4) cut service requests and queries by 90% with an improved cost profile- 31% Opex to NIM by FY30 (vs. 34.7% in FY25).
- **Aim to be the lowest risk company in India:** Company reiterated low tolerance across all dimensions of risk- credit risk, operational risk, fraud risk, compliance risk, market risk, technology risk and reputation risk while maintaining sustainable growth and profitability. With greater resilience and scalability, it expects to keep GNPA/ NNPA controlled below 1.2%/ 0.4%.
- **Our view and valuation:** While BAF has lowered its FY26 growth guidance to ~23% due to slower growth in the MSME and mortgage portfolio, it is seeing strong traction in new verticals (Cars, Gold, MFI) and is on track to add 17 mn new customers in FY26. Post FY26E, we expect AUM growth of 24%/ 23% in FY27E/ FY28E led by new product lines, new users (via web/ app downloads) and higher product penetration per customer (PPC of ~7.5). We tweak our opex estimates for FY27/ FY28E as investments in AI, technology and customer innovation are likely to pay off over the long-term. We expect BAF to deliver an RoA/ RoE of 4.4%/ 21.4% by FY28E.

**Exhibit 1: Change in our estimates**

	Revised Estimate			Earlier Estimate			Change in estimates		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net interest income (Rsmn)	537,579	660,249	811,419	537,579	660,249	811,419	0.0%	0.0%	0.0%
Operating profit (Rsmn)	373,569	463,087	572,560	373,569	462,087	569,499	0.0%	0.2%	0.5%
PAT (Rsmn)	211,461	271,163	339,489	211,461	270,413	337,193	0.0%	0.3%	0.7%
ABVPS (Rs)	185	225	275	185	225	274	0.0%	0.0%	0.2%

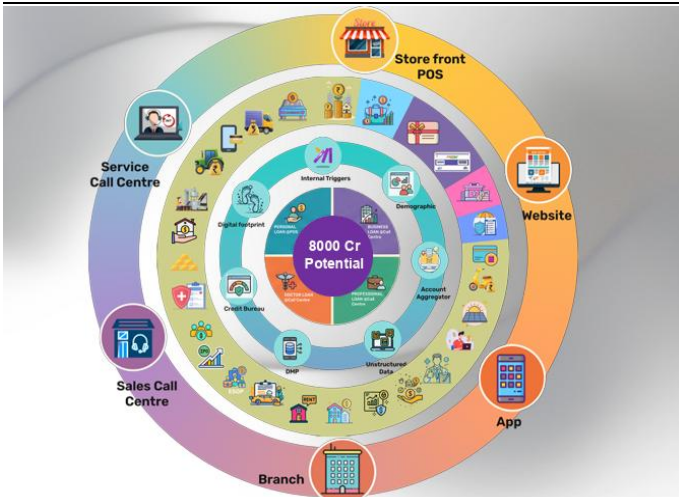
Source: Company, PL

**Exhibit 2: 12 strategies of LRS 2026-30**



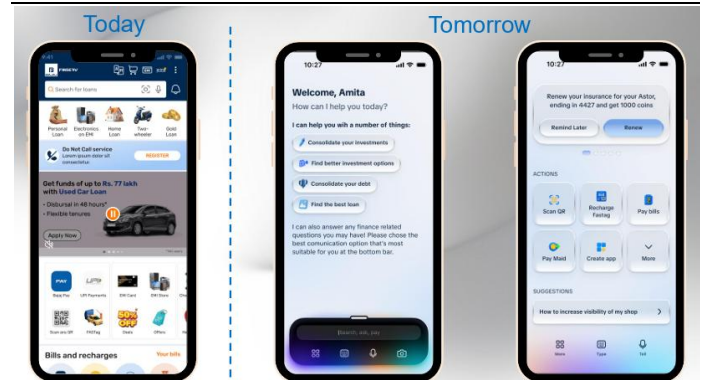
Source: Company, PL

**Exhibit 3: Offering all products across all channels**



Source: Company, PL

**Exhibit 4: Building a new Consumer AI platform**



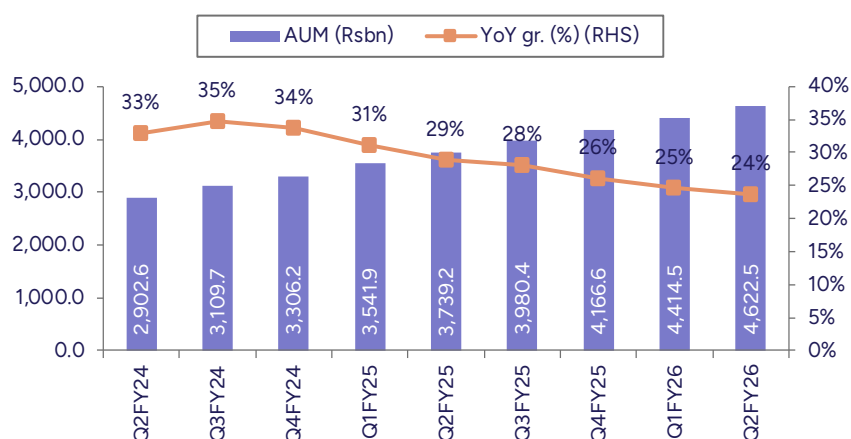
Source: Company, PL

**Exhibit 5: Key aspects of LRS 2026-30**

S.No.	Metrics	H1 FY26	LRS FY30
1	Customer Franchise (MM)	110.6	200-220
2	Cross Sell Franchise (MM)	71.3	120-130
3	India payments GMV	0.17%	0.4-0.5%
4	Share of total credit	2.32%	3.2-3.5%
5	Share of retail credit	2.81%	3.6-4.0%
6	Location Presence	4,039	4,600-4,900
7	App - Net installs (MM)	78	160-180
8	Web - Visitors (MM)	305	3,500-4,500
9	Return on Equity	19.2%	19-21%
10	AUM per Cross Sell Franchise (₹)	64.8k	85k-90k
11	PAT per Cross Sell Franchise (₹)	1,362	3.7k-3.9k
12	PPC	6.05	6.5-7.5

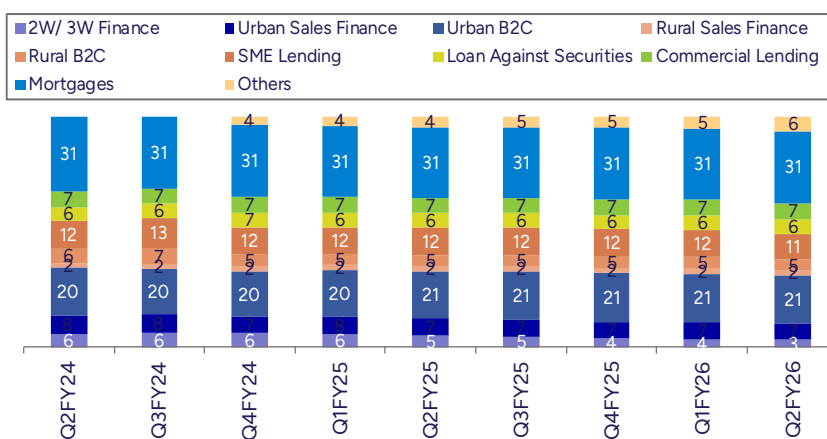
Source: Company, PL

**Exhibit 6: Q2 AUM grew steady at 24% YoY**



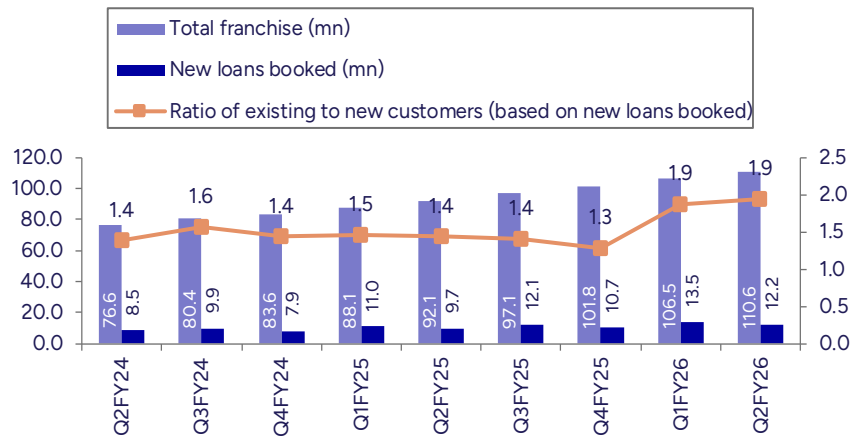
Source: Company, PL

**Exhibit 7: AUM mix over the past quarters**



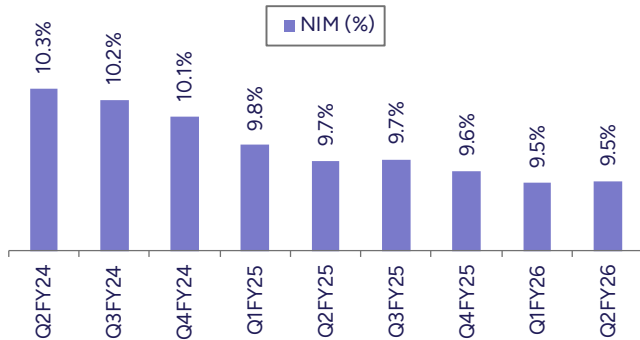
Source: Company, PL

**Exhibit 8: Customer addition run-rate/ new loans booked remains strong**



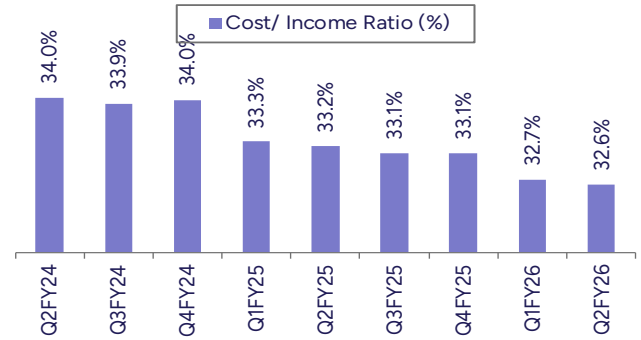
Source: Company, PL

**Exhibit 9: NIM (%) trajectory over the past few quarters**



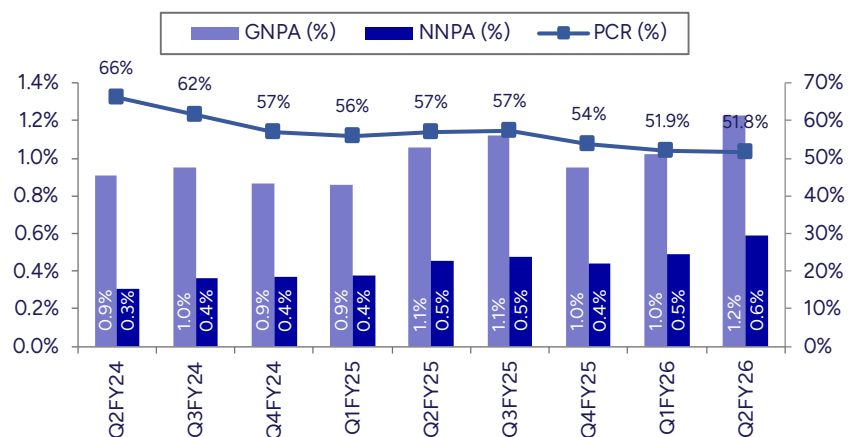
Source: Company, PL

**Exhibit 10: Cost to income ratio (%) is seeing improvement**



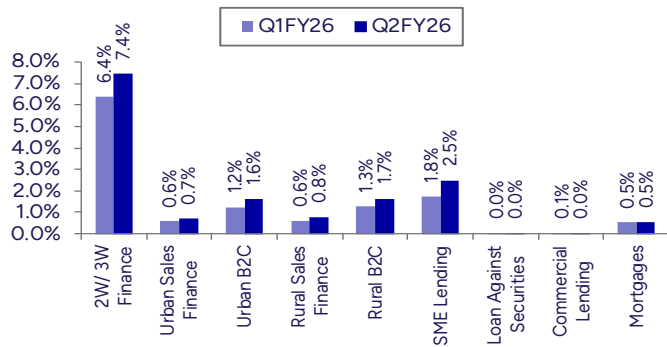
Source: Company, PL

**Exhibit 11: Headline asset quality has weakened due to stress in MSME/ auto**



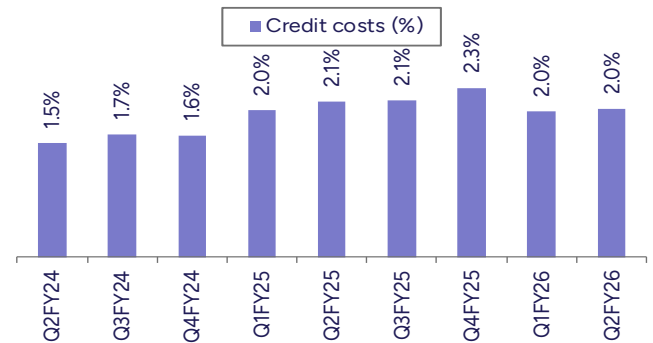
Source: Company, PL

**Exhibit 12: GNPA (%) - 2W/ 3W finance & MSME seeing stress**



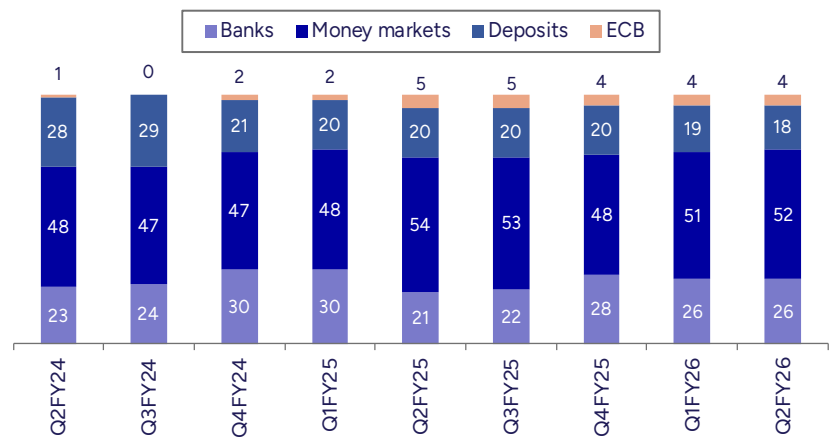
Source: Company, PL

**Exhibit 13: Credit cost (%) elevated over the near-term**



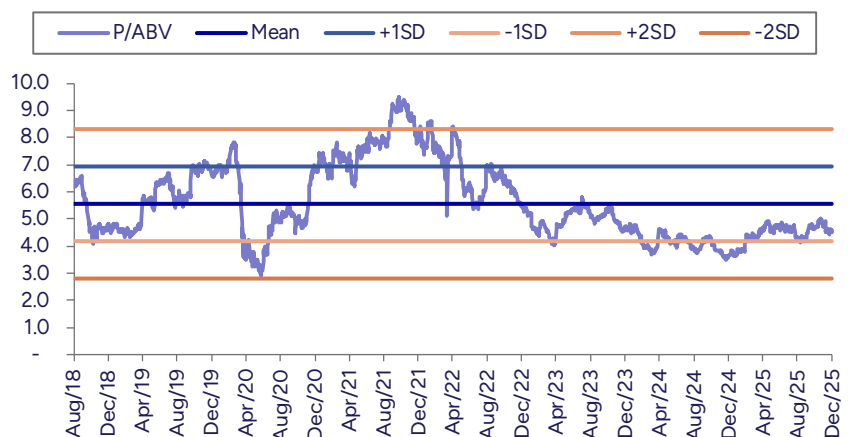
Source: Company, PL

**Exhibit 14: Funding mix over the past quarters**



Source: Company, PL

**Exhibit 15: One-year forward P/ABV of BAF trades at 4.6x**



Source: Company, PL


**Income Statement (Rs. m)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
Int. Inc. / Opt. Inc.	6,77,256	8,28,755	9,87,975	12,14,472
Interest Expenses	2,47,708	2,91,177	3,27,726	4,03,053
<b>Net interest income</b>	<b>4,29,548</b>	<b>5,37,579</b>	<b>6,60,249</b>	<b>8,11,419</b>
Growth(%)	23.0	25.1	22.8	22.9
Non-interest income	20,170	21,275	28,592	35,280
Growth(%)	50.8	5.5	34.4	23.4
Net operating income	4,49,718	5,58,853	6,88,840	8,46,699
<b>Expenditures</b>				
Employees	75,083	93,984	1,13,382	1,36,629
Other Expenses	74,178	91,300	1,12,372	1,37,510
Depreciation	-	-	-	-
Operating Expenses	1,49,261	1,85,284	2,25,754	2,74,139
<b>PPP</b>	<b>3,00,457</b>	<b>3,73,569</b>	<b>4,63,087</b>	<b>5,72,560</b>
Growth(%)	25.5	24.3	24.0	23.6
Provisions	79,660	91,372	1,01,536	1,19,908
<b>Profit Before Tax</b>	<b>2,20,796</b>	<b>2,82,198</b>	<b>3,61,551</b>	<b>4,52,652</b>
Tax	53,002	70,737	90,388	1,13,163
Effective Tax rate(%)	24.0	25.1	25.0	25.0
<b>PAT</b>	<b>1,67,795</b>	<b>2,11,461</b>	<b>2,71,163</b>	<b>3,39,489</b>
Growth(%)	16.1	26.0	28.2	25.2

**Balance Sheet (Rs. m)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
<b>Source of funds</b>				
Equity	6,209	6,209	6,209	6,209
Reserves and Surplus	9,88,127	11,70,314	14,20,331	17,32,703
Networth	9,94,336	11,76,523	14,26,539	17,38,912
Growth (%)	28.8	18.3	21.3	21.9
Loan funds	27,52,180	33,33,722	39,46,079	45,09,607
Growth (%)	24.9	21.1	18.4	14.3
Deferred Tax Liability	-	-	-	-
Other Current Liabilities	-	-	-	-
Other Liabilities	8,16,859	10,75,020	15,33,694	22,02,661
<b>Total Liabilities</b>	<b>45,63,375</b>	<b>55,85,265</b>	<b>69,06,312</b>	<b>84,51,180</b>
<b>Application of funds</b>				
Net fixed assets	1,21,547	1,33,023	1,59,098	1,89,657
Advances	41,66,610	51,18,869	63,52,606	78,10,562
Growth (%)	27.7	22.9	24.1	23.0
Investments	-	-	-	-
Current Assets	2,75,218	3,33,372	3,94,608	4,50,961
<b>Net current assets</b>	<b>2,75,218</b>	<b>3,33,372</b>	<b>3,94,608</b>	<b>4,50,961</b>
Other Assets	-	-	-	-
<b>Total Assets</b>	<b>45,63,375</b>	<b>55,85,265</b>	<b>69,06,312</b>	<b>84,51,180</b>
Growth (%)	21.4	22.4	23.7	22.4
<b>Business Mix</b>				
AUM	41,66,610	51,18,869	63,52,606	78,10,562
Growth (%)	26.0	22.9	24.1	23.0
On Balance Sheet	41,66,610	51,18,869	63,52,606	78,10,562
% of AUM	100.00	100.00	100.00	100.00
Off Balance Sheet	-	-	-	-
% of AUM	-	-	-	-

**Profitability & Capital (%)**

Y/e Mar	FY25	FY26E	FY27E	FY28E
NIM	9.7	9.7	9.6	9.5
ROAA	4.0	4.2	4.3	4.4
ROAE	19.0	19.5	20.8	21.4

Source: Company Data, PL Research

**Quarterly Financials (Rs. m)**

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Int. Inc. / Operating Inc.	1,57,682	1,63,591	1,71,447	1,77,960
Income from securitization	17,002	16,642	18,852	19,767
Interest Expenses	63,856	65,520	69,177	70,113
<b>Net Interest Income</b>	<b>1,10,828</b>	<b>1,14,714</b>	<b>1,21,122</b>	<b>1,27,614</b>
Growth (%)	23.6	22.7	21.6	22.2
Non-Interest Income	5,930	4,542	4,986	4,114
<b>Net Operating Income</b>	<b>1,16,757</b>	<b>1,19,256</b>	<b>1,26,108</b>	<b>1,31,728</b>
Growth (%)	25.6	22.7	21.0	20.3
Operating expenditure	38,670	39,493	41,230	42,959
<b>PPP</b>	<b>78,088</b>	<b>79,763</b>	<b>84,878</b>	<b>88,769</b>
Growth (%)	-	-	-	-
Provision	20,433	23,289	21,202	22,688
Exchange Gain / (Loss)	-	-	-	-
Profit before tax	57,654	56,474	63,676	66,081
Tax	14,572	11,018	16,023	16,604
Prov. for deferred tax liability	-	-	-	-
Effective Tax Rate	25.3	19.5	25.2	25.1
<b>PAT</b>	<b>43,082</b>	<b>45,456</b>	<b>47,653</b>	<b>49,478</b>
Growth	18	19	22	23
AUM	39,80,430	41,66,610	44,14,500	46,22,500
YoY growth (%)	28.0	26.0	24.6	23.6
Borrowing	25,57,550	27,52,180	29,14,210	39,74,009
YoY growth (%)	27.8	24.9	25.9	62.4

**Key Ratios**

Y/e Mar	FY25	FY26E	FY27E	FY28E
CMP (Rs)	1,048	1,048	1,048	1,048
EPS (Rs)	27.0	34.1	43.7	54.7
Book value (Rs)	160.2	189.5	229.8	280.1
Adj. BV(Rs)	157.2	185.5	225.1	274.5
P/E(x)	38.8	30.8	24.0	19.2
P/BV(x)	6.5	5.5	4.6	3.7
P/ABV(x)	6.7	5.7	4.7	3.8
DPS (Rs)	2.7	3.4	4.4	5.5
Dividend Payout Ratio(%)	-	-	-	-
Dividend Yield(%)	0.3	0.3	0.4	0.5

**Asset Quality**

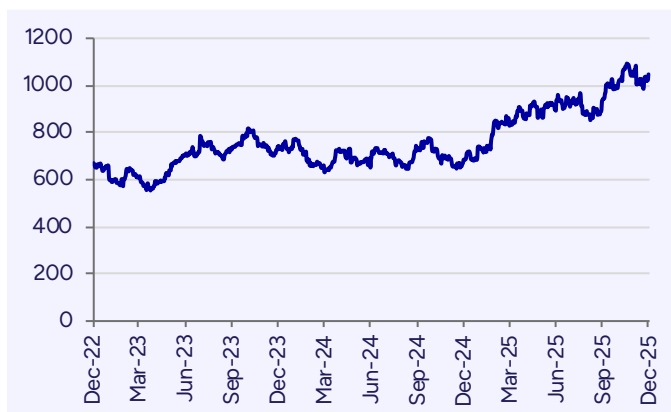
Y/e Mar	FY25	FY26E	FY27E	FY28E
Gross NPAs(Rs m)	39,650	58,978	70,892	85,618
Net NPA(Rs m)	18,340	25,053	28,708	34,486
Gross NPAs to Gross Adv.(%)	1.0	1.2	1.1	1.1
Net NPAs to net Adv.(%)	0.4	0.5	0.5	0.4
NPA coverage(%)	53.7	57.5	59.5	59.7

**Du-Pont as a % of AUM**

Y/e Mar	FY25	FY26E	FY27E	FY28E
NII	10.3	10.6	10.6	10.6
NII INCI. Securitization	10.3	10.6	10.6	10.6
Total income	10.8	11.0	11.0	11.0
Operating Expenses	3.6	3.7	3.6	3.6
PPOP	7.2	7.4	7.4	7.5
Total Provisions	1.9	1.8	1.6	1.6
RoAA	4.0	4.2	4.3	4.4
Avg. Assets/Avg. net worth	4.7	4.7	4.8	4.9
RoAE	19.0	19.5	20.8	21.4

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Nov-25	Hold	1,030	1,085
2	07-Oct-25	Hold	950	1,017
3	25-Jul-25	Hold	900	959
4	08-Jul-25	Hold	900	925
5	30-Apr-25	Hold	9,000	9,093

**Analyst Coverage Universe**

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Bajaj Finance	Hold	1,030	1,085
2	Cholamandalam Investment and Finance Company	Hold	1,725	1,704
3	HDFC Life Insurance Company	BUY	900	761
4	ICICI Prudential Life Insurance Company	BUY	710	597
5	Mahindra & Mahindra Financial Services	Hold	300	300
6	Max Financial Services	BUY	1,925	1,702
7	SBI Life Insurance Company	Hold	1,950	1,903
8	Shriram Finance	BUY	875	749
9	Sundaram Finance	Hold	5,000	4,691

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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