

Bajaj Finance (BAF) - ADD

Result Update

Current Market Price (CMP)

Rs. 8635

Target Price

Rs. 9500

Rationale:

- Bajaj Finance's core performance was in line with expectations, with higher credit costs during the quarter.
- The peaking of stress, post-screen tightening, leading to stable asset quality trends, makes it more assertive on growth.
- We expect the 25-26% loan growth trajectory to continue, with stable medium term profitability, albeit shifting matrices.
- Raise estimates and retain ADD with an FV of Rs9,500.

Q4FY25 Earnings Update:

👍 Positives:

- Reports PAT of Rs4500 crores in Q4FY25, up 19% yoy & broadly in line with estimates.
- NII was up 22% yoy, driven by strong 26% AUM growth.
- NIM was largely stable qoq at 8.5%.
- Bajaj Finance has finally called peaking of credit costs in Q4FY25.

👎 Negatives:

- Credit cost was elevated at 2.3% likely due to the one-off impact of ECL rejig.
- Stressed loans inched up 15 bps qoq to 4% in Q4FY25.

(NIM-Net Interest Margin, NII- Net Interest Income, ECL – Expected Credit Loss)

[Click here](#)

For detailed report dated 29th April 2025. Note: CMP & valuation may differ due to difference in dates.



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