

Bajaj Housing Finance (BAJAJHFL) - ADD

Q4FY26 Result Update

Current Market Price (CMP) Rs.91	Fair Value (FV) Rs.105
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Rationale:

- Bajaj Housing's retail prime home loan book has one of the most defensive profiles in our coverage universe, loan growth remains healthy at 23% with an upward bias in a stable/rising rate regime.
- Net Interest Margin (NIM), however, remains under pressure, reflecting the lagged effect of the home loan rate cut, competition in home loans and hardening bond yields.
- BHFL reported PAT of Rs670 cr in Q4FY26, up 14% yoy, but 7% below our estimates. The miss was driven by higher-than-expected provisions.
- Retain ADD; FV Rs105.

👍 Positives:

- Bajaj Housing reported 23% loan growth in FY26.
- Home loans comprise about 54% of AUM, of which 12% (Rs9000 cr) exposed to near-prime/affordable segment.
- Co has consistently maintained best-in-class asset quality, with negligible losses in developer loans.
- Gross Stage-3 ratio remained stable qoq at 27 bps.

👎 Negatives:

- Net Interest Income (NII) grew 15% yoy, trailing 23% yoy AUM growth, largely due to ~24 bps yoy NIM compression in Q4FY26.
- Repayment rate remained elevated at 31% (32% in Q3FY26 and 29% in Q4FY25), likely driven by (1) higher share of wholesale loans and (2) higher BT-outs.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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