March 23, 2026

India | NBFC |
Initiating Coverage

JM Financial

Bajaj Housing Finance

Scale-up with Stability: High-Growth, Low-Risk Franchise

Diversified mortgage mix | Strong operating leverage | Best-in-class asset quality

Bajaj Housing Finance

Scale-up with Stability: High-Growth, Low-Risk Franchise

Bajaj Housing Finance Limited (BHFL), a subsidiary of Bajaj Finance Limited, was founded in 2008 and commenced lending operations in FY18. In FY23, it was recognised as an "Upper Layer" NBFC by the RBI. With an AUM of INR 1.33tn at end-Dec'25, BHFL is the second-largest HFC in India—after LIC HF. It achieved a robust 28% CAGR in AUM between FY20 and 3QFY26, making it one of the fastest-growing HFCs in India.

BHFL offers a wide range of mortgage products, including home loans, LAP, lease rental discounting (LRD) and developer financing. The company has strategically expanded its portfolio, with a strong focus on prime customers and low-risk home loans. Recently, it entered the near-prime and affordable housing segments through its Sambhav platform, aimed at broadening its borrower base and enhancing portfolio yields.

The company operates through a network of 221 branches at 178 locations and has strengthened its digital presence with a multi-channel sourcing model. At end-3QFY26, BHFL's C/I ratio improved to ~19%, down from ~29% in FY22, reflecting strong operating leverage and efficiency improvements.

BHFL is well-supported by the Bajaj group, providing financial stability and strong parentage, ensuring growth potential in the competitive housing finance sector. The company's diversified business model and low-risk approach position it for continued growth, with ~22%/20% AUM/PAT CAGR during FY26–28E. However, the stock is trading at a rich valuation of ~2.3x FY28E BVPS (versus 0.5–0.9x for prime HFCs and 1.3–1.9x for AHFCs), implying limited upside potential in the near term. Key downside risks: i) increased competition, ii) broad economic slowdown iii) supply risks, and iv) deterioration in asset quality.

Strong growth with diversified mortgage franchise: BHFL's AUM surged to ~INR 1.33tn by end-Dec'25, **delivering ~28% AUM CAGR over FY20–3QFY26, making it one of India's fastest-growing prime HFCs.** It benefits from a diversified mortgage portfolio across HLs, LRD, LAP and developer finance, supporting strong growth and risk diversification. Also, its Sambhav platform in near-prime and affordable housing (yielding 1.25–1.5% higher than prime loans) is emerging as an incremental growth and margin driver.

Strong parentage and credit rating bolster liability side: Despite elevated competition in prime housing and rising NBFC yields, BHFL is well positioned to protect its NIM on the back of strong parentage, refinancing of higher-cost NCDs and superior growth in high-yield segments. We build in an AUM CAGR of ~22% with a stable NIM of ~2.9% over FY26–28E.

Strong operating efficiency and best-in-class asset quality: BHFL has significantly improved its operating efficiency, with C/I ratio dipping to ~19% by 3QFY26 (from 29% in FY22). This has been driven by falling employee costs, strong operating leverage from rapid AUM growth and strategic technology investments that enhance productivity and pare costs. Further, asset quality has been strong with average credit cost of 14bps during FY23–9MFY25.

Best-in-class metrics; rich valuation implies limited upside potential: BHFL is well positioned for strong growth with an EPS CAGR of ~20% over FY26–28E, driven by key factors including: **i)** a diverse portfolio; **ii)** stable margins averaging ~2.9% over the medium term; **iii)** gradual improvement in the C/I ratio as technology investments bear fruit; and **iv)** strong credit cost management. We argue this robust strategy would support a consistent ~2%+ RoA and drive ~13-14% RoE by FY28E. However, its current rich valuation of 2.3x FY28E BVPS (versus 0.5x/0.9x for LIC HF/PNB HF and 1.3–1.9x for AHFCs) implies limited upside potential in the near term. **Initiating coverage at ADD with a TP of INR 88, valuing the stock at 2.5x FY28E BVPS**.

Recommendation and Price Target	
Current Reco.	ADD
Current Price Target (12M)	88
Upside/(Downside)	8.0%

Key Data – BAJAJHFL IN	
Current Market Price	INR81
Market cap (bn)	INR678.7/US$7.2
Free Float (%)	10.3
Shares in issue (mn)	8,332.3
Diluted share (mn)	8,332.3
3-mon avg daily val (mn)	INR572.5/US$6.2
52-week range	INR137/80
Sensex/Nifty	74,533/23,115
INR/US$	93.7

Price Performance			
%	1M	6M	12M
Absolute	-7.5	-28.9	-32.8
Relative*	3.4	-21.7	-30.6

*To the NSE Nifty 50

Financial Summary					(INR mn)
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit	17,312	21,629	25,667	30,295	36,725
Net Profit (YoY) (%)	37.6	24.9	18.7	18.0	21.2
NIM (%)	3.1	2.9	3.0	2.9	2.9
AUM (YoY) (%)	32.0	25.5	22.1	22.3	22.6
Gross NPA (%)	0.2	0.3	0.3	0.4	0.4
ROA (%)	2.4	2.3	2.2	2.2	2.2
ROE (%)	15.2	13.4	12.1	12.6	13.4
EPS	2.6	2.6	3.1	3.6	4.4
EPS (YoY) (%)	37.6	0.7	18.7	18.0	21.2
P/E (x)	31.6	31.4	26.4	22.4	18.5
BV	18	24	27	31	35
BV (YoY) (%)	16.5	31.4	12.9	13.5	14.4
P/BV (x)	**4.5**	**3.4**	**3.0**	**2.7**	**2.3**

Source: Company data, JM Financial. Note: Valuations as of March 20, 2026

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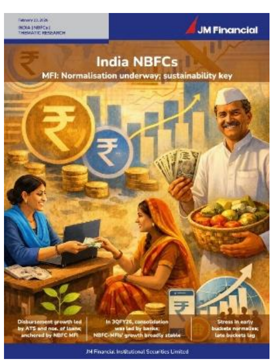


MFI: Normalisation underway; sustainability key

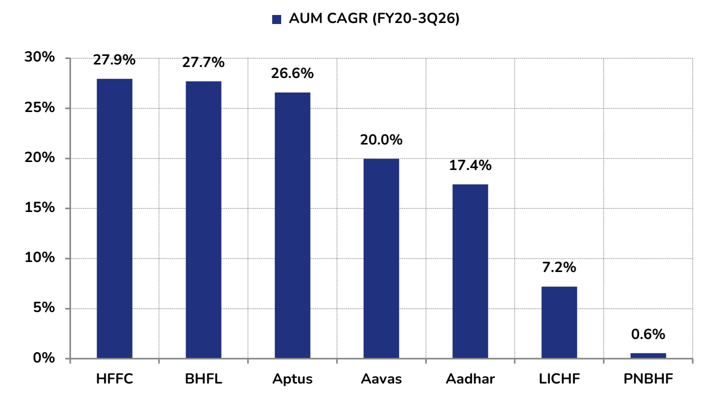
Tata Capital Limited

HDB Financial Services Limited

MSME loans: Moderating disbursements; early delinquencies up

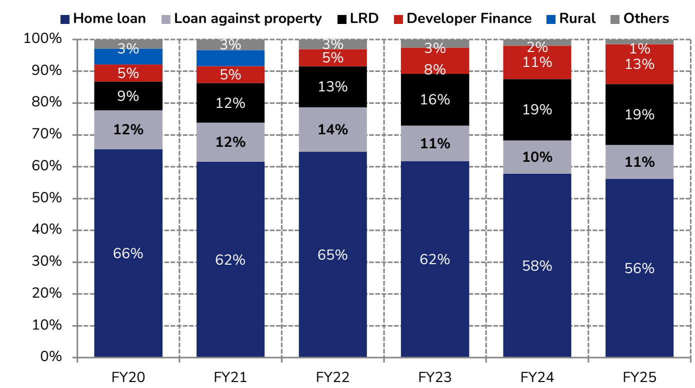
Focus Charts

Exhibit 1: Among the highest CAGR over FY20-3QFY26 in major HFCs



Source: Company, JM Financial

Exhibit 2: BHFL AUM mix: Moving towards non-home loans



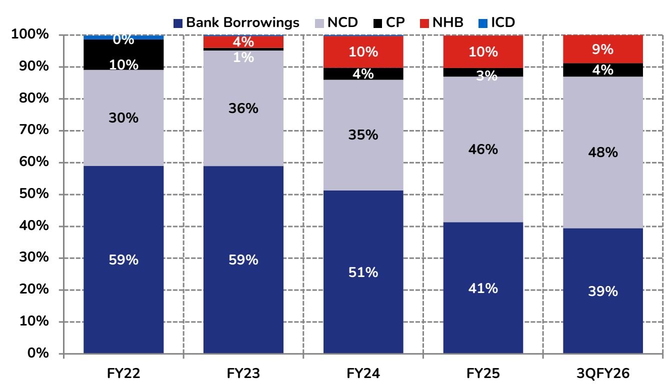
Source: Company, JM Financial

Exhibit 3: Next leg of growth to be supported by 'Sambhav' expansion (near-prime + affordable HL book)

At end-3QFY26	Near-Prime	Affordable Home Loans
Target ATS	INR 4-6mn	INR 1.5-3.5mn
Yields	9-11%	11-13%
Focused Operating Markets	Top-36 markets	Deeper geographies of Top-36 markets; and
		Tier-4/ rural locations
Transaction type offering	Finance For new home purchase, resale, balance transfer & self-construction.	Finance For new home purchase, resale, balance transfer & self-construction.
Sourcing Strategy	B2C (Intermediary Sourcing), B2B (Developer Counters), D2C, LAP	B2C (Intermediary Sourcing), B2B (Developer Counters), D2C, LAP
Current share in SAMBHAV disbursements	~65%	~35%
Sanction to login ratio	~55-60%	
Disbursement to sanction ratio	~70-75%	

Source: Company, JM Financial

Exhibit 4: Share of bank borrowings in overall mix moderating



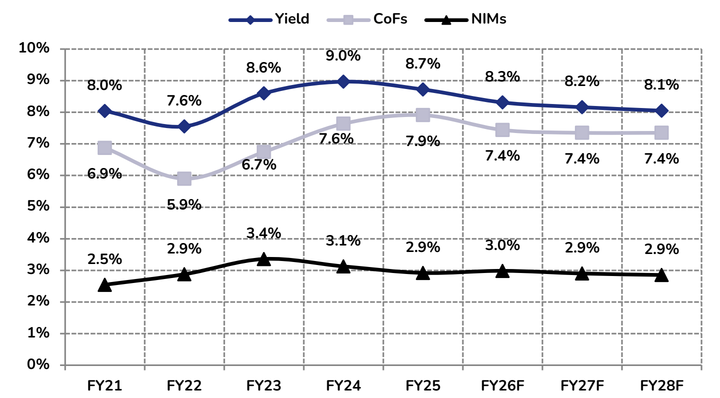
Source: Company, JM Financial

Exhibit 5: Higher-rated NCDs maturing in medium term augur repricing benefits

INR bn	4QFY26	FY27	FY28
NCDs maturing (INR bn)	8.65	61.2	90.2
% of 3Q26 o/s NCDs	1.87%	13.21%	19.48%
% of 3Q26 o/s Borrowings	0.89%	6.28%	9.25%
Coupon rate	**7.92%**	**7.77%**	**7.67%**
Current 3-year NBFC AAA yield		**7.59%**	

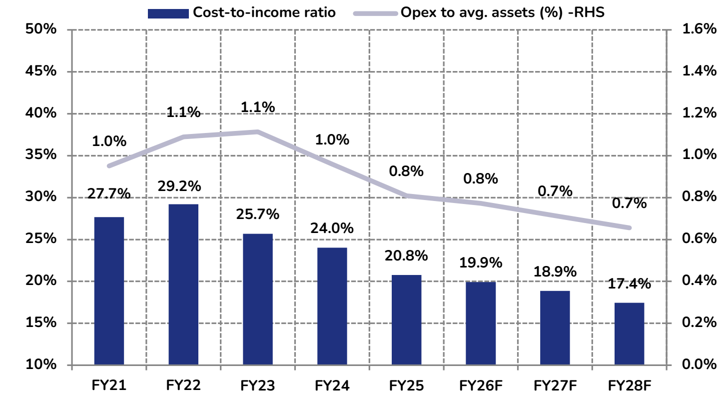
Source: Company, JM Financial
Note: Data as of 19th March, 2026

Exhibit 6: Margins expected to be largely stable



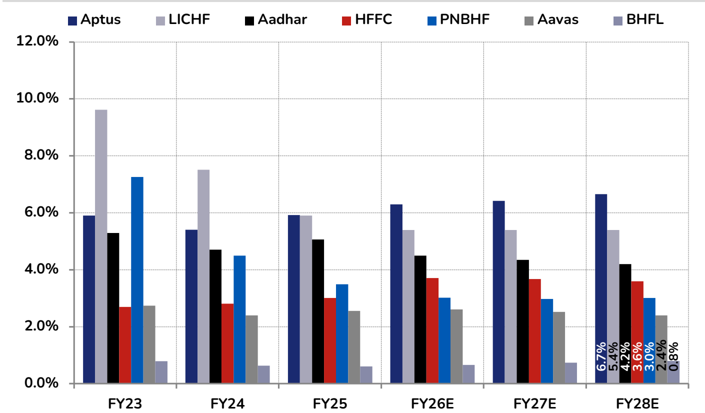
Source: Company, JM Financial

Exhibit 7: Cost ratios expected to moderate led by operating leverage



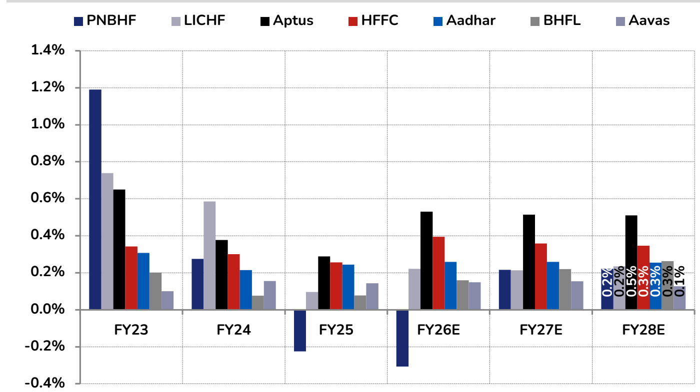
Source: Company, JM Financial

Exhibit 8: Overall stressed pool (S2+S3) also better than peers



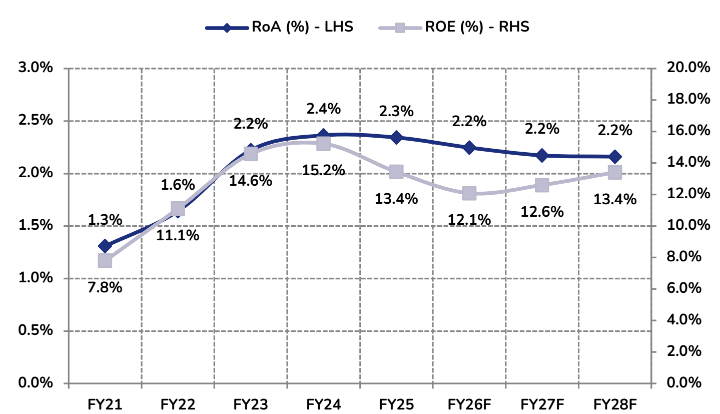
Source: Company, JM Financial

Exhibit 9: Average credit cost trend (% of AUM) for BHFL over the years lower relative to peers



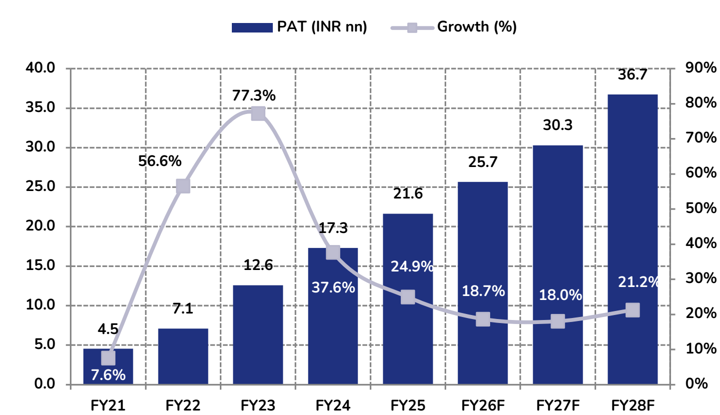
Source: Company, JM Financial

Exhibit 10: RoA expected to be steady while RoE to improve with gradual increase in leverage



Source: Company, JM Financial

Exhibit 11: Overall PAT to clock CAGR of ~20% over FY26–28E



Source: Company, JM Financial

Investment Thesis

Diversified mortgage franchise drives superior growth, risk-adjusted returns

BHFL has built a well-diversified mortgage portfolio spanning home loans (~55% of AUM), LRD (~22%), developer finance (~12%) and LAP (~11%), enabling participation across multiple segments and supporting strong growth (~28% AUM CAGR over FY20–3QFY26). While home loans provide scale and stability (ATS ~INR 4.7mn, ~84% salaried mix, GS-3 ~0.3%), higher-yielding segments such as LAP and DF support margins, and LRD anchors asset quality with negligible stress. This balanced mix, combined with prudent underwriting (comfortable LTVs) and strong asset quality across segments, positions BHFL to sustain high growth with controlled risk and stable profitability. **We build in an AUM CAGR of ~22% over FY26-28E.**

'Sambhav' SBU to boost growth and support margins

BHFL's foray into near-prime and affordable housing through the "Sambhav" platform provides a key growth lever, with disbursement share rising to ~6.1% in 3QFY26 (versus ~4.7% in 2QFY26) and likely to go up to 8.5–9% over the next 12–15 months. Monthly disbursements are targeted to scale from INR 3.3bn–3.5bn to ~INR 6bn+, with current AUM at ~INR 50bn (~3.7% of total AUM). Importantly**, higher yields (125–150bps above prime)** should help offset yield compression in prime housing and support NIM stability, making Sambhav a key driver of growth and profitability.

Diversified liabilities to support CoF; margins to remain resilient

BHFL's diversified borrowing profile, supported by its AAA rating and strong parentage, positions it to benefit from a gradual moderation in cost of funds. Upcoming **refinancing of higher-cost NCDs (7.7–7.9%)** at lower prevailing yields (7.5–7.6%), along with increasing reliance on lower-cost CP issuances (~6.0–7.1%), should protect CoF from the recent rise in NBFC yields. While competitive intensity may exert some pressure on yields, BHFL's ability to rebalance towards higher-yielding segments (LAP, DF, Sambhav) is expected to offset this, enabling **NIMs to be broadly stable at 2.9-3.0% over FY26–FY28E.**

Operating leverage, digital investments fostering structural cost efficiencies

BHFL has delivered strong improvement in operating efficiency, with cost-to-income declining from ~33% in FY20 to ~19% in 3QFY26 and opex/average assets moderating from ~1.3% to ~0.7%, driven by scale benefits and sustained digital investments. The decline has been largely led by **employee cost efficiencies (down ~29bps to ~0.52% of average assets over FY22–FY25)**, while other cost heads have been broadly stable. Productivity metrics have improved sharply, with AUM per employee rising, reflecting a scalable operating model. Continued investments in technology, centralised underwriting, and increasing direct sourcing are expected to drive further operating leverage**, with C/I ratio trending towards 17% over the medium term**.

Strong underwriting framework drives superior asset quality, low credit costs

BHFL's centralised and tech-enabled underwriting framework, supported by digitised processes, account aggregator integration and robust risk monitoring systems, enables strong control over credit quality across segments. The portfolio remains skewed towards low-risk borrowers with conservative LTVs and granular mortgage-backed collateral. As a result, asset quality metrics remain best in class with GS-3 at ~0.3% and 30+ dpd stress at ~0.6%, alongside a healthy PCR of ~59%. Strong underwriting discipline and diversified portfolio mix are expected to **keep credit costs contained (~21bps over FY26–FY28E),** supporting sustained profitability and balance sheet strength.

Sustained RoA profile with earnings growth; valuations limit upside

BHFL has consistently delivered strong return ratios with average RoA of ~1.9% and average RoE of ~12% over FY20–25, supported by operating leverage and low credit costs. We expect ~20% EPS CAGR over FY26–FY28E, driven by ~22% AUM growth, stable NIMs (~2.9%), improving cost efficiencies and controlled credit costs (~21bps). This should support consistent **RoAs of ~2%+ over the medium-term, and RoE of ~13-14% by FY28E**, aided by gradual leverage improvement. While fundamentals remain robust with strong growth visibility and best-in-class asset quality, current valuations at ~2.3x FY28E BV (versus 0.5x/0.9x for LIC HF/PNB HF and 1.3–1.9x for AHFCs) factor in most positives, limiting near-term upside. **We initiate coverage with an ADD rating and a TP of INR 88, valuing the stock at 2.5x FY28E BV.**

Valuation and View

BHFL presents a strong growth story supported by **an AUM CAGR of ~28% over FY20–3QFY26,** with the loan book expected to expand from **~INR 1.1tn in FY25 to ~INR 2.1tn by FY28E**. Asset quality remains best in class with GS-3 assets at ~0.3% and stressed pool at ~0.6%, supporting structurally low credit costs. Operating efficiency has improved materially, with cost-to-income declining to ~19% (expected ~17% by FY28E) and opex/ average assets moderating to ~0.7% aided by strong productivity gains. Additionally, expansion into higher-yielding near-prime and affordable segments through the Sambhav platform should support margins and help sustain **~2%+ RoA over the medium term**.

We are initiating coverage on BHFL at **ADD rating,** valuing the stock at **2.5x FY28E book, which yields a TP of INR 88.** We build in consistent RoAs of 2%+. **Leverage remains comfortable at ~5.5x; with a gradual increase in leverage, we forecast BHFL can deliver RoEs of ~13-14% by FY28E.**

Key risks to our call are higher competition from banks in prime and builder loans, broad-based economic slowdown, and inability to maintain asset quality parameters given the increasing mix of its developer and affordable book.

Exhibit 12: We value BHFL at INR 88 per share, implying 2.5x FY28E BVPS

	INR mn	Contribution of value	Avg. ROA assumption	Avg. ROE assumption
Dec-25 net worth	225,139	34.7%		
PV of RI over Mar26-Mar-35F (incl dividends)	31,612	4.9%	2.1%	14.0%
PV of RI over FY36-45F (incl dividends)	103,953	16.0%	1.8%	16.4%
Terminal value	287,689	44.4%	1.8%	17.2%
Total value of the firm	**648,394**	**100.0%**		
Total number of shares (mn)	8328			
Target price per share	**88**			
Implied P/B-FY28E	**2.5**			
Cost of equity assumption	13.0%			
Terminal growth assumption	8.0%			

Source: Company, JM Financial

Exhibit 13: Sensitivity of valuation estimates to asset growth, RoA, RoE

FY26-45F	Bear Case	Base Case	Bull Case
Average asset growth	19%	20%	21%
Average RoA	1.9%	1.9%	2.1%
Average RoE	15.1%	15.4%	16.7%
Fair Value	**75**	**88**	**105**
Upside/downside	-8%	*8%*	29%
Implied P/B-FY28E	2.1	2.5	2.9
Implied P/E-FY28E	15.0	19.9	20.8

Source: Company, JM Financial; Note: Price as of 20th March,2026

Exhibit 14: BHFL to keep generating above-average RoA of 2.1% during FY25–35F

Long-term assumptions	FY19-25	FY25-35F	FY35-45F
CAGR of total assets (%)	32%	20%	19%
Mean RoA (%)	1.8%	2.1%	1.8%
Mean RoE (%)	10.8%	14.2%	16.5%

Source: Company, JM Financial

Exhibit 15: JMFL versus consensus estimates: Our FY26-28E EPS is largely in line with consensus estimates

Particulars (INR bn)	JMF estimates			Consensus			JMF vs consensus		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total net income	44	53	64	44	53	63	1%	0%	1%
Operating profit	35	43	53	35	42	51	2%	2%	4%
PAT	26	30	37	25	30	37	1%	0%	0%
EPS (Rs)	3	4	4	3	4	4	1%	0%	0%
BVPS (Rs)	27	31	35	27	31	NA	0%	0%	NA

Source: Company, JM Financial

Exhibit 16: Peer comparison across key parameters

	Bajaj Housing Finance				LIC Housing Finance				PNB Housing Finance			
CAGR/ YoY	**3QFY26**	**FY25**	**FY22-25**	**FY20-25**	**3QFY26**	**FY25**	**FY22-25**	**FY20-25**	**3QFY26**	**FY25**	**FY22-25**	**FY20-25**
Disbursements	31.6%	13.9%	24.8%	NA	4.0%	7.3%	1.2%	6.4%	15.6%	25.0%	25.0%	3.4%
AUM	23.2%	25.5%	29.1%	28.5%	5.1%	7.3%	7.0%	7.9%	12.0%	12.8%	6.8%	-0.7%
PAT	21.3%	24.9%	45.0%	38.7%	-3.4%	13.9%	33.4%	17.7%	7.7%	28.4%	32.3%	24.5%
Ratios (%)												
Yield on AUM (%)	8.3%	8.7%	8.5%	8.5%	9.0%	9.3%	8.9%	9.0%	10.0%	9.8%	9.8%	10.1%
Cost of funds (%)	7.3%	7.9%	7.0%	7.2%	7.3%	7.5%	7.1%	7.3%	7.6%	7.8%	7.5%	7.8%
NIM on AUM (%)	3.0%	2.9%	3.1%	2.9%	2.7%	2.7%	2.6%	2.5%	3.8%	3.6%	3.3%	3.1%
Credit cost (%)	0.2%	0.1%	0.2%	0.3%	0.2%	0.1%	0.6%	0.6%	-0.2%	-0.2%	0.6%	0.9%
ECL/EAD (%)	0.6%	0.6%	0.8%	0.8%	1.6%	1.6%	2.2%	1.9%	1.1%	1.5%	2.6%	2.8%
Du Pont (%)												
NII	**3.3%**	**3.3%**	**3.3%**	**3.1%**	**2.6%**	**2.7%**	**2.6%**	**2.5%**	**3.5%**	**3.5%**	**3.3%**	**3.1%**
Total income	3.9%	3.9%	4.0%	3.9%	2.8%	2.8%	2.7%	2.6%	4.0%	4.1%	3.8%	3.6%
Opex	0.7%	0.8%	1.0%	1.0%	0.4%	0.5%	0.4%	0.4%	1.1%	1.0%	0.9%	0.8%
PPOP	3.2%	3.1%	3.0%	2.9%	2.4%	2.4%	2.3%	2.2%	2.9%	3.0%	2.9%	2.8%
Provision	0.2%	0.1%	0.2%	0.3%	0.2%	0.1%	0.6%	0.5%	-0.2%	-0.2%	0.5%	0.8%
RoA (%)	**2.2%**	**2.3%**	**2.1%**	**1.9%**	**1.7%**	**1.8%**	**1.4%**	**1.3%**	**2.4%**	**2.5%**	**1.9%**	**1.6%**
RoE (%)	**12.4%**	**13.4%**	**13.6%**	**11.9%**	**14.2%**	**16.0%**	**13.4%**	**13.6%**	**11.4%**	**12.2%**	**10.7%**	**10.3%**
Current valuation-FY28												
P/E				18.5				4.0				7.7
P/B				2.3				0.5				0.9

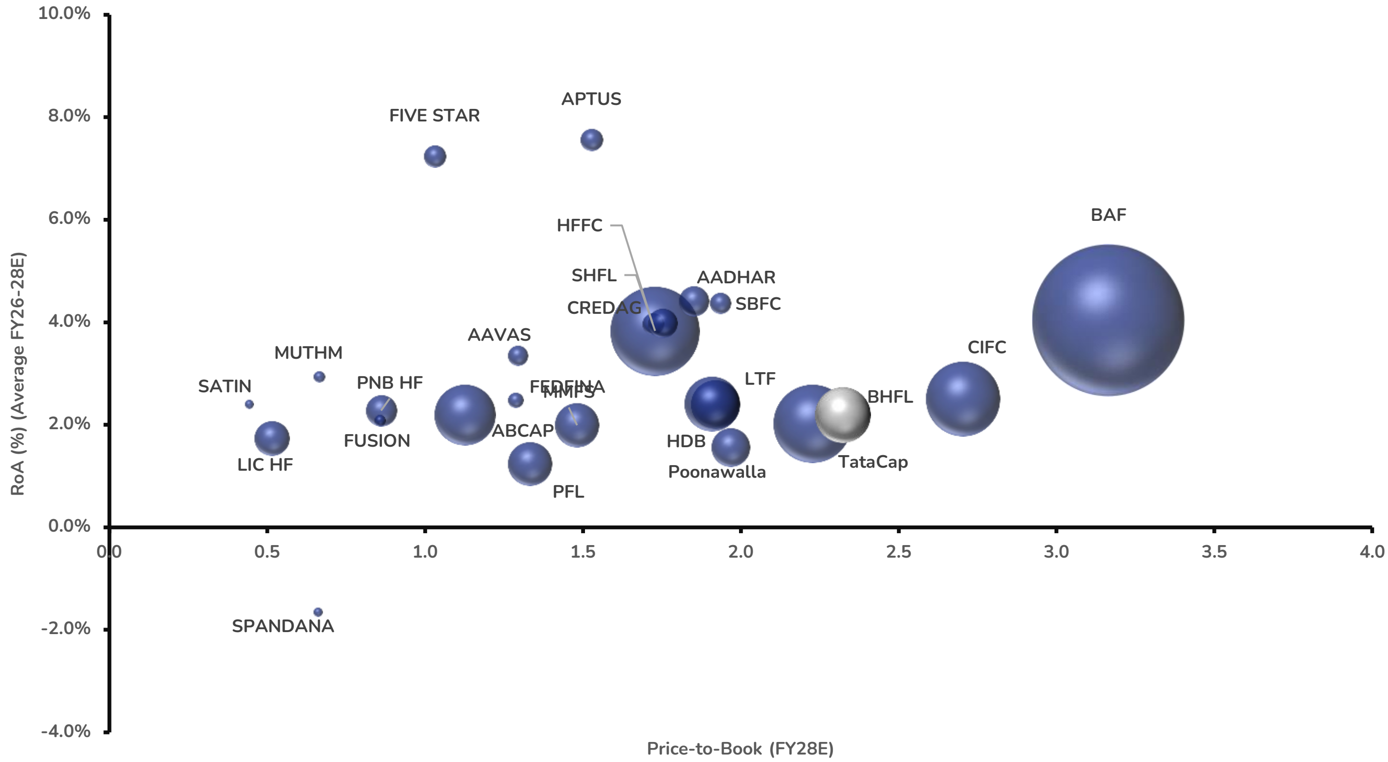
Source: Bloomberg L.P, Company, JM Financial
Note: Priced at end-20th March, 2026

Exhibit 17: Peer comparison: BHFL looks fairly valued given growth/RoE profile at CMP

Name	MCap (USD mn)	CMP (INR)	TP (INR)	EPS CAGR	AUM CAGR	P/B		P/E		RoA (%)		RoE (%)	
				FY26-28E	FY26-28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
LIC HF	2,852	486	620	11%	8%	0.6	0.5	4.5	4.0	1.7%	1.8%	13.5%	13.5%
PNB HF	2,200	792	1,125	11%	17%	1.0	0.9	9.3	7.7	2.1%	2.2%	11.0%	11.8%
BHFL	**7,238**	**81**	**88**	**20%**	**22%**	**2.7**	**2.3**	**22.4**	**18.5**	**2.2%**	**2.2%**	**12.6%**	**13.4%**
Aadhar	2,085	450	615	19%	19%	2.2	1.9	14.5	12.3	4.5%	4.4%	16.3%	16.2%
Aptus	1,115	209	352	18%	20%	1.8	1.5	9.2	8.1	7.7%	7.3%	20.8%	20.4%
Aavas	927	1,098	1,810	19%	16%	1.5	1.3	11.1	9.4	3.4%	3.4%	14.5%	14.8%
HomeFirst	1,041	936	1,360	22%	24%	2.0	1.7	14.2	12.0	4.1%	3.9%	14.9%	15.3%

Source: Bloomberg L.P, Company, JM Financial
Note: Priced as on 20th March 2026

Exhibit 18: We expect BHFL to deliver average RoA/ RoE of 2.2%/13% over FY26–28F



Source: Bloomberg L.P, Company, JM Financial
Note: Priced as on 20th March 2026

Keys Risks

- **Increased competition:** Aggressive stance of PSU banks in the prime lending space may lead to a slowdown in AUM growth and/or a downward pressure on margins.

- **Geographical concentration of AUM:** Assets under management are concentrated in four states (Maharashtra, Karnataka, Telangana, Gujarat) and the union territory of New Delhi as per data available at end-FY24 (contributing ~85% to overall AUM). Accordingly, any adverse developments in these regions could have an adverse effect on BHFL's business, results of operations, cash flows and financial condition.

- **Broad-based economic slowdown:** A broad-based slowdown in the Indian economy may pose risk to AUM and earnings growth estimates.

- **Supply risk:** To comply with SEBI regulations, Bajaj Finance will need to reduce its stake in BHFL to 75% by Sep'29 (as per new guidelines) from the current levels of 86.7%.

- **Risks related to increased exposure to LRD:** A rise in vacancy rates in commercial real estate properties of lease rental discounting customers may lead to diminished rental incomes, directly impacting the loan servicing capabilities of these borrowers.

- **Inability to maintain asset quality parameters:** While BHFL has been able to successfully control its credit costs on the back of strong underwriting and risk framework, any failure to sustain its asset quality metrics, particularly in the commercial segment (higher ticket size), may lead to an increase in credit costs.

Company Overview

Bajaj Housing Finance Limited (BHFL) (formerly Bajaj Financial Solutions Ltd) was incorporated on 13th Jun'08 as a subsidiary of Bajaj Finserv Limited. It was later acquired by Bajaj Finance Ltd (BFL) as a wholly owned subsidiary and the name was subsequently changed to Bajaj Housing Finance Limited. It commenced lending operations in FY18, and in FY23 was identified and categorised as an "Upper Layer" NBFC (NBFC-UL) by the Reserve Bank of India (RBI).

BHFL has a comprehensive mortgage product suite consisting of **i) home loans; ii) loans against property (LAP); iii) lease rental discounting (LRD); and iv) developer financing.** It provides the entire value chain of mortgage solutions to both individuals and wholesale. **On the individual side,** the company's primary focus remains on individual retail housing loans (all three sub-segments – prime housing, emerging and affordable housing) for both salaried and self-employed customers along with LAP. **On the wholesale side**, it provides financing to developers engaged in the construction of residential/commercial properties and offers LRD to developers and high net-worth individuals.

It uses both direct and indirect channels for loan origination, wherein direct origination involves strategic partnerships with developers, self-sourcing by customer engagement and leveraging leads from its digital ecosystem. **Under indirect sourcing,** BHFL leverages its distribution network of intermediaries such as DSAs, aggregators, channel partners and so on.

At end-Dec'25, BHFL's AUM was INR 1.33tn, making it the second-largest housing finance company (HFC) in India after LIC HF. It grew at a CAGR of ~28% during FY20–3QFY26, the fastest amongst prime HFCs. The company maintains strategic focus on low risk and fast-growing home loan customers with home loans contributing to ~55% of AUM in 3QFY26. **Amongst large HFCs, BHFL boasts one of the highest share of salaried customer mix at 84% (Dec'25).** Further, it has an extensive network of 221 branches (Dec'25) spread across 178 locations in 20 states/UTs, which are overseen by centralised hubs for retail underwriting and eight centralised processing hubs for loan processing. The company's diversified reach helps it reach its target customers across geographies.

Exhibit 19: BHFL: History of key events

Year	Particulars
FY18	• Company commenced lending operations with a focus on salaried home loans
FY19	• Total value of AUM reached INR 150bn • Adopted a hub-based model for underwriting salaried credit • Raised INR 20bn through two rounds of fund-raising by way of rights issue
FY20	• AUM reached INR 300bn • Raised INR 15bn by way of rights issue
FY21	• Began offering repo rate-linked home loans • Began intermediary sourcing for retail products • Developed B2C mobility app for digital sourcing
FY22	• AUM reached INR 500bn • Introduced the 'e-home loan sanction' functionality
FY23	• Classified as an "NBFC-Upper Layer" by the RBI • Introduced 'e-agreement' functionality
FY24	• AUM reached INR 910bn • Launched facility for online onboarding of customers • Expanded operations to focus on self-employed home loans • Launched "Sambhav Home Loans" product in the affordable home loan segment.
FY25	• Crossed AUM milestone of INR 1tn • Raised INR 20bn through rights issue in Apr'24 • Equity capital market listing (IPO) in Sep'24 with fresh issue of INR 35.6bn • Launched SBU for home loans offering to near prime and affordable customer segment

Source: Company, JM Financial

Exhibit 20: Key financial metrics – Strong numbers over years

Financial Metrics	FY22	FY25	9MFY26	CAGR (FY22-FY25)	CAGR (FY22-9MFY26)
AUM (INR bn)	533	1,147	1,334	29.1%	27.7%
Disbursements (INR bn)	262	508	471	24.8%	NA
Profit after tax (INR mn)	7,096	21,629	18,912	45.0%	NA
Return on Assets	1.6%	2.3%	2.2%	2.3%	2.3%
Return on Equity	11.1%	13.4%	12.1%	14.4%	13.8%

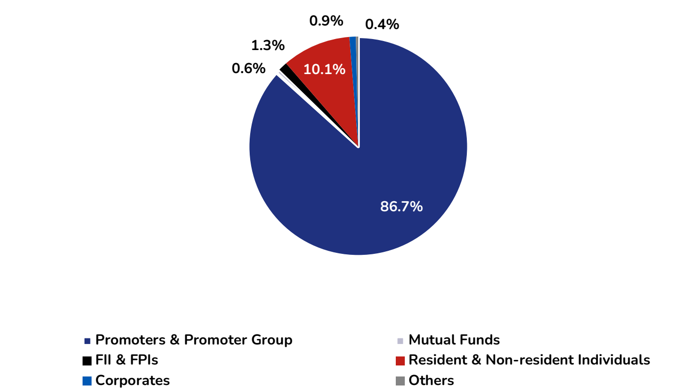
Source: Company, JM Financial

Exhibit 21: Key shareholders (at end-Dec'25)

Shareholders	%
Bajaj Finance Limited	86.70%
Promoter and Promoter Group	**86.70%**
Catamaran Ventures LLP	0.21%
ICICI Prudential Life Insurance Company Limited	0.17%
Vanguard Total International Stock Index Fund	0.16%
Vanguard Emerging Markets Stock Index Fund	0.15%
Aditya Birla Sun Life Trustee Private Limited A/c	0.15%
ICICI Prudential Banking and Financial Services Fund	0.15%
NPS Trust A/c ICICI Prudential Pension Fund Scheme E - Tier I	0.14%
NPS Trust A/c SBI Pension Fund Scheme - Central Govt	0.13%
Government Pension Fund Global	0.13%
Tata AIG General Insurance Company Limited	0.13%
BNP Paribas Financial Markets – Odi	0.10%
Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II	0.09%
Serum Institute of India Pvt Ltd	0.05%
Motilal Oswal Large Cap Fund	0.04%
Canada Pension Plan Investment Board	0.04%
HDFC Life Insurance Company Limited	0.04%
ICICI Prudential Nifty Next 50 Index Fund	0.04%
Nippon Life India Trustee Ltd A/c Nippon India ETF - Nifty Next 50 Junior Bees	0.03%
UTI - Nifty Next 50 Index Fund	0.03%
FIIs/FPIs/Mutual Funds	**1.98%**
Others	11.3%
Total	**100.0%**

Source: Company, JM Financial

Exhibit 22: Shareholding pattern (at end-Dec'25)



Source: Company, JM Financial

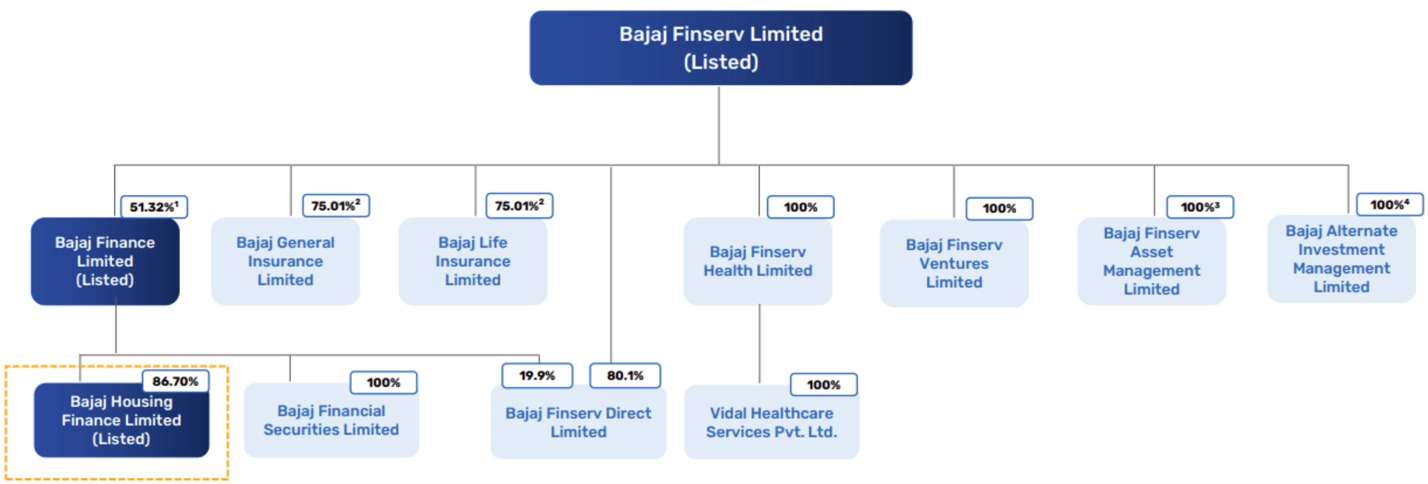
Second-largest HFC in India by AUM

Comprehensive product offerings

Bajaj Housing Finance Limited (BHFL) began its operations in FY18 and has rapidly established itself as the second-largest HFC in India, boasting an AUM of INR 1,334bn at end-Dec'25. **Initially focused on salaried home loans**, BHFL has strategically broadened its product portfolio to include **self-employed home loans, LAP, LRD, and financing solutions for developers**. Between **FY20 and 3QFY26, BHFL achieved an impressive CAGR of ~28% in AUM**, making it the fastest-growing HFC in the prime category.

While individual home loans dominate BHFL's product mix, the company's strength lies in its strategic diversification; it offers a comprehensive array of products tailored to meet the diverse needs of both retail and commercial clients. **Further, by focusing on sourcing self-occupied residential property (SORP) as collateral for its LAP product,** the company effectively maintains a low risk profile while simultaneously expanding its portfolio. **Bajaj Housing Finance has recently entered the near-prime and affordable housing segment through its dedicated "Sambhav" SBU**, aimed at expanding its borrower base and enhancing portfolio yields. The business uses a multi-channel sourcing model including digital/data teams, intermediaries, builder counters and LAP teams. Further, strong parentage of Bajaj group provides healthy backing and easy line of credit, ensuring ready access to funds for future growth.

Exhibit 23: Introduction to Bajaj Group – A schematic representation



1. 54.70% holding via promoter holding & promoter group
2. 97% holding via promoter holding & promoter group
3. Bajaj Finserv Mutual Fund Trustee Ltd is a wholly owned subsidiary of Bajaj Finserv Limited, acts as Trustee to the Asset Management Company.
4. Newly formed Company, business yet to commence. Regulatory approvals in process

Source: Company, JM Financial

Exhibit 24: Diverse product suite

At-end 3QFY26	Home Loans	Loan Against Property	Lease Rental Discounting	Developer Finance
AUM (INR bn)	728	142	292	155
AUM- CAGR-FY19-3QFY26	31%	32%	52%	58%
% of total AUM	54.5%	10.7%	21.9%	11.6%
Locations	178	74	18	16
Average ticket size (at origination)	4.73	8.32	1160	520
Customer mix	84% Salaried 13% Self-employed, 3% Professional	16% Salaried 79% Self-employed, 6% Professional	322 active customers	851 active projects 582 active developer relationships
LTV (%)	68%	52%	NA	NA
Sourcing mix (Direct: Indirect) (%)	58%: 42%	51%: 49%	NA	NA
Yield (%)	7.2% -13.0%	8.5% -17.5%	7.5% -11.0%	9.3% -15.0%
End Use	- FINANCE For new home purchase, resale, balance transfer & self-construction. - Dual Interest' feature to offer borrowers a unique proposition with predictability in repayment.	- Finance against residential or commercial property for business expansion, home renovation & debt consolidation. - 'Flexi' proposition to cater customer needs (20% of LAP AUM at end-Q3FY26). .	- FINANCE For business expansion & General corporate purposes against the borrower's rental income. - Offering For stabilised commercial assets, including office space, warehousing & industrial properties.	- Construction FINANCE For residential as well as commercial real estate. - Milestone linked tranche disbursement based on stage of Construction, Sales & collection.
Customers	Serving all customer segments: Prime, Near Prime & Affordable.	Serving all customer segments: Prime, Near Prime & Affordable.	Commercial real estate developers, listed REITs, Private Equity & Sovereign funds	Residential & Commercial real estate developers.
Sourcing Strategy	-Micro market strategy to segregate locations into dedicated operational areas, with a focus on both direct and indirect sourcing channels for acquisition. -Customer with CIBIL >750 (at origination): 76.7%	-Focus on both direct and indirect sourcing channels for acquisition. -71% of portfolio: Self-Occupied Residential Property. - Cash flow backed lending at competitive pricing.	Relationship led model for sourcing with focus on Grade-A properties.	- Catering to developers focused on micro-market, regional as well as pan-India projects. - Acts as sourcing funnel for retail home loans.

Source: Company, JM Financial
Note: LTV values, HL sourcing mix are as of 1QFY26, HL sourcing mix as of 1QFY26, LAP sourcing mix as of FY24; yields data on HLs is including SAMBHAV loans

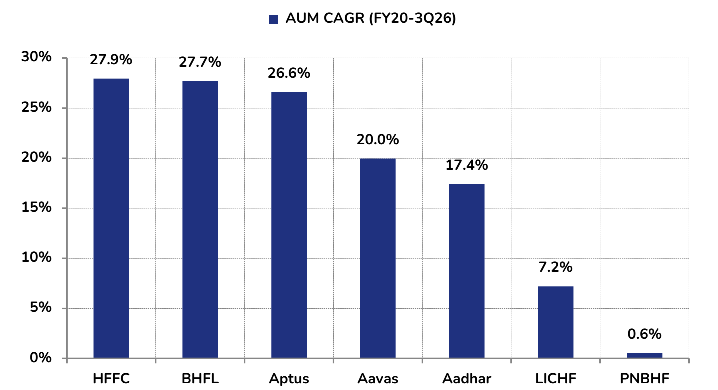
- Bajaj Housing Finance (BHFL) stands out among other prime housing peers due to its more diversified mortgage portfolio.

- **At end-3QFY26, housing loans account for ~54.5% of AUM, significantly lower versus LIC Housing Finance (84.6%) and PNB Housing Finance (69.2%).** The balance of BHFL's book is spread across LRD (~21.9%), developer finance (~11.6%) and LAP (~10.7%), enabling the company to participate across multiple mortgage segments and support stronger loan growth.

- **This diversified strategy has translated into superior growth, with BHFL delivering ~28% AUM CAGR over FY20–3QFY26, compared with ~7% for LIC Housing Finance and ~1% for PNB Housing Finance.** While LIC Housing Finance remains largely focused on prime retail housing loans, PNB Housing Finance has been rebuilding its balance sheet following earlier asset quality challenges.

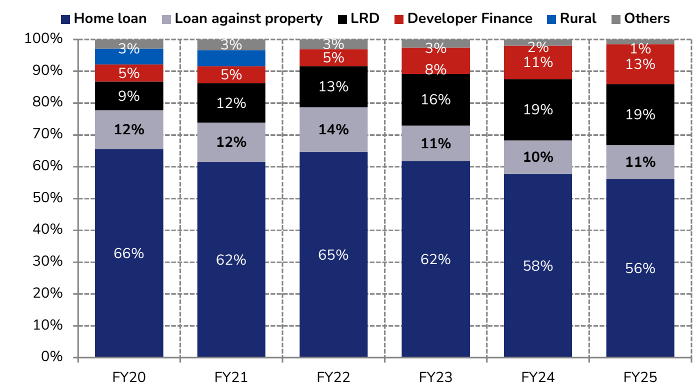
- **Importantly, BHFL's growth has also outpaced several specialised affordable housing finance companies.** Over FY20–3QFY26, affordable-focused lenders such as Aadhar Housing Finance (~17% CAGR), Aavas Financiers (~20%), Aptus Value Housing (~27%) and Home First Finance (~28%) have reported strong growth; however, BHFL has still grown faster at a relatively higher ~28% CAGR. This reflects the company's ability to **scale across multiple mortgage segments, leverage strong distribution capabilities, and benefit from the Bajaj group ecosystem**, allowing it to capture growth opportunities beyond the traditional affordable housing market.

Exhibit 25: Among the highest CAGR over FY20-3QFY26 in major HFCs



Source: Company, JM Financial

Exhibit 26: AUM mix: Moving towards non-home loans



Source: Company, JM Financial

Exhibit 27: BHFL: Higher share of non-HL book than peers

As at 3QFY26 (INR mn)	Bajaj Housing Fin	LIC Housing Fin	PNB Housing Fin
Home Loan	728	2,659	569
LAP	142	396	251
Lease rental discounting (LRD)	292	-	-
Developer Finance (DF)	155	88	-
NHC - Project loans		-	
Others	17	-	3
Total	**1,334**	**3,143**	**822**

%Mix	Bajaj Housing Fin	LIC Housing Fin	PNB Housing Fin
Home Loan	54.5%	84.6%	69.2%
LAP	10.7%	12.6%	30.5%
Lease rental discounting (LRD)	21.9%	-	-
Developer Finance (DF)	11.6%	2.8%	-
NHC - Project loans	-	-	-
Others	1.3%	-	0.3%

% Mix	Bajaj Housing Fin	LIC Housing Fin	PNB Housing Fin
Home Loan	54.5%	84.6%	69.2%
LAP	10.7%	12.6%	30.5%
Others	34.8%	2.8%	0.3%

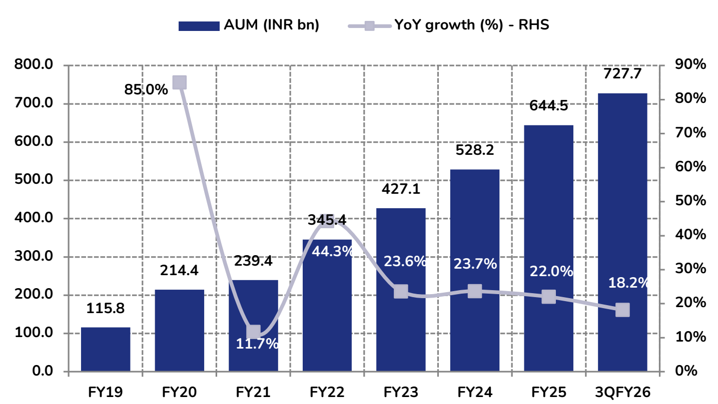
Source: Company, JM Financial
Note: AUM considered for BHFL and LIC HF; gross loans considered for PNB HF

Home Loans: A core pillar of BHFL's growth strategy

BHFL's home loans (HL) segment is the foundation of its mortgage business, contributing approximately ~55% of its total AUM at end-3QFY26.

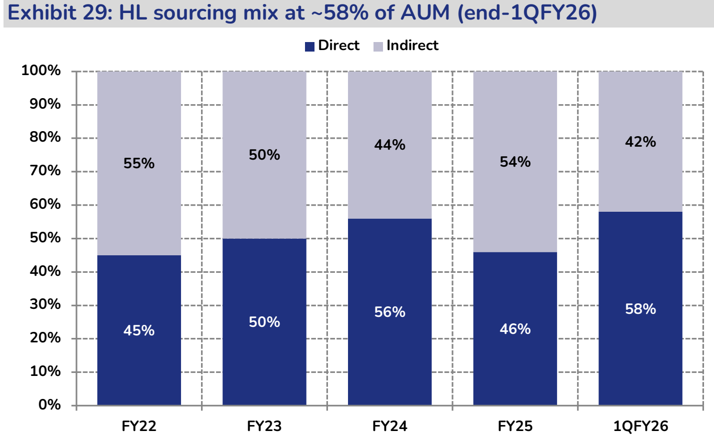
- Over the past seven years, BHFL has rapidly expanded its home loan portfolio, growing its HL AUM from ~INR 116bn in FY19 to ~INR 728bn in 3QFY26 at a CAGR of ~31%. The company offers home loans across a range of income profiles, including salaried and self-employed customers.
- At end-Dec'25, the average ticket size (ATS) for home loans was INR 4.73mn, with ~87% of customers being salaried + professionals. BHFL has a strong direct sourcing strategy, with around 58% of home loan AUM sourced directly through strategic partnerships with developers, digital channels, and self-sourcing by customers at end-1QFY26.
- The company's robust underwriting process ensures that 76.5% of the HL portfolio has a bureau score of over 750, a reflection of its focus on low-risk borrowers. Additionally, the loan-to-value (LTV) ratio for the home loan portfolio is maintained at a conservative level (68% at end-1QFY26), ensuring minimal risk exposure. BHFL's home loan offerings include new home purchases, resales, balance transfers, and top-ups to existing loans, catering to a wide spectrum of customer needs.

Exhibit 28: HL AUM compounded annually at ~31% over FY19–3QFY26



Source: Company, JM Financial

Exhibit 29: HL sourcing mix at ~58% of AUM (end-1QFY26)



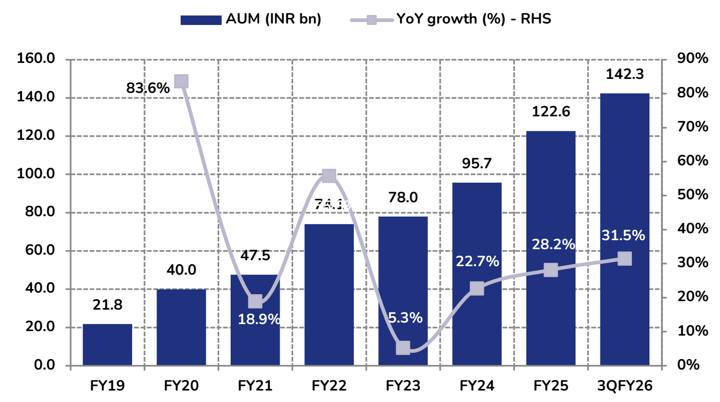
Source: Company, JM Financial

LAP: Expanding horizons with cash flow-based underwriting

BHFL's foray into loans against property (LAP) has been a strategic move aimed at expanding its target customer base beyond prime salaried individuals.

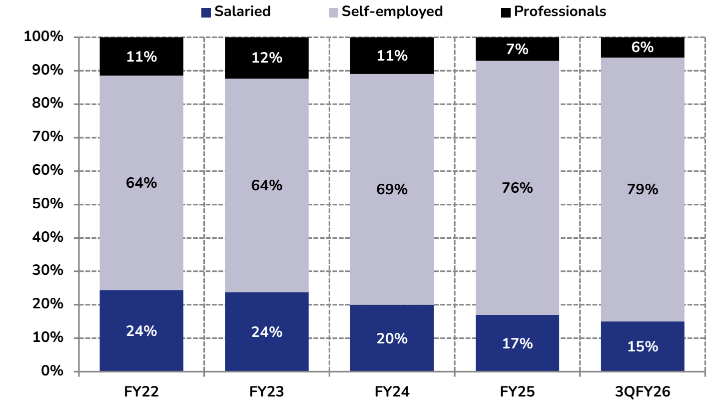
- LAP has grown rapidly, with an AUM CAGR of 32% during FY19–3QFY26. At end-Dec'25, the LAP portfolio stands at INR 142bn, contributing ~11% to overall AUM. The average ticket size (ATS) for LAP is ~INR 8.3mn, with a majority of the loans being self-occupied residential properties (71% of the portfolio). While LAP offers higher yields compared to prime home loans, ranging from 8.5% to 17.5%, it is a riskier segment, given the inherent challenges with the self-employed and professional borrowers.
- The company maintains strict risk management practices, with a conservative LTV ratio of 52% at origination (at end-1QFY26). BHFL's focus on credit underwriting based on cash flow assessment, rather than solely on collateral, allows it to extend credit to a broader customer base. The LAP product has been a key growth driver for BHFL, helping it diversify its portfolio and improve risk-adjusted returns.

Exhibit 30: LAP AUM has grown at a CAGR of ~32% over FY19–3QFY26



Source: Company, JM Financial

Exhibit 31: Share of salaried customers in LAP segment moderating



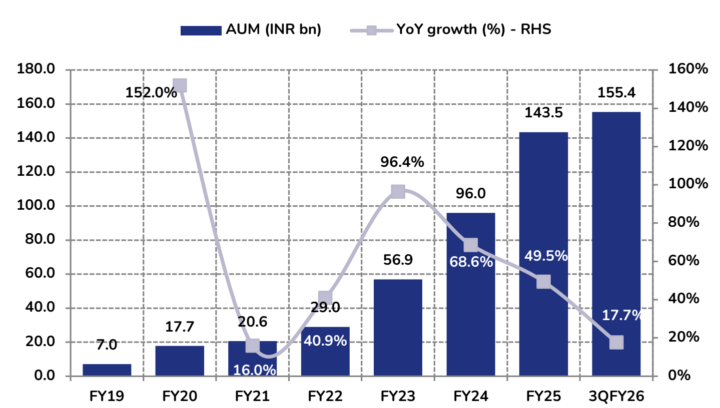
Source: Company, JM Financial

DF: Enhancing retail customer sourcing and margin profiles

Developer financing (DF) has emerged as an important segment for BHFL, particularly as it supports the retail home loan business by sourcing customers through developer relationships.

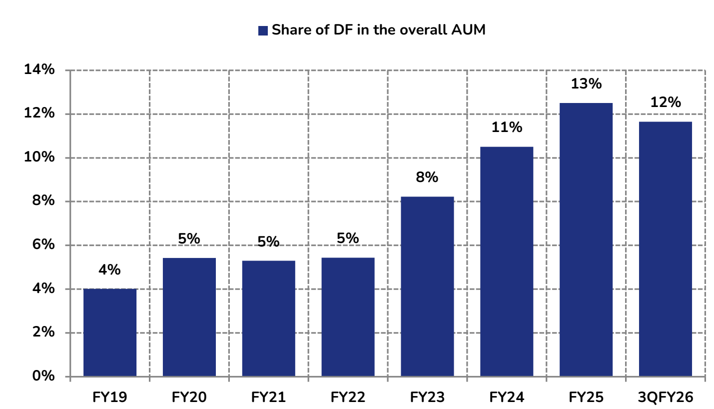
- DF has grown at an impressive CAGR of over ~58% from FY19 to 3QFY26, with an AUM of ~INR 155bn, accounting for approximately 12% of BHFL's total AUM.
- DF offers attractive yields of ~9.3–15.0%, significantly higher than home loans, but with slightly greater credit risk.
- The company has maintained an average GNPA of just 0.03% in its DF portfolio, reflecting its strong underwriting discipline. DF loans are backed by robust project cash flows and collateral, such as land, inventory, and undivided share of land.
- BHFL focuses on mass-market developers with strong financials, proven track records, and reliable project completion histories, ensuring the quality of its DF portfolio. At end-3QFY26, DF originated in 16 locations with a portfolio spanning 851 projects, providing strong growth potential for BHFL in the developer financing space.

Exhibit 32: DF has grown at an impressive CAGR of over ~58% from FY19 to 3QFY26



Source: Company, JM Financial

Exhibit 33: Share of DF in overall AUM mix has increased from ~4% in FY19 to 12% at end-3QFY26



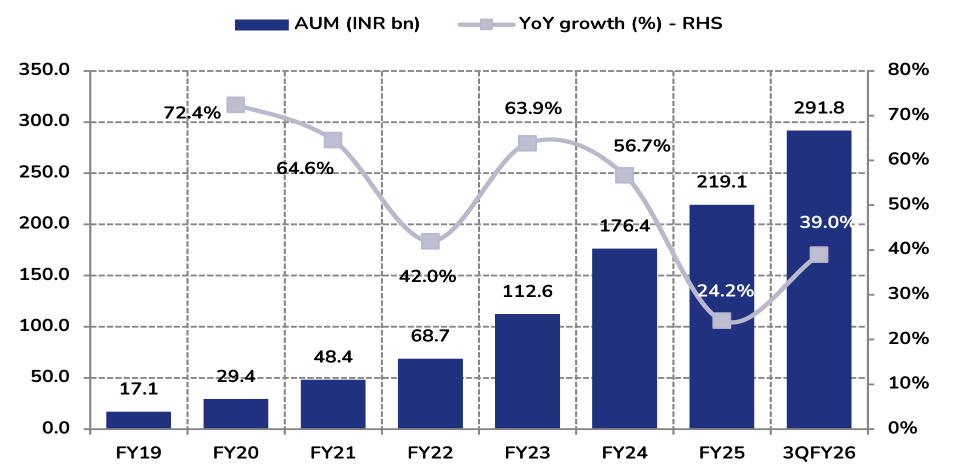
Source: Company, JM Financial

Lease rental discounting: Low-risk, high-scale contribution

Lease rental discounting (LRD) has become another cornerstone of BHFL's diversified mortgage offering. LRD loans are backed by rental income from commercial properties, typically leased to multinational corporations or large Indian businesses.

- While the yield on LRD is relatively lower than in other segments (~7.5–11.0%), it offers stability due to the low credit risk associated with high-quality commercial properties.
- At end-Dec'25, the LRD portfolio stands at INR 292bn, contributing ~22% to BHFL's total AUM. The company's focus on commercial properties leased to strong tenants, coupled with its conservative underwriting approach, has allowed it to minimise risk while achieving scale.
- BHFL's LRD portfolio is originated across 18 locations and remains highly granular, with approximately large share of the portfolio secured against prime commercial properties. Despite its low margin, LRD helps the company expand its balance sheet, improving leverage while maintaining low credit risk.

Exhibit 34: LRD has grown at an impressive CAGR of over ~52% from FY19 to 3QFY26



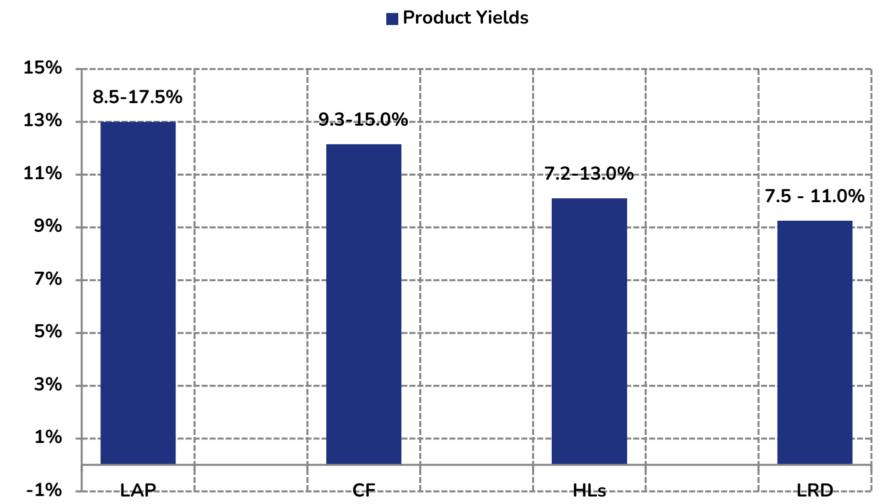
Source: Company, JM Financial

Yield profiles: Navigating risk and return

The yield profiles across BHFL's mortgage segments vary significantly, reflecting the different risk-return characteristics. HLs, with their focus on prime salaried customers, offer relatively lower yields of **~7.2–13.0%,** but come with the benefit of low risk.

- LAP loans, with higher yields of **~8.5–17.5%,** generate stronger returns, but also come with greater risk, particularly as they cater to a higher share of self-employed borrowers.
- DF offers strong yields **at ~9.3–15.0%,** but with the added complexity of underwriting and slightly higher risk.
- LRD, while offering the lowest yields **(~7.5–11.0%),** provides stability and a low-risk profile, backed by high-quality commercial properties leased to reliable tenants.

Exhibit 35: Yield differential across segments varies significantly, reflecting the different risk-return characteristics



Source: Company, JM Financial

Asset quality: Maintaining a robust portfolio

In terms of asset quality, BHFL's home loan segment stands out with a gross stage-3 (GS-3) ratio of just **0.3% at end-3QFY26**, reflecting the company's strong credit underwriting and low risk profile. The LAP segment, while inherently riskier, has been carefully managed with a **GNPL ratio of 0.5%** (3QFY26), indicating that the company has been able to effectively balance higher yields with controlled risk. DF and LRD both demonstrate solid asset quality, with DF maintaining a GNPA of just **0.03% at end-3QFY26**, and LRD exhibiting negligible credit risk **(GNPA nil at end-3QFY26)** given its focus on high-quality commercial properties. Overall, BHFL's diverse mortgage portfolio enables it to maintain a balanced risk profile while expanding its market presence.

Exhibit 36: Pristine asset quality due to its superior customer profile and underwriting

GNPA (%)	FY22	FY23	FY24	FY25	3QFY26
HL	0.29%	0.21%	0.27%	0.34%	0.34%
LAP	0.80%	0.77%	0.68%	0.65%	0.52%
LRD	0.00%	0.00%	0.00%	0.00%	0.00%
DF	0.04%	0.00%	0.15%	0.05%	0.03%
Others	0.41%	0.50%	0.91%	0.95%	1.10%
NNPA (%)	**FY22**	**FY23**	**FY24**	**FY25**	**3QFY26**
HL	0.13%	0.07%	0.10%	0.13%	0.15%
LAP	0.41%	0.31%	0.26%	0.31%	0.24%
LRD	0.00%	0.00%	0.00%	0.00%	0.00%
DF	0.00%	0.00%	0.04%	0.00%	0.00%
Others	0.13%	0.15%	0.21%	0.21%	0.21%
PCR on Stage 3 (%)	**FY22**	**FY23**	**FY24**	**FY25**	**3QFY26**
HL	55.60%	64.90%	61.70%	59.97%	57.31%
LAP	49.30%	60.00%	62.20%	52.31%	54.76%
LRD	0.00%	0.00%	0.00%	0.00%	0.00%
DF	100.00%	66.00%	73.80%	91.76%	88.24%
Others	67.90%	70.30%	76.70%	77.94%	81.36%

Source: Company, JM Financial

Sambhav Expansion to Spur Next Leg of Growth

Bajaj Housing Finance entered the near-prime and affordable housing segment in FY25 through its dedicated **"Sambhav" SBU**, aimed at broadening its borrower base and supporting portfolio yields.

- **Sambhav comprises two segments: near-prime loans** (ticket size INR 4mn–6mn, yields 9–11%) focused on the top 36 cities, and **affordable housing loans** (ticket size INR 1.5mn–3.5mn, yields 11–13%) targeted in peripheral urban and tier-4/rural markets. The platform currently operates across ~73 urban locations and ~72 tier-4/rural locations.

- **Current size:** The platform currently originates ~INR 3.25mn–3.50bn of monthly disbursements, with management targeting ~INR 6.0bn+ monthly disbursements over the next 12–15 months. **In terms of disbursement mix, Sambhav's contribution has been increasing steadily, rising from ~4.7% of total disbursements in 2QFY26 to ~6.1% in 3QFY26, and management expects this share to increase further to ~8.5–9% of quarterly disbursements over the next 12–15 months.**

- **Sambhav loan book AUM has reached ~INR 50bn, accounting for ~3.7% of BHFL's total AUM at end-3QFY26.**

- **Currently, ~35% of Sambhav disbursements come from the affordable segment** and the rest from near-prime loans. While the affordable share is expected to be stable in the near term, management expects it to increase gradually over the medium term, with the current exposure largely concentrated in the upper end of the affordable (formal income) segment.

- **Importantly, the combined near-prime and affordable portfolio generates yields ~1.25–1.50% higher than the prime home loan book**, which should help offset yield compression from competitive intensity in prime mortgages and support overall NIM stability.

- Sambhav uses a multi-channel sourcing model, including internal data and digital teams (largely focused on balance transfers), intermediary sourcing teams, builder counter teams for fresh purchases in the sub-INR 4.0mn–4.5mn segment, and a dedicated LAP sourcing team. Balance transfers account for **~27–30% of acquisitions**. Operational metrics remain healthy, with a sanction-to-login ratio of ~55–60% and disbursement-to-sanction conversion of ~70–75%.

Going forward, BHFL plans to scale this platform meaningfully over the next 2–3 years through continued investments in distribution and sourcing infrastructure, positioning Sambhav as an incremental growth driver while also helping protect margins through higher-yielding mortgage segments.

Exhibit 37: Product suite of Sambhav SBU

At end-3QFY26	Near-Prime	Affordable Home Loans
Target ATS	INR 4-6mn	INR 1.5-3.5mn
Yields	9-11%	11-13%
Focused Operating Markets	Top-36 markets	Deeper geographies of Top-36 markets; and
		Tier-4/ rural locations
Transaction type offering	Finance For new home purchase, resale, balance transfer & self-construction.	Finance For new home purchase, resale, balance transfer & self-construction.
Sourcing Strategy	B2C (Intermediary Sourcing), B2B (Developer Counters), D2C, LAP	B2C (Intermediary Sourcing), B2B (Developer Counters), D2C, LAP
Current share in SAMBHAV disbursements	~65%	~35%
Sanction to login ratio	~55-60%	
Disbursement to sanction ratio	~70-75%	

Source: Company, JM Financial

Omnichannel Sourcing Strategy Powered by Digital Innovation

At end-Dec'25, BHFL's robust distribution network included **221 branches across 178 locations, five centralised hubs for retail underwriting, eight centralised processing hubs and 1,700+ active channel** partners (partners with whom BHFL has had at least one transaction in the last 12 months). The company's diversified reach enables it to effectively meet the needs of its target audience across various geographical locations.

To streamline the loan application process, BHFL employs an omni channel sourcing strategy that combines robust physical presence with convenient digital on-boarding options. This approach maximises its reach and accommodates diverse customer preferences, ultimately enhancing the overall customer experience and bolstering market share. The overall sourcing strategy is as follows:

- **Focus on micro markets for home loans:** In cities, BHFL concentrates on specific, smaller geographical regions, enabling it to gain a deeper understanding of the local real estate market, customer behaviour, and demographics. This localised approach allows BHFL to tailor its products to meet individual customer needs, resulting in enhanced customer service and higher conversion rates. Additionally, the company capitalises on its strong relationships in developer financing to effectively source retail home loans.

- **D2C strategy:** BHFL engages directly with its target customers through its extensive branch network, which allows it to directly engage with potential customers, provide personalised service and tailor its offerings as per individual customer needs. This direct interaction fosters strong relationships, leading to increased customer loyalty and retention. Furthermore, BHFL leverages its digital ecosystem to enhance efficiency, reduce overhead costs, and improve the overall customer experience through greater convenience and speed.

- **Expanding distribution network of intermediaries:** BHFL continues to add channel partners, DSAs, and aggregators to expand its network of intermediaries. This strategic growth enables the company to reach a broader customer base and enhance customer engagement, fostering stronger relationships and increasing overall market presence.

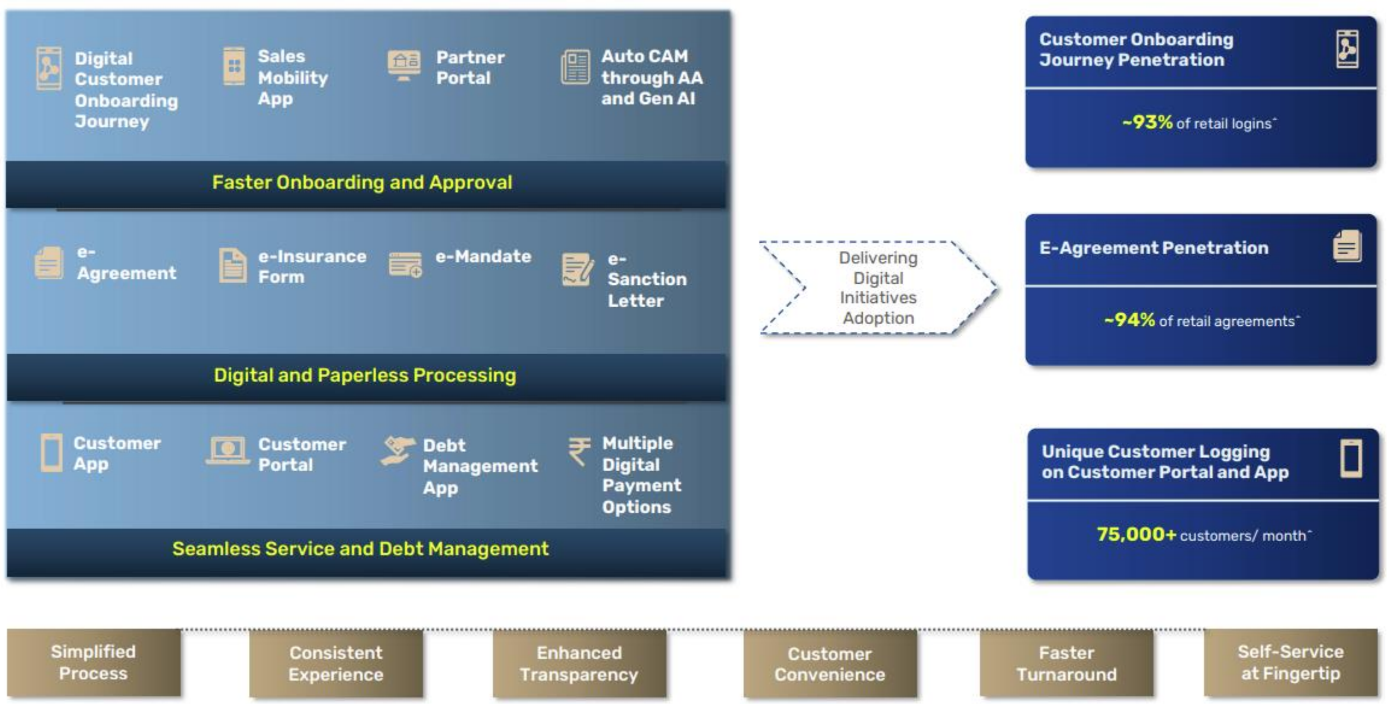
With respect to **developer financing**, BHFL follows a D2C strategy which enables the company to cultivate a more granular customer base by deepening engagement with existing clients while also attracting new ones. In case of its **LRD portfolio,** BHFL has adopted a dual approach, utilising both D2C and intermediary-based sourcing models. Additionally, the company continues to invest in its technology infrastructure, including a cloud-based data centre, which enhances operational agility and reduces overhead costs.

BHFL's broad geographic presence, combined with its omni channel sourcing strategy, enables the company to attract a substantial number of customers annually. Additionally, as part of its digital transformation efforts, BHFL is utilising cutting-edge digital solutions to enhance the experiences of both customers and employees. The launch of features like the instant sanction in-principle letter, multilingual e-agreements (available in seven languages), UPI payments via ECMS mode, DIY Home Loan self-service portal, etc. has notably improved customer convenience, streamlined the loan process and made it more accessible.

Exhibit 38: Omnichannel sourcing strategy

Source: Company, JM Financial

Exhibit 39: Seamless customer journey from origination powered by digital innovation



Source: Company, JM Financial

Streamlined loan underwriting process

BHFL has developed a set of unique underwriting policies and frameworks specifically designed to assess each product according to the transaction type, customer profile, and market segment.

Retail underwriting

At end-Dec'25, BHFL's retail underwriting function is organised across **five dedicated centralised hubs** that cater to both salaried and self-employed segments. This centralisation promotes process consistency, enhances control, and boosts operational efficiency. To address the unique needs of these client groups, BHFL has established specific underwriting frameworks for both salaried and self-employed customers, supported by system generated credit appraisal memo (CAM).

Further, through its customer category assessment, the company optimises resource allocation by assigning cases to the appropriate hubs and underwriters based on customer segment and availability. BHFL's retail underwriting team conducts direct telephonic and video consultations with customers for a comprehensive and personalised evaluation. For self-employed clients, additional physical business verification checks are performed to uphold rigorous risk assessment practices.

Additionally, prior to disbursement, a central hindsight review process is implemented to reassess credit evaluations and collateral checks, ensuring thorough risk management.

Commercial underwriting

BHFL's commercial product financing features specialised underwriting teams composed of subject matter experts with relevant domain experience, dedicated to lease rental discounting and developer financing, all operating in strict accordance with board-approved credit policies. In the initial approval phase, field teams perform preliminary assessments of loan applications, the developer's or customer's profile, the transaction structure, proposed funding schedules, and project milestones.

Each loan is supported by a detailed credit appraisal memo, which is then reviewed by a centralised team for further portfolio oversight. To further secure its commercial transactions, repayments are safeguarded through escrow mechanisms to effectively manage project cash flows and rental incomes, particularly for developer financing and lease rental discounting offerings respectively.

For LRD, the company assesses three critical elements, namely, i) the lessor: their financial soundness, business framework, historical rental income and borrowing levels, ii) collateral: thorough assessment of the local real estate market, new property launches, occupancy rates and so on, and iii) lessee: their business standing, lease duration and financial track record.

For developer and construction finance, the underwriting team does a thorough scrutiny of the developer's financial health, historical project outcomes, developer's leverage ratios and credit bureau standings. Additionally, apart from the mandatory on-site inspection, they review project approval, local market conditions, etc. while also undertaking quarterly visits to verify the completion of project milestones.

Collateral assessment

Bajaj Housing Finance follows a centralised collateral assessment framework supported by dedicated legal and technical teams across its underwriting hubs. For retail loans, collateral evaluation includes legal title verification and technical property assessment to ensure the quality and enforceability of the underlying security. In commercial lending, collateral assessment focuses on asset quality, location, marketability and project cash flows, along with borrower strength. For products such as LRD, the evaluation covers the lessor, lessee and underlying property, while developer financing involves assessing the project site, approvals and developer track record. These processes are supported by centralised credit review and escrow mechanisms to strengthen risk control. BHFL has launched a digital collateral application that streamlines and digitises the collateral workflow, enabling centralised tracking and monitoring of each application.

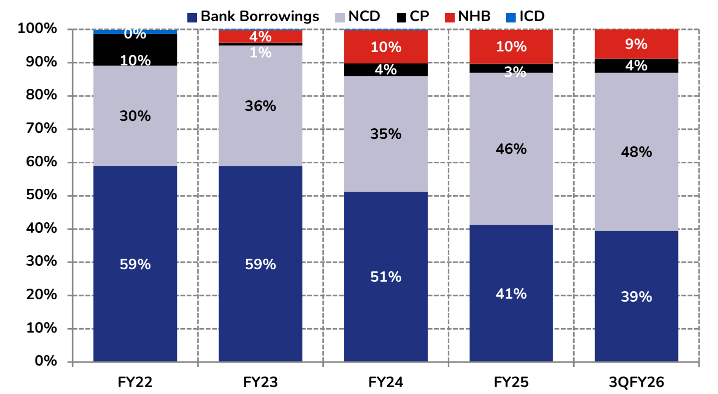
Diversified Borrowing Sources; Margins to be Largely Steady

Liability profile-led benefits on cost of funds to accrue

To reduce its reliance on traditional bank loans, BHFL has implemented a strategic, diversified borrowing approach. The company focuses on securing longer-tenor floating rate borrowings and is, therefore, gradually tilting its exposure in favour of the bond market. This shift not only helps mitigate interest rate risk but also enhances BHFL's financial flexibility.

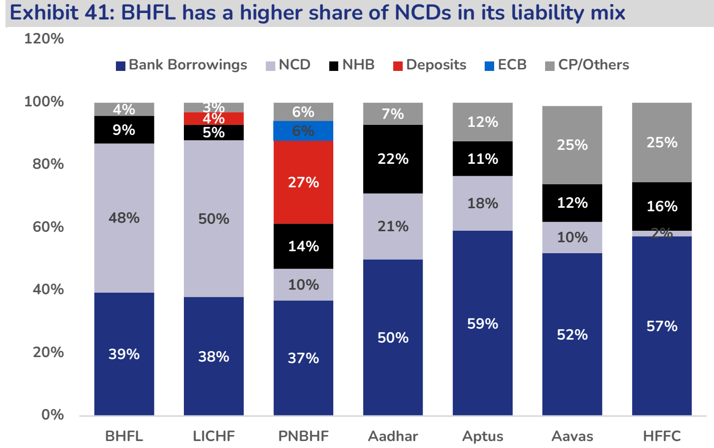
- As of Dec'25, the company had established relationships **with 18 banking partners**.
- With highest possible domestic credit rating **of "AAA" backed by strong parentage**, BHFL enjoys healthy differential on cost of funds.

Exhibit 40: Share of bank borrowings in overall mix moderating



Source: Company, JM Financial

Exhibit 41: BHFL has a higher share of NCDs in its liability mix



Source: Company, JM Financial; Note: data as of 3QFY26

Refinancing benefit from higher-cost NCDs maturing: A portion of BHFL's outstanding NCD borrowings with relatively higher coupon rates are scheduled to mature over the next few years, providing an opportunity for refinancing at lower market yields.

- **In 4QFY26, ~INR 8.7bn of NCDs (0.89% of outstanding borrowings) with an average coupon of ~7.92% will mature,** followed by ~INR 61.2bn in FY27 (6.27% of borrowings) at ~7.77% and ~INR 90.2bn in FY28 (9.25% of borrowings) at ~7.67%.
- These maturities come at a time when current AAA-rated NBFC **3-year bond yields are ~7.59%**, implying that refinancing could potentially occur at lower rates than the maturing coupon levels, thereby providing incremental cost of funds benefit.
- This refinancing dynamic is favourable for BHFL, particularly as the company maintains a high credit rating and strong access to capital markets, allowing it to raise funds at competitive rates.

Exhibit 42: Higher rate NCDs maturing over medium term augur repricing benefits

INR bn	4QFY26	FY27	FY28
NCDs maturing (INR bn)	8.65	61.2	90.21
% of 3Q26 o/s NCDs	1.87%	13.21%	19.48%
% of 3Q26 o/s Borrowings	0.89%	6.28%	9.25%
Coupon rate	**7.92%**	**7.77%**	**7.67%**
Current 3-year NBFC AAA yield		**7.59%**	

Source: Bloomberg L.P, Company, JM Financial
Note: Data as of 19th March, 2026

Exhibit 43: Recent NCD issuances by BHFL

Issue Date	Issued Amount (INR bn)	Maturity Date	Yield (%)
22-01-2026	25	22-01-2029	7.25
13-10-2025	10	28-01-2028	6.95
16-09-2025	25	16-10-2028	7.1
17-07-2025	10	17-07-2028	6.97
12-06-2025	10	12-08-2027	6.9

Source: Bloomberg L.P, Company, JM Financial

Lower-cost CP issuances should also protect CoFs

- BHFL has also been increasing its reliance on commercial paper (CP) borrowings, which typically carry lower coupon rates compared to longer-tenor NCD issuances.
- CP issuances stood at **INR 50.5bn in 2QFY26, INR 15.0bn in 3QFY26 and INR 51.5bn in 4QFY26**, with the 4QFY26 issuances accounting for **~88% of current outstanding CPs and ~5.3% of total borrowings at end-3QFY26.**
- The average coupon on CP issuances has remained relatively competitive, with rates of **~6.0% in 2QFY26, ~6.05% in 3QFY26 and ~7.15% in 4QFY26**. Given that AAA-rated NBFC NCD yields currently stand at ~7.6% for the 3-year bucket, CP funding continues to offer a meaningful cost advantage. The pace of CP issuances has also remained strong, with issuances in **2QFY26 amounting to ~221% of outstanding CPs** in the prior quarter, indicating active utilisation of this lower-cost funding channel.

Exhibit 44: BHFL has been raising high proportion of 1Y CPs in 4QFY26*

Deal Date	Maturity Date	Tenor (Days)	Issue Amount (INR bn)	Yield	Month
18-Mar-26	17-Jun-26	91	5.0	7.45	Mar 26
18-Mar-26	17-Jun-26	91	5.0	7.45	Mar 26
13-Mar-26	12-Mar-27	364	2.5	7.05	Mar 26
13-Mar-26	12-Mar-27	364	2.5	7.05	Mar 26
12-Mar-26	12-Mar-27	365	2.5	7.05	Mar 26
23-Feb-26	23-Feb-27	365	5.0	6.96	Feb 26
9-Feb-26	8-May-26	88	10.0	7.08	Feb 26
9-Feb-26	4-Feb-27	360	3.5	7.21	Feb 26
4-Feb-26	4-Feb-27	365	1.5	7.21	Feb 26
27-Jan-26	27-Jan-27	365	10.0	7.22	Jan 26
1-Jan-26	1-Jan-27	365	4.0	6.78	Jan 26
10-Nov-25	9-Feb-26	91	5.0	6.07	Nov 25
29-Oct-25	28-Jan-26	91	2.5	6.10	Oct 25
16-Oct-25	15-Jan-26	91	7.5	6.02	Oct 25
26-Aug-25	5-Jun-26	283	7.0	6.36	Aug 25
12-Aug-25	11-Nov-25	91	8.5	5.85	Aug 25
11-Aug-25	9-Feb-26	182	5.0	6.12	Aug 25
11-Aug-25	12-Jan-26	154	5.0	6.12	Aug 25
8-Aug-25	7-Nov-25	91	10.0	5.85	Aug 25
31-Jul-25	30-Oct-25	91	2.5	5.90	Jul 25
25-Jul-25	24-Oct-25	91	2.5	5.87	Jul 25
21-Jul-25	20-Oct-25	91	5.0	5.87	Jul 25
21-Jul-25	20-Feb-26	214	5.0	6.07	Jul 25

Source: CCIL, Company, JM Financial
Note: *Data at end-19th March, 2026

Exhibit 45: CPs issued in recent quarters have been increasing as a proportion of overall borrowings

INR bn	2QFY26	3QFY26	4QFY26*
CPs issued (INR bn)	50.5	15.0	51.5
% of current o/s CPs	86.32%	25.64%	88.03%
% of 3Q26 o/s Borrowings	5.18%	1.54%	5.28%
Coupon rate	6.00%	6.05%	7.15%

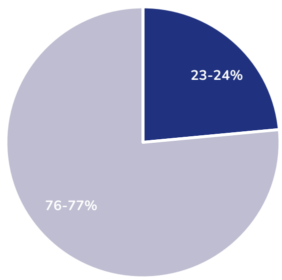
	2QFY26	3QFY26	4QFY26
CPs issuances as a % of o/s CPs in prior quarter	220.7%	27.5%	125.8%

Source: CCIL, Company, JM Financial
Note: *Data at end-19th March, 2026

Limited sensitivity to MCLR-linked bank borrowings

- Bank borrowings account for **~39.4%** of BHFL's outstanding borrowings, amounting to ~INR 384bn. Importantly, the majority of these borrowings are linked to repo or repo-linked benchmarks, while only **~23–24% are linked to MCLR**. This liability structure reduces the company's exposure to fluctuating MCLR rates.
- Although MCLR has edged up **marginally to ~8.45% in Feb'26 from ~8.40% in Jan'26**, the limited proportion of borrowings linked to MCLR implies that any upward repricing impact on overall funding costs should remain contained. In addition, repo-linked borrowings would have already benefited from the recent repo rate cuts, which further reduces the risk of incremental cost pressure from bank borrowings.

Exhibit 46: MCLR-linked loans in bank borrowings: 23–24%



Source: Company, JM Financial
Note: This mix data is at end-4QFY25

Exhibit 47: MCLR: Crept up MoM despite sliding 60bps since start of rate cut cycle

1 Year MCLR	Feb'25	Nov'25	Dec'25	Jan'26	Feb'26	MoM	Since Feb'25
HDFCB	9.4	8.5	8.5	8.4	8.4	0 bps	(100) bps
ICICI	9.1	8.4	8.4	8.4	8.4	0 bps	(75) bps
AXSB	9.4	8.8	8.7	8.7	8.8	10 bps	(60) bps
KMB	9.6	8.4	8.4	8.4	8.4	0 bps	(115) bps
SBI	9.0	8.8	8.7	8.7	8.7	0 bps	(30) bps
BoB	9.0	8.8	8.8	8.8	8.7	(5) bps	(30) bps
PNB	9.1	8.8	8.8	8.8	8.8	0 bps	(30) bps
CBK	9.1	8.7	8.7	8.7	8.7	0 bps	(40) bps
1 Year MCLR	**Feb'25**	**Nov'25**	**Dec'25**	**Jan'26**	**Feb'26**	**MoM**	**Since Feb'25**
PSU	9.1	8.8	8.8	8.8	8.9	10 bps	(23) bps
Private	10.0	9.3	9.2	9.2	9.1	(10) bps	(90) bps
Overall	**9.1**	**8.5**	**8.5**	**8.4**	**8.5**	5 bps	(60) bps

Source: RBI, Company, JM Financial

CoFs to be protected on an overall level

- Broader market rate trends also remain supportive. While AAA-rated NBFC bond yields have increased modestly in recent months, they **remain lower than the coupon rates on several maturing borrowings in BHFL's portfolio**. For instance, AAA 3-year NBFC yields are currently ~7.5-7.6% compared with ~7.7–7.9% coupons on maturing NCDs, indicating potential refinancing gains.
- At the same time, **short-term funding rates such as CPs remain relatively competitive**, which provides flexibility for BHFL to optimise its funding mix depending on market conditions.
- Taken together, **higher-cost NCD maturities, increasing CP issuances at relatively competitive rates, and limited exposure to MCLR-linked bank borrowings** should collectively help BHFL in protecting its blended cost of funds over the next few quarters.

Exhibit 48: Interest rates of G-Sec, corporate bonds and NBFC bonds (%)

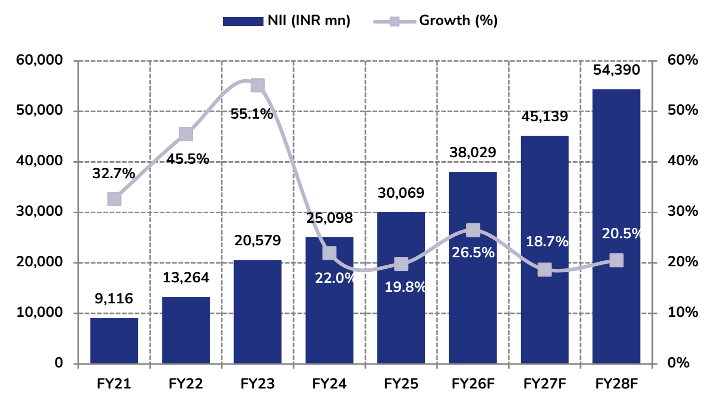
	Interest rates				Change in rates (in bp)		
Rates	**19-Mar-26**	**19-Feb-26**	**19-Mar-25**	**31-Jan-25**	**m-m**	**y-y**	**31-Jan'25 to 19-Mar'26**
Repo	5.3	5.3	6.3	6.5	-	(100)	(125)
Gsec - 1 year	5.6	5.6	6.5	6.6	5	(89)	(93)
Gsec - 3 year	6.2	5.9	6.6	6.6	31	(32)	(38)
Gsec - 5 year	6.4	6.4	6.6	6.6	0	(16)	(22)
Gsec - 10 year	6.7	6.7	6.7	6.7	5	7	3
Corporate Bonds							
AAA - 1 year	7.3	7.1	7.8	7.7	24	(43)	(37)
AAA - 3 year	7.4	7.2	7.5	7.5	27	(8)	(9)
AAA - 5 year	7.5	7.3	7.5	7.3	20	1	14
AAA - 10 year	7.6	7.4	7.3	7.2	13	25	40
AA - 1 year	8.2	8.0	8.4	8.3	23	(25)	(12)
AA - 3 year	8.2	7.9	8.2	8.2	32	2	4
AA - 5 year	8.3	8.1	8.2	8.1	20	10	19
AA - 10 year	8.4	8.3	8.1	7.9	14	36	52
NBFC Bonds							
AAA - 1 year	7.5	7.3	7.9	7.8	22	(33)	(32)
AAA - 3 year	7.6	7.4	7.7	7.8	20	(10)	(21)
AAA - 5 year	7.6	7.5	7.7	7.6	13	(3)	3
AAA - 10 year	7.7	7.6	7.5	7.4	13	15	27
AA - 1 year	8.4	8.3	8.6	8.5	10	(17)	(4)
AA - 3 year	8.7	8.4	8.5	8.5	26	16	13
AA - 5 year	8.7	8.6	8.5	8.4	17	23	31
AA - 10 year	8.8	8.8	8.5	8.4	6	33	38

Source: RBI, Bloomberg L.P, Company, JM Financial; Note: Data as of 19th March, 2026

Margins to be Largely Steady

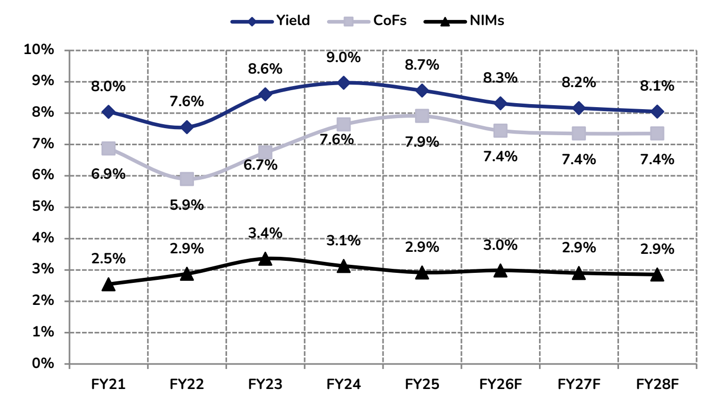
We expect Bajaj Housing Finance's margins to be broadly stable over the medium term. While rate-cut transmission and elevated competition—particularly in prime mortgages—are likely to exert some pressure on portfolio yields, the company's diversified product mix provides flexibility to rebalance towards relatively higher-yielding segments such as LRD and the affordable housing segment. This is reflected in management's strategy to scale up the Sambhav (near-prime and affordable) platform, with monthly disbursements targeted to increase to INR 6bn+ over the next 12–15 months, which should help partly offset yield compression. On the liability side, cost of funds is expected to be protected driven by repricing of existing borrowings and lower incremental borrowing costs. Supported by its strong credit profile and continued diversification across funding sources and asset mix, we expect the company to broadly protect margins, with NIMs sustaining ~2.9% over FY26–FY28E.

Exhibit 49: NII to expand at CAGR of ~20% over FY26–28E



Source: Company, JM Financial

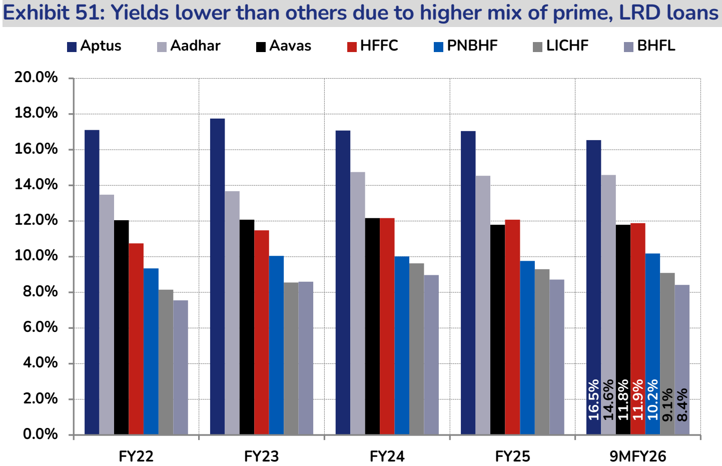
Exhibit 50: Margins (calculated) expected to be largely stable



Source: Company, JM Financial

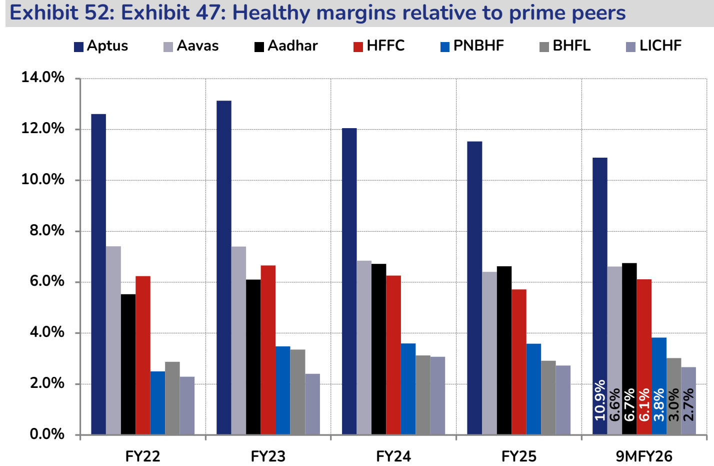
- From a margin perspective, BHFL's yields are lower than other players due to a higher share of prime and LRD loans in the mix; however, gradual diversification to high yielding near-prime and affordable loans and increasing exposure to DF loans provides room for yield expansion. CoFs for BHFL are also lower than other players led by strong credit rating, **supporting overall NIMs of ~3%, which are higher than LIC Housing Finance (2.7–2.8%) but lower than PNB Housing Finance (3.5–3.8%)**, given the latter's increasing exposure to the higher-yield affordable housing segment. BHFL's cost of funds remains competitive, aided by strong credit ratings and diversified funding sources.

Exhibit 51: Yields lower than others due to higher mix of prime, LRD loans



Source: Company, JM Financial; Note: 9MFY26 yields average of 3 quarters

Exhibit 52: Exhibit 47: Healthy margins relative to prime peers



Source: Company, JM Financial; Note: 9MFY26 NIMs average of 3 quarters

Driving Productivity and Operating Leverage Through Digital Investments

- As on Dec'25, BHFL had an extensive network **of 221 branches spread across 178 locations in 20 states and union territories**, which are overseen by **five centralised hubs** for retail underwriting and eight centralised processing hubs for loan processing. This diversified reach enables the company to effectively serve its target customers across various geographies.

Operating efficiency improving with scale

- BHFL has witnessed a material improvement in operating efficiency over the past few years, driven by strong operating leverage from rapid AUM growth, improving sourcing efficiency and sustained investments in technology infrastructure. Importantly, **AUM and net income growth have significantly outpaced growth in operating expenses**, allowing cost ratios to decline steadily despite continued investments in distribution and digital infrastructure. As a result, both **Opex/average assets and cost-to-income ratios have moderated meaningfully** over the past few years, reflecting the scalability of BHFL's operating model.

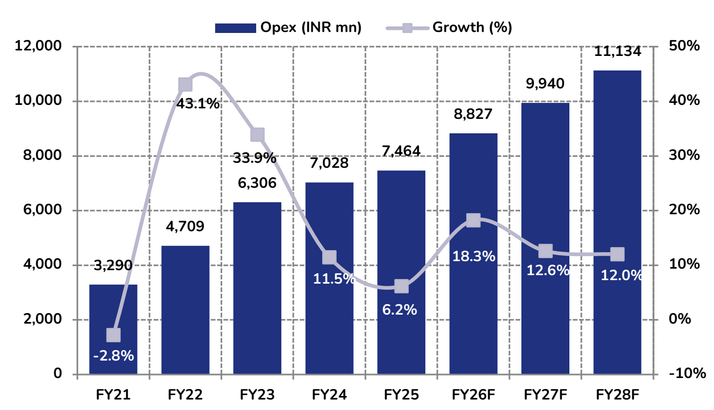
Exhibit 53: AUM and net income growth have significantly outpaced growth in operating expenses

Metric	FY20	FY21	FY22	FY23	FY24	FY25	3QFY26
AUM growth -YoY (%)	86.2%	18.9%	37.2%	29.8%	32.0%	25.5%	23.2%
Net income growth - YoY (%)	121.7%	15.5%	35.5%	52.3%	19.2%	23.0%	23.5%
Opex growth -YoY (%)	13.8%	-2.8%	43.1%	33.9%	11.5%	6.2%	18.4%
Cost / Income (%)	32.8%	27.7%	29.2%	25.7%	24.0%	20.8%	19.0%
Opex / Avg. Assets (%)	1.3%	1.0%	1.1%	1.1%	1.0%	0.8%	0.7%

Source: Company, JM Financial

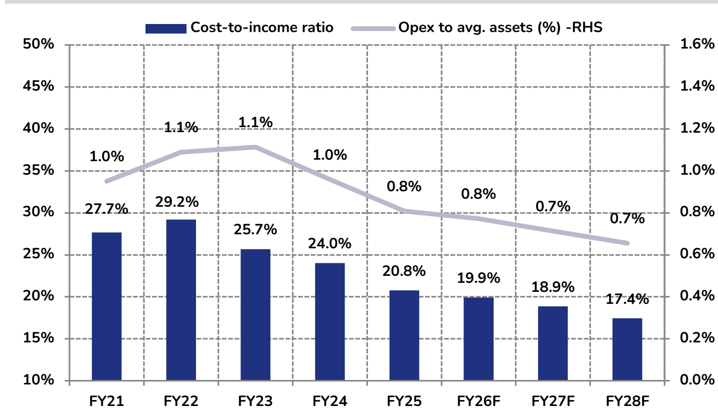
- Cost-to-income ratio has declined **from ~33% in FY20 to ~19% at end-3QFY26**, while Opex/average assets has moderated from **~1.3% to ~0.7% over the same period**. Management expects cost-to-income ratios to trend further towards **~14–15%** over the medium term, supported by continued scale benefits and digital operating efficiencies.

Exhibit 54: Opex growth expected to moderate over FY26–28E



Source: Company, JM Financial

Exhibit 55: Cost ratios expected to moderate led by operating leverage

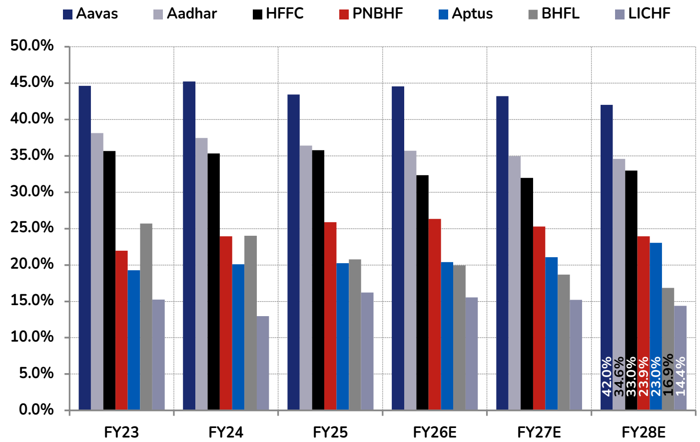


Source: Company, JM Financial

- Relative to peers, BHFL's cost ratios remain competitive and structurally better than most specialised affordable housing finance companies. As of 3QFY26, its cost-to-income ratio was ~19%, **significantly lower** than Aadhar (~34%), Aavas (~43%) and Home First (~32%), and broadly comparable to Aptus (~21%). LIC Housing Finance reports lower cost ratios (~15%), which largely reflects its mature franchise and slower growth profile, whereas **BHFL continues to grow at a significantly faster pace while maintaining cost discipline.**

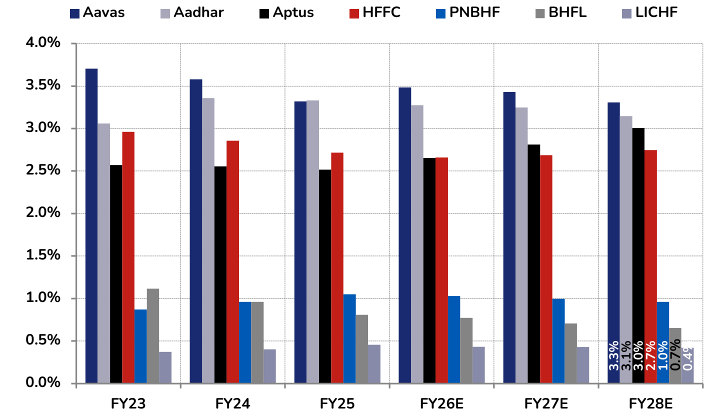
- A similar trend is visible in opex/average assets ratio, where BHFL's **~0.7% ratio** remains **substantially lower than most affordable housing lenders**, which typically operate with 2.5–3.3% cost structures due to their high-touch distribution models. BHFL's relatively lower cost intensity reflects scale benefits, centralised underwriting processes, and increasing digitisation across sourcing, underwriting and servicing. As the franchise continues to expand, further operating leverage is likely to support continued moderation in cost ratios relative to peers.

Exhibit 56: BHFL's C/I ratio much lower than most peers



Source: Company, JM Financial

Exhibit 57: BHFL's opex/average assets ratio at ~0.7% much lower than most housing lenders



Source: Company, JM Financial

Declining employee costs primary driver of operating efficiency

- Employee costs remain the largest component of BHFL's operating expenses, but their contribution has been **steadily declining over the years** as the company has improved productivity and operational efficiency. Employee benefits expenses as a percentage of total opex **has moderated from ~73% in FY20 to ~65% in 3QFY26**.

- As a percentage of average assets as well, efficiency has been primarily driven by a meaningful decline in employee-related costs, while most other operating expense components have been relatively stable. **Employee benefits expense fell from ~0.81% of average assets in FY22 to ~0.52% in FY25, representing ~29 bps reduction over three years**, making it the **single-largest contributor** to the moderation in overall operating costs.

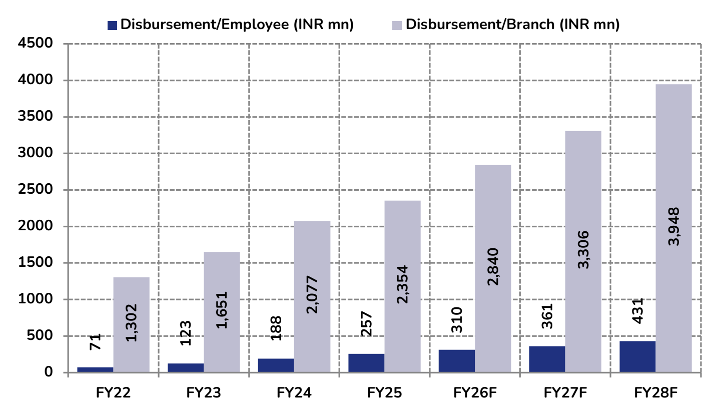
- **In contrast,** most other expense categories such as IT expenses (~0.04%), depreciation (~0.04–0.06%) and fees and commission expenses (~0.01-0.02%) have been largely stable as a percentage of assets. While some categories like CSR and outsourcing costs increased marginally, their impact on overall cost ratios remains limited due to their smaller base.

Exhibit 58: Employee expenses: The lead driver of operating efficiency over years

Operating Expenses (INR mn)	FY22	FY23	FY24	FY25	Growth YoY FY23	Growth YoY FY24	Growth YoY FY25	Mix as a % of total opex (%) FY23	Mix FY24	Mix FY25
Fees and Commission expense	46.8	140.3	117.1	119.3	199.8%	-16.5%	1.9%	2.2%	1.7%	1.6%
Employee benefits expense	3489.4	4351.4	4656.3	4836.3	24.7%	7.0%	3.9%	69.0%	66.2%	64.8%
Depreciation and amortization	257.6	334	396	411.5	29.7%	18.6%	3.9%	5.3%	5.6%	5.5%
Other Expense	915.1	1479.9	1859.6	2096.8	61.7%	25.7%	12.8%	23.5%	26.5%	28.1%
Outsourcing/back office expenses	*84.1*	*127.8*	*386.7*	*360*	52.0%	202.6%	-6.9%	*2.0%*	*5.5%*	*4.8%*
IT expenses	*139.7*	*237.6*	*302.6*	*397.1*	70.1%	27.4%	31.2%	*3.8%*	*4.3%*	*5.3%*
Expenditure towards CSR activities	*76.7*	*126.8*	*206.7*	*314.2*	65.3%	63.0%	52.0%	*2.0%*	*2.9%*	*4.2%*
Travelling expenses	*180.1*	*273.2*	*280.1*	*286.1*	51.7%	2.5%	2.1%	*4.3%*	*4.0%*	*3.8%*
Repairs, maintenance and office expenses	*115.6*	*151.7*	*150.6*	*170.4*	31.2%	-0.7%	13.1%	*2.4%*	*2.1%*	*2.3%*
Communication expenses	*73.1*	*93.8*	*103*	*103.4*	28.3%	9.8%	0.4%	*1.5%*	*1.5%*	*1.4%*
Legal and professional charges	*32.7*	*43*	*53.7*	*81.5*	31.5%	24.9%	51.8%	*0.7%*	*0.8%*	*1.1%*
Other Miscellaneous expenses	*213.2*	*426*	*376.2*	*384.1*	99.8%	-11.7%	2.1%	*6.8%*	*5.4%*	*5.1%*
Operating Expenses as a % of avg. assets (INR mn)					**Change (bps)(YoY)**					
Fees and Commission expense	0.01%	0.02%	0.02%	0.01%	1 bps	-1 bps	0 bps			
Employee benefits expense	**0.81%**	**0.77%**	**0.64%**	**0.52%**	**-4 bps**	**-13 bps**	**-11 bps**			
Depreciation and amortization	0.06%	0.06%	0.05%	0.04%	0 bps	0 bps	-1 bps			
Other Expense	0.21%	0.26%	0.25%	0.23%	5 bps	-1 bps	-3 bps			
Outsourcing/back office expenses	*0.02%*	*0.02%*	*0.05%*	*0.04%*	*0 bps*	*3 bps*	*-1 bps*			
IT expenses	*0.03%*	*0.04%*	*0.04%*	*0.04%*	*1 bps*	*0 bps*	*0 bps*			
Expenditure towards CSR activities	*0.02%*	*0.02%*	*0.03%*	*0.03%*	*0 bps*	*1 bps*	*1 bps*			
Travelling expenses	*0.04%*	*0.05%*	*0.04%*	*0.03%*	*1 bps*	*-1 bps*	*-1 bps*			
Repairs, maintenance and office expenses	*0.03%*	*0.03%*	*0.02%*	*0.02%*	*0 bps*	*-1 bps*	*0 bps*			
Communication expenses	*0.02%*	*0.02%*	*0.01%*	*0.01%*	*0 bps*	*0 bps*	*0 bps*			
Legal and professional charges	*0.01%*	*0.01%*	*0.01%*	*0.01%*	*0 bps*	*0 bps*	*0 bps*			
Other Miscellaneous expenses	*0.05%*	*0.08%*	*0.05%*	*0.04%*	*3 bps*	*-2 bps*	*-1 bps*			

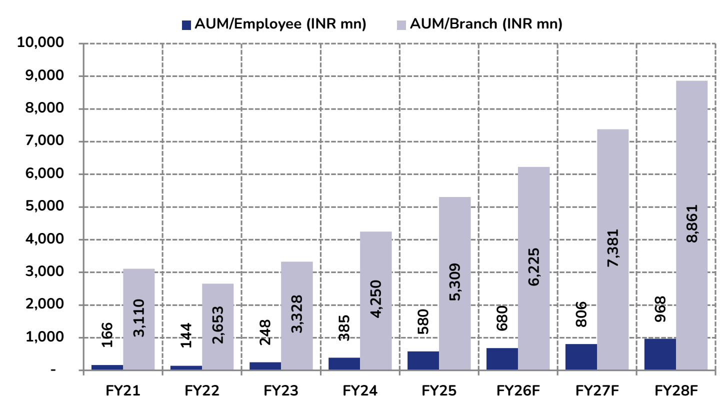
Source: Company, JM Financial

Exhibit 59: Productivity metrics have been improving over years...



Source: Company, JM Financial

Exhibit 60: ...and are expected to improve further

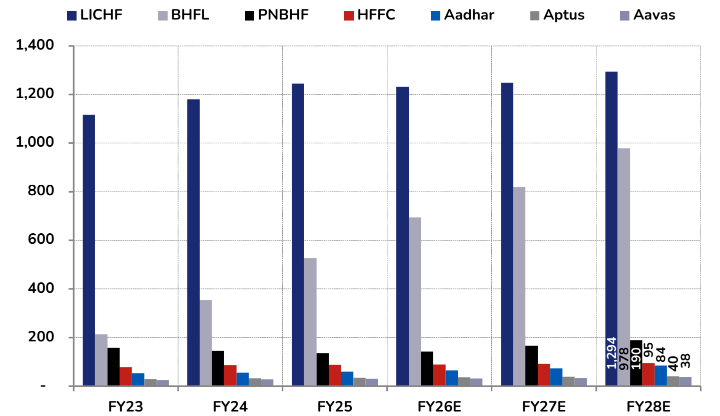


Source: Company, JM Financial

- BHFL's productivity metrics have improved sharply over the past few years, reflecting strong operating leverage and a scalable operating model. AUM per employee has increased significantly from **~INR 166mn in FY21 to ~INR 580mn in FY25 and is expected to rise further to ~INR 968mn by FY28E**, highlighting improving employee productivity as the franchise scales. While LIC Housing Finance continues to report the highest AUM/employee levels, BHFL's productivity metrics at end-FY25 are meaningfully higher than most high-growth housing finance peers such as Aadhar (~INR 56mn), Aavas (~INR 28mn), Aptus (~INR 32mn) and Home First (~INR 78mn).

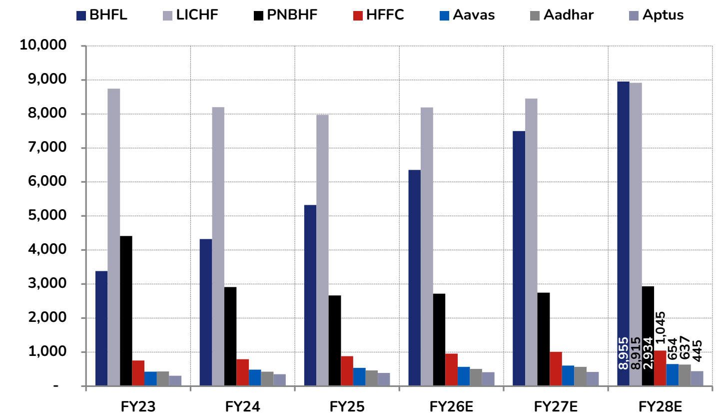
- A similar trend is visible in AUM per branch, where BHFL's productivity **has steadily improved from ~INR 3.1bn in FY21 to ~INR 5.3bn in FY25 and is expected to reach ~INR 8.9bn by FY28E**. This remains significantly higher than most peers. As the company continues to scale up its loan book without proportionate expansion in workforce or branches, productivity metrics are likely to improve further relative to peers.

Exhibit 61: AUM/average employee better than most peers' sans LIC HF...



Source: Company, JM Financial

Exhibit 62: ...AUM/average branch also follows a similar trend

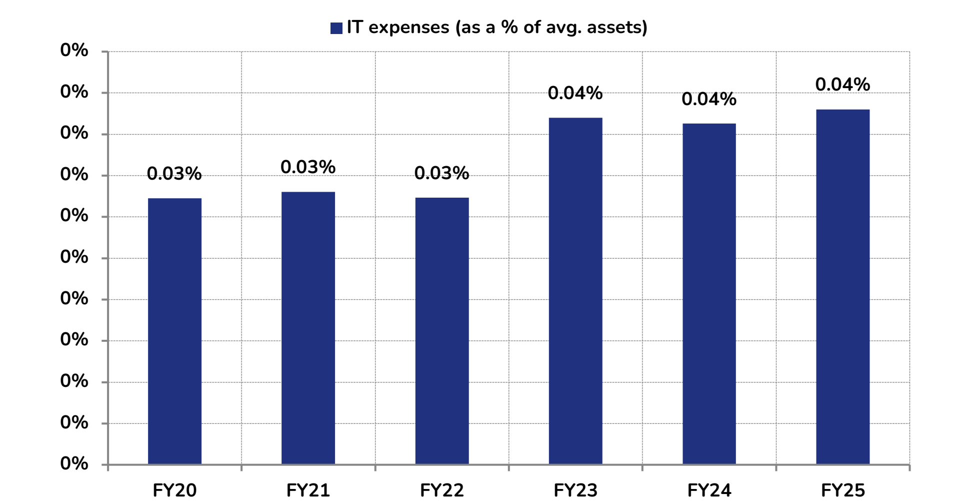


Source: Company, JM Financial

Technology investments also aiding structural cost efficiencies

- Over the past few years, BHFL has made significant investments in technology infrastructure and digitisation, which are now beginning to deliver structural operating efficiencies. The company has implemented several digital initiatives including **cloud-based data centre infrastructure, instant in-principle sanction letters, self-service home loan portals, partner and intermediary platforms, mobile applications for field sales and collections teams, and digital collateral assessment workflows.**
- These investments have helped streamline underwriting, improve turnaround times, and reduce manual intervention in the loan processing cycle.
- This is also reflected in the share **of IT expenses as a percentage of average assets, which has been broadly steady over the past three years**, indicating continued investment in digital infrastructure.

Exhibit 63: Front-loaded IT investments to drive operating efficiencies



Source: Company, JM Financial

Operating leverage expected to drive further improvement in cost ratios

- BHFL is well positioned to witness further moderation in operating cost ratios as the business continues to scale up. Strong AUM growth, increasing direct sourcing, and technology-led efficiencies should allow the company to spread fixed costs across a larger asset base, improving overall operating leverage.
- **Continued investments in technology and digitisation** should further support these efficiency gains, positioning BHFL as **one of the most operationally efficient franchises within the housing finance sector.**

Robust Underwriting Framework Ensures Strong Control Over Credit Costs

BHFL has established a comprehensive credit evaluation framework and underwriting processes to ensure that risk performance across all products remains within defined thresholds. Specifically, for its retail loan portfolio, the company employs a centralised underwriting process and utilises straight-through processing for salaried customers and approved project finance (APF) projects, facilitating quicker and more accurate loan evaluations.

This approach is further enhanced by digitised credit processes and the strategic integration of account aggregators, which provide digital access to customers' financial data from various institutions with their consent, streamlining retail underwriting. **Specialised centralised underwriting teams assess the financial profiles of both salaried and self-employed applicants, employing telephonic and video discussions to ensure thorough credit appraisals.**

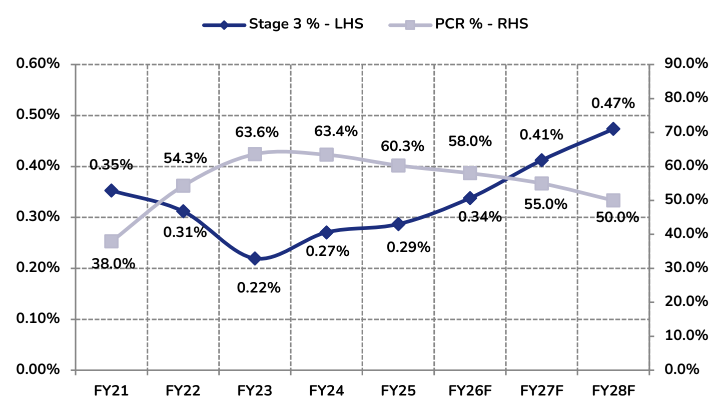
Additionally, BHFL's risk team monitors early warning signals in accounts with a history of bounced payments or those just one day past due, identifying potential signs of delinquency. The company conducts **periodic portfolio reviews** tracking key indicators including product-wise bounce rates, collection efficiency, GNPA and portfolio health, along with credit bureau checks and credit databases. It has also implemented a dashboard monitoring system that allows the risk team to track borrower information, pinpoint areas of concern, and take prompt action when necessary.

BHFL's operations feature a customised loan initiation system supported by robust monitoring frameworks and mechanisms designed to streamline onboarding and ensure strong credit quality and portfolio performance.

- Besides, ~87% of the home loans offered by BHFL are given to lower-risk salaried and professional customers. These practices are bolstered by prudent risk management strategies. As a result, despite the challenging economic environment, BHFL maintained a GNPA ratio of 0.27% and a NNPA ratio of 0.11% at end-3QFY26.

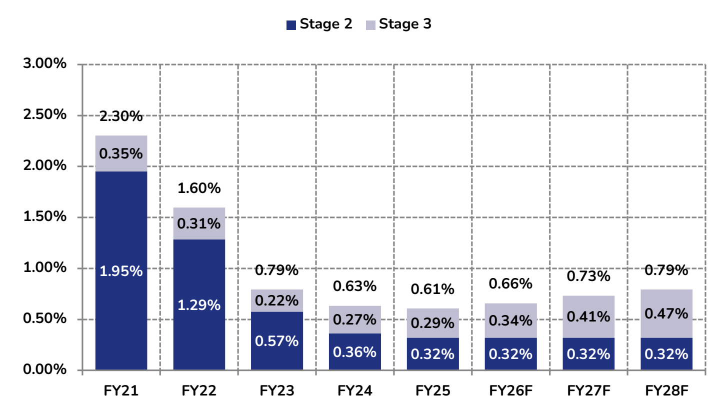
- PCR on stage 3 remains healthy at ~59% at end-3QFY26 and its ECL cover too is steady at ~0.6% on its overall book. We expect credit costs to gradually inch down and remain controlled over FY26–28E as the book continues to diversify further in the affordable/near-prime and developer finance spaces. We build in average credit cost (as % of AUM) of ~21bps over FY26–28E.

Exhibit 64: Stage 3 expected to inch up in the medium term



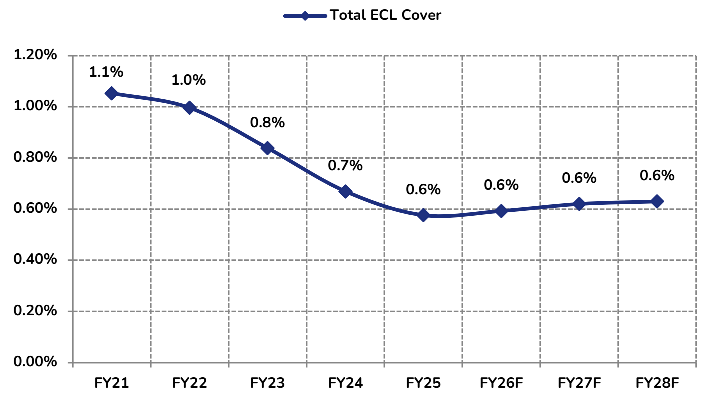
Source: Company, JM Financial

Exhibit 65: Stressed pool (GS 2+3) also expected to remain under control



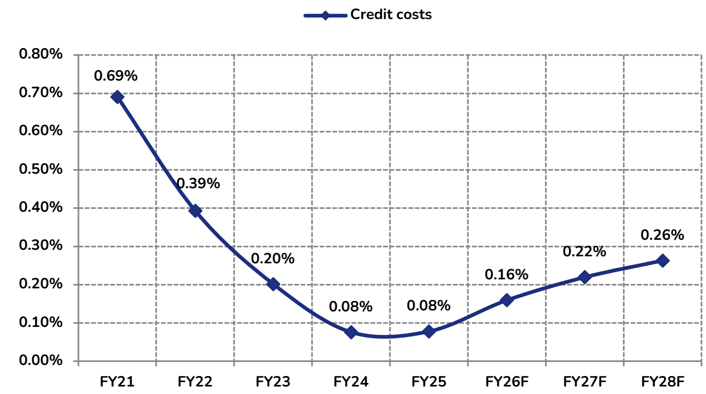
Source: Company, JM Financial

Exhibit 66: ECL cover expected to be broadly stable



Source: Company, JM Financial

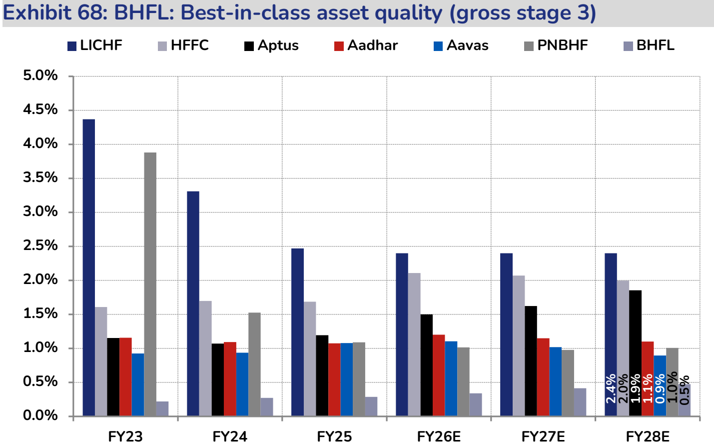
Exhibit 67: Credit cost trend (% of AUM) expected to increase



Source: Company, JM Financial

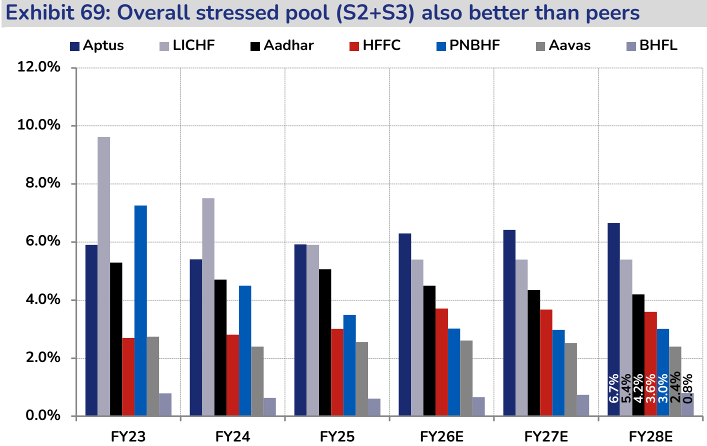
- Bajaj Housing Finance continues to **demonstrate best-in-class asset quality metrics relative to most peers**, supported by a strong underwriting framework and a largely prime mortgage portfolio. Gross Stage 3 assets remain extremely low at ~0.3% at end-3QFY26, significantly better versus LIC Housing Finance (~2.5%) and PNB Housing Finance (~1.0%), and also lower than most affordable housing lenders such as Aadhar (~1.4%), Aptus (~1.6%), Aavas (~1.2%) and Home First (~2.0%).
- Early delinquency indicators also remain benign. Total **stress (30+ DPD) is ~0.6% for BHFL, materially lower than peers** such as LICHF (~5.5%), PNBHF (~3.0%), Aadhar (~4.7%) and Aptus (~6.5%), **indicating strong portfolio quality** and limited build-up of early-stage stress. Despite the low level of NPAs, BHFL maintains a healthy PCR of ~59%, which is **higher than that of several peers and provides an adequate buffer against potential asset quality volatility**.
- The superior asset quality is primarily driven by BHFL's focus **on prime salaried borrowers, conservative underwriting standards, centralised credit appraisal and granular mortgage-backed collateral.** Additionally, the company's **moderate LTV ratios and diversified mortgage portfolio** across housing loans, LRD and LAP further help contain credit risk. As a result, credit costs remain structurally low, supporting the company's ability to sustain ~2%+ RoA while maintaining strong balance sheet quality.

Exhibit 68: BHFL: Best-in-class asset quality (gross stage 3)



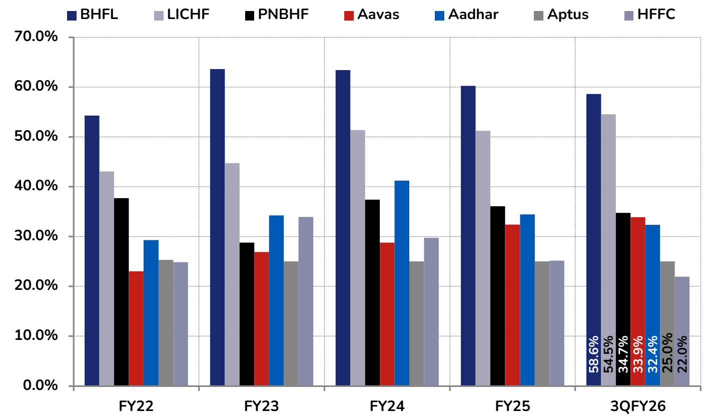
Source: Company, JM Financial

Exhibit 69: Overall stressed pool (S2+S3) also better than peers



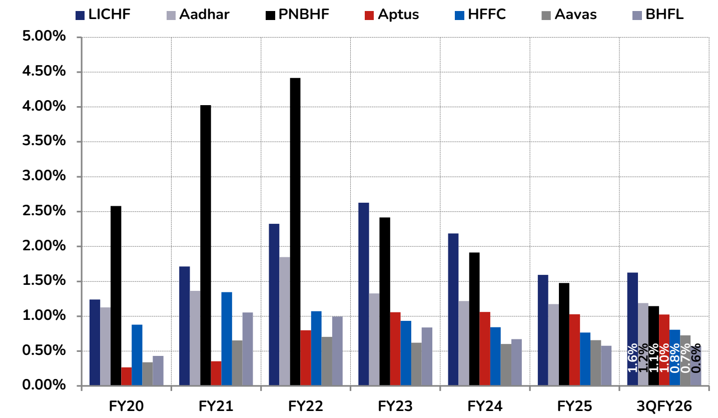
Source: Company, JM Financial

Exhibit 70: PCR on Stage-3 also comfortable relative to peers



Source: Company, JM Financial

Exhibit 71: Overall ECL cover levels lower than peers

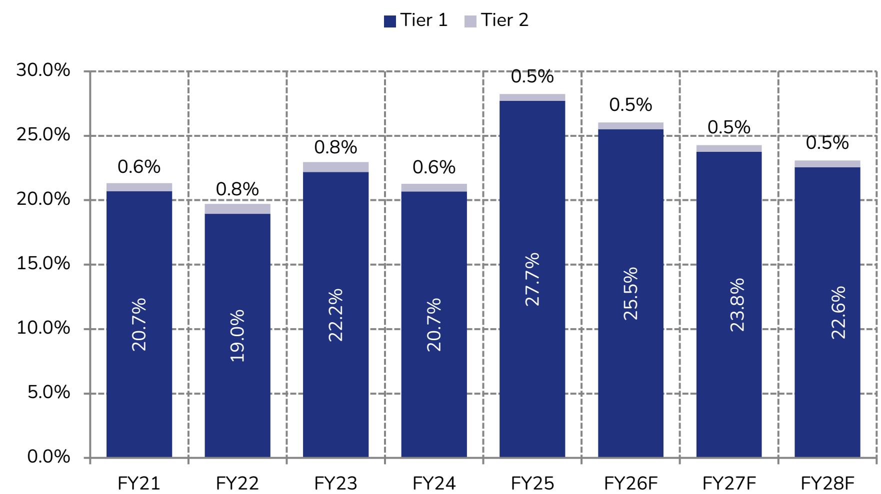


Source: Company, JM Financial

Well Capitalised to Seize Growth Opportunities

At end-Dec'25, BHFL maintains a comfortable capital adequacy ratio of ~23.2% versus regulatory requirement of 15%, positioning the company well to pursue medium-term AUM growth aspirations of ~24–26%. This strong capital foundation is further strengthened by significant parent company support, with INR 25bn and INR 20bn infused through rights issues in FY23 and FY24, respectively, from Bajaj Finance Ltd. Further, ~INR 35.6bn was infused as capital through its IPO in Sep'24. This robust backing not only underscores BHFL's solid parentage but also provides a reliable cushion and a dependable line of credit, ensuring ready access to funds for future growth. At current levels, leverage is 5.5 and the company targets leverage levels of ~7-8x over the medium term. At current levels, the company remains well placed to tap growth over the next 12-18 months.

Exhibit 72: Comfortable capital adequacy



Source: Company, JM Financial

To comply with SEBI regulations, Bajaj Finance will need to reduce its stake in Bajaj Housing Finance to 75% by Sep'29 (as per new guidelines) from the current levels of 86.7%.

Exhibit 73: Shareholding at end-Dec '25

Category	% shareholding
Promoter	
Bajaj Finance Ltd.	86.70%
Public:	
FPIs/FIIs	1.32%
Mutual Funds	0.63%
Resident & Non-resident Individuals	10.06%
Corporates	0.94%
Others	0.35%

Source: Company, JM Financial

Consistent Return Ratios: RoA of 2%+ over Last Three Years; Lower Leverage Drags RoE

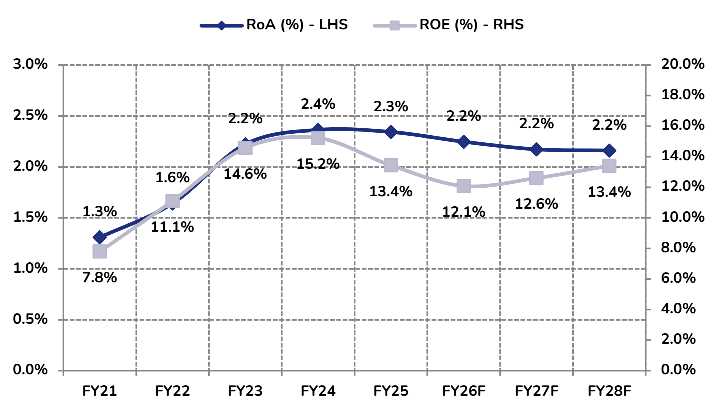
- BHFL has consistently achieved robust return ratios, with RoA/RoE reaching 2.3%/13.4%, respectively, in FY25 and 2.2%/12.4% respectively, for 3QFY26 (annualised).
- This is underpinned by improving operating leverage benefits and controlled credit costs. We expect BHFL to deliver an EPS CAGR of ~20% over FY26–FY28E, driven by, i) diverse portfolio projected to grow at ~22% CAGR over FY26–28E, ii) stable margins averaging ~2.9-3%% over FY26–FY28E, iii) gradual improvement in the C/I ratio as technology investments take effect, and iv) strong credit cost management, with an expected average credit cost of approximately 0.21% over FY26–28E.
- Consequently, along with increased leverage we forecast the return ratios to gradually inch up with average RoAs of ~2.2% and average RoEs of ~13% over FY26–28E.

Exhibit 74: DuPont (% of assets)

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Interest income	8.3%	8.1%	9.3%	9.8%	9.7%	9.3%	9.1%	9.0%
Interest expenses	5.7%	5.0%	5.7%	6.4%	6.5%	5.9%	5.9%	5.8%
Net Interest income	**2.6%**	**3.1%**	**3.6%**	**3.4%**	**3.26%**	**3.33%**	**3.24%**	**3.20%**
Other income	0.8%	0.7%	0.7%	0.6%	0.6%	0.55%	0.54%	0.56%
Net income	**3.4%**	**3.7%**	**4.3%**	**4.0%**	**3.90%**	**3.88%**	**3.78%**	**3.76%**
Operating expenses	1.0%	1.1%	1.1%	1.0%	0.8%	0.77%	0.71%	0.66%
Operating Profit	**2.5%**	**2.6%**	**3.2%**	**3.0%**	**3.1%**	**3.11%**	**3.07%**	**3.10%**
Provisions	0.7%	0.4%	0.2%	0.1%	0.1%	0.18%	0.24%	0.29%
PBT	**1.8%**	**2.2%**	**3.0%**	**3.0%**	**3.0%**	**2.92%**	**2.82%**	**2.81%**
ROA	**1.3%**	**1.6%**	**2.2%**	**2.4%**	**2.3%**	**2.25%**	**2.17%**	**2.16%**
Leverage	6.0	6.8	6.6	6.4	5.7	5.4	5.8	6.2
ROE	**7.8%**	**11.1%**	**14.6%**	**15.2%**	**13.4%**	**12.1%**	**12.6%**	**13.4%**

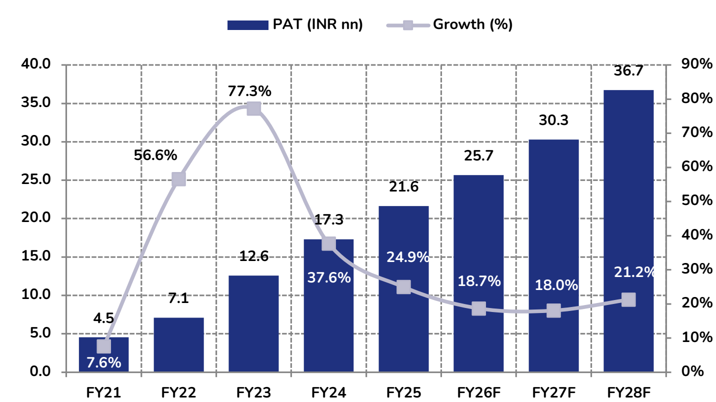
Source: Company, JM Financial

Exhibit 75: RoA expected to be steady while RoE to improve with gradual increase in leverage



Source: Company, JM Financial

Exhibit 76: Overall PAT to clock ~20% CAGR over FY26–28E



Source: Company, JM Financial

Industry Overview

Home loans industry

- **Disbursements: Growth improves led by uptick in average ticket size:** Home loan disbursements (by value) grew 13% YoY/fell 1% QoQ in 3QFY26 (versus 11% YoY/22% QoQ in 2QFY26), primarily driven by ATS growth of 8% YoY/7% QoQ in 3QFY26. (-1% YoY/0% QoQ in 2QFY26). However, disbursement volume growth moderated to 5% YoY in 3QFY26 (from 12% YoY in 2QFY26).

- **Outstanding: Systemic growth in outstanding loans and volumes steady:** During 3QFY26, outstanding portfolio growth held at 11% YoY/2% QoQ (versus 11% YoY/2% QoQ in 2QFY26). Outstanding volume growth inched up 80bps QoQ to 4.1% in 3QFY26, whereas average ticket size growth moderated to 6% (from 8% in 2QFY26).

- **Private banks losing market share while PSBs/NBFCs benefit:** The competitive landscape continues to be dominated by public sector banks, with their share in origination value inching up to 50.3% at end-3QFY26 (versus ~50% in 2QFY26), whereas private banks lost market share from 25.2% to 23.3% over the same period. HFCs gained market share, up 90bps QoQ to 19.9% in 3QFY26 (versus 19% in 2QFY26).

- **Rising share of >INR 7.5mn high-ticket housing loans:** The share of high-ticket housing loans (>INR 7.5mn) continued to increase. By value, the share rose to 39.7% in 3QFY26 (versus 38.5% in 2QFY26), while by volume it increased to 9% in 3QFY26 (versus 8.2% in 2QFY26). This reflects consumer preference for larger homes despite rising real estate prices.

- **Disbursement in <INR 3.5mn (affordable segment broadly) declines:** Disbursement (value) in the <INR 3.5mn segment contracted -0.3% YoY in 3QFY26 (versus +2% YoY in 2QFY26) leading to a consistent decline in its market share in overall disbursements.

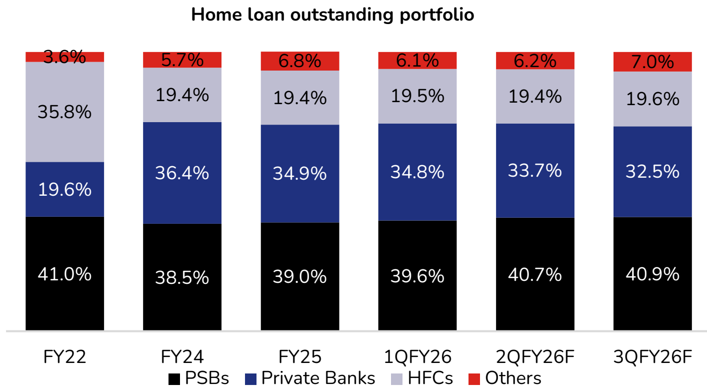
- **Rise in high-ticket originations leads to steady asset quality (except for <INR 0.5mn segment):** Asset quality trends were broadly stable or improving across lenders in 3QFY26, reflecting stronger collection efficiency with PSU banks continuing to report consistent improvement in the PAR 31–180 bucket. On an overall basis, asset quality indicators across delinquency buckets remained steady with improvement in the PAR 31–90 bucket. Across ticket sizes, asset quality improved in most segments; however, sub-INR 0.5mn segment in the PAR **31–90** bucket continues to be elevated.

Exhibit 77: Home loans: Growth steady in portfolio outstanding and active loans

Home loans	FY21	FY22	FY23	FY24	FY25	1QFY26	2QFY26	3QFY26	FY20–23	FY23–9MFY26	FY19–9MFY26
Portfolio Outstanding (INR tn)	22.5	27.3	31.9	35.9	40.6	41.2	42.1	43.0	17%	12%	13%
Active loans (mn)	12.4	13.5	20.9	22.0	23.0	22.9	23.2	23.4	22%	4%	12%
Ticket size (INR mn)	1.8	2.0	1.5	1.6	1.8	1.8	1.8	1.8	-4%	7%	1%
YoY growth											
Portfolio Outstanding	*13%*	*21%*	*17%*	*13%*	*13%*	*13%*	*11%*	*11%*			
Active loans	*8%*	*9%*	*54%*	*5%*	*5%*	*5%*	*3%*	*4%*			
Ticket size	*4%*	*11%*	*-24%*	*7%*	*8%*	*8%*	*8%*	*6%*			

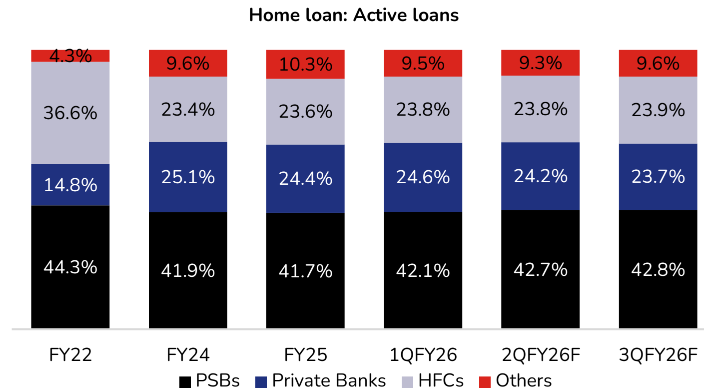
Source: CRIF, JM Financial

Exhibit 78: PSBs gain market share in outstanding portfolio...



Source: CRIF, JM Financial; 2Q/3Q FY26F numbers are JMF estimates

Exhibit 79: ...and also marginally in active loans sequentially



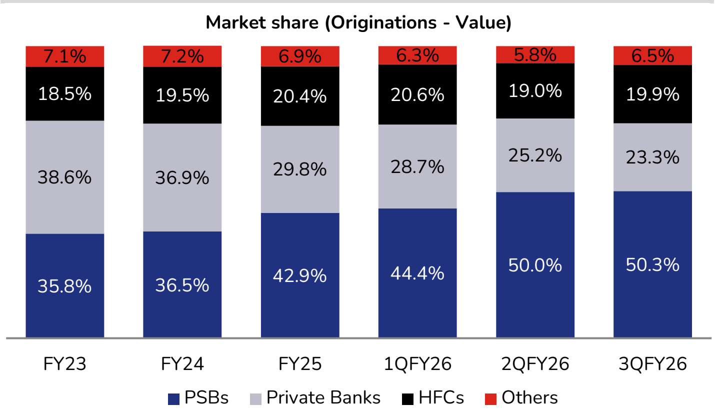
Source: CRIF, JM Financial; 2Q/3Q FY26F numbers are JMF estimates

Exhibit 80: Home loans: Disbursement growth (value) improves led by growth in average ticket size

Originations	FY20	FY21	FY22	FY23	FY24	FY25	1QFY26	2QFY26	3QFY26	FY20–23	FY23–25	FY17–25
Disbursement Value (INR tn)	5.8	6.0	8.0	9.5	10.4	10.7	2.4	2.9	2.9	18%	6%	13%
Disbursement Volume (mn)	2.9	2.7	3.3	3.6	3.7	3.5	0.8	1.0	0.9	8%	-2%	4%
Ticket size (INR mn)	2.0	2.2	2.4	2.6	2.8	3.1	3.1	3.1	3.3	9%	8%	9%
YoY Growth												
Disbursement Value	*3%*	*3%*	*33%*	*19%*	*10%*	*3%*	*6%*	*11%*	*13%*			
Disbursement Volume	*33%*	*-7%*	*21%*	*11%*	*1%*	*-5%*	*5%*	*12%*	*5%*			
Ticket size	*-23%*	*11%*	*10%*	*7%*	*8%*	*9%*	*1%*	*-1%*	*8%*			

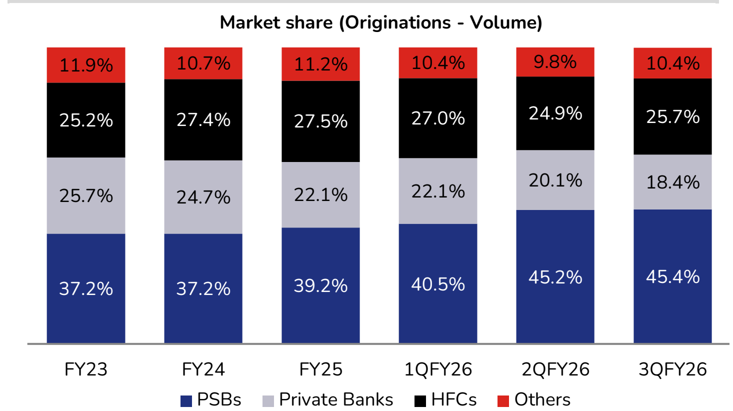
Source: CRIF, JM Financial

Exhibit 81: Home loans: PSBs continue to gain market share by value...



Source: CRIF, JM Financial

Exhibit 82: ...as well as volume



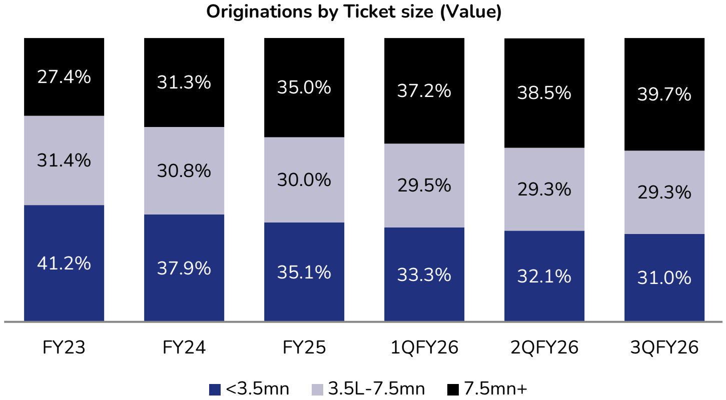
Source: CRIF, JM Financial

Exhibit 83: Home loans: Ticket size increases across lenders on a sequential basis; YoY growth flat for private banks

Originations - Ticket size										YoY			CAGR		
(INR mn)	FY20	FY21	FY22	FY23	FY24	FY25	1QFY26	2QFY26	3QFY26	3QFY26	2QFY26	FY25	FY20–23	FY23–25	FY17–25
PSBs	1.9	2.0	2.3	2.5	2.8	3.4	3.4	3.4	3.7	10%	2%	21%	9%	16%	5%
Private Banks	2.9	3.3	3.6	3.9	4.2	4.2	4.0	3.9	4.2	0%	-9%	-2%	10%	3%	3%
HFCs	1.7	1.9	1.9	1.9	2.0	2.3	2.4	2.4	2.6	15%	5%	13%	5%	9%	-1%
Others	0.8	0.8	1.2	1.6	1.9	1.9	1.9	1.8	2.1	7%	-7%	-1%	26%	10%	-3%

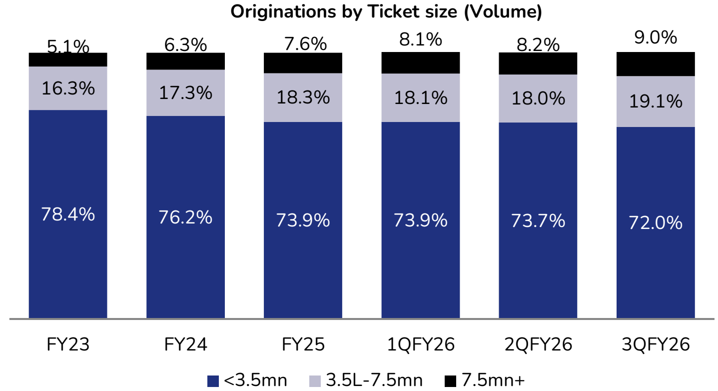
Source: CRIF, JM Financial

Exhibit 84: Home loans: High-ticket share in disbursement up by value



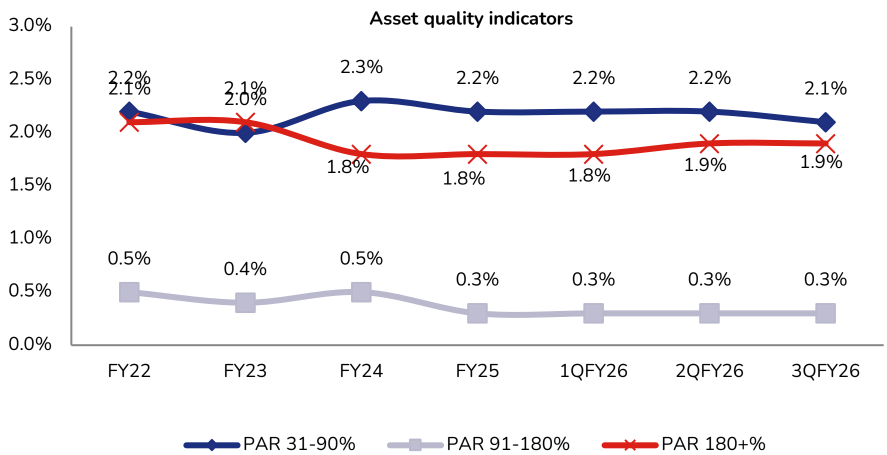
Source: CRIF, JM Financial

Exhibit 85: Home loans: High-ticket share in disbursement up by volume



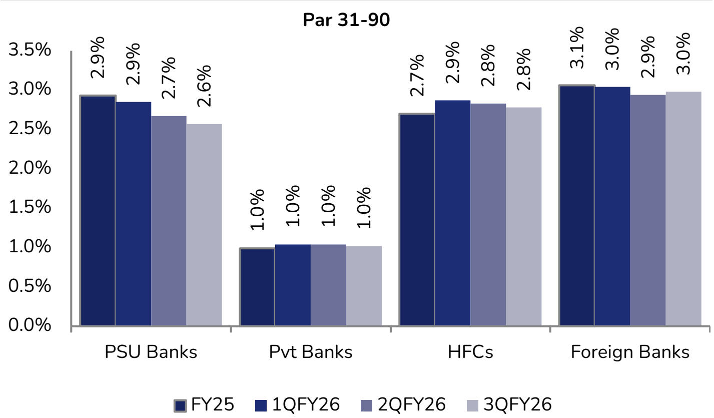
Source: CRIF, JM Financial

Exhibit 86: Home loans: Asset quality indicators broadly stable across buckets



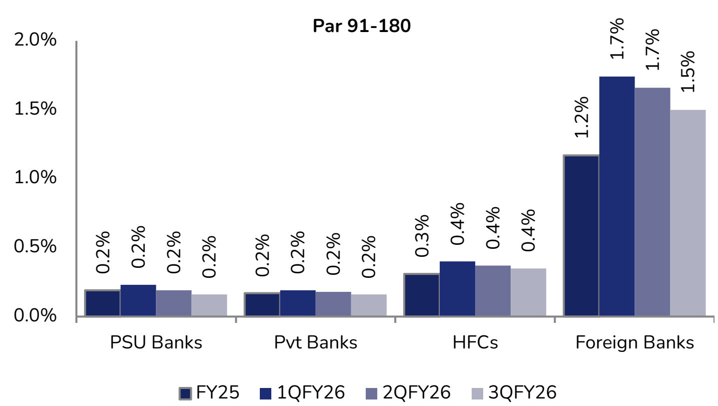
Source: CRIF, JM Financial

Exhibit 87: Home loans: Early-stage delinquencies stable across lenders



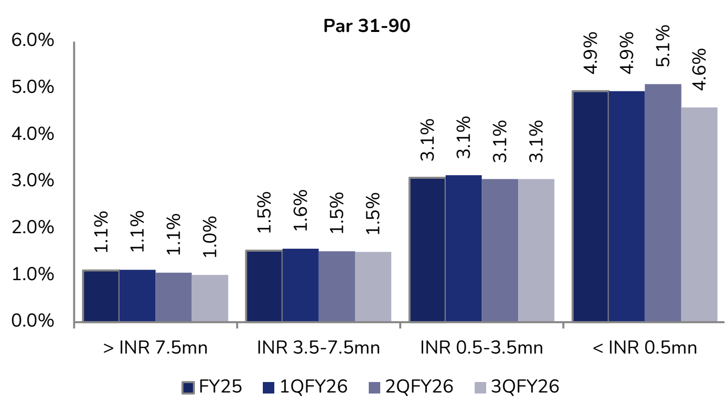
Source: CRIF, JM Financial

Exhibit 88: Home loans: Mid-stage delinquencies improve across lenders



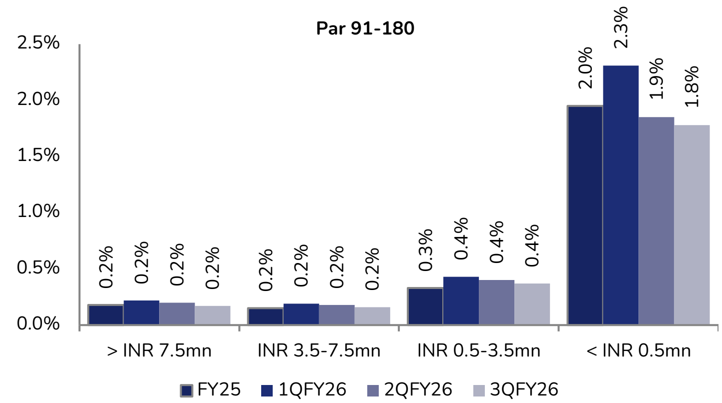
Source: CRIF, JM Financial

Exhibit 89: Home loans: Early delinquencies improve across ticket sizes



Source: CRIF, JM Financial

Exhibit 90: HL: Steady PAR 91–180 across ticket sizes



Source: CRIF, JM Financial

Experienced and Professional Leadership

BHFL boasts a solid nine-year operational history with its key managerial and senior management personnel averaging more than 11 years of experience in India's financial services sector. Notably, the MD and CFO have been with the Bajaj Group for over 23 years and are founding members of the company. Each product vertical is led by dedicated teams, and the current management structure ensures both scalability and flexibility.

Exhibit 91: BHFL: Key management personnel*

Name	Designation	Description
Mr Atul Jain	Managing Director	He holds a bachelor's degree in commerce (honours in accounting) and a master's degree in business administration, each from Punjabi University, Patiala. He has over two decades of experience in the financial sector. He joined the Bajaj group on June 10, 2002, and joined BHFL with effect from April 1, 2018. He was also previously associated with Bajaj Finance Limited as an enterprise risk officer, where he was involved in risk and debt management. He was appointed the Managing Director of BHLF in 2022 after serving as the CEO of the Company for four years.
Mr Gaurav Kalani	Chief Financial Officer	He holds a bachelor's degree in commerce (non-collegiate) from Maharshi Dayanand Saraswati University, Ajmer. He is a chartered accountant registered with the Institute of Chartered Accountants of India. He joined the Bajaj group on April 3, 2003, before moving to Bajaj Finserv, and joined BHFL with effect from April 1, 2018. Since his move as the CFO of the BHFL, he has played a significant role in driving key strategies, including capital raising, AOPs and LRS planning and execution, as well as managing investor relations.
Mr Atul Patni	Company Secretary and Compliance Officer	He is a fellow of the Institute of Company Secretaries of India. He also holds a post graduate diploma in securities law from Government Law College, Mumbai, and is a Chartered Associate of India Institute of Bankers certified by Indian Institute of Banking and Finance. He has over 14 years of experience in the financial sector, including over 10 years of experience in the banking sector. He was previously associated with AU Small Finance Bank Limited as a deputy company secretary, and with IDBI Bank Limited as a manager.
Mr Pawan Bhansali	Senior Executive Vice President – Near Prime & Affordable	He has passed the examination for the degree of Bachelor of Commerce from University of Calcutta, Kolkata. He is a chartered accountant registered with the Institute of Chartered Accountants of India. He is an associate of the Institute of Company Secretaries of India. He was previously associated with ICICI Home Finance Company Limited as chief distribution officer, and ICICI Bank Limited. He joined BHFL with effect from February 19, 2024, and is responsible for near prime and affordable functions in the Company.
Mr Amit Sinha	Executive Vice President – Home Loans	He holds a bachelor's degree in commerce from University of Delhi and a post graduate certification in strategic management and marketing management from Institute of Management Technology, Ghaziabad. He is responsible for home loans and B2C functions in the Company.
Mr Vipin Arora	Executive Vice President – CRE	He is a chartered accountant registered with the Institute of Chartered Accountants of India. He was previously associated with Dhanlaxmi Bank Limited and Reliance Capital Limited as regional credit manager (E6 – senior manager) home finance. A seasoned mortgage professional, he has over 19 years of experience in sales and underwriting.
Mr Dushyant Poddar	Executive Vice President – Developer Finance	He has passed the Part II (3-year honours) examination in bachelor's degree in commerce from University of Calcutta, Kolkata and a post graduate diploma in management from Indian Institute of Management, Indore. He is a chartered accountant registered with the Institute of Chartered Accountants of India. He was previously associated with Citi Bank.
Mr Jasminder Singh Chahal	President – Home Loans	He joined as the President of Home Loans at BHFL in August 2024, leading the Retail Home Loans vertical. He comes with over 23 years of experience in the Mortgage sector. His career began at ICICI Bank, where he honed his skills in housing finance, retail distribution, portfolio management, and risk management. He successfully led various teams and initiatives within the Bank and Mortgages division. He is a commerce graduate and holds a Post Graduate Diploma in Business Management (PGDBM) from Symbiosis Institute of Management Studies.
Mr Biswaranjan Bastia	Senior Head - Insurance Services	He has been with the Bajaj group since 2010. He joined BFL as a Regional Sales Manager and, today, he heads Insurance Services and Staffing Services for BHFL. He is a seasoned professional with 19+ years of experience in various corporates, including SREI. He holds a PGDM from XIM, Bhubaneswar, and a B.E. in Electrical engineering from VSSUT.
Mr Kumar Gaurav	Executive Vice President – Debt Management Services	He holds a bachelor's degree in commerce (honours) from University of Delhi, Delhi and a post graduate diploma in business management from Institute for Integrated Learning in Management, Delhi. He was previously associated with Indiabulls Financial Services Limited as regional sales manager. He began his journey with BFL in the Personal and Business Loan vertical. Over the course of his tenure at BFL, he also worked in the LAP and Mortgage Collections verticals and was made the Collections Head in 2016.
Mr Niraj Adiani	Executive Vice President - Risk	He holds a bachelor's degree in commerce from Gujarat University, Ahmedabad. He is a chartered accountant with over 16 years of experience in the BFSI space and registered with the Institute of Chartered Accountants of India. He was previously associated with HDFC Bank Limited and ICICI Bank Limited.
Mr Gagandeep Malhotra	Executive Vice President – Credit & Operations	He heads the Credit and Operations department at BHFL where he manages the Residential and CRE portfolio involving lending to Developers and HNIs. He holds a bachelor's degree in technology from National Institute of Technology, Kurukshetra and master's degree in business administration from Indian Institute of Technology, Kanpur. He was previously associated with Citibank
Ms Sayantani Dutta	Chief – Human Resources and Administration	She has passed the three-year degree course examination for the bachelor's degree in science from Ranchi University, Ranchi and holds a post graduate diploma in management from Xavier Institute of Management, Bhubaneswar. She was previously associated with Kotak Mahindra Bank Limited. She joined BHFL with effect from March 11, 2024.
Mr Anurag Jain	Executive Vice President – Information Technology	He holds a bachelor's degree in engineering from Guru Nanak Dev Engineering College, Panjab University, Ludhiana. He also completed an executive program in leadership and management from Indian Institute of Management, Calcutta. He was previously associated with Infinite Computed Solutions (India) Limited as assistant vice president.
Mr Naman Agarwal	Senior Head - Corporate Audit Services	He heads the company's internal audit function. In the past, he overlooked critical aspects under the Risk vertical. He is a Bajaj veteran with over 12 years of experience in the group, receiving much recognition and several accolades for his contribution, including two Excelsior Awards. He is a CA and comes with over 18 years of experience in the Mortgages sector, having worked with ICICI Bank and Indiabulls in the past.
Mr Vijay Vikram Singh Solanki	Treasurer	He joined the company in 2020 and is responsible for the Treasury function in the Company. He has previously worked with JM Morgan Stanley Fixed Income Securities Private Limited and Khandwala Finances Limited. He holds a bachelor's degree in engineering from Shivaji University, Kolhapur and a master's degree in business administration from Institute for Technology and Management, Mumbai.
Mr Rajendra Pandurang Daf	Chief Information Security Officer	He joined the Company in 2022 and is responsible for the company's Information Security function. He was previously associated with KPMG Assurance and Consulting Services LLP and Bajaj Allianz Life Insurance Company Limited. He holds a bachelor's degree in engineering from Amravati University, Amaravati.
Mr Amit Kumar Yadav	Chief Compliance Officer	He holds a bachelor's degree in arts (honours) in business economics from University of Delhi, Delhi and a post graduate diploma in business administration from Symbiosis Centre for Distance Learning, Pune. He was previously associated with DHFL Pramerica Life Insurance Company Limited as senior manager – regulatory and corporate compliance and Aviva Life Insurance Company India Limited as manager – sales compliance.

Source: Company; Note: *as of 20th March, 2026

Financial Tables (Standalone)

Income Statement					(INR mn)
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Interest Income	72,024	89,862	105,846	127,007	153,446
Interest Expense	46,926	59,793	67,817	81,868	99,056
Net Interest Income (NII)	25,098	30,069	38,029	45,139	54,390
Non Interest Income	4,153	5,898	6,291	7,561	9,450
Total Income	**29,250**	**35,967**	**44,320**	**52,700**	**63,841**
Operating Expenses	7,028	7,464	8,827	9,940	11,134
Pre-provisioning Profits	**22,222**	**28,503**	**35,494**	**42,759**	**52,706**
Loan-Loss Provisions	609	801	2,029	3,415	5,011
Others Provisions	-	-	131	-	-
Total Provisions	**609**	**801**	**2,160**	**3,415**	**5,011**
PBT	**21,613**	**27,702**	**33,333**	**39,344**	**47,695**
Tax	4,301	6,073	7,667	9,049	10,970
PAT (Pre-Extra ordinaries)	**17,312**	**21,629**	**25,667**	**30,295**	**36,725**
Extra ordinaries (Net of Tax)	-	-	-	-	-
Reported Profits	**17,312**	**21,629**	**25,667**	**30,295**	**36,725**
Dividend	-	-	-	-	-
Retained Profits	**17,312**	**21,629**	**25,667**	**30,295**	**36,725**

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Equity Capital	67,122	83,282	83,282	83,282	83,282
Reserves & Surplus	55,213	116,187	141,853	172,148	208,873
Networth	122,335	199,468	225,135	255,429	292,154
Borrowed Funds	691,293	820,719	1,002,318	1,225,396	1,470,010
Other Liabilities	4,643	7,900	28,872	51,706	103,931
Total - Liabilities	**818,271**	**1,028,088**	**1,256,324**	**1,532,532**	**1,866,095**
Net Advances	793,010	995,129	1,218,521	1,489,718	1,827,013
Investments	19,386	25,333	27,845	30,638	25,200
Cash & Bank Balances	640	618	1,401	1,712	1,050
Fixed Assets	5,235	7,008	8,559	10,463	12,832
Total - Assets	**818,271**	**1,028,088**	**1,256,324**	**1,532,532**	**1,866,095**

Source: Company, JM Financial

Dupont Analysis					
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
NII / Assets	3.43	3.26	3.33	3.24	3.20
Other Income / Assets	0.57	0.64	0.55	0.54	0.56
Total Income / Assets	3.99	3.90	3.88	3.78	3.76
Cost / Assets	0.96	0.81	0.77	0.71	0.66
PPP / Assets	3.03	3.09	3.11	3.07	3.10
Provisions / Assets	0.08	0.09	0.19	0.24	0.29
PBT / Assets	2.95	3.00	2.92	2.82	2.81
Tax rate	19.9	21.9	23.0	23.0	23.0
ROA	2.36	2.34	2.25	2.17	2.16
Leverage	6.4	5.7	5.4	5.8	6.2
ROE	15.2	13.4	12.1	12.6	13.4

Source: Company, JM Financial

Key Ratios					
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Growth (YoY) (%)					
Borrowed funds	28.6	18.7	22.1	22.3	20.0
Advances	27.7	25.5	22.4	22.3	22.6
Total Assets	26.6	25.6	22.2	22.0	21.8
NII	22.0	19.8	26.5	18.7	20.5
Non-interest Income	4.8	42.0	6.7	20.2	25.0
Operating Expenses	11.5	6.2	18.3	12.6	12.0
Operating Profits	21.9	28.3	24.5	20.5	23.3
Core Operating profit	28.5	26.6	26.9	21.1	23.4
Provisions	-50.7	31.5	169.8	58.1	46.7
Reported PAT	37.6	24.9	18.7	18.0	21.2
Yields / Margins (%)					
Interest Spread	17.54	17.71	16.77	16.52	16.44
NIM	3.13	2.92	2.99	2.90	2.85
Profitability (%)					
ROA	2.36	2.34	2.25	2.17	2.16
ROE	15.2	13.4	12.1	12.6	13.4
Cost to Income	24.0	20.8	19.9	18.9	17.4
Asset Quality (%)					
Gross NPA	0.24	0.25	0.29	0.36	0.41
Credit Cost (on AUM)	0.13	0.14	0.31	0.40	0.48
Capital Adequacy (%)					
Tier I	20.7	27.7	25.7	23.9	22.5
CAR	21.3	28.2	26.2	24.5	23.1

Source: Company, JM Financial

Valuations					
Y/E Mar	FY24A	FY25A	FY26E	FY27E	FY28E
Shares in Issue	6,712.2	8,328.2	8,328.2	8,328.2	8,328.2
EPS (INR)	2.6	2.6	3.1	3.6	4.4
EPS (YoY) (%)	37.6	0.7	18.7	18.0	21.2
P/E (x)	31.6	31.4	26.4	22.4	18.5
BV (INR)	18.2	24.0	27.0	30.7	35.1
BV (YoY) (%)	16.5	31.4	12.9	13.5	14.4
P/BV (x)	4.47	3.40	3.01	2.66	2.32
DPS (INR)	-	-	-	-	-
Div. yield (%)	-	-	-	-	-

Source: Company, JM Financial

APPENDIX I

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Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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