BAJAJ HOUSING FINANCE

4 May 2026

To, The Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001	To, The Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1 Block G Bandra - Kurla Complex, Bandra (East) Mumbai - 400 051
BSE Code: 544252	**NSE Code: BAJAJHFL - EQ**

Dear Sir/Madam,

Sub: Transcript of earnings conference call held in respect of the financial results for the quarter ended 31 March 2026

Ref: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') r/w Clause 15 of Part A of Schedule III to the SEBI Listing Regulations

In furtherance of our letter dated 14 April 2026, informing the Exchanges regarding earnings conference call in respect of the financial results of the Company for the quarter ended 31 March 2026, the transcript of Q4 FY2026 earnings conference call held on 27 April 2026 at 6:00 p.m. IST has been uploaded on the website of the Company and is available at 'Quarterly Earning Conference Call Transcript' drop down at https://www.bajajhousingfinance.in/investor-presentation.

Also, enclosed is the transcript (pdf) as attachment for ease of reference.

We request you to kindly take the same on record.

Thanking you,

Yours Faithfully,
For **Bajaj Housing Finance Limited**

Atul Patni
Company Secretary

Email id:- bhflinvestor.service@bajajhousing.co.in

"Bajaj Housing Finance Limited Q4 FY26 Earnings Conference Call"

April 27, 2026

MANAGEMENT: **MR. ATUL JAIN – MANAGING DIRECTOR – BAJAJ HOUSING FINANCE LIMITED**
MR. GAURAV KALANI – CHIEF FINANCIAL OFFICER – BAJAJ HOUSING FINANCE LIMITED

MODERATOR: **MR. VIRAL SHAH – IIFL CAPITAL SERVICES**

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Moderator: Ladies and gentlemen, good day and welcome to the Bajaj Housing Finance Limited Q4 FY26 Earnings Conference Call, hosted by IIFL Capital Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Viral Shah from IIFL Capital Services. Thank you and over to you, Mr. Shah.

Viral Shah: Thank you, Nirav. Good evening, everyone. This is Viral Shah from IIFL Capital. Welcome to the Q4 FY26 Earnings Conference call of Bajaj Housing Finance Limited. On behalf of IIFL Capital, I would like to thank the management of Bajaj Housing Finance for giving us this opportunity to host the call.

From the management team today, we have Mr. Atul Jain, Managing Director; Mr. Gaurav Kalani, Chief Financial Officer and other senior members of the management team. We will have opening comments from the management team, post which we will open the floor for Q&A. With that, I would like to transfer the call to Atul for his opening remarks. Over to you, Atul.

Atul Jain: Thank you, Viral and the IIFL team for hosting this call. A very good evening to all the participants on the call. I have with me Gaurav, our CFO; Jasminder, Vipin, and Pawan SBU Heads of Prime, Near Prime and Commercial, along with the other senior team members. Now, I'll be referring, during my conversation, the investor deck which we have uploaded on our website and on both the stock exchanges.

I hope you had a chance to go through the same. I'll take approximately 10 minutes to quickly cover important panels on the deck with focus on key updates for the quarter and thereafter we'll open the forum for Q&A.

Moving to first panel number 3. Overall, a good quarter across AUM, asset quality and operating efficiency, where AUM grew 23% crossing INR140,000 crores of AUM during the quarter.

PBT grew 20% while PAT was up by 14% due to one-time tax benefit of ~INR34 crores in Q4 FY25, excluding which normalized PAT growth also would have been 20% for Q4 FY26. Opex to NTI has improved to 19.2% in the last quarter compared to 21.8% in last quarter of FY25, while asset quality has remained stable with GNPA at 27 bps, which is stable sequentially while year-on-year there was an improvement from 29 bps to 27 bps.

Net NPA remains at 11 bps and annualized credit cost at 19 bps for the quarter. Geographical network of the company now spans across 226 branches and 182 locations. The company maintains comfortable capital adequacy position with CAR at 22.46% and PBC at 60.88%, both above regulatory thresholds.

I'll move to the next panel which are having quarterly financial indicators. I have already covered overall AUM growth. AUM addition during the quarter was INR7,294 crores as against INR6,370 crores in Q4 FY25. At a product level, home loans AUM grew 18%, 24% in LAP, 44% in lease rental discounting and 13% in DF. DF AUM growth was subdued as we continue to see higher cash flows from the funded projects.

Portfolio composition remained well-diversified with home loan being dominant product with 54.1% mix, LAP at 10.8%, LRD at 22.4%, and DF at 11.5%. Disbursements on a Y-o-Y basis grew 23% from INR14,250 crores to INR17,506 crores.

On a sequential basis, disbursement growth for this quarter was 6% which improved against 4% growth in Q3. So Q3 to Q2 the sequential growth in disbursements was 4% while Q3 to Q4 it was 6%. Last year in the Q4 we had seen higher sequential growth versus Q3 at 13%, it was driven by two REIT and large commercial transactions.

I move to the next panel. Year-on-year cost of funds have moderated by 60 bps to 7.3% against 7.9% in Q4 FY25. Sequential cost reduced by 4 bps on account of rate transmission on existing borrowing, while there was no repo cut post November, but on account of a few rate transmissions on the existing borrowing. It partially offset the impact of incremental money market borrowing at a higher rate because last quarter the money market borrowing was at a elevated rate from the Q3. Borrowing mix remained well-diversified with money market composition at 49%, bank borrowings at 41% and NHB refinance at 10%. Gross spreads overall have moderated by 10 bps to 1.7% in Q4 FY26, comparing to 1.8% in Q3 FY26 on a sequential basis.

This was pertaining to portfolio yield reduction by 14 bps from lower acquisition pricing as well as portfolio attrition of a higher rate book, partially offset by 4 bps due to the benefit in cost of funds, thus resulting into spread compression of 10 bps. Net interest margin for the quarter dropped by 12 bps sequentially from 4% in Q3 FY26 to 3.8% in Q4 FY26, largely due to moderation in net interest income as I explained above. Opex to NTI, which we have covered in the previous panel, it improved to 19.2% in Q4 FY26.

I'll move to panel 6. Asset quality continued to remain healthy with GNPA in line with Q3 FY'26 at 27 bps and NNPA also stable sequentially at 11 bps. Annualized credit cost for the quarter was 19 bps as compared to 11 bps in Q4 FY25.

This is only on account of on a Y-o-Y basis we have strengthened our provisioning coverage on stage 2 assets. If we exclude the strengthening of provision, which you can see in the provisioning coverage at stage 2, we have improved our coverage by 6%. If you would exclude

that, then the overall credit cost would have been 10 bps against 11 bps of last year, by and large stable.

Profit after tax, as called out, grew 14% from INR587 crores to INR669 crores, while excluding one-time impact it grew 20%. Annualized ROA was 2.3% in Q4 FY26 compared to 2.4% in Q4 FY25, while ROE was stable at 12.2% against 12.1% in Q4 FY25. As of March '26, net worth of the company stood at INR22,527 crores.

I'll move to panel number 7. This is a new panel in the deck to share an update on actual performance as against the FY26 as we had shared in July '25. All metrics were in line or better against the initial assessment as the company performed well across AUM growth, opex, asset quality and return metrics.

AUM growth was at a higher end of assessment range at 23% for the year, amidst competitive intensity and also increased portfolio attrition. Company managed NIM moderation to 7 bps as against our initial assessment of 15 to 20 bps on account of higher fee income and assignment income than planned. Opex to NTI improved to 19.7% against 20%-21% of initial assessment.

Asset quality also improved with GNPA remaining at 27 bps and NNPA at 11 bps against 35 to 40 bps and 15 bps to 20 bps respectively what we had estimated. ROA and ROE were also ahead of the initial assessment for the year when we published the assessment in July '25.

I'll move to panel 19. I have talked about majority of the quarterly metric on the previous panel. In terms of other metric, net interest income grew 15% in Q4 FY26, while net total income grew 20% on Y-o-Y basis, supported by higher fee and assignment income. Coming to full year performance, net interest income grew 25% to INR3,752 crores in FY26 and net total income increased to INR4,391 crores, a growth of 23% over the previous year.

Opex grew 16% to INR867 crores. Pre-provisioning operating profit was up 25%. Overall PBT grew 20% and PAT by 18%. Excluding one-time impact of tax benefit last year, PAT was also up 20%. Opex to NTI improved from 20.9% to 19.7%. This is a full year against a quarter number what I was saying, improvement of 120 bps on a year-on-year basis.

Credit cost for the full year was 17 bps against 7 bps in FY25. Last year we had an overlay release of INR60 crores in FY25. If we exclude, then the credit cost for FY25 would have been 13 bps. And if we exclude the strengthening of provision what we have done in stage 2, it would have been by and large stable in the credit cost for the current year versus the last year excluding overlay release.

ROA as called out stood at 2.3% against 2.4% and ROE at 12.1% in FY26 compared to 13.4% in FY25. FY25 was a partial year for the capital because capital raise happened during the year, mid of the year, that is where the amount of capital on an average deployment was lower.

Moving to panel 21. On the portfolio yield, it has contracted by 14 bps on sequential basis as called out earlier. COF reduced by 4 bps, resulting into moderation of 10 bps in the spread. Other metrics we have already covered on the previous panel.

I'll move to next panel which is 22 panel. The company continue to have a diversified borrowing mix with focus on longer term funding, enabled by highest possible credit rating of AAA/ stable and relationship with 18 banks. Sequential basis, bank borrowing mix has increased by 1.4% or 140 bps, CP by 110 bps and NHB refinance by 120 bps, which was a reduction in NCD mix of 370 bps. So 140 bps of a bank increase, CP of 110 and NHB refinance of 120 bps increase offsetting reduction in NCD mix.

Moving to panel 25. Portfolio mix remains well-diversified across products with sequential increment in LRD by 50 bps and LAP by 10 bps, offsetting reduction in home loans by 50 bps and construction finance by 10 bps.

I'm on panel 27. Now this new panel we had added last time to provide an update on Sambhav housing, which covers our product constituent target metric. Dedicated front-end teams are deployed for both near prime and affordable businesses with differentiated underwriting model. We have centralized hub-based model for near prime while having regional hubs for affordable.

Sambhav loans now are acquiring in the in the range of INR410 crores to INR425 crores of average monthly disbursements during the quarter, the quarter gone by, and business is well on track to achieve INR600 crores plus of a monthly disbursement over next 12 months as we called out in the last update.

Business is operational across 73 locations and 72 Tier-4 locations. This business has a ATS of, average ticket size of 28 lakhs with salaried customer segment mix at 68% and customer having CIBIL score of greater than 750 at around 65% in Q4 FY26.

I'll move to panel 31. Stage 1 assets increased by 1 bps on a sequential basis from 99.36 to 99.37. Stage 2 improved by 1 bps sequential to 36 bps. GNPA in line with 27 bps and NNPA also flat at 11 bps. Provisioning coverage ratio improved slightly to close to 60% in Q4 FY26, moving around 1.2% from what it was on Q3 FY26, just a quarter before.

I'll come to the last panel which I'll cover the panel is panel number 32. Healthy provisioning coverage across products, which is above 50%. In terms of sequential movement in product level GNPA, home loans inched up by 1 bps to 35 bps, LAP GNPA reduced by 6 bps to 46 bps, nil GNPA in LRD, and flat GNPA for 3 bps in construction finance. Overall NNPA was flat at 11 bps with improvement across products.

That's all from my end on key updates for the quarter. Myself and management team are happy to take / address questions. Over to you, Viral.

Moderator: Thank you very much. The first question is from the line of Shubhranshu Mishra from PhillipCapital. Please go ahead.

Shubhranshu Mishra: Hi Atul. Hi Gaurav. So quickly, what is the home loans as a percentage of AUM? In the 54% that's because I think in last quarter we were at around 50.7. Second is, we've been growing the non-home loan part a little faster. My sense is that we still have a BT-out pressure on our book. So how do we look at the prepayments?

What are the levels of prepayments and of that prepayment, what would be part payments, foreclosures, and what is the actual BT-out from the customers and who is this BT-out going to? Who are the major competitors where it is going to? Thanks.

Atul Jain: Thanks, Shubhranshu. So the question -- first question on the IHL, I think IHL we ended at 50.45% because that's not home loan, there is a IHL definition, so which is a regulatory definition where we are required to be 50% of the total assets which includes the investments and the cash buffer what we hold. So that number is 50.45%, which is a regulatory number, which is different from the home loan composition of the balance sheet.

Your second question that non-home loan had been growing faster. Yes, prepayments in HL quarter 4 had been the same trend as it had been on the quarter 3. So it has not come down and the BT-out rate also remains in the same range of what we had in terms of that is attrition is ~20%, BT-out would be 14% BT-out would be in the range of 10%. BT-out range will be 10%, so out of a total attrition of a 20%, BT-out will be 10%, rest would be on account of a sell-down, sale of property by the customer or the part payment or the natural attrition because on the lower interest rates customers have increased their EMI.

The reason for non-home loan will continue -- because at an industry level as well if you look at basis the data which we got last published on IHL growth in the industry is close to 9.5%. So at a 9.5% IHL growth and if our ambition is to grow much faster than that, which we have put out at 21% to 23%, naturally the opportunity in the non-IHL will be better or higher, which we can manage through still maintaining the PBC mix by ability to assign out the non-IHL portion, which is precisely the strategy what we have followed during the last 1.5-2 years.

Shubhranshu Mishra: Who are these competitors who are getting BT-out?

Atul Jain: So this is largely the banks. Public sector banks are the largest component, followed by HDFC or ICICI. So largest is public sector banks. I don't have the mix right now, but largest is way significant, I think the largest part or the lion's share is public sector banks.

Shubhranshu Mishra: Understood. Just one follow-up question on the IHL part. It has been contracting despite doing the assignment of the non-IHL. So one, are we likely to get some kind of a regulatory observation because it's been contracting? It's just a speculative question I'm asking. Second is that are we --- can we also do portfolio buyouts of individual home loans which props up this number as a percentage of our AUM?

Atul Jain: The question is, Shubhranshu -- because see regulations for PBC is 50% and 60%. As long as you are above 50 and 60, there is no ticker from a regulator which can be there on the number

what should be there because it's a regulation. So we remain, there has not been any single month because this regulatory report has to be submitted at a every month, not at a quarter or a year.

We had been submitting this report at every month end, and there is no single month till now in our history where we have not maintained the regulatory requirement. And yes, that portfolio acquisition can be pursued, co-lending can be pursued. We have looked at in the current year, we will look at a co-lending to do to add on to that, but that co-lending or the pool purchase cannot address a very large part because see our overall acquisitions are very high.

Our acquisition growth in the home loan also had been very high, our normal organic, let us say, home loan acquisition versus what we can acquire through a co-lending or a pool purchase, it can add on to a certain part, but it can't substitute, it can't make a HL growth percentage very different from what it is through the organic.

So we'll continue to focus on organic where we are growing, putting our weight on the prime housing, which is the widening and the deepening of funnel as we called out last time, and through Sambhav home loan where we continue to be in a investment mode and we are looking significantly to keep on expanding in our Sambhav loans as well as in the prime housing. So we'll focus largely on organic, but inorganic in terms of a portfolio we are looking at it, but that won't move the needle, that's what I'm saying, Shubhranshu.

Shubhranshu Mishra: Understood. Thank you so much, Atul, and best of luck for the ensuing quarters.

Atul Jain: Thank you. Thank you.

Moderator: Thank you very much. Next question is from the line of Gaurav Khandelwal from JP Morgan. Please go ahead.

Gaurav Khandelwal: Hi, hi, good evening. Thanks for taking my questions. I've got a couple of those. First on the margin decline by 12 bps, a lot of this came from asset yield decline. Can we know which product segments drove this? Was it largely home loan or are we also seeing some sort of decline in the corporate on the non-home corporate side? And how much was the, what was the lowest sourcing rate in home loans in the quarter? That's my first question and I've got one more after this.

Atul Jain: Yes, hi Gaurav. So two questions you have asked. So margin decline of a 12 bps is largely driven by lower acquisition price and also 15 bps of a pass-through what we had done in our PLR in December. So the full impact of that 15 bps of a pass-through what happened on in terms of -- in December came in the current quarter.

Gaurav Kalani: Also 25 bps pass-through on the repo side.

Atul Jain: Yes, and 25 bps on the repo side which repo cut was in November because there is a ~ INR17,000 crores of a portfolio which is repo-linked, that pass-through had happened in December because the November policy cut happened 1st December, then the PLR cut of a 15 bps had happened in

mid of December, which a pass-through on the current year, current quarter the full impact on the margin has come.

Now the home loan versus non-home rate differential in terms of a yield, yes, quarter 4 in home loan the acquisition from the yields have compressed because of a competitive intensity. Q4 is normally a high competitive intensity market and the yields, the acquisition prices come down to a certain extent, but it is also resulting from a change of a mix.

You can see the largest mix or the highest margin product in our balance sheet is construction finance or a developer finance. That has grown 13% versus home loan which is lower margin or a lease rental discounting which is a lower margin has grown faster.

So the change of a mix, it is not a individual product but a change of a mix also which plays a bit of a role in terms of a margin movement. The lowest sourcing is in line with whatever public sector bank sourcing will happen. I'll not have the exact number, but it is in the prime housing we exactly compete with all the banks including SBI, HDFC upfront. So it would be absolutely in line with whatever the banks are happening.

Gaurav Khandelwal: Got it. And given what we know right now, Gaurav, is it fair to assume that at least of first quarter the yields should broadly remain stable if not fall down?

Gaurav Kalani: So yields in quarter 1 -- there would be slight compression. We'll see there also while cost of funds side also we'll see some marginal benefit of 3 to 5 basis points. But on the yield side we may see slightly higher impact.

Atul Jain: See because the current acquisition pricing in month of April we have not seen the banks moving the needle on there. The current acquisition pricing remains in line more or less in line with what was quarter 4. A slight uptick in small compression may or may not be there. It would be by and large sideways, that's what I can say.

Gaurav Khandelwal: Got it, okay. And my other question is slightly on the medium term…?

Atul Jain: But in the interest of transparency since you asked on a quarter 1 -- through the year we are likely to see some compression because largely the new acquisition as the old acquisition keeps on attriting. Normally interest rate reduction cycle impact is not only in the current year but in the next year as well. Because the book which has get accumulated during the last year is a lower margin book and a lower priced book and the book which is going out is a higher priced book.

So through the year, we will see some contraction in the margin, which will get partially offset by opex efficiency and a partially offset by lower loan losses because last year we have strengthened -- our provisioning coverage both on stage 2 and stage 3. Normally otherwise the 17 bps credit cost would have been a 10-11 bps. So some benefit you'll get from there, some benefit we'll get from better opex efficiency which should to a large extent offset the impact on the yield compression. For the year it will happen, quarter 1 can be sideways from Q4. But for

the year as the portfolio keeps on going up, new portfolio which is at a lower rate keeps on going up, there will be some impact.

Gaurav Khandelwal: This is very clear and this brings me to my next question. Because we ended the year at 2.3 ROA. Your medium term guidance is 2 to 2.2. So in that case given what you are saying some NIM compression offset by cost efficiencies plus hopefully better credit cost plus leverage should increase slightly in FY27. In that case FY27 could be another year when you are above the medium term ROA guidance, is that a fair conclusion?

Atul Jain: It should be towards the upper end of the medium term guidance may not beat that. Leverage doesn't have an impact on the ROA, it rather compresses ROA, but ROE it will improve to a certain extent. But we should be in the medium term range with a bias towards hitting the upper end of the medium term range in the ROA, which is our computation. But of course, I must call out the current times are very volatile. So that's where we will come with the full year assessment with Q1 results, we last year also gave our full year assessment along with the quarter 1 call.

This year also we'll give a full assessment for the year in along with the quarter 1 call. But I'm answering broadly because I thought in the interest of transparency since you asked for Q1 and I said the Q1 is largely going to be stable, I did not want it to lead to impression saying that we are saying go forward also stable. Because we estimate, full year it will have some impact. So that's where I just elaborated on the question.

Gaurav Khandelwal: Fair. So effectively then some decline on margin is what will take us to closer to the 2.2% ROA mark from the 2.3% ROA mark?

Atul Jain: Yes, so 10 bps of a kind of a differential in ROA is likely to happen in case of a NIM compression but see there are many ifs and buts, that's why I said that Q1 we'll do. If there is a policy rate change from the regulator, we generally will not have an impact because then the ability to pass on will be there. We are assuming a scenario where the money market rates are higher but the policy rates are not moved up, so our ability to pass through is not there.

Now if the ability to pass through is there, which is in case of a policy rate change scenario, then that scenario will not apply. That's why I said Gaurav we'll wait for quarter 1 because there are too many balls in the air as of now, so we'll wait for quarter 1 results to come.

Gaurav Khandelwal: Yes, absolutely I understand. Sorry, the final housekeeping question, what is the duration of your money market borrowing?

Atul Jain: We generally borrow between 3 years to 5 years, generally borrow 3 to 5 year with some part of 10 year, but last year I think generally it was 3 year and a 5 year. We generally borrow 3 and 5 year.

Gaurav Khandelwal: This is just the money market?

Atul Jain: Yes, this is NCDs, NCDs.

Gaurav Khandelwal: Yes, no, I exactly so I wanted to know the money market duration, how short is it?

Atul Jain: No, no, CP is hardly 2%-3% of the -- CP is how much of the -- 5% of the book, that's a 3 month to 1 year, that on an average would be around 5-6 months.

Moderator: Next question is from the line of Raghav from Ambit Capital.

Raghav: I have a few questions. One, can you give me the segment-wise on-book yields for the full year FY26? So if you can divide this, you know, between home loan, LAP, developer finance, and LRD, that'll be very helpful.

Gaurav Kalani: Yes, so broadly at a portfolio level, Raghav, home loans would be in around 8.5-8.6 corridor, LAP would be around 150 bps above that, LRD around 7.9-8% corridor, and developer finance would be 11.5-11.75 corridor.

Raghav: Understood. And can you help me understand at what rate are you borrowing from the NCD market? I think the last issue that you would have done in January was priced at 7.1%. What would be the incremental rate on NCDs if you were to borrow today?

Atul Jain: Incremental rate, Raghav, works in two ways. So like let us say in December, November, January we would have been borrowing only fixed and not covering it through OIS. Now in last month whatever we have borrowed a 3 year NCD, the coupon rate is 7.6. However, you match it with OIS because now then you convert fixed to floater, so the rate is much finer because the there is a OIS opportunity.

So in the current scenario where the fixed pricing is higher because of volatility in the market. We largely take a fixed money and then convert through the OIS to a floater which is completely competitive. Completely competitive to the bank rates floater also.

Raghav: Understood. So does that effectively result in a lower overall cost of funds when…?

Atul Jain: Much lower but book is converted to floating. So it's not a fixed money but you get it converted to a floating near to repo. It gets converted to a floater of 7%.

Raghav: Understood. And then I think for this quarter your cost of funds is somewhere around 6.99 or 7%, I think that's what I saw. I think you mentioned that you expect it to go down further. Now how would that happen that your cost of funds will decline further?

Atul Jain: It will be marginally sideways, like we were saying sideways, 2-3 bps of a reduction should come because there is some reset of the borrowings, like there is a NHB refinance borrowing and also the maturity of an older higher cost NCDs in the first quarter, which even in the new rates when it gets substituted there is some release which comes.

Partially it will get offset from a higher cost of new borrowing in the quarter 1 which we are seeing in a current market there. But still at an overall level we should see a minor reduction,

sideways but a minor reduction towards a minor reduction in the cost of fund in the quarter 1 from quarter 4.

Raghav: Understood. And just last question, the incremental yield on the home loan book is how much for you right now? On-book I think is 8.5, 8.6, incrementally is how much?

Atul Jain: Incremental average would be plus 8-8.15. Because we are seeing average. Because this is inclusive of near prime, affordable prime, everything put together. So incremental will be 8.05 8.10.

Raghav: Understood. And that's why you're saying that there will be spread compression in FY27 also from 1.7?

Atul Jain: Yes, spread compression but not resulting equally to ROA compression because partial offset through the loan loss and partial through opex efficiency there, but still ROA compression of around 10 bps. But that will depend like I called out in earlier call also depend upon how does the policy rate environment happen. We are assuming no policy rate throughput, which that means that we don't have an ability to pass on the impact of cost of fund to the market. If we have an ability to pass through, then the impact can be positive.

Raghav: Understood. And say for example there is a repo rate hike, do you think that considering the competitive intensity out there and the moderation in real estate sales, the industry will generally be in a position to hike the home loan rates? Or do you think that the competition is so high that even though there may be a repo rate hike, the industry will still not want to pass on the hike?

Atul Jain: Something will get passed. In case of a policy rate hike, one in any case we are assuming that we -- what we normally see from month of May onward in the year, generally the rate, the yields tend to harden up from what are there in the January, February, March quarter. That's a normal pattern in the industry.

Leave that aside as well, but if there is a policy rate hike, it has never happened that there is no pass-through has happened. The pass-through may not be full, pass-through may be 10-15 bps instead of a 25 bps, but it is not a scenario where banks or anyone will not pass through when there is a policy rate hike.

That's a transmission of a hike in the cost which gets reflected in the portfolio, not exactly apple to apple, not 25 to 25 bps, but let us say 15-20 bps which will be there.

Gaurav Kalani: But portfolio will completely get repriced, so a large portion on the repo side if the repo rates increase, then it will.

Raghav: And in case there is a repo hike, the spreads would not compress, is would that be the right understanding?

Atul Jain: Yes, because the ability to pass through the cost of fund because today we are assuming whatever the incremental cost of fund in the money markets is there because of in absence of a repo rate hike we will not have an ability to pass it through. That means we are factoring the scenario that we are absorbing that impact, but in case of a policy rate hike, then that ability to pass on is there, so there will not be a compression.

Raghav: Understood. That's all from my side and thank you for all the answers.

Atul Jain: Thanks, Raghav.

Moderator: Thank you. Next question is from the line of Viral Shah from IIFL Capital. Please go ahead.

Viral Shah: Yes, hi Atul. I have three questions. One is first of all if we assume, let's say, there is no repo rate hike, do you first of all see any need and requirement for say reducing the PLR rates further given what is currently there in the market, competition, elevated G-Sec yields, etcetera?

Atul Jain: So Viral, if there is no repo rate hike, I don't think. I think the scenario of a cut of rate is over because if we are looking at cost of funds to marginally inch up, the marginal cost of fund is already up in quarter 4 and it is given the April also it's looking up and even on the portfolio repricing what we are looking at is not sideways what we called out and from a quarter 2 it will start to inch up in case there is no money market remains as it is.

So, there is no pass-through further is what can be envisaged in the current scenario. In case of a until and unless the market because in these days I don't know whether you should be predicting markets or not. So, if the markets completely turn on their head and there are -- so we don't know. But on the normal scenario, there is no -- in case of a -- I don't think there is any cut scenario further in the PLR which is envisaged as of today.

Viral Shah: Got it. And on the OIS piece that you mentioned, the one that you are using to say convert the fixed into floating, how will this behave in say a rate hike scenario? And secondly basically what is the share of currently, say on a behavioralized basis the floating rate loans or rather the borrowings, I mean?

Atul Jain: Floating rate borrowings are today 63%. That is including the OIS portion. So, 63% is a floating rate borrowing, Viral, which includes the OIS portion. Now this gets converted to fixed to floating means then it remains if you are holding till maturity it behaves like a floating rate book, so whatever the is in the policy rate movements is there, that will move on from there on.

Viral Shah: Got it. Atul, my second question is with regards to the Stage 2 PCR increase that we did, was that purely just a strengthening measure or are you seeing any trends in terms of say early delinquencies etcetera? Because some bureau data analysis was showing early bounce rates not now, this is still a 3, 4-month old scenario and thing that I am referring to, but do you see any of those things in your portfolio? And secondly about the Stage 2 PCR increase?

Atul Jain: No, so Viral, in our portfolio in all the metrics, whether it's a first bounce or first 12-month bounce, early bounce, whether it is prime, non-prime, affordable, LRD in any case we don't have, LAP, all the bounce metrics also are showing a downward trend.

We map our portfolio bureau spread bureau at a portfolio level on a quarterly we do a scrub to see where portfolio stands and it is showing improvement quarter-on-quarter every quarter, including March '26 it is showing improvement. So, there is no micro level stress we are seeing.

Given a overall macro scenario, we just thought that instead of a creating any other overlay then which creates another problems, we just thought that it is better that internal Stage 2 assets because Stage 2 assets in any case we know are in they are not Stage 1, they have moved to a certain kind of a difficulty level.

Just to protect ourselves we just thought that we will increase our Stage 2 coverage. Purely from a prudence point of view from the current market current macro environment. No micro input has gone in this.

Viral Shah: Got it. And for April month also you are seeing similar trends in terms of bounce rates etcetera?

Atul Jain: Absolutely same. Absolutely same. Across portfolios.

Viral Shah: Got it. And my last question Atul, just more of a data keeping question, what's the size of the Sambhav book now? Last quarter we mentioned around close to INR5,000 crores plus and the mix of it between affordable and near prime?

Atul Jain: So close to INR9,000 crores is the Sambhav AUM now roughly. The mix you asked for the mix of near prime and affordable. I have to do the mix. So I have to do the mix. I'll come back to you, Viral. Ravi will inform you later on.

Viral Shah: Sure. Yes, thank you so much.

Atul Jain: We generally look at it as a Sambhav put together. So -- but roughly you should take 70-30, right, between affordable and near prime. We'll come back to you, Viral. I don't want to give you a wrong number.

Viral Shah: Got it, Yes, okay. Thank you.

Moderator: Thank you. Next question is from the line of Omkar from Ascendency Capital. Please go ahead.

Omkar: No, thank you. I think all my questions are answered. Thank you.

Atul Jain: Thank you, Omkar.

Moderator: Thank you. Next question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

Abhijit Tibrewal: Yes, good evening, sir. Thank you for taking my question. Sir, just one question I have, while we've heard from leaders like you that whenever interest rates or policy rates stabilize, the propensity for BT-out comes down. Probably that's more a function of the aggression from these PSU banks coming down.

So, what I'm trying to understand is while you mentioned that you've guided for a 10 bps decline in ROA where the margin or margin decline could be offset by opex efficiencies, credit costs. Just trying to understand is the competitive intensity today at a point where even without policy rates moving up, the large HFCs who are catering to the prime customers can take a rate hike?

Atul Jain: So, Abhijit, we in the prime market, the market which we operate, it is the banks which set the rate. It is SBI and HDFC who are the rate setters. We are not the rate setters. So, we have to follow the market pricing what they are there. But your observation of whenever the policy rates are stable over a period of time, BT-out rates go down, that is what we are estimating.

We estimate the quarter 4 was an exception because normally as per normal process it should have gone stabilized by February, March. February it should have because November was a last cut, 3 months after the rate cut last cut should have stabilized.

But quarter 4 February, March we saw significant high intensity competitive activity in the market on the pricing side from both public sector banks as well as the private sector bank, which is showing us that in the Q4 our BT-out rates have not declined from what they were in Q3.

But our estimate would be that April is largely a spillover from March because lot of sanction letters, lot of cheques gets cut in the March from the banks point of view which get deposited in April. But my sense would be that now we should see starting down of a BT-out rate from May onward to certain extent is I think my knowledge of financial system says that it should go down. Of course, but in now as far as the prime housing is concerned, we consider irrational competitive activity as a feature, not as a novelty.

So we prepare for that scenario, that's the scenario which we called out when we said that we did not guide for that, I'll just put a nuanced view, I said that as of today we estimate that is because but we said that we'll guide for in the quarter 1 as we come with the quarter 1 result because we'll have a far better clarity on the macro issue, on the global scenario and also what is the stance of the regulator in terms of a policy rates or where it is headed to.

Because if the policy rate hikes are there, like we called out then we may not have a margin compression. So, there is but we are today estimating the policy rate hikes are not there but the money market remains elevated. But we'll come with the full guidance in the quarter 1 along with the quarter 1 results.

Abhijit Tibrewal: So, that is fair. And the only other question I had is while you mentioned that March the money market rates, particularly NCDs, the rates were elevated, I mean that same thing continues in April as well or in April you've seen the rates cool off?

Atul Jain: Yes, money market continues to be at a significantly elevated portion even today as well. Because it is going to the rupee as a rupee largely rupee and expectations of, if you look at an OIS today, it prices in a 75 bps kind of a rate hike scenario, which I'm not fully certain.

I'll not say that that is my estimate of a 75 bps hike, but OIS market which is a money market does, so that's why money market looks ahead. So it is pricing in a significant uptick in the policy rate if I have to say so because the OIS rates and the money market rates are implying a significant uptick in the policy rates as it moves forward.

But we have to wait, I think if the scenario settles down, my own assessment if the scenario settles down in matter of weeks, we should have be we should see normalization of market fast. But we have to wait for the market to shape up.

Abhijit Tibrewal: And sir, what about banks, are they also lending at maybe 5-10 bps higher than the rate at which they were lending, say in Jan or Feb?

Atul Jain: By and large the same price.

Abhijit Tibrewal: The same so they have not increased their pricing?

Atul Jain: Yes.

Abhijit Tibrewal: It is only the money market?

Atul Jain: The difference is because the banks normally lend at a floating, so till the rates don't move up they'll not move there, but money market works ahead, looks ahead because it is at a fixed. So that's a differential. So, money market and the banks normally behave in a different manner because the underlying is different, one is floating, one is fixed.

Abhijit Tibrewal: Got it sir. And just to conclude this then that means on the liability side, if I look at the cost of borrowings, they have largely bottomed out and from here in the subsequent quarters there's a good probability that the cost of borrowings now inch up?

Atul Jain: Yes, so it will inch up will depend upon whether the money market prices remains elevated let us say after this quarter 1 as well because quarter 1 we are likely to see the similar even if the money market price remains elevated, the offset we get from the higher cost maturities will mean that we will be either at the same price or a marginal tone down of the cost of fund for the quarter 1.

Quarter 2 onward depends upon how the money market either see one thing has to move either the policy rate will move or the money market rates will come down. That's what Abhijit I'll say after the there is a stability in the macro factors. Either there is a policy hike rates hike or the money the entire rates move up or the money market starts becoming normalized.

So, we'll have to wait for the Q2 to pass Abhijit for us and the geopolitical market to get stabilized for us to have a firm view saying that which side of the market is behaving, but we are by and large our portfolio is floating, so our ability to pass through the cost impact is there to that extent.

Abhijit Tibrewal: Got it sir. This is very, very useful and thank you for patiently answering all my questions. I wish you and your team the very best.

Atul Jain: Thanks Abhijit. Thank you.

Moderator: Thank you. Next question is from the line of Nischint Chawathe from Kotak Securities. Please go ahead.

Nischint Chawathe: Hi. Just looking at the trends in fee and assignment income, I mean both the line items, for last 2 years we have been sort of consistently ahead of the overall loan growth. So how should one think about it? Would we kind of continue to sort of see acceleration in these two line items?

Atul Jain: Yes, so loan growth Nischint, we would want to be significantly ahead the way we always want to grow 2x of industry, that is what we always stated and we want to grow and we want to continue there is no change in the growth stance of the company, we remain very comfortable with wherever the portfolios are there.

And that of course I'm -- a general caveat I'm giving that we'll wait for how the overall macro and overall economic situations goes. But as of today basis the current scenario, we remain significantly upbeat and significantly in the growth mode, so we want to grow much faster than what is there and which is either in line with what we've been growing or even we want to grow a bit faster than what we've grown during the last year as well as far as the current year is concerned.

Assignment income is a function of the growth mix, home loan growth mix versus a non-home loan growth mix. If we have a higher home loan growth because we have a leverage level available for us to be able to leverage our balance sheet more.

That was the reason for the assessment when last year we gave out an assessment of that our assignment income is going to be lower because we said that if our home loan portfolio growth is able to sustain our overall growth without our assigning we will not like to assign because we have the right now the width available to go for more leverage and in the process earn more ROE.

However, if it comes to that situation where home loan BT-out rates are not climbing and the home loan growth versus a non-home loan growth remains a bit subdued, then to balance that assignment income will assignment will be a balancing factor Nischint always to continue to grow all portfolios whatever we can grow minus the IHL growth what we can organically grow in the home loan. Have I answered your question

Nischint Chawathe: Sure. Just on fee income actually some has sort of shown that acceleration versus loan growth?

Atul Jain: Fee income versus –

Gaurav Kalani: So fee income last year was INR200 crores and this year it was INR297 crores, broadly driven by insurance income and some part of foreclosure income.

Nischint Chawathe: But broadly expected to grow line with the overall loan growth?

Atul Jain: Yes, with the growth in the business. Yes.

Nischint Chawathe: Perfect. That answers my question. Thank you very much. All the best.

Atul Jain: Thanks, Nischint.

Moderator: Thank you. As there are no further questions, I'll now hand the conference over to Mr. Viral Shah for closing comments.

Viral Shah: Thank you, Nirav. Thank you, Atul, Gaurav, and Bajaj Housing team. Atul, do you want to make any closing comments?

Atul Jain: No, no. Thanks Viral and thanks everyone on the call for patient listening and giving us the opportunity to tell our quarterly results. Thank you all very much.

Moderator: Thank you very much. On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.