

IPO-Note

Rs.66 – Rs.70 per Equity share

Bajaj Housing Finance Limited

Recommendation: Apply

Issue Details

Objects of the issue	<ul style="list-style-type: none"> To fulfill the lending requirement.
Issue Size	Total issue Size - Rs.6,560.00 Cr Fresh Issue – Rs 3,560 Cr Offer for sale- Rs 3000 cr Shareholder reserve- Rs 50 crores (applicable for Bajaj Finserv and Bajaj limited shareholders as of AUG, 30 2024).
Face value	Rs.10
Issue Price	Rs.66 – Rs.70
Bid Lot	214 Shares
Listing at	BSE, NSE
Issue Opens	September 9, 2024 – September 11, 2024
QIB	Not more than 50% of Net Issue Offer
NIB	Not less than 15% of Net Issue Offer
Retail	Not less than 35% of Net Issue Offer (including shareholder portion)
Shareholder Portion	Not more than 10% of Net Issue Offer

Bajaj Housing Finance Limited (BHFL) is a 100% subsidiary of Bajaj Finance Limited — one of the most diversified NBFCs in the Indian market, catering to more than 88.11 million customers across the country. Headquartered in Pune BHFL offers finance to individuals as well as corporate entities for the purchase and renovation of homes, or commercial spaces. It also provides loans against property for business or personal needs as well as working capital for business expansion purposes. BHFL also offers finance to developers engaged in the construction of residential and commercial properties as well as lease rental discounting to developers and high-net-worth individuals. The Company is rated AAA/Stable for its long-term debt Programme and A1+ for its short-term debt Programme from CRISIL and India Ratings.

Strengths:

- BHFL will benefit from the success of its parent company, “Bajaj Finance” in the market. The company offers a broad range of services to consumers like housing loan, loan against property etc., contributing to its extensive portfolio.
- For the three months ending June 30, 2024, the total loan disbursements amounted to ₹12,003.51 crores, an increase from ₹10,382.52 crores in the same period of 2023. For the fiscal years, loan disbursements were ₹44,656.24 crores in 2024 and ₹34,333.63 crores in 2023.
- The company’s total income saw a robust increase of 34%, reaching ₹7,618 crore in FY24. As of March 31, 2024, the capital adequacy ratio stood at 21.28%. Additionally, PAT experienced a substantial growth of 38% in FY24 as compared with FY23 rising to ₹1,731 crore.
- The company’s assets under management (AUM) have been steadily increasing. In FY22, AUM were ₹53,000 crore, which grew by approximately 30.6% to ₹69,228 crore in FY23 which further grew by 31.5% to ₹91,370 crore in FY24.
- BHFL has achieved the lowest Gross Non-Performing Assets (GNPA) ratio of 0.27% and Net Non-Performing Assets ratio of 0.10% among major Housing Finance Companies.

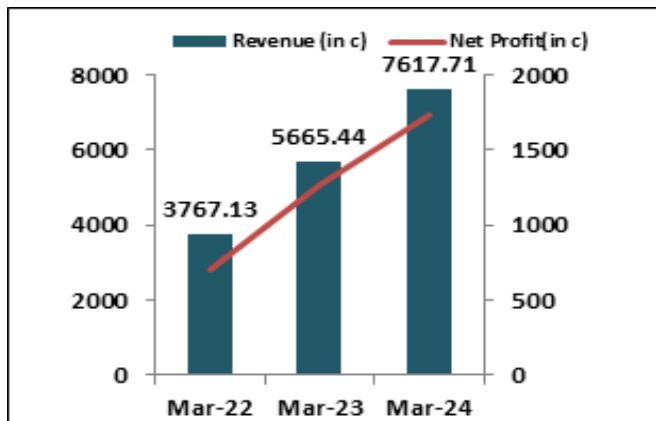
Risk Factors:

- The Indian housing finance market is highly competitive, with key players like SBI, HDFC, and LIC. To gain an edge, BHFL will need to offer attractive interest rates and superior customer service.
- The company is vulnerable to interest rate fluctuations. Changes in the RBI’s repo rate could impact the rates it charges its customers.

Outlook:

Bajaj Housing Finance Limited (BHFL) is a 100% subsidiary of Bajaj Finance Limited — one of the most diversified NBFCs in the Indian market, catering to more than 88.11 million customers. As per CMI, the Indian housing finance market is projected to expand at a CAGR of 24.1% from 2024 to 2033, positioning Bajaj Finance to benefit significantly from this growth. At upper price band of Rs 70, BHFL share price will be offered at a valuation of approx. 3.2x its trailing June 2024 Book value which seems slightly expensive compared to listed players like LIC housing, PNB housing and Canfin homes, but keeping in mind BHFL robust and diversified AUM growth and sturdy asset quality, we recommend investors to apply for the issue for listing gains as well as long term point of view.

Financial Performance:



Shareholding Pattern:

Particulars	Pre-Issue
Promoter Group	6.29%
Others	76.35%

Source: DRHP, EWL Research

Elite Wealth Ltd.

CIN No.: U74899HR1990PLC035764, S-8 DDA Shopping Complex, Mayur Vihar Phase-1, New Delhi-110091

Call No. 011-42445757 / 9650901058, Email: customercare@elitewealth.in, Web: www.elitewealth.in

Disclosure in pursuance of Section 19 of SEBI (RA) Regulation 214

Elite Wealth Limited does/does not do business with companies covered in its research reports. Investors should be aware that the Elite Wealth Limited may/may not have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only information in making their investment decision and must exercise their own judgment before making any investment decision.

For analyst certification and other important disclosures, see the Disclosure Appendix, or go to www.elitewealth.in. Analysts employed by Elite Wealth Limited are registered/qualified as research analysts with SEBI in India. (SEBI Registration No.: INH100002300)

Disclosure Appendix

Analyst Certification (For Reports)

Vindhyachal Prasad, Elite Wealth Limited, vindhyachal@elitestock.com

The analyst(s) certify that all of the views expressed in this report accurately reflect my/our personal views about the subject company or companies and its or their securities. I/We also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Elite Wealth Limited.

As to each individual report referenced herein, the primary research analyst(s) named within the report individually certify, with respect to each security or issuer that the analyst covered in the report, that:

- (1) all of the views expressed in the report accurately reflect his or her personal views about any and all of the subject securities or issuers; and
- (2) No part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in the report. For individual analyst certifications, please refer to the disclosure section at the end of the attached individual notes.

Research Excerpts

This note may include excerpts from previously published research. For access to the full reports, including analyst certification and important disclosures, investment thesis, valuation methodology, and risks to rating and price targets, please visit www.elitewealth.in.

Company-Specific Disclosures

Important disclosures, including price charts, are available and all Elite Wealth Limited covered companies by visiting <https://www.elitewealth.in>, or emailing research@elitestock.com with your request. Elite Wealth Limited may screen companies based on Strategy, Technical, and Quantitative Research. For important disclosures for these companies, please e-mail research@elitestock.com.

Options related research

If the information contained herein regards options related research, such information is available only to persons who have received the proper option risk disclosure documents. For a copy of the risk disclosure documents, please contact your Broker's Representative or visit the OCC's website at <https://www.elitewealth.in>

Other Disclosures

All research reports made available to clients are simultaneously available on our client websites. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research reports available on a particular stock, please contact your respective broker's sales person.

Ownership and material conflicts of interest Disclosure

Elite Wealth Limited policy prohibits its analysts, professionals reporting to analysts from owning securities of any company in the analyst's area of coverage.

Analyst compensation: Analysts are salary based permanent employees of Elite Wealth Limited. Analyst as officer or director: Elite Wealth Limited policy prohibits its analysts, persons reporting to analysts from serving as an officer, director, board member or employee of any company in the analyst's area of coverage.

Country Specific Disclosures

India - For private circulation only, not for sale. Legal Entities Disclosures

Mr. Ravinder Parkash Seth is the Managing Director of Elite Wealth Ltd (EWL, henceforth), having its registered office at Casa Picasso, Golf Course Extension, Near Rajesh Pilot Chowk, Radha Swami, Sector-61, Gurgaon-122001 Haryana, is a SEBI registered Research Analyst and is regulated by Securities and Exchange Board of India. Telephone: 011-43035555, Facsimile: 011-22795783 and Website: www.elitewealth.in

EWL discloses all material information about itself including its business activity, disciplinary history, the terms and conditions on which it offers research report, details of associates and such other information as is necessary to take an investment decision, including the following:

1. Reports

- a) EWL or his associate or his relative has no financial interest in the subject company and the nature of such financial interest;
- (b) EWL or its associates or relatives, have no actual/beneficial ownership of one % or more in the securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;
- (c) EWL or its associate or his relative, has no other material conflict of interest at the time of publication of the research report or at the time of public appearance;

2. Compensation

- (a) EWL or its associates have not received any compensation from the subject company in the past twelve months;
- (b) EWL or its associates have not managed or co-managed public offering of securities for the subject company in the past twelve months;
- (c) EWL or its associates have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;
- (d) EWL or its associates have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;
- (e) EWL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report.

3. In respect of Public Appearances

- (a) EWL or its associates have not received any compensation from the subject company in the past twelve months;
- (b) The subject company is not now or never a client during twelve months preceding the date of distribution of the research report and the types of services provided by EWL