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The BSE Limited
Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400001
Scrip Code: 540173

The National Stock Exchange of India Limited
Listing Department
“Exchange Plaza”
Bandra Kurla Complex,
Bandra (E), Mumbai – 400051
Symbol: PNBHOUSING

Dear Sir(s),

Sub: Transcript of Earnings Conference Call held on July 22, 2025 – Q1FY26

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, please find attached the transcript pertaining to the earnings call held on July 22, 2025 on Un-Audited Financial Results (Standalone and Consolidated) of the Company for the quarter ended June 30, 2025.

This intimation is pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same shall also be available on the website of the Company at www.pnbhousing.com

Kindly take the above document on record.

Thanking You,

Yours faithfully,
For **PNB Housing Finance Limited**

Veena G Kamath
Company Secretary

Encl: As above.



“PNB Housing Finance Limited Q1 FY'25-'26 Earnings Conference Call”

July 22, 2025



MANAGEMENT: **MR. GIRISH KOUSGI - MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER, PNB HOUSING FINANCE LIMITED**
MR. VINAY GUPTA - CHIEF FINANCIAL OFFICER, PNB HOUSING FINANCE LIMITED
MR. DILIP VAITHEESWARAN - CHIEF SALES OFFICER (PRIME & EMERGING BUSINESS), PNB HOUSING FINANCE LIMITED
MS. VALLI SEKAR - CHIEF SALES & COLLECTION OFFICER, PNB HOUSING FINANCE LIMITED
MS. DEEPIKA GUPTA PADHI - NATIONAL HEAD (TREASURY AND IR), PNB HOUSING FINANCE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to PNB Housing Finance Limited Q1 FY'25-'26 Earnings Conference Call.

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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Deepika Gupta Padhi. Thank you and over to you, Ms. Padhi.

Deepika Gupta Padhi: Thank you, Renju. Good morning and welcome, everyone. We are here to discuss PNB Housing Finance Q1 FY '26 Results. You must have seen our business and financial numbers in the Presentation and the Press Release, shared with the Indian Stock Exchanges yesterday evening, and it's also available on our website.

With me, we have our Management Team led by Mr. Girish Kousgi – our Managing Director and CEO. We will begin this call with the performance update by the Management, followed by an interactive Q&A session.

Please note, this call may contain forward-looking statements which exemplify our judgment and future expectations concerning the development of our business. These forward-looking statements involve risks and uncertainties that may cause actual developments and results to differ materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statement to reflect future events or circumstances. A detailed disclaimer is on Slide 45 of the investor presentation.

With that, I will now hand over the call to Mr. Girish Kousgi. Over to you, sir.

Girish Kousgi: Thank you, Padhi. Good morning, everyone. Thank you so much for taking your precious time out in the morning. I am pleased to present our Q1 FY '26 Results Performance.

On the industry, this quarter, RBI announced another 50-bps repo cut to 5.5% with immediate effect, and reduction in cash reserve ratio of 100 bps, staggered in 4 tranches of 25 bps each, effective from September 2025.

This move is timely for the Indian Real Estate industry and can have deep-reaching implications across all stakeholders, ranging from the aspiring homeowners to developers and investors. This hat trick reduction not only reaffirms RBI's commitment to supporting economic recovery, but also displays stability and growth, particularly for interest-sensitive industry like Real Estate.

Talking about the Company's performance:

The Retail loan book grew by 18.1% Y-o-Y to INR 76,923 crores as on 30 June 2025. The total loan book of the Company stood at INR 77,732 crores as of 30 June, 2025. The Affordable and Emerging market segment formed 37% of the Retail loan book.

Our overall collection remained strong in Q1 FY'26. We had considerable recoveries contributing to reversal in credit costs of minus 27 bps. The gross NPA as on 30 June is 1.06%. We continue to work towards achieving 1% NPA. NIM remained stable at 3.74% during the quarter, achieved ROA of 2.57% for Quarter 1 on an annualized basis.

Let me now talk about in more detail on the performance achieved during the quarter:

On disbursements during the quarter, with focus on high-yielding business, disbursements in Affordable segments grew by 30% Y-o-Y and Emerging Markets segments by 32% Y-o-Y.

The disbursements in Prime segments have considerably slowed down to avoid pressure on margins. As a result, the overall Retail segment disbursement grew by 14% Y-o-Y during the quarter to INR 4,980 crores. We will continue to focus on a strategy to grow Affordable and Emerging market segments.

Total Pan India branch network of the Company is 356 branches. Out of 356, 200 is in Affordable. During the quarter, the Company had reclassified 20 branches from western region, having a potential of giving high-yielding business. So, these were the 20 branches which were in Prime segment as per our classification. But these 20 branches had the potential of generating business at a higher yield, and therefore, these 20 branches have been moved to Emerging. To that extent, all the numbers are post-recast.

So, with this, the Emerging market branch count has increased to 80 branches. All the numbers of past periods have been re-casted for like-to-like comparison. With our large Pan India presence, we are ready to capitalize the opportunity available in Tier-2 and Tier-3 cities. We plan to add 40 to 50 branches annually. That is the plan for this year as well.

The gross NPA improved to 1.06% as on 30 June, 2025 as compared to 1.08% on 31 March, 2025, and 1.35% as on 30 June, 2024. During the quarter, we recovered 57 crores from Retail and Corporate put together. The Company has a remaining written-off pool of around INR 700 crores in Corporate, and INR 400 crores in Retail.

On borrowing mix, the reduction in the repo rate resulted in 8 bps decline in our cost of borrowing to 7.76% in Quarter 1 from 7.84% in Quarter 4 of FY'25. On an incremental basis, the cost of borrowing declined by 39 bps during the quarter. Resultantly, we have also reduced our PNBHFR by 10 bps which is applicable from 1 July, 2025. NIM remained stable at 3.74% for the quarter versus 3.75% in Q4 FY'25. For FY'26, we expect NIM to be around 3.7%.

On profitability, our efforts across parameters aided in improving the profitability. Our return on assets on annualized basis is 2.57% in Quarter 1, as compared to 2.55% in FY'25. ROE was at 12.39%.

With this, I would like to hand over the call back to Deepika.

Deepika Gupta Padhi: Thank you, sir. I will now request Vinay, our CFO to talk about the financial numbers.

Vinay Gupta: Thank you, Deepika. Very good morning to everyone.

As you would have heard from MD sir, and you would have seen from the results, our loan book has grown 16% year-on-year and Retail loan book has grown 18% year-on-year in line with our guidance. Driven by the strong performance of asset book growth, our P&L also reflects the similar trend.

Let me cover some of the P&L highlights in more detail:

So, you would have seen yield for the quarter is 9.99% versus 10.03% in Q2.

With respect to borrowings, with decline in repo rate, borrowing cost declined by 8 bps to 7.76 bps. The incremental cost of borrowing declined by 39 bps to 7.44% in Q1 as compared to previous quarter.

Our net interest income during the quarter was INR 760 crores, increase of 17% year-on- year and 4% quarter-on-quarter. NIM remained stable at 3.74% in Q1, in comparison to 3.75% last quarter. With the decline in cost of borrowing post rate cuts, we have also reduced our PNBHFR by 10 bps effective from 1 July 2025.

Gross margin now stands at 4.06% versus 4.27% in Q4 and versus 4.03% in Q1 FY'25.

Our operating expenses grew by 12% year-on- year to INR 216 crores versus INR 193 crores in Q1 FY'25. The increase in operating expenses is much lower than the increase in Retail loan book of 18%, driving positive operating leverage for the Company. Our Opex to ATA for Q1 is 1.02%. We continue to maintain our Opex to ATA guidance of around 1% to 1.1% going ahead.

Our pre-provision operating profit has grown 17% year-on- year to INR 632 crores on an overall basis. Credit cost continues to be negative at 27 bps for Q1 FY'26. During the quarter, we have recovered INR 57 crores from the written-off pool.

Happy to report a PAT of INR 534 crores in Q1, which is up 23% year-on- year. ROA improved to 2.57% in Q1 from 2.55% during last financial year. ROE stands at 12.4% for Q1 FY'26.

With respect to CRAR, it remains healthy at 29.7%, out of which Tier-1 is 28.96%. Our book value now stands at INR 673.

With this, I now hand over back to Deepika for taking this forward.

Deepika Padhi: Thank you, Vinay. I will now request Dilip, our Chief Sales Officer for Prime and Emerging business to give segment's performance update.

Dilip Vaitheeswaran:

Thank you, Deepika, and good morning friends. Welcome to the call. Appreciate you taking the time out.

For the quarter gone by, we managed to do well on growth as well as asset quality. Given the scenario of the rate sensitivity in the market after the repo rate drop, we decided that with growth and margins being a priority, we will choose to grow the Prime book at a slower pace and focus more on the Emerging Markets.

As you can see, the Prime and Emerging markets book together reached INR 71,000 crores, a growth of almost 13% Y-o-Y. On disbursements, the disbursements in Prime Markets grew by 1% to INR 2,479 crores, whereas the Emerging Markets business grew by 32% Y-o-Y to INR 1,736 crores. Another margin accretive business is NHL, where we did INR 1,350 crores of disbursements for the quarter, a growth of 41% Y-o-Y.

A few highlights:

The share of Emerging Markets business is growing up consistently in disbursements, contributing to 35% in Q1 of FY'26, this was 30% last year Q1. The business in Emerging Markets is generated at a yield increment or a premium of 35 basis points over the Prime business.

NHL also stood at 35% of incremental disbursements in Q1 FY'26, this was 29% last year in the same quarter. Even in the Prime Markets, the NHL mix has gone up to 30% in the 1st Quarter. So, like I said, the focus continues to be growth along with margins, and will continue to be in the quarters to come as well.

Keeping this in mind, we had also set up an exclusive NHL team in 10 markets across the country. This is shaping up well, has already started contributing to disbursements and will hopefully contribute to INR 100 to INR 150 crores of incremental disbursements in the quarter to come. To strengthen our NHL offering, we also launched a fixed rate offering, which has also been received well across markets and will help us contribute further.

So, to summarize, as we navigate this journey in the coming quarters, we will focus on margin-accretive business and rely on our strength across distribution, our strong brand presence, our technology, and make sure that the Company manages to prioritize all its imperatives - growth, asset quality, and margins.

Thank you so much, and back to you, Deepika.

Deepika Padhi:

Thank you. Dilip. I will now request Valli, our Chief and Sales Collection Officer for Affordable business to update on the segment's performance.

Valli Sekar:

Thank you Deepika. Good morning, everyone. It is my distinct pleasure to share with you the progress we have made in our Roshni business over the last quarter.

We have concluded 1st Quarter of the financial year with a remarkable loan book of INR 5,744 crores, reflecting a phenomenal 143% year-on-year growth, up from INR 2,361 crores of Q1 of this previous year, and we have also doubled the loan book in one year from INR 2,361 crores to INR 5,744 crores in June 2025.

Our disbursement performance tells an equally compelling story. In Q1 FY'26, we disbursed INR 765 crores, delivering 30% growth over INR 586 crores in Q1 previous year, demonstrating strong momentum and growing market acceptance.

And our incremental yields have also improved, touching 12.1% this quarter compared to 11.6% last year, driven by our focus on high-yielding segments and Tier-3 and Tier-4 markets.

Over the past year, we have added 40 branches, taking a total footprint to 200 branches across 130 potential districts in 15 states. I am happy to report these branches have started operational and started to contribute significantly to our business.

We have also forayed into 3 promising new markets, namely Punjab, Chandigarh and North-East, with plans to deepen our presence in the coming fiscal.

Our Pan-India operations are well-balanced across 3 zones, North Zone contributing 35%, followed by West at 35% again, and South at 30%. The geographical balance ensures resilience and consistency in our growth. Tamil Nadu leads in our AUM, followed by Uttar Pradesh, Maharashtra and Madhya Pradesh.

Our customer profile continues to evolve. Self-employed rose to 41%, up from 38% a year ago. Informal segment sourcing grew 30.4%, up from 26% last year, now forming a sizable part of our book. 74% of the portfolio is within the ticket size of INR 25 lakhs, and 34% of our portfolio remains non-housing loans.

Importantly, our portfolio quality remains strong. Bounce rates are well-controlled at 11%. NPAs are impressively as low as just 0.3%. We are incredibly proud of what we have accomplished. With the momentum and strong foundation we have laid, we are confident of closing the financial year with a loan book approaching INR 9,500 crores.

Thank you so very much for the continued support and trust. Over to you, Deepika.

Deepika Padhi:

Thank you, Valli. Renju, we can now open for Q&A.

Moderator:

Thank you. We will now begin the question-and-answer session. (Operator Instructions). Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes on the line of Renish with ICICI. Please go ahead.

Renish Bhuya:

Yes. Hi, sir. Congratulations on a good set of numbers. Sir, just 2 things. One, on this steady state ROA from FY'27 onwards. So, currently, we are enjoying the provision write-back and that is supporting our

ROA. But once the credit costs normalize to let's say 20-30 basis points, obviously ROA will get impacted by almost 50 basis points, in a sense, credit cost of 20-30 plus the write-back which we are yielding around 20 basis points. So, what are the levers do you see which can offset the impact of credit cost normalization going ahead?

Girish Kousgi:

Okay. So, I think as rightly pointed out by you, we would have support from recoveries maybe for next 5 or 6 quarters. And after that, actual credit cost is going to be about 25 bps. While we have few levers on improving margin, which is today at about 3.74%, 3.75%. So, we plan to take NIM to about 4% to 4.1%. So, that will offset. And, we are increasingly trying to increase the share of origination from Affordable and Emerging, and now we are trending within the segment to the high-yielding segment.

So, we will see yield improvement in Affordable business, in Emerging business. So, Prime quarter one was little tough because of two reasons; one, cyclical; and second, because of repo cut almost about 100% in about four to five months' time. So, this may not be the case going forward so we will also try and see if we can likely increase yield in our Prime book. And as mentioned earlier, this year we have launched a new vertical called Loan Against Property. So, these four verticals' yield implement will help us to improve our margin. And with repo going down, with a lag effect, we will also see some benefits on the cost of borrowing. So, that would help us to maintain a ROA of 2.5% beyond '27 as well.

Renish Bhuva:

Got it. So, sir, just a follow up on that. So, even as of today, on a stock basis, our non-HL portfolio is touching 30%, to be precise, it is 29% as of June. So, to what level you would like to expand this mix in terms of NHL and HL? Because then obviously under HFC guidelines, there is some limited leeway to the extent we can scale non-HL.

Girish Kousgi:

So, I think the increase is going to be by 2.5% to 3%, not beyond that. But I think the idea is not that. The idea is that we are focusing on markets where within NHL we can try and get good profile customers at a slightly better yield. So, it is a mix of both; one is slightly increasing in the mix; number two, also trying to increase the yield.

Renish Bhuva:

Got it. And, sir, just the last thing on this asset quality bit on the Affordable housing. So, obviously, the gross NPA has been rising from the last three to four quarters and still it is almost the lowest when compared to peers, even particular DPD. But the sequential increase in gross NPA quarter-by-quarter, how does one bring this data point? Obviously, one thing is that the seasoning effect might be kicking in, but is there anything else which is sort of driving this higher gross NPA quarter-by-quarter or it is just seasoning?

Girish Kousgi:

No. See, actually, if you look at quarter value, it is cyclical. And this is true for all the segments, not just Affordable, even Prime and Emerging, and this is across the industry. So, for us, Affordable is behaving very well. If you look at the bounce, which is the starting point, it is still below the industry average, it's about 11.1%, right? So, if you compare it with some of the players, obviously, the bounces are in a higher, I think, northwards of 18%, 19%. So, I think portfolio is behaving very much under control.

See, now, we started this business in January 2023, so now it is almost more than two and a half years, so the book is maturing. So, obviously, we will see some delinquencies in 30-plus, 60-plus, 90-plus. But I think overall, we would always be much lower than the industry average. And overall, as an enterprise, as an organization, we want to keep an NPA at 1%. And even in Affordable we would not, now I think in the quarters to come we would ensure that NPA is little less than 1%, I think that's the plan. So, we do not see any change at all because even in quarter one, even in quarter one, our bounce rate is, you know --

Renish Bhuv: Yes, it's steady at 11%.

Girish Kousgi: Absolutely, yes.

Renish Bhuv: Okay. Thats it from my side, sir. Thank you and best of luck.

Girish Kousgi: Thank you.

Moderator: Thank you. Next question comes from the line of Suraj Das with Sundaram Mutual Funds. Please go ahead.

Suraj Das: Hi, sir. Thanks for the opportunity. Sir, one question I think you have alluded on the margin front. But the question is, I mean, despite favorable movements towards higher yielding portfolio, it is not getting reflected in the yield part. The yield has not seen, let us say, much of benefit over the past four to six quarters despite favorable non-mixed movements towards Emerging and Affordable, which are relatively higher yielding versus Prime. And Prime, as you said right now, I think 60% to 63%, 64%. So, the question is, sir, what would be the inflection point when it is reflected in the yield part? And the related question to that is, sir, in terms of securitization income, where do you book it in P&L, is it in the interest income or is it in the non-interest income? Yes, I think that is my question one.

Girish Kousgi: So, see, the way we look at it is that we are very clear on our margin, right? With the repo going down, so obviously, our yield also would get moderated to a certain extent. So, we are very clear on the margins, what we need from each of these segments. So, because with the repo going down, even the cost will go down, maybe with a little bit of a lag, right? And therefore, we do not have too much of control on the cost of borrowing or on the yield, but we have full control on the margin, right? So, it was almost about 100 bps in the last six months' time.

To that extent, if you look at the yield, it is still very stable compared to Q4 and Q1, yield is still very stable. So, I think the way to look at it is we should look at how is the margin in lending. So, last quarter it was 3.75%, this quarter it is 3.74%, and we are guiding that this year we will be around 3.7%. So, earlier I had guided between 3.6% to 3.65%, so now we are upping the NIM guidance to around 3.7%. So, we are very, very clear on the margins. Yes, there could be slight variation in the yield, slight variation in the cost, I think that is the way how we look at it.

Vinay Gupta: Yes, and on the securitization income, it is part of interest income.

- Suraj Das:** Sure, sir. And sir, you have not taken any PLR reduction, right, I mean, like whatever Bajaj or Canfin does. So, I mean, what is your plan on passing on the interest rate on the which balance sheet side? Do you intend to take any PLR rates in the coming quarters or let us say in the second half?
- Girish Kousgi:** So, two things happen when there is a repo cut. So, one is the origination yield will go down, this is for all, including PNB housing. Second is, the benefit what the company approves because of the repo rate cut. So, we have got the benefit of 8 bps, and we will be passing on 10 bps from 1st of July.
- Suraj Das:** Okay, sure. And sir, last question, I think extending their initiation, that in terms of this asset quality piece in the Affordable housing, while the numbers are still muted, but let us say whatever customer segment that you are serving, according to you, what would be the, let us say, steady state number where this 30 DPD or 90 DPD or even bounce rate is stabilized, what is that level?
- Girish Kousgi:** So, as I mentioned earlier as well, within Affordable there are three sub-segments, high risk, medium risk, low risk. And our mix is going to be 20%, 60% and 20%. So, 20% of origination will be from high-risk segment, 60% from medium risk segment and 20% from low-risk segment. So, given this mix, we feel the peak of NPA for us is going to be somewhere around 1% to 1.1%.
- Suraj Das:** Sure, sir. Got it. All the best. Thank you, sir. That is all from my side.
- Girish Kousgi:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Abhishek Kumar Jain with Alfaccurate. Please go ahead.
- Abhishek Jain:** Thanks for the opportunity and congrats for a strong set of numbers, sir.
- Girish Kousgi:** Thank you.
- Abhishek Jain:** My first question on the Prime segment. In this quarter, we have seen very muted growth of just 1%. So, what is your target for the disbursement growth in the Prime segment for FY '26, sir?
- Girish Kousgi:** So, the Q1, as I mentioned to you, was a little unusual this time because Q1 being cyclical also got added with the rate cut, right. As I mentioned to you, we are very, very clear on margins. And we are doing two things. One, we are increasing, if you look at our disbursement share in Q1, Emerging and Affordable is 50%. So, 50% origination is from Affordable and Emerging. So, we are trending more towards origination from Affordable and Emerging. So, the growth in Prime is going to be a balanced number. So, we have guided book growth of 15% for this year and that will definitely be met.
- So, if you look at the book growth in Prime, it's going to be in single digit this year and this is as per plan. And this is our strategy not to grow the Prime book faster. It will always be a balancing number. So, the growth in book in Prime is going to be around 8%, 9%. And the disbursement should be around 12%, 13% for the whole year.

- Abhishek Jain:** And my second question on the ROE side. The ROE is moving between 12% to 12.5%. And just wanted to understand what is your roadmap for achieving mid-teen ROE in the medium term?
- Girish Kousgi:** See, I think we all should understand that we raised capital recently and because of that there is a drag. Otherwise, all of the parameters are in line as per the projections and as guided. So, we are also trying to look for opportunities where we can try and increase the pace of growth on book in all the segments. So, I think in about let's say three years or so, we should get to around 14% odd.
- Abhishek Jain:** Okay. Thank you. That's all from my side.
- Girish Kousgi:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Abhijit Tibrewal with Motilal Oswal Financial Services Ltd.
- Abhijit Tibrewal:** Hi, good morning. Sir, just two things. While, congratulations on first quarter results and also heartening to see that you have increased your NIM guidance for the full year to 3.7% now. But just trying to understand, given that we have seen a 50-basis points rate cut last month, repo rate cut last month, what could NIM trajectory look like for the next two to three quarters? Now why I ask this is, I mean, what is 3.74% that we reported in the first quarter, if we are guiding for a full year of 3.7%, that essentially means that we are not looking at any margin compression in the coming quarters. So, is that the right way of looking at it? I am just trying to understand what could NIM trajectory look like in the second and 3rd Quarter? That's my first question.
- Girish Kousgi:** So, definitely, if you look at the next two to three quarters, there could be further cuts. I would not guess as to how much it's going to be, there could be a cut, right? But at the same time, we also have a very clear plan to increase our margins in all the segments. And therefore, we are very confident our limit is going to be around 3.7%, give or take, plus or minus to this here and there.
- Abhijit Tibrewal:** Got it, sir. And, sir, then the second thing I wanted to understand is, I mean, you have yourself kind of passed on 10 basis points effective July. Most of the other I would say HFCs, right, have passed on in that same ballpark, someone is at 10 like you, some others are at 20, someone is at 25 basis points, PLR cuts that we have seen. So, there are two parts to that question that I wanted to understand. First thing is, I mean, what's our kind of strategy around these ALCO meetings and PLR cuts? What I am trying to understand, is it the quarterly recalibration in PLR that we do or can it be done even during the middle of the quarter? And secondly, despite these large HFCs not passing any PLR cuts, despite that, we are not seeing any significant increase in BT outs.
- So, where is the disconnect? I mean, compared to past cycles, there used to be a big pressure on balance transfers in a declining rate cycle, which essentially meant that large HFCs had to pass on, I would say, rate cuts even before their liabilities got repriced. So, if you could just help us understand this better.

Girish Kousgi: See, we manage the cost very efficiently, cost of borrowing very efficiently. And whatever benefit we get, we pass on to the customer. Now, it will come with three to four months lag, and we will also follow the same time schedule. So, that is the reason you will see different companies passing on different, maybe some 5 to 8, some nothing at all, some 10, some 15, right? I think we need to look at what works for PNB Housing and PNB Housing customers, number one.

Number two, we have a very strong retention team. We always believe that retaining a customer is more profitable than acquiring a new customer. And therefore, we have a very good handle on our total closures. If you look at total closures for Q1, it is 16%. So, if you remember, it used to be about 21%, 22%, I think a little over maybe seven, eight quarters back. And we have brought it down to 17%, and now further down to 16%. So, if you look at our BT out, it is at 6%. And if you look at the BT-in, we have on Prime in Q1 BT-in was slightly lesser than BT-out. Otherwise, BT-in and BT-out both are the same in time, this quarter being a little bit of exception.

So, for this quarter, on Prime business, BT-in is slightly lower than BT-out. On Emerging business, BT-in and BT-out is almost similar. And on Affordable, we have significantly higher BT-in compared to BT-out. So, we have a very good handle on customer retention. And eventually, BT-out is going to be a much controlled number for us. And that is why we are able to grow.

Abhijit Tibrewal: Got it. And just one last data keeping question, you shared it in the earnings call. So, in our Affordable business, this quarter whatever disbursements that we did, what was the proportion of BT-ins in the Affordable business?

Girish Kousgi: So, BT, this is on the portfolio. So, BT-in was about 12% and BT-out is hardly anything because it is a new book.

Moderator: Thank you. Next question comes on the line of Viral Shah with IIFL Capital. Please go ahead.

Viral Shah: Hi, good morning. And I would say congratulations on good set of numbers. Sir, two questions. One is, you have reclassified 20 of your Prime branches to Emerging segments. I know historically that is how we started building out this segment. But what this also means is that our share of say Affordable plus Emerging, which was 25% until last quarter, goes up by close to 11%, right? So, does our say target mix for FY '27 or by end of FY '27 of 40% also correspondingly rise to 50%? Because with this 10% kind of shift, inherently the profitability of the business currently doesn't change, right? At an overall level, I mean to say.

Girish Kousgi: So, there are two answers to this question. So, this movement of branches from Prime to Emerging or Emerging to Affordable is more market-driven and segment-driven. So, we are doing this for the last three years, right?

Girish Kousgi: There are two answers to this question. So, this movement of branches from Prime to Emerging or Emerging to Affordable is more market-driven and segment-driven. So, we are doing this for the last 3

years, right. So, when we started Emerging business, so we carved out certain set of branches in the Prime, which we see that these branches better move to Emerging segments. And therefore, it was almost about 23 and 27. So, this is a continuous exercise. Because our strategy, our focus is to completely move towards Affordable and Emerging in let us say, next 4-5 years' time, this will be an ongoing process. This will be a continuous process. To answer your second question, yes, that 40% will now obviously go up, definitely, yes. Because when we had planned 40%, we had not taken into account the movement of these 20 branches. So, definitely that 40% will go up.

Viral Shah: So, that 40% goes to 50% now. Is that right?

Girish Kousgi: Yes. So, we need to work out the math. Maybe give or take 1% or 2%, but definitely 40% will go up.

Viral Shah: Got it, sir. Sir, my second question was on?

Girish Kousgi: And also going forward, depending on the opportunity, we would convert Prime into Emerging. The way we would convert is that wherever we feel the branches are more closer to Emerging markets, we move that from Prime to Emerging and we will recast. So, that we have an apple to apple comparison A, B or we might take a decision to close the Prime branch in a location and open one Emerging branch in the same city if the segments are different. So, this keeps on happening.

Viral Shah: Got it. That is very clear. Sir, my second question is on the asset quality piece. Now I understand, of course, our book is now gradually getting seasoned on the Affordable side, which is why on a sequential basis, we see these numbers. Can you give some sense on what is the rollback rate? Because as you mentioned, the bounce rate, I think, is controlled and is materially lower than the peers, of course, on a seasoned book for them. But when I look at, say, 1-1/2 year, say, on a lag basis at 30-plus numbers, I think we are still probably somewhere in line with what peers are there on their seasoned book. But on a sequential basis, that number has increased. So, while the bounce rates are controlled, what is the kind of, say, rollback rates that we see after, say, maybe missing on a, say, 1+ DPD or 30+ DPD, if you can give those numbers?

Girish Kousgi: Actually, I had partly addressed this question earlier. So, I had also told, maybe in the next 4-5 quarters, we would see an NPA in Affordable books, let us say, close to, maybe 0.75%-0.8% and eventually peak at about 1.1%. So, given the mix of the segments into which we are within the Affordable segment, we are looking at a peak of about 1.1% and if you look at our bounce, it is still at 11.1%, very much under control, because at least for bounce, the book is vintage, right? Even to take on a lag basis, I think, if you look at the cases which are into various pockets, it is very increasing, yes, 30+ has gone up, 60+ also will go up, 90+ also will go up. But that will be much lower than the industry average. In terms of roll forward and roll back, we will share the numbers separately, because we don't have the numbers separately with us.

Viral Shah: Sure, sir. Thank you. And just one clarification, sir, when you said that you will be better than your peers, you meant to say on a seasoned book, right? So, maybe a year or 2 years down the line?

- Girish Kousgi:** Yes. I am only saying like-to-like comparison. On a like-to-like comparison, we will be better than the competition. We will be better than the industry.
- Viral Shah:** Got it, sir. Thank you so much and all the best.
- Girish Kousgi:** Thank you.
- Moderator:** Thank you. Next question comes in the line of Vatsal Nagelia, an Individual Investor. Please go ahead.
- Vatsal Nagelia:** Good morning. I have a question on the Affordable housing segment. One of your peers mentioned that they are seeing developers pulling back supply in the segment as a result of difference in the new PMAY scheme. So, are you seeing going forward that the system level growth in Affordable housing will slow down? And how has been the on-ground implementation of the PMAY 2.0?
- Girish Kousgi:** I didn't hear the first part of the question. I heard the second part. So, could you repeat the first part?
- Vatsal Nagelia:** Yes. So, it is one of your peers mentioned that developers are pulling back supply in the Affordable housing segment as a result of the difference in the new PMAY scheme, so are you also seeing that?
- Girish Kousgi:** No. See, I will tell you. So, it is not the right comparison, inter-subsidy scheme with the earlier CLSS scheme. Now for many reasons, due to paucity of time, I will just mention 3 reasons. Now in terms of quantum, so this time the inter-subsidy amount might be little less. But I think for the lending institution and for the customer, it is a big win for three reasons. One, the subsidy what the customer gets is in 5 annual installments. So, within those 5 years, customers won't be allowed to switch. If a customer switches the institution, then the subsidy is stopped. So, this is a big plus for the lending institution because customers would remain on the book for at least 5 years, number one. Number two, customers cannot be delinquent. If the customer becomes delinquent, then the subsidy is stopped. This means customers are motivated to keep their repayment track record satisfactorily. So, these are the benefits and number 3, this time, as a lending institution, we also get Affordable funding from the regulator industry. So, that we can lend to our customers, these are all the benefits. So, it can't be exactly compared with the earlier scheme. This scheme has taken off well and we have seen good traction. And this will gain more traction in the coming quarter. So, we see this scheme as very attractive, and this is going to propel growth in the Affordable segment.
- Vatsal Nagelia:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Wuzmal Handu with Goldman Sachs. Please go ahead.
- Wuzmal Handu:** Yes. Sir, my question is on Emerging Markets. The book has grown quite nicely and therefore; I wanted to ask a question on asset quality here. How are the early indicators stacking up for this part of the book? If you have some numbers that you could also share or any color as well on bounce rates or 30 DPD etc., that would be very helpful?

- Girish Kousgi:** See, in terms of segment, Prime and Emerging, there is very less difference. And surprisingly, for our Emerging Market, the delinquencies are a notch better than Prime. So, that may be because of the legacy book. But even on the new origination, we are seeing no difference between Prime and Emerging. So, in terms of credit cost, I had mentioned earlier on the Prime, we expect a credit cost of about 18-19 bps, on Emerging about 20-22 bps. So, that is the difference between Prime and Emerging, not too much of difference.
- Wuzmal Handu:** That helps. Thank you so much.
- Girish Kousgi:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Yash with MIPL. Please go ahead.
- Yash:** And most of my questions are answered. But minor clarification, I just wanted to understand what are the KPIs that are being tracked internally that allow you to switch Prime branch into an Emerging markets branch? Like what are the things that they have to achieve internally for this reclassification to happen?
- Girish Kousgi:** It is market driven. So, if you feel that in a particular market offers opportunity to originate at a higher yield, see, we need to understand. So, every market would have multiple segments. Certain segments would be dominating. So, we identify locations where the potential for Emerging is slightly higher than Prime. But we have a Prime branch. In those cases, we migrate the branches from Prime to Emerging. So, this transition would take about 3 months' time and after 3 months' time, we let go our Prime business and we completely focus on Emerging business. So, that is the approach what we take. It is more market driven and more yields driven.
- Yash:** Got it. Congratulations on the good set of numbers. Thanks.
- Girish Kousgi:** Thank you.
- Moderator:** Thank you. The next question comes on the line of Omkar Shinde with Ascendancy Capital. Please go ahead.
- Omkar Shinde:** Thank you. So, a few statistical questions, then I will come to my questions. So, what is the overall LTV of the book and what is the LTV in the Affordable segment?
- Girish Kousgi:** Overall LTV should be around 66%-67% and in Affordable, it comes down to about 53%-54%.
- Omkar Shinde:** What is the Affordable one?
- Girish Kousgi:** 53%-54%.

- Omkar Shinde:** 53%-54%. I have a statistical question on what is that individual housing loan book on an overall basis, the individual housing loan book?
- Girish Kousgi:** 71% loan book.
- Vinay Gupta:** 71% is our individual housing loan book.
- Omkar Shinde:** On book or the AUM?
- Vinay Gupta:** Only loan book.
- Omkar Shinde:** Only loan book, got it. And finally, what is the number for the sanctions for this quarter, number of sanctions on amount and count?
- Girish Kousgi:** We generally don't share that because what happens is that for a sanction really beyond a point, it doesn't really matter because there will be a lot of cases which we might lose to competition. So, if you look at on average, let us say, in the last 3 or 4 quarters, we would be sanctioned to disbursement ratio should be somewhere around 64%-65%.
- Omkar Shinde:** So, actually because we did give --
- Girish Kousgi:** Why we don't share this number is that we can't assume that 35% is there for me in the next quarter because we might end up losing maybe 3%, 4%, 5% and then we might also gain similarly.
- Omkar Shinde:** Understood. So, sir, now going to the yields on the questions part, so the yields we have seen to buy homes back in the Affordable segment is to 12.1 given that we have already started taking a few cuts in the rates, where do you see the yield in the Affordable segment stabilizing it because as you are saying that margins are going to be a focus area and if I am right, you said that we will be trying to reach over the medium term 4% of NIMs. So, what is the outlook there?
- Girish Kousgi:** So, let us say, this year the yield should be about 12.6%-12.65% and next year getting close to 13%.
- Omkar Shinde:** Understood. And with respect to the asset quality, is there any specific region like for example in Karnataka or anything where the audience is there or any specific region outside where we are seeing any asset quality issues because one of our peers was saying that in Telangana, they are facing a lot of issues, Karnataka issues are being solved. So, some color on the Southern region or any place else where we are seeing any early warning signs with respect to asset quality because although asset quality has remained good, bounce rates are in control, are you it is like calm before the storm situation?
- Girish Kousgi:** No, we have very less overlap between our Affordable customers and MFA customers and therefore we don't see any stress anyway.

- Omkar Shinde:** So, MFI, this is like your Affordable Housing or HFC peers like one of the PSUs, so is there any asset quality issues that you are seeing, early warning signs, anything or that sort of thing?
- Girish Kousgi:** Not at all. Why I mentioned MFI is that if you see in the last 4-6 quarters there was stress in MFI and also in the small ticket unsecured segment. So, if I have to talk about only Affordable, we don't see any stress.
- Omkar Shinde:** And finally on the credit rating, so we are at AA+, we have seen a few of our peers getting credit rating improvement. What is our status on that? Can we expect a credit rating hike to?
- Girish Kousgi:** We are also hoping an upgrade in the next few quarters.
- Omkar Shinde:** So, any connections or talks with the credit rating agency?
- Girish Kousgi:** Discussions are on, so we are hoping in the next few quarters we should also get upgraded.
- Omkar Shinde:** So, maybe by the end of FY '26, we could see a credit rating hike? Would that be possible?
- Girish Kousgi:** I can say next maybe 4-5 quarter's time.
- Omkar Shinde:** Thank you. I will join back in the queue.
- Moderator:** Thank you. Next question comes from the line of Pawan Kumar with Shade Capital. Please go ahead.
- Pawan Kumar:** Yes, so my first question is regarding the yield differential between Prime and Emerging is roughly 20-30 basis points. Would that increase going forward?
- Girish Kousgi:** It will increase.
- Pawan Kumar:** And secondly, like as you have said now, your more focus is towards Emerging market. Are we getting to softening of supply side in terms of like kind of like those we are looking for in the Prime or is it just like we are recalibrating towards Emerging and Affordable?
- Girish Kousgi:** No, there is lot of demand in all the segments, whether it is Super Prime, Prime, Emerging or Affordable. We want to do just on Prime because Prime comes at a very thin margin and therefore, we want to do best of Prime and more of Emerging and Affordable. That is the only thing. It is only for profitability.
- Pawan Kumar:** Thank you for the clarification and congratulations again for good set of numbers. These are my questions. Thank you.
- Girish Kousgi:** Thank you.

- Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.
- Deepika Gupta Padhi:** Thank you everyone for joining us on the call. If you have any questions and answers, please feel free to get in touch with Investor Relations. The transcript of this call will be uploaded on our website. Thank you.
- Moderator:** Thank you. On behalf PNB Housing Finance Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.