

Strong show !!!

Reported PAT (after OCI) came in at INR 705 cr, up by 38.6% yoy & 35.1% qoq led by strong asset growth and higher recoveries from the written-off assets. In Q4FY26, total disbursements grew by 36% yoy & 50% qoq to INR 9355 cr led by higher retail disbursements (32% yoy). Within retail segment, emerging market & prime disbursements grew by 34% & 43% on yoy basis while affordable de-grew by 3% yoy. During the quarter, the company started with corporate disbursements too amounting to INR 335 cr which was basically to Mumbai developer. Total loan book grew by 15% yoy & 6% qoq to INR 87347 cr led by strong disbursements. Going forward, management aims to grow retail loans to grow by 18-20% levels. Nearly 50% of the incremental disbursements will come from the affordable & emerging market segment. And the share of affordable & emerging market loans which is currently at 40% is anticipated to grow to 50% share over next 2 years. NIMs improved by 6 bps qoq to 3.69% in Q4 while spreads declined by 10 bps qoq to 2.12%. NIMs are expected to either remain stable or improve by 5-10 bps in FY27 conservatively going forward. GNPA/NNPA stood at 0.93%/0.57% vs. 1.04%/0.68% qoq. Credit cost was -78 bps vs. -19 bps seen in Q3. In absolute terms, recoveries from the written off-pool of assets was INR 167 cr (INR 24 cr from retail & INR 143 cr from corporate pool of assets).

We retain Accumulate rating on the stock with revised TP of INR 1150, implying upside of 16% from current levels (valuing the stock at 1.3x on FY28e ABV)

Management Outlook for FY27

- Retail loans to grow by 18-20% levels
- Margins to remain stable or improve by 5-10 bps
- Credit cost will remain negative – recoveries from written-off pool of assets is expected to be ~INR 200-250 cr
- Opex / Average Total Assets is 1-1.1%
- ROA is expected to be 2.4-2.5% levels

Financial Summary

Y/E Mar (Rs cr)	FY24	FY25	FY26e	FY27e	FY28e
Consol PAT	1492	1866	2439	2686	2868
growth (yoy %)	32.9	25.1	30.7	10.1	6.8
Adj BVPS	544	615	700	790	884
EPS (Rs)	57	72	94	103	110
P/ABV (x)	1.8	1.6	1.4	1.3	1.1
P/E (x)	17	14	11	10	9
RoA (%)	2.1	2.4	2.8	2.7	2.4
RoE (%)	11.5	11.7	13.5	13.1	12.5

Source: : Dalal & Broacha Research, Company

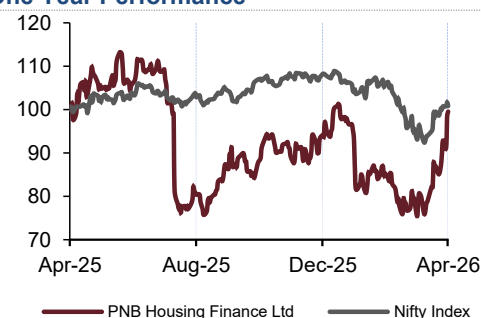
Rating	TP (Rs)	Up/Dn (%)
ACCUMULATE	1,150	16

Market Data

Current price	Rs	990
Market Cap (Rs.Bn)	(Rs Bn)	258
Market Cap (US\$ Mn)	(US\$ Mn)	2,760
Face Value	Rs	10
52 Weeks High/Low	Rs	1141.9 / 729.6
Average Daily Volume	('000)	2101
BSE Code		540173
Bloomberg		PNBHOUSI.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-26	Dec-25
Promoters	28	28
Public	72	72
Total	100	100

Source: BSE

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Valuations

On the revised FY28 estimates, the stock is trading at 1.4x/1.3x/1.1x on FY26e/FY27e/FY28e ABV, and is delivering ROE/ROA of approximately ~13%/2.4-2.7%. We expect PAT to grow by 10.5% in FY27e, and by about 6.9% in FY28e; this moderation in PAT is due to credit costs moving from negative 25 bps in the FY27 period to 25 bps in FY28.

With Ajai Kumar Shukla joining as MD & CEO for a 5-year term starting December 2025, the market was indeed waiting to see whether his strategy would preserve and improve PNB Housing Finance's growth and profitability trajectory. The Q4 FY26 results provide a strong signal that the company is broadly on the right track, even as the new leadership settles in.

What we particularly like about PNB Housing Finance is its presence across the entire spectrum of ticket sizes—from affordable and emerging-market segments to prime housing—allowing it to tap into the broad, structural demand for housing loans across India. Outlook on the growth, margins & credit cost is structurally positive. We retain Accumulate rating on the stock with revised TP of INR 1150, implying upside of 16% from current levels (valuing the stock at 1.3x on FY28e ABV)

Results & Concall Highlights Q4FY26

- PAT (after OCI) came in at INR 705 cr, up by 38.6% yoy & 35.1% qoq led by strong asset growth and higher recoveries from the written-off assets
- **Outstanding disbursement growth** – In Q4FY26, total disbursements grew by 36% yoy & 50% qoq led by higher retail disbursements (32% yoy).
 - Within retail segment, emerging market & prime disbursements grew by 34% & 43% on yoy basis while affordable de-grew by 3% yoy.
 - Digital transformation is resulting in higher disbursements - digital channels generated 15% of the overall leads. Complete digital onboarding platform, adopted by the in-house sales team has reduced the turnaround time & operating cost. The company is in the process of onboarding DSAs to their platform. The company is using AI led initiatives across end-to-end loan processing life cycle. Also, during the quarter, multiple use cases were on pilot run, including AI driven calling, re-KYC, pre-delinquency management, top-up offerings and fresh sales lead conversion.
 - During the quarter, the company started with corporate disbursements too amounting to INR 335 cr which was basically to Mumbai developer. Going forward, target is focus on 7-8 reputed builders from top cities where market is good, saleability is high and quality of the builder is also good and focus is on cities in Pune, Mumbai, Bangalore, Chennai, Hyderabad & Delhi. And the average yields generated in this segment is 11.75-12%.
 - Going forward, management aim is to build corporate book but its share will not be >3% of the overall book
- **Stellar loan book led by higher disbursements** – Total loan book grew by 15% yoy & 6% qoq to INR 87347 cr led by strong disbursements.
 - Within retail segment, affordable loans grew by 61% yoy to INR 8153 cr, emerging market by 21% yoy to INR 26820 cr and prime segment by 9% yoy to INR 51953 cr (lower growth due to higher BT pressure).
 - Going forward, management aims to grow retail loans to grow by 18-20% levels. Nearly 50% of the incremental disbursements will come from the affordable & emerging market segment. And the share of affordable & emerging market loans which is currently at 40% is anticipated to grow to 50% share over next 2 years.
 - Also, the company is planning to start with new micro-LAP product which will draws a yield of 14-16%.
 - Management is seeing strong structural drivers, rising organizational urbanization, improving affordability & clear shift in home ownership across income categories. Tier 2 & 3 cities, in particular, remained strong demand centers, supported by improved infrastructure & increasing economic activity.

- **Margins are likely to remain stable or improve marginally going ahead** - During the quarter, NIMs improved by 6 bps qoq to 3.69% while spreads declined by 10 bps qoq to 2.12% (due to lower incremental yields & BT pressure in the prime business) as former is calculated in monthly average basis & spreads on daily average basis. Management highlighted that spreads & yields have bottomed out & should start improving from Q1FY27 due to increasing share of higher yielding segment of affordable & emerging market loans. NIMs either will remain stable or improve by 5-10 bps in FY27 conservatively going forward.
- **Cost/Income ratio stood at 27.6% vs. 25.1% qoq** led by higher branch addition (35 new branches added) & one-time impact of New Labour Code. Going forward, mgmt. expects operating leverage & scale benefits to kick in from existing branches – opex / Avg. total assets to remain range bound 1-1.1%
- **Asset quality improved further & recoveries stood high** – GNPA/NNPA stood at 0.93%/0.57% vs. 1.04%/0.68% qoq.
 - Credit cost was -78 bps vs. -19 bps seen in Q3. In absolute terms, recoveries from the written off-pool of assets was INR 167 cr (INR 24 cr from retail & INR 143 cr from corporate pool of assets).
 - For full year FY26, total recoveries from written off pool assets were INR 332 cr, resulting in negative credit cost of 45 bps.
 - The company has currently written-off pool assets of INR ~500 cr in corporate & INR 325 cr in retail.
 - Going forward, management is expecting recoveries from written-off pool of assets to tune of INR ~200-250 cr in FY27.
- Dividend declared is INR 8 on FV of INR 10
- Management expects ROA of 2.4-2.5% in FY27

Valuations

On the revised FY28 estimates, the stock is trading at 1.4x/1.3x/1.1x on FY26e/FY27e/FY28e ABV, and is delivering ROE/ROA of approximately ~13%/2.4-2.7%. We expect PAT to grow by 10.5% in FY27e, and by about 6.9% in FY28e; this moderation in PAT is due to credit costs moving from negative 25 bps in the FY27 period to 25 bps in FY28.

With Ajai Kumar Shukla joining as MD & CEO for a 5-year term starting December 2025, the market was indeed waiting to see whether his strategy would preserve and improve PNB Housing Finance's growth and profitability trajectory. The Q4 FY26 results provide a strong signal that the company is broadly on the right track, even as the new leadership settles in.

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Quarterly Comparison

Particulars (INR cr)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Interest Earned	1905.9	1980.4	2017.5	2019.4	2054.0
Interest Expended	1178.1	1234.4	1267.0	1252.8	1246.1
NII	727.9	746.0	750.5	766.6	807.9
Other Income	130.9	101.5	113.2	101.3	117.9
<i>as a % of AUM</i>	<i>0.16</i>	<i>0.12</i>	<i>0.13</i>	<i>0.12</i>	<i>0.13</i>
Net Income	858.7	847.5	863.6	867.8	925.8
Opex	212.4	215.8	216.8	239.9	247.4
<i>growth (yoy %)</i>	<i>19.4</i>	<i>11.9</i>	<i>7.3</i>	<i>16.7</i>	<i>16.5</i>
PPOP	646.4	631.7	646.8	627.9	678.4
Provisions	-64.8	-56.2	-113.2	-40.5	-176.2
<i>as a % of loan book</i>	<i>-0.09</i>	<i>-0.07</i>	<i>-0.14</i>	<i>-0.05</i>	<i>-0.20</i>
PBT	711.2	687.9	760.0	668.4	854.6
Tax	160.8	154.4	178.1	148.1	198.8
Tax Rate (%)	22.6	22.4	23.4	22.2	23.3
PAT (Pre OCI)	550.4	533.5	582.0	520.4	655.8
<i>growth (yoy %)</i>	<i>25.3</i>	<i>23.3</i>	<i>23.9</i>	<i>7.7</i>	<i>19.2</i>
<i>growth (qoq %)</i>	<i>13.9</i>	<i>-3.1</i>	<i>9.1</i>	<i>-10.6</i>	<i>26.0</i>
PAT (After OCI)	508.5	620.3	591.0	521.7	704.8
Balance sheet (INR Cr)					
	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Disbursements	6854	4980	5995	6217	9355
<i>growth (yoy %)</i>	<i>23.0</i>	<i>13.3</i>	<i>12.2</i>	<i>15.6</i>	<i>36.5</i>
AUM	80397	82100	83879	86403	90921
<i>growth (yoy %)</i>	<i>12.8</i>	<i>13.2</i>	<i>11.7</i>	<i>12.4</i>	<i>13.1</i>
Outstanding loan book	75765	77732	79771	82203	87347
<i>growth (yoy %)</i>	<i>15.9</i>	<i>16.0</i>	<i>14.8</i>	<i>14.3</i>	<i>15.3</i>
Key Ratios (%)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Gross NPAs (Rs)	816	825	830	855	809
-Retail NPA (Rs)	816	825	830	855	809
-Corporate NPA (Rs)	0	0	0	0	0
GNPA (%)	1.1	1.1	1.0	1.0	0.9
NNPA (%)	0.7	0.7	0.7	0.7	0.6
Credit Cost (%)	-0.3	-0.3	0.5	-0.2	-0.8
C/I Ratio (%)	24.7	25.5	25.1	27.6	26.7

Source: Dalal & Broacha Research, Company

Financials

P&L (Rs cr)	FY24	FY25	FY26e	FY27e	FY28e
Interest income	6743	7274	8071	9174	10787
Interest expense	4261	4551	5000	5593	6441
NII	2482	2722	3071	3580	4347
Non-interest income	315	418	434	504	598
Net revenues	2796	3140	3505	4084	4945
Operating expenses	671	813	920	1,031	1,155
PPOP	2125	2327	2585	3054	3791
Provisions	171	-159	-386	-234	277
PBT	1954	2486	2971	3288	3514
Tax	446	550	679	756	808
PAT	1508	1936	2292	2532	2706
<i>growth (%)</i>	<i>44.2</i>	<i>28.3</i>	<i>18.4</i>	<i>10.5</i>	<i>6.9</i>
Non-Controlling Interest (NCI)	-16	-70	147	154	162
Net Profit (post NCI)	1492	1866	2439	2686	2868
<i>growth (%)</i>	<i>32.9</i>	<i>25.1</i>	<i>30.7</i>	<i>10.1</i>	<i>6.8</i>

Balance Sheet (Rs. Cr)	FY24	FY25	FY26e	FY27e	FY28e
Share capital	260	260	261	261	261
Reserves & surplus	14715	16603	18959	21406	24020
Net worth	14975	16863	19219	21667	24280
Borrowings	55016	62310	71198	82888	98536
Other liability	2414	3347	3094	3744	4531
Total liabilities	72405	82520	93512	108299	127347
Cash & Bank Bal.	2142	2160	2484	2271	1887
Investments	4346	3381	2779	2918	3064
Loans	64108	74645	86433	101124	120214
Fixed assets	207	239	273	314	361
Receivables	0	0	0	0	0
Other assets	1602	2095	1543	1673	1821
Total assets	72405	82520	93512	108299	127347

Source: Dalal & Broacha Research, Company

Ratios

Ratios	FY24	FY25	FY26e	FY27e	FY28e
Growth (%)					
NII	7.9	9.7	12.8	16.6	21.4
PPOP	3.6	9.5	11.1	18.1	24.1
Consol PAT (post NCI & OCI)	32.9	25.1	30.7	10.1	6.8
Loan (Rs.cr)	64108	74645	86433	101124	120214
Loans growth (%)	10.8	16.4	15.8	17.0	18.9
AUMs (Rs.cr)	71243	80397	90921	107150	126044
AUM growth (%)	6.9	12.8	13.1	17.8	17.6
Other Ratios (%)					
Cost/Income ratio (%)	24.0	25.9	26.2	25.2	23.3
Branches	300	356	400	445	490
Spread (%)					
Yield on advances	10.5	10.0	9.7	9.5	9.5
Yield on funds	10.0	9.6	9.4	9.3	9.3
Cost of funds	7.8	7.8	7.5	7.3	7.1
Spreads	2.6	2.3	2.2	2.2	2.4
Margins	3.7	3.6	3.6	3.6	3.8
Asset quality (%)					
Gross NPAs (Rs.mn)	1487	1539	1657	1831	2066
Net NPAs (Rs.mn)	852	889	971	1090	1249
Gross NPAs (%)	2.3	2.0	1.9	1.8	1.7
Net NPAs (%)	1.3	1.2	1.1	1.1	1.0
PCR (%)	42.7	42.3	41.4	40.4	39.5
Slippages (%)	1.2	1.1	1.1	1.1	1.1
Credit Cost (%)	0.3	-0.2	-0.5	-0.3	0.3
Return ratios (%)					
RoE	11.5	11.7	13.5	13.1	12.5
RoA	2.1	2.4	2.8	2.7	2.4
Per share (Rs)					
EPS	57.5	71.9	93.6	103.1	110.1
BV	576.9	649.7	737.6	831.6	931.9
ABV	544.1	615.4	700.4	789.7	883.9
Valuation (x)					
P/E	17.0	13.6	10.5	9.5	8.9
P/BV	1.7	1.5	1.3	1.2	1.1
P/ABV	1.8	1.6	1.4	1.2	1.1
Other Ratios					
C/I Ratio	24.0	25.9	26.2	25.2	23.3
C/I ratio (incl. other income)	21.6	22.8	23.4	22.5	20.8
Opex to Avg. AUM (%)	1.0	1.1	1.1	1.0	1.0
ROA Tree (%)					
Interest Income	9.7	9.4	9.2	9.1	9.2
Interest expense	6.1	5.9	5.7	5.5	5.5
Net Interest Income	3.6	3.5	3.5	3.5	3.7
Other Income	0.5	0.5	0.5	0.5	0.5
Net Income	4.0	4.1	4.0	4.0	4.2
Employee benefits expense	0.5	0.5	0.6	0.5	0.5
Other expenses	0.5	0.5	0.5	0.5	0.5
Total expenses	1.0	1.0	1.0	1.0	1.0
PPOP	3.1	3.0	2.9	3.0	3.2
Provisions	0.2	-0.2	-0.4	-0.2	0.2
PBT	2.8	3.2	3.4	3.3	3.0
Tax	0.6	0.7	0.8	0.7	0.7
Tax Rate	0.0	0.0	0.0	0.0	0.0
PAT	2.2	2.5	2.6	2.5	2.3
Consol PAT (post NCI & OCI)	2.1	2.4	2.8	2.7	2.4

Source: Dalal & Broacha Research, Company

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