Ghar Ki Baat

Ref: PNBHFL/SE/EQ/FY25/119
Date: January 24, 2025

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 January 21, 2025 – Q3FY25

Ref: i. Our letter PNBHFL/SE/EQ/FY25/112 dated January 13, 2025
ii. Our letter PNBHFL/SE/EQ/FY25/117 dated January 21, 2025

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 January 21, 2025 on Un-Audited Financial Results (Standalone and Consolidated) of the Company for the 3rd quarter and nine months ended December 31, 2024.

A copy of the same is also placed on the website of the Company www.pnbhousing.com

Kindly take the above document on record.

Thanking You,

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

Veena G Kamath
Digitally signed by Veena G Kamath
Date: 2025.01.24 10:57:40 +05'30'

Veena G Kamath
Company Secretary

Encl: As above.

"PNB Housing Finance Limited Q3 & 9M FY'25 Earnings Conference Call"

January 21, 2025

MANAGEMENT:	**MR. GIRISH KOUSGI – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER** **MR. VINAY GUPTA – CHIEF FINANCIAL OFFICER** **MR. DILIP VAITHEESWARAN – CHIEF SALES OFFICER, PRIME & EMERGING BUSINESS** **MR. ANUJAI SAXENA – BUSINESS HEAD (AFFORDABLE BUSINESS)** **MR. JATUL ANAND – CHIEF CREDIT & COLLECTIONS HEAD (PRIME & EMERGING BUSINESS)** **MR. ANUBHAV RAJPUT - CHIEF TECHNOLOGY OFFICER**

MS. DEEPIKA GUPTA PADHI – NATIONAL HEAD, INVESTOR RELATIONS AND TREASURY.
MR. BHAVYA TANEJA – NATIONAL HEAD (MARKETING)

Moderator: Ladies and gentlemen, good day, and welcome to the PNB Housing Finance Limited Q3 & 9M FY 24-25 Earnings Conference Call.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the 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 from PNB Housing Finance Limited. Thank you, and over to you.

Deepika Gupta Padhi: Thank you, Yashshri. Good evening and welcome, everyone. We are here to discuss the PNB Housing Finance Q3 and 9M FY25 Results. You must have seen our Business and Financial numbers in the presentation and the Press Release which was shared on the Indian Stock Exchanges and is 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 team, 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 defer materially from our expectations. PNB Housing Finance undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances. A detailed disclaimer is on Slide 51 of the Investor Presentation.

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

Girish Kousgi: Good evening to all the investors. Thank you for joining us late evening.

When we started this financial year, we shared a long-term vision of achieving 17% retail loan book growth, increase in sourcing from Affordable and Emerging market segments to drive profitable growth, and to be one of the best in the industry with respect to asset quality. Today, I will talk about all these parameters and what we have achieved so far.

During the quarter, the Company surpassed its retail book growth guidance of 17% Y-o-Y and registered a growth of 17.5%. This is the highest retail book growth in last 22 quarters. The retail book increased by over Rs. 10,000 crores in the last one year and crossed Rs. 70,000 crores to Rs. 70,676 crores as on 31st December 2024. This is the highest retail book ever for the Company. This is despite Product business headwinds in markets like Karnataka and MP, impact of HYDRAA in Hyderabad, elections in Maharashtra, and certain weather-related events in Andhra Pradesh.

As we made our inroads in the Affordable segment, we have doubled the book in the last nine months from Rs. 1,790 crores in March '24 to Rs. 3,838 crores in December '24. With the focused approach, we aim to take this book to Rs. 5,000 crores by the end of this financial year.

Another segment is Emerging markets is also ramping up well and has shown a book growth of 23% Y-o-Y at Rs. 13,169 crores.

Seeing this growth, we are confident to achieve our stated target of Rs. 1 lakh crores retail book by end of FY27 with Affordable segment contributing 15%, that is Rs. 15,000 crores; Emerging markets 25%, that is Rs. 25,000 crores, and the remaining from Prime business.

Retail disbursement grew by 31% Y-o-Y to Rs. 5,380 crores during Quarter 3 FY25. Affordable and Emerging market segment contributed 38% to total retail disbursement in Quarter 3, as compared to 29% in Quarter 3 of last year.

The Company registered decline in gross NPA quarter-on-quarter, which stood at 1.19% as on 31st December 2024, as compared to 1.24% on 30th September, 2024, and 1.73% as 31st December, 2023.

As per ICRA estimates, the GNPA of HFCs is expected to remain stable at 2.1 to 2.3% as of March '25.With the overall resolution approach of the Company, that is, recoveries, write-off, etc our gross NPA is expected to stay much below the industry average.

The Company works with multiple vendors and received NHB sanction of Rs. 5,000 crores and ECB sanctions of $350 million during the first nine months of the year. These sanctions are partially drawn.

Despite tight liquidity conditions in the market, we maintained on-book liquidity of Rs. 6,400 crores and had additional sanction but undrawn lines of Rs. 8,000 crores as on 31st December 2020.

In Quarter 3 FY25, PAT stood at Rs. 483 crores, registering a growth of 43% Y-o-Y.

NIM improved to 3.7% during Quarter 3 FY25, in comparison to 3.68% in the previous quarter.

ROA stood at 2.51% analyzed in Quarter 3 FY25, and 2.48% annualized for first nine months.

On loan book, as on 31st December 2024, the retail book is at Rs. 70,676 crores, with Affordable and Emerging market segment shares at 24% compared to 20% in the previous year. On the back of industry growth and the Company performance, we maintain a guidance of 17% retail loan book growth for FY ’25, we might surpass 17%. The corporate loan book now stands at Rs. 1,241 crores, the total loan book to debt Rs. 71,917 crores, and the asset under management is at Rs. 76,840 crores.

During the quarter, disbursements grew by 30% on a Y-o-Y basis to Rs. 5,380 crores.

On incremental yields, we will continue to work on improving yields in all three verticals. The incremental yield in the Affordable segment increased to 12.14% in Quarter 3 FY’25, as compared to 11.6% in Quarter 3 of last year. This is in line with our guidance of getting close to 12.5%, all incremental yield for this year in this segment. The incremental yield in Emerging markets segment is at 9.8% in Quarter 3 FY25, which is 41 bps more than the Prime segment.

We currently have a strong network of 305 branches across 20 states, and we plan to open 50 branches inQ4 FY25, taking Affordable branches to 200 from current 161. With this large presence, we are ready to capitalize the opportunity available in Affordable and Emerging markets segments in Tier 2 and Tier 3 cities.

On asset quality, our overall collection remained strong during the quarter, and we recovered Rs. 53 crores from retail written-off accounts, contributing to reversal in credit cost of minus 19 bps. The Company has a written-off pool of around Rs. 1,250 crores in corporate and around Rs. 450 crores in retail.

The recent extension of PMAY 2.0 reflects the government’s broader vision of housing for all. We have signed an MOU with National Housing Bank under Pradhan Mantri Aavas Yojna Urban 2.0 to support the eligible beneficiaries under interest subsidy scheme. It is an opportunity for players like us with pan India presence and special focus on Affordable and Emerging market segment. The scheme is applicable from 1st September 2024. And in the last four months, the Company has sourced close to 5,000 applications, amounting about Rs. 675 crores of disbursement, which are eligible under PMAY scheme.

On the borrowing mix, our cost of borrowing during the quarter is at 7.83% as compared to 7.82% in the previous quarter and reduced by 24 bps Y-o-Y from Q3 of last year. The incremental cost of borrowing is at 7.82% during the quarter. Return on equity is at 11.81% annualized for 9M FY25, and capital adequacy is at 28.8% as on 31st December 2024. Overall, the Company has achieved key milestones targeted for the year and continues to perform on the same.

Deepika Gupta Padhi: I will now request Vinay, our CFO, to talk about the Financial Performance.

Vinay Gupta: Thank you, Deepika. Good evening to all the participants.

I am happy to report another strong financial performance during Q3, led by robust growth in business. As mentioned by MD sir, our retail loan book has grown by 17.5% year-on-year and disbursements grew by 31% year-on-year during the quarter. Now 38% of disbursements are contributed by Roshni and Emerging verticals.

Driven by strong growth in retail book, our net interest income for the quarter has grown by 17% year-on-year to Rs. 696 crores. The cost of borrowing has further come down by 1 basis point and has now stabilized at around 7.83%. Most of the benefit due to rating upgrade have now been realized in the borrowing cost.

During the quarter, Company received NHB sanction of Rs. 5,000 crores, which we have drawn partially, and plan to draw down the balance in Q4. The Company has also received ECB sanctions of around $350 million in 9M FY25, which is also partially drawn. Spreads have improved sequentially from 2.2% to 2.29% during Q3 FY25. NIM has also improved to 3.7% during Q3FY25 in comparison to 3.68% in the previous quarter.

Gross margin is stable at around 4.07% in Q3 FY25 versus 4.09% in Q2 FY25. In Q3 FY25, operating expenses grew by 22% to Rs. 203 crores versus Rs. 199 crores in Q2 FY25. This includes the cost of 100 branches opened at the end of last financial year. Our cost to ATA remains stable between 1% to 1.1%, as per our guidance.

Led by strong revenue growth in this quarter, our pre-provision operating profit has grown in double digit, that is 16% year-on-year now, even on an overall basis. Operating profit for retail segment has also grown at around 17% year-on-year. We have also given a split of retail and corporate P&L in the presentation on Page 35.

Credit cost remains benign even during Q3 due to recovery of Rs. 53 crores from written-off pool. The credit cost after considering the recovery is negative 19 bps for Q3 FY25.

PAT grew 43% year-on-year to Rs. 483 crores in Q3 FY25. ROA stood at 2.5% annualized in Q3 and ROE is at 11.8% annualized for 9M FY25.

The Company has maintained an average daily LCR of 193% for Q3 FY25 against the regulatory requirement of 100%. We have maintained SLR of 15% on public deposits as of December ‘24 against the regulatory requirement of 13%. The SLR requirement has changed to 14% from 1st January 2025. Capital adequacy stays strong at 28.8% with Tier 1 at 28%.

With this all-round robust performance during Q3, we are on track to deliver on our business and profitability guidance for the current financial year. Thank you.

Deepika Gupta Padhi: I will now request Dilip – our Chief Sales Officer, for Prime and Emerging business and deposits to give a performance update.

Dilip Vaitheeswaran: Thank you, Deepika. And good evening, friends. I appreciate you taking the time out late in the evening.

I am delighted to share with you that we had another good quarter in the Prime and the Emerging markets businesses for the Company across disbursals, runoffs, asset quality and margins.

Like Vinay and Mr. Kousgi explained, our disbursals grew by 30% Y-o-Y. The good thing is, in line with our strategy, the margin accretive businesses grew at a larger pace. So, in the businesses that I am speaking about, the Emerging markets and the NHL, NHL businesses grew at a better pace. Now this is despite some challenges faced in markets like Karnataka and Hyderabad on account of HYDRA, in AP on account of rains, Maharashtra, etc.

I will go into detail on Prime and Emerging markets businesses on how they have fared this quarter.

I will start with Emerging markets first:

Just to reiterate, we started off this business with 50 branches in April 2024. We believe that these markets can grow at a faster pace and also give us better yields on incremental disbursements. These are the branches in non-metro locations outside of the top 15- 20 cities.

The portfolio here in terms of asset quality is also on par with the Prime markets. We are very pleased to report how business is faring in this business after nine months of performance. Disbursals in these markets grew at 7% quarter-on-quarter sequentially, 39% Y-o-Y. This growth rate in the previous quarter was 31%, so not only has the quarter gone well, the growth rate has actually improved.

The book in this side of the markets has grown by 23%, is now at almost Rs. 13,000 crores. This business generates a yield premium or an incremental yield of 40 to 45 basis points over the Prime business. This is expected to go up in the quarters to come.

Additionally, higher yielding businesses like NHL, they are consistently going up. They form about 35% of incremental disbursements in these markets, up from 25% last year. Again, NHL is a business which fetches us 80 to 100 bps of premium over home loans. In these markets, 60% of business is sourced by our internal team and about close to 40% is sourced by our third party distribution, which is DSAs.

At the end of nine months of this financial year, we are very pleased to have started off this business with a separate focus. Like Mr. Kousgi explained, the Roshni and Emerging markets business put together may form 23%- 24% of the portfolio but are now 38% of the incremental disbursements. So, you can see that the shift is towards higher margin business. This will only increase in the time to come.

Now coming to Prime markets:

Most larger cities of the country, the metropolitan cities like MMR, NCR, Bangalore, Chennai, Hyderabad, Pune, Lucknow, etc., they fall into the Prime market for us. Now, since these are larger markets with larger real estate sales and volumes, we witnessed more pricing pressure here also. The yield on incremental disbursements is a little lower here than the Emerging markets. However, they contribute more to growth for us in absolute volumes, like they do for most peers as well.

On the Prime markets also we had a good quarter on disbursals, run offs and margin improvement. Our disbursals grew by 15% in these markets, the book grew by about 11% to Rs. 53,700+ crores. We managed to maintain our runoffs here, the runoffs across Prime and Emerging markets are below 17% on an annualized basis. This is a good 100 plus basis points improvement as compared to the last year.

We are also working here on increasing our yield on incremental disbursements. So, in nine months of this financial year, the yield has gone up in these markets with almost 20 basis points. Sequentially, within the quarter, the yield went up here by 5 basis points.

We made an investment in new branches across both these business, we opened about 35 new branches in Q4 of FY24. I am happy to share that these branches are auguring well. They contributed about 12% of disbursements in the third quarter of FY25, that number was 10% in the previous quarter and 6% in the first quarter. So, clearly, they are shaping up and contributing more to our growth. Since this investment is paid off well for us, we have decided to open 10 more branches in the Emerging markets business. So, we will be at 60 branches by the end of this financial year in the Emerging market side, and about 100 locations in the Prime market side.

So, to summarize, growth in business is auguring well, thanks to our investment in geographies, markets and technology. The growth in the margin accretive businesses, Emerging markets, non-housing loans is happening as per our expectations. The shift in the customer segment and the geography mix is also happening as planned. For the first time, 53% of incremental disbursements across Prime and Emerging markets put together came from non-metro locations. Again, this number was about 50% last year. So, the shift is happening quarter-on-quarter. And the asset quality for these businesses continues to improve quarter on quarter.

So, we believe that this quarter also our performance is a testimony to the fact that we are on the right path, and we will only move forward in these businesses on all three vectors, growth, margins and asset quality.

Thank you. And back to you, Deepika.

Deepika Gupta Padhi: Thank you, Dilip. We will request, Anujai, our Business Head for Affordable Business to update on the performance of Affordable.

Anujai Saxena: Thank you, Deepika. Good evening, everyone. It is my pleasure to take you through the excellent outcomes that we have achieved in the last quarter in our Roshni business.

We have ended the last quarter at a loan book of Rs. 3,838 crores, with a year-on-year growth of 234% from Rs. 1,149 crores in Q3 of last year and 30% growth over the previous quarter. I am happy to share that we have doubled our loan book in the last nine months from Rs. 1,790 crores in March '24 to Rs. 3,838 crores in December '24.

Roshni disbursements have been witnessing a robust growth. Our disbursements in Q3 '25 stood at Rs. 920 crores, an year-on-year growth of 127% as we had disbursed Rs. 406 crores in Q3 of last financial year. Disbursements persons have grown 46% from the previous quarter wherein we had disbursed Rs. 630 crores.

Our journey in the Affordable housing finance space started in January '23, with Roshni business disbursing Rs. 5 crores of loans in that month. Executing well on our strategic plan, we reached a monthly disbursement run rate of around Rs. 100 crores per month in about six months time by July '23. We reached a loan book of around Rs. 1,000 crores in just 11 months time by November '23.

We opened our 100th branch in December '23. Incidentally, this branch was also our first women-only branch that was set up in Chennai. With increased branch footprint, our loan book growth was even faster from there on, and we ended the FY24 at the loan book of Rs. 1,790 crores in March '24. We eventually cross the loan book of Rs. 2,000 crores by May '24.

In the last one year, we have opened 61 more branches. I am happy to share that all these new branches have been fully operationalized. And with these 161 branches across the country, we are catering to 130 plus high potential targeted districts across 13 states in the country. In the last quarter, we had announced our plan to open 40 new branches by March '25. I am happy to share that we are on track to open all these branches as per the stated plan. In this round of branch expansion, we will be entering two new states, Punjab and Haryana. We look forward to developing these two high potential regions for our Roshni business.

We are operating in three zones, and contribution is almost evenly distributed amongst all these 3 zones. North zone accounts for 34% of our business. Contribution from the west zone is about 36%. And the South accounts for the remaining 30% of our business. We have a huge national presence, and this helps us in scaling up faster across all regions in the country.

In the last few quarters, we have worked hard to expand and strengthen our distribution. We have empanelled close to 2,000 connectors through our Roshni Saarthi program. We have also empanelled close to 500 channel partners for the DSA partnership. We have strengthened our vendor support network for legal, technical FI and FCU-related checks with more than 1,000 empanelled vendors across the country. We have also used technology solutions extensively to strengthen our operational framework.

The last quarter has been our best ever quarter in terms of logins, sanctions and disbursal. We have been able to build a robust pipeline which will support the business growth going forward as we move through the last quarter of this financial year.

Our self-employed sourcing has increased to 44% in the last quarter as compared to 42% in the previous quarter, and 39% same time last year. Self-employed sourcing now accounts for more than 40% of our portfolio. Share of informal income segment has also gone up to 34% in the last quarter as compared to 25% same time last year. Informal segment now accounts for close to 30% of the portfolio.

While we have grown our disbursements significantly in the last few quarters, it is important to note that we have also improved our incremental yields simultaneously. Yields for incremental business has gone up to 12.14% this quarter as compared to 11.6% same time last year, and 11.95% in the previous quarter. We have been able to improve our yield through continued focus on higher yielding segments and products. With most of the new branches getting opened in Tier 3 and Tier 4 locations, we are confident our yields will continue to improve going forward.

On the portfolio quality side, we do not see any early warning signs. Our bounce rates are at close to 9%, which is in line with the expectation in this segment and NPA stands at 0.2% in the last quarter.

As I mentioned earlier, we have been able to execute really well on these strategic plans that we have for this business, and we are confident we will be closing this financial year with a loan book of close to Rs. 5,000 crores. Thank you.

Deepika Gupta Padhi: Thank you, Anujai. I will now request Bhavya Taneja our – National Head (Marketing) to talk about key marketing initiatives.

Bhavya Taneja: Thank you, Deepika. Good evening all.

Considering the dynamic landscape of housing finance industry, PNB Housing's marketing strategy has played a pivotal role in maximizing growth opportunities for all our businesses. Grounded with a deep understanding of our customers' needs, choices and preferences, we have leveraged the key pillars of marketing through our brand building, corporate reputation management, and digital communication strategies to strengthen our brand positioning.

I am very happy to report that this quarter one of the key highlights of our marketing journey was the launch of our very first brand mascot named Roshni, name after our Affordable housing product, Roshni, which represents hope and positivity for our aspiring homeowners. We have rolled out a comprehensive 360-degree marketing campaign spanning television, print, outdoor media, cinema, digital and social media. Our cross-media collaboration was targeted to capture consumer attention across all touch points, both online and offline. Thank you.

Deepika Gupta Padhi: Thank you for that. I will now request Jatul – our Chief Credit & Collections Officer to talk about credit and collections performance.

Jatul Anand: Thank you, Deepika. And good evening, everyone.

Credit underwriting plays a crucial role in driving business and building a strong portfolio, ensuring sustainable portfolio quality. So, the Company today manages a robust and seasoned portfolio of over Rs. 70,000 crores, consistently achieving steady growth. The portfolio is well diversified, having balanced distribution across industry segments, low and mid ticket sized cases, and a healthy mix of salaried and self-employed customer segments.

The Company witnessed business growth, as already have been talked about, in Q3 of the current financial year. As envisaged, with respect to the focus area of control, 95% of our fresh sanctioned volumes have ticket sizes of up to Rs. 1 crore. 84% of our incremental business had a bureau score of more than 700.

Having all the checks and balances in place with respect to prudent appraisal norms and managing early mortalities, the delinquency in the business booked in the last few quarters is well within the tolerable limits. To give you an idea, as of December '24, 30+ from last 12 months origination is 0.11%and NPA is mere 0.03%. If I go back and see the last 24 months' behavior, 30+ is 0.53%, and NPA from the last 24 months' originations is 0.13% only.

So, far, we have not witnessed any red flags with respect to our asset quality. And from an asset quality standpoint, to ensure effective monitoring of the portfolio and reviewing leading indicators, we conduct regular data-based industry and peer reviews, market intelligence from bureaus and industry partners. This serves us with an effective dip check for the Company to measure our portfolio against industry benchmarks.

Moving to collections and recoveries, the Company continued the trend of ensuring sequential reduction in NPAs on a quarter-on-quarter basis. Interventions such as minimization of total bouncing through a revised pre delinquency model, rigorous reviews and tele-calling and field resolution teams helped us deliver better performance. At the end of the collection spectrum is the recovery from written-off pool, which involves resolution of high delinquent accounts, high vintage accounts imposing some legal challenges, etc. The Company continues its drive to recover better, and we recorded a 53crore recovery from technically written-off pool in Quarter 3, which is far higher than the recovery in previous two quarters. On the property repossessed asset disposal front, we again continue to beat our own performances. 152 successful auctions were done in Q3 FY25 as against 134 of Q2. We continued the momentum we gathered over the last few quarters in SARFAESI actions and legal, adding 251 more property possessions in Q3, wherein the customers were NPA. Considering all this, the Company feels confident in saying that we have equipped our collections, legal and recovery teams with the necessary tools and strategies around to successfully navigate and get to better performances in the quarters to come. Thank you.

Deepika Gupta Padhi: Thank you, Jatul. I will now request Anubhav, our Chief Technology Officer, to talk about our tech initiatives and progress.

Anubhav Rajput: Thank you, Deepika, and a very good evening to all.

PNB Housing Finance continues to thrive on the bedrock of foundational, robust, scalable, high-performing technology enablers and capabilities. All our technology investments are aligned to the business strategy and direction. We have introduced several tech-led channels for sales, collections, operations, and customer service functions. All the new platforms focus on rich functionality, features, capacity, and performance. The new and upgraded platforms are set to deliver long-term robust tech capabilities for our business segments and customers.

Today, I am pleased to share that our technology transformation agenda that was initiated in Q4 FY24 is in the final stages of completion now. In the preceding quarter, we have successfully upgraded our core platform, the Loan Management System. With this upgrade, we are now upgraded to the latest version of the product with several functional features and capabilities, as well as upgrading to the latest tech elements within the architecture. This upgrade was successfully launched across all branches, centralized operations, CPC in a seamless manner. We have also launched a new cloud-based LOS for our primary Emerging business segments, which is currently operating in a pilot mode across select set of branches. Having defined clear-cut measures for monitoring the pilot, we are progressing well and focusing on user adoption and change management for the new cloud. PNB HFL has been conscious of the massive change in the process and user experience that the new LOS brings and hence the rollout shall be spread across next few months to ensure seamless adoption across branches and minimize any potential disruption for business. Same approach was followed for the rollout of LOS for Affordable business segment in Q1 and Q2 of FY25.

We continue to focus on evolving into a data driven enterprise and now we have announced our capabilities in the analytics domain by having successfully created a cloud-based integrated data platform that has a curated data model integrated to all our core systems. This data platform has data services enabled and has been used for generating insights and visualization to better monitor and calibrate business decisions. This data-lake setup has helped PNB Housing Finance to successfully meet timelines for all recent regulatory data reporting requirements which were there in the last quarter. We also want to expand the footprint of Robotic Process Automation through bots and have recently introduced two new automations developed in-house for enhancing productivity of operations and finance team respectively.

Lastly, we remain focused on the threats of cybersecurity and have set up 24/7 information security monitoring capabilities and continue to build resilience on our technology platforms in line with the new and Emerging cyber threat landscape. Information access for users is also controlled using relevant tools which work purely on a zero-trust architecture model. We have recently further augmented our information security capabilities by introducing additional AIbased monitoring capabilities for our email landscape as well as for our internal network traffic monitoring. Thank you.

Deepika Gupta Padhi: Thank you, Anubhav. Yashasri**,** we can open the floor for Q&A please.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take a first question from the line of Ashwini Agarwal from Demeter Advisors LLP. Please go ahead.

Ashwini Agarwal: The question I have is that as you look out for the next 2 to 3 years, how do you expect the various levers to move? I mean, I see the revenue mix improving or margin mix improving. At the same time, cost to income should stabilize once your branch rollout is over, but credit costs should normalize. In conjunction to that, where do you see leverage going? What would be an acceptable level of leverage? And therefore, in the medium-term, say 2 to 3 years from now, what kind of ROE expectation would you have, assuming the credit cycle remains without accidents?

Girish Kousgi: Our plan by FY27 is to take retail book to Rs. 1 lakh crore with the mix of Roshni, which is Affordable 15%, Emerging 25% and 60% Prime. So, you must have noticed since last few quarters we are trying to do more of Affordable and Emerging and trying to reduce our growth rate in Prime to ensure that we are profitable. So, in next three years' time, we should be able to cross Rs. 1 lakh crore on the retail side. With shift in segment, incremental yield, we are looking at a NIM of over 4%. In terms of credit cost, it will be 0.25%. We will be pretty comfortable with a leverage of 5.5 to 6 in the next 3 to 4 years' time. I think this is our plan. In terms of ROE, it should be mid-teens

Ashwini Agarwal: Second question I had was that what are you seeing on the ground, I mean, I heard the comments from the credit team and there seem to be no worries at this point, but what we're also seeing is a slowdown of industry in general. And in that context, how confident do you feel that the self-employed and the informal sector borrower will not be cause for pain point? I mean, are you seeing anything on the horizon that worries you?

Girish Kousgi: I think a couple of things here. If you look at the mortgage industry, I think demand is very good. Demand is robust. So, there were a lot of challenges, I think in Q3 with respect to four states. So, I think we had mentioned that in Karnataka, M.P., Hyderabad, and Andhra. So, there were certain challenges, some to do with the entire city map, I think redefined the city map. In terms of Karnataka and MP there were certain challenges in terms of registration. Maharashtra there was an election and therefore there was lot of challenge in terms of getting the properties registered. I think it's only because of these intermittent interventions which were beyond control, the growth probably for the industry looked on a lower side. Otherwise, demand is quite robust. So, in spite of all these challenges, we were able to put up a good show in quarter three. If these challenges weren't there, we would have done probably much more than what we have done. So, I think very clearly we are seeing that this demand is there. Demand will continue for next few years to come. There is absolutely no challenge on the demand. Just to answer your second question, I know there are certain challenges in the overall financial space with respect to unsecured, stress increasing, especially on the MFI, small ticket personal loans,. So, we are constantly checking our portfolio for stress level. And also, we have a robust process of onboarding self-employed customers. So, we have effective tool of pre-delinquency management. And we also try and check for stress levels when customers are regular or current with us. So far, we have not seen any stress which will worry us on the mortgage book, be it Prime or Emerging or Roshni.

Ashwini Agarwal: And if I may squeeze the last one in, on the runoff, I mean, how much of these are BTs and are you happy to let the BTs go or are you putting a strategy in place to retain these loans? Any thoughts on that?

Girish Kousgi: So, BT would be in the range of 5.5% to 6% average. So, we have a very strong retention team. So, we also have a repricing policy. So, whenever a customer approaches us for repricing, if it fits into our scheme of things, we retain the customer. And if it doesn't fit, we let customers move out. So, we have a dual strategy here, depending on at what price we need to retain the customer. But having said that, over the last few quarters, we have reduced the overall closures, which is now down to 16.5% to 17%, which is in line with our projection.

Ashwini Agarwal: And so, out of 17%, 6% are BTs and the remaining are repayment. Would that be the correct understanding?

Girish Kousgi: So, 5.5% to 6% is BT and the remaining would be foreclosure, part closure and natural runoff due to repayments.

Moderator: Thank you. We will take our next question from the line of Sanket Chheda from DAM Capital. Please go ahead.

Sanket Chheda: My question was, there was a little bit increase in Stage-2 of about Rs. 450 crores. So, what was that account and how should we look at it?

Girish Kousgi: So, I think this was largely driven by one account on the corporate side. So, this account has been in the SMA bucket since last two years. And if you see in this particular account, in the last two years we have collected close to Rs. 200 crores on the principal. So, principal has come down by 200 crores. So, we don't see any challenge at all.

Sanket Chheda: You expect it to get resolved in the quarter?

Girish Kousgi: Yes, we expect this to move bucket back this quarter.

Sanket Chheda: And sir, the second question was on disbursement. So, this side, say, the increase in a couple of states, you have managed to clock Q2 level of disbursement, which overall Q1 was itself a very strong jump and this quarter also, Y-o-Y jump looks good. So, do we expect some of the lost business in this quarter to add to the Q4 which is usually seasonally strong. How do you see it? And if you were to say quantmize the hit that was there in this quarter in terms of the disbursement like if those issues were not to be there, how much we would have done more?

Girish Kousgi: So, as I mentioned, there were challenges in few states, that is Karnataka, then Andhra Pradesh, Telangana, to a small extent in Chennai because of rains, and Maharashtra and MP. So, as we see now, I think most of the states, I think the process has eased. So, we expect that quarter four will be good for the industry as well, not just PNB Housing. And I genuinely believe that whatever business the industry has lost or maybe what we would have left behind because of this procedural delays and changes, I think, should come through in quarter four and quarter one of next year.

Moderator: Thank you. Next question is from the line of Renish from ICICI. Please go ahead.

Renish: The first question is on the Prime housing disbursement on sequential business. If you look at , it actually fell by a couple of percentage point. So, it is right to assume that it's because of this states wherein we saw some disturbance on temporary basis in Q3 or it was by choice?

Girish Kousgi: So, our plan is to grow the book by 17%, that's the guidance. So, this has broadly two metrics, one is disbursement and second is loan closures, total closures. So, disbursement would vary depending on the closure to maintain book growth. Now, to a certain extent, yes, I think all these challenges in these states have impacted on the Prime and Emerging side, and also on Roshni to a little extent, but I think broadly our strategy is to grow our Affordable and Emerging book faster. And the growth in Prime is going to be, to that extent, lesser. So, this is in line with our strategy. Having said that, to a small extent, yes, there was the impact on Prime and Emerging because of these interventions in these 4 or 5 states.

Renish: My second question is on the OPEX side. I mean, if you look at the other OPEX line item, which has been going at some 15%, 20% on sequential business, which is now at Rs. 90 crores. And when we look at the sequential growth, it's actually much higher than the retail loan book growth. So, while these incremental investments are growing, and where do you see the cost to income ratio settling in near term?

Vinay Gupta: Renish, on the other OPEX actually it is more of a seasonal in nature. So, during the festive season some marketing spend has happened and there is some expense on the general & administrative cost also which is more one of our seasonal in nature. It will normalize back to the same levels of Q1, Q2 next quarter.

Renish: And would you want to guide us for a steady-state cost to income ratio?

Vinay Gupta: See, on a steady-state, we have guided cost-to-income of 1% to 1.1%. So, we have been maintaining that, and that will maintain.

Renish: And just last question from my side on the sourcing. Now in the entire retail segment disbursement, what percentage of that would be BT-in?

Girish Kousgi: See, we have three segments within retail. So, on Prime and Emerging, the BT-ins would be in the range of 17% to 18%. On Roshni, it will be higher. It will be about 25% to 27%. So, if you can take average, maybe about 21%-22%.

Renish: And internally do we have any limits to the extent we restrict BT-in and look for a new to credit kind of a customer or how is it? So, at the point BT-in would impact our yields.

Girish Kousgi: So, I mean, we don't really have a number on BT-in. So, depending on the opportunity and the customer profile, and the financials we take a call. So, we don't have a definitive number. It is more driven by market dynamics. But largely we focus on new to Company, new to credit, and also BT-ins. So, this percentage could vary segment-to-segment, but I think largely BT-in is now more in Roshni because it's a new business and therefore the focus maybe slightly more.

Renish: And just a follow up on the Affordable side. So, this 25%- 27% of BT-in which is happening is, try to assume that most of this will be coming from the HFCs. I mean the Affordable?

Girish Kousgi: This would be largely from the Affordable set of companies.

Moderator: Thank you. We will take our next question from the line of Viral Shah from IIFL Securities. Please go ahead.

Viral Shah: Just one clarification first I wanted was that to the earlier question on the Stage-2 increase, this is just the same account that say even 2 or 3 quarters back had intermittently slipped and then again upgraded in September '24?

Girish Kousgi: This is the account which has been in SMA bucket for I think almost two years. So, there is significant development the project has seen. And also, as I mentioned in the last two years, principal has come down by almost close to Rs. 200 crores. So, we don't see any challenge.

Viral Shah: And you see this being upgraded in 4Q again?

Girish Kousgi: This quarter.

Viral Shah: And the second question I had was with regards to the exposure or state-wise on the retail side. So, we have seen that in this quarter, we had some challenges on the ground in the states of say Karnataka, Telangana. But on a sequential basis, I'm seeing that, of course, its mix has been increasing. So, how did we manage to do this? Because we saw that, at least for our peers, these are one of the major reasons why you saw growth slow down.

Girish Kousgi: So, I think by design, our focus is more on South for all the three segments- Prime, Emerging and Roshni. So, maybe this quarter because see this quarter also there was challenge in West, there was challenge in North and there was challenge in South as well. So, we see challenge across in all the three zones that is South, West and North and therefore the mixed almost I think it remains same , but the focus will be slightly more on South followed by North and then West. And also as I mentioned, if these challenges weren't there, our numbers would have been far higher than what they have shown.

Viral Shah: Okay, got it. And in that same light, would you want to say, give us I know it's just now one more quarter left, we can do the arithmetic, but same also, raising your eventual loan book targets, given that we are beating this year, and we seem to be on a strong footing. So, are you seeing, say, instead of Rs. 1 lakh crore retail loan book target by FY27, any upgrades to that target?

Girish Kousgi: No, as of now we stick to Rs. 1 lakh crore by FY27. If we can do more or if there is any change in the mix, I think we will be happier. So, as of now, we maintain Rs. 1 lakh crore by FY27.

Viral Shah: Right. And the last question was with regards to the corporate book. Last quarter, we announced the hiring of Mr. Rana coming from ICICI Bank to restart the corporate vertical. So, any updates on that because we did not see any disbursements in this quarter?

Girish Kousgi: Yes, hopefully this quarter, we might see a couple of sanctions and if possible one disbursement as well, but from this quarter it will start.

Viral Shah: Yes, great and just one last suggestion. Of course, once we start that, it will be really helpful to get much better color on what are we intending to do separately and also maybe you have Mr. Rana, maybe sometime next quarter when we come back?

Girish Kousgi: Absolutely. I think I've already mentioned before, definitely we will give more color on the business, what kind of business we are going to do. I think just to talk about corporate, we will be pick and choosy. The ticket size will be much less, very strong underwriting norms. And we will look at only very safe and strong structure. So, I think once we start, we will give more color on corporate.

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

Abhijit Tibrewal: So, I mean, just trying to understand, even this Stage-1 provision cover decline of 20 basis points is because of the same corporate accounts slipping into Stage-2?

Girish Kousgi: Yes, so if you see, we are also resolving a lot of accounts and some of the accounts probably will mature in Quarter 4. So, some of the accounts are nearing maturity and therefore, we've seen good repayment happening in the last few quarters and that is why ECL has been calculated accordingly.

Abhijit Tibrewal: The provision cover on Stage-1 was 75 basis points until last quarter. What I am saying is now, will the new normal be at 50-55 basis points or will we go back to 75-80 basis points?

Girish Kousgi: A lot of things are happening. I think we are improving on quality of origination. This we started a little over two years back. And all the accounts which was there as portfolio, we've been trying to manage, maintain them. So, we have an ECL model. So, we run it through the model. And as of now, as I mentioned, on the retail side, we are talking about credit costs will be denied for next few quarters. And long term, it will be about 25 bps. On corporate, we see a lot of recoveries happening. And a lot of accounts are now nearing maturity. And therefore, depending on the model, if there is a need, only then we will be providing slightly higher. Otherwise, I don't think so we need to work. Do you want to add anything?

Vinay Gupta: Yes. So, Abhijit, this is largely an account of slippage of one account from Stage-1 to Stage-2 corporate accounts. Once it moves back to Stage-1 next quarter, probably the percentages will get restated.

Abhijit Tibrewal: And sir the second question that I had was, during this quarter, what was the total quantum of write-offs that we had?

Vinay Gupta: This quarter hardly anything, very, very small. Nothing material.

Abhijit Tibrewal: And so, have you had the chance to evaluate that because of Karnataka, Telangana, and few other states that you spoke of, how much business did we lose during the quarter? And the related question, what is the status in Karnataka now? Has it improved or are the problems in Karnataka still there?

Girish Kousgi: I think if these challenges were not there, across all the three businesses we should have done at least about Rs. 500- Rs. 600 crores more.

Abhijit Tibrewal: And the status of Karnataka, I mean, has anything improved or still, I mean, those problems continue to be there?

Girish Kousgi: So, in all the states, there is improvement. So, the challenge was there, let's say two months back in Karnataka, I think now there is a lot of improvement and the same thing is true with MP as well. So, I don't think so Quarter 4 should see much of challenge for these regions.

Abhijit Tibrewal: And so then the last question that I had is, now that it is widely expected that we will see some repo rate cuts in India in this calendar year, I just wanted to understand how our liabilities, more particularly for bank term loans, how they're placed with regards to being linked to repo rate, T-Bills or MCLR. And what impact will we see on our NIM, if hypothetically speaking, let's say there's a repo rate cut of 50 basis points in the next….

Vinay Gupta: So, Abhijit on the liability side,70%+ of our liabilities are floating, first of all. So, that is one. Secondly, within term loans, around one-third of our term loans are linked to repo or T-bill. So, that will get repriced immediately. And rest are also, again, very short-term benchmark, like one month or three months MCLR so that will also get repriced sooner than later. However, there is always a lag between repo and MCLR so to that extent there could be a timing gap. Depending on the timing, we expect every 25 bps change in the repo will lead to 10 bps reduction in our cost of borrowings and we plan to pass it on. So, there should not be any big impact on the NIM from the overall impact perspective.

Abhijit Tibrewal: So, if you could just repeat the last line, for every 25 basis points cut in repo rates, what is the impact on our cost of borrowings?

Vinay Gupta: Around 10 bps. Immediately it will be 10 bps impact.

Abhijit Tibrewal: And that we expect to pass it on. And what you are expecting, then margins can be maintained at current levels, will there not be an impact on the margins?

Vinay Gupta: Yes, there should not be. I mean, that should be, that is our endeavor. We will try to maintain the margin.

Moderator: Thank you. Next question is from the line of Suraj Das from Sundaram Mutual Fund. Please go ahead.

Suraj Das: I think a few questions have already been answered. Just a follow up to Abhijit's question there, what is the written off pool outstanding for you and if you can bifurcate in between retail and corporates? And what kind of recovery are you expecting with the say over the next 4 to 6 quarters? That would be all from my side.

Girish Kousgi: So, corporate is about Rs. 1250 crores. So, we expect a recovery of about 67% and that we will be able to collect in the next 3 years' time. Retail, the pool is Rs. 450 crores. So, we expect about Rs. 45 to Rs. 50 crores every quarter for the next 3 quarters.

Moderator: Next question is from the line of Aditi Nawal from RSPN Ventures. Please go ahead.

Aditi Nawal: I just had a few data-keeping questions. So, one is sequentially your employee expenses have dropped. So, what could possibly be the reason for that? And second will be in fee income, so fee income has been sort of subdued in this quarter, so any light on that as well?

Vinay Gupta: So, fee income is not subdued, it has grown 20% year-on-year. This includes the insurance commission which has grown around 30% year-on-year, so the rest of the line remaining constant. So, that has grown well. On the employee cost perspective, there was one-off related to some actuarial valuation of around Rs. 4-Rs. 5 crores and rest is, we have brought down overall cost by optimizing the headcount and revisiting certain incentive structures that we have. So, it is based on the overall efforts being put in on the staff cost.

Aditi Naval: Can you just repeat the insurance part of the same concern?

Vinay Gupta: So, I am saying on the fee income, overall fee income growth is 21%. Within the fee, the insurance commission has grown 30% in line with the disbursement growth.

Moderator: Thank you. Next question is from the line of Kamal Mulchandani from Investec Capital Services. Please go ahead.

Kamal Mulchandani: Most of the questions were answered, I just would like to understand the path to achieve Rs. 5,000 crores of Affordable Housing book by the end of FY25, I understand that by December it is Rs. 3,800 crores and we have done disbursals of around Rs. 900-odd crores this quarter, so like if you could just guide the part to achieving the Affordable Housing area book?

Girish Kousgi: So, on Affordable, if you see as of March, we were at Rs. 1790 crore, so now we are at Rs. 3,838 crore. So, we have doubled the book in 9 months. So, we disbursed about Rs. 920 odd crores in Q3. So, to get to Rs. 5,000 crores, you should disburse Rs. 1,200 crores. It is an average of Rs. 400 per month. So, we see that is quite possible. So, hopefully we should get to Rs. 5,000 crores.

Kamal Mulchandani: There will be some repayments as well, right?

Girish Kousgi: No, we have taken that into account..

Moderator: Thank you. Next in line is Mr. Anurag Mantry from Oxbow Capital. Please go ahead.

Anurag Mantry: Just one question. On the overall credit cost, so basically, if I add back maybe the recoveries that you had this quarter both from the retail and wholesale side, I think your PBT mentioned like Rs. 53 crores on the retail and Rs. 58 crores on wholesale, I think eventually get about Rs. 75 crores and if I annualize that it seems like 40-45 bps kind of quarterly run rate, the normal credit cost as such and that is similar to the last couple of quarters. Just wouldn't understand that X off the write off recoveries by running at like 40-50 bps credit cost, because I think bulk of this book is now just retail book assets, which probably shouldn't gain as credit cost?

Vinay Gupta: It is not 40 bps, it is somewhere around Rs. 30 crores roughly on account of the ECL strengthening under Stage-1, Stage-2, which translates to around 20 basis points annualized.

Anurag Mantry: So, you are saying that only Rs. 30 crores is the normal provision and balance is for retail, is that how we should prepare?

Vinay Gupta: Yes, that is right.

Moderator: Thank you. We will take our next question from the line of Kunal Shah from Citi. Please go ahead.

Kunal Shah: Firstly, if I had to look at it in terms of the OPEX, so if you can just broadly break up this 1.1% OPEX to Assets over three segments, so in maybe Affordable, what is the kind of OPEX that we are seeing and how much would be in the Prime, so broadly, just wanted to gauge in terms of where we are in terms of the profitability in the Affordable Housing, in the Emerging and in the Prime segment and the targets which you have highlighted in terms of the Emerging and Affordable, would that be the additional investment plan to roll out that would be required or it is more in terms of the productivity gains that would happen?

Girish Kousgi: So, if you look at the strategy in terms of starting Affordable, it started over 2 years back. Emerging, we started this year, so I think most of the investment in terms of setting up business is done on Roshni side. On Emerging also, we started off with 50 branches. That was an initial investment, so now going forward, every year we will be opening about 50-odd branches. So, that is more of a BAU. So, there is no major investment in terms of branch network as well. So, if you look at OPEX at this point in time, I think we should look at a consolidated basis. I think very soon, we will be able to break it up a segment by then, we will be able to share, but at an overall level, we will be able to maintain OPEX to ATA at 1%-1.1% .

Kunal Shah: So, in Affordable, we would be already at the break even, Affordable and Emerging?

Vinay Gupta: We are already profitable on Affordable, and we are moving towards the steady state ROA which will take maybe one more year for us to get to it steady state ROA.

Kunal Shah: And secondly in terms of, maybe if there are BT-ins, maybe in RBI FSR, there was an indication that when you look at it for the personal loans overdue, they have maybe some kind of retail facility home loans as well. So, any sense in terms of the customers whom we are onboarding, is there any overdue in any of the PL or maybe the small ticket loans and could there be any risk in terms of the reclassification or maybe it is like a clear-cut rejection, if we see any overdue in any of the customer in any of the product segment?

Jatul Anand: See, the overall bureau score, I think takes into account such behavior on account of, any kind of financing of it. So, that is appraised on a case-to-case basis as it comes through. So, we said in the beginning that 84% of our onboardings are above 700 bureau scores. That takes into account such behavior.

Girish Kousgi: So, in fact, irrespective of the segment, whether it is Prime, Emerging or Roshni, we are very particular about credit history. So, when we on-board the customer, we look at the customer's existing exposure and how is the repayment. So, only with a good repayment track record, we would onboard the customer. Otherwise, it is clear no-go.

Kunal Shah: My question was largely with respect to 12% or 10% odd which are in NTC and up to 700, particularly on the Affordable and maybe I think you have shared similarly on the other. So, it is not with respect to maybe 75%-80% which is better or maybe more than 700, but for the other part of the portfolio?

Girish Kousgi: No, I think we can't purely go by the score because you will have lot of customers who take a small loan of 25,000-30,000 loans being new to credit and within a years' time they will have a score of more than 725-730. We can't really go by the score, so we need to see whether the customer is new to credit or customer has certain exposures. If so, how is the repayment, for example, 750 is not the same for all the customers, somebody having 750 with Rs. 30,000 loan may not be that good vis-a-vis compared to somebody having 750 score with three or four loans all being servicing properly on time. So, score is one of the parameter which we look into, but we will also get deeper to understand how the strings are and only then we take a call with respect to that.

Kunal Shah: The question was maybe, since we are building up the book and there could be the risk of spillover from unsecured to secured, so given that we are growing it lately, could that risk be higher for us? That was the primary question?

Girish Kousgi: No, because this is mortgage, this is secured. And know, for example, all the home loans, we know the end use and in terms of loan against property, we are very particular about end use and only when we are convinced about the end use, only then we take an exposure. So, the chances of replacing mortgage loan with any unsecured loan, I think the chances are very low.

Moderator: Thank you. Next question is from the line of Himanshu Taluja from Aditya Birla Sun Life AMC. Please go ahead.

Himanshu Taluja: Just one question at my end, if you can just give me the, maybe I am sorry if I am repeating the question, if you can just give the color of the corporate account which got slipped in Stage-2? Secondly, what is the principal outstanding on this, any provisions which you are holding in this because is a past corporate account and lastly, what is the comfort that you have that this account will again get upgraded in the coming quarter?

Girish Kousgi: So, as I mentioned, I think I have mentioned this. So, again, I will mention. So, this is an account which we are watching very closely, seeing very closely since last many years, especially in the last 2 years, it has been an SMA bucket, and the principal has come down by close to Rs. 200

crore in the last 2 years. So, we are very much comfortable about this account. So, there is nothing to worry about.

Himanshu Taluja: Any provisions which you are holding on this, any PCR which is there on this particular account?

Girish Kousgi: We are holding as per the stage holding provision for this account as well.

Moderator: Thank you. We will take our next question from the line of Ankit Minocha from Adezi Ventures Family Office. Please go ahead.

Ankit Minocha: My first question is with regard to a hypothetical rate cut situation, which in earlier participant was alluding to. So, you mentioned that there was 10 bps reduction in the cost of funds with every 25 bps rate cuts, so just wanted to understand is there also a lag involved in this? How quickly are you able to price your assets or how slowly are you able to price your assets versus your liabilities?

Vinay Gupta: You see, 10 bps is immediate, so that we are planning to, we should be able to pass it on quickly and the remaining impact again, it is a matter of timing. So, we should see the rest of the difference also flow through in the next 3-4 months.

Ankit Minocha: So, then would not even be the possibility of any expansion in NIMs for a short period of time, right?

Vinay Gupta: Depending on the competition how they react there could be some minor impact, but largely our endeavor is to ensure that margins are maintained.

Girish Kousgi: See, actually there are 3-4 things. So, one is we are trying to change the mix between Prime, Emerging and Affordable. And with every passing quarter, we are doing more business on the Affordable and Emerging compared to Prime. Number two, in all the three segments, we are trying to up the yield, Prime, Emerging and Affordable. We will be starting corporate from this quarter, which will help us on the yield and profitability. And also, obviously we have a large pool of corporate and retail write-off. So, we are expecting good recovery. So, these things we have on the positive side and if there is a rate cut, of course there will be some lag, which we will also pass on. So, I think this differential, we feel that we will be able to manage because now we have certain levers which can try to factor rate cut.

Ankit Minocha: And I understand you have given some element of guidance for FY27, but we were in Jan FY25. So, just understanding, how do we see FY26 evolving, if you can just give some color on the potential book value or even how growth kind of seems to be panning out, what you think could be FY26 look like?

Girish Kousgi: So, as I mentioned, demand is quite good, mortgage industry is doing well, I think this year, every quarter there was some challenge or the other Quarter 1 was cyclical and Quarter 2, there was some challenge which some companies in the industry saw or especially on the collection side. And quarter 3, there was some challenge because of procedural changes in certain states. So, I think throughout the year, first 9 months, there has been some challenge or the other also coupled with the heat wave and general election and election in Maharashtra. So, otherwise talking about demand, demand is very good. This industry will do well and also with PMAY, Interest Subsidy Scheme, I think demand should only go up for us, especially on the Roshni and Emerging side. So, we see no demand to be quite robust for the next few years. And I will not be able to comment on what is the plan for next year. We would share with the investor at the appropriate time, but our Rs. 1 lakh crore by FY27 should be intact and the growth should be slightly better than what we showed this year.

Ankit Minocha: And my next question is about, to get more and more into the Affordable space, what have you observed as the incremental trends in asset quality, when did you start to get into this space and if there are any asset quality issues that might crop up, ideally by when would they start to crop up like in terms of what are the loan tenures if you could help us with that?

Girish Kousgi: So, in terms of credit cost whereas the Prime we say will be in the range of, it will be about 18 bps, Emerging should be about 22-23 bps, I am talking about once the portfolio has matured and for Affordable it should be about 50 bps. So, if you see blended, we should have 25 bps. I think that is what we see, and we have budgeted that. Otherwise, we don't see any incremental risk in any of these segments, including the Affordable.

Moderator: Thank you. Next question is from the line of Anusha Raheja from Dalal & Broacha. Please go ahead.

Anusha Raheja: Sir, firstly on this credit cost, do you expect that to pan out in Q4? The current run rate of Q3 is likely to continue?

Girish Kousgi: It will continue.

Anusha Raheja: And assuming that if this corporate account gets recovered, it should be better?

Girish Kousgi: No. As I mentioned to you, we are pretty much comfortable on the stage and this quarter it will be a rollback. So, we are pretty comfortable. Credit cost will be on similar line, Quarter 2 to quarter 3.

Anusha Raheja: And secondly, on this in non-housing loans which sits on Prime, Emerging and Affordable segments, what basically this non-housing loan comprises?

Girish Kousgi: Non-housing would have three products. One is loan against property, second is lease rental discounting and the third one is funding for corporate offers, purchase commercial space, but largely for us non-home is loan against property.

Anusha Raheja: So, do you have any unsecured personal loans?

Girish Kousgi: No, we don't have. We do only secure.

Anusha Raheja: And do you expect any margin pressure to come in on the Prime segment loan assuming that you would be competing with the banks, and we would be seeing a decline, repo rate cut next fiscal, so I think this space is quite competitive. Do you expect some sort of margin pressure, because I think you will have to bring down your lending rate as well there?

Girish Kousgi: There is margin pressure on Prime, which is why we moved from Super Prime to Prime. Even in Prime, there is margin pressure and that is the reason we are growing at a slower pace compared to Emerging and Affordable. So, this margin pressure would be there because this is the space where a lot of banks also would be focusing on. So, this pressure is there and it will continue, but we have planned to overcome that. Our plan is to try and grow the Prime book slower compared to Emerging and Affordable.

Anusha Raheja: And sir, lastly, sorry if I am repetitive, the credit cost guidance for FY26, what that number could be before recoveries and what you have baked in credit cost including recoveries?

Girish Kousgi: So, I think this trend should continue for next few quarters on credit cost because we have good tool of written off book where we expect good recoveries to happen in the next few quarters. So, I think for FY26 also, the credit cost should be very good.

Anusha Raheja: So, the full year guidance of FY26, will you share post Q4?

Girish Kousgi: Definitely we will share.

Anusha Raheja: And sir, lastly, since the growth rate has been quite strong in Emerging and Affordable how do you assess that book in terms of asset quality?

Girish Kousgi: Asset quality on Prime and Emerging should be almost similar. We don't see any change at all. And as far as Affordable is concerned, it will be in line with industry. Today, we are better than the industry. Of course, it is not comparable because our book has not matured, but I think it will be in line with industry once the book matures.

Moderator: Thank you. We will take our next question from the line of Vijay from Insightful Investment Managers. Please go ahead.

Vijay: Most questions are answered. Just one thought, sir, for next year, FY26, given that the book mix keeps changing, will the NIMs also be slightly better?

Vinay Gupta: Definitely yes, NIMs will be better.

Vijay: Sir, how much in your estimate should expansion be approximately?

Vinay Gupta: Short term, it is very difficult to predict. We will be sharing plans for FY26, maybe after Quarter 4, but I think long term what we mentioned, I think FY27 when we are talking about retail book of Rs. 1 lakh crores, our NIM should be about 4-4.1.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to management for closing comments. Over to you.

Deepika Gupta Padhi: Thank you everyone for joining us on the call. If you have any questions unanswered, 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 very much. On behalf of PNB Housing Finance Limited, that concludes this conference. Thank you for joining us, you may now disconnect your lines.