Ghar Ki Baat

Ref: PNBHFL/SE/EQ/FY2026-27/53
August 07, 2026

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

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 June 30, 2026 – Q1FY27
Ref: *Our letters (i) PNBHFL/SE/EQ/FY2026-27/45 dated July 27, 2026 (Earnings call invitee)*
(ii) PNBHFL/SE/EQ/FY2026-27/51 dated August 05, 2026 (Audio Link)

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 August 05, 2026 on Un-Audited Financial Results (Standalone and Consolidated) of the Company for the quarter ended June 30, 2026.

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
Kamath

Digitally signed by Veena Kamath
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pseudonym=62142abfee0b46a590bf4fc83831ec96,
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Veena G Kamath
Company Secretary

Encl: As above.

"PNB Housing Finance Limited

Q1 FY27 Earnings Conference Call"

August 05, 2026

MANAGEMENT: **MR. AJAI KUMAR SHUKLA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – PNB HOUSING FINANCE LIMITED**
MR. VINAY GUPTA – CHIEF FINANCIAL OFFICER – PNB HOUSING FINANCE LIMITED
MS. MITI GUPTA – INVESTOR RELATIONS MANAGER – PNB HOUSING FINANCE LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the PNB Housing Finance Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will remain 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 the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Ms. Miti Gupta, Investor Relations Manager, for opening remarks. Thank you, and over to you.

Miti Gupta: Thank you, Ryan. Good morning, and welcome, everyone. We are here to discuss PNB Housing Finance Q1 FY26-27 results. You must have seen our business and financial numbers in the presentation and the press release shared with the exchanges and are also available on our website. With me, we have our management team led by Mr. Ajai Kumar Shukla, Managing Director and CEO of the company. We will begin this call with the performance update by the management 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 differ 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 45 of the investor presentation.

With this, I will now hand over the call to our Managing Director and CEO, Mr. Ajai Kumar Shukla. Over to you, sir.

Ajai Kumar Shukla: Thank you, Miti. Good morning, everyone, and thank you for joining us today. Before I discuss our performance for the quarter, let me briefly touch upon the industry environment.

India entered financial year 2027 from a position of relative macroeconomic strength, although external risk increased materially during Q1 FY27.

Domestic demand remained resilient, supported by government infrastructure spending, healthy banking system liquidity and steady service activity. However, geopolitical tension in West Asia, volatile crude oil prices and uncertainty around the monsoon led to a slightly more cautious growth outlook.

The housing finance sector particularly continues to benefit from strong structural drivers, including rising urbanization, increasing homeownership, aspirations, favorable demographics and continued government focus on affordable housing. Demand remained healthy across retail mortgage segments during the quarter, particularly in Affordable and Emerging Markets, which continue to offer significant growth opportunities.

During the quarter, the RBI maintained the policy repo rate at 5.25%, providing a stable interest rate environment for borrower while also announcing measures to support liquidity and funding access within the financial system.

Further, RBI revised its FY27 GDP growth forecast from 6.9% to 6.66% in its June 2026 policy review, reflecting concerns around higher energy costs, supply chain disruptions and weaker external demand. Nevertheless, India continues to be among the fastest-growing major economies with private consumption and services providing key support.

The quarter was also characterized by heightened global uncertainty arising from the U.S.-Iran conflict, which led to higher crude oil prices, increased market volatility and tighter liquidity conditions. Despite these external challenges, India's macroeconomic fundamentals remain resilient and housing demand continued to hold up well.

Now coming to PNB Housing Finance, we have begun FY27 on a steady note, reflecting the strength of our retail-focused business model and disciplined execution. Further, please note that starting this quarter, disbursements are being recognized based on check realization rather than check handover basis.

On a comparable cheque handover basis, disbursement delivered a strong 56% Y-o-Y growth, reflecting sustained business momentum. Disbursement growth should normalize from Q2 FY27 onwards and should reflect a strong growth trajectory going forward. Post the one-time impact of this transition, disbursement for Q1 FY27 grew at 18% Y-o-Y at INR5,882 crores.

At segmental level, Prime and Emerging Market has seen a double-digit growth at year-on-year level and stood at INR 3,083 crores and INR 2,029 crores for Q1 FY27 with a disbursement of INR 555 crores in Affordable segment, which is currently less than the target level.

We are actively focusing on increasing the productivity of Affordable branches, while select Prime and Emerging Market branches also started contributing to Affordable business. This number which I quoted, INR555 crores, is basically net, as I said that we have now transitioned from gross to net.

Overall loan book grew by 15% Y-o-Y to INR 89,670 crores as on 30th June 2026. While the retail loan portfolio increased by 16% Y-o-Y to INR 89,178 crore, the Affordable and Emerging market segment continue to be our key growth engine, growing 27% Y-o-Y and contributing 41% of retail portfolio. We remain on track to increase the contribution to 45% by the end of FY27.

I'm pleased to share that as part of our new initiative to augment high-yield portfolio growth, we disbursed INR 71 crores under Emerging Developer Finance program. We also started Affordable business from selected Prime and Emerging branches, successfully disbursed in the first month of the quarter, which was June, almost INR 30 crores in Affordable business from these branches.

Also, as part of our growth strategy, we have commenced full buyout transactions and acquired loan assets aggregating to INR146 crores during the quarter. These initiatives will support faster scale up of the loan book while enhancing portfolio yield and maintaining portfolio quality.

We are particularly pleased to have facilitated over 7,000 subsidies under the PMAY 2.0, reinforcing our commitment to affordable housing and supporting the government vision of "Housing for All".

Our corporate loan book stood at INR 493 crores as on 30th June'26, with disbursal of almost INR 215 crores during Q1 FY27.

We continue to accelerate our digital transformation agenda by reimagining customer journey and core operations with a digital-first mindset. Our focus on conversational AI and document intelligence is helping simplify processes, enhance service quality, improve responsiveness and strengthen operational efficiency. During the quarter, we successfully completed Voice AI proof-of-concept for the sanctioned but undisbursed pool and pre-due collections with encouraging results, while AI-powered policy and knowledge assistance are currently under evaluation.

I wanted to share that 100% of our fresh disbursals are happening through our new LOS platform, which we call SFDC. More than 70% of our business is now being onboarded through our in-house onboarding app, which is the Infinity app. And more than 2,600 e-sign executed through Legality platform.

We also remain focused on building proprietary AI capabilities as reflected in our in-house computing intelligence platform. Alongside enabling paperless operation and supporting our sustainability objectives, these initiatives are helping us deliver a more seamless customer experience and create long-term value for all stakeholders.

As far as geographical presence, on the distribution front, we added 12 new branches during the quarter, taking our network to 404 branches. We have also begun leveraging our selective Prime and Emerging markets branch network to expand our Affordable business and early results from the co-located branches models have been encouraging.

As far as asset quality, asset quality continues to remain one of our key strengths. Gross NPA remains less than 1%, which is 0.95%. Minor increase seen in 30+ and 90+ is cyclical in nature and are expected to come down in Q2.

During the quarter, legacy account was classified as fraud. The exposure had already been fully provided in the FY 22-23 and therefore, it has no incremental financial impact on the company.

Recoveries remained healthy at INR67 crores from written-off pool, resulting in a negative credit cost of 12 basis points during the quarter. The company is now left with written-off pool of around INR 340 crores in retail.

As far as margin is concerned, our spread remained stable sequentially at 2.12%, while NIM moderated by 19 bps Q-on-Q to 3.50%, out of which 12 bps is attributable to increase in leverage and 7 bps in true-up impact of Q4 FY26. Our portfolio yield improved marginally to 9.48% for Q1 FY27.

We witnessed an improvement in incremental yield across all businesses verticals, which will support future margin performance. Marginal increase in cost of borrowing to 7.36% during Q1 financial year '27 compared with 7.35% in previous quarter. Incremental cost of borrowing increased by 18 bps, primarily due to higher tighter liquidity condition and volatility in financial markets.

As far as profitability is concerned, as a result, profit after tax for the quarter grew by 4% Y-o-Y to INR 557 crores, leading to ROA of 2.37% and ROE of 11.44%.

Our capital position remains strong with a capital adequacy ratio of 28.26% and Tier 1 capital ratio of 27.87% as of June '26.

With a strong balance sheet, improving operating efficiencies, accelerating digital transformation and continued focus on portfolio quality, we remain well positioned to deliver sustainable growth in the coming quarter.

Just to conclude and summarize the conversation, let me again reiterate that what we expect that margin seems to have bottomed out. And from second half onwards, gradually, there should be improvement in margins. Yield has also bottomed out and it would improve by change in mix. As far as growth in Q1, primarily what worked well for us, improvement in productivity by use of technology and enhancement in distribution.

Strengthening of our team, particularly in Affordable and Emerging Market segment. July over June is much better in Affordable under new leadership team, particularly new CBO.

Driving additional volume through existing Prime and Emerging Markets, which has started contributing almost 15% to 18% of Affordable business in July itself.

Focused approach on low-performing branches

Expecting Q2 to be much better than Q1, particularly in Affordable business.

Maintaining full year guidance of 18% to 20% overall book growth. Also maintaining growth guidance of 50% to 60% in Affordable loan book.

Thank you so much. Now I would like to hand over the call to our CFO, Mr. Vinay Gupta.

Vinay Gupta: Thank you, sir. Good morning, everyone. I would now like to talk about a few key financial parameters. As mentioned by MD, after onetime impact of change in disbursement recognition, our disbursements grew 18% year-on-year to INR 5,882 crores in Q1 FY27. We will catch up on our growth rate from next quarter onwards. Further, I'm happy to share that our run-off rates have also stabilized to around 17% versus 19% to 20%, which we witnessed in the last few quarters. Our retail portfolio also grew 16% year-on-year to INR 89,180 crores.

As mentioned earlier, on check handover basis, we have delivered a very strong quarter. Our disbursements grew 56% year-on-year, and our loan book would have grown at around 18%, in line with our guidance. We should catch up on our guided growth rates from the next quarter onwards.

During the quarter, our net interest income grew 6% and our gross margin grew 9%. As mentioned in the previous quarter, our yield should start improving from Q1 onwards. Accordingly, happy to share that this quarter we delivered a marginal improvement in yield at 9.48% versus 9.47% in previous quarter. However, due to ongoing global geopolitical uncertainty, our cost of borrowing also witnessed marginal increase to 7.36% from 7.35%. This is primarily due to increase in our incremental cost of borrowing by around 18 basis points.

Despite the prevailing headwinds, we maintained our spread at 2.12%, demonstrating resilience in our business model and disciplined pricing approach. The 19 bps moderation in NIM during Q1 relative to Q4 was largely attributable to higher leverage and lower yield on total assets.

Further, there was a true-up for Q4, which was basically due to monthly conversion versus a number of days conversion as we saw an inverse relationship in Q4, which got trued up during this quarter. Going forward, we feel NIM has largely bottomed out and should start improving from second half of this financial year.

Operating expenses increased 10% year-on-year to INR 237 crores from INR 216 crores in Q1 last year, primarily due to manpower addition and annual compensation revisions. However, operating efficiency continues to improve with opex to ATA declining by 9 basis points to less than 1% now versus 1.08% in Q4 FY26. Supported by healthy operating leverage, our pre-provision operating profit also grew 9% year-on-year to INR 689 crores.

On asset quality, gross NPA continued to remain less than 1% mark and stood at 0.95% as of June 30, 2026.

Company continued to deliver healthy recoveries from its written-off pool, recovering INR 67 crores during the quarter, which translated into a negative credit cost of 12 basis points. PAT for the quarter grew 4% year-on-year to INR 557 crores. ROA stood at 2.37%, while ROE stood at 11.44% for the quarter.

Balance sheet remains well capitalized. Capital adequacy ratio is at 28.2%. Our net worth is at INR 19,800 crores, with book value now increasing to around INR 760.

With strong balance sheet, healthy capitalization, robust asset quality and continued focus on operational efficiency, we remain confident in our ability to deliver sustainable and profitable growth. With that, I conclude my remarks. Thank you for your continued support. And with this, we will now open the call for Q&A.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the line of Viral Shah from IIFL Capital.

Viral Shah: So I have 3 questions. One is first on the margins, right? So 2 parts over there. How should we look at, say, yields and cost of fund trajectory from here on? Say, of course, all of this is assuming the macro kind of remains stable in the near term. But more importantly, does the thesis of, say, the gradual NIM expansion as the book mix kind of changes with the scale-up of your Affordable, Emerging, CF, etc, more from a medium-term perspective, not the next 2, 3 quarters, but, say, over the next 2 years, does that thesis kind of still hold true? So that was my first question.

Ajai Kumar Shukla: Thank you so much, Viral, for joining the call and asking. You know, as I said in my conversation, that margin have bottomed out and yield is also bottomed out. And cost of fund also, we strongly believe that it has also bottomed out. So gradually, may be from H2 FY27 onwards, we will see some improvement. And I would say from medium to long-term perspective, I think this should help to the -- in the margins of the organization.

As far as the mix is concerned, I think you rightly said that we are positioning ourselves in right mix approach. So construction finance portfolio, as I said earlier also, we will restrict it to 3% of my overall book in FY27, which will help us in overall improvement in margin.

And also the mix of Affordable and Emerging will improve. Like we saw that currently we are placed at 41%, which used to be less than 40% earlier, and expecting to touch 45% by the end of this year. And which will further, if I talk about 2-year horizon, it would be nearly 50% of my overall book in Emerging and Affordable.

Viral Shah: Got it. No, that's very clear. And on the second, I would say, question is more with regards to growth. I know you and Vinay also pointed out that of course this quarter there was this recognition change, but when I look at, say, the gross number, right? So gross number is a very strong number of 55% plus disbursement growth. Now this is not lost, right? This will come through in the second quarter.

So one is, if I look at, say, the second quarter with this kind of a trajectory, should we and of course there is also somewhat further, of course, growth that will come through on this number. Should we expect this, the gross number to be whatever it is currently in this quarter plus the growth and that trajectory to sustain in the near term?

Ajai Kumar Shukla: Yes, I think if I talk about Q2, I think we will try to beat both the numbers, which is gross or net. I think whatever hit we have taken in Q1 will give us fruit in Q2. And also we expect that our gross Q2 will also be much better than Q1, July already we have witnessed very good momentum in terms of gross and net.

Viral Shah: Got it. And with that kind of a trajectory your 18% to 20% kind of loan growth guidance seems very conservative. Would that be a fair assessment?

Ajai Kumar Shukla: So I think 18 to 20%, that's the guidance which we are going to definitely, our team is focusing on better growth than what we have given guidance. I think we should do much better than what we have given guidance.

Viral Shah: Got it. And my last question is basically on the micro housing. You have mentioned that you have started it from this quarter. Of course, in terms of, say, the contribution and the P&L also, it will take quite some time. But just wanted to get a sense of about how are you going about building this book in terms of are there separate branches, how is the team, underwriting, sourcing, etcetera?

Ajai Kumar Shukla: So like we did experiment and we got very good fruit in Prime and Emerging to source more Affordable, and we got very good number in the month of July in Prime and Emerging of Affordable. We will also do currently micro housing business from our Affordable branches. I don't think at this point of time we need to open more number of branches. We will leverage our existing branches to contain our opex also, because that's the key metrics to be watched. In Q2, the policy was already formulated, is rolled out, people have started sourcing, but real fruit you will be able to see from H2 FY27 onward.

Viral Shah: Congrats and all the best.

Moderator: We take the next question from the line of Sameer Bhise from Dymon Asia.

Sameer Bhise: Just had a couple of questions. Firstly, on the leverage impact on margins for this quarter. Vinay, can you just guide us through how it has played out? Because if I see debt-to-equity has moved just from 3.7 to 3.72, but the NII impact looks a tad sharp. So I think some sense there will be useful.

Vinay Gupta: So Sameer, those were the ending numbers, end of the quarter numbers, but on an average our leverage has gone up from 3.6 to 3.75. So that is one reason. Secondly, there is also a flow-through impact. If you see, Q4 generally is very high on disbursements, and most of that got realized in the current quarter, and hence it actually translated into higher borrowings during the current quarter. Plus, there is an impact of also on the overall yield being slightly lower while the loan book yield has improved, but overall yield has slightly moderated due to lower investment yields. So these are 2, 3 factors which have led to impact of higher leverage.

Sameer Bhise: And secondly, the entire gap in the actual reported disbursement number and the gross, which is the stated number. Is it entirely due to the affordable housing segment, or there is some other segments as well, like Emerging and all?

Ajai Kumar Shukla: That's a combination of all the businesses. So whatever impact which we witness is a combination of Prime, Emerging, and Affordable. Because in retail business and wholesale completely we are migrated from check handover to basically debited from our account, money debited from our account.

Sameer Bhise: So then can you still provide a mix on a gross basis? Because if I see Affordable disbursement in the reported number, look down on a Y-o-Y basis also, which is obviously not the case. But from a mix perspective.

Ajai Kumar Shukla: So, I think Affordable, if we compare apple-to-apple, which is you know Y-o-Y growth, I would say this is growth of almost 11% in Affordable.

Sameer Bhise: Okay. And finally, on credit cost, should one see that credit cost kind of turns to positive territory in second half? And then this, how would ROA kind of shape up given that we have optimism on NIM, but we will also have normalization of credit cost? So some trajectory there will be useful. So that's all from my side.

Vinay Gupta: No, Sameer, this year I think we should continue to remain negative. We still have line of sight on good recoveries quarter-on-quarter this year at least. So this year we should be able to maintain the negative credit cost.

Moderator: We take the next question from the line of Abhijit Tibrewal from Motilal Oswal Financial Services Limited.

Abhijit Tibrewal: Yes, I was just trying to understand, for the benefit of all of us, if you could explain this true-up. Essentially you did mention a couple of things, that one was the monthly versus number of days during the quarter. So, what exactly happened? The 7 basis points difference, is it more to do with maybe Q4 having lesser number of days, so lesser interest income? And to that extent it got overstated and should have been lower by 7 basis points. Is that the right understanding? Or is there some timing difference because of this true-up that you pointed out?

Vinay Gupta: Yes, you rightly explained. I think that is the exact reason. Q4 being a shorter quarter, only 90 days, so we get the benefit in NIM because there the annualization happens based on monthly annualization. So it was an artificial lift in NIM in Q4, whereas that start getting normalized from Q1 onwards.

So Q4 you will get some benefit, but that is more like artificial. And hence we have given, ideally what should have been a Q4 number, and hence that is a 7 bps delta, which was purely on account of the calculation difference in Q4. So adjusted for that, the gap is only 12 bps in the current quarter, which is on account of increasing leverage and lower yield on the overall total asset.

Abhijit Tibrewal: Then, sir, on the margins, you called out earlier during the opening remarks that margins have bottomed out. So, should we now think about margins as maybe remaining stable in Q2 and then starting to expand from the second half onwards? Because I remember you also mentioned about this incremental cost of borrowing being up about 18 basis points in the first quarter. So won't that have some bearing on cost of borrowings in the coming quarters? I'm just trying to understand how are things on the incremental cost of borrowing front. Have things cooled off a little bit in the last maybe 1.5 months?

Vinay Gupta: So yes, I believe there is some improvement versus what it was, let's say, at the beginning of the previous quarter, but still it remains elevated. The reason that we are positive about NIM bottoming out is because we see improvement in our yields now. So it has started improving from Q1 onwards, and now Q2 onwards, with higher contribution of Affordable, CF business and Emerging business, we feel that we will be able to offset the impacts, if any, of cost of borrowing, as well as of any further impact of leverage.

So yields are giving that confidence, and we should be able to offset that. Plus, in case there is any positive movement on our the ratings also, because we are yet to get 2 more upgrades from 2 rating agencies. So that is another lever which will help us further on the cost of borrowing side.

Abhijit Tibrewal: Got it. And then the last question that I had was on the ROEs. You mentioned that at least this year we are confident that credit cost should remain negative, but at least the quantum of writebacks, the quantum of recoveries, they are naturally slowing down. So, from here, I mean, as we see this quantum of negative credit cost write backs normalize over a period of time, maybe over the next few quarters, how should we think about the ROAs this year and next year?

Vinay Gupta: So as we guided, I think on a long-term basis we are expected to settle around 2.3% kind of a ROA, 2.3% to 2.35%. And for this year, I think it should be in the range of 2.4%. So 2.4% is what largely we are targeting this year. It should remain in this range for the current year.

Moderator: We take the next question from the line of Renish from ICICI Securities.

Renish: Congrats on a good set of numbers. So just two things. So first, on the credit cost side again. So this quarter we saw recovery from written-off pool at around INR 77 crores. And when I look at ECL provision, it is roughly increase of INR 23-odd crores. So ideally the writeback should be around INR 50 crores and we have recognized only INR 29 crores. So the rest is explained by what? I mean, is it a write-off or something else?

Vinay Gupta: There are some regular OTS settlements, etc which we do. So that has given some hit of around INR 10 crores to INRm12 crores.

Renish: No, but where does it reflect? Ideally it should reflect in ECL, right?

Vinay Gupta: So it's a write-off. So it is like if you are doing settlement, so you are taking some hit while doing doing that settlement, so it...

Renish: Okay, so basically it's a write-off, right?

Vinay Gupta: Write-off, yes.

Renish: Yes, yes. And in which segment, sir?

Vinay Gupta: It is basically across Prime and Emerging, on the legacy pool.

Renish: Okay, okay, got it. And sir, the second question is on the asset yield movement. Okay, so obviously I understand we are sort of working on changing AUM mix towards high-yielding product. But when I look back and sort of track your last 1 year performance, especially on the AUM mix side, so naturally your non-HL piece has gone at least by 5% on Y-o-Y basis across the segment, right? Whether it is Prime, Emerging or Affordable.

And simultaneously, your share of Affordable has also gone up from 9.5% to 10.4%. So, but somehow despite this change over last 1 year nothing is getting reflected on the asset yield, like it is down almost 50 basis points Y-o-Y. So how one should think about asset yield movement?

I mean, obviously you guys are sounding more confident on yield trajectory going ahead. But at least when I look at last one year, somehow it is not getting reflected. So just wanted to understand why is that? And what are the latest in the key indicators which is giving you that confidence that yield should improve from maybe second half onwards?

Vinay Gupta: See, Renish, I think last one year, if you see, there is a change in the repo rate also, and the interest rate environment also was different, right. So our incremental yields have gone down in line with the industry trend. So hence you did not see that kind of a transition impact on the overall book yield.

But now, as we know, that there is no further drop expected on the yield perspective, it is only expected to go up. And hence the only positive impact that we see from now on is on account of mix change. So with better mix coming in, I think we should be able to deliver an improvement quarter-on-quarter basis in our yields going forward.

Renish: Got it. Just last clarification, sir. So it is right to assume that the disbursement yield in Q1 is higher than the book yield of 9.48%?

Vinay Gupta: Yes, yes, right.

Moderator: We take the next question from the line of Sanket Chheda from DAM Capital Advisors.

Sanket Chheda: Two questions from me. One is just on the ROE thing which you have also said. We clocked 2.4% in this quarter and it was also showing negative and margins as well from here on. I believe it was for next year without the payment negative credit cost that we said 2.35% to 4. And this year would be 2.4% to 5. Is that right? Is that understanding right?

Vinay Gupta: Yes, that's right, Sanket. This year with the benefits still continuing, we expect ROA guidance around 2.4%. Next year, this credit cost normalizing, we expect it to be around 2.3%.

Sanket Chheda: Okay. And so the second question was on disbursement. You also said that Q2 disbursement would be strong. But this is what we have logged in July, and you just said support that for next 2 months. On net-to-net basis, that is Q1 net to Q2 net, roughly how much growth you would expect?

Ajai Kumar Shukla: So I think if I talk about net to net, in Affordable I think it should be 2.5 to 2.6x higher than what we did in Q1.

Sanket Chheda: Wow. And overall?

Ajai Kumar Shukla: Overall should be also if I talk about net, it should be near 60% -70% higher.

Sanket Chheda: 60%, 70% higher than Q1 net?

Vinay Gupta: Net to net. I'm talking about net to net, yes.

Sanket Chheda: Oh, so that's 9,500 to 10,000.

Ajai Kumar Shukla: Hopefully we are expecting growth there because July is definitely a promising month for us, and we have seen, I would say green shoots in the month of July.

Sanket Chheda: Okay. Right. And on rating upgrades, just wanted to check, once we are doing more Affordable, it should be taken care of on the cost of funds. Now we have received rating upgrade from CARE. Do we expect other rating agencies to follow the suit sooner, ICRA and CRISIL there?

Ajai Kumar Shukla: So I think CARE is already done. ICRA is underway. I think we are expecting very soon.ICRA and CRISIL is underway. So that work is on. So I think whatever benefit which we were expecting to get of rating upgrade, which will now translate now because when the rating got upgraded earlier, the regime was higher rate of interest scenario. But now I think it will start giving us benefit.

Sanket Chheda: So all this, if it's an Affordable momentum, say, this year, next year, and the rating upgrades come through, is there a sideways to our ROA for next year, which we are assuming to be 2.35%?

Ajai Kumar Shukla: I think it's a range. I think we are talking-- I think 2.4% is the range where we will definitely would like to maintain that. That's how we will -- we are working on that direction. It would be near to 2.4% only. And one thing in Affordable, I would like to reiterate that July being promising under new leadership, the CBO has taken the charge and the entire month was under his leadership only. I think we have got very good result out of that.

Sanket Chheda: Perfect. And apart from CBO, any other changes that you would have done in the second...

Ajai Kumar Shukla: Yes. So let me tell you, as I said in my commentary earlier, that we have strengthened our team. So the major investment which this year we have done in Affordable business only. So even N minus 2, I would say, so under the CBO we have strengthened our team all across geographies. So we have 2 national-level resources also who are managing businesses who have vintage of almost more than 20-25 years in mortgage industry.

And more so particularly in Affordable segment. So the team is strengthened in Affordable and Emerging also, and that is why we are very much confident that my Emerging and Affordable should contribute 45% of my overall book in FY27, and 50% in FY28.

Moderator: We take the next question from the line of Kunal Shah from Citigroup.

Kunal Shah: Sir, so firstly in terms of the entire mix, so still if you look at it including the check disbursements, Affordable is growing at 11-odd percent, Prime seems to suggest that it is growing at 66%, and Emerging is still growing at 48-odd percent, and that's where the overall disbursement growth is 51%.

So just to change the mix and pull up the Affordable, it will require a significant traction. But otherwise, like Prime still seems to be growing faster compared to that of Affordable and Emerging. So how, how would that mix change over a period? Because maybe it would require a recalibration. And if that happens, then would it have any impact on the growth side?

Ajai Kumar Shukla: So let me tell you that, Kunal, the Prime growth which you have witnessed, there also the mix has changed. So because there was very tough competition in salaried segment, much in Prime, and that is why we have migrated from the composition of more salary to the, I would say, rationalized, self-employed segment. And also we increased our composition from home loan to non-home loan because we were having a good cushion in terms of PVC norms. So regulatory also we were very much in line.

So whatever improvement we have seen in Prime largely, was because of change in mix to get that better .If you see my yield chart also from Q4 to Q1 this year, sequentially it has improved in Prime even. And that's why we got the opportunity to improve that business also. We will grow in Affordable at what we have given the guidance, we are strict to that. We said that we will have a growth of around 60% in Affordable, that still we are holding and we will do it.

So, my guidance will not change, it will continue. As I said that my July is much, much promising than my month of June, and which is a clear-cut indication that under new leadership things have started improving drastically in Affordable business. And second thing is that my July Affordable business contribution from Prime plus Emerging, it is almost double than what we delivered in Q1, in July itself.

Kunal Shah: In terms of disbursements?

Ajai Kumar Shukla: In terms of disbursement of Affordable business from even Prime and Emerging vertical.

Kunal Shah: Yes. Okay, got it. So this -- now when you look at it in terms of this INR 18-17 crores of check disbursal and maybe check realization handover and the realization difference, would this get achieved in Q2 FY27 itself or maybe it will be spread over a period?

Ajai Kumar Shukla: I think it will generally spread across in 2 months forward. So maybe larger portion comes in next month and then some portion comes in second month. Third month is any minuscule business only flow forward. Otherwise, because there's a resale cases there and sometimes seller takes time to execute the transaction. So major portion covers in first month itself of the last month.

Kunal Shah: Okay, so by September everything should get realized on an...

Ajai Kumar Shukla: It's a cycle now. So cycle is maintained now. And that's why I said that my July month realization is much promising than my -- any of the month of last quarter.

Kunal Shah: Got it. And one last question in terms of the spreads. So when we look at the overall incremental spreads, I would believe like maybe the disbursement incremental yield is closer to 9.4%, and our overall incremental cost of funds is 7.4%. So we are at like almost a 2% spread or so. And...

Ajai Kumar Shukla: 2.12%, we have given.

Vinay Gupta: Incrementally also same, Kunal, 2.1%.

Ajai Kumar Shukla: Same, so Q4 versus...

Kunal Shah: Yes, so I was just saying maybe the difference between -- so book spread is 2.12%, maybe just leaving aside the margins, okay, because margins would have the element of day count and the leverage. But if I have to purely look at spreads, incremental spreads still appear to be lower than that of book spreads. So are you confident that mix change will take care of it, and in terms of the spreads itself, it can sustain or maybe improve from the current level?

Ajai Kumar Shukla: Yes, I think we have already started seeing positive results in overall yield. If you see from Q4 versus Q1, my overall yield in Affordable itself has grown by almost 50 bps. And in other products also the yield has improved from Q4, which gives us confidence that it will improve.

Kunal Shah: Okay, so spreads will improve or stay over here.

Ajai Kumar Shukla: Yes.

Moderator: We take the next question from the line of Gaurav Khandelwal from JP Morgan.

Gaurav Khandelwal: I've got a few questions. The first question is on a follow-up to the last one. When your -- the Prime yields increased 8-odd basis points, Emerging was up 8 basis points, right? So Prime, does the mix shift on disbursement towards self-employed completely explain? And if you could help me understand, sir, what is the like-for-like increase or decrease in Prime loan yields had we not done this mix shift? Any color on that, please?

Ajai Kumar Shukla: So Prime, if you see, my Q4 was 8.92. So 8 bps growth we have shown till in Q1 and which has further improved in July. I think we would have been in the same range what it was in July. So around 10 to 15 bps benefit we have got by changing the mix, I would say.

Gaurav Khandelwal: Okay, got it. So had it not been for the mix shift, our Prime yields would ideally have gone down, which is also what has happened across most of the other banks.

Ajai Kumar Shukla: Maybe not gone down, you can say stable. So like July has further improved. My Prime yield from 9% in Q1 is further better in July. Okay, so it would have been in the range of 8.92%, 8.95%. So we got the benefit of the -- out of that.

Gaurav Khandelwal: Got it, sir. But in this entire process of shifting towards more self-employed, how are you thinking about the risk control mechanisms and the risk framework? Are we moving towards a higher risk book, and will it have a read-through on credit cost over next few years?

Ajai Kumar Shukla: No, so I think let me tell you that the kind of team which we have created and monitoring we have created in the system, and if I tell you the -- while my yield has gone up, I would say sequentially even my delinquency in Prime and Emerging has improved from last quarter because team is a very seasoned underwriting team.

The monitoring is also, I would say, very well in place. The collection strategy is also working very well. Considering that, and we have good seasoned expertise team in underwriting, especially in the self-employed segment.

Gaurav Khandelwal: Got it. And on cost of fund, following the credit rating, when do we start to see the benefits of those rating upgrades coming in numbers?

Ajai Kumar Shukla: I think some benefit already started coming in terms of fresh borrowing, I would say. Maybe the fresh borrowing, I would say we are getting at a better rate. And now from -- if I talk about previous quarter I think gradually it should improve.

Gaurav Khandelwal: Got it. And sir, can you quantify how much is this benefit 5, 10 basis points or whatever that number is?

Vinay Gupta: Yes, around 10 basis points at least should come in, Gaurav.

Gaurav Khandelwal: Got it. And my final question is on the fraud account of INR 420 crores, right. So while this was written off and there's no incremental -- yes, there's no incremental impact on the financial statements, but how should one think about recoveries coming from these? How much were you factoring in recoveries for FY27, 28, 29. So just some color on that?

Ajai Kumar Shukla: So till now, this -- the account which we have declared this year, we have not factored in any recovery this year because this entire legal process may take a time. Because as per RBI, the declaration of fraud and recoveries are two different things and parallelly can go on. So we have already started discussion with the borrower. He has also approached to us.

We are looking for either so someone will join the hand into to solve the builder challenge, or maybe he will start finding the customer to sell out -- sell the project. So there's no financial impact of this because FY22-23 only we declared that. And the only thing which is pending is now recovery part. Which we already started working. So all the remedial actions have been started now.

Gaurav Khandelwal: But so if you can just quantify how much recoveries were we expecting from this account in FY27?

Ajai Kumar Shukla: I can't comment at this point of time because it will depend on the -- when I get the buyer. And because now the buyer and seller meeting, and they will meet, they will evaluate the entire project. And then we will get the right picture.

Gaurav Khandelwal: Got it. And just to understand this better, over the years, from your experience, once you classify an account as a fraud, is the recovery process actually expedited, or does it take longer to get the money back?

Ajai Kumar Shukla: No, generally it expedites because there are legal recourse. Because till the time you take this step, the customer will never come forward to discuss and close it because nobody would like to have classification as a fraud. So definitely one would like to close it and settle it much faster than what is expected.

Moderator: We take the next question from the line of Nischint from Kotak.

Nischint: On the disbursement norm change, did it have any impact on the margins?

Ajai Kumar Shukla: The only impact will be the interest income which we will book in our quarterly results. So which will definitely stabilize in the next quarter once your realization happens. Because as per the new norm, you cannot charge interest from the customer until the money is deducted from your account. The impact is only on interest income for the quarter.

Nischint: Yes, and that won't be material. That is what you're suggesting?

Ajai Kumar Shukla: Yes.

Nischint: I mean, since you spelled out margin walk within this, that's why I was asking. But anyway just trying to understand, what is the share of BT-in in your overall sourcing across segments?

Ajai Kumar Shukla: BT-in has slightly reduced. It is 4.4% in Q1 FY27 from 5% in Q1 FY26.

Nischint: And this is at an overall level. If you want to sort of illustrate this between, between prime, emerging, and affordable?

Ajai Kumar Shukla: So if I talk about affordable, it has drastically -- BT-in has down, which suggests that the team has started focusing on new customer. In Q1, it used to be 10.5% last year, which has gone down to 3.4%. It means whatever growth we have done in last quarter, the business, it is primarily new customer in the market. So overall, at company level, overall at company level, the BT-in has gone down by 60 bps almost.

Moderator: We take the next question from the line of Harshit Toshniwal from Premji Investments.

Harshit Toshniwal: Sir, there were two questions. One was on the fee income. So obviously what it seems like it's going to be a pretty strong year on disbursement per se, and 1Q obviously the disbursal numbers were not too good. Sir, so should we ideally expect the fee income to also grow at a reasonably fast pace in FY27 because of the fast disbursal which we are seeing?

And sir, the 1Q might not be true reflection because it's more linked to the disbursal we are reporting. Is that true? Does it happen that the disbursal or the fee income does not get impacted by the recognition change?

And sir, the second question was on what Nischint was asking, that ideally if I have a lower interest income being recognized but on my cost of funds there is no change in recognition, so mathematically is it having any impact on the margin is what I was trying to just understand that, or it should not be the case?

Vinay Gupta: So, let me answer that. First of all, on the fee income side, the change in disbursement recognition will not have any impact because we still continue to get that amount or fee based on the committed disbursements. And you are right, based on the good disbursement growth, solid performance, the fee income growth should also be in line with the disbursement growth going forward.

Harshit Toshniwal: But it's not as if this 1Q number is also understated because of the disbursal recognition. Fee income goes in its own way of recognition?

Vinay Gupta: Correct, correct, that's right, that's right. And on interest income side, it should not impact because now the income you are booking is on the cheque realisation itself. So if you are not booking the underlying loan, you are not booking that income also. So it will not impact your yield. It will impact the absolute income, but it will not impact the yield.

Moderator: Ladies and gentlemen, with that we conclude the question-and-answer session. I now hand the conference over to Ms. Miti Gupta for her closing comments.

Miti Gupta: 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 the call will be uploaded on our website. Thank you.

Moderator: Thank you. On behalf of PNB Housing Finance Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.