



VIEWPOINT

Result Update - Q3FY2026

SECTOR

NBFC

COMPANY DETAILS

Market cap:	Rs. 1,35,320 cr
52-week high/low:	Rs. 444/330
NSE volume: (No of shares)	67.0 lakh
BSE code:	532810
NSE code:	PFC
Free float: (No of shares)	145.0 cr

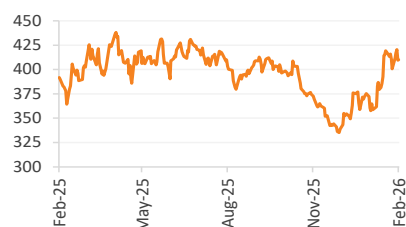
Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	56.0
FII	18.3
DII	15.5
Others	10.2

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	13.6	9.9	0.2	4.6
Relative to Sensex	12.8	13.2	0.0	-4.8

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **POSITIVE**

CMP: **Rs. 410**

Price Target: **Rs. 465**

Quick Snapshot

- Proposed merger with REC would create a specialised large power financier with scalability, and the share-swap ratio remains key. We stay Positive on PFC with a PT of Rs. 465.
- NII rose 19.4% y-o-y and 6% q-o-q to Rs. 5,606 crore, exceeding estimates by 5%, due to a 21-bps y-o-y rise in NIM and steady loan growth of 13.1% y-o-y.
- PPOP rose 15.7% y-o-y and 3.1% q-o-q to Rs. 5,963 crore (beat estimates by 7.4%) driven by healthy NII growth and disciplined operating expenses.
- GNPA fell to 1.64% (down 104 bps y-o-y and 23 bps q-o-q) and NNPA reaching a lean 0.24% due to resolution of debt on a specific case. However, credit cost exceeded estimates. PAT grew 14.6% y-o-y and 6.8% to Rs. 4,763 crore, in line with estimates.

Result overview

- AUM rose 13.1% y-o-y and 1.5% q-o-q to a steady Rs. 569,627 crore, yet this slightly lagged expectations. Quarterly disbursements rose to Rs. 39,411 crore (versus Rs. 34,151 crores y-o-y). Power generation segment dominated new credit flow at 58%, followed by the distribution segment at 32%.
- NII grew 19.4% y-o-y and 6% q-o-q to Rs. 5,606 crore, beating our estimates by 5.0%. This outperformance was primarily fuelled by a strategic reduction in funding costs. NIM surged to 3.94%, showing an improvement of 21 bps y-o-y and 17 bps q-o-q.
- PPOP rose 15.7% y-o-y to Rs. 5,963 Crores, a 7.4% beat against forecasts. This was supported by robust NII growth and disciplined opex management (which grew a modest 8.6% y-o-y). Credit costs came in at Rs. 5 crore. While low, this was higher than the anticipated reversal of Rs. 249 crore, acting as a slight drag on the PPOP flow-through to PAT.
- PAT stood at Rs. 4,763 crores (up 14.6% y-o-y), largely matching estimates.
- Proposed PFC-REC merger marks a shift in India's energy financing, consolidating a combined Rs 11.5 lakh crore loan-book to eliminate structural redundancies. By transitioning from a parent-subsidiary model to a unified entity, the government aims to catalyse the \$700 billion investment required for India's 2035 renewable targets. The integration removes internal competition and creates a powerhouse capable of financing high-ticket, complex green energy projects. For PFC, the merger eliminates the holding company discount, while for REC, it offers superior capital access, collectively driving a potential market re-rating.

Our Call

Operationally, consolidation strengthens PFC's balance sheet, significantly slashing borrowing costs, enhancing global debt market competitiveness and capitalise on significant demand from the power sector. While the share-swap ratio remains the critical variable for near-term value realisation — particularly for REC shareholders — the long-term strategic benefits are expected with this merger. We stay Positive on PFC with an unchanged PT of Rs. 465.

Results

Particulars	Rs cr				
	Q3FY26	Q3FY25	Y-o-Y %	Q2FY26	Q-o-Q %
Interest Income	13,935.8	12,417.2	12.2%	13,472.8	3.4%
Interest Expenses	8,329.4	7,723.1	7.9%	8,183.5	1.8%
NII	5,606.4	4,694.2	19.4%	5,289.3	6.0%
Other Income	724.8	635.3	14.1%	1,283.5	-43.5%
Net Income	6,331.3	5,329.5	18.8%	6,572.8	-3.7%
Opex	199.1	183.2	8.6%	193.2	3.1%
PPOP	5,962.5	5,153.8	15.7%	5,781.9	3.1%
P&C	5.2	74.5	-93.1%	242.0	-97.9%
PBT	5,957.3	5,079.3	17.3%	5,539.9	7.5%
Tax	1,194.0	924.4	29.2%	1,078.0	10.8%
PAT	4,763.3	4,154.9	14.6%	4,461.9	6.8%
AUM	5,69,627	5,03,824	13.1%	5,61,209	1.5%
Disbursements	39,141	34,151	14.6%	49,841	-21.5%

Source: Company; Mirae Asset Sharekhan Research

Key Metrics

Particulars	Q3FY26	Q3FY25	Y-o-Y (bps)	Q2FY26	Q-o-Q (bps)
NII as % of AUM	3.94	3.73	21	3.77	17
Fee income % of AUM	0.51	0.50	0	0.91	-41
OpEx as % of AUM	0.14	0.15	-1	0.14	0
Prov as % of AUM	0.00	0.06	-6	0.17	-17
Tax Rate	0.84	0.73	10	0.77	7

Source: Company; Mirae Asset Sharekhan Research

Asset Quality

Particulars	Q3FY26	Q3FY25	Y-o-Y (bps)	Q2FY26	Q-o-Q (bps)
GNPA (%)	1.64	2.68	-104.0	1.87	-23.0
NNPA (%)	0.26	0.71	-45.0	0.37	-11.0

Source: Company; Mirae Asset Sharekhan Research

Additional Data**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	Republic of India	55.99
2	Kotak Mahindra Asset Management Co	2.22
3	Life Insurance Corp of India	2.11
4	Vanguard Group Inc/The	1.98
5	Blackrock Inc	1.81
6	Nippon Life India Asset Management	1.38
7	GQG Partners Emerging Markets Equi	1.17
8	GQG Partners LLC	1.16
9	Republic of Singapore	1.16
10	HDFC Asset Management Co Ltd	0.92

Source: Bloomberg

Key management personnel

Name	Designation
Smt. Parminder Chopra	CMD
Sandeep Kumar	Director Finance and CFO

Source: Company Website

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