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India Housing Finance

HOMING IN ON CERTAINTY

Our certainty thesis rests on several sustained tailwinds: (1) home dreams will likely buoy 17% CAGR (FY24-27E) for HFCs; (2) balance sheets have been spruced up while credit costs will likely remain rangebound; (3) affordable housing financiers will grow faster than larger HFCs; and (4) the government's plans to build 30 mn homes over the next few years will benefit the larger ecosystem.

We initiate coverage on PNB Housing (BUY, TP: Rs 980), Can Fin Homes (ADD, TP: Rs 890) and Aavas Financiers (BUY, TP: Rs 2,000). We like PNBH, LICHF as value picks and AAVAS within AHFCs.

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